NEWPORT NEWS PUBLIC SCHOOLS

ANNUAL COMPREHENSIVE FINANCIAL REPORT

OF THE SCHOOL BOARD OF THE CITY OF NEWPORT NEWS

A Component Unit of the City of Newport News, Virginia

Fiscal Year Ended June 30, 2025

(With Report of Independent Auditor)

College, Career and Citizen-Ready!

THE SCHOOL BOARD OF THE CITY OF NEWPORT NEWS

ANNUAL COMPREHENSIVE FINANCIAL REPORT

A COMPONENT UNIT OF THE CITY OF NEWPORT NEWS, VIRGINIA

Fiscal Year ended June 30, 2025

Prepared by:

BUSINESS OFFICE

Dr. Michele Mitchell, Ed. D. Superintendent
Scarlett Minto, MBA, Chief Financial Officer
Jennifer Loftin, MBA, Supervisor Financial Reporting and Asset Management
Kimberly Powell, MPA, Supervisor General Accounting and Risk Management

12465 Warwick Boulevard
Newport News, VA 23606

THE SCHOOL BOARD OF THE
CITY OF NEWPORT NEWS

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THE SCHOOL BOARD OF THE
CITY OF NEWPORT NEWS

Members of the School Board and School Board Officials

School Board

Lisa R. Surles-Law	Chairman
Dr. Terri L. Best	Vice-Chairman
Maritsa Alger	Member
Rebecca Aman	Member
Douglas C. Brown	Member
Rasheena D. Harris	Member
Gary B. Hunter	Member

School Board Officials

Dr. Michele Mitchell	Superintendent
Dr. Kipp Rogers	Chief Academic Officer
Scarlett Minto, MBA	Chief Financial Officer
Rusty Fairheart, MBA	Chief Operations Officer
Dr. Wayne Smith	Acting Chief Schools Officer
Angela Seiders	Executive Director – Elementary School Leadership
Darrell Pankratz	Executive Director – Secondary Teaching & Learning K-12 Programs
Dr. Felicia Barnett	Executive Director – Secondary School Leadership
Maribel Saimre	Executive Director – Special Education & Student Support Services
Cathy Alexander	Executive Director – Nutrition and Wellness
Robert Stewart, Jr.	Executive Director – Crisis Planning, Prevention & Response
Shay Coates	Executive Director – Transportation
Wade Beverly	Executive Director – Plant Services
Wayne Santos, II	Executive Director – Technology

Executive Leadership Team

DIVISION LEADERSHIP

Michele Mitchell, Ed.D.
Superintendent

Donald (Rusty) Fairheart, MBA
Chief Operations Officer

Scarlett Minto, MBA
Chief Financial Officer

Kipp Rogers, Ph.D.
Chief Academic Officer

Wayne Smith, Ed.D.
Acting Chief Schools Officer

EXECUTIVE DIRECTORS

Cathy Alexander
Executive Director
Nutrition & Wellness

Felicia Barnett, Ed.D.
Executive Director
Secondary School Leadership

Wade Beverly
Executive Director
Plant Services

Shay Coates
Executive Director
Transportation

Darrell Pankratz
Executive Director
Secondary Teaching &
Learning and K-12 Programs

TBD
Executive Director
Public Information &
Community Involvement

Maribel Saimre
Executive Director
Special Education and
Student Support Services

Wayne Santos, II, MBA
Executive Director
Technology

Angela Seiders
Executive Director
Elementary School Leadership

Robert (Marc) Stewart, Jr.
Executive Director
Crisis Planning, Prevention
& Response

DIRECTORS

Bridget Adams
Director
Youth and
Family Engagement

Shannon Bailey
Director
Procurement

Eleanor Blowe, Ed.D.
Director
Secondary School
Leadership

Tracy Brooks
Special Assistant
to the Superintendent

Lisa Evans
Director
Professional
School Counseling

Nina Farrish, DSL
Director
Human Resources

Lee Martin
Director
Student Athletics

Angela Rhett, Ph.D.
Director
Professional Growth
and Innovation

Sherri Sanchez
Director
Testing, Assessment and
Accountability

Anthony Tyler
Director
Academic Enrichment and
Intervention

Vivian Vitullo
Director
Special Education

Lori Wall
Director
Elementary
Teaching & Learning

Len Wallin
Director
Legal Services

Diane Willis
Director
Elementary School
Leadership

As of February 2025

Newport News Public Schools

Business Office
12465 Warwick Boulevard, Newport News, VA 23606-3041 • phone: 757-591-4511 • FAX: 757-595-2461

November 10, 2025

The Honorable Members of the School Board and Citizens of Newport News Public Schools District:

We are pleased to submit the Annual Comprehensive Financial Report (ACFR) of the School Board of Newport News, Virginia (the School Board, Newport News Public Schools or NNPS), for the fiscal year ending June 30, 2025. The School Board is responsible for the accuracy, completeness and fairness of the data presented. We believe that the data presented is accurate in all material respects and presents fairly the financial position and results of operations of the School Board's various funds.

Management is responsible for establishing and maintaining internal controls designed to ensure that the assets of the School Board are protected from loss, theft or misuse; and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (GAAP). Internal controls are designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that the cost of a control should not exceed the benefits likely to be derived and that the valuation of costs and benefits requires estimates and judgments by management.

An annual audit of the books of accounts, financial records and transactions of the School Board has been performed by Cherry Bekaert LLP, independent certified public accountants. The auditor's report, which includes their unmodified opinion on the basic financial statements of the School Board, is contained in this report.

Overview of the Report

We have divided the Annual Comprehensive Financial Report into four sections:

Introductory Section:
The Introductory Section includes the Transmittal Letter, reproductions of the Government Finance Officers Association (GFOA) and the Association of School Business Officials (ASBO) financial reporting certificate awards. The introductory section also provides helpful information on the School Board's structure, the School Board Members and division Organizational Chart.

Financial Section:
The Financial Section is prepared in accordance with Governmental Accounting Standards Board (GASB) requirements and includes the Independent Auditors' Report, Management's Discussion and Analysis (MD&A), Basic Financial Statements, notes to the Basic Financial Statements, government-wide financial statements, governmental funds' financial statements, note disclosures, required supplementary information and supplementary information.

Statistical Section:
The Statistical Section is a compilation of tables that show multi-year financial, demographic, economic and operating information.

Compliance Section:
The Compliance Section demonstrates our compliance with the requirements associated with Federal grants.

Generally Accepted Accounting Principles (GAAP) requires that management provides a narrative introduction, overview and analysis to accompany the Basic Financial Statements in the form of MD&A. This Transmittal Letter is designed to complement MD&A and should be read in conjunction with it. The School Board's MD&A is presented in the Financial Section immediately following the Independent Auditors' Report.

The School Board of the City of Newport News is required to undergo an annual single audit in conformity with Uniform Guidance. In consultation with our auditors the completion and submission of the Single Audit reporting package will be completed at a later date, and a separate compliance report will be issued.

The report covers financial transactions of all services provided by the School Board.

School Board Profile

The School Board was established in 1898 to provide educational opportunities to the residents of the City of Newport News, Virginia (the City or Newport News). The School Board is the elected body operating under the Constitution of Virginia and the *Code of Virginia*. The seven members of the School Board are elected by the citizens of the City to serve four-year terms, with one member elected at large. The School Board establishes educational policy for the operation of the school division and implementation of Board policy is carried out under the direction of the Superintendent.

The School Board provides a full range of public educational services to approximately 25,559 students from grades pre-kindergarten through 12th grade. It employs approximately 4,202 teachers, administrators and support staff.

The School Board receives funding from taxes collected and allocated by the City and state in addition to federal aid. School construction projects are funded by general obligation bonds, operating cash transfers and State Literary Loans approved by the Newport News City Council (the Council). The School Board itself has no power to levy and collect taxes, or to increase the budget. The Council annually appropriates funds to the School Board for educational expenditures, levies taxes and issues debt on behalf of the School Board. The legal liability for general obligation debt remains with the City. Because of the relationship with the City, the School Board is considered a component unit of the city government as defined by GAAP for governmental entities.

The School Board provides educational services in 41 separate school facilities plus alternative services at six additional sites. The School Board's buildings range in age from eight years old to 106 years old, with the average age of all schools being 58 years old. Only a few schools have received extensive renovations throughout their life.

The basic financial statements and supplementary data in this report include all funds administered by the School Board in conjunction with its mission of providing elementary and secondary public education.

Factors Affecting Financial Condition

Local Economy. The School Board's boundaries are co-terminus with the City. Newport News is a vibrant city at the mid-point of the Atlantic Coast and at the center of the Virginia Beach-Norfolk-Newport News Metropolitan Statistical Area, the 37th largest market in the United States and the largest metro between Washington and Atlanta, with a population estimate of 1.8 million.

Newport News is located on the Virginia Peninsula, surrounded by the James River to the south, the York River to the north, and the Chesapeake Bay to the east. The diversity of available resources and quality of life for those who live here are further enhanced by its close proximity to 17 other cities and counties. In total, these entities blend synergistically into Virginia's Hampton Roads region, with Newport News being a vital contributor to the desirable lifestyle, high energy and economic strength of this vibrant area.

Newport News is home to a stable, strong and diverse economy with a favorable labor climate and a highly productive work force. Newport News has an economic foundation which was historically based largely on livelihoods benefitting from the constant presence of water—shipbuilding, fishing and naval and commercial transport networks. Over the past 40 years, the City has evolved into a community now defined by science and technology industries balanced between commercial and military applications, research facilities, higher education, manufacturing, distribution and healthcare.

Budgetary Controls. The School Board maintains extensive budgetary controls. The objective of these controls is to ensure compliance with legal provisions embodied in the annual appropriated budget. Activities of the General Fund are included in the annual appropriated budget approved by City Council.

The level of budgetary control (i.e., the level at which expenditures cannot legally exceed the appropriated amount) is the fund level. In addition, certain controls are exercised administratively on the General Fund, such as the number of full-time equivalent (FTE) authorized positions and expenditure budgets by departments and individual line items. The School Board also maintains an encumbrance accounting system. Budgets are adopted on a basis consistent with GAAP, except that encumbrances are included as budgetary expenditures and that net revenues and expenditures for the medical self-insurance program are excluded from the budget comparison. Annual legal operating budgets are adopted for the Workers' Compensation Fund and Textbook Special Revenue Fund and are therefore included in the budget and actual comparisons. Program budgets for other special revenue funds are administratively approved on a basis consistent with the related grant applications. Project and program budgets are utilized in the Capital Projects Funds and certain Special Revenue Funds where appropriations remain open and carry over to succeeding years.

Financial Highlights. The School Board continues to be in sound financial condition as demonstrated by the financial statements and schedules included in this report. The School Board has operated within the resources available while achieving many of its program goals.

The School Board is expected to continue to experience moderate growth in State and local funding in the near future as support for Education in the City of Newport News and the state of Virginia grows. The FY2026 General Fund budget projections include continued decrease in student enrollment. Decreasing enrollment impacts the operating budget State revenue. (based on student enrollment). Changes in enrollment fluctuate during the school year and may translate into a loss in State revenue. Payments to school divisions for FY2026 will be updated and finalized based on March 31, 2026, ADM and other final program participation information. For FY2025, the State Revenue increased $26.7 million and the City contribution increased by $3.5 million over FY2024.

The forecast for FY2026 continues to be unclear, but modest revenue growth is possible as the economic recovery continues. See the Management's Discussion and Analysis beginning on page 4 of the financial section of this report for an in-depth financial analysis.

Stewardship of Resources. The School Board adopted Journey 2025, a strategic plan to ensure all students graduate college, career and citizen-ready. Toward this end, the School Board affirmed five strategic supports that are necessary to achieve student success. The five components are Student Success, Student & Staff Wellness, Employee Expertise, Enhanced Partnerships and Stewardship of Resources. School divisions that have wise stewardship of resources evolve their planning process as needed to address new issues, keep up with best practices, and anticipate the changing needs of the organization created by economic conditions, community expectations, and state and federal regulations. The School Board will make financial and human capital decisions with a focus on student and staff needs, organizational data, and equitable practices.

Risk Management. The School Board's risk management program is designed to protect the investment of taxpayers by identifying and reducing risks that confront the School Board. Risk is managed with a combination of commercial insurance with small deductibles and self-insurance combined with reinsurance for large claims. Commercial insurance with small deductibles is maintained for general liability, property, errors and omissions. The School Board participates with the City in a self-insurance program for vehicles (with reinsurance for claims over $1 million). Self-insurance is maintained for employee health insurance (with reinsurance for individual claims over $250 thousand) and Workers' Compensation (reinsurance contracted for claims over $1 million.)

In addition, The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the School Board of the City of Newport News for its Annual Comprehensive Financial Report for the year ended June 30, 2024. This is the 23rd consecutive year the School Board has received this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized Annual Comprehensive Financial Report. This report must satisfy both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for one year.

ACKNOWLEDGMENTS

The preparation of this report could not have been accomplished without the dedicated service of the staff of the Department of Accounting & Finance. We would like to express our appreciation to all members of the Finance Department, particularly the Accounting and Budget staff who contributed to the completion of this report. We also gratefully acknowledge the members of the School Board for their leadership and guidance in establishing sound and progressive financial management policies which is vital to the financial health of the school division and demonstration of the commitment to financial accountability, stewardship, and transparency.

Sincerely,

Scarlett Minto

Chief Financial Officer, Newport News Public Schools

2024-2025 Accomplishments, Recognitions and Awards

THE CLASS OF 2025 IS PREPARED FOR THE FUTURE

More than 1,600 members of the Class of 2025 crossed the stage in June of 2025 to receive their high school diplomas. The graduates of the Class of 2025 earned more than $75 million in scholarships and received approximately 2,400 college, university and military institution acceptance offers. Newport News Public Schools prepared these graduates to be prepared for any avenue they choose to pursue.

NNPS HAS TALENTED, AWARD-WINNING EMPLOYEES

Michelle Young, a reading specialist at Jenkins Elementary School, was named the 2025-2026 Division-Wide and Elementary School Teacher of the Year. Hines eighth grade science teacher Sarah Watson was recognized as Middle School Teacher of the Year and Menchville High School government and law teacher Kylee Davis awarded High School Teacher of the Year.

Five NNPS teachers became National Board Certified, which is the highest credential in the teaching profession: Warwick High School science teacher Gretchen DeWall, Dual Language Immersion in the Department of Teaching and Learning instructional coach Sarah Olsen, B.C. Charles Elementary School professional school counselor Nancy Peterson, Sanford Elementary School art teacher Katherine Nicole Piland and McIntosh Elementary School English as a Second Language teacher Tracy Skinner.

Four NNPS Career and Technical Education teachers were named W!se Gold Star Teachers for their students' successful performance on the W!se Financial Literacy Certification Test: Hope London and Lisa McAlister at Denbigh High School and Reginald Neely and Kimberly Grant at Warwick High School. To earn the Gold Star Award, a teacher must have at least a 93% passing rate on the W!SE (Working in Support of Education) Financial Literacy Certification Test in at least one class during the school year.

LeRonica Moses, a special education teacher at Knollwood Meadows Elementary School, received Old Dominion University's Elementary Clinical Faculty Member of the Year Award. The award recognizes the excellent work of teachers in schools mentoring and coaching ODU teacher candidates.

Warwick High School Athletic Director Lucas Brown was named 2025 Virginia Interscholastic Athletic Administrators Association Class 5/6 Athletic Director of the Year. He currently serves on the Virginia High School League Executive Committee and VIAAA Board of Directors and is Athletic Director Chair of Region 5B as well as the Peninsula District.

Sanford Elementary School Principal Dr. Edward Van Dyke was chosen to receive a 2024-2025 Virginia PTA Power Partners award. The awards for partnering with the Parent Teacher Association went to two superintendents and three principals from around the state.

ACCOMPLISHMENTS & AWARDS

Five NNPS Schools were recognized as exemplar Schools. Deer Park Elementary School earned a Highest Achievement Award, and Hidenwood Elementary School, Katherine Johnson Elementary School, Huntington Middle School and Woodside High School earned Continuous Improvement Awards through the Virginia Board of Education Exemplar School Recognition Program.

Katherine Johnson Elementary School was honored with the prestigious Christine Darden STEM Community Partnerships Award given by the Family and Community Engagement Learning Network and Successful Innovations Inc. A cross-departmental collaboration between NNPS FACE specialists, STEM leads and Instructional Technology coaches worked together on the STEM Night event that was recognized. The Darden award recognizes individuals and schools that have made significant contributions to enhancing STEM education and impacting family engagement in these vital fields**.**

NNPS developed and launched a division-wide PK-12 Literacy Plan to build the capacity of all learners as readers, writers, communicators and researchers. Implementation strategies include innovative and equitable practices that close achievement gaps and increase access to rigorous learning experiences that are reflective of the NNPS Profile of a Learner.

NNPS broke ground on the new Huntington Middle School in the fall. Construction of the school is a partnership between NNPS and the City of Newport News and is one of multiple public amenities planned for the same block.

New events Employee Convocation and Senior Rally took place for the first time. Employees gathered at the Hampton Roads Convention Center in August to start off the school year on a unified note. Seniors convened in the spring at Christopher Newport University for a rally focused on energizing and motivating students as they prepared for graduation in June.

A collaborative lab school partnership between Old Dominion University and NNPS established the new Maritime Engineering and Environmental Studies Academy. The new magnet school option will be available for NNPS students for the 2025-2026 school year. The program will focus on maritime engineering and maritime environmental studies and will be housed at the ODU Brooks Crossing Innovation Lab.

The Department of Defense Education Activity awarded a $2 million grant to NNPS for STEM education. The five-year grant will increase STEM education through after-school robotics programs and space camps, including an overnight summer space camp for high school students at Wallops Island, for students in 12 NNPS schools. The school division will establish a new partnership with the Virginia Space Flight Academy to bring new and innovative STEM programs to students.

NNPS signed a partnership with Riverside College of Health Sciences to enhance career pathways for students at the Governor's Health Sciences Academy at Warwick High School. The geographic proximity of Riverside to Warwick, along with the approximately 400 students attending the GHSA and graduating either career or college ready, combined for a perfect fit to try to address the shortage of professionals in the healthcare fields.

General Stanford Elementary School was recognized with the 2024-2025 Purple Star 2nd Award from the Virginia Department of Education. The Virginia Purple Star Designation is awarded to military-friendly schools that have demonstrated a major commitment to students and families connected to the U.S. military.

The Virginia General Assembly recognized NNPS Youth Development's accomplishments and contributions to the community with a resolution during the General Assembly session. Youth Development staff, student representatives and community partners visited the State Capitol to be recognized as the resolution was passed.

Government Finance Officers Association of the United States and Canada awarded the Distinguished Budget Presentation Award to the Newport News School Board for its annual budget document for the fiscal year beginning July 1, 2024. The budget document also received special recognition for its strategic goals and strategies category.

William & Mary's School of Education and Newport News Public Schools were jointly selected to receive the 2025 School-University Partnership Project Award by the Virginia Association of Colleges and Teacher Educators. The award is a statewide recognition honoring collaborative initiatives between Virginia's higher education institutions and K-12 school divisions that enhance student learning, well-being and teacher preparation.

Newport News Public Schools hosted the 2025 Virginia School Boards Association Tidewater Regional Spring Networking Forum on April 22 at Woodside High School. The event included dinner, judging of the VSBA Art Contest and a business meeting.

Menchville High School's Air Force Junior ROTC program was awarded the 2024-2025 Distinguished Unit Award with Merit and Menchville ROTC instructor Chief Master Sgt. Christopher Rambali was awarded the Outstanding Instructor Award.

This achievement is the result of the unit scoring 97% or greater on the annual unit evaluation, averaging over 20 community service hours per cadet, meeting or exceeding all Headquarters deadlines, and successfully achieving all unit-generated SMART goals.

Newport News Public Schools was honored with the Best Communities for Music Education designation from The NAMM Foundation for its outstanding commitment to music education. This is the eighth time NNPS has received this recognition.

The Menchville High School Music Department was awarded the Virginia Music Educators Association 2025 Blue Ribbon Award. The award is the highest award given to school music programs and recognizes achieved excellence in band, orchestra and choral performance.

Menchville High School's Band earned the Virginia Honor Band designation for the 11th time. Bands achieving superior ratings at the state marching band festival and at a district concert festival are recognized as an Honor Band, the highest award that can be bestowed upon bands by the Virginia Band and Orchestra Directors Association.

NNPS STUDENTS EARN REGIONAL, NATIONAL AND STATE AWARDS

Warwick High School's team won Blue Crab Bowl 2025, which is Virginia's regional competition of the National Ocean Sciences Bowl. Warwick advanced to the NOSB National Finals Competition, where it finished seventh**.**

Sahasra Vishwanathan, a ninth grader at Menchville High School, was selected as the first place winner for high school students in the 2025 Distinguished Trailblazers in the Sciences Competition. The contest was sponsored by Michigan State University, its Facility for Rare Isotope Beams, and the Thomas Jefferson National Accelerator Facility.

The Virginia School Boards Association selected the NNPS Telecommunications program's video "Kindness Goes a Long Way" as the winner in the Kindness in Sports category of its 13th Annual High School Student Video Contest.

Woodside High's Schools Boys Indoor Track Team won the 2025 Virginia High School League Class 5 State Championship.

Woodside's Deimon "DJ" Collins earned the 2025 Class 5 state championship in both Indoor and Outdoor Track and Field Boys Triple Jump.

Heritage High School's Girls Indoor Track 4X200 Meter Relay Team comprised of Tyla Clarke, Ahnasti Brown, Giani Darden and Jaleia Beasley won the 2025 VHSL Class 3 State Championship.

Woodside High School's Kita Tibbs won the 2025 VHSL Creative Writing State Championship in the Poem Category.

NNPS teams and individuals qualified in March for the 2025 National Archery in the Schools Program U.S. Eastern Nationals. In the Bullseye competition, Richneck Elementary School's team and Richneck's Ava Crawford as well as B.C. Charles student Sophia Coberly qualified. In 3D, Richneck, Ella Fitzgerald Middle School and Menchville High School qualified as teams along with individual archers Crawford, Kamryn Moore and Cailynn Bromell from Richneck, Charles' Violet Singletary, Fitzgerald's Zoey Stanley and Menchville's Sebastian Arsenault and Lillian Roman.

An Achievable Dream Academy, McIntosh Elementary School, Yates Elementary School, B.T. Washington Middle School and Warwick High School earned top honors for their outstanding performances at the 2025 Regional Odyssey of the Mind Tournament in March, 2025. Warwick and B. T. Washington advanced to compete at the Virginia State Odyssey of the Mind Tournament in April, where they both placed third. NNPS hosted both the regional and state tournaments at Menchville.

Ella Fitzgerald Middle School celebrated its 50th birthday year as a school on namesake Ella Fitzgerald's birthday on April 25. Music, speeches and the reading of a commemorative proclamation issued by Newport News Public Schools were part of the morning celebration in front the school.

Seven high school student musicians earned the All-Virginia distinction. Warwick High School students Natalee Cameron and Casey York and Woodside High School student Taryn Wheeler were named to the All-Virginia Chorus. Woodside High School's Liam Barnstead as named All-Virginia Band for an unprecedented fourth time, and was joined on that list by Menchville High School's Connor Landers, Abigail Mayer and Christian Wennin. Selection to an All-Virginia ensemble represents the highest honor that the Virginia Music Educators Association can bestow up on a student musician.

During the 2025 Elementary and Secondary STAR Awards ceremonies, which celebrate student leadership and volunteerism, hundreds of students representing each school were recognized in presentations by their peers for having a positive impact through clubs, organizations and service to their school.

NOTABLE PROGRAMS

Dual Language Immersion. NNPS is home to the national award-winning Dual Language Immersion Program. Hosted in five schools, the program offers native English and native Spanish-speaking students instruction in English and Spanish from preschool through high school.

Advanced Placement Courses. The school division offers more Advanced Placement (AP) courses than any other school district or private school on the Peninsula. AP courses are open to all; students with qualifying grades may earn college credit.

Dual-Enrollment. High school juniors and seniors have the option of earning college credit and high school credit concurrently through dual-enrollment courses at Virginia Peninsula Community College (VPCC) and Norfolk State University.

Early College. High school seniors may earn up to 19 semester hours of college credit prior to high school graduation in this unique partnership with Virginia Peninsula Community College (VPCC). During their senior year, students complete their high school coursework during the first semester and attend VPCC during the second semester.

Early Career. High school seniors can jump start their careers before graduation with this partnership program. During the first semester of their senior year, students complete their high school coursework and take special training courses. During the second semester, students begin working full time with a local business or industry partner.

Science, Technology, Engineering and Math Education (STEM). With innovative instruction, new technologies, science labs, and resourceful business partners, students at all levels are engaged in hands-on and minds-on activities that prepare them for further education and rewarding career possibilities in STEM.

Career and Technical Education (CTE) courses are designed around industry standards to ensure high-quality instruction for high-wage, high-demand and high-skill careers. CTE courses prepare students to earn more than a dozen industry certifications, accelerating student access to technical, high-skilled careers. NNPS High School Students Earn Industry and Professional Certifications through CTE Courses

Youth Development. Through school leadership academies and participation in clubs and organizations, students in all grades have the opportunity to develop leadership skills, volunteerism and citizenship.

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

The School Board of the City of Newport News Virginia

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2024

Christopher P. Morrill

Executive Director/CEO

ASSOCIATION OF
SCHOOL BUSINESS OFFICIALS
INTERNATIONAL

The Certificate of Excellence in Financial Reporting
is presented to

Newport News Public Schools

for its Annual Comprehensive Financial Report
for the Fiscal Year Ended June 30, 2024.

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

CERTIFICATE OF EXCELLENCE
IN FINANCIAL REPORTING

Ryan S. Stechschulte
President

James M. Rowan, CAE, SFO
CEO/Executive Director

FINANCIAL SECTION

Cherry Bekaert LLP
Your Guide Forward

Report of Independent Auditor

To the Honorable Members
School Board of the City of Newport News, Virginia

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the School Board of the City of Newport News, Virginia (the "School Board"), a component unit of the City of Newport News, Virginia, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the School Board's basic financial statements as listed in the table of contents.

In our opinion, based on our audit and the report of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the School Board, as of June 30, 2025, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of the School Activity Funds, a special revenue fund of the School Board, which represents 1.9%, 1.9%, and 5.3%, respectively, of the total assets, fund balance, and revenues of the aggregate remaining fund information as of June 30, 2025. Those financial statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the School Activity Funds, is based solely on the report of the other auditors.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the *Specifications for Audits of Counties, Cities, and Towns* (the "Specifications"), issued by the Auditor of Public Accounts of the Commonwealth of Virginia. The financial statements of the School Activity Fund were not audited in accordance with the Specifications. Our responsibilities under those standards and the Specifications are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of the School Board 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

As discussed in Note 14 to the financial statements, the School Board adopted Governmental Accounting Standards Board ("GASB") Statement No. 101, *Compensated Absences,* effective July 1, 2024. As a result, the beginning net position has been restated. Our opinion is 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 School Board's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Specifications, we:

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

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the School Board'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 School Board's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the required supplementary information other than management's discussion and analysis, 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 and other auditors have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the School Board's basic financial statements. The accompanying supplementary information, as listed in the table of contents, is presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, based on our audit and the report of the other auditors, 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 Sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

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

Other Reporting Required by *Government Auditing Standards*
In accordance with *Government Auditing Standards*, we have also issued our report dated November 10, 2025, on our consideration of the School Board's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the School Board's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering School Board's internal control over financial reporting and compliance.

Cherry Bekaert LLP

Tysons Corner, Virginia
November 10, 2025

The following management's discussion and analysis of the School Board of the City of Newport News, Virginia's (the School Board) financial performance provides an overview of the School Board's financial activities as of and for the fiscal year ended June 30, 2025. The analysis focuses on the School Board's financial performance as a whole. Please read it in conjunction with the transmittal letter at the front of this report and the School Board's financial statements, which follow this section.

Financial Highlights for Fiscal Year (FY) 2025

The School Board, on a government-wide basis, had an increase in Net Position of $39.3 million after taking into account a $12.7 million restatement of the net position previously reported on June 30, 2024, related to the implementation of a new accounting standard. The increase during FY2025 resulted in Net Position going from negative $52.2 million to negative $12.9 million. Over the last eight years the Net Position has increased $304.8 million. Additionally, during the past eight fiscal years, net investment in capital assets accounted for $151.9 million (49.8%) of this increase. It should be noted that during the past ten years the School Board coordinated with the City of Newport News to return various school buildings and related building renovations and improvements under the provisions of Assets Held Tenancy in Common. During fiscal year 2025, there were no returns of school buildings or related renovations and improvements.

During FY2025, net investment in capital assets increased by $28.3 million to $235.6 million primarily due to increases in improvements to schools and buildings. The restricted balance decreased by $2.4 million primarily due to an increase in funds restricted for Capital Projects. The Capital Projects related to the increase are being funded by the state School Construction Grants Program for school infrastructure improvements and renovations. Unrestricted Net Position increased by $13.4 million and is now at negative $276.8 million. Unrestricted Net Position includes $2.9 in funds for which the School Board is seeking an appropriation authorization from City Council to spend on various capital projects. If the School Board does not get City Council approval, the funds will have to be returned to the Commonwealth.

