ACFR

Annual Comprehensive Financial Report

Portsmouth, Virginia

CITY OF PORTSMOUTH, VA
CHARTERED MARCH 1, 1858

2021 | For the Fiscal Year Ended June 30, 2021

ANNUAL COMPREHENSIVE FINANCIAL REPORT

CITY OF PORTSMOUTH, VIRGINIA

YEAR ENDED JUNE 30, 2021

Prepared by:

DEPARTMENT OF FINANCE

CITY OF PORTSMOUTH, VIRGINIA

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INTRODUCTORY SECTION

City of Portsmouth, Virginia
Principal Officials
June 30, 2021

City Council Members

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

De'Andre A. Barnes, Vice Mayor – term expires 12/31/2024

Paul J. Battle – term expires 12/31/2022

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

William E. Moody, Jr. – term expires 12/31/2022

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

Christopher Woodard, Jr. – term expires 12/31/2021

City Council Appointments

Angel L. Jones, City Manager

Burle U. Stromberg, Interim City Attorney

Patrick Dorris, CAE, RES, City Assessor

Debra Y. White, CMC, City Clerk

Constitutional Officers

Honorable Cynthia P. Morrison, Clerk of the Circuit Court

Franklin D. Edmondson, MCR, Commissioner of the Revenue

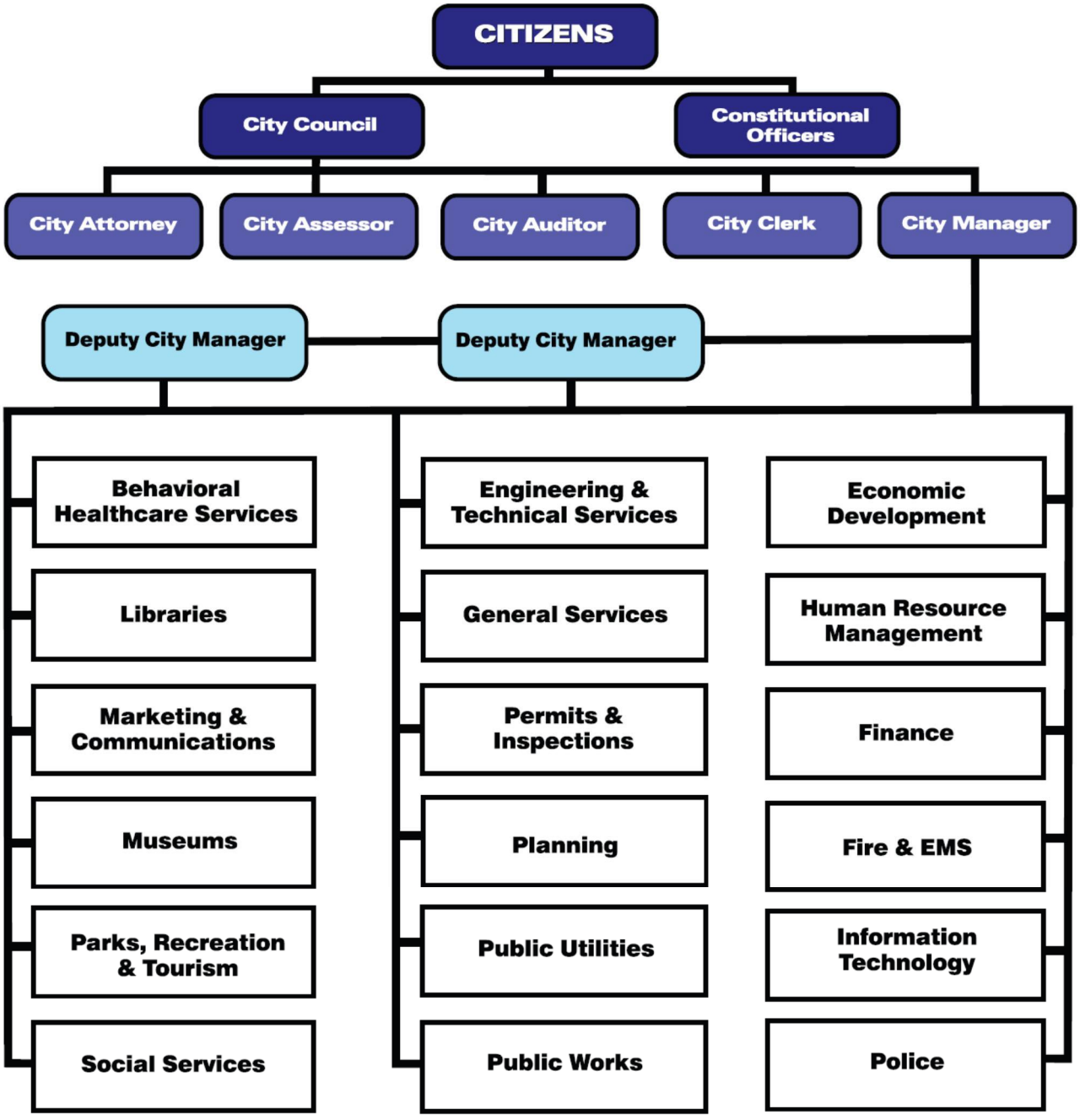
Stephanie N. Morales, Commonwealth's Attorney

Paige D. Cherry, City Treasurer

Michael A. Moore, Sheriff

THE CITY OF PORTSMOUTH SM

THE MUNICIPAL ORGANIZATION OF THE CITY OF PORTSMOUTH, VA



Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Portsmouth Virginia

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2020

Christopher P. Morrill

Executive Director/CEO

December 15, 2021

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

We are pleased to present the Annual Comprehensive Financial Report (ACFR) of the City of Portsmouth, Virginia (the city) for the fiscal year ended June 30, 2021, in accordance with State Statutes and City Code. The city's Department of Finance prepared this report in accordance with generally accepted accounting principles of the United States of America. (GAAP).

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

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

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

Profile of the City

The City of Portsmouth was settled in 1752 and incorporated by the Virginia General Assembly in 1858. The city lies in the center of the Hampton Roads Region situated at one of the world's greatest natural harbors, at the confluence of the James, Nansemond and Elizabeth Rivers where they empty into the Chesapeake Bay. The city is bordered by the cities of Suffolk, Chesapeake, and Norfolk. The City's land area of approximately 33.65 square miles is mostly developed, with an estimated population of 97,915 in 2020.

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

Portsmouth is home to the Norfolk Naval Shipyard, a government facility with approximately 12,000 people on base, the Atlantic Area Command and United States Coast Guard (USCG) Fifth District

Headquarters with approximately 2,500 employees, and the Naval Regional Medical Center with approximately 5,000 employees. The USCG Atlantic Area command provides the operational leadership for all USCG missions from the Rocky Mountains to the Arabian Gulf, spanning across five Coast Guard Districts and 40 states.

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

Structure of the Government and Its Services

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

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

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

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

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

The city provides a full range of municipal services to meet the needs of its citizens including police and fire protection, collection and disposal of refuse and recycling, water, sewer and storm water services, street and highway maintenance, parks and recreation, libraries and cultural resources, city planning,

health and social services, parking, street and highway maintenance and general administration. The city budget appropriates city, state and federal pass-through funds for education, health, mental health assistance, social services, judicial activities and other programs.

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

Economic Trends in the Region and in Portsmouth

In February, the National Bureau of Economic Research declared the economy entered a recession, labeled the COVID-19 recession. The city's unemployment rate reached 12.9% in July, posting the highest rate of current record keeping (1990), and currently stands at 10.5% as of September. Employment (regardless of the city in which our resident is employed) now stands at 89.6% of the peak level prior to the previous recession (Great Recession of December 2007-June 2009). The MSA unemployment rate reached 12.1% in April, but has since declined to 7.1% in September. Jobs physically located in Portsmouth represent another perspective, and these remain above the recessionary level despite the effects of COVID-19 (2.6% above).

Residential real estate values are increasing at the fastest pace since prior to the housing recession (FY 2010); however, the effects of COVID-19 could negatively impact commercial properties (many of which are assessed on an income-approach). Commercial real estate comprises approximately 30% of the total assessment base, and could negatively impact assessments in the future.

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

Economic Development Initiatives

Economic development in Portsmouth continues to experience a steady increase in activity especially in critical sectors such as advanced manufacturing, small business development, and port-related developments. Investment in Portsmouth totaled $435 million during 2021 (a 115% increase from 2020) resulting in over1,900 new and impacted jobs.

The Portsmouth Economic Development Department's 2021 Annual Report (highlighting 2020 business announcements and job creation) noted the following accomplishments:

- Covid-19 Business Recovery Grant

  The City of Portsmouth and Portsmouth Economic Development Authority provided close to $1 million in Business Recovery Funding for small businesses in the city over a three-month period. City Council appropriated $1 million of CARES ACT Funding for disbursement to businesses in response to the effects of the Covid-19 pandemic. The grant fund contributed to fixed business costs, including rent, utilities and more in order to assist businesses in pivoting through the constrained times.

- Offshore Wind

  The US offshore wind energy industry has arrived in the Commonwealth of Virginia, and it has landed in the City of Portsmouth following several recently announced projects that will be located at the Port of Virginia's Portsmouth Marine Terminal. Denmark-based energy company leased a portion of the Portsmouth Marine Terminal from the Port of Virginia to stage materials and equipment for Dominion Energy's Coastal Virginia Offshore Wind (CVOW) project, a $7.8 billion, 220-turbine (2,640 megawatts) wind farm 27 miles off the coast of Virginia. The CVOW project will be the largest in the nation upon completion in 2026. The lease agreement allows for them to lease 40 of the 287-acre Portsmouth Marine Terminal to support CVOW and similar projects along the US east coast. The lease could run through at least 2026 and be worth nearly $13 million in lease payments and include more than $20 million in improvements to the terminal's berth to handle the heavy load capacity necessary for the massive offshore-wind turbine components. Additional investments by Dominion Energy and its selected contractor Siemens-Gamesa Renewable Energy are planned in the coming years. The CVOW project is projected to support 1,100 direct and indirect jobs annually in Hampton Roads and create $6 million in revenues for local governments.

- Entertainment District

  Rush Street Gaming has broken ground on a premium 50-acre entertainment district to be anchored by Rivers Casino Portsmouth. The venue will be located on Victory Blvd in the heart of Portsmouth with immediate access to 264 and quick travel to the full region and beyond. With an initial investment of $300 million and plans for a casino, hotel, entertainment pavilion, and space for 20-30 different eateries and shopping experiences.

- Lineage Logistics

  Lineage Logistics, the world's largest refrigerated warehousing company, completed construction of its newest cold storage facility in Portsmouth with an estimated investment of $84 million. The 164,000sf fully automated facility provides for 26,000 pallet positions of storage for frozen foods within a mile of the Port of Virginia's International Gateway terminal and provides critical supply chain capacity for national and international consumers. Lineage's operations have resulted in 80 new jobs in Portsmouth.

- New Retail Development Expansions, New construction, and Investment across the city

  Portsmouth is experiencing a wide range of new retail development and experienced ground breakings and construction happening in every major neighborhood throughout the city. Downtown, Wawa completed a $3 million investment with a custom 20,000sf store featuring the historic details of the neighborhood. Starbucks opened its second Portsmouth location in Churchland, completing a $2 million investment from the company. Seaboard Commons has made the way for a $8 million development that will feature national brands - Zaxby's, Chipotle, and Starbucks.

- Workforce Development Initiatives:

  Having access to a highly skilled workforce is a key to any company's success. For the City of Portsmouth to maintain its position in an increasingly competitive and challenging environment, talent development must be a top priority. The core of any talent development effort is the need to help workers build the skills necessary to adapt to change, meet the challenges of an evolving economy, and find good-paying jobs. The city has created the Portsmouth@Work program to address this important issue. Portsmouth@Work continues the city's strategic initiative in aligning partnerships in workforce, education, and economic development and reinforcing strategies to provide job seekers and workers with high-quality career services, education and training, and other services they need to get good jobs and stay employed, and to help businesses find skilled workers and access other services, including education and training for their current workforce. Online programming for Portmsouth@Work launched in early 2021, and the Portsmouth@Work Center officially opened to the public in May 2021.

- Redevelopment Initiatives:

  Portsmouth continued redevelopment initiatives in FY2021 including the Crawford Gateway Revitalization Strategy which capitalizes on substantial public and private investment in Downtown by placing an emphasis on the City Council's vision to provide access to the waterfront and reinvigorate downtown. This redevelopment momentum includes the addition of 60 new multifamily units in the Harbor Vista 2 development, as well as several other multifamily options.

The implementation of this strategy looks to:

1. Create enhanced connectivity along Crawford and the Elizabeth River waterfront
2. Enhance value of development opportunities for redevelopment sites
3. Improve stormwater management and flood protection
4. Increase downtown daytime population and improve livability downtown through bike-pedestrian enhancement, quality open space, and expanded retail/shopping/dining options
5. Focus on quality of experience, value, and opportunities for more connected seawall and open space amenities
6. Minimize public use/tax exempt footprint to expand private sector opportunities while retaining civic (City Hall) and public safety (Police substation or precinct) presence downtown

Budget Process

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

Build One Portsmouth

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

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

General Fund Performance

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

A strong unassigned fund balance is an indication of financial flexibility and fiscal strength. The city's general unassigned fund balance at June 30, 2021, was $70.3 million which represents 28.1% of fiscal year 2021 general fund's total revenues and transfers. This exceeded the city's adopted financial policy of 15%.

Financial Policies

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

Adopted financial policies have many benefits, such as assisting the elected officials and staff in the financial management of the city, saving time and energy when discussing financial matters, engendering public confidence, and providing continuity over time as elected officials and staff members change. City management annually reviews the city's financial policies, and City Council will reaffirm them at least once every three years. The policies discussed below had a significant impact on the financial results reported for fiscal year 2021.

It is the city's policy to not use fund balance to fund recurring operating expenditures, but rather fund balance over and above the city's fund balance target may be considered for funding one-time expenditures. During fiscal year 2021, the city remained in compliance with this policy by using the general fund balance to only fund one-time expenditures and not recurring expenditures, including cash funding of capital projects.

Cash Management

The city uses a pooled cash concept to allow greater investment flexibility and maximize its return on investment. The city combines cash from all funds, except those restricted for specific purposes or managed by fiscal agents, for investment purposes. The city may invest idle cash in overnight repurchase

agreements and other investments ranging from one to 180 days to maturity. During the 2021 fiscal year, the city was able to manage its current resources to properly meet its operating cash requirements.

Independent Audit

State law requires that a certified public accountant selected by the City Council audit the city's annual financial statements. CLA (CliftonLarsenAllen), Certified Public Accountants, performed this annual audit of the financial records and transactions of all funds, component units, and departments of the city for the fiscal year ending June 30, 2021.

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

Acknowledgments

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

Respectfully submitted,

Angel Jones
City Manager

Mimi Terry
Deputy City Manager and
Chief Financial Officer

FINANCIAL SECTION

CliftonLarsonAllen LLP
CLAconnect.com

INDEPENDENT AUDITORS' REPORT

The Honorable Members of the City Council
City of Portsmouth, Virginia

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Portsmouth, Virginia as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the entity's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States, and the *Specifications for Audits of Counties, Cities, and Towns*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia. Those standards and specifications require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Portsmouth as of June 30, 2021, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

During fiscal year ended June 30, 2021, the City adopted GASB Statement No. 84 Fiduciary Activities. As a result of the implementation of this standard, the City reported a restatement for the change in accounting principle (see Note 19). Our auditors' opinion was not modified with respect to the restatement.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Portsmouth's basic financial statements. The Introductory Section, Other Supplemental Information, and Statistical Section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Other Supplementary Information, as listed in the table of contents, 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. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The Introductory Section and Statiscal Section have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

Report on Other Legal and Regulatory Requirements

In accordance with *Government Auditing Standards,* we have also issued our report dated December 14, 2021, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Arlington, Virginia
December 14, 2021

This section of the city of Portsmouth's (city's) Annual Comprehensive Financial Report (ACFR) presents Management's Discussion and Analysis (MD&A) of the city's financial performance during the fiscal year ended June 30, 2021. The MD&A should be read in conjunction with the transmittal letter found in the Introductory Section of this report and the city's financial statements that follow this section.

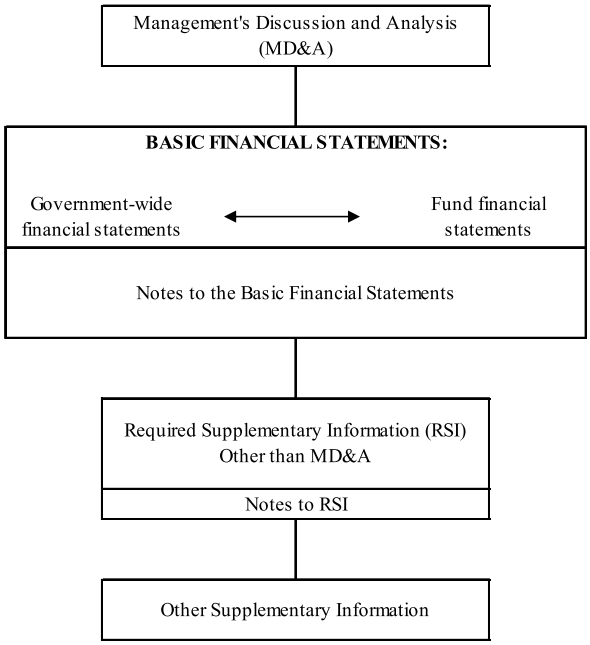
FINANCIAL HIGHLIGHTS

- The city's net position totaled $353.2 million at June 30, 2021, increasing $23.3 million over June 30, 2020.
- The city's unrestricted net position totaled $(79.8) million, which was comprised of a deficit of $(146.3) million resulting from governmental activities and $66.5 million resulting from business-type activities.
- Government-wide current assets totaled $306.6 million, of which $231.6 million was attributable to governmental activities and $74.9 million was attributable to business-type activities; while current liabilities totaled $96.9 million, with $82.0 million from governmental activities and $14.9 million from business-type activities. The ratio of current assets to current liabilities was 3.2:1.0 overall – 2.8:1.0 for governmental activities and 5.0:1 for business-type activities.
- The city's long-term liabilities at June 30, 2021, totaled $746.9 million, an increase of $13.9 million from the prior year. The long-term liabilities include $550.0 million in bonds, $6.8 million in other loans, $31.9 OPEB liability, landfill closure and post-closure care of $3.3 million, $6.5 million in claims payable, compensated absences of $4.2 million, and net pension liabilities of $144.1 million.
- The city's deferred outflows at June 30, 2021, totaled $75.2 million, an increase of $6.6 million from the prior year. The city's deferred inflows at June 30, 2021, totaled $12.9 million, an increase of $2.1 million from the prior year. These deferred amounts primarily consist of amounts deferred for pensions and OPEB, which vary annually based on actuarial valuations performed by third-parties.
- The city's governmental general revenues and transfers of $201.9 million were $15.4 million more than expenses, net of program revenues of $186.5 million. Taxes funded 92.5% of general revenues and transfers.
- The General Fund total fund balance increased 3.44% during the current year to $82.7 million from $80.0 million in the prior year. Unassigned fund balance of $70.3 million increased $2.3 million from prior year.
- Total net position for the Public Utility Fund increased 2.85% from $191.4 million at June 30, 2020, to $196.8 million at June 30, 2021. The Public Utility Fund had Unrestricted Net Position of $47.1 million which is a $6.0 million increase from June 30, 2020.

FINANCIAL SECTION OF THE ANNUAL COMPREHENSIVE FINANCIAL REPORT

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

Components of the Financial Section



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

Government-wide Financial Statements

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

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

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

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

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

Component units - The city includes two other separate legal entities in its report – the School Board and the Portsmouth Port and Industrial Commission (PPIC), both discretely presented. Although legally separate, these "component units" are important in that the city is financially accountable for providing operating and capital funding to them.

Fund Financial Statements

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

The city has three types of funds:

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

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

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

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

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

FINANCIAL ANALYSIS OF THE CITY ENTITY

Statements of Net Position

The following table reflects the condensed Statements of Net Position:

Net position (assets plus deferred outflows minus liabilities plus deferred inflows) may serve over time as a useful indicator of a government's financial position. The city of Portsmouth's net position was $353.2 million at June 30, 2021. By far, the largest portion of the city's net position is reflected in its net investment in capital assets (land, buildings, improvements, etc.). The city uses these assets to provide services to its citizens and, consequently, these assets are not available for future spending. The resources needed to repay the debt related to these capital assets must be provided from other sources. $20.7 million of the city's net position is currently subject to various external restrictions.

The net position of the city's governmental activities increased by $15.4 million from $99.3 million to $114.7 million, as reflected in the Statement of Activities.

The net position of the city's business-type activities increased by $7.9 million from $230.6 million to $238.6 million, as reflected in the Statement of Activities.

Table 1
Summary of Statements of Net Position
As of June 30, 2021 and 2020 (in millions)

	Governmental Activties		Business-type Activities		Total Primary Government	
	2021	2020	2021	2020	2021	2020
Current and other assets	$ 231.6	187.8	93.9	89.3	325.5	277.1
Capital assets	499.4	486.1	311.9	313.6	811.3	799.7
Total assets	731.0	673.9	405.8	402.9	1,136.8	1,076.8
Deferred outflows of resources	69.0	62.4	6.2	6.2	75.2	68.6
Total assets and deferred outflows of resources	800.0	736.2	412.0	409.1	1,212.0	1,145.3
Current liabilities	82.0	53.8	14.9	15.7	96.9	69.5
Long-term liabilities	589.4	571.0	157.5	161.9	746.9	733.0
Total liabilities	671.3	624.8	172.4	177.6	843.7	802.5
Deferred inflows of resources	14.1	12.1	1.0	0.8	15.0	12.9
Total liabilities and deferred inflows of resources	685.4	636.9	173.4	178.5	858.8	815.4
Net position:						
Net investment in capital assets	240.9	204.9	171.5	171.2	412.4	376.1
Restricted	20.1	25.0	0.6	-	20.7	25.0
Unrestricted (deficit)	(146.3)	(130.6)	66.5	59.5	(79.8)	(71.2)
Total net position	$ 114.7	99.3	238.6	230.6	353.2	329.9

Statements of Activities

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

Table 2
Summary of Changes in Net Position
Years ended June 30, 2021 and 2020 (in millions)

	Governmental Activities		Business-type Activities		Total Primary Government	
	2021	2020	2021	2020	2021	2020
Revenues						
Program revenues:						
Charges for services	$ 15.3	20.7	61.7	56.3	76.9	77.0
Operating grants and contributions	81.8	76.2	3.1	-	84.8	76.2
Capital grants and contributions	3.2	1.0	-	-	3.2	1.0
General revenues:						
Taxes	186.7	177.5	-	-	186.7	177.5
Other	7.7	9.0	(1.4)	2.1	6.3	11.1
Total revenues	294.7	284.3	63.3	58.5	358.0	342.8
Expenses						
General government	39.2	37.9	-	-	39.2	37.9
Judicial	22.7	21.1	-	-	22.7	21.1
Public safety	64.3	62.5	-	-	64.3	62.5
Public works	26.6	29.5	-	-	26.6	29.5
Health and welfare	33.9	29.3	-	-	33.9	29.3
Parks, recreational, and cultural	13.9	13.1	-	-	13.9	13.1
Community development	10.7	6.8	-	-	10.7	6.8
Education	62.3	58.1	-	-	62.3	58.1
Public Utility	-	-	33.9	31.1	33.9	31.1
Golf	-	-	2.1	1.8	2.1	1.8
Parking Authority	-	-	0.9	1.1	0.9	1.1
Waste Management	-	-	10.2	5.7	10.2	5.7
Economic Development Authority	-	-	0.8	0.6	0.8	0.6
Interest on long-term debt	13.1	14.9	-	-	13.1	14.9
Total expenses	286.8	273.4	47.9	40.2	334.7	313.6
Excess before transfers	7.9	10.9	15.4	18.3	23.3	29.3
Transfers	7.5	11.2	(7.5)	(11.2)	-	-
Change in net position	15.4	22.1	7.9	7.1	23.3	29.3
Net position, beginning of year	99.3	77.2	230.6	223.5	329.9	300.7
Net position, end of year	$ 114.7	99.3	238.6	230.6	353.2	329.9

Governmental Activities

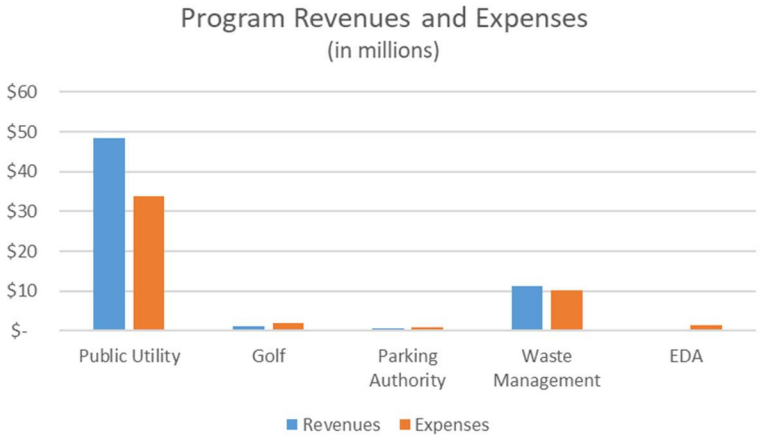
The city's total revenues from governmental activities were $294.7 million for the fiscal year ended June 30, 2021, which represents an increase of $10.4 million from the prior year. The largest source of revenue is taxes, which represents 63.36% of the total and is comprised of property taxes, other local taxes, and utility taxes. The city's assessed real property value increased 3.1% from the prior year.

Program revenues are derived from the program itself and reduce the cost of the function to the city. Total program revenues for governmental activities were $100.3 million. The largest component of program revenues for governmental activities is operating grants and contributions totaling $81.8 million, representing 81.57% of total program revenues for governmental activities.

For the fiscal year ended June 30, 2021, expenses for the city's governmental activities totaled $286.8 million. The city's expenses cover a wide range of services, with 22.4% related to public safety, 21.7% related to education, 13.7% general government, 9.3% public works, and 11.8% related to health and welfare.

Business-type Activities

The total net position for business-type activities increased $7.9 million from $230.6 million in fiscal year 2020 to $238.6 million in fiscal year 2021, primarily due to Public Utilities, Golf, Parking, and Waste Management activities. Charges for services, including water and sewer utility fees, waste management fees, parking fees, and golf fees, represent 97.4% of total revenues for business-type activities. The following graph compares the program revenues and expenses of the business-type activities.



FINANCIAL ANALYSIS OF THE CITY FUNDS

Governmental Funds

The focus of the City's governmental funds is to provide information on current inflows, outflows, and balances of available resources. Such information is useful in assessing the city's financing requirements. For the fiscal year ended June 30, 2021, the governmental funds reflected a combined fund balance of $182.5 million. The General Fund's fund balance totaled $82.8 million at June 30, 2021, an increase of $2.8 million from the prior year's $80.0 million. The General Fund's unassigned fund balance totaled $70.4 million at June 30, 2021.

General Fund Budgetary Highlights
Fiscal Year Ended June 30, 2021 (in millions)

		Original Budget	Final Budget	Actual
Revenues and transfers				
Taxes	$	180.6	180.6	188.2
Intergovernmental		41.2	41.2	39.6
Transfers		9.9	9.9	9.9
Appropriated fund balance		5.4	11.2	-
Other revenues		16.9	16.9	13.0
Total	$	254.0	259.8	250.7
Expenditures and transfers				
Expenditures	$	206.6	212.5	201.6
Transfers		47.4	47.4	46.4
Total	$	254.0	259.8	248.0

Actual expenditures in the above chart are shown on the budgetary basis (see Schedule I-2). The General Fund had a $2.8 million increase in fund balance.

Actual General Fund revenues and transfers were $2.1 million more than final budgeted revenues and transfers during fiscal year 2021. Actual General Fund expenditures and transfers were $11.9 million less than the final budget.

The city spent $33.6 million in the Capital Improvements Fund to fund major projects, including the City fiber network, seawall replacement, public safety radio system, and Churchland High School HVAC. The Capital Improvements Fund has a $53.6 million fund balance at June 30, 2021, all of which is restricted or committed for future capital project costs.

As of June 30, 2021, Debt Service fund has assets of $3.6 million, a decrease of $1.7 and total net position of $3.6 million. Total expenditures were $40.6 million, with debt service of $38.8 million and cost of issuance at $0.3 million.

As of June 30, 2021, the grant fund had received $14.5 million and spent $15.0 million in restricted grants during the year. The CoronavirusAid, Relief, and Economic Security (CARES) Act of 2020 provided funding for several different programs to address the COVID-19 pandemic during fiscal year 2021. The city of Portsmouth received a total of $16.4 million in CARES funding in fiscal year 2021 to assist with necessary expenditures incurred due to the public health emergency related to COVID-19. There was no cash or in-kind match requirement from the city for this grant. Substantially all funds have been spent or encumbered. Any unspent funds must be returned to the state. These funds were used to assist the city in meeting needs during the pandemic, including assisting businesses in the city, medical costs borne by the city as a result of the effects of COVID-19, payroll expenses related to employees involved in responding to COVID-19, and public health costs. The Grants Fund has a $26 thousand fund balance at June 30, 2021.

Proprietary Funds

Total net position of the Public Utility Fund increased $5.5 million during fiscal year 2021 from $191.4 million to $196.8 million. Of the total net position, $149.8 million represents its net investment in capital assets. Unrestricted net position totaled $47.1 million.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of fiscal year 2021, the city had invested $811.3 million, net of depreciation, in a broad range of capital assets, including machinery and equipment, buildings, park and golf facilities, roads, bridges, and water and sewer lines, as reflected in the following schedule:

Capital Assets
As of June 30, 2021 and 2020 (in millions)

	Governmental Activities		Business-type Activities		Total Primary Government	
	2021	2020	2021	2020	2021	2020
Land	$ 20.4	20.4	14.8	14.8	35.2	35.2
Buildings	218.7	225.7	6.7	6.1	225.5	231.8
Improvements other than buildings	181.5	183.3	168.0	175.9	349.5	359.2
Machinery, furniture, and equipment	35.2	32.2	16.6	18.1	51.8	50.3
Intangibles	2.4	1.8	-	-	2.4	1.8
Construction in progress	41.3	22.7	105.7	98.7	147.0	121.4
Total	499.4	486.1	311.9	313.6	811.3	799.7

Major capital asset activity for the fiscal year ended June 30, 2021, included:

- Capital asset changes for governmental activities totaled a decrease of $7.0 million for buildings; a decrease of $1.8 million for improvements other than buildings/infrastructure; an increase of $3.0 million for machinery, furniture, and equipment, an increase of $0.6 million for intangibles, and an increase of $18.6 million for construction in progress in the fiscal year. There were additions of $1.1 million, $0.1 million, $3.7 million, $7.6 million, and $0.8 million to buildings, improvements other than buildings/infrastructure, machinery furniture and equipment, and intangibles, respectively. There were $1.6 million in disposals of machinery, furniture, and equipment, all of which were fully depreciated. The remaining decreases are due to depreciation expense.Capital asset changes for business-type activities included (1) a net increase of $0.6 million for buildings due to an increase of $1.2 million in additions and a decrease of $0.5 million in depreciation, (2) a net decrease of $7.9 million for infrastructure due to depreciation, (3) a net decrease of $1.5 million for machinery, furniture and equipment due to an increase of $1.1 million in additions and a decrease of $2.5 million in depreciation, and (4) an increase of $6.9 million for construction in progress in the fiscal year.
- Depreciation expense totaled $18.5 million and $10.9 million for governmental and business-type activities, respectively.
- Construction in progress totaled $41.3 million for governmental activities at June 30, 2021.
- Construction in progress totaled $105.7 million for business-type activities at June 30, 2021.

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

The City's adopted fiscal year 2022-2026 Capital Improvement Program established a five year program totaling $263.5 million. The major projects include $118.7 million for water and $63.5 million for sewer improvements, $47.6 million for drainage and street improvements, $18.7 million for municipal facilities, $10.0 million for fleet management, $800,000 million for industrial and economic development projects, $3.8 million for leisure services projects, and $400,000 for parking authority projects.

Long-term Debt

At year-end, the city had $559.3 million in outstanding debt, excluding premiums, claims payable, other post-employment benefit obligations, compensated absences, landfill closure and post-closure care costs, and net pension obligations. General obligation and revenue bonds outstanding represented $523.5 and $29.0 million, respectively, of this total, as reflected in the following schedule:

Outstanding Debt
As of June 30, 2021 and 2020 (in millions)

	Governmental Activities		Business-type Activities		Total Primary Government	
	2021	2020	2021	2020	2021	2020
General obligation bonds	$ 412.0	400.2	111.5	117.0	523.5	529.0
Revenue bond	-	-	29.0	29.0	29.0	29.0
Other loans payable	5.1	5.1	1.7	-	6.8	5.1
Obligation under capital leases	-	0.6	-	-	-	0.6
Total	$ 417.1	405.9	142.2	146.0	559.3	563.7

The state limits the amount of general obligation debt the city can legally issue to 10% of the assessed value of real property within the city. The city's outstanding debt, not all of which is applicable to the state limits, is below this limit, which is currently $786.1 million. The city maintains bond ratings on general obligation debt of "Aa2", "AA," and "AA," from Moody's Investors Service, Standard & Poor's Ratings Services and Fitch, Inc., respectively.

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

ECONOMIC FACTORS

The City's unemployment rate for June 2021 was 7.2%, which compares to the national unemployment rate of 5.9% for June 2021. The City's per capita income as of 2020 (latest data available from the Bureau of Economic Analysis) was $43,578, an increase of 2.3% from what was reported for 2019. Average per capita income in 2020 was $62,362 for Virginia and $59,729 for the United States as a whole.

FINANCIAL INQUIRIES

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

Basic Financial Statements

CITY OF PORTSMOUTH, VIRGINIA **Exhibit A**
Statement of Net Position
June 30, 2021

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
Assets:				
Current assets:				
Cash and temporary investments (Note 3)	$ 150,554,026	57,091,410	207,645,436	31,351,737
Restricted cash and investments (Note 3)	35,609,843	2,923,408	38,533,251	-
Receivables (net of allowance for uncollectibles):				
Taxes	16,667,116	-	16,667,116	-
Accounts	9,699,761	19,972,027	29,671,788	700,460
Internal balances	5,663,375	(5,663,375)	-	-
Due from fiduciary fund	279,817	-	279,817	-
Due from component units (Note 10)	1,024	-	1,024	-
Due from other governments (Note 11)	12,251,086	-	12,251,086	7,552,015
Deposits held by others	240,000	-	240,000	-
Inventory of supplies	678,638	602,727	1,281,365	1,093,446
Total current assets	231,644,686	74,926,197	306,570,883	40,697,658
Noncurrent assets:				
OPEB assets (Note 8)	-	-	-	10,794,014
Security deposit receivable	-	4,016	4,016	-
Property held for resale	-	18,962,523	18,962,523	132,007
Capital assets (Note 4):				
Land	20,402,405	14,803,739	35,206,144	6,085,707
Buildings	364,440,637	23,236,755	387,677,392	93,535,748
Improvements other than buildings	570,232,133	310,640,086	880,872,219	-
Machinery, furniture and equipment	89,259,572	45,790,470	135,050,042	29,732,410
Intangibles	3,962,348	-	3,962,348	422,270
Construction in progress	41,311,910	105,654,065	146,965,975	-
Total capital assets	1,089,609,005	500,125,115	1,589,734,120	129,776,135
Less - accumulated depreciation	(590,166,944)	(188,260,601)	(778,427,545)	(80,023,371)
Total capital assets, net	499,442,061	311,864,514	811,306,575	49,752,764
Total noncurrent assets	499,442,061	330,831,053	830,273,114	60,678,785
Total assets	731,086,747	405,757,250	1,136,843,997	101,376,443
Deferred outflows of resources:				
Deferred outflows from debt refundings	21,355,503	3,277,011	24,632,514	-
Deferred outflows related to pensions (Note 7)	38,690,107	2,612,366	41,302,473	36,220,181
Deferred outflows related to OPEB (Note 8)	8,915,016	309,135	9,224,151	5,901,272
Total deferred outflows of resources	68,960,626	6,198,512	75,159,138	42,121,453
Total assets and deferred outflows of resources	$ 800,047,373	411,955,762	1,212,003,135	143,497,896

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

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
Liabilities:				
Current liabilities:				
Accounts payable	$ 11,935,443	2,258,383	14,193,826	6,006,490
Accrued payroll	1,465,390	150,113	1,615,503	9,321,989
Accrued interest payable	4,789,963	1,680,055	6,470,018	-
Deposits	-	1,562,844	1,562,844	-
Unearned revenue	28,421,282	-	28,421,282	-
Due to Primary Government (Note 10)	-	-	-	1,024
Due to component units (Note 10)	12,426	-	12,426	-
Claims payable (Note 15)	3,620,410	-	3,620,410	1,277,000
Compensated absences (Note 5)	3,247,611	332,546	3,580,157	1,586,068
Workers' compensation claims (Note 15)	-	-	-	480,722
Bonds payable, net (Note 5)	28,458,179	8,916,812	37,374,991	-
Total current liabilities	81,950,704	14,900,753	96,851,457	18,673,293
Noncurrent liabilities:				
Claims payable (Note 15)	6,463,920	-	6,463,920	-
Compensated absences (Note 5)	3,812,411	390,697	4,203,108	3,152,351
Noncurrent workers' compensation claims (Note 15)	-	-	-	151,308
Bonds payable, net (Note 5)	407,201,483	142,842,299	550,043,782	-
Landfill closure and postclosure care (Notes 5 and 13)	-	3,331,465	3,331,465	-
Loans payable (Note 5)	5,100,000	1,741,485	6,841,485	-
Net OPEB liability (Notes 5 and 8)	30,239,072	1,679,026	31,918,098	20,370,433
Net pension liability (Notes 5 and 7)	136,554,663	7,527,351	144,082,014	152,632,823
Total noncurrent liabilities	589,371,549	157,512,323	746,883,872	176,306,915
Total liabilities	671,322,253	172,413,076	843,735,329	194,980,208
Deferred inflows of resources:				
Deferred inflows related to pensions (Note 7)	1,879,204	163,409	2,042,613	12,139,340
Deferred inflows related to OPEB (Note 8)	12,186,600	807,285	12,993,885	16,789,154
Total outflows of resources	14,065,804	970,694	15,036,498	28,928,494
Net position:				
Net investment in capital assets	240,866,613	171,522,822	412,389,435	49,752,764
Restricted for:				
Grants and donations	15,255,756	-	15,255,756	2,891,473
Cemetery trust, nonexpendable	1,000,000	-	1,000,000	-
Other purposes	251,715	558,916	810,631	12,825,297
Debt service	3,610,665	-	3,610,665	-
Unrestricted	(146,325,433)	66,490,254	(79,835,179)	(145,880,340)
Total net position	114,659,316	238,571,992	353,231,308	(80,410,806)
Total liabilities, deferred inflows of resources, and net position	$ 800,047,373	411,955,762	1,212,003,135	143,497,896

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

CITY OF PORTSMOUTH, VIRGINIA **Exhibt B**
Statement of Activities
Year Ended June 30, 2021

Functions/Programs	Expenses	Program Revenues: Charges For Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expenses) Revenues and Changes in Net Position: Primary Government: Governmental Activities	Primary Government: Business-Type Activities	Primary Government: Total	Component Units
Primary Government:								
Governmental activities:								
General government	$ 39,218,688	1,061,263	10,943,672	-	(27,213,753)	-	(27,213,753)	-
Judicial	22,734,294	399,607	3,579,693	-	(18,754,994)	-	(18,754,994)	-
Public safety	64,342,740	3,349,186	14,235,401	-	(46,758,153)	-	(46,758,153)	-
Public works	26,595,222	9,258,966	14,515,646	1,801,071	(1,019,539)	-	(1,019,539)	-
Health and welfare	33,872,311	45,840	34,474,805	-	648,334	-	648,334	-
Parks, recreational and cultural	13,874,278	120,213	1,407,466	-	(12,346,599)	-	(12,346,599)	-
Community development	10,748,112	1,032,064	2,651,358	1,413,468	(5,651,222)	-	(5,651,222)	-
Education	62,337,766	-	-	-	(62,337,766)	-	(62,337,766)	-
Interest on long-term debt	13,069,364	-	-	-	(13,069,364)	-	(13,069,364)	-
Total governmental activities	286,792,775	15,267,139	81,808,041	3,214,539	(186,503,056)	-	(186,503,056)	-
Business-type activities:								
Public Utility	33,885,768	48,432,770	-	-	-	14,547,002	14,547,002	
Golf	2,057,858	1,244,100	-	-	-	(813,758)	(813,758)	
Parking Authority	932,079	586,816	-	-	-	(345,263)	(345,263)	
Waste Management	10,072,772	11,242,476	-	-	-	1,169,704	1,169,704	
Economic Development Authority	778,716	-	3,095,458	-	-	2,316,742	2,316,742	-
Total business-type activities	47,727,193	61,506,162	3,095,458	-	-	16,874,427	16,874,427	-
Total primary government	334,519,968	76,773,301	84,903,499	3,214,539	(186,503,056)	16,874,427	(169,628,629)	-
Component Units:								
School Board	185,355,042	2,660,760	37,109,669	-	-	-	-	(145,584,613)
Port and Industrial Commission	338,765	-	-	-	-	-	-	(338,765)
Total component units	$ 185,693,807	2,660,760	37,109,669	-	-	-	-	(145,923,378)
General revenues:								
Taxes:								
General property taxes					134,296,897	-	134,296,897	-
Business and occupational license taxes					7,167,429	-	7,167,429	-
Restaurant food taxes					9,937,452	-	9,937,452	-
Sales and use tax					9,977,346	-	9,977,346	-
Telecommunications					6,227,142	-	6,227,142	-
Other local taxes					10,090,429	-	10,090,429	-
Utility taxes					8,996,899	-	8,996,899	-
Grants and contributions not restricted to specific programs					-	-	-	93,226,406
Investment earnings					172,751	134,245	306,996	45,171
Loss on disposal of capital assets					-	(2,117,140)	(2,117,140)	-
Miscellaneous					7,499,760	540,385	8,040,145	996,338
Payment from Primary Government					-	-	-	59,622,845
Transfers (Note 10)					7,503,343	(7,503,343)	-	-
Total general revenues and transfers					201,869,448	(8,945,853)	192,923,595	153,890,760
Change in net position					15,366,392	7,928,574	23,294,966	7,967,382
Net position, beginning of year, as restated (Note 18)					99,292,924	230,643,418	329,936,342	(88,378,188)
Net position, end of year					$ 114,659,316	238,571,992	353,231,308	(80,410,806)

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

CITY OF PORTSMOUTH, VIRGINIA **Exhibit C**
Balance Sheet
Governmental Funds
June 30, 2021

	General Fund	Debt Service	Capital Projects	Grants Fund	Other Govenrmental Funds	Total
Assets:						
Cash and temporary investments (Note 3)	$ 52,550,619	3,618,265	19,896,770	29,458,914	16,110,750	121,635,318
Restricted cash and temporary investments (Note 3)	251,715	-	35,358,128	-	-	35,609,843
Receivables (net of allowance for uncollectibles):						
Taxes	16,667,116	-	-	-	-	16,667,116
Accounts	8,897,320	-	-	-	700,262	9,597,582
Due from other funds (Note 10)	7,980,783	-	-	-	-	7,980,783
Due from component units (Note 10)	1,024	-	-	-	-	1,024
Due from other governments (Note 11)	10,835,300	-	-	57,992	1,357,794	12,251,086
Inventory of supplies	107,272	-	-	-	-	107,272
Total assets	97,291,149	3,618,265	55,254,898	29,516,906	18,168,806	203,850,024
Liabilities:						
Accounts payable	3,667,322	7,600	3,990,611	1,050,989	1,284,495	10,001,017
Accrued payroll	1,141,337	-	-	18,966	238,428	1,398,731
Unearned revenue	-	-	-	28,421,282	-	28,421,282
Due to other funds (Note 10)	-	-	-	-	149,210	149,210
Due to component units (Note 10)	-	-	12,426	-	-	12,426
Total liabilities	4,808,659	7,600	4,003,037	29,491,237	1,672,133	39,982,666
Deferred inflows of resources:						
Deferred inflows from unavailable revenues (Note 12)	9,735,050	-	-	-	-	9,735,050
Fund balances (note 2):						
Nonspendable	107,272	-	-	-	1,000,000	1,107,272
Restricted	251,715	3,610,665	35,358,128	25,669	15,230,087	54,476,264
Committed	8,002,867	-	15,893,733	-	-	23,896,600
Assigned	4,036,500	-	-	-	-	4,036,500
Unassigned	70,349,086	-	-	-	266,586	70,615,672
Total fund balances	82,747,440	3,610,665	51,251,861	25,669	16,496,673	154,132,308
Total liabilities, deferred inflows of resources, and fund balances	$ 97,291,149	3,618,265	55,254,898	29,516,906	18,168,806	203,850,024

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

Balance Sheet - Reconciliation of the Balance Sheet to the Statement of Net Position
Governmental Funds
June 30, 2021

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

Total fund balances, governmental funds		$ 154,132,308
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. Internal Service Funds are included below. Those assets consist of:		
Land	20,387,357	
Buildings	363,747,554	
Machinery, furniture and equipment	62,648,544	
Intangibles	750,000	
Improvements other than buildings	570,232,133	
Construction in progress	41,311,910	
Accumulated depreciation	(562,878,338)	496,199,160
Some of the city's taxes will be collected after year-end, but are not available soon enough to pay for the current period's expenditures and, therefore, are reported as deferred inflow in the funds.		9,735,050
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the governmental funds. Those liabilities consist of:		
Compensated absences	(6,681,084)	
Accrued interest payable	(4,789,963)	
General obligation bonds	(435,659,662)	
Long-term loan payable	(5,100,000)	
Deferred inflows related to pension	(1,777,074)	
Deferred inflows related to OPEB	(11,827,806)	
Net pension liability	(132,406,015)	
Net OPEB liability	(29,492,838)	(627,734,442)
Deferred outflows from debt refunding as a result of bond refunding, which is not reported on governmental funds	21,355,503	
Deferred outflows related to OPEB, which is not reported on governmental funds	8,777,622	
Deferred outflows related to pensions, which is not reported on governmental funds	37,177,712	67,310,837
Internal service funds are used by the city to charge costs of certain activities to individual funds. The assets, liabilities and deferred flows of resources of the internal service funds are reported as components of other governmental funds.		15,016,403
Net position of governmental activities		$ 114,659,316

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

CITY OF PORTSMOUTH, VIRGINIA **Exhibit D**

Statement of Revenues, Expenditures, and Changes in Fund Balances

Governmental Funds

Year Ended June 30, 2021

	General Fund	Debt Service	Capital Projects	Grants Fund	Other Governmental Funds	Total
Revenues:						
Taxes	$ 188,208,646	-	-	-	-	188,208,646
Intergovernmental	39,628,347	-	1,801,071	14,367,484	27,812,210	83,609,112
Charges for services	3,791,895	-	-	-	9,234,358	13,026,253
Investment income	130,722	-	12,111	-	21,341	164,174
Recovered costs	3,340,305	-	-	-	97,129	3,437,434
Fines and forfeitures	199,968	-	-	-	-	199,968
Licenses and permits	1,125,063	-	-	-	-	1,125,063
Use of property	915,855	-	-	-	-	915,855
Program income	-	-	-	-	1,413,468	1,413,468
Miscellaneous	3,539,214	-	27,000	239,368	256,743	4,062,325
Total revenues	240,880,015	-	1,840,182	14,606,852	38,835,249	296,162,298
Expenditures:						
Current:						
General government	17,762,211	1,481,010	-	2,904,912	-	22,148,133
Nondepartmental	14,544,761	-	-	-	-	14,544,761
Judicial	18,493,198	-	-	1,138,817	9,130	19,641,145
Public safety	59,442,307	-	-	1,023,002	18,000	60,483,309
Public works	15,417,649	-	6,148,851	-	2,151,227	23,717,727
Health and welfare	1,371,609	-	-	5,779,514	26,446,811	33,597,934
Parks, recreational and cultural	9,715,380	-	33,527	1,998,039	12,202	11,759,148
Community development	5,093,246	-	-	1,914,230	1,524,705	8,532,181
Education	59,622,845	-	-	-	-	59,622,845
Debt service - principal	-	25,992,616	1,339,276	-	-	27,331,892
Interest and fiscal charges	-	12,787,133	-	-	-	12,787,133
Costs of issuance	3,740	335,800	302,164	-	-	641,704
Capital outlay	87,662	-	25,784,243	236,045	2,228,852	28,336,802
Total expenditures	201,554,608	40,596,559	33,608,061	14,994,559	32,390,927	323,144,714
Excess (deficiency) of revenues over (under) expenditures	39,325,407	(40,596,559)	(31,767,879)	(387,707)	6,444,322	(26,982,416)
Other financing sources (uses):						
Transfers from other funds (Note 10)	9,859,154	38,907,436	13,786,500	63,563	3,358,288	65,974,941
Transfers to other funds (Note 10)	(46,429,143)	-	(1,137,000)	-	(9,589,905)	(57,156,048)
General obligation (G.O.) bonds issued	-	-	36,730,000	-	-	36,730,000
Premium on G.O. bonds issued	-	-	3,885,380	-	-	3,885,380
Refunding bonds issued	-	-	28,720,000	-	-	28,720,000
Premium on refunding bond issuance	-	-	51,859	-	-	51,859
Payment to refunded bond escrow agent	-	-	(28,468,646)	-	-	(28,468,646)
Total other financing sources (uses), net	(36,569,989)	38,907,436	53,568,093	63,563	(6,231,617)	49,737,486
Net change in fund balances	2,755,418	(1,689,123)	21,800,214	(324,144)	212,705	22,755,070
Fund balance, beginning of year	79,992,022	5,299,788	29,451,647	349,813	16,283,968	131,377,238
Fund balances, end of year	$ 82,747,440	3,610,665	51,251,861	25,669	16,496,673	154,132,308

