

City of Poquoson, Virginia



Annual Comprehensive Financial Report

Fiscal Year

July 1, 2024 – June 30, 2025



City of Poquoson, Virginia

Annual Comprehensive Financial Report

For the Fiscal Year Ended June 30, 2025

Prepared by:

The Department of Finance
Tara Woodruff, Finance Director

City of Poquoson, Virginia
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Introductory Section

City of Poquoson, Virginia

Government Officials

City Council

David A. Hux, Mayor

Debra D. Bunting, Vice Mayor

Anjie L. Emmett

Keith A. Feigh

Carey L. Freeman

Jeanne D. Hubbard

Charles M. Southall, III

City Officials

J. Randall Wheeler, City Manager

Tonya O'Connell, CPA, Assistant City Manager

Tara Woodruff, Finance Director

Steven D. Clarke, Treasurer

Joseph Coccimiglio, Commissioner of the Revenue

D. Wayne Moore, City Attorney

School Board

Dr. Christopher Burbage, Board Chair

Michael DuBose, Board Vice Chair

Dr. Melissa Bartlett

Andrew Dowd

Jesse Maxwell

Kristen Jones

School Officials

Aarty Tillett, Superintendent

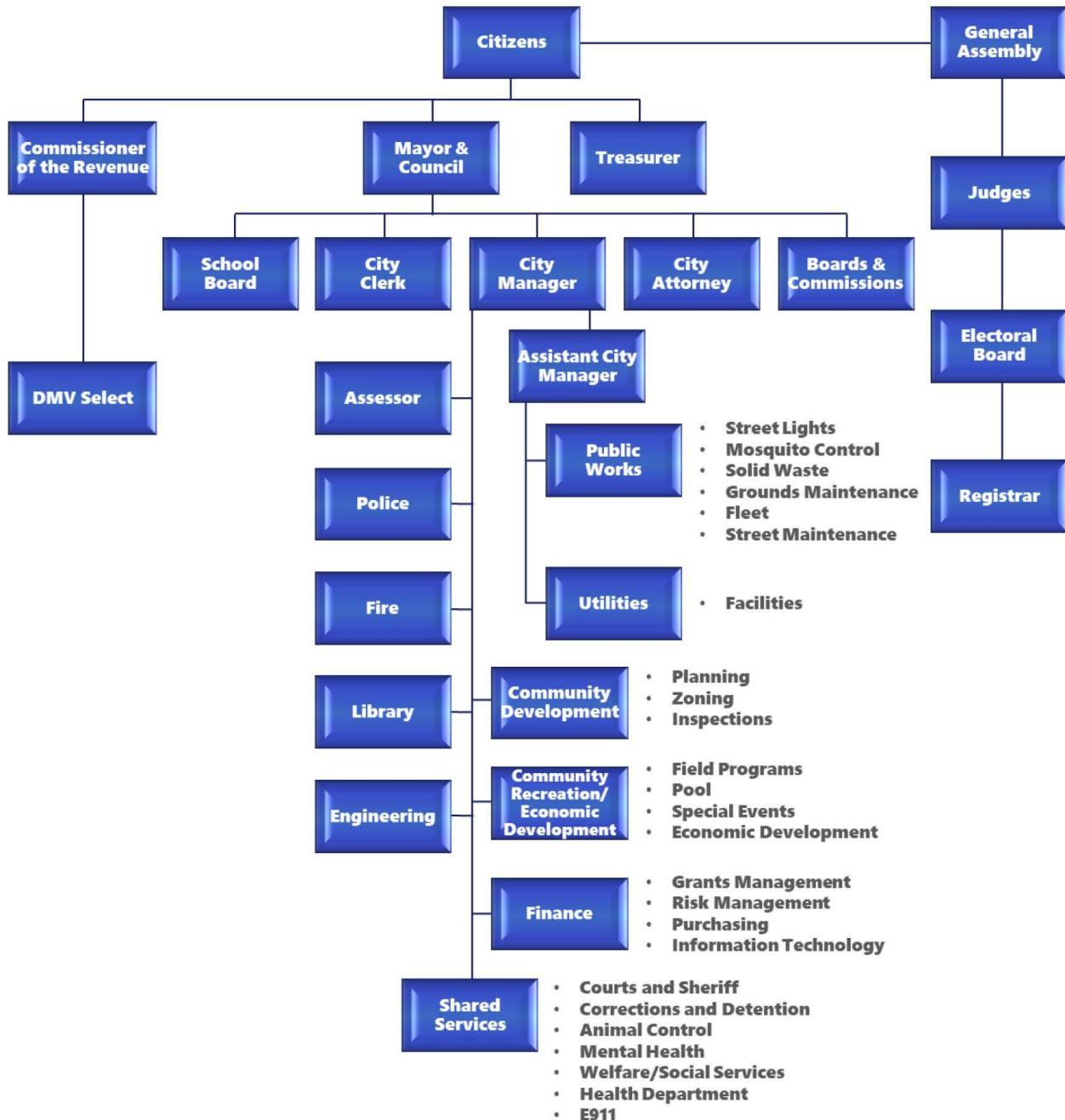
Ashley Ide, Assistant Superintendent for Instruction and Support Services

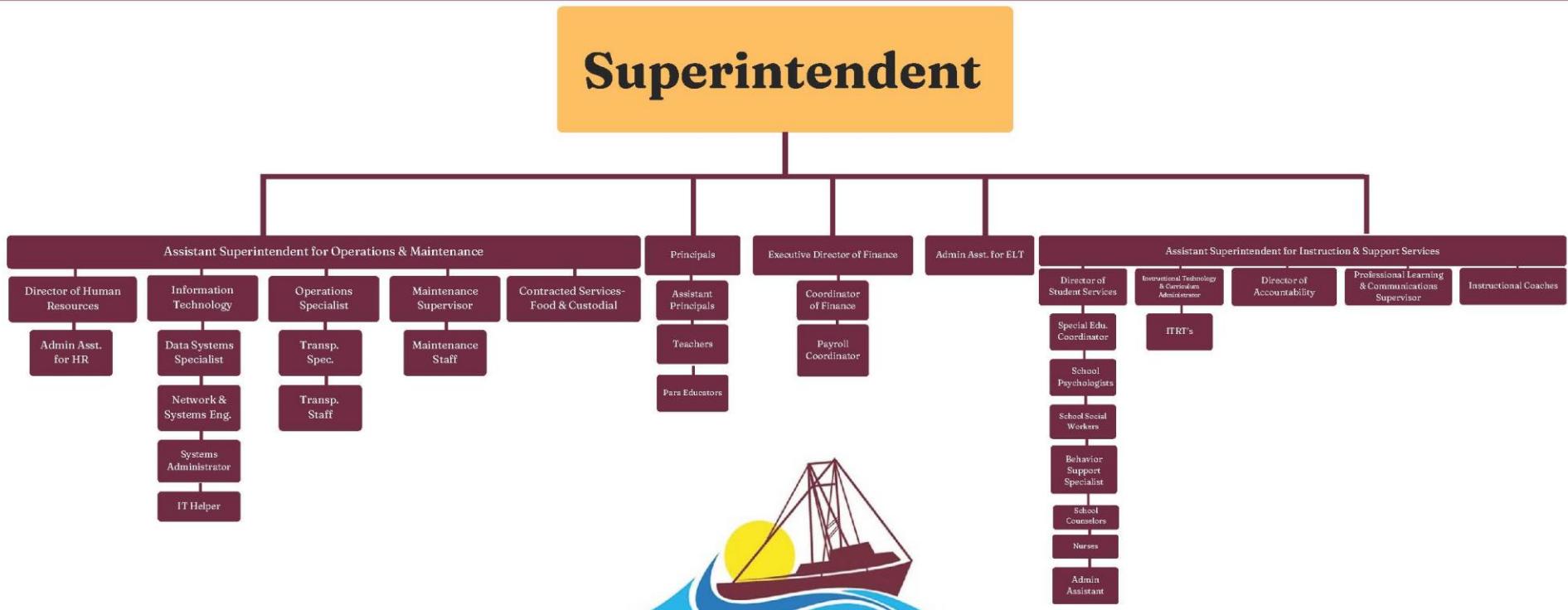
Andrew Roberts, Assistant Superintendent for Operations

Tracy Spence, CPA, Executive Director of Finance



Organization Chart







Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**City of Poquoson
Virginia**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2024

Christopher P. Morrell

Executive Director/CEO



CITY OF POQUOSON **OFFICE OF THE CITY MANAGER**

500 City Hall Avenue
Poquoson, Virginia 23662
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November 3, 2025

To the Honorable Mayor Hux, Members of City Council, and the Citizens of the City of Poquoson:

We are pleased to submit to you the Annual Comprehensive Financial Report (ACFR) of the City of Poquoson (City) for the fiscal year ended June 30, 2025. An ACFR is required in accordance with Article V, Section 11 of the Poquoson City Charter and is presented in conformity with generally accepted accounting principles in the United States of America (U.S. GAAP) and audited in accordance with *Government Auditing Standards* and the Auditor of Public Accounts of the Commonwealth of Virginia by a firm of licensed certified public accountants.

Management assumes full responsibility for the reliability of the information contained in this report, based upon a comprehensive framework of internal controls established for this purpose. Because the cost of internal controls should not outweigh their benefits, the City of Poquoson's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements are free from material misstatement.

Brown, Edwards & Company, L.L.P. Certified Public Accountants, has issued an unmodified opinion on the City's financial statements for the year ended June 30, 2025. The unmodified report of Brown, Edwards & Company, L.L.P., the highest possible result of the audit process, is located at the front of the financial section of this report.

U.S. GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The City of Poquoson's MD&A can be found immediately following the report of the independent auditors.

Profile of the City of Poquoson

The City of Poquoson, which had been a part of York County for many years, became a town in 1952 and an independent city in 1975 upon referendum of the citizens. However, the ties remain close with certain municipal functions continuing to be shared with York County including the Courts, Social Services, Sheriff's Department and E-911 Center.

The City is organized under the Council-Manager form of government. The Poquoson City Council is comprised of seven members who are elected by voters on a non-partisan basis and serve four-year staggered terms. The City is divided into three precincts, with each precinct entitled to two representatives. The City Mayor is elected at large. Persons elected to City Council take office on the first day of January following the election.

The City Council is the policy determining body of the City. Its responsibilities include adoption of the City budget; creation, combination or elimination of City departments; approval of all tax levies; approval of amendments, supplements or repeals to ordinances and the City Code; and appointment of the City Manager, City Clerk, City Attorney, School Board and other various local boards, commissions and committees. The City Manager serves at the pleasure of Council, carries out its policies, directs business procedures and has the power of appointment and removal of all heads of departments (except Constitutional Officers) as well as all other employees of the City.

One of the most important services provided by a city to its taxpayers is the education of the children in the community. The Commonwealth of Virginia statutes put Virginia schools under the dual control of the State Education Board and a local school board. The State Education Board provides operational procedures, standards of education and formulas for partial funding. The City must provide all capital improvement funds, pay debt on school projects and provide any additional operating funds required, but not provided by the State Education Board and federal aid. The City Council's authority is limited to appointing local school board members, appropriating funds by state established categories and issuing debt relating to school projects. Local school boards do not have taxing or bond issuance authority.

The City of Poquoson provides a full range of services, including police and fire protection; the maintenance of highways, streets, and other infrastructure; recreational activities, library services, community development activities, and cultural events. The City also owns and maintains sewage facilities, manages landscaping and bulky item pick-ups, contracts for recycling as well as trash pick-up and disposal; owns and operates a City pool, and manages various paid recreational activities. In addition to general governing activities, the governing body has significant financial influence over the Poquoson Public Schools and the Economic Development Authority (EDA), both of which are reported separately within the City of Poquoson's financial statements. Additional information on these two legally separate entities can be found in Note 1 in the notes to basic financial statements.

The annual budget serves as the foundation for the City of Poquoson's financial planning and control. All agencies and departments of the City of Poquoson are required to submit requests for appropriation to the City Manager in December. The City Manager uses these requests as the starting point for developing a proposed budget. The City Manager presents a proposed budget to City Council for review in April. The Council is required to hold a public hearing on the proposed budget and must adopt a final budget no later than May 31. The appropriated budget is prepared by fund and department. The City Manager may make transfers of appropriations within a fund. Transfers of appropriations between funds and additional appropriations require approval of City Council. The City also maintains an encumbrance accounting system as one method of maintaining budgetary control. Encumbrances are included as budgetary expenditures and therefore do not lapse after year-end. The budget-to-actual comparison for the General Fund starts on page 71 of the report.

Local Economy

The City is located in the southeastern part of the state in the Hampton Roads area in the Norfolk-Virginia Beach-Newport News Metropolitan Statistical Area. The City is a peninsula located between the Poquoson River on the north, Back River and Wythe Creek (the Old Poquoson River) on the south, the Chesapeake Bay on the east and York County of the west.

The City is a suburban community in the Hampton Roads area and residents often work in neighboring cities and typically have the region's highest median income. The City of Poquoson occupies a land area of 14.7 square miles, shoreline area of 87 miles, and, according to The Weldon Cooper Center for Public Service, serves an estimated population of 12,854.

The City remains stable in sales, real estate and personal property taxes. Sales of property have continued to trend in a positive direction.

The City is located near leading employment sites including NASA's Langley Research Center, Joint Base Langley-Eustis and Huntington Ingalls Industries, Inc. Local unemployment for the City remains below the state and national averages. According to the Bureau of Labor Statistics, the most recent annual average for City's unemployment rate is 3.0%, which was the same as the prior year. The City's unemployment rate of 3.0% is below the national and state average of 4.1% and 3.5%, respectively, for the same period of time.

As part of the issuance of debt in June 2018, the City met with two of the National Credit Rating Agencies, Standard & Poor's (S&P) and Moody's for the purpose of having the agencies rate the City's current debt and to establish a rating on the 2018 General Obligation Bonds.

S&P assigned a rating of AAA on the City's 2018 general obligation bonds and affirmed its AAA rating on the City's outstanding general obligation bonds, the highest bond rating available. Some of the rationale cited by S&P included the City's: "Very Strong Economy; Very Strong Management; Strong Budgetary Performance; Very Strong Budgetary Flexibility; Very Strong Liquidity; and Strong Debt and Contingent Liability Profile." S&P states that: "An obligation rated AAA has the highest rating assigned by S&P Global Ratings. The obligor's capacity to meet its financial commitments on the obligation is extremely strong."

Moody's affirmed the City's existing Aa2 credit rating and assigned an enhanced Aa1 rating to 2018 General Obligation Bonds based on the City's strong underlying fundamentals plus the enhancement of the Virginia state aid intercept program. Moody's issues ratings ranging from Aaa to C to designate the relative investment qualities of bonds. The "Aa" rating is the second of nine such ratings and Moody's describe it as "obligation rated Aa are judged to be of high quality and are subject to very low credit risk". Moody's appends numerical modifiers 1, 2, and 3 to each generic rating category from Aa through Caa. The modifier 1 indicates the issuer ranks in the high end of its generic category while the modifier 3 indicates a ranking in the lower end of the generic category. As of November 2022, Moody's reaffirmed the City's existing Aa2 credit rating.

Long-Term Financial Planning

Annual Financial Plans (Budget) and Constrained Capital Improvement Plans (CCIP) are adopted annually, taking into consideration input from all organizational levels of the City. The long-term revenue, expenditure and service implication of continuing or ending existing programs or adding new programs, services, and debt are considered while formulating budgets annually. The City assesses the condition of all major capital assets, including buildings, roads, sewer lines, vehicles, and equipment annually. The Planning Commission recommends adoption of the Constrained Capital Improvement Plan; the document then goes to City Council for final approval. Although the CCIP is intended to be a commitment to a multi-year capital improvement program, it is fundamentally a planning document and subject to annual modifications as priorities, available funding and other factors create a need for revision. The City also utilities a Master Infrastructure Plan which is designed to be the planning bridge between the 5-year CCIP and the 20-year Comprehensive Plan.

Relevant Financial Policies

In October 2009, the City formally adopted a series of financial policy guidelines and in June 2011 modified these policies to incorporate GASB 54. The policies include debt policies as well as fund balance policies. The City believes that sound financial management principles require that sufficient funds be retained by the City to provide a stable financial base at all times, therefore one of the fund balance policies adopted included maintaining a minimum unassigned fund balance of 12%-15% of the current year budgeted expenditures. The unassigned fund balance at the end of the year was 34.2% of budget expenditures and transfers out, well above the adopted policies.

The City increased the Fiscal Stability Reserve by \$100,000 this year to \$1.2 million. The Fiscal Stability Reserve serves as a contingency against unanticipated/emergency expenditures or revenue distributions (i.e., hurricane or pandemic related). The reserve is accounted for separately in Fund Balance for the General Fund, which can be found in Note 10.

Using regular financial reports prepared for City Council, the City recognizes the need to monitor revenue estimates to identify any shortfalls and potential trends that would significantly affect the various revenue sources in the current budget. A significant emphasis is placed on controlling departmental expenditures through accounts payable and purchasing policies and procedures.

Major Initiatives

The City continued its comprehensive outreach marketing campaign entitled “*Poquoson is the Place*” to increase awareness of Poquoson as a wonderful place to live and in which to do business. The campaign cites Poquoson as the place to “*Live, Grow, Work, and Play*” and provides informational overviews of the City’s business-friendly focus, single and multi-family residential availability, community engagement opportunities, and its outstanding public school system.

The Poquoson Police Department continued several Community Engagement events during 2025. The events were 911 Leadership Camp and Safety Town. There was one session of Safety Town and two sessions for each camp with a total of approximately 40 youth from our community involved. The Police Department also held a Cops and Cones event in April 2025 with over 350 children and their families enjoying ice cream together. Unfortunately, due to weather conditions, the annual National Night Out event had to be canceled; however, in lieu of this, the Police Department held a different event inviting the community to meet the School Resource Officers in August 2024, which was well received and attended by approximately 800 community members. All of these events allowed the Police Department to not only build relationships with the children in our community but their entire family as well.

The Public Safety Building was completed and opened in March 2025. This is an approximately 20,000 square foot building constructed at the entrance of City Hall Avenue, and includes the Police Department, Fire Administration and Emergency Management/Operations Center. Funding from the American Rescue Plan Act (ARPA), as well as bond issuance was utilized to support the construction expenses for this new building.

The Legacy of Poquoson development is more than half way complete. Phase I has been completed and sold, which includes one hundred forty-six attached townhomes and detached residences. Phases II and III are currently under construction, with approximately half already complete. These last two phases will add one hundred seventy-two detached and eight cottage single-family homes to this development.

The Legacy development project also included construction of five apartment buildings, which are named The Flats at Legacy, with a total of one hundred seventy-six units, as well as an exclusive clubhouse. This was part of the overall development plan but owned by a separate entity. Construction has been completed for the clubhouse and all five apartment buildings, which began opening in August 2024.

The installation of a traffic signal for the Legacy of Poquoson project located at Victory Boulevard and Legacy Boulevard was completed in June 2025. This became the fourth traffic signal to be installed in the City.

This fiscal year, site work began on a new 21-lot subdivision on Valmoore Drive, known as Valmoore Manor. This project will be built by Eastwood Homes. Quarter Creek, a 32 residential home development, is almost complete and only has a few remaining construction sites.

Construction did not commence on the two additional mixed-use buildings in Phase II of the Fountains of Poquoson. The conditional use permit for Phase II and III have now expired. There has been much conversation with the developer and plans for the ultimate buildout may change.

There were two major business developments in progress during this fiscal year. Construction of a new, approximately 85,000 square foot, storage facility was underway. MyStorage was completed and opened for business in September 2025. Additionally, TJ's Sports Tavern completed construction of a new building in October 2025 and demolished the former building to extend their parking lot.

The City participates in the National Flood Insurance Program (NFIP) and continues to work with the ISO/CRS Specialist for Virginia to find ways to improve the class rating. CRS is an “extra credit” program for NFIP members, granting flood insurance discounts to localities who adopt higher standards to address stormwater flooding. Last year, the City of Poquoson was increased Class 7, which qualifies residents for a 15% discount in flood insurance premiums for most NFIP policies. This savings is a tangible result of the flood mitigation activities the City implements to protect lives and reduce property damage.

The City continues to work with the City of Hampton and the Virginia Department of Transportation on the Wythe Creek Road widening project. This project is intended to improve traffic flow along the corridor; elevate the portion of road through the marsh area so that it remains open during coastal storm events; and provide walkability along the road. The project features widening the Hampton section of the roadway to three lanes; replacing the current bridge and causeway located just south of the Poquoson city line with an elevated bridge; and constructing sidewalks along the route.

For the City of Poquoson, the portion of the above-mentioned project will provide sidewalks on either side of Wythe Creek Road and will improve the Cary's Chapel and Wythe Creek Road intersection. The existing causeway will be retained and will feature a walking and biking path. The elevated bridge will provide an additional evacuation route out of the City during a flood event. Construction began in March 2024 with the targeted project completion in Fall 2027.

This year, several enhancements were completed at two of the parks. A pond aeration project was completed in November 2024 at South Lawson Park. This addition complements the existing athletic fields, restrooms and playground already in place at this park. At Two Tree Park, a stone walking path was completed in September 2024, and a picnic shelter was added in May 2025.

In September 2024, the City completed a tennis court resurfacing, conversion and lighting project. This project consisted of resurfacing the three tennis courts, as well as conversion of one tennis court into two pickleball courts with additional fencing. Lighting was also added to these courts to allow for extended playing time in the evening hours.

Through the Utilities Department, the City has back-up generators for 28 of 29 pump stations. The City recently obtained an easement to place a back-up generator on the remaining pump station. The generator has been purchased and should be installed by December 2025. Also, a sewer project to slip-line approximately 11,900 linear feet in lower Poquoson, as well as rehab 6 manholes and sewer laterals has been underway this year. This project is primarily supported by ARPA funds, with the addition of some funding appropriated in the Sewer Fund. This work qualifies under the guidelines and reduces the inflow and outflow of ground water into the sewer systems, which are goals under the consent order with the Virginia Department of Environmental Quality and Virginia Department of Health.

The Library continues to provide a variety of services for Poquoson residents, including classes and events, meeting room reservations as well as computer use. Throughout the year, the library provided classes and events for youth with 8,318 attendees at programs for children and teens, which was a 12% increase over the previous year. This year, 66,974 patrons visited the library and the library was also able to process 1,768 applications for new passports. Computer usage was up about 21% this year over last, with 9,431 wi-fi and computer sessions were utilized by the public at the library in FY 2025. Meeting room usage was provided for 1,616 reservations, and there were 1,190 new library card registrations during the year.

The Community Recreation Department hosts three major annual events during the fiscal year, which includes the annual Poquoson Seafood Festival in October, holiday parade in December and Picnic in the Park in June. These family friendly events offer a great opportunity to bring the community together. Additionally, the Community Recreation Department continues to coordinate programs and events throughout the year that were very popular with Poquoson residents, which included the annual Great Poquoson Turkey Hunt Contest (a family-friendly scavenger hunt to locate wooden turkey displays hidden throughout the City), a “Letters to Santa” campaign with two official “mailing stations”, holiday programs to include a gingerbread house contest and the successful youth and adult athletic programs and other classes, camps and workshops that are offered.

In an effort to promote local business of the Poquoson, the City hosts Shop and Dine events where businesses offer specials and open houses to encourage shopping and dining locally. To commemorate the City’s 50th anniversary, participation in this year’s events provided residents the opportunity to receive a commemorative travel mug.

Awards and Acknowledgements

The City of Poquoson’s Fire Department continues its Class 2 rating by the Insurance Services Office (ISO) which assesses the readiness of the fire department by analyzing data across three categories of a department’s capabilities of fire-fighting.

The Virginia Public Library Directors Association (VPLDA) awarded the Poquoson Public Library three awards this year, including the Outstanding Program for Adults, Unique Outreach/Engagement Award, and Gold Standard of Excellence Award. These exemplary awards were a result of the Library's efforts to build meaningful partnerships to strengthen community bonds and enriching lives. The Poquoson Public Library was the only library in Virginia to earn the prestigious Gold Standard of Excellence Award in 2025.

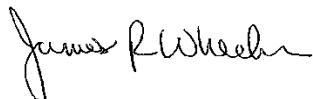
Poquoson City Public Schools (PCPS) was fully accredited by the Virginia Board of Education, meaning the school division and each school met standards of learning benchmarks in reading, writing, math, science and attendance, and the high school met benchmarks for graduation and completion rates. PCPS continues its strong tradition of excellence, ranking among the top school divisions in the Commonwealth for academic performance, while offering a wide variety of extracurricular activities and competitive interscholastic athletic programs.

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Poquoson for its Annual Comprehensive Financial Report for the fiscal year ended June 30, 2024. This was the 37th consecutive year that the government has received this prestigious award. In order to be awarded a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized Annual Comprehensive Financial Report, whose contents conform to program standards. Such reports must satisfy both GAAP and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. We believe our current report continues to conform to the Certificate of Achievement Program requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

The City also received the GFOA's Award for Distinguished Budget Presentation for its Annual Adopted Budget for FY 2025 for the 33rd consecutive year. In order to qualify for the Distinguished Budget Presentation Award, the City's budget document was judged to be proficient in several categories including policy documentation, financial planning, and organization.

The preparation of this report would not have been possible without the efficient and dedicated services of the entire staff of the Finance Department, the Poquoson Public Schools and the Treasurer's Office. Credit also must be given to City Council for their unfailing support for maintaining the highest standards in the management of the City finances.

Respectfully submitted,



James R. Wheeler
City Manager



Tara Woodruff
Finance Director



Financial Section



Independent Auditor's Report

To the Honorable Members of the City Council of
City of Poquoson, Virginia
Poquoson, Virginia

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Poquoson, Virginia as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

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

Basis for Opinions

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

Change in Accounting Principle

As described in Notes 1 and 19 to the financial statements, in 2025, the City adopted new accounting guidance, GASB Statement No. 101, *Compensated Absences*. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

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

Supplementary Information

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

Other Information

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 3, 2025, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Brown, Edwards & Company, S.C.P.

CERTIFIED PUBLIC ACCOUNTANTS

Newport News, Virginia
November 3, 2025

City of Poquoson, Virginia

Management's Discussion and Analysis

Fiscal Year July 1, 2024 – June 30, 2025

As management of the City of Poquoson, Virginia (the City), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities as of and for the fiscal year ("FY") ended June 30, 2025. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our Letter of Transmittal, which can be found in the introduction section of this report, and the notes to the basic financial statements, which can be found immediately following the basic financial statements.



Financial Highlights

The City has continued to maintain a strong financial position for both its governmental and business-type funds. The City continued to provide service and commitment to the citizens, which reflected on the irrepressible practices of the City to ensure sound financial management.

The assets and deferred outflows of the City's Primary Government exceeded its liabilities and deferred inflows of resources as of June 30, 2025, by \$68.5 million (net position). The City's Primary Government total net position increased by \$11.8 million from the prior year.

As of June 30, 2025, the unassigned fund balance for the General Fund was \$13.7 million or 34% of total General Fund expenditures and transfers out.

The City's total debt outstanding at June 30, 2025, was \$44.9 million for all funds which is an increase overall of \$0.3 million from the prior year. The City issued \$3 million in new debt during FY 2025 to finance an HVAC system replacement at Poquoson High School.

The City's Debt Service Fund, which is used to account for and report financial resources that are assigned to expenditure for principal and interest, had an ending fund balance of \$310,138.

City Council previously established a revenue stabilization reserve and the City increased this reserve by \$100,000 during FY 2025 to \$1.2 million.

City Council established a public safety pay plan, and the City applied \$100,000 to this reserve during FY 2025.

City of Poquoson, Virginia

Management's Discussion and Analysis

Fiscal Year July 1, 2024 – June 30, 2025

Overview of the Financial Statements

This discussion and analysis serves as an introduction to the City's basic financial statements. The City's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements.

Government-Wide Financial Statements. The government-wide financial statements are designed to provide readers with a broad overview of the City's finances in a manner similar to a private sector business.

The statement of net position presents information on all of the City's assets and deferred outflows of resources, and liabilities and deferred inflows of resources, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The statement of activities presents information showing how the City's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying events giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in the future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (government activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include general government and administration; judicial; public safety; public works; health and welfare; recreation and cultural; community development; and grants. The business-type activities of the City include a Sewer Operations Fund and a Solid Waste Fund.

The government-wide financial statements include not only the City itself (the primary government), but also a legally separate school system, Poquoson City Public Schools (PCPS), and a legally separate Poquoson Economic Development Authority (EDA) for which the City is financially accountable. Financial information for these component units is reported separately from the financial information presented for the primary government itself. The government-wide financial statements can be found on Exhibits A and B of this report.

Fund Financial Statements. A fund is a group of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental Funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

City of Poquoson, Virginia

Management's Discussion and Analysis

Fiscal Year July 1, 2024 – June 30, 2025

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City maintains four individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, the Debt Service Fund, the Capital Projects Fund, and the Grants Special Revenue Fund. The governmental funds financial statements can be found on Exhibits C and D of this report.

The City adopts an annual appropriated budget for its General Fund. A budgetary comparison schedule has been provided for the General Fund to demonstrate compliance with this budget on Exhibit L.

Proprietary Funds. The City maintains two different types of proprietary funds, enterprise funds, and internal service funds. Enterprise funds provide both long-term and short-term information on business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its Sewer Operations and Solid Waste Fund. Internal service funds are an accounting device used to accumulate and allocate costs internally among the City's departments. The City uses an internal service fund to account for its fleet of vehicles. Because this service predominantly benefits governmental rather than business-type functions, the Fleet fund has been included within governmental activities in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The basic proprietary fund financial statements can be found on Exhibits E, F, and G of this report.

Fiduciary Funds. The City is the trustee, or fiduciary, for certain donated funds. It is also responsible for other assets that, because of a trust arrangement, can be used only for the trust beneficiaries. The City is responsible for ensuring that the assets reported in this fund are used for their intended purposes. The fiduciary funds include the Other Postemployment Benefits Trust Fund and Library Custodial Fund, a party outside the City. These activities are reported in a separate Statement of Fiduciary Net Position. The City excludes this activity from its government-wide financial statement because the resources of those funds are not available to support the City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. The fiduciary funds' statements can be found on Exhibit H and I of this report.

Notes to the Financial Statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found immediately following the basic financial statements.

Other Information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary and other supplementary information concerning the City including financial information on the Poquoson Public School component unit. Required supplemental information can be found after the notes to the basic financial statements. Supplementary information can be found after the required supplementary information.

City of Poquoson, Virginia

Management's Discussion and Analysis

Fiscal Year July 1, 2024 – June 30, 2025

Government-Wide Financial Analysis

Summary of Statement of Net Position As of June 30, 2025

	Governmental Activities		Business-Type Activities		Total	
	FY 2025	FY 2024, as restated*	FY 2025	FY 2024, as restated*	FY 2025	FY 2024, as restated*
Current and other assets	\$ 35,452,530	\$ 39,747,621	\$ 7,048,242	\$ 6,697,149	\$ 42,500,772	\$ 46,444,770
Capital assets	71,578,928	60,707,220	8,037,575	8,454,244	79,616,503	69,161,464
Total assets	107,031,458	100,454,841	15,085,817	15,151,393	122,117,275	115,606,234
Deferred outflows of resources	3,252,865	2,519,159	153,656	91,494	3,406,521	2,610,653
Total assets and deferred outflows	\$ 110,284,323	\$ 102,974,000	\$ 15,239,473	\$ 15,242,887	\$ 125,523,796	\$ 118,216,887
Current and other liabilities	\$ 10,424,784	\$ 15,258,145	\$ 939,638	\$ 848,657	\$ 11,364,422	\$ 16,106,802
Long-term liabilities	40,723,431	40,030,289	1,629,639	2,233,722	42,353,070	42,264,011
Total liabilities	51,148,215	55,288,434	2,569,277	3,082,379	53,717,492	58,370,813
Deferred inflows of resources	3,105,925	2,896,687	156,689	159,459	3,262,614	3,056,146
Total liabilities and deferred inflows	\$ 54,254,140	\$ 58,185,121	\$ 2,725,966	\$ 3,241,838	\$ 56,980,106	\$ 61,426,959
Net investment in capital assets	\$ 35,762,164	\$ 24,154,200	\$ 5,954,516	\$ 5,687,288	\$ 41,716,680	\$ 29,841,488
Restricted	408,440	5,022,944	-	-	408,440	5,022,944
Unrestricted	19,859,579	15,611,735	6,558,991	6,313,761	26,418,570	21,924,496
Total net position	\$ 56,030,183	\$ 44,788,879	\$ 12,513,507	\$ 12,001,049	\$ 68,543,690	\$ 56,789,928

* The change is due to implementation of GASB Statement 101. See Note 19.

Net position serves as a useful indicator of a government's financial position. The City's combined net position totals \$68.5 million, excluding discretely presented component units. By far, the largest portion of this represents investments in capital assets, such as land, buildings, machinery, and equipment. Capital assets net of related debt total \$41.7 million. The City uses these capital assets to provide services to citizens; and thus, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate liabilities. Total net position of \$26.4 million is unrestricted and may be used to meet the City's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the City is able to report positive balances in both categories of net position, for the governmental and business-type activities.

The governmental activities' net position increased by \$11.2 million and the business-type activities increased by \$0.5 million during FY 2025. The increase of net position of the governmental activities is due to many factors to include better than expected revenue associated with real estate and personal property taxes and operating grants and contributions, as well as less than expected expenses primarily related to vacancy savings. The net position of the business-type activities increase is primarily due to collecting additional sewer availability fees for the two new residential developments.

City of Poquoson, Virginia

Management's Discussion and Analysis

Fiscal Year July 1, 2024 – June 30, 2025

Summary of Changes Net Position As of June 30, 2025

	Governmental Activities		Business-Type Activities		Total	
	FY 2025	FY 2024, as restated*	FY 2025	FY 2024, as restated*	FY 2025	FY 2024, as restated*
Revenues:						
Program revenues:						
Charges for services	\$ 1,700,439	\$ 1,735,632	\$ 3,207,661	\$ 3,059,800	\$ 4,908,100	\$ 4,795,432
Operating grants and contributions	2,252,564	2,220,482	-	-	2,252,564	2,220,482
Capital grants and contributions	7,306,385	5,873,466	-	-	7,306,385	5,873,466
General revenues:						
Real estate and personal property taxes	30,201,059	28,712,844	-	-	30,201,059	28,712,844
Other local taxes	4,124,377	4,093,477	-	-	4,124,377	4,093,477
Reimbursements from other agencies	172,537	206,753	-	-	172,537	206,753
Miscellaneous	231,897	437,647	474,122	912,000	706,019	1,349,647
Unrestricted investment earnings	1,785,652	2,130,466	57,067	53,885	1,842,719	2,184,351
Total revenues	\$ 47,774,910	\$ 45,410,767	\$ 3,738,850	\$ 4,025,685	\$ 51,513,760	\$ 49,436,452
Expenses:						
General government	\$ 3,915,841	\$ 3,144,603	-	\$ -	\$ 3,915,841	\$ 3,144,603
Public safety and judicial	11,750,788	11,548,271	-	-	11,750,788	11,548,271
Public works	3,303,111	3,686,726	-	-	3,303,111	3,686,726
Health and welfare	1,604,697	1,377,580	-	-	1,604,697	1,377,580
Education	12,174,561	12,196,202	-	-	12,174,561	12,196,202
Parks, recreation, cultural	2,390,129	2,192,328	-	-	2,390,129	2,192,328
Economic Development Authority	21,000	70,064	-	-	21,000	70,064
Community development	648,012	783,200	-	-	648,012	783,200
Interest and fees on long-term debt	1,075,467	1,148,112	-	-	1,075,467	1,148,112
Sewer	-	-	1,564,213	1,430,629	1,564,213	1,430,629
Solid waste	-	-	1,312,179	1,201,529	1,312,179	1,201,529
Total expenses	\$ 36,883,606	\$ 36,147,086	\$ 2,876,392	\$ 2,632,158	\$ 39,759,998	\$ 38,779,244
Changes in net assets before transfers	10,891,304	\$ 9,263,681	862,458	1,393,527	11,753,762	10,657,208
Transfers	350,000	350,000	(350,000)	(350,000)	-	-
Increase in net position	11,241,304	9,613,681	512,458	1,043,527	11,753,762	10,657,208
Net position, beginning of year	44,788,879	35,175,198	12,001,049	10,957,522	56,789,928	46,132,720
Net position, end of year	\$ 56,030,183	\$ 44,788,879	\$ 12,513,507	\$ 12,001,049	\$ 68,543,690	\$ 56,789,928

* The change is due to implementation of GASB Statement 101. See Note 19.

