

# 2025 ANNUAL COMPREHENSIVE FINANCIAL REPORT

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**CITY OF NEWPORT NEWS, VA**  
FISCAL YEAR ENDED JUNE 30, 2025



# CITY OF NEWPORT NEWS, VIRGINIA

## Annual Comprehensive Financial Report

Fiscal Year Ended June 30, 2025

Prepared by the  
Department of Finance

2400 Washington Avenue  
Newport News, VA 23607

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# City of Newport News, Virginia

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City of Newport News  
Office of the City Manager  
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Newport News, VA 23607

December 9, 2025

The Honorable City Council and  
Residents of Newport News Virginia  
City of Newport News  
Newport News, Virginia 23607

It is a pleasure to submit the Annual Comprehensive Financial Report of the City of Newport News, Virginia (the City), as of, and for, the fiscal year ended June 30, 2025 (FY 2025).

Cherry Bekaert LLP, Certified Public Accountants, conducted the audit of the City's financial statements for the year ended June 30, 2025, and issued an unmodified ("clean") opinion on those statements. The independent auditor's report is located at the front of the Financial Section of this report.

Management's discussion and analysis (MD&A) immediately follows the independent auditor's report and provides a narrative introduction, overview, and analysis of the basic financial statements. This letter of transmittal is intended to provide a profile of the City and summary information about its economic condition and is intended to complement the MD&A.

Responsibility for the accuracy of the data and the completeness of all information rests with City management. Management believes that the City's accounting system provides adequate internal controls. These controls are designed to provide reasonable, but not absolute, assurance regarding the safekeeping of assets against loss from unauthorized use or disposition, and the reliability of the financial records for preparing financial statements and maintaining accountability for assets. The concept of reasonable assurance recognizes that the cost of a control should not exceed the benefits likely to be derived, and the evaluation of those costs and benefits requires estimates and judgments by management.

To the best of our knowledge and belief, the attached data is accurate in all material respects and is reported in a manner that presents fairly the financial position and the results of operations of the various funds and component units of the City. Extensive disclosures have been included to help the reader gain full understanding of the City's financial affairs.

## **PROFILE OF THE CITY AND ITS GOVERNMENT**

The City of Newport News, incorporated in 1896, is located on Virginia's eastern coast. It occupies 69 square miles with a population of 183,056, based on the 2024 Population Estimates from the U.S. Census Bureau. Newport News is the fourth largest City by acreage, and the fifth largest City by population, in the Commonwealth of Virginia.

A vibrant city, Newport News is at the mid-point of the Atlantic Coast, and at the center of the Virginia Beach-Norfolk-Newport News Metropolitan Statistical Area. The City is a part of the 37<sup>th</sup> 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. For those who live here, the diversity of available resources

and quality of life is further enhanced by its proximity to 18 other cities and counties. In total, these entities blend synergistically into Virginia's Hampton Roads region, with Newport News a vital contributor to the desirable lifestyle, high energy, and economic strength of this vibrant area.



The City has a council-manager form of government. Policy-making and legislative authority is vested in a Council consisting of the Mayor and six other members, all elected on a non-partisan basis. The Mayor and Council members serve four-year terms, with three members elected every two years. The Mayor is elected at large and the six members of Council are elected by voters of the districts in which they reside. The Council appoints the City Manager who carries out its policies, directs daily operations, and appoints the heads of various departments. The Council also appoints the City Clerk and the City Attorney, who is the legal advisor to the Council, the City Auditor, the City administration, boards, commissions, and agencies of the City.

The City provides a full range of services, including police, fire protection and emergency medical response, juvenile detention, social services, recreational activities, cultural events, as well as the construction and maintenance of highways, streets, and infrastructure. In addition to these general government activities, the City provides street lighting, stormwater, drinking water, and wastewater services to its citizens. The City's Waterworks Department also provides drinking water to the cities of Hampton and Poquoson and to parts of York and James City counties.

This report covers financial transactions of all services provided by the City. The City is financially responsible for a legally separate school district, Newport News Public Schools (Schools or School Board), which is reported separately within the financial statements. Because of the City Council's financial accountability and significant ties with the City, the Economic/Industrial Development Authorities (E/IDA) and the Peninsula Airport Commission (Airport or PAC), are also included as component units.

The independent agencies that are NOT included in the City financial statements are the Newport News Redevelopment and Housing Authority (NNRHA), the Hampton Roads Community Action Program (HRCAP) and the Hampton-Newport News Community Services Board (HNNCSB).

The City's annual budget process, the foundation for communicating major financial operating objectives and for allocating resources to achieve them, is a complex undertaking involving the entire organization. The City is required by the Code of Virginia to adopt a final budget by the 15<sup>th</sup> day of the last month of the fiscal year (June 15<sup>th</sup>). The appropriation ordinance is itemized by fund.

Once the City Council adopts the budget, there is significant focus on the control of expenditures and monitoring revenues. Ongoing monitoring of revenues and expenditures throughout the year is a responsibility shared by department directors and the Department of Budget and Evaluation (Budget Department) and the Department of Finance. The Budget Department reviews all departmental transfer requests to ensure sufficient appropriations are available. The City Manager has the authority to transfer budgeted amounts among departments within any fund; however, revisions altering the total appropriations of any fund must be approved by City Council. All appropriations lapse at the end of the budget year to the extent that they have not been expended or encumbered. Budget to actual comparisons are provided in this report for each governmental fund for which an annual budget has been adopted.



## LOCAL ECONOMY AND OUTLOOK

Newport News has an economic foundation that 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 with commercial and military applications, research facilities, higher education, manufacturing, distribution, and healthcare.



Newport News is home to the state’s largest private employer, Huntington Ingalls Industries (HII), with nearly 26,000 workers employed in the City at its Newport News Shipbuilding division (Shipyard) and its affiliated companies. HII and NNS continue to anchor the City’s economy as the sole designer and builder of the nation’s nuclear-powered aircraft carriers and one of only two shipyards constructing nuclear-powered submarines. In recognition of its contributions to Virginia’s manufacturing sector, NNS

received the 2024 Virginia Manufacturing Cup Award from the Virginia Manufacturer’s Association for its work on the Gerald R. Ford (CVN 78). HII and NNS are building the next generation of Ford-class aircraft carriers and are working jointly with Connecticut-based Electric Boat to build a new fleet of Columbia-class ballistic missile submarines for the Navy. The Columbia-class submarine program requires the creation of 1,000 new jobs by the end of 2025. Over 900 of these new jobs have already been created.

To support the growing number of sailors and shipbuilders working downtown, NNS, in collaboration with the U.S. Navy, the City of Newport News, and the Commonwealth of Virginia, announced a \$120 million parking garage in June 2024. This transformative project will create 3,100 new spaces on existing NNS lots between 37<sup>th</sup> and 39<sup>th</sup> Streets, improving accessibility and the daily experience for shipyard workers and sailors. The garage represents the first in a series of planned investments aimed at strengthening infrastructure and enhancing support for the Navy, NNS, and the broader downtown community.

Newport News is also home to Jefferson Lab, a world-class national laboratory specializing in particle physics. The Lab continues to build upon the success of the \$400 million upgrade to its main Continuous Electron Beam Accelerator Facility (CEBAF), doubling the facility’s power output and providing enhanced research capabilities for the more than 1,600 international annual users who come to Jefferson Lab from all over the world. In October 2023, the U.S. Department of Energy (DOE) announced the selection of Jefferson Lab as the lead for its new High Performance Data Facility Hub (HPDF). The HPDF will support breakthroughs in data-intensive research and represents a \$300-\$500 million investment. Also in October 2023 the City and EDA finalized conveyance of the Applied Research Center (ARC) to Jefferson Lab. Addition of the ARC will support the Lab’s mission, provide a new Visitor’s Center and grow educational outreach.



Adjacent to Jefferson Lab is the \$450 million Tech Center Research Park, with an estimated 5,500 employees at full buildout. Tech Center brings to life a long-envisioned development that complements the work taking place at Jefferson Lab, with retail and dining in the 250,000 square-foot Tech Center Marketplace, a residential component, and almost 850,000 square feet of office/R&D space spread across 10 buildings in Tech Center Research Park upon completion. Construction of Building Two, future home of the Green Hydrogen Demonstration Lab collaboration, was completed in 2024.

Complementing Building Two, investments by W.M. Jordan, the City and EDA culminated in the creation of the Drillfield – a community gathering spot that can host events including block parties with food trucks, live music



and entertainment. The green space, plaza and bandshell are located within the core of the research park and create a new public amenity within the City.

While Newport News is renowned for its distinctive defense and research sector assets, the local economy is well diversified across various employment sectors. Ferguson Enterprises, the largest wholesale plumbing distributor in the United States, Liebherr USA, Co., the world's largest manufacturer of mining trucks, and Canon Virginia, a domestic manufacturer of Canon copiers, printers, and cartridges, have all selected Newport News for their business headquarters. Additionally, Riverside Regional Medical Center and Christopher Newport University provide a wide range of career opportunities.

In addition, the City continues to promote economic development and redevelopment, with a particular focus on small businesses, which has spurred many businesses to start, expand or relocate to Newport News recently. With over 88,200 jobs total, Newport News is a significant job center for the Peninsula and the entire Hampton Roads region.

### LONG-TERM FINANCIAL PLANNING AND DEBT ADMINISTRATION

The City adopted financial policies that guide its capital improvement planning and its issuance of long-term debt. These policies help the City maintain or improve its bond rating, help the City manage its capital investments in a manner that does not create an undue financial burden on residents and taxpayers. They are designed to keep changes in debt service obligations at levels that do not jeopardize the City's ability to provide services to the community.

The following are the City's Debt Management Policies:

Debt Indicator	Established Policy	FY 2024	FY 2025
Outstanding General Obligation to Taxable Real and Personal Property Value	No greater than 3.0%	1.8%	1.5%
General Fund Debt Service to General Fund Revenue	No greater than 9.5%	6.5%	6.2%
Proportion of Capital Improvement Plan spending with Cash Capital	No less than 20%	27.2%	20.6%
Outstanding General Obligation Debt Scheduled to be repaid within 5 years	No less than 30%	41.8%	43.5%
Outstanding General Obligation Debt Scheduled to be repaid within 10 years	No less than 60%	72.4%	74.9%

The City maintains strong credit ratings with the financial rating agencies Standard & Poor's (S&P) and Moody's with long-term credit ratings of AA+ and Aa1, respectively. The City's Waterworks Department also maintains strong credit ratings of AAA with S&P and Aa1 with Moody's. These credit ratings were reaffirmed in the summer of 2023 allowing the City to gain access to capital at lower interest rates.

As required by City Code, the City Manager submits a multi-year Capital Improvement Plan (CIP) to City Council no later than November 1 of each year. The FY 2026 to FY 2030 CIP was approved by City Council on May 13, 2025. The CIP reflects the vision and priorities of City Council for the construction and maintenance of the buildings and infrastructure owned by the City. Although intended to be a commitment to a multi-year



capital needs program, the CIP is fundamentally a planning document, subject to annual modification and amendment as changing priorities, availability of funding and other factors create the need for revision. Most projects in the CIP are funded by 20-year General Obligation Bonds issued by the City with level annual principal payments. The annual principal and interest payments (debt service) are included in the City’s annual operating budget. The General, Wastewater, Stormwater, and Solid Waste funds each pay for a proportionate share of principal and interest payments. The Waterworks Fund pays all the debt service related to its capital projects. The FY 2025 Budget provides that the General Fund will pay 77%, or \$44.9 million, of the total debt service budget of \$58.0 million.

## SIGNIFICANT STRATEGIC PRIORITY ACCOMPLISHMENTS FOR FY 2025

The Council has identified several broad strategic priorities to guide the City’s operations:



Highlights of the significant accomplishments and initiatives undertaken or completed during the year in support of these priorities follows.

### Health, Safety & Well-Being

The City is committed to fostering a healthy environment with equitable outcomes and providing public safety services to enable all residents and visitors to be confident in their safety and well-being. The City’s Police, Fire and Human Services Departments provide a broad range of services and programs to protect life and property, help residents maintain safe, healthy, and productive lives, and receive assistance through difficulties and emergency situations. The City supports programs to increase access to food and medical services, as well as programs to encourage healthy living. For our most vulnerable citizens, the City administers public welfare benefits, including Supplemental Nutrition Assistance for Needy Families, Medicaid, the Comprehensive Services Act, energy assistance and childcare assistance.

In further commitment to community safety and well-being for youth and young adults, the City announced the Youth T.H.R.I.V.E. initiative in 2024. Built on three pillars: transforming hearts, renewing investments, and valuing empowerment, the initiative embodies a holistic approach to fostering the development of area youth and leverages over \$500 million in current investments for a wide spectrum of youth programs and services.



Under the Newport News Youth T.H.R.I.V.E. initiative umbrella, the City launched the Newport News Summer Youth Career Program (YCP). Through career exploration and practical workplace experience, YCP equips participants aged 16 – 24 with essential workplace skills and fosters social, civic, and leadership growth. This past summer, the YCP initiative matched more than 100 youth with approximately 50 business partners and non-profit organizations for meaningful employment opportunities.



Another program launched as part of the Newport News Youth T.H.R.I.V.E. initiative was Friday Night Nets, a free basketball league for youth and young adults designed to create safe spaces, provide recreational opportunities, and connect young people with resources and services they need, while reducing crime throughout the City. Over 3,500 youth and young adults participated in the program.

Entering its fifth year in 2025, the City’s progressive CAREs program is designed to provide crisis intervention services to individuals within Newport News. The result of a partnership between the Fire Department, the Police Department and HNNCSB, the Community Assistance and Response (CARE) program provides initial crisis intervention services for those who are experiencing mental or behavioral health issues within Newport News. A CARE team comprised of a paramedic and mental health professional is dispatched when emergency calls for service are non-violent and show a need for mental health care. The program aims to connect mentally ill individuals with appropriate support and reduce the need for police response on mental health calls. The program now has three fully staffed CARE teams. In response to the opioid epidemic, services expanded in 2024 with the CARE Leave Behind initiative. Partnering with the Virginia Department of Health (VDH), the CARE team educates the community on using Naloxone and collaborates with organizations to improve resident health and well-being.

Through a partnership with the City of Hampton and HNNCSB, in 2025 the City is a recipient of the national opioid settlement funds to support critical opioid abatement programs in the Newport News and Hampton communities. A \$717,060 cooperative grant from the Virginia Opioid Abatement Authority will be used to expand peer resources and access to life-saving medication through the creation of a peer recovery-oriented system of care and the operation of a mobile medication unit within Newport News and Hampton by the HNNCSB. The City’s plan for use of its opioid



settlement funds also includes expansion of jail-based medication treatment programs within the City Jail. The City also received \$360,000 in grant funding from Virginia Opioid Abatement Authority for Operation STOP! This project aims to address the opioid crisis within Black communities by implementing a comprehensive strategy that integrates professional development, information dissemination, and wraparound services directly connected to community-based organizations with existing relationships in impacted communities

### Education and Learning

The City continually looks for ways to strengthen education and access to learning for all residents. One of the most important services provided by a city to its taxpayers is the education of the community’s children. Newport News Public Schools (NNPS) educates 26,200 students in 40 schools. NNPS is comprised of diverse learners with over 2,300 students speaking a language other than English. As an urban school system, NNPS offers students diverse classes and programs that challenge and motivate young people of all abilities including special needs, English as second language, STEM, arts, gifted education, and advanced programs. Each day in Newport News Public Schools the focus is on one mission: ensuring that all students graduate college, career, and citizen-ready! More information about the school system is available in the separately published Schools Annual Comprehensive Financial Report.





Another effort to advance education in the city, in 2024, the design for the Southeast Community Resource Area, a 7-block site, was completed and initial site work began. The project includes a new middle school, a state-of-the-art public library, a community center, sports features, and a splash pad. Construction of the new Huntington Middle School began in spring 2024, with an anticipated opening for the 2026-2027 school year. The new school will be a 600-student education center, a multi-story, state-of-the-art institution with a focus on STEAM - science, technology, engineering, arts, and mathematics. The building will feature student learning studios and labs, and open collaboration areas. Overall construction completion was 25 percent as of the end of FY 2025.



To ensure children enter school ready to learn and be successful, City Council’s strategic plan includes a specific goal to increase availability and strengthen early education pre-kindergarten programs, particularly for low-income children. In partnership between the City, Peake Childhood Center and Virginia Peninsula Community College, the \$17 million facility will serve approximately 200 children ages six weeks to five years of age and have a sliding-scale tuition rate based on family income and need. The Newport News Early Childhood Education Center, a 34,400 square-foot facility that will house fifteen early childhood development classrooms, opened in June 2024. The facility also has multi-purpose rooms for children to learn motor skills and performance arts. While the facility is in the Southeast Community of Newport News, it will support children and families from throughout the region.

Another community asset is Grissom Library, which was built in 1976, located in the North precinct and serves over 88,000 people and has outgrown its space. To accommodate the growing interest, the City started the design of a new state-of-the-art two-story, 56,230 square foot library in 2025. The new library features meeting spaces, office space for library personnel, modern technology, drive up window, auditorium/performance space, expanded children’s area, and study rooms. The groundbreaking is expected to occur in 2027.

In addition to the award-winning school system, Newport News is also home to Christopher Newport University (CNU). Selected by *The Princeton Review* to be included in *The 389 Best Colleges: 2024 Edition*, CNU is a public school offering a private school experience in the heart of Newport News – great teaching, small classes, and a safe, vibrant campus. As a “student-first, teaching-first” community, CNU is dedicated to the ideals of scholarship, leadership and service. Academic programs at CNU encompass more than 90 areas of study, from biology to business administration and political science to the performing arts. Christopher Newport University is committed to ensuring that all people are welcomed, honored, and fully engaged in the life of the academic community.



To promote higher education, the EDA partnered with Virginia Peninsula Community College (VPCC) and its Educational Foundation for the development of the Newport News Trades Center in the Southeast Community, located at 520 21<sup>st</sup> Street. Funding from BlueForge Alliance, on behalf of the U.S. Navy’s Maritime Industrial Base Directorate, enabled the project along with funding from the City, EDA and VPCC. The 16,000-square-foot workforce center will house trades training programs to assist local shipbuilding and ship repair industries, supporting the maritime industrial base. The facility will offer hands-on programs in welding, marine electrical, structural fitting, coatings, electrical, HVAC, plumbing and facilities maintenance. The groundbreaking ceremony was held in August 2025.



As the Newport News Fire Department evolves, its leadership is committed to building a modern fire service that meets emergency response demands and reflects community diversity. In 2025, the department launched its first all-female fire camp, Camp Fierce, which was highly successful. The Youth Fire Camps are key to NNFD's workforce development and diversity efforts. NNFD recognizes the underrepresentation of women and minorities and engages youth from all backgrounds, especially those who have not previously seen themselves in this career. Participants do hands-on activities and are mentored by fire personnel, exposing them to various career opportunities. The camps aim to educate and inspire, empowering young people from underrepresented communities to consider a future in the fire service. By encouraging early interest and fostering connections, NNFD aims to cultivate a more inclusive workforce. The Youth Fire Camps reflect the department's commitment to equity, community engagement, and a diverse workforce that mirrors the City.



### Opportunity & Economic Prosperity

Newport News promotes the expansion of economic activity, provides varied economic opportunities for residents, and fosters a healthy climate for new and existing businesses. The City's development activities are executed primarily through the Newport News Economic Development Authority and Industrial Development Authority (E/IDA). The core mission of the E/IDA is to grow and diversify the tax and employment base of the City. This is accomplished by promoting Newport News as an ideal location for business start-up, relocation, expansion, job creation, and capital investment.

In June 2024, Governor Glenn Youngkin announced Liebherr Mining Equipment, an international leader in the production of industrial mining equipment, will invest \$72.3 million in a plant expansion in the City of Newport News and the City of Hampton. The project will expand manufacturing capabilities and create 175 new jobs. The Virginia Economic Development Partnership (VEDP) worked with the City of Newport News and the City of Hampton to secure the project for Virginia. Additionally, a \$1.5 million grant from the Commonwealth's Opportunity Fund was provided by the state for the project.



Building on the momentum of increased economic activity in the region, the Cities of Newport News and Hampton were jointly recognized with a prestigious Gold award from the International Economic Development Council (IEDC) for their collaborative efforts. Their 2025 Excellence in Economic Development Awards entry was honored in the "Regional or Cross-Border Partnership" category for the successful partnership on the Liebherr expansion project. The award was presented in September 2025 at the IEDC Annual Conference in Detroit, Michigan, highlighting the strength and impact of regional cooperation in driving economic growth.

In 2024 VEDP announced a \$327,600 grant awarded to AirCommerce Park at Newport News - Williamsburg Airport (PHF) as part of its Virginia Business Ready Sites Program. Through the work of the EDA, in partnership with the Peninsula Airport Commission, this funding will accelerate development attractiveness of the AirCommerce Park and opportunities for aviation-related business adjacent to the Airport. AirCommerce Park East, along Providence Boulevard, has four existing businesses in place, most recently Aery Aviation, along with 50 additional undeveloped acres. AirCommerce Park West, with 280 available acres, holds tremendous opportunity for future development.





The EDA is playing a vital role to support Hilton Village Main Street (HVMS) – the Virginia Main Street-affiliated entity for Hilton Village. In partnership with Historic Hilton Village, Inc., the EDA was acting as a fiscal agent to administer key grants from the Virginia Department of Housing and Community Development (DHCD) until the nonprofit Hilton Village Main Street organization was formally established, which has successfully been completed. Among those grants is a \$50,000 Small Area Plan Grant to fund planning activities, focusing on the area between Main and Hopkins Streets, including a redevelopment strategy for 96 Main Street, the historic Bank of Warwick building, and guide of best practices for signage, public art and creative placemaking.

As Hilton continues to thrive, the EDA has made investments in strategic property acquisitions to support new growth and reinforce this key neighborhood within the City. Following the purchase of 11008 Warwick Boulevard in 2023, the EDA authorized a lease with Riverside Health System for the entirety of the 106,000-square-foot, former UPS call center property to serve as Riverside’s new Medical Residency Building. Initial occupancy is projected to occur in Summer 2025, and the new use will directly support Riverside’s health services and medical training functions, in addition to bringing additional visitation and activity to Greater Hilton.

In November 2024, the EDA closed on the purchase of the adjacent Warwick Village Shopping Center at 11006 Warwick Boulevard from Warwick Plaza Shopping Center, LLP, for \$6.5 million. This strategic acquisition expands the EDA’s existing ownership of 11008 Warwick Boulevard and 89 Nelson Drive, consolidating prominent properties at a key gateway to the Hilton Village historic business district, in addition to securing frontage along Warwick Boulevard.

Ferguson, the nation’s largest distributor of residential and commercial plumbing supplies and pipe, valves and fittings, celebrated the completion and occupancy of the company’s third headquarters (HQ3) building in 2021. The eight-story, 260,000 square-foot structure continues to be a bold, commanding presence, and reinforces City Center as the Peninsula’s Central Business District.



Ferguson’s investment was supported by the City and EDA resulting in the construction of the new 1,400-space Pearl Way Parking Garage, to serve Ferguson and the broader City Center development. In August 2024, Ferguson announced the completion of its corporate reorganization, resulting in Newport News being the company’s official headquarters.

Capital investment in City Center, a public-private partnership, totals more than \$400 million, with a little less than 30 percent from the public sector. City Center currently offers over 1,000,000 square feet of mixed-use space for office, retail and entertainment uses, more than 600 units of luxury residential development, and a 256-room full-service Marriott hotel and conference center. The addition of Ferguson Enterprises helped to expand the office footprint. The mixed-use nature of City Center provides employees working there a host of amenities. Several new restaurants and retailers debuted over the past two years, including Sate: A New American Experience, which has quickly become a popular eatery within City Center and is in the process of expanding its leased footprint. Additionally, Chef Kenny Sloan’s latest restaurant Chef’s Market, which opened in November 2024, has quickly become a culinary destination featuring a diverse array of dining and entertainment options.



The EDA is advancing site preparation for the Carleton Advanced Manufacturing Site, including due diligence to support rezoning from R-9 Mixed-Use to M-1 Light Industrial. This change will elevate the site from Tier 2 to Tier 3, improving its marketability and making it eligible for future Virginia Business Ready Sites Program (VBRSP) grant opportunities. In April 2024, CSX Transportation designated the Carleton Site as a Select Site – one of only two in Virginia – recognizing it as a premier Mid-Atlantic rail-served industrial property. Inclusion in CSX’s searchable database provides industries with detailed site information, further positioning the property for investment and development. The change of zoning application is expected to be submitted by the end of 2025.

## Fun, Entertainment & Culture

Newport News provides a wide variety of enrichment opportunities for residents and visitors to experience art, culture, and recreation. Housed in Newport News are the award-winning Virginia Living Museum, The Mariners’ Museum, and the Mary M. Torggler Fine Arts Center. The City offers an extensive array of parks, recreational facilities, and engaging activities for residents and visitors alike.



Nestled just south of J. Clyde Morris Boulevard in central Newport News, Deer Park is a tranquil 50-acre municipal gem at 11523 Jefferson Avenue. Originally used as a game preserve for white-tailed deer (hence its name), the park today offers a mix of natural and recreational amenities for visitors of all ages. Winding trails meander through woodlands of oak, maple, and tulip poplar, edging a small lake that attracts waterfowl like wood ducks. For families and groups, there are picnic shelters, a boundless playground, public restrooms, and two lighted ballfields. In spring, bursts of camellias, azaleas, and rhododendrons add vibrant color, making the park a pleasant spot for a quiet stroll or nature break.



The Downing-Gross Cultural Arts Center in Newport News is a vibrant hub for arts, culture, and community gatherings. Its centerpiece is the Ella Fitzgerald Theater, a 276-seat venue honoring the legendary jazz singer born in Newport News, which hosts music, dance, theater, and film events year-round. Beyond performances, the center features multiple galleries – such as the permanent Anderson Johnson Gallery and a rotating Newport News Community Gallery – which showcase local and regional visual arts. On its upper floors, you’ll find studios and classroom spaces devoted to arts education: dance, music, visual arts, and other creative workshops. The facility also serves as a rental venue for community meetings, celebrations, and cultural events, making it a cornerstone for creative life and civic engagement in the region.

One of the largest municipal parks east of the Mississippi River at nearly 8,000 acres, Newport News Park offers a wide variety of activities, including hiking, biking, picnicking, paddle boating, canoeing, archery and freshwater fishing. Year-round camping is available at 188 campsites. The park crosses into the Colonial National Historical Park, where visitors can view a placard on the site of George Washington’s headquarters during the American Revolution. The Park also includes an 18-hole championship disc golf course and a 30-acre aeromodel flying field.





Newport News Tourism unveiled an exciting new campaign called African American Cultural Experiences to celebrate and promote the rich cultural heritage of the African American community in Newport News. Abbreviated as AACE (and pronounced “Ace”), its mission is to create an inclusive and welcoming hub that embraces and celebrates diversity. The campaign showcases African American art, culture, and history, along with the Black-Owned businesses of Newport News.

The City’s long, narrow shape along the James River and a mix of scenic waterfronts, urban corridors, and flat terrain, Newport News offers an ideal setting for marathons, cycling events, and outdoor recreational races. Taking advantage of the city’s geographical offerings, each year the One City Marathon transforms the City into a runner’s stage, and the 2025 edition was no exception. The event featured a full 26.2-mile point-to-point route that traversed the length of the City, winding through scenic parks, historic neighborhoods, and along waterways before finishing in the downtown “Yard District.” A Boston-qualifying race with a seven-hour time limit, the marathon drew both competitive and recreational runners alike. In addition to the marathon, the weekend included a half marathon, a 5K run, and a Nautical Mile Fun Run, making it a community-wide celebration of health, endurance, and local pride. The finishing celebration in the Yard District allowed participants and spectators to relive the day’s highlights in a festive atmosphere, capping off a memorable running experience. We celebrated the 10<sup>th</sup> Anniversary of The Newport News One City Marathon Weekend with a record number of 3,043 runners (ages 5 to 75) from 36 states, Washington D.C., Canada, and Mexico.



The Tour of Newport News is now the largest bicycle event in Virginia and one of the most prominent road cycling events in the country. What began in 2022 as a single criterium has since expanded to include 4 unique events that together make up the omnium. Participants and spectators are treated to a tour of the City’s scenic beauty and rich history. In only three short years the event has become the most popular bicycle race in the Mid-Atlantic and one of the biggest on the East Coast.

Each year, the City also hosts a variety of special events, from the beloved Celebration in Lights, Virginia’s first drive-through holiday event, now in its 33<sup>rd</sup> year, to summer concerts, neighborhood parades, Independence Day fireworks, an Outdoor Enthusiast festival and block parties in “The Yard,” the City’s newest entertainment district.

### Welcoming Communities with Connected Neighborhoods

Newport News continually invests in communities Citywide to create inviting, attractive neighborhoods that are diverse and vibrant.

The City’s Choice Neighborhood Initiative (CNI) is a targeted effort focused on creating meaningful transformation of a one square-mile area of Newport News known as the Marshall-Ridley Choice Neighborhood. Newport News was awarded a \$30 million CNI grant in 2019 to support implementation of the Transformation Plan. The Plan calls for change by focusing on the areas of housing, people development, and neighborhood investments through an inclusive process involving community members and stakeholders.



In 2024, the EDA completed rehabilitation of 2510 Jefferson Avenue, preserving another landmark in the historic Black business district. The nearly 100-year-old building, supported by funding from the Department of Housing and Community Development and HUD’s Choice Neighborhood Initiative, retained its historic façade while being redeveloped to include a café, retail space, and two office suites. The facility opened in spring 2025 with four tenants: East End Café, offering specialty brews and local products; Empower All LLC, a consulting firm for entrepreneurs; By K Michele Salon, relocating from elsewhere on Jefferson Avenue; and Virginia Villains Clothing Company, a specialty retailer. Building on the momentum of the adjacent Offices @ Two Five & J, the project was celebrated with a ribbon cutting in June 2025.

Also, as part of the CNI work, Newport News Redevelopment and Housing Authority (NNRHA) is fully engaged in the redevelopment of the approximately 25-acre Ridley Place. The public housing site’s original 259 units were demolished, and the site is being transformed with the construction of 155 new townhomes and apartment units. The new development, Legacy Landing, celebrated its opening in June 2025. It features a health and wellness trail connecting to King-Lincoln Park, which is anticipated to be completed in early 2026. Legacy Landing is directly adjacent to the location of the new Peake Early Childhood Center, which also opened in 2025.



New public and private investments are advancing the 23<sup>rd</sup> Street Corridor and The Yard District. In 2023, Downtown received a historic district designation from the National Park Service, enabling developers to leverage state and federal tax credits for rehabilitation projects. This has spurred significant new private-sector activity and adaptive reuse projects. On 23<sup>rd</sup> Street, local investor Jonathan Provost redeveloped a historic warehouse into offices, anchored by Coastal Fermentory and complementing neighboring Ironclad Distillery. Along the corridor, a multi-story warehouse conversion created a 32-unit mixed-use apartment building with ground-floor restaurants Benny’s Pizza and Gastro at 23<sup>rd</sup>, plus Corkscrews & Brews, a coffee and wine bar that opened in June 2024. Also, on 23<sup>rd</sup> Street, the City and EDA have coordinated to secure a new restaurant tenant, Antoine Bethea and 41 on Harbor, which will offer an affordable-upscale American dining concept with weekend brunch service, and is expected to open in 2026.

To support the growing number of sailors and shipbuilders working downtown, NNS, in collaboration with the U.S. Navy, the City of Newport News, and the Commonwealth of Virginia, announced a \$120 million parking garage in June 2024. This transformative project will create 3,100 new spaces on existing NNS lots between 37<sup>th</sup> and 39<sup>th</sup> Streets, improving accessibility and the daily experience for shipyard workers and sailors. The garage represents the first in a series of planned investments aimed at strengthening infrastructure and enhancing support for the Navy, NNS, and the broader downtown community.

In December 2024, NNS hosted the christening ceremony of the Virginia-class submarine *Arkansas* (SSN 800), the 27<sup>th</sup> vessel in the class. Looking ahead, NNS will also construct up to five Virginia-class submarines for the Royal Australian Navy as part of the AUKUS partnership – a trilateral security alliance between Australia, the United Kingdom, and the United States. Throughout 2024, the region welcomed numerous Australian companies as they began forming partnerships with local public- and private-sector stakeholders in support of this international collaboration.



In the North district, the Endview development project, situated on the 285-acre tract at 350 Yorktown Road, will convert one of the few remaining greenfield sites in the City to address the need for high-quality, high-end housing in Newport News. Along with its development partner, D.R. Horton, the City and EDA are working to establish a distinctive, vibrant residential community that is attractive to business executives, professionals, and



entrepreneurs with an estimate of more than 550 new single-family and townhouse units with direct connectivity to Newport News Park. Beyond the core Endview development, there are opportunities for complimentary growth nearby on publicly and privately-held parcels as well. The project continued in the planning stages throughout 2024.

To facilitate improvements to the City's housing stock and provide a wide range of quality housing choices for residents, the strategic plan calls for the development and implementation of a Citywide housing strategy. In support of

this goal, Urban Partners and Stromberg/Garrigan & Associates, in partnership with the Department of Planning, developed a comprehensive housing study for Newport News. The study, completed in fall 2024, provides an in-depth analysis of current housing conditions, identifies housing needs, and develops recommendations to address current, short and long-term housing needs in Newport News.

### **Environmental Stewardship & Sustainability**

A leader in regional sustainability efforts, the City is participating in the 2024 cohort of the Bloomberg American Sustainable Cities Initiative. Beginning in the spring of 2024 and with the assistance of Bloomberg Philanthropies, the City launched a three-year initiative to turbocharge the City's efforts to leverage historic levels of federal funding to proactively build a low-carbon, resilient, and economically thriving community which also promotes equity. To advance this work, the City has the support of a Bloomberg i-Team as of November 2024. This is a collaborative effort working closely with community partners to address pressing issues.

During fiscal year 2025, the City was awarded \$4.7 million in grant funding through the Virginia Community Flood Preparedness Fund (CFPF) for the design of the Stoney Run Watershed Drainage Projects. Approximately 1,230 acres of the Colony Pines and Windsor Great Park Neighborhoods within the northern portion of the Stoney Run watershed have been experiencing frequent extreme rain fall events that have resulted in widespread flooding. A study of the area showed that multiple places in the infrastructure are under capacity, which causes water to back up during intense rainfall events. The grant provides funding for projects to alleviate flooding in the area.



The Lions Bridge Dam project, completed in April 2025, began in 2013 as a response to a detailed study and requirements raised by the Virginia Department of Conservation and Recreation to bring the dam into compliance with current Dam Safety Regulations. The dam had become vulnerable to overtopping during major storms, promoting a long planning and design effort to bring it up to modern standards. The project includes shoreline stabilization, spillway rehabilitation, improvement of the low-level outlet valve, and armoring of full downstream embankment to improve stability and provide environmental resilience. Its completion ensures long-term protection for Mariners' Lake and Museum Drive plus surrounding areas, enhances public

safety, and preserves the historic and scenic value of the Lions Bridge.

The Department of Public Works again led a Citywide Department Challenge as part of the Great American Cleanup. This challenge encourages internal city departments to advocate for community enhancement and beautification. In 2025, nine departments participated, with 258 volunteers collecting 918 bags of trash.

## **AWARDS**

### **Newport News Named All-America City by National Civic League**

Newport News was recognized as one of 10 All-America City Award winners for the first time. The National Civic League presented this honor to celebrate the City’s work to actively engage residents in strengthening democracy through local action and innovation.

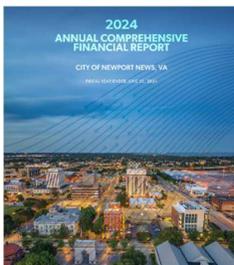
Newport News was recognized for tackling national issues at the grassroots level by prioritizing resident engagement in problem-solving. The City submitted three programs for consideration: 1. the Gun Violence Intervention Program, which works with community organizations to interrupt cycles of violence among individuals at the highest risk for committing crimes or being victims of gun violence while addressing the root causes of violence; 2. Youth Diversion/Youth Court, an innovative initiative to help teens with minor offenses actively take responsibility for their actions and be sentenced by their peers; and 3. the Community Assistance and Response (CARE) program, which offers individuals experiencing a mental health crisis hope instead of handcuffs.

### **HRSD Gold Award**

The Recovery Operations Center, a component of the Solid Waste Division, earned a Gold Award for 2024 from HRSD. This award recognizes HRSD permittees subject to compliance requirements for at least one full calendar year and who have a perfect compliance record and a commitment to environmental excellence. This is the third consecutive year of 100% compliance for the Recovery Operations Center.

### **Budget and Finance Publications Awarded by Government Finance Officers Association**

The Government Finance Officers Association (GFOA) of the United States and Canada awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Newport News for its Annual Comprehensive Financial Report for the year ended June 30, 2024. This was the 46<sup>th</sup> consecutive year that the City has received this prestigious award. To be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized Annual Financial Report. This report must satisfy both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for one year. The City was also awarded the GFOA Award for Outstanding Achievement in Popular Annual Financial Reporting for the FY 2024 PAFR. The PAFR, which is unaudited, is a simplified and condensed version of the City’s audited Annual Comprehensive Financial Report.



In 2024, the GFOA also presented the City of Newport News with the Distinguished Budget Presentation Award for FY 2025. To receive the budget award, the City had to satisfy nationally recognized guidelines for effective budget presentation. This recent achievement reflects the City’s ongoing commitment to meeting the highest principles of governmental budgeting.

## ACKNOWLEDGMENTS

Preparation of this report would not have been possible without the expertise and commitment of the entire Finance Department, supporting departments, and component units. We would like to express our appreciation to all members of the Finance department who contributed to the preparation of this report, with a special thanks to the Accounting Division. We also gratefully acknowledge the members of City Council for their leadership and guidance in establishing sound and progressive financial management policies.

Respectfully submitted,



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Alan K. Archer  
City Manager



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Ned Smither  
Interim Director of Finance



**CITY OF NEWPORT NEWS, VIRGINIA**

**CITY GOVERNMENT OFFICIALS**

**at June 30, 2025**

**City Council**

Phillip D. Jones .....	Mayor
Curtis D. Bethany, III .....	Vice Mayor
Robert S. Coleman .....	Member
John R. Eley, III .....	Member
Marcellus L. Harris III, D. Div. ....	Member
Cleon M. Long, P.E. ....	Member
Tina L. Vick .....	Member

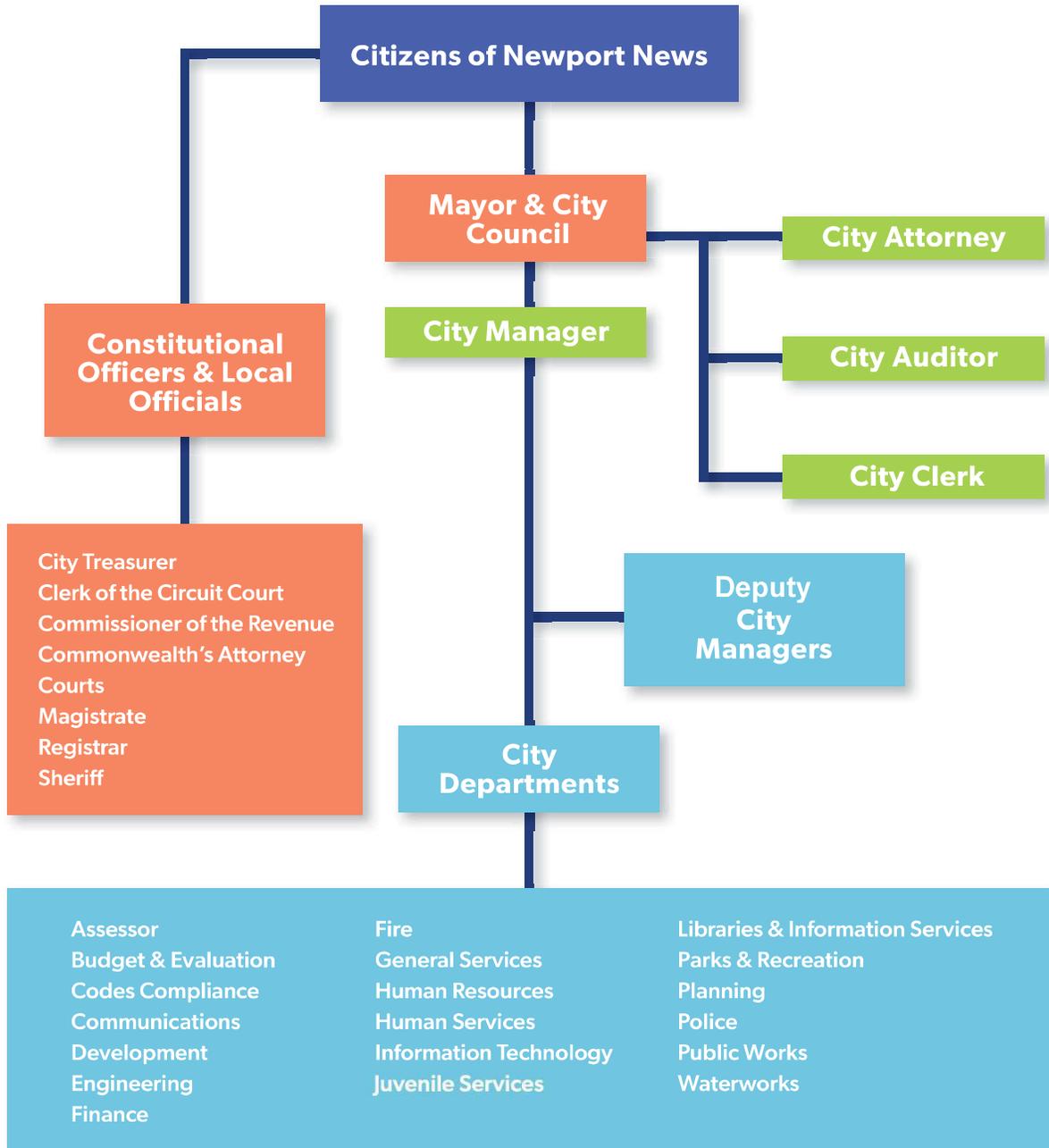
**Office of the City Manager**

Alan K. Archer.....	City Manager
Ralph L. Clayton, III.....	Deputy City Manager, Safety and Operations
Virginia L. Blount-Moore.....	Deputy City Manager, Community Well-Being
Sabrina B. Joy-Hogg.....	Senior Deputy City Manager, Finance and Administration
Eoghan P. Miller.....	Deputy City Manager, Development and Resiliency
David S. Freeman.....	Chief of Management Services

**Other City Officials**

Marty G. Eubank.....	City Treasurer
Tiffany M. Boyle.....	Commissioner of the Revenue
Jon D. Fountain.....	Real Estate Assessor
Lisa J. Cipriano.....	Director of Budget and Evaluation
Tammie T. Dantzler.....	City Auditor
Florence G. Kingston.....	Director of Development
Yann A. Le Gouellec.....	Director of Public Utilities
Roslyn L. Gervin.....	Acting Director of Human Resources
Steven R. Drew.....	Chief of Police
Craig M. Galant.....	Director of Engineering
Jered R. Grimes.....	Director of Juvenile Services
Frank S. James.....	Director of Public Works
Anita N. Jennings.....	Director of Libraries and Information Services
Jody L. Saunders.....	Director of Communications
Sheila W. Mcallister.....	Director of Planning
James R. McElheney.....	Director of General Services
Harold L. Roach.....	Director of Codes Compliance
Wesley A. Rogers.....	Fire Chief
Virginia A. Lovell.....	Director of Finance
Kimberly M. Thomas.....	Director of Human Services
Donnie Woodruff.....	Acting Director of Information Technology
Torrance J. Archie.....	Director of Parks and Recreation

# ORGANIZATION CHART





Government Finance Officers Association

Certificate of  
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Reporting

Presented to

**City of Newport News  
Virginia**

For its Annual Comprehensive  
Financial Report  
For the Fiscal Year Ended

June 30, 2024

*Christopher P. Morill*

Executive Director/CEO



## Report of Independent Auditor

To the Honorable Members of City Council  
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, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Newport News, Virginia (the “City”), as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the City’s basic financial statements as listed in the table of contents.

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

#### **Basis for Opinions**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Specifications for Audits of Counties, Cities, and Towns*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia (the “Specifications”). Our responsibilities under those standards and 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 City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe 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 1(q) to the financial statements, the City restated beginning net position and fund balances due to its adoption of Governmental Accounting Standards Board (“GASB”) Statement 101, *Compensated Absences*, and a correction of an error. Our opinions are not modified with respect to this matter.

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

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City’s ability to continue as a going concern for one year after 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, *Governmental 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, *Governmental Auditing Standards*, and the Specifications, we:

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

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

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

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

**Supplementary Information**

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The Supplementary Information, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the 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 26, 2025, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

*Cherry Bekaert LLP*

Tysons Corner, Virginia  
November 26, 2025

## **CITY OF NEWPORT NEWS, VIRGINIA MANAGEMENT'S DISCUSSION AND ANALYSIS**

The following is a narrative overview and analysis of the financial activities of the City of Newport News, Virginia (the City), as of and for the fiscal year ended June 30, 2025 (FY 2025). This discussion and analysis is intended to serve as an introduction to the City's basic financial statements, which have the following components: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements.

### **FINANCIAL HIGHLIGHTS FOR FY 2025**

- At the end of the fiscal year 2025, the total net position of the City on a government-wide basis, excluding component units, was \$1,200.0 million. This amount represents an increase of \$46.6 million, or 4.0%, over the prior year's restated net position. The net position for governmental activities was \$722.5 million, an increase of \$31.2 million over the prior year's restated net position. The business-type activities net position was \$477.5 million, an increase of \$15.4 million over the prior year.
- The real estate tax rate remained steady from the prior year at \$1.18 per \$100 of assessed valuation and personal property tax remained the same at \$4.50 per \$100 of assessed valuation. Real estate assessed values increased by 1.1% and personal property assessed values decreased by 1.1% from prior year.
- At the close of FY 2025, unassigned fund balance for the General Fund was \$125.7 million or 19.0% of FY 2025 total General Fund revenues, transfers in, and other financing sources and an increase of \$12.2 million from the prior year, as adjusted for the prior year error correction.
- General Fund revenues and transfers increased by \$25.8 million or 4.1% above FY 2024 as adjusted for the prior year error correction, primarily due to an increase in general property tax revenue and an increase in miscellaneous revenue, mainly from the payout related to the City's portion of the proceeds from the sale of the regional jail. Expenditures and transfers out increased \$26.2 million, or 4.2% higher than the prior fiscal year as adjusted for the prior year error correction, primarily due to an increase in personnel costs, especially within the Public Safety functions of the City.
- During the fiscal year, the total bonded debt for the City decreased by approximately \$37.3 million, which is exclusively due to principal payments made, as no new bonded debt was issued during the fiscal year. The total bonded debt for the Public Utilities similarly decreased by approximately \$9.0 million due to principal payments made during the year without the issuance of any new debt. The City maintains a bond rating of AA+ with the financial rating agency Standard & Poor's and an Aa1 rating with Moody's.

### **OVERVIEW OF THE FINANCIAL STATEMENTS**

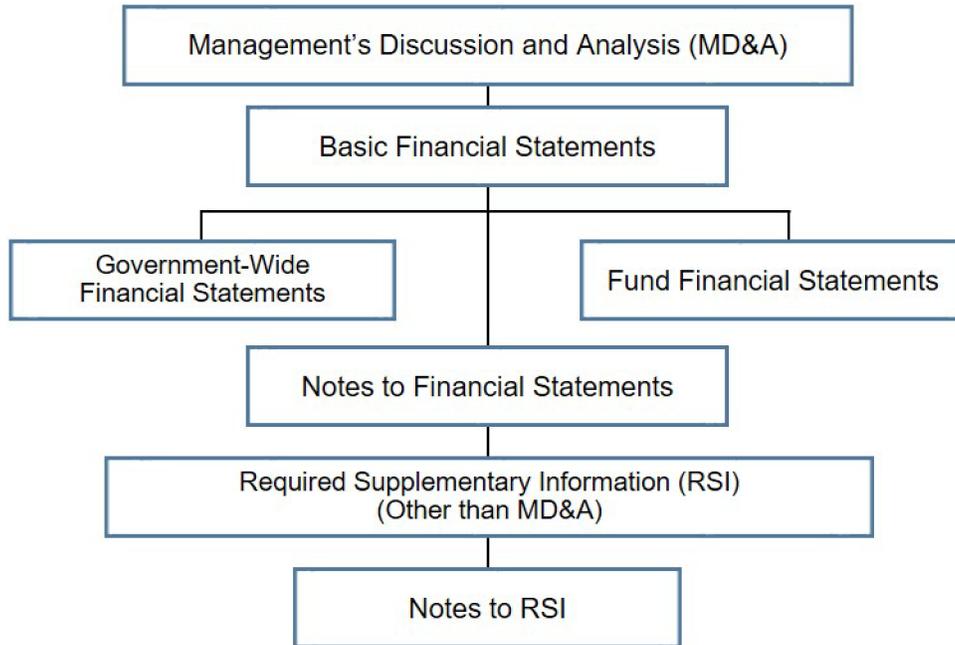
The City's basic financial statements are comprised of three components: *government-wide financial statements*, *fund financial statements*, and *notes to the financial statements*. This report also contains required other supplementary information sections in addition to the basic financial statements themselves.

- The first two statements are *government-wide financial statements* which provide both long and short-term information about the City's overall financial status.
- The remaining statements are fund financial statements which focus on individual parts of the City's government, reporting the City's operations in more detail than the government-wide statements.
- *Governmental funds* statements tell how general government services like public safety were financed in the short term as well as what amounts remain for future spending.
- *Proprietary funds* statements offer short- and long-term financial information about the activities the government operates like businesses, such as the public utilities (Waterworks) system.
- *Fiduciary funds* statements provide information about the financial relationships in which the City acts solely as a trustee or custodian for the benefit of others, to whom the resources in question belong. The Pension fund is an example of a fiduciary fund of the City.

## CITY OF NEWPORT NEWS, VIRGINIA MANAGEMENT'S DISCUSSION AND ANALYSIS

The financial statements also include *notes* that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the information in the financial statements. Figure A shows how the required parts of this Management's Discussion and Analysis and the City's basic financial statements are arranged and relate to one another.

**Figure A  
Required Components of Newport News' Financial Statements**



### Government-Wide Statements

The government-wide statements report information about the City as a whole using accounting methods similar to those used by private-sector companies. The Statement of Net Position and the Statement of Activities, which are the government-wide statements, include all of the government's assets and liabilities using the accrual basis of accounting. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two government-wide statements report the City's net position and how it has changed. Net position—the difference between the City's assets and deferred outflows and liabilities and deferred inflows—is one way to measure the City's financial health, or financial position. Over time, increases or decreases in the City's net position is an indicator of whether its financial health is improving or deteriorating. Other non-financial factors, such as changes in the City's property tax base and the condition of the City's roads and other infrastructure, also need to be considered to assess the overall health of the City.

In the Statement of Net Position and the Statement of Activities, the City's activity is shown in three categories:

- *Governmental activities* – Most of the City's basic services are included here, such as the police, fire, public works, parks, internal services and general administration. Taxes, state grants, and federal grants finance most of these activities.
- *Business-type activities* – The City charges fees to customers to help cover the costs of certain services it provides. The operation and performance of the City's public utility, the Waterworks system, is included here.
- *Component units* – The City includes three other separate legal entities in its report - the Newport News Public Schools (Schools), the Economic and Industrial Development Authorities (E/IDA), and the Peninsula Airport Commission (PAC). Although legally separate, these "component units" are included with the City financial statements because for E/IDA and Schools, the City provides a significant portion of their operating funding, and for PAC, the City appoints four of their six commission members, thereby exhibiting significant control over the organization.

## **CITY OF NEWPORT NEWS, VIRGINIA MANAGEMENT'S DISCUSSION AND ANALYSIS**

### **Fund Financial Statements**

The fund financial statements provide more detailed information about the City's most significant funds, not the City as a whole. Funds are accounting mechanisms that the City uses to keep track of specific sources of funding and spending for particular purposes. Some funds are required by Virginia law and by bond covenants, while City Council establishes other funds to control and manage money for particular purposes or to show that it is properly using certain taxes and grants.

The City has three types of funds:

- *Governmental funds* – Most of the City's basic services are included in governmental funds, which focus on (1) how cash and other financial assets can readily be converted to cash flow to support the operations of the City and (2) the balances remaining at year-end that are available for spending. Consequently, the governmental fund statements provide a detailed short-term view that helps the reader determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, additional information is provided on a subsequent page that explains the relationship (or differences) between the government-wide and fund statements.
- *Proprietary funds* – The City maintains two different types of proprietary funds, enterprise funds and internal service funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. Enterprise funds include the Public Utility Fund. Internal service funds are used to accumulate and allocate costs internally among the City's various functions. The City uses internal service funds to account for the maintenance of buildings and operation of vehicles and equipment and includes this activity in its government-wide financial statements.
- *Fiduciary funds* – The City is the trustee, or fiduciary, for certain donated funds. It is also responsible for other assets that, because of a trust or other custodial arrangement, can be used only for the trust or other beneficiaries. The City is responsible for ensuring that the assets reported in this fund are used for their intended purpose. The fiduciary funds include the Pension and Other Postemployment Benefits Trust Funds, Custodial Funds and the Line of Duty Act Fund. These activities are reported in a separate statement of fiduciary net position. The City excludes this activity from its government-wide financial statements because the City cannot use these assets to finance its operations.

The Total Governmental Funds' column requires reconciliation because of the different measurement focus from the government-wide statements (current financial resources versus total economic resources), which is reflected on the page following each statement. For example, the flow of current financial resources will reflect bond proceeds and interfund transfers as other financing sources as well as capital expenditures and bond principal payments as expenditures. The reconciliation will eliminate these transactions and incorporate the capital assets and long-term obligations (bonds and others) into the Governmental Activities column in the government-wide statements.

### **Notes to the Basic Financial Statements**

The notes to the financial statements provide additional information that is essential for a full understanding of the information provided in the government-wide and fund financial statements. The notes also present certain required supplementary information concerning the City's progress in funding its obligation to provide pension and other postemployment benefits to its employees.

