

**ANNUAL COMPREHENSIVE FINANCIAL REPORT**  
**CITY OF PORTSMOUTH, VIRGINIA**

YEAR ENDED JUNE 30, 2024

Prepared by:  
DEPARTMENT OF FINANCE

## ACKNOWLEDGEMENTS

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

## ACFR PREPARATION TEAM

(in alphabetical order)

Flora Berisha, Trey Burke, Patrick Fletcher, LaKeitha Forrest, Nicole Jackson, Darrell Parker, Kyera Pope, Gloria Taylor, and Sharlay Wofford

## COVER

Layout: Peter Glagola

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

# CITY OF PORTSMOUTH, VIRGINIA

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## INTRODUCTORY SECTION

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**City of Portsmouth, Virginia  
Principal Officials  
June 30, 2024**

**City Council Members**

Shannon E. Glover, Mayor – term expires 12/31/2024

Lisa L. Lucas-Burke, Vice Mayor – term expires 12/31/2024

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

Dr. Mark M. Whitaker – term expires 12/31/2024

De’Andre A. Barnes – term expires 12/31/2024

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

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

**City Council Appointments**

Steven Carter, MBA, CGCIO - City Manager

Lavonda Graham-Williams - City Attorney

Janey H. Culpepper, RES, AAS - City Assessor

Debra Y. White, CMC - City Clerk

**Constitutional Officers**

Honorable Cynthia P. Morrison, Clerk of the Circuit Court

Franklin D. Edmondson, MCR, Commissioner of the Revenue

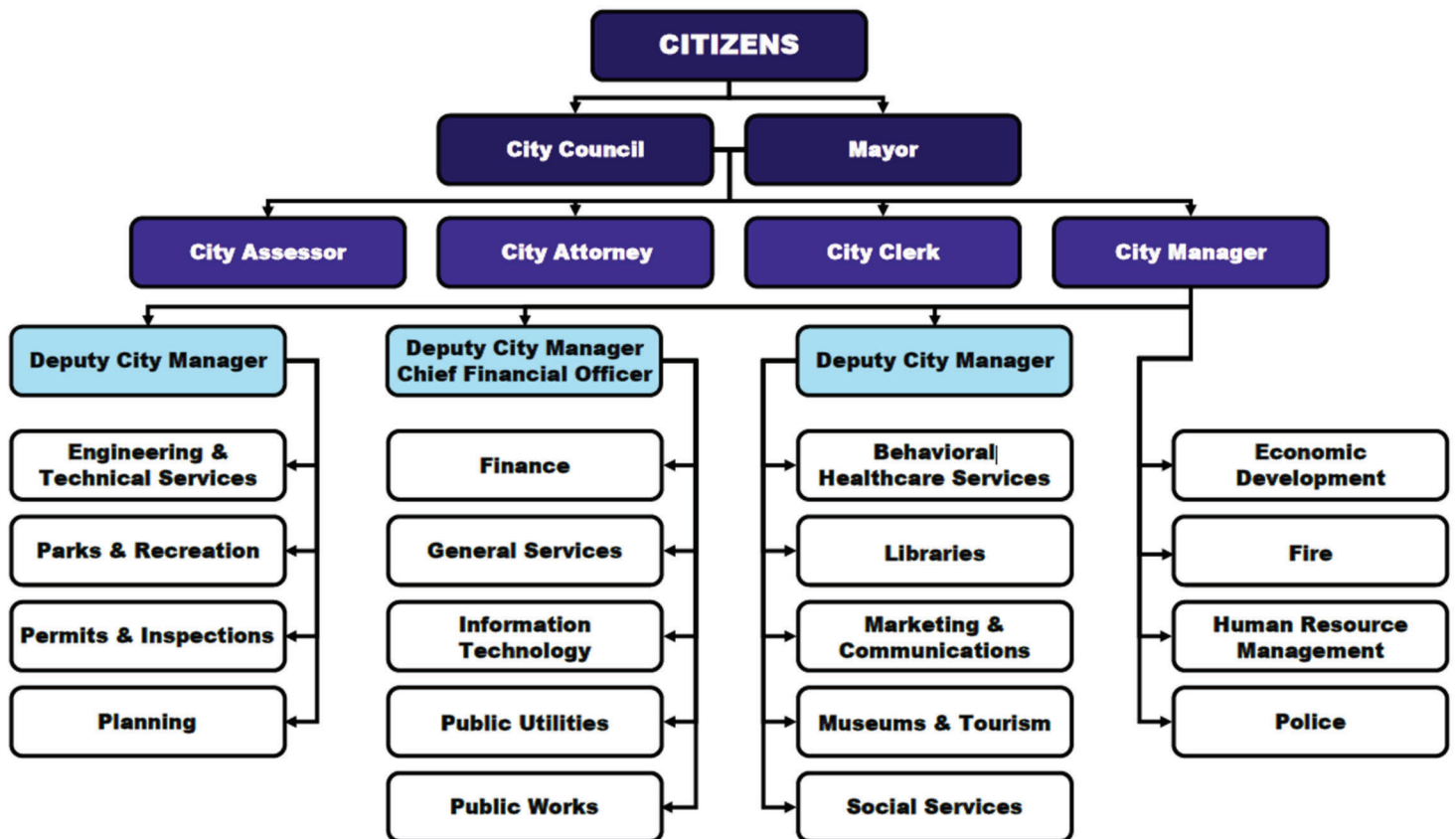
Stephanie N. Morales, Commonwealth’s Attorney

Paige D. Cherry, City Treasurer

Michael A. Moore, Sheriff



## The Municipal Organization of the City of Portsmouth, VA





March 31, 2025

Dear Mayor, Vice Mayor, Members of City Council and Portsmouth Citizens:

We are pleased to present the Annual Comprehensive Financial Report (ACFR) of the City of Portsmouth, Virginia for the fiscal year ended June 30, 2024, in accordance with State Statutes and City Code. The City's Department of Finance prepared this report in accordance with generally accepted accounting principles of the United States of America. (GAAP).

City management is responsible for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, based on a comprehensive framework of internal controls established for that purpose. The cost of internal control should not exceed anticipated benefits; the objective is to provide reasonable rather than absolute assurance that the financial statements are free of any material misstatements.

The ACFR has been compiled in a manner designed to fairly set forth the financial positions and results of operations of the City. The ACFR includes disclosures designed to enable the reader to gain an understanding of the City's financial affairs.

In accordance with GAAP, a narrative overview and analysis of the basic financial statements in the form of Management's Discussion and Analysis (MD&A) is provided and can be found immediately following the independent auditor's report. This letter of transmittal complements the MD&A and should be read in conjunction with it.

### **Profile of the City**

The city of Portsmouth was settled in 1752 and incorporated by the Virginia General Assembly in 1858. The city lies in the center of the Hampton Roads Region situated at one of the world's greatest natural harbors, at the confluence of the James, Nansemond and Elizabeth Rivers where they empty into the Chesapeake Bay. The city is bordered by the cities of Suffolk, Chesapeake, and Norfolk. The City's land area of approximately 33.65 square miles is mostly developed, with an estimated population of 97,912 in 2023.

With 90 miles of shoreline at the zero-mile post of the Intracoastal Waterway, which runs from Canada to Florida, Portsmouth's location on navigable waterways has proven a dominant force in the City's history and economy. Its location on the 50 plus foot deep Hampton Roads shipping channel, and the presence of both the CSX and Norfolk Southern Railroads, supports the national and international port commerce activities and military presence in the region.



## **Profile of the City (continued)**

Portsmouth is home to the Norfolk Naval Shipyard, a government facility with approximately 12,000 people on base, the Atlantic Area Command and United States Coast Guard (USCG) Fifth District Headquarters with approximately 1,900 employees, and the Naval Regional Medical Center with approximately 5,000 employees. The USCG Atlantic Area command provides the operational leadership for all USCG missions from the Rocky Mountains to the Arabian Gulf, spanning across five Coast Guard Districts and 40 states.

Although economic activity in the city has been historically associated with the port and military activities in the region, Portsmouth's economy has diversified in recent years with increasing employment in the manufacturing, service, and professional sectors.

## **Structure of the Government and Its Services**

Portsmouth is an independent, full-service City with sole local governmental taxing power within its boundaries. It derives its governing authority from a charter granted by the General Assembly of the Commonwealth of Virginia.

The City Council is the governing body of the City, which formulates policies for the administration of the city. The city operates under the Council-Manager form of government, with the City Council consisting of a mayor and six other council members. The mayor is elected directly by the voters on an at-large, nonpartisan basis, as are the remaining members of the City Council. The City Council is the legislative policy-making body, and the City Manager, who is appointed by the City Council, serves as the City's chief executive officer. The City Manager reports directly to the City Council, appoints department heads, conducts the financial business of the City, and performs other duties as required by the governing body.

The operation of public schools in Portsmouth is the responsibility of the School Board, consisting of nine members elected by the citizens at-large for four-year terms. By State law, the School Board operates independently from the City Council but is fiscally dependent on it.

The City Council appropriates an annual sum for education, which may be appropriated by category; however, the School Board determines how the funds are spent. Taxing and appropriation authority remain with the City Council.

In accordance with the requirements of the Governmental Accounting Standards Board (GASB), the financial reporting entity consists of the primary government (the City of Portsmouth) as well as its component units, which are legally separate organizations for which the City Council is financially accountable. The component and blended units qualifying for inclusion in this report are the Portsmouth City Public Schools, Economic Development Authority, and the Port and Industrial Commission. Financial accountability for these component units was determined on the basis of City Council's selection of governing authority, designation of management, ability to influence operations, and/or accountability for fiscal matters. The discretely presented component units are reported in a separate column in the financial statements to emphasize that they are legally separate from the primary government and to differentiate their financial position, results of operations, and cash flows from those of the primary government.

## **Structure of the Government and Its Services (continued)**

The city provides a full range of municipal services to meet the needs of its citizens including police and fire protection, collection and disposal of refuse and recycling, water, sewer and storm water services, street and highway maintenance, parks and recreation, libraries and cultural resources, city planning, health and social services, parking, street and highway maintenance and general administration. The city budget appropriates city, state and federal pass-through funds for education, health, mental health assistance, social services, judicial activities, and other programs.

Cities in Virginia have sole jurisdiction over the entire area within their boundaries and operate independently of any county government. There are no overlapping jurisdictions and, consequently, citizens of Virginia cities are not subject to overlapping debt or taxation.

## **Economic Trends in the Region and in Portsmouth**

The City's unemployment rate averaged 4.0% in 2023 but has since declined to 1.7% as of September 2024. The MSA unemployment rate averaged 3.6% 2024. The MSA unemployment rate slightly increased to 3.9% in September 2024.

In Fiscal Years 2023 and 2024, residential real estate values continued to increase at the fastest pace since before the housing recession (FY 2010), however, Federal Reserve monetary policy and associated interest rate increases are expected to have an impact on future growth. Commercial real estate comprises approximately 30% of the total assessment base and may not continue to increase at the same rate. Rivers Casino opened in January 2023 and has had a significant impact on the City's revenues, generating \$18.8 million in new taxes to Portsmouth based businesses as of August 2024.

Consumer revenues reflect mixed performance with general sales performing well; however, restaurant meal revenues have been negatively impacted. On-line shopping, buying groceries (in lieu of dining at a restaurant) have resulted in increased general sales tax revenues.

## **Economic Development Initiatives**

Portsmouth experienced a steady increase in economic development activity in 2024 in critical sectors such as maritime, advanced manufacturing, small business development, and port-related developments. Investment in Portsmouth totaled \$144 million during 2024 (a 120% increase from 2023) resulting in over 430 new and impacted jobs.

The Portsmouth Economic Development Department's 2024 Annual Report (highlighting 2024 business announcements and job creation) noted the following accomplishments:

- New Restaurants and Retailers

Portsmouth welcomed many unique new to-market food and retail establishments in 2024, offering residents and visitors a diverse mix of national and local flavor. New establishments in 2024 included: Twisted Crab, Ten10, Hello Sweetie, ELG Sweet Boutique, Chipotle, Starbucks, Dunkin, Ross and Bloom Market.

## **Economic Development Initiatives (continued)**

- **Distribution & Logistics**

Portsmouth positioned itself as Virginia's premier destination for the transloading of agricultural commodities for export through the Port of Virginia in 2024 with the announcement of the location of two new logistics companies within the city. The DeLong Co. in partnership with CSX announced the development of a new rail-served transloading and storage facility adjacent to the Portsmouth Marine Terminal (PMT). Additionally, Raymont Logistics has partnered with the Norfolk & Portsmouth Beltline Railroad for the establishment of another rail-served transloading facility in proximity to PMT. The facilities will each transload feed and grain products from railcar to shipping containers for export to global markets. The facilities will represent a combined investment of over \$86 million and result in the creation of 74 jobs.

Stonemont Financial Group announced plans for a new 168,000SF warehouse and distribution center within the Burtons Point industrial area of the city. The project will redevelop a former brownfield site and will provide highly demanded new industrial space for the marketplace. The project represents a projected investment of \$16 million.

- **Maritime**

General Dynamics commenced construction activities to provide new pier and crane improvements at its Elizabeth River Shipyard. The \$20 million investment will allow for the accommodation of larger Navy vessels for servicing and repair. The improved shipyard and expanded contracting capability is anticipated to add an additional 200 employees to General Dynamics workforce.

JRF Ship Repair, an existing Portsmouth based business, relocated and expanded its footprint in the city. The new office and warehouse location will employ 60 new positions and represents a \$1.5 million investment adjacent to the Naval Shipyard.

- **Casino & Entertainment District**

Rivers Casino Portsmouth, the first full-service casino in the Commonwealth of Virginia generated over \$21 million in revenues to the City of Portsmouth in 2024 (a 110% increase from 2023). The 50-acre casino anchored Entertainment District is located on Victory Blvd. in the heart of Portsmouth with immediate access to 264 and quick travel to the full region and beyond. With an initial investment of \$340 million by Rush Street Gaming, future plans include the addition of a casino hotel and adjacent retail, dining and entertainment amenities. Rivers Casino is one of Portsmouth largest employers with a workforce of over 1,100.

## **Economic Development Initiatives (continued)**

- **New Communities**

Residential development in 2024 saw over 1,000 new single-family and multifamily housing units in the development pipeline. The renovation of the Professional Building at 545 High St. into a mixed-use community was completed and brought 42 new market-rate apartments to the Olde Towne community. Woodland Park a 197 unit townhome community broke ground in the Victory Blvd. corridor. Bains Pointe a 50-unit affordable apartment community within the City's newly formed Innovation District commenced construction.

- **Supporting Start-Ups and Small Businesses:**

Portsmouth has established itself as Hampton Roads preferred destination to launch a small business. With a prioritization on the accessibility and availability of financial & supportive resources, an increasing number of businesses chose Portsmouth for their investment. In 2024, over 720 new businesses were established in the city. The Portsmouth Economic Development Authority assisted 91 businesses, providing \$432,000 in funding, with an average MWBE participation of 95%. Portsmouth has continued focus on providing support and accommodations for small businesses and aspiring entrepreneurs to locate and grow in the city.

- **Innovation District:**

In 2024, Portsmouth continued its economic vision to develop the "Innovation District" along the city's High St. corridor into a vibrant community for new and innovative small businesses, health & wellness providers, multifamily housing and public open space & amenities. A \$19.3 million federal RAISE grant and \$5 million matching grant from the Commonwealth of Virginia will provide for major roadway and pedestrian improvements, streetscaping and beautification to High St. Bains Pointe, a 50-unit apartment community broke ground providing modern housing stock for Portsmouth workforce.

- **Workforce Development Initiatives:**

The City's new Portsmouth@Work Workforce Development Program continued to provide career training and certification programs for Portsmouth residents, including IT, Skilled Trades, Commercial Driver's License, Merchant Mariner, Healthcare certifications and many more. Over 525 Portsmouth residents participated in these programs.

## **Budget Process**

The Commonwealth of Virginia and City Charter mandates a balanced budget. The annual budget serves as the foundation for the City's financial planning and control. The City Manager proposes the budget to City Council at least 90 days before the end of each fiscal year and it is adopted by City Council at least 45 days before the close of the fiscal year. The budget is prepared by fund (e.g. general, special revenue, capital projects), function (e.g. public safety) and department (e.g. police, parks and recreation). Budget to actual comparisons are provided in this report for governmental funds where an appropriated annual budget has been adopted. These comparisons are presented in the Other Required Supplementary Information Section of this report.

## **Build One Portsmouth**

The city recently adopted its new comprehensive plan, *Build One Portsmouth*. This document is the culmination of years of work on the part of our Planning Commission and Planning Department. The plan places an emphasis on resiliency and sustainability, two values Portsmouth must engrain as climate change and disaster preparedness are two of the City's most persistent threats.

The plan considered what the residents of Portsmouth value most about the city: cohesive neighborhoods, bonds developed by tenure of residency, and its central location. *Build One Portsmouth* provides the city with a pathway towards a future that residents will value by encouraging dense development, rezoning to multi-family in downtown areas, and multi-use development.

## **General Fund Performance**

The General Fund accounts for all revenues and expenditures that are not accounted for in specific purpose funds. It finances the regular day-to-day operations of the city.

A strong unassigned fund balance is an indication of financial flexibility and fiscal strength. The City's general unassigned fund balance at June 30, 2024, was \$124.1 million which represents 37.6% of fiscal year 2024 general fund's total revenues and transfers. This exceeded the City's adopted financial policy of 15%.

## **Financial Policies**

The City's established financial policies address appropriate financial management, debt administration, budget and capital plan development, and long-range planning.

Adopted financial policies have many benefits, such as assisting the elected officials and staff in the financial management of the City, saving time and energy when discussing financial matters, engendering public confidence, and providing continuity over time as elected officials and staff members change. City management annually reviews the City's financial policies, and City Council will reaffirm them at least once every three years. The policies discussed below had a significant impact on the financial results reported for fiscal year 2024.

It is the City's policy to not use fund balance to fund recurring operating expenditures, but rather fund balance over and above the City's fund balance target may be considered for funding one-time expenditures. During fiscal year 2024, the City remained in compliance with this policy by using the general fund balance to only fund one-time expenditures and not recurring expenditures, including cash funding of capital projects.

## **Cash Management**

The city uses a pooled cash concept to allow greater investment flexibility and maximize its return on investment. The city combines cash from all funds, except those restricted for specific purposes or managed by fiscal agents, for investment purposes. The city may invest idle cash in overnight repurchase agreements and other investments ranging from one to 180 days to maturity. During the 2024 fiscal year, the city was able to manage its current resources to properly meet its operating cash requirements.

## **Independent Audit**

State law requires that a certified public accountant selected by the City Council audit the City's annual financial statements. CLA (Clifton Larsen Allen LLP), Certified Public Accountants, performed this annual audit of the financial records and transactions of all funds, component units, and departments of the city for the fiscal year ending June 30, 2024.

The auditor's report, which includes their opinion on the basic financial statements of the City, is contained in this report on page 1.

## **Acknowledgments**

We would like to acknowledge the dedicated city staff for their contributions and commitment to maintaining the accounting and financial reporting systems of the City of Portsmouth. Special recognition is merited for the Department of Finance employees for the preparation of a timely and high quality Annual Comprehensive Financial Report for use by the City Council, citizens, and other interested parties. We also would like to express our sincere appreciation for the City Council's leadership in establishing financial policies and support for financial operations of the City.

Respectfully submitted,

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Steven Carter  
City Manager

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Trey Burke  
Interim Chief Financial Officer

## **FINANCIAL SECTION**

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## INDEPENDENT AUDITORS' REPORT

The Honorable of the City Council  
City of Portsmouth, 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 Portsmouth, Virginia (the City) as of and for the year ended June 30, 2024, 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, 2024, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### **Basis for Opinions**

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

#### **Emphasis of Matter**

##### **Change in Accounting Principle**

As discussed in Note 18 of the financial statements, effective July 1, 2023, the City adopted new accounting guidance for correction of an error. The guidance requires correction of an error to be reported retroactively by restating prior periods. Our opinions were not modified with respect to this matter.

#### **Responsibilities of Management for the Financial Statements**

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



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

***Auditors' Responsibilities for the Audit of the Financial Statements***

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

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

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

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

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

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

### ***Supplementary Information***

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

### ***Other Information***

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

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

The Honorable of the City Council  
City of Portsmouth, Virginia

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated March 25, 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 City of Portsmouth's internal control over financial reporting and compliance.

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

**CliftonLarsonAllen LLP**

Arlington, Virginia  
March 25, 2025

**CITY OF PORTSMOUTH, VIRGINIA**  
**Management's Discussion and Analysis**  
**June 30, 2024**

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This section of the city of Portsmouth's (city's) Annual Comprehensive Financial Report (ACFR) presents Management's Discussion and Analysis (MD&A) of the city's financial performance during the fiscal year ended June 30, 2024. The MD&A should be read in conjunction with the transmittal letter found in the Introductory Section of this report and the city's financial statements that follow this section.

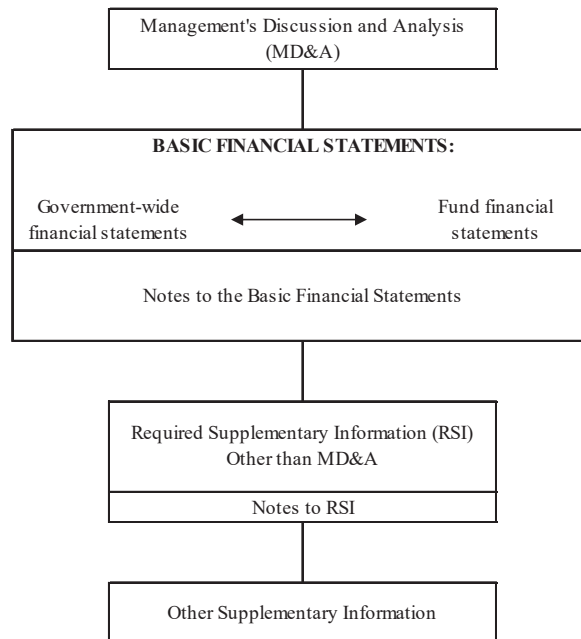
**FINANCIAL HIGHLIGHTS**

- ◆ The city's net position totaled \$578,243,903 at June 30, 2024, a change of \$110,085,390 over June 30, 2023.
- ◆ The city's unrestricted net position totaled \$4.5 million, which was comprised of a deficit of \$(50.1) million resulting from governmental activities and \$54.6 million resulting from business-type activities.
- ◆ Government-wide current assets totaled \$321,038,971, of which \$251,759,379 was attributable to governmental activities and \$69,279,592 was attributable to business-type activities; while current liabilities totaled \$83,156,712, with \$67,781,186 from governmental activities and \$15,375,526 from business-type activities. The ratio of current assets to current liabilities was 3.9:1.0 overall – 3.7:1.0 for governmental activities and 4.5:1.0 for business-type activities.
- ◆ The city's long-term liabilities at June 30, 2024, totaled \$597,640,169, a decrease of \$41,767,148 from the prior year. The long-term liabilities include \$453.9 million in bonds, \$4.3 million in other loans, \$23.8 million OPEB liability, landfill closure and post-closure care of \$4.0 million, \$5.9 million in claims payable, compensated absences of \$4.2 million, lease liabilities of \$4.3 million, and net pension liabilities of \$97.3 million.
- ◆ The city's deferred outflows at June 30, 2024, totaled \$65.1 million, a decrease of \$7.5 million from the prior year. The city's deferred inflows at June 30, 2024, totaled \$23.4 million, a decrease of \$11.5 million from the prior year. These deferred amounts primarily consist of amounts deferred for pensions and OPEB, which vary annually based on actuarial valuations performed by third-parties. Deferred amounts from bond refundings decreased from the prior year due to amortization as those amounts are amortized systematically over the remaining life of the refunded debt or the life of the new debt, whichever is shorter. Deferred amounts from leases decrease evenly over the life of the related lease.
- ◆ The city's governmental general revenues and transfers of \$269.3 million were \$114.0 million more than expenses, net of program revenues of \$155.2 million. Taxes funded 80.0% of general revenues and transfers.
- ◆ The General Fund total fund balance increased 8.9% during the current year to \$125.8 million from \$115.6 million in the prior year. Unassigned fund balance of \$112.0 million increased \$6.9 million from prior year.
- ◆ Total net position for the Public Utility Fund increased 3.17% from \$203,652,117 at June 30, 2023, to \$210,098,817 at June 30, 2024. The Public Utility Fund had Unrestricted Net Position of \$55.2 million which is a \$20.9 million increase from June 30, 2023.

**FINANCIAL SECTION OF THE ANNUAL COMPREHENSIVE FINANCIAL REPORT**

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

## Components of the Financial Section



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

### Government-wide Financial Statements

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

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

**CITY OF PORTSMOUTH, VIRGINIA**  
**Management's Discussion and Analysis**  
**June 30, 2024**

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

Governmental activities - The city's basic municipal services, such as public safety (police and fire), public works, parks and recreation, and general administration, are reported herein. Property taxes, other local taxes, and state and federal grants finance most of these activities.

Business-type activities - Activities for which the city charges customers to provide. The city's water and sewer system, waste management services, golf courses, parking services, and economic development provided to the city, citizens, and customers are reported herein.

Component units - The city includes three other separate legal entities in its report – the School Board, the Economic Development Authority (EDA), and the Portsmouth Port and Industrial Commission (PPIC), all of which are discretely presented. Although legally separate, these “component units” are important in that the city is financially accountable for providing operating and capital funding to them.

### **Fund Financial Statements**

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

The city has three types of funds:

Governmental funds - Most of the city's basic services are included in governmental funds, which focus on (1) the inflows and outflows of cash and other financial assets that can readily be converted into cash and (2) the balances remaining at year end that are available for future spending. Consequently, the governmental funds financial statements provide a detailed short-term view that helps the reader determine whether there are more or fewer financial resources that can be spent in the near future to finance the city's programs. Because this information does not encompass the additional long-term focus of the government-wide financial statements, additional information is provided on the subsequent page of the governmental funds financial statement that explains the relationship (or differences) between these statements. The city has four major governmental funds: the General Fund, the Debt Service Fund, the Capital Projects Fund, and the Grants Fund.

Proprietary funds - Services for which the city charges customers a fee are generally reported in proprietary funds. Proprietary funds, like the government-wide financial statements, provide both long and short-term financial information.

In fact, the city's enterprise funds (one type of proprietary fund) are the same as business-type activities, but the fund financial statements provide more detailed and additional information, such as cash flows. The city has one major enterprise fund: the Public Utility Fund.

The city uses internal service funds (another type of proprietary fund) to report activities that provide supplies and services for other city programs and activities, such as the city Garage Fund, the Information Technology Fund, the Risk Management Fund, and the Health Insurance Fund.

Fiduciary funds - The city is the trustee, or fiduciary, for its employees' pension plans and Other Postemployment Benefit plan and is responsible for the plans' assets, which can be used only to benefit the trust beneficiaries as part of a trust arrangement. The city is responsible for ensuring that the assets reported in these funds are used for their intended purposes. All of the city's fiduciary activities are reported in a separate statement of fiduciary net position and a statement of changes in fiduciary net position. The city excludes these activities from the city's government-wide financial statements in that the city cannot use these assets to finance its operations.

**CITY OF PORTSMOUTH, VIRGINIA**  
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**FINANCIAL ANALYSIS OF THE CITY ENTITY**

**Statements of Net Position**

The following table reflects the condensed Statements of Net Position:

Net position (assets plus deferred outflows minus liabilities plus deferred inflows) may serve over time as a useful indicator of a government's financial position. The city of Portsmouth's net position totaled \$578,243,903 at June 30, 2024. By far, the largest portion of the city's net position is reflected in its net investment in capital assets (land, buildings, improvements, etc. net of depreciation and amortization and debt-related to capital assets). The city uses these assets to provide services to its citizens and, consequently, these assets are not available for future spending. The resources needed to repay the debt related to these capital assets must be provided from other sources. \$48.7 million of the city's net position is currently subject to various external restrictions.

The net position of the city's governmental activities increased by \$114.0 million from \$235.5 million to \$349.6 million, as reflected in the Statement of Activities.

The net position of the city's business-type activities decreased by \$4.0 million from \$232.6 million to \$228.7 million, as reflected in the Statement of Activities.

**Table 1**

**Summary of Statements of Net Position**

**As of June 30, 2024 and 2023 (in millions\*)**

	Governmental Activities		Business-type Activities		Total Primary Government	
	2024	2023	2024	2023	2024	2023
Current and other assets	\$ 254.3	\$ 250.4	69.3	92.2	323.6	342.6
Capital assets	572.6	541.1	321.2	315.4	893.8	856.5
Total assets	826.9	791.5	390.4	407.5	1,217.4	1,199.1
Deferred outflows of resources	60.1	67.2	5.0	5.3	65.1	72.5
Total assets and deferred outflows of resources	887.0	858.7	395.4	412.9	1,282.4	1,271.6
Current liabilities	67.8	106.8	15.4	22.4	83.2	129.2
Long-term liabilities	447.7	483.6	150.0	155.8	597.6	639.4
Total liabilities	515.4	590.4	165.3	178.2	680.8	768.6
Deferred inflows of resources	22.0	32.8	1.4	2.1	23.4	34.8
Total liabilities and deferred inflows of resources	537.4	623.2	166.7	180.3	704.2	803.4
Net position:						
Net investment in capital assets	351.0	296.0	174.0	176.6	525.0	472.5
Restricted	48.7	23.1	-	13.4	48.7	36.5
Unrestricted (deficit)	(50.1)	(83.5)	54.6	42.7	4.5	(40.8)
Total net position	\$ 349.6	\$ 235.5	228.7	232.6	578.2	468.2

\*please note some totals may not foot due to rounding differences



**CITY OF PORTSMOUTH, VIRGINIA**  
**Management's Discussion and Analysis**  
**June 30, 2024**

**Statements of Activities**

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

**Table 2**

**Summary of Changes in Net Position**

**Years ended June 30, 2024 and 2023 (in millions\*)**

	Governmental Activities		Business-type Activities		Total Primary Government	
	2024	2023	2024	2023	2024	2023
<b>Revenues</b>						
Program revenues:						
Charges for services	\$ 20.2	\$ 17.5	63.2	61.1	83.4	78.5
Operating grants and contributions	140.3	84.2	-	-	140.3	84.2
Capital grants and contributions	3.1	2.5	-	-	3.1	2.5
General revenues:						
Taxes	227.7	214.6	-	-	227.7	214.6
Other	27.7	22.5	3.5	2.8	31.2	25.4
<b>Total revenues</b>	<b>419.0</b>	<b>341.3</b>	<b>66.7</b>	<b>63.9</b>	<b>485.7</b>	<b>405.2</b>
<b>Expenses</b>						
General government	39.6	35.7	-	-	39.6	35.7
Judicial	28.5	23.4	-	-	28.5	23.4
Public safety	76.1	67.2	-	-	76.1	67.2
Public works	36.3	33.3	-	-	36.3	33.3
Health and welfare	34.8	28.2	-	-	34.8	28.2
Parks, recreational, and cultural	17.9	16.2	-	-	17.9	16.2
Community development	8.9	8.2	-	-	8.9	8.2
Education	66.4	62.7	-	-	66.4	62.7
Public Utility	-	-	39.8	37.8	39.8	37.8
Golf	-	-	2.4	2.0	2.4	2.0
Parking Authority	-	-	2.7	1.0	2.7	1.0
Waste Management	-	-	11.9	10.0	11.9	10.0
Interest on long-term debt	10.4	11.4	-	-	10.4	11.4
<b>Total expenses</b>	<b>318.9</b>	<b>286.3</b>	<b>56.7</b>	<b>50.8</b>	<b>375.7</b>	<b>337.1</b>
<b>Excess before transfers</b>	<b>100.1</b>	<b>55.0</b>	<b>10.0</b>	<b>13.1</b>	<b>110.1</b>	<b>68.0</b>
<b>Transfers</b>	<b>13.9</b>	<b>9.3</b>	<b>(13.9)</b>	<b>(9.3)</b>	<b>-</b>	<b>-</b>
Change in net position	114.0	64.2	(4.0)	3.8	110.1	68.0
Net position, beginning of year	235.5	171.3	232.6	228.8	468.2	400.1
Net position, end of year	\$ 349.6	\$ 235.5	228.7	232.6	578.2	468.2

\*please note some totals may not foot due to rounding differences

**Governmental Activities**

The city's total revenues from governmental activities were \$419.0 million for the fiscal year ended June 30, 2024, which represents an increase of \$77.7 million from the prior year. The largest source of revenue is taxes, which represents 54.34% of the total and is comprised of property taxes, other local taxes, and utility taxes. The city's assessed real property value increased 10.87% from the prior year which is the primary driver of the \$0.9 million increase in property tax revenues. Additionally, the City experienced an approximate \$1.7 million increase in investment earnings due primarily to a better performing market, utilized \$35 million more in COVID-relief funding, and realized approximately \$3.4 million more in rebate revenues in 2024 than 2023.

Program revenues are derived from the program itself and reduce the cost of the function to the city. Total program revenues for governmental activities were \$163.7 million. The largest component of program revenues for governmental activities is operating grants and contributions totaling \$140.3 million, representing 85.74% of total program revenues for governmental activities.



**CITY OF PORTSMOUTH, VIRGINIA**  
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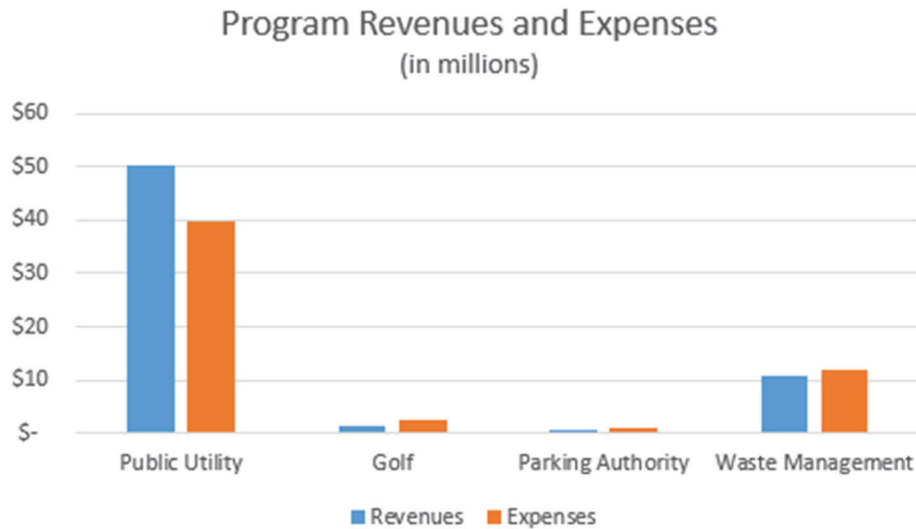
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**Governmental Activities (Continued)**

For the fiscal year ended June 30, 2024, expenses for the city's governmental activities totaled \$318.9 million. The city's expenses cover a wide range of services, with 23.9% related to public safety, 20.8% related to education, 12.4% general government, 11.4% public works, and 10.9% related to health and welfare. There was approximately \$32.5 million more spent in 2024 than in 2023, primarily due to increases in public safety and judicial due to the significant increase in those services required during 2024.

**Business-type Activities**

The total net position for business-type activities decreased \$4.0 million from \$232.6 million in fiscal year 2023 to \$228.6 million in fiscal year 2024, primarily due to waste management activities. Charges for services, including water and sewer utility fees, waste management fees, parking fees, and golf fees, represent 97.2% of total revenues for business-type activities. The following graph compares the program revenues and expenses of the business-type activities.



**CITY OF PORTSMOUTH, VIRGINIA**  
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**FINANCIAL ANALYSIS OF THE CITY FUNDS**

**Governmental Funds**

The focus of the City's governmental funds is to provide information on current inflows, outflows, and balances of available resources. Such information is useful in assessing the city's financing requirements. For the fiscal year ended June 30, 2024, the governmental funds reflected a combined fund balance of \$184.9 million. The General Fund's fund balance totaled \$125.8 million at June 30, 2024, an increase of \$10.3 million from the prior year's \$115.6 million. The General Fund's unassigned fund balance totaled \$112.0 million at June 30, 2024.

**General Fund Budgetary Highlights**

**Fiscal Year Ended June 30, 2024 (in millions)**

	Original Budget	Final Budget	Actual
<b>Revenues and transfers</b>			
Taxes	\$ 212.9	212.7	214.2
Intergovernmental	53.9	54.8	67.3
Transfers	4.7	6.1	6.1
Appropriated fund balance	9.6	10.1	-
Other revenues	18.3	27.2	30.2
Total	\$ 299.4	310.9	317.8
<b>Expenditures and transfers</b>			
Expenditures	\$ 250.1	251.9	248.6
Transfers	49.3	59.0	58.9
Total	\$ 299.4	310.9	307.5

Actual expenditures in the above chart are shown on the budgetary basis (see Schedule I-2). The General Fund had a \$10.3 million increase in fund balance. Actual General Fund revenues and transfers were \$6.9 million more than final budgeted revenues and transfers during fiscal year 2024 primarily due to higher tax collections than originally anticipated. Actual General Fund expenditures and transfers were \$3.4 million less than the final budget primarily due to increased funding to the Capital Projects Fund in the form of transfers in excess of budget.

The city spent \$42.7 million in the Capital Projects Fund to fund major projects, including the new radio system, seawall replacement, and the Churchland Bridge. The Capital Projects Fund has a \$5.7 million fund balance at June 30, 2024, all of which is restricted or committed for future capital project costs. The \$11.7 million decrease in fund balance during 2024 is primarily due to the expenditure of proceeds of bonds issued in a prior year for current year projects.

As of June 30, 2024, Debt Service fund has assets of \$5.1 million, an increase of \$0.1 million primarily due to transfers from the General Fund in excess of debt service requirements. Total expenditures were \$40.4 million, all of which was debt service.

The grant fund received \$43.8 million and spent \$19.6 million in restricted grants during the year. The Coronavirus Aid, Relief, and Economic Security (CARES) Act of 2020 provided funding for several different programs to address the COVID-19 pandemic during fiscal year 2021. The Grants Fund has a \$23.9 million fund balance at June 30, 2024.

**Proprietary Funds**

Total net position of the Public Utility Fund increased \$6.4 million during fiscal year 2024 from \$203.7 million to \$210.1 million. Of the total net position, \$154.9 million represents its net investment in capital assets. Unrestricted net position totaled \$55.2 million.

**CITY OF PORTSMOUTH, VIRGINIA**  
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**CAPITAL ASSET AND DEBT ADMINISTRATION**

**Capital Assets**

At the end of fiscal year 2024, the city had invested \$893.8 million, net of depreciation and amortization, in a broad range of capital assets, including machinery and equipment, buildings, park and golf facilities, roads, bridges, water and sewer lines, and lease assets, as reflected in the following schedule:

<b>Capital Assets</b>							
<b>As of June 30, 2024 and 2023 (in millions)</b>							
	Governmental Activities		Business-type Activities		Total Primary Government		
	2024	2023	2024	2023	2024	2023	
Land	\$ 21.1	\$ 20.5	13.6	13.6	34.7	34.1	
Buildings*	206.5	210.6	3.9	5.9	210.5	216.5	
Improvements other than buildings	180.2	178.5	147.7	152.4	327.9	330.9	
Machinery, furniture, and equipment*	49.6	40.6	12.5	14.6	62.1	55.2	
Intangibles	1.4	1.8	-	-	1.4	1.8	
Subscriptions	-	0.2	-	-	-	0.2	
Construction in progress	113.7	89.1	143.5	128.8	257.1	217.9	
Total	572.6	541.1	321.2	315.4	893.8	856.5	

\*Includes right-of-use lease assets

Major capital asset activity for the fiscal year ended June 30, 2024, included:

- ◆ Capital asset changes for governmental activities totaled an increase of \$0.6 million for land; decrease of \$4.0 million for buildings; an increase of \$1.8 million for improvements other than buildings/infrastructure; an increase of \$9.0 million for machinery, furniture, and equipment, a decrease of \$0.4 million for intangibles, a decrease of \$0.1 million for subscriptions, and an increase of \$24.6 million for construction in progress in the fiscal year. There were additions of \$5.0 million, \$2.4 million, \$4.8 million, and \$15.5 million, to buildings, improvements, infrastructure, and machinery furniture and equipment, respectively. The remaining decreases are due to depreciation expense and loss on disposals of capital assets..
- ◆ Capital asset changes for business-type activities included (1) a decrease of \$2.0 million for buildings due to depreciation and a loss on disposal of capital assets, (2) a net decrease of \$4.8 million for infrastructure due to depreciation, (3) a decrease of \$2.1 million for machinery, furniture and equipment due to depreciation, and (4) an increase of \$14.6 million for construction in progress in the fiscal year.
- ◆ Depreciation expense totaled \$21.2 million and \$7.9 million for governmental and business-type activities, respectively.
- ◆ Construction in progress totaled \$113.7 million for governmental activities at June 30, 2024.
- ◆ Construction in progress totaled \$143.5 million for business-type activities at June 30, 2024.

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

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

**CITY OF PORTSMOUTH, VIRGINIA**  
**Management's Discussion and Analysis**  
**June 30, 2024**

**Long-term Debt**

At year-end, the city had \$474.8 million in outstanding debt, excluding premiums, claims payable, other post-employment benefit obligations, compensated absences, landfill closure and post-closure care costs, and net pension obligations. General obligation and revenue bonds outstanding represented \$408.3 and \$56.9 million, respectively, of this total, as reflected in the following schedule:

Outstanding Debt						
As of June 30, 2024 and 2023 (in millions)						
	Governmental Activities		Business-type Activities		Total Primary Government	
	2024	2023	2024	2023	2024	2023
General obligation bonds	\$ 326.0	355.9	82.3	89.9	408.3	445.8
Revenue bond	-	-	56.9	53.9	56.9	53.9
Other loans payable	4.5	4.7	-	-	4.5	4.7
Lease liabilities	5.1	6.0	-	-	5.1	6.0
Subscription liabilities	-	0.1	-	-	-	0.1
Total	\$ 335.6	366.7	139.2	143.9	474.8	510.5

The state limits the amount of general obligation debt the city can legally issue to 10% of the assessed value of real property within the city. The city's outstanding debt, not all of which is applicable to the state limits, is below this limit, which is currently \$585.9 million. The city maintains bond ratings on general obligation debt of "Aa2", "AA," and "AA," from Moody's Investors Service, Standard & Poor's Ratings Services and Fitch, Inc., respectively.

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

**ECONOMIC FACTORS**

The City's unemployment rate for 2024 was 3.6%, which compares to the national unemployment rate of 3.6%. The City's per capita personal income as of 2021 (latest data available from the Bureau of Economic Analysis) was \$47,944, an increase of 7% from what was reported for 2020. Average per capita income in 2021 was \$43,267 for Virginia and \$64,117 for the United States as a whole.

