ANNUAL COMPREHENSIVE FINANCIAL REPORT

CITY OF HAMPTON, VIRGINIA

FOR THE FISCAL YEAR ENDED JUNE 30, 2025

HAMPTON VA

CITY OF HAMPTON, VIRGINIA
ANNUAL COMPREHENSIVE FINANCIAL REPORT

For the Fiscal Year Ended June 30, 2025

Prepared by:
The Department of Finance
Karl S. Daughtrey, Chief Financial Officer
Brittany Abbott, Controller

HAMPTON VA

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HAMPTON VA

Introductory
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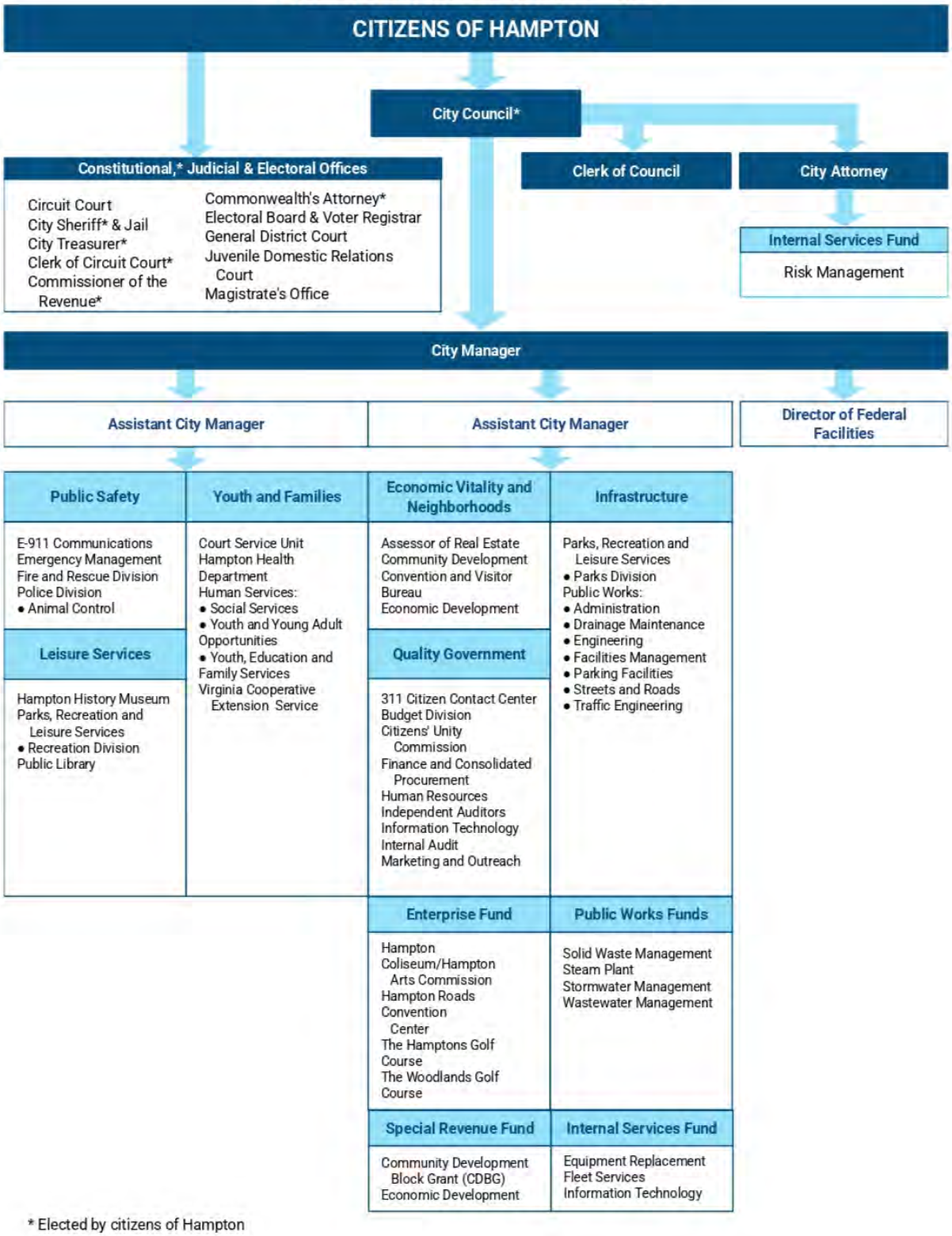
ORGANIZATIONAL CHART - CITY



* Elected by citizens of Hampton

City of Hampton,Virginia
List of Officials
June 30, 2025

ELECTED OFFICIALS

CITY COUNCIL

Jimmy Gray, Mayor
Steven Bowman, Vice Mayor
Randy Bowman
Carolyn Campbell
Hope Harper
Martha Mugler
MIchelle Ferebee

CONSTITUTIONAL OFFICERS

Linda Batchelor Smith - Clerk of Courts
Anton A. Bell - Commonwealth's Attorney
Karen Bever, Interim Commissioner of the Revenue
Chris Osby Snead - City Treasurer
Karen E. Bowden - City Sheriff

APPOINTED OFFICIALS

CITY ADMINISTRATION

Mary B. Bunting - City Manager
Brian DeProfio - Deputy City Manager
Jason Mitchell - Assistant City Manager
Kwasi Obeng - Assistant City Manager
Karl S. Daughtrey - Chief Financial Officer
Lori Green - Manager of Budget and Strategic Initiatives
Brittany Abbott - Deputy Director of Finance, Controller

City of Hampton,Virginia
List of Officials
June 30, 2025

SCHOOL BOARD

Dr.Richard Mason,Chair
Stephanie Jackson Afonia
Joseph C. Kilgore
Dr.Reginald Woodhouse
Dr.Tina Banks-Gray,Vice Chair
Ann Cherry
Jason S. Samuels
Joy Charbonneau, Clerk of the Board

SCHOOL ADMINISTRATION

Dr.Raymond Haynes - Superintendent
Dr.John Caggiano - Deputy Superintendent and Chief of Staff
Dr.Daniel Bowling,Chief Operations Officer
Brittany Branch,Chief Financial Officer
Trena Hatcher,Executive Director of Student Support
Shamkea Pollard - Chief of Secondary School Leadership
Dr.Stacia Barreau - Chief of Elementary School Leadership and Federal Programs
Dr.Jennifer Oliver - Director of Community and Government Relations
Kellie Goral - Executive Director of Public Relations and Marketing
Robbin Ruth - Executive Director of Human Resources
Dr.James Harris,Chief Academic Officer

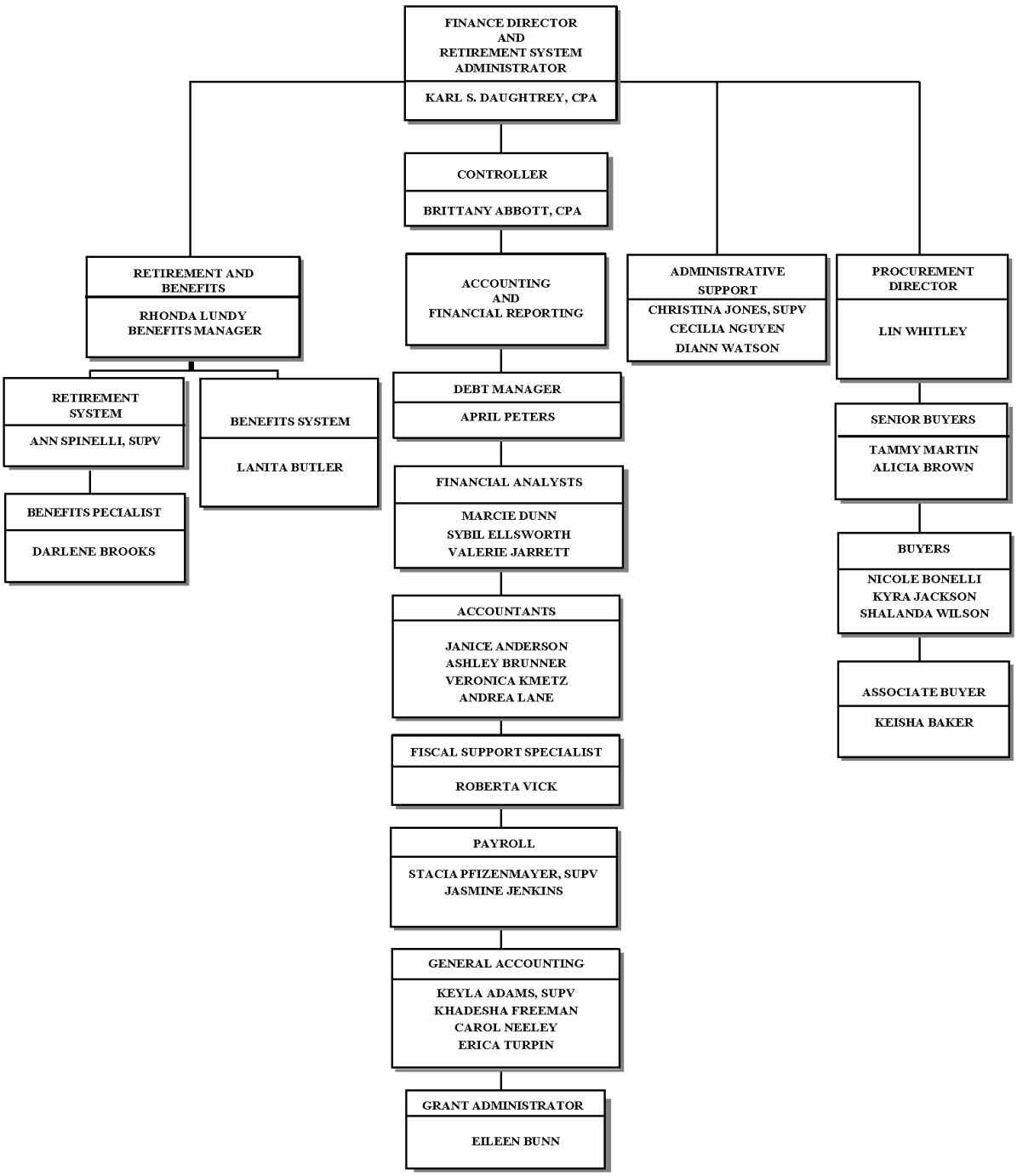
HAMPTON EMPLOYEES' RETIREMENT SYSTEM

BOARD OF TRUSTEES

Andrew G.Womble,Jr.,Chairman
James A.(Pete)Peterson,Trustee
Brittany Branch,Trustee
Carolyn Bowers,Trustee
Brian DeProfio,Vice Chairman
Kathann W.Montague,Trustee
George V.Hellman,Trustee
Patricia Parker,Trustee

Karl S. Daughtrey, Administrator and Treasurer
Ann Spinelli, Secretary
Benjamin Naidorf, Legal Council

CITY OF HAMPTON, VIRGINIA
DEPARTMENT OF FINANCE
June 30, 2025



HAMPTON VA

Decemnber 4, 2025

Honorable Mayor, Members of the City Council,

City Manager and the Citizens of the City of Hampton

We are pleased to submit the Annual Comprehensive Financial Report (ACFR) of the City of Hampton, Virginia (the City) for the fiscal year ended June 30, 2025. The Code of Virginia requires the City to publish, at the close of each fiscal year, a complete set of financial statements presented in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP) and audited in accordance with Government Auditing Standards by a firm of licensed certified public accountants. This report has been prepared by the Department of Finance and the report does comply with state law and guidelines of the Auditor of Public Accounts of the Commonwealth of Virginia.

Cherry Bekaert LLP, Certified Public Accountant have audited the City's financial statements, including the financial records and transactions of all funds, component units and departments of the City. As a result, Cherry Bekaert issued an unmodified opinion on the City's financial statements for the year ended June 30, 2025. The independent auditor's report is located at the front of the Financial Section of this report.

The independent audit of the financial statements of the City is part of a broader, federally mandated "Single Audit" designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditors to report not only on the fair presentation of the Schedule of Expenditures of Federal Awards in relation to the audited financial statements, but also on the audited government's compliance with federal requirements that could have a direct and material effect on each of its major federal programs and on internal control over compliance in accordance with the U.S. Office of Management and Budget's Uniform Guidance. The independent auditors' report related specifically to the Uniform Guidance, including the Schedule of Expenditures of Federal Awards, findings and recommendations, and the auditor's report on Internal control over financial reporting and on compliance and other matters, is required to be submitted within the shorter of thirty (30) days after testing completion or nine (9) months after fiscal year end, which would be no later than March 31, 2026 for the City. Said testing and results, when issued, will be included in a separate compliance reporting package.

The City's Management assumes full responsibility for the accuracy, completeness, and reliability of all information presented in this report. We believe the data, as presented, is accurate in all material respects and is presented in a manner designed to fairly set forth the financial position and results of operations of the City as measured by the financial activity of its various funds. All disclosures necessary to enable the reader to gain the maximum understanding of the City's financial affairs have been included. In order to provide reasonable, but not absolute, assurance regarding the data, the management of the City has designed a framework of internal accounting controls to protect the City's assets from loss of unauthorized use or disposition, provide reliability of financial records for preparing financial statements and maintain the accountability for assets.

The concept of reasonable assurance recognizes that the cost of a control should not exceed the benefits likely to be derived; and that the evaluation of costs and benefits requires estimates and judgments by management. We believe that the City's internal accounting controls adequately safeguard assets and provide reasonable assurance of proper recording of financial transactions.

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

City Profile

The City of Hampton, Virginia, settled in 1610, is the oldest English-speaking community in continuous existence in the United States. The City was incorporated on March 30, 1908 and has operated under its existing charter since December 16, 1952. Its boundaries were extended on July 1, 1952 through the annexation of Elizabeth City County and Phoebus. The City is comprised of 72 square miles, including 54.7 square miles of land and 17.3 square miles of water. Hampton is situated at the extreme southeastern tip of the Lower Peninsula of Virginia. It is bounded on the west by the City of Newport News, on the north by York County and the City of Poquoson, on the east by the Chesapeake Bay and on the south by the Harbors of Hampton Roads. Hampton is part of the Norfolk- Virginia Beach- Newport News Metropolitan Statistical Area (MSA).

As of July 1, 2024, the current estimated population in Hampton was 136,793.

Hampton is an independent, full-service City with sole local government taxing authority within its boundaries. It is empowered by state statute to levy property taxes on real and personal property located within its boundaries. The governing body of the City is an elected City Council composed of a mayor and six (6) council members. The Mayor and City Council members are elected for four (4) year terms in general elections held every two (2) years. The City Council appoints the City Manager who acts as the Chief Executive Officer of the government.The City Manager serves at the pleasure of the Council and is charged with the responsibility of carrying out their policies, directing business procedures, and appointing and removing all department heads and city employees.

As a full-service city, Hampton provides a broad range of municipal services to its citizens. Those services include public safety, education, public works, refuse-collection, recreation, building inspection, public health, social services, planning, community development, etc. The City of Hampton and its citizens purchase their water and sewer service directly from Newport News Waterworks and Hampton Roads Sanitation District, respectively.

Budgetary Systems: The City adopts an annual budget for the General Fund, but does not adopt an annual budget for any of the Special Revenue Funds except for the Stormwater Management Fund. The annual budget serves as the foundation for the City of Hampton's financial planning and control functions. The City must appropriate funds for both the City and school system operation in accordance with state law. The appropriated budget is prepared by fund, function, (e.g. public safety) and department (e.g. fire). The City Manager is authorized to transfer budgeted amounts within the General Fund; however, revisions that alter the total appropriations for a department must be approved by City Council. Transfers within the School Operating Fund are under the control of the School Board.

Component Units: The financial reporting entity includes all funds of the primary government (the City), as well as its component units. Component units are legally separate entities for which the City is financially accountable. The City has included the financial data of four discrete component units which are legally separate entities: Hampton City School Board, Economic Development Authority (EDA), Coliseum Central Business Improvement District, Inc. and Downtown Hampton Development Partnership, Inc.

Economic Conditions and Outlook

The City's central location in the Norfolk-Virginia Beach-Newport News Metropolitan Statistical Area affords its businesses the ability to take advantage of resources offered throughout the area. Hampton's many business assets have attracted an extensive list of national and international companies across a variety of industries. The city's largest business and employment growth is concentrated in the following industries: advanced manufacturing; aerospace, homeland defense & security; medical & healthcare; professional services; and retail.

During the last two fiscal years, the City announced and/or experienced the opening of new development projects, new businesses, and the expansion of existing businesses that resulted in more than $430 million in capital investments, more than 498 jobs created, and contributions to the economic health of the City. A sampling of announcements include, but are not limited to the following:

- Construction was completed on the Phenix Commerce Center in 2025. The facility will host a 5,600 on-site work development center.
- The Virginia Governor announced that Liebherr Mining and Equipment will invest $72.3 million to expand its plant located in Hampton and Newport News, creating 175 additional jobs.
- Threat Tec is investing $12 million in the expansion in the company's facility located near Langley Research & Development Park.
- Amazon has invested $30 milion to transform an existng 403,000 industrial building into a same day delivery facility to better serve area customers.

Military, Federal Research Facility, and Veterans Medical Center

The federal government is Hampton's largest employer. The City is home to Joint Base Langley Eustis (JBLE); National Aeronautics and Space Administration Research Center (NASA) Langley Research Center (LRC); and the Veterans Affairs Medical Center.

JBLE is composed of Langley Air Force Base in Hampton, and Fort Eustis, located in Newport News, Virginia. Langley Air Force Base is one of the largest air service training camps and a pillar of the Hampton community. It is located on 3,167 acres and employs more than 9,000 military and civilian personnel.

The National Aeronautics and Space Administration Research Center (NASA) Langley Research Center (LRC) is located on 788 acres in the City adjacent to Joint Base Langley-Eustis. The Center is an important national resource serving inherent government functions such as aeronautics, science, space technology, human space exploration, climate research and the air transportation system. LRC was the training facility for the first Mercury Seven astronauts and is now involved in NASA's expeditions to Mars and the Moon.

The Hampton VA Medical Center (HVAMC) is located on an 86-acre campus along the historic banks of the Chesapeake Bay adjacent to Hampton University. HVAMC is a world class facility with highly skilled and compassionate staff. The medical center is a leader in technology and innovation, providing health care services to veterans in southeastern Virginia and northeastern North Carolina.

General Government Financial Operations

All general governmental operations are accounted for in the General, Special Revenue, Capital Projects and Debt Service Funds. Substantially all recurring revenues and expenditures are accounted for in the General Fund and the School Operating Fund (included in the Discretely Presented Component Unit-School Board financial statements). For fiscal year 2025, the governmental funds recognized a $17.7 million increase in fund balance. The net increase is the combined result of increased revenue, primarily in the General and Capital Projects Fund.

The General Fund revenues and slightly increased by approximately $29.8 million or 6.9%% when compared to fiscal year 2024 revenues. Local taxes, primarily property taxes, increase by $10.7 million or 2% from the prior year as a result of increase real estate property values and the increase cost of vehicles. Charges for Services Fines and Forfeitures, and Miscellaneous Revenues also increased by $3.1 million, $3.3 million and $9.4 million respectively. The increase in each of these revenue sources is a result of new activities and City initiatives discussed in greater detail in the Management Discussion & Analysis.

The General Fund expenditure increased by approximately $5.4 million or 2%% over fiscal year 2024. Increased expenditures are largely a result of wage increases.

Long Term Financial Planning

In the years 2025-2029 $332.3 million is scheduled for City and School projects. The following summarizes these projects:

Education	$62.9 million
Hampton's Waterways	$63.2 million
Good Government	$211.4 million
Economic Growth	$20.2 million
Place Making	$45.3 million
Safe and Clean City	$29.2 million
Family Resilience and Economic Empowerment	$2.0 million

Financial Policies

In April 2007, the City Council amended its existing financial policies. The financial policies relate to general operating elements of the City. These policies are used as financial planning parameters during the annual budget process. The five (5) financial policies and the actual results are summarized below:

1. Debt Policy Limit.
    - General obligation debt shall not exceed 3% of the assessed value of all real estate within the City subject to taxation. At June 30, 2025, general obligation debt totaled $276 million or 1.8% of taxable real estate value, which was within the policy parameter.
    - General obligation bonded debt together with indirect debt, which includes certain revenue backed debt and subject-to appropriation or moral obligation commitments, and debt of certain special purpose entities (i.e. Community Development Authority) shall not exceed 4% of the assessed value of all real and personal property subject to taxation within the City. At June 30, 2025, this would amount to $401.6 million or 2.3% of the assessed value of all taxable real and personal property which was within the policy parameter.
    - Debt of certain special purpose entities, such as community development authorities, shall not exceed 1% of the assessed value of all real and personal property subject to taxation within the City. At June 30, 2025, this would amount to $73.9 million or 0% of the assessed value of all taxable real and personal property, which was within the policy parameter.
2. Debt Service Policy Limit. General obligation bonded debt and indirect debt shall not exceed 10% of the City's total General Fund and the School Operating Fund expenditures. At June 30, 2025, this would amount to $32.6 million or 5% of total expenditures, which was within the policy parameter.
3. General Obligation Debt Retirement Policy. The City shall retire at least 60% of the principal balance of general bonded obligation debt within 10 years of the date the debt is issued. The City will retire approximately 65.5% of general bonded obligation debt for fiscal years 2026 through fiscal year 2035 that was outstanding as of June 30, 2025.
4. Equity Funding. A minimum of 2% to 6% of general fund revenues will be applied to Capital Improvement Projects(CIP) capital projects each year. At June 30, 2025, capital expenditures were $45.7 million which is 9.8% of General Fund revenues. Also, a minimum of 10% to 15% of CIP projects over a rolling five-year period are to be funded from general fund revenues. For the five year period, 2025 through 2029, the City plans to use 29.7% of General Fund revenues on CIP projects.
5. Unassigned Fund Balance. The City will maintain an unassigned General Fund balance equal to 10% of total General Fund and School Operating Fund revenues. To the extent unassigned fund balance falls below the policy, the shortfall shall be replenished over a three-year period. The unassigned fund balance at June 30, 2025 was $115.1 million or 17% of actual revenues.The City is in compliance with the Financial Policy Guidelines.

Credit Ratings

The City's credit ratings are as follows: AA+ by Standard and Poor's and Aa1 by Moody's Investor Services.

Major Initiatives and Accomplishments

Fort Monroe at Old Point Comfort is a National Historic Landmark and sits on a 565 acre island at the mouth of Hampton Roads with 3 miles of beaches, bayside boardwalk, 200 acres of parks and open space and spectacular views of the Chesapeake Bay. Today Fort Monroe still stands as the largest stone fortification and moat ever constructed in North America and is complete with 174 stately historic homes, over 1 million square feet of mainly historic non-residential space, a 332 slip marina, museum, the oldest operating lighthouse on the Chesapeake Bay, tremendous telecommunications infrastructure and convenient access to Interstate-64.

Fort Monroe was identified for closure by the 2005 Base Realignment and Closure Commission and was closed by the Army on September 15, 2011. Since that time, the Commonwealth of Virginia and City of Hampton have been preparing for closure and reuse of the Fort to mitigate the impact of the lost economic activity from the closure. Approximately 371 of the 565 acres of the property automatically reverts to Commonwealth ownership based on deed language when it was originally conveyed to the federal government in the 1800s. The Commonwealth and Army finalized the negotiations of the disposition of the "non-reversionary" acres in 2017 and transferred the remaining balance of federal land to the Fort Monroe Authority. That transfer included approximately 45 acres with an additional 20 acres to be transferred after the environmental remediation actions are completed. The final transfer was completed in 2019. Furthermore, the Commonwealth has transferred previously owned land to the Department of Interior to be incorporated into the Fort Monroe National Monument under the purview of the National Park Service. As part of the State's partnership with the City, it was agreed that the City would receive a Payment In Lieu Of Taxes (PILOT) to cover the costs of City services that Hampton provides to state controlled property at Fort Monroe. The PILOT is based on the City's real estate tax assessment and tax rate as if it was any other private property in the City, but excludes any property owned by the federal government or used by the City.

The key priority of the City and Commonwealth has been to keep a living and vibrant community throughout the transition. On November 1, 2011, President Barrack Obama took action to declare 245 acres of Fort Monroe a National Monument that will be managed by the National Park Service. Studies have shown the presence of a National Park increased the value of surrounding properties approximately 20%. Coupled with the history of Fort Monroe, the presence of the national park will also generate tourism to the City. The Fort Monroe Authority has also been successfully renting out the historic homes and has attracted some commercial tenants as well. Most of the existing developed area of the Fort will be subject to the PILOT and, in essence, be added to the City's tax rolls. The Commonwealth is investing over $22 million in infrastructure enhancements, upgrades and repairs. The intent is to ultimately market many of the properties for private investment and redevelopment. As properties are sold they will be added as revenue gains for the City's tax rolls as well.

Awards and Achievements

The Government Finance Officers Association of the United States and Canada (GFOA) awards a *Certificate of Achievement for Excellence in Financial Reporting* to governmental units that publish an easily readable and efficiently organized Annual Comprehensive Financial Report that meets all generally accepted accounting principles and applicable legal requirements. The City has received this award for its Annual Comprehensive Financial Report for the fiscal year ended June 30, 2024.

A Certificate of Achievement is valid for a period of one year only. We believe our current report continues to conform to Certificate of Achievement Program requirements. This report will also be submitted to the GFOA to determine its eligibility for a certificate.

The City's Budget Department received the Government Finance Officers Association *Distinguished Budget Presentation Award* for the fiscal year 2025 Budget document.

Acknowledgments

We acknowledge, with gratitude, the continued efficient and dedicated service rendered by the Finance Department staff and the assistance rendered by Cherry Bekaert LLP in keeping us in conformity with the rapidly changing accounting interpretations and principles. We also appreciate the responsible and progressive management program administered by your office and the members of the City Council.

Respectfully submitted,

Karl S. Daughtrey, CPA

Chief Financial Officer

Brittany Abbott, CPA

Controller

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Hampton
Virginia

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2024

Christopher P. Morrill

Executive Director/CEO

HAMPTON VA

Financial
SECTION

Cherry Bekaert LLP
Your Guide Forward

Report of Independent Auditor

To the Honorable Mayor and Members of City Council
City of Hampton, Virginia
Hampton, 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 Hampton, Virginia (the "City"), as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

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

We did not audit the financial statements of the Downtown Hampton Development Partnership Inc., which represent 0.7%, 2.2%, and 0.2%, respectively, of the assets, net position, and revenues of the aggregate discretely presented component units, as of June 30, 2025. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Downtown Hampton Partnership, Inc., is based solely on the report of the other auditors.

Basis for Opinions

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

Emphasis of Matter

As discussed in Note 18 to the financial statements, the City adopted Governmental Accounting Standards Board Statement 101, *Compensated Absences*, during the year ended June 30, 2025 which resulted in a restatement of beginning net position. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the 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, *Government Auditing Standards,* and the Specifications will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

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

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and the Required Supplementary Information, 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's basic financial statements. The accompanying Combining and Individual Statements, as listed in the table of contents, are 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 Combining and Individual Statements are 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 Section, Statistical Section, and the Continuing Disclosures, as listed in the table of contents, 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 December 5, 2025, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Cherry Bekaert LLP

Virginia Beach, Virginia
December 5, 2025

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the City of Hampton (City), we offer readers of the City's Annual Comprehensive Financial Report this narrative overview and analysis of the financial activities of the City for the fiscal year 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.

FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by $927.6 million (net position).The unrestricted net position, which represents the amounts available to meet the City's ongoing obligations to citizens and creditors, was $154.8 million.
- Unrestricted Net Position increased by $36.8 million when compared to the previous year. Increased home values and interest rates, resulted in the City recognizing a $12.5 million or 4% increase in its general revenues, ending the year at $361.1 million.
- The City implemented the Governmental Accounting Standards Board Statement 101: Compensated Absences which was effective for fiscal years ended June 30, 2025. The implementation resulted in a $10 million increase to compensated absences reported as long-term debt.
- At the close of the current fiscal year, the City's governmental funds reported combined fund balances of $374.2 million, an approximate 5% increase in comparison with the prior year. Of this amount, $115.1 million or 31% is available for spending at the government's discretion (governmental unassigned fb).
- At the end of the current fiscal year, unrestricted fund balance (the total of committed, assigned, and unassigned components of fund balance) for the General Fund was $165.7 million.

OVERVIEW OF THE FINANCIAL STATEMENTS

The discussion and analysis provided here are intended to serve as an introduction to the City's Annual Comprehensive Financial Report, which consists of four (4) sections including the introductory, financial, statistical and continuing disclosures. The basic financial section consists of three (3) sections: government-wide statements, fund financial statements and notes to financial statements.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The *government-wide financial statements* are designed to provide the reader with a broad overview of the City of Hampton's finances, in a manner similar to a private-sector business. Government-wide financial statements are reported using the full accrual basis of accounting and therefore presents the City's current year revenues and expenses, regardless of when cash is received or paid.

The *Statement of Net Position* (Exhibit A-1) presents information on all of the City's assets, liabilities and deferred inflows/outflows of resources, with the difference 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* (Exhibit A-2) 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 event giving rise to the change occurs, regardless of the timing of the related cash flows. Thus, revenues and expenses are reported for some items that will only result in cash flows in future fiscal periods (e.g. uncollected taxes).

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their cost through user fees and charges (business-type activities). The governmental activities of the City include general government, public safety, highways and

streets, sanitation, and culture and recreation. The business-type activities of the City include two event venues: Hampton Coliseum, Hampton Roads Convention Center; two golf courses: the Hamptons and Woodlands; one museum: Virginia Air & Space Museum; and three waste disposal functions including Solid Waste; Wastewater; and Refuse-Steam Plant (garbage).The government-wide financial statements include not only the City itself (known as the primary government), but four other legal separate entities including: Hampton City Schools, the Economic Development Authority, the Coliseum Business Improvement District, and the Downtown Hampton Development Partnership, Inc. Financial information for these component units is reported separately from financial information presented for the primary government itself (Exhibits A-11 and A-12).

FUND FINANCIAL STATEMENTS

The *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, 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 government 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 assessing the government's near-term requirements.

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 nine individual governmental funds. Information is presented separately in the governmental fund balance (Exhibit A-3) sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances (Exhibit A-4) for the general, federal grant, economic development, debt service fund, and capital projects funds, which are considered to be major funds. Data from the other four governmental funds are combined into a single aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements in the combining and individual fund statements and schedules section of this report (see Exhibit C-1 and C-2). The City adopts an annual appropriated budget for its general and stormwater management funds. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget at Exhibit A-5. The budgetary comparison statement for the Stormwater Management fund can also be found in the individual fund statements and schedules section of this report (see Exhibits C-3)

PROPRIETARY FUNDS

The City maintains two different types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its two event venues: Hampton Coliseum, Hampton Roads Convention Center; two golf courses: the Hamptons and Woodlands; one museum: Virginia Air & Space Museum; and three waste disposal functions including Solid Waste; Wastewater; and Refuse-Steam Plant (garbage). Internal service funds are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City uses internal service funds to account for the management of its information technology services (Information Technology Fund), retained risks (Risk Management Fund) and for its fleet of vehicles (Fleet Management and Equipment Replacement). Because these services predominantly benefit governmental rather than business-type functions, they have 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 proprietary fund financial statements provide separate information for the Hampton Roads Convention Center, Virginia Air & Space Museum, and Wastewater Management, which are considered to be major funds (Exhibits A-6 through A-8). Conversely, the remaining enterprise funds and the internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements.

Individual fund data for the nonmajor enterprise and internal service funds are provided in the form of combining statements in the combining and individual fund statements and schedules section of this report. See exhibits nonmajor enterprise funds at exhibits D-1 through D-3. See internal service funds at exhibits E-1 through E-3.

FIDUCIARY FUNDS

Fiduciary funds are used to account for resources held for the benefit of parties outside of the government. Fiduciary funds are not reported in the government-wide financial statements 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 City maintains two different types of fiduciary funds. The Hampton Employees Retirement System (HERS), a pension trust fund, is used to report resources held in trust for retirees and beneficiaries. The Custodial funds report resources, not in a trust, that are held by the City for other parties outside of City's reporting entity. The fiduciary fund financial statements provide separate information for the HERS pension trust fund and the Custodial Funds, which are considered to be major funds (Exhibits A-9 through A-10).

NOTES TO THE FINANCIAL STATEMENTS

The notes provide additional information that is necessary to acquire a full understanding of the data provided in the government-wide and fund financial statements.

OTHER INFORMATION

In addition to the basic financial statements and accompanying notes, this report also presents required supplementary information concerning the City's progress in funding its obligations to provide pension and OPEB benefits to its employees. Required supplementary information can be found immediately after the notes to the financial statements. The combining statements referred to earlier in connection with nonmajor governmental funds, internal service funds and custodial funds are presented immediately following the required supplementary information.

GOVERNMENT-WIDE OVERALL FINANCIAL ANALYSIS

As noted earlier, net position over time may serve as a useful indicator of a government's financial position. In the case of the City's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by $927.6 million, at the close of the most recent fiscal year.

FINANCIAL ANALYSIS OF THE CITY AS A WHOLE

Table I
Summary of Statement of Net Position (In Thousands)
June 30, 2025 and 2024

	Governmental Activities		Business-type Activities		Total Primary Government		Component Units	
	2025	2024	2025	2024	2025	2024	2025	2024
Current and other Assets	$ 499,877	$ 486,923	$ 82,927	$ 84,662	$ 582,804	$ 571,585	$ 105,744	$ 103,718
Capital Assets	905,922	903,794	132,807	132,304	1,038,729	1,036,098	49,806	49,119
Total assets	1,405,799	1,390,717	215,734	216,966	1,621,533	1,607,683	155,550	152,837
Deferred outflows of resources	68,301	65,194	3,729	4,776	72,030	69,970	57,369	50,125
Current Liabilities	109,887	119,073	14,185	17,545	124,072	136,618	46,316	42,361
Long-term liabilities	535,236	540,257	56,400	63,625	591,636	603,882	170,666	172,645
Total liabilities	645,123	659,330	70,585	81,170	715,708	740,500	216,982	215,006
Deferred inflows of resources	46,110	50,303	4,122	4,048	50,232	54,351	37,628	29,576
NET POSITION								
Investment in capital assets	647,723	644,973	88,144	83,161	735,867	728,134	48,580	47,683
Restricted	28,812	28,492	8,129	8,179	36,941	36,671	178	173
Unrestricted (deficit)	106,332	72,813	48,484	45,183	154,816	117,996	(90,449)	(89,477)
Total net position, (restated)	$ 782,866	$ 746,278	$ 144,757	$ 136,523	$ 927,623	$ 882,801	$ (41,691)	$ (41,621)

The City's combined net position (which is the City's bottom line) increased by $44.8 million in fiscal year 2025 as a result of the following changes:

Governmental Activities:

- The sale of the Hampton Road's Regional Jail resulted in the City recognizing $8.1 million of unbudgeted windfall revenue.
- Long-term debt experienced a $17 million decrease resulting from the following net changes:
  - The City issued new debt totaling $5.9 million in support of its new traffic photo enforcement program and the construction of a new science wing at Bethel High School.
  - Principal bond and lease payments reduced long term debt by a total of $24.2 million.

Business-Type Activities:

- The Wastewater Management Fund experienced $6 million increase in net position as a resulting from a $6.7 million or 62% increase in revenues driven by a rate increase that became effective on July 1, 2024.
- The Hampton Road's Convention Center experienced a $3.8 million as a result of City Council's continued commitment to provide the center with two percent of the General Fund's total meal and lodging taxes.

Each of these factors contributing to the change in net position will be discussed in further detail in the next sections.

Table II
Summary of Changes in Net Position (In Thousands)
For the Fiscal Year Ended June 30, 2025 and 2024

	Governmental Activities		Business-type Activities		Total Primary Government		Component Units	
	2025	2024	2025	2024	2025	2024	2025	2024
REVENUE								
Program Revenues:								
Charges for service	$ 43,081	$ 39,541	$ 64,644	$ 57,903	$ 107,725	$ 97,444	$ 9,958	$ 15,445
Operating grants and contributions	101,179	95,963	5,691	5,049	106,870	101,012	248,634	243,594
Capital grants and contributions	21,243	20,540	-	-	21,243	20,540	4,856	-
General revenues:								
Property taxes	231,270	221,926	-	-	231,270	221,926	-	-
Other taxes	105,008	102,560	-	-	105,008	102,560	-	-
Other	23,787	23,553	1,035	592	24,822	24,145	101,315	95,144
Total revenues	525,568	504,083	71,370	63,544	596,938	567,627	364,763	354,183
EXPENSES								
General government	162,764	141,985	-	-	162,764	141,985	6,383	9,554
Public safety	99,951	94,517	-	-	99,951	94,517	-	-
Highways and streets	5,667	7,704	-	-	5,667	7,704	-	-
Sanitation	7,911	7,221	-	-	7,911	7,221	-	-
Health	9,262	5,548	-	-	9,262	5,548	-	-
Human services	43,862	35,439	-	-	43,862	35,439	-	-
Culture and recreation	19,539	22,417	-	-	19,539	22,417	-	-
Education - payment to School Board	95,001	91,805	-	-	95,001	91,805	-	-
Educational	15,061	12,428	-	-	15,061	12,428	358,450	317,256
Coliseum	-	-	18,996	20,278	18,996	20,278	-	-
Convention Center	-	-	9,148	8,649	9,148	8,649	-	-
The Hamptons	-	-	1,152	1,119	1,152	1,119	-	-
Woodlands	-	-	923	824	923	824	-	-
Museum	-	-	3,836	3,757	3,836	3,757	-	-
Solid Waste	-	-	19,026	17,225	19,026	17,225	-	-
Steam Plant	-	-	10,819	7,862	10,819	7,862	-	-
Wastewater	-	-	11,035	9,499	11,035	9,499	-	-
Interest on long-term debt	8,041	8,955	-	-	8,041	8,955	-	-
Total expenses	467,059	428,019	74,935	69,213	541,994	497,232	364,834	326,810
Change in net position before transfers	58,509	76,064	(3,565)	(5,669)	54,944	70,395	(71)	27,373
Transfers	(12,341)	(13,356)	12,341	13,356	-	-	-	-
Change in net position	46,168	62,708	8,776	7,687	54,944	70,395	(71)	27,373
Net position, as previously reported	746,278	683,570	136,523	128,836	882,801	820,093	(41,620)	(68,993)
Net position, June 30, as restated	$ 782,865	$ 746,278	$ 144,757	$ 136,523	$ 937,745	$ 882,801	$ (41,691)	$ (41,620)

ANALYSIS OF CHANGES IN STATEMENT OF ACTIVITIES

GOVERNMENTAL FUNDS

During the current fiscal year ended June 30, 2025, net position for governmental activities increased $32.9 million. The increase in governmental net position is a combined result of increased current assets and decreased current and long-term liabilities.

Current assets, which are materially made up of cash and investments increased by $14.2 million. The investments is largely a result of unbudgeted windfall revenue recognized from the sale of the Hampton Road's Regional Jail facility. As discussed in Note 14, the Hampton Road's Regional Jail Authority is a political subdivision of the Commonwealth of Virginia that was created through an agreement by five localities within the Hampton Roads region, including the City of Hampton. The Authority ceased operations in April 2024 began winding down operations. During fiscal year 2025, the Authority's jail facility was sold and gains from the sale were disbursed to member localities. Resultantly, the City recognized a $8.1 million gain from the sale that was invested in the State's local investment pool.

Overall, liabilities experienced a net $10.6 million decrease. The non-operational aspect of this change ($9.5 million increase) caused by the GASB 101 implementation was previously discussed. From an operational perspective, the City issued $5.9 million of new debt and paid $24.2 million in principal on existing debt.

In terms of new debt, City was authorized to borrow up to $20 million from the Commonwealth of Virginia's Literary Fund to fund the construction of a 38,000 square foot science wing addition at Bethel High School. The debt, referred to as the Literary Loan, is structured as a line of credit during the construction phase of the project allowing the City to only borrow the exact amount needed to cover the cost of construction. When the construction is complete, the debt will be converted into a general obligation bond payable in 20 years. As of June 30, 2025, the City had drawn $375,000 against the loan.

Additionally, the City began its first phase of its traffic photo enforcement program using leased camera equipment. Camera were installed at select red lights and school zones to identify and deter traffic violations. As of June 30, 2025, the new camera equipment increased right-to-use capital assets and lease liabilities by $4.5 million.

BUSINESS TYPE ACTIVITIES

The Business-type activities reported a $8.78 million total positive change in net position. The positive increase in net position is largely a result of the Wastewater Management Fund which recognized a $5.95 million increase in net position and the Hampton Roads Convention Center (HRCC) which experienced a $3.8 million increase in net position. City Council approved a 73-cent increase in the wastewater fee effective July 1, 2024. The fee increase was approved to support continued maintenance on the aging wastewater system. As a result of the fee increase, the Wastewater Fund recognized $17.54 million of revenues, $6.7 million or 62% more than the prior year.

HRCC's net position increase results from City Council's continued commitment to funding a portion of the HRCC's operating cost by transferring two percent of the General Fund's total meal and lodging taxes to the HRCC fund. These non-operating revenues offset the fund's annual operating deficit. For the fiscal year ending 2025, $9.57 million was transferred to the HRCC which offset the $(5.78) million operating deficit resulting in a positive change in net position.

FINANCIAL ANALYSIS OF GOVERNMENTAL FUNDS

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for discretionary use as they represent the portion of fund balance which has not yet been limited to use for a particular purpose by either an external party, the City itself, or a group or individual that has been delegated authority to assign resources for use for particular purposes by the City's Council. As of June 30, 2025, the City's governmental funds reported combined fund balances of $374.2 million, an increase of $17.7 million in comparison to the prior year. Of this amount, $115.1 million, or 31%, constitutes unassigned fund balance, which is available for spending at the government's discretion. The remainder of the fund balance is either nonspendable, restricted, committed, or assigned to indicate that it is (1) not in spendable form, $37 thousand; (2) restricted for particular purposes, $18.8 million; (3) committed for particular purposes, $177.8 million; or (4) assigned for particular purposes, $62.5 million.

ANALYSIS OF INDIVIDUAL FUNDS

GOVERNMENTAL FUNDS

The General Fund is the chief operating fund of the City. The fund balance of the City's General Fund slightly increased by $18.4 million or 12% for the current fiscal year. The increase in General Fund revenues are primarily a result of revenues from the Hampton Road's Regional Jail which was a major factor in miscellaneous revenues increasing by approximately $9.3 million, from $6 million in the prior year to $15.3 million in the current year. A continued increase in property values contributed to a $8.4 million or 4% increase in personal property taxes. Fines and forfeitures also recognized a $3.1 million increase over the $1.0 million balance reported in the prior year. School speed zone and red light enforcement cameras resulted in $2.1 million and $1.0 million of revenues, respectively.

General Fund expenditures slightly increased by $5.40 million or 2% from the prior year as a result of general wage increases that became effective on July 1, 2024. None of the other governmental funds experienced a major changes in their fund balances which aligned with expectation.

GENERAL FUND BUDGETARY HIGHLIGHTS

Original budget compared to final budget: During the year, there was no need for any significant amendments to increase either the original estimated revenues or original budgeted appropriations. However, there was a need to make an amendment to reallocate appropriations among departments to accommodate grants and fund transfers that were appropriated after the original budget was approved.

Final budget compared to actual results: The General Fund's revenues were budgeted at $441 million. Actuals performed higher than budgeted, ending the year $465 million, a 5% increase over budget. The most significant differences between estimated revenues and actual revenues were as follows:

- Local Taxes exceeded budget by $7.3 million or 2%
- Fines and forfeitures were under budget by $2.5 or 37%.
- Revenues from use of money and property exceed budget by $4.9 million or 81%.
- Charges for services exceed budget by $2.3 million or 21%.
- Miscellaneous revenue exceeded budget by $9.8 million or 176%

Revenue sources such as local taxes and revenues from use of money and property that are impacted by economic factors such a property values, inflation and federal interest rates. In creating the fiscal year 2025 budget these factors were considered in the City'revenues projections. While the City has began to recognize a reduction in the percentage of revenue growth, local taxes and revenues from use of money an property exceeded budgeted expectation due to the City's conservative budgeting standards.

The city utilizes a 3rd part vendor to bill citizens for fire and rescue ambulatory fees. During fiscal year 2024, the vendor's financial records were compromised resulting in a lost of data that precluded the vendor from remitting the final quarter of ambulatory revenues to the City. Data recovery efforts were ongoing as of June 30, 2024 and therefore reliable data was unavailable to generate a receivable and recognize revenue for April - June 2024 ambulance fees. The $2.3 million increase in Charges for Services revenue recognized in fiscal year 2025 is a result of the City recouping revenues from the this incident. The balance is immaterial to the General Fund's net position and revenues. A beginning balance adjustment was not deemed necessary and the recovery of revenues were recognized in fiscal year 2025.

While the implementation of school speed zone and red light enforcement cameras have resulted in additional revenues when compared to prior year, revenues from this program were based on a greater number of cameras than were actually installed during the fiscal year contributing to this revenue source underperforming budget.

The increase to miscellaneous revenue is a result of the Hampton Road's Regional Jail, previously discussed.

CAPITAL ASSETS

The City's investment in capital assets for its governmental and business-type activities as of June 30, 2025, amounts to $1,038.8 million (net of accumulated depreciation/amortization). The total increase in capital assets for the current fiscal year was less than 1%. This investment in capital assets includes land, buildings, machinery, equipment, vehicles, park facilities, roads, highways, bridges, intangibles, etc., as summarized in the schedule below:

Table III Capital Assets (In Thousands)

	Governmental Activities		Business-type Activities		Total	
	2025	2024	2025	2024	2025	2024
Non-depreciable assets:						
Land and land improvements	$ 529,973	$ 524,074	$ 11,066	$ 11,066	$ 541,039	$ 535,140
Easements	2,231	2,227	29	29	2,260	2,256
Construction in progress	48,903	39,358	2,280	395	51,183	39,753
Capital assets being depreciated:						
Buildings and improvements	243,220	243,069	141,908	141,908	385,128	384,977
Lease - Building	16,248	15,915	-	-	16,248	15,915
Improvements other than buildings	81,856	81,825	36,071	35,585	117,927	117,410
Computer software	2,239	2,245	389	389	2,628	2,634
Equipment and vehicles	115,159	110,511	46,563	42,864	161,722	153,375
Lease - Machinery & Equipment	5,304	784	676	712	5,980	1,496
Exhibits	-	-	15,091	15,080	15,091	15,080
Landfill	-	-	3,866	3,866	3,866	3,866
Infrastructure	256,846	255,225	88,180	85,805	345,026	341,030
Other assets	4,446	4,446	-	-	4,446	4,446
Subscription-based IT Arrangement	176	176	-	-	176	176
Accumulated depreciation	(400,679)	(376,061)	(213,312)	(205,396)	(613,991)	(581,457)
Total	$ 905,922	$ 903,794	$ 132,807	$ 132,303	$ 1,038,729	$ 1,036,097

	School Board		Economic Development Authority		Coliseum Central Business Improvement District, Inc.	
	2025	2024	2025	2024	2025	2024
COMPONENTS UNITS						
Non-depreciable assets:						
Land and land improvements	$ 5,111	$ 5,111	$ 20,127	$ 20,127	$ -	$ -
Capital assets being depreciated:						
Buildings and improvements	48,963	48,963	8,633	8,653	-	-
Improvements other than buildings	310	310	1,846	1,548	-	-
Infrastructure	-	-	2,300	2,287	-	-
Computer software	1,132	1,132	-	-	-	-
Equipment and vehicles	43,610	42,831	623	623	188	176
Right to use assets - building	-	-	-	-	454	454
Right to use assets - machinery & equipment	937	1,702	-	-	53	-
Right to use assets - SBITA	2,132	272	-	-	-	-
Accumulated depreciation	(81,202)	(80,099)	(5,154)	(4,788)	(510)	(391)
Total	$ 20,993	$ 20,222	$ 28,375	$ 28,450	$ 186	$ 239

	Downtown Hampton		Total Component Units	
	2025	2024	2025	2024
COMPONENTS UNITS				
Non-depreciable assets:				
Land and land improvements	$ -	$ -	$ 25,238	$ 25,238
Capital assets being depreciated:				
Buildings and improvements	-	-	57,596	57,616
Improvements other than buildings	-	-	2,156	1,858
Infrastructure	503	489	2,803	2,776
Computer software	13	13	1,145	1,145
Equipment and vehicles	227	209	44,648	43,839
Right to use assets - building	57	29	511	483
Right to use assets - machinery & equipment	-	-	990	1,702
Right to use assets - SBITA	-	-	2,132	272
Accumulated depreciation	(548)	(532)	(87,414)	(85,810)
Total	$ 252	$ 208	$ 49,806	$ 49,119

The capital plan set forth $77.9 million to be spent during fiscal year 2025 in various projects including a $27 million investment in Hampton City School's maintenance and technology; $19.6 million in citywide street and traffic maintenance; $9.1 million in the maintenance of public properties; and $1.9 million in upgrading court and jail security.

LONG-TERM DEBT

At the end of fiscal year 2025, the City had $275.8 million in outstanding general obligation bonds and $51.5 million in outstanding revenue bonds. More detailed information about the City's long-term liabilities is presented in Note 10 to the financial statements.

The Commonwealth of Virginia limits the amount of general obligation debt the City can issue to 10% of the assessed valuation of real property. As of June 30, 2025, the City's aggregate general obligation indebtedness is $1.569 billion below this limit.

Table IV
Change in General Obligation and Revenue Bonds (In Thousands)
June 30, 2025 and 2024

	Governmental Activities		Business-type Activities		Total	
	2025	2024	2025	2024	2025	2024
General Obligation bonds	$ 275,682	$ 297,737	$ 153	$ 298	$ 275,835	$ 298,035
Direct placement revenue bonds	-	-	51,505	55,925	51,505	55,925
Unamortized premium	22,444	24,713	-	-	22,444	24,713
Total primary government	$ 298,126	$ 322,450	$ 51,658	$ 56,223	$ 349,784	$ 378,673

NEXT YEAR'S BUDGET

The City's staff and City Council considered many factors when developing the fiscal year 2026 budget. The fiscal year 2026 approved budget for the General Fund is $678 million, a 5.4% increase over fiscal year 2025.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the City's finances and to demonstrate the City's accountability for the money it receives. Questions concerning this report or requests for additional financial information should be directed to Karl S. Daughtrey, Director of Finance, 22 Lincoln Street, 7th Floor, Hampton, Virginia 23669, telephone (757) 727-6230.

Exhibit A-1

CITY OF HAMPTON, VIRGINIA
STATEMENT OF NET POSITION
June 30, 2025

	Primary Government			
	Governmental Activities	Business-type Activities	Total Primary Government	Component Units
ASSETS				
Cash and cash equivalents	$ 306,770,889	$ 35,675,250	$ 342,446,139	$ 54,118,914
Cash with fiscal agent	12,568,989	-	12,568,989	10,595,333
Restricted assets - cash and cash equivalents	-	11,882,999	11,882,999	177,937
Investments	154,633,869	-	154,633,869	1,345,094
Restricted assets - investments	-	13,412,116	13,412,116	-
Accounts receivable	23,158,370	6,334,590	29,492,960	1,187,325
Intergovernmental receivables	16,376,364	-	16,376,364	10,526,060
Due from component unit	180,680	17,217	197,897	-
Due from primary government	-	-	-	40,000
Lease receivable	456,486	-	456,486	7,636,773
Lease receivable from primary government	-	-	-	439,370
Lease receivable from component units	74,644	-	74,644	-
Internal balances	(14,877,273)	14,877,273	-	-
Inventories	179,956	600,724	780,680	630,948
Prepaid items	353,828	127,136	480,964	149,811
Land held for sale	-	-	-	18,896,383
Capital assets not being depreciated	581,107,119	13,375,440	594,482,559	25,237,747
Capital assets, net of amortization/ accumulated depreciation	324,814,938	119,431,751	444,246,689	24,568,001
Total assets	1,405,798,859	215,734,496	1,621,533,355	155,549,696
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows charge on refunding	1,546,241	1,731,026	3,277,267	-
Deferred outflows related to pensions	37,260,984	1,437,183	38,698,167	50,629,467
Deferred outflows related to other postemployment benefits	29,493,639	561,208	30,054,847	6,739,644
Total deferred outflows of resources	68,300,864	3,729,417	72,030,281	57,369,111
LIABILITIES				
Current liabilities:				
Accounts payable and accrued liabilities	54,620,702	4,241,023	58,861,725	36,323,352
Due to component units	40,000	-	40,000	-
Due to Primary Government	-	-	-	197,897
Unearned revenues	7,992,945	2,828,884	10,821,829	5,501,310
Current liabilities payable from restricted assets	-	1,577,368	1,577,368	-
Total current liabilities	62,653,647	8,647,275	71,300,922	42,022,559

Exhibit A-1

CITY OF HAMPTON, VIRGINIA
STATEMENT OF NET POSITION
June 30, 2025

	Primary Government			
	Governmental Activities	Business-type Activities	Total Primary Government	Component Units
LIABILITIES				
Noncurrent liabilities:				
Due within one year	47,233,647	5,538,112	52,771,759	4,293,556
Due in more than one year:				
Notes and other long-term payables	26,609,472	888,851	27,498,323	14,313,317
Lease payable	14,250,500	48,011	14,298,511	309,194
Lease payable to component unit	354,212	-	354,212	-
Lease payable to primary government	-	-	-	39,928
Subscription payable	39,349	-	39,349	74,823
Bonds payable	274,408,823	46,975,000	321,383,823	-
Net pension liability	122,275,817	5,025,994	127,301,811	128,321,356
Net OPEB liability	97,297,877	3,461,850	100,759,727	27,607,113
Total noncurrent liabilities	582,469,696	61,937,818	644,407,515	174,959,287
Total liabilities	645,123,344	70,585,093	715,708,437	216,981,846
DEFERRED INFLOWS OF RESOURCES				
Deferred charge on refunding	3,188,457	858,825	4,047,282	-
Property taxes collected in advance	2,981,511	-	2,981,511	-
Related to leases	557,420	-	557,420	7,272,707
Related to leases from Primary Government	-	-	-	448,146
Deferred inflows related to pensions	18,867,505	2,116,015	20,983,520	26,232,268
Deferred inflows related to other postemployment benefits	20,514,991	1,146,948	21,661,939	3,675,153
Total deferred inflows of resources	46,109,884	4,121,788	50,231,672	37,628,274
NET POSITION				
Net investment in capital assets	647,722,641	88,144,405	735,867,046	48,579,644
Restricted for:				
Capital projects	1,767,257	-	1,767,257	-
Debt service	522,082	-	522,082	-
Public safety projects	792,093	-	792,093	-
Stormwater management	10,545,496	-	10,545,496	-
Human services	1,082,883	-	1,082,883	-
Bond indenture	-	8,128,608	8,128,608	177,937
Culture and recreation	77,040	-	77,040	-
Physical environment	687,363	-	687,363	-
Education	6	-	6	-
Community development	908,336	-	908,336	-
Operations and maintenance	51,357	-	51,357	-
Other purposes	12,377,861	-	12,377,861	-
Unrestricted (deficit)	106,332,080	48,484,019	154,816,099	(90,448,894)
Total net position (deficit)	$ 782,866,495	$ 144,757,032	$ 927,623,527	$ (41,691,313)

The accompanying notes are an integral part of these financial statements.

Exhibit A-2

CITY OF HAMPTON, VIRGINIA
STATEMENT OF NET POSITION
June 30, 2025

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expenses) Revenue and Changes in Net Position: Primary Government: Government Activities	Primary Government: Business-type Activities	Primary Government: Total	Discretely Presented Component Units
PRIMARY GOVERNMENT								
Governmental activities:								
General government	$ 162,763,912	$ 15,610,173	$ 39,449,963	$ 15,613,786	$ (92,089,990)	$ -	$ (92,089,990)	$ -
Public safety	99,950,553	10,979,762	13,195,155	-	(75,775,636)	-	(75,775,636)	-
Highways and streets	5,666,556	-	22,706,974	5,413,070	22,453,488	-	22,453,488	-
Health	9,262,369	-	-	-	(9,262,369)	-	(9,262,369)	-
Human services	43,862,266	17,533	25,424,394	216,281	(18,204,058)	-	(18,204,058)	-
Sanitation	7,910,825	13,423,378	-	-	5,512,553	-	5,512,553	-
Culture and recreation	19,539,493	2,882,825	129,126	-	(16,527,542)	-	(16,527,542)	-
Education (payment to school district)	95,000,573	-	-	-	(95,000,573)	-	(95,000,573)	-
Education and educational services	15,061,172	1,513	273,853	-	(14,785,806)	-	(14,785,806)	-
Interest on long-term debt	8,041,307	165,366	-	-	(7,875,941)	-	(7,875,941)	-
Total Governmental Activities	467,059,026	43,080,550	101,179,465	21,243,137	(301,555,874)	-	(301,555,874)	-
Business-type activities								
Coliseum	18,996,215	18,223,747	-	-	-	(772,468)	(772,468)	-
Convention Center	9,147,855	2,424,429	-	-	-	(6,723,426)	(6,723,426)	-
The Hamptons	1,151,638	685,603	-	-	-	(466,035)	(466,035)	-
Woodlands	922,570	762,527	-	-	-	(160,043)	(160,043)	-
Museum	3,836,398	2,203,832	2,300,517	-	-	667,951	667,951	-
Solid Waste	19,026,279	18,705,962	-	-	-	(320,317)	(320,317)	-
Refuse-Steam Plant	10,819,447	4,081,565	3,390,550	-	-	(3,347,332)	(3,347,332)	-
Wastewater Management	11,034,958	17,556,625	-	-	-	6,521,667	6,521,667	-
Total Business-type Activities	74,935,360	64,644,290	5,691,067	-	-	(4,600,003)	(4,600,003)	-
Total Primary Government	541,994,386	107,724,840	106,870,532	21,243,137	(301,555,874)	(4,600,003)	(306,155,877)	-
COMPONENT UNITS								
Public school system	358,450,210	8,309,222	248,428,783	-	-	-	-	(101,712,205)
Economic development authority	4,098,073	560,663	-	4,856,000	-	-	-	1,318,590
Business improvement	1,438,010	721,509	-	-	-	-	-	(716,501)
Downtown development	847,391	366,096	204,757	-	-	-	-	(276,538)
Total component units	$ 364,833,684	$ 9,957,490	$ 248,633,540	$ 4,856,000	$ -	$ -	$ -	$ (101,386,654)

Exhibit A-2

CITY OF HAMPTON, VIRGINIA
STATEMENT OF NET POSITION
June 30, 2025

GENERAL REVENUES AND TRANSFERS:				
General revenues:				
Property taxes	231,270,304	-	231,270,304	-
Sales taxes	23,418,797	-	23,418,797	-
Lodging, meal and amusement taxes	38,680,983	-	38,680,983	-
Motor vehicle taxes	4,528,229	-	4,528,229	-
Business license taxes	17,808,582	-	17,808,582	-
Utility taxes	5,635,129	-	5,635,129	-
Tobacco taxes	2,741,297	-	2,741,297	-
Recordation taxes	2,087,170	-	2,087,170	-
Bank stock taxes	808,477	-	808,477	-
License Tax-Par-Mutual	3,119,236	-	3,119,236	-
Short-term rental taxes	227,238	-	227,238	-
Communication sales tax	5,922,942	-	5,922,942	-
Mobile home titling tax	30,163	-	30,163	-
Payments from (to) City	-	-	-	101,210,957
Investment earnings	14,166,732	1,035,157	15,201,889	83,513
Miscellaneous	9,619,973	-	9,619,973	20,854
Transfers	(12,340,901)	12,340,901	-	-
Total general revenues and transfers	347,724,351	13,376,058	361,100,409	101,315,324
Change in net position (deficit)	46,168,477	8,776,055	54,944,532	(71,330)
Net position(deficit), July 1 as previously reported	746,277,992	136,523,198	882,801,190	(41,619,983)
Restatement, change in accounting principle	(9,579,974)	(542,221)	(10,122,195)	-
Net position(deficit), July 1 as restated	736,698,018	135,980,977	872,678,995	(41,619,983)
Net position (deficit), June 30	$ 782,866,495	$ 144,757,032	$ 927,623,527	$ (41,691,313)

The accompanying notes are an integral part of these financial statements.