## CITY OF NEWPORT NEWS, VIRGINIA MANAGEMENT'S DISCUSSION AND ANALYSIS

### Statement of Net Position

The following table reflects the condensed net position:

**Table 1 - Summary of Net Position (in millions):**

	Governmental Activities		Business-type Activities		Total Primary Government	
	2025	2024*	2025	2024	2025	2024*
Current and Other Assets	\$ 609.5	628.0	153.4	170.1	762.9	798.1
Capital Assets, Net	1,015.8	959.7	516.4	489.1	1,532.2	1,448.8
Total Assets	<u>1,625.3</u>	<u>1,587.7</u>	<u>669.8</u>	<u>659.2</u>	<u>2,295.1</u>	<u>2,246.9</u>
Deferred Outflows of Resources	63.9	71.7	7.6	8.4	71.5	80.1
Current and Other Liabilities	152.6	130.3	43.9	39.0	196.5	169.3
Long-Term Liabilities	770.9	806.5	150.4	162.1	921.3	968.6
Total Liabilities	<u>923.5</u>	<u>936.8</u>	<u>194.3</u>	<u>201.1</u>	<u>1,117.8</u>	<u>1,137.9</u>
Deferred Inflows of Resources	43.2	31.3	5.6	4.4	48.8	35.7
Net Position:						
Net Investment in Capital Assets	617.3	578.1	435.0	403.7	1,052.3	981.8
Restricted	103.6	94.2	1.4	1.2	105.0	95.4
Unrestricted	1.6	19.0	41.1	57.2	42.7	76.2
Total Net Position	<u>\$ 722.5</u>	<u>\$ 691.3</u>	<u>\$ 477.5</u>	<u>\$ 462.1</u>	<u>\$ 1,200.0</u>	<u>\$ 1,153.4</u>

\* As restated

Over time, net position may serve as a useful indicator of a government's financial position. At the end of the fiscal year, the City's total net position was \$1,200.0 million. This amount represents an increase of \$46.6 million, or 4.0%, over the prior year's net position, as restated. The net position for governmental activities increased by \$31.2 million and the business-type activities net position increased by \$15.4 million.

By far, the largest portion of the City's net position is its investment in capital assets (e.g., land, buildings, equipment, infrastructure, and right to use lease and subscription assets) less accumulated depreciation/amortization and less any related outstanding debt used to acquire those assets. The City uses these assets to provide services to its citizens and consequently, these assets are *not* available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Approximately 8.8% of the City's net position is subject to external restrictions or legal constraints. See note 1(L) for more information concerning the City's net position components.

Note that the Governmental Activities amounts for fiscal year 2024 above have been restated due to an error correction made for an error discovered during fiscal year 2025 related to an incorrect estimate of claims liability for self-insured employee benefits. In addition, it should be noted that the City adopted GASB 101, Compensated Absences, for its fiscal year 2025 statements, which, as a change in accounting principle as defined by GASB 100, is being applied prospectively, and thus the fiscal year 2024 numbers have not been restated related to that change.

**CITY OF NEWPORT NEWS, VIRGINIA  
MANAGEMENT'S DISCUSSION AND ANALYSIS**

**Statement of Activities**

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

**Table 2 - Changes in Net Position (in millions):**

	Governmental Activities		Business-type Activities		Total Primary Government	
	2025	2024*	2025	2024	2025	2024*
<b>Revenues</b>						
Program Revenues:						
Charges for Services	\$ 98.9	112.8	96.5	96.8	195.4	209.6
Operating Grants and Contributions	44.8	45.9	-	-	44.8	45.9
Capital Grants and Contributions	30.4	14.2	10.0	3.6	40.4	17.8
General Revenues:						
General Property Taxes	370.4	366.9	-	-	370.4	366.9
Other Taxes	130.1	129.0	-	-	130.1	129.0
Grants and Contributions not Restricted to Specific Programs	58.4	55.9	-	-	58.4	55.9
Investment Earnings	25.2	26.4	5.2	5.9	30.4	32.3
Miscellaneous	35.4	17.5	1.6	1.8	37.0	19.3
<b>Total Revenues</b>	<b>793.6</b>	<b>768.6</b>	<b>113.3</b>	<b>108.1</b>	<b>906.9</b>	<b>876.7</b>
<b>Expenses</b>						
General Government	128.9	125.9	-	-	128.9	125.9
Judicial Administration	12.6	12.2	-	-	12.6	12.2
Public Safety	183.3	167.1	-	-	183.3	167.1
Public Works	126.4	100.8	-	-	126.4	100.8
Health and Welfare	59.8	56.8	-	-	59.8	56.8
Education	137.4	167.2	-	-	137.4	167.2
Parks, Recreation and Culture	46.9	42.5	-	-	46.9	42.5
Community Development	37.9	21.2	-	-	37.9	21.2
Interest and Other Fiscal Charges	20.8	21.0	-	-	20.8	21.0
Public Utility	-	-	86.9	81.3	86.9	81.3
<b>Total Expenses</b>	<b>754.0</b>	<b>714.7</b>	<b>86.9</b>	<b>81.3</b>	<b>840.9</b>	<b>796.0</b>
Excess before Transfers	39.6	53.9	26.4	26.8	66.0	80.7
Transfers	9.5	9.5	(9.5)	(9.5)	-	-
<b>Change in Net Position</b>	<b>49.1</b>	<b>63.4</b>	<b>16.9</b>	<b>17.3</b>	<b>66.0</b>	<b>80.7</b>
Beginning Net Position	691.3	614.0	462.1	444.8	1,153.4	1,058.8
Restatement - Change in Accounting Principle - GASB 101	(17.9)	-	(1.5)	-	(19.4)	-
Restatement - error correction	-	13.9	-	-	-	13.9
Beginning net position, as restated	673.4	627.9	460.6	444.8	1,134.0	1,072.7
Ending Net Position	\$ 722.5	691.3	477.5	462.1	1,200.0	1,153.4

\*As restated

Note that the Governmental Activities amounts for fiscal year 2024 above have been restated due to an error correction made for an error discovered during fiscal year 2025 related to an incorrect estimate of claims liability for self-insured employee benefits. In addition, it should be noted that the City adopted GASB 101, Compensated Absences, for its fiscal year 2025 statements, which, as a change in accounting principle as defined by GASB 100, is being applied prospectively, and thus the fiscal year 2024 numbers have not been restated related to that change.

## CITY OF NEWPORT NEWS, VIRGINIA MANAGEMENT'S DISCUSSION AND ANALYSIS

### Revenues

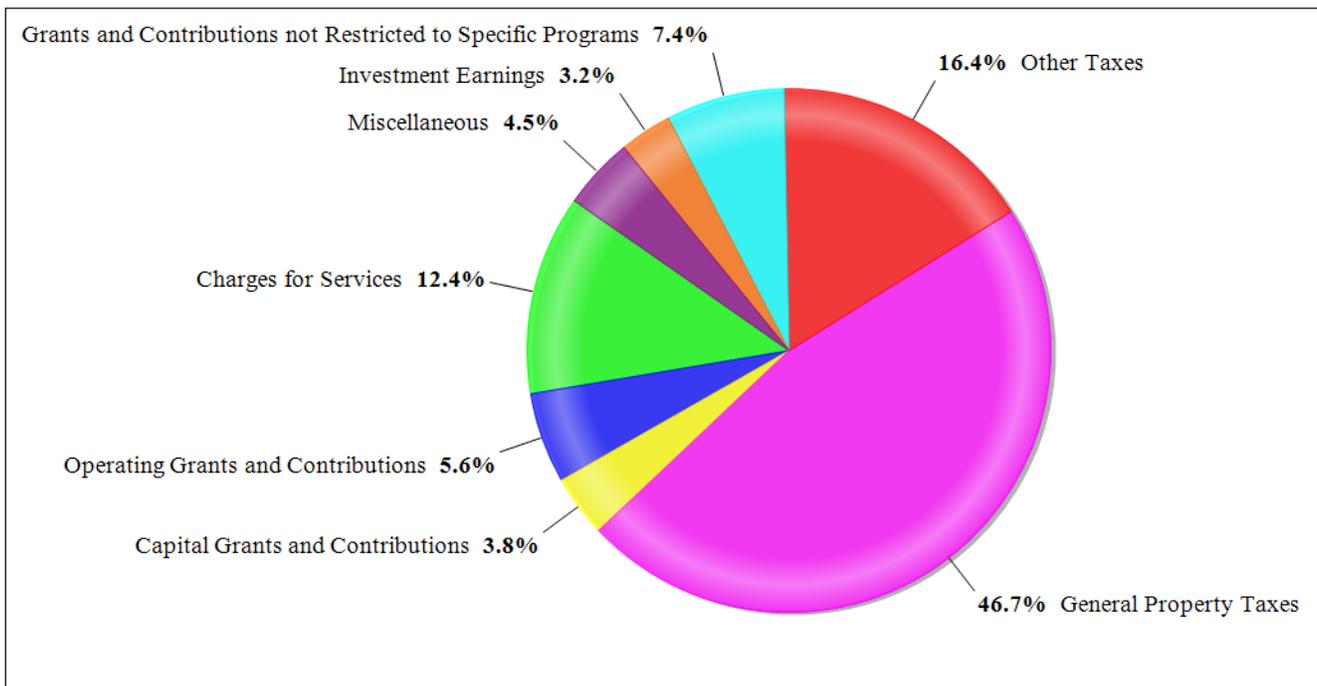
The City's total revenues for the Primary Government, which include governmental and business-type activities, were \$906.9 million, a \$30.2 million increase over revenues from the prior year, as restated. These revenues consist of program and general revenues. Program revenues are derived from the program itself and reduce the reliance on the City's general revenues; these include charges for services, operating and capital grants, and contributions. General revenues are all other revenues and include property and other taxes, and interest earnings.

For *Governmental Activities*, program revenues totaled \$174.1 million, compared to \$172.9 million from the prior year, an increase of \$1.2 million. This increase is primarily due to an increase of approximately \$11.9 million of education-related capital grants and contributions related to the Huntington Middle School project, which the Newport News Public Schools receives grant funding for from the Commonwealth of Virginia and the Schools pass along to the City as the City continues the construction, offset by a decrease of approximately \$9.5 million related to sales of property which occurred in fiscal year 2024 which are not recurring and approximately \$1.8 million less of direct distributions from opioid settlements accrued in fiscal year 2025 as compared to fiscal year 2024 due to an expected slow-down in remaining opioid cases to be settled.

General revenues totaled \$619.5 million. This represents an increase of \$23.8 million over the prior year, as restated, due mainly to large one-time payouts from the sale of the regional jail property and related to the termination of the 23rd Street Pier lease (classified as short-term due to a mutual termination clause) where the tenant did not keep up with maintenance costs during the life of the lease, and so instead paid the City the estimated maintenance costs at termination.

Approximately 63% of the City's revenue from governmental activities comes from various taxes and over 12% comes from fees charged for services. The largest revenue sources for the City are general property taxes at 47% of total revenue.

### Revenues by Source – Governmental Activities June 30, 2025



For FY2025 and FY2024, revenues totaling \$113.3 million and \$108.1 million, respectively, for the *Business-Type Activities* include program and general revenues of Waterworks, the City's Public Utility Fund. The majority of this revenue, 85.2% and 89.5% represents charges for services for FY2025 and FY2024, respectively. The decrease in the percentage related to charges for services in FY2025 is due to the City's Public Utility Fund receiving funding for a couple of large capital projects from state and federal grant sources.

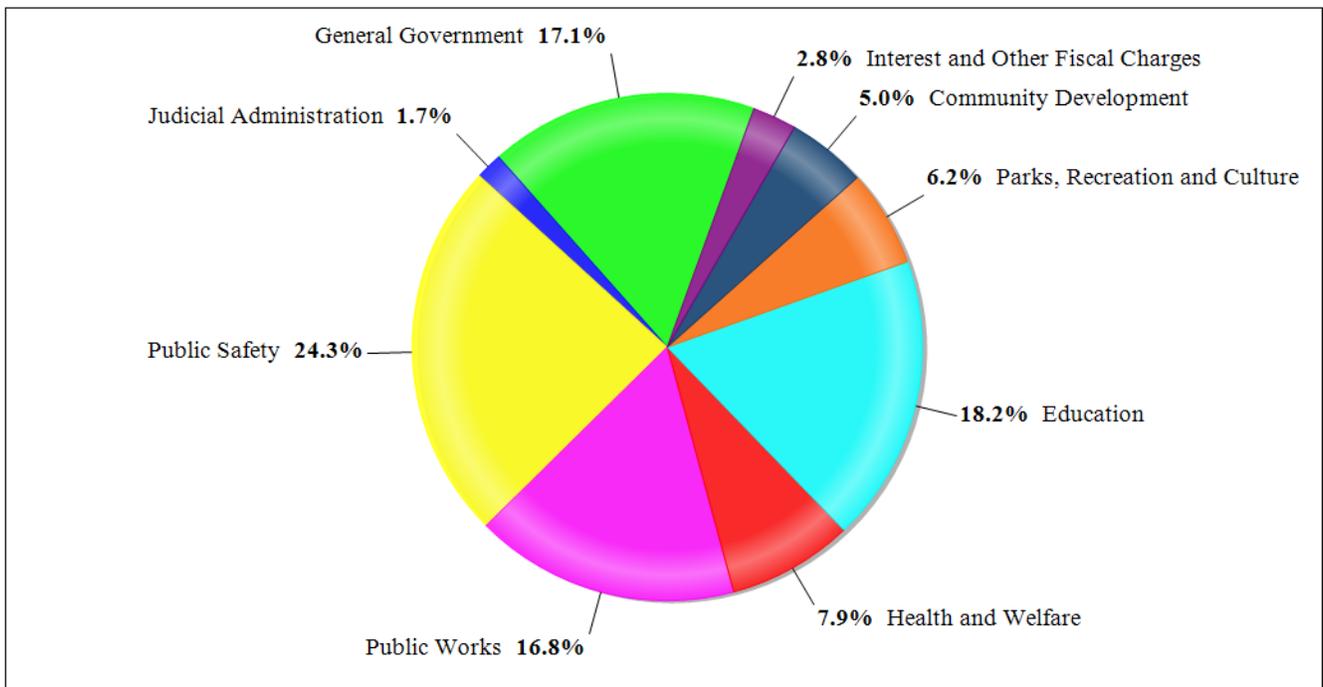
# CITY OF NEWPORT NEWS, VIRGINIA MANAGEMENT'S DISCUSSION AND ANALYSIS

## Expenses

The City's total cost to provide all programs and services for the Primary Government was \$840.9 million, a \$44.9 million increase over expenses from the prior year, as restated.

Expenses for *Governmental Activities* totaled \$754.0 million, an increase of \$39.3 million from the prior year, as restated, primarily due to increases in personnel costs, especially within the Public Safety function, where a new STEP pay plan was adopted during fiscal year 2025, and increases in contracted costs as medium and longer-term contracts are renewed at higher rates due to general inflationary pressures, offset somewhat by a lower reported Education expenditure, which was inflated in fiscal year 2024 due to a large amount of assets held tenancy-in-common with the Schools being transferred from the City's books onto the Schools' books as the debt related to those assets had been paid off. Education and Public Safety continue to be among the City's highest priorities and commitments representing \$320.7 million or roughly 43% of total governmental expenses. The graph below shows the breakdown of major expenses by function for the governmental activities.

### Expenses by Source – Governmental Activities June 30, 2025



Expenses for the *Business-type Activities* represent costs to provide services of Waterworks, the City's Public Utility Fund. For the current fiscal year these totaled \$86.9 million, a \$5.6 million increase from prior year, primarily due to increases in personnel services costs, contractual services, and materials and supplies, as medium to longer-term contracts are renewed at higher rates due to general inflationary pressures.

# CITY OF NEWPORT NEWS, VIRGINIA MANAGEMENT'S DISCUSSION AND ANALYSIS

## FINANCIAL ANALYSIS OF THE CITY'S FUNDS

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

### Governmental Funds

The focus of Newport News' governmental funds is to provide information on near-term inflows, outflows and balances of spendable resources. In particular, restricted, committed, assigned, and unassigned fund balances may serve as a useful measure of the city's net resources available at the end of a fiscal year.

At the end of the fiscal year, the total fund balance for the City's governmental funds was \$463.7 million, compared to \$509.2 million in the prior fiscal year, as restated, a decrease of \$45.5 million. The largest contributors to that change by fund included:

- A \$10.4 million increase in the fund balance of the General Fund, mainly driven by larger than originally expected interest and rent revenues from higher interest rates on cash holdings, as well as increased miscellaneous revenues related to the payment received from the sale of the regional jail property.
- A \$64.0 million decrease in the fund balance of the Bond Fund, mainly a result of continued use of the most recent bond issuance on capital outlay with no new bonds issued in fiscal year 2025.
- An \$8.9 million increase in the fund balance of the General Capital Improvements Fund, mainly driven by transfers in from the General Fund being larger than planned capital outlay expenditures for the year.

At the end of the fiscal year, the classification of total governmental fund balances was as follows:

- \$8.5 million is nonspendable, which consists of inventories in the General Fund and Non-Major Governmental Funds, the principal portion of a permanent fund in the General Fund, and amounts related to prepaid assets, deposits, and long-term receivables in the General Fund and General Capital Improvements Fund, among others.
- \$92.6 million is restricted, which can be spent only for the specific purposes stipulated by external providers, such as grantors or restricted through legislation. The largest components of this are (1) in the Bond Fund, where an amount is restricted for capital projects funded by general obligation bonds (\$17.6 million), and (2) in the Non-Major Governmental Funds, where an amount is restricted for specific purposes, mainly in the Stormwater, Wastewater, and Solid Waste funds, among others (\$64.3 million).
- \$160.0 million is committed, which can only be used for specific purposes imposed by the formal action of City Council. These balances primarily represent fund balances in the Debt Service and General Capital Improvement funds.
- \$77.0 million is assigned, which applies to amounts that are intended for specific purposes but do not meet the criteria to be classified as restricted or committed. For example, this amount includes a reserve for encumbrances at year end, as well as the reserve for capital projects and self insurance reserves for worker's compensation, general, auto, and health insurance.
- \$125.5 million is unassigned, which is the residual classification for the General Fund and includes all spendable amounts not contained in the other classifications.

**CITY OF NEWPORT NEWS, VIRGINIA  
MANAGEMENT'S DISCUSSION AND ANALYSIS**

**GENERAL FUND BUDGETARY HIGHLIGHTS**

General Fund (Budget Basis) Fiscal Year 2025

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual (Budget Basis)</u>
<b>Revenues and Other Financing Sources :</b>			
General Property Taxes	\$ 366,978,099	\$ 372,978,099	\$ 371,306,737
Other Local Taxes	123,354,500	129,354,500	130,364,708
Other Local Sources	51,150,160	75,729,553	84,197,935
Intergovernmental	55,053,100	57,053,100	58,416,622
Other Financing Sources	<u>9,500,000</u>	<u>9,500,000</u>	<u>9,500,000</u>
Total	<u>606,035,859</u>	<u>644,615,252</u>	<u>653,786,002</u>
<b>Expenditures and Transfers :</b>			
General Government	127,503,479	128,149,378	123,615,227
Judicial	10,883,857	11,218,708	11,000,582
Public Safety	155,394,787	164,211,727	165,372,834
Public Works	7,594,903	7,866,990	7,512,633
Health and Welfare	47,570,152	47,774,829	46,056,074
Parks, Recreation, and Cultural	35,185,053	36,449,322	35,956,974
Community Development	13,095,130	16,662,111	16,029,055
Education	123,089,307	123,089,307	123,089,307
Transfers Out	<u>85,719,191</u>	<u>113,432,476</u>	<u>112,711,064</u>
Total	<u>606,035,859</u>	<u>648,854,848</u>	<u>641,343,750</u>
Reconciliation of Actuals, Budget Basis to GAAP Basis			(2,049,517)
Change in Fund Balance			<u>\$ 10,392,735</u>

The following is a brief review of the budgetary changes from the original to the final budget and actual amounts to the final budget, as seen above.

- City Council approved a budget amendment of approximately \$38.6 million to reflect additional revenue comprised of (1) about \$11 million due to sustained higher interest earnings on bank holdings, (2) about \$9.3 million from the City's share of the proceeds from the sale of the regional jail property, (3) \$12 million from higher than expected collections from personal property, meals, and sales taxes than originally budgeted due to the continued strength of the local economy, (4) \$3 million from the early termination of the 23rd Street Pier contract, (5) \$2 million of additional State Compensation Board funding for the Sheriff's Office, and (6) about \$1.3 million from a one-time refund from Hampton Roads Transit. The additional revenue budget was offset with additional planned expenditures of (1) about \$33.1 million of increased transfers to the General Capital Improvements Fund for current and future capital projects, (2) about \$3.5 million for use as part of a development agreement agreed to through the City's E/IDA, and (3) about \$2 million of additional expenditures within the Sheriff's Office.
- Final budget amounts for expenditures were often greater than original amounts due to the re-appropriation of prior year encumbrances which were completed in the current fiscal year.
- Total actual revenues were greater than the amended budget by roughly \$9.2 million primarily due to an increase in revenue from the use of money and property (\$2.4 million), miscellaneous revenue (\$4.8 million), recovered costs (\$1.1 million), and categorical aid (\$1.1 million).
- The majority of operating departments saw some savings on personnel and fringe costs versus budget due to staffing vacancies.

**CITY OF NEWPORT NEWS, VIRGINIA  
MANAGEMENT'S DISCUSSION AND ANALYSIS**

**CAPITAL ASSET AND DEBT ADMINISTRATION**

**Capital Assets**

The City's investment in capital assets for its governmental and business-type activities as of June 30, 2025, totaled \$1,532.2 million (net of depreciation/amortization). This investment includes land, buildings and improvements, drainage and water/sewer systems, machinery/equipment, infrastructure, construction in progress, and lease/subscription right to use assets.

**City of Newport News' Capital Assets (net of depreciation/amortization):**

	Governmental Activities		Business-type Activities		Total	
	2025	2024	2025	2024	2025	2024
Land	\$ 85,758,947	90,068,134	13,555,991	13,555,991	99,314,938	103,624,125
Construction in Progress	149,490,376	149,381,336	105,691,108	89,111,217	255,181,484	238,492,553
Wetlands Credit	-	-	6,934,385	5,530,135	6,934,385	5,530,135
Buildings	248,411,025	206,654,395	63,112,501	66,527,432	311,523,526	273,181,827
Water System	-	-	313,665,203	301,353,527	313,665,203	301,353,527
Improvements	80,934,362	83,221,875	-	-	80,934,362	83,221,875
Machinery and Equipment	56,659,206	53,297,167	10,344,468	9,764,995	67,003,674	63,062,162
Infrastructure	367,041,468	344,319,636	-	-	367,041,468	344,319,636
Lease Right to Use	20,496,737	25,060,098	2,280,003	2,313,160	22,776,740	27,373,258
Subscription Right to Use	6,972,547	7,727,880	803,170	941,432	7,775,717	8,669,312
	<u>\$ 1,015,764,668</u>	<u>959,730,521</u>	<u>516,386,829</u>	<u>489,097,889</u>	<u>1,532,151,497</u>	<u>1,448,828,410</u>

Major capital asset projects under construction during the fiscal year included the following:

- Choice Neighborhood Initiative Infrastructure Improvements
- Southeast Community Resource Area (SECRA) Recreation Center and Huntington Middle School
- Menchville Marina Lighting and Dock Improvements
- Warwick Boulevard Drainage Improvements

Additional information on the City's capital assets can be found in Note 4 and Note 6 to the basic financial statements.

**Long-Term Debt**

At the end of the current fiscal year, the City had total outstanding debt of \$451.8 million, a decrease of 9.4% from last year, as shown below. Lease and subscription liabilities, landfill liability, compensated absences, arbitrage rebate liabilities, net pension obligations, other postemployment benefit obligations and other notes and claims payable are not included in these figures.

**City of Newport News' Outstanding Debt, General Obligation Bonds, Literary Loans and Revenue Bonds (in millions):**

	Governmental Activities		Business-type Activities		Total	
	2025	2024	2025	2024	2025	2024
General Obligation Bonds	\$ 358.9	396.2	6.4	9.2	365.3	405.4
Literary Loans	1.1	1.4	-	-	1.1	1.4
Revenue Bonds	-	-	85.4	91.7	85.4	91.7
	<u>\$ 360.0</u>	<u>397.6</u>	<u>91.8</u>	<u>100.9</u>	<u>451.8</u>	<u>498.5</u>

The amount of the debt outstanding related to School Board activities is \$39.6 million of the total outstanding general obligation bonds of the governmental activities.

Additional information on the City's long-term debt can be found in Note 7 to the basic financial statements.

# **CITY OF NEWPORT NEWS, VIRGINIA MANAGEMENT'S DISCUSSION AND ANALYSIS**

## **ECONOMIC FACTORS AND NEXT YEAR'S BUDGET**

The Newport News economy remains strong evidenced by a consistently low unemployment rate. Unemployment rates in Newport News continued to average below 4% for FY 2025 and are lower than the national average for the year. Economic growth is further evidenced by a 3.12% increase in assessed values of taxable real property for FY 2026. Consumer sensitive revenues such as sales tax, meals tax, and lodging taxes also remain strong, projecting a slight increase in total in FY 2026.

The City's strong financial management and conservative budgeting practices allow the City to continue its commitment to the citizens of Newport News. The FY 2026 General Fund Operating Budget continues to move the City's Strategic Priorities of People, Places and Government forward. The total General Fund Operating Budget is \$643.6 million, a 3.1% increase over the FY 2025 budget. The real estate tax rate was maintained at \$1.18 per \$100 of assessed value. Real estate tax remains the single largest revenue source for the City, representing 41.6% of the General Fund revenue in FY 2026. Public safety and education remain the largest expenditure categories for the City, representing 46% of the General Fund expenditures in FY 2026.

## **CONTACTING THE CITY'S FINANCIAL MANAGEMENT**

This financial report is designed to provide citizens, taxpayers, customers, investors, and creditors with a general overview of the City's finances and to demonstrate the City's accountability for the funds it receives. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Director of Finance, 2400 Washington Avenue, Newport News, Virginia 23607.

**City of Newport News, Virginia**  
**Statement of Net Position**  
**June 30, 2025**

	Primary Government			Discretely Presented Component Units	
	Governmental Activities	Business-Type Activities	Total	Public schools	Others
<b>Assets</b>					
Cash and Cash Equivalents	\$ 444,894,719	\$ 98,479,605	\$ 543,374,324	\$ 86,320,234	\$ 18,772,300
Restricted Cash and Investments	45,622,329	27,330,357	72,952,686	-	38,596,752
Deposits	400,000	-	400,000	-	-
Accounts Receivable, Net	55,760,840	11,444,348	67,205,188	929,153	3,854,680
Receivable from Primary Government	-	-	-	11,901,757	-
Receivables from Other Governments	28,122,708	2,516,096	30,638,804	22,651,605	211,974
Lease Receivable	10,518,928	3,262,874	13,781,802	348,952	35,317,191
Due from OPEB Fund	605,722	-	605,722	-	-
Receivables from Custodial Funds	4,050	-	4,050	-	-
Inventory, at Cost	2,291,461	8,941,649	11,233,110	2,420,425	-
Land Held for Lease or Resale	-	-	-	-	45,893,861
Net Pension Asset	21,262,180	1,407,620	22,669,800	1,917,421	449,038
Capital Assets:					
Non-depreciable / Non-amortizable Capital Assets:					
Land	85,758,947	13,555,991	99,314,938	3,670,179	7,354,949
Construction in Progress	149,490,376	105,691,108	255,181,484	1,496,232	7,841,837
Wetlands Credits	-	6,934,385	6,934,385	-	-
Depreciable / Amortizable Capital Assets:					
Buildings	381,673,052	149,097,704	530,770,756	183,722,570	194,804,091
Improvements	197,025,984	-	197,025,984	226,725,444	23,869,869
Water System	-	544,614,522	544,614,522	-	-
Airport Assets	-	-	-	-	194,157,461
Machinery and Equipment	181,350,359	53,016,829	234,367,188	79,567,932	7,034,516
Infrastructure	827,705,805	-	827,705,805	-	2,543,500
Lease Right to Use	31,314,438	5,552,364	36,866,802	7,482,088	8,203,110
Subscription Right to Use	13,861,181	1,910,626	15,771,807	802,233	190,715
Total Capital Assets	1,868,180,142	880,373,529	2,748,553,671	503,466,678	446,000,048
Less Accumulated Depreciation / Amortization	(852,415,474)	(363,986,700)	(1,216,402,174)	(254,079,672)	(252,135,033)
Capital Assets, Net	1,015,764,668	516,386,829	1,532,151,497	249,387,006	193,865,015
Other assets	4,472	-	4,472	5,050,000	1,493
Total Assets	1,625,252,077	669,769,378	2,295,021,455	380,926,553	336,962,304
<b>Deferred Outflows of Resources</b>					
Employer Contributions Subsequent to the Measurement Date	51,083,309	6,045,879	57,129,188	46,226,616	172,385
Net Difference between Projected and Actual Earnings on Plan Investments	-	-	-	295,723	-
Changes in Proportion and Difference between Employer Contributions and Proportionate Share of Contributions	622,712	39,748	662,460	2,583,762	3,904
Changes in Assumptions	7,011,977	804,938	7,816,915	3,677,844	198,458
Difference between Expected and Actual Experience	3,816,513	110,525	3,927,038	32,835,402	161,350
Debt Refundings Resulting in Loss Transactions	1,410,514	606,671	2,017,185	-	1,267,033
Total Deferred Outflows of Resources	63,945,025	7,607,761	71,552,786	85,619,347	1,803,130
<b>Liabilities</b>					
Accounts Payable	50,795,090	9,285,751	60,080,841	17,903,763	4,051,422
Accrued Liabilities	15,145,037	1,228,323	16,373,360	38,556,998	628,454
Deposits	596,081	-	596,081	-	-
Unearned Revenues	1,487,330	23,031,762	24,519,092	8,773,081	2,766
Payable to Newport News Public Schools	11,901,757	-	11,901,757	-	-
Payable to Pension Fund	581,821	-	581,821	-	-
Long Term Liabilities:					
Due within One Year	72,069,794	10,315,148	82,384,942	19,565,426	8,730,037
Due in More than One Year	770,879,360	150,435,064	921,314,424	347,254,336	38,624,619
Total Liabilities	923,456,270	194,296,048	1,117,752,318	432,053,604	52,037,298
<b>Deferred Inflows of Resources</b>					
Property Taxes Collected in Advance	1,736,829	-	1,736,829	-	-
Net Difference between Projected and Actual Earnings on Plan Investments	17,683,107	2,060,510	19,743,617	30,310,299	284,723
Difference between Expected and Actual Experience	5,909,699	327,923	6,237,622	8,042,263	1,040,633
Changes in Assumptions	5,140,512	15,575	5,156,087	1,719,570	876,381
Changes in Proportionate Share	3,635	232	3,867	2,949,603	36,815
Investment Experience	415,028	26,492	441,520	-	-
Lease Related	12,312,489	3,185,266	15,497,755	369,527	34,472,886
Deferred contribution to City - AHTIC	-	-	-	3,981,383	-
Total Deferred Inflows of Resources	43,201,299	5,615,998	48,817,297	47,372,645	36,711,438
<b>Net Position</b>					
Net Investment in Capital Assets	617,275,609	434,941,361	1,052,216,970	235,619,311	151,260,287
Restricted (Nonexpendable) for Private Donation Restrictions	2,546,504	-	2,546,504	-	-
Restricted (Expendable) for:					
Private Donation Restrictions	537,492	-	537,492	-	-
Capital Projects	4,203,822	-	4,203,822	1,885,702	21,237,583
Debt Service	-	-	-	-	1,744,839
Grants & Awards	8,693,889	-	8,693,889	-	22,926,865
Public Safety	1,729,975	-	1,729,975	-	-
Public Works	62,737,421	-	62,737,421	-	-
Health & Welfare	1,920,087	-	1,920,087	-	-
Net Pension Asset	21,262,180	1,407,620	22,669,800	1,917,421	449,038
Education	-	-	-	24,511,919	-
Unrestricted (deficit)	1,632,554	41,116,112	42,748,666	(276,814,702)	52,398,086
Total Net Position	\$ 722,539,533	\$ 477,465,093	\$ 1,200,004,626	\$ (12,880,349)	\$ 250,016,698

See accompanying notes to basic financial statements.

**City of Newport News, Virginia**  
**Statement of Activities**  
**Year Ended June 30, 2025**

	Program revenues				Net (expense) revenue and changes in net position			
	Expenses	Charges for services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			Other component units
					Governmental Activities	Business-Type Activities	Total	
<b>Primary Government:</b>								
Governmental Activities:								
General Government	\$ 128,871,876	\$ 12,863,270	\$ -	\$ 14,401,781	\$ (101,606,825)	\$ -	\$ (101,606,825)	
Judicial Administration	12,643,897	1,565,339	698,473	-	(10,380,085)	-	(10,380,085)	
Public Safety	183,295,013	15,852,272	3,864,127	-	(163,578,614)	-	(163,578,614)	
Public Works	126,393,056	60,636,640	23,766,963	-	(41,989,453)	-	(41,989,453)	
Health and Welfare	59,842,618	519,399	8,513,318	-	(50,809,901)	-	(50,809,901)	
Education	137,365,978	-	1,096,266	16,012,892	(120,256,820)	-	(120,256,820)	
Parks, Recreation and Culture	46,947,460	7,418,581	2,486,940	-	(37,041,939)	-	(37,041,939)	
Community Development	37,933,408	76	4,325,844	-	(33,607,488)	-	(33,607,488)	
Interest and Other Fiscal Charges	20,849,269	-	-	-	(20,849,269)	-	(20,849,269)	
Total Governmental Activities	<u>754,142,575</u>	<u>98,855,577</u>	<u>44,751,931</u>	<u>30,414,673</u>	<u>(580,120,394)</u>	<u>-</u>	<u>(580,120,394)</u>	
Business-Type Activities:								
Public Utility	86,850,335	96,528,390	-	10,032,329	-	19,710,384	19,710,384	
Total Primary Government	<u>\$ 840,992,910</u>	<u>\$ 195,383,967</u>	<u>\$ 44,751,931</u>	<u>\$ 40,447,002</u>	<u>(580,120,394)</u>	<u>19,710,384</u>	<u>(560,410,010)</u>	
<b>Component Units:</b>								
Public Schools	\$ 460,108,843	5,546,038	120,056,572	17,957,619			(316,548,614)	-
Peninsula Airport Commission	12,479,503	5,265,409	-	3,298,824			-	(3,915,270)
Economic and Industrial Development Authorities	21,741,122	40,713,243	-	-			-	18,972,121
Total component units	<u>\$ 494,329,468</u>	<u>\$ 51,524,690</u>	<u>\$ 120,056,572</u>	<u>\$ 21,256,443</u>			<u>(316,548,614)</u>	<u>15,056,851</u>
<b>General revenues:</b>								
City taxes:								
General Property Taxes				\$ 370,426,717	-	370,426,717	-	-
E-911 service				970,808	-	970,808	-	-
Local sales and use				35,493,666	-	35,493,666	-	-
Consumers' utility				5,847,552	-	5,847,552	-	-
Consumption				613,171	-	613,171	-	-
Telecom sales and use				7,541,602	-	7,541,602	-	-
Business license				23,475,631	-	23,475,631	-	-
Rental car				1,308,010	-	1,308,010	-	-
Motor vehicle license				4,252,102	-	4,252,102	-	-
Bank stock taxes				1,421,214	-	1,421,214	-	-
Recordation and wills				2,043,579	-	2,043,579	-	-
Tobacco				2,983,976	-	2,983,976	-	-
Hotel and motel room tax				5,441,655	-	5,441,655	-	-
Restaurant food tax				37,854,668	-	37,854,668	-	-
Tourism zone tax				66,397	-	66,397	-	-
Amusement				1,050,677	-	1,050,677	-	-
Total City taxes				<u>500,791,425</u>	<u>-</u>	<u>500,791,425</u>	<u>-</u>	<u>-</u>
Grants and Contributions not Restricted to Specific Programs				58,416,623	-	58,416,623	229,707,119	-
Payment from the City				-	-	-	138,203,251	-
Investment Earnings				25,208,007	5,196,926	30,404,933	615,093	3,008,454
Miscellaneous				35,370,436	1,418,746	36,789,182	-	57,663
Transfers				9,500,000	(9,500,000)	-	-	-
Total general revenues and transfers				<u>629,286,491</u>	<u>(2,884,328)</u>	<u>626,402,163</u>	<u>368,525,463</u>	<u>3,066,117</u>
Change in net position				49,166,097	16,826,056	65,992,153	51,976,849	18,122,968
Net position beginning of year, as originally presented				675,190,113	462,143,946	1,137,334,059	(52,201,234)	231,938,751
Restatement - change in accounting principle - GASB 101				(17,928,219)	(1,504,909)	(19,433,128)	(12,655,964)	(45,021)
Restatement - error correction				16,111,542	-	16,111,542	-	-
Net position beginning of year, as restated				<u>673,373,436</u>	<u>460,639,037</u>	<u>1,134,012,473</u>	<u>(64,857,198)</u>	<u>231,893,730</u>
Net position end of year				<u>\$ 722,539,533</u>	<u>\$ 477,465,093</u>	<u>\$ 1,200,004,626</u>	<u>\$ (12,880,349)</u>	<u>\$ 250,016,698</u>

See accompanying notes to basic financial statements.

**City of Newport News, Virginia**  
**Balance Sheet**  
**Governmental Funds**  
**June 30, 2025**

	General Fund	Debt Service Fund	Bond Fund	Capital Projects Other Federal and State Fund	General Capital Improvements	Other Federal and State	Nonmajor Governmental Funds	Total Governmental Funds
<b>Assets</b>								
Cash and Cash Equivalents	\$ 200,419,268	14,892,052	-	-	146,033,731	6,078,271	68,259,752	435,683,074
Restricted Cash	2,707,800	-	41,713,673	1,200,856	-	-	-	45,622,329
Accounts Receivable, Net	36,002,077	-	-	-	12,613,025	3,339,154	3,720,604	55,674,860
Deposits	400,000	-	-	-	-	-	-	400,000
Other Prepaid Asset	4,472	-	-	-	-	-	-	4,472
Lease Receivable	2,762,020	-	-	-	-	-	7,756,908	10,518,928
Receivables from Other Funds	1,340,167	-	-	-	2,006,211	-	-	3,346,378
Receivables from Other Governments	17,269,239	-	-	4,172,296	-	2,344,850	4,289,724	28,076,109
Due from OPEB Fund	605,722	-	-	-	-	-	-	605,722
Receivables from Custodial Funds	4,050	-	-	-	-	-	-	4,050
Inventory, At Cost	1,000,510	-	-	-	-	-	21,104	1,021,614
<b>Total Assets</b>	<b>\$ 262,515,325</b>	<b>14,892,052</b>	<b>41,713,673</b>	<b>5,373,152</b>	<b>160,652,967</b>	<b>11,762,275</b>	<b>84,048,092</b>	<b>580,957,536</b>
<b>Liabilities</b>								
Accounts Payable	\$ 17,629,247	24,725	10,966,253	1,720,725	13,535,664	1,670,971	3,554,459	49,102,044
Accrued Liabilities	6,300,249	-	1,294,734	-	502,188	41,009	605,714	8,743,894
Deposits	596,081	-	-	-	-	-	-	596,081
Unearned Revenues	552,756	-	-	-	-	932,574	2,000	1,487,330
Payable to Newport News Public Schools	-	-	11,901,757	-	-	-	-	11,901,757
Payable to Other Funds	-	-	-	2,006,211	-	346,933	993,234	3,346,378
Payable to Pension Fund	581,821	-	-	-	-	-	-	581,821
<b>Total Liabilities</b>	<b>25,660,154</b>	<b>24,725</b>	<b>24,162,744</b>	<b>3,726,936</b>	<b>14,037,852</b>	<b>2,991,487</b>	<b>5,155,407</b>	<b>75,759,305</b>
<b>Deferred Inflows of Resources</b>								
Unavailable Revenue	22,716,325	-	-	-	-	3,236,116	1,540,296	27,492,737
Lease Related	4,566,472	-	-	-	-	-	7,746,017	12,312,489
Property Taxes Collected in Advance	1,736,829	-	-	-	-	-	-	1,736,829
<b>Total Deferred Inflows of Resources</b>	<b>29,019,626</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,236,116</b>	<b>9,286,313</b>	<b>41,542,055</b>
<b>Fund Balances</b>								
Nonspendable	4,027,603	-	-	-	4,200,321	76,899	174,079	8,478,902
Restricted	1,074,705	-	17,550,929	1,646,216	2,557,606	5,457,773	64,318,623	92,605,852
Committed	-	14,867,327	-	-	139,857,188	-	5,324,888	160,049,403
Assigned	77,019,152	-	-	-	-	-	-	77,019,152
Unassigned	125,714,085	-	-	-	-	-	(211,218)	125,502,867
<b>Total Fund Balances</b>	<b>207,835,545</b>	<b>14,867,327</b>	<b>17,550,929</b>	<b>1,646,216</b>	<b>146,615,115</b>	<b>5,534,672</b>	<b>69,606,372</b>	<b>463,656,176</b>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b>	<b>\$ 262,515,325</b>	<b>14,892,052</b>	<b>41,713,673</b>	<b>5,373,152</b>	<b>160,652,967</b>	<b>11,762,275</b>	<b>84,048,092</b>	<b>580,957,536</b>

See accompanying notes to basic financial statements.

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

Fund Balances - Total Governmental Funds		\$ 463,656,176
Amounts Reported for Governmental Activities in the Statement of Net Position are different because:		
Net pension assets are not current financial resources and, therefore, are unavailable in the funds.		21,262,180
Capital Assets, including Lease and Subscription Assets, used in Governmental Activities are not Financial Resources and, therefore, are not Reported in the Funds:		
Governmental Capital Assets, excluding Lease and Subscription Right to Use Assets	1,716,543,849	
Less Accumulated Depreciation	(772,698,335)	
Governmental Lease Right to Use Asset	29,825,287	
Accumulated Amortization - Leases	(10,521,350)	
Governmental Subscription Right to Use Asset	13,269,768	
Accumulated Amortization - Subscriptions	<u>(6,526,261)</u>	
		969,892,958
Other long-term assets are not available to pay for current period expenditures and, therefore, are unavailable in the funds.		27,492,737
Internal service funds are used by management to charge the costs of certain activities to individual funds.	51,941,367	
Adjustment to add back lease liability included below	1,229,978	
Adjustment to add back subscription liability included below	206,676	
Adjustment to add back compensated absences included below	<u>1,206,635</u>	
		54,584,656
Deferred charge on refunding are reported as deferred outflows of resources in the government-wide financial statements, but are not reported in the governmental funds' statements.		1,410,514
Unmatured interest payable reported in governmental activities will not be paid with current financial resources and, therefore, are not reported in the funds.		(6,193,064)
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds:		
General obligation bonds, net	(387,446,521)	
Literary fund bonds	(1,062,047)	
Notes Payable	(978,641)	
Landfill Liability	(1,284,066)	
Compensated Absences	(40,466,171)	
Workers' Compensation and Other Claims	(15,378,889)	
Net Pension Liability	(289,717,504)	
Net OPEB Liability	(63,496,981)	
Net Line of Duty Obligations	(7,381,954)	
Incurred but not Reported Claims	(3,655,000)	
Arbitrage Rebate Liability	(4,118,087)	
Lease Liability	(21,337,039)	
Subscription Liability	<u>(6,626,254)</u>	
		(842,949,154)
Deferred inflows and outflows of resources related to pension plans and OPEB are not due and payable in the current period and therefore, not reported in the governmental funds:		
Deferred Inflows - Difference between Expected and Actual Experience related to Pension and OPEB	(5,909,699)	
Deferred Inflows - Difference between Projected and Actual Earnings on Plan Investments	(17,683,107)	
Deferred Inflows - Changes in Assumptions related to Pension and OPEB	(5,140,512)	
Deferred Inflows - Investment Experience	(415,028)	
Deferred Inflows - Changes in Proportion	(3,635)	
Deferred Outflows - Employer Contributions made Subsequent to the Measurement Date	51,083,309	
Deferred Outflows - Difference between Expected and Actual Experience	3,816,513	
Deferred Outflows - Changes in Proportion and Difference between Employer Contributions and Proportionate Share of Contributions	622,712	
Deferred outflows - Changes in Assumptions	<u>7,011,977</u>	
		<u>33,382,530</u>
Net position of governmental activities		<u>\$ 722,539,533</u>

See accompanying notes to basic financial statements.

**City of Newport News, Virginia**  
**Statement of Revenues, Expenditures and Changes in Fund Balance**  
**Governmental Funds**  
**Year ended June 30, 2025**

	General Fund	Debt Service Fund	Bond Fund	Capital Projects Other Federal and State Fund	General Capital Improvements	Other Federal and State	Nonmajor Governmental Funds	Total Governmental Funds
<b>Revenues:</b>								
General Property Taxes	\$ 371,306,737	-	-	-	-	-	-	371,306,737
Other Local Taxes	130,364,708	-	-	-	-	-	-	130,364,708
Licenses and Permits	3,309,232	-	-	-	-	-	-	3,309,232
Fines and Forfeitures	1,183,019	-	-	-	-	-	-	1,183,019
Intergovernmental	58,416,622	1,096,266	-	8,670,521	16,012,892	10,587,429	34,805,615	129,589,345
Charges for Services	18,049,302	-	-	-	-	-	60,999,396	79,048,698
Interest and Rent	21,811,405	-	-	42,678	128,226	234,518	4,081,522	26,298,349
Recovered Costs	17,394,155	-	-	-	-	-	-	17,394,155
Employee Benefit Premiums	4,695,615	-	-	-	-	-	-	4,695,615
Miscellaneous	22,521,522	-	-	-	165,387	186,502	619,412	23,492,823
<b>Total Revenues</b>	<b>649,052,317</b>	<b>1,096,266</b>	<b>-</b>	<b>8,713,199</b>	<b>16,306,505</b>	<b>11,008,449</b>	<b>100,505,945</b>	<b>786,682,681</b>
<b>Expenditures:</b>								
Current Operating:								
General Government	119,865,083	-	-	-	-	-	147,313	120,012,396
Judicial Administration	10,944,820	-	-	-	-	704,413	-	11,649,233
Public Safety	167,436,436	-	-	-	-	4,922,545	789,660	173,148,641
Public Works	9,686,656	-	-	-	-	8,097	77,008,052	86,702,805
Health and Welfare	44,148,799	-	-	-	-	731,737	10,621,875	55,502,411
Education	123,089,307	-	10,168,255	-	5,100,000	-	-	138,357,562
Parks, Recreation, and Culture	36,144,810	-	-	-	-	948,760	5,204,722	42,298,292
Community Development	16,022,104	-	-	-	-	3,181,574	2,162,439	21,366,117
Debt Service:								
Principal	7,357,601	37,684,986	-	-	1,087,774	59,776	109,785	46,299,922
Interest and Other Charges	752,902	20,269,963	-	-	35,016	251	392,321	21,450,453
Capital Outlay	2,547,309	-	53,864,549	8,483,503	63,112,687	148,057	7,236	128,163,341
<b>Total Expenditures</b>	<b>537,995,827</b>	<b>57,954,949</b>	<b>64,032,804</b>	<b>8,483,503</b>	<b>69,335,477</b>	<b>10,705,210</b>	<b>96,443,403</b>	<b>844,951,173</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	111,056,490	(56,858,683)	(64,032,804)	229,696	(53,028,972)	303,239	4,062,542	(58,268,492)
<b>Other Financing Sources (Uses):</b>								
Transfers In	9,500,000	55,771,976	-	-	61,338,928	-	6,514,509	133,125,413
Transfers Out	(112,711,064)	-	-	-	-	-	(10,914,349)	(123,625,413)
Leases (as Lessee)	695,858	-	-	-	-	119,672	7,236	822,766
Subscriptions	1,851,451	-	-	-	542,685	28,385	-	2,422,521
<b>Total Other Financing Sources (Uses), Net</b>	<b>(100,663,755)</b>	<b>55,771,976</b>	<b>-</b>	<b>-</b>	<b>61,881,613</b>	<b>148,057</b>	<b>(4,392,604)</b>	<b>12,745,287</b>
Net Changes in Fund Balances	10,392,735	(1,086,707)	(64,032,804)	229,696	8,852,641	451,296	(330,062)	(45,523,205)
Fund Balances at June 30, 2024, as originally presented	181,331,268	15,954,034	81,583,733	1,416,520	137,762,474	5,083,376	69,936,434	493,067,839
Restatement - error correction	16,111,542	-	-	-	-	-	-	16,111,542
Fund Balances at June 30, 2024, as restated	197,442,810	15,954,034	81,583,733	1,416,520	137,762,474	5,083,376	69,936,434	509,179,381
Fund Balances at June 30, 2025	\$ 207,835,545	14,867,327	17,550,929	1,646,216	146,615,115	5,534,672	69,606,372	463,656,176

See accompanying notes to basic financial statements.

**City of Newport News, Virginia**  
**Reconciliation of the Statement of Revenues, Expenditures and**  
**Changes in Fund Balance to the Statement of Activities**  
**Year ended June 30, 2025**

Net change in fund balances - total governmental funds		\$	(45,523,205)
Amounts reported for governmental activities in the Statement of Activities are different because:			
Governmental funds report capital outlays as expenditures while governmental activities report depreciation and amortization expense to allocate those expenditures over the life of the assets. The Statement of Activities also includes expenses that relate to assets acquired that do not meet the capitalization threshold of the City:			
Capital outlay expenditures	128,163,341		
Plus: Capital outlay expenditures not included in capital outlays, net of disposals	(2,451,417)		
Less: Non-capitalizable outlay	(40,381,012)		
Depreciation and amortization expense	<u>(39,883,897)</u>		
			45,447,015
Newport News Public Schools, a component unit of the City, allows the City to record its construction in progress and certain capital assets on the City's financial statements for any projects using bond funds as a funding source. The City also records depreciation expense on these assets. These assets will revert back to the Schools when the debt is paid in full. These assets are not reported in the governmental funds.			
			3,541,156
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds. Unavailable revenues increased/(decreased) by this amount in the current year.			
			392,706
Change in pension asset valuation. These assets are not reported in the governmental funds.			
			3,762,294
Investment gains and changes in assumptions are recognized resulting from deferred inflows or outflows in the Statement of Activities, but are not reported as gains or losses in the funds.			
			(12,316,444)
Experience loss and change in proportion are recognized resulting from deferred inflows or outflows in the Statement of Activities, but are not reported as gains or losses in the funds.			
			(9,427,517)
Change in annual employer contributions to the pension funds. These activities are reported as deferred outflows in the Statement of Activities, but are not reported in the funds.			
			2,831,078
Bond proceeds provide current financial resources to governmental 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 the repayment reduces long-term liabilities in the Statement of Net Position:			
Principal repayments	38,646,275		
Net premium of long-term debt amortization	4,742,891		
Amortization of refunding losses	<u>(1,188,068)</u>		
			42,201,098
Lease principal repayments	4,511,117		
Lease liability issued	(822,766)		
Lease termination gain/loss adjustments	<u>(3,210)</u>		
			3,685,141
Subscription principal repayments	3,142,529		
Subscription liability issued	(2,422,520)		
Subscription termination gain/loss adjustments	<u>(62,620)</u>		
			657,389
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. These activities consist of changes in:			
Accrued interest	719,270		
Landfill liability	233,467		
Compensated Absences	(1,792,557)		
Arbitrage rebate liability	(1,543,632)		
Net pension obligation	15,970,083		
Net OPEB obligation	(3,159,474)		
Net line of duty obligation	638,179		
Workers' compensation and other claims	(639,794)		
Incurred but not reported liabilities	<u>(613,000)</u>		
			9,812,542
Internal service funds are used by management to charge the costs of certain services to individual funds. The net income of this fund is reported with governmental activities (excludes change in compensated absences).			
			<u>4,102,844</u>
Change in net position of governmental activities		\$	<u><u>49,166,097</u></u>

See accompanying notes to basic financial statements.

**City of Newport News, Virginia**  
**Statement of Net Position**  
**Proprietary Funds**  
**June 30, 2025**

	Major Fund - Public Utility	Internal Service Fund
<b>Assets</b>		
Current Assets:		
Cash and Cash Equivalents	\$ 98,479,605	9,211,645
Restricted Cash	27,330,357	-
Accounts Receivable, Net	11,444,348	85,980
Receivables from Other Governments	2,516,096	46,599
Inventory	8,941,649	1,269,847
Lease Receivable	143,318	-
Total Current Assets	148,855,373	10,614,071
Noncurrent Assets:		
Lease Receivable	3,119,556	-
Capital Assets:		
Non-depreciable / Non-amortizable Capital Assets:		
Land	13,555,991	20,257
Construction in Progress	105,691,108	9,564,528
Wetlands Credit	6,934,385	-
Depreciable / Amortizable Capital Assets:		
Buildings	149,097,704	3,469,775
Improvements	-	1,207,228
Water System	544,614,522	-
Machinery and Equipment	53,016,829	92,198,886
Lease Right to Use Asset	5,552,364	1,489,151
Subscription Right to Use Asset	1,910,626	591,413
Total Capital Assets	880,373,529	108,541,238
Less Accumulated Depreciation / Amortization	(363,986,700)	(62,669,528)
Capital Assets, Net	516,386,829	45,871,710
Net Pension Asset	1,407,620	-
Total Noncurrent Assets	520,914,005	45,871,710
Total Assets	669,769,378	56,485,781
<b>Deferred Outflows of Resources</b>		
Employer Contributions Subsequent to the Measurement Date	6,045,879	-
Difference between Expected and Actual Experience	110,525	-
Difference in Proportion and Difference between Employer Contributions and Proportionate Share of Contributions	39,748	-
Change in Assumptions	804,938	-
Debt Refundings Resulting in Loss Transactions	606,671	-
Total Deferred Outflows of Resources	7,607,761	-

See accompanying notes to basic financial statements.

(Continued)

**City of Newport News, Virginia**  
**Statement of Net Position**  
**Proprietary Funds**  
**June 30, 2025**

	Major Fund - Public Utility	Internal Service Fund
<b>Liabilities</b>		
Current Liabilities:		
Accounts Payable	9,285,750	1,693,046
Accrued Liabilities	1,228,323	208,079
Compensated Absences	1,703,919	546,955
Unearned Revenues	23,031,762	-
General Obligation Bonds Payable, Net	2,880,090	-
Leases (as Lessee)	1,000,639	269,492
Subscription Liability	394,935	133,562
Revenue Bonds Payable, Net	1,320,759	-
Arbitrage Rebate Liability	3,014,807	-
Total Current Liabilities	<u>43,860,984</u>	<u>2,851,134</u>
Noncurrent Liabilities:		
Deposits	6,285,200	-
Compensated Absences	1,938,594	659,680
General Obligation Bonds Payable, Net	3,585,000	-
Revenue bonds payable, net	92,533,937	-
Leases (as lessee)	1,153,333	960,486
Subscription Liability	99,782	73,114
Net Pension Liability	36,395,563	-
Net OPEB Liability	8,443,655	-
Total Noncurrent Liabilities	<u>150,435,064</u>	<u>1,693,280</u>
Total Liabilities	<u>194,296,048</u>	<u>4,544,414</u>
<b>Deferred Inflows of Resources</b>		
Lease Related	3,185,266	-
Net Difference between Projected and Actual Earnings on Plan Investments	2,060,510	-
Difference between Expected and Actual Experience	327,923	-
Changes in Assumptions	15,575	-
Investment Experience	26,492	-
Changes in Proportionate Share	232	-
Total Deferred Inflows of Resources	<u>5,615,998</u>	<u>-</u>
<b>Net Position</b>		
Net Investment in Capital Assets	434,941,361	44,435,055
Restricted for Net Pension Asset	1,407,620	-
Unrestricted	41,116,112	7,506,312
Total Net Position	<u>\$ 477,465,093</u>	<u>51,941,367</u>

See accompanying notes to basic financial statements.