Overview of the Financial Statements

This management's discussion and analysis are intended to serve as an introduction to the School Board's basic financial statements.

This Annual Comprehensive Financial Report consists of four sections: introductory, financial, statistical, and compliance. The financial section has four components – management's discussion and analysis (this section), the basic financial statements (including the notes to financial statements), required supplementary information, and supplementary information.

The School Board's financial statements consist of two kinds of statements that present different views of the School Board's financial activities.

- The Statement of Net Position and Statement of Activities provide information on a government-wide basis. These statements present an aggregate view of the School Board's finances providing both long-term and short-term information about the School Board's overall financial status.

- The fund financial statements focus on the individual parts of the School Board, reporting School Board operations with more information and detail than the government-wide statements.

Both perspectives (government-wide and fund) allow the user to address relevant questions, broaden the basis of comparison (e.g., year-to-year or government to government), and enhance the School Board's accountability. The notes to financial statements explain some of the information in the statements and provide additional disclosures so that statement users have a complete picture of the School Board's financial activities and position. The required supplementary information further explains and supports the financial statements.

Government-Wide Financial Statements

The government-wide financial statements report information about the School Board as a whole using accounting methods similar to those used by private-sector companies. An important question one could ask about the School Board's finances is, "Is the School Board, as a whole, better or worse 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 School Board as a whole and its activities in a way that helps answer this question. These statements include all assets and liabilities 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 considered regardless of when cash is received or paid.

The School Board'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 School Board's financial health. Over time, increases or decreases in the School Board's Net Position are indicators of whether or not its financial position is improving. Other factors will also need to be considered, such as the overall economy of the Commonwealth of Virginia and the City, from which most of the School Board's resources are derived.

Fund Financial Statements

Traditional users of government financial statements will find the fund financial presentation more familiar. The focus is on the School Board's most significant fund, the General Fund. The Grant Fund and the State Construction Fund are also considered major funds. All of the School Board's other funds are considered non-major funds and are summarized into one total, but the details of each fund are also shown in the Supplementary Information section.

Governmental funds use the modified accrual basis of accounting and the current financial resources measurement focus. Differences in the accrual and modified accrual basis of accounting arise in the recognition of revenue, the recording of unearned revenues and deferred flows of resources and in the presentation of expenses versus expenditures. Governmental fund financial statements therefore include reconciliations with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

Financial Analysis of the School Board as a Whole

The School Board presents its financial statements in accordance with accounting principles generally accepted in the United States of America as promulgated by the Governmental Accounting Standards Board.

The following table reflects the condensed Net Position of the School Board.

Table 1
Net Position
(In millions)

	FY 2025	FY 2024	Change
Current and other assets	$ 131.5	$ 138.0	$ (6.5)
Capital assets, net	249.4	216.1	33.3
Total assets	380.9	354.1	26.8
Deferred outflows of resources	85.6	81.0	4.6
Other liabilities	65.2	66.7	(1.5)
Long-term liabilities	366.8	384.6	(17.8)
Total liabilities	432.0	451.3	(19.3)
Deferred inflows of resources	47.4	36.0	11.4
Net Position:			
Net investment in capital assets	235.6	207.3	28.3
Restricted	28.3	30.7	(2.4)
Unrestricted	(276.8)	(290.2)	13.4
Total Net Position	$ (12.9)	$ (52.2)	$ 39.3

In accordance with GASB Statement No.100, Accounting Changes and Error Corrections, FY 2024 condensed financial statement information has not been restated for the implementation of GASB Statement No. 101, Compensated Absences.

The School Board's total Net Position shows an increase of $39.3 million, increasing from a negative $52.2 million to a negative $12.9 million. The primary drivers of this change include increases in Net Investment in Capital Assets - and decreases related to total liabilities.

Current and other assets decreased by $6.5 million (4.7%). This is primarily due to a decrease in the amount of funds received from the Virginia Department of Education.

Capital assets increased by $33.3 million (15.4%). This increase was due to an increase in school improvements and a new lease for a print shop printer.

Deferred outflows of resources increased by $4.6 million (5.7%) due to adjustments associated with actuarial calculations related to changes in experience data of the Virginia Retirement System (VRS) and the Newport News Employee Retirement Fund (NNERF) pension and Other Post Employment Benefit (OPEB) plans.

Other liabilities decreased a net of $1.5 million (2.25%), primarily driven by an increase in accounts payable across all funds of $6.6 million and a decrease of $8.1 for accrued payroll, related taxes and other obligations due at June 30, 2025.

Long-term liabilities decreased by $17.8 million (4.6%). This was primarily due to a decrease in the OPEB Trust fund of 11.8 million, as well as decreases in the NNERF and VRS teacher pension.

Deferred inflows of resources increased by $11.4 million (31.7%). This is due to actuarial computations related to the pension and OPEB obligations.

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The following table summarizes the changes in the School Board's Net Position:

	FY 2025	FY 2024	Change
Revenues:			
Program revenues:			
Charges for services	$ 5.5	$ 7.0	$ (1.5)
Operating grants and contributions	120.1	188.3	(68.2)
Capital grants and contributions	18.0	4.6	13.4
General revenues:			
Local	138.2	144.3	(6.1)
State	226.6	175.3	51.3
Federal	3.1	3.8	(0.7)
Interest	0.6	0.7	(0.1)
Total revenues	512.1	524.0	(11.9)
Expenses:			
Academic services	305.3	304.3	1.0
Attendance and health	11.5	11.6	(0.1)
Transportation services	28.1	24.3	3.8
Operations and facilities	53.6	67.3	(13.7)
Child nutrition services	25.6	25.6	-
Technology services	19.4	25.8	(6.4)
Administration	16.2	23.6	(7.4)
Interest on capital debt	0.4	0.1	0.3
Total expenses	460.1	482.6	(22.5)
Change in net position	52.0	41.4	10.6
Beginning net position, as originally stated	(52.2)	(93.6)	41.4
Prior period restatement - change in accounting principles	(12.7)	-	(12.7)
Beginning net position, as restated	(64.9)	(93.6)	28.7
Ending net position	$ (12.9)	$ (52.2)	$ 39.3

For the Fiscal Year, ended June 30, 2025, revenues from governmental activities (excluding charges for services and interest) totaled $506.0 million, $11.0 million less than in FY2024. Charges for services and interest were $6.1 million to bring the total to $512.1 million. Charges for services and interest decreased by $1.5 million (21.4%) from FY2024. This is primarily due to lower indirect costs to grants.

Operating grants, which were comprised of approximately 49.0% from Virginia sources, 47.3% from federal sources and 3.7% from local sources, totaled $120.1 million (23.4% of the total). There was a decrease of $68.2 million (36.2%) in operating grants and contributions. Federal grants account for $47.2 million (45.4%) of the decrease and state grants accounted for $21.6 million (26.8%) of the decrease. An increase in Local grants account for $0.6 of the decrease.

Capital grants, which was primarily for the new Huntington school construction, was $18.0 million (3.5% of the total) and showed a $13.4 million increase.

Local revenue from the City is shown net of the amount returned for debt service (to reflect bonded debt still outstanding and owed by the City for school capital assets). The detail is as follows:

Revenue to the General Fund (budget basis)	$	123,089,307
Less debt service returned to the City		(1,096,266)
Add Revenue General Obligation Bonds		10,168,256
Add Grant TNF (Cash Basis)		436,248
Add Grant Choice Neighborhoods (Cash Basis)		91,811
Add Grant Gun Violence Program (Cash Basis)		158,750
Add Revenue General Capital Fund		5,100,000
Net amount from City - Entity-wide statements	$	137,948,106

Plus the City provided operating grants of $686,809

Revenue from the City in FY2025 was $137.9 million (26.9% of the total), a decrease of $2.5 million. This decrease was, in part, due to the City not transferring assets for tenancy-in-common this fiscal year. The City also provided $2.0 million in funding for school buses, $2.0 for student computer replacements, and $1.1 million for clear backpack replacement and one-time cash capital funds.

In FY2025 Commonwealth Standards of Quality (SOQ) Funds accounted for $214.1 million (41.8%) of the School Board's resources. These funds are based on student membership counts. These funds increased by $25.1 million (13.3%). The largest increase occurred in Basic Aid which was higher by $13.3 million to account for 13.8% of the increase. At risk funding increased by $9.0 million. Total revenue from the Commonwealth of Virginia increased $51.3 million.

Federal revenue decreased by $0.7 million to $3.1 million in FY2025 due to lower Impact Aid funding.

Interest income of $0.6 million (0.1% of the total) decreased $0.1 million (14.3%) in FY2025.

Expenses for FY2025 totaled $460.1 million, a decrease of $22.5 million (4.7%).

Academic services accounted for $305.3 million (66.4%) of the School Board's total expenses. A significant portion of this amount is for the salaries and benefits of teachers, teacher assistants, and instructional administrators. This category increased by $1.0 million (0.3%).

Operations and facilities were the next highest cost category with a total of $53.6 million (11.7% of the total). Much of these expenses relate to the operation (utilities and insurance), maintenance, and cleaning of our 41 regular schools, six alternative school sites, and administrative offices. This category decreased by $13.7 million (20.4%) from last year.

Transportation services is the third largest cost category, with expenses of $28.1 million (6.1% of the total). This category showed an increase of $3.8 million (15.6%). Vehicle operation services accounted for the increase, primarily due to higher compensation, materials and supplies, and capital outlay expenditures.

Child Nutrition Services is the fourth largest cost category, with expenses of $25.6 million (5.6% of the total).

Technology services is the fifth largest cost category, with expenses of $19.4 million (4.2% of the total). This category showed a decrease of $6.4 million (24.8%).

Administration the sixth largest cost category, with expenses of $16.2 million (3.5% of the total). This category decreased by $7.4 million (31.4%).

Capital Assets

At the end of 2025, the School Board had invested $249.4 million in capital assets, which reflects historical cost of $503.5 million and accumulated depreciation of $254.1 million. Most school buildings and improvements undertaken in the past 20 years, for which City bonded debt has been issued, are included therein.

The following table shows the capital assets recorded on the School Board's books at year-end.

Table 3
Capital Assets, Net
(In millions)

	FY 2025	FY 2024	Change
Nondepreciable assets:			
Land	$ 3.7	$ 3.7	$ -
Construction in progress	1.5	2.7	(1.2)
Other capital assets:			
Buildings	183.7	183.7	-
Right to use leased and SBITA assets	8.3	7.5	0.8
Building improvements	226.7	193.1	33.6
Equipment and vehicles	79.6	75.5	4.1
Accumulated depreciation/amortization	(254.1)	(243.7)	(10.4)
Total	$ 249.4	$ 222.5	$ 26.9

Buildings had no change due primarily to no transfers of various buildings and improvements to the School Board under the provisions of AHTIC, as City bonded debt associated with the building construction has been paid off. Accumulated depreciation increased $10.4 million due to an increase in building and improvement depreciation. This was partially offset by a decrease of $6.4 million in retired assets, primarily school buses and older textbooks. See Note 3 to the financial statements for additional information.

Long-Term Liabilities

The School Board cannot issue bonded debt. Accordingly, long-term liabilities of $366.8 million, as shown on Table 1, are related to leases on operating space and capital equipment, capital facility notes payable, compensated absences, workers' compensation claims payable (under our self-insurance program), incurred but not reported claims under our self-insured employee health insurance program, pension obligations and other postemployment benefits. During FY2025, long-term liabilities had a net decrease of $17.8 million. Pension and OBEB liabilities decreased by $31.1 million due to financial market fluctuations and changes in actuarial valuations. Additionally, there was a $1.5 million increase due to the school board recognition of compensated absences under the new GASB 101 standard. See Note 5 in the notes to basic financial statements for additional information.

Financial Analysis of the School Board's Governmental Funds

(The comments in this section pertain to the Balance Sheet – Governmental Funds on page 17 and the Statement of Revenues, Expenditures and Changes in Fund Balance – Governmental Funds on page 18).

For the fiscal year ended June 30, 2025, the governmental funds had a combined fund balance of $64.0 million. This is a slight increase of $1.7 million as compared to $62.3 million in FY2024. The General Fund accounted for the change in fund balance, primarily due to an increase in indirect costs related to federal grants, an increase in sales tax due to more tax revenue from the State, and our actual expenditures being slightly less than the budget.

General Fund Budgetary Highlights

Table 4
General Fund Budget to Actual Summary (non-GAAP basis)
Year ended June 30, 2025
(In millions)

	Original Budget	Amended Budget	Actual	Variance
Revenues:				
State	$ 271.2	$ 271.2	$ 270.4	$ (0.8)
City	123.1	123.1	123.1	-
Federal	3.1	3.1	3.1	-
Other	2.5	7.4	9.0	1.6
Total revenues	399.9	404.8	405.6	0.8
Expenditures and transfers:				
Expenditures	398.9	403.8	403.4	0.4
Transfers	1.0	1.0	1.0	-
Total expenditures and transfers	399.9	404.8	404.4	0.4
Change in fund balance	$ -	$ -	$ 1.2	$ 1.2

Revenues from the Commonwealth were $0.8 million less than the budget. This is due to lower SOQ funding of $4.4 million related to lower student enrollment. Increases in incentive funds ($2.0 million) and lottery funds (1.6 million) helped to offset the $4.4 million decrease in State funding. Federal revenue was slightly higher due to Medicaid funds. Other revenue was $1.6 million more than the budget due to higher indirect costs charged to federal grants. The net revenue surplus was $0.8 million.

Expenditures were $0.4 million less than budgeted due to a combination of turnover and attrition across the division and savings on non-personnel costs.

Economic Factors

The School Board is financially dependent upon the Commonwealth, the City of Newport News, and to some extent the Federal government. All of these appear to have sufficient resources to support the School Board in the near future. However, FY2025 enrollment was lower than expected by approximately 361 students. It appears to be primarily related to lower birth rates and population changs in Newport News.

Contacting the School Board’s Financial Management

This financial report is designed to provide our citizens, taxpayers, local business owners, parents, and vendors with a general overview of the School Board’s finances and to demonstrate the School Board’s accountability for the money it receives. Questions concerning this report or requests for additional financial information should be directed to Scarlett Minto, Chief Finance Officer, 12465 Warwick Boulevard, Newport News, Virginia 23606, telephone (757) 591-4511. In addition, there is non-financial information on our schools, curriculum, and programs on the School Board’s website at www.sbo.nn.k12.va.us.

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BASIC FINANCIAL STATEMENTS

THE SCHOOL BOARD OF THE
CITY OF NEWPORT NEWS, VIRGINIA

Statement of Net Position – Governmental Activities

June 30, 2025

Assets	
Cash and temporary investments	$ 86,320,234
Cash with agent	5,050,000
Accounts receivable, net	929,153
Lease receivable	348,952
Receivables from other governments:	
City of Newport News, Virginia	11,901,757
Federal:	
Department of Agriculture	3,333,145
Commonwealth of Virginia:	
Department of Treasury – sales tax	3,291,799
Department of Education	16,026,661
Inventories, at cost	2,420,425
Pension asset (VRS stand-alone plan)	1,917,421
Capital assets, non-depreciable	5,166,411
Capital assets, depreciable, net	244,220,595
Total assets	380,926,553
Deferred Outflows of Resources	
Deferred pension (NNERF)	10,009,747
Deferred pension (VRS professional plan)	66,560,147
Deferred pension (VRS non-professional plan)	1,303,709
Deferred OPEB (NNPS Trust Fund)	12,426
Deferred OPEB (VRS health income credit)	3,211,744
Deferred OPEB (VRS group life insurance)	4,521,574
Total deferred outflows of resources	85,619,347
Liabilities	
Accounts payable	17,903,763
Accrued liabilities	1,181,773
Payroll withholdings and accrued fringe benefits	37,375,225
Unearned revenues	8,773,081
Long-term liabilities:	
Due within one year	19,565,426
Due in more than one year	347,254,336
Total liabilities	432,053,604
Deferred Inflows of Resources	
Deferred pension (NNERF)	4,191,306
Deferred pension (VRS professional plan)	30,315,953
Deferred pension (VRS NON-professional plan)	613,673
Deferred OPEB (NNPS Trust Fund)	4,319,789
Deferred OPEB (VRS health care credit)	1,753,221
Deferred OPEB (VRS group life insurance)	1,827,793
Deferred contribution to City – AHTIC	3,981,383
Leases related	369,527
Total deferred inflows	47,372,645
Net Position	
Net investment in capital assets	235,619,311
Restricted for:	
Adult Education	68,290
Capital Projects	1,885,702
Child Nutrition Services	6,371,152
Pensions	1,917,421
Student Activites	1,579,885
Textbooks	7,399,724
Workers' Compensation	9,092,868
Unrestricted (deficit)	(276,814,702)
Total net position	$ (12,880,349)

See accompanying notes to basic financial statements.

THE SCHOOL BOARD OF THE
CITY OF NEWPORT NEWS, VIRGINIA

Statement of Activities – Governmental Activities

Year Ended June 30, 2025

		Program Revenues			Net (Expense)
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Revenue and Changes in Net Position
Governmental activities:					
Academic services	$ 305,280,706	$ 1,634,944	$ 95,510,175	$ -	$ (208,135,587)
Attendance and health services	11,545,514	-	-	-	(11,545,514)
Transportation services	28,107,587	-	-	775,000	(27,332,587)
Operations and facilities	53,523,347	738,726	-	16,012,892	(36,771,729)
Child nutrition services	25,611,960	471,054	24,546,397	-	(594,509)
Technology services	19,434,092	-	-	1,169,727	(18,264,365)
Administration	16,225,908	2,701,314	-	-	(13,524,594)
Interest on capital debt	379,729	-	-	-	(379,729)
Total governmental activities	$ 460,108,843	$ 5,546,038	$ 120,056,572	$ 17,957,619	$ (316,548,614)
General revenues:					
City of Newport News, Virginia					138,203,251
Commonwealth of Virginia					226,588,958
Federal government					3,118,161
Interest					615,093
Total general revenues					368,525,463
Change in net position					51,976,849
Beginning Net Position, as originally reported					(52,201,234)
Restatement - Change in Accounting Principle-Implementation of GASB 101 (Note 14)					(12,655,964)
Beginning Net Position, restated					(64,857,198)
Net position at end of year					$ (12,880,349)

See accompanying notes to basic financial statements.

THE SCHOOL BOARD OF THE
CITY OF NEWPORT NEWS, VIRGINIA

Balance Sheet – Governmental Funds

June 30, 2025

	General Fund	Grant Fund	State Construction Fund	Other Nonmajor Governmental Funds	Total Governmental Funds
ASSETS					
Cash and cash equivalents	$ 54,690,786	$ 2,911,156	$ 2,487,447	$ 26,230,845	$ 86,320,234
Cash with agent	4,800,000	-		250,000	5,050,000
Receivables from other governments:					
City of Newport News	-	-	-	11,901,757	11,901,757
Federal:					
Department of Agriculture	-	-	-	3,333,145	3,333,145
Commonwealth of Virginia:					
Department of Treasury – sales tax	3,291,799	-	-	-	3,291,799
Department of Education	-	7,646,597	8,380,064	-	16,026,661
Accounts receivable	724,564	204,589	-	-	929,153
Lease receivable	348,952	-	-	-	348,952
Inventories	1,864,006	-	-	556,419	2,420,425
Total assets	$ 65,720,107	$ 10,762,342	$ 10,867,511	$ 42,272,166	$ 129,622,126
LIABILITIES					
Liabilities:					
Accounts payable	$ 4,219,955	$ 1,959,596	$ 8,981,809	$ 2,742,403	$ 17,903,763
Accrued payroll	1,101,315	80,458	-	-	1,181,773
Payroll withholdings and accrued employee benefits	37,375,225	-	-	-	37,375,225
Unearned revenues	50,793	8,722,288	-	-	8,773,081
Total liabilities	42,747,288	10,762,342	8,981,809	2,742,403	65,233,842
DEFERRED INFLOWS OF RESOURCES					
Leases related	369,527	-	-	-	369,527
Total deferred inflows of resources	369,527	-	-	-	369,527
FUND BALANCES					
Nonspendable:					
Imprest funds	2,125	-	-	-	2,125
Inventories	1,864,006	-	-	556,419	2,420,425
Restricted:					
Adult education services	-	-	-	68,290	68,290
Capital projects	-	-	1,885,702	-	1,885,702
Child nutrition services	-	-	-	6,371,152	6,371,152
Textbooks	-	-	-	7,399,724	7,399,724
Workers' compensation	-	-	-	9,092,868	9,092,868
Student activities	-	-	-	1,579,885	1,579,885
Assigned:					
Contractual obligations	13,032,387	-	-	14,461,425	27,493,812
Health insurance	4,800,000	-	-	-	4,800,000
Unassigned	2,904,774	-	-	-	2,904,774
Total fund balances	22,603,292	-	1,885,702	39,529,763	64,018,757
Total liabilities, deferred inflows of resources and fund balances	$ 65,720,107	$ 10,762,342	$ 10,867,511	$ 42,272,166	$ 129,622,126

Amounts reported for governmental activities in the Statement of Net Position are different because:	
Total fund balances reported in governmental funds	$ 64,018,757
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds	249,387,006
Pension assets used in governmental activities are not financial resources and, therefore, are not reported in the funds	1,917,421
Deferred retirement outflows of resources used in governmental activities are not financial resources and, therefore, are not reported in the funds	85,619,347
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds	(366,819,762)
Deferred inflows from City tenancy-in-common are not recognized in the current period and, therefore, are reported in the funds	(3,981,383)
Deferred retirement inflows of resources are not recognized in the current period and, therefore, are not reported in the funds	(43,021,735)
Net position of governmental activities	$ (12,880,349)

See accompanying notes to basic financial statements.

THE SCHOOL BOARD OF THE
CITY OF NEWPORT NEWS, VIRGINIA

Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds

Year Ended June 30, 2025

	General Fund	Grant Fund	(Formerly Major) General Obligation Bond Fund	(Formerly Nonmajor) State Construction Fund	Other Nonmajor Governmental Funds	Total Governmental Funds
REVENUES						
Intergovernmental:						
City of Newport News, Virginia	$ 121,993,041	$ 686,809	$ -	$ -	$ 15,268,256	$ 137,948,106
Commonwealth of Virginia	270,376,357	12,753,715	-	16,012,892	3,484,936	302,627,900
Federal government	3,118,161	33,621,981	-	-	23,907,661	60,647,803
Charges for services	2,973,138	-	-	-	2,572,900	5,546,038
Investment income	4,544	-	-	-	610,549	615,093
Miscellaneous	-	646,550	-	-	3,112,246	3,758,796
Total revenues	398,465,241	47,709,055	-	16,012,892	48,956,548	511,143,736
EXPENDITURES						
Current:						
Academic services	280,415,272	36,099,927	-	-	7,714,647	324,229,846
Attendance and health services	10,096,925	1,943,126	-	-	-	12,040,051
Transportation services	25,860,625	1,056,386	-	-	-	26,917,011
Operations and facilities	46,805,757	5,604,901	-	2,140,821	234,341	54,785,820
Child nutrition services	-	-	-	-	26,093,054	26,093,054
Technology services	17,785,660	2,611,021	-	-	-	20,396,681
Administration	14,019,258	393,694	-	-	1,687,106	16,100,058
Capital outlay	2,440,396	-	-	16,012,892	8,485,499	26,938,787
Debt service:						-
Principal	1,251,667	-	-	-	-	1,251,667
Interest and other charges	268,338	-	-	-	-	268,338
Right to use assets:						
Principal	1,313,224	-	-	-	-	1,313,224
Interest and other charges	111,390	-	-	-	-	111,390
Total expenditures	400,368,512	47,709,055	-	18,153,713	44,214,647	510,445,927
Excess (deficiency) of revenues over expenditures	(1,903,271)	-	-	(2,140,821)	4,741,901	697,809
OTHER FINANCING SOURCES (USES)						
Right to use leases and SBITAs issued	1,118,856	-	-	-	-	1,118,856
Total other financing sources (uses)	1,118,856	-	-	-	-	-
Net change in fund balances	(784,415)	-	-	(2,140,821)	4,741,901	1,816,665
Fund balances beginning of year, as prevoiusly reported	23,489,937	-	3,960,076	-	34,856,454	62,306,467
Change within financial reporting enity	-		(3,960,076)	4,026,523	(66,447)	-
Fund balances beginning of year	23,489,937	-	-	4,026,523	34,790,007	62,306,467
Increase (decrease) in nonspendable inventory	(102,230)	-	-	-	(2,145)	(104,375)
Fund balances at end of year	$ 22,603,292	$ -	$ -	$ 1,885,702	$ 39,529,763	$ 64,018,757

See accompanying notes to basic financial statements.

THE SCHOOL BOARD OF THE
CITY OF NEWPORT NEWS, VIRGINIA

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

Year Ended June 30, 2025

Net change in fund balances – total governmental funds		$1,816,665
Amounts reported for governmental activities in the Statement of Activities are different because:		
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. This is the amount by which capital outlays exceeded depreciation in the current period.		
Capital outlay	26,938,787	
Right to Use asset	1,008,481	
Right to use SBITA	128,886	
Items expensed in fund financial statements, but shown as capitalized in government-wide financial statements	17,682,140	
Capital outlay, net	45,758,294	
Loss on disposal of capital assets	(2,592,722)	
Depreciation and amortization expense	(16,296,610)	
		26,868,962
Bond proceeds provide current financial resources to government funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of bond principal is an expenditure in the governmental funds, but repayment reduces long-term liabilities in the statement of 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.		
Repayment of long-term debt	2,564,891	
Right to use liabilities issued	(1,118,856)	
Total bond and other debt proceeds		1,446,035
Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.		
Compensated absences		(1,461,520)
Workers' compensation claims		(429,580)
Health insurance claims		(259,000)
Changes in nonspendable inventory from governmental funds		(104,375)
Changes deferred inflows of resources associated with City contributions related to tenancy-in-common		941,953
Changes in pension liabilities and related deferred outflows and inflows of resources		13,220,620
Changes in OPEB liabilities and related deferred outflows and inflows of resources		9,937,089
		$51,976,849

See accompanying notes to basic financial statements.

THE SCHOOL BOARD OF THE
CITY OF NEWPORT NEWS, VIRGINIA

Statement of Fiduciary Net Position – Fiduciary Fund

June 30, 2025

	OPEB Trust Fund
Assets:	
Cash and investments	$ 41,503,280
Total assets	41,503,280
Net Position:	
Restrcited for:	
Postemployment benefits other than pensions	41,503,280
Total net position	$41,503,280

See accompanying notes to basic financial statements.

THE SCHOOL BOARD OF THE
CITY OF NEWPORT NEWS, VIRGINIA

Statement of Changes in Fiduciary Net Position – Fiduciary Fund

Year Ended June 30, 2025

	OPEB Trust Fund
Additions	
Contributions:	
Employer contributions	$ 5,618,840
Plan member (retiree) contributions	729,058
Total contributions	6,347,899
Net investment income:	
Net increase in the fair value of investments	3,312,892
Investment-related expenses	(34,875)
Interest and dividends	19,685
Total investment gain	3,297,703
Total additions	9,645,602
Deductions	
Benefits	5,847,899
Total deductions	5,847,899
Change in fiduicary net position	3,797,703
Fiduciary net position at beginning of year	37,705,577
Fiduciary net position at end of year	$ 41,503,280

See accompanying notes to basic financial statements.

NOTES TO BASIC FINANCIAL STATEMENTS

(1) Summary of Significant Accounting Policies

Narrative Profile

The School Board of the City of Newport News, Virginia (the School Board) was established in 1898 to provide educational opportunities to the residents of the City of Newport News, Virginia (the City). The School Board is the elected body operating under the Constitution of Virginia and the *Code of Virginia*. The members of the School Board are elected by the citizens of the City to serve four-year terms. The School Board determines educational policy and employs a superintendent of schools to administer the public-school system.

(a) Financial Reporting Entity

The School Board receives funding from taxes collected and allocated by the City and the Commonwealth in addition to federal aid. School construction projects are funded by general obligation bonds and State Literary Loans approved by City Council (the Council). The School Board itself has no power to levy and collect taxes, or to increase its budget. The Council annually appropriates funds to the School Board for educational expenditures, levies taxes and issues debt on behalf of the School Board. The legal liability for general obligation debt remains with the City. Because of the relationship with the City, the School Board is considered a component unit of the City Primary Government as defined by accounting principles generally accepted in the United States of America (GAAP) for governmental entities.

(b) Basis of Presentations

The School Board's financial statements consist of government-wide financial statements, including a Statement of Net Position and a Statement of Activities along with fund financial statements, which provide a more detailed level of financial information.

Government-Wide Financial Statements: The Statement of Net Position and the Statement of Activities display information about the School Board as a whole, except for the fiduciary fund. These statements are reported on a full accrual basis of accounting and economic resources measurement focus, which incorporates long-term assets as well as long-term liabilities. Transfers are eliminated to avoid "doubling up" revenues and expenditures.

