

NEWPORT NEWS



PUBLIC SCHOOLS

# ANNUAL COMPREHENSIVE FINANCIAL REPORT

## OF THE SCHOOL BOARD OF THE CITY OF NEWPORT NEWS

A Component Unit of the City of Newport News, Virginia



Fiscal Year Ended June 30, 2024

(With Report of Independent Auditor)

*College, Career and Citizen-Ready!*

Prepared by:

**BUSINESS OFFICE**

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Scarlett Minto, MBA, Chief Financial Officer  
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Jennifer Loftin, MBA, Supervisor of Financial Reporting

12465 Warwick Boulevard  
Newport News, VA 23606

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**THE SCHOOL BOARD OF THE CITY OF NEWPORT NEWS**  
**MEMBERS OF THE SCHOOL BOARD AND SCHOOL BOARD OFFICIALS**

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**School Board**

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

**School Board Officials**

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

## **INTRODUCTORY SECTION**



# Executive Leadership Team

## DIVISION LEADERSHIP

Michele Mitchell, Ed.D.  
Superintendent

Rusty Fairheart, MBA  
Chief Operations Officer

Scarlett Minto, MBA  
Chief Financial Officer

Kipp Rogers, Ph.D.  
Chief Academic Officer

## EXECUTIVE DIRECTORS

Cathy Alexander  
Executive Director  
Nutrition & Wellness

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

Wade Beverly  
Executive Director  
Plant Services

Shay Coates  
Executive Director  
Transportation

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

Michelle Price  
Executive Director  
Public Information &  
Community Involvement

Maribel Saimre  
Executive Director  
Special Education and  
Student Support Services

Wayne Santos, II  
Executive Director  
Technology

Angela Seiders  
Executive Director  
Elementary School Leadership

Robert Stewart, Jr.  
Executive Director  
Crisis Planning, Prevention and  
Environmental Risk Management

## DIRECTORS

Bridget Adams  
Director  
Youth and  
Family Engagement

Shannon Bailey  
Director  
Procurement

Eleanor Blowe, Ed.D.  
Director  
Secondary School  
Leadership

Tracy Brooks  
Special Assistant  
to the Superintendent

Lisa Evans  
Director  
Professional  
School Counseling

Nina Farrish  
Director  
Human Resources

Kathryn Hermann, Ph.D.  
Director  
Outreach Services

Lee Martin  
Director  
Student Athletics

TBD  
Director  
Elementary School  
Leadership

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

Anthony Tyler  
Director  
Academic Enrichment and  
Intervention

Vivian Vitullo  
Director  
Special Education

Lori Wall  
Director  
Elementary  
Teaching & Learning

Len Wallin  
Director  
Legal Services

Diane Willis  
Director  
Elementary School  
Leadership

November 25, 2024

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

We are pleased to submit the Annual Comprehensive Financial Report (ACFR) of the School Board of Newport News, Virginia (the School Board, Newport News Public Schools or NNPS), for the fiscal year ending June 30, 2024. The School Board is responsible for the accuracy, completeness and fairness of the data presented. We believe that the data presented is accurate in all material respects and presents fairly the financial position and results of operations of the School Board's various funds.

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

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

## **Overview of the Report**

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

### **Introductory Section:**

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

### **Financial Section:**

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

### **Statistical Section:**

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

**Compliance Section:**

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

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

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

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

**School Board Profile**

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

The School Board provides a full range of public educational services to approximately 25,778 students from grades pre-kindergarten through the 12<sup>th</sup> grade. It employs approximately 4,304 teachers, administrators and support staff.

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

The School Board provides educational services in 41 separate school facilities plus alternative services at six additional sites. The School Board's buildings range in age from eight years old to 105 years old, with the average age of all schools being 56 years old. Only a few schools have received extensive renovations throughout their life.

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

## **Factors Affecting Financial Condition**

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

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

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

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

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

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

The School Board is expected to continue to experience moderate growth in State and local funding in the near future as support for Education in the City of Newport News and the state of Virginia grows. The FY2024 General Fund budget projections include continued decrease in student enrollment. Decreasing enrollment impacts the operating budget State revenue. (based on student enrollment). Changes in enrollment fluctuate during the school year and may translate into a loss in State revenue. Payments to school divisions for FY2025 will be updated and finalized based on March 31, 2025, ADM and other final program participation information. For FY2024, the State Revenue increased \$11.3 million and the City contribution increased by \$3.4 million over FY2023.

Additionally, \$82 million was allocated through the Elementary and Secondary School Emergency Relief III Fund under the American Rescue Plan Act in FY2022 and that spending must be completed by September 2024. The forecast for FY2025 continues to be unclear, but modest revenue growth outside of ARPA funding is possible as the economic recovery continues. See the Management's Discussion and Analysis beginning on page 4 of the financial section of this report for an in-depth financial analysis.

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

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

In addition, The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the School Board of the City of Newport News for its Annual Comprehensive Financial Report for the year ended June 30, 2023. This is the 22st consecutive year the School Board has received this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized Annual Comprehensive Financial Report. This report must satisfy both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for one year.

## ACKNOWLEDGMENTS

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

Sincerely,



Scarlett Minto  
Chief Financial Officer, Newport News Public Schools

**2023-2024 Accomplishments, Recognitions and Awards**

**THE CLASS OF 2024 HAS A BRIGHT FUTURE**



More than 1,600 members of the Class of 2024 confidently walked across the stage and received their high school diploma. The graduates of the Class of 2024 earned more than \$55 million in scholarships and academic awards, and received over 1,700 acceptance offers to various colleges, universities and military institutions. Newport News Public Schools laid the groundwork for these graduates, now these young people are prepared for future success.

**NNPS HAS TALENTED, AWARD-WINNING EMPLOYEES**

**Crittenden Middle School teacher Chanda Woods was named 2025 Virginia Region 2 Teacher of the Year** by the Virginia Department of Education in a surprise announcement in April 2024. Woods, an integrated language arts teacher, has 25 years of teaching experience with NNPS and has been in her current position teaching middle school English for four years.



**Jessica Reynolds, a fourth grade teacher at Kiln Creek Elementary School, was named the 2024-2025 Divisionwide and Elementary School Teacher of the Year.** Booker T. Washington family and consumer sciences teacher **Tanesha Koonce** recognized as Middle School Teacher of the Year and Heritage High School math teacher Llew Radford awarded High School Teacher of the Year.

**Tiffany Jones, coordinator of Family and Community Engagement for Newport News Public Schools, was honored as 1st runner-up at the 2024 Family and Community Engagement Awards** given by the Family and Community Engagement Learning Network and Successful Innovations Inc. Jones was one of 20 finalists for the award from around the country.

**Tiffanie Smith, activities director and business and information technology teacher at Heritage High School, was chosen as the National Renaissance Staffulty of the Month** for May 2024 by Jostens Renaissance Education. Smith was the 2022-23 Heritage and NNPS High School Teacher of the Year.

**Toinette Outland, NNPS career and technical education supervisor, and Dr. Carrington Faulk, marketing teacher and DECA advisor at Heritage High School, were chosen for the 2024 Association for Career and Technical Education National Leadership Fellowship Program.** Twenty-one fellows were selected for the 2024 cohort of the year-long program, which identifies and trains leaders.



Participants complete the program with a strong desire and motivation to support an educated, prepared, adaptable and competitive workforce.

**NNPS Director of Athletics Lee Martin was named the 2023 Class 5/6 Athletic Administrator of the Year** by the Virginia Interscholastic Athletic Administrators Association for expanding middle school sports and advancing the athletic program.

**Woodside High School Head Boys Basketball Coach Stefan Welsh was named the Virginia High School League Class 5 Boys Basketball Coach of the Year** following the team’s state championship.

**Ray Price, Telecommunications Supervisor, was inducted into the 2023 High School Hall of Fame** by the Virginia High School League. Price was recognized for his “unyielding commitment to the promotion, broadcast and streaming of high school athletics.”

**Woodside High School social studies teacher Janet Costello has been selected to attend the prestigious 2024 Supreme Court Summer Institute** in Washington, D.C., in June 2024. After a highly competitive application process, 60 teachers were selected to participate this year. The Institute offers teachers the opportunity to study recent Supreme Court cases in detail and learn innovative teaching methods for conveying this information to students.

## ACCOMPLISHMENTS & AWARDS

**Newport News Public Schools was selected as a 2024 National Magna Awards silver winner in the over 20,000 enrollment category for its Youth Development Department.** NNPS Youth Development was honored for its unique infrastructure of dedicated school-based teams who increase the division's ability to implement evidenced-based programming at every school. The program emphasizes student empowerment and leadership, inclusivity, positive school culture and mentoring, while teaching important social and emotional skills. The 29th annual Magna Awards program was sponsored by the National School Boards Association's flagship magazine, American School Board Journal.



**Newport News Public Schools was honored with the 2024 Best Communities for Music Education designation** by the National Association of Music Merchants Foundation for its outstanding commitment to music education. NNPS offers a diverse music curriculum at all grade levels which includes music instruction, performance ensembles, and community performances. This is the seventh time NNPS has received this recognition.

**The NNPS STEAM Camps, in collaboration with William & Mary, was recognized as a 2023 "Program that Works" by the Virginia Mathematics and Science Coalition.** STEAM Camps are held during the

summer at Hines Middle School and serve students in grades 3 through 12. They provide hands-on learning experiences in computer science, emerging technologies and engineering design. Engineered to spark creativity, promote teamwork, and teach real-world problem-solving skills, the program pairs a robust curriculum with diverse mentorship opportunities. Participants include learners from elementary to high school, preservice teachers from William & Mary and NNPS high school interns following STEM career pathways.

The school division earned an **Association of School Business Officials International Meritorious Budget Award For Excellence** in budget presentation for the Fiscal Year 2023 budget document. The award marks the 13<sup>th</sup> consecutive year that NNPS earned the prestigious award.



**Newport News Public Schools was named a system of Top Schools in Virginia Living magazine's 2024 list of notable institutions.** Virginia Living published the list of Top Schools in its April 2024 edition. NNPS is recognized for its commitment to college, career, and citizen-readiness and notes that AP courses, dual enrollment, Early College, STEM, CTE and Early Career programs ensure students have viable career and additional educational options. The magazine also noted the school division's award-winning youth development program and service learning initiative. This is the third year that NNPS has earned this recognition.



**Woodside High School was listed among the 100 Best WISE High Schools Teaching Personal Finance in 2023.** The national ranking recognizes excellence in personal finance instruction. The "100 Best" schools participate in WISE's Financial Literacy Certification program.



The music programs at **Heritage High School and Menchville High School were awarded the Virginia Music Educators Association 2024 Blue Ribbon Award.** The award is the highest award given to school music programs and recognizes achieved excellence in band and choral performance.

The **Heritage High School Band and the Menchville High School Band earned Virginia Honor Band designations.** Bands achieving superior ratings at the state marching band festival and at a district concert festival are recognized as an Honor Band, the highest award that can be bestowed upon bands by the Virginia Band and Orchestra Directors Association.

The fiscal year 2024 operating budget was awarded the Association of School Business Officials International **Meritorious Budget Award** and the Government Finance Officers Association **Distinguished Budget Presentation Award.**

The **Government Finance Officers Association of the United States and Canada (GFOA) has awarded the Certificate of Achievement for Excellence in Financial Reporting** to the Newport News School Board for its annual comprehensive financial report for the fiscal year that ended June 30, 2022. The Certificate of Achievement is the highest form of recognition in the area of governmental



accounting and financial reporting, and its attainment represents a significant accomplishment by a government and its management.

**NNPS was awarded \$525,000 in January 2024** to replace 15 diesel school buses with new propane school buses as part of the U.S. Environmental Protection Agency's Clean School Bus Grant. A total of 67 applicants across the country received a share of the nearly \$1 billion awarded through the Clean School Bus Program Grants competition. NNPS is one of two school divisions in Virginia to receive the grant award. The school division currently has 153 propane buses and the additional 15 will bring the total to 168, which is more than half of the total fleet of 318 buses.

## **NNPS STUDENTS EARN REGIONAL, NATIONAL AND STATE AWARDS**

**During the 2024 Virginia National Archery in the Schools Tournament, three teams qualified to advance to the Eastern National Tournament in Louisville, Kentucky.** The B.C. Charles elementary team earned 3rd place in the bullseye competition and 4th place in the bowhunting 3D competition and will compete at Nationals in both categories. Ella Fitzgerald Middle School team placed 5th in 3D competition to move on to national competition, and the team from Menchville high took 3rd place in the Bullseye competition and earned a 4th place finish in the 3D competition and will also compete in the Eastern National Tournament.



**John Steiner, a junior at Warwick High School, earned first place in the 2024 Virginia High School League state debate competition in the Lincoln Douglas category.** The Lincoln Douglas is a one-on-one debate style named for the famous debates between Abraham Lincoln and Stephen Douglas.

**Jamie Ashby, a ninth grader at Menchville High School, was named a finalist in the Thermo Fisher Scientific Junior Innovators Challenge in September 2023.** Jamie designed an app named Skin in the Game, which allows users to identify bug bites and skin conditions with machine learning. Users take a picture inside the app, and the image is run through a machine learning model that predicts what the bug bite or skin condition could be so users know how to properly treat the bite or condition.

**Anh Sam, a senior at Denbigh High School, was awarded a Granville P. Meade Scholarship,** which provides scholarship awards to worthy and financially disadvantaged Virginia high school seniors to attend one of Virginia's public or private colleges or universities.



**Newport News Public Schools students who advanced from the All-City event participated in the 2024 Tidewater Science and Engineering Fair at the Old Dominion University Webb Center.** NNPS represented 23 of the 104 projects from the Tidewater Region. NNPS' 28 participating students received a total of 26 awards.

Five high school student musicians earned the **All-Virginia distinction.** Warwick High student **Natalee Cameron** and Woodside High student **Taryn Wheeler** were named to the All-Virginia Chorus. Menchville students **Abigail Mayer** and **Christian Wennin**, and Woodside High student **Liam Barnstead** were named to the All-Virginia Band. Selection to an All-Virginia ensemble represents the highest honor that the Virginia Music Educators Association can bestow upon a student musician.

**Three Newport News Public Schools Odyssey of the Mind teams earned top honors in the 2024 Odyssey of the Mind Virginia State Tournament in April 2024.** The Booker T. Washington Middle School team earned first place and qualified to attend the Odyssey of the Mind World Finals Tournament in Ames, Iowa, in May. Teams from Warwick High School and Knollwood Meadows Elementary School earned third place in their respective problems and divisions.



**NNPS archers aimed high in March at the 2024 Virginia National Archery in the Schools Program Bullseye/International Bowhunting Organization 3D State Tournament in Doswell** with several schools qualifying for the 2024 NASP Eastern Nationals in Louisville, Kentucky, in May. In the elementary school division, B.C. Charles took 3rd place and advanced to nationals in the Bullseye competition with a team score of 2632. Charles also qualified for Nationals in the IBO 3D competition with their 4th-place finish.

Richneck placed 4th in Bullseye and advanced to Nationals with a score of 2605, as well as placing 3rd in IBO 3D and will compete at Nationals in both categories. Among middle schools, Ella Fitzgerald came in 7th place overall in Bullseye with a score of 2932, as well as placing 5th in IBO 3D with a score of 1499 and advanced to Nationals. In the high school competition, Menchville took 3rd place in the Bullseye competition and advanced to Nationals with a score of 3196. The Monarchs' Sebastian Arsenault placed 3rd place among male competitors with a score of 286. Menchville also qualified for Nationals in the IBO 3D competition with their 4th place finish.

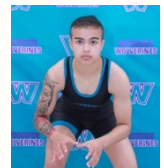
**The Menchville High School Band earned designation as an Honor Band** by the Virginia Band and Orchestra Directors Association. Bands achieving superior ratings at the state marching band festival and at a district concert festival are recognized as an Honor Band, the highest award that can be bestowed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



**The Woodside High School Boys Basketball Team captured the 2024 Virginia High School League Class 5 State Championship**, earning back-to-back state championships.

**Menchville High senior Matthew Onoff won the Virginia High School League Class 5 Boys Tennis Singles State Championship** in June 2024.

**Woodside High senior Jordyn Anderson earned the 2024 Virginia High School League All Class 126-Pound Girls State Wrestling Championship** in February 2024.



During the 2024 Elementary STAR Awards ceremony, which celebrates student leadership and volunteerism, **240 students representing each elementary school, were recognized for having a positive impact** in their schools and communities. At the Secondary STAR Awards, **120 middle and high school students representing 41 clubs and organizations, were recognized.**



**NNPS and the City of Newport News hosted Huntington Middle School: The Next Chapter on September 7, 2023 at the site of the future Huntington Middle School.** The outdoor event commemorated the proud history of Huntington High School and Huntington Middle School and celebrated the launch of the "next chapter," which includes the construction of a new 600-student middle school, anticipated to open during the second semester of the 2025-2026 school year.



## NOTABLE PROGRAMS

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



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

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

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

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



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

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



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



Government Finance Officers Association

Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting

Presented to

**The School Board of the City of Newport News  
Virginia**

For its Annual Comprehensive  
Financial Report  
For the Fiscal Year Ended

June 30, 2023

*Christopher P. Morill*

Executive Director/CEO



ASSOCIATION OF  
SCHOOL BUSINESS OFFICIALS  
INTERNATIONAL

**The Certificate of Excellence in Financial Reporting  
is presented to**

**Newport News Public Schools**

**for its Annual Comprehensive Financial Report  
for the Fiscal Year Ended June 30, 2023.**

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



A handwritten signature in black ink, reading 'Ryan S. Stechschulte'.

**Ryan S. Stechschulte**  
President

A handwritten signature in black ink, reading 'James M. Rowan'.

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



## **FINANCIAL SECTION**

## Report of Independent Auditor

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

### Report on the Audit of the Financial Statements

#### **Opinions**

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the School Board of the City of Newport News, Virginia (the "School Board"), a component unit of the City of Newport News, Virginia, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the School Board's basic financial statements as listed in the table of contents.

In our opinion, based on our audit and the report of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the School Board, as of June 30, 2024, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of the School Activity Funds, a special revenue fund of the School Board, which represents 2.2%, 2.3%, and 6.4%, respectively, of the total assets, fund balance, and revenues of the aggregate remaining fund information as of June 30, 2024. Those financial statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the School Activity Funds, is based solely on the report of the other auditors.

#### **Basis for Opinions**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the *Specifications for Audits of Counties, Cities, and Towns* (the "Specifications"), issued by the Auditor of Public Accounts of the Commonwealth of Virginia. The financial statements of the School Activity Fund were not audited in accordance with the Specifications. Our responsibilities under those standards and the Specifications are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of the School Board and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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

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

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

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

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

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

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

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

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

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

### ***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the School Board's basic financial statements. The accompanying supplementary information, as listed in the table of contents, is presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, based on our audit and the report of the other auditors, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

### ***Other Information***

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

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated November 25, 2024, on our consideration of the School Board's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the School Board's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering School Board's internal control over financial reporting and compliance.

*Cherry Bekaert LLP*

Tysons Corner, Virginia  
November 25, 2024

**THE SCHOOL BOARD OF THE  
CITY OF NEWPORT NEWS, VIRGINIA**

Management's Discussion and Analysis (Unaudited)

June 30, 2024

The following discussion and analysis of the School Board of the City of Newport News, Virginia's (the School Board) financial performance provides an overview of the School Board's financial activities as of and for the fiscal year ended June 30, 2024. The analysis focuses on the School Board's financial performance as a whole. Please read it in conjunction with the transmittal letter at the front of this report and the School Board's financial statements, which follow this section.

**Financial Highlights for Fiscal Year (FY) 2024**

The School Board, on a government-wide basis, had an increase in Net Position of \$41.4 million. The increase during FY2024 resulted in Net Position going from negative \$93.6 million to negative \$52.2 million. Over the last eight years, Net Position has increased \$210.0 million. Additionally, during the past eight fiscal years, net investment in capital assets accounted for \$130.9 million (63.1%) of this increase. It should be noted that during the past nine years the School Board coordinated with the City of Newport News to return various school buildings and related building renovations and improvements under the provisions of Assets Held Tenancy in Common as explained more fully in the paragraph below.

During FY2024, net investment in capital assets increased by \$36.5 million to \$207.3 million primarily due to receiving back from the City of Newport News, Virginia (the City) the \$18.3 million in book value (cost less accumulated depreciation) for various school buildings and related improvements. Under the provisions of Code of Virginia 15.2-1800 (Assets Held Tenancy in Common) (AHTIC), the City recorded these buildings on their books as an asset until the general obligation bonds used to finance the construction of the school were repaid (the School Board is not permitted to issue General Obligation Bonds). Restricted Net Position decreased by \$6.0 million primarily due to an increase in funds restricted to Capital Projects. The Capital Projects related to the increase are being funded by the state School Construction Grants Program for school infrastructure improvements and renovations. The restricted balance from all sources is now \$4.0 million. Unrestricted Net Position increased by \$10.9 million and is now at negative \$290.2 million. Unrestricted Net Position includes \$4.9 million in funds for which the School Board is seeking an appropriation authorization from City Council to spend on various capital projects. If the School Board does not get City Council approval, the funds will have to be returned to the Commonwealth.

**Overview of the Financial Statements**

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

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

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

- The Statement of Net Position and Statement of Activities provide information on a government-wide basis. These statements present an aggregate view of the School Board's finances providing both long-term and short-term information about the School Board's overall financial status.
- The fund financial statements focus on the individual parts of the School Board, reporting School Board operations with more information and detail than the government-wide statements.

**THE SCHOOL BOARD OF THE  
CITY OF NEWPORT NEWS, VIRGINIA**

Management's Discussion and Analysis (Unaudited)

June 30, 2024

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

***Government-Wide Financial Statements***

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

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

***Fund Financial Statements***

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

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

**Financial Analysis of the School Board as a Whole**

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

**THE SCHOOL BOARD OF THE  
CITY OF NEWPORT NEWS, VIRGINIA**

Management's Discussion and Analysis (Unaudited)

June 30, 2024

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

<b>Table 1</b>			
<b>Net Position</b>			
(In millions)			
	<u>FY 2024</u>	<u>FY 2023</u>	<u>Change</u>
Current and other assets	\$ 138.0	\$ 123.3	\$ 14.7
Capital assets, net	<u>216.1</u>	<u>187.5</u>	<u>28.6</u>
Total assets	<u>354.1</u>	<u>310.8</u>	<u>43.3</u>
Deferred outflows of resources	<u>81.0</u>	<u>77.4</u>	<u>3.6</u>
Other liabilities	66.7	46.7	20.0
Long-term liabilities	<u>384.6</u>	<u>378.3</u>	<u>6.3</u>
Total liabilities	<u>451.3</u>	<u>425.0</u>	<u>26.3</u>
Deferred inflows of resources	<u>36.0</u>	<u>56.8</u>	<u>(20.8)</u>
Net Position:			
Net investment in capital assets	207.3	170.8	36.5
Restricted	30.7	36.7	(6.0)
Unrestricted	<u>(290.2)</u>	<u>(301.1)</u>	<u>10.9</u>
Total Net Position	<u>\$ (52.2)</u>	<u>\$ (93.6)</u>	<u>\$ 41.4</u>

The School Board's total Net Position shows an increase of \$41.4 million increasing from a negative \$93.6 million to a negative \$52.2 million. The primary drivers of this change include increases in Net Investment in Capital Assets - and decreases related to Deferred Inflows of pension liabilities.

Current and other assets increased by \$14.7 million (11.9%). This is primarily due to an increase in cash and inventories.

Capital assets increased by \$28.6 million (15.3%). This increase was due to the City transferring various school building related improvements and renovations back to the School Board under the provisions of AHTIC, since the bonded debt had been repaid, which added \$18.3 million net of depreciation.

Deferred outflows of resources increased by \$3.6 million (4.7%) due to adjustments associated with actuarial calculations related to changes in experience data of the Virginia Retirement System (VRS).

Other liabilities increased a net of \$20.0 million (42.8%), primarily driven by a increase in accounts payable across all funds of \$3.4 million and increases for accrued payroll, related taxes and other obligations of \$16.0 million due at June 30, 2024.

Long-term liabilities increased by \$6.3 million (1.7%). This was primarily due to increases of \$12.4 million in pension obligations. The increases were offset by a decrease of \$1.4 million in liabilities related to capital notes payable and workers compensation claims.

Deferred inflows of resources decreased by \$20.8 million (36.7%). This is due to actuarial computations related to the pension and OPEB obligations.

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

**THE SCHOOL BOARD OF THE  
CITY OF NEWPORT NEWS, VIRGINIA**

Management's Discussion and Analysis (Unaudited)

June 30, 2024

**Table 2  
Changes in Net Position  
(In millions)**

	<u>FY 2024</u>	<u>FY 2023</u>	<u>Change</u>
Revenues:			
Program revenues:			
Charges for services	\$ 7.0	\$ 6.6	\$ 0.4
Operating grants and contributions	188.3	164.9	23.4
Capital grants and contributions	4.6	2.0	2.6
General revenues:			
Local	144.3	123.3	21.0
State	175.3	179.9	(4.6)
Federal	3.8	2.6	1.2
Interest	0.7	0.5	0.2
Total revenues	<u>524.0</u>	<u>479.8</u>	<u>44.2</u>
Expenses:			
Academic services	304.3	265.5	38.8
Attendance and health	11.6	8.3	3.3
Transportation services	24.3	24.2	0.1
Operations and facilities	67.3	56.3	11.0
Child nutrition services	25.6	21.5	4.1
Technology services	25.8	21.6	4.2
Administration	23.6	21.7	1.9
Interest on capital debt	0.1	0.1	-
Total expenses	<u>482.6</u>	<u>419.2</u>	<u>63.4</u>
Change in net position	<u>41.4</u>	<u>60.6</u>	<u>(19.2)</u>
Beginning net position	(93.6)	(154.2)	60.6
Ending net position	<u>\$ (52.2)</u>	<u>\$ (93.6)</u>	<u>\$ 41.4</u>

For the Fiscal Year, ended June 30, 2024, revenues from governmental activities (excluding charges for services and interest) totaled \$517 million, \$43.8 million more than in FY2023. Charges for services and interest were \$7.7 million to bring the total to \$524.1 million. Charges for services and interest increased by \$0.6 million (8.5%) from FY2023. This is primarily due to increases in athletic receipts, sale of equipment, daily child nutrition sales, and stop arm camera funds.

Operating grants, which were comprised of approximately 42.7% from Virginia sources, 55.2% from federal sources and 2.1% from local sources, totaled \$188.3 million (36.0% of the total). This was an increase of \$23.4 million (14.0%). Federal grants account for \$12.1 million (51.7%) of the increase and state grants accounted for \$9.6 million (41.0%) of the increase.

Capital grants, which was primarily for technology, was \$4.6 million (1.0% of the total) and showed a \$2.6 million increase.