**City of Newport News, Virginia**  
**Statement of Revenues, Expenses and Changes in Net Position**  
**Proprietary Funds**  
**Year ended June 30, 2025**

	Major Fund - Public Utility	Internal Service Fund
<b>Operating Revenues:</b>		
Water sales	\$ 60,617,122	-
Charges for services	28,261,479	30,561,896
Miscellaneous	7,649,789	372,712
	96,528,390	30,934,608
<b>Operating expenses:</b>		
Personal services	32,029,519	9,467,498
Contractual services	15,758,009	4,222,995
Internal services	1,389,637	542,248
Materials and supplies	15,688,984	11,672,493
Depreciation and Amortization	14,969,195	7,662,176
Other	2,647,354	-
	82,482,698	33,567,410
Total operating revenues	96,528,390	30,934,608
Total operating expenses	82,482,698	33,567,410
Operating income (loss)	14,045,692	(2,632,802)
<b>Nonoperating revenues (expenses):</b>		
Interest revenue	5,196,926	435,901
Gain (loss) on disposal of capital assets	(347,062)	538,988
Amortization on bond premium	1,418,746	-
Loss on long-term debt	(200,603)	-
Interest expense	(3,819,972)	(118,086)
Hazard Mitigation Program Grant	2,510,440	-
Stormwater Local Assistance Fund Grant	1,080,697	-
Defense Community Infrastructure Grant	3,900,000	-
	9,739,172	856,803
Total nonoperating revenues (expenses), net	9,739,172	856,803
Income (loss) before capital contributions and transfers out	23,784,864	(1,775,999)
Capital contributions for capital assets	2,541,192	5,838,114
Transfers out	(9,500,000)	-
	16,826,056	4,062,115
Change in net position	16,826,056	4,062,115
Net position at June 30, 2024, as originally presented	462,143,946	48,395,172
Restatement - change in accounting principle - GASB 101	(1,504,909)	(515,920)
Net position at June 30, 2024, as restated	460,639,037	47,879,252
Net position at June 30, 2025	\$ 477,465,093	51,941,367

See accompanying notes to basic financial statements.

**City of Newport News, Virginia**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**Year ended June 30, 2025**

	Major Fund - Public Utility	Internal Service Fund
<b>Cash flows from operating activities:</b>		
Receipts from customers	\$ 96,132,354	\$ 30,934,609
Payments to suppliers	(30,979,529)	(15,829,042)
Payments to employees	(30,492,470)	(9,426,769)
Other payments	(2,647,357)	-
Net cash provided by operating activities	32,012,998	5,678,798
<b>Cash flows used in noncapital financing activities:</b>		
Transfers to other funds	(9,500,000)	-
Net cash used in noncapital financing activities	(9,500,000)	-
<b>Cash flows from capital and related financing activities:</b>		
Acquisition of capital assets	(41,142,134)	(14,835,029)
Contributed capital	2,541,192	5,838,114
Proceeds from sale of capital assets	971,549	531,064
Hazard Mitigation Program Grant	894,344	-
Stormwater Local Assistance Fund Grant	1,080,697	-
Defense Community Infrastructure Grant	3,000,000	-
Repayment and retirement of long-term debt, net	(8,992,084)	-
Interest paid	(3,874,864)	(123,472)
Lease liability principal payments made	(1,099,818)	(345,907)
Subscription liability principal payments made	(682,228)	(130,845)
Net cash used in capital and related financing activities	(47,303,346)	(9,066,075)
<b>Cash flows provided by investing activities</b>		
Interest received	6,294,986	435,901
Lease receivable payments received	170,827	-
Net cash provided by investing activities	6,465,813	435,901
Increase/(decrease) in cash and restricted cash	(18,324,535)	(2,951,376)
Cash, cash equivalents, and restricted cash at beginning of year	144,134,497	12,163,021
Cash, cash equivalents, and restricted cash at end of year	125,809,962	9,211,645
<b>Reported as:</b>		
Cash and cash equivalents	98,479,605	9,211,645
Restricted cash	27,330,357	-
Total cash, cash equivalents, and restricted cash	125,809,962	9,211,645
<b>Reconciliation of operating income (loss) to net cash provided by operating activities:</b>		
Operating Income (Loss)	14,045,692	(2,632,802)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:		
Depreciation and Amortization	14,969,195	7,662,176
Deferred lease revenue recognized	(205,526)	-
Change in:		
Accounts receivable	1,187,936	(86,017)
Inventories	(1,358,349)	168,087
Accounts payable, accrued liabilities, lease liabilities, subscription liabilities, and payroll accruals	3,510,969	567,354
Unearned revenues	(939,576)	-
Deposits	(188,874)	-
Net pension asset	(240,148)	-
Net pension liability	(1,288,046)	-
Net OPEB liability	455,040	-
Deferred outflows of resources	597,682	-
Deferred inflows of resources	1,467,003	-
Total adjustments	17,967,306	8,311,600
Net cash provided by operating activities	\$ 32,012,998	\$ 5,678,798
<b>Non-Cash Investing and Financing Activities:</b>		
Lease right-to-use assets funded by lease liabilities:	\$ 945,662	\$ 666,840
Subscription right-to-use assets funded by subscription liabilities:	301,585	17,465
Lessee leases terminated early, removing:		
Net right-to-use assets totaling:	-	731,721
Lease liabilities totaling:	-	753,280

See accompanying notes to basic financial statements.

**City of Newport News, Virginia**  
**Statement of Fiduciary Net Position**  
**Fiduciary Funds**  
**June 30, 2025**

	Pension, Other Postemployment Benefits, & Line of Duty Act Fund	Custodial Funds
	<u>                    </u>	<u>                    </u>
<b>Assets</b>		
Cash and cash equivalents	\$ 8,281,106	14,362,065
Cash and cash equivalents with trustee	9,640,015	-
Investments, at fair value:		
Debt securities	99,064,439	-
Equity investments	351,621,436	-
Private equities	55,491,570	-
Bond mutual fund	167,281,281	-
Commingled equity fund	396,082,978	-
Real assets	124,895,952	-
Accounts receivable	-	4,612,583
Due from other components	718,462	-
Sales receivable	1,134,224	-
Total assets	<u>\$ 1,214,211,463</u>	<u>18,974,648</u>
<b>Liabilities</b>		
Accounts payable	\$ 1,122,875	2,919,540
Due to City	605,722	4,050
Purchases payable	10,951	-
Deposits	-	7,135
Total liabilities	<u>1,739,548</u>	<u>2,930,725</u>
<b>Net Position</b>		
Assets held in trust:		
Restricted for pension benefits	1,150,643,142	-
Restricted for OPEB benefits	57,894,943	-
Restricted for LOD benefits	3,933,830	-
Restricted for custodial funds	-	16,043,923
Total net position	<u>\$ 1,212,471,915</u>	<u>16,043,923</u>

See accompanying notes to basic financial statements.



**City of Newport News, Virginia**  
**Notes to the Financial Statements**  
**June 30, 2025**

**(1) Summary of Significant Accounting Policies**

**(a) The Reporting Entity**

The City of Newport News, Virginia (City or Primary Government) was established by act of the Virginia General Assembly in 1958. It is a political subdivision of the Commonwealth of Virginia operating under the council-manager form of government. City Council consists of a mayor and six other council members. The City is not part of a county and has taxing powers subject to Commonwealth wide restrictions and tax limits. The City provides a full range of municipal services including police and fire, sanitation, health and social services, public improvements, planning and zoning, general administrative services, education, sewer, and a water system administered by the Newport News Department of Public Utilities.

The City's reporting entity, as defined by accounting principles generally accepted in the United States of America (GAAP), consists of the Primary Government as well as its component units, which are legally separate organizations for which the elected officials of the Primary Government are financially accountable. Financial accountability is defined as appointment of a voting majority of the component unit's board, and either (a) the ability to impose will by the Primary Government, or (b) the possibility that the component unit will provide a financial benefit or impose a financial burden on the Primary Government.

The accompanying financial statements present the City and its component units. The financial data of the component units are included in the City's reporting entity because of the significance of their operational or financial relationships with the City.

**Blended component units.** The Public Utility Fund serves all the citizens of the City and is governed by the City's elected council. Both the rates for user charges and bond issuance authorizations are approved by the City Council and the legal liability for the general obligation portion of the debt resides with the City. This fund is reported as an enterprise fund.

**Discretely presented component units.** The City has discretely presented component units. Discretely presented component units are entities that are legally separate from the City, but for which the City is financially accountable, or whose relationships with the City are such that exclusion would cause the City's financial statements to be incomplete. These component units are segregated from the Primary Government to emphasize that they are legally separate from the City. All of the component units have a fiscal year end of June 30.

**Major discretely presented component unit**

- The Newport News Public Schools (Schools or School Board) are responsible for elementary and secondary education within the City. The School Board is elected by the voters of Newport News and operates the three early childhood centers, twenty-four elementary, seven middle, five high schools and one middle-high school combination in the City. The School Board may not issue debt. City Council makes an annual appropriation to the School Board, but is prohibited from exercising any control over specific expenditures of School Board operating funds. Transfers within the School Operating Fund are under the control of the School Board at the categorical level. Expenditures are controlled in the School Cafeteria and School Grants Funds through use of budgets approved by the School Board. Separate audited financial statements are available for the Newport News Public Schools online at [www.nnschools.org/budget](http://www.nnschools.org/budget).

**Nonmajor discretely presented component units**

- The Economic and Industrial Development Authorities (E/IDA or the Authorities) are two legally separate entities included in the City's financial statements due to financial/legal inter-dependency with the City. The E/IDA acquires, maintains and develops land for sale or lease, promotes both economic and industrial development and growth in the City, and includes the Parking Authority. The City Council approves the E/IDA's budget. Separate audited financial statements are available for the E/IDA online at [www.newportnewsva.com/about/annual-audit/](http://www.newportnewsva.com/about/annual-audit/).

**City of Newport News, Virginia**  
**Notes to the Financial Statements**  
**June 30, 2025**

- The Peninsula Airport Commission (PAC) is a legally separate entity included in the City's financial statements. The PAC operates the Newport News/Williamsburg International Airport. The City appoints four of PAC's six commission members, thus holding a voting majority of the Board. The City has a financial benefit/burden relationship with the PAC. The PAC's governing body is not substantially the same as the City, nor does the PAC exclusively serve the City, or have its total debt outstanding repaid by the City. Separate audited financial statements are available for PAC online at [www.peninsulaairportcommission.org/](http://www.peninsulaairportcommission.org/).

***(b) Government-wide and Fund Financial Statements***

The government-wide financial statements report information on all of the nonfiduciary activities of the Primary Government and its component units. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for services. Likewise, the Primary Government is reported separately from certain legally separate component units for which the Primary Government is financially accountable.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or activity is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Included in direct expenses are certain indirect costs that have been allocated to the various programs. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported as general revenues.

Separate fund financial statements are provided for governmental funds, proprietary funds, and the fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

***(c) Measurement Focus, Basis of Accounting, and Financial Statement Presentation***

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Real estate and property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they are susceptible to accrual (i.e., both measurable and available). Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period, usually 45 days after year-end. Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. Exceptions to this rule include: (1) landfill liability, accrued vacation, other postemployment benefits, worker's compensation and other claims, and incurred but not reported medical claims (IBNR), which are recognized when paid and (2) principal and interest payments on general long term debt, both of which are recognized when due.

In applying the susceptible to accrual concept to intergovernmental revenues, the legal and contractual requirements of the numerous individual programs are used as guidance. There are, however, essentially two types of these revenues. In one, monies must be expended on the specific purpose or project before any amounts will be paid to the City; 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.

**City of Newport News, Virginia**  
**Notes to the Financial Statements**  
**June 30, 2025**

In the fund financial statements, real and personal property taxes are recorded as revenues and receivables when levied and billed, net of allowances for uncollectible amounts. Property tax receivables not collected within 45 days after year-end are reflected as unavailable revenues. Sales and utility taxes, which are collected by the Commonwealth of Virginia or utility companies by year-end and subsequently remitted to the City, are recognized as revenues and receivables upon collection by the Commonwealth of Virginia or utility company, which is generally in the month preceding receipt by the City.

Licenses and permits, fines and forfeitures, charges for services and miscellaneous revenues (except interest on temporary investments) are recorded as revenues when received in cash because they are generally not measurable until actually received.

The City reports the following major governmental funds:

The *General Fund* is the City's primary operating fund. It is used to account for all financial resources except those required to be accounted for in another fund.

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

The *Bond Fund* is a capital projects fund used to account for the proceeds of all general obligation bond issues except those of the Proprietary Funds. Proceeds are used for various capital outlays in accordance with the respective bond ordinances.

The *Capital Projects Other Federal and State Fund* accounts for the federal entitlements used for capital expenditures as well as various federal and state grants for capital outlay in accordance with the respective grant agreements.

The *General Capital Improvements Fund*, excluding the Bond Fund and Capital Projects Other Federal and State Fund, accounts for capital expenditures.

The *Other Federal and State Fund* accounts for revenues and expenditures of federal and state entitlements related to programs that are restricted in nature for specific purposes.

The City reports the following proprietary funds, which are reported using the accrual basis of accounting and the economic resources measurement focus:

The *Public Utility Fund* accounts for the water utility that provides water service to the City and various surrounding localities. Operation of the proprietary fund is designed to be self-supporting through user charges. This fund services its own debt and construction projects and records the acquisition of its depreciable assets and land.

The *Internal Service Fund* accounts for the financing of vehicle and equipment services, building services, and custodial services provided to other departments or agencies of the City on a cost reimbursement basis.

The City reports the following fiduciary funds, including custodial funds, using the accrual basis of accounting and the economic resources measurement focus:

The *Pension Trust Employees' Retirement Fund* accounts for all contributions and investments accumulated for employees' retirement. Also, the fund pays for all related expenses incurred as well as retiree benefits.

The *Other Postemployment Benefits (OPEB) Fund* accounts for all contributions and investments accumulated for employees' medical benefits and life insurance coverage at retirement. The fund pays for all related expenses incurred as well as health, dental and life insurance benefits.

**City of Newport News, Virginia**  
**Notes to the Financial Statements**  
**June 30, 2025**

*Line of Duty Fund* accounts for all contributions and investments accumulated for hazardous duty personnel, including volunteers and paid full time and part time employees who fall under the guidelines of eligible personnel under the Line of Duty Act. The fund provides benefits to eligible family members of eligible employees and volunteers killed or disabled in the line of duty.

*The Regional Homeless Commission Fund* accounts for payments collected from regional localities to be submitted in one collective quarterly payment to the Greater Virginia Peninsula Homeless Consortium, which provides services to citizens experiencing homelessness.

*The Hampton User Fee Fund* accounts for sewer and solid waste payments collected by Newport News Waterworks on behalf of the City of Hampton. Newport News Waterworks keeps a 1% administrative fee, and then passes the payments along to the City of Hampton.

*The Special Welfare Foster Care Fund* accounts for funds held for the benefit of foster children. Child support and Social Security benefits are received on behalf of foster children, which are used to help pay for a portion of the cost of the foster children's ongoing care.

*Special Revenue Funds* account for revenues and expenditures related to programs that are restricted in nature or committed for specific purposes. The City reports the following Special Revenue Funds as nonmajor governmental funds:

*The Community Development Fund* accounts for activities of the Community Development Block Grant and the HOME grant.

*The Street Maintenance Fund* accounts for the maintenance of arterial and secondary streets, street lighting, and some paving projects, which are funded by the Commonwealth of Virginia.

*The Economic Development Fund* accounts for certain activities undertaken by the City's Department of Development, with revenue from rents and small land sales, and expenditures to include marketing, small and medium business growth and development, business recruitment and attraction, strategic communications, property rental, and other real estate-related activities.

*The Law Library Fund* accounts for the operation of the law library, which receives revenue including court and copier fees, and has expenditures mainly related to payroll and the purchase of books and periodicals. Law books, legal reports and other legal materials are available for in-house research and reference use only.

*The Stormwater Fund* accounts for the activities of stormwater-related maintenance and capital projects, with revenue generated by stormwater fees charged to residents of the City.

*The Solid Waste Fund* accounts for the activities related to solid waste operations, to include waste collections, recycling, landfill, composting, hazardous household waste, and special collections. Revenue in this fund is generated by solid waste fees charged to residents of the City.

*The Wastewater Fund* accounts for the activities of wastewater-related maintenance and capital projects, to include the upkeep of the City's sanitary sewer system. Revenue in this fund is generated by wastewater fees charged to residents of the City.

*The Comprehensive Services Act Fund* accounts for services provided under the 1993 Virginia Comprehensive Services Act, the purpose of which is to provide high quality, child centered, family focused, cost effective, community-based services to high-risk youth and their families. This includes services such as counseling, special education and some foster care needs. The Commonwealth of Virginia reimburses the City for a portion of expenditures, the federal government funds a small portion, and the City funds the remainder.

*The Criminal Justice Academy Fund* accounts for court fees collected that, once appropriated, the Police Department uses for specialized police supplies and training.

**City of Newport News, Virginia**  
**Notes to the Financial Statements**  
**June 30, 2025**

*The Animal Shelter Fund* accounts for the operations of the Peninsula Regional Animal Shelter, which includes animal adoptions, owner surrenders, and stray drop offs and reclaims. Funding is provided by the four partnering localities of Newport News, Hampton, Poquoson, and York County, as well as revenue from sales and fees.

*The Special Events Fund* accounts for the operations, revenue, and expenditures of various special events held throughout the City, and is managed by the City's Parks and Recreation Department.

*The Canteen Fund* accounts for the operations related to the sheriff and juvenile services' canteens and telephone charges. Revenue is generated through sales of various canteen items and charges for phone calls to inmates, and expenditures support goods and services for the inmates.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and other charges between the City's public utility function and various other functions of the City. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the City's proprietary funds are charges to customers for sales and services. The Public Utility's Enterprise Fund also recognizes certain rental fees as operating revenue. Operating expenses for proprietary funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

In all funds, when both restricted and unrestricted resources are available for a particular use and have not been earmarked for other purposes, it is the City's policy to use restricted resources first for any allowable costs. After restricted resources have been depleted, unrestricted resources are used as they are needed unless the City determines otherwise.

Since the governmental funds' financial statements are presented on a different measurement focus and basis of accounting than the government-wide financial statements, a summary reconciliation of the difference between total fund balances as reflected on the Governmental Funds' Balance Sheet and total net position for governmental activities as shown on the government-wide Statement of Net Position is presented in a schedule accompanying the Governmental Funds' Balance Sheet. In addition, a summary reconciliation of the differences between net change in total fund balances as reflected on the Governmental Funds' Statement of Revenues, Expenditures, and Changes Fund Balances and the change in net position for governmental activities as shown on the government-wide Statement of Activities is presented in a schedule accompanying the Governmental Funds' Statement of Revenues, Expenditures, and Changes in Fund Balances.

***(d) Cash and Cash Equivalents and Investments***

The City utilizes the pooled cash investment method, except for the PAC. 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. In addition, the City has restricted deposits held by trustees for future retirements of bonds at the appropriate call date, retirements of certain certificates of participation at maturity and construction projects.

Investments are stated at fair value, except for cash equivalents where cost approximates fair value. Retirement plan investments are reported at fair value. Retirement plan short-term investments are reported at cost, which approximates fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. The fair value of real estate investments is based on independent appraisals. All other investments are valued based on amounts provided by the investment advisor or fund administrator.

For purposes of the Statement of Cash Flows, all highly liquid debt instruments with original maturities of three months or less from the date of purchase are considered to be cash equivalents.

**City of Newport News, Virginia**  
**Notes to the Financial Statements**  
**June 30, 2025**

**(e) Receivables and Payables**

Activities between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either “due to/from other funds” or “advances to/from other funds” in the fund statements. Any residual balances outstanding between governmental activities and business-type activities would be reported in the government-wide financial statements as “internal balances.”

In the fund statements, long-term interfund advances and advances to component units are recorded as a receivable with a corresponding nonspendable fund balance by the advancing fund.

Provisions for uncollectible water, sewer, stormwater and emergency medical bills are based upon a historical analysis of uncollected accounts and are applied as a percentage of delinquent/terminated accounts in the year-end accounts receivable balance or as a percentage of the total fees charged for all years carried in accounts receivable. Provision for uncollectible property taxes is based upon a historical percentage of accounts written off applied to the total levies of all years carried in taxes receivable.

The two major sources of property taxes are described below as reported in the fund financial statements:

*Real Estate* – Each year as of July 1, the City levies real estate taxes on all real estate within its boundaries, except that exempted by statute. Real estate taxes are levied on the estimated market value of the property and become a lien on real property the first day of the levy year. The City follows the practice of reassessing all property annually. Real estate taxes are collected in semi-annual payments due December 5 and June 5. During the fiscal year, the current year real estate taxes reported as revenue are the levies on assessed valuation on July 1, less an allowance for uncollectible amounts and taxes not collected within 45 days after year-end. The tax rate for 2025 was \$1.18 per \$100 of assessed value.

*Personal Property* – The City levies personal property taxes on motor vehicles and tangible personal business property. These levies are made each year as of January 1 with payment due the following December 5 and June 5. The current year personal property taxes reported as revenue are the levies on assessed valuation at January 1, less an allowance for uncollectible amounts and taxes not collected within 45 days after year-end. The 2025 tax rates per \$100 of assessed value were:

Mobile homes	\$	1.18
Trawlers	\$	0.90
Pleasure boats	\$	1.00
Machinery & tools	\$	3.75
Motor vehicles	\$	4.50

Unearned revenues represent amounts for which asset recognition criteria have been met, but for which revenue recognition criteria have not been met. Unearned revenues consist of amounts prepaid and not yet earned, such as prepaid sewer assessments and prepayments for instructional classes.

Unavailable revenues in the governmental fund types consist of revenues that are measurable but not available for use during the current period. Property taxes receivable at June 30, but not collected within 45 days after that date are reported as unavailable revenues in the financial statements.

**City of Newport News, Virginia**  
**Notes to the Financial Statements**  
**June 30, 2025**

**(f) Allowances for Uncollectibles**

The City calculates allowances for uncollectibles using historical collection data, specific account analysis and management’s judgment. The allowance at June 30, 2025, is composed of the following:

<b>General Fund - allowance for uncollectibles</b>	
Taxes receivable:	
Real estate	\$ 2,264,373
Personal property	<u>9,275,769</u>
Total taxes	\$ 11,540,142
Emergency medical services receivable	1,287,826
Other	<u>25,610</u>
Total General Fund	<u><u>\$ 12,853,578</u></u>
<b>Nonmajor Governmental</b>	
<b>Special Revenue Funds</b> - accounts receivable	\$ 2,065,702
<b>Public Utility Fund</b> - accounts receivable	\$ 2,162,120
<b>Custodial Fund</b> - accounts receivable	\$ 1,055,769

**(g) Inventories**

Inventories, which consist of materials and supplies held for future consumption, are stated at cost using the first-in, first-out and average cost methods. The cost of inventory is recorded as an expenditure at the time individual inventory items are consumed (consumption method).

**(h) Capital Assets**

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items) are reported in the applicable governmental or business-type activity's column in the government-wide financial statements. Capital assets are defined by the City as assets with 1) an initial, individual cost of \$5,000 or more or a bulk purchase cost of \$50,000 or more and 2) an initial useful life of more than 1 year. Assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation. In addition, both lease right to use assets and subscription right to use assets are recorded as capital assets - see notes 1(o) and 1(p) below for more detail.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

Under Virginia law, certain property maintained by the School Board is subject to a “tenancy-in-common” with the City if the City incurred a financial obligation for the property payable over more than one fiscal year. The School Board and the City have agreed that such property will be carried on the City’s financial statements until the outstanding debt is repaid. After repayment, the asset is transferred to the School Board. At June 30, 2025, the City holds capital assets related to school property with a net book value of approximately \$110,909,636.

Capital assets of the Primary Government, as well as the component units, are depreciated using the straight line method over the following estimated useful lives:

Buildings	40 - 60 years
Building improvements	25 - 30 years
Infrastructure (including water system)	15 - 100 years
Machinery and equipment	4 - 20 years
Lease right to use assets	Shorter of lease term or asset useful life
Subscription right to use assets	Shorter of subscription term or software useful life

**City of Newport News, Virginia**  
**Notes to the Financial Statements**  
**June 30, 2025**

***(i) Land Held for Resale***

Land held for resale by the E/IDA and the Public Utility Fund is stated at acquisition cost plus improvements, if applicable, but not in excess of net realizable value. Capitalized costs of projects are assigned to individual components of the projects based on specific identification. As land is sold, all costs associated with that land are charged to cost of land sold.

***(j) Compensated Absences***

City employees are granted vacation and sick pay in varying amounts as services are provided. They may accumulate, subject to certain limitations, unused vacation leave, and upon retirement, termination or death, may be compensated for their unused vacation at their then current rates of pay. City employees are not paid for accumulated sick leave upon termination. The costs of accrued vacation and sick pay are accrued as a compensated absences liability in the accrual basis financial statements as the benefits are earned by the employees if attributable to services already rendered and compensation through time off or some other means is more likely than not. For members of the Newport News Employees' Retirement Fund, the unused sick leave is added to the employee's years of credited service for the purpose of computing pension benefits. These liabilities are accounted for in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured as a result of employee resignations and retirements. For members of the Virginia Retirement System (VRS), the unused sick leave is forfeited at termination.

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 their retiree health insurance subsidy.

***(k) Long-term Obligations***

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable government activities, business-type activities, or proprietary fund type Statement of Net Position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

***(l) Fund Balance/Net Position***

The net position in government-wide and proprietary fund financial statements is classified as net investment in capital assets, restricted, and unrestricted. Restricted net position represents constraints on resources that are either externally imposed by creditors, grantors, contributors, laws and regulations of other governments or imposed by law through State statute. In the fiduciary fund financial statements, net position of the Pension & Other Postemployment Benefits Trust Funds are held in trust for the payment of retiree pension, health and life insurance benefits. Additionally, net position of the Line of Duty Act Fund is held in trust for the payment of benefits (health, dental and vision) to employees disabled in the line of duty or surviving beneficiaries of employees killed in the line of duty.

**City of Newport News, Virginia**  
**Notes to the Financial Statements**  
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Fund balances are reported according to the following classifications:

*Nonspendable fund balance* – Consists of amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. This classification includes inventories, prepaid amounts, assets held for resale, long-term receivables, and the principal portion of permanent funds.

*Restricted fund balance* – Consists of amounts that are restricted to specific purposes and externally imposed by creditors or imposed by law.

*Committed fund balance* – Consists of amounts that can only be used for specific purposes as determined by the City's highest level of decision-making authority, City Council, and is imposed by formal action (ordinance). The City's policy is that formal council action is required to establish or rescind a committed fund balance.

*Assigned fund balance* – Consists of amounts which the City intends to use for specific purposes, but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the General Fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the General Fund, assigned amounts represent intended uses established by City Council's delegation of this authority to the City Manager in the annual operating budget ordinance.

*Unassigned fund balance* – This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the General Fund. Positive unassigned fund balances are only reported in the General Fund. However, in governmental funds other than the General Fund, expenditures incurred for a specific purpose might exceed the amount restricted, committed or assigned to that purpose, and a negative residual amount for that purpose may result. If that occurs, any negative residual is offset to the extent of any other assigned amounts in that fund, and any remaining negative residual amount is classified as a negative unassigned fund balance in the applicable governmental fund.

City Council has adopted a minimum fund balance policy which states that the General Fund's unassigned fund balance shall not be less than 7.5% of the actual General Fund revenues. For fiscal year 2025, the General Fund's unassigned fund balance is 19.0% of revenues, exceeding the policy threshold of 7.5%.

The City does not have a policy for the use of its unrestricted fund balance amounts, but in practice committed amounts are reduced first, followed by assigned amounts, then unassigned amounts when expenditures are incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used.

**City of Newport News, Virginia**  
**Notes to the Financial Statements**  
**June 30, 2025**

Details of the fund balance classifications of the Governmental funds at June 30, 2025 are as follows:

Function/Purpose	Nonspendable	Restricted	Committed	Assigned	Unassigned
<b>General Fund:</b>					
Inventories	\$ 1,000,510	-	-	-	-
Principal of a permanent fund	2,546,504	-	-	-	-
Prepaid assets, deposits, and long-term receivables	480,589	-	-	-	-
Private donations	-	461,083	-	-	-
General government:					
Administration	-	-	-	6,766,349	-
Self insured activities	-	-	-	24,557,101	-
Specific projects	-	-	-	44,000,000	-
Judicial administration	-	-	-	907	-
Public safety	-	-	-	534,706	-
Public works	-	613,622	-	669,296	-
Health and welfare	-	-	-	89,436	-
Parks, recreation, and cultural	-	-	-	384,447	-
Community development	-	-	-	16,910	-
Unassigned	-	-	-	-	125,714,085
Total General Fund	<u>\$ 4,027,603</u>	<u>1,074,705</u>	<u>-</u>	<u>77,019,152</u>	<u>125,714,085</u>
<b>Other funds:</b>					
Debt service:					
Future debt service	\$ -	-	14,867,327	-	-
Bond:					
Buildings	-	92,850,896	-	-	-
Community development	-	16,376,052	-	-	-
Parks, recreation, and cultural	-	4,236,583	-	-	-
Streets and bridges	-	3,019,328	-	-	-
Sanitary sewer/solid waste	-	4,241,949	-	-	-
Stormwater	-	11,035,764	-	-	-
Future capital projects	-	(114,209,643)	-	-	-
Capital projects:					
Federal and state grants	-	1,646,216	-	-	-
General capital improvements:					
Long-term receivables	4,200,321	-	-	-	-
Economic development	-	-	4,811,278	-	-
Equipment	-	2,557,606	10,657,579	-	-
Parks, recreation, and cultural	-	-	663,465	-	-
Buildings	-	-	3,260,953	-	-
Streets and bridges	-	-	6,033,431	-	-
Future capital projects	-	-	114,430,482	-	-
Other federal and state:					
Long-term receivables	76,899	-	-	-	-
Federal and state grants	-	5,457,773	-	-	-
Nonmajor governmental:					
Economic development	152,975	-	5,211,511	-	-
Law library	-	-	37,300	-	-
Criminal Justice Academy	-	-	76,077	-	-
Health and welfare	-	1,920,087	-	-	-
Parks, recreation, and cultural	21,104	76,409	-	-	(211,218)
Wastewater	-	28,059,615	-	-	-
Solid waste	-	7,714,772	-	-	-
Stormwater	-	24,817,765	-	-	-
Canteen	-	1,729,975	-	-	-
Total other funds	<u>\$ 4,451,299</u>	<u>91,531,147</u>	<u>160,049,403</u>	<u>-</u>	<u>(211,218)</u>
Total fund balance	<u>\$ 8,478,902</u>	<u>92,605,852</u>	<u>160,049,403</u>	<u>77,019,152</u>	<u>125,502,867</u>

**City of Newport News, Virginia**  
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Net position is comprised of three categories: (1) net investment in capital assets; (2) restricted; and (3) unrestricted. The first component of net position consists of capital assets, net of accumulated depreciation or amortization, reduced by the outstanding balances of bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. The restricted component of net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Restricted reflects the assets whose use is restricted by outside parties or legal constraints. The unrestricted component of net position consists of the net amount of assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component of net position.

Restricted net position on the government-wide Statement of Net Position is composed of the following funds:

	Governmental Activities
<b>General Activities:</b>	
Public Works	\$ 613,622
Private Donation Restrictions (Nonexpendable)	2,546,504
Private Donation Restrictions (Expendable)	461,083
Net Pension Asset	21,262,180
<b>Other Activities:</b>	
Canteen	1,729,975
Animal Shelter	76,409
Comprehensive Services Act	1,920,087
Grants & Awards	8,693,889
Capital Projects	1,646,216
General Capital Improvements	2,557,606
Stormwater, Solid Waste ,Wastewater	62,123,799
Total Restricted Net Position	\$ 103,631,370

***(m) Encumbrances***

The City employs encumbrance accounting under which obligations in the form of purchase orders, contracts and other commitments for the expenditure of funds are reported as committed or assigned fund balance, since they do not constitute expenditures or 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.

***(n) Deferred Outflows and Inflows of Resources***

Deferred outflows of resources represent a consumption of net assets applicable to future periods and so will not be recognized as an expense or expenditure until then. Deferred outflows of resources include amounts by which the principal and premium of a refunding bond exceed the net carrying amount of the refunded debt, being amortized over the remaining life of the refunded debt. Deferred outflows for pensions and OPEB (including LOD) result from employer contributions to the retirement plans made after the measurement date, net differences between projected and actual earnings on plan investments, changes in proportionate share, differences between expected and actual experience and changes in assumptions. Changes in actuarial assumptions are deferred and amortized over the remaining service life of all participants and investment experience amounts are deferred and amortized over a closed five-year period.

Deferred inflows of resources represent an acquisition of net assets that applies to future periods and so will not be recognized as an inflow of resources (revenue) until that time. The City has several items that qualify under this classification, which arise under a modified accrual basis of accounting. Accordingly, unavailable revenue and property taxes collected in advance are reported in the governmental funds' Balance Sheet. These amounts are deferred to be recognized as an inflow of resources in the period when the amounts become available. Deferred inflows for pensions and OPEB (including LOD) may result from changes in actuarial assumptions, differences between the expected and actual experience, pension investment returns that exceed projected earnings and changes in proportionate share. Changes in actuarial assumptions are deferred and amortized over the remaining service life of all participants and investment experience amounts are deferred and amortized over a closed five-year period.

**City of Newport News, Virginia**  
**Notes to the Financial Statements**  
**June 30, 2025**

**(o) Leases**

**Lessee**

The City engages in various lease agreements throughout the year in which it is the lessee. The City recognizes a lease liability and an intangible right-to-use lease asset (lease asset) in the government-wide financial statements and other full-accrual basis financial statements presented herein to account for these leases.

At the commencement of a lease, the City initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life.

Key estimates and judgments related to lessee leases include how the City determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) the lease term, and (3) the lease payments.

- The City uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the City generally uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and the exercise price of any purchase options that the City is reasonably certain to exercise.

The City monitors changes in circumstances that would require a remeasurement of its leases and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

Lease assets are reported with capital assets and lease liabilities are reported with long-term debt on the statement of net position.

**Lessor**

The City engages in various lease agreements throughout the year in which it is the lessor. The City recognizes a lease receivable and a deferred inflow of resources in the government-wide financial statements, as well as in other full- and modified-accrual basis financial statements presented herein to account for these leases.

At the commencement of a lease, the City initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

Key estimates and judgments related to lessor leases include how the City determines (1) the discount rate it uses to discount the expected lease receipts to present value, (2) the lease term, and (3) the lease receipts.

- The City uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease. Lease receipts included in the measurement of the lease receivable are composed of fixed payments from the lessee.

The City monitors changes in circumstances that would require a remeasurement of its leases and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

**City of Newport News, Virginia**  
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**June 30, 2025**

***(p) Subscription-Based Information Technology Arrangements***

The City engages in various subscription-based information technology arrangements. The City recognizes a subscription liability and an intangible right-to-use subscription asset (subscription asset) in the government-wide financial statements and other full-accrual basis financial statements presented herein to account for these subscriptions.

At the commencement of a subscription agreement, the City initially measures the subscription liability at the present value of payments expected to be made during the subscription term. Subsequently, the subscription liability is reduced by the principal portion of subscription payments made. The subscription asset is initially measured as the initial amount of the subscription liability, adjusted for payments associated with the subscription contract made to the subscription vendor at the commencement of the subscription term, plus certain capitalizable initial implementation costs. Subsequently, the subscription asset is amortized on a straight-line basis over its useful life.

Key estimates and judgments related to subscription assets and liabilities include how the City determines (1) the discount rate it uses to discount the expected subscription payments to present value, (2) the subscription term, and (3) the subscription payments.

- The City uses the interest rate charged by the subscription vendor as the discount rate. When the interest rate charged by the subscription vendor is not provided, the City generally uses its estimated incremental borrowing rate as the discount rate for subscriptions.
- The subscription term includes the noncancellable period of the subscription. Subscription payments included in the measurement of the subscription liability are composed of fixed payments, variable payments that are fixed in substance, and certain variable payments which depend on an index or rate (such as the Consumer Price Index or a market interest rate), measured using the index or rate as of the commencement of the subscription term.

The City monitors changes in circumstances that would require a remeasurement of its subscriptions and will remeasure the subscription asset and liability if certain changes occur that are expected to significantly affect the amount of the subscription liability.

Subscription assets are reported with capital assets and subscription liabilities are reported with long-term debt on the statement of net position.

**City of Newport News, Virginia**  
**Notes to the Financial Statements**  
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**(q) Adjustments and Restatements of Beginning Balances**

**GASB 101: Compensated Absences**

During the current year, the City implemented GASB Statement No. 101, Compensated Absences. In addition to the value of unused vacation time owed to employees upon separation of employment, the City now recognizes an estimated amount of sick leave earned as of year-end that will be used by employees as time off in future years as part of the liability for compensated absences. The effects of the change in accounting principle are summarized below in the "Restatement - GASB 101 implementation" column in the table below.

**Error Correction**

During the year ended June 30, 2025, the City identified an error in prior years' financial statements related to the estimation of claims liability for self-insured employee benefits. Specifically, the City over-accrued claims liability, which resulted in an overstatement of liabilities and an overstatement of expenditures/expenses in prior years. The effects of the error correction are summarized below in the "Restatement - error correction" column in the table below.

	Net position/fund balance 6/30/2024, as previously reported	Restatement - GASB 101 implementation	Restatement - error correction	Net position/fund balance 6/30/2024, as restated
<b>Government-Wide</b>				
Governmental Activities	\$ 675,190,113	(17,928,219)	16,111,542	673,373,436
Business-Type Activities	462,143,946	(1,504,909)	-	460,639,037
<b>Total Primary Government</b>	<u>1,137,334,059</u>	<u>(19,433,128)</u>	<u>16,111,542</u>	<u>1,134,012,473</u>
<b>Governmental Funds</b>				
General Fund	<u>181,331,268</u>	<u>-</u>	<u>16,111,542</u>	<u>197,442,810</u>
<b>Proprietary Funds</b>				
Public Utility	462,143,946	(1,504,909)	-	460,639,037
Internal Service Fund	48,395,172	(515,920)	-	47,879,252
<b>Total Proprietary Funds</b>	<u>510,539,118</u>	<u>(2,020,829)</u>	<u>-</u>	<u>508,518,289</u>
<b>Discretely Presented Component Units</b>				
Public Schools	(52,201,234)	(12,655,964)	-	(64,857,198)
Peninsula Airport Commission	72,135,721	-	-	72,135,721
Economic and Industrial Development Authorities	<u>159,803,030</u>	<u>(45,021)</u>	<u>-</u>	<u>159,758,009</u>
<b>Total Discretely Presented         Component Units</b>	<u>179,737,517</u>	<u>(12,700,985)</u>	<u>-</u>	<u>167,036,532</u>

**City of Newport News, Virginia**  
**Notes to the Financial Statements**  
**June 30, 2025**

**(2) Deposits and Investments**

***Deposits***

All cash of the City is maintained in accounts collateralized in accordance with the Virginia Security for Public Deposits Act (the Act), Section 2.2-4400 et. Seq. of the *Code of Virginia* or covered by federal depository insurance. Under the Act, banks holding public deposits in excess of the amounts insured by the FDIC must pledge collateral of 50% of the excess deposits to a collateral pool in the name of the State Treasury Board. Savings and loan institutions are required to collateralize 100% of deposits in excess of the FDIC limits and are considered insured. The State Treasury Board is responsible for monitoring compliance with the collateralization and reporting requirements of the Act and for notifying local governments of compliance by banks and savings and loans.

To increase returns and minimize fees, the City follows the practice of pooling cash and investments of all funds held with the City Treasurer except for certain restricted funds requiring separate tracking or held by outside custodians. Cash and investments as of June 30, 2025 are classified in the accompanying financial statements, except for Pension and OPEB Funds' as follows:

	<u>Carrying amount</u>
<b>Cash and deposits:</b>	
Cash on hand	\$ 567,527
Deposits with banks	127,085,026
Total cash and deposits	127,652,553
<b>Investments:</b>	
Local Government Investment Pool (LGIP)	558,602,020
Commonwealth cash reserve	4,281,684
Virginia State Non-Arbitrage Pool (VA SNAP)	83,913,992
IDA escrow funds	456,884
Total investments	647,254,580
Total deposits and investments	\$ 774,907,133

Cash and investments as of June 30, 2025 are classified in the accompanying financial statements, except for Pension and OPEB Funds, as follows:

	<u>June 30, 2025</u>
<b>Statements of Net Position:</b>	
<b>Primary Government:</b>	
Cash and cash equivalents	\$ 543,374,324
Restricted cash	72,952,686
<b>Component units:</b>	
Cash and cash equivalents	105,092,534
Restricted cash	38,596,752
<b>Fiduciary funds:</b>	
Cash and cash equivalents - Line of Duty Act Fund	528,772
Cash and cash equivalents - Custodial Funds	14,362,065
Total cash and investments	\$ 774,907,133

**City of Newport News, Virginia**  
**Notes to the Financial Statements**  
**June 30, 2025**

**Investment Policy**

In accordance with the *Code of Virginia* and other applicable law, including regulations, the City Investment Policy (Policy) permits investments in obligations of the United States or agencies thereof, obligations of the Commonwealth of Virginia or political subdivision thereof, obligations of the International Bank for Reconstructions and Development (World Bank), the Asian Development Bank, the African Development Bank, “prime quality” commercial paper and certain corporate notes, bankers’ acceptances, repurchase agreements, the LGIP, a 2a-7 like pool, the VA SNAP or similar fund, open-end mutual funds (provided the funds are registered under the Security Act of Virginia or the Federal Investment Act of 1940), and negotiable certifications of deposits and negotiable bank deposit notes of domestic banks and domestic offices of foreign banks with a rating of at least A-1/P-1.

The City Policy prohibits any other security not specifically authorized in the policy. No investment shall be purchased if the yield is less than that of the most recently auctioned issue of the United States Treasury of a similar term. At no time shall more than 35% of the portfolio be invested in commercial paper. No more than five percent of the portfolio shall be invested in the commercial paper of a single-entity. At no time shall an investment bear a maturity date greater than thirty-six (36) months from date of purchase. The City’s Policy does not set a limit on the amount that may be invested in any single Federal Agency issuer or in any obligation of the United States. However, the Treasurer shall endeavor to maintain an appropriate diversification in the portfolio. The Treasurer shall avoid an excessive concentration in any type of investment and excessive number of investment transactions with any financial institution or broker/dealer.

**Interest Rate Risk:** As a means of limiting exposure to fair value losses arising from rising interest rates, investment maturity is managed to precede or coincide with the expected need of funds. The City’s Policy limits the investment of operating funds to investments with a stated maturity of no more than thirty-six (36) months from the date of purchase. Purchases of securities are laddered with staggered maturity dates. Proceeds from the sale of bonds must be invested in compliance with the specific requirements of the bond covenants and may be invested in securities with longer maturities. As of June 30, 2025, the carrying value and weighted average maturity of the City’s investments are listed in the chart that follows.

**Custodial Credit Risk – Deposits:** The City’s deposits at June 30, 2025 were fully insured or collateralized by securities held in the name of the City by the City’s custodial banks.

**Custodial Credit Risk – Investments:** The policy requires that all securities purchased for the City shall be held by the City Treasurer or by the City Treasurer’s designated third party custodian. If held by a custodian, the securities must be in the City’s or in the custodian’s nominee name and identifiable on the custodian’s books as belonging to the City and the custodian must be a third party, not a counter-party (buyer or seller).

**Credit Risk of Debt Securities of Primary Government:** The City’s rated debt investments as of June 30, 2025, were rated by Standard & Poors and Moody. The ratings are presented below using the Standard & Poors rating scale. The School Board, E/IDA and PAC, component units, are pooled with the City and not separately identified.

Assets held by the Treasurer	Fair value	Credit rating	Weighted average maturity (years)
LGIP	\$ 529,542,674	AAAm	0.10
LGIP extended maturity	29,059,346	AAAf/S1+	0.90
Commonwealth cash reserve (AIM) - underlying:			
U.S. Treasury, agencies and/or corporate bonds	77,269	AA-	2.02
U.S. Treasury, agencies and/or corporate bonds	3,872,726	AA+	1.91
U.S. Treasury, agencies and/or corporate bonds	50,373	AA	0.80
U.S. Treasury, agencies and/or corporate bonds	61,715	AAA	2.03
Money market	21,470	AAAm	0.11
Money market	198,131	AAAm	0.11
SNAP	<u>83,913,992</u>	AAAm	0.11
Total investments	<u>\$ 646,797,696</u>		

**City of Newport News, Virginia**  
**Notes to the Financial Statements**  
**June 30, 2025**

**Fair Value Hierarchy**

The City categorizes its fair value measurements within the fair value hierarchy within GAAP, based on the valuation inputs used to measure fair value of the assets, with Level 1 inputs being quoted prices in an active market for identical assets; Level 2 inputs being significant other observable inputs; and Level 3 inputs being significant unobservable inputs (the City does not value any of its investments using level 3 inputs).

The following is a summary of the fair value hierarchy of the fair value of investments of the City as of June 30, 2025.

	June 30, 2025	<u>Fair value measurements using</u>	
		Quoted prices in active markets for identical assets (Level 1)	Quoted prices in active markets for identical assets (Level 2)
Investments by fair value level			
U.S. Treasury securities	\$ 3,623,311	\$ -	\$ 3,623,311
U.S. corporate bonds	248,933	-	248,933
Money market funds	219,601	219,601	-
Collateralized mortgage obligations	189,839	-	189,839
Total at fair value	<u>4,281,684</u>	<u>219,601</u>	<u>4,062,083</u>
Investments measured at NAV			
SNAP	<u>83,913,992</u>		
Total investments at NAV	<u>83,913,992</u>		
Investments measured at amortized cost			
LGIP	529,542,674		
LGIP extended maturity	<u>29,059,346</u>		
Total at amortized cost	<u>558,602,020</u>		
Total	<u>\$ 646,797,696</u>		

**City of Newport News, Virginia**  
**Notes to the Financial Statements**  
**June 30, 2025**

**Deposits of Pension and Other Postemployment Benefits Funds**

At year-end, the Pension and OPEB Funds' cash and investment balances were as follows:

	<u>Carrying amount</u>
<b>Cash and deposits:</b>	
Deposits with banks	\$ 1,567,100
Deposits with banks - repurchase agreements	6,709,155
Pension Trust fund money markets	9,116,094
Total cash and deposits	17,392,349
<b>Investments:</b>	
Debt securities	98,124,744
Equity investments	350,303,059
Private equities	55,491,570
Bond mutual fund	167,281,281
Commingled equity fund	394,937,183
Real assets	124,895,952
Total investments	1,191,033,789
Total deposits and investments	\$ 1,208,426,138

The Pension and OPEB funds' cash and investments as of June 30, 2025, are classified in the accompanying financial statements as follows:

Cash and cash equivalents	\$ 8,276,255
Cash and cash equivalents with trustee	9,116,094
<b>Investments:</b>	
Debt securities	98,124,744
Equity investments	350,303,059
Private equities	55,491,570
Bond mutual fund	167,281,281
Commingled equity fund	394,937,183
Real assets	124,895,952
Total deposits and investments	\$ 1,208,426,138

**Fair Value Hierarchy**

The Pension Fund categorizes its fair value measurements within the fair value hierarchy. The hierarchy is based on the valuation inputs used to measure the fair value of the asset and give the highest level to quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to significant unobservable inputs (level 3 measurements).

**City of Newport News, Virginia**  
**Notes to the Financial Statements**  
**June 30, 2025**

The Pension Plan has the following recurring fair value measurements as of June 30, 2025:

Investments measured at fair value - Pension Fund

Investments by fair value level	Fair value at 6/30/2025	Fair value measurements using	
		Quoted prices in active markets for identical assets Level 1	Significant other observable inputs Level 2
<b>Debt securities:</b>			
Collateralized mortgage obligations	\$ 13,812,592	-	13,812,592
Corporate bonds	50,069,396	-	50,069,396
U.S. Treasury securities	26,605,416	-	26,605,416
Total debt securities	90,487,404	-	90,487,404
<b>Equity securities:</b>			
Consumer goods	67,232,048	67,232,048	-
Energy	7,861,867	7,861,867	-
Financials	53,545,278	53,545,278	-
Health care	24,257,812	24,257,812	-
Industrials	54,432,785	54,432,785	-
Information technology	72,072,450	72,072,450	-
Materials	8,615,409	8,615,409	-
Real estate investment trusts	4,358,380	4,358,380	-
Telecommunication services	21,396,641	21,396,641	-
Utilities	1,803,680	1,803,680	-
Total equity securities	315,576,350	315,576,350	-
Total investments at fair value level	406,063,754	315,576,350	90,487,404
<b>Investments measured at the net asset value (NAV)</b>			
<b>Debt investments:</b>			
Bond mutual fund	155,924,152		
Total debt investments	155,924,152		
<b>Equity investments:</b>			
Commingled international equity fund	338,919,319		
Commingled domestic equity fund	52,426,840		
Total equity investments	391,346,159		
Private equity - private equity partnerships	55,491,570		
<b>Real assets:</b>			
Core infrastructure	50,751,516		
Real estate	54,172,917		
Timber	19,971,519		
Total real assets	124,895,952		
Total investments measured at the NAV	727,657,833		
Total investments at fair value	1,133,721,587		
<b>Cash equivalents and short-term investments measured at the amortized cost</b>			
U.S. Treasury money market	8,914,961		
Total investments measured at amortized cost	8,914,961		
Total investments	\$ 1,142,636,548		

**City of Newport News, Virginia**  
**Notes to the Financial Statements**  
**June 30, 2025**

Investments measured at fair value - OPEB

	<u>Fair value at 6/30/2025</u>	<u>Fair value measurements using Quoted prices in active markets for identical assets Level 1</u>
Investments by fair value level		
<b>Equity securities:</b>		
Mutual funds	\$ 53,721,178	\$ 53,721,178
Total equity securities	<u>53,721,178</u>	<u>53,721,178</u>
Total investments at fair value level	<u>53,721,178</u>	<u>53,721,178</u>
<b>Investments measured at the NAV</b>		
<b>Equity investments:</b>		
Commingled international equity fund	<u>3,591,024</u>	
Total equity investments	<u>3,591,024</u>	
Total investments measured at the NAV	<u>3,591,024</u>	
Total investments measured at fair value	<u>57,312,202</u>	
<b>Cash equivalents and short-term investments measured at the amortized cost</b>		
U.S. Treasury money market	<u>201,133</u>	
Total investments measured at amortized cost	<u>201,133</u>	
Total investments	<u>\$ 57,513,335</u>	

Investments measured at fair value - Line of Duty Act

	<u>Fair value at 6/30/2025</u>	<u>Fair value measurements using Quoted prices in active markets for identical assets Level 1</u>
Investments by fair value level		
<b>Equity securities:</b>		
Mutual funds	\$ 3,403,867	\$ 3,403,867
Total equity securities	<u>3,403,867</u>	<u>3,403,867</u>
Total investments at fair value level	<u>3,403,867</u>	<u>3,403,867</u>
Total investments measured at fair value	<u>3,403,867</u>	
<b>Cash equivalents and short-term investments measured at the amortized cost</b>		
U.S. Treasury money market	<u>523,921</u>	
Total investments measured at amortized costs	<u>523,921</u>	
Total investments	<u>\$ 3,927,788</u>	

**City of Newport News, Virginia**  
**Notes to the Financial Statements**  
**June 30, 2025**

Debt and equity securities classified as Level 1 fair value are valued using prices quoted in active markets for those securities. Debt securities classified as Level 2 fair value are valued using a matrix pricing technique. Collateralized mortgage obligations and mortgage pass-through are typically valued using consensus pricing.

Private equity funds – international are valued as described in the following schedule, Note 2.

The valuation method for investments measured at the NAV per share (or its equivalent) is presented in the following table:

Investments measured at the NAV - Pension

	NAV at 6/30/2025	Unfunded commitments	Redemption frequency (if currently eligible)	Redemption notice period
<b>Debt investments:</b>				
Bond mutual fund <sup>(1)</sup>	\$ 155,924,152	-	Daily, Monthly	3-30 days
Total debt investments	<u>155,924,152</u>	<u>-</u>		
<b>Equity investments:</b>				
Commingled international equity fund <sup>(2)</sup>	338,919,319	-	Daily, Monthly	3-30 days
Commingled domestic equity fund <sup>(3)</sup>	52,426,840	-	Daily, Monthly	3-30 days
Total equity investments	<u>391,346,159</u>	<u>-</u>		
Private equity - private equity partnerships <sup>(4)</sup>	55,491,570	76,347,323	Not eligible	N/A
<b>Real assets:</b>				
Core infrastructure <sup>(5)</sup>	50,751,516	7,726,899	Quarterly	3 months
Real estate <sup>(5)</sup>	54,172,917	16,604,155	Quarterly	3 months
Timber <sup>(5)</sup>	19,971,519	-	Quarterly	N/A
Total real assets	<u>124,895,952</u>	<u>24,331,054</u>		
Total investments measured at the NAV	<u>\$ 727,657,833</u>	<u>100,678,377</u>		

Investments measured at the NAV - OPEB

	NAV at 6/30/2025	Unfunded commitments	Redemption frequency (if currently eligible)	Redemption notice period
<b>Equity investments:</b>				
Commingled international equity fund <sup>(2)</sup>	\$ 3,591,024	-	Daily, Monthly	3-30 days
Total equity investments:	<u>3,591,024</u>	<u>-</u>		
Total investments measured at the NAV	<u>\$ 3,591,024</u>	<u>-</u>		

**City of Newport News, Virginia**  
**Notes to the Financial Statements**  
**June 30, 2025**

1. *Bond Mutual Fund.* This type consists of two investment fund(s) with an investment objective to track the performance of the Barclays U.S. Aggregate Bond Index over the long term. The fair value of the investment(s) in this type has been determined using the NAV per share of the investment(s).
2. *Commingled International Equity Fund.* This type consists of four investment fund(s) that invest(s) in international equities diversified across all sectors. The fair value of the investment(s) in this type has been determined using the NAV per share of the investment(s).
3. *Commingled Domestic Equity Fund.* This type consists of three investment fund(s) that invest(s) in domestic equities diversified across all sectors. The fair value of the investment(s) in this type has been determined using the NAV per share of the investment(s).
4. *Private equity funds.* This asset class includes investments in three fund of fund vehicle(s) and a number of direct investments. As limited partners, NNERF has indirect ownership in private companies through the asset managers. These investment(s) have a ten to twelve year time horizon and cannot be redeemed at NNERF's discretion during that period. Distributions from each of these asset(s) will be delivered to NNERF periodically as revenue is generated and/or the underlying investments of the fund(s) are sold. It is probable that the investment(s) of this type will be sold at NAV.
5. *Real assets.* This asset class includes investments in core infrastructure, real estate and timber. Core infrastructure includes three commingled fund(s) that invest(s) in tangible infrastructure assets globally. Real estate includes four commingled real estate fund(s) that invest(s) primarily in U.S. commercial real estate. Timber includes two commingled fund(s) which invest(s) in timber-related resources. The fair value of investment(s) of this type are determined using NAV per share (or its equivalent) of NNERF's ownership interest in partners' capital. The NAV is based on the fair value of the underlying asset(s), determined by an appraisal process using independent appraisers. These investment(s) have an inherent time-horizon, and cannot be redeemed at NNERF's discretion during that period. Distributions from each of these asset(s) will be delivered to NNERF periodically as revenue is generated and/or the underlying investments of the fund(s) are sold.