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

Statement of Revenues, Expenditures, and Changes in Fund Balances - Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities
Governmental Funds
Year Ended June 30, 2021

Amounts reported for governmental activities in the Statement of Activities are different because:		
Net change in fund balances, total governmental funds		$ 22,755,070
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. Donated assets and loss on disposal of assets are not reported in the governmental funds, but are reflected in the statement of activities.		
Purchases of assets	31,828,565	
Depreciation expense (not including Internal Service Funds)	(17,597,659)	14,230,906
The issuance of long term debt (e.g., bonds and leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.		
General obligation bonds issued	(36,730,000)	
Premium on general obligation bonds issued	(3,885,380)	
Refunding bonds issued	(28,720,000)	
Premium on refunding bonds issued	(51,860)	
Payment to refunded bond escrow agent - principal repayments	28,468,646	
Principal payments and retirement of debt	27,331,891	
Amortization expense	1,200,896	(12,385,807)
Some revenues in the statement of activities do not provide the use of current financial resources and, therefore, are not reported as revenues in the governmental funds.		(1,515,052)
Some expenses in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.		
Change in deferred outflows - debt	(1,746,520)	
Change in deferred outflows - pensions	3,734,117	
Change in deferred outflows - OPEB	4,465,051	
Change in deferred inflows - pensions	3,201,556	
Change in deferred inflows - OPEB	(5,069,391)	
Change in compensated absences	(204,961)	
Change in net pension liability	(8,676,556)	
Change in OPEB liability	3,590,769	
Change in accrued interest	905,099	199,164
Internal service funds are used by the City to charge costs of certain activities to individual funds. The net revenue of internal service funds is reported as a component of governmental funds.		(7,917,889)
Change in net position of governmental activities		$ 15,366,392

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

CITY OF PORTSMOUTH, VIRGINIA **Exhibit E-1**
Statement of Net Position
Proprietary Funds
June 30, 2021

	Public Utilities	Nonmajor Enterprise Funds	Total	Governmental Activities Internal Service Funds
Assets:				
Current assets:				
Cash and temporary investments (Note 3)	$ 41,404,713	15,686,697	57,091,410	28,918,708
Restricted investments (Note 3)	2,923,408	-	2,923,408	-
Accounts receivable (net of allowance for uncollectibles)	14,422,556	5,549,471	19,972,027	102,221
Inventory of supplies	514,180	88,547	602,727	571,366
Deposits-held by others	-	-	-	240,000
Total current assets	59,264,857	21,324,715	80,589,572	29,832,295
Noncurrent assets:				
Security deposit receivable	-	4,016	4,016	-
Property held for resale	-	18,962,523	18,962,523	-
Capital assets (Note 4):				
Land	403,834	14,399,905	14,803,739	15,048
Buildings	692,687	22,544,068	23,236,755	693,083
Improvements other than buildings	310,041,505	598,581	310,640,086	-
Machinery, furniture and equipment	31,900,760	13,889,710	45,790,470	26,611,028
Intangible assets	-	-	-	3,212,348
Construction in progress	105,654,065	-	105,654,065	-
Total capital assets	448,692,851	51,432,264	500,125,115	30,531,507
Less - accumulated depreciation	(162,390,088)	(25,870,513)	(188,260,601)	(27,288,606)
Total capital assets, net	286,302,763	25,561,751	311,864,514	3,242,901
Total noncurrent assets	286,302,763	44,528,290	330,831,053	3,242,901
Deferred outflows of resources:				
Deferred outflows from debt refunding	3,164,652	112,359	3,277,011	-
Deferred outflows related to pensions (Note 7)	1,512,394	1,099,972	2,612,366	1,512,395
Deferred outflows related to OPEB (Note 8)	206,090	103,045	309,135	137,394
Total deferred outflows of resources	4,883,136	1,315,376	6,198,512	1,649,789
Total assets and deferred outflows of resources	$ 350,450,756	67,168,381	417,619,137	34,724,985

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

	Public Utilities	Nonmajor Enterprise Funds	Total	Governmental Activities Internal Service Funds
Liabilities:				
Current liabilities:				
Accounts payable	$ 1,653,123	605,260	2,258,383	1,934,468
Accrued interest payable	1,549,754	130,301	1,680,055	-
Accrued payroll	92,406	57,707	150,113	66,659
Deposits	1,403,410	159,434	1,562,844	-
Due to other funds (Note 10)	-	5,663,375	5,663,375	1,888,381
Current compensated absences (Note 5)	173,006	159,540	332,546	174,312
Current bonds payable (Note 5)	7,860,042	1,056,770	8,916,812	-
Current claims payable (Note 15)	-	-	-	3,620,410
Total current liabilities	12,731,741	7,832,387	20,564,128	7,684,230
Noncurrent liabilities:				
Noncurrent claims payable (Note 15)	-	-	-	6,463,920
Noncurrent compensated absences (Note 5)	203,094	187,603	390,697	204,626
Landfill closure and postclosure liability (Notes 5 and 13)	-	3,331,465	3,331,465	-
Noncurrent loans payable (Note 5)	-	1,741,485	1,741,485	-
Noncurrent bonds payable (Note 5)	134,760,701	8,081,598	142,842,299	-
Net pension liability (Notes 5 and 7)	4,148,647	3,378,704	7,527,351	4,148,648
Net OPEB liability (Notes 5 and 8)	1,119,351	559,675	1,679,026	746,234
Total noncurrent liabilities	140,231,793	17,280,530	157,512,323	11,563,428
Deferred inflows of resources:				
Deferred inflows related to pensions (Note 7)	102,131	61,278	163,409	102,130
Deferred inflows related to OPEB (Note 8)	538,190	269,095	807,285	358,794
Total deferred inflows of resources	640,321	330,373	970,694	460,924
Net position:				
Net investment in capital assets	149,770,080	21,752,742	171,522,822	3,242,901
Restricted	-	558,916	558,916	-
Unrestricted	47,076,821	19,413,433	66,490,254	11,773,502
Total net position	196,846,901	41,725,091	238,571,992	15,016,403
Total liabilities, deferred inflows of resources, and net position	$ 350,450,756	67,168,381	417,619,137	34,724,985

CITY OF PORTSMOUTH, VIRGINIA
Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Funds
Year Ended June 30, 2021

Exhibit E-2

	Public Utilities	Nonmajor Enterprise Funds	Total	Governmental Activities Internal Service Funds
Operating revenues:				
Charges for services	$ 48,432,770	13,073,392	61,506,162	36,977,247
Use of property	60,366	223,861	284,227	-
Other	184,486	71,672	256,158	514,611
Total operating revenues	48,677,622	13,368,925	62,046,547	37,491,858
Operating expenses:				
Personnel services	7,495,464	4,496,077	11,991,541	5,808,387
Contractual services	3,913,492	3,749,212	7,662,704	7,579,842
Supplies and materials	3,363,821	373,678	3,737,499	3,883,219
Utilities	1,218,695	196,196	1,414,891	143,175
Internal charges	1,337,086	1,932,238	3,269,324	96,872
Claims, settlements and refunds	131,561	14,678	146,239	22,435,340
Insurance premiums	-	-	-	1,469,964
Payments in lieu of taxes	1,161,598	-	1,161,598	-
Rent	-	102,113	102,113	-
Depreciation and amortization	9,412,498	1,520,265	10,932,763	868,977
Closure/postclosure	-	61,305	61,305	-
Loss on sale of assets	-	1,622,812	1,622,812	-
Other	863,147	688,153	1,551,300	1,816,998
Total operating expenses	28,897,362	14,756,727	43,654,089	44,102,774
Operating income (loss)	19,780,260	(1,387,802)	18,392,458	(6,610,916)
Nonoperating revenues (expenses):				
Investment income	110,002	24,243	134,245	8,577
Interest expense and fiscal charges	(4,988,406)	(398,840)	(5,387,246)	-
Local development grants	-	(308,670)	(308,670)	-
Loss on disposal / impairment of capital assets	-	(494,328)	(494,328)	-
Contributions from PRHA	-	3,095,458	3,095,458	-
Total nonoperating revenues (expenses), net	(4,878,404)	1,917,863	(2,960,541)	8,577
Income before operating transfers	14,901,856	530,061	15,431,917	(6,602,339)
Transfers from other funds (Note 10)	-	2,479,572	2,479,572	1,545,395
Transfers to other funds (Note 10)	(9,450,825)	(532,090)	(9,982,915)	(2,860,945)
Change in net position	5,451,031	2,477,543	7,928,574	(7,917,889)
Net position, beginning of year	191,395,870	39,247,548	230,643,418	22,934,292
Net position, end of year	$ 196,846,901	41,725,091	238,571,992	15,016,403

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

CITY OF PORTSMOUTH, VIRGINIA
Statement of Cash Flows
Proprietary Funds
Year Ended June 30, 2021

Exhibit E-3

	Public Utilities	Nonmajor Enterprise Funds	Total	Governmental Activities - Internal Service Funds
Cash flows from operating activities:				
Cash received from customers	$ 45,205,464	11,883,372	57,088,836	37,654,683
Cash payments to suppliers for goods and services	(12,832,851)	(7,181,473)	(20,014,324)	(36,004,990)
Cash payments for land purchases	-	(1,775,214)	(1,775,214)	-
Cash receipts for land sales	-	1,039,638	1,039,638	-
Cash payments to employees for services	(6,705,686)	(4,065,104)	(10,770,790)	(4,789,546)
Net cash provided by (used in) operating activities	25,666,927	(98,781)	25,568,146	(3,139,853)
Cash flows from noncapital financing activities:				
Development grants	-	(226,037)	(226,037)	-
Interfund loans	(31,138,259)	553,383	(30,584,876)	1,888,381
Proceeds from issuance of debt	-	5,516	5,516	-
Transfers in from other funds	-	2,479,572	2,479,572	1,545,395
Transfers out to other funds	(9,450,825)	(1,026,418)	(10,477,243)	(2,860,945)
Net cash provided by (used in) by noncapital financing activities	(40,589,084)	1,786,016	(38,803,068)	572,831
Cash flows from capital and related financing activities:				
Acquisition and construction of capital assets	(7,944,835)	(1,239,479)	(9,184,314)	(12,486)
Proceeds from issuance of long-term debt	-	1,743,544	1,743,544	-
Payments on long-term debt	(6,385,138)	(1,210,000)	(7,595,138)	-
Interest paid	(4,770,466)	(389,318)	(5,159,784)	-
Net cash used in capital and related financing activities	(19,100,439)	(1,095,253)	(20,195,692)	(12,486)
Cash flows from investing activities:				
Proceeds from investments	4,591,352	-	4,591,352	
Interest received	110,002	24,243	134,245	8,577
Net cash provided by investing activities	4,701,354	24,243	4,725,597	8,577
Net increase (decrease) in cash and temporary investments	(29,321,242)	616,225	(28,705,017)	(2,570,931)
Cash and temporary investments, beginning of year	70,725,955	15,070,472	85,796,427	31,489,639
Cash and temporary investments, end of year	$ 41,404,713	15,686,697	57,091,410	28,918,708
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:				
Operating income (loss)	$ 19,780,260	(1,387,802)	18,392,458	(6,610,916)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation	9,412,498	1,520,265	10,932,763	868,977
Landfill closure/postclosure	-	61,305	61,305	-
Pension expense (recovery), net of employer contributions	673,309	489,049	1,162,358	870,352
OPEB expense (recovery), net of employer contributions	64,563	(106,407)	(41,844)	135,502
Change in current assets and liabilities:				
Accounts receivable	(3,483,354)	(1,530,050)	(5,013,404)	162,825
Inventory of supplies	81,621	(39,673)	41,948	56,881
Property held for resale	-	489,494	489,494	-
Due to other funds	-	193,390	193,390	-
Accounts payable	(925,072)	114,920	(810,152)	265,158
Customer deposits	11,196	48,397	59,593	-
Accrued payroll and expense	18,975	14,779	33,754	16,383
Compensated absences	32,931	33,552	66,483	(3,396)
Claims payable	-	-	-	1,098,381
Total adjustments	5,886,667	1,289,021	7,175,688	3,471,063
Net cash provided by (used in) operating activities	$ 25,666,927	(98,781)	25,568,146	(3,139,853)
Supplemental disclosure of non-cash financing activities:				
Contribution of land	$ -	3,095,458	3,095,458	-
Issuance of refunding debt, including premiums	$ 31,173,430	90,552	31,263,982	-
Net carrying amount of debt refunded	(30,839,240)	(84,253)	(30,923,493)	-
Debt issuance costs paid in conjunction with closing	(334,190)	(783)	(334,973)	-
Net proceeds, cash	$ -	5,516	5,516	-

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

CITY OF PORTSMOUTH, VIRGINIA **Exhibit F-1**
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2021

		Custodial Funds	Pension and OPEB Trusts
Assets:			
Cash and temporary investments (Note 3)	$	327,864	7,157,695
Investments (Note 3):			
Stocks		-	181,902,874
Bonds		-	61,829,295
Real estate		-	8,633,498
Other investments		-	1,203,073
Total investments		-	253,568,740
Total assets		327,864	260,726,435
Liabilities:			
Due to general fund		279,817	-
Due to New Port Community Development Authority		38,916	-
Accounts payable		9,131	-
Total liabilities		327,864	-
Net position -			
Restricted for:			
Pensions		-	254,042,697
Postemployment benefits other than pensions		-	6,683,738
Total net position		-	260,726,435
Total liabilities and net position	$	327,864	260,726,435

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

CITY OF PORTSMOUTH, VIRGINIA **Exhibit F-2**
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
Year ended June 30, 2021

	Custodial Funds	Pension and OPEB Trust Funds
Additions:		
Contributions -		
Employers' contributions	$ -	16,314,343
Other receipts	12,835	-
Investment income -		
Gains, net of investment expenses	383	60,781,391
Taxes collections for other governments	258,878	-
Total additions	272,096	77,095,734
Deductions:		
Benefit payments	13,218	31,861,053
Administrative expenses	-	378,884
Payments of taxes to other governments	258,878	-
Total deductions	272,096	32,239,937
Change in net position	-	44,855,797
Net position, beginning of year	-	215,870,638
Net position, end of year	$ -	260,726,435

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

CITY OF PORTSMOUTH, VIRGINIA **Exhibit G-1**
Statement of Net Position
Component Units
June 30, 2021

	School Board	Port and Industrial Commission	Total
Assets:			
Current assets:			
Cash and temporary investments (Note 3)	$ 30,299,371	1,052,366	31,351,737
Accounts receivables (net of allowance for uncollec	700,460	-	700,460
Due from other governments (Note 11)	7,552,015	-	7,552,015
Inventory of supplies	1,093,446	-	1,093,446
Total current assets	39,645,292	1,052,366	40,697,658
Noncurrent assets:			
OPEB assets (Note 8)	10,794,014	-	10,794,014
Property held for resale	-	132,007	132,007
Capital assets (Note 4):			
Land	6,085,707	-	6,085,707
Buildings	93,535,748	-	93,535,748
Machinery, furniture and equipment	29,732,410	-	29,732,410
Intangibles	422,270	-	422,270
Total capital assets	129,776,135	-	129,776,135
Less - accumulated depreciation	(80,023,371)	-	(80,023,371)
Total capital assets, net	49,752,764	-	49,752,764
Total noncurrent assets	60,546,778	132,007	60,678,785
Total assets	100,192,070	1,184,373	101,376,443
Deferred outflows of resources:			
Deferred outflows related to pensions (Note 7)	36,220,181	-	36,220,181
Deferred outflows related to OPEB (Note 8)	5,901,272	-	5,901,272
Total deferred outflows of resources	42,121,453	-	42,121,453
Total assets and deferred outflows of resources	$ 142,313,523	1,184,373	143,497,896

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

CITY OF PORTSMOUTH, VIRGINIA **Exhibit G-1 (Continued)**
Statement of Net Position
Component Units
June 30, 2021

	School Board	Port and Industrial Commission	Total
Liabilities:			
Current liabilities:			
Accounts payable	$ 6,006,490	-	6,006,490
Accrued payroll	8,673,890	-	8,673,890
Accrued payroll taxes	648,099	-	648,099
Due to Primary Government (Note 10)	-	1,024	1,024
Claims payable (Note 15)	1,277,000	-	1,277,000
Compensated absences (Note 5)	1,586,068	-	1,586,068
Workers' compensation claims (Note 15)	480,722	-	480,722
Total current liabilities	18,672,269	1,024	18,673,293
Noncurrent liabilities:			
Compensated absences (Note 5)	3,152,351	-	3,152,351
Noncurrent workers' compensation claims (Note 15)	151,308	-	151,308
Net pension liability (Note 7)	152,632,823	-	152,632,823
Net OPEB liability (Note 8)	20,370,433	-	20,370,433
Total noncurrent liabilities	176,306,915	-	176,306,915
Total liabilities	194,979,184	1,024	194,980,208
Deferred inflows of resources:			
Deferred inflows related to pensions (Note 7)	12,139,340	-	12,139,340
Deferred inflows related to OPEB (Note 8)	16,789,154	-	16,789,154
Total outflows of resources	28,928,494	-	28,928,494
Net position:			
Net investment in capital assets	49,752,764	-	49,752,764
Restricted for:			
Grants and donations	2,891,473	-	2,891,473
Other purposes	12,825,297	-	12,825,297
Unrestricted	(147,063,689)	1,183,349	(145,880,340)
Total net position	(81,594,155)	1,183,349	(80,410,806)
Total liabilities, deferred inflows of resources, and net position	$ 142,313,523	1,184,373	143,497,896

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

CITY OF PORTSMOUTH, VIRGINIA
Statement of Activities
Component Unit
Year Ended June 30, 2021

Exhibit G-2

Functions/Programs	Expenses	Program Revenues: Charges For Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position: School Board	Net (Expense) Revenue and Changes in Net Position: Port and Industrial Commission	Total
School Board:							
Administration, attendance and health services	$ 10,937,621	831,155	-	-	(10,106,466)	-	(10,106,466)
Instruction	132,375,681	78,127	34,271,516	-	(98,026,038)	-	(98,026,038)
Pupil transportation	5,346,093	1,200	-	-	(5,344,893)	-	(5,344,893)
Operations and maintenance	15,926,878	2,300	-	-	(15,924,578)	-	(15,924,578)
Information technology	14,399,621	-	-	-	(14,399,621)	-	(14,399,621)
Food services	6,045,738	1,747,978	2,838,153	-	(1,459,607)	-	(1,459,607)
School Activity Funds	323,410	-	-	-	(323,410)	-	(323,410)
Total School Board	185,355,042	2,660,760	37,109,669	-	(145,584,613)	-	(145,584,613)
Port and Industrial Commission:							
Port and Industrial Commission	338,765	-	-	-	-	(338,765)	(338,765)
Total Component Units	185,693,807	2,660,760	37,109,669	-	(145,584,613)	(338,765)	(145,923,378)
General revenues:							
Grants and contributions not restricted to specific programs					93,226,406	-	93,226,406
Investment earnings					44,218	953	45,171
Miscellaneous					990,684	5,654	996,338
Payment from Primary Government					59,622,845	-	59,622,845
Total general revenues					153,884,153	6,607	153,890,760
Change in net position					8,299,540	(332,158)	7,967,382
Net position, beginning of year, as restated (Note 18)					(89,893,695)	1,515,507	(88,378,188)
Net position, end of year					$ (81,594,155)	1,183,349	(80,410,806)

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

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

The following is a summary of the more significant policies:

A. Financial Reporting Entity

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

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

Discretely Presented Component Units

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

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

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

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

Blended Component Units

The Economic Development Authority (EDA) is considered to be a blended component unit in the city's financial statements under the guidelines of GAAP. Blended component units are entities that are legally separate from the city, but which provide services entirely, or almost entirely, to the city or otherwise exclusively benefit the city. Activities of blended component units are considered to be so intertwined with the city's that they are, in substance, part of the city's operations.

The EDA was established under the Industrial Development and Revenue Bond Act of the Commonwealth of Virginia to facilitate economic development activity in the community and to provide financial benefits to the city of Portsmouth. The EDA is authorized to acquire, own, lease, and dispose of properties to the extent that such activities may promote industry and develop trade by inducing enterprises to locate and remain in Portsmouth. The EDA has only one fund and the board is appointed by the City Council. Prior to FY19, the EDA was reported as a discretely presented component unit because of the possibility that the EDA may provide a financial benefit or impose a financial burden on the City. During FY19 in conjunction with the issuance of new debt, the EDA entered into a Cooperative Agreement with the city. The terms of this agreement create circumstances whereby the EDA's total outstanding debt is expected to be repaid entirely or almost entirely with resources of the city and the EDA is now presented as a blended component unit enterprise fund in the city's financial statements. The separately audited financial statements for the EDA may be obtained at the following address:

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

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Basis of Financial Statement Presentation

Government-Wide and Fund Financial Statements

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

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

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

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

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

<u>Governmental Fund Types</u>

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

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The city reports the following major governmental funds:

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

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

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

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

The city reports the following nonmajor governmental funds:

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

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

Proprietary Fund Types

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

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

The four nonmajor enterprise funds are: (1) the Golf Fund, which accounts for ownership and operation of three golf courses, (2) the Parking Authority, which is responsible for the operation and maintenance of parking garages, parking lots, and all street parking meters for the city, (3) the Waste Management Fund, which accounts for waste disposal services and operation of the Craney Island landfill, and (4) the Economic Development Authority, a blended component unit, which is responsible for facilitating economic development in the city.

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Fiduciary Fund Types

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

Reconciliation of Government-Wide and Fund Financial Statements

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

C. Measurement Focus and Basis of Accounting

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

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

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Measurement Focus and Basis of Accounting (Continued)

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

The Custodial Fund uses the accrual basis of accounting and does not measure the results of operations.

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

D. Property Taxes

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

Real Estate Taxes

The city levies real estate taxes on all real estate within its boundaries, except those exempted by statute, each year as of July 1st on the estimated market value of the property. Real estate taxes become a lien on real property the first day of the levy year. The city, as required by state statute, follows the practice of reassessing all property annually. Real estate taxes are collected in equal quarterly payments due September 30, December 31, March 31, and June 30, and are considered delinquent after each due date. The real estate tax rate during 2021 was $1.30 per $100 of assessed value.

Personal Property Taxes

The city levies personal property taxes on motor vehicles and business and other tangible personal property. Personal property taxes do not create a lien on property. These levies are made each year as of January 1 with payment due the following June 5. Taxes on motor vehicles bought and sold after January 1 are prorated and the tax levies are adjusted. During the fiscal year, the personal property taxes reported as revenue are the adjusted levies less an allowance for uncollectibles. Personal property taxes are considered delinquent after the June 5 due date or, in the case of supplemental levies, thirty days after the taxes are levied and billed. The personal property tax rate for 2021, excluding machinery and tools, boats, and recreational vehicles, was $5.00 per $100 of assessed value. The personal property tax rate on machinery and tools, boats, and mobile homes was $5.00, $0.50, and $1.30 per $100 of assessed value, respectively.

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Allowance for Uncollectibles

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

Governmental Activities:		
General Fund:		
Allowance for uncollectibles (taxes)	$	4,350,186
Allowance for uncollectibles		2,422,136
Total General Fund		6,772,322
Special Revenue Funds:		
Stormwater Management Fund - allowance for uncollectibles		874,965
Behavioral Health Services Fund - allowance for uncollectibles		50,260
Total Special Revenue Funds		925,225
Total Governmental activities	$	7,697,547
Business-type Activities:		
Enterprise Funds:		
Public Utility Fund - allowance for uncollectibles	$	660,258
Waste Management Fund - allowance for uncollectibles		612,263
Total Business-type activities	$	1,272,521

F. Cash and Temporary Investments

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

G. Investments

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

H. Inventories

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

I. Property Held for Resale

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

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

J. Fund Balances

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

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

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

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

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

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

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

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

K. Capital Assets

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

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

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

K. Capital Assets (Continued)

Capital assets are generally stated at historical cost, or at estimated historical cost based on appraisals or on other acceptable methods when historical cost is not available. Donated capital assets are stated at their acquisition value. Capital leases are classified as capital assets in amounts equal to the lesser of the fair market value or the present value of net minimum lease payments at the inception of the lease. Accumulated depreciation and amortization are reported as reductions of capital assets.

Capital asset depreciation has been provided over the estimated useful lives using the straight-line method annually as follows:

	Estimated Useful Life in Years
Primary Government:	
Buildings	20 - 50
Improvements other than buildings	10 - 50
Machinery, furniture, and equipment	5 - 15
Intangibles	10 - 20
Component unit - School Board:	
Buildings	20 - 50
Machinery, furniture, and equipment	5 - 30

L. Compensated Absences

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

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

M. Intra-entity Activity

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

N. Deferred Outflows/Inflows of Resources

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

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

N. Deferred Outflows/Inflows of Resources (continued)

- When the city refunds some of its existing debt, the difference between the funds required to retire the refunded debt and the net carrying amount of refunded debt results in a deferred amount on refunding. If there is an excess of the reacquisition price of refunded debt over its net carrying amount, it is treated as a deferred outflow of resources. If there is an excess net carrying value amount of refunded debt over its reacquisition price, it is treated as a deferred inflow of resources.
- Contributions subsequent to the measurement date for pensions and OPEB are always a deferred outflow; this will be applied to the net pension or OPEB liability in the next fiscal year.
- Differences between expected and actual experience for economic/demographic factors in the measurement of the total pension or OPEB liability. This difference will be recognized in pension or OPEB expense over the expected average remaining service life of all employees provided with benefits in the plan and may be reported as a deferred inflow or outflow as appropriate.
- Differences resulting from a changes in proportion of the collective net pension and OPEB liabilities. This difference will be recognized in pension and OPEB expense over the expected average remaining service life of all employees provided with benefits in the plan and may be reported as a deferred inflow or outflow as appropriate.
- Difference between projected and actual earnings on pension and OPEB plan investments. This difference will be recognized in pension or OPEB expense over the closed five year period and may be reported as a deferred outflow or inflow as appropriate.
- Differences resulting from changes in assumptions on pension plan or OPEB investments. These differences will be recognized in pension or OPEB expense over the estimated remaining service life of employees subject to the plan.
- Revenues deferred as asset recognition criteria have not yet been met (see Note 12).

O. Pensions

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

P. Other Postemployment Benefit (OPEB) Plans

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

Q. Estimates and Assumptions

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

R. Budgets

By City Charter and the *Code of Virginia*, the City Manager is required to present to City Council an operating budget on or before April 1 before the beginning of the next fiscal year on July 1. Prior to adoption of the budget by City Council, a public hearing is required to be conducted seven days prior to adoption of the budget and the public hearing is required to be advertised seven days prior to the public hearing. The City Council is required to adopt the budget on or before June 30. The legal level of budgetary control is set at the fund level with the exception of the General Fund, which is set at the activity or function level.

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

R. Budgets (Continued)

The City Code provides that the City Manager may transfer any unencumbered appropriation balance less than $100,000 from one department, project, program, or purpose to another within the same fund. The City Manager is required to make a monthly report to the City Council of all budget transfers greater than $50,000. Also, the City Manager may transfer any or all of the unencumbered balance of the emergency contingency account budget to any item in the budget provided that any utilization of the emergency contingency account budget is reported to the City Council at its next regular meeting. The General, Special Revenue, and all proprietary funds have legally adopted annual budgets. Project length (multi-year) budgets are adopted for the Capital Projects Fund, the Community Development Fund, and the Grants Fund in lieu of annual budgets and appropriations.

(2) FUND BALANCE

The fund balances of the governmental funds at June 30, 2021, were composed of the following:

	General Fund	Debt Service	Capital Improvements	Grants	Other Nonmajor
Nonspendable:					
Inventory of supplies	$ 107,272	-	-	-	-
Permanent - cemetery care	-	-	-	-	1,000,000
Total nonspendable fund balances	107,272	-	-	-	1,000,000
Restricted:					
Restricted cash	251,715	-	35,358,128	-	-
Restricted for debt service	-	3,610,665	-	-	-
Behavioral health services	-	-	-	-	11,978,481
Public law library	-	-	-	-	174,335
Social services	-	-	-	-	538,605
Stormwater management infrastructure maintenance	-	-	-	-	421,427
Grants	-	-	-	25,669	-
Children's services	-	-	-	-	368,152
Willett Hall	-	-	-	-	482,248
Asset forfeitures	-	-	-	-	393,581
Permanent - cemetery care	-	-	-	-	873,258
Total restricted fund balances	251,715	3,610,665	35,358,128	25,669	15,230,087
Committed:					
Encumbrance carried forward as appropriation to Schools	8,002,867	-	15,893,733	-	-
Total committed fund balances	8,002,867	-	15,893,733	-	-
Assigned:					
Capital projects	4,036,500	-	-	-	-
Total assigned fund balances	4,036,500	-	-	-	-
Unassigned:					
General Fund	70,349,086	-	-	-	-
Community development - (HUD) Housing assistance	-	-	-	-	266,586
Total unassigned fund balance	70,349,086	-	-	-	266,586
Total fund balances	$ 82,747,440	3,610,665	51,251,861	25,669	16,496,673

(3) DEPOSITS AND INVESTMENTS

Deposits and Restricted Cash

At June 30, 2021, the carrying value of the city's deposits with banks and savings institutions was $207,580,367, and the total of the bank balances for these deposits was $208,638,076. All cash of the city except petty cash of $65,069 is maintained in accounts collateralized in accordance with the Virginia Security for Public Deposits Act, Sec. 2.2-4400 et seq. of the *Code of Virginia* or covered by federal depository insurance. As of June 30, 2021, restricted cash totaled $38,533,251, which primarily represents sheriff funds and bond proceeds.

Investments

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

Investment Policy

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

(3) DEPOSITS AND INVESTMENTS (CONTINUED)

Pension Investments - Common Collective Retirement Trust Fund

As of June 30, 2021, the pension investments in the city's common collective retirement trust fund were professionally managed by John Hancock Trust Company LLC and primarily invested in equity funds. The fair value of the pension investments are primarily determined by the quoted prices of securities on the various exchange markets. The allocation of the investment accounts are authorized between the Board of Trustees of the Portsmouth Supplemental Retirement System (which acts on behalf of and administers the retirement plan for the Portsmouth Fire and Police Retirement System), Morgan Stanley PWM (Private Wealth Management), and John Hancock Trust Company LLC. The target allocation for all pension investment funds is 65.0% for equity securities, 30.0% for fixed income (bond) securities, 2.0% for real estate trust securities, and 2% for alternative investments. None of the city's pension investments have credit ratings.

At June 30, 2021, the fair value of the pension investment in the city's retirement trust fund was as follows:

Name of Brokerage Account or Mutual Fund	Investment Type	Weighted Average Maturity/Liquidation		Fair Value
John Hancock Trust Company LLC:				
Artisan Developing World Inst	MF Equity	1 day	$	18,013,876
Morgan Stanley Advisory Holding	MF Equity	1 day		233,303,901
PIMCO Government Money Market	MF Equity	1 day		355,146
			$	251,672,923

At June 30, 2021, the fair value of the OPEB Investments was as follows:

Investment Type		Fair Value
Fixed Income	$	1,403,585
Stocks		3,609,218
Real Estate		467,862
Alternative Investments		1,203,073
	$	6,683,738

Fair Value Measurement

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

(3) DEPOSITS AND INVESTMENTS (CONTINUED)

The recurring fair value measurement hierarchy (by fair value level of valuation inputs) and the readily determinable fair value amount (by type of security or asset) of the pension and OPEB investments in the city's retirement trust funds as of June 30, 2021, are as follows:

		Fair Value (FV) Measurements Using:		
Investments measured at FV Level:	Fair Value at 6/30/21	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Debt securities				
Bonds in mutual funds	$ 1,758,731	1,758,731	-	-
Equity securities				
Common stock in mutual funds	254,926,995	254,926,995	-	-
Other assets (futures contracts, etc) in mutual funds	1,670,935	1,670,935	-	-
Total investments by fair value	$ 258,356,661	258,356,661	-	-

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

Credit Risk
Credit risk is the risk that an insurer or other counterparty to an investment will not fulfill its obligations. The Board of Trustee's policy for reducing its exposure to credit risk is to consult with its investment advisors to determine whether or not to hold or liquidate the investment(s) with such an exposure as the circumstances of each situation warrants. At June 30, 2021, the Board of Trustees' pension investments had no quality ratings.

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

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

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

(3) DEPOSITS AND INVESTMENTS (CONTINUED)

Component Unit - School Board
All of the deposits of the School Board, a discretely presented component unit, of $30,299,371 are maintained in accounts collateralized in accordance with the Virginia Security for Public Deposits Act, Section 2.2-4400 et. seq. of the *Code of Virginia* or covered by Federal depository insurance. The School Board has $17,756,189 invested in the School OPEB Trust Fund. The City Treasurer's policies on deposits and investments, as noted above, also apply to the School Board.

Blended Component Unit - Economic Development Authority
At year end, the carrying value of deposits with banks for the Economic Development Authority, a blended component unit, was $810,360. All cash is maintained in accounts collateralized in accordance with the Virginia Security for Public Deposits Act, Section 2.2-4400 et. seq. of the *Code of Virginia* or covered by federal depository insurance.

Component Unit - Portsmouth Port and Industrial Commission
At year end, the carrying value of deposits with banks for the Portsmouth Port and Industrial Commission, a blended component unit, was $1,052,366. All cash of the Commission is maintained in accounts collateralized in accordance with the Virginia Security for Public Deposits Act, Section 2.2-4400 et. seq. of the *Code of Virginia* or covered by federal depository insurance.

(4) CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2021, was as follows:

Primary Government -
Governmental Activities

	Balance July 1, 2020	Additions	Deletions	Balance June 30, 2021
Capital assets not being depreciated:				
Land	$ 20,402,405	-	-	20,402,405
Construction in progress (CIP)	22,728,688	18,583,222	-	41,311,910
Total capital assets not being depreciated or amortized	43,131,093	18,583,222	-	61,714,315
Capital assets being depreciated:				
Buildings	363,329,740	1,110,897	-	364,440,637
Improvements other than buildings	8,015,052	119,900	-	8,134,952
Improvements other than buildings (Infrastructure)	558,431,472	3,665,709	-	562,097,181
Machinery, furniture, and equipment	83,263,102	7,611,323	(1,614,853)	89,259,572
Intangibles	3,212,348	750,000	-	3,962,348
Total capital assets being depreciated or amortized	1,016,251,714	13,257,829	(1,614,853)	1,027,894,690
Less accumulated depreciation for:				
Buildings	(137,635,343)	(8,088,225)	-	(145,723,568)
Improvements other than buildings	(1,842,212)	(2,877,370)	-	(4,719,580)
Improvements other than buildings (Infrastructure)	(381,321,169)	(2,714,012)	-	(384,035,183)
Machinery, furniture, and equipment	(51,109,265)	(4,608,710)	1,614,853	(54,103,122)
Intangibles	(1,407,172)	(178,319)	-	(1,585,491)
Total accumulated depreciation	(573,315,161)	(18,466,636)	1,614,853	(590,166,944)
Total capital assets being depreciated or amortized, net	442,936,553	(5,208,807)	-	437,727,746
Governmental activities capital assets, net	$ 486,067,646	13,374,415	-	499,442,061

Under Virginia Law, localities have a tenancy-in-common with the School Board whenever a locality incurs a financial obligation for school property which is payable over more than one fiscal year. The School Board and city have agreed that such property, with a net book value of $75,849,912, will be carried on the city's financial statements until the outstanding debt is repaid.

	CIP June 30, 2021	Outstanding Commitments	Unobligated Balance
Governmental Activities Projects	$ 41,311,910	$ 46,009,583	$ 62,035,390

(4) CAPITAL ASSETS (CONTINUED)

Capital asset activity for the year ended June 30, 2021 (continued)

Depreciation/amortization expense was charged to functions as follows:

General government	$	1,244,108
Judicial		2,054,699
Public safety		1,985,367
Public works		6,774,764
Health and welfare		324,210
Parks, recreation and cultural		1,598,830
Community development		900,760
Education		2,714,921
Total governmental activities, excluding internal service funds		17,597,659
Depreciation/amortization on capital assets of internal service funds (see Exhibit E-2) charged to various functions based on usage of capital assets.		868,977
Total governmental activities	$	18,466,636

Primary Government - Business-type Activities

	Balance July 1, 2020	Additions	Deletions	Balance June 30, 2021
Capital assets not being depreciated:				
Land	$ 14,803,739	-	-	14,803,739
Construction in progress	98,719,623	6,934,442	-	105,654,065
Total capital assets not being depreciated	113,523,362	6,934,442	-	120,457,804
Capital assets being depreciated:				
Buildings	22,073,123	1,163,632	-	23,236,755
Improvements other than buildings	598,581	-	-	598,581
Improvements other than buildings (Infrastructure)	310,041,505	-	-	310,041,505
Machinery, furniture, and equipment	44,704,230	1,086,240	-	45,790,470
Total capital assets being depreciated	377,417,439	2,249,872	-	379,667,311
Less accumulated depreciation for:				
Buildings	(15,978,193)	(521,964)	-	(16,500,157)
Improvements other than buildings	(385,264)	(17,444)	-	(402,708)
Improvements other than buildings (Infrastructure)	(134,358,040)	(7,848,892)	-	(142,206,932)
Machinery, furniture, and equipment	(26,606,341)	(2,544,463)	-	(29,150,804)
Total accumulated depreciation	(177,327,838)	(10,932,763)	-	(188,260,601)
Total capital assets being depreciated, net	200,089,601	(8,682,891)	-	191,406,710
Business-type activities capital assets, net	$ 313,612,963	(1,748,449)	-	311,864,514

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

Public utilities	$	9,412,498
Parking authority		414,300
Golf		123,751
Waste management		982,214
Total Business-type activities	$	10,932,763

(4) CAPITAL ASSETS (CONTINUED)

	CIP 6/30/2021	Outstanding Commitments	Unobligated Balance
Business-type activities	$ 105,654,065	$ 22,365,544	$ -

Primary Government - Major Enterprise Funds

	Balance July 1, 2020	Additions	Deletions	Balance June 30, 2021
Public Utility Fund				
Capital assets not being depreciated:				
Land	$ 403,834	-	-	403,834
Construction in progress	98,719,623	6,934,442	-	105,654,065
Total capital assets not being depreciated	99,123,457	6,934,442	-	106,057,899
Capital assets being depreciated:				
Buildings	692,687	-	-	692,687
Improvements other than buildings (Infrastructure)	310,041,505	-	-	310,041,505
Machinery, furniture, and equipment	30,890,367	1,010,393	-	31,900,760
Total capital assets being depreciated	341,624,559	1,010,393	-	342,634,952
Less accumulated depreciation for:				
Buildings	(247,961)	(17,158)	-	(265,119)
Improvements other than buildings (Infrastructure)	(134,358,040)	(7,848,892)	-	(142,206,932)
Machinery, furniture, and equipment	(18,371,589)	(1,546,448)	-	(19,918,037)
Total accumulated depreciation	(152,977,590)	(9,412,498)	-	(162,390,088)
Total capital assets being depreciated, net	188,646,969	(8,402,105)	-	180,244,864
Public Utility Fund capital assets, net	$ 287,770,426	(1,467,663)	-	286,302,763

Capital assets - discretely presented component unit

School Board Component Unit

	Balance July 1, 2020	Additions	Deletions	Balance June 30, 2021
Capital assets not being depreciated:				
Land	$ 6,085,707	-	-	6,085,707
Total capital assets not being depreciated	6,085,707	-	-	6,085,707
Capital assets being depreciated:				
Buildings	93,535,748	-	-	93,535,748
Machinery, furniture, and equipment	29,555,282	177,128	-	29,732,410
Intangibles	422,270	-	-	422,270
Total capital assets being depreciated	123,513,300	177,128	-	123,690,428
Less accumulated depreciation for:				
Buildings	(53,183,483)	(2,628,768)	-	(55,812,251)
Machinery, furniture, and equipment	(22,413,686)	(1,375,164)	-	(23,788,850)
Intangibles	(422,270)	-	-	(422,270)
Total accumulated depreciation	(76,019,439)	(4,003,932)	-	(80,023,371)
Capital assets being depreciated/amortized				
Total capital assets - being depreciated	47,493,861	(3,826,804)	-	43,667,057
School Board capital assets, net	$ 53,579,568	(3,826,804)	-	49,752,764

(5) LONG - TERM DEBT

Details of Long-Term Indebtedness

At June 30, 2021, the long-term indebtedness of the city consisted of the following:

		Maturity Date	Interest Rate	Amount Outstanding
Governmental Activities				
General obligation bonds, net:				
2001B	VPSA School Financing Bonds	7/15/2021	5.10%	$ 196,977
2006B	VPSA School Financing Bonds	7/15/2026	4.40 - 4.60%	2,093,169
2009	VPSA Qualified School Construction Bonds	9/1/2026	0.00%	8,057,143
2011	G.O. Refunding Bonds	7/15/2024	5.00%	3,010,000
2012A	G.O. Public Utility & Refunding Bonds	7/15/2030	2.25 - 5.00%	4,090,000
2012B	Taxable G.O. Refunding Bonds	7/15/2030	2.65 - 3.85%	1,770,000
2012C	G.O. Public Improvement & Refunding Bonds	7/15/2032	2.00 - 4.00%	1,875,000
2013A	G.O. Public Improvement & Refunding Bonds	2/1/2035	5.00%	4,545,000
2013B	Taxable G.O. & Refunding Bonds (includes pension)	2/1/2037	2.839 - 4.541%	11,715,000
2015A	G.O. Refunding Bonds	8/1/2030	3.00 - 5.00%	9,046,659
2015B	Taxable G.O. Refunding Bonds	8/1/2028	3.00 - 3.30%	18,465,000
2016A	G.O. Refunding Bonds	8/1/2035	2.00 - 5.00%	33,380,000
2016B	Taxable G.O. Refunding Bonds	8/1/2025	2.00 - 2.20%	11,955,000
2016QZAB	Virginia G.O. Qualified Zone Academy Bonds	9/15/2031	0.00%	5,073,000
2017QZAB	Virginia G.O. Qualified Zone Academy Bonds	9/15/2029	0.00%	2,397,919
2017A	G.O. Cross Refunding Bonds	7/15/2041	3.00 - 5.00%	22,265,000
2017A	G.O. Refunding Bonds	7/15/2041	3.50 - 5.00%	39,605,000
2017B	G.O. Taxable Refunding Bonds	7/15/2035	2.35 - 3.90%	5,665,000
2018	G.O. New Money Vehicle Financing	7/15/2028	3.010%	8,415,000
2019	G.O. Bonds	7/15/2039	3.00 - 5.00%	23,675,000
2019B	Taxable G.O. Refunding Bonds (Pensions)	2/1/2037	2.00 - 3.00%	129,295,000
2021A	G.O. Bonds	7/15/2041	2.00 - 5.00%	31,675,000
2021A	G.O. Refunding Bonds	7/15/2024	5.00%	1,690,000
2021B	Taxable G.O. Bonds	7/15/2041	0.12 - 2.60%	5,055,000
2021B	Taxable G.O. Refunding Bonds	7/15/2034	0.12 - 1.95%	27,030,000
	Total general obligation bonds			$ 412,039,867

General obligation bonds are stated exclusive of premiums and discounts.

(5) LONG - TERM DEBT (CONTINUED)

Details of Long-Term Indebtedness (continued)

		Maturity Date	Interest Rate	Amount Outstanding
Business-Type Activities				
Public Utilities:				
General obligation bonds:				
2009E	Prentis Park Bonds	7/15/2041	0.00%	$ 1,602,750
2011	G.O. Refunding Bonds	7/15/2024	5.00%	2,380,000
2012A	G.O. Public Utility & Refunding Bonds	7/15/2041	2.25 - 5.00%	4,885,000
2012C	G.O. Public Improvement & Refunding Bonds	7/15/2031	2.00 - 4.00%	340,000
2013B	Taxable G.O. & Refunding Bonds	2/1/2022	2.839%	2,625,000
2015A	G.O. Refunding Bonds	8/1/2030	3.00 - 5.00%	11,990,000
2015B	Taxable G.O. Refunding Bonds	8/1/2028	3.00 - 3.30%	6,365,000
2017A	G.O. Refunding Bonds	7/15/2041	3.00 - 5.00%	19,780,000
2017A	G.O. Cross Refunding Bonds	7/15/2041	3.00 - 5.00%	21,285,000
2021A	G.O. Refunding Bonds	7/15/2025	5.00%	640,000
2021B	Taxable G.O. Bonds	7/15/2041	0.12 - 2.60%	30,470,000
Total general obligation bonds				102,362,750
2019C	Infrastructure Revenue Bonds	10/1/2049	2.974 - 5.125%	28,990,000
				131,352,750
Parking Authority:				
2011	G.O. Refunding Bonds	7/15/2024	5.00%	10,000
2012A	G.O. Public Utility & Refunding Bonds	7/15/2041	2.25- 5.00%	90,000
2013B	Taxable G.O. & Refunding Bonds	2/1/2024	2.839 - 3.939%	1,400,000
2015A	G.O. Refunding Bonds	8/1/2030	3.00 - 5.00%	23,342
2017B	G.O. Taxable Refunding Bonds	7/15/2025	2.20-3.90%	50,000
2017A	G.O. Refunding Bonds	7/15/2026	5.00%	35,000
2021A	G.O. Refunding Bonds	7/15/2022	5.00%	20,000
2021B	Taxable G.O. Bonds	7/15/2030	0.12 - 1.65%	70,000
				1,698,342
Golf:				
2012A	G.O. Public Utility & Refunding Bonds	7/15/2022	2.25- 5.00%	1,005,000
2015A	G.O. Refunding Bonds	8/1/2028	3.00 - 5.00%	385,000
2017B	G.O. Taxable Refunding Bonds	7/15/2035	2.35 - 2.85%	785,000
				2,175,000
Economic Development Authority:				
2019	G.O. Revenue Note	1/15/2024	3.21%	5,217,000
2021	Notes payable, real property	9/2/2023	4.50 - 5.00%	1,741,485
				6,958,485
				$ 142,184,577

General obligation bonds are stated exclusive of premiums and discounts.

(5) LONG - TERM DEBT (CONTINUED)

At June 30, 2021, the long-term indebtedness of the School Board component unit consisted of the following:

		Amount Outstanding
School Board:		
Compensated absences	$	4,738,419
Claims payable		1,277,000
Workers' compensation claims		632,030
Net pension liability		152,632,823
Net OPEB liability		20,370,433
Total long-term liabilities	$	179,650,705

The following is a summary of changes in long-term indebtedness of the city for the year ended June 30, 2021:

		Balance June 30, 2020	Increases	Decreases	Balance June 30, 2021	Due Within One Year
Primary Government - Governmental Activities:						
General obligation bonds	$	400,164,967	65,450,000	(53,575,100)	412,039,867	27,067,852
Bond premiums/(discounts)		23,039,276	3,937,239	(3,356,720)	23,619,795	1,390,327
		423,204,243	69,387,239	(56,931,820)	435,659,662	28,458,179
Capital leases		611,791	-	(611,791)	-	-
VDOT loans		5,100,000	-	-	5,100,000	-
Compensated absences		6,858,457	4,437,767	(4,236,202)	7,060,022	3,247,611
Net OPEB Liability		33,832,783	-	(3,593,711)	30,239,072	-
Net pension liability		126,283,344	10,271,319	-	136,554,663	-
Total Governmental Activities	$	595,890,617	84,096,325	(65,373,524)	614,613,419	31,705,790
Business-type Activities:						
General obligation bonds	$	116,998,230	31,200,000	(36,745,138)	111,453,092	8,252,633
Bond premiums/(discounts)		10,135,673	63,982	(1,972,361)	8,227,294	557,671
Total general obligation bonds, net		127,133,903	31,263,982	(38,717,499)	119,680,386	8,810,304
Revenue bond		28,990,000	-	-	28,990,000	-
Bond premium		3,195,233	-	(106,508)	3,088,725	106,508
Total revenue bond, net		32,185,233	-	(106,508)	32,078,725	106,508
Notes payable		-	1,741,485	-	1,741,485	-
Landfill closure and post-closure care		3,270,160	61,305	-	3,331,465	-
Compensated absences		656,760	414,485	(348,002)	723,243	332,546
Net OPEB Liability		1,997,803	-	(318,777)	1,679,026	-
Net pension liability		5,338,494	2,188,857	-	7,527,351	-
Total Business-type Activities	$	170,582,353	35,670,114	(39,490,786)	166,761,681	9,249,358
Major Enterprise Funds:						
Public Utility Fund						
General obligation bonds	$	106,707,888	31,110,000	(35,455,138)	102,362,750	7,210,138
Bond premiums/(discounts)		10,032,339	63,430	(1,916,501)	8,179,268	543,396
Total general obligation bonds, net		116,740,227	31,173,430	(37,371,639)	110,542,018	7,753,534
Revenue bond		28,990,000	-	-	28,990,000	-
Bond premium		3,195,233	-	(106,508)	3,088,725	106,508
Total revenue bond, net		32,185,233	-	(106,508)	32,078,725	106,508
Compensated absences		343,169	246,108	(213,177)	376,100	173,006
Net OPEB Liability		1,248,627	-	(129,276)	1,119,351	-
Net pension liability		2,846,273	1,302,374	-	4,148,647	-
Total Public Utility Fund	$	153,363,529	32,721,912	(37,820,600)	148,264,841	8,033,048

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

(5) LONG - TERM DEBT (CONTINUED)

Section 148 of the Internal Revenue Code of 1986 requires public entities to refund interest earned in excess of interest paid over the first five years outstanding on tax exempt borrowings. The regulations are applicable to borrowings incurred subsequent to August 1986. The city has calculated the rebate due as of June 30, 2021, was the settlement date, and reflected the liability, if any, in either the Public Utility Fund or the governmental activities column of the Statement of Net Position, depending on the bond issue and timing of payment.