Exhibit A-3

CITY OF HAMPTON, VIRGINIA
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2025

		Special revenue					
	General Fund	Federal Grants	Economic Development	Debt Service	Capital Projects	Other Governmental Funds	Total Governmental Funds
ASSETS							
Cash and cash equivalents	$121,382,343	$ 4,034,772	$ 11,559,692	$ 520,896	$ 96,452,687	$ 12,752,079	$ 246,702,469
Investments	66,448,464	-	-	-	88,185,405	-	154,633,869
Property tax receivables (net of allowance of uncollectible)	14,645,224	-	-	-	-	-	14,645,224
Intergovernmental receivables:							
Due from Commonwealth of Virginia	10,024,653	3,968,468	-	-	750,521	-	14,743,642
Due from Federal Government	651,192	623,164	-	-	-	358,366	1,632,722
Accounts receivables	6,568,397	63,046	326,274	1,186	683,204	586,760	8,228,867
Leases receivable	21,004	-	435,482	-	-	-	456,486
Leases receivable from component unit	-	-	74,644	-	-	-	74,644
Due from other funds	21,254,695	14,975	-	-	21,692,500	-	42,962,170
Due from component units	15,430	-	-	-	-	-	15,430
Inventories	36,952	-	-	-	-	-	36,952
Prepaid items	-	-	-	-	-	-	-
Total assets	241,048,354	8,704,425	12,396,092	522,082	207,764,317	13,697,205	484,132,475
LIABILITIES							
Accounts payable	9,740,353	1,910,025	-	-	13,459,992	398,763	25,509,133
Accrued health insurance	13,141,998	-	-	-	-	-	13,141,998
Accrued liabilities	10,813,781	156,459	-	-	-	132,440	11,102,680
Due to other funds	21,694,248	25	-	-	12,133,316	302,000	34,129,589
Due to component units	40,000	-	-	-	-	-	40,000
Unearned revenues	186,140	2,137,430	232,310	-	5,629,174	-	8,185,054
Total liabilities	55,616,520	4,203,939	232,310	-	31,222,482	833,203	92,108,454
DEFERRED INFLOWS OF RESOURCES							
Unavailable revenue-property taxes	11,451,581	-	-	-	-	-	11,451,581
Property taxes collected in advance	2,981,511	-	-	-	-	-	2,981,511
Related to leases	21,605	-	535,815	-	-	-	557,420
Unavailable revenue-program income	-	-	-	-	-	39,996	39,996
Unavailable revenue-opioid settlement funds	2,259,660	-	-	-	-	-	2,259,660
Unavailable revenue-stormwater fees	-	-	-	-	-	546,759	546,759
Total deferred inflows of resources	16,714,357	-	535,815	-	-	586,755	17,836,927
FUND BALANCES							
Nonspendable	36,952	-	-	-	-	-	36,952
Restricted	2,946,859	2,171,501	844,161	25,339	535,351	12,277,247	18,800,458
Committed	22,416,017	-	2,214,558	-	153,138,124	-	177,768,699
Assigned	28,242,079	2,328,985	8,569,248	496,743	22,868,360	-	62,505,415
Unassigned	115,075,570	-	-	-	-	-	115,075,570
Total fund balances	168,717,477	4,500,486	11,627,967	522,082	176,541,835	12,277,247	374,187,094
Total liabilities, deferred inflows of resources and fund balances	$241,048,354	$ 8,704,425	$ 12,396,092	$ 522,082	$207,764,317	$ 13,697,205	$ 484,132,475

Exhibit A-3

CITY OF HAMPTON, VIRGINIA
Reconciliation of the Balance Sheet of Governmental Funds
To the Statement of Net Position (Exhibit A-1)
June 30, 2025

Amounts reported for governmental activities in the Statement of Net Position are different because:		
Total fund balances - governmental funds		$ 374,187,094
Capital assets of $1,284,872,849, net of accumulated depreciation of $395,522,116,used in governmental activities are not financial resources and, therefore, are not reported in the funds.		889,350,733
Intangible right-to-use assets of $21,728,219, net of accumulated amortization of $5,156,895, used in governmental activities are not financial resources and therefore are not reported in the funds.		16,571,324
Differences between expected and actual experiences, assumption changes and net differences between projected and actual earnings and contributions subsequent to the measurement date for the postretirement benefits (pension and OPEB) are recognized as deferred outflows of resources and deferred inflows of resources on the Statement of Net Position.		
Deferred outflows - pension related	37,260,984	
Deferred outflows - OPEB related	29,493,639	
Deferred inflows - pension related	(18,867,505)	
Deferred inflows - OPEB related	(20,514,991)	
Total deferred outflows and inflows related to postemployment benefits		27,372,127
Other long-term assets that are not available to pay for current period expenditures and, therefore, are either deferred or not reported in funds.		14,296,996
Internal service funds are used by management to charge the cost of fleet management and risk management and certain other activities to individual funds. The assets, deferred outflows of resources, liabilities, and deferred inflows of resources of the internal service funds are included in governmental activities in the Statement of Net Position on the Combining Statement of Net Position-Internal Service Funds (Exhibit A-6)		
Internal Service Fund Total Net Position	62,862,254	
Deferred outflows - pension related	(212,309)	
Deferred outflows - OPEB related	(114,099)	
Deferred inflows - pension related	95,317	
Deferred inflows - OPEB related	261,248	
Capital assets	(19,609,057)	
Current and noncurrent portion of long-term liabilities	29,054,591	
Total		72,337,945
Long-term liabilities that are not due and payable in the current period, and therefore, are not reported in the funds.		
General obligation bonds payable	(298,126,187)	
Compensated absences	(20,073,621)	
Lease and subscription payable	(17,052,861)	
Net pension liability	(122,275,817)	
Net OPEB liability	(97,297,877)	
Notes and other long-term payables	(27,643,334)	
Total long-term liabilities		(582,469,697)
Accrued interest payable in long-term debt		(3,427,631)
Governmental funds report the effect of premiums, discounts, and refunding and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities.		
Deferred outflows on refunding	1,546,241	
Deferred inflows on refunding	(3,188,457)	
Total deferred outflows and inflows on refunding		(1,642,216)
Interfund balances related to amounts eliminated in the Statement of Net Position		(23,710,179)
Net position of governmental activities		$ 782,866,496

The accompanying notes are an integral part of these financial statements.

Exhibit A-4

CITY OF HAMPTON, VIRGINIA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2025

		Special Revenue					
	General Fund	Federal Grants	Economic Development	Debt Service	Capital Projects	Other Governmental Funds	Total Governmental Funds
REVENUES							
Property taxes	$ 230,515,425	$ -	$ -	$ -	$ -	$ -	$ 230,515,425
Other local taxes	104,978,080	-	-	-	-	-	104,978,080
Special assessments	2,150,019	-	-	-	-	-	2,150,019
Intergovernmental revenues:							
From the Commonwealth of Virginia	67,358,784	12,341,484	234,891	-	2,662,592	-	82,597,751
From the Federal government	11,621,352	5,341,137	-	165,366	17,854,036	1,518,954	36,500,845
Permits, privilege fees and regulatory licenses	1,989,653	-	-	-	-	-	1,989,653
Fines and forfeitures	4,151,764	-	-	-	-	-	4,151,764
Revenue from use of money and property	9,612,427	-	854,974	15,612	1,966,623	120	12,449,756
Charges for services	13,166,422	-	-	-	-	13,423,378	26,589,800
Payment from component units	2,882,000	-	287	-	-	-	2,882,287
Miscellaneous	15,318,853	486,494	-	-	1,183,729	192,948	17,182,024
Recovered costs	1,018,354	-	-	-	-	-	1,018,354
Total revenues	464,763,133	18,169,115	1,090,152	180,978	23,666,980	15,135,400	523,005,758
EXPENDITURES							
Current:							
General government	136,398,986	5,566,228	680,714	-	-	1,797,777	144,443,705
Public safety	75,015,574	6,408,155	-	-	-	-	81,423,729
Highways and streets	2,125,636	-	-	-	-	-	2,125,636
Sanitation	-	-	-	-	-	7,910,073	7,910,073
Health	4,948,757	-	-	-	-	-	4,948,757
Human services	26,221,767	10,431,051	-	-	-	-	36,652,818
Culture and recreation	14,791,387	119,883	-	-	-	-	14,911,270
Education (payment to schools)	95,000,573	-	-	-	-	-	95,000,573
Eduction	2,287,178	-	-	-	-	-	2,287,178
Capital improvements	-	-	-	-	73,552,729	-	73,552,729
Debt Service:							
Principal retirement	2,129,186	699	-	21,234,454	101,455	820,721	24,286,515
Interest and fiscal charges	478,174	35	-	9,881,844	13,905	649,163	11,023,121
Total expenditures	359,397,218	22,526,051	680,714	31,116,298	73,668,089	11,177,734	498,566,104
Excess (deficiency) of revenues over (under) expenditures	105,365,915	(4,356,936)	409,438	(30,935,320)	(50,001,109)	3,957,666	24,439,654
OTHER FINANCING SOURCES (USES)							
Bonds Issued	-	-	-	-	375,616	-	375,616
Lease and subscription based financing	4,756,645	-	-	-	731,937	-	5,488,582
Transfers in	234,663	3,381,647	49,613	30,910,780	49,678,466	2,165	84,257,334
Transfers out	(91,985,548)	(23,815)	-	-	(760,864)	(4,068,303)	(96,838,530)
Other financing sources (uses), net	(86,994,240)	3,357,832	49,613	30,910,780	50,025,155	(4,066,138)	(6,716,998)
Net change in fund balances	18,371,675	(999,104)	459,051	(24,540)	24,046	(108,472)	17,722,656
Fund balances, beginning of year	150,345,802	5,499,590	11,168,916	546,622	176,517,789	12,385,719	356,464,438
Fund balances, end of year	$ 168,717,477	$ 4,500,486	$ 11,627,967	$ 522,082	$176,541,835	$ 12,277,247	$ 374,187,094

Exhibit A-4

CITY OF HAMPTON, VIRGINIA
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities (Exhibit A-2)
For the Year Ended June 30, 2025

Amounts reported for governmental activities in the Statement of Activities are different because:		
Net change in fund balance - total governmental funds		$ 17,722,656
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 expenses. This is the amount by which capital outlays exceeded depreciation expenses in the current period. Loss on disposal of assets is not reported in the governmental funds, but is reflected in the Statement of Activities.		
Capital acquisitions	24,629,333	
Capital outlay - Intangible right-to-use assets	5,488,582	
Depreciation and amortization expense	(26,672,781)	
		3,445,134
Revenues in the statement of activities that do not provided current financial resources are not reported as revenue in the funds but earned during the period that are not yet available are reported in the Statement of Activities, but not reported as revenues in the funds		1,957,884
The net effect of various miscellaneous transactions involving capital assets (i.e. sales, trade-in, and donations) is to increase (or decrease) net position.		
Donated capital assets	399,300	
Loss on disposal of assets	166,392	
		565,692
Bonds and other debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Repayment of bonds and other debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position. Also, governmental funds report the effect of premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities.		
Increase in compensated absences	(1,344,961)	
Issuance of new debt: Literary Loan	(375,616)	
Repayment of debt principal	22,054,453	
Principal paid on leases	2,257,258	
Proceeds from lease issued	(5,488,582)	17,102,552
The internal service funds are used by management to charge the costs of equipment replacement, fleet management, information technology, and risk management to individual funds. The net revenue of the internal service funds is reported with governmental activities.		889,019
Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.		
Change in accrued interest expense for long-term debt	(28,273)	
Change in accrued interest expense for intangible right-to-use lease liabilities	(1,732)	
Amortization of premiums	2,518,119	
Changes in pension liabilities and related deferred outflows and inflows of resources	(145,279)	
Changes in OPEB liabilities and related deferred outflows and inflows of resources	2,142,704	
		4,485,539
Change in net position of governmental activities		$ 46,168,476

The accompanying notes are an integral part of these financial statements

Exhibit A-5

CITY OF HAMPTON, VIRGINIA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
BUDGET BASIS
GENERAL FUND
For the Year Ended June 30, 2025

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual	Over (Under)
REVENUES				
Intergovernmental:				
From the Commonwealth of Virginia	$ 50,458,791	$ 66,789,122	$ 67,358,784	$ 569,662
From the Federal government	10,659,677	10,659,677	11,621,352	961,675
Local taxes	343,047,080	327,593,151	335,493,505	7,900,354
Special assessments	1,649,496	1,649,496	2,150,019	500,523
Licenses and permits	1,935,852	1,935,852	1,989,653	53,801
Fines and forfeitures	6,612,473	6,612,473	4,151,764	(2,460,709)
Revenues from use of money and property	5,322,013	5,322,013	9,610,236	4,288,223
Charges for services	10,900,717	10,900,717	13,166,422	2,265,705
Recovered costs	957,640	957,640	1,018,354	60,714
Payment from component units	3,322,974	3,322,974	2,882,000	(440,974)
Miscellaneous	5,659,950	5,430,658	15,318,853	9,888,195
Total revenues	440,526,663	441,173,773	464,760,942	23,587,169
EXPENDITURES				
Current:				
General government	159,146,297	136,709,507	131,682,657	(5,026,850)
Public safety	71,115,266	75,240,734	75,015,574	(225,160)
Highways and streets	3,073,113	2,125,636	2,125,636	-
Health	5,515,910	4,948,757	4,948,757	-
Human services	25,859,560	26,396,100	26,204,828	(191,272)
Culture and recreation	13,867,349	14,768,920	14,768,009	(911)
Education	97,603,684	97,287,751	97,287,751	-
Debt Service	-	2,607,360	2,607,360	-
Total expenditures	376,181,179	360,084,765	354,640,572	(5,444,193)
Excess of revenues over expenditures	64,345,484	81,089,008	110,120,370	29,031,362
OTHER FINANCING SOURCES (USES)				
Transfers in	-	229,292	234,663	5,371
Transfers out	(73,056,120)	(92,304,100)	(91,985,548)	318,552
Total other financing uses, net	(73,056,120)	(92,074,808)	(91,750,885)	323,923
Net change in fund balances	(8,710,636)	(10,985,800)	18,369,485	$ 29,355,285
Appropriations from fund balance	8,710,636	11,441,796		
Appropriations - encumbrances	-	(455,996)		
Fund balance - July 1	-	-	150,299,965	
Fund balance - June 30	$ -	$ -	$ 168,669,450	

This schedule excludes special revenue fund Pearl Young, which is included in the General Fund basic statements per GAAP.

The accompanying notes are an integral part of these financial statements.

Exhibit A-6

CITY OF HAMPTON, VIRGINIA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
June 30, 2025

	Business-type Activities - Enterprise Funds					Governmental Activities
	Wastewater Management	Museum	Convention Center	Non-Major Enterprise Funds	Totals	Internal Service Funds
ASSETS						
Current assets:						
Cash and cash equivalents	$ 12,638,444	$ 4,524,803	$ -	$ 18,512,003	$ 35,675,250	$ 60,068,420
Cash with fiscal agent	-	-	-	-	-	12,568,989
Revenue bond indenture:						
Cash and cash equivalents	-	-	11,524,349	-	11,524,349	-
Accounts receivable	2,318,406	449,034	390,045	3,177,105	6,334,590	284,279
Due from other funds	-	-	-	-	-	325
Due from component unit	-	-	-	17,217	17,217	165,250
Inventories	293,132	168,157	-	139,435	600,724	143,004
Prepaid items	-	16,077	23,999	87,060	127,136	353,828
Restricted assets:						
Revenue bond indenture:						
Cash and cash equivalents	-	-	358,650	-	358,650	-
Investments	-	-	13,412,116	-	13,412,116	-
Total current assets	15,249,982	5,158,071	25,709,159	21,932,820	68,050,032	73,584,095
Noncurrent Assets:						
Capital Assets:						
Land	145,615	1,921,420	5,332,401	3,666,905	11,066,341	-
Easements	28,943	-	-	-	28,943	-
Buildings and improvements	2,679,498	33,211,774	90,787,868	15,228,697	141,907,837	-
Improvements other than buildings	290,651	319,864	4,736,372	30,723,799	36,070,686	477,601
Computer software	153,385	-	-	235,843	389,228	215,775
Equipment	7,792,438	5,593,363	1,973,042	31,204,380	46,563,223	53,921,842
Right to use equipment	8,169	17,690	-	649,682	675,541	29,278
Subscription based assets	-	-	-	-	-	176,285
Construction in progress	2,054,564	-	-	225,592	2,280,156	817,779
Exhibits	-	15,090,714	-	-	15,090,714	-
Landfill	-	-	-	3,865,986	3,865,986	-
Infrastructure	88,180,119	-	-	-	88,180,119	-
Less accumulated depreciation/ amortization	(47,371,718)	(50,847,207)	(50,949,712)	(64,142,946)	(213,311,583)	(36,029,503)
Total capital assets	53,961,664	5,307,618	51,879,971	21,657,938	132,807,191	19,609,057
Total noncurrent assets	53,961,664	5,307,618	51,879,971	21,657,938	132,807,191	19,609,057
Total assets	69,211,646	10,465,689	77,589,130	43,590,758	200,857,223	93,193,152
DEFERRED OUTFLOWS OF RESOURCES						
Deferred charge on refunding	-	-	1,731,026	-	1,731,026	-
Related to pensions	350,799	-	-	1,086,384	1,437,183	212,309
Related to other postemployment benefits	169,707	-	-	391,501	561,208	114,099
Total deferred outflows of resources	$ 520,506	$ -	$ 1,731,026	$ 1,477,885	$ 3,729,417	$ 326,408

The accompanying notes are an integral part of these financial statements

	Business-type Activities - Enterprise Funds					Governmental Activities
	Wastewater Management	Museum	Convention Center	Non-Major Enterprise Funds	Totals	Internal Service Funds
LIABILITIES						
Current liabilities:						
Accounts payable	$ 844,198	$ 277,386	$ 37,286	$ 2,136,943	$ 3,295,813	$ 1,171,004
Accrued liabilities	-	-	49,064	-	49,064	1,770
Current portion of compensated absences	189,903	43,261	-	451,311	684,475	105,925
Due to other funds	-	749,000	-	8,083,906	8,832,906	-
Due to component units	-	-	-	-	-	-
Unearned revenues	-	451,030	-	2,377,854	2,828,884	-
Current portion of lease payable	2,730	3,427	-	164,972	171,129	9,931
Current portion of subscription payable	-	-	-	-	-	37,897
Current portion of long-term debt	-	-	4,530,000	152,508	4,682,508	1,555,467
Current portion for claims and judgements	-	-	-	-	-	12,310,056
Current liabilities payable from restricted assets:						
Accounts payable	-	-	1,218,813	-	1,218,813	-
Accrued interest payable	-	-	358,555	-	358,555	-
Other liabilities	140,464	56,264	53,000	646,418	896,146	73,376
Total current liabilities	1,177,295	1,580,368	6,246,718	14,013,912	23,018,293	15,265,426
Noncurrent liabilities:						
Claims payable	-	-	-	-	-	1,151,883
Compensated absences	249,078	-	-	639,773	888,851	142,752
Bonds payable	-	-	46,975,000	-	46,975,000	-
Lease payable	2,359	4,863	-	40,789	48,011	4,487
Subscription payable	-	-	-	-	-	39,349
Notes payable	-	-	-	-	-	12,250,312
Net pension liability	1,146,693	-	-	3,879,301	5,025,994	693,994
Net other postemployment benefits liability	1,212,617	-	-	2,249,233	3,461,850	752,538
Total noncurrent liabilities	2,610,747	4,863	46,975,000	6,809,096	56,399,706	15,035,315
Total liabilities	3,788,042	1,585,231	53,221,718	20,823,008	79,417,999	30,300,741
DEFERRED INFLOWS OF RESOURCES						
Deferred charge on refunding	-	-	858,825	-	858,825	-
Related to pensions	157,495	-	-	1,958,520	2,116,015	95,317
Related to other postemployment benefits	219,608	-	-	927,340	1,146,948	261,248
Total deferred inflows of resources	377,103	-	858,825	2,885,860	4,121,788	356,565
NET POSITION						
Net investment in capital assets	53,956,575	5,299,328	7,588,833	21,299,669	88,144,405	5,711,614
Restricted						
Bond indenture	-	-	8,128,608	-	8,128,608	-
Unrestricted	11,610,432	3,581,130	9,522,172	60,106	24,773,840	57,150,640
Total net position	$ 65,567,007	$ 8,880,458	$ 25,239,613	$ 21,359,775	121,046,853	$ 62,862,254

Reconciliation of the Statement of Net Position for Proprietary Funds to the Business-type Activities Statement of Net Position (Exhibit A-1)

Net position of enterprise funds	121,046,853
Amounts reported for business-type activities in the Statement of Net Position are different because:	
Net revenue of internal service funds IS allocated to funds receiving services	458,625
Interfund reimbursement for allocated overhead costs	23,251,554
Net position business-type activities	$ 144,757,032

The accompanying notes are an integral part of these financial statements

Exhibit A-7

CITY OF HAMPTON, VIRGINIA
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
For the Year Ended June 30, 2025

	Business-type Activities-Enterprise Funds	
	Wastewater Management	Museum
OPERATING REVENUES		
Charges for services	$ 17,540,190	$ 2,203,832
Total operating revenues	17,540,190	2,203,832
OPERATING EXPENSES		
Personal services	3,652,757	1,413,001
Fringe benefits	2,162	181,947
Cost of goods sold	227,988	196,947
Utilities	293,187	331,677
Insurance	127,537	112,569
Operating supplies	327,267	81,793
Equipment rental	560	4,266
Equipment and building repairs	503,792	354,822
Telephone and postage	42,368	23,766
General expense	368,045	54,388
Contractual services	3,488,935	527,812
Indirect cost	456,000	-
Depreciation and amortization	2,000,109	553,410
Total operating expenses	11,490,707	3,836,398
Operating income (loss)	6,049,483	(1,632,566)
NONOPERATING REVENUES (EXPENSES)		
Interest income	-	96,057
Interest and fiscal charges	(249)	-
Grants and contributions	-	2,300,517
Gain (loss) on disposal of capital assets	16,435	-
Net increase in fair value of investments	-	-
Total nonoperating revenues (expenses), net	16,186	2,396,574
Income (loss) before transfers, net	6,065,669	764,008
Transfers in (out)	(113,292)	-
Change in net position	5,952,377	764,008
Net position(deficit), July 1 as previously reported	59,752,135	8,116,450
Restatement, change in accounting principle	(137,505)	-
Net position(deficit), July 1 as restated	59,614,630	8,116,450
Net position(deficit), June 30	$ 65,567,007	$ 8,880,458

The accompanying notes are an integral part of these financial statements.

Exhibit A-7

CITY OF HAMPTON, VIRGINIA
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
For the Year Ended June 30, 2025

	Business-type Activities - Enterprise Funds			Governmental Activities
	Convention Center	Non-Major Enterprise Funds	Totals	Internal Service Funds
OPERATING REVENUES				
Charges for services	$ 2,424,429	$ 42,266,079	$ 64,434,530	$ 27,174,931
Federal revenues	–	3,390,550	3,390,550	–
Total operating revenues	2,424,429	45,656,629	67,825,080	27,174,931
OPERATING EXPENSES				
Personal services	1,555,514	10,004,499	16,625,771	1,678,370
Fringe benefits	355,690	2,799,416	3,339,215	208,803
Promoters fees	–	10,367,230	10,367,230	–
Cost of goods sold	–	98,476	523,411	5,145,387
Utilities	771,238	1,168,927	2,565,029	53,296
Insurance	208,372	921,071	1,369,549	4,745,831
Operating supplies	435,400	2,036,495	2,880,955	214,169
Equipment rental	–	73,017	77,843	187,095
Equipment and building repairs	1,119,886	2,858,025	4,836,525	45,756
Telephone and postage	51,959	196,105	314,198	1,488,445
General expense	71,682	1,649,915	2,144,030	107,239
Claims	–	–	–	4,828,208
Landfill costs	–	7,345,032	7,345,032	–
Contractual services	390,803	7,657,883	12,065,433	3,383,167
Indirect cost	–	574,470	1,030,470	–
Depreciation and amortization	2,725,974	3,760,189	9,039,682	4,200,146
Total operating expenses	7,686,518	51,510,750	74,524,373	26,285,912
Operating income (loss)	(5,262,089)	(5,854,121)	(6,699,293)	889,019
NONOPERATING REVENUES (EXPENSES)				
Interest income	285,109	193,325	574,491	2,410,186
Interest and fiscal charges	(1,461,337)	(23,246)	(1,484,832)	(361,054)
Grants and contributions	–	–	2,300,517	–
Gain (loss) on disposal of capital assets	–	43,377	59,812	284,486
Net increase in fair value of investments	653,986	–	653,986	–
Total nonoperating revenues (expenses), net	(522,242)	213,456	2,103,974	2,333,618
Income (loss) before transfers, net	(5,784,331)	(5,640,665)	(4,595,319)	3,222,637
Capital contributions	–	–	–	26,195
Transfers in (out)	9,574,685	2,879,508	12,340,901	240,294
Change in net position	3,790,354	(2,761,157)	7,745,582	3,489,126
Net position(deficit), July 1 as previously reported	21,449,259	24,525,648	113,843,492	59,446,033
Restatement, change in accounting principle	–	(404,716)	(542,221)	(72,905)
Net position(deficit), July 1 as restated	21,449,259	24,120,932	113,301,271	59,373,128
Net position(deficit), June 30	25,239,613	21,359,775	121,046,853	62,862,254

Reconciliation of the Statement of Revenues, Expenses, and Changes in Net Position of Proprietary Funds to the Statement of Net Position (Exhibit A-2)

Change in net position	7,745,582
Interfund reimbursement of overhead costs	1,030,473
Change in net position - Business-type activities	$ 8,776,055

The accompanying notes are an integral part of these financial statements.

Exhibit A-8

CITY OF HAMPTON, VIRGINIA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Year Ended June 30, 2025

	Business-type Activities-Enterprise Funds					Governmental Activities
	Wastewater Management	Museum	Convention Center	Non-Major Enterprise Funds	Totals	Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES						
Cash received from customers	$ 16,786,994	$ 2,184,903	$ 2,899,387	$ 44,534,365	$ 66,405,649	$ 27,204,337
Cash payments to suppliers for goods and services	(5,597,969)	(1,604,463)	(3,105,678)	(35,897,518)	(46,205,628)	(20,937,693)
Cash payments to employees for services	(4,999,551)	(1,573,158)	(1,931,814)	(13,755,444)	(22,259,967)	(2,762,157)
Net cash provided by (used in) operating activities	6,189,474	(992,718)	(2,138,105)	(5,118,597)	(2,059,946)	3,504,487
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES						
Cash from non-operating grants	-	2,300,517	-	-	2,300,517	-
Cash received from other funds	-	-	9,574,685	3,593,781	13,168,466	5,099,689
Cash paid to other funds	(113,292)	-	-	(184,273)	(297,565)	(3,359,706)
Net cash provided by (used in) noncapital financing activities	(113,292)	2,300,517	9,574,685	3,409,508	15,171,418	1,739,983
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES						
Acquisition and construction of capital assets	(4,641,246)	(469,731)	(397,267)	(3,243,067)	(8,751,311)	(2,615,711)
Proceeds from issuance of long-term debt	-	-	-	-	-	3,842,093
Principal paid on revenue bond maturities and long-term debt	(2,633)	(3,980)	(4,420,000)	(315,600)	(4,742,213)	(1,254,353)
Interest paid on revenue bonds and long- term debt	(249)	-	(1,486,039)	(23,246)	(1,509,534)	(361,054)
Sale of capital assets	16,435	-	-	58,766	75,201	356,922
Net cash used in capital and related financing activities	(4,627,693)	(473,711)	(6,303,306)	(3,523,147)	(14,927,857)	(32,103)
CASH FLOWS FROM INVESTING ACTIVITIES						
Purchase of investment securities	-	-	146,180	-	146,180	-
Interest and dividends on investments	-	96,057	52,904	193,325	342,286	2,410,186
Net cash provided by (used in) investing activities	-	96,057	199,084	193,325	488,466	2,410,186
Net increase (decrease) in cash and cash equivalents (including restricted amounts)	1,448,489	930,145	1,332,358	(5,038,911)	(1,327,919)	7,622,553
Cash and cash equivalents (including restricted), July 1	11,189,955	3,594,658	10,550,641	23,550,914	48,886,168	65,014,856
Cash and cash equivalents, June 30	$ 12,638,444	$ 4,524,803	$ 11,882,999	$ 18,512,003	$ 47,558,249	$ 72,637,409

The accompanying notes are an integral part of these financial statements.

Exhibit A-8

CITY OF HAMPTON, VIRGINIA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Year Ended June 30, 2025

	Business-type Activities-Enterprise Funds					Governmental Activities
	Wastewater Management	Museum	Convention Center	Non-Major Enterprise Funds	Totals	Internal Service Funds
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:						
Operating income (loss)	$ 6,049,483	$ (1,632,566)	$ (5,262,089)	$ (5,854,121)	$ (6,699,293)	$ 889,019
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:						
Depreciation and amortization expense	2,000,109	553,410	2,725,974	3,760,189	9,039,682	4,200,146
Decrease (increase) in:						
Accounts receivable	(753,201)	(24,525)	474,959	1,279,148	976,381	48,702
Due from other funds	-	-	-	(9,562)	(9,562)	-
Due from component units	-	-	-	(15)	(15)	(19,298)
Inventories	(48,436)	3,996	-	(15,166)	(59,606)	63,971
Prepaid items	365	(189)	(18,421)	(48,640)	(66,885)	(18,270)
Increase (decrease) in:						
Accounts payable	285,786	79,769	(235,380)	(877,481)	(747,306)	(546,750)
Compensated absences	112,984	(199)	-	176,166	288,951	23,814
Due to other funds	-	-	-	2	2	-
Due to component unit	-	-	-	(15)	(15)	-
Other liabilities	(28,211)	21,989	(20,610)	(444,789)	(471,621)	(15,255)
Unearned revenues	-	5,597	-	(2,401,412)	(2,395,815)	-
Accrued liabilities	-	-	(58,606)	-	(58,606)	(781)
Long-term accrued insurance claims	-	-	-	-	-	(237,268)
Net pension and other postemployment benefits liability	(1,448,788)	-	-	(1,527,677)	(2,976,465)	(859,298)
Deferred outflows & inflows related to pensions and OPEB	19,383	-	-	844,776	864,159	(24,245)
Total adjustments	139,991	639,848	2,867,916	735,524	4,383,279	2,615,468
Net cash provided by (used in) operating activities	6,189,474	(992,718)	(2,394,173)	(5,118,597)	(2,316,014)	3,504,487
Non-cash transactions affecting capital and related financing activities:						
Acquisition of capital assets through capital contributions	-	-	-	-	-	26,195
Total non-cash transactions	$ -	$ -	$ -	$ -	$ -	$ 26,195

The accompanying notes are an integral part of these financial statements.

Exhibit A-9

CITY OF HAMPTON, VIRGINIA
FIDUCIARY FUNDS
STATEMENT OF FIDUCIARY FUND NET POSITION
June 30, 2025

	Pension Trust Fund	
	Hampton Employees' Retirement System	Custodial Funds
ASSETS		
Cash and cash equivalents	$ 31,810	$ 13,356,455
Investments:		
Bond mutual funds	44,054,279	-
Stock mutual funds	77,767,856	-
Accounts receivable	-	64,932
Total Current Assets	121,853,945	13,421,387
Property, Plant, and Equipment:		
Equipment	11,258	-
Right to use equipment	8,906	-
Less accumulated amortization/depreciation	(9,531)	-
Total noncurrent assets	10,633	-
Total assets	121,864,578	13,421,387
DEFERRED OUTFLOWS OF RESOURCES		
Related to pensions	52,065	-
Related to other postemployment benefits	3,202	-
Total deferred outflows of resources	55,267	-
LIABILITIES		
Accounts payable and other liabilities	57,074	512,559
Lease liabilities	5,785	-
Net pension liability	170,189	-
Net other postemployment benefit liability	28	-
Total liabilities	233,076	512,559
DEFERRED INFLOWS OF RESOURCES		
Related to pensions	23,375	-
Related to other postemployment benefits	12,287	-
Total deferred inflows of resources	35,662	-
NET POSITION		
Restricted for:		
Individuals, organizations, other governments	-	12,908,828
Net position restricted for benefits	121,651,107	-
Total net position	$ 121,651,107	$ 12,908,828

The accompanying notes are an integral part of these financial statements.

Exhibit A-10

CITY OF HAMPTON, VIRGINIA
FIDUCIARY FUNDS
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
For the Year Ended June 30, 2025

	Pension Trust Fund	
	Hampton Employees' Retirement System	Custodial Funds
ADDITIONS		
Contributions:		
Employer	$ 897,352	$ -
Members	-	2,381,258
Individuals	-	293,018
Total contributions	897,352	2,674,276
Investment income:		
Net increase in fair value of investments	11,449,692	-
Interest, dividends, other	2,904,635	137,354
Total investment gains	14,354,327	137,354
Less investment expenses	(18,605)	-
Net investment gains	14,335,722	137,354
Charges for services	-	22,310
State revenues	-	318,291
Federal revenues	-	101,540
Income tax and fees collected for the State	-	275,512
Total additions	15,233,074	3,529,283
DEDUCTIONS		
Beneficiary payments to individuals	14,250,962	216,612
Administrative expense	388,544	4,212,393
Income tax and fees distributions to the State	-	273,425
Total deductions	14,639,506	4,702,430
Change in net position	593,568	(1,173,147)
Net position, July 1	121,057,539	14,081,975
Net position, June 30	$ 121,651,107	$ 12,908,828

The accompanying notes are an integral part of these financial statements.

Exhibit A-11

CITY OF HAMPTON, VIRGINIA
COMBINING STATEMENT OF NET POSITION
DISCRETELY PRESENTED COMPONENT UNITS
June 30, 2025

	Governmental Activities	Business-type Activities			
	School Board	Economic Development Authority	Coliseum Central Business Improvement District, Inc.	Downtown Hampton Development Partnership, Inc.	Total
ASSETS					
Cash and cash equivalents	$ 46,828,471	$ 5,766,500	$ 800,768	$ 723,175	$ 54,118,914
Cash with fiscal agent	10,592,595	2,738	-	-	10,595,333
Investments	-	1,345,094	-	-	1,345,094
Accounts receivable, net	805,942	14,354	346,352	20,677	1,187,325
Lease receivable	4,498,477	3,138,296	-	-	7,636,773
Lease receivable from Primary Government	-	439,370	-	-	439,370
Due from Primary Government	40,000	-	-	-	40,000
Due from other governments	10,526,060	-	-	-	10,526,060
Inventories	630,948	-	-	-	630,948
Prepaid items	-	-	-	49,811	49,811
Deposit for property purchase	-	100,000	-	-	100,000
Restricted assets: Cash and cash equivalents	-	177,937	-	-	177,937
Land held for sale	-	18,896,383	-	-	18,896,383
Capital assets not being depreciated	5,111,045	20,126,702	-	-	25,237,747
Capital assets, net of accumulated depreciation/ amortization	15,882,417	8,248,255	185,763	251,566	24,568,001
Total assets	94,915,955	58,255,629	1,332,883	1,045,229	155,549,696
DEFERRED OUTFLOWS OF RESOURCES					
Related to pensions	50,629,467	-	-	-	50,629,467
Related to other postemployment benefits	6,739,644	-	-	-	6,739,644
Total deferred outflows of resources	57,369,111	-	-	-	57,369,111
LIABILITIES					
Accounts payable and other liabilities	31,833,176	4,403,895	57,528	28,753	36,323,352
Due to Primary Government	197,897	-	-	-	197,897
Unearned revenues	5,464,977	-	-	36,333	5,501,310
Lease payables:					
Due within one year	194,181	-	81,310	-	275,491
Due in more than one year	235,507	-	73,687	-	309,194
Subscription payables:					
Due within one year	82,509	-	-	-	82,509
Due in more than one year	74,823	-	-	-	74,823
Lease payables to primary government					
Due within one year	-	-	-	10,620	10,620
Due in more than one year	-	-	-	39,928	39,928
Net pension liability	128,321,356	-	-	-	128,321,356
Net OPEB liability	27,607,113	-	-	-	27,607,113
Notes and other long-term payables					
Due within one year	3,841,672	83,264	-	-	3,924,936
Due in more than one year	13,963,043	350,274	-	-	14,313,317
Total liabilities	211,816,254	4,837,433	212,525	115,634	216,981,846
DEFERRED INFLOWS OF RESOURCES					
Related to leases	4,225,381	3,047,326	-	-	7,272,707
Related to leases from Primary Government	-	448,146	-	-	448,146
Related to pensions	26,232,268	-	-	-	26,232,268
Related to other postemployment benefits	3,675,153	-	-	-	3,675,153
Total deferred inflows of resources	34,132,802	3,495,472	-	-	37,628,274
NET POSITION					
Net investment in capital assets	20,406,442	27,941,418	30,766	201,018	48,579,644
Restricted for: Bond indenture	-	177,937	-	-	177,937
Unrestricted (deficit)	(114,070,432)	21,803,369	1,089,592	728,577	(90,448,894)
Total net position (deficit)	$ (93,663,990)	$ 49,922,724	$ 1,120,358	$ 929,595	$ (41,691,313)

The accompanying notes are an integral part of these financial statements

Exhibit A-12

CITY OF HAMPTON, VIRGINIA
COMBINING STATEMENT OF ACTIVITIES
DISCRETELY PRESENTED COMPONENT UNITS
For the Year Ended June 30, 2025

	Program Revenues				Net (Expenses) Revenues and Changes in Net Position				
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	School Board	Economic Development Authority	Coliseum Central Business Improvement District, Inc.	Downtown Hampton Development Partnership, Inc.	Total
Governmental type activities:									
Public school system	$358,450,210	$ 8,309,222	$248,428,783	$ -	$ (101,712,205)	$ -	$ -	$ -	$ (101,712,205)
Business-type activities:									
Economic development	4,098,073	560,663	-	4,856,000	-	1,318,590	-	-	1,318,590
Business improvement	1,438,010	721,509	-	-	-	-	(716,501)	-	(716,501)
Downtown development	847,391	366,096	204,757	-	-	-	-	(276,538)	(276,538)
Total component units	$364,833,684	$ 9,957,490	$248,633,540	$ 4,856,000	(101,712,205)	1,318,590	(716,501)	(276,538)	(101,386,654)
Payments from (to) City					95,000,573	5,285,192	715,123	210,069	101,210,957
Investment earnings					-	64,050	19,463	-	83,513
Miscellaneous					-	-	-	20,854	20,854
Total general revenues					95,000,573	5,349,242	734,586	230,923	101,315,324
Change in net position (deficit)					(6,711,632)	6,667,832	18,085	(45,615)	(71,330)
Net position (deficit), beginning of year					(86,952,358)	43,254,892	1,102,273	975,210	(41,619,983)
Net position (deficit), end of year					$ (93,663,990)	$ 49,922,724	$ 1,120,358	$ 929,595	$ (41,691,313)

The accompanying notes are an integral part of these financial statements.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

In 1610, the construction of Fort Henry and Fort Charles at the mouth of Hampton Creek marked the beginnings of Hampton. In 1619, the settlers chose an English name for the community, Elizabeth City. The settlement was known as Hampton as early as 1680 and in 1705, Hampton was recognized as a town. The City of Hampton (the City) was first incorporated in 1849 and classified as a city of the second class in 1908. In 1952 Hampton, the independent town of Phoebus and Elizabeth City County, encompassing Buckroe and Foxhill, were consolidated under one municipal government and classified as a city of the first class.

The following is a summary of the significant accounting policies.

Reporting Entity

The accompanying financial statements present the City and its component units. These statements conform to accounting principles generally accepted in the United States of America (GAAP) applicable to government units promulgated by the Governmental Accounting Standards Board (GASB). Accordingly, the City follows GAAP and presents an Annual Comprehensive Financial Report, which includes the Management's Discussion and Analysis, Government-wide (Statement of Net Position and Statement of Net Activities) Financial Statements and Budgetary Comparison Schedules.

Component Unit Disclosures

The component units discussed in the following section are included in the City's reporting entity because the City is financially accountable for these organizations, as defined within GAAP. Each discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the government.

Discretely Presented Component Units

Discretely presented component units are entities that are legally separate from the City, but for which the City is financially accountable, and whose relationship with the City is such that exclusion would cause the City's financial statements to be misleading or incomplete. The discretely presented component units are: Hampton City School Board, Hampton Economic Development Authority, Coliseum Central Business Improvement District, Inc. and Downtown Hampton Development Partnership, Inc. All of these component units are considered major. They are reported as a separate column in Exhibits A-1 and A-2 and are also presented in detail in Exhibits A-11 and A-12.

Hampton City School Board

The Hampton City School Board (School Board) is a legally separate entity which oversees the operations of and establishes educational policies for the City's public school system. Seven School Board members are elected by the voters of the City. The School Board has no power to levy taxes or issue bonds. Its budget is subject to approval by the City Council; however, Council only approves, rejects, or modifies the single amount requested by the School Board. The City provides operating and capital funding to the School Board. Therefore, the School Board is fiscally dependent and imposes specific financial burdens on the City. Combining statements for the School Board are presented in Exhibits G-1 through G-3. The School Board does not issue separate financial statements.

Hampton Economic Development Authority

The Hampton Economic Development Authority (EDA) is a public 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 and develop trade within the City by inducing manufacturing, industrial and commercial enterprises to locate or remain in the City. The EDA is included as a discretely presented component unit because the City appoints the governing body of the EDA, funds the EDA's

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

operating and capital budgets and it receives all of the revenues derived from EDA land sales. The EDA does not issue separate financial statements.

Coliseum Central Business Improvement District, Inc.

The Coliseum Central Business Improvement District, Inc. (Coliseum BID) was incorporated on January 22, 1996, to promote, develop and market the Coliseum Central Business District in the City. Coliseum BID was created by action of the City Council under provisions of the Code of Virginia. An additional tax is assessed on commercial real estate located in the District to provide funds for the economic development of the District. City Council levies the additional tax for the District and provides other funding for operations. Coliseum BID is included in the City's reporting entity because it is fiscally dependent and it imposes specific financial burdens on the City. A copy of the separately issued financial statements for Coliseum BID may be obtained by writing to Coliseum BID, 2101 Executive Drive, Suite 550, Hampton, Virginia 23666 or by calling (757) 826-6351.

Downtown Hampton Development Partnership, Inc.

The Downtown Hampton Development Partnership, Inc. (Downtown Hampton) was incorporated on August 15, 1995, to promote, develop, and market the Downtown Hampton Business Improvement District. Downtown Hampton was created by action of the City Council under provisions of the Code of Virginia. The City assesses an additional tax on the value of the commercial real estate located in the District to provide funds for the economic development of the District. City Council levies the additional tax for the District and provides other funding for operations. Downtown Hampton is included in the City's reporting entity because it is fiscally dependent and it imposes specific financial burdens on the City. A copy of the separately issued financial statements for Downtown Hampton may be obtained by writing to Downtown Hampton Development Partnership, 710 Settlers Landing Road, Hampton, Virginia 23669 or by calling (757) 727-1271.

Fiduciary Component Unit - Hampton Employees Retirement System (HERS)

HERS is a single employer public employee defined benefit pension plan established and administered by the City. It was established as a separate trust fund in 1966 to augment the retirement benefits provided to full-time permanent City and School Board employees under the Virginia Retirement System.

Other Related Organizations

The financial statements of the following public organizations, commissions, authorities and boards are not included in the reporting entity. These organizations are political subdivisions created under the laws of the Commonwealth of Virginia. Their governing boards are appointed, at least in part, by the City, where responsibility in most instances is limited to pro rata representation through appointments to the governing boards. The individual governing boards of the organizations appoint management, establish budgetary control and are accountable for their own fiscal affairs including deficits, debt service, operating costs, etc. The City is not financially accountable for these organizations.

Peninsula Airport Commission

The Peninsula Airport Commission (PAC) operates the Newport News/Williamsburg International Airport. Board membership is allocated among and appointed by the various localities. The PAC's operating and capital expenditures, including debt service, are financed by its operations and contributions from the participating localities. The City has no budgetary authority, is not responsible for deficits or debt service and cannot set rates for services or uses of the airport facilities.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

Other

There are certain other agencies and commissions that service the City and surrounding localities whose board membership is allocated among and appointed by the various localities. These agencies include: Hampton Roads Transit (HRT), Hampton Roads Planning District Commission (HRPDC), Virginia Peninsula Public Service Authority (VPPSA), Hampton Roads Economic Development Alliance (HREDA) and the Peninsula Council for Workforce Development (PCFWD). Expenditures of these agencies are financed by federal and state grants, fees, and contributions. During the year ended June 30, 2025, the City provided operating and capital support of $5,470,091 to HRT, $202,820 to HRPDC, $10,000 to VPPSA, $157,720 to HREDA and $34,509 to PCFWD.

Jointly Governed Organizations

The City has two jointly governed organizations, the Hampton-Newport News Community Services Board (CSB) and the Eastern Virginia Regional Industrial Facilities Authority (EVRIFA).

Hampton-Newport News Community Services Board

The CSB operates as an agent for the Cities of Hampton and Newport News in the establishment and operation of community mental health, mental retardation and substance abuse programs as provided for in Chapter 10 of Title 37.1 of the Code of Virginia, relating to the Virginia Department of Mental Health and Mental Retardation. The CSB designates its own management and adopts its own budget. The operations are financed principally by state and federal funds. The City provided operating support of $2,197,527 to the CSB during fiscal year 2025.

Eastern Virginia Regional Industrial Facilities Authority

The EVRIFA, a political subdivision of the Commonwealth of Virginia, was created under the provision of Chapter 64 of Title 15.2 of the Code of Virginia, to promote economic development in the Hampton Roads region. EVRIFA is governed by a Board of Directors, composed of two officials appointed by participating localities. Currently, the Cities of Hampton, Newport News, Norfolk, Portsmouth, Virginia Beach, Chesapeake, Franklin, Poqouson, Williamsburg and the counties of Gloucester, Isle of Wight, South Hampton, James City and York are members of the Authority. The membership-based organization collects annual dues from participating localities to fund economic development projects. The City provided operating support of $9,000 to EVRIFA during fiscal year 2025.

Government-wide and Fund Financial Statements

The government-wide reporting model (Exhibits A-1 and A-2) includes financial statements prepared using full accrual accounting for all government activities. The government-wide financial statements, the Statement of Net Position and the Statement of Activities, report information on all of the non-fiduciary activities of the City and its component units. As a general rule, the effect of interfund activity has been removed from these statements. Governmental activities, which are normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely primarily on fees and charges for services. The Primary Government is reported separately from certain legally separate component units for which the Primary Government is financially accountable.

Statement of Net Position

The Statement of Net Position (Exhibit A-1) is designed to display the financial position of the Primary Government (governmental and business-type activities) and its discretely presented component units. Governments report all capital assets, including infrastructure, in the government-wide Statement of Net Position and report depreciation expense in the Statement of Activities. The net position of a government is displayed in three categories – net investment in capital assets, restricted and unrestricted. Also included in the Statement of Net Position are long term debt and obligations.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

Statement of Activities

The government-wide Statement of Activities (Exhibit A-2) reports expenses and revenues in a format that focuses on the cost of each of the City's functions. The expenses of the individual functions are compared to the revenues directly generated by the function through user fees or intergovernmental grants.

The Statement of Activities demonstrates the degree to which direct expenses of a given function or segment is offset by program revenues. Program revenues include charges to customers who purchase, use or directly benefit from goods, services or privileges provided by a given function or segment and grants and contributions that are restricted to meet the operational and/or capital requirements of a particular function or segment. Taxes and other items that are not included in program revenues are classified as general revenues

Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. The City reports the following major governmental funds: the General, Federal Grants Special Revenue, Economic Development Special Revenue, Debt Service and Capital Project funds. The major enterprise funds are: Convention Center, Virginia Air and Space Center (Museum), and Wastewater Management funds.

Basis of Accounting

The basis of accounting applied to a fund and the Discretely Presented Component Units is determined by the measurement focus. Basis of accounting refers to when revenues, expenditures (governmental) or expenses (proprietary), transfers and the related assets and liabilities are recognized in the accounts and reported in the financial statements.

In the government-wide financial statements, all Proprietary Funds, Fiduciary Funds, and Discretely Presented Component Units are accounted for using the economic resources measurement focus. This measurement focus is the same as that used by commercial enterprises. This approach includes not just current assets and liabilities (such as cash and accounts payable) but also capital assets and long-term liabilities (such as buildings and infrastructures, including bridges and roads, and general obligation debt). The accrual basis of accounting also reports all of the revenues and cost of providing services each year, not just those received or paid in the current year or soon thereafter.

The accrual basis of accounting is followed in the government-wide financial statements, the Internal Service, Enterprise, Fiduciary Funds and the Discretely Presented Component Units. Under this method of accounting, revenues are recognized when earned and expenses are recognized when the related liability is incurred. Proprietary funds distinguish operating revenues and expenses from non-operating items. Generally, operating revenues and expenses result from services provided by or producing and delivering goods in connection with the proprietary fund's principal operations.

All Governmental Funds are accounted for using the current financial resources measurement focus and modified accrual basis of accounting. This means that generally only current assets and current liabilities are reflected on their balance sheets. Their operating statements present increases (revenues and other financing resources) and decreases (expenditures and other financing uses) in net current assets.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

Under the modified accrual basis of accounting, followed by the General, Special Revenue-Federal Grants, Special Revenue-Economic Development, Debt Service and Capital Projects Funds, revenues are recognized when they become both measurable and available to finance operations of the current year. Revenues considered susceptible to accrual consist primarily of property taxes, certain grants and sales and utility taxes. Accordingly, real and personal property taxes are recorded as revenue when levied and billed, net of allowances for uncollectible amounts. Property taxes not collected within 45 days after year-end are reflected as unavailable revenues. Revenues from Federal, state, and other grants, used to fund specific City expenditures, are recorded at the time of receipt of notification of the grant. Revenues from general purpose grants are recognized in the period to which the grant applies. Sales and utility taxes collected by the State or utility companies and subsequently remitted to the City are recognized as revenue upon collection by the State or utility company, which is generally in the month preceding receipt by the City. Licenses, permits, fines and rents are recorded as revenue when received. Expenditures, other than interest and principal on long-term debt and other long term liabilities, are recorded as the related liabilities are incurred, if measurable. Interest and principal on long-term debt are recognized when due. General capital asset acquisitions are reported as expenditures in the governmental funds. Issuance of long-term debt and acquisitions under leases are reported as other financing sources.

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as they are needed.

Budgets and Budgetary Accounting

The City's procedures for establishing the budgetary data reflected in the financial statements for the General Fund and School Operating Fund are as follows:

1. The City Manager submits to the City Council a recommended budget no later than April 15th, for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted by the City Council to obtain taxpayer comments.
3. The budget is legally enacted through the passage of an ordinance by City Council no later than May 15th.
4. The City Manager or his/her designee is authorized to transfer budgeted amounts within departments within the General Fund. Revisions that alter the total appropriations for a department 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 department. Transfers within the School Operating Fund are under the control of the School Board.
5. Formal budgetary integration is employed as a management control device during the year for the General Fund and School Board Component Unit Operating Fund.
6. Budgets for the City General Fund and School Board Operating Fund are legally adopted on a basis consistent with Generally Accepted Accounting Principles.

Budgeted amounts are as originally adopted or as amended by City Council and the School Board during fiscal year 2025. Unencumbered appropriations lapse at year-end in the General and School Operating Funds. Appropriations which are encumbered at year-end are carried forward into the following year's appropriation to allow liquidation of the encumbrances.

An annual budget is not adopted for the Debt Service Fund because effective control is alternatively achieved through general obligation bond indenture provisions. Annual budgets are not employed for Capital Projects Fund and Special Revenue Funds, except the Stormwater Fund, because each program grant or capital project is approved separately.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

General Property Tax Calendar

Real property is assessed at fair market value as of July 1 of each year; personal property and public service corporation properties (real and personal) are assessed as of January 1 of each year. Taxes are levied on a fiscal- year basis for real property and a calendar year basis for personal property. Taxes are due and payable in two equal installments on June 5th and December 5th. Installments due on June 5, 2025, are levied for the current fiscal year and, when unavailable in the current period, are reported as deferred inflows of resources. Installments due on December 5, 2025, are levied for fiscal year 2026, therefore, are unearned and reported as deferred inflows of resources.

Penalties are assessed at 10% of the tax due for real estate and personal property which are not paid by the due date. Interest at 10% per year for real and personal property is charged on unpaid tax installments. A lien is recorded on all real property with delinquent real estate taxes not paid within three years.

Encumbrances

Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of formal budgetary integration in the General Fund and School Operating Fund. Encumbered amounts for specific purposes for which amounts have not been previously restricted, committed or assigned will be reported within committed or assigned fund balance, as appropriate.

Investments

Investments of the Hampton Employees' Retirement System are stated at fair value, except for short-term investments, which are stated at cost. All other City investments are generally stated at fair value, except for short-term cash equivalents, which are stated at cost.

Receivables

Receivables of the General Fund are stated net of an allowance for uncollectible taxes of $3,201,353. Management has determined that the allowance is sufficient to provide for any losses that may be sustained on realization of the accounts receivable.

Inventories

The inventories reflected in the Enterprise Funds and School Funds consist principally of food items and items held for resale and are valued at cost (first-in, first-out). The General Fund's inventory consists of consumable supplies valued at cost (first-in, first-out). The Internal Service Funds' inventories consist principally of expendable items held for consumption and are valued by the average-cost method. Inventories are recognized as expenditures and expenses when consumed or sold.

Prepaids

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. Prepaids in the General Fund, Internal Service Funds and Enterprise Funds consist of mainly insurance and contract costs which are recognized proportionately over the periods the service is provided (consumption method).

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

Land Held for Resale

Land held for resale by EDA is stated at cost or, if donated, at acquisition value as of the date received. Development costs of the EDA are added to the cost of the land when incurred. Total land and development costs are allocated to total saleable acreage under development and are charged to expenses on a prorated basis when the land is sold.

Interfund Activity

Activity between funds that represents lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "due to/from other funds" (current portion) or "advances to/from other funds" (non-current portion of interfund loans). Any residual balances outstanding between governmental activities and business-type activities are reported in the government-wide financial statements as internal balances (see note 8).

Restricted Assets:

Restricted assets represent the following invested assets set aside in the Convention Center:

	Convention Center
RESTRICTED ASSETS	
Cash:	
Operating/Capital Reserve Fund	$ 11,524,349
Debt Service Reserve Fund	358,650
Investments:	
Operating Reserve Fund	7,036,141
Bond Fund	647,460
Debt Service Reserve Fund	5,728,515
	$ 25,295,115

The assets for Convention Center are classified as restricted since their use is limited by the Bond Trust Indenture.

Capital and Intangible Right to Use Assets

Capital Assets

Capital assets include land; buildings; machinery and equipment; infrastructure such as roads, bridges, sidewalks; and intangible assets such as easements, and proprietary software. Capital assets are reported at historical cost, or estimated historical cost if actual cost is not available, less accumulated depreciation for the Primary Government in the applicable governmental or business-type activities columns in the government-wide financial statements and in the proprietary fund financial statements.

Capital assets, other than computer equipment, computer software, and infrastructure assets, are defined by the City as assets with an initial, individual cost of more than $2,500 and an estimated useful life greater than one year. Computer equipment and computer software are capitalized when the initial, individual cost exceeds $1,000 and $5,000, respectively. Infrastructure assets and improvements that meet the capitalization threshold, generally $10,000, are capitalized and reported in the government-wide financial statements.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

Major outlays for capital assets and improvements are capitalized as projects are constructed. Historical cost of self-constructed infrastructure includes direct labor, direct materials and overhead costs allocated based on direct labor hours charged to the project. Capital assets capitalized at a lower threshold continue to be reported on the basis of past practice. The cost of normal maintenance and repairs that do not add to the value or materially extend asset lives are not capitalized. Donated capital assets are recorded at acquisition value at the date of donation. When assets are retired or otherwise disposed of, the related cost and accumulated depreciation are eliminated and any resulting gain or loss is reflected as non-operating revenue or expense.

Intangible Right to Use Assets

Intangible right to use assets include leased buildings; leased machinery and equipment; and subscription software assets. Initially, intangible right to use assets are reported as the value of the lease or subscription liability, plus any payments made before or at the beginning of the term and any ancillary cost necessary to place the asset in services. Intangible right to use assets are amortized over the life of the contract term. Similar to capital assets, intangible right to use assets are reported in the applicable governmental or business-type activities columns in the government-wide financial statements and in the proprietary fund financial statements. The City capitalizes all intangible right to use assets.