**FINANCIAL INQUIRIES**

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

## **Basic Financial Statements**

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**CITY OF PORTSMOUTH, VIRGINIA**  
**Statement of Net Position**  
**June 30, 2024**

**Exhibit A**

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
Assets:				
Current assets:				
Cash and temporary investments (Note 3)	181,160,058	54,142,680	235,302,738	88,810,910
Restricted cash and investments (Note 3)	368,619	-	368,619	-
Receivables (net of allowance for uncollectibles):				
Taxes	22,653,499	-	22,653,499	-
Accounts	14,718,558	22,658,216	37,376,774	2,168,767
Internal balances	7,767,622	(7,767,622)	-	-
Due from fiduciary fund	275,000	-	275,000	-
Due from Primary Government (Note 10)	-	-	-	415,000
Due from component units (Note 10)	82,522	-	82,522	-
Due from other governments (Note 11)	23,738,089	-	23,738,089	8,800,981
Deposits held by others	240,000	-	240,000	-
Prepaid expenses	198,798	-	198,798	-
Leases receivable (Note 6)	421,002	-	421,002	1,681,138
Inventory of supplies	135,612	246,318	381,930	1,585,867
Total current assets	251,759,379	69,279,592	321,038,971	103,462,663
Noncurrent assets:				
Net OPEB asset (Note 8)	-	-	-	14,350,554
Security deposit receivable	-	-	-	4,016
Leases receivable (Note 6)	2,536,825	-	2,536,825	-
Property held for resale	-	-	-	13,931,882
Capital assets (Note 4):				
Land	21,143,699	13,598,078	34,741,777	7,291,368
Buildings	379,337,805	20,244,880	399,582,685	93,535,748
Improvements other than buildings	584,851,013	310,659,433	895,510,446	-
Machinery, furniture and equipment	120,521,192	49,377,020	169,898,212	43,178,503
Intangibles	4,001,922	-	4,001,922	364,970
Subscriptions	132,590	-	132,590	3,920,417
Construction in progress	113,657,566	143,469,431	257,126,997	-
Total capital assets	1,223,645,787	537,348,842	1,760,994,629	148,291,006
Less - accumulated depreciation/amortization	(651,032,876)	(216,185,114)	(867,217,990)	(93,153,876)
Total capital assets, net	572,612,911	321,163,728	893,776,639	55,137,130
Total noncurrent assets	575,149,736	321,163,728	896,313,464	83,423,582
Total assets	826,909,115	390,443,320	1,217,352,435	186,886,245
Deferred outflows of resources:				
Deferred outflows from debt refundings	16,659,150	2,250,874	18,910,024	-
Deferred outflows related to pensions (Note 7)	33,736,473	2,078,127	35,814,600	26,593,059
Deferred outflows related to OPEB (Note 8)	9,690,730	635,529	10,326,259	6,237,396
Total deferred outflows of resources	60,086,353	4,964,530	65,050,883	32,830,455
Total assets and deferred outflows of resources	\$ 886,995,468	395,407,850	1,282,403,318	219,716,700

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

**CITY OF PORTSMOUTH, VIRGINIA**  
**Statement of Net Position**  
**June 30, 2024**

**Exhibit A (continued)**

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
Liabilities:				
Current liabilities:				
Accounts payable	\$ 19,157,578	3,759,857	22,917,435	5,701,718
Accrued payroll	1,891,245	360,520	2,251,765	9,247,948
Accrued interest payable	4,388,424	1,752,886	6,141,310	2,370
Deposits	-	257,907	257,907	3,900
Unearned revenue	18,939	-	18,939	16,574,190
Due to Primary Government (Note 10)	-	-	-	82,522
Due to component units (Note 10)	415,000	-	415,000	-
Due to other governments	2,092	-	2,092	-
Claims payable (Note 15)	4,275,306	-	4,275,306	1,152,000
Compensated absences (Note 5)	4,392,370	482,088	4,874,458	1,655,728
Workers' compensation claims (Note 15)	-	-	-	642,915
Bonds payable, net (Note 5)	32,183,188	8,762,268	40,945,456	-
Loans payable (Note 5)	200,000	-	200,000	-
Subscription liability (Note 5)	-	-	-	1,003,893
Lease liabilities (Note 5)	857,044	-	857,044	232,050
Total current liabilities	67,781,186	15,375,526	83,156,712	36,299,234
Noncurrent liabilities:				
Claims payable (Note 15)	5,873,854	-	5,873,854	-
Compensated absences (Note 5)	3,741,649	410,667	4,152,316	3,224,234
Noncurrent workers' compensation claims (Note 15)	-	-	-	328,557
Bonds payable, net (Note 5)	313,279,506	140,621,666	453,901,172	-
Landfill closure and postclosure care (Notes 5 and 13)	-	4,034,009	4,034,009	-
Loans payable (Note 5)	4,300,000	-	4,300,000	-
Lease liabilities (Note 5)	4,287,075	-	4,287,075	1,015,771
Subscription liabilities (Note 5)	-	-	-	1,242,367
Net OPEB liability (Notes 5 and 8)	22,562,222	1,264,157	23,826,379	15,735,849
Net pension liability (Notes 5 and 7)	93,622,829	3,642,535	97,265,364	93,062,248
Total noncurrent liabilities	447,667,135	149,973,034	597,640,169	114,609,026
Total liabilities	515,448,321	165,348,560	680,796,881	150,908,260
Deferred inflows of resources:				
Deferred inflows related to leases (Note 6)	2,881,073	-	2,881,073	1,659,059
Deferred inflows related to pensions (Note 7)	7,423,102	824,789	8,247,891	19,668,112
Deferred inflows related to OPEB (Note 8)	11,667,317	566,253	12,233,570	16,209,113
Total deferred inflows of resources	21,971,492	1,391,042	23,362,534	37,536,284
Total liabilities and deferred inflows of resources	537,419,813	166,739,602	704,159,415	188,444,544
Net position:				
Net investment in capital assets	351,001,996	174,030,668	525,032,664	52,948,623
Restricted for:				
Grants and donations	47,351,316	-	47,351,316	4,452,933
Cemetery trust, nonexpendable	1,000,000	-	1,000,000	-
Other purposes	368,619	-	368,619	27,519,121
Unrestricted	(50,146,276)	54,637,580	4,491,304	(52,342,948)
Total net position	\$ 349,575,655	228,668,248	578,243,903	32,577,729

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

**CITY OF PORTSMOUTH, VIRGINIA**  
**Statement of Activities**  
**Year Ended June 30, 2024**

**Exhibit B**

Functions/Programs	Program Revenues			Net (Expenses) Revenues and Changes in Net Position		
	Expenses	Charges For Services	Operating Grants and Contributions	Primary Government		Component Units
				Capital Grants and Contributions	Governmental Activities	
Primary Government:						
Governmental activities:						
General government	\$ 39,610,986	1,880,819	71,976,777	-	34,246,610	-
Judicial	28,512,646	655,532	4,439,436	-	(23,417,678)	-
Public safety	76,104,208	3,688,461	16,155,707	-	(56,260,040)	-
Public works	36,331,372	11,808,374	16,970,210	-	(7,552,788)	-
Health and welfare	34,781,339	37,867	30,012,839	-	(4,730,633)	-
Parks, recreational and cultural	17,910,782	1,097,010	743,425	-	(16,070,347)	-
Community development	8,891,739	1,030,811	47,060	3,143,829	(4,670,039)	-
Education	66,402,524	-	-	-	(66,402,524)	-
Interest on long-term debt	10,367,014	-	-	-	(10,367,014)	-
Total governmental activities	318,912,610	20,198,874	140,345,454	3,143,829	(155,224,453)	-
Business-type activities:						
Public Utility	39,809,711	50,471,914	-	-	10,662,203	-
Golf	2,380,276	1,173,825	-	-	(1,206,451)	-
Parking Authority	2,669,634	748,688	-	-	(1,920,946)	-
Waste Management	11,888,518	10,833,201	-	-	(1,055,317)	-
Total business-type activities	56,748,139	63,227,628	-	-	6,479,489	-
Total primary government	375,660,749	83,426,502	140,345,454	3,143,829	(155,224,453)	(148,744,964)
Component Units:						
School Board	213,254,608	1,854,884	56,148,135	-	-	(155,251,589)
Economic Development Authority	1,208,626	292,693	-	-	-	(915,933)
Port and Industrial Commission	65,532	-	-	-	-	(65,532)
Total component units	\$ 214,528,766	2,147,577	56,148,135	-	-	(156,233,054)
General revenues:						
Taxes:						
General property taxes					170,911,970	-
Business and occupational license taxes					7,849,006	-
Restaurant food taxes					13,627,828	-
Sales and use tax					12,295,816	-
Telecommunications					5,467,256	-
Other local taxes					8,117,852	-
Utility taxes					9,407,014	-
Grants and contributions not restricted to specific programs					-	128,534,977
Investment earnings					2,887,206	1,876,088
Miscellaneous					615,771	5,787,807
Payment from Primary Government					24,298,774	54,671,284
Transfers (Note 10)					-	-
Total general revenues and transfers					13,935,209	-
Change in net position					269,262,586	190,870,156
					114,038,133	34,637,102
Net position, beginning of year, as originally reported					235,537,522	468,158,513
Restatement (Note 18)					-	-
Net position, beginning of year, as restated					235,537,522	468,158,513
Net position, end of year				\$	349,575,655	578,243,903

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



**CITY OF PORTSMOUTH, VIRGINIA**  
**Balance Sheet**  
**Governmental Funds**  
**June 30, 2024**

**Exhibit C**

	General Fund	Debt Service	Capital Projects	Grants Fund	Other Governmental Funds	Total
<b>Assets:</b>						
Cash and temporary investments (Note 3)	\$ 94,282,611	5,142,235	11,632,256	26,299,221	23,617,402	160,973,725
Restricted cash and temporary investments (Note 3)	368,619	-	-	-	-	368,619
Receivables (net of allowance for uncollectibles):						
Taxes	22,653,499	-	-	-	-	22,653,499
Accounts	12,001,994	-	-	2,927	915,076	12,919,997
Leases receivable (Note 6)	2,957,827	-	-	-	-	2,957,827
Due from other funds (Note 10)	10,304,758	-	-	-	-	10,304,758
Due from component units (Note 10)	82,522	-	-	-	-	82,522
Due from other governments (Note 11)	18,961,385	-	-	57,334	4,719,370	23,738,089
Prepays	198,798	-	-	-	-	198,798
Inventory of supplies	135,612	-	-	-	-	135,612
<b>Total assets</b>	<b>161,947,625</b>	<b>5,142,235</b>	<b>11,632,256</b>	<b>26,359,482</b>	<b>29,251,848</b>	<b>234,333,446</b>
<b>Liabilities:</b>						
Accounts payable	6,934,093	-	5,916,476	2,373,281	520,263	15,744,113
Accrued payroll	1,259,915	-	-	41,770	484,854	1,786,539
Unearned revenue	18,939	-	-	-	-	18,939
Due to other funds (Note 10)	-	-	-	-	1,024,067	1,024,067
Due to other governments	-	-	-	-	2,092	2,092
Due to component units (Note 10)	415,000	-	-	-	-	415,000
<b>Total liabilities</b>	<b>8,627,947</b>	<b>-</b>	<b>5,916,476</b>	<b>2,415,051</b>	<b>2,031,276</b>	<b>18,990,750</b>
<b>Deferred inflows of resources:</b>						
Unavailable revenues (Note 12)	24,590,199	-	-	-	2,979,876	27,570,075
Deferred lease amounts (Note 6)	2,881,073	-	-	-	-	2,881,073
<b>Total deferred inflows of resources</b>	<b>27,471,272</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,979,876</b>	<b>30,451,148</b>
<b>Fund balances (Note 2):</b>						
Nonspendable	334,410	-	-	-	1,000,000	1,334,410
Restricted	368,619	-	-	23,944,431	23,406,885	47,719,935
Committed	626,332	-	5,715,780	-	-	6,342,112
Assigned	12,550,000	5,142,235	-	-	-	17,692,235
Unassigned	111,969,045	-	-	-	(166,189)	111,802,856
<b>Total fund balances</b>	<b>125,848,406</b>	<b>5,142,235</b>	<b>5,715,780</b>	<b>23,944,431</b>	<b>24,240,696</b>	<b>184,891,548</b>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<b>\$ 161,947,625</b>	<b>5,142,235</b>	<b>11,632,256</b>	<b>26,359,482</b>	<b>29,251,848</b>	<b>234,333,446</b>

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

**CITY OF PORTSMOUTH, VIRGINIA****Exhibit C (continued)****Balance Sheet - Reconciliation of the Balance Sheet to the Statement of Net Position****Governmental Funds****June 30, 2024**

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

Total fund balances, governmental funds	\$ 184,891,548
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Capital and other assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. Internal Service Funds are included below.

Those assets consist of:

Land	21,128,651	
Buildings	371,285,160	
Machinery, furniture and equipment	93,867,433	
Intangibles	789,574	
Improvements other than buildings	584,851,013	
Leased assets	7,625,889	
Construction in progress	113,657,566	
Accumulated depreciation and amortization	(622,503,871)	570,701,415

Some of the city's taxes and other revenues will be collected after year-end, but are not available soon enough to pay for the current period's expenditures and, therefore, are reported as deferred inflow in the funds.

27,570,075

Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the governmental funds.

Internal Service Funds are included below. Those liabilities consist of:

Compensated absences	(7,742,528)	
Accrued interest payable	(4,388,424)	
General obligation bonds	(345,462,694)	
Long-term loan payable	(4,500,000)	
Lease liabilities	(5,144,119)	
Deferred inflows related to pension	(7,093,186)	
Deferred inflows related to OPEB	(11,440,816)	
Net pension liability	(91,906,467)	
Net OPEB liability	(22,056,559)	(499,734,793)

Deferred outflows from debt refunding as a result of bond refunding, which is not reported on governmental funds

16,659,150

Deferred outflows related to OPEB, which is not reported on governmental funds

9,436,518

Deferred outflows related to pensions, which is not reported on governmental funds

32,830,073 58,925,741

Internal service funds are used by the city to charge costs of certain activities to individual funds. The assets, liabilities and deferred flows of resources of the internal service funds are reported as components of other governmental funds.

7,221,669

Net position of governmental activities	\$ 349,575,655
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The Notes to Financial Statements are an integral part of this statement.

**CITY OF PORTSMOUTH, VIRGINIA**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Governmental Funds**  
**Year Ended June 30, 2024**

**Exhibit D**

	General Fund	Debt Service	Capital Projects	Grants Fund	Other Governmental Funds	Total
Revenues:						
Taxes	\$ 214,229,941	-	-	-	-	214,229,941
Intergovernmental	67,339,938	-	-	43,670,337	29,335,179	140,345,454
Charges for services	4,893,889	-	-	-	11,801,012	16,694,901
Investment income	3,041,312	-	-	-	766,385	3,807,697
Recovered costs	3,551,039	-	-	-	136,082	3,687,121
Fines and forfeitures	484,846	-	-	-	-	484,846
Licenses and permits	1,124,258	-	-	-	-	1,124,258
Use of property	594,869	-	1,300,000	-	-	1,894,869
Program income	-	-	-	-	3,143,829	3,143,829
Miscellaneous	16,501,266	-	2,000	94,140	2,126,527	18,723,933
Total revenues	311,761,358	-	1,302,000	43,764,477	47,309,014	404,136,849
Expenditures:						
Current:						
General government	23,462,965	-	-	1,722,463	-	25,185,428
Nondepartmental	13,202,555	-	75,921	-	-	13,278,476
Judicial	24,890,222	-	-	2,379,631	126,384	27,396,237
Public safety	76,867,169	-	-	2,346,651	-	79,213,820
Public works	19,947,140	-	4,525,098	915,867	3,459,173	28,847,278
Health and welfare	1,227,945	-	-	586,647	33,339,385	35,153,977
Parks, recreational and cultural	16,189,117	-	-	700,245	51,255	16,940,617
Community development	6,779,216	-	-	698,138	777,879	8,255,233
Education	63,671,284	-	-	-	-	63,671,284
Debt service - principal	831,964	29,910,447	-	-	206,403	30,948,814
Interest and fiscal charges	84,801	10,470,575	-	-	3,721	10,559,097
Capital outlay	1,463,425	-	38,138,803	10,270,952	2,601,353	52,474,533
Total expenditures	248,617,803	40,381,022	42,739,822	19,620,594	40,565,553	391,924,794
Excess (deficiency) of revenues over (under) expenditures	63,143,555	(40,381,022)	(41,437,822)	24,143,883	6,743,461	12,212,055
Other financing sources (uses):						
Transfers from other funds (Note 10)	6,066,434	40,453,950	29,781,000	130,000	4,257,042	80,688,426
Transfers to other funds (Note 10)	(58,926,757)	-	-	-	(9,183,857)	(68,110,614)
Total other financing sources (uses), net	(52,860,323)	40,453,950	29,781,000	130,000	(4,926,815)	12,577,812
Net change in fund balances	10,283,232	72,928	(11,656,822)	24,273,883	1,816,646	24,789,867
Fund balance, beginning of year	115,565,174	5,069,307	17,372,602	(329,452)	22,424,050	160,101,681
Fund balances, end of year	\$ 125,848,406	5,142,235	5,715,780	23,944,431	24,240,696	184,891,548

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

**CITY OF PORTSMOUTH, VIRGINIA****Exhibit D (continued)**

**Statement of Revenues, Expenditures, and Changes in Fund Balances - Reconciliation  
of the Statement of Revenues, Expenditures, and Changes in Fund Balances to the  
Statement of Activities  
Governmental Funds  
Year Ended June 30, 2024**

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

Net change in fund balances, total governmental funds	\$ 24,789,867
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Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. Donated assets and loss on disposal of assets are not reported in the governmental funds, but are reflected in the statement of activities.

Loss on disposal of capital assets	369,757	
Purchases of capital assets	51,901,933	
Depreciation and amortization expense (not including Internal Service Funds)	(20,550,384)	31,721,306

The issuance of long term debt (e.g., bonds and leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.

Principal payments and retirement of debt	30,948,814	
Amortization expense	1,386,658	32,335,472

Some revenues in the statement of activities do not provide the use of current financial resources and, therefore, are not reported as revenues in the governmental funds.	14,718,750
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Some expenses in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.

Change in deferred outflows - debt	(1,560,287)	
Change in deferred outflows - pensions	(6,995,722)	
Change in deferred outflows - OPEB	1,808,748	
Change in deferred inflows - pensions	8,386,008	
Change in deferred inflows - OPEB	1,352,879	
Change in compensated absences	(824,364)	
Change in net pension liability	3,482,847	
Change in OPEB liability	(1,275,299)	
Change in accrued interest	368,393	4,743,203

Internal service funds are used by the City to charge costs of certain activities to individual funds. The net revenue of internal service funds is reported as a component of governmental funds.	5,729,535
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Change in net position of governmental activities	\$ 114,038,133
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The Notes to Financial Statements are an integral part of this statement.

**CITY OF PORTSMOUTH, VIRGINIA**  
**Statement of Net Position**  
**Proprietary Funds**  
**June 30, 2024**

**Exhibit E-1**

	Public Utilities	Nonmajor Enterprise Funds	Total	Governmental Activities Internal Service Funds
<b>Assets:</b>				
Current assets:				
Cash and temporary investments (Note 3)	\$ 45,339,431	8,803,249	54,142,680	20,186,333
Accounts receivable (net of allowance for uncollectibles)	17,557,194	5,101,022	22,658,216	1,798,561
Inventory of supplies	111,540	134,778	246,318	-
Deposits-held by others	-	-	-	240,000
Total current assets	63,008,165	14,039,049	77,047,214	22,224,894
Noncurrent assets:				
Capital assets (Note 4):				
Land	403,834	13,194,244	13,598,078	15,048
Buildings	782,898	19,461,982	20,244,880	693,083
Improvements other than buildings	310,060,851	598,582	310,659,433	-
Machinery, furniture and equipment	35,065,476	14,311,544	49,377,020	26,387,432
Intangible assets	-	-	-	3,212,348
Subscription assets	-	-	-	132,590
Construction in progress	142,845,051	624,380	143,469,431	-
Total capital assets	489,158,110	48,190,732	537,348,842	30,440,501
Less - accumulated depreciation/amortization	(187,905,103)	(28,280,011)	(216,185,114)	(28,529,005)
Total capital assets, net	301,253,007	19,910,721	321,163,728	1,911,496
Total noncurrent assets	301,253,007	19,910,721	321,163,728	1,911,496
Total assets	364,261,172	33,949,770	398,210,942	24,136,390
Deferred outflows of resources:				
Deferred outflows from debt refunding	2,214,398	36,476	2,250,874	-
Deferred outflows related to pensions (Note 7)	1,118,050	960,077	2,078,127	906,400
Deferred outflows related to OPEB (Note 8)	381,317	254,212	635,529	254,212
Total deferred outflows of resources	3,713,765	1,250,765	4,964,530	1,160,612
Total assets and deferred outflows of resources	\$ 367,974,937	35,200,535	403,175,472	25,297,002

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

**CITY OF PORTSMOUTH, VIRGINIA**  
**Statement of Net Position**  
**Proprietary Funds**  
**June 30, 2024**

**Exhibit E-1 (Continued)**

	Public Utilities	Nonmajor Enterprise Funds	Total	Governmental Activities Internal Service Funds
Liabilities:				
Current liabilities:				
Accounts payable	\$ 3,386,117	373,740	3,759,857	3,413,465
Accrued interest payable	1,742,864	10,022	1,752,886	-
Accrued payroll	210,822	149,698	360,520	104,706
Deposits	131,936	125,971	257,907	-
Due to other funds (Note 10)	-	7,767,622	7,767,622	1,238,069
Current compensated absences (Note 5)	269,147	212,941	482,088	211,405
Current bonds payable (Note 5)	8,579,133	183,135	8,762,268	-
Current claims payable (Note 15)	-	-	-	4,275,306
Total current liabilities	14,320,019	8,823,129	23,143,148	9,242,951
Noncurrent liabilities:				
Noncurrent claims payable (Note 15)	-	-	-	5,873,854
Noncurrent compensated absences (Note 5)	229,273	181,394	410,667	180,086
Landfill closure and postclosure liability (Notes 5 and 13)	-	4,034,009	4,034,009	-
Noncurrent bonds payable (Note 5)	139,992,783	628,883	140,621,666	-
Net pension liability (Notes 5 and 7)	1,740,926	1,901,609	3,642,535	1,716,362
Net OPEB liability (Notes 5 and 8)	758,494	505,663	1,264,157	505,663
Total noncurrent liabilities	142,721,476	7,251,558	149,973,034	8,275,965
Total liabilities	157,041,495	16,074,687	173,116,182	17,518,916
Deferred inflows of resources:				
Deferred inflows related to pensions (Note 7)	494,873	329,916	824,789	329,916
Deferred inflows related to OPEB (Note 8)	339,752	226,501	566,253	226,501
Total deferred inflows of resources	834,625	556,417	1,391,042	556,417
Total liabilities and deferred inflows of resources	157,876,120	16,631,104	174,507,224	18,075,333
Net position:				
Net investment in capital assets	154,895,489	19,135,179	174,030,668	1,911,496
Unrestricted	55,203,328	(565,748)	54,637,580	5,310,173
Total net position	\$ 210,098,817	18,569,431	228,668,248	7,221,669

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

**CITY OF PORTSMOUTH, VIRGINIA**  
**Statement of Revenues, Expenses, and Changes in Fund Net Position**  
**Proprietary Funds**  
**Year Ended June 30, 2024**

**Exhibit E-2**

	Public Utilities	Nonmajor Enterprise Funds	Total	Governmental Activities Internal Service Funds
Operating revenues:				
Charges for services	\$ 50,471,914	12,755,714	63,227,628	45,533,109
Use of property	242	-	242	-
Other	476,792	138,737	615,529	3,070,602
Total operating revenues	50,948,948	12,894,451	63,843,399	48,603,711
Operating expenses:				
Personnel services	9,399,232	5,540,935	14,940,167	4,730,262
Contractual services	8,113,594	4,227,606	12,341,200	8,939,619
Supplies and materials	5,407,542	493,349	5,900,891	4,984,330
Utilities	1,372,416	128,175	1,500,591	135,448
Internal charges	2,186,678	2,649,799	4,836,477	354,757
Claims, settlements and refunds	-	48,741	48,741	21,062,981
Insurance premiums	-	-	-	1,683,135
Payments in lieu of taxes	1,161,598	-	1,161,598	-
Rent	-	153,600	153,600	-
Depreciation and amortization	6,688,749	1,161,255	7,850,004	673,355
Closure/postclosure	-	165,944	165,944	-
Other	930,865	670,263	1,601,128	1,824,940
Total operating expenses	35,260,674	15,239,667	50,500,341	44,388,827
Operating income (loss)	15,688,274	(2,345,216)	13,343,058	4,214,884
Nonoperating revenues (expenses):				
Loss on disposal of capital asset	-	(1,653,783)	(1,653,783)	-
Investment income	2,319,189	568,017	2,887,206	159,935
Interest expense and fiscal charges	(4,549,037)	(44,978)	(4,594,015)	(2,681)
Total nonoperating revenues (expenses), net	(2,229,848)	(1,130,744)	(3,360,592)	157,254
Income (loss) before operating transfers	13,458,426	(3,475,960)	9,982,466	4,372,138
Transfers from other funds (Note 10)	-	1,478,482	1,478,482	1,662,994
Transfers to other funds (Note 10)	(7,011,726)	(8,401,965)	(15,413,691)	(305,597)
Change in net position	6,446,700	(10,399,443)	(3,952,743)	5,729,535
Net position, beginning of year	203,652,117	28,968,874	232,620,991	1,492,134
Net position, end of year	\$ 210,098,817	18,569,431	228,668,248	7,221,669

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

**CITY OF PORTSMOUTH, VIRGINIA**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**Year Ended June 30, 2024**

**Exhibit E-3**

	Public Utilities	Nonmajor Enterprise Funds	Total	Governmental Activities - Internal Service Funds
Cash flows from operating activities:				
Cash received from customers	\$ 48,245,000	13,104,792	61,349,792	48,340,892
Cash payments to suppliers for goods and services	(24,356,554)	(8,651,617)	(33,008,171)	(38,934,519)
Cash payments to employees for services	(10,116,464)	(5,912,237)	(16,028,701)	(5,409,422)
Net cash provided by (used in) operating activities	13,771,982	(1,459,062)	12,312,920	3,996,951
Cash flows from noncapital financing activities:				
Interfund loans	-	1,027,957	1,027,957	(4,418,931)
Transfers in from other funds	-	1,478,482	1,478,482	1,662,994
Transfers out to other funds	(7,011,726)	(8,401,965)	(15,413,691)	(305,597)
Net cash used in noncapital financing activities	(7,011,726)	(5,895,526)	(12,907,252)	(3,061,534)
Cash flows from capital and related financing activities:				
Proceeds from issuance of long-term debt	3,485,513	-	3,485,513	-
Acquisition and construction of capital assets	(14,680,973)	(624,380)	(15,305,353)	(414,975)
Payments on long-term debt	(7,445,138)	(700,000)	(8,145,138)	(110,356)
Interest paid	(5,110,175)	(45,478)	(5,155,653)	(2,681)
Net cash used in capital and related financing activities	(23,750,773)	(1,369,858)	(25,120,631)	(528,012)
Cash flows from investing activities:				
Interest received	2,319,189	568,017	2,887,206	159,935
Net cash provided by investing activities	2,319,189	568,017	2,887,206	159,935
Net increase (decrease) in cash and temporary investments	(14,671,328)	(8,156,429)	(22,827,757)	567,340
Cash and temporary investments, beginning of year	60,010,759	16,959,678	76,970,437	19,618,993
Cash and temporary investments, end of year	\$ 45,339,431	8,803,249	54,142,680	20,186,333
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:				
Operating income (loss)	\$ 15,688,274	(2,345,216)	13,343,058	4,214,884
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation/amortization	6,688,749	1,161,255	7,850,004	673,355
Landfill closure/postclosure	-	165,944	165,944	-
Pension recovery, net of employer contributions	(638,903)	(517,153)	(1,156,056)	(616,774)
OPEB expense (recovery), net of employer contributions	(175,975)	31,500	(144,475)	(117,317)
Change in current assets and liabilities:				
Accounts receivable	(1,475,489)	144,716	(1,330,773)	(262,819)
Inventory of supplies	391,876	(9,840)	382,036	786,816
Accounts payable	(5,575,737)	(270,244)	(5,845,981)	311,385
Customer deposits	(1,228,459)	65,625	(1,162,834)	-
Accrued payroll and expense	49,126	45,995	95,121	15,559
Compensated absences	48,520	68,356	116,876	39,372
Claims payable	-	-	-	(1,047,510)
Total adjustments	(1,916,292)	886,154	(1,030,138)	(217,933)
Net cash provided by (used in) operating activities	\$ 13,771,982	(1,459,062)	12,312,920	3,996,951

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



**CITY OF PORTSMOUTH, VIRGINIA**  
**Statement of Fiduciary Net Position**  
**Fiduciary Funds**  
**June 30, 2024**

**Exhibit F-1**

	Custodial Funds	Pension and OPEB Trusts
Assets:		
Cash and temporary investments (Note 3)	\$ 561,156	6,545,691
Investments (Note 3):		
Stocks	-	138,349,464
Bonds	-	52,324,367
Real estate	-	8,411,121
Other investments	-	1,743,811
Total investments	-	200,828,763
Total assets	561,156	207,374,454
Liabilities:		
Due to general fund, payables	275,000	-
Accounts payable	134,730	-
Total liabilities	409,730	-
Net position -		
Held for:		
New Port Community Development Authority	151,426	-
Pensions	-	196,475,630
Postemployment benefits other than pensions	-	10,898,824
Total net position	\$ 151,426	207,374,454

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

**CITY OF PORTSMOUTH, VIRGINIA**  
**Statement of Changes in Fiduciary Net Position**  
**Fiduciary Funds**  
**Year ended June 30, 2024**

**Exhibit F-2**

	Custodial Funds	Pension and OPEB Trust Funds
Additions:		
Contributions -		
Employers' contributions	\$ -	12,722,753
Other receipts	45,254	-
Investment income -		
Gains	119	22,258,861
Taxes collections for other governments	242,328	-
Total additions	287,701	34,981,614
Deductions:		
Benefit payments	45,373	30,760,704
Administrative expenses	-	380,728
Payments of taxes to other governments	147,352	-
Total deductions	192,725	31,141,432
Change in net position	94,976	3,840,182
Net position, beginning of year	56,450	203,534,272
Net position, end of year	\$ 151,426	207,374,454

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

**CITY OF PORTSMOUTH, VIRGINIA**  
**Statement of Net Position**  
**Component Units**  
**June 30, 2024**

**Exhibit G-1**

	School Board	Economic Development Authority	Port and Industrial Commission	Total
Assets:				
Current assets:				
Cash and temporary investments (Note 3)	\$ 80,617,251	7,362,068	831,591	88,810,910
Lease receivable (Note 6)	-	1,681,138	-	1,681,138
Accounts receivables (net of allowance for uncollectibles)	1,280,667	32,100	856,000	2,168,767
Due from Primary Government (Note 10)	-	-	415,000	415,000
Due from other governments (Note 11)	8,800,981	-	-	8,800,981
Inventory of supplies	1,585,867	-	-	1,585,867
Total current assets	92,284,766	9,075,306	2,102,591	103,462,663
Noncurrent assets:				
OPEB assets (Note 8)	14,350,554	-	-	14,350,554
Security deposit receivable	-	4,016	-	4,016
Property held for resale	-	13,599,875	332,007	13,931,882
Capital assets (Note 4):				
Land	6,085,707	1,205,661	-	7,291,368
Buildings	93,535,748	-	-	93,535,748
Machinery, furniture and equipment	43,178,503	-	-	43,178,503
Intangibles	364,970	-	-	364,970
Leased equipment	1,305,573	-	-	1,305,573
Right-to-use subscription asset	3,920,417	-	-	3,920,417
Total capital assets	148,390,918	1,205,661	-	149,596,579
Less - accumulated depreciation	(93,153,876)	-	-	(93,153,876)
Total capital assets, net	55,237,042	1,205,661	-	56,442,703
Total noncurrent assets	69,587,596	14,809,552	332,007	84,729,155
Total assets	161,872,362	23,884,858	2,434,598	188,191,818
Deferred outflows of resources:				
Deferred outflows related to pensions (Note 7)	26,593,059	-	-	26,593,059
Deferred outflows related to OPEB (Note 8)	6,237,396	-	-	6,237,396
Total deferred outflows of resources	32,830,455	-	-	32,830,455
Total assets and deferred outflows of resources	\$ 194,702,817	23,884,858	2,434,598	221,022,273

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

**CITY OF PORTSMOUTH, VIRGINIA**  
**Statement of Net Position**  
**Component Units**  
**June 30, 2024**

**Exhibit G-1 (Continued)**

	School Board	Economic Development Authority	Port and Industrial Commission	Total
Liabilities:				
Current liabilities:				
Accounts payable	\$ 3,420,443	804,153	1,477,122	5,701,718
Accrued payroll	8,602,952	-	-	8,602,952
Deposits	-	3,900	-	3,900
Accrued payroll taxes	644,996	-	-	644,996
Unearned revenues	16,574,190	-	-	16,574,190
Accrued interest	2,370	-	-	2,370
Due to Primary Government (Note 10)	-	82,363	159	82,522
Claims payable (Note 15)	1,152,000	-	-	1,152,000
Compensated absences (Note 5)	1,655,728	-	-	1,655,728
Workers' compensation claims (Note 15)	642,915	-	-	642,915
Lease liability	232,050	-	-	232,050
Subscription liability	1,003,893	-	-	1,003,893
Total current liabilities	33,931,537	890,416	1,477,281	36,299,234
Noncurrent liabilities:				
Compensated absences (Note 5)	3,224,234	-	-	3,224,234
Noncurrent workers' compensation claims (Note 15)	328,557	-	-	328,557
Noncurrent lease liability	1,015,771	-	-	1,015,771
Noncurrent subscription liability	1,242,367	-	-	1,242,367
Net pension liability (Note 7)	93,062,248	-	-	93,062,248
Net OPEB liability (Note 8)	15,735,849	-	-	15,735,849
Total noncurrent liabilities	114,609,026	-	-	114,609,026
Total liabilities	148,540,563	890,416	1,477,281	150,908,260
Deferred inflows of resources:				
Deferred inflows related to leases (Note 6)	-	1,659,059	-	1,659,059
Deferred inflows related to pensions (Note 7)	19,668,112	-	-	19,668,112
Deferred inflows related to OPEB (Note 8)	16,209,113	-	-	16,209,113
Total deferred inflows of resources	35,877,225	1,659,059	-	37,536,284
Net position:				
Net investment in capital assets	51,742,962	1,205,661	-	52,948,623
Restricted for:				
Grants and donations	4,452,933	-	-	4,452,933
Other purposes	26,914,535	604,586	-	27,519,121
Unrestricted	(72,825,401)	19,525,136	957,317	(52,342,948)
Total net position	10,285,029	21,335,383	957,317	32,577,729
Total liabilities, deferred inflows of resources, and net position	\$ 194,702,817	23,884,858	2,434,598	221,022,273

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

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Position				
	Expenses	Charges For Services	Operating Grants and Contributions	Capital Grants and Contributions	School Board	Economic Development Authority	Port and Industrial Commission	Total
School Board:								
Administration, attendance and health services	\$ 13,670,983	813,798	-	-	(12,857,185)	-	-	(12,857,185)
Instruction	132,288,832	79,430	45,947,046	-	(86,262,356)	-	-	(86,262,356)
Pupil transportation	14,551,932	135,632	-	-	(14,416,300)	-	-	(14,416,300)
Operations and maintenance	22,380,757	47,260	-	-	(22,333,497)	-	-	(22,333,497)
Information technology	17,385,865	-	-	-	(17,385,865)	-	-	(17,385,865)
Facilities	530,224	-	-	-	(530,224)	-	-	(530,224)
Food services	11,231,662	778,764	10,201,089	-	(251,809)	-	-	(251,809)
School Activities	1,214,353	-	-	-	(1,214,353)	-	-	(1,214,353)
Total School Board	213,254,608	1,854,884	56,148,135	-	(155,251,589)	-	-	(155,251,589)
Economic Development Authority:								
Economic Development Authority	1,208,626	292,693	-	-	-	(915,933)	-	(915,933)
Port and Industrial Commission:								
Port and Industrial Commission	65,532	-	-	-	-	-	(65,532)	(65,532)
Total Component Units	214,528,766	2,147,577	56,148,135	-	(155,251,589)	(915,933)	(65,532)	(156,233,054)
General revenues:								
Grants and contributions not restricted to specific programs					128,534,977	-	-	128,534,977
Investment earnings					1,653,435	203,058	19,595	1,876,088
Miscellaneous, other					5,787,807	-	-	5,787,807
Payment from Primary Government					54,671,284	-	-	54,671,284
Total general revenues					190,647,503	203,058	19,595	190,870,156
Change in net position					35,395,914	(712,875)	(45,937)	34,637,102
Net position, beginning of year, as originally reported					(16,790,623)	22,048,258	1,003,254	6,260,889
Restatement (Note 18)					(8,320,262)	-	-	(8,320,262)
Net position, beginning of year, as restated					(25,110,885)	22,048,258	1,003,254	(2,059,373)
Net position, end of year					\$ 10,285,029	21,335,383	957,317	32,577,729

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

**(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

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

The following is a summary of the more significant policies:

**A. Financial Reporting Entity**

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

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

***Discretely Presented Component Units***

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

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

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

**(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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

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

3. Economic Development Authority (EDA) - The EDA was established under the Industrial Development and Revenue Bond Act of the Commonwealth of Virginia to facilitate economic development activity in the community and to provide financial benefits to the city of Portsmouth. The EDA is authorized to acquire, own, lease, and dispose of properties to the extent that such activities may promote industry and develop trade by inducing enterprises to locate and remain in Portsmouth. The EDA has only one fund and the board is appointed by the City Council. Since there is the possibility that the EDA may provide a financial benefit or impose a financial burden on the city, it is reported as a discretely presented component unit. Prior to FY22, the EDA was reported as a blended component unit due to the issuance of new debt, the EDA entered into a Cooperative Agreement with the city. The terms of this agreement created circumstances whereby the EDA's total outstanding debt is expected to be repaid entirely or almost entirely with resources of the city and the EDA. That debt was paid off during FY21 and the EDA is now presented discretely as a component unit in the city's financial statements. The separately audited financial statements for the EDA may be obtained at the following address:

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

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**B. Basis of Financial Statement Presentation**

***Government-Wide and Fund Financial Statements***

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

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

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

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

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

**Governmental Fund Types**

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



(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The city reports the following major governmental funds:

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

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

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

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

The city reports the following nonmajor governmental funds:

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

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

Proprietary Fund Types

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

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

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

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Fiduciary Fund Types

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

***Reconciliation of Government-Wide and Fund Financial Statements***

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

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

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

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

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**C. Measurement Focus and Basis of Accounting (Continued)**

The governmental funds utilize the modified accrual basis of accounting. Revenues are recognized in the accounting period in which they become both measurable and available to finance expenditures of the fiscal period. Measurable means the amount of the transaction can be determined; available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. In applying the susceptible to accrual concept to intergovernmental revenues, the legal and contractual requirements of the numerous individual programs are used as guidance. There are, however, essentially two types of these revenues. In one, monies must be expended on the specific purpose or project before any amounts will be paid to the city. In the other, monies are virtually unrestricted as to purpose of expenditure and are usually revocable only for failure to comply with prescribed compliance requirements. These resources are reflected as revenues at the time of receipt or earlier if the accrual eligibility criteria are met. Real estate and personal property taxes are recorded as revenues and receivables when levied and billed, net of allowances for uncollectible amounts. Property taxes levied but not collected within 45 days after year-end are reflected as unearned revenues. Sales and utility taxes, which are collected by the State or utility companies and subsequently remitted to the city, are recognized as revenues and receivables upon collection by the State or utility companies, which is generally in the month preceding receipt by the city, because they are generally not measurable until actually received. Licenses and permits, fines and forfeitures, charges for services (except those charges for services recognized when billed) and miscellaneous revenues (except interest on temporary investments) are recorded as revenues when received in cash because they are generally not measurable until actually received. Stormwater management fees are also recognized as revenue when earned. Expenditures are recorded when the related liability is incurred and payment is due, except for principal and interest on long-term debt which is recorded when due.

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

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

**D. Property Taxes**

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

***Real Estate Taxes***

The city levies real estate taxes on all real estate within its boundaries, except those exempted by statute, each year as of July 1st on the estimated market value of the property. Real estate taxes become a lien on real property the first day of the levy year. The city, as required by state statute, follows the practice of reassessing all property annually. Real estate taxes are collected in equal quarterly payments due September 30, December 31, March 31, and June 30, and are considered delinquent after each due date. The real estate tax rate during 2024 was \$1.25 per \$100 of assessed value.

***Personal Property Taxes***

The city levies personal property taxes on motor vehicles and business and other tangible personal property. Personal property taxes do not create a lien on property. These levies are made each year as of January 1 with payment due the following June 5. Taxes on motor vehicles bought and sold after January 1 are prorated and the tax levies are adjusted. During the fiscal year, the personal property taxes reported as revenue are the adjusted levies less an allowance for uncollectible accounts. Personal property taxes are considered delinquent after the June 5 due date or, in the case of supplemental levies, thirty days after the taxes are levied and billed. The personal property tax rate for 2024, excluding machinery and tools, boats, and recreational vehicles, was \$5.00 per \$100 of assessed value. The personal property tax rate on machinery and tools, boats, and mobile homes was \$3.00, \$0.50, and \$1.50 per \$100 of assessed value, respectively.

**(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**E. Allowance for Uncollectible Accounts**

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

**Governmental Activities:**

General Fund:	
Allowance for uncollectibles (taxes)	\$ 4,976,844
Allowance for uncollectibles	2,667,463
Total General Fund	7,644,307
Special Revenue Funds:	
Stormwater Management Fund - allowance for uncollectibles	1,109,953
Behavioral Health Services Fund - allowance for uncollectibles	370,970
Total Special Revenue Funds	1,480,923
Total Governmental activities	\$ 9,125,230

**Business-type Activities:**

Enterprise Funds:	
Public Utility Fund - allowance for uncollectibles	\$ 2,085,030
Waste Management Fund - allowance for uncollectibles	1,452,651
Total Business-type activities	\$ 3,537,681

**F. Cash and Temporary Investments**

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

**G. Investments**

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

**H. Inventories**

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

**I. Property Held for Resale**

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

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**J. Fund Balances**

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

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

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

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

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

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

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

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

**K. Capital Assets**

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

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

**(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**K. Capital Assets (Continued)**

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

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

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

**L. Compensated Absences**

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

The liability for compensated absences has been recorded in accordance with the provisions of GAAP. The cost of the compensated absences expected to be paid from future expendable financial resources is accounted for as a liability. In the governmental funds, the amount of compensated absences recorded as an expenditure in the General Fund and Special Revenue Funds is the amount used by and paid to employees during the fiscal year. In the government-wide and proprietary funds' financial statements, the amount of compensated absences recorded as an expense is the net amount earned during the fiscal year. A liability for compensated absences is reported in the governmental funds only if the compensated absences have matured as a result of employee resignations and terminations.

**M. Intra-entity Activity**

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



(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**N. Deferred Outflows/Inflows of Resources**

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

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

**O. Pensions**

For purpose of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the pension plans' fiduciary net position, and additions to/deductions from the plans' fiduciary net position have been determined on the same basis as they are reported by the plans. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported within the fair value hierarchy established by GAAP.

**P. Other Postemployment Benefit (OPEB) Plans**

For purpose of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the OPEB plans' fiduciary net position, and additions to/deductions from the plans' fiduciary net position have been determined on the same basis as they are reported by the plans. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

**Q. Estimates and Assumptions**

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

**(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**R. Budgets**

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



**(2) FUND BALANCE**

The fund balances of the governmental funds at June 30, 2024, were composed of the following:

	General Fund	Debt Service	Capital Improvements	Grants	Other Nonmajor
<b>Nonspendable:</b>					
Inventory of supplies	\$ 135,612	-	-	-	-
Prepaid items	198,798	-	-	-	-
Permanent - cemetery care	-	-	-	-	1,000,000
Total nonspendable fund balances	334,410	-	-	-	1,000,000
<b>Restricted:</b>					
Restricted cash	368,619	-	-	-	-
Behavioral health services	-	-	-	-	17,917,939
Public law library	-	-	-	-	246,781
Community development	-	-	-	-	536,588
Stormwater management infrastructure maintenance	-	-	-	-	2,334,564
Grants	-	-	-	23,944,431	-
Children's services	-	-	-	-	382,322
Willet Hall	-	-	-	-	463,429
Public access television	-	-	-	-	15,105
Asset forfeitures	-	-	-	-	421,146
Permanent - cemetery care	-	-	-	-	1,089,011
Total restricted fund balances	368,619	-	-	23,944,431	23,406,885
<b>Committed:</b>					
Capital projects	-	-	5,715,780	-	-
Various open purchase orders	626,332	-	-	-	-
Total committed fund balances	626,332	-	5,715,780	-	-
<b>Assigned:</b>					
Education support	6,550,000	-	-	-	-
Post-employment benefits	1,000,000	-	-	-	-
Capital projects	5,000,000	-	-	-	-
Debt service	-	5,142,235	-	-	-
Total assigned fund balances	12,550,000	5,142,235	-	-	-
<b>Unassigned:</b>					
Unassigned	111,969,045	-	-	-	(166,189)
Total unassigned fund balance	111,969,045	-	-	-	(166,189)
Total fund balances	\$ 125,848,406	5,142,235	5,715,780	23,944,431	24,240,696

**(3) DEPOSITS AND INVESTMENTS**

**Deposits and Restricted Cash**

At June 30, 2024, the carrying value of the city's deposits with banks and savings institutions was \$235,287,913, and the total of the bank balances for these deposits was \$190,770,557. With the exception of \$712,304 held between two separate financial institutions and petty cash of \$14,825, all cash of the city is maintained in accounts collateralized in accordance with the Virginia Security for Public Deposits Act, Sec. 2.2-4400 et seq. of the *Code of Virginia* or covered by federal depository insurance. As of June 30, 2024, restricted cash totaled \$368,619, which primarily represents sheriff funds.

**Investments**

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

**Investment Policy**

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

As of June 30, 2024, the city's investment balances were as follows:

	Carrying Amount	Actual Credit Ratings	Required Credit Ratings	Average Days/Years to Maturity
LGIP	\$ 43,852,094	AAAm	N/A	1 day

**(3) DEPOSITS AND INVESTMENTS (CONTINUED)**

**Pension Investments - Common Collective Retirement Trust Fund**

As of June 30, 2024, the pension investments in the city's common collective retirement trust fund were professionally managed by John Hancock Trust Company LLC and primarily invested in equity funds. The fair value of the pension investments are primarily determined by the quoted prices of securities on the various exchange markets. The allocation of the investment accounts are authorized between the Board of Trustees of the Portsmouth Supplemental Retirement System (which acts on behalf of and administers the retirement plan for the Portsmouth Fire and Police Retirement System), Morgan Stanley PWM (Private Wealth Management), and John Hancock Trust Company LLC. The target allocation for all pension investment funds is 65.0% for equity securities, 30.0% for fixed income (bond) securities, 2.0% for real estate trust securities, and 2% for alternative investments. None of the city's pension investments have credit ratings.

At June 30, 2024, the fair value of the pension investment in the city's retirement trust fund was as follows:

Name of Brokerage Account or Mutual Fund	Investment Type	Weighted Average Maturity/Liquidation	Fair Value
<b>John Hancock Trust Company LLC:</b>			
Morgan Stanley Advisory Holding	MF Equity	1 day	\$ 193,608,501
PIMCO Government Money Market	MF Equity	1 day	571,406
			<u>\$ 194,179,907</u>

Included in the amounts above are \$4,249,967 in funds that are reported as cash and temporary investments on the Statement of Fiduciary Net Position.

At June 30, 2024, the fair value of the OPEB Investments was as follows:

Investment Type	Fair Value
Fixed Income	\$ 2,179,765
Stocks	5,340,424
Real Estate	1,634,824
Alternative Investments	1,743,811
	<u>\$ 10,898,824</u>

**Fair Value Measurement**

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

**(3) DEPOSITS AND INVESTMENTS (CONTINUED)**

The recurring fair value measurement hierarchy (by fair value level of valuation inputs) and the readily determinable fair value amount (by type of security or asset) of the pension and OPEB investments in the city's retirement trust funds as of June 30, 2024, are as follows:

	Fair Value at 6/30/2024	Fair Value (FV) Measurements Using:		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments measured at FV Level:				
Debt securities				
Bonds in mutual funds	\$ 2,751,171	2,751,171	-	-
Equity securities				
Common stock in mutual funds	198,948,925	198,948,925	-	-
Other assets (futures contracts, etc) in mutual funds	3,378,635	3,378,635	-	-
Total investments by fair value	\$ 205,078,731	205,078,731	-	-

Included in the amounts above are \$4,249,967 in funds that are reported as cash and temporary investments on the Statement of Fiduciary Net Position

**Interest Rate Risk**

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

**Credit Risk**

Credit risk is the risk that an insurer or other counterparty to an investment will not fulfill its obligations. The Board of Trustees' policy for reducing its exposure to credit risk is to consult with its investment advisors to determine whether or not to hold or liquidate the investment(s) with such an exposure as the circumstances of each situation warrants. At June 30, 2024, the Board of Trustees' pension investments had no quality ratings.

**Concentration of Credit Risk**

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

**Custodial Credit Risk**

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

**Foreign Currency Risk**

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

(3) DEPOSITS AND INVESTMENTS (CONTINUED)

**Component Unit - School Board**

All of the deposits of the School Board, a discretely presented component unit, of \$80,617,251 are maintained in accounts collateralized in accordance with the Virginia Security for Public Deposits Act, Section 2.2-4400 et. seq. of the *Code of Virginia* or covered by Federal depository insurance. The School Board has \$18,658,381 invested in the School OPEB Trust Fund. The City Treasurer's policies on deposits and investments, as noted above, also apply to the School Board.

**Component Unit - Economic Development Authority**

At year end, the carrying value of deposits with banks for the Economic Development Authority, a discretely presented component unit, was \$7,362,068. All cash is maintained in accounts collateralized in accordance with the Virginia Security for Public Deposits Act, Section 2.2-4400 et. seq. of the *Code of Virginia* or covered by federal depository insurance.

**Component Unit - Portsmouth Port and Industrial Commission**

At year end, the carrying value of deposits with banks for the Portsmouth Port and Industrial Commission, a discretely presented component unit, was \$831,591. All cash of the Commission is maintained in accounts collateralized in accordance with the Virginia Security for Public Deposits Act, Section 2.2-4400 et. seq. of the *Code of Virginia* or covered by federal depository insurance.

**CITY OF PORTSMOUTH, VIRGINIA**  
**Notes to Basic Financial Statements**  
**June 30, 2024**

**Exhibit H (continued)**

**(4) CAPITAL ASSETS**

**Primary Government -  
Governmental Activities**

	Balance July 1, 2023	Additions	Deletions	Balance June 30, 2024
Capital assets not being depreciated:				
Land	20,500,406	643,293	-	21,143,699
Construction in progress (CIP)	89,054,557	24,603,009	-	113,657,566
Total capital assets not being depreciated or amortized	109,554,963	25,246,302	-	134,801,265
Capital assets being depreciated:				
Buildings	367,008,604	4,969,639	-	371,978,243
Buildings, lease asset	7,359,562	-	-	7,359,562
Improvements other than buildings	8,853,285	2,444,557	(501,136)	10,796,706
Improvements other than buildings (Infrastructure)	569,242,282	4,812,025	-	574,054,307
Machinery, furniture, and equipment	104,803,294	15,487,678	(36,107)	120,254,865
Machinery, furniture, and equipment, lease asset	266,327	-	-	266,327
Intangibles	4,001,92	-	-	4,001,922
Subscriptions	318,137	-	(185,547)	132,590
Total capital assets being depreciated or amortized	1,061,853,413	27,713,899	(722,790)	1,088,844,522
Less accumulated depreciation and amortization for:				
Buildings	(161,878,537)	(8,062,651)	-	(169,941,188)
Buildings, lease asset	(1,906,842)	(953,421)	-	(2,860,263)
Improvements other than buildings	(5,526,551)	(2,675,130)	227,600	(7,974,081)
Improvements other than buildings (Infrastructure)	(394,098,146)	(2,551,748)	-	(396,649,894)
Machinery, furniture, and equipment	(64,350,554)	(6,401,481)	36,107	(70,715,928)
Machinery, furniture, and equipment, lease asset	(114,759)	(57,380)	-	(172,319)
Intangibles	(2,221,394)	(377,054)	-	(2,598,448)
Subscriptions	(161,608)	(144,874)	185,547	(120,935)
Total accumulated depreciation and amortization	(630,258,391)	(21,223,739)	449,254	(651,032,876)
Total capital assets being depreciated or amortized, net	431,595,022	6,490,160	(273,536)	437,811,646
Governmental activities capital assets, net	541,149,985	31,736,462	(273,536)	572,612,911

Under Virginia Law, localities have a tenancy-in-common with the School Board whenever a locality incurs a financial obligation for school property which is payable over more than one fiscal year. The School Board and city have agreed that such property, with a net book value of \$120,239,785, will be carried on the city's financial statements until the outstanding debt is repaid.