The following is a summary of changes in long-term indebtedness of the School Board component unit for the year ended June 30, 2021:

	Balance July 1, 2020	Increases	Decreases	Balance June 30, 2021	Due Within One Year
School Board:					
Compensated absences	$ 4,614,291	2,182,450	(2,058,322)	4,738,419	1,586,068
Claims Payable	1,949,982	22,142,745	(22,183,697)	1,909,030	1,757,722
Net OPEB Liability	20,561,679	-	(191,246)	20,370,433	-
Net pension liability	138,742,940	13,889,883	-	152,632,823	-
Total School Board	$ 165,868,892	38,215,078	(24,433,265)	179,650,705	3,343,790

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

Issuance of Bonds

On June 22,2021, the city issued General Obligation and Refunding Bonds of $36,730,000 and $59,920,000, respectively, to finance future capital projects and advance refund previously issued General Obligation and Refunding Bonds. The advance refunding resulted in $8,885,385 savings in cash flows and an economic gain of $7,674,556. Principal on the new bonds will be payable beginning on July 15, 2021. Interest is payable semi-annually beginning on that date, at rates ranging 2.00-5.00% and 0.19-2.60% on the Tax Exempt and Taxable portions of the Bonds, respectively. The bonds mature July 15, 2041. The refunding resulted in a net deferred gain of $158,835, which was allocated between the governmental and utility funds and is being amortized over the shorter of the remaining life of the refunded debt or the new debt.

Debt Limit

The Commonwealth of Virginia imposes a legal limit of 10 percent of the assessed valuation of taxed real property as a ceiling in the amount of the general obligation borrowings, which may be issued by the city without referendum. At June 30, 2021, the City's debt limit was $786,118,875 of which $271,875,917 is available for the issuance of additional debt. There are no overlapping tax jurisdictions. However, the City has adopted three debt affordability policies that restrict the amount of debt beyond the amount indicated by the legal debt margin. These policies require that the ratio of all net tax supported Debt Service to combined General Fund and School revenues should not exceed 10%, the ratio of net tax supported Debt to Market Value should not exceed four percent, and the 10 year debt payout ratio of net tax supported Debt should be greater than or equal to 50%.

(5) LONG - TERM DEBT (CONTINUED)

Debt Compliance and Repayment
The annual requirements to pay all outstanding long-term bonds as of June 30, 2021, including interest payments, are summarized as follows:

Governmental Activities:

Fiscal Year Ending	General Obligation Bonds	
	Principal	Interest
2022	$ 27,067,847	$ 11,694,111
2023	29,171,842	11,474,790
2024	29,910,447	10,541,445
2025	30,795,529	9,651,607
2026	31,682,211	8,691,787
2027-2031	128,001,991	31,016,412
2032-2036	104,825,000	12,240,124
2037-2041	28,240,000	1,516,673
2042	2,345,000	24,350
	$ 412,039,867	$ 96,851,299

Business-type Activities:

Fiscal Year Ending	General Obligation Bonds		Revenue Bonds		Notes Payable	
	Principal	Interest	Principal	Interest	Principal	Interest
2022	$ 8,387,632	$ 3,282,266	$ -	$ 1,133,169	$ -	$ 87,074
2023	7,920,138	3,175,806	-	1,133,169	-	87,074
2024	12,862,138	2,905,155	145,000	1,129,453	1,741,485	21,769
2025	7,410,138	2,424,663	170,000	1,121,381	-	-
2026	7,695,138	2,120,282	195,000	1,112,028	-	-
2027-2031	29,671,532	7,810,566	3,495,000	5,159,878	-	-
2032-2036	17,545,688	4,285,031	5,040,000	4,133,659	-	-
2037-2041	17,405,688	1,554,601	5,985,000	3,186,191	-	-
2042-2046	2,555,000	37,481	7,160,000	2,006,313	-	-
2047-2051	-	-	6,800,000	532,706	-	-
	$ 111,453,093	$ 27,595,851	$ 28,990,000	$ 20,647,947	$ 1,741,485	$ 195,917

Authorized but Unissued Bonds

The total of general obligation bonds authorized but unissued for governmental funds as of June 30, 2021, was $22,354,289.

The total of bonds authorized but unissued for enterprise funds as of June 30, 2021, was $197,173,284.

(6) LEASING ARRANGEMENTS

As a lessee, the city from time to time leases certain land, buildings, equipment and vehicles under capital leases and certain facilities under operating leases that expire in fiscal years through 2021. The city had no capital leases at June 30, 2021.

The projected minimum operating lease payments of the city as of June 30, 2021, is as follows:

Fiscal Year Ending		
2022	$	701,249
2023		712,296
2024		667,543
2025		676,328
2026		685,313
2027		560,980
Total minimum lease payments	$	4,003,709

Total operating lease payments for the year ended June 30, 2021, were $691,625.

(7) RETIREMENT PLANS

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

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

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

Portsmouth Retirement Systems

Summary of Significant Accounting Policies

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

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

Plan Description - Portsmouth Supplemental Retirement System

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

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

Benefits may be increased from time to time by cost of living adjustments approved by City Council. Effective July 1, 1994, retirees who retire on Normal Service Retirement may be eligible to receive an additional allowance of $200 per month until age 65. The married member shall be provided a 50% spousal option at no cost if the spouse is no more than 5 years younger than the member. The PSRS plan also provides death and disability benefits. These benefit provisions and all other requirements of the PSRS are established by City Council.

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

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

Plan Description - Portsmouth Fire and Police Retirement System

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

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

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

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

Plan Participants
Participation in the Portsmouth Supplemental Retirement System and the Fire and Police Retirement System consisted of the following as of June 30, 2021:

	Total	PSRS	FPRS
Retirees and beneficiaries	963	338	625
Vested terminated employees not yet receiving benefits	49	8	41
Current vested employees	21	12	9
	1,033	358	675

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

Total employer contributions to the PSRS and FPRS for fiscal year 2021 were $3,377,371 and $10,279,577, respectively or $13,656,948 in total.

Plan Investments

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

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

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

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

The Board establishes investment policy, makes asset allocation decisions, determines asset class strategies and retains investment managers to implement asset allocation and asset class strategy decisions.

The Board has engaged Graystone Consulting to assist the Board in areas of asset allocation, investment policy, portfolio strategy implementation, performance monitoring and evaluation, and rebalancing policy implementation.

Graystone Consulting is responsible for investing Plan assets in a manner consistent with the Plan's Investment Policy within the John Hancock Retirement Plans Services Investment Platform.

Objectives. Objectives of the Investment Policy are as follows:

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

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

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

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

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

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

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

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

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

1. Equities:

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

U.S. Large Cap Value	Russell 1000 Value Index
U.S. Large Cap Growth	Russell 1000 Growth Index
U.S. Large Cap Core	Russell 1000 Index and S&P 500 Index
U.S. Mid Cap Value	Russell Mid Cap Value Index
U.S. Mid Cap Growth	Russell Mid Cap Growth Index
U.S. Small Cap Value	Russell 2000 Value Index
U.S. Small Cap Growth	Russell 2000 Growth Index
International Equity	MSCI EAFE Index

2. Fixed Income:

   A. Investments shall be diversified by type and number.
   B. Average duration of the portfolio shall not exceed 10 years.
   C. U.S. guaranteed issues shall constitute the largest percentage of holdings.
   D. Credit quality shall average a minimum of an S&P "A" rating.
   E. Performance review shall include third-party publications.
   F. Performance reviews shall include peer comparisons, when possible.
   G. A benchmark for returns comparisons includes, but is not limited to the Barclays Capital Aggregate Bond Index.

3. Alternative Investments:

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

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

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

B. Managed Futures:

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

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

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

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

Rate of Return
For the year ended June 30, 2021, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 29.04% and 29.03%, for FPRS and PSRS, respectively. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Net Pension Liability of the Portsmouth Retirement Systems
The FPRS and PSRS net pension liability was measured as of June 30, 2020. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation performed as of July 1, 2020, using updated actuarial assumptions.

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

Changes in Net Pension Liability - FPRS

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balance at June 30, 2019	$ 239,261,628	$ 159,950,788	$ 79,310,840
Change for the year:			
Service Cost	125,340	-	125,340
Interest	16,555,536	-	16,555,536
Differences between expected and actual experience	(867,255)	-	(867,255)
Contributions - employer	-	13,546,417	(13,546,417)
Net investment income	-	7,444,047	(7,444,047)
Benefit payments, including refunds of employee contributions	(21,915,426)	(21,915,426)	-
Administrative expenses	-	(246,543)	246,543
Changes of assumptions	(564,095)	-	(564,095)
Net changes	(6,665,900)	(1,171,505)	(5,494,395)
Balance at June 30, 2020	$ 232,595,728	$ 158,779,283	$ 73,816,445

Changes in Net Pension Liability - PSRS

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balance at June 30, 2019	$ 77,091,952	$ 54,019,673	$ 23,072,279
Change for the year:			
Service Cost	39,225	-	39,225
Interest	5,305,149	-	5,305,149
Differences between expected and actual experience	(393,653)	-	(393,653)
Contributions - employer	-	4,200,064	(4,200,064)
Net investment income	-	2,482,586	(2,482,586)
Benefit payments, including refunds of employee contributions	(7,859,123)	(7,859,123)	-
Administrative expenses	-	(87,733)	87,733
Changes of assumptions	(249,133)	-	(249,133)
Net changes	(3,157,535)	(1,264,206)	(1,893,329)
Balance at June 30, 2020	$ 73,934,417	$ 52,755,467	$ 21,178,950

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

Actuarial Assumptions.
The total pension liability was determined by an actuarial valuation as of July 1, 2020, using the following actuarial assumptions, applied to all periods included in the measurement:

Measurement Date	June 30, 2020
Actuarial Cost Method	Entry Age Normal – Level Percentage of Pay
Interest Rate	7.25%
Annual Rates of Increase:	
Salaries	3.00%
Future Social Security Wage Bases	3.00%
Future Social Security Cost of Living Increases	2.50%
Statutory Limits on Compensation and Benefits	2.50%

Mortality rates were based on the RP-2014 Mortality Table Adjusted to 2006 with Generational Projection (Scale MP-2019).

The actuarial assumptions used in the July 1, 2021, valuation were based on the results of an actuarial experience study for the period July 1, 2019, through June 30, 2020.

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

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

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

	1% Decrease 6.25%	Current Discount 7.25%	1% Increase 8.25%
PSRS			
Total Pension Liability	$ 79,665,276	73,934,417	68,925,620
Less: Fiduciary Net Position	52,755,467	52,755,467	52,755,467
Net Pension Liability	$ 26,909,809	21,178,950	16,170,153
FPRS			
Total Pension Liability	$ 254,261,672	232,595,728	214,172,914
Less: Fiduciary Net Position	158,779,283	158,779,283	158,779,283
Net Pension Liability	$ 95,482,389	73,816,445	53,393,631

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

Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pension
For the year ended June 30, 2021, the City recognized total pension expenses of $8,918,993 ($1,974,624 for PSRS and $6,944,369 for FPRS). At June 30, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources for both the PSRS and the FPRS:

	PSRS		FPRS	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on pension plan investments	$ 1,206,814	$ -	$ 3,525,531	$ -
Employer contribution subsequent to the measurement date	3,377,371	-	10,279,577	-
Total	$ 4,584,185	$ -	$ 13,805,108	$ -

Deferred outflows of resources for contributions subsequent to measurement date will be recognized in net pension liability/collective net pension liability in fiscal year ended 2022. The amounts reported as deferred outflows of resources related to PSRS and FPRS pensions will be recognized in pension expense as follows:

Year ended June 30,	PSRS	FPRS
2022	$ 180,643	$ 541,908
2023	537,800	1,558,508
2024	243,102	699,461
2025	245,269	725,654
	$ 1,206,814	$ 3,525,531

John Hancock does not provide any independently verified audited statements for the pension plans. Below is the financial statement for the City's plans. Additional information can be seen on Exhibit F-1 and F-2, pages 23 and 24 and Exhibit N-1 and N-2.

	Portsmouth Supplemental Retirement System	Portsmouth Fire and Police Retirement System
Assets		
Cash equivalents	$ 1,792,443	$ 5,365,252
Investments		
Stocks	44,097,744	134,195,912
Real estate	2,019,624	6,146,012
Fixed income	14,945,218	45,480,492
Total investments	61,062,586	185,822,416
Total assets	62,855,029	191,187,668
Net position restricted for pension	$ 62,855,029	$ 191,187,668

(7) RETIREMENT PLANS (CONTINUED)

Local Plans (Continued)

	Portsmouth Supplemental Retirement System	Portsmouth Fire and Police Retirement System
Additions:		
Contributions		
Employers' contributions	$ 3,377,371	$ 10,279,577
Investment income	14,753,283	44,674,758
Total additions	18,130,654	54,954,335
Deductions:		
Benefit payments	7,935,764	22,267,894
Administrative expenses	95,328	278,056
Total deductions	8,031,092	22,545,950
Change in net position	10,099,562	32,408,385
Net position restricted for pensions, beginning of year	52,755,467	158,779,283
Net position restricted for pensions, end of year	$ 62,855,029	$ 191,187,668

(7) RETIREMENT PLANS

Virginia Retirement System

Plan Description

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

The City is a separate cost pool within VRS, and makes contributions based on rates set by VRS's actuarial calculations of the annual required contributions. All full-time, salaried permanent employees of the City and the Portsmouth public school division are automatically covered by VRS upon employment. This plan is administered by the Virginia Retirement System.

Benefits vest after five years of service credit. Members earn one month of service credit for each month they are employed and for which they and the city are paying contributions to VRS. Members are eligible to purchase prior public service based on specific criteria as defined in the *Code of Virginia,* as amended.

The VRS administers three different benefit plans for local government employees – Plan 1, Plan 2, and Hybrid Retirement Plan. Each plan has a different eligibility and benefit structure as set out in the following table:

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

VRS PLAN 1

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

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

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

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

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

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

Retirement Contributions
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.

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

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

Members are always 100% vested in the contributions that they make.

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

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

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

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

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

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

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

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

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

Earliest Reduced Retirement Eligibility
Members may retire with a reduced benefit as early as age 55 with at least five years (60 months) of service credit or age 50 with at least 10 years of service credit.

Political subdivision hazardous duty employees may retire with a reduced benefit as early as age 50 with at least five years of service credit.

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

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

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

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

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

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

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

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

VRS PLAN 2

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

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

Hybrid Opt-In Election
Eligible Plan 2 members were allowed to make an irrevocable decision to opt into the Hybrid Retirement Plan during a special election window held January 1 through April 30, 2014. The Hybrid Retirement Plan's effective date for eligible Plan 2 members who opted in was July 1, 2014.

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

Members who were eligible for an ORP and have prior service under Plan 2 were not eligible to elect the Hybrid Retirement Plan and remain as Plan 2 or ORP.

Retirement Contributions
Same as Plan 1.

Service credit
Same as Plan 1.

Vesting
Same as Plan 1.

Calculating the Benefit
See definition under Plan 1.

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

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

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

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

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

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

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

Eligibility:
Same as Plan 1.

Exceptions to COLA Effective Dates:
Same as Plan 1.

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

Purchase of Prior Service
Same as Plan 1.

VRS HYBRID RETIREMENT PLAN

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

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

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

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

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

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

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

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

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

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

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

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

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

Distributions not required, except as governed by law.

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

Calculating the Benefit
Defined Benefit Component:
See definition under Plan 1.

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

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

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

Defined Contribution Component:
Not applicable.

Normal Retirement Age
Defined Benefit Component:
Same as Plan 2.

Defined Contribution Component:
Members are eligible to receive distributions upon leaving employment, subject to restrictions.

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

Defined Contribution Component:
Members are eligible to receive distributions upon leaving employment, subject to restrictions.

Earliest Reduced Retirement Eligibility
Defined Benefit Component:
Members may retire with a reduced benefit as early as age 60 with at least five years (60 months) of service credit.

Defined Contribution Component:
Members are eligible to receive distributions upon leaving employment, subject to restrictions.

COLA in Retirement
Defined Benefit Component:
Same as Plan 2.

Defined Contribution Component:
Not applicable.

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

Eligibility:
Same as Plan 1 and Plan 2.

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

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

Purchase of Prior Service
Defined Benefit Component:
Same as Plan 1, with the following exceptions:

- Hybrid Retirement Plan members are ineligible for ported service.

Defined Contribution Component:
Not applicable.

Pension Plan Data

Information about the VRS Political Subdivision Retirement Plan is also available in the separately issued VRS 2020 Comprehensive Annual Financial Report (Annual Report). A copy of the 2020 VRS Annual Report may be downloaded from the VRS website at varetire.org/pdf/publications/2020-annual-report.pdf, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA 23218-2500.

Employees Covered by Benefit Terms

As of the June 30, 2019, actuarial valuation, the following City and School Board employees were covered by the benefit terms of both the city's and School Board's VRS pension plans:

	City	School Board - Non- Professional
Inactive members or their beneficiaries currently receiving benefits	1,127	370
Inactive members:		
Vested inactive members	368	46
Non-vested Inactive members	634	129
LTD	1	-
Inactive members active elsewhere in VRS	842	75
Total inactive members	1,845	250
Active members	1,491	340
Total covered employees	4,463	960

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

Contributions

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

The city's contractually required employer contribution rate for the year ended June 30, 2021, was 13.06 percent of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019. This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employee during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the VRS pension plan from the City were $9,355,328 and $8,196,197 for the years ended June 30, 2021, and June 30, 2020, respectively.

The School Board (Non-Professional) VRS pension plan's contractually required contribution rate for the fiscal year ended June 30, 2021, was 11.61 percent of annual covered payroll. The actuarial rate for this plan was 11.52 percent. This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employee during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the School Board for the Non-Professional VRS pension plan were $759,591 and $819,284 for the years ended June 30, 2021, and June 30, 2020, respectively.

The School Board Professional VRS plan's contractually required contribution rate for the fiscal year ended June 30, 2021, was 16.62 percent of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employee during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the School Board for the Professional VRS plan were $13,639,527 and $13,414,283 for the years ended June 30, 2021, and June 30, 2020, respectively.

Net Pension Liability

The net pension liability is calculated separately for each employer participating in the VRS Political Subdivision Retirement Plan and represents that particular employer's total pension liability determined in accordance with U.S. generally accepted accounting principles, less that employer's fiduciary net position. For political subdivisions, the net pension liability was measured as of June 30, 2020. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation performed as of June 30, 2019, rolled forward to the measurement date of June 30, 2020.

The net pension liability is calculated separately for each system participating in the VRS Teacher Employee Retirement Plan and represents that particular system's total pension liability determined in accordance with U.S. generally accepted accounting principles, less that system's fiduciary net position. As of June 30, 2020, net pension liability amounts for the VRS Teacher Employee Retirement Plan is as follows (amounts expressed in thousands):

	Teacher Employee Retirement Plan
Total pension liability	$ 51,001,855
Plan fiduciary net position	36,449,229
Employer's net pension liability	$ 14,552,626
Plan fiduciary net position as a percentage of the total pension liability	71.47%

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

The total pension liability is calculated by the System's actuary, and each plan's fiduciary net position is reported in the System's financial statements. The net pension liability is disclosed in accordance with U.S. generally accepted accounting principles in the System's notes to the financial statement and required supplementary information.

At June 30, 2021, the School Board reported a liability of $142,941,716 for its proportionate share of the Net Pension Liability. The Net Pension Liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was also determined by an actuarial valuation performed as of June 30, 2019, and rolled forward to the measurement date of June 30, 2020. 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, 2020, relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2020, the School Board's proportion was 0.98224% as compared to 0.99039% at June 30, 2019.

Actuarial Assumptions - General Employees

The total pension liability for general employees in the city's and School Board's Nonprofessional VRS plan was based on an actuarial valuation as of June 30, 2019, 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, 2020.

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

* Administrative expenses as a percent of the market value of assets for the last experience study were found to be approximately 0.06% of the market assets for all of the VRS plans. This would provide an assumed investment return rate for GAAP purposes of slightly more than the assumed 6.75%. However, since the difference was minimal, and a more conservative 6.75% investment return assumption provided a projected plan net position that exceeded the projected benefit payments, the long-term expected rate of return on investments was assumed to be 6.75% to simplify preparation of pension liabilities.

Mortality rates:

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

Pre-Retirement:

RP-2014 Employee Rates to age 80, Health Annuitant Rates at ages 81 and older projected with scale BB to 2020; males 95% of rates; females 105% of rates.

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

Post-Retirement:
RP-2014 Employee Rates to age 49, Health Annuitant Rates at ages 50 and older projected with scale BB to 2020; males set forward 3 years; females 1.0% increase compounded from ages 70 to 90.
Post-Disablement:
RP-2014 Disability Mortality Rates projected with a Scale BB to 2020; males set forward 2 years, 110% of rates; females 125% of rates.

The actuarial assumptions used in the June 30, 2019, valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study are as follows:

General Employees - Non-Hazardous Duty:
Mortality rates (pre-retirement, post-retirement healthy, and disabled): Update to a more current mortality table - RP-2014 projected to 2020
Retirement rates: Lowered rates at older ages and changed final retirement from 70 to 75
Withdrawal rates: Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability rates: Lowered rates
Salary scale: No change
Line of Duty disability: Increase rate from 14% to 15%
Discount rate: Decrease rate from 7.00% to 6.75%

Actuarial Assumptions – Public Safety Employees with Hazardous Duty Benefits

The total pension liability for public safety employees with hazardous duty benefits in the City's VRS plan was based on an actuarial valuation as of June 30, 2019, 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, 2020.

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

* Administrative expenses as a percent of the market value of assets for the last experience study were found to be approximately 0.06% of the market assets for all of the VRS plans. This would provide an assumed investment return rate for GAAP purposes of slightly more than the assumed 6.75%. However, since the difference was minimal, and a more conservative 6.75% investment return assumption provided a projected plan net position that exceeded the projected benefit payments, the long-term expected rate of return on investments was assumed to be 6.75% to simplify preparation of pension liabilities.

Mortality rates:
Hazardous Duty: 45% of deaths are assumed to be service related
Pre-Retirement:
RP-2014 Employee Rates to age 80, Health Annuitant Rates at ages 81 and older projected with scale BB to 2020; males 90% of rates; females set forward 1 year.
Post-Retirement:
RP-2014 Employee Rates to age 49, Health Annuitant Rates at ages 50 and older projected with scale BB to 2020; males set forward 1 year, 1.0% increase compounded from ages 70 to 90; females set forward 3 years.
Post-Disablement:
RP-2014 Disability Mortality Rates projected with a Scale BB to 2020 with males set forward 2 years; unisex using 100% male.

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

The actuarial assumptions used in the June 30, 2019, valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study are as follows:

Hazardous Duty:
Mortality rates (pre-retirement, post-retirement healthy, and disabled): Update to a more current mortality table - RP-2014 projected to 2020
Retirement rates: Increased age 50 rates, and lowered rates at older ages
Withdrawal rates: Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability rates: Adjusted rates to better fit experience
Salary scale: No change
Line of Duty disability: Decrease rate from 60% to 45%
Discount rate: Decrease rate from 7.00% to 6.75%

Actuarial Assumptions - Teachers

The total pension liability for the VRS Teacher Retirement Plan was based on an actuarial valuation as of June 30, 2019, 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, 2020.

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

* Administrative expenses as a percent of the market value of assets for the last experience study were found to be approximately 0.06% of the market assets for all of the VRS plans. This would provide an assumed investment return rate for GAAP purposes of slightly more than the assumed 6.75%. However, since the difference was minimal, and a more conservative 6.75% investment return assumption provided a projected plan net position that exceeded the projected benefit payments, the long-term expected rate of return on investments was assumed to be 6.75% to simplify preparation of pension liabilities.

Mortality rates:
Pre-Retirement:
RP-2014 White Collar Employee Rates to age 80, White Collar Healthy Annuitant Rates at ages 81 and older projected with scale BB to 2020.

Post-Retirement:
RP-2014 White Collar Employee Rates to age 49, White Collar Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males 1% increase compounded from ages 70 to 90; females set back 3 years with 1.5% increase compounded from ages 65 to 75 and 2.0% increase compounded from ages 75 to 90.

Post-Disablement:
RP-2014 Disability Mortality Rates projected with a Scale BB to 2020, 115% of rates for males and females.

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

The actuarial assumptions used in the June 30, 2019, valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study are as follows:

Mortality rates (pre-retirement, post-retirement healthy, and disabled): Update to a more current mortality table - RP-2014 projected to 2020
Retirement rates: Lowered rates at older ages and changed final retirement from 70 to 75
Withdrawal rates: Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability rates: Adjusted rates to better match experience
Salary scale: No change
Discount rate: Decrease rate from 7.00% to 6.75%

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 (Strategy)	Target Allocation	Arithmetic Long-Term Expected Rate of Return	Weighted Average Long-Term Expected Rate of Return
Public Equity	34.00%	4.65%	1.58%
Fixed Income	15.00%	0.46%	0.07%
Credit Strategies	14.00%	5.38%	0.75%
Real Assets	14.00%	5.01%	0.70%
Private Equity	14.00%	8.34%	1.17%
MAPS	6.00%	3.04%	0.18%
PIP	3.00%	6.49%	0.19%
Total	100.00%		4.64%
	Inflation		2.50%
	* Expected arithmetic nominal return		7.14%

* The above allocation provides a one year return of 7.14%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the system, stochastic projections are employed to model future returns under various economic conditions. The results provide a median return of 7.11%, including expected inflation of 2.50%. The VRS Board elected a long-term rate of 6.75% which is roughly at the 40th percentile of expected long-term results of the VRS fund asset allocation. More recent capital market assumptions compiled for the FY2020 actuarial valuations, provide a median return of 6.81%.

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

Discount Rate

The discount rate used to measure the total pension liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that member contributions will be made per the VRS Statutes and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Consistent with the phased-in funding provided by the General Assembly for state and teacher employer contributions, political subdivisions were also provided with an opportunity to use an alternate employer contribution rate. For the year ended June 30, 2020, the alternate rate was the employer contribution rate used in FY2012 or 100% of the actuarially determined employer contribution rate from the June 30, 2017, actuarial valuations, whichever was greater. From July 1, 2020, on, participating employers are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in Net Pension Liability - City VRS Plan

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balance at June 30, 2019	$ 365,189,925	335,951,206	29,238,719
Change for the year:			
Service Cost	10,187,472	-	10,187,472
Interest	24,068,852	-	24,068,852
Change in benefit terms	5,997,538	-	5,997,538
Differences between expected and actual experience	(2,510,540)	-	(2,510,540)
Contributions - employer	-	8,208,380	(8,208,380)
Contributions - employee	-	3,512,571	(3,512,571)
Net investment income	-	6,400,033	(6,400,033)
Benefit payments, including refunds of employee contributions	(17,228,670)	(17,228,670)	-
Administrative expenses	-	(217,972)	217,972
Other changes	-	(7,590)	7,590
Net changes	20,514,652	666,752	19,847,900
Balance at June 30, 2020	$ 385,704,577	336,617,958	49,086,619

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

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

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balance at June 30, 2019	$ 41,053,635	32,651,647	8,401,988
Change for the year:			
Service Cost	650,516	-	650,516
Interest	2,677,105	-	2,677,105
Differences between expected and actual experience	(327,140)	-	(327,140)
Contributions - employer	-	772,742	(772,742)
Contributions - employee	-	348,626	(348,626)
Net investment income	-	613,175	(613,175)
Benefit payments, including refunds of employee contributions	(2,785,628)	(2,785,628)	-
Administrative expenses	-	(21,853)	21,853
Changes in assumptions	-	-	-
Other changes	-	(1,328)	1,328
Net changes	214,853	(1,074,266)	1,289,119
Balance at June 30, 2020	$ 41,268,488	31,577,381	9,691,107

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

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

	1.00% Decrease (5.75%)	**Current Discount Rate (6.75%)**	**1.00% Increase (7.75%)**
City VRS Plan	$ 97,437,344	$ 49,086,619	$ 8,804,221
School Board Professional VRS Plan	$ 209,727,600	$ 142,941,716	$ 87,701,347
School Board Non-Professional VRS Plan	$ 14,021,868	$ 9,691,107	$ 6,017,645

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

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

For the year ended June 30, 2021, the City recognized pension expense of $17,879,059.

For the year ended June 30, 2021, the School Board recognized for its Professional VRS plan pension expense of $14,154,356. Since there was a change in proportionate share between the measurement dates, a portion of the pension expense was related to deferred amounts from changes in proportion and from differences between employer contributions and the proportionate share of employer contributions.

The School Board recognized for its Non-Professional VRS plan pension expense of $1,233,189.

At June 30, 2021, both the City's and School Board's Professional and Non-Professional VRS plans reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	City		School Board Professional		School Board Nonprofessional	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ -	$ 2,042,613	$ -	$ 8,378,589	$ 34,420	$ 188,521
Change in assumptions	3,442,984	-	9,757,565	-	211,793	-
Net difference between projected and actual earnings on pension plan investments	10,114,868	-	10,872,301	-	944,984	-
Changes in proportion	-	-	-	3,572,230	-	-
Employer contributions subsequent to the measurement date	9,355,328	-	13,639,527	-	759,591	-
Total	$ 22,913,180	$ 2,042,613	$ 34,269,393	$ 11,950,819	$ 1,950,788	$ 188,521

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

Deferred outflows of resources for contributions subsequent to measurement date will be recognized in pension expense in fiscal year 2022. Amounts reported as deferred outflows and inflows of resources related to both the city and School Board VRS plans and will be recognized in pension expense as follows:

Year ended June 30,	City	School Board Professional	School Board Nonprofessional
2022	$ 2,518,832	$ (1,437,940)	$ 115,396
2023	2,363,891	2,662,247	251,624
2024	3,415,881	4,295,358	328,884
2025	3,216,635	3,371,617	306,772
2026	-	(212,271)	-
	$ 11,515,239	8,679,047	1,002,676

Payables to the Pension Plans

At June 30, 2021, the City and the School Board both reported a liability of $0 for legally required contributions to the pension plans.

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

Primary Government	Local - PSRS	Local - FPRS	VRS	Total
Governmental activities				
Deferred outflows	$ 3,804,874	$ 13,805,108	$ 21,080,125	$ 38,690,107
Net pension liability	17,578,528	73,816,445	45,159,690	136,554,663
Deferred inflows	-	-	1,879,204	1,879,204
Pension expense	1,638,938	6,944,369	16,448,734	25,032,041
Business-type activities				
Deferred outflows	779,311	-	1,833,055	2,612,366
Net pension liability	3,600,422	-	3,926,929	7,527,351
Deferred inflows	-	-	163,409	163,409
Pension expense	335,686	-	1,430,325	1,766,011
Total Primary Government				
Deferred outflows	4,584,185	13,805,108	22,913,180	41,302,473
Net pension liability	21,178,950	73,816,445	49,086,619	144,082,014
Deferred inflows	-	-	2,042,613	2,042,613
Pension expense	1,974,624	6,944,369	17,879,059	26,798,052

	VRS		
Discretely presented component unit - School Board	Prof	Non-Prof	Total
Deferred outflows	$ 34,269,393	$ 1,950,788	$ 36,220,181
Net pension liability	142,941,716	9,691,107	152,632,823
Deferred inflows	11,950,819	188,521	12,139,340
Pension expense	14,154,356	1,233,189	15,387,545

(8) OTHER POSTEMPLOYMENT BENEFITS (OPEB)

City of Portsmouth Retired Employees Health Care Program

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

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

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

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

Plan Membership
The membership as of January 1, 2020, includes:

	City	School Board
Active Participants	1,525	2,071
Retirees and Spouses	900	36

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

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

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

City of Portsmouth Retired Employees Health Care Program (continued)

Contributions

Contribution requirements of the City and plan members are established and may be amended by the respective legislative bodies. The School Board has the authority to establish and amend the funding policy of their plan. The required contribution is based on projected pay-as-you-go financing requirements, with the potential for additional amounts to prefund benefits as determined annually by the City Council. For fiscal year 2021, the City contributed $2,657,395 to the program, all for current premiums, and there was no additional prefunding contribution. Retired employees receiving benefits contributed $1,839,302 through required monthly contributions that vary from $535.70 to $1,972.80 depending on the retiree's choice of Health Maintenance Organization or Preferred Provider coverage, the retiree's age, and whether the coverage is for the retiree only or includes other family members.

Contribution requirements of the Portsmouth City Public School Board and plan members are established and may be amended by the Portsmouth City Public School Board. The required contribution is based on projected pay-as-you-go financing requirements, with an additional amount to prefund benefits as determined annually by the Portsmouth City Public School Board. For the year ended June 30, 2021, the Portsmouth City Public School Board made no further contributions to the plan to pay current benefits and to prefund benefits.

Investment

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

Rate of Return

For the year ended June 30, 2021, the annual money-weighted rate of return on OPEB plan investments, net of OPEB plan investment expense, was 29.20%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Net OPEB Liability

The components of the net OPEB liability of the city and the Portsmouth City Public School Board at June 30, 2021, were as follows:

	City	School Board
Total OPEB Liability	$ 19,266,637	$ 6,962,175
Fiduciary Net Position	(6,683,738)	(17,756,189)
Net OPEB Liability	$ 12,582,899	$ (10,794,014)
Fiduciary Net Position as a % of Total OPEB Liability	34,.69%	255,.04%

Changes in Net OPEB Liability of the City:

City	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
Balance as of June 30, 2020	$ 23,198,068	$ 4,335,888	$ 18,862,180
Service cost	464,838	-	464,838
Interest on total OPEB liability	1,485,071	-	1,485,071
Effect of economic gains/losses	(6,137,799)	-	(6,137,799)
Effect of assumptions changes or inputs	1,913,854	-	1,913,854
Benefits payments	(1,657,395)	(1,657,395)	-
Administrative expenses	-	(5,500)	5,500
Employer contributions	-	2,657,350	(2,657,395)
Net investment income	-	1,353,350	(1,353,350)
Balance as of June 30, 2021	$ 19,266,637	$ 6,683,738	$ 12,582,899

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

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

	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability (Asset)
Balances at June 30, 2019	$ 6,683,991	$ 13,664,808	$ (6,980,817)
Changes during the year:			
Service cost	147,317	-	147,317
Interest	607,082	-	607,082
Experience (gains)	(9,247)	-	(9,247)
Change in actuarial assumptions	12,545	-	12,545
Contributions/benefits paid from general operating funds		479,513	(479,513)
Net investment income	-	4,107,360	(4,107,360)
Benefit payments, including refunds of employer contributions	(479,513)	(479,513)	-
Administrative expenses	-	(15,979)	15,979
Balance at June 30, 2019	$ 6,962,175	$ 17,756,189	$ (10,794,014)

Actuarial Assumptions
The net OPEB asset for the City was measured as of June 30, 2021, and is based on a valuation performed as of January 1, 2020. The net OPEB asset for the Portsmouth City Public School Board was measured as of June 30, 2021, and is based on a valuation performed as of that date. The following actuarial assumptions were included in the measurements:

	City	Portsmouth City Public School Board
Inflation	2.50%	2.75%
Salary increase	3.00%	2.00% (for purposes of allocating liability)
Investment rate of return	6.50%	9.18% (including inflation)
20-year Aa Municipal bond rate	n/a	2.18%

Mortality - City:

Pre-Retirement	RP-2014 Employee Rates to age 80, Healthy Annuitant Rates at ages 81 and older projected with Scale BB to 2020; males 90% of rates; females set forward 1 year. 70% of deaths are assumed to be service related.
Post-Retirement	RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with Scale BB to 2020; males set forward 1 year with 1.0% increase compounded from ages 70 to 90; females set forward 3 years.
Post-Disablement	RP-2014 Disabled Mortality Rates projected with Scale BB to 2020; males set forward 2 years; unisex using 100% male.

Mortality - Portsmouth City Public Schools

Public Teacher 2010 Headcount weighted, mortality tables with improvement scale MP 2019

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

Long-Term Expected Rate of Return

City's OPEB Plan
The best-estimate range for the long term expected rate of return is determined by taking the annual average long-term future inflation and real return components, with each component being reasonable in our professional opinion, include the anticipated effects of return volatility and correlation among various asset classes. The data used in the assessment of reasonability were Milliman's December 31, 2020, capital market assumptions (real returns).

Portsmouth City Public School Board's OPEB Plan
The long-term expected rate of return on Plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of returns, net of Plan investment expense and inflation, are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

Discount Rate

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

Portsmouth City Public School Board's OPEB Plan
The discount rate used to measure the total OPEB liability for the Portsmouth City Public School Board was 9.18%. The projection of cash flows used to determine the discount rate assumed that Employer contribution will be made at rates equal to the most recent recommended contribution expressed as a percentage of covered payroll. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be sufficient to make all projected future benefit payments of current Plan participants. For projected benefits that are covered by projected assets, the long-term expected rate was used to discount the projected benefits. From the year that benefit payments were not projected to be covered by the projected assets (the "depletion date"), projected benefits were discounted at a discount rate reflecting a 20-year AA/Aa tax-exempt municipal bond yield. A single equivalent discount rate that yields the same present value of benefits is calculated. This discount rate is used to determine the Total OPEB Liability. The discount rate is used to determine the Total OPEB Liability.

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

	City of Portsmouth		
	1% Decrease (5.50%)	Discount Rate (6.50%)	1% Increase (7.50%)
Net OPEB liability	$ 14,052,727	$ 12,582,899	$ 11,261,550

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

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate (continued)
The following presents the net OPEB asset of the Portsmouth City Public School Board, as well as what the Portsmouth City Public School Board's net OPEB asset would be if it were calculated using a discount rate that is one percentage-point lower or one percentage-point higher than the current discount rate:

	Portsmouth City Public School Board		
	1% Decrease (8.18%)	Discount Rate (9.18%)	1% Increase (10.18%)
Net OPEB Asset	$ (10,352,314)	$ (10,794,014)	$ (11,191,786)

Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rates
The following table presents the City's net OPEB liability and service cost, calculated using the current healthcare trend rates, as well as what the net other postemployment benefit liability and service cost would be if it were calculated using a healthcare trend rate that is 1-percentage-point lower or 1-percentage-point higher.

	City of Portsmouth		
	1% Decrease (4.80%)	Current Trend Rate (5.80%)	1% Increase (6.80%)
Net OPEB liability	$ 11,000,780	$ 12,582,899	$ 14,426,114

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

	Portsmouth City Public School Board		
	1% Decrease (3.50%)	Discount Rate (4.50%)	1% Increase (5.50%)
Net OPEB asset	$ (11,201,610)	$ (10,794,014)	$ (10,334,643)

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB
At June 30, 2021, the City reported a liability of $12,582,899. The net OPEB liability was measured as of June 30, 2021, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of January 1, 2020. For the year ended June 30, 2021, the City recognized OPEB expense/(recovery) of ($605,709). At June 30, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

City of Portsmouth

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in actuarial assumptions	$ 1,938,465	$ 2,413,841
Net difference between projected and actual investment earnings	-	722,991
Differences between expected and actual experience	-	5,297,005
Total	$ 1,938,465	$ 8,433,837

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

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

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

Year ended June 30:		
2022	$	(2,247,472)
2023		(1,372,914)
2024		(757,588)
2025		(786,563)
2026		(578,622)
Thereafter*		(752,213)
Total	$	(6,495,372)

Portsmouth City Public School Board
At June 30, 2021, the Portsmouth City Public School Board reported an asset of $(10,794,014). The net OPEB asset was measured as of June 30, 2021, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date.

For the year ended June 30, 2021, the Portsmouth City Public School Board recognized OPEB expense of $2,272,250. At June 30, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	**Deferred Inflows of Resources**
Differences between expected and actual experience	$ -	$ 8,133,412
Changes in assumptions	2,670,654	5,419,264
Investment earnings (gains/losses)	-	1,912,829
Total	$ 2,670,654	$ 15,465,505

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

Year Ended June 30:		
2021	$	(1,784,837)
2022		(1,822,832)
2023		(1,748,393)
2024		(1,907,631)
2025		(1,337,716)
Thereafter		(4,193,442)
Total	$	(12,794,851)

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

Significant Changes

City
In the January 1, 2020, actuarial valuation, the discount rate was decreased from 7.00% to 6.50% based on mortality improvement updated from MP-2018.

Portsmouth City Public School Board
In the June 30, 2021 actuarial valuation, the discount rate was decreased from 9.21% to 9.18% based on mortality improvement updated from MP-2019. The Pre-65 Medical Inflation was updated from 8.25% graded down to 4.5% based on national surveys of expected medical trend. Retirement benefit payments are typically concentrated at the beginning of the fiscal year with very few payments spread over the year. Payments are made from the VACo/VML pooled OPEB trust Fund. A Consumer Directed Health Plan (CDHP) option with high deductible was added to retiree plan option.

Below is the City's OPEB plan financial statement.

	OPEB Trust Fund
Assets	
Investments	
Stocks	$ 3,609,218
Bonds	1,403,585
Real estate	467,862
Other	1,203,073
Total investments	6,683,738
Total assets	6,683,738
Net position restricted for OPEB	$ 6,683,738

	OPEB Trust Fund
Additions:	
Contributions:	
Employers' contributions	$ 2,657,395
Investment income:	
Gains	1,353,350
Total additions	4,010,745
Deductions:	
Benefit payments	1,657,395
Administrative expenses	5,500
Total deductions	1,662,895
Change in net position	2,347,850
Net position restricted for OPEB, beginning of year	4,335,888
Net position restricted for OPEB, end of year	$ 6,683,738

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

VRS Directed OPEB Plans for City and Portsmouth City Public Schools

VRS directs other employee and postemployment benefit plans for City and Portsmouth City Public Schools active, deferred and retired members of VRS. These plans include the Group Life Insurance Program (GLIP), the Virginia Local Disability Programs (VLDP), the Line of Duty Act (LODA), and the Teacher Employee Health Insurance Credit Program (THICP). Contributions and payments for other employee benefit plans for active VRS members occur on a current basis; therefore, the net position of these plans is not reported.

VRS Group Life Insurance

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

General Information about the Group Life Insurance Program

Plan Description

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

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

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

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

GLIP PLAN PROVISIONS
Eligible Employees The GLIP was established July 1, 1960, for state employees, teachers and employees of political subdivisions that elect the program, including the following employers that do not participate in VRS for retirement: • City of Richmond • City of Portsmouth • City of Roanoke • City of Norfolk • Roanoke City Schools Board Basic group life insurance coverage is automatic upon employment. Coverage end for employees who leave their position before retirement eligibility or who take a refund of their accumulated retirement member contribution and accrued interest.
Benefit Amounts The benefits payable under the GLIP 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 accident 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: o Accidental dismemberment benefit o Safety belt benefit o Repatriation benefit o Felonious assault benefit o Accelerated death benefit option
Reduction in benefit Amounts The benefit amounts provided to members covered under the GLIP are subject to a reduction factor. The benefit amount reduces by 25% on January 1 following one calendar year of separation. The benefit amount reduces by an additional 25% on each subsequent January 1 until it reaches 25% of its original value.
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 GLIP. The minimum benefit was set at $8,000 by statute in 2015. This will be increased annually based on the VRS Plan 2 cost-of-living adjustment and was increased to $8,616 effective June 30, 2021.

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

Contributions

The contribution requirements for the GLIP are governed by §51.1-506 and §51.1-508 of the *Code of Virginia*, as amended, but may be impacted as a result of funding provided to state agencies and school divisions by the Virginia General Assembly. The total rate for the GLIP was 1.34% of covered employee compensation. This was allocated into an employee and an employer component using a 60/40 split. The employee component was 0.80% (1.34% X 60%) and the employer component was 0.54% (1.34% X 40%). Employers may elect to pay all or part of the employee contribution, however the employer must pay all of the employer contribution. Each employer's contractually required employer contribution rate for the year ended June 30, 2021, was 0.54% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits payable during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the GLIP from the City were $406,227 and $386,545 for the years ended June 30, 2021, and June 30, 2020, respectively. Portsmouth City Public School Board contributions were $40,131 and $40,094 for the years ended June 30, 2021, and June 30, 2020, respectively, for nonprofessional employees and $472,040 and $446,932 for the years ended June 30, 2021, and June 30, 2020, respectively, for professional employees.

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

City - At June 30, 2021, the City reported a liability of $6,027,670 for its proportionate share of the Net GLIP OPEB Liability. The Net GLIP OPEB Liability was measured as of June 30, 2020, and the total GLIP OPEB liability used to calculate the Net GLIP OPEB Liability was determined by an actuarial valuation performed as of June 30, 2019, and rolled forward to the measurement date of June 30, 2020. The City's proportion of the Net GLIP OPEB Liability was based on the City's actuarially determined employer contributions to the GLIP for the year ended June 30, 2020, relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2020, the City's proportion was 0.35123% as compared to 0.35870% at June 30, 2019. For insurance only employees, the City's proportion was 0.00996% as compared to 0.01128% at June 30, 2019. For the year ended June 30, 2021, the City recognized GLI OPEB expense/(recovery) of $154,132. Since there was a change in proportionate share between measurement dates, a portion of the GLI OPEB expense was related to deferred amounts from changes in proportion.

Portsmouth City Public School Board - At June 30, 2021, the Portsmouth City Public School Board reported a liability of $625,146 for its proportionate share of the Net GLIP OPEB Liability for nonprofessional employees. At June 30, 2021, the Portsmouth City Public School Board reported a liability of $6,969,394 for its proportionate share of the Net GLIP OPEB Liability for professional employees. The Net GLIP OPEB Liability was measured as of June 30, 2020, and the total GLIP OPEB liability used to calculate the Net GLIP OPEB Liability was determined by an actuarial valuation performed as of June 30, 2019, and rolled forward to the measurement date of June 30, 2020. The City's proportion of the Net GLIP OPEB Liability was based on the City's actuarially determined employer contributions to the GLIP for the year ended June 30, 2020, relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2020, the School Board's proportion was 0.03746% as compared to 0.03929% at June 30, 2019 for nonprofessional employees. At June 30, 2020, the School Board's proportion was 0.41762% as compared to 0.42632% at June 30, 2019 for professional employees. For the year ended June 30, 2021, the Portsmouth City Public School Board recognized GLIP OPEB expense of $7,863 for nonprofessional employees. For the year ended June 30, 2021, the Portsmouth City Public School Board recognized GLIP OPEB expense of $199,787 for professional employees. Since there was a change in proportionate share between measurement dates, a portion of the GLIP OPEB expense was related to deferred amounts from changes in proportion.

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

At June 30, 2021, the City and School Board reported deferred outflows of resources and deferred inflows of resources related to the GLIP OPEB from the following sources:

	City		School Board - Professional		School Board - Nonprofessional	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 386,619	$ 54,138	$ 447,022	$ 62,596	$ 40,097	$ 5,615
Net difference between projected and actual earnings on GLI OPEB program investments	181,066	-	209,354	-	18,779	-
Changes in assumptions	301,453	125,862	348,550	145,525	31,265	13,053
Changes in proportion	15,078	299,782	-	254,522	-	64,532
Employer contributions subsequent to the measurement date	406,227	-	472,040	-	40,131	-
Total	$ 1,290,443	$ 479,782	$ 1,476,966	$ 462,343	$ 130,272	$ 83,200

City - $406,227 reported as deferred outflows of resources related to the GLIP OPEB resulting from the City's contributions subsequent to the measurement date will be recognized as a reduction of the Net GLIP OPEB Liability in the Fiscal Year ending June 30, 2022.

Portsmouth City Public School Board - $472,040 reported as deferred outflows of resources related to GLIP resulting from the School Board's contributions subsequent to the measurement date will be recognized as a reduction of the Net GLIP OPEB Liability in the Fiscal Year ending June 30, 2021, for professional employees. $40,131 reported as deferred outflows of resources related to GLIP resulting from the School Board's contributions subsequent to the measurement date will be recognized as a reduction of the Net GLIP OPEB Liability in the Fiscal Year ending June 30, 2021, for nonprofessional employees.