Land and construction in progress are not depreciated. The other tangible and intangible property, plant, equipment, leased building and equipment in addition to the infrastructure of the City are depreciated/ amortized using the straight-line method over the following estimated useful lives:

Assets	Years
Buildings and improvements	10-40
Right-to-use lease buildings	10-40
Improvements other than buildings	10-50
Equipment and computer software	3-20
Right-to-use lease equipment	3-20
Exhibits	7-10
Infrastructure	5-75
Landfill	Percentage of completion

The City capitalized interest costs on funds borrowed to finance the construction of capital assets in the proprietary funds.

The Landfill in the Solid Waste fund is recorded at cost and amortized using the straight-line method based on tonnage received in relation to total expected capacity.

The HERS capitalizes equipment, other than computer equipment, over $2,500. Computer equipment having a cost of $1,000 or more is capitalized. Capital assets are recorded at cost and depreciation is recorded using the straight- line method over the estimated useful lives of the assets. The estimated useful life of equipment is 3 – 20 years.

The capital assets of the discretely presented component units – School Board, Economic Development Authority, Downtown Hampton Development Partnership, Inc., and the Coliseum Central Business Improvement District, Inc. are stated at cost. Depreciation has been provided using the straight-line method over the estimated useful lives of the assets.

Deferred outflows/inflows of resources

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources, which represent a consumption of net assets that applies to future periods and so will not be recognized as an outflow of resources (expense/expenditure) until then.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

One of the deferred outflows resources is the deferred charge on refunding reported in the government-wide Statement of Net Position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The other deferred outflows of resources are related to pensions and other postemployment benefits (OPEB), which consist of employer contributions subsequent to the measurement date, changes in proportion and differences between employer contributions and proportionate share of contributions, net difference between projected and actual earnings on pension plan investments and change in assumptions. These amounts are deferred and amortized in accordance with GAAP.

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. Deferred inflows of resources, which represent an acquisition of net assets that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The City has two types of items, which arise only under a modified accrual basis of accounting, that qualify for reporting in this category. Accordingly, unavailable revenue and property taxes collected in advance are reported only in the governmental funds' Balance Sheet. The governmental funds report unavailable revenues from three sources: property taxes, charges for services, program income, stormwater fees, and opioid settlement funds. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The governmental funds report revenues collected in advance from one source: property taxes. These amounts are deferred and recognized as an inflow of resources when the taxes are levied.

The deferred inflows of resources related to pensions and OPEB consist of differences between expected and actual experience, net difference between projected and actual earnings on plan investments, changes in proportion and differences between employer contributions and proportionate share of contributions and change in assumptions. These amounts are deferred and amortized in accordance with GAAP.

The City as the lessor recognizes and measures the deferred inflows of resources as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date less any lease incentives paid to, or on behalf of the lessee at or before the commencement of the lease term. Subsequently, the deferred inflows of resources is recognized as revenue as revenue over the life of the arrangement, in accordance with GAAP.

Fund Balance

Fund balance is the difference between the assets and deferred outflows of resources and liabilities and deferred inflows of resources reported in a governmental fund. There are five separate components of fund balance, each of which identifies the extent to which the City is bound to honor constraints on the specific purpose for which amounts can be spent. The five categories are as follows:

Nonspendable Fund Balance – Includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. Examples would be inventory, long term receivables, or a fund that is legally or contractually required to be maintained intact such as a permanent fund.

The lease portion of fund balance represents the year-end balance of the lease receivables in excess of the deferred inflow of resources for the lease receivables which is not a spendable resource.

Restricted Fund Balance – Includes amounts that can be spent only for specific purposes as stipulated by constraints imposed by either external creditors, grantors, laws or regulations of other governments or they are imposed by law through constitutional provisions or enabling legislation.

Committed Fund Balance – Includes amounts that can only be used for specific purposes pursuant to a formal action of the government's highest level of decision-making authority.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

Authority to Commit – Commitments for specific purposes require a formal action (resolution) of the City Council. A majority vote is required to approve or remove a commitment. Committed amounts cannot be used for any other purpose unless the City Council removes or changes the specified use by taking the same type of action (resolution).

Assigned Fund Balance – Includes amounts intended to be used by the City for a specific purpose but do not meet the criteria to be classified as restricted or committed. The intent should be expressed by the governing body itself or an official or committee that the governing body has delegated the authority to assign amounts to be used for specific purposes.

Authority to Assign – The City Council's fund balance policy has delegated to the City Manager and Director of Finance the authority to assign amounts to be used for specific purposes; however, before the assigned funds can be spent, such amounts, excluding appropriations related to encumbrances that are carried forward to the subsequent fiscal year, must be appropriated by City Council.

Unassigned Fund Balance – The residual classification for the General Fund. This category represents fund balance that has not been restricted, committed or assigned to specific purposes within the General Fund.

When an expenditure is incurred for purposes for which both restricted and unrestricted (committed, assigned, or unassigned) amounts are available, it shall be the policy of the City of Hampton to consider restricted amounts to have been spent first.

When an expenditure is incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used, it shall be the policy of the City that committed amounts would be reduced first, followed by assigned amounts and then unassigned amounts.

The general fund is the only fund that reports a positive unassigned fund balance amount. In other governmental funds it is not appropriate to report a positive unassigned fund balance amount. However, in governmental funds other than the general fund, if expenditures incurred for specific purposes exceed the amounts that are restricted, committed, or assigned to those purposes, it may be necessary to report a negative unassigned fund balance in that fund.The City will maintain a minimum unassigned fund balance in the General Fund equal to 10% of the total revenues for the General and School Operating Funds. To the extent the minimum unassigned fund balance falls below policy, the shortfall shall be replenished over a three-year period.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

A schedule of fund balances by specific purpose is provided below:

	General	Federal Grants	Economic Development	Debt Service	Capital Projects	Other Governmental Funds	Total Governmental Funds
FUND BALANCES:							
Nonspendable:							
Inventory	$ 36,952	$ -	$ -	$ -	$ -	$ -	$ 36,952
Total Nonspendable	36,952	-	-	-	-	-	36,952
RESTRICTED:							
Special Assessment/Court	26,409	-	-	-	-	-	26,409
Debt service	-	-	-	25,339	-	-	25,339
Public safety for hazmat fees	60,441	-	-	-	-	-	60,441
Wetlands Encroachment/ In Lieu	245,072	-	-	-	-	-	245,072
Title IVE	138,446	-	-	-	-	-	138,446
Urban Development Action grant projects	-	-	844,161	-	-	-	844,161
Property acquisition/ redevelopment	-	-	-	-	100,667	-	100,667
Street and Infrastructure projects	-	-	-	-	352,369	-	352,369
Park improvement projects	-	-	-	-	82,315	-	82,315
Facility maintenance and repairs	-	-	-	-	-	51,357	51,357
Stormwater management	-	-	-	-	-	12,225,890	12,225,890
Sheriff Weekend Housing and Commissions	1,103,900	-	-	-	-	-	1,103,900
City grants	-	2,171,501	-	-	-	-	2,171,501
Donations for bus shelter benches	48,027	-	-	-	-	-	48,027
Fishing pier	33,347	-	-	-	-	-	33,347
VA Land Conservation Stewardship	12,060	-	-	-	-	-	12,060
Public Works Right of Way	16,788	-	-	-	-	-	16,788
Opioid Remediation	1,240,365		-	-	-	-	1,240,365
Other	22,004	-	-	-		-	22,004
Total Restricted	2,946,859	2,171,501	844,161	25,339	535,351	12,277,247	18,800,458
COMMITTED:							
Budget savings program	8,227,431	-	-	-	-	-	8,227,431
Computer replacement program	1,962,113	-	-	-	-	-	1,962,113
Debt service	4,661,513	-	-	-	-	-	4,661,513
Home elevation loan program	1,895,219	-	-	-	-	-	1,895,219
Maintenance of driving range	161,114	-	-	-	-	-	161,114
Job creation grants	-	-	892,432	-	-	-	892,432
Drainage	3,048,309	-	-	-	-	-	3,048,309
Time Accounting/Tyler Munis Project	86,309	-	-	-	2,801,891	-	2,888,200
Reengineering Technology	-	-	-	-	587,406	-	587,406
Aquatics Center	-	-	-	-	28,561	-	28,561
Streets & Infrastructure projects	-	-	657,842	-	16,889,822	-	17,547,664
Prefunded Capital Projects	-	-	-	-	45,031,949		45,031,949
Waterways projects	-	-	-	-	35,059,683	-	35,059,683
Va Air and Space Museum support/ improvements	1,614	-	-	-	2,514	-	4,128
Coliseum Central projects	-	-	-	-	2,649,969	-	2,649,969

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

	General	Federal Grants	Economic Development	Debt Service	Capital Projects	Other Governmental Funds	Total Governmental Funds
Court buildings project	-	-	-	-	320,305	-	320,305
Retirement & Employee Benefits	813,351	-	-	-	-	-	813,351
Contribution to Other Agencies	2,659	-	-	-	-	-	2,659
Downtown strategic projects	-	-	-	-	2,674,911	-	2,674,911
Facilities maintenance projects	-	-	-	-	2,353,352	-	2,353,352
Fire and Rescue projects	-	-	-	-	2,035,147	-	2,035,147
Sheriff projects	-	-	-	-	3,921,078	-	3,921,078
North King Street Corridor projects	-	-	-	-	4,700	-	4,700
Neighborhood improvement projects	-	-	-	-	10,097,488	-	10,097,488
Parks improvement projects	-	-	-	-	1,568,632	-	1,568,632
Police and E911 equipment	1,556,060	-	-	-	20,423,917	-	21,979,977
Property acquisition/redevelopment	-	-	268,362	-	4,595,567	-	4,863,929
School projects	-	-	-	-	804,745	-	804,745
Small Business Incubator	-	-	395,922	-	-	-	395,922
Transportation projects	-	-	-	-	119,519	-	119,519
Other	-	-	-	-	385,044	-	385,044
Vehicles	-	-	-	-	22,644	-	22,644
Council Chambers	-	-	-	-	38,338	-	38,338
Economic development projects	-	-	-	-	623,013	-	623,013
Business District					40,753		40,753
MLK Memorial	-	-	-	-	10,299	-	10,299
War Memorial Stadium	-	-	-	-	46,877	-	46,877
Dangerous Dog	325	-	-	-	-	-	325
Total Committed	22,416,017	-	2,214,558	-	153,138,124	-	177,768,699
ASSIGNED:							
Subsequent year expense	17,294,481	-	-	-	-	-	17,294,481
Proceeds from real estate auctions	129,904	-	-	-	-	-	129,904
Economic development projects	-	-	8,569,248	-	-	-	8,569,248
Transportation projects	993,354	-	-	-	19,000	-	1,012,354
Fire and Rescue operations	1,456,344	-	-	-	-	-	1,456,344
Facility maintenance and repairs	-	-	-	-	142,752	-	142,752
Unappropriated interest income-general capital projects	-	-	-	-	22,538,525	-	22,538,525
Line of Duty program	92,743	-	-	-	-	-	92,743
Police Training Academy	16,519	-	-	-	168,083	-	184,602
Other	69,945	2,328,985	-	496,743	-	-	2,895,673
Dr. Harvey - Police Leadership	19,140	-	-	-	-	-	19,140
Fire Dept -Paramedic Class	60,239	-	-	-	-	-	60,239
Blue Bird Gap Feed	11,241	-	-	-	-	-	11,241
Regional Jail Proceeds	8,098,169	-	-	-	-	-	8,098,169
Total Assigned	28,242,079	2,328,985	8,569,248	496,743	22,868,360	-	62,505,415
Unassigned	115,075,570	-	-	-	-	-	115,075,570
Total Fund Balances	$168,717,477	$ 4,500,486	$ 11,627,967	$ 522,082	$176,541,835	$ 12,277,247	$374,187,094

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

Net Position (deficit)-Enterprise Fund, Internal Service Funds and Component Units

The net position (deficit) at June 30, 2025 in the Enterprise and Component Unit Funds are as follows:

	Primary Government	Discretely Presented Component Units
Wastewater Management	$ 65,567,007	$ -
Museum	8,880,458	-
Hampton Roads Convention Center	25,239,613	-
Non-Major Enterprise:		
Hampton Coliseum	16,471,343	-
The Woodlands Golf Course	(809,647)	-
The Hamptons Golf Course	(4,828,598)	-
Solid Waste	7,270,602	-
Refuse-Steam Plant	3,256,075	-
Component Units:		
School Board	-	(93,663,990)
Economic Development Authority	-	49,922,724
Coliseum Central Business Improvement District, Inc.	-	1,120,358
Downtown Hampton Development Partnership, Inc.	-	929,595

The deficits in The Hamptons Golf Course Fund and The Woodlands Golf Course Fund are primarily attributed to accumulated depreciation charges on capital assets and current year net operating losses. Net operating losses before depreciation are usually funded in the succeeding year by transfers from the General Fund.

The net position (deficit) in the Internal Service Funds are as follows:

Internal Service:	
Equipment Replacement	$ 32,728,196
Fleet Management	5,556,735
Risk Management	20,568,118
Information Technology	4,009,205

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the City's and School Board's retirement plans (Plans) and the addition to/deductions from the Plans' net fiduciary position have been determined on the same basis as they were reported by the VRS and Hampton Employees' Retirement System (HERS). For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

Group Life

The Group Life Insurance Program (GLI) is administered by the VRS. The GLI is a defined benefit plan that provides a basic group life insurance benefit for employees of the City and Component Unit School Board. For purposes of measuring the net GLI OPEB liability, deferred outflows of resources and deferred inflows of resources related to the GLI OPEB, and GLI OPEB expense, information about the fiduciary net position of the VRS GLI OPEB and the additions to/deductions from the VRS GLI OPEB's net fiduciary position have been determined on the same basis as they were reported by VRS. In addition, benefit payments are recognized when due and payable in accordance with the benefit terms.

Health Insurance Credit Program

The Health Insurance Credit Program (HIC) is administered by the VRS. The HIC is a defined benefit plan that provides a credit toward the cost of health insurance coverage for retired teachers. For purposes of measuring the net HIC OPEB liability, deferred outflows of resources and deferred inflows of resources related to the HIC OPEB, and the HIC OPEB expense, information about the fiduciary net position of the VRS HIC; and the additions to/deductions from the VRS HIC net fiduciary position have been determined on the same basis as they were reported by VRS. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms.

Compensated Absences

It is the City's policy to permit employees to accumulate a limited amount of earned but unused annual and sick leave benefits, which will be utilized in future periods or will be paid to employees upon separation from City service. In governmental fund types, the cost of annual and sick benefits is recognized when payments are made to employees. The current and long-term liability for accrued annual and sick leave benefits at June 30, 2025 has been reported in the government-wide statements, representing the City's commitment to fund such costs from future operations. Proprietary fund types accrue annual and sick leave benefits in the period they are earned. Such benefits are included in accounts payable and other liabilities in the government-wide statements.

Unearned Revenues

Revenues collected during the fiscal year that did not meet recognition criteria are treated as an unearned revenue liability. In total governmental funds reported an $8.2 million unearned revenue liability, that largely results from American Rescue Plan Act (ARPA) funding received during fiscal years 2021 and 2022. The City received approximately $48.66 million from the American Rescue Plan Act (ARPA) to defray governmental operating costs resulting from the COVID-19 pandemic. To date, the City has expended $43,679,269 of the $48,660,418 received from the American Rescue Plan Act. Total unearned revenue as a result of ARPA was $4,981,149 as of June 30, 2025 and is reported in the Capital Projects Fund. The Grants Fund also reported a $2.2 million unearned revenue that materially results from a State grant that will be used for to fund a construction project that is currently underway.

2. BASIS OF PRESENTATION - FUND ACCOUNTING:

The accounts of the City are organized on the basis of funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for by providing a separate set of self-balancing accounts, which comprise each fund's assets, liabilities, deferred inflows/outflows of resources, fund balance or net position, revenues and expenditures or expenses.

The following is a description of the funds included in the accompanying financial statements.

General Fund

The General Fund is the City's primary operating fund and accounts for all revenues and expenditures of the City, which are not accounted for in the other funds. Revenues are primarily derived from general property taxes, other local taxes, revenues from other governmental units and recovered costs. A significant part of the General Fund's revenue is transferred to other funds, principally to fund the operations of the City public schools and debt service requirements of the City. Expenditures include, among other things, those for general government, public safety, highways and streets, culture and recreation, health and human services.

Debt Service

The Debt Service Fund accounts for and reports financial resources that are restricted, committed or assigned to expenditure for principal and interest. Primary resources of the Debt Service Fund are derived from transfers from the General Fund and the proceeds from the issuance of refunding bonds.

Capital Projects Fund

The Capital Projects Fund accounts for all general City and School construction projects and reports financial resources that are restricted, committed or assigned to expenditure for capital outlays which are financed through general obligation debt and general operating funds, with the exception of projects related to Enterprise and Internal Service Funds.

Special Revenue Funds

Special revenue funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specific purposes other than debt service or capital projects.

The Federal Grants Fund accounts for revenues and expenditures of all federal, state and recovery act grants awarded to the City except the Community Development entitlement. The Federal Grants Fund also accounts for program income and matching requirements related to all awarded City grants. Federal grants received by the Component Unit - School Board are included in the discretely presented component unit.

The Community Development Fund accounts for revenues and expenditures related to entitlements received by the City under the Community Development Act of 1974, administered by the United States Department of Housing and Urban Development, to foster the development of the Healthy Neighborhoods Initiative. Other revenues include program income that is generated from repayments of loans, the sale of rehabilitated homes and the Revolving Loan Fund.

The Economic Development Fund was established to finance the costs of capital investments, improvements, expenditures and any other approved expenditure, which will assist economic development and improve the physical appearance of the City. Revenues are earned from land sales, special assessments, projects financed by the fund and rental receipts.

The Stormwater Management Fund accounts for revenues and expenditures related to maintaining the storm drainage system and the quality of our surface waters. Revenues are derived from a service charge levied on all developed property in the City.

2. BASIS OF PRESENTATION - FUND ACCOUNTING, continued:

The Pembroke Complex Fund accounts for the receipts and disbursements related to the operations of the Pembroke Community Service Center. The facility is owned by the Hampton Redevelopment and Housing Authority and maintained by the City from the rents charged to the various tenants of the building.

The Law Library Fund accounts for receipts and disbursements of funds specifically held for the purpose of purchasing law books. Revenues are derived from a court case fee, which is legally mandated to support the operations of the law library.

Enterprise Funds

Enterprise Funds, (Exhibit A-6, A-7 and A-8), are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises where the intent of the governing body is that costs of operating and providing services to the general public are completely or partially financed from user fees; or (b) where the governing body has determined that the periodic determination of net results of operations is appropriate for management control and accountability.

The City's Enterprise Funds account for the operations of the Hampton Coliseum, The Woodlands Golf Course, The Hamptons (Golf Course), Solid Waste, the Virginia Air and Space Center (Museum), Convention Center, Wastewater Management, and the Refuse-Steam Plant. Revenues of the Hampton Coliseum, Woodlands Golf Course, The Hamptons, the Solid Waste Fund, the Refuse-Steam Plant Fund and the Wastewater Management Fund are derived primarily from user fees. The Convention Center Fund revenues are derived from user fees and meal and lodging taxes. The Museum's operating revenue is derived from donations and user fees, including federal funds from the National Aeronautics and Space Administration for educational/user fee subsidy.

Internal Service Funds

The Internal Service Funds account for the services provided to substantially all City departments or other governmental units on a cost-reimbursement basis. The City's internal service funds include Equipment Replacement, Fleet Services, Risk Management and Information Technology.

The Equipment Replacement Fund owns all on-road rolling stock of the City and leases the equipment to the various operating departments. Leasing income is used for replacement of the equipment. The Fleet Services Fund accounts for the operation of the City's central automotive maintenance service facility. The Risk Management Fund accounts for the costs of providing insurance coverage and certain self-insured liabilities of the City and the School Board. The Information Technology Fund accounts for the costs of providing the following services: personal computer support and telecommunications services.

Fiduciary Funds

Fiduciary Funds are used to account for assets held by the City in a trustee capacity or as an agent for individuals, private organizations and other governmental units. The Fiduciary Funds consist of the HERS Pension Trust Fund and Custodial Funds.

HERS pension trust fund (Exhibits A-9 and A-10) accounts for the revenues and expenditures related to the City-sponsored retirement plan, which is administered by a board of trustees appointed by City Council. The Custodial Funds account for amounts held by the City for others such as the Hampton Roads Criminal Justice Training Academy; the Hampton Roads Regional Jail Authority; the Hampton Sheriff's Office Inmate Funds; and the Hampton Roads Peninsula Drug Initiative.

3. IMPLEMENTATION OF NEW ACCOUNTING STANDARDS

Governmental Accounting Standards Board Statement No. 1101

For the fiscal year ended June 30, 2025, the City adopted GASB Statement 101, Compensated Absences. The primary objective of this statement is to create a more consistent model to address and update the recognition and measurement guidance of compensated absences. This standard applies to all earned leave that accumulates and carries forward and relates to services already rendered and for which the employee would receive some form of compensation. GASB 101 requires that compensated absences must be reported on an accrual basis and the expense should be matched with the period in which the employee earns the benefit, not when they are compensated.

4. BUDGETARY - GAAP REPORTING RECONCILIATION:

The City adopts an annual budget for the General Fund, but does not adopt an annual budget for any of the Special Revenue Funds except for the Stormwater Management Fund. Resources are provided for and appropriated individually throughout the year as they become available to the City. The Pearl Young Fund, a fund previously reported as a Special Revenue Fund, but now is reported as a part of the General Fund for GAAP purposes, does not have a legally adopted budget. Therefore, the Pearl Young Fund has not been included in Exhibit A-5 Statement of Revenues, Expenditures, and Changes in Fund Balance-Budget and Actual. Therefore, the General Fund budget basis is different from GAAP.

Effective July 1, 2021, the City implemented GASB Statement 87, Leases, which required the City as lessee to record an expenditure and other financing source in governmental funds in the period the lease is initially recognized. The City has not included those expenses and other financing sources in the General Fund's and the Stormwater Management Fund's legally adopted budget. Therefore, the budget on Exhibit A-5 and C-3 Statement of Revenues, Expenditures, and Changes in Fund Balance-Budget and Actual does not include capital outlay-leases expenditures and lease financing-other financing sources.

Reconciliation to the General Fund statements (GAAP):		
Exhibit A-5 General Fund balances, June 30, 2025 (Budget basis)	$	168,669,450
Pearl Young Fund's fund balances		48,027
Capital Outlay- leases		(4,756,645)
Leasing financing		4,756,645
Exhibit A-4 General Fund balances, June 30, 2025 (GAAP)		168,717,477
Reconciliation to the General Fund statements (GAAP):		
Exhibit A-5 Total Actual Expenditures, (Budget basis)	$	464,760,942
Pearl Young's revenues from use of money and property		2,191
Exhibit A-4 Total Actual Expenditures, (GAAP)		464,763,133
Reconciliation to the General Fund statements (GAAP):		
Exhibit A-5 Total Actual Expenditures, June 30, 2025 (Budget basis)		354,640,573
Capital Outlay- leases		4,756,645
Exhibit A-4 Total Actual Expenditures, June 30, 2025 (GAAP)		359,397,218
Exhibit A-5 Total Other Financing Sources, June 30, 2025 (Budget basis)		(91,750,885)
Leasing financing		4,756,645
Exhibit A-4 Total Other Financing Sources, June 30, 2025 (GAAP)	$	(86,994,240)

5. DEPOSITS AND INVESTMENTS:

For purposes of reporting cash flows, cash and cash equivalents including demand deposits, certificates of deposit, money market funds and repurchase agreements.

Deposits

On June 30, 2025, the carrying value of the City's deposits was $57,777,478 and the bank balance was $39,281,555. All of the bank balances are covered by the Federal Deposit Insurance Corporation (FDIC) and secured in accordance with the Virginia Security for Public Deposits Act (the "Act") Section 2.2-4400 et. seq. of the Code of Virginia. Under the Act, banks and savings and loans holding public deposits in excess of the amount insured by the FDIC must pledge collateral to secure those public deposits in amounts set by regulations or action under the Treasury Board. Banks and savings and loans holding public deposits have two methods to secure Virginia public deposits: the dedicated method or the pooled method and depending upon that choice will pledge collateral that ranges in the amounts from 50% to 130% of their public deposit balances net of FDIC. The Commonwealth of Virginia Treasury Board is responsible for monitoring compliance with the collateralization and reporting requirements of the Act and notifying local officials of compliance by banks and savings and loans. All deposits are considered fully collateralized.

Investments

Statutes authorize the City to invest in obligations of the United States or agencies thereof, obligations of states and local governments, obligations of international development banks, "prime quality" commercial paper and certain corporate notes, repurchase agreements, certificates of deposit in United States banks, State Treasurer's Local Government Investment Pool (LGIP), and the State Non-Arbitrage Program (SNAP).

Investments for the City are primarily reported at fair value. The State Treasurer's LGIP operates in accordance with appropriate state laws and regulations. There are no restrictions on participant withdrawals for LGIP. The reported value of the pool is the same as the fair value of the pool shares.

The LGIP and SNAP are money market funds. The LGIP is reported at amortized cost and SNAP is reported at net asset value.

HERS Investments

Investments are stated at fair value except for short-term investments. These are reported at cost, which approximates fair value. The fair value of mutual funds traded on a national securities exchange is determined by using the last reported sales price on the last business day of the fiscal year; listed securities for which no sale was reported on that date are valued at the mean between the last reported bid and asked prices. The Bank of New York Mellon serves as custodian of HERS investments.

Investment Policy

The City's investment policy requires that all investments and investment practices meet or exceed all statutes and guidelines governing the investment of public funds in Virginia, including the Code of Virginia and the guidelines established by the State Treasury Board. State statutes limit investment in commercial paper to no more than 35% of the total portfolio, with not more than 5% per issuer. The City's investment policy addresses credit risk, custodial credit risk, interest rate risk, and concentration of risk, in which instruments are to be diversified and maturities timed in accordance with anticipated needs in order to minimize any exposure to fair value losses. The City's policy does not address foreign currency risk.

HERS Investment Policy

The Board of Trustees of the System has the full power to invest and reinvest the trust funds in accordance with Section 28-47 of the City Code, as amended. It requires the Board of Trustees to invest the assets with the care, skill, prudence and diligence under the circumstances then prevailing that a prudent person acting in a

5. DEPOSITS AND INVESTMENTS, continued:

like capacity and familiar with such matters would use in the conduct of an enterprise of a like character with like aims. In addition, the investments are required to be diversified so as to minimize the risk of losses under the circumstances it is clearly prudent not to do so. All investments shall be clearly marked to indicate ownership by the System. The HERS investments are held by the Bank of New York Mellon.

Credit Risk

The City's investment policy requires all bonds or notes of the Commonwealth of Virginia, states, or political subdivisions of any state of the U.S., or asset-backed securities have at least AAA ratings by two rating agencies, one of which must be Moody's Investor Services (Moody's) or Standard & Poor's (S&P). Repurchase agreements must be collateralized by Treasury or Agency obligations of which the market value is at least 102% of the purchase price of the security. Certificates of deposit of domestic banks must have at least two of the following ratings; A-1 rating by S&P, P-1 by Moody's or F-1 by Fitch Ratings for maturities less than 1 year, and with maturities exceeding one year and not exceeding five years, that have received at least two of the following ratings: AA by S&P, Aa by Moody's or AA by Fitch Ratings, Inc. Commercial paper must be rated "Prime Quality" with at least a P-1 rating by Moody's, A-1 rating by S&P, and F-1 by Fitch Ratings, Inc. Corporate notes with maturities of no more than five years that have received at least two of the following ratings: at least Aa by Moody's Investors Service Inc, at least AA by S&P, or AA by Fitch Ratings, Inc. The City also invested funds during the year with the State Treasurer's Local Government Investment pool, a 2a7 like pool, and the SNAP, both rated AAAm by S&P Global Ratings.

HERS Credit Risk

HERS manages its credit risk by limiting investments in domestic bonds to those rated investment grade or better.

HERS Concentration of Credit Risk

HERS manages its exposure to concentrations of credit risk by limiting investments in domestic bonds for a single Non U.S. Government security to no more than 5% of the Plan's total investments. With the exception of passively managed investment vehicles seeking to match the returns of a broadly diversified market index, no single investment pool or mutual fund shall comprise more than 20% of the Plan's total investments.

U. S. Government Securities

The City invested in U. S. Government Securities which consisted of U.S Treasury Notes, Supra-National Agency Notes, Municipal Bonds, FHLB and FHLMC. U. S. Government Securities are subject to interest rate risk.

Custodial Credit Risk

All securities purchased for the City shall be held by the City or by the City's designated third party custodian. Securities are only purchased from brokerage firms/institutions that are under the Commonwealth of Virginia's supervision and located in the Commonwealth of Virginia.

HERS Custodial Credit Risk

HERS limits its exposure to custodial credit risk by maintaining its investments in custodial accounts. Securities that exist in book entry form are held in trust by the custodian in the name of the Plan.

Interest Rate Risk

As a means of limiting exposure to fair value losses arising from rising interest rates, the City manages the investment maturities of operating funds to coincide with the City's projected cash flow needs. Bond proceeds are invested in compliance with the specific requirements of the bond covenants.

5. DEPOSITS AND INVESTMENTS, continued:

The City limits U.S. Treasury securities, U.S. Agency securities, and corporate notes to maturities of less than five years; bankers' acceptances to maturities of less than 180 days; and commercial paper to maturities of less than 270 days.

HERS Interest Rate Risk

HERS does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. Interest rate risk is monitored by measuring the weighted average duration of the portfolio.

As of June 30, 2025, the City had the following investments and maturities:

			Investment Maturities (in years)	
PRIMARY GOVERNMENT:	Fair Value	Actual Credit Rating	Less than 1 year	1-5 years
Commercial Paper	$ 4,242,401	A-1	$ 4,242,401	$ -
Certificate of Deposit	2,800,000	A-1	2,800,000	-
U.S. Government securities	35,276,121		3,548,467	31,727,654
Corporate Notes	5,679,897	AAA, AA, AA+, AA-	880,949	4,798,948
LGIP - City	355,037,614	AAAm	355,037,614	-
State Non-Arbitrage Fund - City	83,538,208	AAAm	83,538,208	-
Mutual and Money Market Funds	3,980,657	Unrated	3,980,657	-
Total Investments Controlled by City	490,554,898		454,028,296	36,526,602
Pension Plan Investments	121,822,135		121,822,136	-
Total	612,377,033		$ 575,850,432	$ 36,526,602

RECONCILIATION TO TOTAL CASH AND INVESTMENTS:	
Add:	
Cash on Hand and in Banks - City	45,208,490
Cash With Fiscal Agent	12,568,989
Total Deposits and Investments Primary Government and Fiduciary Funds per Exhibits A-1 and A-9	$ 670,154,512

OTHER COMPONENT UNITS:

	Investment Maturities (in years)	
	Fair Value	Less than 1 year
Mutual and Money Market Funds	$ 1,345,094	$ 1,345,094
Total Investments Other Component Units	$ 1,345,094	$ 1,345,094

5. DEPOSITS AND INVESTMENTS, continued:

Reconciliation of total deposits and investments to the government-wide statements at June 30, 2025:

PRIMARY GOVERNMENT:	Governmental Activities	Business-type Activities	Fiduciary Responsibilities	Total
Cash Deposits - City	$ 6,216,772	$ 28,193,453	$ 10,798,264	$ 45,208,489
Cash With Fiscal Agent - City	12,568,989	-		12,568,989
Mutual and Money Market Funds	245,861	3,734,796		3,980,657
Investments - City	454,942,125	29,042,116	124,412,136	608,396,377
Total Primary Government	473,973,747	60,970,365	135,210,400	670,154,512
COMPONENT UNIT - SCHOOL BOARD				
Cash Deposits	46,828,471	-	-	46,828,471
Cash With Fiscal Agent	10,592,595	-	-	10,592,595
Total Component Unit School Board	57,421,066	-	-	57,421,066
OTHER COMPONENT UNITS				
Cash Deposits	-	7,468,380	-	7,468,380
Cash With Fiscal Agent	-	2,738	-	2,738
Investments	-	1,345,094	-	1,345,094
Total Other Component Units	$ -	$ 8,816,212	$ -	$ 8,816,212

GAAP requires the City to use valuation techniques which are appropriate under the circumstances and are either a market approach, a cost approach or an income approach. GAAP establishes a hierarchy of inputs used to measure fair value consisting of three levels. Level 1 inputs are quoted prices for identical assets or liabilities in active markets. Level 2 inputs are inputs, other than quoted prices included within Level 1 that are observable for an asset or liability, either directly or indirectly. Level 3 inputs are unobservable inputs for asset or liability.

Fair Value Hierarchy

The City categorizes its fair value measurements within the fair value hierarchy established by GAAP. City investments are classified in Level 2 of the fair market value hierarchy and are valued using matrix pricing techniques maintained by various pricing vendors. Matrix pricing is used to value securities based on the securities' relationship to the benchmark quoted prices. Fair value is defined as the quoted market value on the last trading day of the period. These prices are obtained from various pricing sources by our custodian bank. Investments in money market funds and pension plan investments are classified in Level 1 of the fair value hierarchy. Level 1 inputs are quoted prices in active markets for identical assets.

The remaining investments, measured in accordance with GAAP and at amortized cost, totaled $449.4 million at June 30, 2025.

5. DEPOSITS AND INVESTMENTS, continued:

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

		Fair Value Measurements Using		
Investments at Fair Value:	June 30, 2025	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Money Market funds	$ 245,861	$ 245,861	$ -	$ -
Corporate Notes	5,679,897	-	5,679,897	-
U.S. Government Securities	35,276,121	17,180,176	18,095,945	-
Total Investments at Fair Value	$ 41,201,879	$ 17,426,037	$ 23,775,842	$ —
Investments Measured at Amortized Cost:				
Commercial Paper	$ 4,242,401			
Certificate of Deposit	2,800,000			
LGIP	355,037,614			
State Non-Arbitrage Fund	83,538,208			
Money Market funds	3,734,796			
Total Investments at Amortized Cost	$ 449,353,019			
Total Investments	$ 490,554,898			
Pension Plan Investments	$ 121,822,135	$ 121,822,136	$ -	$ -

6. ACCOUNTS RECEIVABLE:

Accounts receivable at June 30, 2025 in the Governmental Funds and School Board are as follows:

	General Fund	Special Revenue-Federal Grants	Special Revenue-Economic Development	Debt Service	Capital Projects	Other Governmental Funds
PRIMARY GOVERNMENT:						
General property taxes (net of allowance for uncollectible taxes of $3,201,353)	$14,645,224	$ -	$ -	$ -	$ -	$ -
Due from Commonwealth of Virginia	10,024,653	3,968,468	-	-	750,521	-
Due from Federal Government	651,192	623,164	-	-	-	358,366
Lease Receivable	21,004	-	435,482	-	-	-
Lease Receivable from Component Unit	-	-	74,644	-	-	-
Accounts Receivable	6,568,397	63,046	326,274	1,186	683,204	586,760
Total Primary Government	$31,910,470	$ 4,654,678	$ 836,400	$ 1,186	$ 1,433,725	$ 945,126
DISCRETELY PRESENTED COMPONENT UNIT - SCHOOL BOARD:						
Due from other governments				10,526,060		
Lease Receivable				4,498,477		
Accounts Receivable				805,942		
Total Component Unit				$15,870,479		

7. LEASES AND SUBSCRIPTION-BASED IT ARRANGEMENTS

A lease is defined as a contractual agreement that conveys control of the right to use another entity's nonfinancial asset, such as building, land or equipment, for a minimum contractual period of greater than one year. A subscription- based IT arrangement (SBITA) is an arrangement in which a government contracts with another party, to convey the right to use the SBITA vendor's IT software, either alone or in combination with tangible capital assets. The City has agreements in which it allows another entity to control the right to use City owned assets (lessor) and agreements in which the City has been granted the right to control another entity's assets (lessee or subscription).

In a lessor arrangement, the City recognizes a lease receivable, deferred inflows, and lease revenue in the government- wide and fund financial statements for the applicable governmental and business-type activities. Lessor receivables are initially measured at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received.

In lessee and subscription arrangements, the City recognizes a lease or subscription liability and an intangible right of use (ROU) asset in the government-wide financial statements for the applicable governmental, business-type activities and component unit columns in the government-wide financial statements and in the proprietary funds financial statements. ROU assets are reported with other capital assets and the lease and subscription liabilities are reported as such on the statement of net position.

At the commencement of a lease or subscription, the City measures the liability at the present value of payments expected to be made during the term. Subsequently, the liability is reduced by the principal portion of payments made. The City's lease and subscription payments are discounted using the interest rate charged by the lessor or SBITA vendor as the discount rate. When the interest rate charged by the lessor or SBITA vendor is not provided, the City generally uses its estimated incremental borrowing rate as the interest rate. The City's incremental borrowing rate is the rate that the City would have to pay to borrow the funds necessary to obtain an asset of similar value to the right of use asset in a similar economic environment with similar terms, security and conditions.

The lease and subscription terms include the non-cancellable contract period. Payments included in the measurement of the lease and subscription liability are composed of fixed payments, extensions payments; and, purchase option price that the City is reasonably certain to exercise. In determining the term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the term if the lease or subscription is reasonably certain to be extended (or not terminated). The City monitors changes in circumstances that would require a remeasurement and will remeasure the lease asset and corresponding lease or subscription liability if certain changes occur that are expected to significantly affect the amount of the liability.

City as a Lessor

The City as the lessor, has entered into lease agreements for land, building space, billboards, cell tower and a golf driving range. One of the land leases is leased from a lessee and then subleased to a third-party. The leases' terms range from 4 to 15 years with discount rates ranging from 0.67%-3.68%. The total amount of inflows of resources, including lease revenue, interest revenue, and other lease-related inflows, recognized during the fiscal year was $163,056. As of June 30, 2025, the total lease receivable and deferred inflows of resources for the lease balances were $531,130 and $557,420, respectively. These totals include a building lease with a component unit, Downtown Hampton Development Partnership, Inc. which was renewed in December 2024 for 60 months at a discount rate of 3.48%.

City as a Lessee

The City as a lessee has entered in lease agreements primarily for office space, postage machines, copier machines, and traffic control equipment. The City generally includes renewal periods in the lease terms when it is reasonably certain the renewal option will be exercised. The City's lease arrangements do not contain any

7. LEASES AND SUBSCRIPTION-BASED IT ARRANGEMENTS, continued:

material residual value guarantees. Variable payments are not included in the measure of the lease liability.

The City is a lessee for building office space leases with initial terms range from 2 to 20 years. Three leases are payable annually, two of which increase 3% each year; the majority of the leases are payable monthly with annual increases of 3% with the exception of three agreements. The City's incremental borrowing rate ranges from 0.67%-4.06% for these agreements. Some office space leases include variable payments, such as the City's proportionate share of the building's property taxes, insurance and common area maintenance which are not included in the liability calculations.

The machine and equipment leasing agreement includes postage machines, copiers and traffic control equipment. The postage machines leases are paid on a quarterly basis with no annual increases. The initial lease terms range from 3 to 5 years. The interest rate ranges from 0.67 - 3.78%. The City has elected to separate lease and non-lease components, such as maintenance services provided by the lessor.

The lease terms for the copier agreements range from 3 and 4 years. These leases are paid on a monthly basis with no annual increases. The interest rate ranges from 0.41%-3.94%. For the copier leases, the City has elected to separate lease and non-lease components, such as the maintenance services. The lessor provides a maintenance service at a fixed cost and these costs are not included in the fixed lease payments. The City's lease arrangements do not contain any material residual value guarantees.

The City has two leasing agreements for golf carts with remaining terms of 35 months and a discount rate of 2.63% and 3.63%. Additionally, the City entered into a five year lease agreement for traffic control equipment. The discount rate ranges from 2.93%-3.36%. The lessor charges a fixed software maintenance cost per machine. These costs are not included in the fixed lease payments.

The City recognizes a lease payable for principal in the government-wide for the primary government, business-type funds and component units. As of June 30, 2025, the City's total of the lease liability for principal is $17,194,754, of which $14,417 is internal service fund related. For fiscal year 2025, the City recognized a total of $2,257,259 in principal and $492,114 in interest charges for the governmental funds. The principal and interest charges for the Internal Service Funds were $9,594 and $708, respectively. For the business-type funds, the principal and interest charges were $172,685 and $10,003, respectively.

The future principal and interest lease payments as of June 30 are as follows:

	City Future Lease Payments			
	Governmental Activities		Business-type Activities	
Fiscal Year	Principal	Interest	Principal	Interest
2026	$ 2,370,903	$ 498,923	$ 171,129	$ 4,767
2027	2,092,017	434,103	46,334	514
2028	1,896,104	377,627	1,677	86
2029	1,743,117	320,930	—	—
2030-2045	8,873,473	2,214,792	—	—
	$ 16,975,614	$ 3,846,375	$ 219,140	$ 5,367

City Subscriptions

The City has one SBITA agreement for software. The agreement began in fiscal year 2023 and will extend three years, with two options to renew. The City is reasonably certain that renewal options will be exercised; the contract is considered a 5-year term. The SBITA has been recorded at the present value of the future contract payments as of the date of their inception. Payments are made annually and include a 5 percent increase each year. The interest rate is 2.5%. The City had no other payments, such as termination penalties, not previously included in the measurement of the subscription liability. The City had no commitments under SBITA before the commencement of the subscription term or any losses associated with an impairment.

7. LEASES AND SUBSCRIPTION-BASED IT ARRANGEMENTS, continued:

For fiscal year 2025, the City recognized $34,942 in subscription principal paid and $2,809 in interest. As of June 30, 2025, the City's total subscription-based asset liability was $77,246.

The future principal and interest SBITA payments as of June 30 are as follows:

	City Future Subscription Payments	
	Internal Service Funds	
Fiscal Year	Principal	Interest
2026	$ 37,897	$ 1,931
2027	39,117	984
2028	232	6
	$ 77,246	$ 2,921

Discretely Presented Component Units

Economic Development Authority as a Lessor

The Economic Development Authority (EDA) has entered into lease agreements for buildings, building space and land. The leases' terms range from 7 to 15 years and discount rates ranging from 1.57%-2.95%. The total amounts of deferred inflows of resources, including lease revenue and interest revenue recognized during the fiscal year were $541,154. As of June 30, 2025, the total lease receivable and deferred inflows of resources for lease balances for EDA were $3,577,666 and $3,495,472, respectively. These totals include a building lease from the primary government at a discount rate of 1.57% and five remaining years.

School Board as a Lessor

As of June 30, 2025, as lessor the School Board leases buildings, building space, and land. These lease receipts are received monthly and annually with no variable receipts and range from $4,800 to $52,202. The School uses its incremental borrowing rate of 0.8930% to 3.350%.The remaining terms for all agreements range from 7.5 to 23.58 years with monthly and annual increases ranging from 3% to 3%.

For fiscal year 2025, the School Board recognized $354,608 in lease revenue and $65,987 in interest revenue from these existing leases. As of June 30, 2025, the School Board's total lease receivables balance is $4,498,477. In addition, the School Board has deferred inflows of resources associated with these leases that will be recognized as revenue over the remaining lease terms of $4,225,381.

School Board as a Lessee

The School Board entered into various lease agreements as the lessee primarily for copier rentals, postage machines, and vehicle location tracker agreements. The School Board generally includes renewal periods in the lease terms when it is reasonably certain the renewal option will be exercised. If the interest rate implicit in the School Board's leases is not readily determinable, the School Board utilizes its incremental borrowing rate to discount the lease payments. The School Board's lease arrangements do not contain any material residual value guarantees.

The School Board has fourteen active leases. The lease have payments that range from $2,245 to $242,464 and interest rate that range from 0.727% to 3.050%. The remaining lease terms ranges from 0.01 to 4.58 years. These copier leases are paid on a monthly basis with no annual increases. The School Board has elected not to separate lease and non-lease components. Maintenance services provided by the lessor at a fixed cost are included in the fixed lease payments.

The School Board has one existing contract for a vehicle location tracker with a remaining lease term of 0.5 years. This lease is paid on a monthly basis with no annual increase. The discount rate is 1.06%. The School

7. LEASES AND SUBSCRIPTION-BASED IT ARRANGEMENTS, continued:

Board has elected not to separate lease and non-lease components. Maintenance services provided by the lessor at a fixed cost are included in the fixed lease payments.

For fiscal year 2025, the School Board recognized $439,063 in lease principal paid and $12,379 in interest from all leases. As of June 30, 2025, the School Board's total lease liability was $429,688.

The future principal and interest lease payments as of June 30 are as follows:

	School Board Future Leases Payments	
Fiscal Year	Principal	Interest
2026	$ 194,181	$ 8,465
2027	116,686	4,112
2028	47,379	2,203
2029	37,170	1,014
2030	34,272	172
	$ 429,688	$ 15,966

School Board Subscriptions

The School Board has entered into SBITAs for finance, reporting, and learning software for a period of 1 to 5 years and an incremental borrowing rate of 2.194% to 2.685%. The Subscription based leases have been recorded at the present value of the future contract payments as of the date of their inception or, for SBITAs existing prior to the implementation year at the remaining terms of the agreement, using the facts and circumstances available.

For fiscal year 2025, the School Board recognized $1,919,560 in lease principal paid and $5,833 in interest from all subscription-based assets. As of June 30, 2025, the School Board's total SBITA liability is $157,332.

The future principal and interest SBITA payments as of June 30 are as follows:

	School Board Subscriptions	
Fiscal Year	Principal	Interest
2026	$ 82,509	$ 4,223
2027	74,823	2,010
	$ 157,332	$ 6,233

Coliseum Central Business Improvement District, Inc. as Lessee

The District has leases for both office space and equipment. The remaining lease terms are 1 to 2 years, some of which include an option to extend the lease for up to four years. The average remaining discount rates range is 1.3-1.9%. For fiscal year 2025, the District recognized $80,869 in lease principal paid and $5,725 in interest from the leases. As of June 30, 2025, the total lease liability is $154,997.

The future principal and interest lease payments as of June 30 are as follows:

	Coliseum Central Future Lease Payments	
Fiscal Year	Principal	Interest
2026	$ 81,310	$ 2,195
2027	73,687	1,988
	$ 154,997	$ 4,183

7. LEASES AND SUBSCRIPTION-BASED IT ARRANGEMENTS, continued:

Downtown Hampton Development Partnership, Inc. as Lessee

In December 2024, the organization has entered into a new lease agreement with the City for office space under a 60 month term which expires November 2029. Payments are made monthly with a discount rate of 4.23%. For fiscal year 2025, the District recognized $11,327 in lease principal paid and $1,210 in interest from leases. As of June 30, 2025, the total lease liability was $50,548.

The future principal and interest lease payments as of June 30 are as follows:

	Downtown Hampton Development Partnership Future Leases Payments	
Fiscal Year	Principal	Interest
2026	$ 10,620	$ 1,970
2027	11,297	1,503
2028	11,785	1,015
2029	11,567	1,443
2030	5,279	54
	$ 50,548	$ 5,985

8. INTERFUND BALANCES:

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

The due from reflected in the General Fund in the amount of $21,254,695 is primarily to cover negative cash balances for several funds. The $12,133,316 balance due to the Capital Projects Fund will cover the cost of ongoing road maintenance and other capital projects. All remaining balances resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur and (2) payments between the funds are made.

PRIMARY GOVERNMENT:	Due From	Due To
General Fund	$ 21,254,695	$ 21,694,248
Federal Grants	14,975	25
Capital Projects	21,692,500	12,133,316
Non-Major Governmental Funds	—	302,000.00
PROPRIETARY FUNDS:		
Museum	-	749,000
Non-Major Enterprise Funds	-	8,083,906
Internal Service Funds	325	-
Total Primary Government	$ 42,962,495	$ 42,962,495

8. INTERFUND BALANCES, continued:

Receivable and payable balances between the Primary Government and component units are as follows:

	Due From Primary Government	Due To Component Unit	Due From Component Unit	Due To Primary Government
Primary Government - General Fund	$ -	$ 40,000	$ 15,430	$ -
Primary Government - Non-major Enterprise Funds	-	-	17,217	-
Primary Government - Internal Service Funds	-	-	165,250	-
Component Unit - School Board	40,000	-	-	197,897
Component Unit - Economic Development Authority Fund	-	-	-	-
Total	$ 40,000	$ 40,000	$ 197,897	$ 197,897

Individual fund interfund transfers for the Primary Government were made for operating as well as capital purposes. The more significant transfers were made from the General Fund for the purposes of funding debt service, various capital projects and operating support to the Enterprise Funds. Interfund transfers for the year ended June 30, 2025 are as follows:

PRIMARY GOVERNMENT:	Transfer In	Transfer Out
General Fund	$ 234,663	$ 91,985,548
Special Revenue:		
Federal Grants	3,381,647	23,815
Economic Development	49,613	-
Debt Service	30,910,780	-
Capital Projects	49,678,466	760,864
Non-Major Governmental Funds	2,165	4,068,303
Proprietary Funds:		
Wastewater Management		113,292
Convention Center	9,574,685	-
Non-Major Enterprise Funds	2,879,508	-
Internal Service Funds	240,294	-
Total Primary Government	$ 96,951,822	$ 96,951,822

Related party transactions between the Primary Government and component units are as follows:

	Payments From Primary Government	Payments To Component Unit	Payments From Component Unit	Payments To Primary Government
Primary Government - General Fund	$ -	$ 97,563,704	$ 2,882,000	$ -
Primary Government - Economic Development Fund	-	665,715	-	-
Primary Government - Capital Projects Fund	-	2,981,538	-	-
Component Unit - School Board	95,000,573	-	-	2,867,000
Component Unit - Economic Development Authority Fund	5,285,192	-	-	15,000
Component Unit - Coliseum BID	715,123	-	-	-
Component Unit - Downtown Hampton	210,069	-	-	-
Total	$ 101,210,957	$ 101,210,957	$ 2,882,000	$ 2,882,000

9. CAPITAL ASSETS:

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

	Beginning Balance	Additions	Reductions	Ending Balance
GOVERNMENTAL ACTIVITIES				
Capital assets not being depreciated:				
Land	$ 524,074,305	$ 5,898,479	$ -	$ 529,972,784
Easements	2,227,060	4,400	-	2,231,460
Construction in progress	39,358,121	20,480,521	(10,935,767)	48,902,875
Total capital assets not being depreciated	565,659,486	26,383,400	(10,935,767)	581,107,119
Capital assets being depreciated/amortized:				
Buildings	243,069,218	150,751	-	243,219,969
Right-to-Use - Buildings Leases	15,914,665	763,080	(429,778)	16,247,967
Improvements	81,824,923	30,844	-	81,855,767
Computer Software	2,245,098	-	(5,893)	2,239,205
Machinery & Equipment	110,510,692	10,417,641	(5,769,246)	115,159,087
Right-to-Use - Machinery & Equipment Leases	783,579	4,732,600	(212,210)	5,303,969
Infrastructure	255,225,092	1,620,571	-	256,845,663
Other Assets	4,446,039	-	-	4,446,039
Subscription-based Information Technology Arrangements	176,283	-	-	176,283
Total capital assets being depreciated/amortized, net	714,195,589	17,715,487	(6,417,127)	725,493,949
Less accumulated depreciation/amortization for:				
Buildings	(90,698,326)	(6,787,331)	-	(97,485,657)
Right-to-Use - Buildings Leases	(2,776,831)	(1,649,857)	429,778	(3,996,910)
Improvements	(54,310,637)	(3,711,674)	-	(58,022,311)
Computer Software	(2,213,786)	(31,314)	5,894	(2,239,206)
Machinery & Equipment	(78,243,728)	(8,117,065)	5,607,035	(80,753,758)
Right-to-Use - Machinery & Equipment Leases	(353,462)	(915,901)	212,210	(1,057,153)
Infrastructure	(144,144,586)	(9,393,983)	-	(153,538,569)
Other Assets	(3,254,053)	(228,562)	-	(3,482,615)
Subscription-based Information Technology Arrangements	(65,592)	(37,240)	-	(102,832)
Total accumulated depreciation/amortization	(376,061,001)	(30,872,927)	6,254,917	(400,679,011)
Total capital assets being depreciated/amortized, net	338,134,588	(13,157,440)	(162,210)	324,814,938
Governmental activities capital assets, net	$ 903,794,074	$ 13,225,960	$ (11,097,977)	$ 905,922,057

PRIMARY GOVERNMENT:

Net capital assets for Governmental Activities are comprised of the following:

General capital assets	$ 869,829,195
General right-to-use assets	16,483,804
Internal service funds' capital assets	19,521,538
Internal service funds right-to-use assets/SBITA	87,520
	$ 905,922,057

9. CAPITAL ASSETS, continued:

	Beginning Balance	Additions	Reductions	Ending Balance
BUSINESS-TYPE ACTIVITIES:				
Capital assets not being depreciated:				
Land	$ 11,066,341	$ -	$ -	$ 11,066,341
Easements	28,943	-	-	28,943
Construction in progress	394,529	2,623,648	(738,021)	2,280,156
Total capital assets not being depreciated	11,489,813	2,623,648	(738,021)	13,375,440
CAPITAL ASSETS BEING DEPRECIATED/AMORTIZED:				
Buildings	141,907,832	-	-	141,907,832
Improvements	35,585,457	652,576	(167,344)	36,070,689
Computer Software	389,228	-	-	389,228
Machinery & Equipment	42,864,493	4,634,608	(935,878)	46,563,223
Right-to-Use - Machinery & Equipment Leases	82,686	-	(34,074)	48,612
Exhibits	15,080,134	10,580	-	15,090,714
Landfill	3,865,986	-	-	3,865,986
Infrastructure	85,805,303	2,374,818	-	88,180,121
Right-to-use - Vehicles Leases	629,577	-	(2,647)	626,930
Total capital assets being depreciated/amortized	326,210,696	7,672,582	(1,139,943)	332,743,335
CAPITAL ASSETS BEING DEPRECIATED/AMORTIZED:				
Buildings	(90,044,923)	(2,398,112)	-	(92,443,035)
Improvements	(32,435,166)	(1,211,056)	167,344	(33,478,878)
Computer Software	(389,227)	-	-	(389,227)
Machinery & Equipment	(25,026,191)	(3,887,174)	920,488	(27,992,877)
Right-to-Use - Machinery & Equipment Leases	(41,927)	(20,683)	34,074	(28,536)
Exhibits	(14,935,650)	(61,945)	-	(14,997,595)
Landfill	(3,690,773)	-	-	(3,690,773)
Infrastructure	(38,557,014)	(1,294,188)	-	(39,851,202)
Right-to-use - Vehicles Leases	(275,584)	(166,524)	-	(439,461)
Total accumulated depreciation/amortization	(205,396,455)	(9,039,682)	1,124,553	(213,311,584)
Total capital assets being depreciated/amortized, net	120,814,241	(1,367,100)	(15,390)	119,431,751
BUSINESS-TYPE ACTIVITIES CAPITAL ASSETS, NET	$ 132,304,054	$ 1,256,548	$ (753,411)	$ 132,807,191

Depreciation and amortization expenses was charged to functions/programs of the Primary Government as follows:

	General Capital Assets	Internal Service Funds	Total
GOVERNMENTAL ACTIVITIES:			
General government	$ 5,290,905	$ 4,200,146	$ 9,491,051
Health	641,865	-	641,865
Public welfare	1,093,388	-	1,093,388
Public safety	2,498,728	-	2,498,728
Streets and highways	7,915,188	-	7,915,188
Culture and recreation	3,519,966	-	3,519,966
Education	5,712,741	-	5,712,741
Total depreciation / amortization expense - governmental activities	$ 26,672,781	$ 4,200,146	$ 30,872,927

9. CAPITAL ASSETS, continued:

BUSINESS-TYPE ACTIVITIES:	
Coliseum	$ 863,737
The Woodlands	73,066
The Hamptons	110,969
Solid Waste	2,039,757
Refuse-Steam Plant	672,660
Wastewater Management	2,000,109
Museum	553,410
Convention Center	2,725,974
Total depreciation / amortization expense - business-type activities	$9,039,682

Discretely Presented Component Units School Board:

	Beginning Balance	Additions	Reductions	Ending Balance
Capital assets not being depreciated:				
Land	$ 5,111,045	$ -	$ -	$ 5,111,045
Total capital assets not being depreciated:	5,111,045	-	-	5,111,045
Capital assets being depreciated/amortized:				
Buildings	48,962,686	-	-	48,962,686
Improvements	310,100	-	-	310,100
Computer Software	1,132,453	-	-	1,132,453
Machinery & Equipment	42,830,885	2,133,072	(1,353,833)	43,610,124
Lease - Machinery & Equipment	1,702,263	172,285	(937,491)	937,057
Subscription-based Information Technology Arrangements	271,629	2,056,097	(195,645)	2,132,081
Total capital assets being depreciated/amortized	95,210,016	4,361,454	(2,486,969)	97,084,501
Less accumulated depreciation/amortization for:				
Buildings	(48,962,686)	-	-	(48,962,686)
Improvements	(310,100)	-	-	(310,100)
Computer Software	(1,132,455)	-	-	(1,132,455)
Machinery & Equipment	(28,432,010)	(2,651,371)	1,325,165	(29,758,216)
Lease - Machinery & Equipment	(1,053,016)	(413,858)	937,491	(529,383)
Subscription-based Information Technology Arrangements	(209,017)	(495,874)	195,647	(509,244)
Total accumulated depreciation/amortization	(80,099,284)	(3,561,103)	2,458,303	(81,202,084)
Total capital assets being depreciated/amortized, net	15,110,732	800,351	(28,666)	15,882,417
School Board capital assets, net	$ 20,221,777	$ 800,351	$ (28,666)	$ 20,993,462

9. CAPITAL ASSETS, continued:

Economic Development Authority:

	Beginning Balance	Additions	Reductions	Ending Balance
Capital assets not being depreciated:				
Land	$ 20,126,702	$ -	$ -	$ 20,126,702
Total capital assets not being depreciated	20,126,702	-	-	20,126,702
Capital assets being depreciated:				
Building	8,652,839	-	(20,215)	8,632,624
Improvements	1,548,328	298,056	-	1,846,384
Infrastructure	2,286,613	13,465	-	2,300,078
Machinery & Equipment	622,849	-	-	622,849
Total capital assets being depreciated	13,110,629	311,521	(20,215)	13,401,935
Less accumulated depreciation for:				
Buildings	(1,828,870)	(288,419)	5,097	(2,112,192)
Improvements	(295,372)	(73,917)	-	(369,289)
Infrastructure	(2,040,902)	(8,448)	-	(2,049,350)
Machinery & Equipment	(622,849)	-	-	(622,849)
Total accumulated depreciation	(4,787,993)	(370,784)	5,097	(5,153,680)
Total capital assets being depreciated, net	8,322,636	(59,263)	(15,118)	8,248,255
Economic Development Authority capital assets, net	$ 28,449,338	$ (59,263)	$ (15,118)	$ 28,374,957

Downtown Hampton Development Partnership, Inc:

	Beginning Balance	Additions	Reductions	Ending Balance
Capital assets being depreciated:				
Improvements	$ 488,905	$ 14,256	$ -	$ 503,161
Computer Software	13,290	-	-	13,290
Machinery & Equipment	209,224	17,378	-	226,602
Right to use asset - building	29,441	56,606	(29,441)	56,606
Total capital assets being depreciated/amortized	740,860	88,240	(29,441)	799,659
Less accumulated depreciation/amortization	(532,164)	(45,370)	29,441	(548,093)
Total capital assets being depreciated/amortized, net	$ 208,696	$ 42,870	$ -	$ 251,566

Coliseum Central Business Improvement District, Inc:

	Beginning Balance	Additions	Reductions	Ending Balance
Capital assets being depreciated/amortized:				
Machinery & Equipment	$ 176,042	$ 11,725	$ -	$ 187,767
Right to use asset - building	454,238	-	-	454,238
Right to use asset -machine & equipment	-	53,476	-	53,476
Total capital assets being depreciated/amortized	630,280	65,201	-	695,481
Less accumulated depreciation/amortization	(391,378)	(118,340)	-	(509,718)
Total capital assets being depreciated/amortized, net	$ 238,902	$ (53,139)	$ -	$ 185,763

9. CAPITAL ASSETS, continued:

Construction in Progress

Several capital projects were in various stages of completion on June 30, 2025. In accordance with the City's accounting policies and practices, these projects will remain in construction in progress until completion, at which time they will be transferred into the various capital asset accounts in the government-wide statements, Enterprise Fund and Discretely Presented Component Units. At June 30, 2025, construction in progress by project was comprised as follows:

	Project Authorization	Expended to June 30, 2025
GOVERNMENTAL ACTIVITIES		
Infrastructure	$ 55,691,159	$ 24,725,759
Construction of various capital assets	33,575,248	24,177,116
	89,266,407	48,902,875
BUSINESS-TYPE ACTIVITIES		
Wastewater Management	3,293,078	2,054,563
Steam Plant	375,986	225,592
	$ 3,669,064	$ 2,280,155

10. GENERAL OBLIGATION AND OTHER LONG-TERM DEBT:

The following is a summary of the changes in general obligation debt and other indebtedness during the year ended June 30, 2025:

	Beginning Balance, as restated	Additions	Reductions	Ending Balance	Due Within One Year
GOVERNMENTAL ACTIVITIES					
Bonds payable:					
Serial bonds	$ 297,736,945	$ -	$ (22,054,453)	$ 275,682,492	$ 21,502,493
Unamortized premium and discount	24,713,272	-	(2,269,577)	22,443,695	2,214,871
Literary loans	-	375,616	-	375,616	-
Leases payable	13,206,698	5,488,582	(2,173,453)	16,521,827	2,275,814
Leases payable -Component Unit	523,175	-	(83,805)	439,370	85,158
Leases payable - Internal Service Funds	24,011	-	(9,593)	14,418	9,931
SBITA payable - Internal Service Funds	112,188	-	(34,942)	77,246	37,897
Notes Payable - Internal Service Funds	11,173,504	3,842,093	(1,209,818)	13,805,779	1,555,467
Compensated absences	18,407,078	8,553,901	(7,136,035)	19,824,944	7,136,035
Compensated absences - Internal Service Funds	224,888	129,714	(105,925)	248,677	105,925
Claims and judgements - Internal Service Funds	13,699,207	1,973,551	(2,210,819)	13,461,939	12,310,056
Net OPEB liability - Line of Duty Benefits	19,861,310	1,717,685	(1,221,583)	20,357,412	-
Net pension liability - Internal Service Funds	1,484,358	-	(790,364)	693,994	-
Net other postemployment benefits liability - Internal Service Funds	821,472	1,770	(70,704)	752,538	-
Net OPEB liability	74,938,868	1,557,202	(308,143)	76,187,927	-
Net pension liability	118,046,744	3,535,079	-	121,581,823	-
Governmental activities long-term liabilities, as restated	$ 594,973,718	$ 27,175,193	$ (39,679,214)	$ 582,469,697	$ 47,233,647

Long-term liabilities applicable to the City's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities in the governmental funds. Interest on long-term debt is not accrued in governmental funds, but is recognized as an expenditure when due.