The Statement of Net Position presents the financial condition of the governmental activities of the School Board at year-end. The Statement of Activities presents a comparison between direct expenses and program revenues for each function of the School Board governmental activities. Direct expenses are those that are specifically associated with a service, program or department and, therefore, are identifiable to a particular function. Expenses are grouped in the following categories: Academic services, Attendance and Health Services, Transportation Services, Operation and Facilities, Child Nutrition Services, Technology Services, Administration, and Interest on Capital Debt.

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(1) Summary of Significant Accounting Policies (Continued)

Program revenues include charges paid by the recipient for the goods or services offered by the program or from grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Charges for services include adult education, summer school tuition and cafeteria sales. Revenues not classified as program revenues are presented as general revenues of the School Board. This includes funding provided by the Commonwealth of Virginia related to their adopted Standards of Quality (SOQ), which are considered funding for all educationally related functions of the School Board and are based upon student enrollment and prevailing average costs throughout the Commonwealth. These revenues are reported as general revenues as the intricacies of the funding formula do not permit a breakdown by function. The comparison of direct expenses with program revenues identifies the extent to which the governmental function is self-financing or draws from the general revenues of the School Board. The School Board does not allocate indirect expenses.

As a rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Interfund services provided and used are not eliminated.

Fund Financial Statements: During the year, the School Board segregates transactions related to certain functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. The fund financial statements present financial information of the School Board at this more detailed level. The focus of governmental funds' financial statements is on major funds, each displayed in a separate column. The School Board has identified the General Fund, the Grant Fund, and the State Construction Fund as major.

The accounts of the School Board are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a set of self-balancing accounts that comprise its assets, liabilities, deferred flows of resources and fund balance, revenues, and expenditures. The fund statements are presented on a current financial resources measurement focus and the modified accrual basis of accounting. The measurement focus is based upon the determination of changes in financial position, rather than upon net income determination. The acquisition, use and balances of the School Board's expendable financial resources and the related liabilities are accounted for through governmental funds.

The School Board reports the following major governmental funds:

General Fund – The General Fund is the general operating fund of the School Board. It accounts for all financial resources except those required to be accounted for in another fund. Revenues are primarily from intergovernmental revenues.

Grant Fund – The Grant Fund accounts for the proceeds of federal and Virginia operating and capital grants, which are received for a designated purpose.

State Construction Fund – This fund accounts for proceeds from the Commonwealth of Virginia for school construction projects.

(1) Summary of Significant Accounting Policies (Continued)

Additionally, the School Board reports the following governmental and fiduciary funds:

Special Revenue Funds – Special Revenue Funds account for revenue derived from specific revenue sources (other than major capital projects) that are restricted to expenditures for specified purposes. The School Board utilizes four special revenue funds - Workers' Compensation Fund, Textbook Fund, Child Nutrition Services Fund, Adult Education Fund, and School Activity Fund.

Capital Projects Funds – Capital Projects Funds are used to account for financial resources received and used for the acquisition, construction or improvement of capital facilities, or maintenance of the school plant (other than those financed by the other funds).

Fiduciary Fund – Fiduciary Fund accounts for assets held by the School Board in a trustee capacity for individuals, private organizations and other governmental units. The School Board's fiduciary fund is presented in the Fund financial statements by type (Other Postemployment Benefits (OPEB)). Since, by definition, these assets are being held for the benefit of a third party (OPEB participants), and cannot be used to address activities or obligations of the School Board, these funds are not incorporated into the Government-wide statements. The following is the School Board's fiduciary fund:

Other Postemployment Benefit Plan – The Trust Fund consists of the School Board's postemployment benefit plan.

(c) Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported in the financial statements. Government-wide and fiduciary fund financial statements are prepared using the accrual basis of accounting and economic resources measurement focus. Governmental funds use the modified accrual basis of accounting and the current financial resources measurement focus. Differences in the accrual and modified accrual basis of accounting arise in the recognition of revenue, the recording of unearned revenues and deferred flows of resources, and in the presentation of expenses versus expenditures. Governmental funds' financial statements, therefore, include reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

Under the modified accrual basis of accounting, revenues are recorded when subject to accrual (i.e., both measurable and available). Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The School Board considers collections within 60 days of year-end as available. Sales tax revenue is accrued when the underlying sales transaction has taken place and is remitted to the School Board within 60 days of the sales transaction. Expenditures, other than those related to long-term obligations (e.g., principal and interest on long-term debt, compensated absences, retirement), which is recorded when due, are recorded when the related fund liability is incurred.

(1) Summary of Significant Accounting Policies (Continued)

In applying the subject to accrual concept to intergovernmental revenues, the legal and contractual requirements of the numerous individual programs are used as guidance. There are, however, two types of these revenues. In one, monies must be expended for the specific purpose or project before any amounts will be paid to the School Board; therefore, revenues are recognized based upon the expenditures recorded. 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 criteria are met.

Under the accrual basis of accounting, revenues are recognized when earned. Unearned revenues arise when assets are recognized before revenue recognition criteria have been satisfied. Expenses are recognized at the time they are incurred.

(d) Encumbrances

The School Board employs encumbrance accounting under which obligations in the form of purchase orders, contracts and other commitments for the expenditure of funds are reported as "assigned to contractual obligations" as part of fund equity, since they constitute neither expenditures nor liabilities. Appropriations with outstanding commitments or encumbrances are carried into the following year. According to the City Code, unexpended, unencumbered appropriations lapse at the end of the year.

(e) Cash and Temporary Investments

Cash and temporary investments are pooled with the cash and investments of the City, except for petty cash of $2,125 and school activity funds of $1,579,885. The School Board utilizes the pooled cash investment method wherein income from the investment of pooled cash is allocated to the various funds based on the percentage of cash and cash equivalents of each fund to the total pooled cash and cash equivalents. The cash in the school activity funds represents the Student Activity Fund cash balances in the separate bank accounts maintained by the individual schools. The investments that are maintained in the Virginia Association of Counties/Virginia Municipal League (VACo/VML) OPEB Pooled Trust Fund are valued using the net asset value (NAV) per share, which is determined by dividing the total value of the Trust by the number of outstanding shares. NAV per share changes with the value of the underlying investments in the OPEB Pooled Trust Fund. Generally, participants may redeem their investment at the end of a calendar quarter upon 90 days' written notice.

(f) Cash with Agent

Cash with agent of $5,050,000 represents $4,800,000 of healthcare premiums paid in advance and on deposit with our third-party claims administrator. Another $250,000 is held in escrow by our workers' compensation third party claims administrator in order to pay claims. The School Board's healthcare program is self-insured (see Note 9 (a) for further information). Premiums paid in prior years have been more than actual claims and expenses. The premiums are on deposit to pay future healthcare premiums.

(1) Summary of Significant Accounting Policies (Continued)

(g) Receivables and Due from Other Governments

Amounts due from the Commonwealth of Virginia consist primarily of May sales tax, receivables from Virginia entitlements and reimbursement of grants expenditures. Amounts due from the federal government are for reimbursement of grants expenditures. Accounts receivable consist primarily of amounts due from students and other customers of the School Board. All amounts should be collected within one year.

(h) Inventories

Inventories consist of consumable materials and supplies held for future consumption. Inventory is accounted for under the purchases method. Inventories are recorded as expenses when consumed on the government-wide financial statements and as expenditures when purchased in the fund financial statements. Quantities on hand at year-end are recorded on the governmental funds' Balance Sheet at cost on a first-in, first-out basis and classified as a non-spendable fund balance.

(i) Capital Assets

General capital assets have been acquired for general school purposes. Capital outlays are recorded as expenditures in the governmental funds and as assets in the government-wide financial statements to the extent the School Board capitalization threshold is met.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated assets are recorded at estimated acquisition value on the date received. The capitalization threshold for equipment, improvements, and buildings is $5,000 with a useful life of at least five years. Textbooks, which are included in the amount listed under Machinery and Equipment, are capitalized regardless of value. Land is capitalized regardless of value as well.

Under Virginia law, certain property maintained by the School Board is subject to tenancy-in-common with the City, if the City incurred a financial obligation for the property which is payable over more than one fiscal year. Such property will be carried on the City's financial statements until the outstanding debt is repaid, upon which time the book value of the assets in question will be transferred back to the School Board's books. At June 30, 2025, the City holds capital assets related to school property with a net book value of $110,909,636.

Depreciation and amortization is recorded on general capital assets on a government-wide basis. All reported capital assets, except land and construction in progress, are depreciated. Depreciation is computed using the straight-line method with half-year convention over the following useful lives:

Description	Estimated Useful Lives
Buildings	60 years
Improvements	25 years
Machinery and equipment	5-20 years
Right to use - SBITAs	18-65 months
Right to use - leases	7-12 years

(1) Summary of Significant Accounting Policies (Continued)

(j) Leases

The lease liability is initially measured at the present value of the payments expected to be made during the lease term. The lease liability is reduced by the principal portion of the payments made. The lease asset is amortized on a straight-line basis over the life of the related contract. Leases are recognized with an individual value of $5,000 or more. The lease asset and liability are recognized in the financial statements. Lease assets are reported with capital assets and lease liabilities are reported with long-term liabilities on the statement of net position.

(k) Subscription Based Information Technology Arrangements

The SBITA assets are initially measured at an amount equal to the initial measurement of the related SBITA liability plus any SBITA payments made prior to the subscription term, less SBITA incentives, and plus any ancillary charges necessary to place the SBITA into service. The SBITA assets are amortized on a straight-line basis over the life of the related contract. SBITAs which are based on variable payments (or user seats) are not recorded as subscription assets or liabilities and are expenses as incurred.

(l) Compensated Absences

School Board employees are granted vacation and sick pay in varying amounts as services are provided. They may accumulate, subject to certain limitations, unused vacation leave, which upon retirement, termination or death, may be compensated for certain amounts at their then current rate of pay. Upon termination for reasons other than retirement, School Board employees are not paid for accumulated sick leave. Upon retirement, sick leave may be taken in cash at $30 per day depending upon employment status (maximum payment of $5,000) or exchanged for additional service credit towards retiree health insurance subsidy. Compensated absences are considered accrued when the leave is attributable to services already rendered, the leave accumulates, and the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. The flow assumption of (first-in, first-out [FIFO]) was used to determine the liability calculation. A liability for these amounts is reported in governmental funds only if they are expected to be paid with currently expendable financial resources.

(m) Fund Balance and Net Position Items

Fund balance of governmental funds are classified as follows:

Non-spendable items – This category includes resources that cannot be spent because they are not in a spendable form and are not available for appropriation.

- The General Fund has Nonspendable resources of $2,125 which represents petty cash funds that are held by various cashiers.
- Inventories of $2,420,426 are considered to be in a nonspendable form. The amounts are $1,864,007 in the General Fund, and $556,419 in the Child Nutrition Fund.

Restricted items – This category includes resources restricted by the City Primary Government or grantor.

(1) Summary of Significant Accounting Policies (Continued)

- The Workers' Compensation special revenue fund has a restricted fund balance of $9,092,868, which City Council restricts for Workers' Compensation for the School Board's Self-Insured Workers' Compensation Plan.

- The Textbook special revenue fund has a restricted fund balance of $7,399,724, which City Council restricts for textbooks. The School Board intends to purchase textbooks in the upcoming years based upon a six-year replacement cycle for most subjects.
- The Child Nutrition Services special revenue fund has a restricted fund balance of $6,371,152 representing the portion of the fund balance provided over the years from federal and Virginia grants restricted for the purpose of providing students with nutritional meals.

- The Adult Education special revenue fund has a restricted fund balance of $68,290 representing the portion of the fund balance provided over the years from State grants restricted for the purpose of providing adult citizens of the community with educational services.
- The State Construction capital projects fund has a fund balance of $1,885,702 restricted by the State for capital outlay.
- The Student Activity Fund has $1,579,885 restricted for student activities.

Assigned to items – Assigned items represents School Board management's intent to use certain resources for assigned purposes. The Superintendent is authorized by the School Board annually during the budget approval process to make the following assignments as of June 30, 2025.

- $27,493,812 is assigned to meet contractual obligations. The School Board has purchase orders outstanding with vendors in this amount and expects the vendors to deliver the goods and services in the upcoming fiscal year. The amounts are $13,032,387 in the General Fund, $30,891 in the Workers' Compensation Fund, $355,433 in the Textbook Fund, $218,903 Child Nutrition Fund, $10,773,489 General Obligation Bond Fund, and $3,082,709 in the General Cash Capital Projects Fund.

- $4,800,000 is assigned to the employee self-insured health insurance plan. Funds equal to this amount are on deposit with our contracted health insurance provider and shown as cash with agent in the asset section of the Balance Sheet.

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(1) Summary of Significant Accounting Policies (Continued)

Net investment in capital assets - The Statement of Net Position includes net investment in capital assets. The amount was determined as follows:

Net Investment in Capital Assets

Capital assets:	
Capital assets, non-depreciable	$ 5,166,411
Capital assets, depreciable, net	244,220,595
Total capital assets	249,387,006
Less related debt:	
Lease and SBITA Liability	4,533,861
Capital facility notes payable	9,233,834
Total related debt	13,767,695
Net Investment in capital assets	$ 235,619,311

Sometimes the School Board will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. The flow assumption between restricted, committed, assigned, and unassigned to resources is a pro rata base determined by the amount of funding provided by each source. Within the unrestricted fund balance expenditures are applied against committed first, then assigned, and lastly the unassigned amounts.

(n) Interfund Transactions

Transactions that constitute reimbursements to a fund for expenditures initially made from it, which are properly applicable to another fund, are recorded as expenditures in the reimbursing fund and as reductions of expenditures in the fund that is reimbursed.

All interfund transactions, except interfund services provided and used, and reimbursements, are reported as transfers. Transfers are used to move unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

All interfund balances, which are short-term in nature, result from the time lag between the dates that reimbursable expenditures occur and payments between funds are made.

(1) Summary of Significant Accounting Policies (Continued)

(o) Deferred Inflows and Outflows

In addition to assets and liabilities, the financial statements will sometimes report separate sections for deferred outflows and deferred inflows of resources. Deferred outflows represent a consumption of net assets and deferred inflows represent an acquisition of net assets that applies to a future period. Deferred outflows will be recognized as an outflow of resources (expense/expenditure) and deferred inflows will be recognized as an inflow of resources (revenue) in those future periods.

Deferred outflows of resources for pensions and OPEB can result from activities such as changes in actuarial assumptions and proportions, pension investment returns that exceed projected earnings, actual economic experience that is different than estimated, and pension contributions made subsequent to the measurement date. Changes in actuarial assumptions and proportions are deferred and recognized over the remaining service life of all participants and investment experience amounts are deferred and recognized over a closed five-year period. Contributions made subsequently will be recognized in the subsequent year.

Deferred inflows of resources, under the modified accrual basis of accounting, representing grants receivable not meeting revenue recognition yet are reported in the Statement of Net Position and the governmental funds' Balance Sheet. A deferred inflow of resources is recorded for leases. The deferred inflow of resources is recorded at the initiation of the lease in an amount equal to the initial recording of the lease receivable. The deferred inflow of resources is amortized on a straight-line basis over the term of the lease. Deferred inflows of resources may also be reported for amounts related to pensions and OPEB in the government-wide Statement of Net Position, such as actuarial losses resulting from a difference in actual experience and actuarial assumptions. Changes in inflows, other than those related to investment activities, would be deferred and amortized over the remaining service life of all participants and deferred inflows resulting from pension investment returns lower than projected earnings are deferred and amortized over a closed five-year period.

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(1) Summary of Significant Accounting Policies (Continued)

(p) Pensions and OPEB

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

(2) Cash and Cash Equivalents

All of the $86,320,234 of School Board cash and cash equivalents (except for $2,320 of petty cash funds and $1,579,885 of school activity funds) are maintained on deposit with the Treasurer of the City. All of the funds are available for immediate School Board use. See the City's Annual Comprehensive Financial Report (ACFR) for additional details. A copy may be obtained from the City of Newport News, Virginia's Finance Department, 2400 Washington Avenue, Newport News, VA 23607.

The $1,579,885 of school activity funds are on deposit at five different banks and four different credit unions. Deposits with banks are covered by the Federal Deposit Insurance Corporation (FDIC) and collateralized in accordance with the Virginia Security for Public Deposits Act (the "Act") Section 2.2-4400 et seq. of the Code. Under the Act, banks and savings institutions holding public deposits in excess of the amount insured by the FDIC must pledge collateral to the Commonwealth of Virginia Treasury Board. Financial institutions may choose between two collateralization methodologies and depending upon the choice, will pledge collateral that ranges in the amounts from 50% to 130% of excess deposits. Accordingly, all deposits are considered fully collateralized.

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(3) Capital Assets, Net

A summary of changes in capital assets follows:

	Balance July 1, 2024	Increases	Decreases	Balance June 30, 2025
Capital assets not being depreciated:				
Land	$ 3,670,179	$ -	$ -	$ 3,670,179
Construction in progress	2,723,807	942,716	2,170,291	1,496,232
Total capital assets not being depreciated	6,393,986	942,716	2,170,291	5,166,411
Other capital assets:				
Buildings	183,722,570	-	-	183,722,570
Right to use leased building	5,477,752	-	-	5,477,752
Right to use leased equipment	995,855	1,008,481	-	2,004,336
Right to use SBITA	1,056,484	128,886	383,137	802,233
Improvements	193,075,915	33,886,310	236,781	226,725,444
Machinery and equipment	75,522,005	9,791,901	5,745,974	79,567,932
Total other capital assets	459,850,581	44,815,578	6,365,892	498,300,267
Less accumulated depreciation for:				
Buildings	101,756,289	2,891,875	-	104,648,164
Right to use leased building	2,113,136	704,379	-	2,817,515
Right to use leased equipment	182,573	400,867	-	583,440
Right to use SBITA	532,069	432,420	383,137	581,352
Improvements	95,384,222	6,613,355	6,286	101,991,291
Machinery and equipment	43,758,234	5,253,714	5,554,038	43,457,910
Total accumulated depreciation	243,726,523	16,296,610	5,943,461	254,079,672
Other capital assets, net	216,124,058	28,518,968	422,431	244,220,595
Totals	$ 222,518,044	$ 29,461,684	$ 2,592,722	$ 249,387,006

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(3) Capital Assets, Net (Continued)

The adjustment for Assets Held Tenancy in-Common is for a school building held on the books of the City until the bonded debt was repaid. This is permitted per the laws of the Commonwealth of Virginia. Once the debt is repaid, an accounting entry is made to move the building back to the School Board. All the while, the School Board holds the deed to the property, retains full control, and operates all programs at the property and insures the property.

Depreciation and amortization were charged to governmental functions as follows:

Academic services	$ 11,311,143
Attendance and health services	24,928
Transportation services	2,354,522
Operations and facilities	1,116,906
Child nutrition services	644,685
Technology services	23,942
Administration	820,483
Total governmental activities depreciation and amortization expense	$ 16,296,610

Construction in progress commitments are composed of the following at June 30, 2025:

	Project Authorization	Expended Through June 30, 2025	Balance of Authorization	Future Requirements
Total school projects	$ 47,118,452	$ 24,436,519	$ 22,681,933	$ -

The balance of authorization of $22,681,933 will be transferred to the City as AHTIC once completed. There are purchase orders totaling $10,773,488 at June 30, 2025, leaving $11,908,445 balance of authorization available for project procurement.

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(4) Leases Payable

The School Board entered into a lease as a lessee for the use of Enterprise Academy prior to, but with a commencement date of July 1, 2021, with a remaining life of 36 months. An initial lease liability was recorded in the amount of $3,089,361. As of June 30, 2025, the value of the lease liability is $1,359,025. The School Board is required to make monthly fixed payments of $38,553. The lease has an interest rate of 1.375%.

The School Board entered into a lease as a lessee for the use of Point Option prior to, but with a commencement date of July 1, 2021, with a remaining life of 73 months. An initial lease liability was recorded in the amount of $2,388,390. As of June 30, 2025, the value of the lease liability is $1,414,870. Newport News Public Schools is required to make monthly fixed payments of $22,576. The lease has an interest rate of 1.059%.

The School Board entered into a lease as a lessee for the use of a Konica Minolta copier with a commencement date of August 1, 2023, with a remaining life of 35 months. An initial lease liability was recorded in the amount of $995,855. As of June 30, 2025, the value of the lease liability is $650,875. Newport News Public Schools is required to make monthly fixed payments of $17,858. The lease has an interest rate of 4.000%.

The School Board entered into a lease as a lessee for the use of a Canon Solutions America copier with a commencement date of July 1, 2024, with a remaining life of 60 months. An initial lease liability was recorded in the amount of $989,970. As of June 30, 2025, the value of the lease liability is $819,831. Newport News Public Schools is required to make monthly fixed payments of $18,511. The lease has an interest rate of 4.000%.

See Note 5 for principal and interest payment schedule.

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(5) Long-Term Liabilities

A summary of changes in long-term liabilities for the year ended June 30, 2025 follows:

	Balance July 1, 2024	Additions	Reductions	Balance June 30, 2025	Due Within One Year
Compensated absences	$ 18,660,662*	$ 1,461,520**	$ -	$ 20,122,182	$ 13,938,918
Workers' compensation claims	4,734,802	2,156,830	1,727,250	5,164,382	1,032,876
Incurred but not reported health claims	2,886,001	38,617,023	38,358,023	3,145,001	3,145,001
Leases Payable	4,303,370	989,970	1,048,739	4,244,601	1,098,181
Subscription-Based Information Technology Arrangements	424,859	128,886	264,485	289,260	141,546
Capital facility notes payable	10,485,502	-	1,251,667	9,233,835	208,904
OPEB NNPS Trust Fund	40,752,166	-	11,801,088	28,951,078	-
OPEB VRS health insurance credit	22,640,422	-	759,614	21,880,808	-
OPEB VRS group life insurance	10,482,360	-	757,100	9,725,260	-
VRS teacher pool pension	189,870,917	76,451,430	87,521,893	178,800,454	-
City of Newport News pension (NNERF)	92,023,532	10,965,586	17,726,217	85,262,901	-
Totals	$397,264,593	$ 130,771,245	$ 161,216,076	$ 366,819,762	$ 19,565,426

* Restated the FY2024 beginning balance due to new GASB Statement 101

**The change in the compensated liability is presented as a net change.

Incurred but not reported health claims represent an estimate of healthcare claims incurred by our employees as of June 30, 2025, but not paid by our third-party claims' administrator. As we are self-insured for healthcare claims, we consider the entire amount as due within one year. In fact, the claims are paid in a matter of a few weeks after year-end as the medical providers submit their claims to the third-party administrator.

Long-term liabilities are normally paid from the General Fund, including OPEB and pension obligations.

The School Board was engaged in seven Subscription-Based Information Technology Arrangements (SBITAS). These software subscriptions consisted of student curriculum, live broadcasting services, one to one asset management, and cloud services. At the beginning of the Fiscal Year the subscription terms ranged from 1 to 2 years. In addition, certain subscriptions have extensions and/or termination options, for which the School Board has made the determination as to if those options are reasonably certain to be exercised, and those determinations are reflected in the calculations present, in accordance with GAAP.

The School Board currently does not have Subscription-Based Technology Arrangements with variable payments. During the Fiscal Year, the School Board had no outflow of resources for variable payments, and the School Board is not aware of any further variable payments made or required to be made in relation to SBITAS. The School Board did not have any other outflow of resources in the Fiscal Year for other payments related to SBITAS, such as termination penalties not included in the measurement of the subscription liability.

The School Board recognizes a subscription liability with values of $5,000 or more. The annual fixed payments range from $20,800 to $98,237 with interest rates between 1.89% to 2.19%. The total amount of

(5) Long-Term Liabilities (continued)

right-to-use SBITAS as of June 30, 2025, is $802,233 and the associated accumulated depreciation is $581,352. The total liability outstanding at year-end was $289,260.

The annual requirements to pay principal and interest on capital facility notes payable due to Bank of America Public Capital Corp. are as follows:

	Principal	Interest	Total
FY2026	$ 208,904	$ 264,302	$ 473,206
FY2027	1,331,824	232,104	1,563,928
FY2028	1,414,002	198,082	1,612,084
FY2029	1,499,734	161,951	1,661,685
FY2030	1,589,154	123,620	1,712,774
FY2031 - FY2033	3,190,217	122,965	3,313,182
Totals	$ 9,233,835	$ 1,103,024	$ 10,336,859

The interest rate on $7,855,257 of debt is 2.651% and an annual payment is due each July 15. The interest rate is 2.04% on $1,378,577 of the debt and annual payment is due each March 1.

Capital facility notes payable provided financing for energy performance contract improvements and are paid from the General Fund.

Principal and interest payments to maturity for leases payable are as follows:

	Principal	Interest	Total
FY2026	$ 1,098,181	$ 81,296	$ 1,179,477
FY2027	1,133,699	56,349	1,190,048
FY2028	1,170,503	30,356	1,200,859
FY2029	522,608	9,838	532,446
FY2030	294,856	1,960	296,817
FY2031 - FY2035	24,753	22	24,775
Totals	$ 4,244,601	$ 179,820	$ 4,424,421

Principal and interest payments to maturity for subscription-based information technology arrangements are as follows:

	Principal	Interest	Total
FY2026	$ 141,546	$ 6,399	$ 147,945
FY2027	147,714	3,267	150,981
Totals	$ 289,260	$ 9,666	$ 298,926

(6) Defined Benefit Retirement Plans

(a) Newport News Employees' Retirement Fund (NNERF)

1. Plan Description

NNERF is a cost-sharing multiple employer, defined benefit, public employee retirement system established and administered by the City to provide pension benefits for employees of the Primary Government, including the School Board. For school teachers and administrative support personnel employed by Schools, the Plan provides a supplement to the benefits they receive from Virginia Retirement System (VRS). The Plan has been closed to new School Board hires and rehires effective July 1, 2009, and since March 1, 2010, for the City. School Board employees whose primary pension benefit is through VRS, and thus receive only a supplemental benefit from NNERF, have had their supplemental benefit frozen as of December 31, 2012.

All full-time regular employees hired on or before July 1, 2009, for the School Board and March 1, 2010, for the City are members of this fund. NNERF benefits are available only to employees with five years of service. School VRS employees, who did not have five years of service when the supplemental NNERF benefits were frozen at December 31, 2012, are not eligible for a supplemental benefit from NNERF. Employees hired after the above dates are in VRS, an agent multiple-employer defined benefit plan as discussed in note 7 (b). For the years ended June 30, 2025 and 2024, the total payroll of the School Board was approximately $273.8 million and $267.3 million, respectively, with approximately $75.7 million and $78.7 million covered by NNERF, respectively.

At June 30, 2025, NNERF membership consisted of:

	Retirees and Beneficiaries	Vested Terminated or Frozen Employees	Active Employees Vested	Total
City general	1,717	533	389	2,639
City police and fire	1,183	229	318	1,730
Public utilities	367	69	94	530
School VRS	2,785	2,235	-	5,020
School Non-VRS	969	219	185	1,373
Total	7,021	3,285	986	11,292

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(6) Defined Benefit Retirement Plans (Continued)

NNERF provides retirement benefits as well as death and disability benefits. All benefits vest after five years of credited service. Employees who retire at or after age 60 (50 for police officers, firefighters, and deputy sheriffs) with five years of credited service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 2.0% of their average final compensation (AFC) for each year of credited service accumulated to February 28, 2010, 1.85% from March 1, 2010 through December 31, 2012 and 1.65% for each year of credited service after January 1, 2013. (For public safety, employees the multiplier remains at 1.85% for time worked after January 1, 2013). AFC is defined as the average rate of salary received during the highest paid 36 consecutive months of credited service. Employees with 30 years (25 for police officers, firefighters, and deputy sheriffs) credited service may retire at any age with full benefits. Employees (other than police officers, firefighters, and deputy sheriffs) with 25 years of service may retire prior to age 60 and receive a reduced benefit. Members began contributing to the Pension Fund as of January 1, 2013, for City employees and July 1, 2013, for School employees. City employees in NNERF began to contribute 5% of their salary to the Plan as of January 1, 2013. School employees began contributing 2% of their pay effective July 1, 2013, and effective July 1, 2014, contribute 5% of pay.

Benefits and contribution provisions are established by City Ordinance and may be amended only by the City Council. An actuarial service is employed to advise the City Council and the Retirement Board of the contributions necessary to fund the benefits.

Employees with at least five years of credited service are eligible to purchase all or part of certain prior service credits, subject to Internal Revenue Service limits. The types of prior service eligible include time employed under other government programs and military service.

2. Contributions

Effective January 1, 2013, employee contributions to the Plan were made mandatory. The Plan engages an actuary to determine the Actuarially Determined Contribution (ADC). The City's policy is to make 100% of the contributions of the ADC, in accordance with the funding program established by the City in 2010. Contributions totaling $10,009,747 and $507,664 were made by the employer and employees, respectively, to NNERF during the year ended June 30, 2025. Contributions totaling $9,612,341 and $537,993 were made by the employer and employees, respectively, to NNERF during the year ended June 30, 2024. The percentage of contributions to covered payroll for fiscal year 2025 was 13.23% and 12.20% for fiscal year 2024. The percentage of normal costs to covered payroll was 8.53% for fiscal year ended June 30, 2025 and 8.80% for fiscal year ended June 30, 2024.