***Investment Policy of the Pension and OPEB Funds***

The Pension and OPEB Funds' investments are subject to restrictions placed by policies of City Council and the Retirement Board. The Funds invest in obligations of the U.S. or its agencies, approved money market funds, other banks, and savings and loan associations. The Funds are also authorized to invest in fixed income securities, domestic and international equities, private debt, Real Estate Investment Trusts (REITs), private equity, private real estate, and diversifying assets. Decisions as to individual security selection, security size and quality, number of industries and holdings, current income levels, turnover, and other tools employed by active managers are left to the managers' discretion, subject to the standards of fiduciary prudence, as set out in the respective manager's Investment Management Agreement.

***Credit Risk of Pension and OPEB Funds***

Generally credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. The policy for the Fund has strict control on credit quality. Corporate bonds must be rated "A" or higher by two out of three nationally known security rating agencies. Split rated securities are treated as the highest of the ratings unless the lowest grade is below "Baa3/BBB-" or equivalent. Securities with a credit rating below "Baa3/BBB-" or equivalent by at least two of the three major credit rating agencies (Fitch, Standard & Poor's, and Moody's) are not permitted. The credit risk profile for the Pension and OPEB Funds' securities by investment type, as of June 30, 2025, is as follows:

**City of Newport News, Virginia**  
**Notes to the Financial Statements**  
**June 30, 2025**

Investment types	Pension - S & P's ratings as of June 30, 2025								
	Total	AAA	AA	A	BBB	BB	B	C	Not rated
Core infrastructure	\$ 50,751,516	-	-	-	-	-	-	-	50,751,516
Corporate bonds	50,069,396	245,740	5,105,685	35,845,634	8,872,337	-	-	-	-
Ltd partner units	55,491,570	-	-	-	-	-	-	-	55,491,570
Mortgage-backed	13,812,592	6,551,840	-	2,818,388	-	-	-	-	4,442,364
Mutual funds	547,270,311	-	-	-	-	-	-	-	547,270,311
Real estate	54,172,917	-	-	-	-	-	-	-	54,172,917
Short-term	8,914,961	-	-	-	-	-	-	-	8,914,961
Timber	19,971,519	-	-	-	-	-	-	-	19,971,519
U.S. Treasury	26,605,416	-	-	-	-	-	-	-	26,605,416
Non-fixed assets	315,576,350	-	-	-	-	-	-	-	315,576,350
<b>Total</b>	<b>\$ 1,142,636,548</b>	<b>6,797,580</b>	<b>5,105,685</b>	<b>38,664,022</b>	<b>8,872,337</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,083,196,924</b>

Investment types	OPEB - S & P's ratings as of June 30, 2025								
	Total	AAA	AA	A	BBB	BB	B	C	Not rated
Foreign currency	\$ 6,889,402	-	-	-	-	-	-	-	6,889,402
Mutual funds	50,422,800	-	-	-	-	-	-	-	50,422,800
Short-term	201,133	-	-	-	-	-	-	-	201,133
<b>Total</b>	<b>\$ 57,513,335</b>	<b>-</b>	<b>57,513,335</b>						

**Concentration of Credit Risk - Pension and OPEB Funds**

This is the risk of loss that may be attributed to the magnitude of a government's investment in a single issue. Accordingly, neither the Pension Fund or OPEB hold any investments in excess of 5% exposure.

**Custodial Risk - Pension and OPEB Funds**

The policy requires that all securities purchased for the Plans shall be held by the City Treasurer or by the designated third-party custodian. If held by a custodian, the securities must be in the City's or in the custodian's nominee name. The custodian holds investment securities in the Fund's name. Accordingly, the Fund is not exposed to custodial credit risk.

**Foreign Currency Risk - Pension and OPEB Funds**

The Plans do not have a formal policy to limit foreign currency risk. Risk of loss arises from changes in currency exchange rates. The Pension and OPEB Funds' exposure to foreign currency risk is none to minimal.

**Interest Risk - Pension and OPEB Funds**

The Plan's investment policy does not address investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates or higher inflation. The investment policy defines the investment objectives for both the passive and actively managed segments of the fixed income portfolio. The objective of the passive segment is to replicate the return of the Barclays Aggregate Bond Index. The objective of the actively managed fixed income portfolio is to outperform the Bloomberg Barclays 1-3 year government/corporate index. The fair value of the Plan's fixed income portfolio consisted of the following investments and maturities as of June 30, 2025:

Investment type	Fair value	<1 year	1-3	4-5	5-10
U.S. government	\$ 26,605,416	6,902,326	14,153,480	5,549,610	-
Corporate bonds	52,887,783	10,234,594	29,326,872	10,175,979	3,150,338
Mortgage	10,994,205	6,829,263	3,232,986	-	931,956
<b>Total</b>	<b>\$ 90,487,404</b>	<b>23,966,183</b>	<b>46,713,338</b>	<b>15,725,589</b>	<b>4,082,294</b>

**City of Newport News, Virginia**  
**Notes to the Financial Statements**  
**June 30, 2025**

**(3) Accounts Receivable**

Net accounts receivable in the Statement of Net Position are as follows:

	Governmental activities	Business-type activities
<b>Taxes receivable:</b>		
Real estate	\$ 13,240,943	-
Personal property	16,393,575	-
Total taxes receivable, net	<u>29,634,518</u>	<u>-</u>
Accounts receivable	<u>26,126,322</u>	<u>11,444,348</u>
Total receivables, net	<u>\$ 55,760,840</u>	<u>11,444,348</u>

Accounts receivable and receivables from other governments as of year-end for the City's individual major funds, nonmajor and custodial funds, in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	General	Capital projects other federal and state	General capital improvements	Other federal and state	Public utility	Custodial funds	Internal service fund	Nonmajor governmental funds	Total
<b>Receivables:</b>									
Taxes	\$ 41,174,660	-	-	-	-	-	-	-	41,174,660
Accounts	7,680,995	-	12,613,025	3,339,154	13,606,468	5,668,352	85,980	5,786,306	48,780,280
Intergovernmental:									
Federal	1,863,887	1,882,849	-	2,044,943	2,202,291	-	46,599	-	7,993,970
State	15,405,352	2,289,447	-	299,907	313,805	-	-	4,125,358	22,433,869
Local	-	-	-	-	-	-	-	164,366	164,366
Gross receivables	66,124,894	4,172,296	12,613,025	5,684,004	16,122,564	5,668,352	132,579	10,076,030	120,547,145
Less allowance for doubtful accounts	<u>(12,853,578)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(2,162,120)</u>	<u>(1,055,769)</u>	<u>-</u>	<u>(2,065,702)</u>	<u>(18,137,169)</u>
Net total receivables	<u>\$ 53,271,316</u>	<u>4,172,296</u>	<u>12,613,025</u>	<u>5,684,004</u>	<u>13,960,444</u>	<u>4,612,583</u>	<u>132,579</u>	<u>8,010,328</u>	<u>102,409,976</u>

In the governmental funds, unavailable revenues consist of revenues that are measurable, but not available for use during the current period. Property taxes receivable at June 30, but not collected within 45 days after that date are reported as deferred inflows of resources in the financial statements. At the end of the current fiscal year, unavailable revenue of approximately \$0.4 million was reported in the governmental nonmajor funds related to stormwater fees, approximately \$0.4 million was related to solid waste fees, and approximately \$0.8 million was related to waste water fees. The General Fund had unavailable revenues of approximately \$22.1 million related to property taxes, approximately \$0.4 million related to emergency medical billing, and approximately \$0.2 million related to other receivables. The Other Federal and State fund had unavailable revenues of \$3.2 million related to opioid settlement funds.

**City of Newport News, Virginia**  
**Notes to the Financial Statements**  
**June 30, 2025**

**(4) Capital Assets, Net**

Capital asset activity for the year ended June 30, 2025 was as follows:

**Primary Government**

	Balance July 1, 2024	Increases	Decreases	Balance June 30, 2025
<b>Governmental activities:</b>				
<b>Capital assets, not being depreciated or amortized:</b>				
Land	\$ 90,068,134	463,574	4,772,761	85,758,947
Construction in progress	149,381,336	93,797,166	93,688,126	149,490,376
Total capital assets, not being depreciated or amortized	<u>239,449,470</u>	<u>94,260,740</u>	<u>98,460,887</u>	<u>235,249,323</u>
<b>Capital assets, being depreciated or amortized:</b>				
Buildings	333,106,850	48,566,202	-	381,673,052
Improvements	196,045,415	3,065,710	2,085,141	197,025,984
Machinery and equipment	173,613,643	14,929,792	7,193,076	181,350,359
Infrastructure	789,372,755	38,333,050	-	827,705,805
Lease right to use asset	31,361,283	1,489,606	1,536,451	31,314,438
Subscription right to use asset	11,971,292	2,470,337	580,448	13,861,181
Total capital assets, being depreciated or amortized	<u>1,535,471,238</u>	<u>108,854,697</u>	<u>11,395,116</u>	<u>1,632,930,819</u>
<b>Less accumulated depreciation / amortization for:</b>				
Buildings	126,452,455	6,809,572	-	133,262,027
Improvements	112,823,540	5,187,893	1,919,811	116,091,622
Machinery and equipment	120,316,476	11,456,301	7,081,624	124,691,153
Infrastructure	445,053,119	15,611,218	-	460,664,337
Lease right to use asset	6,301,185	5,318,040	801,524	10,817,701
Subscription right to use asset	4,243,412	3,163,049	517,827	6,888,634
Total accumulated depreciation / amortization	<u>815,190,187</u>	<u>47,546,073</u>	<u>10,320,786</u>	<u>852,415,474</u>
Total capital assets being depreciated or amortized, net	<u>720,281,051</u>	<u>61,308,624</u>	<u>1,074,330</u>	<u>780,515,345</u>
Capital assets, net	<u>\$ 959,730,521</u>	<u>155,569,364</u>	<u>99,535,217</u>	<u>1,015,764,668</u>

Depreciation and amortization expense for governmental activities was charged to functions of the Primary Government as follows:

General government	\$ 4,408,975
Judicial administration	898,816
Public safety	7,084,278
Public works	16,052,631
Health and welfare	2,768,510
Education	2,549,571
Parks, recreation and culture	3,473,304
Community development	2,639,326
Non-departmental	8,486
Internal Service Fund	7,662,176
	<u>\$ 47,546,073</u>

**City of Newport News, Virginia**  
**Notes to the Financial Statements**  
**June 30, 2025**

**Business-type Activities**

	Balance July 1, 2024	Increases	Decreases	Balance June 30, 2025
<b>Public utility:</b>				
<b>Capital assets, not being depreciated or amortized:</b>				
Land	\$ 13,555,991	-	-	13,555,991
Construction in progress	89,111,217	25,871,222	9,291,331	105,691,108
Wetlands Credit	5,530,135	1,404,250	-	6,934,385
Total capital assets, not being depreciated or amortized	<u>108,197,343</u>	<u>27,275,472</u>	<u>9,291,331</u>	<u>126,181,484</u>
<b>Capital assets, being depreciated or amortized:</b>				
Buildings	149,113,985	-	16,281	149,097,704
Water system	525,462,549	19,956,541	804,568	544,614,522
Machinery and equipment	51,911,916	3,201,452	2,096,539	53,016,829
Lease right to use asset	4,606,703	945,661	-	5,552,364
Subscription right to use asset	1,610,553	301,586	1,513	1,910,626
Total capital assets, being depreciated or amortized	<u>732,705,706</u>	<u>24,405,240</u>	<u>2,918,901</u>	<u>754,192,045</u>
<b>Less accumulated depreciation / amortization for:</b>				
Buildings	82,586,553	3,407,581	8,931	85,985,203
Water system	224,109,022	7,534,174	693,877	230,949,319
Machinery and equipment	42,146,921	2,608,773	2,083,333	42,672,361
Lease right to use asset	2,293,543	978,818	-	3,272,361
Subscription right to use asset	669,121	439,848	1,513	1,107,456
Total accumulated depreciation / amortization	<u>351,805,160</u>	<u>14,969,194</u>	<u>2,787,654</u>	<u>363,986,700</u>
Total capital assets being depreciated or amortized, net	<u>380,900,546</u>	<u>9,436,046</u>	<u>131,247</u>	<u>390,205,345</u>
Capital assets, net	<u>\$ 489,097,889</u>	<u>36,711,518</u>	<u>9,422,578</u>	<u>516,386,829</u>

**City of Newport News, Virginia**  
**Notes to the Financial Statements**  
**June 30, 2025**

**Major Discretely Presented Component Units**

	Balance July 1, 2024	Increases	Decreases	Adjustment assets held tenancy in-common	Balance June 30, 2025
<b>Public schools:</b>					
<b>Capital assets, not being depreciated or amortized:</b>					
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 or amortized	<u>6,393,986</u>	<u>942,716</u>	<u>2,170,291</u>	<u>-</u>	<u>5,166,411</u>
<b>Capital assets, being depreciated or amortized:</b>					
Buildings	183,722,570	-	-	-	183,722,570
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
Lease right to use - buildings	5,477,752	-	-	-	5,477,752
Lease right to use - equipment	995,855	1,008,481	-	-	2,004,336
Subscription right to use	1,056,484	128,886	383,137	-	802,233
Total capital assets, being depreciated or amortized	<u>459,850,581</u>	<u>44,815,578</u>	<u>6,365,892</u>	<u>-</u>	<u>498,300,267</u>
<b>Less accumulated depreciation / amortization for:</b>					
Buildings	101,756,289	2,891,875	-	-	104,648,164
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
Lease right to use - buildings	2,113,136	704,379	-	-	2,817,515
Lease right to use - equipment	182,573	400,867	-	-	583,440
Subscription right to use	532,069	432,420	383,137	-	581,352
Total accumulated depreciation / amortization	<u>243,726,523</u>	<u>16,296,610</u>	<u>5,943,461</u>	<u>-</u>	<u>254,079,672</u>
Total capital assets being depreciated or amortized, net	<u>216,124,058</u>	<u>28,518,968</u>	<u>422,431</u>	<u>-</u>	<u>244,220,595</u>
Capital assets, net	<u>\$ 222,518,044</u>	<u>29,461,684</u>	<u>2,592,722</u>	<u>-</u>	<u>249,387,006</u>

An adjustment to buildings and improvements for Assets Held Tenancy in-Common is recorded for school buildings and improvements held on the books of the City until the bonded debt is repaid. This is permitted per the laws of the Commonwealth of Virginia. Once the debt is repaid, an accounting entry is made to transfer the asset(s) 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 expense related to capital assets of \$16,296,610 was charged to the Public School's governmental functions.

**City of Newport News, Virginia**  
**Notes to the Financial Statements**  
**June 30, 2025**

**(5) Interfund Receivables, Payables, and Transfers**

The composition of interfund balances as of June 30, 2025, is as follows:

Receivables/payables between other funds:

Receivable fund	Payable fund	Amount
General Fund	Nonmajor Gov. Fund: Animal Shelter	\$ 23,737
General Fund	Nonmajor Gov. Fund: Stormwater	142,461
General Fund	Nonmajor Gov. Fund: Comprehensive Services Act	827,036
General Fund	Other Federal and State	346,933
General Capital Improvements Fund	Capital Projects Other Federal and State	2,006,211

Interfund balances result from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur and (2) payments between funds are made.

Due to/from external parties:

Due from external party	Due to external party	Amount
General Fund	OPEB Fund	\$ 605,722
Pension Fund	General Fund	581,821
General Fund	Regional Homeless Commission Fund	4,050

Receivables/payables between Primary Government and component units:

Receivable entity	Payable entity	Amount
Newport News Public Schools	City	\$ 11,901,757

Individual fund interfund transfers for the Primary Government are as follows:

	Transfers to:				Total
	General Fund	Debt Service	General Capital Improvements	Nonmajor Governmental Special Revenue	
<b>Transfers from:</b>					
General Fund	\$ -	44,857,627	61,338,928	6,514,509	112,711,064
Nonmajor Gov. - Special Revenue	-	10,914,349	-	-	10,914,349
Public Utility	9,500,000	-	-	-	9,500,000
	<u>\$ 9,500,000</u>	<u>55,771,976</u>	<u>61,338,928</u>	<u>6,514,509</u>	<u>133,125,413</u>

Transfers are used when another fund is required, legally or through budgetary design, to provide resources for the payment of current debt requirements. One fund is responsible for the initial receipt of funds and another fund is authorized to use the resources to finance its operating expenditures or expenses. Transfer from the Public Utility Fund to the General Fund is used to finance general governmental expenditures.

**City of Newport News, Virginia**  
**Notes to the Financial Statements**  
**June 30, 2025**

**(6) Lease Agreements and Subscription-Based Information Technology Arrangements**

**(a) Governmental Activities**

**City of Newport News as Lessee**

During the Fiscal Year, the City was engaged in 227 (two hundred and twenty-seven) GAAP leases as the lessee within its governmental activities. These leases ranged from leases of copiers and other small equipment to the leasing of various vehicles, office space, buildings, and land, and ranged in lease terms from under two months to just over 28 years remaining as of the beginning of the Fiscal Year. In addition, certain leases have extension and/or termination options, for which the City has made determinations as to if those options are reasonably certain to be exercised, and those determinations are reflected in the calculations presented, in accordance with GAAP. Note that information regarding any sublease transactions is included in the following section discussing lessor leases.

Certain of the copier leases that the City engages in as the lessee require variable payments based on the number of black and white and/or color pages printed on said copier. In addition, certain of the vehicle leases that the City engages in require a calculation upon lease termination of either an additional payment to the lessor or a refund of payments to the lessee based on a comparison of an expected book value versus the fair market value of the vehicle at date of termination, with a limit as to how much that termination payment can be. These variable payments are not included in the measurement of the lease liability. During the Fiscal Year, the City had outflows of resources in the amount of \$120,326 and inflows of resources in the amount of \$374,969 for these variable payments not previously included in the measurement of the lease liability on GAAP leases. The City is not aware of further variable payments made or required to be made in relation to its lessee leases which are not included in the measurement of the lease liability.

The City does not believe there are any residual value guarantees beyond those described above, either needing to be included in the measurement of the lease liability or otherwise, in its lessee leases.

The City did not have any other outflows of resources in the Fiscal Year for other payments related to its lessee leases, such as residual value guarantees or termination penalties, not previously included in the measurement of the lease liability or otherwise discussed above.

**City of Newport News, Virginia**  
**Notes to the Financial Statements**  
**June 30, 2025**

The total amount of right-to-use assets from the City's lessee leases and the associated accumulated amortization, as well as the right-to-use assets and accumulated amortization split out by major underlying asset class, are presented on the following table as of the end of the Fiscal Year:

<u>Asset Class</u>	<u>Lease Asset Value</u>	<u>Accumulated Amortization</u>
Buildings	\$ 22,366,466	8,991,666
Equipment	2,992,464	1,123,192
Land	4,410,283	362,193
Vehicles	1,545,225	340,650
Total Leases	<u>\$ 31,314,438</u>	<u>10,817,701</u>

The principal and interest requirements to maturity for the City's GAAP lessee leases are presented in the following table:

<u>Fiscal Year</u>	<u>Principal Payments</u>	<u>Interest Payments</u>	<u>Total Payments</u>
2026	\$ 4,951,396	913,117	5,864,513
2027	5,061,576	745,669	5,807,245
2028	3,963,950	578,047	4,541,997
2029	1,987,869	439,403	2,427,272
2030	457,465	396,090	853,555
2031 - 2035	920,020	1,825,197	2,745,217
2036 - 2040	1,325,945	1,474,737	2,800,682
2041 - 2045	1,563,149	890,963	2,454,112
2046 - 2050	1,017,599	119,684	1,137,283
2051 - 2053	88,070	3,427	91,497
Total	<u>\$ 21,337,039</u>	<u>7,386,334</u>	<u>28,723,373</u>

The City has no material commitments under lessee leases before the commencement of the lease term as of the end of the Fiscal Year.

There were no impairment losses on lessee leases for the City during the Fiscal Year.

The City was the lessee in four GAAP leases with related parties during the Fiscal Year. All four of these leases are with the City's E/IDA, which is a discretely presented component unit in this Annual Comprehensive Financial Report. Relevant information on these leases is provided in the following table:

<u>Description of Leased Property</u>	<u>Major Asset Class of Leased Asset</u>	<u>Counterparty to Lease</u>	<u>Lease Expiration*</u>	<u>Right-to-Use Asset, Net of Amortization, at End of FY</u>	<u>Lease Liability at End of FY</u>
Coats and Clark Building - 5849 Jefferson Ave	Buildings	E/IDA	7/31/2039	\$ 1,094,291	1,207,791
Rouse Tower - 6060 Jefferson Ave	Buildings	E/IDA	11/30/2028	8,509,756	8,833,400
Animal Shelter Site - 5843 Jefferson Ave	Land	E/IDA	10/31/2052	786,568	818,914
Sherwood Shopping Center - 13711 Warwick Blvd	Buildings	E/IDA	6/30/2026	6,254	6,382
Total				<u>\$ 10,396,869</u>	<u>10,866,487</u>

\*Including reasonably certain options.

**City of Newport News, Virginia**  
**Notes to the Financial Statements**  
**June 30, 2025**

**City of Newport News as Lessor**

During the Fiscal Year, the City was engaged in 50 (fifty) GAAP leases as the lessor within its governmental activities. These leases were for various underlying assets, and ranged from leases of land in the City's Seafood Industrial Park area, to various cell towers and buildings throughout the City, to easements on wells. The lease terms of these leases ranged from three months to just under 38 years remaining as of the beginning of the Fiscal Year. In addition, certain leases have extension and/or termination options, for which the City has made determinations as to if those options are reasonably certain to be exercised, and those determinations are reflected in the calculations presented, in accordance with GAAP. Throughout the Fiscal Year, the City was engaged in four sublease transactions of GAAP leases, where the City subleased building space which it was leasing as the lessee from a separate party. In accordance with GAAP, the original lease and the sublease have been reported as two separate transactions, with the lessee side being reported with the lessee disclosures above, and the lessor side being reported with the lessor disclosures below. In no case do the sublease terms extend beyond the term of the original lessee lease.

Certain of the land leases in the City's Seafood Industrial Park area that the City engages in as the lessor include variable payments based on future changes in the Consumer Price Index (CPI). These leases adjust the rent payments due based on changes in the CPI level once every three years. In accordance with GAAP, the lease receivable and deferred inflow of resources have been calculated based on the current CPI level as of the date of lease commencement (or, if later, the date of lease guidance implementation). The additional inflow of resources to the City for variable payments not previously included in the measurement of the lease receivable on these GAAP leases for Fiscal Year 2025 totaled \$36,739. In addition, the City is engaged in one lease with a restaurant, where annually in addition to base rent, the restaurant must pay the City a variable payment of 8.5% of its gross receipts. The additional inflow of resources to the City for this variable payment in Fiscal Year 2025 totaled \$217,284. The City is not aware of further variable payments made or required to be made in relation to its lessor leases which are not included in the measurement of the lease receivable.

The total amount of inflows of resources from the City's lessor leases during the Fiscal Year are as follows:

<u>Lease Revenue</u>	<u>Interest Revenue</u>	<u>Other</u>
\$ 1,652,149	431,930	254,022

There were no inflows of resources recognized in the reporting period for variable or other payments not previously included in the measurement of the lease receivable other than those discussed in the paragraph above, to include any inflows of resources related to residual value guarantees or termination penalties.

The principal and interest expected to be collected on City lease receivables for succeeding Fiscal Years are as follows:

<u>Fiscal Year</u>	<u>Principal Payments</u>	<u>Interest Payments</u>	<u>Total Payments</u>
2026	\$ 1,556,079	412,584	1,968,663
2027	1,482,730	361,071	1,843,801
2028	1,264,048	308,932	1,572,980
2029	871,765	263,553	1,135,318
2030	767,685	225,257	992,942
2031 - 2035	3,443,742	562,985	4,006,727
2036 - 2040	1,025,559	98,015	1,123,574
2041 - 2045	107,320	4,748	112,068
Total	<u>\$ 10,518,928</u>	<u>2,237,145</u>	<u>12,756,073</u>

The City has not issued any debt for which the principal and interest payments are secured by lease payments.

The City was not engaged in any GAAP leases as the lessor with related parties within its governmental activities during the Fiscal Year.

**City of Newport News, Virginia**  
**Notes to the Financial Statements**  
**June 30, 2025**

**City of Newport News as Government End User**

During the Fiscal Year, the City was engaged in 54 (fifty-four) GAAP Subscription-Based Information Technology Arrangements (SBITAs) within its governmental activities. The software subscribed to via these agreements ranged from legal research and compensation management software to license plate reading software and ranged in subscription terms from less than one month to just over seven years remaining as of the beginning of the Fiscal Year. In addition, certain subscriptions have extension and/or termination options, for which the City has made determinations as to if those options are reasonably certain to be exercised, and those determinations are reflected in the calculations presented, in accordance with GAAP.

The City is not aware of any variable payments made or required to be made in relation to its SBITAs which are not included in the measurement of the subscription liability.

The City did not have any other outflows of resources in the Fiscal Year for other payments related to its SBITAs, such as termination penalties, not previously included in the measurement of the subscription liability.

As of June 30, 2025, the total amount of right-to-use assets from the City's SBITAs is \$13,861,181 and the associated accumulated amortization is \$6,888,634.

The principal and interest requirements to maturity for the City's GAAP SBITAs are presented in the following table:

<u>Fiscal Year</u>	<u>Principal Payments</u>	<u>Interest Payments</u>	<u>Total Payments</u>
2026	\$ 2,928,103	175,961	3,104,064
2027	1,443,858	98,253	1,542,111
2028	991,395	59,329	1,050,724
2029	973,936	33,252	1,007,188
2030	142,672	7,328	150,000
2031 - 2032	<u>146,290</u>	<u>3,710</u>	<u>150,000</u>
Total	<u>\$ 6,626,254</u>	<u>377,833</u>	<u>7,004,087</u>

The City has no material commitments under SBITAs before the commencement of the subscription term as of the end of the Fiscal Year.

There were no impairment losses on SBITAs for the City during the Fiscal Year.

**City of Newport News, Virginia**  
**Notes to the Financial Statements**  
**June 30, 2025**

**(b) Business-Type Activities**

**City of Newport News as Lessee**

During the Fiscal Year, the City was engaged in 24 (twenty-four) GAAP leases as the lessee within its business-type activities. These leases ranged from leases of copiers and other small equipment to the leasing of various office space, buildings, and land, and ranged in lease terms from 14 months to 67 months remaining as of the beginning of the Fiscal Year. In addition, certain leases have extension and/or termination options, for which the City has made determinations as to if those options are reasonably certain to be exercised, and those determinations are reflected in the calculations presented, in accordance with GAAP. Note that information regarding any sublease transactions is included in the following section discussing lessor leases.

Certain of the copier leases that the City engages in as the lessee require variable payments based on the number of black and white and/or color pages printed on said copier. These variable payments are not included in the measurement of the lease liability. During the Fiscal Year, the City had outflows of resources in the amount of \$7,676 for these variable payments not previously included in the measurement of the lease liability on GAAP leases. The City is not aware of further variable payments made or required to be made in relation to its lessee leases within its business-type activities which were not previously included in the measurement of the lease liability.

The City does not believe there are any residual value guarantees, either needing to be included in the measurement of the lease liability or otherwise, in its lessee leases.

The City did not have any outflows of resources in the Fiscal Year for other payments related to its lessee leases, such as residual value guarantees or termination penalties, not previously included in the measurement of the lease liability.

The total amount of right-to-use assets from the City's lessee leases and the associated accumulated amortization, as well as the right-to-use assets and accumulated amortization split out by major underlying asset class, are presented on the following table as of the end of the Fiscal Year:

<u>Asset Class</u>	<u>Lease Asset Value</u>	<u>Accumulated Amortization</u>
Buildings	\$ 3,603,746	2,400,564
Infrastructure	328,384	286,679
Equipment	1,620,234	585,118
Total Leases	<u>\$ 5,552,364</u>	<u>3,272,361</u>

The principal and interest requirements to maturity for the City's GAAP lessee leases are presented below:

<u>Fiscal Year</u>	<u>Principal Payments</u>	<u>Interest Payments</u>	<u>Total Payments</u>
2026	\$ 1,000,639	61,011	1,061,650
2027	857,026	37,358	894,384
2028	169,727	20,561	190,288
2029	126,506	8,781	135,287
2030	74	-	74
Total	<u>\$ 2,153,972</u>	<u>127,711</u>	<u>2,281,683</u>

The City has no material commitments under lessee leases before the commencement of the lease term as of the end of the Fiscal Year.

There were no impairment losses on lessee leases for the City during the Fiscal Year.

The City was not engaged as the lessee in any GAAP leases with related parties within its business-type activities during the Fiscal Year.

**City of Newport News, Virginia**  
**Notes to the Financial Statements**  
**June 30, 2025**

**City of Newport News as Lessor**

During the Fiscal Year, the City was engaged in 5 (five) GAAP leases as the lessor within its business-type activities. These leases were for various underlying assets, and ranged from leases of land in York County and the Richneck Road area to leases of commercial office space in the City Center area. The lease terms of these leases ranged from 13 months to just under 21 years remaining as of the beginning of the Fiscal Year. In addition, certain leases have extension and/or termination options, for which the City has made determinations as to if those options are reasonably certain to be exercised, and those determinations are reflected in the calculations presented, in accordance with GAAP. Throughout the Fiscal Year, the City was engaged in three sublease transactions of GAAP leases, where the City subleased building space which it was leasing as the lessee from a separate party. In accordance with GAAP, the original lease and the sublease have been reported as two separate transactions, with the lessee side being reported with the lessee disclosures above, and the lessor side being reported with the lessor disclosures below. In no case do the sublease terms extend beyond the term of the original lessee lease.

The City is not aware of any variable payments made or required to be made by its tenants in relation to its lessor leases within its business-type activities which were not previously included in the measurement of the lease receivable.

The total amount of inflows of resources from the City's lessor leases during the Fiscal Year are as follows:

<u>Lease Revenue</u>	<u>Interest Revenue</u>	<u>Other</u>
\$ 205,526	80,582	-

There were no inflows of resources recognized in the reporting period for variable or other payments not previously included in the measurement of the lease receivable, to include any inflows of resources related to residual value guarantees or termination penalties.

The principal and interest expected to be collected on the City's lease receivables for lessor leases for the succeeding Fiscal Years are as follows:

<u>Fiscal Year</u>	<u>Principal Payments</u>	<u>Interest Payments</u>	<u>Total Payments</u>
2026	\$ 143,318	80,017	223,335
2027	132,253	76,727	208,980
2028	133,921	73,488	207,409
2029	137,215	70,193	207,408
2030	140,591	66,818	207,409
2031 - 2035	756,565	280,477	1,037,042
2036 - 2040	854,315	182,727	1,037,042
2041 - 2045	964,696	72,348	1,037,044
Total	<u>\$ 3,262,874</u>	<u>902,795</u>	<u>4,165,669</u>

The City of Newport News has not issued any debt for which the principal and interest payments are secured by lease payments.

The City of Newport News was not engaged as the lessor in any GAAP leases with related parties within its business-type activities during the Fiscal Year.

**City of Newport News, Virginia**  
**Notes to the Financial Statements**  
**June 30, 2025**

**City of Newport News as Government End User**

During the Fiscal Year, the City was engaged in 10 (ten) GAAP Subscription-Based Information Technology Arrangements (SBITAs) within its business-type activities. The software subscribed to via these agreements ranged from smart energy water software to vehicle tracking software and ranged in remaining subscription terms from just under 8 months to 4 years as of the beginning of the Fiscal Year. In addition, certain subscriptions have extension and/or termination options, for which the City has made determinations as to if those options are reasonably certain to be exercised, and those determinations are reflected in the calculations presented, in accordance with GAAP.

The City is not aware of any variable payments made or required to be made in relation to its SBITAs which are not included in the measurement of the subscription liability.

The City did not have any other outflows of resources in the Fiscal Year for other payments related to its SBITAs, such as termination penalties, not previously included in the measurement of the subscription liability.

As of June 30, 2025, the total amount of right-to-use assets from the City's SBITAs is \$1,910,626 and the associated accumulated amortization is \$1,107,456.

The principal and interest requirements to maturity for the City's GAAP SBITAs are presented in the following table:

Fiscal Year	Principal Payments	Interest Payments	Total Payments
2026	\$ 394,935	11,084	406,019
2027	99,782	2,215	101,997
Total	\$ 494,717	13,299	508,016

The City has no material commitments under SBITAs before the commencement of the subscription term as of the end of the Fiscal Year.

There were no impairment losses on SBITAs for the City during the Fiscal Year.

**(c) Component Units**

See each component unit's separately issued financial statements and the related notes to the financial statements for more information and disclosures regarding their leases and SBITAs.

**City of Newport News, Virginia**  
**Notes to the Financial Statements**  
**June 30, 2025**

**(7) Long-Term Liabilities**

*(a) A summary of changes in long-term liabilities for governmental activities for the year ended June 30, 2025 is as follows:*

	Balance June 30, 2024	Additions	Reductions	Balance June 30, 2025	Due within one year
Bonds payable:					
General obligation bonds	\$ 390,955,000	-	(36,125,000)	354,830,000	32,260,000
VRA	5,265,977	-	(1,205,967)	4,060,010	1,136,664
Deferred amounts:					
Add bonds premiums	33,299,402	-	(4,742,891)	28,556,511	4,146,115
Total bonds payable	<u>429,520,379</u>	<u>-</u>	<u>(42,073,858)</u>	<u>387,446,521</u>	<u>37,542,779</u>
Literary loan bonds	1,416,065	-	(354,018)	1,062,047	354,018
Lease liability	25,457,732	1,489,606	(5,610,299)	21,337,039	4,951,396
Subscription liability	7,459,644	2,439,987	(3,273,377)	6,626,254	2,928,103
Landfill liability	1,517,533	-	(233,467)	1,284,066	233,467
Notes payable	1,939,930	-	(961,289)	978,641	978,641
Compensated absences*	38,673,614	1,792,557	-	40,466,171	18,089,661
Arbitrage rebate liability	2,574,455	1,543,632	-	4,118,087	-
Net OPEB obligation - line of duty	8,020,133	10,402,220	(11,040,399)	7,381,954	-
Net pension liability	305,687,587	43,963,921	(59,934,004)	289,717,504	-
Net OPEB liability	55,193,050	13,869,040	(10,488,959)	58,573,131	-
Net OPEB obligation - GLI	5,144,457	2,594,794	(2,815,401)	4,923,850	-
Workers' comp. and other claims	14,739,095	4,046,125	(3,406,331)	15,378,889	3,336,729
Incurred but not reported medical claims	3,042,000	44,138,475	(43,525,475)	3,655,000	3,655,000
Total long-term liabilities	<u>\$ 900,385,674</u>	<u>126,280,357</u>	<u>(183,716,877)</u>	<u>842,949,154</u>	<u>72,069,794</u>

\*Compensated absences beginning balance adjusted in Fiscal Year 2025 due to adoption of GASB 101. In addition, in accordance with allowable disclosure in GASB 101, only the net change in compensated absences is being reported as an addition/reduction here.

Long-term liabilities are normally paid from the General Fund.

The Commonwealth of Virginia imposes a legal limit of 10% of the assessed valuation of taxable real property on the amount of general obligation borrowing which may be outstanding by the City. The City has independently set a lower debt limit of 3% of the assessed valuation. As of June 30, 2025, the City's aggregate general obligation indebtedness is about \$1,905.8 million less than the Commonwealth's limit and \$310.9 million less than the City's independent limit.

The Virginia Resources Authority (VRA) bonds were issued to finance the costs of capital improvement projects and sewer rehabilitation projects to the wastewater treatment and sanitary sewer system owned and operated by the City of Newport News. The City has a moral obligation to appropriate and pay the amounts due for bonds issued by the VRA from the General Fund. In the event of default, the lender may provide prompt, written notice declaring the entire unpaid balance due and payable.

General obligation bonds of \$258.9 million are authorized but unissued.

*Landfill Liability:* The City stopped collecting waste at its Denbigh landfill site on June 30, 1996. It received final closure approval from the Virginia Department of Environmental Quality in January 2001. Virginia and Federal laws and regulations require a final cover and the performance of certain maintenance monitoring functions at the site for 30 years after closure. The \$1.3 million liability at June 30, 2025 represents the total estimated cost of closure and postclosure care through fiscal year 2031 and reflects what it would cost to perform all closure/postclosure care in 2025. Actual costs may be higher due to inflation, technology changes or regulation changes.

**City of Newport News, Virginia**  
**Notes to the Financial Statements**  
**June 30, 2025**

**Outstanding general obligation bonds, VRA issues, and notes payable at June 30, 2025, of the Primary Government governmental activities, are comprised of the following issues:**

G.O. Bond/VRA Series, or Note Payable	Issuance date	Final maturity date	Effective interest rate (at issue)	Balance June 30, 2025
VRA 04A	06/30/04	09/01/25	3.10%	\$ 98,335
VRA 05A	08/24/05	09/01/26	3.50%	319,624
VRA 06A	10/20/06	11/01/27	3.10%	429,901
VRA 07A	09/11/07	09/01/28	3.00%	684,397
VRA 08	12/12/08	09/01/29	3.50%	854,764
VRA 09	12/16/09	09/01/30	3.35%	1,672,989
Series 14A	05/22/14	07/15/34	3.05%	2,250,000
Series 14A-Ref	05/22/14	07/15/27	2.43%	5,340,000
Series 15	12/17/15	07/15/35	2.58%	26,885,000
Series 16A	06/21/16	08/01/31	2.01%	23,510,000
Series 17A	06/08/17	08/01/37	2.60%	38,630,000
Series 19A	02/05/19	02/01/40	2.95%	64,485,000
Series 21A	03/10/21	02/01/41	1.79%	61,600,000
Series 21B	03/10/21	02/01/35	1.70%	26,880,000
Series 21C	06/03/21	02/01/33	1.40%	15,020,000
Motorola Note Payable	09/30/21	10/30/25	1.81%	978,641
Series 23A	07/25/23	02/01/43	3.43%	90,230,000
Totals				<u>\$ 359,868,651</u>

**City of Newport News, Virginia**  
**Notes to the Financial Statements**  
**June 30, 2025**

The following table summarizes future debt service requirements as of June 30, 2025:

Fiscal year ending June 30:	General Obligation Bonds		VRA		Notes Payable	
	Principal	Interest	Principal	Interest	Principal	Interest
2026	\$ 32,260,000	13,713,270	1,136,664	95,348	978,641	17,664
2027	30,205,000	12,483,609	954,803	68,668	-	-
2028	28,085,000	11,303,509	779,985	46,165	-	-
2029	26,530,000	10,124,510	607,822	26,928	-	-
2030	26,550,000	8,970,850	418,438	12,003	-	-
2031-2035	115,125,000	30,087,135	162,298	2,150	-	-
2036-2040	77,210,000	11,505,962	-	-	-	-
2041-2043	18,865,000	1,283,013	-	-	-	-
Total future debt service	<u>\$ 354,830,000</u>	<u>99,471,858</u>	<u>4,060,010</u>	<u>251,262</u>	<u>978,641</u>	<u>17,664</u>

Outstanding literary loans at June 30, 2025, of the Primary Government governmental activities, are comprised of the following issues:

Project	Bond date	Final maturity date	Effective interest rate (at issue)	Balance June 30, 2025
General Stanford	06/30/07	07/15/27	2%	\$ 1,062,047

The following table summarizes future debt service requirements as of June 30, 2025:

Fiscal year ending June 30:	Literary Loans	
	Principal	Interest
2026	\$ 354,018	21,241
2027	354,018	14,161
2028	354,011	7,080
Total future debt service	<u>\$ 1,062,047</u>	<u>42,482</u>

**City of Newport News, Virginia**  
**Notes to the Financial Statements**  
**June 30, 2025**

**Business-type Activities**

A summary of changes in long-term liabilities for business-type activities for the year ended June 30, 2025 is as follows:

	Balance July 1, 2024	Additions	Reductions	Balance June 30, 2025	Due within one year
Bonds payable:					
General obligation bonds	\$ 9,170,000	-	(2,725,000)	6,445,000	2,860,000
Revenue bonds	91,693,827	-	(6,267,084)	85,426,743	71,743
Deferred amounts:					
Add bond premiums	9,866,789	-	(1,418,746)	8,448,043	1,269,106
Total bonds payable	<u>110,730,616</u>	<u>-</u>	<u>(10,410,830)</u>	<u>100,319,786</u>	<u>4,200,849</u>
Lease liability	2,308,128	945,662	(1,099,818)	2,153,972	1,000,639
Subscription liability	875,360	301,585	(682,228)	494,717	394,935
Arbitrage rebate liability	1,919,992	1,094,815	-	3,014,807	3,014,807
Net pension liability	37,683,609	6,210,509	(7,498,555)	36,395,563	-
Net OPEB liability	7,660,245	1,924,885	(1,455,763)	8,129,367	-
Net OPEB liability-GLI	328,370	165,625	(179,707)	314,288	-
Deposits	6,474,075	2,452,593	(2,641,468)	6,285,200	-
Compensated absences*	3,588,334	54,179	-	3,642,513	1,703,919
Total long-term liabilities	<u>\$ 171,568,729</u>	<u>13,149,853</u>	<u>(23,968,369)</u>	<u>160,750,213</u>	<u>10,315,149</u>

\*Compensated absences beginning balance adjusted in Fiscal Year 2025 due to adoption of GASB 101. In addition, in accordance with allowable disclosure in GASB 101, only the net change in compensated absences is being reported as an addition/reduction here.

Outstanding public utility bonds at June 30, 2025 are comprised of the following issues:

Public Utility Bond Series	Issue date	Final maturity date	Effective Interest rate (at issue)	Balance June 30, 2025
2014A	05/22/14	07/15/27	2.5 %	\$ 2,760,000
2016A-IRB	06/02/16	06/30/37	2.7 %	18,694,797
2017A-IRB	05/31/17	06/30/38	2.6 %	17,471,946
2021A	03/23/21	02/01/28	1.2 %	49,260,000
2021B	03/23/21	07/15/41	1.5 %	<u>3,685,000</u>
Totals				<u>\$ 91,871,743</u>

The following table summarizes future debt service requirements of business-type activities as of June 30, 2025:

Fiscal year ending June 30:	Business-type Activities	
	Principal	Interest
2026	\$ 2,931,743	3,352,310
2027	7,625,000	2,997,967
2028	7,710,000	2,687,538
2029	5,975,000	2,371,550
2030	6,050,000	2,085,475
2031-2035	31,500,000	6,457,600
2036-2040	23,930,000	1,776,550
2041-2042	6,150,000	123,000
Totals	<u>\$ 91,871,743</u>	<u>21,851,990</u>

**City of Newport News, Virginia**  
**Notes to the Financial Statements**  
**June 30, 2025**

**Public Schools - Component Unit**

A summary of changes in long-term liabilities for the discretely presented component unit – Public Schools for the year ended June 30, 2025 is as 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
Leases payable	4,303,370	989,970	(1,048,739)	4,244,601	1,098,181
Subscriptions payable	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	-
Incurred but not reported health claims	2,886,001	38,617,023	(38,358,023)	3,145,001	3,145,001
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	<u>\$ 397,264,593</u>	<u>130,771,245</u>	<u>(161,216,076)</u>	<u>366,819,762</u>	<u>19,565,426</u>

\*Compensated absences beginning balance adjusted in Fiscal Year 2025 due to adoption of GASB 101. In addition, in accordance with allowable disclosure in GASB 101, only the net change in compensated absences is being reported as an addition/reduction here.

The capital facility notes payable provided financing for energy performance contract improvements.

The *Code of Virginia*, Section 22, sets forth the powers and responsibilities of the local school boards. School boards in Virginia have no taxing authority, but they are authorized to borrow money from the Commonwealth and to sell local school bonds through the City to the VPSA.

In February 2002, the Virginia General Assembly passed Senate Bill 276, which was subsequently signed by the Governor of Virginia, that provides that localities have a tenancy in-common with the school board whenever a locality incurs a financial obligation for school property, which is payable over more than one fiscal year. As a result, the City records on its Statement of Net Position any school property that is purchased with City long-term obligations until the related debt is paid. However, the Public Schools are still tasked with all care, management, and control over these properties.

**E/IDA and PAC - Component Units**

Industrial Revenue Bonds and Notes Payable (the “Bonds and Notes”) have been issued in the name of the E/IDA to finance construction projects. The Bonds and Notes, both as to principal and interest, are payable generally from lease proceeds. In the event of default by the lessee, the holders of the Bonds and Notes have no recourse against the E/IDA, but must look to the property and lessee for indemnity. In 2025, approximately \$6.7 million of the Bonds and Notes are considered a moral obligation of the City. A moral obligation of the City is a contingent guarantee of a third party’s debt. It is referred to as a “moral” obligation because it is not a legal obligation of the City, but a good faith obligation, which, if called upon, would require appropriations by City Council of amounts sufficient to pay the guaranteed amounts. Since 1995, when the first moral obligation was issued by the E/IDA, there has never been a need to call upon the City to appropriate any funds on morally obligated debt.

At June 30, 2025, the E/IDA has outstanding bonds and notes from direct borrowings in the amount of \$14,208,177. Significant events of default are the presence of falsifying or misleading information in the financing documents, assignment without prior consent, or non-payment. Sherwood A & B notes are payable from revenues pledged and derived from leases related to the properties less the E/IDA expenses plus any payments made to the E/IDA pursuant to a support agreement with the City. The E/IDA has no lines of credit.

At June 30, 2025, the E/IDA has lease liabilities of approximately \$2.2 million and compensated absences liability of \$0.09 million.

**City of Newport News, Virginia**  
**Notes to the Financial Statements**  
**June 30, 2025**

The E/IDA's long-term liabilities at June 30, 2025 are comprised of the following:

	Issue date	Maturity date	Effective interest rates	Balance July 1, 2024	Additions	Reductions	Balance June 30, 2025	Amount due within one year
<b>Compensated absences*</b>	N/A	N/A	N/A	\$ 102,668	-	(13,877)	88,791	33,711
<b>Lease liability</b>	Various	Various	Various	3,473,870	-	(1,264,280)	2,209,590	1,251,406
<b>Bonds payable</b>								
Series 2012B	10/12/12	07/01/31	0.76%	9,410,000	-	(1,690,000)	7,720,000	1,655,000
Series 2015	07/23/15	09/01/27	3.48%	2,520,000	-	-	2,520,000	-
Series 2021B	02/09/21	07/01/30	3.00%	15,600,000	-	(2,335,000)	13,265,000	2,280,000
Total bonds payable				27,530,000	-	(4,025,000)	23,505,000	3,935,000
Premium on bonds payable - 2015				110,007	-	(20,802)	89,205	20,802
Total bonds payable, net				27,640,007	-	(4,045,802)	23,594,205	3,955,802
<b>Direct borrowings:</b>								
<b>Bonds payable</b>								
Downtown Eng	04/05/00	07/01/31	2.58%	6,280,000	-	(2,300,000)	3,980,000	900,000
A-School Garage	07/23/15	09/01/27	3.80%	3,907,684	-	(976,924)	2,930,760	976,924
Total direct borrowing bonds payable				10,187,684	-	(3,276,924)	6,910,760	1,876,924
<b>Notes payable:</b>								
Sherwood note A	11/23/16	01/01/32	3.14%	2,613,333	-	(326,667)	2,286,666	326,667
Sherwood note B	11/23/16	01/01/32	3.14%	1,653,333	-	(206,667)	1,446,666	206,667
Sears Renovation	07/31/20	07/31/28	2.39%	633,327	-	(126,202)	507,125	129,170
Warwick Village	01/01/25	11/25/31	5.50%	-	3,250,000	(193,040)	3,056,960	402,341
Total direct borrowing notes payable				4,899,993	3,250,000	(852,576)	7,297,417	1,064,845
Total direct borrowings				15,087,677	3,250,000	(4,129,500)	14,208,177	2,941,769
Total long-term liabilities				\$ 46,304,222	3,250,000	(9,453,459)	40,100,763	8,182,688

\*Compensated absences beginning balance adjusted in Fiscal Year 2025 due to adoption of GASB 101. In addition, in accordance with allowable disclosure in GASB 101, only the net change in compensated absences is being reported as an addition/reduction here.

Conduit Debt Obligations: From time to time, the E/IDA has issued Industrial Revenue Bonds (the "Bonds") to provide financial assistance to private sector and nonprofit entities for the acquisition and construction of industrial, commercial and residential facilities deemed to be in the public interest. The Bonds are secured by the property financed and are payable solely from payments received on the underlying mortgage loans. Upon repayment of the Bonds, ownership of the acquired facilities transfers to the private sector entity served by the bond issuance. Neither the City, the Commonwealth, nor any political subdivision thereof is obligated in any manner for repayment of the Bonds. Furthermore, in the event of default by the lessee, the holders of the Bonds have no recourse to the E/IDA, but must look to the property and lessee for indemnity. Accordingly, the Bonds are not reported as liabilities in the accompanying basic financial statements. At June 30, 2025, there were twelve bonds outstanding and at June 30, 2024, there were twelve bonds outstanding with an aggregate principal balance of \$350,126,112 and \$363,483,658, respectively.

**City of Newport News, Virginia**  
**Notes to the Financial Statements**  
**June 30, 2025**

Maturities of industrial revenue bonds and notes payable for succeeding fiscal years are as follows:

Fiscal year ending June 30:	Lessee Leases		Bonds		Direct Borrowings		Total Leases, Bonds, and Notes	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2026	\$ 1,251,406	14,049	3,935,000	533,510	2,941,769	498,559	8,128,175	1,046,118
2027	339,771	7,407	3,915,000	441,158	3,213,246	386,577	7,468,017	835,142
2028	349,890	4,232	3,555,000	357,370	2,859,257	269,854	6,764,147	631,456
2029	268,523	1,033	3,490,000	283,052	1,907,672	177,671	5,666,195	461,756
2030	-	-	3,440,000	208,941	1,414,429	108,455	4,854,429	317,396
2031-2035	-	-	5,170,000	167,901	1,871,804	77,889	7,041,804	245,790
Totals	\$ 2,209,590	26,721	23,505,000	1,991,932	14,208,177	1,519,005	39,922,767	3,537,658

The PAC airport improvement bonds at June 30, 2025, are comprised of the following:

Series	Issue date	Maturity date	Eff. int. rate (%)	Balance July 1, 2024	Reductions	Balance June 30, 2025	Amt due in one year
2005A	12/15/05	01/15/32	4.3	\$ 2,954,568	336,010	2,618,558	351,694
2005B	12/15/05	01/15/32	4.0	1,334,135	154,752	1,179,383	160,032
Totals				\$ 4,288,703	490,762	3,797,941	511,726

Maturities of bonds payable for succeeding fiscal years are as follows:

Fiscal year ending June 30:	PAC	
	Principal	Interest
2026	\$ 511,726	149,476
2027	533,588	127,614
2028	556,385	104,817
2029	580,157	81,045
2030	604,947	52,477
2031-2035	1,011,138	25,312
Totals	\$ 3,797,941	540,741

**City of Newport News, Virginia**  
**Notes to the Financial Statements**  
**June 30, 2025**

**(8) Defined Benefit Retirement Plan**

*(a) Newport News Employees' Retirement Fund (NNERF or Plan)*

**Plan Description**

The Plan is a single-employer, defined benefit, public employee retirement system established and administered by the City to provide pension benefits for employees of the City and the Newport News School System (Schools). For personnel employed by Schools, the Plan provides a small supplement to the Virginia Retirement System (VRS) retirement plan. The Plan has been closed to new entrants since July 1, 2009 for Schools and March 1, 2010 for the City. For Schools employees receiving a supplemental benefit under the NNERF, their supplemental benefit was frozen as of December 31, 2012.

The Plan is a separate fund, the Pension Fund (Pension), considered a trust fund of the City and is included as a fiduciary trust fund. The nine voting members of the Retirement Board oversee the operation of the Pension and OPEB Funds. The City issues a publicly available ACFR that includes financial statements and required information for the Plan. The report may be obtained by writing to the City of Newport News Finance Department, 2400 Washington Avenue, Newport News, VA 23607 or online at [www.nnva.gov/2357/NNERF](http://www.nnva.gov/2357/NNERF).

**Benefits Provided**

All full-time regular employees hired prior to March 1, 2010 for the City and hired prior to July 1, 2009 for Schools are members of the Pension Fund. Employees hired after the above dates are in VRS, a multiple-employer defined benefit pension plan administered by the Commonwealth of Virginia.

The Pension Fund provides pension, life insurance and disability benefits. Members vest after five years of credited service. Employees who retire at or after age 60 (age 50 for public safety officers) 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 for each year of credited service worked through February 28, 2010, 1.85% for each year of credited service 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). Average Final Compensation (AFC) is defined as the average annual compensation earned by a member during the member's 36 highest earned consecutive months of credited service. Employees with 30 years credited service (25 years for public safety) may retire at any age with full benefits. Employees (other than public service employees) with 25 years of service may retire prior to age 60 and receive a reduced benefit. City employees in NNERF began to contribute 5% of their salary to the Plan as of January 1, 2013. Schools employees began contributing 2% of their pay effective July 1, 2013 and contribute the full 5% of their pay effective July 1, 2014.

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 Trustees of the contributions necessary to fund the Plan benefits.

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

**City of Newport News, Virginia**  
**Notes to the Financial Statements**  
**June 30, 2025**

**Employees Covered by Benefit Terms**

City membership as of the valuation date in the plan consisted of:

	Participant counts
Active members	1,191
Retirees and beneficiaries	6,982
Terminated vested members	3,507
Total	11,680

**Contributions Required and Contributions Made**

The Plan engages an actuary to determine the Actuarially Determined Contribution (ADC) in accordance with GAAP. The total contributions as a percentage of the ADC were 100% for fiscal year 2023, 2024, and 2025, in accordance with the funding program established by the City in 2010.

Effective January 1, 2013, employee contributions to the Pension were made mandatory. Contributions totaling \$49,502,814 and \$4,230,725 were made by employers and employees, respectively, to the Pension Fund during the year ended June 30, 2025. The percentage of contributions to covered payroll for fiscal year 2025 was 65.4%.

**Net Pension Liability**

The City's net pension liability was measured as of June 30, 2024. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation performed as of July 1, 2023, using an updated actuarial assumption, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2024.