BALANCES AT JUNE 30, 2025	
Long-term liabilities (detail above)	$ 582,469,697
Less debt - Internal Service Fund	(29,054,591)
Combined adjustment	$ 553,415,106

Section 148 of the Internal Revenue Code of 1986 requires public entities to refund interest earned in excess of interest paid over the first five years outstanding on tax exempt borrowings. The regulations are applicable to borrowings incurred subsequent to August 1986. The City has calculated the rebate due as of June 30, 2025 and reflected the liability, if any, in the governmental activities column of the Statement of Net Position.

The funds used to liquidate the net OPEB obligations and net pension liabilities include the General Fund, the Risk Management Fund, the Fleet Services Fund and the Information Technology Fund.

10. GENERAL OBLIGATION AND OTHER LONG-TERM DEBT, continued:

	Beginning Balance, as restated	Additions	Reductions	Ending Balance	Due Within One Year
BUSINESS-TYPE ACTIVITIES:					
Bonds payable:					
Direct placement revenue bonds	$ 55,925,000	$ -	$ (4,420,000)	$ 51,505,000	$ 4,530,000
Serial bonds	298,055	-	(145,547)	152,508	152,508
Total bonds payable	56,223,055	-	(4,565,547)	51,657,508	4,682,508
Leases payable	395,806	-	(176,666)	219,140	171,129
Net pension liability	7,939,963	813,913	(3,727,882)	5,025,994	-
Net other postemployment benefit liability	3,524,346	51,559	(114,055)	3,461,850	-
Compensated absences	1,254,742	973,447	(654,863)	1,573,326	684,475
Business-type activities long-term liabilities	$ 69,337,912	1,838,919	(9,239,013)	$ 61,937,818	5,538,112
COMPONENT UNIT:					
School Board:					
Compensated absences	$ 16,270,695	1,536,331	(2,311)	$ 17,804,715	3,841,672
Leases payable	681,567	187,184	(439,063)	429,688	194,181
SBITA payable	20,794	2,056,098	(1,919,560)	157,332	82,509
Net OPEB liability	28,259,086	-	(651,973)	27,607,113	-
Net pension liability	130,722,898	4,252,508	(6,654,050)	128,321,356	-
Total School Board	$ 175,955,040	8,032,121	(9,666,957)	$ 174,320,204	4,118,362
ECONOMIC DEVELOPMENT AUTHORITY:					
Notes payable	$ 515,119	-	(81,581)	$ 433,538	83,264
Total Economic Development Authority	$ 515,119	-	(81,581)	$ 433,538	83,264
COLISEUM CENTRAL BUSINESS IMPROVEMENT DISTRICT, INC.:					
Leases payable	$ 212,745	23,121	(80,869)	$ 154,997	81,310
Total Coliseum Central Business Imp. District, Inc.	$ 212,745	23,121	(80,869)	$ 154,997	81,310
DOWNTOWN HAMPTON DEVELOPMENT PARTNERSHIP, INC.:					
Leases payable	$ 5,269	56,606	(11,327)	$ 50,548	10,620
Total Downtown Hampton Development Partnership, Inc.	$ 5,269	$ 56,606	$ (11,327)	$ 50,548	$ 10,620

Enterprise Funds

On November 20, 2019, the City issued $66,150,000 in Convention Center Refunding Direct Placement Revenue Bonds, Series 2019C with interest ranging from 1.952% to 3.097%. The proceeds of the bonds were used to refund $33,750,000 of the City's Convention Center Direct Placement Revenues Bonds, Series 2012A and $28,065,000 of the City's Convention Center Revenue Bonds, Series 2011A.

On June 13, 2012, the City issued $33,750,000 in Convention Center Refunding Direct Placement Revenue Bonds, Series 2012A with interest ranging from 4.826% to 5.125%. The proceeds of the bonds were used to refund a portion of the City's Convention Center Direct Placement Revenue Bonds, Series 2002.

10. GENERAL OBLIGATION AND OTHER LONG-TERM DEBT, continued:

On June 2, 2011 the City issued $52,460,000 in Convention Center Refunding Direct Placement Revenue Bonds, Series 2011 with interest ranging from 2.922% to 5.125%. The proceeds of the bonds were used to refund a portion of the City's Convention Center Direct Placement Revenue Bonds, Series 2002.

Convention Center Direct Placement Revenue Bonds (Bonds) in the amount of $106,305,000 were issued November 1, 2002 with interest ranging from 3.50% to 5.25%. The proceeds of the Bonds were used to finance the cost of the construction of a convention center, to retire a $7,585,000 Revenue Bond Anticipation Note issued in connection with the project and to pay interest on the Series 2002 Bonds. The bonds are payable solely from and collateralized by, revenues derived by the City from ownership and operation of the project.

According to the indenture, if an event of default occurs and is continuing, the Trustee may, and if requested by the holders of 25% in aggregate principal amounts of direct placement revenue bonds then outstanding shall, by notice to the City, declare the entire unpaid principal and interest on the bonds due and payable.

In prior years, the City defeased certain revenue bonds by placing the proceeds of the new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and liabilities for the defeased bonds are not included in the City's financial statements. On June 30, 2025, $46,990,000 defeased bonds were outstanding.

Direct placement revenue bond debt service requirements to maturity are as follows:

Fiscal Year Ending June 30	Principal	Interest
2026	$ 4,530,000	$ 1,379,990
2027	4,640,000	1,268,862
2028	4,755,000	1,150,757
2029	4,880,000	1,024,608
2030	5,065,000	890,643
2031-2035	27,635,000	2,142,534
	$ 51,505,000	$ 7,857,394

In April 2005, the City issued $53,210,000 in General Obligation Public Improvement Bonds, Series 2005A with interest ranging from 3.00% to 5.00%. The Refuse-Steam Plant used $2,000,000 of the bond proceeds to finance the mandated replacement of the air pollution retrofit.

On April 1, 2002, the City issued $30,155,000 in General Obligation Public Improvement Bonds, Series 2002 with interest ranging from 4.25% to 5.00%. The Refuse-Steam Plant used $5,000,000 of the bond proceeds to finance an air pollution control system.

All of these general obligation bonds are expected to be repaid from the resources of the Refuse-Steam Plant Fund; therefore, the bonds are accounted for in this fund.

Debt service on the foregoing debt is payable during future fiscal years ending June 30 as follows:

	General Obligation Bonds	
Year	Principal	Interest
2026	$ 152,508	$ 7,053
	$ 152,508	$ 7,053

10. GENERAL OBLIGATION AND OTHER LONG-TERM DEBT, continued:

Discretely Presented Component Unit-EDA:

On May 29, 2020, the EDA entered into a note payable with Old Point National Bank to purchase the Phoebus Library building. The interest rate on the note is 2%. Under the terms of the agreement, the EDA will receive rent from the City to cover the debt service payments for the note.

Debt service on the foregoing debt during future years is as follows:

	Notes Payable	
Year	Principal	Interest
2026	$ 83,264	$ 8,791
2027	84,952	7,103
2028	86,675	5,380
2029	88,422	3,632
2030	90,225	1,830
	$ 433,538	$ 26,736

Internal Service Funds:

The City is self-insured for workmens' compensation benefits and general liability insurance claims. At June 30, 2025, the liability for existing claims amounted to $13,461,939. Workers' compensation benefit claims are payable weekly or monthly through 2035.

Equipment Replacement Fund

On August 30, 2019, the City entered into an equipment purchase agreement notes payable for $1,378,000 with Key Government Finance, Inc. to purchase two fire trucks. The notes payable is payable quarterly with an interest rate of 2.015% and matures October 15, 2026. As of June 30, 2025, the outstanding balance on the notes payable is $307,000.

On March 30, 2022, the City entered into an equipment purchase agreement notes payable for $2,858,000 with Banc of America Public Capital Corp. to purchase three new fire trucks. The notes payable is payable semi-annually on March 1 and September 1 with an interest rate of 1.9839% and matures March 1, 2032. At June 30, 2025, the outstanding balance on the notes payable is $2,056,000.

On March 30, 2023, the City entered into an equipment purchase agreement notes payable for $2,859,921 with Banc of America Public Capital Corp. to purchase two new fire trucks. The notes payable is payable semi-annually on March 1 and September 1 with an interest rate of 3.4927% and matures March 1, 2033. At June 30, 2025 the outstanding balance on the notes payable is $2,357,759.

On June 27, 2024, the City entered into an equipment lease purchase agreement for $5,731,340 with Banc of America Public Capital Corp. to purchase three new fire trucks. The lease is payable semi-annually on December 1 and June 1 with an interest rate of 4.1574% and matures June 1, 2034. At June 30, 2025 the outstanding balance on the lease is $5,242,927.

On January 30, 2025, the City entered into an equipment lease purchase agreement for $3,842,093 with Banc of America Public Capital Corp. to purchase three new fire trucks. The lease is payable semi-annually on January 15 and July 15 with an interest rate of 4.0976% and matures January 15, 2035. At June 30, 2025 the outstanding balance on the lease is $3,842,093.

10. GENERAL OBLIGATION AND OTHER LONG-TERM DEBT, continued:

Debt service on the foregoing debt payable during fiscal years ending June 30 is as follows:

Year	Risk Management Fund: Accrued Insurance Claims	Equipment Replacement Fund: Notes Payable Year	Principal	Interest
2026	$ 12,310,056	2026	$ 1,555,467	$ 484,615
2027	298,089	2027	1,497,988	438,704
2028	270,061	2028	1,444,672	387,611
2029	265,616	2029	1,497,160	335,380
2030	192,273	2030	1,550,525	281,152
2031-2035	125,844	2031-2035	6,259,967	566,394
	$ 13,461,939		$ 13,805,779	$ 2,493,856

General Long-Term Debt:

Details of general obligation bonds and loans reported in the government-wide statements at June 30, 2025 are as follows:

General Obligation Bonds Outstanding	$275,682,492
Coupon interest rate	2.0% to 5.63%
Years of maturity	2026-2043

Debt service on the foregoing debt payable during future fiscal years ending June 30 is as follows:

Year	General Obligation Bonds: Principal	Interest
2026	$ 21,502,492	$ 9,569,724
2027	21,115,000	8,533,962
2028	19,595,000	7,466,655
2029	16,410,000	6,695,095
2030	16,910,000	6,106,588
2031-2035	85,115,000	20,747,108
2036-2040	67,610,000	9,046,511
2041-2043	27,425,000	1,156,843
	$ 275,682,492	$ 69,322,486

On March 31, 2022, the City used $25,000,000 in cash on hand to defease portions of the outstanding General Obligation Public Improvement Bonds, Series 2015A and the General Obligation Public Improvement Refunding Bonds, Series 2015B. Obligations of the United States Government and cash in the amount of $24,922,271 (net of issuance costs of $77,729) were deposited with Regions Bank, Richmond, Virginia (Escrow Agent), under an escrow deposit agreement dated as of March 31, 2022. The government obligations will mature and bear interest at times and in amounts sufficient to pay debt service requirements on the defeased bonds until their redemption date.

On February 15, 2022, the City issued $115,615,000 General Obligation Public Improvement Bonds, Series 2022A with interest rates ranging from 2.0% to 5.0% and $25,875,000 General Obligation Public Improvement Refunding Bonds, Series 2022B (Taxable) with interest rates ranging from 1.2% to 2.4%. The proceeds of the Series 2022A Bonds are being used to fund various capital projects in the City and to pay costs of issuing the Series 2022A bonds. The proceeds of the Series 2022B Bonds are being used to advance refund portions of the City's Series 2015A General Obligation Public Improvement Bonds. Interest on the Bonds is due and payable semi-annually on each March 1 and September 1.

10. GENERAL OBLIGATION AND OTHER LONG-TERM DEBT, continued:

The net proceeds from the 2022B refunding bonds, and a $350,000 of City local funds, of $26,130,331 (net of underwriter's discount and issuance costs of $98,073) were deposited with Regions Bank, Richmond, Virginia (Trustee), under a refunding trust agreement dated as of February 15, 2022. The Trustee used such proceeds to purchase direct, non-callable obligations of U.S. Treasury including state and local government series (collectively, government obligations). The government obligations will mature and bear interest at times and in amounts sufficient to pay debt service requirements on the refunded bonds until their redemption date.

On December 2, 2020, the City issued $10,725,000 General Obligation Public Improvement Bonds, Series 2020A (Tax- Exempt Environmental Impact Bonds) with interest rates ranging from 0.200% to 2.160% and $16,895,000 General Obligation Public Improvement and Refunding Bonds, Series 2020B (Taxable) with interest rates ranging from 0.327% to 1.896%. The proceeds of the Series 2020A Bonds are being used to fund various stormwater management projects in the City and to pay costs of issuing the Series 2020A bonds. The proceeds of the Series 2020B Bonds are being used to advance refund portions of the City's Series 2013 General Obligation Public Improvement Bonds. Interest on the Bonds is due and payable semi-annually on each March 1 and September 1.

On October 8, 2019, the City issued $54,000,000 General Obligation Public Improvement Bonds, Series 2019A with interest rates ranging from 1.29% to 2.85% and $21,355,000 General Obligation Public Improvement and Refunding Bonds, Series 2019B (Taxable) with interest rates ranging from 1.95% to 2.95%. The proceeds of the Series 2019A Bonds are being used to fund various public improvement projects in the City and to pay costs of issuing the Series 2019A Bonds. The proceeds of the Series 2019B Bonds were used to advance refund portions of the City's Series 2012A General Obligation Public Improvement Refunding Bonds and the remaining balance will be used for a strategic land acquisition. Interest on the Bonds is due and payable semi-annually on each March 1 and September 1.

On April 29, 2019, the City issued $22,991,000 in General Obligation Public Improvement Refunding Bond, Series 2019 to Bank of America, N.A pursuant to a Bond Purchase and Loan Agreement to evidence a loan from the bank to the City. The bond matures on January 15, 2022, bears interest at the rate of 2.36%, payable semi-annually on January 15 and July 15. The interest rate is subject to adjustment upon the occurrence of an Event of Default and upon the occurrence of a Determination of Taxability on the terms set forth in the Bond and in the Agreement. Principal installments are payable on January 15, 2020, January 15, 2021 and at maturity on January 15, 2022. The bond is pre-payable at the election of the City at any time, subject to a make-whole pre-payment requirement. Payment of principal and interest on the bond is a general obligation of the City secured by its full faith and credit. The bond is issued to refund for debt service savings the outstanding principal amount, $22,625,000, of the City's General Obligation Public Improvement and Refunding Bonds, Series 2010A (Tax-exempt), maturing January 15, 2022. The Series 2010A (Tax-exempt) Bonds were redeemed on April 30, 2019.

On June 27, 2018, the City issued $46,070,000 in General Obligation Public Improvement Bonds, Series 2018A with interest rates ranging from 3.25% to 5.0% and $9,185,000 in General Obligation Public Improvement Refunding Bonds, Series 2018B (Taxable) with interest rates ranging from 3.45% to 4.0%. The Series 2018B Bonds were issued to redeem on their date of issuance the City's $9,250,000 General Obligation Bond Anticipation Note, Series 2017 issued on October 31, 2017. Interest on the Bonds is due and payable semi-annually each March 1 and September 1.

On October 31, 2017, the City issued its $9,250,000 General Obligation Bond Anticipation Note, Series 2017 (the "BAN") to Branch Banking and Trust Company to evidence a loan from the bank to the City. The BAN matured on October 1, 2018, bears interest at the rate of 2.07%, payable semi-annually on April 1 and October 1, and is subject to optional prepayment in whole at the election of the City at any time on and after January 1, 2018 in an amount equal to the principal amount thereof plus accrued and unpaid interest to the prepayment date. The BAN is issued in anticipation of the issuance of long-term bonds by the City, the proceeds of which will be used to refund and redeem the BAN and fund other public improvement projects. The BAN is a general obligation of the City secured by its full faith and credit and taxing power.

10. GENERAL OBLIGATION AND OTHER LONG-TERM DEBT, continued:

On April 23, 2015, the City issued $46,770,000 in General Obligation Public Improvement Bonds, Series 2015A with interest rates ranging from 3.5% to 5.0% and $56,250,000 in General Obligation Public Improvement Refunding Bonds, Series 2015B with an interest rate of 5.0%. The proceeds of the 2015B Bonds were used to refund portions of the City's Series 2007 General Obligation Bonds in the amount of $63,320,000 and the remaining balance will be used to finance the cost of general capital improvement projects of the City. Interest on the Bonds is due and payable semi-annually on each March 1 and September 1.

On April 24, 2013, the City issued $38,865,000 in General Obligation Public Improvement Bonds, Series 2013 with interest ranging from 2% to 5%. The proceeds of the bonds will be used to finance the cost of general capital improvements of the City, including construction of a new courthouse.

On June 20, 2012, the City issued $26,390,000 in General Obligation Public Improvement Refunding Bonds, Series 2012A (Tax- Exempt) and $18,380,000 General Obligation Public Improvement Refunding Bonds, Series 2012B (Taxable) with interest rates ranging from .51% to 5%. The proceeds of the bonds were used to refund portions of the City's Series 2002, 2002A, 2004 and 2005A General Obligation Bonds.

On July 8, 2010, the City issued $2,545,000 in General Obligation Virginia Public School Authority Qualified School Construction Bonds, Series 2010C with interest payable at the rate of 5.31% per annum. The proceeds of the bonds were used to pay for the cost of lighting upgrades in the City schools.

On March 3, 2010, the City issued $65,595,000 in General Obligation Public Improvement and Refunding Bonds, Series 2010A with interest ranging from 2% to 5% and $7,190,000 in General Obligation Public Improvement Direct Pay Build America and Recovery Zone Economic Development Bonds, Series 2010B with interest ranging from 4.34% to 5.63%. The proceeds of the bonds were used to refund portions of the City's Series 1998, 2002, 2002A, 2005A, and 2007 General Obligation Bonds and the remaining balance will be used to finance the cost of general capital improvement projects of the City.

On October 25, 2007, the City issued $145,815,000 in General Obligation Public Improvement and Refunding Bonds, Series 2008 with interest ranging from 4% to 5%. The proceeds of the bonds were used to refund bond anticipation notes issued by the City in April 2007 in the amount of $29,540,000 and the remaining balance will be used to finance the cost of general capital improvement projects of the City.

On April 6, 2005, the City issued $53,210,000 in General Obligation Public Improvement Bonds, Series 2005A with interest ranging from 3% to 5% and $10,000,000 in Taxable General Obligation Public Improvement Bonds, Series 2005B with an interest rate of 5.04%. The proceeds of the Bonds will be used to finance capital improvements in the City.

On August 20, 2004, the City issued $29,630,000 in General Obligation Public Improvement Refunding Bonds, Series 2004 with interest ranging from 2% to 5%.

The City's outstanding general obligation bonds and direct placement general obligation bonds contain a provision that in the event of default, amounts outstanding become immediately due if the City is unable to make payment.

In prior years, the City defeased certain general obligation bonds by placing the proceeds of the new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and liabilities for the defeased bonds are not included in the City's financial statements. On June 30, 2025, $37,955,0000 defeased bonds were outstanding.

On June 4, 2025, the City of Hampton, Virginia issued its General Obligation Literary Fund Temporary Note to evidence a loan from the Commonwealth of Virginia's Literary Fund in the maximum principal amount of $20,000,000 from the Commonwealth of Virginia Board of Education for the benefit of the City's School Board to construct a science wing addition for the School Board's Bethel High School. The Literary Fund Loan bears interest at the rate of 2% per annum. Interest only is payable over the construction draw-down period. After

the draw-down period, currently estimated through September 2026, the Note will be converted to a long-term bond payable in twenty (20) approximately equal annual installments of principal and interest. Assuming the entire $20,000,000 is drawn, the installment payments will be approximately $1,225,000 annually.

On June 30, 2025, the City's indebtedness includes $375,616 in loans from the Commonwealth of Virginia's Literary Loan Fund. The Literary Fund Loan is deemed general obligation debt of the City.

Debt Limit:

The Commonwealth of Virginia imposes a legal limit of 10% of assessed valuation on the amount of general obligation borrowings which may be issued by the City. As of June 30, 2025, the City's aggregate general obligation indebtedness was $276,210,616, which is $1,293,212,222 less than the State limit.

Overlapping Debt:

There are no overlapping or underlying tax jurisdictions.

11. DEFINED BENEFIT PENSION PLANS:

The City and Hampton School Board's nonprofessional employees contribute to two pension plans for all eligible full- time salaried employees, the Hampton Employees' Retirement System (HERS) and the Virginia Retirement System Plan (VRS).

The City and School Board's nonprofessional employees are covered by the multiple-employer, agent defined benefit plan under the VRS Political Subdivision Retirement Plan. All full-time, salaried permanent (professional) employees of the School Board are covered by the VRS Teacher Retirement Plan which is a cost-sharing, multiple-employer defined benefit plan upon employment.

The HERS plan covers all full-time salaried employees who were first hired prior to July 1, 1984.

The following is a summary of the total activity for the City and School Board defined pension plans during the year ended June 30, 2025:

	Net Pension Liability	Net Deferred Outflows	Net Deferred Inflows	Pension Expense
COMBINED ENTITY TOTAL:				
VRS	$ 126,666,708	$ 38,750,232	$ (17,397,332)	$ 17,756,887
HERS	805,292	-	(3,609,563)	4,983,642
Total	127,472,000	38,750,232	(21,006,895)	22,740,529
Less: Pension Trust Fund				
HERS	170,189	52,065	(23,375)	72,206
Total City:	$ 127,301,811	$ 38,698,167	$ (20,983,520)	$ 22,668,323

	Net Pension Liability	Net Deferred Outflows	Net Deferred Inflows	Pension Expense
SCHOOL BOARD:				
VRS - Nonprofessional employees	$ 1,097,395	$ 1,495,960	$ (855,484)	$ 766,167
VRS - Teachers	126,130,363	49,133,507	(20,474,943)	13,030,888
HERS - Teachers/Nonprofessional employees	1,093,598	-	(4,901,841)	6,767,859
Total	$ 128,321,356	$ 50,629,467	$ (26,232,268)	$ 20,564,914

Hampton Employees' Retirement System (HERS)

Plan Description - HERS:

HERS is a single employer public employee defined benefit pension plan established and administered by the City to augment the retirement benefits provided to full-time permanent City and School Board employees under VRS.

HERS was established as a separate trust fund in 1966 and became non-contributory on January 1, 1975. The authority to establish and amend benefit provisions of HERS is governed by statute as set out in Chapter 28 of the City Code. All full-time permanent employees of the City and School Board, who are members of VRS and have credit with HERS for service rendered prior to July 1, 1984, are members. HERS was closed to new entrants effective July 1, 1984.

HERS provides retirement benefits as well as death-in-service and disability benefits. All benefits vest after five years of credited service. Employees who retire on or after age 60 with five or more years of credited service or upon attaining age 55 with 25 or more years of credited service (age 50 for public safety officers) are entitled to an annual benefit, payable monthly for life, in an amount equal to 2% of their final average compensation for each of the first 20 years of credited service, plus 2-1/4% for each year of service thereafter,

11. DEFINED BENEFIT PENSION PLANS, continued:

offset by an assumed VRS benefit equal to 1-1/2% of their average final compensation for credited service with VRS resulting for City of Hampton service.

Final average compensation is the employee's average salary, excluding overtime, over the three highest consecutive years of credited service as a member. Employees with five years of credited service may retire on or after 55 (age 50 for public safety officers) and receive a reduced retirement benefit. Additionally, a plan amendment passed in 1999 allows for early retirement at age 50 for school and general members having at least 10 years of credited service.

Effective July 1, 2001, a plan amendment provided for a one-time cost of living adjustment of 3% to the gross monthly retirement benefits for retired members and beneficiaries who were receiving retirement benefits on that date and hired prior to July 1, 1999. COLAs are not automatic under the plan.

HERS is considered a part of the City's reporting entity and is included in the City's financial reports as a pension trust fund. HERS issues a publicly available financial report that includes financial statements and required supplementary information for HERS. The financial report may be obtained by writing to the City of Hampton, Finance Department, 22 Lincoln Street, Hampton, Virginia, 23669 or by calling (757) 727-6230.

Employees Covered by Benefit Terms - HERS Retirement Plan

As of June 30, 2024, the following employees were covered by the benefit terms of the pension plan :

	Number	
	City	School Board Nonprofessional Employees
Inactive members or their beneficiaries currently receiving benefits	855	1,234
Vested inactive members	61	104
Active members	10	1
Total	926	1,339

Contributions - HERS:

The contribution requirements of plan members, the City and School Board are established and may be amended by the City Council. Plan members do not contribute. The City and Component Unit – School Board are required to contribute an actuarially determined amount. Contributions from the City totaled $380,554 and the School Board totaled $516,798 for the year ending June 30, 2025.

Net Pension Liability - HERS:

The City's and School Board's net pension liability and the total pension liability used to calculate the net pension liability was measured as of June 30, 2025.

Actuarial Assumptions - HERS Retirement Plan

The total pension liability in the June 30, 2023 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50%
Salary increases	5.00% per annum for all members of the plan
Investment rate of return	5.05%, net of investment expenses, annually
Administrative Expenses	Assumed to be the same as for the prior plan year, increased by the inflation rate of 2.5%.

11. DEFINED BENEFIT PENSION PLANS, continued:

Mortality rates were based on the RP-2014 Annuitant and Non-Annuitant Mortality adjusted to 2006 using MP-2014, with generational projections using scale MP-2017. The actuarial assumptions used for the June 30, 2019 valuation were based on the results of an experience study for the period July 1, 2009 through June 30, 2017.

The long-term expected rate of return on pension plan investments using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation and adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Equity- Large Cap	44%	9.20%
Domestic Equity-Mid/Small Cap	9%	9.55%
International Equity	10%	8.30%
Fixed Income	37%	3.90%
Total	100%	

The discount rate used to measure the total pension liability was 5.05 percent. A formal cash flow projection was not performed: however, the assumption was made that the City and School Board will continue the historical and legally required practice of contributing to the plan based on an actuarially determined contribution, reflecting a payment equal to the normal cost plus a provision for administrative expenses, plus an amount necessary to amortize the June 30, 2013 unfunded actuarial liability as a level dollar amount over a closed 10 year period, plus layers of future actuarial gains and losses over separate fixed 10 year periods from each subsequent valuation date. Based on these assumptions, the pension plans' projected fiduciary net position will be greater than or equal to the benefit payments projected for each future period. Therefore, the long-term expected rate of return on pension plan investments (5.05%) was applied to all periods of projected benefit payments to determine the total pension liability.

11. DEFINED BENEFIT PENSION PLANS, continued:

HERS - Fiduciary Net Position:

	Fiduciary Net Position		
	City	Component Unit - School Board	Total
Balances at June 30, 2024	$ 58,637,112	$ 62,420,427	$ 121,057,539
Contribution - employer	380,554	516,798	897,352
Net investment income	7,007,460	7,346,868	14,354,328
Benefit payments	(6,005,761)	(8,245,201)	(14,250,962)
Administrative expense	(171,585)	(235,565)	(407,150)
Reallocation for funding	(2,708,002)	2,708,002	–
Net Changes	(1,497,334)	2,090,902	593,568
Balances at June 30, 2025	$ 57,139,778	$ 64,511,329	$ 121,651,107

Changes in the Net Pension Liability / (Asset) - HERS:

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability/(Asset) (a)-(b)
Balances at June 30, 2024	$ 115,723,796	$ 121,057,539	$ (5,333,743)
CHANGES FOR THE YEAR:			
Service cost	53,503	–	53,503
Interest	6,525,337	–	6,525,337
Differences between expected and actual experience	2,053,694	–	2,053,694
Changes of assumptions	13,444,629	–	13,444,629
Contributions-employer	–	897,352	(897,352)
Net investment income	–	14,354,328	(14,354,328)
Benefit payments, including refunds of employee contributions	(14,250,962)	(14,250,962)	–
Administrative expense	–	(407,150)	407,150
Net Changes	7,826,201	593,568	7,232,633
Balances at June 30, 2025	$ 123,549,997	$ 121,651,107	$ 1,898,890

At June 30, 2025, the City and School Board reported a net pension liability of $805,292 and $1,093,598, respectively.

Sensitivity of the Net Pension Asset to Changes in the Discount Rate - HERS

The following presents the net pension asset of the City and School Board, calculated using the discount rate of 5.05%, as well as what the net pension asset would be if it were calculated using a discount rate that is 1-percentage- point lower (4.05 percent) or 1-percentage higher (6.05 percent) than the current rate:

	1% Decrease (4.05%)	Current Discount Rate (5.05%)	1% Increase (6.05%)
Net pension (asset) liability-City	$ 4,454,812	$ 805,292	$ (2,421,979)
Net pension (asset) liability-School Board	$ 6,049,700	$ 1,093,598	$ (3,289,084)

11. DEFINED BENEFIT PENSION PLANS, continued:

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

For the year ended June 30, 2025, the City and School Board recognized pension expense of $4,983,642 and $6,767,859, respectively. At June 30, 2025, the City and Component Unit - School Board reported deferred inflows of resources related to pensions from the following sources:

	City	School Board
	Deferred Inflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on pension plan investments	$ (3,609,563)	$ (4,901,841)
Total	$ (3,609,563)	$ (4,901,841)

Amounts reported as deferred inflows of resources related to pensions will be recognized as follows:

Year ended June 30:	City	School Board
2026	$ 388,450	$ 527,522
2027	(1,932,646)	(2,624,563)
2028	(1,429,435)	(1,941,195)
2029	(635,932)	(863,605)
	$ (3,609,563)	$ (4,901,841)

Pension Plan Fiduciary Net Position - HERS

Detailed information about the pension plan's fiduciary net position is available in the separately issued HERS financial report.

Virginia Retirement System (VRS)

Plan Description - VRS:

The City and School Board contribute to the VRS, an agent and cost-sharing multiple-employer defined benefit pension plan administered by the VRS.

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

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

11. DEFINED BENEFIT PENSION PLANS, continued:

PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
About Plan 1	**About Plan 2**	**About the Hybrid Retirement Plan**
Plan 1 is a defined benefit plan. The retirement benefit is based on a member's age, service credit and average final compensation at retirement using a formula.	Same as Plan 1.	The Hybrid Retirement Plan combines the features of a defined benefit plan and a defined contribution. • The defined benefit is based on a member's age, service credit and average final compensation at retirement using a formula.
	Teachers: Plan 2 is a defined benefit plan. The retirement benefit is based on a member's age, service credit and average final compensation at retirement using a formula.	• The benefit from the defined contribution component of the plan depends on the member and employer contributions made to the plan and the investment performance of those contributions. • In addition to the monthly benefit payment payable from the defined benefit plan at retirement, member may start receiving distributions from the balance in the defined contribution account, reflecting the contributions, investment gains or losses, and any required fees.
Eligible Members	**Eligible Members**	**Eligible Members**
Employees are in Plan 1 if their membership date is before July 1, 2010, and they were vested as of January 1, 2013, and they have not taken a refund.	Employees are in Plan 2 if their membership date is on or after July 1, 2010, or their membership date is before July 1, 2010, and they were not vested as of January 1, 2013.	Employees are in the Hybrid Retirement Plan if their membership date is on or after January 1, 2014. This includes: • School division non-professional employees • Political subdivision employees*
	Teachers: Members are in Plan 2 if their membership date is from July 1, 2010 to December 31, 2013, and they have not taken a refund. Members are covered under Plan 2 if they have a membership date prior to July 1, 2010, and they were not vested before January 1, 2013	• Members in Plan 1 or Plan 2 who elect to opt into the plan during the election window held January 1- April 30, 2014; the plan's effective date for opt-in members was July 1, 2014.
Hybrid Opt-In Election	**Hybrid Opt-In Election Eligible**	**Non-Eligible Members**
VRS non-hazardous duty covered Plan 1 members were allowed to make an irrevocable decision to opt into the Hybrid Retirement Plan during a special election window held January 1 through April 30, 2014.	Eligible Plan 2 members were allowed to make an irrevocable decision to opt into the Hybrid Retirement Plan during a special election window held January 1 through April 30, 2014.	Some employees are not eligible to participate in the Hybrid Retirement Plan. They include: • Political subdivision employees who are covered by enhanced benefits for hazardous duty employees.
The Hybrid Retirement Plan effective date for eligible Plan 1 members who opted in was July 1, 2014.	The Hybrid Retirement Plan's effective date for eligible Plan 2 members who opted in was July 1, 2014.	Those employees eligible for an optional retirement plan (ORP) must elect the ORP plan or the Hybrid Retirement Plan. If these members have prior service under Plan 1 or Plan 2, they are not eligible to elect the Hybrid Retirement Plan and must select Plan 1 or Plan 2 (as applicable) or ORP.

11. DEFINED BENEFIT PENSION PLANS, continued:

PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
If eligible deferred members returned to work during the election window, they were also eligible to opt into the Hybrid Retirement Plan	If eligible deferred members returned to work during the election window, they were also eligible to opt into the Hybrid Retirement Plan.	
Members who were eligible for an optional retirement plan (ORP) and had prior service under Plan 1 were not eligible to elect the Hybrid Retirement Plan and remain as Plan 1 or ORP.	Members who were eligible for an optional retirement plan (ORP) and have prior service under Plan 2 were not eligible to elect the Hybrid Retirement Plan and remain as Plan 2 or ORP.	
Retirement Contributions	**Retirement Contributions**	**Retirement Contributions**
Employees contribute 5% of their compensation each month to their member contribution account through a pre-tax salary reduction. Member contributions are tax-deferred until they are withdrawn as part of a retirement benefit or as a refund. The employer makes a separate actuarially determined contribution to VRS for all covered employees. VRS invests both member and employer contributions to provide funding for the future benefit payment.	Same as Plan 1	A member's retirement benefit is funded through mandatory and voluntary contributions made by the member and the employer to both the defined benefit and the defined contribution components of the plan. Mandatory contributions are based on a percentage of the employee's creditable compensation and are required from both the member and the employer. Additionally, members may choose to make voluntary contributions to the defined contribution component of the plan, and the employer is required to match those voluntary contributions according to specified percentages.
Service Credit	**Service Credit**	**Service Credit**
Service credit includes active service. Members earn service credit for each month they are employed in a covered position. It also may include credit for prior service the member has purchased or additional service credit the member was granted. A member's total service credit is one of the factors used to determine their eligibility for retirement and to calculate their retirement benefit. It also may count toward eligibility for the health insurance credit in retirement, if the employer offers the health insurance credit.	Same as Plan 1	Defined Benefit Component: Under the defined benefit component of the plan, service credit includes active service. Members earn service credit for each month they are employed in a covered position. It also may include credit for prior service the member has purchased or additional service credit the member was granted. A member's total service credit is one of the factors used to determine their eligibility for retirement and to calculate their retirement benefit. It also may count toward eligibility for the health insurance credit in retirement, if the employer offers the health insurance credit. **Defined Contributions Component:** Under the defined contribution component, service credit is used to determine vesting for the employer contribution portion of the plan.

11. DEFINED BENEFIT PENSION PLANS, continued:

PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
Vesting	**Vesting**	**Vesting**
Vesting is the minimum length of service a member needs to qualify for a future retirement benefit. Members become vested when they have at least five years (60 months) of service credit. Vesting means members are eligible to qualify for retirement if they meet the age and service requirements for their plan. Members also must be vested to receive a full refund of their member contribution account balance if they leave employment and request a refund. Members are always 100% vested in the contributions that they make.	Same as Plan 1.	**Defined Benefit Component:** Defined benefit vesting is the minimum length of service a member needs to qualify for a future retirement benefit. Members are vested under the defined benefit component of the Hybrid Retirement Plan when they reach five years (60 months) of service credit. Plan 1 or Plan 2 members with at least five years (60 months) of service credit who opted into the Hybrid Retirement Plan remain vested in the defined benefit component. **Defined Contributions Component:** Defined contribution vesting refers to the minimum length of service a member needs to be eligible to withdraw the employer contributions from the defined contribution component of the plan. Members are always 100% vested in the contributions that they make. Upon retirement or leaving covered employment, a member is eligible to withdraw a percentage of employer contributions to the defined contribution component of the plan, based on service. • After two years, a member is 50% vested and may withdraw 50% of employer contributions. • After three years, a member is 75% vested and may withdraw 75% of employer contributions. • After four or more years, a member is 100% vested and may withdraw 100% of employer contributions. Distribution is not required, except as governed by law until age 73 for political subdivisions.
Calculating the Benefit	**Calculating the Benefit**	**Calculating the Benefit**
The Basic Benefit is determined using the average final compensation, service credit and plan multiplier. An early retirement reduction factor is applied to the amount if the member is retiring with a reduced benefit. In cases where the member has elected an optional form of retirement payment, an option factor specific to the option chosen is then applied	See definition under Plan 1.	**Defined Benefit Component** See definition under Plan 1 **Defined Contribution Component:** The benefit is based on contributions made by the member and any matching contributions made by the employer, plus net investment earnings on those contributions.

11. DEFINED BENEFIT PENSION PLANS, continued:

PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
Average Final Compensation	**Average Final Compensation**	**Average Final Compensation**
A member's average final compensation is the average of the 36 consecutive months of highest compensation as a covered employee.	A member's average final compensation is the average of their 60 consecutive months of highest compensation as a covered employee.	Same as Plan 2. It is used in the retirement formula for the defined benefit component of the plan.
Service Retirement Multiplier	**Service Retirement Multiplier**	**Service Retirement Multiplier**
VRS: The retirement multiplier is a factor used in the formula to determine a final retirement benefit. The retirement multiplier for nonhazardous duty members is 1.70%.	VRS: Same as Plan 1 for service earned, purchased or granted prior to January 1, 2013. For non-hazardous duty members the retirement multiplier is 1.65% for service credit earned, purchased or granted on or after January 1, 2013	**Defined Benefit Component** VRS: The retirement multiplier for the defined benefit component is 1.00%. For members that opted into the Hybrid Retirement Plan from Plan 1 or Plan 2, the applicable multipliers for those plans will be used to calculate the retirement benefit for service credited in those plans.
Sheriffs and regional jail superintendents: The retirement multiplier for sheriffs and regional jail superintendents is 1.85%.	Sheriffs and regional jail superintendents: Same as Plan 1.	Sheriffs and regional jail superintendents: Not applicable.
Political subdivision hazardous duty employees: The retirement multiplier of eligible political subdivision hazardous duty employees other than sheriffs and regional jail superintendents is 1.70% or 1.85% as elected by the employer.	Political subdivision hazardous duty employees: Same as Plan 1.	Political subdivision hazardous duty employees: Not applicable. **Defined Contribution Component:** Not applicable.
Normal Retirement Age:	**Normal Retirement Age:**	**Normal Retirement Age:**
		Defined Benefit Component:
VRS: Age 65.	VRS: Normal Social Security retirement age.	VRS: Same as Plan 2.
Political subdivisions hazardous duty employees: Age 60.	Political subdivisions hazardous duty employees: Same as Plan 1.	Political subdivisions hazardous duty employees: Not applicable. **Defined Contribution Component:** Members are eligible to receive distributions upon leaving employment, subject to restrictions.
Earliest Unreduced Retirement Eligibility	**Earliest Unreduced Retirement Eligibility**	**Earliest Unreduced Retirement Eligibility**
		Defined Benefit Component:
VRS: Age 65 with at least five years (60 months) of service credit or at age 50 with at least 30 years of service credit.	VRS: Normal Social Security retirement age with at least five years (60 months) of service credit or when their age plus service equals 90.	VRS: Normal Social Security retirement age and have at least five years (60 months) of service credit or when their age plus service credit equals 90.
Political subdivisions hazardous duty employees: Age 60 with at least five years of service credit or age 50 with at least 25 years of service credit.	Political subdivisions hazardous duty employees: Same as Plan 1.	Political subdivisions hazardous duty employees: Not applicable **Defined Contribution Component:** Members are eligible to receive distributions upon leaving employment, subject to restrictions.

11. DEFINED BENEFIT PENSION PLANS, continued:

PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
Earliest Reduced Retirement Eligibility	**Earliest Reduced Retirement Eligibility**	**Earliest Reduced Retirement Eligibility**
VRS: Age 55 with at least five years (60 months) of service credit or age 50 with at least 10 years of service credit. Political subdivisions hazardous duty employees: age 50 with at least five years of service credit.	VRS: Age 60 with at least five years (60 months) of service credit. Political subdivisions hazardous duty employees: Same as Plan 1.	**Defined Benefit Component:** VRS: Age 60 with at least five years (60 months) of service credit. Political subdivisions hazardous duty employees: Not applicable. **Defined Contribution Component:** Members are eligible to receive distributions upon leaving employment, subject to restrictions.
Cost-of-Living Adjustment (COLA) in Retirement	**COLA in Retirement**	**COLA in Retirement**
The Cost-of-Living Adjustment (COLA) matches the first 3% increase in the Consumer Price Index for all Urban Consumers (CPI-U) and half of any additional increase (up to 4%) up to a maximum COLA of 5%.	The Cost-of-Living Adjustment (COLA) matches the first 2% increase in the CPI-U and half of any additional increase (up to 2%), for a maximum COLA of 3%.	**Defined Benefit Component:** Same as Plan 2. **Defined Contribution Component:** Not applicable.
Eligibility:	**Eligibility:**	**Eligibility:**
For members who retire with an unreduced benefit or with a reduced benefit with at least 20 years of service credit, the COLA will go into effect on July 1 after one full calendar year from the retirement date. For members who retire with a reduced benefit and who have less than 20 years of service credit, the COLA will go into effect on July 1 after one calendar year following the unreduced retirement eligibility date.	Same as Plan 1.	Same as Plan 1 and Plan 2.
Exceptions to COLA Effective Dates:	**Exceptions to COLA Effective Dates:**	**Exceptions to COLA Effective Dates:**
The COLA is effective July 1 following one full calendar year (January 1 to December 31) under any of the following circumstances: • The member is within five years of qualifying for an unreduced retirement benefit as of January 1, 2013. • The member retires on disability. • The member retires directly from short-term or long-term disability. • The member is involuntarily separated from employment for causes other than job performance or misconduct and is eligible to retire under the Workforce Transition Act or the Transitional Benefits Program.	Same as Plan 1.	Same as Plan 1 and Plan 2.

11. DEFINED BENEFIT PENSION PLANS, continued:

PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
Exceptions to COLA Effective Dates: • The member dies in service and the member's survivor or beneficiary is eligible for a monthly death-in service benefit. • The COLA will go into effect on July 1 following one full calendar year (January 1 to December 31) from the date the monthly benefit begins.	**Exceptions to COLA Effective Dates:**	**Exceptions to COLA Effective Dates:**
Disability Coverage Members who are eligible to be considered for disability retirement and retire on disability, the retirement multiplier is 1.70% on all service, regardless of when it was earned, purchased or granted.	**Disability Coverage** Members who are eligible to be considered for disability retirement and retire on disability, the retirement multiplier is 1.65% on all service, regardless of when it was earned, purchased or granted.	**Disability Coverage** Employees of political subdivisions and school divisions (including Plan 1 and Plan 2 opt-ins) participate in the Virginia Local Disability Program (VLDP) unless their local governing body provides an employer-paid comparable program for its members. Hybrid members (including Plan 1 and Plan 2 opt-ins) covered under VLDP are subject to a one-year waiting period before becoming eligible for non-work related disability benefits.
Purchase of Prior Service Members may be eligible to purchase service from previous public employment, active duty military service, an eligible period of leave or VRS refunded service as service credit in their plan. Prior service credit counts toward vesting, eligibility for retirement and the health insurance credit. Only active members are eligible to purchase prior service. Members also may be eligible to purchase periods of leave without pay.	**Purchase of Prior Service** Same as Plan 1.	**Purchase of Prior Service** **Defined Benefit Component:** Same as Plan 1, with the following exception: • Hybrid Retirement Plan members are ineligible for ported service. **Defined Contribution Component:** Not applicable

Employees Covered by Benefit Terms - VRS Retirement Plan

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

	Number	
	City	School Board Nonprofessional Employees
Inactive members or their beneficiaries currently receiving benefits	1,966	276
INACTIVE MEMBERS:		
Vested inactive members	440	52
Non-vested inactive members	977	121
Active elsewhere in VRS	772	65
Total inactive members	2,189	238
Active Members	1,762	166
Total covered employees	5,917	680

11. DEFINED BENEFIT PENSION PLANS, continued:

Contributions - VRS:

The contribution requirement for active employees is governed by Title 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% of their compensation toward their retirement.

For the Teacher Retirement Plan, 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. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the Teacher Retirement Plan from the School Board were $21,615,591 and $23,784,540 for the years ended June 30, 2025 and June 30, 2024, respectively.

For the VRS Retirement Plan, the City's and School Board's nonprofessional employees contractually required contribution rates for the year ended June 30, 2025 were 20.8% and 8.46% of covered employee compensation, respectively. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2023. This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the City were $24,357,790 and $21,716,455 for the years ended June 30, 2025 and June 30, 2024, respectively. Contributions to the pension plan from the School Board were $1,060,091 and $348,718 for the years ended June 30, 2025 and June 30, 2024, respectively.

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 $391,795 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 $979,488 for the year ended June 30, 2025. The total Hybrid plan participant covered payroll totaled $39,179,533 for the year ended June 30, 2025.

Net Pension Liability - VRS Retirement Plan

The net pension liability (NPL) 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 the City and School Board's nonprofessional employees, the net pension liability was measured as of June 30, 2024. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation performed as of June 30, 2023, rolled forward to the measurement date of June 30, 2024.

Pension Liabilities, Pension Expense, and Deferred Outflows (Inflows) Related to Pensions - VRS Retirement Plan

School Board - Teachers

At June 30, 2025, the School Board - Teachers reported a liability of $126,130,363 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 Board's proportion of the Net Pension Liability was based on the School Board's actuarially determined employer contributions to the pension plan for the year ended June 30, 2024, relative to the total of the actuarially determined employer

contributions for all participating employers. At June 30, 2024, the School Board's proportion was 1.34% as compared to 1.31% at June 30, 2023.

For the year ended June 30, 2025, the School Board - Teachers recognized a pension expense of $13,030,888. Since there was a change in proportionate share between measurement dates, a portion of the pension expense was related to deferred amounts from changes in proportion and from differences between employer contributions and the proportionate share of employer contributions. Beginning with the June 30, 2022 measurement date, the difference between expected and actual contributions is included with the pension expense calculation.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 21,881,840	$ (2,597,112)
Change in assumptions	2,289,435	-
Net difference between projected and actual earnings on pension plan investments	-	(17,361,921)
Changes in proportionate share	3,346,641	(515,910)
Employer contributions subsequent to the measurement date	21,615,591	-
	$ 49,133,507	$ (20,474,943)

$21,615,591 reported as deferred outflows of resources related to pensions resulting from the School Board - Teacher's contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the fiscal year ended June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30	
2026	$ (6,595,936)
2027	11,739,747
2028	3,065,445
2029	(1,166,283)
	$ 7,042,973

City

For the year ended June 30, 2025, the City recognized pension expense of $17,756,887. At June 30, 2025, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 14,392,442	$ (593,754)
Net difference between projected and actual earnings on pension plan investments	-	(16,803,578)
Employer contributions subsequent to the measurement date	24,357,790	-
Total	$ 38,750,232	$ (17,397,332)

11. DEFINED BENEFIT PENSION PLANS, continued:

$24,357,790 reported as deferred outflows of resources related to pensions resulting from the City's contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the year ended June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Fiscal Year Ending June 30	
2026	$ (6,374,693)
2027	10,135,203
2028	(3,221,720)
2029	(3,543,680)
	$ (3,004,890)

School Board Nonprofessional Employees

For the year ended June 30, 2025, the School Board recognized pension expense of $766,167. At June 30, 2025, the School Board reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 435,869	$ -
Net difference between projected and actual earnings on pension plan investments	-	(855,484)
Employer contributions subsequent to the measurement date	1,060,091	-
Total	$ 1,495,960	$ (855,484)

$1,060,091 reported as deferred outflows of resources related to pensions resulting from the School Board's contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the year ended June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Fiscal Year Ending June 30	
2026	$ (346,844)
2027	256,815
2028	(155,538)
2029	(174,048)
	$ (419,615)

Actuarial Assumptions - VRS Teacher Retirement Plan

The total pension liability for 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	2.5 percent
Salary increases, including inflation	3.5 percent - 5.95 percent
Investment rate of return	6.75 percent, net pension plan investment expenses, including inflation

11. DEFINED BENEFIT PENSION PLANS, continued:

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.

Beneficiaries and Survivors:

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

Mortality Improvement:

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

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

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

Actuarial Assumptions - VRS Retirement Plan General Employees

The total pension liability for General Employees in the Political Subdivision's 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	2.5 percent
Salary increases, including inflation	3.5 percent - 5.35 percent
Investment rate of return	6.75 percent, net pension plan investment expenses, including inflation

11. DEFINED BENEFIT PENSION PLANS, continued:

Mortality rates:

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

Beneficiaries and Survivors:

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

Mortality Improvement:

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

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

Largest 10 – Non-Hazardous Duty:

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

Actuarial Assumptions - VRS Retirement Plan Public Safety Employees with Hazardous Duty Benefits

The total pension liability for Public Safety employees with Hazardous Duty Benefits in the Political Subdivision 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:

11. DEFINED BENEFIT PENSION PLANS, continued:

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

Mortality rates:

Largest 10 - Hazardous Duty: 70% of deaths are assumed to be service related

Pre-Retirement:

Pub-2010 Amount Weighted Safety Employee Rates projected generationally with a Modified MP-2020 Improvement Scale; 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 with a Modified MP-2020 Improvement Scale; 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 with a Modified MP-2020 Improvement Scale; 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 with a Modified MP-2020 Improvement Scale; 110% of rates for males and females set forward 2 years.

Mortality Improvement:

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

The actuarial assumptions used in the June 30, 2023 valuation were based upon a four-year Experience review for the period ending 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:

Largest 10 - Hazardous Duty:

Mortality Rates (Pre-retirement, post- retirement healthy, disabled	Update to PUB2010 public sector mortality tables. Increased disability life expectancy. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020.
Retirement Rates	Adjusted rates to better fit experience and changed final retirement age for 65 to 70.
Withdrawal Rates	Decrease rates
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

11. DEFINED BENEFIT PENSION PLANS, continued:

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)
Total	100.00 %		7.07
	Inflation		
Expected arithmetic nominal return*			7.07 %

*The above allocation provides a one-year expected return of 7.07% (includes 2.5% inflation assumption). However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the System, stochastic projections are employed to model future returns under various economic conditions. These results provide a range of returns over various time periods that ultimately provide a median return of 7.10%, including expected inflation of 2.50%. On June 15, 2023, the VRS Board elected a long-term rate of 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%.

Discount Rate

The discount rate used to measure the total pension liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that System member contributions will be made per the VRS Statutes and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. For the year ended June 30, 2024, the employer contribution rate is 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 plans' fiduciary net pension 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.

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, school divisions are assumed to continue to contribute 100% of the actuarially determined contribution rate.

Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term

expected rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in Net Pension Liability - VRS Retirement Plan City

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a)-(b)
Balances at June 30, 2023	$ 730,971,450	$ 600,818,404	$ 130,153,046
CHANGES FOR THE YEAR:			
Service cost	14,838,241	–	14,838,241
Interest	48,915,549	–	48,915,549
Changes of assumptions	–	–	–
Differences between expected and actual experience	16,917,208	–	16,917,208
Contributions-employer	–	21,716,454	(21,716,454)
Contributions-employee	–	5,079,912	(5,079,912)
Net investment income	–	57,738,667	(57,738,667)
Benefit payments, including refunds of employee contributions	(42,269,794)	(42,269,794)	–
Administrative expense	–	(389,047)	389,047
Other changes	–	11,350	(11,350)
Net changes	38,401,204	41,887,542	(3,486,338)
Balances at June 30, 2024	$ 769,372,654	$ 642,705,946	$ 126,666,708

Changes in Net Pension Liability(asset) - VRS Retirement Plan Component Unit - School Board Nonprofessional Employees

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (asset) (a)-(b)
Balances at June 30, 2023	$ 30,598,773	$ 29,889,879	$ 708,894
CHANGES FOR THE YEAR:			
Service cost	503,069	–	503,069
Interest	2,027,258	–	2,027,258
Differences between expected and actual experience	1,258,264	–	1,258,264
Contributions-employer	–	294,604	(294,604)
Contributions-employee	–	290,068	(290,068)
Net investment income	–	2,834,770	(2,834,770)
Benefit payments, including refunds of employee contributions	(2,136,795)	(2,136,795)	–
Administrative expenses	–	(19,887)	19,887
Other changes	–	535	(535)
Net changes	1,651,796	1,263,295	388,501
Balances at June 30, 2024	$ 32,250,569	$ 31,153,174	$ 1,097,395

Sensitivity of the School Board's Proportionate Share of the Teachers Net Pension Liability to Changes in the Discount Rate

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

11. DEFINED BENEFIT PENSION PLANS, continued:

	1.00% Decrease (5.75%)	Current Discount Rate (6.75%)	1.00% Increase (7.75%)
School Division's proportionate share of the VRS Teacher Employee Retirement Plan Net Pension Liability	$ 234,325,492	$ 126,130,363	$ 37,521,995

Sensitivity of the Net Pension Liability(asset) to Changes in the Discount Rate - VRS Retirement Plan

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

	1.00% Decrease (5.75%)	Current Discount Rate (6.75%)	1.00% Increase (7.75%)
City's Plan Net Pension Liability	$ 217,615,288	$ 126,666,708	$ 51,258,233
School Board Nonprofessional Employees' Plan's Net Pension Liability(asset)	$ 4,508,620	$ 1,097,395	$ (1,756,731)

Pension Plan Fiduciary Net Position

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

Payables to the Pension Plan

On June 30, 2025, the City and School Board reported a payable of $2,626,271 and $2,874,874 respectively, for the outstanding amount of contributions to the pension plan required for the year ended June 30, 2025.