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



**THE SCHOOL BOARD OF THE  
CITY OF NEWPORT NEWS, VIRGINIA**

Management's Discussion and Analysis (Unaudited)

June 30, 2024

Revenue to the General Fund (budget basis)	\$ 119,589,307
Less debt service returned to the City	(1,092,987)
Add Revenue General Obligation Bonds	4,311,801
Add Grant SciPacks (Cash Basis)	86,000
Add Grant TNF (Cash Basis)	394,812
Add Grant Choice Neighborhoods (Cash Basis)	118,101
Add Grant Gun Violence Program (Cash Basis)	150,813
Add Revenue General Capital Fund	3,481,914
Add capital assets transferred from City tenancy-in-common	18,333,444
Less capital assets transferred to City tenancy-in-common	<u>(4,971,699)</u>
Net amount from City - Entity-wide statements	<u>\$ 140,401,506</u>

Plus the City provided operating grants of \$749,726

Revenue from the City in FY2024 was \$140.4 million (26.8% of the total), an increase of \$17.0 million. This increase was, in part, due to more City funding for the General Fund and for capital projects using General Obligation Bonds. Additionally, in FY2024 the City transferred a book value of \$18.3 million in buildings and related improvements as a part of transfers under Assets Held Tenancy in Common. The FY 2023 transfer was \$12.9 million in comparison. The City also provided \$2.0 million in funding for school buses.

In FY2024 Commonwealth Standards of Quality (SOQ) Funds accounted for \$172.2 million (33.0%) of the School Board's resources. These funds are based on student membership counts. These funds increased by \$1.5 million (0.9%). The largest increase occurred in Basic Aid which was higher by \$5.7 million to account for 6.3% of the increase. Compensation Supplement revenue increased by \$9.0 million. Total revenue from the Commonwealth of Virginia decreased \$5.3 million.

Federal revenue increased by \$1.2 million to \$3.8 million in FY2024 due to higher Impact Aid funding.

Interest income of \$0.7 million (0.1% of the total) increased \$0.2 million (40.0%) in FY2024.

Expenses for FY2024 totaled \$482.6 million, an increase of \$63.4 million (15.0%).

Academic services accounted for \$304.6 million (63.1%) of the School Board's total expenses. A significant portion of this amount is for the salaries and benefits of teachers, teacher assistants, and instructional administrators. This category increased by \$38.8 million (14.6%). Additionally, staffing vacancies throughout the year required increased spending for contracted instructional services.

Operations and facilities were the next highest cost category with a total of \$67.3 million (13.9% of the total). Much of these expenses relate to the operation (utilities and insurance), maintenance, and cleaning of our 41 regular schools, six alternative school sites, and administrative offices. This category increased by \$11.0 million (19.5%) from last year.

Technology services is the third largest cost category, with expenses of \$25.8 million (5.4% of the total). This category showed an increase of \$4.2 million (19.4%).

**THE SCHOOL BOARD OF THE  
CITY OF NEWPORT NEWS, VIRGINIA**

Management's Discussion and Analysis (Unaudited)

June 30, 2024

Child Nutrition Services is the fourth largest cost category, with expenses of \$25.6 million (5.3% of the total). Higher food and supply costs, as well as increased compensation and benefits accounted for this increase.

Transportation services is the fifth largest cost category, with expenses of \$24.3 million (5.0% of the total). This category showed an increase of \$0.1 million (0.4%). Vehicle operation services accounted for the increase, primarily due to higher compensation, materials and supplies, and capital outlay expenditures.

Administration the sixth largest cost category, with expenses of \$23.6 million (4.9% of the total). This category increased by \$1.9 million (8.8%). Higher costs for compensation, benefits and purchased services accounted for the increase.

**Capital Assets**

At the end of 2024, the School Board had invested \$222.5 million in capital assets, which reflects historical cost of \$466.2 million and accumulated depreciation of \$243.7 million. In addition, the School Board and the City have, under the provisions of AHTIC, a net of \$109.9 million of capital assets, which are reflected in the financial statements of the City (historical cost of \$121.9 million net of accumulated depreciation of \$12.0 million). Most school buildings and improvements undertaken in the past 20 years, for which City bonded debt has been issued, are included therein.

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

**Table 3  
Capital Assets, Net  
(In millions)**

	<u>FY 2024</u>	<u>FY 2023</u>	<u>Change</u>
Nondepreciable assets:			
Land	\$ 3.7	\$ 2.3	\$ 1.4
Construction in progress	2.7	4.5	(1.8)
Other capital assets:			
Buildings	183.7	183.7	-
Right to use lease and SBITA assets	7.5	7.2	0.3
Building improvements	193.1	131.1	62.0
Equipment and vehicles	75.5	76.0	(0.5)
Accumulated depreciation/amortization	(243.7)	(217.3)	(26.4)
Total	<u>\$ 222.5</u>	<u>\$ 187.5</u>	<u>\$ 35.0</u>

Buildings had no change due primarily to no transfers of various building and improvements to the School Board under the provisions of AHTIC, as City bonded debt associated with the building construction has been paid off. Accumulated depreciation increased \$26.4 million due to \$22.4 million of accumulated depreciation on the transfer of buildings and improvements from the City and \$13.2 million of depreciation expense. This was partially offset by a decrease of \$8.2 million of retired assets, primarily school buses, support vehicles, copiers, and older textbooks. See Note 4 to the financial statements for additional information.

**THE SCHOOL BOARD OF THE  
CITY OF NEWPORT NEWS, VIRGINIA**

Management’s Discussion and Analysis (Unaudited)

June 30, 2024

Long-Term Liabilities

The School Board cannot issue bonded debt. Accordingly, long-term liabilities of \$384.6 million, as shown on Table 1, are related to leases on operating space and capital equipment, capital facility notes payable, compensated absences, workers’ compensation claims payable (under our self-insurance program), incurred but not reported claims under our self-insured employee health insurance program, pension obligations and other postemployment benefits. During FY2024, long-term liabilities had a net increase of \$6.3 million. Pension and OBEB liabilities increased by \$7.8 million due to financial market fluctuations and changes in actuarial valuations. There were decreases in workers’ compensation claims, subscription-based technology arrangements, and capital facility notes payable of \$2.0 million. See Note 6 in the notes to basic financial statements for additional information.

**Financial Analysis of the School Board’s Governmental Funds**

(The comments in this section pertain to the Balance Sheet – Governmental Funds on page 14 and the Statement of Revenues, Expenditures and Changes in Fund Balance – Governmental Funds on page 19).

For the fiscal year ended June 30, 2024, the governmental funds had a combined fund balance of \$62.3 million. This is a decrease of \$11.3 million as compared to \$74.1 million in FY2023. The General Fund accounted for the change in fund balance, primarily due to an increase in revenue from Basic Aid and Compensation Supplement from the State. The Capital Projects fund also had an increase in receivables from the City for various school improvements.

**General Fund Budgetary Highlights**

**Table 4**  
**General Fund Budget to Actual Summary (non-GAAP basis)**  
Year ended June 30, 2024  
(In millions)

	<b>Original Budget</b>	<b>Amended Budget</b>	<b>Actual</b>	<b>Variance</b>
Revenues:				
State	\$ 256.2	\$ 256.2	\$ 243.7	\$ (12.5)
City	119.6	119.6	119.6	-
Federal	3.1	3.1	3.8	0.7
Other	2.5	10.2	12.2	2.0
Total revenues	<u>381.4</u>	<u>389.1</u>	<u>379.3</u>	<u>(9.8)</u>
Expenditures and transfers:				
Expenditures	380.4	388.1	375.4	12.7
Transfers	1.0	1.0	1.0	-
Total expenditures and transfers	<u>381.4</u>	<u>389.1</u>	<u>374.4</u>	<u>12.7</u>
Change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4.9</u>	<u>\$ 4.9</u>

**THE SCHOOL BOARD OF THE  
CITY OF NEWPORT NEWS, VIRGINIA**

Management's Discussion and Analysis (Unaudited)

June 30, 2024

Revenues from the Commonwealth was \$12.5 million less than the budget. This is due to lower SOQ funding of \$5.1 million related to lower student enrollment. Decreases in incentive funds (\$5.5 million) and lottery funds (\$1.9 million) also contributed to the decrease in funding. Federal revenue was \$0.7 million higher than the budget due to an increase in Impact Aid funds. Other revenue was \$1.9 million more than the budget due to higher indirect costs charged to federal ESSER and ARP grants. The net revenue deficit was \$9.8 million.

Expenditures were \$12.7 million less than budgeted due to a combination of turnover and attrition across the division and savings on non-personnel costs.

**Economic Factors**

The School Board is financially dependent upon the Commonwealth, the City of Newport News, and to some extent the Federal government. All of these appear to have sufficient resources to support the School Board in the near future. However, FY2024 enrollment was lower than expected by approximately 679 students. It appears to be primarily related to parents choosing alternate forms of education for their children.

**Contacting the School Board's Financial Management**

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

## **BASIC FINANCIAL STATEMENTS**

**THE SCHOOL BOARD OF THE CITY OF NEWPORT NEWS, VIRGINIA**  
**STATEMENT OF NET POSITION**

*JUNE 30, 2024*

**ASSETS**

Current Assets:

Cash and temporary investments	\$ 92,761,874
Cash with agent	5,050,000
Accounts receivable, net	219,045
Lease receivable	638,450
Receivables from other governments:	
City of Newport News, Virginia	4,146,390
Federal:	
Department of Agriculture	971,955
Commonwealth of Virginia:	
Department of Treasury - sales tax	3,143,941
Department of Education	20,215,603
Inventories, at cost	2,524,800
Pension asset (VRS stand-alone plan)	1,892,763
Capital assets, non-depreciable	6,393,986
Capital assets, depreciable, net	216,124,058
Total assets	<u>354,082,865</u>

**DEFERRED OUTFLOWS OF RESOURCES**

Pension related	72,102,037
OPEB related	8,920,608
Total deferred outflows of resources	<u>81,022,645</u>

**LIABILITIES**

Accounts payable	11,299,922
Accrued liabilities	1,213,230
Payroll withholdings and accrued employee benefits	37,150,141
Unearned revenues	17,043,274
Long-term liabilities:	
Due within one year	7,747,162
Due in more than one year	376,861,467
Total liabilities	<u>451,315,196</u>

**DEFERRED INFLOWS OF RESOURCES**

Pension related	24,714,234
OPEB related	5,694,954
Deferred contribution to City - AHTIC	4,923,336
Leases related	659,024
Total deferred inflows of resources	<u>35,991,548</u>

**NET POSITION**

Net investment in capital assets	207,304,313
Restricted for:	
Adult Education	104,629
Capital Projects	4,026,523
Child Nutrition Services	7,647,938
Pensions	1,892,763
Student Activities	1,646,702
Textbooks	7,083,797
Workers' Compensation	8,341,753
Unrestricted (deficit)	<u>(290,249,652)</u>
Total net position	<u>\$ (52,201,234)</u>

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

**THE SCHOOL BOARD OF THE CITY OF NEWPORT NEWS, VIRGINIA**  
**STATEMENT OF ACTIVITIES**

YEAR ENDED JUNE 30, 2024

	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position	
		Charges for Services	Operating Grants and Contributions		Capital Grants and Contributions
Governmental activities:					
Academic services	\$ 304,266,606	\$ 2,920,954	\$ 165,384,499	\$ -	\$ (135,961,153)
Attendance and health services	11,755,604	-	-	-	(11,755,604)
Operations and facilities	67,295,528	556,286	-	3,344,680	(63,394,562)
Transportation services	24,324,201	-	-	1,601	(24,322,600)
Child nutrition services	25,568,525	488,038	22,890,904	-	(2,189,583)
Technology services	25,780,325	-	-	-	(25,780,325)
Administration	23,634,499	3,075,437	-	1,296,429	(19,262,633)
Interest on capital debt	101,535	-	-	-	(101,535)
Total governmental activities	<u>\$ 482,726,823</u>	<u>\$ 7,040,715</u>	<u>\$ 188,275,403</u>	<u>\$ 4,642,710</u>	<u>(282,767,995)</u>
General revenues					
City of Newport News, Virginia					144,302,323
Commonwealth of Virginia					175,346,673
Federal Government					3,829,605
Interest					706,105
Total general revenues					<u>324,184,706</u>
Change in net position					41,416,711
Net position – beginning					<u>(93,617,945)</u>
Net position – ending					<u>\$ (52,201,234)</u>

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

**THE SCHOOL BOARD OF THE CITY OF NEWPORT NEWS, VIRGINIA**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**

JUNE 30, 2024

	<b>Major Funds</b>				
	<b>General Fund</b>	<b>Grant Fund</b>	<b>General Obligation Bond Fund</b>	<b>Total Nonmajor Funds</b>	<b>Total Governmental Funds</b>
<b>ASSETS</b>					
Cash and cash equivalents	\$ 56,228,242	\$ 138,574	\$ -	\$ 36,395,058	\$ 92,761,874
Cash with fiscal agent	4,800,000	-	-	250,000	5,050,000
Receivable from other governments:					
City of Newport News	-	-	4,146,390	-	4,146,390
Federal:					
Department of Agriculture	-	-	-	971,955	971,955
Commonwealth of Virginia:					
Department of Treasury - sales tax	3,143,941	-	-	-	3,143,941
Department of Education	-	19,459,464	-	756,139	20,215,603
Accounts receivable	133,909	85,136	-	-	219,045
Lease receivable	638,450	-	-	-	638,450
Inventories	1,966,236	-	-	558,564	2,524,800
Total assets	<u>66,910,778</u>	<u>19,683,174</u>	<u>4,146,390</u>	<u>38,931,716</u>	<u>129,672,058</u>
<b>LIABILITIES</b>					
Accounts payable	4,362,207	2,676,139	186,314	4,075,262	11,299,922
Accrued payroll	1,199,541	13,689	-	-	1,213,230
Payroll withholdings and accrued employee benefits	37,150,141	-	-	-	37,150,141
Unearned revenue	49,928	16,993,346	-	-	17,043,274
Total liabilities	<u>42,761,817</u>	<u>19,683,174</u>	<u>186,314</u>	<u>4,075,262</u>	<u>66,706,567</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Leases related	659,024	-	-	-	659,024
Total deferred inflows of resources	<u>659,024</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>659,024</u>
<b>FUND BALANCES</b>					
<b>Nonspendable:</b>					
Imprest funds	2,125	-	-	-	2,125
Inventories and prepaids	1,966,236	-	-	558,564	2,524,800
<b>Restricted:</b>					
Adult education services	-	-	-	104,629	104,629
Capital projects	-	-	-	4,026,523	4,026,523
Child nutrition services	-	-	-	7,647,938	7,647,938
Textbooks	-	-	-	7,083,797	7,083,797
Workers' compensation	-	-	-	8,341,753	8,341,753
Student activities	-	-	-	1,646,702	1,646,702
<b>Assigned:</b>					
Contractual obligations	11,806,254	-	3,960,076	5,446,548	21,212,878
Health insurance	4,800,000	-	-	-	4,800,000
<b>Unassigned</b>	<u>4,915,322</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,915,322</u>
Total fund balances	<u>23,489,937</u>	<u>-</u>	<u>3,960,076</u>	<u>34,856,454</u>	<u>62,306,467</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 66,910,778</u>	<u>\$ 19,683,174</u>	<u>\$ 4,146,390</u>	<u>\$ 38,931,716</u>	<u>\$ 129,672,058</u>
Amounts reported for governmental activities in the Statement of Net Position are different because:					
Total fund balances reported in governmental funds					\$ 62,306,467
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds					222,518,044
Pension assets used in governmental activities are not financial resources and, therefore, are not reported in the funds					1,892,763
Deferred retirement outflows of resources used in governmental activities are not financial resources and, therefore, are not reported in the funds					81,022,645
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds					(384,608,629)
Deferred inflows from City tenancy-in-common are not recognized in the current period and, therefore, are reported in the funds					(4,923,336)
Deferred retirement inflows of resources are not recognized in the current period and, therefore, are not reported in the funds					(30,409,188)
Net position of governmental activities					<u>\$ (52,201,234)</u>

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



**THE SCHOOL BOARD OF THE CITY OF NEWPORT NEWS, VIRGINIA**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**GOVERNMENTAL FUNDS**

YEAR ENDED JUNE 30, 2024

	<u>Major Funds</u>				
	<u>General Fund</u>	<u>Grant Fund</u>	<u>General Obligation Bond Fund</u>	<u>Total Nonmajor Funds</u>	<u>Total Governmental Funds</u>
<b>REVENUES</b>					
Intergovernmental					
City of Newport News, Virginia	\$ 118,496,320	\$ 749,725	\$ 4,311,801	\$ 3,481,914	\$ 127,039,760
Commonwealth of Virginia	243,681,862	9,439,422	-	6,898,072	260,019,356
Federal government	3,829,605	81,524,412	-	22,455,237	107,809,254
Charges for services	4,477,021	-	-	2,563,694	7,040,715
Investment earnings	6,228	-	-	699,877	706,105
Miscellaneous	-	497,529	-	3,018,527	3,516,056
Total revenues	<u>370,491,036</u>	<u>92,211,088</u>	<u>4,311,801</u>	<u>39,117,321</u>	<u>506,131,246</u>
<b>EXPENDITURES</b>					
Current:					
Academic services	262,570,947	54,458,573	-	7,619,649	324,649,169
Attendance and health services	10,146,943	1,816,861	-	107,252	12,071,056
Transportation services	25,336,220	189,051	-	-	25,525,271
Operations and facilities	44,667,904	16,157,689	40,214	5,048,921	65,914,728
Child nutrition services	886,451	16,250	-	25,056,075	25,958,776
Technology services	16,746,843	9,803,314	-	41,792	26,591,949
Administration	12,588,298	9,703,350	-	1,193,729	23,485,377
Capital outlay	2,513,851	-	3,581,757	5,556,197	11,651,805
Debt service:					
Principal	1,176,157	-	-	-	1,176,157
Interest and other charges	5,187	-	-	-	5,187
Right to use assets:					
Principal	807,846	64,765	-	434,750	1,307,361
Interest and other charges	67,223	1,235	-	27,890	96,348
Total expenditures	<u>377,513,870</u>	<u>92,211,088</u>	<u>3,621,971</u>	<u>45,086,255</u>	<u>518,433,184</u>
Excess (deficiency) of revenues over expenditures	<u>(7,022,834)</u>	<u>-</u>	<u>689,830</u>	<u>(5,968,934)</u>	<u>(12,301,938)</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers from other funds	-	-	-	3,106,802	3,106,802
Transfers to other funds	(3,106,802)	-	-	-	(3,106,802)
Right to use liabilities issued	995,855	-	-	-	995,855
Total other financing sources (uses), net	<u>(2,110,947)</u>	<u>-</u>	<u>-</u>	<u>3,106,802</u>	<u>995,855</u>
Net change in fund balances	<u>(9,133,781)</u>	<u>-</u>	<u>689,830</u>	<u>(2,862,132)</u>	<u>(11,306,083)</u>
Fund balances - beginning	32,839,663	-	3,270,246	37,984,557	74,094,466
Decrease in nonspendable inventory	(215,945)	-	-	(265,971)	(481,916)
Fund balances - ending	<u>\$ 23,489,937</u>	<u>\$ -</u>	<u>\$ 3,960,076</u>	<u>\$ 34,856,454</u>	<u>\$ 62,306,467</u>

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

**THE SCHOOL BOARD OF THE CITY OF NEWPORT NEWS, VIRGINIA**  
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN**  
**FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES**

YEAR ENDED JUNE 30, 2024

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

Net change in fund balances--total governmental funds	\$ (11,306,083)
Governmental funds report capital outlay as expenditures. However, in the Statement of Activities, the cost of these assets is allocated over their estimated useful lives and reported as depreciation expenses. This is the amount in which capital outlays exceeded depreciation expense in the current period.	35,019,226
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 repayment reduces long-term liabilities in the statement of net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities.	
Repayment of long-term debt	2,483,518
Right to use liabilities issued	<u>(995,855)</u>
Total bond and other debt proceeds	1,487,663
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 the governmental funds.	
Compensated absences	(110,553)
Workers' compensation claims	227,872
Health insurance claims	(89,001)
Changes in nonspendable inventory from governmental funds	(481,916)
Changes deferred inflows of resources associated with City contributions related to tenancy-in-common	(321,156)
Changes in pension liabilities and related deferred outflows and inflows of resources	11,809,331
Changes in OPEB liabilities and related deferred outflows and inflows of resources	<u>5,181,328</u>
<b>Change in net position of governmental activities</b>	<b><u>\$ 41,416,711</u></b>

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

**THE SCHOOL BOARD OF THE CITY OF NEWPORT NEWS, VIRGINIA**  
**STATEMENT OF FIDUCIARY NET POSITION**  
**FIDUCIARY FUNDS**

*JUNE 30, 2024*

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	<b>OPEB Trust Fund</b>
<b>ASSETS</b>	
Cash and investments	<u>\$ 37,705,577</u>
Total assets	<u>37,705,577</u>
<b>NET POSITION</b>	
Restricted for:	
Postemployment benefits other than pensions	<u>37,705,577</u>
Total net position	<u><u>\$ 37,705,577</u></u>

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

**THE SCHOOL BOARD OF THE CITY OF NEWPORT NEWS, VIRGINIA**  
**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION**  
**FIDUCIARY FUNDS**

*YEAR ENDED JUNE 30, 2024*

	<b>OPEB Trust Fund</b>
<b>ADDITIONS</b>	
Contributions:	
Employer	\$ 5,025,917
Plan members	794,730
Total contributions	<u>5,820,647</u>
Investment earnings:	
Net increase in the fair value of investments	3,250,067
Interest	16,109
Total investment gain	<u>3,266,176</u>
Total additions	<u>9,086,823</u>
<b>DEDUCTIONS</b>	
Benefits	5,820,647
Administrative expenses	31,387
Total deductions	<u>5,852,034</u>
Net change in fiduciary net position	3,234,789
Total net position, beginning	<u>34,470,788</u>
Total net position, ending	<u><u>\$ 37,705,577</u></u>

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

## **NOTES TO BASIC FINANCIAL STATEMENTS**

# THE SCHOOL BOARD OF THE CITY OF NEWPORT NEWS, VIRGINIA

## NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2024

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### (1) Summary of Significant Accounting Policies

#### Narrative Profile

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

#### (a) *Financial Reporting Entity*

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

#### (b) *Basis of Presentations*

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

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

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

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# THE SCHOOL BOARD OF THE CITY OF NEWPORT NEWS, VIRGINIA

## NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2024

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### (1) Summary of Significant Accounting Policies (Continued)

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

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

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

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

The School Board reports the following major governmental funds:

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

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

*General Obligation Bond Fund* – This fund accounts for proceeds of general obligation bonds issued by the City to construct or purchase capital assets.

**THE SCHOOL BOARD OF THE CITY OF NEWPORT NEWS, VIRGINIA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**

June 30, 2024

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

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

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

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

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

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

**(c) Basis of Accounting**

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

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



**THE SCHOOL BOARD OF THE CITY OF NEWPORT NEWS, VIRGINIA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**

June 30, 2024

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

In applying the subject to accrual concept to intergovernmental revenues, the legal and contractual requirements of the numerous individual programs are used as guidance. There are, however, essentially two types of these revenues. In one, monies must be expended for the specific purpose or project before any amounts will be paid to the School Board; therefore, revenues are recognized based upon the expenditures recorded. In the other, monies are virtually unrestricted as to purpose of expenditure and are usually revocable only for failure to comply with prescribed compliance requirements. These resources are reflected as revenues at the time of receipt or earlier if the accrual criteria are met.

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

**(d) Encumbrances**

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

**(e) Cash and Temporary Investments**

Cash and temporary investments are pooled with the cash and investments of the City, except for petty cash of \$2,320 and school activity funds of \$1,646,702. The School Board utilizes the pooled cash investment method wherein income from the investment of pooled cash is allocated to the various funds based on the percentage of cash and cash equivalents of each fund to the total pooled cash and cash equivalents. The cash in the school activity funds represents the Student Activity Fund cash balances in the separate bank accounts maintained by the individual schools. The investments that are maintained in the Virginia Association of Counties/Virginia Municipal League (VACo/VML) OPEB Pooled Trust Fund are valued using the net asset value (NAV) per share, which is determined by dividing the total value of the Trust by the number of outstanding shares. NAV per share changes with the value of the underlying investments in the OPEB Pooled Trust Fund. Generally, participants may redeem their investment at the end of a calendar quarter upon 90 days’ written notice.

**(f) Cash with Agent**

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

**THE SCHOOL BOARD OF THE CITY OF NEWPORT NEWS, VIRGINIA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**

June 30, 2024

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

**(g) *Receivables and Due from Other Governments***

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

**(h) *Inventories***

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

**(i) *Capital Assets***

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

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

Under Virginia law, certain property maintained by the School Board is subject to tenancy-in-common with the City, if the City incurred a financial obligation for the property which is payable over more than one fiscal year. Such property will be carried on the City's financial statements until the outstanding debt is repaid, upon which time the book value of the assets in question will be transferred back to the School Board's books. At June 30, 2024, the City holds capital assets related to school property with a net book value of \$109,918,051.

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

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

**THE SCHOOL BOARD OF THE CITY OF NEWPORT NEWS, VIRGINIA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**

June 30, 2024

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

**(j) Subscription Based Information Technology Arrangements (“SBITA”)**

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

**(k) Compensated Absences**

School Board employees are granted vacation and sick pay in varying amounts as services are provided. They may accumulate, subject to certain limitations, unused vacation leave, which upon retirement, termination or death, may be compensated for certain amounts at their then current rate of pay. Upon termination for reasons other than retirement, School Board employees are not paid for accumulated sick leave. Upon retirement, sick leave may be taken in cash at \$30 per day depending upon employment status (maximum payment of \$5,000) or exchanged for additional service credit towards retiree health insurance subsidy. A liability for these amounts is reported in governmental funds only if they are expected to be paid with currently expendable financial resources.

**(l) Fund Balance and Net Position Items**

Fund balance of governmental funds are classified as follows:

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

- The General Fund has nonspendable resources of \$2,125, which represents petty cash funds that are held by various cashiers.
- Inventories of \$2,524,800 are considered to be in a nonspendable form. The amounts are \$1,966,236 in the General Fund, and \$558,564 in the Child Nutrition Fund

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

- The Workers’ Compensation special revenue fund has a restricted fund balance of \$8,341,753, which City Council restricts for Workers’ Compensation for the School Board’s Self-Insured Workers’ Compensation Plan.
- The Textbook special revenue fund has a restricted fund balance of \$7,083,797, which City Council restricts for textbooks. The School Board intends to purchase textbooks in the upcoming years based upon a six-year replacement cycle for most subjects.
- The Child Nutrition Services special revenue fund has a restricted fund balance of \$7,647,938 representing the portion of the fund balance provided over the years from federal and Virginia grants restricted for the purpose of providing students with nutritional meals.

**THE SCHOOL BOARD OF THE CITY OF NEWPORT NEWS, VIRGINIA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**

June 30, 2024

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

- The Adult Education special revenue fund has a restricted fund balance of \$104,629 representing the portion of the fund balance provided over the years from State grants restricted for the purpose of providing adult citizens of the community with educational services.
- The State Construction capital projects fund has a fund balance of \$4,026,523 restricted by the State for capital outlay.
- The Student Activity Fund has \$1,646,702 restricted for student activities.

*Assigned to items* – Assigned items represents School Board management’s intent to use certain resources for assigned purposes. The Superintendent is authorized by the School Board annually during the budget approval process to make the following assignments as of June 30, 2024.