	CIP June 30, 2024	Outstanding Commitments	Unobligated Balance
Governmental Activities Projects	\$ 113,657,566	\$ 39,996,304	\$ 78,375,431

**CITY OF PORTSMOUTH, VIRGINIA**  
**Notes to Basic Financial Statements**  
**June 30, 2024**

**Exhibit H (continued)**

**(4) CAPITAL ASSETS (CONTINUED)**

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

General government	\$	2,770,947
Judicial		2,207,689
Public safety		1,701,519
Public works		8,110,041
Health and welfare		528,258
Parks, recreation and cultural		1,549,571
Community development		951,119
Education		2,731,240
		<u>20,550,384</u>
Total governmental activities, excluding internal service funds		20,550,384
Depreciation/amortization on capital assets of internal service funds (see Exhibit E-2) charged to various functions based on usage of capital assets.		<u>673,355</u>
Total governmental activities	\$	<u>21,223,739</u>

**Primary Government -  
Business-type Activities**

	Balance July 1, 2023	Additions	Deletions	Balance June 30, 2024
Capital assets not being depreciated:				
Land	13,598,078	-	-	13,598,078
Construction in progress	128,829,560	14,639,871	-	143,469,431
Total capital assets not being depreciated	142,427,638	14,639,871	-	157,067,509
Capital assets being depreciated:				
Buildings	23,331,180	90,211	(3,176,510)	20,244,881
Improvements other than buildings	598,581	-	-	598,581
Improvements other than buildings (Infrastructure)	310,041,505	19,346	-	310,060,851
Machinery, furniture, and equipment	48,821,095	555,925	-	49,377,020
Total capital assets being depreciated	382,792,361	665,482	(3,176,510)	380,281,333
Less accumulated depreciation for:				
Buildings	(17,448,691)	(366,291)	1,522,727	(16,292,255)
Improvements other than buildings	(430,300)	(10,710)	-	(441,010)
Improvements other than buildings (Infrastructure)	(157,756,646)	(4,774,641)	-	(162,531,287)
Machinery, furniture, and equipment	(34,222,200)	(2,698,362)	-	(36,920,562)
Total accumulated depreciation	(209,857,837)	(7,850,004)	1,522,727	(216,185,114)
Total capital assets being depreciated, net	172,934,524	(7,184,522)	(1,653,783)	164,096,219
Business-type activities capital assets, net	315,362,162	7,455,349	(1,653,783)	321,163,728

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

Public utilities	\$	6,688,749
Parking authority		270,962
Golf		101,736
Waste management		788,557
		<u>7,850,004</u>
Total Business-type activities	\$	<u>7,850,004</u>

	CIP 6/30/2024	Outstanding Commitments	Unobligated Balance
Business-type activities	\$ 143,469,431	\$ 17,167,539	\$ 126,301,892

**CITY OF PORTSMOUTH, VIRGINIA**  
**Notes to Basic Financial Statements**  
**June 30, 2024**

**Exhibit H (continued)**

**(4) CAPITAL ASSETS (CONTINUED)**

<b>Primary Government - Major Enterprise Fund</b>				
	Balance July 1, 2023	Additions	Deletions	Balance June 30, 2024
<b>Public Utility Fund</b>				
Capital assets not being depreciated:				
Land	403,834	-	-	403,834
Construction in progress	128,829,560	14,015,491	-	142,845,051
Total capital assets not being depreciated	129,233,394	14,015,491	-	143,248,885
Capital assets being depreciated:				
Buildings	692,687	90,211	-	782,898
Improvements other than buildings (Infrastructure)	310,041,505	19,346	-	310,060,851
Machinery, furniture, and equipment	34,509,551	555,925	-	35,065,476
Total capital assets being depreciated	345,243,743	665,482	-	345,909,225
Less accumulated depreciation for:				
Buildings	(299,434)	(17,234)	-	(316,668)
Improvements other than buildings (Infrastructure)	(157,756,646)	(4,774,641)	-	(162,531,287)
Machinery, furniture, and equipment	(23,160,274)	(1,896,874)	-	(25,057,148)
Total accumulated depreciation	(181,216,354)	(6,688,749)	-	(187,905,103)
Total capital assets being depreciated, net	164,027,389	(6,023,267)	-	158,004,122
Public Utility Fund capital assets, net	293,260,783	7,992,224	-	301,253,007
<b>Discretely Presented Component Unit - School Board</b>				
	Balance July 1, 2023	Additions	Deletions	Balance June 30, 2024
Capital assets not being depreciated:				
Land	6,085,707	-	-	6,085,707
Total capital assets not being depreciated	6,085,707	-	-	6,085,707
Capital assets being depreciated:				
Buildings	93,535,748	-	-	93,535,748
Machinery, furniture, and equipment	33,113,668	10,064,835	-	43,178,503
Intangibles	364,970	-	-	364,970
Right-to-use assets being amortized:				
Leased Equipment	-	1,305,573	-	1,305,573
Subscriptions	1,103,324	2,817,093	-	3,920,417
Total capital assets being depreciated/amortized	128,117,710	14,187,501	-	142,305,211
Less accumulated depreciation/amortization for:				
Buildings	(60,765,263)	(2,476,506)	-	(63,241,769)
Machinery, furniture, and equipment	(25,257,763)	(2,869,763)	-	(28,127,525)
Intangibles	(364,970)	-	-	(364,970)
Right-to-use equipment	-	(199,463)	-	(199,463)
Right-to-use subscriptions	(168,072)	(1,052,076)	-	(1,220,148)
Total accumulated depreciation/amortization	(86,556,068)	(6,597,808)	-	(93,153,876)
Capital assets being depreciated/amortized, net	41,561,643	7,589,693	-	49,151,335
School Board capital assets, net	47,647,350	7,589,693	-	55,237,042



**(5) LONG - TERM LIABILITIES**

**Details of Long-Term Indebtedness**

At June 30, 2024, the long-term indebtedness of the city consisted of the following:

		<b>Maturity Date</b>	<b>Interest Rate</b>	<b>Amount Outstanding</b>
<b>Governmental Activities</b>				
General obligation bonds, net:				
2006B	VP SA School Financing Bonds	7/15/2026	4.40 - 4.60%	\$ 1,083,389
2009	VP SA Qualified School Construction Bonds	9/1/2026	0.00%	4,028,572
2011	G.O. Refunding Bonds	7/15/2024	5.00%	1,545,000
2015A	G.O. Refunding Bonds	8/1/2030	3.00 - 5.00%	6,899,154
2015B	Taxable G.O. Refunding Bonds	8/1/2028	3.00 - 3.30%	13,945,000
2016A	G.O. Refunding Bonds	8/1/2035	2.00 - 5.00%	26,595,000
2016B	Taxable G.O. Refunding Bonds	8/1/2025	2.00 - 2.20%	4,925,000
2016QZAB	Virginia G.O. Qualified Zone Academy Bonds	9/15/2031	0.00%	3,720,000
2017QZAB	Virginia G.O. Qualified Zone Academy Bonds	9/15/2029	0.00%	1,598,616
2017A	G.O. Refunding Bonds	7/15/2034	3.00 - 5.00%	56,035,000
2017B	G.O. Taxable Refunding Bonds	7/15/2035	2.35 - 3.90%	3,320,000
2018	G.O. New Money Vehicle Financing	7/15/2028	3.010%	4,405,000
2019	G.O. Bonds	7/15/2039	3.00 - 5.00%	21,140,000
2019B	Taxable G.O. Refunding Bonds (Pensions)	2/1/2037	2.00 - 3.00%	119,600,000
2021A	G.O. Bonds	7/15/2041	2.00 - 5.00%	29,585,000
2021B	Taxable G.O. Refunding Bonds	7/15/2041	0.19 - 2.6%	27,465,000
2023	Stormwater G.O. Bonds	1/1/2044	0.00%	117,810
Total general obligation bonds				<u>\$ 326,007,541</u>
Leases:				
	Building 1725 Green Street	6/30/2026	1.0590%	\$ 160,277
	Building Portsmouth Business Center, Suite 300C	11/30/2025	0.8930%	257,201
	Building 700 Port Centre Parkway	5/31/2030	1.5270%	4,410,676
	Building 200 High Street, Suite 200	12/31/2028	1.4510%	220,961
	Equipment Copiers, various	2 - 5 years	1.06% - 0.51%	95,004
				<u>\$ 5,144,119</u>

General obligation bonds are stated exclusive of premiums and discounts.

**(5) LONG – TERM LIABILITIES (CONTINUED)**

**Details of Long-Term Indebtedness (continued)**

		<b>Maturity Date</b>	<b>Interest Rate</b>	<b>Amount Outstanding</b>
<b>Business-Type Activities</b>				
Public Utilities:				
General obligation bonds:				
2009E	Prentis Park Bonds	7/15/2041	0.00%	\$ 1,362,338
2011	G.O. Refunding Bonds	7/15/2024	5.00%	1,220,000
2015A	G.O. Refunding Bonds	8/1/2030	3.00 - 5.00%	8,380,000
2015B	Taxable G.O. Refunding Bonds	8/1/2028	3.00 - 3.30%	4,075,000
2017A	G.O. Refunding Bonds	7/15/2041	3.00 - 5.00%	38,115,000
2021A	G.O. Refunding Bonds	7/15/2025	5.00%	270,000
2021B	Taxable G.O. Bonds	7/15/2041	0.12 - 2.60%	28,055,000
Total general obligation bonds				<u>81,477,338</u>
Revenue bonds:				
2019C	Infrastructure Revenue Bonds	10/1/2049	2.974 - 5.125%	28,845,000
2022B	Water and Sewer System Revenue Bond	10/1/2052	4.777 - 5.226%	24,265,000
2023	Water and Sewer System Revenue Bond	3/1/2053	0.300%	3,806,117
Total revenue bonds				<u>56,916,117</u>
Total Public Utilities				<u>138,393,455</u>
Parking Authority:				
2011	G.O. Refunding Bonds	7/15/2024	5.00%	5,000
2015A	G.O. Refunding Bonds	8/1/2030	3.00 - 5.00%	10,847
2017B	G.O. Taxable Refunding Bonds	7/15/2025	2.20 - 3.90%	30,000
2017A	G.O. Refunding Bonds	7/15/2026	5.00%	10,000
2021B	Taxable G.O. Bonds	7/15/2030	0.12 - 1.65%	45,000
Total Parking Authority				<u>100,847</u>
Golf:				
2015A	G.O. Refunding Bonds	8/1/2028	3.00 - 5.00%	385,000
2017B	G.O. Taxable Refunding Bonds	7/15/2035	2.35 - 2.85%	320,000
Total Golf				<u>705,000</u>
				<u>\$ 139,199,302</u>

General obligation bonds are stated exclusive of premiums and discounts.

At June 30, 2024, the long-term indebtedness of the School Board component unit consisted of the following:

	<b>Amount Outstanding</b>
<b>School Board:</b>	
Compensated absences	\$ 4,879,962
Medical claims payable	1,152,000
Workers' compensation claims payable	971,472
Subscription liability	2,246,260
Lease liability	1,247,821
Net pension liability	93,062,248
Net OPEB liability	15,735,849
Total long-term liabilities	<u>\$ 119,295,612</u>

**(5) LONG – TERM LIABILITIES (CONTINUED)**

The following is a summary of changes in long-term indebtedness of the city for the year ended June 30, 2024:

	Balance July 1, 2023	Increases	Decreases	Balance June 30, 2024	Due Within One Year
<b>Primary Government -</b>					
<b>Governmental Activities:</b>					
General obligation bonds	\$ 355,917,988	-	(29,910,477)	326,007,541	30,795,529
Bond premiums/(discounts)	20,841,811	-	(1,386,658)	19,455,153	1,387,659
	376,759,799	-	(31,297,105)	345,462,694	32,183,188
Lease liabilities	5,982,486	-	(838,367)	5,144,119	857,044
VDOT loans	4,700,000	-	(200,000)	4,500,000	200,000
Compensated absences	7,270,283	5,453,554	(4,589,818)	8,134,019	4,392,370
Subscription liabilities	110,356	-	(110,356)	-	-
Net OPEB Liability	21,215,241	1,346,981	-	22,562,222	-
Net pension liability	97,631,412	-	(4,008,583)	93,622,829	-
<b>Total Governmental Activities</b>	<b>513,669,577</b>	<b>6,800,535</b>	<b>(41,044,229)</b>	<b>479,425,883</b>	<b>37,632,602</b>
<b>Business-type Activities:</b>					
General obligation bonds	89,928,326	-	(7,645,141)	82,283,185	7,410,138
Bond premiums/(discounts)	7,101,780	-	(546,532)	6,555,248	546,532
Total general obligation bonds, net	97,030,106	-	(8,191,673)	88,838,433	7,956,670
Revenue bond	53,930,604	3,485,513	(500,000)	56,916,117	668,908
Bond premium	3,766,074	-	(136,690)	3,629,384	136,690
Total revenue bond, net	57,696,678	3,485,513	(636,690)	60,545,501	805,598
Landfill closure and post-closure care	3,868,065	165,944	-	4,034,009	-
Compensated absences	775,879	608,465	(491,589)	892,755	482,088
Net OPEB Liability	976,459	287,698	-	1,264,157	-
Net pension liability	4,685,510	-	(1,042,975)	3,642,535	-
<b>Total Business-type Activities</b>	<b>165,032,697</b>	<b>4,547,620</b>	<b>(10,362,927)</b>	<b>159,217,390</b>	<b>9,244,356</b>
<b>Major Enterprise Funds:</b>					
<b>Public Utility Fund</b>					
General obligation bonds	88,422,479	-	(6,945,141)	81,477,338	7,230,138
Bond premiums/(discounts)	7,092,474	-	(543,397)	6,549,077	543,397
Total general obligation bonds, net	95,514,953	-	(7,488,538)	88,026,415	7,773,535
Revenue bond	53,930,604	3,485,513	(500,000)	56,916,117	668,908
Bond premium	3,766,074	-	(136,690)	3,629,384	136,690
Total revenue bond, net	57,696,678	3,485,513	(636,690)	60,545,501	805,598
Compensated absences	449,900	371,695	(323,175)	498,420	269,147
Net OPEB Liability	650,973	107,521	-	758,494	-
Net pension liability	2,242,098	-	(501,172)	1,740,926	-
<b>Total Public Utility Fund</b>	<b>156,554,602</b>	<b>3,964,729</b>	<b>(8,949,575)</b>	<b>151,569,756</b>	<b>8,848,280</b>

**(5) LONG – TERM LIABILITIES (CONTINUED)**

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

Section 148 of the Internal Revenue Code of 1986 requires public entities to refund interest earned in excess of interest paid over the first five years outstanding on tax exempt borrowings. The regulations are applicable to borrowings incurred subsequent to August 1986. The city has calculated the rebate due as of June 30, 2024, the settlement date, and reflected the liability, if any, in either the Public Utility Fund or the governmental activities column of the Statement of Net Position, depending on the bond issue and timing of payment.

The following is a summary of changes in long-term indebtedness of the School Board component unit for the year ended June 30, 2024:

	<b>Balance July 1, 2023</b>	<b>Increases</b>	<b>Decreases</b>	<b>Balance June 30, 2024</b>	<b>Due Within One Year</b>
<b>School Board:</b>					
Compensated absences	\$ 4,670,126	3,073,962	(2,864,126)	4,879,962	1,655,728
Claims payable	2,416,105	20,152,248	(20,444,881)	2,123,472	1,794,915
Subscription liability	703,654	2,633,969	(1,091,364)	2,246,260	1,003,893
Lease	-	1,305,573	(57,752)	1,247,821	232,050
Net OPEB Liability	17,736,979	-	(2,001,130)	15,735,849	-
Net pension liability	94,970,141	-	(1,907,893)	93,062,248	-
<b>Total School Board</b>	<b>120,497,005</b>	<b>27,165,752</b>	<b>(28,367,146)</b>	<b>119,295,612</b>	<b>4,686,586</b>

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

**Debt Limit**

The Commonwealth of Virginia imposes a legal limit of 10 percent of the assessed valuation of taxed real property as a ceiling in the amount of the general obligation borrowings, which may be issued by the city without referendum. At June 30, 2024, the City's debt limit was \$994,249,000 of which \$585,958,000 is available for the issuance of additional debt. There are no overlapping tax jurisdictions. However, the City has adopted three debt affordability policies that restrict the amount of debt beyond the amount indicated by the legal debt margin. These policies require that the ratio of all net tax supported Debt Service to combined General Fund and School revenues should not exceed 10%, the ratio of net tax supported Debt to Market Value should not exceed four percent, and the 10 year debt payout ratio of net tax supported Debt should be greater than or equal to 50%.

**(5) LONG – TERM LIABILITIES (CONTINUED)**

**Debt Compliance and Repayment**

The annual requirements to pay all outstanding long-term bonds as of June 30, 2024, including interest payments, are summarized as follows:

**Governmental Activities:**

Fiscal Year Ending	General Obligation Bonds		Leases	
	Principal	Interest	Principal	Interest
2025	\$ 30,795,529	\$ 9,651,607	\$ 857,044	\$ 70,362
2026	31,682,211	8,691,787	743,911	59,332
2027	26,322,529	7,781,343	560,397	50,125
2028	26,269,436	7,004,084	711,917	40,852
2029	26,399,436	6,199,330	996,805	28,057
2030-2034	114,770,590	19,424,984	1,274,045	10,230
2035-2039	61,040,000	4,146,076	-	-
2040-2044	8,727,810	241,743	-	-
	<u>\$ 326,007,541</u>	<u>\$ 63,140,954</u>	<u>\$ 5,144,119</u>	<u>\$ 258,958</u>

**Business-type Activities:**

Fiscal Year Ending	General Obligation Bonds		Revenue Bonds	
	Principal	Interest	Principal	Interest
2025	\$ 7,410,138	\$ 2,424,663	\$ 668,908	\$ 2,354,265
2026	7,695,138	2,120,282	714,280	2,324,808
2027	5,525,138	1,873,748	759,655	2,293,043
2028	5,730,138	1,713,980	1,315,028	2,245,904
2029	6,220,138	1,565,978	1,380,404	2,182,875
2030-2034	22,686,533	5,593,707	7,947,688	9,883,334
2035-2039	18,030,689	2,589,039	9,742,241	8,097,169
2040-2044	8,985,273	351,226	11,756,942	6,066,240
2045-2049	-	-	14,456,787	3,363,907
2050-2053	-	-	8,174,184	643,883
	<u>\$ 82,283,185</u>	<u>\$ 18,232,623</u>	<u>\$ 56,916,117</u>	<u>\$ 39,455,428</u>

**Authorized but Unissued Bonds**

The total of general obligation bonds authorized but unissued for governmental funds as of June 30, 2024, was \$75,544,078.

The total of bonds authorized but unissued for enterprise funds as of June 30, 2024, was \$165,623,284.

**(6) LEASE RECEIVABLES**

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

Cell Site - I-264 Exit 2A: An initial lease receivable was recorded in the amount of \$89,518. As of June 30, 2024, the value of the lease receivable is \$41,368. The lessee is required to make monthly fixed payments of \$1,400 through December, 2026. The lease has an interest rate of 1.1770%. The value of the deferred inflow of resources as of June 30, 2024, was \$40,690, and the City recognized lease revenue of \$16,276 during the fiscal year.

Cavalier Manor Recreation Center: An initial lease receivable was recorded in the amount of \$62,289. As of June 30, 2024, the value of the lease receivable is \$25,290. The lessee is required to make monthly fixed payments of \$1,231 through June, 2026. The lease has an interest rate of 1.0590%. The value of the deferred inflow of resources as of June 30, 2024, was \$24,916, and the City recognized lease revenue of \$12,458 during the fiscal year. The lessee has 4 extension option(s), each for 12 months.

Recreation Center - John F. Kennedy: An initial lease receivable was recorded in the amount of \$132,394. As of June 30, 2024, the value of the lease receivable is \$53,752. The lessee is required to make monthly fixed payments of \$2,529 through June, 2026. The lease has an interest rate of 1.0590%. The value of the deferred inflow of resources as of June 30, 2024, was \$52,957, and the City recognized lease revenue of \$26,479 during the fiscal year. The lessee has 4 extension options, each for 12 months.

Recreation Center - Joseph E. Parker: An initial lease receivable was recorded in the amount of \$28,990. As of June 30, 2024, the value of the lease receivable is \$11,770. The lessee is required to make monthly fixed payments of \$542 through June, 2026. The lease has an interest rate of 1.0590%. The value of the deferred inflow of resources as of June 30, 2024, was \$11,596, and the City recognized lease revenue of \$5,798 during the fiscal year. The lessee has 4 extension options, each for 12 months.

4690 Greenwood Drive: An initial lease receivable was recorded in the amount of \$320,900. As of June 30, 2024, the value of the lease receivable is \$226,358. The lessee is required to make monthly fixed payments of \$2,554 through August, 2030. The lease has an interest rate of 0.3160%. The value of the deferred inflow of resources as of June 30, 2024, was \$215,719, and the City recognized lease revenue of \$35,060 during the fiscal year. The lessee has 1 extension option of 60 months.

1701 High Street - Suite 102: An initial lease receivable was recorded in January, 2022, in the amount of \$3,363,359. As of June 30, 2024, the value of the lease receivable is \$2,599,287. The lessee is required to make monthly fixed payments of \$30,987 through December, 2031. The lease has an interest rate of 1.8800%. The value of the deferred inflow of resources as of June 30, 2024, was \$2,535,195, and the City recognized lease revenue of \$338,026 during the fiscal year. The lessee has 1 extension option for 60 months.

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

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

**(6) LEASE RECEIVABLES (CONTINUED)**

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

Fiscal Year Ending	Primary Government		Economic Development Authority	
	Principal	Interest	Principal	Interest
2025	\$ 421,002	\$ 47,877	\$ 60,290	\$ 14,694
2026	428,993	40,917	60,830	14,155
2027	382,589	34,072	61,376	13,611
2028	381,840	27,514	61,926	13,062
2029	389,620	20,859	62,481	12,509
2030-2034	953,783	22,294	320,911	54,064
2035-2039	-	-	335,558	39,459
2040-2044	-	-	350,875	24,188
2045-2049	-	-	366,891	8,221
	<u>\$ 2,957,827</u>	<u>\$ 193,533</u>	<u>\$ 1,681,138</u>	<u>\$ 193,963</u>

(7) RETIREMENT PLANS

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

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

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

**Portsmouth Retirement Systems**

***Summary of Significant Accounting Policies***

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

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

***Plan Description - Portsmouth Supplemental Retirement System***

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

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

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



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

***Plan Description - Portsmouth Fire and Police Retirement System***

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

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

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

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

***Plan Participants***

Participation in the Portsmouth Supplemental Retirement System and the Fire and Police Retirement System consisted of the following as of June 30, 2024:

	<u>Total</u>	<u>PSRS</u>	<u>FPRS</u>
Retirees and beneficiaries	928	319	609
Vested terminated employees not yet receiving benefits	48	11	37
Current vested employees	7	6	1
	<u>983</u>	<u>336</u>	<u>647</u>

***Contributions***

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

Total employer contributions to the PSRS and FPRS for fiscal year 2024 were \$2,260,709 and \$7,560,516, respectively or \$9,821,225 in total.

***Plan Investments***

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

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

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

*Plan Investments (continued)*

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

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

*Objectives.* Objectives of the Investment Policy are as follows:

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

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

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

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

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

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

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

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

*Plan Investments (continued)*

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

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

U.S. Large Cap Value	Russell 1000 Value Index
U.S. Large Cap Growth	Russell 1000 Growth Index
U.S. Large Cap Core	Russell 1000 Index and S&P 500 Index
U.S. Mid Cap Value	Russell Mid Cap Value Index
U.S. Mid Cap Growth	Russell Mid Cap Growth Index
U.S. Small Cap Value	Russell 2000 Value Index
U.S. Small Cap Growth	Russell 2000 Growth Index
International Equity	MSCI EAFE Index
2. Fixed Income:
  - A. Investments shall be diversified by type and number.
  - B. Average duration of the portfolio shall not exceed 10 years.
  - C. U.S. guaranteed issues shall constitute the largest percentage of holdings.
  - D. Credit quality shall average a minimum of an S&P "A" rating.
  - E. Performance review shall include third-party publications.
  - F. Performance reviews shall include peer comparisons, when possible.
  - G. A benchmark for returns comparisons includes, but is not limited to the Barclays Capital Aggregate Bond Index.
3. Alternative Investments:
 

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

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

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

***Plan Investments (continued)***

B. Managed Futures:

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

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

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

***Concentrations***

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

***Rate of Return***

For the year ended June 30, 2024, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 11.59% and 11.51%, for FPRS and PSRS, respectively. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

***Net Pension Liability of the Portsmouth Retirement Systems***

The FPRS and PSRS net pension liability was measured as of June 30, 2023. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation performed as of July 1, 2023, using updated actuarial assumptions. As of June 30, 2023, the net pension liability amounts for the FPRS and PSRS are as follows:

	PSRS	FPRS
Total Pension Liability	\$ 65,785,424	\$ 215,972,839
Less: Fiduciary Net Position	47,260,644	147,722,907
Net Pension Liability	\$ 18,524,780	\$ 68,249,932
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	71.84%	68.40%

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

***Changes in Net Pension Liability - FPRS***

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balance at June 30, 2022	\$ 221,823,153	\$ 148,660,265	\$ 73,162,888
Change for the year:			
Service Cost	21,837	-	21,837
Interest	15,310,008	-	15,310,008
Differences between expected and actual experience	(75,358)	-	(75,358)
Contributions - employer	-	6,253,165	(6,253,165)
Net investment income	-	14,125,480	(14,125,480)
Benefit payments, including refunds of employee contributions	(21,106,801)	(21,106,801)	-
Administrative expenses	-	(209,202)	209,202
Net changes	(5,850,314)	(937,358)	(4,912,956)
Balance at June 30, 2023	\$ 215,972,839	\$ 147,722,907	\$ 68,249,932

***Changes in Net Pension Liability - PSRS***

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balance at June 30, 2022	\$ 68,028,620	\$ 48,418,725	\$ 19,609,895
Change for the year:			
Service Cost	19,747	-	19,747
Interest	4,662,338	-	4,662,338
Differences between expected and actual experience	303,780	-	303,780
Contributions - employer	-	1,602,512	(1,602,512)
Net investment income	-	4,538,679	(4,538,679)
Benefit payments, including refunds of employee contributions	(7,229,061)	(7,229,061)	-
Administrative expenses	-	(70,211)	70,211
Net changes	(2,243,196)	(1,158,081)	(1,085,115)
Balance at June 30, 2023	\$ 65,785,424	\$ 47,260,644	\$ 18,524,780

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

*Actuarial Assumptions.*

The total pension liability was determined by an actuarial valuation as of July 1, 2023, using the following actuarial assumptions, applied to all periods included in the measurement:

Measurement Date	June 30, 2023
Actuarial Cost Method	Entry Age Normal - Level Percentage of Pay
Interest Rate	7.25%
Annual Rates of Salary Increase:	
Salaries	3.00%
Future Social Security Wage Bases	3.00%
Future Social Security Cost of Living Increases	2.50%
Statutory Limits on Compensation and Benefits	2.50%

Mortality rates were based on the RP-2014 Mortality Table Adjusted to 2006 with Generational Projection (Scale MP-2021).

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

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

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

	1% Decrease 6.25%	Current Discount 7.25%	1% Increase 8.25%
<b>PSRS</b>			
Total Pension Liability	\$ 70,487,102	65,785,424	61,640,607
Less: Fiduciary Net Position	47,260,644	47,260,644	47,260,644
Net Pension Liability	\$ 23,226,458	18,524,780	14,379,963
<b>FPRS</b>			
Total Pension Liability	\$ 235,137,726	215,972,839	199,567,096
Less: Fiduciary Net Position	147,722,907	147,722,907	147,722,907
Net Pension Liability	\$ 87,414,819	68,249,932	51,844,189

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

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

For the year ended June 30, 2024, the City recognized total pension expense of \$9,223,651 (\$2,299,674 for PSRS and \$6,923,977 for FPRS). At June 30, 2024, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources for both the PSRS and the FPRS:

	<b>PSRS</b>		<b>FPRS</b>	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on pension plan investments	\$ 3,107,078	\$ -	\$ 9,619,933	\$ -
Employer contribution subsequent to the measurement date	2,260,709	-	7,560,516	-
Total	<u>\$ 5,367,787</u>	<u>\$ -</u>	<u>\$ 17,180,449</u>	<u>\$ -</u>

Deferred outflows of resources for contributions subsequent to measurement date will be recognized in net pension liability/collective net pension liability in fiscal year ended 2025. The amounts reported as deferred outflows of resources related to PSRS and FPRS pensions will be recognized in pension expense as follows:

Year ended June 30,	<b>PSRS</b>	<b>FPRS</b>
2025	\$ 539,798	\$ 1,704,528
2026	294,532	978,876
2027	2,521,675	7,717,617
2028	(248,927)	(781,088)
	<u>\$ 3,107,078</u>	<u>\$ 9,619,933</u>

***Plan Financial Statements***

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

	Portsmouth Supplemental Retirement System	Portsmouth Fire and Police Retirement System
Assets		
Cash equivalents	\$ 1,602,275	\$ 4,943,416
Investments		
Stocks	31,696,341	101,312,699
Real estate	1,614,806	5,161,491
Fixed income	11,949,567	38,195,035
Total investments	<u>45,260,714</u>	<u>144,669,225</u>
Total assets	<u>46,862,989</u>	<u>149,612,641</u>
Net position restricted for pension	<u>\$ 46,862,989</u>	<u>\$ 149,612,641</u>

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

*Plan Financial Statements (continued)*

	Portsmouth Supplemental Retirement System	Portsmouth Fire and Police Retirement System
Additions:		
Contributions		
Employers' contributions	\$ 2,260,709	\$ 7,560,516
Investment gain	5,128,220	16,272,977
Total additions	7,388,929	23,833,493
Deductions:		
Benefit payments	7,694,016	21,665,160
Administrative expenses	92,568	278,599
Total deductions	7,786,584	21,943,759
Change in net position	(397,655)	1,889,734
Net position restricted for pensions, beginning of year	47,260,644	147,722,907
Net position restricted for pensions, end of year	\$ 46,862,989	\$ 149,612,641

As of June 30, 2024, the net pension liability amounts for the FPRS and PSRS are as follows:

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



(7) RETIREMENT PLANS

**Virginia Retirement System**

**Plan Description**

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

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

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

**VRS PLAN 1**

***About VRS Plan 1***

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

***Eligible Members***

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

***Hybrid Opt-In Election***

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

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

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

***Retirement Contributions***

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

***Service Credit***

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

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

**VRS PLAN 1 (continued)**

***Vesting***

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

***Calculating the Benefit***

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

***Average Final Compensation***

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

***Service Retirement Multiplier***

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

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

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

***Retirement Age***

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

***Earliest Unreduced Retirement Eligibility***

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

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

***Earliest Reduced Retirement Eligibility***

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

***Cost-of-Living Adjustment (COLA) in Retirement***

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

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

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

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

**VRS PLAN 1 (continued)**

*Exceptions to COLA Effective Dates:*

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

- The member is within five years of qualifying for an unreduced retirement benefit as of January 1, 2013.
- The member retires on disability.
- The member retires directly from short-term or long-term disability.
- The member is involuntarily separated from employment for causes other than job performance or misconduct and is eligible to retire under the Workforce Transition Act or the Transitional Benefits Program.
- The member dies in service and the member's survivor or beneficiary is eligible for a monthly death-in-service benefit.
- The COLA will go into effect on July 1 following one full calendar year (January 1 to December 31) from the date the monthly benefit begins.

***Disability Coverage***

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

***Purchase of Prior Service***

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

**VRS PLAN 2**

***About Plan 2***

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

***Eligible Members***

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

***Hybrid Opt-In Election***

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

***Retirement Contributions, Service Credit, Vesting, and Calculating the Benefit***

Same as Plan 1.

***Average Final Compensation***

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

***Service Retirement Multiplier***

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

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

**VRS PLAN 2 (continued)**

***Normal Retirement Age***

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

***Earliest Unreduced Retirement Eligibility***

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

***Earliest Reduced Retirement Eligibility***

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

***COLA in Retirement***

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

***Eligibility:***

Same as Plan 1.

***Exceptions to COLA Effective Dates:***

Same as Plan 1.

***Disability Coverage***

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

***Purchase of Prior Service***

Same as Plan 1.

**VRS HYBRID RETIREMENT PLAN**

***About VRS Hybrid Retirement Plan***

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

***Eligible Members***

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

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

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

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

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

**VRS HYBRID RETIREMENT PLAN (continued)**

***Retirement Contributions***

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

***Service Credit***

***Defined Benefit Component:***

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

***Defined Contributions Component:***

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

***Vesting***

***Defined Benefit Component:***

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

***Defined Contributions Component:***

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

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

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

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

***Calculating the Benefit***

***Defined Benefit Component:***

See definition under Plan 1.

***Defined Contribution Component:***

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

***Average Final Compensation***

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

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

**VRS HYBRID RETIREMENT PLAN (continued)**

***Service Retirement Multiplier***

*Defined Benefit Component:*

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

*Defined Contribution Component:*

Not applicable.

***Normal Retirement Age***

*Defined Benefit Component:*

Same as Plan 2.

*Defined Contribution Component:*

Members are eligible to receive distributions upon leaving employment, subject to restrictions.

***Earliest Unreduced Retirement Eligibility***

*Defined Benefit Component:*

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

*Defined Contribution Component:*

Members are eligible to receive distributions upon leaving employment, subject to restrictions.

***Earliest Reduced Retirement Eligibility***

*Defined Benefit Component:*

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

*Defined Contribution Component:*

Members are eligible to receive distributions upon leaving employment, subject to restrictions.

***COLA in Retirement***

*Defined Benefit Component:* Same as Plan 2.

*Defined Contribution Component:* Not applicable.

*Eligibility:* Same as Plan 1 and Plan 2.

*Exceptions to COLA Effective Dates:* Same as Plan 1 and Plan 2.

***Disability Coverage***

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

***Purchase of Prior Service***

*Defined Benefit Component:* Same as Plan 1, except Hybrid Retirement Plan members are ineligible for ported service.

*Defined Contribution Component:* Not applicable.



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

***Pension Plan Data***

Information about the VRS Political Subdivision Retirement Plan is also available in the separately issued VRS 2023 Annual Report. A copy of the 2023 VRS Annual Report may be downloaded from the VRS website at [varetire.org/pdf/publications/2023-annual-report.pdf](http://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.

***Employees Covered by Benefit Terms***

As of the June 30, 2022, actuarial valuation, the following City and School Board employees were covered by the benefit terms of the City's and School Board's VRS pension plans:

	City	School Board - Non- Professional
Inactive members or their beneficiaries currently receiving benefits	1,312	364
Inactive members:		
Vested inactive members	344	66
Non-vested Inactive members	736	189
LTD	1	-
Inactive members active elsewhere in VRS	891	82
Total inactive members	1,972	337
Active members	1,436	302
Total covered employees	4,720	1,003

***Contributions***

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

The city's contractually required employer contribution rate for the year ended June 30, 2024, was 13.52 percent of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2021. This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employee during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the VRS pension plan from the City were \$12,260,728 and \$10,463,248 for the years ended June 30, 2024, and June 30, 2023, respectively.

The School Board (Non-Professional) VRS pension plan's contractually required contribution rate for the fiscal year ended June 30, 2024, was 10.75 percent of annual covered payroll. The actuarial rate for this plan was 11.75 percent. This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employee during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the School Board for the Non-Professional VRS pension plan were \$931,751 and \$833,154 for the years ended June 30, 2024, and June 30, 2023, respectively.

The School Board Professional VRS plan's contractually required contribution rate for the fiscal year ended June 30, 2024, was 16.62 percent 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 earned by employee during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the School Board for the Professional VRS plan were \$13,793,363 and \$13,535,064 for the years ended June 30, 2024, and June 30, 2023, respectively.

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

***Contributions (Continued)***

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 non-employer contribution.

***Net Pension Liability***

The net pension liability is calculated separately for each employer participating in the VRS Political Subdivision Retirement Plan and represents that particular employer's total pension liability determined in accordance with U.S. generally accepted accounting principles, less that employer's fiduciary net position. For Political Subdivisions, the net pension liability was measured as of June 30, 2023. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation performed as of June 30, 2022, rolled forward to the measurement date of June 30, 2023.

The net pension liability is calculated separately for each system participating in the VRS Teacher Employee Retirement Plan and represents that particular system's total pension liability determined in accordance with U.S. generally accepted accounting principles, less that system's fiduciary net position. As of June 30, 2023, net pension liability amounts for the VRS Teacher Employee Retirement Plan is as follows (amounts expressed in thousands):

	<b><u>Teacher Employee Retirement Plan</u></b>
Total pension liability	\$ 57,574,609
Plan fiduciary net position	<u>47,467,405</u>
Employer's net pension liability	<u>\$ 10,107,204</u>
Plan fiduciary net position as a percentage of the total pension liability	82.45%

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

At June 30, 2024, the School Board reported a liability of \$88,117,643 for its proportionate share of the Net Pension Liability. The Net Pension Liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was also determined by an actuarial valuation performed as of June 30, 2022, and rolled forward to the measurement date of June 30, 2023. The School Board's proportion of the Net Pension Liability was based on the School Board's actuarially determined employer contributions to the pension plan for the year ended June 30, 2023, relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2023, the School Board's proportion was 0.87183% as compared to 0.93416% at June 30, 2022.

***Actuarial Assumptions - General Employees***

The total pension liability for general employees in the City's VRS plan was based on an actuarial valuation as of June 30, 2022, 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, 2023.

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



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

*Actuarial Assumptions - General Employees (continued)*

Mortality rates:

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

Beneficiaries and Survivors:

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

Mortality Improvement:

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

The actuarial assumptions used in the June 30, 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 - Non-Hazardous Duty:

Mortality rates (pre-retirement, post-retirement healthy, and disabled): Update to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvements Scale MP-2020.

Retirement rates: Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan2/Hybrid; changed final retirement age

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

Disability rates: No change

Salary scale: No change

Line of Duty disability: No change

Discount rate: No change

*Actuarial Assumptions – Public Safety Employees with Hazardous Duty Benefits*

The total pension liability for public safety employees with hazardous duty benefits in the City's VRS plan was based on an actuarial valuation as of June 30, 2022, 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, 2023.

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

Mortality rates: Hazardous Duty: 45% of deaths are assumed to be service related

Pre-Retirement:

Pub-2010 Amount Weighted Safety Employee Rates projected generationally with a Modified MP-2020 Improvement Scale; 95% of rates for males; 105% of rates for females set forward 2 years.

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

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

Post-Retirement:

Pub-2010 Amount Weighted Safety Healthy Retiree Rates projected generationally with a Modified MP-2020 Improvement Scale; 110% of rates for males; 105% of rates for females set forward 3 years.

Post-Disablement:

Pub-2010 Amount Weighted General Disabled Rates projected generationally with a Modified MP-2020 Improvement Scale; 95% of rates for males set back 3 years; 90% of rates for females set back 3 years.

Beneficiaries and Survivors:

Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally with a Modified MP-2020 Improvement Scale; 110% of rates for males and females set forward 2 years.

Mortality Improvements:

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

The actuarial assumptions used in the June 30, 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:

Hazardous Duty:

Mortality rates (pre-retirement, post-retirement healthy, and disabled): Update to PUB2010 public sector mortality tables. Increased disability life expectancy. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020

Retirement rates: Adjusted rates to better fit experience and changed final retirement age from 65 to 70.

Withdrawal rates: Decreased rates and changed from rates based on age and service to rates based on service only to better fit experience and to be more consistent with Locals Largest 10 Hazardous Duty

Disability rates: No change

Salary scale: No change

Line of Duty disability: No change

Discount rate: No change

*Actuarial Assumptions - Teachers*

The total pension liability for the VRS Teacher Retirement Plan was based on an actuarial valuation as of June 30, 2022, 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, 2023.

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

Mortality rates:

Pre-Retirement:

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

Post-Retirement:

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

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

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

*Actuarial Assumptions - Teachers (continued)*

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, 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:

Mortality rates (pre-retirement, post-retirement healthy, and disabled): Update to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020

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

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

Disability rates: No change

Salary scale: No change

Discount rate: No change

*Long-Term Expected Rate of Return*

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

<b>Asset Class (Strategy)</b>	<b>Long-Term Target Asset Allocation</b>	<b>Arithmetic Long-Term Expected Rate of Return</b>	<b>Weighted Average Long-Term Expected Rate of Return</b>
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	4.00%	4.50%	0.18%
PIP	2.00%	7.18%	0.14%
Cash	1.00%	1.20%	0.01%
Total	100.00%		5.75%
	Inflation		2.50%
	* Expected arithmetic nominal return		8.25%

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

\*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. The results 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 6.75% which is roughly at the 45<sup>th</sup> percentile of expected long-term results of the VRS fund asset allocation at that time, providing a median return of 7.14% including expected inflation of 2.50%

***Discount Rate***

The discount rate used to measure the total pension liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that member contributions will be made per the VRS Statutes and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Consistent with the phased-in funding provided by the General Assembly for state and teacher employer contributions, Political Subdivisions were also provided with an opportunity to use an alternate employer contribution rate. For the year ended June 30, 2023, the alternate rate was the employer contribution rate used in the fiscal year 2012 or 100% of the actuarially determined employer contribution rate from the June 30, 2022 actuarial valuations, whichever was greater. From July 1, 2023, on, participating employers are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

***Changes in Net Pension Liability - City VRS Plan***

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) - (b)
Balance at June 30, 2022	\$ 425,325,143	415,781,004	9,544,139
Change for the year:			
Service Cost	11,583,071	-	11,583,071
Interest	28,753,222	-	28,753,222
Differences between expected and actual experience	1,384,926	-	1,384,926
Contributions - employer	-	10,463,248	(10,463,248)
Contributions - employee	-	3,944,856	(3,944,856)
Net investment income	-	26,711,085	(26,711,085)
Benefit payments, including refunds of employee contributions	(21,869,106)	(21,869,106)	-
Administrative expenses	-	(266,201)	266,201
Other changes	-	(78,282)	78,282
Net changes	19,852,113	18,905,600	946,513
Balance at June 30, 2023	\$ 445,177,256	434,686,604	10,490,652

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

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

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balance at June 30, 2022	\$ 42,433,928	36,401,411	6,032,517
Change for the year:			
Service cost	616,970	-	616,970
Interest	2,805,754	-	2,805,754
Differences between expected and actual experience	(989,661)	-	(989,661)
Changes in assumptions	-	-	-
Contributions – employer	-	836,530	(836,530)
Contributions - employee	-	413,885	(413,885)
Net investment income	-	2,293,349	(2,293,349)
Benefit payments, including refunds of employee contributions	(2,968,343)	(2,968,343)	-
Administrative expenses	-	(23,703)	23,703
Other changes	-	914	(914)
Net changes	(535,280)	552,632	(1,087,912)
Balance at June 30, 2023	\$ 41,898,648	36,954,043	4,944,605

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

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

	1.00% Decrease (5.75%)	Current Discount Rate (6.75%)	1.00% Increase (7.75%)
City VRS Plan	\$ 68,085,876	\$ 10,490,652	\$ (37,367,512)
School Board Professional VRS Plan	\$ 88,937,624	\$ 88,117,643	\$ 156,201,153
School Board Non-Professional VRS Plan	\$ 6,032,517	\$ 4,944,605	\$ 9,445,135

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

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

For the year ended June 30, 2024, the City recognized pension expense of \$6,212,339.

For the year ended June 30, 2024, the School Board recognized for its Professional VRS plan pension expense of \$2,452,375. Since there was a change in proportionate share between the measurement dates, a portion of the pension expense was related to deferred amounts from changes in proportion and from differences between employer contributions and the proportionate share of employer contributions. Beginning with the June 30, 2023, measurement date, the difference between expected and actual contributions is included with the pension expense calculation.

The School Board recognized for its Non-Professional VRS plan pension revenue of \$463,921.

At June 30, 2024, the City's and School Board's Professional and Non-Professional VRS plans reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	City		School Board Professional		School Board Nonprofessional	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 900,686	\$ 1,861,823	\$ 7,569,381	\$ 3,438,727	\$ -	\$ 527,473
Change in assumptions	104,950	-	3,994,682	-	-	-
Net difference between projected and actual earnings on pension plan investments	-	6,386,068	-	5,729,424	-	625,928
Changes in proportion	-	-	303,882	9,346,560	-	-
Employer contributions subsequent to the measurement date	12,260,728	-	13,793,363	-	931,751	-
Total	\$ 13,266,364	\$ 8,247,891	\$ 25,661,308	\$ 18,514,711	\$ 931,751	\$ 1,153,401

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

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

Deferred outflows of resources for contributions subsequent to the measurement date will be recognized in pension expense in the fiscal year ending June 30, 2025. Amounts reported as deferred outflows and inflows of resources related to both the City and School Board VRS plans will be recognized in pension expense as follows:

Year ended June 30,	City	School Board Professional	School Board Nonprofessional
2025	\$ (5,951,738)	(4,373,679)	(961,452)
2026	(7,479,296)	(7,521,928)	(740,749)
2027	5,970,641	4,566,408	527,799
2028	218,138	682,433	21,001
2029	-	-	-
	<u>\$ (7,242,255)</u>	<u>(6,646,766)</u>	<u>(1,153,401)</u>

***Payables to the Pension Plan***

At June 30, 2024, the City and the School Board reported a liability of \$0 for legally required contributions to the pension plan.

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

Primary Government	Local - PSRS	Local - FPRS	VRS	Total
Governmental activities				
Deferred outflows	\$ 4,616,296	\$ 17,180,449	\$ 11,939,728	\$ 33,736,473
Net pension liability	15,931,311	68,249,932	9,441,586	93,622,829
Deferred inflows	-	-	7,423,102	7,423,102
Pension expense	1,977,720	6,923,977	5,591,106	14,492,803
Business-type activities				
Deferred outflows	751,491	-	1,326,636	2,078,127
Net pension liability	2,593,469	-	1,049,066	3,642,535
Deferred inflows	-	-	824,789	824,789
Pension expense	321,954	-	621,233	943,187
Total Primary Government				
Deferred outflows	5,367,787	17,180,449	13,266,364	35,814,600
Net pension liability	18,524,780	68,249,932	10,490,652	97,265,364
Deferred inflows	-	-	8,247,891	8,247,891
Pension expense	2,299,674	6,923,977	6,212,339	15,435,990
		VRS		Total
Discretely presented component unit - School Board		Prof	Non-Prof	
Deferred outflows		\$ 25,661,308	\$ 931,751	\$ 26,593,059
Net pension liability		88,117,643	4,944,605	93,062,248
Deferred inflows		18,514,711	1,153,401	19,668,112
Pension expense (revenue)		5,977,459	(463,921)	5,513,538



**(8) OTHER POSTEMPLOYMENT BENEFITS (OPEB)**

**City of Portsmouth Retired Employees Health Care Program**

***Plan Description***

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

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

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

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

***Plan Membership***

The membership as of January 1, 2024, includes:

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

***Benefits Provided***

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

***Significant Accounting Policies***

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



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

***Contributions***

Contribution requirements of the City and plan members are established and may be amended by the respective legislative bodies. The School Board has the authority to establish and amend the funding policy of their plan. The required contribution is based on projected pay-as-you-go financing requirements, with the potential for additional amounts to prefund benefits as determined annually by the City Council. For fiscal year 2024, the City contributed \$2,901,528 to the program, all for current premiums, and there was no additional prefunding contribution. Retired employees receiving benefits contributed \$949,164 through required monthly contributions that vary from \$1,452.65 to \$5,729.88 depending on the retiree's choice of Health Maintenance Organization or Preferred Provider coverage, the retiree's age, and whether the coverage is for the retiree only or includes other family members. Contribution requirements of the Portsmouth City Public School Board and plan members are established and may be amended by the Portsmouth City Public School Board. The required contribution is based on projected pay-as-you-go financing requirements, with an additional amount to prefund benefits as determined annually by the Portsmouth City Public School Board. For the year ended June 30, 2024, the Portsmouth City Public School Board made no further contributions to the plan to pay current benefits and to prefund benefits.