12. DEFERRED COMPENSATION PLAN:

The City provides an approved deferred compensation plan, under Section 457 of the Internal Revenue Code, which is administered by the Mission Square Retirement Corporation. All City employees are eligible to participate. The Internal Revenue Code requires that the plan assets and income attributed to those assets be held in trust for the exclusive benefit of the participants and/or beneficiaries. All amounts of employees' compensation deferred under the plan are deposited with the plan trustee, Mission Square Retirement Corporation, for management and investment. The plan trustee holds all assets of the plan, maintains accounting of each plan participant's accumulated assets and makes distribution to participants in accordance with the plan document.

The deferred compensation amount is not available for withdrawal by employees until termination, retirement, death or unforeseeable emergency. However, eligible active plan participants may borrow funds from their plan account balance. The City provides an approved governmental profit-sharing plan & trust, under Section 401(a) of the Internal Revenue Code, which is administered by the Mission Square Retirement Corporation. The City Manager and/or Interim City Manager are eligible to participate. The Internal Revenue Code requires that the plan assets and income attributed to those assets be held in a trust for the exclusive benefit of the participants and/or beneficiaries. All amounts of employees' compensation deferred under the plan are deposited with the plan trustee, Mission Square Retirement Corporation, for management and investment. The plan trustee holds all assets of the plan, maintains accounting of each plan participant's accumulated assets and makes distribution to participants in accordance with the plan document.

13. OTHER POSTEMPLOYMENT HEALTH CARE BENEFIT PLANS:

The City and School Board sponsors a single-employer, self-insured defined benefit health care benefit (HCB) plan that provides medical benefits to eligible retirees and their dependents. In addition, the Virginia Retirement System (VRS) provides other postemployment benefits (OPEB) plans for the City, School Board and Teachers. These defined benefit plans are multiple-employer, cost-sharing plans that provide coverage to state employees, teachers and employees of participating political subdivisions for public employer groups in the Commonwealth of Virginia. The VRS OPEB plans include Health Insurance Credit Program (HIC), Line of Duty Act Program (LODA) and Group Life Insurance Program (GLI).

The following is a summary of the total activity for the City and School Board Group OPEB plans during the year ended June 30, 2025:

	Net OPEB Liability	Net Deferred Outflows	Net Deferred Inflows	OPEB Expense/ (Reduction)
ENTITY TOTAL:				
HCB - (Note 13)	$ 75,717,366	$ 21,809,895	$ (14,741,557)	$ 64,264
GLI - (Note 15)	4,684,976	1,292,604	(984,426)	(37,306)
LODA - (Note 14)	20,357,414	6,955,550	(5,948,243)	1,794,078
Total	100,759,756	30,058,049	(21,674,226)	1,821,036
LESS: PENSION TRUST FUND				
HERS - HCB	28	3,202	(12,287)	4,898
Total City:	$ 100,759,728	$ 30,054,847	$ (21,661,939)	$ 1,816,138

	Net OPEB Liability	Net Deferred Outflows	Net Deferred Inflows	OPEB Expense/ (Reduction)
SCHOOL BOARD:				
Professional employees				
HIC - (Note 13)	$ 15,436,337	$ 2,595,875	$ (1,084,318)	$ 1,081,329
GLI - (Note 15)	6,255,413	1,864,078	(1,107,384)	90,557
Nonprofessional employees				
HCB - (Note 13)	5,514,923	1,963,166	(1,277,496)	631,796
HIC - (Note 13)	118,446	155,986	(153,230)	(80,722)
GLI - (Note 15)	281,994	160,539	(52,725)	13,291
Total	$ 27,607,113	$ 6,739,644	$ (3,675,153)	$ 1,736,251

Other Postemployment Benefits - Health Care Benefits (HCB)

Plan Description

City

The City sponsors a single-employer, self-insured defined benefit health care plan that provides medical benefits to retirees and their dependents to age 65. At age 65, retirees can participate in the City's fully-insured supplemental medical plan where the City's plan is secondary to Medicare. Retiree health coverage is provided under the City's Personnel and Policy Procedures to all full-time, salaried permanent employees and public safety officers who retire with the required years of service with the City and continuous years of coverage under the plan. No assets are accumulated in a trust that meets GAAP's criteria. There is no standalone financial report for the plan.

School

The School Board sponsors a single-employer, defined benefit healthcare plan that provides medical and dental benefits to retirees and their dependents. Once retirees become eligible for Medicare at age 65, the retiree

13. OTHER POSTEMPLOYMENT HEALTH CARE BENEFIT PLANS, continued:

and their dependents are terminated from the plan. No assets are accumulated in a trust that meet GAAP's criteria. There is no standalone financial report for the plan.

Benefits Provided:

City

The City requires retirees to pay the premiums charged to active employees plus a surcharge based on the retiree claims experience. Since retirees premiums are not based on a separate actuarially rated plan, there's an implicit rate subsidy, which is considered other postemployment benefits (OPEB). Retirees and spouses under the City's self-insured plan have the same benefits as active employees. Coverage terminates in the pre-65 plan when the retiree or spouse becomes 65.

School

The School Board allows employees, who have been enrolled in the School Board health and/or dental insurance plan for a minimum of five consecutive years prior to retirement, to use their accrued sick leave towards a health or dental subsidy as follows:

- 100 days = $100 per month up to a total maximum subsidy of $5,000
- 150 days = $150 per month up to a total maximum subsidy of $7,500
- 200 days = $200 per month up to a total maximum subsidy of $10,000
- 250 days = $250 per month up to a total maximum subsidy of $12,500
- 300 days = $300 per month up to a total maximum subsidy of $15,000

Since retiree premiums are not based on a separate actuarially rated plan, there's an implicit rate subsidy, which is also considered other postemployment benefits (OPEB). Retirees and their dependents under the School Board's plan have the same benefits as active employees.

Contributions

City

The City's contribution ranges from 0% to 100% of the premium based on the retiree's years of continuous health coverage and the healthcare care option selected by the retirees. The employer contributions are financed on a pay-as-you-go basis. Contributions from the City were $3,574,533 and $2,297,249 for the years ended June 30, 2025 and June 30, 2024, respectively.

School

The School Board contributions are financed on a pay-as-you-go basis. Contributions from the School Board were $120,234 and $96,130 for the years ended June 30, 2025 and June 30, 2024, respectively.

The following summaries the memberships of the Plan as of June 30, 2024, the valuation date:

	Number	
	City	School Board Nonprofessional Employees
Inactive members or their beneficiaries currently receiving benefit payments	778	24
Active members	1,764	2,305
Total memberships	2,542	2,329

13. OTHER POSTEMPLOYMENT HEALTH CARE BENEFIT PLANS, continued:

Funding Policy

The City Council and Hampton School Board 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 health care coverage and the health care option selected by the retirees. The employer contributions are financed on a pay-as-you-go basis. During fiscal year 2025, the City contributed $3,574,533. The School Board contributed $120,234.

Total Health Care OPEB Liability

The City and Hampton Employees Retirement System's total retiree health care OPEB liability of $75,717,366. The School Board's total retiree health care OPEB liability was $5,514,923. Both were measured as of June 30, 2023 and rolled forward to June 30, 2024.

Actuarial Assumptions:

The total OPEB liability in the June 30, 2023 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.50%
Real wage growth	1.00%
Wage Inflation	3.50%
Salary increases, including wage inflation	
Regular (General) Employees	3.50% - 5.35%
LEO	3.50% - 4.75%
Municipal Bond Index (Discount Rate)	
Prior Measurement Date	3.65%
Current Measurement Date	3.93%
Health Care Cost Trends	
Pre-Medicare	5.99% for 2025 increasing to an ultimate rate of 3.53% by 2045
Medicare	10.46% for 2025 increasing to an ultimate rate of 3.53% by 2045

Mortality rates were based on the PUB 2010 public sector mortality tables.

The demographic actuarial assumptions for mortality, retirement, disability incidence, and withdrawal used in the June 30, 2023 valuation were based on the results of an actuarial experience study for the period July 1, 2016 through June 30, 2020, adopted by the Virginia Retirement System.

The remaining actuarial assumptions (e.g. health care cost trends, rate of plan participation, rates of plan election, inflation, etc.) used in the June 30, 2023 valuation were based on the most recent VRS study.

Discount Rate

There was a change in the total OPEB liability arising from the change in the discount rate from 3.65% on the prior measurement date to 3.93% on the measurement date of June 30, 2024. The discount rate used was based on the Bond Buyer General Obligation 20-year Municipal Bond Index at June 27, 2024.

13. OTHER POSTEMPLOYMENT HEALTH CARE BENEFIT PLANS, continued:

Changes in the Total Retiree Medical OPEB Liability - City & School Board - Teachers/Nonprofessional

	City	School Board
	Increase/(Decrease)	
	Total OPEB Liability	
Balances at June 30, 2023	$ 74,165,850	$ 5,301,776
CHANGES FOR THE YEAR:		
Service cost	1,655,935	360,384
Interest	2,726,676	205,596
Differences between expected and actual experience	(727,838)	(196,157)
Changes in assumptions	153,630	(97,369)
Benefit payments	(2,256,887)	(59,307)
Net changes	1,551,516	213,147
Balances at June 30, 2024	$ 75,717,366	$ 5,514,923

Sensitivity of the Total Retiree Medical OPEB liability to Changes in the Health Care Cost Trend Rate

The following presents the total OPEB liability of the City and School Board, calculated using the baseline healthcare cost tend rates, healthcare cost trend rates that are one percentage point lower, and healthcare cost trend rates that are one percentage point higher:

	Trend Minus 1%	Baseline Trends	Trend Plus 1%
Total OPEB Liability - City	$ 66,454,741	$ 75,717,366	$ 86,925,312
Total OPEB Liability - School Board	$ 4,996,432	$ 5,514,923	$ 6,112,430

Sensitivity of the Total Retiree Medical OPEB liability to Changes in the Discount Rates

The following presents the total OPEB liability of the City and School Board, calculated using the discount rate of 3.93%, as well as what the City's and the School Board's total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (2.93%) or one percentage higher (4.93%) than the current discount rate:

	1% Decrease	Current Discount Rate	1% Increase
Total OPEB Liability - City	$ 84,938,397	$ 75,717,366	$ 67,943,375
Total OPEB Liability - School Board	$ 5,868,146	$ 5,514,923	$ 5,178,056

OPEB Expense and Deferred Outflows (Inflows) of Resources Related to Retiree Medical OPEB

For the year ended June 30, 2025, the City recognized OPEB expense in the amount of $64,264. At June 30, 2025, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

CITY	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 13,216,335	$ (2,517,308)
Changes in assumptions or other inputs	5,019,027	(12,224,249)
Employer contributions subsequent to the measurement date	3,574,533	-
Total	$ 21,809,895	$ (14,741,557)

13. OTHER POSTEMPLOYMENT HEALTH CARE BENEFIT PLANS, continued:

$3,574,533 reported as deferred outflows of resources related to the retiree medical resulting from the City's contributions subsequent to the measurement date will be recognized as a reduction of the net retiree medical OPEB liability in the fiscal year ending June 30, 2026.

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

Year ended:	
2026	$ (4,000,330)
2027	2,936,065
2028	1,760,097
2029	648,754
2030	2,231,250
Thereafter	(82,028)
	$ 3,493,808

For the year ended June 30, 2025, the School Board recognized OPEB expense in the amount of $631,796. At June 30, 2025, the School Board reported deferred outflows of resources and deferred inflows of resources related to health care from the following sources:

School Board- Teachers & Nonprofessional	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 1,695,674	$ (416,745)
Changes in assumptions or other inputs	147,258	(860,751)
Employer contributions subsequent to the measurement date	120,234	-
Total	$ 1,963,166	$ (1,277,496)

$120,234 reported as deferred outflows related to the retiree medical resulting from the School Board's contributions subsequent to the measurement date will be recognized as a reduction of the net retiree medical OPEB liability in the fiscal year ending June 30, 2026. Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Measurement year ended June 30:	
2026	$ 115,920
2027	83,291
2028	70,623
2029	344,523
2030	(48,921)
	$ 565,436

Other Postemployment Benefits-Health Insurance Credits

Health Insurance Credits

The Virginia Retirement System (VRS) Teacher Employee Health Insurance Credit (HIC) Program is a multiple-employer, cost-sharing plan. The Political Subdivision Health Insurance Credit (HIC) Program is a multiple-employer, agent-defined benefit plan. Both Health Insurance Credit Programs were established pursuant to § 51.1-1400 et seq. of the Code of Virginia, as amended, and which provides the authority under which benefit terms are established or may be amended. The plans provide a credit towards the cost of health insurance coverage for retired political subdivision employees of participating employers and retired teachers.

13. OTHER POSTEMPLOYMENT HEALTH CARE BENEFIT PLANS, continued:

For purposes of measuring the net School Board's professional and nonprofessional Health Insurance Credit Program OPEB liability, deferred outflows of resources and deferred inflows of resources related to the Employee Health Insurance Credit Program OPEB, and the Employee Health Insurance Credit Program OPEB expense, information about the fiduciary net position of the Virginia Retirement System (VRS) Employee Health Insurance Credit Program; and the additions to/deductions from the VRS Employee Health Insurance Credit Program's net fiduciary position have been determined on the same basis as they were reported by VRS. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Plan Description - HIC

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

The specific information about the Teacher and Political Subdivision Health Insurance Credit Program OPEB, including eligibility, coverage and benefits is set out in the table below:

Health Insurance Credit Program (HIC) Plan Provisions

Eligible Employees

The Teacher Employee Retiree HIC Program was established July 1, 1993, for retired Teachers employees covered under VRS who retire with at least 15 years of service credit.

The Political Subdivision Retiree HIC Program was established July 1, 1993, for retired political subdivision employees of employers who elect the benefit and who retire with at least 15 years of service credit.

Eligible employees are enrolled automatically upon employment. They include:

- Full-time permanent (professional) salaried employees of public school divisions covered under VRS.
- Full-time permanent salaried employees of the participating political subdivision who are covered under the VRS pension plan.

Benefit Amounts

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

- At Retirement: For Teacher and other professional school employees who retire, the monthly benefit is $4.00 per year of service per month with no cap on the benefit amount.
- Disability Retirement: For Teacher and other professional school employees who retire on disability or go on long-term disability under the Virginia Local Disability Program (VLDP), the monthly benefit is either:

13. OTHER POSTEMPLOYMENT HEALTH CARE BENEFIT PLANS, continued:

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

The political subdivision's Retiree Health Insurance Credit Program provides the following benefits for eligible employees:

- At Retirement: For employees who retire, the monthly benefit is $1.50 per year of service per month with a maximum benefit of $45.00 per month.
- Disability Retirement: For employees who retire on disability or go on long-term disability under the Virginia Local Disability Program (VLDP), the monthly benefit is $45.00 per month.

Health Insurance Credit Program Notes:

The monthly Health Insurance Credit benefit cannot exceed the individual premium amount.

Employees who retire after being on long-term disability under VLDP must have at least 15 years of service credit to qualify for the HIC as a retiree.

For political subdivision retirees no HIC for premiums paid and qualified under LODA; however, the employee may receive the credit for premiums paid for other qualified health plans.

Contributions

The contribution requirement for active employees is governed by §51.1-1401(E) of the Code of Virginia, as amended, but may be impacted as a result of funding options provided to school divisions by the Virginia General Assembly. Each school division's contractually required employer contribution rate for the year ended June 30, 2025 was 1.21% of covered employee compensation for employees in the VRS Teacher Employee HIC Program. This rate was the final approved General Assembly rate which was based on an actuarially determined rate from an actuarial valuation as of June 30, 2023. For the School Board-Nonprofessional contractually required employer contribution rate was 1.22% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2023. The actuarially determined rate was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions from the School Board to the VRS Teachers HIC Program were $1,840,596 and $1,731,606 for the years ended June 30, 2025 and June 30, 2024, respectively. Contributions from the School Board to the Political Subdivision HIC Program were $152,874 and $78,494 for the years ended June 30, 2025 and June 30, 2024, respectively.

In June 2023, the Commonwealth made a special contribution of approximately $4 million to the VRS Teacher Health Insurance Credit Program. This special payment was authorized by Chapter 2 of the Acts of Assembly of 2022, Special Session I, as amended by Chapter 769, 2023 Acts of Assembly Reconvened Session, and is classified as a non-employer contribution. The School Board's proportionate share is reflected in net OPEB liability.

HIC Program OPEB Liabilities, HIC Program OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Health Insurance Credit Program

At June 30, 2025, the School Board reported a liability of $15,436,337 for its proportionate share of the VRS Teacher and $118,446 its Nonprofessional Employee net HIC Program OPEB liability, respectively. The Net HIC Program OPEB liability was measured as of June 30, 2024. The HIC OPEB liability was determined by an

actuarial valuation performed as of June 30, 2023, using actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2024. Both Teachers and nonprofessional HIC OPEB liabilities were determined by an actuarial valuation performed as of June 30, 2023, using updated actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2024. The School Board's proportion of the net VRS Teacher Employee HIC Program OPEB Liability was based on the School Board's actuarially determined employer contributions to the VRS Teacher HIC Program OPEB plan for the year ended June 30, 2024, relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2024, the School Board's proportion of the VRS Teacher was 1.33573% as compared to 1.30610% at June 30, 2023.

Membership:

As of the June 30, 2024, actuarial valuation, the following School Board Nonprofessional employees were covered by the benefit terms of the HIC OPEB plan:

	Number
Active employees	221
Inactive employees	47
Total	268

For the year ended June 30, 2025, the School Board recognized Teacher's HIC OPEB expense of $1,081,329. Since there was a change in proportionate share between measurement dates, a portion of the VRS Teacher Employee Health Insurance Credit Program Net OPEB expense was related to deferred amounts from changes in proportionate share and differences between actual and expected contributions.

At June 30, 2025, the School Board-Teachers and Nonprofessional employees reported deferred outflows of resources and deferred inflows of resources related to the HIC Program OPEB from the following sources:

Teachers	Deferred Outflows of Resources	Deferred Inflow of Resources
Differences between expected and actual experience	$ -	$ (731,337)
Net difference between projected and actual earnings on Teacher HIC OPEB program investments	-	(54,908)
Changes of assumptions	265,924	-
Changes in proportionate share	489,355	(298,073)
Employer contribution subsequent to the measurement date	1,840,596	-
Total	$ 2,595,875	$ (1,084,318)

For the year ended June 30, 2025, the School Board-Nonprofessional employees recognized a reduction expense HIC OPEB of ($80,722).

Nonprofessional Employees	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ (151,065)
Net difference between projected and actual earnings on Political Subdivisions HIC OPEB program investments	-	(2,165)
Changes of assumptions	3,112	-
Changes in proportionate share	-	-
Employer contribution subsequent to the measurement date	152,874	-
Total	$ 155,986	$ (153,230)

$1,840,596 and $152,874 reported as deferred outflows of resources related to the Teacher and Nonprofessional Employee HIC OPEB, respectively, resulting from the School Board's contributions subsequent to the

13. OTHER POSTEMPLOYMENT HEALTH CARE BENEFIT PLANS, continued:

measurement date will be recognized as a reduction of the Net Employee HIC OPEB liability in the fiscal year ending June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the HIC OPEB will be recognized in the HIC OPEB expense in future reporting periods as follows:

Fiscal Year Ending June 30	Teachers	Nonprofessional Employees
2026	$ (185,076)	$ (101,356)
2027	(52,602)	(44,156)
2028	(42,508)	(3,770)
2029	(52,253)	(836)
2030	(14,540)	—
Thereafter	17,940	—
	$ (329,039)	$ (150,118)

Actuarial Assumptions

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

Inflation	2.50 percent
Salary increases, including inflation - Teacher employees	3.50 percent - 5.95 percent
Locality - General employees	3.50 percent - 5.35 percent
Locality - Hazardous duty employees	3.50 percent - 4.75 percent
Investment rate of return	6.75 percent, net of plan investment expenses, including inflation

Rate of Mortality for Teachers (HIC):

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

Beneficiaries and Survivors:

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

Mortality Improvement Scale

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

13. OTHER POSTEMPLOYMENT HEALTH CARE BENEFIT PLANS, continued:

Rate of Mortality for Largest 10 Locality Employers for HIC:

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

Beneficiaries and Survivors:

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

Mortality Improvement Scale

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

The actuarial assumptions used in the June 30, 2023 valuation were based on the results of an actuarial experience study for the four year period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2021. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Mortality Rates (Pre-retirement, post- retirement healthy, and disabled	Update to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020.
Retirement Rates - Teachers & Largest 10 Locality Employers	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid changed final retirement age from 75 to 80 for all.
Withdrawal Rates service - Teachers & Largest 10 Locality Employers	Adjusted rates to better fit experience at each year age and service decrement through 9 years of service
Retirement Rates - Teachers & Largest 10 Locality Employers	No change
Salary Scale - Teachers & Largest 10 Locality Employers	No change
Discount Rate - Teachers & Largest 10 Locality Employers	No change

Long-Term Expected Rate of Return

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

13. OTHER POSTEMPLOYMENT HEALTH CARE BENEFIT PLANS, continued:

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)
Total	100.00 %		7.07
	Inflation		
	*Expected arithmetic nominal return		7.07 %

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

Discount Rate

The discount rate used to measure the total HIC OPEB was 6.75% for both Teacher Employees and School Board-Nonprofessional members. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made in accordance with the VRS funding policy and at rates equal to the actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Through the fiscal year ending June 30, 2024, the rate contributed by each school division for the HIC Program will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly, which was 100% of the actuarially determined contribution rate. From July 1, 2023 on, all agencies and employers are assumed to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the HIC OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active, inactive and eligible employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total HIC OPEB liability.

13. OTHER POSTEMPLOYMENT HEALTH CARE BENEFIT PLANS, continued:

Changes in Net HIC OPEB Liability - School Board Nonprofessional

	Increase/ (Decrease)		
	Total HIC OPEB Liability	Plan Fiduciary Net Pension	Net HIC OPEB Liability
Total OPEB Liability as of June 30, 2023	$ 322,207	$ 121,890	$ 200,317
CHANGES FOR THE YEAR:			
Service Cost	4,538	–	4,538
Interest	21,550	–	21,550
Difference between expected and actual experiences	(15,137)	–	(15,137)
Contributions-employer	–	78,521	(78,521)
Net investment income	–	14,537	(14,537)
Benefit payments	(14,962)	(14,962)	–
Administrative expenses	–	(236)	236
Other changes	–	–	–
Net changes	(4,011)	77,860	(81,871)
Total OPEB Liability as of June 30, 2024	$ 318,196	$ 199,750	$ 118,446

Changes in Net HIC OPEB Liability - Teachers

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

	Teacher HIC OPEB Plan
Total Teacher Employee HIC OPEB Liability	$ 1,478
Plan Fiduciary Net Position	322
Teacher Employee Net HIC OPEB Liability	$ 1,156
Plan Fiduciary Net Position as a Percentage of the Total Teacher Employee HIC OPEB Liability	21.82 %

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

Sensitivity of the School Board's Proportionate Share of the Teacher Employee and Nonprofessional HIC Net OPEB Liability to Changes in the Discount Rate

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

	1% Decrease (5.75%)	Current Discount Rate (6.75%)	1% Increase (7.75%)
School Board's proportionate share of the VRS Teacher Employee HIC OPEB Plan net HIC OPEB liability	$ 17,554,966	$ 15,436,337	$ 13,640,605
School Board's proportionate share of the VRS Nonprofessional HIC OPEB Plan net HIC OPEB liability	$ 151,331	$ 118,446	$ 90,398

13. OTHER POSTEMPLOYMENT HEALTH CARE BENEFIT PLANS, continued:

Payable to Employee Health Insurance Credit Program OPEB Plan

The HIC OPEB Plan for School Board - Teachers and Nonprofessional plans had a payable of $176,292 and $13,526, respectively as of June 30, 2025.

Health Insurance Credit Program Plan Data

Detailed information about the VRS Teacher Employee and VRS Political Subdivision HIC Program's fiduciary net position is available in the separately issued VRS 2024 Annual Comprehensive Financial Report. A copy of the 2024 VRS Annual Comprehensive Financial Report may be downloaded from the VRS website at www.varetire.org/pdf/puhttps://employers.varetire.org/media/shared/pdf/publications/2024-annual-report.pdfblications/2023-annual-report.pdf, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA 23218-2500.

14. OTHER POSTEMPLOYMENT LINE OF DUTY BENEFITS:

Line of Duty (LODA)

Plan Description - LODA

The City administers a single-employer defined benefit Line of Duty Act plan. The Commonwealth of Virginia's Line of Duty Act (LODA) requires state and local governments to provide death benefits and continued health, dental and vision insurance coverage to eligible hazardous duty employees and volunteers (law enforcement and firefighters) and their dependents if they die or become disabled as a result of the performance of their duties as a public safety officer. The insurance coverages continue until death, recovery, or return to full active duty for hazardous duty employees. For spouses or other dependents, the insurance coverages continue until death, marriage or coverage by an alternative insurance. All LODA eligibility determinations are conducted and investigated by the State Comptroller in accordance with the Code of Virginia. Separate, stand-alone statements are not issued for this plan.

Benefits

Death

The Line of Duty Act Plan provides for a one-time payment made to the beneficiaries of a covered individual. Amounts vary as follows:

- $100,000 when a death occurs as the direct or proximate result of performing duty as of January 1, 2006, or after.
- $25,000 when the cause of death is attributed to one of the applicable presumptions and occurred earlier than five years after the retirement date.
- An additional $20,000 benefit is payable when certain members of the National Guard and U.S. military reserves are killed in action in any armed conflict on or after October 7, 2001.

Health Insurance

The Line of Duty Act program provides health insurance benefits.

- Prior to July 1, 2017, these benefits were managed through the various employer plans and maintained the benefits that existed prior to the employee's death or disability. These premiums were reimbursed to the employer by the LODA program.
- Beginning July 1, 2017, the health insurance benefits are managed through the Virginia Department of Human Resource Management (DHRM). The health benefits are modeled after the State Employee Health Benefits Program plans and provide consistent, premium-free continued health plan coverage for LODA-eligible disabled individuals, survivors and family members.

14. OTHER POSTEMPLOYMENT LINE OF DUTY BENEFITS, continued:

Contributions

The Line of Duty Act requires the City to fund all costs of the program. Contributions to the Line of Duty Act Program were $710,316 and $733,749 for the years ended June 30, 2025 and June 30, 2024, respectively.

Membership:

The following table summarizes the members of the Plan as of June 30, 2024, the Valuation Date:

	Number
Retirees	32
Active employees	718
Total	750

Line of Duty Act Program (LODA) OPEB Liabilities, LODA OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the LODA

On June 30, 2025, the City reported a liability of $20,357,414 for its Net LODA OPEB Liability. The Net LODA OPEB Liability was measured as of June 30, 2024. The total LODA OPEB liability was determined by an actuarial valuation as of June 30, 2023 and rolled forward to the measurement date of June 30, 2024.

For the year ended June 30, 2025, the City recognized LODA OPEB expense of $1,794,078.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 1,942,901	$ (1,022,645)
Changes in assumptions	4,302,333	(4,925,598)
Employers contributions subsequent to the measurement date	710,316	-
Total	$ 6,955,550	$ (5,948,243)

$710,316 reported as deferred outflows of resources related to LODA OPEB resulting from the City's contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2026. Amounts reported as deferred outflows of resources and deferred inflows of resources related to the LODA OPEB will be recognized in LODA OPEB expense in future reporting periods as follows:

Fiscal Year Ending June 30	
2026	$ 72,641
2027	72,641
2028	72,641
2029	104,948
2030	267,626
Thereafter	(293,506)
	$ 296,991

Actuarial Assumptions

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

14. OTHER POSTEMPLOYMENT LINE OF DUTY BENEFITS, continued:

Inflation	2.50 %
Real wage growth	1.00 %
Wage inflation	3.50 %
Salary increases, including wage inflation	
Regular employees	3.50% - 4.75%
LEO	3.50% - 4.75%
Health care cost trend rates assumption -	
Under age 65	7.00% - 3.50%
Ages 65 and older	15.90% - 3.50%
Municipal bond index rate	
Prior measurement date	3.65 %
Measurement date	3.93 %

Rate of Mortality for Law Enforcement Officers (LEO):

Non-retired Members:

Pub-2010 Amount Weighted Safety Employee Rates projected generationally; 95% of rates for males; 105% of rates for females set forward 2 years. Of the service-related deaths, 50% are assumed to be paid as a direct or proximate result of the performance of duty, with the remainder paid under the presumptive clause.

Retired Members:

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

Disabled Mortality:

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 Survivor Mortality:

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

Mortality Improvement:

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

Discount Rate

The discount rate used to measure the total LODA OPEB liability was 3.93%. This rate was based on the Bond Buyer General Obligation 20-year Municipal Bond Index at June 27, 2024.

14. OTHER POSTEMPLOYMENT LINE OF DUTY BENEFITS, continued:

Change in Net LODA OPEB Liability

	Increase (Decrease) Total OPEB Liability
Balances at June 30, 2023	$ 19,861,310
CHANGES FOR THE YEAR:	
Service Cost at the end of the year	948,150
Interest	746,342
Changes of benefits	23,195
Difference between expected and actual experience	(50,965)
Changes of assumptions	(440,619)
Benefit payments	(729,999)
Net changes	496,104
Balances at June 30, 2024	$ 20,357,414

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

The following presents the covered employer's proportionate share of the net LODA OPEB liability using the discount rate of 3.93%, as well as what the covered employer's proportionate share of the net LODA OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (2.93%) or one percentage point higher (4.93%) than the current rate:

	1% Decrease (2.93%)	Discount Rate (3.93%)	1% Increase (4.93%)
Net OPEB liability	$ 23,012,569	$ 20,357,414	$ 18,171,106

Sensitivity of the Net LODA OPEB Liability to Changes in the Health Care Trend Rate

Because the Line of Duty Act Program contains provisions for the payment of health insurance premiums, the liabilities are also impacted by the health care trend rates. Lower healthcare trends produce lower liabilities and, higher healthcare trends produce higher liabilities. The table below shows the sensitivity of the liabilities by presenting the net LODA OPEB liability if it were calculated using a health care trend rate that is one percentage point lower or one percentage point higher than the current rate:

	1% Decrease	Current Trend Rate	1% Increase
Net OPEB liability	$ 17,521,328	$ 20,357,414	$ 23,864,321

15. VIRGINIA RETIREMENT SYSTEM-GROUP LIFE INSURANCE - OPEB:

Group Life Insurance

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

Plan Description: - GLI

All full-time, salaried permanent employees of the City, School Board and Teachers are automatically covered by the VRS Group Life Insurance (GLI) Program upon employment. The plan is administered by Virginia Retirement System (the System), along with pensions and other OPEB plans, for public employer groups in the Commonwealth of Virginia.

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

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

GROUP LIFE INSURANCE PROGRAM PLAN PROVISIONS

Eligible Employees

The Group Life Insurance Program was established July 1, 1960, for state employees, teachers and employees of political subdivisions that elect the program. Basic group life insurance coverage is automatic upon employment. Coverage ends for employees who leave their position before retirement eligibility or who take a refund of their member contributions and accrued interest.

Benefit Amounts

The benefits payable under the Group Life Insurance Program have several components.

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

15. VIRGINIA RETIREMENT SYSTEM-GROUP LIFE INSURANCE - OPEB, continued:

- Accidental dismemberment benefit
- Safety belt benefit
- Repatriation benefit
- Felonious assault benefit
- Accelerated death benefit option

Reduction in Benefit Amounts

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

Minimum Benefit Amount and Cost-of-Living Adjustment (COLA)

For covered members with at least 30 years of creditable service, there is a minimum benefit payable under the Group Life Insurance Program. The minimum benefit was set at $8,000 by statute in 2015. This will be increased annually based on the VRS Plan 2 cost-of-living adjustment calculation. The minimum benefit adjusted for COLA was $9,532 as of June 30, 2025.

Contributions

The contribution requirements for the Group Life Insurance Program are governed by §51.1-506 and §51.1-508 of the Code of Virginia, as amended, but may be impacted as a result of funding provided to state agencies and school divisions by the Virginia General Assembly. The total rate for the Group Life Insurance Program was 1.34% of covered employee compensation. This was allocated into an employee and an employer component using a 60/40 split. The employee component was 0.80% (1.34% X 60%) and the employer component was 0.54% (1.34% X 40%). Employers may elect to pay all or part of the employee contribution, however the employer must pay all of the employer contribution. Each employer's contractually required employer contribution rate for the year ended June 30, 2024 was 0.54% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2021. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits payable during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the GLI from the City were $523,143 and $581,664 for the years ended June 30, 2025 and June 30, 2024, respectively. Contributions to the GLI from the School Board for professional employees were $717,906 and $777,229 for the years ended June 30, 2025 and June 30, 2024, respectively. Contributions to the GLI from the School Board for nonprofessional employees were $59,783 and $35,032 for the years ended June 30, 2025 and June 30, 2024 respectively.

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

15. VIRGINIA RETIREMENT SYSTEM-GROUP LIFE INSURANCE - OPEB, continued:

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

On June 30, 2025, the City and School Board's professional and nonprofessional reported a liability for its proportionate share of the Net GLI OPEB Liability of $4,684,976, $6,255,413 and $281,994 respectively. The Net GLI OPEB Liability was measured as of June 30, 2024 and the total GLI OPEB Liability used to calculate the Net GLI OPEB Liability was determined by an actuarial valuation performed as of June 30, 2023 and rolled forward to the measurement date of June 30, 2024. The covered employer's proportion of the Net GLI OPEB Liability was based on the covered employer's actuarially determined employer contributions to the Group Life Insurance Program for the year ended June 30, 2024, relative to the total of the actuarially determined employer contributions for all participating employers.

The City and School Board employer's proportion for June 30, 2024 and June 30, 2023 is summarized below:

	Employer's Proportion June 30, 2024	Employer's Proportion June 30, 2023
City of Hampton	0.41983 %	0.42694 %
School Board Professional Employees	0.56056 %	0.55541 %
School Board Nonprofessional Employees	0.02527 %	0.02281 %

For the year ended June 30, 2025, the City recognized a reduction in GLI OPEB expense(revenue) of $(37,306) and the School Board recognized GLI OPEB expense for professional employees of $90,557 and nonprofessional employees of $13,291. Since there was a change in proportionate share between measurement dates, a portion of the GLI OPEB expense was related to deferred amounts from changes in proportion.

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

CITY	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 738,928	$ (114,438)
Changes of assumptions	26,704	(232,178)
Net difference between projected and actual investments earnings on GLI OPEB program investments	-	(394,894)
Changes in proportionate share	3,829	(242,916)
Employer contributions subsequent to the measurement date	523,143	-
Total	$ 1,292,604	$ (984,426)

$523,143 reported as deferred outflows of resources related to the GLI OPEB resulting from the employer's contributions subsequent to the measurement date will be recognized as a reduction of the Net GLI OPEB Liability in fiscal year ending June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the GLI OPEB will be recognized in the GLI OPEB expense in future report periods as follows:

Fiscal Year Ending June 30	
2026	$ (298,904)
2027	34,376
2028	(35,879)
2029	25,550
2030	59,892
	$ (214,965)

15. VIRGINIA RETIREMENT SYSTEM-GROUP LIFE INSURANCE - OPEB, continued:

School Board - Professional and Nonprofessional Employees

PROFESSIONAL	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 986,622	$ (152,799)
Changes in proportionate share	123,894	(117,314)
Net difference between projected and actual investment earnings on GLI OPEB investments	-	(527,266)
Changes of assumptions	35,656	(310,005)
Employer contributions subsequent to the measurement date	717,906	-
Total	$ 1,864,078	$ (1,107,384)

NON PROFESSIONAL	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 44,477	$ (6,888)
Changes in proportionate share	54,672	(8,093)
Net difference between projected and actual investment earnings on GLI OPEB investments	-	(23,769)
Changes of assumptions	1,607	(13,975)
Employer contributions subsequent to the measurement date	59,783	-
Total	$ 160,539	$ (52,725)

$717,906 and $59,783 for professional and nonprofessional, respectively reported as deferred outflows of resources related to the GLI OPEB resulting from the employer's contributions subsequent to the measurement date will be recognized as a reduction of the Net GLI OPEB liability in fiscal year ending Jun 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the GLI OPEB will be recognized in the GLI OPEB expense in future report periods as follows:

Fiscal Year Ending June 30	School Board Professional	School Board Nonprofessional
2026	(287,294)	(4,096)
2027	130,474	15,320
2028	27,574	13,812
2029	61,552	14,161
2030	106,482	8,834
	$ 38,788	$ 48,031

Actuarial Assumptions

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

Inflation	2.5 percent
Salary increases, including inflation -	
Teachers	3.5 percent - 5.95 percent
City/School - General employees	3.5 percent - 5.35 percent
City Hazardous Duty employees	3.5 percent - 4.75 percent
Investment rate of return	6.75 percent, net of investment expenses, including inflation

15. VIRGINIA RETIREMENT SYSTEM-GROUP LIFE INSURANCE - OPEB, continued:

Mortality rates - Teachers

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

Beneficiaries and Survivors:

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

Mortality Improvement Scale:

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

The actuarial assumptions used in the June 30, 2023 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the changes in the discount rate, which was based on VRS Board action effective as of July 1, 2021. Changes to the actuarial assumptions as a result of the experience study and VRS Board actions are as follows:

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

Mortality rates - Largest Ten Locality Employers - General Employees

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

Beneficiaries and Survivors:

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

15. VIRGINIA RETIREMENT SYSTEM-GROUP LIFE INSURANCE - OPEB, continued:

Mortality Improvement Scale:

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

The actuarial assumptions used in the June 30, 2023 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except for the change in the discount rate, which was based on VRS Board action effective as of July 1, 2021. Changes to the actuarial assumptions as a result of the experience study and the VRS Board action are as follows:

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

Mortality rates - Largest Ten Locality Employers - Hazardous Duty Employees

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

Beneficiaries and Survivors:

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

Mortality Improvement Scale:

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

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

15. VIRGINIA RETIREMENT SYSTEM-GROUP LIFE INSURANCE - OPEB, continued:

Mortality Rates (Pre-retirement, post- retirement healthy, and disabled)	Updated to PUB2010 public sector mortality tables. Increased disability life expectancy. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience and changed final retirement age from 65 to 70
Withdrawal Rates	Decreased rates
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

Net GLI OPEB Liability

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

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

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

Long-Term Expected Rate of Return

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

15. VIRGINIA RETIREMENT SYSTEM-GROUP LIFE INSURANCE - OPEB, continued:

Asset Class (Strategy)	Long-Term Target Asset Allocation	Arithmetic Long-Term Expected Rate of Return	Weighted Average Long-Term Expected Rate of Return*
Public Equity	32.00%	6.70%	2.14%
Fixed income	16.00%	5.40%	0.86%
Credit Strategies	16.00%	8.10%	1.30%
Real Assets	15.00%	7.20%	1.08%
Private Equity	15.00%	8.70%	1.31%
PIP - Private Investment 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)%
Total	**100.00%**		7.07%
	Inflation		
	*Expected arithmetic nominal return		7.07%

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

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

Discount Rate

The discount rate used to measure the total GLI OPEB liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made in accordance with the VRS funding policy and at rates equal to the actuarially determined contribution rates adopted by the VRS Board of Trustees. Through the fiscal year ending June 30, 2024, the rate contributed by the entity for the GLI OPEB will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly which was 113% of the actuarially determined contribution rate. From July 1, 2024 on, employers are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the GLI OPEB's fiduciary net position was projected to be available to make all projected future benefit payments of eligible employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total GLI OPEB liability.

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

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

	1.00% Decrease (5.75%)	Discount Rate (6.75%)	1.00% Increase (7.75%)
City's GLI OPEB Liability	$ 7,285,746	$ 4,684,976	$ 2,583,895
School Board's Professional GLI OPEB Liability	9,727,979	6,255,413	3,450,036
School Board's Non-Professional GLI OPEB Liability	$ 438,537	$ 281,994	$ 155,527

15. VIRGINIA RETIREMENT SYSTEM-GROUP LIFE INSURANCE - OPEB, continued:

Group Life Insurance Program Fiduciary Net Position

Detailed information about the Group Life Insurance Program's Fiduciary Net Position is available in the separately issued VRS 2024 Annual Comprehensive Financial Report, which may be downloaded from the VRS website at www.varetire.org/pdf/puhttps://employers.varetire.org/media/shared/pdf/publications/2024-annual-report.pdfblications/2023-annual-report.pdf or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

Payables to the VRS Group Life Insurance OPEB Program

The City's and School's VRS Group Life Insurance OPEB plan payable as of June 30, 2025 totaled $288,342 and $185,718, respectively.

16. COMMITMENT AND CONTINGENCIES:

Grants:

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

Self-Insurance:

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 City established a Risk Management Fund (internal service fund) to account for and finance its uninsured risks of loss except for medical claims, which are accounted for in the General Fund.

The City and the Hampton City Schools are self-insured for a portion of their risk up to the following self-insured levels per occurrence:

	City		School Board
Workers' Compensation	$ 1,000,000		$ 1,000,000
Workers' Compensation Presumption	2,000,000		-
General Liability	1,000,000		1,000,000
Property Coverage	100,000		100,000
Health Insurance	150,000	per member	150,000

The City purchases commercial insurance for claims in excess of coverage provided by the funds and for all other risks of loss. Settled claims have exceeded this commercial coverage in one of the past three years.

All funds of the City participate in the program and make payments to the Risk Management Fund and General Fund based on historical cost information. The unrestricted net position of $20,548,611 at June 30, 2025 is designated as a reserve for claims in the Risk Management Fund. The City accrues claims and judgments as incurred by a review of all claims on a case-by-case basis. Claims incurred, but not reported, were considered in the determination of the claims liability.

16. COMMITMENT AND CONTINGENCIES, continued:

Changes in the Funds' claims liability amount in fiscal years 2025, 2024 and 2023 were:

Risk Management Fund	Claims Liability July 1	Incurred Claims	Claims Payment	Claims Liability June 30
Fiscal Year 2025	$ 13,699,207	$ 1,973,551	$ 2,210,819	$ 13,461,939
Fiscal Year 2024	13,315,883	4,622,708	4,239,384	13,699,207
Fiscal Year 2023	9,911,787	5,883,107	2,479,011	13,315,883

General Fund	Claims Liability July 1	Incurred Claims	Claims Payment	Claims Liability June 30
Fiscal Year 2025	$ 1,273,000	$ 14,990,491	$ 14,250,491	$ 2,013,000
Fiscal Year 2024	1,601,000	12,925,938	13,253,938	1,273,000
Fiscal Year 2023	1,234,000	13,680,432	13,313,432	1,601,000

Litigation

Various claims and lawsuits are pending against the City. In the opinion of City management, the resolutions of these cases would not involve a substantial liability to the City.

Encumbrances

Encumbrances outstanding at year-end represent the estimated amount of expenditures required to complete contracts, purchase orders and other commitments in process of completion at year-end. Outstanding encumbrances as of June 30, 2025 were as follows:

General Fund	$ 9,925,012
Capital Projects Funds	35,119,101
Other Governmental Funds	17,488,412
Total Encumbrances	$ 62,532,525

17. JOINT VENTURE:

The Hampton Roads Regional Jail Authority (the Authority), a political subdivision of the Commonwealth of Virginia, was created through an agreement by the Cities of Hampton, Newport News, Norfolk, and Portsmouth with the City of Chesapeake joining in the Authority on July 1, 2014, (the member jurisdictions). The Authority had the responsibility to finance the acquisition, construction and operation of a regional jail facility for the benefit of the member jurisdictions. Each member jurisdiction was responsible for paying the Authority a per diem charge, as established in the Authority's annual budget, for the care, maintenance and subsistence of prisoners from the member jurisdictions. On April 1, 2024, the Authority ceased jail operations and will continue to wind down over the next year. To the extent the Authority's liabilities and obligations exceed its property and assets at the time of its final dissolution, each member city shall be responsible for a share of such liabilities and obligations equally among the five-member jurisdictions.

18. RESTATEMENT OF BEGINNING NET POSITION:

Effective July 1, 2024, the City implemented the new GASB Statement 101, Compensated Absences, which requires the City to calculate compensated absences liability on the amount of unused and unpaid leave balances that employees could use in the future.The City's net position has been restated as of July 1, 2024, due to a change in accounting principle. A summary of the changes are shown below.

	July 1, 2024 As Previously Reported	Change in Accounting Principle: GASB 101 Implementation	July 1, 2024 As Restated
Government-wide			
Governmental Activities	746,277,992	(9,507,069)	736,770,923
Business-Type Activities	136,523,198	(542,221)	135,980,977
Total Primary Government	882,801,190	(10,049,290)	872,751,900
Proprietary Funds			
Major Funds:			
Wastewater Management	59,752,135	(137,505)	59,614,630
Nonmajor Funds	24,525,648	(404,716)	24,120,932
Total Proprietary Funds	84,277,783	(542,221)	83,735,562
Internal Service Funds	59,446,033	(72,905)	59,373,128

19. SUBSEQUENT EVENT:

On October 9, 2025, the City issued $75,085,000 General Obligation Public Improvement Bonds, Series 2025 with interest rates ranging from 4.125% to 5.0%. The proceeds of the Series 2025 Bonds are being used to fund various capital and stormwater management projects in the City and to pay costs of issuing the Series 2025 bonds. Interest on the Bonds is due and payable semi-annually on each April 1 and October 1.

HAMPTON VA

Required Supplementary Information

CITY OF HAMPTON, VIRGINIA
SCHEDULE OF CHANGES IN THE HERS NET PENSION PLAN LIABILITY AND RELATED RATIOS
FIDUCIARY FUND: HERS' PENSION PLAN
REQUIRED SUPPLEMENTAL INFORMATION-UNAUDITED

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
TOTAL PENSION LIABILITY										
Service cost	$ 53,503	$ 62,150	$ 82,778	$ 82,615	$ 105,201	$ 127,787	$ 127,787	$ 117,036	$ 152,557	$ 188,078
Interest	6,525,337	6,974,325	7,343,843	8,499,164	8,891,959	9,369,997	9,809,650	10,991,423	11,411,712	11,796,729
Differences between expected and actual experience	2,053,694	-	1,363,067	7,833,578	1,275,518	-	466,804	-	(76,396)	-
Changes of assumptions	13,444,629	-	-	-	-	-	-	(580,802)	-	-
Benefit payments, including refunds of employee contributions	(14,250,962)	(14,763,505)	(15,169,965)	(15,655,755)	(16,082,904)	(16,540,938)	(16,824,254)	(17,047,039)	(17,100,560)	(17,101,282)
Net change in total pension liability	7,826,201	(7,727,030)	(6,380,277)	759,602	(5,810,226)	(7,043,154)	(6,420,013)	(6,519,382)	(5,612,687)	(5,116,475)
Total pension liability-beginning	115,723,796	123,450,826	129,831,103	129,071,501	134,881,727	141,924,881	148,344,894	154,864,276	160,476,963	165,593,438
Total pension liability-ending (a)	123,549,997	115,723,796	123,450,826	129,831,103	129,071,501	134,881,727	141,924,881	148,344,894	154,864,276	160,476,963
PLAN FIDUCIARY NET POSITION										
Contributions-employer	897,352	1,689,180	1,689,180	6,549,743	6,549,743	6,716,299	6,716,299	7,062,052	7,100,148	8,880,839
Net investment income	14,354,328	16,060,650	12,689,202	(17,447,200)	32,295,836	7,064,244	8,790,186	10,682,406	14,694,582	2,144,248
Benefit payments, including refunds of employee contributions	(14,250,962)	(14,763,505)	(15,169,965)	(15,655,755)	(16,082,904)	(16,540,938)	(16,824,254)	(17,047,039)	(17,100,560)	(17,101,282)
Administrative expense	(407,150)	(243,812)	(277,971)	(460,145)	(243,583)	(239,695)	(332,835)	(277,957)	(286,431)	(386,247)
Net change in plan fiduciary net position	593,568	2,742,513	(1,069,554)	(27,013,357)	22,519,092	(3,000,090)	(1,650,604)	419,462	4,407,739	(6,462,442)
Plan fiduciary net position-beginning	121,057,539	118,315,026	119,384,580	146,397,937	123,878,845	126,878,935	128,529,539	128,110,077	123,702,338	130,164,780
Plan fiduciary net position-ending (b)	121,651,107	121,057,539	118,315,026	119,384,580	146,397,937	123,878,845	126,878,935	128,529,539	128,110,077	123,702,338
Net pension liability-ending (a)-(b)	$ 1,898,890	$ (5,333,743)	$ 5,135,800	$ 10,446,523	$(17,326,436)	$ 11,002,882	$ 15,045,946	$ 19,815,355	$ 26,754,199	$ 36,774,625
Plan fiduciary net position as a percentage of the total pension liability	98.46 %	104.61 %	95.84 %	91.95 %	113.42 %	91.84 %	89.40 %	86.64 %	82.72 %	77.08 %
Covered payroll	$ 1,253,072	$ 1,230,810	$ 1,503,091	$ 1,539,312	$ 1,905,713	$ 2,249,188	$ 2,684,932	$ 2,803,090	$ 2,806,674	$ 5,335,759
Net pension liability as a percentage of covered payroll	151.54 %	(433.35)%	341.68 %	678.65 %	(909.18)%	489.19 %	560.38 %	706.91 %	953.24 %	689.21 %

Notes to Schedule:

1) Actuarially determined contribution rates are calculated based on the actuarial valuation determined as of the odd year proceeding the beginning of the Plan year.

2) GAAP requires 10- year trend information.

CITY OF HAMPTON, VIRGINIA
SCHEDULE OF CONTRIBUTIONS TO HERS
FIDUCIARY FUND: HERS' PENSION PLAN
REQUIRED SUPPLEMENTAL INFORMATION-UNAUDITED

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Actuarially determined contribution	$ 897,352	$1,689,180	$1,689,180	$ 6,549,743	$6,549,743	$6,716,299	$6,716,299	$7,100,125	$7,100,148	$8,880,839
Contributions in relation to the actuarially determined contribution	897,352	1,689,180	1,689,180	6,549,743	6,549,743	6,716,299	6,716,299	7,062,052	7,100,148	8,880,839
Contribution deficiency (excess)	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ 38,073	$ —	$ —
Covered payroll	$1,253,072	$1,230,810	$1,503,091	$ 1,539,312	$1,905,713	$2,249,188	$2,684,932	$2,803,090	$2,806,674	$5,335,759
Contributions as a percentage of covered payroll	71.61 %	137.24 %	112.38 %	425.50 %	343.69 %	298.61 %	250.15 %	251.94 %	252.97 %	166.44 %

Notes to Schedule

Actuarially determined contribution rates are calculated as of June 30, two years prior to the end of the fiscal year in which the contributions are reported.

GAAP requires 10-year trend information.

CITY OF HAMPTON, VIRGINIA
SCHEDULE OF CHANGES IN THE CITY'S VRS PENSION PLAN LIABILITY AND RELATED RATIOS
VRS RETIREMENT PLAN
REQUIRED SUPPLEMENTAL INFORMATION-UNAUDITED

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
TOTAL PENSION LIABILITY										
Service cost	$ 14,838,241	$ 13,848,019	$ 12,421,727	$ 12,410,433	$ 11,952,417	$ 11,430,589	$ 11,525,376	$ 10,934,809	$ 10,835,551	$ 10,960,536
Interest	48,915,549	46,870,101	46,037,213	42,657,914	41,044,293	40,334,296	39,213,600	38,078,180	37,250,101	36,276,354
Changes in assumptions	-	-	-	26,863,218	-	16,959,529	-	2,910,537	-	-
Benefit changes	-	-	-	-	8,165,715	-	-	-	-	-
Differences between expected and actual experience	16,917,208	9,806,392	(8,015,673)	(6,498,539)	(1,561,230)	(2,491,107)	(1,988,091)	(4,596,969)	(5,909,803)	(4,100,921)
Benefit payments, including refunds of employee contributions	(42,269,794)	(40,153,806)	(38,907,176)	(36,674,940)	(34,716,445)	(34,031,429)	(31,450,468)	(30,762,074)	(29,930,211)	(28,520,380)
Net change in total pension liability	38,401,204	30,370,706	11,536,091	38,758,086	24,884,750	32,201,878	17,300,417	16,564,483	12,245,638	14,615,589
Total pension liability-beginning	730,971,450	700,600,744	689,064,653	650,306,567	625,421,817	593,219,939	575,919,522	559,355,039	547,109,401	532,493,812
Total pension liability-ending (a)	769,372,654	730,971,450	700,600,744	689,064,653	650,306,567	625,421,817	593,219,939	575,919,522	559,355,039	547,109,401
PLAN FIDUCIARY NET POSITION										
Contributions-employer	21,716,454	20,328,949	17,482,221	17,029,942	15,374,780	14,178,118	14,247,065	14,235,281	16,240,833	15,816,808
Contributions-employee	5,079,912	4,842,846	4,586,069	4,431,468	4,387,843	4,296,459	4,489,433	4,539,420	4,451,221	4,393,892
Net investment income	57,738,667	36,968,012	(428,973)	130,259,557	9,245,312	30,928,968	33,174,366	49,975,564	7,097,707	18,515,581
Benefit payments, including refunds of employee contributions	(42,269,794)	(40,153,806)	(38,907,176)	(36,674,940)	(34,716,445)	(34,031,429)	(31,450,468)	(30,762,074)	(29,930,211)	(28,520,380)
Administrative expense	(389,047)	(371,891)	(373,226)	(329,770)	(320,623)	(315,189)	(290,989)	(294,277)	(261,143)	(257,367)
Other	11,350	8,394	10,367	12,246	(14,764)	(19,486)	(29,364)	(44,266)	(3,049)	(3,890)
Net change in plan fiduciary net position	41,887,542	21,622,504	(17,630,718)	114,728,503	(6,043,897)	15,037,441	20,140,043	37,649,648	(2,404,642)	9,944,644
Plan fiduciary net position-beginning	600,818,404	579,195,900	596,826,618	482,098,115	488,142,012	473,104,571	452,964,528	415,314,880	417,719,522	407,774,878
Plan fiduciary net position-ending (b)	642,705,946	600,818,404	579,195,900	596,826,618	482,098,115	488,142,012	473,104,571	452,964,528	415,314,880	417,719,522
Net pension liability-ending (a)-(b)	$ 126,666,708	$ 130,153,046	$ 121,404,844	$ 92,238,035	$ 168,208,452	$ 137,279,805	$ 120,115,368	$ 122,954,994	$ 144,040,159	$ 129,389,879
Plan fiduciary net position as a percentage of the total pension liability	83.54 %	82.19 %	82.67 %	86.61 %	74.13 %	78.05 %	79.75 %	78.65 %	74.25 %	76.35 %
Covered payroll	$ 104,406,034	$ 97,739,716	$ 91,577,899	$ 89,208,706	$ 93,172,688	$ 86,822,523	$ 89,543,136	$ 89,460,842	$ 88,836,512	$ 86,291,441
Net pension liability(asset) as a percentage of covered payroll	121.32 %	133.16 %	132.57 %	103.40 %	180.53 %	158.12 %	134.14 %	137.44 %	162.14 %	149.95 %

Notes to Schedule:

1) Changes of benefit terms: There have been no actuarially material changes to the System benefit provisions since the prior actuarial valuation. The 2014 valuation includes Hybrid Retirement Plan members for the first time. A hybrid plan with changes to the defined benefit plan structure and a new defined contribution component was adopted in 2012. The hybrid plan applies to most new employees hired on January 1, 2014 and not covered by enhanced hazardous duty benefits. Because this is still a fairly new benefit and the number of participants was relatively small, the impact on the liabilities as of the measurement date of June 30, 2018 is not material. The liabilities presented do not reflect the hybrid plan since it covers new members joining the Plan after the valuation date of June 30, 2013 and the impact on the liabilities as of the measurement date of June 30, 2016 are minimal.

2) The actuarial assumptions in the June 30, 2022, valuation were based on the results of an actuarial experience study for the period from June 30, 2016 through June 30, 2020, except the change in the discount rate which was based on VRS Board action effective as of July 1, 2019. Effective, July 1, 2019, the VRS Board of Trustees adopted at 6.75% investment rate of return since the prior measurement date.

3) GAAP requires 10-year trend information.

4) Per GAAP, net pension liabilities are reported using the measurement date, which is one year prior to the reporting date.

CITY OF HAMPTON, VIRGINIA
SCHEDULE OF CITY'S CONTRIBUTIONS TO VRS
VRS RETIREMENT PLAN
REQUIRED SUPPLEMENTAL INFORMATION-UNAUDITED

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Contractually required contribution	$24,357,790	$21,716,455	$20,329,861	$17,482,221	$17,029,942	$16,118,875	$14,178,118	$14,246,313	$14,233,220	$16,241,604
Contribution in relation to the contractually required contribution	24,357,790	21,716,455	20,329,861	17,482,221	17,029,942	16,118,875	14,178,118	14,246,313	14,233,220	16,241,604
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Covered payroll	$117,330,395	$104,406,034	$97,739,716	$91,577,899	$89,208,706	$93,172,688	$86,822,523	$89,543,136	$89,460,842	$88,078,113
Contributions as a percentage of covered payroll	20.76 %	20.80 %	20.80 %	19.09 %	19.09 %	17.30 %	16.33 %	15.91 %	15.91 %	18.44 %

Notes to Schedule

1) Actuarially determined contribution rates are calculated as of June 30, two years prior to the end of the fiscal year in which the contributions are reported.

2) GAAP requires 10-year trend information.