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

Year ended June 30,	City	School Board - Professional	School Board - Nonprofessional
2021	$ 15,061	$ 38,989	$ (6,560)
2022	66,195	98,112	(1,257)
2023	137,829	174,197	5,808
2024	163,214	198,732	10,377
2025	23,643	33,172	(758)
Thereafter	(1,508)	(919)	(669)
	$ 404,434	$ 542,283	$ 6,941

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

Actuarial Assumptions

The total GLIP OPEB liability was based on an actuarial valuation as of June 30, 2019, 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, 2020.

Inflation	2.5 percent
Salary increases, including inflation -	
General state employees	3.5 percent - 5.35 percent
Teachers	3.5 percent - 5.95 percent
SPORS employees	3.5 percent - 4.75 percent
VaLORS employees	3.5 percent - 4.75 percent
JRS employees	4.5 percent
Locality - General employees	3.5 percent - 5.35 percent
Locality - Hazardous Duty employees	3.5 percent - 4.75 percent
Investment rate of return	6.75 percent, net of investment expenses, including inflation*

* Administrative expenses as a percent of the market value of assets for the last experience study were found to be approximately 0.06% of the market assets for all of the VRS plans. This would provide an assumed investment return rate for GAAP purposes of slightly more than the assumed 6.75%. However, since the difference was minimal, and a more conservative 6.75% investment return assumption provided a projected plan net position that exceeded the projected benefit payments, the long-term expected rate of return on investments was assumed to be 6.75% to simplify preparation of the OPEB liabilities.

Mortality rates – General State Employees

Pre-Retirement:
RP-2014 Employee Rates to age 80, Healthy Annuitant Rates to 81 and older projected with scale BB to 2020; males set back 1 year, 85% of rates; females set back 1 year.

Post-Retirement:
RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males set forward 1 year; females set back 1 year with 1.5% increase compounded from ages 70 to 85.

Post-Disablement:
RP-2014 Disability Life Mortality Table projected with Scale BB to 2020; 115% of rates for males and females 130% of rates.

The actuarial assumptions used in the June 30, 2019, valuation were based on the results of an actuarial experience study for the four-year period from July 1, 2012 through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table – RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages and changed final retirement from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Line of Duty Disability	Increased rate from 14% to 25%
Discount Rate	Decrease rate from 7.00% to 6.75%

Mortality rates – Teachers

Pre-Retirement:

RP-2014 White Collar Employee Rates to age 80, White Collar Healthy Annuitant Rates at ages 81 and older projected with scale BB to 2020.

Post-Retirement:

RP-2014 White Collar Employee Rates to age 49, White Collar Health Annuitant Rates at ages 50 and older projected with scale BB to 2020; males 1% increase compounded from ages 70 to 90; females set back 3 years with 1.5% increase compounded from ages 65 to 70 and 2.0% increase compounded from ages 75 to 90.

Post-Disablement:

RP-2014 Disability Mortality Rates projected with Scale BB to 2020; 115% of rates for males and females.

The actuarial assumptions used in the June 30, 2019, valuation were based on the results of an actuarial experience study for the four-year period from July 1, 2012 through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table – RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages and changed final retirement from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Discount Rate	Decrease rate from 7.00% to 6.75%

Mortality rates – SPORS Employees

Pre-Retirement:

RP-2014 Employee Rates to age 80, Healthy Annuitant Rates to 81 and older projected with scale BB to 2020; males 90% of rates; females set forward 1 year.

Post-Retirement:

RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males set forward 1 year with 1.0% increase compounded from ages 70 to 90; females set forward 3 years.

Post-Disablement:

RP-2014 Disability Life Mortality Table projected with Scale BB to 2020; males set forward 2 years; unisex using 100% male.

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

The actuarial assumptions used in the June 30, 2019, valuation were based on the results of an actuarial experience study for the four-year period from July 1, 2012 through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table – RP-2014 projected to 2020 and reduced margin for future improvement in accordance with experience
Retirement Rates	Increased age 50 rates and lowered rates at older ages
Withdrawal Rates	Adjusted rates to better fit experience
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Line of Duty Disability	Increased rate from 60% to 85%
Discount Rate	Decrease rate from 7.00% to 6.75%

Mortality rates – VaLORS Employees

Pre-Retirement:

RP-2014 Employee Rates to age 80, Healthy Annuitant Rates to 81 and older projected with scale BB to 2020; males 90% of rates; females set forward 1 year.

Post-Retirement:

RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males set forward 1 year with 1.0% increase compounded from ages 70 to 90; females set forward 3 years.

Post-Disablement:

RP-2014 Disability Life Mortality Table projected with Scale BB to 2020; males set forward 2 years; unisex using 100% male.

The actuarial assumptions used in the June 30, 2019, valuation were based on the results of an actuarial experience study for the four-year period from July 1, 2012 through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table – RP-2014 projected to 2020 and reduced margin for future improvement in accordance with experience
Retirement Rates	Increased age 50 rates and lowered rates at older ages
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Line of Duty Disability	Increased rate from 50% to 35%
Discount Rate	Decrease rate from 7.00% to 6.75%

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

Mortality rates – JRS Employees
Pre-Retirement:
RP-2014 Employee Rates to age 80, Healthy Annuitant Rates to 81 and older projected with scale BB to 2020; males set back 1 year, 85% of rates; females set back 1 year.
Post-Retirement:
RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males set forward 1 year; females set back 1 year with 1.5% increase compounded from ages 70 to 85.
Post-Disablement:
RP-2014 Disability Life Mortality Table projected with Scale BB to 2020; males 115% of rates; females 130% of rates.

The actuarial assumptions used in the June 30, 2019, valuation were based on the results of an actuarial experience study for the four-year period from July 1, 2012 through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table – RP-2014 projected to 2020
Retirement Rates	Decreased rates at first retirement eligibility
Withdrawal Rates	No change
Disability Rates	Removed disability rates
Salary Scale	No change
Discount Rate	Decrease rate from 7.00% to 6.75%

Mortality rates – Largest Ten Locality Employers - General Employees
Pre-Retirement:
RP-2014 Employee Rates to age 80, Healthy Annuitant Rates to 81 and older projected with Scale BB to 2020; males 95% of rates; females 105% of rates.
Post-Retirement:
RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with Scale BB to 2020; males set forward 3 years; females 1.0% increase compounded from ages 70 to 90.
Post-Disablement:
RP-2014 Disability Life Mortality Table projected with scale BB to 2020; males set forward 2 years, 110% of rates; females 125% of rates.

The actuarial assumptions used in the June 30, 2019, valuation were based on the results of an actuarial experience study for the four-year period from July 1, 2012 through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table – RP-2014 projected to 2020
Retirement Rates	Lowered retirement rates at older ages and extended final retirement age from 70 to 75
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Lowered disability rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 14% to 20%
Discount Rate	Decrease rate from 7.00% to 6.75%

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

Mortality rates – Non-Largest Ten Locality Employers - General Employees
Pre-Retirement:
RP-2014 Employee Rates to age 80, Healthy Annuitant Rates to 81 and older projected with Scale BB to 2020; males 95% of rates; females 105% of rates.
Post-Retirement:
RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with Scale BB to 2020; males set forward 3 years; females 1.0% increase compounded from ages 70 to 90.
Post-Disablement:
RP-2014 Disability Life Mortality Table projected with scale BB to 2020; males set forward 2 years, 110% of rates; females 125% of rates.

The actuarial assumptions used in the June 30, 2019, valuation were based on the results of an actuarial experience study for the four-year period from July 1, 2012 through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table – RP-2014 projected to 2020
Retirement Rates	Lowered retirement rates at older ages and extended final retirement age from 70 to 75
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Lowered disability rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 14% to 20%
Discount Rate	Decrease rate from 7.00% to 6.75%

Mortality rates – Largest Ten Locality Employers - Hazardous Duty Employees
Pre-Retirement:
RP-2014 Employee Rates to age 80, Healthy Annuitant Rates to 81 and older projected with Scale BB to 2020; males 90% of rates; females set forward 1 year.
Post-Retirement:
RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with Scale BB to 2020; males set forward 1 year with 1.0% increase compounded from ages 70 to 90; females set forward 3 years.
Post-Disablement:
RP-2014 Disability Life Mortality Table projected with scale BB to 2020; males set forward 2 years; unisex using 100% male.

The actuarial assumptions used in the June 30, 2019, valuation were based on the results of an actuarial experience study for the four-year period from July 1, 2012 through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table – RP-2014 projected to 2020
Retirement Rates	Lowered retirement rates at older ages
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Increased disability rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 60% to 70%
Discount Rate	Decrease rate from 7.00% to 6.75%

Mortality rates – Non-Largest Ten Locality Employers - Hazardous Duty Employees
Pre-Retirement:
RP-2014 Employee Rates to age 80, Healthy Annuitant Rates to 81 and older projected with Scale BB to 2020; males 90% of rates; females set forward 1 year.
Post-Retirement:
RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with Scale BB to 2020; males set forward 1 year with 1.0% increase compounded from ages 70 to 90; females set forward 3 years.
Post-Disablement:
RP-2014 Disability Life Mortality Table projected with scale BB to 2020; males set forward 2 years; unisex using 100% male.

The actuarial assumptions used in the June 30, 2019, valuation were based on the results of an actuarial experience study for the four-year period from July 1, 2012 through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table – RP-2014 projected to 2020
Retirement Rates	Increased at 50 rates and lowered rates at older ages
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Line of Duty Disability	Decreased rate from 60% to 45%
Discount rate	Decrease rate from 7.00% to 6.75%

Net GLIP OPEB Liability

The net OPEB liability (NOL) for the GLIP represents the program's total OPEB liability determined in accordance with GAAP, less the associated fiduciary net position. As of the measurement date of June 30, 2020, NOL amounts for the GLIP is as follows (amounts expressed in thousands):

Total GLI OPEB Liability	$ 3,523,937
Plan Fiduciary Net Position	1,855,102
Employers' Net GLI OPEB Liability (Asset)	$ 1,668,835

Plan Fiduciary Net Position as a Percentage of the Total GLI OPEB Liability 52.64%

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

Long-Term Expected Rate of Return

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

Aset Class (strategy)	Target Allocation	Arithmetic Long-Term Expected Rate of Return	Weighted Average Long-Term Expected Rate of Return
Public Equity	34.00%	4.65%	1.58%
Fixed Income	15.00%	0.46%	0.07%
Credit Strategies	14.00%	5.38%	0.75%
Real Assets	14.00%	5.01%	0.70%
Private Equity	14.00%	8.34%	1.17%
MAPS - Multi-Asset Public Strategies	6.00%	3.04%	0.18%
PIP - Private Investment Partnership	3.00%	6.49%	0.19%
Total	100.00%		4.64%
	Inflation		2.50%
	*Expected arithmetic nominal return		7.14%

*The above allocation provides a one-year return of 7.14%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the system, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 7.11%, including expected inflation of 2.50%. The VRS Board elected a long-term rate of 6.75% which is roughly at the 40th percentile of expected long-term results of the VRS fund asset allocation. More recent capital market assumptions compiled for the FY2020 actuarial valuations, provide a median return of 6.81%.

Discount Rate

The discount rate used to measure the total GLIP OPEB liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that member contributions will be made per the VRS guidance and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Through the fiscal year ending June 30, 2020, the rate contributed by the entity for the GLIP OPEB 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, 2020, on, employers are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the GLIP 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 GLIP OPEB liability.

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

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

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

	1.00% Decrease 5.75%	Current Discount Rate 6.75%	1.00% Increase 7.75%
City's proportionate share of the GLIP OPEB liability	$ 7,923,835	$ 6,027,670	$ 4,487,807
School Board's proportionate share of the GLIP OPEB liability - Professional	$ 9,161,804	$ 6,969,394	$ 5,188,952
School Board's proportionate share of the GLIP OPEB liability - Nonprofessional	$ 821,803	$ 625,146	$ 465,443

GLIP Fiduciary Net Position

Detailed information about the GLIP's Fiduciary Net Position is available in the separately issued VRS 2020 CAFR. A copy of the 2020 VRS CAFR may be downloaded from the VRS website at http://www.varetire.org/Pdf/Publications/2020-annual-report.pdf, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

(8) OTHER POSTEMPLOYMENT BENEFITS (OPEB)

VRS Employee Virginia Local Disability Programs

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

Plan Descriptions
All full-time, salaried general employees; including local law enforcement officers, firefighters, or emergency medical technicians of political subdivisions who do not provide enhanced hazardous duty benefits; who are in the VRS Hybrid Retirement Plan benefit structure and whose employer has not elected to opt out of the VRS-sponsored program are automatically covered by the VRS Political Subdivision Employee VLDP. All full-time, salaried permanent (professional) employees of public school divisions who are in the VRS Hybrid Retirement Plan benefit structure and whose employer has not elected to opt out of the VRS-sponsored program are automatically covered by the VRS Teacher Employee VLDP. These plans are administered by the Virginia Retirement System (the System), along with pension and other OPEB plans, for eligible public employer groups in the Commonwealth of Virginia. Political subdivisions and School divisions are required by Title 51.1 of the *Code of Virginia*, as amended to provide short-term and long-term disability benefits for their Hybrid employees either through a local plan or through the VLDP.

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

VLDP PLAN PROVISIONS
Eligible Employees The Political Subdivision and Teacher Employee VLDPs were implemented January 1, 2014, to provide short-term and long-term disability benefits for non-work-related and work-related disabilities for employees with Hybrid retirement benefits. Eligible employees are enrolled automatically upon employment, unless their employer has elected to provide comparable coverage. They include: • Political subdivision - Full-time general employees; including local law enforcement officers, firefighters or emergancy medical technicians who do not have enhanced hazardous duty benefits; of public political subdivisions covered under VRS. • Teachers - Teachers and other full-time permanent salaried employees of public school division covered under VRS.
Benefit Amounts The Political Subdivision and Teacher Employee VLDPs provides the following benefits for eligible employees: *Short Term Disabilty:* • The program provides a short term disability benefit beginning after a seven calendar day waiting period from the first day of disability. Employees become eligible for non work related short-term disability coverage after one year of continuous participation in VLDP with their current employer. • During the first five years of continuous participation in VLDP with their current employer, employees are eligible for 60% of their pre-disability income if they go out on non work related or work related disability. • Once the eligibility period is satisfied, employees are eligible for higher income replacement levels. *Long- Term Disablility:* • The VLDP program provides a long term disability benefit beginning after 125 work days of short-term disability. Members are eligible if they are unable to work at all or are working fewer than 20 hours per week. • Members approved for long term disability will receive 60% of their pre-disability income. If approved for work related long term disability, the VLDP benefit will be offset by the workers' compensation benefit. Members will not receive a VLDP benefit if their workers' compensation benefit is greater than the VLDP benefit.

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

VLDP PLAN PROVISIONS (Continued)
Virginia Local Disability Program Notes: • Members approved for short term or long term disability at age 60 or older will be eligible for a benefit, provided they remain medically eligible. • VLDP Long Term Care Plan is a self funded program that assists with the cost of covered long term care services.

Contributions

City and Portsmouth City Public Schools (Nonprofessional) - The contribution requirement for active Hybrid employees is governed by §51.1-1178(C) of the *Code of Virginia*, as amended, but may be impacted as a result of funding provided to political subdivisions by the Virginia General Assembly. Each political subdivision's contractually required employer contribution rate for the year ended June 30, 2021, was 0.83% of covered employee compensation for employees in the VRS Political Subdivision Employee Virginia Local Disability Program. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019. The actuarially determined rate was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions from the City to the VRS Political Subdivision Employee VLDP were $161,339 and $121,690 for the years ended June 30, 2021, and June 30, 2020, respectively. Contributions from the School Board were $27,450 and $23,354 for the years ended June 30, 2021, and June 30, 2020, respectively.

Portsmouth City Public Schools (Professional) – The contribution requirement for active Hybrid employees is governed by §51.1-1178(C) of the *Code of Virginia*, as amended, but may be impacted as a result of funding provided to school divisions by the Virginia General Assembly. Each school division's contractually required employer contribution rate for the year ended June 30, 2021, was 0.47% of covered employee compensation for employees in the VRS Teacher Employee VLDP. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019. The actuarially determined rate was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions were $138,323 and $107,351 for the years ended June 30, 2021, and June 30, 2020, respectively.

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

At June 30, 2021, the City and School Board (Nonprofessional) reported liabilities of $45,277 and $8,689, respectively, for their proportionate shares of the VRS Political Subdivision Employee VLDP Net OPEB Liability. The Net VRS Political Subdivision Employee VLDP OPEB Liability was measured as of June 30, 2020, and the total VRS Political Subdivision Employee VLDP OPEB liability used to calculate the Net VRS Political Subdivision Employee VLDP OPEB Liability was determined by an actuarial valuation as of June 30, 2019, and rolled forward to the measurement date of June 30, 2020. The City and School Board's proportions of the Net VRS Political Subdivision Employee VLDP OPEB Liability were based on the City and School Board's actuarially determined employer contributions to the VRS Political Subdivision Employee VLDP OPEB plan for the year ended June 30, 2020, relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2020, the City's proportion of the VRS Political Subdivision Employee VLDP was 4.53564% as compared to 4.43242% at June 30, 2019. At June 30, 2020, the School Board's proportion of the VRS Political Subdivision Employee VLDP was 0.87045% as compared to 0.93328% at June 30, 2019.

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

For the year ended June 30, 2021, the City and School Board (Nonprofessional) recognized VRS Political Subdivision Employee VLDP OPEB expense of $130,516 and $25,011, respectively. Since there was a change in proportionate share between measurement dates, a portion of the VRS Political Subdivision Employee VLDP Net OPEB expense was related to deferred amounts from changes in proportion.

At June 30, 2021, the Portsmouth City Public School Board (Professional) reported a liability of $35,514 for its proportionate share of the VRS Teacher Employee VLDP Net OPEB Liability. The Net VRS Teacher Employee VLDP OPEB Liability was measured as of June 30, 2020, and the total VRS Teacher Employee VLDP OPEB liability used to calculate the Net VRS Teacher Employee VLDP OPEB Liability was determined by an actuarial valuation as of June 30, 2019, and rolled forward to the measurement date of June 30, 2020. The Portsmouth City Public School Board's proportion of the Net VRS Teacher Employee VLDP OPEB Liability was based on the school division's actuarially determined employer contributions to the VRS Teacher Employee VLDP OPEB plan for the year ended June 30, 2020, relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2020, the Portsmouth City Public School Board's proportion of VLDP was 4.42658% as compared to 4.61204% at June 30, 2019.

For the year ended June 30, 2021, the Portsmouth City Public School Board (Professional) recognized VRS Teacher Employee VLDP OPEB expense of $96,647. Since there was a change in proportionate share between measurement dates, a portion of the VRS Teacher Employee Virginia Local Disability Program Net OPEB expense was related to deferred amounts from changes in proportion.

At June 30, 2021, the City and School Board reported deferred outflows of resources and deferred inflows of resources related to the VRS VLDP OPEB from the following sources:

	City		School Board Professional		School Board Nonprofessional	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Change in assumptions	$ 2,096	$ 3,023	$ 3,984	$ -	$ 402	$ 580
Differences between expected and actual experience	36,681	53,150	16,792	2,745	7,040	10,200
Net difference between projected and actual investment earnings on plan investments	4,809	-	3,833		923	-
Changes in proportionate share	1,007	41	-	965	197	614
Employer contributions subsequent to the measurement date	161,339	-	138,323	-	27,450	-
Total	$ 205,932	$ 56,214	$ 162,932	$ 3,710	$ 36,012	$ 11,394

City and Portsmouth City Public School Board (Nonprofessional): $161,339 and $27,450, respectively, reported as deferred outflows of resources related to the VRS Political Subdivision Employee VLDP OPEB resulting from the City's and School Board's contributions subsequent to the measurement date will be recognized as a reduction of the Net Political Subdivision Employee VLDP OPEB Liability in the Fiscal Year ending June 30, 2022.

Portsmouth City Public School Board (Professional): $138,323 reported as deferred outflows of resources related to the VRS Teacher Employee VLDP OPEB resulting from the Portsmouth City Public School division's contributions subsequent to the measurement date will be recognized as a reduction of the Net Teacher Employee VLDP OPEB Liability in the Fiscal Year ending June 30, 2021.

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

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

Year ended June 30,	City	School Board Professional	School Board Nonprofessional
2021	$ 4,431	$ 2,211	$ 814
2022	4,340	2,122	796
2023	4,428	2,093	813
2024	4,040	2,134	732
2025	(6,055)	1,182	(1,251)
Thereafter	(22,805)	11,157	(4,736)
	$ (11,621)	$ 20,899	$ (2,832)

Actuarial Assumptions

The total VLDP OPEB liabilities for the VRS Political Subdivision Employee VLDP and the VRS Teacher Employee VLDP were based on actuarial valuations as of June 30, 2019, 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, 2020.

Inflation	2.5 percent
Salary increases, including inflation –	
Political Subdivision Employees	3.5 percent – 5.95 percent
Teacher Employees	3.5 percent – 5.95 percent
Investment rate of return	6.75 percent, net of plan investment expenses, including inflation*

* Administrative expenses as a percent of the market value of assets for the last experience study were found to be approximately 0.06% of the market assets for all of the VRS plans. This would provide an assumed investment return rate for GASB purposes of slightly more than the assumed 6.75%. However, since the difference was minimal, and a more conservative 6.75% investment return assumption provided a projected plan net position that exceeded the projected benefit payments, the long-term expected rate of return on investments was assumed to be 6.75% to simplify preparation of OPEB liabilities.

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

Pre-Retirement:

RP-2014 Employee Rates to age 80, Healthy Annuitant Rates to 81 and older projected with Scale BB to 2020; males 90% of rates; females set forward 1 year.

Post-Retirement:

RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with Scale BB to 2020; males set forward 1 year with 1.0% increase compounded from ages 70 to 90; females set forward 3 years.

Post-Disablement:

RP-2014 Disability Life Mortality Table projected with scale BB to 2020; males set forward 2 years; unisex using 100% male.

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

The actuarial assumptions used in the June 30, 2019, valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study are as follows:

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table – RP-2014 projected to 2020
Retirement Rates	Lowered retirement rates at older ages and extended final retirement age from 70 to 75.
Withdrawal Rates	Adjusted termination rates to better fit experience at each year age and service
Disability Rates	Lowered disability rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 14% to 15%
Discount Rate	Decrease rate from 7.00% to 6.75%

Mortality rates – Teachers

Pre-Retirement:

RP-2014 White Collar Employee Rates to age 80, White Collar Healthy Annuitant Rates at ages 81 and older projected with Scale BB to 2020.

Post-Retirement:

RP-2014 White Collar Employee Rates to age 49, White Collar Healthy Annuitant Rates at ages 50 and older projected with Scale BB to 2020; males 1% increase compounded from ages 70 to 90; females set back 3 years with 1.5% increase compounded from ages 65 to 70 and 2.0% increase compounded from ages 75 to 90.

Post-Disablement:

RP-2014 Disability Mortality Rates projected with scale BB to 2020; 115% of rates for males and females.

The actuarial assumptions used in the June 30, 2019, valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study are as follows:

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table – RP-2014 projected to 2020
Retirement Rates	Lowered retirement rates at older ages and changed final retirement age from 70 to 75.
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Discount Rate	Decrease rate from 7.00% to 6.75%

Net VLDP OPEB Liabilities

The net OPEB liabilities (NOL) for the Political Subdivision Employee and Teacher Employee Virginia Local Disability Programs represents the program's total OPEB liability determined in accordance with GAAP, less the associated fiduciary net position. As of June 30, 2020, NOL amounts for the City's and the Portsmouth City Public School Board's Virginia Local Disability Program are as follows (amounts expressed in thousands):

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

	Teacher Employer VLDP OPEB Plan	Political Subdivision Employee VLDP OPEB Plan
Total Employee VLDP OPEB Liability	$ 3,687	$ 4,317
Plan Fiduciary Net Postion	2,886	3,317
Employee Net VLDP OPEB Liability	$ 801	$ 1,000
Plan Fiduciary Net Position as a Percentage of the Total Employee VLDP OPEB Liability	78.28%	76.84%

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

Long-Term Expected Rate of Return

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:

Aset Class (strategy)	Target Allocation	Arithmetic Long-Term Expected Rate of Return	Weighted Average Long-Term Expected Rate of Return
Public Equity	34.00%	4.65%	1.58%
Fixed Income	15.00%	0.46%	0.07%
Credit Strategies	14.00%	5.38%	0.75%
Real Assets	14.00%	5.01%	0.70%
Private Equity	14.00%	8.34%	1.17%
MAPS - Multi-Asset Public Strategies	6.00%	3.04%	0.18%
PIP - Private Investment Partnership	3.00%	6.49%	0.19%
Total	100.00%		4.64%
	Inflation		2.50%
	*Expected arithmetic nominal return		7.14%

*The above allocation provides a one-year return of 7.14%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the system, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 7.11%, including expected inflation of 2.50%. The VRS Board elected a long-term rate of 6.75% which is roughly at the 40th percentile of expected long-term results of the VRS fund asset allocation. More recent capital market assumptions compiled for the FY2020 actuarial valuations, provide a median return of 6.81%.

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

Discount Rate

The discount rate used to measure the total VLDP OPEB was 6.75%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made in accordance with the VRS funding policy at rates equal to the actuarially determined contribution rates adopted by the VRS Board of Trustees. Through the fiscal year ending June 30, 2020, the rate contributed by the political subdivision for the VRS Political Subdivision Employee VLDP and by the school division for the VRS Teacher Employee VLDP 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 rates. From July 1, 2020, on, all agencies are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the VLDP OPEB plans' fiduciary net positions were projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total VLDP OPEB liabilities.

Sensitivity of the Proportionate Share of the VLDP Net OPEB Liability to Changes in the Discount Rate

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

	1.00% Decrease (5.75%)	Current Discount Rate (6.75%)	1.00% Increase (7.75%)
City's proportionate share of net VLDP OPEB Liability	$ 60,727	$ 45,277	$ 31,819
School Board's proportionate share of net VLDP OPEB liability - professional	$ 55,294	$ 35,514	$ 18,443
School Board's proportionate share of net VLDP OPEB liability - non-professional	$ 11,654	$ 8,689	$ 6,107

Political Subdivision Employee VLDP OPEB Fiduciary Net Position

Detailed information about the VRS Political Subdivision Employee and VRS Teacher Employee VLDP's Fiduciary Net Position is available in the separately issued VRS 2020 Comprehensive Annual Financial Report (Annual Report). A copy of the 2020 VRS Annual Report may be downloaded from the VRS website at http://www.varetire.org/Pdf/Publications/2020-annual-report.pdf, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

(8) OTHER POSTEMPLOYMENT BENEFITS (OPEB)

VRS Line of Duty Act Program

The VRS Line of Duty Act Program (LODA) is a multiple-employer, cost-sharing plan. The LODA was established pursuant to §9.1-400 et seq. of the *Code of Virginia*, as amended, and which provides the authority under which benefit terms are established or may be amended. The LODA provides death and health insurance benefits to eligible state employees and local government employees, including volunteers, who die or become disabled as a result of the performance of their duties as a public safety officer. In addition, health insurance benefits are provided to eligible survivors and family members. For purposes of measuring the net LODA OPEB liability, deferred outflows of resources and deferred inflows of resources related to the LODA OPEB, and LODA OPEB expense, information about the fiduciary net position of the VRS LODA OPEB Plan and the additions to/deductions from the VRS LODA OPEB Plan's net fiduciary position have been determined on the same basis as they were reported by VRS. In addition, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Plan Description

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

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

LODA PLAN PROVISIONS
Eligible Employees The eligible employees of the LODA are paid employees and volunteers in hazardous duty positions in Virginia localities and hazardous duty employees who are covered under the VRS, the SPORS, or the VaLORS.

Benefit Amounts
The LODA provides death and health insurance benefits for eligible individuals:
• Death – The LODA death benefit is a one-time payment made to the beneficiary or beneficiaries of a covered individual. Amounts vary as follows:
  ○ $100,000 when a death occurs as the direct or proximate result of performing duty as of January 1, 2006, or after.
  ○ $25,000 when the cause of death is attributed to one of the applicable presumptions and occurred earlier than five years after the retirement date.
  ○ An additional $20,000 benefit is payable when certain members of the National Guard and U.S. military reserves are killed in action in any armed conflict on or after October 7, 2001.
• Health Insurance – The LODA provides health insurance benefits.
  ○ Prior to July 1, 2017, these benefits were managed through the various employer plans and maintained the benefits that existed prior to the employee's death or disability. These premiums were reimbursed to the employer by the LODA.
  ○ Beginning July 1, 2017, the health insurance benefits are managed through the DHRM. The health benefits are modeled after the State Employee Health Benefits Program plans and provide consistent, premium-free continued health plan coverage for LODA-eligible disabled individuals, survivors and family members. Individuals receiving the health insurance benefits must continue to meet eligibility requirements as defined by the LODA.

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

Contributions

The contribution requirements for the LODA are governed by §9.1-400.1 of the *Code of Virginia*, as amended, but may be impacted as a result of funding provided to state agencies by the Virginia General Assembly. Each employer's contractually required employer contribution rate for the LODA for the year ended June 30, 2021, was $717.31 per covered full-time-equivalent employee. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019, and represents the pay-as-you-go funding rate and not the full actuarial cost of the benefits under the program. The actuarially determined pay-as-you-go rate was expected to finance the costs and related expenses of benefits payable during the year. Contributions to the LODA from the entity were $403,487 and $430,343 for the years ended June 30, 2021, and June 30, 2020, respectively.

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

At June 30, 2021, the City reported a liability of $13,262,252 for its proportionate share of the Net LODA OPEB Liability. The Net LODA OPEB Liability was measured as of June 30, 2020, and the total LODA OPEB liability used to calculate the Net LODA OPEB Liability was determined by an actuarial valuation as of June 30, 2019, and rolled forward to the measurement date of June 30, 2020. The City's proportion of the Net LODA OPEB Liability was based on the entity's actuarially determined pay-as-you-go employer contributions to the LODA OPEB plan for the year ended June 30, 2019, relative to the total of the actuarially determined pay-as-you-go employer contributions for all participating employers. At June 30, 2020, the City's proportion was 3.16661% as compared to 3.02633% at June 30, 2019.

For the year ended June 30, 2021, the entity recognized LODA OPEB expense of $1,056,893. Since there was a change in proportionate share between measurement dates, a portion of the LODA OPEB expense was related to deferred amounts from changes in proportion.

At June 30, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to the LODA OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on LODA OPEB plan investments	$ -	$ 18,856
Differences between expected and actual experience	1,407,813	1,808,082
Change in assumptions	3,550,405	826,443
Changes in proportion	427,606	1,370,671
Employer contribution subsequent to the measurement date	403,487	-
Total	$ 5,789,311	$ 4,024,052

$403,487 reported as deferred outflows of resources related to the LODA OPEB resulting from the City's contributions subsequent to the measurement date will be recognized as a reduction of the Net LODA OPEB Liability in the Fiscal Year ending June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the LODA OPEB will be recognized in LODA OPEB expense in future reporting periods as follows:

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

Year Ended June 30		
2022	$	153,465
2023		156,948
2024		160,663
2024		161,758
2024		162,923
Thereafter		566,015
	$	1,361,772

Actuarial Assumptions

The total LODA OPEB liability was based on an actuarial valuation as of June 30, 2019, 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, 2020.

Inflation	2.50 percent
Salary increases, including Inflation –	
General state employees	n/a
SPORS employees	n/a
VaLORS employees	n/a
Locality employees	n/a
Medical cost trend rates assumption –	
Under age 65	7.00 percent – 4.75 percent
Ages 65 and older	5.375 percent – 4.75 percent
Year of ultimate trend rate	
Post-65	Fiscal year ended 2023
Pre-65	Fiscal year ended 2028
Investment rate of return	2.21 percent, including inflation*

* Since LODA is funded on a current-disbursement basis, the assumed annual rate of return of 2.21% was used since it approximates the risk-free rate of return.

Mortality rates – General State Employees

Pre-Retirement:

RP-2014 Employee Rates to age 80, Healthy Annuitant Rates to 81 and older projected with scale BB to 2020; males set back 1 year, 85% of rates; females set back 1 year.

Post-Retirement:

RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males set forward 1 year; females set back 1 year with 1.5% increase compounded from ages 70 to 85.

Post-Disablement:

RP-2014 Disability Life Mortality Table projected with Scale BB to 2020; 115% of rates for males and females 130% of rates.

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

The actuarial assumptions used in the June 30, 2019, valuation were based on the results of an actuarial experience study for the four-year period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study are as follows:

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table – RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages and changed final retirement from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Line of Duty Disability	Increased rate from 14% to 25%

Mortality rates – SPORS Employees
Pre-Retirement:
RP-2014 Employee Rates to age 80, Healthy Annuitant Rates to 81 and older projected with scale BB to 2020; males 90% of rates; females set forward 1 year.
Post-Retirement:
RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males set forward 1 year with 1.0% increase compounded from ages 70 to 90; females set forward 3 years.
Post-Disablement:
RP-2014 Disability Life Mortality Table projected with Scale BB to 2020; males set forward 2 years; unisex using 100% male.

The actuarial assumptions used in the June 30, 2019, valuation were based on the results of an actuarial experience study for the four-year period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study are as follows:

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table – RP-2014 projected to 2020 and reduced margin for future improvement in accordance with experience
Retirement Rates	Increased age 50 rates and lowered rates at older ages
Withdrawal Rates	Adjusted rates to better fit experience
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Line of Duty Disability	Increased rate from 60% to 85%

Mortality rates – VaLORS Employees
Pre-Retirement:
RP-2014 Employee Rates to age 80, Healthy Annuitant Rates to 81 and older projected with scale BB to 2020; males 90% of rates; females set forward 1 year.
Post-Retirement:
RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males set forward 1 year with 1.0% increase compounded from ages 70 to 90; females set forward 3 years.
Post-Disablement:
RP-2014 Disability Life Mortality Table projected with Scale BB to 2020; males set forward 2 years; unisex using 100% male.

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

The actuarial assumptions used in the June 30, 2019, valuation were based on the results of an actuarial experience study for the four-year period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study are as follows:

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table – RP-2014 projected to 2020 and reduced margin for future improvement in accordance with experience
Retirement Rates	Increased age 50 rates and lowered rates at older ages
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Line of Duty Disability	Increased rate from 50% to 35%

Mortality rates – Largest Ten Locality Employers With Public Safety Employees
Pre-Retirement:
RP-2014 Employee Rates to age 80, Healthy Annuitant Rates to 81 and older projected with Scale BB to 2020; males 90% of rates; females set forward 1 year.
Post-Retirement:
RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with Scale BB to 2020; males set forward 1 year with 1.0% increase compounded from ages 70 to 90; females set forward 3 years.
Post-Disablement:
RP-2014 Disability Life Mortality Table projected with scale BB to 2020; males set forward 2 years; unisex using 100% male.

The actuarial assumptions used in the June 30, 2019, valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study are as follows:

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table – RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Increased disability rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 60% to 70%

Mortality rates – Non-Largest Ten Locality Employers With Public Safety Employees
Pre-Retirement:
RP-2014 Employee Rates to age 80, Healthy Annuitant Rates to 81 and older projected with Scale BB to 2020; males 90% of rates; females set forward 1 year.
Post-Retirement:
RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with Scale BB to 2020; males set forward 1 year with 1.0% increase compounded from ages 70 to 90; females set forward 3 years.
Post-Disablement:
RP-2014 Disability Life Mortality Table projected with scale BB to 2020; males set forward 2 years; unisex using 100% male.

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

The actuarial assumptions used in the June 30, 2019, valuation were based on the results of an actuarial experience study for the period from July 1, 2012, through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study are as follows:

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table – RP-2014 projected to 2020
Retirement Rates	Increased age 50 rates and lowered rates at older ages
Withdrawal Rates	Adjusted rates to better fit experience at each age and service year
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Line of Duty Disability	Decreased rate from 60% to 45%

Net LODA OPEB Liability

The net OPEB liability (NOL) for the LODA represents the program's total OPEB liability determined in accordance with GAAP, less the associated fiduciary net position. As of June 30, 2020, NOL amounts for the LODA is as follows (amounts expressed in thousands):

	Line of Duty Act Program
Total LODA OPEB Liability	$ 423,147
Plan Fiduciary Net Postition	4,333
Employers' Net OPEB Liability	$ 418,814
Plan Fiduciary Net Position as a Percentage of the Total LODA OPEB Liability	1.02%

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

Long-Term Expected Rate of Return

The long-term expected rate of return on LODA OPEB Program's investments was set at 2.21% for this valuation. Since LODA is funded on a current-disbursement basis, it is not able to use the VRS Pooled Investments 6.75% assumption. Instead, the assumed annual rate of return of 2.21% was used since it approximates the risk-free rate of return. This Single Equivalent Interest Rate (SEIR) is the applicable municipal bond index rate based on the Bond Buyer General Obligation 20-year Municipal Bond Index as of the measurement date of June 30, 2020.

Discount Rate

The discount rate used to measure the total LODA OPEB liability was 2.21%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made per the VRS Statutes and that they will be made in accordance with the VRS funding policy and at rates equal to the actuarially determined contribution rates adopted by the VRS Board of Trustees. Through the fiscal year ending June 30, 2020, the rate contributed by participating employers to the LODA OPEB Program will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly.

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

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

The following presents the covered employer's proportionate share of the net LODA OPEB liability using the discount rate of 2.21%, as well as what the covered employer's proportionate share of the net LODA OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (1.21%) or one percentage point higher (3.21%) than the current rate:

	1.00% Decreases (1.21%)	Current Discount Rate (2.21%)	1.00% Increase (3.21%)
Citys proportionate share of the total LODA Net OPEB Liability	$ 15,742,113	$ 13,262,252	$ 11,392,113

Sensitivity of the Covered Employer's Proportionate Share of the Net LODA OPEB Liability to Changes in the Health Care Trend Rate

Because the LODA contains a provisions for the payment of health insurance premiums, the liabilities are also impacted by the health care trend rates. The following presents the covered employer's proportionate share of the net LODA OPEB liability using health care trend rate of 7.00% decreasing to 4.75%, as well as what the covered employer's proportionate share of the net LODA OPEB liability would be if it were calculated using a health care trend rate that is one percentage point lower (6.00% decreasing to 3.75%) or one percentage point higher (8.00% decreasing to 5.75%) than the current rate:

	1.00% Decrease (6.00% decreasing to 3.75%)	Health Care Trend Rates (7.00% decreasing to 4.75%)	1.00% Increase (8.00% decreasing to 5.75%)
City's proportionate share of the total LODA Net OPEB Liability	$ 10,961,685	$ 13,262,252	$ 16,271,363

LODA OPEB Plan Fiduciary Net Position

Detailed information about the LODA Fiduciary Net Position is available in the separately issued VRS 2020 Annual Report. A copy of the 2020 VRS Annual Report may be downloaded from the VRS website at http://www.varetire.org/Pdf/Publications/2020-annual-report.pdf, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

(8) OTHER POSTEMPLOYMENT BENEFITS (OPEB)

Teacher Employee Health Insurance Credit Program

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

Plan Description

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

Eligibility:
The THICP was established July 1, 1993, for retired Teacher Employees covered under VRS who retire with at least 15 years of service credit. Full-time permanent (professional) salaried employees of public school divisions covered under VRS are enrolled automatically upon employment.

Benefit Amounts:
The THICP provides the following benefits for eligible employees:
At Retirement - For teachers and other professional school employees who retire 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 VLDP Program, the monthly benefit is either:

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

Other Plan Information:
The monthly Health Insurance Credit benefit cannot exceed the individual premium amount. Employees who retire after being on long-term disability under VLDP must have at least 15 years of service credit to qualify for the health insurance credit as a retiree.

(8) OTHER POSTEMPLOYMENT BENEFITS (OPEB) (CONTINUED)
Teacher Employee Health Insurance Credit Program (continued)

Contributions

The contribution requirement for active employees is governed by §51.1-1401(E) of the *Code of Virginia*, as amended, but may be impacted as a result of funding provided to school divisions by the Virginia General Assembly. Each school division's contractually required employer contribution rate for the year ended June 30, 2021, was 1.21% of covered employee compensation for employees in the HICP. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019. The actuarially determined rate was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions from the Portsmouth City Public School Board to THICP were $1,052,700 and $1,026,736 for the years ended June 30, 2021, and June 30, 2020, respectively.

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

At June 30, 2021, the Portsmouth City Public School Division reported a liability of $12,731,690 for its proportionate share of the net THICP OPEB Liability. The net THICP OPEB Liability was measured as of June 30, 2020, and the total THICP OPEB liability used to calculate the net THICP OPEB Liability was determined by an actuarial valuation performed as of June 30, 2019, and rolled forward to the measurement date of June 30, 2020. The Portsmouth City Public School Division's proportion of the net THICP OPEB Liability was based on the Portsmouth City Public School Board's actuarially determined employer contributions to THICP for the year ended June 30, 2020, relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2020, the Portsmouth City Public School Board's proportion of THICP was 0.97597% as compared to 0.98841% at June 30, 2019.

For the year ended June 30, 2021, the Portsmouth City Public School Board recognized THICP OPEB expense of $935,126. Since there was a change in proportionate share between measurement dates, a portion of the THICP OPEB expense was related to deferred amounts from changes in proportion.

At June 30, 2021, the Portsmouth City Public School Board reported deferred outflows of resources and deferred inflows of resources related to THICP from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference betweeen projected and actual earnings on THICP OPEB program investments	$ 56,422	$ -
Difference between expected and actual experience	-	170,027
Change in assumptions	251,688	69,562
Changes in proportion	-	523,113
Employer contributions subsequent to the measurement date	1,052,700	-
Total	$ 1,360,810	$ 762,702

$1,052,700 reported as deferred outflows of resources related to THICP resulting from the Portsmouth City Public School division's contributions subsequent to the measurement date will be recognized as a reduction of the net THICP OPEB Liability in the Fiscal Year ending June 30, 2022.

(8) OTHER POSTEMPLOYMENT BENEFITS (OPEB) (CONTINUED)
Teacher Employee Health Insurance Credit Program (continued)

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

Year Ended June 30:		
2022	$	(107,517)
2023		(101,925)
2024		(103,799)
2025		(71,719)
2026		(25,562)
Thereafter		(44,070)
	$	(454,592)

Actuarial Assumptions

The total THICP liability for the THICP was based on an actuarial valuation as of June 30, 2019, 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, 2020.

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

* Administrative expenses as a percent of the market value of assets for the last experience study were found to be approximately 0.06% of the market assets for all of the VRS plans. This would provide an assumed investment return rate for GAAP purposes of slightly more than the assumed 6.75%. However, since the difference was minimal, and a more conservative 6.75% investment return assumption provided a projected plan net position that exceeded the projected benefit payments, the long-term expected rate of return on investments was assumed to be 6.75% to simplify preparation of OPEB liabilities.

Mortality rates – Teachers

Pre-Retirement:

RP-2014 White Collar Employee Rates to age 80, White Collar Healthy Annuitant Rates at ages 81 and older projected with Scale BB to 2020.

Post-Retirement:

RP-2014 White Collar Employee Rates to age 49, White Collar Healthy Annuitant Rates at ages 50 and older projected with Scale BB to 2020; males 1.0% increase compounded from ages 70 to 90; females set back 3 years with 1.5% increase compounded from ages 65 to 70 and 2.0% increase compounded from ages 75 to 90.

Post-Disablement:

RP-2014 Disability Life Mortality Table projected with scale BB to 2020; 115% of rates for males and females.

(8) OTHER POSTEMPLOYMENT BENEFITS (OPEB) (CONTINUED)
Teacher Employee Health Insurance Credit Program (continued)

The actuarial assumptions used in the June 30, 2019, valuation were based on the results of an actuarial experience study for the period from July 1, 2012, through June 30, 2016, except the change in the discount rate, which was based on the VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table – RP-2014 projected to 2020
Retirement Rates	Lowered retirement rates at older ages and extended final retirement age from 70 to 75.
Withdrawal Rates	Adjusted termination rates to better fit experience at each year age and service through 9 years of service.
Disability Rates	Adjusted rates to better fit experience
Salary Scale	No change
Discount Rate	Decrease rate from 7.00% to 6.75%

Net THICP OPEB Liability

The net THICP OPEB liability represents the program's total OPEB liability determined in accordance with GAAP, less the associated fiduciary net position. As of June 30, 2020, the amounts for the THICP is as follows (amounts expressed in thousands):

Total Teacher Employer THICP OPEB liability	$	1,438,674
Plan fiduciary net position		144,158
Teacher employee Net THICP OPEB Liability	$	1,304,516
Plan fiduciary net position as a percentage of the Total Teacher THICP OPEB liability		9.95%

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

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

Teacher Employee Health Insurance Credit Program (continued)

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:

Aset Class (strategy)	Target Allocation	Arithmetic Long-Term Expected Rate of Return	Weighted Average Long-Term Expected Rate of Return
Public Equity	34.00%	4.65%	1.58%
Fixed Income	15.00%	0.46%	0.07%
Credit Strategies	14.00%	5.38%	0.75%
Real Assets	14.00%	5.01%	0.70%
Private Equity	14.00%	8.34%	1.17%
MAPS - Multi-Asset Public Strategies	6.00%	3.04%	0.18%
PIP - Private Investment Partnership	3.00%	6.49%	0.19%
Total	100.00%		4.64%
	Inflation		2.50%
	*Expected arithmetic nominal return		7.14%

* The above allocation provides a one-year return of 7.14%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the system, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 7.11%, including expected inflation of 2.50%. The VRS Board elected a long-term rate of 6.75% which is roughly at the 40th percentile of expected long-term results of the VRS fund asset allocation.

Discount Rate

The discount rate used to measure the total THICP 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, 2020, the rate contributed by each school division for THICP 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 rates. From July 1, 2020, on, all agencies are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, THICP'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 THICP OPEB liability.

(8) OTHER POSTEMPLOYMENT BENEFITS (OPEB) (CONTINUED)
Teacher Employee Health Insurance Credit Program (continued)

Sensitivity of the Portsmouth City Public School Board's Proportionate Share of the Net THICP OPEB Liability to Changes in the Discount Rate

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

	1% Decrease (5.75%)	Discount Rate (6.75%)	1% Increase (7.75%)
School Board's proportionate share of THICP net OPEB Liability	$ 14,251,800	$ 12,731,690	$ 11,439,707

THICP OPEB Plan Fiduciary Net Position

Detailed information about the THICP Fiduciary Net Position is available in the separately issued VRS 2020 Annual Report. A copy of the 2020 VRS Annual Report may be downloaded from the VRS website athttp://www.varetire.org/Pdf/Publications/2020-annual-report.pdf, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

(8) OTHER POSTEMPLOYMENT BENEFITS (OPEB)

Political Subdivision Health Insurance Credit Program

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

Plan Description

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

Eligibility:
The PSHICP was established July 1, 1993, for retired political subdivision employees of employers who elect the benefit and who retire with at least 15 years of service credit. Eligible employees are enrolled automatically upon employment. They include full-time permanent salaried employees of the participating political subdivision who are covered under the VRS pension plan.

Benefit Amounts:
The PSHICP provides the following benefits for eligible employees:
At Retirement - For employees who retire, the monthly benefit is $1.50 per year of service per month with a maximum benefit of $45.00 per month.
Disability Retirement - For employees who retire on disability or go on long-term disability under the VLDP Program, the monthly benefit is $45.00 per month.

Other Plan Information:
The monthly Health Insurance Credit benefit cannot exceed the individual premium amount. No Health Insurance Credit for premiums paid and qualified under LODA; however, the employee may receive the credit for premiums paid for other qualified health plans. Employees who retire after being on long-term disability under VLDP must have at least 15 years of service credit to qualify for the health insurance credit as a retiree.

(8) OTHER POSTEMPLOYMENT BENEFITS (OPEB) (CONTINUED)
Political Subdivision Health Insurance Credit Program (continued)

Employees Covered by Benefit Terms

As of the June 30, 2019, actuarial valuation, the following School Board employees were covered by the benefit terms of the School Board's HIC OPEB plan:

	School Board - Non- Professional
Active members	340

Contributions

The contribution requirement for active employees is governed by §51.1-1402(E) of the *Code of Virginia*, as amended, but may be impacted as a result of funding provided to political subdivisions by the Virginia General Assembly. The School's contractually required employer contribution rate for the year ended June 30, 2021, was 0.90% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019. The actuarially determined rate was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions from the Portsmouth City Public School Board to PSHICP were $63,626 for the year ended June 30, 2021.

Net PSHICP OPEB Liability

The Portsmouth City Public School Division's net PSHICP OPEB Liability was measured as of June 30, 2020. The total THICP OPEB liability was determined by an actuarial valuation performed as of June 30, 2019, using updated actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2020.

Actuarial Assumptions

The total PSHICP liability was based on an actuarial valuation as of June 30, 2019, 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, 2020.