***Investment***

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

***Rate of Return***

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

***Net OPEB Liability***

The components of the net OPEB liability of the city at June 30, 2024, were as follows:

	City	School Board
Total OPEB Liability	\$ 19,436,590	\$ 4,319,354
Fiduciary Net Position	(10,898,824)	(18,658,381)
Net OPEB Liability	\$ 8,537,766	\$(14,339,027)
Fiduciary Net Position as a % of Total OPEB Liability	56.07%	431.97%

***Changes in Net OPEB Liability of the City:***

City	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
Balance as of June 30, 2023	\$ 15,118,416	\$ 8,550,721	\$ 6,567,695
Service cost	569,828	-	569,828
Interest on total OPEB liability	974,903	-	974,903
Effect of economic/demographic gains or losses	4,088,661		4,088,661
Effect of assumptions changes or inputs	86,310	-	86,310
Benefits payments	(1,401,528)	(1,401,528)	-
Administrative expenses	-	(9,561)	9,561
Employer contributions	-	2,901,528	(2,901,528)
Net investment income	-	857,664	(857,664)
Balance as of June 30, 2024	\$ 19,436,590	\$ 10,898,824	\$ 8,537,766

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

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

	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Asset
Balances at June 30, 2023	\$ 7,408,354	\$ 17,099,869	\$ (9,691,515)
Changes during the year:			
Service cost	153,790	-	153,790
Interest	723,414	-	723,414
Experience (gains/losses)	(2,270,721)	-	(2,270,721)
Change in actuarial assumptions	(1,425,696)	-	(1,425,696)
Contributions/benefits paid from general operating funds		229,487	(229,487)
Net investment income	-	1,616,290	(1,616,290)
Benefit payments, including refunds of employer contributions	(269,787)	(269,787)	-
Administrative expenses	-	(17,478)	17,478
Balance at June 30, 2024	\$ 4,319,354	\$ 18,658,381	\$ (14,339,027)

***Actuarial Assumptions***

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

	<u>City</u>	<u>School Board</u>
Inflation	2.50%	2.75%
Salary increase	3.00%	7.00% (for purposes of allocating liability)
Investment rate of return	6.50%	9.70% (including inflation)
20-year Aa Municipal bond rate	n/a	4.21%

**Mortality - City:**

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

**Mortality - School Board:**

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

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

***Long-Term Expected Rate of Return***

*City's OPEB Plan*

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

Asset Class	Target Allocation	Long-Term Expected Arithmetic Real Rate of Return	Long-Term Expected Geometric Real Rate of Return
Core fixed income	20.00%	2.21%	2.08%
Large Cap US equities	21.00%	5.38%	3.80%
Small Cap US equities	10.00%	6.94%	4.39%
Developed foreign equities	13.00%	6.92%	5.13%
Emerging market equities	5.00%	9.59%	6.21%
Private real estate property	15.00%	5.14%	3.91%
Private equity	10.00%	10.46%	6.25%
Hedge FOF Strategic	6.00%	2.69%	1.94%
Assumed inflation - mean		2.31%	2.30%
Portfolio real mean return		5.62%	4.71%
Portfolio nominal mean return		7.93%	7.12%
Portfolio standard deviation			13.16%
Long-term expected rate of return			6.50%

*Portsmouth City Public School Board's OPEB Plan*

The long-term expected rate of return on Plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of returns, net of Plan investment expense and inflation, are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. For the year ended June 30, 2024, the annual money-weighted rate of return on OPEB plan investments, net of OPEB plan investment expense, was 9.70%.

***Discount Rate***

*City's OPEB Plan*

The discount rate used to measure the total OPEB liability for the City was 6.50%. The projection of cash flows used to determine the discount rate assumed that Employer contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculating the Total OPEB Liability is equal to the long-term expected rate of return.

*Portsmouth City Public School Board's OPEB Plan*

The discount rate used to measure the total OPEB liability for the Portsmouth City Public School Board was 9.74%. The projection of cash flows used to determine the discount rate assumed that Employer contribution will be made at rates equal to the most recent recommended contribution expressed as a percentage of covered payroll. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be sufficient to make all projected future benefit payments of current Plan participants. For projected benefits that are covered by projected assets, the long-term expected rate was used to discount the projected benefits. From the year that benefit payments were not projected to be covered by the projected assets (the "depletion date"), projected benefits were discounted at a discount rate reflecting a 20-year AA/Aa tax-exempt municipal bond yield. A single equivalent discount rate that yields the same present value of benefits is calculated. This discount rate is used to determine the Total OPEB Liability. The discount rate is used to determine the Total OPEB Liability.

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

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

The following presents the net OPEB liability of the City, as well as what the City's net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current discount rate:

	City		
	1% Decrease (5.50%)	Discount Rate (6.50%)	1% Increase (7.50%)
Net OPEB liability	\$ 10,119,072	\$ 8,537,766	\$ 7,117,337

The following presents the net OPEB asset of the Portsmouth City Public School Board, as well as what the Portsmouth City Public School Board's net OPEB asset would be if it were calculated using a discount rate that is one percentage-point lower or one percentage-point higher than the current discount rate:

	Portsmouth City Public School Board		
	1% Decrease (8.70%)	Discount Rate (9.70%)	1% Increase (10.70%)
Net OPEB Asset	\$ (14,092,408)	\$ (14,339,027)	\$ (14,566,686)

***Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rates***

The following table presents the City's net OPEB liability, calculated using the current healthcare trend rates, as well as what the City's net OPEB liability would be if it were calculated using a healthcare trend rate that is 1-percentage-point lower or 1-percentage-point higher than the current trend rate.

	City		
	1% Decrease	Current Trend Rate	1% Increase
Net OPEB liability	\$ 6,746,741	\$ 8,537,766	\$ 10,623,967

The following presents the net OPEB liability of the Portsmouth City Public School Board, as well as what the Portsmouth City Public School Board's net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher.

	Portsmouth City Public School Board		
	1% Decrease (3.50%)	Discount Rate (4.50%)	1% Increase (5.50%)
Net OPEB asset	\$ (14,555,077)	\$ (14,339,027)	\$ (14,097,610)

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

At June 30, 2024, the City reported a liability of \$8,537,766. The net OPEB liability was measured as of June 30, 2024, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of January 1, 2024. For the year ended June 30, 2024, the City recognized OPEB expense of \$549,610. At June 30, 2024, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

<u>City of Portsmouth</u>	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in actuarial assumptions	\$ 1,347,861	\$ 81,600
Net difference between projected and actual investment earnings	-	32,954
Differences between expected and actual experience	3,607,642	4,660,072
Total	\$ 4,955,503	\$ 4,774,626

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

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

*City (continued)*

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

<b>Year ended June 30:</b>		
2025	\$	(442,415)
2026		(234,476)
2027		(456,802)
2028		(32,930)
2029		193,947
Thereafter		1,153,553
Total	\$	<u>180,877</u>

*Portsmouth City Public School Board*

At June 30, 2024, the Portsmouth City Public School Board reported an asset of \$(14,339,027). The net OPEB asset was measured as of June 30, 2024, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date.

For the year ended June 30, 2024, the Portsmouth City Public School Board recognized OPEB expense of \$2,236,281. At June 30, 2024, the School Board reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<b>Deferred Outflows of Resources</b>		<b>Deferred Inflows of Resources</b>	
Differences between expected and actual experience	\$	363,797	\$	7,251,649
Changes in assumptions		1,913,073		5,334,205
Investment earnings (gains/losses)		965,770		-
Total	\$	<u>3,242,640</u>	\$	<u>12,585,854</u>

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

<b>Year Ended June 30:</b>		
2025	\$	(1,629,167)
2026		(1,059,253)
2027		(1,708,594)
2028		(1,593,451)
2029		(916,977)
Thereafter		(2,435,772)
Total	\$	<u>(9,343,214)</u>

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

***Significant Changes***

*City*

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

*Portsmouth City Public School Board*

In the June 30, 2024, actuarial valuation, the discount rate was decreased from 9.74% to 9.70% based on mortality improvement updated from MP-2021. The Pre-65 Medical Inflation was updated from 7.25% graded down to 4.5% based on national surveys of expected medical trend. Salary scale changed from 5.0% to 7.0%. The 20-year Aa Municipal Bond rate increased from 4.09% to 4.13%. Retirement benefit payments are typically concentrated at the beginning of the fiscal year with very few payments spread over the year. Payments are made from the VACo/VML pooled OPEB trust Fund. A Consumer Directed Health Plan (CDHP) option with high deductible was added to retiree plan option.

***Plan Financial Statements***

Below is the City's OPEB plan financial statements as of and for the year ended June 30, 2024.

	<u>OPEB Trust Fund</u>	
Assets		
Investments		
Stocks	\$ 5,340,424	
Bonds	2,179,765	
Real estate	1,634,824	
Other	1,743,811	
Total investments	<u>10,898,824</u>	
Total assets	<u>10,898,824</u>	
Net position restricted for OPEB	<u>\$ 10,898,824</u>	
		<u>OPEB Trust Fund</u>
Additions:		
Contributions:		
Employers' contributions	\$ 2,901,528	
Investment income:		
Gains	857,664	
Total additions	<u>3,759,192</u>	
Deductions:		
Benefit payments	1,401,528	
Administrative expenses	9,561	
Total deductions	<u>1,411,089</u>	
Change in net position	2,348,103	
Net position restricted for OPEB, beginning of year	<u>8,550,721</u>	
Net position restricted for OPEB, end of year	<u>\$ 10,898,824</u>	

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

**VRS Group Life Insurance**

The VRS Group Life Insurance Program (GLIP) is a multiple employer, cost-sharing plan. It provides coverage to state employees, teachers, and employees of participating political subdivisions. The GLIP 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 GLIP is a defined benefit plan that provides a basic group life insurance benefit for employees of participating employers. For purposes of measuring the net GLIP OPEB liability, deferred outflows of resources and deferred inflows of resources related to the GLIP OPEB, and GLIP OPEB expense, information about the fiduciary net position of the VRS GLIP OPEB and the additions to/deductions from the VRS GLIP 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.

**General Information about the Group Life Insurance Program**

***Plan Description***

All full-time, salaried permanent employees of the state agencies, teachers and employees of participating political subdivisions are automatically covered by the VRS GLIP upon employment. This plan is administered by the Virginia Retirement System (the System), along with pensions and other 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. For members who elect the optional group life insurance coverage, the insurer bills employers directly for the premiums. Employers deduct these premiums from members' paychecks and pay the premiums to the insurer. Since this is a separate and fully insured program, it is not included as part of the Group Life Insurance Program OPEB.



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

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

<b>GLIP PLAN PROVISIONS</b>
<p><b><u>Eligible Employees</u></b></p> <p>The GLIP was established July 1, 1960, for state employees, teachers and employees of political subdivisions that elect the program, including the following employers that do not participate in VRS for retirement:</p> <ul style="list-style-type: none"> <li>• City of Richmond</li> <li>• City of Portsmouth</li> <li>• City of Roanoke</li> <li>• City of Norfolk</li> <li>• Roanoke City Schools Board</li> </ul> <p>Basic group life insurance coverage is automatic upon employment. Coverage end for employees who leave their position before retirement eligibility or who take a refund of their accumulated retirement member contribution and accrued interest.</p>
<p><b><u>Benefit Amounts</u></b></p> <p>The benefits payable under the GLIP have several components.</p> <ul style="list-style-type: none"> <li>• Natural Death Benefit - The natural death benefit is equal to the employee's covered compensation rounded to the next highest thousand and then doubled.</li> <li>• Accidental Death Benefit - The accidental death benefit is double the natural death benefit</li> <li>• Other Benefit Provisions - In addition to the basic natural and accidental death benefits, the program provides additional benefits provided under specific circumstances. These include: <ul style="list-style-type: none"> <li>o Accidental dismemberment benefit</li> <li>o Safety belt benefit</li> <li>o Repatriation benefit</li> <li>o Felonious assault benefit</li> <li>o Accelerated death benefit option</li> </ul> </li> </ul>
<p><b><u>Reduction in benefit Amounts</u></b></p> <p>The benefit amounts provided to members covered under the GLIP are subject to a reduction factor. The benefit amount reduces by 25% on January 1 following one calendar year of separation. The benefit amount reduces by an additional 25% on each subsequent January 1 until it reaches 25% of its original value.</p>
<p><b><u>Minimum Benefit Amount and Cost of Living Adjustment (COLA)</u></b></p> <p>For covered members with at least 30 years of service credit, there is a minimum benefit payable under the GLIP. The minimum benefit was set at \$8,000 by statute in 2015. This will be increased annually based on the VRS Plan 2 cost-of-living adjustment and was increased to \$9,254 effective June 30, 2024.</p>



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

***Contributions***

The contribution requirements for the GLIP are governed by §51.1-506 and §51.1-508 of the *Code of Virginia*, as amended, but may be impacted as a result of funding provided to state agencies and school divisions by the Virginia General Assembly. The total rate for the GLIP was 1.34% 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, 2024, 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 the GLIP from the City were \$520,228 and \$442,425 for the years ended June 30, 2024, and June 30, 2023, respectively. Portsmouth City Public School Board contributions were \$47,268 and \$37,690 for the years ended June 30, 2024, and June 30, 2023, respectively, for nonprofessional employees and \$476,007 and \$468,624 for the years ended June 30, 2024, and June 30, 2023, respectively, for professional employees.

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

City - At June 30, 2024, the City reported a liability of \$4,171,452 for its proportionate share of the Net GLIP OPEB Liability. The Net GLIP OPEB Liability was measured as of June 30, 2023, and the total GLIP OPEB liability used to calculate the Net GLIP OPEB Liability was determined by an actuarial valuation performed as of June 30, 2022, and rolled forward to the measurement date of June 30, 2023. The City's proportion of the Net GLIP OPEB Liability was based on the City's actuarially determined employer contributions to the GLIP for the year ended June 30, 2023, relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2023, the City's proportion was 0.34458% as compared to 0.35292% at June 30, 2022. For insurance only employees, the City's proportion was 0.00324% as compared to 0.00505% at June 30, 2022. For the year ended June 30, 2024, the City recognized GLI OPEB expense/(recovery) of \$102,711. Since there was a change in proportionate share between measurement dates, a portion of the GLI OPEB expense was related to deferred amounts from changes in proportion.

Portsmouth City Public School Board - At June 30, 2024, the Portsmouth City Public School Board reported a liability of \$399,731 for its proportionate share of the Net GLIP OPEB Liability for nonprofessional employees. At June 30, 2024, the Portsmouth City Public School Board reported a liability of \$4,418,511 for its proportionate share of the Net GLIP OPEB Liability for professional employees. The Net GLIP OPEB Liability was measured as of June 30, 2023, and the total GLIP OPEB liability used to calculate the Net GLIP OPEB Liability was determined by an actuarial valuation performed as of June 30, 2022, and rolled forward to the measurement date of June 30, 2023. The School Board's proportion of the Net GLIP OPEB Liability was based on the School Board's actuarially determined employer contributions to the GLIP for the year ended June 30, 2023, relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2023, the School Board's proportion was 0.03333% as compared to 0.03360% at June 30, 2022, for nonprofessional employees. At June 30, 2023, the School Board's proportion was 0.36842% as compared to 0.39977% at June 30, 2022 for professional employees. For the year ended June 30, 2024, the Portsmouth City Public School Board recognized GLIP OPEB expense of (\$6,131) for nonprofessional employees. For the year ended June 30, 2024, the Portsmouth City Public School Board recognized GLIP OPEB expense of \$39,042 for professional employees. Since there was a change in proportionate share between measurement dates, a portion of the GLIP OPEB expense was related to deferred amounts from changes in proportion.

In June 2023, the Commonwealth made a special contribution of approximately \$10.1 million to the Group Life Insurance 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.

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

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

At June 30, 2024, the City and School Board reported deferred outflows of resources and deferred inflows of resources related to the GLIP OPEB from the following sources:

	City		School Board - Professional		School Board - Nonprofessional	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 416,626	\$ 126,625	\$ 441,301	\$ 134,124	\$ 39,923	\$ 12,134
Net difference between projected and actual earnings on GLI OPEB program investments	-	167,633	-	177,561	-	16,063
Changes in assumptions	89,167	289,014	94,448	306,132	8,544	27,695
Changes in proportion	44,485	256,108	42,569	620,543	-	53,251
Employer contributions subsequent to the measurement date	520,228	-	476,007	-	47,268	-
Total	\$ 1,070,506	\$ 839,380	\$ 1,054,325	\$ 1,238,360	\$ 95,735	\$ 109,143

City - \$520,228 reported as deferred outflows of resources related to the GLIP OPEB resulting from the City's contributions subsequent to the measurement date will be recognized as a reduction of the Net GLIP OPEB Liability in the Fiscal Year ending June 30, 2025.

Portsmouth City Public School Board - \$476,007 reported as deferred outflows of resources related to GLIP OPEB resulting from the School Board's contributions subsequent to the measurement date will be recognized as a reduction of the Net GLIP OPEB Liability in the Fiscal Year ending June 30, 2025, for professional employees. \$47,268 reported as deferred outflows of resources related to GLIP OPEB resulting from the School Board's contributions subsequent to the measurement date will be recognized as a reduction of the Net GLIP OPEB Liability in the Fiscal Year ending June 30, 2025, for nonprofessional employees.

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

Year ended June 30,	City	School Board - Professional	School Board - Nonprofessional
2025	\$ (91,360)	\$ (169,079)	\$ (22,607)
2026	(225,437)	(314,424)	(32,046)
2027	35,908	(40,727)	(4,101)
2028	(28,246)	(114,127)	(5,306)
2029	20,033	(21,685)	3,384
Thereafter	-	-	-
	\$ (289,102)	\$ (660,042)	\$ (60,676)

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

*Actuarial Assumptions*

The total GLIP OPEB liability was based on an actuarial valuation as of June 30, 2022, 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, 2023.

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

Mortality rates – General State Employees

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

Beneficiaries and Survivors:

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

Mortality Improvement Scale:

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

The actuarial assumptions used in the June 30, 2022, valuation were based on the results of an actuarial experience study for the four-year 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:

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

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

Mortality rates – Teachers

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

Beneficiaries and Survivors:

Pub-2010 Amount Weighted Teachers Contingent Annuitant Rates projected generationally

Mortality Improvement Scale:

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

The actuarial assumptions used in the June 30, 2022, valuation were based on the results of an actuarial experience study for the four-year 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:

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

Mortality rates – SPORS Employees

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

Beneficiaries and Survivors:

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

Mortality Improvement Scale:

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

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

The actuarial assumptions used in the June 30, 2022, valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2022, 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:

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

Mortality rates – VaLORS Employees

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

Beneficiaries and Survivors:

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

Mortality Improvement Scale:

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

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 and VRS Board action are as follows:

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

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

Mortality rates – JRS Employees

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

Pub-2010 Amount Weighted General Disabled Rates projected generationally

Beneficiaries and Survivors:

Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally

Mortality Improvement Scale:

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

The actuarial assumptions used in the June 30, 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 and VRS Board action are as follows:

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

Mortality rates – Largest Ten Locality Employers - General Employees

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

Beneficiaries and Survivors:

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

Mortality Improvement Scale:

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



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

The actuarial assumptions used in the June 30, 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 and VRS Board action are as follows:

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

Mortality rates – Non-Largest Ten Locality Employers - General Employees

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

Beneficiaries and Survivors:

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

Mortality Improvement Scale:

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

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 and VRS Board action are as follows:

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

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

Mortality rates – Largest Ten Locality Employers - Hazardous Duty Employees

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

Beneficiaries and Survivors:

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

Mortality Improvement Scale:

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

The actuarial assumptions used in the June 30, 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 and VRS Board action are as follows:

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

Mortality rates – Non-Largest Ten Locality Employers - Hazardous Duty Employees

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

Beneficiaries and Survivors:

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

Mortality Improvement Scale:

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



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

The actuarial assumptions used in the June 30, 2022, valuation were based on the results of an actuarial experience study for the four-year 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:

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

***Net GLIP OPEB Liability***

The net OPEB liability (NOL) for the GLIP represents the program's total OPEB liability determined in accordance with GASB Statement No. 74, less the associated fiduciary net position. As of the measurement date of June 30, 2023, NOL amounts for the GLIP is as follows (amounts expressed in thousands):

Total GLI OPEB Liability	\$ 3,907,052
Plan Fiduciary Net Position	2,707,739
Employers' Net GLI OPEB Liability (Asset)	<u>\$ 1,199,313</u>

Plan Fiduciary Net Position as a Percentage of the Total GLI OPEB Liability	69.30%
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The total GLIP OPEB Liability is calculated by the System's actuary, and each plan's fiduciary net position is reported in the System's financial statements. The net GLI OPEB Liability is disclosed in accordance with the requirements of GASB Statement No. 74 in the System's notes to the financial statements and required supplementary information.

***Long-Term Expected Rate of Return***

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

***Discount Rate***

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

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

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

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

	<b>1.00% Decrease 5.75%</b>	<b>Current Discount Rate 6.75%</b>	<b>1.00% Increase 7.75%</b>
City's proportionate share of the GLIP OPEB liability	\$ 6,183,395	\$ 4,171,452	\$ 2,544,783
School Board's proportionate share of the GLIP OPEB liability - Professional	\$ 6,549,613	\$ 4,418,511	\$ 2,695,500
School Board's proportionate share of the GLIP OPEB liability - Nonprofessional	\$ 592,526	\$ 399,731	\$ 243,855

***GLIP Fiduciary Net Position***

Detailed information about the GLIP's Fiduciary Net Position is available in the separately issued VRS 2023 *Annual Comprehensive Financial Report* (Annual Report). A copy of the 2023 VRS Annual Report may be downloaded from the VRS website at [varetire.org/pdf/publications/2023-annual-report.pdf](http://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.

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

**VRS Employee Virginia Local Disability Programs**

The VRS Political Subdivision Employee VLDP and the VRS Teacher Employee VLDP are multiple-employer, cost-sharing plans. For purposes of measuring the net VLDP OPEB liabilities, deferred outflows of resources and deferred inflows of resources related to the VLDP OPEBs, and the VLDP OPEB expenses, information about the fiduciary net positions of the VRS VLDP; and the additions to/deductions from the VRS VLDPs' net fiduciary positions have been determined on the same basis as they were reported by VRS. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

***Plan Description***

All full-time, salaried general employees; including local law enforcement officers, firefighters, or emergency medical technicians of political subdivisions who do not provide enhanced hazardous duty benefits; who are in the VRS Hybrid Retirement Plan benefit structure and whose employer has not elected to opt out of the VRS-sponsored program are automatically covered by the VRS Political Subdivision Employee VLDP. All full-time, salaried permanent (professional) employees of public school divisions who are in the VRS Hybrid Retirement Plan benefit structure and whose employer has not elected to opt out of the VRS-sponsored program are automatically covered by the VRS Teacher Employee VLDP. These plans are administered by the Virginia Retirement System (the System), along with pension and other OPEB plans, for eligible public employer groups in the Commonwealth of Virginia. Political subdivisions and 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.

The specific information for each plan and the eligibility for covered groups within each plan are set out in the table below:

VLDP PLAN PROVISIONS
<p><b><u>Eligible Employees</u></b></p> <p>The Political Subdivision and Teacher Employee VLDPs were implemented January 1, 2014, to provide short-term and long-term disability benefits for non-work-related and work-related disabilities for employees with Hybrid retirement benefits. Eligible employees are enrolled automatically upon employment, unless their employer has elected to provide comparable coverage. They include:</p> <ul style="list-style-type: none"> <li>• Political subdivision - Full-time general employees; including local law enforcement officers, firefighters or emergency medical technicians who do not have enhanced hazardous duty benefits; of public political subdivisions covered under VRS.</li> <li>• Teachers - Teachers and other full-time permanent (professional) salaried employees of public school division covered under VRS.</li> </ul>
<p><b><u>Benefit Amounts</u></b></p> <p>The Political Subdivision and Teacher Employee VLDPs provides the following benefits for eligible employees:</p> <p><i>Short Term Disability:</i></p> <ul style="list-style-type: none"> <li>• The program provides a short term disability benefit beginning after a seven calendar day waiting period from the first day of disability. Employees become eligible for non work related short-term disability coverage after one year of continuous participation in VLDP with their current employer.</li> <li>• During the first five years of continuous participation in VLDP with their current employer, employees are eligible for 60% of their pre-disability income if they go out on non work related or work related disability.</li> <li>• Once the eligibility period is satisfied, employees are eligible for higher income replacement levels.</li> </ul> <p><i>Long- Term Disability:</i></p> <ul style="list-style-type: none"> <li>• The VLDP program provides a long term disability benefit beginning after 125 work days of short-term disability. Members are eligible if they are unable to work at all or are working fewer than 20 hours per week.</li> <li>• Members approved for long term disability will receive 60% of their pre-disability income. If approved for work related long term disability, the VLDP benefit will be offset by the workers' compensation benefit. Members will not receive a VLDP benefit if their workers' compensation benefit is greater than the VLDP benefit.</li> </ul>

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

VLDP PLAN PROVISIONS (Continued)
<b>Virginia Local Disability Program Notes:</b> <ul style="list-style-type: none"> <li>• Members approved for short term or long term disability at age 60 or older will be eligible for a benefit, provided they remain medically eligible.</li> <li>• VLDP Long Term Care Plan is a self funded program that assists with the cost of covered long term care services.</li> </ul>

**Contributions**

City and Portsmouth City Public Schools (Nonprofessional) - The contribution requirement for active Hybrid employees is governed by §51.1-1178(C) of the *Code of Virginia*, as amended, but may be impacted as a result of funding provided to political subdivisions by the Virginia General Assembly. Each political subdivision's contractually required employer contribution rate for the year ended June 30, 2024, was 0.85% of covered employee compensation for employees in the VRS Political Subdivision Employee Virginia Local Disability Program. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 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 City to the VRS Political Subdivision Employee VLDP were \$300,884 and \$218,729 for the years ended June 30, 2024, and June 30, 2023, respectively. Contributions from the School Board were \$44,933 and \$37,273 for the years ended June 30, 2024, and June 30, 2023, respectively.

Portsmouth City Public Schools (Professional) - The contribution requirement for active Hybrid employees is governed by §51.1-1178(C) of the *Code of Virginia*, as amended, but may be impacted as a result of funding provided to school divisions by the Virginia General Assembly. Each school division's contractually required employer contribution rate for the year ended June 30, 2024, was 0.47% of covered employee compensation for employees in the VRS Teacher Employee VLDP. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 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 were \$172,790 and \$158,472 for the years ended June 30, 2024 and 2023, respectively.

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

At June 30, 2024, the City and School Board (Nonprofessional) reported assets of \$67,646 and \$11,527, respectively, for their proportionate share of the VRS Political Subdivision Employee VLDP Net OPEB Asset. The Net VRS Political Subdivision Employee VLDP OPEB Asset was measured as of June 30, 2023, and the total VRS Political Subdivision Employee VLDP OPEB liability used to calculate the Net VRS Political Subdivision Employee VLDP OPEB Asset was determined by an actuarial valuation as of June 30, 2022, and rolled forward to the measurement date of June 30, 2023. The City's and School Board's proportions of the Net VRS Political Subdivision Employee VLDP OPEB Asset were based on the City's and School Board's actuarially determined employer contributions to the VRS Political Subdivision Employee VLDP OPEB plan for the year ended June 30, 2023, relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2023, the City's proportion of the VRS Political Subdivision Employee VLDP was 4.20421% as compared to 4.83996% at June 30, 2022. At June 30, 2023, the School Board's proportion of the VRS Political Subdivision Employee VLDP was 0.71643% as compared to 0.78550% at June 30, 2022.

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

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

For the year ended June 30, 2024, the City and School Board (Nonprofessional) recognized VRS Political Subdivision Employee VLDP OPEB expense of \$172,693 and \$29,107, respectively. Since there was a change in proportionate share between measurement dates, a portion of the VRS Political Subdivision Employee VLDP Net OPEB expense was related to deferred amounts from changes in proportion.

At June 30, 2024, the Portsmouth City Public School Board (Professional) reported a liability of \$23,972 for its proportionate share of the VRS Teacher Employee VLDP Net OPEB Liability. The Net VRS Teacher Employee VLDP OPEB Liability was measured as of June 30, 2023, and the total VRS Teacher Employee VLDP OPEB liability used to calculate the Net VRS Teacher Employee VLDP OPEB Liability was determined by an actuarial valuation as of June 30, 2022, and rolled forward to the measurement date of June 30, 2023. The Portsmouth City Public School Board's proportion of the Net VRS Teacher Employee VLDP OPEB Liability was based on the school division's actuarially determined employer contributions to the VRS Teacher Employee VLDP OPEB plan for the year ended June 30, 2023, relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2023, the Portsmouth City Public School Board's proportion of the VRS Teacher Employee VLDP was 3.61064% as compared to 3.81170% at June 30, 2022.

For the year ended June 30, 2024, the Portsmouth City Public School Board (Professional) recognized VRS Teacher Employee VLDP OPEB expense of \$127,542. Since there was a change in proportionate share between measurement dates, a portion of the VRS Teacher Employee Virginia Local Disability Program Net OPEB expense was related to deferred amounts from changes in proportion.

At June 30, 2024, the City reported deferred outflows of resources and deferred inflows of resources related to the VRS VLDP OPEB from the following sources:

	City		School Board Professional		School Board Nonprofessional	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Change in assumptions	\$ 448	\$ 6,195	\$ 10,423	\$ -	\$ 76	\$ 1,056
Differences between expected and actual experience	25,398	42,142	105,207	10,508	4,328	7,181
Net difference between projected and actual investment earnings on plan investments	165	-	742	-	28	-
Changes in proportionate share	2,382	194	4,867	867	60	861
Employer contributions subsequent to the measurement date	300,884	-	172,790	-	44,933	-
Total	\$ 329,277	\$ 48,531	\$ 294,029	\$ 11,375	\$ 49,425	\$ 9,098

City and Portsmouth City Public School Board (Nonprofessional): \$300,884 and \$44,933, respectively, reported as deferred outflows of resources related to the VRS Political Subdivision Employee VLDP OPEB resulting from the City's and School Board's contributions subsequent to the measurement date will be recognized as a reduction (increase) of the Net Political Subdivision Employee VLDP OPEB Liability (Asset) in the Fiscal Year ending June 30, 2025.

Portsmouth City Public School Board (Professional): \$172,790 reported as deferred outflows of resources related to the VRS Teacher Employee VLDP OPEB resulting from the Portsmouth City Public School division's contributions subsequent to the measurement date will be recognized as a reduction of the Net Teacher Employee VLDP OPEB Liability in the Fiscal Year ending June 30, 2025.

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

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

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

<b>Year ended June 30,</b>	<b>City</b>	<b>School Board Professional</b>	<b>School Board Nonprofessional</b>
2025	\$ (987)	\$ 9,994	\$ (496)
2026	(10,343)	9,217	(2,137)
2027	1,840	14,845	148
2028	(1,304)	11,287	(351)
2029	(4,228)	11,295	(808)
Thereafter	(5,116)	53,226	(962)
	<u>\$ (20,138)</u>	<u>\$ 109,864</u>	<u>\$ (4,606)</u>

***Actuarial Assumptions***

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

***Net VLDP OPEB Liabilities***

The net OPEB liabilities (NOL) for the Political Subdivision Employee and Teacher Virginia Local Disability Program represents the program's total OPEB liability determined in accordance with GAAP, less the associated fiduciary net position. As of June 30, 2023, NOL amounts for the City's and School Board's Virginia Local Disability Program are as follows (amounts expressed in thousands):

	<b>Political Subdivision Employee VLDP OPEB Plan</b>	<b>Teacher Employer VLDP OPEB Plan</b>
Total Employee VLDP OPEB Liability	\$ 9,525	\$ 10,672
Plan Fiduciary Net Position	11,134	10,007
Employee Net VLDP OPEB Liability (Asset)	<u>\$ (1,609)</u>	<u>\$ 665</u>
Plan Fiduciary Net Position as a Percentage of the Total Employee VLDP OPEB Liability	116.89%	93.77%

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

***Long-Term Expected Rate of Return***

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

***Discount Rate***

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

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

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

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

	<b>1.00% Decrease (5.75%)</b>	<b>Current Discount Rate (6.75%)</b>	<b>1.00% Increase (7.75%)</b>
City's proportionate share of net VLDP OPEB Asset	\$ (35,443)	\$ (67,646)	\$ (95,864)
School Board's proportionate share of net VLDP OPEB Liability (Asset) - professional	\$ 67,570	\$ 23,972	\$ 13,940
School Board's proportionate share of net VLDP OPEB Liability (Asset) - non-professional	\$ 6,040	\$ (11,527)	\$ (16,336)

***Political Subdivision Employee VLDP OPEB Fiduciary Net Position***

Detailed information about the VRS Political Subdivision Employee and VRS Teacher Employee VLDP's Fiduciary Net Position is available in the separately issued VRS 2023 *Annual Comprehensive Financial Report* (Annual Report). A copy of the 2023 VRS Annual Report may be downloaded from the VRS website at [varetire.org/pdf/publications/2023-annual-report.pdf](http://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.



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

**VRS Line of Duty Act Program**

The VRS Line of Duty Act Program (LODA) is a multiple-employer, cost-sharing plan. The LODA 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 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 OPEB liability, deferred outflows of resources and deferred inflows of resources related to the LODA OPEB, and LODA OPEB expense, information about the fiduciary net position of the VRS LODA OPEB Plan and the additions to/deductions from the VRS LODA OPEB Plan's net fiduciary position have been determined on the same basis as they were reported by VRS. In addition, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

***Plan Description***

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

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

<b>LODA PLAN PROVISIONS</b>	
<b><u>Eligible Employees</u></b>	
The eligible employees of the LODA are paid employees and volunteers in hazardous duty positions in Virginia localities and hazardous duty employees who are covered under the VRS, the SPORS, or the VaLORS.	
<b><u>Benefit Amounts</u></b>	
The LODA provides death and health insurance benefits for eligible individuals:	
<ul style="list-style-type: none"> <li>• <b><u>Death</u></b> – The LODA death benefit is a one-time payment made to the beneficiary or beneficiaries of a covered individual. Amounts vary as follows: <ul style="list-style-type: none"> <li>○ \$100,000 when a death occurs as the direct or proximate result of performing duty as of January 1, 2006, or after.</li> <li>○ \$25,000 when the cause of death is attributed to one of the applicable presumptions and occurred earlier than five years after the retirement date.</li> <li>○ An additional \$20,000 benefit is payable when certain members of the National Guard and U.S. military reserves are killed in action in any armed conflict on or after October 7, 2001.</li> </ul> </li> <li>• <b><u>Health Insurance</u></b> – The LODA provides health insurance benefits. <ul style="list-style-type: none"> <li>○ The health insurance benefits are managed through the Virginia Department of Human Resource Management (DHRM). The health benefits are modeled after the State Employee Health Benefits Program plans and provide consistent, premium-free continued health plan coverage for LODA-eligible disabled individuals, survivors and family members.</li> </ul> </li> </ul>	



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

***Contributions***

The contribution requirements for the LODA are governed by §9.1-400.1 of the *Code of Virginia*, as amended, but may be impacted as a result of funding provided to state agencies by the Virginia General Assembly. Each employer's contractually required employer contribution rate for the LODA for the year ended June 30, 2024, was \$830.00 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 from the entity were \$428,796 and \$370,239 for the years ended June 30, 2024, and June 30, 2023, respectively.

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

At June 30, 2024, the City reported a liability of \$11,184,807 for its proportionate share of the Net LODA OPEB Liability. The Net LODA OPEB Liability was measured as of June 30, 2023, and the total LODA OPEB liability used to calculate the Net LODA OPEB Liability was determined by an actuarial valuation as of June 30, 2022, and rolled forward to the measurement date of June 30, 2023. The City's proportion of the Net LODA OPEB Liability was based on the entity'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, 2023, the City's proportion was 2.78993% as compared to 2.99696% at June 30, 2022.

For the year ended June 30, 2024, the entity recognized LODA OPEB expense of \$1,213,591. Since there was a change in proportionate share between measurement dates, a portion of the LODA OPEB expense was related to deferred amounts from changes in proportion.

At June 30, 2024, the City reported deferred outflows of resources and deferred inflows of resources related to the LODA OPEB from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Net difference between projected and actual earnings on LODA OPEB plan investments	\$ -	\$ 32,721
Differences between expected and actual experience	596,611	2,106,090
Change in assumptions	2,484,276	2,306,367
Changes in proportion	461,290	2,125,855
Employer contribution subsequent to the measurement date	428,796	-
<b>Total</b>	<b>\$ 3,970,973</b>	<b>\$ 6,571,033</b>

\$428,796 reported as deferred outflows of resources related to the LODA OPEB resulting from the City's contributions subsequent to the measurement date will be recognized as a reduction of the Net LODA OPEB Liability in the Fiscal Year ending June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the LODA OPEB will be recognized in LODA OPEB expense in future reporting periods as follows:

<b>Year Ended June 30,</b>	
2025	\$ (340,848)
2026	(339,822)
2027	(301,268)
2028	(339,405)
2029	(262,850)
Thereafter	(1,444,663)
	<u><u>\$ (3,028,856)</u></u>

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

**Actuarial Assumptions**

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

**Net LODA OPEB Liability**

The net OPEB liability (NOL) for the LODA represents the program's total OPEB liability determined in accordance with GAAP, less the associated fiduciary net position. As of June 30, 2023, NOL amounts for the LODA is as follows (amounts expressed in thousands):

	<b>Line of Duty Act Program</b>
Total LODA OPEB Liability	\$ 406,211
Plan Fiduciary Net Position	5,311
Employers' Net OPEB Liability	\$ 400,900
Plan Fiduciary Net Position as a Percentage of the Total LODA OPEB Liability	1.31%

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

**Long-Term Expected Rate of Return**

The long-term expected rate of return on LODA OPEB Program's investments was set at 3.86% 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 3.86% was used since it approximates the risk-free rate of return. This Single Equivalent Interest Rate (SEIR) is the applicable municipal bond index rate based on the Fidelity Fixed Income General Obligation 20-year Municipal Bond Index as of the measurement date of June 30, 2023.

**Discount Rate**

The discount rate used to measure the total LODA OPEB liability was 3.86%. 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 participating employers to the LODA OPEB Program will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly.

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

The following presents the covered employer's proportionate share of the net LODA OPEB liability using the discount rate of 3.86%, as well as what the covered employer's proportionate share of the net LODA OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (2.86%) or one percentage point higher (4.86%) than the current rate:

	<b>1.00% Decreases (2.86%)</b>	<b>Current Discount Rate (3.86%)</b>	<b>1.00% Increase (4.86%)</b>
Citys proportionate share of the total LODA Net OPEB Liability	\$ 12,540,830	\$ 11,184,807	\$ 10,037,633

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

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

Because the LODA contains a provisions for the payment of health insurance premiums, the liabilities are also impacted by the health care trend rates. The following presents the 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:

	1.00% Decrease (6.00% decreasing to 3.75%)	Health Care Trend Rates (7.00% decreasing to 4.75%)	1.00% Increase (8.00% decreasing to 5.75%)
City's proportionate share of the total LODA Net OPEB Liability \$	9,485,094 \$	11,184,807 \$	13,291,017

***LODA OPEB Plan Fiduciary Net Position***

Detailed information about the LODA Fiduciary Net Position is available in the separately issued VRS 2023 *Annual Comprehensive Financial Report* (Annual Report). A copy of the 2023 VRS Annual Report may be downloaded from the VRS website at [varetire.org/pdf/publications/2023-annual-report.pdf](http://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.

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

**Teacher Employee Health Insurance Credit Program**

The VRS Teacher Employee Health Insurance Credit Programs (THICP) is a cost-sharing, multiple-employer plan. The THICP 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 THICP 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 THICP OPEB liability, deferred outflows of resources and deferred inflows of resources related to the THICP OPEB, and the THICP OPEB expense, information about the fiduciary net position of the VRS THICP; and the additions to/deductions from the VRS Teacher Employee Health Insurance Credit Program's net fiduciary position have been determined on the same basis as they were reported by VRS. For this purpose, benefit payments are recognized when due and payable in accordance with benefit terms. Investments are reported at fair value.

**Plan Description**

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

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

**Eligibility:**

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

**Benefit Amounts:**

The THICP provides the following benefits for eligible employees:

**At Retirement** - For teachers and other professional school employees who retire, the monthly benefit is \$4.00 per year of service per month with no cap on the benefit amount.

**Disability Retirement** - For teachers and other professional school employees who retire on disability or go on long-term disability under the VLDP, the monthly benefit is either:

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

**Other Plan Information:**

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

**Contributions**

The contribution requirement for active employees is governed by §51.1-1401(E) of the *Code of Virginia*, as amended, but may be impacted as a result of funding provided to school divisions by the Virginia General Assembly. Each school division's contractually required employer contribution rate for the year ended June 30, 2024, was 1.21% of covered employee compensation for employees in the HICP. This rate was the final approved General Assembly rate which was based on an actuarially determined rate from an actuarial valuation as of June 30, 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 Portsmouth City Public School Board to THICP were \$1,062,496 and \$1,045,125 for the years ended June 30, 2024, and June 30, 2023, respectively.

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

***Contributions (continued)***

In June 2023, the Commonwealth made a special contribution of approximately \$4.0 million to the VRS Teacher Health Insurance Credit Program. 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 non-employer contribution.

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

At June 30, 2024, the Portsmouth City Public School Division reported a liability of \$10,493,782 for its proportionate share of the net THICP OPEB Liability. The net THICP OPEB Liability was measured as of June 30, 2023, and the total THICP OPEB liability used to calculate the net THICP OPEB Liability was determined by an actuarial valuation performed as of June 30, 2022, and rolled forward to the measurement date of June 30, 2023. The Portsmouth City Public School Division's proportion of the net THICP OPEB Liability was based on the Portsmouth City Public School Board's actuarially determined employer contributions to the THICP OPEB plan for the year ended June 30, 2023, relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2023, the Portsmouth City Public School Board's proportion of THICP was 0.86624% as compared to 0.92801% at June 30, 2022.

For the year ended June 30, 2024, the Portsmouth City Public School Board recognized THICP OPEB expense of \$496,485. Since there was a change in proportionate share between measurement dates, a portion of the THICP net OPEB expense was related to deferred amounts from changes in proportionate share and differences between actual and expected contributions.

At June 30, 2024, the Portsmouth City Public School Board reported deferred outflows of resources and deferred inflows of resources related to THICP from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on THICP OPEB program investments	\$ 5,266	\$ -
Difference between expected and actual experience	-	461,884
Change in assumptions	244,278	10,574
Changes in proportion	58,682	1,365,009
Employer contributions subsequent to the measurement date	1,062,496	-
Total	\$ 1,370,722	\$ 1,837,467

\$1,062,496 reported as deferred outflows of resources related to THICP resulting from the Portsmouth City Public School division's contributions subsequent to the measurement date will be recognized as a reduction of the net THICP OPEB Liability in the Fiscal Year ending June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the THICP OPEB will be recognized in the THICP OPEB expense (recovery) in future reporting periods as follows:

Year Ended June 30:	
2025	\$ (337,434)
2026	(291,577)
2027	(246,831)
2028	(257,215)
2029	(263,411)
Thereafter	(132,773)
	<u>\$ (1,529,241)</u>

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

***Actuarial Assumptions***

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

***Net THICP OPEB Liability***

The net THICP OPEB liability represents the program's total OPEB liability determined in accordance with GAAP, less the associated fiduciary net position. As of June 30, 2023, net OPEB liability amounts for the THICP are as follows (amounts expressed in thousands):

Total Teacher Employer THICP OPEB liability	\$	1,475,471
Plan fiduciary net position		264,054
Teacher employee Net THICP OPEB Liability	\$	1,211,417
Plan fiduciary net position as a percentage of the Total Teacher THICP OPEB liability		17.90%

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

***Long-Term Expected Rate of Return***

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

***Discount Rate***

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

***Sensitivity of the Portsmouth City Public School Board's Proportionate Share of the Net THICP OPEB Liability to Changes in the Discount Rate***

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

	Discount Rate		
	1% Decrease (5.75%)	(6.75%)	1% Increase (7.75%)
School Board's proportionate share of THICP net OPEB Liability	\$ 11,869,639	\$ 10,493,782	\$ 9,327,863

***THICP OPEB Plan Fiduciary Net Position***

Detailed information about the VRS THICP Fiduciary Net Position is available in the separately issued VRS 2023 *Annual Comprehensive Financial Report* (Annual Report). A copy of the 2023 VRS Annual Report may be downloaded from the VRS website at [varetire.org/pdf/publications/2023-annual-report.pdf](http://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.



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

**Political Subdivision Health Insurance Credit Program**

The Political Subdivision Health Insurance Credit Programs (PSHICP) is a multiple-employer, agent defined benefit plan that provides a credit towards the cost of health insurance coverage for retired political subdivision employees of participating employers. The PSHICP 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 PSHICP OPEB liability, deferred outflows of resources and deferred inflows of resources related to the PSHICP OPEPB, and the PSHICP OPEB expense, information about the fiduciary net position of the VRS PSHICP; and the additions to/deductions from the VRS PSHICP'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 benefit terms. Investments are reported at fair value.

**Plan Description**

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

**Eligibility:**

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

**Benefit Amounts:**

The PSHICP provides the following benefits for eligible employees:

*At Retirement* - For employees who retire, the monthly benefit is \$1.50 per year of service per month with a maximum benefit of \$45.00 per month.

*Disability Retirement* - For employees who retire on disability or go on long-term disability under the VLDP Program, the monthly benefit is \$45.00 per month.

**Other Plan Information:**

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

**Employees Covered by Benefit Terms**

As of the June 2023, actuarial valuation, the following School Board employees were covered by the benefit terms of the School Board's HIC OPEB plan:

	<u>School Board - Non- Professional</u>
Active members	298
Inactive members	154
Total covered employees	<u>452</u>

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

***Contributions***

The contribution requirement for active employees is governed by §51.1-1402(E) of the *Code of Virginia*, as amended, but may be impacted as a result of funding provided to political subdivisions by the Virginia General Assembly. The School's contractually required employer contribution rate for the year ended June 30, 2024, was 1.11% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2021. The actuarially determined rate was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions from the Portsmouth City Public School Board to PSHICP were \$96,242 and \$86,027 for the years ended June 30, 2024 and June 30, 2023, respectively.

***Net PSHICP OPEB Liability***

The Portsmouth City Public School Division's net PSHICP OPEB Liability was measured as of June 30, 2023. The total PSHICP OPEB liability was determined by an actuarial valuation performed as of June 30, 2022, using updated actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2023.