CITY OF HAMPTON, VIRGINIA
SCHEDULE OF CHANGES IN THE SCHOOL BOARD'S VRS NONPROFESSIONAL EMPLOYEES' NET PENSION PLAN LIABILITY AND RELATED RATIOS
VRS RETIREMENT PLAN
REQUIRED SUPPLEMENTAL INFORMATION-UNAUDITED

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
TOTAL PENSION LIABILITY										
Service cost	$ 503,069	$ 395,192	$ 326,796	$ 350,415	$ 376,830	$ 391,424	$ 388,116	$ 376,186	$ 390,637	$ 791,558
Interest	2,027,258	1,961,917	2,034,266	1,897,627	1,879,612	1,898,407	1,896,547	1,908,394	2,054,913	2,022,874
Changes in assumptions	-	-	-	1,027,179	-	693,476	-	(101,861)	-	-
Differences between expected and actual experience	1,258,264	603,222	(1,431,090)	478,526	58,740	(233,935)	(266,110)	(405,218)	(2,626,193)	(220,586)
Benefit payments, including refunds of employee contributions	(2,136,795)	(2,063,593)	(2,076,844)	(2,035,662)	(2,060,927)	(1,985,798)	(1,998,178)	(1,895,299)	(1,929,683)	(2,342,607)
Net change in total pension liability	1,651,796	896,738	(1,146,872)	1,718,085	254,255	763,574	20,375	(117,798)	(2,110,326)	251,239
Total pension liability-beginning	30,598,773	29,702,035	30,848,907	29,130,822	28,876,567	28,112,993	28,092,618	28,210,416	30,320,742	30,069,503
Total pension liability-ending (a)	32,250,569	30,598,773	29,702,035	30,848,907	29,130,822	$ 28,876,567	28,112,993	28,092,618	28,210,416	30,320,742
PLAN FIDUCIARY NET POSITION										
Contributions-employer	$ 294,604	$ 248,288	$ 276,383	$ 255,272	$ 366,592	$ 376,506	$ 449,019	$ 413,542	$ 427,758	$ 411,361
Contributions-employee	290,068	246,907	200,963	187,439	197,377	198,458	203,832	188,884	238,049	193,337
Net investment income	2,834,770	1,853,473	(7,076)	6,895,847	504,728	1,719,298	1,893,091	2,910,259	410,877	1,135,856
Benefit payments, including refunds of employee contributions	(2,136,795)	(2,063,593)	(2,076,844)	(2,035,662)	(2,060,927)	(1,985,798)	(1,998,178)	(1,895,299)	(1,929,683)	(2,342,607)
Administrative expense	(19,887)	(19,356)	(19,804)	(18,217)	(18,144)	(18,113)	(17,095)	(17,696)	(16,323)	(17,081)
Other	535	740	481	641	(606)	(1,077)	(1,656)	(2,556)	(181)	(236)
Net change in plan fiduciary net position	1,263,295	266,459	(1,625,897)	5,285,320	(1,010,980)	289,274	529,013	1,597,134	(869,503)	(619,370)
Plan fiduciary net position-beginning	29,889,879	29,623,420	31,249,317	25,963,997	26,974,977	26,685,703	26,156,690	24,559,556	25,429,059	26,048,429
Plan fiduciary net position-ending (b)	31,153,174	29,889,879	29,623,420	31,249,317	25,963,997	26,974,977	26,685,703	26,156,690	24,559,556	25,429,059
Net pension liability-ending (a)-(b)	$ 1,097,395	$ 708,894	$ 78,615	$ (400,410)	$ 3,166,825	$ 1,901,590	$ 1,427,290	$ 1,935,928	$ 3,650,860	$ 4,891,683
Plan fiduciary net position as a percentage of the total pension liability	96.60 %	97.68 %	99.74 %	101.30 %	89.13 %	93.41 %	94.92 %	93.11 %	87.06 %	83.87 %
Covered payroll	$ 6,433,906	$ 5,329,428	$ 3,931,479	$ 3,641,735	$ 3,903,946	$ 3,837,645	$ 4,624,284	$ 3,822,015	$ 3,952,516	$ 3,802,628
Net pension liability(asset) as a percentage of covered payroll	17.06 %	13.30 %	2.00 %	(11.00)%	81.12 %	49.55 %	30.87 %	50.65 %	92.37 %	128.64 %

Notes to Schedule:

1) The actuarial assumptions were based on the results of an actuarial experience study for the period of June 30, 2016 through June 30, 2020. The VRS Board of Trustees adopted a 6.75% rate of return since the prior measurement date.

2) GAAP requires 10-year trend information.

3) Per GAAP, net pension liabilities are reported using the measurement date, which is one year prior to the reporting date.

CITY OF HAMPTON, VIRGINIA
SCHEDULE OF SCHOOL BOARD'S NONPROFESSIONAL EMPLOYEES' CONTRIBUTIONS TO VRS
VRS RETIREMENT PLAN
REQUIRED SUPPLEMENTAL INFORMATION-UNAUDITED

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Contractually required contribution	$1,060,091	$ 348,718	$ 288,855	$ 276,383	$ 256,014	$ 363,067	$ 356,901	$ 449,018	$ 413,542	$ 427,758
Contribution in relation to the contractually required contribution	1,060,091	348,718	288,855	276,383	256,014	363,067	356,901	449,018	413,542	427,758
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Covered payroll	$12,530,627	$6,433,906	$5,329,428	$3,931,479	$3,641,735	$3,903,946	$3,837,645	$4,624,284	$3,822,015	$3,957,058
Contributions as a percentage of covered payroll	8.46 %	5.42 %	5.42 %	7.03 %	7.03 %	9.30 %	9.30 %	9.71 %	10.82 %	10.81 %

Notes to Schedule

1) Valuation Date: Fiscal years ending 2015 and 2016 are based on June 30, 2013 actuarial valuation, the rates shown for fiscal years 2017 and 2018 are based on June 30, 2015 actuarial valuation. For fiscal year ending 2019 and 2020, the employer contribution rate is based on June 30, 2017 actuarial valuation. For fiscal year 2021 and 2022, the rate is based on June 2019 valuation.

2) Actuarially determined contribution rates are calculated as of June 30, two years prior to the end of the fiscal year in which the contributions are reported.

3) GAAP requires 10-year trend information.

CITY OF HAMPTON, VIRGINIA
SCHEDULE OF THE SCHOOL BOARD'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
VRS TEACHERS' PENSION PLAN
REQUIRED SUPPLEMENTAL INFORMATION-UNAUDITED

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
School Board's proportion of the net pension liability	1.34 %	1.31 %	1.32 %	1.30 %	1.29 %	1.30 %	1.36 %	1.39 %	1.39 %	1.43 %
School Board's proportionate share of the net pension liability	$ 126,130,363	$132,784,413	$125,572,888	$101,073,975	$188,158,180	$170,943,938	$159,918,000	$170,830,000	$195,347,000	$180,096,000
School Board's covered payroll	$ 143,107,945	$130,234,311	$122,307,841	$114,510,542	$112,825,403	$101,769,149	$107,767,132	$106,158,070	$105,320,099	$105,909,421
School Board's proportionate share of the net pension liability as a percentage of its covered payroll	88.14 %	101.96 %	102.67 %	88.27 %	166.77 %	167.97 %	148.39 %	160.92 %	185.48 %	170.05 %
Plan fiduciary net position as a percentage of the total pension liability	82.45 %	82.45 %	82.61 %	85.46 %	71.47 %	73.51 %	76.00 %	73.11 %	75.60 %	74.56 %

*The amounts presented has a measurement date of the previous fiscal year end.

Notes:

1) This schedule is intended to show information for 10 years.

2) Changes of benefit terms: There have been no actuarially material changes to the System benefit provisions since the prior actuarial valuation. The 2014 valuation includes Hybrid Retirement Plan members for the first time. The hybrid plan applies to most new employees hired on January 1, 2014 and not covered by enhanced hazardous duty benefits. Because this is still a fairly new benefit and the number of participants was relatively small, the impact on the liabilities as of the measurement date of June 30, 2020 is not material.

3) Per GAAP, net pension liabilities are reported using the measurement date, which is one year prior to the reporting date.

CITY OF HAMPTON, VIRGINIA
SCHEDULE OF COMPONENT UNIT- SCHOOL BOARD's CONTRIBUTIONS
VIRGINIA RETIREMENT SYSTEM TEACHER'S PENSION PLAN
REQUIRED SUPPLEMENTAL INFORMATION-UNAUDITED

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Contractually required contribution	$ 21,615,591	$ 23,784,540	$ 21,644,942	$ 20,327,563	$ 19,031,652	$ 17,691,023	$ 17,052,089	$ 17,598,373	$ 17,324,997	$ 19,168,258
Contribution in relation to the contractually required contribution	21,615,591	23,784,540	21,644,942	19,587,070	18,338,376	17,138,959	16,618,902	17,587,596	15,562,773	14,808,006
Contribution deficiency (excess)	$ -	$ -	$ -	$ 740,493	$ 693,276	$ 552,064	$ 433,187	$ 10,777	$ 1,762,224	$ 4,360,252
School Board's covered payroll	$152,115,345	$143,107,945	$130,234,311	$122,307,841	$114,510,542	$112,825,403	$101,769,149	$107,767,132	$106,158,070	$105,320,099
Contributions as a percentage of covered payroll	14.21 %	16.62 %	16.62 %	16.01 %	16.01 %	15.19 %	16.33 %	16.32 %	14.66 %	14.06 %

Notes to Schedule

Valuation Date :

1) Actuarially determined contribution rates are calculated as of June 30, two years prior to the end of the fiscal year in which the contributions are reported.

2) Changes of benefit terms-There have been no actuarially material changes to the System benefit provisions since the prior actuarial valuation. The 2015 valuation includes Hybrid Retirement Plan members for the first time. The hybrid plan applies to most new employees hired on January 1, 2014 and not covered by enhanced hazardous duty benefits. Because this is still a fairly new benefit and the number of participants was relatively small, the impact on the liabilities as of the measurement date of June 30, 2021 is not material.

CITY OF HAMPTON, VIRGINIA
NOTES TO VRS REQUIRED SUPPLEMENTAL INFORMATION
PRIMARY GOVERNMENT AND SCHOOL BOARD COMPONENT UNIT
VIRGINIA RETIREMENT SYSTEM PENSION PLAN

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

Changes of assumptions - The actuarial assumptions used in the June 30, 2023 valuation were based on the results of an actuarial experience study for the period of 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:

LARGEST TEN LOCALITY EMPLOYERS - NON-HAZARDOUS DUTY:

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

LARGEST TEN LOCALITY EMPLOYERS - HAZARDOUS DUTY EMPLOYEES

Mortality Rates (Pre-retirement, post- retirement healthy, and disabled)	Updated to PUB2010 public sector mortality tables. Increased disability life expectancy. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience and changed final retirement age from 65 to 70
Withdrawal Rates	Decreased rates
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

TEACHERS

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

CITY OF HAMPTON, VIRGINIA
SCHEDULE OF CHANGES IN NET OPEB LIABILITY AND RELATED RATIOS
PRIMARY GOVERNMENT
OTHER POSTEMPLOYMENT BENEFITS-RETIREE HEALTHCARE
REQUIRED SUPPLEMENTAL INFORMATION-UNAUDITED

	2025	2024	2023	2022	2021	2020	2019	2018
TOTAL OPEB LIABILITY								
Service cost at end of year	$ 1,655,935	$ 1,710,306	$ 1,809,757	$ 1,714,336	$ 1,242,388	$ 2,334,263	$ 2,417,844	$ 3,059,781
Interest	2,726,676	2,026,911	1,460,969	1,301,926	1,727,125	3,692,585	3,420,421	2,889,041
Differences between expected and actual experience	(727,838)	16,228,425	243,818	3,465,645	(200,395)	(12,853,356)	(182,752)	220,844
Changes of assumptions	153,630	(35,495)	(11,321,261)	4,313,751	8,432,167	(35,701,382)	(3,081,415)	(11,726,487)
Benefit payments	(2,256,887)	(2,600,121)	(2,357,672)	(1,972,825)	(2,236,629)	(2,656,287)	(2,580,971)	(2,798,872)
Net change in total OPEB	1,551,516	17,330,026	(10,164,389)	8,822,833	8,964,656	(45,184,177)	(6,873)	(8,355,693)
Total OPEB liability - beginning	74,165,850	56,835,824	67,000,213	58,177,380	49,212,724	94,396,901	94,403,774	102,759,467
Total OPEB liability - ending	$75,717,366	$74,165,850	$56,835,824	$67,000,213	$58,177,380	$49,212,724	$94,396,901	$94,403,774
Covered-employee payroll	$105,598,249	$100,569,761	$94,253,213	$91,561,683	$92,717,908	$91,627,934	$91,084,919	$90,627,774
Net OPEB liability as a percentage of covered-employee payroll	71.70 %	73.75 %	60.30 %	73.17 %	62.75 %	53.71 %	103.64 %	104.17 %

Notes to Schedule

1) For 2022, the discount rate changed to 3.54% from 2.16%, based on the Bond Buyer GO 20-Bond Municipal Bond Index at June 30, 2022.

2) Per GAAP, net OPEB liabilities are reported using the measurement date, which is one year prior to the reporting date.

3) No assets are accumulated in a trust that meet GAAP's criteria.

4) Schedules are intended to show information for 10 years. Since 2018 is the first year of this presentation, no other data is available. Additional years will be included as they become available.

CITY OF HAMPTON, VIRGINIA
SCHEDULE OF CHANGES IN NET OPEB LIABILITY AND RELATED RATIOS
COMPONENT UNIT-SCHOOL BOARD
OTHER POSTEMPLOYMENT BENEFITS-RETIREE HEALTHCARE
LAST 10 FISCAL YEARS
REQUIRED SUPPLEMENTAL INFORMATION-UNAUDITED

	2025	2024	2023	2022	2021	2020	2019	2018
TOTAL OPEB LIABILITY								
Service cost at end of year	$ 360,384	$ 206,729	$ 295,528	$ 382,088	$ 297,406	$ 243,189	$ 237,502	$ 285,422
Interest	205,596	112,729	95,123	115,821	167,795	183,312	156,447	137,391
Changes of Benefits	-	-	-	-	17,848	-	-	-
Differences between expected and actual experience	(196,157)	2,403,884	111,429	(309,868)	18,551	(480,534)	241,860	(40,581)
Changes of assumptions	(97,369)	(43,235)	(1,113,026)	(438,852)	430,224	45,320	98,094	(713,713)
Benefit payments	(59,307)	(705,943)	(337,675)	(659,649)	(109,153)	(239,385)	(504,195)	(212,196)
Net change in total OPEB	213,147	1,974,164	(948,621)	(910,460)	822,671	(248,098)	229,708	(543,677)
Total OPEB liability - beginning	5,301,776	3,327,612	4,276,233	5,186,693	4,364,022	4,612,120	4,382,412	4,926,089
Total OPEB liability - ending	$ 5,514,923	$ 5,301,776	$ 3,327,612	$ 4,276,233	$ 5,186,693	$ 4,364,022	$ 4,612,120	$ 4,382,412
Covered-employee payroll	$143,107,945	$130,232,425	$122,306,080	$114,510,543	$112,825,403	$108,750,257	$109,922,935	$109,696,113
Net OPEB liability as a percentage of covered-employee payroll	3.85 %	4.07 %	2.72 %	3.73 %	4.60 %	4.01 %	4.20 %	4.00 %

Notes to Schedule

1) Per GAAP, net OPEB liabilities are reported using the measurement date, which is one year prior to the reporting date.

2) For 2022, the change in assumptions refers to change in the discount rate changed from 2.16% to 3.54%; the updates to the claims and trend assumptions, and the changes in the demographic assumptions.

3) No assets are accumulated in a trust that meet GAAP's criteria.

4) Schedules are intended to show information for 10 years. Since 2018 is the first year of this presentation, no other data is available. Additional years will be included as they become available.

CITY OF HAMPTON, VIRGINIA
SCHEDULE OF EMPLOYER OPEB CONTRIBUTIONS
PRIMARY GOVERNMENT AND COMPONENT UNIT-SCHOOL BOARD
OTHER POSTEMPLOYMENT BENEFITS-RETIREE HEALTHCARE
LAST 10 FISCAL YEARS

	2025	2024	2023	2022	2021	2020	2019	2018	2017
PRIMARY GOVERNMENT									
Contractually determined contribution	$ 3,574,533	$ 2,297,249	$ 2,634,891	$ 2,392,126	$ 2,003,895	$ 2,266,908	$ 2,905,572	$2,614,135	$ 2,798,872
Contributions in relation to the contractually determined contribution	3,574,533	2,297,249	2,634,891	2,392,126	2,003,895	2,266,908	2,905,572	2,614,135	2,798,872
Contribution deficiency (excess)	-	-	-	-	-	-	-	-	-
Covered-employee payroll	117,064,121	106,417,470	100,569,761	94,253,213	91,561,683	92,717,908	91,627,934	91,084,919	90,627,774
Contributions as a percentage of covered-employee payroll	3.05 %	2.16 %	2.62 %	2.54 %	2.19 %	2.44 %	3.17 %	2.87 %	3.09 %
COMPONENT UNIT - SCHOOL BOARD									
Contractually determined contribution	120,234	96,130	741,072	370,332	688,991	132,649	504,195	534,836	212,196
Contributions in relation to contractually determined contribution	120,234	96,130	741,072	370,332	688,991	132,649	504,195	534,836	212,196
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Covered-employee payroll	$152,115,345	$143,107,945	$130,232,425	$122,306,080	$114,510,543	$112,825,403	$108,750,257	$109,922,935	$109,696,113
Contributions as a percentage of covered-employee payroll	0.08 %	0.07 %	0.57 %	0.30 %	0.60 %	0.12 %	0.46 %	0.49 %	0.19 %

Notes to Schedule

1) No assets are accumulated in a trust that meet GAAP's criteria.

2) Schedules are intended to show information for 10 years. Since 2017 is the first year of this presentation, no other data is available. Additional years will be included as they become available.

3) For 2023, the discount rate increased from 2.16% to 3.54%.

CITY OF HAMPTON, VIRGINIA
SCHEDULE OF COMPONENT UNIT-SCHOOL BOARD'S PROPORTIONATE SHARE OF NET OTHER POSTEMPLOYMENT BENEFIT LIABILITY
VIRGINIA RETIREMENT SYSTEM-SCHOOL BOARD HEALTH INSURANCE CREDITS PLAN
REQUIRED SUPPLEMENTAL INFORMATION-UNAUDITED

	2025	2024	2023	2022	2021	2020	2019	2018
SCHOOL BOARD - TEACHERS								
Proportion of the Net OPEB liability	1.33573 %	1.30610 %	1.31227 %	1.29479 %	1.28697 %	1.29655 %	1.35919 %	1.38996 %
Proportionate Share of the Net OPEB liability	$ 15,436,337	$ 15,822,323	$ 16,390,863	$ 16,619,525	$ 16,788,736	$ 16,973,101	$ 17,258,000	$ 17,633,000
Employer's covered payroll	143,107,945	130,232,425	122,306,080	114,510,543	112,825,403	108,750,257	109,922,935	109,696,113
Proportionate share of the net OPEB liability as a percentage of covered payroll	10.79 %	12.15 %	13.40 %	14.51 %	14.88 %	15.61 %	15.70 %	16.07 %
Plan fiduciary net position as a percentage of Total Teacher Employee HIC OPEB liability	21.82 %	17.90 %	15.08 %	13.15 %	9.95 %	8.97 %	8.08 %	7.00 %

Notes to Schedule

1) Per GAAP, Net HIC OPEB liabilities are reported using the measurement date, which is one year prior to the reporting date.

2) Schedule is intended to show information for 10 years. Since 2018 is the first year of this presentation, no other data is available. Additional years will be included as they become available.

3) Prior to FY22, no data was available for the Nonprofessional employees whose participation started prior to FY22.

CITY OF HAMPTON, VIRGINIA
SCHEDULE OF CHANGES IN NET OPEB LIABILITY AND RELATED RATIOS
VIRGINIA RETIREMENT SYSTEM-SCHOOL BOARD- NONPROFESSIONAL
HEALTH INSURANCE CREDITS PLAN
REQUIRED SUPPLEMENTAL INFORMATION-UNAUDITED

	2025	2024	2023	2022
TOTAL OPEB LIABILITY				
Service cost at end of year	$ 4,538	$ 4,345	$ 5,411	$ 5,324
Interest	21,550	42,009	39,312	35,760
Change of benefit terms	-	-	-	-
Differences between expected and actual experience	(15,137)	(333,979)	(20,174)	-
Changes of assumptions	-	-	33,223	14,705
Benefit payments	(14,962)	(16,357)	(17,151)	-
Net change in total OPEB	(4,011)	(303,982)	40,621	55,789
Total OPEB liability - beginning	322,207	626,189	585,568	529,779
Total OPEB liability - ending	$ 318,196	$ 322,207	$ 626,189	$ 585,568
Plan fiduciary net position				
Contributions-employer	$ 78,521	$ 64,990	$ 42,036	$ 38,393
Contributions-employee	-	-	-	4,486
Net investment income	14,537	6,040	(588)	-
Benefit payments, including refunds of employee contributions	(14,962)	(16,357)	(17,151)	-
Administrative expense	(236)	(171)	(117)	(168)
Other	-	26	471	-
Net change in plan fiduciary net position	77,860	54,528	24,651	42,711
Plan fiduciary net position-beginning	121,890	67,362	42,711	-
Plan fiduciary net position-ending (b)	199,750	121,890	67,362	42,711
Net pension liability-ending (a)-(b)	$ 118,446	$ 200,317	$ 558,827	$ 542,857
Plan fiduciary net position as a percentage of the total pension liability	62.78 %	37.83 %	10.76 %	7.29 %
Covered-employee payroll	$ 6,433,906	$ 5,329,434	$ 4,289,368	$ 3,917,641
Net OPEB liability as a percentage of covered-employee payroll	4.95 %	6.05 %	14.60 %	14.95 %

Notes to Schedule

1) Per GAAP, net OPEB liabilities are reported using measurement date, which is one year prior to the reporting date.

2) Schedules are intended to show information for 10 years. Since 2022 is the first year of this presentation, no other data is available. Additional years will be included as they become available.

CITY OF HAMPTON, VIRGINIA
SCHEDULE OF COMPONENT UNIT - SCHOOL BOARD's CONTRIBUTIONS
VRS SCHOOL BOARD HEALTH INSURANCE CREDIT PLAN CONTRIBUTIONS
LAST 10 FISCAL YEARS
REQUIRED SUPPLEMENTAL INFORMATION-UNAUDITED

	2025	2024	2023	2022	2021	2020	2019	2018	2017
SCHOOL BOARD - TEACHERS									
Contractually determined contribution	$ 1,840,596	$ 1,731,606	$ 1,575,812	$ 1,479,904	$ 1,385,578	$ 1,353,905	$ 1,305,003	$ 1,352,052	$ 1,349,262
Contributions in relation to the contractually determined contribution	1,840,596	1,731,606	1,575,812	1,479,904	1,385,578	1,353,905	1,305,003	1,352,052	1,349,262
Contribution deficiency	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Covered-employee payroll	152,115,345	143,107,945	130,232,425	122,306,080	114,510,543	112,825,403	108,750,257	109,922,935	109,696,113
Contributions as a percentage of covered-employee payroll	1.21 %	1.21 %	1.21 %	1.21 %	1.21 %	1.20 %	1.20 %	1.23 %	1.23 %
SCHOOL BOARD - NONPROFESSIONAL									
Contractually determined contribution	$ 152,874	$ 78,494	$ 65,019	$ 42,036	$ 38,393	$ -	$ -	$ -	$ -
Contributions in relation to contractually determined contribution	152,874	78,494	65,019	42,036	38,393	-	-	-	-
Contribution deficiency	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
School Board's covered payroll	$12,530,627	$ 6,433,906	$ 5,329,434	$ 4,289,368	$ 3,917,641	$ -	$ -	$ -	$ -
Contributions as a percentage of covered-employee payroll	1.22 %	1.22 %	1.22 %	0.98 %	0.98 %	- %	- %	- %	- %

Notes to Schedule:

Schedule is intended to show information for 10 years. Additional years will be included as they become available. The amount presented have a measurement date of the prior fiscal year.

Effective July 1, 2020, the School Board Nonprofessional employees began participating into the VRS Health Insurance Credit Program.

CITY OF HAMPTON, VIRGINIA
NOTES TO VRS REQUIRED SUPPLEMENTAL INFORMATION COMPONENT UNIT SCHOOL BOARD
VIRGINIA RETIREMENT SYSTEM-TEACHER HEALTH INSURANCE CREDITS PLAN

Changes of benefits terms: There have been no actuarially material changes to the System benefit provisions since the prior actuarial valuation.

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

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

CITY OF HAMPTON, VIRGINIA
SCHEDULE OF CHANGES IN NET OPEB LIABILITY AND RELATED RATIOS
PRIMARY GOVERNMENT
OTHER POSTEMPLOYMENT BENEFITS-LINE OF DUTY
REQUIRED SUPPLEMENTAL INFORMATION-UNAUDITED

	2025	2024	2023	2022	2021	2020	2019	2018
TOTAL OPEB LIABILITY								
Service cost at end of year	$ 948,150	$ 844,834	$ 1,029,218	$ 999,697	$ 784,953	$ 807,017	$ 916,561	$ 565,127
Interest	746,342	684,821	504,079	435,900	549,137	453,230	491,686	278,308
Change of benefit terms	23,195	-	-	-	-	-	-	3,162,168
Differences between expected and actual experience	(50,965)	781,936	102,767	153,071	(2,710)	2,166,977	(2,391,726)	(146,400)
Changes of assumptions	(440,619)	(566,124)	(4,708,894)	2,666,246	3,083,881	1,117,402	(444,636)	(526,209)
Benefit payments	(729,999)	(762,457)	(709,467)	(633,743)	(556,223)	(532,113)	(439,544)	(124,402)
Net change in total OPEB	496,104	983,010	(3,782,297)	3,621,171	3,859,038	4,012,513	(1,867,659)	3,208,592
Total OPEB liability - beginning	19,861,310	18,878,300	22,660,597	19,039,426	15,180,388	11,167,875	13,035,534	9,826,942
Total OPEB liability - ending	$ 20,357,414	$ 19,861,310	$ 18,878,300	$ 22,660,597	$ 19,039,426	$ 15,180,388	$ 11,167,875	$ 13,035,534
Covered-employee payroll	$ 93,341,965	$ 91,562,706	$ 91,561,683	$ 91,561,683	$ 90,779,972	$ 88,434,323	$ 91,084,919	$ 90,627,625
Net OPEB liability as a percentage of covered-employee payroll	21.81 %	21.69 %	20.62 %	24.75 %	20.97 %	17.17 %	12.26 %	14.38 %

Notes to Schedule

1) Per GAAP, net OPEB liabilities are reported using measurement date, which is one year prior to the reporting date.

2) No assets are accumulated in a trust that meet GAAP's criteria.

3) Schedules are intended to show information for 10 years. Since 2018 is the first year of this presentation, no other data is available. Additional years will be included as they become available.

CITY OF HAMPTON, VIRGINIA
SCHEDULE OF EMPLOYER OTHER POSTEMPLOYMENT BENEFITS CONTRIBUTIONS
OTHER POSTEMPLOYMENT BENEFITS - LINE OF DUTY
LAST 10 FISCAL YEARS
REQUIRED SUPPLEMENTAL INFORMATION-UNAUDITED

	2025	2024	2023	2022	2021	2020	2019	2018
Contractually required contribution	$ 710,316	$ 733,749	$ 765,676	$ 719,216	$ 640,163	$ 567,166	$ 546,033	$ 468,634
Contribution in relation to the contractually required contribution	710,316	733,749	765,676	719,216	640,163	567,166	546,033	468,634
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Covered employee payroll	$ 93,341,965	$ 93,341,965	$ 91,562,706	$ 91,561,683	$ 91,561,683	$ 90,779,972	$ 88,434,323	$ 91,084,919
Contributions as a percentage of covered payroll	0.76 %	0.79 %	0.84 %	0.79 %	0.70 %	0.62 %	0.62 %	0.51 %

Notes to Schedule

1) No assets are accumulated in a trust that meet GAAP's criteria.

2) Schedules are intended to show information for 10 years. Since 2018 is the first year of this presentation, no other data is available. Additional years will be included as they become available.

CITY OF HAMPTON, VIRGINIA
NOTES TO VRS REQUIRED SUPPLEMENTAL INFORMATION PRIMARY GOVERNMENT
OTHER POSTEMPLOYMENT BENEFITS-LINE OF DUTY

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

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

LARGEST TEN LOCALITY EMPLOYERS WITH PUBLIC SAFETY EMPLOYEES	
Mortality Rates (Pre-retirement, post- retirement healthy, and disabled)	Updated to PUB2010 public sector mortality tables. Increased disability life expectancy. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience and changed final retirement age from 65 to 70
Withdrawal Rates service	Deceased rates
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change

CITY OF HAMPTON, VIRGINIA
SCHEDULE OF EMPLOYERS' PROPORTIONATE SHARE OF THE NET OTHER POSTEMPLOYMENT BENEFIT LIABILITY
VIRGINIA RETIREMENT SYSTEM-GROUP LIFE
REQUIRED SUPPLEMENTAL INFORMATION-UNAUDITED

	2025	2024	2023	2022	2021	2020	2019	2018
PRIMARY GOVERNMENT - CITY								
Proportionate share of the net other postemployment benefit liability	0.41983 %	0.42694 %	0.4325 %	0.4419 %	0.4411 %	0.4511 %	0.4790 %	0.4913 %
Proportionate share of the net other postemployment benefit liability	$ 4,684,976	$ 5,120,350	$ 5,207,597	$ 5,144,682	$ 7,361,237	$ 7,340,923	$ 7,275,000	$ 7,394,000
Covered payroll	117,064,121	100,566,260	94,076,467	91,232,518	90,779,972	88,434,323	91,084,919	90,627,625
Proportionate share of the net other postemployment benefit liability as a percentage of covered payroll	4.00 %	5.09 %	5.54 %	5.64 %	8.11 %	8.30 %	7.99 %	8.16 %
Plan fiduciary net position as a percentage of the total other postemployment benefit liability	73.41%	69.30 %	67.21 %	67.45 %	52.64 %	52.00 %	51.22 %	49.00 %
COMPONENT UNIT-SCHOOL BOARD								
Proportionate share of the net other postemployment benefit liability	0.58583 %	0.57822 %	0.58425 %	0.57525 %	0.57371 %	0.05802 %	0.60247 %	0.61732 %
Proportionate share of the net other postemployment benefit liability	$ 6,537,407	$ 6,934,670	$ 7,034,933	$ 6,697,741	$ 9,574,281	$ 9,440,910	$ 9,150,000	$ 9,289,000
Covered payroll	150,418,696	136,200,363	127,089,296	118,767,051	113,864,332	113,730,722	114,558,220	113,866,451
Proportionate share of the net other postemployment benefit liability as a percentage of covered payroll	4.35 %	5.09 %	5.54 %	5.64 %	8.41 %	8.30 %	7.99 %	8.16 %
Plan fiduciary net position as a percentage of the total other postemployment benefit liability	73.41 %	69.30 %	67.21 %	67.45 %	52.64 %	52.00 %	51.22 %	49.00 %

Notes to Schedule

1) Per GAAP, Net OPEB liabilities are reported using the measurement date, which is one year prior to the reporting date.

2) Schedule is intended to show information for 10 years. Since 2018 is the first year of this presentation, no other data is available. Additional years will be included as they become available.

CITY OF HAMPTON, VIRGINIA
SCHEDULE OF EMPLOYER OTHER POSTEMPLOYMENT BENEFIT CONTRIBUTIONS
OTHER POSTEMPLOYMENT BENEFITS-GROUP LIFE INSURANCE
LAST 10 FISCAL YEARS
REQUIRED SUPPLEMENTAL INFORMATION-UNAUDITED

	2025	2024	2023	2022	2021	2020	2019	2018	2017
PRIMARY GOVERNMENT- CITY									
Contractually required contribution	$ 523,143	$ 581,664	$ 543,058	$ 508,013	$ 492,656	$ 472,056	$ 459,858	$ 473,642	$ 471,264
Contributions in relation to the contractually required contribution	523,143	581,664	543,058	508,013	492,656	472,056	459,858	473,642	471,264
Contribution deficiency (excess)	-	-	-	-	-	-	-	-	-
City covered payroll	117,064,121	117,064,121	100,566,260	94,076,467	91,232,518	90,779,972	88,434,323	91,084,919	90,627,625
Contributions as a percentage of covered payroll	0.45 %	0.50 %	0.54 %	0.54 %	0.54 %	0.52 %	0.52 %	0.52 %	0.52 %
COMPONENT UNIT-SCHOOL BOARD									
Contractually required contribution	777,689	812,261	735,482	686,283	641,362	613,972	591,400	595,702	592,106
Contributions in relation to contractually required contribution	777,689	812,261	735,482	686,283	641,362	613,972	591,400	595,702	592,106
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
School Board covered payroll	$165,465,871	$150,418,696	$136,200,363	$127,089,296	$118,767,051	$113,864,332	$113,730,722	$114,558,220	$113,866,451
Contributions as a percentage of covered payroll	0.47 %	0.54 %	0.54 %	0.54 %	0.54 %	0.54 %	0.52 %	0.52 %	0.52 %

Notes to Schedule

1) Per GAAP, net OPEB liabilities are reported using measurement date, which is one year prior to the reporting date.

2) No assets are accumulated in a trust that meet GAAP's criteria.

3) Schedules are intended to show information for 10 years. Since 2017 is the first year of this presentation, no other data is available. Additional years will be included as they become available.

CITY OF HAMPTON, VIRGINIA
NOTES TO VRS REQUIRED SUPPLEMENTAL INFORMATION
PRIMARY GOVERNMENT AND SCHOOL BOARD COMPONENT UNIT
OTHER POST EMPLOYMENT BENEFITS - GROUP LIFE INSURANCE PROGRAM

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

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

LARGEST TEN LOCALITY EMPLOYERS - GENERAL EMPLOYEES

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

LARGEST TEN LOCALITY EMPLOYERS - HAZARDOUS DUTY EMPLOYEES

Mortality Rates (Pre-retirement, post- retirement healthy, and disabled)	Updated to PUB2010 public sector mortality tables. Increased disability life expectancy. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience and changed final retirement age from 65 to 70
Withdrawal Rates service	Decreased rates
Disability Rates	No change
Salary Scale	No change
Discount Rate	No change

TEACHERS

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

Exhibit B-1

CITY OF HAMPTON, VIRGINIA
GENERAL FUND
BALANCE SHEET
June 30, 2025

ASSETS:		
Cash and cash equivalents	$	121,334,481
Investments		66,448,464
Property Tax Receivable (net of allowance for uncollectible of $3,201,353)		14,645,224
Intergovernmental receivables:		
Due from Commonwealth of Virginia		10,024,653
Due from Federal Government		651,192
Accounts receivables		6,568,232
Leases receivable		21,004
Due from other funds		21,254,695
Due from component units		15,430
Inventories		36,952
Total assets		241,000,327
LIABILITIES:		
Accounts payable		9,740,352
Accrued health insurance		13,141,998
Accrued liabilities		10,813,781
Due to other funds		21,694,249
Due to component units		40,000
Unearned revenues		186,140
Total liabilities		55,616,520
DEFERRED INFLOWS OF RESOURCES:		
Unavailable revenue-property taxes		11,451,581
Related to leases		21,605
Unavailable revenue-opioid settlement funds		2,259,660
Property taxes collected in advance		2,981,511
Total deferred inflows of resources		16,714,357
FUND BALANCES:		
Nonspendable		36,952
Restricted		2,898,832
Committed		22,416,017
Assigned		28,242,079
Unassigned		115,075,570
Total fund balances		168,669,450
Total liabilities, deferred inflows of resources and fund balances	$	241,000,327

This schedule excludes special revenue fund Pearl Young, which is included in the General Fund basic statements per GAAP.

Exhibit B-2

CITY OF HAMPTON, VIRGINIA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND
For the Year Ended June 30, 2025

	Budgeted Amounts			Variance with Final
	Original	Final	Actual	Budget Over (Under)
REVENUES				
Intergovernmental:				
From the Commonwealth of Virginia	$ 50,458,791	$ 66,789,122	$ 67,358,784	$ 569,662
From the Federal government	10,659,677	10,659,677	11,621,352	961,675
Other local taxes	343,047,080	327,593,151	335,493,505	7,900,354
Special assessments	1,649,496	1,649,496	2,150,019	500,523
License, permits and privilege fees	1,935,852	1,935,852	1,989,653	53,801
Fines and forfeitures	6,612,473	6,612,473	4,151,764	(2,460,709)
Revenue from use of money and property	5,322,013	5,322,013	9,610,236	4,288,223
Charges for services	10,900,717	10,900,717	13,166,422	2,265,705
Recovered costs	957,640	957,640	1,018,354	60,714
Payment from component units	3,322,974	3,322,974	2,882,000	(440,974)
Miscellaneous revenue	5,659,950	5,430,658	15,318,853	9,888,195
Total revenues	440,526,663	441,173,773	464,760,942	23,587,169
EXPENDITURES				
Current:				
General Government	159,146,297	136,709,507	131,682,657	(5,026,850)
Public Safety	71,115,266	75,240,734	75,015,574	(225,160)
Highways and Streets	3,073,113	2,125,636	2,125,636	-
Health	5,515,910	4,948,757	4,948,757	-
Human Services	25,859,560	26,396,100	26,204,828	(191,272)
Culture and Recreation	13,867,349	14,768,920	14,768,009	(911)
Education	97,603,684	97,287,751	97,287,751	-
Debt Service:				
Principal retirement	-	2,129,186	2,129,186	-
Interest fiscal charges	-	478,174	478,174	-
Total expenditures	376,181,179	360,084,765	354,640,572	(5,444,193)
Excess of revenues over expenditures	64,345,484	81,089,008	110,120,370	29,031,362
OTHER FINANCING SOURCES (USES)				
Transfers in	-	229,292	234,663	5,371
Transfers out	(73,056,120)	(92,304,100)	(91,985,548)	318,552
Other financing uses, net	(73,056,120)	(92,074,808)	(91,750,885)	323,923
Net change in fund balances	(8,710,636)	(10,985,800)	18,369,485	$ 29,355,285
Appropriations from fund balance	8,710,636	11,441,796		
Appropriations - encumbrances	-	(455,996)		
Fund balance - July 1	-	-	150,299,965	
Fund balance - June 30	$ -	$ -	$ 168,669,450	

This schedule excludes special revenue fund Pearl Young, which is included in the General Fund basic statements per GAAP.

Exhibit B-3

CITY OF HAMPTON, VIRGINIA
GENERAL FUND
SCHEDULE OF REVENUES AND OTHER CREDITS - BUDGET AND ACTUAL
For the Year Ended June 30, 2025

	Budget July 1, 2024	Net Changes	Final June 30, 2025	Actual	Variance Over (under)
Local taxes					
General property taxes:					
Real estate	$ 177,839,070	$ -	$ 177,839,070	$ 178,552,582	$ 713,512
Public service	4,738,790	-	4,738,790	5,201,023	462,233
Personal property	53,455,137	(15,453,929)	38,001,208	40,833,515	2,832,307
Mobile homes	35,446	-	35,446	46,822	11,376
Machinery and tools	2,728,184	-	2,728,184	3,278,493	550,309
Delinquent taxes	567,079	-	567,079	693,477	126,398
Penalty	1,636,287	-	1,636,287	1,909,513	273,226
Total general property taxes	240,999,993	(15,453,929)	225,546,064	230,515,425	4,969,361
Other local taxes:					
Utility-electric and gas	5,100,000	-	5,100,000	5,301,918	201,918
Communications sales tax	5,805,055	-	5,805,055	5,922,942	117,887
Tobacco	3,650,000	-	3,650,000	2,741,297	(908,703)
Business license	16,317,000	-	16,317,000	17,808,582	1,491,582
Short-term rental	177,000	-	177,000	227,238	50,238
Sales and use	23,291,600	-	23,291,600	23,418,797	127,197
Recordation	1,611,725	-	1,611,725	2,087,170	475,445
Public right of way	300,000	-	300,000	333,212	33,212
Lodging and transit	6,490,610	-	6,490,610	6,652,562	161,952
Amusement	1,515,000	-	1,515,000	1,388,624	(126,376)
Meal	30,500,000	-	30,500,000	30,639,796	139,796
Motor vehicle	4,291,065	-	4,291,065	4,528,229	237,164
Bank stock	654,032	-	654,032	808,477	154,445
License tax pari-mutuel	2,344,000	-	2,344,000	3,119,236	775,236
Total other local taxes	102,047,087	-	102,047,087	104,978,080	2,930,993
Total local taxes	343,047,080	(15,453,929)	327,593,151	335,493,505	7,900,354
License, permits and privilege fees:					
Animal licenses	15,000	-	15,000	19,543	4,543
Street and taxi permits	183,650	-	183,650	204,166	20,516
Zoning and land use	433,706	-	433,706	536,942	103,236
Building permits	1,257,227	-	1,257,227	1,180,110	(77,117)
Miscellaneous	46,269	-	46,269	48,892	2,623
Total license, permits and privilege fees	1,935,852	-	1,935,852	1,989,653	53,801
Fines and forfeitures	6,612,473	-	6,612,473	4,151,764	(2,460,709)
Special assessments:					
Peninsula Town Center CDA	606,212	-	606,212	1,098,590	492,378
H20 CDA	55,756	-	55,756	49,825	(5,931)
Coliseum BID	663,481	-	663,481	675,660	12,179
Downtown BID	213,757	-	213,757	215,435	1,678
Elizabeth Lakes	110,290	-	110,290	110,509	219
Total special assessments	1,649,496	-	1,649,496	2,150,019	500,523
Revenue from use of money and property:					
Interest on investments	5,027,394	-	5,027,394	8,787,322	3,759,928
Rental of property	122,955	-	122,955	144,712	21,757
Sale of materials and property	65,019	-	65,019	97,149	32,130
Vending machines	13,000	-	13,000	20,313	7,313
Billboard revenue	93,645	-	93,645	95,837	2,192
Lease revenue	-	-	-	265	265
Net increase in fair value of investments	-	-	-	464,638	464,638
Total revenue from use of money and property	$ 5,322,013	$ -	$ 5,322,013	$ 9,610,236	$ 4,288,223

Continued

This schedule excludes special revenue fund Pearl Young, which is included in the General Fund basic statements per GAAP

Exhibit B-3

CITY OF HAMPTON, VIRGINIA
GENERAL FUND
SCHEDULE OF REVENUES AND OTHER CREDITS - BUDGET AND ACTUAL
For the Year Ended June 30, 2025

	Budget July 1, 2024	Net Changes	Final June 30, 2025	Actual	Variance Over (under)
Charges for services:					
Fees:					
Court costs	$ 1,000	$ -	$ 1,000	$ 1,569	$ 569
Clerk	32,247	-	32,247	26,173	(6,074)
Cobra administration	-	-	-	-	-
Court officers	16,005	-	16,005	24,789	8,784
Parks and Recreation	1,059,800	-	1,059,800	1,148,649	88,849
Youth, Education, and Family Services	1,408,003	-	1,408,003	1,627,324	219,321
Sheriff	30,439	-	30,439	151,081	120,642
Sheriff - Canteen Fund	-	-	-	96,833	96,833
Library	2,900	-	2,900	1,513	(1,387)
Jail admission fee	8,350	-	8,350	9,628	1,278
Ambulance services	5,137,035	-	5,137,035	6,215,996	1,078,961
Fire Prevention	213,700	-	213,700	219,152	5,452
Public education grant fees	168,282	-	168,282	130,955	(37,327)
Passport applications	32,000	-	32,000	42,408	10,408
Miscellaneous charges for services	256,374	-	256,374	280,853	24,479
Landfill host fees	1,341,993	-	1,341,993	1,972,049	630,056
Payment in lieu of taxes-Fort Monroe	983,960	-	983,960	983,960	-
Boat license fee	200,000	-	200,000	221,555	21,555
Administrative Fees	8,629	-	8,629	11,935	3,306
Total charges for services	10,900,717	-	10,900,717	13,166,422	2,265,705
Miscellaneous revenue:					
Opioid Abatement Settlement	-	-	-	368,645	368,645
Payment in lieu of taxes-other	49,926	-	49,926	52,640	2,714
Returned check charges	14,010	-	14,010	5,683	(8,327)
Unemployment fees	4,000	-	4,000	3,515	(485)
School reimbursement	2,620,941	-	2,620,941	2,620,940	(1)
Indirect cost	1,383,037	(229,292)	1,153,745	1,153,745	-
Other	1,588,036	-	1,588,036	11,113,685	9,525,649
Total miscellaneous revenue	5,659,950	(229,292)	5,430,658	15,318,853	9,888,195
Recovered costs:					
NASA fire services	957,640	-	957,640	1,018,354	60,714
Total recovered costs	957,640	-	957,640	1,018,354	60,714
Noncategorical aid - state:					
Personal property tax relief reimbursement	-	15,453,929	15,453,929	15,453,929	-
Vehicle rental tax	520,000	-	520,000	656,526	136,526
Railroad rolling stock tax	10,516	-	10,516	17,932	7,416
Mobile home titling tax	20,312	-	20,312	30,163	9,851
Miscellaneous	150,000	-	150,000	251,863	101,863
Total noncategorical aid - state	700,828	15,453,929	16,154,757	16,410,413	255,656
Shared expenses - state:					
Sheriff	8,817,422	-	8,817,422	8,587,489	(229,933)
Commonwealth's Attorney	1,710,355	-	1,710,355	1,607,162	(103,193)
Commissioner of Revenue	433,823	-	433,823	434,633	810
Treasurer	358,746	-	358,746	448,784	90,038
Clerk of Courts	1,055,204	-	1,055,204	1,167,152	111,948
Registrar-election board	55,801	-	55,801	113,401	57,600
Total shared expenses - state	12,431,351	-	12,431,351	12,358,621	(72,730)

Continued

This schedule excludes special revenue fund Pearl Young, which is included in the General Fund basic statements per GAAP

Exhibit B-3

CITY OF HAMPTON, VIRGINIA
GENERAL FUND
SCHEDULE OF REVENUES AND OTHER CREDITS - BUDGET AND ACTUAL
For the Year Ended June 30, 2025

	Budget July 1, 2024	Net Changes	Final June 30, 2025	Actual	Variance Over (under)
Categorical aid - state:					
Public assistance	4,912,945	279,000	5,191,945	5,489,228	297,283
Police	8,741,936	-	8,741,936	8,769,242	27,306
Street and highway maintenance	22,253,572	597,402	22,850,974	22,706,974	(144,000)
E911 wireless grant	691,966	-	691,966	765,190	73,224
Public library books	216,834	-	216,834	273,853	57,019
Jail operations	185,155	-	185,155	263,170	78,015
Probation	8,500	-	8,500	6,390	(2,110)
Virginia juvenile block grant	315,704	-	315,704	315,703	(1)
Total categorical aid - state	37,326,612	876,402	38,203,014	38,589,750	386,736
Categorical aid - federal:					
Pass thru-Public assistance	10,018,787	-	10,018,787	10,845,869	827,082
Pass thru-Healthy Families	630,890	-	630,890	630,890	-
Federal funds - Police	-	-	-	134,174	134,174
Total categorical aid - federal	10,649,677	-	10,649,677	11,610,933	961,256
Noncategorical aid - federal					
Payment in lieu of Taxes-National Park Service	-	-	-	419	419
Indirect costs-total	10,000	-	10,000	10,000	-
Total noncategorical aid - federal	10,000	-	10,000	10,419	419
Total revenues	437,203,689	647,110	437,850,799	461,878,942	24,028,143
Payment from component units					
Economic Development Authority	455,974	-	455,974	15,000	(440,974)
Hampton City Schools	2,867,000	-	2,867,000	2,867,000	-
Total component Units	3,322,974	-	3,322,974	2,882,000	(440,974)
Other credits:Transfers from					
Solid Waste Fund	-	116,000	116,000	116,000	-
Grants Fund	-	-	-	5,371	5,371
Wastewater Fund	-	113,292	113,292	113,292	-
Total transfers	-	229,292	229,292	234,663	5,371
Total revenues and transfers	440,526,663	876,402	441,403,065	464,995,605	23,592,540
Appropriations from fund balance	8,710,636	2,731,160	11,441,796	11,441,796	-
Appropriations-encumbrances	-	-	-	1,938,392	1,938,392
Total appropriations	8,710,636	2,731,160	11,441,796	13,380,188	1,938,392
Total revenues and other credits	$ 449,237,299	$ 3,607,562	$ 452,844,861	$ 478,375,793	$ 25,530,932

This schedule excludes special revenue fund Pearl Young, which is included in the General Fund basic statements per GAAP

Exhibit B-4

CITY OF HAMPTON, VIRGINIA
GENERAL FUND
SCHEDULE OF APPROPRIATIONS AND EXPENDITURES
For the Year Ended June 30, 2025

	Appropriations			Expenditures				Variance Under (Over)
	Budget July 1,2024	Net Changes	Final June 30, 2025	Personal Services	Operating Expenditures	Capital Outlay	Total	
GENERAL GOVERNMENT								
Legislative:								
Municipal Council	$ 549,819	$ 84,146	$ 633,965	$ 458,835	$ 175,128	$ -	$ 633,963	$ 2
Legislative - Total	549,819	84,146	633,965	458,835	175,128	-	633,963	2
Executive:								
City Manager	1,706,646	113,032	1,819,678	1,677,639	111,935	2,253	1,791,827	27,851
311 Customer Call Center	658,308	(48,902)	609,406	525,329	84,077	-	609,406	-
Citizens Unity Commission	154,904	13,970	168,874	142,585	26,289	-	168,874	-
Marketing, INC	900,654	(3,527)	897,127	491,234	405,893	-	897,127	-
Internal Audit	257,982	(12,488)	245,494	230,318	14,804	372	245,494	-
Executive - Total	3,678,494	62,085	3,740,579	3,067,105	642,998	2,625	3,712,728	27,851
City Attorney:								
Law-City Attorney	1,571,301	284,891	1,856,192	1,638,272	190,453	25	1,828,750	27,442
City Attorney - Total	1,571,301	284,891	1,856,192	1,638,272	190,453	25	1,828,750	27,442
Human Resources -Total	1,521,731	109,812	1,631,543	1,273,081	358,461	-	1,631,542	1
Judicial:								
Clerk of Courts	1,380,183	345,268	1,725,451	1,343,659	165,024	12,015	1,520,698	204,753
Circuit Court	345,172	1,413	346,585	305,458	31,918	9,209	346,585	-
General District Court	229,306	3,074	232,380	85,028	145,886	-	230,914	1,466
District Court-J.D.R.	49,661	(21,495)	28,166	-	28,138	-	28,138	28
Commonwealth's Attorney	3,455,074	30,235	3,485,309	2,720,940	355,793	65,005	3,141,738	343,571
City Sheriff-Administration	2,306,273	(580,266)	1,726,007	930,445	795,562	-	1,726,007	-
City Sheriff-Jail	9,686,227	540,989	10,227,216	6,332,917	3,575,913	80,410	9,989,240	237,976
Court Service Unit	1,834,355	233,493	2,067,848	224,353	1,819,364	331	2,044,048	23,800
Magistrates Office	21,364	(5,225)	16,139	9,550	6,588	-	16,138	1
Judicial - Total	19,307,615	547,486	19,855,101	11,952,350	6,924,186	166,970	19,043,506	811,595

Continued

This schedule excludes special revenue fund Pearl Young, which is included in the General Fund basic statements per GAAP.

Exhibit B-4

CITY OF HAMPTON, VIRGINIA
GENERAL FUND
SCHEDULE OF APPROPRIATIONS AND EXPENDITURES
For the Year Ended June 30, 2025

	Appropriations			Expenditures				Variance
	Budget July 1,2024	Net Changes	Final June 30, 2025	Personal Services	Operating Expenditures	Capital Outlay	Total	Under (Over)
GENERAL GOVERNMENT, CONTINUED:								
Boards and commissions:								
Community Development	4,663,734	244,250	4,907,984	3,723,126	891,581	73,759	4,688,466	219,518
Elections Board	204,549	161,678	366,227	172,298	155,283	38,646	366,227	-
Registrar	392,830	(28,747)	364,083	293,713	69,863	-	363,576	507
Development	1,379,254	(57,010)	1,322,244	771,016	273,209	6,249	1,050,474	271,770
Boards and Commissions - Total	6,640,367	320,171	6,960,538	4,960,153	1,389,936	118,654	6,468,743	491,795
Agriculture - Extension Agent - Total	87,859	(4,215)	83,644	61,475	22,169	-	83,644	-
Nondepartmental:								
Nondepartmental	34,231,663	(5,549,775)	28,681,888	661,445	25,283,516	-	25,944,961	2,736,927
Civic and community support	940,855	460,550	1,401,405	-	1,116,999	-	1,116,999	284,406
Other	4,011,075	(1,997,211)	2,013,864	-	1,637,939	-	1,637,939	375,925
Nondepartmental - Total	39,183,593	(7,086,436)	32,097,157	661,445	28,038,454	-	28,699,899	3,397,258
Finance:								
Commissioner of Revenue	1,643,485	87,285	1,730,770	1,538,942	191,827	-	1,730,769	1
Assessor of Real Estate	1,333,075	39,940	1,373,015	1,201,143	170,112	-	1,371,255	1,760
City Treasurer	2,196,855	42,782	2,239,637	1,726,251	478,712	34,674	2,239,637	-
Consolidated Procurement	499,990	11,787	511,777	469,060	42,031	-	511,091	686
Independent Auditors	242,294	(1,686)	240,608	-	239,600	-	239,600	1,008
Finance	1,226,619	292,966	1,519,585	1,170,883	116,572	-	1,287,455	232,130
Information Technology	5,294,796	(74,993)	5,219,803	1,722,240	3,144,879	333,352	5,200,471	19,332
Finance - Total	12,437,114	398,081	12,835,195	7,828,519	4,383,733	368,026	12,580,278	254,917
Retirement and Employee Benefits Total	66,935,238	(17,052,084)	49,883,154	2,001,555	47,866,751	-	49,868,306	14,848

Continued

This schedule excludes special revenue fund Pearl Young, which is included in the General Fund basic statements per GAAP.

Exhibit B-4

CITY OF HAMPTON, VIRGINIA
GENERAL FUND
SCHEDULE OF APPROPRIATIONS AND EXPENDITURES
For the Year Ended June 30, 2025

	Appropriations			Expenditures				
	Budget July 1,2024	Net Changes	Final June 30, 2025	Personal Services	Operating Expenditures	Capital Outlay	Total	Variance Under (Over)
GENERAL GOVERNMENT, CONTINUED:								
Public Works:								
Administration	316,652	73,882	390,534	354,138	35,650	–	389,788	746
Engineering	882,391	(72,940)	809,451	754,198	51,106	4,146	809,450	1
Property Maintenance	5,826,185	24,331	5,850,516	1,891,831	3,958,685	–	5,850,516	-
Parking Facilities	207,938	(126,000)	81,938	39,908	41,636	–	81,544	394
Public Works - Total	7,233,166	(100,727)	7,132,439	3,040,075	4,087,077	4,146	7,131,298	1,141
General Government - Total	159,146,297	(22,436,790)	136,709,507	36,942,865	94,079,346	660,446	131,682,657	5,026,850
PUBLIC SAFETY								
Police Division	32,726,156	(407,086)	32,319,070	25,914,309	5,545,111	663,714	32,123,134	195,936
Traffic Engineering	3,804,708	276,258	4,080,966	833,047	3,247,860	59	4,080,966	-
Fire Division	29,251,702	3,885,112	33,136,814	27,083,095	6,053,719	–	33,136,814	-
Emergency Management	430,808	(76,706)	354,102	282,708	71,394	–	354,102	-
E911	3,162,610	501,372	3,663,982	3,132,486	504,267	27,229	3,663,982	-
Animal Control	587,841	(67,002)	520,839	294,856	221,189	2,135	518,180	2,659
Youth Violence Prevention	1,151,441	13,520	1,164,961	860,153	278,243	–	1,138,396	26,565
Public Safety - Total	71,115,266	4,125,468	75,240,734	58,400,654	15,921,783	693,137	75,015,574	225,160
Highways and Streets-Total	3,073,113	(947,477)	2,125,636	977,478	993,145	155,013	2,125,636	–

Continued

This schedule excludes special revenue fund Pearl Young, which is included in the General Fund basic statements per GAAP.

Exhibit B-4

CITY OF HAMPTON, VIRGINIA
GENERAL FUND
SCHEDULE OF APPROPRIATIONS AND EXPENDITURES
For the Year Ended June 30, 2025

	Appropriations			Expenditures				Variance Under (Over)
	Budget July 1,2024	Net Changes	Final June 30, 2025	Personal Services	Operating Expenditures	Capital Outlay	Total	
HEALTH								
Preventive Medicine	1,047,310	(41,127)	1,006,183	-	1,006,183	-	1,006,183	-
Drainage Maintenance	4,468,600	(526,026)	3,942,574	829,617	3,112,957	-	3,942,574	-
Health - Total	5,515,910	(567,153)	4,948,757	829,617	4,119,140	-	4,948,757	-
HUMAN SERVICES								
Administration	16,698,065	(62,341)	16,635,724	10,419,690	6,010,814	74,940	16,505,444	130,280
Public Assistance	491,871	3,044,693	3,536,564	-	3,536,564	-	3,536,564	-
Purchase of Services	4,184,029	(3,214,070)	969,959	-	969,959	-	969,959	-
Youth,Education and Family Services	4,485,595	659,516	5,145,111	4,520,241	594,802	-	5,115,043	30,068
Economic Empowerment & Family Resiliency	-	108,742	108,742	75,692	2,126	-	77,818	30,924
Human Services - Total	25,859,560	536,540	26,396,100	15,015,623	11,114,265	74,940	26,204,828	191,272
CULTURE AND RECREATION								
Recreation	5,932,982	337,040	6,270,022	4,385,038	1,884,983	-	6,270,021	1
Parks	4,833,638	327,560	5,161,198	2,202,785	2,939,254	18,756	5,160,795	403
Conventions and Tourism	2,620,666	239,155	2,859,821	1,143,122	1,711,225	5,474	2,859,821	-
Hampton History Museum	480,063	(2,184)	477,879	413,193	64,179	-	477,372	507
Culture and Recreation - Total	13,867,349	901,571	14,768,920	8,144,138	6,599,641	24,230	14,768,009	911

Continued

This schedule excludes special revenue fund Pearl Young, which is included in the General Fund basic statements per GAAP.

Exhibit B-4

CITY OF HAMPTON, VIRGINIA
GENERAL FUND
SCHEDULE OF APPROPRIATIONS AND EXPENDITURES
For the Year Ended June 30, 2025

	Appropriations			Expenditures				Variance Under (Over)
	Budget July 1,2024	Net Changes	Final June 30, 2025	Personal Services	Operating Expenditures	Capital Outlay	Total	
EDUCATION								
School Operations	95,000,573	-	95,000,573	-	95,000,573	-	95,000,573	-
Public Library	2,603,111	(315,933)	2,287,178	1,876,329	410,849	-	2,287,178	-
Education - Total	97,603,684	(315,933)	97,287,751	1,876,329	95,411,422	-	97,287,751	-
DEBT SERVICE								
Principal	-	2,129,186	2,129,186	-	2,129,186	-	2,129,186	-
Interest	-	478,174	478,174	-	478,174	-	478,174	-
Debt Service - Total	-	2,607,360	2,607,360	-	2,607,360	-	2,607,360	-
Total expenditures	376,181,179	(16,096,414)	360,084,765	122,186,704	230,846,102	1,607,766	354,640,572	5,444,193
OPERATING TRANSFERS OUT								
Capital Projects Fund	23,388,563	22,289,902	45,678,465	-	45,678,465	-	45,678,465	-
Enterprise Funds	11,050,504	1,791,764	12,842,268	-	12,638,467	-	12,638,467	203,801
Internal Service Funds	400,000	-	400,000	-	400,000	-	400,000	-
Special Revenue Funds	3,221,546	(748,959)	2,472,587	-	2,357,836	-	2,357,836	114,751
Debt Service Fund	34,995,507	(4,084,727)	30,910,780	-	30,910,780	-	30,910,780	-
Transfers - Total	73,056,120	19,247,980	92,304,100	-	91,985,548	-	91,985,548	318,552
Total expenditures and transfers	$ 449,237,299	$ 3,151,566	$ 452,388,865	$ 122,186,704	$ 322,831,650	$ 1,607,766	$ 446,626,120	$ 5,762,745

This schedule excludes special revenue fund Pearl Young, which is included in the General Fund basic statements per GAAP.