Inflation	2.5 percent
Salary increases, including inflation –	
General Employees	3.5 percent - 5.35 percent
Hazardous Duty Employees	3.5 percent - 4.75 percent
Investment rate of return	6.75 percent, net of plan investment expenses, including inflation*

* Administrative expenses as a percent of the market value of assets for the last experience study were found to be approximately 0.06% of the market assets for all of the VRS plans. This would provide an assumed investment return rate for GAAP purposes of slightly more than the assumed 6.75%. However, since the difference was minimal, and a more conservative 6.75% investment return assumption provided a projected plan net position that exceeded the projected benefit payments, the long-term expected rate of return on investments was assumed to be 6.75% to simplify preparation of OPEB liabilities.

(8) OTHER POSTEMPLOYMENT BENEFITS (OPEB) (CONTINUED)
Political Subdivision Health Insurance Credit Program (continued)

Mortality rates
Pre-Retirement:
RP-2014 Employee Rates to age 80, Healthy Annuitant Rates at ages 81 and older projected with Scale BB to 2020; males 95% of rates; females 105% of rates.
Post-Retirement:
RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with Scale BB to 2020; males set forward 3 years; females 1.0% increase compounded from ages 70 to 90.
Post-Disablement:
RP-2014 Disability Life Mortality Table projected with scale BB to 2020; males set forward 2 years, 110% of rates; females 125% of rates.

The actuarial assumptions used in the June 30, 2019, valuation were based on the results of an actuarial experience study for the period from July 1, 2012, through June 30, 2016, except the change in the discount rate, which was based on the VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table – RP-2014 projected to 2020
Retirement Rates	Lowered retirement rates at older ages and extended final retirement age from 70 to 75.
Withdrawal Rates	Adjusted termination rates to better fit experience at each year age and service year.
Disability Rates	Lowered disability rates
Salary Scale	No change
Discount Rate	Decrease rate from 7.00% to 6.75%

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:

Aset Class (strategy)	Target Allocation	Arithmetic Long-Term Expected Rate of Return	Weighted Average Long-Term Expected Rate of Return
Public Equity	34.00%	4.65%	1.58%
Fixed Income	15.00%	0.46%	0.07%
Credit Strategies	14.00%	5.38%	0.75%
Real Assets	14.00%	5.01%	0.70%
Private Equity	14.00%	8.34%	1.17%
MAPS - Multi-Asset Public Strategies	6.00%	3.04%	0.18%
PIP - Private Investment Partnership	3.00%	6.49%	0.19%
Total	100.00%		4.64%
	Inflation		2.50%
	*Expected arithmetic nominal return		7.14%

(8) OTHER POSTEMPLOYMENT BENEFITS (OPEB) (CONTINUED)
Political Subdivision Health Insurance Credit Program (continued)

* The above allocation provides a one-year return of 7.14%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the system, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 7.11%, including expected inflation of 2.50%. The VRS Board elected a long-term rate of 6.75% which is roughly at the 40th percentile of expected long-term results of the VRS fund asset allocation.

Discount Rate

The discount rate used to measure the total PSHICP 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, 2020, the rate contributed by each school division for PSHICP 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 rates. From July 1, 2020, on, all agencies are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, PSHICP'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 PSHICP OPEB liability.

Changes in Net OPEB Liability - School Board VRS PSHICP

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balance at June 30, 2019	$ -	-	-
Change for the year:			
Service Cost	-	-	-
Interest	-	-	-
Change in benefit terms	897,571	-	897,571
Differences between expected and actual experience	-	-	-
Contributions - employer	-	-	-
Contributions - employee	-	-	-
Net investment income	-	-	-
Benefit payments, including refunds of employee contributions	-	-	-
Administrative expenses	-	-	-
Other changes	-	-	-
Net changes	897,571	-	897,571
Balance at June 30, 2020	$ 897,571	-	897,571

(8) OTHER POSTEMPLOYMENT BENEFITS (OPEB) (CONTINUED)
Political Subdivision Health Insurance Credit Program (continued)

Sensitivity of the Portsmouth City Public School Board's Proportionate Share of the Net PSHICP OPEB Liability to Changes in the Discount Rate

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

	1% Decrease (5.75%)	Discount Rate (6.75%)	1% Increase (7.75%)
School Board's proportionate share of THICP net OPEB Liability	$ 988,368	$ 897,571	$ 819,261

For the year ended June 30, 2021, the Portsmouth City Public School Board recognized PSHICP OPEB expense of $897,571. At June 30, 2021, the Portsmouth City Public School Board reported deferred outflows of resources and deferred inflows of resources related to THICP from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference betweeen projected and actual earnings on THICP OPEB program investments	$ -	$ -
Difference between expected and actual experience	-	-
Change in assumptions	-	-
Changes in proportion	-	-
Employer contributions subsequent to the measurement date	63,626	-
Total	$ 63,626	$ -

$63,626 reported as deferred outflows of resources related to PSHICP resulting from the Portsmouth City Public School division's contributions subsequent to the measurement date will be recognized as a reduction of the net PSHICP OPEB Liability in the Fiscal Year ending June 30, 2022.

PSHICP OPEB Plan Fiduciary Net Position

Detailed information about the PSHICP Fiduciary Net Position is available in the separately issued VRS 2020 Annual Report. A copy of the 2020 VRS Annual Report may be downloaded from the VRS website athttp://www.varetire.org/Pdf/Publications/2020-annual-report.pdf, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

(8) OTHER POSTEMPLOYMENT BENEFITS (OPEB)

Combining Schedule of OPEB Liabilities, OPEB Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB Plans

Primary Government	Local	GLIP (VRS)	VLDP (VRS)	LODA (VRS)	Total
Governmental activities					
Deferred outflows	$ 1,764,003	$ 1,174,303	$ 187,398	$ 5,789,311	$ 8,915,015
Net OPEB liability	11,450,438	5,485,180	41,202	13,262,252	30,239,072
Deferred inflows	7,674,791	436,602	51,155	4,024,052	12,186,600
OPEB expense	551,195	140,260	118,770	1,056,893	1,867,118
Business-type activities					
Deferred outflows	174,462	116,140	18,534	-	309,136
Net OPEB liability	1,132,461	542,490	4,075	-	1,679,026
Deferred inflows	759,046	43,180	5,059	-	807,285
OPEB expense	54,514	13,872	11,746	-	80,132
Total Primary Government					
Deferred outflows	1,938,465	1,290,443	205,932	5,789,311	9,224,151
Net OPEB liability	12,582,899	6,027,670	45,277	13,262,252	31,918,098
Deferred inflows	8,433,837	479,782	56,214	4,024,052	12,993,885
OPEB expense	605,709	154,132	130,516	1,056,893	1,947,250

Discretely presented component unit – School Board

		HIC (VRS)		GLI (VRS)		VLDP (VRS)		
	Local	Prof	Non-Prof	Prof	Non-Prof	Prof	Non-Prof	Total
Net OPEB asset	$10,794,014	-	-	-	-	-	-	10,794,014
Deferred outflows	2,670,654	1,360,810	63,626	1,476,966	130,272	162,932	36,012	5,901,272
Net OPEB liability	-	12,731,690	897,571	6,969,394	625,146	35,514	8,689	21,268,004
Deferred inflows	15,465,505	762,702	-	462,643	83,200	3,710	11,394	16,789,154
OPEB expense	2,272,250	935,126	897,571	199,787	7,863	96,647	25,011	4,434,255

(9) DEFERRED COMPENSATION PLAN

The city offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all full-time benefit-eligible city employees, permits employees to defer a portion of their salary until future years. Participation in the plan is optional. The deferred compensation balance is not available to employees until termination, retirement, death, or unforeseeable emergency.

All amounts of compensation deferred under the plan, all property and rights purchased with those amounts, and all income attributable to those amounts, property, or rights are held in trust for the participants. The assets are not included in the accompanying financial statements.

(10) INTERFUND BALANCES AND TRANSFERS

Due From/To Other Funds

Individual fund interfund receivable and payable balances at June 30, 2021, are as follows:

	Due To:
Due From:	General Fund
Nonmajor Governmental Funds	$ 149,210
Nonmajor Enterprise Funds	5,663,375
Fiduciary Funds - Custodial Fund	279,817
Total	$ 7,980,783

These interfund balances result from short-term operational borrowings and are due within one year.

Transfers From/To Other Funds

Individual interfund transfers within the Primary Government were made for operating and as capital purposes. The total interfund transfers for the fiscal year ended June 30, 2021, were as follows:

	Transfers from:							
Transfers to:	**General Fund**	**Capital Improvements Fund**	**Nonmajor Governmental Funds**	**Debt Service Fund**	**Nonmajor Enterprise Fund**	**Internal Service Funds**	**Public Utility Fund**	**Total**
General Fund	$ -	$ -	$ 859,154	$ -	$ 125,000	$ -	$ 8,875,000	$ 9,859,154
Capital Improvements Fund	4,386,500	-	7,150,000	-	-	2,000,000	250,000	13,786,500
Nonmajor Governmental Funds	3,358,288	-	-	-	-	-	-	3,358,288
Grants Fund	57,992	-	5,571	-	-	-	-	63,563
Nonmajor Enterprise Funds	1,342,572	1,137,000	-	-	-	-	-	2,479,572
Debt Service	36,283,791	-	1,575,180	-	407,090	315,550	325,825	38,907,436
Internal Service Funds	1,000,000	-		-	-	545,395	-	1,545,395
Total	$ 46,429,143	$ $1,137,000	$ 9,589,905	$ -	$ 532,090	$ 2,860,945	$ 9,450,825	$ 69,999,908

Payments Between Component Units

Significant transactions between the Primary Government and component units during fiscal year 2021 were as follows:

Payments from the city to the School Board for school operations; Statement of Activities - Payment from Primary Government	$ 59,622,845

(11) DUE FROM/TO OTHER GOVERNMENTS

Due From Other Governments
Amounts due from other governments at June 30, 2021, are as follows:

	State
Governmental activities:	
General Fund:	
Personal property tax relief	$ 9,862,962
Constitutional officers' support	639,323
Other	333,015
Total General Fund	10,835,300
Grants Fund	
Grant reimbursements	57,992
Nonmajor governmental funds:	
Children's Services Act Fund	227,227
Social Services Fund	1,130,567
Total nonmajor governmental funds	1,357,794
Total governmental activities	$ 12,251,086

(12) UNEARNED REVENUES AND DEFERRED INFLOWS

Unearned revenues represents amounts for which asset recognition criteria have been met, but for which revenue recognition criteria have not been met. Under the modified accrual basis of accounting, such amounts are measurable, but not available. Deferred inflows represent an acquisition of net position that will not be recognized as revenue until a future period. At June 30, 2021, deferred inflows are provided in the table below. There were no unearned revenues.

	General Fund	Governmental Activities	Business-Type Activities
Deferred Inflows			
Deferred taxes, fees and unavailable revenue	$ 8,377,436	n/a	n/a
Deferred revenue-other	869,458	n/a	n/a
Total Deferred Inflows	$ 9,735,050		

(13) COMMITMENTS

Landfill Closure and Postclosure Care Costs and Liability

State and federal laws and regulations require the city to place a final cover on its Craney Island landfill site when it stops accepting waste and then perform certain maintenance and monitoring functions at the site for thirty years after closure. The $3,331,465 reported as landfill closure and postclosure care liability at June 30, 2021, represents the cumulative amount reported to date based on the use of 30.2% of the estimated capacity of the landfill. The city will recognize the remaining estimated cost of closure and post-closure care of $11,031,341 as the remaining estimated capacity is filled. These amounts are based on what it would cost to perform all closure and post-closure care in 2021. Actual costs may be higher due to inflation, changes in technology, or changes in laws and regulations. The remaining landfill life is estimated to be 120.7 years. The city is required by Federal and State statutes to prepare a Local Government Financial Test Worksheet to demonstrate how the landfill's closure and postclosure care financial assurance requirements will be met.

Encumbrances

Encumbrances outstanding at year end represent the estimated amount of the expenditures required to complete contracts, purchase orders and other commitments in process of completion at fiscal year-end. Outstanding encumbrances at June 30, 2021, for the City and Schools are as follows:

City		**Schools**	
Governmental Funds		Governmental Funds	
Capital Projects Fund	$ 46,009,583	General Fund	$ 163,647

(14) LITIGATION AND CONTINGENT LIABILITIES

Litigation
The City is currently involved in the following court cases:

Keisha Wilson, Administrator of the Estate of Keytondra M. Wilson and Keisha Wilson, Individually v. City of Portsmouth, Cynthia Davis and John Doe's 1-5.
Keisha Wilson, Administrator of her daughter's estate, filed a lawsuit against the City and its employee, police dispatcher Cynthia Davis, in the Circuit Court for the City of Portsmouth. The suit alleges that the City and Ms. Davis were negligent in performance of their duties and violated Keytondra Wilson's constitutional rights, resulting in her murder. It demands $5.5 million dollars in compensatory damages and $350,000 in punitive damages. The City and Ms. Davis filed demurrers and pleas of sovereign immunity and removed the lawsuit to the Federal Court of the Eastern District of Virginia. Motions to Dismiss were filed in Federal Court that mirror the demurrers and pleas of sovereign immunity filed in state court. The Federal Court dismissed the constitutional claims and remanded the case to state court. A hearing on defendants' demurrers, motions to dismiss, and pleas of sovereign immunity is scheduled for March 31, 2022, in Portsmouth Circuit Court.

Angela M. Greene v. City of Portsmouth, Lydia Pettis Patton, LaVoris Pace, Lisa Lucas Burke, L. Louise Lucas, and Milton R. Blount.
Former Police Chief Greene filed a lawsuit against the defendants alleging wrongful termination, tortious interference with a contract, and defamation. She is suing for a total of $414 million dollars in compensatory damages and $1.4 million in punitive damages. The attorneys for the defendants for whom the city is responsible have filed motions to dismiss the lawsuit. A hearing is scheduled for January 27, 2022, in Portsmouth Circuit Court.

L. Louise Lucas v. Angela Greene and Kevin McGee.
State Senator Louise Lucas sued former Police Chief Angela Greene and Sgt. Kevin McGee in the amount of $5 million in compensatory damages and $1.75 million in punitive damages in Portsmouth Circuit Court. She is alleging malicious prosecution, defamation, false imprisonment, and gross negligence after being arrested for her alleged activities at a protest at the Confederate monument in Portsmouth. Mediation is scheduled for December 23, 2021.

Kimean Eley v. City of Portsmouth, et al.
Mr. Eley has filed, but not served, a lawsuit in Portsmouth Circuit Court against the City of Portsmouth and a Portsmouth police officer for battery, negligence, and intentional infliction of emotional distress. He is suing for $3 million in compensatory damages and $350,000 in punitive damages.

Estate of Calvin Majette and Temika Pleas Majette v. T. Crutcher, C. Firestone, and A. Kennedy.
Portsmouth police instituted a high-speed car chase of an individual with outstanding warrants. The fugitive's car ultimately crashed into plaintiffs vehicle, killing Mr. Majette and seriously injuring Ms. Majette. The City is waiting on plaintiffs' demands. The City has placed its excess carrier on notice and believes the cases will be settled within coverage limits.

(14) LITIGATION AND CONTINGENT LIABILITIES (CONTINUED)

Federally Assisted Grant Programs
The city participates in a number of federally assisted grant programs. Although the city has been audited in accordance with the provisions of the Uniform Guidance, these programs are still subject to financial and compliance audits by the grantors or their representatives. Such audits could lead to requests for reimbursements to the grantor agency for expenditures disallowed under terms of the grant. Based on prior experience, city management believes such disallowances, if any, will not be significant.

COVID-19 Impact
On January 30, 2020, the World Health Organization ("WHO") announced a global health emergency because of a new strain of coronavirus (the "COVID-19 outbreak") and the risks to the international community as the virus spreads globally beyond its point of origin. In March 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally.

The City's operations are heavily dependent on the ability to raise taxes, assess fees, and access the capital markets. Additionally, access to grants and contracts from federal and state governments may decrease or may not be available depending on appropriations. The outbreak will have a continued material adverse impact on economic and market conditions, triggering a period of global economic slowdown. This situation has depressed the tax bases and other areas in which the City received revenue during fiscal year 2020.

The full impact of the COVID-19 outbreak continues to evolve as of the date of this report. As such, it is uncertain as to the full magnitude the pandemic will have on the City's financial condition, liquidity, and future results of operations. Management is actively monitoring the impact of the global situation on its financial condition, liquidity, operations, suppliers, industry, and workforce. Given the daily evolution of the COVID-19 outbreak and the global responses to curb its spread, the City is not able to estimate the effects of the COVID-19 outbreak on its results of operations, financial condition, or liquidity in future years.

(15) SELF-INSURANCE PROGRAMS

City

The city is self-insured for exposures to various risks of loss related to: torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; terrorist acts; and, natural disasters. The city uses two internal service funds. The Risk Management Fund accounts for and finances its uninsured risks of loss and the Health Insurance and OPEB Fund account for and pays its health insurance premiums and claims costs. The Risk Management Fund pays insurance premiums and provides for payment of approved claims for workers' compensation, general liability, fidelity, wharfingers, hull and machinery, and property. The property deductible is $100,000 per occurrence with a $100,000,000 loss limit per occurrence. The city purchases commercial excess insurance policies for workers' compensation and general liability. For the fiscal years ending June 30, 2020, and June 30, 2021, property damage claims did not exceed $75,000.

All funds of the city participate in the program and make payments to the Risk Management Fund based on actuarial estimates of the amounts needed to pay prior and current year claims and to establish a reserve for catastrophic losses. The risk management claims liability of $8,667,330 (undiscounted) reported in the fund at June 30, 2021, is based on GAAP, which requires that a liability for claims be reported if information available prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred as of the date of the financial statements and the amount of the loss can be reasonably estimated. The amount of the risk management claims liability due within one year is $2,203,410. A loss analysis, which included an estimate of claims incurred but not reported (IBNR), was conducted by Glicksman Consulting LLC to compute this liability as of June 30, 2021.

Changes in the risk management claims liability amount in fiscal years 2021 and 2020, respectively, were as follows:

Risk Management:	2021	2020
Claims payable, beginning of year	$ 7,415,949	$ 8,284,168
Claims expense and changes in estimates	5,899,591	2,392,693
Claims payments	(4,648,210)	(3,260,912)
Claims payable, end of year	$ 8,667,330	$ 7,415,949

The city is also exposed to the risk of loss for employee and retired employee medical benefits. Effective January 1, 2001, the city established a self-insured health care benefits program for all city employees and retired employees. These benefits are accounted for in the Health Insurance and OPEB Fund, which is an internal service fund. Certain claims expenses paid on behalf of each employee during a single policy year are covered by excess loss insurance with a specific stop-loss limit of $175,000 depending on the specific medical plan. Claims processing and payments for all medical claims are made through third party administrators. The computed medical claims liability as of June 30, 2021, is $1,570,000 (undiscounted) and is due within one year. A loss analysis, which included an estimate of incurred but not reported claims, was conducted by Willis Tower Watson to compute the liability as of June 30, 2021.

Changes in the medical claim liability amount in fiscal years 2021 and 2020, respectively, were as follows:

Medical:	2021	2020
Claims payable, beginning of year	$ 1,570,000	$ 1,602,873
Claims expense and changes in estimates	14,349,077	12,865,708
Claims payments	(14,502,077)	(12,898,581)
Claims payable, end of year	$ 1,417,000	$ 1,570,000

(15) SELF-INSURANCE PROGRAMS (CONTINUED)

School Board

The school board uses its Risk Management and Insurance Fund, an internal service fund, to account for and finance its uninsured risks of loss and to pay insurance premiums. The fund services all claims for risk of loss to which the school board is exposed, including workers' compensation, automobile, and general liability. A loss analysis was conducted by Glicksman Consulting, LLC to compute the liability for the fund. The actuarially computed liability as of June 30, 2021 was determined to be $632,030 (undiscounted), of which $480,722 due within one year. The non-current portion is $151,308.

Changes in the school's claim liability amount in fiscal years 2021 and 2020 were:

School Board:	2021	2020
Claims payable, beginning of year	$ 694,982	$ 646,876
Claims and changes in estimates	3,366,365	3,455,043
Claim payments and changes in estimates	(3,429,317)	(3,454,937)
Claims payable, end of year	$ 632,030	$ 694,982

Effective January 1, 2015, the School Board established a Self-Insured Health Care Benefits Plan (Self-Insured Health Plan) for all school board employees and retirees. The Self-Insured Health Plan policy year is based on a calendar year. The Self-Insured Health Plan is accounted for within the General Fund with employer and employee premiums, medical claims, administrative costs, wellness program costs, and other health plan costs recorded in the General Fund. Expenditures charged to various School Board departments are based expected claims liability and administrative costs for a full calendar year as provided by the third party health care benefit consultant. Medical claim expenses paid on behalf of each individual employee covered during a single policy year are covered by excess loss insurance with a specific stop loss limit of $350,000. The Self-Insured Health Plan also has aggregate stop loss coverage at 120% of expected medical claims during a single policy year.

Claim processing and payments for all health care claims are made through a third party administrator. The School Board uses information provided by the third-party administrator and health care benefit consultant to aid in the determination of health self-insurance liabilities. The computed current liability as of June 30, 2021 is $1,277,000 (undiscounted), as follows:

	Balance as of July 1	Claims and Changes in Estimates	Claim Payments	Balance as of June 30
Medical Claims				
2020-2021	$ 1,255,000	$ 18,776,380	$ 18,754,380	$ 1,277,000
2019-2020	$ 1,473,000	$ 15,156,063	$ 15,374,063	$ 1,255,000

(16) RELATED PARTIES

Jointly Governed Organizations

Hampton Roads Regional Jail Authority (HRRJA)
HRRJA is a regional organization which includes the cities of Chesapeake, Hampton, Newport News, Norfolk, and Portsmouth and is governed by a 15 member Board of Directors, consisting of three representatives appointed by each of the member cities. HRRJA is a primary government with no component units created pursuant to Article #3 Chapter 3 Title 53 of the Code of Virginia. The Authority was created for the purpose of providing, operating and maintaining a regional jail facility for the correctional overflow from each community. The participating governments do not have an equity interest in HRRJA and accordingly no equity interest has been reflected in the city's financial statements at June 30, 2021. Completed financial statements of the Commission can be obtained from HRRJA, 2690 Elmhurst Lane, Portsmouth, Virginia 23701-2745.

Hampton Roads Planning District Commission (the Commission)
A regional planning agency authorized by the Virginia Area Development Act of 1968, it was created by the merger of the Southeastern Virginia Planning District Commission and the Peninsula Planning District Commission on July 1, 1990. The Commission performs various planning services for the cities of Chesapeake, Franklin, Hampton, Newport News, Norfolk, Portsmouth, Poquoson, Suffolk, Williamsburg and Virginia Beach, plus the counties of Gloucester, Isle of Wight, James City, Southampton, and York. Revenue of the Commission is received primarily from local governmental (member) contributions and various state and federal grant programs. The participating governments do not have an equity interest in the Commission and accordingly no equity interest has been reflected in the city's financial statements at June 30, 2021. Completed financial statements of the Commission can be obtained from the Commission.

Transportation District Commission (TDC)
The TDC was formed on June 29, 1999 to effect the merger of the Peninsula Transportation District Commission and the Tidewater Transportation District Commission effective October 1, 1999. The TDC was established in accordance with the Chapter 45 of Title 15.2 of the Code of Virginia. The TDC provides public transportation facilities and services within the cities of Chesapeake, Hampton, Norfolk, Portsmouth, Newport News and Virginia Beach. Oversight responsibility is exercised by all of the participating localities through their designated representatives. Responsibility for the day-to-day operations of the TDC rests with professional management. The TDC is the governing body of Hampton Roads Transit (HRT).

Hampton Roads Economic Development Alliance *(*HREDA)
The HREDA is a non-profit, public-private partnership that aggressively markets Virginia's Hampton Roads attraction initiatives and activities are designed to promote the jurisdictions of Chesapeake, Franklin, Hampton, Isle of Wight, Newport News, Norfolk, Poquoson,, Portsmouth, Southampton County, Suffolk and Virginia Beach, Virginia. The business affairs are managed by a Board of not less than 50 or more than 300 Directors. Separate financial statements are available from the HREDA, 500 Main Street, Suite 1300, Norfolk, Virginia 23510.

Related Organizations

Portsmouth Redevelopment and Housing Authority (PRHA)
The City Council is responsible for appointing members of the board of the Portsmouth Redevelopment and Housing Authority, but the city's accountability for the Authority does not extend beyond making these appointments and PRHA is both operationally and financially independent of the city.

New Port Community Development Authority
The City Council is responsible for appointing members of the board of the New Port Community Development Authority, but the city's accountability for the Authority does not extend beyond making these appointments and the Authority is both operationally and financially independent of the city.

(17) FUND RESULTS AND RECONCILIATIONS

FUND DEFICITS

The Information Technology and Health Insurance and OPEB internal service funds had fund balances with accumulated deficits of $(1,216,234) and $(3,268,600), respectively, which will be funded by future internal service charges.

The Portsmouth Public Schools, a component unit of the city, is reporting a net position with an accumulated deficit of $(81,594,155) at June 30, 2021. This accumulated deficit is primarily due to the net pension obligation liability ($152,632,823) and OPEB liability ($20,370,433) at June 30, 2021.

(18) NEW ACCOUNTING PRONOUNCEMENTS AND RESTATEMENTS

The City and Schools have implemented GASB Statement No. 84, *Fiduciary Activities*, in the financial statements for the year ended June 30, 2021. The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes on how these activities are reported. As a result of this implementation, the school activity funds, which were previously reported as a fiduciary fund and thus excluded from the School's basic financial statements, are now reported as a special revenue fund. The special welfare trust fund, which was previously presented as an agency fund, is now reported as a custodial fund. Additionally, the City now reports an additional custodial fiduciary fund for taxes assessed and collected on behalf of the New Port Community Development Authority.

There were no restatements to City beginning fund balances as of the beginning of the year as a result of the implementation of this Standard. The School's balances as of the beginning of the year have been restated as follows:

Net position – July 1, 2020, as previously reported	$	(90,677,302)
Cumulative effect of application of GASB 84, inclusion of School Activity Funds		783,607
Net position – July 1, 2020, as restated	$	(89,893,695)

The GASB has issued several new accounting pronouncements that will impact future fiscal years' financial statement presentations. Management has not yet determined what impacts, if any, that the implementation of the following GASB statements will have on the city.

1. Statement No. 87, "Leases". The requirements of this Statement are effective for reporting periods beginning after June 15, 2021 (FY2022).

2. Statement No. 91, "Conduit Debt Obligations". The requirements of this Statement are effective for reporting periods beginning after December 15, 2021 (FY2023).

3. Statement No. 92, "Omnibus 2020". Certain requirements of this Statement are effective for reporting periods beginning after June 15, 2021 (FY2022).

Management has not currently determined what impact the implementation of the above statements may have on the financial statements of the City.

For the original pronouncements, please visit the GASB's website www.gasb.org.

Required Supplementary Information
Other than Management's Discussion and Analysis

CITY OF PORTSMOUTH, VIRGINIA **Exhibit I-1**
Budgetary Comparison Schedule
Schedule of Revenues and Other Financing Sources
General Fund
Year Ended June 30, 2021

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Taxes:				
General property taxes:				
Real property - current	$ 99,369,228	99,369,228	99,352,976	(16,252)
Real property - delinquent	1,479,834	1,479,834	2,367,154	887,320
Real property - Public Services Corporation	1,558,634	1,558,634	1,804,192	245,558
Personal property - current	17,787,692	17,787,692	21,037,965	3,250,273
Personal property - delinquent	3,809,664	3,809,664	4,179,354	369,690
Personal property - Public Services Corporation	3,475,684	3,475,684	3,318,434	(157,250)
Machinery and tools taxes	1,050,625	1,050,625	955,112	(95,513)
Penalties and other charges	1,891,793	1,891,793	2,044,399	152,606
Interest	742,308	742,308	752,363	10,055
Total general property taxes	131,165,462	131,165,462	135,811,949	4,646,487
Other local taxes:				
Admission and amusement taxes	220,253	220,253	24,850	(195,403)
Bank franchise taxes	679,990	679,990	995,959	315,969
Business and occupational license taxes	6,645,332	6,645,332	7,167,429	522,097
Cigarette taxes	3,244,258	3,244,258	3,494,983	250,725
Occupancy	293,000	293,000	294,038	1,038
Licensing fees - current	2,065,414	2,065,414	1,996,439	(68,975)
Licensing fees - delinquent	614,595	614,595	662,817	48,222
Lodging taxes	738,033	738,033	602,508	(135,525)
Recordation taxes	1,123,237	1,123,237	1,989,388	866,151
Restaurant food taxes	10,448,090	10,448,090	9,937,452	(510,638)
Sales and use tax - local	8,489,656	8,489,656	9,977,346	1,487,690
Short-term rental taxes	20,732	20,732	29,447	8,715
Telecommunications	6,504,597	6,504,597	6,227,142	(277,455)
Total other local taxes	41,087,187	41,087,187	43,399,798	2,312,611
Utility taxes:				
Electricity taxes	4,101,166	4,101,166	3,849,209	(251,957)
E-911 taxes	510,553	510,553	533,884	23,331
Gas taxes	1,137,521	1,137,521	1,346,396	208,875
Water taxes	2,623,933	2,623,933	3,267,410	643,477
Total utility taxes	8,373,173	8,373,173	8,996,899	623,726
Total taxes	180,625,822	180,625,822	188,208,646	7,582,824

See Independent Auditor's Report and Notes to Required Supplementary Information.

CITY OF PORTSMOUTH, VIRGINIA **Exhibit I-1 (Continued)**
Budgetary Comparison Schedule
Schedule of Revenues and Other Financing Sources
General Fund
Year Ended June 30, 2021

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Intergovernmental revenue:				
Commonwealth of Virginia:				
Noncategorical aid:				
Mobile home sales taxes	868	868	315	(553)
Personal property tax relief act	9,862,962	9,862,962	9,862,962	-
Recordation tax distribution	260,882	260,882	3,789	(257,093)
Rolling stock taxes	39,128	39,128	79,729	40,601
Vehicle rental tax	236,541	236,541	324,251	87,710
Categorical aid:				
Circuit Court Clerk	969,951	969,951	927,825	(42,126)
City Registrar	47,425	47,425	60,081	12,656
City Sheriff	6,086,464	6,086,464	5,873,860	(212,604)
City Treasurer	256,794	256,794	287,260	30,466
Commissioner of Revenue	314,395	314,395	291,384	(23,011)
Commonwealth's Attorney	1,648,969	1,648,969	1,479,853	(169,116)
DMV select	99,855	99,855	33,901	(65,954)
Other categorical aid:				
Build America Bond Subsidy	555,373	555,373	-	(555,373)
Correctional facilities block grant	454,769	454,769	395,036	(59,733)
Law enforcement grant	6,718,520	6,718,520	6,595,993	(122,527)
Library funds - books	252,071	252,071	229,600	(22,471)
Street and highway maintenance	13,385,639	13,385,639	13,117,852	(267,787)
Total Commonwealth of Virginia	41,190,606	41,190,606	39,563,691	(1,626,915)
Federal government:				
E-Rate	-	-	64,656	64,656
Total intergovernmental revenue	41,190,606	41,190,606	39,628,347	(1,562,259)

See Independent Auditor's Report and Notes to Required Supplementary Information.

CITY OF PORTSMOUTH, VIRGINIA **Exhibit I-1 (Continued)**
Budgetary Comparison Schedule
Schedule of Revenues and Other Financing Sources
General Fund
Year Ended June 30, 2021

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Charges for services:				
Ambulance fees - current	2,380,816	2,380,816	3,113,155	732,339
Boat ramp parking	5,000	5,000	-	(5,000)
Circuit Court Clerk fees	7,359	7,359	4,021	(3,338)
City Sheriff fees	172,643	172,643	123,387	(49,256)
ATM fees	1,130	1,130	1,005	(125)
EZ Pass fees	13,609	13,609	735	(12,874)
Courthouse maintenance fees	42,948	42,948	25,637	(17,311)
Courthouse replacement fees	59,753	59,753	34,457	(25,296)
False alarm fees	3,012	3,012	5,830	2,818
Fire report fees	1,481	1,481	590	(891)
Fire and EMS attendance fees	27,023	27,023	-	(27,023)
Library fines and fees	24,542	24,542	136	(24,406)
DNA samples	-	-	567	567
Erosion and sediment control	2,220	2,220	1,300	(920)
Museum admission charges	1,159,519	1,159,519	40,791	(1,118,728)
Cable TV local access channel fees	103,519	103,519	100,417	(3,102)
Notary fees	376	376	190	(186)
Concealed carry permits	51,395	51,395	78,935	27,540
Police firearms buyback	-	-	10	10
Police record fees	59,804	59,804	39,814	(19,990)
Recreation acivity fees	139,626	139,626	15,633	(123,993)
Rental inspection fees	45,090	45,090	31,420	(13,670)
Inspections	78,133	78,133	71,586	(6,547)
Plans and specifications	7,963	7,963	210	(7,753)
Sheriff training academy	-	91,523	-	(91,523)
Street closures	-	-	700	700
Sunset Thursday Sponsors	2,500	2,500	-	(2,500)
Swimming fees	2,137	2,137	-	(2,137)
Vacant structure	4,326	4,326	3,450	(876)
UMOJA	25,087	25,087	-	(25,087)
Seawall Festival	2,125	2,125	2,150	25
Pokey Smokey II	6,235	6,235	215	(6,020)
Ticket sales - Vistor Center	2,336	2,336	60	(2,276)
EMS collections - delinquent	279,403	279,403	93,594	(185,809)
Certificate of occupancy	3,900	3,900	1,900	(2,000)
Total charges for services	4,715,010	4,806,533	3,791,895	(1,014,638)
Investment income:				
Investment income	885,812	885,812	130,722	(755,090)
Total investment income	885,812	885,812	130,722	(755,090)

See Independent Auditor's Report and Notes to Required Supplementary Information.

CITY OF PORTSMOUTH, VIRGINIA **Exhibit I-1 (Continued)**
Budgetary Comparison Schedule
Schedule of Revenues and Other Financing Sources
General Fund
Year Ended June 30, 2021

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Recovered costs:				
City garage fund	476,565	476,565	476,565	-
Information technology fund	238,080	238,080	238,080	-
Court appointed attorneys	2,113	2,113	1,029	(1,084)
Golf fund	124,118	124,118	124,118	-
Health department	106,426	106,426	93,905	(12,521)
Health insurance fund	25,177	25,177	25,177	-
Law library fund	2,876	2,876	2,876	-
Behavioral health services fund	496,504	496,504	496,504	-
DEA	25,142	25,142	13,129	(12,013)
Training academy upkeep	8,415	8,415	3,497	(4,918)
Parking authority	51,035	51,035	51,035	-
Citywide telephone charges	169,071	169,071	9,724	(159,347)
Fire watch/EMS	63,911	63,911	1,943	(61,968)
Postage	110,723	110,723	203,681	92,958
Public utility fund	629,613	629,613	629,613	-
Social security payments - jail	-	-	10,800	10,800
Stormwater management fund	130,672	130,672	130,672	-
Social services fund	519,362	519,362	519,362	-
Waste management fund	228,564	228,564	228,564	-
Jail weekends	5,551	5,551	-	(5,551)
Prisoner upkeep fees	25,402	25,402	26,721	1,319
Fed prisoner transport	8,411	8,411	36,229	27,818
Other recovered costs	178,889	178,889	17,081	(161,808)
Total recovered costs	3,626,620	3,626,620	3,340,305	(286,315)
Fines and forfeitures:				
Circuit Court fines	16,824	16,824	18,287	1,463
Conviction fees	74,624	74,624	64,286	(10,338)
General District Court fines	247,316	247,316	117,124	(130,192)
Juvenile Court fines	325	325	271	(54)
Total fines and forfeitures	339,089	339,089	199,968	(139,121)

See Independent Auditor's Report and Notes to Required Supplementary Information.

Budgetary Comparison Schedule
Schedule of Revenues and Other Financing Sources
General Fund
Year Ended June 30, 2021

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Licenses and permits:				
Bicycle licenses	96	96	14	(82)
Building plan review fees	44,227	44,227	67,710	23,483
Building reinspection fees	13,627	13,627	15,025	1,398
Building structure permits	230,220	230,220	224,831	(5,389)
Dog licenses	24,941	24,941	14,956	(9,985)
Electrical inspection fees	23,588	23,588	32,775	9,187
Electrical permits	75,423	75,423	82,039	6,616
Elevator inspection fees	3,123	3,123	1,995	(1,128)
Final engineering inspection permit	22,120	22,120	24,750	2,630
Hauling and permits fees	221,572	221,572	126,385	(95,187)
Land disturbance permit	87,360	87,360	136,156	48,796
License transfer fees	3,893	3,893	3,716	(177)
Mechanical inspection fees	2,435	2,435	2,401	(34)
Mechanical permits	130,377	130,377	127,062	(3,315)
Miscellaneous permits	18,882	18,882	17,215	(1,667)
Penalties on licenses	45,820	45,820	63,598	17,778
Plumbing inspection fees	3,375	3,375	3,400	25
Plumbing permits	43,581	43,581	57,252	13,671
Restricted parking permits	2,089	2,089	1,721	(368)
Right of way permits	74,103	74,103	54,391	(19,712)
Sign permit fees	1,906	1,906	1,820	(86)
Site plan review fees	20,156	20,156	21,140	984
State surcharge on permits	9,333	9,333	9,817	484
Taxi operators permits	147	147	-	(147)
Yard sale permits	1,479	1,479	485	(994)
Zoning and plat fees	31,929	31,929	34,409	2,480
Total licenses and permits	1,135,802	1,135,802	1,125,063	(10,739)
Use of property:				
Rental of antenna sites	85,467	85,467	74,960	(10,507)
Rental of recreation facilities	70,820	70,820	61,228	(9,592)
Rental of general properties	1,597,115	1,597,115	779,667	(817,448)
Total use of property	1,753,402	1,753,402	915,855	(837,547)

Budgetary Comparison Schedule
Schedule of Revenues and Other Financing Sources
General Fund
Year Ended June 30, 2021

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Miscellaneous:				
Admin fee - state income tax	260	260	-	(260)
Admin fee - RE	333,921	333,921	277,937	(55,984)
Admin fee - PP	1,305,412	1,305,412	586,444	(718,968)
Admin fee - Parking	4,746	4,746	2,462	(2,284)
Admin fee - EMS	25,398	25,398	14,640	(10,758)
Credit card fees	-	-	4,777	4,777
Returned check fees	729	729	463	(266)
Vending machine commissions	12,148	12,148	-	(12,148)
Gift shop sales	201,880	201,880	24,011	(177,869)
Proceeds from land sales	39,298	39,298	-	(39,298)
Other revenue	150,008	150,008	316,518	166,510
Unclaimed property tax refunds	48,484	48,484	8,389	(40,095)
Payments in lieu of taxes:				
PRHA	107,549	107,549	124,711	17,162
Regional Jail	533,932	533,932	557,013	23,081
Virginia Port Authority	383,429	383,429	358,848	(24,581)
South Norfolk Jordan Bridge	130,932	130,932	101,356	(29,576)
Public utility fund	1,161,598	1,161,598	1,161,598	-
Cash Over/Under	-	-	47	47
Total miscellaneous revenue	4,439,724	4,439,724	3,539,214	(900,510)
Total revenues	238,711,887	238,803,410	240,880,015	2,076,605
Other financing sources:				
Transfers from other funds:				
BHS	354,315	354,315	354,315	-
Stormwater management	504,839	504,839	504,839	-
Public utility fund	8,875,000	8,875,000	8,875,000	-
Economic Development Authority	125,000	125,000	125,000	-
Use of fund balance	5,386,500	11,184,284	-	(11,184,284)
Total other financing sources	15,245,654	21,043,438	9,859,154	(11,184,284)
Total revenues and other financing sources	$ 253,957,541	259,846,848	250,739,169	(9,107,679)

See Independent Auditor's Report and Notes to Required Supplementary Information.

CITY OF PORTSMOUTH, VIRGINIA **Exhibit I-2**
Budgetary Comparison Schedule
Schedule of Expenditures and Other Financing Uses
General Fund
Year Ended June 30, 2021

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
General government:				
Administration:				
Legislative:				
City Council	$ 432,393	432,393	291,191	141,202
City Clerk	374,072	374,072	386,731	(12,659)
Total legislative	806,465	806,465	677,922	128,543
Executive:				
City Manager	1,360,759	1,360,759	1,384,987	(24,228)
Management and legislative services	448,317	448,317	322,786	125,531
Marketing, entertainment & tourism	1,835,659	1,800,659	1,251,333	549,326
Total executive	3,644,735	3,609,735	2,959,106	650,629
Boards and commissions:				
Civil Service Commission	130,519	130,519	34,144	96,375
General Registrar	1,019,526	1,019,526	997,601	21,925
Total boards and commissions	1,150,045	1,150,045	1,031,745	118,300
Total administration	5,601,245	5,566,245	4,668,773	897,472
Financial administration:				
Commissioner of Revenue	1,905,992	1,905,992	1,780,789	125,203
City Assessor	1,050,789	1,050,789	992,335	58,454
City Treasurer	2,492,929	2,492,929	2,146,290	346,639
Procurement and risk management	477,804	477,804	373,206	104,598
Finance	2,803,884	2,803,884	2,007,612	796,272
Total financial administration	8,731,398	8,731,398	7,300,232	1,431,166
Public transportation	3,105,516	3,105,516	2,837,855	267,661
City Attorney	2,187,594	2,187,594	1,550,949	636,645
Human resource management	1,414,369	1,414,369	1,404,402	9,967
Total general government	21,040,122	21,005,122	17,762,211	3,242,911
Nondepartmental:				
Contingency	510,000	383,200	-	383,200
Miscellaneous	9,171,319	11,890,319	14,025,875	(2,135,556)
Support to civic organizations	506,550	506,550	518,886	(12,336)
Total nondepartmental	10,187,869	12,780,069	14,544,761	(1,764,692)
Judicial:				
Circuit Court judges	656,044	656,044	638,623	17,421
Circuit Court Clerk	1,707,392	1,707,392	1,519,034	188,358
Magistrate	7,822	7,822	4,758	3,064
General District Court	66,587	66,587	50,820	15,767
Juvenile and Domestic Relations Court	47,505	47,505	37,870	9,635
Juvenile court services	1,297,715	1,297,715	873,237	424,478
Commonwealth's Attorney	2,845,182	2,845,182	2,611,502	233,680
Sheriff	12,429,370	12,512,343	12,757,354	(245,011)
Total judicial	19,057,617	19,140,590	18,493,198	647,392

CITY OF PORTSMOUTH, VIRGINIA **Exhibit I-2 (continued)**
Budgetary Comparison Schedule
Schedule of Expenditures and Other Financing Uses
General Fund
Year Ended June 30, 2021

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Public safety:				
Police Department	31,481,798	31,478,993	26,809,618	4,669,375
E-911 communications	2,538,283	2,538,283	2,283,244	255,039
Operations Support Bureau	95,812	95,812	182,951	(87,139)
Admin and Support Bureau	-	-	256,053	(256,053)
Field Operations Bureau	20,742	20,742	32,125	(11,383)
Animal control and security	1,216,352	1,216,352	1,008,270	208,082
Fire, rescue, and emergency services	27,225,769	27,227,851	28,870,046	(1,642,195)
Total public safety	62,578,756	62,578,033	59,442,307	3,135,726
Public works:				
Engineering	1,558,760	1,689,760	1,502,614	187,146
Streets and highways	3,679,122	3,679,122	3,589,492	89,630
Mosquito control	592,952	592,952	512,246	80,706
Traffic engineering	2,831,905	2,880,458	2,455,337	425,121
General services:				
Properties management	4,234,371	4,199,921	3,601,949	597,972
Utilities	2,850,000	2,850,000	2,570,907	279,093
Rental of land and buildings	652,649	687,099	685,125	1,974
Storeroom	-	-	105,660	(105,660)
Harbor Center Pavilion	401,920	478,720	394,319	84,401
Total public works	16,801,679	17,058,032	15,417,649	1,640,383
Health and welfare	1,363,643	1,363,643	1,371,609	(7,966)
Parks, recreational and cultural:				
Museum	2,581,630	2,581,630	2,008,043	573,587
Parks, recreational and cultural	7,069,595	7,066,595	5,279,856	1,786,739
Public library	2,722,671	2,722,671	2,427,481	295,190
Total parks, recreation and cultural	12,373,896	12,370,896	9,715,380	2,655,516
Community development:				
Permits and inspections	2,939,233	2,989,233	2,733,706	255,527
Economic development	1,159,754	1,159,754	1,042,298	117,456
Planning	2,281,772	2,281,772	1,317,242	964,530
Total community development	6,380,759	6,430,759	5,093,246	1,337,513
Education	56,725,696	59,622,845	59,622,845	-
Cost of issuance	-	-	3,740	(3,740)
Capital outlay	85,300	120,300	87,662	32,638
Total expenditures	206,595,337	212,470,289	201,554,608	10,915,681

CITY OF PORTSMOUTH, VIRGINIA **Exhibit I-2 (continued)**
Budgetary Comparison Schedule
Schedule of Expenditures and Other Financing Uses
General Fund
Year Ended June 30, 2021

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Other financing uses:				
Transfers to other funds:				
Behavioral health services fund	715,466	715,466	715,466	-
Social services fund	3,063,502	3,063,502	2,278,925	784,577
Comprehensive services fund	570,373	570,373	363,897	206,476
Grants fund	-	14,355	57,992	(43,637)
Parking authority	211,159	211,159	211,159	-
Golf	1,131,413	1,131,413	1,131,413	-
Debt service	36,283,791	36,283,791	36,283,791	-
Health insurance	1,000,000	1,000,000	1,000,000	-
Capital improvements	4,386,500	4,386,500	4,386,500	-
Total other financing uses	47,362,204	47,376,559	46,429,143	947,416
Total expenditures and other financing uses	253,957,541	259,846,848	247,983,751	11,863,097
Net change in fund balance	-	-	2,755,418	2,755,418
Fund balance - beginning	-	-	79,992,022	79,992,022
Fund balance - ending	$ -	-	82,747,440	82,747,440

See Independent Auditor's Report and Notes to Required Supplementary Information.

CITY OF PORTSMOUTH, VIRGINIA **Exhibit I-3**
Budgetary Comparison Schedule
Schedule of Revenues, Expenditures and Changes in Fund Balance
Grants Fund
Year Ended June 30, 2021

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Intergovernmental	$ 40,797,564	83,131,254	14,367,484	(68,763,770)
Investment income	4,828	4,828	-	(4,828)
Miscellaneous	811,897	1,288,798	239,368	(1,049,430)
Total revenues	41,614,289	84,424,880	14,606,852	(69,818,028)
Expenditures:				
Current:				
General government	161,818	5,248,292	2,904,912	2,343,380
Nondepartmental	-	300,000	-	300,000
Judicial	11,399,031	19,829,608	1,138,817	18,690,791
Public safety	16,082,867	19,997,200	1,023,002	18,974,198
Public works	409,250	458,222	-	458,222
Health and welfare	7,935,305	15,432,910	5,779,514	9,653,396
Parks, recreational and cultural	10,577,144	16,092,910	1,998,039	14,094,871
Community development	1,673,524	2,439,976	1,914,230	525,746
Capital outlay	4,305,194	7,934,438	236,045	7,698,393
Total expenditures	52,544,133	87,733,556	14,994,559	72,738,997
Deficiency of revenues under expenditures	(10,929,844)	(3,308,676)	(387,707)	2,920,969
Other financing sources (uses):				
Transfers from other funds	388,247	2,808,446	63,563	(2,744,883)
Transfers to other funds	(409)	-	-	-
Total other financing sources, net	387,838	2,808,446	63,563	(2,744,883)
Net change in fund balance	(10,542,006)	(500,230)	(324,144)	176,086
Fund balance - beginning	-	-	349,813	349,813
Fund balance - ending	$ (10,542,006)	(500,230)	25,669	525,899

See Independent Auditor's Report and Notes to Required Supplementary Information.

The budgetary data reported in the required supplementary information reflects the approved city Budget as adopted by the City Council for the year ended June 30, 2021, as amended. The budget as adopted by the City Council may be amended by the City Council through supplemental appropriations or transfers, as necessary. The legal level of budgetary control rests at the fund level with the exception of the General Fund, which is appropriated at the activity or function level. In addition, the City Code provides that the City Manager may transfer any unencumbered appropriation balance less than $100,000 from one department, project, program, or purpose within the same fund. The City Manager shall make a monthly report to the City Council of all transfers greater than $50,000. Also, the City Manager may transfer any or all of the unencumbered balance of the emergency contingency account to any item in the City budget provided that any such utilization from the emergency budget contingency is reported to the City Council at the next regular council meeting.

The General, Special Revenue, and all proprietary funds have legally adopted annual budgets with the exception of the Grants Fund, and the Community Development Fund. The Capital Projects Funds, Grants Fund, and the Community Development Fund, utilize project budgets in lieu of annual budgets.

The city employs encumbrance accounting under which obligations in the form of purchase orders, contracts, and other commitments for the expenditure or transfer out of funds are recorded in order to reserve that portion of the applicable appropriation in the governmental fund balance, since encumbrances do not constitute expenditures or liabilities. For outstanding encumbrances, the appropriation carries over into the following year upon City Council action. According to the city code, unexpended, unencumbered appropriations lapse at the end of the fiscal year.