The City's largest revenue source is general property taxes.

	FY 2025	FY 2024
Real estate tax revenue	\$ 23,054,787	\$ 21,910,551
Public service corporation taxes	370,178	217,536
Personal property taxes	6,564,042	6,388,746
Penalties and interest	212,052	196,011
Total	\$ 30,201,059	\$ 28,712,844

City of Poquoson, Virginia

Management's Discussion and Analysis

Fiscal Year July 1, 2024 – June 30, 2025

Governmental Activities. Real estate revenue was higher in FY 2025 as compared to FY 2024 due to an increase in new homes and improvements since the reassessments of property that began in FY 2024. There were two residential developments under construction during the fiscal year. The City's real estate property tax assessments were \$2,138,388,000 and \$2,048,711,100 for FY 2025 and FY 2024, respectively. Additionally, the City's real estate tax rate increased by three cents in FY 2025 to \$1.14 per \$100 of assessed value.

The City's personal property tax assessments were \$185,839,590 and \$179,940,170 for FY 2025 and FY 2024, respectively. In FY 2025, the City's personal property tax rate remained flat at \$4.15 per \$100 of assessed value for vehicles. Personal property values have continued to return to pre-pandemic levels. The City has also experienced a significant increase in the amount of disabled veteran exemptions.

Under the provisions of the Personal Property Tax Relief Act (PPTRA), the Commonwealth of Virginia's share of local personal property tax was \$1,923,431 for FY 2025 and FY 2024.

Other local taxes were \$4.1 million in FY 2025, which was an increase of \$30,900 from FY 2024. This increase is attributable to increases in sales and meals taxes due to continuing strong economic trends. Although actual revenue collections from use of money and property was strong in FY 2025, the unrestricted investment earnings decreased by \$341,632 from the prior year.

For FY 2025, expenses for governmental activities totaled \$36.9 million, including an expense of \$12.2 million to Poquoson City Public Schools (PCPS). For FY 2024, expenses for governmental activities totaled \$36.1 million, as restated for GASB 101 implementation, including an expense of \$12.2 million to PCPS.

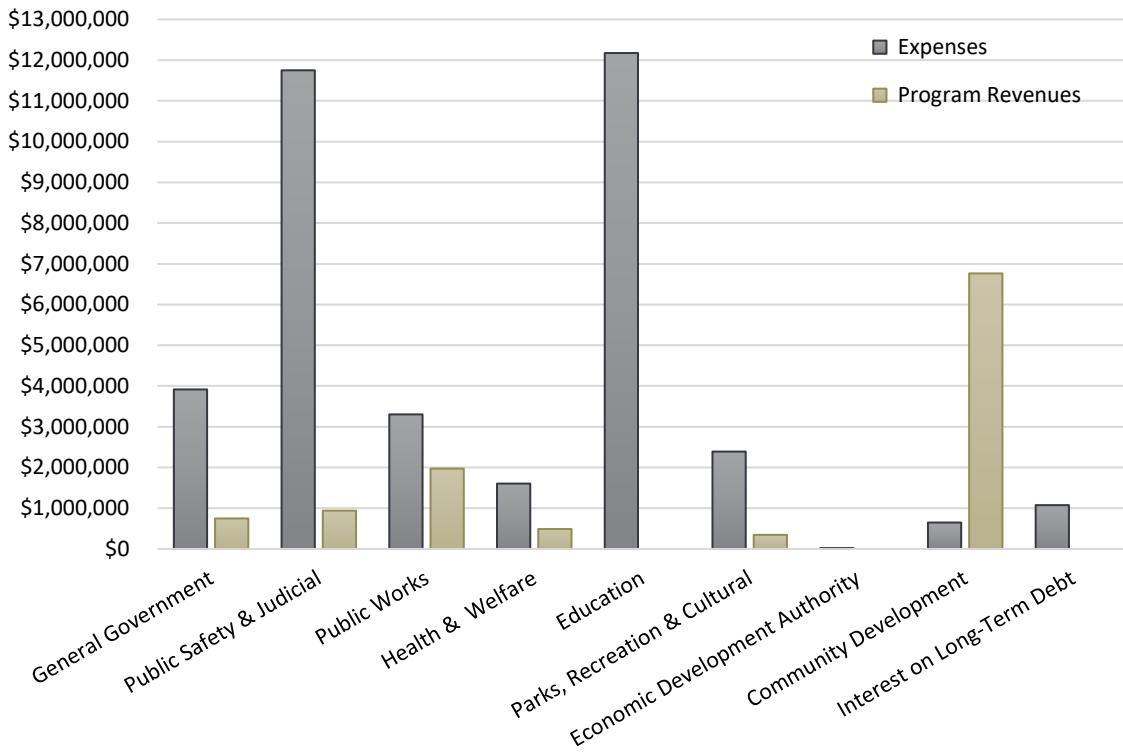
The increases in expenses are primarily a result of an increase in funds transferred to the Capital Projects Fund which was from the reappropriation of fund balance to utilize for school capital projects.

City of Poquoson, Virginia

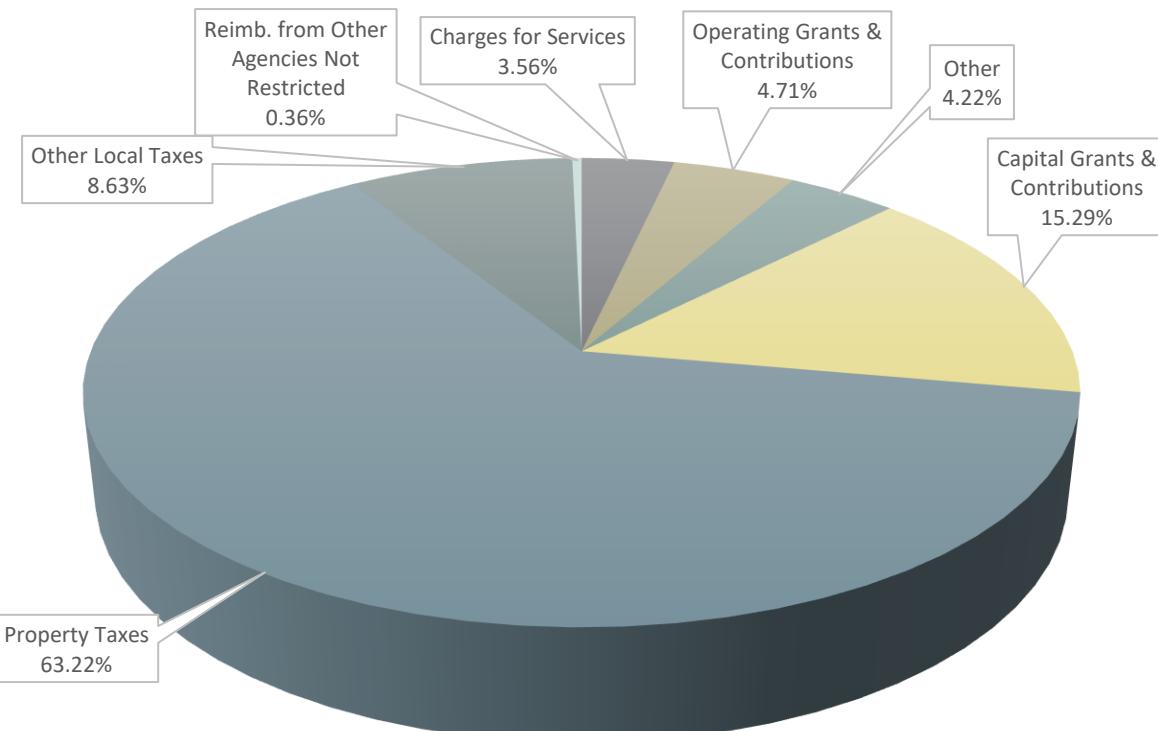
Management's Discussion and Analysis

Fiscal Year July 1, 2024 – June 30, 2025

Expenses and Program Revenues - Governmental Activities



Revenues by Sources - Governmental Activities

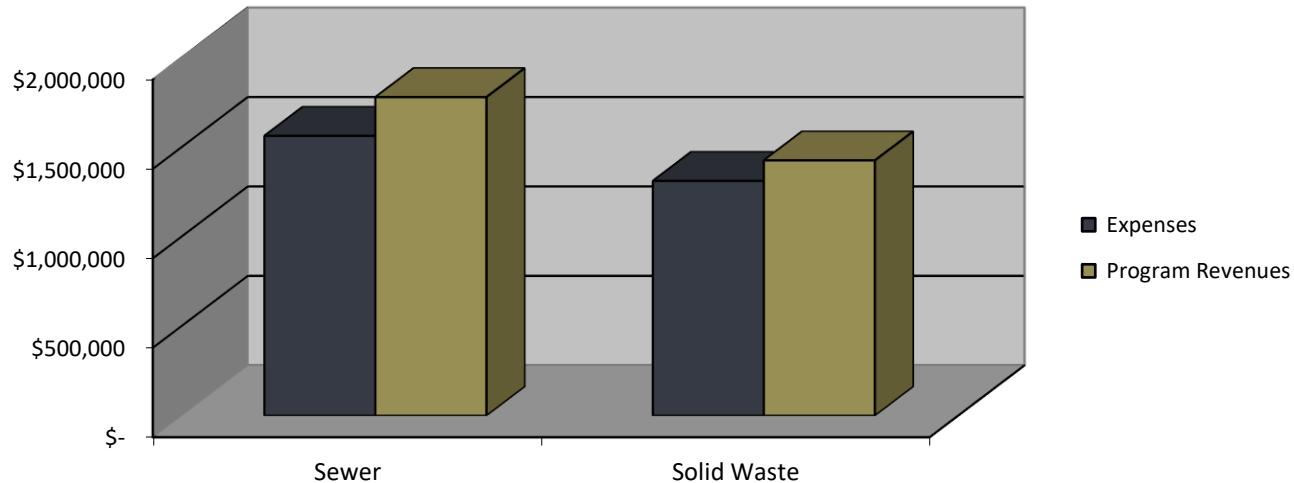


City of Poquoson, Virginia

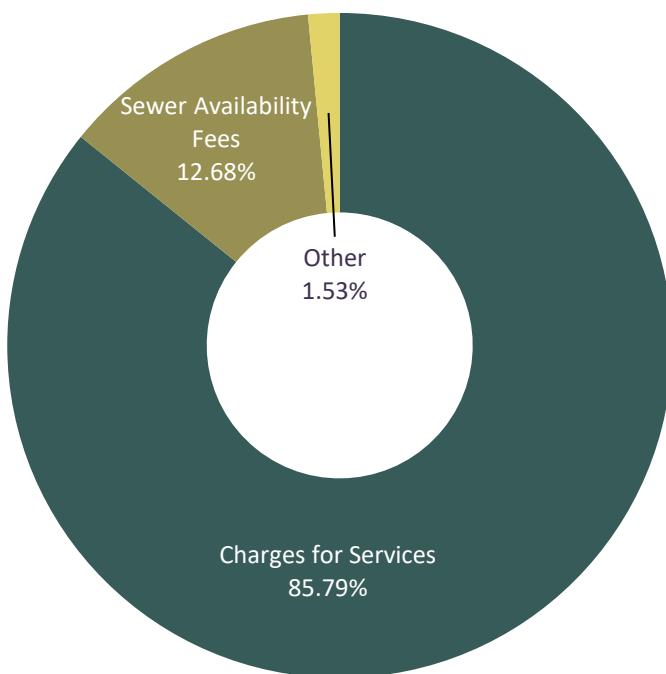
Management's Discussion and Analysis Fiscal Year July 1, 2024 – June 30, 2025

Business-type Activities. Business-type activities increased the City's net position before transfers by \$0.8 million and increased the net position by \$0.5 million after transfers. This increase in net position is primarily a result of additional revenue in the Sewer Fund from sewer availability fees related to new construction.

Expenses and Program Revenues - Business-Type Activities



Revenues by Source - Business-Type Activities



City of Poquoson, Virginia

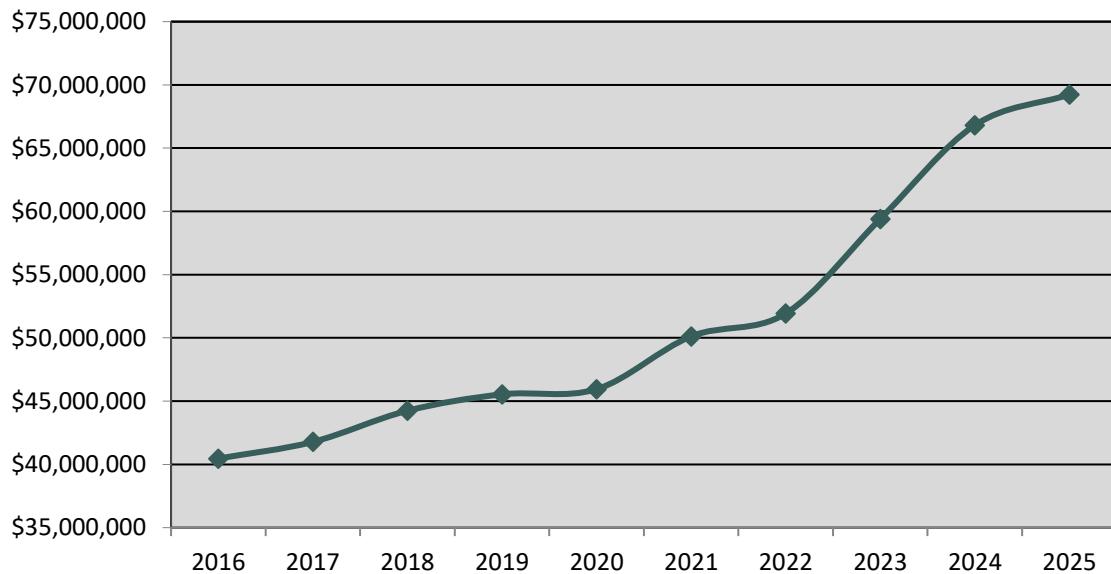
Management's Discussion and Analysis

Fiscal Year July 1, 2024 – June 30, 2025

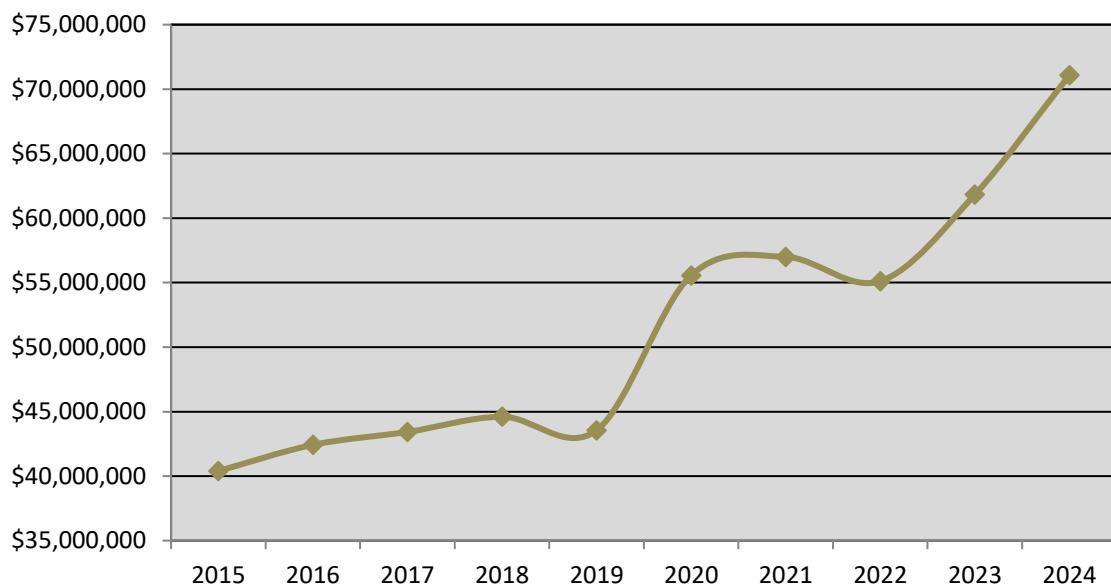
Financial Analysis of the Governmental Funds

Below is a summary of general governmental revenues and expenditures over a ten-year period. Amounts include the City's General, Debt Service, Capital Projects, and Grants Funds along with the School's General and Special Revenue Funds and net of revenue and expenditures between City and Schools.

General Governmental Revenues



General Governmental Expenditures



City of Poquoson, Virginia

Management's Discussion and Analysis

Fiscal Year July 1, 2024 – June 30, 2025

General Fund. The General Fund is the chief operating fund of the City. At the end of fiscal year 2025, the fund balance in the General Fund totaled \$19.0 million. Unassigned fund balance totaled \$13.7 million and is available for spending at the City's discretion. Of the remainder of fund balance, \$1.3 million is nonspendable, \$0.4 is restricted, \$2.9 million is committed and \$0.7 million is assigned. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. The General Fund unassigned fund balance was \$13.7 million or 34% of total General Fund expenditures and transfers out.

Total fund balance in the General Fund increased \$0.2 million this year primarily due to better than anticipated local tax revenue. General property taxes increased over the prior year due to growth in new homes from two new residential developments. Meals tax increased due to continued improvement in economic activity.

The increase in expenditures was primarily a result of an increase in funds transferred to the Capital Projects Fund which was from the reappropriation of fund balance to utilize for school capital projects. The City also retained \$1.6 million in budgeted School Board operating contributions as the School Board's state and federal revenue exceeded budget projections combined with positive expenditure budget results.

Capital Projects Fund. The Capital Projects Fund is used by the City to account for the acquisition and construction of major capital projects and large equipment purchases for the general government. The major sources of funding for the Capital Projects are transfers from the General Fund and debt proceeds. The Capital Projects Fund also received state funding for street projects.

During FY 2025, capital project expenditures of \$7.6 million included for public safety vehicles and equipment, park improvements, resurfacing and conversion of tennis courts for pickleball, new traffic signal at Legacy Boulevard, addition of living shoreline at Amory's Wharf, costs for highway and drainage equipment and improvements, and a portion of the construction costs for the new Public Safety Building.

Debt Service Fund. The Debt Service Fund is used by the City to account for the accumulation of resources for the repayment of long-term debt of the governmental funds. The primary source of funding is transfers from the General Fund.

Grants Special Revenue Fund. The Grants Special Revenue Fund is used by the City to account for revenues and expenditures related to State and Federal grants. For FY 2025, the Grants Special Revenue Fund expenditures were related to use of the American Rescue Plan Act (ARPA) funds. These expenditures totaled \$6.3 million for drainage improvement projects, sewer projects and a portion of the construction costs for the new Public Safety Building.

City of Poquoson, Virginia

Management's Discussion and Analysis

Fiscal Year July 1, 2024 – June 30, 2025

General Fund Budgetary Highlights

The City uses fund accounting and budgeting to ensure and demonstrate compliance with finance-related legal requirements. The General Fund budgetary comparison to actual can be found on Exhibit L. The City records actual revenues and expenditures using accounting principles generally accepted in the United States of America (U.S. GAAP), with the exception of encumbrances, which are included as budgetary expenditures. At the end of Exhibit L, the non-GAAP budgetary expenditures are reconciled to the U.S. GAAP statements. The budget differences of \$4.6 million between the original budget and the final amended budget can be briefly summarized as follows:

- \$0.27 million to the Police Department from re-appropriation of restricted revenue received in FY 2024 and new revenue received in FY 2025 from grants and donations.
- \$0.23 million to the Fire Department from re-appropriation of restricted revenue received in FY 2024 and new revenue received in FY 2025 from grants.
- \$0.21 million additional transfer to the Poquoson City Public Schools (PCPS) for the prior year unspent transfer to provide additional funding towards curriculum, vehicle for job coach program, safety enhancements and middle school interior courtyard renovations.
- \$0.04 million to the Library Department from re-appropriation of restricted revenue received in FY 2024 and revenue received for donations and state allocation in FY 2025.
- \$0.02 million to the Community Development Department for re-appropriation of restricted revenue received in FY 2024.
- \$0.01 million to Parks and Recreation for re-appropriation of restricted revenue received in FY 2024.
- \$0.41 million to Children Services Act for increased costs primarily related to foster children.
- \$0.15 million appropriation to provide transfer to the Debt Service Fund to increase the debt service reserve.
- \$0.20 million appropriation to increase the fiscal stability reserve and establish a public safety pay plan reserve in the General Fund.
- \$0.20 million appropriation to provide a one-time bonus for eligible employees and complete initial administrative pay adjustments as a result of the compensation and classification study.
- \$2.23 million appropriation to provide transfer to the Capital Project Fund from PCPS prior year unspent funds for additional costs related to the high school HVAC replacement, elementary school gym floor resurfacing and exterior paint, phone system upgrade, bus replacements and high school parking lot resurfacing.
- \$0.63 million appropriation to provide transfer to the Capital Project Fund to establish a budget for sidewalks, to conduct a fire station facility condition assessment, and establish a capital reserve for future capital projects.

The charts on the following page show the original approved budget, the final amended budget, and actual amounts for both revenues and expenditures in the General Fund.

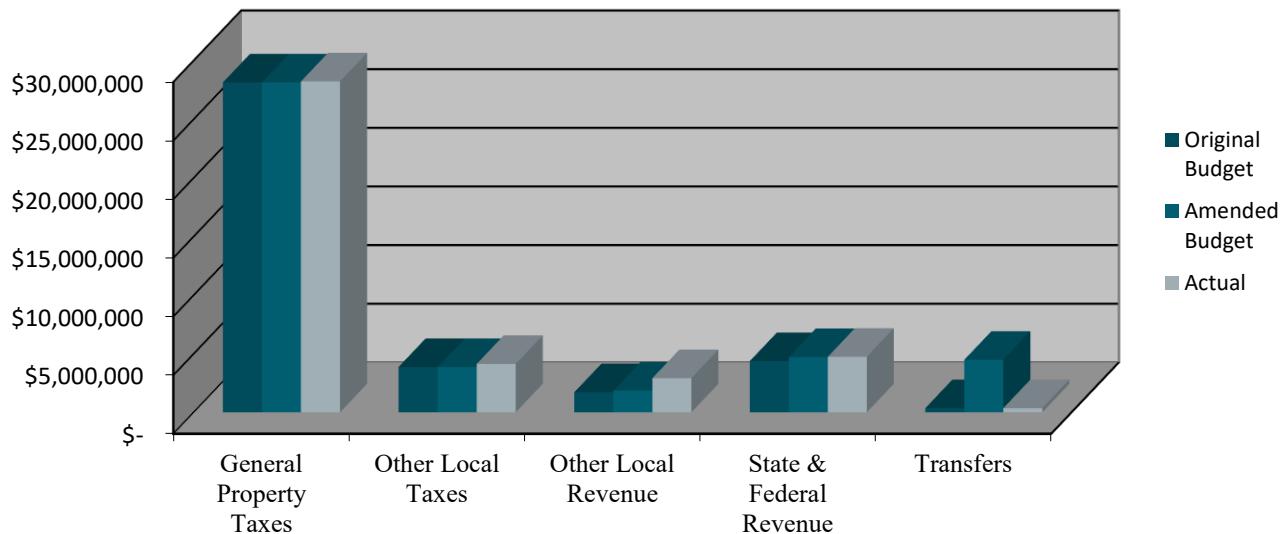
The budgetary comparison can be found on Exhibit L. For budgetary purposes, the City includes encumbrances outstanding at year-end in expenditures, which is not in accordance with U.S. GAAP. A reconciliation of budgetary basis to U.S. GAAP is also shown on Exhibit L.

City of Poquoson, Virginia

Management's Discussion and Analysis

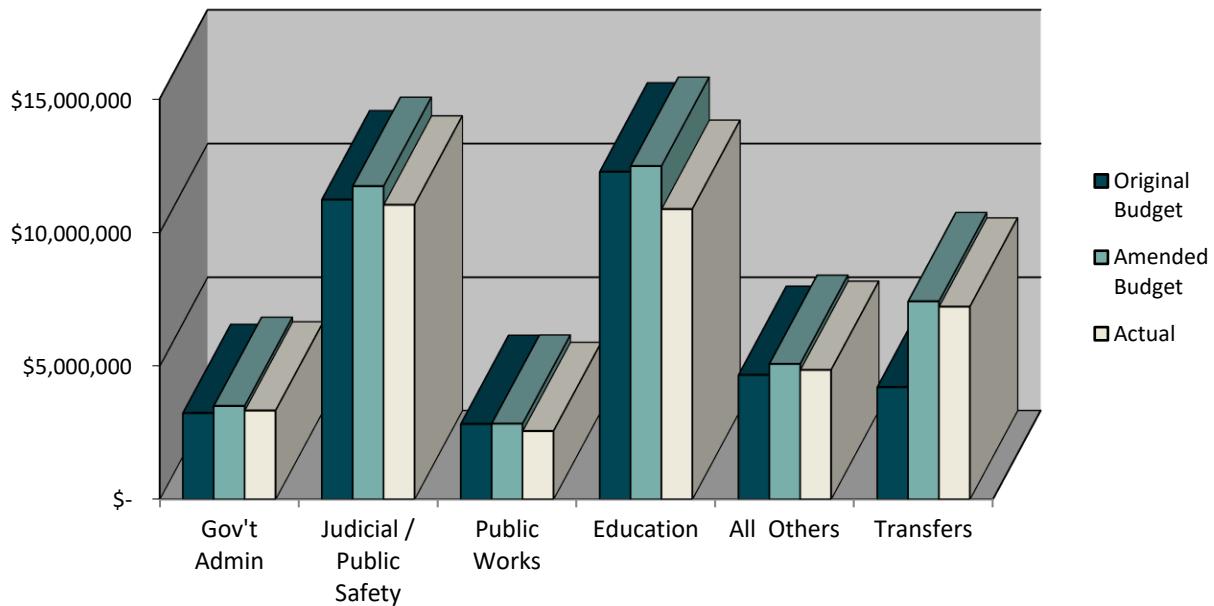
Fiscal Year July 1, 2024 – June 30, 2025

General Fund Revenue Comparison of Budget to Actual



The City's actual General Fund revenues and other financing sources of \$40.3 million exceeded the original budget by \$1.9 million, which was primarily a result of additional revenue from other local taxes, permit fees and investment earnings. The actual General Fund revenues and other financing sources was less than the amended budget by \$2.7 million due to the City budgeting \$4.1 million for use of the fund balance, which is not included in the actual revenue for General Fund.

General Fund Expenditures Comparison of Budget to Actual



The City's actual General Fund expenditures and other financing uses of \$39.9 million were less than the amended budget by \$3.2 million and more than the original budget by \$1.4 million. The decrease in expenditures from the amended budget is a result of vacancies within the City departments, as well as less operating expenditures by the Schools.

City of Poquoson, Virginia

Management's Discussion and Analysis

Fiscal Year July 1, 2024 – June 30, 2025

Capital Assets and Debt Administration

Capital Assets. The City's investment in capital assets for its governmental and business-type activities as of June 30, 2025, amounted to \$79.6 million (net of accumulated depreciation). The investment in capital assets includes land, construction in progress, buildings, infrastructure, machinery and equipment, sewer system, subscription asset, and allocated school buildings. The City owns roads, streetlights, and other infrastructure, but has only capitalized these assets placed in service since July 1, 2002. Infrastructure was capitalized beginning in FY 2007. The PCPS component unit owns their school buildings; however, the City has issued the debt and/or provided the resources to build and renovate school buildings. Thus, the State Code allows PCPS to allocate a portion of their asset to the City, if the City has outstanding debt on the school buildings.

Capital Assets, Net of Depreciation

	Governmental Activities		Business-Type Activities		Total	
	FY 2025	FY 2024	FY 2025	FY 2024	FY 2025	FY 2024
Land	\$ 3,777,448	\$ 3,777,448	\$ 217,666	\$ 217,666	\$ 3,995,114	\$ 3,995,114
Land improvements	2,651,525	2,409,605	-	-	2,651,525	2,409,605
Construction in progress	4,314,897	5,473,311	4,560	81,183	4,319,457	5,554,494
Buildings	13,668,590	3,146,013	66,159	73,272	13,734,749	3,219,285
Building improvements	1,006,741	922,165	-	-	1,006,741	922,165
Infrastructure	7,604,699	7,467,105	-	-	7,604,699	7,467,105
Machinery and equipment	5,552,750	3,372,876	1,005,111	916,024	6,557,861	4,288,900
Subscription asset	96,574	126,289	-	-	96,574	126,289
Sewer system	-	-	6,744,079	7,166,099	6,744,079	7,166,099
Allocated school buildings	32,905,704	34,012,408	-	-	32,905,704	34,012,408
	<u>\$ 71,578,928</u>	<u>\$ 60,707,220</u>	<u>\$ 8,037,575</u>	<u>\$ 8,454,244</u>	<u>\$ 79,616,503</u>	<u>\$ 69,161,464</u>

Debt Administration. Total outstanding general obligation debt at June 30, 2025, was \$38.2 million of which \$36.2 million is considered to be net direct tax supported debt. Included in the total debt are \$36.2 million in general obligation bonds. The remaining \$2.0 million are bonds for the sewer system that are essentially paid for by revenues in the Sewer Operations Fund. The net change in fund balance was the result of City Council appropriating the use towards capital improvement projects in the Capital Project Fund.

State statutes limit the amount of general obligation debt a government may issue up to 10% of its total assessed valuation of real estate and public service corporations. The June 30, 2025, debt limitation for the City is \$217 million, which is significantly in excess of the City's \$38.3 million outstanding net direct bonded debt.

Net Direct Tax Supported Debt General Governmental Activities

	FY 2025	FY 2024
Net direct bonded debt	\$ 36,154,000	\$ 35,887,000
Ratio of outstanding direct debt to assessed value	1.69%	1.75%

More detailed information on the City's long-term debt activity and capital asset activity can be found in Notes 8 and 9 of this report.

City of Poquoson, Virginia

Management's Discussion and Analysis

Fiscal Year July 1, 2024 – June 30, 2025

Economic Factors and Next Year's Budgets and Rates

The FY 2026 budget was prepared with economic trends and factors within the City taken into account:

- The FY 2026 adopted budget reflected the increase in real estate tax revenue due as a result of reassessments effective July 1, 2025, as well as growth in new homes and developments for the year.
- The FY 2026 adopted budget maintained the real estate tax rate of \$1.14 per \$100 of assessed value.
- The FY 2026 adopted budget did, to the greatest extent possible, continue City services/programs at their current levels.
- The FY 2026 adopted budget did increase the Schools' allocation by \$600,000 over the FY 2025 amended budget but did not fully fund the School Superintendent's requested budget.
- The FY 2026 adopted budget provided for a compensation increase for City employees, including a 3% pay scale adjustment for all regular, full-time and part-time employees, as well as a 2% step increase for eligible public safety employees.
- The FY 2026 adopted budget maintains rates for the sewer and solid waste fees.

The FY 2026 adopted budget continued the funding for the other postemployment benefits for eligible employees who retire from the City and a modest contribution to the trust held by VML/VACo Pooled OPEB Trust.