Exhibit C-1

CITY OF HAMPTON, VIRGINIA
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
June 30, 2025

	Special Revenue				
	Community Development	Stormwater Management	Pembroke Complex	Law Library	Total Non-major Governmental Funds
ASSETS					
Cash and cash equivalents	$ 752	$ 12,694,520	$ 56,690	$ 117	$ 12,752,079
Due from Federal Government	358,366	-	-	-	358,366
Accounts receivables	39,996	546,759	-	5	586,760
Total assets	399,114	13,241,279	56,690	122	13,697,205
LIABILITIES					
Accounts payable	49,116	344,192	5,333	122	398,763
Accrued liabilities	8,002	124,438	-	-	132,440
Due to other funds	302,000	-	-	-	302,000
Total liabilities	359,118	468,630	5,333	122	833,203
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue-program income	39,996	-	-	-	39,996
Unavailable revenue-stormwater fees	-	546,759	-	-	546,759
Total deferred inflows of resources	39,996	546,759	-	-	586,755
FUND BALANCES					
Restricted	-	12,225,890	51,357	-	12,277,247
Total fund balances	-	12,225,890	51,357	-	12,277,247
Total liabilities,deferred inflows of resources and fund balances	$ 399,114	$ 13,241,279	$ 56,690	$ 122	$ 13,697,205

Exhibit C-2

CITY OF HAMPTON, VIRGINIA
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
For the Year Ended June 30, 2025

	Special Revenue				
	Community Development	Stormwater Management	Pembroke Complex	Law Library	Total Non-major Governmental Funds
REVENUES					
Intergovernmental revenues:					
From the Federal government	$ 1,518,954	$ -	$ -	$ -	$ 1,518,954
Revenue from use of money and property	-	-	-	120	120
Charges for services	-	13,423,378	-	-	13,423,378
Miscellaneous	112,150	1,650	-	79,148	192,948
Total revenues	1,631,104	13,425,028	-	79,268	15,135,400
EXPENDITURES					
Current:					
General government	1,631,104	-	85,239	81,434	1,797,777
Sanitation	-	7,910,073	-	-	7,910,073
Debt Service:					
Principal retirement	-	820,721	-	-	820,721
Interest and fiscal charges	-	649,163	-	-	649,163
Total expenditures	1,631,104	9,379,957	85,239	81,434	11,177,734
Excess (deficiency) of revenues over (under) expenditures	-	4,045,071	(85,239)	(2,166)	3,957,666
OTHER FINANCING SOURCES (USES)					
Transfers in	-	-	-	2,165	2,165
Transfers out	-	(4,068,303)	-	-	(4,068,303)
Other financing sources (uses), net	-	(4,068,303)	-	2,165	(4,066,138)
Net change in fund balances	-	(23,232)	(85,239)	(1)	(108,472)
Fund balances, beginning of year	-	12,249,122	136,596	1	12,385,719
Fund balances, end of year	$ -	$ 12,225,890	$ 51,357	$ -	$ 12,277,247

Exhibit C-3

CITY OF HAMPTON, VIRGINIA
NON-MAJOR GOVERNMENTAL FUNDS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
STORMWATER MANAGEMENT FUND
FOR THE YEAR ENDED JUNE 30, 2025

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual	Over (Under)
REVENUES				
Charges for services	$ 12,977,520	$ 12,977,520	$ 13,423,378	$ 445,858
Miscellaneous	$ -	$ -	$ 1,650	1,650
Total revenues	12,977,520	12,977,520	13,425,028	447,508
EXPENDITURES				
Current:				
Sanitation	10,512,435	10,420,299	7,910,073	(2,510,225)
Debt Service:				
Principal retirement	820,720	820,720	820,721	-
Interest and fiscal charges	649,163	649,163	649,163	-
Total expenditures	11,982,318	11,890,182	9,379,957	(2,510,225)
Excess of revenues over expenditures	995,202	1,087,338	4,045,071	2,957,733
OTHER FINANCING SOURCES (USES)				
Transfers out	(4,072,000)	(4,072,000)	(4,068,303)	3,697
Other financing (uses), net	(4,072,000)	(4,072,000)	(4,068,303)	3,697
Net change in fund balances	(3,076,798)	(2,984,662)	(23,232)	$ 2,961,430
Appropriation from fund balance	3,076,798	2,939,013		
Appropriations - encumbrances	-	45,649		
Fund balance - July 1	-	-	12,249,122	
Fund balance - June 30	$ -	$ -	$ 12,225,890	

Exhibit D-1

CITY OF HAMPTON, VIRGINIA
NON-MAJOR ENTERPRISE FUNDS
COMBINING STATEMENT OF NET POSITION
June 30, 2025

	Business-type Activities - Non-Major Enterprise Funds					
	Coliseum	The Woodlands	The Hamptons	Solid Waste	Refuse-Steam Plant	Totals
ASSETS						
Current assets:						
Cash and cash equivalents	$ 15,417,939	$ 39,226	$ 53,976	$ 520	$ 3,000,342	$ 18,512,003
Accounts receivables	103,404	1,832	-	2,272,792	799,077	3,177,105
Due from component unit	-	-	-	17,217	-	17,217
Inventories	104,438	18,104	16,893	-	-	139,435
Prepaid items	1,701	-	-	-	85,359	87,060
Total current assets	15,627,482	59,162	70,869	2,290,529	3,884,778	21,932,820
Noncurrent assets:						
Capital assets:						
Land	164,079	2,295,538	262,100	945,188	-	3,666,905
Buildings and improvements	11,746,982	995,046	2,398,794	-	87,875	15,228,697
Improvements other than buildings	7,568,709	755,532	3,802,032	76,921	18,520,605	30,723,799
Computer software	10,000	-	-	-	225,843	235,843
Equipment	5,286,707	629,353	477,890	16,380,442	8,429,988	31,204,380
Landfill	-	-	-	3,865,986	-	3,865,986
Lease equipment	5,038	238,096	392,939	13,609	-	649,682
Construction in progress	-	-	-	-	225,592	225,592
Less: accumulated depreciation/amortization	(19,603,903)	(2,499,728)	(6,883,361)	(12,135,673)	(23,020,281)	(64,142,946)
Total capital assets	5,177,612	2,413,837	450,394	9,146,473	4,469,622	21,657,938
Total noncurrent assets	5,177,612	2,413,837	450,394	9,146,473	4,469,622	21,657,938
Total assets	20,805,094	2,472,999	521,263	11,437,002	8,354,400	43,590,758
DEFERRED OUTFLOWS OF RESOURCES						
Related to pensions	103,145	49,574	37,823	361,542	534,300	1,086,384
Related to other postemployment benefits	36,026	32,873	94,031	163,242	65,329	391,501
Total deferred outflows of resources	139,171	82,447	131,854	524,784	599,629	1,477,885
LIABILITIES						
Current liabilities:						
Accounts payable	853,163	37,407	38,737	491,911	715,725	2,136,943
Compensated absences	111,146	13,551	17,174	211,805	97,635	451,311
Due to other funds	-	2,714,575	4,839,331	530,000	-	8,083,906
Unearned revenues	2,374,029	3,825	-	-	-	2,377,854
Current portion of lease payable	586	60,560	100,795	3,031	-	164,972
Current portion of long-term debt	-	-	-	-	152,508	152,508
Other liabilities	348,068	26,031	29,780	146,886	95,653	646,418
Total current liabilities	3,686,992	2,855,949	5,025,817	1,383,633	1,061,521	14,013,912
Noncurrent liabilities:						
Compensated absences	59,293	44,830	44,712	313,212	177,726	639,773
Lease payable	-	5,119	34,538	1,132	-	40,789
Net pension liability	337,160	162,048	123,637	1,181,808	2,074,648	3,879,301
Net other postemployment benefits liability	146,869	184,277	194,177	1,279,303	444,607	2,249,233
Total noncurrent liabilities	543,322	396,274	397,064	2,775,455	2,696,981	6,809,096
Total liabilities	4,230,314	3,252,223	5,422,881	4,159,088	3,758,502	20,823,008
DEFERRED INFLOWS OF RESOURCES						
Related to pensions	46,308	22,257	16,982	162,318	1,710,655	1,958,520
Related to other postemployment benefits	196,300	90,613	41,852	369,778	228,797	927,340
Total deferred inflows of resources	242,608	112,870	58,834	532,096	1,939,452	2,885,860
NET POSITION						
Net investment in capital assets	5,177,026	2,348,158	315,061	9,142,310	4,317,114	21,299,669
Unrestricted (deficit)	11,294,317	(3,157,805)	(5,143,659)	(1,871,708)	(1,061,039)	60,106
Total net position (deficit)	$ 16,471,343	$ (809,647)	$ (4,828,598)	$ 7,270,602	$ 3,256,075	$ 21,359,775

Exhibit D-2

CITY OF HAMPTON, VIRGINIA
NON-MAJOR ENTERPRISE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
For the Year Ended June 30, 2025

	Business-type Activities - Non-Major Enterprise Funds					
	Coliseum	The Woodlands	The Hamptons	Solid Waste	Refuse-Steam Plant	Totals
OPERATING REVENUES						
Charges for services	$18,223,747	$ 762,527	$ 685,603	$18,705,962	$ 3,888,240	$42,266,079
Federal Revenues	-	-	-	-	3,390,550	3,390,550
Total operating revenues	18,223,747	762,527	685,603	18,705,962	7,278,790	45,656,629
OPERATING EXPENSES						
Personal services	2,958,498	488,473	566,123	3,778,744	2,212,661	10,004,499
Fringe benefits	29,443	22,673	7,265	140,776	2,599,259	2,799,416
Promoters fees	10,367,230	-	-	-	-	10,367,230
Cost of goods sold	25,289	44,212	28,975	-	-	98,476
Utilities	761,881	32,223	54,082	760	319,981	1,168,927
Insurance	263,854	22,800	24,818	269,898	339,701	921,071
Operating supplies	904,106	97,521	139,628	104,417	790,823	2,036,495
Equipment rental	29,135	12,645	16,927	3,980	10,330	73,017
Equipment and building repairs	140,757	42,842	42,118	596,946	2,035,362	2,858,025
Telephone and postage	123,221	10,353	7,758	35,658	19,115	196,105
General expense	1,178,201	5,429	9,039	441,340	15,906	1,649,915
Landfill costs	-	-	-	6,868,843	476,189	7,345,032
Contractual services	1,345,828	67,904	137,219	4,793,257	1,313,675	7,657,883
Indirect cost	-	-	-	356,470	218,000	574,470
Depreciation and amortization	863,737	73,066	110,969	2,039,757	672,660	3,760,189
Total operating expenses	18,991,180	920,141	1,144,921	19,430,846	11,023,662	51,510,750
Operating loss	(767,433)	(157,614)	(459,318)	(724,884)	(3,744,872)	(5,854,121)
NONOPERATING REVENUES (EXPENSES)						
Interest income	-	-	-	-	193,325	193,325
Interest and fiscal charges	(94)	(2,429)	(6,717)	(221)	(13,785)	(23,246)
Gain (loss) on disposal of capital assets	(4,941)	-	-	48,318	-	43,377
Total nonoperating revenues (expenses), net	(5,035)	(2,429)	(6,717)	48,097	179,540	213,456
Loss before transfers	(772,468)	(160,043)	(466,035)	(676,787)	(3,565,332)	(5,640,665)
Transfers in(out)	2,238,610	258,185	566,986	(184,273)	-	2,879,508
Change in net position	1,466,142	98,142	100,951	(861,060)	(3,565,332)	(2,761,157)
Net position(deficit), as previously reported	15,040,594	(873,987)	(4,905,070)	8,315,846	6,948,265	24,525,648
Restatement, change in accounting principle	(35,393)	(33,802)	(24,479)	(184,184)	(126,858)	(404,716)
Net position(deficit), as restated	$16,471,343	$ (809,647)	$(4,828,598)	$ 7,270,602	$ 3,256,075	$21,359,775

Exhibit D-3

CITY OF HAMPTON, VIRGINIA
NON-MAJOR ENTERPRISE FUNDS
COMBINING STATEMENT OF CASH FLOWS
Fiscal Year Ended June 30, 2025

	Business-type Activities - Non-Major Enterprise Funds					
	Coliseum	The Woodlands	The Hamptons	Solid Waste	Refuse-Steam Plant	Totals
CASH FLOWS FROM OPERATING ACTIVITIES						
Cash received from customers	$ 16,088,489	$ 764,685	$ 685,601	$ 19,656,673	$ 7,338,917	$ 44,534,365
Cash payments to suppliers for goods and services	(15,517,371)	(317,358)	(443,011)	(14,366,972)	(5,252,806)	(35,897,518)
Cash payments to employees for services	(4,143,659)	(606,476)	(672,637)	(5,239,268)	(3,093,404)	(13,755,444)
Net cash provided by (used in) operating activities	(3,572,541)	(159,149)	(430,047)	50,433	(1,007,293)	(5,118,597)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES						
Cash received from other funds	2,238,610	258,185	566,986	530,000	-	3,593,781
Cash paid to other funds	-	-	-	(184,273)	-	(184,273)
Net cash provided by (used in) noncapital financing activities	2,238,610	258,185	566,986	345,727	-	3,409,508
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES						
Acquisition and construction of capital assets	47,725	-	-	(2,165,565)	(1,125,227)	(3,243,067)
Sale of capital assets	-	846	1,805	56,115	-	58,766
Principal paid on revenue bond maturities and long-term debt	(9,112)	(59,028)	(97,364)	(4,549)	(145,547)	(315,600)
Interest paid on revenue bonds and long-term debt	(94)	(2,429)	(6,717)	(221)	(13,785)	(23,246)
Net cash used in capital and related financing activities	38,519	(60,611)	(102,276)	(2,114,220)	(1,284,559)	(3,523,147)
CASH FLOWS FROM INVESTING ACTIVITIES						
Interest and dividends on investments	-	-	-	-	193,325	193,325
Net cash provided by investing activities	-	-	-	-	193,325	193,325
Net increase (decrease) in cash and cash equivalents	(1,295,412)	38,425	34,663	(1,718,060)	(2,098,527)	(5,038,911)
Cash and cash equivalents, July 1	16,713,351	801	19,313	1,718,580	5,098,869	23,550,914
Cash and cash equivalents, June 30	15,417,939	39,226	53,976	520	3,000,342	18,512,003
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:						
Operating income (loss)	(767,433)	(157,614)	(459,318)	(724,884)	(3,744,872)	(5,854,121)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:						
Depreciation and amortization expense	863,737	73,066	110,969	2,039,757	672,660	3,760,189
Decrease (increase) in:						
Accounts receivable	268,315	-	-	950,704	60,129	1,279,148
Due from other funds	-	-	-	(9,562)	-	(9,562)
Due from component units	-	-	-	(15)	-	(15)
Inventories	(2,224)	(7,498)	(5,444)	-	-	(15,166)
Prepaid items	36,719	-	-	-	(85,359)	(48,640)
Increase (decrease) in:						
Accounts payable	(412,361)	26,067	22,998	(885,820)	371,635	(877,481)
Compensated absences	42,745	4,244	8,874	102,734	17,569	176,166
Due to other funds	-	1	1	(15)	-	(15)
Other liabilities	(413,879)	2,306	1,686	(24,921)	(9,981)	(444,789)
Unearned revenues	(2,403,572)	2,160	-	-	-	(2,401,412)
Net pension and other postemployment benefits liability	(783,981)	(62,640)	(141,309)	(1,331,473)	791,726	(1,527,677)
Deferred outflows & inflows related to pensions	(607)	(39,241)	31,496	(66,072)	919,200	844,776
Total adjustments	(2,805,108)	(1,535)	29,271	775,317	2,737,579	735,524
Net cash provided by (used in) operating activities	(3,572,541)	(159,149)	(430,047)	50,433	(1,007,293)	(5,118,597)

Exhibit E-1

CITY OF HAMPTON, VIRGINIA
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF NET POSITION
June 30, 2025

	Equipment Replacement	Fleet Services	Risk Management	Information Technology	Totals
ASSETS					
Current assets:					
Cash and cash equivalents	$ 15,218,720	$ 6,515,021	$ 34,331,940	$ 4,002,739	$ 60,068,420
Cash with fiscal agent	12,366,554	-	202,435	-	12,568,989
Accounts receivable, net	51,360	85,986	118,866	28,067	284,279
Due from other funds	-	325	-	-	325
Due from component units	-	165,250	-	-	165,250
Prepaid items	-	-	25,058	328,770	353,828
Inventories	-	143,004	-	-	143,004
Total current assets	27,636,634	6,909,586	34,678,299	4,359,576	73,584,095
Noncurrent assets:					
Capital assets:					
Improvements other than buildings	-	477,601	-	-	477,601
Computer software	14,400	171,225	-	30,150	215,775
Equipment	51,054,545	927,295	70,397	1,869,605	53,921,842
Lease equipment	-	12,456	16,822	-	29,278
Subscription assets	-	-	176,285	-	176,285
Construction In progress	817,779	-	-	-	817,779
Less: accumulated depreciation/amortization	(32,989,383)	(1,035,535)	(157,691)	(1,846,894)	(36,029,503)
Total capital assets	18,897,341	553,042	105,813	52,861	19,609,057
Total noncurrent assets	18,897,341	553,042	105,813	52,861	19,609,057
Total assets	46,533,975	7,462,628	34,784,112	4,412,437	93,193,152
DEFERRED OUTFLOWS OF RESOURCES					
Related to pensions	-	142,837	59,399	10,073	212,309
Related to other postemployment benefits	-	66,326	15,630	32,143	114,099
Total deferred outflows of resources	-	209,163	75,029	42,216	326,408
LIABILITIES					
Current liabilities:					
Accounts payable	-	681,683	313,472	175,849	1,171,004
Accrued liabilities	-	-	1,770	-	1,770
Compensated absences	-	72,848	26,726	6,351	105,925
Current portion of lease payable	-	4,264	5,667	-	9,931
Current portion of subscription payable	-	-	37,897	-	37,897
Current portion of long-term debt	1,555,467	-	-	-	1,555,467
Current portion for claims and judgements	-	-	12,310,056	-	12,310,056
Other liabilities	-	46,227	15,963	11,186	73,376
Total current liabilities	1,555,467	805,022	12,711,551	193,386	15,265,426
Noncurrent liabilities:					
Claims payable	-	-	1,151,883	-	1,151,883
Compensated absences	-	87,909	50,706	4,137	142,752
Lease payable	-	1,094	3,393	-	4,487
Subscription payable	-	-	39,349	-	39,349
Notes payable	12,250,312	-	-	-	12,250,312
Net pension liability	-	466,905	194,162	32,927	693,994
Net other postemployment benefit liability	-	501,860	79,806	170,872	752,538
Total noncurrent liabilities	12,250,312	1,057,768	1,519,299	207,936	15,035,315
Total liabilities	13,805,779	1,862,790	14,230,850	401,322	30,300,741
DEFERRED INFLOWS OF RESOURCES					
Related to pensions	-	64,128	26,667	4,522	95,317
Related to other postemployment benefits	-	188,138	33,506	39,604	261,248
Total deferred inflows of resources	-	252,266	60,173	44,126	356,565
NET POSITION					
Net investment in capital assets	5,091,562	547,684	19,507	52,861	5,711,614
Unrestricted	27,636,634	5,009,051	20,548,611	3,956,344	57,150,640
Total net position	$ 32,728,196	$ 5,556,735	$ 20,568,118	$ 4,009,205	$ 62,862,254

Exhibit E-2

CITY OF HAMPTON, VIRGINIA
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
For the Year Ended June 30, 2025

	Equipment Replacement	Fleet Services	Risk Management	Information Technology	Totals
OPERATING REVENUES					
Charges for services	$ 4,236,802	$ 7,730,625	$ 11,809,355	$ 3,398,149	$ 27,174,931
OPERATING EXPENSES					
Personal services	-	1,194,496	440,361	43,513	1,678,370
Fringe benefits	-	85,625	38,614	84,564	208,803
Cost of goods sold	-	5,145,387	-	-	5,145,387
Utilities	-	53,296	-	-	53,296
Insurance	-	63,569	4,679,069	3,193	4,745,831
Operating supplies	17,768	111,391	22,249	62,761	214,169
Equipment rental	-	138,859	48,236	-	187,095
Equipment and building repairs	-	20,761	8,201	16,794	45,756
Telephone and postage	-	15,407	16,867	1,456,171	1,488,445
General expense	-	50,829	8,193	48,217	107,239
Claims	-	-	4,828,208	-	4,828,208
Contractual services	38,400	1,234,943	700,904	1,408,920	3,383,167
Depreciation and amortization	3,995,502	112,200	53,615	38,829	4,200,146
Total operating expenses	4,051,670	8,226,763	10,844,517	3,162,962	26,285,912
Operating income(loss)	185,132	(496,138)	964,838	235,187	889,019
NONOPERATING REVENUES (EXPENSES)					
Interest income	734,465	-	1,508,672	167,049	2,410,186
Interest and fiscal charges	(358,345)	(297)	(2,412)	-	(361,054)
Gain (loss) on disposal of capital assets	271,136	13,350	-	-	284,486
Total nonoperating revenues (expenses), net	647,256	13,053	1,506,260	167,049	2,333,618
Income (loss) before transfers	832,388	(483,085)	2,471,098	402,236	3,222,637
Capital contributions	-	26,195	-	-	26,195
Transfers in(out)	(2,959,706)	3,200,000	-	-	240,294
Change in net position	(2,127,318)	2,743,110	2,471,098	402,236	3,489,126
Net position(deficit), as previously reported	34,855,514	2,842,286	18,135,487	3,612,746	59,446,033
Restatement, change in accounting principle	-	(28,661)	(38,467)	(5,777)	(72,905)
Net position(deficit), as restated	$ 32,728,196	$ 5,556,735	$ 20,568,118	$ 4,009,205	$ 62,862,254

Exhibit E-3

CITY OF HAMPTON, VIRGINIA
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CASH FLOWS
For the Year Ended June 30, 2025

	Equipment Replacement	Fleet Services	Risk Management	Information Technology	Totals
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash received from customers	$ 4,253,358	$ 7,701,921	$11,825,132	$ 3,423,926	$27,204,337
Cash payments to suppliers for goods and services	(1,178,401)	(6,478,495)	(10,350,542)	(2,930,255)	(20,937,693)
Cash payments to employees for services	-	(1,806,642)	(630,282)	(325,233)	(2,762,157)
Net cash provided by (used in) operating activities	3,074,957	(583,216)	844,308	168,438	3,504,487
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Cash received from other funds	1,900,014	3,199,675	-	-	5,099,689
Cash paid to other funds	(3,359,706)	-	-	-	(3,359,706)
Net cash provided by (used in) noncapital financing activities	(1,459,692)	3,199,675	-	-	1,739,983
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Acquisition and construction of capital assets	(2,537,510)	(45,166)	(12,631)	(20,404)	(2,615,711)
Principal paid on long-term debt	(1,209,818)	(4,101)	(40,434)	-	(1,254,353)
Proceeds from long-term debt	3,842,093	-	-	-	3,842,093
Interest paid on revenue bonds and long-term debt	(358,345)	(297)	(2,412)	-	(361,054)
Sale of capital assets	343,572	13,350	-	-	356,922
Net cash provided by (used in) capital and related financing activities	79,992	(36,214)	(55,477)	(20,404)	(32,103)
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest and dividends on investments	734,465	-	1,508,672	167,049	2,410,186
Net cash provided by investing activities	734,465	-	1,508,672	167,049	2,410,186
Net increase (decrease) in cash and cash equivalents (including cash with fiscal agents)	2,429,722	2,580,245	2,297,503	315,083	7,622,553
Cash and cash equivalents, July 1	25,155,552	3,934,776	32,236,872	3,687,656	65,014,856
Cash and cash equivalents, June 30	$ 27,585,274	$ 6,515,021	$34,534,375	$ 4,002,739	$72,637,409

Continued

Exhibit E-3

CITY OF HAMPTON, VIRGINIA
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CASH FLOWS
For the Year Ended June 30, 2025

	Equipment Replacement	Fleet Services	Risk Management	Information Technology	Totals
Reconciliation of operating income to net cash provided by operating activities:					
Operating income (loss)	$ 185,132	$ (496,138)	$ 964,838	$ 235,187	$ 889,019
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:					
Depreciation and amortization expense	3,995,502	112,200	53,615	38,829	4,200,146
Decrease (increase) in:					
Accounts receivable	16,556	(9,407)	15,777	25,776	48,702
Due from component units	-	(19,298)	-	-	(19,298)
Inventories	-	63,971	-	-	63,971
Prepaid items	-	667	26,113	(45,050)	(18,270)
Increase (decrease) in:					
Accounts payable	(1,122,233)	291,309	173,323	110,851	(546,750)
Compensated absences	-	43,022	3,739	(22,947)	23,814
Other liabilities	-	(14,063)	(1,177)	(15)	(15,255)
Accrued Liabilities	-	-	(781)	-	(781)
Long-term accrued insurance claims reported as operating activity	-	-	(237,268)	-	(237,268)
Net pension and other postemployment benefits liability	-	(525,388)	(154,165)	(179,745)	(859,298)
Deferred outflows & inflows of resources related to pensions and other postemployment benefits	-	(30,091)	294	5,552	(24,245)
Total adjustments	2,889,825	(87,078)	(120,530)	(66,749)	2,615,468
Net cash provided by operating activities	3,074,957	(583,216)	844,308	168,438	3,504,487
Non-cash transactions affecting investing, capital and related financing activities:					
Acquisition of capital assets through capital contributions	-	26,195	-	-	26,195
Total non-cash transactions	$ -	$ 26,195	$ -	$ -	$ 26,195

Exhibit F-1

CITY OF HAMPTON, VIRGINIA
COMBINING STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS - CUSTODIAL FUNDS
June 30, 2025

	Hampton Roads Regional Jail Authority	Hampton Roads Criminal Justice Training Academy	Special Welfare Fund	Sheriff Inmate Fund	Taxes, Fees & Assessments - Custodial Funds	Total
ASSETS						
Cash and cash equivalents	$ 9,692,271	$ 2,597,424	$ 61,735	$ 206,204	$ 798,821	$13,356,455
Accounts receivable, net	48,222	16,710	-	-	-	64,932
Total assets	9,740,493	2,614,134	61,735	206,204	798,821	13,421,387
LIABILITIES						
Accounts payable and other liabilities	42,803	60,949	41,283	2,704	364,820	512,559
Total liabilities	42,803	60,949	41,283	2,704	364,820	512,559
NET POSITION						
Restricted for:						
Individuals, organizations, and other governments	9,697,690	2,553,185	20,452	203,500	434,001	12,908,828
Total net position	$ 9,697,690	$ 2,553,185	$ 20,452	$ 203,500	$ 434,001	$12,908,828

Exhibit F-2

CITY OF HAMPTON, VIRGINIA
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS - CUSTODIAL FUNDS
For the Year Ended June 30, 2025

	Hampton Roads Regional Jail Authority	Hampton Roads Criminal Justice Training Academy	Special Welfare Fund	Sheriff Inmate Fund	Taxes, Fees & Assessments - Custodial Funds	Total
ADDITIONS						
Contributions:						
Members	$ 857,145	$ 1,403,860	$ -	$ -	$ 120,253	$ 2,381,258
Individuals	38,305	-	2,984	251,729	-	293,018
Total contributions	895,450	1,403,860	2,984	251,729	120,253	2,674,276
Investment earnings:						
Interest, dividends, other	7,484	129,352	-	-	518	137,354
Net investment earnings	7,484	129,352	-	-	518	137,354
Charges for Services	-	-	-	-	22,310	22,310
Intergovernmental:						
State revenues	-	303,286	1,908	-	13,097	318,291
Federal revenues	-	101,540	-	-	-	101,540
Income tax and fees collected for the State	-	-	-	-	275,512	275,512
Total additions	902,934	1,938,038	4,892	251,729	431,690	3,529,283
DEDUCTIONS						
Beneficiary payments to individuals	-	-	-	216,612	-	216,612
Administrative expense	2,745,400	1,300,548	-	-	166,445	4,212,393
Income tax and fees distributions to the State	-	-	-	-	273,425	273,425
Total deductions	2,745,400	1,300,548	-	216,612	439,870	4,702,430
Change in net position	(1,842,466)	637,490	4,892	35,117	(8,180)	(1,173,147)
Net position, beginning of year	11,540,156	1,915,695	15,560	168,383	442,181	14,081,975
Net position, end of year	$ 9,697,690	$ 2,553,185	$ 20,452	$ 203,500	$ 434,001	$12,908,828

Exhibit G-1

CITY OF HAMPTON, VIRGINIA
DISCRETELY PRESENTED COMPONENT UNIT - SCHOOL BOARD
COMBINING BALANCE SHEET
June 30, 2025

	Operating	Food Services	Reimbursable Projects	Rental Income	School Activity	Athletics	Total
ASSETS							
Cash and cash equivalents	$ 27,640,543	$ 9,449,404	$ 6,894,816	$ 1,596,032	$ 1,149,873	$ 97,803	$ 46,828,471
Cash with fiscal agent	10,592,595	-	-	-			10,592,595
Accounts receivable, net	654,077	19,493	118,056	-	12,773	1,544	805,943
Lease receivable	4,219,341	-	-	279,136	-	-	4,498,477
Due from Primary Government	40,000	-	-	-	-	-	40,000
Due from other funds	5,555,904	573	-	-	-	55,504	5,611,981
Due from other governments	2,658,402	3,523,378	4,344,280	-	-	-	10,526,060
Inventories	196,861	434,086	-		-	-	630,947
Total assets	51,557,723	13,426,934	11,357,152	1,875,168	1,162,646	154,851	79,534,474
LIABILITIES AND FUND BALANCES							
Liabilities							
Accounts payable and other liabilities	30,970,330	202,396	620,684	4,034	14,135	17,111	31,828,690
Due to other funds	55,504	516,984	5,039,493	-	-		5,611,981
Due to Primary Government	187,973		-	-	-	9,924	197,897
Unearned revenues	52,173		5,408,454	4,350	-		5,464,977
Total liabilities	31,265,980	719,380	11,068,631	8,384	14,135	27,035	43,103,545
DEFERRED INFLOWS OF RESOURCES							
Related to leases	3,946,264	-	-	279,117	-	-	4,225,381
	3,946,264	-	-	279,117	-	-	4,225,381
FUND BALANCES							
Nonspendable	472,724	434,086	-	-	-	-	906,810
Restricted	-	12,273,468	453,302	-	-	-	12,726,770
Assigned	15,707,974	-	-	1,587,667	1,148,511	127,816	18,571,968
Total fund balances	16,180,698	12,707,554	453,302	1,587,667	1,148,511	127,816	32,205,548
Total liabilities and fund balances	$ 51,392,942	$ 13,426,934	$ 11,521,933	$ 1,875,168	$ 1,162,646	$ 154,851	$ 79,534,474

RECONCILIATION OF THE SCHOOL BOARD'S COMBINING BALANCE SHEET TO THE STATEMENT OF NET POSITION (EXHIBIT A-11)

Total fund balance	$ 32,205,548
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital and Right-to-use assets used in governmental activities are not financial resources and, therefore, not reported in the funds	102,195,546
Accumulated depreciation/amortization on capital and right-to-use assets	(81,202,084)
Long-term liability for compensated absences	(17,804,715)
Lease/Subscription payable	(587,020)
Interest accrual related to lease and subscription payable	(4,486)
Net pension liability	(128,321,356)
Net other postemployment benefits liability	(27,607,113)
Deferred outflows of resources related to pensions	50,629,467
Deferred outflows of resources related to OPEB	6,739,644
Deferred inflows of resources related to pensions	(26,232,268)
Deferred inflows of resources related to OPEB	(3,675,153)
Net position discretely presented component unit School Board	$ (93,663,990)

Exhibit G-2

CITY OF HAMPTON, VIRGINIA
DISCRETELY PRESENTED COMPONENT UNIT - SCHOOL BOARD
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
For the Year Ended June 30, 2025

	Operating	Food Services	Reimbursable Projects	Rental Income	School Activity	Athletics	Total
REVENUES							
State funds	$202,498,877	$ 401,227	$ 7,831,498	$ -	$ -	$ -	$210,731,602
Federal funds (includes pass through)	729,252	14,945,300	22,022,629	-	-	-	37,697,181
Other receipts	4,150,521	629,639	682,166	97,593	1,929,566	399,142	7,888,627
Lease revenue	305,503	-	-	49,105	-	-	354,608
Lease interest revenue	65,735	-	-	252	-	-	65,987
Payments from City	95,000,573	-	-	-	-	-	95,000,573
Total revenues	302,750,461	15,976,166	30,536,293	146,950	1,929,566	399,142	351,738,578
EXPENDITURES							
Education	311,810,151	14,330,641	28,852,520	77,003	1,878,668	1,106,736	358,055,719
Capital outlay- leases	187,185	-	-	-	-	-	187,185
Capital outlay- subscription assets	370,047	-	1,686,050	-	-	-	2,056,097
Debt Service-leases and subscriptions							
Principal	668,723	-	1,689,900	-	-	-	2,358,623
Interest	12,527	-	4,841	-	-	-	17,368
Total expenditures	313,048,633	14,330,641	32,233,311	77,003	1,878,668	1,106,736	362,674,992
Excess (deficiency) of revenues over (under) expenditures	(10,298,172)	1,645,525	(1,697,018)	69,947	50,898	(707,594)	(10,936,414)
OTHER FINANCING SOURCES (USES)							
Lease financing	187,185	-	-	-	-	-	187,185
Subscription-based intangible assets financing	370,047	-	1,686,050	-	-	-	2,056,097
Transfer from:							
Cafeteria Fund	298,248	-	-	-	-	-	298,248
Reimbursable Projects Fund	718,247	-	-	-	35,740	-	753,987
School Operating Fund	-	-	722,723	-		707,594	1,430,317
Transfer to:							
Athletics Fund	(707,594)	-	-	-	-	-	(707,594)
Reimbursable Projects Fund	(722,723)	-	-	-	-	-	(722,723)
Student Activity Fund	(35,740)	-	-	-	-	-	(35,740)
School Operating Fund	-	(298,248)	(718,247)	-	-	-	(1,016,495)
Total other sources (uses), net	107,670	(298,248)	1,690,526	-	35,740	707,594	2,243,282
Net change in fund balance	(10,190,502)	1,347,277	(6,492)	69,947	86,638	-	(8,693,132)
Fund balance - July 1	26,371,200	11,360,277	459,794	1,517,720	1,061,873	127,816	40,898,680
Fund balance - June 30	$ 16,180,698	$ 12,707,554	$ 453,302	$ 1,587,667	$ 1,148,511	$ 127,816	$ 32,205,548

Exhibit G-2

RECONCILIATION OF THE SCHOOL BOARD'S COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES (EXHIBIT A-12)

Net change in fund balances - total school funds	(8,693,132)
Amounts reported for governmental activities in the Statement of Activities are different because:	
Governmental funds report capital outlays as expenditures while governmental activities report depreciation and amortization expense allocate those expenditures over the life of the assets.	
Capital, right-to-use assets and SBITA assets	4,361,454
Depreciation expense	(2,651,371)
Amortization expense on right-to-use assets	(909,732)
Other liabilities not paid from current period revenues are not reported in the funds for accrued lease interest expense	(4,486)
Proceeds from leases provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position.	
Proceeds from lease/subscription issued	(2,243,282)
Principal paid for lease and subscription payable	2,358,623
Gain (Loss) on disposal of assets	(27,362)
Decrease in other postemployment benefits liability reported in the Statement of Activities does not provide current financial resources and, therefore, is not reported in the governmental funds.	651,973
Increase in compensated absences reported in the Statement of Activities does not provide current financial resources and, therefore, is not reported in the governmental funds.	(1,534,020)
Decrease in net pension liability reported in Statement of Activities does not provide current financial resources and, therefore, is not reported in the governmental funds.	2,422,195
Increase in deferred outflows of resources related to pensions and OPEB reported in the Statement of Activities does not provide current financial resources and, therefore, is not reported in the governmental funds.	7,243,909
Increase in deferred inflows of resources related to pensions and OPEB reported in the Statement of Activities does not provide current financial resources and, therefore, is not reported in the governmental funds.	(7,665,259)
Change in net position of governmental activities	$ (6,690,490)

Exhibit G-3

CITY OF HAMPTON, VIRGINIA
DISCRETELY PRESENTED COMPONENT UNIT - SCHOOL BOARD
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
BUDGET BASIS
For the Year Ended June 30, 2025

	School Board - School Operating Fund			
	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual	Over (Under)
REVENUES				
Intergovernmental:				
State Funds	$ 201,530,265	$ 202,340,573	$ 202,498,877	$ 158,304
Federal funds	789,000	729,252	729,252	-
Miscellaneous	4,056,605	3,685,367	4,150,521	465,154
Lease revenue	-	305,503	305,503	-
Lease interest	-	65,735	65,735	-
Payments from City	95,000,573	95,000,573	95,000,573	-
Total revenues	301,376,443	302,127,003	302,750,461	623,458
EXPENDITURES				
Current:				
Education	300,951,566	327,515,510	311,801,988	(15,713,522)
Debt Service:				
Principal	668,723	668,723	668,723	-
Interest	12,527	12,527	12,527	-
Total expenditures	301,632,816	328,196,760	312,483,238	(15,713,522)
Excess (deficiency) of revenues over (under) expenditures	(256,373)	(26,069,757)	(9,732,777)	(16,336,980)
OTHER FINANCING SOURCES (USES)				
Transfers in	1,565,394	1,177,433	1,016,495	(160,938)
Transfers out	(1,309,021)	(1,466,057)	(1,466,057)	-
Total other financing sources, net	256,373	(288,624)	(449,562)	(160,938)
Net change in fund balance	-	(26,358,381)	(10,182,339)	$ (16,176,042)
Appropriations from fund balance	-	7,683,324		
Appropriations - encumbrances	-	18,675,057		
Fund balance - July 1,	-	-	26,371,200	
Fund balance - June 30	$ -	$ -	$ 16,188,861	

Exhibit G-4

CITY OF HAMPTON, VIRGINIA
DISCRETELY PRESENTED COMPONENT UNIT - SCHOOL BOARD
COMBINING STATEMENT OF FIDUCIARY NET POSITION
June 30, 2025

	Booker Trust Fund	Syms Eaton Trust Fund	Custodial Funds Scholarship Fund	Total
ASSETS				
Cash and pooled investments	$ 298,853	$ 74,297	$ 64,486	$ 437,636
Total assets	298,853	74,297	64,486	437,636
NET POSITION				
Restricted for				
Individuals, organizations and other government	298,853	74,297	64,486	437,636
Total liabilities and fund balances	$ 298,853	$ 74,297	$ 64,486	$ 437,636

Exhibit G-5

CITY OF HAMPTON, VIRGINIA
DISCRETELY PRESENTED COMPONENT UNIT - SCHOOL BOARD
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
For the Year Ended June 30, 2025

	Booker Trust Fund	Syms Eaton Trust Fund	Custodial Funds Scholarship Fund	Total
ADDITIONS				
Investment earnings:				
Net increase in fair value of investments	$ 39,867	$ 12,955	$ -	$ 52,822
Interest, dividends, other	-	-	388	388
Total investment earnings	39,867	12,955	388	53,210
Total additions	39,867	12,955	388	53,210
DEDUCTIONS				
Beneficiary payments to individuals	-	-	2,000	2,000
Administrative expense	375	-	-	375
Total deductions	375	-	2,000	2,375
Change in net position	39,492	12,955	(1,612)	50,835
Net position, July 1	259,361	61,342	66,098	386,801
Net position, June 30	$ 298,853	$ 74,297	$ 64,486	$ 437,636

Exhibit H-1

CITY OF HAMPTON, VIRGINIA
STATEMENT OF NET POSITION
DISCRETELY PRESENTED COMPONENT UNIT: ECONOMIC DEVELOPMENT AUTHORITY
June 30, 2025

	Operating
ASSETS	
Cash and cash equivalents	$ 5,766,500
Cash with fiscal agent	2,738
Investments	1,345,094
Accounts receivable, net	14,354
Lease receivable	3,138,296
Lease receivable from Primary Government	439,370
Deposit for property purchase	100,000
Restricted assets: Cash and cash equivalents	177,937
Land held for sale	18,896,383
Capital assets not being depreciated	20,126,702
Capital assets, net of accumulated depreciation/amortization	8,248,255
Total assets	58,255,629
LIABILITIES	
Accounts payable and other liabilities	4,403,895
Due within one year	83,264
Due in more than one year	350,274
Total liabilities	4,837,433
DEFERRED INFLOWS OF RESOURCES	
Related to leases	3,047,326
Related to leases from Primary Government	448,146
Total deferred inflows of resources	3,495,472
NET POSITION	
Net investment in capital assets	27,941,418
Restricted for: Bond indenture	177,937
Unrestricted (deficit)	21,803,369
Total net position (deficit)	$ 49,922,724

The accompanying notes are an integral part of these financial statements

Exhibit H-2

CITY OF HAMPTON, VIRGINIA
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
DISCRETELY PRESENTED COMPONENT UNIT: ECONOMIC DEVELOPMENT AUTHORITY
For the Year Ended June 30, 2025

	Operating
OPERATING REVENUES	
Charges for services	$ 560,663
Total operating revenues	560,663
OPERATING EXPENSES	
Development grants	1,242,293
Utilities	10,668
Equipment and building repairs	4,087
General expense	28,631
Contractual services	698,592
Capital expenditures	1,747,544
Depreciation and amortization	370,784
Total operating expenses	4,102,599
Operating income (loss)	(3,541,936)
NONOPERATING REVENUES (EXPENSES)	
Interest income	64,050
Interest and fiscal charges	(10,474)
Payments from City	5,300,192
Total nonoperating revenues (expenses), net	5,353,768
Income (loss) before transfers, net	1,811,832
Capital Contributions	4,856,000
Change in net position	6,667,832
Net position(deficit), July 1	43,254,892
Net position(deficit), June 30	$ 49,922,724

The accompanying notes are an integral part of these financial statements.

EXHIBIT H-3

CITY OF HAMPTON, VIRGINIA
STATEMENT OF CASH FLOWS
DISCRETELY PRESENTED COMPONENT UNIT: ECONOMIC DEVELOPMENT AUTHORITY
For the Year Ended June 30, 2025

CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from customers	$	1,110,142
Cash payments to suppliers for goods and services		(3,252,867)
Cash payments to employees for services		(3,300)
Other receipts		50
Net cash provided by operating activities		(2,145,975)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Payment from Primary Government		5,279,904
Net cash provided by noncapital financing activities		5,279,904
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Acquisition and construction of capital assets		(7,629,643)
Principal paid on revenue bond maturities and long-term debt		(81,581)
Interest paid on revenue bonds and long-term debt		(10,474)
Proceeds from sale of capital assets		4,856,000
Net cash used in capital and related financing activities		(2,865,698)
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest and dividends on investments		93,866
Proceeds from collection of lease receivable		400,023
Interest received on lease receivable		50,522
Net cash provided by investing activities		544,411
Net increase in cash and cash equivalents (including restricted amounts)		812,642
Cash and cash equivalents, July 1		5,134,533
Cash and cash equivalents, June 30		5,947,175
Operating income (loss)		(4,061,973)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:		
Depreciation and amortization expense		370,784
Decrease (increase) in:		
Accounts receivable		(2,200)
Lease receivable		482,469
Lease interest receivable		(1,603)
Due from Primary Government		1,000,000
Cost of land		(7,218,126)
Increase (decrease) in:		
Accounts payable		455,359
Notes payable		(81,581)
Deferred inflows related to leases		(493,709)
Nonoperating revenues reported as operating revenues		92,055
Accounts receivable reported as operating activities		-
Deferred inflows related to leases reported as nonoperating activities		(480,866)
Lease receivable reported as nonoperating activities		493,709
Notes payables reported as nonoperating activities		81,581
Cost of land reported as nonoperating activities		7,218,126
Total adjustments		1,915,998
Net cash used in operating activities	$	(2,145,975)

HAMPTON VA

Statistical
SECTION

HAMPTON VA

The following section of the City's comprehensive annual financial report provides detailed statistical 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.

CONTENTS

Financial Trends I-IV

These tables contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.

Revenue Capacity V-VIII

These tables contain information to help the reader assess the City's most significant local revenue source, the property tax.

Debt Capacity IX-XI

These tables present information to help the reader assess the affordability of the City's current levels of outstanding debt and its ability to issue additional debt in the future

Demographic and Economic Information XII-XIII

These tables offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place

Operating Information XIV-XVI

These tables contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services it provides and the activities it performs.

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

Table I

CITY OF HAMPTON, VIRGINIA
NET POSITION BY COMPONENT
Last Ten Fiscal Years
(accrual basis of accounting)
(amounts expressed in thousands)

	Fiscal Year									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
GOVERNMENTAL ACTIVITIES										
Net investment in capital assets	$ 637,860	$ 637,617	$ 635,185	$ 636,462	$ 626,982	$ 626,391	$ 634,996	$ 638,708	$ 644,973	$ 647,723
Restricted	49,062	40,734	69,681	17,817	20,198	23,793	30,085	32,083	28,492	28,812
Unrestricted	(108,850)	(106,561)	(184,735)	(116,482)	(90,695)	(65,677)	(41,818)	12,779	72,813	106,332
Total governmental activities net position	578,072	571,790	520,131	537,797	556,485	584,507	623,263	683,570	746,278	782,867
BUSINESS-TYPE ACTIVITIES										
Net investment in capital assets	70,136	70,078	69,107	67,497	69,562	71,435	73,888	78,057	83,161	88,144
Restricted	8,037	8,048	8,068	8,017	7,906	8,119	8,121	8,146	8,179	8,129
Unrestricted	25,679	27,189	25,216	32,260	34,813	35,194	41,606	42,633	45,183	48,484
Total business-type activities net position	103,852	105,315	102,391	107,774	112,281	114,748	123,615	128,836	136,523	144,757
PRIMARY GOVERNMENT										
Net investment in capital assets	707,996	707,695	704,292	703,959	696,544	697,826	708,884	716,765	728,134	735,867
Restricted	57,099	48,782	77,749	25,834	28,104	31,912	38,206	40,229	36,671	36,941
Unrestricted	(83,171)	(79,372)	(159,519)	(84,222)	(55,882)	(30,483)	(212)	55,412	117,996	154,816
Total Primary Government net position	$ 681,924	$ 677,105	$ 622,522	$ 645,571	$ 668,766	$ 699,255	$ 746,878	$ 812,406	$ 882,801	$ 927,624

Note:

1 The decrease in net position for fiscal year 2018 is due to the implementation of GASB 75, Accounting and Financial Reporting for Postemployment Benefits other than Pensions.

Table II

CITY OF HAMPTON, VIRGINIA
CHANGES IN NET POSITION
Last Ten Fiscal Years
(accrual basis of accounting)
(amounts expressed in thousands)

	Fiscal Year									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
EXPENSES										
Governmental activities:										
General government	$ 111,928	$ 116,667	$ 121,452	$ 105,865	$ 103,284	$ 129,970	$ 103,153	$ 111,913	$ 141,985	$ 162,764
Public safety	70,781	80,442	84,859	81,673	80,967	77,266	89,395	98,288	94,517	99,951
Highway and streets	18,872	14,032	9,919	12,362	17,369	16,752	15,343	16,189	7,704	5,667
Sanitation	-	-	-	-	-	-	-	-	7,221	7,911
Health	1,214	1,054	(575)	1,564	1,360	7,979	8,550	11,669	5,548	9,262
Human services	32,460	34,341	34,579	34,769	35,859	31,250	31,280	34,609	35,439	43,862
Culture and recreation	17,496	16,996	16,076	16,842	18,349	15,807	18,087	22,472	22,417	19,539
Education (payment to school district)	71,112	71,471	73,036	73,827	75,572	76,948	80,165	85,484	91,805	95,001
Education and educational services	15,096	14,423	11,506	9,806	13,202	12,493	15,207	11,692	12,428	15,061
Interest on long-term debt	8,053	7,171	6,451	7,145	9,246	8,304	7,267	9,873	8,955	8,041
Total governmental activities expenses	347,012	356,597	357,303	343,853	355,208	376,769	368,447	402,189	428,019	467,059
Business-type activities										
Culture	26,527	27,636	27,935	30,215	25,668	-	-	-	-	-
Sanitation	24,020	25,761	23,061	24,626	26,728	-	-	-	-	-
Coliseum	-	-	-	-	-	3,034	11,983	18,908	20,278	18,996
Convention Center	-	-	-	-	-	6,747	7,239	8,418	8,649	9,148
The Hamptons	-	-	-	-	-	814	864	1,050	1,119	1,152
The Woodlands	-	-	-	-	-	657	718	717	824	923
Museum	-	-	-	-	-	3,812	4,681	3,865	3,757	3,836
Solid Waste	-	-	-	-	-	15,553	16,055	15,308	17,225	19,026
Steam Plant	-	-	-	-	-	6,595	6,014	7,346	7,862	10,819
Wastewater	-	-	-	-	-	7,854	9,171	8,744	9,499	11,035
Total business-type activities expenses	50,547	53,397	50,996	54,841	52,396	45,066	56,725	64,356	69,213	74,935
Total Primary Government expenses	$ 397,559	$ 409,994	$ 408,299	$ 398,694	$ 407,604	$ 421,835	$ 425,172	$ 466,545	$ 490,011	$ 541,994

Table II

CITY OF HAMPTON, VIRGINIA
CHANGES IN NET POSITION
Last Ten Fiscal Years
(accrual basis of accounting)
(amounts expressed in thousands)

	Fiscal Year									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
PROGRAM REVENUES										
Governmental activities:										
Charges for Services:										
General government	$ 25,865	$ 23,324	$ 23,832	$ 22,206	$ 22,355	$ 25,997	$ 24,658	$ 26,163	$ 17,727	$ 15,610
Public safety	5,549	5,260	5,821	6,182	5,951	5,984	6,894	6,764	5,499	10,980
Human services	-	-	-	-	-	91	722	12	14	18
Culture and recreation	-	-	-	-	-	514	2,177	2,572	2,668	2,883
Sanitation	-	-	-	-	-	-	-	-	13,418	13,423
Education and educational services	-	-	-	-	-	3	13	9	1	2
Interest on long-term debt	-	-	-	-	-	224	233	224	213	165
Other activities	2,173	2,784	2,913	2,874	2,652	-	-	-	-	-
Operating grants and contributions	80,113	80,781	83,503	83,507	87,237	107,041	85,716	92,583	95,963	101,179
Capital grants and contributions	13,172	13,627	10,988	5,080	5,078	3,148	4,887	18,383	20,540	21,243
Total governmental activities program revenues	126,872	125,776	127,057	119,849	123,273	143,002	125,300	146,710	156,043	165,503
Business-type activities:										
Charges for Services:										
Culture and recreation	15,619	14,889	15,989	19,041	14,100	-	-	-	-	-
Sanitation	30,098	28,872	29,658	29,615	32,399	-	-	-	-	-
Coliseum	-	-	-	-	-	237	10,638	15,705	19,846	18,224
Convention Center	-	-	-	-	-	419	1,772	2,747	3,746	2,424
The Hamptons	-	-	-	-	-	642	532	680	847	686
The Woodlands	-	-	-	-	-	682	629	643	695	763
Museum	-	-	-	-	-	1,032	1,759	2,094	2,107	2,204
Solid Waste	-	-	-	-	-	15,645	15,706	15,771	15,722	18,706
Steam Plant	-	-	-	-	-	6,941	6,732	3,806	4,113	4,082
Wastewater	-	-	-	-	-	8,674	11,131	10,881	10,827	17,557
Operating grants and contributions	1,236	1,923	1,805	1,024	955	3,744	7,580	5,492	5,049	5,691
Capital grants and contributions	510	-	-	-	-	666	-	-	-	-
Total business-type activities program revenues	47,463	45,684	47,452	49,680	47,454	38,682	56,479	57,819	62,952	70,335
Total Primary Government program revenues	174,335	171,460	174,509	169,529	170,727	181,684	181,779	204,529	218,995	235,840
NET (EXPENSE)/REVENUE										
Governmental activities	(220,140)	(230,821)	(230,246)	(224,004)	(231,935)	(233,767)	(243,147)	(255,479)	(264,755)	(301,556)
Business-type activities	(3,084)	(7,713)	(3,544)	(5,161)	(4,942)	(6,384)	(246)	(6,537)	(6,261)	(4,598)
Total Primary Government net (expense)	$ (223,224)	$ (238,534)	$ (233,790)	$ (229,165)	$ (236,877)	$ (240,151)	$ (243,393)	$ (262,016)	$ (271,016)	$ (306,154)

Table II

CITY OF HAMPTON, VIRGINIA
CHANGES IN NET POSITION
Last Ten Fiscal Years
(accrual basis of accounting)
(amounts expressed in thousands)

	Fiscal Year									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
GENERAL REVENUES AND OTHER CHANGES IN NET POSITION										
Governmental activities:										
Taxes										
Property taxes	$ 158,147	$ 159,873	$ 162,922	$ 163,966	$ 171,639	$ 179,132	$ 193,938	$ 211,302	$ 221,926	$ 231,270
Sales taxes	15,368	14,980	15,093	15,741	16,845	19,639	20,876	21,640	22,853	23,419
Lodging, meal and amusement taxes	24,751	25,141	26,109	27,370	26,540	27,141	33,354	36,822	38,130	38,681
Motor vehicle taxes	4,375	4,429	4,399	4,496	4,426	4,539	4,441	4,525	4,421	4,528
Business license taxes	12,092	12,304	12,801	14,251	14,365	16,833	15,297	15,866	17,160	17,809
Utility taxes	5,551	5,483	5,513	5,443	5,426	5,015	5,513	5,254	5,178	5,635
Tobacco taxes	4,624	4,428	4,416	4,336	4,372	3,964	3,838	3,582	3,442	2,741
Recordation taxes	2,066	1,663	1,766	1,913	2,064	2,609	3,240	2,212	1,717	2,087
Bank stock taxes	549	569	685	705	609	688	615	652	763	808
Skill games tax	-	-	-	-	-	303	55	-	-	-
Pari-mutuel license taxes	-	-	-	-	750	1,947	2,834	2,827	2,660	3,119
Short-term rental taxes	101	102	123	110	109	99	128	166	188	227
Communications sales tax	8,867	8,649	8,392	7,840	7,551	6,863	6,527	6,360	6,025	5,923
Mobile home titling tax	21	18	14	20	24	34	28	28	21	30
Investment earning	574	951	1,883	4,738	4,463	591	213	15,408	22,796	14,167
Miscellaneous	-	-	-	-	-	203	1,003	857	756	9,620
Transfers	(8,549)	(8,384)	(7,852)	(9,259)	(8,558)	(8,591)	(9,997)	(11,715)	(13,356)	(12,341)
Total Governmental Activities	228,537	230,206	236,264	241,670	250,625	261,009	281,903	315,786	334,680	347,723
Business-type Activities:										
Investment earning	887	792	930	1,285	891	292	(884)	43	592	1,035
Transfers	8,549	8,384	7,852	9,259	8,558	8,591	9,997	11,715	13,356	12,341
Total Business-type Activities	9,436	9,176	8,782	10,544	9,449	8,883	9,113	11,758	13,948	13,376
Total Primary Government	237,973	239,382	245,046	252,214	260,074	269,892	291,016	327,544	348,628	361,099
CHANGES IN NET POSITION										
Governmental activities	8,397	(615)	6,027	17,666	18,688	28,022	38,756	60,307	62,708	46,168
Business-type activities	6,352	1,463	5,238	5,383	4,507	2,467	8,867	5,221	7,687	8,776
Total Primary Government	$ 14,749	$ 848	$ 11,265	$ 23,049	$ 23,195	$ 30,489	$ 47,623	$ 65,528	$ 70,395	$ 54,945

[2]Beginning with FY21, Business-type activities for the Culture and Recreation and Sanitation functions are reflected by the funds.