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(6) Defined Benefit Retirement Plans (Continued)

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

At June 30, 2025, the School Board reported a liability of $85,262,901 for its proportionate share of the Net Pension Liability, measurements as of the reporting date are based on the fair value of assets as of June 30, 2024 and the Total Pension Liability (TPL) as of the valuation date, June 30, 2023, updated to June 30, 2024. The School Board's proportion of the Net Pension Liability was based on the School Board's actuarially determined employer contributions to the pension plan for the year ended June 30, 2024, relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2024, the School Board's proportion was 21.7263% as compared to 21.1357% at June 30, 2023.

For the year ended June 30, 2024, the School Board recognized pension expense of $12,672,045.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on pension plan investments	$ -	$ 4,191,306
Contributions to the plan subsequent to the measurement date	10,009,747	-
Total	$ 10,009,747	$ 4,191,306

$10,009,747 reported as deferred outflows of resources related to pensions resulting from the School Board's contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the year ending June 30, 2026.

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(6) Defined Benefit Retirement Plans (Continued)

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

Year Ending June 30		Deferred (Inflows) and Outflows
2025	$	(4,086,805)
2026		4,801,843
2027		(3,029,139)
2028		(1,877,205)
2029		-
Thereafter		-
	$	(4,191,306)

4. Actuarial Assumptions

Projections of benefits are based on the substantive plan (the plan as understood by the City and Plan members) and include the types of benefits in force at the valuation date and the pattern of sharing benefit costs between the City and the Plan members to that point. Actuarial calculations reflect a long-term perspective and employ methods and assumptions that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets. Significant methods and assumptions were as follows:

Actuarial valuation date	July 1, 2024
Actuarial cost method	Entry Age Normal
Amortization method	Closed, 30 years level dollar from July 1, 2011
Remaining amortization period	15 years
Asset valuation method	Five-year smoothed market
Actuarial assumptions:	
Investment rate of return	7.0%
Rate of salary increases:	4.5%
Cost of living adjustment	1.225%
Inflation	2.50%
Rate of Mortality	RP-2014 Total Dataset Headcount-Weighted Healthy Annuitant Mortality Table, projected from 2006 base rates using MP2016

(6) Defined Benefit Retirement Plans (Continued)

The long-term expected rate of return on NNERF investments was determined using best-estimate ranges of expected future real rates of return (expected return, net of pension plan investment expense and inflation), developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2025 are summarized in the following table:

Asset Class	Long-Term Expected Real Rate of Return	Target Allocation
Large Cap Equities	5.7%	27.0%
Mid Cap Equities	6.2%	9.0%
Small Cap Equities	6.5%	2.0%
International Equities	6.0%	11.0%
Emerging Markets	2.6%	7.0%
Real Estate	5.8%	7.0%
Private Equities	8.5%	9.0%
Natural resources	6.5%	2.5%
Infrastructure	6.5%	2.5%
Fixed Income (Bonds)	2.6%	11.0%
TIPS	2.3%	3.0%
Short term fixed income	1.6%	8.0%
Cash	0.4%	1.0%
Total		100.0%

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

The following presents the net pension liability of the School Board, calculated using the discount rate of 7.00%, as well as what the School Board's net pension liability would be if it were calculated using a discount rate that is 1% point lower (6.00%) or 1% point higher (8.00%) than the current rate:

	1.00% Lower 6.00%	Current Discount Rate 7.00%	1.00% Higher 8.00%
Proportionate share of the NNERF Net Pension Liability	$ 116,966,482	$ 85,262,901	$ 58,277,320

(6) Defined Benefit Retirement Plans (Continued)

6. Pension Plan Fiduciary Net Position

NNERF is a separate pension trust fund and is considered part of the City's financial reporting entity. NNERF issues a publicly available financial report that includes financial statements and required information for NNERF. That report may be obtained by writing to NNERF, 2400 Washington Avenue, Newport News, VA 23607.

(b) Virginia Retirement System:

1. Plan Description

All full-time, salaried permanent (professional) employees of the School Board are automatically covered by the VRS Teacher Retirement Plan, a multiple-employer cost-sharing plan, upon employment. All full-time, salaried, permanent (nonprofessional) employees of the School Board are automatically covered by the VRS Retirement Plan, an agent multiple-employer plan, upon employment. Both plans are 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.

The System administers three different benefit structures for covered employees – Plan 1, Plan 2, and Hybrid. Each of these benefit structures has different eligibility criteria. The specific information for each plan and the eligibility for covered groups within each plan are set out in the table on the following pages.

VRS issues a publicly available Annual Comprehensive Financial Report that includes financial statements and required supplementary information for the plans administered by VRS. A copy of the report obtained from the VRS website at https://www.varetire.org/pdf/publications/2024-annual-report.pdf or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA 23218-2500.

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(6) Defined Benefit Retirement Plans (Continued)

VRS PLAN 1	VRS PLAN 2	HYBRID RETIREMENT PLAN
About Plan 1 Plan 1 is a defined benefit plan. The retirement benefit is based upon a member's age, service credit, and average final compensation at retirement using a formula.	**About Plan 2** Plan 2 is a defined benefit plan. The retirement benefit is based upon a member's age, service credit, and average final compensation at retirement using a formula.	The Hybrid Retirement Plan combines the features of a defined benefit plan and a defined contribution plan. • The defined benefit is based upon 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 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.	Eligible Members Employees are in Plan 2 if their membership date is from July 1, 2010, to December 31,2013, and they have not taken a refund. Members are covered under Plan 2 if they have a membership date prior to July 1, 2010, and they were	Eligible Members Employees are in the Hybrid Retirement Plan if their membership date is on or after January 1, 2014.

VRS PLAN 1	VRS PLAN 2	HYBRID RETIREMENT PLAN
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.	not vested before January 1, 2013. Hybrid Opt-In Election 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.	This includes: **(2)** School division employees **(3)** 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.
Retirement Contributions Members contribute up to 5% of their compensation each month to their member contribution account through a pre-tax salary reduction. The School Board elected to phase in the required 5% member contribution; all employees have paid the full 5% as of July 1, 2014. Member contributions are tax-deferred until they are withdrawn as part of a retirement benefit or as a	Retirement Contributions Same as VRS Plan 1.	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

VRS PLAN 1	VRS PLAN 2	HYBRID RETIREMENT PLAN
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.		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.
<u>Service Credit</u> 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.	<u>Service Credit</u> Same as Plan 1.	<u>Service Credit</u> 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.

VRS PLAN 1	VRS PLAN 2	HYBRID RETIREMENT PLAN
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.	Vesting Same as Plan 1.	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

VRS PLAN 1	VRS PLAN 2	HYBRID RETIREMENT PLAN
		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. Distribution is not required, except as governed by law.
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.	Calculating the Benefit See definition under Plan 1.	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 A member's average final compensation is the average of the 36 consecutive months of highest compensation as a covered employee.	Average Final Compensation A member's average final compensation is the average of their 60 consecutive months of highest compensation as a covered employee.	Average Final Compensation Same as Plan 2. It is used in the retirement formula for the defined benefit component of the plan.

VRS PLAN 1	VRS PLAN 2	HYBRID RETIREMENT PLAN
Service Retirement Multiplier The retirement multiplier is a factor used in the formula to determine a final retirement benefit. The retirement multiplier for members is 1.70%.	Service Retirement Multiplier Same as Plan1 for service earned, purchased, or granted prior to January 1, 2013. The retirement multiplier is 1.65% for service credit earned, purchased, or granted on or after January 1, 2013.	Service Retirement Multiplier Defined Benefit Component: The retirement multiplier for the defined benefit component is 1.00%. 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 Age 65.	Normal Retirement Age Normal Social Security retirement age.	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 Age 65 with at least five years (60 months) of service credit or at age 50 with at least 30 years of service credit.	Earliest Unreduced Retirement Eligibility Normal Social Security retirement age with at least five years (60 months) of service credit or when their age and service equal 90.	Earliest Unreduced Retirement Eligibility Defined Benefit Component: Normal Social Security retirement age and have at least five years (60 months) of service credit or when their age and service equal 90.

VRS PLAN 1	VRS PLAN 2	HYBRID RETIREMENT PLAN
		Defined Contribution Component: Members are eligible to receive distributions upon leaving employment, subject to restrictions.
<u>Earliest Reduced Retirement Eligibility</u> Age 55 with at least five years (60 months) of service credit or age 50 with at least 10 years of service credit.	<u>Earliest Reduced Retirement Eligibility</u> Age 60 with at least five years (60 months) of service credit.	<u>Earliest Reduced Retirement Eligibility</u> Defined Benefit Component: 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.
<u>Cost-of-Living Adjustment (COLA) in Retirement</u> The Cost-of-Living Adjustment (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%. <u>Eligibility:</u> 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	<u>Cost-of-Living Adjustment (COLA) in Retirement</u> The Cost-of-Living Adjustment (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%. <u>Eligibility:</u> Same as Plan 1	<u>Cost-of-Living Adjustment (COLA) in Retirement</u> Defined Benefit Component: Same as Plan 2. Defined Contribution Component: Not applicable. <u>Eligibility:</u> Same as Plan 1 and Plan 2.

VRS PLAN 1	VRS PLAN 2	HYBRID RETIREMENT PLAN
one calendar year following the unreduced retirement eligibility date.		
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 under the Virginia Sickness and Disability Program (VSDP). • 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.	Exceptions to COLA Effective Dates: Same as Plan 1	Exceptions to COLA Effective Dates: Same as Plan 1 and Plan 2.

VRS PLAN 1	**VRS PLAN 2**	**HYBRID RETIREMENT PLAN**
<u>Disability Coverage</u> Members who are eligible to be considered for disability retirement and retire on disability, the retirement multiplier is 1.7% on all service, regardless of when it was earned, purchased or granted.	<u>Disability Coverage</u> 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.	<u>Disability Coverage</u> Employees of political subdivision and school divisions (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, which the School Board has elected to provide. 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.
<u>Purchase of Prior Service</u> 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. When buying service, members must purchase their most recent period of service first. Members also may be eligible to purchase periods of leave without pay.	<u>Purchase of Prior Service</u> Same as Plan 1.	<u>Purchase of Prior Service</u> <u>Defined Benefit Component:</u> Same as VRS Plan 1, with the following exceptions: • Hybrid Retirement Plan members are ineligible for ported service. <u>Defined Contribution Component:</u> Not applicable.

(6) Defined Benefit Retirement Plans (Continued)

2. Employees Covered by Benefit Terms – Nonprofessional

As of the June 30, 2023, actuarial valuation, the following employees were covered by the benefit terms of the pension plan:

	Number
Members receiving benefits	45
Inactive members:	
Vested inactive members	64
Non-vested inactive members	556
Inactive members active elsewhere in VRS	119
Total inactive members	784
Active Members	630
Total covered employees	1,414

3. 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 the School Board by the Virginia General Assembly. Employees are required to contribute 5.00% of their compensation toward their retirement.

Professional

Each School Board's contractually required contribution rate for the year ended June 30, 2025 was 14.21% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2023. The contractually required rate, when combined with employee contributions, was expected to finance the costs of benefits earned by the employee during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the School Board were $30,158,715 and $32,207,393 for the years ended June 30, 2025 and 2024, respectively.

Nonprofessional

The political subdivision's contractually required contribution rate for the year ended June 30, 2025 was 4.19% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2022. Contributions to the pension plan from the School Board were $738,265 and $482,897 for the years ended June 30, 2025 and 2024, respectively.

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(6) Defined Benefit Retirement Plans (Continued)

4. Net Pension Liability (Asset)

Professional

At June 30, 2025, the School Board reported a liability of $178,800,454 for its proportionate share of the Net Pension Liability, which was measured as of June 30, 2024 and the total pension liability used to calculate the Net Pension Liability was determined by an actuarial valuation performed as of June 30, 2023, rolled forward to the measurement date of June 30, 2024, and the total pension liability used to calculate the Net Pension Liability was determined by an actuarial valuation performed as of June 30, 2023 and rolled forward to the measurement date of June 30, 2024. The School Board's proportion of the Net Pension Liability was based on the School Board's actuarially determined employer contributions to the pension plan for the year ended June 30, 2024, relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2024, the School Board's proportion was 1.90478% as compared to 1.87857% at June 30, 2023.

Nonprofessional

The School Board Net Pension Asset of $1,917,421 was measured as of June 30, 2024. The total pension liability used to calculate the Net Pension Asset was determined by an actuarial valuation performed as of June 30, 2023, using updated actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2024.

5. Actuarial Assumptions

The total pension liability for the Professional and Nonprofessional Plans were based on an actuarial valuation as of June 30, 2023, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2024.

Inflation	2.50%
Salary increases, including Inflation	3.5%-5.95%
Investment rate of return	6.75%, net of pension plan investment expense, including inflation

Mortality rates: 15 % of deaths are assumed to be service related.

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

(6) Defined Benefit Retirement Plans (Continued)

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

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

The actuarial assumptions used in the June 30, 2023, valuation were based on the results of an actuarial experience study for the period from July 1, 2016, through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

- Update to more current mortality table – PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
- Adjusted rates to better fit experience for Plan 1: set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 for all.
- Adjusted rates to better match experience at each year age and service decrement through 9 years of service

6. 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:

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(6) Defined Benefit Retirement Plans (Continued)

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

* The above allocation provides a one-year return of 7.07% (includes 2.50% inflation assumption). However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the system, stochastic projections are employed to model future returns under various economic conditions. These results provide a range of returns over various time periods that ultimately provide a median return of 7.10%, including expected inflation of 2.50%.

On June 15, 2023, the VRS Board elected a long-term rate of return of 6.75%, which was roughly at the 45th percentile of expected long-term results of the VRS fund asset allocation at that time, providing a median return of 7.14%, including expected inflation of 2.50%.

7. 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. Through the fiscal year ending June 30, 2024, the rate contributed by the school division for the VRS Teacher Retirement Plan will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly which was 112% of the actuarially determined contribution rate. From July 1, 2024, on, school divisions 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. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

(6) Defined Benefit Retirement Plans (Continued)

8. Sensitivity of the Net Pension Liability (Asset) to Changes in the Discount Rate

The following presents the School Board's Professional and Nonprofessional proportionate shares of the respective net pension liability (asset) using the discount rate of 6.75%, as well as what the School Board's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (5.75%) or one percentage point higher (7.75%) than the current rate.

	1.00% Lower 5.75%	Current Discount Rate 6.75%	1.00% Higher 7.75%
Professional Net Pension Liability	$332,176,196	$ 178,800,454	$ 53,190,600
Nonprofessional Net Pension Asset	(23,970)	(1,917,421)	(3,397,354)

Changes in Net Pension Asset – Nonprofessional Plan

	Increase/(Decrease)		
	Total Pension Liability	**Plan Fiduciary Net Position**	**Net Pension (Asset)**
Balance at July 1, 2018	**$ 10,187,123**	**$ 12,079,886**	**$ (1,892,763)**
Changes for the Year:			
Service cost	1,510,880	-	1,510,880
Interest	781,835	-	781,835
Difference between expected and actual experience	223,315	-	223,315
Contributions -- employer	-	510,849	(510,849)
Contributions -- employee	-	802,227	(802,227)
Net investment income	-	1,233,044	(1,233,044)
Benefit Payments & refunds	(230,537)	(230,537)	-
Admininstrative expense	-	(5,781)	5,781
Other changes	-	349	(349)
Net Changes	2,285,493	2,310,151	(24,658)
Balances at June 30, 2019	**$ 12,472,616**	**$ 14,390,037**	**$ (1,917,421)**

(6) Defined Benefit Retirement Plans (Continued)

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

Professional

For the year ended June 30, 2025, the School Board recognized pension expense of $16,001,352. Since there was a change in proportionate share between measurement dates, a portion of the pension benefit was related to deferred amounts from changes in proportion and from differences between employer contributions and the proportionate share of employer contributions.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on pension plan investments	$ -	$ 24,611,991
Change in assumptions	3,245,467	-
Change in proportion and differences between employer contributions and proportionate share of contributions	2,136,607	2,022,336
Change in expected versus actual experience	31,019,358	3,681,626
Contributions to the plan subsequent to the measurement date	30,158,715	-
Total	$ 66,560,147	$ 30,315,953

$30,158,715 reported as deferred outflows of resources related to pensions resulting from the School Board's contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the year ending June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as detailed on page 59.

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(6) Defined Benefit Retirement Plans (Continued)

Nonprofessional

For the year ended June 30, 2025, the School Board recognized pension expense of $638,149. At June 30, 2025, the School Board reported deferred outflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 282,147	$ 4,239
Net difference between projected and actual earnings on pension plan investments	283,297	609,434
Contributions to the plan subsequent to the measurement date	738,265	-
Total	$ 1,303,709	$ 613,673

$738,265 reported as deferred outflows of resources related to pensions resulting from the School Board's contributions subsequent to the measurement date will be recognized as an increase of Net Pension Asset in the Fiscal Year ending June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as detailed below.

Year Ending June 30	School Board Professional Retirement	School Board Non-Professional Retirement
2025	(11,505,905)	(35,223)
2026	15,306,008	139,146
2027	4,149,493	(75,892)
2028	(1,864,117)	(76,260)
2029	-	-
	$ 6,085,479	$ (48,229)

10. Pension Plan Fiduciary Net Position

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

(7) Other Postemployment Benefits (OPEB)

(a) NNPS OPEB Trust Fund

1. Plan Description

In FY2000, an OPEB Trust fund was established to accumulate assets to pay for other postemployment benefits. The fund was administered by the City to provide health, dental and life insurance benefits for City and School Board pre-65 retirees. During FY2010, the School Board established a separate Trust Fund apart from the City and all assets belonging to the School Board were transferred to this new fund. The plan is a single-employer plan. Benefits and contribution provisions are established by the School Board and may be amended only by the School Board. An actuarial service is employed to advise the School Board of the contributions necessary to fund the benefits.

The School Board provides health, drug and dental insurance for their pre-65 retirees under the school's group plans. The School Board annually determines the retiree's contribution to participate in the medical plans. The total contribution is based on the active premium rates except that employees retiring after July 1, 2011, have their group premiums based upon the health claim experience of just the retiree group (adjusted to filter out large claims greater than $75,000). The amount contributed by the School Board is based on the retiree's years of service at retirement. Retirees with 30 years of service and who retired by July 1, 2011, will pay what an active employee would pay. Retirees after that date pay higher premiums commensurate with claims experience.

Approximately 185 School Board retirees are grandfathered to participate in the City OPEB Fund's sponsored life insurance coverage paid for by the School Board. The premiums are not material. These retirees have elected supplemental coverage under the City OPEB fund.

The specific information about the NNPS OPEB is set out below:

Eligibility - All are eligible to retire at age 60 with at least 5 years of service or 30 years of service in order to receive coverage retirees must have at least 15 years of credited service (10 years before August 1, 2011) with the School Board.

Benefits
Pre-Medicare eligibility:

- Employees hired after July 1, 2009, receive no subsidy. Employees hired prior to July 1, 2009, are entitled to a subsidy based on service with the School Board as shown below of $5,855.
- For employees retired between July 1, 2011, and July 31, 2014, the School Board contribution may continue to cover spouse and dependents until retiree is Medicare-eligible.
- For employees retiring after August 1, 2014, the Board contributions will be based on employee only coverage, but the retiree may still enroll spouse and dependents in the non-Medicare plan.

(7) Other Postemployment Benefits (OPEB) (Continued)

After-Medicare eligibility:

- Retire and become Medicare-eligible between July 1, 2011, and July 1, 2014, retain the Non-Medicare Board contribution percentage applied to the retiree for the duration of their retirement.
- Retire and become Medicare-eligible between July 1, 2014, and June 30, 2024, receive a flat $4.00 per month times service to a maximum of 30 years for the duration of their retirement.
- Retire and become Medicare eligible after June 30, 2024, receive no School Board contribution but have access to the medical plans.

As of the July 1, 2024, actuarial valuation, the following employees were covered by the benefit terms of the NNPS OPEB plan:

Number of Participants	Total
Active	1,043
Retired	1,963
Total Participants	3,006

The OPEB Trust Fund does not issue a separate report.

2. Contributions Required and Contributions Made

OPEB funding policy provides for periodic employer contributions at actuarially determined rates that express, as percentages of annual covered payroll, contributions sufficient to accumulate sufficient assets to pay benefits when due. A level percentage of payroll with a 25-year amortization period is used for purposes of computing the minimum accrual in accordance with GAAP. The projected unit credit method is used for cost calculations. Contributions to the OPEB plan from the School Board were $5,618,840 and $5,025,917 for the years ended June 30, 2025 and 2024, respectively.

3. Net NNPS OPEB liability

The school division’s net NNPS OPEB liability of $28,951,078 was measured as of June 30, 2025. The total NNPS OPEB liability was determined by an actuarial valuation performed as of July 1, 2024, using updated actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2025.

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(7) Other Postemployment Benefits (OPEB) (Continued)

4. Actuarial Methods and Assumptions

Projections of benefits are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits in force at the valuation date and the pattern of sharing benefit costs between the City and plan members to that point. Actuarial calculations reflect a long-term perspective and employ methods and assumptions that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets. Significant methods and assumptions were as follows:

Actuarial valuation date	July 1, 2024
Actuarial cost method	Entry Age Normal
Amortization method	Level Dollar Closed
Amortization period	18 years
Asset valuation method	Market Value
Actuarial assumptions:	
Investment rate of return	7.00% net of investment expense and including inflation at 2.75%
Projected salary increases	Not Applicable
Healthcare inflation rate	5.50% initially, grading down to 4.25%/4.00% ultimate; 3.50% for dental benefits, and 4.00% for Medicare (all including inflation)
Inflation Rate	2.75%
Mortality Rate	Society of Actuaries Public Mortality (Pub2010T) headcount-weighted tables, with generational mortality improvements using scale SSA.

Investment gains and losses for each year, beginning with FY2018, will be recognized over five years. Demographic gains and losses as well as assumption changes will be recognized over the average remaining working lifetimes of all plan participants, which could vary from year to year. In general, any impact of any plan changes will be recognized immediately.

(7) Other Postemployment Benefits (OPEB) (Continued)

5. Long-Term Expected Rate of Return

The long-term expected rate of return on NNPS OPEB plan investments was determined using a building-block method in which best estimates of expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each 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 adding expected inflation. This is then modified through a Monte-Carlo simulation process, by which a (downward) risk adjustment is applied to the baseline expected return.

Best estimates of real rates of return for each major asset class included in the OPEB's plan target asset allocation as of June 30, 2025, and the final investment return assumption, are summarized in the following table:

Asset Class	Long-Term Expected Real Return-Portfolio	Weight
Domestic Equity	5.90%	36%
International Funds	6.25%	18%
Fixed Income - U.S.	2.40%	21%
Hedge Funds	3.00%	10%
Real Estate	4.50%	7%
Private Equity	8.00%	5%
Commodities	3.20%	3%
Total Weighted Average Expected Real Return	**4.86%**	**100%**
Plus Inflation	2.75%	
Total Return w/o Adjustment	7.61%	
Risk Adjustment	-0.61%	
Total Expected Return (Geometric)	**7.00%**	

6. Discount Rate

The discount rate used to measure the total NNPS OPEB liability is 7.00%. The School's funding expectations/policy is to contribute amounts annually to finance benefit for retirees, and allow the assets in the VML/VACO OPEB Trust to accumulate investment earnings. To determine the discount rate, we assumed that benefits will be paid from the trust, and based on this there is no expected depletion date. The prior rate on this basis was 6.70%, which was a blended rate.

(7) Other Postemployment Benefits (OPEB) (Continued)

7. Changes in Net NNPS OPEB Liability

	Increase/(Decrease)		
	Total OPEB Liability	**Plan Fiduciary Net Position**	**Net OPEB Liability**
Balance at June 30, 2024	**$ 78,457,743**	**$ 37,705,577**	**$ 40,752,166**
Changes for the Year:			
Service cost	86,404	-	86,404
Interest	5,093,757	-	5,093,757
Difference between expected and actual experience	(6,164,365)	-	(6,164,365)
Change in assumptions	(1,900,341)	-	(1,900,341)
Contributions -- employer	-	5,618,840	(5,618,840)
Contributions -- employee	-	729,059	(729,059)
Net investment income	-	3,332,578	(3,332,578)
Benefit payments	(5,118,840)	(5,847,899)	729,059
Admininstrative expense	-	(34,875)	34,875
Net Changes	(8,003,385)	3,797,703	(11,801,088)
Balances at June 30, 2025	**$ 70,454,358**	**$ 41,503,280**	**$ 28,951,078**

8. Sensitivity of the Net NNPS OPEB liability to changes in the discount rate

The following presents the net OPEB liability of the plans, calculated using the discount rate of 7.00%, as well as what the plan's net OPEB liability would be if it were calculated using a discount rate that is 1.00% lower or 1.00% higher than the current rate.

	1.00% Lower 6.00%	**Current Discount Rate 7.00%**	**1.00% Higher 8.00%**
Net OPEB Liability	$ 35,956,670	$ 28,951,078	$ 22,813,559
Ratio of Plan Net Position to Total OPEB Liability	53.6%	58.9%	64.5%

(7) Other Postemployment Benefits (OPEB) (Continued)

9. Sensitivity of the net OPEB liability to changes in the healthcare trend rate

The following presents the net OPEB liability of the plans, calculated using the healthcare trend rate of from 6.00% to an ultimate rate of 4.25%, as well as what each plan's net OPEB liability would be if it were calculated using trend rates for each year that are 1.00% lower or 1.00% higher than the current rates:

	1.00% Lower 3.25%	Current Discount Rate 4.25%	1.00% Higher 5.25%
Net OPEB Liability	$ 22,933,220	$ 28,951,078	$ 35,731,785
Ratio of Plan Net Position to Total OPEB Liability	64.4%	58.9%	53.7%

10. NNPS OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to NNPS OPEB

For the year ended June 30, 2025, the school division recognized NNPS OPEB expense of ($2,360,589). At June 30, 2025, the school division reported deferred outflows of resources and deferred inflows of resources related to the NNPS OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ 3,082,182
Change in assumptions	-	1,237,607
Net difference between projected and actual earnings on pension plan investments	12,426	-
Total	$ 12,426	$ 4,319,789

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(7) Other Postemployment Benefits (OPEB) (Continued)

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

Year Ending June 30		Deferred (Inflows) and Outflows
2026	$	(3,519,110)
2027		(346,355)
2028		(306,364)
2029		(135,534)
2030		-
After 2030		-
	$	(4,307,363)

(b) OPEB VRS Teacher Employee Health Insurance Credit

The VRS Teacher Employee Health Insurance Credit (HIC) Program is a multiple-employer, cost-sharing plan. The Teacher Employee HIC Program was established pursuant to Section 51.1-1400 et seq. of the *Code of Virginia*, as amended, and which provides the authority under which benefit terms are established or may be amended. The Teacher Employee HIC Program is a defined benefit plan that provides a credit toward the cost of health insurance coverage for retired teachers. For purposes of measuring the net Teacher Employee HIC Program OPEB liability, deferred outflows of resources and deferred inflows of resources related to the Teacher Employee HIC Program OPEB, and the Teacher Employee HIC Program OPEB expense, information about the fiduciary net position of the Virginia Retirement System (VRS) Teacher Employee HIC Program; and the additions to/deductions from the VRS Teacher Employee HIC Program's net fiduciary position have been determined on the same basis as they were reported by VRS. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

1. Plan Description

All full-time, salaried permanent (professional) employees of public school divisions are automatically covered by the VRS Teacher Employee HIC Program. This plan is administered by the Virginia Retirement System (the System), along with pension and other OPEB plans, for public employer groups in the Commonwealth of Virginia. Members earn one month of service credit toward the benefit for each month they are employed and for which their employer pays contributions to VRS. The HIC 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 Teacher Employee Retiree HIC Program was established July 1, 1993 for retired Teacher Employees covered under VRS who retire with at least 15 years of service credit. Eligible employees are enrolled automatically upon employment. They include full-time, permanent (professional), salaried employees of public school divisions covered under VRS.

(7) Other Postemployment Benefits (OPEB) (Continued)

The Teacher Employee Retiree HIC Program provides the following benefits for eligible employees:

At Retirement – For teachers and other professional school employees who retire with at least 15 years of service credit, 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 Virginia Local Disability Program (VLDP), the monthly benefit is either:

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

The monthly HIC benefit cannot exceed the individual premium amount. Employees who retire after being on long-term disability under VLDP must have at least 15 year of service credit to qualify for the HIC as a retiree.

2. Contributions Required and Contributions Made

The contribution requirement for active employees is governed by §51.1-1401(E) of the *Code of Virginia*, as amended, but may be impacted as a result of funding provided to school divisions by the Virginia General Assembly. Each school division's contractually required employer contribution rate for the year ended June 30, 2025 was 1.21% of covered employee compensation for employees in the VRS Teacher Employee HIC 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 School Board to the VRS Teacher Employee HIC Program were $2,564,038 and $2,455,137 for the years ended June 30, 2025 and 2024, respectively.