Requests for Information

This financial report is designed to provide a general overview of the City's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to:

Tara Woodruff
Finance Director
500 City Hall Avenue
Poquoson, Virginia 23662



Basic Financial Statements

City of Poquoson, Virginia

Exhibit A

Statement of Net Position

June 30, 2025

	Primary Government			Component Units
	Governmental Activities	Business-Type Activities	Total	
ASSETS				
Cash and investments (Note 2)	\$ 26,799,081	\$ 6,536,698	\$ 33,335,779	\$ 2,023,925
Restricted cash and investments (Note 2)	3,199,273	-	3,199,273	642,426
Property taxes receivable, net (Note 3)	1,085,212	-	1,085,212	-
Other receivables	211,983	447,995	659,978	128,044
Due from Primary Government (Note 6)	-	-	-	2,163,048
Other current assets	15,695	63,549	79,244	100,703
Notes receivable, component unit (Notes 4, 6)	1,293,591	-	1,293,591	-
Leases receivable (Note 7)	1,641,015	-	1,641,015	-
Due from other governmental units (Note 5)	1,206,680	-	1,206,680	595,422
Net pension asset (Note 14)	-	-	-	10,348
Capital assets (Note 8):				
Nondepreciable/nonamortizable	8,092,345	222,226	8,314,571	2,427,508
Depreciable/amortizable	63,486,583	7,815,349	71,301,932	11,667,731
Total assets	\$ 107,031,458	\$ 15,085,817	\$ 122,117,275	\$ 19,759,155
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows related to pension (Note 14)	\$ 2,658,638	\$ 137,720	\$ 2,796,358	\$ 4,349,564
Deferred outflows related to OPEB (Notes 15, 16, 17)	307,647	15,936	323,583	542,296
Deferred refunding costs	286,580	-	286,580	-
Total deferred outflows of resources	\$ 3,252,865	\$ 153,656	\$ 3,406,521	\$ 4,891,860
LIABILITIES				
Accounts payable and accrued liabilities	\$ 2,323,585	\$ 207,584	\$ 2,531,169	\$ 3,135,616
Accrued payroll	309,657	32,534	342,191	-
Accrued interest	450,925	8,877	459,802	6,015
Unearned revenues	997,261	-	997,261	-
Due to component units (Note 6)	2,163,048	-	2,163,048	1,293,591
Noncurrent liabilities (Note 9):				
Due within one year	4,180,308	690,643	4,870,951	608,767
Due in more than one year	40,723,431	1,629,639	42,353,070	15,675,787
Total liabilities	\$ 51,148,215	\$ 2,569,277	\$ 53,717,492	\$ 20,719,776
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows related to pension (Note 14)	\$ 1,088,226	\$ 56,371	\$ 1,144,597	\$ 2,683,337
Deferred inflows related to OPEB (Notes 15, 16, 17)	449,021	23,259	472,280	389,985
Deferred inflows related to leases (Note 7)	1,470,953	-	1,470,953	-
Deferred refunding costs	97,725	77,059	174,784	-
Total deferred inflows of resources	\$ 3,105,925	\$ 156,689	\$ 3,262,614	\$ 3,073,322
NET POSITION (DEFICIT)				
Net investment in capital assets	\$ 35,762,164	\$ 5,954,516	\$ 41,716,680	\$ 14,025,652
Restricted for:				
Education	-	-	-	1,161,480
Public safety	205,266	-	205,266	-
Parks, recreation, and cultural	23,739	-	23,739	-
Community development	114,558	-	114,558	-
General government administration	64,877	-	64,877	-
Unrestricted (deficit)	19,859,579	6,558,991	26,418,570	(14,329,215)
Total net position	\$ 56,030,183	\$ 12,513,507	\$ 68,543,690	\$ 857,917

City of Poquoson, Virginia

Exhibit B

Statement of Activities

Year Ended June 30, 2025

Functions/Programs	Expenses	Program Revenues			Net Revenues (Expenses) and Changes in Net Position					
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			Total	Component Units	
					Governmental Activities	Business-Type Activities				
PRIMARY GOVERNMENT										
Governmental activities:										
General government administration	\$ 3,915,841	\$ 748,822	\$ -	\$ -	\$ (3,167,019)	\$ -	\$ -	\$ (3,167,019)	\$ -	
Public safety and judicial	11,750,788	427,716	512,465	-	(10,810,607)	-	-	(10,810,607)	-	
Public works	3,303,111	-	1,000,000	971,887	(1,331,224)	-	-	(1,331,224)	-	
Health and welfare	1,604,697	-	489,063	-	(1,115,634)	-	-	(1,115,634)	-	
Education	12,174,561	-	-	-	(12,174,561)	-	-	(12,174,561)	-	
Parks, recreation and cultural	2,390,129	94,636	251,036	-	(2,044,457)	-	-	(2,044,457)	-	
Economic Development Authority	21,000	-	-	-	(21,000)	-	-	(21,000)	-	
Community development	648,012	429,265	-	6,334,498	6,115,751	-	-	6,115,751	-	
Interest on long-term debt	1,075,467	-	-	-	(1,075,467)	-	-	(1,075,467)	-	
Total governmental activities	<u>36,883,606</u>	<u>1,700,439</u>	<u>2,252,564</u>	<u>7,306,385</u>	<u>(25,624,218)</u>	<u>-</u>	<u>-</u>	<u>(25,624,218)</u>	<u>-</u>	
Business-type activities:										
Sewer	1,564,213	1,780,737	-	-	-	216,524	216,524	-	-	
Solid waste	1,312,179	1,426,924	-	-	-	114,745	114,745	-	-	
Total business-type activities	<u>2,876,392</u>	<u>3,207,661</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>331,269</u>	<u>331,269</u>	<u>-</u>	<u>-</u>	
Total primary government	<u>\$ 39,759,998</u>	<u>\$ 4,908,100</u>	<u>\$ 2,252,564</u>	<u>\$ 7,306,385</u>	<u>(25,624,218)</u>	<u>331,269</u>	<u>(25,292,949)</u>	<u>-</u>	<u>-</u>	
COMPONENT UNITS										
Poquoson Public Schools	\$ 32,156,576	\$ 2,132,354	\$ 16,166,598	\$ 43,324	-	-	-	-	(13,814,300)	
Economic Development Authority	49,787	-	-	-	-	-	-	-	(49,787)	
Total component units	<u>\$ 32,206,363</u>	<u>\$ 2,132,354</u>	<u>\$ 16,166,598</u>	<u>\$ 43,324</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(13,864,087)</u>	
General revenues:										
Real estate and personal property taxes					30,201,059	-	30,201,059	-	-	
Sales and use taxes					1,514,838	-	1,514,838	2,911,602		
Meals taxes					1,123,697	-	1,123,697	-		
Business license taxes					708,427	-	708,427	-		
Consumer utility taxes					349,053	-	349,053	-		
Recordation taxes					239,736	-	239,736	-		
Other local taxes					188,626	-	188,626	-		
Payments from the City of Poquoson					-	-	-	11,998,973		
Reimbursements from other agencies not restricted to specific programs					172,537	-	172,537	-		
Miscellaneous					231,897	474,122	706,019	240,566		
Unrestricted investment earnings					1,785,652	57,067	1,842,719	-		
Transfers (Note 12)					350,000	(350,000)	-	-		
Total general revenues, transfers, and miscellaneous					<u>36,865,522</u>	<u>181,189</u>	<u>37,046,711</u>	<u>15,151,141</u>		
Change in net position					<u>11,241,304</u>	<u>512,458</u>	<u>11,753,762</u>	<u>1,287,054</u>		
NET POSITION (DEFICIT)										
Beginning of year, as restated (Note 19)					44,788,879	12,001,049	56,789,928	(429,137)		
End of year					<u>\$ 56,030,183</u>	<u>\$ 12,513,507</u>	<u>\$ 68,543,690</u>	<u>\$ 857,917</u>		

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

City of Poquoson, Virginia

Exhibit C

Balance Sheet - Governmental Fund

June 30, 2025

	City TBD.FD[010] FINAL[7]	City TBD.FD[020] FINAL[7]	City TBD.FD[030] FINAL[7]	City TBD.FD[040] FINAL[7]	Grants Special Revenue	Total Governmental Funds
	General	Debt Service	Capital Projects			
ASSETS						
Cash and investments	\$ 19,613,399	\$ 311,138	\$ 5,513,459	\$ 1,163,538	\$ 26,601,534	
Restricted cash and investments	-	-	3,199,273	-	3,199,273	
Property taxes receivable, net	1,085,212	-	-	-	-	1,085,212
Other receivables	211,983	-	-	-	-	211,983
Notes receivable, component unit	1,293,591	-	-	-	-	1,293,591
Due from other governmental units	1,206,680	-	-	-	-	1,206,680
Leases receivable	1,641,015	-	-	-	-	1,641,015
Total assets	\$ 25,051,880	\$ 311,138	\$ 8,712,732	\$ 1,163,538	\$ 35,239,288	
LIABILITIES						
Accounts payable and accrued liabilities	\$ 1,213,550	\$ 1,000	\$ 1,088,886	\$ 290,718	\$ 2,594,154	
Due to component units	2,163,048	-	-	-	-	2,163,048
Unearned revenues	306,461	-	-	690,800	997,261	
Total liabilities	3,683,059	1,000	1,088,886	981,518	5,754,463	
DEFERRED INFLOWS OF RESOURCES						
Unavailable revenue, property taxes	851,229	-	-	-	-	851,229
Leases	1,470,953	-	-	-	-	1,470,953
Total deferred inflows of resources	2,322,182	-	-	-	-	2,322,182
FUND BALANCES (Note 10)						
Nonspendable	1,293,591	-	-	-	-	1,293,591
Restricted	408,440	-	3,199,273	-	-	3,607,713
Committed	2,908,258	-	-	-	-	2,908,258
Assigned	737,553	310,138	4,424,573	182,020	-	5,654,284
Unassigned	13,698,797	-	-	-	-	13,698,797
Total fund balances	19,046,639	310,138	7,623,846	182,020	-	27,162,643
Total liabilities, deferred inflows, and fund balances	\$ 25,051,880	\$ 311,138	\$ 8,712,732	\$ 1,163,538	\$ 35,239,288	

City of Poquoson, Virginia

Exhibit C

Reconciliation of Balance Sheet to the Statement of Net Position - Governmental Fund

June 30, 2025

TOTAL FUND BALANCES PER EXHIBIT C -

BALANCE SHEET - GOVERNMENTAL FUNDS

\$ 27,162,643

AMOUNTS REPORTED FOR GOVERNMENTAL ACTIVITIES IN THE STATEMENT OF NET POSITION (EXHIBIT A) ARE DIFFERENT BECAUSE:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds, net of accumulated depreciation (excluding \$5,900 related to Internal Service Fund).

71,573,028

Deferred outflows of resources for OPEB and pension are not financial resources and, therefore, are not reported in the funds (excluding \$79,068 related to Internal Service Fund).

2,887,217

Deferred outflows and inflows of resources for gain/loss on refunding in governmental activities are not financial resources and, therefore, are not reported in the funds.

188,855

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

851,229

Other liabilities not paid from current period revenues are not reported in funds for:

Accrued interest	(450,925)
Accrued compensated absences (excluding \$104,768 related to Internal Service Fund)	(2,277,701)
Net pension liability (excluding \$63,927 related to Internal Service Fund)	(2,334,347)
Net OPEB liability (excluding \$61,216 related to Internal Service Fund)	(2,235,329)

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

(37,826,451)

Deferred inflows of resources for OPEB and pension are not financial resources and, therefore, are not reported in the funds (excluding \$40,976 related to Internal Service Fund).

(1,496,271)

Internal service funds are used by management to charge the costs of fleet management to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the Statement of Net Position.

Net position of governmental activities

(11,765)

\$ 56,030,183

City of Poquoson, Virginia

Exhibit D

Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Fund

Year Ended June 30, 2025

	City TBD.FD[010] FINAL[7]	City TBD.FD[020] FINAL[7]	City TBD.FD[030] FINAL[7]	City TBD.FD[040] FINAL[7]	Grants Special Revenue	Total Governmental Funds
	General	Debt Service	Capital Projects			
REVENUES						
General property taxes	\$ 28,218,466	\$ -	\$ -	\$ -		\$ 28,218,466
Other local taxes	4,124,377	-	-	-		4,124,377
Permits, privilege fees, and regulatory licenses	283,781	-	-	-		283,781
Fines and forfeitures	32,931	-	-	-		32,931
Use of money and property	1,577,828	-	207,824	-		1,785,652
Charges for services	946,733	-	-	-		946,733
Intergovernmental	4,733,670	-	971,887	6,334,498		12,040,055
Miscellaneous	70,856	14,790	193,796	4,311		283,753
Total revenues	<u>39,988,642</u>	<u>14,790</u>	<u>1,373,507</u>	<u>6,338,809</u>		<u>47,715,748</u>
EXPENDITURES						
General government administration	3,330,951	-	-	-		3,330,951
Public safety and judicial	11,059,401	-	-	-		11,059,401
Public works	2,770,522	-	-	-		2,770,522
Health and welfare	1,611,150	-	-	-		1,611,150
Parks, recreation, and cultural	2,273,641	-	-	-		2,273,641
Community development	656,262	-	-	-		656,262
Nondepartmental	253,196	-	-	-		253,196
Education	10,871,269	-	-	-		10,871,269
Economic Development Authority	21,000	-	-	-		21,000
Capital outlay	-	-	7,633,165	6,334,498		13,967,663
Debt service:						
Principal retirement	27,474	2,732,999	-	-		2,760,473
Interest and fiscal charges	11,079	1,196,614	-	-		1,207,693
Bond issuance costs	-	117,041	-	-		117,041
Total expenditures	<u>32,885,945</u>	<u>4,046,654</u>	<u>7,633,165</u>	<u>6,334,498</u>		<u>50,900,262</u>
Excess (deficiency) of revenues over (under) expenditures	<u>7,102,697</u>	<u>(4,031,864)</u>	<u>(6,259,658)</u>	<u>4,311</u>		<u>(3,184,514)</u>
OTHER FINANCING SOURCES (USES)						
Issuance of debt	-	113,541	2,886,459	-		3,000,000
Transfers in (Note 12)	350,000	4,143,000	3,074,670	-		7,567,670
Transfers out (Note 12)	(7,217,670)	-	-	-		(7,217,670)
Total other financing sources (uses)	<u>(6,867,670)</u>	<u>4,256,541</u>	<u>5,961,129</u>	<u>-</u>		<u>3,350,000</u>
Net change in fund balances	<u>235,027</u>	<u>224,677</u>	<u>(298,529)</u>	<u>4,311</u>		<u>165,486</u>
FUND BALANCES						
Beginning of year	18,811,612	85,461	7,922,375	177,709		26,997,157
End of year	<u>\$ 19,046,639</u>	<u>\$ 310,138</u>	<u>\$ 7,623,846</u>	<u>\$ 182,020</u>		<u>\$ 27,162,643</u>

City of Poquoson, Virginia

Exhibit D

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

Year Ended June 30, 2025

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS \$ 165,486

AMOUNTS REPORTED FOR GOVERNMENTAL ACTIVITIES IN THE STATEMENT OF ACTIVITIES ARE DIFFERENT BECAUSE:

Some revenues will not be collected for several months after the City's fiscal year-end. They are not considered "available" revenues and are deferred in the governmental funds. Unavailable revenues changed by this amount this year.

59,162

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of these assets is allocated over their estimated useful lives and reported as depreciation and amortization expense.

Capital outlay	13,807,266
Depreciation and amortization expense	(2,934,309)

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

Deferred refunding charge, net	(106,564)
Repayment of debt principal and leases	2,760,474
Issuance of debt	(3,000,000)
Amortization of premiums	233,474

Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. These activities consist of the changes in:

Accrued interest	5,315
Compensated absences	(169,500)
Pension expense, net of contributions	361,592
OPEB expense, net of contributions	23,392

Internal service fund is used by management to charge the cost of fleet management to individual departments. The net income of the fleet management fund is reported with governmental activities.

35,516

Change in net position of governmental activities	<u><u>\$ 11,241,304</u></u>
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City of Poquoson, Virginia

Exhibit E

Statement of Net Position - Proprietary Funds

June 30, 2025

	City TBD.FD[050] FINAL[7]	City TBD.FD[070] FINAL[7]	City TBD.FD[090] FINAL[7]	Business-Type Activities Proprietary Funds			Governmental Activities - Internal Service Fund
	Sewer Operations	Solid Waste	Total				
ASSETS							
CURRENT ASSETS							
Cash and investments	\$ 6,041,861	\$ 494,837	\$ 6,536,698	\$ 197,547			
Accounts receivable	230,304	217,691	447,995				-
Other current assets	47,786	15,763	63,549				15,695
Total current assets	<u>6,319,951</u>	<u>728,291</u>	<u>7,048,242</u>				<u>213,242</u>
NONCURRENT ASSETS							
Capital assets:							
Land	217,666	-	217,666				-
Buildings	123,549	9,023	132,572				41,742
Sewer system	22,551,562	-	22,551,562				-
Machinery and equipment	2,286,575	584,856	2,871,431				37,373
Construction in progress	4,560	-	4,560				-
Accumulated depreciation	(17,247,304)	(492,912)	(17,740,216)				(73,215)
Total noncurrent assets	<u>7,936,608</u>	<u>100,967</u>	<u>8,037,575</u>				<u>5,900</u>
Total assets	<u>\$ 14,256,559</u>	<u>\$ 829,258</u>	<u>\$ 15,085,817</u>				<u>\$ 219,142</u>
DEFERRED OUTFLOWS OF RESOURCES							
Deferred outflows related to pension	\$ 119,123	\$ 18,597	\$ 137,720				\$ 70,867
Deferred outflows related to OPEB	13,784	2,152	15,936				8,201
Total deferred outflows of resources	<u>\$ 132,907</u>	<u>\$ 20,749</u>	<u>\$ 153,656</u>				<u>\$ 79,068</u>
LIABILITIES							
CURRENT LIABILITIES							
Accounts payable and accrued liabilities	\$ 17,206	\$ 190,378	\$ 207,584				\$ 29,148
Accrued payroll	27,259	5,275	32,534				9,940
Accrued interest	8,877	-	8,877				-
Compensated absences	26,170	473	26,643				39,266
Bonds payable	664,000	-	664,000				-
Total current liabilities	<u>743,512</u>	<u>196,126</u>	<u>939,638</u>				<u>78,354</u>
NONCURRENT LIABILITIES							
Net pension liability	107,457	16,776	124,233				63,927
Compensated absences	43,654	789	44,443				65,502
Bonds payable	1,342,000	-	1,342,000				-
Net OPEB liabilities	102,899	16,064	118,963				61,216
Total noncurrent liabilities	<u>1,596,010</u>	<u>33,629</u>	<u>1,629,639</u>				<u>190,645</u>
Total liabilities	<u>\$ 2,339,522</u>	<u>\$ 229,755</u>	<u>\$ 2,569,277</u>				<u>\$ 268,999</u>
DEFERRED INFLOWS OF RESOURCES							
Deferred inflows related to pension	\$ 48,759	\$ 7,612	\$ 56,371				\$ 29,007
Deferred inflows related to OPEB	20,118	3,141	23,259				11,969
Deferred refunding costs	77,059	-	77,059				-
Total deferred inflows of resources	<u>\$ 145,936</u>	<u>\$ 10,753</u>	<u>\$ 156,689</u>				<u>\$ 40,976</u>
NET POSITION (DEFICIT)							
Net investment in capital assets	\$ 5,853,549	\$ 100,967	\$ 5,954,516				\$ 5,900
Unrestricted (deficit)	6,050,459	508,532	6,558,991				(17,665)
Total net position (deficit)	<u>\$ 11,904,008</u>	<u>\$ 609,499</u>	<u>\$ 12,513,507</u>				<u>\$ (11,765)</u>

City of Poquoson, Virginia

Exhibit F

Statement of Revenues, Expenses, and Changes in Net Position - Proprietary Funds

Year Ended June 30, 2025

	City TBD.FD[050] FINAL[7]	City TBD.FD[070] FINAL[7]		City TBD.FD[090] FINAL[7]
	Business-Type Activities Proprietary Funds			Governmental Activities - Internal Service Fund
	Sewer Operations	Solid Waste	Total	
OPERATING REVENUES				
Charges for services	\$ 1,780,737	\$ 1,426,924	\$ 3,207,661	\$ 987,772
Total operating revenues	<u>1,780,737</u>	<u>1,426,924</u>	<u>3,207,661</u>	<u>987,772</u>
EXPENSES				
Personnel services	629,136	131,548	760,684	361,424
Contractual services	107,497	609,805	717,302	545,246
Materials and supplies	155,906	76,181	232,087	17,696
Utilities	100,277	90	100,367	6,460
Depreciation	530,638	11,008	541,646	1,249
Other charges	41,154	67,987	109,141	20,181
Waste disposal	-	415,560	415,560	-
Total operating expenses	<u>1,564,608</u>	<u>1,312,179</u>	<u>2,876,787</u>	<u>952,256</u>
Operating income	<u>216,129</u>	<u>114,745</u>	<u>330,874</u>	<u>35,516</u>
NONOPERATING REVENUES				
Interest income	57,067	-	57,067	-
Miscellaneous revenues	-	122	122	-
Interest and fiscal charges	395	-	395	-
Sewer availability fees	474,000	-	474,000	-
Total nonoperating revenues	<u>531,462</u>	<u>122</u>	<u>531,584</u>	<u>-</u>
INCOME BEFORE TRANSFERS	<u>747,591</u>	<u>114,867</u>	<u>862,458</u>	<u>35,516</u>
TRANSFERS				
Transfers out	(300,000)	(50,000)	(350,000)	-
Change in net position	<u>447,591</u>	<u>64,867</u>	<u>512,458</u>	<u>35,516</u>
NET POSITION (DEFICIT)				
Beginning of year, as restated (Note 19)	11,456,417	544,632	12,001,049	(47,281)
End of year	<u>\$ 11,904,008</u>	<u>\$ 609,499</u>	<u>\$ 12,513,507</u>	<u>\$ (11,765)</u>

City of Poquoson, Virginia

Exhibit G

Statement of Cash Flows - Proprietary Funds

Year Ended June 30, 2025

	City TBD.FD[050] FINAL[7]	City TBD.FD[070] FINAL[7]		City TBD.FD[090] FINAL[7]
	Business-Type Activities			
	Sewer Operations	Solid Waste	Total	Internal Service Fund
OPERATING ACTIVITIES				
Received from customers and users	\$ 1,819,385	\$ 1,452,459	\$ 3,271,844	\$ -
Received from interfund services provided	-	-	-	987,772
Payments to suppliers for goods and services	(425,407)	(1,095,886)	(1,521,293)	(568,332)
Payments to employees	(586,353)	(133,627)	(719,980)	(367,143)
Net cash provided by operating activities	<u>807,625</u>	<u>222,946</u>	<u>1,030,571</u>	<u>52,297</u>
NONCAPITAL FINANCING ACTIVITIES				
Miscellaneous revenues	-	122	122	-
Transfers to other funds	(300,000)	(50,000)	(350,000)	-
Net cash used by noncapital financing activities	<u>(300,000)</u>	<u>(49,878)</u>	<u>(349,878)</u>	<u>-</u>
CAPITAL AND RELATED FINANCING ACTIVITIES				
Principal paid on bonds payable	(655,000)	-	(655,000)	-
Sewer availability fees	474,000	-	474,000	-
Interest paid on bonds payable	(31,400)	-	(31,400)	-
Acquisition and construction of capital assets	(124,977)	-	(124,977)	-
Net cash used by capital and related financing activities	<u>(337,377)</u>	<u>-</u>	<u>(337,377)</u>	<u>-</u>
INVESTING ACTIVITIES				
Interest received	57,067	-	57,067	-
Net increase in cash and investments	<u>227,315</u>	<u>173,068</u>	<u>400,383</u>	<u>52,297</u>
CASH AND INVESTMENTS				
Beginning of year	5,814,546	321,769	6,136,315	145,250
End of year	<u>\$ 6,041,861</u>	<u>\$ 494,837</u>	<u>\$ 6,536,698</u>	<u>\$ 197,547</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES				
Operating income	\$ 216,129	\$ 114,745	\$ 330,874	\$ 35,516
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation	530,638	11,008	541,646	1,249
Pension recovery, net of employer contributions	(7,030)	(2,536)	(9,566)	(10,603)
OPEB expense (recovery), net of employer contributions	18,666	(38)	18,628	(1,949)
Changes in assets and liabilities:				
Accounts receivable	38,648	25,535	64,183	-
Other current assets	(17,168)	2,275	(14,893)	3,379
Accounts payable and accrued liabilities	(3,405)	71,462	68,057	17,872
Accrued payroll	6,128	2,041	8,169	3,736
Compensated absences	25,019	(1,546)	23,473	3,097
Net cash provided by operating activities	<u>\$ 807,625</u>	<u>\$ 222,946</u>	<u>\$ 1,030,571</u>	<u>\$ 52,297</u>

City of Poquoson, Virginia

Exhibit H

Statement of Fiduciary Net Position

June 30, 2025

	CITY TBD.FD[048]	TBD.FD[100]
	FINAL[7]	FINAL[7]
	Other	
	Postemployment	
	Benefits Trust	
	Fund	
ASSETS		
Cash and cash equivalents	\$ 88,306	\$ 20,416
Prepaid expenses	810	-
Investments in pooled funds	301,909	-
	\$ 391,025	\$ 20,416
LIABILITIES		
Advance payments	\$ 14,217	\$ -
NET POSITION		
Restricted for postemployment benefits other than pensions	\$ 376,808	\$ -
Restricted for others	- \$ 376,808	20,416 \$ 20,416

City of Poquoson, Virginia

Exhibit I

Statement of Changes in Fiduciary Net Position

Year Ended June 30, 2025

	CITY TBD.FD[048] FINAL[7]	TBD.FD[100] FINAL[7]
	Other Postemployment Benefits Trust Fund	Library Custodial Fund
ADDITIONS		
Contributions, retirees	\$ 87,304	\$ -
Interest	- -	949
Contributions from employer	107,835	-
Increase in fair value of investments	37,619	-
Decrease in fair value of investments	(15,039)	-
Total additions	<u>217,719</u>	<u>949</u>
DEDUCTIONS		
Retirement benefits	181,274	-
Net change in fiduciary net position	<u>36,445</u>	<u>949</u>
NET POSITION		
Beginning of year	340,363	19,467
End of year	<u><u>\$ 376,808</u></u>	<u><u>\$ 20,416</u></u>

City of Poquoson, Virginia

Exhibit J

Combining Statement of Net Position - Component Units

June 30, 2025

	Poquoson City Public Schools	Economic Development Authority	Total
ASSETS			
Cash and cash equivalents	\$ 2,014,488	\$ 9,437	\$ 2,023,925
Restricted cash and cash equivalents	642,426	-	642,426
Due from other governments	595,422	-	595,422
Due from primary government	2,163,048	-	2,163,048
Other receivables	128,044	-	128,044
Inventory	20,703	-	20,703
Prepaid items	80,000	-	80,000
Net pension asset	10,348	-	10,348
Capital assets:			
Nondepreciable/nonamortizable	450,876	1,976,632	2,427,508
Depreciable/amortizable, net	11,667,731	-	11,667,731
Total assets	\$ 17,773,086	\$ 1,986,069	\$ 19,759,155
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to pension	\$ 4,349,564	\$ -	\$ 4,349,564
Deferred outflows related to OPEB	542,296	-	542,296
Total deferred outflows of resources	\$ 4,891,860	\$ -	\$ 4,891,860
LIABILITIES			
Accounts payable and accrued liabilities	\$ 3,135,366	\$ 250	\$ 3,135,616
Accrued interest payable	678	5,337	6,015
Due to primary government	-	1,293,591	1,293,591
Noncurrent liabilities:			
Due within one year	608,767	-	608,767
Due in more than one year	15,675,787	-	15,675,787
Total liabilities	\$ 19,420,598	\$ 1,299,178	\$ 20,719,776
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to pension	\$ 2,683,337	\$ -	\$ 2,683,337
Deferred inflows related to OPEB	389,985	-	389,985
Total deferred inflows of resources	\$ 3,073,322	\$ -	\$ 3,073,322
NET POSITION (DEFICIT)			
Net investment in capital assets	\$ 12,049,020	\$ 1,976,632	\$ 14,025,652
Restricted for:			
Pension	10,348	-	10,348
Education	1,151,132	-	1,151,132
Unrestricted (deficit)	(13,039,474)	(1,289,741)	(14,329,215)
Total net position	\$ 171,026	\$ 686,891	\$ 857,917

City of Poquoson, Virginia

Exhibit K

Combining Statement of Activities - Component Units

Year Ended June 30, 2025

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Change in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Contributions	Poquoson City Public Schools	Economic Development Authority	Total
Poquoson City Public Schools							
Education	\$ 32,156,576	\$ 2,132,354	\$ 16,166,598	\$ 43,324	\$ (13,814,300)	\$ -	\$ (13,814,300)
Economic Development Authority	49,787	-	-	-	-	(49,787)	(49,787)
	\$ 32,206,363	\$ 2,132,354	\$ 16,166,598	\$ 43,324	(13,814,300)	(49,787)	(13,864,087)
General revenues:							
Sales tax					2,911,602	-	2,911,602
City of Poquoson					11,977,973	21,000	11,998,973
Miscellaneous					240,566	-	240,566
Total general revenues					<u>15,130,141</u>	<u>21,000</u>	<u>15,151,141</u>
Change in net position					<u>1,315,841</u>	<u>(28,787)</u>	<u>1,287,054</u>
NET POSITION (DEFICIT)							
Beginning of year, as restated (Note 19)					(1,144,815)	715,678	(429,137)
End of year					\$ 171,026	\$ 686,891	\$ 857,917

City of Poquoson, Virginia

Notes to Financial Statements

June 30, 2025

Note 1 – Summary of Significant Accounting Policies

The accounting policies of the City of Poquoson, Virginia (City) and its component units conform to accounting principles generally accepted in the United States of America (U.S. GAAP) as applicable to government units. The following is a summary of the more significant accounting policies:

Financial Reporting Entity

The City, which was a part of York County for many years, became a town in 1952 and an independent city in 1975 upon referendum of the citizens. Certain municipal functions continue to be shared with York County including the Courts, Social Services, Sheriff's Department, and E-911 Center. The City is organized under the Council-Manager form of government. The Poquoson City Council is comprised of seven members who are elected by voters on a non-partisan basis and serve four-year staggered terms.

The reporting entity of the City has been determined in accordance with U.S. GAAP established by the Governmental Accounting Standards Board (GASB). As required by those principles, these financial statements present the City (Primary Government) and its discretely presented component units, the Poquoson City Public Schools (PCPS), and the Economic Development Authority (EDA).

The City's reporting entity consists of the Primary Government, as well as its component units, which are legally separate entities for which a Primary Government is financially accountable. Financial accountability ordinarily involves meeting both of the following criteria: (a) the Primary Government is accountable for the component unit and (b) the Primary Government is able to impose its will upon the component unit (or there is a possibility that the component unit may provide specific financial benefits or impose specific financial burdens on the Primary Government).

PCPS is responsible for elementary and secondary education in the City. The members of the School Board are appointed by the City Council. PCPS is fiscally dependent upon the City because the City's governing body, City Council, levies the necessary taxes, approves the issuance of bonds, and provides the financial resources to be used for acquisition or construction of PCPS facilities and to provide funding for the operations. Therefore, PCPS is included in the component unit column of the City's financial statements because of the significance of its financial relationship with the City. Furthermore, PCPS meets the criteria for discrete presentation and is, therefore, presented in a separate component unit's column in the basic financial statements to emphasize that it is legally separate from the City. PCPS does not issue separate financial statements.

The EDA is a legally separate corporation established under the Industrial Development and Revenue Bond Act of the Commonwealth of Virginia, together with ordinances adopted by the City Council. The EDA was established to promote industry, to develop trade within the City, and to attract institutions of higher education to locate or remain in the City. Its income is derived from appropriations from the City, fees and land sales, and rental of property. The EDA is also included in the component unit's column of the City's financial statements because the City is able to impose its will on the EDA by appointment of the governing body. In addition, the City Council funds a portion of the EDA's operating budget. Therefore, the EDA is financially dependent on the City. The EDA does not issue separate financial statements.

The entities described in Note 13, Related Party Transactions, are excluded from the City's Annual Comprehensive Financial Report (ACFR) as the City does not have financial accountability over their activities.

City of Poquoson, Virginia

Notes to Financial Statements

June 30, 2025

Note 1 – Summary of Significant Accounting Policies (Continued)

Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the nonfiduciary activities of the Primary Government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for services. Likewise, the Primary Government is reported separately from certain legally separate component units for which the Primary Government is financially accountable.

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

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. The City uses an internal service fund to account for its fleet of vehicles. Because this service predominantly benefits governmental, rather than business-type, functions the fleet fund has been included with governmental activities in the government-wide financial statements. Fiduciary funds are not included in the government-wide financial statements since they are used to report assets held in trust for others and, therefore, cannot be used to support the City's own programs.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 45 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and, therefore, have been recognized as revenues of the current fiscal period. All revenue items are considered to be measurable and available only when cash is received by the government.

City of Poquoson, Virginia

Notes to Financial Statements

June 30, 2025

Note 1 – Summary of Significant Accounting Policies (Continued)

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

The City reports the following major governmental funds:

The *General Fund* is the City's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The *Debt Service Fund* accounts for the resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds.

The *Capital Projects Fund* accounts for financial resources to be used for the acquisition or construction of major City or Schools capital assets, other than those financed by proprietary funds.

The *Grants Special Revenue Fund* accounts for the proceeds of specific revenue sources (other than major capital projects) requiring separate accounting because of legal or regulatory provisions or administration action.

The City reports the following major enterprise funds:

The *Sewer Operations Fund* provides maintenance to the sewer lines and pump stations and derives the majority of its revenue through user charges and fees.

The *Solid Waste Fund* accounts for the collection, disposal, and recycling of household and municipal solid waste, bulky items, and landscaping debris and derives its primary revenue from user fees.

The City reports the following additional proprietary fund type:

The *Internal Service Fund* consists of the Fleet Management Fund, which accounts for the operation of the City's central automotive maintenance service facility. The Fleet Management Fund provides services to all City and Schools departments and/or other governmental units on a cost-reimbursement basis.

Additionally, the City reports the following fiduciary fund types:

The *Other Postemployment Benefits Trust Fund (OPEB Trust Fund)* accounts for future benefits payable for eligible retirees of the City towards health insurance coverage in a plan covered by the City.

The *Library Custodial Fund* accounts for monies donated by the Friends of the Library for furnishings and supplies for the library.

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

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations.

City of Poquoson, Virginia

Notes to Financial Statements

June 30, 2025

Note 1 – Summary of Significant Accounting Policies (Continued)

Budget and Budgetary Accounting

City

Budgets are employed by the Primary Government as a financial control device for the General Fund, Debt Service Fund, Capital Projects Fund, Grants Special Revenue Fund, and Proprietary Funds. An annual appropriated budget is legally adopted for the General Fund through ordinances passed by City Council.

Annual budgets prepared by management are utilized for the Debt Service Fund and Proprietary Funds. Program and project budgets are utilized to control expenditures in the Capital Projects Fund and Grants Special Revenue Fund. Therefore, the Debt Service Fund, Capital Projects Fund, Grants Special Revenue Fund, and Proprietary Funds are not included in the budget and actual comparisons.

Budgets are adopted on a budgetary basis, which is consistent with U.S. GAAP except encumbrances are included as budgetary expenditures. Budgeted amounts reflected in the Primary Government are as originally adopted and amended by City Council.

Supplemental budget appropriations were approved during the fiscal year ended June 30, 2025, for an increase in appropriations in the amount of \$4,613,826 for fund balance appropriation, additional grant funding, and other financing sources for the Primary Government General Fund.

For the General Fund, the City Manager is authorized to transfer budgeted amounts between functions. Revisions that alter the total appropriations for a fund must be approved by City Council. Therefore, the level of control at which expenditures may not exceed appropriations is the total expenditure level of each fund. Unencumbered appropriations lapse at year-end.

Component Unit - Poquoson City Public Schools

PCPS approves the annual operating budget for its General Fund. An annual operating budget is not adopted for the Schools Special Revenue Fund; therefore, it is not included in the budget and actual comparison of the component unit.

For the PCPS General Fund, the Superintendent has authorization to transfer funds within categories but must obtain authorization from the School Board for transfers between categories. City Council appropriates local funds. The School Board must authorize any increase in grant funds.

Cash and Investments

For purposes of reporting cash flows, the City considers all highly liquid investments which, when purchased, have a maturity of three months or less to be cash equivalents.

Investments consist of the State Treasurer's Local Government Investment Pool (LGIP), VML/VACo Virginia Investment Pool, federal government obligations, and the State Non-Arbitrage Program (SNAP). Investments with a maturity date of one year or less are stated at amortized cost. All other investments are stated at fair value.

City of Poquoson, Virginia

Notes to Financial Statements

June 30, 2025

Note 1 – Summary of Significant Accounting Policies (Continued)

Allowance for Uncollectible Accounts

The City (Primary Government) calculates its allowance for uncollectible property taxes receivable using historical collection data. At June 30, 2025, the allowance approximated \$305,000 in the General Fund. All other receivables have experienced a high collection rate; therefore, an allowance for doubtful accounts has not been established by City management for other receivables.

Inventory

Inventory in the Fleet Management Internal Service Fund consists of supplies held for future use and is valued at cost (first-in, first-out method). Inventory in the Schools' Special Revenue Fund consists principally of items held for resale and are valued at cost (first-in, first-out method). Inventory is recognized as expenditures when consumed.

Capital Assets

Capital outlays are recorded as expenditures of the governmental funds and as assets in the government-wide financial statements to the extent that the City's capitalization threshold is met.

Capital outlays of the proprietary funds and the EDA are recorded as capital assets and depreciated over their estimated useful lives on a straight-line basis on both the funds' basis and the government-wide basis.

The City's capitalization policy threshold is \$5,000. All capital assets are valued at historical cost or estimated historical cost if actual cost is not available. Donated assets are valued at acquisition value. Assets acquired under leases are capitalized at the net present value of all lease payments.

The estimated useful lives of capital assets are as follows:

Buildings	15 – 40 years
Building improvements	5 – 40 years
Infrastructure	20 – 40 years
Machinery and equipment	3 – 50 years
Machinery and equipment, leased	term of lease
Subscription asset	term of arrangement
Land improvements	10 – 50 years
Sewer system	40 years
Licensed vehicles	8 – 10 years

Maintenance, repairs, and minor equipment are charged to operations when incurred. Expenditures that materially change capacities or extend useful lives are capitalized. Upon sale or retirement of land, buildings, or equipment, the cost and related accumulated depreciation, if applicable, are eliminated from the respective accounts and any resulting gain or loss is included in the current year's operations.

City of Poquoson, Virginia

Notes to Financial Statements

June 30, 2025

Note 1 – Summary of Significant Accounting Policies (Continued)

Deferred Outflows and Inflows of Resources

In addition to assets, the financial statements report a separate section for deferred outflows of resources which represent a consumption of net assets that applies to future periods and will not be recognized as an expense or an expenditure until that time. The City reports deferred outflows of resources for deferred charges on refunding and amounts related to pensions and other postemployment benefits (OPEB) in the government-wide and proprietary fund Statements of Net Position. The deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price, which is deferred and amortized over the shorter of the life of the refunded or refunding debt. Deferred outflows for pensions and OPEB result from changes in actuarial assumptions, change in the proportionate share of total pension and OPEB liabilities, actual economic experience that is different than estimated, differences in projected and actual earnings on plan investments, and contributions made subsequent to the measurement date. Deferred outflows of resources resulting from contributions made subsequent to the measurement date but before the end of the employer's reporting period will be recognized as a reduction (increase) of the net pension and OPEB liability (asset) in the fiscal year ending June 30, 2025. Changes in deferred outflows of resources, other than subsequent contributions, are amortized over the remaining service life of all plan participants.

In addition to liabilities, the financial statements provide a separate section for deferred inflows of resources which represent an acquisition of net assets that applies to future periods and will not be recognized as revenue until that time. Deferred inflows of resources are reported for amounts related to deferred charges on refunding and amounts related to leases, pensions, and OPEB in the government-wide and proprietary fund Statements of Net Position. Deferred lease amounts are amortized over the lives of the related leases on a straight-line basis. Actuarial losses resulting from actual economic experience that is different than estimated, pension and OPEB trust investment returns that are lower than projected earnings, changes in actuarial assumptions for pension and OPEB programs, and changes in proportionate share of pension and OPEB liabilities are deferred and amortized. Changes in deferred inflows of resources are amortized over the remaining service life of all plan participants, with the exception of investment experience amounts, which are deferred and amortized over a closed five-year period.

Unearned Revenues

In June of 2021, the City received funding of \$7,557,432 from the American Rescue Plan Act (ARPA) of 2021 provided by the Federal Government to help address the public health emergency with respect to a novel strain of coronavirus (COVID-19). The funds were received as a pass-through from the Commonwealth of Virginia. In July 2022, the second portion of the ARPA money of \$7,557,432 was awarded to the City. A portion of these funds, totaling \$674,477, were not spent as of June 30, 2025, and are reported as unearned revenues in the Grants fund on the basic financial statements and will be recognized as revenue as earned in future periods to cover the cost for expenditures through the period of performance as defined by the grant agreement.