***Actuarial Assumptions***

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

***Long-Term Expected Rate of Return***

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

***Discount Rate***

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

***Changes in Net OPEB Liability - School Board VRS PSHICP***

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balance at June 30, 2022	\$ 1,035,910	108,400	927,510
Change for the year:			
Service cost	7,745	-	7,745
Interest	69,528	-	69,528
Difference between expected and actual experience	(509,877)	-	(509,877)
Benefit payments	(27,225)	(27,225)	-
Contributions - employer	-	86,026	(86,026)
Net investment income	-	9,277	(9,277)
Administrative expenses	-	(262)	262
Other	-	12	(12)
Net changes	(459,829)	67,828	(527,657)
Balance at June 30, 2023	\$ 576,081	176,228	399,853



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

***Sensitivity of the Portsmouth City Public School Board's Proportionate Share of the Net PSHICP OPEB Liability to Changes in the Discount Rate***

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

	Discount Rate		
	1% Decrease (5.75%)	(6.75%)	1% Increase (7.75%)
School Board's proportionate share of PSHICP net OPEB Liability	\$ 461,309	\$ 399,853	\$ 347,571

***Health Insurance Credit Program OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Health Insurance Credit Program OPEB***

For the year ended June 30, 2024, the Portsmouth City Public School Board recognized PSHICP OPEB expense /(recovery) of \$(49,457). At June 30, 2024, the Portsmouth City Public School Board reported deferred outflows of resources and deferred inflows of resources related to PSHICP from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ -	\$ 417,816
Change in assumptions	32,387	-
Net difference between projected and actual earnings on THICP OPEB program investments	1,745	-
Employer contributions subsequent to the measurement date	96,242	-
Total	\$ 130,374	\$ 417,816

\$96,242 reported as deferred outflows of resources related to PSHICP OPEB resulting from the Portsmouth City Public School division's contributions subsequent to the measurement date will be recognized as a reduction of the net PSHICP OPEB Liability in the Fiscal Year ending June 30, 2025.

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

Year Ended June 30:	
2025	\$ (117,687)
2026	(120,552)
2027	(120,016)
2028	(25,429)
2029	-
Thereafter	-
Total	\$ (383,684)

***PSHICP OPEB Plan Fiduciary Net Position***

Information about the VRS PSHICP is available in the separately issued VRS 2023 *Annual Comprehensive Financial Report*. A copy of the 2023 VRS Annual Report may be downloaded from the VRS website at [varetire.org/pdf/publications/2023-annual-report.pdf](http://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.

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

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

Primary Government	Local	GLIP (VRS)	VLDP (VRS)	LODA (VRS)	Total
Governmental activities:					
Net OPEB asset	\$ -	\$ -	\$ 60,881	\$ -	\$ 60,881
Deferred outflows	4,459,953	963,455	296,349	3,970,973	9,690,730
Net OPEB liability	7,683,989	3,754,307	-	11,184,807	22,623,103
Deferred inflows	4,297,164	755,442	43,678	6,571,033	11,667,317
OPEB expense (recovery)	(2,116,726)	60,678	155,424	1,213,591	(687,033)
Business-type activities:					
Net OPEB asset	\$ -	\$ -	\$ 6,765	\$ -	\$ 6,765
Deferred outflows	495,550	107,051	32,928	-	635,529
Net OPEB liability	853,777	417,145	-	-	1,270,922
Deferred inflows	477,462	83,938	4,853	-	566,253
OPEB expense (recovery)	(235,192)	6,742	17,269	-	(211,181)
Total Primary Government:					
Net OPEB asset	\$ -	\$ -	\$ 67,646	\$ -	\$ 67,646
Deferred outflows	4,955,503	1,070,506	329,277	3,970,973	10,326,259
Net OPEB liability	8,537,766	4,171,452	-	11,184,807	23,894,025
Deferred inflows	4,774,626	839,380	48,531	6,571,033	12,233,570
OPEB expense (recovery)	(2,351,918)	67,420	172,693	1,213,591	(898,214)

**Discretely presented component unit – School Board**

	HIC (VRS)			GLI (VRS)		VLDP (VRS)		
	Local	Prof	Non-Prof	Prof	Non-Prof	Prof	Non-Prof	Total
Net OPEB asset	\$ 14,339,027	-	-	-	-	-	11,527	\$ 14,350,554
Deferred outflows	\$ 3,242,640	1,370,867	130,374	1,054,325	95,735	294,029	49,427	\$ 6,237,397
Net OPEB liability	\$ -	10,493,782	399,853	4,418,511	399,731	23,972	-	\$ 15,735,849
Deferred inflows	\$ 12,585,854	1,837,467	417,816	1,238,360	109,143	11,375	9,098	\$ 16,209,113
OPEB expense	\$ (2,236,281)	496,485	49,457	39,042	(6,131)	127,542	29,107	\$ (1,599,693)

**(9) DEFERRED COMPENSATION PLAN**

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

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

**(10) INTERFUND BALANCES AND TRANSFERS**

**Due From/To Other Funds**

Individual fund interfund receivable and payable balances at June 30, 2024, are as follows:

	Due To:
	General Fund
Due From:	
Nonmajor Governmental Funds	\$ 1,024,067
Nonmajor Enterprise Funds	7,767,622
Internal Service Funds	1,238,069
Fiduciary Funds - Custodial Fund	275,000
Total	<u>\$ 10,304,758</u>

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

**Transfers From/To Other Funds**

Individual interfund transfers within the Primary Government were made for operating and as capital purposes. The total interfund transfers for the fiscal year ended June 30, 2024, were as follows:

Transfers to:	General Fund	Nonmajor Governmental Funds	Nonmajor Enterprise Fund	Internal Service Funds	Public Utility Fund	Total
General Fund	\$ -	\$ 821,434	\$ -	\$ -	\$ 5,245,000	\$ 6,066,434
Capital Improvements Fund	14,000,000	6,845,000	7,995,000	-	941,000	29,781,000
Nonmajor Governmental Funds	4,257,042	-	-	-	-	4,257,042
Nonmajor Enterprise Funds	1,478,482	-	-	-	-	1,478,482
Debt Service	37,898,239	1,517,423	406,965	305,597	325,726	40,453,950
Grants Fund	130,000	-	-	-	-	130,000
Internal Service Funds	1,162,994	-	-	-	500,000	1,662,994
Total	<u>\$ 58,926,757</u>	<u>\$ 9,183,857</u>	<u>\$ 8,401,965</u>	<u>\$ 305,597</u>	<u>\$ 7,011,726</u>	<u>\$ 83,829,902</u>

**Payments Between Component Units**

Significant transactions between the Primary Government and component units during fiscal year 2024 were as follows:

Payments from the city to the School Board for school operations; Statement of Activities - Payment from Primary Government	\$ 54,671,284
Payments from the Economic Development Authority to the City Statement of Activities – Miscellaneous General Revenues	\$ 125,000

**(11) DUE FROM/TO OTHER GOVERNMENTS**

**Due From Other Governments**

Amounts due from other governments at June 30, 2024, are as follows:

	State
Governmental activities:	
General Fund:	
Personal property tax relief	\$ 9,862,962
Gaming tax	6,427,391
Constitutional officers' support	2,285,274
Other	385,758
Total General Fund	18,961,385
Grants Fund:	
Miscellaneous state grants	57,334
Total Grants Fund	57,334
Nonmajor governmental funds:	
Behavioral Health Services	3,173,963
Children's Services Act Fund	263,617
Social Services Fund	1,281,790
Total nonmajor governmental funds	4,719,370
Total governmental activities	\$ 23,738,089

**(12) UNEARNED REVENUES AND DEFERRED INFLOWS**

Unearned revenues represents amounts for which asset recognition criteria have been met, but for which revenue recognition criteria have not been met. Deferred inflows represent an acquisition of net position that will not be recognized as revenue until a future period. At June 30, 2024, unearned revenues and deferred inflows are provided in the table below.

	General Fund	Non-major Governmental Funds	Governmental Activities	Business- Type Activities
<b>Unearned Revenues</b>				
Grant funding received in advance	\$ 18,939	-	18,939	n/a
<b>Deferred Inflows of Resources</b>				
Deferred taxes, fees and unavailable revenue	21,538,075	2,979,876	n/a	n/a
Deferred revenue-other	3,052,124	-	n/a	n/a
Deferred lease amounts	2,881,073	-	2,881,073	n/a
<b>Total Deferred Inflows of Resources</b>	<b>\$27,471,272</b>	<b>2,979,876</b>	<b>2,881,073</b>	

**(13) COMMITMENTS**

**Landfill Closure and Postclosure Care Costs and Liability**

State and federal laws and regulations require the city to place a final cover on its Craney Island landfill site when it stops accepting waste and then perform certain maintenance and monitoring functions at the site for thirty years after closure. The \$4,034,009 reported as landfill closure and postclosure care liability at June 30, 2024, represents the cumulative amount reported to date based on the use of 31.6% of the estimated capacity of the landfill. The city will recognize the remaining estimated cost of closure and post-closure care of \$8,731,841 as the remaining estimated capacity is filled. These amounts are based on what it would cost to perform all closure and post-closure care in 2024. Actual costs may be higher due to inflation, changes in technology, or changes in laws and regulations. The remaining landfill life is estimated to be 138.8 years. The city is required by Federal and State statutes to prepare a Local Government Financial Test Worksheet to demonstrate how the landfill's closure and postclosure care financial assurance requirements will be met.

**Encumbrances**

Encumbrances outstanding at year end represent the estimated amount of the expenditures required to complete contracts, purchase orders and other commitments in process of completion at fiscal year-end. Outstanding encumbrances at June 30, 2024, for the City and Schools are as follows:

<b>City</b>		<b>Schools</b>	
<u>Governmental Funds:</u>		<u>Governmental Funds:</u>	
Capital Projects Fund	\$ 39,996,304	General Fund	\$ 3,322,465
		Grants Fund	7,400,127
		Food Service Fund	42,003
			<u>\$ 10,764,595</u>

**(14) LITIGATION AND CONTINGENT LIABILITIES (CONTINUED)**

**Litigation**

The City is currently involved in the following court cases:

*New Bethel Development, LLC v. City of Portsmouth City Council.*

Plaintiff brought suit alleging common law claims related to the use of land located at 4358 Greenwood Drive. Specifically, plaintiff alleges that City Council's actions were arbitrary and capricious and amounted to inverse condemnation. Plaintiff is seeking \$5,000,000 in compensatory damages and \$350,000 in punitive damages. The Circuit Court dismissed the case with prejudice on January 8, 2024. The plaintiff has appealed the dismissal to the Court of Appeals of Virginia. Oral arguments were held on February 25, 2025, and the parties are awaiting a decision from the Court of Appeals.

*Angel Jones v. City of Portsmouth.*

On October 17, 2022, former City Manager Angel Jones filed a lawsuit in Portsmouth Circuit Court seeking \$5,000,000 in compensatory damages and \$350,000 in punitive damages related to allegations of wrongful termination, fraud in the inducement, intentional infliction of emotional distress, and breach of contract. On September 20, 2023, the Court dismissed all of the plaintiff's claims except for the breach of contract claim. On or about February 2, 2024, the Portsmouth Circuit Court dismissed the remainder of the plaintiff's lawsuit. The plaintiff appealed the decision to the Court of Appeals of Virginia. Oral arguments are scheduled for March 25, 2025, before that Court.

**Federally Assisted Grant Programs**

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



**(15) SELF-INSURANCE PROGRAMS**

***City***

The city is self-insured for exposures to various risks of loss related to: torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; terrorist acts; and, natural disasters. The city uses two internal service funds. The Risk Management Fund accounts for and finances its uninsured risks of loss and the Health Insurance and OPEB Fund account for and pays its health insurance premiums and claims costs. The Risk Management Fund pays insurance premiums and provides for payment of approved claims for workers' compensation, general liability, fidelity, wharfingers, hull and machinery, and property. The property deductible is \$100,000 per occurrence with a \$100,000,000 loss limit per occurrence. The city purchases commercial excess insurance policies for workers' compensation and general liability. For the fiscal years ending June 30, 2023, and June 30, 2024, property damage claims did not exceed \$75,000.

All funds of the city participate in the program and make payments to the Risk Management Fund based on actuarial estimates of the amounts needed to pay prior and current year claims and to establish a reserve for catastrophic losses. The risk management claims liability of \$8,826,180 (undiscounted) reported in the fund at June 30, 2024, is based on GAAP, which requires that a liability for claims be reported if information available prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred as of the date of the financial statements and the amount of the loss can be reasonably estimated. The amount of the risk management claims liability due within one year is \$2,952,326. A loss analysis, which included an estimate of claims incurred but not reported (IBNR), was conducted by Glicksman Consulting LLC to compute this liability as of June 30, 2024.

Changes in the risk management claims liability amount in fiscal years 2024 and 2023, respectively, were as follows:

Risk Management:	2024	2023
Claims payable, beginning of year	\$ 9,244,670	\$ 9,532,168
Claims expense and changes in estimates	(102,435)	2,937,882
Claims payments	(316,055)	(3,225,380)
Claims payable, end of year	\$ 8,826,180	\$ 9,244,670

The city is also exposed to the risk of loss for employee and retired employee medical benefits. Effective January 1, 2001, the city established a self-insured health care benefits program for all city employees and retired employees. These benefits are accounted for in the Health Insurance and OPEB Fund, which is an internal service fund. Certain claims expenses paid on behalf of each employee during a single policy year are covered by excess loss insurance with a specific stop-loss limit of \$175,000 depending on the specific medical plan. Claims processing and payments for all medical claims are made through third party administrators. The computed medical claims liability as of June 30, 2024, is \$1,322,980 (undiscounted) and is due within one year. A loss analysis, which included an estimate of incurred but not reported claims, was conducted by Willis Tower Watson to compute the liability as of June 30, 2024.

Changes in the medical claim liability amount in fiscal years 2024 and 2023, respectively, were as follows:

Medical:	2024	2023
Claims payable, beginning of year	\$ 1,952,000	\$ 1,424,000
Claims expense and changes in estimates	14,969,698	15,078,145
Claims payments	(15,598,718)	(14,550,145)
Claims payable, end of year	\$ 1,322,980	\$ 1,952,000

**(15) SELF-INSURANCE PROGRAMS (CONTINUED)**

***School Board***

The school board uses its Risk Management and Insurance Fund, an internal service fund, to account for and finance its uninsured risks of loss and to pay insurance premiums. The fund services all claims for risk of loss to which the school board is exposed, including workers' compensation, automobile, and general liability. A loss analysis was conducted by Glicksman Consulting, LLC to compute the liability for the fund. The actuarially computed liability as of June 30, 2024, was determined to be \$1,851,595 (undiscounted), of which \$642,915 is due within one year.

Changes in the school's claim liability amount in fiscal years 2024 and 2023 were:

School Board:	2024	2023
Claims payable, beginning of year	\$ 1,297,105	\$ 742,615
Claims and changes in estimates	3,917,165	3,996,050
Claim payments and changes in estimates	(4,242,798)	(3,441,560)
Claims payable, end of year	\$ 971,472	\$ 1,297,105

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

Claim processing and payments for all health care claims are made through a third party administrator. The School Board uses information provided by the third-party administrator and health care benefit consultant to aid in the determination of health self-insurance liabilities. The computed current liability as of June 30, 2024 is \$1,152,000 (undiscounted), as follows:

	Balance as of July 1	Claims and Changes in Estimates	Claim Payments	Balance as of June 30
<b>Medical Claims</b>				
2023-2024	\$ 1,119,000	\$ 16,235,083	\$ 16,202,083	\$ 1,152,000
2022-2023	\$ 1,025,000	\$ 15,554,032	\$ 15,460,032	\$ 1,119,000

(16) RELATED PARTIES

*Jointly Governed Organizations*

**Hampton Roads Regional Jail Authority (HRRJA)**

HRRJA is a regional organization which includes the cities of Chesapeake, Hampton, Newport News, Norfolk, and Portsmouth and is governed by a 15 member Board of Directors, consisting of three representatives appointed by each of the member cities. HRRJA is a primary government with no component units created pursuant to Article #3 Chapter 3 Title 53 of the *Code of Virginia*. The Authority was created for the purpose of providing, operating and maintaining a regional jail facility for the correctional overflow from each community. The participating governments do not have an equity interest in HRRJA and accordingly no equity interest has been reflected in the city's financial statements at June 30, 2024. Completed financial statements of the Commission can be obtained from HRRJA, 2690 Elmhurst Lane, Portsmouth, Virginia 23701-2745.

**Hampton Roads Planning District Commission (the Commission)**

A regional planning agency authorized by the Virginia Area Development Act of 1968, it was created by the merger of the Southeastern Virginia Planning District Commission and the Peninsula Planning District Commission on July 1, 1990. The Commission performs various planning services for the cities of Chesapeake, Franklin, Hampton, Newport News, Norfolk, Portsmouth, Poquoson, Suffolk, Williamsburg and Virginia Beach, plus the counties of Gloucester, Isle of Wight, James City, Southampton, and York. Revenue of the Commission is received primarily from local governmental (member) contributions and various state and federal grant programs. The participating governments do not have an equity interest in the Commission and accordingly no equity interest has been reflected in the city's financial statements at June 30, 2024. Completed financial statements of the Commission can be obtained from the Commission.

**Transportation District Commission (TDC)**

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

**Hampton Roads Economic Development Alliance (HREDA)**

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

*Related Organizations*

**Portsmouth Redevelopment and Housing Authority (PRHA)**

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

**New Port Community Development Authority**

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

**(17) FUND RESULTS AND RECONCILIATIONS**

**FUND DEFICITS**

The Information Technology and Health Insurance and OPEB internal service funds had fund balances with accumulated deficits of \$(393,908) and \$(3,849,061), respectively, which will be funded by future internal service charges. The Social Services special revenue fund had a fund balance with an accumulated deficit of \$(166,189) which will be funded by future intergovernmental revenues.

**(18) RESTATEMENT**

***School Board***

In reviewing the financial records for the year ending June 30, 2024, management identified an error in the reporting of unearned revenues for the year ended June 30, 2023. The amounts the Schools reported as unearned revenues related to grants were understated by \$8,320,262 – intergovernmental revenues were overstated by that same amount for 2023. These financial statements for the fiscal year ending June 30, 2024, have been restated for these amounts.

**Required Supplementary Information**  
**Other than Management's Discussion and Analysis**

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**CITY OF PORTSMOUTH, VIRGINIA**  
**Budgetary Comparison Schedule**  
**Schedule of Revenues and Other Financing Sources**  
**General Fund**  
**Year Ended June 30, 2024**

**Exhibit I-1**

	Original Budget	Final Budget	Actual	Variance with Final Budget Favorable (Unfavorable)
Taxes:				
General property taxes:				
Real property - current	\$ 115,807,280	115,592,924	107,574,267	(8,018,657)
Real property - delinquent	2,011,730	2,011,730	4,483,569	2,471,839
Real property - Public Services Corporation	1,845,124	1,845,124	1,679,992	(165,132)
Personal property - current	26,713,916	26,713,916	25,650,113	(1,063,803)
Personal property - delinquent	4,353,639	4,353,639	9,246,022	4,892,383
Personal property - Public Services Corporation	3,585,228	3,585,228	2,892,873	(692,355)
Machinery and tools taxes	1,147,842	1,147,842	1,388,346	240,504
Penalties and other charges	2,317,829	2,317,829	2,250,205	(67,624)
Interest	799,158	799,158	1,027,833	228,675
<b>Total general property taxes</b>	<b>158,581,746</b>	<b>158,367,390</b>	<b>156,193,220</b>	<b>(2,174,170)</b>
Other local taxes:				
Admission and amusement taxes	106,580	106,580	286,303	179,723
Bank franchise taxes	756,889	756,889	1,125,027	368,138
Business and occupational license taxes	6,844,599	6,844,599	7,849,156	1,004,557
Cigarette taxes	4,216,359	4,216,359	2,386,020	(1,830,339)
Occupancy	200,145	200,145	414,876	214,731
Licensing fees - current	2,012,686	2,012,686	1,457,991	(554,695)
Licensing fees - delinquent	1,040,496	1,040,496	870,392	(170,104)
Lodging taxes	477,047	477,047	1,402,734	925,687
Recordation taxes	2,015,582	2,015,582	1,432,221	(583,361)
Restaurant food taxes	11,174,286	11,174,286	13,627,828	2,453,542
Sales and use tax - local	11,099,482	11,099,482	12,295,816	1,196,334
Short-term rental taxes	20,279	20,279	14,087	(6,192)
Telecommunications	5,468,127	5,468,127	5,467,256	(871)
<b>Total other local taxes</b>	<b>45,432,557</b>	<b>45,432,557</b>	<b>48,629,707</b>	<b>3,197,150</b>
Utility taxes:				
Electricity taxes	3,599,318	3,599,318	4,018,537	419,219
E-911 taxes	582,820	582,820	638,477	55,657
Gas taxes	1,303,235	1,303,235	1,291,900	(11,335)
Water taxes	3,416,041	3,416,041	3,458,100	42,059
<b>Total utility taxes</b>	<b>8,901,414</b>	<b>8,901,414</b>	<b>9,407,014</b>	<b>505,600</b>
<b>Total taxes</b>	<b>212,915,717</b>	<b>212,701,361</b>	<b>214,229,941</b>	<b>1,528,580</b>

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

**CITY OF PORTSMOUTH, VIRGINIA**  
**Budgetary Comparison Schedule**  
**Schedule of Revenues and Other Financing Sources**  
**General Fund**  
**Year Ended June 30, 2024**

**Exhibit I-1 (Continued)**

	Original Budget	Final Budget	Actual	Variance with Final Budget Favorable (Unfavorable)
Intergovernmental revenue:				
Commonwealth of Virginia:				
Noncategorical aid:				
Mobile home sales taxes	688	688	5,190	4,502
Personal property tax relief act	9,862,962	9,862,962	9,862,962	-
Recordation tax distribution	-	-	5,887	5,887
Rolling stock taxes	45,521	45,521	46,898	1,377
Vehicle rental tax	285,324	285,324	300,032	14,708
Gaming tax	10,505,000	10,505,000	20,837,012	10,332,012
Categorical aid:				
Circuit Court Clerk	1,022,115	1,066,475	1,245,724	179,249
City Registrar	72,149	72,149	179,201	107,052
City Sheriff	7,193,452	7,444,590	7,413,413	(31,177)
Sheriff Pretrial	-	14,000	14,683	683
City Treasurer	319,626	552,625	426,558	(126,067)
Commissioner of Revenue	601,440	714,464	315,471	(398,993)
Commonwealth's Attorney	1,723,419	1,931,450	1,531,844	(399,606)
DMV select	105,116	105,116	64,554	(40,562)
Other categorical aid:				
Correctional facilities block grant	327,388	327,388	324,693	(2,695)
Law enforcement grant	7,332,909	7,332,909	7,442,039	109,130
Library funds - books	208,101	208,101	258,372	50,271
Tourism	-	-	5,833	5,833
Street and highway maintenance	14,285,601	14,285,601	16,938,235	2,652,634
Other	-	-	121,337	121,337
Total Commonwealth of Virginia	53,890,811	54,754,363	67,339,938	12,585,575
<b>Total intergovernmental revenue</b>	<b>53,890,811</b>	<b>54,754,363</b>	<b>67,339,938</b>	<b>12,585,575</b>

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

**CITY OF PORTSMOUTH, VIRGINIA**  
**Budgetary Comparison Schedule**  
**Schedule of Revenues and Other Financing Sources**  
**General Fund**  
**Year Ended June 30, 2024**

**Exhibit I-1 (Continued)**

	Original Budget	Final Budget	Actual	Variance with Final Budget Favorable (Unfavorable)
Charges for services:				
Ambulance fees - current	3,291,353	3,291,353	3,562,021	270,668
Boat ramp parking	5,000	5,000	2,340	(2,660)
Circuit Court Clerk fees	3,579	3,579	4,686	1,107
City Sheriff fees	112,377	112,377	71,685	(40,692)
ATM fees	50	50	170	120
EZ Pass fees	9,335	9,335	7,280	(2,055)
Courthouse maintenance fees	25,073	25,073	32,809	7,736
Courthouse replacement fees	32,683	32,683	46,124	13,441
False alarm fees	3,621	3,621	5,195	1,574
Fire report fees	964	964	1,071	107
Fire and EMS attendance fees	-	-	2,840	2,840
Library fines and fees	6,745	6,745	12,531	5,786
DNA samples	-	-	649	649
Erosion and sediment control	2,220	2,220	-	(2,220)
Museum admission charges	691,957	691,957	725,753	33,796
Event admission charges	-	-	12,679	12,679
Notary fees	274	274	115	(159)
Concealed carry permits	124,497	124,497	40,997	(83,500)
Police firearms buyback	-	-	302	302
Police record fees	48,231	48,231	50,196	1,965
Recreation activity fees	78,750	78,750	86,722	7,972
Rental inspection fees	21,918	21,918	36,920	15,002
Inspections	93,469	93,469	125,112	31,643
Plans and specifications	5,725	5,725	670	(5,055)
Sunset Thursday Sponsors	2,500	2,500	-	(2,500)
Swimming fees	968	968	742	(226)
Vacant structure	3,821	3,821	2,975	(846)
UMOJA	900	900	25,045	24,145
Seawall Festival	698	698	3,549	2,851
Pokey Smokey II	4,403	4,403	14,985	10,582
Ticket sales - Vistor Center	2,048	2,048	1,368	(680)
EMS collections - delinquent	116,966	116,966	12,008	(104,958)
Certificate of occupancy	2,592	2,592	4,350	1,758
<b>Total charges for services</b>	<b>4,692,717</b>	<b>4,692,717</b>	<b>4,893,889</b>	<b>201,172</b>

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



**CITY OF PORTSMOUTH, VIRGINIA**  
**Budgetary Comparison Schedule**  
**Schedule of Revenues and Other Financing Sources**  
**General Fund**  
**Year Ended June 30, 2024**

**Exhibit I-1 (Continued)**

	Original Budget	Final Budget	Actual	Variance with Final Budget Favorable (Unfavorable)
Investment income:				
Investment income	2,387,044	2,387,044	3,041,312	654,268
<b>Total investment income</b>	<b>2,387,044</b>	<b>2,387,044</b>	<b>3,041,312</b>	<b>654,268</b>
Recovered costs:				
City garage fund	490,845	490,845	500,262	9,417
Information technology fund	309,066	309,066	289,730	(19,336)
Court appointed attorneys	612	612	363	(249)
Golf fund	141,686	141,686	136,118	(5,568)
Health department	52,991	52,991	110,259	57,268
Health insurance fund	21,058	21,058	21,039	(19)
Law library fund	2,526	2,526	2,400	(126)
Behavioral health services fund	616,094	616,094	550,859	(65,235)
DEA	13,773	13,773	12,473	(1,300)
Training academy upkeep	3,903	3,903	4,632	729
Parking authority	49,218	49,218	32,764	(16,454)
Citywide telephone charges	68,302	68,302	-	(68,302)
Fire watch/EMS	19,308	19,308	50,870	31,562
Postage	107,518	107,518	250,052	142,534
Public utility fund	818,766	818,766	738,754	(80,012)
Social security payments - jail	23,400	23,400	11,200	(12,200)
Stormwater management fund	142,764	142,764	135,966	(6,798)
Social services fund	467,181	467,181	411,882	(55,299)
Waste management fund	270,210	270,210	253,525	(16,685)
Jail weekends	4,113	4,113	261	(3,852)
Prisoner upkeep fees	30,450	30,450	21,320	(9,130)
Fed prisoner transport	19,375	19,375	2,790	(16,585)
Other recovered costs	243,454	243,454	13,520	(229,934)
<b>Total recovered costs</b>	<b>3,916,613</b>	<b>3,916,613</b>	<b>3,551,039</b>	<b>(365,574)</b>
Fines and forfeitures:				
Circuit Court fines	9,972	9,972	5,766	(4,206)
Conviction fees	42,866	42,866	92,421	49,555
General District Court fines	139,539	139,539	143,011	3,472
Juvenile Court fines	123	123	137	14
Speed Zone	-	-	243,511	243,511
<b>Total fines and forfeitures</b>	<b>192,500</b>	<b>192,500</b>	<b>484,846</b>	<b>292,346</b>

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

**CITY OF PORTSMOUTH, VIRGINIA**  
**Budgetary Comparison Schedule**  
**Schedule of Revenues and Other Financing Sources**  
**General Fund**  
**Year Ended June 30, 2024**

**Exhibit I-1 (Continued)**

	Original Budget	Final Budget	Actual	Variance with Final Budget Favorable (Unfavorable)
Licenses and permits:				
Bicycle licenses	84	84	14	(70)
Building plan review fees	62,336	62,336	61,400	(936)
Building reinspection fees	24,305	24,305	14,400	(9,905)
Building structure permits	287,719	287,719	237,519	(50,200)
Dog licenses	13,143	13,143	11,474	(1,669)
Electrical inspection fees	34,894	34,894	14,852	(20,042)
Electrical permits	90,807	90,807	81,893	(8,914)
Elevator inspection fees	1,021	1,021	855	(166)
Final engineering inspection permit	-	-	15,504	15,504
Hauling and permits fees	8,186	8,186	144,350	136,164
Land disturbance permit	91,446	91,446	90,438	(1,008)
License transfer fees	4,563	4,563	3,058	(1,505)
Mechanical inspection fees	3,314	3,314	2,175	(1,139)
Mechanical permits	153,008	153,008	137,139	(15,869)
Miscellaneous permits	13,712	13,712	25,210	11,498
Penalties on licenses	76,633	76,633	101,731	25,098
Plumbing inspection fees	10,603	10,603	8,300	(2,303)
Plumbing permits	63,477	63,477	57,545	(5,932)
Restricted parking permits	914	914	1,694	780
Right of way permits	47,043	47,043	63,109	16,066
Sign permit fees	927	927	2,570	1,643
Site plan review fees	20,460	20,460	12,680	(7,780)
State surcharge on permits	36,683	36,683	10,150	(26,533)
Yard sale permits	1,666	1,666	940	(726)
Zoning and plat fees	28,699	28,699	25,258	(3,441)
<b>Total licenses and permits</b>	<b>1,075,643</b>	<b>1,075,643</b>	<b>1,124,258</b>	<b>48,615</b>
Use of property:				
Rental of antenna sites	85,595	85,595	38,247	(47,348)
Rental of recreation facilities	68,958	68,958	97,632	28,674
Rental of recreation facilities	-	-	113,664	113,664
Other	-	-	7,300	7,300
Rental of general properties	880,583	880,583	338,026	(542,557)
<b>Total use of property</b>	<b>1,035,136</b>	<b>1,035,136</b>	<b>594,869</b>	<b>(440,267)</b>

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

**CITY OF PORTSMOUTH, VIRGINIA**  
**Budgetary Comparison Schedule**  
**Schedule of Revenues and Other Financing Sources**  
**General Fund**  
**Year Ended June 30, 2024**

**Exhibit I-1 (Continued)**

	Original Budget	Final Budget	Actual	Variance with Final Budget Favorable (Unfavorable)
Miscellaneous:				
Admin fee - state income tax	271	271	-	(271)
Admin fee - RE	257,001	257,001	426,576	169,575
Admin fee - PP	881,206	881,206	811,635	(69,571)
Admin fee - Parking	2,326	2,326	-	(2,326)
Admin fee - EMS	348,951	348,951	780	(348,171)
Contributions	-	-	91,242	91,242
Credit card fees	-	-	28,046	28,046
Returned check fees	1,191	1,191	209	(982)
Vending machine commissions	8,391	8,391	-	(8,391)
Gift shop sales	234,735	234,735	221,251	(13,484)
Proceeds from land sales	4,572	4,572	-	(4,572)
Other revenue	189,918	9,192,918	11,536,775	2,343,857
Unclaimed property tax refunds	92,210	92,210	590,818	498,608
Economic Development Authority contribution	125,000	125,000	125,000	-
Payments in lieu of taxes:				
PRHA	88,704	88,704	-	(88,704)
Regional Jail	584,501	584,501	720,285	135,784
Virginia Port Authority	380,910	380,910	651,606	270,696
South Norfolk Jordan Bridge	148,346	148,346	135,739	(12,607)
Public utility fund	1,628,889	1,628,889	1,161,598	(467,291)
Cash Over/Under	-	-	(294)	(294)
<b>Total miscellaneous revenue</b>	<b>4,977,122</b>	<b>13,980,122</b>	<b>16,501,266</b>	<b>2,521,144</b>
<b>Total revenues</b>	<b>285,083,303</b>	<b>294,735,499</b>	<b>311,761,358</b>	<b>17,025,859</b>
Other financing sources:				
Transfers from other funds:				
BHS	377,586	377,586	377,586	-
Stormwater management	443,848	443,848	443,848	-
Public utility fund	3,875,000	5,245,000	5,245,000	-
Use of fund balance	9,600,000	10,070,714	-	(10,070,714)
<b>Total other financing sources</b>	<b>14,296,434</b>	<b>16,137,148</b>	<b>6,066,434</b>	<b>(10,070,714)</b>
<b>Total revenues and other financing sources</b>	<b>\$ 299,379,737</b>	<b>310,872,647</b>	<b>317,827,792</b>	<b>6,955,145</b>

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

**CITY OF PORTSMOUTH, VIRGINIA**  
**Budgetary Comparison Schedule**  
**Schedule of Expenditures and Other Financing Uses**  
**General Fund**  
**Year Ended June 30, 2024**

**Exhibit I-2**

	Original Budget	Final Budget	Actual	Variance with Final Budget Favorable (Unfavorable)
General government:				
Administration:				
Legislative:				
City Council	\$ 432,738	432,998	346,354	86,644
City Clerk	505,549	505,570	535,201	(29,631)
Total legislative	938,287	938,568	881,555	57,013
Executive:				
City Manager	1,462,259	1,462,259	1,414,187	48,072
Management and legislative services	359,032	359,032	387,456	(28,424)
Marketing, entertainment & tourism	2,453,330	2,478,330	2,458,159	20,171
Total executive	4,274,621	4,299,621	4,259,802	39,819
Boards and commissions:				
Civil Service Commission	190,519	190,519	-	190,519
General Registrar	1,242,429	1,242,429	1,140,387	102,042
Total boards and commissions	1,432,948	1,432,948	1,140,387	292,561
Total administration	6,645,856	6,671,137	6,281,744	389,393
Financial administration:				
Commissioner of Revenue	2,615,023	2,714,840	2,446,460	268,380
City Assessor	1,468,917	1,468,917	1,409,457	59,460
City Treasurer	2,722,848	2,940,504	2,657,364	283,140
Procurement and risk management	366,124	464,873	367,150	97,723
Finance	3,288,136	3,288,136	3,090,422	197,714
Total financial administration	10,461,048	10,877,270	9,970,853	906,417
Public transportation	3,166,054	3,166,054	3,166,054	-
City Attorney	2,368,996	2,390,204	2,249,504	140,700
Human resource management	2,072,376	2,077,553	1,794,810	282,743
<b>Total general government</b>	<b>24,714,330</b>	<b>25,182,218</b>	<b>23,462,965</b>	<b>1,719,253</b>
Nondepartmental:				
Contingency	610,000	610,000	126,195	483,805
Miscellaneous	12,633,459	11,809,446	12,522,619	(713,173)
Support to civic organizations	544,645	549,645	553,741	(4,096)
<b>Total nondepartmental</b>	<b>13,788,104</b>	<b>12,969,091</b>	<b>13,202,555</b>	<b>(233,464)</b>
Judicial:				
Circuit Court judges	846,974	846,974	915,026	(68,052)
Circuit Court Clerk	1,904,761	1,928,128	1,906,228	21,900
Magistrate	19,249	19,249	16,026	3,223
General District Court	72,269	72,269	52,647	19,622
Juvenile and Domestic Relations Court	50,703	50,703	46,200	4,503
Juvenile court services	1,286,745	1,572,572	1,403,392	169,180
Commonwealth's Attorney	3,885,439	4,068,602	3,461,702	606,900
Sheriff	14,880,149	16,371,531	17,089,001	(717,470)
<b>Total judicial</b>	<b>22,946,289</b>	<b>24,930,028</b>	<b>24,890,222</b>	<b>39,806</b>

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

**CITY OF PORTSMOUTH, VIRGINIA**  
**Budgetary Comparison Schedule**  
**Schedule of Expenditures and Other Financing Uses**  
**General Fund**  
**Year Ended June 30, 2024**

**Exhibit I-2 (continued)**

	Original Budget	Final Budget	Actual	Variance with Final Budget Favorable (Unfavorable)
Public safety:				
Sheriff	-	-	740	(740)
Police Department	37,822,849	37,792,442	34,859,406	2,933,036
E-911 communications	3,051,283	3,051,283	3,335,992	(284,709)
Operations Support Bureau	98,412	139,166	130,989	8,177
Admin and Support Bureau	-	18	114,846	(114,828)
Field Operations Bureau	20,742	23,742	25,250	(1,508)
Animal control and security	1,484,745	1,485,693	1,971,090	(485,397)
Fire, rescue, and emergency services	30,544,982	30,598,346	36,428,856	(5,830,510)
<b>Total public safety</b>	<b>73,023,013</b>	<b>73,090,690</b>	<b>76,867,169</b>	<b>(3,776,479)</b>
Public works:				
Engineering	2,376,866	2,399,866	2,288,295	111,571
Streets and highways	7,327,249	7,327,249	5,186,445	2,140,804
Mosquito control	728,006	728,006	680,537	47,469
Traffic engineering	2,908,561	2,858,561	3,165,146	(306,585)
General services:				
Properties management	6,430,027	6,430,027	4,920,537	1,509,490
Utilities	3,110,000	3,110,000	2,948,489	161,511
Rental of land and buildings	631,200	631,200	2,994	628,206
Storeroom	-	-	60,472	(60,472)
Harbor Center Pavilion	707,782	707,782	694,225	13,557
<b>Total public works</b>	<b>24,219,691</b>	<b>24,192,691</b>	<b>19,947,140</b>	<b>4,245,551</b>
<b>Health and welfare</b>	<b>1,365,065</b>	<b>1,390,315</b>	<b>1,227,945</b>	<b>162,370</b>
Parks, recreational and cultural:				
Museum	3,660,109	3,660,109	3,192,916	467,193
Parks, recreational and cultural	10,233,643	10,325,187	10,207,852	117,335
Public library	2,821,149	2,821,149	2,788,349	32,800
<b>Total parks, recreation and cultural</b>	<b>16,714,901</b>	<b>16,806,445</b>	<b>16,189,117</b>	<b>617,328</b>
Community development:				
Permits and inspections	4,103,299	4,103,299	3,612,784	490,515
Economic development	1,427,957	1,427,957	1,225,166	202,791
Planning	2,547,231	2,547,231	1,941,266	605,965
<b>Total community development</b>	<b>8,078,487</b>	<b>8,078,487</b>	<b>6,779,216</b>	<b>1,299,271</b>
Education	63,671,284	63,671,284	63,671,284	-
Debt service, principal	-	-	831,964	(831,964)
Debt service, interest	-	-	84,801	(84,801)
Capital outlay	1,601,000	1,586,000	1,463,425	122,575
<b>Total expenditures</b>	<b>250,122,164</b>	<b>251,897,249</b>	<b>248,617,803</b>	<b>3,279,446</b>

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

**CITY OF PORTSMOUTH, VIRGINIA**  
**Budgetary Comparison Schedule**  
**Schedule of Expenditures and Other Financing Uses**  
**General Fund**  
**Year Ended June 30, 2024**

**Exhibit I-2 (continued)**

	Original Budget	Final Budget	Actual	Variance with Final Budget Favorable (Unfavorable)
Other financing uses:				
Transfers to other funds:				
Behavioral health services fund	715,466	715,466	715,466	-
Social services fund	2,554,915	3,051,315	2,808,454	242,861
Comprehensive services fund	447,477	668,902	733,122	(64,220)
Grants fund	-	-	130,000	(130,000)
Parking authority	493,314	493,314	493,314	-
Golf	985,168	985,168	985,168	-
Debt service	37,898,239	37,898,239	37,898,239	-
Information technology fund	662,994	662,994	662,994	-
Health insurance fund	500,000	500,000	500,000	-
Capital projects	5,000,000	14,000,000	14,000,000	-
<b>Total other financing uses</b>	<b>49,257,573</b>	<b>58,975,398</b>	<b>58,926,757</b>	<b>48,641</b>
<b>Total expenditures and other financing uses</b>	<b>299,379,737</b>	<b>310,872,647</b>	<b>307,544,560</b>	<b>3,328,087</b>
Net change in fund balance	-	-	10,283,232	10,283,232
Fund balance - beginning	-	-	115,565,174	115,565,174
Fund balance - ending	\$ -	-	125,848,406	125,848,406

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

## CITY OF PORTSMOUTH, VIRGINIA

## Exhibit I-3

## Budgetary Comparison Schedule

## Schedule of Revenues, Expenditures and Changes in Fund Balance

## Grants Fund

Year Ended June 30, 2024

	Original Budget	Final Budget	Actual	Variance with Final Budget Favorable (Unfavorable)
Revenues:				
Intergovernmental	\$ 68,933,331	162,998,674	43,670,337	(119,328,337)
Investment income	4,828	4,828	-	(4,828)
Miscellaneous	1,964,494	2,203,576	94,140	(2,109,436)
Total revenues	70,902,653	165,207,078	43,764,477	(121,442,601)
Expenditures:				
Current:				
General government	8,603,039	11,490,686	1,722,463	9,768,223
Nondepartmental	-	300,000	-	300,000
Judicial	19,443,074	28,087,389	2,379,631	25,707,758
Public safety	24,857,646	29,752,478	2,346,651	27,405,827
Public works	4,512,821	4,287,996	915,867	3,372,129
Health and welfare	12,216,084	19,671,581	586,647	19,084,934
Parks, recreational and cultural	12,014,385	17,362,865	700,245	16,662,620
Community development	4,905,204	5,358,656	698,138	4,660,518
Capital outlay	40,812,802	52,338,172	10,270,952	42,067,220
Total expenditures	127,365,055	168,649,823	19,620,594	149,029,229
Excess (deficiency) of revenues over (under) expenditures	(56,462,402)	(3,442,745)	24,143,883	27,586,628
Other financing sources (uses):				
Transfers from other funds	537,755	2,942,516	130,000	(2,812,516)
Transfers to other funds	(409)	-	-	-
Total other financing sources, net	537,346	2,942,516	130,000	(2,812,516)
Net change in fund balance	(55,925,056)	(500,229)	24,273,883	24,774,112
Fund balance - beginning	-	-	(329,452)	(329,452)
Fund balance - ending	\$ (55,925,056)	(500,229)	23,944,431	24,444,660

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

### **Budgetary Comparison Schedules**

The budgetary data reported in the required supplementary information reflects the approved city Budget as adopted by the City Council for the year ended June 30, 2024, as amended. The budget as adopted by the City Council may be amended by the City Council through supplemental appropriations or transfers, as necessary. The legal level of budgetary control rests at the fund level with the exception of the General Fund, which is appropriated at the activity or department level. In addition, the City Code provides that the City Manager may transfer any unencumbered appropriation balance less than \$100,000 from one department, project, program, or purpose within the same fund without City Council approval. The City Manager shall make a monthly report to the City Council of all transfers greater than \$50,000. Also, the City Manager may transfer any or all of the unencumbered balance of the emergency contingency account to any item in the City budget provided that any such utilization from the emergency budget contingency is reported to the City Council at the next regular council meeting.