The General Fund's budget is adopted on a basis consistent with accounting principles generally accepted in the United States of America.

SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS (PSRS)

Fiscal Year Ended June 30,*	2021	2020	2019	2018	2017	2016	2015
TOTAL PENSION LIABILITY							
Service cost	$ 39,225	50,442	56,948	54,347	62,202	71,563	89,198
Interest	5,305,149	5,542,060	5,773,968	6,021,175	6,344,585	6,536,219	6,661,939
Changes in benefit terms	-	-	-	-	-	814,802	1,244,771
Differences between expected and actual experience	(393,653)	(681,062)	(159,223)	(180,994)	(1,383,499)	(1,680,961)	(1,195,876)
Changes of assumptions	(249,133)	(156,756)	(470,893)	(966,754)	(1,236,291)	-	-
Benefit payments, including refunds of member contributions	(7,859,123)	(8,140,802)	(8,474,573)	(8,378,061)	(8,326,253)	(8,478,761)	(8,512,885)
Net change in total pension liability	(3,157,535)	(3,386,118)	(3,273,773)	(3,450,287)	(4,539,256)	(2,737,138)	(1,712,853)
Total pension liability, beginning	77,091,952	80,478,070	83,751,843	87,202,130	91,741,386	94,478,524	96,191,377
Total pension liability, ending (a)	73,934,417	77,091,952	80,478,070	83,751,843	87,202,130	91,741,386	94,478,524
PLAN FIDUCIARY NET POSITION							
Contributions - employer	4,200,064	2,350,640	2,229,196	2,005,017	1,796,671	2,438,432	1,782,818
Net investment income	2,482,586	3,854,272	2,618,347	5,916,252	960,609	418,733	7,874,597
Benefit payments, including refunds of member contributions	(7,859,123)	(8,140,802)	(8,474,573)	(8,378,061)	(8,326,253)	(8,478,761)	(8,512,885)
Administrative expenses	(87,733)	(60,617)	(54,742)	(106,586)	(28,605)	(67,152)	(73,287)
Net change in plan fiduciary net position	(1,264,206)	(1,996,507)	(3,681,772)	(563,378)	(5,597,578)	(5,688,748)	1,071,243
Plan fiduciary net position, beginning	54,019,673	56,016,180	59,697,952	60,261,330	65,858,908	71,547,656	70,476,413
Plan fiduciary net position, ending (b)	52,755,467	54,019,673	56,016,180	59,697,952	60,261,330	65,858,908	71,547,656
City's net pension liability (asset), ending (a) - (b)	$ 21,178,950	23,072,279	24,461,890	24,053,891	26,940,800	25,882,478	22,930,868
Plan fiduciary net position as a percentage of total pension liability	71.35%	70.07%	69.60%	71.28%	69.11%	71.79%	75.73%
Employer's covered payroll*	$ 723,213	732,897	754,205	806,870	887,695	1,034,003	1,195,973
City's net pension liability as a percentage of covered payroll	2928.45%	3148.09%	3243.40%	2981.14%	3034.92%	2503.13%	1917.34%

*Amounts presented have a measurement date of the previous fiscal year-end.
Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

SCHEDULE OF ACTUARIALLY DETERMINED CONTRIBUTIONS (PSRS)

Fiscal Year Ended June 30,	2021	2020	2019	2018	2017	2016	2015	2014
Actuarially determined contribution	$ 2,058,105	2,210,592	2,170,640	1,867,696	1,807,082	1,796,671	1,924,912	1,944,892
Contributions in relation to the actuarially determined contribution	3,377,371	4,200,064	2,350,640	1,867,696	1,807,082	1,796,671	2,438,432	1,782,818
Contribution deficiency (excess)	(1,319,266)	(1,989,472)	(180,000)	-	-	-	(513,520)	162,074
Covered payroll	$ 693,168	723,213	732,897	754,205	806,870	887,695	1,034,003	1,195,973
Contributions as a percentage of covered payroll	487.24%	580.75%	320.73%	247.64%	223.96%	202.40%	235.82%	149.07%

Schedule is intended to show information for 10 years. Additional years will be displayed as they become available

NOTES TO SCHEDULE

Methods and Assumptions used to determine contribution rate

Measurement date	June 30, 2020
Timing	Actuarially determined contribution rates are calculated based on the actuarial valuation one year prior to the beginning of the plan year.
Actuarial Cost Method	Entry Age Normal-Level Percentage of Pay
Interest rate	7.25%
Salary increases	3.00%
Social Security wage bases	3.00%
Social Security cost of living increases	2.50%
Statutory limits on compensation and benefits	2.50%
Mortality	RP-2014 Generational Mortality Table Adjusted to 2006 with Generational Projection (Scale MP-2019)
Projected rate of return	7.25%
Plan Fiduciary net position	Fair Market Value of assets

Annual money weighted rate of return, net of investment expenses was 0.62% in 2015, 1.55% in 2016, 10.59 in 2017, 4.66% in 2018, 7.32% in 2019, 4.78% in 2020, and 29.03% in 2021

SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS (FPRS)

Fiscal Year Ended June 30,*	2021	2020	2019	2018	2017	2016	2015
TOTAL PENSION LIABILITY							
Service cost	$ 125,340	188,000	209,549	288,723	469,262	655,555	875,496
Interest	16,555,536	16,847,652	17,224,136	17,571,555	17,775,245	17,755,749	17,479,148
Changes in benefit terms	-	-	-	-	-	2,226,338	3,220,420
Differences between expected and actual experience	(867,255)	1,347,426	637,275	1,548,069	2,934,513	483,962	2,306,432
Changes of assumptions	(564,095)	(442,750)	(1,023,739)	(2,060,009)	(2,264,494)	-	-
Benefit payments, including refunds of member contributions	(21,915,426)	(21,922,564)	(22,317,498)	(22,016,787)	(21,297,801)	(20,421,823)	(19,431,115)
Net change in total pension liability	(6,665,900)	(3,982,236)	(5,270,277)	(4,668,449)	(2,383,275)	699,781	4,450,381
Total pension liability, beginning	239,261,628	243,243,864	248,514,141	253,182,590	255,565,865	254,866,184	250,415,803
Total pension liability, ending (a)	232,595,728	239,261,628	243,243,864	248,514,141	253,182,590	255,565,965	254,866,184
PLAN FIDUCIARY NET POSITION							
Contributions - employer	13,546,417	7,535,021	7,098,559	6,566,389	5,794,277	6,734,263	5,186,714
Net investment income	7,444,047	11,417,345	7,521,227	16,820,681	2,782,322	1,144,912	21,908,537
Benefit payments, including refunds of member contributions	(21,915,426)	(21,922,564)	(22,317,498)	(22,016,787)	(21,297,801)	(20,421,923)	(19,431,115)
Administrative expenses	(246,543)	(173,148)	(141,157)	(254,463)	(120,447)	(184,118)	(205,149)
Net change in plan fiduciary net position	(1,171,505)	(3,143,346)	(7,838,869)	1,115,820	(12,841,649)	(12,726,866)	7,458,987
Plan fiduciary net position, beginning	159,950,788	163,094,134	170,933,003	169,817,183	182,658,832	195,385,698	187,926,711
Plan fiduciary net position, ending (b)	158,779,283	159,950,788	163,094,134	170,933,003	169,817,183	182,658,832	195,385,698
City's net pension liability (asset), ending (a) - (b)	$ 73,816,445	79,310,840	80,149,730	77,581,138	83,365,407	72,907,133	59,480,486
Plan fiduciary net position as a percentage of total pension liability	68.26%	66.85%	67.05%	68.78%	67.07%	71.47%	76.66%
Employer's covered payroll*	$ 978,235	1,240,364	1,715,414	1,772,265	2,396,142	3,871,105	5,079,287
City's net pension liability as a percentage of covered payroll	7545.88%	6394.16%	4672.33%	4377.51%	3479.15%	1883.37%	1171.04%

*Amounts presented have a measurement date of the previous fiscal year-end.
Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

SCHEDULE OF ACTUARIALLY DETERMINED CONTRIBUTIONS (FPRS)

Fiscal Year Ended June 30,	2021	2020	2019	2018	2017	2016	2015	2014
Actuarially determined contribution	$ 7,187,730	7,658,733	7,214,521	6,449,059	6,205,544	5,794,277	5,840,300	5,658,234
Contributions in relation to the actuarially determined contribution	10,279,577	13,546,417	7,535,021	6,449,059	6,205,544	5,794,277	6,734,263	5,186,714
Contribution deficiency (excess)	(3,091,847)	(5,887,684)	(320,500)	-	-	-	(893,963)	471,520
Covered payroll	$ 820,886	978,235	1,240,364	1,715,414	1,772,265	2,396,142	3,871,105	5,079,287
Contributions as a percentage of covered payroll	1252.25%	1384.78%	607.48%	375.95%	350.15%	241.82%	173.96%	102.12%

Schedule is intended to show information for 10 years. Additional years will be displayed as they become available

NOTES TO SCHEDULE

Methods and Assumptions used to determine contribution rate

Measurement date	June 30, 2020
Timing	Actuarially determined contribution rates are calculated based on the actuarial valuation one year prior to the beginning of the plan year.
Actuarial Cost Method	Entry Age Normal-Level Percentage of Pay
Interest rate	7.25%
Salary increases	3.00%
Social Security wage bases	3.00%
Social Security cost of living increases	2.50%
Statutory limits on compensation and benefits	2.50%
Mortality	RP-2014 Generational Mortality Table Adjusted to 2006 with Generational Projection(Scale MP-2019)
Projected rate of return	7.25%
Plan Fiduciary net position	Fair Market Value of assets

Annual money weighted rate of return, net of investment expenses was 0.62% in 2015, 1.55% in 2016, 10.59 in 2017, 4.64% in 2018, 7.39% in 2019, 4.80% in 2020, and 29.04% in 2021

SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS (VRS)

Fiscal Year Ended June 30,*	2021	2020	2019	2018	2017	2016	2015
TOTAL PENSION LIABILITY							
Service cost	$ 10,187,472	9,121,520	8,717,390	8,380,639	8,655,196	8,776,873	7,865,420
Interest	24,068,852	23,152,433	22,448,469	21,674,217	20,862,680	19,666,648	18,592,496
Differences between expected and actual experience	(2,510,540)	(384,172)	(5,889,195)	(5,377,366)	(4,862,954)	664,081	-
Changes of assumptions	-	10,469,482	-	476,225	-	-	-
Changes in benefit terms	5,997,538	-	-	-	-	-	-
Benefit payments, including refunds of member contributions	(17,228,670)	(15,836,768)	(14,603,292)	(13,582,645)	(12,540,446)	(11,502,410)	(10,723,367)
Net change in total pension liability	20,514,652	26,522,495	10,673,372	11,571,070	12,114,476	17,605,192	15,734,549
Total pension liability, beginning	365,189,925	338,667,430	327,994,058	316,422,988	304,308,512	286,703,320	270,968,771
Total pension liability, ending (a)	385,704,577	365,189,925	338,667,430	327,994,058	316,422,988	304,308,512	286,703,320
PLAN FIDUCIARY NET POSITION							
Contributions - employer	8,208,380	7,340,220	6,948,793	6,776,993	6,360,911	6,647,357	5,702,215
Contributions - employee	3,512,571	3,380,321	3,374,302	3,398,847	3,313,387	3,451,819	3,522,637
Net investment income	6,400,033	21,221,718	22,278,231	33,161,239	4,734,570	11,935,602	35,693,002
Benefit payments, including refunds of member contributions	(17,228,670)	(15,836,768)	(14,603,292)	(13,582,645)	(12,540,446)	(11,502,410)	(10,723,367)
Administrative expenses	(217,972)	(209,912)	(192,188)	(190,996)	(168,003)	(162,543)	(191,765)
Other changes	(7,590)	(13,408)	(19,865)	(29,655)	(1,996)	(2,528)	1,881
Net change in plan fiduciary net position	666,752	15,882,171	17,785,981	29,533,783	1,698,423	10,367,297	34,004,603
Plan fiduciary net position, beginning	335,951,206	320,069,035	302,283,054	272,749,271	271,050,848	260,683,551	226,678,948
Plan fiduciary net position, ending (b)	336,617,958	335,951,206	320,069,035	302,283,054	272,749,271	271,050,848	260,683,551
City's net pension liability, ending (a) - (b)	$ 49,086,619	29,238,719	18,598,395	25,711,004	43,673,717	33,257,664	26,019,769
Plan fiduciary net position as a percentage of total pension liability	87.27%	91.99%	94.51%	92.16%	86.20%	89.07%	90.92%
Employer's covered payroll*	$ 76,314,683	70,023,770	68,412,766	66,034,550	66,394,228	69,067,846	67,740,656
City's net pension liability as a percentage of covered payroll	64.32%	41.76%	27.19%	38.94%	65.78%	48.15%	38.41%

*Amounts presented have a measurement date of the previous fiscal year-end.
Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS (VRS)
PORTSMOUTH CITY PUBLIC SCHOOL BOARD (NON-PROFESSIONAL)

Fiscal Year Ended June 30,*	2021	2020	2019	2018	2017	2016	2015
TOTAL PENSION LIABILITY							
Service cost	$ 650,516	669,679	694,189	763,448	695,895	729,606	743,215
Interest	2,677,105	2,650,616	2,671,683	2,600,444	2,552,232	2,501,150	2,434,509
Changes in benefit terms	-	-	-	-	(293,248)	-	-
Differences between expected and actual experience	(327,140)	164,308	(1,077,881)	110,155	(2,270,264)	(215,707)	-
Changes of assumptions	-	1,011,011	-	(44,324)	-	-	-
Benefit payments, including refunds of member contributions	(2,785,628)	(2,615,831)	(2,562,064)	(2,261,995)	-	(2,300,353)	(2,151,081)
Net change in total pension liability	214,853	1,879,783	(274,073)	1,167,728	684,615	714,696	1,026,643
Total pension liability, beginning	41,053,635	39,173,852	39,447,925	38,280,197	37,595,582	36,880,886	35,854,243
Total pension liability, ending (a)	41,268,488	41,053,635	39,173,852	39,447,925	38,280,197	37,595,582	36,880,886
PLAN FIDUCIARY NET POSITION							
Contributions - employer	772,742	782,510	879,860	882,435	801,790	726,275	648,377
Contributions - employee	348,626	351,917	365,276	372,038	378,872	345,765	354,802
Net investment income	613,175	2,081,974	2,269,942	3,443,683	487,721	1,307,987	4,075,199
Benefit payments, including refunds of member contributions	(2,785,628)	(2,615,831)	(2,562,064)	(2,261,995)	(2,270,264)	(2,300,353)	(2,151,081)
Administrative expenses	(21,853)	(21,661)	(20,333)	(20,455)	(18,573)	(18,893)	(22,705)
Other changes	(1,328)	(1,304)	(1,991)	(3,044)	(211)	(276)	215
Net change in plan fiduciary net position	(1,074,266)	577,605	930,690	2,412,662	(620,665)	60,505	2,904,807
Plan fiduciary net position, beginning	32,651,647	32,074,042	31,143,352	28,730,690	29,351,355	29,290,850	26,386,043
Plan fiduciary net position, ending (b)	31,577,381	32,651,647	32,074,042	31,143,352	28,730,690	29,351,355	29,290,850
City's net pension liability, ending (a) - (b)	$ 9,691,107	8,401,988	7,099,810	8,304,573	9,549,507	8,244,227	7,590,036
Plan fiduciary net position as a percentage of total pension liability	76.52%	79.53%	81.88%	78.95%	75.05%	78.07%	79.42%
Employer's covered payroll	$ 7,621,243	7,627,378	7,691,444	7,719,383	8,465,913	8,498,497	8,647,732
City's net pension liability as a percentage of covered payroll	127.16%	110.16%	92.31%	107.58%	112.80%	97.01%	87.77%

*Amounts presented have a measurement date of the previous fiscal year-end.
Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

SCHEDULE OF EMPLOYER'S SHARE OF NET PENSION LIABILITY AND RELATED RATIOS (VRS)
PORTSMOUTH CITY PUBLIC SCHOOL BOARD (PROFESSIONAL)

Fiscal Year Ended June 30,*	2021	2020	2019	2018	2017	2016	2015
Employer's proportion of the net pension liability	0.99%	0.99%	1.00%	1.00%	1.04%	1.05%	1.08%
Employer's proportionate share of the net pension liability	$ 142,941,716	$ 130,340,952	$ 117,977,000	$ 123,472,000	$ 146,345,000	$ 132,145,000	$ 130,368,000
Employer's covered payroll	$ 85,550,274	$ 82,858,890	$ 81,002,287	$ 79,054,292	$ 81,200,579	$ 79,779,153	$ 81,064,661
Employer's proportionate share of the net pension liability as a percentage of covered payroll	167.09%	157.30%	145.65%	156.19%	180.23%	165.64%	160.82%
Plan fiduciary net position as a percentage of the total pension liability	71.47%	73.51%	74.81%	72.92%	68.28%	70.68%	70.88%

*Amounts presented have a measurement date of the previous fiscal year-end.
Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

SCHEDULE OF EMPLOYERS' PENSION CONTRIBUTIONS (VRS)

Fiscal Year Ending June 30,	Contractually Required Contribution	Contribution in Relation to the Contractually Required Contribution	Contribution Deficiency (Excess)	Employer's Covered Payroll	Contributions as a Percentage of Covered Payroll
City of Portsmouth					
2021	$ 9,355,328	$ 9,355,328	$ -	$ 73,407,806	12.74%
2020	8,196,197	8,196,197	-	76,314,683	10.74%
2019	7,477,388	7,477,388	-	70,023,770	10.68%
2018	7,052,500	7,052,500	-	68,412,766	10.31%
2017	6,794,955	6,794,955	-	66,034,550	10.29%
2016	8,025,853	6,419,355	1,606,498	66,394,228	9.67%
2015	8,350,303	6,678,861	1,671,442	69,067,846	9.67%
2014	8,006,946	5,602,152	2,404,794	67,740,656	8.27%
2013	7,312,857	5,116,525	2,196,332	61,868,504	8.27%
2012	5,252,943	5,252,943	-	63,672,042	8.25%
Portsmouth City Public School Board (Professional)					
2021	$ 13,639,527	$ 13,639,527	$ -	$ 86,986,780	16.62%
2020	13,414,283	13,414,283	-	85,550,274	15.68%
2019	12,992,275	12,992,275	-	82,858,890	15.68%
2018	13,219,573	13,219,573	-	81,002,287	16.32%
2017	11,589,359	11,589,359	-	79,054,292	14.66%
2016	11,190,544	11,190,544	-	81,200,579	13.78%
2015	11,317,000	11,317,000	-	79,779,153	14.19%
2014	9,191,479	9,191,479	-	81,064,661	11.34%
2013	9,213,695	9,213,695	-	81,836,929	11.26%
2012	4,744,734	4,744,734	-	78,767,435	6.02%
Portsmouth City Public School Board (Non-Professional)					
2021	$ 759,591	$ 759,591	$ -	$ 7,065,959	11.61%
2020	819,284	819,284	-	7,621,243	10.75%
2019	819,943	819,943	-	7,627,378	10.75%
2018	899,130	899,130	-	7,691,444	11.69%
2017	902,396	902,396	-	7,719,383	11.69%
2016	813,358	813,358	-	8,465,913	9.61%
2015	731,636	731,636	-	8,498,497	8.61%
2014	649,001	649,001	-	8,647,732	7.50%
2013	644,890	644,890	-	8,657,941	7.45%
2012	603,630	603,630	-	8,508,035	7.09%

(1) VRS-DIRECTED POLITICAL SUBDIVISION RETIREMENT PLANS

Changes of benefit terms
There have been no significant changes to the System benefit provisions since the prior actuarial valuation.

Changes of assumptions
The actuarial assumptions used in the June 30, 2019, valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study are as follows:

General Employees – Non-Hazardous Duty:
Mortality rates (pre-retirement, post-retirement healthy, and disabled): Update to a more current mortality table - RP-2014 projected to 2020
Retirement rates: Lowered rates at older ages and changed final retirement from 70 to 75
Withdrawal rates: Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability rates: Lowered rates
Salary scale: No change
Line of Duty disability: Increase rate from 14% to 15%
Discount rate: Decrease rate from 7.00% to 6.75%

Hazardous Duty Employee:
Mortality rates (pre-retirement, post-retirement healthy, and disabled): Update to a more current mortality table - RP-2014 projected to 2020
Retirement rates: Increased age 50 rates, and lowered rates at older ages
Withdrawal rates: Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability rates: Adjusted rates to better fit experience
Salary scale: No change
Line of Duty disability: Decrease rate from 60% to 45%
Discount rate: Decrease rate from 7.00% to 6.75%

Teachers:
Mortality rates (pre-retirement, post-retirement healthy, and disabled): Update to a more current mortality table - RP-2014 projected to 2020
Retirement rates: Lowered rates at older ages and changed final retirement from 70 to 75
Withdrawal rates: Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability rates: Adjusted rates to better match experience
Salary scale: No change
Discount rate: Decrease rate from 7.00% to 6.75%

CITY OF PORTSMOUTH OPEB PLAN - CITY

SCHEDULE OF CHANGES IN NET OPEB LIABILITY AND RELATED RATIOS

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
TOTAL PENSION LIABILITY										
Service cost	$ 464,838	641,148	545,143	1,150,539	N/A	N/A	N/A	N/A	N/A	N/A
Interest on total OPEB liability	1,485,071	1,504,363	1,541,001	1,098,940	N/A	N/A	N/A	N/A	N/A	N/A
Changes in benefit terms	-	-	-	-	N/A	N/A	N/A	N/A	N/A	N/A
Effect of economic/demographic gains (losses)	(6,137,799)	-	-	-	N/A	N/A	N/A	N/A	N/A	N/A
Effect of assumption changes or inputs	1,913,854	(444,507)	860,350	(8,498,386)	N/A	N/A	N/A	N/A	N/A	N/A
Benefit payments	(1,657,395)	(1,980,500)	(1,844,970)	(1,826,247)	N/A	N/A	N/A	N/A	N/A	N/A
Net change in total pension liability	(3,931,431)	(279,496)	1,101,524	(8,075,154)	N/A	N/A	N/A	N/A	N/A	N/A
Total pension liability, beginning	23,198,068	23,477,564	22,376,040	30,451,194	N/A	N/A	N/A	N/A	N/A	N/A
Total pension liability, ending (a)	19,266,637	23,198,068	23,477,564	22,376,040	N/A	N/A	N/A	N/A	N/A	N/A
PLAN FIDUCIARY NET POSITION										
Employer contributions	2,657,395	1,980,500	2,844,970	4,826,247	N/A	N/A	N/A	N/A	N/A	N/A
Net investment income	1,353,350	128,763	169,344	46,475	N/A	N/A	N/A	N/A	N/A	N/A
Benefit payments	(1,657,395)	(1,980,500)	(1,844,970)	(1,826,247)	N/A	N/A	N/A	N/A	N/A	N/A
Administrative expenses	(5,500)	(5,181)	(3,513)	-	N/A	N/A	N/A	N/A	N/A	N/A
Net change in plan fiduciary net position	2,347,850	123,582	1,165,831	3,046,475	N/A	N/A	N/A	N/A	N/A	N/A
Plan fiduciary net position, beginning	4,335,888	4,212,306	3,046,475	-	N/A	N/A	N/A	N/A	N/A	N/A
Plan fiduciary net position, ending (b)	6,683,738	4,335,888	4,212,306	3,046,475	N/A	N/A	N/A	N/A	N/A	N/A
City's net pension liability, ending (a) - (b)	$12,582,899	18,862,180	19,265,258	19,329,565	N/A	N/A	N/A	N/A	N/A	N/A
Plan fiduciary net position as a percentage of total pension liability	34.69%	18.69%	17.94%	13.61%	N/A	N/A	N/A	N/A	N/A	N/A
Employer's covered payroll	$74,950,930	78,135,614	78,135,614	78,135,614	N/A	N/A	N/A	N/A	N/A	N/A
City's net pension liability as a percentage of covered payrol	16.79%	24.14%	24.66%	24.74%	N/A	N/A	N/A	N/A	N/A	N/A

This schedule is presented to illustrate the requirement to show information for 10 years. However, recalculations of prior years are not required
If prior years are not reported in accordance with the current GAAP standards, they should not be included

CITY OF PORTSMOUTH OPEB PLAN - CITY (Continued)

LONG-TERM EXPECTED RATE OF RETURN

The best-estimate range for the long-term expected rate of return is determined by taking the annual average long-term future inflation and real return components, with each component being reasonable in our professional opinion, including the anticipated effects of return volatility and correlation among various asset classes. The data used in the assessment of reasonability were Milliman's December 31, 2020.

Asset Class	Target Allocation	Long-Term Expected Arithmetic Real Rate of Return	Long-Term Expected Geometric Real Rate of Return
Core fixed income	21.00%	0.83%	0.76%
Large Cap US equities	26.00%	3.93%	2.74%
Small Cap US equities	10.00%	5.09%	3.08%
Developed foreign equities	13.00%	5.73%	4.16%
Emerging market equities	5.00%	7.51%	4.70%
Private real estate property	7.00%	3.89%	3.18%
Private equity	5.00%	8.99%	5.19%
Commondities	3.00%	2.29%	0.68%
Hedge FOF Strategic	10.00%	2.71%	2.20%
Assumed inflation		2.40%	2.40%
Portfolio real mean return		3.93%	3.27%
Portfolio nominal mean return		6.33%	5.74%
Portfolio standard deviation			11.60%
Long-term expected rate of return			6.50%

Fiscal Year Ending June 30	Net Money-Weighted Rate of Return
2021	29.20%
2020	3.06%
2019	5.03%
2018	9.46%
2017	N/A
2016	N/A
2015	N/A
2014	N/A
2013	N/A
2012	N/A

CITY OF PORTSMOUTH OPEB PLAN - CITY (Continued)

SCHEDULE OF EMPLOYER CONTRIBUTIONS

There were no Employer Contributions prior to the establishment of the trust in April, 2018. Prior to that date, the City's contributions were made on a pay-as-you-go basis.

Fiscal Year Ending June 30	Employer Contribution	Covered Payroll	Contribution as a % of Covered Payroll
2021	$ 2,657,395	74,950,930	3.55%
2020	1,980,500	78,135,614	2.53%
2019	2,844,970	78,135,614	3.64%
2018	4,826,247	78,135,614	6.18%
2017	N/A	N/A	N/A
2016	N/A	N/A	N/A
2015	N/A	N/A	N/A
2014	N/A	N/A	N/A
2013	N/A	N/A	N/A
2012	N/A	N/A	N/A

GROUP LIFE INSURANCE PROGRAM - VRS DIRECTED - CITY

Schedule of Employer's Share of Net OPEB Liability

Years Ended June 30,*	2021	2020	2019	2018
Employer's proportion of the net GLIP OPEB liability	0.36119%	0.36998%	0.37419%	0.37603%
Employer's proportionate share of the net GLIP OPEB liability	$ 6,027,670	$ 6,020,560	$ 5,682,000	$ 5,658,000
Employer's covered payroll	$74,335,483	$70,400,385	$71,151,669	$69,360,272
Employer's proportionate share of the net GLIP OPEB liability as a percentage of its covered payroll	8.10874%	8.55189%	7.98576%	8.15741%
Plan fiduciary net position as a percentage of the total GLIP OPEB liability	52.64%	52.00%	51.22%	48.86%

* Amounts presented have a measurement date of the previous fiscal year end.

Schedule of Employer Contributions

Fiscal Year Ending June 30,	Contractually Required Contribution	Contribution in Relation to Contractually Required Contributions	Contribution Deficiency (Excess)	Employer's Covered Payroll	Contributions as a Percentage of Covered Payroll
2021	$ 406,227	$ 406,227	$ -	$75,227,141	0.54%
2020	386,545	386,545	-	74,335,483	0.52%
2019	366,082	366,082	-	70,400,385	0.52%
2018	367,170	367,170	-	71,151,669	0.52%
2017	360,673	360,673	-	69,360,272	0.52%
2016	338,743	338,743	-	70,571,371	0.48%
2015	357,870	357,870	-	74,556,174	0.48%
2014	358,162	358,162	-	74,616,978	0.48%
2013	339,366	339,366	-	70,701,299	0.48%
2012	205,187	205,187	-	73,281,175	0.28%

LINE OF DUTY ACT - VRS DIRECTED - CITY

Schedule of City of Portsmouth Proportionate Share of Net OPEB Liability

Years Ended June 30,*	2021	2020	2019	2018
Employer's proportion of the net LODA OPEB liability	3.16661%	3.02633%	3.55949%	3.61539%
Employer's proportionate share of the net LODA OPEB liability	$13,262,252	$10,858,053	$11,159,000	$ 9,501,000
Employer's covered payroll	$33,702,307	$32,241,604	$31,515,462	N/A**
Employer's proportionate share of the net LODA OPEB liability as a percentage of its covered payroll	39.35117%	33.67715%	35.40802%	N/A
Plan fiduciary net position as a percentage of the total LODA OPEB liability	1.02%	0.79%	0.60%	1.30%

* Amounts presented have a measurement date of the previous fiscal year end.
** Employer's covered payroll amount is not determinable

Schedule of Employer Contributions

Date	Contractually Required Contribution	Contribution in Relation to Contractually Required Contribution	Contribution Deficiency (Excess)	Employer's Covered Payroll	Contributions as a Percentage of Covered Payroll
2021	$ 403,487	$ 403,487	$ -	$33,148,220	1.22%
2020	430,343	430,343	-	33,702,307	1.30%
2019	406,171	406,171	-	32,241,604	1.30%
2018	379,145	379,145	-	31,515,462	1.20%
2017	389,925	389,925	-	N/A	-
2016	351,125	351,125	-	N/A	-
2015	346,196	346,196	-	N/A	-
2014	331,612	331,612	-	N/A	-
2013	299,091	299,091	-	N/A	-
2012	134,339	134,339	-	N/A	-

** The contribution for the Line of Duty Act Program are based on the number of participants in the Program using a per capita-based contribution versus a payroll-based contribution. Therefore, covered-employees payroll is the relevant measurement, which is the total payroll of the employees in the OPEB plan. However, when volunteers and part-time employees make up a significant percentage of the employer's members in the plan, the employe may determine that covered-employee payroll is misleading and, therefore, not applicable for disclosure

VIRGINIA LOCAL DISABILITY PROGRAM - VRS DIRECTED - CITY

Schedule of City of Portsmouth Proportionate Share of Net OPEB Liability

Years Ended June 30,*	2021	2020	2019	2018
Employer's proportion of the net VLDP OPEB liability	4.53564%	4.43242%	4.43899%	4.40350%
Employer's proportionate share of the net VLDP OPEB liability	$ 45,277	$ 89,793	$ 34,000	$ 25,000
Employer's covered payroll	$16,901,402	$13,695,972	$10,778,174	$ 8,086,092
Employer's proportionate share of the net VLDP OPEB liability as a percentage of its covered payroll	0.26789%	0.65562%	0.31545%	0.30917%
Plan fiduciary net position as a percentage of the total VLDP OPEB liability	76.84%	49.19%	51.39%	38.40%

* Amounts presented have a measurement date of the previous fiscal year end.

Schedule of Employer Contributions

Date	Contractually Required Contribution	Contribution in Relation to Contractually Required Contribution	Contribution Deficiency (Excess)	Employer's Covered Payroll	Contributions as a Percentage of Covered Payroll
2021	$ 161,339	$ 161,339	$ -	$19,438,408	0.83%
2020	121,690	121,690	-	16,901,402	0.72%
2019	98,611	98,611	-	13,695,972	0.72%
2018	64,683	64,683	-	10,778,174	0.60%
2017	48,589	48,589	-	8,086,092	0.60%
2016	32,983	32,983	-	5,497,040	0.60%
2015	16,913	16,913	-	2,818,841	0.60%
2014	2,942	2,942	-	490,387	0.60%

* prior to 2014, information is not available.

PORTSMOUTH CITY PUBLIC SCHOOLS OPEB PLAN

Schedule of Changes in Net OPEB Liability and Related Ratios

Year Ended,*	2021	2020	2019	2018	2017
TOTAL PENSION LIABILITY					
Service cost	$ 147,317	393,468	950,173	625,456	713,189
Interest	607,082	1,206,350	791,875	997,917	958,969
Changes in benefit terms	-	-	-	459,794	-
Differences between expected and actual experience	(9,247)	(5,630,299)	(433,312)	(4,735,709)	(747,036)
Changes of assumptions	12,545	(1,999,924)	(4,968,846)	3,663,387	2,171,672
Benefit payments, including lump sum liability settlement for 114 participants	(479,513)	(414,517)	(191,650)	(73,336)	(80,005)
Net change in total OPEB liability	278,184	(6,444,922)	(3,851,760)	937,509	3,016,789
Total OPEB liability, beginning	6,683,991	13,128,913	16,980,673	16,043,164	13,026,375
Total OPEB liability, ending (a)	6,962,175	6,683,991	13,128,913	16,980,673	16,043,164
PLAN FIDUCIARY NET POSITION					
Contributions/benefit payments made from general operating funds	479,513	414,517	-	-	-
Net investment income	4,107,360	405,789	924,764	532,735	743,975
Benefit payments, including refunds of employee contributions	(479,513)	(414,517)	(191,650)	(73,336)	(80,005)
Administrative expenses	(15,979)	(15,333)	(125)	-	(7,000)
Net change in plan fiduciary net position	4,091,381	390,456	732,989	459,399	656,970
Plan fiduciary net position, beginning	13,664,808	13,274,352	12,541,363	12,081,964	11,424,994
Plan fiduciary net position, ending (b)	17,756,189	13,664,808	13,274,352	12,541,363	12,081,964
Net OPEB (asset) liability - ending (a) - (b)	$ (10,794,014)	$ (6,980,817)	$ (145,439)	$ 4,439,310	$ 3,961,200
Plan fiduciary net position as a percentage of total OPEB liability	255.04%	204.44%	101.11%	73.86%	75.31%
Employer's covered payroll*	$ 95,933,446	$ 94,052,398	$ 98,200,691	$ 91,796,317	$ 96,277,315
Net OPEB (asset) liability as a percentage of covered payroll	-11.25%	-7.42%	-0.15%	4.84%	4.11%

* The amounts presented have a measurement date of the previous fiscal year end.

Note: Schedule is intended to show information for 10 years. Since 2021 is the fifth year for this presentation, only five years of data is available. However, additional years will be included as they become available.

PORTSMOUTH CITY PUBLIC SCHOOLS OPEB PLAN (Continued)

Actuarially Determined Employer Contribution

Year Ended,	**2021**	**2021**	**2019***	**2018****	**2018**
Service cost	$ -	409,268	992,361	662,983	763,112
Amortization and unfunded liability	(479,513)	(414,517)	372,888	350,393	171,131
Recommended contribution	(479,513)	(5,249)	1,365,249	1,013,376	934,243
Contribution/benefit payments made	-	-	-	(703,482)	(80,005)
Contribution deficiency (excess)	$ (479,513)	$ (5,249)	$ 1,365,249	$ 309,894	$ 854,238
Employer's covered payroll*	$ 95,933,446	$ 94,052,398	$ 98,200,691	$ 91,796,317	$ 96,277,315
Contribution as a prcentage of covered payroll	-0.50%	-0.01%	1.39%	0.34%	0.89%

Note: Schedule is intended to show information for 10 years. Since 2021 is the fifth year for this presentation, only five years of data is available. However, additional years will be included as they become available.

* Based on a 4.44% discount, 14 year level percent of pay, amortization of unfunded liability; alternative funding scenarios could be considered.
** Based on a 6% discount, 15 year level percent of pay, amortization of unfunded liability.

Notes to Schedule

Methods and assumptions used to determine contribution rate:
Measurement date: June 30, 2021
Timing: Actuarially determined contribution rates are calculated based on the actuarial valuation one year prior to the beginning of the plan year.
Actuarial Cost Method: Projected unit credit (level dollar)
Amortization method: Level percent, open
Remaining amortization period: 20 years
Discount rate: 9.18% for June 30, 2021 liability and 2022 contribution
Payroll growth: 2.0%
Return on plan assets: 9.2%
Mortality rate: RPH-2014, sex-distinct, annuitant and non-annuitant mortality with mortality projection MP-2019
Asset valuation method: Market value

GROUP LIFE INSURANCE PROGRAM - VRS DIRECTED - PUBLIC SCHOOLS

Schedule of Proportionate Share of Net OPEB Liability

Fiscal Year Ending June 30, *	Employer's Proportion of Net GLI OPEB Liability	Employer's Proportionate Share of Net GLI OPEB Liability	Employer's Covered Employee Payroll	Employer's Proportionate Share of Net GLI OPEB Liability as a Percentage of it's Covered Employee Payroll	Plan Fiduciary Net Position as a Percentage of the Total GLI OPEB Liability
PROFESSIONAL					
2021	0.42%	$ 6,969,394	$ 85,948,427	8.11%	52.64%
2020	0.42%	6,937,361	83,572,402	8.30%	52.00%
2019	0.43%	6,507,000	81,466,826	7.99%	51.22%
2018	0.43%	6,485,000	79,488,375	8.16%	48.86%
NON-PROFESSIONAL					
2021	0.04%	$ 625,146	$ 7,710,431	8.11%	52.64%
2020	0.04%	639,353	7,701,528	8.30%	52.00%
2019	0.04%	621,000	7,777,114	7.98%	51.22%
2018	0.04%	638,000	7,821,559	8.16%	48.86%

* The amounts presented have a measurement date of the previous fiscal year end.
Note: Schedule is intended to show information for 10 years. Since 2021 is the fourth year for this presentation, only three years of data is available. However, additional years will be included as they become available.

GROUP LIFE INSURANCE PROGRAM - VRS DIRECTED - PUBLIC SCHOOLS (Continued)

Schedule of Employer Contributions

Fiscal Year Ending June 30, *	(a) Contractually Required Contribution	(b) Contribution in Relation to Contractually Required Contribution	(c) Contribution Deficiency (Excess) (a) - (b)	(d) Employer's Covered Employee Payroll	(e) Contribution as a Percentage Covered Employee Payroll (b) / (d)
PROFESSIONAL					
2021	$ 472,040	$ 472,040	$ -	$ 87,414,751	0.54%
2020	446,932	446,932	-	85,948,427	0.52%
2019	434,576	434,576	-	83,572,402	0.52%
2018	423,628	423,628	-	81,466,826	0.52%
2017	413,340	413,340	-	79,488,375	0.52%
2016	384,497	384,497	-	80,103,513	0.48%
2015	377,187	377,187	-	78,580,681	0.48%
2014	380,015	380,015	-	79,169,887	0.48%
2013	380,479	380,479	-	79,266,483	0.48%
2012	210,699	210,699	-	75,249,805	0.28%
NON-PROFESSIONAL					
2021	$ 40,131	$ 40,131	$ -	$ 7,431,691	0.54%
2020	40,094	40,094	-	7,710,431	0.52%
2019	40,048	40,048	-	7,701,528	0.52%
2018	40,441	40,441	-	7,777,114	0.52%
2017	40,672	40,672	-	7,821,559	0.52%
2016	37,875	37,875	-	7,890,684	0.48%
2015	34,309	34,309	-	7,147,756	0.48%
2014	34,829	34,829	-	7,256,059	0.48%
2013	34,487	34,487	-	7,184,753	0.48%
2012	18,904	18,904	-	6,751,453	0.28%

HEALTH INSURANCE CREDIT PROGRAM - VRS DIRECTED - PUBLIC SCHOOLS

Schedule of Proportionate Share of Net OPEB Liability

PROFESSIONAL

Years Ended June 30,*	2021	2020	2019	2018
Employer's proportion of the net HIC OPEB liability	0.98%	0.99%	1.00%	1.00%
Employer's proportionate share of the net HIC OPEB liability	$12,731,690	$12,939,248	$12,721,000	$12,719,000
Employer's covered payroll	$85,561,365	$82,904,682	$81,030,323	$79,120,346
Employer's proportionate share of the net HIC OPEB liability as a percentage of its covered payroll	14.88%	15.61%	15.70%	16.08%
Plan fiduciary net position as a percentage of the total HIC OPEB liability	9.95%	8.97%	8.08%	7.04%

* Amounts presented have a measurement date of the previous fiscal year end.

Note: Schedule is intended to show information for 10 years. 2018 is the first year for this presentation. Additional years will be included as they become available.

HEALTH INSURANCE CREDIT PROGRAM - VRS DIRECTED - PUBLIC SCHOOLS

Schedule of Changes in Net HIC OPEB Liability and Related Ratios

NON-PROFESSIONAL

Year Ended,*	2021
TOTAL OPEB LIABILITY	
Service cost	$ -
Interest	-
Changes in benefit terms	897,571
Differences between expected and actual experience	-
Changes of assumptions	-
Benefit payments	-
Net change in total HIC OPEB liability	897,571
Total HIC OPEB liability, beginning	-
Total HIC OPEB liability, ending (a)	897,571
PLAN FIDUCIARY NET POSITION	
Contributions	-
Net investment income	-
Benefit payments, including refunds of employee contributions	-
Administrative expenses	-
Net change in plan fiduciary net position	-
Plan fiduciary net position, beginning	-
Plan fiduciary net position, ending (b)	-
Net HIC OPEB (asset) liability - ending (a) - (b)	$ 897,571
Plan fiduciary net position as a percentage of total HIC OPEB liability	0.00%
Employer's covered payroll*	$ 7,547,503
Net HIC OPEB liability as a percentage of covered payroll	11.89%

* The amounts presented have a measurement date of the previous fiscal year end.

Note: Schedule is intended to show information for 10 years. FYE 2021 is the first year of plan participation. Additional years will be included as they become available.

HEALTH INSURANCE CREDIT PROGRAM - VRS DIRECTED - PUBLIC SCHOOLS (Continued)

Schedule of Employer Contributions

Fiscal Year Ending June 30, *	(a) Contractually Required Contribution	(b) Contribution in Relation to Contractually Required Contribution	(c) Contribution Deficiency (Excess) (a) - (b)	(d) Employer's Covered Employee Payroll	(e) Contribution as a Percentage Covered Employee Payroll (b) / (d)
PROFESSIONAL					
2021	$ 1,052,700	$ 1,052,700	$ -	$ 87,000,018	1.21%
2020	1,026,736	1,026,736	-	85,561,365	1.20%
2019	994,856	994,856	-	82,904,682	1.20%
2018	996,673	996,673	-	81,030,323	1.23%
2017	878,236	878,236	-	79,120,346	1.11%
2016	843,986	843,986	-	79,621,342	1.06%
2015	827,427	827,427	-	78,059,128	1.06%
2014	875,707	875,707	-	78,892,500	1.11%
2013	875,736	875,736	-	78,895,095	1.11%
2012	449,738	449,738	-	74,956,305	0.60%
NON-PROFESSIONAL					
2021	$ 63,626	$ 63,626	$ -	$ 7,069,603	0.90%

VIRGINIA LOCAL DISABILITY PROGRAM - VRS DIRECTED - PUBLIC SCHOOLS

Schedule of Proportionate Share of Net OPEB Liability

PROFESSIONAL

Years Ended June 30,*	2021	2020	2019	2018
Employer's proportion of the net VLDP OPEB liability	4.43%	4.61%	4.61%	4.43%
Employer's proportionate share of the net VLDP OPEB liability	$ 35,514	$ 26,811	$ 35,000	$ 27,000
Employer's covered payroll	$ 26,183,088	$22,116,307	$17,204,128	$12,496,408
Employer's proportionate share of the net VLDP OPEB liability as a percentage of its covered payroll	0.14%	0.12%	0.20%	0.22%
Plan fiduciary net position as a percentage of the total VLDP OPEB liability	78.28%	74.12%	46.18%	31.96%

NON-PROFESSIONAL

Years Ended June 30,*	2021	2020	2019	2018
Employer's proportion of the net VLDP OPEB liability	0.87%	0.93%	0.90%	0.85%
Employer's proportionate share of the net VLDP OPEB liability	$ 8,689	$ 18,906	$ 7,000	$ 5,000
Employer's covered payroll	$ 3,243,582	$ 2,884,002	$ 2,187,809	$ 1,551,694
Employer's proportionate share of the net VLDP OPEB liability as a percentage of its covered payroll	0.27%	0.66%	0.32%	0.32%
Plan fiduciary net position as a percentage of the total VLDP OPEB liability	76.84%	49.19%	51.39%	38.40%

* Amounts presented have a measurement date of the previous fiscal year end.

Note: Schedule is intended to show information for 10 years. 2018 is the first year for this presentation. Additional years will be included as they become available.

VIRGINIA LOCAL DISABILITY PROGRAM - VRS DIRECTED - PUBLIC SCHOOLS (Continued)

Schedule of Employer Contributions

Fiscal Year Ending June 30,	(a) Contractually Required Contribution	(b) Contribution in Relation to Contractually Required Contribution	(c) Contribution Deficiency (Excess) (a) - (b)	(d) Employer's Covered Employee Payroll	(e) Contribution as a Percentage Covered Employee Payroll (b) / (d)
PROFESSIONAL					
2021	$ 138,323	$ 138,323	$ -	$ 29,430,476	0.47%
2020	107,351	107,351	-	26,183,088	0.41%
2019	90,677	90,677	-	22,116,307	0.41%
2018	53,333	53,333	-	17,204,128	0.31%
2017	38,612	38,612	-	12,496,408	0.31%
2016	22,903	22,903	-	7,897,682	0.29%
2015	10,909	10,909	-	3,761,886	0.29%
2014	224	224	-	77,123	0.29%
NON-PROFESSIONAL					
2021	$ 27,450	$ 27,450	$ -	$ 3,307,193	0.83%
2020	23,354	23,354	-	3,243,582	0.72%
2019	17,881	17,881	-	2,884,002	0.62%
2018	13,127	13,127	-	2,187,809	0.60%
2017	9,310	9,310	-	1,551,694	0.60%
2016	6,913	6,913	-	1,152,140	0.60%
2015	3,145	3,145	-	524,219	0.60%
2014	373	373	-	62,085	0.60%

(2) VRS-DIRECTED GROUP LIFE INSURANCE PROGRAM OPEB PLAN

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

Changes of assumptions
The actuarial assumptions used in the June 30, 2019, valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

General State Employees:

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table – RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages and changed final retirement from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Line of Duty Disability	Increased rate from 14% to 25%
Discount Rate	Decrease rate from 7.00% to 6.75%

Teachers:

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table – RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages and changed final retirement from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Discount Rate	Decrease rate from 7.00% to 6.75%

SPORS Employees:

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table – RP-2014 projected to 2020 and reduced margin for future improvement in accordance with experience
Retirement Rates	Increased age 50 rates and lowered rates at older ages
Withdrawal Rates	Adjusted rates to better fit experience
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Line of Duty Disability	Increased rate from 60% to 85%
Discount Rate	Decrease rate from 7.00% to 6.75%

(2) VRS-DIRECTED GROUP LIFE INSURANCE PROGRAM OPEB PLAN (Continued)

VaLORS Employees:

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table – RP-2014 projected to 2020 and reduced margin for future improvement in accordance with experience
Retirement Rates	Increased age 50 rates and lowered rates at older ages
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Line of Duty Disability	Increased rate from 50% to 35%
Discount Rate	Decrease rate from 7.00% to 6.75%

Mortality rates – JRS Employees

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table – RP-2014 projected to 2020
Retirement Rates	Decreased rates at first retirement eligibility
Withdrawal Rates	No change
Disability Rates	Removed disability rates
Salary Scale	No change
Discount Rate	Decrease rate from 7.00% to 6.75%

Largest Ten Locality Employers - General Employees:

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table – RP-2014 projected to 2020
Retirement Rates	Lowered retirement rates at older ages and extended final retirement age from 70 to 75
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Lowered disability rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 14% to 20%
Discount Rate	Decrease rate from 7.00% to 6.75%

Non-Largest Ten Locality Employers - General Employees:

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table – RP-2014 projected to 2020
Retirement Rates	Lowered retirement rates at older ages and extended final retirement age from 70 to 75
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Lowered disability rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 14% to 15%
Discount Rate	Decrease rate from 7.00% to 6.75%

(2) VRS-DIRECTED GROUP LIFE INSURANCE PROGRAM OPEB PLAN (Continued)

Largest Ten Locality Employers - Hazardous Duty Employees:

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table – RP-2014 projected to 2020
Retirement Rates	Lowered retirement rates at older ages
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Increased disability rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 60% to 70%
Discount Rate	Decrease rate from 7.00% to 6.75%

Non-Largest Ten Locality Employers - Hazardous Duty Employees:

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table – RP-2014 projected to 2020
Retirement Rates	Increased at 50 rates and lowered rates at older ages
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Line of Duty Disability	Decreased rate from 60% to 45%
Discount rate	Decrease rate from 7.00% to 6.75%

(3) VRS-DIRECTED LINE OF DUTY ACT OPEB PLAN

Changes of benefit terms
There have been no actuarial material changes to the System benefit provisions since the prior actuarial valuation.