City of Poquoson, Virginia

Notes to Financial Statements

June 30, 2025

Note 1 – Summary of Significant Accounting Policies (Continued)

Compensated Absences

City employees are granted vacation and sick pay in varying amounts based on years of service. Employees may accumulate, subject to certain limitations, unused vacation and sick pay earned and, upon retirement, termination, or death, may be compensated for certain amounts at specified rates. A liability is recognized for the amount of leave that has been earned for services already rendered and is estimated to be used or taken, at specified rates, plus salary-related payments such as the employer share of Social Security and Medicare taxes. This liability is included in the government-wide financial statements and proprietary fund financial statements, and charged to the General Governmental Fund, Sewer Fund, Solid Waste Fund, and Internal Service Fund based upon employees' duties.

The Schools also accrue compensated absences (annual and sick leave benefits) when vested. School employees are granted vacation and sick pay in varying amounts based on position and years of service. Employees may accumulate, subject to certain limitations, unused vacation and sick pay earned and, upon retirement or termination may be compensated for certain amounts at specified rates. A liability is recognized for the amount of leave that has been earned for services already rendered and is estimated to be used or taken, at specified rates, plus salary-related payments such as the employer share of Social Security and Medicare taxes. The current and noncurrent portions of the compensated absences are recorded in their government-wide financial statements.

Fund Balances/Net Positions

Fund balances have been classified to reflect the limitations and restrictions placed on the respective funds as follows:

Nonspendable - Includes amounts that cannot be spent because they are not in spendable form or are legally or contractually required to be maintained intact.

Restricted - Includes amounts that can be spent only for the specific purposes stipulated by the constitution, external resource providers, or through enabling legislation.

Committed - Includes amounts that can be used only for the specific purposes determined by a formal action (ordinance) of the City Council. The committed amounts cannot be used for any purpose unless the City Council removes or changes the specified use by taking the same type of action (ordinance) it employed to previously commit these amounts.

Assigned - Includes amounts that are intended to be used by the City for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the General Fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the General Fund, assigned amounts represent intended uses established by City Council's delegation of this authority to the City Manager, Superintendent of Schools, or State Statute.

Unassigned - Is the residual classification for the City's General Fund and includes all spendable amounts not contained in other classifications. The general fund is the only fund that reports a positive unassigned fund balance amount. It is possible for the non-general funds to have negative unassigned fund balances when nonspendable and restricted amounts exceed the positive fund balance for that fund.

City of Poquoson, Virginia

Notes to Financial Statements

June 30, 2025

Note 1 – Summary of Significant Accounting Policies (Continued)

Fund Balances/Net Positions (Continued)

The City's policy is to apply expenditures against restricted resources first when either restricted or unrestricted amounts are available. Within the unrestricted fund balance, it is the City's policy to apply expenditures against committed amounts first, followed by assigned, and then unassigned amounts.

City Council has adopted a fund balance policy to maintain a General Fund unassigned fund balance at the close of each fiscal year equal to 12% - 15% of total General Fund operating expenditures. If the fund balance falls below the minimum target level, the policy provides for actions to replenish the amount to the minimum target level. Generally, replenishment is to occur within 24 months.

Net position in government-wide financial statements is classified as net investment in capital assets, restricted and unrestricted. Restricted net position represents constraints on resources that are either externally imposed by creditors, grantors, contributors, laws and regulations of other governments, imposed by law through State Statute, or a result of a net pension asset.

Sewer Availability Fees

Amounts charged to customers to connect to the City's sewer system are recognized as nonoperating revenue.

Estimates

The preparation of financial statements in accordance with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, deferred flows of resources, revenue and expenses, and disclosure of contingent assets and liabilities for the reported periods. Actual results could differ from those estimates and assumptions.

Concentration Risk

The assessed value of real estate for the City's ten largest taxpayers comprises 5.09% of the City's real estate tax base. Concentration of credit risk with respect to receivables is limited due to the large number of customers comprising the City's customer base.

Leases

The City recognizes lease liabilities and intangible right-to-use lease assets (lease assets) in the statement of net position related to lease agreements.

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

City of Poquoson, Virginia

Notes to Financial Statements

June 30, 2025

Note 1 – Summary of Significant Accounting Policies (Continued)

The City also recognizes a lease receivable, and a deferred inflow of resources related to a lease agreement where it is the lessor. At the commencement of a lease, the City initially measures the lease receivable at the present value of future payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue on a straight-line basis over the life of the lease term.

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

The City uses its estimated incremental borrowing rate as the discount rate for leases.

The lease term includes the noncancelable period of the lease. Lease receipts included in the measurement of the lease receivable is composed of fixed payments from the lessee.

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

Adoption of New Accounting Standard

Effective July 1, 2024, the City adopted GASB Statement No. 101, Compensated Absences. Statement No. 101 provides guidance on the recognition and measurement guidance for compensated absences. The implementation of this pronouncement had the effect of restating previously reported amounts. Further information on this restatement is provided in Note 19, and additional details on the City's compensated absences can be found in Note 9.

Note 2 – Deposits and Investments

Deposits

Deposits with banks are collateralized in accordance with the Virginia Security for Public Deposits Act, 2.2 4400 et. seq. of the Code of Virginia (Act) or covered by the Federal Depository Insurance Corporation. Under this Act, banks holding public deposits in excess of the amounts insured by the FDIC must pledge collateral equal to 50% of such deposits to a collateral pool (the Pool) in the name of the State Treasury Board. Savings and loan institutions are required to collateralize 100% of deposits in excess of FDIC limits. The State Treasury Board is responsible for monitoring compliance with the collateralization and reporting requirements of the Act and for notifying local governments of compliance by banks and savings and loans.

However, all qualified bank's public deposits are considered 100% insured because the Act provides for additional assessments to be made. This means that if a qualified bank were to fail, all collateral in the Pool would be used to recover the public deposits held at that bank. In addition, if the collateral were inadequate to cover all public deposits, additional amounts would be assessed on a pro-rata basis to each member of the Pool. Therefore, the Act ensures there will be no loss of public funds and that makes the Pool similar to depository insurance.

At June 30, 2025, no balances of the Primary Government or its component units were uninsured or uncollateralized in banks or savings institutions because of failure of the institutions to qualify under the Act.

City of Poquoson, Virginia

Notes to Financial Statements

June 30, 2025

Note 2 – Deposits and Investments (Continued)

Investments

Statutes authorize the City to invest in obligations of 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, and the Virginia Treasurer's LGIP, which is managed in accordance with the "2a-7 like pool" risk limiting requirements of U.S. GAAP with portfolio securities valued by the amortized cost method. The fair value of the LGIP is the same as the value of the pool shares. Investments with a maturity date of one year or less are stated at amortized cost. As of June 30, 2025, the City had \$3,199,273 invested in SNAP, which values portfolio securities by the amortized cost method in accordance with U.S. GAAP and periodically monitors the relationship between the amortized cost value per share and the net asset value (NAV) per share based upon available indications of fair value and takes corrective action, if required, to minimize any dilution or other unfair results which might arise from differences between amortized cost and NAV. All other investments are stated at fair value.

In accordance with the Code of Virginia and other applicable laws and regulations, the City's investment policy (Policy) permits investments in U.S. government obligations, obligations of the Commonwealth of Virginia or political subdivisions thereof, prime quality commercial paper, and certain corporate notes, bankers' acceptances, repurchase agreements, negotiable certificates of deposit, bank notes, mutual funds that invest exclusively in securities specifically permitted under the Policy, and the State Treasurer's LGIP.

The City participates in the Virginia Pooled OPEB Trust administered by the VML/VACo Finance. Funds of participating jurisdictions are pooled and invested in the name of the Virginia Pooled OPEB Trust. The City's investment amounts are reported in the Statement of Fiduciary Net Position. The Board of Trustees of the Virginia Pooled OPEB Trust has adopted an investment policy to maximize total long-term rate of return with reasonable risk by seeking capital appreciation and, secondarily, principal protection. Investments are structured to achieve a compound annualized total expected rate of return over a market cycle, including current income and capital appreciation, of 7.5%. Investment decisions for the fund's assets are made by the Board of Trustees. The Board of Trustees establishes investment objectives, risk tolerance, and asset allocation policies in light of market and economic conditions and generally prevailing prudent investment practices. The Board of Trustees also monitors the investments through the appointment and oversight of investment managers and ensures adherence to the adopted policies and guidelines. Specific investment information and written investment policies for the Virginia Pooled OPEB Trust can be obtained by writing to VML/VACo Finance Program, 8 E. Canal Street, Richmond, VA 23219.

Fair Value Hierarchy

Investments measured at fair value using net assets value per share (VML/VACo Pooled OPEB Trust) are not classified in the fair value hierarchy. The VML/VACo Pooled OPEB Trust categorizes their investments within the fair value hierarchy established by GAAP. A government is permitted, in certain circumstances, to establish a fair value of an investment that does not have a readily determinable fair value by using the Net Asset Value (NAV) per share (or its equivalent) of the investment. Investments in the VML/VACo OPEB Trust are valued using the NAV per share, which is readily determined by dividing the total value of the Trust by the number of outstanding shares. The NAV per share changes with the value of the underlying investments in the Trust. Generally, VML/VACo Pooled OPEB Trust participants may redeem their investments at the end of a calendar quarter upon 90 days; written notice.

City of Poquoson, Virginia

Notes to Financial Statements

June 30, 2025

Note 2 – Deposits and Investments (Continued)

Investment Policy

The Policy establishes limitations on the holdings on non-U.S. government obligations. The maximum percentage of the portfolio (book value at the date of acquisition) permitted in each security is as follows:

U.S. Government Obligations	100% maximum
Registered Money Market Mutual Funds	100% maximum
Commonwealth of Virginia LGIP	100% maximum
Bank deposits	75% maximum
Repurchase agreements	50% maximum
Bankers' acceptances	40% maximum
Commercial paper	20% maximum
Negotiable certificates of deposit / bank notes	20% maximum
Municipal obligations	20% maximum
Corporate notes	10% maximum

For the purposes of this Policy, assets of the City shall be segregated into three categories based on expected liquidity needs and purposes: short-term operating funds, the core portfolio, and bond proceeds.

Short-Term Operating Funds

Assets categorized as short-term funds will be invested in permitted investments maturing in 12 months or less. The average weighted maturity of the short-term assets will not exceed 180 days. Because of inherent difficulties in accurately forecasting cash flow requirements, a portion of the portfolio will be continuously invested in readily available funds such as the LGIP, money market mutual funds, or overnight repurchase agreements to ensure that appropriate liquidity is maintained to meet ongoing obligations.

Core Portfolio

The General Fund core portfolio will be invested in permitted investments with a stated maturity of no more than three years from the date of purchase.

Bond Proceeds

Proceeds from the sale of bonds will be invested in compliance with the specific requirements of the bond covenants without further restriction as to the maximum term to maturity of securities purchased. However, in no case will bond proceeds be invested in securities with a term to maturity that exceeds the expected disbursement date of those funds.

Credit Risk

As required by State Statute, the Policy requires commercial paper to have a short-term debt rating of no less than "A-1" (or its equivalent) from at least two of the following: Moody's Investors Service, Standard & Poor's, and Fitch Investor's Service. Corporate notes, negotiable certificates of deposit, and bank deposit notes maturing in less than one year must have a short-term debt rating of at least "A-1" by Standard & Poor's and "P-1" by Moody's Investors Service. Notes having a maturity of greater than one year must be rated "AA" by Standard & Poor's and "Aa" by Moody's Investors Service.

City of Poquoson, Virginia

Notes to Financial Statements

June 30, 2025

Note 2 – Deposits and Investments (Continued)

Credit Risk (Continued)

Although State Statute does not impose credit standards on repurchase agreement counterparties, bankers' acceptances, or money market mutual funds, the City has established stringent credit standards for these investments to minimize portfolio risk. The City's investments held by an outside brokerage and investment banking firm are rated "AAA" and "AA" by Standard & Poor's and "Aaa" or "Aa2" by Moody's Investors Service.

Concentration of Credit Risk

The Policy establishes limitations on portfolio composition by issuer in order to control concentration of credit risk. No more than 5% of the City's portfolio will be invested in the securities of any single issuer with the following exceptions:

U.S. Treasury	100% maximum
Commonwealth of Virginia LGIP	100% maximum
Each Money Market Fund	50% maximum
Each Repurchase Agreement Counterparty	25% maximum

Interest Rate Risk

As a means of limiting exposure to fair value losses arising from rising interest rates, the City's Policy limits investment of operating funds to investments with a stated maturity of no more than three years from the date of purchase.

Proceeds from the sale of bonds must be invested in compliance with the specific requirements of the bond covenants and may be invested in securities with longer maturities.

Custodial Risk

For an investment, custodial risk is the risk that in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Policy requires that all investment securities purchased by the City or held as collateral on deposits or investments shall be held by the City or by a third party custodial agent who may not otherwise be counterparty to the investment transaction.

As of June 30, 2025, with the exception of the LGIP, all of the City's investments are held in a bank's trust department in the City's name.

City of Poquoson, Virginia

Notes to Financial Statements

June 30, 2025

Note 2 – Deposits and Investments (Continued)

Custodial Risk (Continued)

The carrying values and weighted average maturity of the City's investments were as follows:

	Investment Maturities (in years)		
	Fair Value	Less Than 1 Year	1 – 3 Years
Commonwealth of Virginia LGIP	\$ 23,567,062	\$ 23,567,062	\$ -
VML/VACo Pooled OPEB Trust Fund	301,909	-	301,909
VIP	6,815,914	6,789,355	26,559
SNAP	3,199,273	-	3,199,273
Total investments	33,884,158	\$ 30,356,417	\$ 3,527,741
Reconciliation to total cash and investments:			
Add: cash on hand and in banks	5,727,876		
Total cash and investments	39,612,034		
Less: cash and investments held in fiduciary funds	410,631		
Total cash and investments, Exhibit A,			
Primary Government and Component Units	\$ 39,201,403		

Note 3 – Property Tax Receivables

Real estate taxes are levied based on the assessed value of the property on each July 1 and attached as an enforceable lien on property as of July 1. Personal property taxes are levied based on the assessed value of the property on each January 1. Real estate and personal property taxes are payable in two installments on December 5 and June 5. The City bills and collects its own property taxes.

	Governmental Activities
Real estate taxes	\$ 624,839
Personal property taxes	763,968
Public service taxes	1,405
	1,390,212
Less: allowance for uncollectible accounts	(305,000)
Property tax receivables, net	\$ 1,085,212

Note 4 – Notes Receivable

The City has a \$1,293,591 note receivable from the EDA. In fiscal year 2013, the EDA borrowed \$1,734,000 from the City to pay off their line of credit, which became due on June 30, 2013. The funds for this note receivable were obtained when the City issued a \$1,734,000 general obligation bond on June 12, 2013, along with a \$300,000 taxable line of credit for future economic development use (see Notes 6 and 9). The EDA has agreed to pay interest and principal when due and will pay a minimum of 50% of the proceeds of any sale of property towards principal until the debt is paid in full.

City of Poquoson, Virginia

Notes to Financial Statements

June 30, 2025

Note 5 – Due from Other Governments

Due from other governments consists of the following:

Primary Government

Commonwealth of Virginia:	
Communications sales and use tax	\$ 22,235
Children's Services Act	82,189
Shared Salary and Fringes	26,260
Lodging tax	1,194
PPTRA	884,118
Recordation tax	26,020
Sales tax	104,910
Deed of Conveyance	7,730
Division of Motor Vehicles	12,350
Virginia Fire Services Board Grant	8,224
School Resource Officer Grants	18,742
Total due from the Commonwealth of Virginia	<u>1,193,972</u>
Federal government:	
DUI Grants - Selective Enforcement - Speed	4,075
BJA Bulletproof Vest Grant	4,081
Federal LEMPG Planning Grant	4,552
Total due from the federal government	<u>12,708</u>
Total due from other governments	<u><u>\$ 1,206,680</u></u>

Component Unit - School Board

Commonwealth of Virginia:	
Sales tax	\$ 253,407
Various Grants	<u>117,118</u>
Total due from the Commonwealth of Virginia	<u>370,525</u>
Federal government:	
Department of Education Program, Title VI-B	95,313
Various Grants	<u>129,584</u>
Total due from the Federal government	<u>224,897</u>
Total due from other governments	<u><u>\$ 595,422</u></u>

City of Poquoson, Virginia

Notes to Financial Statements

June 30, 2025

Note 6 – Receivables and Payables - Component Units

Details of the receivables and payables between the Primary Government and component units at June 30, 2025, are as follows:

Primary Government Receivable	Component Unit Payable	Total
Due from EDA - Note receivable	Due to Primary Government	\$ 1,293,591
Due to Schools	Due from Primary Government	2,163,048
		\$ 3,456,639

See Notes 4 and 9 for more information regarding the EDA's \$1,293,591 note receivable due to the City.

Note 7 – Leases

City as Lessor

The City, as a lessor, has entered into three agreements for the lease of real property to be used by the lessees as sites for communications towers/equipment. During the year ended June 30, 2025, the City recognized lease and interest revenue of \$71,266 and \$54,214, respectively, related to these leases. The leases are as follows:

1. An initial lease receivable was recorded in the amount of \$432,987. As of June 30, 2025, the value of the lease receivable is \$400,017. The lessee was required to make an annual payment of \$19,008 in 2022 with the payment increasing by 20% for 2023 and subsequently increasing 20% every five years thereafter through 2042. The lease carries an interest rate of 3.25%. The value of the deferred inflow of resources as of June 30, 2025, was \$368,207, and the City recognized lease revenue of \$20,551 during the year.
2. An initial lease receivable was recorded in the amount of \$489,156. As of June 30, 2025, the value of the lease receivable is \$446,535. The lessee is required to make annual payments of \$20,736 through 2023 with the payment increasing by 20% for 2024 and subsequently increasing 20% every five years thereafter through 2043. The lease carries an interest rate of 3.25%. The value of the deferred inflow of resources as of June 30, 2025, was \$400,888, and the City recognized lease revenue of \$22,067 during the year.
3. An initial lease receivable was recorded in the amount of \$816,448. As of June 30, 2025, the value of the lease receivable is \$794,463. The lessee was required to make monthly payments of \$2,566 through December 2022 with the payments increasing by 3% annually through 2049. The lease carries an interest rate of 3.25%. The value of the deferred inflow of resources as of June 30, 2025, was \$701,858, and the City recognized lease revenue of \$28,648 during the year.

City of Poquoson, Virginia

Notes to Financial Statements

June 30, 2025

Note 7 – Leases (Continued)

The future payments under these lease agreements are as follows:

Year Ending June 30,	Principal	Interest	Total Receipts
2026	\$ 28,213	\$ 53,626	\$ 81,839
2027	30,183	52,680	82,863
2028	36,811	51,668	88,479
2029	44,105	50,438	94,543
2030	46,696	48,966	95,662
2031-2035	305,821	218,859	524,680
2036-2040	462,879	158,179	621,058
2041-2045	415,244	75,013	490,257
2046-2050	271,063	21,137	292,200
	\$ 1,641,015	\$ 730,566	\$ 2,371,581

School Board as Lessee

The School Board, as a lessee, has entered into a noncancelable lease agreement for the use of a copier. Payments of \$3,921 are due monthly through September 2026 and are discounted at 8.50%. During the year ended June 30, 2025, the School Board reported interest expense of \$6,613 related to this lease (see Note 9).

Future maturities are as follows:

Year Ending June 30,	Principal	Interest	Total
2026	\$ 44,014	\$ 3,039	\$ 47,053
2027	11,599	165	11,764
	\$ 55,613	\$ 3,204	\$ 58,817

Related lease assets totaling \$124,212, offset by accumulated amortization of \$72,457, is included in leased capital assets, net on the statement of net position as of June 30, 2025. (See Note 8).

City of Poquoson, Virginia

Notes to Financial Statements

June 30, 2025

Note 8 – Capital Assets

A summary of changes in capital assets for the governmental activities is as follows:

	Balance July 1, 2024	Additions	Deletions/ Transfers	Balance June 30, 2025
Capital assets not subject to depreciation or amortization:				
Land	\$ 3,777,448	\$ -	\$ -	\$ 3,777,448
Construction in progress	5,473,311	11,534,593	12,693,007	4,314,897
Total capital assets not subject to depreciation or amortization	9,250,759	11,534,593	12,693,007	8,092,345
Capital assets subject to depreciation and amortization:				
Buildings	10,804,470	11,014,161	-	21,818,631
Building improvements	1,288,309	169,096	-	1,457,405
Infrastructure	41,554,764	372,811	-	41,927,575
Land improvements	5,564,921	446,574	-	6,011,495
Machinery and equipment	11,888,004	2,963,038	230,754	14,620,288
Subscription asset	148,575	-	-	148,575
Total capital assets subject to depreciation and amortization	71,249,043	14,965,680	230,754	85,983,969
Accumulated depreciation and amortization:				
Buildings	7,658,457	491,584	-	8,150,041
Building improvements	366,144	84,520	-	450,664
Infrastructure	34,087,659	235,217	-	34,322,876
Land improvements	3,155,316	204,654	-	3,359,970
Machinery and equipment	8,515,128	783,164	230,754	9,067,538
Subscription asset	22,286	29,715	-	52,001
Total accumulated depreciation and amortization	53,804,990	1,828,854	230,754	55,403,090
Total capital assets subject to depreciation and amortization, net, before allocation from School Board	17,444,053	13,136,826	-	30,580,879
Allocation of School Board assets:				
Buildings	43,172,524	-	-	43,172,524
Accumulated depreciation	9,160,116	1,106,704	-	10,266,820
Total allocated from School Board	34,012,408	(1,106,704)	-	32,905,704
Total capital assets subject to depreciation and amortization	51,456,461	12,030,122	-	63,486,583
Total capital assets	\$ 60,707,220	\$ 23,564,715	\$ 12,693,007	\$ 71,578,928

The City has various construction projects in process as of year-end under which it is committed to payments to contractors not included in accounts payable at year-end. The total outstanding commitment for these projects at June 30, 2025, is \$3,389,332.

City of Poquoson, Virginia

Notes to Financial Statements

June 30, 2025

Note 8 – Capital Assets (Continued)

Depreciation and amortization were charged to governmental functions as follows:

General government administration	\$ 329,706
Public safety	878,687
Public works	465,988
Parks, recreation, and cultural	153,224
Education	1,106,704
Internal Service Fund	1,249
	<u>\$ 2,935,558</u>

A summary of changes in capital assets for the business-type activities is as follows:

	Balance July 1, 2024	Additions	Deletions/ Transfers	Balance June 30, 2025
Capital assets not subject to depreciation				
Land	\$ 217,666	\$ -	\$ -	\$ 217,666
Construction in progress	81,183	15,786	92,409	4,560
Total capital assets not subject to depreciation	298,849	15,786	92,409	222,226
Capital assets subject to depreciation:				
Buildings	132,572	-	-	132,572
Machinery and equipment	2,669,831	201,600	-	2,871,431
Sewer system	22,551,562	-	-	22,551,562
Total capital assets subject to depreciation	25,353,965	201,600	-	25,555,565
Accumulated depreciation:				
Buildings	59,300	7,113	-	66,413
Machinery and equipment	1,753,807	112,513	-	1,866,320
Sewer system	15,385,463	422,020	-	15,807,483
Total accumulated depreciation	17,198,570	541,646	-	17,740,216
Total capital assets subject to depreciation	8,155,395	(340,046)	-	7,815,349
Total capital assets	\$ 8,454,244	\$ (324,260)	\$ 92,409	\$ 8,037,575

Depreciation of the business-type activities was charged to enterprise funds as follows:

Sewer Fund	\$ 530,638
Solid Waste Fund	11,008
	<u>\$ 541,646</u>

City of Poquoson, Virginia

Notes to Financial Statements

June 30, 2025

Note 8 – Capital Assets (Continued)

A summary of changes in capital assets for the Schools is as follows:

	Balance July 1, 2024	Additions	Deletions/ Transfers	Balance June 30, 2025
Capital assets not subject to depreciation or amortization:				
Land	\$ 450,876	\$ -	\$ -	\$ 450,876
Total capital assets not subject to depreciation or amortization	450,876	-	-	450,876
Capital assets subject to depreciation and amortization:				
Buildings and building improvements	61,302,358	16,838	-	61,319,196
Infrastructure	377,971	35,992	-	413,963
Land improvements	4,395,102	124,544	-	4,519,646
Licensed vehicles	2,398,034	252,589	-	2,650,623
Machinery and equipment	2,476,043	74,474	-	2,550,517
Machinery and equipment, leased	124,212	-	-	124,212
Subscription asset	34,185	-	-	34,185
Total capital assets subject to depreciation and amortization	71,107,905	504,437	-	71,612,342
Accumulated depreciation and amortization:				
Buildings and building improvements	18,429,422	1,470,504	-	19,899,926
Infrastructure	61,392	18,648	-	80,040
Land improvements	3,346,446	189,251	-	3,535,697
Licensed vehicles	1,639,242	175,835	-	1,815,077
Machinery and equipment	1,478,843	136,356	-	1,615,199
Machinery and equipment, leased	31,053	41,404	-	72,457
Subscription asset	13,674	6,837	-	20,511
Total accumulated depreciation and amortization	25,000,072	2,038,835	-	27,038,907
Total capital assets subject to depreciation and amortization, net, before allocation to City	46,107,833	(1,534,398)	-	44,573,435
Allocation to City:				
Buildings	43,172,524	-	-	43,172,524
Accumulated depreciation	9,160,116	1,106,704	-	10,266,820
Total allocated to City	34,012,408	(1,106,704)	-	32,905,704
Total capital assets subject to depreciation and amortization	12,095,425	(427,694)	-	11,667,731
Total capital assets	\$ 12,546,301	\$ (427,694)	\$ -	\$ 12,118,607

City of Poquoson, Virginia

Notes to Financial Statements

June 30, 2025

Note 8 – Capital Assets (Continued)

A summary of changes in capital assets for the EDA is as follows:

	Balance July 1, 2024	Additions	Deletions/ Transfers	Balance June 30, 2025
Capital assets not subject to depreciation:				
Land	\$ 1,976,632	\$ -	\$ -	\$ 1,976,632
Capital assets subject to depreciation:				
Infrastructure	315,273	-	-	315,273
Accumulated depreciation:				
Infrastructure	300,949	14,324	-	315,273
Total capital assets subject to depreciation	14,324	(14,324)	-	-
Total capital assets	<u>\$ 1,990,956</u>	<u>\$ (14,324)</u>	<u>\$ -</u>	<u>\$ 1,976,632</u>

Note 9 – Long-Term Obligations

Governmental Activities

Following is a summary of the changes in long-term liabilities for governmental activities and its Component Unit - Schools:

	Balance July 1, 2024, as restated**			Balance June 30, 2025	Amounts Due Within One Year	
	Increase	Decrease	Amounts Due Within One Year			
Primary Government						
General obligation bonds	\$ 35,887,000	\$ 3,000,000	\$ 2,733,000	\$ 36,154,000	\$ 3,024,000	
Unamortized premium	1,808,056	-	233,474	1,574,582	233,473	
	<u>37,695,056</u>	<u>3,000,000</u>	<u>2,966,474</u>	<u>37,728,582</u>	<u>3,257,473</u>	
Subscription liability	125,343	-	27,474	97,869	29,902	
Net pension liability	1,946,807	451,467	-	2,398,274	-	
Net OPEB liability	2,585,782	-	289,237	2,296,545	-	
Compensated absences*	2,209,872	172,597	-	2,382,469	892,933	
	<u>\$ 44,562,860</u>	<u>\$ 3,624,064</u>	<u>\$ 3,283,185</u>	<u>\$ 44,903,739</u>	<u>\$ 4,180,308</u>	
Component Unit - Schools						
Lease liability	\$ 96,052	\$ -	\$ 40,439	\$ 55,613	\$ 44,014	
Subscription liability	20,480	-	6,506	13,974	6,822	
Net pension liability	12,882,643	-	986,581	11,896,062	-	
Net OPEB liability	2,523,748	-	176,123	2,347,625	-	
Compensated absences*	1,539,525	431,755	-	1,971,280	557,931	
	<u>\$ 17,062,448</u>	<u>\$ 431,755</u>	<u>\$ 1,209,649</u>	<u>\$ 16,284,554</u>	<u>\$ 608,767</u>	

* The change in compensated absences above is a net change for the year.

** See note 19 for restatement information.

City of Poquoson, Virginia

Notes to Financial Statements

June 30, 2025

Note 9 – Long-Term Obligations (Continued)

Governmental Activities (Continued)

The net pension liabilities, OPEB liabilities, and compensated absences are generally liquidated by the fund for which the employee works, such as for the governmental funds (the General Fund and Internal Service Fund) and for the enterprise funds (the Sewer Fund and the Solid Waste Fund).

General Obligation Bonds, Series 2016 - \$14,830,000 bonds issued and due in annual installments varying from \$40,000 to \$2,245,000 beginning February 2015 through February 2031, with interest payable semi-annually at rates from 2% to 5%.	\$ 4,990,000
General Obligation Bonds, Series 2018 - \$18,070,000 bonds issued and due in annual installments varying from \$100,000 to \$1,565,000 beginning February 2020 through February 2040, with interest payable semi-annually at rates from 3% to 5%.	17,320,000
General Obligation Refunding Bonds, Series 2020A - \$1,385,000 bonds issued and due in annual installments varying from \$41,000 to \$725,000 beginning February 2021 through February 2028, with interest payable semi-annually at rates from 3% to 5%.	1,036,000
General Obligation Refunding Bonds, Series 2020B - \$1,434,000 bonds issued and due in annual installments varying from \$42,000 to \$752,000 beginning February 2021 through February 2028, with interest payable semi-annually at rates from 3% to 5%.	1,070,000
General Obligation Bonds, Series 2021A - \$3,522,000 bonds issued and due in annual installments varying from \$169,915 to \$346,000 beginning June 2022 through February 2036, with interest payable semi-annually at rates from 3% to 5%.	2,989,000
General Obligation Bond, Series 2022 - \$4,000,000 bond issued and due in annual installments varying from \$10,000 to \$304,000 beginning February 2023 through February 2042, with interest payable semi-annually at a 3.53% rate.	3,970,000
General Obligation Bond, Series 2023 - \$2,000,000 bond issued and due in annual installments varying from \$100,000 to \$175,000 beginning February 2024 through February 2038, with interest payable semi-annually at a 4.45% rate.	1,779,000
General Obligation Bond, Series 2025 - \$3,000,000 bond issued and due in annual installments varying from \$147,000 to \$264,000 beginning February 2027 through February 2041, with interest payable semi-annually at a 4.27% rate.	3,000,000
	<hr/> \$ 36,154,000

Estimated annual debt service requirements to maturity for general obligation bonds for future years ending June 30, are as follows:

Year Ending June 30,	Principal	Interest
2026	\$ 3,024,000	\$ 1,185,343
2027	3,304,000	1,062,593
2028	3,400,000	962,729
2029	2,191,000	862,602
2030	2,017,000	790,139
2031-2035	10,688,000	2,986,441
2036-2040	10,669,000	1,257,744
2041-2045	861,000	43,078
	<hr/> \$ 36,154,000	<hr/> \$ 9,150,669

City of Poquoson, Virginia

Notes to Financial Statements

June 30, 2025

Note 9 – Long-Term Obligations (Continued)

Governmental Activities (Continued)

Debt Limit

The Commonwealth of Virginia imposes a legal limit on the general obligation debt that may be issued by the City to an amount equal to 10% of total assessed value of real property. At June 30, 2025, the City's aggregate general obligation indebtedness was \$178,444,556 less than the allowable limit.

Overlapping Debt

There are no overlapping or underlying tax jurisdictions.

Business-Type Activities

Following is a summary of debt transactions of the enterprise funds:

	Balance July 1, 2024, as restated**	Increase	Decrease	Balance June 30, 2025	Amounts Due Within One Year
General obligation bonds	\$ 2,661,000	\$ -	\$ 655,000	\$ 2,006,000	\$ 664,000
Net pension liability	85,086	39,147	-	124,233	-
Net OPEB liability	113,013	5,950	-	118,963	-
Compensated absences*	47,613	23,473	-	71,086	26,643
	\$ 2,906,712	\$ 68,570	\$ 655,000	\$ 2,320,282	\$ 690,643

* The change in compensated absences above is a net change for the year.

** See note 19 for restatement information.

General long-term obligations and notes payable are comprised of the following:

General Obligation Refunding Sewer Bonds, Series 2021B - \$3,983,000 bonds issued and due in annual installments varying from \$91,888 to \$687,671 through June 2028, with interest payable semi-annually at 3%.

\$ 2,006,000

Estimated debt service on the general obligation bonds is payable as follows:

Year Ending June 30,	Principal	Interest
2026	\$ 664,000	\$ 23,671
2027	667,000	15,836
2028	675,000	7,965
	\$ 2,006,000	\$ 47,472

City of Poquoson, Virginia

Notes to Financial Statements

June 30, 2025

Note 9 – Long-Term Obligations (Continued)

Business-Type Activities (Continued)

The City anticipates that all amounts required for the payment of interest and principal on these bonds will be provided by the enterprise fund's revenue; however, the bonds are further collateralized by the full faith and credit of the City.

Note 10 – Fund Balances

Fund balance is classified as nonspendable, restricted, committed, assigned, and/or unassigned based primarily on the extent to which the City is bound to observe constraints imposed upon the use of the resources in the governmental funds.

Within the Governmental Funds committed fund balance, the City has established a Fiscal Stability Reserve of \$1,100,000. The Fiscal Stability Reserve was initially established by City ordinance to accumulate a balance of \$1,000,000 million to be separate and above the unassigned fund balance policy of 12%. In fiscal year 2025, the Fiscal Stability Reserve was increased to \$1,200,000. The Fiscal Stability Reserve serves as a contingency against unanticipated/emergency expenditures (i.e. hurricane or pandemic related). If the Fiscal Stability Reserve falls below the policy level, the City will adopt a plan as part of the following year's budget process to restore the balance within 24 months from the date of budget adoption. Additionally, in fiscal year 2025, the City established a new committed fund of \$100,000 for the Public Safety Pay Plan.

City of Poquoson, Virginia

Notes to Financial Statements

June 30, 2025

Note 10 – Fund Balances (Continued)

The constraints placed on fund balance for the major governmental funds and all other governmental funds are presented below:

	General	Debt Service	Capital Project	Special Revenue	Total Governmental Funds
Nonspendable:					
EDA note receivable	\$ 1,293,591	\$ -	\$ -	\$ -	\$ 1,293,591
Restricted:					
Asset forfeiture	13,861	-	-	-	13,861
Police – National Night Out	625	-	-	-	625
Police – Recruitment and retention	5,585	-	-	-	5,585
Police – Community engagement	223	-	-	-	223
Four For Life	33,875	-	-	-	33,875
Fire Fund	100,572	-	-	-	100,572
Dominion REPP	50,525	-	-	-	50,525
Library donations	23,739	-	-	-	23,739
CDBG program revenues	78,699	-	-	-	78,699
Opioid abatement	64,877	-	-	-	64,877
PCB settlement	17,414	-	-	-	17,414
Community center	18,445	-	-	-	18,445
Capital projects	-	-	3,199,273	-	3,199,273
Total restricted	<u>408,440</u>	<u>-</u>	<u>3,199,273</u>	<u>-</u>	<u>3,607,713</u>
Committed:					
Education	1,608,258	-	-	-	1,608,258
Public safety pay plan	100,000	-	-	-	100,000
Revenue stabilization	1,200,000	-	-	-	1,200,000
Total committed	<u>2,908,258</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,908,258</u>
Assigned:					
General government and administration	55,886	-	-	-	55,886
Public safety and judicial	11,092	-	-	-	11,092
Health and welfare	1,188	-	-	-	1,188
Community development	4,345	-	-	-	4,345
Non-departmental	4,485	-	-	-	4,485
Public works	106,234	-	-	-	106,234
Debt service	-	310,138	-	-	310,138
Capital projects	-	-	4,424,573	-	4,424,573
ARPA	-	-	-	182,020	182,020
Subsequent year budget transfers:					
Capital Projects Fund	379,500	-	-	-	379,500
OPEB Trust Fund	153,823	-	-	-	153,823
EDA Fund	21,000	-	-	-	21,000
Total assigned	<u>737,553</u>	<u>310,138</u>	<u>4,424,573</u>	<u>182,020</u>	<u>5,654,284</u>
Unassigned					
Total fund balances	<u>\$ 19,046,639</u>	<u>\$ 310,138</u>	<u>\$ 7,623,846</u>	<u>\$ 182,020</u>	<u>\$ 27,162,643</u>

City of Poquoson, Virginia

Notes to Financial Statements

June 30, 2025

Note 11 – Contingency

Grants

Under the terms of federal and state grants, periodic audits are required, and certain costs may be questioned as to being appropriate expenditures under terms of the grants. Such audits could lead to reimbursement to the grantor agencies. Management believes disallowances, if any, related to such audits would not be material to the financial position of the City at June 30, 2025.