**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, 2023
Actuarial cost method	Entry Age Normal
Amortization method	Closed
Remaining amortization period for actuarially determined contribution	17.3 years level dollar from July 1, 2023
Asset valuation method	Five-year smoothed market
<b>Actuarial assumptions:</b>	
Investment rate of return	7.00%
Rate of salary increases	4.50%
Cost of living adjustment	1.225%
Interest on employee contributions	2.50%
Rate of mortality	For Public Safety, Pub-2010 Safety Employees Amount-Weighted Mortality Table. For VRS Schools, Pub-2010 Teachers Employees Amount-Weighted Mortality Table. For all other members, Pub-2010 General Employees Amount-Weighted Mortality Table. All rates are projected from the 2010 base rates using the MP-2020 improvement scale.

**City of Newport News, Virginia**  
**Notes to the Financial Statements**  
**June 30, 2025**

**Long-Term Expected Rate of Return**

The long-term expected rate of return on NNERF investments was determined using best-estimate ranges of expected future real rates of return (expected returns, 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 weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The annual money-weighted rate of return net of investment fees for fiscal year 2025 was 11.10%. 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		<u>100.0%</u>

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

The discount rate used to measure the total pension liability was 7.00%.

In developing the projection of cash flows used to determine the discount rate, the actuaries have assumed that the employer contributions will continue to follow the written contribution policy. The City's contribution rate is the sum of the normal cost rate plus an amortization of the Plan's unfunded liability (UAL rate) plus a provision for expenses. The normal cost rate is determined under the entry age actuarial cost method while the UAL rate is that necessary to pay down the UAL. Effective with the July 1, 2021 actuarial valuation, the total UAL as of July 1, 2020 was amortized over a twenty-year period and changes in the UAL due to actuarial methods, actuarial assumptions, or actuarial gains and losses, from the date that such changes are recognized in the valuation, will be amortized over separate layered twenty-year periods with level dollar payments. In addition, the 13th check paid as of July 1, 2022 was amortized over a ten year period with level dollar payments. The actuaries also assume that member contributions will continue to be made at the rates specified in the Plan.

Based on these assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments for current members until the last payment for the current covered population is made as of the June 30, 2024 measurement date. Consequently, the single equivalent rate used to determine the total pension liability as of June 30, 2024 is 7.00%, the long-term expected rate-of-return as defined by GAAP as of that date.

**City of Newport News, Virginia**  
**Notes to the Financial Statements**  
**June 30, 2025**

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

	1% Decrease 6.00%	Discount rate 7.00%	1% Increase 8.00%
Total pension liability	\$ 1,651,858,731	1,498,895,472	1,368,695,590
Plan fiduciary net position	1,087,519,504	1,087,519,504	1,087,519,504
Net pension liability	\$ 564,339,227	411,375,968	281,176,086
Plan fiduciary net position as a percentage of the total pension liability	65.8 %	72.6 %	79.5 %

Detailed information about the pension plan is available in the separately issued NNERF financial report.

**Changes in the Net Pension Liability**

The City's change in net pension liability of the Pension Fund for 2024 was as follows:

	Total pension liability (a)	Fiduciary net position			Net position liability (a)-(b)-(c)-(d)	
		City's (b)	Proprietary's (c)	Primary government (b)+(c)		School's (d)
<b>Balances at June 30, 2023</b>	\$ 1,460,936,186	716,794,000	80,575,277	797,369,277	228,172,181	435,394,728
<b>Changes for the year:</b>						
Service cost	7,654,348	-	-	-	-	7,654,348
Interest	99,265,627	-	-	-	-	99,265,627
Differences between expected and actual experience	33,797,566	-	-	-	-	33,797,566
Contributions - employer	-	32,662,077	4,103,151	36,765,228	9,612,341	(46,377,569)
Contributions - member	-	3,109,969	390,689	3,500,658	915,253	(4,415,911)
Net investment income	-	81,160,059	10,195,706	91,355,765	23,885,112	(115,240,877)
Benefit payments	(102,758,255)	(72,368,991)	(9,091,331)	(81,460,322)	(21,297,933)	-
Administrative expenses	-	(914,175)	(114,843)	(1,029,018)	(269,038)	1,298,056
<b>Net changes</b>	37,959,286	43,648,939	5,483,372	49,132,311	12,845,735	(24,018,760)
<b>Balances at June 30, 2024</b>	\$ 1,498,895,472	760,442,939	86,058,649	846,501,588	241,017,916	411,375,968

The following schedule includes the proportionate shares of employer contributions of net pension liability by Activities:

	Contributions	Net pension liability	Proportionate share
Governmental activities	\$ 32,662,077	289,717,504	70.43 %
Business-type activities	4,103,151	36,395,563	8.85 %
Component unit - Schools	9,612,341	85,262,901	20.72 %
Total	\$ 46,377,569	411,375,968	100.00 %

**City of Newport News, Virginia**  
**Notes to the Financial Statements**  
**June 30, 2025**

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

For the year ended June 30, 2025, the City and Schools recognized pension expense of \$48,467,970 and \$12,672,046, respectively. At June 30, 2025, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Governmental activities		Business-type activities		Total activities - Primary Government		Component unit - Schools	
	Deferred outflows of resources	Deferred inflows of resources	Deferred outflows of resources	Deferred inflows of resources	Deferred outflows of resources	Deferred inflows of resources	Deferred outflows of resources	Deferred inflows of resources
Employer contributions subsequent to measurement date	\$ 34,992,705	-	4,500,361	-	39,493,066	-	10,009,747	-
Net difference between projected and actual earnings on pension plan investments	\$ -	14,241,772	-	1,789,113	-	16,030,885	-	4,191,306

\$39,493,066 reported as deferred outflows of resources related to pensions resulting from the City's contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the Fiscal Year ending June 30, 2026.

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

Year ended June 30:	Primary	
	Government	Schools
2026	\$ (15,631,189)	(4,086,805)
2027	18,366,060	4,801,843
2028	(11,585,832)	(3,029,139)
2029	(7,179,924)	(1,877,205)
	<u>\$ (16,030,885)</u>	<u>(4,191,306)</u>

Schedules of Employer Contributions, Changes in the City's Net Pension Liability and Related Ratios, and Schedule of City contributions are included in the Required Supplemental Information Section.

**Payable to the Pension Plan**

At June 30, 2025, the City had a payable to the pension plan of \$581,821.

**City of Newport News, Virginia**  
**Notes to the Financial Statements**  
**June 30, 2025**

**(b) Virginia Retirement System**

**Plan Description**

The City and PAC contribute to the VRS, an agent multiple-employer defined benefit pension plan administered by the VRS. Those hired between July 1, 2009 and June 30, 2010 are under the provisions of Plan 1, those hired between July 1, 2010 and December 31, 2013 are under the provisions of Plan 2 and those hired on or after January 1, 2014 are under the provisions of the hybrid plan.

The Schools contribute to the VRS, which administers two plans – an agent multiple employer plan and a cost-sharing teachers multiple-employer defined benefit plan. VRS administers an agent multiple-employer defined benefit pension plan for all School Board non-professional employees hired on or after July 1, 2009. Those hired between July 1, 2009 and June 30, 2010 are under the provisions of Plan 1, those hired between July 1, 2010 and December 31, 2013 are under the provisions of Plan 2 and those hired on or after January 1, 2014 are under the provisions of the hybrid plan. The Schools information is not included in this report, but can be obtained from the School’s Web site at <http://sbo.nn.k12.va.us/budget/>.

**Benefits Provided**

All full-time, salaried permanent employees of participating employers must participate in the VRS. As of March 1, 2010, the City closed NNERF to new membership. All full-time employees hired after February 28, 2010 participate in the VRS. Benefits vest after five years of service. Members earn one month of service credit for each month they are employed and for which they and their employer pays 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 VRS service.

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 may be obtained from the VRS Web site at <http://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.

VRS administers three different benefit structures for local government 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 following table:

**City of Newport News, Virginia**  
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<b>RETIREMENT PLAN PROVISIONS</b>		
<b>PLAN 1</b>	<b>PLAN 2</b>	<b>HYBRID RETIREMENT PLAN</b>
<p><b>About Plan 1</b>  Plan 1 is a defined benefit plan. The retirement benefit is based on a member’s age, service credit and average final compensation at retirement using a formula.</p>	<p><b>About Plan 2</b>  Same as Plan 1.</p>	<p><b>About the Hybrid Retirement Plan</b>  The Hybrid Retirement Plan combines the features of a defined benefit plan and a defined contribution plan.</p> <ul style="list-style-type: none"> <li>• The defined benefit is based on a member’s age, service credit and average final compensation at retirement using a formula.</li> <li>• 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.</li> <li>• 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.</li> </ul>

**City of Newport News, Virginia**  
**Notes to the Financial Statements**  
**June 30, 2025**

<b>PLAN 1</b>	<b>PLAN 2</b>	<b>HYBRID RETIREMENT PLAN</b>
<p><b>Eligible Members</b>  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.</p> <p><i>Hybrid Opt-In Election</i>  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.</p> <p>If eligible deferred members returned to work during the election window, they were also eligible to opt into the Hybrid Retirement Plan.</p> <p>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.</p>	<p><b>Eligible Members</b>  Employees are in Plan 2 if their membership date is on or after July 1, 2010, or their membership date is before July 1, 2010, and they were not vested as of January 1, 2013.</p> <p><i>Hybrid Opt-In Election</i>  Eligible Plan 2 members were allowed to make an irrevocable decision to opt into the Hybrid Retirement Plan during a special election window held January 1 through April 30, 2014. The Hybrid Retirement Plan's effective date for eligible Plan 2 members who opted in was July 1, 2014.</p> <p>If eligible deferred members returned to work during the election window, they were also eligible to opt into the Hybrid Retirement Plan.</p> <p>Members who were eligible for an optional retirement plan (ORP) and have prior service under Plan 2 were not eligible to elect the Hybrid Retirement Plan, and remain as Plan 2 or ORP.</p>	<p><b>Eligible Members</b>  Employees are in the Hybrid Retirement Plan if their membership date is on or after January 1, 2014. This includes:</p> <ul style="list-style-type: none"> <li>• Political subdivision employees*</li> <li>• 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</li> </ul> <p><i>* Non-Eligible Members</i>  Some employees are not eligible to participate in the Hybrid Retirement Plan. They include:</p> <ul style="list-style-type: none"> <li>• Political subdivision employees who are covered by enhanced benefits for hazardous duty employees</li> </ul> <p>Those employees eligible for an optional retirement plan (ORP) must elect the ORP plan or the Hybrid Retirement Plan. If these members have prior service under Plan 1 or Plan 2, they are not eligible to elect the Hybrid Retirement Plan and must select Plan 1 or Plan 2 (as applicable) or ORP.</p>

**City of Newport News, Virginia**  
**Notes to the Financial Statements**  
**June 30, 2025**

<b>PLAN 1</b>	<b>PLAN 2</b>	<b>HYBRID RETIREMENT PLAN</b>
<p><b>Retirement Contributions</b>            Employees contribute 5% of their compensation each month to their member contribution account through a pretax salary reduction. Member contributions are tax-deferred until they are withdrawn as part of a retirement benefit or as a refund. The employer makes a separate actuarially determined contribution to VRS for all covered employees. VRS invests both member and employer contributions to provide funding for the future benefit payment.</p>	<p><b>Retirement Contributions</b>            Same as Plan 1.</p>	<p><b>Retirement Contributions</b>            A member's retirement benefit is funded through mandatory and voluntary contributions made by the member and the employer to both the defined benefit and the defined contribution components of the plan. Mandatory contributions are based on a percentage of the employee's creditable compensation and are required from both the member and the employer. Additionally, members may choose to make voluntary contributions to the defined contribution component of the plan, and the employer is required to match those voluntary contributions according to specified percentages.</p>
<p><b>Service Credit</b>            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.</p>	<p><b>Service Credit</b>            Same as Plan 1.</p>	<p><b>Service Credit</b>  <i>Defined Benefit Component:</i>            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.</p> <p><i>Defined Contributions Component:</i>            Under the defined contribution component, service credit is used to determine vesting for the employer contribution portion of the plan.</p>

**City of Newport News, Virginia**  
**Notes to the Financial Statements**  
**June 30, 2025**

PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<p><b>Vesting</b>  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.</p> <p>Members are always 100% vested in the contributions that they make.</p>	<p><b>Vesting</b>  Same as Plan 1.</p>	<p><b>Vesting</b>  <i>Defined Benefit Component:</i>  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.</p> <p><i>Defined Contributions Component:</i>  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.</p> <p>Members are always 100% vested in the contributions that they make.</p> <p>Upon retirement or leaving covered employment, a member is eligible to withdraw a percentage of employer contributions to the defined contribution component of the plan, based on service.</p> <ul style="list-style-type: none"> <li>• After two years, a member is 50% vested and may withdraw 50% of employer contributions.</li> <li>• After three years, a member is 75% vested and may withdraw 75% of employer contributions.</li> <li>• After four or more years, a member is 100% vested and may withdraw 100% of employer contributions.</li> </ul> <p>Distributions not required, except as governed by law until age 73.</p>

**City of Newport News, Virginia**  
**Notes to the Financial Statements**  
**June 30, 2025**

<b>PLAN 1</b>	<b>PLAN 2</b>	<b>HYBRID RETIREMENT PLAN</b>
<p><b>Calculating the Benefit</b>  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.</p>	<p><b>Calculating the Benefit</b>  See definition under Plan 1.</p>	<p><b>Calculating the Benefit</b>  <i>Defined Benefit Component:</i>  See definition under Plan 1.</p> <p><i>Defined Contribution Component:</i>  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.</p>
<p><b>Average Final Compensation</b>  A member's average final compensation is the average of the 36 consecutive months of highest compensation as a covered employee.</p>	<p><b>Average Final Compensation</b>  A member's average final compensation is the average of the 60 consecutive months of highest compensation as a covered employee.</p>	<p><b>Average Final Compensation</b>  Same as Plan 2. It is used in the retirement formula for the defined benefit component of the plan.</p>

**City of Newport News, Virginia**  
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PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<p><b>Service Retirement Multiplier</b>  <i>VRS:</i> The retirement multiplier is a factor used in the formula to determine a final retirement benefit. The retirement multiplier for non-hazardous duty members is 1.70%.</p> <p><b>Sheriffs and regional jail superintendents:</b> The retirement multiplier for sheriffs and regional jail superintendents is 1.85%.</p> <p><b>Political subdivision hazardous duty employees:</b> The retirement multiplier of eligible political subdivision hazardous duty employees other than sheriffs and regional jail superintendents is 1.70% or 1.85% as elected by the employer.</p>	<p><b>Service Retirement Multiplier</b>  <i>VRS:</i> Same as Plan 1 for service earned, purchased or granted prior to January 1, 2013. For non-hazardous duty members the retirement multiplier is 1.65% for service credit earned, purchased or granted on or after January 1, 2013.</p> <p><b>Sheriffs and regional jail superintendents:</b> Same as Plan 1.</p> <p><b>Political subdivision hazardous duty employees:</b> Same as Plan 1.</p>	<p><b>Service Retirement Multiplier</b>  <i>Defined Benefit Component:</i>  <i>VRS:</i> The retirement multiplier for the defined benefit component is 1.00%.</p> <p>For members who 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.</p> <p><b>Sheriffs and regional jail superintendents:</b> Not applicable.</p> <p><b>Political subdivision hazardous duty employees:</b> Not applicable.</p> <p><i>Defined Contribution Component:</i>            Not applicable.</p>
<p><b>Normal Retirement Age</b>  <i>VRS:</i> Age 65.</p> <p><b>Political subdivision hazardous duty employees:</b> Age 60.</p>	<p><b>Normal Retirement Age</b>  <i>VRS:</i> Normal Social Security retirement age.</p> <p><b>Political subdivision hazardous duty employees:</b> Same as Plan 1.</p>	<p><b>Normal Retirement Age</b>  <i>Defined Benefit Component:</i>  <i>VRS:</i> Same as Plan 2.</p> <p><b>Political subdivision hazardous duty employees:</b> Not applicable.</p> <p><i>Defined Contribution Component:</i>            Members are eligible to receive distributions upon leaving employment, subject to restrictions.</p>

**City of Newport News, Virginia**  
**Notes to the Financial Statements**  
**June 30, 2025**

PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<p><b>Earliest Unreduced Retirement Eligibility</b>  <b>VRS:</b> Age 65 with at least five years (60 months) of service credit or at age 50 with at least 30 years of service credit.</p> <p><b>Political subdivision hazardous duty employees:</b> Age 60 with at least five years of service credit or age 50 with at least 25 years of service credit.</p>	<p><b>Earliest Unreduced Retirement Eligibility</b>  <b>VRS:</b> Normal Social Security retirement age with at least five years (60 months) of service credit or when their age plus service credit equals 90.</p> <p><b>Political subdivision hazardous duty employees:</b> Same as Plan 1.</p>	<p><b>Earliest Unreduced Retirement Eligibility</b>  <i>Defined Benefit Component:</i>  <b>VRS:</b> Normal Social Security retirement age and have at least five years (60 months) of service credit or when their age plus service credit equals 90.</p> <p><b>Political subdivision hazardous duty employees:</b> Not applicable.</p> <p><i>Defined Contribution Component:</i>  Members are eligible to receive distributions upon leaving employment, subject to restrictions.</p>
<p><b>Earliest Reduced Retirement Eligibility</b>  <b>VRS:</b> Age 55 with at least five years (60 months) of service credit or age 50 with at least 10 years of service credit.</p> <p><b>Political subdivision hazardous duty employees:</b> Age 50 with at least five years of service credit.</p>	<p><b>Earliest Reduced Retirement Eligibility</b>  <b>VRS:</b> Age 60 with at least five years (60 months) of service credit.</p> <p><b>Political subdivision hazardous duty employees:</b> Same as Plan 1.</p>	<p><b>Earliest Reduced Retirement Eligibility</b>  <i>Defined Benefit Component:</i>  <b>VRS:</b> Age 60 with at least five years (60 months) of service credit.</p> <p><b>Political subdivision hazardous duty employees:</b> Not applicable.</p> <p><i>Defined Contribution Component:</i>  Members are eligible to receive distributions upon leaving employment, subject to restrictions.</p>

**City of Newport News, Virginia**  
**Notes to the Financial Statements**  
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PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<p><b>Cost-of-Living Adjustment (COLA) in Retirement</b></p> <p>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%.</p> <p><i>Eligibility:</i>  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.</p> <p>For members who retire with a reduced benefit and who have less than 20 years of service credit, the COLA will go into effect on July 1 after one calendar year following the unreduced retirement eligibility date.</p> <p><i>Exceptions to COLA Effective Dates:</i>  The COLA is effective July 1 following one full calendar year (January 1 to December 31) under any of the following circumstances:</p> <ul style="list-style-type: none"> <li>• The member is within five years of qualifying for an unreduced retirement benefit as of January 1, 2013.</li> <li>• The member retires on disability.</li> <li>• The member retires directly from short-term or long-term disability.</li> <li>• 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.</li> <li>• The member dies in service and the member's survivor or beneficiary is eligible for a monthly death-in-service benefit.</li> </ul>	<p><b>Cost-of-Living Adjustment (COLA) in Retirement</b></p> <p>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%.</p> <p><i>Eligibility:</i>  Same as Plan 1.</p> <p><i>Exceptions to COLA Effective Dates:</i>  Same as Plan 1.</p>	<p><b>Cost-of-Living Adjustment (COLA) in Retirement</b></p> <p><i>Defined Benefit Component:</i>  Same as Plan 2.</p> <p><i>Defined Contribution Component:</i>  Not applicable.</p> <p><i>Eligibility:</i>  Same as Plan 1.</p> <p><i>Exceptions to COLA Effective Dates:</i>  Same as Plan 1.</p>

**City of Newport News, Virginia**  
**Notes to the Financial Statements**  
**June 30, 2025**

<b>PLAN 1</b>	<b>PLAN 2</b>	<b>HYBRID RETIREMENT PLAN</b>
<p><b>Disability Coverage</b>  Members who are eligible to be considered for disability retirement and retire on disability, the retirement multiplier is 1.70% on all service, regardless of when it was earned, purchased or granted.</p>	<p><b>Disability Coverage</b>  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.</p>	<p><b>Disability Coverage</b>  Employees of political subdivisions (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.</p> <p>Hybrid plan 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.</p>
<p><b>Purchase of Prior Service</b>  Members may be eligible to purchase service from previous public employment, active duty military service, an eligible period of leave or VRS refunded service as service credit in their plan. Prior service credit counts toward vesting, eligibility for retirement and the health insurance credit. Only active members are eligible to purchase prior service. Members also may be eligible to purchase periods of leave without pay.</p>	<p><b>Purchase of Prior Service</b>  Same as Plan 1.</p>	<p><b>Purchase of Prior Service</b>  <i>Defined Benefit Component:</i>  Same as Plan 1, with the following exception:</p> <ul style="list-style-type: none"> <li>• Hybrid Retirement Plan members are ineligible for ported service.</li> </ul> <p><i>Defined Contribution Component:</i>  Not applicable.</p>

**City of Newport News, Virginia**  
**Notes to the Financial Statements**  
**June 30, 2025**

**Number of Employees by Class**

City membership as of the valuation date in the plan consisted of:

	Retirees and beneficiaries
June 30, 2023	
Inactive members or their beneficiaries	
currently receiving benefits	95
Inactive members	
Vested	258
Non-vested	984
Active elsewhere in VRS	508
Total inactive members	1,750
Active members	2,099
Total	3,944

**Contributions Made and Contributions Required**

The contribution requirement for active employees is governed by §51.1-145 of the *Code of Virginia*, as amended, but may be impacted as a result of funding options provided to political subdivisions by the Virginia General Assembly. Employees are required to contribute 5.00% of their compensation toward their retirement. Prior to July 1, 2012, all or part of the 5.00% member contribution may have been assumed by the employer. Beginning July 1, 2012 new employees were required to pay the 5.00% member contribution. In addition, for existing employees, employers were required to begin making the employee pay the 5.00% member contribution. This could be phased in over a period of up to 5 years and the employer is required to provide a salary increase equal to the amount of the increase in the employee-paid member contribution.

The City’s contractually required contribution rate for the year ended June 30, 2025 was 6.17% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2023. This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the City were \$8,380,846 and \$7,864,957 for the years ended June 30, 2025 and June 30, 2024, respectively.

**Net Pension Asset**

The City’s net pension asset 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, rolled forward to the measurement date of June 30, 2024.

**City of Newport News, Virginia**  
**Notes to the Financial Statements**  
**June 30, 2025**

**Actuarial Assumptions**

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

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

**Mortality rates - Largest 10 – Non-Hazardous Duty : 20% of deaths are assumed to be service related**

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

Beneficiaries and Survivors:

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

Mortality Improvement:

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

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

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

**City of Newport News, Virginia**  
**Notes to the Financial Statements**  
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**Mortality Rates - All Others (Non 10 Largest) – Non-Hazardous Duty: 15% of deaths are assumed to be service-related**

**Pre-Retirement:**

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

**Post-Retirement:**

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

**Post-Disablement:**

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

**Beneficiaries and Survivors:**

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

**Mortality Improvement:**

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

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

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

**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:

**City of Newport News, Virginia**  
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Asset class (strategy)	Long-term target asset allocation	Arithmetic long-term expected rate of return	Weighted avg 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	<u>100.00%</u>		<u>7.07%</u>
Expected arithmetic nominal return **			<u>7.07%</u>

\* The above allocation provides a one-year expected 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%.

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

The discount rate used to measure the total pension liability was 6.75%.

The projection of cash flows used to determine the discount rate assumed that System member contributions will be made per the VRS Statutes and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. For the year ended June 30, 2024, the employer contribution rate is 100% of the actuarially determined employer contribution rate from the June 30, 2023 actuarial valuations. From July 1, 2024 on, participating employers are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

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

	1% Decrease 5.75%	Discount rate 6.75%	1% Increase 7.75%
Plan's net pension (asset)/liability	\$ (1,676,548)	(22,669,800)	(38,717,741)

Detailed information about the PAC and Schools is available in the separately issued financial reports for each entity.

**City of Newport News, Virginia**  
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**Changes in the Net Pension Asset**

The City's change in net pension asset of the VRS Plan for 2024 was as follows:

	Total pension liability (a)	City's fiduciary net position (b)	Proprietary's fiduciary net position (c)	Primary government's fiduciary net position (b)+(c)	Net pension (asset)/liability (a)-(b)-(c)
<b>Balances at June 30, 2023</b>	\$ 89,881,477	101,744,225	6,804,611	108,548,836	(18,667,359)
<b>Changes for the year:</b>					
Service cost	12,223,280	-	-	-	12,223,280
Interest	6,836,122	-	-	-	6,836,122
Differences between expected and actual experience	1,275,723	-	-	-	1,275,723
Contributions - employer	-	7,397,757	472,197	7,869,954	(7,869,954)
Contributions - member	-	5,107,306	325,998	5,433,304	(5,433,304)
Net investment income	-	10,414,344	664,745	11,079,089	(11,079,089)
Benefit payments	(1,657,744)	(1,558,279)	(99,465)	(1,657,744)	-
Administrative expenses	-	(44,896)	(2,866)	(47,762)	47,762
Other changes	-	2,802	179	2,981	(2,981)
<b>Net changes</b>	<b>18,677,381</b>	<b>21,319,034</b>	<b>1,360,788</b>	<b>22,679,822</b>	<b>(4,002,441)</b>
<b>Balances at June 30, 2024</b>	<b>\$ 108,558,858</b>	<b>123,063,259</b>	<b>8,165,399</b>	<b>131,228,658</b>	<b>(22,669,800)</b>

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

For the year ended June 30, 2025, the City recognized VRS pension expense of \$4,207,133. At June 30, 2025, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Governmental activities		Business-type activities		Total activities	
	Deferred outflows of resources	Deferred inflows of resources	Deferred outflows of resources	Deferred inflows of resources	Deferred outflows of resources	Deferred inflows of resources
Employer contributions subsequent to measurement date	\$ 7,877,995	-	502,851	-	8,380,846	-
Differences between expected and actual experience	\$ 954,948	2,846,435	60,954	181,687	1,015,902	3,028,122
Changes of assumptions	\$ 556,752	-	35,537	-	592,289	-
Net difference between projected and actual earnings on plan investments	\$ -	2,576,595	-	164,464	-	2,741,059

\$8,380,846 reported as deferred outflows of resources related to pensions resulting from the City's contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the Fiscal Year ending June 30, 2026.

**City of Newport News, Virginia**  
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Other amounts reported as deferred outflows of resources and deferred inflows of resources related to VRS will be recognized in pension expense in future reporting periods as follows:

Year ended June 30:	
2026	\$ (2,537,607)
2027	(7,841)
2028	(1,078,314)
2029	(537,228)
Total	<u>\$ (4,160,990)</u>

Schedules of Employer Contributions, Changes in the City’s Net Pension Liability and Related Ratios, and Schedule of City contributions are included in the Required Supplemental Information Section.

**Payable to the Pension Plan**

At June 30, 2025, the City did not have a payable to the VRS plan.

***(c) Aggregate Pension Items***

The aggregate pension expense for the City for the year ended June 30, 2025, for both Newport News Employees Retirement Fund and VRS, was \$52,675,103.

The aggregate pension liability for the City for the year ended June 30, 2025, for both Newport News Employees Retirement Fund and VRS, was \$326,113,067 (note that VRS is a net pension asset at June 30, 2025, and thus is not included in this number, and instead is presented separately on the Statement of Net Position).

The aggregate deferred outflows of resources related to pensions for the City for the year ended June 30, 2025, for both Newport News Employees Retirement Fund and VRS, was \$49,482,103.

The aggregate deferred inflows of resources related to pensions for the City for the year ended June 30, 2025, for both Newport News Employees Retirement Fund and VRS, was \$21,800,066.

**City of Newport News, Virginia**  
**Notes to the Financial Statements**  
**June 30, 2025**

**(9) Other Postemployment Benefits**

**(a) City of Newport News Other Postemployment Fund**

**Plan Description**

The plan is a single employer Other Postemployment plan that provides medical benefits, insurance premium payments and dental insurance to City retirees who enroll in the programs offered. Schools retirees are not eligible for programs offered by the OPEB Fund, but are offered different benefits through a separate fund established by Schools on their behalf. Once a retiree has withdrawn from the OPEB Fund by terminating coverage, they are not allowed to rejoin the plan. 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.

For reporting purposes, the assets, income and expenses of the OPEB fund were included with the Pension Fund from FY 2000 – 2007. However, the calculation of the net pension obligation for pension excluded OPEB contributions.

The OPEB Fund is a separate trust fund and is considered part of the City’s financial reporting entity. The pension trust issues a publicly available financial report that includes financial statements and required information for the OPEB Fund. This information can be obtained at <https://www.nnva.gov/580/Retirement>.

**Benefits Provided**

The City offers health and dental coverage to eligible retirees and their eligible dependents through the OPEB plan. Effective July 1, 2005, the City’s contribution to retirees’ medical insurance premiums was capped and annually adjusted with a CPI-based formula. Retirees must have at least 10 years of service to receive a premium contribution. Those having 25 years or more receive the maximum contribution. At age 65, the retiree’s coverage converts to a Medicare Advantage insurance program. City participants who were eligible to retire before July 1, 2005 are provided a life insurance benefit of 50% of salary upon retirement. For participants not eligible to retire before July 1, 2005, the life insurance benefit is 50% of salary at retirement, and is reduced 20% per year after retirement, but not below \$10,000. The life insurance is provided at no cost to retirees.

Benefit provisions for the City are established and amended through the City Council. Since 1958, the City has allowed employees to continue their health, dental and vision coverage after retirement.

**Employees Covered by Benefit Terms**

City membership as of the valuation date in the plan consisted of:

	July 1, 2023
<b>Active employees</b>	
Count	<u>962</u>
<b>Retirees with medical, dental, and/or life coverage</b>	
With medical coverage	1,777
With dental coverage	2,538
With life insurance coverage	<u>2,081</u>
Total	<u><u>6,396</u></u>

Employees who leave City employment before meeting the age and service requirements for receiving a pension benefit are not eligible for postemployment benefits.

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**Contribution Required and Contributions Made**

The City does not have a formal funding policy for the OPEB Fund and operates on a pay-as-you-go basis. The City makes monthly contributions to the OPEB Fund based on anticipated expenditures for the fiscal year which are not covered by the retiree contributions to the Fund for their portion of their insurance premiums.

Contributions by the City to the OPEB Fund during the year ended June 30, 2025 totaled \$8,240,000. The percentage of contributions to covered payroll for fiscal year 2025 was 12.3%.

**Net OPEB Liability**

The City's net OPEB liability was measured as of June 30, 2024. The total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation performed as of June 30, 2023, using an updated actuarial assumption, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2024.

**Actuarial Methods and 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, 2023
Actuarial cost method	Entry Age Normal
Amortization method	Level Dollar Closed
Remaining amortization period	17 years
Asset valuation method	Fair Value
<b>Actuarial assumptions:</b>	
Investment rate of return	7.00%
Rate of salary increases	4.50%
Ultimate rate of medical inflation (capped by employer policy)	1.225%
Inflation	2.50%

**Rate of mortality:**

**Non-retired members:**

For Public Safety, Pub-2010 Safety Employees Amount-Weighted Mortality Tables. For all other members, Pub-2010 General Employees Amount-Weighted Mortality Table. All rates are projected from the 2010 base rates using the MP-2020 improvement scale.

**Retired members:**

For Public Safety, rates are based on 135% and 145% of the Pub-2010 Safety Retiree Amount-Weighted Mortality Table, respectively, for males and females. For all other members, rates are based on 135% and 145% of the Pub-2010 General Retiree Amount-Weighted Mortality Table, respectively, for males and females. All rates are projected from the 2010 base rates using the MP-2020 improvement scale.

**City of Newport News, Virginia**  
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**Long-Term Expected Rate of Return**

The long-term expected rate of return on NNERF OPEB investments was determined using best-estimate ranges of expected future real rates of return (expected returns, 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 weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The annual money-weighted rate of return net of investment fees for fiscal year 2024 was 13.60%. Best estimates of arithmetic real rates of return for each major asset class included in the OPEB plan's target asset allocation as of June 30, 2024 are summarized in the following table:

<u>Asset class</u>	<u>Long-term expected real rate of return</u>	<u>Target allocation</u>
Large cap equities	5.7%	36.0%
SMid cap equities	6.4%	16.0%
International equities	6.1%	14.0%
Emerging markets	6.1%	9.0%
Investment grade bonds	2.0%	12.0%
Short-term investment grade bonds	0.9%	10.0%
TIPS	1.9%	3.0%

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

The discount rate used to measure the total OPEB liability was 7.00%.

The projection of cash flows used to determine the discount rate assumed that contributions from the City will be made at rates equal to the actuarially determined contribution rates.

Based on these assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current Plan members. Therefore, the long-term expected rate of return on Plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

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

	1% Decrease 6.00%	Discount rate 7.00%	1% Increase 8.00%
Total OPEB liability	\$ 129,671,531	117,940,149	108,017,545
Plan fiduciary net position	51,237,651	51,237,651	51,237,651
Net OPEB liability	\$ 78,433,880	66,702,498	56,779,894
Plan fiduciary net position as a percentage of the total OPEB liability	39.5 %	43.4 %	47.4 %

Detailed information about the OPEB Plan is available in the separately issued NNERF financial report.

**City of Newport News, Virginia**  
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**Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rates**

Changes in the healthcare trends affect the measurement of the Total OPEB Liability (TOL). Lower healthcare trends produce a lower TOL and higher healthcare trends produce a higher TOL. The table below shows the sensitivity of the collective Net OPEB Liability (NOL) to the healthcare trends. Note that the healthcare trend is limited by the City's cost of living formula, which is related to the inflation assumption.

	1% Decrease	Healthcare trend	1% Increase
Total OPEB liability	\$ 108,528,635	117,940,149	128,966,020
Plan fiduciary net position	51,237,651	51,237,651	51,237,651
Net OPEB liability	<u>\$ 57,290,984</u>	<u>66,702,498</u>	<u>77,728,369</u>
Plan fiduciary net position as a percentage of the total OPEB liability	47.2 %	43.4 %	39.7 %

A one percent decrease in the healthcare trends decreases the TOL by approximately 8% and decreases the collective NOL by approximately 14%. A one percent increase in the healthcare trends increases the TOL by approximately 9% and increases the collective NOL by approximately 17%.

**Changes in the Net OPEB Liability**

The City's change in net OPEB liability to the OPEB Fund for 2024 was as follows:

	Total OPEB liability (a)	City's fiduciary net position (b)	Proprietary's fiduciary net position (c)	Primary government's fiduciary net position (b)+(c)	Net OPEB liability (a)-(b)-(c)
<b>Balances at June 30, 2023</b>	\$ 107,904,305	39,560,417	5,490,593	45,051,010	62,853,295
<b>Changes for the year:</b>					
Service cost	493,638	-	-	-	493,638
Interest	7,309,489	-	-	-	7,309,489
Differences between expected and actual experience	(2,273,792)	-	-	-	(2,273,792)
Changes of assumptions	12,596,679	-	-	-	12,596,679
Contributions - employer	-	7,235,750	1,004,250	8,240,000	(8,240,000)
Contributions - member	-	-	-	-	-
Net investment income	-	5,351,216	742,696	6,093,912	(6,093,912)
Benefit payments	(8,090,170)	(7,104,181)	(985,989)	(8,090,170)	-
Administrative expenses	-	(50,142)	(6,959)	(57,101)	57,101
<b>Net changes</b>	<u>10,035,844</u>	<u>5,432,643</u>	<u>753,998</u>	<u>6,186,641</u>	<u>3,849,203</u>
<b>Balances at June 30, 2024</b>	<u>\$ 117,940,149</u>	<u>44,993,060</u>	<u>6,244,591</u>	<u>51,237,651</u>	<u>66,702,498</u>

The following schedule includes the proportionate shares of employer contributions of OPEB liability by Activities:

Activities	Contributions	Net pension liability	Proportionate share
Governmental activities	\$ 7,235,750	58,573,131	87.81 %
Business-type activities	1,004,250	8,129,367	12.19 %
Total	<u>\$ 8,240,000</u>	<u>66,702,498</u>	<u>100.00 %</u>

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

For the year ended June 30, 2025 the City recognized OPEB expense of \$4,482,357. At June 30, 2025, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Governmental activities		Business-type activities		Total activities	
	Deferred outflows of resources	Deferred inflows of resources	Deferred outflows of resources	Deferred inflows of resources	Deferred outflows of resources	Deferred inflows of resources
Employer contributions subsequent to measurement date	\$ 7,235,750	-	1,004,250	-	8,240,000	-
Differences between expected and actual experience	-	998,337	-	138,559	-	1,136,896
Changes in assumptions	\$ 5,530,729	-	767,610	-	6,298,339	-
Net difference between projected and actual earnings on OPEB plan investments	-	770,464	-	106,933	-	877,397

\$8,240,000 reported as deferred outflows of resources related to OPEB resulting from the City’s contributions subsequent to the measurement date will be recognized as a reduction of the Net OPEB Liability in the Fiscal Year ending June 30, 2026.

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

Year ended June 30:	
2026	\$ 4,501,051
2027	1,265,414
2028	(894,988)
2029	(587,431)
	<u>\$ 4,284,046</u>

Schedules of Employer Contributions, Changes in the City’s Net OPEB Liability and Related Ratios, and Schedule of City contributions are included in the Required Supplemental Information Section.

**(b) City of Newport News Line of Duty Plan (LOD)**

**Plan Description**

The Line of Duty Plan is a single-employer defined benefit plan that was established by the 2010 Appropriation Act of the Virginia General Assembly, and provides health, dental, and vision insurance benefits for public safety employees who are injured in the line of duty.

Effective July 1, 2017, the Virginia Department of Human Resource Management (DHRM) became responsible for administration of the premium-free health benefits provided to eligible LOD recipients. All LOD eligible members and their eligible family members are covered under one State Program, even if the entity previously elected to not participate in the State LOD Plan.

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The Plan is a separate fund, LOD, considered a trust fund of the City, and is included as a fiduciary trust fund. The nine voting members of the Retirement Board oversee the operation of the LOD Fund. A formal trust arrangement was in place as of June 30, 2019.

**Benefits Provided**

The Virginia Line of Duty Act (LODA) provides benefits to eligible family members of eligible employees and volunteers killed in the line of duty. In addition, there are benefits for those eligible employees and volunteers who are disabled in the line of duty and their eligible family members.

For survivors of an individual killed in the line of duty, a one-time death benefit payment is made to surviving beneficiaries and premium-free LODA Health Benefits Plans coverage is provided for eligible family members administered by DHRM. For disabled individuals and families, premium-free LODA Health Benefits Plans coverage is provided for disabled individuals and their eligible family members.

**Employees Covered by Benefit Terms**

City membership as of the valuation date in the plan consisted of:

	July 1, 2023
<b>Active employees</b>	
Count	1,168
<b>Retirees and spouses - with medical coverage</b>	
Non medicare eligible	16
Medicare eligible	13
Total	29

**Contributions Required and Contributions Made**

The Plan is funded on a pay-go basis, so there is no actuarially determined contribution. The City pays all claims and expenses related to the LOD Plan when incurred.

The actual cost to the City was \$302,159 for the year ending June 30, 2025.

**Net OPEB Liability**

The City's net OPEB liability was measured as of June 30, 2024. The total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation performed as of June 30, 2023, using an updated actuarial assumption, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2024.

**City of Newport News, Virginia**  
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**Actuarial Methods and 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 the short term. Significant methods and assumptions were as follows:

Actuarial valuation date	July 1, 2023
Actuarial cost method	Entry Age Normal
Asset valuation method	Fair Value
<b>Actuarial assumptions:</b>	
Discount rate	3.75 %
Investment rate of return	7.00 %
Rate of salary increases	4.50 %
Ultimate rate of medical inflation	4.75 %
Inflation	2.50 %

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

The discount rate used to measure the total OPEB liability was 4.19%.

The June 30, 2024 economic assumptions were based on the City's funding discount rate and the Bond Buyer GO 20-year Bond Municipal Bond Index as of June 30, 2024. Since the City has adopted a partial funding approach, the discount rate used for the June 30, 2024 measurement date reporting under GAAP was based on a blending of these two rates. The assumed fully funded rate was 7.00%. The Bond Buyer GO 20-year Bond Municipal Bond Index as of June 30, 2024 was 3.93%.

The following presents the net OPEB liability of the City, calculated using the discount rate of 4.19%, as well as what the City's net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (3.19%) or one percentage point higher (5.19%) than the current rate:

	1% Decrease 3.19%	Discount rate 4.19%	1% Increase 5.19%
Total OPEB liability	\$ 12,447,877	10,753,721	9,378,494
Plan fiduciary net position	3,371,767	3,371,767	3,371,767
Net OPEB liability	<u>\$ 9,076,110</u>	<u>7,381,954</u>	<u>6,006,727</u>
Plan fiduciary net position as a percentage of the total OPEB liability	27.1 %	31.4 %	36.0 %

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

Changes in the healthcare trends affect the measurement of the TOL. Lower healthcare trends produce a lower TOL and higher healthcare trends produce a higher TOL. The table below shows the sensitivity of the collective NOL of the City as of June 30, 2024 to the healthcare trends. Note that the healthcare trend is limited by the City's cost of living formula, which is related to the inflation assumption.

	Trend minus 1%	Baseline trends	Trend plus 1%
Total OPEB liability	\$ 8,859,589	10,753,721	13,240,631
Plan fiduciary net position	3,371,767	3,371,767	3,371,767
Net OPEB liability	<u>\$ 5,487,822</u>	<u>7,381,954</u>	<u>9,868,864</u>
Plan fiduciary net position as a percentage of the total OPEB liability	38.1 %	31.4 %	25.5 %

A one percent decrease in healthcare trends decreases the TOL by approximately 18% and decreases the NOL by approximately 26%. A one percent increase in the healthcare trend increases the TOL by approximately 23% and increases the NOL by approximately 34%.

**Changes in the Net OPEB Liability**

The City's change in net OPEB liability of the LOD Fund for 2024 was as follows:

	Total OPEB liability (a)	Plan fiduciary net position (b)	Net OPEB liability (a)-(b)
<b>Balances at June 30, 2023</b>	\$ 11,115,476	3,095,343	8,020,133
<b>Changes for the year:</b>			
Service cost	1,232,978	-	1,232,978
Interest	453,900	-	453,900
Differences between expected and actual experience	(468,760)	-	(468,760)
Changes of assumptions	(1,086,387)	-	(1,086,387)
Contributions - employer	-	375,000	(375,000)
Net investment income	-	403,675	(403,675)
Benefit payments	(493,486)	(493,486)	-
Administrative expenses	-	(8,765)	8,765
<b>Net changes</b>	<u>(361,755)</u>	<u>276,424</u>	<u>(638,179)</u>
<b>Balances at June 30, 2024</b>	<u>\$ 10,753,721</u>	<u>3,371,767</u>	<u>7,381,954</u>

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

For the year ended June 30, 2025, the City recognized OPEB expense of \$513,823. At June 30, 2025, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred outflows of resources	Deferred inflows of resources
Employer contributions subsequent to measurement date	\$ 375,000	-
Differences between expected and actual experience	\$ 2,084,961	1,944,654
Changes in assumptions	\$ 896,430	4,896,496
Net difference between projected and actual earnings on OPEB plan investments	\$ -	94,276

\$375,000 reported as deferred outflows of resources related to OPEB resulting from the City's contributions subsequent to the measurement date will be recognized as a reduction of the Net OPEB Liability in the Fiscal Year ending June 30, 2026. Amounts reported as deferred outflows and deferred inflows of resources will be recognized in OPEB expense as follows:

Year ended June 30:	
2026	\$ (809,078)
2027	(696,350)
2028	(532,507)
2029	(673,646)
2030	(322,071)
Thereafter	(920,383)
Total	<u>\$ (3,954,035)</u>

**Changes in Net OPEB Liability**

The change in the LOD Fund's net OPEB liability for 2025 was as follows:

	Total OPEB liability (a)	Plan fiduciary net position (b)	Net OPEB liability (a)-(b)
<b>Balances at June 30, 2024</b>	\$ 10,753,721	3,371,767	7,381,954
<b>Changes for the year:</b>			
Service cost	1,309,867	-	1,309,867
Interest	499,352	-	499,352
Differences between expected and actual experience	(1,137,265)	-	(1,137,265)
Changes of assumptions	(2,296,086)	-	(2,296,086)
Contributions - employer	-	400,000	(400,000)
Net investment income	-	464,222	(464,222)
Benefit payments	(294,847)	(294,847)	-
Administrative expenses	-	(7,311)	7,311
<b>Net changes</b>	<u>(1,918,979)</u>	<u>562,064</u>	<u>(2,481,043)</u>
<b>Balances at June 30, 2025</b>	<u>\$ 8,834,742</u>	<u>3,933,831</u>	<u>4,900,911</u>

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

The discount rate used to measure the Total OPEB Liability of the LOD Fund was 5.54% for June 30, 2025.

The City's fully funded discount rate as of June 30, 2025 is 7.00%, which is the assumed long-term expected rate of return on plan investments.

The discount rate for benefits that are not expected to be paid from the Trust is the Bond Buyer GO 20-Bond Municipal Bond Index, which satisfies the requirements under GAAP. As this index is issued weekly, the value closest to but not after the reporting date is used in determining the appropriate rate. Based on this practice, the municipal bond rate as of June 30, 2025 was 5.20%.

The Plan does not have a formal written funding policy; however, over the past five years, the City has contributed an average of \$325,000 per year. GAAP allows the use of this pattern of past contributions to project future contributions, so it is assumed that the City will continue to contribute this average amount.

The assets accumulated in the Trust as of the measurement date plus future assumed employer contributions are not sufficient to pay all future benefit payments for current plan participants past 2041. In accordance with GAAP, the depletion test of the expected benefit payments resulted in a blended rate of 5.54%.

The following presents the net OPEB liability of the LOD Fund, calculated using the discount rate of 5.54%, as well as what the LOD Fund's net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (4.54%) or one percentage point higher (6.54%) than the current rate:

	1% Decrease 4.54%	Discount Rate 5.54%	1% Increase 6.54%
Total OPEB liability	\$ 10,018,525	8,834,742	7,855,171
Plan fiduciary net position	3,933,831	3,933,831	3,933,831
Net OPEB liability	<u>\$ 6,084,694</u>	<u>4,900,911</u>	<u>3,921,340</u>
Plan fiduciary net position as a percentage of the total OPEB liability	39.3 %	44.5 %	50.1 %

**Sensitivity of the Net OPEB Liability to Change in Trend Rates**

Changes in healthcare trends affect the measurement of the TOL. Lower healthcare trends produce a lower TOL and higher healthcare trends produce a higher TOL. The table below shows the sensitivity of the NOL of the LOD Fund as of June 30, 2025 to the healthcare trends.

	Trend minus 1%	Baseline trends	Trend plus 1%
Total OPEB liability	\$ 7,467,581	8,834,742	10,579,594
Plan fiduciary net position	3,933,831	3,933,831	3,933,831
Net OPEB liability	<u>\$ 3,533,750</u>	<u>4,900,911</u>	<u>6,645,763</u>
Plan fiduciary net position as a percentage of the total OPEB liability	52.7 %	44.5 %	37.2 %

A one percent decrease in healthcare trends decreases the TOL by approximately 15% and decreases the NOL by approximately 28%. A one percent increase in the healthcare trend increases the TOL by approximately 20% and increases the NOL by approximately 36%.

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**LOD Fiduciary Net Position and Changes in Net Position for the Year Ended June 30, 2025**

<b>Assets</b>	
Cash and cash equivalents	\$ 528,772
Investments, at fair value	3,403,867
Sales receivable	<u>1,802</u>
Total assets	3,934,441
<b>Liabilities</b>	
Accounts payable	<u>611</u>
Total liabilities	<u>611</u>
<b>Fiduciary Net Position</b>	
Restricted for LOD benefits	<u><u>\$ 3,933,830</u></u>
<b>Additions:</b>	
Contributions	\$ 400,000
Investment earnings	<u>464,222</u>
Total additions	864,222
<b>Deductions:</b>	
Benefit payments	294,847
Administrative expenses	<u>7,312</u>
Total deductions	<u>302,159</u>
Change in fiduciary net position	562,063
Fiduciary net position - June 30, 2024	<u>3,371,767</u>
Fiduciary net position - June 30, 2025	<u><u>\$ 3,933,830</u></u>

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**(c) VRS Group Life Insurance Program**

**Plan Description**

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 §51.1-500 et seq. of the *Code of Virginia*, as amended, 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.

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

In addition to the Basic Group Life Insurance benefit, members are also eligible to elect additional coverage for themselves as well as a spouse or dependent children through the Optional Group Life Insurance Program. 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.

**Benefits Provided**

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

GLI Program Plan Provisions
<p><b>Eligible Employees</b></p> <p>The GLI Program was established July 1, 1960, for state employees, teachers and employees of political subdivisions that elect the program, including the following employers that do not participate in VRS for retirement:</p> <ul style="list-style-type: none"> <li>• City of Richmond</li> <li>• City of Portsmouth</li> <li>• City of Roanoke</li> <li>• City of Norfolk</li> <li>• Roanoke City School Board</li> </ul> <p>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 accumulated retirement member contributions and accrued interest.</p>
<p><b>Benefit Amounts</b></p> <p>The benefits payable under the GLI Program have several components.</p> <ul style="list-style-type: none"> <li>• <b>Natural Death Benefit</b> - The natural death benefit is equal to the employee's covered compensation rounded to the next highest thousand and then doubled.</li> <li>• <b>Accidental Death Benefit</b> - The accidental death benefit is double the natural death benefit.</li> <li>• <b>Other Benefit Provisions</b> - In addition to the basic natural and accidental death benefits, the program provides additional benefits provided under specific circumstances. These include: <ul style="list-style-type: none"> <li>• Accidental dismemberment benefit</li> <li>• Seatbelt benefit</li> <li>• Repatriation benefit</li> <li>• Felonious assault benefit</li> <li>• Accelerated death benefit option</li> </ul> </li> </ul>

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**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 Group Life Insurance Program. The minimum benefit was set at \$8,000 by statute. This amount is increased annually based on the VRS Plan 2 cost-of-living adjustment and was increased to \$9,532 effective June 30, 2025.

**Contributions Required and Contributions Made**

The contribution requirements for the GLI Program are governed by §51.1-506 and §51.1-508 of the *Code of Virginia*, as amended, but may be impacted as a result of funding provided to state agencies and school divisions by the Virginia General Assembly. The total rate for the 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. Each employer's contractually required employer contribution rate for the year ended June 30, 2025 was 0.47% of covered employee compensation. This rate was the final approved General Assembly rate which was based on an actuarially determined rate from an actuarial valuation as of June 30, 2023. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits payable during the year, with an additional amount to finance any unfunded accrued liability. Contributions by the City to the GLI Program were \$640,276 and \$650,832 for the years ended June 30, 2025 and June 30, 2024, respectively.

**Net GLI OPEB Liability**

The net OPEB liability (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 the measurement date of June 30, 2024, NOL amounts for the GLI Program are 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
GLI net 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.

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**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%
<b>Salary increases, including inflation -</b>	
General state employees	3.50% - 5.35%
Teachers	3.50% - 5.95%
SPORS employees	3.50% - 4.75%
VaLORS employees	3.50% - 4.75%
JRS employees	4.00%
Locality - general employees	3.50% - 5.35%
Locality - hazardous duty employees	3.50% - 4.75%
Investment rate of return	6.75% net of plan investment expenses, including inflation

**Mortality Rates - Non-Largest Ten Locality Employers - General Employees**

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

Beneficiaries and Survivors:

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

Mortality Improvement Scale:

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

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

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

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**Mortality Rates - Non-Largest Ten Locality Employers - Hazardous Duty Employees**

**Pre-Retirement:**

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

**Post-Retirement:**

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

**Post-Disablement:**

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

**Beneficiaries and Survivors:**

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

**Mortality Improvement Scale:**

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

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

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

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

Asset class (strategy)	Long-term target asset allocation	Arithmetic long-term expected rate of return	Weighted avg 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	<u>100.00 %</u>		<u>7.07 %</u>
Expected arithmetic nominal return*			<u>7.07 %</u>

\*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%.

**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 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 ending June 30, 2024, the rate contributed by employers for the VRS GLI OPEB plan will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly, which was 113% of the actuarially determined contribution rate. From July 1, 2024 on, employers are assumed to continue to contribute 100% of the actuarially determined contribution rates.

Based on those assumptions, the GLI OPEB's fiduciary net position was projected to be available to make all projected future benefit payments of eligible employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total GLI OPEB liability.

**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:

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	1% Decrease 5.75%	Current discount rate 6.75%	1% Increase 7.75%
Employer's proportionate share of the GLI program net OPEB liability	\$ 8,145,985	5,238,138	2,888,980

The following schedule includes the proportionate shares of employer contributions of OPEB liability by Activities:

	June 30, 2023		
	Contributions	Net pension liability	Proportionate share
Governmental activities	\$ 611,782	4,923,850	94.00 %
Business-type activities	39,050	314,288	6.00 %
Total	\$ 650,832	5,238,138	100.00 %

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

At June 30, 2025, the City reported a liability of \$5,238,138 for its proportionate share of the Net GLI OPEB Liability. 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 as of that date. 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 City's proportion was 0.46940% as compared to 0.45633% at June 30, 2023.

For the year ended June 30, 2025, the City recognized GLI OPEB expense of \$475,241. 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:

	Governmental activities		Business-type activities		Total activities	
	Deferred outflows of resources	Deferred inflows of resources	Deferred outflows of resources	Deferred inflows of resources	Deferred outflows of resources	Deferred inflows of resources
Employer contributions subsequent to measurement date	\$ 601,859	-	38,417	-	640,276	-
Differences between expected and actual experience	776,604	120,273	49,571	7,677	826,175	127,950
Changes in assumptions	28,066	244,016	1,791	15,575	29,857	259,591
Changes in proportion	622,712	3,635	39,748	232	662,460	3,867
Investment Experience	-	415,028	-	26,492	-	441,520

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\$640,276 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 ended June 30:	
2026	\$ 42,110
2027	298,626
2028	121,815
2029	117,992
2030	105,021
Total	<u>\$ 685,564</u>

**GLI 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/media/shared/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.

**Payables to the VRS GLI OPEB Plan**

At June 30, 2025, the City did not have a payable to the VRS GLI OPEB plan.

***(d) Aggregate Other Postemployment Benefits Expense***

The aggregate other postemployment benefits expense for the City for the year ended June 30, 2025 for the City of Newport News Other Postemployment Fund, the City of Newport News Line of Duty Plan, and the VRS Group Life Insurance Program was \$5,471,421.

**(10) Deferred Compensation Plans**

***(a) 457 Deferred Compensation Plan - Traditional and Roth***

Employees of the City, except those of Schools, may participate in a deferred compensation plan adopted under the provisions of Internal Revenue Code Sec. 457 (Deferred Compensation Plans with Respect to Service for State and Local Governments). Under the Traditional Plan, employees may elect to defer a portion of their salaries and postpone paying taxes on the deferred portion until those funds are withdrawn by the employee. The traditional deferred compensation amount is not available for withdrawal by employees until termination, retirement, death or unforeseeable emergency. Under the Roth Plan, employees may elect to defer a portion of their salaries on an after tax basis. Roth deferrals and associated earnings can be withdrawn tax free if certain criteria are met.