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(7) Other Postemployment Benefits (OPEB) (Continued)

3. Teacher Employee HIC Program OPEB Liabilities, Teacher Employee HIC Program OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Teacher Employee HIC Program OPEB

At June 30, 2025, the School Board reported a liability of $21,880,808 for its proportionate share of the VRS Teacher Employee HIC Program Net OPEB Liability. The Net VRS Teacher Employee HIC Program OPEB Liability was measured as of June 30, 2024 and the total VRS Teacher Employee HIC Program OPEB liability used to calculate the Net VRS Teacher Employee HIC Program OPEB Liability was determined by an actuarial valuation performed as of June 30, 2023, rolled forward to the measurement date of June 30, 2024. The school division's proportion of the Net VRS Teacher Employee HIC Program OPEB Liability was based on the school division's actuarially determined employer contributions to the VRS Teacher Employee HIC Program OPEB plan for the year ended June 30, 2024 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2024, the School Board's proportion of the VRS Teacher Employee HIC Program was 1.89338% as compared to 1.86892% at June 30, 2023.

For the year ended June 30, 2025, the School Board recognized VRS Teacher Employee HIC Program OPEB expense of $1,419,689. Since there was a change in proportionate share between measurement dates a portion of the VRS Teacher Employee HIC Program net OPEB expense was related to deferred amounts from changes in proportion.

At June 30, 2025, the school division reported deferred outflows of resources and deferred inflows of resources related to the VRS Teacher Employee HIC Program OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Change in assumptions	$ 376,943	$ -
Change in proportionate share	270,764	638,730
Difference between expected and actual experience	-	1,036,660
Net difference between projected and actual investment earnings on plan investments	-	77,831
Contributions to the plan subsequent to the measurement date	2,564,037	-
Total	**$ 3,211,744**	**$ 1,753,221**

$2,564,037 reported as deferred outflows of resources related to HIC OPEB resulting from the School Board's contributions subsequent to the measurement date will be recognized as a reduction of the Net HIC OPEB Liability in the year ending June 30, 2026.

(7) Other Postemployment Benefits (OPEB) (Continued)

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

Year Ended June 30	Deferred Inflows
2026	$ (371,494)
2027	(246,768)
2028	(236,683)
2029	(196,287)
2030	(53,342)
Thereafter	(941)
	$ (1,105,514)

4. Actuarial Methods and Assumptions

The total Teacher Employee HIC OPEB liability for the VRS Teacher Employee HIC Program was based on an actuarial valuation as of June 30, 2023, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2024.

Inflation	2.50%
Salary increases, including inflation – Teacher Employees	3.5% – 5.95%
Investment rate of return	6.75%, net of plan investment expenses, including inflation

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.

(7) Other Postemployment Benefits (OPEB) (Continued)

The actuarial assumptions used in the June 30, 2021 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 for the change in discount rate, which was based on VRS board action effective as of July 1, 2019, changes to the actuarial assumptions as a result of the experience study are as follows:

- Update to more current mortality table – PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020.
- Adjusted rates to better fit experience for Plan 1: set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 for all.
- Adjusted rates to better match experience at each year age and service decrement through 9 years of service.

5. Net Teacher Employee HIC OPEB Liability

The net OPEB liability (NOL) for the Teacher Employee HIC Program represents the program's total OPEB liability determined in accordance with GAAP, less the associated fiduciary net position. As of June 30, 2024, NOL amounts for the VRS Teacher Employee HIC Program is as follows (amounts expressed in thousands):

	Teacher Employee HIC OPEB Plan
Total Teacher Employee HIC OPEB Liability	$ 1,478,105
Plan Fiduciary Net Position	322,457
Employers' Net HIC OPEB Liability	$ 1,155,648
Plan Fiduciary Net Position as a Percentage of the Total Teacher Employee HIC OPEB Liability	21.82%

The total Teacher Employee HIC 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 Teacher Employee HIC OPEB liability is disclosed in accordance with the requirements of GAAP in the System's notes to the financial statements and required supplementary information.

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(7) Other Postemployment Benefits (OPEB) (Continued)

6. Long-Term Expected Rate of Return

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

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

* The above allocation provides a one-year return of 7.07% (includes 2.5% inflation assumption). However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the system, stochastic projections are employed to model future returns under various economic conditions. These results provide a range of returns over various time periods that ultimately provide a median return of 7.10%, including expected inflation of 2.50%.

On June 15, 2023, the VRS Board elected a long-term rate of return of 6.75%, which was roughly at the 45th percentile of expected long-term results of the VRS fund asset allocation at that time, providing a median return of 7.14%, including expected inflation of 2.50%.

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(7) Other Postemployment Benefits (OPEB) (Continued)

7. Discount Rate

The discount rate used to measure the total Teacher Employee HIC OPEB was 6.75%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made in accordance with the VRS funding policy and at rates equal to the actuarially determined contribution rates adopted by the VRS Board of Trustees. Through the fiscal year ended June 30, 2024, the rate contributed by each school division for the VRS Teacher Employee HIC Program will be subject to the portion of the VRS board-certified rates that are funded by the Virginia General Assembly, which was 100% of the actuarially determined contribution rate. From July 1, 2024 on, all school divisions are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the Teacher Employee HIC OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total Teacher Employee HIC OPEB liability.

8. Sensitivity of the Teacher Employee HIC Liability to Changes in the Discount Rate

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

	1.00% Lower 5.75%	Current Discount Rate 6.75%	1.00% Higher 7.75%
Proportionate share of the VRS Teacher HIC OPEB Plan Net OPEB Liability	$ 24,883,938	$ 21,880,808	$19,335,382

9. Teacher Employee HIC OPEB Fiduciary Net Position

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

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(7) Other Postemployment Benefits (OPEB) (Continued)

(c) Virginia Retirement System Group Life Insurance Program

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

1. 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 GLI Program upon employment. This plan is administered by the Virginia Retirement System (the System), along with pensions and other OBEB plans, for public employer groups in the Commonwealth of Virginia.

In addition to the Basic GLI 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 GLI Program OPEB.

Eligible Employees: The GLI Program was established July 1, 1960, for state employees, teachers, and employees of political subdivisions that elect the program. The specific information for GLI Program OPEB, including eligibility, coverage, and benefits is set out below:

Basic group life insurance coverage is automatic upon employment. Coverage ends for employees who leave their position before retirement eligibility or who take a refund of their member contributions and accrued interest.

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(7) Other Postemployment Benefits (OPEB) (Continued)

Benefit Amounts: The benefits payable under the GLI Program have several components.

- **Natural Death Benefit** – The natural death benefit is equal to the employee's covered compensation rounded to the next highest thousand and then doubled.
- **Accidental Death Benefit** – The accidental death benefit is double the natural death benefit.
- **Other Benefit Provisions** – In addition to the basic natural and accidental death benefits, the program provides additional benefits provided under specific circumstances. These include:
  - Accidental dismemberment benefit
  - Safety belt benefit
  - Repatriation benefit
  - Felonious assault benefit
  - Accelerated death benefit option

Reduction in Benefit Amounts: The benefit amounts provided to members covered under the GLI Program are subject to a reduction factor. The benefit amount reduces by 25% on January 1 following one calendar year of separation. The benefit amount reduces by an additional 25% on each subsequent January 1 until it reaches 25% of its original value.

Minimum Benefit Amount and Cost-of-Living Adjustment (COLA): For covered members with at least 30 years of service credit, there is a minimum benefit payable under the GLI Program. The minimum benefit was set at $8,000 by statute. This amount will be increased annually based on the VRS Plan 2 cost-of-living adjustment calculation. The minimum benefit was increased to $9,532 effective June 30, 2025.

2. Contributions

The contribution requirements for the GLI Program are governed by Section 51.1-506 and Section 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 GLI Program was 1.18% of covered employee compensation. This was allocated into an employee and an employer component using a 60/40 split. The employee component was 0.71% (1.18% X 60%) and the employer component was 0.47% (1.18% X 40%). Employers may elect to pay all or part of the employee contribution; however, the employer must pay all of the employer contribution. The School Board has elected to pay all of the employee contribution therefore those contributions are classified as employer contributions. Each employer's contractually required employer contribution rate for the year ended June 30, 2025 was 0.47% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2023. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits payable during the year, with an additional amount to finance any unfunded accrued liability. Contributions, including both employer and employee contributions, to the GLI Program from the School Board were $2,518,614 and $2,738,352 for Professionals and were $237,238 and $259,104 for Non-professionals for the years ended June 30, 2025 and 2024, respectively.

(7) Other Postemployment Benefits (OPEB) (Continued)

3. GLI OPEB Liabilities, GLI OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the Group Life Insurance Program OPEB

At June 30, 2025, the School Board reported a liability of $8,881,735 and $843,525 for its proportionate share of the Professional and Non-professional Net GLI OPEB Liability, respectively. The Net GLI OPEB Liability was measured as of June 30, 2024 and the total GLI OPEB liability used to calculate the Net GLI OPEB Liability was determined by an actuarial valuation performed as of June 30, 2023, rolled forward to the measurement date of June 30, 2024. The covered employer's proportion of the Net GLI OPEB Liability was based on the covered employer's actuarially determined employer contributions to the GLI Program for the year ended June 30, 2024 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2024, the School Board's proportion was 0.79591% as compared to 0.79724% for Professionals and 0.07559% as compared 0.0.7679% for Non-professionals for the years ended June 30, 2025 and 2024, respectively.

For the year ended June 30, 2025, the School Board recognized GLI OPEB expense of $68,873 and $83,972 for Professionals and Non-professionals, respectively. 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.

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

Professional

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual investment earnings	$ -	$ 748,637
Change in assumptions	50,626	440,160
Change in proportionate share	8,546	274,884
Difference between expected and actual experience	1,400,854	216,951
Contributions to the plan subsequent to the measurement date	2,518,614	-
	$ 3,978,640	**$ 1,680,632**

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(7) Other Postemployment Benefits (OPEB) (Continued)

Non-professional

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual investment earnings	$ -	$ 71,100
Change in assumptions	4,808	41,803
Change in proportionate share	167,845	13,653
Difference between expected and actual experience	133,043	20,605
Contributions to the plan subsequent to the measurement date	237,238	-
	$ 542,934	**$ 147,161**

$2,518,614 for Professionals and $237,238 for Non-professionals reported as deferred outflows of resources related to the GLI OPEB resulting from the employer's contributions subsequent to the measurement date will be recognized as a reduction of the Net GLI OPEB Liability in the fiscal year ending June 30, 2026.

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

Year Ending June 30	Professional Deferred (Inflows) and Outflows	Non-Professional Deferred (Inflows) and Outflows
2026	(509,556)	8,907
2027	102,420	54,378
2028	(26,099)	40,557
2029	77,082	43,763
2030	135,546	10,930
	$ (220,607)	**$ 158,535**

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(7) Other Postemployment Benefits (OPEB) (Continued)

4. Actuarial Assumptions

The total GLI OPEB liability was based on an actuarial valuation as of June 30, 2023, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2024.

Inflation	2.50%
Salary increases, including inflation –	
Professional	3.5%– 5.95%
Non-Professional	3.5%– 5.35%
Investment rate of return	6.75%, net of plan investment expenses, including inflation*

Mortality rates – Professional

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.

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(7) Other Postemployment Benefits (OPEB) (Continued)

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

- Mortality Rates: 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 retirement age from 75 to 80 for all.
- Withdrawal Rates: Adjusted rates to better fit experience at each age and service year decrement through 9 years of service

Mortality rates – Non-Largest Ten Locality Employers – Non-professional

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

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

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

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

Mortality Improvement Scale:

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

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

- Mortality Rates: Update to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
- Retirement Rates: Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed retirement age from 75 to 80 for all.
- Withdrawal Rates: Adjusted rates to better fit experience at each age and service year decrement through 9 years of service

(7) Other Postemployment Benefits (OPEB) (Continued)

5. Net GLI OPEB Liability

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

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

The total GLI 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 GAAP in the System's notes to the financial statements and required supplementary information.

6. Long-Term Expected Rate of Return

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

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(7) Other Postemployment Benefits (OPEB) (Continued)

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

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

* The above allocation provides a one-year return of 7.07% (includes 2.5% inflation assumption). However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the system, stochastic projections are employed to model future returns under various economic conditions. These results provide a range of returns over various time periods that ultimately provide a median return of 7.10%, including expected inflation of 2.50%.

On June 15, 2023, the VRS Board elected a long-term rate of return of 6.75%, which was roughly at the 45th percentile of expected long-term results of the VRS fund asset allocation at that time, providing a median return of 7.14%, including expected inflation of 2.50%.

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(7) Other Postemployment Benefits (OPEB) (Continued)

7. Discount Rate

The discount rate used to measure the total GLI OPEB liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that member contributions will be made per the VRS guidance and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Through the fiscal year ended June 30, 2024, the rate contributed by the school division for the GLI OPEB will be subject to the portion of the VRS board-certified rates that are funded by the Virginia General Assembly. From July 1, 2024 on, employers are assumed to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the GLI OPEB's fiduciary net position was projected to be available to make all projected future benefit payments of eligible employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total GLI OPEB liability.

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

The following presents the employer's proportionate share of the net GLI OPEB liability using the discount rate of 6.75%, as well as what the employer's proportionate share of the net GLI 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:

Professional

	1.00% Lower 5.75%	Current Discount Rate 6.75%	1.00% Higher 7.75%
School Board professional group's proportionate share of the GLI program Net OPEB Liability	$ 13,812,252	$ 8,881,735	$ 4,898,526

Non-professional

	1.00% Lower 5.75%	Current Discount Rate 6.75%	1.00% Higher 7.75%
School Board non-professional group's proportionate share of the GLI program Net OPEB Liability	$ 1,311,792	$ 843,525	$ 465,228

(7) Other Postemployment Benefits (OPEB) (Continued)

9. Group Life Insurance Program Fiduciary Net Position

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

(8) Total Pension and OPEB Assets, Liabilities, Deferred Outflows and Inflows of Resources

Total Pension and OPEB Assets and Liabilities:

	NNERF	VRS Professional Plan	VRS Non-Professional Plan	OPEB NNPS Trust Fund	OPEB VRS Health Income Credit	OPEB VRS Group Life Insurance	Total
Pension Asset	$ -	$ -	$ 1,917,421	$ -	$ -	$ -	$ 1,917,421
Pension Liability	(85,262,901)	(178,800,454)	-	-	-	-	(264,063,355)
OPEB Liability	-	-	-	(28,951,078)	(21,880,808)	(9,725,260)	(60,557,146)
Total	$ (85,262,901)	$(178,800,454)	$ 1,917,421	$(28,951,078)	$ (21,880,808)	$ (9,725,260)	$ (322,703,080)

Total Pension and OPEB Deferred Outflows of Resources:

	NNERF	VRS Professional Plan	VRS Non-Professional Plan	OPEB NNPS Trust Fund	OPEB VRS Health Income Credit	OPEB VRS Group Life Insurance	Total
Differences between expected and actual experience	$ -	$ 31,019,358	$ 282,147	$ -	$ -	$ 1,533,897	$ 32,835,402
Change in assumptions	-	3,245,467	-	-	376,943	55,434	3,677,844
Change in proportion and differences between					270,764	176,391	447,155
employer contributions and proportionate share							-
of contributions	-	2,136,607	-	-	-	-	2,136,607
Net difference between projected and actual earnings							-
on pension plan investments	-	-	283,297	12,426	-	-	295,723
Contributions to the plan subsequent to the							-
measurement date	10,009,747	30,158,715	738,265		2,564,037	2,755,852	46,226,616
Total	$ 10,009,747	$ 66,560,147	$ 1,303,709	$ 12,426	$ 3,211,744	$ 4,521,574	$ 85,619,347

Total Pension and OPEB Deferred Inflows of Resources:

	NNERF	VRS Professional Plan	VRS Non-Professional Plan	OPEB NNPS Trust Fund	OPEB VRS Health Income Credit	OPEB VRS Group Life Insurance	Total
Differences between expected and actual experience	$ -	$ 3,681,626	$ 4,239	$ 3,082,182	$ 1,036,660	$ 237,556	$ 8,042,263
Change in assumptions	-	-	-	1,237,607	-	481,963	1,719,570
Change in proportion and differences between							-
employer contributions and proportionate share							-
of contributions	-	2,022,336	-	-	638,730	288,537	2,949,603
Net difference between projected and actual earnings							-
on pension plan investments	4,191,306	24,611,991	609,434	-	77,831	819,737	30,310,299
Total	$ 4,191,306	$ 30,315,953	$ 613,673	$ 4,319,789	$ 1,753,221	$ 1,827,793	$ 43,021,735

(8) Total Pension and OPEB Assets, Liabilities, Deferred Outflows and Inflows of Resources (continued)

Total Aggregate Amount of Pension and OPEB expenses for all plans:

Pension Asset	$ 1,917,421
Pension Liability	(264,063,355)
Pension Deferred Outflow of Resources	77,873,603
Pension Deferred Inflow of Resources	(35,120,932)
OPEB Liability	(60,557,146)
OPEB Deferred Outflow of Resources	7,745,744
OPEB Deferred Inflow of Resources	(7,900,803)
Total	$ (280,105,468)

(9) Self-Insurance

(a) Medical Benefits

The School Board is self-insured for its medical benefits through funding from the General Fund for employees up to $250,000 per employee per year effective January 1, 2023. Claims in excess of the limitation are covered by third party insurance. Expenditures for “premiums” are charged to the fund to which the employees’ payroll expenditure is charged at amounts that approximate what third party insurers would have charged. The insurance coverage is substantially the same as in prior fiscal years.

Claims processing and payments for the medical claims are made through a third party administrator. The School Board uses the information provided by the third party administrator to aid in the determination of self-insurance liabilities. Amounts due in future years on claims as of June 30, 2025 are recognized as a long-term liability due within one year in the Statement of Net Position.

Changes in the incurred but not reported amount during the fiscal years ended June 30, 2025 and 2024 were as follows:

	2025	2024
Claims payable at beginning of year	$ 2,886,001	$ 2,797,000
Claims and changes in estimates	38,617,023	35,921,836
Claim payments	(38,358,023)	(35,832,835)
Claims payable at end of year	$ 3,145,001	$ 2,886,001

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(9) Self-Insurance (continued)

(b) Workers' Compensation

The School Board self-insures for workers' compensation through funding from the Workers' Compensation Special Revenue Fund. Expenditures are charged to the various departments at amounts that approximate what third party insurers would have charged. Amounts due in future years on claims made as of June 30, 2025 are accounted for as long-term liabilities. These long-term liabilities include an estimate of claims that have been incurred but not reported. The following is a reconciliation of changes in workers' compensation claims payable for years ended June 30, 2025 and 2024:

	2025	2024
Claims payable at beginning of year	$ 4,734,802	$ 4,962,674
Claims and changes in estimates	2,156,830	919,460
Claim payments	(1,727,250)	(1,147,332)
Claims payable at end of year	$ 5,164,382	$ 4,734,802

(c) Other

The School Board insures for property losses with self-insured retention per occurrence of $50,000 for basic and earthquakes and $5,000 for floods and in-land marine. The School Board is self-insured for liability losses resulting from vehicular accidents of up to $1,000,000 in conjunction with a fund established by the City of Newport News. Claims in excess of the self-insured retention limitation are covered by third party insurance.

Included in the fund balance of the General Fund and the Workers' Compensation Fund of the School Board are assigned and restricted fund balances related to self-insurance activities.

(10) Contingent Liabilities

(a) Litigation

The School Board is involved in several lawsuits arising in the ordinary course of operations. On January 6, 2023, there was an incident at Richneck Elementary School involving a shooting. At this time there is no estimate of the damage, and the case is in active litigation. As such there is no liability to record as of year-end. It is the opinion of School Board management, based on the advice of the School Board attorney, that any losses incurred as a result of claims existing as of June 30, 2025 will not be material to the financial statements.

(b) Grants

The School Board received grant funds, principally from the Commonwealth and federal government, for instructional and various other programs. Expenditures from these grants are subject to audit by the grantor, and the School Board is contingently liable to refund amounts received in excess of allowable expenditures. In the opinion of the management of the School Board, any refunds that may be required as a result of expenditures disallowed by the grantors will not be material to the financial statements.

(11) Related Organizations

Not included in the School Board's financial statements are certain Parent-Teacher Associations (PTAs), Parent-Teacher-Student Associations (PTSAs) and athletic and band booster clubs. These organizations provide services to students and employees of the School Board but are separate legal entities having sufficient autonomy in the management of their own affairs to distinguish them as separate from the administrative organization of the School Board. The School Board does not account for these entities as component units or joint ventures as these entities are not material to the School Board, it does not maintain an ongoing financial interest or have responsibility for these entities.

(12) Related Party Transaction

The School Board operates by authority of the charter of the City, which provides annual appropriations to the School Board for operating the school system and is obligated for all bonded indebtedness issued to benefit the School Board. The City is also the custodian of the majority of the School Board's cash and temporary investments and also provides a defined benefit pension plan to employees hired before July 1, 2009. The City provides services to the School Board, primarily 800-megahertz radio repairs, services related to the vehicle self-insurance program, Police Department security at School Board athletic events, and Parks & Recreation children's summer program services, through the City's General Fund. The School Board is charged based on established fee schedules or a shared cost formula. The total value of the services provided by the City and reimbursed by the School Board during the year ended June 30, 2025 was $459,107. The School Board provides fiber WAN services, fiber WAN installation, buses for certain City field trips, and shared costs of a School Board building that houses City programs to the City during the year ended June 30, 2025 at charges of $282,964. Amounts due to and due from the City for services are negligible and are generally settled on a monthly basis. The City provides school police resource officers at no charge to the School Board. The City Parks & Recreation Department provides services to children and citizens after regular school hours in School Board buildings at no rental charge to the City.

At June 30, 2025, the City owed the School Board $11,901,757 for capital projects funding.

The final payment of $455,000 by the School Board to the City will be in FY2026. The was a cost sharing agreement for the operation of An Achievable Dream Middle and High School.

(13) Subsequent Events

The School Board has evaluated subsequent events (events occurring after June 30, 2025 through the date of the Report of Independent Auditor) in the preparation of these financial statements. There were no events subsequent to year-end requiring disclosure.

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(14) New Accounting Standards

GASB issued Statement No. 101, *Compensated Absences* in June 2022. The statement updates the recognition and measurement guidance and amends certain previously required disclosures. The requirements of this statement are effective for fiscal years beginning after December 15, 2023. The School Board implemented GASB Statement No. 101, *Compensated Absences*, effective July 1, 2024, requiring a restatement of net position as of June 30, 2024. Calculating the compensated absence liability as of June 30, 2024, resulted in an increase of $12,655,964 to net position (deficit) at June 30, 2024. The restated net position is now at a deficit of $64,857,198. The following table presents a reconciliation of net position impacted by implementing the new accounting standard:

		Total Net Position - Governmental Activities
Beginning Net Position, as originally reported	$	(52,201,234)
Change in Accounting Principle (Implementation of GASB 101)	$	(12,655,964)
Beginning Net Position, restated	$	(64,857,198)

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REQUIRED SUPPLEMENTARY INFORMATION

THE SCHOOL BOARD OF THE
CITY OF NEWPORT NEWS, VIRGINIA

Required Supplementary Information (Unaudited)

General Fund Year Ended June 30, 2025

Schedule of Revenues, Expenditures and Changes in Fund Balance –
Budget and Actual (Budget Basis)

	Original Budget	Amended Budget	Actual	Variance
Revenues:				
Intergovernmental:				
Commonwealth of Virginia:				
Standards of Quality funds	$ 218,489,557	$ 218,489,557	$ 214,304,990	$ (4,184,567)
Incentive funds	16,680,522	16,680,522	18,668,776	1,988,254
Categorical funds	262,683	262,683	187,641	(75,042)
Lottery funded programs	35,747,468	35,747,468	37,214,950	1,467,482
Other state agencies	5,000	5,000	-	(5,000)
City of Newport News	123,089,307	123,089,307	123,089,307	-
Federal government	3,108,980	3,108,980	3,118,161	9,181
Charges for services	2,483,874	7,451,580	9,011,860	1,560,280
Total revenues	399,867,391	404,835,096	405,595,685	760,588
Expenditures:				
Instructional services:				
Classroom instruction	157,520,067	152,732,917	153,615,165	(882,248)
Office of the principal	26,379,536	25,162,767	25,521,136	(358,369)
Special education	45,828,748	46,604,130	45,914,634	689,496
Career and technical	10,401,758	10,311,158	10,363,692	(52,534)
Talented and gifted	4,647,976	4,596,189	4,349,951	246,238
Summer school	1,586,104	1,169,831	777,682	392,149
Adult Education	184,691	184,691	161,957	22,734
Athletics/Drivers' Education	3,170,710	3,408,908	3,855,066	(446,158)
Pre school	5,759,287	5,658,938	5,361,097	297,841
Guidance and counseling	11,820,011	11,620,052	11,528,160	91,892
Improvement of instruction - staff	10,572,504	10,743,818	11,300,662	(556,844)
Media services	6,606,121	6,736,263	6,033,335	702,928
School social workers	2,198,959	2,361,380	2,477,899	(116,519)
Homebound	281,521	281,521	792,735	(511,214)
Total academic services	286,957,993	281,572,563	282,053,171	(480,608)
Attendance and health services:				
Psychological services	2,997,963	2,664,240	2,229,622	434,618
Attendance	2,453,434	1,950,792	1,674,575	276,217
Health services	6,567,979	6,524,189	6,120,344	403,845
Total attendance and health services	12,019,376	11,139,221	10,024,541	1,114,680
Transportation services:				
Transportation administration	2,730,045	2,787,801	2,782,350	5,451
Vehicle operation services	16,928,518	17,071,451	17,017,948	53,503
Monitoring services	3,418,912	3,418,912	3,089,815	329,097
Vehicle maintenance services	3,101,514	3,070,557	3,062,843	7,714
Total transportation services	26,178,989	26,348,721	25,952,956	395,765

THE SCHOOL BOARD OF THE
CITY OF NEWPORT NEWS, VIRGINIA

Required Supplementary Information (Unaudited)

General Fund Year Ended June 30, 2025

Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual (Budget Basis) (continued)

	Original Budget	Amended Budget	Actual	Variance
Operations and Facilities:				
Security	$ 7,991,928	$ 8,030,630	$ 8,459,572	$ (428,942)
Warehouse	421,105	432,105	454,642	(22,537)
Building Additions & Improvements	-	(1,446,201)	-	(1,446,201)
Operations	1,201,186	1,249,153	1,460,087	(210,934)
Grounds services	1,478,785	3,790,535	3,745,168	45,367
Building services	30,085,774	37,757,453	37,233,467	523,986
Equipment services	12,000	12,000	5,000	7,000
Vehicle operation services	684,605	684,605	372,282	312,323
Total operations and facilities	41,875,383	50,510,280	51,730,218	(1,219,938)
Technology services:				
Technology - classroom instruction	99,000	235,590	202,164	33,426
Technology - instructional support	10,481,879	10,905,533	10,333,790	571,743
Information technology	6,270,321	6,322,284	6,171,176	151,108
Technology - operations & maintenance	854,296	1,640,567	1,576,927	63,640
Total technology services	17,705,496	19,103,974	18,284,057	819,917
Administration:				
Information services	2,241,049	2,169,172	1,933,205	235,967
School Board	279,840	287,340	330,638	(43,298)
Superintendent's office	2,155,999	2,244,999	2,193,803	51,196
Human resources	4,704,559	4,302,875	4,217,285	85,590
Accountability	1,568,889	1,396,479	1,229,432	167,047
Business	2,523,221	2,882,290	2,888,446	(6,156)
Purchasing	620,999	1,621,482	1,456,033	165,449
Print shop	-	220,102	1,087,902	(867,800)
Total administration	14,094,556	15,124,739	15,336,744	(212,005)
Total expenditures	398,831,793	403,799,498	403,381,687	417,811
Other financing uses:				
Transfer to City of Newport News – debt service	1,035,598	1,035,598	1,035,597	1.00
Total other financing uses	1,035,598	1,035,598	1,035,597	1.00
Total expenditures and other financing uses	399,867,391	404,835,096	404,417,282	417,814
Net change in fund balances	-	-	1,178,403	1,178,403
Fund balance at beginning of year	23,489,937	23,489,937	23,489,937	-
Less encumbrances outstanding at June 30, 2024	(11,806,254)	(11,806,254)	(10,079,884)	1,726,370
expended or canceled at June 30, 2025				-
Add encumbrances outstanding at June 30, 2025	13,032,386	13,032,386	13,032,386	-
Decrease in fund balance appropriated by the City	(4,915,322)	(4,915,322)	(4,915,322)	
Increase in nonspendable inventories	(102,230)	(102,230)	(102,230)	-
Fund balance at end of year	$ 19,698,517	$ 19,698,517	$ 22,603,290	$ 2,904,773

THE SCHOOL BOARD OF THE
CITY OF NEWPORT NEWS, VIRGINIA

Required Supplementary Information (Unaudited)

Schedule of Changes in Net Pension Asset and Related Ratios – School Board Nonprofessional Retirement Plan
For the Virginia Retirement System

Year Ended June 30

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Total Pension Liability										
Service cost	$ 487,107	$ 571,242	$ 589,528	$ 622,391	$ 754,780	$ 819,408	$ 894,986	$ 961,988	$ 1,277,473	$ 1,510,880
Interest	76,377	109,773	156,742	182,205	235,956	315,045	385,016	521,338	623,307	781,835
Benefit payments, including refunds of employee contributions	(26,584)	(19,080)	(46,216)	(110,743)	(66,469)	(88,383)	(108,452)	(166,675)	(169,959)	(230,537)
Change in assumptions	-	-	(181,126)	-	163,847	-	(169,954)	-	-	-
Difference between expected and actual experience	(63,569)	22,631	(122,907)	51,870	219,381	571	85,111	(119,832)	414,611	223,315
Net change in total pension liability	473,331	684,566	396,021	745,723	1,307,495	1,046,641	1,086,707	1,196,819	2,145,432	2,285,493
Total pension liability -- beginning	1,104,388	1,577,719	2,262,285	2,658,306	3,404,029	4,711,524	5,758,165	6,844,872	8,041,691	10,187,123
Total pension liability -- ending	$ 1,577,719	$ 2,262,285	$ 2,658,306	$ 3,404,029	$ 4,711,524	$ 5,758,165	$ 6,844,872	$ 8,041,691	$ 10,187,123	$ 12,472,616
Plan fiduciary net position										
Contributions -- employer	$ 261,980	$ 261,217	$ 231,378	$ 276,857	$ 289,226	$ 287,656	$ 305,524	$ 327,116	$ 482,897	$ 510,849
Contributions -- employee	284,255	296,130	345,945	422,842	472,079	503,370	494,216	526,482	754,579	802,227
Net investment income	104,055	64,857	423,954	318,845	376,257	119,404	2,013,543	(31,789)	728,542	1,233,044
Benefit payments, including refunds of employee contributions	(26,584)	(19,080)	(46,216)	(110,743)	(66,469)	(88,383)	(108,452)	(166,675)	(169,959)	(230,537)
Administrative expense	(876)	(1,265)	(1,869)	(2,215)	(2,784)	(3,420)	(4,196)	(5,651)	(6,070)	(5,781)
Other	(24)	(23)	(405)	(314)	(244)	(156)	198	242	300	349
Net change in plan fiduciary net position	622,806	601,836	952,787	905,272	1,068,065	818,471	2,700,833	649,725	1,790,289	2,310,151
Plan fiduciary net position -- beginning	1,969,802	2,592,608	3,194,444	4,147,231	5,052,503	6,120,568	6,939,039	9,639,872	10,289,597	12,079,886
Plan fiduciary net position -- ending	$ 2,592,608	$ 3,194,444	$ 4,147,231	$ 5,052,503	$ 6,120,568	$ 6,939,039	$ 9,639,872	$ 10,289,597	$ 12,079,886	$ 14,390,037
Total net pension asset -- beginning	$ (865,414)	$ (1,014,889)	$ (932,159)	$ (1,488,925)	$ (1,648,474)	$ (1,409,044)	$ (1,180,874)	$ (2,795,000)	$ (2,247,906)	$ (2,247,906)
Total net pension asset -- ending	$ (1,014,889)	$ (932,159)	$ (1,488,925)	$ (1,648,474)	$ (1,409,044)	$ (1,180,874)	$ (2,795,000)	$ (2,247,906)	$ (1,892,763)	$ (1,917,421)
Plan net position as a percentage of total pension asset	255.5%	342.7%	278.5%	306.5%	434.4%	587.6%	344.9%	457.7%	638.2%	750.5%
Covered Payroll	$ 4,012,012	$ 6,499,789	$ 7,793,308	$ 9,712,181	$ 10,920,615	$ 11,707,429	11,500,998	12,364,094	12,329,911	17,607,146
Net pension asset as a percentage of covered payroll	25.3%	14.3%	19.1%	17.0%	12.9%	10.1%	24.3%	18.2%	15.4%	10.9%

Note: The amounts presented are as of the measurement date.