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

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

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



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

Fiscal Year Ended June 30,*	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
<b>TOTAL PENSION LIABILITY</b>										
Service cost	\$ 19,747	27,467	37,325	39,225	50,442	56,948	54,347	62,202	71,563	89,198
Interest	4,662,338	4,815,010	5,082,959	5,305,149	5,542,060	5,773,968	6,021,175	6,344,585	6,536,219	6,661,939
Changes in benefit terms	-	-	-	-	-	-	-	-	814,802	1,244,771
Differences between expected and actual experience	303,780	213,717	(603,260)	(393,653)	(681,062)	(159,223)	(180,994)	(1,383,499)	(1,680,961)	(1,195,876)
Changes of assumptions	-	152,288	(362,961)	(249,133)	(156,756)	(470,893)	(966,754)	(1,236,291)	-	-
Benefit payments, including refunds of member contributions	(7,229,061)	(7,332,578)	(7,935,764)	(7,859,123)	(8,140,802)	(8,474,573)	(8,378,061)	(8,326,253)	(8,478,761)	(8,512,885)
Net change in total pension liability	(2,243,196)	(2,124,096)	(3,781,701)	(3,157,535)	(3,386,118)	(3,273,773)	(3,450,287)	(4,539,256)	(2,737,138)	(1,712,853)
Total pension liability, beginning	68,028,620	70,152,716	73,934,417	77,091,952	80,478,070	83,751,843	87,202,130	91,741,386	94,478,524	96,191,377
Total pension liability, ending (a)	65,785,424	68,028,620	70,152,716	73,934,417	77,091,952	80,478,070	83,751,843	87,202,130	91,741,386	94,478,524
<b>PLAN FIDUCIARY NET POSITION</b>										
Contributions - employer	1,602,512	2,517,941	3,377,371	4,200,064	2,350,640	2,229,196	2,005,017	1,796,671	2,438,432	1,782,818
Net investment income	4,538,679	(9,512,540)	14,753,283	2,482,586	3,854,272	2,618,347	5,916,252	960,609	418,733	7,874,597
Benefit payments, including refunds of member contributions	(7,229,061)	(7,332,578)	(7,935,764)	(7,859,123)	(8,140,802)	(8,474,573)	(8,378,061)	(8,326,253)	(8,478,761)	(8,512,885)
Administrative expenses	(70,211)	(109,127)	(95,328)	(87,733)	(60,617)	(54,742)	(106,586)	(28,605)	(67,152)	(73,287)
Net change in plan fiduciary net position	(1,158,081)	(14,436,304)	10,099,562	(1,264,206)	(1,996,507)	(3,681,772)	(563,378)	(5,597,578)	(5,688,748)	1,071,243
Plan fiduciary net position, beginning	48,418,725	62,855,029	52,755,467	54,019,673	56,016,180	59,697,952	60,261,330	65,858,908	71,547,656	70,476,413
Plan fiduciary net position, ending (b)	47,260,644	48,418,725	62,855,029	52,755,467	54,019,673	56,016,180	59,697,952	60,261,330	65,858,908	71,547,656
City's net pension liability, ending (a) - (b)	\$ 18,524,780	\$ 19,609,895	\$ 7,297,687	\$ 21,178,950	\$ 23,072,279	\$ 24,461,890	\$ 24,053,891	\$ 26,940,800	\$ 25,882,478	\$ 22,930,868
Plan fiduciary net position as a percentage of total pension liability	71.84%	71.17%	89.60%	71.35%	70.07%	69.60%	71.28%	69.11%	71.79%	75.73%
Employer's covered payroll*	\$ 408,387	\$ 590,863	\$ 693,168	\$ 723,213	\$ 732,897	\$ 754,205	\$ 806,870	\$ 887,695	\$ 1,034,003	\$ 1,195,973
City's net pension liability as a percentage of covered payroll	4536.08%	3318.86%	1052.80%	2928.45%	3148.09%	3243.40%	2981.14%	3034.92%	2503.13%	1917.34%

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

**SCHEDULE OF ACTUARIALLY DETERMINED CONTRIBUTIONS (PSRS)**

Fiscal Year Ended June 30,	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Actuarially determined contribution	\$ 1,764,209	1,602,512	1,627,773	2,058,105	2,210,592	2,170,640	1,867,696	1,807,082	1,796,671	1,924,912
Contributions in relation to the actuarially determined contribution	2,260,709	1,602,512	2,517,941	3,377,371	4,200,064	2,350,640	1,867,696	1,807,082	1,796,671	2,438,432
Contribution deficiency (excess)	(496,500)	-	(890,168)	(1,319,266)	(1,989,472)	(180,000)	-	-	-	(513,520)
Covered payroll	\$ 395,407	408,387	590,863	693,168	723,213	732,897	754,205	806,870	887,695	1,034,003
Contributions as a percentage of covered payroll	571.74%	392.40%	426.15%	487.24%	580.75%	320.73%	247.64%	223.96%	202.40%	235.82%

**NOTES TO SCHEDULE**

Methods and Assumptions used to determine contribution rate:

Measurement date	June 30, 2024
Timing	Actuarially determined contribution rates are calculated based on the actuarial valuation one year prior to the beginning of the plan year
Actuarial Cost Method	Entry Age Normal-Level Percentage of Pay
Interest rate	7.25%
Salary increases	3.00%
Social Security wage bases	3.00%
Social Security cost of living increases	2.50%
Statutory limits on compensation and benefits	2.50%
Mortality	RP-2014 Mortality Table Adjusted to 2006 with Generational Projection (Scale MP-2021)
Projected rate of return	7.25%
Plan Fiduciary net position	Fair Market Value of assets

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Annual money weighted rate of return, net of investment expenses	11.51%	9.99%	-15.70%	29.03%	4.78%	7.32%	4.66%	10.59%	1.55%	0.62%

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

Fiscal Year Ended June 30,*	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
<b>TOTAL PENSION LIABILITY</b>										
Service cost	\$ 21,837	96,414	118,664	125,340	188,000	209,549	288,723	469,262	655,555	875,396
Interest	15,310,008	15,588,902	16,085,412	16,555,536	16,847,652	17,224,136	17,571,555	17,775,245	17,755,749	17,479,148
Changes in benefit terms	-	-	-	-	-	-	-	-	2,226,338	3,220,420
Differences between expected and actual experience	(75,358)	1,447,947	(124,107)	(867,255)	1,347,426	637,275	1,548,069	2,934,513	483,962	2,306,432
Changes of assumptions	-	302,623	(800,780)	(564,095)	(442,750)	(1,023,739)	(2,060,009)	(2,264,494)	-	-
Benefit payments, including refunds of member contributions	(21,106,801)	(21,219,756)	(22,267,894)	(21,915,426)	(21,922,564)	(22,317,498)	(22,016,787)	(21,297,801)	(20,421,823)	(19,431,115)
Net change in total pension liability	(5,850,314)	(3,783,870)	(6,988,705)	(6,665,900)	(3,982,236)	(5,270,277)	(4,668,449)	(2,383,275)	699,781	4,450,281
Total pension liability, beginning	221,823,153	225,607,023	232,595,728	239,261,628	243,243,864	248,514,141	253,182,590	255,565,865	254,866,084	250,415,803
Total pension liability, ending (a)	215,972,839	221,823,153	225,607,023	232,595,728	239,261,628	243,243,864	248,514,141	253,182,590	255,565,865	254,866,084
<b>PLAN FIDUCIARY NET POSITION</b>										
Contributions - employer	6,253,165	8,199,999	10,279,577	13,546,417	7,535,021	7,098,559	6,566,389	5,794,277	6,734,263	5,186,714
Net investment income	14,125,480	(29,189,401)	44,674,758	7,444,047	11,417,345	7,521,227	16,820,681	2,782,322	1,144,912	21,908,537
Benefit payments, including refunds of member contributions	(21,106,801)	(21,219,756)	(22,267,894)	(21,915,426)	(21,922,564)	(22,317,498)	(22,016,787)	(21,297,801)	(20,421,923)	(19,431,115)
Administrative expenses	(209,202)	(318,245)	(278,056)	(246,543)	(173,148)	(141,157)	(254,463)	(120,447)	(184,118)	(205,149)
Net change in plan fiduciary net position	(937,358)	(42,527,403)	32,408,385	(1,171,505)	(3,143,346)	(7,838,869)	1,115,820	(12,841,649)	(12,726,866)	7,458,987
Plan fiduciary net position, beginning	148,660,265	191,187,668	158,779,283	159,950,788	163,094,134	170,933,003	169,817,183	182,658,832	195,385,698	187,926,711
Plan fiduciary net position, ending (b)	147,722,907	148,660,265	191,187,668	158,779,283	159,950,788	163,094,134	170,933,003	169,817,183	182,658,832	195,385,698
City's net pension liability, ending (a) - (b)	\$ 68,249,932	73,162,888	34,419,355	73,816,445	79,310,840	80,149,730	77,581,138	83,365,407	72,907,033	59,480,386
Plan fiduciary net position as a percentage of total pension liability	68.40%	67.02%	84.74%	68.26%	66.85%	67.05%	68.78%	67.07%	71.47%	76.66%
Employer's covered payroll*	\$ 96,133	299,877	820,886	978,235	1,240,364	1,715,414	1,772,265	2,396,142	3,871,105	5,079,287
City's net pension liability as a percentage of covered payroll	70995.32%	24397.63%	4192.95%	7545.88%	6394.16%	4672.33%	4377.51%	3479.15%	1883.36%	1171.04%

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

**SCHEDULE OF ACTUARIALLY DETERMINED CONTRIBUTIONS (FPRS)**

Fiscal Year Ended June 30,	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Actuarially determined contribution	\$ 6,626,016	6,253,165	6,184,757	7,187,730	7,658,733	7,214,521	6,449,059	6,205,544	5,794,277	5,840,300
Contributions in relation to the actuarially determined contribution	7,560,516	6,253,165	8,199,999	10,279,577	13,546,417	7,535,021	6,449,059	6,205,544	5,794,277	6,734,263
Contribution deficiency (excess)	(934,500)	-	(2,015,242)	(3,091,847)	(5,887,684)	(320,500)	-	-	-	(893,963)
Covered payroll	\$ 114,707	96,133	299,877	820,886	978,235	1,240,364	1,715,414	1,772,265	2,396,142	3,871,105
Contributions as a percentage of covered payroll	6591.15%	6504.70%	2734.45%	1252.25%	1384.78%	607.48%	375.95%	350.15%	241.82%	173.96%

**NOTES TO SCHEDULE**

Methods and Assumptions used to determine contribution rate:

Measurement date	June 30, 2024
Timing	Actuarially determined contribution rates are calculated based on the actuarial valuation one year prior to the beginning of the plan year
Actuarial Cost Method	Entry Age Normal-Level Percentage of Pay
Interest rate	7.25%
Salary increases	3.00%
Social Security wage bases	3.00%
Social Security cost of living increases	2.50%
Statutory limits on compensation and benefits	2.50%
Mortality	RP-2014 Mortality Table Adjusted to 2006 with Generational Projection (Scale MP-2021)
Projected rate of return	7.25%
Plan Fiduciary net position	Fair Market Value of assets

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Annual money weighted rate of return, net of investment expenses	11.59%	10.05%	-15.76%	29.04%	4.80%	7.39%	4.64%	10.59%	1.55%	0.62%

CITY OF PORTSMOUTH, VIRGINIA  
Required Supplementary Information (Unaudited)  
June 30, 2024

Exhibit I-5 (continued)

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

Fiscal Year Ended June 30, *	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
<b>TOTAL PENSION LIABILITY</b>										
Service cost	\$ 11,583,071	10,502,224	9,996,320	10,187,472	9,121,520	8,717,390	8,380,639	8,655,196	8,776,873	7,865,420
Interest	28,753,222	27,872,655	25,423,743	24,068,852	23,152,433	22,448,469	21,674,217	20,862,680	19,666,648	18,592,496
Differences between expected and actual experience	1,384,926	(5,494,049)	(6,451,489)	(2,510,540)	(384,172)	(5,889,195)	(5,377,366)	(4,862,954)	664,081	-
Changes of assumptions	-	-	15,847,603	-	10,469,482	-	476,225	-	-	-
Changes in benefit terms	-	-	-	5,997,538	-	-	-	-	-	-
Benefit payments, including refunds of member contributions	(21,869,106)	(19,963,379)	(18,113,062)	(17,228,670)	(15,836,768)	(14,603,292)	(13,582,645)	(12,540,446)	(11,502,410)	(10,723,367)
Net change in total pension liability	19,852,113	12,917,451	26,703,115	20,514,652	26,522,495	10,673,372	11,571,070	12,114,476	17,605,192	15,734,549
Total pension liability, beginning	425,325,143	412,407,692	385,704,577	365,189,925	338,667,430	327,994,058	316,422,988	304,308,512	286,703,320	270,968,771
Total pension liability, ending (a)	445,177,256	425,325,143	412,407,692	385,704,577	365,189,925	338,667,430	327,994,058	316,422,988	304,308,512	286,703,320
<b>PLAN FIDUCIARY NET POSITION</b>										
Contributions - employer	10,463,248	9,624,231	9,355,328	8,208,380	7,340,220	6,948,793	6,776,993	6,360,911	6,647,357	5,702,215
Contributions - employee	3,944,856	3,740,529	3,557,452	3,512,571	3,380,321	3,374,302	3,398,847	3,313,387	3,451,819	3,522,637
Net investment income	26,711,085	(436,565)	91,870,741	6,400,033	21,221,718	22,278,231	33,161,239	4,734,570	11,935,602	35,693,002
Benefit payments, including refunds of member contributions	(21,869,106)	(19,963,379)	(18,113,062)	(17,228,670)	(15,836,768)	(14,603,292)	(13,582,645)	(12,540,446)	(11,502,410)	(10,723,367)
Administrative expenses	(266,201)	(262,909)	(227,302)	(217,972)	(209,912)	(192,188)	(190,996)	(168,003)	(162,543)	(191,765)
Other changes	(78,282)	9,300	8,682	(7,590)	(13,408)	(19,865)	(29,655)	(1,996)	(2,528)	1,881
Net change in plan fiduciary net position	18,905,600	(7,288,793)	86,451,839	666,752	15,882,171	17,785,981	29,533,783	1,698,423	10,367,297	34,004,603
Plan fiduciary net position, beginning	415,781,004	423,069,797	336,617,958	335,951,206	320,069,035	302,283,054	272,749,271	271,050,848	260,683,551	226,678,948
Plan fiduciary net position, ending (b)	434,686,604	415,781,004	423,069,797	336,617,958	335,951,206	320,069,035	302,283,054	272,749,271	271,050,848	260,683,551
City's net pension liability (asset), ending (a) - (b)	\$ 10,490,652	\$ 9,544,139	(10,662,105)	49,086,619	29,238,719	18,598,395	25,711,004	43,673,717	33,257,664	26,019,769
Plan fiduciary net position as a percentage of total pension liability	97.64%	97.76%	102.59%	87.27%	91.99%	94.51%	92.16%	86.20%	89.07%	90.92%
Employer's covered payroll*	\$ 95,420,217	\$ 80,861,080	\$ 76,482,202	\$ 73,407,806	\$ 70,023,770	\$ 68,412,766	\$ 66,034,550	\$ 66,394,228	\$ 69,067,846	\$ 67,740,656
City's net pension liability as a percentage of covered payroll	10.99%	11.80%	-13.94%	66.87%	41.76%	27.19%	38.94%	65.78%	48.15%	38.41%

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

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

Fiscal Year Ended June 30,*	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
<b>TOTAL PENSION LIABILITY</b>										
Service cost	\$ 616,970	603,768	644,553	650,516	669,679	694,189	763,448	695,895	729,606	743,215
Interest	2,805,754	2,807,161	2,687,000	2,677,105	2,650,616	2,671,683	2,600,444	2,552,232	2,501,150	2,434,509
Changes in benefit terms	-	-	-	-	-	-	-	(293,248)	-	-
Differences between expected and actual experience	(989,661)	(575,577)	(588,445)	(327,140)	164,308	(1,077,881)	110,155	(2,270,264)	(215,707)	-
Changes of assumptions	-	-	1,279,576	-	1,011,011	-	(44,324)	-	-	-
Benefit payments, including refunds of member contributions	(2,968,343)	(2,770,447)	(2,922,149)	(2,785,628)	(2,615,831)	(2,562,064)	(2,261,995)	-	(2,300,353)	(2,151,081)
Net change in total pension liability	(535,280)	64,905	1,100,535	214,853	1,879,783	(274,073)	1,167,728	684,615	714,696	1,026,643
Total pension liability, beginning	42,433,928	42,369,023	41,268,488	41,053,635	39,173,852	39,447,925	38,280,197	37,595,582	36,880,886	35,854,243
Total pension liability, ending (a)	41,898,648	42,433,928	42,369,023	41,268,488	41,053,635	39,173,852	39,447,925	38,280,197	37,595,582	36,880,886
<b>PLAN FIDUCIARY NET POSITION</b>										
Contributions - employer	836,530	764,944	762,490	772,742	782,510	879,860	882,435	801,790	726,275	648,377
Contributions - employee	413,885	319,984	320,410	348,626	351,917	365,276	372,038	378,872	345,765	354,802
Net investment income	2,293,349	(18,013)	8,411,421	613,175	2,081,974	2,269,942	3,443,683	487,721	1,307,987	4,075,199
Benefit payments, including refunds of member contributions	(2,968,343)	(2,770,447)	(2,922,149)	(2,785,628)	(2,615,831)	(2,562,064)	(2,261,995)	(2,270,264)	(2,300,353)	(2,151,081)
Administrative expenses	(23,703)	(24,116)	(22,131)	(21,853)	(21,661)	(20,333)	(20,455)	(18,573)	(18,893)	(22,705)
Other changes	914	855	782	(1,328)	(1,304)	(1,991)	(3,044)	(211)	(276)	215
Net change in plan fiduciary net position	552,632	(1,726,793)	6,550,823	(1,074,266)	577,605	930,690	2,412,662	(620,665)	60,505	2,904,807
Plan fiduciary net position, beginning	36,401,411	38,128,204	31,577,381	32,651,647	32,074,042	31,143,352	28,730,690	29,351,355	29,290,850	26,386,043
Plan fiduciary net position, ending (b)	36,954,043	36,401,411	38,128,204	31,577,381	32,651,647	32,074,042	31,143,352	28,730,690	29,351,355	29,290,850
City's net pension liability, ending (a) - (b)	\$ 4,944,605	6,032,517	4,240,819	9,691,107	8,401,988	7,099,810	8,304,573	9,549,507	8,244,227	7,590,036
Plan fiduciary net position as a percentage of total pension liability	88.20%	85.78%	89.99%	76.52%	79.53%	81.88%	78.95%	75.05%	78.07%	79.42%
Employer's covered payroll	\$ 7,750,272	7,134,225	7,065,959	7,621,243	7,627,378	7,691,444	7,719,383	8,465,913	8,498,497	8,647,732
School's net pension liability as a percentage of covered payroll	63.80%	84.56%	60.02%	127.16%	110.16%	92.31%	107.58%	112.80%	97.01%	87.77%

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

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

Fiscal Year Ended June 30, *	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Employer's proportion of the net pension liability	0.87%	0.93%	0.99%	0.99%	0.99%	1.00%	1.00%	1.04%	1.05%	1.08%
Employer's proportionate share of the net pension liability	\$ 88,117,643	\$ 88,937,624	\$ 76,676,112	\$ 142,941,716	\$ 130,340,952	\$ 117,977,000	\$ 123,472,000	\$ 146,345,000	\$ 132,145,000	\$ 130,368,000
Employer's covered payroll	\$ 86,320,559	\$ 86,469,946	\$ 86,986,780	\$ 85,550,274	\$ 82,858,890	\$ 81,002,287	\$ 79,054,292	\$ 81,200,579	\$ 79,779,153	\$ 81,064,661
Employer's proportionate share of the net pension liability as a percentage of covered payroll	102.08%	102.85%	88.15%	167.09%	157.30%	145.65%	156.19%	180.23%	165.64%	160.82%
Plan fiduciary net position as a percentage of the total pension liability	82.45%	82.61%	85.46%	71.47%	73.51%	74.81%	72.92%	68.28%	70.68%	70.88%

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

**SCHEDULE OF EMPLOYERS' PENSION CONTRIBUTIONS (VRS)**

<b>Fiscal Year Ending June 30,</b>	<b>Contractually Required Contribution</b>	<b>Contribution in Relation to the Contractually Required Contribution</b>	<b>Contribution Deficiency (Excess)</b>	<b>Employer's Covered Payroll</b>	<b>Contributions as a Percentage of Covered Payroll</b>
<i>City of Portsmouth</i>					
2024	\$ 12,260,728	\$ 12,260,728	\$ -	\$ 95,420,217	12.85%
2023	10,463,248	10,463,248	-	80,861,080	12.94%
2022	9,624,231	9,624,231	-	76,482,202	12.58%
2021	9,355,328	9,355,328	-	73,407,806	12.74%
2020	8,196,197	8,196,197	-	76,314,683	10.74%
2019	7,477,388	7,477,388	-	70,023,770	10.68%
2018	7,052,500	7,052,500	-	68,412,766	10.31%
2017	6,794,955	6,794,955	-	66,034,550	10.29%
2016	8,025,853	6,419,355	1,606,498	66,394,228	9.67%
2015	8,350,303	6,678,861	1,671,442	69,067,846	9.67%
<i>Portsmouth City Public School Board (Professional)</i>					
2024	\$ 13,793,363	\$ 13,793,363	\$ -	\$ 87,967,878	15.68%
2023	13,535,064	13,535,064	-	86,320,559	15.68%
2022	13,558,488	13,558,488	-	86,469,946	15.68%
2021	13,639,527	13,639,527	-	86,986,780	16.62%
2020	13,414,283	13,414,283	-	85,550,274	15.68%
2019	12,992,275	12,992,275	-	82,858,890	15.68%
2018	13,219,573	13,219,573	-	81,002,287	16.32%
2017	11,589,359	11,589,359	-	79,054,292	14.66%
2016	11,190,544	11,190,544	-	81,200,579	13.78%
2015	11,317,000	11,317,000	-	79,779,153	14.19%
<i>Portsmouth City Public School Board (Non-Professional)</i>					
2024	\$ 931,751	\$ 931,751	\$ -	\$ 8,667,452	10.75%
2023	833,154	833,154	-	7,750,272	10.75%
2022	766,929	766,929	-	7,134,225	10.75%
2021	759,591	759,591	-	7,065,959	11.61%
2020	819,284	819,284	-	7,621,243	10.75%
2019	819,943	819,943	-	7,627,378	10.75%
2018	899,130	899,130	-	7,691,444	11.69%
2017	902,396	902,396	-	7,719,383	11.69%
2016	813,358	813,358	-	8,465,913	9.61%
2015	731,636	731,636	-	8,498,497	8.61%

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



CITY OF PORTSMOUTH OPEB PLAN - CITY

SCHEDULE OF CHANGES IN NET OPEB LIABILITY AND RELATED RATIOS

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
<b>TOTAL PENSION LIABILITY</b>										
Service cost	\$ 569,828	418,392	407,997	464,838	641,148	545,143	1,150,539	N/A	N/A	N/A
Interest on total OPEB liability	974,903	927,797	1,238,220	1,485,071	1,504,363	1,541,001	1,098,940	N/A	N/A	N/A
Effect of plan changes	-	-	(2,088,995)	-	-	-	-	N/A	N/A	N/A
Effect of economic/demographic gains (losses)	4,088,661	-	(2,952,684)	(6,137,799)	-	-	-	N/A	N/A	N/A
Effect of assumption changes or inputs	86,310	554,371	(127,791)	1,913,854	(444,507)	860,350	(8,498,386)	N/A	N/A	N/A
Benefit payments	(1,401,528)	(1,255,357)	(1,270,171)	(1,657,395)	(1,980,500)	(1,844,970)	(1,826,247)	N/A	N/A	N/A
Net change in total pension liability	4,318,174	645,203	(4,793,424)	(3,931,431)	(279,496)	1,101,524	(8,075,154)	N/A	N/A	N/A
Total pension liability, beginning	15,118,416	14,473,213	19,266,637	23,198,068	23,477,564	22,376,040	30,451,194	N/A	N/A	N/A
Total pension liability, ending (a)	19,436,590	15,118,416	14,473,213	19,266,637	23,198,068	23,477,564	22,376,040	N/A	N/A	N/A
<b>PLAN FIDUCIARY NET POSITION</b>										
Employer contributions	2,901,528	2,755,357	1,770,171	2,657,395	1,980,500	2,844,970	4,826,247	N/A	N/A	N/A
Net investment income	857,664	548,861	(666,853)	1,353,350	128,763	169,344	46,475	N/A	N/A	N/A
Benefit payments	(1,401,528)	(1,255,357)	(1,270,171)	(1,657,395)	(1,980,500)	(1,844,970)	(1,826,247)	N/A	N/A	N/A
Administrative expenses	(9,561)	(7,315)	(7,710)	(5,500)	(5,181)	(3,513)	-	N/A	N/A	N/A
Net change in plan fiduciary net position	2,348,103	2,041,546	(174,563)	2,347,850	123,582	1,165,831	3,046,475	N/A	N/A	N/A
Plan fiduciary net position, beginning	8,550,721	6,509,175	6,683,738	4,335,888	4,212,306	3,046,475	-	N/A	N/A	N/A
Plan fiduciary net position, ending (b)	10,898,824	8,550,721	6,509,175	6,683,738	4,335,888	4,212,306	3,046,475	N/A	N/A	N/A
City's net pension liability, ending (a) - (b)	\$ 8,537,766	6,567,695	7,964,038	12,582,899	18,862,180	19,265,258	19,329,565	N/A	N/A	N/A
Plan fiduciary net position as a percentage of total pension liability	56.07%	56.56%	44.97%	34.69%	18.69%	17.94%	13.61%	N/A	N/A	N/A
Employer's covered payroll	\$93,180,215	72,624,573	72,624,573	74,950,930	78,135,614	78,135,614	78,135,614	N/A	N/A	N/A
City's net pension liability as a percentage of covered payroll	9.16%	9.04%	10.97%	16.79%	24.14%	24.66%	24.74%	N/A	N/A	N/A

This schedule is presented to illustrate the requirement to show information for 10 years. However, recalculations of prior years are not required. If prior years are not reported in accordance with the current GAAP standards, they should not be included.

**CITY OF PORTSMOUTH OPEB PLAN - CITY (Continued)**

**NET MONEY-WEIGHTED RATE OF RETURN**

<b>Fiscal Year Ending June 30</b>	<b>Net Money-Weighted Rate of Return</b>
2024	9.36%
2023	7.71%
2022	-9.74%
2021	29.20%
2020	3.06%
2019	5.03%
2018	9.46%
2017	N/A
2016	N/A
2015	N/A

**SCHEDULE OF EMPLOYER CONTRIBUTIONS**

There were no Employer Contributions prior to the establishment of the trust in April, 2018. Prior to that date, the City's contributions were made on a pay-as-you-go basis.

<b>Fiscal Year Ending June 30</b>	<b>Employer Contribution</b>	<b>Covered Payroll</b>	<b>Contribution as a % of Covered Payroll</b>
2024	\$ 2,901,528	93,180,215	3.11%
2023	2,755,357	72,624,573	3.79%
2022	1,770,171	72,624,573	2.44%
2021	2,657,395	74,950,930	3.55%
2020	1,980,500	78,135,614	2.53%
2019	2,844,970	78,135,614	3.64%
2018	4,826,247	78,135,614	6.18%
2017	N/A	N/A	N/A
2016	N/A	N/A	N/A
2015	N/A	N/A	N/A

GROUP LIFE INSURANCE PROGRAM - VRS DIRECTED - CITY

Schedule of City of Portsmouth Proportionate Share of Net OPEB Liability

Years Ended June 30,*	Employer's Proportion of the Net GLI OPEB Liability	Employer's Proportionate Share of the Net GLI OPEB Liability	Employer's Covered Payroll	Employer's Proportionate Share of the Net GLI OPEB Liability as a Percentage of it's Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total GLI OPEB liability
2024	0.34782%	\$ 4,171,452	\$ 81,930,552	5.09145%	69.30%
2023	0.35797%	\$ 4,310,304	77,868,445	5.53537%	67.21%
2022	0.36436%	\$ 4,242,139	75,227,141	5.63911%	67.45%
2021	0.36119%	\$ 6,027,670	74,335,483	8.10874%	52.64%
2020	0.36998%	\$ 6,020,560	70,400,385	8.55189%	52.00%
2019	0.37419%	\$ 5,682,000	71,151,669	7.98576%	51.22%
2018	0.37603%	\$ 5,658,000	69,360,272	8.15741%	48.86%

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

Schedule of Employer Contributions

Fiscal Year Ending	Contractually Required Contribution	Contribution in Relation to Contractually Required Contribution	Contribution Deficiency (Excess)	Employer's Covered Payroll	Contributions as a Percentage of Covered Payroll
2024	\$ 520,228	\$ 520,228	\$ -	\$ 96,338,428	0.54%
2023	442,425	442,425	-	81,930,552	0.54%
2022	420,489	420,489	-	77,868,445	0.54%
2021	406,227	406,227	-	75,227,141	0.54%
2020	386,545	386,545	-	74,335,483	0.52%
2019	366,082	366,082	-	70,400,385	0.52%
2018	367,170	367,170	-	71,151,669	0.52%
2017	360,673	360,673	-	69,360,272	0.52%
2016	338,743	338,743	-	70,571,371	0.48%
2015	357,870	357,870	-	74,556,174	0.48%

LINE OF DUTY ACT - VRS DIRECTED - CITY

Schedule of City of Portsmouth Proportionate Share of Net OPEB Liability

Years Ended June 30,*	Employer's Proportion of the Net LODA OPEB Liability	Employer's Proportionate Share of the Net LODA OPEB Liability	Covered- Employee Payroll	Employer's Proportionate Share of the Net LODA OPEB Liability as a Percentage of it's Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total LODA OPEB liability
2024	2.78993%	\$ 11,184,807	\$ 33,440,576	33.44681%	1.31%
2023	2.99696%	11,342,157	29,920,335	37.90785%	1.87%
2022	2.93069%	12,924,097	33,148,220	38.98881%	1.68%
2021	3.16661%	13,262,252	33,702,307	39.35117%	1.02%
2020	3.02633%	10,858,053	32,241,604	33.67715%	0.79%
2019	3.55949%	11,159,000	31,515,462	35.40802%	0.60%
2018	3.61539%	9,501,000	N/A**	N/A	1.30%

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

\*\* Employer's covered payroll amount is not determinable.

Schedule of Employer Contributions

Fiscal Year Ending	Contractually Required Contribution	Contribution in Relation to Contractually Required Contribution	Contribution Deficiency (Excess)	Covered- Employee Payroll*	Contributions as a Percentage of Covered Payroll
2024	\$ 428,796	\$ 428,796	\$ -	\$ 36,328,314	1.18%
2023	370,239	370,239	-	33,440,576	1.11%
2022	412,757	412,757	-	29,920,335	1.38%
2021	403,487	403,487	-	33,148,220	1.22%
2020	430,343	430,343	-	33,702,307	1.30%
2019	406,171	406,171	-	32,241,604	1.30%
2018	379,145	379,145	-	31,515,462	1.20%
2017	389,925	389,925	-	N/A	-
2016	351,125	351,125	-	N/A	-
2015	346,196	346,196	-	N/A	-

The contributions for the Line of Duty Act Program are based on the number of participants in the program using a per capita-based contribution versus a payroll-based contribution. Therefore, covered-employee payroll is the relevant measurement, which is the total payroll of the employees in the OPEB plan

VIRGINIA LOCAL DISABILITY PROGRAM - VRS DIRECTED - CITY

Schedule of City of Portsmouth Proportionate Share of Net OPEB Liability

Years Ended June 30,*	Employer's Proportion of the Net VLDP OPEB Liability	Employer's Proportionate Share of the Net VLDP OPEB Liability (Asset)	Employer's Covered Payroll	Employer's Proportionate Share of the Net VLDP OPEB Liability as a Percentage of it's Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total VLDP OPEB liability
2024	4.20421%	\$ (67,646)	\$ 25,732,840	-0.26288%	116.89%
2023	4.83996%	(28,456)	22,674,716	-0.12550%	107.99%
2022	4.83886%	(48,982)	19,438,408	-0.25199%	119.59%
2021	4.53564%	45,277	16,901,402	0.26789%	76.84%
2020	4.43242%	89,793	13,695,972	0.65562%	49.19%
2019	4.43899%	34,000	10,778,174	0.31545%	51.39%
2018	4.40350%	25,000	8,086,092	0.30917%	38.40%

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

Schedule of Employer Contributions

Fiscal Year Ending	Contractually Required Contribution	Contribution in Relation to Contractually Required Contribution	Contribution Deficiency (Excess)	Employer's Covered Payroll	Contributions as a Percentage of Covered Payroll
2024	\$ 300,884	\$ 300,884	\$ -	\$ 35,398,159	0.85%
2023	218,729	218,729	-	25,732,840	0.85%
2022	188,200	188,200	-	22,674,716	0.83%
2021	161,339	161,339	-	19,438,408	0.83%
2020	121,690	121,690	-	16,901,402	0.72%
2019	98,611	98,611	-	13,695,972	0.72%
2018	64,683	64,683	-	10,778,174	0.60%
2017	48,589	48,589	-	8,086,092	0.60%
2016	32,983	32,983	-	5,497,040	0.60%
2015	16,913	16,913	-	2,818,841	0.60%

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

PORTSMOUTH CITY PUBLIC SCHOOLS OPEB PLAN

Schedule of Changes in Net OPEB Liability and Related Ratios

Year Ended,*	2024	2023	2022	2021	2020	2019	2018	2017
<b>TOTAL OPEB LIABILITY</b>								
Service cost	\$ 153,790	\$ 166,541	\$ 131,581	\$ 147,317	\$ 393,468	\$ 950,173	\$ 625,456	\$ 713,189
Interest	723,414	683,397	624,168	607,082	1,206,350	791,875	997,917	958,969
Changes in benefit terms	-	-	-	-	-	-	459,794	-
Differences between expected and actual experience	(2,270,721)	(132,654)	553,937	(9,247)	(5,630,299)	(433,312)	(4,735,709)	(747,036)
Changes of assumptions	(1,425,696)	(16,450)	(632,710)	12,545	(1,999,924)	(4,968,846)	3,663,387	2,171,672
Benefit payments, including lump sum liability settlement for 114 participants	(269,787)	(342,548)	(589,083)	(479,513)	(414,517)	(191,650)	(73,336)	(80,005)
Net change in total OPEB liability	(3,089,000)	358,286	87,893	278,184	(6,444,922)	(3,851,760)	937,509	3,016,789
Total OPEB liability, beginning	7,408,354	7,050,068	6,962,175	6,683,991	13,128,913	16,980,673	16,043,164	13,026,375
Total OPEB liability, ending (a)	4,319,354	7,408,354	7,050,068	6,962,175	6,683,991	13,128,913	16,980,673	16,043,164
<b>PLAN FIDUCIARY NET POSITION</b>								
Contributions/benefit payments made from general operating funds	229,487	282,548	443,633	479,513	414,517	-	-	-
Net investment income	1,616,290	1,209,718	(1,624,252)	4,107,360	405,789	924,764	532,735	743,975
Benefit payments, including refunds of employee contributions	(269,787)	(342,548)	(589,083)	(479,513)	(414,517)	(191,650)	(73,336)	(80,005)
Administrative expenses	(17,478)	(16,829)	(19,507)	(15,979)	(15,333)	(125)	-	(7,000)
Net change in plan fiduciary net position	1,558,512	1,132,889	(1,789,209)	4,091,381	390,456	732,989	459,399	656,970
Plan fiduciary net position, beginning	17,099,869	15,966,980	17,756,189	13,664,808	13,274,352	12,541,363	12,081,964	11,424,994
Plan fiduciary net position, ending (b)	18,658,381	17,099,869	15,966,980	17,756,189	13,664,808	13,274,352	12,541,363	12,081,964
Net OPEB (asset) liability - ending (a) - (b)	\$ (14,339,027)	\$ (9,691,515)	\$ (8,916,912)	\$ (10,794,014)	\$ (6,980,817)	\$ (145,439)	\$ 4,439,310	\$ 3,961,200
Plan fiduciary net position as a percentage of total OPEB liability	431.97%	230.82%	226.48%	255.04%	204.44%	101.11%	73.86%	75.31%
Employer's covered payroll*	\$ 113,668,068	\$ 111,530,111	\$ 90,734,180	\$ 95,933,446	\$ 94,052,398	\$ 98,200,691	\$ 91,796,317	\$ 96,277,315
Net OPEB (asset) liability as a percentage of covered payroll	-12.61%	-8.69%	-9.83%	-11.25%	-7.42%	-0.15%	4.84%	4.11%

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

Note: Schedule is intended to show information for 10 years. Since 2024 is the eight year for this presentation, only eight years of data is available. However, additional years will be included as they become available.

PORTSMOUTH CITY PUBLIC SCHOOLS OPEB PLAN (Continued)

Actuarially Determined Employer Contribution

Year Ended,	2024	2023	2022	2021	2020	2019	2018	2017
Service cost	\$ -	\$ -	\$ -	\$ -	\$ 409,268	\$ 992,361	\$ 662,983	\$ 763,112
Amortization and unfunded liability	(229,487)	(282,548)	(443,633)	(479,513)	(414,517)	372,888	350,393	171,131
Recommended contribution	(229,487)	(282,548)	(443,633)	(479,513)	(5,249)	1,365,249	1,013,376	934,243
Contribution/benefit payments made	-	-	-	-	-	-	(703,482)	(80,005)
Contribution deficiency (excess)	<u>(229,487)</u>	<u>(282,548)</u>	<u>(443,633)</u>	<u>(479,513)</u>	<u>(5,249)</u>	<u>1,365,249</u>	<u>309,894</u>	<u>854,238</u>
Employer's covered payroll*	\$ 113,668,068	\$ 111,530,111	\$ 90,734,180	\$ 95,933,446	\$ 94,052,398	\$ 98,200,691	\$ 91,796,317	\$ 96,277,315
Contribution as a percentage of covered payroll	<u>-0.20%</u>	<u>-0.25%</u>	<u>-0.49%</u>	<u>-0.50%</u>	<u>-0.01%</u>	<u>1.39%</u>	<u>0.34%</u>	<u>0.89%</u>

Note: Schedule is intended to show information for 10 years. Since 2024 is the eight year for this presentation, only eight years of data is available. However, additional years will be included as they become available.

Notes to Schedule

Methods and assumptions used to determine contribution rate:

Measurement date: June 30, 2024

Timing: Actuarially determined contribution rates are calculated based on the actuarial valuation one year prior to the beginning of the plan year.

Actuarial Cost Method: Projected unit credit (level dollar)

Amortization method: Level percent, open

Remaining amortization period: 20 years

Discount rate: 9.74% for 2024 contribution; 9.70% for June 30, 2024, liability and 2024 contribution

Payroll growth: 7.0%

Return on plan assets: 9.70%

Mortality rate:

Teachers: Public Teacher 2010 Employee and Healthy Retiree, headcount weighted, 2021 improvement

All others and spouses: Public General 2010 Employee and Healthy Retiree, headcount weighted, 2021 improvement

Asset valuation method: Fair value

GROUP LIFE INSURANCE PROGRAM - VRS DIRECTED - PUBLIC SCHOOLS

Schedule of Proportionate Share of Net OPEB Liability

Fiscal Year Ending June 30, *	Employer's Proportion of Net GLI OPEB Liability	Employer's Proportionate Share of Net GLI OPEB Liability	Employer's Covered Employee Payroll	Employer's Proportionate Share of Net GLI OPEB Liability as a Percentage of it's Covered Employee Payroll	Plan Fiduciary Net Position as a Percentage of the Total GLI OPEB Liability
<b>PROFESSIONAL</b>					
2024	0.37%	\$ 4,418,511	\$ 86,782,314	5.09%	69.30%
2023	0.42%	4,813,616	86,960,852	5.54%	67.21%
2022	0.42%	4,929,908	87,414,751	5.64%	67.45%
2021	0.42%	6,969,394	85,948,427	8.11%	52.64%
2020	0.42%	6,937,361	83,572,402	8.30%	52.00%
2019	0.43%	6,507,000	81,466,826	7.99%	51.22%
2018	0.43%	6,485,000	79,488,375	8.16%	48.86%
<b>NON-PROFESSIONAL</b>					
2024	0.03%	\$ 399,731	\$ 7,852,000	5.09%	69.30%
2023	0.03%	404,576	7,308,311	5.54%	67.21%
2022	0.04%	419,317	7,431,691	5.64%	67.45%
2021	0.04%	625,146	7,710,431	8.11%	52.64%
2020	0.04%	639,353	7,701,528	8.30%	52.00%
2019	0.04%	621,000	7,777,114	7.98%	51.22%
2018	0.04%	638,000	7,821,559	8.16%	48.86%

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

Note: Schedule is intended to show information for 10 years. Since 2024 is the seventh year for this presentation, only seven years of data is available. However, additional years will be included as they become available.



GROUP LIFE INSURANCE PROGRAM - VRS DIRECTED - PUBLIC SCHOOLS (Continued)

Schedule of Employer Contributions

Fiscal Year Ending June 30,	(a) Contractually Required Contribution	(b) Contribution in Relation to Contractually Required Contribution	(c) Contribution Deficiency (Excess) (a) - (b)	(d) Employer's Covered Employee Payroll	(e) Contribution as a Percentage Covered Employee Payroll (b) / (d)
<b>PROFESSIONAL</b>					
2024	\$ 476,007	\$ 476,007	\$ -	\$ 88,149,463	0.54%
2023	468,624	468,624	-	86,782,314	0.54%
2022	469,589	469,589	-	86,960,852	0.54%
2021	472,040	472,040	-	87,414,751	0.54%
2020	446,932	446,932	-	85,948,427	0.52%
2019	434,576	434,576	-	83,572,402	0.52%
2018	423,628	423,628	-	81,466,826	0.52%
2017	413,340	413,340	-	79,488,375	0.52%
2016	384,497	384,497	-	80,103,513	0.48%
2015	377,187	377,187	-	78,580,681	0.48%
<b>NON-PROFESSIONAL</b>					
2024	\$ 47,268	\$ 47,268	\$ -	\$ 8,753,280	0.54%
2023	42,401	42,401	-	7,852,000	0.54%
2022	39,465	39,465	-	7,308,311	0.54%
2021	40,131	40,131	-	7,431,691	0.54%
2020	40,094	40,094	-	7,710,431	0.52%
2019	40,048	40,048	-	7,701,528	0.52%
2018	40,441	40,441	-	7,777,114	0.52%
2017	40,672	40,672	-	7,821,559	0.52%
2016	37,875	37,875	-	7,890,684	0.48%
2015	34,309	34,309	-	7,147,756	0.48%

HEALTH INSURANCE CREDIT PROGRAM - VRS DIRECTED - PUBLIC SCHOOLS

Schedule of Proportionate Share of Net OPEB Liability

Fiscal Year Ending June 30,*	Employer's proportion of the net HIC OPEB liability	Employer's proportionate share of the net HIC OPEB liability	Employer's covered payroll	Employer's proportionate share of the net HIC OPEB liability as a percentage of its covered payroll	Plan fiduciary net position as a percentage of the total HIC OPEB liability
<b>PROFESSIONAL</b>					
2024	0.87%	\$ 10,493,782	\$ 86,373,937	12.15%	17.90%
2023	0.93%	\$ 11,591,277	\$ 86,492,159	13.40%	15.08%
2022	0.98%	\$ 12,626,727	\$ 87,000,018	14.51%	13.15%
2021	0.98%	\$ 12,731,690	\$ 85,561,365	14.88%	9.95%
2020	0.99%	\$ 12,939,248	\$ 82,904,682	15.61%	8.97%
2019	1.00%	\$ 12,721,000	\$ 81,030,323	15.70%	8.08%
2018	1.00%	\$ 12,719,000	\$ 79,120,346	16.08%	7.04%

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

Note: Schedule is intended to show information for 10 years. 2018 is the first year for this presentation. Additional years will be included as they become available.

HEALTH INSURANCE CREDIT PROGRAM - VRS DIRECTED - PUBLIC SCHOOLS

Schedule of Changes in Net HIC OPEB Liability and Related Ratios

NON-PROFESSIONAL

Year Ended,*	2024	2023	2022	2021
<b>TOTAL OPEB LIABILITY</b>				
Service cost	\$ 7,745	\$ 10,735	\$ 12,245	\$ -
Interest	69,528	66,746	60,586	-
Changes in benefit terms	-	-	-	897,571
Differences between expected and actual experience	(509,877)	-	-	-
Changes of assumptions	-	48,868	20,995	-
Net investment income	-	(55,220)	-	-
Benefit payments	(27,225)	(26,616)	-	-
Net change in total HIC OPEB liability	(459,829)	44,513	93,826	897,571
Total HIC OPEB liability, beginning	1,035,910	991,397	897,571	-
Total HIC OPEB liability, ending (a)	576,081	1,035,910	991,397	897,571
<b>PLAN FIDUCIARY NET POSITION</b>				
Contributions	86,026	64,216	63,628	-
Net investment income	9,277	(1,000)	8,483	-
Benefit payments, including refunds of employee contributions	(27,225)	(26,616)	-	-
Administrative expenses	(262)	(209)	(282)	-
Other	12	180	-	-
Net change in plan fiduciary net position	67,828	36,571	71,829	-
Plan fiduciary net position, beginning	108,400	71,829	-	-
Plan fiduciary net position, ending (b)	176,228	108,400	71,829	-
Net HIC OPEB liability - ending (a) - (b)	\$ 399,853	\$ 927,510	\$ 919,568	\$ 897,571
Plan fiduciary net position as a percentage of total HIC OPEB liability	30.59%	10.46%	7.25%	0.00%
Employer's covered payroll*	\$ 7,750,204	\$ 7,137,001	\$ 7,069,603	\$ 7,547,503
Net HIC OPEB liability as a percentage of covered payroll	5.16%	13.00%	13.01%	11.89%

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

Note: Schedule is intended to show information for 10 years. FYE 2021 is the first year of plan participation. Additional years will be included as they become available.

HEALTH INSURANCE CREDIT PROGRAM - VRS DIRECTED - PUBLIC SCHOOLS (Continued)

Schedule of Employer Contributions

Fiscal Year Ending June 30,	(a) Contractually Required Contribution	(b) Contribution in Relation to Contractually Required Contribution	(c) Contribution Deficiency (Excess) (a) - (b)	(d) Employer's Covered Employee Payroll	(e) Contribution as a Percentage Covered Employee Payroll (b) / (d)
<b>PROFESSIONAL</b>					
2024	\$ 1,062,496	\$ 1,062,496	\$ -	\$ 87,809,619	1.21%
2023	1,045,125	1,045,125	-	86,373,937	1.21%
2022	1,046,555	1,046,555	-	86,492,159	1.21%
2021	1,052,700	1,052,700	-	87,000,018	1.21%
2020	1,026,736	1,026,736	-	85,561,365	1.20%
2019	994,856	994,856	-	82,904,682	1.20%
2018	996,673	996,673	-	81,030,323	1.23%
2017	878,236	878,236	-	79,120,346	1.11%
2016	843,986	843,986	-	79,621,342	1.06%
2015	827,427	827,427	-	78,059,128	1.06%
<b>NON-PROFESSIONAL</b>					
2024	\$ 96,242	\$ 96,242	\$ -	\$ 8,670,426	1.11%
2023	86,027	86,027	-	7,750,204	1.11%
2022	64,233	64,233	-	7,137,001	0.90%
2021	63,626	63,626	-	7,069,603	0.90%

VIRGINIA LOCAL DISABILITY PROGRAM - VRS DIRECTED - PUBLIC SCHOOLS

Schedule of Proportionate Share of Net OPEB Liability

Years Ended June 30,*	Employer's proportion of the net VLDP OPEB liability	Employer's proportionate share of the net VLDP OPEB liability	Employer's covered payroll	Employer's proportionate share of the net VLDP OPEB liability as a percentage of its covered payroll	Plan fiduciary net position as a percentage of the total VLDP OPEB liability
<b>PROFESSIONAL</b>					
2024	3.61%	\$ 23,972	\$ 33,717,389	0.07%	93.77%
2023	3.81%	(4,286)	30,678,752	-0.01%	101.57%
2022	4.37%	(30,790)	29,430,476	-0.10%	114.46%
2021	4.43%	35,514	26,183,088	0.14%	78.28%
2020	4.61%	26,811	22,116,307	0.12%	74.12%
2019	4.61%	35,000	17,204,128	0.20%	46.18%
2018	4.43%	27,000	12,496,408	0.22%	31.96%
<b>NON-PROFESSIONAL</b>					
2024	0.72%	\$ (11,527)	\$ 4,385,037	-0.26%	116.89%
2023	0.83%	(4,618)	3,680,031	-0.13%	107.99%
2022	0.79%	(8,334)	3,307,193	-0.25%	119.59%
2021	0.87%	8,689	3,243,582	0.27%	76.84%
2020	0.93%	18,906	2,884,002	0.66%	49.19%
2019	0.90%	7,000	2,187,809	0.32%	51.39%
2018	0.85%	5,000	1,551,694	0.32%	38.40%

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

Note: Schedule is intended to show information for 10 years. 2018 is the first year for this presentation. Additional years will be included as they become available.

VIRGINIA LOCAL DISABILITY PROGRAM - VRS DIRECTED - PUBLIC SCHOOLS (Continued)

Schedule of Employer Contributions

Fiscal Year Ending June 30,	(a) Contractually Required Contribution	(b) Contribution in Relation to Contractually Required Contribution	(c) Contribution Deficiency (Excess) (a) - (b)	(d) Employer's Covered Employee Payroll	(e) Contribution as a Percentage Covered Employee Payroll (b) / (d)
<b>PROFESSIONAL</b>					
2024	\$ 172,790	\$ 172,790	\$ -	\$ 36,763,796	0.47%
2023	158,472	158,472	-	33,717,389	0.47%
2022	144,190	144,190	-	30,678,752	0.47%
2021	138,323	138,323	-	29,430,476	0.47%
2020	107,351	107,351	-	26,183,088	0.41%
2019	90,677	90,677	-	22,116,307	0.41%
2018	53,333	53,333	-	17,204,128	0.31%
2017	38,612	38,612	-	12,496,408	0.31%
2016	22,903	22,903	-	7,897,682	0.29%
2015	10,909	10,909	-	3,761,886	0.29%
<b>NON-PROFESSIONAL</b>					
2024	\$ 44,933	\$ 44,933	\$ -	\$ 5,286,294	0.85%
2023	37,273	37,273	-	4,385,037	0.85%
2022	30,530	30,530	-	3,680,031	0.83%
2021	27,450	27,450	-	3,307,193	0.83%
2020	23,354	23,354	-	3,243,582	0.72%
2019	17,881	17,881	-	2,884,002	0.62%
2018	13,127	13,127	-	2,187,809	0.60%
2017	9,310	9,310	-	1,551,694	0.60%
2016	6,913	6,913	-	1,152,140	0.60%
2015	3,145	3,145	-	524,219	0.60%

## VRS-DIRECTED POLITICAL SUBDIVISION RETIREMENT PLANS

### *Changes of benefit terms*

There have been no significant changes to the System benefit provisions since the prior actuarial valuation.