The deferred compensation plan is administered by an unrelated financial institution on behalf of the City. Investment options available to employees include common stock, corporate and government bonds, guaranteed interest contracts, or combinations thereof. All deferred compensation and income attributable to the investment of the deferred compensation amounts are held by the financial institution until paid or made available to the employees or beneficiaries.

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**(b) Health Reimbursement Arrangement (HRA)**

All full-time employees of the City hired after March 1, 2010 (except Schools employees) are automatically enrolled in the HRA Plan adopted under the provision of the IRS Notice 2002-45 and Revenue Ruling 2002-41. Under the plan, the City contributes 3% of the average City salary into each employee's HRA account. For fiscal 2025, based on an average City salary of \$62,651, the City contributed \$1,880 per participant for a total of \$4,344,734 to the HRA accounts. The accumulated amounts are available to participants at retirement or at age 55, if terminated prior to reaching retirement eligibility. The Plan reimburses the participant, the participant's spouse, and dependents for insurance premiums or other medical payments expended for permissible benefits described under the plan. HRA participants cannot be members of the City's OPEB Fund.

The HRA is administered by an unrelated financial institution. Investment options are available to employees.

**(11) Self Insurance**

**(a) Medical Benefits**

The School Board is self-insured for medical benefits through funding from the General Fund for employees up to \$250,000, per employee per year. The City self-insures its active employees for medical, dental and prescription drug benefits. The City's claims liability per member per contract year is the amount up to the amount of the City's portion of paid claims or \$325,000, whichever is less. Claims in excess of the limitation are covered by third-party insurance. Expenditures are charged to the fund to which the employees' payroll expenditure is charged at amounts that approximate what third-party insurers would have charged.

Changes in the medical and dental incurred but not reported amount during the fiscal years ended June 30, 2025 and 2024 for the City and the Public Schools were as follows:

	City		Public schools	
	2025	2024	2025	2024
Claims payable at beginning of year	\$ 3,042,000	3,364,000	2,886,001	2,797,000
Claims and changes in estimates	44,138,475	41,215,376	38,617,023	35,921,836
Claim payments	(43,525,475)	(41,537,376)	(38,358,023)	(35,832,835)
Claims payable at end of year	<u>\$ 3,655,000</u>	<u>3,042,000</u>	<u>3,145,001</u>	<u>2,886,001</u>

**(b) Workers' Compensation**

The City self-insures for workers' compensation through the General Fund up to \$2,000,000 per claim. The School Board discontinued excess insurance coverage, effective July 1, 2006. 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 in the long-term liabilities. The following is a reconciliation of changes in workers' compensation claims payable for years ended June 30, 2025 and 2024 for the City and the Schools.

	City		Public schools	
	2025	2024	2025	2024
Claims payable at beginning of year	\$ 11,094,132	12,303,670	4,734,802	4,962,674
Claims and changes in estimates	1,337,675	1,268,809	2,156,830	919,460
Claim payments	(1,487,498)	(2,478,347)	(1,727,250)	(1,147,332)
Claims payable at end of year	<u>\$ 10,944,309</u>	<u>11,094,132</u>	<u>5,164,382</u>	<u>4,734,802</u>

A loss analysis was conducted by Oliver Wyman Actuarial Consulting, Inc. on this fund. The total actuarially computed liability as of June 30, 2025 for the City and School Board was determined to be approximately \$10.9 million and \$5.2 million, respectively.

**City of Newport News, Virginia**  
**Notes to the Financial Statements**  
**June 30, 2025**

**(c) Other**

The City self-insures for automotive and general liability through the General Fund up to \$1 million per occurrence, up to \$100,000 for each property or fire claim and up to \$250,000 for each windstorm claim. 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 losses resulting from vehicular accidents of up to \$1,000,000. Claims in excess of the self-insured retention limitations are covered by third party insurance.

	City	
	2025	2024
Auto & General Liability		
Claims payable at beginning of year	\$ 3,644,963	2,418,360
Claims and changes in estimates	2,708,450	2,015,382
Claim payments	(1,918,833)	(788,779)
Claims payable at end of year	\$ 4,434,580	3,644,963

The auto and general liability claims payable increased from \$3.64 million to \$4.43 million.

Included in the fund balances of the General Fund of the City are reserved and designated fund balances related to self-insurance activities.

**(12) Contingent Liabilities**

**(a) Grants**

The City received grant funds, principally from the U.S. Government, for construction and various other programs. Expenditures from these grants are subject to audit by the grantor and the City is contingently liable to refund amounts received in excess of allowable expenditures. In the opinion of the management of the City, no material refunds will be required as a result of expenditures disallowed by the grantors.

**(b) Litigation**

The City is involved in several lawsuits arising in the ordinary course of operations. The City is self-insured with respect to automotive liability, general liability, property damage and workers' compensation. It is the opinion of City management, based on the advice of the City Attorney, that any losses incurred as a result of claims not included in accrued liabilities as of June 30, 2025, will not be material to the financial statements.

**City of Newport News, Virginia**  
**Notes to the Financial Statements**  
**June 30, 2025**

**(c) Encumbrances**

Encumbrance accounting, the recording of purchase orders, contracts, and other monetary commitments in order to reserve an applicable portion of an appropriation, is used as an extension of formal budgetary control by the City. At June 30, 2025, the City had outstanding encumbrances as follows:

<b>General Fund</b>	
General Government	\$ 1,137,433
Judicial Administration	907
Public Safety	500,580
Public Works	669,295
Health and Welfare	89,436
Parks, Recreation and Cultural	180,486
Community Development	16,910
Total General Fund	<u>2,595,047</u>
<b>Bond Fund</b>	
General Government	2,222,672
Public Works	20,786,748
Parks, Recreation and Cultural	4,236,583
Community Development	104,514,569
Total Bond Fund	<u>131,760,572</u>
<b>Capital Projects Other Federal and State Fund</b>	
Public Works	<u>21,113,522</u>
Total Capital Projects Other Federal and State Fund	<u>21,113,522</u>
<b>General Capital Improvements</b>	
General Government	1,948,586
Public Safety	10,922,205
Public Works	7,362,362
Parks, Recreation and Cultural	782,027
Community Development	4,411,526
Total General Capital Improvements	<u>25,426,706</u>
<b>Other Federal and State</b>	
Public Safety	735,692
Parks, Recreation and Cultural	263,801
Community Development	68,921
Total Other Federal and State	<u>1,068,414</u>
<b>Nonmajor Governmental Funds</b>	
General Government	52,712
Public Safety	65,856
Public Works	7,091,729
Community Development	14,994
Total Nonmajor Governmental Funds	<u>7,225,291</u>
Total	<u><u>\$ 189,189,552</u></u>

**City of Newport News, Virginia**  
**Notes to the Financial Statements**  
**June 30, 2025**

**(13) Jointly Governed Organizations and Joint Ventures**

**(a) Hampton-Newport News Community Services Board (CSB)**

The CSB operates as an agent for the cities of Hampton and Newport News in the establishment and operation of community mental health, mental retardation and substance abuse programs as provided for in Chapter 10 of Title 37.1 of the *Code of Virginia*. The CSB designates its own management and adopts its own budget. The operations are financed principally by state and federal funds. Separate financial statements are available from the CSB, 300 Medical Drive, Hampton, VA 23666.

**(b) Hampton Roads Regional Jail Authority (HRRJA)**

The HRRJA is a public corporate instrumentality of the Commonwealth of Virginia, created December 14, 1993, by the cities of Hampton, Newport News, Norfolk and Portsmouth. Beginning July 1, 2014, the City of Chesapeake entered into an agreement with the Authority to become a full member upon adoption of the agreement by all five City Councils. This was accomplished by approval of a revised and restated Service Agreement by all five governing bodies, effective August 26, 2014. The HRRJA is governed by a fifteen-member board, consisting of three members from each city. The purpose of the intergovernmental authority is to develop, construct, equip, maintain and operate a regional jail. No one locality contributes more than 50% of the HRRJA funding or has responsibility over its operations. The regional jail ceased operations during Fiscal Year 2024, with inmates being transferred back to their respective localities. As of the end of Fiscal Year 2025, the property owned by the HRRJA has been sold and the proceeds split between the respective localities. The HRRJA intends to wrap up its remaining business and disband during Fiscal Year 2026. Separate financial statements are available from the HRRJA, 2690 Elmhurst Lane, Portsmouth, Virginia 23701-2745.

**(c) Hampton Roads Alliance (HRA)**

The HRA (formerly the Hampton Roads Economic Development Alliance, or HREDA) is a non-profit, public-private partnership that aggressively markets Virginia's Hampton Roads region as the primary region of choice for economic investment and business expansion. All HRA business attraction initiatives and activities are designed to promote the jurisdictions of Chesapeake, Franklin, Hampton, Isle of Wight County, James City County, Newport News, Norfolk, Poquoson, Portsmouth, Southampton County, Suffolk, Virginia Beach, Williamsburg and York County, Virginia. The business affairs are managed by a Board comprised of C-suite executives from some of the largest employers in the region and Mayors from throughout the region, including the Mayor of Newport News. The HRA receives funding from both private and public entities. Newport News contributed \$206,109 in FY25. Separate financial statements are available from the HRA, 3 Commercial Place, Suite 1320, Norfolk, Virginia 23510.

**(14) Deficit Fund Balance**

The City has an accumulated fund balance deficit as of June 30, 2025 of \$113,705 for the Animal Shelter fund. The Animal Shelter fund deficit is the result of operating expenditures exceeding budgeted amounts in Fiscal Years 2023 and 2024. As a result, budgeted amounts were inadequate to cover unforeseen operating overages. Fund balance increased by \$330,021 in Fiscal Year 2025, thus decreasing the accumulated deficit from \$443,726 to \$113,705. This deficit does not indicate the Animal Shelter is facing financial difficulty.

**City of Newport News, Virginia**  
**Notes to the Financial Statements**  
**June 30, 2025**

**(15) Tax Abatements**

The E/IDA administers a Local Tourism Zone grant program which provides to companies, if meeting the eligibility criteria, a 100% reimbursement of business license tax and between 40% and 50% reimbursement of food and beverage tax revenues and transient taxes paid by the company. The E/IDA negotiates business license tax and food and beverage tax abatements on an individual basis. The abatements for the ten most recent fiscal years were as follows:

Fiscal year ended	Amount of taxes abated
June 30, 2025	\$ 236,835
June 30, 2024	287,754
June 30, 2023	303,619
June 30, 2022	230,518
June 30, 2021	186,298
June 30, 2020	157,923
June 30, 2019	225,185
June 30, 2018	103,592
June 30, 2017	51,956
June 30, 2016	48,929

Additionally, the E/IDA administers a Defense Production Zone Program within the City of Newport News. The City established a Defense Production Zone within certain boundaries in its downtown area, and the E/IDA negotiates incentives with defense production firms for certain projects within that area to encourage the defense production tax base and support investment and job creation. The E/IDA currently has one agreement under this program, which provides a grant to a qualified shipbuilder for the amount of net new real estate and machinery and tools taxes created by new capital investments within the Defense Production Zone. The incentives provided for the fiscal years ended June 30 were as follows:

Fiscal Year Ended	Amount of Incentive Provided
June 30, 2025	\$ 6,005,443
June 30, 2024	6,004,642
June 30, 2023	5,888,465
June 30, 2022	2,506,307

**City of Newport News, Virginia**  
**Notes to the Financial Statements**  
**June 30, 2025**

The E/IDA administers an Expansion/Relocation Cost Reduction (ERCR) Incentive program within the City of Newport News. The program is a customized incentive available to companies in targeted industries investing \$2.5 million or more in capital investment, machinery and tools and/or business personal property. The company must also create at least twenty-five (25) new full-time jobs meeting a minimum salary requirement. The City has tax abatement agreements with eight entities as of June 30, 2025. ERCR incentives provided during the ten most recent fiscal years were as follows (note that negative amounts are repayments of ERCR incentives due to either penalties or overpayments in prior years):

Industry	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Automotive manufacturer	\$ 186,438	472,906	632,945	781,022	-	1,548,047	499,879	-	(479,531)	-
Industrial digital imaging	1,092,673	893,688	697,173	653,200	468,268	332,498	329,779	163,530	(1,444)	-
Food processor and distributor	46,983	65,053	97,790	124,065	-	-	-	-	-	-
Manufacturer of flavors and related specialties	-	-	-	3,535	8,023	9,615	11,421	15,096	17,395	8,744
Plumbing, HVAC, and building supply distributor	-	-	-	-	-	18,359	9,180	(27,539)	-	-
Construction machine manufacturer	-	-	-	-	-	-	-	-	-	91,422
Technology and automation solutions provider for smart cards/labels	-	-	-	-	-	-	-	-	-	7,835
Distillery	-	-	-	-	-	4,160	-	-	-	-
	<u>\$1,326,094</u>	<u>1,431,647</u>	<u>1,427,908</u>	<u>1,561,822</u>	<u>476,291</u>	<u>1,912,679</u>	<u>850,259</u>	<u>151,087</u>	<u>(463,580)</u>	<u>108,001</u>

**(16) Subsequent Events**

Subsequent events have been analyzed through the date of the Report of Independent Auditor in the preparation of these financial statements, and no significant subsequent events requiring disclosure in the financial statements were identified.

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**City of Newport News, Virginia**  
**Required Supplementary Information**  
**General Fund**  
**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
<b>Revenues:</b>				
Revenue from Local Sources:				
General Property Taxes:				
Real Property Taxes	\$ 261,709,221	261,709,221	258,954,618	(2,754,603)
Real and Personal Public Service Corporation Property Taxes	7,391,878	7,391,878	8,734,965	1,343,087
Personal Property Taxes	69,865,000	75,865,000	76,699,920	834,920
Machinery and Tools Taxes	26,000,000	26,000,000	23,977,938	(2,022,062)
Penalties and Interest	2,012,000	2,012,000	2,939,296	927,296
Total General Property Taxes	<u>366,978,099</u>	<u>372,978,099</u>	<u>371,306,737</u>	<u>(1,671,362)</u>
Other Local Taxes:				
Local Sales and Use Taxes	34,007,000	37,007,000	35,493,666	(1,513,334)
Restaurant Food Taxes	33,800,000	36,800,000	37,854,668	1,054,668
Business License Taxes	20,751,000	20,751,000	23,475,631	2,724,631
Telecom Sales Taxes	8,400,000	8,400,000	7,541,602	(858,398)
Consumers' Utility Taxes	6,300,000	6,300,000	5,847,552	(452,448)
Hotel and Motel Room Taxes	5,571,500	5,571,500	5,441,655	(129,845)
Tobacco Taxes	3,600,000	3,600,000	2,983,976	(616,024)
Motor Vehicle License	4,300,000	4,300,000	4,252,102	(47,898)
Taxes on Recordation and Wills	1,600,000	1,600,000	2,043,579	443,579
Bank Stock Taxes	1,250,000	1,250,000	1,421,214	171,214
Rental Car Taxes	1,250,000	1,250,000	1,308,010	58,010
E-911 Service Revenue	952,000	952,000	970,808	18,808
Amusement Taxes	825,000	825,000	1,050,677	225,677
Consumption Tax	700,000	700,000	613,171	(86,829)
Tourism Zone Taxes	48,000	48,000	66,397	18,397
Total Other Local Taxes	<u>123,354,500</u>	<u>129,354,500</u>	<u>130,364,708</u>	<u>1,010,208</u>
Permits, Privilege Fees, and Regulatory Licenses	3,335,481	3,335,481	3,309,232	(26,249)
Fines and Forfeitures	1,217,707	1,217,707	1,183,019	(34,688)
Revenue from Use of Money and Property	8,375,817	19,375,817	21,811,406	2,435,589
Charges for Services	17,921,121	17,921,121	18,049,301	128,180
Recovered Costs	16,277,085	16,277,085	17,394,155	1,117,070
Miscellaneous Revenue	4,022,949	17,602,342	22,450,822	4,848,480
Total Revenue from Local Sources	<u>541,482,759</u>	<u>578,062,152</u>	<u>585,869,380</u>	<u>7,807,228</u>
Revenue from the Commonwealth:				
Noncategorical Aid	693,000	693,000	748,895	55,895
Shared Expenses	11,973,951	13,973,951	14,134,760	160,809
Categorical Aid	42,386,149	42,386,149	43,532,967	1,146,818
Total Revenue from the Commonwealth	<u>55,053,100</u>	<u>57,053,100</u>	<u>58,416,622</u>	<u>1,363,522</u>
Other Financing Sources:				
Transfers from Other Funds	9,500,000	9,500,000	9,500,000	-
Total Other Financing Sources	<u>9,500,000</u>	<u>9,500,000</u>	<u>9,500,000</u>	<u>-</u>
Total Revenues and Other Financing Sources (Budget Basis)	<u>\$ 606,035,859</u>	<u>644,615,252</u>	<u>653,786,002</u>	<u>9,170,750</u>

(continued)

**City of Newport News, Virginia**  
**Required Supplementary Information**  
**General Fund**  
**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
<b>Expenditures:</b>				
General Government Administration				
City Council	\$ 573,060	579,427	529,530	49,897
City Clerk	738,320	760,729	760,729	-
City Manager	3,695,769	4,394,357	4,433,388	(39,031)
Human Resources	2,850,962	2,853,450	2,852,551	899
City Attorney	2,734,781	2,734,857	2,530,136	204,721
City Auditor	636,820	655,922	655,922	-
Commissioner of the Revenue	3,087,688	3,091,841	2,995,458	96,383
Real Estate Assessor	1,914,797	1,916,158	1,756,494	159,664
City Treasurer	2,885,870	2,945,511	2,942,447	3,064
Finance	4,242,121	4,270,181	4,258,730	11,451
Budget and Evaluation	1,024,438	1,024,555	930,972	93,583
Auto and General Liability Insurance	4,008,800	4,008,800	5,428,810	(1,420,010)
Workers' Compensation	3,089,700	3,089,700	1,948,111	1,141,589
Information Technology	14,176,163	14,248,508	13,857,523	390,985
Registrar	676,289	789,170	789,170	-
Nondepartmental				
Appointed Boards	115,051	115,051	87,762	27,289
Community Support Agencies	3,232,287	3,237,802	3,677,415	(439,613)
Regional Organizations Support	10,502,533	10,502,533	9,827,126	675,407
Retirement and Other Postemployment Benefits	48,852,536	48,852,536	47,633,812	1,218,724
Contractual Services	3,447,300	3,694,749	3,761,450	(66,701)
Internal Services	2,629,660	2,432,668	2,459,660	(26,992)
Machinery and Equipment	843,295	1,267,215	962,037	305,178
Security Services	3,090,847	3,144,399	2,954,806	189,593
Strategic Priorities	4,300,000	4,300,000	3,935,290	364,710
Street Lighting	776,560	792,725	159,726	632,999
Other	13,519,469	12,011,252	15,090,539	(3,079,287)
Capital Outlay Adjustment for Street Maintenance	(10,141,637)	(9,564,718)	(13,604,367)	4,039,649
<b>Total General Government Administration</b>	<b>127,503,479</b>	<b>128,149,378</b>	<b>123,615,227</b>	<b>4,534,151</b>
Judicial Administration				
Circuit Courts	1,028,118	1,028,118	1,009,894	18,224
District Courts	655,720	655,720	527,730	127,990
Office of the Magistrate	34,769	34,769	33,352	1,417
Juvenile/Domestic Relations Court	338,459	338,459	290,813	47,646
Clerk of the Circuit Court	2,077,266	2,152,302	2,152,302	-
Court Services	502,530	502,539	479,690	22,849
Commonwealth's Attorney	6,246,995	6,506,801	6,506,801	-
<b>Total Judicial Administration</b>	<b>\$ 10,883,857</b>	<b>11,218,708</b>	<b>11,000,582</b>	<b>218,126</b>

(continued)

**City of Newport News, Virginia**  
**Required Supplementary Information**  
**General Fund**  
**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
Public Safety				
Police Department	\$ 67,672,234	70,864,328	72,196,016	(1,331,688)
Fire Department	48,392,684	51,883,387	53,959,434	(2,076,047)
Sheriff	25,440,928	27,497,568	25,450,904	2,046,664
Juvenile Detention	10,545,036	10,593,773	10,393,809	199,964
Codes Compliance	3,343,905	3,372,671	3,372,671	-
Total Public Safety	<u>155,394,787</u>	<u>164,211,727</u>	<u>165,372,834</u>	<u>(1,161,107)</u>
Public Works				
Engineering	5,979,566	6,250,683	5,540,861	709,822
Public Works	1,615,337	1,616,307	1,971,772	(355,465)
Total Public Works	<u>7,594,903</u>	<u>7,866,990</u>	<u>7,512,633</u>	<u>354,357</u>
Health and Welfare				
Health Department	3,657,557	3,657,557	3,652,569	4,988
Human Services	43,912,595	44,117,272	42,403,505	1,713,767
Total Health and Welfare	<u>47,570,152</u>	<u>47,774,829</u>	<u>46,056,074</u>	<u>1,718,755</u>
Parks, Recreation, and Cultural				
Parks and Recreation	29,017,445	30,260,688	30,069,296	191,392
Library	6,167,608	6,188,634	5,887,678	300,956
Total Parks, Recreation, and Cultural	<u>35,185,053</u>	<u>36,449,322</u>	<u>35,956,974</u>	<u>492,348</u>
Community Development				
Development	6,724,208	10,287,870	10,037,510	250,360
Planning	1,991,905	1,994,216	1,719,549	274,667
Communications	4,379,017	4,380,025	4,271,996	108,029
Total Community Development	<u>13,095,130</u>	<u>16,662,111</u>	<u>16,029,055</u>	<u>633,056</u>
General Fund Transfer to Public Schools	123,089,307	123,089,307	123,089,307	-
Transfer to Other Funds				
Debt Service	44,292,297	38,286,854	37,672,297	614,557
Debt Service - Public Schools	7,185,330	7,185,330	7,185,330	-
Capital Projects	28,620,200	62,338,928	61,338,928	1,000,000
Other Transfers	5,621,364	5,621,364	6,514,509	(893,145)
Total Transfers to Other Funds	<u>85,719,191</u>	<u>113,432,476</u>	<u>112,711,064</u>	<u>721,412</u>
Total Expenditures and Transfers to Other Funds (Budget Basis)	<u>\$ 606,035,859</u>	<u>648,854,848</u>	641,343,750	<u>7,511,098</u>
Excess (Deficiency) of Revenues over (under) Expenditures (Budget Basis)			<u>12,442,252</u>	
Reconciliation of Actuals, Budget Basis to GAAP Basis				
Employee Benefits Self-Insurance Premiums			4,695,615	
Employee Benefits Self-Insurance Claims Paid Over Employer Premiums			(6,745,132)	
Other Financing Sources: Leases/Subscriptions Issued			2,547,309	
Lease/Subscription Expenditure			(2,547,309)	
Lease/Subscription Termination Proceeds			70,700	
Lease/Subscription Termination Principal Paid			(70,700)	
Total Reconciliation Adjustments			<u>(2,049,517)</u>	
Excess (Deficiency) of Revenues over (under) Expenditures (GAAP Basis)			<u>\$ 10,392,735</u>	

See accompanying notes to required supplementary information.

**City of Newport News, Virginia**  
**Required Supplementary Information**  
**Schedule of Changes in the City's Net Pension Liability and Related Ratios for NNERF**  
**Fiscal years ended June 30**

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
<b>Total Pension Liability</b>										
Service Costs	\$ 7,654,348	7,692,424	8,176,487	7,786,525	8,411,753	8,907,722	8,497,193	9,045,434	9,467,439	9,926,558
Interest	99,265,627	96,980,373	96,335,593	98,658,763	97,575,492	96,464,296	95,861,994	93,983,070	91,489,549	88,917,067
Changes of Benefit Terms	-	-	5,372,375	-	-	-	-	-	-	-
Differences between Expected and Actual Experience	33,797,566	28,426,835	1,040,685	(12,357,135)	(2,115,300)	(5,048,122)	17,695,138	(185,230)	6,473,172	6,665,024
Changes of Assumptions	-	-	-	31,531,428	-	-	(7,267,035)	-	-	-
Benefit Payments, Including Refunds of Member Contributions	(102,758,255)	(103,522,203)	(93,641,533)	(90,503,440)	(86,582,746)	(82,901,749)	(78,976,935)	(75,570,088)	(72,016,569)	(69,527,978)
<b>Net Change in Total Pension Liability</b>	<b>37,959,286</b>	<b>29,577,429</b>	<b>17,283,607</b>	<b>35,116,141</b>	<b>17,289,199</b>	<b>17,422,147</b>	<b>35,810,355</b>	<b>27,273,186</b>	<b>35,413,591</b>	<b>35,980,671</b>
<b>Total Pension Liability - Beginning</b>	<b>1,460,936,186</b>	<b>1,431,358,757</b>	<b>1,414,075,150</b>	<b>1,378,959,009</b>	<b>1,361,669,810</b>	<b>1,344,247,663</b>	<b>1,308,437,308</b>	<b>1,281,164,122</b>	<b>1,245,750,531</b>	<b>1,209,769,860</b>
<b>Total Pension Liability - Ending</b>	<b>\$ 1,498,895,472</b>	<b>1,460,936,186</b>	<b>1,431,358,757</b>	<b>1,414,075,150</b>	<b>1,378,959,009</b>	<b>1,361,669,810</b>	<b>1,344,247,663</b>	<b>1,308,437,308</b>	<b>1,281,164,122</b>	<b>1,245,750,531</b>
<b>Plan Fiduciary Net Position</b>										
Contributions - Employer	\$ 46,377,569	37,558,257	41,273,053	40,674,039	40,179,618	40,853,742	40,700,786	39,135,864	39,005,899	33,258,275
Contributions - Member	4,415,911	4,601,045	4,637,747	4,786,658	5,278,135	5,530,796	5,779,158	5,987,851	6,416,136	6,738,148
Net Investment Income	115,240,877	94,967,542	(109,949,794)	280,242,054	2,784,859	37,228,451	91,844,066	115,173,724	(7,465,822)	26,194,662
Benefit Payments, Including Refunds of Member Contributions	(102,758,255)	(103,522,203)	(93,641,533)	(90,503,440)	(86,582,746)	(82,901,749)	(78,976,935)	(75,570,088)	(72,016,569)	(69,527,978)
Administrative Expense	(1,298,056)	(1,274,254)	(1,249,594)	(1,158,084)	(1,038,363)	(982,680)	(1,030,662)	(952,560)	(921,181)	(1,003,673)
<b>Net Change in Plan Fiduciary Net Position</b>	<b>\$ 61,978,046</b>	<b>32,330,387</b>	<b>(158,930,121)</b>	<b>234,041,227</b>	<b>(39,378,497)</b>	<b>(271,440)</b>	<b>58,316,413</b>	<b>83,774,791</b>	<b>(34,981,537)</b>	<b>(4,340,566)</b>
<b>Plan Fiduciary Net Position - Beginning</b>	<b>1,025,541,458</b>	<b>993,211,071</b>	<b>1,152,141,192</b>	<b>918,099,965</b>	<b>957,478,462</b>	<b>957,749,902</b>	<b>899,433,489</b>	<b>815,658,698</b>	<b>850,640,235</b>	<b>854,980,801</b>
<b>Plan Fiduciary Net Position -Ending</b>	<b>\$ 1,087,519,504</b>	<b>1,025,541,458</b>	<b>993,211,071</b>	<b>1,152,141,192</b>	<b>918,099,965</b>	<b>957,478,462</b>	<b>957,749,902</b>	<b>899,433,489</b>	<b>815,658,698</b>	<b>850,640,235</b>
<b>Net Pension Liability Ending</b>	<b>\$ 411,375,968</b>	<b>435,394,728</b>	<b>438,147,686</b>	<b>261,933,958</b>	<b>460,859,044</b>	<b>404,191,348</b>	<b>386,497,761</b>	<b>409,003,819</b>	<b>465,505,424</b>	<b>395,110,296</b>
<b>Plan fiduciary net position as a percentage of the total pension liability</b>	<b>72.55 %</b>	<b>70.20 %</b>	<b>69.39 %</b>	<b>81.48 %</b>	<b>66.58 %</b>	<b>70.32 %</b>	<b>71.25 %</b>	<b>68.74 %</b>	<b>175.22 %</b>	<b>215.29 %</b>
Covered Payroll	\$ 78,759,127	82,134,110	86,432,693	92,036,126	98,821,339	103,823,307	108,187,035	113,302,877	118,639,692	123,619,906
Net Position Liability as a Percentage of Covered Payroll	522.32 %	530.10 %	506.92 %	284.60 %	466.36 %	389.31 %	357.25 %	360.98 %	392.37 %	319.62 %

Note: Per GAAP, net pension liabilities are reported using the measurement date, which is one year prior to the reporting date.

**City of Newport News, Virginia**  
**Required Supplementary Information**  
**Schedule of Changes in the City's Net Pension Asset and Related Ratios for VRS**  
**Fiscal years ended June 30**

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
<b>Total Pension Liability</b>										
Service Costs	\$ 12,223,280	11,612,464	9,770,319	8,637,628	7,687,590	6,513,447	5,810,589	5,556,353	4,831,751	4,219,577
Interest	6,836,122	5,871,107	4,998,130	3,527,510	2,869,418	2,274,606	1,732,518	1,382,295	1,000,116	702,834
Differences between Expected and Actual Experience	1,275,723	(2,409,890)	(2,567,678)	(1,346,955)	(135,801)	(124,261)	746,189	(271,408)	(127,774)	(522,034)
Changes of Assumptions	-	-	-	2,171,721	-	1,868,651	-	(1,239,629)	-	-
Benefit Payments, Including Refunds of Member Contributions	(1,657,744)	(1,118,192)	(1,101,676)	(844,836)	(498,558)	(535,285)	(555,062)	(293,811)	(194,963)	(112,015)
<b>Net Change in Total Pension Liability</b>	<b>18,677,381</b>	<b>13,955,489</b>	<b>11,099,095</b>	<b>12,145,068</b>	<b>9,922,649</b>	<b>9,997,158</b>	<b>7,734,234</b>	<b>5,133,800</b>	<b>5,509,130</b>	<b>4,288,362</b>
<b>Total Pension Liability - Beginning</b>	<b>89,881,477</b>	<b>75,925,988</b>	<b>64,826,893</b>	<b>52,681,825</b>	<b>42,759,176</b>	<b>32,762,018</b>	<b>25,027,784</b>	<b>19,893,984</b>	<b>14,384,854</b>	<b>10,096,492</b>
<b>Total Pension Liability - Ending</b>	<b>\$108,558,858</b>	<b>89,881,477</b>	<b>75,925,988</b>	<b>64,826,893</b>	<b>52,681,825</b>	<b>42,759,176</b>	<b>32,762,018</b>	<b>25,027,784</b>	<b>19,893,984</b>	<b>14,384,854</b>
<b>Plan Fiduciary Net Position</b>										
Contributions - Employer	\$ 7,869,954	7,059,130	5,159,981	4,688,418	3,833,305	3,473,179	3,074,885	2,766,138	2,754,620	2,346,626
Contributions - Member	5,433,304	4,889,209	4,351,126	3,957,331	3,674,325	3,285,577	3,052,031	2,685,841	2,326,164	2,054,662
Net Investment Income	11,079,089	6,446,778	(317,964)	17,151,124	1,046,082	3,096,851	2,575,005	3,322,147	485,326	760,402
Benefit Payments, Including Refunds of Member Contributions	(1,657,744)	(1,118,192)	(1,101,676)	(844,836)	(498,558)	(535,285)	(555,062)	(293,811)	(194,963)	(112,015)
Administrative Expense	(47,762)	(52,928)	(47,699)	(33,981)	(27,186)	(22,225)	(17,042)	(13,687)	(8,716)	(5,937)
Other	2,981	2,692	2,147	1,711	(1,315)	(2,007)	(2,546)	(3,225)	(153)	(177)
<b>Net Change in Plan Fiduciary Net Position</b>	<b>\$ 22,679,822</b>	<b>17,226,689</b>	<b>8,045,915</b>	<b>24,919,767</b>	<b>8,026,653</b>	<b>9,296,090</b>	<b>8,127,271</b>	<b>8,463,403</b>	<b>5,362,278</b>	<b>5,043,561</b>
<b>Plan Fiduciary Net Position - Beginning</b>	<b>108,548,836</b>	<b>91,322,147</b>	<b>83,276,232</b>	<b>58,356,465</b>	<b>50,329,812</b>	<b>41,033,722</b>	<b>32,906,451</b>	<b>24,443,048</b>	<b>19,080,770</b>	<b>14,037,209</b>
<b>Plan Fiduciary Net Position - Ending</b>	<b>\$131,228,658</b>	<b>108,548,836</b>	<b>91,322,147</b>	<b>83,276,232</b>	<b>58,356,465</b>	<b>50,329,812</b>	<b>41,033,722</b>	<b>32,906,451</b>	<b>24,443,048</b>	<b>19,080,770</b>
<b>Net Pension Liability/(Asset) Ending</b>	<b>\$ (22,669,800)</b>	<b>(18,667,359)</b>	<b>(15,396,159)</b>	<b>(18,449,339)</b>	<b>(5,674,640)</b>	<b>(7,570,636)</b>	<b>(8,271,704)</b>	<b>(7,878,667)</b>	<b>(4,549,064)</b>	<b>(4,695,916)</b>
<b>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</b>	<b>120.88 %</b>	<b>120.77 %</b>	<b>120.28 %</b>	<b>128.46 %</b>	<b>110.77 %</b>	<b>117.71 %</b>	<b>125.25 %</b>	<b>131.48 %</b>	<b>122.87 %</b>	<b>132.64 %</b>
Covered Payroll	\$ 110,557,062	97,797,193	88,193,874	83,612,727	79,640,771	70,555,593	64,320,834	55,753,786	47,926,329	36,397,255
Net Pension Asset as a Percentage of Covered Payroll	20.51 %	19.09 %	17.46 %	22.07 %	7.13 %	10.73 %	12.86 %	14.13 %	9.49 %	12.90 %

Note: Per GAAP, net pension liabilities are reported using the measurement date, which is one year prior to the reporting date.

**City of Newport News, Virginia**  
**Required Supplementary Information**  
**Schedule of Changes in the City's Net OPEB Liability and Related Ratios**  
**Fiscal years ended June 30**

	2024	2023	2022	2021	2020	2019	2018	2017
<b>Total OPEB liability</b>								
Service Costs	\$ 493,638	605,975	658,468	606,165	649,243	950,809	519,381	811,867
Interest	7,309,489	7,865,528	8,030,681	8,399,739	8,545,222	8,259,776	8,847,501	8,837,567
Differences between Expected and Actual Experience	(2,273,792)	(2,412,135)	(2,770,763)	(2,535,651)	(2,896,477)	298,749	1,053,023	-
Changes of Assumptions	12,596,679	(5,767,149)	-	2,146,184	-	2,544,266	(7,399,952)	-
Benefit Payments, Including Refunds of Member Contributions	(8,090,170)	(8,155,330)	(8,292,780)	(8,156,651)	(8,309,164)	(8,393,848)	(9,229,514)	(9,512,163)
<b>Net Change in Total OPEB Liability</b>	10,035,844	(7,863,111)	(2,374,394)	459,786	(2,011,176)	3,659,752	(6,209,561)	137,271
<b>Total OPEB Liability - Beginning</b>	107,904,305	115,767,416	118,141,810	117,682,024	119,693,200	116,033,448	122,243,009	122,105,738
<b>Total OPEB Liability - Ending</b>	<u>\$ 117,940,149</u>	<u>107,904,305</u>	<u>115,767,416</u>	<u>118,141,810</u>	<u>117,682,024</u>	<u>119,693,200</u>	<u>116,033,448</u>	<u>122,243,009</u>
<b>Plan Fiduciary Net Position</b>								
Contributions - Employer	\$ 8,240,000	8,240,000	8,240,000	8,240,000	8,240,000	8,240,000	8,240,000	8,240,000
Net Investment Income	6,093,912	4,383,348	(7,433,834)	12,266,250	1,103,788	1,218,136	3,355,846	5,402,335
Benefit Payments, Including Refunds of Member Contributions	(8,090,170)	(8,155,330)	(8,292,780)	(8,156,651)	(8,309,164)	(8,393,848)	(9,229,514)	(9,512,163)
Administrative Expense	(57,101)	(51,669)	(42,088)	(50,800)	(43,259)	(44,934)	(44,013)	(60,497)
<b>Net Change in Plan Fiduciary Net Position</b>	\$ 6,186,641	4,416,349	(7,528,702)	12,298,799	991,365	1,019,354	2,322,319	4,069,675
<b>Plan Fiduciary Net Position - Beginning</b>	45,051,010	40,634,661	48,163,363	35,864,564	34,873,199	33,853,845	31,531,526	27,461,851
<b>Plan Fiduciary Net Position - Ending</b>	<u>\$ 51,237,651</u>	<u>45,051,010</u>	<u>40,634,661</u>	<u>48,163,363</u>	<u>35,864,564</u>	<u>34,873,199</u>	<u>33,853,845</u>	<u>31,531,526</u>
<b>Net OPEB Liability Ending</b>	<u>\$ 66,702,498</u>	<u>62,853,295</u>	<u>75,132,755</u>	<u>69,978,447</u>	<u>81,817,460</u>	<u>84,820,001</u>	<u>82,179,603</u>	<u>90,711,483</u>
<b>Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability</b>	43.44 %	41.75 %	35.10 %	40.77 %	30.48 %	29.14 %	29.18 %	25.79 %
Covered Payroll	\$ 69,141,871	72,225,875	76,921,640	81,575,862	87,622,682	92,290,402	95,734,439	100,618,959
Net OPEB Liability as a Percentage of Covered Payroll	96.47 %	87.02 %	97.67 %	85.78 %	93.37 %	91.91 %	85.84 %	90.15 %

Note: This schedule is intended to show information for 10 years. However, additional years will be included as they become available. Per GAAP, net pension liabilities are reported using the measurement date, which is one year prior to the reporting date.

**City of Newport News, Virginia**  
**Required Supplementary Information**  
**Schedule of Changes in the City's Net OPEB Liability and Related Ratios for Line of Duty**  
**Fiscal years ended June 30**

	2024	2023	2022	2021	2020	2019	2018	2017
<b>Total OPEB Liability</b>								
Service Costs	\$ 1,232,978	794,242	1,119,261	1,154,837	768,377	669,808	1,148,034	1,130,417
Interest	453,900	440,698	251,569	289,605	370,093	342,729	383,248	311,181
Changes of Benefit Terms	-	-	-	-	-	-	905,453	-
Differences between Expected and Actual Experience	(468,760)	(793,374)	3,029,301	(996,420)	(679,680)	261,699	(686,746)	-
Changes of Assumptions	(1,086,387)	(392,556)	(3,342,375)	(1,509,952)	2,000,282	585,295	(2,835,907)	(1,381,476)
Benefit Payments, Including Refunds of Member Contributions	(493,486)	(357,167)	(321,367)	(398,312)	(232,550)	(247,202)	(322,421)	(260,856)
<b>Net Change in Total OPEB Liability</b>	(361,755)	(308,157)	736,389	(1,460,242)	2,226,522	1,612,329	(1,408,339)	(200,734)
<b>Total OPEB Liability - Beginning</b>	11,115,476	11,423,633	10,687,244	12,147,486	9,920,964	8,308,635	9,716,974	9,917,708
<b>Total OPEB Liability - Ending</b>	<u>\$ 10,753,721</u>	<u>11,115,476</u>	<u>11,423,633</u>	<u>10,687,244</u>	<u>12,147,486</u>	<u>9,920,964</u>	<u>8,308,635</u>	<u>9,716,974</u>
<b>Plan Fiduciary Net Position</b>								
Contributions - Employer	\$ 375,000	350,000	250,000	250,000	250,000	300,000	300,000	256,300
Net Investment Income	403,675	314,838	(383,235)	744,850	30,817	(11,588)	104,072	19,499
Benefit Payments, Including Refunds of Member Contributions	(493,486)	(357,167)	(321,367)	(398,312)	(232,550)	(247,202)	(322,421)	(260,856)
Administrative Expense	(8,765)	(6,804)	(6,301)	(6,000)	(5,904)	(3,786)	(5,095)	(46,909)
<b>Net Change in Plan Fiduciary Net Position</b>	\$ 276,424	300,867	(460,903)	590,538	42,363	37,424	76,556	(31,966)
<b>Plan Fiduciary Net Position - Beginning</b>	3,095,343	2,794,476	3,255,379	2,664,841	2,622,478	2,585,054	2,508,498	2,540,464
<b>Plan Fiduciary Net Position - Ending</b>	<u>\$ 3,371,767</u>	<u>3,095,343</u>	<u>2,794,476</u>	<u>3,255,379</u>	<u>2,664,841</u>	<u>2,622,478</u>	<u>2,585,054</u>	<u>2,508,498</u>
<b>Net OPEB Liability Ending</b>	<u>\$ 7,381,954</u>	<u>8,020,133</u>	<u>8,629,157</u>	<u>7,431,865</u>	<u>9,482,645</u>	<u>7,298,486</u>	<u>5,723,581</u>	<u>7,208,476</u>
<b>Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability</b>	31.35 %	27.85 %	24.46 %	30.46 %	21.94 %	26.43 %	31.11 %	25.82 %
Covered Payroll	\$ 69,242,150	68,517,370	66,498,922	64,491,596	62,113,806	60,568,373	59,928,556	59,195,883
Net OPEB Liability as a Percentage of Covered Payroll	10.66 %	11.71 %	12.98 %	11.52 %	15.27 %	12.05 %	9.55 %	12.18 %

Note: This schedule is intended to show information for 10 years. However, additional years will be included as they become available. Per GAAP, net pension liabilities are reported using the measurement date, which is one year prior to the reporting date.

**City of Newport News, Virginia**  
**Required Supplementary Information**  
**Schedule of City & NNPS Contributions NNERF**  
**(Dollar amounts in thousands)**

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Actuarially Determined Contribution	\$ 49,503	46,378	37,558	41,273	40,674	40,180	40,854	40,701	39,262	39,154
Contributions in Relation to the Actuarially Determined Contribution	49,503	46,378	37,558	41,273	40,674	40,180	40,854	40,701	39,136	39,006
Contribution Deficiency	\$ -	-	-	-	-	-	-	-	126	148
Covered Payroll	\$ 75,670	78,759	82,134	86,433	92,036	98,821	103,823	108,187	113,303	118,640
Contributions as a Percentage of Covered Payroll	65.42 %	58.89 %	45.73 %	47.75 %	44.19 %	40.66 %	39.35 %	37.62 %	34.54 %	32.88 %

**Schedule of City Contributions VRS**  
**(Dollar amounts in thousands)**

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Contractually Required Contribution	\$ 8,381	7,865	7,065	5,173	4,694	3,856	3,470	3,075	2,766	2,755
Contributions in Relation to the Contractually Required Contribution	8,381	7,865	7,065	5,173	4,694	3,856	3,470	3,075	2,766	2,755
Contribution Excess	\$ -	-	-	-	-	-	-	-	-	-
Covered Payroll	\$ 125,305	110,557	97,797	88,194	83,613	79,641	70,556	64,321	55,754	47,926
Contributions as a Percentage of Covered Payroll	6.69 %	7.11 %	7.22 %	5.87 %	5.61 %	4.84 %	4.92 %	4.78 %	4.96 %	5.75 %

**Schedule of City Contributions OPEB**  
**(Dollar amounts in thousands)**

	2025	2024	2023	2022	2021	2020	2019	2018	2017
Actuarially Determined Contribution	\$ 8,240	8,240	8,240	8,240	8,240	8,240	8,240	8,240	8,240
Contributions in Relation to the Actuarially Determined Contribution	8,240	8,240	8,240	8,240	8,240	8,240	8,240	8,240	8,240
Contribution Deficiency	\$ -	-	-	-	-	-	-	-	-
Covered Payroll	\$ 67,003	69,142	72,226	76,922	81,576	87,623	92,290	95,734	100,619
Contributions as a Percentage of Covered Payroll	12.30 %	11.92 %	11.41 %	10.71 %	10.10 %	9.40 %	8.93 %	8.61 %	8.19 %

Note: This schedule is intended to show information for 10 years. However, additional years will be included as they become available.

**City of Newport News, Virginia**  
**Required Supplementary Information**  
**Schedule of City Contributions Line of Duty**  
**(Dollar amounts in thousands)**

	2025	2024	2023	2022	2021	2020	2019	2018
Actuarially Determined Contribution	\$ 400	375	350	250	250	250	300	300
Contributions in Relation to the Actuarially Determined Contribution	400	375	350	250	250	250	300	300
Contribution Deficiency	\$ -	-	-	-	-	-	-	-
Covered Payroll	\$ 73,964	69,242	68,517	66,499	64,492	62,114	60,568	59,929
Contributions as a Percentage of Covered Payroll	0.54 %	0.54 %	0.51 %	0.38 %	0.39 %	0.40 %	0.50 %	0.50 %

**Schedule of City Contributions OPEB GLI**  
**(Dollar amounts in thousands)**

	2025	2024	2023	2022	2021	2020	2019	2018
Contractually Required Contribution	\$ 640	650	581	519	469	416	371	336
Contributions in Relation to the Contractually Required Contribution	640	650	581	519	469	416	371	336
Contribution Excess	\$ -	-	-	-	-	-	-	-
Covered Payroll	\$ 125,305	110,557	97,797	88,194	83,613	79,641	70,556	64,321
Contributions as a Percentage of Covered Payroll	0.51 %	0.59 %	0.59 %	0.59 %	0.56 %	0.52 %	0.53 %	0.52 %

Note: This schedule is intended to show information for 10 years. However, additional years will be included as they become available.

**City of Newport News, Virginia**  
**Required Supplementary Information**  
**Schedule of Investment Returns NNERF**  
**Years ended June 30**

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Annual Money - Weighted Rate of Return, Net of Investment Fees	11.10%	11.50%	10.40%	(15.30)%	32.00%	(2.10)%	3.70%	10.60%	15.10%	(0.70)%

**Schedule of Investment Returns OPEB**  
**Years ended June 30**

	2025	2024	2023	2022	2021	2020	2019	2018	2017
Annual Money - Weighted Rate of Return, Net of Investment Fees	12.80%	13.60%	10.90%	(15.30)%	33.70%	3.00%	3.60%	11.29%	21.23%

Note: These schedules are intended to show information for 10 years. However, additional years will be included as they become available.

**City of Newport News, Virginia**  
**Required Supplementary Information**  
**Schedule of Employer's Share of Net OPEB Liability GLI Program**  
**Fiscal years ended June 30**

	2024	2023	2022	2021	2020	2019	2018	2017
Employer's Proportion of the Net GLI OPEB Liability	0.46940%	0.45633%	0.44061%	0.42085%	0.38899%	0.36254%	0.33971%	0.30329%
Employer's Proportionate Share of the Net GLI OPEB Liability	\$ 5,238,138	5,472,827	5,305,369	4,899,836	6,491,607	5,899,490	5,159,000	4,564,000
Employer's Covered Payroll	\$110,557,062	97,797,193	88,193,874	83,612,727	79,640,771	70,555,593	64,320,834	55,753,786
Employer's Proportionate Share of the Net GLI OPEB Liability as a Percentage of its Covered Payroll	4.74%	5.60%	6.02%	5.86%	8.15%	8.36%	8.02%	8.19%
Plan Fiduciary Net Position as a Percentage of the Total GLI OPEB Liability	73.41%	69.30%	67.21%	67.45%	52.64%	52.00%	51.22%	48.86%

Note: This schedule is intended to show information for 10 years. However, additional years will be included as they become available. Per GAAP, net pension liabilities are reported using the measurement date, which is one year prior to the reporting date.

**City of Newport News, Virginia**  
**Notes to Required Supplementary Information**  
**Year ended June 30, 2025**

**(1) Budgetary Data**

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

On or before April 1, management submits to the City Council of the City proposed operating budgets that include proposed expenditures and other financing uses and the means of financing them.

A public hearing on the budget 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 June 15.

The City may amend the budget or make transfers between functions and budgetary line items without City Council approval. However, the City 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 is the fund level; however, management control is exercised over the budget at the budgetary line item level. Appropriations, except for encumbrances and committed or assigned fund balances, lapse at year-end. There were supplemental appropriations made during 2025 for the following reasons: (1) grant matching, (2) funding to meet the increase in operating expenses and revenues.

**(2) Legally Adopted Budgets**

Formal budgetary integration is employed as a management control device during the year for the General Fund, the Debt Service Fund, the Enterprise Funds and the Internal Service Fund. Annual operating budgets are adopted by ordinances passed by City Council for the General Fund; Debt Service Fund; Internal Service Fund; the following Enterprise Funds and Component Units: Public Utility, Parking Authority, E/IDA; the following Special Revenue Funds: Street Maintenance, Economic Development, Animal Shelter, Law Library, Stormwater, Solid Waste, and Wastewater. City Council makes an annual appropriation to the School Board but is prohibited from exercising any control over specific expenditures of School Board operating funds.

Annual operating budgets are not adopted for Special Revenue Funds, except those funds identified above. Program budgets for these funds are approved by executive departments on a basis consistent with the related grant applications. Project and program budgets are utilized in the Capital Projects Funds where appropriations remain open and carry over to succeeding years.

Budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America, except that encumbrances are included as budgetary expenditures, leases and subscription-based information technology arrangements are budgeted on a cash basis, and employee benefit self-insurance is budgeted such that the amount of premiums charged to the employees is not budgeted as revenue and the amount of claims paid over an estimated employer-paid amount per employee is not budgeted as expenditures. Expenditures may not exceed appropriations at the function level, the legal level of control, as defined in the budget ordinance. Management can transfer unencumbered appropriation balances, or portions thereof, within a function. Transfers within the School Operating Fund are controlled by the School Board.

Unencumbered appropriations lapse at the end of the fiscal year for the General, School Operating, Street Maintenance, Economic Development, Law Library, Animal Shelter and Debt Service Funds.

**(3) Encumbrances**

Encumbrances outstanding at year-end represent the estimated amount of the expenditures required to complete contracts, purchase orders and commitments-in-process at year-end.