- \$21,212,878 is assigned to meet contractual obligations. The School Board has purchase orders outstanding with vendors in this amount and expects the vendors to deliver the goods and services in the upcoming fiscal year. The amounts are \$11,806,254 in the General Fund, \$3,960,076 in the General Obligation Bond Fund, \$30,891 in the Workers’ Compensation Fund, \$2,289,668 in the Textbook Fund, and \$8,918 Child Nutrition Fund, and \$3,117,071 in the General Cash Capital Projects Fund.
- \$4,800,000 is assigned to the employee self-insured health insurance plan. Funds equal to this amount are on deposit with our contracted health insurance provider and shown as cash with agent in the asset section of the Balance Sheet.

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

**Net Investment in Capital Assets**

Capital assets:	
Capital assets, non-depreciable	\$ 6,393,986
Capital assets, depreciable, net	<u>216,124,058</u>
Total capital assets	<u>222,518,044</u>
Less related debt:	
Lease and SBITA liability	4,728,229
Capital facility notes payable	<u>10,485,502</u>
Total related debt	<u>15,213,731</u>
Net Investment in capital assets	<u>\$ 207,304,313</u>

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

**THE SCHOOL BOARD OF THE CITY OF NEWPORT NEWS, VIRGINIA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**

June 30, 2024

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

***(m) Interfund Transactions***

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

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

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

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

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

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

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

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**THE SCHOOL BOARD OF THE CITY OF NEWPORT NEWS, VIRGINIA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**

June 30, 2024

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

**(o) Pensions and OPEB**

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

**(2) Cash and Cash Equivalents**

All of the \$92,761,874 of School Board cash and cash equivalents (except for \$2,320 of petty cash funds and \$1,646,702 of school activity funds) are maintained on deposit with the Treasurer of the City. All of the funds are available for immediate School Board use. See the City's Annual Comprehensive Financial Report (ACFR) for additional details. A copy may be obtained from the City of Newport News, Virginia's Finance Department, 2400 Washington Avenue, Newport News, VA 23607.

The \$1,646,702 of school activity funds are on deposit at five different banks and four different credit unions. Deposits with banks are covered by the Federal Deposit Insurance Corporation (FDIC) and collateralized in accordance with the Virginia Security for Public Deposits Act (the "Act") Section 2.2-4400 et seq. of the Code. Under the Act, banks and savings institutions holding public deposits in excess of the amount insured by the FDIC must pledge collateral to the Commonwealth of Virginia Treasury Board. Financial institutions may choose between two collateralization methodologies and depending upon the choice, will pledge collateral that ranges in the amounts from 50% to 130% of excess deposits. Accordingly, all deposits are considered fully collateralized.

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**THE SCHOOL BOARD OF THE CITY OF NEWPORT NEWS, VIRGINIA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**

June 30, 2024

**(3) Due To/Due From and Transfers In and Out**

Interfund receivables and payables and transfers as of June 30, 2024 are as follows:

<u>Funds</u>	<u>Transfers Out</u>	<u>Transfers In</u>
General Fund	\$ 3,106,802	\$ -
Nonmajor Special Revenue Fund - Enterprise Academy	-	3,106,802
Total all funds	<u>\$ 3,106,802</u>	<u>\$ 3,106,802</u>

The amount shown for interfund transfers represents funding transferred from the General fund to the Enterprise Academy Fund, a partially state-funded regional alternative education program managed by Newport News Public Schools.

**(4) Capital Assets, Net**

A summary of changes in capital assets follows:

	<u>Balance</u>			<u>Assets Held</u>	<u>Balance</u>
	<u>June 30, 2023</u>	<u>Increases</u>	<u>Decreases</u>	<u>Tenancy- in-Common</u>	
Capital assets not being depreciated:					
Land	\$ 2,263,424	\$ -	\$ -	\$ 1,406,755	\$ 3,670,179
Construction in progress	4,540,466	1,237,111	3,053,770		2,723,807
Total capital assets not being depreciated	<u>6,803,890</u>	<u>1,237,111</u>	<u>3,053,770</u>	<u>1,406,755</u>	<u>6,393,986</u>
Other capital assets:					
Buildings	183,722,570	-	-	-	183,722,570
Right to use leased building	5,477,752	-	-	-	5,477,752
Right to use leased equipment	196,612	995,855	196,612	-	995,855
Right to use SBITA	1,543,111	135,649	622,276	-	1,056,484
Improvements	131,101,255	22,941,717	261,630	39,294,573	193,075,915
Machinery and equipment	75,953,684	8,099,159	8,530,838	-	75,522,005
Total other capital assets	<u>397,994,984</u>	<u>32,172,380</u>	<u>9,611,356</u>	<u>39,294,573</u>	<u>459,850,581</u>
Less accumulated depreciation/amortization for:					
Buildings	98,825,722	2,930,567	-	-	101,756,289
Right to use leased assets	1,408,658	704,478	-	-	2,113,136
Right to use leased equipment	172,730	206,455	196,612	-	182,573
Right to use SBITA	581,777	572,568	622,276	-	532,069
Improvements	69,055,682	4,130,925	170,269	22,367,884	95,384,222
Machinery and equipment	47,255,487	4,683,378	8,180,631	-	43,758,234
Total accumulated depreciation/amortization	<u>217,300,056</u>	<u>13,228,371</u>	<u>9,169,788</u>	<u>22,367,884</u>	<u>243,726,523</u>
Other capital assets, net	<u>180,694,928</u>	<u>18,944,009</u>	<u>441,568</u>	<u>16,926,689</u>	<u>216,124,058</u>
Totals	<u>\$ 187,498,818</u>	<u>\$ 20,181,120</u>	<u>\$ 3,495,338</u>	<u>\$ 18,333,444</u>	<u>\$ 222,518,044</u>

**THE SCHOOL BOARD OF THE CITY OF NEWPORT NEWS, VIRGINIA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**

June 30, 2024

**(4) Capital Assets, Net (Continued)**

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

Depreciation and amortization was charged to governmental functions as follows:

Academic services	\$8,460,204
Attendance and health services	24,928
Transportation services	2,231,749
Operations and facilities	1,011,397
Child nutrition services	460,698
Technology services	39,325
Administration	<u>1,000,070</u>
Total governmental activities depreciation and amortization expense	<u><u>\$ 13,228,371</u></u>

Construction in progress commitments are composed of the following at June 30, 2024:

	<u>Project</u> <u>Authorization</u>	<u>Expended</u> <u>Through</u> <u>June 30, 2024</u>	<u>Balance of</u> <u>Authorization</u>	<u>Future</u> <u>Requirements</u>
Total school projects	<u>\$ 35,887,984</u>	<u>\$ 22,651,209</u>	<u>\$ 13,236,775</u>	<u>\$ -</u>

Of the amount expended through June 30, 2024, all \$18,333,444 relates to assets transferred by the City under the AHTIC provisions. The balance of authorization of \$13,236,775 will be transferred to the City as AHTIC once completed. There are purchase orders totaling \$3,960,076 at June 30, 2024, leaving \$9,276,699 balance of authorization available for project procurement.

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**THE SCHOOL BOARD OF THE CITY OF NEWPORT NEWS, VIRGINIA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**

June 30, 2024

**(5) Leases Payable**

The School Board entered into a lease as a lessee for the use of Enterprise Academy prior to, with a commencement date of July 1, 2021, with a remaining life of 48 months. An initial lease liability was recorded in the amount of \$3,089,361. As of June 30, 2024, the value of the lease liability is \$1,799,768. Newport News Public Schools is required to make monthly fixed payments of \$38,553. The lease has an interest rate of 1.375%.

The School Board entered into a lease as a lessee for the use of Point Option prior to, with a commencement date of July 1, 2021, with a remaining life of a 85 months. An initial lease liability was recorded in the amount of \$2,388,390. As of June 30, 2024, the value of the lease liability is \$1,668,920. Newport News Public Schools is required to make monthly fixed payments of \$20,990. The lease has an interest rate of 1.059%.

The School Board entered into a lease as a lessee for the use of a Konica Minolta copier with a commencement date of August 1, 2023 with a remaining life of a 47 months. An initial lease liability was recorded in the amount of \$995,855. As of June 30, 2024, the value of the lease liability is \$834,682. Newport News Public Schools is required to make monthly fixed payments of \$17,422. The lease has an interest rate of 4.000%.

See Note 6 for principal and interest payment schedule.

**(6) Long-Term Liabilities**

A summary of changes in long-term liabilities for the year ended June 30, 2024 follows:

	Balance			Due Within	
	June 30, 2023	Additions	Reductions	June 30, 2024	One Year
Compensated absences	\$ 5,894,145	\$ 3,357,192	\$ 3,246,639	\$ 6,004,698	\$ 2,702,114
Workers' compensation claims	4,962,674	919,460	1,147,332	4,734,802	946,960
Incurred but not reported health claims	2,797,000	35,921,836	35,832,835	2,886,001	2,886,001
Leases payable	4,180,385	995,855	872,870	4,303,370	878,600
Subscription-based information technology arrangements	859,350	-	434,491	424,859	135,599
Capital facility notes payable	11,661,659	-	1,176,157	10,485,502	197,888
OPEB NNPS Trust Fund	44,736,644	-	3,984,478	40,752,166	-
OPEB VRS health insurance credit	23,326,818	-	686,396	22,640,422	-
OPEB VRS group life insurance	10,418,083	209,693	145,416	10,482,360	-
VRS teacher pool pension	178,695,924	11,174,993	-	189,870,917	-
City of Newport News pension (NNERF)	90,816,955	1,206,577	-	92,023,532	-
Totals	\$ 378,349,637	\$ 53,785,606	\$ 47,526,614	\$ 384,608,629	\$ 7,747,162

Incurred but not reported health claims represent an estimate of healthcare claims incurred by our employees as of June 30, 2024, but not paid by our third-party claims' administrator. As we are self-insured for healthcare claims, we consider the entire amount as due within one year. In fact, the claims are paid in a matter of a few weeks after year-end as the medical providers submit their claims to the third-party administrator.

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

**THE SCHOOL BOARD OF THE CITY OF NEWPORT NEWS, VIRGINIA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**

June 30, 2024

**(6) Long-Term Liabilities (Continued)**

The School Board was engaged in eleven GASB 96 Subscription-Based Information Technology Arrangements (SBITAS). These software subscriptions consisted of student curriculum, live broadcasting services, one to one asset management, and cloud services. At the beginning of the Fiscal Year the subscription terms ranged from 16 months to 4 years. In addition, certain subscriptions have extension and/or termination options, for which the School Board has made the determination as to if those options are reasonably certain to be exercised, and those determinations are reflected in the calculations present, in accordance with GAAP.

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

The total amount of right-to-use SBITAS as of June 30, 2024, is \$1,056,484 and the associated accumulated depreciation is \$532,069.

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

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
FY2025	\$ 197,888	\$ 294,553	\$ 492,441
FY2026	1,262,683	264,302	1,526,985
FY2027	1,331,824	232,104	1,563,928
FY2028	1,414,002	198,082	1,612,084
FY2029	1,499,734	161,951	1,661,685
FY2030 - FY 2033	4,779,371	246,585	5,025,956
<b>Totals</b>	<u>\$ 10,485,502</u>	<u>\$ 1,397,577</u>	<u>\$ 11,883,079</u>

The interest rate on \$8,909,038 of debt is 2.651% and an annual payment is due each July 15. The interest rate is 2.04% on \$1,576,464 of the debt and an annual payment is due each March 1.

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

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

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
FY2025	\$ 878,600	\$ 68,407	\$ 947,007
FY2026	905,332	52,013	957,345
FY2027	932,994	34,923	967,917
FY2028	961,620	17,106	978,726
FY2029	305,215	5,099	310,314
FY2030 - FY 2033	319,609	1,982	321,591
<b>Totals</b>	<u>\$ 4,303,370</u>	<u>\$ 179,530</u>	<u>\$ 4,482,900</u>

**THE SCHOOL BOARD OF THE CITY OF NEWPORT NEWS, VIRGINIA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**

June 30, 2024

**(6) Long-Term Liabilities (Continued)**

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

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
FY2025	\$ 135,599	\$ 9,398	\$ 144,997
FY2026	141,546	6,399	147,945
FY2027	147,714	3,268	150,982
<b>Totals</b>	<u>\$ 424,859</u>	<u>\$ 19,065</u>	<u>\$ 443,924</u>

**(7) Defined Benefit Retirement Plans**

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

**1. Plan Description**

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

All full-time regular employees hired on or before July 1, 2009 for the School Board and March 1, 2010 for the City are members of this fund. NNERF benefits are available only to employees with five years of service. School VRS employees, who did not have five years of service when the supplemental NNERF benefits were frozen at December 31, 2012, are not eligible for a supplemental benefit from NNERF. Employees hired after the above dates are in VRS, an agent multiple-employer defined benefit plan as discussed in note 7 (b). For the years ended June 30, 2024 and 2023, the total payroll of the School Board was approximately \$267.3 million and \$249.7 million, respectively, with approximately \$78.7 million and \$82.1 million covered by NNERF, respectively.

**THE SCHOOL BOARD OF THE CITY OF NEWPORT NEWS, VIRGINIA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**

June 30, 2024

**(7) Defined Benefit Retirement Plans (Continued)**

At June 30, 2024, NNERF membership consisted of:

	<b>Retirees and Beneficiaries</b>	<b>Vested Terminated or Frozen Employees</b>	<b>Active Employees Vested</b>	<b>Total</b>
City general	1,708	557	426	2,691
City police and fire	1,174	233	341	1,748
Public utilities	364	70	106	540
School VRS	2,825	2,310	-	5,135
School Non-VRS	978	230	199	1,407
Total	<u>7,049</u>	<u>3,400</u>	<u>1,072</u>	<u>11,521</u>

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

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

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

**THE SCHOOL BOARD OF THE CITY OF NEWPORT NEWS, VIRGINIA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**

June 30, 2024

**(7) Defined Benefit Retirement Plans (Continued)**

**2. Contributions**

Effective January 1, 2013, employee contributions to the Plan were made mandatory. The Plan engages an actuary to determine the Actuarially Determined Contribution (ADC). The City's policy is to make 100% of the contributions of the ADC, in accordance with the funding program established by the City in 2010. Contributions totaling \$9,612,341 and \$537,993 were made by the employer and employees, respectively, to NNERF during the year ended June 30, 2024. Contributions totaling \$7,938,184 and \$570,684 were made by the employer and employees, respectively, to NNERF during the year ended June 30, 2023. The percentage of contributions to covered payroll for fiscal year 2024 was 12.20% and 9.66% for fiscal year 2023. The percentage of normal costs to covered payroll was 8.80% for fiscal year ended June 30, 2024 and 8.69% for fiscal year ended June 30, 2023.

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

At June 30, 2024, the School Board reported a liability of \$92,023,532 for its proportionate share of the Net Pension Liability, measurements as of the reporting date are based on the fair value of assets as of June 30, 2023 and the Total Pension Liability (TPL) as of the valuation date, July 1, 2022, updated to June 30, 2023. The School Board's proportion of the Net Pension Liability was based on the School Board's actuarially determined employer contributions to the pension plan for the year ended June 30, 2023, relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2023, the School Board's proportion was 21.1357% as compared to 20.7275% at June 30, 2022.

For the year ended June 30, 2023, the School Board recognized pension expense of \$15,114,041.

At June 30, 2024, the School Board reported deferred outflows of resources related to NNERF pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Net difference between projected and actual earnings on pension plan investments	\$ 3,922,570	\$ -
Contributions to the plan subsequent to the measurement date	9,612,341	-
<b>Total</b>	<b>\$ 13,534,911</b>	<b>\$ -</b>

\$9,612,341 reported as deferred outflows of resources related to pensions resulting from the School Board's contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the year ending June 30, 2025.

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**THE SCHOOL BOARD OF THE CITY OF NEWPORT NEWS, VIRGINIA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**

June 30, 2024

**(7) Defined Benefit Retirement Plans (Continued)**

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

<u>Year Ending June 30</u>	<u>Deferred (Inflows) and Outflows</u>
2025	\$ 539,528
2026	(2,253,244)
2027	6,810,972
2028	(1,174,686)
2029	-
Thereafter	-
	<u>\$ 3,922,570</u>

**4. Actuarial Assumptions**

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

Actuarial valuation date	July 1, 2022
Actuarial cost method	Entry Age Normal
Amortization method	Closed, 30 years level dollar from July 1, 2011
Remaining amortization period	18 years
Asset valuation method	Five-year smoothed market
Actuarial assumptions:	
Investment rate of return	7.0%
Rate of salary increases:	4.5%
Cost of living adjustment	1.225%
Inflation	2.50%
Rate of Mortality	RP-2014 Total Dataset Headcount-Weighted Healthy Annuitant Mortality Table, projected from 2006 base rates using MP2016

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**THE SCHOOL BOARD OF THE CITY OF NEWPORT NEWS, VIRGINIA**  
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June 30, 2024

**(7) Defined Benefit Retirement Plans (Continued)**

The long-term expected rate of return on NNERF investments was determined using best-estimate ranges of expected future real rates of return (expected return, net of pension plan investment expense and inflation), developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan’s target asset allocation as of June 30, 2024 are summarized in the following table:

<b>Asset Class</b>	<b>Long-Term Expected Real Rate of Return</b>	<b>Target Allocation</b>
Large Cap Equities	5.7%	27.0%
Mid Cap Equities	6.1%	9.0%
Small Cap Equities	6.6%	2.0%
International Equities	6.1%	11.0%
Emerging Markets	6.1%	7.0%
Real Estate	5.2%	7.0%
Private Equities	8.4%	9.0%
Natural resources	6.5%	2.5%
Infrastructure	6.2%	2.5%
Fixed Income (Bonds)	2.0%	11.0%
TIPS	1.9%	3.0%
Short term fixed income	9.0%	8.0%
Cash	-0.3%	1.0%
Total		100.0%

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

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

	<b>1.00% Lower 6.00%</b>	<b>Current Discount Rate 7.00%</b>	<b>1.00% Higher 8.00%</b>
Proportionate share of the NNERF Net Pension Liability	\$ 124,162,537	\$ 92,023,532	\$ 64,720,892

**THE SCHOOL BOARD OF THE CITY OF NEWPORT NEWS, VIRGINIA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**

June 30, 2024

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**(7) Defined Benefit Retirement Plans (Continued)**

**6. Pension Plan Fiduciary Net Position**

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

**(b) Virginia Retirement System:**

**1. Plan Description**

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

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

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

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**THE SCHOOL BOARD OF THE CITY OF NEWPORT NEWS, VIRGINIA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**

June 30, 2024

**(7) Defined Benefit Retirement Plans (Continued)**

<b>VRS PLAN 1</b>	<b>VRS 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>

**THE SCHOOL BOARD OF THE CITY OF NEWPORT NEWS, VIRGINIA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**

June 30, 2024

**(7) Defined Benefit Retirement Plans (Continued)**

<b>VRS PLAN 1</b>	<b>VRS 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>

**THE SCHOOL BOARD OF THE CITY OF NEWPORT NEWS, VIRGINIA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**

June 30, 2024

**(7) Defined Benefit Retirement Plans (Continued)**

<b>VRS PLAN 1</b>	<b>VRS 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>

**THE SCHOOL BOARD OF THE CITY OF NEWPORT NEWS, VIRGINIA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**

June 30, 2024

**(7) Defined Benefit Retirement Plans (Continued)**

<b>VRS PLAN 1</b>	<b>VRS PLAN 2</b>	<b>HYBRID RETIREMENT PLAN</b>
<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> </ul> <p>After four or more years, a member is 100% vested and may withdraw 100% of employer contributions.</p> <p>Distributions not required, except as governed by law until age 73.</p>

**THE SCHOOL BOARD OF THE CITY OF NEWPORT NEWS, VIRGINIA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**

June 30, 2024

**(7) Defined Benefit Retirement Plans (Continued)**

<b>VRS PLAN 1</b>	<b>VRS 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>
<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>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>Service Retirement Multiplier</b>  <i>Defined Benefit Component:</i>  <i>VRS:</i> The retirement multiplier for the defined benefit component is 1.00%. 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><i>Defined Contribution Component:</i>                      Not applicable.</p>
<p><b>Normal Retirement Age</b>  <i>VRS:</i> Age 65.</p>	<p><b>Normal Retirement Age</b>  <i>VRS:</i> Normal Social Security retirement age.</p>	<p><b>Normal Retirement Age</b>  <i>Defined Benefit Component:</i>  <i>VRS:</i> Same as Plan 2.</p> <p><i>Defined Contribution Component:</i>                      Members are eligible to receive distributions upon leaving employment, subject to restrictions.</p>

**THE SCHOOL BOARD OF THE CITY OF NEWPORT NEWS, VIRGINIA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**

June 30, 2024

**(7) Defined Benefit Retirement Plans (Continued)**

<b>VRS PLAN 1</b>	<b>VRS PLAN 2</b>	<b>HYBRID RETIREMENT PLAN</b>
<p><b>Earliest Unreduced Retirement Eligibility</b>  <i>VRS:</i> 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>Earliest Unreduced Retirement Eligibility</b>  <i>VRS:</i> 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>Earliest Unreduced Retirement Eligibility</b>  <i>Defined Benefit Component:</i>  <i>VRS:</i> Normal Social Security retirement age and have at least five years (60 months) of service credit or when their age and service equal 90.   <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>  <i>VRS:</i> 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>Earliest Reduced Retirement Eligibility</b>  <i>VRS:</i> Age 60 with at least five years (60 months) of service credit.</p>	<p><b>Earliest Reduced Retirement Eligibility</b>  <i>Defined Benefit Component:</i>  <i>VRS:</i> Age 60 with at least five years (60 months) of service credit.   <i>Defined Contribution Component:</i>                      Members are eligible to receive distributions upon leaving employment, subject to restrictions.</p>

**THE SCHOOL BOARD OF THE CITY OF NEWPORT NEWS, VIRGINIA**  
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June 30, 2024

**(7) Defined Benefit Retirement Plans (Continued)**

<b>VRS PLAN 1</b>	<b>VRS PLAN 2</b>	<b>HYBRID RETIREMENT PLAN</b>
<p><b>Cost-of-Living Adjustment (COLA) in Retirement</b>            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> </ul>	<p><b>Cost-of-Living Adjustment (COLA) in Retirement</b>            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>  <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 and Plan 2.</p> <p><i>Exceptions to COLA Effective Dates:</i>            Same as Plan 1 and Plan 2.</p>

**THE SCHOOL BOARD OF THE CITY OF NEWPORT NEWS, VIRGINIA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**

June 30, 2024

**(7) Defined Benefit Retirement Plans (Continued)**

<b>VRS PLAN 1</b>	<b>VRS PLAN 2</b>	<b>HYBRID RETIREMENT PLAN</b>
<ul style="list-style-type: none"> <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> <li>• The COLA will go into effect on July 1 following one full calendar year (January 1 to December 31) from the date the monthly benefit begins.</li> </ul>		
<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>



**THE SCHOOL BOARD OF THE CITY OF NEWPORT NEWS, VIRGINIA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**

June 30, 2024

**(7) Defined Benefit Retirement Plans (Continued)**

<b>VRS PLAN 1</b>	<b>VRS PLAN 2</b>	<b>HYBRID RETIREMENT PLAN</b>
<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:                      • Hybrid Retirement Plan members are ineligible for ported service.   <i>Defined Contribution Component:</i>                      Not applicable.</p>

**2. Employees Covered by Benefit Terms – Nonprofessional**

As of the June 30, 2022 actuarial valuation, the following employees were covered by the benefit terms of the pension plan:

<b>Number of Participants</b>	<b>Total</b>
Active	965
Retired	2,016
Total Participants	2,981

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**THE SCHOOL BOARD OF THE CITY OF NEWPORT NEWS, VIRGINIA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**

June 30, 2024

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**(7) Defined Benefit Retirement Plans (Continued)**

**3. Contributions**

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

*Professional*

Each School Board's contractually required contribution rate for the year ended June 30, 2024 was 16.62% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2021. The contractually required rate, when combined with employee contributions, was expected to finance the costs of benefits earned by the employee during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the School Board were \$32,207,393 and \$29,615,953 for the years ended June 30, 2024 and 2023, respectively.

In June 2023, the Commonwealth made a special contribution of approximately \$147.5 million to the VRS Teacher Employee Plan. This special payment was authorized by a budget amendment included in Chapter 1 of the 2022 Appropriation Act, and is classified as a non-employer contribution.

*Nonprofessional*

The political subdivision's contractually required contribution rate for the year ended June 30, 2024 was 3.85% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2022. Contributions to the pension plan from the School Board were \$482,897 and \$482,912 for the years ended June 30, 2024 and 2023, respectively.

**4. Net Pension Liability (Asset)**

*Professional*

At June 30, 2024, the School Board reported a liability of \$189,870,917 for its proportionate share of the Net Pension Liability, which was measured as of June 30, 2023 and the total pension liability used to calculate the Net Pension Liability was determined by an actuarial valuation performed as of June 30, 2022, rolled forward to the measurement date of June 30, 2023, and the total pension liability used to calculate the Net Pension Liability was determined by an actuarial valuation performed as of June 30, 2022 and rolled forward to the measurement date of June 30, 2023. The School Board's proportion of the Net Pension Liability was based on the School Board's actuarially determined employer contributions to the pension plan for the year ended June 30, 2023, relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2023, the School Board's proportion was 1.87857% as compared to 1.87694% at June 30, 2022.

**THE SCHOOL BOARD OF THE CITY OF NEWPORT NEWS, VIRGINIA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**

June 30, 2024

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**(7) Defined Benefit Retirement Plans (Continued)**

*Nonprofessional*

The School Board Net Pension Asset of \$1,892,763 was measured as of June 30, 2023. The total pension liability used to calculate the Net Pension Asset was determined by an actuarial valuation performed as of June 30, 2022, using updated actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2023.

**5. Actuarial Assumptions**

The total pension liability for the Professional and Nonprofessional Plans were based on an actuarial valuation as of June 30, 2022, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2023.

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

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

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

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

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

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

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

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**THE SCHOOL BOARD OF THE CITY OF NEWPORT NEWS, VIRGINIA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**

June 30, 2024

**(7) Defined Benefit Retirement Plans (Continued)**

The actuarial assumptions used in the June 30, 2022, valuation were based on the results of an actuarial experience study for the period from July 1, 2016, through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2021. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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

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

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

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

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

**THE SCHOOL BOARD OF THE CITY OF NEWPORT NEWS, VIRGINIA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**

June 30, 2024

**(7) Defined Benefit Retirement Plans (Continued)**

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

**7. Discount Rate**

The discount rate used to measure the total pension liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that member contributions will be made per the VRS Statutes and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Through the fiscal year ending June 30, 2023, the rate contributed by the school division for the VRS Teacher Retirement Plan will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly which was 112% of the actuarially determined contribution rate. From July 1, 2023, on, school divisions are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

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

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

	<b>1.00% Lower 5.75%</b>	<b>Current Discount Rate 6.75%</b>	<b>1.00% Higher 7.75%</b>
Professional Net Pension Liability	\$ 336,573,414	\$ 189,870,917	\$ 69,269,398
Nonprofessional Net Pension Asset	(252,683)	(1,892,763)	(3,182,782)

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**THE SCHOOL BOARD OF THE CITY OF NEWPORT NEWS, VIRGINIA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**

June 30, 2024

**(7) Defined Benefit Retirement Plans (Continued)**

*Changes in Net Pension Asset – Nonprofessional Plan*

	<b>Increase/(Decrease)</b>		
	<b>Total Pension Liability</b>	<b>Plan Fiduciary Net Position</b>	<b>Net Pension Asset</b>
<b>Balances at June 30, 2022</b>	<b>\$ 8,041,691</b>	<b>\$ 10,289,597</b>	<b>\$ (2,247,906)</b>
Changes for the Year:			
Service cost	1,277,473	-	1,277,473
Interest	623,307	-	623,307
Difference between expected and actual experience	414,611	-	414,611
Contributions -- employer	-	482,897	(482,897)
Contributions -- employee	-	754,579	(754,579)
Net investment income	-	728,542	(728,542)
Benefit Payments & refunds	(169,959)	(169,959)	-
Administrative expense	-	(6,070)	6,070
Other changes	-	300	(300)
<b>Net Changes</b>	<b>2,145,432</b>	<b>1,790,289</b>	<b>355,143</b>
<b>Balances at June 30, 2023</b>	<b>\$ 10,187,123</b>	<b>\$ 12,079,886</b>	<b>\$ (1,892,763)</b>

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**THE SCHOOL BOARD OF THE CITY OF NEWPORT NEWS, VIRGINIA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**

June 30, 2024

**(7) Defined Benefit Retirement Plans (Continued)**

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

*Professional*

For the year ended June 30, 2024, the School Board recognized pension expense of \$16,254,191. Since there was a change in proportionate share between measurement dates, a portion of the pension benefit was related to deferred amounts from changes in proportion and from differences between employer contributions and the proportionate share of employer contributions.