### *Changes of assumptions*

The actuarial assumptions used in the June 30, 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 – Non-Hazardous Duty:

Mortality rates (pre-retirement, post-retirement healthy, and disabled): Update to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020

Retirement rates: Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age

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

Disability rates: No change

Salary scale: No change

Line of Duty disability: No change

Discount rate: No change

#### Hazardous Duty Employee:

Mortality rates (pre-retirement, post-retirement healthy, and disabled): Update to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020

Retirement rates: Adjusted rates to better fit experience and changed final retirement age from 65 to 70

Withdrawal rates: Decreased rates and changed from rates based on age and service to rates based on service only

Disability rates: No change

Salary scale: No change

Line of Duty disability: No change

Discount rate: No change

**VRS-DIRECTED OPEB PLANS**

***Changes of benefit terms***

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

***Changes of assumptions***

The actuarial assumptions used in the June 30, 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 State Employees, Largest 10 Locality Employers – General Employees, Non-Largest 10 Locality Employers – General Employees, and Teachers:

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

SPORS Employees:

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



**(2) VRS-DIRECTED OPEB PLANS (Continued)**

VaLORS Employees:

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

JRS Employees

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

Largest Ten Locality Employers - Hazardous Duty Employees:

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

**(2) VRS-DIRECTED OPEB PLANS (Continued)**

Non-Largest Ten Locality Employers - Hazardous Duty Employees:

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

## **Other Supplementary Information**

## **Nonmajor Governmental Funds**

SPECIAL REVENUE FUNDS											
	Behavioral Health Services	Public Law Library	Social Services	Stormwater Management	Children's Services	Willett Hall	Community Development	Public Access Television Fund	Asset Forfeiture Fund	Permanent Fund - Cemetery	Total
Assets:											
Cash and temporary investments	\$17,631,491	247,768	-	1,964,193	99,544	465,005	682,047	15,105	423,238	2,089,011	23,617,402
Accounts receivable (net of allowance for uncollectibles)	457,394	-	14,473	424,048	19,161	-	-	-	-	-	915,076
Due from other governments	3,173,963	-	1,281,790	-	263,617	-	-	-	-	-	4,719,370
Total assets	21,262,848	247,768	1,296,263	2,388,241	382,322	465,005	682,047	15,105	423,238	2,089,011	29,251,848
Liabilities:											
Accounts payable	191,352	987	177,090	9,953	-	-	140,881	-	-	-	520,263
Accrued payroll	173,681	-	261,295	43,724	-	1,576	4,578	-	-	-	484,854
Due to other governments	-	-	-	-	-	-	-	-	2,092	-	2,092
Due to other funds	-	-	1,024,067	-	-	-	-	-	-	-	1,024,067
Total liabilities	365,033	987	1,462,452	53,677	-	1,576	145,459	-	2,092	-	2,031,276
Deferred inflows of resources:											
Unavailable revenues	2,979,876	-	-	-	-	-	-	-	-	-	2,979,876
Total liabilities and deferred inflows of resources	3,344,909	987	1,462,452	53,677	-	1,576	145,459	-	2,092	-	5,011,152
Fund balances:											
Nonspendable	-	-	-	-	-	-	-	-	-	1,000,000	1,000,000
Restricted	17,917,939	246,781	-	2,334,564	382,322	463,429	536,588	15,105	421,146	1,089,011	23,406,885
Unassigned	-	-	(166,189)	-	-	-	-	-	-	-	(166,189)
Total fund balances	\$17,917,939	246,781	(166,189)	2,334,564	382,322	463,429	536,588	15,105	421,146	2,089,011	24,240,699

## CITY OF PORTSMOUTH, VIRGINIA

## Exhibit J-2

## Combining Statement of Revenues, Expenditures, and Changes in Fund Balances

## Nonmajor Government Funds

Year Ended June 30, 2024

	SPECIAL REVENUE FUNDS										Permanent Fund - Cemetery	Total
	Behavioral Health Services	Public Law Library	Social Services	Stormwater Management	Children's Services	Willett Hall	Community Development	Public Access Television Fund	Asset Forfeiture Fund			
Revenues:												
Intergovernmental	\$11,995,551	-	15,585,070	-	1,726,607	-	250	-	27,701	-	-	29,335,179
Charges for services	37,867	48,191	-	11,631,215	-	-	-	32,189	-	51,550	-	11,801,012
Investment income	589,112	-	-	97,707	-	-	-	-	15,828	63,738	-	766,385
Recovered costs	-	-	136,082	-	-	-	-	-	-	-	-	136,082
Program income	-	-	-	-	-	-	3,143,829	-	-	-	-	3,143,829
Miscellaneous	2,126,157	-	370	-	-	-	-	-	-	-	-	2,126,527
Total revenues	14,748,687	48,191	15,721,522	11,728,922	1,726,607	-	3,144,079	32,189	43,529	115,288	-	47,309,014
Expenditures:												
Current:												
Judicial	-	-	-	-	-	-	-	-	126,384	-	-	126,384
Public safety	-	-	-	-	-	-	-	-	-	-	-	-
Public works	-	-	-	3,459,173	-	-	-	-	-	-	-	3,459,173
Health and welfare	12,650,887	-	18,242,939	-	2,445,559	-	-	-	-	-	-	33,339,385
Parks, recreational, cultural	-	27,586	-	-	-	18,819	-	-	-	4,850	-	51,255
Community development	-	-	-	-	-	-	777,879	-	-	-	-	777,879
Debt service - principal	173,673	-	32,730	-	-	-	-	-	-	-	-	206,403
Interest and fiscal charges	3,144	-	577	-	-	-	-	-	-	-	-	3,721
Capital outlay	217,354	-	210,755	608,849	-	-	1,473,791	90,604	-	-	-	2,601,353
Total expenditures	13,045,058	27,586	18,487,001	4,068,022	2,445,559	18,819	2,251,670	90,604	126,384	4,850	-	40,565,553
Revenues over (under) expenditures	1,703,629	20,605	(2,765,479)	7,660,900	(718,952)	(18,819)	892,409	(58,415)	(82,855)	110,438	-	6,743,461
Other financing sources (uses):												
Transfers from other funds	715,466	-	2,808,454	-	733,122	-	-	-	-	-	-	4,257,042
Transfers to other funds	(868,454)	-	(925,268)	(7,390,135)	-	-	-	-	-	-	-	(9,183,857)
Total other financing sources (uses), net	(152,988)	-	1,883,186	(7,390,135)	733,122	-	-	-	-	-	-	(4,926,815)
Net change in fund balances	1,550,641	20,605	(882,293)	270,765	14,170	(18,819)	892,409	(58,415)	(82,855)	110,438	-	1,816,646
Fund balances, beginning of year	16,367,298	226,176	716,104	2,063,799	368,152	482,248	(355,821)	73,520	504,001	1,978,573	-	22,424,050
Fund balances, end of year	\$17,917,939	246,781	(166,189)	2,334,564	382,322	463,429	536,588	15,105	421,146	2,089,011	-	24,240,696

See Independent Auditor's Report.

## CITY OF PORTSMOUTH, VIRGINIA

Exhibit J-3

## Schedule of Revenues, Expenditures, and Changes in Fund Balances -

## Budget and Actual

## Nonmajor Special Revenue Funds

Year Ended June 30, 2024

	Behavioral Health Services				Public Law Library		
	Budget	Actual	Variance Favorable (Unfavorable)		Budget	Actual	Variance Favorable (Unfavorable)
Revenues:							
Intergovernmental	\$ 13,560,391	11,995,551	(1,564,840)	-	-	-	-
Charges for services	342,500	37,867	(304,633)	30,779	48,191	17,412	
Investment income	-	589,112	589,112	-	-	-	-
Miscellaneous	4,474,905	2,126,157	(2,348,748)	-	-	-	-
Use of fund balance	1,500,000	-	(1,500,000)	-	-	-	-
Total revenues	19,877,796	14,748,687	(5,129,109)	30,779	48,191	17,412	
Expenditures:							
Health and welfare	19,081,225	12,650,887	6,430,338	-	-	-	-
Parks, recreational, cultural	-	-	-	30,779	27,586	3,193	
Debt service - principal	-	173,673	(173,673)	-	-	-	-
Interest and fiscal charges	-	3,144	(3,144)	-	-	-	-
Capital outlay	2,180,257	217,354	1,962,903	-	-	-	-
Total expenditures	21,261,482	13,045,058	8,216,424	30,779	27,586	3,193	
Revenues over (under) expenditures	(1,383,686)	1,703,629	3,087,315	-	20,605	20,605	
Other financing sources (uses):							
Transfers from other funds	715,466	715,466	-	-	-	-	-
Transfers to other funds	(868,454)	(868,454)	-	-	-	-	-
Total other financing uses, net	(152,988)	(152,988)	-	-	-	-	-
Revenues and other financing sources over (under) expenditures and other financing uses	\$ (1,536,674)	1,550,641	3,087,315	-	20,605	20,605	
Fund balances, beginning of year		16,367,298	16,367,298		226,176	226,176	
Fund balances, end of year		17,917,939	19,454,613		246,781	246,781	

See Independent Auditor's Report.

CITY OF PORTSMOUTH, VIRGINIA

Exhibit J-3 (Continued)

Schedule of Revenues, Expenditures, and Changes in Fund Balances -

Budget and Actual

Nonmajor Special Revenue Funds

Year Ended June 30, 2024

	Social Services			Stormwater Management		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
Revenues:						
Intergovernmental	\$ 16,938,283	15,585,070	(1,353,213)	-	-	-
Charges for services	-	-	-	10,979,790	11,631,215	651,425
Investment income	-	-	-	-	97,707	97,707
Recovered costs	-	136,082	136,082	-	-	-
Miscellaneous	-	370	370	-	-	-
Total revenues	16,938,283	15,721,522	(1,216,761)	10,979,790	11,728,922	749,132
Expenditures:						
Health and welfare	18,840,692	18,242,939	597,753	-	-	-
Public works	-	-	-	3,369,655	3,459,173	(89,518)
Debt service - principal	-	32,730	(32,730)	145,000	-	145,000
Interest and fiscal charges	-	577	(577)	-	-	-
Capital outlay	212,138	210,755	1,383	608,849	608,849	-
Total expenditures	19,052,830	18,487,001	565,829	4,123,504	4,068,022	55,482
Revenues over (under) expenditures	(2,114,547)	(2,765,479)	(650,932)	6,856,286	7,660,900	804,614
Other financing sources (uses):						
Transfers from other funds	3,051,315	2,808,454	(242,861)	-	-	-
Transfers to other funds	(936,768)	(925,268)	11,500	(7,465,135)	(7,390,135)	75,000
Total other financing sources (uses), net	2,114,547	1,883,186	(231,361)	(7,465,135)	(7,390,135)	75,000
Revenues and other financing sources over (under) expenditures and other financing uses	\$ -	(882,293)	(882,293)	(608,849)	270,765	879,614
Fund balances, beginning of year		716,104	716,104		2,063,799	2,063,799
Fund balances, end of year		(166,189)	(166,189)		2,334,564	2,943,413

See Independent Auditor's Report.



**Exhibit J-3 (Continued)**

**CITY OF PORTSMOUTH, VIRGINIA**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances -**  
**Budget and Actual**  
**Nonmajor Special Revenue Funds**  
**Year Ended June 30, 2024**

	Childrens Services			Willett Hall		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
Revenues:						
Intergovernmental	\$ 1,827,890	1,726,607	(101,283)	-	-	-
Total revenues	1,827,890	1,726,607	(101,283)	-	-	-
Expenditures:						
Health and welfare	2,496,792	2,445,559	51,233	-	-	-
Parks, recreational, cultural	-	-	-	-	18,819	(18,819)
Total expenditures	2,496,792	2,445,559	51,233	-	18,819	(18,819)
Revenues under expenditures	(668,902)	(718,952)	(50,050)	-	(18,819)	(18,819)
Other financing sources -						
Transfers from other funds	668,902	733,122	64,220	-	-	-
Revenues and other financing sources over (under) expenditures	\$ -	14,170	14,170	-	(18,819)	(18,819)
Fund balances, beginning of year		368,152	368,152		482,248	482,248
Fund balances, end of year		\$ 382,322	382,322		463,429	463,429

See Independent Auditor's Report.

CITY OF PORTSMOUTH, VIRGINIA

Exhibit J-3 (Continued)

Schedule of Revenues, Expenditures, and Changes in Fund Balances -

Budget and Actual

Nonmajor Special Revenue Funds

Year Ended June 30, 2024

	Public Access Fund			Asset Forfeiture Fund		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
Revenues:						
Intergovernmental		-	-	1,960,565	27,701	(1,932,864)
Charges for services	\$ 107,548	32,189	(75,359)	-	-	-
Investment income	-	-	-	-	15,828	15,828
Total revenues	107,548	32,189	(75,359)	1,960,565	43,529	(1,917,036)
Expenditures:						
Judicial	-	-	-	659,364	126,384	532,980
Public Safety	-	-	-	932,920	-	932,920
Capital outlay	107,548	90,604	16,944	128,445	-	128,445
Total expenditures	107,548	90,604	16,944	1,720,729	126,384	1,594,345
Revenues over (under) expenditures	-	(58,415)	(58,415)	239,836	(82,855)	(322,691)
Other financing uses -						
Transfers to other funds	-	-	-	(240,248)	-	240,248
Revenues under expenditures and other financing uses	\$ -	(58,415)	(58,415)	(412)	(82,855)	(82,443)
Fund balances, beginning of year		73,520	73,520		504,001	504,001
Fund balances, end of year		15,105	15,105		421,146	421,558

See Independent Auditor's Report.

## **Nonmajor Proprietary Funds**

**CITY OF PORTSMOUTH, VIRGINIA**  
**Combining Statement of Net Position**  
**Nonmajor Proprietary Funds**  
**June 30, 2024**

**Exhibit K-1**

	Golf	Parking Authority	Waste Management	Total
Assets:				
Current assets:				
Cash and temporary investments	\$ -	78,817	8,724,432	8,803,249
Accounts receivable	-	1,822	5,099,200	5,101,022
Inventory of supplies	122,617	12,161	-	134,778
Total current assets	122,617	92,800	13,823,632	14,039,049
Noncurrent assets:				
Capital assets:				
Land	9,605,289	679,680	2,909,275	13,194,244
Buildings	2,222,368	17,174,159	65,455	19,461,982
Improvements other than buildings	314,074	284,508	-	598,582
Machinery, furniture, and equipment	894,603	422,435	12,994,506	14,311,544
Construction in progress	-	624,380	-	624,380
Total capital assets	13,036,334	19,185,162	15,969,236	48,190,732
Less accumulated depreciation	(3,281,113)	(14,393,623)	(10,605,275)	(28,280,011)
Total capital assets, net	9,755,221	4,791,539	5,363,961	19,910,721
Total noncurrent assets	9,755,221	4,791,539	5,363,961	19,910,721
Deferred outflows of resources:				
Deferred outflows from debt refunding	35,625	851	-	36,476
Deferred outflows related to pensions (Note 7)	132,663	-	827,414	960,077
Deferred outflows related to OPEB (Note 8)	63,553	-	190,659	254,212
Total deferred outflows of resources	231,841	851	1,018,073	1,250,765
Total assets and deferred outflows of resources	\$ 10,109,679	4,885,190	20,205,666	35,200,535

See Independent Auditor's Report.

**CITY OF PORTSMOUTH, VIRGINIA**  
**Combining Statement of Net Position**  
**Nonmajor Proprietary Funds**  
**June 30, 2024**

**Exhibit K-1 (Continued)**

	Golf	Parking Authority	Waste Management	Total
Liabilities:				
Current liabilities:				
Accounts payable	\$ 48,893	31,732	293,115	373,740
Accrued interest payable	8,883	1,139	-	10,022
Accrued payroll	41,749	10,658	97,291	149,698
Deposits	125,971	-	-	125,971
Due to other funds (Note 10)	3,206,957	4,560,665	-	7,767,622
Current compensated absences (Note 5)	61,504	10,326	141,111	212,941
Current general obligation bonds (Note 5)	160,239	22,896	-	183,135
Total current liabilities	3,654,196	4,637,416	531,517	8,823,129
Noncurrent liabilities:				
Noncurrent compensated absences (Note 5)	52,392	8,797	120,205	181,394
Landfill closure and postclosure liability	-	-	4,034,009	4,034,009
Noncurrent general obligation bonds (Note 5)	545,956	82,927	-	628,883
Net pension liability (Note 7)	104,907	-	1,796,702	1,901,609
Net OPEB liability (Note 8)	126,416	-	379,247	505,663
Total noncurrent liabilities	829,671	91,724	6,330,163	7,251,558
Deferred inflows of resources:				
Deferred inflows related to pensions (Note 7)	82,479	-	247,437	329,916
Deferred inflows related to OPEB (Note 8)	56,625	-	169,876	226,501
Total deferred inflows of resources	139,104	-	417,313	556,417
Total liabilities and deferred inflows of resources	4,622,971	4,729,140	7,278,993	16,631,104
Net position:				
Net investment in capital assets	9,084,651	4,686,567	5,363,961	19,135,179
Unrestricted	(3,597,943)	(4,530,517)	7,562,712	(565,748)
Total net position	\$ 5,486,708	156,050	12,926,673	18,569,431

See Independent Auditor's Report.

## CITY OF PORTSMOUTH, VIRGINIA

## Exhibit K-2

## Combining Statement of Revenues, Expenses, and Changes in Fund Net Position

## Nonmajor Proprietary Funds

Year Ended June 30, 2024

	Golf	Parking Authority	Waste Management	Total
Operating revenues:				
Charges for services	\$ 1,173,825	748,688	10,833,201	12,755,714
Other	93,978	38,230	6,529	138,737
Total operating revenues	1,267,803	786,918	10,839,730	12,894,451
Operating expenses:				
Personnel services	1,187,658	273,661	4,079,616	5,540,935
Contractual services	207,939	249,663	3,770,004	4,227,606
Supplies and materials	277,489	15,024	200,836	493,349
Utilities	51,897	76,278	-	128,175
Internal charges	54,176	66,016	2,529,607	2,649,799
Claims, settlements and refunds	-	-	48,741	48,741
Rent	153,600	-	-	153,600
Depreciation	101,736	270,962	788,557	1,161,255
Closure/postclosure	-	-	165,944	165,944
Other	320,861	44,189	305,213	670,263
Total operating expenses	2,355,356	995,793	11,888,518	15,239,667
Operating loss	(1,087,553)	(208,875)	(1,048,788)	(2,345,216)
Nonoperating revenues (expenses):				
Loss on disposal of capital asset	-	(1,653,783)	-	(1,653,783)
Investment income	-	-	568,017	568,017
Interest expense and fiscal charges	(24,920)	(20,058)	-	(44,978)
Net nonoperating revenues (expenses)	(24,920)	(1,673,841)	568,017	(1,130,744)
Net loss before transfers	(1,112,473)	(1,882,716)	(480,771)	(3,475,960)
Transfers from other funds	985,168	493,314	-	1,478,482
Transfers to other funds	(213,370)	(8,488)	(8,180,107)	(8,401,965)
Change in net position	(340,675)	(1,397,890)	(8,660,878)	(10,399,443)
Net position, beginning of year	5,827,383	1,553,940	21,587,551	28,968,874
Net position, end of year	\$ 5,486,708	156,050	12,926,673	18,569,431

See Independent Auditor's Report.

**CITY OF PORTSMOUTH, VIRGINIA**  
**Combining Statement of Cash Flows**  
**Nonmajor Proprietary Funds**  
**Year Ended June 30, 2024**

**Exhibit K-3**

	Golf	Parking Authority	Waste Management	Total
Cash flows from operating activities:				
Receipts from customers	\$ 1,333,428	787,088	10,984,276	13,104,792
Payments to suppliers	(1,040,520)	(463,384)	(7,147,713)	(8,651,617)
Payments to employees	(1,250,695)	(265,638)	(4,395,904)	(5,912,237)
Net cash provided by (used in) operating activities	(957,787)	58,066	(559,341)	(1,459,062)
Cash flows from noncapital financing activities:				
Interfund loans	357,957	670,000	-	1,027,957
Transfers in	985,168	493,314	-	1,478,482
Transfers out	(213,370)	(8,488)	(8,180,107)	(8,401,965)
Net cash provided by (used in) noncapital and related financing activities	1,129,755	1,154,826	(8,180,107)	(5,895,526)
Cash flows from capital and related financing activities:				
Acquisition and construction of capital assets	-	(624,380)	-	(624,380)
Principal paid on long-term debt	(160,000)	(540,000)	-	(700,000)
Interest paid	(22,470)	(23,008)	-	(45,478)
Net cash used in capital and related financing activities	(182,470)	(1,187,388)	-	(1,369,858)
Cash flows from investing activities:				
Interest received	-	-	568,017	568,017
Net increase (decrease) in cash and temporary investments	(10,502)	25,504	(8,171,431)	(8,156,429)
Cash and temporary investments, beginning of year	10,502	53,313	16,895,863	16,959,678
Cash and temporary investments, end of year	\$ -	78,817	8,724,432	8,803,249
Reconciliation of operating loss to net cash provided by (used in) operating activities:				
Operating loss	\$ (1,087,553)	(208,875)	(1,048,788)	(2,345,216)
Adjustments to reconcile operating loss to net cash provided by (used in) operating activities:				
Depreciation	101,736	270,962	788,557	1,161,255
Landfill closure/post-closure	-	-	165,944	165,944
Pension recovery, net of employer contributions	(60,483)	-	(456,670)	(517,153)
OPEB expense (recovery), net of employer contributions	(29,329)	-	60,829	31,500
Decrease (increase) in:				
Accounts receivable	-	170	144,546	144,716
Inventories	2,321	(12,161)	-	(9,840)
Increase (decrease) in:				
Accounts payable	23,121	(53)	(293,312)	(270,244)
Customer deposits	65,625	-	-	65,625
Accrued payroll	10,308	5,877	29,810	45,995
Compensated absences	16,467	2,146	49,743	68,356
Total adjustments	129,766	266,941	489,447	886,154
Net cash provided by (used in) operating activities	\$ (957,787)	58,066	(559,341)	(1,459,062)

See Independent Auditor's Report.

## **Internal Service Funds**



**CITY OF PORTSMOUTH, VIRGINIA**  
**Combining Statement of Net Position**  
**Internal Service Funds**  
**June 30, 2024**

**Exhibit L-1**

	City Garage	Information Technology	Health Insurance and OPEB	Risk Management	Risk Management School Board	Total
<b>Assets:</b>						
Current assets:						
Cash and temporary investments (Note 3)	\$ -	401,817	55,773	14,065,122	5,663,621	20,186,333
Accounts receivable	1,401,343	-	396,561	657	-	1,798,561
Deposits-held by others	-	-	-	240,000	-	240,000
Total current assets	1,401,343	401,817	452,334	14,305,779	5,663,621	22,224,894
Noncurrent assets:						
Capital assets (Note 4):						
Land	15,048	-	-	-	-	15,048
Buildings	693,083	-	-	-	-	693,083
Machinery, furniture, and equipment	21,486,042	4,901,390	-	-	-	26,387,432
Intangible assets	-	3,212,348	-	-	-	3,212,348
Subscription assets	-	132,590	-	-	-	132,590
Total capital assets	22,194,173	8,246,328	-	-	-	30,440,501
Less accumulated depreciation	(21,530,500)	(6,998,505)	-	-	-	(28,529,005)
Total capital assets, net	663,673	1,247,823	-	-	-	1,911,496
Deferred outflows of resources:						
Deferred outflows related to pensions (Note 7)	186,341	720,059	-	-	-	906,400
Deferred outflows related to OPEB (Note 8)	63,553	190,659	-	-	-	254,212
Total deferred outflows of resources	249,894	910,718	-	-	-	1,160,612
Total assets and deferred outflows of resources	2,314,910	2,560,358	452,334	14,305,779	5,663,621	25,297,002
<b>Liabilities:</b>						
Current liabilities:						
Accounts payable	799,943	369,568	1,778,415	465,539	-	3,413,465
Accrued payroll	32,528	69,210	-	2,968	-	104,706
Due to other funds (Note 10)	38,069	-	1,200,000	-	-	1,238,069
Current compensated absences (Note 5)	49,564	158,069	-	3,772	-	211,405
Current claims payable (Note 15)	-	-	1,322,980	2,952,326	-	4,275,306
Total current liabilities	920,104	596,847	4,301,395	3,424,605	-	9,242,951
Noncurrent liabilities:						
Noncurrent claims payable (Note 15)	-	-	-	5,873,854	-	5,873,854
Noncurrent compensated absences (Note 5)	42,221	134,652	-	3,213	-	180,086
Net pension liability (Note 7)	290,155	1,426,207	-	-	-	1,716,362
Net OPEB liability (Note 8)	126,416	379,247	-	-	-	505,663
Total noncurrent liabilities	458,792	1,940,106	-	5,877,067	-	8,275,965
Deferred inflows of resources:						
Deferred inflows related to pensions (Note 7)	82,479	247,437	-	-	-	329,916
Deferred inflows related to OPEB (Note 8)	56,625	169,876	-	-	-	226,501
Total deferred inflows of resources	139,104	417,313	-	-	-	556,417
Total liabilities and deferred inflows of resources	1,518,000	2,954,266	4,301,395	9,301,672	-	18,075,333
<b>Net position:</b>						
Net investment in capital assets	663,673	1,247,823	-	-	-	1,911,496
Unrestricted	133,237	(1,641,731)	(3,849,061)	5,004,107	5,663,621	5,310,173
Total net position	\$ 796,910	(393,908)	(3,849,061)	5,004,107	5,663,621	7,221,669

See Independent Auditor's Report.

**CITY OF PORTSMOUTH, VIRGINIA**  
**Combining Statement of Net Position**  
**Internal Service Funds**  
**Year Ended June 30, 2024**

**Exhibit L-2**

	City Garage	Information Technology	Health Insurance and OPEB	Risk Management	Risk Management School Board	Total
Operating revenues:						
Charges for services	\$ 6,803,541	12,775,803	19,253,530	6,700,235	-	45,533,109
Other	398,582	-	2,671,363	657	-	3,070,602
Total operating revenues	7,202,123	12,775,803	21,924,893	6,700,892	-	48,603,711
Operating expenses:						
Personnel services	1,528,433	3,050,344	-	151,485	-	4,730,262
Contractual services	1,290,784	6,607,811	884,868	156,156	-	8,939,619
Supplies and materials	4,546,957	436,516	-	857	-	4,984,330
Utilities	-	135,448	-	-	-	135,448
Internal charges	272,906	2,845	-	79,006	-	354,757
Claims, settlements and refunds	-	-	18,389,920	2,673,061	-	21,062,981
Insurance premiums	-	-	-	1,683,135	-	1,683,135
Depreciation and amortization	330,670	342,685	-	-	-	673,355
Other - operating expense	494,549	308,967	1,021,039	385	-	1,824,940
Total operating expenses	8,464,299	10,884,616	20,295,827	4,744,085	-	44,388,827
Operating income (loss)	(1,262,176)	1,891,187	1,629,066	1,956,807	-	4,214,884
Nonoperating revenues (expenses):						
Investment income	-	-	-	-	159,935	159,935
Interest expense and fiscal charges	-	(2,681)	-	-	-	(2,681)
Net nonoperating revenues (expenses)	-	(2,681)	-	-	159,935	157,254
Net income (loss) before transfers	(1,262,176)	1,888,506	1,629,066	1,956,807	159,935	4,372,138
Transfers from other funds	-	662,994	1,000,000	-	-	1,662,994
Transfers to other funds	(44,701)	(251,213)	-	(9,683)	-	(305,597)
Change in net position	(1,306,877)	2,300,287	2,629,066	1,947,124	159,935	5,729,535
Net position, beginning of year	2,103,787	(2,694,195)	(6,478,127)	3,056,983	5,503,686	1,492,134
Net position, end of year	\$ 796,910	(393,908)	(3,849,061)	5,004,107	5,663,621	7,221,669

See Independent Auditor's Report.

**CITY OF PORTSMOUTH, VIRGINIA**  
**Combining Statement of Cash Flows**  
**Internal Service Funds**  
**Year Ended June 30, 2024**

**Exhibit L-3**

	City Garage	Information Technology	Health Insurance and OPEB	Risk Management	Risk Management School Board	Total
Cash flows from operating activities:						
Receipts from customers	\$ 6,998,504	12,775,803	21,866,350	6,700,235	-	48,340,892
Payments to suppliers	(6,103,732)	(7,812,989)	(19,764,318)	(5,253,480)	-	(38,934,519)
Payments to employees	(1,741,274)	(3,521,784)	-	(146,364)	-	(5,409,422)
Net cash provided by (used in) operating activities	(846,502)	1,441,030	2,102,032	1,300,391	-	3,996,951
Cash flows from noncapital financing activities:						
Interfund loans	38,069	(1,410,000)	(3,047,000)	-	-	(4,418,931)
Transfers in	-	662,994	1,000,000	-	-	1,662,994
Transfers out	(44,701)	(251,213)	-	(9,683)	-	(305,597)
Net cash used in noncapital financing activities	(6,632)	(998,219)	(2,047,000)	(9,683)	-	(3,061,534)
Cash flows from capital and related financing activities:						
Acquisition and construction of capital assets	(414,975)	-	-	-	-	(414,975)
Principal paid on long-term debt	-	(110,356)	-	-	-	(110,356)
Interest paid	-	(2,681)	-	-	-	(2,681)
Net cash used in capital and related financing activities	(414,975)	(113,037)	-	-	-	(528,012)
Cash flows from investing activities:						
Interest received	-	-	-	-	159,935	159,935
Net increase (decrease) in cash and temporary investments	(1,268,109)	329,774	55,032	1,290,708	159,935	567,340
Cash and temporary investments, beginning of year	1,268,109	72,043	741	12,774,414	5,503,686	19,618,993
Cash and temporary investments, end of year	\$ -	401,817	55,773	14,065,122	5,663,621	20,186,333
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:						
Operating income (loss)	\$ (1,262,176)	1,891,187	1,629,066	1,956,807	-	4,214,884
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:						
Depreciation and amortization	330,670	342,685	-	-	-	673,355
Pension expense (recovery), net of employer contributions	(175,299)	(441,475)	-	-	-	(616,774)
OPEB expense (recovery), net of employer contributions	(29,329)	(87,988)	-	-	-	(117,317)
Decrease (increase) in:						
Accounts receivable	(203,619)	-	(58,543)	(657)	-	(262,819)
Inventories	786,816	-	-	-	-	786,816
Increase (decrease) in:						
Accounts payable	(285,352)	(321,402)	1,160,529	(242,390)	-	311,385
Accrued payroll	1,108	13,952	-	499	-	15,559
Compensated absences	(9,321)	44,071	-	4,622	-	39,372
Nonoperating revenues reported as operating revenues:						
Claims payable	-	-	(629,020)	(418,490)	-	(1,047,510)
Total adjustments	415,674	(450,157)	472,966	(656,416)	-	(217,933)
Net cash provided by (used in) operating activities	\$ (846,502)	1,441,030	2,102,032	1,300,391	-	3,996,951

See Independent Auditor's Report.

## **Capital Project Funds**

## CITY OF PORTSMOUTH, VIRGINIA

## Capital Projects Funds

Schedule of Expenditures and Encumbrances - Budget and Actual  
June 30, 2024

Exhibit M

## General Government Capital Projects Fund

	Total Project Authorization	CIP June 30, 2023 Balance	Current Year Expenditures	Current Year Closed/Exp	Total Expenditures	CIP June 30, 2024 Balance	Unexpended Balance	Encumbrances	Unencumbered Balance
Twin Pines Rd Widening	\$ 2,625,000	11,067,492	328,358	-	406,535	11,395,850	2,218,465	125,890	2,092,575
Churchland Bridge	38,062,697	27,581,849	3,661,464	-	36,131,120	31,243,313	1,931,577	77,053	1,854,524
Paradise Creek Bridge Replacement	8,237,000	981,611	65,271	-	750,907	1,046,882	7,486,093	89,239	7,396,854
Court/Bart/Pavilion Intersection	1,321,368	302,361	983,706	-	1,281,106	1,286,067	40,263	35,296	4,967
Ballard Ave-Hyman St Improvements	3,141,000	377,528	32,702	-	239,861	410,230	2,901,139	2,054,687	846,452
Effingham St Imp @ Portsmouth Naval	500,000	128,862	188,323	-	310,789	317,185	189,211	188,812	399
Citywide Systematic FYA Improvement	1,323,440	68,812	310,175	-	382,038	378,987	941,402	1,124,021	-
Burtons Point Road Reconstruction	2,450,000	1,244,874	620,929	-	1,793,612	1,865,803	656,388	664,189	-
West Norfolk Road EDA	50,000	-	77,980	-	77,980	77,980	-	117,050	-
City Hall Elevator Replacement	3,200,000	-	117,983	117,983	117,983	-	3,082,017	639,810	2,442,207
VPDES Permit Compliance	6,307	-	-	-	-	-	6,307	-	6,307
Primrose/Hatton Street	405,000	5,715	-	-	5,715	5,715	399,285	9,785	389,500
Churchland Bridge Bike-Ped Enhancements	260,000	123,222	8,040	-	121,559	131,262	138,441	-	138,441
VPDES Permit Compliance - New	8,932,072	-	28,509	28,509	6,327,062	-	2,605,010	493,260	2,111,750
Crtl-VSMP Permit Comp	4,830,482	-	1,652,566	-	4,872,887	1,652,566	-	1,372,040	-
George Washington Highway Corridor	1,190,000	-	149,321	-	149,321	149,321	1,040,679	35,726	1,004,954
Fredrick Blvd Turn Lane	150,000	15,340	50,098	-	65,438	65,438	84,562	4,562	80,000
Lincoln Park Redevelopment	350,000	-	-	-	338,000	-	12,000	-	12,000
CMAQ Signal Timing Phase 4	132,000	67,656	57,893	-	94,912	125,549	37,088	-	37,088
Drainage Facility Repair Lake Management -New	9,871,904	6,332,896	251,587	-	8,249,758	6,584,483	1,622,146	656,137	966,009
Crtl-Stormwater Infra Renewal/Repla	10,259,103	8,201,833	3,633,248	300,000	11,173,647	11,535,081	-	4,203,438	-
Turnpike Road Improvement	778,950	33,262	179,120	-	212,382	212,382	566,568	5,722	560,846
Systematic Replacement of Non-MUTCD signs	579,928	30,770	30,770	-	30,770	30,770	549,158	549,158	-
High Street & Crawford Street Improvements	310,000	26,425	-	-	28,000	26,425	282,000	1,200	280,800
Neighborhood Roadway & Drainage	5,550,000	1,014,061	1,784,898	-	3,395,248	2,798,959	2,154,752	10,137,797	-
Stormwater Pump Station	10,000,000	-	-	-	-	-	10,000,000	10,000,000	-
Signal System Upgrades Phase V	4,936,344	532,853	-	-	451,185	532,853	4,485,159	-	4,485,159
Westhaven Bicycle Improvements	500,000	92,368	314,256	-	401,065	406,624	98,935	48,452	50,483
Traffic Inventory - New	100,000	913	5,103	-	78,676	6,016	21,324	20,411	913
Control-Traffic Inventory	300,000	371,572	118,832	-	460,086	490,404	-	53,092	-
Traffic Signal Improvements	100,000	-	-	-	-	-	100,000	-	100,000
Traffic Signal Improvements - New	227,501	11,512	-	-	155,636	11,512	71,865	-	71,865
Control-Traffic Signal Improvements	258,058	74,751	7,900	-	131,722	82,651	126,336	3,307	123,029
Upgrade City's Traffic Signal (2 - 4)	6,502,191	-	-	-	6,431,762	-	70,429	-	70,429
Emergency Vehicle Preemp	36,294	29,657	1,251	1,251	5,128	29,657	31,166	4,883	26,283
Bridge Repairs - New	669,268	599,240	21,155	-	470,225	620,395	199,042	-	199,042
Control-Bridge Repairs	525,000	307,497	474,204	-	588,488	781,701	-	10,937	-
ADA Compliance Curb Cuts - New	269,692	228,319	57,277	-	193,890	285,596	75,802	1,224	74,579
Dredging of Lakes - New	3,861,962	1,659,227	1,137,302	-	2,641,079	2,796,529	1,220,883	80,630	1,140,253
POT-Dredging of Lakes and Ponds FY2	1,000,000	218,529	356,564	-	727,940	575,093	272,060	129,459	142,601
Flooring and Carpet	300,000	-	-	-	21,893	-	278,107	-	278,107

See Independent Auditor's Report.

**CITY OF PORTSMOUTH, VIRGINIA**  
**Capital Projects Funds**  
**Schedule of Expenditures and Encumbrances - Budget and Actual**  
**June 30, 2024**

**Exhibit M**

**General Government Capital Projects Fund**

	Total Project Authorization	CIP June 30, 2023 Balance	Current Year Expenditures	Current Year Closed/Exp	Total Expenditures	CIP June 30, 2024 Balance	Unexpended Balance	Encumbrances	Unencumbered Balance
Resiliency Planning	225,000	-	-	-	86,171	-	138,829	-	138,829
Municipal Facilities Plan	675,000	-	-	-	-	-	675,000	-	675,000
Municipal Audio Video	100,000	-	2,435	2,435	176,320	-	-	222	-
Municipal VOIP Migration	75,000	-	-	-	74,118	-	882	-	882
Document Management	325,000	-	-	-	81,655	-	243,345	-	243,345
Fire Station Concrete Replacement	920,000	-	-	-	175,629	-	744,371	209,355	535,016
Effingham Fire Station Repairs	250,000	-	110,237	110,237	251,235	-	-	-	-
City Gateways - New	294,618	92,113	33,625	-	331,282	125,738	-	1,524	-
City Gateways - New	200,000	28,878	-	-	42,988	28,878	157,012	-	157,012
Dog Parks	50,000	31,807	-	-	2,229	31,807	47,771	15,852	31,919
DSS Roof Repair	678,248	-	-	-	63,950	-	614,298	797	613,501
Facility assessments & prelim Engineering	450,374	-	143,348	143,348	388,938	-	61,436	2,420	59,016
Childrens Museum Staff	651,000	21,420	85,507	85,507	135,820	21,420	515,180	493,760	21,420
Mt Olive & Mt Calvary Improvements	75,000	-	161,300	161,300	296,200	-	7,350	-	-
IT Security Audit	350,000	-	-	-	93,429	-	256,571	-	256,571
City Hall Plumbing System Replacement	2,550,000	58,030	10,083	-	68,113	68,113	2,481,888	3,966	2,477,922
801 Water Street	4,080,871	92,606	44,672	-	4,145,769	137,278	-	2,570	-
Portside Festival Site	731,000	-	-	-	329,652	-	401,348	65,849	335,499
Hurricane Shelter Assess	28,700	-	-	-	69,000	-	-	37,085	-
Safe Haven Building Renovation	2,000,000	74,928	-	-	53,962	74,928	1,946,038	501	1,945,537
PCCLM Building and Site Improvements	107,000	7,550	-	-	59,594	7,550	47,406	7,688	39,718
Public Safety Facilities Plan	2,050,000	1,260,125	586,449	586,449	1,858,387	1,260,125	191,613	130,620	60,992
Public Utilities Operations Facility Upgrade	1,800,000	758,366	342,052	213,771	1,002,581	886,647	797,419	296,697	500,722
Upgrading Existing City Fuel Stations	450,000	25,224	-	-	40,232	25,224	409,769	-	409,769
Recreation Center Enhancements - New	1,197,308	-	-	-	1,194,067	-	3,242	3,174	68
Control-Rec Center Enhancements-pavil	1,428,180	270,383	159,631	152,770	813,256	277,245	614,924	79,103	535,821
14809 Links at City Park Facility Improv	195,000	-	55,864	55,865	55,864	(1)	139,136	35,000	104,136
Bide-A-Wee Facility Improvements	305,000	-	144,538	144,538	144,538	-	160,463	-	160,463
Rail To Trail	750,000	-	267,375	267,375	267,375	-	482,625	246,946	235,679
Demolition of Buildings - New	586,640	197,628	-	-	572,760	197,628	13,881	8,099	5,782
Control-Demolition of Bldgs	400,000	-	59,200	59,200	213,115	-	186,885	-	186,885
Water Treatment Plant Building	650,000	18,118	-	-	114,284	18,118	535,717	-	535,717
Museums-Capital	30,055	-	-	-	438	-	29,617	1,103,045	29,617
DSS Building	1,460,000	-	-	-	583,955	-	876,045	-	-
DSS HVAC Replacement	467,288	-	-	-	-	-	467,288	-	467,288
Cavalier Manor Athletics Complex	1,052,702	-	-	-	1,027,855	-	24,847	3,723	21,123
Rails and Trails	900,000	377,974	354,792	354,792	737,985	377,974	162,015	181,517	-
Outside Recreation Facility Repairs - Closed	422,367	45,926	-	-	402,302	45,926	20,065	613	19,452
Ctrl-Outdoor Recr Facility Repair	1,200,000	1,091,880	152,770	152,770	759,660	1,091,880	440,340	12,044	428,296
Public Works Building	85,000	8,495	-	-	8,495	8,495	76,505	-	76,505
Circle of Sail	74,215	-	-	-	8,223	-	65,992	-	65,992
New Fire Station	6,000,000	786,500	1,191,038	-	1,191,038	786,602	4,808,962	452,998	4,355,964

786,500 Independent Auditor's Report.

## CITY OF PORTSMOUTH, VIRGINIA

## Capital Projects Funds

Schedule of Expenditures and Encumbrances - Budget and Actual  
June 30, 2024

Exhibit M

## General Government Capital Projects Fund

	Total Project Authorization	CIP June 30, 2023 Balance	Current Year Expenditures	Current Year Closed/Exp	Total Expenditures	CIP June 30, 2024 Balance	Unexpended Balance	Encumbrances	Unencumbered Balance
Waste Management Building	3,988,645	3,416,311	-	-	2,371,872	3,416,311	1,616,773	27,010	1,589,763
Roof Replacement - Old	2,235,430	-	-	-	2,235,430	-	-	-	-
Roof Replacement - New	1,207,443	62,950	3,250	3,250	276,459	62,950	930,984	18,850	912,134
Control-Roof Replacement	800,000	-	-	-	-	-	800,000	-	800,000
ADA Municipal Facility Compliance - New	177,909	5,898	16,198	16,198	125,631	5,898	52,278	-	52,278
Hazmat Program - New	229,800	16,028	87,145	87,145	131,756	16,028	98,044	94,533	3,511
1846 Courthouse HVAC Replacement - New	298,610	223,254	-	-	173,085	223,254	125,525	2,554	122,971
Control-1846 Courthouse	200,000	12,160	26,070	-	106,357	38,230	93,644	2,530	91,114
Courthouse A/V Upgrade	95,000	-	75,923	75,923	75,923	-	19,077	-	19,077
ADA Municipal Facility Compliance - Closed	859,485	-	-	-	731,575	-	127,910	-	127,910
Replacement of HVAC - New	563,989	349,924	-	-	382,437	349,924	181,552	8,324	173,228
Control-Replacement of HVAC	900,000	708,285	-	-	504,273	708,285	395,727	-	395,727
Parking Garage Repairs - New	927,953	457,516	75,343	27,908	560,668	504,951	367,285	240,736	126,549
CONTROL-Parking Garage Repairs	200,000	-	-	-	-	-	200,000	-	200,000
Various Building Renovations - New	1,921,881	955,854	88,463	88,463	1,555,540	955,854	366,341	406,166	-
Ctrl-Renovations to Various Bldgs	650,000	24,395	-	-	26,423	24,395	623,578	6,176	617,402
Repair of Seawall	1,381,158	141,701	-	-	1,117,094	141,701	264,064	60	264,004
Repair of Seawall	175,000	-	-	-	12,645	-	162,355	450	161,905
Sportsplex Buildings	780,000	-	39,587	39,587	687,856	-	92,144	183	91,961
Seawall Reinforcement	28,206,747	-	9,488	9,488	26,113,099	-	2,093,648	12,704	2,080,944
POT-Seawall Replacement FY20	3,000,000	-	431,630	431,630	2,279,111	-	720,889	119,029	601,861
Harbor Center Pavilion - New	35,000	-	-	-	35,000	-	-	-	-
Ctrl-Union Bank and Trust Pavilion	270,000	-	389,529	389,529	737,209	-	-	26,000	-
Benchmark Monumental	75,000	-	-	-	25,000	-	50,000	-	50,000
City Fiber Network	13,120,000	-	1,623,927	1,623,927	9,671,658	-	3,448,342	84	3,448,258
Municipal Access Control	300,000	171,362	3,683	3,683	276,926	171,362	23,074	16,377	6,696
Landfill Scales	200,000	-	-	-	-	-	200,000	14,284	185,716
DSS Document Management System	325,000	-	-	-	285,515	-	39,485	-	39,485
Municipal Security Came	450,000	749,928	35,384	35,384	529,569	749,928	-	39,612	-
E-911 DMZ Server	500,000	-	-	-	410,311	-	89,689	10,000	79,689
DSS Security Monitoring System	113,327	78,146	-	-	74,947	78,146	38,380	-	38,380
Election Syst. Software (ES&S) & Equipment	540,241	-	-	-	540,123	-	23,150	-	118
Permitting System Replacement	150,000	-	-	-	126,850	-	2,113,156	3,825	19,325
PS New Radio System	18,500,000	4,405,560	7,494,993	-	16,386,844	11,900,553	2,113,156	13,750	2,099,406
CAMA Software System	300,000	-	-	-	275,441	-	24,560	-	24,560
CAD System	777,480	-	-	-	722,190	-	55,290	-	55,290
Crime Analysis System	112,250	-	79,398	79,398	103,348	-	8,902	-	8,902
Revenue System Treasurer/COR	1,135,917	985,067	132,091	-	980,868	1,117,158	155,049	10,224	144,825
Waste Management Fleet	5,600,000	-	1,971,399	1,971,399	1,971,399	-	3,628,601	-	3,628,601
Waste Management Equipment	286,002	-	-	-	-	-	286,002	-	286,002
FY19 City Garage Fleet	5,887	-	5,887	5,887	5,887	-	-	-	-
FY20 City Garage Fleet	6,000,000	-	-	-	5,494,333	-	505,667	272,010	233,657

See Independent Auditor's Report.

## CITY OF PORTSMOUTH, VIRGINIA

## Capital Projects Funds

Schedule of Expenditures and Encumbrances - Budget and Actual  
June 30, 2024

Exhibit M

## General Government Capital Projects Fund

	Total Project Authorization	CIP June 30, 2023 Balance	Current Year Expenditures	Current Year Closed/Exp	Total Expenditures	CIP June 30, 2024 Balance	Unexpended Balance	Encumbrances	Unencumbered Balance
FY21 City Garage Fleet	22,300	-	22,300	22,300	22,300	-	-	-	-
Parks Vehicle Replacement	250,000	-	24,509	24,509	24,509	-	225,491	-	225,491
Public Safety Equipment	250,000	-	87,446	87,446	87,446	-	162,554	-	162,554
EMS Equipment Replacement	300,000	-	133,165	133,165	133,165	-	166,835	-	166,835
Public Utilities Vehicle Replacement	1,882,000	-	822,980	822,980	822,980	-	1,059,020	59,248	999,772
Stormwater Fund Fleet	2,840,000	-	862,640	862,640	862,640	-	1,977,360	496,500	1,480,860
Public Utilities Equip	107,035	-	-	-	-	-	107,035	-	107,035
CARES Act Broadband	750,000	-	-	-	-	-	750,000	-	750,000
HMES & CAES Roof Coating	1,250,000	-	-	-	7,000	-	1,243,000	-	1,243,000
Churchland High HVAC	5,212,009	3,713,849	-	-	3,186,830	3,713,849	2,025,179	72,406	1,952,773
Brighton ES Roof Replacement	973,000	-	54,122	54,122	503,420	-	973,000	1,100	971,900
Churchland Academy Parking Lot Add	527,500	408,283	-	-	8,364	408,283	24,080	-	24,080
Mt. Hermon Bus Loop Upgrade	35,870	27,506	8,364	-	-	35,870	27,506	-	27,506
Churchland HS Track-Rplemt	200,000	-	-	-	77,414	-	200,000	-	200,000
Churchland HS Stage/Sound/Lighting	345,000	-	-	-	-	-	267,586	22,586	245,000
New Middle School	40,440	40,440	-	-	-	40,440	40,440	-	40,440
Churchland HS Stage	145,086	-	-	-	12,637	-	132,449	-	132,449
Westhaven Elementary Roof	1,826,500	-	-	-	1,826,500	-	18,876	18,876	-
IRC Data Center HVAC & UPS Project	60,000	41,124	-	-	41,124	41,124	380,000	-	380,000
Hodges Manor ES Rooftop Unit Replacement	380,000	-	-	-	-	-	-	-	-
Future School Project -	2,360,197	3,313,046	6,169,152	5,929,686	8,649,478	3,552,512	-	857,746	-
Mt Hermon Rooftop HVAC Units Replacement	162,672	-	-	-	142,071	-	20,601	-	20,601
W Wilson HS HVAC Cooling Tower Replacement	1,510,652	259,749	-	-	75,949	259,749	1,434,703	41,600	1,393,103
W Wilson HS HVAC Cooling Tower Replacement	293,452	373,482	-	-	406,189	373,482	-	355,368	-
Interactive White Board Panels-NOT CIP	12,425	-	-	-	12,425	-	-	-	-
Woodrow Wilson High School Roof	2,578,007	-	-	-	2,555,280	-	22,727	22,727	-
Churchland Middle Restroom Renovation	452,628	226,388	-	-	485,641	226,388	-	-	-
Churchland Middle School Restroom	-	-	62,647	-	62,647	62,647	-	-	-
Woodrow Wilson HS Restroom Renovator	876,000	907,291	140,150	-	1,033,330	1,047,441	-	1,645	-
School Safety Improvements	1,000,000	-	-	-	980,420	-	19,580	-	19,580
School Bus Security Cameras-Replemnr	250,000	-	-	-	200,297	-	49,703	-	49,703
School Furniture-Rplemnr	273,039	-	-	-	-	-	273,039	-	273,039
School Bus Fleet Replacement	1,000,000	-	-	-	983,110	-	16,890	-	16,890
IC Norcom HS Rec Enhancements	6,700,000	-	347,050	347,050	347,050	-	6,352,950	361,250	5,991,700
	\$302,884,092	89,054,557	42,719,142	18,116,133	208,908,732	113,657,566	102,826,266	39,996,304	78,375,431

When a project is authorized, financing is either presently available or general obligation bonds are authorized to be issued. In anticipation of the issuance of general obligation bonds, bond anticipation notes may be utilized to provide temporary financing. As of June 30, 2024, \$102,826,266 represents the amount authorized but not yet spent. This includes commitments totaling \$39,996,304 that have been reserved for encumbrances for capitalizable and non-capitalizable expenditures.