Surety Bonds

The City maintained the following surety bond coverage on certain employees of the Primary Government and component unit during the fiscal year ended June 30, 2025:

Description	Amount
Virginia Municipal Liability Pool - all City employees Employee Dishonesty Blanket Bond	\$ 1,000,000
Virginia Municipal Liability Pool	
Clerk of the School Board	10,000
Deputy Clerk of the School Board	10,000
All School Board Employees, Blanket Bond	200,000

The Commonwealth of Virginia maintained the following surety bond and blanket bond coverage on certain employees pursuant to § 2.2-1840 of the *Code of Virginia*.

Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The risk of loss from certain acts of employees and certain elected officials is insured through commercial insurance. Substantially all other risks are insured through participation in various public entity risk pools operating as common risk management and insurance programs for many local political subdivisions in the Commonwealth of Virginia. The City pays annual premiums to the pool for its general insurance coverage. The agreements of political subdivisions participating in the pools provide that the pools will be self-sustaining through member premiums but will reinsure through commercial companies for excess liability claims. There have been no significant reductions in insurance coverage from the prior year and settled claims have not exceeded the amount of insurance coverage in any of the past three years.

Encumbrances

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to assign that portion of the applicable appropriation, is employed as an extension of formal budgetary control. At June 30, 2025, the City's General Fund had outstanding encumbrances of \$121,515 and the Component Unit - Schools' General Fund had outstanding encumbrances of \$1,119,862.

City of Poquoson, Virginia

Notes to Financial Statements

June 30, 2025

Note 12 – Interfund Transfers

Interfund transfers for the year ended June 30, 2025, are as follows:

	Transfers In	Transfers Out
General Fund	\$ 350,000	\$ 7,217,670
Debt Service Funds	4,143,000	-
Capital Projects Fund	3,074,670	-
Sewer Operations Fund	-	300,000
Solid Waste Fund	-	50,000
	\$ 7,567,670	\$ 7,567,670

Purpose:

- \$ 4,143,000 From General Fund to Debt Service Fund for current year debt payments and to increase the reserve.
- \$ 3,074,670 From General to Capital Projects Fund to fund capital projects.
- \$ 300,000 From Sewer Operations Fund to General Fund to finance general government expenditures.
- \$ 50,000 From Solid Waste Fund to General Fund to finance general government expenditures.

Note 13 – Related Party Transactions

The City's financial statements do not include certain public commissions and authorities created as separate governmental entities under the laws of the Commonwealth of Virginia. These agencies are separate legal entities having governmental character and sufficient autonomy in the management of their own affairs to distinguish them as separate from the administrative organization of the City, although certain members of their governing bodies are appointed by Council. These entities are the Hampton Roads Planning District Commission (HRPDC), the Virginia Peninsula's Public Service Authority (VPPSA), the Peninsula Council Workforce Development (PCWD), and Colonial Behavioral Health (CBH). Expenditures of these agencies are financed by federal and state grants and fees, including contributions from the City. During the year ended June 30, 2025, the City provided support or paid for services to HRPDC of \$26,786, VPPSA of \$599,484, PCWD of \$3,146, and CBH of \$190,000.

In addition, a conglomerate of municipalities shares certain expenses for maintaining and operating a regional jail and juvenile detention center. During fiscal year 2025, the City incurred expenses for the regional jail and juvenile detention center of \$322,637 and \$18,240, respectively.

The City also participates in a regional animal shelter, Newport News Animal Services, and regional animal control services, Newport News Animal Control, with several other localities. The City paid \$145,808 for its share in fiscal year 2025.

The City shares certain services and their associated costs with York County, including the Circuit Court, Commonwealth's Attorney, Sheriff of York County, and E-911 operations. The City also shares social services with York County. During the year ended June 30, 2025, the City paid \$1,425,228 to York County for these shared services.

The City issued ordinance 1801 on December 9, 2024 to transfer \$150,000 to increase the fund balance reserve for future debt service payments.

City of Poquoson, Virginia

Notes to Financial Statements

June 30, 2025

Note 13 – Related Party Transactions (Continued)

The City shares Hampton Steam Plant services and their associated costs with Hampton. During the year ended June 30, 2025, the City paid \$44,013 to Hampton for these shared services.

The Schools' financial statements do not include the New Horizons Education Center. During the year ended June 30, 2025, the Schools provided support of \$969,936 to the New Horizons Education Center.

Note 14 – Defined Benefit Pension Plans

Plan Descriptions

All full-time, salaried permanent employees of the City and all salaried permanent non-professional employees of the School Board are automatically covered by the VRS Political Subdivision Retirement Plan upon employment. All full-time, salaried permanent (professional) employees of Virginia public school divisions are automatically covered by the VRS Teacher Retirement Plan upon employment. These plans are administered by the Virginia Retirement System (the System) along with plans for other employer groups in the Commonwealth of Virginia. The VRS Political Subdivision Retirement Plan is a multiple-employer, agent plan. The VRS Teacher Retirement Plan is a multiple-employer, cost-sharing plan. Members earn one month of service credit for each month they are employed and for which they and their employer 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. Eligible prior service that may be purchased includes prior public service, active military service, certain periods of leave and previously refunded service.

The System administers three different benefit structures for covered employees - Plan 1, Plan 2, and Hybrid. Each of these benefit structures has different eligibility criteria. The specific information for each plan and the eligibility for covered groups within each plan are available at:

- <https://www.varetire.org/members/benefits/defined-benefit/plan1.asp>,
- <https://www.varetire.org/members/benefits/defined-benefit/plan2.asp>,
- <https://www.varetirement.org/hybrid.html>.

Employees Covered by Benefit Terms

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

	City	School Board
Inactive members or their beneficiaries currently receiving benefits	102	30
Inactive members:		
Vested	26	12
Non-vested	45	11
Active elsewhere in VRS	44	8
Total inactive members	115	31
Active members	129	24
Total	346	85

City of Poquoson, Virginia

Notes to Financial Statements

June 30, 2025

Note 14 – Defined Benefit Pension Plans (Continued)

Contributions

The contributions requirement for active employees is governed by §51.1-145 of the *Code of Virginia*, as amended, but may be impacted as a result of funding options provided to Political Subdivisions and school divisions by the Virginia General Assembly. Employees are required to contribute 5.00% of their compensation toward their retirement. The employer actuarially determined contribution rates, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability.

Political Subdivision Plan - City and School Board Non-Professional

The City and School Board's non-professional contractually required contribution rates for the year ended June 30, 2025, were 15.24% and 5.56% respectively, of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2023. Contributions to the pension plan from the City and School Board were \$1,334,472 and \$35,296, respectively, for the year ended June 30, 2025.

The defined contributions component of the Hybrid plan includes member and employer mandatory and voluntary contributions. The Hybrid plan member must contribute a mandatory rate of 1% of their covered payroll. The employer must also contribute a mandatory rate of 1% of this covered payroll, which totaled \$24,384 and \$3,500 for the City and School Board, respectively, for the year ended June 30, 2025. Hybrid plan members may also elect to contribute an additional voluntary rate of up to 4% of their covered payroll; which would require the employer a mandatory additional contribution rate of up to 2.5%. This additional employer mandatory contribution totaled \$38,347 and \$4,841 for the City and School Board, respectively, for the year ended June 30, 2025. The total Hybrid plan participant covered payroll totaled \$2,443,181 and \$423,527 for the City and School Board, respectively, for the year ended June 30, 2025.

Teacher Plan - School Board Professional

Each school division's contractually required contribution rate for the year ended June 30, 2025, was 14.21% of covered employee compensation. This was the General Assembly approved rate which was based on an actuarially determined rate from an actuarial valuation as of June 30, 2023. Contributions to the pension plan from the School Board were \$1,988,221 for the year ended June 30, 2025.

The defined contributions component of the Hybrid plan includes member and employer mandatory and voluntary contributions. The Hybrid plan member must contribute a mandatory rate of 1% of their covered payroll. The employer must also contribute a mandatory rate of 1% of this covered payroll, which totaled \$52,353 for the year ended June 30, 2025. Hybrid plan members may also elect to contribute an additional voluntary rate of up to 4% of their covered payroll; which would require the employer a mandatory additional contribution rate of up to 2.5%. This additional employer mandatory contribution totaled \$51,031 for the year ended June 30, 2025. The total Hybrid plan participant covered payroll totaled \$6,176,277 for the year ended June 30, 2025.

City of Poquoson, Virginia

Notes to Financial Statements

June 30, 2025

Note 14 – Defined Benefit Pension Plans (Continued)

Net Pension Liability (Asset)

Political Subdivision Plan - City and School Board Non-Professional

The net pension liability (asset) is calculated separately for each employer and represents that particular employer's total pension liability determined in accordance with GASB Statement No. 68, less that employer's fiduciary net position. For Political Subdivisions, the net pension liability (asset) was measured as of June 30, 2024. The total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation performed as of June 30, 2023, rolled forward to the measurement date of June 30, 2024.

Teacher Plan - School Board Professional

At June 30, 2025, School Board reported a liability of \$11,896,062 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation performed as of June 30, 2023, and rolled forward to the measurement date of June 30, 2024. The School Division's proportion of the net pension liability was based on the school division's actuarially determined employer contributions to the pension plan for the year ended June 30, 2024, relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2024, the School Division's proportion was 0.12673% as compared to 0.12746% at June 30, 2023.

Actuarial Assumptions

The total pension liability for General Employees, Public Safety employees with Hazardous Duty Benefits, and the VRS Teacher Retirement Plan in the Political Subdivision's Retirement Plan and all employees in the VRS Teacher Retirement Plan was based on an actuarial valuation as of June 30, 2023, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2024.

Inflation	2.50%
General Employees - salary increases, including inflation	3.50% - 5.35%
Public Safety Employees with hazardous duty benefits - salary increases, including inflation	3.50% - 4.75%
Teacher Cost-Sharing Plan - salary increases, including inflation	3.50% - 5.95%
Investment rate of return	6.75% net of pension plan investment expenses, including inflation

Mortality rates: General employees - 15 to 20% of deaths are assumed to be service related. Public Safety Employees 45% to 70% of deaths are assumed to be service related. Mortality is projected using the applicable Pub-2010 Mortality Table and a Modified MP-2020 Improvement Scale with various setbacks or set forwards for both males and females.

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

City of Poquoson, Virginia

Notes to Financial Statements

June 30, 2025

Note 14 – Defined Benefit Pension Plans (Continued)

Actuarial Assumptions (Continued)

General Employees - Largest 10 - Non-Hazardous Duty and All Others (Non 10 Largest): Updated mortality table; adjusted retirement rates to better fit experience; adjusted withdrawal rates to better fit experience at each year age and service through 9 years of service; no change to disability rates; no change to salary scale; no change to line of duty disability; and no change to discount rate.

Public Safety Employees - Largest 10 - Hazardous Duty and All Others (Non 10 Largest): Updated mortality table; adjusted retirement rate to better fit experience and increased final retirement age to 70; decreased rates of withdrawal; no change to disability rates; no changes to salary scale; no change to line of duty disability; and no change to discount rate.

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	32.00%	6.70%	2.14%
Fixed income	16.00%	5.40%	0.86%
Credit strategies	16.00%	8.10%	1.30%
Real assets	15.00%	7.20%	1.08%
Private equity	15.00%	8.70%	1.31%
PIP - Private investment partnership	1.00%	8.00%	0.08%
Diversifying strategies	6.00%	5.80%	0.35%
Cash	2.00%	3.00%	0.06%
Leverage	(3.00)%	3.50%	(0.11)%
	100.00%		
* Expected arithmetic nominal return			7.07%

*The above allocation provides for a one-year return of 7.07% (includes 2.50% inflation assumption). However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected rate of 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 7.10%, including expected inflation of 2.50%. On June 15, 2023, the VRS Board elected a long-term rate of 6.75% which is roughly at the 45th percentile of expected long-term results of the VRS fund asset allocation at that time, providing a median return of 7.14%, including expected inflation of 2.50%.

City of Poquoson, Virginia

Notes to Financial Statements

June 30, 2025

Note 14 – Defined Benefit Pension Plans (Continued)

Discount Rate

Political Subdivision Plan - City and School Board Non-Professional

The discount rate used to measure the total pension liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that System member contributions will be made per the VRS Statutes, and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. For the year ended June 30, 2024, the employer contribution was 100% of the actuarially determined employer contribution rate from the June 30, 2023, actuarial valuations. From July 1, 2024, on, participating employers are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

Teacher Plan - School Board Professional

The discount rate used to measure the total pension liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that System member contributions will be made per the VRS Statutes and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Through the fiscal year ending June 30, 2024, the rate contributed by the school division for the VRS Teacher Retirement Plan will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly which was 112% of the actuarially determined contribution rate. From July 1, 2024, on, school divisions are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

City of Poquoson, Virginia

Notes to Financial Statements

June 30, 2025

Note 14 – Defined Benefit Pension Plans (Continued)

Changes in Net Pension Liability - City Pension Plan

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) – (b)
Balances at June 30, 2023	\$ 42,963,946	\$ 40,932,053	\$ 2,031,893
Changes for the year:			
Service cost	1,237,417	-	1,237,417
Interest	2,904,439	-	2,904,439
Difference between expected and actual	1,837,927	-	1,837,927
Contributions - employer	-	1,119,835	(1,119,835)
Contributions - employee	-	443,793	(443,793)
Net investment income	-	3,950,627	(3,950,627)
Benefit payments, including refunds of employee contributions	(2,345,273)	(2,345,273)	-
Administrative expense	-	(25,919)	25,919
Other	-	833	(833)
Net changes	<u>3,634,510</u>	<u>3,143,896</u>	<u>409,614</u>
Balances at June 30, 2024	<u><u>\$ 46,598,456</u></u>	<u><u>\$ 44,075,949</u></u>	<u><u>\$ 2,522,507</u></u>

Changes in Net Pension Liability (Asset) - Component Unit School Board Non-Professional Plan

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) – (b)
Balances at June 30, 2023	\$ 2,518,545	\$ 2,527,779	\$ (9,234)
Changes for the year:			
Service cost	49,325	-	49,325
Interest	167,866	-	167,866
Difference between expected and actual	102,728	-	102,728
Contributions - employer	-	50,903	(50,903)
Contributions - employee	-	29,051	(29,051)
Net investment income	-	242,702	(242,702)
Benefit payments, including refunds of employee contributions	(161,937)	(161,937)	-
Administrative expense	-	(1,671)	1,671
Other	-	48	(48)
Net changes	<u>157,982</u>	<u>159,096</u>	<u>(1,114)</u>
Balances at June 30, 2024	<u><u>\$ 2,676,527</u></u>	<u><u>\$ 2,686,875</u></u>	<u><u>\$ (10,348)</u></u>

City of Poquoson, Virginia

Notes to Financial Statements

June 30, 2025

Note 14 – Defined Benefit Pension Plans (Continued)

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

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

	1% Decrease 5.75%	Current Discount Rate 6.75%	1% Increase 7.75%
City's net pension liability (asset)	<u>\$ 8,306,619</u>	<u>\$ 2,522,507</u>	<u>\$ (2,260,801)</u>
Component Unit School Board:			
Non-Professional Plan's net pension liability (asset)	<u>\$ 252,702</u>	<u>\$ (10,348)</u>	<u>\$ (230,746)</u>
Teacher Plan's net pension liability	<u>\$ 22,100,552</u>	<u>\$ 11,896,062</u>	<u>\$ 3,538,910</u>

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

Pension expense (recovery) recognized for the year ended June 30, 2025, and the reported deferred inflows and outflows of resources related to pensions at June 30, 2025, were as follows:

	Component Unit Schools		
	Primary Government	Agent Multiple Employer Plan	Teachers' Cost- Sharing Plan
Pension expense (recovery)	<u>\$ 952,711</u>	<u>\$ (14,086)</u>	<u>\$ 813,822</u>
Deferred outflows of resources:			
Change of assumptions	\$ -	\$ -	\$ 215,929
Difference between expected and actual experience	1,461,886	45,016	2,063,799
Change in proportionate share of contributions	-	-	1,303
Employer contributions subsequent to the measurement date	1,334,472	35,296	1,988,221
Total deferred outflows of resources	<u>\$ 2,796,358</u>	<u>\$ 80,312</u>	<u>\$ 4,269,252</u>
Deferred inflows of resources:			
Net difference between projected and actual earnings on pension plan investments	\$ 1,144,597	\$ 72,679	\$ 1,637,500
Difference between expected and actual experience	-	-	244,948
Change in proportionate share of contributions	-	-	728,210
Total deferred inflows of resources	<u>\$ 1,144,597</u>	<u>\$ 72,679</u>	<u>\$ 2,610,658</u>

City of Poquoson, Virginia

Notes to Financial Statements

June 30, 2025

Note 14 – Defined Benefit Pension Plans (Continued)

Pension Expense (Recovery) and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

Amounts reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability (or increase to the net pension asset) in the fiscal year ending June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as an increase (reduction) to pension expense as follows:

Year Ending June 30,	Discretely Presented	
	Primary Government	Component Unit School Board
2026	\$ (297,816)	\$ (1,079,476)
2027	914,060	794,835
2028	(55,967)	98,538
2029	(242,988)	(171,187)

Net Pension Liability – Teachers' Cost-Sharing Plan

The net pension liability (NPL) is calculated separately for each system and represents that particular system's total pension liability determined in accordance with GASB Statement No. 67, less that system's fiduciary net position. As of June 30, 2024, NPL amounts for the VRS Teacher Employee Retirement Plan are as follows (amounts expressed in thousands):

	Teacher Employee Retirement Plan
Total pension liability	\$ 60,622,260
Plan fiduciary net position	51,235,326
Employers' net pension liability	\$ 9,386,934
Plan fiduciary net position as a percentage of the total pension liability	84.52%

Pension Plan Data

Information about the VRS Political Subdivision Retirement Plans is also available in the separately issued VRS 2024 Annual Report. A copy of the 2024 VRS Annual Report may be downloaded from the VRS website at varetire.org/media/shared/pdf/publications/2024-annual-report.pdf, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

City of Poquoson, Virginia

Notes to Financial Statements

June 30, 2025

Note 15 – Postemployment Benefits Other than Pensions (OPEB) - VRS

In addition to their participation in the pension plans offered through the Virginia Retirement System (VRS), the City and School Board also participate in various cost-sharing and agent multi-employer other postemployment benefit plans, described as follows.

Plan Descriptions

Group Life Insurance Program

All full-time teachers and employees of political subdivisions are automatically covered by the VRS Group Life Insurance (GLI) Program upon employment.

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

Specific information for the GLI is available at <https://www.varetire.org/benefits-and-programs/benefits/life-insurance/>.

Teacher Employee Health Insurance Credit Program

All full-time, salaried permanent (professional) employees of public school divisions are automatically covered by the VRS Teacher Employee Health Insurance Credit (HIC) Program. 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.

Specific information about the Teacher HIC is available at <https://www.varetire.org/retirees/insurance/healthinscredit/index.html>

The GLI and Teacher HIC are administered by the VRS along with pensions and other OPEB plans, for public employer groups in the Commonwealth of Virginia. Both of these plans are considered multiple-employer, cost-sharing plans.

General Employee Health Insurance Credit Program

The General Employee Health Insurance Credit Program (HIC) is available for all full-time, salaried employees of local government entities other than teachers. The General Employee HIC provides all the same benefits as the Teacher HIC, except that this plan is considered a multi-employer, agent defined benefit plan.

City of Poquoson, Virginia

Notes to Financial Statements

June 30, 2025

Note 15 – Postemployment Benefits Other than Pensions (OPEB) - VRS (Continued)

Plan Descriptions (Continued)

General Employee Health Insurance Credit Program (Continued)

As of June 30, 2024, actuarial valuation, the following employees were covered by the benefit terms of the General Employee Health Insurance Credit Program:

	City	School Board
Inactive members or their beneficiaries currently receiving benefits	48	19
Inactive members:		
Vested	3	-
Non-vested	-	-
Active elsewhere in VRS	27	7
Total inactive members	30	7
Active members	119	24
Total covered employees	197	50

Contributions

Contributions to the VRS OPEB programs were based on actuarially determined rates from actuarial valuations as of June 30, 2023. The actuarially determined rates were expected to finance the cost of benefits earned by employees during the year, with an additional amount to fund any unfunded accrued liability, with the exception of GLI which was also combined with employee contributions. Specific details related to the contributions for the VRS OPEB programs are as follows:

Group Life Insurance Program

Governed by:

Code of Virginia 51.1-506 and 51.1-508 and may be impacted as a result of funding provided to state agencies and school divisions by the Virginia General Assembly.

Total rate:

1.18% of covered employee compensation. Rate allocated 60/40; 0.71% employee and 0.47% employer. Employers may elect to pay all or part of the employee contribution.

Contributions:

Year Ended June 30, 2025

Primary Government	\$ 41,276
Component Unit - School Board	\$ 68,621

Year Ended June 30, 2024

Primary Government	\$ 44,694
Component Unit - School Board	\$ 75,874

City of Poquoson, Virginia

Notes to Financial Statements

June 30, 2025

Note 15 – Postemployment Benefits Other than Pensions (OPEB) - VRS (Continued)

Contributions (Continued)

Teacher Health Insurance Credit Program

Governed by:

Code of Virginia 51.1-1401(E) and may be impacted as a result of funding provided to school divisions by the Virginia General Assembly.

Total rate:

June 30, 2025 Contribution	\$ 169,271
June 30, 2024 Contribution	\$ 161,836

General Employment Health Insurance Credit Program

Governed by:

Code of Virginia 51.1-1402(E) and may be impacted as a result of funding provided to school divisions by the Virginia General Assembly.

Total rate:

Primary Government	0.27% of covered employee compensation
Component Unit -School Board	1.17% of covered employee compensation

Contributions:

Year Ended June 30, 2025	
Primary Government	\$ 21,945
Component Unit - School Board	\$ 7,147
Year Ended June 30, 2024	
Primary Government	\$ 19,045
Component Unit - School Board	\$ 7,326

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

The net OPEB liabilities were measured as of June 30, 2024, and the total OPEB liabilities used to calculate the net OPEB liabilities were determined by an actuarial valuation performed as of June 30, 2023, and rolled forward to the measurement date of June 30, 2024. The covered employer's proportion of the net OPEB liabilities were based on the covered employer's actuarially determined employer contributions for the year ended June 30, 2024, relative to the total of the actuarially determined employer contributions for all participating employers.

City of Poquoson, Virginia

Notes to Financial Statements

June 30, 2025

Note 15 – Postemployment Benefits Other than Pensions (OPEB) - VRS (Continued)

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

Group Life Insurance Program - Primary Government

June 30, 2025 proportionate share of liability	\$ 359,773
June 30, 2024 proportion	0.03224%
June 30, 2023 proportion	0.03237%
June 30, 2025 expense	\$ 7,474

Group Life Insurance Program - Component Unit School Board

June 30, 2025 proportionate share of liability	\$ 610,633
June 30, 2024 proportion	0.05472%
June 30, 2023 proportion	0.05596%
June 30, 2025 recovery	\$ (6,576)

Teacher Health Insurance Credit Program

June 30, 2025 proportionate share of liability	\$ 1,442,711
June 30, 2024 proportion	0.12484%
June 30, 2023 proportion	0.12592%
June 30, 2025 expense	\$ 72,740

Since there was a change in proportionate share between measurement dates, a portion of the OPEB expense above was related to deferred amount from changes in proportion.

General Employee Health Insurance Credit Program - Primary Government

	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) – (b)
Balances at June 30, 2023	\$ 341,872	\$ 204,226	\$ 137,646
Changes for the year:			
Service cost	5,602	-	5,602
Interest	22,761	-	22,761
Difference between expected and actual	(30,656)	-	(30,656)
Contributions - employer	-	20,685	(20,685)
Net investment income	-	19,138	(19,138)
Benefit payments	(20,540)	(20,540)	-
Administrative expense	-	(265)	265
Net changes	(22,833)	19,018	(41,851)
Balances at June 30, 2024	<u><u>\$ 319,039</u></u>	<u><u>\$ 223,244</u></u>	<u><u>\$ 95,795</u></u>

In addition, for the year ended June 30, 2025, the City recognized OPEB expense of \$9,960 related to the General Employee Health Insurance Credit Program.

City of Poquoson, Virginia

Notes to Financial Statements

June 30, 2025

Note 15 – Postemployment Benefits Other than Pensions (OPEB) - VRS (Continued)

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

General Employee Health Insurance Credit Program - Component Unit School Board

	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) – (b)
Balances at June 30, 2023	\$ 69,578	\$ 11,789	\$ 57,789
Changes for the year:			
Service cost	548	-	548
Interest	4,543	-	4,543
Difference between expected and actual	(1,512)	-	(1,512)
Contributions - employer	-	7,908	(7,908)
Net investment income	-	1,269	(1,269)
Benefit payments	(5,652)	(5,652)	-
Administrative expense	-	(18)	18
Net changes	(2,073)	3,507	(5,580)
Balances at June 30, 2024	<u>\$ 67,505</u>	<u>\$ 15,296</u>	<u>\$ 52,209</u>

In addition, for the year ended June 30, 2025, the School's recognized OPEB expense of \$4,161 related to the Non-teacher Health Insurance Credit Program.

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

Group Life Insurance Program - Primary Government

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 56,745	\$ 8,788
Changes of assumptions	2,051	17,830
Net difference between projected and actual earnings on OPEB plan investments	-	30,325
Changes in proportion	3,157	5,335
Employer contributions subsequent to the measurement date	41,276	-
	<u>\$ 103,229</u>	<u>\$ 62,278</u>

City of Poquoson, Virginia

Notes to Financial Statements

June 30, 2025

Note 15 – Postemployment Benefits Other than Pensions (OPEB) - VRS (Continued)

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

Group Life Insurance Program - Component Unit School Board

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 96,311	\$ 14,916
Changes of assumptions	3,480	30,261
Net difference between projected and actual earnings on OPEB plan investments	-	51,470
Changes in proportion	2,404	63,673
Employer contributions subsequent to the measurement date	68,621	-
	\$ 170,816	\$ 160,320

Teacher Health Insurance Credit Program - Component Unit School Board

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 68,352
Changes of assumptions	24,854	-
Net difference between projected and actual earnings on OPEB plan investments	-	5,132
Changes in proportion	21	129,850
Employer contributions subsequent to the measurement date	169,271	-
	\$ 194,146	\$ 203,334

General Employee Health Insurance Credit Program -Primary Government

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 6,561	\$ 41,196
Changes of assumptions	11,691	-
Net difference between projected and actual earnings on OPEB plan investments	-	4,448
Employer contributions subsequent to the measurement date	21,945	-
	\$ 40,197	\$ 45,644

City of Poquoson, Virginia

Notes to Financial Statements

June 30, 2025

Note 15 – Postemployment Benefits Other than Pensions (OPEB) - VRS (Continued)

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

General Employee Health Insurance Credit Program - Component Unit School Board

	Outflows of Resources	Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 1,234
Changes of assumptions	1,120	-
Net difference between projected and actual earnings on OPEB plan investments	-	239
Employer contributions subsequent to the measurement date	7,147	-
	\$ 8,267	\$ 1,473

The deferred outflows of resources related to OPEB resulting from the City and School Board's contributions subsequent to the measurement date will be recognized as a reduction of the Net OPEB Liability in the fiscal year ending June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense in future reporting periods as follows:

Year	Increase (Reduction) to OPEB Expense					
	Group Life Insurance		Teacher Health Insurance Program - Component Unit School Board		General Employee Health Insurance	
	Primary	Government	- Component Unit School Board	Credit Program	- Primary Government	- Component Unit School Board
2026	\$ (16,726)	\$ (45,876)	\$ (46,206)	\$ (9,459)	\$ 150	
2027	5,460	(5,591)	(37,239)	(3,494)	(382)	
2028	1,452	(11,692)	(38,665)	(5,488)	(40)	
2029	4,134	(2,205)	(33,485)	(6,470)	(81)	
2030	5,355	7,239	(18,753)	(2,481)	-	
Thereafter	-	-	(4,111)	-	-	

City of Poquoson, Virginia

Notes to Financial Statements

June 30, 2025

Note 15 – Postemployment Benefits Other than Pensions (OPEB) - VRS (Continued)

Actuarial Assumptions and Other Inputs

The total OPEB liability was determined using the following assumptions based on an actuarial valuation date of June 30, 2023, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2024:

Inflation	2.50%
Salary increases, including inflation:	
Locality - general employees	3.50 - 5.35%
Locality - hazardous duty employees	3.50 - 4.75%
Teachers	3.50 - 5.95%
Healthcare cost trend rates:	
Under age 65	7.25 - 4.25%
Ages 65 and older	6.50 - 4.25%
Investment rate of return, net of expenses, including inflation	6.75%

Mortality rates used for the various VRS OPEB plans are the same as those used for the actuarial valuations of the VRS pension plans. The mortality rates are discussed in detail at Note 14.

Net OPEB Liabilities

The net OPEB liabilities represent each program's total OPEB liability determined in accordance with GASB Statement No. 74, less the associated fiduciary net position. As of the measurement date of June 30, 2024, net OPEB liability amounts for the various VRS OPEB programs are as follows (amounts expressed in thousands):

	Group Life Insurance Program	Teach Employer Health Insurance Credit Program
Total OPEB Liability	\$ 4,196,055	\$ 1,478,105
Plan fiduciary net position	3,080,133	322,457
Employers' net OPEB liability	1,115,922	1,155,648
Plan fiduciary net position as a percentage of total OPEB liability	73.41%	21.82%

The total liability is calculated by the VRS actuary and each plan's fiduciary net position is reported in the VRS financial statements. The net OPEB liability is disclosed in accordance with the requirements of GASB Statement No. 74 in the VRS notes to the financial statements and required supplementary information.

City of Poquoson, Virginia

Notes to Financial Statements

June 30, 2025

Note 15 – Postemployment Benefits Other than Pensions (OPEB) - VRS (Continued)

Long-Term Expected Rate of Return

Group Life Insurance and Health Insurance Credit Programs

The long-term expected rate of return on VRS 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 OPEB 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	32.00%	6.70%	2.14%
Fixed income	16.00%	5.40%	0.86%
Credit strategies	16.00%	8.10%	1.30%
Real assets	15.00%	7.20%	1.08%
Private equity	15.00%	8.70%	1.31%
PIP - Private investment partnership	1.00%	8.00%	0.08%
Diversifying strategies	6.00%	5.80%	0.35%
Cash	2.00%	3.00%	0.06%
Leverage	(3.00)%	3.50%	(0.11)%
	100.00%		
* Expected arithmetic nominal return			7.07%

* The above allocation provides for a one-year expected return of 7.07% (includes 2.50% inflation assumption). However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected rate of 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 7.10%, including expected inflation of 2.50%. On June 15, 2023, the VRS Board elected a long-term rate of 6.75% which is roughly at the 45th percentile of expected long-term results of the VRS fund asset allocation at that time, providing a median return of 7.14%, including inflation of 2.50%.

City of Poquoson, Virginia

Notes to Financial Statements

June 30, 2025

Note 15 – Postemployment Benefits Other than Pensions (OPEB) - VRS (Continued)

Discount Rate

The discount rate used to measure the total OPEB liabilities was 6.75%. The projection of cash flows used to determine the discount rate assumed that System member 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, 2024, the rate contributed by the employer for the OPEB liabilities will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly which was 113% of the actuarially determined contribution rate for GLI and 100% of the actuarially determined contribution rate for all other OPEB plans. From July 1, 2024, on, participating employers are assumed to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the OPEB plans' 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 OPEB liability.

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

The following presents the net OPEB liabilities of the City and School Board, as well as what the net OPEB liabilities 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 discount rate:

	1% Decrease 5.75%	Current Discount Rate 6.75%	1% Increase 7.75%
GLI net OPEB liability:			
Primary Government	\$ 559,494	\$ 359,773	\$ 198,425
Component Unit School Board	\$ 949,613	\$ 610,633	\$ 336,781
General Employee net HIC OPEB liability:			
Primary Government	\$ 129,912	\$ 95,795	\$ 66,902
Component Unit School Board	\$ 58,096	\$ 52,209	\$ 47,095
Teacher net HIC OPEB liability	\$ 1,640,722	\$ 1,442,711	\$ 1,274,878

OPEB Plan Fiduciary Net Position

Information about the various VRS OPEB plan fiduciary net position is available in the separately issued VRS 2024 *Annual Comprehensive Financial Report* (Annual Report). A copy of the 2024 VRS Annual Report may be downloaded from the VRS website at <https://www.varetire.org/media/shared/pdf/publications/2024-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

City of Poquoson, Virginia

Notes to Financial Statements

June 30, 2025

Note 16 – Other Postemployment Benefits Liability - Local Plan

Plan Description

The City and Schools administer a single employer defined benefit postemployment healthcare plan that covers all current retirees and covered dependents and will provide coverage for all future retirees and their covered dependents. Employees who are eligible for the health plan under normal retirement must have a combination of age (minimum 50 years) and years of service (minimum of five years) equal to 70. For the Schools, no assets are accumulated in a trust that meets U.S. GAAP criteria. In accordance with Article 8, Chapter 15, Title 15.2 of the *Code of Virginia*, the City has elected to establish a pooled trust for the purpose of accumulating and investing assets to fund other postemployment benefits. The City, in accordance with this election, has joined the Virginia Pooled OPEB Trust Fund (Trust Fund), an irrevocable trust, with the purpose to fund other postemployment benefits. The Trust Fund issues separate financial statements, which can be obtained by requesting a copy from the Plan Administrator, VML/VACo Finance, 8 E. Canal Street, Richmond, Virginia 23219.

Benefits Provided

City Plan

The City provides postemployment healthcare benefits, in accordance with City policy, to all employees that terminate employment from the City, retire with at least five years of service, retire after having attained at least age 50, and retire having a combination of age and service equal to 70. Postemployment healthcare coverage in the active employee plans is available to both retirees and their spouses until they become eligible for Medicare. Coverage is provided to either the retiree or their spouse after they attain Medicare eligibility through a Medicare supplement plan on a retiree-pay-all basis. Coverage to spouses, both before and after attaining Medicare eligibility, ceases upon the death of the retiree.

Schools' Plan

The Schools provide postemployment healthcare benefits, in accordance with Schools policy, to all employees that terminate employment from the School division, retire with at least five years of service, retire after having attained at least age 50, and retire having a combination of age and service equal to 70. Postretirement healthcare coverage is available to both retirees and their spouses until they become eligible for Medicare. No coverage is provided to either the retiree or their spouse after they attain Medicare eligibility.

Employees Covered by Benefit Terms

Participant data as of the June 30, 2024, valuation date is as follows:

	Primary Government	Discretely Presented Component Unit School Board
Active participants	111	181
Retiree participants and spouses	14	8
	125	189

City of Poquoson, Virginia

Notes to Financial Statements

June 30, 2025

Note 16 – Other Postemployment Benefits Liability - Local Plan (Continued)

Contributions

The City Council and the Schools have the authority to establish and amend the funding policy of their respective plans. The employer's contribution ranges from 0% to 100% of the premiums based on the retiree's years of continuous healthcare coverage and the healthcare option selected by the retirees. The required employer contributions are financed based on a pay-as-you-go basis. In addition to ensuring current benefits are financed by current contributions, the City provides for funding to be made to the Virginia Pooled OPEB Trust as described in Note 2. The contributions for the City during the year ended June 30, 2025, were \$107,835. The Schools does not accumulate assets for future benefits and instead operates on a pay-as-you-go basis.