Schedules are intended to show information for 10 years.

THE SCHOOL BOARD OF THE
CITY OF NEWPORT NEWS, VIRGINIA

Required Supplementary Information (Unaudited)

Schedule of Employer’s Proportionate Share of Net Pension Liability – School Board Teacher Retirement Plan for the Virginia Retirement System (VRS) and the Newport News Employees Retirement Fund (NNERF)

Year Ended June 30

School Board Teacher Retirement Plan:	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**	**2023**	**2024**
Employer's proportion of the net pension liability	2.07000%	2.04154%	2.02429%	1.99247%	1.96772%	1.90995%	1.90686%	1.87694%	1.87857%	1.90478%
Employer's proportionate share of the net pension liability	$ 260,538,000	$ 286,104,000	$ 248,946,000	$ 234,314,000	$ 258,963,134	$ 277,947,884	$ 148,031,398	$ 178,695,924	$ 189,870,917	$ 178,800,454
Employer's covered payroll	$ 145,324,977	$ 155,708,543	$ 159,685,425	$ 161,022,234	$ 164,776,215	$ 166,991,982	$ 158,063,115	$ 174,060,418	$ 174,029,936	$ 202,713,714
Employer's proportionate share of the net pension liability as a percentage of its covered payroll	179.28%	183.74%	155.90%	145.52%	157.16%	166.44%	93.65%	102.66%	109.10%	88.20%
Plan fiduciary net position as a percentage of the total pension liability	70.68%	68.28%	72.92%	74.81%	73.51%	71.47%	85.46%	82.61%	82.45%	84.52%

Newport News Employee Retirement Fund:	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**	**2023**	**2024**
Employer's proportion of the net pension liability	20.31030%	19.71100%	18.57830%	18.70110%	21.04650%	21.83530%	20.86170%	20.72750%	21.13570%	20.72630%
Employer's proportionate share of the net pension liability	$ 80,247,927	$ 91,756,052	$ 75,985,892	$ 72,279,374	$ 85,067,976	$ 100,630,080	$ 54,643,897	$ 90,816,955	$ 92,023,532	$ 85,262,901
Employer's covered payroll	$ 123,619,906	$ 118,639,692	$ 113,302,877	$ 108,187,035	$ 103,823,307	$ 98,821,339	$ 92,036,126	$ 95,401,112	$ 82,134,110	$ 78,759,127
Employer's proportionate share of the net pension liability as a percentage of its covered payroll	64.92%	77.34%	67.06%	66.81%	81.94%	101.83%	59.37%	95.19%	112.04%	108.26%
Plan fiduciary net position as a percentage of the total pension liability	68.28%	63.67%	68.74%	71.25%	70.03%	66.60%	81.50%	69.39%	70.20%	72.55%

The amounts presented are as of the measurement date.

Schedules are intended to show information for 10 years.

THE SCHOOL BOARD OF THE
CITY OF NEWPORT NEWS, VIRGINIA

Required Supplementary Information (Unaudited)

Schedule of Contributions for the Virginia Retirement System and NNERF

Year Ended June 30

Year Ended	Contractually Required Contribution	Contribution in Relation to Contractually Required Contribution	Contribution Deficiency (Excess)	Employer's Covered Payroll	Contributions as a % of Covered Payroll
School Board (non-teacher) Pension Plan:					
2016	328,332	328,332	-	6,499,789	5.05%
2017	290,298	290,298	-	7,793,308	3.72%
2018	297,786	297,786	-	9,712,181	3.07%
2019	289,226	289,226	-	10,920,615	2.65%
2020	287,482	287,482	-	11,707,429	2.46%
2021	305,524	305,524	-	11,500,998	2.66%
2022	327,523	327,523	-	12,364,094	2.65%
2023	482,912	482,912	-	12,329,911	3.92%
2024	482,987	482,987	-	17,607,146	2.74%
2025	738,265	738,265	-	19,731,012	3.74%
School Board Teacher Retirement Plan:					
2016	20,744,442	20,744,442	-	155,708,543	13.32%
2017	20,947,209	20,947,209	-	159,685,425	13.12%
2018	27,964,364	27,964,364	-	161,022,234	17.37%
2019	25,197,255	25,197,255	-	164,776,215	15.29%
2020	25,367,460	25,367,460	-	166,991,982	15.19%
2021	26,958,449	26,958,449	-	158,063,115	17.06%
2022	27,854,501	27,854,501	-	174,060,418	16.00%
2023	29,615,953	29,615,953	-	174,029,936	17.02%
2024	32,207,393	32,207,393	-	202,713,714	15.89%
2025	30,158,715	30,158,715	-	211,502,168	14.26%
Newport News Employee Retirement Fund:					
2016	7,779,308	7,688,476	90,832	118,639,692	6.48%
2017	7,270,772	7,270,772	-	113,302,877	6.42%
2018	7,611,499	7,611,499	-	108,187,035	7.04%
2019	8,598,267	8,598,267	-	103,823,307	8.28%
2020	8,773,351	8,773,351	-	98,821,339	8.88%
2021	8,485,299	8,485,299	-	92,036,126	9.22%
2022	8,554,862	8,554,862	-	95,401,112	8.97%
2023	7,938,184	7,938,184	-	82,134,110	9.66%
2024	9,612,341	9,612,341	-	78,759,127	12.20%
2025	10,009,747	10,009,747	-	75,670,171	13.23%

Schedules are intended to show information for 10 years.

THE SCHOOL BOARD OF THE
CITY OF NEWPORT NEWS, VIRGINIA

Required Supplementary Information (Unaudited)

Schedule of Changes in Net OPEB Liability

Year Ended June 30

	2018	2019	2020	2021	2022	2023	2024	2025
Total OPEB Liability								
Service cost	$ 356,543	$ 367,239	$ 190,014	$ 195,714	$ 65,931	$ 67,909	$ 83,887	$ 86,404
Interest	6,134,980	5,576,757	5,173,959	4,929,091	5,030,005	5,045,939	5,054,650	5,093,757
Difference between expected and actual experience	-	(19,223,441)	-	(6,235,481)	-	(3,923,415)	-	(6,164,365)
Change in assumptions	13,762,045	(7,065,612)	4,456,495	(7,281,461)	(700,443)	3,483,142	(862,309)	(1,900,341)
Benefit payments	(5,120,869)	(4,710,799)	(4,842,479)	(5,340,619)	(5,441,561)	(5,259,673)	(5,025,917)	(5,118,840)
Net change in total OPEB liability	15,132,699	(25,055,856)	4,977,989	(13,732,756)	(1,046,068)	(586,098)	(749,689)	(8,003,385)
Total OPEB liability -- beginning	99,517,522	114,650,221	89,594,365	94,572,354	80,839,598	79,793,530	79,207,432	78,457,743
Total OPEB liability -- ending	$ 114,650,221	$ 89,594,365	$94,572,354	$80,839,598	$ 79,793,530	$ 79,207,432	$ 78,457,743	$ 70,454,358
Plan fiduciary net position								
Contributions -- employer	$ 5,120,869	$ 4,710,799	$ 4,842,479	$ 5,340,619	$ 5,441,561	$ 5,259,673	$ 5,025,917	$ 5,618,840
Contributions -- members	1,506,699	1,413,703	1,361,282	1,169,951	1,054,951	921,235	794,730	729,059
Net investment income	2,238,661	1,162,759	807,842	8,177,696	(3,261,439)	2,443,081	3,266,176	3,332,578
Benefit payments	(6,627,568)	(6,124,502)	(6,203,761)	(6,510,570)	(6,496,512)	(6,180,908)	(5,820,647)	(5,847,899)
Administrative expense	(26,340)	(26,688)	(27,197)	(29,115)	(34,932)	(29,812)	(31,387)	(34,875)
Other changes	-	(27,000)	-	-	-	-	-	-
Net change in plan fiduciary net position	2,212,321	1,109,071	780,645	8,148,581	(3,296,371)	2,413,269	3,234,789	3,797,703
Plan fiduciary net position -- beginning	23,103,272	25,315,593	26,424,664	27,205,309	35,353,890	32,057,519	34,470,788	37,705,577
Plan fiduciary net position -- ending	$ 25,315,593	$ 26,424,664	$27,205,309	$35,353,890	$ 32,057,519	$ 34,470,788	$ 37,705,577	$ 41,503,280
Net OPEB Liability -- Beginning of Year	$ 76,414,250	$ 89,334,628	$63,169,701	$67,367,045	$ 45,485,708	$ 47,736,011	$ 44,736,644	$ 40,752,166
Net OPEB Liability -- End of Year	$ 89,334,628	$ 63,169,701	$67,367,045	$45,485,708	$ 47,736,011	$ 44,736,644	$ 40,752,166	$ 28,951,078
Plan Fiduciary Net Position as a percentage of Total OPEB Liabilty	22.1%	29.5%	28.8%	43.7%	40.2%	43.5%	48.1%	58.9%
Covered Payroll	$ 102,181,521	$ 96,501,902	$92,110,467	$84,826,533	$ 83,573,285	$ 82,319,195	$ 79,922,940	$ 76,447,107
Net OPEB Liability as a percentage of Covered Payroll	87.4%	65.5%	73.1%	53.6%	57.1%	54.3%	51.0%	37.9%

Schedules are intended to show information for 10 years. Since 2017 is the first year of this presentation, only seven years are shown. Additional years will be included as they become available.

THE SCHOOL BOARD OF THE
CITY OF NEWPORT NEWS, VIRGINIA

Required Supplementary Information (Unaudited)

Schedule of Investment Returns

Year Ended June 30

Year	Annual Money-Weighted Rate of Return, net of Investment Expenses
2018	9.7%
2019	4.6%
2020	3.1%
2021	30.1%
2022	(-9.2%)
2023	7.6%
2024	9.5%
2025	8.8%

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, OPEB plans should present information for those years for which information is available.

THE SCHOOL BOARD OF THE
CITY OF NEWPORT NEWS, VIRGINIA

Required Supplementary Information (Unaudited)

Schedule of Employer's OPEB Contributions

Year Ended June 30

Year Ended	Actuarially Determined Employer Contribution	Actual Employer Contribution	Percentage Contributed	Contribution Deficiency (Excess)	Employer's Covered Payroll	Contributions as a % of Covered Payroll
2016	7,781,323	6,897,333	88.64%	883,990	105,746,207	6.52%
2017	6,726,751	6,745,919	100.28%	(19,168)	111,269,858	6.06%
2018	6,735,867	5,120,869	76.02%	1,614,998	102,181,521	5.01%
2019	4,996,292	4,710,799	94.29%	285,493	96,501,902	4.88%
2020	5,005,842	4,842,479	96.74%	163,363	92,110,467	5.26%
2021	4,588,500	5,340,619	116.39%	(752,119)	84,826,533	6.30%
2022	4,726,155	5,441,561	115.14%	(715,406)	83,573,285	6.51%
2023	4,315,233	5,259,673	121.89%	(944,440)	82,319,195	6.39%
2024	4,444,690	5,025,917	113.08%	(581,227)	79,922,940	6.29%
2025	3,450,548	5,618,840	162.84%	(2,168,292)	76,447,107	7.35%

Actuarial Assumptions:

Valuation date	7/1/2023
Measurement date	6/30/2024
Actuarial cost method	Entry Age Normal
Amortization period	22 years
Asset valuation method	Market Value
Inflation	2.75%
Salary Increases	NA
Investment rate of return	7.00% net of investment expenses and including inflation

THE SCHOOL BOARD OF THE
CITY OF NEWPORT NEWS, VIRGINIA

Required Supplementary Information (Unaudited)

Schedule of Employer's Proportionate Share of Net OPEB Liability – Teacher Health Insurance Credit Program for the Virginia Retirement System (VRS)

Year Ended June 30

	VRS 2017	VRS 2018	VRS 2019	VRS 2020	VRS 2021	VRS 2022	VRS 2023	VRS 2024
Employer's proportion of the net Teacher HIC OPEB plan liability	2.02361%	1.99148%	1.96470%	1.90515%	1.90055%	1.86757%	1.86892%	1.89338%
Employer's proportionate share of the net Teacher HIC OPEB plan liability	$25,671,000	$25,286,000	$25,719,834	$24,852,997	$24,394,874	$23,326,818	$22,640,422	$21,880,808
Employer's covered payroll	$159,703,318	$161,058,323	$164,792,500	$167,020,303	$168,083,938	$174,060,415	$186,351,223	$211,707,695
Employer's proportionate share of the net Teacher HIC OPEB plan liability as a percentage of its covered payroll	16.07%	15.70%	15.61%	14.88%	14.51%	13.40%	12.15%	10.34%
Plan fiduciary net position as a percentage of the total Teacher HIC OPEB	7.04%	8.08%	8.97%	9.95%	9.95%	15.08%	17.90%	21.82%

Note: The amounts presented are as of the measurement date.

Schedules are intended to show information for 10 years. Additional years will be included as they become available.

Required Supplementary Information (Unaudited)

Schedule of Employer's Contractually Required OPEB Contributions – Teacher Health Insurance Credit Program for the Virginia Retirement System (VRS)

Year Ended June 30

Year Ended	Contractually Required Contribution	Contribution in Relation to Contractually Required Contribution	Contribution Deficiency (Excess)	Employer's Covered Payroll	Contributions as a % of Covered Payroll
2015	1,631,376	1,631,376	-	153,903,373	1.06%
2016	1,649,993	1,649,993	-	155,659,733	1.06%
2017	1,772,707	1,772,707	-	159,703,318	1.11%
2018	2,151,528	2,151,528	-	161,058,323	1.34%
2019	1,976,811	1,976,811	-	164,792,500	1.20%
2020	2,004,557	2,004,557	-	167,020,303	1.20%
2021	2,034,165	2,034,165	-	168,083,938	1.21%
2022	2,106,131	2,106,131	-	174,060,418	1.21%
2023	2,254,877	2,254,877	-	186,335,112	1.21%
2024	2,455,137	2,455,137	-	202,853,918	1.21%
2025	2,564,038	2,564,038	-	211,707,695	1.21%

THE SCHOOL BOARD OF THE
CITY OF NEWPORT NEWS, VIRGINIA

Required Supplementary Information (Unaudited)

Schedule of Employer's Proportionate Share of Net OPEB Liability – Group Life Insurance Program for the Virginia Retirement System (VRS)

Year Ended June 30

VRS Professional Plan:	**PROFESSIONAL 2017**	**PROFESSIONAL 2018**	**PROFESSIONAL 2019**	**PROFESSIONAL 2020**	**PROFESSIONAL 2021**	**PROFESSIONAL 2022**	**PROFESSIONAL 2023**	**PROFESSIONAL 2024**
Employer's proportion of the net GLI OPEB liability	0.87085%	0.85173%	0.84551%	0.81656%	0.84551%	0.80615%	0.79724%	0.80615%
Employer's proportionate share of the net GLI OPEB liability	$13,105,000	$12,936,000	$13,758,698	$13,657,050	$9,527,232	$9,706,823	$9,561,407	$8,881,735
Employer's covered payroll	$160,630,602	$161,954,625	$165,748,568	$168,051,675	$168,948,972	$175,357,510	$187,792,907	$204,361,378
Employer's proportionate share of the net GLI OPEB liability as a percentage of its covered payroll	8.16%	7.99%	8.30%	8.13%	5.64%	5.54%	5.09%	4.35%
Plan fiduciary net position as a percentage of the total GLI OPEB liability	48.86%	51.22%	52.00%	52.64%	67.45%	67.21%	69.30%	73.41%

VRS Non-Professional Plan:	**NON-PROFESSIONAL 2017**	**NON-PROFESSIONAL 2018**	**NON-PROFESSIONAL 2019**	**NON-PROFESSIONAL 2020**	**NON-PROFESSIONAL 2021**	**NON-PROFESSIONAL 2022**	**NON-PROFESSIONAL 2023**	**NON-PROFESSIONAL 2024**
Employer's proportion of the net GLI OPEB liability	0.04305%	0.05185%	0.05696%	0.58440%	0.56960%	0.05907%	0.76790%	0.05907%
Employer's proportionate share of the net GLI OPEB liability	$648,000	$787,000	$926,891	$975,268	$678,304	$711,260	$920,953	$843,525
Employer's covered payroll	$7,941,396	$9,859,090	$11,166,678	$12,027,008	$12,027,977	$12,849,476	$18,088,996	$17,607,146
Employer's proportionate share of the net GLI OPEB liability as a percentage of its covered payroll	8.16%	7.98%	8.30%	8.11%	5.64%	5.54%	5.09%	4.79%
Plan fiduciary net position as a percentage of the total GLI OPEB liability	48.86%	51.22%	52.00%	52.64%	67.45%	67.21%	69.30%	73.41%

Note: The amounts presented are as of the measurement date.

Schedules are intended to show information for 10 years. Additional years will be included as they become available.

THE SCHOOL BOARD OF THE
CITY OF NEWPORT NEWS, VIRGINIA

Required Supplementary Information (Unaudited)

Schedule of Employer's Contractually Required Employer OPEB Contributions – Group Life Insurance Program for the Virginia Retirement System (VRS)

Year Ended June 30

Year Ended	Contractually Required Contribution	Contribution in Relation to Contractually Required Contribution	Contribution Deficiency (Excess)	Employer's Covered Payroll	Contributions as a % of Covered Payroll
VRS Professional Plan:					
2015	742,648	742,648	-	154,718,281	0.48%
2016	752,231	752,231	-	156,714,789	0.48%
2017	835,279	835,279	-	160,630,602	0.52%
2018	842,164	842,164	-	161,954,625	0.52%
2019	861,893	861,893	-	165,748,568	0.52%
2020	873,869	873,869	-	168,051,675	0.52%
2021	912,324	912,324	-	168,948,972	0.54%
2022	946,931	946,931	-	175,357,510	0.54%
2023	1,014,082	1,014,082	-	187,792,907	0.54%
2024	1,103,551	1,103,551	-	204,361,378	0.54%
2025	1,002,842	1,002,842	-	213,370,646	0.47%
VRS Non-Professional Plan:					
2015	28,171	28,171	-	5,868,882	0.48%
2016	32,016	32,016	-	6,669,969	0.48%
2017	41,295	41,295	-	7,941,396	0.52%
2018	51,267	51,267	-	9,859,090	0.52%
2019	58,067	58,067	-	11,166,678	0.52%
2020	62,540	62,540	-	12,027,008	0.52%
2021	64,951	64,951	-	12,027,977	0.54%
2022	69,387	69,387	-	12,849,476	0.54%
2023	97,681	97,681	-	18,088,996	0.54%
2024	104,812	104,812	-	17,607,146	0.60%
2025	94,616	94,616	-	20,131,145	0.47%

(1) Budgetary Data

The budgetary data reflected in the required supplementary information was established by the School Board using the following procedures:

(i) On or before April 1, the School Board submits to the City Council of the City proposed operating budgets for the General Fund, the Workers' Compensation Special Revenue Fund and the Textbook Special Revenue Fund for the forthcoming fiscal year. The operating budgets include proposed expenditures and other financing uses and the means of financing them.

(ii) A public hearing on the City budget, which includes the School Board, is held after a synopsis of the budget is published in a local newspaper of general circulation. An appropriation ordinance must be adopted by the City Council by May 15.

(iii) The School Board and Superintendent may amend the budget or make transfers between functions and budgetary line items without City Council approval. However, the School Board may not make transfers or expend any sum of money in excess of City Council appropriations, at the fund level, without the consent of the City Council. The legal level of budgetary control for the General Fund, the Workers' Compensation non-major Special Revenue Fund and the Textbook non-major Special Revenue Fund is the fund level; however, management control is exercised over the budget at the budgetary line item level. Appropriations, except for encumbrances and reserved fund balances, lapse at year-end.

(iv) Budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America (GAAP), except for the following:

1) Encumbrances are included as budgetary expenditures;

2) Lease other financing sources and the accompanying lease expenditures are not included as budgetary resources or expenditures;

3) The net change for the prepaid medical self-insurance program is excluded from the budget comparison;

4) Revenue from the City that is designated for debt service and returned to the City to pay debt service is included for budgetary purposes but excluded for GAAP purposes.

(v) Annual legally adopted operating budgets are not adopted for any other Special Revenue Funds. The School Board adopts an annual, but not a legal, operating budget for the Child Nutrition Services Fund. Program budgets for the Grants Special Revenue Fund, the Adult Education Special Revenue Fund and the State Construction Capital Projects Fund are approved by executive departments on a basis consistent with the related grant applications. Project budgets are appropriated by City Council (on a project basis, not an annual basis) for the General Obligation Bond Fund and the General Capital Projects Fund whereby the budgets remain open and carry over to succeeding years until the project is complete.

(2) Intergovernmental Revenue – City of Newport News

A reconciliation of intergovernmental revenue follows:

City budget appropriations	$ 123,089,307
Less amounts recorded by City	(1,096,266)
City revenue - GAAP basis	$ 121,993,041

SUPPLEMENTARY INFORMATION

THE SCHOOL BOARD OF THE
CITY OF NEWPORT NEWS, VIRGINIA

NONMAJOR GOVERNMENTAL FUNDS

June 30, 2025

Special Revenue Funds:

Workers' Compensation – to account for the School Board's payment of worker compensation claims. Funding is provided primarily by transfers in from funds for which employees are paid.

Textbook – to account for textbook purchases. Funding is provided primarily by the Commonwealth of Virginia along with a required match by the School Board.

Child Nutrition – to account for the operation of the School Board's food service operation, primarily for students.

Adult Education – to account for general adult education classes with an educational purpose devoted primarily to instruction.

School Activity Funds – to account for funds held in bank accounts in each school's name for school activities. The principal of each school is designated by the School Board as the responsible party.

Capital Projects Funds:

General Obligation Bond Fund – to account for capital project funding provided by the City of Newport News for school construction projects through bond funds.

General Cash – to account for capital project funding provided by the City of Newport News from operating cash used to purchase school buses.