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

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
	<u>                    </u>	<u>                    </u>
Net difference between projected and actual earnings on pension plan investments	\$ 16,310,073	\$ 12,345,440
Change in assumptions	8,607,514	-
Change in proportion and differences between employer contributions and proportionate share of contributions	161,980	4,293,631
Change in expected versus actual experience	-	7,409,575
Contributions to the plan subsequent to the measurement date	32,207,393	-
Total	<u>\$ 57,286,960</u>	<u>\$ 24,048,646</u>

\$32,207,393 reported as deferred outflows of resources related to pensions resulting from the School Board's contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the year ending June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as detailed on page 53.

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**THE SCHOOL BOARD OF THE CITY OF NEWPORT NEWS, VIRGINIA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**

June 30, 2024

**(7) Defined Benefit Retirement Plans (Continued)**

*Nonprofessional*

For the year ended June 30, 2024, the School Board recognized pension expense of \$398,581. At June 30, 2024, the School Board reported deferred outflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 281,092	\$ 42,770
Change in assumptions	-	14,032
Net difference between projected and actual earnings on pension plan investments	488,225	608,786
Contributions to the plan subsequent to the measurement date	510,849	-
Total	<u>\$ 1,280,166</u>	<u>\$ 665,588</u>

\$510,849 reported as deferred outflows of resources related to pensions resulting from the School Board's contributions subsequent to the measurement date will be recognized as an increase of Net Pension Asset in the Fiscal Year ending June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as detailed below.

<b>Year Ending June 30</b>	<b>School Board Professional Retirement</b>	<b>School Board Non-Professional Plan</b>
2024	(5,693,583)	(4,454)
2025	(11,726,763)	(33,650)
2026	14,722,688	141,465
2027	3,728,579	368
2028	-	-
	<u>\$ 1,030,921</u>	<u>\$ 103,729</u>

**10. Pension Plan Fiduciary Net Position**

Detailed information about the VRS Teacher Retirement Plan's Fiduciary Net Position is available in the separately issued VRS 2023 *Annual Comprehensive Financial Report*. A copy of the 2023 VRS *Annual Comprehensive Financial Report* which may be downloaded from the VRS website at <https://www.varetire.org/pdf/publications/2023-annual-report.pdf> by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA 23218-2500.



**THE SCHOOL BOARD OF THE CITY OF NEWPORT NEWS, VIRGINIA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**

June 30, 2024

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**(8) Other Postemployment Benefits (OPEB)**

**(a) NNPS OPEB Trust Fund**

**1. Plan Description**

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

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

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

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

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

**Benefits**

Pre-Medicare eligibility:

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

**THE SCHOOL BOARD OF THE CITY OF NEWPORT NEWS, VIRGINIA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**

June 30, 2024

**(8) Other Postemployment Benefits (OPEB) (Continued)**

After-Medicare eligibility:

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

As of the July 1, 2022 actuarial valuation, the following employees were covered by the benefit terms of the NNPS OPEB plan:

<b>Number of Participants</b>	<b>Total</b>
Active	965
Retired	2,016
Total Participants	2,981

The OPEB Trust Fund does not issue a separate report.

**2. Contributions Required and Contributions Made**

OPEB funding policy provides for periodic employer contributions at actuarially determined rates that express, as percentages of annual covered payroll, contributions sufficient to accumulate sufficient assets to pay benefits when due. A level percentage of payroll with a 25-year amortization period is used for purposes of computing the minimum accrual in accordance with GAAP. The projected unit credit method is used for cost calculations. Contributions to the OPEB plan from the School Board were \$5,025,917 and \$5,259,673 for the years ended June 30, 2024 and 2023, respectively.

**3. Net NNPS OPEB liability**

The school division's net NNPS OPEB liability of \$40,752,166 was measured as of June 30, 2024. The total NNPS OPEB liability was determined by an actuarial valuation performed as of July 1, 2022, using updated actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2024.

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**THE SCHOOL BOARD OF THE CITY OF NEWPORT NEWS, VIRGINIA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**

June 30, 2024

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**(8) Other Postemployment Benefits (OPEB) (Continued)**

**4. Actuarial Methods and Assumptions**

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

Actuarial valuation date	July 1, 2022
Actuarial cost method	Entry Age Normal
Amortization method	Level Dollar Closed
Amortization period	18 years
Asset valuation method	Market Value

Actuarial assumptions:

Investment rate of return	7.00% net of investment expense and including inflation at 2.75%
Projected salary increases	Not Applicable
Healthcare inflation rate	6.00% initially, grading down to 4.25%/4.00% ultimate; 3.50% for dental benefits, and 4.00% for Medicare (all including inflation)
Inflation Rate	2.75%
Mortality Rate	Public 2010 Teachers Headcount mortality table (male and female) for Active Employees/Healthy Annuitants Generational with Projection Scale SSA18

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

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**THE SCHOOL BOARD OF THE CITY OF NEWPORT NEWS, VIRGINIA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**

June 30, 2024

**(8) Other Postemployment Benefits (OPEB) (Continued)**

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

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

Best estimates of real rates of return for each major asset class included in the OPEB’s plan target asset allocation as of June 30, 2024, and the final investment return assumption, are summarized in the following table:

Asset Class	Long-Term Expected Real Return-Portfolio	Weight
Domestic Equity	6.20%	36.00%
International Funds	6.55%	18.00%
U.S. Fixed Income	2.30%	21.00%
Hedge Funds	2.95%	10.00%
Real Estate	4.55%	7.00%
Private Equity	8.25%	5.00%
Commodities	3.20%	3.00%
		<u>100.00%</u>
Total Weighted Average Expected Real Return	5.02%	
Plus Inflation	<u>2.75%</u>	
Total Return without Adjustment	7.77%	
Risk Adjustment	<u>(0.77%)</u>	
<b>Total Geometric Expected Return</b>	<b><u>7.00%</u></b>	

**6. Discount Rate**

The discount rate used to measure the total NNPS OPEB liability is 6.70%. The School’s funding expectations/policy is to contribute amounts annually to the NNPS OPEB trust to pay benefits for retirees, and allow the assets in the fund to accumulate earnings. The School Board expects benefits will be paid from the trust when a 70% funding level is reached. Based on this information, the School Board projects that benefits will be financed on a pay-as-you-go basis until 2028, then from the trust starting in 2029. Therefore, the expected trust return of 7.00% is blended with the 20-year Aa bond rate of 4.00%. (Source: Fidelity general obligation municipal bond index).

**THE SCHOOL BOARD OF THE CITY OF NEWPORT NEWS, VIRGINIA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**

June 30, 2024

**(8) Other Postemployment Benefits (OPEB) (Continued)**

**7. Changes in Net NNPS OPEB Liability**

	Increase/(Decrease)		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
<b>Balance at July 1, 2023</b>	<b>\$ 79,207,432</b>	<b>\$ 34,470,788</b>	<b>\$ 44,736,644</b>
Changes for the Year:			
Service cost	83,887	-	83,887
Interest	5,054,650	-	5,054,650
Change in assumptions	(862,309)	-	(862,309)
Contributions -- employer	-	5,025,917	(5,025,917)
Contributions -- employee	-	794,730	(794,730)
Net investment income	-	3,266,176	(3,266,176)
Benefit payments	(5,025,917)	(5,820,647)	794,730
Administrative expense	-	(31,387)	31,387
<b>Net Changes</b>	<b>(749,689)</b>	<b>3,234,789</b>	<b>(3,984,478)</b>
<b>Balances at June 30, 2024</b>	<b>\$ 78,457,743</b>	<b>\$ 37,705,577</b>	<b>\$ 40,752,166</b>

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

The following presents the net OPEB liability of the plans, calculated using the discount rate of 6.70%, as well as what the plan's net OPEB liability would be if it were calculated using a discount rate that is 1.00% lower or 1.00% higher than the current rate.

	1.00% Lower 5.70%	Current Discount Rate 6.70%	1.00% Higher 7.70%
Net OPEB Liability	\$ 48,763,864	\$ 40,752,166	\$ 33,921,294
Ratio of Plan Net Position to Total OPEB Liability	43.6%	48.1%	52.6%

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**THE SCHOOL BOARD OF THE CITY OF NEWPORT NEWS, VIRGINIA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**

June 30, 2024

**(8) Other Postemployment Benefits (OPEB) (Continued)**

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

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

	<b>1.00% Lower 3.25%</b>	<b>Current Ultimate Trend Rate 4.25%</b>	<b>1.00% Higher 5.25%</b>
Total OPEB Liability	\$ 34,705,577	\$ 40,752,166	\$ 48,522,682
Ratio of Plan Net Position to Total OPEB Liability	52.6%	48.1%	43.7%

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

For the year ended June 30, 2024, the school division recognized NNPS OPEB expense of \$1,979,821. At June 30, 2024, the school division reported deferred outflows of resources and deferred inflows of resources related to the NNPS OPEB from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ -	\$ (1,307,805)
Change in assumptions	1,161,048	(574,873)
Net difference between projected and actual earnings	235,926	-
Total	<u>\$ 1,396,974</u>	<u>\$ (1,882,678)</u>

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

<b>Year Ended June 30</b>	<b>Deferred (Inflows)</b>
2025	(752,823)
2026	648,774
2027	(210,823)
2028	(170,832)
2029	-
Thereafter	-
	<u>\$ (485,704)</u>

**THE SCHOOL BOARD OF THE CITY OF NEWPORT NEWS, VIRGINIA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**

June 30, 2024

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**(8) Other Postemployment Benefits (OPEB) (Continued)**

**(b) OPEB VRS Teacher Employee Health Insurance Credit**

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

**1. Plan Description**

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

The Teacher Employee Retiree HIC Program was established July 1, 1993 for retired Teacher Employees covered under VRS who retire with at least 15 years of service credit. Eligible employees are enrolled automatically upon employment. They include full-time, permanent (professional), salaried employees of public school divisions covered under VRS.

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

*At Retirement* – For teachers and other professional school employees who retire with at least 15 years of service credit, the monthly benefit is \$4.00 per year of service per month with no cap on the benefit amount.

*Disability Retirement* – For teachers and other professional school employees who retire on disability or go on long-term disability under the Virginia Local Disability Program (VLDP), the monthly benefit is either:

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

**THE SCHOOL BOARD OF THE CITY OF NEWPORT NEWS, VIRGINIA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**

June 30, 2024

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**(8) Other Postemployment Benefits (OPEB) (Continued)**

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

**2. Contributions Required and Contributions Made**

The contribution requirement for active employees is governed by §51.1-1401(E) of the *Code of Virginia*, as amended, but may be impacted as a result of funding provided to school divisions by the Virginia General Assembly. Each school division's contractually required employer contribution rate for the year ended June 30, 2024 was 1.21% of covered employee compensation for employees in the VRS Teacher Employee HIC Program. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2022. The actuarially determined rate was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions from the School Board to the VRS Teacher Employee HIC Program were \$2,455,137 and \$2,254,877 for the years ended June 30, 2024 and 2023, respectively.

In June 2023, the Commonwealth made a special contribution of approximately \$4.0 million to the VRS Teacher Health Insurance Credit Program. This special payment was authorized by Chapter 2 of the Acts of Assembly of 2022, Special Session I, as amended by Chapter 769, 2023 Acts of Assembly Reconvened Session, and is classified as a non-employer contribution.

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

At June 30, 2024, the School Board reported a liability of \$22,640,422 for its proportionate share of the VRS Teacher Employee HIC Program Net OPEB Liability. The Net VRS Teacher Employee HIC Program OPEB Liability was measured as of June 30, 2023 and the total VRS Teacher Employee HIC Program OPEB liability used to calculate the Net VRS Teacher Employee HIC Program OPEB Liability was determined by an actuarial valuation performed as of June 30, 2022, rolled forward to the measurement date of June 30, 2023. The school division's proportion of the Net VRS Teacher Employee HIC Program OPEB Liability was based on the school division's actuarially determined employer contributions to the VRS Teacher Employee HIC Program OPEB plan for the year ended June 30, 2023 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2023, the School Board's proportion of the VRS Teacher Employee HIC Program was 1.86892% as compared to 1.86757% at June 30, 2022.

For the year ended June 30, 2024, the School Board recognized VRS Teacher Employee HIC Program OPEB expense of \$1,454,284. Since there was a change in proportionate share between measurement dates a portion of the VRS Teacher Employee HIC Program net OPEB expense was related to deferred amounts from changes in proportion.



**THE SCHOOL BOARD OF THE CITY OF NEWPORT NEWS, VIRGINIA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**

June 30, 2024

**(8) Other Postemployment Benefits (OPEB) (Continued)**

At June 30, 2024, the school division reported deferred outflows of resources and deferred inflows of resources related to the VRS Teacher Employee HIC Program OPEB from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Net difference between projected and actual earnings on VRS Teacher HIC OPEB plan investments	\$ 11,362	\$ -
Change in assumptions	527,031	22,815
Change in proportionate share	15,037	914,839
Difference between expected and actual experience		996,519
Contributions to the plan subsequent to the measurement date	2,455,137	-
Total	<b>\$ 3,008,567</b>	<b>\$ 1,934,173</b>

\$2,455,137 reported as deferred outflows of resources related to HIC OPEB resulting from the School Board's contributions subsequent to the measurement date will be recognized as a reduction of the Net HIC OPEB Liability in the year ending June 30, 2025.

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

<b>Year Ended June 30</b>	<b>Deferred Inflows</b>
2025	(390,576)
2026	(343,151)
2027	(219,350)
2028	(208,256)
2029	(167,780)
Thereafter	(51,630)
	<b>\$ (1,380,743)</b>

**THE SCHOOL BOARD OF THE CITY OF NEWPORT NEWS, VIRGINIA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**

June 30, 2024

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**(8) Other Postemployment Benefits (OPEB) (Continued)**

**4. Actuarial Methods and Assumptions**

The total Teacher Employee HIC OPEB liability for the VRS Teacher Employee HIC Program was based on an actuarial valuation as of June 30, 2022, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2023.

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

**Mortality Rates – Teachers**

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

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

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

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

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

The actuarial assumptions used in the June 30, 2022 valuation were based on the results of an actuarial experience study for the four-year period from July 1, 2016 through June 30, 2020. Except for the change in discount rate, which was based on VRS board action effective as of July 1, 2021, changes to the actuarial assumptions as a result of the experience study are as follows:

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

**THE SCHOOL BOARD OF THE CITY OF NEWPORT NEWS, VIRGINIA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**

June 30, 2024

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**(8) Other Postemployment Benefits (OPEB) (Continued)**

**5. Net Teacher Employee HIC OPEB Liability**

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

	<b>Teacher Employee HIC OPEB Plan</b>
Total Teacher Employee HIC OPEB Liability	\$ 1,475,471
Plan Fiduciary Net Position	264,054
Employers' Net HIC OPEB Liability	<u>\$ 1,211,417</u>
Plan Fiduciary Net Position as a Percentage of the Total Teacher Employee HIC OPEB Liability	17.90%

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

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**THE SCHOOL BOARD OF THE CITY OF NEWPORT NEWS, VIRGINIA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**

June 30, 2024

**(8) Other Postemployment Benefits (OPEB) (Continued)**

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

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

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

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

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

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**THE SCHOOL BOARD OF THE CITY OF NEWPORT NEWS, VIRGINIA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**

June 30, 2024

**(8) Other Postemployment Benefits (OPEB) (Continued)**

**7. Discount Rate**

The discount rate used to measure the total Teacher Employee HIC OPEB was 6.75%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made in accordance with the VRS funding policy and at rates equal to the actuarially determined contribution rates adopted by the VRS Board of Trustees. Through the fiscal year ending June 30, 2023, the rate contributed by each school division for the VRS Teacher Employee Health Insurance Credit Program will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly, which was 100% of the actuarially determined contribution rate. From July 1, 2023, on, all agencies are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the Teacher Employee HIC OPEB plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total Teacher Employee HIC OPEB liability.

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

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

	<b>1.00% Lower 5.75%</b>	<b>Current Discount Rate 6.75%</b>	<b>1.00% Higher 7.75%</b>
Proportionate share of the VRS Teacher HIC OPEB Plan Net OPEB Liability	\$ 25,608,846	\$ 22,640,422	\$ 3,182,782

**9. Teacher Employee HIC OPEB Fiduciary Net Position**

Detailed information about the VRS Teacher Employee HIC Program’s Fiduciary Net Position is available in the separately issued VRS 2023 Annual Comprehensive Financial Report. A copy of the 2022 VRS Annual Comprehensive Financial Report may be downloaded from the VRS website at <https://www.varetire.org/pdf/publications/2023-annual-report.pdf> or by writing to the System’s Chief Financial Officer at P.O. Box 2500, Richmond, VA 23218-2500.

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**THE SCHOOL BOARD OF THE CITY OF NEWPORT NEWS, VIRGINIA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**

June 30, 2024

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**(8) Other Postemployment Benefits (OPEB) (Continued)**

**(c) Virginia Retirement System Group Life Insurance Program**

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

**1. Plan Description**

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

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

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

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

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**THE SCHOOL BOARD OF THE CITY OF NEWPORT NEWS, VIRGINIA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**

June 30, 2024

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**(8) Other Postemployment Benefits (OPEB) (Continued)**

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

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

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

**Minimum Benefit Amount and Cost-of-Living Adjustment (COLA):** For covered members with at least 30 years of service credit, there is a minimum benefit payable under the GLI Program. The minimum benefit was set at \$8,000 by statute. This amount will be increased annually based on the VRS Plan 2 cost-of-living adjustment calculation. The minimum benefit was increased to \$9,254 effective June 30, 2024.

**2. Contributions**

The contribution requirements for the GLI Program are governed by Section 51.1-506 and Section 51.1-508 of the *Code of Virginia*, as amended, but may be impacted as a result of funding provided to state agencies and school divisions by the Virginia General Assembly. The total rate for the GLI Program was 1.34% of covered employee compensation. This was allocated into an employee and an employer component using a 60/40 split. The employee component was 0.80% (1.34% X 60%) and the employer component was 0.54% (1.34% X 40%). Employers may elect to pay all or part of the employee contribution; however, the employer must pay all of the employer contribution. The School Board has elected to pay all of the employee contribution therefore those contributions are classified as employer contributions. Each employer’s contractually required employer contribution rate for the year ended June 30, 2024 was 0.54% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2021. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits payable during the year, with an additional amount to finance any unfunded accrued liability. Contributions, including both employer and employee contributions, to the GLI Program from the School Board were \$2,738,352 and \$1,014,082 for Professionals and were \$259,104 and \$97,681 for Non-professionals for the years ended June 30, 2024 and 2023, respectively.

In June 2023, the Commonwealth made a special contribution of approximately \$10.1 million to the Group Life Insurance plan. This special payment was authorized by Chapter 2 of the Acts of Assembly of 2022, Special Sessions I, as amended by Chapter 769, 2023 Acts of Assembly Reconvened Session, and is classified as a special employer contribution.

**THE SCHOOL BOARD OF THE CITY OF NEWPORT NEWS, VIRGINIA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**

June 30, 2024

**(8) Other Postemployment Benefits (OPEB) (Continued)**

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

At June 30, 2024, the School Board reported a liability of \$9,561,407 and \$920,953 for its proportionate share of the Professional and Non-professional Net GLI OPEB Liability, respectively. The Net GLI OPEB Liability was measured as of June 30, 2023 and the total GLI OPEB liability used to calculate the Net GLI OPEB Liability was determined by an actuarial valuation performed as of June 30, 2022, rolled forward to the measurement date of June 30, 2023. 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, 2023 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2023, the School Board's proportion was 0.79724% as compared to 0.80615% for Professionals and 0.07679% as compared to 0.05907% for Non-professionals for the years ended June 30, 2023 and 2022, respectively.

For the year ended June 30, 2024, the School Board recognized GLI OPEB expense of \$251,948 and \$128,854 for Professionals and Non-professionals, respectively. Since there was a change in proportionate share between measurement dates, a portion of the GLI OPEB expense was related to deferred amounts from changes in proportion.

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

*Professional*

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Change in assumptions	204,379	662,452
Change in proportionate share	12,839	410,862
Investment Experience	-	384,232
Difference between expected and actual experience	954,951	290,238
Contributions to the plan subsequent to the measurement date	2,738,352	-
	<b>\$ 3,910,521</b>	<b>\$ 1,747,784</b>

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**THE SCHOOL BOARD OF THE CITY OF NEWPORT NEWS, VIRGINIA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**

June 30, 2024

**(8) Other Postemployment Benefits (OPEB) (Continued)**

*Non-Professional*

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Change in assumptions	\$ 19,686	\$ 63,807
Change in proportionate share	233,775	1,547
Investment Experience	-	37,009
Difference between expected and actual experience	91,981	27,956
Contributions to the plan subsequent to the measurement date	259,104	-
	<u><u>\$ 604,546</u></u>	<u><u>\$ 130,319</u></u>

\$2,738,352 for Professionals and \$259,104 for Non-professionals reported as deferred outflows of resources related to the GLI OPEB resulting from the employer's contributions subsequent to the measurement date will be recognized as a reduction of the Net GLI OPEB Liability in the fiscal year ending June 30, 2025.

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:

<u>Year Ended June 30</u>	<u>Professional Deferred (Inflows) and Outflows</u>	<u>Non-Professional Deferred Outflows</u>
2025	(213,581)	59,294
2026	(511,632)	10,417
2027	101,268	56,720
2028	(27,487)	42,687
2029	75,817	46,005
	<u><u>\$ (575,615)</u></u>	<u><u>\$ 215,123</u></u>

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**THE SCHOOL BOARD OF THE CITY OF NEWPORT NEWS, VIRGINIA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**

June 30, 2024

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**(8) Other Postemployment Benefits (OPEB) (Continued)**

**4. Actuarial Assumptions**

The total GLI OPEB liability was based on an actuarial valuation as of June 30, 2022, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2023.

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

*Mortality rates – Professional*

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

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

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

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

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

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**THE SCHOOL BOARD OF THE CITY OF NEWPORT NEWS, VIRGINIA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**

June 30, 2024

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**(8) Other Postemployment Benefits (OPEB) (Continued)**

The actuarial assumptions used in the June 30, 2022, valuation were based on the results of an actuarial experience study for the four-year period from July 1, 2016 through June 30, 2020. Except for the change in discount rate, which was based on VRS board action effective as of July 1, 2021, changes to the actuarial assumptions as a result of the experience study are as follows:

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

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

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

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

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

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

Mortality Improvement Scale:

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

The actuarial assumptions used in the June 30, 2021 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except for the change in discount rate, which was based on VRS board action effective as of July 1, 2019, changes to the actuarial assumptions as a result of the experience study are as follows:

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

**THE SCHOOL BOARD OF THE CITY OF NEWPORT NEWS, VIRGINIA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**

June 30, 2024

**(8) Other Postemployment Benefits (OPEB) (Continued)**

**5. Net GLI OPEB Liability**

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

	<b>Group Life Insurance OPEB Program</b>
Total GLI OPEB Liability	\$ 3,907,052
Plan Fiduciary Net Position	<u>2,707,739</u>
Employers’ Net GLI OPEB Liability	<u>\$ 1,199,313</u>
 Plan Fiduciary Net Position as a Percentage of the Total GLI OPEB Liability	  69.30%

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

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

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

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**THE SCHOOL BOARD OF THE CITY OF NEWPORT NEWS, VIRGINIA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**

June 30, 2024

**(8) Other Postemployment Benefits (OPEB) (Continued)**

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

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

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

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

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**THE SCHOOL BOARD OF THE CITY OF NEWPORT NEWS, VIRGINIA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**

June 30, 2024

**(8) Other Postemployment Benefits (OPEB) (Continued)**

**7. Discount Rate**

The discount rate used to measure the total GLI OPEB Liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that 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, 2023, the rate contributed by the entity for the GLI OPEB will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly which was 113% of the actuarially determined contribution rate. From July 1, 2023 on, employers are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the GLI OPEB's fiduciary net position was projected to be available to make all projected future benefit payments of eligible employees. Therefore the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total GLI OPEB Liability.