Actuarial Assumptions and Other Inputs

The total OPEB liability was determined using the following assumptions, applied to all periods included in the measurement, unless otherwise specified:

Investment rate of return*	6.00%
Inflation	2.25%
Growth in Real Income	1.33%
Healthcare cost trend rates	1.10%
Expected Health Share of GDP in 2033	19.00%
Retirees' share of benefit-related costs	24%

* City only. The long-term expected rate of return on OPEB plan investments was determined based on targeted rates of return under the Virginia Pooled OPEB Trust Fund as adopted by their board.

General Mortality Rates

- Pre-Retirement: Pub-2010 Amount Weighted General Employee Rates projected generationally; males set forward 2 years; 105% of rates for females set forward 3 years
- Post-Retirement: Pub-2010 Amount Weighted General Healthy Retiree Rates projected generationally; 95% of rates for males set forward 2 years; 95% of rates for females set forward 1 year
- Post-Disablement: Pub-2010 Amount Weighted General Disabled Rates projected generationally; 110% of rates for males set forward 3 years; 110% of rates for females set forward 2 years
- Beneficiaries and Survivors: Pub-2010 Amount Weighted General Contingent Annuitant Rates projected generationally
- Mortality Improvement Scale: Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates

Teacher Mortality Rates

- Pre-Retirement: Pub-2010 Amount Weighted Teachers Employee Rates projected generationally; 110% of rates for males
- Post-Retirement: Pub-2010 Amount Weighted Teachers Healthy Retiree Rates projected generationally; males set forward 1 year; 105% of rates for females
- Post-Disablement: Pub-2010 Amount Weighted Teachers Disabled Rates projected generationally; 110% of rates for males and females

City of Poquoson, Virginia

Notes to Financial Statements

June 30, 2025

Note 16 – Other Postemployment Benefits Liability - Local Plan (Continued)

Teacher Mortality Rates (Continued)

- Beneficiaries and Survivors: Pub-2010 Amount Weighted Teachers Contingent Annuitant Rates projected generationally
- Mortality Improvement Scale: Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates

Hazardous Mortality Rates

- Pre-Retirement: Pub-2010 Amount Weighted Safety Employee Rates projected generationally; 95% of rates for males; 105% of rates for females set forward 2 years
- Post-Retirement: Pub-2010 Amount Weighted Safety Healthy Retiree Rates projected generationally; 110% of rates for males; 105% of rates for females set forward 3 years
- Post-Disablement: Pub-2010 Amount Weighted General Disabled Rates projected generationally; 95% of rates for males set back 3 years; 90% of rates for females set back 3 years
- Beneficiaries and Survivors: Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally; 110% of rates for males and females set forward 2 years
- Mortality Improvement Scale: Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates

The actuarial assumptions used in the June 30, 2024, valuation was based on the results of an actuarial experience study undertaken on behalf of VRS for the four-year period ending June 30, 2020.

Discount Rate

The discount rate used to measure the total OPEB liabilities was 5.20% based on yields for 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The rate used in the current valuation is based on the 20-Bond GO index published by Bond Buyer as of June 30, 2025. The projection of cash flows used to determine the discount rate assumed that City 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 long-term expected rate of return was applied to all periods of projected benefit payments to determine the total OPEB liability.

City of Poquoson, Virginia

Notes to Financial Statements

June 30, 2025

Note 16 – Other Postemployment Benefits Liability - Local Plan (Continued)

Change in Net Retiree Health Insurance OPEB Liability - City

	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) – (b)
Balances at June 30, 2024	\$ 2,513,294	\$ 340,363	\$ 2,172,931
Changes for the year:			
Service cost	99,586	-	99,586
Interest	100,079	-	100,079
Assumption changes	(243,524)	-	(243,524)
Contributions - employer	-	107,835	(107,835)
Contributions - employee	-	87,304	(87,304)
Net investment income	-	22,580	(22,580)
Benefit payments	(132,687)	(181,274)	48,587
Net changes	(176,546)	36,445	(212,991)
Balances at June 30, 2025	<u><u>\$ 2,336,748</u></u>	<u><u>\$ 376,808</u></u>	<u><u>\$ 1,959,940</u></u>

Changes in the Total Retiree Health Insurance OPEB Liability – School Board

Balance at June 30, 2024	\$ 269,406
Changes for the year:	
Service cost	9,677
Interest	10,379
Assumption or other input changes	(17,427)
Benefit payments	(29,963)
Net changes	(27,334)
Balance at June 30, 2025	<u><u>\$ 242,072</u></u>

Sensitivity of the Retiree Health Insurance OPEB Liability to Changes in the Discount Rate

The following presents the City's and School Board's retiree health insurance OPEB liability using the discount rate of 5.20%, as well as what the City and School Board's retiree health insurance OPEB liability would be if it were calculated using a discount rate that is one percentage lower (4.20%) or one percentage higher (6.20%) than the current rate:

	1% Decrease 4.20%	Current Discount Rate 5.20%	1% Increase 6.20%
	\$ 2,158,226	\$ 1,959,940	\$ 1,781,548
City's net retiree health insurance OPEB liability	<u><u>\$ 2,158,226</u></u>	<u><u>\$ 1,959,940</u></u>	<u><u>\$ 1,781,548</u></u>
School Board's total retiree health insurance OPEB liability	<u><u>\$ 255,666</u></u>	<u><u>\$ 242,072</u></u>	<u><u>\$ 229,479</u></u>

City of Poquoson, Virginia

Notes to Financial Statements

June 30, 2025

Note 16 – Other Postemployment Benefits Liability - Local Plan (Continued)

Sensitivity of the Retiree Health Insurance OPEB Liability to Changes in the Healthcare Cost Trend Rate

The following represents the City's and School Board's retiree health insurance OPEB liability using the healthcare trend rate of 5.70%, as well as what the City and School Board's total retiree health insurance OPEB liability would be if it were calculated using a healthcare trend rate that is one percentage lower (4.70%) or one percentage higher (6.70%) than the current rate:

	1% Decrease 4.70%	Healthcare Rate 5.70%	1% Increase 6.70%
City's net retiree health insurance OPEB liability	\$ 1,754,799	\$ 1,959,940	\$ 2,195,954
School Board's total retiree health insurance OPEB liability	<u>\$ 225,062</u>	<u>\$ 242,072</u>	<u>\$ 261,435</u>

Retiree Health Insurance OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources related to OPEB

For the year ended June 30, 2025, the City and School Board recognized retiree health insurance OPEB expense of \$202,125 and \$77,836, respectively. At June 30, 2025, the City and School Board reported deferred outflows of resources and deferred inflows of resources related to the retiree health insurance OPEB program from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
City:		
Differences between expected and actual experience	\$ 141,005	\$ 11,215
Change in assumptions	39,152	348,659
Net difference between projected and actual earnings	-	4,484
	<u>\$ 180,157</u>	<u>\$ 364,358</u>
School Board:		
Differences between expected and actual experience	\$ 166,931	\$ -
Change in assumptions	2,136	24,858
	<u>\$ 169,067</u>	<u>\$ 24,858</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized as an increase (reduction) to OPEB expense as follows:

Year Ending June 30,	City	School Board
2026	\$ (8,345)	\$ 49,461
2027	(67,121)	34,411
2028	(43,351)	32,015
2029	(42,283)	28,322
2030	(23,101)	-

City of Poquoson, Virginia

Notes to Financial Statements

June 30, 2025

Note 17 – OPEB Summary

	Business-			
	Governmental Activities	Type Activities	Total City	Total School Board
Net OPEB liability:				
Local Plan	\$ 1,863,414	\$ 96,526	\$ 1,959,940	\$ 242,072
Group Life Insurance Program	342,054	17,719	359,773	610,633
Health Insurance Credit Program	91,077	4,718	95,795	52,209
Teacher Health Insurance Credit Program	-	-	-	1,442,711
Total net OPEB liability	\$ 2,296,545	\$ 118,963	\$ 2,415,508	\$ 2,347,625
OPEB expense (recovery):				
Local Plan	\$ 192,170	\$ 9,955	\$ 202,125	\$ 77,836
Group Life Insurance Program	7,106	368	7,474	(6,576)
Health Insurance Credit Program	9,469	491	9,960	4,161
Teacher Health Insurance Credit Program	-	-	-	72,740
Total net OPEB expense	\$ 208,745	\$ 10,814	\$ 219,559	\$ 148,161
Deferred outflows:				
Local Plan	\$ 171,285	\$ 8,872	\$ 180,157	\$ 169,067
Group Life Insurance Program	98,145	5,084	103,229	170,816
Health Insurance Credit Program	38,217	1,980	40,197	8,267
Teacher Health Insurance Credit Program	-	-	-	194,146
Total deferred outflows	\$ 307,647	\$ 15,936	\$ 323,583	\$ 542,296
Deferred inflows:				
Local Plan	\$ 346,414	\$ 17,944	\$ 364,358	\$ 24,858
Group Life Insurance Program	59,211	3,067	62,278	160,320
Health Insurance Credit Program	43,396	2,248	45,644	1,473
Teacher Health Insurance Credit Program	-	-	-	203,334
Total deferred inflows	\$ 449,021	\$ 23,259	\$ 472,280	\$ 389,985

City of Poquoson, Virginia

Notes to Financial Statements

June 30, 2025

Note 18 – Subscription-Based Information Technology Arrangements

City

The City has a subscription-based information technology arrangement for public safety software for which it has recognized a subscription asset and intangible right-to-use subscription liability, discounted at 8.50%, in the statement of net position. During the year, subscription amortization and interest expense of \$29,715 and \$9,277, respectively, was recognized which are included in the statement of activities in expenses, for the fiscal year ended June 30, 2025.

Future maturities are as follows:

Year Ending June 30,	Principal	Interest	Total
2026	\$ 29,902	\$ 8,651	\$ 38,553
2027	32,545	6,008	38,553
2028	35,422	3,131	38,553
	\$ 97,869	\$ 17,790	\$ 115,659

School Board

The School Board has a subscription-based information technology arrangement for a communication platform for which it has recognized a subscription asset and intangible right-to-use subscription liability, discounted at 4.75%, in the statement of net position and also recognized subscription amortization and interest expense of \$6,837 and \$678, respectively, which are included in the statement of activities in expenses, for the fiscal year ended June 30, 2025.

Future maturities are as follows:

Year Ending June 30,	Principal	Interest	Total
2026	\$ 6,822	\$ 678	\$ 7,500
2027	7,152	348	7,500
	\$ 13,974	\$ 1,026	\$ 15,000

City of Poquoson, Virginia

Notes to Financial Statements

June 30, 2025

Note 19 – Restatement

During fiscal year 2025, the change in accounting principle for the implementation of GASB Statement No. 101 resulted in the restatement of net position as of June 30, 2024, as follows:

	Business-Type				
	Governmental Activities	Internal Service Fund	Activities, Sewer Operations Fund	Business-Type Activities, Solid Waste Fund	Component Unit, Poquoson City Public Schools
June 30, 2024, as previously reported	\$ 46,252,920	\$ 20,508	\$ 11,470,631	\$ 545,117	\$ 14,121
Change in accounting principle	(1,464,041)	(67,789)	(14,214)	(485)	(1,158,936)
June 30, 2024, as restated	<u>\$ 44,788,879</u>	<u>\$ (47,281)</u>	<u>\$ 11,456,417</u>	<u>\$ 544,632</u>	<u>\$ (1,144,815)</u>

This implementation of GASB Statement No. 101 has been applied retrospectively, and prior year comparative numbers have been restated accordingly.

Note 20 – New Accounting Standards

In April 2024, the GASB issued **Statement No. 103, Financial Reporting Model Improvements**. This statement improves key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability as well as addresses certain application issues. The requirements of this Statement are effective for reporting periods beginning after June 15, 2025.

In September 2024, the GASB issued **Statement No. 104, Disclosure of Certain Capital Assets**. This statement requires certain information regarding capital assets to be presented by major class. Certain types of capital assets are to be disclosed separately in the capital assets note disclosures required by Statement No. 34. The requirements of this Statement are effective for reporting periods beginning after June 15, 2025.

Management has not determined the effects these new GASB Statements may have on prospective financial statements.

**Required
Supplementary
Information
(Unaudited)**

City of Poquoson, Virginia

Exhibit L

Budgetary Comparison Schedule - General Fund (Budget Basis)

Year Ended June 30, 2025

	Original Budget	Final Budget	Actual	Variance From Final Budget
				Positive (Negative)
REVENUES AND OTHER FINANCING SOURCES				
Revenue from local sources:				
General property taxes:				
Real property taxes	\$ 23,379,893	\$ 23,379,893	\$ 22,995,625	\$ (384,268)
Public service corporation property taxes	260,000	260,000	370,178	110,178
Personal property	4,340,002	4,340,002	4,640,611	300,609
Penalties and interest	145,000	145,000	212,052	67,052
Total general property taxes	<u>28,124,895</u>	<u>28,124,895</u>	<u>28,218,466</u>	<u>93,571</u>
Other local taxes:				
Sales and use taxes	1,490,000	1,490,000	1,514,838	24,838
Meals taxes	1,025,000	1,025,000	1,123,697	98,697
Cigarette taxes	65,000	65,000	51,926	(13,074)
Consumers' utility taxes	312,000	312,000	349,053	37,053
Consumption tax	40,000	40,000	41,730	1,730
Business license taxes	550,000	550,000	708,427	158,427
Bank stock taxes	18,000	18,000	21,422	3,422
Recordation and wills taxes	290,000	290,000	239,736	(50,264)
Deeds of conveyance	75,000	75,000	73,548	(1,452)
Total other local taxes	<u>3,865,000</u>	<u>3,865,000</u>	<u>4,124,377</u>	<u>259,377</u>
Permits, privilege fees, and regulatory licenses:				
Animal license	1,000	1,000	1,167	167
Permits and other licenses	245,500	245,500	282,614	37,114
Total permits, privilege fees, and and regulatory licenses	<u>246,500</u>	<u>246,500</u>	<u>283,781</u>	<u>37,281</u>
Fines and forfeitures	<u>40,000</u>	<u>40,000</u>	<u>32,931</u>	<u>(7,069)</u>
Revenue from use of money and property:				
Revenue from use of money	272,500	387,074	1,361,241	974,167
Revenue from use of property	209,500	209,500	216,587	7,087
Total revenue from use of money and property	<u>482,000</u>	<u>596,574</u>	<u>1,577,828</u>	<u>981,254</u>
Charges for services:				
Charges for copying	4,000	4,000	5,640	1,640
Charges for passport processing	75,000	75,000	85,255	10,255
Charges for library and fees	100	100	3,741	3,641
EMS revenue recovery	425,000	425,000	422,832	(2,168)
Charges for parks and recreation programs	128,500	128,500	158,513	30,013
Charges for pool	96,420	96,420	91,870	(4,550)
Charges for events	190,700	190,700	178,882	(11,818)
Total charges for services	<u>919,720</u>	<u>919,720</u>	<u>946,733</u>	<u>27,013</u>
Miscellaneous revenues:				
Miscellaneous	9,949	33,637	54,881	21,244
Donations:				
Library	10,000	10,342	11,091	749
Police	-	300	300	-
Fire	-	2,025	2,025	-
Other	-	2,559	2,559	-
Total miscellaneous revenues	<u>19,949</u>	<u>48,863</u>	<u>70,856</u>	<u>21,993</u>

City of Poquoson, Virginia

Exhibit L

Budgetary Comparison Schedule - General Fund (Budget Basis)

Year Ended June 30, 2025

	Original Budget	Final Budget	Actual	Variance From Final Budget Positive (Negative)
Intergovernmental:				
Revenues from the Commonwealth:				
Noncategorical aid:				
DMV reimbursement	139,000	139,000	132,252	(6,748)
Gaming fee	-	-	722	722
Mobile home titling taxes	20,000	20,000	25,350	5,350
Personal property tax relief	1,923,435	1,923,435	1,923,431	(4)
Total noncategorical aid	<u>2,082,435</u>	<u>2,082,435</u>	<u>2,081,755</u>	<u>(680)</u>
Categorical aid:				
Shared expenses:				
Commissioner of the Revenue	157,182	157,182	166,125	8,943
Treasurer	140,311	140,311	157,974	17,663
Registrar/electoral board	75,135	75,135	72,779	(2,356)
Total shared expenses	<u>372,628</u>	<u>372,628</u>	<u>396,878</u>	<u>24,250</u>
Other categorical aid:				
State 599 police funds	299,000	299,000	310,653	11,653
Fire and EMS	50,000	62,339	85,111	22,772
Department of Emergency Services	20,500	20,500	20,500	-
Street and highway maintenance	1,000,000	1,000,000	1,000,000	-
Litter control	12,513	12,513	11,033	(1,480)
Library	216,914	238,626	238,626	-
Comprehensive Services Act	252,000	548,526	489,063	(59,463)
State drug seizure	-	-	4,806	4,806
Other state grants	54,000	54,000	71,438	17,438
Total other categorical aid	<u>1,904,927</u>	<u>2,235,504</u>	<u>2,231,230</u>	<u>(4,274)</u>
Total categorical aid	<u>2,277,555</u>	<u>2,608,132</u>	<u>2,628,108</u>	<u>19,976</u>
Total revenues from the Commonwealth	<u>4,359,990</u>	<u>4,690,567</u>	<u>4,709,863</u>	<u>19,296</u>
Revenues from the federal government:				
Federal grants	7,500	23,669	23,807	138
Total revenues	<u>38,065,554</u>	<u>38,555,788</u>	<u>39,988,642</u>	<u>1,432,854</u>
Other financing sources:				
Transfer from Sewer Fund	300,000	300,000	300,000	-
Transfer from Solid Waste Fund	50,000	50,000	50,000	-
Use of fund balance	-	4,123,592	-	(4,123,592)
Total other financing sources	<u>350,000</u>	<u>4,473,592</u>	<u>350,000</u>	<u>(4,123,592)</u>
Total revenues and other financing sources	<u>38,415,554</u>	<u>43,029,380</u>	<u>40,338,642</u>	<u>(2,690,738)</u>

City of Poquoson, Virginia

Exhibit L

Budgetary Comparison Schedule - General Fund (Budget Basis)

Year Ended June 30, 2025

	Original Budget	Final Budget	Actual	Variance From Final Budget
				Positive (Negative)
EXPENDITURES AND OTHER FINANCING USES				
General government administration:				
Legislative - City Council	99,534	96,184	94,329	1,855
General and financial administration:				
City Manager	678,759	736,200	730,225	5,975
Legal services	119,605	151,505	151,465	40
Independent auditor	65,000	65,000	56,522	8,478
Commissioner of the Revenue	448,570	448,570	410,706	37,864
Assessor/equalization board	322,166	322,166	309,638	12,528
Treasurer	405,949	405,949	403,853	2,096
Finance	670,349	645,599	637,033	8,566
Technology	87,300	91,850	91,834	16
Risk management	51,189	250,015	176,104	73,911
Total general and financial administration	2,848,887	3,116,854	2,967,380	149,474
Board of Elections -				
Electoral Board and registrar	283,544	283,544	264,451	19,093
Total general government administration	3,231,965	3,496,582	3,326,160	170,422
Judicial administration:				
Courts	423,832	423,832	407,447	16,385
Sheriff	255,122	255,122	255,122	-
Total judicial administration	678,954	678,954	662,569	16,385
Public safety:				
Law enforcement and traffic control -				
police department	4,536,101	4,809,781	4,546,272	263,509
Fire and rescue services - fire department	5,119,384	5,347,545	4,949,416	398,129
Correction and detention - regional				
operated institutions	369,170	369,170	369,117	53
Inspections - various	375,781	375,781	358,688	17,093
Other protection - animal control	148,018	148,018	145,808	2,210
Total public safety	10,548,454	11,050,295	10,369,301	680,994
Public works:				
Maintenance of highways, streets, bridges				
and sidewalks:				
General engineering/administration	291,584	291,584	280,154	11,430
Highways, streets, bridges, and sidewalks	1,917,649	1,920,208	1,743,176	177,032
Street lights	90,846	161,282	152,848	8,434
Total maintenance of highways, streets,	2,300,079	2,373,074	2,176,178	196,896
bridges, and sidewalks				
Maintenance of general buildings and grounds	524,288	460,218	381,340	78,878
Total public works	2,824,367	2,833,292	2,557,518	275,774
Health and welfare:				
Health:				
Local health department	79,327	79,327	73,851	5,476
Mosquito control	319,310	324,310	324,308	2
Total health	398,637	403,637	398,159	5,478
Mental health and mental retardation -				
mental health	190,000	190,000	190,000	-

City of Poquoson, Virginia

Exhibit L

Budgetary Comparison Schedule - General Fund (Budget Basis)

Year Ended June 30, 2025

	Original Budget	Final Budget	Actual	Variance From Final Budget Positive (Negative)
Welfare:				
Social Services	379,000	379,000	369,463	9,537
Children Services Act	350,000	761,100	654,716	106,384
Total welfare	<u>729,000</u>	<u>1,140,100</u>	<u>1,024,179</u>	<u>115,921</u>
Total health and welfare	<u>1,317,637</u>	<u>1,733,737</u>	<u>1,612,338</u>	<u>121,399</u>
Education - Schools	<u>12,268,128</u>	<u>12,479,311</u>	<u>10,871,269</u>	<u>1,608,042</u>
Parks, recreation, and cultural:				
Supervision of parks and recreation	619,809	620,309	607,643	12,666
Pool operations	198,561	198,561	195,175	3,386
Seafood Festival events	333,782	336,212	250,110	86,102
Library - administration	<u>1,177,059</u>	<u>1,219,496</u>	<u>1,209,270</u>	<u>10,226</u>
Total parks, recreation, and cultural	<u>2,329,211</u>	<u>2,374,578</u>	<u>2,262,198</u>	<u>112,380</u>
Community development:				
Planning	489,947	507,361	481,317	26,044
Economic development	118,801	32,810	32,786	24
Community development	<u>148,446</u>	<u>148,446</u>	<u>146,503</u>	<u>1,943</u>
Total community development	<u>757,194</u>	<u>688,617</u>	<u>660,606</u>	<u>28,011</u>
Nondepartmental:				
Nondepartmental - miscellaneous	63,226	83,426	82,403	1,023
Department of Motor Vehicles Select	<u>171,918</u>	<u>171,918</u>	<u>170,928</u>	<u>990</u>
Total nondepartmental	<u>235,144</u>	<u>255,344</u>	<u>253,331</u>	<u>2,013</u>
Economic Development Authority	<u>21,000</u>	<u>21,000</u>	<u>21,000</u>	<u>-</u>
Debt Service	-	-	38,553	(38,553)
Total expenditures	<u>34,212,054</u>	<u>35,611,710</u>	<u>32,634,843</u>	<u>2,976,867</u>
Other financing uses:				
Transfers to Debt Service Fund	3,993,000	4,143,000	4,143,000	-
Transfers to Fiscal Stability Reserve	-	100,000	-	100,000
Transfers to Public Safety Pay Plan	-	100,000	-	100,000
Transfers to Capital Projects Fund	<u>210,500</u>	<u>3,074,670</u>	<u>3,074,670</u>	<u>-</u>
Total other financing uses	<u>4,203,500</u>	<u>7,417,670</u>	<u>7,217,670</u>	<u>200,000</u>
Total expenditures and other financing uses	<u>38,415,554</u>	<u>43,029,380</u>	<u>39,852,513</u>	<u>3,176,867</u>
Excess of revenues and other financing sources over expenditures and other financing uses - budgetary basis	<u>\$</u> <u>-</u>	<u>\$</u> <u>-</u>	<u>486,129</u>	<u>\$</u> <u>486,129</u>
Less encumbrances beginning of year, actually expended as of end of year			(372,617)	
Add encumbrances outstanding end of year			121,515	
Excess of revenues and other financing sources over expenditures and other financing uses - U.S. GAAP basis			235,027	
FUND BALANCE				
Beginning of year			18,811,612	
End of year			<u>\$</u> <u>19,046,639</u>	

City of Poquoson, Virginia

Exhibit M

Schedules of Changes in Net Pension Liability (Asset) and Related Ratios and Employer Contributions
City

	Plan Year									
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
TOTAL PENSION LIABILITY										
Service cost	\$ 1,237,417	\$ 1,066,136	\$ 991,089	\$ 923,895	\$ 931,547	\$ 791,275	\$ 818,997	\$ 724,837	\$ 713,981	\$ 668,757
Interest	2,904,439	2,770,850	2,662,047	2,514,455	2,321,430	2,230,741	2,124,606	2,087,510	1,999,442	1,940,826
Changes of assumptions	-	-	-	1,487,323	-	1,002,882	-	(350,459)	-	-
Difference between expected and actual experience	1,837,927	399,396	148,216	(1,825,063)	1,314,714	184,088	299,978	(525,567)	(413,719)	(806,075)
Benefit payments, including refunds of member contributions	(2,345,273)	(2,511,870)	(2,017,124)	(1,793,189)	(1,622,933)	(1,747,386)	(1,707,349)	(1,105,403)	(977,768)	(954,501)
Net change in total pension liability	3,634,510	1,724,512	1,784,228	1,307,421	2,944,758	2,461,600	1,536,232	830,918	1,321,936	849,007
Total pension liability, beginning	42,963,946	41,239,434	39,455,206	38,147,785	35,203,027	32,741,427	31,205,195	30,374,277	29,052,341	28,203,334
Total pension liability, ending (a)	\$ 46,598,456	\$ 42,963,946	\$ 41,239,434	\$ 39,455,206	\$ 38,147,785	\$ 35,203,027	\$ 32,741,427	\$ 31,205,195	\$ 30,374,277	\$ 29,052,341
PLAN FIDUCIARY NET POSITION										
Contributions - employer	\$ 1,119,835	\$ 1,034,988	\$ 912,520	\$ 872,454	\$ 679,011	\$ 649,728	\$ 534,293	\$ 527,937	\$ 750,690	\$ 585,103
Contributions - employee	443,793	363,166	346,944	321,366	327,995	312,348	305,122	319,696	285,757	282,529
Net investment income	3,950,627	2,530,817	(32,830)	8,775,477	613,743	2,037,562	2,181,520	3,261,440	466,018	1,157,070
Benefit payments, including refunds of member contributions	(2,345,273)	(2,511,870)	(2,017,124)	(1,793,189)	(1,622,933)	(1,747,386)	(1,707,349)	(1,105,403)	(977,768)	(954,501)
Administrative expenses	(25,919)	(25,527)	(25,144)	(21,817)	(20,983)	(20,533)	(19,140)	(18,731)	(16,118)	(15,704)
Other changes	833	1,013	928	829	(726)	(1,286)	(1,924)	(2,903)	(196)	(243)
Net change in plan fiduciary net position	3,143,896	1,392,587	(814,706)	8,155,120	(23,893)	1,230,433	1,292,522	2,982,036	508,383	1,054,254
Plan fiduciary net position, beginning	40,932,053	39,539,466	40,354,172	32,199,052	32,222,945	30,992,512	29,699,990	26,717,954	26,209,571	25,155,317
Plan fiduciary net position, ending (b)	\$ 44,075,949	\$ 40,932,053	\$ 39,539,466	\$ 40,354,172	\$ 32,199,052	\$ 32,222,945	\$ 30,992,512	\$ 29,699,990	\$ 26,717,954	\$ 26,209,571
Net pension liability (asset), ending (a) - (b)	\$ 2,522,507	\$ 2,031,893	\$ 1,699,968	\$ (898,966)	\$ 5,948,733	\$ 2,980,082	\$ 1,748,915	\$ 1,505,205	\$ 3,656,323	\$ 2,842,770
Plan fiduciary net position as a percentage of the total pension liability	94.59%	95.27%	95.88%	102.28%	84.41%	91.53%	94.66%	95.18%	87.96%	90.22%
Covered payroll	\$ 8,267,723	\$ 7,624,453	\$ 6,973,784	\$ 6,608,649	\$ 6,739,407	\$ 6,389,305	\$ 6,205,925	\$ 6,086,833	\$ 5,761,310	\$ 5,680,974
Net pension liability (asset) as a percentage of covered payroll	30.51%	26.65%	24.38%	-13.60%	88.27%	46.64%	28.18%	24.73%	63.46%	50.04%
SCHEDULE OF EMPLOYER CONTRIBUTIONS										
	Fiscal Year									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Contractually required contribution	\$ 1,334,472	\$ 1,119,835	\$ 1,034,833	\$ 912,520	\$ 895,472	\$ 701,572	\$ 665,127	\$ 545,751	\$ 527,937	\$ 720,636
Contribution in relation to contractually required contribution	1,334,472	1,119,835	1,034,833	912,520	895,472	700,809	671,001	606,319	594,684	747,041
Contribution (deficiency)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 763	\$ (5,874)	\$ (60,568)	\$ (66,747)	\$ (26,405)
Covered payroll	\$ 8,756,377	\$ 8,267,723	\$ 7,624,453	\$ 6,973,784	\$ 6,608,649	\$ 6,739,407	\$ 6,389,305	\$ 6,205,925	\$ 6,086,833	\$ 5,761,310
Contributions as a percentage of covered payroll	15.24%	13.54%	13.57%	13.09%	13.55%	10.40%	10.50%	9.77%	9.77%	12.97%

City of Poquoson, Virginia

Exhibit N

**Schedules of Changes in Net Pension Liability (Asset) and Related Ratios and Employer Contributions
Schools**

	Plan Year									
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
TOTAL PENSION LIABILITY										
Service cost	\$ 49,325	\$ 44,781	\$ 38,767	\$ 47,553	\$ 48,576	\$ 47,094	\$ 52,308	\$ 54,653	\$ 59,525	\$ 55,952
Interest	167,866	171,421	176,803	164,808	157,916	156,768	156,761	160,141	152,141	147,547
Changes of assumptions	-	-	-	88,678	-	57,383	-	11,087	-	-
Difference between expected and actual experience	102,728	(115,357)	(121,393)	21,327	52,913	(5,930)	(52,431)	(127,994)	51,061	20,244
Benefit payments, including refunds of employee contributions	(161,937)	(154,191)	(205,660)	(161,184)	(153,418)	(157,314)	(155,741)	(136,614)	(160,271)	(155,952)
Net change in total pension liability (asset)	157,982	(53,346)	(111,483)	161,182	105,987	98,001	897	(38,727)	102,456	67,791
Total pension liability, beginning	2,518,545	2,571,891	2,683,374	2,522,192	2,416,205	2,318,204	2,317,307	2,356,034	2,253,578	2,185,787
Total pension liability, ending (a)	\$ 2,676,527	\$ 2,518,545	\$ 2,571,891	\$ 2,683,374	\$ 2,522,192	\$ 2,416,205	\$ 2,318,204	\$ 2,317,307	\$ 2,356,034	\$ 2,253,578
PLAN FIDUCIARY NET POSITION										
Contributions - employer	\$ 50,903	\$ 47,425	\$ 45,713	\$ 43,124	\$ 40,959	\$ 39,277	\$ 51,238	\$ 55,375	\$ 62,751	\$ 64,124
Contributions - employee	29,051	27,191	23,112	22,931	25,398	24,035	24,084	25,660	24,934	25,682
Net investment income	242,702	156,243	(1,904)	567,975	40,927	138,194	149,347	227,250	32,149	86,123
Benefit payments, including refunds of employee contributions	(161,937)	(154,191)	(205,660)	(161,184)	(153,418)	(157,314)	(155,741)	(136,614)	(160,271)	(155,952)
Administrative expenses	(1,671)	(1,588)	(1,635)	(1,465)	(1,442)	(1,434)	(1,330)	(1,339)	(1,222)	(1,229)
Other changes	48	63	58	53	(48)	(87)	(132)	(201)	(14)	(16)
Net change in plan fiduciary net position	159,096	75,143	(140,316)	471,434	(47,624)	42,671	67,466	170,131	(41,673)	18,732
Plan fiduciary net position, beginning	2,527,779	2,452,636	2,592,952	2,121,518	2,169,142	2,126,471	2,059,005	1,888,874	1,930,547	1,911,815
Plan fiduciary net position, ending (b)	\$ 2,686,875	\$ 2,527,779	\$ 2,452,636	\$ 2,592,952	\$ 2,121,518	\$ 2,169,142	\$ 2,126,471	\$ 2,059,005	\$ 1,888,874	\$ 1,930,547
Net pension liability (asset), ending (a) - (b)	\$ (10,348)	\$ (9,234)	\$ 119,255	\$ 90,422	\$ 400,674	\$ 247,063	\$ 191,733	\$ 258,302	\$ 467,160	\$ 323,031
Plan fiduciary net position as a percentage of the total pension liability	100.39%	100.37%	95.36%	96.63%	84.11%	89.77%	91.73%	88.85%	80.17%	85.67%
Covered payroll	\$ 675,877	\$ 626,113	\$ 521,656	\$ 516,364	\$ 573,771	\$ 538,066	\$ 526,973	\$ 552,624	\$ 528,531	\$ 613,843
Net pension liability (asset) as a percentage of covered payroll	-1.53%	-1.47%	22.86%	17.51%	69.83%	45.92%	36.38%	46.74%	88.39%	52.62%
SCHEDULE OF EMPLOYER CONTRIBUTIONS										
	Fiscal Year									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Contractually required contribution	\$ 35,296	\$ 50,903	\$ 47,424	\$ 45,713	\$ 49,416	\$ 47,566	\$ 44,606	\$ 55,965	\$ 58,689	\$ 64,375
Contribution in relation to contractually required contribution	35,296	50,903	47,424	45,713	49,416	47,566	44,606	55,965	58,689	64,375
Contribution (deficiency)	\$ -									
Covered payroll	\$ 610,893	\$ 675,877	\$ 626,113	\$ 521,656	\$ 516,364	\$ 573,771	\$ 538,066	\$ 526,973	\$ 552,624	\$ 528,531
Contributions as a percentage of covered payroll	5.78%	7.53%	7.57%	8.76%	9.57%	8.29%	8.29%	10.62%	10.62%	12.18%

City of Poquoson, Virginia

Exhibit O

**Schedules of Changes in Schools' Proportionate Share of the Net Pension Liability and Related Ratios and Employer Contributions
Teachers' Pool**

	Plan Year									
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY AND RELATED RATIOS										
Employer's proportion of the net pension liability	0.12673%	0.12746%	0.13404%	0.13798%	0.14042%	0.14177%	0.14390%	0.14631%	0.14548%	0.14682%
Employer's proportionate share of the net pension liability	\$ 11,896,062	\$ 12,882,643	\$ 12,761,410	\$ 10,711,522	\$ 20,434,798	\$ 18,657,738	\$ 16,923,000	\$ 17,993,000	\$ 20,387,000	\$ 18,479,000
Employer's covered payroll	\$ 13,374,907	\$ 12,555,408	\$ 12,317,738	\$ 12,032,677	\$ 12,186,554	\$ 11,803,449	\$ 11,559,264	\$ 11,491,017	\$ 11,097,066	\$ 10,969,314
Employer's proportionate share of the net pension liability as a percentage of its covered payroll	88.94%	102.61%	103.60%	89.02%	167.68%	158.07%	146.40%	156.58%	183.72%	168.46%
Plan fiduciary net position as a percentage of the total pension liability	84.52%	82.45%	82.61%	85.46%	72.15%	72.92%	72.92%	72.92%	68.28%	7.68%
SCHEDULE OF EMPLOYER CONTRIBUTIONS										
Fiscal Year										
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Contractually required contribution	\$ 1,988,221	\$ 2,133,918	\$ 2,009,791	\$ 1,991,242	\$ 1,999,831	\$ 1,910,852	\$ 1,850,781	\$ 1,886,472	\$ 1,684,583	\$ 1,609,075
Contribution in relation to contractually required contribution	1,988,221	2,133,918	2,009,791	1,991,242	1,999,831	1,910,852	1,850,781	1,886,472	1,684,583	1,609,075
Contribution (deficiency)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 13,989,337	\$ 13,374,907	\$ 12,555,408	\$ 12,317,738	\$ 12,032,677	\$ 12,186,554	\$ 11,803,449	\$ 11,559,264	\$ 11,491,017	\$ 11,097,066
Contributions as a percentage of covered payroll	14.21%	15.95%	16.01%	16.17%	16.62%	15.68%	15.68%	16.32%	14.66%	14.50%

City of Poquoson, Virginia

Exhibit P

Schedules of Employer Share of Net Group Life Insurance Program OPEB Liability and Related Ratios and Employer Contributions City

	Plan Year									
	2024	2023	2022	2021	2020	2019	2018	2017		
Employer's proportion of the net GLI OPEB liability	0.03224%	0.03237%	0.03217%	0.03204%	0.03278%	0.03261%	0.03274%	0.03300%		
Employer's proportionate share of the net GLI OPEB liability	\$ 359,773	\$ 388,218	\$ 387,358	\$ 373,031	\$ 547,045	\$ 530,652	\$ 497,000	\$ 497,000		
Covered payroll	\$ 8,276,619	\$ 7,624,453	\$ 6,973,784	\$ 6,608,649	\$ 6,739,407	\$ 6,389,305	\$ 6,205,925	\$ 6,086,833		
Employer's proportionate share of the net GLI OPEB liability as a percentage of its covered payroll	4.35%	5.09%	5.55%	5.64%	8.12%	8.31%	8.01%	8.17%		
Plan fiduciary net position as a percentage of the total GLI OPEB liability	73.41%	69.30%	67.21%	67.45%	52.64%	52.00%	51.22%	48.86%		
Fiscal Year										
SCHEDULE OF EMPLOYER CONTRIBUTIONS	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
	\$ 41,276	\$ 44,694	\$ 41,172	\$ 37,790	\$ 34,365	\$ 35,045	\$ 33,224	\$ 32,271	\$ 31,652	\$ 30,535
Contractually required contribution	41,276	44,694	41,172	37,790	35,178	35,077	33,243	32,368	31,652	27,660
Contribution (deficiency)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (813)</u>	<u>\$ (32)</u>	<u>\$ (19)</u>	<u>\$ (97)</u>	<u>\$ -</u>	<u>\$ 2,875</u>
Covered payroll	\$ 8,782,025	\$ 8,276,619	\$ 7,624,453	\$ 6,973,784	\$ 6,608,649	\$ 6,739,407	\$ 6,389,305	\$ 6,205,925	\$ 6,086,833	\$ 5,761,310
Contributions as a percentage of covered payroll	0.47%	0.54%	0.54%	0.54%	0.53%	0.52%	0.52%	0.52%	0.52%	0.48%

Notes to Schedule:

Schedule is intended to show information for 10 years. June 30, 2018, was the first year for the proportion schedule. Information prior to June 30, 2018, is not available; however, additional years will be included as they become available.