See Independent Auditor's Report.



## CITY OF PORTSMOUTH, VIRGINIA

## Capital Projects Funds

Schedule of Expenditures and Encumbrances - Budget and Actual  
June 30, 2024

## Exhibit M (continued)

## Public Utility Capital Projects Fund

	Total Project Authorization	CIP June 30, 2023 Balance	Current Year Expenditures	Total Expenditures	Current Year Closed/Exp	CIP June 30, 2024 Balance	Unexpended Balance	Encumbrances	Unencumbered Balance
Water Treatment Plant B	\$ 150,000	-	-	-	-	-	150,000	-	150,000
Suction Well Rehab	31,218,290	478,602	409,461	888,063	-	888,063	30,330,227	8,467,830	21,862,397
Miscellaneous Sewer/Sewer Pump Station	27,498,167	8,111,227	1,178,931	15,884,249	(123,100)	9,167,058	11,613,918	503,577	11,110,341
Sewer Cave In	7,824,238	4,659,214	-	7,919,546	-	4,659,214	(95,308)	255,335	-
Sanitary Sewer Overflow	48,665,449	18,234,665	2,078,992	30,631,176	-	20,313,657	18,034,273	1,770,780	16,263,493
Infrastructure Improvements	22,793,355	8,453,124	1,404,455	11,473,322	-	9,857,579	11,320,033	779,366	10,540,667
Lake Cohoon Raw Water Pump Station	4,910,575	93,104	41,113	134,217	-	134,217	4,776,358	432,277	4,344,081
Dam Upgrades	9,533,083	1,865,807	173,495	2,043,572	-	2,039,302	7,489,511	2,554,764	4,934,747
Replacement of Water Plant Equipment	10,470,396	2,963,468	1,018,683	5,602,257	-	3,982,151	4,868,139	340,232	4,527,907
Meter Replacement	16,099,000	330,212	1,519,344	12,254,840	(62,539)	1,787,017	3,844,160	5,210	3,838,950
Miscellaneous Water Improvements	11,724,524	2,502,654	1,034,455	6,746,135	-	3,537,109	4,978,389	666,720	4,311,669
Downtown Master Utility	43,400,000	19,821,785	-	29,862,623	-	19,821,785	13,537,377	-	13,537,377
Low Pressure Transmission Main	71,250,000	5,183,292	3,948,828	10,709,036	-	9,132,120	60,540,964	285,584	60,255,380
Lake Kilby Filter Replacement	49,600,000	52,725,385	10,214	51,570,665	-	52,735,599	(1,970,665)	152,775	-
Water Tank Rehab	5,500,000	1,324,943	1,259,319	3,682,575	(18,211)	2,566,051	1,817,425	251,021	1,566,404
MUNIS Upgrade	1,104,000	416,124	142,051	558,175	-	558,175	545,825	295,300	250,525
Seada Upgrades	6,750,000	1,665,954	-	1,665,954	-	1,665,954	5,084,046	343,232	4,740,814
	\$368,491,077	128,829,560	14,219,341	191,626,405	(203,850)	142,845,051	176,864,672	17,104,003	162,234,752

As of June 30, 2024, \$176,864,672 represents the amount authorized, but not yet spent. This includes commitments totaling \$17,104,003 that have been reserved for encumbrances for capitalizable and non capitalizable expenditures. When a project is authorized, financing is either presently available or general obligation public utility bonds or revenue bonds are authorized to be issued. In anticipation of the issuance of general obligation public utility bonds or revenue bonds, bond anticipation notes may be utilized to provide temporary financing.

CITY OF PORTSMOUTH, VIRGINIA

Capital Projects Funds

Schedule of Expenditures and Encumbrances - Budget and Actual  
June 30, 2024

Exhibit M (continued)

Parking Authority Capital Projects Fund

	Total Project Authorization	Prior Year CIP	Current Year Expenditures	Total Expenditures	Current Year Closed/Exp	CIP June 30, 2024 Balance	Unexpended Balance	Encumbrances	Unencumbered Balance
County Street Parking Garage Replacement	\$ 1,750,000	-	624,380	2,143,809	-	624,380	(393,809)	52,117	-
Garage Facilities Repair	697,044	-	-	579,231	-	-	117,813	11,419	106,394
	\$ 2,447,044	-	624,380	2,723,040	-	624,380	(275,996)	63,536	106,394

As of June 30, 2024, the ending capital improvements balance for Parking Authority is \$624,380. When a project is authorized, financing is either presently available or general obligation bonds are authorized to be issued. In anticipation of the issuance of general obligation bonds, bond anticipation notes may be utilized to provide temporary financing. As of June 30, 2024, \$(275,996) represents the amount authorized but not yet spent. This includes commitments totaling \$63,536 that have been reserved for encumbrances for capitalizable and non capitalizable expenditures.

## **Fiduciary Funds**

**CITY OF PORTSMOUTH, VIRGINIA**  
**Combining Statement of Fiduciary Net Position**  
**Fiduciary Funds - Pension and OPEB Trust Funds**  
**June 30, 2024**

**Exhibit N-1**

	Portsmouth Supplemental Retirement System	Portsmouth Fire and Police Retirement System	OPEB	Total
Assets:				
Cash and temporary investments	\$ 1,602,275	4,943,416	-	6,545,691
Investments:				
Stocks	31,696,341	101,312,699	5,340,424	138,349,464
Bonds	11,949,567	38,195,035	2,179,765	52,324,367
Real estate	1,614,806	5,161,491	1,634,824	8,411,121
Other investments	-	-	1,743,811	1,743,811
Total investments	45,260,714	144,669,225	10,898,824	200,828,763
Total assets	46,862,989	149,612,641	10,898,824	207,374,454
Net position, restricted	\$ 46,862,989	149,612,641	10,898,824	207,374,454

See Independent Auditor's Report.

**CITY OF PORTSMOUTH, VIRGINIA**  
**Combining Statement of Changes in Fiduciary Net Position**  
**Fiduciary Funds - Pension and OPEB Trust Funds**  
**Year Ended June 30, 2024**

**Exhibit N-2**

	Portsmouth Supplemental Retirement System	Portsmouth Fire and Police Retirement System	OPEB	Total
Additions:				
Contributions -				
Employers' contributions	\$ 2,260,709	7,560,516	2,901,528	12,722,753
Investment income:				
Gains	5,128,220	16,272,977	857,664	22,258,861
Total additions	7,388,929	23,833,493	3,759,192	34,981,614
Deductions:				
Benefit payments	7,694,016	21,665,160	1,401,528	30,760,704
Administrative expenses	92,568	278,599	9,561	380,728
Total deductions	7,786,584	21,943,759	1,411,089	31,141,432
Net increase (decrease) in fiduciary net position	(397,655)	1,889,734	2,348,103	3,840,182
Net position, beginning of year	47,260,644	147,722,907	8,550,721	203,534,272
Net position, end of year	\$ 46,862,989	149,612,641	10,898,824	207,374,454

See Independent Auditor's Report.

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## STATISTICAL SECTION

This section of the city of Portsmouth's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the city's overall financial health.

### **Financial Trends**

These contain information to help the reader understand how the city's financial performance and well-being have changed over time.

### **Revenue Capacity**

These help the reader assess the factors affecting the city's ability to generate its own-source revenues.

### **Debt Capacity**

These present information to help the reader assess the affordability of the city's current levels of outstanding debt and the city's ability to issue additional debt in the future.

### **Demographic and Economic information**

These offer demographic and economic indicators to help the reader understand the environment within which the city's financial activities take place and to help make comparisons over time and with other governments.

### **Operating information**

These contain information about the city's operations and resources to help the reader understand how the city's financial information relates to the services the city provides and the activities it performs.

**Sources:** Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial report for the relevant year.

**CITY OF PORTSMOUTH, VIRGINIA**  
**Net Position by Component**  
**Last Ten Fiscal Years**  
*(accrual basis of accounting)*

**Exhibit A-1**

	Fiscal Year									
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Governmental activities:										
Net investment in capital assets	\$ 351,001,996	295,959,817	258,558,928	240,866,613	204,945,661	200,446,790	220,454,135	242,691,679	241,411,418	244,408,023
Restricted	48,719,935	23,067,744	23,158,975	20,118,136	24,979,443	52,109,797	22,041,451	55,330,226	49,061,774	51,224,402
Unrestricted	(50,146,276)	(83,490,039)	(120,251,881)	(146,325,433)	(130,632,180)	(175,399,829)	(194,467,639)	(248,155,977)	(251,725,514)	(283,629,516)
Total governmental activities net position	\$ 349,575,655	235,537,522	161,466,022	114,659,316	99,292,924	77,156,758	48,027,947	49,865,928	38,747,678	12,002,909
Business-type activities:										
Net investment in capital assets	\$ 174,030,668	176,554,643	174,396,037	171,522,822	171,170,094	181,733,546	153,628,157	144,631,061	126,805,696	151,551,705
Restricted	-	13,412,392	-	558,916	-	-	-	2,508,031	-	-
Unrestricted	54,637,580	42,653,956	53,558,028	66,490,254	59,473,324	41,768,401	51,257,896	64,151,335	71,131,481	34,241,084
Total business-type activities net position	\$ 228,668,248	232,620,991	227,954,065	238,571,992	230,643,418	223,501,947	204,886,053	211,290,427	197,937,177	185,792,789
Primary Government:										
Net investment in capital assets	\$ 525,032,664	472,514,460	432,954,965	412,389,435	376,115,755	382,180,336	374,082,292	387,322,740	368,217,114	395,959,728
Restricted	48,719,935	36,480,136	23,158,975	20,677,052	24,979,443	52,109,797	22,041,451	57,838,257	49,061,774	51,224,402
Unrestricted (deficit)	4,491,304	(40,836,083)	(66,693,853)	(79,835,179)	(71,158,856)	(133,631,428)	(143,209,743)	(184,004,642)	(180,594,033)	(249,388,432)
Total primary government net position	\$ 578,243,903	468,158,513	389,420,087	353,231,308	329,936,342	300,658,705	252,914,000	261,156,355	236,684,855	197,795,698

See Independent Auditor's Report.

## CITY OF PORTSMOUTH, VIRGINIA

## Changes in Net Position

## Last Ten Fiscal Years

(accrual basis of accounting)

Exhibit A-2

	Fiscal Year									
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Expenses:										
Governmental activities:										
General government	\$ 39,610,986	35,719,213	35,626,879	39,218,688	37,889,362	38,413,786	42,436,115	37,937,076	25,571,539	30,847,939
Judicial	28,512,646	23,389,363	21,431,679	22,734,294	21,085,253	20,000,218	20,427,454	23,792,900	24,814,308	22,663,405
Public safety	76,104,208	67,235,021	54,066,701	64,342,740	62,543,113	60,442,523	55,762,645	56,460,539	51,693,737	56,785,068
Public works	36,331,372	33,339,557	28,779,345	26,595,222	29,546,493	26,998,794	35,206,810	30,344,639	20,442,395	24,259,546
Health and welfare	34,781,339	28,183,685	26,039,910	33,872,311	29,325,558	27,543,060	29,216,518	30,170,881	32,409,223	32,894,672
Parks, recreation and cultural	17,910,782	16,204,417	15,838,459	13,874,278	13,051,449	12,450,105	6,781,419	10,808,887	11,067,649	9,868,300
Community development	8,891,739	8,177,582	7,276,917	10,748,112	6,840,482	8,486,376	6,364,265	8,253,909	6,020,487	6,474,948
Education	66,402,524	62,657,231	62,631,150	62,337,766	58,144,523	51,759,910	46,578,589	55,180,440	53,908,322	55,140,801
Interest on long-term debt	10,367,014	11,424,658	12,007,784	13,069,364	14,941,569	17,378,172	15,649,378	15,532,828	18,198,185	19,484,834
Total governmental activities expenses	318,912,610	286,330,727	263,698,824	286,792,775	273,367,802	263,472,944	258,423,193	268,482,099	244,125,845	258,419,513
Business-type activities:										
Public utility	39,809,711	37,762,832	34,108,614	33,885,768	31,071,754	28,170,625	32,062,023	22,740,807	22,974,962	23,945,770
Golf	2,380,276	2,006,969	1,939,130	2,057,858	1,764,967	1,819,201	2,067,354	1,697,090	2,050,694	2,336,303
Port Facility and Economic Development	-	-	-	-	-	-	-	-	-	46,119
Parking Authority	2,669,634	1,022,836	1,030,209	932,079	1,105,374	1,114,194	1,119,619	1,176,209	1,151,506	1,185,598
Economic Development Authority	-	-	-	10,072,772	5,671,700	988,921	-	-	-	-
Waste Management	11,888,518	10,021,411	9,304,945	778,716	574,777	8,128,218	9,652,409	10,186,922	10,041,170	10,245,752
Total business-type activities expenses	56,748,139	50,814,048	46,382,898	47,727,193	40,188,572	40,221,159	44,901,405	35,801,028	36,218,332	37,759,542
Total Primary Government expenses	375,660,749	337,144,775	310,081,722	334,519,968	313,556,374	303,694,103	303,324,598	304,283,127	280,344,177	296,179,055
Program revenues:										
Governmental activities:										
Charges for services:										
General government	1,880,819	653,200	623,126	1,061,263	1,633,780	3,500,310	3,202,906	3,197,150	2,922,590	3,191,781
Judicial	655,532	425,255	355,548	399,607	496,707	2,336,975	159,077	178,372	571,659	576,660
Public safety	3,688,461	2,947,638	3,104,411	3,349,186	3,501,829	3,649,855	3,299,769	2,432,614	3,586,477	3,528,623
Public works	11,808,374	10,457,803	10,344,561	9,258,966	9,479,152	9,405,532	8,659,518	7,645,659	7,602,200	7,596,091
Health and welfare	37,867	67,864	36,295	45,840	2,649,505	3,192,307	1,884,948	806,120	1,242,294	973,317
Parks, recreation and cultural	1,097,010	1,507,066	962,677	120,213	1,023,382	2,329,340	2,455,855	2,405,301	2,992,632	2,321,055
Community development	1,030,811	1,405,549	1,557,252	1,032,064	1,896,922	3,709,517	1,988,338	3,676,204	3,397,562	1,971,830
Operating grants and contributions	140,345,454	84,224,702	83,025,540	81,808,041	76,180,235	62,722,800	64,669,930	67,314,255	66,867,871	67,982,527
Capital grants and contributions	3,143,829	2,482,872	7,112,521	3,214,539	958,741	314,197	3,145,146	2,188,987	696,766	5,052,229
Total governmental activities program revenues	163,688,157	104,171,949	107,121,931	100,289,719	97,820,253	91,160,833	89,465,487	89,844,662	89,880,051	93,194,113

See Independent Auditor's Report.



## CITY OF PORTSMOUTH, VIRGINIA

## Changes in Net Position

## Last Ten Fiscal Years

(accrual basis of accounting)

Exhibit A-2 (continued)

	Fiscal Year									
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Business-type activities:										
Charges for services:										
Public utility	\$ 50,471,914	48,467,212	46,120,310	48,432,770	43,160,577	41,460,539	41,663,524	42,498,157	44,203,060	41,521,351
Golf	1,173,825	1,451,759	1,187,127	1,244,100	1,133,098	935,022	1,095,721	873,507	1,175,592	1,096,110
Parking Authority	748,688	795,149	702,484	586,816	789,927	937,609	973,460	953,160	995,542	924,588
Economic Development Authority	-	-	-	-	-	1,078,463	-	-	-	-
Waste Management	10,833,201	10,352,608	10,427,817	11,242,476	11,252,024	11,506,536	11,397,440	12,573,844	12,438,646	11,751,149
Operating grants and contributions	-	-	-	3,095,458	23,500	154,525	-	-	-	-
Total business-type activities	63,227,628	61,066,728	58,437,738	64,601,620	56,359,126	56,072,694	55,130,145	56,898,668	58,812,840	55,293,198
Total Primary Government										
program revenues	226,915,785	165,238,677	165,559,669	164,891,339	154,179,379	147,233,527	144,595,632	146,743,330	148,692,891	148,487,311
Net (Expense)/Revenue										
Governmental activities	(155,224,453)	(182,158,778)	(156,576,893)	(186,503,056)	(175,547,549)	(172,312,111)	(168,957,706)	(178,637,437)	(154,245,794)	(165,225,400)
Business-type activities	6,479,489	10,252,680	12,054,840	16,874,427	16,170,554	15,851,535	10,228,740	21,097,640	22,594,508	17,533,656
Total Primary Government										
net (expense)/revenue	(148,744,964)	(171,906,098)	(144,522,053)	(169,628,629)	(159,376,995)	(156,460,576)	(158,728,966)	(157,539,797)	(131,651,286)	(147,691,744)
General Revenues and Other Changes in Net Position:										
Governmental activities:										
Taxes:										
General property taxes	170,911,970	159,461,502	139,607,728	134,296,897	131,684,219	125,246,599	120,322,381	118,800,657	119,741,652	116,197,273
Other local taxes	47,357,758	46,478,032	45,725,087	43,399,798	37,688,861	40,277,057	39,144,817	39,194,725	38,783,705	39,934,290
Utility taxes	9,407,014	8,631,855	8,658,682	8,996,899	8,168,579	8,328,132	8,154,958	8,019,365	8,053,834	8,001,981
Investment earnings	3,967,632	2,334,618	246,191	172,751	1,340,130	2,411,049	2,438,303	1,040,792	1,480,919	662,555
Miscellaneous	23,683,003	20,208,481	10,404,082	7,499,760	7,628,767	5,722,887	17,197,309	12,577,198	4,193,125	3,776,579
Transfers	13,935,209	9,261,590	8,596,029	7,503,343	11,173,159	13,369,690	8,722,105	10,122,950	9,336,088	9,244,703
Total governmental activities	269,262,586	246,376,078	213,237,799	201,869,448	197,683,715	195,355,414	195,979,873	189,755,687	181,589,323	177,817,381
Business-type activities:										
Contributions - land	-	-	-	-	-	-	-	-	-	268,297
Investment earnings	2,887,206	2,062,045	139,314	134,245	1,473,592	1,275,565	1,371,144	747,570	485,672	486,790
Loss on disposal of capital assets	#REF!	-	-	(2,117,140)	-	-	-	-	-	-
Miscellaneous	615,771	756,904	565,248	540,385	670,484	681,409	369,061	1,630,990	772,630	587,082
Transfers	(13,935,209)	(9,261,590)	(8,596,029)	(7,503,343)	(11,173,159)	(13,369,690)	(8,722,105)	(10,122,950)	(9,921,248)	(9,244,703)
Total business-type activities	#REF!	(6,442,641)	(7,891,467)	(8,945,853)	(9,029,083)	(11,412,716)	(6,981,900)	(7,744,390)	(8,662,946)	(7,902,534)
Total Primary Government	#REF!	239,933,437	205,346,332	192,923,595	188,654,632	183,942,698	188,997,973	182,011,297	172,926,377	169,914,847
Change in net position:										
Governmental activities	114,038,133	64,217,300	56,660,906	15,366,392	22,136,166	23,043,303	27,022,167	11,118,250	27,343,529	12,591,981
Business-type activities	#REF!	3,810,039	4,163,373	7,928,574	7,141,471	4,438,819	3,246,840	13,353,250	13,931,562	9,631,122
Total Primary Government	#REF!	68,027,339	60,824,279	23,294,966	29,277,637	27,482,122	30,269,007	24,471,500	41,275,091	22,223,103

See Independent Auditor's Report.

**CITY OF PORTSMOUTH, VIRGINIA**  
**Fund Balances, Governmental Funds**  
**Last Ten Fiscal Years**  
*(modified accrual basis of accounting)*

**Exhibit A-3**

		2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
		Fiscal Year									
General Fund:											
Nonspendable	\$	334,410	191,543	103,618	107,272	107,281	819,000	1,129,260	-	1,439,820	1,635,945
Restricted		368,619	287,873	246,880	251,715	256,872	328,618	595,922	3,088,288	231,460	254,070
Committed		626,332	404,165	7,220,500	8,002,867	8,644,680	5,735,921	5,717,715	-	-	-
Assigned		12,550,000	9,600,000	1,585,083	4,036,500	2,897,149	2,909,455	6,843,249	5,835,038	6,035,208	4,640,047
Unassigned		111,969,045	105,081,593	80,433,488	70,349,086	68,086,040	61,443,205	56,699,726	57,358,331	58,427,712	54,088,231
Total General Fund	\$	125,848,406	115,565,174	89,589,569	82,747,440	79,992,022	71,236,199	70,985,872	66,281,657	66,134,200	60,618,293
All Other Governmental Funds:											
Nonspendable	\$	1,000,000	1,001,320	1,000,000	1,000,000	1,000,000	1,000,000	1,000,277	-	1,002,223	1,002,223
Restricted		47,351,316	21,778,551	32,123,685	54,224,549	23,722,571	55,420,167	25,401,502	46,150,142	48,830,314	49,610,850
Committed		5,715,780	17,372,602	28,812,377	15,893,733	26,874,639	10,673,489	10,643,271	-	-	-
Assigned		5,142,235	5,069,307	535,678	-	-	-	-	-	657,536	421,026
Unassigned		(166,189)	(685,273)	-	266,586	(211,994)	(304,621)	(285,517)	(2,443,922)	(2,124,671)	(3,194,659)
Total all other governmental funds	\$	59,043,142	44,536,507	62,471,740	71,384,868	51,385,216	66,789,035	36,759,533	43,706,220	48,365,402	47,839,440

See Independent Auditor's Report.

	Fiscal Year									
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Revenues:										
Taxes	\$ 214,229,941	212,669,224	194,485,314	188,208,646	177,183,904	174,299,649	166,143,061	165,316,609	165,989,121	164,133,541
Licenses and permits	1,124,238	1,319,623	1,670,001	1,125,063	1,063,342	970,984	1,184,721	1,101,703	1,133,825	954,328
Fines and forfeitures	484,846	214,775	173,169	199,968	256,229	430,782	407,379	393,231	623,879	692,844
Investment income and use of property	5,702,566	2,654,993	757,848	1,080,029	2,874,280	3,904,685	3,614,523	2,256,497	1,864,034	2,104,418
Charges for services	16,694,901	15,426,339	14,611,658	13,026,253	14,451,607	13,533,254	13,820,844	12,300,039	13,227,327	12,795,031
Recovered costs	3,687,121	3,728,194	3,547,099	3,437,434	3,437,754	3,320,565	3,250,747	3,094,150	3,880,881	3,935,523
Miscellaneous	18,723,933	14,772,360	7,007,011	4,062,325	4,191,013	4,910,656	4,707,444	6,981,435	4,432,350	3,678,609
Intergovernmental	140,345,454	84,252,609	89,657,478	83,609,112	80,012,134	72,716,057	70,603,236	73,792,879	73,090,368	75,974,575
Program income	3,143,829	2,454,965	480,583	1,413,468	502,791	175,260	326,162	-	-	-
Total revenues	404,136,849	337,493,082	312,390,161	296,162,298	283,973,054	274,261,892	264,058,117	265,236,543	264,241,785	264,268,869
Expenditures:										
General government										
Nondepartmental	25,185,428	21,772,247	24,092,651	22,148,133	25,346,040	17,755,008	18,831,693	17,279,723	16,668,136	17,584,368
Judicial	13,278,476	11,798,451	11,681,531	14,544,761	11,860,409	15,207,616	11,230,129	11,609,303	11,586,048	12,584,942
Public safety	27,396,237	22,093,719	19,973,906	19,641,145	19,360,029	18,593,526	18,987,412	18,825,217	19,135,481	20,977,970
Public works	79,213,820	64,900,120	62,240,979	60,483,309	62,453,305	58,790,353	59,002,490	56,384,491	53,900,072	57,143,666
Health and welfare	28,847,278	25,449,755	22,470,824	23,717,727	30,346,586	27,199,246	18,389,321	16,051,725	17,460,963	19,857,877
Parks, recreation and cultural	35,153,977	29,075,457	28,599,474	33,597,934	29,383,223	28,761,332	30,161,237	30,793,964	32,037,049	34,041,970
Community development	16,940,617	14,793,964	14,144,427	11,759,148	11,889,210	12,253,121	11,879,662	12,048,666	10,114,937	9,574,714
Debt service:	8,255,233	6,938,988	6,416,183	8,532,181	5,945,399	5,472,555	5,143,342	5,379,225	4,946,123	5,669,431
Principal	30,948,814	30,207,038	28,094,979	27,331,892	18,848,017	10,950,672	10,959,457	21,413,187	20,049,788	18,912,510
Interest and other debt service charges	10,559,097	11,648,350	11,606,473	13,428,837	16,088,730	27,298,006	26,335,349	16,428,402	18,507,554	19,147,205
Education	63,671,284	59,901,284	59,901,284	59,622,845	55,396,045	49,163,551	45,556,751	52,400,000	51,200,000	52,550,163
Capital outlay	52,474,533	39,813,144	34,154,930	28,336,802	20,357,621	19,731,291	29,716,193	24,188,084	11,866,954	25,025,125
Total expenditures	391,924,794	338,392,517	323,377,641	323,144,714	307,278,714	291,176,277	286,193,036	282,801,987	267,473,105	293,069,941
(Deficiency)/Excess of revenues over (under) expenditures	12,212,055	(899,435)	(10,987,480)	(26,982,416)	(23,305,660)	(16,914,385)	(22,134,919)	(17,565,444)	(3,231,320)	(28,801,072)
Other financing sources (uses):										
Transfers in	80,688,426	69,062,939	67,246,029	65,974,941	72,986,697	70,148,636	66,597,507	61,176,380	62,566,204	66,035,010
Transfers out	(68,110,614)	(60,240,952)	(58,329,548)	(57,156,048)	(59,319,558)	(61,259,826)	(57,092,269)	(51,928,913)	(53,326,537)	(56,502,867)
Discount on bonds issued	-	-	-	-	-	-	761,000	-	-	-
Payments to escrow agent	-	-	-	(28,468,646)	(128,754,443)	-	(81,531,318)	-	-	-
Payment for current refunding of debt	-	-	-	-	-	-	-	-	(56,930,880)	(30,446,686)
Premium on bonds issued	-	-	-	3,937,239	749,968	2,996,699	-	-	4,358,163	-
General obligation bonds issued	-	117,820	-	36,730,000	-	35,208,705	85,520,779	6,143,000	53,205,000	30,821,906
Bridge Loan	-	-	-	-	1,700,000	-	3,400,000	-	-	-
Refunding bonds issued	-	-	-	-	129,295,000	-	-	-	-	-
Total other financing sources (uses)	12,577,812	8,939,807	8,916,481	49,737,486	16,657,664	47,094,214	17,655,699	15,390,467	9,871,950	9,907,363
Net change in fund balances	\$ 24,789,867	8,040,372	(2,070,999)	22,755,070	(6,647,996)	30,179,829	(4,479,220)	(2,174,977)	6,640,630	(18,893,709)
Debt service as a percentage of noncapital expenditures	12.21%	13.80%	13.80%	13.77%	12.49%	14.06%	14.24%	14.54%	15.08%	14.20%

See Independent Auditor's Report.

**CITY OF PORTSMOUTH, VIRGINIA****Exhibit B-1****Assessed Value and Estimated Actual Value of Taxable Real Property****Last Ten Fiscal Years***(in thousands of dollars)*


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Fiscal Year Ended June 30,	Residential Property	Commercial Property	Industrial Property	Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Taxable Value
2024	\$7,110,455	\$ 2,230,025	\$ 602,012	\$ 9,942,492	\$ 1.23	\$ 9,942,492
2023	6,308,278	1,882,961	594,061	8,785,300	1.25	8,785,300
2022	5,598,345	1,771,825	553,996	7,924,166	1.30	7,924,166
2021	5,334,479	1,678,482	848,227	7,861,188	1.30	7,861,188
2020	5,208,484	1,676,921	739,560	7,624,965	1.30	7,624,965
2019	5,159,525	1,727,978	688,392	7,575,895	1.30	7,575,895
2018	5,124,105	1,782,294	400,870	7,307,269	1.30	7,307,269
2017	5,094,814	1,775,072	399,322	7,269,208	1.30	7,269,208
2016	5,040,388	1,733,055	399,095	7,172,538	1.30	7,172,538
2015	5,024,940	1,745,055	399,665	7,169,660	1.27	7,169,660

Source: City Assessor's Office

**CITY OF PORTSMOUTH, VIRGINIA**  
**Property Tax Rates**  
**Last Ten Fiscal Years**

**Exhibit B-2**

Fiscal Year Ended June 30,	Real Property (1)	Personal Property			Manufacturer's Machinery and Tools (3)
		Vehicles	Boats	RV's	
2024	\$ 1.25	\$ 5.00	\$ 0.50	\$ 1.50	\$ 3.00
2023	1.30	5.00	0.50	1.50	3.00
2022	1.30	5.00	0.50	1.50	3.00
2021	1.30	5.00	0.50	1.50	3.00
2020	1.30	5.00	0.50	1.50	3.00
2019	1.30	5.00	0.50	1.50	3.00
2018	1.30	5.00	0.50	1.50	3.00
2017	1.30	5.00	0.50	1.50	3.00
2016	1.30	5.00	0.50	1.50	3.00
2015	1.27	5.00	0.50	1.50	3.00

- (1) As required by State law, real estate is assessed at 100% of estimated fair market value.  
The real estate rate is per \$100 of assessed value.
- (2) Most personal property, primarily vehicles and boats, is assessed at 100% of the National Automobile Dealer Association (NADA) average loan values and BUC Boat Price Guide values.  
Business personal property is assessed using a predetermined depreciation schedule.
- (3) The assessment basis for manufacturer's machinery and tool is calculated on a straight 50 percent of original cost method. The tax rate is per \$100 of assessed value.
- (4) To address the increase in real property assessments, the city implemented a one-time, five-cent tax rate credit. With the tax rate decrease, the effective tax rate is \$1.25 per \$100 of value.

**CITY OF PORTSMOUTH, VIRGINIA**  
**Principal Property Tax Payers**  
**Current year and Nine Years Ago**

**Exhibit B-3**

Taxpayer	2024		2015	
	Taxable Assessed Value	Percentage of Total City Taxable Assessed Value (1)	Taxable Assessed Value	Percentage of Total City Taxable Assessed Value
Virginia International Gateway Inc.	\$ 525,077,260	4.94%	\$ 361,084,821	5.07%
Rivers Portsmouth Gaming LLC	161,105,770	1.52%		
Dominion Virginia Power (VEPCO)	42,167,945	0.40%	37,394,364	0.53%
AP Preston Trails LLC	34,245,070	0.32%		
FF NAV 850, LLC	41,346,000	0.39%	27,000,000	0.38%
Lineage VA Portsmouth RE LLC	55,201,943	0.52%		
Westwinds Property LLC	36,749,560	0.35%	22,024,260	0.31%
Columbia Gas of Virginia Inc.	26,100,891	0.25%	24,969,671	0.35%
Metro Machine Corp.	26,506,500	0.25%	22,071,490	0.31%
Lincoln Family Communities LLC	25,280,180	0.24%	19,855,120	0.28%
425 Water LLC			22,099,250	0.31%
PRHA			23,350,310	0.33%
Wheelabrator Portsmouth, Inc.			22,504,342	0.32%
	<u>\$ 973,781,119</u>	<u>9.16%</u>	<u>\$ 582,353,628</u>	<u>8.19%</u>

(1) FY2024 total City taxable real property assessed value - \$10,626,832,261

Source: Portsmouth City Assessor and Portsmouth Commissioner of the Revenue

**CITY OF PORTSMOUTH, VIRGINIA**  
**Property Tax Levies and Collections**  
**Last Ten Fiscal Years**

**Exhibit B-4**

Tax Year	Fiscal Year Ending	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Total Collections to Date				
			Amount	Percentage of Levy	Delinquent Taxes	Amount	Adjustments to Levy	Outstanding Taxes A/R	Percentage of Levy
Real Estate									
2023	June 30, 2024	\$ 124,281,231	\$ 117,956,214	94.91%	\$ -	\$ 117,956,214	\$ (2,940,618)	\$ 3,384,399	97.21%
2022	June 30, 2023	114,112,408	109,545,623	96.00%	2,257,987	111,803,610	(1,485,629)	823,169	99.27%
2021	June 30, 2022	103,013,659	96,687,277	93.86%	5,205,287	101,892,564	(1,121,095)	-	100.00%
2020	June 30, 2021	102,194,939	94,660,121	92.63%	5,402,111	100,062,232	(2,132,707)	-	100.00%
2019	June 30, 2020	99,124,039	95,203,527	96.04%	3,007,287	98,210,814	(913,225)	-	100.00%
2018	June 30, 2019	97,431,512	93,892,019	96.37%	2,778,935	96,670,954	(616,308)	144,250	99.85%
2017	June 30, 2018	93,340,092	87,454,514	93.69%	4,418,028	91,872,542	(1,316,111)	151,440	99.84%
2016	June 30, 2017	92,868,293	86,739,589	93.40%	4,663,694	91,403,283	(1,308,485)	156,525	99.83%
2015	June 30, 2016	91,537,233	85,998,777	93.95%	4,195,536	90,194,313	(1,212,375)	130,545	99.86%
2014	June 30, 2015	89,337,507	83,972,704	93.99%	3,867,636	87,840,340	(1,351,750)	145,417	99.83%
Personal Property									
2023	June 30, 2024	\$ 38,164,902	\$ 24,930,238	65.32%	\$ -	\$ 24,930,238	\$ (1,974,379)	\$ 11,260,285	68.89%
2022	June 30, 2023	36,894,985	24,146,377	65.45%	11,361,127	35,507,504	2,668,435	4,055,917	89.75%
2021	June 30, 2022	31,984,875	22,630,145	70.75%	11,919,615	34,549,760	4,832,043	2,267,158	93.84%
2020	June 30, 2021	25,960,198	19,895,842	76.64%	10,507,164	30,403,006	5,906,597	1,463,789	95.41%
2019	June 30, 2020	35,075,223	17,942,402	51.15%	9,803,150	27,745,552	(6,289,419)	1,040,252	96.39%
2018	June 30, 2019	21,780,010	16,491,312	75.72%	4,423,678	20,914,990	(87,064)	777,956	96.41%
2017	June 30, 2018	20,278,000	15,383,909	75.87%	8,766,322	24,150,231	3,872,231	-	100.00%
2016	June 30, 2017	20,208,249	14,992,869	74.19%	8,532,732	23,525,601	3,317,352	-	100.00%
2015	June 30, 2016	23,350,303	17,520,280	75.03%	8,784,686	26,304,966	2,954,663	-	100.00%
2014	June 30, 2015	22,974,088	17,782,605	77.40%	8,245,912	26,028,517	3,054,429	-	100.00%

(1) Personal property taxes are assessed on property owned as of January 1 and become due June 5th of each year. Because the due date falls so near the last day of the fiscal year, there is normally a substantial amount of delinquent taxes receivable as of the close of the fiscal year, the majority of which is collected in the following fiscal year.

(2) The original levy for FY2024 is \$47,675,443 less the tax credit of \$9,510,541 equaling \$38,164,902 as shown.

(3) Adjustments to levies includes supplements, abatements, prorations, adjustments and writeoffs.

See Independent Auditor's Report.

**CITY OF PORTSMOUTH, VIRGINIA**  
**Ratios of Outstanding Debt by Type**  
**Last Ten Fiscal Years**  
*(dollars in thousands, except per capita)*

**Exhibit C-1**

Fiscal Year	Governmental Activities					Business-Type Activities					Percentage of Personal Income	Per Capita
	General		Literary Loans	Other Loans	Net		General					
	Obligation Bonds				Subscriptions	Government Debt	Obligation Bonds	Revenue Bonds	Leases	Total Primary Government		
2024	\$ 345,463	\$ -	\$ 4,500	\$ 5,144	\$ -	\$ 355,107	\$ 88,838	\$ 60,546	\$ -	\$ 504,491	*	5,223
2023	376,760	-	4,700	5,982	110	387,552	97,030	57,697	-	542,279	*	*
2022	407,201	-	4,900	6,818	-	418,919	105,497	31,972	-	556,388	*	5,734
2021	435,660	-	5,100	7,645	-	448,405	121,422	32,079	-	601,906	13%	6,152
2020	423,204	-	5,100	612	-	428,916	127,134	32,185	-	588,235	13%	6,008
2019	430,402	-	3,400	1,786	-	435,588	135,712	-	-	571,300	14%	6,052
2018	414,630	-	3,400	2,865	-	420,895	138,872	-	-	559,767	14%	5,908
2017	413,227	250	-	4,355	-	417,832	134,752	-	-	552,584	15%	5,827
2016	433,556	500	-	6,072	-	440,128	142,457	-	-	582,612	16%	6,122
2015	446,374	750	-	8,206	-	455,330	149,512	-	-	605,065	16%	6,281

The city of Portsmouth has no overlapping debt.

\* Information not available at this time.

See Independent Auditor's Report.



**CITY OF PORTSMOUTH, VIRGINIA**  
**Ratios of General Bonded Debt Outstanding**  
**Last Ten Fiscal Years**  
*(dollars in thousands, except per capita)*

**Exhibit C-2**

Fiscal Year	General Bonded Debt Outstanding (1)		Percentage of Actual Taxable Value of Property	Net Bonded Debt Per Capita
	General Obligation Bonds (1)	Total		
2024	\$ 434,301	\$ 434,301	4.37%	\$ 4,496
2023	473,790	473,790	5.39%	*
2022	512,698	512,698	6.47%	5,284
2021	557,082	557,082	7.09%	5,694
2020	550,338	550,338	7.22%	5,621
2019	566,114	566,114	7.47%	5,997
2018	553,502	553,502	7.57%	5,842
2017	547,979	547,979	7.54%	5,778
2016	576,013	576,013	8.03%	6,053
2015	595,886	595,886	8.31%	6,185

(1) Includes general obligation bonds, public utility bonds, golf bonds, and parking bonds.

**Legal Debt Margin Calculation for Fiscal Year 2024**

Assessed value	\$ 9,942,492
Debt limit (10% of assessed value)	994,249
Debt applicable to limit:	408,291
Legal debt margin	<u><u>\$ 585,958</u></u>

	Fiscal Year									
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Debt limit	\$ 994,249	878,530	792,417	786,119	762,497	757,590	730,727	726,921	717,254	716,966
Total net debt applicable to limit	408,291	445,846	476,195	514,243	505,353	557,592	561,547	536,765	557,355	577,420
Legal debt margin	\$ 585,958	\$ 432,684	\$ 316,222	\$ 271,876	\$ 257,144	\$ 199,998	\$ 169,180	\$ 190,156	\$ 159,899	\$ 139,546
Total net debt applicable to limit as a percentage of debt limit	41.1%	50.7%	60.1%	65.4%	66.3%	73.6%	76.8%	73.8%	77.7%	80.5%

**CITY OF PORTSMOUTH, VIRGINIA**  
**Demographic and Economic Statistics**  
**Last Ten Fiscal Years**

**Exhibit D-1**

Fiscal Year	Population (1)	Personal Income (2)	Per Capita Personal Income (2)	Median Age (3)	School Enrollment (4)	Unemployment Rate % (5)
2024	96,599	*	*	35.6	13,162	3.60%
2023	*	*	*	*	13,370	*
2022	97,029	*	*	36.0	13,517	3.90%
2021	97,840	\$ 4,690,877	\$ 47,944	35.6	13,395	6.50%
2020	97,915	4,393,544	44,871	35.5	13,991	9.80%
2019	94,398	4,021,806	42,605	36.7	14,006	3.90%
2018	94,750	3,898,431	41,144	35.3	14,339	4.10%
2017	94,838	3,749,433	39,535	36.0	14,611	5.30%
2016	95,165	3,624,567	38,087	35.0	14,927	6.00%
2015	96,336	3,681,567	38,216	33.6	15,080	6.10%

(1) Census Bureau

(2) Bureau of Economic Analysis

(3) Census Bureau, American Community Survey, 1-Year Estimates

(4) Virginia Department of Education, average daily membership

(5) Bureau of Labor Statistics, Annual estimate

**CITY OF PORTSMOUTH, VIRGINIA**  
**Principal Employers**  
**Current Year and Ten Years Ago**

**Exhibit D-2**

2024	2015
Employer	Employer
More than 1,000 employees	More than 1,000 employees
U.S. Department of Defense Portsmouth City Public Schools City of Portsmouth Aya Healthcare Bon Secours Health System Inc Portsmouth Gaming Holdings LLC	U.S. Department of Defense Portsmouth City Public Schools City of Portsmouth Maryview Hospital
Less than 1,000 employees	Less than 1,000 employees
Food Lion Harbor Point Behavioral Health (formerly, The Pines Residential Treatment Center) Virginia International Terminal U.S. Department of Homeland Defense	Ceres Marine Terminals Inc Harbor Point Behavioral Health (formerly, The Pines Residential Treatment Center) Virginia International Terminal U.S. Department of Homeland Defense Tidewater Community College Kroger

Sources: Respective Employers

**CITY OF PORTSMOUTH, VIRGINIA**  
**Full-time Equivalent Employees by Function/Program**  
**Last Ten Fiscal Years**

**Exhibit E-1**

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
<b>General Fund</b>										
General government	127	124	144	148	153	110	112	116	113	195
Judicial administration	242	227	221	222	210	198	193	193	185	216
Public Safety	576	530	537	545	551	502	499	467	476	420
Public Works	89	58	65	65	60	49	67	64	64	54
Health and Welfare	-	-	-	-	-	-	-	-	-	-
Parks, recreational and cultural services	70	92	170	196	173	112	94	100	103	109
Community Development	43	38	38	40	46	46	43	42	41	60
Total General Fund	1,147	1,069	1,175	1,216	1,193	1,017	1,008	982	982	1,054
<b>Special Revenue Funds</b>										
Willett Hall Fund	1	1	1	-	1	-	-	-	-	-
Children's Services Act Fund	1	-	-	-	-	-	-	-	-	-
Stormwater Management Fund	24	21	16	14	20	20	22	23	25	30
Grants	-	-	-	-	15	14	15	14	13	4
Behavioral Health Services Fund	85	82	100	92	87	100	86	81	82	115
Social Services Fund	174	175	186	163	163	174	149	130	137	195
Total Special Revenue Funds	285	279	303	269	286	308	272	248	257	344
<b>Enterprise Funds</b>										
Public Utilities Fund	102	85	77	82	85	100	91	93	101	135
Golf Fund	15	11	11	11	10	10	11	10	10	11
Waste Management Fund	45	44	45	40	42	46	39	41	42	55
Parking Authority Fund	2	2	3	4	2	2	2	2	2	4
Total Enterprise Funds	164	142	136	137	139	158	143	146	155	205
<b>Internal Service Funds</b>										
City Garage Fund	32	33	28	28	27	28	25	21	21	38
Information Technology Fund	22	23	29	29	30	30	28	31	29	39
Risk Management Fund	1	3	2	2	1	1	2	1	1	1
Total Internal Service Funds	55	59	59	59	58	59	55	53	51	78
Total all funds	1,651	1,549	1,673	1,681	1,676	1,542	1,478	1,429	1,445	1,681

Source: Munis Employee Master download September 20, 2024

See Independent Auditor's Report.

**CITY OF PORTSMOUTH, VIRGINIA**  
**Operating Indicators by Function/Program**  
**Last Ten Fiscal Years**

**Exhibit E-2**

Function/Program	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
<b>Police</b>										
Physical arrests	8,218	9,097	6,617	5,896	4,689	4,422	2,874	2,633	2,698	2,549
Parking violations	3,639	4,102	2,976	2,247	2,937	2,073	2,916	2,828	3,958	2,747
Traffic violations	17,119	18,580	6,715	5,366	6,952	5,502	3,901	2,906	6,219	2,698
<b>Fire</b>										
Emergency responses	17,787	18,561	18,724	18,162	18,663	19,060	20,610	21,653	22,253	23,359
Fires extinguished	322	295	429	360	368	333	447	352	177	286
Inspections	923	913	920	1,614	1,950	1,367	1,316	1,208	371	723
<b>Refuse collection</b>										
Refuse collection (tons/day)	142	135	75	154	174	235	233	233	232	177
Recyclables collected (pounds/day)	134,700	117,243	73,120	110,146	88,820	45,000	48,430	48,430	39,500	34,666
<b>Other public works</b>										
Street resurfacing (miles)	18.0	16.5	24.6	25.7	22.0	14.5	19.5	13.1	24.0	24.0
Potholes repaired	8,480	7,688	3,334	3,619	2,147	1,903	1,505	1,810	2,008	2,008
<b>Parks and recreation</b>										
Community center admissions	219,261	193,600	140,792	42,133	72,585	53,989	37,876	59,211	82,603	135,293
<b>Library</b>										
Volumes in collection	316,777	288,843	274,917	209,671	235,124	222,765	215,275	216,829	201,996	218,491
Total volumes borrowed	290,763	278,651	278,651	209,772	186,904	183,862	88,857	84,096	102,075	102,626
<b>Water</b>										
New connections	118	89	92	87	47	73	3,083	3,427	*	*
Water main breaks	163	94	81	100	95	79	87	127	103	116
Average daily consumption (millions of gallons)	20.2	15.1	17.8	15.2	16.5	16.0	15.5	14.5	7.9	14.1

Sources: City of Portsmouth Departments

\* Information not available at the time of publication.

**CITY OF PORTSMOUTH, VIRGINIA**  
**Capital Asset Statistics by Function/Program**  
**Last Ten Fiscal Years**

**Exhibit E-3**

Function/Program	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol units	256	253	249	255	255	255	259	257	264	264
Fire										410
Stations	8	8	8	8	8	8	8	8	8	8
Fire trucks	12	12	12	13	13	20	20	20	19	19
Boat	1	1	1	1	1	1	1	1	1	1
Emergency Medical Services										
Ambulances	5	5	5	5	9	11	11	11	10	11
Refuse collection										
Collection trucks	27	28	28	28	51	49	50	49	49	49
Other public works										
Streets (miles)	399	398	398	398	398	398	398	398	398	400
Highway (miles)	887	881	881	881	881	881	881	881	881	884
Streetlights	10,747	10,747	10,747	10,750	10,768	10,768	10,776	10,776	10,780	10,790
Signalized intersections	122	122	122	122	122	122	122	122	122	122
Parks and recreation										
Acreage	588	588	588	588	588	588	588	590	590	590
Playgrounds	15	15	15	16	16	16	16	16	16	16
Baseball/softball diamonds	36	36	36	36	36	36	36	36	36	36
Soccer/football fields	34	34	34	34	36	36	36	36	36	36
Community centers	7	7	7	7	7	7	7	7	7	7
Pools/Splash Park	3	3	3	3	3	3	2	2	2	2
Golf Course	3	3	3	3	3	3	3	3	3	3
Water										
Water mains (miles)	626	626	626	626	626	626	544	456	*	422
Fire hydrants	2,593	2,593	2,593	2,593	2,593	2,593	2,573	2,512	2,512	2,512
Storage capacity (millions of gallons)	9	9	9	9	9	9	11.5	11.5	11.5	11.5
Wastewater										
Sanitary sewers (miles)	438	438	438	432	432	432	434	434	436	438
Storm sewers (miles)	250	250	250	250	250	250	267	257	98	*
Treatment capacity (millions of gallons)	32	32	32	32	32	32	32	32	32	32

Source: City of Portsmouth Departments

\* Information not available at the time of publication.

See Independent Auditor's Report.