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

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

*Professional*

	<b>1.00% Lower 5.75%</b>	<b>Current Discount Rate 6.75%</b>	<b>1.00% Higher 7.75%</b>
School Board professional group's proportionate share of the GLI Program Net OPEB Liability	\$ 14,172,922	\$ 9,561,407	\$ 5,832,910

*Non-professional*

	<b>1.00% Lower 5.75%</b>	<b>Current Discount Rate 6.75%</b>	<b>1.00% Higher 7.75%</b>
School Board non-professional group's proportionate share of the GLI Program Net OPEB Liability	\$ 1,365,140	\$ 920,953	\$ 561,825

**THE SCHOOL BOARD OF THE CITY OF NEWPORT NEWS, VIRGINIA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**

June 30, 2024

**(8) Other Postemployment Benefits (OPEB) (Continued)**

**9. Group Life Insurance Program Fiduciary Net Position**

Detailed information about the GLI Program’s Fiduciary Net Position is available in the separately issued VRS 2023 Annual Comprehensive Financial Report. A copy of the 2023 VRS Annual Comprehensive Financial Report may be downloaded from the VRS website at <https://www.varetire.org/pdf/publications/2023-annual-report.pdf> or by writing to the System’s Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

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

Total Pension and OPEB Assets and Liabilities:

	<b>VRS Professional Plan</b>	<b>VRS Non-Professional Plan</b>	<b>OPEB NNPS Trust Fund</b>	<b>OPEB VRS Health Income Credit</b>	<b>OPEB VRS Group Life Insurance</b>	<b>Total</b>
Pension asset	\$ -	\$ 1,892,763	\$ -	\$ -	\$ -	\$ 1,892,763
Pension liability	(92,023,532)	(189,870,917)	-	-	-	(281,894,449)
OPEB liability	-	-	(40,752,166)	(22,640,422)	(10,482,360)	(73,874,948)
<b>Total</b>	<b>\$ (92,023,532)</b>	<b>\$ (189,870,917)</b>	<b>\$ (40,752,166)</b>	<b>\$ (22,640,422)</b>	<b>\$ (10,482,360)</b>	<b>\$ (353,876,634)</b>

Total Pension and OPEB Deferred Outflows of Resources:

	<b>VRS Professional Plan</b>	<b>VRS Non-Professional Plan</b>	<b>OPEB NNPS Trust Fund</b>	<b>OPEB VRS Health Income Credit</b>	<b>OPEB VRS Group Life Insurance</b>	<b>Total</b>
Differences between expected and actual experience	\$ -	\$ 281,092	\$ -	\$ -	\$ 1,046,932	\$ 1,328,024
Change in assumptions	-	-	1,161,048	527,031	224,065	10,519,658
Change in proportion and differences between employer contributions and proportionate share of contributions	-	-	-	15,037	246,614	423,631
Net difference between projected and actual earnings on pension plan investments	3,922,570	488,225	235,926	11,362	-	20,968,156
Contributions to the plan subsequent to the measurement date	9,612,341	510,849	-	2,455,137	2,997,456	47,783,176
<b>Total</b>	<b>\$ 13,534,911</b>	<b>\$ 1,280,166</b>	<b>\$ 1,396,974</b>	<b>\$ 3,008,567</b>	<b>\$ 4,515,067</b>	<b>\$ 81,022,645</b>

Total Pension and OPEB Deferred Inflows of Resources:

	<b>VRS Professional Plan</b>	<b>VRS Non-Professional Plan</b>	<b>OPEB NNPS Trust Fund</b>	<b>OPEB VRS Health Income Credit</b>	<b>OPEB VRS Group Life Insurance</b>	<b>Total</b>
Differences between expected and actual experience	\$ -	\$ 42,770	\$ 1,307,805	\$ 996,519	\$ 318,194	\$ 10,074,863
Change in assumptions	-	14,032	574,873	22,815	726,259	1,337,979
Change in proportion and differences between employer contributions and proportionate share of contributions	-	-	-	914,839	412,409	5,620,879
Net difference between projected and actual earnings on pension plan investments	-	608,786	-	-	421,241	13,375,467
<b>Total</b>	<b>\$ -</b>	<b>\$ 665,588</b>	<b>\$ 1,882,678</b>	<b>\$ 1,934,173</b>	<b>\$ 1,878,103</b>	<b>\$ 30,409,188</b>

**THE SCHOOL BOARD OF THE CITY OF NEWPORT NEWS, VIRGINIA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**

June 30, 2024

**(10) Self-Insurance**

**(a) Medical Benefits**

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

Claims processing and payments for the medical claims are made through a third party administrator. The School Board uses the information provided by the third party administrator to aid in the determination of self-insurance liabilities. Amounts due in future years on claims as of June 30, 2024 are recognized as a long-term liability due within one year in the Statement of Net Position.

Changes in the incurred but not reported amount during the fiscal years ended June 30, 2024 and 2023 were as follows:

	<u>2024</u>	<u>2023</u>
Claims payable at beginning of year	\$ 2,797,000	\$ 2,431,000
Claims and changes in estimates	35,921,836	31,554,070
Claim payments	<u>(35,832,835)</u>	<u>(31,188,070)</u>
Claims payable at end of year	<u>\$ 2,886,001</u>	<u>\$ 2,797,000</u>

**(b) Workers’ Compensation**

The School Board self-insures for workers’ compensation through funding from the Workers’ Compensation Special Revenue Fund. Expenditures are charged to the various departments at amounts that approximate what third party insurers would have charged. Amounts due in future years on claims made as of June 30, 2024 are accounted for as long-term liabilities. These long-term liabilities include an estimate of claims that have been incurred but not reported. The following is a reconciliation of changes in workers’ compensation claims payable for years ended June 30, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
Claims payable at beginning of year	\$ 4,962,674	\$ 5,721,288
Claims and changes in estimates	919,460	671,368
Claim payments	<u>(1,147,332)</u>	<u>(1,429,982)</u>
Claims payable at end of year	<u>\$ 4,734,802</u>	<u>\$ 4,962,674</u>

**(c) Other**

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

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



**THE SCHOOL BOARD OF THE CITY OF NEWPORT NEWS, VIRGINIA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**

*June 30, 2024*

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**(11) Contingent Liabilities**

**(a) *Litigation***

The School Board is involved in several lawsuits arising in the ordinary course of operations. On January 6, 2023, there was an incident at Richneck Elementary School involving a shooting. At this time there is no estimate of the damages, and the case is in active litigation. As such there is no liability to record as of year-end. It is the opinion of School Board management, based on the advice of the School Board attorney, that any losses incurred as a result of claims existing as of June 30, 2024 will not be material to the financial statements.

**(b) *Grants***

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

**(12) Related Organizations**

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

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**THE SCHOOL BOARD OF THE CITY OF NEWPORT NEWS, VIRGINIA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**

*June 30, 2024*

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**(13) Related Party Transaction**

The School Board operates by authority of the charter of the City, which provides annual appropriations to the School Board for operating the school system and is obligated for all bonded indebtedness issued to benefit the School Board. The City is also the custodian of the majority of the School Board's cash and temporary investments and also provides a defined benefit pension plan to employees hired before July 1, 2009. The City provides services to the School Board, primarily 800-megahertz radio repairs, services related to the vehicle self-insurance program, Police Department security at School Board athletic events, and Parks & Recreation children's summer program services, through the City's General Fund. The School Board is charged based on established fee schedules or a shared cost formula. The total value of the services provided by the City and reimbursed by the School Board during the year ended June 30, 2024 was \$372,118. The School Board provides fiber WAN services, fiber WAN installation, buses for certain City field trips, and shared costs of a School Board building that houses City programs to the City during the year ended June 30, 2024 at charges of \$96,791. Amounts due to and due from the City for services are negligible and are generally settled on a monthly basis. The City provides school police resource officers at no charge to the School Board. The City Parks & Recreation Department provides services to children and citizens after regular school hours in School Board buildings at no rental charge to the City.

At June 30, 2024, the City owed the School Board \$4,146,390 for capital projects funding.

The School Board has agreed to provide the City with annual payments of \$455,000 for the next five years as cost sharing for the operation of An Achievable Dream Middle and High School.

**(14) Subsequent Events**

The School Board has evaluated subsequent events (events occurring after June 30, 2024 through the date of the Report of Independent Auditor) in the preparation of these financial statements. There were no events subsequent to year-end requiring disclosure.

**REQUIRED SUPPLEMENTARY INFORMATION**

**THE SCHOOL BOARD OF THE CITY OF NEWPORT NEWS, VIRGINIA**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL – GENERAL FUND (NON-GAAP)**

YEAR ENDED JUNE 30, 2024

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance</u>
<b>Revenues:</b>				
Intergovernmental:				
Commonwealth of Virginia:				
Standards of Quality funds	\$ 177,289,849	\$ 177,289,849	\$ 172,224,698	\$ (5,065,151)
Incentive funds	53,990,624	53,990,624	48,421,216	(5,569,408)
Categorical funds	122,463	122,463	152,998	30,535
Lottery funded programs	24,745,049	24,745,049	22,878,700	(1,866,349)
Other state agencies	5,000	5,000	4,250	(750)
City of Newport News	119,589,307	119,589,307	119,589,307	-
Federal government	3,108,980	3,108,980	3,829,605	720,625
Charges for services	2,544,753	10,238,434	12,176,929	1,938,495
	<u>381,396,025</u>	<u>389,089,706</u>	<u>379,277,703</u>	<u>(9,812,003)</u>
<b>Expenditures:</b>				
Instructional services:				
Classroom instruction	146,717,994	143,453,183	141,690,905	1,762,278
Office of the principal	24,398,090	24,729,333	24,380,022	349,311
Special education	44,261,594	43,960,045	44,809,077	(849,032)
Career and technical	10,600,110	10,600,110	9,639,638	960,472
Talented and gifted	5,130,955	5,122,955	4,160,028	962,927
Summer school	1,758,912	1,120,012	435,741	684,271
Adult Education	217,478	217,478	160,674	56,804
Athletics/Drivers' Education	3,389,807	3,568,807	3,915,667	(346,860)
Pre school	6,204,460	6,206,138	5,225,504	980,634
Guidance and counseling	10,712,173	10,927,354	10,825,780	101,574
Improvement of instruction - staff	7,907,251	8,647,895	8,565,120	82,775
Media services	6,406,771	6,406,771	5,639,835	766,936
School social workers	1,784,154	1,784,654	2,166,048	(381,394)
Homebound	519,943	519,943	603,175	(83,232)
	<u>270,009,692</u>	<u>267,264,678</u>	<u>262,217,214</u>	<u>5,047,464</u>
Attendance and health services:				
Psychological services	2,557,819	2,448,651	2,546,238	(97,587)
Attendance	1,808,629	1,862,642	1,638,443	224,199
Health services	5,907,694	5,909,909	5,932,321	(22,412)
	<u>10,274,142</u>	<u>10,221,202</u>	<u>10,117,002</u>	<u>104,200</u>
Transportation services:				
Transportation administration	2,648,613	2,648,613	2,683,378	(34,765)
Vehicle operation services	17,651,094	19,031,728	17,655,895	1,375,833
Monitoring services	3,239,751	3,239,751	3,100,814	138,937
Vehicle maintenance services	2,983,258	3,028,259	2,923,168	105,091
	<u>26,522,716</u>	<u>27,948,351</u>	<u>26,363,255</u>	<u>1,585,096</u>

**THE SCHOOL BOARD OF THE CITY OF NEWPORT NEWS, VIRGINIA**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL – GENERAL FUND (NON-GAAP) (CONTINUED)**

YEAR ENDED JUNE 30, 2024

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance</u>
Operations and Facilities:				
Security	\$ 6,788,007	\$ 7,033,708	\$ 7,733,530	\$ (699,822)
Warehouse	400,906	400,906	390,076	10,830
Architecture & Engineering	-	383,136	383,136	-
Building Additions & Improvements	-	6,170,507	5,411,529	758,978
Operations	1,409,084	1,409,084	1,054,204	354,880
Grounds services	1,957,152	1,622,376	1,645,530	(23,154)
Building services	31,827,286	34,441,837	31,743,595	2,698,242
Equipment services	12,000	12,000	12,000	-
Vehicle operation services	486,675	470,355	305,450	164,905
Child nutrition services	-	-	886,451	(886,451)
Total operations and facilities	<u>42,881,110</u>	<u>51,943,909</u>	<u>49,565,501</u>	<u>2,378,408</u>
Technology services:				
Technology - classroom instruction	217,900	241,427	185,004	56,423
Technology - instructional support	9,093,104	9,094,046	8,257,142	836,904
Information technology	6,156,406	5,987,422	5,134,588	852,834
Technology - operations & maintenance	1,196,303	1,175,862	1,104,638	71,224
Total technology services	<u>16,663,713</u>	<u>16,498,757</u>	<u>14,681,372</u>	<u>1,817,385</u>
Administration:				
Information services	1,986,490	1,986,490	1,876,149	110,341
School Board	269,969	284,469	320,100	(35,631)
Superintendent's office	2,008,497	2,002,797	1,992,696	10,101
Human resources	4,119,066	4,111,965	3,709,969	401,996
Accountability	2,349,470	2,099,074	1,373,900	725,174
Business	2,513,408	2,513,408	2,246,401	267,007
Purchasing	764,442	1,164,441	934,395	230,046
Print shop	-	16,855	(10,210)	27,065
Total administration	<u>14,011,342</u>	<u>14,179,499</u>	<u>12,443,400</u>	<u>1,736,099</u>
Total expenditures	<u>380,362,715</u>	<u>388,056,396</u>	<u>375,387,744</u>	<u>12,668,652</u>
Other financing uses:				
Transfer to City of Newport News – debt service	1,033,310	1,033,310	1,033,310	-
Total other financing uses	<u>1,033,310</u>	<u>1,033,310</u>	<u>1,033,310</u>	<u>-</u>
Total expenditures and other financing uses	<u>381,396,025</u>	<u>389,089,706</u>	<u>376,421,052</u>	<u>12,668,652</u>
Net change in fund balances	-	-	2,856,651	2,856,649
Fund balance at beginning of year	32,839,662	32,839,662	32,839,662	-
Less encumbrances outstanding at June 30, 2023 expended or canceled at June 30, 2024	(18,161,675)	(18,161,675)	(16,103,005)	2,058,672
Add encumbrances outstanding at June 30, 2024	11,806,254	11,806,254	11,806,254	-
Decrease in fund balance appropriated by the City	(7,693,681)	(7,693,681)	(7,693,681)	-
Increase in nonspendable inventories	(215,943)	(215,943)	(215,943)	-
Fund balance at end of year	<u>\$ 18,574,617</u>	<u>\$ 18,574,617</u>	<u>\$ 23,489,937</u>	<u>\$ 4,915,321</u>

**THE SCHOOL BOARD OF THE CITY OF NEWPORT NEWS, VIRGINIA**  
**SCHEDULE OF CHANGES IN NET PENSION ASSET AND RELATED RATIOS-SCHOOL BOARD**  
**NONPROFESSIONAL RETIREMENT PLAN FOR THE VIRGINIA RETIREMENT SYSTEM**

YEAR ENDED JUNE 30

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
<b>Total Pension Liability</b>										
Service cost	\$ 422,992	\$ 487,107	\$ 571,242	\$ 589,528	\$ 622,391	\$ 754,780	\$ 819,408	\$ 894,986	\$ 961,988	\$ 1,277,473
Interest	45,008	76,377	109,773	156,742	182,205	235,956	315,045	385,016	521,338	623,307
Benefit payments, including refunds of employee contributions	(13,178)	(26,584)	(19,080)	(46,216)	(110,743)	(66,469)	(88,383)	(108,452)	(166,675)	(169,959)
Change in assumptions	-	-	-	(181,126)	-	163,847	-	(169,954)	-	-
Difference between expected and actual experience	-	(63,569)	22,631	(122,907)	51,870	219,381	571	85,111	(119,832)	414,611
Net change in total pension liability	454,822	473,331	684,566	396,021	745,723	1,307,495	1,046,641	1,086,707	1,196,819	2,145,432
Total pension liability -- beginning	649,566	1,104,388	1,577,719	2,262,285	2,658,306	3,404,029	4,711,524	5,758,165	6,844,872	8,041,691
Total pension liability -- ending	<u>\$ 1,104,388</u>	<u>\$ 1,577,719</u>	<u>\$ 2,262,285</u>	<u>\$ 2,658,306</u>	<u>\$ 3,404,029</u>	<u>\$ 4,711,524</u>	<u>\$ 5,758,165</u>	<u>\$ 6,844,872</u>	<u>\$ 8,041,691</u>	<u>\$ 10,187,123</u>
<b>Plan fiduciary net position</b>										
Contributions -- employer	\$ 375,675	\$ 261,980	\$ 261,217	\$ 231,378	\$ 276,857	\$ 289,226	\$ 287,656	\$ 305,524	\$ 327,116	\$ 482,897
Contributions -- employee	226,048	284,255	296,130	345,945	422,842	472,079	503,370	494,216	526,482	754,579
Net investment income	221,774	104,055	64,857	423,954	318,845	376,257	119,404	2,013,543	(31,789)	728,542
Benefit payments, including refunds of employee contributions	(13,178)	(26,584)	(19,080)	(46,216)	(110,743)	(66,469)	(88,383)	(108,452)	(166,675)	(169,959)
Administrative expense	(698)	(876)	(1,265)	(1,869)	(2,215)	(2,784)	(3,420)	(4,196)	(5,651)	(6,070)
Other	12	(24)	(23)	(405)	(314)	(244)	(156)	198	242	300
Net change in plan fiduciary net position	809,633	622,806	601,836	952,787	905,272	1,068,065	818,471	2,700,833	649,725	1,790,289
Plan fiduciary net position -- beginning	1,160,169	1,969,802	2,592,608	3,194,444	4,147,231	5,052,503	6,120,568	6,939,039	9,639,872	10,289,597
Plan fiduciary net position -- ending	<u>\$ 1,969,802</u>	<u>\$ 2,592,608</u>	<u>\$ 3,194,444</u>	<u>\$ 4,147,231</u>	<u>\$ 5,052,503</u>	<u>\$ 6,120,568</u>	<u>\$ 6,939,039</u>	<u>\$ 9,639,872</u>	<u>\$ 10,289,597</u>	<u>\$ 12,079,886</u>
Total net pension asset -- beginning	\$ (510,603)	\$ (865,414)	\$ (1,014,889)	\$ (932,159)	\$ (1,488,925)	\$ (1,648,474)	\$ (1,409,044)	\$ (1,180,874)	\$ (2,795,000)	\$ (2,247,906)
Total net pension asset -- ending	<u>\$ (865,414)</u>	<u>\$ (1,014,889)</u>	<u>\$ (932,159)</u>	<u>\$ (1,488,925)</u>	<u>\$ (1,648,474)</u>	<u>\$ (1,409,044)</u>	<u>\$ (1,180,874)</u>	<u>\$ (2,795,000)</u>	<u>\$ (2,247,906)</u>	<u>\$ (1,892,763)</u>
Plan net position as a percentage of total pension asset	227.6%	255.5%	342.7%	278.5%	306.5%	434.4%	587.6%	344.9%	457.7%	638.2%
Covered Payroll	\$ 3,917,266	\$ 4,012,012	\$ 6,499,789	\$ 7,793,308	\$ 9,712,181	\$ 10,920,615	\$ 11,707,429	\$ 11,500,998	\$ 12,364,094	\$ 12,329,911
Net pension asset as a percentage of covered payroll	22.1%	25.3%	14.3%	19.1%	17.0%	12.9%	10.1%	24.3%	18.2%	15.4%

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

1

Schedules are intended to show information for 10 years. Since 2014 is the first year of this presentation, only five years are shown. Additional years will be included as they become available.

**THE SCHOOL BOARD OF THE CITY OF NEWPORT NEWS, VIRGINIA**  
**REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)**  
**SCHEDULE OF EMPLOYERS PROPORTIONATE SHARE OF NET PENSION LIABILITY - SCHOOL BOARD TEACHER RETIREMENT PLAN FOR THE VIRGINIA RETIREMENT SYSTEM (VRS)**  
**AND THE NEWPORT NEWS EMPLOYEES RETIREMENT FUND (NNERF)**

YEAR ENDED JUNE 30

<b>School Board Teacher Retirement Plan:</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>
Employer's proportion of the net pension liability	2.06946%	2.07000%	2.04154%	2.02429%	1.99247%	1.96772%	1.90995%	1.90686%	1.87694%	1.87857%
Employer's proportionate share of the net pension liability	\$ 250,088,000	\$ 260,538,000	\$ 286,104,000	\$ 248,946,000	\$ 234,314,000	\$ 258,963,134	\$ 277,947,884	\$ 148,031,398	\$ 178,695,924	\$ 189,870,917
Employer's covered payroll	\$ 142,400,000	\$ 145,324,977	\$ 155,708,543	\$ 159,685,425	\$ 161,022,234	\$ 164,776,215	\$ 166,991,982	\$ 158,063,115	\$ 174,060,418	\$ 174,029,936
Employer's proportionate share of the net pension liability as a percentage of its covered payroll	175.62%	179.28%	183.74%	155.90%	145.52%	157.16%	166.44%	93.65%	102.66%	109.10%
Plan fiduciary net position as a percentage of the total pension liability	70.88%	70.68%	68.28%	72.92%	74.81%	73.51%	71.47%	85.46%	82.61%	82.45%
<b>Newport News Employee Retirement Fund:</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>
Employer's proportion of the net pension liability	22.85650%	20.31030%	19.71100%	18.57830%	18.70110%	21.04650%	21.83530%	20.86170%	20.72750%	21.13570%
Employer's proportionate share of the net pension liability	\$ 81,092,361	\$ 80,247,927	\$ 91,756,052	\$ 75,985,892	\$ 72,279,374	\$ 85,067,976	\$ 100,630,080	\$ 54,643,897	\$ 90,816,955	\$ 92,023,532
Employer's covered payroll	\$ 126,100,000	\$ 123,619,906	\$ 118,639,692	\$ 113,302,877	\$ 108,187,035	\$ 103,823,307	\$ 98,821,339	\$ 92,036,126	\$ 95,401,112	\$ 82,134,110
Employer's proportionate share of the net pension liability as a percentage of its covered payroll	64.31%	64.92%	77.34%	67.06%	66.81%	81.94%	101.83%	59.37%	95.19%	112.04%
Plan fiduciary net position as a percentage of the total pension liability	70.67%	68.28%	63.67%	68.74%	71.25%	70.03%	66.60%	81.50%	69.39%	69.39%

The amounts presented are as of the measurement date.

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

**THE SCHOOL BOARD OF THE CITY OF NEWPORT NEWS, VIRGINIA**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF CHANGES IN THE SCHOOL BOARD'S (NON-PROFESSIONAL)**  
**NET PENSION LIABILITY AND RELATED RATIOS**  
**FOR THE VIRGINIA RETIREMENT SYSTEM AND NNERF**

YEAR ENDED JUNE 30

<b>Year Ended</b>	<b>Contractually Required Contribution</b>	<b>Contribution in Relation to Contractually Required Contribution</b>	<b>Contribution Deficiency (Excess)</b>	<b>Employer's Covered Payroll</b>	<b>Contributions as a % of Covered Payroll</b>
<b>School Board (non-teacher) Pension Plan:</b>					
2015	\$ 375,675	\$ 375,675	\$ -	\$ 4,102,012	9.16%
2016	328,332	328,332	-	6,499,789	5.05%
2017	290,298	290,298	-	7,793,308	3.72%
2018	297,786	297,786	-	9,712,181	3.07%
2019	289,226	289,226	-	10,920,615	2.65%
2020	287,482	287,482	-	11,707,429	2.46%
2021	305,524	305,524	-	11,500,998	2.66%
2022	327,523	327,523	-	12,364,094	2.65%
2023	482,912	482,912	-	12,329,911	3.92%
2024	482,897	482,897	-	17,607,146	2.74%
<b>School Board Teacher Retirement Plan:</b>					
2015	\$ 21,648,000	\$ 21,648,000	\$ -	\$ 145,324,977	14.90%
2016	20,744,442	20,744,442	-	155,708,543	13.32%
2017	20,947,209	20,947,209	-	159,685,425	13.12%
2018	27,964,364	27,964,364	-	161,022,234	17.37%
2019	25,197,255	25,197,255	-	164,776,215	15.29%
2020	25,367,460	25,367,460	-	166,991,982	15.19%
2021	26,958,449	26,958,449	-	158,063,115	17.06%
2022	27,854,501	27,854,501	-	174,060,418	16.00%
2023	29,615,953	29,615,953	-	174,029,936	17.02%
2024	32,207,393	32,207,393	-	202,713,714	15.89%
<b>Newport News Employee Retirement Fund:</b>					
2015	\$ 6,711,771	\$ 6,711,771	\$ -	\$ 123,619,906	5.43%
2016	7,779,308	7,688,476	90,832	118,639,692	6.48%
2017	7,270,772	7,270,772	-	113,302,877	6.42%
2018	7,611,499	7,611,499	-	108,187,035	7.04%
2019	8,598,267	8,598,267	-	103,823,307	8.28%
2020	8,773,351	8,773,351	-	98,821,339	8.88%
2021	8,485,299	8,485,299	-	92,036,126	9.22%
2022	8,554,862	8,554,862	-	95,401,112	8.97%
2023	7,938,184	7,938,184	-	82,134,110	9.66%
2024	9,612,341	9,612,341	-	78,759,127	12.20%

Schedules are intended to show information for 10 years. Since 2015 is the first year of this presentation, only five years are shown. Additional years will be included as they become available.