City of Poquoson, Virginia

Exhibit Q

**Schedules of Employer Share of Net Group Life Insurance Program OPEB Liability and Related Ratios and Employer Contributions
Schools**

	Plan Year									
	2024	2023	2022	2021	2020	2019	2018	2017		
Employer's proportion of the net GLI OPEB liability	0.05472%	0.05596%	0.05903%	0.06078%	0.06200%	0.06296%	0.06352%	0.06525%		
Employer's proportionate share of the net GLI OPEB liability	\$ 610,633	\$ 671,136	\$ 710,778	\$ 707,645	\$ 1,034,679	\$ 1,024,528	\$ 964,000	\$ 982,000		
Covered payroll	\$ 14,050,784	\$ 13,181,521	\$ 12,839,394	\$ 12,549,041	\$ 12,760,325	\$ 12,341,515	\$ 12,086,237	\$ 12,043,641		
Employer's proportionate share of the net GLI OPEB liability as a percentage of its covered payroll	4.35%	5.09%	5.54%	5.64%	8.11%	8.30%	7.98%	8.15%		
Plan fiduciary net position as a percentage of the total GLI OPEB liability	73.41%	69.30%	67.21%	67.45%	52.64%	52.00%	51.22%	48.86%		
Fiscal Year										
SCHEDULE OF EMPLOYER CONTRIBUTIONS	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
	\$ 68,621	\$ 75,874	\$ 71,180	\$ 69,333	\$ 67,765	\$ 66,354	\$ 64,176	\$ 62,848	\$ 62,627	\$ 55,803
Contractually required contribution	68,621	75,874	71,180	69,333	67,765	66,354	64,176	62,848	62,627	55,803
Contribution in relation to contractually required contribution										
Contribution (deficiency)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 14,600,230	\$ 14,050,784	\$ 13,181,521	\$ 12,839,394	\$ 12,549,041	\$ 12,760,325	\$ 12,341,515	\$ 12,086,237	\$ 12,043,641	\$ 11,625,597
Contributions as a percentage of covered payroll	0.47%	0.54%	0.54%	0.54%	0.54%	0.52%	0.52%	0.52%	0.52%	0.48%

Notes to Schedule:

Schedule is intended to show information for 10 years. June 30, 2018, was the first year for the proportion schedule. Information prior to June 30, 2018, is not available; however, additional years will be included as they become available.

City of Poquoson, Virginia

Exhibit R

Schedules of Employer Share of Net Health Insurance Credit Program OPEB Liability and Related Ratios and Employer Contributions Teachers' Pool

	Plan Year							
	2024	2023	2022	2021	2020	2019	2018	2017
Employer's proportion of the net HIC OPEB liability	0.12484%	0.12592%	0.13216%	0.13606%	0.13901%	0.14075%	0.14285%	0.14545%
Employer's proportionate share of the net HIC OPEB liability	\$ 1,442,711	\$ 1,525,417	\$ 1,650,740	\$ 1,746,424	\$ 1,813,409	\$ 1,842,554	\$ 1,814,000	\$ 1,845,000
Covered payroll	\$ 13,374,907	\$ 12,555,408	\$ 12,317,738	\$ 12,032,677	\$ 12,186,554	\$ 11,803,449	\$ 11,559,264	\$ 11,491,017
Employer's proportionate share of the net HIC OPEB liability as a percentage of its covered payroll	10.79%	12.15%	13.40%	14.51%	14.88%	15.61%	15.69%	16.06%
Plan fiduciary net position as a percentage of the total HIC OPEB liability	21.82%	17.90%	15.08%	13.15%	9.95%	8.97%	8.08%	7.04%
Fiscal Year								
SCHEDULE OF EMPLOYER CONTRIBUTIONS	2025	2024	2023	2022	2021	2020	2019	2018
	\$ 169,271	\$ 161,836	\$ 151,920	\$ 149,045	\$ 145,959	\$ 146,239	\$ 141,641	\$ 142,179
Contractually required contribution	169,271	161,836	151,920	149,045	145,956	146,238	141,666	146,364
Contribution in relation to contractually required contribution								127,508
Contribution (deficiency)	\$ -	\$ -	\$ -	\$ -	\$ 363	\$ 1	\$ (25)	\$ (4,185)
Covered payroll	\$ 13,989,337	\$ 13,374,907	\$ 12,555,408	\$ 12,317,738	\$ 12,032,677	\$ 12,186,554	\$ 11,803,449	\$ 11,559,264
Contributions as a percentage of covered payroll	1.21%	1.21%	1.21%	1.21%	1.21%	1.20%	1.20%	1.27%
								1.11%
								1.06%

Notes to Schedule:

Schedule is intended to show information for 10 years. June 30, 2018, was the first year for the proportion schedule. Information prior to June 30, 2018, is not available; however, additional years will be included as they become available.

City of Poquoson, Virginia

Exhibit S

Schedules of Changes in Net Health Insurance Credit Program OPEB Liability and Related Ratios and Employer Contributions City

	Plan Year							
	2024	2023	2022	2021	2020	2019	2018	2017
TOTAL HIC OPEB LIABILITY								
Service cost	\$ 5,602	\$ 5,443	\$ 8,202	\$ 6,950	\$ 6,858	\$ 6,318	\$ 7,276	\$ 6,604
Interest	22,761	21,635	21,029	20,550	20,508	18,846	18,485	18,543
Changes of assumptions	-	-	16,064	6,168	-	7,342	-	(11,226)
Difference between expected and actual experience	(30,656)	9,846	(13,870)	(16,211)	(9,072)	19,919	(2,122)	-
Benefit payments, including refunds of member contributions	(20,540)	(20,242)	(19,159)	(17,950)	(17,398)	(18,268)	(18,707)	(10,779)
Net change in total HIC OPEB liability	(22,833)	16,682	12,266	(493)	896	34,157	4,932	3,142
Total HIC OPEB liability, beginning	341,872	325,190	312,924	313,417	312,521	278,364	273,432	270,290
Total HIC OPEB liability, ending (a)	\$ 319,039	\$ 341,872	\$ 325,190	\$ 312,924	\$ 313,417	\$ 312,521	\$ 278,364	\$ 273,432
PLAN FIDUCIARY NET POSITION								
Contributions - employer	\$ 20,685	\$ 19,045	\$ 17,403	\$ 16,546	\$ 16,884	\$ 16,003	\$ 14,891	\$ 14,537
Contributions - employee	-	-	-	-	-	-	-	-
Net investment income	19,138	11,782	320	40,690	3,100	9,308	10,020	14,538
Benefit payments, including refunds of member contributions	(20,540)	(20,242)	(19,159)	(17,950)	(17,398)	(18,268)	(18,707)	(10,779)
Administrative expenses	(265)	(289)	(334)	(482)	(297)	(203)	(232)	(243)
Other changes	-	28	486	-	(1)	(11)	(719)	719
Net change in plan fiduciary net position	19,018	10,324	(1,284)	38,804	2,288	6,829	5,253	18,772
Plan fiduciary net position, beginning	204,226	193,902	195,186	156,382	154,094	147,265	142,012	123,240
Plan fiduciary net position, ending (b)	\$ 223,244	\$ 204,226	\$ 193,902	\$ 195,186	\$ 156,382	\$ 154,094	\$ 147,265	\$ 142,012
Net HIC OPEB liability, ending (a) - (b)	\$ 95,795	\$ 137,646	\$ 131,288	\$ 117,738	\$ 157,035	\$ 158,427	\$ 131,099	\$ 131,420
Plan fiduciary net position as a percentage of the total HIC OPEB liability	69.97%	59.74%	59.63%	62.37%	49.90%	49.31%	52.90%	51.94%
Covered payroll	\$ 7,661,380	\$ 7,053,630	\$ 6,973,784	\$ 6,608,649	\$ 6,739,407	\$ 6,389,305	\$ 6,205,925	\$ 5,591,072
Net HIC OPEB liability as a percentage of covered payroll	1.25%	1.95%	1.88%	1.78%	2.33%	2.48%	2.11%	2.35%
SCHEDULE OF EMPLOYER CONTRIBUTIONS								
	Fiscal Year							
	2025	2024	2023	2022	2021	2020	2019	2018
Contractually required contribution	\$ 21,945	\$ 19,045	\$ 19,045	\$ 17,402	\$ 17,843	\$ 18,196	\$ 17,251	\$ 16,135
Contribution in relation to contractually required contribution	21,945	19,045	19,045	17,402	16,885	16,884	16,003	14,894
Contribution (deficiency)	\$ -	\$ -	\$ -	\$ -	\$ 958	\$ 1,312	\$ 1,248	\$ 1,241
Covered payroll	\$ 8,127,828	\$ 7,661,380	\$ 7,053,630	\$ 6,973,784	\$ 6,608,649	\$ 6,739,407	\$ 6,389,305	\$ 6,205,925
Contributions as a percentage of covered payroll	0.27%	0.25%	0.27%	0.25%	0.26%	0.25%	0.25%	0.24%
								0.26%
								0.29%

Notes to Schedule:

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City of Poquoson, Virginia

Exhibit T

Schedules of Changes in Net Health Insurance Credit Program OPEB Liability and Related Ratios and Employer Contributions Schools

	Plan Year									
	2024	2023	2022	2021	2020	2019	2018	2017		
TOTAL HIC OPEB LIABILITY										
Service cost	\$ 548	\$ 507	\$ 964	\$ 1,253	\$ 1,284	\$ 1,003	\$ 1,020	\$ 1,095		
Interest	4,543	4,596	4,334	4,606	4,464	4,713	4,729	4,758		
Changes in benefit terms	-	-	-	-	282	-	-	-		
Changes of assumptions	-	-	6,495	1,630	-	1,325	-	11		
Difference between expected and actual experience	(1,512)	(138)	(814)	(5,524)	2,722	(1,603)	643	-		
Benefit payments, including refunds of member contributions	(5,652)	(5,947)	(7,316)	(6,604)	(6,706)	(6,550)	(6,687)	(5,874)		
Net change in total HIC OPEB liability	(2,073)	(982)	3,663	(4,639)	2,046	(1,112)	(295)	(10)		
Total HIC OPEB liability, beginning	69,578	70,560	66,897	71,536	69,490	70,602	70,897	70,907		
Total HIC OPEB liability, ending (a)	\$ 67,505	\$ 69,578	\$ 70,560	\$ 66,897	\$ 71,536	\$ 69,490	\$ 70,602	\$ 70,897		
PLAN FIDUCIARY NET POSITION										
Contributions - employer	\$ 7,908	\$ 7,326	\$ 5,478	\$ 5,422	\$ 4,992	\$ 4,681	\$ 4,269	\$ 4,476		
Contributions - employee	-	-	-	-	-	-	-	-		
Net investment income	1,269	512	26	1,943	180	621	822	1,372		
Benefit payments, including refunds of member contributions	(5,652)	(5,947)	(7,316)	(6,604)	(6,706)	(6,550)	(6,687)	(5,874)		
Administrative expenses	(18)	(9)	(13)	(21)	(15)	(12)	(16)	(20)		
Other changes	-	132	2,470	-	-	(1)	(76)	76		
Net change in plan fiduciary net position	3,507	2,014	645	740	(1,549)	(1,261)	(1,688)	30		
Plan fiduciary net position, beginning	11,789	9,775	9,130	8,390	9,939	11,200	12,888	12,858		
Plan fiduciary net position, ending (b)	\$ 15,296	\$ 11,789	\$ 9,775	\$ 9,130	\$ 8,390	\$ 9,939	\$ 11,200	\$ 12,888		
Net HIC OPEB liability, ending (a) - (b)	\$ 52,209	\$ 57,789	\$ 60,785	\$ 57,767	\$ 63,146	\$ 59,551	\$ 59,402	\$ 58,009		
Plan fiduciary net position as a percentage of the total HIC OPEB liability	22.66%	16.94%	13.85%	13.65%	11.73%	14.30%	15.86%	18.18%		
Covered payroll	\$ 675,877	\$ 626,113	\$ 521,656	\$ 516,364	\$ 573,771	\$ 538,066	\$ 526,973	\$ 552,624		
Net HIC OPEB liability as a percentage of covered payroll	7.72%	9.23%	11.65%	11.19%	11.01%	11.07%	11.27%	10.50%		
SCHEDULE OF EMPLOYER CONTRIBUTIONS										
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Contractually required contribution	\$ 7,147	\$ 7,326	\$ 7,326	\$ 5,477	\$ 5,422	\$ 4,992	\$ 4,681	\$ 4,284	\$ 6,134	\$ 4,440
Contribution in relation to contractually required contribution	7,147	7,326	7,326	5,477	5,422	4,992	4,681	4,269	4,476	4,440
Contribution (deficiency)	\$ -	\$ 15	\$ 1,658	\$ -						
Covered payroll	\$ 610,893	\$ 675,877	\$ 626,113	\$ 521,656	\$ 516,364	\$ 573,771	\$ 538,066	\$ 526,973	\$ 552,624	\$ 528,531
Contributions as a percentage of covered payroll	1.17%	1.08%	1.17%	1.05%	1.05%	0.87%	0.87%	0.81%	0.81%	0.84%

Notes to Schedule:

Schedule is intended to show information for 10 years. June 30, 2018, was the first year for the proportion schedule. Information prior to June 30, 2018, is not available; however, additional years will be included as they become available.

City of Poquoson, Virginia

Exhibit U

Schedules of Changes in Net Retiree Health Insurance OPEB Liability and Related Ratios and Employer Contributions City

	2025	2024	2023	2022	2021	2020	2019	2018
TOTAL OPEB LIABILITY								
Service cost	\$ 99,586	\$ 95,820	\$ 92,446	\$ 89,285	\$ 98,205	\$ 70,219	\$ 67,825	\$ 77,260
Interest	100,079	90,384	87,119	47,956	54,480	76,258	74,639	56,357
Change in benefit terms	-	-	-	-	-	-	-	695,727
Change of assumptions	(243,524)	(14,378)	(23,939)	(400,310)	69,040	222,372	-	626,795
Difference between expected and actual experience	-	43,405	(28,834)	301,801	8,469	92,560	11,543	(280,164)
Benefit payments, including refunds of member contributions	(132,687)	(164,797)	(64,941)	(71,018)	(126,272)	(152,593)	(100,431)	(47,037)
Net change in total OPEB liability	(176,546)	50,434	61,851	(32,286)	103,922	308,816	53,576	1,128,938
Total OPEB liability, beginning	2,513,294	2,462,860	2,401,009	2,433,295	2,329,373	2,020,557	1,966,981	838,043
Total OPEB liability, ending (a)	\$ 2,336,748	\$ 2,513,294	\$ 2,462,860	\$ 2,401,009	\$ 2,433,295	\$ 2,329,373	\$ 2,020,557	\$ 1,966,981
PLAN FIDUCIARY NET POSITION								
Contributions - employer	\$ 107,835	\$ 80,556	\$ 100,000	\$ 104,388	\$ 88,142	\$ 101,068	\$ 167,239	\$ 106,774
Contributions - employee	87,304	84,716	87,389	93,491	112,994	93,755	83,763	70,306
Net investment income (loss)	22,580	19,143	11,189	(27,017)	32,318	10,214	547	238
Benefit payments	(181,274)	(157,254)	(152,329)	(164,509)	(186,136)	(179,823)	(148,629)	(92,170)
Net change in plan fiduciary net position	36,445	27,161	46,249	6,353	47,318	25,214	102,920	85,148
Plan fiduciary net position, beginning	340,363	313,202	266,953	260,600	213,282	188,068	85,148	-
Plan fiduciary net position, ending (b)	\$ 376,808	\$ 340,363	\$ 313,202	\$ 266,953	\$ 260,600	\$ 213,282	\$ 188,068	\$ 85,148
Net OPEB liability, ending (a) - (b)	\$ 1,959,940	\$ 2,172,931	\$ 2,149,658	\$ 2,134,056	\$ 2,172,695	\$ 2,116,091	\$ 1,832,489	\$ 1,881,833
Plan fiduciary net position as a percentage of the total pension liability	16.13%	13.54%	12.72%	11.12%	10.71%	9.16%	9.31%	4.33%
Covered-employee payroll	\$ 10,066,901	\$ 9,821,367	\$ 8,460,425	\$ 8,254,073	\$ 8,216,810	\$ 7,743,990	\$ 7,562,087	\$ 7,020,980
Net OPEB liability as a percentage of covered payroll	19.47%	22.12%	25.41%	25.85%	26.44%	27.33%	24.23%	26.80%
SCHEDULE OF EMPLOYER CONTRIBUTIONS								
Contractually required contribution	\$ 107,835	\$ 80,556	\$ 100,000	\$ 104,388	\$ 88,142	\$ 101,068	\$ 167,239	\$ 106,774
Contribution in relation to contractually required contribution	107,835	80,556	100,000	104,388	88,142	101,068	167,239	106,774
Contribution (deficiency)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 10,066,901	\$ 9,821,367	\$ 8,460,425	\$ 8,254,073	\$ 8,216,810	\$ 7,743,990	\$ 7,562,087	\$ 7,020,980
Contributions as a percentage of covered payroll	1.07%	0.82%	1.18%	1.26%	1.07%	1.31%	2.21%	1.52%

Note to Schedule:

Schedule is intended to show information for 10 years. June 30, 2018, was the first year for this presentation. Information prior to June 30, 2018, is not available; however, additional years will be included as they become available.

City of Poquoson, Virginia

Exhibit V

Schedules of Changes in Total Retiree Health Insurance OPEB Liability and Related Ratios and Employer Contributions Schools

	2025	2024	2023	2022	2021	2020	2019	2018
TOTAL OPEB LIABILITY								
Service cost	\$ 9,677	\$ 10,556	\$ 10,188	\$ 15,793	\$ 15,247	\$ 12,225	\$ 11,808	\$ 15,200
Interest	10,379	4,750	7,070	4,482	4,960	7,794	7,657	10,003
Change of assumptions	(17,427)	1,218	(1,415)	(30,664)	4,586	887	-	134,473
Difference between expected and actual experience	-	209,723	-	40,275	70	4,477	126,552	(58,566)
Benefit payments, including refunds of member contributions	(29,963)	(152,834)	(18,752)	(48,655)	(15,114)	(20,598)	(143,973)	(180,365)
Net change in total OPEB liability	(27,334)	73,413	(2,909)	(18,769)	9,749	4,785	2,044	(79,255)
Total OPEB liability, beginning	269,406	195,993	198,902	217,671	207,922	203,137	201,093	280,348
Total OPEB liability, ending (a)	\$ 242,072	\$ 269,406	\$ 195,993	\$ 198,902	\$ 217,671	\$ 207,922	\$ 203,137	\$ 201,093
Covered-employee payroll	\$ 15,149,836	\$ 14,640,933	\$ 13,227,075	\$ 12,904,463	\$ 12,596,313	\$ 12,696,749	\$ 12,294,917	\$ 12,005,045
Net pension liability as a percentage of covered-employee payroll	1.60%	1.84%	1.48%	1.54%	1.73%	1.64%	1.65%	1.68%
SCHEDULE OF EMPLOYER CONTRIBUTIONS								
Contractually required contribution	\$ 29,963	\$ 152,834	\$ 18,752	\$ 48,655	\$ 15,114	\$ 20,598	\$ 143,973	\$ 180,365
Covered payroll	15,149,836	14,640,933	13,227,075	12,904,463	12,596,313	12,696,749	12,294,917	12,005,045
Contributions as a percentage of covered payroll	\$ -							

*No assets have been accumulated in a trust to pay related benefits for this OPEB plan.

Note to Schedule:

Schedule is intended to show information for 10 years. June 30, 2018, was the first year for this presentation. Information prior to June 30, 2018, is not available; however, additional years will be included as they become available.

City of Poquoson, Virginia

Notes to Required Supplementary Information

June 30, 2025

Note 1 – Budgets and Budgetary Accounting

The City utilizes the following procedures in establishing the budgetary data reflected in the financial statements:

- Between the 1st and 30th of April, the City Manager submits to City Council a proposed operating budget for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and the means of financing them.
- The budget is formulated from estimates of revenues and expected expenditures from each department. The School Board is treated as a single expenditure line item.
- When the City Manager submits the proposed budget to City Council, he also recommends an appropriation ordinance and an ordinance levying the tax rates for the ensuing year.
- City Council then holds public hearings on the proposed budget. Notice of such a public hearing must appear in a local newspaper not less than ten days prior to the hearing.
- The budget must be approved by a majority vote of City Council and legally adopted within 40 days of submission to City Council, but no later than May 31. If City Council does not adopt the proposed budget before May 31, the budget as submitted is automatically adopted.
- The City Manager is authorized to transfer budgeted amounts within funds. Expenditures over the original budget of any fund must be approved by City Council.

Budgets for proprietary fund types are prepared on the accrual basis of accounting but are not legally adopted. The General Fund and Grants Fund budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America, except for the recognition of encumbrances as expenditures. Budgets for Capital Projects and Debt Service funds are not legally adopted budgets.

Therefore, the "actual" data included in statements comparing expenditures with budgets differs from the expenditures reported in accordance with generally accepted accounting principles by the amount of the reported encumbrances.

Beginning fund balances for budgetary basis presentation purposes are adjusted for the carryforward of prior year encumbrances. According to City Code, unexpended and unencumbered appropriations lapse at June 30 of each year. Appropriations that are encumbered at June 30 are carried forward into the following year's appropriations to allow for liquidation of the encumbrances.

Budgeting comparisons for the General Fund are shown as required supplementary information.

Note 2 – Changes of Benefit Terms

Pension

There have been no actuarially material changes to the Virginia Retirement System (System) benefit provisions since the prior actuarial valuation.

Other Postemployment Benefits (OPEB) - All Plans

There have been no actuarially material changes to the System benefit provisions since the prior actuarial valuation.

City of Poquoson, Virginia

Notes to Required Supplementary Information

June 30, 2025

Note 3 – Changes of Assumptions

Pension and Other Postemployment Benefits (OPEB) – VRS Plans

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

Non-Hazardous Duty:

- Update mortality table to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020.
- Adjusted retirement rates to better fit experience for Plan 1; set separate rates based on experience for Plan2/Hybrid; changed final retirement age from 75 to 80 for all.
- Adjusted withdrawal rates to better fit experience at each year age and service through 9 years of service.
- No change to disability rates.
- No change to salary scale.
- No change to line of duty rates.
- No change to discount rate.

Largest 10 – Hazardous Duty/Public Safety Employees:

- Update mortality table to PUB2010 public sector mortality tables. Increased disability life expectancy. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020.
- Adjusted retirement rates to better fit experience and changed final retirement age from 65 to 70.
- Decreased withdrawal rates.
- No change to disability rates.
- No change to salary scale.
- No change to line of duty rates.
- No change to discount rate.

All Others (Non 10 Largest) – Hazardous Duty/Public Safety Employees:

- Update mortality table to PUB2010 public sector mortality tables. Increased disability life expectancy. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020.
- Adjusted retirement rates to better fit experience and changed final retirement age from 65 to 70.
- Decreased withdrawal rates and changed from rates based on age and service to rates based on service only to better fit experience and to be more consistent with Locals Largest 10 Hazardous Duty.
- No change to disability rates.
- No change to salary scale.
- No change to line of duty rates.
- No change to discount rate.

City of Poquoson, Virginia

Notes to Required Supplementary Information

June 30, 2025

Note 3 – Changes of Assumptions (Continued)

Teacher cost-sharing pool:

- Update mortality table to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020.
- Adjusted retirement rates to better fit experience for Plan 1; set separate rates based on experience for Plan2/Hybrid; changed final retirement age from 75 to 80 for all.
- Adjusted withdrawal rates to better fit experience at each year age and service through 9 years of service.
- No change to disability rates.
- No changes to salary scale.
- No change to discount rate.

Other Postemployment Benefits (OPEB) - Local Plans

The discount rate was changed to 5.20% from 3.93% which was used in the prior valuation.



Other Supplementary Information

City of Poquoson, Virginia

Schedule 1

Combining Balance Sheet - Component Unit - Poquoson City Public Schools

June 30, 2025

	General	Food Service	School Activity Funds	Total Schools
ASSETS				
Cash and cash equivalents	\$ 1,549,676	\$ -	\$ 464,812	\$ 2,014,488
Restricted cash and cash equivalents	-	642,426	-	642,426
Due from other governmental units	595,422	-	-	595,422
Due from primary government	2,163,048	-	-	2,163,048
Other receivables	-	128,044	-	128,044
Inventory	-	20,703	-	20,703
Prepaid items	80,000	-	-	80,000
Total assets	\$ 4,388,146	\$ 791,173	\$ 464,812	\$ 5,644,131
LIABILITIES				
Accounts payable and accrued liabilities	\$ 3,051,216	\$ 84,150	\$ -	\$ 3,135,366
Total liabilities	3,051,216	84,150	-	3,135,366
FUND BALANCES				
Nonspendable	80,000	20,703	-	100,703
Restricted	-	686,320	464,812	1,151,132
Assigned, education	1,256,930	-	-	1,256,930
Total fund balances	1,336,930	707,023	464,812	2,508,765
Total liabilities and fund balances	\$ 4,388,146	\$ 791,173	\$ 464,812	\$ 5,644,131

City of Poquoson, Virginia

Schedule 1

Reconciliation of Combining Balance Sheet to Statement of Net Position Component Unit - Poquoson City Public Schools

June 30, 2025

Reconciliation of Combining Balance Sheet to Statement of Net Position - Component Unit - Poquoson City Public Schools

Total fund balances - Component Unit - Schools	\$ 2,508,765
Amount reported for component unit activities in the Statement of Net Position are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds, net of accumulated depreciation.	12,118,607
Net pension asset is not a financial resource and, therefore, is not reported in the funds.	10,348
Deferred outflows of resources for OPEB and pension are not financial resources and, therefore, are not reported in the funds.	
Deferred outflows of pension	4,349,564
Deferred outflows of OPEB	542,296
Accrued interest is not paid from current period revenues and, therefore, is not reported in the funds.	(678)
Noncurrent liabilities are not due and payable in the current period and, therefore, are not reported in the funds.	(16,284,554)
Deferred inflows of resources for OPEB and pension are not financial resources and, therefore, are not reported in the funds.	
Deferred inflows of pension	(2,683,337)
Deferred inflows of OPEB	(389,985)
Total net position - Component Unit - Schools	<u>\$ 171,026</u>

City of Poquoson, Virginia

Schedule 2

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances

Component Unit - Poquoson City Public Schools

Year Ended June 30, 2025

	<u>General</u>	<u>Food Service</u>	<u>School Activity Funds</u>	<u>Total Schools</u>
	SCHOOL BOARD TBD,FD	SCHOOL BOARD TBD,FD	SCHOOL BOARD TBD,FD	SCHOOL BOARD TBD,FD
REVENUES				
Charges for services	\$ -	\$ 1,373,822	\$ 758,532	\$ 2,132,354
Intergovernmental:				
Commonwealth of Virginia	17,810,823	-	-	17,810,823
Federal government	1,310,701	-	-	1,310,701
Local government	10,871,269	-	-	10,871,269
Other	240,566	-	-	240,566
Total revenues	<u>30,233,359</u>	<u>1,373,822</u>	<u>758,532</u>	<u>32,365,713</u>
EXPENDITURES				
Current				
Education	29,595,826	1,304,237	637,423	31,537,486
Debt service, principal	46,945	-	-	46,945
Debt service, interest	7,607	-	-	7,607
Total expenditures	<u>29,650,378</u>	<u>1,304,237</u>	<u>637,423</u>	<u>31,592,038</u>
Excess of revenues over expenditures	<u>582,981</u>	<u>69,585</u>	<u>121,109</u>	<u>773,675</u>
Net change in fund balance	<u>582,981</u>	<u>69,585</u>	<u>121,109</u>	<u>773,675</u>
FUND BALANCE				
Beginning of year	753,949	637,438	343,703	1,735,090
End of year	<u>\$ 1,336,930</u>	<u>\$ 707,023</u>	<u>\$ 464,812</u>	<u>\$ 2,508,765</u>

City of Poquoson, Virginia

Schedule 2

Reconciliation of Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - Component Unit - Poquoson City Public Schools

Year Ended June 30, 2025

Reconciliation of Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - Component Unit - Poquoson City Public Schools

Net change in fund balances - total School Board funds	\$ 773,675
Amount reported for governmental activities in the Statement of Activities are different because:	
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of these assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation.	
Capital outlay	504,437
Depreciation and amortization expense	(2,038,835)
The City has a "tenancy in common" with the Schools whenever the City incurs "on behalf" of debt for any school property owned by the Schools, which is payable over more than one year. This amount is the applicable net book value change for the fiscal year.	1,106,704
The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the 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.	
Repayment of long-term debt	46,945
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. These activities consist of the changes in:	
Accrued interest	316
Pension liabilities and related deferred inflows and outflows of resources	1,227,303
Other postemployment benefits liabilities and related deferred inflows and outflows of resources	127,051
Compensated absences	(431,755)
Change in net position of governmental activities	<u><u>\$ 1,315,841</u></u>

City of Poquoson, Virginia

Schedule 3

Budgetary Comparison Schedule - General Fund - Component Unit Poquoson City Public Schools

Year Ended June 30, 2025

	General Fund			Variance From Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
	SCHOOL BOARD TBD.FD1 BUDACT[17]			
REVENUES				
Intergovernmental:				
Commonwealth of Virginia	\$ 16,931,696	\$ 17,968,340	\$ 17,810,823	\$ (157,517)
Federal government	1,203,613	1,996,085	1,310,701	(685,384)
Local government	12,283,406	12,507,183	10,871,269	(1,635,914)
Other	154,125	219,829	240,566	20,737
Total revenues	<u>30,572,840</u>	<u>32,691,437</u>	<u>30,233,359</u>	<u>(2,458,078)</u>
EXPENDITURES				
Current:				
Instruction	21,159,235	20,871,963	20,037,225	834,738
District-wide	2,382,019	2,362,947	2,334,199	28,748
Transportation	1,248,625	1,234,170	1,184,477	49,693
Operation and maintenance	2,878,149	4,047,441	3,317,675	729,766
Food service	87,185	89,304	78,816	10,488
Technology	1,614,691	1,893,247	1,818,641	74,606
Grants	1,202,936	2,192,365	1,354,248	838,117
Debt service, principal	-	-	46,945	(46,945)
Debt service, interest	-	-	7,607	(7,607)
Total expenditures	<u>30,572,840</u>	<u>32,691,437</u>	<u>30,179,833</u>	<u>2,511,604</u>
Excess of revenues over expenditures	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>53,526</u></u>	<u><u>\$ (4,969,682)</u></u>
Reconciliation to Statement of Revenues, Expenditures, and Changes in Fund Balances				
Less encumbrances outstanding beginning of year				
actually expended as of end of year			(590,407)	
Add encumbrances outstanding end of year			<u>1,119,862</u>	
Excess of revenues over expenditures - U.S. GAAP basis			<u>582,981</u>	
FUND BALANCES				
Beginning of year			753,949	
End of year			<u><u>\$ 1,336,930</u></u>	

City of Poquoson, Virginia**Schedule 4****Statement of Cash Flows - Component Unit - Economic Development Authority**
Year Ended June 30, 2025**OPERATING ACTIVITIES**

Payments to suppliers for goods and services	\$	(20,882)
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NONCAPITAL FINANCING ACTIVITIES

Contributions from Primary Government		21,000
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INVESTING ACTIVITIES

Interest paid on capital debt		(14,790)
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Net decrease in cash and cash equivalents		(14,672)
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CASH AND CASH EQUIVALENTS

Beginning of year		24,109
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End of year	\$	<u>9,437</u>
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RECONCILIATION OF OPERATING LOSS TO NET CASH USED IN**OPERATING ACTIVITIES**

Operating loss	\$	(35,206)
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Depreciation		14,324
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Net cash used in operating activities	\$	<u>(20,882)</u>
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Statistical Section

(Unaudited)

This part of the 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.

<u>Contents</u>	<u>Table</u>
Financial Trends These tables contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.....	1 – 4
Revenue Capacity These tables contain information to help the reader assess the factors affecting the City's ability to generate its property and sales taxes.....	5 – 8
Debt Capacity These tables 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 debt in the future.....	9 – 10
Demographic and Economic Information These tables 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.....	11 – 12
Operating Information These tables 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.....	13 – 15

Sources: Unless otherwise noted, the information in these tables is derived from the annual comprehensive financial reports for the relevant year.