THE SCHOOL BOARD OF THE
CITY OF NEWPORT NEWS, VIRGINIA

Combining Balance Sheet

Other Nonmajor Governmental Funds

June 30, 2025

	Special Revenue Funds					Capital Projects Funds		Total Other Nonmajor Governmental Funds
Assets	Workers' Compensation	Textbooks	Child Nutrition	Adult Education	School Activity Funds	General Obligation Bond Fund	General Cash	
Cash and cash equivalents	$ 9,053,057	$ 7,755,157	$ 3,458,697	$ 68,290	$ 1,579,885	-	$ 4,315,759	$ 26,230,845
Cash with fiscal agent	250,000	-	-	-	-	-	-	250,000
Federal - Department of Agriculture	-	-	3,333,145	-	-	-	-	3,333,145
Receivables from other governments	-	-	-	-	-	11,901,757	-	11,901,757
Inventories	-	-	556,419	-	-	-	-	556,419
Total assets	$ 9,303,057	$ 7,755,157	$ 7,348,261	$ 68,290	$ 1,579,885	$ 11,901,757	$ 4,315,759	$ 42,272,166
Liabilities								
Accounts payable	$ 179,298	$ -	$ 201,787	$ -	$ -	$ 1,128,268	$ 1,233,050	$ 2,742,403
Total liabilities	179,298	-	201,787	-	-	1,128,268	1,233,050	2,742,403
Fund balances								
Nonspendable:								
Inventories	-	-	556,419	-	-	-	-	556,419
Restricted:								
Adult education services	-	-	-	68,290	-	-	-	68,290
Capital projects	-	-	-	-	-	-	-	-
Child nutrition services	-	-	6,371,152	-	-	-	-	6,371,152
Textbooks	-	7,399,724	-	-	-	-	-	7,399,724
Workers' compensation	9,092,868	-	-	-	-	-	-	9,092,868
Student activities	-	-	-	-	1,579,885	-	-	1,579,885
Assigned:		-	-	-	-	-	-	
Contractual obligations	30,891	355,433	218,903	-	-	10,773,489	3,082,709	14,461,425
Total fund balances	9,123,759	7,755,157	7,146,474	68,290	1,579,885	10,773,489	3,082,709	39,529,763
Total liabilities, deferred inflows of resources and fund balances	$ 9,303,057	$ 7,755,157	$ 7,348,261	$ 68,290	$ 1,579,885	$ 11,901,757	$ 4,315,759	$ 42,272,166

THE SCHOOL BOARD OF THE
CITY OF NEWPORT NEWS, VIRGINIA

Combining Schedule of Revenues, Expenditures and Changes in Fund Balance

Other Nonmajor Governmental Funds

Year Ended June 30, 2025

	Special Revenue Funds					(Formerly Nonmajor)	Capital Projects Funds (Formerly Major)		
	Workers' Compensation	Textbook	Child Nutrition	Adult Education	School Activity Funds	State Construction	General Obligation Bond Fund	General Cash	Total Other Nonmajor Governmental Funds
Revenues									
Intergovernmental:									
City of Newport News	$ -	$ -	$ -	$ -	$ -	$ -	$ 10,168,256	$ 5,100,000	$ 15,268,256
Commonwealth of Virginia	-	2,846,200	638,736	-	-	-	-	-	3,484,936
Federal government	-	-	23,907,661	-	-	-	-	-	23,907,661
Charges for services	2,067,108	-	471,054	34,738	-	-	-	-	2,572,900
Investment income	371,112	-	239,437	-	-	-	-	-	610,549
Miscellaneous	-	-	-	-	3,112,246	-	-	-	3,112,246
Total revenues	2,438,220	2,846,200	25,256,889	34,738	3,112,246	-	10,168,256	5,100,000	48,956,548
Expenditures									
Current:									
Academic services	-	4,464,508	-	71,077	3,179,062	-	-	-	7,714,647
Attendance and health services	-	-	-	-	-	-	-	-	-
Operations and facilities	-	-	230,636	-	-	-	3,705	-	234,341
Child nutrition services	-	-	26,093,054	-	-	-	-	-	26,093,054
Technology	-	-	-	-	-	-	-	-	-
Administration	1,687,106	-	-	-	-	-	-	-	1,687,106
Capital outlay	-	-	-	-	-	-	3,351,137	5,134,362	8,485,499
Total expenditures	1,687,106	4,464,508	26,323,691	71,077	3,179,062	-	3,354,842	5,134,362	44,214,647
Excess (deficiency) of revenues over ex[enditures	751,114	(1,618,308)	(1,066,801)	(36,339)	(66,816)	-	6,813,414	(34,362)	4,741,901
Net change in fund balances	751,114	(1,618,308)	(1,066,801)	(36,339)	(66,816)	-	6,813,414	(34,362)	4,741,901
Fund balances at beginning of year, as previously reported	8,372,644	9,373,465	8,215,420	104,629	1,646,702	4,026,523	-	3,117,071	34,856,454
Change within finacial reporting entity	-	-	-	-	-	(4,026,523)	3,960,076	-	(66,447)
Fund balances at beginning of year as adjusted	8,372,644	9,373,465	8,215,420	104,629	1,646,702		3,960,076	3,117,071	34,790,007
Decrease in nonspendable inventory	-	-	(2,145)	-	-	-	-	-	(2,145)
Fund balances at end of year	$ 9,123,759	$ 7,755,157	$ 7,146,474	$ 68,290	$ 1,579,885	$ -	$ 10,773,489	$ 3,082,709	$ 39,529,763

THE SCHOOL BOARD OF THE
CITY OF NEWPORT NEWS, VIRGINIA

Workers' Compensation Fund

Combining Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual (Budget Basis)

Year Ended June 30, 2025

	Original Budget	Amended Budget	Actual	Variance
Revenues:				
Charges for services	$ 1,865,000	$ 1,865,000	$ 2,067,108	$ 202,108
Investment income	60,000	60,000	371,112	311,112
Total revenues	1,925,000	1,925,000	2,438,220	513,220
Expenditures:				
Administration				
Claims	2,201,000	2,231,891	1,523,616	708,275
Administrative	127,486	127,486	163,490	(36,004)
Total Administration	2,328,486	2,359,377	1,687,106	672,271
Total expenditures	2,328,486	2,359,377	1,687,106	672,271
Net change in fund balances	(403,486)	(434,377)	751,114	1,185,491
Fund balance at beginning of year	8,372,644	8,372,644	8,372,644	-
Less encumbrances outstanding at June 30, 2024 expended or canceled at June 30, 2025	(30,891)	(30,891)	(30,891)	-
Add encumbrances outstanindg at June 30, 2025	30,891	30,891	30,891	-
Fund balance at end of year	$ 7,969,158	$ 7,938,267	$ 9,123,758	$ 1,185,491

THE SCHOOL BOARD OF THE
CITY OF NEWPORT NEWS, VIRGINIA

Textbook Fund

Combining Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual (Budget Basis)

Year Ended June 30, 2025

	Original Budget	Amended Budget	Actual	Variance
Revenues:				
Commonwealth of Virginia	$ 2,888,239	$ 2,888,239	$ 2,846,200	$ (42,039)
Total revenues	2,888,239	2,888,239	2,846,200	42,039
Expenditures:				
Academic services	6,013,526	8,303,195	4,464,508	3,838,687
Total expenditures	6,013,526	8,303,195	4,464,508	3,838,687
Net change in fund balances	(3,125,287)	(5,414,956)	(1,618,308)	3,796,648
Fund balance at beginning of year	9,373,465	9,373,465	9,373,465	-
Less encumbrances outstanding at June 30, 2024 expended or canceled at June 30, 2025	(501,175)	(501,175)	(501,175)	-
Add encumbrances outstanindg at June 30, 2025	501,175	501,175	501,175	-
Fund balance at end of year	$ 6,248,178	$ 3,958,509	$ 7,755,157	$ 3,796,648

STATISTICAL SECTION

THE SCHOOL BOARD OF THE
CITY OF NEWPORT NEWS, VIRGINIA

STATISTICAL SECTION

(Unaudited)

This part of the School Board's Annual Comprehensive 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 government's overall financial health.

The School Board does not have the authority to levy taxes or to issue bonded debt in its name. Therefore, the following statistical tables dealing with these functions are omitted from this Annual Comprehensive Financial Report.

Schedule of Property Tax Levies and Collections

Schedule of Property Valuations – Assessed Valuations

Schedule of Property Tax Rates

Legal Debt Limit

Construction and Property Values and Bank Deposits

Contents **Page**

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

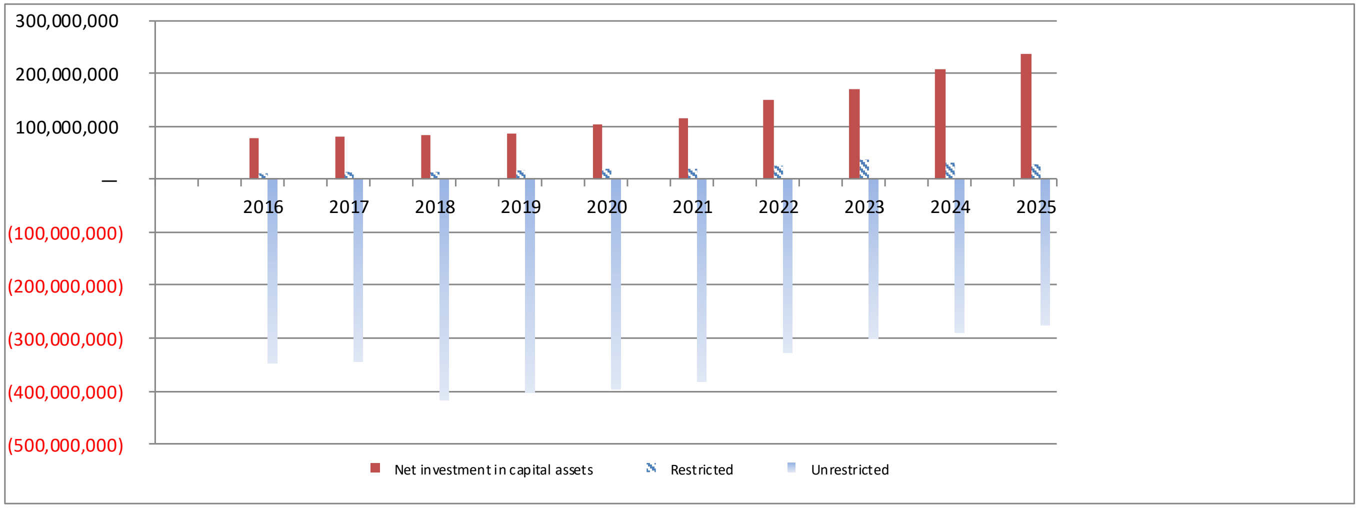
THE SCHOOL BOARD OF THE
CITY OF NEWPORT NEWS, VIRGINIA

Net Position by Component (Unaudited)

Last Ten Fiscal Years

(Accrual Basis of Accounting)
Fiscal Year

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Governmental activities:										
Net investment in capital assets	$ 76,396,233	$ 79,134,691	$ 83,735,916	$ 85,817,478	$ 103,225,846	$ 115,367,599	$ 149,190,754	$ 170,797,424	$ 207,304,313	$ 235,619,311
Restricted	9,887,365	12,979,322	14,453,268	16,488,390	19,271,354	21,031,123	25,347,400	36,734,399	30,744,105	28,315,042
Unrestricted	(348,482,706)	(344,837,917)	(415,912,591)	(401,816,864)	(397,884,305)	(383,563,356)	(328,724,911)	(301,149,768)	(290,249,652)	(276,814,702)
Total net position	$ (264,982,116)	$ (252,723,904)	$ (317,723,407)	$(299,510,996)	$ (275,387,105)	$ (247,164,634)	$ (154,186,757)	$ (93,617,945)	$ (52,201,234)	$ (12,880,349)



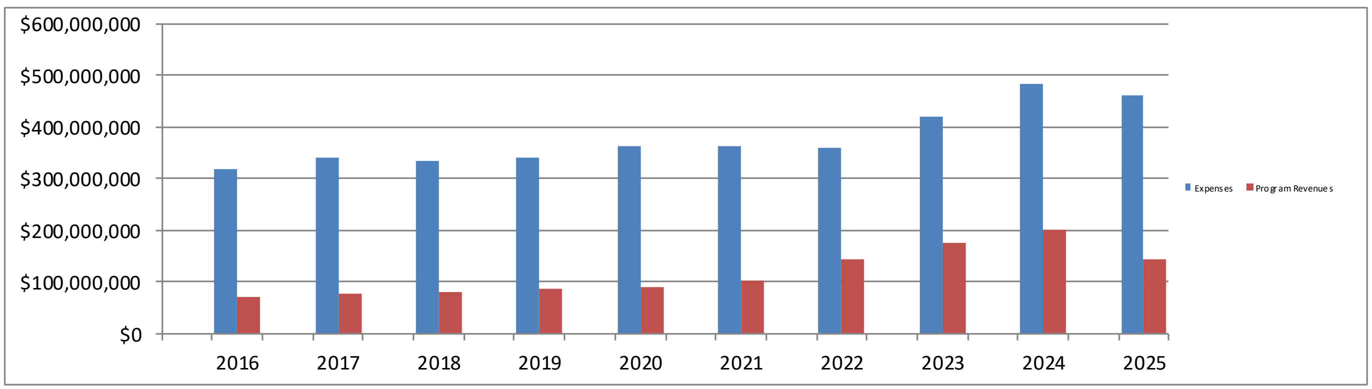
THE SCHOOL BOARD OF THE
CITY OF NEWPORT NEWS, VIRGINIA

Net Position by Component (Unaudited)

Last Ten Fiscal Years

(Accrual Basis of Accounting)
Fiscal Year

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Expenses										
Governmental activities:										
Academic services	$ 223,914,542	$ 239,059,534	$ 233,563,436	$ 237,092,146	$ 251,796,113	$ 256,176,304	$ 246,301,627	$ 265,493,617	$ 304,266,606	$ 305,280,706
Attendance and health services	5,516,924	5,819,807	5,772,856	5,789,055	5,840,823	6,369,060	5,455,766	8,313,982	11,755,604	11,545,514
Transportation services	17,178,198	19,401,940	19,477,828	20,414,287	22,340,038	17,253,221	21,815,640	24,255,683	24,324,201	28,107,587
Operations and facilities	29,940,440	33,551,144	32,622,223	32,634,471	33,407,917	32,942,678	34,626,465	56,287,038	67,295,528	53,523,347
Child nutrition services	16,719,938	17,410,411	17,763,684	17,874,039	19,389,589	13,760,362	14,922,336	21,515,469	25,568,525	25,611,960
Technology services	14,816,817	15,885,584	14,763,143	17,282,063	19,015,003	23,102,537	24,064,316	21,592,096	25,780,325	19,434,092
Administration	9,478,014	8,808,208	8,540,498	9,658,002	10,830,253	10,661,816	11,598,760	21,682,049	23,634,499	16,225,908
Interest on capital debt	40,858	861,885	502,197	470,071	445,834	425,488	160,098	76,953	101,535	379,729
Total expenses	317,605,731	340,798,513	333,005,865	341,214,134	363,065,570	360,691,466	358,945,008	419,216,887	482,726,823	460,108,843
Program Revenues										
Charges for services:										
Academic services	1,043,101	994,482	964,365	1,079,119	1,257,017	852,522	1,431,871	2,965,403	2,920,954	1,634,944
Operations and facilities	443,071	425,862	456,180	369,970	612,132	573,749	697,913	487,464	556,286	738,726
Child nutrition services	2,959,508	2,435,283	2,137,859	1,306,961	479,983	44,707	15,820	424,741	488,038	471,054
Technology services	526,503	878,545	118,209	298,250	252,776	-	-	-	-	-
Administration	2,095,897	2,094,329	1,543,042	3,094,401	1,704,338	1,701,941	2,508,182	2,706,172	3,075,437	2,701,314
Operating grants and contributions	62,893,347	69,051,155	73,811,020	77,131,195	82,297,679	98,065,482	138,547,565	164,908,675	188,275,403	120,056,572
Capital grants and contributions	885,030	1,931,173	1,371,676	1,632,915	1,662,668	1,495,769	915,210	1,955,227	4,642,710	17,957,619
Total program revenues	70,846,457	77,810,829	80,402,351	84,912,811	88,266,593	102,734,170	144,116,561	173,447,682	199,958,828	143,560,229
Net Expense	$ 246,759,274	$ 262,987,684	$ 252,603,514	$ 256,301,323	$ 274,798,977	$ 257,957,296	$ 214,828,447	$ 245,769,205	$ 282,767,995	$ 316,548,614



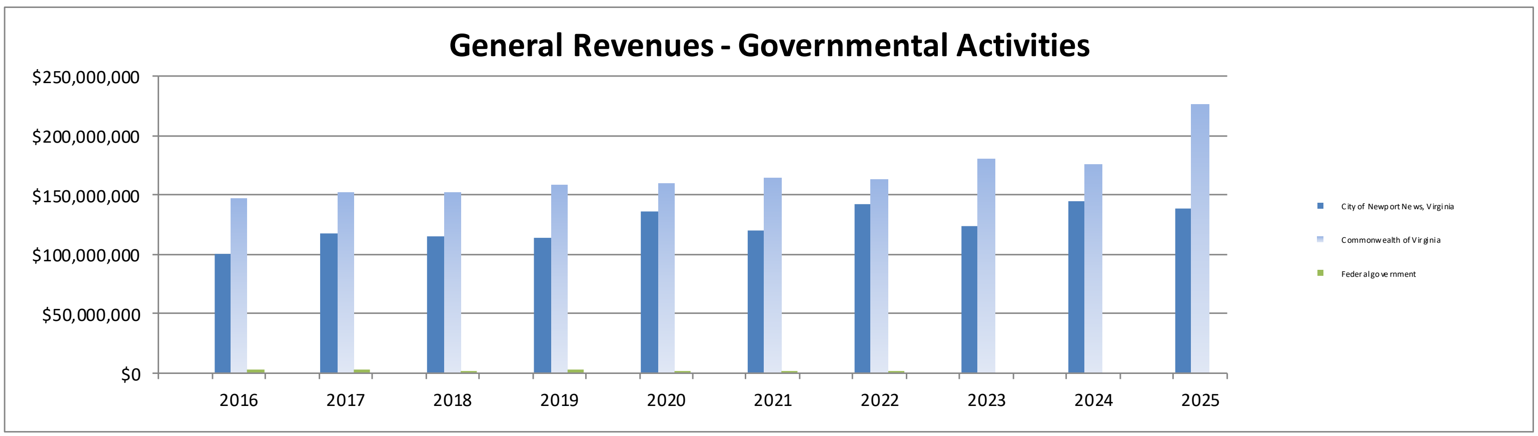
THE SCHOOL BOARD OF THE
CITY OF NEWPORT NEWS, VIRGINIA

Expenses, Program Revenues, and Net Expense (Unaudited)

Last Ten Fiscal Years

(Accrual Basis of Accounting)
Fiscal Year

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Net Expense										
Total net expense	$ 246,759,274	$ 262,987,684	$ 252,603,514	$ 256,301,323	$ 274,798,977	$ 257,957,296	$ 214,828,447	$ 245,769,205	$ 282,767,995	$ 316,548,614
General Revenues and Other Changes in Net Position										
Governmental activities:										
Grants not restricted to specific programs										
City of Newport News, Virginia	99,916,844	117,586,726	115,076,604	113,885,271	136,449,303	119,779,623	142,613,894	123,331,148	144,302,323	138,203,251
Commonwealth of Virginia	147,216,415	151,605,074	151,756,817	157,975,478	158,975,313	164,471,287	163,448,158	179,946,746	175,346,673	226,588,958
Federal government	2,380,330	3,211,922	1,877,070	2,464,163	1,623,208	1,898,684	1,709,458	2,549,642	3,829,605	3,118,161
Interest	28,693	59,166	110,753	188,822	168,344	30,173	34,814	510,480	706,105	615,093
Miscellaneous	-	-	39,418	-	-	-	-	-	-	-
Total general revenues	249,542,282	272,462,888	268,860,662	274,513,734	297,216,168	286,179,767	307,806,324	306,338,016	324,184,706	368,525,463
Change in Net Position	2,783,008	9,475,204	16,257,148	18,212,411	22,417,191	28,222,471	92,977,877	60,568,811	41,416,711	51,976,849
Net position at beginning of year, as prevoiusly	(264,982,116)	(262,199,108)	(252,723,904)	(317,723,407)	(299,510,996)	(277,093,805)	(247,164,634)	(154,186,757)	(93,617,945)	(52,201,234)
Prior period adjustment	(361,196,264)	-	-	(81,256,651)	-	1,706,700	-			
Restatement - change in accounting principles										(12,655,964)
Net position at beginning of year, as restated										(64,857,198)
Net position at end of year	$ (623,395,372)	$ (252,723,904)	$ (236,466,756)	$ (380,767,647)	$ (277,093,805)	$ (247,164,634)	$ (154,186,757)	$ (93,617,946)	$ (52,201,234)	$ (12,880,349)



THE SCHOOL BOARD OF THE
CITY OF NEWPORT NEWS, VIRGINIA

Fund Balances – Governmental Funds (Unaudited)

Last Ten Fiscal Years

(Modified Accrual Basis of Accounting)
Fiscal Year

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
General Fund										
Nonspendable	$ 1,295,585	$ 1,114,494	$ 1,169,262	$ 862,212	$ 1,032,201	$ 1,324,663	$ 2,320,375	$ 2,184,306	$ 1,968,361	$ 1,866,131
Assigned to	24,068,826	22,342,891	21,500,629	19,703,260	20,566,541	33,317,343	27,444,123	22,961,675	16,606,254	17,832,387
Unassigned	-	-	-	333,194	-	6,708,745	6,283,180	7,693,682	4,915,322	2,904,774
Total General Fund	$ 25,364,411	$ 23,457,385	$ 22,669,891	$ 20,898,666	$ 21,598,742	$ 41,350,751	$ 36,047,678	$ 32,839,663	$ 23,489,937	$ 22,603,292
All Other Governmental Funds										
Nonspendable	$ 547,528	$ 452,121	$ -	$ -	$ -	$ -	$ 969,278	$ 824,535	$ 558,564	$ 556,419
Restricted	9,887,365	12,979,322	14,453,268	16,488,390	17,564,654	19,647,532	25,347,400	34,486,493	28,851,342	26,397,621
Assigned	5,071,163	6,631,329	11,183,556	9,437,748	13,033,303	7,498,780	12,472,258	5,943,775	9,406,624	14,461,425
Total all other governmental funds	$ 15,506,056	$ 20,062,772	$ 25,636,824	$ 25,926,138	$ 30,597,957	$ 27,146,312	$ 38,788,936	$ 41,254,803	$ 38,816,530	$ 41,415,465

NOTE - Comprehensive Annual Financial reports issued in prior years had some fund balance reported as Committed for All Other Governmental Funds for years 2012 through 2016. It has been determined that those am
have been reported as Restricted. The table above has been reclassified to retroactively account for this change.

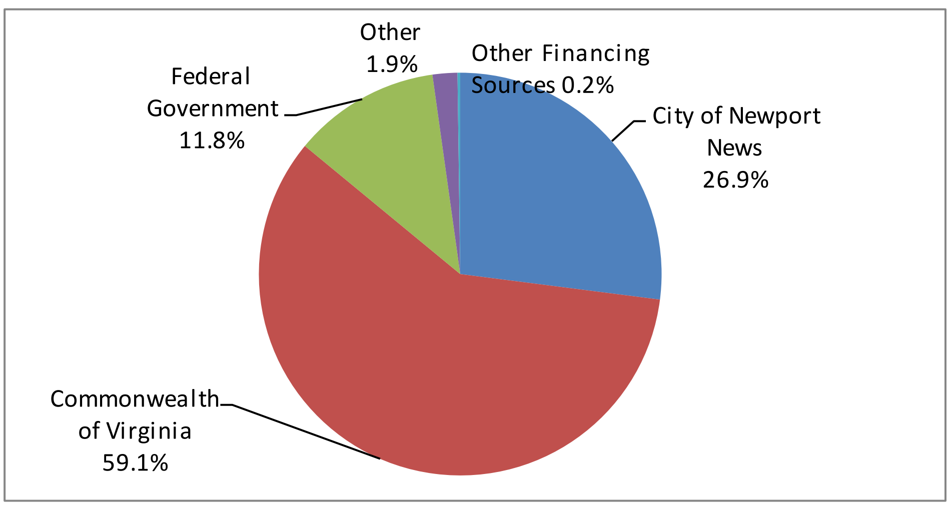
THE SCHOOL BOARD OF THE
CITY OF NEWPORT NEWS, VIRGINIA

Governmental Funds' Revenues and Other Financing Sources (Unaudited)

Last Ten Fiscal Years

(Modified Accrual Basis of Accounting)
(Amounts in Thousands)

Fiscal Year	City of Newport News	Commonwealth of Virginia	Federal Government	Other	Other Financing Sources	Total Revenues and Other Financing Sources
2016	108,353,173	173,853,546	38,426,543	7,991,806	11,164,235	339,789,303
2017	118,449,648	184,807,119	40,643,471	7,236,401	8,726,166	359,862,805
2018	119,466,869	190,106,100	38,128,069	5,952,241	956,819	354,610,098
2019	115,844,014	198,941,247	39,812,518	6,787,509	24,895	361,410,183
2020	129,798,856	205,412,034	38,258,465	5,023,827	382,981	378,876,163
2021	117,767,918	215,546,634	49,576,257	4,238,143	1,386,657	388,515,609
2022	125,069,308	224,342,826	77,636,415	7,275,942	7,667,981	441,992,472
2023	118,744,716	251,621,948	94,575,266	10,257,336	4,097,433	479,296,699
2024	127,039,760	260,019,356	107,809,254	11,262,876	995,855	507,127,101
2025	137,948,106	302,627,900	60,647,803	9,919,927	1,118,856	512,262,592



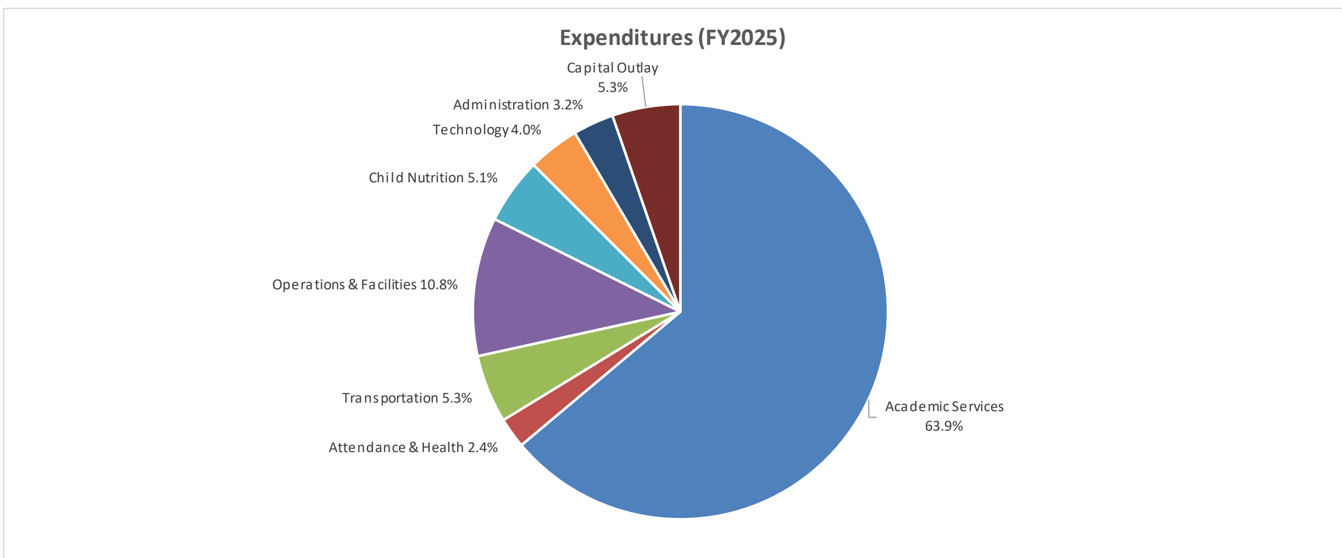
THE SCHOOL BOARD OF THE
CITY OF NEWPORT NEWS, VIRGINIA

Governmental Funds' Expenditures, Other Financing Sources, Change in Fund Balance and Debt Service Ratio (Unaudited)

Last Ten Fiscal Years

(Modified Accrual Basis of Accounting)
Fiscal Year

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Revenues and other financing sources	$ 339,789,303	$359,862,805	$ 354,610,098	$ 361,410,183	$378,876,163	$ 388,515,609	$ 441,992,472	$ 479,296,699	$ 507,127,101	$ 511,143,736
Academic services	$ 228,286,657	$236,673,539	$ 239,527,188	$ 246,562,614	$248,464,507	$ 253,889,143	$ 287,992,141	$ 296,174,161	$ 324,649,169	$ 324,229,846
Attendance and health services	5,772,945	5,855,981	6,007,327	6,128,941	5,842,841	6,412,225	6,855,316	8,954,824	12,071,056	12,040,051
Transportation services	16,747,043	18,260,506	19,143,378	19,895,100	20,752,509	15,758,240	25,019,257	24,450,687	25,525,271	26,917,011
Operations and facilities	30,267,232	32,690,252	33,161,240	31,973,588	32,359,915	32,401,525	42,025,629	61,055,639	65,914,728	54,785,820
Child nutrition services	17,460,389	17,364,347	18,585,550	18,833,316	19,572,622	13,484,160	18,227,135	23,225,095	25,958,776	26,093,054
Technology services	15,655,607	15,747,776	15,137,753	17,923,925	19,131,895	23,209,936	29,195,670	23,448,490	26,591,949	20,396,681
Administration	9,740,468	8,711,954	8,735,554	10,084,005	10,756,984	10,671,653	13,822,356	23,685,730	23,485,377	16,100,058
Capital outlay	30,684,616	19,367,766	6,890,110	9,421,003	15,526,391	14,935,077	9,189,827	13,690,090	11,651,805	26,938,787
Debt service										
Principal	346,321	524,590	1,819,714	1,262,985	1,291,896	1,582,891	1,034,560	1,103,828	1,176,157	1,251,667
Interest	40,858	456,872	907,210	470,071	445,834	425,488	86,453	35,398	5,187	268,338
Leases and SBITAS:										
Principal	-	-	-	-	-	-	866,955	1,294,360	1,307,361	1,313,224
Interest	-	-	-	-	-	-	73,645	41,555	96,348	111,390
Other financing uses	19,821	1,282,834	-	24,895	-	1,386,657	2,331,007	2,598,177	-	-
Total expenditures and other financing uses	$ 355,021,957	$356,936,417	$ 349,915,024	$ 362,580,443	$374,145,394	$ 374,156,995	$ 436,719,951	$ 479,758,034	$ 518,433,184	$ 510,445,927
Change in fund balance	$ (15,232,654)	$ 2,926,388	$ 4,695,074	$ (1,170,260)	$ 4,730,769	$ 14,358,614	$ 5,272,521	$ (461,335)	$ (11,306,083)	$ 697,809
Debt service as a percentage of noncapital expenditures	0.1%	0.3%	0.8%	0.5%	0.5%	0.6%	0.3%	0.2%	0.2%	0.3%



THE SCHOOL BOARD OF THE
CITY OF NEWPORT NEWS, VIRGINIA

Leases and Facility Notes Payable Debt to Assessed Value of Taxable Property and Debt Per Capita
of the City of Newport News, Virginia (Unaudited)

Last Ten Fiscal Years

(Amounts in thousands except for population and net debt per capita)

Fiscal year	(1) Population	(2) Assessed value of property	(3) Personal Income	Lease and facility notes payable debt	Leases payable debt	Subscription-based information technology arrangement debt	Ratio of debt to assessed value	Net debt per capita	Ratio of debt to personal income
2016	182,385	16,716,737	7,448,898	11,863	-	-	0.07%	65	0.16%
2017	181,825	17,082,661	7,470,774	18,783	-	-	0.11%	103	0.25%
2018	179,388	17,372,973	7,770,354	17,920	-	-	0.10%	100	0.23%
2019	178,626	18,056,404	7,969,244	16,657	-	-	0.09%	93	0.21%
2020	186,247	18,712,760	8,197,632	15,748	-	-	0.08%	85	0.19%
2021	184,587	19,594,195	8,758,253	14,165	-	-	0.07%	77	0.16%
2022	184,306	20,600,394	8,639,040	12,783	4,834,839	-	0.06%	69	0.15%
2023	183,118	20,365,803	9,295,869	11,662	4,180,385	859,350	0.06%	64	0.13%
2024	183,056	22,361,789	Not Available	10,485	4,303,370	424,859	0.05%	57	Not Available
2025	Not Available	22,783,306	Not Available	9,234	4,244,601	289,260	0.04%	Not Available	Not Available