**THE SCHOOL BOARD OF THE CITY OF NEWPORT NEWS, VIRGINIA**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**CHANGES IN NET OPEB LIABILITY**

YEAR ENDED JUNE 30,

	2017	2018	2019	2020	2021	2022	2023	2024
<b>Total OPEB Liability</b>								
Service cost	\$ 346,158	\$ 356,543	\$ 367,239	\$ 190,014	\$ 195,714	\$ 65,931	\$ 67,909	\$ 83,887
Interest	6,228,890	6,134,980	5,576,757	5,173,959	4,929,091	5,030,005	5,045,939	5,054,650
Difference between expected and actual experience	-	-	(19,223,441)	-	(6,235,481)	-	(3,923,415)	-
Change in assumptions	-	13,762,045	(7,065,612)	4,456,495	(7,281,461)	(700,443)	3,483,142	(862,309)
Benefit payments	(6,171,067)	(5,120,869)	(4,710,799)	(4,842,479)	(5,340,619)	(5,441,561)	(5,259,673)	(5,025,917)
Net change in total OPEB liability	403,981	15,132,699	(25,055,856)	4,977,989	(13,732,756)	(1,046,068)	(586,098)	(749,689)
Total OPEB liability -- beginning	99,113,541	99,517,522	114,650,221	89,594,365	94,572,354	80,839,598	79,793,530	79,207,432
Total OPEB liability -- ending	<u>\$ 99,517,522</u>	<u>\$ 114,650,221</u>	<u>\$ 89,594,365</u>	<u>\$ 94,572,354</u>	<u>\$ 80,839,598</u>	<u>\$ 79,793,530</u>	<u>\$ 79,207,432</u>	<u>\$ 78,457,743</u>
<b>Plan fiduciary net position</b>								
Contributions -- employer	\$ 6,745,919	\$ 5,120,869	\$ 4,710,799	\$ 4,842,479	\$ 5,340,619	\$ 5,441,561	\$ 5,259,673	\$ 5,025,917
Contributions -- members	1,525,148	1,506,699	1,413,703	1,361,282	1,169,951	1,054,951	921,235	794,730
Net investment income	2,489,541	2,238,661	1,162,759	807,842	8,177,696	(3,261,439)	2,443,081	3,266,176
Benefit payments	(6,171,067)	(6,627,568)	(6,124,502)	(6,203,761)	(6,510,570)	(6,496,512)	(6,180,908)	(5,820,647)
Administrative expense	(23,168)	(26,340)	(26,688)	(27,197)	(29,115)	(34,932)	(29,812)	(31,387)
Other changes	-	-	(27,000)	-	-	-	-	-
Net change in plan fiduciary net position	4,566,373	2,212,321	1,109,071	780,645	8,148,581	(3,296,371)	2,413,269	3,234,789
Plan fiduciary net position -- beginning	18,536,899	23,103,272	25,315,593	26,424,664	27,205,309	35,353,890	32,057,519	34,470,788
Plan fiduciary net position -- ending	<u>\$ 23,103,272</u>	<u>\$ 25,315,593</u>	<u>\$ 26,424,664</u>	<u>\$ 27,205,309</u>	<u>\$ 35,353,890</u>	<u>\$ 32,057,519</u>	<u>\$ 34,470,788</u>	<u>\$ 37,705,577</u>
Net OPEB Liability -- Beginning of Year	<u>\$ 80,576,642</u>	<u>\$ 76,414,250</u>	<u>\$ 89,334,628</u>	<u>\$ 63,169,701</u>	<u>\$ 67,367,045</u>	<u>\$ 45,485,708</u>	<u>\$ 47,736,011</u>	<u>\$ 44,736,644</u>
Net OPEB Liability -- End of Year	<u>\$ 76,414,250</u>	<u>\$ 89,334,628</u>	<u>\$ 63,169,701</u>	<u>\$ 67,367,045</u>	<u>\$ 45,485,708</u>	<u>\$ 47,736,011</u>	<u>\$ 44,736,644</u>	<u>\$ 40,752,166</u>
Plan Fiduciary Net Position as a percentage of Total								
OPEB Liability	23.2%	22.1%	29.5%	28.8%	43.7%	40.2%	43.5%	48.1%
Covered Payroll	\$ 111,269,858	\$ 102,181,521	\$ 96,501,902	\$ 92,110,467	\$ 84,826,533	\$ 83,573,285	\$ 82,319,195	\$ 79,922,940
Net OPEB Liability as a percentage of Covered Payroll	72.3%	87.4%	65.5%	73.1%	53.6%	57.1%	54.3%	51.0%

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

**THE SCHOOL BOARD OF THE CITY OF NEWPORT NEWS, VIRGINIA**  
**REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)**  
**SCHEDULE OF INVESTMENT RETURNS**

*YEAR ENDED JUNE 30,*

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<u>Year</u>	<u>Annual Money- Weighted Rate of Return, net of Investment Expenses</u>
2017	12.8%
2018	9.7%
2019	4.6%
2020	3.1%
2021	30.1%
2022	-9.2%
2023	7.6%
2024	9.5%

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

**THE SCHOOL BOARD OF THE CITY OF NEWPORT NEWS, VIRGINIA**  
**SCHEDULE OF EMPLOYER CONTRIBUTIONS**

YEAR ENDED JUNE 30

<b>Year Ended</b>	<b>Actuarially Determined Employer Contribution</b>	<b>Actual Employer Contribution</b>	<b>Percentage Contributed</b>	<b>Contribution Deficiency (Excess)</b>	<b>Employer's Covered Payroll</b>	<b>Contributions as a % of Covered Payroll</b>
2014	\$ 8,837,990	\$ 8,548,391	96.72%	\$ 289,599	\$ 119,767,787	7.14%
2015	7,407,843	7,407,843	100.00%	-	111,511,673	6.64%
2016	7,781,323	6,897,333	88.64%	883,990.00	105,746,207	6.52%
2017	6,726,751	6,745,919	100.28%	(19,168.00)	111,269,858	6.06%
2018	6,735,867	5,120,869	76.02%	1,614,998.00	102,181,521	5.01%
2019	4,996,292	4,710,799	94.29%	285,493.00	96,501,902	4.88%
2020	5,005,842	4,842,479	96.74%	163,363.00	92,110,467	5.26%
2021	4,588,500	5,340,619	116.39%	(752,119.00)	84,826,533	6.30%
2022	4,726,155	5,441,561	115.14%	(715,406.00)	83,573,285	6.51%
2023	4,315,233	5,259,673	121.89%	(944,440.00)	82,319,195	6.39%
2024	4,444,690	5,025,917	113.08%	(581,227.00)	79,922,940	6.29%

Actuarial Assumptions:

Valuation date	7/1/2022
Measurement date	6/30/2023
Actuarial cost method	Entry Age Normal
Amortization period	20 years
Asset valuation method	Market Value
Inflation	2.75
Salary Increases	NA
Investment rate of return	7.00% net of investment expenses and including inflation

**THE SCHOOL BOARD OF THE CITY OF NEWPORT NEWS, VIRGINIA**

REQUIRED SUPPLEMENTARY INFORMATION (Unaudited)

**SCHEDULE OF EMPLOYER'S PROPORTIONATE SHARE OF NET OPEB LIABILITY - TEACHER HEALTH INSURANCE CREDIT PROGRAM  
FOR THE VIRGINIA RETIREMENT SYSTEM (VRS)**

YEAR ENDED JUNE 30

	<u>VRS 2017</u>	<u>VRS 2018</u>	<u>VRS 2019</u>	<u>VRS 2020</u>	<u>VRS 2021</u>	<u>VRS 2022</u>	<u>VRS 2023</u>
Employer's proportion of the net Teacher HIC OPEB plan liability	2.02361%	1.99148%	1.96470%	1.90515%	1.90055%	1.86757%	1.86892%
Employer's proportionate share of the net Teacher HIC OPEB plan liability	\$ 25,671,000	\$ 25,286,000	\$ 25,719,834	\$ 24,852,997	\$ 24,394,874	\$ 23,326,818	\$ 22,640,422
Employer's covered payroll	\$ 155,659,733	\$ 159,703,318	\$ 161,058,323	\$ 164,792,500	\$ 167,020,303	\$ 174,060,415	\$ 186,351,223
Employer's proportionate share of the net Teacher HIC OPEB plan liability as a percentage of its covered payroll	16.49%	15.83%	15.97%	15.08%	14.61%	13.40%	12.15%
Plan fiduciary net position as a percentage of the total Teacher HIC OPEB liability	7.04%	8.08%	8.97%	9.95%	13.15%	15.08%	17.90%

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

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

**THE SCHOOL BOARD OF THE CITY OF NEWPORT NEWS, VIRGINIA**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF CONTRACTUALLY REQUIRED EMPLOYER**  
**CONTRIBUTIONS OPEB HIC PLAN**

*YEAR ENDED JUNE 30*

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<b>Year Ended</b>	<b>Contractually Required Contribution</b>	<b>Contribution in Relation to Contractually Required Contribution</b>	<b>Contribution Deficiency (Excess)</b>	<b>Employer's Covered Payroll</b>	<b>Contributions as a % of Covered Payroll</b>
2014	\$1,679,874	\$1,679,874	\$ -	\$151,339,978	1.11%
2015	1,631,376	1,631,376	-	153,903,373	1.06%
2016	1,649,993	1,649,993	-	155,659,733	1.06%
2017	1,772,707	1,772,707	-	159,703,318	1.11%
2018	2,151,528	2,151,528	-	161,058,323	1.34%
2019	1,976,811	1,976,811	-	164,792,500	1.20%
2020	2,004,557	2,004,557	-	167,020,303	1.20%
2021	2,034,165	2,034,165	-	168,083,938	1.21%
2022	2,105,968	2,105,968	-	174,060,418	1.21%
2023	2,254,877	2,254,877	-	186,351,223	1.21%
2024	2,455,137	2,455,137	-	202,853,918	1.21%

**THE SCHOOL BOARD OF THE CITY OF NEWPORT NEWS, VIRGINIA**  
 REQUIRED SUPPLEMENTARY INFORMATION (Unaudited)  
 SCHEDULE OF EMPLOYER'S PROPORTIONATE SHARE OF NET OPEB LIABILITY - GROUP LIFE INSURANCE PROGRAM FOR THE VIRGINIA RETIREMENT SYSTEM (VRS)

YEAR ENDED JUNE 30

	VRS PROFESSIONAL 2017	VRS NON-PROFESSIONAL 2017	VRS PROFESSIONAL 2018	VRS NON-PROFESSIONAL 2018	VRS PROFESSIONAL 2019	VRS NON-PROFESSIONAL 2019	VRS PROFESSIONAL 2020	VRS NON-PROFESSIONAL 2020	VRS PROFESSIONAL 2021	VRS NON-PROFESSIONAL 2021	VRS PROFESSIONAL 2022	VRS NON-PROFESSIONAL 2022	VRS PROFESSIONAL 2023	VRS NON-PROFESSIONAL 2023
Employer's proportion of the net GLI OPEB liability	0.87085%	0.04305%	0.85173%	0.05185%	0.84551%	0.05696%	0.81656%	0.58440%	0.84551%	0.56960%	0.80615%	0.05907%	0.79724%	0.76790%
Employer's proportionate share of the net GLI OPEB liability	\$ 13,105,000	\$ 648,000	\$ 12,936,000	\$ 787,000	\$ 13,758,698	\$ 926,891	\$ 13,657,050	\$ 975,268	\$ 9,527,232	\$ 678,304	\$ 9,706,823	\$ 711,260	\$ 9,561,407	\$ 920,953
Employer's covered payroll	\$ 160,630,602	\$ 7,941,396	\$ 161,954,625	\$ 9,859,090	\$ 165,748,568	\$ 11,166,678	\$ 168,051,675	\$ 12,027,008	\$ 168,948,972	\$ 12,027,977	\$ 175,357,510	\$ 12,849,476	\$ 187,792,907	\$ 18,088,996
Employer's proportionate share of the net GLI OPEB liability as a percentage of its covered payroll	8.16%	8.16%	7.99%	7.98%	8.30%	8.30%	8.13%	8.11%	5.64%	5.64%	5.54%	5.54%	5.09%	5.09%
Plan fiduciary net position as a percentage of the total GLI OPEB liability	48.86%	48.86%	51.22%	51.22%	52.00%	52.00%	52.64%	52.64%	67.45%	67.45%	67.21%	67.21%	69.30%	69.30%

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

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

**THE SCHOOL BOARD OF THE CITY OF NEWPORT NEWS, VIRGINIA**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF CONTRACTUALLY REQUIRED EMPLOYER OPEB CONTRIBUTIONS**  
**GROUP LIFE INSURANCE PROGRAM FOR THE VIRGINIA RETIREMENT SYSTEM (VRS)**

YEAR ENDED JUNE 30

<u>Year Ended</u>	<u>Contractually Required Contribution</u>	<u>Contribution in Relation to Contractually Required Contribution</u>	<u>Contribution Deficiency (Excess)</u>	<u>Employer's Covered Payroll</u>	<u>Contributions as a % of Covered Payroll</u>
<b>VRS Professional Plan:</b>					
2014	\$ 730,865	\$ 730,865	\$ -	\$ 152,263,605	0.48%
2015	742,648	742,648	-	154,718,281	0.48%
2016	752,231	752,231	-	156,714,789	0.48%
2017	835,279	835,279	-	160,630,602	0.52%
2018	842,164	842,164	-	161,954,625	0.52%
2019	861,893	861,893	-	165,748,568	0.52%
2020	873,869	873,869	-	168,051,675	0.52%
2021	912,324	912,324	-	168,948,972	0.54%
2022	946,931	946,931	-	175,357,510	0.54%
2023	1,014,082	1,014,082	-	187,792,907	0.54%
2024	1,103,551	1,103,551	-	204,361,378	0.54%
<b>VRS Non-Professional Plan:</b>					
2014	\$ 21,999	\$ 21,999	\$ -	\$ 4,583,022	0.48%
2015	28,171	28,171	-	5,868,882	0.48%
2016	32,016	32,016	-	6,669,969	0.48%
2017	41,295	41,295	-	7,941,396	0.52%
2018	51,267	51,267	-	9,859,090	0.52%
2019	58,067	58,067	-	11,166,678	0.52%
2020	62,540	62,540	-	12,027,008	0.52%
2021	64,951	64,951	-	12,027,977	0.54%
2022	69,387	69,387	-	12,849,476	0.54%
2023	97,681	97,681	-	18,088,996	0.54%
2024	104,812	104,812	-	17,607,146	0.60%

**THE SCHOOL BOARD OF THE  
CITY OF NEWPORT NEWS, VIRGINIA**

Notes To Required Supplementary Information

June 30, 2024

Budgetary Data

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

- (i) On or before April 1, the School Board submits to the City Council of the City proposed operating budgets for the General Fund, the Workers' Compensation Special Revenue Fund and the Textbook Special Revenue Fund for the forthcoming fiscal year. The operating budgets include proposed expenditures and other financing uses and the means of financing them.
- (ii) A public hearing on the City budget, which includes the School Board, is held after a synopsis of the budget is published in a local newspaper of general circulation. An appropriation ordinance must be adopted by the City Council by May 15.
- (iii) The School Board and Superintendent may amend the budget or make transfers between functions and budgetary line items without City Council approval. However, the School Board may not make transfers or expend any sum of money in excess of City Council appropriations, at the fund level, without the consent of the City Council. The legal level of budgetary control for the General Fund, the Workers' Compensation non-major Special Revenue Fund and the Textbook non-major Special Revenue Fund is the fund level; however, management control is exercised over the budget at the budgetary line item level. Appropriations, except for encumbrances and reserved fund balances, lapse at year-end.
- (iv) Budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America (GAAP), except for the following:
  - 1) Encumbrances are included as budgetary expenditures;
  - 2) Capital lease other financing sources and the accompanying capital lease expenditures are not included as budgetary resources or expenditures;
  - 3) The net change for the prepaid medical self-insurance program is excluded from the budget comparison;
  - 4) Revenue from the City that is designated for debt service and returned to the City to pay debt service is included for budgetary purposes but excluded for GAAP purposes.
- (v) Annual legally adopted operating budgets are not adopted for any other Special Revenue Funds. The School Board adopts an annual, but not a legal, operating budget for the Child Nutrition Services Fund. Program budgets for the Grants Special Revenue Fund, the Adult Education Special Revenue Fund and the State Construction Capital Projects Fund are approved by executive departments on a basis consistent with the related grant applications. Project budgets are appropriated by City Council (on a project basis, not an annual basis) for the General Obligation Bond Fund and the General Capital Projects Fund whereby the budgets remain open and carry over to succeeding years until the project is complete.



**THE SCHOOL BOARD OF THE CITY OF NEWPORT NEWS, VIRGINIA  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**

*JUNE 30, 2024*

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City budget appropriations	\$ 119,589,307
Less amounts recorded by City	<u>(1,092,987)</u>
City revenue - GAAP basis	<u><u>\$ 118,496,320</u></u>

## **SUPPLEMENTARY INFORMATION**

**THE SCHOOL BOARD OF THE  
CITY OF NEWPORT NEWS, VIRGINIA  
NONMAJOR GOVERNMENTAL FUNDS**

**June 30, 2024**

**Special Revenue Funds:**

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

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

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

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

*Enterprise Academy* – to account for the regional school district providing alternative educational services for middle and high school students. The School Board is designated as the responsible party.

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

**Capital Projects Funds:**

*State Construction* – to account for capital project funding provided by the Commonwealth of Virginia for school construction projects.

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

**THE SCHOOL BOARD OF THE CITY OF NEWPORT NEWS, VIRGINIA**  
**COMBINING BALANCE SHEET**  
**NONMAJOR GOVERNMENTAL FUNDS**

JUNE 30, 2024

	Special Revenue Funds						Total Nonmajor Special Revenue Funds	Capital Projects Funds		Total Capital Projects Funds	Total Nonmajor Governmental Funds
	Workers' Compensation	Textbooks	Child Nutrition	Adult Education	Enterprise Academy	School Activity Funds		State Construction	General Cash		
<b>ASSETS</b>											
Cash and cash equivalents	\$ 8,202,750	\$ 9,482,085	\$ 7,402,293	\$ 104,629	\$ 2,120	\$ 1,646,702	\$ 26,840,579	\$ 6,428,959	\$ 3,125,520	\$ 9,554,479	\$ 36,395,058
Cash with fiscal agent	250,000	-	-	-	-	-	250,000	-	-	-	250,000
Due from other governments	-	-	971,955	-	-	-	971,955	756,139	-	756,139	1,728,094
Inventories	-	-	558,564	-	-	-	558,564	-	-	-	558,564
Total assets	<u>\$ 8,452,750</u>	<u>\$ 9,482,085</u>	<u>\$ 8,932,812</u>	<u>\$ 104,629</u>	<u>\$ 2,120</u>	<u>\$ 1,646,702</u>	<u>\$ 28,621,098</u>	<u>\$ 7,185,098</u>	<u>\$ 3,125,520</u>	<u>\$ 10,310,618</u>	<u>\$ 38,931,716</u>
<b>LIABILITIES</b>											
Accounts payable	\$ 80,106	\$ 108,620	\$ 717,392	\$ -	\$ 2,120	\$ -	\$ 908,238	\$ 3,158,575	\$ 8,449	\$ 3,167,024	\$ 4,075,262
Total liabilities	<u>80,106</u>	<u>108,620</u>	<u>717,392</u>	<u>-</u>	<u>2,120</u>	<u>-</u>	<u>908,238</u>	<u>3,158,575</u>	<u>8,449</u>	<u>3,167,024</u>	<u>4,075,262</u>
<b>FUND BALANCES</b>											
<b>Nonspendable:</b>											
Inventories and prepaids	-	-	558,564	-	-	-	558,564	-	-	-	558,564
<b>Restricted:</b>											
Adult education services	-	-	-	104,629	-	-	104,629	-	-	-	104,629
Capital projects	-	-	-	-	-	-	-	4,026,523	-	4,026,523	4,026,523
Child nutrition services	-	-	7,647,938	-	-	-	7,647,938	-	-	-	7,647,938
Textbooks	-	7,083,797	-	-	-	-	7,083,797	-	-	-	7,083,797
Workers' compensation	8,341,753	-	-	-	-	-	8,341,753	-	-	-	8,341,753
Student activities	-	-	-	-	-	1,646,702	1,646,702	-	-	-	1,646,702
<b>Assigned:</b>											
Contractual obligations	30,891	2,289,668	8,918	-	-	-	2,329,477	-	3,117,071	3,117,071	5,446,548
Total fund balances	<u>8,372,644</u>	<u>9,373,465</u>	<u>8,215,420</u>	<u>104,629</u>	<u>-</u>	<u>1,646,702</u>	<u>27,712,860</u>	<u>4,026,523</u>	<u>3,117,071</u>	<u>7,143,594</u>	<u>34,856,454</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 8,452,750</u>	<u>\$ 9,482,085</u>	<u>\$ 8,932,812</u>	<u>\$ 104,629</u>	<u>\$ 2,120</u>	<u>\$ 1,646,702</u>	<u>\$ 28,621,098</u>	<u>\$ 7,185,098</u>	<u>\$ 3,125,520</u>	<u>\$ 10,310,618</u>	<u>\$ 38,931,716</u>

**THE SCHOOL BOARD OF THE CITY OF NEWPORT NEWS, VIRGINIA**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**NONMAJOR GOVERNMENTAL FUNDS**

YEAR ENDED JUNE 30, 2024

	Special Revenue Funds						Total Nonmajor Special Revenue Funds	Capital Projects Funds		Total Capital Projects Funds	Total Nonmajor Governmental Funds
	Workers' Compensation	Textbooks	Child Nutrition	Adult Education	Enterprise Academy	School Activity Funds		State Construction	General Cash		
<b>REVENUES</b>											
Intergovernmental revenue											
City of Newport News, Virginia	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,481,914	\$ 3,481,914	\$ 3,481,914
Commonwealth of Virginia	-	2,361,586	435,667	-	-	-	2,797,253	4,100,819	-	4,100,819	6,898,072
Federal government	-	-	22,455,237	-	-	-	22,455,237	-	-	-	22,455,237
Charges for services	2,037,388	-	488,038	38,268	-	-	2,563,694	-	-	-	2,563,694
Investment earnings (losses)	368,401	-	331,476	-	-	-	699,877	-	-	-	699,877
Miscellaneous	-	-	-	-	-	3,018,527	3,018,527	-	-	-	3,018,527
Total revenues	2,405,789	2,361,586	23,710,418	38,268	-	3,018,527	31,534,588	4,100,819	3,481,914	7,582,733	39,117,321
<b>EXPENDITURES</b>											
Current:											
Academic services	-	2,319,940	-	179,507	2,236,502	2,883,700	7,619,649	-	-	-	7,619,649
Attendance and health services	-	-	-	-	107,252	-	107,252	-	-	-	107,252
Operations and facilities	-	-	218,401	-	258,616	-	477,017	4,571,904	-	4,571,904	5,048,921
Child nutrition services	-	-	25,056,075	-	-	-	25,056,075	-	-	-	25,056,075
Technology services	-	-	-	-	41,792	-	41,792	-	-	-	41,792
Administration	1,193,729	-	-	-	-	-	1,193,729	-	-	-	1,193,729
Capital Outlay	-	-	-	-	-	-	-	3,136,408	2,419,789	5,556,197	5,556,197
Debt service:											
Principal	-	-	-	-	434,750	-	434,750	-	-	-	434,750
Interest and other charges	-	-	-	-	27,890	-	27,890	-	-	-	27,890
Total expenditures	1,193,729	2,319,940	25,274,476	179,507	3,106,802	2,883,700	34,958,154	7,708,312	2,419,789	10,128,101	45,086,255
Excess (deficiency) of revenues over expenditures	1,212,060	41,646	(1,564,058)	(141,239)	(3,106,802)	134,827	(3,423,566)	(3,607,493)	1,062,125	(2,545,368)	(5,968,934)
<b>OTHER FINANCING SOURCES</b>											
Transfers from other funds	-	-	-	-	3,106,802	-	3,106,802	-	-	-	3,106,802
Total other financing sources	-	-	-	-	3,106,802	-	3,106,802	-	-	-	3,106,802
Net change in fund balances	1,212,060	41,646	(1,564,058)	(141,239)	-	134,827	(316,764)	(3,607,493)	1,062,125	(2,545,368)	(2,862,132)
Fund balances, beginning	7,160,584	9,331,819	10,045,449	245,868	-	1,511,875	28,295,595	7,634,016	2,054,946	9,688,962	37,984,557
Decrease in nonspendable inventory	-	-	(265,971)	-	-	-	(265,971)	-	-	-	(265,971)
Fund balances, ending	\$ 8,372,644	\$ 9,373,465	\$ 8,215,420	\$ 104,629	\$ -	\$ 1,646,702	\$ 27,712,860	\$ 4,026,523	\$ 3,117,071	\$ 7,143,594	\$ 34,856,454

**THE SCHOOL BOARD OF THE CITY OF NEWPORT NEWS, VIRGINIA**  
**WORKERS' COMPENSATION FUND**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCE-BUDGET AND ACTUAL (BUDGET BASIS)**

YEAR ENDED JUNE 30, 2024

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:				
Charges for services	\$ 1,865,000	\$ 1,865,000	2,037,388	\$ 172,388
Investment income	60,000	60,000	368,401	308,401
	<u>1,925,000</u>	<u>1,925,000</u>	<u>2,405,789</u>	<u>480,789</u>
Expenditures:				
Administration				
Claims	2,201,000	2,231,891	1,019,743	1,212,148
Administrative	127,486	127,486	173,986	(46,500)
Total Administration	<u>2,328,486</u>	<u>2,359,377</u>	<u>1,193,729</u>	<u>1,165,648</u>
Total expenditures	<u>2,328,486</u>	<u>2,359,377</u>	<u>1,193,729</u>	<u>1,165,648</u>
Net change in fund balances	(403,486)	(434,377)	1,212,060	1,646,437
Fund balance at beginning of year	7,160,583	7,160,583	7,160,583	-
Less encumbrances outstanding at June 30, 2023 expended or canceled at June 30, 2024	(33,465)	(33,465)	(30,890)	2,575
Add encumbrances outstanding at June 30, 2024	30,891	30,891	30,891	-
Fund balance at end of year	<u>\$ 6,757,097</u>	<u>\$ 6,726,206</u>	<u>\$ 8,372,644</u>	<u>\$ 1,646,437</u>

**THE SCHOOL BOARD OF THE CITY OF NEWPORT NEWS, VIRGINIA**  
**TEXTBOOK FUND**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCE-BUDGET AND ACTUAL (BUDGET BASIS)**

YEAR ENDED JUNE 30, 2024

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:				
Commonwealth of Virginia	\$ 2,426,273	\$ 4,026,273	\$ 2,361,586	\$ (1,664,687)
Total revenues	<u>2,426,273</u>	<u>4,026,273</u>	<u>2,361,586</u>	<u>1,664,687</u>
Expenditures:				
Academic services	2,640,273	4,730,452	2,319,940	2,410,512
Total expenditures	<u>2,640,273</u>	<u>4,730,452</u>	<u>2,319,940</u>	<u>2,410,512</u>
Net change in fund balances	(214,000)	(704,179)	41,646	(745,825)
Fund balance at beginning of year	9,331,819	9,331,819	9,331,819	-
Less encumbrances outstanding at June 30, 2023 expended or canceled at June 30, 2024	(501,175)	(501,175)	(501,175)	-
Add encumbrances outstanding at June 30, 2024	501,175	501,175	501,175	-
Fund balance at end of year	<u>\$ 9,117,819</u>	<u>\$ 8,627,640</u>	<u>\$ 9,373,465</u>	<u>\$ (745,825)</u>

## **STATISTICAL SECTION**



**THE SCHOOL BOARD OF THE CITY OF NEWPORT NEWS, VIRGINIA**  
**STATISTICAL SECTION (UNAUDITED)**

JUNE 30, 2024

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This part of the School Board's Annual Comprehensive Financial Report presents detailed information as a context for understanding what the information in the financial statements, note disclosures and required supplementary information says about the government's overall financial health.

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

Schedule of Property Tax Levies and Collections  
Schedule of Property Valuations – Assessed Valuations  
Schedule of Property Tax Rates  
Legal Debt Limit  
Construction and Property Values and Bank Deposits

<b><u>Contents</u></b>	<b><u>Page</u></b>
Financial Trends	99
<i>These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.</i>	
Revenue Capacity	101
<i>The School Board does not have the ability to generate its own revenue, but instead receives revenue generated by the City of Newport News, the Commonwealth of Virginia and the Federal government.</i>	
Debt Capacity	105
<i>The School Board cannot issue general obligation bonded debt. The debt for leases and facility notes payable is provided.</i>	
Demographic and Economic Information	106
<i>The schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.</i>	
Operating Information	108
<i>These schedules contain service and capital asset data to help the reader understand how the information of the government's financial report relates to the services the government provides and the activities it performs.</i>	

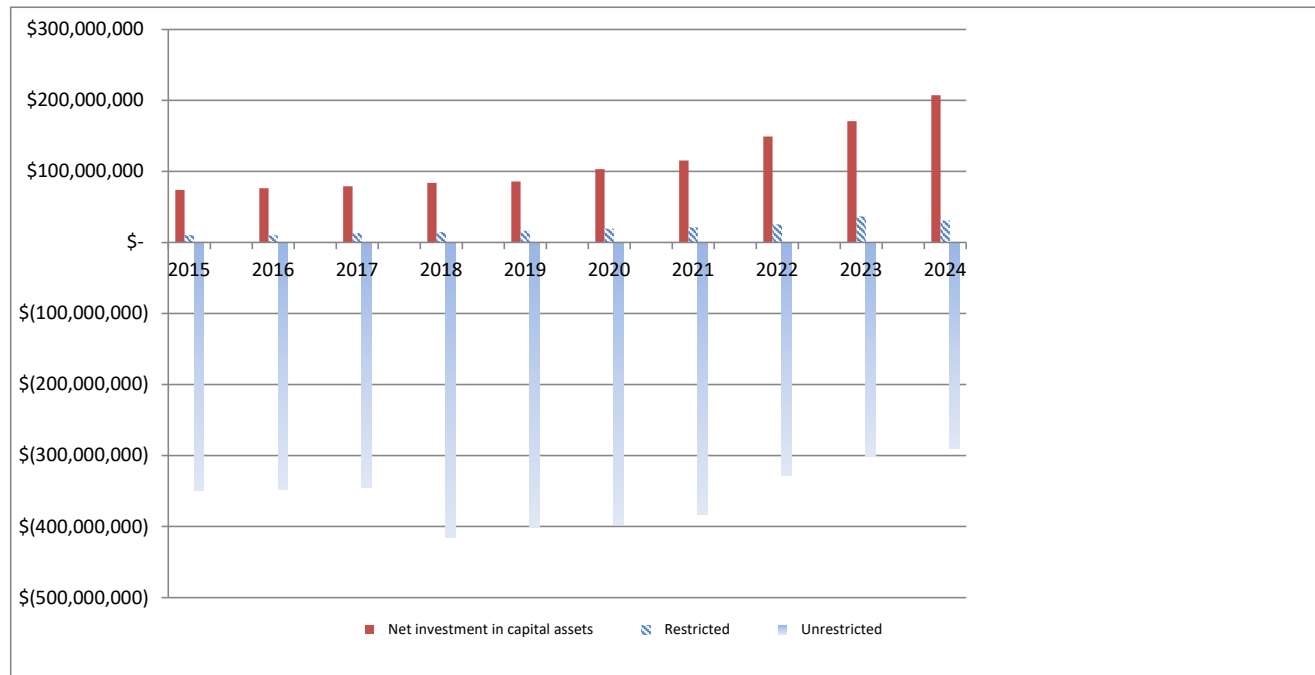
Sources: Unless otherwise noted, the information in these schedules is derived from the Annual Comprehensive Financial Reports for the relevant year.