**City of Newport News, Virginia**  
**Combining Balance Sheet**  
**Nonmajor Governmental Funds**  
**June 30, 2025**

	Special Revenue						
	Community Development	Street Maintenance	Economic Development	Law Library	Stormwater	Solid Waste	Wastewater
<b>Assets</b>							
Cash and Cash Equivalents	\$ 138,817	-	5,083,063	35,206	25,644,429	7,718,657	27,648,621
Accounts Receivable, Net	-	-	320,669	10,296	836,693	1,007,871	1,534,179
Lease Receivable	-	-	7,756,908	-	-	-	-
Receivables from Other Governments:							
Virginia	-	-	-	-	-	-	-
Local	164,366	-	-	-	-	-	-
Inventory, At Cost	-	-	-	-	-	-	-
Total Assets	<u>\$ 303,183</u>	<u>-</u>	<u>13,160,640</u>	<u>45,502</u>	<u>26,481,122</u>	<u>8,726,528</u>	<u>29,182,800</u>
<b>Liabilities</b>							
Accounts Payable	\$ 302,273	-	41,488	6,292	864,949	531,673	168,087
Accrued Liabilities	910	-	-	1,910	243,408	113,256	202,817
Unearned Revenues	-	-	-	-	-	-	-
Payable to Major Governmental Funds	-	-	-	-	142,461	-	-
Total Liabilities	<u>303,183</u>	<u>-</u>	<u>41,488</u>	<u>8,202</u>	<u>1,250,818</u>	<u>644,929</u>	<u>370,904</u>
<b>Deferred Inflows of Resources</b>							
Unavailable Revenue	-	-	8,649	-	412,539	366,827	752,281
Lease Related	-	-	7,746,017	-	-	-	-
Total Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>7,754,666</u>	<u>-</u>	<u>412,539</u>	<u>366,827</u>	<u>752,281</u>
<b>Fund Balances</b>							
Nonspendable	-	-	152,975	-	-	-	-
Restricted	-	-	-	-	24,817,765	7,714,772	28,059,615
Committed	-	-	5,211,511	37,300	-	-	-
Unassigned	-	-	-	-	-	-	-
Total Fund Balances	<u>-</u>	<u>-</u>	<u>5,364,486</u>	<u>37,300</u>	<u>24,817,765</u>	<u>7,714,772</u>	<u>28,059,615</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 303,183</u>	<u>-</u>	<u>13,160,640</u>	<u>45,502</u>	<u>26,481,122</u>	<u>8,726,528</u>	<u>29,182,800</u>

(continued)

**City of Newport News, Virginia**  
**Combining Balance Sheet**  
**Nonmajor Governmental Funds**  
**June 30, 2025**

	Special Revenue					Total Nonmajor Governmental Funds
	Comprehensive Services Act	Criminal Justice Academy	Animal Shelter	Special Events	Canteen	
<b>Assets</b>						
Cash and Cash Equivalents	\$ -	86,308	300	155,261	1,749,090	68,259,752
Accounts Receivable, Net	-	-	1,526	9,370	-	3,720,604
Lease Receivable	-	-	-	-	-	7,756,908
Receivables from Other Governments:						
Virginia	4,125,358	-	-	-	-	4,125,358
Local	-	-	-	-	-	164,366
Inventory, At Cost	-	-	7,220	13,884	-	21,104
<b>Total Assets</b>	<b>\$ 4,125,358</b>	<b>86,308</b>	<b>9,046</b>	<b>178,515</b>	<b>1,749,090</b>	<b>84,048,092</b>
<b>Liabilities</b>						
Accounts Payable	\$ 1,378,235	10,231	55,601	176,515	19,115	3,554,459
Accrued Liabilities	-	-	43,413	-	-	605,714
Unearned Revenues	-	-	-	2,000	-	2,000
Payable to Major Governmental Funds	827,036	-	23,737	-	-	993,234
<b>Total Liabilities</b>	<b>2,205,271</b>	<b>10,231</b>	<b>122,751</b>	<b>178,515</b>	<b>19,115</b>	<b>5,155,407</b>
<b>Deferred Inflows of Resources</b>						
Unavailable Revenue	-	-	-	-	-	1,540,296
Lease Related	-	-	-	-	-	7,746,017
<b>Total Deferred Inflows of Resources</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>9,286,313</b>
<b>Fund Balances</b>						
Nonspendable	-	-	7,220	13,884	-	174,079
Restricted	1,920,087	-	76,409	-	1,729,975	64,318,623
Committed	-	76,077	-	-	-	5,324,888
Unassigned	-	-	(197,334)	(13,884)	-	(211,218)
<b>Total Fund Balances</b>	<b>1,920,087</b>	<b>76,077</b>	<b>(113,705)</b>	<b>-</b>	<b>1,729,975</b>	<b>69,606,372</b>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b>	<b>\$ 4,125,358</b>	<b>86,308</b>	<b>9,046</b>	<b>178,515</b>	<b>1,749,090</b>	<b>84,048,092</b>

**City of Newport News, Virginia**  
**Statement of Revenues, Expenditures and Changes in Fund Balance**  
**Nonmajor Governmental Funds**  
**Year ended June 30, 2025**

	Special Revenue						
	Community Development	Street Maintenance	Economic Development	Law Library	Stormwater	Solid Waste	Wastewater
<b>Revenues:</b>							
Intergovernmental:							
Local	\$ -	-	-	-	-	-	5,373
Virginia	-	23,690,951	-	-	-	62,542	-
Federal	1,722,218	-	-	-	-	-	-
Charges for Services	-	-	-	141,358	23,386,590	13,816,629	22,485,459
Interest and Rent	-	-	1,410,589	-	1,128,465	347,846	1,133,893
Sale of property	-	-	340,010	-	-	-	-
Local Fees and Contributions	-	-	-	-	-	-	-
Miscellaneous	-	-	797	-	-	-	60,928
Total Revenues	<u>1,722,218</u>	<u>23,690,951</u>	<u>1,751,396</u>	<u>141,358</u>	<u>24,515,055</u>	<u>14,227,017</u>	<u>23,685,653</u>
<b>Expenditures:</b>							
Current Operating:							
General Government	-	-	-	147,313	-	-	-
Judicial Administration	-	-	-	-	-	-	-
Public Safety	-	-	-	-	-	-	-
Public Works	-	23,690,951	-	-	20,266,637	16,331,176	16,719,288
Health and Welfare	-	-	-	-	-	-	-
Education	-	-	-	-	-	-	-
Parks, Recreation, and Culture	-	-	-	-	-	-	-
Community Development	1,722,218	-	440,221	-	-	-	-
Debt Service:							
Principal	-	-	12,784	-	3,336	-	1,497
Interest and Other Charges	-	-	364,117	-	125	-	88
Capital Outlay	-	-	7,236	-	-	-	-
Total Expenditures	<u>1,722,218</u>	<u>23,690,951</u>	<u>824,358</u>	<u>147,313</u>	<u>20,270,098</u>	<u>16,331,176</u>	<u>16,720,873</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>-</u>	<u>-</u>	<u>927,038</u>	<u>(5,955)</u>	<u>4,244,957</u>	<u>(2,104,159)</u>	<u>6,964,780</u>
<b>Other Financing Sources (Uses):</b>							
Transfers In	-	-	-	61,367	-	-	-
Transfers Out	-	-	-	-	(4,901,338)	(313,681)	(5,165,257)
Leases (as Lessee)	-	-	7,236	-	-	-	-
Total Other Financing Sources (Uses), Net	<u>-</u>	<u>-</u>	<u>7,236</u>	<u>61,367</u>	<u>(4,901,338)</u>	<u>(313,681)</u>	<u>(5,165,257)</u>
Net Changes in Fund Balances	<u>-</u>	<u>-</u>	<u>934,274</u>	<u>55,412</u>	<u>(656,381)</u>	<u>(2,417,840)</u>	<u>1,799,523</u>
Fund Balances at June 30, 2024	<u>-</u>	<u>-</u>	<u>4,430,212</u>	<u>(18,112)</u>	<u>25,474,146</u>	<u>10,132,612</u>	<u>26,260,092</u>
Fund Balances at June 30, 2025	<u>\$ -</u>	<u>-</u>	<u>5,364,486</u>	<u>37,300</u>	<u>24,817,765</u>	<u>7,714,772</u>	<u>28,059,615</u>

(continued)

**City of Newport News, Virginia**  
**Statement of Revenues, Expenditures and Changes in Fund Balance**  
**Nonmajor Governmental Funds**  
**Year ended June 30, 2025**

	Special Revenue					Total nonmajor governmental funds
	Comprehensive Services Act	Criminal Justice Academy	Animal Shelter	Special Events	Canteen	
<b>Revenues:</b>						
Intergovernmental:						
Local	\$ -	-	1,546,464	-	-	1,551,837
Virginia	7,766,704	-	-	-	-	31,520,197
Federal	11,363	-	-	-	-	1,733,581
Charges for Services	-	61,310	183,643	-	924,407	60,999,396
Interest and Rent	-	-	-	-	60,729	4,081,522
Sale of property	-	-	-	-	-	340,010
Local Fees and Contributions	-	-	149,015	63,659	-	212,674
Miscellaneous	-	-	3,866	-	1,137	66,728
Total Revenues	<u>7,778,067</u>	<u>61,310</u>	<u>1,882,988</u>	<u>63,659</u>	<u>986,273</u>	<u>100,505,945</u>
<b>Expenditures:</b>						
Current Operating:						
General Government	-	-	-	-	-	147,313
Judicial Administration	-	-	-	-	-	-
Public Safety	-	168,113	-	-	621,547	789,660
Public Works	-	-	-	-	-	77,008,052
Health and Welfare	10,621,875	-	-	-	-	10,621,875
Education	-	-	-	-	-	-
Parks, Recreation, and Culture	-	-	2,879,285	2,325,437	-	5,204,722
Community Development	-	-	-	-	-	2,162,439
Debt Service:						
Principal	-	-	19,021	-	73,147	109,785
Interest and Other Charges	-	-	21,705	-	6,286	392,321
Capital Outlay	-	-	-	-	-	7,236
Total Expenditures	<u>10,621,875</u>	<u>168,113</u>	<u>2,920,011</u>	<u>2,325,437</u>	<u>700,980</u>	<u>96,443,403</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(2,843,808)</u>	<u>(106,803)</u>	<u>(1,037,023)</u>	<u>(2,261,778)</u>	<u>285,293</u>	<u>4,062,542</u>
<b>Other Financing Sources (Uses):</b>						
Transfers In	2,290,247	-	1,901,117	2,261,778	-	6,514,509
Transfers Out	-	-	(534,073)	-	-	(10,914,349)
Leases (as Lessee)	-	-	-	-	-	7,236
Total Other Financing Sources (Uses), Net	<u>2,290,247</u>	<u>-</u>	<u>1,367,044</u>	<u>2,261,778</u>	<u>-</u>	<u>(4,392,604)</u>
Net Changes in Fund Balances	(553,561)	(106,803)	330,021	-	285,293	(330,062)
Fund Balances at June 30, 2024	<u>2,473,648</u>	<u>182,880</u>	<u>(443,726)</u>	<u>-</u>	<u>1,444,682</u>	<u>69,936,434</u>
Fund Balances at June 30, 2025	<u>\$ 1,920,087</u>	<u>76,077</u>	<u>(113,705)</u>	<u>-</u>	<u>1,729,975</u>	<u>69,606,372</u>

**City of Newport News, Virginia**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance**  
**Budget and Actual**  
**Street Maintenance**  
**Year ended June 30, 2025**

	Original Budget	Final Budget	Actual	Variance
<b>Revenues:</b>				
Intergovernmental:				
Virginia	\$ 23,056,162	23,695,497	23,690,951	(4,546)
Total Revenues	<u>23,056,162</u>	<u>23,695,497</u>	<u>23,690,951</u>	<u>(4,546)</u>
<b>Expenditures:</b>				
Current:				
Public Works	23,056,162	23,695,497	23,690,951	4,546
Total Expenditures	<u>23,056,162</u>	<u>23,695,497</u>	<u>23,690,951</u>	<u>4,546</u>
Excess of Revenues Over Expenditures	\$ -	-	-	-
Fund Balance at June 30, 2024			-	
Fund Balance at June 30, 2025			<u><u>\$ -</u></u>	

**City of Newport News, Virginia**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance**  
**Budget and Actual**  
**Economic Development**  
**Year ended June 30, 2025**

	Original Budget	Final Budget	Actual	Variance
<b>Revenues:</b>				
Interest and Rent	\$ 1,208,850	1,208,850	1,410,589	201,739
Sale of property	65,000	65,000	340,010	275,010
Miscellaneous	150	150	797	647
Total Revenues	<u>1,274,000</u>	<u>1,274,000</u>	<u>1,751,396</u>	<u>477,396</u>
<b>Expenditures:</b>				
Community Development	1,274,000	1,274,430	817,122	457,308
Capital Outlay	-	-	7,236	(7,236)
Total Expenditures	<u>1,274,000</u>	<u>1,274,430</u>	<u>824,358</u>	<u>450,072</u>
Deficiency of Revenues under Expenditures	<u>-</u>	<u>(430)</u>	<u>927,038</u>	<u>927,468</u>
<b>Other Financing Sources</b>				
Leases Issued	-	-	7,236	7,236
Net Change in Fund Balance	<u>\$ -</u>	<u>(430)</u>	<u>934,274</u>	<u>934,704</u>
Fund Balance at June 30, 2024			<u>4,430,212</u>	
Fund Balance at June 30, 2025			<u>\$ 5,364,486</u>	

**City of Newport News, Virginia**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance**  
**Budget and Actual**  
**Law Library**  
**Year ended June 30, 2025**

	<u>Original budget</u>	<u>Final budget</u>	<u>Actual</u>	<u>Variance</u>
<b>Revenues:</b>				
Charges for Services	\$ 101,000	101,000	141,358	40,358
Total Revenues	<u>101,000</u>	<u>101,000</u>	<u>141,358</u>	<u>40,358</u>
<b>Expenditures:</b>				
General Government	<u>138,300</u>	<u>138,300</u>	<u>147,313</u>	<u>(9,013)</u>
Total Expenditures:	<u>138,300</u>	<u>138,300</u>	<u>147,313</u>	<u>(9,013)</u>
Deficiency of Revenues under Expenditures	<u>(37,300)</u>	<u>(37,300)</u>	<u>(5,955)</u>	<u>31,345</u>
Transfers In	<u>-</u>	<u>-</u>	<u>61,367</u>	<u>61,367</u>
Net Change in Fund Balance	<u>\$ (37,300)</u>	<u>(37,300)</u>	<u>55,412</u>	<u>92,712</u>
Fund Balance at June 30, 2024			<u>(18,112)</u>	
Fund Balance at June 30, 2025			<u>\$ 37,300</u>	

**City of Newport News, Virginia**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance**  
**Budget and Actual**  
**Stormwater**  
**Year ended June 30, 2025**

	<u>Original budget</u>	<u>Final budget</u>	<u>Actual</u>	<u>Variance</u>
<b>Revenues:</b>				
Charges for Services	\$ 22,796,017	22,796,017	23,386,590	590,573
Interest and Rent	900,659	900,659	1,128,465	227,806
Miscellaneous	5,000	5,000	-	(5,000)
Total revenues	<u>23,701,676</u>	<u>23,701,676</u>	<u>24,515,055</u>	<u>813,379</u>
<b>Expenditures:</b>				
Public Works	26,926,540	23,022,633	20,270,098	2,752,535
Total expenditures	<u>26,926,540</u>	<u>23,022,633</u>	<u>20,270,098</u>	<u>2,752,535</u>
(Deficiency)/Excess of revenues (under)/over expenditures	<u>(3,224,864)</u>	<u>679,043</u>	<u>4,244,957</u>	<u>3,565,914</u>
<b>Other financing sources (uses):</b>				
Transfers Out	<u>(4,901,338)</u>	<u>(4,901,338)</u>	<u>(4,901,338)</u>	<u>-</u>
Net change in fund balance	<u>\$ (8,126,202)</u>	<u>(4,222,295)</u>	<u>(656,381)</u>	<u>3,565,914</u>
Fund balance at June 30, 2024			<u>25,474,146</u>	
Fund balance at June 30, 2025			<u>\$ 24,817,765</u>	

**City of Newport News, Virginia**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance**  
**Budget and Actual**  
**Solid Waste**  
**Year ended June 30, 2025**

	<u>Original budget</u>	<u>Final budget</u>	<u>Actual</u>	<u>Variance</u>
<b>Revenues:</b>				
Intergovernmental:				
Virginia	\$ 23,000	23,000	62,542	39,542
Charges for Services	15,158,000	15,158,000	13,816,629	(1,341,371)
Interest and Rent	281,247	281,247	347,846	66,599
Miscellaneous	2,700	2,700	-	(2,700)
Total revenues	<u>15,464,947</u>	<u>15,464,947</u>	<u>14,227,017</u>	<u>(1,237,930)</u>
<b>Expenditures:</b>				
Current:				
Public Works	17,657,319	17,905,314	16,331,176	1,574,138
Total expenditures	<u>17,657,319</u>	<u>17,905,314</u>	<u>16,331,176</u>	<u>1,574,138</u>
(Deficiency)/Excess of revenues (under)/over expenditures	<u>(2,192,372)</u>	<u>(2,440,367)</u>	<u>(2,104,159)</u>	<u>336,208</u>
<b>Other financing uses::</b>				
Transfers Out	<u>(313,681)</u>	<u>(313,681)</u>	<u>(313,681)</u>	<u>-</u>
Net change in fund balance	<u>\$ (2,506,053)</u>	<u>(2,754,048)</u>	<u>(2,417,840)</u>	<u>336,208</u>
Fund balance at June 30, 2024			<u>10,132,612</u>	
Fund balance at June 30, 2025			<u>\$ 7,714,772</u>	

**City of Newport News, Virginia**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance**  
**Budget and Actual**  
**Wastewater**  
**Year ended June 30, 2025**

	<u>Original budget</u>	<u>Final budget</u>	<u>Actual</u>	<u>Variance</u>
<b>Revenues:</b>				
Local	\$ -	-	5,373	5,373
Charges for Services	23,103,000	23,103,000	22,485,459	(617,541)
Interest and Rent	600,000	600,000	1,133,893	533,893
Miscellaneous	-	-	60,928	60,928
Total revenues	<u>23,703,000</u>	<u>23,703,000</u>	<u>23,685,653</u>	<u>(17,347)</u>
<b>Expenditures:</b>				
Current:				
Public Works	<u>22,907,278</u>	<u>18,949,150</u>	<u>16,720,873</u>	<u>2,228,277</u>
Total expenditures	<u>22,907,278</u>	<u>18,949,150</u>	<u>16,720,873</u>	<u>2,228,277</u>
(Deficiency)/Excess of revenues (under)/over expenditures	<u>795,722</u>	<u>4,753,850</u>	<u>6,964,780</u>	<u>2,210,930</u>
<b>Other financing uses:</b>				
Transfers Out	<u>(5,165,256)</u>	<u>(5,165,256)</u>	<u>(5,165,257)</u>	<u>(1)</u>
Net change in fund balance	<u>\$ (4,369,534)</u>	<u>(411,406)</u>	1,799,523	<u>2,210,929</u>
Fund balance at June 30, 2024			<u>26,260,092</u>	
Fund balance at June 30, 2025			<u>\$ 28,059,615</u>	

**City of Newport News, Virginia**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance**  
**Budget and Actual**  
**Animal Shelter**  
**Year ended June 30, 2025**

	<u>Original budget</u>	<u>Final budget</u>	<u>Actual</u>	<u>Variance</u>
<b>Revenues:</b>				
Intergovernmental:				
Local	\$ 1,546,464	1,546,464	1,546,464	-
Charges for Services	172,500	172,500	183,643	11,143
Local Fees and Contributions	-	-	149,015	149,015
Miscellaneous	7,919	7,919	3,866	(4,053)
Total revenues	<u>1,726,883</u>	<u>1,726,883</u>	<u>1,882,988</u>	<u>156,105</u>
<b>Expenditures:</b>				
Current:				
Parks, Recreation, and Culture	3,093,927	3,104,723	2,920,011	184,712
Total expenditures	<u>3,093,927</u>	<u>3,104,723</u>	<u>2,920,011</u>	<u>184,712</u>
Deficiency of revenues under expenditures	<u>(1,367,044)</u>	<u>(1,377,840)</u>	<u>(1,037,023)</u>	<u>340,817</u>
<b>Other financing sources (uses):</b>				
Transfers In	1,901,117	1,901,117	1,901,117	-
Transfers Out	(534,073)	(534,073)	(534,073)	-
Total other financing sources (uses), net	<u>1,367,044</u>	<u>1,367,044</u>	<u>1,367,044</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>(10,796)</u>	<u>330,021</u>	<u>340,817</u>
Fund balance at June 30, 2024			<u>(443,726)</u>	
Fund balance at June 30, 2025			<u>\$ (113,705)</u>	

**City of Newport News, Virginia**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances**  
**Budget and Actual**  
**Debt Service Fund**  
**Year ended June 30, 2025**

	Original budget	Final budget	Actual	Variance
<b>Revenues:</b>				
Intergovernmental:				
Local	\$ 1,096,266	1,096,266	1,096,266	-
Total revenues	1,096,266	1,096,266	1,096,266	-
<b>Expenditures:</b>				
Debt service payments	58,280,528	58,280,528	57,954,949	325,579
Total expenditures	58,280,528	58,280,528	57,954,949	325,579
Deficiency of revenues under expenditures	(57,184,262)	(57,184,262)	(56,858,683)	325,579
<b>Other financing sources:</b>				
Transfers In	55,771,976	55,771,976	55,771,976	-
Net change in fund balance	\$ (1,412,286)	(1,412,286)	(1,086,707)	325,579
Fund balance at June 30, 2024			15,954,034	
Fund balance at June 30, 2025			\$ 14,867,327	

**City of Newport News, Virginia**  
**Combining Statement of Net Position**  
**Nonmajor Component Units**  
**June 30, 2025**

	Peninsula Airport Commission	Economic and Industrial Development Authorities	Total Nonmajor Component Units
<b>Assets</b>			
Current Assets:			
Cash and Cash Equivalents	\$ 1,447,740	17,324,560	18,772,300
Restricted Cash	-	22,572,578	22,572,578
Receivables	511,889	6,209,850	6,721,739
Other Current Assets	1,493	-	1,493
Total current assets	<u>1,961,122</u>	<u>46,106,988</u>	<u>48,068,110</u>
Restricted Cash and Cash Equivalents	15,025,075	456,884	15,481,959
Deposits with Management Company	-	542,215	542,215
Net Pension Asset	449,038	-	449,038
Receivables	278,058	32,384,048	32,662,106
Land Held for Lease or Resale	-	45,893,861	45,893,861
Property, Plant and Equipment:			
Land	7,354,949	-	7,354,949
Construction in Progress	5,672,210	2,169,627	7,841,837
Infrastructure	-	2,543,500	2,543,500
Buildings	-	194,804,091	194,804,091
Improvements	-	23,869,869	23,869,869
Airfield	99,835,794	-	99,835,794
Terminal	75,220,387	-	75,220,387
Parking	16,315,912	-	16,315,912
Rental Units	2,785,368	-	2,785,368
Machinery and Equipment	4,572,052	2,462,464	7,034,516
Lease Right to Use Asset	-	8,203,110	8,203,110
Subscription Right to Use Asset	190,715	-	190,715
Less Accumulated Depreciation / Amortization	<u>(151,081,348)</u>	<u>(101,053,685)</u>	<u>(252,135,033)</u>
Total assets	<u>78,579,332</u>	<u>258,382,972</u>	<u>336,962,304</u>
<b>Deferred Outflows of Resources</b>			
Pension Deferrals	186,246	-	186,246
OPEB Deferrals	349,851	-	349,851
Deferred Amount on Refunding	-	1,267,033	1,267,033
Total deferred outflows of resources	<u>536,097</u>	<u>1,267,033</u>	<u>1,803,130</u>
<b>Liabilities</b>			
Current Liabilities:			
Accounts Payable	452,047	3,599,375	4,051,422
Accrued Liabilities	581,414	47,040	628,454
Compensated Absences	-	33,711	33,711
Unearned Revenues	-	2,766	2,766
Leases (as Lessee)	-	1,251,406	1,251,406
Subscription Liability	35,623	-	35,623
Bonds and Notes Payable	511,726	6,897,571	7,409,297
Total current liabilities	<u>1,580,810</u>	<u>11,831,869</u>	<u>13,412,679</u>
Notes Payable	-	6,232,572	6,232,572
Bonds Payable	3,286,215	24,672,239	27,958,454
Leases (as Lessee)	-	958,184	958,184
Subscription Liability	26,223	-	26,223
Compensated Absences	-	55,080	55,080
Net OPEB Liability	3,394,106	-	3,394,106
Total liabilities	<u>8,287,354</u>	<u>43,749,944</u>	<u>52,037,298</u>
<b>Deferred Inflows of Resources</b>			
Pension Deferrals	276,747	-	276,747
OPEB Deferrals	1,961,805	-	1,961,805
Lease Related	373,012	34,099,874	34,472,886
Total deferred inflows of resources	<u>2,611,564</u>	<u>34,099,874</u>	<u>36,711,438</u>
<b>Net Position</b>			
Net Investment in Capital Assets	57,006,252	94,254,035	151,260,287
Restricted for:			
Capital Projects	-	21,237,583	21,237,583
Capital Loans	-	1,744,839	1,744,839
Grants & Awards	22,926,865	-	22,926,865
Net Pension Asset	449,038	-	449,038
Unrestricted	<u>(12,165,644)</u>	<u>64,563,730</u>	<u>52,398,086</u>
Total net position	<u>\$ 68,216,511</u>	<u>181,800,187</u>	<u>250,016,698</u>

**City of Newport News, Virginia**  
**Statement of Revenues, Expenses and Changes in Net Position**  
**Nonmajor Component Units**  
**Year ended June 30, 2025**

	Peninsula Airport Commission	Economic and Industrial Development Authorities	Total Nonmajor Component Units
<b>Operating revenues:</b>			
Charges for Services	\$ 5,265,409	-	5,265,409
Property rentals	-	6,931,360	6,931,360
Parking contributions	-	189,264	189,264
Parking Authority revenues	-	1,244,477	1,244,477
Intergovernmental - Primary Government	-	32,348,142	32,348,142
Total operating revenues	<u>5,265,409</u>	<u>40,713,243</u>	<u>45,978,652</u>
<b>Operating expenses:</b>			
Personal services	3,314,991	726,379	4,041,370
Contractual services	1,720,830	11,288,654	13,009,484
Materials and supplies	827,712	105,202	932,914
Depreciation and amortization	6,350,483	6,674,143	13,024,626
Rental expenses	-	79,470	79,470
Miscellaneous	96,761	865,761	962,522
Total operating expenses	<u>12,310,777</u>	<u>19,739,609</u>	<u>32,050,386</u>
Operating income (loss)	<u>(7,045,368)</u>	<u>20,973,634</u>	<u>13,928,266</u>
<b>Nonoperating revenues (expenses):</b>			
Interest revenue	742	2,782,262	2,783,004
Bond and admin fee income	-	225,450	225,450
Interest expense	(168,726)	(1,580,735)	(1,749,461)
Letter of credit and trustee fees	-	(65,200)	(65,200)
Other income (expenses), net	(4,682)	62,345	57,663
Net housing and community development grants	-	(13,750)	(13,750)
Net resurgence grants	-	(47,626)	(47,626)
e-Commerce grant	-	15,000	15,000
Virginia Business Readiness Site Program Grant	-	(309,202)	(309,202)
Total non-operating revenues (expenses), net	<u>(172,666)</u>	<u>1,068,544</u>	<u>895,878</u>
Gain (loss) before capital contributions	<u>(7,218,034)</u>	<u>22,042,178</u>	<u>14,824,144</u>
Capital contributions, net	<u>3,298,824</u>	<u>-</u>	<u>3,298,824</u>
Change in net position	<u>(3,919,210)</u>	<u>22,042,178</u>	<u>18,122,968</u>
Net position at June 30, 2024, as originally presented	<u>72,135,721</u>	<u>159,803,030</u>	<u>231,938,751</u>
Restatement - change in accounting principle - GASB 101	<u>-</u>	<u>(45,021)</u>	<u>(45,021)</u>
Net position, beginning of year, as restated	72,135,721	159,758,009	231,893,730
Net position at June 30, 2025	<u>\$ 68,216,511</u>	<u>181,800,187</u>	<u>250,016,698</u>

**City of Newport News, Virginia**  
**Statement of Cash Flows**  
**Nonmajor Component Units**  
**Year ended June 30, 2025**

	Peninsula Airport Commission	Economic and Industrial Development Authorities	Total Nonmajor Component Units
<b>Cash flows from operating activities:</b>			
Receipts from customers	\$ 5,313,061	33,803,696	39,116,757
Payments to suppliers	(2,089,243)	(18,641,223)	(20,730,466)
Payments to employees	(4,039,429)	(740,256)	(4,779,685)
Receipts from land sales and net loans (made)/collected, net of settlement charges	-	117,917	117,917
Net cash (used in)/provided by operating activities	<u>(815,611)</u>	<u>14,540,134</u>	<u>13,724,523</u>
<b>Cash flows from capital and related financing activities:</b>			
Acquisition of capital assets	(2,788,986)	(7,827,084)	(10,616,070)
Contributed capital	3,270,951	-	3,270,951
Repayment and retirement of long-term debt, net	(468,804)	(8,175,302)	(8,644,106)
Proceeds from issuance of industrial bonds and notes payable	-	3,250,000	3,250,000
Interest paid	(155,061)	(1,195,278)	(1,350,339)
Other revenues and expenses	-	(132,984)	(132,984)
Lease liability principal payments made	-	(1,264,279)	(1,264,279)
Subscription liability principal payments made	(37,016)	-	(37,016)
Net cash (used in)/provided by capital and related financing activities	<u>(178,916)</u>	<u>(15,344,927)</u>	<u>(15,523,843)</u>
<b>Cash flows from investing activities:</b>			
Interest received	3,935	2,763,565	2,767,500
Loans issued	-	(227,638)	(227,638)
Lease receivable payments received	-	4,892,864	4,892,864
Net cash (used in)/provided by investing activities	<u>3,935</u>	<u>7,428,791</u>	<u>7,432,726</u>
Increase (decrease) in cash and cash equivalents	(990,592)	6,623,998	5,633,406
Cash, cash equivalents and restricted cash at beginning of year	17,463,407	33,730,024	51,193,431
Cash, cash equivalents and restricted cash at end of year	<u>16,472,815</u>	<u>40,354,022</u>	<u>56,826,837</u>
<b>Reconciliation of operating income (loss) to net cash provided by/(used in) operating activities:</b>			
Operating Income (Loss)	(7,045,368)	20,973,634	13,928,266
Adjustment to reconcile operating income (loss) to cash provided by operating activities:			
Depreciation and amortization	6,350,483	6,674,143	13,024,626
Deferred lease revenue recognized	-	(5,220,565)	(5,220,565)
Noncash intergovernmental - City of Newport News	-	(2,081,129)	(2,081,129)
Land inventory received from/transferred to City of Newport News	-	40,726	40,726
Changes in assets and liabilities:			
Accounts receivable	255,978	-	255,978
Accounts payable and accrued liabilities	39,535	417,350	456,885
Deferred/unearned revenues	-	2,536	2,536
Compensated absences	-	(13,877)	(13,877)
Net pension liability (asset) and related deferred inflows/outflows of resources	135,260	-	135,260
Net GLI OPEB liability (asset) and related deferred inflows/outflows of resources	(553,887)	-	(553,887)
Lease related deferred inflows of resources	(84,696)	-	(84,696)
Other receivables	84,696	306,130	390,826
Prepaid assets	2,388	-	2,388
Land inventory	-	(6,676,731)	(6,676,731)
Mortgages receivable	-	117,917	117,917
Net cash (used in)/provided by operating activities	<u>\$ (815,611)</u>	<u>14,540,134</u>	<u>13,724,523</u>
<b>Supplemental disclosure:</b>			
Noncash investing and financing activities:			
Contributed capital funded by accounts receivable - FAA:	\$ 211,974	-	211,974
Lease receivables funded by lease-related deferred inflows of resources:	-	13,753,217	13,753,217
Issuance of IT subscription liability:	\$ 66,890	-	66,890

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**City of Newport News, Virginia**  
**Combining Statement of Fiduciary Net Position**  
**Trust Funds**  
**June 30, 2025**

	Pension Fund	OPEB Fund	Line of Duty Act Benefit Fund	Total
<b>Assets</b>				
Cash and cash equivalents	\$ 6,210,427	2,065,828	4,851	8,281,106
Cash and cash equivalents with trustee	8,914,961	201,133	523,921	9,640,015
Investments, at fair value:				
Debt securities	90,487,404	7,637,340	939,695	99,064,439
Equity investments	315,576,350	34,726,709	1,318,377	351,621,436
Private equities	55,491,570	-	-	55,491,570
Bond mutual fund	155,924,152	11,357,129	-	167,281,281
Commingled equity fund	391,346,159	3,591,024	1,145,795	396,082,978
Real assets	124,895,952	-	-	124,895,952
Due from other components	711,376	7,086	-	718,462
Sales receivable	1,131,755	667	1,802	1,134,224
Total assets	<u>1,150,690,106</u>	<u>59,586,916</u>	<u>3,934,441</u>	<u>1,214,211,463</u>
<b>Liabilities</b>				
Accounts payable	36,013	1,086,251	611	1,122,875
Due to City	-	605,722	-	605,722
Purchases payable	10,951	-	-	10,951
Total liabilities	<u>46,964</u>	<u>1,691,973</u>	<u>611</u>	<u>1,739,548</u>
<b>Net Position</b>				
Assets held in trust				
Restricted for pension and OPEB benefits	1,150,643,142	57,894,943	-	1,208,538,085
Restricted for LOD benefits	-	-	3,933,830	3,933,830
Total net position	<u>\$ 1,150,643,142</u>	<u>57,894,943</u>	<u>3,933,830</u>	<u>1,212,471,915</u>

**City of Newport News, Virginia**  
**Combining Statement of Changes in Fiduciary Net Position**  
**Trust Funds**  
**Year ended June 30, 2025**

	Pension Fund	OPEB Fund	Line of Duty Act Benefit Fund	Total
<b>Additions:</b>				
Employer contributions:				
City General Fund	\$ 34,992,706	7,235,750	400,000	42,628,456
Waterworks Fund	4,500,361	1,004,250	-	5,504,611
School Operating Fund	10,009,747	-	-	10,009,747
Employee contributions:				
City General Fund	3,187,061	-	-	3,187,061
Waterworks Fund	386,608	-	-	386,608
School Operating Fund	507,664	-	-	507,664
Other contributions:				
Income from leave exchange	96,670	-	-	96,670
Employee buy-back	52,722	-	-	52,722
Total contributions	<u>53,733,539</u>	<u>8,240,000</u>	<u>400,000</u>	<u>62,373,539</u>
Investment income/(loss):				
Net appreciation/(depreciation) - bonds	2,331,049	327,786	20,169	2,679,004
Net appreciation/(depreciation) - stocks	106,902,790	4,860,407	315,679	112,078,876
Interest	3,825,699	1,145	7,738	3,834,582
Dividends	4,615,176	1,329,509	120,636	6,065,321
Real estate operating income/(loss)	523,941	-	-	523,941
Commission recapture	2,025	-	-	2,025
Other investment income/(loss)	15,518	-	-	15,518
Total investment income/(loss)	<u>118,216,198</u>	<u>6,518,847</u>	<u>464,222</u>	<u>125,199,267</u>
Less investment expenses	<u>(1,689,356)</u>	<u>(15,417)</u>	<u>-</u>	<u>(1,704,773)</u>
Net investment income/(loss)	<u>116,526,842</u>	<u>6,503,430</u>	<u>464,222</u>	<u>123,494,494</u>
Total additions	<u>170,260,381</u>	<u>14,743,430</u>	<u>864,222</u>	<u>185,868,033</u>
<b>Deductions:</b>				
Benefits paid to participants	105,301,805	8,029,653	294,847	113,626,305
Refunds of member contributions	139,518	-	-	139,518
Administrative expenses	1,414,558	56,485	7,312	1,478,355
Portability expense	280,862	-	-	280,862
Total deductions	<u>107,136,743</u>	<u>8,086,138</u>	<u>302,159</u>	<u>115,525,040</u>
Change in net position	63,123,638	6,657,292	562,063	70,342,993
Net position held in trust for retirement benefits at June 30, 2024	<u>1,087,519,504</u>	<u>51,237,651</u>	<u>3,371,767</u>	<u>1,142,128,922</u>
Net position held in trust for retirement benefits at June 30, 2025	<u>\$ 1,150,643,142</u>	<u>57,894,943</u>	<u>3,933,830</u>	<u>1,212,471,915</u>

**City of Newport News, Virginia**  
**Combining Statement of Fiduciary Net Position**  
**Custodial Funds**  
**June 30, 2025**

	Regional Homeless Commission	Hampton User Fee	Special Welfare Foster Care	Total
<b>Assets</b>				
Cash and cash equivalents	\$ -	14,354,930	7,135	14,362,065
Accounts receivable	33,890	4,578,693	-	4,612,583
Total assets	<u>33,890</u>	<u>18,933,623</u>	<u>7,135</u>	<u>18,974,648</u>
<b>Liabilities</b>				
Accounts payable	27,375	2,892,165	-	2,919,540
Due to City	4,050	-	-	4,050
Deposits	-	-	7,135	7,135
Total liabilities	<u>31,425</u>	<u>2,892,165</u>	<u>7,135</u>	<u>2,930,725</u>
<b>Net Position</b>				
Restricted for custodial funds	<u>2,465</u>	<u>16,041,458</u>	<u>-</u>	<u>16,043,923</u>
Total net position	<u>\$ 2,465</u>	<u>16,041,458</u>	<u>-</u>	<u>16,043,923</u>

**City of Newport News, Virginia**  
**Combining Statement of Changes in Fiduciary Net Position**  
**Custodial Funds**  
**Year ended June 30, 2025**

	Regional Homeless Commission	Hampton User Fee	Special Welfare Foster Care	Total
<b>Additions:</b>				
Contributions				
Local	\$ 109,509	-	-	109,509
Other Additions:				
Payments collected for other localities	-	35,279,935	-	35,279,935
Total additions	109,509	35,279,935	-	35,389,444
<b>Deductions</b>				
Contractual services	109,500	-	-	109,500
Payments collected for other localities	-	32,280,518	-	32,280,518
Total deductions	109,500	32,280,518	-	32,390,018
Change in net position	9	2,999,417	-	2,999,426
Fiduciary net position at June 30, 2024	2,456	13,042,041	-	13,044,497
Fiduciary net position at June 30, 2025	\$ 2,465	16,041,458	-	16,043,923

## Statistical Section

This part of the City'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.

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Sources: Unless otherwise noted, the information in these schedules is derived from the annual comprehensive financial reports for the relevant year.

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**City of Newport News, Virginia**  
**Net Position by Component**  
**Last Ten Fiscal Years**  
**(Accrual basis of accounting)**

	Fiscal Year									
	2025***	2024, as restated	2023**, as restated	2022*	2021	2020	2019	2018	2017	2016
<b>Governmental Activities:</b>										
Net Investment in Capital Assets	\$ 617,275,609	\$ 578,119,092	\$ 545,763,007	\$ 516,292,786	\$ 492,496,633	\$ 488,226,033	\$ 473,716,004	\$ 434,506,011	\$ 403,502,237	\$ 384,685,456
Restricted	103,631,370	94,131,397	84,929,925	60,501,909	52,189,356	47,211,010	34,772,461	28,002,362	19,682,760	19,333,167
Unrestricted (Deficit)	1,632,554	19,051,166	(2,775,100)	(88,140,147)	(174,161,943)	(241,498,691)	(250,348,726)	(263,060,889)	(226,610,632)	(202,853,172)
<b>Total Governmental Activities Net Position</b>	<b>\$ 722,539,533</b>	<b>\$ 691,301,655</b>	<b>\$ 627,917,832</b>	<b>\$ 488,654,548</b>	<b>\$ 370,524,046</b>	<b>\$ 293,938,352</b>	<b>\$ 258,139,739</b>	<b>\$ 199,447,484</b>	<b>\$ 196,574,365</b>	<b>\$ 201,165,451</b>
<b>Business-Type Activities:</b>										
Net Investment in Capital Assets	\$ 434,941,361	\$ 403,746,738	\$ 378,381,418	\$ 361,347,024	\$ 354,046,458	\$ 342,269,437	\$ 332,048,472	\$ 321,533,379	\$ 312,211,263	\$ 299,063,108
Restricted	1,407,620	1,167,472	-	-	-	-	-	-	-	-
Unrestricted	41,116,112	57,229,736	66,435,841	61,558,578	44,316,246	34,608,100	19,864,260	11,132,237	9,195,280	3,558,442
<b>Total Business-Type Activities Net Position</b>	<b>\$ 477,465,093</b>	<b>\$ 462,143,946</b>	<b>\$ 444,817,259</b>	<b>\$ 422,905,602</b>	<b>\$ 398,362,704</b>	<b>\$ 376,877,537</b>	<b>\$ 351,912,732</b>	<b>\$ 332,665,616</b>	<b>\$ 321,406,543</b>	<b>\$ 302,621,550</b>
<b>Primary Government:</b>										
Net Investment in Capital Assets	\$ 1,052,216,970	\$ 981,865,830	\$ 924,144,425	\$ 877,639,810	\$ 846,543,091	\$ 830,495,470	\$ 805,764,476	\$ 756,039,390	\$ 715,713,500	\$ 683,748,564
Restricted	105,038,990	95,298,869	84,929,925	60,501,909	52,189,356	47,211,010	34,772,461	28,002,362	19,682,760	19,333,167
Unrestricted (Deficit)	42,748,666	76,280,902	63,660,741	(26,581,569)	(129,845,697)	(206,890,591)	(230,484,466)	(251,928,652)	(217,415,352)	(199,294,730)
<b>Total Primary Government Net Position</b>	<b>\$ 1,200,004,626</b>	<b>\$ 1,153,445,601</b>	<b>\$ 1,072,735,091</b>	<b>\$ 911,560,150</b>	<b>\$ 768,886,750</b>	<b>\$ 670,815,889</b>	<b>\$ 610,052,471</b>	<b>\$ 532,113,100</b>	<b>\$ 517,980,908</b>	<b>\$ 503,787,001</b>

Note: \* Implementation of GASB 87

\*\* Implementation of GASB 96

\*\*\* Implementation of GASB 101

Fiscal years 2024 and 2023 have been restated related to an error found and corrected during fiscal year 2025. Earlier years have not been restated due to a lack of availability of information.

**City of Newport News, Virginia**  
**Changes in Net Position**  
**Last Ten Fiscal Years**  
**(Accrual basis of accounting)**

	Fiscal Year									
	2025 <sup>(e)</sup>	2024, as restated	2023 <sup>(d)</sup>	2022 <sup>(c)</sup>	2021 <sup>(b)</sup>	2020	2019	2018 <sup>(a)</sup>	2017	2016
<b>Program Revenues</b>										
<b>Governmental Activities:</b>										
Charges for Services:										
Public works	\$ 60,636,640	\$ 61,939,383	\$ 61,577,330	\$ 61,335,547	\$ 59,878,417	\$ 57,827,597	\$ 60,027,815	\$ 57,160,432	\$ 55,846,420	\$ 54,559,279
All Others	38,218,937	50,877,406	33,790,791	31,407,135	29,236,669	30,154,634	31,176,856	30,035,422	29,954,030	28,819,222
Operating Grants and Contributions	44,751,931	45,872,753	76,230,567	74,871,967	66,472,506	37,789,099	30,452,406	39,075,745	40,933,661	41,835,794
Capital Grants and Contributions	30,414,673	14,194,091	23,305,851	31,689,365	25,828,575	20,198,403	38,072,400	30,410,059	16,980,158	9,891,763
<b>Total Governmental Activities Program Revenues</b>	<b>174,022,181</b>	<b>172,883,633</b>	<b>194,904,539</b>	<b>199,304,014</b>	<b>181,416,167</b>	<b>145,969,733</b>	<b>159,729,477</b>	<b>156,681,658</b>	<b>143,714,269</b>	<b>135,106,058</b>
<b>Business-Type Activities:</b>										
Charges for Services	96,528,390	96,817,870	97,877,754	96,838,384	98,809,975	96,293,903	95,343,639	99,350,705	91,990,145	89,992,744
Operating/Capital Grants and Contributions	10,032,329	3,604,298	4,413,295	5,557,862	2,411,869	3,296,665	2,396,486	3,986,319	2,263,856	3,352,599
<b>Total Business-Type Activities Program Revenues</b>	<b>106,560,719</b>	<b>100,422,168</b>	<b>102,291,049</b>	<b>102,396,246</b>	<b>101,221,844</b>	<b>99,590,568</b>	<b>97,740,125</b>	<b>103,337,024</b>	<b>94,254,001</b>	<b>93,345,343</b>
<b>Total Primary Government Program Revenues</b>	<b>280,582,900</b>	<b>273,305,801</b>	<b>297,195,588</b>	<b>301,700,260</b>	<b>282,638,011</b>	<b>245,560,301</b>	<b>257,469,602</b>	<b>260,018,682</b>	<b>237,968,270</b>	<b>228,451,401</b>
<b>Expenses</b>										
<b>Governmental Activities:</b>										
General Government	128,871,876	125,928,258	106,892,584	93,316,639	105,028,091	97,951,315	104,489,210	99,745,558	110,180,530	105,287,988
Judicial Administration	12,643,897	12,241,849	11,329,035	9,581,237	8,327,279	7,986,323	8,087,466	7,996,313	8,150,550	7,000,968
Public Safety	183,295,013	167,082,307	151,192,716	140,316,842	143,534,390	131,166,279	126,206,588	123,683,767	128,952,047	117,228,275
Public Works	126,393,056	100,858,065	86,099,939	73,999,363	77,355,328	76,409,250	78,239,758	76,410,545	85,577,272	77,766,098
Health and Welfare	59,842,618	56,812,879	50,966,208	49,080,652	55,695,474	46,638,368	46,245,011	45,434,568	44,848,871	41,363,323
Education	137,365,978	167,202,617	157,651,873	169,978,313	135,102,119	148,705,527	122,254,884	132,474,462	138,929,299	121,829,209
Parks, Recreation and Culture	46,947,460	42,463,318	38,719,311	34,364,625	32,861,435	33,639,682	33,704,442	33,766,228	35,237,952	32,294,586
Community Development	37,933,408	21,124,721	17,566,231	16,701,864	15,491,592	13,479,394	11,669,637	11,298,553	11,180,081	11,490,635
Interest and Other Fiscal Charges	20,849,269	20,967,828	18,277,283	20,124,814	21,713,471	22,116,492	20,959,483	20,083,955	19,860,527	20,545,591
<b>Total Governmental Activities Expenses</b>	<b>754,142,575</b>	<b>714,681,842</b>	<b>638,695,180</b>	<b>607,464,349</b>	<b>595,109,179</b>	<b>578,092,630</b>	<b>551,856,479</b>	<b>550,893,949</b>	<b>582,917,129</b>	<b>534,806,673</b>
<b>Business-Type Activities:</b>										
Public Utilities	86,850,335	81,302,233	78,538,324	70,427,441	71,951,302	67,808,624	72,132,481	74,291,178	67,605,709	69,011,682
<b>Total Business-Type Activities Expenses</b>	<b>86,850,335</b>	<b>81,302,233</b>	<b>78,538,324</b>	<b>70,427,441</b>	<b>71,951,302</b>	<b>67,808,624</b>	<b>72,132,481</b>	<b>74,291,178</b>	<b>67,605,709</b>	<b>69,011,682</b>
<b>Total Primary Government Expenses</b>	<b>840,992,910</b>	<b>795,984,075</b>	<b>717,233,504</b>	<b>677,891,790</b>	<b>667,060,481</b>	<b>645,901,254</b>	<b>623,988,960</b>	<b>625,185,127</b>	<b>650,522,838</b>	<b>603,818,355</b>
<b>Net Revenue/(Expenses)</b>										
Governmental Activities	(580,120,394)	(541,798,209)	(443,790,641)	(408,160,335)	(413,693,012)	(432,122,897)	(392,127,002)	(394,212,291)	(439,202,860)	(399,700,615)
Business-Type Activities	19,710,384	19,119,935	23,752,725	31,968,805	29,270,542	31,781,944	25,607,644	29,045,846	26,648,292	24,333,661
<b>Total Primary Government</b>	<b>\$ (560,410,010)</b>	<b>\$ (522,678,274)</b>	<b>\$ (420,037,916)</b>	<b>\$ (376,191,530)</b>	<b>\$ (384,422,470)</b>	<b>\$ (400,340,953)</b>	<b>\$ (366,519,358)</b>	<b>\$ (365,166,445)</b>	<b>\$ (412,554,568)</b>	<b>\$ (375,366,954)</b>

**City of Newport News, Virginia**  
**Changes in Net Position**  
**Last Ten Fiscal Years**  
**(Accrual basis of accounting)**

	Fiscal Year									
	2025 <sup>(e)</sup>	2024, as restated	2023 <sup>(d)</sup>	2022 <sup>(c)</sup>	2021 <sup>(b)</sup>	2020	2019	2018 <sup>(a)</sup>	2017	2016
<b>General Revenues and Other Changes in Net Assets</b>										
<b>Governmental Activities:</b>										
General Property Taxes	\$ 370,426,717	\$ 366,881,284	\$ 349,485,472	\$ 316,462,329	\$ 300,491,142	\$ 285,824,042	\$ 277,522,739	\$ 265,622,961	\$ 261,245,586	\$ 256,787,386
Other Taxes	130,364,708	128,979,219	125,567,112	122,392,561	112,282,967	105,856,537	107,764,452	105,492,219	103,889,921	102,082,792
Grants and Contributions not Restricted to Specific Programs	58,416,623	55,904,849	54,062,653	49,544,132	47,820,669	48,196,050	47,239,111	46,117,575	44,482,705	43,217,511
Investment Earnings	25,208,007	26,451,351	16,164,392	3,471,193	3,144,359	5,717,414	6,240,402	4,345,961	3,102,177	2,688,086
Special Item: Loss on Extinguishment	-	-	-	-	-	-	(10,155,757)	-	-	-
Miscellaneous	35,370,436	17,465,329	14,326,945	24,920,622	16,026,872	12,827,467	12,708,310	14,270,016	12,391,385	9,711,606
Transfers	9,500,000	9,500,000	9,500,000	9,500,000	9,500,000	9,500,000	9,500,000	9,500,000	9,500,000	9,500,000
<b>Total Governmental Activities</b>	<b>629,286,491</b>	<b>605,182,032</b>	<b>569,106,574</b>	<b>526,290,837</b>	<b>489,266,009</b>	<b>467,921,510</b>	<b>450,819,257</b>	<b>445,348,732</b>	<b>434,611,774</b>	<b>423,987,381</b>
<b>Business-Type Activities:</b>										
Investment Earnings	5,196,926	5,938,515	5,946,581	499,991	283,132	1,352,718	1,684,370	1,033,077	454,799	276,491
Miscellaneous	1,418,746	1,768,237	1,712,351	1,574,102	1,431,493	1,330,144	1,455,102	1,474,323	1,181,902	958,210
Transfers	(9,500,000)	(9,500,000)	(9,500,000)	(9,500,000)	(9,500,000)	(9,500,000)	(9,500,000)	(9,500,000)	(9,500,000)	(9,500,000)
<b>Total Business-Type Activities</b>	<b>(2,884,328)</b>	<b>(1,793,248)</b>	<b>(1,841,068)</b>	<b>(7,425,907)</b>	<b>(7,785,375)</b>	<b>(6,817,138)</b>	<b>(6,360,528)</b>	<b>(6,992,600)</b>	<b>(7,863,299)</b>	<b>(8,265,299)</b>
<b>Total Primary Government</b>	<b>626,402,163</b>	<b>603,388,784</b>	<b>567,265,506</b>	<b>518,864,930</b>	<b>481,480,634</b>	<b>461,104,372</b>	<b>444,458,729</b>	<b>438,356,132</b>	<b>426,748,475</b>	<b>415,722,082</b>
<b>Change in Net Position</b>										
Governmental Activities	49,166,097	63,383,823	125,315,933	118,130,502	75,572,997	35,798,613	58,692,255	51,136,441	(4,591,086)	24,286,766
Business-Type Activities	16,826,056	17,326,687	21,911,657	24,542,898	21,485,167	24,964,806	19,247,116	22,053,246	18,784,993	16,068,362
<b>Total Primary Government</b>	<b>\$ 65,992,153</b>	<b>\$ 80,710,510</b>	<b>\$ 147,227,590</b>	<b>\$ 142,673,400</b>	<b>\$ 97,058,164</b>	<b>\$ 60,763,419</b>	<b>\$ 77,939,371</b>	<b>\$ 73,189,687</b>	<b>\$ 14,193,907</b>	<b>\$ 40,355,128</b>

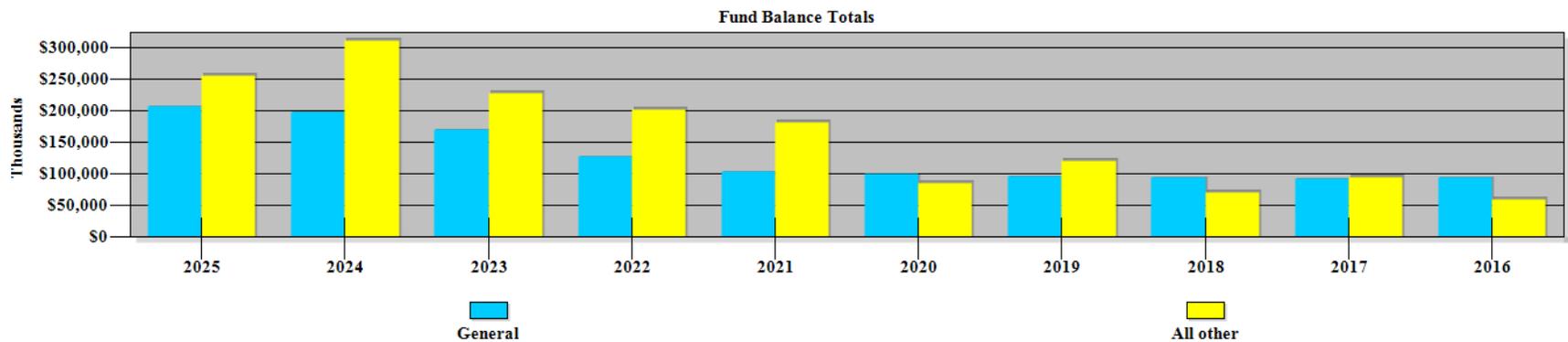
- Note: (a) - Implementation of GASB 75  
(b) - Implementation of GASB 84  
(c) - Implementation of GASB 87  
(d) - Implementation of GASB 96  
(e) - Implementation of GASB 101

Fiscal year 2024 has been restated related to an error found and corrected during fiscal year 2025. Earlier years have not been restated due to a lack of availability of information.

**City of Newport News, Virginia  
Fund Balances of Governmental Funds  
Last Ten Fiscal Years  
(Modified accrual basis of accounting)**

	Fiscal Year									
	2025	2024, as restated	2023, as restated	2022	2021	2020	2019	2018	2017	2016
<b>General Fund</b>										
Nonspendable	\$ 4,027,603	2,831,519	2,200,291	1,822,011	1,527,891	1,302,189	1,177,088	11,427,627	11,519,118	11,436,689
Restricted	1,074,705	613,622	613,622	613,622	613,622	596,452	596,452	437,862	322,798	224,814
Assigned	77,019,152	80,443,184	65,398,897	47,167,360	29,818,238	26,709,811	27,739,746	25,939,296	28,279,733	31,855,250
Unassigned	125,714,085	113,554,485	102,316,820	77,812,968	71,376,473	70,612,462	66,498,760	56,876,979	51,711,616	51,054,853
<b>Total General Fund</b>	<b>\$ 207,835,545</b>	<b>197,442,810</b>	<b>170,529,630</b>	<b>127,415,961</b>	<b>103,336,224</b>	<b>99,220,914</b>	<b>96,012,046</b>	<b>94,681,764</b>	<b>91,833,265</b>	<b>94,571,606</b>
<b>All Other Governmental Funds</b>										
Nonspendable	\$ 4,451,299	15,882	17,947	6,939	6,593	6,108	6,869	4,708	-	-
Restricted	91,531,147	221,819,594	91,016,339	88,925,063	115,660,611	65,830,651	94,628,279	48,257,170	74,987,521	37,764,123
Committed	160,049,403	158,348,993	155,866,887	112,327,677	66,176,448	34,144,958	24,654,169	22,255,786	19,575,222	20,806,270
Assigned	-	-	-	-	-	-	53,698	-	15,223	-
Unassigned	(211,218)	(68,447,898)	(19,505,045)	-	(47,514)	(14,650,258)	(220,636)	(497,643)	(368,067)	(429,701)
<b>Total All Other Governmental Funds</b>	<b>\$ 255,820,631</b>	<b>311,736,571</b>	<b>227,396,128</b>	<b>201,259,679</b>	<b>181,796,138</b>	<b>85,331,459</b>	<b>119,122,379</b>	<b>70,020,021</b>	<b>94,209,899</b>	<b>58,140,692</b>

Note: Fiscal years 2024 and 2023 have been restated related to an error found and corrected during fiscal year 2025. Earlier years have not been restated due to a lack of availability of information.