Notes: (1) City of Newport News
(2) Source - City of Newport News Office of the Treasurer and Commissioner of the Revenue
(3) Source: 2016-2019 Bureau of Economic Analysis, 2024-2025 data not yet available
NOTE - The School Board is not permitted to issue general obligation bonded debt

THE SCHOOL BOARD OF THE
CITY OF NEWPORT NEWS, VIRGINIA

Standards of Learning – Percentage of Students with a Passing Score –
School Board and State (Unaudited)

Grade 3

Test	Newport News Pass Rates by School Year					State Pass Rates by School Year				
	2022	2023	2024	2025	Change	2022	2023	2024	2025	Change
English: Reading	50	50	53	53	-	68	66	67	67	-
Mathematics	41	50	56	59	3	67	69	70	73	3

Grade 4

Test	2022	2023	2024	2025	Change	2022	2023	2024	2025	Change
English:Reading	53	56	61	60	(1)	72	73	73	73	-
Mathematics	41	48	56	59	3	66	70	71	73	2
Virginia Studies	42	47	51	52	1	66	69	69	69	-

Grade 5

Test	2022	2023	2024	2025	Change	2022	2023	2024	2025	Change
English: Reading,	58	57	59	61	2	72	71	72	72	-
Mathematics	46	49	53	58	5	64	67	68	71	3
Science	42	51	56	60	4	61	66	67	69	2

Grade 6

Test	2022	2023	2024	2025	Change	2022	2023	2024	2025	Change
English:Reading	54	56	52	56	4	70	71	71	73	2
Mathematics	46	51	52	52	-	57	61	63	65	2

Grade 7

Test	2022	2023	2024	2025	Change	2022	2023	2024	2025	Change
English:Reading	58	57	58	58	-	72	70	72	73	1
Mathematics	38	41	44	39	(5)	55	59	61	62	1

Grade 8

Test	2022	2023	2024	2025	Change	2022	2023	2024	2025	Change
English: Writing	40	40	—	—	-	54	55	64	—	(64)
English: Reading,	60	60	58	62	4	72	71	72	73	1
Mathematics	35	38	33	35	2	57	60	63	63	-
Science	44	47	50	57	7	61	62	65	68	3
Civics/Economics	50	55	57	58	1	70	73	73	72	(1)

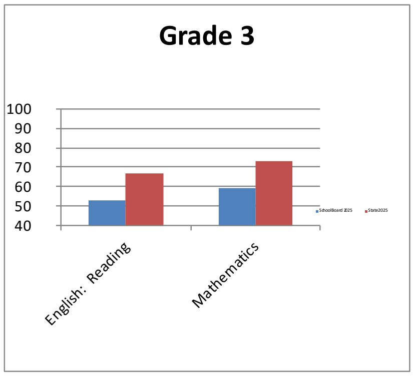
End of Course

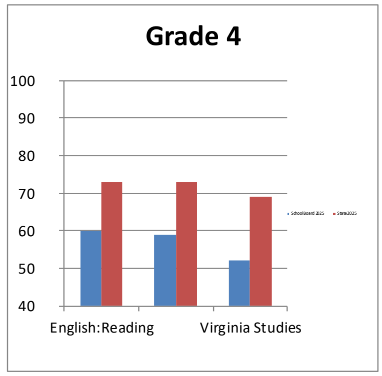
Test	2022	2023	2024	2025	Change	2022	2023	2024	2025	Change
English: Writing	62	67	56	31	(25)	74	76	76	76	-
English: Reading	78	78	76	78	2	85	85	84	86	2
Algebra I	80	81	83	81	(2)	80	82	85	85	-
Algebra II	80	85	83	85	2	86	86	86	89	3
Geometry	71	76	79	79	-	80	78	80	82	2
Earth science	51	43	49	45	(4)	72	67	67	70	3
Biology	56	62	65	71	6	70	72	74	78	4
Chemistry	26	6	30	14	(16)	64	37	37	42	5
World History I	21	38	46	44	(2)	66	66	66	66	-
World History II	55	14	20	28	8	48	30	31	37	6
VA & U. S. History	22	28	34	34	-	38	38	35	39	4
World Geography	49	65	56	55	(1)	66	67	68	68	-

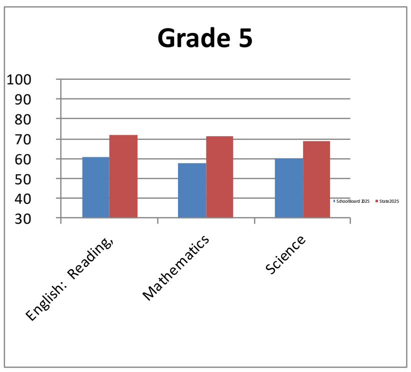
Source - Virginia Department of Education Dvision Report Card

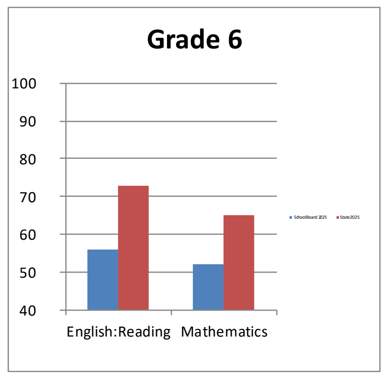
THE SCHOOL BOARD OF THE
CITY OF NEWPORT NEWS, VIRGINIA

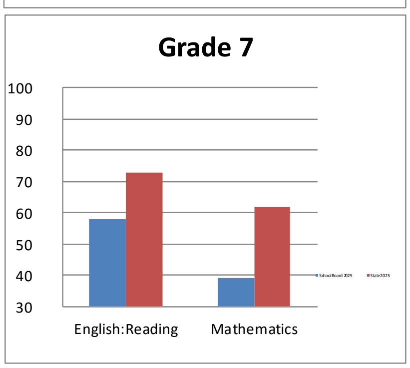
Standards of Learning – Percentage of Students with a Passing Score –
School Board and State (Unaudited) (continued)

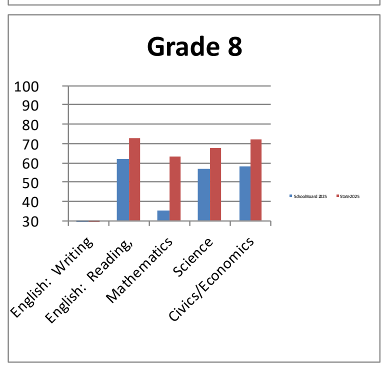


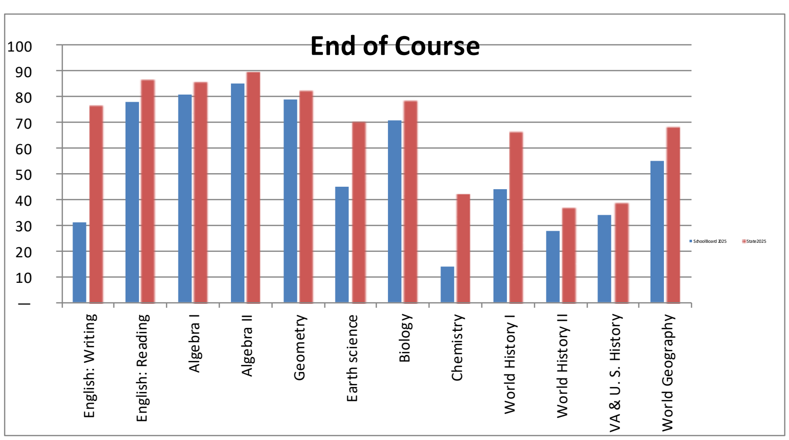












THE SCHOOL BOARD OF THE
CITY OF NEWPORT NEWS, VIRGINIA

Miscellaneous Statistics (Unaudited)

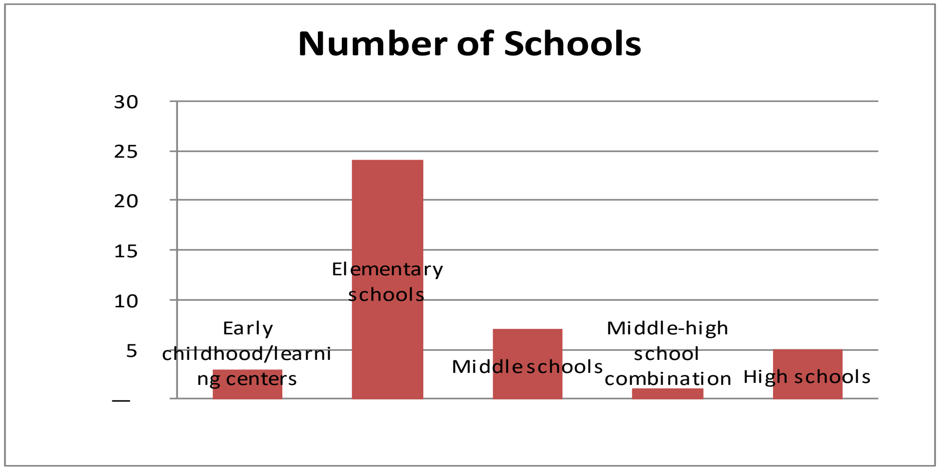
June 30, 2025

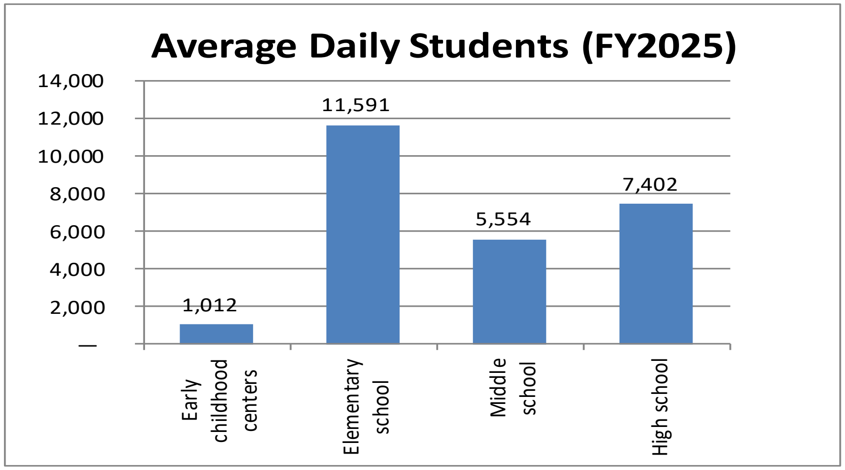
City of Newport News General Information

Date of incorporation (first Charter adopted):	January 16, 1896
Consolidation with Warwick City:	July 1, 1958
Form of government:	Council-Manager (seven member council)
Area – square miles:	69 square miles

The School Board of the City of Newport News

Number of schools:		Average daily students (FY2025):	
Early childhood/learning centers	3	Early childhood centers	1,012
Elementary schools	24	Elementary school	11,591
Middle schools	7	Middle school	5,554
Middle-high school combination	1	High school	7,402
High schools	5		
Total	40	Total	25,559





THE SCHOOL BOARD OF THE
CITY OF NEWPORT NEWS, VIRGINIA

Demographic Statistics (Unaudited)

Last Ten Fiscal Years

Fiscal Year	(1) Population	(2) Personal Income (In thousands)	(3) Per Capita Income	(4) School Enrollment	(5) Unemployment Rate (%)
2016	182,385	7,448,898	40,967	27,253	5.0%
2017	181,825	7,470,774	41,646	26,993	4.9%
2018	179,388	7,770,354	43,501	26,873	4.2%
2019	178,626	7,969,244	44,465	26,916	3.5%
2020	186,247	8,197,632	45,781	26,836	5.8%
2021	184,587	8,758,253	47,448	25,664	8.0%
2022	184,306	8,639,040	46,873	23,933	4.4%
2023	183,118	9,295,869	50,764	25,337	3.6%
2024	183,056	Not Available	Not Available	26,219	3.3%
2025	Not Available	Not Available	Not Available	25,559	3.8%

Notes:

(1) Source: 2016-2023 – Bureau of Economic Analysis; 2025, Not yet available

(2) Source: 2016-2023 Bureau of Economic Analysis; 2024-2025 data not yet available

(3) Source: 2016-2023 Bureau of Economic Analysis; 2024-2025 data not yet available

(4) City of Newport News School System - average ADM as of March 31st of each year
Early childhood enrollment is not included.

(5) 2016-2025 Virginia Labor Market Information

THE SCHOOL BOARD OF THE
CITY OF NEWPORT NEWS, VIRGINIA

Capital Asset Information (Unaudited)

Last Ten Fiscal Years

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Schools										
Elementary										
Buildings (Note 1)	24	24	24	24	24	24	24	24	24	24
Average age of buildings (Note 2)	52 years	50 years	51 years	52 years	53 years	54 years	55 years	56 years	57 years	58 years
Modular learning cottages	71	71	71	71	71	71	71	71	71	71
Square feet	1,534,997	1,563,147	1,563,147	1,563,147	1,563,147	1,563,147	1,563,147	1,563,147	1,563,147	1,563,147
Capacity (based on current program)	15,600	15,750	15,750	15,750	15,750	15,482	15,482	15,482	15,482	15,482
Enrollment (as of September 30)	13,519	13,418	13,205	13,239	13,003	12,217	13,190	11,906	11,795	11,591
Percent of capacity used	87%	85%	84%	84%	83%	79%	85%	77%	76%	75%
Middle										
Buildings (Note 1)	8	8	8	8	8	8	8	8	8	8
Average age of buildings (Note 2)	44 years	45 years	46 years	47 years	48 years	49 years	50 years	51 years	52 years	53 years
Modular learning cottages	14	14	14	48 years	49 years	14	14	14	14	14
Square feet	1,048,260	1,048,260	1,048,260	49 years	Not Available	1,048,260	1,048,260	1,048,260	1,048,260	1,048,260
Capacity (based on current program)	7,484	7,484	7,484	7,484	7,484	7,623	7,623	7,623	7,623	7,623
Enrollment (as of September 30)	6,162	5,911	5,912	6,243	6,263	6,188	4,890	5,835	5,696	5,554
Percent of capacity used	82%	79%	79%	83%	84%	81%	64%	77%	75%	73%
High										
Buildings	6	6	6	6	6	6	6	6	6	6
Average age of buildings (Note 2)	32 years	33 years	34 years	35 years	36 years	37 years	38 years	39 years	40 years	41 years
Alternative high school facilities (leased)	2	2	2	2	2	2	2	2	2	2
Modular learning cottages	20	20	20	20	20	20	20	20	20	20
Square feet	1,223,000	1,223,000	1,223,000	1,223,000	1,223,000	1,223,000	1,223,000	1,223,000	1,223,000	1,223,000
Capacity (based on current program)	8,570	8,570	8,570	8,570	8,570	10,004	10,004	10,004	10,004	10,004
Enrollment (as of September 30)	7,540	7,757	7,756	7,705	7,570	7,661	7,718	7,832	7,755	7,402
Percent of capacity used	88%	91%	91%	90%	88%	77%	77%	78%	78%	74%
Early Childhood Centers										
Buildings	4	4	4	4	4	4	4	4	4	4
Average age of buildings (Note 2)	41 years	42 years	43 years	44 years	45 years	46 years	47 years	48 years	49 years	50 years
Square feet	206,403	206,403	206,403	206,403	206,403	206,403	206,403	206,403	206,403	206,403
Capacity (based on current program)	1,919	1,919	1,919	1,919	1,919	1,892	1,892	1,892	1,892	1,892
Enrollment (as of September 30)	1,504	1,428	1,528	1,465	1,446	1,047	879	984	973	1012
Percent of capacity used	78%	74%	80%	76%	75%	55%	46%	52%	51%	53%
Administrative and Operations										
Buildings	6	6	6	5	5	5	5	5	5	5
Average age of buildings	41 years	42 years	43 years	35 years	36 years	37 years	38 years	39 years	40 years	41 years
Square feet	199,000	199,000	199,000	199,000	199,000	199,000	199,000	199,000	199,000	199,000
Transportation										
Buildings	1	1	1	1	1	1	1	1	1	1
Age of building	39 years	40 years	41 years	1 year	2 year	3 year	4 year	5 year	6 year	7 year
Square feet	26,500	26,500	26,500	26,500	26,500	26,500	26,500	26,500	26,500	26,500
Buses	335	336	335	338	338	340	343	340	368	318

Source: Newport News Public Schools insurance and facility department records

Notes: Note 1 - In FY2008 we added a middle-high school combination, although one physical building, we have treated it as separate buildings for the purposes of this statistical table.

Note 2 - Average age is based upon the year the building was first constructed.
In many cases, the buildings have received additions and/or extensive renovations, such as roof, window and HVAC replacements. However, the following schools have received such an extensive renovation, that the age of the building is based upon the year of renovation, rather than the year of original construction:
An Achievable Dream Middle and High School, (2007 instead of 1951), Crittenden Middle School (1994 instead of 1949, and Washington Middle School (2006 instead of 1929)

THE SCHOOL BOARD OF THE
CITY OF NEWPORT NEWS, VIRGINIA

Operational Statistics (Unaudited)

Last Ten Fiscal Years

Fiscal Year	(1) Cost per Student	(2) Elementary Student/ Teacher Ratio	(2) Secondary Student/ Teacher Ratio	(3) Percentage of Students on Free/Reduced Lunch
2016	11,191	14.2	12.9	64.2%
2017	11,600	14.0	13.1	64.1%
2018	11,947	13.9	13.2	67.9%
2019	12,343	14.4	12.7	75.6%
2020	12,596	14.3	13.2	76.4%
2021	13,280	14.0	13.9	90.5%
2022	15,742	13.8	13.5	90.8%
2023	17,329	16.1	14.8	100.0%
2024	19,212	15.3	13.8	98.1%
2025 (est)	18,062	14.6	13.5	100.0%

Sources:

(1) Cost per student based upon formula for operating costs per the Virginia Department of Education and published in table 15 of the Annual Superintendent's Report on their website. Starting with FY2012, pre-school students are included in the cost per student. (FY2025 data based on internal estimates and not yet verified and published by the State)

(2) Student/teacher ratio includes all teachers (including resource and special education) and is published by the Virginia Department of Education on their website. (data for 2025 is estimated by School Board pending State publishing the data on their website)

(3) Percentage of students on free/reduced lunch from Newport News Public Schools Child Nutrition Services Department.

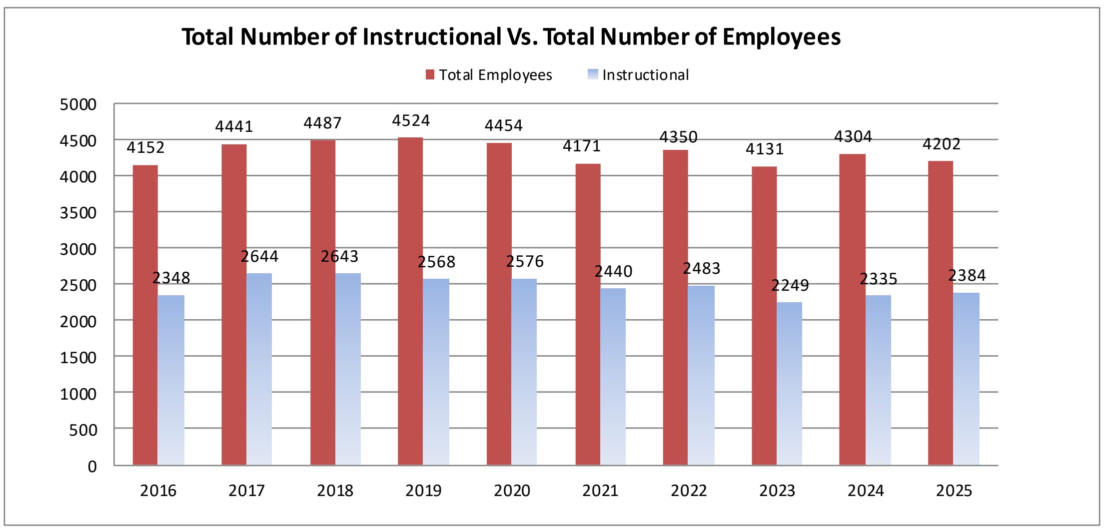
THE SCHOOL BOARD OF THE
CITY OF NEWPORT NEWS, VIRGINIA

Full Time Equivalent District Employees by Type (Unaudited)

Last Ten Fiscal Years

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Supervisory:										
Principals	40	39	38	41	39	34	41	33	38	37
Assistant principals	77	72	75	73	71	60	73	73	60	72
Instructional administrative	60	60	54	76	86	66	72	73	72	67
Other administrative and professional	55	55	72	71	64	49	73	66	118	120
Instructional:										
Elementary classroom teachers	1,227	1,236	1,245	1,209	1,203	1,156	1,138	1,039	1,061	1,118
Secondary classroom teachers	734	702	707	713	714	674	685	655	672	686
Guidance counselors	95	93	90	93	94	90	99	89	104	101
Librarians	42	42	45	43	45	36	37	31	32	34
Technology	27	27	30	28	26	30	30	24	24	23
Other instructional	112	117	117	95	112	101	120	44	23	27
Social workers	112	14	13	15	16	18	18	18	19	14
Teacher assistants	Not Available	413	396	372	366	335	357	349	401	382
Support Services:										
Psychologists	17	17	17	17	17	17	19	34	40	21
Instructional technical	40	41	47	25	40	37	36	41	60	58
Instructional clerical	179	171	169	203	189	184	195	173	148	177
Non-instructional technical	89	89	81	93	109	101	129	114	104	92
Non-instruction clerical	34	36	37	40	32	42	43	55	75	41
Nurses	56	55	55	58	60	57	52	63	54	52
Bus drivers	309	312	340	348	320	273	252	264	246	225
Bus assistants	99	106	102	104	100	89	105	106	106	87
Custodians	238	238	250	281	240	248	245	221	259	229
Child nutrition services	344	347	341	374	351	311	357	356	351	334
Security officers	64	65	70	63	66	65	72	104	126	110
Skilled trades	86	81	82	86	91	95	102	103	108	90
Other	16	13	14	3	3	3	3	4	4	6
Total	4,152	4,441	4,487	4,524	4,454	4,171	4,350	4,131	4,304	4,202

Source: Superintendent's annual financial report to the Commonwealth of Virginia.



THE SCHOOL BOARD OF THE
CITY OF NEWPORT NEWS, VIRGINIA

Teacher Base Salaries (Unaudited)

Last Ten Fiscal Years

Fiscal Year	Minimum Salary	Maximum Salary	Newport News Average Salary	Statewide Average Salary
2016	41,500	59,884	51,153	54,891
2017	42,600	61,931	52,838	56,351
2018	43,250	63,406	52,854	57,249
2019	44,535	64,998	55,595	59,301
2020	45,000	66,398	55,740	55,505
2021	45,000	65,417	59,406	61,588
2022	47,200	72,880	60,770	64,557
2023	50,000	76,855	70,587	68,099
2024	52,710	83,630	71,480	71,783
2025	55,100	86,517	N/A	N/A

Sources: Minimum and Maximum salaries from Newport News Public Schools Budget Document, Appendix 2 for teachers with a Bachelors degree working standard 192-day contract. Newport News and Statewide average salary from Superintendent's annual financial report Table 19 as published by the Virginia Department of Education on their website, except FY2025 is from our submission to the State but not yet verified. FY2025 Statewide Average is not yet available.

THE SCHOOL BOARD OF THE
CITY OF NEWPORT NEWS, VIRGINIA

Principal Taxpayers of the City of Newport News (Unaudited)

June 30, 2025 and Nine Years Prior
(Amounts in Thousands)

Taxpayer	2016 Taxes (1)	Percentage of Total Assessments	2025 Taxes (1)	Percentage of Total Assessments
HUNTINGTON INGALLS INCORPORATED	$ 20,622	8.03%	$ 31,279	8.47%
VIRGINIA ELECTRIC & POWER COMPANY	5,283	2.06%	5,107	1.38%
MARINERS MUSEUM THE	2,791	1.09%	4,247	1.15%
CANON VIRGINIA INC	4,925	1.92%	4,119	1.12%
VIRGINIA NATURAL GAS INC	1,393	0.54%	2,412	0.65%
LIEBHERR-AMERICA INC	449	0.17%	1,905	0.52%
PR PATRICK HENRY L L C	1,810	0.71%	1,303	0.35%
COX COMMUNICATIONS HAMPTON ROADS LI	911	0.35%	1,293	0.35%
VERIZON VIRGINIA LLC	2,216	0.86%	1,192	0.32%
DOMINION TERMINAL ASSOCIATES	1,238	0.48%	1,157	0.31%
RIVER MEWS LLC	-	0.00%	1,046	0.28%
KINDER MORGAN OPERATING LP"C"	1,214	0.47%	968	0.26%
SMP Landing SPE LLC	-	0.00%	907	0.25%
Printpack Inc	-	0.00%	885	0.24%
OYSTER POINT RESIDENTIAL LLC	512	0.20%	874	0.24%
COMPASS AT CITY CENTER LLC	-	0.00%	845	0.23%
VENTURE NEWPORT NEWS LLC	-	0.00%	812	0.22%
IREIT NEWPORT NEWS TECH CENTER LLC	-	0.00%	801	0.22%
FERGUSON ENTERPRISES INC	485	0.19%	785	0.21%
BRG Meridian Parkside LLC	-	0.00%	747	0.20%
CONTINENTAL AUTOMOTIVE SYSTEMS	1,731	0.67%	-	0.00
INLAND WESTERN NEWPORT NEWS JEFFERSC	848	0.33%	-	0.00
Cellco Partnership	821	0.32%	-	0.00
Patrick Henry Hospital (Warwick Forest)	558	0.22%	-	0.00
Bottling Group LLC	544	0.21%	-	0.00
Meridian Parkside Apartments LLC	450	0.18%		
1552 LLC	405	0.16%	-	0.00
	$ 49,206	19.17%	$ 62,683	16.97%

Note: (1) Figures include both personal property and real estate tax assessments for these taxpayers.

Source: City of Newport News Real Estate Assessors Office and Office of the Commissioner of the Revenue

THE SCHOOL BOARD OF THE
CITY OF NEWPORT NEWS, VIRGINIA

Principal Employers of the City of Newport News (Unaudited)

June 30, 2025 and Nine Years Prior

	2025		2016	
Employer	**Approximate Number of Employees**	**Approximate Percentage of Total City Employment**	**Approximate Number of Employees**	**Approximate Percentage of Total City Employment**
Huntington Ingalls Industries				
Newport News Public Schools	25,000	28.81%	19,000	22.90%
City of Newport News	5,000	5.76%	4,500	5.42%
Riverside Regional Medical Center	3,500	4.03%	4,000	4.82%
Christopher Newport University	3,000	3.46%	2,500	3.01%
Ferguson Enterprises Inc.	1,500	1.73%	1,500	1.81%
Tidewater Physicians Multi Sp Grp	1,000	1.15%	1,000	1.21%
Wal Mart Associates Inc	1,000	1.15%	-	-
Jefferson Science Associates	1,000	1.15%	-	-
Power Solutions Llc	1,000	1.15%	1,000	1.21%
Canon	1,000	1.15%	-	-
Army & Air Force Exchange	-	-	1,000	1.21%
Mary Immaculate Hospital	-	-	1,000	1.21%
	43,000	**49.54%**	**36,500**	**44.01%**

Approximate Total City Employment	86,761	82,978

Source: Virginia Employment Commission. Note 2024 data is most recent data available from the Virginia Employment Commission, which may be up to a year in arrears.

COMPLIANCE SECTION

Cherry Bekaert LLP
Your Guide Forward

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

To the Honorable Members
School Board of the City of Newport News, Virginia

We have audited, in accordance with the auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, and the *Specifications for Audits of Counties, Cities, and Towns* (the "Specifications") issued by the Auditor of Public Accounts of the Commonwealth of Virginia, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the School Board of the City of Newport News, Virginia (the "School Board"), a component unit of the City of Newport News, Virginia, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the School Board's basic financial statements, and have issued our report thereon dated November 10, 2025. Our report includes a reference to other auditors who audited the financial statements of the School Activity Funds, a special revenue fund of the School Board, as described in our report on the School Board's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors. The financial statements of the School Activity Fund were not audited in accordance with the Specifications.

Report on Internal Control over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of This Report

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

Cherry Bekaert LLP

Tysons Corner, Virginia
November 10, 2025

For a copy of the

Annual Comprehensive Financial Report, visit

www.nnschools.org/budget/doc/ACFR.pdf

or scan this QR code with your smart device.

College, Career and Citizen-Ready!