City of Poquoson, Virginia
Net Position by Component - Last Ten Fiscal Years

Table 1

	2025	*2024	2023	2022	2021	2020	2019	2018	2017	2016
GOVERNMENTAL ACTIVITIES										
Net investment in capital assets	\$ 35,762,164	\$ 24,154,200	\$ 20,195,716	\$ 19,335,724	\$ 21,089,440	\$ 18,133,197	\$ 2,081,923	\$ 18,989,419	\$ 17,903,251	\$ 16,369,767
Restricted	408,440	5,022,944	4,540,672	2,118,295	1,310,631	2,489,143	20,119,972	1,873,326	1,997,619	2,502,661
Unrestricted	19,859,579	15,611,735	10,438,810	9,795,571	4,474,393	3,153,096	2,254,527	944,323	2,027,326	1,902,805
Total governmental activities	\$ 56,030,183	\$ 44,788,879	\$ 35,175,198	\$ 31,249,590	\$ 26,874,464	\$ 23,775,436	\$ 24,456,422	\$ 21,807,068	\$ 21,928,196	\$ 20,775,233
BUSINESS-TYPE ACTIVITIES										
Net investment in capital assets	\$ 5,954,516	\$ 5,687,288	\$ 5,464,333	\$ 5,342,928	\$ 5,370,778	\$ 5,454,081	\$ 5,201,957	\$ 4,865,391	\$ 4,611,977	\$ 4,754,036
Restricted	-	-	-	34,070	-	-	-	-	-	-
Unrestricted	6,558,991	6,313,761	5,493,189	3,879,187	3,446,094	3,258,942	3,134,382	2,863,875	2,565,946	1,869,516
Total business-type activities	\$ 12,513,507	\$ 12,001,049	\$ 10,957,522	\$ 9,256,185	\$ 8,816,872	\$ 8,713,023	\$ 8,336,339	\$ 7,729,266	\$ 7,177,923	\$ 6,623,552
PRIMARY GOVERNMENT										
Net investment in capital assets	\$ 41,716,680	\$ 29,841,488	\$ 25,660,049	\$ 24,678,652	\$ 26,460,218	\$ 23,587,278	\$ 7,283,880	\$ 23,854,810	\$ 22,515,228	\$ 21,123,803
Restricted - capital projects	-	4,578,233	4,137,071	-	-	1,422,500	18,973,986	1,080,002	1,644,469	1,995,804
Restricted - other	408,440	444,711	403,601	2,152,365	1,310,631	1,066,643	1,145,986	793,324	353,150	506,857
Unrestricted	26,418,570	21,925,496	15,931,999	13,674,758	7,920,487	6,412,038	5,388,909	3,808,198	4,593,272	3,772,321
Total primary government	\$ 68,543,690	\$ 56,789,928	\$ 46,132,720	\$ 40,505,775	\$ 35,691,336	\$ 32,488,459	\$ 32,792,761	\$ 29,536,334	\$ 29,106,119	\$ 27,398,785

* Restated for GASB 101

Table 2

City of Poquoson, Virginia
Changes in Net Position - Last Ten Fiscal Years

	2025	*2024	2023	2022	2021	2020	2019	2018	2017	2016
OPERATING EXPENSES										
Governmental activities:										
General government	\$ 3,915,841	\$ 3,144,603	\$ 7,676,967	\$ 3,106,109	\$ 12,215,070	\$ 4,959,427	\$ 3,305,464	\$ 4,152,443	\$ 3,772,798	\$ 3,670,330
Public safety and judicial	11,750,788	11,548,271	9,848,237	8,604,872	8,591,167	7,740,807	7,119,909	7,136,755	6,811,120	6,367,432
Public works	3,303,111	3,686,726	3,752,924	3,092,069	2,151,030	1,821,762	2,081,748	2,108,673	1,454,996	672,523
Health and welfare	1,604,697	1,377,580	1,128,095	986,273	1,070,059	1,165,110	1,190,360	1,303,164	1,228,244	1,125,090
Education	12,174,561	12,196,202	9,513,223	11,101,660	3,010,568	12,899,682	10,534,422	10,249,813	10,089,105	10,434,221
Parks and recreation	2,390,129	2,192,328	2,161,907	1,336,154	1,608,001	1,778,533	1,762,160	1,647,715	2,113,548	1,923,884
Economic Development Authority	21,000	70,064	145,786	21,000	145,141	17,053	16,417	5,000	-	25,000
Community development	648,012	783,200	659,427	557,876	597,883	765,613	1,095,080	2,046,826	1,611,496	667,793
Interest on long-term debt	1,075,467	1,148,112	1,247,108	1,027,962	1,263,545	1,228,907	1,922,059	1,081,173	638,246	1,040,364
Total governmental activities	36,883,606	36,147,086	36,133,674	29,833,975	30,652,464	32,376,894	29,027,619	29,731,562	27,719,553	25,926,637
Business-type activities:										
Sewer	1,564,213	1,430,629	1,421,371	1,279,528	1,654,348	1,457,329	1,462,941	1,439,188	1,488,407	1,485,293
Solid waste	1,312,179	1,201,529	1,190,698	1,130,131	1,103,778	1,041,994	816,100	756,231	806,210	793,688
Total business-type activities	2,876,392	2,632,158	2,612,069	2,409,659	2,758,126	2,499,323	2,279,041	2,195,419	2,294,617	2,278,981
Total expenses	39,759,998	38,779,244	38,745,743	32,243,634	33,410,590	34,876,217	31,306,660	31,926,981	30,014,170	28,205,618
PROGRAM REVENUES										
Governmental activities:										
Charges for services:										
General government	748,822	822,143	752,070	752,271	589,108	258,432	256,084	179,790	1,269,889	343,486
Public safety and judicial	427,716	413,926	417,191	359,727	325,566	427,125	494,512	475,122	458,937	435,190
Education	-	-	-	-	-	-	-	-	3,655	47,520
Parks and recreation	94,636	86,714	82,321	65,835	37,028	52,895	80,480	77,252	85,445	89,096
Community development	429,265	412,849	419,247	216,953	145,608	240,495	328,058	347,472	317,701	330,949
Operating grants and contributions	2,252,564	2,220,482	1,924,542	1,703,649	3,644,428	2,284,340	1,707,679	1,752,658	1,640,741	1,633,650
Capital grants and contributions	7,306,385	5,873,466	4,253,637	874,441	878,892	928,323	1,558,876	2,059,956	645,565	837,446
Total governmental activities	11,259,388	9,829,580	7,849,008	3,972,876	5,620,630	4,191,610	4,425,689	4,892,250	4,421,933	3,717,337
Business-type activities:										
Sewer	1,780,737	1,691,088	1,799,475	1,852,819	1,890,642	1,901,917	2,145,486	2,095,278	2,188,672	2,015,026
Solid waste	1,426,924	1,368,712	1,213,526	1,197,768	1,203,857	1,141,314	886,514	846,418	819,845	801,841
Total business-type activities	3,207,661	3,059,800	3,013,001	3,050,587	3,094,499	3,043,231	3,032,000	2,941,696	3,008,517	2,816,867
Total program revenues	14,467,049	12,889,380	10,862,009	7,023,463	8,715,129	7,234,841	7,457,689	7,833,946	7,430,450	6,534,204
Total governmental activities	(25,624,218)	(26,317,506)	(28,284,666)	(25,861,099)	(25,031,834)	(28,185,284)	(24,601,930)	(24,839,312)	(23,297,620)	(22,209,300)
Total business-type activities	331,269	427,642	400,932	640,928	336,373	543,908	752,959	746,277	713,900	537,886
Total primary government	(25,292,949)	(25,889,864)	(27,883,734)	(25,220,171)	(24,695,461)	(27,641,376)	(23,848,971)	(24,093,035)	(22,583,720)	(21,671,414)

City of Poquoson, Virginia
Changes in Net Position - Last Ten Fiscal Years

Table 2

GENERAL REVENUES AND OTHER CHANGES IN NET POSITION	2025	*2024	2023	2022	2021	2020	2019	2018	2017	2016
Governmental activities:										
Taxes:										
Property taxes	30,201,059	28,712,844	26,526,866	25,983,555	23,965,689	23,549,034	23,062,109	21,616,868	20,821,895	20,570,278
Other	4,124,377	4,093,477	3,731,837	3,611,206	3,408,037	2,903,939	2,868,532	2,964,540	2,957,310	2,838,120
Reimbursements from other agencies	172,537	206,753	211,413	173,571	186,967	123,570	152,346	139,561	137,731	158,675
Investment earnings	1,785,652	2,130,466	1,352,648	87,811	206,247	322,261	362,288	283,557	251,622	221,823
Miscellaneous	231,897	437,647	87,510	130,082	128,922	405,494	607,862	548,204	86,193	419,424
Transfers	350,000	350,000	300,000	250,000	235,000	200,000	198,147	200,000	195,833	150,000
Total governmental activities	<u>36,865,522</u>	<u>35,931,187</u>	<u>32,210,274</u>	<u>30,236,225</u>	<u>28,130,862</u>	<u>27,504,298</u>	<u>27,251,284</u>	<u>25,752,730</u>	<u>24,450,584</u>	<u>24,358,320</u>
Business-type activities:										
Investment earnings	57,067	53,885	49,760	48,279	2,476	32,776	47,686	35,208	35,973	34,964
Miscellaneous	474,122	912,000	1,550,645	106	-	-	4,575	9,280	331	160
Transfers	(350,000)	(350,000)	(300,000)	(250,000)	(235,000)	(200,000)	(198,147)	(200,000)	(195,833)	(150,000)
Total business-type activities	<u>181,189</u>	<u>615,885</u>	<u>1,300,405</u>	<u>(201,615)</u>	<u>(232,524)</u>	<u>(167,224)</u>	<u>(145,886)</u>	<u>(155,512)</u>	<u>(159,529)</u>	<u>(114,876)</u>
CHANGE IN NET POSITION										
Governmental activities	11,241,304	9,613,681	3,925,608	4,375,126	3,099,028	(680,986)	2,649,354	913,418	1,152,964	2,149,020
Business-type activities	512,458	1,043,527	1,701,337	439,313	103,849	376,684	607,073	590,765	554,371	423,010
Total primary government	<u>\$ 11,753,762</u>	<u>\$ 10,657,208</u>	<u>\$ 5,626,945</u>	<u>\$ 4,814,439</u>	<u>\$ 3,202,877</u>	<u>\$ (304,302)</u>	<u>\$ 3,256,427</u>	<u>\$ 1,504,183</u>	<u>\$ 1,707,335</u>	<u>\$ 2,572,030</u>

* Restated for GASB 101

Table 3

City of Poquoson, Virginia

Fund Balances - Governmental Funds - Last Ten Fiscal Years

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
GENERAL FUND										
Nonspendable	\$ 1,293,591	\$ 1,293,591	\$ 1,293,591	\$ 1,647,904	\$ 1,647,904	\$ 1,647,904	\$ 1,707,130	\$ 1,828,040	\$ 1,847,268	\$ 1,861,498
Restricted	408,440	444,711	403,601	1,083,807	1,310,631	244,643	458,613	193,324	353,150	348,557
Committed	2,908,258	3,825,569	2,269,078	1,000,000	1,000,000	822,000	687,373	600,000	600,000	600,000
Assigned	737,553	862,211	872,028	387,078	459,114	207,690	272,967	367,729	314,114	229,475
Unassigned	13,698,797	12,385,530	10,314,262	8,637,298	7,446,695	6,279,043	5,389,522	5,343,537	4,358,819	4,388,700
Total general fund	<u>19,046,639</u>	<u>18,811,612</u>	<u>15,152,560</u>	<u>12,756,087</u>	<u>11,864,344</u>	<u>9,201,280</u>	<u>8,515,605</u>	<u>8,332,630</u>	<u>7,473,351</u>	<u>7,428,230</u>
ALL OTHER GOVERNMENTAL FUNDS										
Restricted	3,199,273	4,578,233	4,137,071	4,677,998	13,896,824	17,855,149	18,973,986	1,080,002	1,644,469	2,154,104
Assigned	4,916,731	3,607,312	3,089,480	2,170,743	1,344,830	1,265,171	1,391,455	666,063	769,329	706,113
Total all other governmental funds	<u>8,116,004</u>	<u>8,185,545</u>	<u>7,226,551</u>	<u>6,848,741</u>	<u>15,241,654</u>	<u>19,120,320</u>	<u>20,365,441</u>	<u>1,746,065</u>	<u>2,413,798</u>	<u>2,860,217</u>
Total fund balances	<u>\$ 27,162,643</u>	<u>\$ 26,997,157</u>	<u>\$ 22,379,111</u>	<u>\$ 19,604,828</u>	<u>\$ 27,105,998</u>	<u>\$ 28,321,600</u>	<u>\$ 28,881,046</u>	<u>\$ 10,078,695</u>	<u>\$ 9,887,149</u>	<u>\$ 10,288,447</u>

Table 4

City of Poquoson, Virginia
Changes in Fund Balances - Governmental Funds - Last Ten Fiscal Years

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
OPERATING REVENUES										
General property taxes	\$ 28,218,466	\$ 26,684,001	\$ 24,596,839	\$ 23,792,933	\$ 22,006,911	\$ 21,594,010	\$ 20,971,058	\$ 19,764,234	\$ 18,939,996	\$ 18,605,963
Other local taxes	4,124,377	4,093,477	3,731,837	3,611,206	3,408,037	2,903,939	2,868,532	2,964,540	2,957,310	2,838,120
Permits, privilege fees and regulatory license	283,781	330,050	305,178	404,747	305,493	106,467	115,212	119,995	157,800	150,186
Fines and forfeitures	32,931	49,936	47,593	28,173	34,142	30,661	30,474	42,695	34,665	41,742
Revenue from use of money and property	1,785,652	2,130,466	1,352,648	87,811	206,247	322,261	362,288	283,557	251,622	221,823
Charges for services	946,733	906,542	915,931	641,965	508,202	600,840	776,328	758,409	689,823	719,627
Intergovernmental	12,040,055	10,593,169	8,643,889	4,984,105	6,883,187	5,500,643	5,579,452	6,034,143	5,600,807	4,887,888
Miscellaneous	283,753	516,549	158,771	140,951	130,836	388,159	555,455	523,784	77,683	406,388
Total revenues	47,715,748	45,304,190	39,752,686	33,691,891	33,483,055	31,446,980	31,258,799	30,491,357	28,709,706	27,871,737
OPERATING EXPENSES										
Current:										
General government administration	3,330,951	2,916,682	3,075,199	2,776,688	2,924,942	2,427,124	2,422,070	2,367,377	2,197,779	2,307,455
Public safety and judicial	11,059,401	10,489,225	9,956,871	8,309,915	8,262,148	7,591,455	7,540,536	7,082,765	6,748,735	6,510,844
Public works	2,770,522	2,336,345	2,183,441	2,112,453	1,911,845	1,883,868	2,023,809	1,800,787	1,904,962	1,806,905
Health and welfare	1,611,150	1,383,433	1,131,534	992,570	1,055,408	1,160,520	1,215,397	1,308,293	1,226,563	1,127,881
Parks, recreation and cultural	2,273,641	2,183,493	2,077,048	1,686,054	1,519,339	1,650,414	1,705,296	1,673,714	1,617,467	1,605,290
Community development	656,262	709,925	675,155	583,908	566,822	764,987	1,127,264	2,088,168	1,616,597	686,316
Nondepartmental	253,196	297,743	335,409	258,820	677,819	205,324	145,036	119,940	138,342	114,470
Education	10,871,269	10,940,506	11,842,605	9,879,994	9,304,423	10,077,056	9,851,389	9,853,778	9,738,170	9,566,168
Economic Development Authority	21,000	70,064	145,786	21,000	145,141	17,053	16,417	5,000	-	25,000
Capital outlay	13,967,663	7,831,463	6,097,964	11,207,921	8,449,930	2,511,266	1,191,561	1,360,988	1,468,075	1,202,670
Debt service:										
Principal retirement	2,760,473	2,658,883	2,416,000	2,314,547	2,129,691	2,443,009	2,262,180	2,000,899	1,969,645	2,078,058
Bond issuance costs	117,041	84,964	133,594	-	264,986	-	567,951	-	-	298,907
Interest and fiscal charges	1,207,693	1,281,993	1,256,182	1,299,191	1,442,575	1,474,350	1,295,065	1,005,102	842,370	1,128,233
Total expenditures	50,900,262	43,184,719	41,326,788	41,443,061	38,655,069	32,206,426	31,363,971	30,666,811	29,468,705	28,458,197
Excess (deficiency) of revenues over (under) expenditures	(3,184,514)	2,119,471	(1,574,102)	(7,751,170)	(5,172,014)	(759,446)	(105,172)	(175,454)	(758,999)	(586,460)
OTHER FINANCING SOURCES (USES)										
Transfers in	7,567,670	5,534,850	4,323,000	7,230,167	4,704,223	4,258,588	4,141,866	3,142,671	3,216,988	3,988,485
Issuance of debt, net	3,000,000	2,000,000	4,000,000	-	3,723,412	-	18,714,856	167,000	127,224	1,085,443
Subscription financing	-	148,575	48,385	-	-	-	-	-	-	-
Transfers out	(7,217,670)	(5,184,850)	(4,023,000)	(6,980,167)	(4,471,223)	(4,058,588)	(3,949,199)	(2,942,671)	(3,021,155)	(3,838,485)
Total other financing sources	3,350,000	2,498,575	4,348,385	250,000	3,956,412	200,000	18,907,523	367,000	323,057	1,235,443
Net change in fund balances	\$ 165,486	\$ 4,618,046	\$ 2,774,283	\$ (7,501,170)	\$ (1,215,602)	\$ (559,446)	\$ 18,802,351	\$ 191,546	\$ (435,942)	\$ 648,983
Debt service as a percentage of noncapital expenditures	10.70%	11.16%	10.16%	11.68%	11.70%	13.18%	11.81%	10.44%	9.95%	11.62%

Table 5

City of Poquoson, Virginia
Assessed Value and Estimated Actual Value of Taxable Real Property -
Last Ten Fiscal Years

Fiscal Year	Residential Property	Commercial/Industrial Property	Agricultural Property	Total Taxable Assessed Value	Tax Exempt Property	Total Direct Tax Rate	Estimated Actual Value	Assessed Value as a Percentage of Actual Value
2025	\$ 1,968,947,500	\$ 167,421,900	\$ 2,018,600	\$ 2,138,388,000	\$ 116,643,900	\$ 1.14	\$ 2,138,388,000	100%
2024	1,919,326,900	127,365,600	2,018,600	2,048,711,100	116,258,200	1.11	2,048,711,100	100%
2023	1,692,612,100	102,319,100	2,018,600	1,796,949,800	104,048,900	1.13	1,796,949,800	100%
2022	1,678,040,300	102,023,000	2,018,600	1,782,081,900	103,575,500	1.13	1,782,081,900	100%
2021	1,561,914,700	101,399,100	2,018,600	1,665,332,400	101,789,500	1.14	1,680,154,100	99%
2020	1,552,706,200	100,417,400	2,018,600	1,655,142,200	102,206,400	1.14	1,655,332,400	100%
2019	1,495,634,600	99,817,800	2,018,600	1,597,471,000	102,206,400	1.14	1,616,917,675	99%
2018	1,481,592,900	99,130,100	2,018,600	1,582,741,600	104,112,600	1.07	1,583,888,262	100%
2017	1,422,141,000	108,653,342	2,018,000	1,532,812,342	104,188,800	1.07	1,548,341,465	99%
2016	1,416,700,300	106,316,055	2,018,000	1,525,034,355	104,751,400	1.07	1,540,287,555	99%

Source: Commissioner of the Revenue and City Assessor
 Includes Public Service Corporations

City of Poquoson, Virginia

Table 6

Property Tax Levies and Collections - Last Ten Fiscal Years

Fiscal Year	Net Taxes Levied for			Collected Within the			Total Collected to Date		
	Fiscal Year	Original Levy	Subsequent Year		Fiscal Year of the Levy		Collections in Subsequent Years	Amount	Percent of Original Levy
			Adjustments	Total Net Levy	Amount	Percent of Original Levy			
2025	\$ 24,426,214	\$ -	\$ 24,426,214	\$ 24,101,058	98.67%	\$ -	\$ 24,101,058	98.67%	
2024	22,833,262	(126,129)	22,707,133	22,592,028	98.94%	115,105	22,707,133	100.00%	
2023	20,252,698	(23,736)	20,228,962	20,058,587	99.04%	150,190	20,208,777	99.90%	
2022	20,097,322	(21,536)	20,075,786	19,843,679	98.74%	210,632	20,054,311	99.89%	
2021	18,928,792	(10,573)	18,918,219	18,683,713	98.71%	214,553	18,898,266	99.89%	
2020	18,845,990	(20,546)	18,825,444	18,634,394	98.88%	178,425	18,812,819	99.93%	
2019	18,201,313	(11,666)	18,189,647	18,018,710	99.00%	158,446	18,177,156	99.93%	
2018	16,950,876	(12,602)	16,938,274	16,857,244	99.45%	69,680	16,926,924	99.93%	
2017	16,283,816	15,705	16,299,521	16,136,972	99.10%	152,673	16,289,645	99.94%	
2016	16,111,062	12,802	16,123,864	15,942,338	98.95%	172,764	16,115,102	99.95%	

Source: City of Poquoson Treasurer's Department (Treasurer's Property Tax Levies Collections Spreadsheet)

City of Poquoson, Virginia
Principal Taxpayers - Current Year and Nine Years Prior

Taxpayer	Type of Business	Fiscal Year 2025		Fiscal Year 2016	
		Assessed Valuation Real Estate	Percentage of Total Real Estate Assessment	Assessed Valuation Real Estate	Percentage of Total Real Estate Assessment
Legacy Apts. LLC/Franklin Johnston Grp.	Apartment Rentals	\$ 37,648,300	1.76%	\$ -	-
CH Realty IX-Legacy MHC - Norfolk	Mobile Home Park	12,000,000	0.56%	9,155,600	0.60%
Poquoson Apartments Owner LLC Etals*	Apartment Rentals	14,212,200	0.66%	-	-
City of Newport News	Public Service	9,201,600	0.43%	4,023,500	0.26%
Poquoson Shopping Center LLC	Shopping Center	7,520,800	0.35%	5,695,900	0.37%
Poquoson Commons Retail Investors, Inc.	Shopping Center	7,485,000	0.35%	6,415,500	0.42%
GPH Poquoson L.L.C.	Nursing Home	6,012,100	0.28%	3,641,600	0.24%
Islander Associates	Apartment Rentals	5,252,400	0.24%	3,480,200	0.23%
SNH CHS Properties Trust	Nursing Home	5,047,300	0.24%	-	-
SGC Wythe Creek, L.L.C.	Shopping Center	4,740,700	0.22%	4,089,300	0.27%
Universal of Poquoson	Mobile Home Park	-	-	3,401,200	0.22%
Whitehouse Cove, LLC	Marina/Mobile Home Park	-	-	7,570,700	0.50%
Hunt Properties of Poquoson, Inc.	Storage Facilities	-	-	2,718,000	0.18%
		\$ 109,120,400	5.09%	\$ 50,191,500	3.29%

*Formerly Poquoson Place Apartments

Source: Commissioner of the Revenue and City Assessor

City of Poquoson, Virginia
Computation of Legal Debt Margin - Last Ten Fiscal Years

Table 8

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
TOTAL ASSESSED VALUE OF TAXED REAL PROPERTY										
General	\$ 2,138,388,000	\$ 2,048,711,100	\$ 1,796,949,800	\$ 1,782,081,900	\$ 1,728,246,736	\$ 1,665,332,400	\$ 1,583,909,200	\$ 1,709,224,591	\$ 1,619,068,342	\$ 1,504,974,300
Public service corporations	28,636,251	20,951,561	23,586,721	11,544,350	21,361,594	21,926,700	22,895,188	22,620,001	22,397,342	20,060,055
DEBT LIMIT (10% of total assessed value)	\$ 216,702,425	\$ 206,966,266	\$ 182,053,652	\$ 179,362,625	\$ 174,960,833	\$ 168,725,910	\$ 160,680,439	\$ 173,184,459	\$ 164,146,568	\$ 152,503,436
DEBT APPLICABLE TO DEBT LIMIT										
General obligation bonds, other than those authorized for a specific revenue producing project	\$ 36,154,000	\$ 35,887,000	\$ 36,525,000	\$ 34,941,000	\$ 37,220,997	\$ 35,532,586	\$ 37,882,586	\$ 21,734,586	\$ 23,419,586	\$ 25,104,587
Financed purchase obligation	-	-	612	29,102	92,138	192,275	280,592	228,325	-	-
Subscription liability	97,869	125,343	48,385	-	-	-	-	-	-	-
Sewer general obligation bonds	2,006,000	2,661,000	3,306,000	3,942,000	4,548,000	4,935,000	5,450,002	5,940,002	6,410,000	6,855,000
State literary fund loans	-	-	-	-	-	-	250,000	500,000	750,000	32,709,587
MARGIN FOR ADDITIONAL BORROWING	\$ 38,257,869	\$ 38,673,343	\$ 39,879,997	\$ 38,912,102	\$ 41,861,135	\$ 40,659,861	\$ 43,613,180	\$ 28,152,913	\$ 30,329,586	\$ 32,709,587
Total net debt applicable to the limit as a percentage of debt limit	17.65%	18.69%	21.91%	21.69%	23.93%	24.10%	27.14%	16.26%	18.48%	21.45%

Table 9

City of Poquoson, Virginia
Ratios of Outstanding Debt by Type - Last Ten Fiscal Years

Fiscal Year	Governmental Activities						Business-Type Activities		Total Primary Government	Median Household Income (1)	Percentage of Personal Income	Per Capita
	General Obligation Bonds	Term Loans Payable	Leases	Subscriptions	Unamortized Premium	Sewer Bonds						
2025	\$ 36,154,000	\$ -	\$ -	\$ -	\$ 1,574,583	\$ 2,006,000	\$ 39,734,583	N/A	N/A	N/A	N/A	N/A
2024	35,887,000	-	-	125,343	1,808,056	2,661,000	40,481,399	N/A	N/A	N/A	N/A	N/A
2023	36,525,000	-	612	48,385	2,041,529	3,306,000	41,921,526	\$ 120,919	N/A	\$ 3,332		
2022	34,941,000	-	29,102	-	2,275,002	3,942,000	41,187,104	107,101	N/A	3,276		
2021	37,220,997	-	92,138	-	2,604,395	4,548,000	44,465,530	100,763	N/A	3,567		
2020	35,532,585	-	187,584	-	3,413,386	4,935,000	44,068,555	100,696	N/A	3,555		
2019	37,882,586	-	280,592	-	3,742,779	5,819,009	47,724,966	97,118	N/A	3,874		
2018	21,734,586	250,000	228,325	-	3,557,801	6,359,159	32,129,871	96,831	N/A	2,610		
2017	23,419,586	500,000	127,224	-	3,863,269	6,879,308	34,789,387	88,328	1.0%	2,831		
2016	25,104,587	750,000	-	-	4,168,737	7,374,457	37,397,781	84,643	1.0%	3,026		

Source: (1) United States Census Bureau

N/A - This information is not available.

City of Poquoson, Virginia

Table 10

Ratio of Net General Bonded Debt to Assessed Value and Net Bonded Debt Per Capita Last Ten Fiscal Years

Fiscal Year	Population (1)	Assessed Value	Net Bonded Debt (2)	Ratio of Net Bonded Debt to Assessed Value	Net Bonded Debt Per Capita
2025	12,854	\$ 2,138,388,000	\$ 36,154,000	1.69%	\$ 2,813
2024	12,635	2,048,711,100	35,887,000	1.75%	2,840
2023	12,582	1,796,949,800	36,525,000	2.03%	2,903
2022	12,574	1,782,081,900	34,941,000	1.96%	2,779
2021	12,466	1,728,246,736	37,220,997	2.15%	2,986
2020	12,395	1,665,142,200	35,532,585	2.13%	2,867
2019	12,320	1,583,909,200	37,882,586	2.39%	3,075
2018	12,311	1,709,224,591	21,734,586	1.27%	1,765
2017	12,287	1,619,068,342	23,419,586	1.45%	1,906
2016	12,359	1,504,974,300	25,104,587	1.67%	2,031

Source: (1) U.S. Census Bureau QuickFacts: Poquoson City, Virginia

(2) Only debt to be repaid with general government resources is included, therefore, this table does not include Enterprise general obligation debt, which are retired through revenues of the related operations.

Note: There is no overlapping debt because cities in Virginia have jurisdiction over the entire area within their boundaries and operate independently of any municipal government.

City of Poquoson, Virginia

Table 11

Demographic Statistics - Last Ten Fiscal Years

Fiscal Year	Population (1)	Personal Income (2)	Per Capita Personal Income (2)	School Enrollment (3)	Unemployment Rate % (4)
2025	12,854	N/A	N/A	2,065	3.0%
2024	12,635	N/A	N/A	2,080	2.5%
2023	12,582	N/A	\$ 73,221	2,096	2.5%
2022	12,574	N/A	67,917	2,076	2.4%
2021	12,466	N/A	66,561	2,077	3.3%
2020	12,395	N/A	62,645	2,118	6.0%
2019	12,320	\$ 4,938	59,892	2,119	2.5%
2018	12,311	4,731	58,119	2,122	2.7%
2017	12,287	4,529	56,729	2,106	3.5%
2016	12,359	4,334	55,344	2,059	3.5%

Source: (1) U.S. Census Bureau QuickFacts: Poquoson city, Virginia

(2) https://fred.stlouisfed.org/series/PCPI51958?utm_source=chatgpt.com

(3) Department of Education Website (APEX Captcha Build-A-Table)

(4) Bureau of Labor Statistics

N/A - This information is not available.

City of Poquoson, Virginia
Principal Employers in Poquoson - Current Year and Nine Years Prior

Table 12

Employer	Fiscal Year 2025		Fiscal Year 2016	
	Number of Employees	Percentage of Total City Employment	Number of Employees	Percentage of Total City Employment
Poquoson City Public Schools	298	15.88%	280	16.75%
City of Poquoson	212	11.29%	149	8.91%
Food Lion	83	4.42%	58	3.47%
Golden Living Center/Bayside	70	3.73%	59	3.53%
Surf Rider	45	2.40%	55	3.29%
Schooners	41	2.18%	-	-
McDonald's Restaurant	28	1.49%	34	2.03%
Poquoson Veterinary Hospital	28	1.49%	22	1.32%
Dominion Village at Poquoson	25	1.33%	31	1.85%
Wendy's Restaurant	20	1.07%	20	1.20%
Taylor's Do It Center	18	0.96%	-	-
Mares Exterminating	15	0.80%	-	-
TJ's Sports Tavern	11	0.59%	-	-
Stephen's Office Supply	9	0.48%	-	-
Farm Fresh	N/A	N/A	70	4.19%
	903	48.11%	778	46.54%

Source: 2022 Work Area Comparison Analysis. U.S. Census Bureau, OnTheMap Application <https://onthemap.ces.census.gov>

N/A - This information is not available.

City of Poquoson, Virginia

Table 13

Full-time Equivalent City Government Employees by Function / Program Last Ten Fiscal Years

Function/Program	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
GENERAL GOVERNMENT										
Management services	12.10	12.20	12.20	12.20	12.20	12.20	12.20	12.20	12.20	12.20
Finance	8.20	8.00	8.00	8.00	8.00	8.00	8.00	8.00	8.00	8.00
Planning	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00
Building	3.00	3.75	3.75	3.75	3.75	3.75	3.75	3.75	3.75	3.75
Other	3.50	3.60	3.10	3.10	3.10	3.10	3.10	3.10	3.10	3.10
POLICE										
Officers	32.50	32.50	30.00	28.00	28.00	28.50	28.50	26.50	25.50	24.50
Civilians	2.00	2.00	2.00	2.00	2.00	1.75	1.50	1.50	1.50	1.50
FIRE										
Firefighters and officers	35.00	35.00	32.00	32.00	32.00	32.00	32.00	32.00	32.00	30.00
Civilians	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
REFUSE COLLECTION										
1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
OTHER PUBLIC WORKS										
19.25	18.50	18.50	17.50	17.50	17.50	17.50	17.50	17.50	17.50	17.50
Engineering	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
Other	3.75	3.75	3.75	3.75	3.75	3.75	3.00	2.00	2.00	2.00
FLEET										
	3.50	3.50	3.50	3.50	3.50	3.50	3.50	3.50	3.50	3.50
PARKS AND RECREATION										
	9.80	9.80	9.80	9.80	9.80	9.80	9.80	9.80	9.80	9.80
LIBRARY										
	12.25	12.25	12.45	12.45	13.45	12.45	12.45	12.45	12.45	11.95
UTILITIES										
	6.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	4.00
Totals	158.85	157.85	152.05	149.05	150.05	149.30	148.30	145.30	144.30	139.80

Source: City of Poquoson Finance Department

City of Poquoson, Virginia
Operating Indicators by Function / Program - Last Ten Fiscal Years

Table 14

Function/Program	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
PUBLIC SAFETY										
Police department (1):										
Physical arrests	253	179	194	195	218	172	293	263	270	259
Parking violations	3	2	2	37	42	7	16	6	2	8
Traffic violations	663	589	844	679	644	586	660	841	824	714
Fire and rescue (2):										
Emergency responses	2,357	2,266	2,752	2,167	2,644	2,293	2,000	2,331	974	1,991
Fires extinguished	32	21	25	42	34	23	23	31	24	25
Inspections	382	129	40	81	107	65	113	155	108	182
REFUSE COLLECTION (3)										
Refuse collected (tons)	1,573	3,192	3,042	3,339	3,194	4,810	4,364	4,421	3,120	2,491
Recyclables collected (tons)	849	903	968	906	932	826	1,084	1,732	2,207	1,102
OTHER PUBLIC WORKS (3)										
Street resurfacing (tons)	3,658	3,468	6,666	4,781	8,998	1,632	3,600	2,736	3,317	3,461
LIBRARY (4)										
Volumes in collection	65,308	62,852	65,116	63,864	63,650	64,019	64,117	64,521	66,390	66,922
Total volumes borrowed	164,005	150,074	135,899	129,730	139,098	131,293	160,257	167,759	146,204	185,361
WASTEWATER (5)										
Sewer connections	5,642	5,520	5,291	5,148	5,087	5,060	5,027	5,029	5,004	4,943

Source: (1) City of Poquoson Police Department
(2) City of Poquoson Fire Department
(3) City of Poquoson Public Works Department
(4) City of Poquoson Library
(5) City of Poquoson Finance Department

City of Poquoson, Virginia
Capital Assets Statistics by Function / Program - Last Ten Fiscal Years

Table 15

Function/Program	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
PUBLIC SAFETY										
Police (1)										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol units	32	32	32	32	33	33	33	29	29	27
Fire stations (2):	2	2	2	2	2	2	2	2	2	2
REFUSE COLLECTION (3)										
Collection trucks	5	5	5	5	6	6	4	4	4	4
OTHER PUBLIC WORKS (3)										
Street (miles)	55.52	55.24	55.24	55.24	55.24	55.18	55.18	54.90	56.70	54.60
Streetlights	645	693	681	598	589	589	589	577	577	577
Traffic signals	4	4	4	4	4	4	4	4	4	4
PARKS AND RECREATION (4)										
Acreage	70	70	70	70	63	63	63	63	63	63
Playgrounds	4	4	4	4	4	4	4	4	4	4
Baseball / softball diamonds	6	6	6	6	6	6	6	6	6	6
Soccer / football fields	6	6	6	6	6	6	6	6	6	6
Community centers	2	2	2	2	2	2	2	2	2	2
WASTEWATER (5)										
Sanitary sewers (miles)	65	65	65	65	65	65	65	65	65	65
Storm sewers (miles)	49.71 *	49.71 *	49.71 *	49.71 *	49.71 *	34.24*	34.24*	34.24*	34.24*	34.24*
SCHOOLS (6)										
Schools	4	4	4	4	4	4	4	4	4	4
School buses	23	22	22	24	22	23	23	22	22	22

(*) Includes driveway pipes not available in previous years.

Source: (1) City of Poquoson Police Department
(2) City of Poquoson Fire Department
(3) City of Poquoson Public Works Department
(4) City of Poquoson Parks and Recreation Department
(5) City of Poquoson Utilities Department
(6) Poquoson City Public Schools



Compliance Section



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

To the Honorable Members of the City Council of
City of Poquoson, Virginia
Poquoson, Virginia

We have audited, in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the *Specifications for Audits of Counties, Cities, and Towns*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia, the 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 Poquoson, Virginia (the "City") as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the City of Poquoson, Virginia's basic financial statements, and have issued our report thereon dated November 3, 2025.

Report on 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 opinion 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 or significant deficiencies may exist that have not been identified.

Report on Compliance and Other Matters

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

Purpose of this Report

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

Brown, Edwards & Company, L.L.P.

CERTIFIED PUBLIC ACCOUNTANTS

Newport News, Virginia
November 3, 2025

City of Poquoson, Virginia

Summary of Compliance Matters

June 30, 2025

As more fully described in the Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*, we performed tests of the City's compliance with certain provisions of the laws, regulations, contracts, and grants shown below.

State Compliance Matters

Code of Virginia

Budget and Appropriation Laws
Cash and Investment Laws
Conflicts of Interest Act
Local Retirement Systems
Debt Provisions
Procurement Law
Comprehensive Services Act
Uniform Disposition of Unclaimed Property Act

State Agency Requirements

Education
Urban Highway Maintenance
Fire Programs Aid to Localities
Opioid Abatement Program

City of Poquoson, Virginia

Schedule of Findings and Responses

June 30, 2025

A – Findings - Financial Statement Audit

None noted.

B – Findings - Commonwealth of Virginia

None noted.