**City of Newport News, Virginia**  
**Changes in Fund Balances, Governmental Funds**  
**Last Ten Fiscal Years**  
**(Modified accrual basis of accounting)**  
**(in thousands of dollars)**

	Fiscal Year									
	2025	2024, as restated	2023	2022	2021	2020	2019	2018	2017	2016
<b>Revenues</b>										
General Property Taxes	\$ 371,307	\$ 363,037	\$ 348,759	\$ 314,580	\$ 297,407	\$ 284,634	\$ 276,236	\$ 266,110	\$ 261,130	\$ 256,442
Other Local Taxes	130,365	128,979	125,567	122,393	112,283	105,857	107,764	105,492	103,890	102,083
Licenses and Permits	3,309	3,393	4,338	3,608	2,820	3,225	4,019	4,006	3,724	3,413
Fines and Forfeitures	1,183	1,231	1,135	1,034	1,243	1,400	1,834	1,741	1,727	1,517
Intergovernmental	129,589	113,617	148,994	151,472	138,915	105,190	111,959	113,955	99,943	92,433
Charges for Services	79,049	80,101	79,682	77,608	82,823	80,240	82,630	79,547	78,390	76,208
Interest and Rent	26,298	28,576	15,818	3,441	3,114	5,591	6,108	4,280	3,065	2,669
Recovered Costs	17,394	29,304	14,831	14,100	5,049	6,342	6,741	5,908	5,683	5,654
Employee Benefit Premiums	4,696	4,589	-	-	-	-	-	-	-	-
Miscellaneous	23,493	6,370	5,284	15,181	9,434	6,100	5,703	7,296	6,000	4,211
<b>Total Revenues</b>	<b>786,683</b>	<b>759,197</b>	<b>744,408</b>	<b>703,417</b>	<b>653,088</b>	<b>598,579</b>	<b>602,994</b>	<b>588,335</b>	<b>563,552</b>	<b>544,630</b>
<b>Expenditures</b>										
General Government	120,012	121,173	108,234	101,786	102,226	96,280	93,951	92,769	91,034	94,516
Judicial Administration	11,649	11,193	12,020	9,135	7,770	7,551	7,588	7,436	7,225	6,442
Public Safety	173,149	158,107	153,023	142,383	139,354	128,755	122,534	119,923	118,558	113,199
Public Works	86,703	84,622	72,692	62,711	64,381	65,822	67,468	65,966	71,256	67,487
Health and Welfare	55,502	54,303	50,407	48,642	55,646	47,379	46,597	45,825	42,722	41,461
Education	138,358	127,383	119,687	126,076	118,752	130,104	116,183	128,632	130,697	120,300
Parks, Recreation, and Culture	42,298	38,570	35,893	32,497	29,616	30,878	30,394	30,170	30,047	28,396
Community Development	21,366	18,458	19,504	18,733	14,301	12,572	10,650	10,315	9,895	10,974
Debt service:										
Principal	46,300	52,706	41,108	42,737	33,303	33,267	34,662	33,690	40,085	38,000
Interest and Other Charges	21,451	19,388	18,780	20,154	22,166	22,685	20,046	19,683	19,995	20,670
Capital Outlay	128,163	105,116	80,465	72,350	66,533	63,367	95,284	64,767	45,078	56,311
<b>Total Expenditures</b>	<b>844,951</b>	<b>791,019</b>	<b>711,813</b>	<b>677,204</b>	<b>654,048</b>	<b>638,660</b>	<b>645,357</b>	<b>619,176</b>	<b>606,592</b>	<b>597,756</b>
Excess (Deficiency) of Revenues over (under) Expenditures	(58,268)	(31,822)	32,595	26,213	(960)	(40,081)	(42,363)	(30,841)	(43,040)	(53,126)

**City of Newport News, Virginia**  
**Changes in Fund Balances, Governmental Funds**  
**Last Ten Fiscal Years**  
**(Modified accrual basis of accounting)**  
**(in thousands of dollars)**

	Fiscal Year									
	2025	2024, as restated	2023	2022	2021	2020	2019	2018	2017	2016
<b>Other Financing Sources (Uses)</b>										
Transfers In	\$ 133,125	\$ 128,135	\$ 150,019	\$ 135,031	\$ 104,662	\$ 90,511	\$ 80,999	\$ 70,054	\$ 71,696	\$ 70,403
Transfers Out	(123,625)	(118,635)	(140,519)	(125,531)	(95,162)	(81,011)	(71,499)	(60,554)	(62,196)	(60,903)
Payment to Refund Bonds	-	-	-	-	(56,912)	-	-	-	-	(39,614)
Premium on Refunded Bonds	-	-	-	-	2,459	-	-	-	-	6,728
Refund Bonds Proceeds	-	-	-	-	54,785	-	-	-	-	33,190
Bond and Note Proceeds	-	99,915	-	4,801	77,000	-	85,795	-	59,455	48,890
Premium on Bonds Issuance	-	10,795	-	-	13,695	-	7,657	-	7,416	4,592
Leases (as Lessee)	823	18,278	7,181	3,030	-	-	-	-	-	-
Subscriptions	2,422	4,587	6,027	-	-	-	-	-	-	-
<b>Total Other Financing Sources, Net</b>	<b>12,745</b>	<b>143,075</b>	<b>22,708</b>	<b>17,331</b>	<b>100,527</b>	<b>9,500</b>	<b>102,952</b>	<b>9,500</b>	<b>76,371</b>	<b>63,286</b>
<b>Special Item</b>										
Loss on Extinguishment	-	-	-	-	-	-	(10,156)	-	-	-
<b>Net Change in Fund Balance</b>	<b>\$ (45,523)</b>	<b>\$ 111,253</b>	<b>\$ 55,303</b>	<b>\$ 43,544</b>	<b>\$ 99,567</b>	<b>\$ (30,581)</b>	<b>\$ 50,433</b>	<b>\$ (21,341)</b>	<b>\$ 33,331</b>	<b>\$ 10,160</b>
Debt Service as a Percentage of Noncapital Expenditures	8.9 %	10.5 %	9.7 %	10.5 %	9.3 %	9.7 %	9.7 %	9.5 %	10.4 %	10.6 %

Fiscal year 2024 has been restated related to an error found and corrected during fiscal year 2025. Earlier years have not been restated due to a lack of availability of information.

**City of Newport News, Virginia**  
**Governmental Activities Tax Revenues by Source**  
**Last Ten Fiscal Years**  
**(Accrual basis of accounting)**

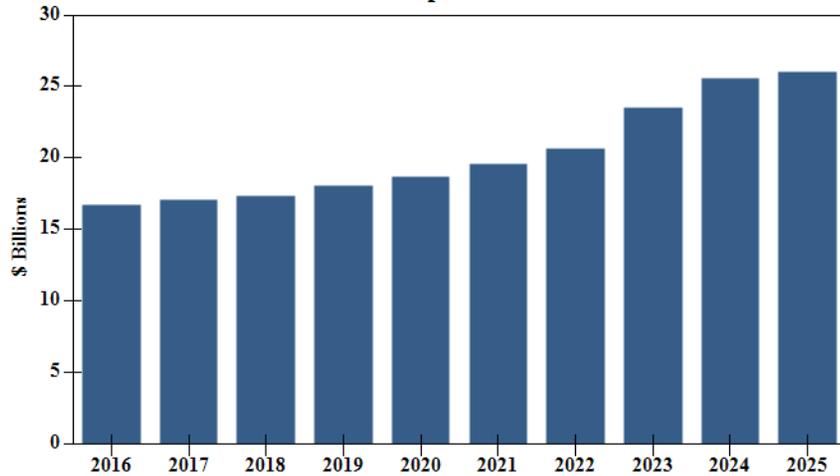
	Fiscal Year										% Change 2016-2025
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016	
<b>Revenues</b>											
General Property Taxes	\$ 370,426,717	\$ 366,881,284	\$ 349,485,472	\$ 316,462,329	\$ 300,491,142	\$ 285,824,042	\$ 277,522,739	\$ 265,622,961	\$ 261,245,586	\$ 256,787,386	44.3 %
E-911 Service	970,808	962,829	925,290	1,041,652	931,808	826,797	789,725	746,818	722,114	701,894	38.3 %
Telecom Sales	7,541,602	7,671,745	8,097,874	8,310,146	8,738,029	9,613,963	9,982,359	10,685,005	11,012,699	11,289,782	(33.2)%
Sales Tax	35,493,666	34,934,939	34,195,284	32,707,526	30,890,502	27,473,290	26,197,558	25,693,286	24,553,589	23,601,270	50.4 %
Utility Tax	5,847,552	6,066,183	5,661,860	6,280,524	6,293,046	6,327,322	6,341,872	6,428,968	6,043,252	6,262,091	(6.6)%
Consumption Tax	613,171	637,188	608,728	688,172	690,110	663,636	696,656	554,807	904,868	669,850	(8.5)%
Business License Tax	23,475,631	22,695,240	22,000,132	20,900,524	19,472,960	18,397,725	18,015,385	17,239,148	16,762,176	16,383,239	43.3 %
Rental Car Tax	1,308,010	1,555,587	1,367,513	1,277,286	936,211	1,104,357	1,157,389	1,110,324	1,144,248	1,115,643	17.2 %
Motor Vehicle License Tax	4,252,102	4,114,793	4,555,068	4,219,377	4,395,285	4,144,869	4,286,075	4,273,220	4,131,204	4,096,782	3.8 %
Bank Stock Tax	1,421,214	1,424,439	1,383,253	1,282,753	1,137,056	1,099,434	1,140,972	1,018,617	1,012,668	804,718	76.6 %
Recordation and Wills Tax	2,043,579	1,641,813	2,147,148	3,013,965	2,447,772	1,858,373	1,389,607	1,477,452	1,598,418	1,490,565	37.1 %
Tobacco Tax	2,983,976	3,280,816	4,035,487	4,111,000	4,213,953	4,417,232	4,761,217	4,576,884	4,925,919	4,808,217	(37.9)%
Hotel and Motel Room Tax	5,441,655	5,615,322	5,650,032	5,411,355	3,807,496	3,939,267	4,634,839	4,345,781	4,278,009	4,297,160	26.6 %
Restaurant Food Tax	37,854,668	37,364,171	34,032,909	32,341,996	27,936,394	25,233,838	27,364,800	26,263,697	25,757,894	25,551,404	48.2 %
Amusement Tax	1,050,677	960,213	848,325	767,921	371,020	716,266	961,140	984,277	980,953	929,005	13.1 %
Tourism Zone Tax	66,397	53,941	58,209	38,364	21,325	40,168	44,858	93,935	61,910	81,172	(18.2)%
<b>Total Taxes</b>	<b>\$ 500,791,425</b>	<b>\$ 495,860,503</b>	<b>\$ 475,052,584</b>	<b>\$ 438,854,890</b>	<b>\$ 412,774,109</b>	<b>\$ 391,680,579</b>	<b>\$ 385,287,191</b>	<b>\$ 371,115,180</b>	<b>\$ 365,135,507</b>	<b>\$ 358,870,178</b>	<b>39.5 %</b>

**City of Newport News, Virginia**  
**Assessed Value and Estimated Actual Value of Taxable Property**  
**Last Ten Fiscal Years**  
**(in thousands of dollars)**

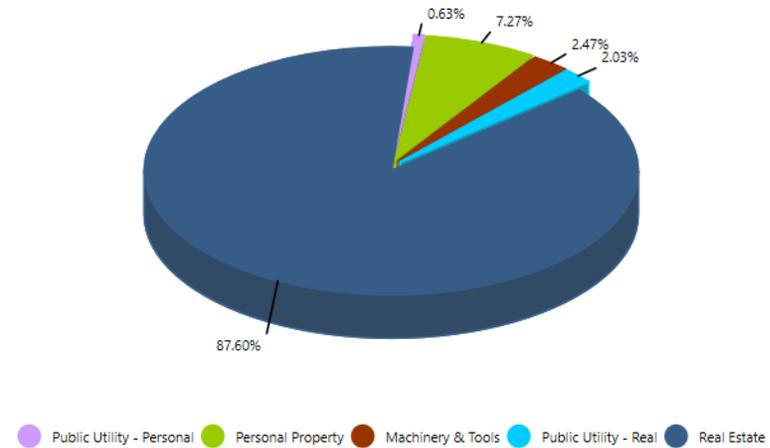
Fiscal Year	Real Property	Personal Property	Machinery and Tools	Public Utility		Less: Tax-Exempt Property	Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Taxable Value
				Real Estate	Personal Property				
2016	\$ 18,396,884	\$ 1,322,984	\$ 543,091	\$ 349,931	\$ 157,772	\$ (4,053,925)	\$ 16,716,737	1.42	\$ 20,770,662
2017	18,782,332	1,365,979	554,965	355,023	167,828	(4,143,466)	17,082,661	1.53	21,226,127
2018	21,798,305	1,371,461	587,738	379,115	158,661	(6,922,307)	17,372,973	1.53	24,295,280
2019	22,673,480	1,413,676	632,389	384,420	161,155	(7,208,716)	18,056,404	1.53	25,265,120
2020	23,354,976	1,469,804	676,110	382,243	174,906	(7,345,279)	18,712,760	1.53	26,058,039
2021	24,142,302	1,569,497	722,720	398,819	163,128	(7,402,271)	19,594,195	1.54	26,996,466
2022	25,135,195	1,752,332	729,749	408,365	150,158	(7,502,156)	20,673,643	1.56	28,175,799
2023	28,144,064	1,907,734	701,454	430,536	145,148	(7,853,221)	23,475,715	1.52	31,328,936
2024	30,528,940	1,992,590	670,384	464,911	152,878	(8,235,402)	25,574,301	1.49	33,809,703
2025	30,875,219	1,970,320	643,587	527,861	164,738	(8,172,168)	26,009,557	1.48	34,181,725

Source: City of Newport News Real Estate Assessors Office & Commissioner of the Revenue's Office

**Values of Taxable Properties Last Ten Years**



**Types of Taxable Property 2025**



**City of Newport News, Virginia**  
**Direct and Overlapping Property Taxes**  
**Last Ten Fiscal Years**  
**(Rate per \$100 of assessed value)**

City Direct Rates

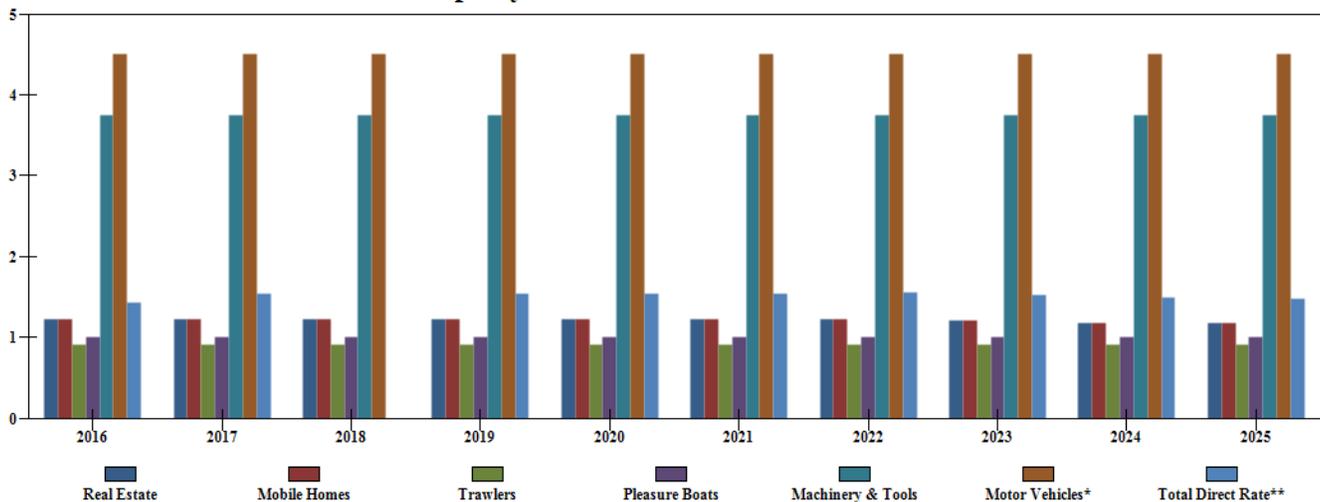
Fiscal Year	Real Estate	Mobile Homes	Trawlers	Pleasure Boats	Machinery & Tools	Motor Vehicles*	Total Direct Rate**
2016	\$ 1.22	\$ 1.22	\$ 0.90	\$ 1.00	\$ 3.75	\$ 4.50	\$ 1.42
2017	1.22	1.22	0.90	1.00	3.75	4.50	1.53
2018	1.22	1.22	0.90	1.00	3.75	4.50	1.53
2019	1.22	1.22	0.90	1.00	3.75	4.50	1.53
2020	1.22	1.22	0.90	1.00	3.75	4.50	1.53
2021	1.22	1.22	0.90	1.00	3.75	4.50	1.54
2022	1.22	1.22	0.90	1.00	3.75	4.50	1.56
2023	1.20	1.20	0.90	1.00	3.75	4.50	1.52
2024	1.18	1.18	0.90	1.00	3.75	4.50	1.49
2025	1.18	1.18	0.90	1.00	3.75	4.50	1.48

Source: City of Newport News FY25 Adopted Operating Budget

\*While there was no change in the personal property tax rate, an assessment ratio of seventy-five percent (75%) was applied to vehicles for calendar year 2022 to mitigate the significant increase in used vehicle values.

\*\*Note the 75% assessment ratio for calendar year 2022 was not taken into consideration in calculating the Total Direct Tax Rate reported here for FY22 or FY23.

**Property Tax Rates - Last Ten Years**



**City of Newport News, Virginia**  
**Principal Property Tax Payers**  
**Current Year and Nine Years Prior**  
**(in thousands of dollars)**

	2025		2016	
	Taxes Due based on Assessed Value	Percentage of Taxes Due	Taxes Due based on Assessed Value	Percentage of Taxes Due
Huntington Ingalls Incorporated	\$31,279	8.47%	\$20,622	8.03%
Virginia Electric & Power Company	5,107	1.38%	5,283	2.06%
The Mariners Museum	4,247	1.15%	2,791	1.09%
Canon Virginia Inc	4,119	1.12%	4,925	1.92%
Virginia Natural Gas Inc	2,412	0.65%	1,393	0.54%
Liebherr America Inc	1,905	0.52%	449	0.17%
PR Patrick Henry LLC	1,303	0.35%	1,810	0.71%
Cox Communications Hampton Roads Inc	1,293	0.35%	911	0.35%
Verizon Virginia LLC	1,192	0.32%	2,216	0.86%
Dominion Terminal Associates	1,157	0.31%	1,238	0.48%
River Mews LLC	1,046	0.28%	-	-
Kinder Morgan Operating LP "C"	968	0.26%	1,214	0.47%
SMP Landing SPE LLC	907	0.25%	-	-
Printpack Inc	885	0.24%	-	-
Oyster Point Residential LLC	874	0.24%	512	0.20%
Compass at City Center LLC	845	0.23%	-	-
Venture Newport News LLC	812	0.22%	-	-
IREIT Newport News Tech Center LLC	801	0.22%	-	-
Ferguson Enterprises Corp	785	0.21%	485	0.19%
BRG Meridian Parkside LLC	747	0.20%	-	-
Continental Automotive Systems US Inc	-	-	1,731	0.67%
Inland Western Newport News	-	-	848	0.33%
Cellco Partnership	-	-	821	0.32%
Patrick Henry Hospital (Warwick Forest)	-	-	558	0.22%
Bottling Group LLC	-	-	544	0.21%
Meridian Parkside Apartments LLC	-	-	450	0.18%
1552 LLC	-	-	405	0.16%
Total	<u>\$62,684</u>	<u>16.97%</u>	<u>\$49,206</u>	<u>19.16%</u>

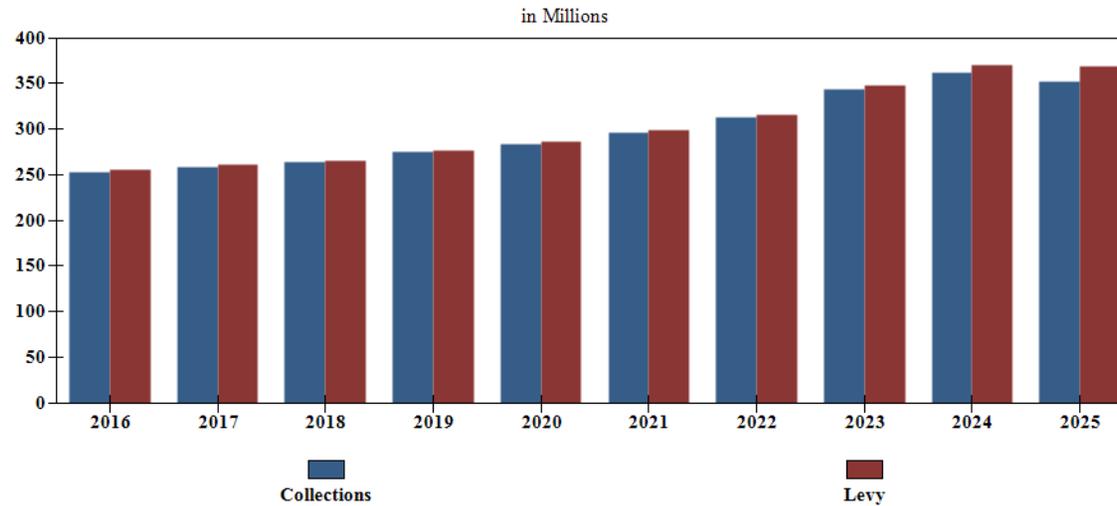
Note: Figures include both personal property and real estate tax assessments for these taxpayers

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

**City of Newport News, Virginia**  
**Property Tax Levies and Collections**  
**Last Ten Fiscal Years**  
**(in thousands of dollars)**

Fiscal Year	Tax Levy	Current Year		Collections in Subsequent Years	Total Collections for Year	
		Amount	% of Levy		Amount	% of Levy
2016	\$ 255,057	\$ 245,186	96.1%	\$ 7,917	\$ 253,103	99.2%
2017	260,913	250,535	96.0%	7,873	258,408	99.0%
2018	265,381	255,657	96.3%	7,626	263,283	99.2%
2019	276,004	265,894	96.3%	9,432	275,326	99.8%
2020	285,568	272,988	95.6%	10,061	283,049	99.1%
2021	298,897	284,746	95.3%	11,090	295,836	99.0%
2022	315,260	300,079	95.2%	13,120	313,199	99.3%
2023	348,044	331,467	95.2%	12,316	343,783	98.8%
2024	369,714	347,710	94.0%	14,751	362,461	98.0%
2025	369,356	352,411	95.4%	Not Available	352,411	95.4%

**Property Tax Levy and Collections**



**City of Newport News, Virginia**  
**Ratios of Outstanding Debt by Type**  
**Last Ten Fiscal Years**  
**(Dollars in thousands, except per capita)**

	Fiscal Year									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Population	N/A	183,056	183,118	184,306	184,587	186,247	178,626	179,388	181,825	182,385
Personal Income	N/A	N/A	\$ 9,295,869	\$ 8,639,040	\$ 8,758,253	\$ 8,197,632	\$ 7,969,244	\$ 7,770,354	\$ 7,470,774	\$ 7,448,898
<b>Governmental Activities:</b>										
General Obligation Bonds*	\$ 387,447	\$ 429,520	\$ 362,163	\$ 402,244	\$ 444,759	\$ 390,384	\$ 414,072	\$ 357,301	\$ 393,024	\$ 367,747
VRA*	-	-	-	-	-	-	13,393	15,270	17,282	19,530
VPSA*	-	-	-	-	-	-	728	1,075	1,413	1,741
Literary Fund	1,062	1,416	1,770	2,131	2,529	2,940	3,359	3,779	4,199	4,619
Capital Leases	-	-	-	-	-	-	-	99	211	320
Land Lease Payable	-	-	-	-	-	-	-	-	262	509
Lease Liability**	21,337	25,458	15,551	11,465	-	-	-	-	-	-
Subscription Liability***	6,626	7,460	5,813	-	-	-	-	-	-	-
Note Payable	979	1,940	2,884	3,812	-	-	-	-	-	-
<b>Business-Type Activities:</b>										
Public Utility Bonds	100,320	110,731	126,449	138,482	149,696	90,357	103,138	116,600	129,367	113,508
Lease Liability**	2,154	2,308	2,807	3,250	-	-	-	-	-	-
Subscription Liability***	495	875	1,101	-	-	-	-	-	-	-
Total business-type activities	102,969	113,914	130,357	141,732	149,696	90,357	103,138	116,600	129,367	113,508
Total Primary Government	\$ 520,420	\$ 579,708	\$ 518,538	\$ 561,384	\$ 596,984	\$ 483,681	\$ 534,690	\$ 494,124	\$ 545,758	\$ 507,974
Percentage of Personal Income	N/A	N/A	5.6 %	6.5 %	6.8 %	5.9 %	6.7 %	6.4 %	7.3 %	6.8 %
Net Bonded Debt per Capita	N/A	\$ 3,167	\$ 2,832	\$ 3,046	\$ 3,234	\$ 2,597	\$ 2,993	\$ 2,754	\$ 3,002	\$ 2,785

Balances include all outstanding debt of the Primary Government, including direct debt.

\* Balances were reclassified to reflect implementation of GASB 88 in FY2019.

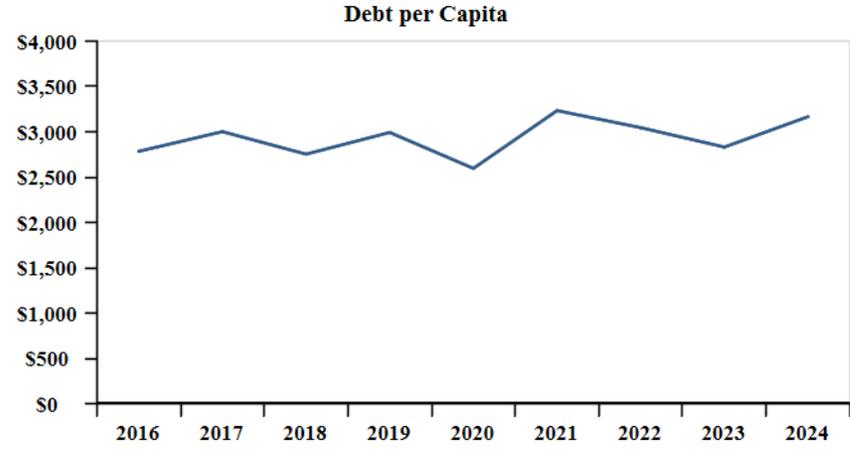
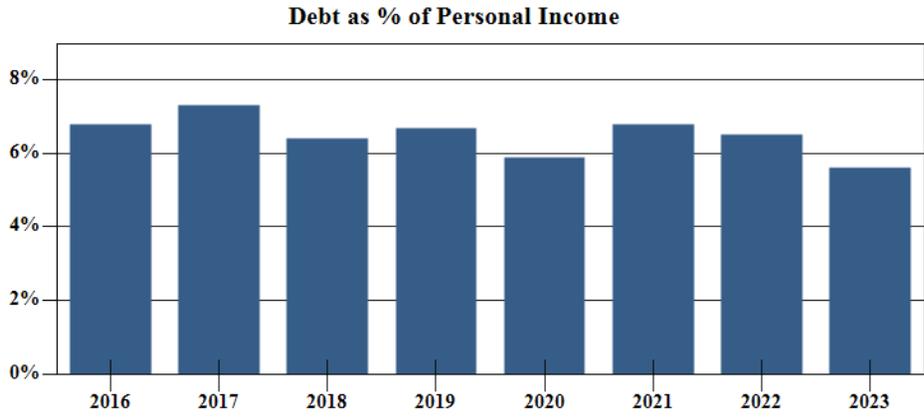
\*\* Balances were added to reflect implementation of GASB 87 in FY2022.

\*\*\* Balances were added to reflect implementation of GASB 96 in FY2023.

Source: Population figures are derived as follows: Census Bureau estimates.

N/A: Data currently not available.

**City of Newport News, Virginia**  
**Ratios of Outstanding Debt by Type**  
**Last Ten Fiscal Years**  
**(Dollars in thousands, except per capita)**



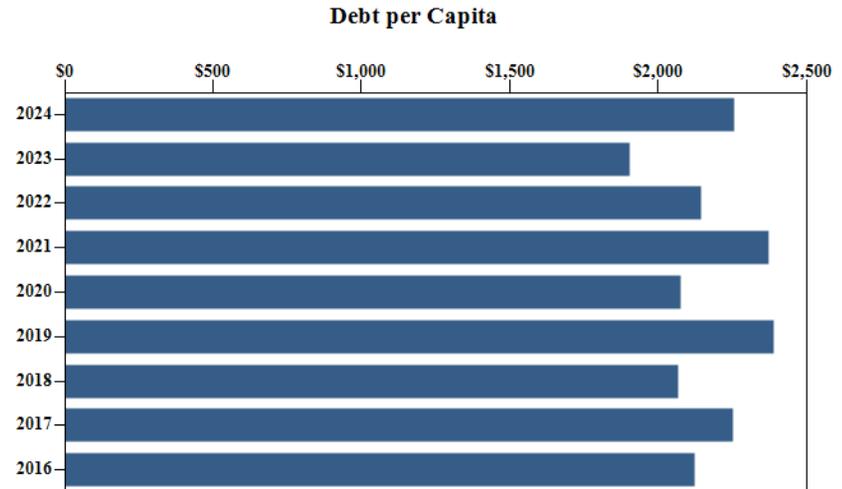
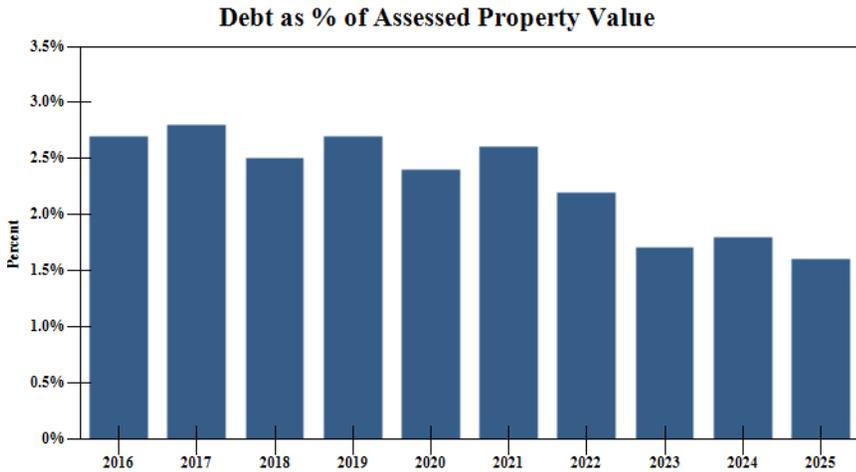
**City of Newport News, Virginia**  
**Ratios of General Bonded Debt Outstanding**  
**Last Ten Fiscal Years**  
**(in thousands of dollars)**

Fiscal Year	Population	Assessed Value of Real Property	General Obligation Bonds	Less Debt Service	Net Bonded Debt	Net Bonded Debt as % of Assessed Valuation	Net Bonded Debt per Capita
2016	182,385	\$ 14,393,093	\$ 389,018	\$ 1,924	\$ 387,094	2.7%	\$ 2,122
2017	181,825	14,702,701	411,719	2,096	409,623	2.8%	2,253
2018	179,388	14,939,690	373,646	2,277	371,369	2.5%	2,070
2019	178,626	15,521,734	428,193	1,461	426,732	2.7%	2,389
2020	186,247	16,068,910	390,384	3,309	387,075	2.4%	2,078
2021	184,587	16,805,965	444,759	6,667	438,092	2.6%	2,373
2022	184,306	17,706,249	402,244	7,140	395,104	2.2%	2,144
2023	183,118	20,365,803	362,163	13,666	348,497	1.7%	1,903
2024	183,056	22,361,789	429,520	15,954	413,566	1.8%	2,259
2025	N/A	22,783,306	387,447	14,867	372,580	1.6%	N/A

Source: Population figures are Census Bureau estimates.

Note: GOB includes VRA and VPSA - see Note 7. There is no overlapping debt because cities in Virginia have jurisdiction over the entire area within their boundaries and operate independently of any municipal government.

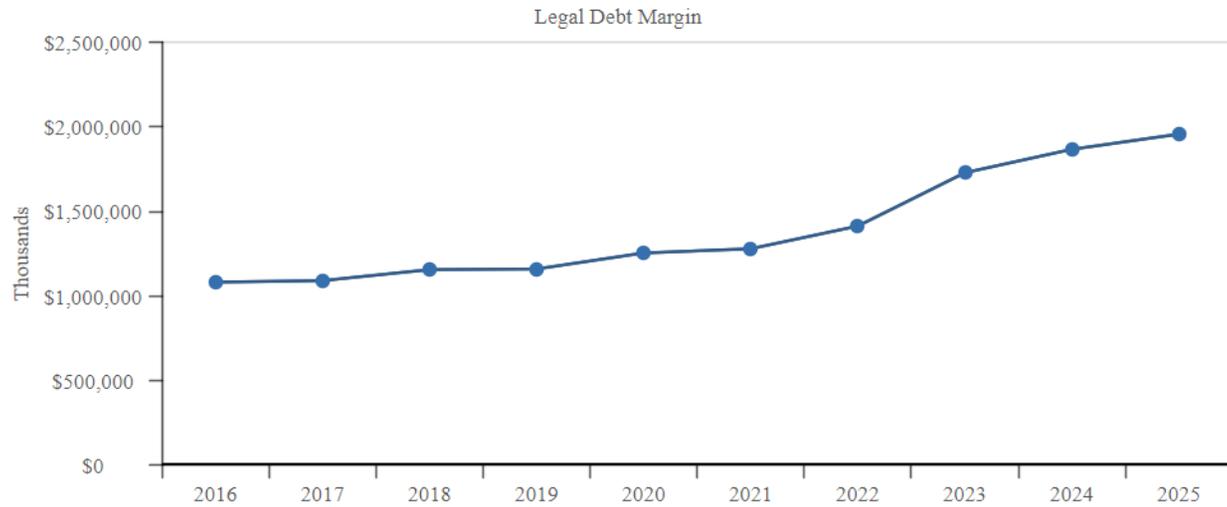
N/A: Data currently not available.



### City of Newport News, Virginia Legal Debt Margin Information Last Ten Fiscal Years

	Fiscal Year									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
<b>Assessed Value of Real Estate:</b>										
General	\$ 22,783,306,350	\$ 22,361,789,300	\$ 20,365,803,400	\$ 17,706,249,400	\$ 16,805,964,700	\$ 16,068,909,800	\$ 15,521,734,200	\$ 14,939,690,000	\$ 14,702,700,500	\$ 14,393,093,200
Public Service Corporations	527,861,204	464,911,084	430,536,329	408,364,646	398,818,857	382,242,766	384,420,678	379,115,133	355,023,068	349,931,124
<b>Total Assessed Value</b>	<b>23,311,167,554</b>	<b>22,826,700,384</b>	<b>20,796,339,729</b>	<b>18,114,614,046</b>	<b>17,204,783,557</b>	<b>16,451,152,566</b>	<b>15,906,154,878</b>	<b>15,318,805,133</b>	<b>15,057,723,568</b>	<b>14,743,024,324</b>
Total Debt Limit (10% of Total Assessed Value)	2,331,116,755	2,282,670,038	2,079,633,973	1,811,461,405	1,720,478,356	1,645,115,257	1,590,615,488	1,531,880,513	1,505,772,357	1,474,302,432
<b>Bond Outstanding:</b>										
General Obligation, Net of Unamortized Premiums*	383,386,511	424,254,402	355,521,610	394,083,134	434,972,738	378,450,376	414,072,631	354,858,254	390,581,276	365,304,713
General Obligation: Virginia Public School Authority (VPSA)	-	-	-	-	-	369,332	727,610	1,075,384	1,413,176	1,741,482
General Obligation: Virginia Resources Authority (VRA) Loan Fund	4,060,010	5,265,977	6,641,178	8,161,314	9,785,786	11,564,302	13,392,767	15,270,245	17,282,464	19,529,503
Literary Fund	1,062,047	1,416,065	1,770,083	2,130,886	2,528,952	2,939,519	3,359,286	3,779,053	4,198,821	4,618,588
Qualified Zone Academy Bonds (QZAB)	-	-	-	-	-	-	-	2,442,494	2,442,494	2,442,494
Capital Leases	-	-	-	-	-	-	-	98,801	210,801	320,418
Amount Available in Debt Service Fund	(14,867,327)	(15,954,034)	(13,666,211)	(7,139,809)	(6,666,898)	(3,308,551)	(1,461,022)	(2,277,296)	(2,096,466)	(1,923,785)
<b>Total Debt Outstanding</b>	<b>373,641,241</b>	<b>414,982,410</b>	<b>350,266,660</b>	<b>397,235,525</b>	<b>440,620,578</b>	<b>390,014,978</b>	<b>430,091,272</b>	<b>375,246,935</b>	<b>414,032,566</b>	<b>392,033,413</b>
<b>Legal Debt Margin</b>	<b>\$ 1,957,475,514</b>	<b>\$ 1,867,687,628</b>	<b>\$ 1,729,367,313</b>	<b>\$ 1,414,225,880</b>	<b>\$ 1,279,857,778</b>	<b>\$ 1,255,100,279</b>	<b>\$ 1,160,524,216</b>	<b>\$ 1,156,633,578</b>	<b>\$ 1,091,739,791</b>	<b>\$ 1,082,269,019</b>
<b>Total Net Debt Applicable to the Limit as a % of Debt Limit</b>	<b>16.03 %</b>	<b>18.18 %</b>	<b>16.84 %</b>	<b>21.93 %</b>	<b>25.61 %</b>	<b>23.71 %</b>	<b>27.04 %</b>	<b>24.50 %</b>	<b>27.50 %</b>	<b>26.59 %</b>

\* Corrected general obligation amounts for 2016 to include unamortized premiums that were previously omitted from schedule.



**City of Newport News, Virginia**  
**Pledged-Revenue Coverage**  
**Current and Prior Fiscal Years**

	Fiscal Year									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Revenues	\$ 96,528,390	\$ 96,817,870	\$ 97,877,754	\$ 96,838,384	\$ 98,809,975	\$ 96,293,903	\$ 95,343,639	\$ 99,350,705	\$ 91,990,145	\$ 89,992,744
Less the Sum of:										
Operating Expenses	67,513,503	64,185,160	57,203,018	49,506,315	54,345,807	49,436,821	52,954,934	54,389,582	47,780,964	48,435,441
120% of Max Debt Service on Revenue Bonds	11,094,810	11,370,660	11,635,890	11,635,890	11,635,890	5,620,080	5,707,170	4,145,564	2,788,351	2,213,227
100% of Max Debt Service on General Obligation Water Bonds	2,979,983	3,689,274	5,233,484	7,943,797	7,943,797	7,938,869	10,687,909	12,754,595	15,703,580	15,886,779
	81,588,296	79,245,094	74,072,392	69,086,002	73,925,494	62,995,770	69,350,013	71,289,741	66,272,895	66,535,447
Equals (1)	\$ 14,940,094	\$ 17,572,776	\$ 23,805,362	\$ 27,752,382	\$ 24,884,481	\$ 33,298,133	\$ 25,993,626	\$ 28,060,964	\$ 25,717,250	\$ 23,457,297

(1) Must be positive to meet subsection (i) of the additional bonds test.

Note: Operating expenses exclude depreciation and amortization.

**City of Newport News, Virginia**  
**Demographic and Economic Statistics**  
**Last Ten Fiscal Years**

Fiscal Year	Population	Personal Income (in thousands)	Per Capita Income	Median Age	School Enrollment	Unemployment Rate
2016	182,385	\$ 7,448,898	\$ 40,967	33	28,865	5.0%
2017	181,825	7,470,774	41,646	33	28,240	4.9%
2018	179,388	7,770,354	43,501	33	28,401	4.2%
2019	178,626	7,969,244	44,465	33	28,381	3.5%
2020	186,247	8,197,632	45,781	33	28,282	5.8%
2021	184,587	8,758,253	47,448	33	27,113	8.0%
2022	184,306	8,639,040	46,873	34	23,933	4.4%
2023	183,118	9,295,869	50,764	34	26,162	3.6%
2024	183,056	N/A	N/A	35	26,073	3.3%
2025	N/A	N/A	N/A	35	25,559	3.8%

Sources:

Population figures: Census Bureau estimates.

Personal income: Bureau of Economic Analysis.

Per capita income: Bureau of Economic Analysis.

Unemployment rate: Virginia Labor Market Information.

Median Age: U.S. Census Bureau.

N/A: Data currently not available.

**City of Newport News, Virginia**  
**Principal Employers**  
**Current Year and Nine Years Prior**

	2025		2016	
	Approximate Number of Employees	Approximate Percentage of Total City Employment	Approximate Number of Employees	Approximate Percentage of Total City Employment
Huntington Ingalls Industries, Inc.	25,000	28.81%	19,000	22.90%
Newport News Public Schools	5,000	5.76%	4,500	5.42%
City of Newport News	3,500	4.03%	4,000	4.82%
Riverside Regional Medical Center	3,000	3.46%	2,500	3.01%
Christopher Newport University	1,500	1.73%	1,500	1.81%
Ferguson Enterprises Inc.	1,000	1.15%	1,000	1.21%
Tidewater Physicians Multi Sp Grp	1,000	1.15%	N/A	N/A
Walmart	1,000	1.15%	N/A	N/A
Jefferson Science Associates	1,000	1.15%	1,000	1.21%
Power Solutions LLC	1,000	1.15%	N/A	N/A
Canon	N/A	N/A	1,000	1.21%
Mary Immaculate Hospital	N/A	N/A	1,000	1.21%
Army & Air Force Exchange	N/A	N/A	1,000	1.21%
Total	<u>43,000</u>	<u>49.54%</u>	<u>36,500</u>	<u>44.01%</u>
Approximate Total City Employment	86,761		82,978	

Source: Virginia Employment Commission (VEC). Note 2025 data is most recent data available from the VEC, which may be up to a year in arrears.

N/A: Data currently not available.

**City of Newport News, Virginia**  
**Full-Time City Government Employees by Function/Program**  
**Last Ten Fiscal Years**

	Full-Time City Government Employee Allotments as of June 30									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
<b>Fund, Function, Activity and Elements</b>										
<b>General Fund:</b>										
<b>General Government Administration:</b>										
<b>Legislative:</b>										
City Council	7	7	7	7	7	7	7	7	7	7
City Clerk	7	4	4	4	4	4	4	4	4	4
<b>General and Financial Administration:</b>										
City Manager	22	22	18	17	16	12	10	10	10	10
Human Resources	30	29	28	25	23	21	20	20	20	16
City Attorney	20	19	19	19	18	18	18	18	18	18
City Auditor	6	6	6	6	6	6	6	6	6	6
Commissioner of the Revenue	41	41	41	42	42	42	42	42	42	42
Real Estate Assessor	19	19	19	19	19	19	19	20	20	21
City Treasurer	34	34	34	34	34	34	34	34	34	34
Finance	41	41	41	41	41	41	41	41	22	18
Budget and Evaluation	8	7	8	8	8	8	7	7	7	7
Office of Self-Insurance (General Liability Insurance Fund)	5	5	5	5	6	6	6	6	6	6
Purchasing**	-	-	-	-	-	-	-	-	18	19
Information Technology	66	65	68	67	68	68	62	64	58	57
Communications*	40	39	38	28	28	26	25	25	25	24
Non-departmental - Security Services***	31	31	26	26	41	26	22	-	-	-
<b>Board of Elections:</b>										
Registrar	5	5	5	5	5	5	5	5	5	5
Total General Government Administration	382	374	367	353	366	343	328	309	302	294
<b>Judicial Administration:</b>										
<b>Courts:</b>										
Circuit Courts	8	8	7	7	7	7	7	7	7	7
Office of the Magistrate	-	-	-	-	-	-	-	-	6	6
Clerk of the Circuit Court	26	26	26	25	24	24	24	24	24	24
Court Services	3	3	3	2	2	2	2	2	2	2
Commonwealth's Attorney	64	63	63	62	56	56	54	54	52	49
Total Judicial Administration	101	100	99	96	89	89	87	87	91	88
<b>Public Safety:</b>										
<b>Law Enforcement and Traffic Control:</b>										
Police Department	639	638	635	628	619	607	602	601	594	588
<b>Fire and Rescue Services:</b>										
Fire Department	409	397	395	393	386	386	383	382	381	380
<b>Correction and Detention:</b>										
Sheriff	246	222	222	221	221	221	219	219	219	219
Juvenile Services	136	134	134	134	134	145	145	141	138	130
<b>Inspections:</b>										
Codes Compliance	38	38	40	40	40	40	39	39	39	38
Total Public Safety	1,468	1,429	1,426	1,416	1,400	1,399	1,388	1,382	1,371	1,355

**City of Newport News, Virginia**  
**Full-Time City Government Employees by Function/Program**  
**Last Ten Fiscal Years**

	Full-Time City Government Employee Allotments as of June 30									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
<b>Public Works:</b>										
Engineering	68	67	64	63	63	63	62	68	70	68
Public Works Administration****	85	85	85	85	136	139	164	186	185	185
<b>Total Public Works</b>	<b>153</b>	<b>152</b>	<b>149</b>	<b>148</b>	<b>199</b>	<b>202</b>	<b>226</b>	<b>254</b>	<b>255</b>	<b>253</b>
<b>Welfare:</b>										
Human Services	420	420	413	407	396	396	395	387	382	377
<b>Total Welfare</b>	<b>420</b>	<b>420</b>	<b>413</b>	<b>407</b>	<b>396</b>	<b>396</b>	<b>395</b>	<b>387</b>	<b>382</b>	<b>377</b>
<b>Parks and Library:</b>										
Parks and Recreation*****	140	140	137	116	112	109	108	108	108	108
Parks and Recreation Revolving Fund*****	57	57	57	82	82	82	82	80	80	80
Library	55	55	56	55	55	54	53	52	51	52
<b>Total Parks, Recreation and Library</b>	<b>252</b>	<b>252</b>	<b>250</b>	<b>253</b>	<b>249</b>	<b>245</b>	<b>243</b>	<b>240</b>	<b>239</b>	<b>240</b>
<b>Community Development:</b>										
<b>Planning and Community Development:</b>										
Development	20	20	20	20	20	20	20	20	20	19
Planning	22	22	19	19	19	19	19	14	13	13
<b>Total Community Development</b>	<b>42</b>	<b>42</b>	<b>39</b>	<b>39</b>	<b>39</b>	<b>39</b>	<b>39</b>	<b>34</b>	<b>33</b>	<b>32</b>
<b>Total General Fund</b>	<b>2,818</b>	<b>2,769</b>	<b>2,743</b>	<b>2,712</b>	<b>2,738</b>	<b>2,713</b>	<b>2,706</b>	<b>2,693</b>	<b>2,673</b>	<b>2,639</b>
<b>Other Operating Funds:</b>										
General Services Fund****	101	100	97	94	-	-	-	-	-	-
Public Utilities Fund	352	352	352	352	352	352	352	352	352	352
Vehicle & Equipment Services Fund****	-	-	-	-	40	40	40	40	40	41
Solid Waste Revolving Fund	74	74	74	74	77	77	77	71	71	66
Wastewater Fund	112	112	112	110	110	110	110	109	108	104
Stormwater Management Fund	105	105	105	104	104	104	104	105	105	98
Pension Fund	-	-	-	-	-	-	-	-	-	6
Economic and Industrial Authority	5	5	5	5	5	5	5	5	5	5
Parking Authority Fund	2	2	2	2	2	2	2	2	2	2
Law Library	1	1	1	1	1	1	1	1	1	1
Schools	3,896	3,913	3,862	3,870	3,861	3,884	3,884	3,901	3,934	3,904
Peninsula Regional Animal Shelter	21	17	17	15	14	13	13	11	11	11
<b>Total Other Operating Funds</b>	<b>4,669</b>	<b>4,681</b>	<b>4,627</b>	<b>4,627</b>	<b>4,566</b>	<b>4,588</b>	<b>4,588</b>	<b>4,597</b>	<b>4,629</b>	<b>4,590</b>
<b>Total City Employees</b>	<b>7,487</b>	<b>7,450</b>	<b>7,370</b>	<b>7,339</b>	<b>7,304</b>	<b>7,301</b>	<b>7,294</b>	<b>7,290</b>	<b>7,302</b>	<b>7,229</b>

Source: City Adopted Budget.

\*In FY 2023, the Tourism portion of the Parks and Recreation Revolving Fund was transferred into the Communications Department.

\*\*In FY 2018, the Purchasing Department was transferred into the Finance Department.

\*\*\*In FY 2019, the Security Services Division was transferred from Public Works to Non-departmental.

\*\*\*\*In FY 2022, Custodial Services and Building Services, which were previously included in Public Works Administration, were combined with the Vehicle & Equipment Services Fund and moved into the new General Services Fund.

\*\*\*\*\*In FY 2023, the Historical Services portion of the Parks and Recreation Revolving Fund was transferred into the regular Parks and Recreation Department.

\*\*\*\*\*In FY 2023, the Historical Services and Tourism portions of the Parks and Recreation Revolving Fund were transferred into the regular Parks and Recreation Department and Communications Department, respectively.

**City of Newport News, Virginia**  
**Operating Indicators by Function/Program**  
**Last Ten Fiscal Years**

Function/Program	Fiscal Year									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
<b>General Government:</b>										
Retail Sales (Millions)	4,403	4,023	4,016	3,843	3,352	3,112	2,665	2,146	2,329	2,278
<b>Emergency Dispatch Operations:</b>										
911 Calls Received:	261,947	260,656	256,164	264,706	258,710	256,854	258,278	276,043	272,950	326,104
<b>Police:</b>										
Calls for Service	227,982	229,256	232,539	165,712	165,480	176,998	177,649	181,522	148,561	75,150
Number of Offenses	16,380	17,044	16,552	15,153	14,506	16,536	17,866	18,153	18,336	18,272
Adult Arrests	7,877	8,269	7,827	7,014	7,504	9,467	9,743	7,879	7,511	7,180
Traffic Summonses	18,867	19,312	21,024	25,743	26,213	26,582	35,489	29,942	20,533	18,272
Traffic Accidents	2,623	3,080	2,904	2,824	2,722	2,749	3,143	2,909	3,024	3,056
<b>Fire:</b>										
Emergency Medical Service/Rescue	27,131	26,265	26,024	25,191	23,474	21,680	20,142	21,508	19,520	22,938
Public Assistance	3,356	3,534	3,983	3,475	3,064	2,982	1,633	2,579	1,120	1,045
Good Intent Calls	3,088	3,229	3,534	3,149	3,322	2,855	2,535	2,720	2,225	1,817
False/Alarm/Alarm Malfunction	1,971	1,872	1,904	1,735	1,612	1,542	1,555	1,577	1,488	1,381
Hazardous Conditions	562	543	588	579	692	546	692	577	2,093	109
All Fires	629	524	500	533	544	559	490	577	622	543
Explosions	12	4	7	12	12	8	10	15	5	7
Weather Event/Other	82	79	15	23	14	15	23	4	23	9
<b>Sheriff:</b>										
City Jail Capacity	300	300	300	300	300	300	300	300	300	300
<b>Codes Compliance:</b>										
Building Permits Issued	1,765	1,758	1,833	1,607	1,624	1,337	1,464	1,475	1,363	1,372
Residential Construction	103	95	151	128	130	142	137	135	195	222
Commercial Construction	25	18	53	29	14	27	21	18	72	55
<b>Waterworks:</b>										
Gallons Delivered per Day (Millions)	33	34	34	34	33	33	33	33	33	34
Meters Connected	137,292	136,749	138,140	134,914	132,100	133,031	130,381	137,754	136,914	134,191
<b>Public Works:</b>										
Potholes Repaired	10,827	8,768	14,390	12,904	13,718	16,626	19,951	20,037	18,494	23,208
Streets Resurfaced (Miles)	22	14	12	12	11	14	14	3	11	10
Recyclables Collected (Tons)	6,773	6,027	5,951	6,333	8,738	7,299	6,447	6,101	6,151	6,300
<b>Parks and Recreation:</b>										
Park Visitors (Millions) (All Parks)	4	4	4	4	4	4	4	4	4	4
Celebration of Lights Visitors	119,117	120,213	125,048	132,694	151,819	100,467	105,149	119,638	111,097	110,679
Tourism Visitor Inquiries****	-	-	156,786	222,917	212,285	140,335	87,747	78,605	241,311	152,252
Tourism Office Outreach Count****	34,504	32,485	-	-	-	-	-	-	-	-
Tourism Website Visits*	551,000	526,000	248,514	594,759	636,948	545,487	331,643	235,698	380,233	241,722
Visitor Guides Distributed	90,000	135,000	145,000	130,000	162,000	81,000	175,000	175,000	200,000	200,000
<b>Library:</b>										
Circulation Transactions	591,677	621,662	514,240	558,361	468,097	602,383	702,676	692,774	777,457	788,356
Reference	65,508	55,376	66,495	67,329	38,482	57,557	88,967	77,570	85,349	106,329
Computer Use/WiFi Sessions	509,956	292,503	441,541	285,618	152,006	138,437	188,337	249,743	241,301	236,361
Program Attendance	65,485	44,501	14,868	15,336	2,724	37,582	22,264	31,800	20,848	22,442
Visitor Count	333,696	316,314	317,668	236,265	152,962	421,737	567,747	678,439	737,748	890,717
Meeting Room Use**	556	1,260	521	1,255	-	515	1,134	1,397	1,228	1,294
<b>Human Services***:</b>										
Individuals Served by TANF, SNAP, and/or Medicaid	85,282	88,805	84,539	-	-	-	-	-	-	-
Households Housed	62	115	202	-	-	-	-	-	-	-
Foster Children Placed with Forever Families	41	42	36	-	-	-	-	-	-	-
Children Provided Child Care Assistance	2,401	2,532	2,299	-	-	-	-	-	-	-
<b>Schools:</b>										
Average Daily Students	25,559	26,073	26,162	23,933	27,113	28,282	28,381	28,401	28,240	28,865

Source: Various City departments.

\* Starting in FY 2017 this includes tablet website visits.

\*\* Due to the COVID-19 Pandemic, Library meeting rooms were closed for public use for all of FY 2021.

\*\*\* Operating indicators for the Department of Human Services are being reported beginning in FY 2023.

\*\*\*\* Beginning in FY2024, the Tourism Office no longer recorded the number of Visitor Center Inquiries, and instead recorded the number of people the Tourism Office made direct contact with throughout the year.

**City of Newport News, Virginia**  
**Capital Asset Statistics by Function/Program**  
**Last Ten Fiscal Years**

Function/Program	Fiscal Year									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
<b>Police:</b>										
Patrol Units	271	248	222	239	244	259	243	251	247	242
Boats	2	2	3	4	3	3	3	3	3	3
<b>Fire:</b>										
Stations	11	11	11	11	11	11	11	11	11	11
Fire Trucks	24	24	24	24	24	24	18	18	25	25
Ambulances	20	20	21	19	19	19	12	12	18	18
Boats	4	4	4	2	2	3	2	1	2	2
<b>Engineering:</b>										
Streetlights	21,179	21,438	21,355	21,789	21,026	20,811	20,790	20,756	20,424	20,586
Traffic Lights	272	272	272	272	273	270	268	263	263	261
<b>Parks and Recreation:</b>										
Parks	36	36	36	36	36	36	36	37	37	37
Acreage	8,920	8,920	8,920	8,696	8,696	8,696	8,696	8,697	8,697	8,697
Athletic Fields	154	154	154	154	154	154	154	154	154	154
Mini-parks	3	3	3	3	3	3	3	3	3	3
Beach/Waterfront Areas	8	8	8	8	8	8	8	8	8	8
Boat Ramps	8	8	8	8	8	9	7	7	7	7
Golf Courses	2	2	2	2	2	2	2	2	2	2
Swimming Pools	1	1	3	3	3	3	3	3	3	3
Tennis Courts (Free)	57	57	57	57	57	57	57	57	57	57
Tennis Courts (Pay)	24	24	24	24	24	24	24	24	24	24
Squares	3	3	3	3	3	3	3	3	3	3
<b>Library:</b>										
Libraries	3	3	3	3	3	4	5	5	5	5
Law Libraries	1	1	1	1	1	1	1	1	1	1
<b>Waterworks:</b>										
Miles of Pipe	1,781	1,777	1,776	1,769	1,772	1,769	1,762	1,762	1,758	1,754
Fire Hydrants	11,737	11,685	11,481	11,585	11,472	11,357	11,363	11,286	11,122	11,069
<b>Public Works:</b>										
Refuse Carts	84,012	82,450	82,894	82,457	84,647	82,548	81,808	80,674	82,251	76,654
Streets (Miles)	508	508	508	508	506	507	506	506	505	510
Lanes (Miles)	1,197	1,197	1,197	1,197	1,189	1,187	1,186	1,185	1,184	1,203
Sanitary Sewers (Miles)*	714	714	714	595	587	587	587	585	583	584
Storm Sewers (Miles)	672	672	672	680	680	680	681	677	651	599
Pump Stations	186	189	188	188	188	187	187	185	183	183
<b>Schools:</b>										
Early Childhood Centers	3	3	3	3	4	4	4	4	4	4
Elementary Schools	24	24	24	24	24	24	24	24	24	24
Middle Schools	7	7	7	7	7	7	7	7	7	7
High Schools	5	5	5	5	5	5	5	5	5	5
Middle-High Combo Schools	1	1	1	1	1	1	1	1	1	1

Source: Various City departments.

\*In FY23, the method of calculating the number of sanitary sewers miles changed to more accurately include lateral lines.



# 2025 Annual Comprehensive Financial Report

CITY OF NEWPORT NEWS, VA