Changes of assumptions
The actuarial assumptions used in the June 30, 2019, valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study are as follows:

General State Employees

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table – RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages and changed final retirement from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Line of Duty Disability	Increased rate from 14% to 25%

SPORS Employees:

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table – RP-2014 projected to 2020 and reduced margin for future improvement in accordance with experience
Retirement Rates	Increased age 50 rates and lowered rates at older ages
Withdrawal Rates	Adjusted rates to better fit experience
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Line of Duty Disability	Increased rate from 60% to 85%

VaLORS Employees

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table – RP-2014 projected to 2020 and reduced margin for future improvement in accordance with experience
Retirement Rates	Increased age 50 rates and lowered rates at older ages
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Line of Duty Disability	Increased rate from 50% to 35%

(3) VRS-DIRECTED LINE OF DUTY ACT OPEB PLAN (Continued)

Employees in the Largest 10 Locality Employers with Public Safety Employees

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table – RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Increased disability rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 60% to 70%

Employees in the Non-Largest 10 Locality Employers with Public Safety Employees

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table – RP-2014 projected to 2020
Retirement Rates	Increased age 50 rates and lowered rates at older ages
Withdrawal Rates	Adjusted rates to better fit experience at each age and service year
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Line of Duty Disability	Decreased rate from 60% to 45%

(4) VRS-DIRECTED VIRGINIA LOCAL DISABILITY PROGRAM OPEB PLAN

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

Changes of assumptions
The actuarial assumptions used in the June 30, 2020, valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Non-Largest 10 Locality Employers – General and Non-Hazardous Duty Employees:

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table – RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages and changed final retirement from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service
Disability Rates	Lowered disability rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 14% to 15%
Discount Rate	Decrease rate from 7.00% to 6.75%

Teachers:

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table – RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages and changed final retirement from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Discount Rate	Decrease rate from 7.00% to 6.75%

(5) VRS-DIRECTED HEALTH INSURANCE CREDIT PROGRAM OPEB PLAN

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

Changes of assumptions
The actuarial assumptions used in the June 30, 2019, valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Teachers:

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table – RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages and changed final retirement from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Discount Rate	Decrease rate from 7.00% to 6.75%

General Employees:

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table – RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages and changed final retirement from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service year
Disability Rates	Lowered disability rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 14% to 15%
Discount Rate	Decrease rate from 7.00% to 6.75%

Other Supplementary Information

Nonmajor Governmental Funds

CITY OF PORTSMOUTH, VIRGINIA
Combining Balance Sheet
Nonmajor Government Funds
June 30, 2021

Exhibit J-1

	SPECIAL REVENUE FUNDS									
	Behavioral Health Services	Public Law Library	Social Services	Stormwater Management	Children's Services	Willett Hall	Community Development	Asset Forfeiture Fund	Permanent Fund - Cemetery	Total
Assets:										
Cash and temporary investments	$11,797,010	175,115	-	126,136	349,552	482,248	913,850	393,581	1,873,258	16,110,750
Accounts receivable (net of allowance for uncollectibles)	343,105	-	8,403	348,754	-	-	-	-	-	700,262
Due from other governments	-	-	1,130,567	-	227,227	-	-	-	-	1,357,794
Total assets	12,140,115	175,115	1,138,970	474,890	576,779	482,248	913,850	393,581	1,873,258	18,168,806
Liabilities:										
Accounts payable	72,448	780	321,949	33,751	208,627	-	646,940	-	-	1,284,495
Accrued payroll	89,186	-	129,206	19,712	-	-	324	-	-	238,428
Due to other funds	-	-	149,210	-	-	-	-	-	-	149,210
Total liabilities	161,634	780	600,365	53,463	208,627	-	647,264	-	-	1,672,133
Fund balances:										
Nonspendable	-	-	-	-	-	-	-	-	1,000,000	1,000,000
Restricted	11,978,481	174,335	538,605	421,427	368,152	482,248	-	393,581	873,258	15,230,087
Unassigned	-	-	-	-	-	-	266,586	-	-	266,586
Total fund balances	11,978,481	174,335	538,605	421,427	368,152	482,248	266,586	393,581	1,873,258	16,496,673
Total liabilities, deferred inflows of resources and fund balances	$12,140,115	175,115	1,138,970	474,890	576,779	482,248	913,850	393,581	1,873,258	18,168,806

CITY OF PORTSMOUTH, VIRGINIA
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Government Funds
Year Ended June 30, 2021

Exhibit J-2

	SPECIAL REVENUE FUNDS									
	Behavioral Health Services	Public Law Library	Social Services	Stormwater Management	Children's Services	Willett Hall	Community Development	Asset Forfeiture Fund	Permanent Fund - Cemetery	Total
Revenues:										
Intergovernmental	$ 10,450,246	-	14,170,485	-	1,039,584	-	2,125,626	26,269	-	27,812,210
Charges for services	45,840	37,774	-	9,106,944	-	-	-	-	43,800	9,234,358
Investment income	17,938	-	-	1,317	-	-	-	418	1,668	21,341
Recovered costs	-	-	97,129	-	-	-	-	-	-	97,129
Program income	-	-	-	-	-	-	1,413,468	-	-	1,413,468
Miscellaneous	255,797	-	142	-	804	-	-	-	-	256,743
Total revenues	10,769,821	37,774	14,267,756	9,108,261	1,040,388	-	3,539,094	26,687	45,468	38,835,249
Expenditures:										
Current:										
General government	-	-	-	-	-	-	-	-	-	-
Judicial	-	-	-	-	-	-	-	9,130	-	9,130
Public safety	-	-	-	-	-	-	-	18,000	-	18,000
Public works	-	-	-	2,151,227	-	-	-	-	-	2,151,227
Health and welfare	9,068,859	-	15,943,815	-	1,434,137	-	-	-	-	26,446,811
Parks, recreational, cultural	-	12,202	-	-	-	-	-	-	-	12,202
Community development	-	-	-	-	-	-	1,524,705	-	-	1,524,705
Capital outlay	-	-	74,432	618,611	-	-	1,535,809	-	-	2,228,852
Total expenditures	9,068,859	12,202	16,018,247	2,769,838	1,434,137	-	3,060,514	27,130	-	32,390,927
Revenues over (under) expenditures	1,700,962	25,572	(1,750,491)	6,338,423	(393,749)	-	478,580	(443)	45,468	6,444,322
Other financing sources (uses):										
Transfers from other funds	715,465	-	2,248,270	-	394,553	-	-	-	-	3,358,288
Transfers to other funds	(903,618)	-	(930,130)	(7,756,157)	-	-	-	-	-	(9,589,905)
Total other financing sources (uses), net	(188,153)	-	1,318,140	(7,756,157)	394,553	-	-	-	-	(6,231,617)
Net change in fund balances	1,512,809	25,572	(432,351)	(1,417,734)	804	-	478,580	(443)	45,468	212,705
Fund balances, beginning of year	10,465,672	148,763	970,956	1,839,161	367,348	482,248	(211,994)	394,024	1,827,790	16,283,968
Fund balances, end of year	$ 11,978,481	174,335	538,605	421,427	368,152	482,248	266,586	393,581	1,873,258	16,496,673

See Independent Auditor's Report.

CITY OF PORTSMOUTH, VIRGINIA **Exhibit J-3**

Schedule of Revenues, Expenditures, and Changes in Fund Balances -
Budget and Actual
Nonmajor Special Revenue Funds
Year Ended June 30, 2021

	Behavioral Health Services			Public Law Library		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
Revenues:						
Intergovernmental	$ 12,470,544	10,450,246	(2,020,298)	-	-	-
Charges for services	342,500	45,840	(296,660)	31,255	37,774	6,519
Investment income	-	17,938	17,938	-	-	-
Miscellaneous	75,000	255,797	180,797	-	-	-
Total revenues	12,888,044	10,769,821	(2,118,223)	31,255	37,774	6,519
Expenditures:						
Health and welfare	12,557,699	9,068,859	3,488,840	-	-	-
Parks, recreational, cultural	-	-	-	31,255	12,202	19,053
Capital outlay	350,000	-	350,000	-	-	-
Total expenditures	12,907,699	9,068,859	3,838,840	31,255	12,202	19,053
Revenues over (under) expenditures	(19,655)	1,700,962	1,720,617	-	25,572	25,572
Other financing sources (uses):						
Transfers from other funds	715,466	715,465	(1)	-	-	-
Transfers to other funds	(903,618)	(903,618)	-	-	-	-
Total other financing uses, net	(188,152)	(188,153)	(1)	-	-	-
Revenues and other financing sources over (under) expenditures and other financing uses	$ (207,807)	1,512,809	1,720,616	-	25,572	25,572
Fund balances, beginning of year		10,465,672	10,465,672		148,763	148,763
Fund balances, end of year		11,978,481	12,186,288		174,335	174,335

See Independent Auditor's Report.

CITY OF PORTSMOUTH, VIRGINIA

Exhibit J-3 (Continued)

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Nonmajor Special Revenue Funds
Year Ended June 30, 2021

	Social Services			Stormwater Management		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
Revenues:						
Intergovernmental	$ 15,220,303	14,170,485	(1,049,818)	-	-	-
Charges for services	-	-	-	9,298,370	9,106,944	(191,426)
Investment income	-	-	-	-	1,317	1,317
Recovered costs	116,692	97,129	(19,563)	-	-	-
Miscellaneous	500	142	(358)	-	-	-
Total revenues	15,337,495	14,267,756	(1,069,739)	9,298,370	9,108,261	(190,109)
Expenditures:						
Health and welfare	17,454,150	15,943,815	1,510,335	-	-	-
Public works	-	-	-	2,422,307	2,151,227	271,080
Capital outlay	-	74,432	(74,432)	620,000	618,611	1,389
Total expenditures	17,454,150	16,018,247	1,435,903	3,042,307	2,769,838	272,469
Revenues over (under) expenditures	(2,116,655)	(1,750,491)	366,164	6,256,063	6,338,423	82,360
Other financing sources (uses):						
Transfers from other funds	3,063,502	2,248,270	(815,232)	-	-	-
Transfers to other funds	(946,847)	(930,130)	16,717	(7,756,157)	(7,756,157)	-
Total other financing sources (uses), net	2,116,655	1,318,140	(798,515)	(7,756,157)	(7,756,157)	-
Revenues and other financing sources under expenditures and other financing uses	$ -	(432,351)	(432,351)	(1,500,094)	(1,417,734)	82,360
Fund balances, beginning of year		970,956	970,956		1,839,161	1,839,161
Fund balances, end of year		538,605	538,605		421,427	1,921,521

See Independent Auditor's Report.

CITY OF PORTSMOUTH, VIRGINIA
Schedule of Revenues, Expenditures, and Changes in Fund Balances -
Budget and Actual
Nonmajor Special Revenue Funds
Year Ended June 30, 2021

Exhibit J-3 (Continued)

	Childrens Services			Willett Hall		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
Revenues:						
Intergovernmental	$ 1,929,236	1,039,584	(889,652)	-	-	-
Miscellaneous	-	804	804	-	-	-
Total revenues	1,929,236	1,040,388	(888,848)	-	-	-
Expenditures:						
Health and welfare	2,499,609	1,434,137	1,065,472	-	-	-
Total expenditures	2,499,609	1,434,137	1,065,472	-	-	-
Revenues under expenditures	(570,373)	(393,749)	176,624	-	-	-
Other financing sources -						
Transfers from other funds	570,373	394,553	(121,168)	-	-	-
Revenues and other financing sources over expenditures	$ -	804	55,456	-	-	-
Fund balances, beginning of year		367,348	367,348		482,248	502,240
Fund balances, end of year		$ 368,152	422,804		482,248	502,240

See Independent Auditor's Report.

CITY OF PORTSMOUTH, VIRGINIA
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Nonmajor Special Revenue Funds
Year Ended June 30, 2021

Exhibit J-3 (Continued)

	Asset Forfeiture Fund		
	Budget	Actual	Variance Favorable (Unfavorable)
Revenues:			
Intergovernmental	$ 1,670,698	26,269	(1,644,429)
Investment income	-	418	418
Miscellaneous	-	-	-
Total revenues	1,670,698	26,687	(1,644,011)
Expenditures:			
Judicial	483,516	9,130	474,386
Public Safety	818,901	18,000	800,901
Capital outlay	128,445	-	128,445
Total expenditures	1,430,862	27,130	1,403,732
Revenues over (under) expenditures	239,836	(443)	(240,279)
Other financing uses -			
Transfers to other funds	(240,248)	-	240,248
Revenues under expenditures and other financing uses	$ (412)	(443)	(31)
Fund balances, beginning of year		394,024	394,024
Fund balances, end of year		$ 393,581	393,993

See Independent Auditor's Report.

Nonmajor Proprietary Funds

CITY OF PORTSMOUTH, VIRGINIA **Exhibit K**
Combining Statement of Net Position
Nonmajor Proprietary Funds
June 30, 2021

	Golf	Parking Authority	Waste Mangement	Economic Development Authority	Total
Assets:					
Current assets:					
Cash and temporary investments	$ (4,146)	265,581	14,614,902	810,360	15,686,697
Accounts receivable	-	1,530	5,370,858	177,083	5,549,471
Inventory of supplies	88,547	-	-	-	88,547
Total current assets	84,401	267,111	19,985,760	987,443	21,324,715
Noncurrent assets:					
Security deposit receivable	-	-	-	4,016	4,016
Property held for resale	-	-	-	18,962,523	18,962,523
Capital assets:		-			
Land	9,605,289	679,680	2,909,275	1,205,661	14,399,905
Buildings	2,222,369	20,256,244	65,455	-	22,544,068
Improvements other than buildings	314,073	284,508	-	-	598,581
Machinery, furniture, and equipment	904,901	422,435	12,562,374	-	13,889,710
Construction in progress	-	-	-	-	-
Total capital assets	13,046,632	21,642,867	15,537,104	1,205,661	51,432,264
Less accumulated depreciation	(2,979,792)	(14,887,360)	(8,003,361)	-	(25,870,513)
Total capital assets, net	10,066,840	6,755,507	7,533,743	1,205,661	25,561,751
Total noncurrent assets	10,066,840	6,755,507	7,533,743	20,172,200	44,528,290
Deferred outflows of resources:					
Deferred outflows from debt refunding	79,204	33,155	-	-	112,359
Deferred outflows related to pensions (Note 7)	229,132	-	870,840	-	1,099,972
Deferred outflows related to OPEB (Note 8)	34,348	-	68,697	-	103,045
Total deferred outflows of resources	342,684	33,155	939,537	-	1,315,376
Total assets and deferred outflows of resources	$ 10,493,925	7,055,773	28,459,040	21,159,643	67,168,381

CITY OF PORTSMOUTH, VIRGINIA **Exhibit K (Continued)**
Combining Statement of Net Position
Nonmajor Proprietary Funds
June 30, 2021

	Golf	Parking Authority	Waste Mangement	Economic Development Authority	Total
Liabilities:					
Current liabilities:					
Accounts payable	$ 27,449	137,617	281,889	158,305	605,260
Accrued interest payable	30,712	22,834	-	76,755	130,301
Accrued payroll	14,192	1,976	41,539	-	57,707
Deposits	155,534	-	-	3,900	159,434
Due to other funds (Note 10)	2,007,741	3,617,849	-	37,785	5,663,375
Unearned revenues (Note 12)	-	-	-	-	-
Current compensated absences (Note 5)	40,912	7,479	111,149	-	159,540
Current general obligation bonds (Note 5)	520,568	536,202	-	-	1,056,770
Total current liabilities	2,797,108	4,323,957	434,577	276,745	7,832,387
Noncurrent liabilities:					
Noncurrent compensated absences (Note 5)	48,028	8,779	130,796	-	187,603
Landfill closure and postclosure liability	-	-	3,331,465	-	3,331,465
Noncurrent notes payable (Note 5)	-	-	-	1,741,485	1,741,485
Noncurrent general obligation bonds (Note 5)	1,677,002	1,187,596	-	5,217,000	8,081,598
Net pension liability (Note 7)	490,866	-	2,887,838	-	3,378,704
Net OPEB liability (Note 8)	186,558	-	373,117	-	559,675
Total noncurrent liabilities	2,402,454	1,196,375	6,723,216	6,958,485	17,280,530
Deferred inflows of resources:					
Deferred inflows related to pensions (Note 7)	20,426	-	40,852	-	61,278
Deferred inflows related to OPEB (Note 8)	89,698	-	179,397	-	269,095
Total deferred inflows of resources	110,124	-	220,249	-	330,373
Net position:					
Investment in capital assets	7,948,474	5,064,864	7,533,743	1,205,661	21,752,742
Restricted	-	-	-	558,916	558,916
Unrestricted	(2,764,235)	(3,529,423)	13,547,255	12,159,836	19,413,433
Total net position	5,184,239	1,535,441	21,080,998	13,924,413	41,725,091
Total liabilities, deferred inflows of resources, and net position	$ 10,493,925	7,055,773	28,459,040	21,159,643	67,168,381

See Independent Auditor's Report.

CITY OF PORTSMOUTH, VIRGINIA

Exhibit K-2

Combining Statement of Revenues, Expenses, and Changes in Fund Net Position
Nonmajor Proprietary Funds
Year Ended June 30, 2021

	Golf	Parking Authority	Waste Mangement	Economic Development Authority	Total
Operating revenues:					
Charges for services	$ 1,244,100	586,816	11,242,476	-	13,073,392
Use of property	-	-	-	223,861	223,861
Other	46,276	23,535	1,119	742	71,672
Total operating revenues	1,290,376	610,351	11,243,595	224,603	13,368,925
Operating expenses:					
Personnel services	991,240	153,994	3,350,843	-	4,496,077
Contractual services	212,511	95,491	3,407,785	33,425	3,749,212
Supplies and materials	202,638	12,736	158,304	-	373,678
Utilities	56,191	96,718	-	43,287	196,196
Internal charges	33,122	34,245	1,864,871	-	1,932,238
Claims, settlements and refunds	-	-	14,678	-	14,678
Rent	102,113	-	-	-	102,113
Depreciation	123,751	414,300	982,214	-	1,520,265
Closure/postclosure	-	-	61,305	-	61,305
Loss on sale of assets	-	-	-	1,622,812	1,622,812
Other	245,255	51,074	232,772	159,052	688,153
Total operating expenses	1,966,821	858,558	10,072,772	1,858,576	14,756,727
Operating income (loss)	(676,445)	(248,207)	1,170,823	(1,633,973)	(1,387,802)
Nonoperating revenues (expenses):					
Investment income	-	-	23,264	979	24,243
Interest expense and fiscal charges	(91,037)	(73,521)	-	(234,282)	(398,840)
Local development grants	-	-	-	(308,670)	(308,670)
Contributions of land	-	-	-	(494,328)	(494,328)
Contributions from PRHA	-	-	-	3,095,458	3,095,458
Net nonoperating revenues (expenses)	(91,037)	(73,521)	23,264	2,059,157	1,917,863
Net income (loss) before transfers	(767,482)	(321,728)	1,194,087	425,184	530,061
Transfers from other funds	1,131,413	1,348,159	-	-	2,479,572
Transfers to other funds	(18,376)	(8,491)	(380,223)	(125,000)	(532,090)
Change in net position	345,555	1,017,940	813,864	300,184	2,477,543
Net position, beginning of year	4,838,684	517,501	20,267,134	13,624,229	39,247,548
Net position, end of year	$ 5,184,239	1,535,441	21,080,998	13,924,413	41,725,091

CITY OF PORTSMOUTH, VIRGINIA **Exhibit K-3**
Combining Statement of Cash Flows
Nonmajor Proprietary Funds
Year Ended June 30, 2021

	Golf	Parking Authority	Waste Mangement	Economic Development Authority	Total
Cash flows from operating activities:					
Receipts from customers	$ 1,369,216	610,993	9,803,560	99,603	11,883,372
Payments to suppliers	(931,360)	(206,867)	(5,701,897)	(341,349)	(7,181,473)
Payments for land purchases	-	-	-	(1,775,214)	(1,775,214)
Receipts from land sales	-	-	-	1,039,638	1,039,638
Payments to employees	(929,293)	(153,329)	(2,982,482)	-	(4,065,104)
Net cash provided by (used in) operating activities	(491,437)	250,797	1,119,181	(977,322)	(98,781)
Cash flows from noncapital financing activities:					
Development grants	-	-	-	(226,037)	(226,037)
Interfund loans	161,965	391,418	-	-	553,383
Proceeds from issuance of debt	-	5,516	-	-	5,516
Transfers in	1,131,413	1,348,159	-	-	2,479,572
Transfers out	(18,376)	(8,491)	(380,223)	(619,328)	(1,026,418)
Net cash provided by (used in) noncapital and related financing activities	1,275,002	1,736,602	(380,223)	(845,365)	1,786,016
Cash flows from capital and related financing activities:					
Acquisition and construction of capital assets	-	(1,163,632)	(75,847)	-	(1,239,479)
Proceeds from issuance of long-term debt	-	-	-	1,743,544	1,743,544
Principal paid on long-term debt	(705,000)	(505,000)	-	-	(1,210,000)
Interest paid	(84,911)	(70,125)	-	(234,282)	(389,318)
Net cash used in capital and related financing activities	(789,911)	(1,738,757)	(75,847)	1,509,262	(1,095,253)
Cash flows from investing activities:					
Interest received	-	-	23,264	979	24,243
Net increase (decrease) in cash and temporary investments	(6,346)	248,642	686,375	(312,446)	616,225
Cash and temporary investments, beginning of year	2,200	16,939	13,928,527	1,122,806	15,070,472
Cash and temporary investments, end of year	$ (4,146)	265,581	14,614,902	810,360	15,686,697
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:					
Operating income (loss)	$ (676,445)	(248,207)	1,170,823	(1,633,973)	(1,387,802)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:					
Depreciation	123,751	414,300	982,214	-	1,520,265
Landfill closure/post-closure	-	-	61,305	-	61,305
Pension expense (recovery), net of employer contributions	85,116	-	403,933	-	489,049
OPEB expense (recovery), net of employer contributions	(35,469)	-	(70,938)	-	(106,407)
Decrease (increase) in:					
Accounts receivable	34,343	642	(1,440,035)	(125,000)	(1,530,050)
Inventories	(39,673)	-	-	-	(39,673)
Property held for resale	-	-	-	489,494	489,494
Increase (decrease) in:					
Due to other funds	-	-	-	193,390	193,390
Accounts payable	(39,857)	83,397	(23,487)	94,867	114,920
Customer deposits	44,497	-	-	3,900	48,397
Accrued payroll	3,362	465	10,952	-	14,779
Compensated absences	8,938	200	24,414	-	33,552
Total adjustments	185,008	499,004	(51,642)	656,651	1,289,021
Net cash provided by (used in) operating activities	$ (491,437)	250,797	1,119,181	(977,322)	(98,781)
Supplemental disclosure of non-cash financing activities:					
Contribution of land	$ -	-	-	3,095,458	3,095,458
Issuance of refunding debt	$ -	90,552	-	-	90,552
Net carrying amount of debt refunded	-	(84,253)	-	-	(84,253)
Debt issuance costs paid in conjunction with closing	-	(783)	-	-	(783)
Net proceeds, cash	$ -	5,516	-	-	5,516

See Independent Auditor's Report.

Internal Service Funds

CITY OF PORTSMOUTH, VIRGINIA
Combining Statement of Net Position
Internal Service Funds
June 30, 2021

Exhibit L-1

	City Garage	Information Technology	Health Insurance and OPEB	Risk Management	Risk Management School Board	Total
Assets:						
Current assets:						
Cash and temporary investments (Note 3)	$ 4,594,351	558,830	341,603	18,120,885	5,303,039	28,918,708
Accounts receivable	102,221	-	-	-	-	102,221
Inventory of supplies	571,366	-	-	-	-	571,366
Deposits-held by others	-	-	-	240,000	-	240,000
Total current assets	5,267,938	558,830	341,603	18,360,885	5,303,039	29,832,295
Noncurrent assets:						
Capital assets:						
Land	15,048	-	-	-	-	15,048
Buildings	693,083	-	-	-	-	693,083
Machinery, furniture, and equipment	21,293,197	5,317,831	-	-	-	26,611,028
Intangible assets	-	3,212,348	-	-	-	3,212,348
Total capital assets	22,001,328	8,530,179	-	-	-	30,531,507
Less accumulated depreciation	(20,608,520)	(6,680,086)	-	-	-	(27,288,606)
Total capital assets, net	1,392,808	1,850,093	-	-	-	3,242,901
Deferred outflows of resources:						
Deferred outflows related to pensions (Note 7)	504,106	1,008,289	-	-	-	1,512,395
Deferred outflows related to OPEB (Note 8)	68,697	68,697	-	-	-	137,394
Total deferred outflows of resources	572,803	1,076,986	-	-	-	1,649,789
Total assets and deferred outlfows of resources	7,233,549	3,485,909	341,603	18,360,885	5,303,039	34,724,985
Liabilities:						
Current liabilities:						
Accounts payable	430,047	845,495	304,822	354,104	-	1,934,468
Accrued payroll	28,276	35,665	-	2,718	-	66,659
Due to other funds (Note 10)	-	-	1,888,381	-	-	1,888,381
Current compensated absences (Note 5)	57,220	115,950	-	1,142	-	174,312
Current claims payable (Note 15)	-	-	1,417,000	2,203,410	-	3,620,410
Total current liabilities	515,543	997,110	3,610,203	2,561,374	-	7,684,230
Noncurrent liabilities:						
Noncurrent claims payable (Note 15)	-	-	-	6,463,920	-	6,463,920
Noncurrent compensated absences (Note 5)	67,171	136,115	-	1,340	-	204,626
Net pension liability (Note 7)	1,193,522	2,955,126	-	-	-	4,148,648
Net OPEB liability (Note 8)	373,117	373,117	-	-	-	746,234
Total noncurrent liabilities	1,633,810	3,464,358	-	6,465,260	-	11,563,428
Deferred inflows of resources:						
Deferred inflows related to pensions (Note 7)	40,852	61,278	-	-	-	102,130
Deferred inflows related to OPEB (Note 8)	179,397	179,397	-	-	-	358,794
Total deferred inflows of resources	220,249	240,675	-	-	-	460,924
Net position:						
Investment in capital assets	1,392,808	1,850,093	-	-	-	3,242,901
Unrestricted	3,471,139	(3,066,327)	(3,268,600)	9,334,251	5,303,039	11,773,502
Total net position	4,863,947	(1,216,234)	(3,268,600)	9,334,251	5,303,039	15,016,403
Total liabilities, deferred inflows of resources, and net position	$ 7,233,549	3,485,909	341,603	18,360,885	5,303,039	34,724,985

See Independent Auditor's Report.

CITY OF PORTSMOUTH, VIRGINIA
Combining Statement of Net Position
Internal Service Funds
Year Ended June 30, 2021

Exhibit L-2

	City Garage	Information Technology	Health Insurance and OPEB	Risk Management	Risk Management School Board	Total
Operating revenues:						
Charges for services	$ 7,103,031	8,351,944	16,604,881	4,917,391	-	36,977,247
Other	127,337	5,252	341,606	40,416	-	514,611
Total operating revenues	7,230,368	8,357,196	16,946,487	4,957,807	-	37,491,858
Operating expenses:						
Personnel services	2,191,843	3,498,184	-	118,360	-	5,808,387
Contractual services	906,416	4,455,700	1,491,689	726,037	-	7,579,842
Supplies and materials	2,714,450	1,142,985	-	25,784	-	3,883,219
Utilities	59,684	83,491	-	-	-	143,175
Internal charges	91,143	5,729	-	-	-	96,872
Claims, settlements and refunds	-	-	17,841,400	4,593,940	-	22,435,340
Insurance premiums	-	-	-	1,469,964	-	1,469,964
Depreciation and amortization	591,735	277,242	-	-	-	868,977
Other - operating expense	491,329	300,107	1,025,177	385	-	1,816,998
Total operating expenses	7,046,600	9,763,438	20,358,266	6,934,470	-	44,102,774
Operating income (loss)	183,768	(1,406,242)	(3,411,779)	(1,976,663)	-	(6,610,916)
Nonoperating revenues -						
Investment income	-	-	-	-	8,577	8,577
Net income (loss) before transfers	183,768	(1,406,242)	(3,411,779)	(1,976,663)	8,577	(6,602,339)
Transfers from other funds	-	545,395	1,000,000	-	-	1,545,395
Transfers to other funds	(2,044,715)	(251,290)	-	(564,940)	-	(2,860,945)
Change in net position	(1,860,947)	(1,112,137)	(2,411,779)	(2,541,603)	8,577	(7,917,889)
Net position, beginning of year	6,724,894	(104,097)	(856,821)	11,875,854	5,294,462	22,934,292
Net position, end of year	$ 4,863,947	(1,216,234)	(3,268,600)	9,334,251	5,303,039	15,016,403

CITY OF PORTSMOUTH, VIRGINIA **Exhibit L-3**
Combining Statement of Cash Flows
Internal Service Funds
Year Ended June 30, 2021

	City Garage	Information Technology	Health Insurance and OPEB	Risk Management	Risk Management School Board	Total
Cash flows from operating activities:						
Receipts from customers	$ 7,393,193	8,357,196	16,946,487	4,957,807	-	37,654,683
Payments to suppliers	(3,975,537)	(5,353,262)	(20,854,414)	(5,821,777)	-	(36,004,990)
Payments to employees	(1,833,525)	(2,836,864)	-	(119,157)	-	(4,789,546)
Net cash provided by (used in) operating activities	1,584,131	167,070	(3,907,927)	(983,127)	-	(3,139,853)
Cash flows from noncapital financing activities:						
Interfund loans	-	-	1,888,381	-	-	1,888,381
Transfers in	-	545,395	1,000,000	-	-	1,545,395
Transfers out	(2,044,715)	(251,290)	-	(564,940)	-	(2,860,945)
Net cash provided by (used in) noncapital financing activities	(2,044,715)	294,105	2,888,381	(564,940)	-	572,831
Cash flows from capital and related financing activities:						
Acquisition of capital assets	-	(12,486)	-	-	-	(12,486)
Cash flows from investing activities:						
Interest received	-	-	-	-	8,577	8,577
Net increase (decrease) in cash and temporary investments	(460,584)	448,689	(1,019,546)	(1,548,067)	8,577	(2,570,931)
Cash and temporary investments, beginning of year	5,054,935	110,141	1,361,149	19,668,952	5,294,462	31,489,639
Cash and temporary investments, end of year	$ 4,594,351	558,830	341,603	18,120,885	5,303,039	28,918,708
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:						
Operating income (loss)	$ 183,768	(1,406,242)	(3,411,779)	(1,976,663)	-	(6,610,916)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:						
Depreciation and amortization	591,735	277,242	-	-	-	868,977
Pension expense (recovery), net of employer contributions	156,203	714,149	-	-	-	870,352
OPEB expense (recovery), net of employer contributions	206,440	(70,938)	-	-	-	135,502
Decrease (increase) in:						
Accounts receivable	162,825	-	-	-	-	162,825
Inventories	56,881	-	-	-	-	56,881
Increase (decrease) in:						
Accounts payable	230,604	634,750	(343,148)	(257,048)	-	265,158
Accrued payroll	8,706	6,869	-	808	-	16,383
Compensated absences	(13,031)	11,240	-	(1,605)	-	(3,396)
Nonoperating revenues reported as operating revenues:						
Claims payable	-	-	(153,000)	1,251,381	-	1,098,381
Total adjustments	1,400,363	1,573,312	(496,148)	993,536	-	3,471,063
Net cash provided by (used in) operating activities	$ 1,584,131	167,070	(3,907,927)	(983,127)	-	(3,139,853)

Capital Project Funds

CITY OF PORTSMOUTH, VIRGINIA **Exhibit M**
Capital Projects Funds
Schedule of Expenditures and Encumbrances - Budget and Actual
June 30, 2021

General Government Capital Projects Fund

	Total Project Authorization	CIP June 30, 2020 Balance	Current Year Expenditures	Current Year Closed/Exp	Total Expenditures	CIP June 30, 2021 Balance	Unexpended Balance	Encumbrances	Unencumbered Balance
Twin Pines Rd Widening	$ 2,625,000	-	-	-	65,068	-	2,559,932	4,814	2,555,118
Churchland Bridge	38,062,697	4,929,301	6,172,233	-	11,101,534	11,101,534	26,961,163	26,177,184	783,979
Paradise Creek Bridge Replacement	2,737,000	509,350	295,975	-	805,325	805,325	1,931,675	329,884	1,601,791
Court/Bart/Pavilion Intersection	1,321,368	113,641	4,961	-	118,602	118,602	1,202,766	4,961	1,197,805
Ballard Ave-Hyman St Improvements	3,141,000	178,616	170,369	-	348,985	348,985	2,792,015	60,917	2,731,098
Effingham St Imp @ Portsmouth Naval	500,000	63,718	9,331	-	73,049	73,049	426,951	22,421	404,530
Painting London Blvd	29,218	-	-	-	-	-	29,218	29,218	-
Citywide Systematic FYA Improvemen	1,323,440	68,812	-	-	68,812	68,812	1,254,628	15,447	1,239,181
Burtons Point Road Reconstruction	2,450,000	208,321	73,058	-	281,379	281,379	2,168,621	-	2,168,621
VPDES Permit Compliance	6,307	-	6,307	6,307	6,307	-	-	-	-
Primrose/Hatton Street	405,000	5,715	-	-	5,715	5,715	399,285	9,785	389,500
Churchland Bridge Bike-Ped Enhancements	260,000	-	24,375	-	24,375	24,375	235,625	120,244	115,381
VPDES Permit Compliance - New	8,932,072	-	709,374	709,374	6,505,965	-	2,426,107	585,341	1,840,766
Crtl-VSMP Prmit Comp	3,080,482	-	1,704,833	1,704,833	1,894,493	-	1,185,989	1,185,989	-
Lincoln Park Redevelopment	350,000	-	-	-	338,000	-	12,000	-	12,000
CMAQ Signal Timing Phase 4	132,000	17,872	33,189	-	51,061	51,061	80,939	76,590	4,349
Drainage Facility Repair Lake Management -New	9,871,904	4,483,789	864,920	-	7,864,382	5,348,709	2,007,522	1,325,508	682,014
Crtl-Stormwater Infra Renewal/Repla	6,559,103	58,168	729,964	-	788,132	788,132	5,770,971	350,376	5,420,595
Turnpike Road Improvement	778,950	-	-	-	560,846	-	218,104	-	218,104
Systematic Replacement of Non-MUTCD signs	579,928	30,770	-	-	30,770	30,770	549,158	-	549,158
High Street & Crawford Street Improvements	310,000	26,425	-	-	26,425	26,425	283,575	2,775	280,800
Neighborhood Roadway & Drainage	4,700,000	600,100	4,138	4,138	604,238	600,100	4,095,762	145,111	3,950,651
Pavilion Mast/Canopy Replacement	4,439,801	-	10,076	10,076	4,439,000	-	801	801	-
Signal System Upgrades Phase V	4,936,344	419,049	86,014	-	505,063	505,063	4,431,281	20,937	4,410,344
Westhaven Bicycle Improvements	500,000	83,956	8,412	-	92,368	92,368	407,632	10,308	397,324
Traffic Inventory - New	100,000	-	913	-	74,487	913	25,513	25,513	-
Control-Traffic Inventory	200,000	-	124,757	-	165,872	124,757	34,128	32,820	1,308
Traffic Signal Improvements	100,000	-	-	-	-	-	100,000	-	100,000
Traffic Signal Improvements - New	227,501	-	11,512	-	167,148	11,512	60,353	17,340	43,013
Control-Traffic Signal Improvements	158,058	-	69,472	-	147,806	69,472	10,252	10,252	-
Upgrade City's Traffic Signal (2 - 4)	6,502,191	1,500	-	-	6,431,762	1,500	70,429	-	70,429
Emergency Vehicle Preemp	36,294	-	27,534	-	27,534	27,534	8,760	8,760	-
Bridge Repairs - New	669,268	105,799	203,382	-	362,393	309,181	306,875	306,875	-
Control-Bridge Repairs	425,000	-	202,313	-	202,313	202,313	222,687	9,659	213,028
ADA Compliance Curb Cuts - New	219,692	-	104,306	-	104,306	104,306	115,386	-	115,386
Dredging of Lakes - New	3,861,962	138,627	81,146	-	242,877	219,773	3,619,085	2,023,022	1,596,063
POT-Dredging of Lakes and Ponds FY2	500,000	-	-	-	-	-	500,000	385,409	114,591
Midtown Corridor	1,338,322	-	-	-	1,182,400	-	155,922	-	155,922
Flooring and Carpet	300,000	-	-	-	21,893	-	278,107	-	278,107
Resiliency Planning	150,000	-	-	-	-	-	150,000	-	150,000
Municipal Facilities Plan	675,000	-	333,436	333,436	333,436	-	341,564	-	341,564

CITY OF PORTSMOUTH, VIRGINIA **Exhibit M**
Capital Projects Funds
Schedule of Expenditures and Encumbrances - Budget and Actual
June 30, 2021

General Government Capital Projects Fund

	Total Project Authorization	CIP June 30, 2020 Balance	Current Year Expenditures	Current Year Closed/Exp	Total Expenditures	CIP June 30, 2021 Balance	Unexpended Balance	Encumbrances	Unencumbered Balance
Municipal Audio Video	100,000	-	-	-	13,342	-	86,658	-	86,658
Municipal VOIP Migration	75,000	-	-	-	74,118	-	882	-	882
Document Management	325,000	-	-	-	81,655	-	243,345	3,934	239,411
Effingham Fire Station Repairs	250,000	-	-	-	137,890	-	112,110	8,510	103,600
City Gateways - New	294,618	30,141	-	-	235,685	30,141	58,933	1,524	57,409
City Gateways - New	150,000	28,878	-	-	42,988	28,878	107,012	-	107,012
Cedar Grove Cemetery	167,272	-	-	-	167,269	-	3	-	3
Dog Parks	50,000	-	29,578	-	29,578	29,578	20,422	18,081	2,341
DSS Roof Repair	678,248	63,950	600,422	-	664,372	664,372	13,876	13,876	-
Facility assessments & prelim Engineering	250,374	-	1,694	1,694	247,284	-	3,090	3,090	-
Childrens Museum Staff	651,000	-	21,420	-	71,733	21,420	579,267	33,273	545,994
Mt Olive & Mt Calvary Improvements	75,000	-	-	-	24,350	-	50,650	-	50,650
IT Security Audit	100,000	-	-	-	81,207	-	18,793	-	18,793
City Hall Plumbing System Replacement	550,000	37,891	-	-	37,891	37,891	512,109	21,889	490,220
801 Water Street	4,080,871	-	-	-	3,815,557	-	265,314	2,570	262,744
Portside Festival Site	731,000	329,652	-	-	329,652	329,652	401,348	65,849	335,499
Hurricane Shelter Assess	28,700	-	18,230	18,230	18,230	-	10,470	10,470	-
Safe Haven Building Renovation	2,000,000	22,913	20,966	-	43,879	43,879	1,956,121	31,550	1,924,571
PCCLM Building and Site Improvements	107,000	7,550	-	-	59,594	7,550	47,406	7,688	39,718
Public Safety Facilities Plan	1,800,000	963,382	310,992	114,837	1,274,374	1,159,537	525,626	54,501	471,125
Public Utilities Operations Facility Upgrade	1,800,000	660,529	97,837	-	758,366	758,366	1,041,634	2,637	1,038,997
Upgrading Existing City Fuel Stations	450,000	25,224	-	-	40,232	25,224	409,768	-	409,768
Recreation Center Enhancements - New	1,197,308	-	-	-	1,162,940	-	34,368	-	34,368
Control-Rec Center Enhancements-pavil	1,078,180	-	119,687	77,250	262,570	42,437	815,610	-	815,610
Demolition of Buildings - New	586,640	197,628	-	-	572,760	197,628	13,880	10,307	3,573
Control-Demolition of Bldgs	325,000	-	15,700	15,700	169,615	-	155,385	16	155,369
Water Treatment Plant Building	650,000	18,118	-	-	114,284	18,118	535,716	-	535,716
Museums-Capital	30,055	438	19,190	19,190	19,628	438	10,427	-	10,427
DSS Building	410,000	-	-	-	257,717	-	152,283	6,997	145,286
Pokey Smokey Repairs	3,723	-	-	-	-	-	3,723	3,723	-
DSS HVAC Replacement	467,288	-	467,288	-	467,288	467,288	-	-	-
Cavalier Manor Athletics Complex	1,052,702	80,152	24,847	-	1,052,702	104,999	-	-	-
Rails and Trails	900,000	299,896	12,000	-	325,615	311,896	574,385	10,043	564,342
Outside Recreation Facility Repairs - Closed	422,367	27,926	18,000	-	415,717	45,926	6,650	-	6,650
Crtl-Outdoor Recr Facility Repair	875,000	-	591,830	-	591,830	591,830	283,170	6,720	276,450
Public Works Building	85,000	8,495	-	-	8,495	8,495	76,505	-	76,505
Circle of Sail	74,215	-	61,493	61,493	61,493	-	12,722	12,722	-
New Fire Station	6,000,000	195,516	29,521	-	225,037	225,037	5,774,963	1,187,133	4,587,830
Waste Management Building	3,988,645	2,346,432	1,044,439	-	3,390,871	3,390,871	597,774	45,081	552,693
Roof Replacement - Old	2,235,430	-	-	-	2,235,430	-	-	-	-

CITY OF PORTSMOUTH, VIRGINIA **Exhibit M**
Capital Projects Funds
Schedule of Expenditures and Encumbrances - Budget and Actual
June 30, 2021

General Government Capital Projects Fund

	Total Project Authorization	CIP June 30, 2020 Balance	Current Year Expenditures	Current Year Closed/Exp	Total Expenditures	CIP June 30, 2021 Balance	Unexpended Balance	Encumbrances	Unencumbered Balance
Roof Replacement - New	1,207,443	4,350	-	-	206,659	4,350	1,000,784	-	1,000,784
Control-Roof Replacement	800,000	-	-	-	-	-	800,000	-	800,000
ADA Municipal Facility Compliance - New	177,909	5,898	-	-	5,898	5,898	172,011	-	172,011
Hazmat Program - New	229,800	16,028	-	-	32,011	16,028	197,789	-	197,789
1846 Courthouse HVAC Replacement - New	298,610	-	105,147	-	223,034	105,147	75,576	31,534	44,042
Control-1846 Courthouse	100,000	-	-	-	-	-	100,000	62,449	37,551
ADA Municipal Facility Compliance - Closed	859,485	-	-	-	731,575	-	127,910	-	127,910
Replacement of HVAC - New	563,989	197,742	147,982	-	523,419	345,724	40,570	15,324	25,246
Control-Replacement of HVAC	900,000	-	223,326	-	223,326	223,326	676,674	-	676,674
Parking Garage Repairs - New	927,953	-	-	-	23,950	-	904,003	-	904,003
CONTROL-Parking Garage Repairs	200,000	-	-	-	-	-	200,000	-	200,000
Various Building Renovations - New	1,921,881	477,860	105,280	105,280	805,794	477,860	1,116,087	13,063	1,103,024
Crtl-Renovations to Various Bldgs	500,000	-	175,069	175,069	175,069	-	324,931	20,076	304,855
Repair of Seawall	1,381,158	141,701	5,809	5,809	1,122,903	141,701	258,255	3,504	254,751
Repair of Seawall	100,000	-	-	-	-	-	100,000	-	100,000
Portsmouth Sports Complex Acquisition & Renovation	6,833,260	-	-	-	6,833,261	-	-	-	-
Sportsplex Buildings	780,000	-	125,971	125,971	702,107	-	77,893	57,056	20,837
Seawall Reinforcement	28,206,747	-	2,314,495	2,314,495	23,374,224	-	4,832,523	4,832,523	-
POT-Seawall Replacement FY20	3,000,000	-	741,359	741,359	741,359	-	2,258,641	1,471,090	787,551
Harbor Center Pavilion - New	35,000	-	-	-	35,000	-	-	-	-
Ctrl-Union Bank and Trust Pavilion	135,000	-	3,200	3,200	103,200	-	31,800	31,800	-
Benchmark Monumental	75,000	-	-	-	25,000	-	50,000	-	50,000
Historical/Interpretive	9,145	-	9,145	9,145	9,145	-	-	-	-
City Fiber Network	12,120,000	-	3,729,018	3,729,018	9,197,754	-	2,922,246	1,938,090	984,156
Municipal Access Control	300,000	11,427	71,803	-	252,798	83,230	47,202	24,982	22,220
Landfill Scales	200,000	-	-	-	-	-	200,000	14,284	185,716
DSS Document Management System	325,000	-	-	-	285,515	-	39,485	22,446	17,039
Municipal Security Came	450,000	183,441	255,743	-	439,184	439,184	10,816	10,816	-
DSS Security Monitoring System	113,327	74,947	3,199	-	78,146	78,146	35,181	-	35,181
Election Syst. Software (ES&S) & Equipment	540,241	-	-	-	540,123	-	118	-	118
Permitting System Replacement	150,000	-	-	-	126,850	-	23,150	8,096	15,054
PS New Radio System	11,000,000	1,766,356	2,093,877	-	10,440,401	3,860,233	559,599	307,378	252,221
CAMA Software System	300,000	-	15,000	15,000	290,441	-	9,559	5,720	3,839
CAD System	777,480	-	2,160	2,160	724,350	-	53,130	-	53,130
Crime Analysis System	112,250	-	-	-	23,950	-	88,300	-	88,300
Revenue System Treasurer/COR	1,135,917	-	136,290	-	136,290	136,290	999,627	27,685	971,942
Command/E911 Back Up Vehicle	703,791	-	-	-	703,791	-	-	-	-
Waste Management Equipment	286,002	-	286,002	286,002	286,002	-	-	-	-
City Garage Fleet	11,150	-	-	-	-	-	11,150	11,150	-
SWAT Team Delivery & Equipment Truck	196,020	-	-	-	193,870	-	2,150	-	2,150

CITY OF PORTSMOUTH, VIRGINIA **Exhibit M**
Capital Projects Funds
Schedule of Expenditures and Encumbrances - Budget and Actual
June 30, 2021

General Government Capital Projects Fund

	Total Project Authorization	CIP June 30, 2020 Balance	Current Year Expenditures	Current Year Closed/Exp	Total Expenditures	CIP June 30, 2021 Balance	Unexpended Balance	Encumbrances	Unencumbered Balance
City Garage Fleet FY2019	3,000,000	-	2,710	2,710	2,994,113	-	5,887	5,000	887
FY20 City Garage Fleet	4,000,000	-	1,356,019	1,356,019	3,013,998	-	986,002	894,535	91,467
City Garage Fleet FY2018	4,033,209	-	-	-	4,015,496	-	17,713	-	17,713
Public Utilities Equip	107,035	-	107,035	107,035	107,035	-	-	-	-
CARES Act Broadband	750,000	-	750,000	750,000	750,000	-	-	-	-
Paradise Creek 2020	31,613	-	-	-	31,613	-	-	-	-
HMES & CAES Roof Coating	1,250,000	-	-	-	-	-	1,250,000	2,690	1,247,310
Churchland High HVAC	5,212,009	1,924,984	1,927,316	138,451	4,512,066	3,713,849	699,943	552,107	147,836
Brighton ES Roof Replacement	597,547	-	6,911	6,911	596,447	-	1,100	1,100	-
Churchland Academy Parking Lot Add	527,500	8,006	21,426	-	91,872	29,432	435,628	-	435,628
Mt. Hermon Bus Loop Upgrade	35,870	-	27,506	-	27,506	27,506	8,364	8,364	-
Churchland HS Track-Rplcmt	200,000	-	191,704	191,704	191,704	-	8,296	-	8,296
Churchland HS Stage/Sound/Lighting	345,000	77,414	122,500	122,500	199,914	77,414	145,086	22,586	122,500
New Middle School	40,440	-	40,440	-	40,440	40,440	-	-	-
Churchland HS Stage	145,086	-	117,530	117,530	117,530	-	27,556	27,137	419
Westhaven Elementary Roof	1,826,500	-	-	-	1,826,500	-	-	-	-
IRC Data Center HVAC & UPS Project	60,000	41,124	-	-	41,124	41,124	18,876	18,876	-
Hodges Manor ES Rooftop Unit Replacement	380,000	-	-	-	-	-	380,000	-	380,000
Future School Project -	760,197	-	668,798	-	752,743	668,798	7,454	-	7,454
Wilson High PA	157,935	-	-	-	157,935	-	-	-	-
Mt Hermon Rooftop HVAC Units Replacement	162,672	142,071	-	-	142,071	142,071	20,601	-	20,601
W Wilson HS HVAC Cooling Tower Replacement	1,510,652	75,949	183,800	-	259,749	259,749	1,250,903	625,175	625,728
W Wilson HS HVAC Cooling Tower Replacement	293,452	-	292,611	-	292,611	292,611	841	775	66
Mt Hermon Preschool Roof Replacement	1,042,305	-	-	-	1,042,305	-	-	-	-
Interactive White Board Panels-NOT CIP	12,425	-	-	-	12,425	-	-	-	-
Woodrow Wilson High School Roof	2,578,007	-	-	-	2,555,280	-	22,727	22,727	-
Churchland Middle Restroom Renovation	452,628	85,200	-	-	85,200	85,200	367,428	-	367,428
James Hurst, Churchland Primary & Inter	1,737,401	-	-	-	1,737,401	-	-	-	-
Woodrow Wilson HS Restroom Renovation	876,000	105,950	27,533	-	133,483	133,483	742,517	59,000	683,517
School Safety Improvements	1,000,000	-	-	-	980,420	-	19,580	-	19,580
School Bus Security Cameras-Replcmn	250,000	-	1,500	1,500	201,797	-	48,203	-	48,203
School Furniture-Rplcmnt	273,039	-	-	-	-	-	273,039	-	273,039
School Bus Fleet Replacement	1,000,000	-	-	-	983,110	-	16,890	-	16,890
	$261,202,618	22,728,688	31,966,648	13,383,426	153,157,646	41,311,910	108,044,973	46,009,583	62,035,390

When a project is authorized, financing is either presently available or general obligation bonds are authorized to be issued. In anticipation of the issuance of general obligation bonds, bond anticipation notes may be utilized to provide temporary financing. As of June 30, 2021, $108,044,973 represents the amount authorized but not yet spent. This includes committments totaling $46,009,583 that have been reserved for encumbrances for capitalizable and non-capitalizable expenditures.