**THE SCHOOL BOARD OF THE CITY OF NEWPORT NEWS, VIRGINIA**  
**NET POSITION BY COMPONENT (UNAUDITED)**

*LAST TEN FISCAL YEARS*  
*(ACCRUAL BASIS OF ACCOUNTING)*

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Governmental activities:										
Net investment in capital assets	\$ 73,864,578	\$ 76,396,233	\$ 79,134,691	\$ 83,735,916	\$ 85,817,478	\$ 103,225,846	\$ 115,367,599	\$ 149,190,754	\$ 170,797,424	\$ 207,304,313
Restricted	10,161,823	9,887,365	12,979,322	14,453,268	16,488,390	19,271,354	21,031,123	25,347,400	36,734,399	30,744,105
Unrestricted	(349,008,517)	(348,482,706)	(344,837,917)	(415,912,591)	(401,816,864)	(397,884,305)	(383,563,356)	(328,724,911)	(301,149,768)	(290,249,652)
Total net position	<u>\$ 72,539,045</u>	<u>\$ (264,982,116)</u>	<u>\$ (252,723,904)</u>	<u>\$ (317,723,407)</u>	<u>\$ (299,510,996)</u>	<u>\$ (275,387,105)</u>	<u>\$ (247,164,634)</u>	<u>\$ (154,186,757)</u>	<u>\$ (93,617,945)</u>	<u>\$ (52,201,234)</u>

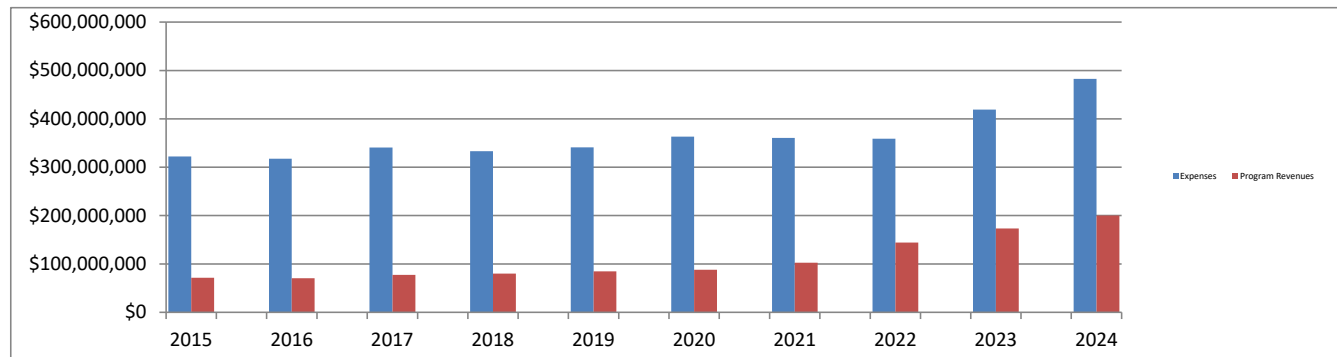
NOTE - Implementation of GASB 68 and GASB 71 regarding pensions is the reason that unrestricted declined so significantly in FY2015 and implementation of GASB 75 regarding other postemployment benefits is the reason that unrestricted declined so significantly in FY2018. FY2020 has been restated due to the implementation of GASB 84, *Fiduciary Activities*.



**THE SCHOOL BOARD OF THE CITY OF NEWPORT NEWS, VIRGINIA**  
**NET POSITION BY COMPONENT (UNAUDITED)**

*LAST TEN FISCAL YEARS*  
*(ACCRUAL BASIS OF ACCOUNTING)*

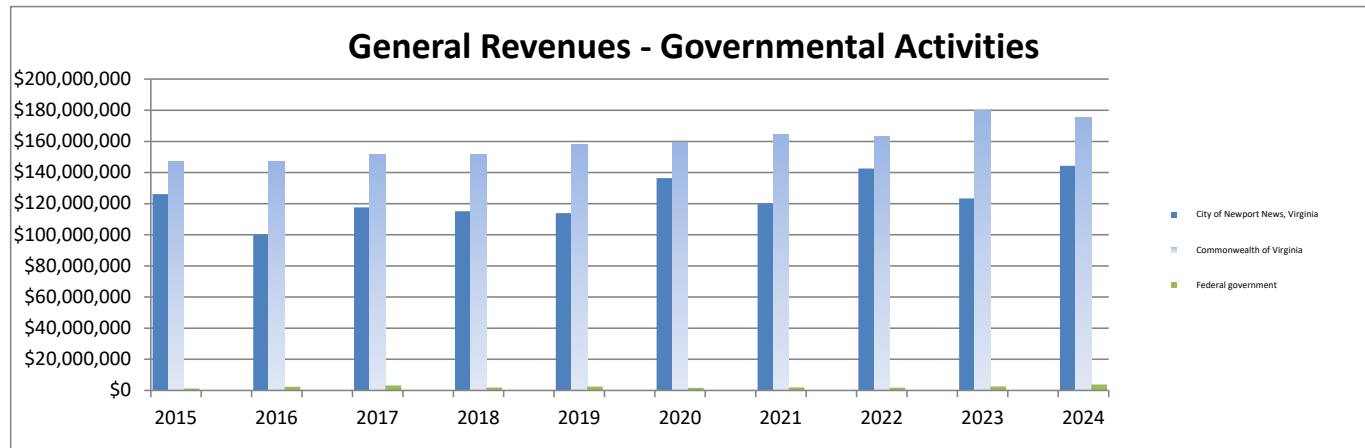
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
<b>Expenses</b>										
Governmental activities:										
Academic services	\$ 226,919,153	\$ 223,914,542	\$ 239,059,534	\$ 233,563,436	\$ 237,092,146	\$ 251,796,113	\$ 256,176,304	\$ 246,301,627	\$265,493,617	\$ 304,266,606
Attendance and health services	5,477,238	5,516,924	5,819,807	5,772,856	5,789,055	5,840,823	6,369,060	5,455,766	8,313,982	11,755,604
Transportation services	18,060,597	17,178,198	19,401,940	19,477,828	20,414,287	22,340,038	17,253,221	21,815,640	24,255,683	24,324,201
Operations and facilities	32,217,732	29,940,440	33,551,144	32,622,223	32,634,471	33,407,917	32,942,678	34,626,465	56,287,038	67,295,528
Child nutrition services	16,318,436	16,719,938	17,410,411	17,763,684	17,874,039	19,389,589	13,760,362	14,922,336	21,515,469	25,568,525
Technology services	13,305,419	14,816,817	15,885,584	14,763,143	17,282,063	19,015,003	23,102,537	24,064,316	21,592,096	25,780,325
Administration	9,677,653	9,478,014	8,808,208	8,540,498	9,658,002	10,830,253	10,661,816	11,598,760	21,682,049	23,634,499
Interest on capital debt	258,111	40,858	861,885	502,197	470,071	445,834	425,488	160,098	76,953	101,535
<b>Total expenses</b>	<b>322,234,339</b>	<b>317,605,731</b>	<b>340,798,513</b>	<b>333,005,865</b>	<b>341,214,134</b>	<b>363,065,570</b>	<b>360,691,466</b>	<b>358,945,008</b>	<b>419,216,887</b>	<b>482,726,823</b>
<b>Program Revenues</b>										
Charges for services:										
Academic services	1,694,406	1,043,101	994,482	964,365	1,079,119	1,257,017	852,522	1,431,871	\$2,965,403	\$ 2,920,954
Operations and facilities	417,127	443,071	425,862	456,180	369,970	612,132	573,749	697,913	487,464	556,286
Child nutrition services	3,054,562	2,959,508	2,435,283	2,137,859	1,306,961	479,983	44,707	15,820	424,741	488,038
Technology services	106,760	526,503	878,545	118,209	298,250	252,776	-	-	-	-
Administration	2,446,135	2,095,897	2,094,329	1,543,042	3,094,401	1,704,338	1,701,941	2,508,182	2,706,172	3,075,437
Operating grants and contributions	62,730,008	62,893,347	69,051,155	73,811,020	77,131,195	82,297,679	98,065,482	138,547,565	164,908,675	188,275,403
Capital grants and contributions	1,308,589	885,030	1,931,173	1,371,676	1,632,915	1,662,668	1,495,769	915,210	1,955,227	4,642,710
<b>Total program revenues</b>	<b>71,757,587</b>	<b>70,846,457</b>	<b>77,810,829</b>	<b>80,402,351</b>	<b>84,912,811</b>	<b>88,266,593</b>	<b>102,734,170</b>	<b>144,116,561</b>	<b>173,447,682</b>	<b>199,958,828</b>
<b>Net Expense</b>	<b>\$ 250,476,752</b>	<b>\$ 246,759,274</b>	<b>\$ 262,987,684</b>	<b>\$ 252,603,514</b>	<b>\$ 256,301,323</b>	<b>\$ 274,798,977</b>	<b>\$ 257,957,296</b>	<b>\$ 214,828,447</b>	<b>\$ 245,769,205</b>	<b>\$ 282,767,995</b>



**THE SCHOOL BOARD OF THE CITY OF NEWPORT NEWS, VIRGINIA**  
**EXPENSES, PROGRAM REVENUES, AND NET EXPENSE (UNAUDITED)**

*LAST TEN FISCAL YEARS*  
*(ACCRUAL BASIS OF ACCOUNTING)*

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
<b>Net Expense</b>										
Total net expense	\$ 250,476,752	\$ 246,759,274	\$ 262,987,684	\$ 252,603,514	\$ 256,301,323	\$ 274,798,977	\$ 257,957,296	\$ 214,828,447	\$ 245,769,205	\$ 282,767,995
<b>General Revenues and Other</b>										
<b>Changes in Net Position</b>										
Governmental activities:										
Grants not restricted to specific programs										
City of Newport News, Virginia	126,133,857	99,916,844	117,586,726	115,076,604	113,885,271	136,449,303	119,779,623	142,613,894	123,331,148	144,302,323
Commonwealth of Virginia	146,829,384	147,216,415	151,605,074	151,756,817	157,975,478	158,975,313	164,471,287	163,448,158	179,946,746	175,346,673
Federal government	1,173,182	2,380,330	3,211,922	1,877,070	2,464,163	1,623,208	1,898,684	1,709,458	2,549,642	3,829,605
Interest	15,432	28,693	59,166	110,753	188,822	168,344	30,173	34,814	510,480	706,105
Total general revenues	274,151,855	249,542,282	272,462,888	268,860,662	274,513,734	297,216,168	286,179,767	307,806,324	306,338,016	324,184,706
<b>Change in Net Position</b>	23,675,103	2,783,008	9,475,204	16,257,148	(18,212,411)	22,417,191	28,222,471	92,977,877	60,568,811	41,416,711
Net position at beginning of year	72,539,045	(264,982,116)	(262,199,108)	(252,723,904)	(317,723,407)	(299,510,996)	(277,093,805)	(247,164,634)	(154,186,757)	(93,617,945)
Prior period adjustment	-	(361,196,264)	-	-	(81,256,651)	-	1,706,700	-	-	-
Net position at end of year	\$ 96,214,148	\$ (623,395,372)	\$ (252,723,904)	\$ (236,466,756)	\$ (380,767,647)	\$ (277,093,804)	\$ (247,164,634)	\$ (154,186,757)	\$ (93,617,946)	\$ (52,201,234)



**THE SCHOOL BOARD OF THE CITY OF NEWPORT NEWS, VIRGINIA**  
**FUND BALANCES – GOVERNMENTAL FUNDS (UNAUDITED)**  
**LAST TEN FISCAL YEARS**  
**(MODIFIED ACCRUAL BASIS OF ACCOUNTING)**

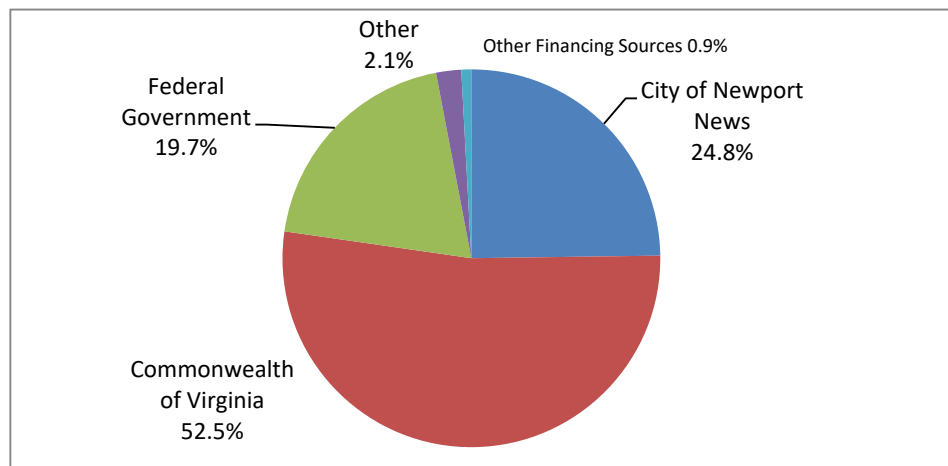
*FISCAL YEAR*

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
General Fund										
Nondspendable	\$ 1,748,790	\$ 1,295,585	\$ 1,114,494	\$ 1,169,262	\$ 862,212	\$ 1,032,201	\$ 1,324,663	\$ 2,320,375	\$ 2,184,306	\$ 1,968,361
Assigned to	23,648,913	24,068,826	22,342,891	21,500,629	19,703,260	20,566,541	33,317,343	27,444,123	22,961,675	16,606,254
Unassigned	-	-	-	-	333,194	-	6,708,745	6,283,180	7,693,682	4,915,322
<b>Total General Fund</b>	<b>\$ 25,397,703</b>	<b>\$ 25,364,411</b>	<b>\$ 23,457,385</b>	<b>\$ 22,669,891</b>	<b>\$ 20,898,666</b>	<b>\$ 21,598,742</b>	<b>\$ 41,350,751</b>	<b>\$ 36,047,678</b>	<b>\$ 32,839,663</b>	<b>\$ 23,489,937</b>
All Other Governmental Funds										
Nondspendable	\$ 521,172	\$ 547,528	\$ 452,121	\$ -	\$ -	\$ -	\$ -	\$ 969,278	\$ 824,535	\$ 558,564
Restricted	10,161,823	9,887,365	12,979,322	14,453,268	16,488,390	17,564,654	19,647,532	25,347,400	34,486,493	28,851,342
Assigned	19,738,006	5,071,163	6,631,329	11,183,556	9,437,748	13,033,303	7,498,780	12,472,258	5,943,775	9,406,624
<b>Total all other governmental funds</b>	<b>\$ 30,421,001</b>	<b>\$ 15,506,056</b>	<b>\$ 20,062,772</b>	<b>\$ 25,636,824</b>	<b>\$ 25,926,138</b>	<b>\$ 30,597,957</b>	<b>\$ 27,146,312</b>	<b>\$ 38,788,936</b>	<b>\$ 41,254,803</b>	<b>\$ 38,816,530</b>

**THE SCHOOL BOARD OF THE CITY OF NEWPORT NEWS, VIRGINIA**  
**GOVERNMENTAL FUNDS' REVENUES AND OTHER FINANCING SOURCES (UNAUDITED)**

*LAST TEN FISCAL YEARS*  
*(MODIFIED ACCRUAL BASIS OF ACCOUNTING)*

<b>Fiscal Year</b>	<b>City of Newport News</b>	<b>Commonwealth of Virginia</b>	<b>Federal Government</b>	<b>Other</b>	<b>Other Financing Sources</b>	<b>Total Revenues and Other Financing Sources</b>
2015	\$ 127,074,351	\$ 174,050,882	\$ 37,375,412	\$ 8,349,290	\$ 663,485	\$ 347,513,420
2016	108,353,173	173,853,546	38,426,543	7,991,806	11,164,235	339,789,303
2017	118,449,648	184,807,119	40,643,471	7,236,401	8,726,166	359,862,805
2018	119,466,869	190,106,100	38,128,069	5,952,241	956,819	354,610,098
2019	115,844,014	198,941,247	39,812,518	6,787,509	24,895	361,410,183
2020	129,798,856	205,412,034	38,258,465	5,023,827	382,981	378,876,163
2021	117,767,918	215,546,634	49,576,257	4,238,143	1,386,657	388,515,609
2022	125,069,308	224,342,826	77,636,415	7,275,942	7,667,981	441,992,472
2023	118,744,716	251,621,948	94,575,266	10,257,336	4,097,433	479,296,699
2024	127,039,760	260,019,356	107,809,254	11,262,876	995,855	507,127,101



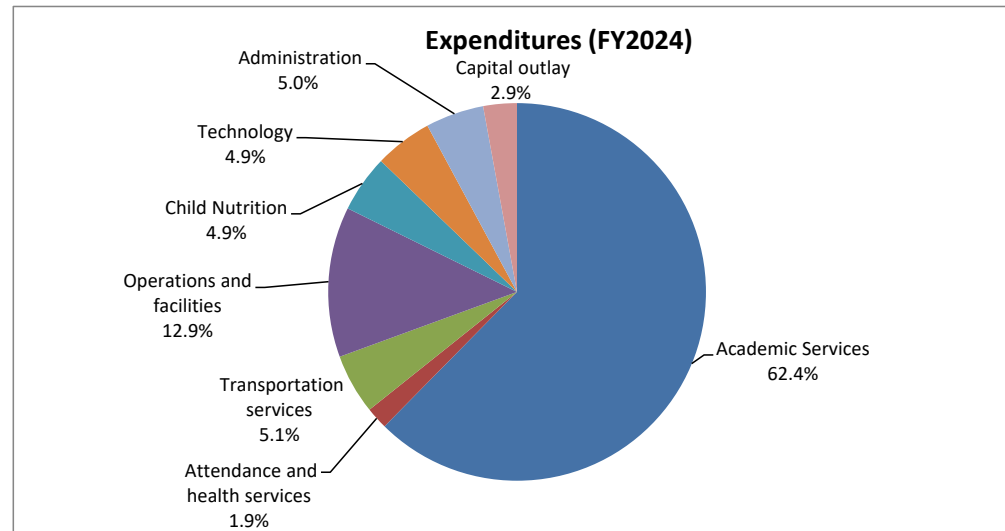
**THE SCHOOL BOARD OF THE CITY OF NEWPORT NEWS, VIRGINIA**

**GOVERNMENTAL FUNDS' EXPENDITURES, OTHER FINANCING SOURCES, CHANGE IN FUND BALANCE AND DEBT SERVICE RATIO (UNAUDITED)**

**LAST TEN FISCAL YEARS**

**(MODIFIED ACCRUAL BASIS OF ACCOUNTING)**

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Revenues and other financing sources (Table V)	\$ 347,513,420	\$ 339,789,303	\$ 359,862,805	\$ 354,610,098	\$ 361,410,183	\$ 378,876,163	\$ 388,515,609	\$ 441,992,472	\$ 479,296,699	\$ 507,127,101
Academic services	\$ 226,859,864	\$ 228,286,657	\$ 236,673,539	\$ 239,527,188	\$ 246,562,614	\$ 248,464,507	\$ 253,889,143	\$ 287,992,141	\$ 296,174,161	\$ 324,649,169
Attendance and health services	5,582,154	5,772,945	5,855,981	6,007,327	6,128,941	5,842,841	6,412,225	6,855,316	8,954,824	12,071,056
Transportation services	17,141,068	16,747,043	18,260,506	19,143,378	19,895,100	20,752,509	15,758,240	25,019,257	24,450,687	25,525,271
Operations and facilities	31,474,496	30,267,232	32,690,252	33,161,240	31,973,588	32,359,915	32,401,525	42,025,629	61,055,639	65,914,728
Child nutrition services	16,617,410	17,460,389	17,364,347	18,585,550	18,833,316	19,572,622	13,484,160	18,227,135	23,225,095	25,958,776
Technology services	13,577,254	15,655,607	15,747,776	15,137,753	17,923,925	19,131,895	23,209,936	29,195,670	23,448,490	26,591,949
Administration	9,654,222	9,740,468	8,711,954	8,735,554	10,084,005	10,756,984	10,671,653	13,822,356	23,685,730	23,485,377
Capital outlay	9,316,121	30,684,616	19,367,766	6,890,110	9,421,003	15,526,391	14,935,077	9,189,827	13,690,090	11,651,805
Debt service										
Principal	3,888,129	346,321	524,590	1,819,714	1,262,985	1,291,896	1,582,891	1,034,560	1,103,828	1,176,157
Interest	258,111	40,858	456,872	907,210	470,071	445,834	425,488	86,453	35,398	5,187
Leases and SBITAs:										
Principal	-	-	-	-	-	-	-	866,955	1,294,360	1,307,361
Interest	-	-	-	-	-	-	-	73,645	41,555	96,348
Other financing uses	-	19,821	1,282,834	-	24,895	-	1,386,657	2,331,007	2,598,177	-
Total expenditures and other financing uses	\$ 318,521,517	\$ 355,021,957	\$ 356,936,417	\$ 349,915,024	\$ 362,580,443	\$ 374,145,394	\$ 374,156,995	\$ 436,719,951	\$ 479,758,034	\$ 518,433,184
Change in fund balance	\$ 28,991,903	\$ (15,232,654)	\$ 2,926,388	\$ 4,695,074	\$ (1,170,260)	\$ 4,730,769	\$ 14,358,614	\$ 5,272,521	\$ (461,335)	\$ (11,306,083)
Debt service as a percentage of noncapital expenditures	1.0%	0.1%	0.3%	0.8%	0.5%	0.5%	0.6%	0.3%	0.2%	0.2%



**THE SCHOOL BOARD OF THE CITY OF NEWPORT NEWS, VIRGINIA**  
**CAPITAL LEASES AND FACILITY NOTES PAYABLE DEBT TO ASSESSED VALUE OF TAXABLE**  
**PROPERTY AND DEBT PER CAPITA OF THE CITY OF NEWPORT NEWS, VIRGINIA (UNAUDITED)**

LAST TEN FISCAL YEARS  
 (AMOUNTS IN THOUSANDS EXCEPT FOR POPULATION AND NET DEBT PER CAPITA)

Fiscal Year	(1) Population	(2) Assessed value of property	(3) Personal Income	Capital lease and facility notes payable debt	Leases payable debt	Subscription-based information technology arrangement debt	Ratio of debt to assessed value	Net debt per capita	Ratio of debt to personal income
2015	182,965	\$16,319,157	\$ 7,377,992	\$ 1,066	\$ -	\$ -	0.01%	6	0.01%
2016	182,385	16,716,737	7,448,898	11,863	-	-	0.07%	65	0.16%
2017	181,825	17,082,661	7,470,774	18,783	-	-	0.11%	103	0.25%
2018	179,388	17,372,973	7,770,354	17,920	-	-	0.10%	100	0.23%
2019	178,626	18,056,404	7,969,244	16,657	-	-	0.09%	93	0.21%
2020	186,247	18,712,760	8,197,632	15,748	-	-	0.08%	85	0.19%
2021	184,587	19,594,195	8,758,253	14,165	-	-	0.07%	77	0.16%
2022	184,306	20,600,394	8,639,040	12,783	4,834,839	-	0.06%	69	0.15%
2023	183,118	20,365,803	Not Available	11,662	4,180,385	859,350	0.06%	64	Not Available
2024	Not Available	Not Available	Not Available	10,485	4,303,370	424,859	Not Available	Not Available	Not Available

Notes:

(1) Source: 2012-2015 – Bureau of Economic Analysis; 2016-2020, U. S. Bureau of Census, 2021 data not yet available

(2) Source - City of Newport News Office of the Treasurer and Commissioner of the Revenue

(3) Source: 2012-2019 Bureau of Economic Analysis, 2020-2021 data not yet available

NOTE - The School Board is not permitted to issue general obligation bonded debt



**THE SCHOOL BOARD OF THE CITY OF NEWPORT NEWS, VIRGINIA**  
**STANDARDS OF LEARNING - PERCENTAGE OF STUDENTS WITH A PASSING SCORE –**  
**SCHOOL BOARD AND STATE (UNAUDITED)**

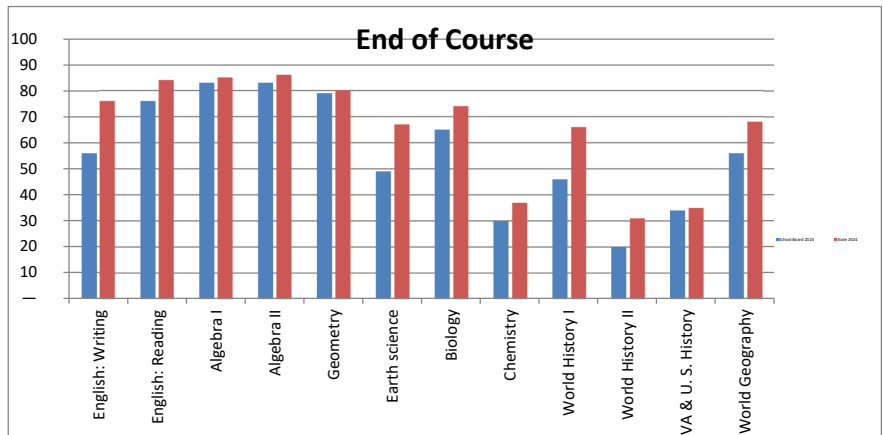
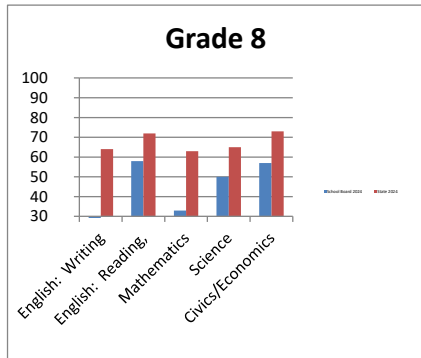
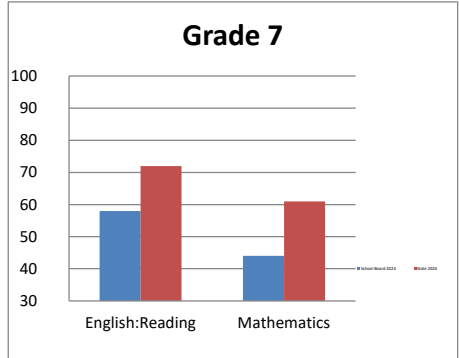
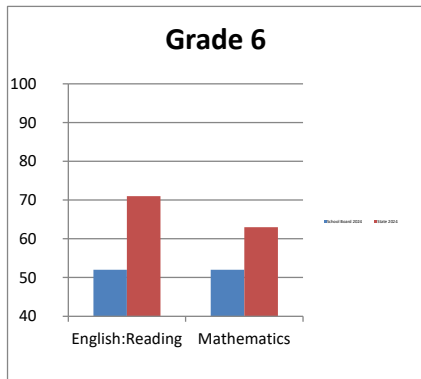
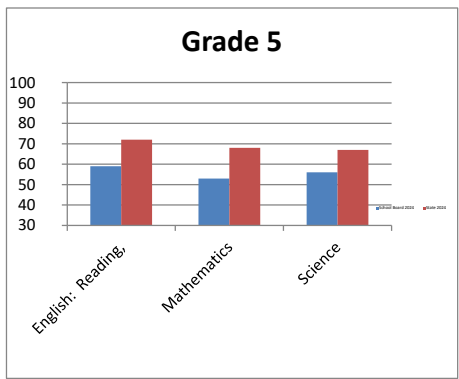
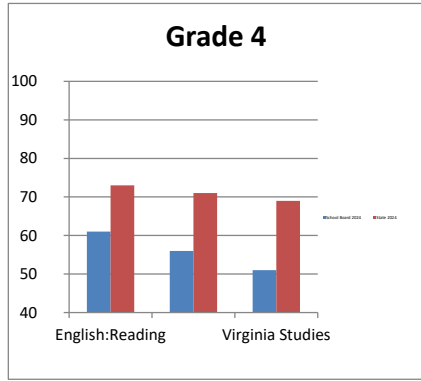
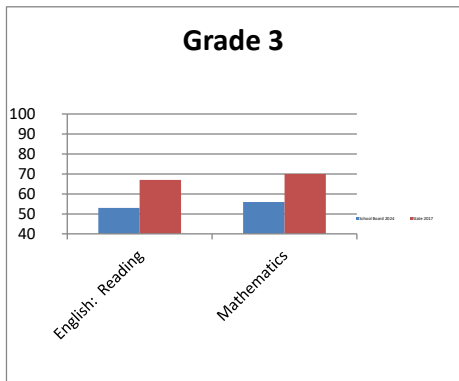
LAST FOUR FISCAL YEARS

Grade 3												
Test	Newport News Pass Rates by School Year					State Pass Rates by School Year						
	2021	2022	2023	2024	Change	2021	2022	2023	2024	Change		
English: Reading	41	50	50	53	3	61	68	66	67	1		
Mathematics	23	41	50	56	6	54	67	69	70	1		
Grade 4												
Test	Newport News Pass Rates by School Year					State Pass Rates by School Year						
	2021	2022	2023	2024	Change	2021	2022	2023	2024	Change		
English: Reading	52	53	56	61	5	68	72	73	73	-		
Mathematics	30	41	48	56	8	56	66	70	71	1		
Virginia Studies	18	42	47	51	4	53	66	69	69	-		
Grade 5												
Test	Newport News Pass Rates by School Year					State Pass Rates by School Year						
	2021	2022	2023	2024	Change	2021	2022	2023	2024	Change		
English: Reading	47	58	57	59	2	66	72	71	72	1		
Mathematics	26	46	49	53	4	51	64	67	68	1		
Science	22	42	51	56	5	51	61	66	67	1		
Grade 6												
						Not Available						
Test	Newport News Pass Rates by School Year					State Pass Rates by School Year						
	2021	2022	2023	2024	Change	2021	2022	2023	2024	Change		
English: Reading	53	54	56	52	(4)	69	70	71	71	-		
Mathematics	31	46	51	52	1	45	57	61	63	2		
Grade 7												
Test	Newport News Pass Rates by School Year					State Pass Rates by School Year						
	2021	2022	2023	2024	Change	2021	2022	2023	2024	Change		
English: Reading	56	58	57	58	1	71	72	70	72	2		
Mathematics	21	38	41	44	3	45	55	59	61	2		
Grade 8												
Test	Newport News Pass Rates by School Year					State Pass Rates by School Year						
	2021	2022	2023	2024	Change	2021	2022	2023	2024	Change		
English: Writing	39	40	40	—	-	54	54	55	64	9		
English: Reading	55	60	60	58	(2)	69	72	71	72	1		
Mathematics	16	35	38	33	(5)	43	57	60	63	3		
Science	39	44	47	50	3	58	61	62	65	3		
Civics/Economics	48	50	55	57	2	61	70	73	73	-		
End of Course												
Test	Newport News Pass Rates by School Year					State Pass Rates by School Year						
	2021	2022	2023	2024	Change	2021	2022	2023	2024	Change		
English: Writing	67	62	67	56	(11)	76	74	76	76	-		
English: Reading	74	78	78	76	(2)	81	85	85	84	-		
Algebra I	16	80	81	83	2	43	80	82	85	2		
Algebra II	64	80	85	83	(2)	78	86	86	86	-		
Geometry	46	71	76	79	3	73	80	78	80	(2)		
Earth science	48	51	43	49	6	67	72	67	67	(5)		
Biology	53	56	62	65	3	66	70	72	74	2		
Chemistry	36	26	6	30	24	52	64	37	37	(27)		
World History I	18	21	38	46	8	53	66	66	66	-		
World History II	59	55	14	20	6	44	48	30	31	(18)		
VA & U. S. History	10	22	28	34	6	29	38	38	35	-		
World Geography	47	49	65	56	(9)	58	66	67	68	1		

Source - Virginia Department of Education Division Report Card

**THE SCHOOL BOARD OF THE CITY OF NEWPORT NEWS, VIRGINIA**  
**STANDARDS OF LEARNING - PERCENTAGE OF STUDENTS WITH A PASSING SCORE –**  
**SCHOOL BOARD AND STATE (UNAUDITED) (CONTINUED)**

LAST FOUR FISCAL YEARS



**THE SCHOOL BOARD OF THE CITY OF NEWPORT NEWS, VIRGINIA**  
**MISCELLANEOUS STATISTICS (UNAUDITED)**

JUNE 30, 2024

**City of Newport News General Information**

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

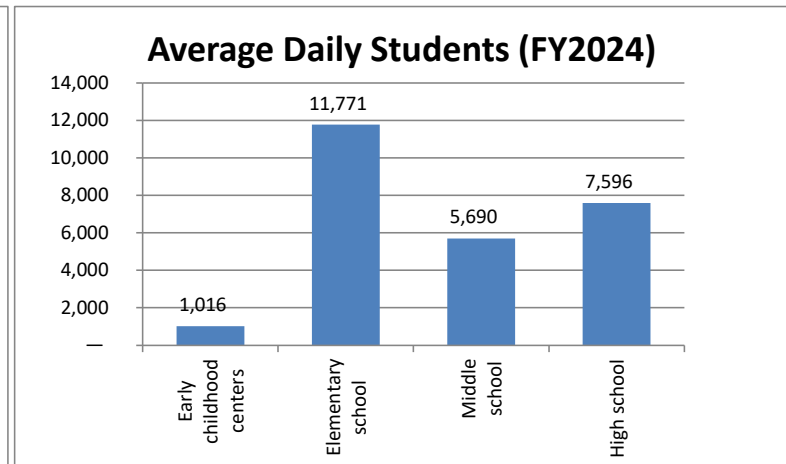
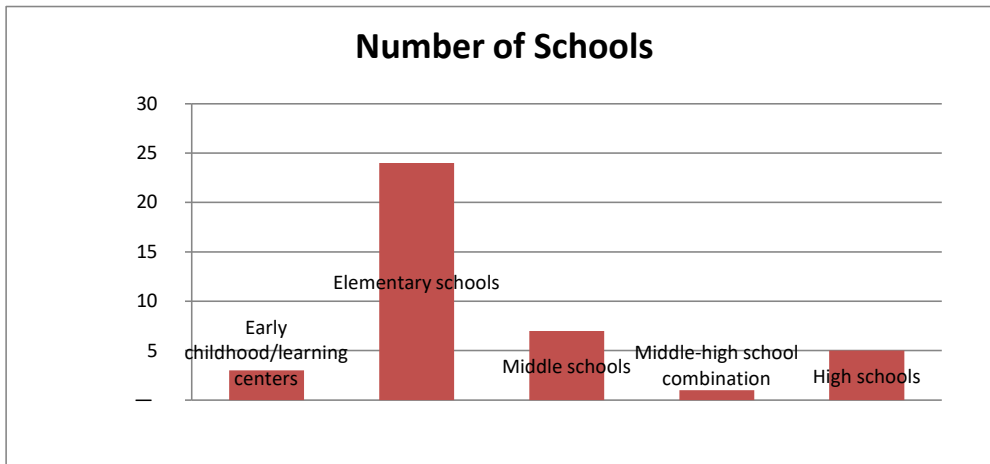
**The School Board of the City of Newport News**

Number of schools:

Early childhood/learning centers	3
Elementary schools	24
Middle schools	7
Middle-high school combination	1
High schools	5
<b>Total</b>	<b>40</b>

Average daily students (FY2024):

Early childhood centers	1,016
Elementary school	11,771
Middle school	5,690
High school	7,596
<b>Total</b>	<b>26,073</b>



**THE SCHOOL BOARD OF THE CITY OF NEWPORT NEWS, VIRGINIA**  
**DEMOGRAPHIC STATISTICS (UNAUDITED)**

*LAST TEN FISCAL YEARS*

<b>Fiscal Year</b>	<b>(1) Population</b>	<b>(2) Personal Income (In thousands)</b>	<b>(3) Per Capita Income</b>	<b>(4) School Enrollment</b>	<b>(5) Unemployment Rate (%)</b>
2015	182,965	\$ 7,377,992	\$ 40,453	27,488	6.0%
2016	182,385	7,448,898	40,967	27,253	5.0%
2017	181,825	7,470,774	41,646	26,993	4.9%
2018	179,388	7,770,354	43,501	26,873	4.2%
2019	178,626	7,969,244	44,465	26,916	3.5%
2020	186,247	8,197,632	45,781	26,836	5.8%
2021	184,587	8,758,253	47,448	25,664	8.0%
2022	184,306	8,639,040	46,873	23,933	4.4%
2023	183,118	N/A	N/A	25,337	3.4%
2024	N/A	N/A	N/A	26,219	3.2%

Notes:

- (1) Source: 2015-2022 – Bureau of Economic Analysis; 2023-2024, Not yet available
- (2) Source: 2015-2022 Bureau of Economic Analysis; 2023-2024 data not yet available
- (3) Source: 2015-2022 Bureau of Economic Analysis; 2023-2024 data not yet available
- (4) City of Newport News School System - average ADM as of March 31st of each year  
Early childhood enrollment is not included.
- (5) 2015-2023 Virginia Labor Market Information; 2024 U.S. Bureau of Labor Statistics

**THE SCHOOL BOARD OF THE CITY OF NEWPORT NEWS, VIRGINIA**  
**CAPITAL ASSET INFORMATION (UNAUDITED)**

*LAST TEN FISCAL YEARS*

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
<b>Schools</b>										
<b>Elementary</b>										
Buildings (Note 1)	24	24	24	24	24	24	24	24	24	24
Average age of buildings (Note 2)	51 years	52 years	50 years	51 years	52 years	53 years	54 years	55 years	56 years	57 years
Modular learning cottages	71	71	71	71	71	71	71	71	71	71
Square feet	1,534,997	1,534,997	1,563,147	1,563,147	1,563,147	1,563,147	1,563,147	1,563,147	1,563,147	1,563,147
Capacity (based on current program)	15,600	15,600	15,750	15,750	15,750	15,750	15,482	15,482	15,482	15,482
Enrollment (as of September 30)	13,664	13,519	13,418	13,205	13,239	13,003	12,217	13,190	11,906	11,795
Percent of capacity used	88%	87%	85%	84%	84%	83%	79%	85%	77%	76%
<b>Middle</b>										
Buildings (Note 1)	8	8	8	8	8	8	8	8	8	8
Average age of buildings (Note 2)	43 years	44 years	45 years	46 years	47 years	48 years	49 years	50 years	51 years	52 years
Modular learning cottages	14	14	14	14	48 years	49 years	14	14	14	14
Square feet	1,048,260	1,048,260	1,048,260	1,048,260	49 years	Not Available	1,048,260	1,048,260	1,048,260	1,048,260
Capacity (based on current program)	7,484	7,484	7,484	7,484	7,484	7,484	7,623	7,623	7,623	7,623
Enrollment (as of September 30)	6,152	6,162	5,911	5,912	6,243	6,263	6,188	4,890	5,835	5,696
Percent of capacity used	82%	82%	79%	79%	83%	84%	81%	64%	77%	75%
<b>High</b>										
Buildings	6	6	6	6	6	6	6	6	6	6
Average age of buildings (Note 2)	31 years	32 years	33 years	34 years	35 years	36 years	37 years	38 years	39 years	40 years
Alternative high school facilities (leased)	2	2	2	2	2	2	2	2	2	2
Modular learning cottages	20	20	20	20	20	20	20	20	20	20
Square feet	1,223,000	1,223,000	1,223,000	1,223,000	1,223,000	1,223,000	1,223,000	1,223,000	1,223,000	1,223,000
Capacity (based on current program)	8,570	8,570	8,570	8,570	8,570	8,570	10,004	10,004	10,004	10,004
Enrollment (as of September 30)	7,963	7,540	7,757	7,756	7,705	7,570	7,661	7,718	7,832	7,755
Percent of capacity used	93%	88%	91%	91%	90%	88%	77%	77%	78%	78%
<b>Early Childhood Centers</b>										
Buildings	4	4	4	4	4	4	4	4	4	4
Average age of buildings (Note 2)	40 years	41 years	42 years	43 years	44 years	45 years	46 years	47 years	48 years	49 years
Square feet	206,403	206,403	206,403	206,403	206,403	206,403	206,403	206,403	206,403	206,403
Capacity (based on current program)	2,050	1,919	1,919	1,919	1,919	1,919	1,892	1,892	1,892	1,892
Enrollment (as of September 30)	1,456	1,504	1,428	1,528	1,465	1,446	1,047	879	984	973
Percent of capacity used	71%	78%	74%	80%	76%	75%	55%	46%	52%	51%
<b>Administrative and Operations</b>										
Buildings	6	6	6	6	5	5	5	5	5	5
Average age of buildings	40 years	41 years	42 years	43 years	35 years	36 years	37 years	38 years	39 years	40 years
Square feet	199,000	199,000	199,000	199,000	199,000	199,000	199,000	199,000	199,000	199,000
<b>Transportation</b>										
Buildings	1	1	1	1	1	1	1	1	1	1
Age of building	38 years	39 years	40 years	41 years	1 year	2 year	3 year	4 year	5 year	6 year
Square feet	26,500	26,500	26,500	26,500	26,500	26,500	26,500	26,500	26,500	26,500
Buses	356	335	336	335	338	338	340	343	340	368

**Source:** Newport News Public Schools insurance and facility department records

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

Note 2 - Average age is based upon the year the building was first constructed.

In many cases, the buildings have received additions and/or extensive renovations, such as roof, window and HVAC replacements.

However, the following schools have received such an extensive renovation, that the age of the building is based upon the year of renovation, rather than the year of original construction

An Achievable Dream Middle and High School, (2007 instead of 1951), Crittenden Middle School (1994 instead of 1949, and Washington Middle School (2006 instead of 1929)

**THE SCHOOL BOARD OF THE CITY OF NEWPORT NEWS, VIRGINIA**  
**OPERATIONAL STATISTICS (UNAUDITED)**

*LAST TEN FISCAL YEARS*

<b>Fiscal Year</b>	<b>(1) Cost per Student</b>	<b>(2) Elementary Student/Teacher Ratio</b>	<b>(2) Secondary Student/Teacher Ratio</b>	<b>(3) Percentage of Students on Free/Reduced Lunch</b>
2015	\$ 11,043	13.7	12.0	62.9%
2016	11,191	14.2	12.9	64.2%
2017	11,600	14.0	13.1	64.1%
2018	11,947	13.9	13.2	67.9%
2019	12,343	14.4	12.7	75.6%
2020	12,596	14.3	13.2	76.4%
2021	13,280	14.0	13.9	90.5%
2022	15,742	13.8	13.5	90.8%
2023	17,329	16.1	14.8	100.0%
2024 (est)	16,096	14.7	14.2	98.1%

Sources:

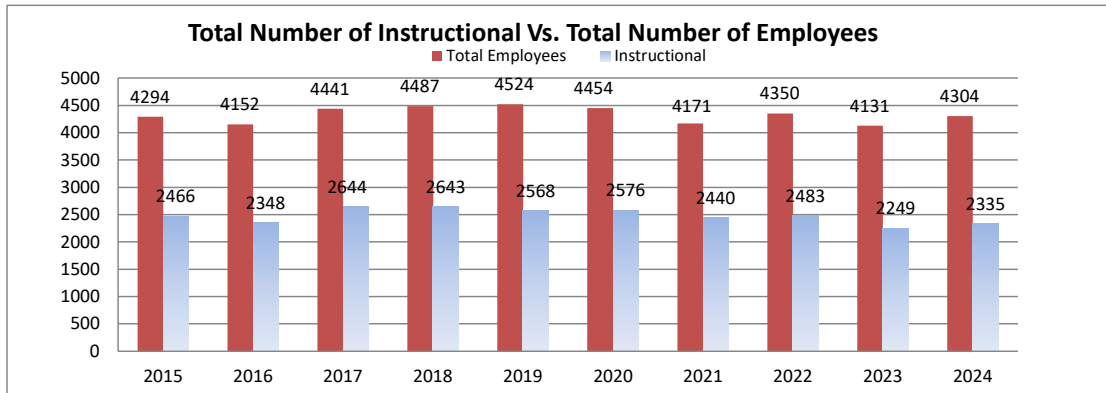
- (1) Cost per student based upon formula for operating costs per the Virginia Department of Education and published in table 15 of the Annual Superintendent's Report on their website. Starting with FY2012, pre-school students are included in the cost per student. (FY2024 data based on internal estimates and not yet verified and published by the State)
- (2) Student/teacher ratio includes all teachers (including resource and special education) and is published by the Virginia Department of Education on their website. (data for 2024 is estimated by School Board pending State publishing the data on their website)
- (3) Percentage of students on free/reduced lunch from Newport News Public Schools Child Nutrition Services Department.

**THE SCHOOL BOARD OF THE CITY OF NEWPORT NEWS, VIRGINIA**  
**FULL TIME EQUIVALENT DISTRICT EMPLOYEES BY TYPE AS OF JUNE 30 (UNAUDITED)**

*LAST TEN FISCAL YEARS*

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
<b>Supervisory:</b>										
Principals	39	40	39	38	41	39	34	41	33	38
Assistant principals	77	77	72	75	73	71	60	73	73	60
Instructional administrative	59	60	60	54	76	86	66	72	73	72
Other administrative and professional	57	55	55	72	71	64	49	73	66	118
<b>Instructional:</b>										
Elementary classroom teachers	1,139	1,227	1,236	1,245	1,209	1,203	1,156	1,138	1,039	1,061
Secondary classroom teachers	801	734	702	707	713	714	674	685	655	672
Guidance counselors	95	95	93	90	93	94	90	99	89	104
Librarians	40	42	42	45	43	45	36	37	31	32
Technology	28	27	27	30	28	26	30	30	24	24
Other instructional	121	112	117	117	95	112	101	120	44	23
Social workers	121	112	14	13	15	16	18	18	18	19
Teacher assistants	121	Not Available	413	396	372	366	335	357	349	401
<b>Support Services:</b>										
Psychologists	17	17	17	17	17	17	17	19	34	40
Instructional technical	41	40	41	47	25	40	37	36	41	60
Instructional clerical	180	179	171	169	203	189	184	195	173	148
Non-instructional technical	104	89	89	81	93	109	101	129	114	104
Non-instruction clerical	35	34	36	37	40	32	42	43	55	75
Nurses	52	56	55	55	58	60	57	52	63	54
Bus drivers	308	309	312	340	348	320	273	252	264	246
Bus assistants	113	99	106	102	104	100	89	105	106	106
Custodians	240	238	238	250	281	240	248	245	221	259
Child nutrition services	344	344	347	341	374	351	311	357	356	351
Security officers	61	64	65	70	63	66	65	72	104	126
Skilled trades	85	86	81	82	86	91	95	102	103	108
Other	16	16	13	14	3	3	3	3	4	4
<b>Total</b>	<b>4,294</b>	<b>4,152</b>	<b>4,441</b>	<b>4,487</b>	<b>4,524</b>	<b>4,454</b>	<b>4,171</b>	<b>4,351</b>	<b>4,131</b>	<b>4,304</b>

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



**THE SCHOOL BOARD OF THE CITY OF NEWPORT NEWS, VIRGINIA**  
**TEACHER BASE SALARIES (UNAUDITED)**

*LAST TEN FISCAL YEARS*

<b>Fiscal Year</b>	<b>Minimum Salary</b>	<b>Maximum Salary</b>	<b>Newport News Average Salary</b>	<b>Statewide Average Salary</b>
2015	\$ 40,500	\$ 59,590	\$ 50,219	\$ 54,486
2016	41,500	59,884	51,153	54,891
2017	42,600	61,931	52,838	56,351
2018	43,250	63,406	52,854	57,249
2019	44,535	64,998	55,595	59,301
2020	45,000	66,398	55,740	55,505
2021	45,000	65,417	59,406	61,588
2022	47,200	72,880	60,770	64,557
2023	50,000	76,855	70,587	68,099
2024	52,710	83,630	N/A	N/A

Sources:

Minimum and Maximum salaries from Newport News Public Schools Budget Document, Appendix 2 for teachers with a Bachelors degree working standard 192-day contract. Newport News and Statewide average salary from Superintendent's annual financial report Table 19 as published by the Virginia Department of Education on their website, except FY2022 is from our submission to the State but not yet verified. FY2022 Statewide Average is not yet available.



**THE SCHOOL BOARD OF THE CITY OF NEWPORT NEWS, VIRGINIA**  
**PRINCIPAL TAXPAYERS OF THE CITY OF NEWPORT NEWS (UNAUDITED)**

*JUNE 30, 2024 AND NINE YEARS PRIOR*  
*(AMOUNTS IN THOUSANDS)*

<b>Taxpayer</b>	<b>2015 Taxes (1)</b>	<b>Percentage of Total Assessments</b>	<b>2024 Taxes (1)</b>	<b>Percentage of Total Assessments</b>
HUNTINGTON INGALLS INCORPORATED	\$ 20,086	8.03%	\$ 30,256	8.03%
CANON VIRGINIA INC	4,888	1.95%	4,747	1.26%
THE MARINERS MUSEUM	2,735	1.09%	4,294	1.14%
VIRGINIA ELECTRIC & POWER COMPANY	2,720	1.09%	3,823	1.02%
FERGUSON ENTERPRISES INC	422	0.17%	1,740	0.46%
VIRGINIA NATURAL GAS INC	921	0.37%	1,677	0.45%
PR PATRICK HENRY L L C	1,689	0.68%	1,372	0.36%
LIEBHERR-AMERICA INC	431	0.17%	1,367	0.36%
DOMINION TERMINAL ASSOCIATES	1,248	0.50%	1,163	0.31%
COX COMMUNICATIONS HAMPTON ROADS LLC	434	0.17%	1,063	0.28%
KINDER MORGAN OPERATING LP"C"	1,082	0.43%	994	0.26%
OYSTER POINT RESIDENTIAL LLC	469	0.19%	950	0.25%
COMPASS AT CITY CENTER LLC	-	0.00	918	0.24%
VENTURE NEWPORT NEWS LLC	-	0.00	882	0.23%
VERIZON VIRGINIA LLC	1,277	0.51%	838	0.22%
BRG MERIDIAN PARKSIDE LLC	401	0.16%	831	0.22%
IREIT NEWPORT NEWS TECH CENTER LLC	-	0.00	801	0.21%
BH L5 SPRINGHOUSE OWNER LLC	-	0.00	777	0.21%
MID AMERICA APARTMENTS LP	-	0.00	771	0.20%
AIR JORDAN LLC	-	0.00	754	0.20%
Continental Automotive Systems US Inc	1,792	0.72%	-	0.00
Inland Western Newport News Jefferson LLC	814	0.33%	-	0.00
Patrick Henry Hospital (Warwick Forest)	550	0.22%	-	0.00
Bottling Group LLC	528	0.21%	-	0.00
CSX Transportation Inc	429	0.17%	-	0.00
Radius Apartments	394	0.16%	-	0.00
	<u>\$ 43,310</u>	<u>17.32%</u>	<u>\$ 60,018</u>	<u>15.91%</u>

Note:

(1) Includes real estate and personal property tax assessments for these taxpayers. Current taxpayer name used if different from 2015

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

**THE SCHOOL BOARD OF THE CITY OF NEWPORT NEWS, VIRGINIA**  
**PRINCIPAL EMPLOYERS OF THE CITY OF NEWPORT NEWS (UNAUDITED)**

*JUNE 30, 2024 AND NINE YEARS PRIOR*

<b>Employer</b>	<b>2014 Employees</b>	<b>Percentage of Total City Employment</b>	<b>2024 Employees</b>	<b>Percentage of Total City Employment</b>
Huntington Ingalls Industries, Inc.	24,000	27.31%	21,500	25.48%
Riverside Regional Medical Center	6,000	6.83%	5,500	6.52%
Newport News Public Schools	5,000	5.69%	4,500	5.33%
City of Newport News	3,500	3.98%	4,000	4.74%
Christopher Newport University	1,500	1.71%	1,500	4.15%
Ferguson Enterprises Inc.	1,500	1.71%	1,500	1.78%
Canon	1,000	1.14%	1,000	1.78%
U.S. Department of Army and Air Force	1,000	1.14%	1,000	1.19%
Wal-Mart	1,000	1.14%	1,000	1.19%
Jefferson Science Associates	1,000	1.14%	-	-
Dept of Defense	-	-	3,500	4.15%
	<b>45,500</b>	<b>51.79%</b>	<b>45,000</b>	<b>56.31%</b>

Source: Virginia Employment Commission

## **COMPLIANCE SECTION**

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, and the *Specifications for Audits of Counties, Cities, and Towns* (the “Specifications”) issued by the Auditor of Public Accounts of the Commonwealth of Virginia, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the School Board of the City of Newport News, Virginia (the “School Board”), a component unit of the City of Newport News, Virginia, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the School Board’s basic financial statements, and have issued our report thereon dated November 25, 2024. Our report includes a reference to other auditors who audited the financial statements of the School Activity Funds, a special revenue fund of the School Board, as described in our report on the School Board’s financial statements. This report does not include the results of the other auditors’ testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors. The financial statements of the School Activity Fund were not audited in accordance with the Specifications.

**Report on Internal Control over Financial Reporting**

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

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

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

**Report on Compliance and Other Matters**

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

**Purpose of This Report**

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

*Cherry Bekaert LLP*

Tysons Corner, Virginia  
November 25, 2024

For a copy of the  
Annual Comprehensive Financial Report, visit  
[www.nnschools.org/budget/documents/CAFR.pdf](http://www.nnschools.org/budget/documents/CAFR.pdf)  
or scan this QR code with your smart device.