CITY OF PORTSMOUTH, VIRGINIA **Exhibit M (continued)**
Capital Projects Funds
Schedule of Expenditures and Encumbrances - Budget and Actual
June 30, 2021

Public Utility Capital Projects Fund

	Total Project Authorization	CIP June 30, 2020 Balance	Current Year Expenditures	Current Year Closed/Exp	Total Expenditures	CIP June 30, 2021 Balance	Unexpended Balance	Encumbrances	Unencumbered Balance
Lake Kilby Filter Replacement	$ 49,600,000	39,804,177	3,535,011	-	43,339,188	43,339,188	6,260,812	5,991,473	269,339
Downtown Master Utility	42,400,000	16,713,353	1,233	-	28,048,600	16,714,586	14,351,400	3,853,619	10,497,781
Sanitary Sewer Overflow	39,915,449	11,585,023	1,994,059	-	24,488,004	13,579,082	15,427,445	6,511,661	8,915,784
Infrastructure Improvements	21,793,355	4,856,431	178,091	-	7,094,887	5,034,522	14,698,468	1,274,611	13,423,857
Low Pressure Transmission Main	69,250,000	4,462,059	116,381	-	6,311,319	4,578,440	62,938,681	887,313	62,051,368
Miscellaneous Sewer/Sewer Pump Station	17,498,167	6,820,058	17,315	-	12,743,861	6,837,373	4,754,306	413,054	4,341,252
Meter Replacement	14,999,000	23,805	102,558	(66,633)	10,391,168	59,730	4,607,832	338,267	4,269,565
Replacement of Water Plant Equipment	8,970,396	2,520,093	234,239	(66,394)	4,579,446	2,687,938	4,390,950	514,971	3,875,979
Sewer Cave In	7,824,238	3,254,327	-	-	6,628,588	3,254,327	1,195,650	794,983	400,667
Miscellaneous Water Improvements	8,224,524	1,830,456	10,835	-	5,031,621	1,841,291	3,192,903	435,366	2,757,537
Water Tank Rehab	5,500,000	309,096	74,950	-	1,482,359	384,046	4,017,641	382,077	3,635,564
MUNIS Upgrade	1,104,000	416,124	-	-	416,124	416,124	687,876	241,578	446,298
Dam Upgrades	4,533,083	925,760	707,977	-	1,638,007	1,633,737	2,895,076	407,844	2,487,232
Lake Cohoon Raw Water Pump Station	1,610,575	91,357	1,747	-	93,104	93,104	1,517,471	16,488	1,500,983
Suction Well Rehab	10,518,290	213,531	660	-	214,191	214,191	10,304,099	128,834	10,175,265
Scada Upgrades	3,500,000	304,108	92,413	-	396,521	396,521	3,103,479	116,589	2,986,890
	$307,241,077	94,129,758	7,067,469	(133,027)	152,896,988	101,064,200	154,344,089	22,308,728	132,035,361

In addition to the amount of $101,064,200 shown above as expended as of June 30, 2021, $4,589,865 for capitalized interest, bringing total construction in progress to $105,654,065. As of June 30, 2021, $4,719,540 represents the amount authorized, but not yet spent. This includes commitments totaling $22,365,544 that have been reserved for encumbrances for capitalizable and non capitalizable expenditures. When a project is authorized, financing is either presently available or general obligation public utility bonds or revenue bonds are authorized to be issued. In anticipation of the issuance of general obligation public utility bonds or revenue bonds, bond anticipation notes may be utilized to provide temporary financing.

CITY OF PORTSMOUTH, VIRGINIA **Exhibit M (continued)**
Capital Projects Funds
Schedule of Expenditures and Encumbrances - Budget and Actual
June 30, 2021

Parking Authority Capital Projects Fund

	Total Project Authorization	Prior Year CIP	Current Year Expenditures	Total Expenditures	Current Year Closed/Exp	CIP June 30, 2021 Balance	Unexpended Balance	Encumbrances	Unencumbered Balance
County Street Parking Garage Replacement	$ 1,750,000	-	1,156,760	1,428,274	1,156,760	-	321,726	11,419	310,307
Garage Facilities Repair	697,044	-	6,872	575,961	6,872	-	121,083	99,906	21,177
	$ 2,447,044	-	1,163,632	2,004,235	1,163,632	-	442,809	111,325	331,484

As of June 30, 2021, the ending capital improvements balance for Parking Authority is $-. When a project is authorized, financing is either presently available or general obligation bonds are authorized to be issued. In anticipation of the issuance of general obligation bonds, bond anticipation notes may be utilized to provide temporary financing. As of June 30, 2021, $342,809 represents the amount authorized but not yet spent. There are no committments that have been reserved for encumbrances for capitalizable and non capitalizable expenditures.

Fiduciary Funds

CITY OF PORTSMOUTH, VIRGINIA **Exhibit N-1**
Combining Statement of Fiduciary Net Position
Fiduciary Funds - Pension and OPEB Trust Funds
June 30, 2021

	Portsmouth Supplemental Retirement System	Portsmouth Fire and Police Retirement System	OPEB	Total
Assets:				
Cash and temporary investments	$ 1,792,443	5,365,252	-	7,157,695
Investments:				
Stocks	44,097,744	134,195,912	3,609,218	181,902,874
Bonds	14,945,218	45,480,492	1,403,585	61,829,295
Real estate	2,019,624	6,146,012	467,862	8,633,498
Other investments	-	-	1,203,073	1,203,073
Total investments	61,062,586	185,822,416	6,683,738	253,568,740
Total assets	62,855,029	191,187,668	6,683,738	260,726,435
Net position	$ 62,855,029	191,187,668	6,683,738	260,726,435

CITY OF PORTSMOUTH, VIRGINIA **Exhibit N-2**
Combining Statement of Changes in Fiduciary Net Position
Fiduciary Funds - Pension and OPEB Trust Funds
Year Ended June 30, 2021

	Portsmouth Supplemental Retirement System	Portsmouth Fire and Police Retirement System	OPEB	Total
Additions:				
Contributions -				
Employers' contributions	$ 3,377,371	10,279,577	2,657,395	16,314,343
Investment income:				
Gains	14,753,283	44,674,758	1,353,350	60,781,391
Total additions	18,130,654	54,954,335	4,010,745	77,095,734
Deductions:				
Benefit payments	7,935,764	22,267,894	1,657,395	31,861,053
Administrative expenses	95,328	278,056	5,500	378,884
Total deductions	8,031,092	22,545,950	1,662,895	32,239,937
Net increase in fiduciary net position	10,099,562	32,408,385	2,347,850	44,855,797
Net position, beginning of year	52,755,467	158,779,283	4,335,888	215,870,638
Net position, end of year	$ 62,855,029	191,187,668	6,683,738	260,726,435

See Independent Auditor's Report.

STATISTICAL SECTION

This section of the city of Portsmouth's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the city's overall financial health.

Financial Trends

These contain information to help the reader understand how the city's financial performance and well-being have changed over time.

Revenue Capacity

These help the reader assess the factors affecting the city's ability to generate its own-source revenues.

Debt Capacity

These present information to help the reader assess the affordability of the city's current levels of outstanding debt and the city's ability to issue additional debt in the future.

Demographic and Economic information

These offer demographic and economic indicators to help the reader understand the environment within which the city's financial activities take place and to help make comparisons over time and with other governments.

Operating information

These contain information about the city's operations and resources to help the reader understand how the city's financial information relates to the services the city provides and the activities it performs.

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial report for the relevant year.

CITY OF PORTSMOUTH, VIRGINIA
Net Position by Component
Last Ten Fiscal Years
(accrual basis of accounting)

Exhibit A-1

	Fiscal Year									
	2021	**2020**	**2019**	**2018**	**2017**	**2016**	**2015**	**2014**	**2013**	**2012**
Governmental activities:										
Net investment in capital assets	$ 240,866,613	204,945,661	200,446,790	220,454,135	242,691,679	241,411,418	244,408,023	232,550,945	210,854,679	196,244,783
Restricted	20,118,136	24,979,443	52,109,797	22,041,451	55,330,226	49,061,774	51,224,402	75,183,391	40,782,876	45,127,451
Unrestricted	(146,325,433)	(130,632,180)	(175,399,829)	(194,467,639)	(248,155,977)	(251,725,514)	(283,629,516)	(198,671,005)	17,497,544	11,685,932
Total governmental activities net position	$ 114,659,316	99,292,924	77,156,758	48,027,947	49,865,928	38,747,678	12,002,909	109,063,331	269,135,099	253,058,166
Business-type activities:										
Net investment in capital assets	$ 171,522,822	171,170,094	181,733,546	153,628,157	144,631,061	126,805,696	151,551,705	146,080,861	140,080,861	132,261,301
Restricted	558,916	-	-	-	2,508,031	-	-	-	-	22,450
Unrestricted	66,490,254	59,473,324	41,768,401	51,257,896	64,151,335	71,131,481	34,241,084	40,508,841	45,783,929	44,949,451
Total business-type activities net position	$ 238,571,992	230,643,418	223,501,947	204,886,053	211,290,427	197,937,177	185,792,789	186,589,702	185,864,790	177,233,202
Primary Government:										
Net investment in capital assets	$ 412,389,435	376,115,755	382,180,336	374,082,292	387,322,740	368,217,114	395,959,728	378,631,806	350,935,540	328,506,084
Restricted	20,677,052	24,979,443	52,109,797	22,041,451	57,838,257	49,061,774	51,224,402	75,183,391	40,782,876	45,149,901
Unrestricted (deficit)	(79,835,179)	(71,158,856)	(133,631,428)	(143,209,743)	(184,004,642)	(180,594,033)	(249,388,432)	(158,162,164)	63,281,473	56,635,383
Total primary government net position	$ 353,231,308	329,936,342	300,658,705	252,914,000	261,156,355	236,684,855	197,795,698	295,653,033	454,999,889	430,291,368

See Independent Auditor's Report.

CITY OF PORTSMOUTH, VIRGINIA **Exhibit A-2**

Changes in Net Position

Last Ten Fiscal Years

(accrual basis of accounting)

	Fiscal Year									
	2021	**2020**	**2019**	**2018**	**2017**	**2016**	**2015**	**2014**	**2013**	**2012**
Expenses:										
Governmental activities:										
General government	$ 39,218,688	37,889,362	38,413,786	42,436,115	37,937,076	25,571,539	30,847,939	195,651,602	27,914,580	30,092,575
Judicial	22,734,294	21,085,253	20,000,218	20,427,454	23,792,900	24,814,308	22,663,405	25,931,635	23,819,021	19,262,329
Public safety	64,342,740	62,543,113	60,442,523	55,762,645	56,460,539	51,693,737	56,785,068	58,678,933	66,483,899	67,822,960
Public works	26,595,222	29,546,493	26,998,794	35,206,810	30,344,639	20,442,395	24,259,546	22,082,142	18,919,255	19,227,479
Health and welfare	33,872,311	29,325,558	27,543,060	29,216,518	30,170,881	32,409,223	32,894,672	35,701,774	34,805,940	37,676,063
Parks, recreation and cultural	13,874,278	13,051,449	12,450,105	6,781,419	10,808,887	11,067,649	9,868,300	10,405,765	12,107,699	12,165,461
Community development	10,748,112	6,840,482	8,486,376	6,364,265	8,253,909	6,020,487	6,474,948	7,924,716	9,317,701	8,697,999
Education	62,337,766	58,144,523	51,759,910	46,578,589	55,180,440	53,908,322	55,140,801	52,948,197	41,411,783	51,759,963
Interest on long-term debt	13,069,364	14,941,569	17,378,172	15,649,378	15,532,828	18,198,185	19,484,834	19,560,389	13,535,905	12,743,363
Total governmental activities expenses	286,792,775	273,367,802	263,472,944	258,423,193	268,482,099	244,125,845	258,419,513	428,885,153	248,315,783	259,448,192
Business-type activities:										
Public utility	33,885,768	31,071,754	28,170,625	32,062,023	22,740,807	22,974,962	23,945,770	25,719,104	21,168,537	23,289,442
Golf	2,057,858	1,764,967	1,819,201	2,067,354	1,697,090	2,050,694	2,336,303	2,406,829	2,104,720	2,218,731
Port Facility and Economic Development	-	-	-	-	-	-	46,119	46,118	46,118	46,119
Parking Authority	932,079	1,105,374	1,114,194	1,119,619	1,176,209	1,151,506	1,185,598	1,395,552	1,348,920	1,558,720
Economic Development Authority	10,072,772	5,671,700	988,921	-	-	-	-	-	-	-
Waste Management	778,716	574,777	8,128,218	9,652,409	10,186,922	10,041,170	10,245,752	10,559,613	9,662,917	11,779,665
Total business-type activities expenses	47,727,193	40,188,572	40,221,159	44,901,405	35,801,028	36,218,332	37,759,542	40,127,216	34,331,212	38,892,677
Total Primary Government expenses	334,519,968	313,556,374	303,694,103	303,324,598	304,283,127	280,344,177	296,179,055	469,012,369	282,646,995	298,340,869
Program revenues:										
Governmental activities:										
Charges for services:										
General government	1,061,263	1,633,780	3,500,310	3,202,906	3,197,150	2,922,590	3,191,781	3,395,648	3,104,397	1,785,252
Judicial	399,607	496,707	2,336,975	159,077	178,372	571,659	576,660	271,277	343,106	1,004,567
Public safety	3,349,186	3,501,829	3,649,855	3,299,769	2,432,614	3,586,477	3,528,623	1,676,260	2,497,470	2,119,660
Public works	9,258,966	9,479,152	9,405,532	8,659,518	7,645,659	7,602,200	7,596,091	8,017,983	7,809,614	7,316,713
Health and welfare	45,840	2,649,505	3,192,307	1,884,948	806,120	1,242,294	973,317	596,831	600,194	519,049
Parks, recreation and cultural	120,213	1,023,382	2,329,340	2,455,855	2,405,301	2,992,632	2,321,055	2,396,043	2,587,705	2,160,956
Community development	1,032,064	1,896,922	3,709,517	1,988,338	3,676,204	3,397,562	1,971,830	1,206,617	1,149,814	523,373
Operating grants and contributions	81,808,041	76,180,235	62,722,800	64,669,930	67,314,255	66,867,871	67,982,527	71,792,163	70,737,857	86,594,753
Capital grants and contributions	3,214,539	958,741	314,197	3,145,146	2,188,987	696,766	5,052,229	2,655,741	1,422,747	6,070,568
Total governmental activities program revenues	100,289,719	97,820,253	91,160,833	89,465,487	89,844,662	89,880,051	93,194,113	92,008,563	90,252,904	108,094,891

CITY OF PORTSMOUTH, VIRGINIA **Exhibit A-2 (continued)**

Changes in Net Position

Last Ten Fiscal Years

(accrual basis of accounting)

	Fiscal Year									
	2021	**2020**	**2019**	**2018**	**2017**	**2016**	**2015**	**2014**	**2013**	**2012**
Business-type activities:										
Charges for services:										
Public utility	$ 48,432,770	43,160,577	41,460,539	41,663,524	42,498,157	44,203,060	41,521,351	41,678,038	39,563,702	39,594,823
Golf	1,244,100	1,133,098	935,022	1,095,721	873,507	1,175,592	1,096,110	1,082,375	1,128,337	1,355,710
Parking Authority	586,816	789,927	937,609	973,460	953,160	995,542	924,588	1,093,811	1,118,200	1,111,152
Economic Development Authority	-	-	1,078,463	-	-	-	-	-	-	-
Waste Management	11,242,476	11,252,024	11,506,536	11,397,440	12,573,844	12,438,646	11,751,149	12,331,294	12,502,496	12,765,158
Operating grants and contributions	3,095,458	23,500	154,525	-	-	-	-	-	280,000	680,000
Total business-type activities program revenues	64,601,620	56,359,126	56,072,694	55,130,145	56,898,668	58,812,840	55,293,198	56,185,518	54,592,735	55,506,843
Total Primary Government program revenues	164,891,339	154,179,379	147,233,527	144,595,632	146,743,330	148,692,891	148,487,311	148,194,081	144,845,639	163,601,734
Net (Expense)/Revenue										
Governmental activities	(186,503,056)	(175,547,549)	(172,312,111)	(168,957,706)	(178,637,437)	(154,245,794)	(165,225,400)	(336,876,590)	(158,062,879)	(151,353,301)
Business-type activities	16,874,427	16,170,554	15,851,535	10,228,740	21,097,640	22,594,508	17,533,656	16,058,302	20,261,523	16,614,166
Total Primary Government net (expense)/revenue	(169,628,629)	(159,376,995)	(156,460,576)	(158,728,966)	(157,539,797)	(131,651,286)	(147,691,744)	(320,818,288)	(137,801,356)	(134,739,135)
General Revenues and Other Changes in Net Position:										
Governmental activities:										
Taxes:										
General property taxes	134,296,897	131,684,219	125,246,599	120,322,381	118,800,657	119,741,652	116,197,273	116,536,186	116,035,670	118,370,186
Other local taxes	43,399,798	37,688,861	40,277,057	39,144,817	39,194,725	38,783,705	39,934,290	37,674,332	35,995,762	35,064,984
Utility taxes	8,996,899	8,168,579	8,328,132	8,154,958	8,019,365	8,053,834	8,001,981	8,145,465	8,047,196	7,418,449
Investment earnings	172,751	1,340,130	2,411,049	2,438,303	1,040,792	1,480,919	662,555	591,371	1,291,260	102,301
Net gain on disposal of capital assets	-	-	-	-	-	-	-	-	-	(75,704)
Miscellaneous	7,499,760	7,628,767	5,722,887	17,197,309	12,577,198	4,193,125	3,776,579	6,192,905	3,863,492	2,433,785
Transfers	7,503,343	11,173,159	13,369,690	8,722,105	10,122,950	9,336,088	9,244,703	9,006,934	9,928,251	8,008,973
Total governmental activities	201,869,448	197,683,715	195,355,414	195,979,873	189,755,687	181,589,323	177,817,381	178,147,193	175,161,631	171,322,974
Business-type activities:										
Contributions - land	-	-	-	-	-	-	268,297	-	-	-
Investment earnings	134,245	1,473,592	1,275,565	1,371,144	747,570	485,672	486,790	537,392	170,968	95,376
Gain on sale of capital assets	(2,117,140)	-	-	-	-	-	-	-	-	-
Miscellaneous	540,385	670,484	681,409	369,061	1,630,990	772,630	587,082	593,289	713,526	462,854
Transfers	(7,503,343)	(11,173,159)	(13,369,690)	(8,722,105)	(10,122,950)	(9,921,248)	(9,244,703)	(9,006,934)	(9,928,251)	(8,008,973)
Total business-type activities	(8,945,853)	(9,029,083)	(11,412,716)	(6,981,900)	(7,744,390)	(8,662,946)	(7,902,534)	(7,876,253)	(9,043,757)	(7,450,743)
Total Primary Government	192,923,595	188,654,632	183,942,698	188,997,973	182,011,297	172,926,377	169,914,847	170,270,940	166,117,874	163,872,231
Change in net position:										
Governmental activities	15,366,392	22,136,166	23,043,303	27,022,167	11,118,250	27,343,529	12,591,981	(158,729,397)	17,098,752	19,969,673
Business-type activities	7,928,574	7,141,471	4,438,819	3,246,840	13,353,250	13,931,562	9,631,122	8,182,049	11,217,766	9,163,423
Total Primary Government	$ 23,294,966	29,277,637	27,482,122	30,269,007	24,471,500	41,275,091	22,223,103	(150,547,348)	28,316,518	29,133,096

See Independent Auditor's Report.

CITY OF PORTSMOUTH, VIRGINIA
Fund Balances, Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

Exhibit A-3

	Fiscal Year									
	2021	**2020**	**2019**	**2018**	**2017**	**2016**	**2015**	**2014**	**2013**	**2012**
General Fund:										
Nonspendable	$ 107,272	107,281	819,000	1,129,260	-	1,439,820	1,635,945	2,081,981	2,278,106	2,464,610
Restricted	251,715	256,872	328,618	595,922	3,088,288	231,460	254,070	233,444	18,549,834	295,762
Committed	8,002,867	8,644,680	5,735,921	5,717,715	-	-	-	16,652,635	7,187,371	7,880,834
Assigned	4,036,500	2,897,149	2,909,455	6,843,249	5,835,038	6,035,208	4,640,047	-	-	5,846
Unassigned	70,349,086	68,086,040	61,443,205	56,699,726	57,358,331	58,427,712	54,088,231	52,168,051	236,707,641	53,631,444
Total General Fund	$ 82,747,440	79,992,022	71,236,199	70,985,872	66,281,657	66,134,200	60,618,293	71,136,111	264,722,952	64,278,496
All Other Governmental Funds:										
Nonspendable	$ 1,000,000	1,000,000	1,000,000	1,000,277	-	1,002,223	1,002,223	1,002,223	1,002,223	1,002,223
Restricted	54,224,549	23,722,571	55,420,167	25,401,502	46,150,142	48,830,314	49,610,850	55,095,264	39,629,756	43,831,689
Committed	15,893,733	26,874,639	10,673,489	10,643,271	-	-	-	423,876	367,043	623,988
Assigned	-	-	-	-	-	657,536	421,026	311,668	618,921	-
Unassigned	266,586	(211,994)	(304,621)	(285,517)	(2,443,922)	(2,124,671)	(3,194,659)	(617,700)	-	(278,692)
Total all other governmental funds	$ 71,384,868	51,385,216	66,789,035	36,759,533	43,706,220	48,365,402	47,839,440	56,215,331	41,617,943	45,179,208

See Independent Auditor's Report.

CITY OF PORTSMOUTH, VIRGINIA
Changes in Fund Balances, Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

Exhibit A-4

	Fiscal Year									
	2021	**2020**	**2019**	**2018**	**2017**	**2016**	**2015**	**2014**	**2013**	**2012**
Revenues										
Taxes	$ 188,208,646	177,183,904	174,299,649	166,143,061	165,316,609	165,989,121	164,133,541	161,907,337	160,108,769	160,062,205
Licenses and permits	1,125,063	1,063,342	970,984	1,184,721	1,101,703	1,133,825	954,328	959,486	832,610	883,022
Fines and forfeitures	199,968	256,229	430,782	407,379	393,231	623,879	692,844	633,409	867,213	853,101
Investment income and use of property	1,080,029	2,874,280	3,904,685	3,614,523	2,256,497	1,864,034	2,104,418	2,034,326	1,952,293	2,179,404
Charges for services	13,026,253	14,451,607	13,533,254	13,820,844	12,300,039	13,227,327	12,795,031	12,659,493	12,796,551	11,795,141
Recovered costs	3,437,434	3,437,754	3,320,565	3,250,747	3,094,150	3,880,881	3,935,523	3,842,764	3,598,403	3,708,285
Miscellaneous	4,062,325	4,191,013	4,910,656	4,707,444	6,981,435	4,432,350	3,678,609	6,252,378	4,451,002	17,765,172
Intergovernmental	83,609,112	80,012,134	72,716,057	70,603,236	73,792,879	73,090,368	75,974,575	74,876,626	72,780,080	75,920,149
Program income	1,413,468	502,791	175,260	326,162	-	-	-	-	-	-
Total revenues	296,162,298	283,973,054	274,261,892	264,058,117	265,236,543	264,241,785	264,268,869	263,165,819	257,386,921	273,166,479
Expenditures										
General government	22,148,133	25,346,040	17,755,008	18,831,693	17,279,723	16,668,136	17,584,368	17,178,147	15,905,233	15,501,466
Nondepartmental	14,544,761	11,864,509	15,207,616	11,230,129	11,609,303	11,586,048	12,584,942	180,581,237	12,138,227	11,496,297
Judicial	19,641,145	19,360,029	18,593,526	18,987,412	18,825,217	19,135,481	20,977,970	20,547,549	20,179,701	18,496,993
Public safety	60,483,309	62,453,305	58,790,353	59,002,490	56,384,491	53,900,072	57,143,666	54,113,766	61,441,195	62,240,428
Public works	23,717,727	30,346,586	27,199,246	18,389,321	16,051,725	17,460,963	19,857,877	17,804,330	16,786,940	15,588,397
Health and welfare	33,597,934	29,383,223	28,761,332	30,161,237	30,793,964	32,037,049	34,041,970	34,072,749	32,239,186	35,594,381
Parks, recreation and cultural	11,759,148	11,889,210	12,253,121	11,879,662	12,048,666	10,114,937	9,574,714	10,672,489	11,448,655	11,091,361
Community development	8,532,181	5,945,399	5,472,555	5,143,342	5,379,225	4,946,123	5,669,431	6,717,779	7,906,297	8,101,488
Debt service:										
Principal	27,331,892	18,848,017	10,950,672	10,959,457	21,413,187	20,049,788	18,912,510	19,951,362	10,739,261	10,075,319
Interest and other debt service charges	13,428,837	16,088,730	27,298,006	26,335,349	16,428,402	18,507,554	19,147,205	16,213,438	14,313,937	13,029,154
Education	59,622,845	55,396,045	49,163,551	45,556,751	52,400,000	51,200,000	52,550,163	50,528,423	39,849,897	49,571,413
Capital outlay	28,336,802	20,357,621	19,731,291	29,716,193	24,188,084	11,866,954	25,025,125	23,674,694	13,961,951	46,037,429
Total expenditures	323,144,714	307,278,714	291,176,277	286,193,036	282,801,987	267,473,105	293,069,941	452,055,963	256,910,480	296,824,126
(Deficiency)/Excess of revenues over (under) expenditures	(26,982,416)	(23,305,660)	(16,914,385)	(22,134,919)	(17,565,444)	(3,231,320)	(28,801,072)	(188,890,144)	476,441	(23,657,647)
Other financing sources (uses)										
Transfers in	65,974,941	72,986,697	70,148,636	66,597,507	61,176,380	62,566,204	66,035,010	88,968,251	21,594,945	22,880,724
Transfers out	(57,156,048)	(59,319,558)	(61,259,826)	(57,092,269)	(51,928,913)	(53,326,537)	(56,502,867)	(78,447,095)	(12,459,843)	(15,331,422)
Discount on bonds issued	-	-	-	761,000	-	-	-	-	-	-
Payments to escrow agent	(28,468,646)	(128,754,443)	-	(81,531,318)	-	-	-	-	-	-
Payment for current refunding of debt	-	-	-	-	-	(56,930,880)	(30,446,686)	-	-	-
Premium on bonds issued	3,937,239	749,968	2,996,699	-	-	4,358,163	-	-	10,661,550	1,962,885
General obligation bonds issued	36,730,000	-	35,208,705	85,520,779	6,143,000	53,205,000	30,821,906	-	254,465,000	31,450,000
Bridge Loan	-	1,700,000	-	3,400,000	-	-	-	-	-	-
Refunding bonds issued	28,720,000	129,295,000	-	-	-	-	-	-	(77,854,902)	(33,175,221)
Total other financing sources (uses)	49,737,486	16,657,664	47,094,214	17,655,699	15,390,467	9,871,950	9,907,363	10,521,156	196,406,750	7,786,966
Net change in fund balances	$ 22,755,070	(6,647,996)	30,179,829	(4,479,220)	(2,174,977)	6,640,630	(18,893,709)	(178,368,988)	196,883,191	(15,870,681)
Debt service as a percentage of noncapital expenditures	13.99%	12.49%	14.06%	14.24%	14.54%	15.08%	14.20%	8.44%	10.31%	9.21%

See Independent Auditor's Report.

CITY OF PORTSMOUTH, VIRGINIA **Exhibit B-1**

Assessed Value and Estimated Actual Value of Taxable Real Property

Last Ten Fiscal Years

(in thousands of dollars)

Fiscal Year Ended June 30,	Residential Property	Commercial Property	Industrial Property	Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Taxable Value
2021	$5,334,479	$ 1,678,482	$ 848,227	$ 7,861,188	$ 1.30	$ 7,861,188
2020	5,208,484	1,676,921	739,560	7,624,965	1.30	7,624,965
2019	5,159,525	1,727,978	688,392	7,575,895	1.00	7,575,895
2018	5,124,105	1,782,294	400,870	7,307,269	1.30	7,307,269
2017	5,094,814	1,775,072	399,322	7,269,208	1.30	7,269,208
2016	5,040,388	1,733,055	399,095	7,172,538	1.30	7,172,538
2015	5,024,940	1,745,055	399,665	7,169,660	1.27	7,169,660
2014	5,032,854	1,723,320	42,731	6,798,905	1.27	6,798,905
2013	5,039,792	1,697,096	396,839	7,133,727	1.27	7,133,727
2012	5,132,403	1,900,610	402,017	7,435,030	1.27	7,435,030

Source: City Assessor's Office

CITY OF PORTSMOUTH, VIRGINIA **Exhibit B-2**
Property Tax Rates
Last Ten Fiscal Years

Fiscal Year Ended June 30,	Real Property (1)	Personal Property			Manufacturer's Machinery and Tools (3)
		Vehicles	Boats	RV's	
2021	$ 1.30	$ 5.00	$ 0.50	$ 1.50	$ 5.00
2020	1.30	5.00	0.50	1.50	3.00
2019	1.30	5.00	0.50	1.50	3.00
2018	1.30	5.00	0.50	1.50	3.00
2017	1.30	5.00	0.50	1.50	3.00
2016	1.30	5.00	0.50	1.50	3.00
2015	1.27	5.00	0.50	1.50	3.00
2014	1.27	5.00	0.50	1.50	3.00
2013	1.27	5.00	0.50	1.50	3.00
2012	1.27	5.00	0.50	1.50	3.00

(1) As required by State law, real estate is assessed at 100% of estimated fair market value. The real estate rate is per $100 of assessed value.

(2) Most personal property, primarily vehicles and boats, is assessed at 100% of the National Automobile Dealer Association (NADA) average loan values and BUC Boat Price Guide values. Business personal property is assessed using a predetermined depreciation schedule.

(3) The assessment basis for manufacturer's machinery and tool is calculated on a straight 50 percent of original cost method. The tax rate is per $100 of assessed value.

CITY OF PORTSMOUTH, VIRGINIA **Exhibit B-3**

Principal Property Tax Payers

Current year and Nine Years Ago

	2021		2012	
Taxpayer	Taxable Assessed Value	Percentage of Total City Taxable Assessed Value (1)	Taxable Assessed Value	Percentage of Total City Taxable Assessed Value
Virginia International Gateway Inc.	$ 525,035,890	6.68%	$ -	
Dominion Virginia Power	40,105,769	0.51%	35,375,738	0.43%
Westwinds Property LLC	29,675,020	0.38%	22,597,350	0.28%
CSB Myrtles, LLC	28,507,000	0.36%	27,000,000	0.33%
Columbia Gas of Virginia Inc.	28,305,012	0.36%	-	-
Metro Machine Corp.	25,945,780	0.33%	-	-
Wheelabrator Portsmouth, Inc.	25,071,110	0.32%	24,018,759	0.30%
Lincoln Family Communities LLC	24,675,220	0.31%	-	-
PRHA	22,264,830	0.28%	34,422,997	0.42%
Wal-Mart Real Estate Business Trust	16,889,730	0.21%	-	-
APM Terminals	-	-	407,831,438	5.01%
Earl Industries	-	-	37,283,412	0.46%
GEM Portsmouth High LLC	-	-	33,851,910	0.42%
Portsmouth Economic Development Authority	-	-	25,356,290	0.31%
Portsmouth Genco LLC	-	-	21,463,860	0.26%
	$ 766,475,361	9.74%	$ 669,201,754	8.22%

(1) FY2021 total City taxable real property assessed value - $7,861,188,747

Source: Portsmouth City Assessor and Portsmouth Commissioner of the Revenue

CITY OF PORTSMOUTH, VIRGINIA
Property Tax Levies and Collections
Last Ten Fiscal Years

Exhibit B-4

Tax Year	Fiscal Year Ending	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Total Collections to Date				
			Amount	Percentage of Levy	Delinquent Taxes	Amount	Adjustments to Levy	Outstanding Taxes A/R	Percentage of Levy
Real Estate									
2020	June 30, 2021	$ 102,194,939	$ 94,660,121	92.63%	$ -	$ 94,660,121	$ (2,088,483)	$ 5,446,335	94.56%
2019	June 30, 2020	99,124,039	95,203,527	96.04%	2,576,404	97,779,931	(913,993)	430,115	99.56%
2018	June 30, 2019	97,431,512	93,892,019	96.37%	2,588,991	96,481,010	(604,879)	345,623	99.64%
2017	June 30, 2018	93,340,092	87,454,514	93.69%	4,353,220	91,807,734	(1,302,641)	229,717	99.75%
2016	June 30, 2017	92,868,293	86,739,589	93.40%	4,623,553	91,363,142	(1,304,953)	200,198	99.78%
2015	June 30, 2016	91,537,233	85,998,777	93.95%	4,169,897	90,168,674	(1,209,772)	158,787	99.82%
2014	June 30, 2015	89,337,507	83,972,704	93.99%	3,851,838	87,824,542	(1,349,342)	163,623	99.81%
2013	June 30, 2014	89,135,633	83,706,341	93.91%	4,347,811	88,054,152	(910,334)	171,147	99.81%
2012	June 30, 2013	88,808,682	83,261,282	93.75%	4,794,707	88,055,989	(577,132)	175,561	99.80%
2011	June 30, 2012	92,659,186	85,681,654	92.47%	3,922,429	89,604,083	(3,022,688)	32,415	99.96%
Personal Property									
2020	June 30, 2021	$ 25,960,198	$ 19,895,842	76.64%	$ -	$ 19,895,842	$ 1,466,599	$ 7,530,955	72.54%
2019	June 30, 2020	24,167,958	17,942,402	74.24%	4,642,161	22,584,563	375,072	1,958,467	92.02%
2018	June 30, 2019	21,780,010	16,491,312	75.72%	4,188,901	20,680,213	(70,822)	1,028,975	95.26%
2017	June 30, 2018	20,278,000	15,383,909	75.87%	8,687,861	24,071,770	4,552,586	758,816	96.94%
2016	June 30, 2017	20,208,249	14,992,869	74.19%	8,512,310	23,505,179	4,001,568	704,638	97.09%
2015	June 30, 2016	23,350,303	17,520,280	75.03%	8,386,698	25,906,978	3,140,068	583,393	97.80%
2014	June 30, 2015	22,974,088	17,782,605	77.40%	8,245,912	26,028,517	3,054,430	-	100.00%
2013	June 30, 2014	23,014,501	17,444,594	75.80%	9,043,007	26,487,601	3,473,100	-	100.00%
2012	June 30, 2013	23,241,660	17,511,643	75.35%	8,164,589	25,676,232	2,434,572	-	100.00%
2011	June 30, 2012	21,841,734	17,181,394	78.66%	7,410,063	24,591,457	2,749,723	-	100.00%

(1) Personal property taxes are assessed on property owned as of January 1 and become due June 5th of each year. Because the due date falls so near the last day of the fiscal year, there is normally a substantial amount of delinquent taxes receivable as of the close of the fiscal year, the majority of which is collected in the following fiscal year.

(2) The original levy for FY2021 is $37,995,971 less the tax credit of $12,035,774 equaling $25,960,198 as shown.

(3) Adjustments to levies includes supplements, abatements, prorations, adjustments and writeoffs.

CITY OF PORTSMOUTH, VIRGINIA **Exhibt C-1**

Ratios of Outstanding Debt by Type

Last Ten Fiscal Years

(dollars in thousands, except per capita)

	Governmental Activities				Business-Type Activities					
Fiscal Year	General Obligation Bonds	Literary Loans	Capital Leases	Net Government Debt	General Obligation Bonds	Revenue Bonds	Capital Leases	Total Primary Government	Percentage of Personal Income	Per Capita
2021	$ 435,660	$ -	$ -	$ 435,660	$ 121,422	$ 32,079	$ -	$ 589,161	*	*
2020	423,204	-	612	423,816	127,134	32,185	-	583,135	*	*
2019	430,402	-	1,786	432,188	135,712	-	-	567,900	14%	$ 6,016
2018	414,630	-	2,865	417,495	138,872	-	-	556,367	14%	5,872
2017	413,227	250	4,355	417,832	134,752	-	-	552,584	15%	5,827
2016	433,556	500	6,072	440,128	142,457	-	27	582,612	16%	6,122
2015	446,374	750	8,206	455,330	149,512	-	223	605,065	16%	6,281
2014	473,497	1,000	10,246	484,743	165,494	-	416	650,653	18%	6,790
2013	493,637	1,250	13,172	508,059	172,055	-	1,130	681,244	19%	7,091
2012	265,568	1,500	16,024	283,092	175,492	-	2,021	460,605	13%	4,774

The city of Portsmouth has no overlapping debt.

* Information not available at this time.

CITY OF PORTSMOUTH, VIRGINIA **Exhibit C-2**

Ratios of General Bonded Debt Outstanding

Last Ten Fiscal Years

(dollars in thousands, except per capita)

Fiscal Year	General Bonded Debt Outstanding (1) General Obligation Bonds (1)	General Bonded Debt Outstanding (1) Total (2)	Percentage of Actual Taxable Value of Property	Net Bonded Debt Per Capita
2021	$ 557,082	$ 557,082	7.09%	*
2020	550,338	550,338	7.22%	*
2019	560,897	560,897	7.40%	5,942
2018	553,502	553,502	7.57%	5,842
2017	573,182	573,182	7.89%	6,044
2016	596,041	596,041	8.31%	6,263
2015	605,065	605,065	8.44%	6,281
2014	650,653	650,653	9.09%	6,790
2013	681,244	681,244	9.55%	7,091
2012	460,605	460,605	6.20%	4,774

(1) Includes general obligation bonds, public utility bonds, golf bonds, and parking bonds.

CITY OF PORTSMOUTH, VIRGINIA
Legal Debt Margin Information
Last Ten Fiscal Years
(dollars in thousands)

Exhibit C-3

Legal Debt Margin Calculation for Fiscal Year 2021

Assessed value	$ 7,861,188
Debt limit (10% of assessed value)	786,119
Debt applicable to limit:	514,243
Legal debt margin	$ 271,876

	Fiscal Year									
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Debt limit	$ 786,119	762,497	757,590	730,727	726,921	717,254	716,966	715,891	713,373	743,503
Total net debt applicable to limit	514,243	505,353	557,592	561,547	536,765	557,355	577,420	606,121	631,739	316,767
Legal debt margin	$ 271,876	$ 257,144	$ 199,998	$ 169,180	$ 190,156	$ 159,899	$ 139,546	$ 109,770	$ 81,634	$ 426,736
Total net debt applicable to limit as a percentage of debt limit	65.4%	66.3%	73.6%	76.8%	73.8%	77.7%	80.5%	84.7%	88.6%	42.6%

CITY OF PORTSMOUTH, VIRGINIA **Exhibit D-1**

Demographic and Economic Statistics

Last Ten Fiscal Years

Fiscal Year	Population	Personal Income (2)	Per Capita Personal Income (2)	Median Age (3)	School Enrollment (4)	Unemployment Rate % (5)
2021	*	*	*	*	12,802	7.20%
2020	97,915	$ 4,266,942	$ 43,578	*	13,254	12.70%
2019	94,398	4,021,806	42,605	36.7	13,476	3.80%
2018	94,750	3,898,431	41,144	35.3	13,713	4.10%
2017	94,838	3,749,433	39,535	36.0	14,003	5.50%
2016	95,165	3,624,567	38,087	35.0	14,168	6.20%
2015	96,336	3,681,567	38,216	33.6	14,079	6.10%
2014	95,829	3,568,331	37,236	34.4	14,215	7.00%
2013	96,075	3,494,958	36,377	35.0	14,256	8.30%
2012	96,480	3,499,098	36,268	34.9	14,099	8.10%

(1) Census Bureau

(2) Bureau of Economic Analysis

(3) Census Bureau, American Community Survey, 1-Year Estimates

(4) Virginia Department of Education, March 31 average daily membership

(5) Federal Reserve, St. Louis Fed, June Estimate

CITY OF PORTSMOUTH, VIRGINIA **Exhibit D-2**
Principal Employers
Current Year and Nine Years Ago

	2021			2012		
Employer	Number of Employees	Rank	Percentage of Total City Employment	Number of Employees	Rank	Percentage of Total City Employment
Norfolk Naval Shipyard	12,000	1	28.05%	9,200	1	19.95%
Naval Medical Center, Portsmouth	5,000	2	11.69%	7,000	2	15.18%
Portsmouth Public Schools	2,336	3	5.46%	2,148	5	4.66%
City of Portsmouth	1,478	4	3.46%	2,445	4	5.30%
U.S. Coast Guard Command - Portsn	1,402	5	3.28%	2,500	3	5.42%
Bon Secours Maryview Medical Cen	1,300	6	3.04%	2,000	6	4.34%
Virginia International Gateway	750	7	1.75%			
Ceres Marine Terminals	750	8				
Tidewater Community College	375	9	0.88%	425	8	0.92%
The Pines Residential Treatment Cer	375	9	0.88%			
International Marine & Industrial Ap	375	9	0.88%			
Venture Dynamics Enterprise	375	9	0.88%			
Earl Industries				900	7	1.95%
Smithfield of Portsmouth				350	9	0.76%
Walmart				300	10	0.65%
Total	26,516		60.25%	27,268		59.13%

Sources: Portsmouth Department of Economic Development
Norfolk Naval Shipyand, Portsmouth
Naval Medical Center, Portsmouth
Portsmouth Public Schools FY2021 Budget
City of Portsmouth FY2021 Budget
Bureau of Labor Statistics
Bureau of Economic Analysis

CITY OF PORTSMOUTH, VIRGINIA

Exhibit E-1

Full-time Equivalent Employees by Function/Program

Last Ten Fiscal Years

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
General Fund										
General government	132	139	123	127	124	144	148	153	110	112
Judicial administration	242	253	246	242	227	221	222	210	198	193
Public Safety	611	625	584	576	530	537	545	551	502	499
Public Works	87	86	96	89	58	65	65	60	49	67
Health and Welfare	-	-	-	-	-	-	-	-	-	-
Parks, recreational and cultural services	106	107	73	70	92	170	196	173	112	94
Community Development	48	51	46	43	38	38	40	46	46	43
Total General Fund	1,226	1,261	1,168	1,147	1,069	1,175	1,216	1,193	1,017	1,008
Special Revenue Funds										
Willett Hall Fund	2	2	1	1	1	1	-	1	-	-
Children's Services Act Fund	3	3	2	1	-	-	-	-	-	-
Stormwater Management Fund	23	27	22	24	21	16	14	20	20	22
Grants	27	-	-	-	-	-	-	15	14	15
Behavioral Health Services Fund	120	120	94	85	82	100	92	87	100	86
Social Services Fund	245	246	216	174	175	186	163	163	174	149
Total Special Revenue Funds	420	398	335	285	279	303	269	286	308	272
Enterprise Funds										
Public Utilities Fund	138	139	103	102	85	77	82	85	100	91
Golf Fund	17	17	16	15	11	11	11	10	10	11
Waste Management Fund	68	62	50	45	44	45	40	42	46	39
Parking Authority Fund	6	6	3	2	2	3	4	2	2	2
Total Enterprise Funds	229	224	172	164	142	136	137	139	158	143
Internal Service Funds										
City Garage Fund	35	35	34	32	33	28	28	27	28	25
Information Technology Fund	33	26	25	22	23	29	29	30	30	28
Risk Management Fund	3	3	1	1	3	2	2	1	1	2
Total Internal Service Funds	71	64	60	55	59	59	59	58	59	55
Total all funds	1,946	1,947	1,735	1,651	1,549	1,673	1,681	1,676	1,542	1,478

Source: Munis Employee Master download June 30, 2021

CITY OF PORTSMOUTH, VIRGINIA
Operating Indicators by Function/Program
Last Ten Fiscal Years

Exhibit E-2

Function/Program	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Police										
Physical arrests	6,131	8,835	8,844	8,218	9,097	6,617	5,896	4,689	4,422	2,874
Parking violations	11,000	6,717	5,558	3,639	4,102	2,976	2,247	2,937	2,073	2,916
Traffic violations	18,648	14,343	12,297	17,119	18,580	6,715	5,366	6,952	5,502	3,901
Fire										
Emergency responses	17,618	17,421	17,517	17,787	18,561	18,724	18,162	18,663	19,060	20,610
Fires extinguished	382	307	291	322	295	429	360	368	333	447
Inspections	516	801	696	923	913	920	1,614	1,950	1,367	1,316
Refuse collection										
Refuse collection (tons/day)	*	*	183	142	135	75	154	174	235	233
Recyclables collected (pounds/day)	*	*	22,913	134,700	117,243	73,120	110,146	88,820	45,000	48,430
Other public works										
Street resurfacing (miles)	22.0	5.9	19.0	18.0	16.5	24.6	25.7	22.0	14.5	19.5
Potholes repaired	3,341	5,350	8,615	8,480	7,688	3,334	3,619	2,147	1,903	1,505
Parks and recreation										
Community center admissions	242,864	286,750	231,897	219,261	193,600	140,792	42,133	72,585	53,989	37,876
Library										
Volumes in collection	243,583	243,583	243,856	316,777	288,843	274,917	209,671	235,124	222,765	215,275
Total volumes borrowed	384,130	357,581	325,694	290,763	278,651	278,651	209,772	186,904	183,862	88,857
Water										
New connections	149	92	85	118	89	92	87	47	73	3,083
Water main breaks	91	107	118	163	94	81	100	95	79	87
Average daily consumption (millions of gallons)	17.0	24.6	18.0	20.2	15.1	17.8	15.2	16.5	16.0	15.5

Sources: City of Portsmouth Departments

* Information not available at the time of publication.

CITY OF PORTSMOUTH, VIRGINIA
Capital Asset Statistics by Function/Program
Last Ten Fiscal Years

Exhibit E-3

Function/Program	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol units	262	268	256	256	253	249	255	255	255	259
Fire										
Stations	8	8	8	8	8	8	8	8	8	8
Fire trucks	12	12	12	12	12	12	13	13	20	20
Boat	1	1	1	1	1	1	1	1	1	1
Emergency Medical Services										
Ambulances	5	5	5	5	5	5	5	9	11	11
Refuse collection										
Collection trucks	27	27	27	27	28	28	28	51	49	50
Other public works										
Streets (miles)	399	399	399	399	398	398	398	398	398	398
Highway (miles)	887	887	887	887	881	881	881	881	881	881
Streetlights	10,706	10,714	10,723	10,747	10,747	10,747	10,750	10,768	10,768	10,776
Signalized intersections	120	121	123	122	122	122	122	122	122	122
Parks and recreation										
Acreage	402	402	402	588	588	588	588	588	588	588
Playgrounds	13	13	13	15	15	15	16	16	16	16
Baseball/softball diamonds	36	36	36	36	36	36	36	36	36	36
Soccer/football fields	34	34	34	34	34	34	34	36	36	36
Community centers	7	7	7	7	7	7	7	7	7	7
Pools/Splash Park	*	*	*	3	3	3	3	3	3	2
Golf Course	3	3	3	3	3	3	3	3	3	3
Water										
Water mains (miles)	626	626	626	626	626	626	626	626	626	544
Fire hydrants	2,593	2,593	2,593	2,593	2,593	2,593	2,593	2,593	2,593	2,573
Storage capacity (millions of gallons)	9	9	9	9	9	9	9	9	9	11.5
Wastewater										
Sanitary sewers (miles)	438	438	438	438	438	438	432	432	432	434
Storm sewers (miles)	250	250	250	250	250	250	250	250	250	267
Treatment capacity (millions of gallons)	32	32	32	32	32	32	32	32	32	32

Source: City of Portsmouth Departments

* Information not available at the time of publication.

CliftonLarsonAllen LLP
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The Honorable Members of the City Council
City of Portsmouth, Virginia

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, business-type activities, and each major fund of the City of Portsmouth (the City), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated December 14, 2021.

Internal Control Over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the 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 may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statement. 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 areas required to be reported under *Government Auditing Standards.*

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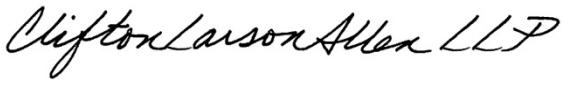
Purpose of this Report

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



CliftonLarsonAllen LLP

Arlington, Virginia
December 14, 2021

PORTSMOUTH
VIRGINIA