Table III

CITY OF HAMPTON, VIRGINIA
FUND BALANCES OF GOVERNMENTAL FUNDS
Last Ten Fiscal Years
(modified accrual basis of accounting)
(amounts expressed in thousands)

	Fiscal Year									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
GENERAL FUND										
Nonspendable	$ 26	$ 112	$ 15	$ 27	$ 135	$ 90	$ 249	$ 32	$ 49	$ 37
Restricted	419	338	373	423	351	1,410	1,524	2,090	2,800	2,947
Committed	34,470	35,178	32,454	22,019	24,893	25,390	27,040	26,726	21,758	22,416
Assigned	6,250	5,549	6,374	6,190	5,744	20,158	19,443	17,613	15,850	28,242
Unassigned	54,301	54,330	61,532	74,754	80,422	80,822	91,650	100,946	109,888	115,076
Total general fund	95,466	95,507	100,748	103,413	111,545	127,870	139,906	147,407	150,345	168,718
ALL OTHER GOVERNMENTAL FUNDS										
Nonspendable	44	-	-	-	1	-	-	-	-	-
Restricted	15,455	15,437	15,178	15,923	18,030	13,169	14,272	15,713	16,637	15,854
Committed	35,957	22,610	57,367	48,986	93,994	104,447	167,356	157,400	156,876	155,353
Assigned	5,939	5,789	6,098	7,293	8,479	8,543	9,175	20,709	32,605	34,263
Total all other governmental funds	$ 57,395	$ 43,836	$ 78,643	$ 72,202	$ 120,504	$ 126,159	$ 190,803	$ 193,822	$ 206,118	$ 205,470

Table IV

CITY OF HAMPTON, VIRGINIA
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
Last Ten Fiscal Years
(modified accrual basis of accounting)
(amounts expressed in thousands)

	Fiscal Year									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
REVENUES										
Taxes (see table V)	$ 236,457	$ 238,209	$ 241,943	$ 248,133	$ 254,317	$ 268,704	$ 286,750	$ 308,034	$ 324,702	$ 335,494
Intergovernmental revenues	88,459	89,342	90,882	86,518	90,923	108,241	89,119	107,814	112,517	119,099
Licenses and permits	1,409	1,450	1,466	1,641	1,604	1,654	1,625	1,861	2,082	1,990
Fines and forfeitures	1,550	1,560	1,377	1,439	1,104	969	943	888	1,008	4,152
Revenue from use of money and property	1,469	1,714	2,525	5,145	4,918	3,634	2,795	16,065	23,824	12,450
Charges for services	18,093	18,148	19,123	19,395	19,516	19,833	23,149	23,367	23,323	26,590
Payment from component unit	2,000	2,000	2,227	2,232	2,012	2,010	2,010	2,877	3,514	2,882
Miscellaneous	5,877	6,482	5,103	5,885	5,078	4,792	4,474	6,481	7,500	17,182
Special assessments	6,358	4,765	5,443	2,457	2,782	2,835	1,947	2,016	1,630	2,150
Recovered costs	906	954	951	958	958	958	958	1,473	986	1,018
Total Revenues	362,578	364,624	371,040	373,803	383,212	413,630	413,770	470,876	501,086	523,007
EXPENDITURES										
General government	110,436	106,446	109,057	104,885	107,241	132,060	118,511	118,751	135,651	144,444
Public safety	55,771	57,410	59,809	60,146	63,162	54,025	66,889	75,489	78,324	81,424
Highways and streets	2,026	2,187	2,491	2,025	2,261	2,190	2,436	2,323	2,305	2,126
Sanitation	5,004	5,484	5,246	4,935	5,084	5,940	6,825	7,184	7,218	7,910
Health	2,485	2,396	2,432	2,496	2,723	4,740	4,642	5,002	5,282	4,949
Human Services	28,993	30,415	30,370	30,027	31,532	31,234	31,387	34,513	44,614	36,653
Culture and recreation	13,150	13,015	12,715	13,146	12,860	10,187	12,878	13,538	14,907	14,911
Education (payment to school district)	71,112	71,471	73,036	73,827	75,572	76,948	80,165	85,484	91,805	95,001
Education	2,071	2,102	2,073	2,081	2,051	1,988	3,631	2,352	2,570	2,287
Capital improvements	56,298	46,130	52,992	43,394	44,164	43,414	68,187	71,885	63,572	73,553
Debt service										
Principal	22,336	21,738	31,223	20,498	22,407	19,332	23,403	21,898	23,494	24,287
Payment to refunded bond escrow agent	-	-	-	-	-	-	25,272	-	-	-
Interest and fiscal charges	11,154	10,963	10,316	10,864	10,758	10,815	10,203	12,781	11,670	11,023
Bond issuance cost	3	-	99	43	543	392	611	-	-	-
Total expenditures	380,839	369,757	391,859	368,367	380,358	393,265	455,040	451,200	481,412	498,568
Excess (deficiency) of revenues over (under) expenditures	(18,261)	(5,133)	(20,819)	5,436	2,854	20,365	(41,270)	19,676	19,674	24,439
OTHER FINANCING SOURCES (USES)										
Debt issuance and notes payable	-	-	55,320	-	58,405	10,725	115,615	-	-	376
Proceeds from refunding bonds issued	-	-	9,185	22,991	16,950	16,895	25,875	-	-	-
Payment to refunded bond escrow agent	-	-	-	(22,943)	(18,416)	(16,760)	(25,780)	-	-	-
Premium on bond issue	-	-	4,698	-	6,372	1,545	16,376	-	-	-
Lease and subscription based financing	-	-	-	-	-	-	5,558	624	11,125	5,489
Transfers in	55,227	55,907	52,935	64,061	57,400	72,807	61,332	79,283	76,903	84,257
Transfers out	(63,776)	(64,291)	(61,272)	(73,320)	(67,131)	(84,378)	(77,040)	(93,048)	(92,469)	(96,839)
Total other financing sources (uses), net	(8,549)	(8,384)	60,866	(9,211)	53,580	834	121,936	(13,141)	(4,441)	(6,717)
Net change in fund balances	$ (26,810)	$ (13,517)	$ 40,047	$ (3,775)	$ 56,434	$ 21,199	$ 80,666	$ 6,535	$ 15,233	$ 17,722
Debt service as a percentage of noncapital expenditures	9.31 %	9.19 %	11.18 %	8.82 %	9.03 %	8.06 %	8.67 %	8.34 %	7.99 %	7.54 %

Table V

CITY OF HAMPTON, VIRGINIA
GENERAL GOVERNMENTAL TAX REVENUES BY SOURCE
Last Ten Fiscal Years
(modified accrual basis of accounting)
(amounts expressed in thousands)

Fiscal Year	General Property Taxes	Business Licenses	Sales Taxes	Utility Taxes	Tobacco Taxes	Communications Sales Taxes	Meal Taxes	Other Taxes [1]	Total
2016	$ 158,543	$ 12,092	$ 15,368	$ 5,056	$ 4,624	$ 8,867	$ 20,073	$ 11,834	$ 236,457
2017	160,810	12,304	14,980	4,978	4,428	8,649	20,370	11,693	238,212
2018	162,989	12,801	15,093	5,011	4,416	8,392	20,912	12,329	241,943
2019	166,311	14,251	15,741	4,977	4,336	7,840	22,081	12,596	248,133
2020	171,631	14,365	16,845	4,977	4,372	7,551	21,545	13,031	254,317
2021	179,065	16,833	19,639	4,618	3,964	6,863	23,113	14,609	268,704
2022	190,034	15,297	20,876	5,074	3,838	6,527	26,863	18,241	286,750
2023	208,128	15,866	21,640	4,948	3,582	6,360	29,420	18,089	308,033
2024	222,163	17,160	22,853	4,910	3,442	6,025	30,161	17,988	324,702
2025	230,515	17,809	23,419	5,302	2,741	5,923	30,640	19,930	336,279

Notes:

[1] Other taxes include: short-term rental, recordation, lodging and transit, amusement, motor vehicle, bank stock, license - pari-mutuel, public right of way and skill games.

Table VI

CITY OF HAMPTON, VIRGINIA
ASSESSED AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
Last Ten Fiscal Years
(amounts expressed in thousands)

	Real Estate						
Fiscal Year	Citizens' Property	Public Service [1]	Newport News Waterworks	Total Taxable Assessed Value	Estimated Actual Taxable Value	Assessed Value as a Percent of Estimated Actual Value [2]	Total Direct Tax Rate
2016	$ 10,127,280	$ 32,236	$ 56,459	$ 10,215,975	$ 10,236,448	99.80 %	$ 1.24
2017	10,249,204	33,071	56,237	10,338,512	10,369,621	99.70	1.24
2018	10,362,686	33,539	60,487	10,456,712	10,724,833	97.50	1.24
2019	10,492,939	33,881	60,925	10,587,745	10,630,266	99.60	1.24
2020	10,754,780	37,865	61,746	10,854,391	10,975,117	98.90	1.24
2021	11,245,639	37,966	64,615	11,348,220	11,627,275	97.60	1.24
2022	11,826,081	36,717	63,061	11,925,859	12,058,503	98.90	1.24
2023	13,599,780	38,095	65,757	13,703,632	13,842,053	99.00	1.18
2024	14,833,911	39,391	95,682	14,968,984	N/A	N/A	1.16
2025	15,567,330	39,736	87,162	15,694,228	N/A	N/A	1.15

Notes:

[1] Public service assessed values are furnished by the State Corporation Commission of Virginia with no indication of assessment rate or actual value. The state mandated conversion of personal property to real estate for taxing purposes whereby personal property values are converted at 5% a year over a 20-year period. Assessments are for real estate (land) and personal property at the real estate rate.

[2]The state requires all real estate to be assessed at 100% of its appraised value. There is no state statute or city charter limitation on the tax rate. The 2023 State Department of Taxation comparison of sales to appraisal indicates a true rate of 100%; assuming the sales to appraisal ratio would be 100% for fiscal year 2024 & 2025.

Source: City of Hampton, Finance

Table VII

CITY OF HAMPTON, VIRGINIA
PRINCIPAL PROPERTY TAXPAYERS
Current Year and Nine Years Prior
(amounts expressed in thousands)

	2025			2016		
Taxpayer	Total Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Total Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Newport News City of c/o NN Waterworks	$ 87,162	1	0.6 %			
SMP NorthHampton SPE LLC c/o Acento Investment MGT LLC	86,372	2	0.6 %			
5109 Goldsboro Drive LLC c/o LEVCO MGT LLC	72,769	3	0.5 %			
PR Croatan Trail Creek LLC	71,157	4	0.5 %			
Lumen Owner LLC	69,317	5	0.4 %			
Accend Ellipse LLC	68,622	6	0.4 %			
New MOLA LLC	67,635	7	0.4 %			
FCLA LP c/o Beco Asset MGT LLC	66,014	8	0.4 %			
Pinnacle Apartments LLC	61,630	9	0.4 %			
SMP Hampton Center SPE LLC c/o Acento Investment MGT LLC	60,021	10	0.4 %			
Peninsula Main VA LLC				$ 112,942	1	1.1 %
Newport News City of C/O NN Waterworks				56,854	2	0.6 %
FCLA LP				40,861	3	0.4 %
MOLA LLC				40,856	4	0.4 %
Hampton University OFC of General Counsel				39,794	5	0.4 %
Ginkgo Lake Ridge C/O Residential LLC				38,906	6	0.4 %
Trail Creek Community LLC C/O The Wolf Company				36,791	7	0.4 %
RP Hampton Exchange & RP Hampton CTR				33,100	8	0.3 %
Cambridge Apartments LC				31,856	9	0.3 %
Coliseum Investment CO LLC				30,303	10	0.3 %
	$ 710,699		4.6 %	$ 462,263		4.6 %

Source: City of Hampton, Office of the Assessor of Real Estate

Table VIII

CITY OF HAMPTON, VIRGINIA
REAL ESTATE TAX LEVIES AND COLLECTIONS
Last Ten Fiscal Years
(amounts expressed in thousands)

		Collected within the Fiscal Year of the Levy			Total Collections to Date	
Fiscal Year	Taxes Levied for the Fiscal Year	Amount	Percentage of Levy	Collections in Subsequent Years	Amount	Percentage of Levy
2016	$ 126,678	$ 124,791	98.51 %	$ 1,662	$ 126,453	99.82 %
2017	128,198	126,403	98.60	1,799	128,202	100.00
2018	129,663	127,793	98.56	1,797	129,590	99.94
2019	131,288	129,589	98.71	1,791	131,380	100.07
2020	134,594	132,963	98.79	1,569	132,963	98.79
2021	140,718	139,294	98.99	1,159	140,453	99.81
2022	147,881	146,119	98.81	1,290	147,409	99.68
2023	161,703	159,813	98.83	1,447	161,260	99.73
2024	173,640	171,317	98.66	1,537	172,854	99.55
2025	180,484	177,769	98.50	-	177,769	98.50

Notes:

*There are no overlapping or underlying tax jurisdictions.

Source: City of Hampton, Finance Department

Table IX

CITY OF HAMPTON, VIRGINIA
RATIO OF OUTSTANDING DEBT BY TYPE
Last Ten Fiscal Years
(amounts expressed in thousands, except per capita)

	General Bonded Debt[1]							
Fiscal Year	General Obligation Bonds[2]	Notes Payable	State Literary Loans	Total	Percentage of Estimated Actual Taxable Value of Property	Per Capita	Notes Payable	Lease & SBITA Payable
2016	$ 280,960	$ -	$ -	$ 280,960	2.75 %	$ 2,057	$ 9,517	$ -
2017	256,498	-	-	256,498	2.48	1,882	6,970	-
2018	291,756	-	-	291,756	2.79	2,142	4,386	-
2019	267,753	-	-	267,753	2.53	1,960	1,761	-
2020	305,766	-	-	305,766	2.82	2,227	1,265	-
2021	294,330	-	-	294,330	2.60	2,137	1,081	-
2022	370,115	-	-	370,115	3.10	2,685	3,751	4,516
2023	346,771	-	-	346,771	2.53	2,529	6,154	4,195
2024	322,450	-	-	322,450	2.15	2,355	11,174	13,866
2025	298,126	-	375	298,501	1.90	2,182	13,806	17,053

	Business-type Activities					
Fiscal Year	Revenue Bonds	Notes Payable	Lease & SBITA Payable	Total Primary Government	Percentage of Personal Income	Per Capita[4]
2016	$ 92,128	$ -	$ -	$ 382,605	6.83 %	$ 2,801
2017	88,545	-	-	352,013	6.20	2,584
2018	84,816	2,600	-	383,558	6.10	2,816
2019	80,933	2,110	-	352,557	5.84	2,580
2020	74,863	1,603	-	383,497	6.13	2,794
2021	70,064	1,329	-	366,804	5.41	2,663
2022	65,060	795	32	444,269	6.63	3,223
2023	60,692	-	549	418,361	5.83	3,052
2024	56,223	-	396	404,109	N/A	2,952
2025	51,658	-	219	381,237	N/A	2,787

Notes:

[1]Details regarding the City's outstanding debt can be found in the notes to the financial statements.

[2]General obligation bond amounts include the unamortized premiums.

[3]See Table VI for estimated actual taxable value of property data.

[4]See Table XII for personal income and population data. The most recent personal income data available from the Bureau of Economic analysis is 2019.

Table X

CITY OF HAMPTON, VIRGINIA
LEGAL DEBT MARGIN INFORMATION
Last Ten Fiscal Years
(amounts expressed in thousands)

	Fiscal Year									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Debt limit	$1,021,598	$1,033,851	$1,045,671	$1,058,774	$1,085,439	$1,134,107	$1,192,586	$1,370,363	$1,496,898	$1,569,423
Total net debt applicable to limit	251,130	229,000	261,870	241,300	276,795	269,107	341,170	320,225	298,035	276,211
Legal debt margin	$ 770,468	804,851	$ 783,801	$ 817,474	$ 808,644	$ 865,000	$ 851,416	$1,050,138	$1,198,863	$1,293,212
Total net debt applicable to the limit as a percentage of debt limit	24.58 %	22.15 %	25.04 %	22.79 %	25.50 %	23.73 %	28.61 %	23.37 %	19.91 %	17.60 %

Legal Debt Margin Calculation for current Fiscal Year: 2025

Assessed value	$15,694,228
Debt limit (10% of total assessed value)	1,569,423
Debt applicable to limit:	
General obligation debt	276,211
Total net debt applicable to limit:	276,211
Legal debt margin	$1,293,212

Notes:

Virginia state statute limits bond issuing authority of Virginia cities to 10% of the assessed real estate value. The above calculation includes all debt secured by the full faith and credit of the City. The calculation excludes installment purchase of contracts, accrued sick and annual leave, net pension obligations, net OPEB obligations and net pension liability totaling $306,802,190 at June 30, 2025.

*There are no overlapping or underlying tax jurisdictions.

Table XI

CITY OF HAMPTON, VIRGINIA
PLEDGE-REVENUE COVERAGE
Last Ten Fiscal Years
(amounts expressed in thousands)

Fiscal Year	Gross Revenues[1]	Operating Expenses[2]	Net Revenue Available for Debt Service	Debt Service Requirements[3] Principal	Interest	Total	Coverage
Economic Development Authority Revenue Bonds							
2016	$ 5,538	$ 2,711	$ 2,827	$ 687	$ 284	$ 971	2.91
2017	5,980	5,150	830	729	237	966	0.86
2018	12,951	3,774	9,177	777	189	966	9.50
2019	10,868	9,046	1,822	826	139	965	1.89
2020	4,131	4,136	(5)	878	85	963	(0.01)
2021	5,733	4,791	942	556	37	593	1.59
2022	5,747	9,956	(4,209)	77	15	92	(45.75)
2023	3,843	2,134	1,709	78	14	92	18.58
2024	8,945	7,974	971	80	12	92	10.55
2025	10,781	3,742	7,039	82	10	92	76.51
Convention Center Revenue Bonds							
2016	$ 10,533	$ 3,370	$ 7,163	$ 2,435	$ 4,010	$ 6,445	1.11
2017	10,855	3,515	7,340	2,555	3,890	6,445	1.14
2018	10,830	3,688	7,142	2,680	3,762	6,442	1.11
2019	11,198	3,531	7,667	2,815	3,624	6,439	1.19
2020	10,145	3,614	6,531	2,960	2,356	5,316	1.23
2021	8,133	1,811	6,322	3,930	2,121	6,051	1.04
2022	10,898	2,847	8,051	4,110	1,574	5,684	1.42
2023	12,380	3,933	8,447	4,235	1,650	5,885	1.44
2024	12,904	4,543	8,361	4,330	1,559	5,889	1.42
2025	12,284	4,961	7,323	4,420	1,484	5,904	1.24

Notes:

[1] Gross revenues include transfers in and interest income.

[2] Total operating expenses exclusive of depreciation.

[3] Includes principal and interest of revenue bonds only.

Table XII

CITY OF HAMPTON, VIRGINIA
DEMOGRAPHIC AND ECONOMIC STATISTICS
Last Ten Fiscal Years

Fiscal Year	Population [1]	Personal Income (In Thousands) [2]	Per Capita Income [3]	School Membership [4]	Unemployment Rate Percentage [5]
2016	$ 136,600	$ 5,374,978	$ 39,348	$ 20,698	5.4 %
2017	136,254	5,481,990	40,234	20,384	5.1
2018	136,219	5,523,392	40,548	19,996	4.3
2019	136,638	5,682,170	41,586	18,651	3.8
2020	137,280	6,239,355	45,450	19,055	10.9
2021	137,760	6,709,959	48,708	18,807	6.3
2022	137,828	6,772,877	49,140	19,026	4.0
2023	137,098	7,179,015	52,364	19,306	3.6
2024	136,895	6,698,261	48,930	19,526	3.7
2025	136,793	N/A	N/A	18,895	4.7

[1] Source: Weldon Cooper Center for Public Service as of July 1, 2024
Bureau of Economic Analysis. February 20, 2025 - revised statistics for 2010 -2019.

[2],3 Source: Bureau of Economic Analysis. February 20, 2025 - revised statistics for 2010 -2019.

[4] Source: Hampton City Schools; revised statistics for 2015

[5] Source: U.S. Bureau of Labor Statistics

Table XIII

CITY OF HAMPTON, VIRGINIA
PRINCIPAL EMPLOYERS
Current Year and Nine Years Prior

2025	2016
Over 500 Employees(1):	**Over 600 Employees:**
Hampton City School Board Local Government	City of Hampton
City of Hampton Local Government	Commonwealth of Virginia
U.S. Department of Veterans Affairs Federal Government	Dept of Defense
U.S. Department of Defense Federal Government	Hampton City School Board
National Aeronautics & Space Admin. Federal Government	Hampton Newport News Community Board
Sentara Healthcare	Hampton University
Howmet Castings & Service Inc	Howmet Castings & Service Inc
Hampton University	National Aeronautics/Space Admin.
Hampton Newport News Community Services Board	Riverside Regional Medical Center
Riverside Regional Medical Center	Sentara Health Systems
250-499 Employees(2):	**200-599 Employees:**
Wal Mart	Analytical Mechanics Assoc.
Thomas Nelson Community College	Army & Air Force Exchange
Sverdrup Technology	Association for Retarded Inc.
Analytical Mechanics Association	Bass Pro Outdoor World LL
Amsec	Cobb Theatres IV, LLC
Federal Express	Farm Fresh LLC
M1 Support Services LP	Food Lion LLC
	Jacobs Technology

Notes:

The Virginia Employment Commission does not permit specific employee numbers to be publicly reported. For this reason, the ranges above are presented.

[1] adjustment from prior years; prior years shown as Over 600

[2] adjustment from prior years; prior years shown as 200 - 599

Source: Hampton Roads Alliance; Doing Business Here; Largest Employers (per City of Hampton; Department of Economic Development)

Table XIV

FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION

Last Ten Fiscal Years

	Fiscal Year									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
FUNCTION										
Governmental activities:										
General government	574	557	533	508	573	572	594	671	602	486
Public safety	706	711	673	671	708	684	690	807	722	811
Highway and streets	19	22	21	19	17	21	27	32	25	29
Sanitation	61	57	60	54	54	56	69	76	64	87
Health	16	15	15	13	13	15	17	15	15	14
Human services	233	245	245	247	250	247	235	245	244	244
Culture and recreation	130	118	118	120	113	110	112	115	113	113
Total Governmental activities	1,739	1,725	1,665	1,632	1,728	1,705	1,744	1,961	1,785	1,784
Business-type activities:										
Culture and recreation	36	37	35	37	37	32	39	42	38	46
Sanitation	135	133	122	132	129	128	136	131	127	56
Total Business-type activities	171	170	157	169	166	160	175	173	165	102
Total	1,910	1,895	1,822	1,801	1,894	1,865	1,919	2,134	1,950	1,886

Source: City of Hampton, Department of Human Resources

Table XV

CITY OF HAMPTON, VIRGINIA
OPERATING INDICATORS BY FUNCTION/PROGRAM
Last Ten Fiscal Years

FUNCTION/PROGRAM	2016	2017	2018	2019	2020
GENERAL GOVERNMENT					
Building permits issued	1,107	1,106	1,045	1,118	1,609
Building inspections conducted	4,421	4,623	4,155	4,056	4,568
311 customer call center					
Calls	164,878	176,367	149,320	143,636	165,034
Emails[1]	-	-	-	-	-
Website (web forms & chats)[1]	-	-	-	-	-
Mobile (text & app)[1]	-	-	-	-	-
PUBLIC SAFETY					
Police					
Physical arrests	14,073	10,304	8,543	5,446	4,439
Traffic summons	20,795	17,893	10,591	15,967	9,443
Fire					
Emergency responses	27,541	25,906	25,928	26,313	26,359
Fires extinguished	531	508	465	475	479
Patients transported	14,228	13,783	14,039	14,401	13,481
Code inspections	2,909	1,600	1,940	2,701	1,785
HIGHWAY AND STREETS					
Roads paved or resurfaced (miles)	22	107	89	66	72
Bridges Inspected[1]	-	-	-	-	-
SANITATION					
Yard waste collected (tons)2	9,761	10,196	9,800	10,951	12,765
Debris removed (tons)	62,173	77,034	56,459	57,075	54,057
Cleanups3	991	901	586	700	255
Street sweeping	1,445	1,445	3,367	3,802	2,792
Storm drains cleaned (linear feet)	61,845	61,669	44,948	74,421	10,997
HEALTH					
Preventive health					
Immunization visits	3,260	2,980	2,167	2,230	1,857
HUMAN SERVICES					
Healthy families partnership					
Number of families assessed	421	501	421	434	333
Number of families served	856	718	639	624	543
Number of adult participants in the parenting classes	3,140	3,772	3,742	3,376	2,690
Social Services					
Food stamp households	8,986	9,443	8,944	8,801	9,286
CULTURE AND RECREATION					
Senior citizens attendance at Senior Center	16,681	22,574	18,477	20,553	13,097
Community Center memberships4					
Youth	51,968	88,634	66,880	54,497	17,943
Teen	24,086	36,298	29,294	21,253	8,898
Adult	56,829	283	70,934	76,349	24,705
EDUCATION					
School membership (total)	20,698	18,807	19,996	18,651	19,055
High schools	6,197	6,748	6,042	5,862	5,891
Middle schools	3,775	3,978	3,601	3,591	3,128
Elementary schools	8,562	5,812	7,896	7,070	7,740
Combined schools	2,164	2,296	2,427	2,128	2,296
Virtual[1]	-	-	-	-	-
School staff personnel5	2,507	2,683	2,455	2,461	2,461
WASTEWATER					
Average daily sewage treatment (thousands of gallons)	2,683	15,592	13,620	15,133	14,100

Table XV

OPERATING INDICATORS BY FUNCTION/PROGRAM
Last Ten Fiscal Years

FUNCTION/PROGRAM	2021	2022	2023	2024	2025
GENERAL GOVERNMENT					
Building permits issued	1,254	1,799	1,214	1,535	1,298
Building inspections conducted	4,909	5,296	4,989	3,932	3,766
311 customer call center					
Calls	126,763	96,680	106,760	106,660	100,278
Emails[1]	-	7,944	7,299	7,933	7,684
Website (web forms & chats)[1]	-	3,113	2,720	6,461	42,060
Mobile (text & app)[1]	-	5,597	3,890	1,965	2,463
PUBLIC SAFETY					
Police					
Physical arrests	3,865	3,986	4,081	4,237	4,707
Traffic summons	7,991	5,984	5,853	7,036	6,445
Fire					
Emergency responses	28,382	30,620	32,339	32,064	35,086
Fires extinguished	481	692	523	526	477
Patients transported	14,319	15,639	16,037	16,629	18,125
Code inspections	2,073	1,719	1,985	2,719	1,880
HIGHWAY AND STREETS					
Roads paved or resurfaced (miles)	76	83	55	49	44
Bridges Inspected[1]	-	21	18	20	18
SANITATION					
Yard waste collected (tons)2	11,670	9,402	10,218	4,418	4,101
Debris removed (tons)	51,273	52,561	50,264	52,950	52,788
Cleanups3	631	577	599	564	548
Street sweeping	1,443	2,202	2,212	3,111	1,763
Storm drains cleaned (linear feet)	32,698	10,778	37,748	68,562	31,615
HEALTH					
Preventive health					
Immunization visits	1,336	1,724	1,852	2,039	2,208
HUMAN SERVICES					
Healthy families partnership					
Number of families assessed	277	258	248	246	186
Number of families served	893	557	554	508	431
Number of adult participants in the parenting classes	1,147	626	533	450	760
Social Services					
Food stamp households	9,931	11,603	13,007	12,641	11,088
CULTURE AND RECREATION					
Senior citizens attendance at Senior Center	209	5,385	14,083	14,552	13,353
Community Center memberships4					
Youth	83	386	7,697	431	580
Teen	33	264	534	190	567
Adult	283	1,625	2,028	1,195	1,164
EDUCATION					
School membership (total)	18,807	19,026	19,306	19,526	18,895
High schools	6,748	5,942	4,746	5,917	5,478
Middle schools	3,978	3,578	3,908	3,848	3,808
Elementary schools	5,812	6,653	7,985	7,099	7,193
Combined schools	2,296	2,089	2,439	2,439	2,262
Virtual[1]	-	764	228	233	154
School staff personnel5	2,683	2,653	2,701	2,701	2,926
WASTEWATER					
Average daily sewage treatment (thousands of gallons)	15,592	12,600	11,800	13,455	12,026

Notes:
[1]categories added this in FY22
2Yard Waste collected shows approx. 50% decrease since 2024; City started charging contracters to dump
4changed verbage from Admissions to Memberships in FY25
Source: City of Hampton, Various Departments

Table XVI

CITY OF HAMPTON, VIRGINIA
CAPITAL ASSETS STATISTICS BY FUNCTION/PROGRAM
Last Ten Fiscal Years

FUNCTION/PROGRAM	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
PUBLIC SAFETY										
Police										
Patrol units	257	226	219	229	227	219	203	219	181	211
Patrol boats	6	5	7	8	6	6	6	6	6	6
Fire1										
Stations	11	11	11	11	11	11	11	11	11	10
Pumpers	17	17	17	17	15	16	17	16	18	14
Ambulances	15	15	15	15	15	17	16	17	19	13
Rescue Vehicles	-	-	-	-	-	-	-	-	-	3
Ladder trucks	5	5	5	5	5	5	7	5	6	6
Fire Boats	2	2	2	2	2	2	2	3	3	3
HIGHWAYS AND STREETS										
Streets (miles)[2]	1,118	1,125	1,125	1,156	1,156	1,157	1,132	1,163	1,163	1,163
Traffic signals	189	185	189	186	186	188	188	188	188	186
Bridges	39	40	39	40	40	40	40	40	40	40
SANITATION										
Solid waste										
Collection trucks	57	58	57	60	64	56	56	57	62	58
CULTURE AND RECREATION										
Parks acreage3	1,791	1,791	1,791	1,791	1,791	1,791	1,791	1,791	1,791	1,791
School parks acreage	751	751	751	751	751	751	751	751	751	751
Parks	23	23	23	23	23	23	23	23	23	23
Amphitheater	1	1	1	1	1	1	1	1	1	1
Aquaplex	-	-	-	-	-	-	1	1	1	1
Baseball fields	42	42	42	42	42	42	42	42	42	42
Basketball courts	36	36	36	35	35	35	35	35	35	35
Boat ramps	3	3	3	3	3	3	3	3	3	2
Coliseum	1	1	1	1	1	1	1	1	1	1
Community centers	7	7	7	7	8	8	5	5	5	4
Convention center	1	1	1	1	1	1	1	1	1	1
Fitness trails	13	13	14	13	13	13	13	13	13	13
Football fields	21	21	21	21	21	21	21	21	21	21
Football stadium	1	1	1	1	1	1	1	1	1	1
Golf courses	2	2	2	2	2	2	2	2	2	2
Indoor swimming pools	2	2	2	2	2	2	2	1	1	1
Municipal beaches	3	3	3	3	3	3	3	3	3	3
Municipal parks	11	11	11	11	11	11	11	11	11	11
Museums	2	2	2	2	2	2	2	2	2	2
Neighborhood centers	4	4	4	4	4	4	4	4	4	4
Picnic shelters	28	28	29	29	29	29	29	29	29	29
Playgrounds	43	43	44	81	81	81	81	81	81	83
Senior citizens center	1	1	3	1	1	1	1	1	1	1
Soccer fields	33	33	33	33	33	33	33	33	33	33
Softball fields	17	17	17	17	17	17	17	17	17	17
Tennis courts	67	67	67	67	67	67	67	67	67	67
Theatres	1	1	1	1	1	1	1	1	1	1
Fort Wool	1	1	1	1	1	1	1	1	1	1
Fishing Pier	2	2	2	2	2	2	2	3	3	3
EDUCATION										
High schools	4	4	4	4	4	4	4	4	4	4
Middle schools	6	6	6	6	6	6	6	6	6	6
Elementary schools	19	19	19	19	19	19	19	19	19	19
Combined schools	2	2	2	2	2	2	2	2	2	2
WASTEWATER										
Sanitary sewer lines (miles)	572	572	605	605	605	605	605	605	490	497
Sewer Pumping stations	108	105	106	103	103	103	103	103	104	105

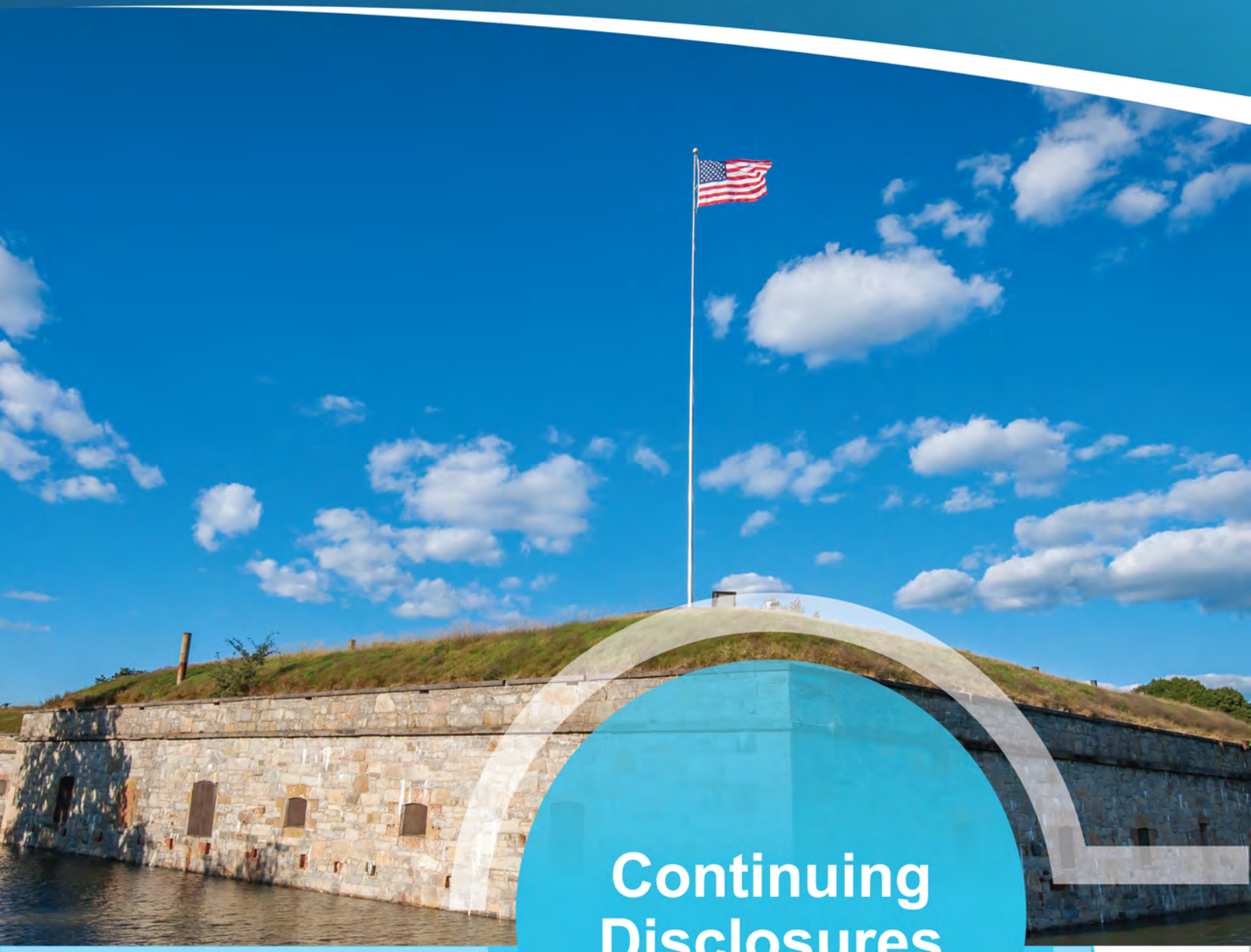
Notes:

1Fire Station count does not include (1) Station manned by CoH but owned by NASA
adjusted verbage from Ambulances to Medic Units; made in 2025, per Fire Dept
Medic Unit count does not include (8) Units manned by CoH but owned by NASA

2Street Milage revision for 2018-2021 per Public Works department; made in 2022

3Park land currently developed.

HAMPTON VA



Continuing Disclosures

Schedule 1

CITY OF HAMPTON, VIRGINIA
SCHEDULE OF THE TREASURER'S ACCOUNTABILITY
June 30, 2025

Assets held by the Treasurer:		
Cash on hand		$ 7,050
Cash in banks:		
Old Point National Bank		39,281,555
Truist Bank		9,692,271
Investments:		
Certificates of deposit		32,718,713
Commercial paper		4,177,551
Repurchase agreement		11,300,000
Investment in mutual and money market funds		245,861
State Local Government Investment Pool		350,081,475
U.S. Government securities		22,281,921
Corporate notes		5,623,097
Total assets		475,409,494
Liabilities of the Treasurer:		
Balance of City funds		475,409,494
Cash and cash equivalents		
Primary Government per Exhibit A-1		342,446,139
School Board per Exhibit A-11		46,828,471
Economic Development Authority per Exhibit A-11		5,766,500
General Fund Investments per Exhibit A-3		66,448,464
Restricted cash and investments - Enterprise Funds per Exhibit A-6		
Cash and cash equivalents - Convention Center		11,882,999
Investments - Convention Center		13,412,116
Cash and cash equivalents - Fiduciary Funds per Exhibit A-9		13,388,265
Investments - Component Unit - EDA per Exhibit A-11		1,345,094
Adjust investments in ACFR from fair value to cost		(5,307,324)
Less:		
Petty cash	(182,773)	
Cash and investments held by trustees	(20,618,460)	
		(20,801,233)
Balance of City funds		$ 475,409,491

Schedule 3

CITY OF HAMPTON, VIRGINIA
DISCRETELY PRESENTED COMPONENT UNIT - SCHOOL BOARD
SCHOOL OPERATING FUND
SCHEDULE OF APPROPRIATIONS AND EXPENDITURES - BUDGET AND ACTUAL
For the Year Ended June 30, 2025

	Appropriations				
	Budget July 1, 2024	Net Changes	Final June 30, 2025	Expenditures	Variance with Final Budget Over (Under)
EXPENDITURES					
Administration/attendance and health	$ 17,102,012	$ 2,643,694	$ 19,745,706	$ 19,458,369	$ (287,337)
Instructional	207,957,408	594,884	208,552,292	207,861,396	(690,896)
Public transportation service	13,923,197	2,796,705	16,719,902	14,064,500	(2,655,402)
Operation and maintenance of school plant	33,977,581	10,622,493	44,600,074	35,874,833	(8,725,241)
Non-instructional operations	4,058,000	508,092	4,566,092	4,297,002	(269,090)
Debt and fund transfers	7,331,816	9,658,414	16,990,230	16,954,046	(36,184)
Technology	17,282,802	(260,338)	17,022,464	13,973,092	(3,049,372)
Total expenditures	301,632,816	26,563,944	328,196,760	312,483,238	(15,713,522)
OPERATING TRANSFER OUT					
To Athletics Fund	707,594	-	707,594	707,594	-
To Reimbursable Projects Fund	581,427	141,296	722,723	722,723	-
To School Activity Fund	20,000	15,740	35,740	35,740	-
Total transfers out	1,309,021	157,036	1,466,057	1,466,057	-
Total expenditures and transfers out	$ 302,941,837	$ 26,720,980	$ 329,662,817	$313,949,295	$ (15,713,522)

Schedule 4

CITY OF HAMPTON, VIRGINIA
DISCRETELY PRESENTED COMPONENT UNIT - SCHOOL BOARD
SCHOOL OPERATING FUND
SCHEDULE OF APPROPRIATIONS AND EXPENDITURES - BUDGET AND ACTUAL
For the Year Ended June 30, 2025

	Original	Final Budgeted Revenues	Actual Revenues	Variance with Final Budget Over (Under)
STATE FUNDS				
Basic appropriation	$ 87,571,307	$ 86,176,435	$ 86,176,435	$ -
At risk payment	20,073,700	27,187,434	27,187,434	-
Salary Supplement	3,430,052	3,408,775	3,408,775	-
Remedial education	-	-	-	-
K-3 Primary Class Size	5,342,113	5,235,219	5,235,219	-
Virginia Retirement System	10,694,650	10,605,887	10,605,887	-
Social security benefits	4,970,359	4,929,107	4,929,107	-
Group life insurance	307,157	304,608	304,608	-
Special education-SOQ	10,205,991	10,121,283	10,121,283	-
Special education-categorical	117,039	228,073	228,073	-
Textbook payments	2,235,824	2,217,267	2,217,267	-
Remedial summer school	683,186	735,969	735,969	-
Supplemental Lottery Per Pupil	-	6,179,235	6,179,235	-
At risk 4 year old	7,337,527	-	-	-
Gifted	893,548	886,132	886,132	-
Infrastructure ops per pupil	6,210,515	-	-	-
Foster care -regular	54,694	20,908	20,908	-
Foster care -special education	-	85,098	85,098	-
Vocational education-SOQ	1,842,942	1,827,646	1,827,646	-
Vocational education-categorical	345,021	139,674	139,674	-
SOQ position bonus	-	2,072,488	2,072,488	-
Project Graduation-state	37,500	37,500	37,500	-
ESL	679,911	933,447	933,447	-
Early Reading Intervention	897,190	745,552	745,552	-
All in Pupil Funding	-	-	-	-
SOL Algebra Readiness	459,385	439,200	439,200	-
Virginia Preschool Initiative	4,571,502	4,426,812	4,426,812	-
New Horizons Governor's School	677,114	710,850	710,850	-
ISAEP	32,810	32,108	32,108	-
Teacher mentor	26,063	76,963	76,963	-
VPI community provider add-on	-	-	-	-
SPED-regional programs	2,255,426	2,118,169	2,118,169	-
Grocery store tax	3,965,054	3,965,054	3,965,054	-
Rebenchmarking hold harmless	-	-	-	-
Sales tax	24,890,353	25,771,348	25,771,348	-
Medicaid Reimbursement	722,332	722,332	880,636	158,304
Total state funds	$ 201,530,265	$ 202,340,573	$ 202,498,877	$ 158,304

Schedule 4

CITY OF HAMPTON, VIRGINIA
DISCRETELY PRESENTED COMPONENT UNIT - SCHOOL BOARD
SCHOOL OPERATING FUND
SCHEDULE OF APPROPRIATIONS AND EXPENDITURES - BUDGET AND ACTUAL
For the Year Ended June 30, 2025

	Original	Final Budgeted Revenues	Actual Revenues	Variance with Final Budget Over (Under)
FEDERAL FUNDS				
Public law 874	$ 373,666	$ 336,463	$ 336,463	$ -
Impact Aid Special Education	91,839	65,150	65,150	-
U.S. Army - ROTC	87,308	114,409	114,409	-
U.S. Air Force - ROTC	55,833	69,276	69,276	-
U.S. Navy - ROTC	104,485	58,864	58,864	-
U.S. Marine Corps - ROTC	75,869	85,090	85,090	-
Total federal funds	789,000	729,252	729,252	-
OTHER FUNDS				
Fees from students	40,852	40,852	29,669	(11,183)
Pharmacy revenue	2,609,139	2,609,139	3,135,911	526,772
Print Shop revenue	245,924	245,924	283,978	38,054
Tuition from regular day students	20,000	20,000	26,184	6,184
Miscellaneous revenues	78,437	78,437	121,805	43,368
Jury Duty	2,632	2,632	2,520	(112)
Public Surplus	129,304	129,304	116,427	(12,877)
Facility Rentals	2,013	2,013	4,805	2,792
Interest-investments	5,189	5,189	30,341	25,152
Cell Towers	591,075	591,075	304,691	(286,384)
CPR	7,980	7,980	4,760	(3,220)
Enernoc	45,750	45,750	2,836	(42,914)
Summer Driver Education	9,600	9,600	9,430	(170)
Contracted Adult Education	2,800	2,800	2,785	(15)
Driver Education	66,981	66,981	17,380	(49,601)
PY Expenditure refunds	107,929	107,929	47,874	(60,055)
Summer school	91,000	91,000	9,125	(81,875)
Lease Revenue	-	-	305,503	305,503
Lease Interest Revenue	-	-	65,735	65,735
Total other funds	4,056,605	4,056,605	4,521,759	465,154
Total revenues	206,375,870	207,126,430	207,749,888	623,458
OTHER CREDITS				
Transfer from General Fund	95,000,573	95,000,573	95,000,573	-
Transfer from Cafeteria Fund	783,597	395,636	298,248	(97,388)
Transfer from Reimbursable Fund	781,797	781,797	718,247	(63,550)
Total other credits	96,565,967	96,178,006	96,017,068	(160,938)
Total revenues and other credits	$ 302,941,837	$ 303,304,436	$ 303,766,956	$ 462,520

Schedule 5

CITY OF HAMPTON, VIRGINIA

SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY
CONVENTION CENTER REVENUE BONDS

June 30, 2025

Fiscal Year Ending June 30,	Principal	Interest	Total Debt Service
2026	$ 4,530,000	$ 1,379,990	$ 5,909,990
2027	4,640,000	1,268,862	5,908,862
2028	4,755,000	1,150,757	5,905,757
2029	4,880,000	1,024,608	5,904,608
2030	5,065,000	890,643	5,955,643
2031	5,210,000	748,539	5,958,539
2032	5,360,000	597,615	5,957,615
2033	5,515,000	437,310	5,952,310
2034	5,685,000	268,250	5,953,250
2035	5,865,000	90,820	5,955,820
	$ 51,505,000	$ 7,857,394	$ 59,362,394

Schedule 6

CITY OF HAMPTON, VIRGINIA
SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY
GENERAL OBLIGATION BONDS
For the Year Ended June 30, 2025

Fiscal Year Ending June 30,	Principal	Interest	Total Debt Service
2026	$ 21,655,000	$ 9,576,777	$ 31,231,777
2027	21,115,000	8,533,962	29,648,962
2028	19,595,000	7,466,655	27,061,655
2029	16,410,000	6,695,095	23,105,095
2030	16,910,000	6,106,588	23,016,588
2031	16,760,000	5,410,734	22,170,734
2032	17,385,000	4,739,584	22,124,584
2033	17,995,000	4,078,996	22,073,996
2034	16,235,000	3,509,849	19,744,849
2035	16,740,000	3,007,945	19,747,945
2036	13,425,000	2,573,008	15,998,008
2037	13,795,000	2,208,976	16,003,976
2038	14,170,000	1,831,304	16,001,304
2039	14,600,000	1,407,985	16,007,985
2040	11,620,000	1,025,238	12,645,238
2041	11,940,000	688,769	12,628,769
2042	7,625,000	350,175	7,975,175
2043	7,860,000	117,899	7,977,899
	$ 275,835,000	$ 69,329,539	$ 345,164,539

Schedule 7

CITY OF HAMPTON, VIRGINIA
COMPUTATION OF LEGAL DEBT MARGIN
June 30, 2025

ASSESSED VALUE		
Real estate	$ 15,567,330,296	
Public service corporations - real estate	39,735,883	
Newport News Waterworks	87,162,200	15,694,228,379
Debt Limit at 10% of assessed value		1,569,422,838
GENERAL OBLIGATION BONDED DEBT		
General obligations bonds	275,682,492	
Literary loans	375,616	
General obligation bonds - Steam Plant	152,508	
Total long-term debt		276,210,616
Legal debt margin		$ 1,293,212,222

Note:

Virginia state statute limits bonds issuing authority of Virginia cities to 10% of the assessed real estate value. The above calculation includes all debt secured by the full faith and credit of the City. The calculation excludes installment purchase contracts, compensated absences, claims and judgements, net pension obligations and net OPEB obligations totaling $306,802,190 at June 30, 2025.

There are no overlapping or underlying tax jurisdictions.

Schedule 8

CITY OF HAMPTON, VIRGINIA
ASSESSED VALUE OF TAXABLE PROPERTY
($ in Thousands)

Fiscal Year Ended June 30	Real Estate Assessed				Personal Property Assessed Value		
	Citizens' Property	Public Service	Newport News Waterworks	Total	Citizens' Property	Public Service [1]	Total
2016	$ 10,127,280	$ 32,236	$ 56,459	$ 10,215,975	$ 970,772	$ 289,756	$ 1,260,528
2017	10,249,204	33,071	56,237	10,338,512	983,860	303,254	1,287,114
2018	10,362,686	33,539	60,487	10,456,712	996,733	314,545	1,311,278
2019	10,492,939	33,881	60,925	10,587,745	1,025,906	319,170	1,345,076
2020	10,754,780	37,865	61,746	10,854,391	1,046,609	357,900	1,404,509
2021	11,238,490	37,966	64,615	11,341,071	1,118,467	339,637	1,458,104
2022	11,826,080	36,717	63,061	11,925,858	1,157,897	363,272	1,521,169
2023	13,599,780	38,095	65,757	13,703,632	1,277,075	377,529	1,654,604
2024	14,833,911	39,391	95,682	14,968,984	1,339,887	386,295	1,726,182
2025	15,567,330	39,736	87,162	15,694,228	1,372,353	413,399	1,785,752

Source: City Department of Finance.

[1] Public Service assessed values are furnished by the State Corporation Commission of Virginia with no indication of assessment rate or actual value. The State mandated conversion of personal property to real estate for taxing purposes whereby personal property values are converted at 5% a year over a 20-year period. State Corporation Commission has changed reporting the assessments for real estate (land) and personal property at the real estate rate.

Schedule 9

CITY OF HAMPTON, VIRGINIA

TAX RATES

Fiscal Year Ended June 30	Rate per $100 of Assessed Value	
	Real Estate	Personal Property [1]
2016	$ 1.24	$ 4.50
2017	1.24	4.50
2018	1.24	4.50
2019	1.24	4.50
2020	1.24	4.50
2021	1.24	4.50
2022	1.24	4.50
2023	1.18	4.50
2024	1.16	4.50
2025	1.15	4.50

Source: City Department of Finance.

[1] Personal property is assessed on a calendar year basis. The taxes levied are due in two installments on June 5 and December 5. Changes in the tax rate are implemented on the same basis. When a rate change is enacted by City Council, the first half of the fiscal year's tax levy is at the old rate and the second half is at the new rate. The personal property tax rate was increased from $4.25 per $100 to $4.50 per $100 levied effective January 1, 2015. The real estate tax rate was decreased from $1.18 per $100 of assessed value to $1.16 per $100 of assessed value effective July 1, 2023.

Schedule 10

CITY OF HAMPTON, VIRGINIA
MORAL OBLIGATION COMMITMENTS
For the Year Ended June 30, 2025

Convention Center Revenue Bonds	$ 51,505,000
Total	$ 51,505,000

Source: City Finance Department

Schedule 11

CITY OF HAMPTON, VIRGINIA

GENERAL FUND EXPENDITURES

For the Year Ended June 30, 2025

Expenditures	2025 Actual	Percent of Total Actual	2024 Actual	Difference	Percentage Change
General government	131,682,657	29.52 %	$ 127,587,840	$ 4,094,817	3.21 %
Public safety	75,015,574	16.68 %	72,113,696	2,901,878	4.02 %
Highways and streets	2,125,636	0.53 %	2,304,758	(179,122)	(7.77)%
Health	4,948,757	1.22 %	5,282,477	(333,720)	(6.32)%
Human services	26,204,828	5.89 %	25,481,400	723,428	2.84 %
Culture & recreation	14,768,009	3.34 %	14,458,878	309,131	2.14 %
Education - city share	95,000,573	21.24 %	91,804,718	3,195,855	3.48 %
Education - other sources	2,287,178	0.51 %	2,185,017	102,161	4.68 %
Debt Service: Lease and SBITA Principal Retirement	2,129,186	0.33 %	1,437,417	691,769	48.13 %
Debt Service: Lease and SBITA Interest and Fiscal Charges	478,174	0.05 %	198,213	279,961	141.24 %
Transfers out	91,985,548	20.68 %	89,414,772	2,570,776	2.88 %
Totals	$ 446,626,120	99.99 %	$ 432,269,186	$ 14,356,934	3.32 %

Source: City of Hampton, Virginia Annual Comprehensive Financial Report for years ended June 30, 2025 and 2024

Schedule 12

CITY OF HAMPTON, VIRGINIA

SUMMARY OF GENERAL FUND (In Thousands)

Fiscal Years Ended June 30, 2021-2025

	2021	2022	2023	2024	2025
REVENUES	$ 357,525	$ 376,852	$ 411,039	$ 434,953	$ 464,761
EXPENDITURES[1]	271,712	295,222	313,899	342,854	354,641
Excess of revenue over expenditures	85,813	81,630	97,140	92,099	110,120
OTHER FINANCING SOURCES (USES)					
Transfers in	238	234	236	253	235
Transfers out[2]	(70,508)	(69,827)	(89,876)	(89,415)	(91,986)
Other financing uses, net	(70,270)	(69,593)	(89,640)	(89,162)	(91,751)
Net change in fund balances	15,543	12,037	7,500	2,937	18,369
Fund balances, beginning of year[3]	112,284	127,827	139,864	147,364	150,301
Fund balances, end of year	$ 127,827	$ 139,864	$ 147,364	$ 150,301	$ 168,670

Source: City's Annual Comprehensive Financial Report Exhibit B-2 for the fiscal years June 30, 2021 through 2025

[1] Contributions to the schools are reflected in total expenditures.

[2] Transfers to the Debt Service Fund constitute a majority of transfers.

[3] Restated Fund Balance.

Schedule 13

CITY OF HAMPTON, VIRGINIA
DEBT RATIOS
As of June 30, 2025

	Amount	Per Capita	Ratio to Assessed Value
Gross Direct Debt	$ 276,210,616	$ 2,019.19	1.76 %

Source: Finance Department, City of Hampton, Virginia

[1] Per capita amounts are based on a 2025 population of 136,793 as provided by the Weldon Cooper Center for Public Service.

[2] Assessed value of total real property is $15,694 billion as of June 30, 2025.

HAMPTON VA

CITY OF HAMPTON, VIRGINIA

COMPLIANCE REPORT

For the Year Ended June 30, 2025

And Reports of Independent Auditor

Cherry Bekaert LLP

Your Guide Forward

CITY OF HAMPTON, VIRGINIA
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Cherry Bekaert LLP
Your Guide Forward

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

To the Honorable Mayor and Members of City Council
City of Hampton, Virginia
Hampton, 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 "Specifications"), 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 Hampton, Virginia (the "City"), as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated December 5, 2025. Our report includes a reference to other auditors who audited the financial statements of the Downtown Hampton Development Partnership, Inc (the "Partnership"). The financial statements of the Partnership were not audited in accordance with *Government Auditing Standards* and, accordingly, this report does not include reporting on internal control over financial reporting or compliance and other matters associated with Partnership or that are reported on separately by those auditors who audited the financial statements of the Partnership.

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 audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

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

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

Report on Compliance and Other Matters

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

Purpose of this Report

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

Cherry Bekaert LLP

Virginia Beach, Virginia
December 5, 2025

Cherry Bekaert LLP
Your Guide Forward

Report of Independent Auditor on Compliance for Each Major Federal Program and on Internal Control over Compliance Required by the Uniform Guidance

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

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the City of Hampton, Virginia's (the "City") compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended June 30, 2025. The City's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned costs.

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2025.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"). Our responsibilities under those standards and the Uniform Guidance are further described in the *Auditor's Responsibilities for the Audit of Compliance* section of our report.

We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for each major federal program. Our audit does not provide a legal determination of the City's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the City's federal programs.

Auditor's Responsibility for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the City's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the City's compliance with the requirements of each major federal program as a whole.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 City's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the City's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the *Auditor's Responsibilities for the Audit of Compliance* section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited 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 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. We issued our report thereon dated December 5, 2025, which contained unmodified opinions on those financial statements. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the 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 Schedule of Expenditures of Federal Awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Cherry Bekaert LLP

Virginia Beach, Virginia
March 18, 2026

SCHEDULES

CITY OF HAMPTON
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Period Ended June 30, 2025

Federal Granting Agency/Recipient State Agency	ALN Number		Federal Expenditures
DEPARTMENT OF AGRICULTURE:			
SUPPLEMENTAL NUTRITION ASSISTANCE PROGRAM CLUSTER:			
Pass-through payments:			
Virginia Department of Social Services:			
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program (90304)	10.561		$ 2,807,822
Total Supplemental Nutrition and Assistance Program Cluster			2,807,822
CHILD NUTRITION CLUSTER:			
Direct payments:			
Summer Food Service Program for Children (SFSP)	10.559		214,184
Pass-through payments:			
Department of Education:			
School Breakfast Program (APE402530)	10.553		4,028,137
National School Lunch Program (APE402540)	10.555		9,424,314
Department of Agriculture and Consumer Services:			
National School Lunch Program (APE402540) - Donated Commodities	10.555		1,106,296
Total National School Lunch Program			10,530,610
Total Child Nutrition Cluster			14,772,931
OTHER:			
Pass-through payments:			
Department of Education:			
Child & Adult Care Food Program (APE700280)	10.558		212,061
Total Department of Agriculture			17,792,814
DEPARTMENT OF DEFENSE:			
Direct Payments:			
U.S. Air Force - ROTC	12.UNK		69,276
U.S. Army - ROTC	12.UNK		114,409
U.S. Marine Corps - ROTC	12.UNK		85,091
U.S. Navy - ROTC	12.UNK		58,865
Pass-through payments:			
Office of Economic Adjustment:			
Community Investment (CIP2017-22-01)	12.600		1,608,469
Total Department of Defense			1,936,111
DEPARTMENT OF EDUCATION:			
Direct payments:			
Impact Aid	84.041		401,613
Gaining Early Awareness and Readiness for Undergraduate Programs	84.334		179,332
Pass-through payments:			
Department of Behavioral Health and Developmental Services:			
American Rescue Plan-Elementary and Secondary School Emergency Relief (ARP ESSER) APE40299, APE50193, APE50175)	84.425U	APRA	4,623,745
William and Mary School of Education:			
Homeless Children and Youth (S425W210048)	84.425W	ARPA	74,518
Total Education Stabilization Fund			4,698,263
Title 1 Grants to Local Educational Agencies (Title I, Part A of the ESEA) (APE429010, APE429350)	84.010		7,995,599
Supporting Effective Instruction State Grants (APE14800)	84.367		888,724
English Language Acquisition State Grants (APE605120, APE605090)	84.365		73,008
ELL Network Grant (APE0150)	84.371		19,457
Twenty-First Century Community Learning Centers (APE605650)	84.287		1,443,230
Student Support and Academic Enrichment Program (APE600220, APE602810)	84.424		933,357
Special Education-Grants for Infants and Families (720-5063-16)	84.181		258,947

CITY OF HAMPTON
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS - CONTINUED
For the Period Ended June 30, 2025

SPECIAL EDUCATION CLUSTER (IDEA):		
Pass-through payments:		
Special Education Preschool Grants (IDEA, Preschool) (APE625210)	84.173	93,889
Special Education Grants to States (IDEA, Part B) (APE430710)	84.027	5,084,337
Total Special Education Cluster		5,178,226
Pass-through payments:		
Career and Technical Education - Basic Grants to States (Perkins V) (APE610950, APE611590)	84.048	482,810
Total Department of Education		22,552,566
DEPARTMENT OF HEALTH AND HUMAN SERVICES:		
MEDICAID CLUSTER:		
Pass-through payments:		
Department of Social Services:		
Medical Assistance Program (Medicaid; Title XIX) (705AT53247)	93.778	2,433,771
Total Medicaid Cluster		2,433,771
CHILD CARE AND DEVELOPMENT FUND CLUSTER:		
Pass-through payments:		
Department of Social Services:		
Child Care Mandatory and Matching Funds of the Child Care and Development Fund (91416)	93.596	255,464
Total Child Care and Development Fund Cluster		255,464
OTHER:		
Pass-through payments:		
Virginia Department of Education:		
Cooperative Agreement for Emergency Response (APE402970)	93.354	639
Department of Social Services:		
Guardianship Assistance	93.090	3,535
Title IV-E Prevention Program	93.472	51,057
MaryLee Allen Promoting Safe and Stable Families Program (91129)	93.556	71,133
Temporary Assistance for Needy Families (TANF) (90601, 90603)	93.558	2,014,186
Refugee & Entrant Assistance State/Replacement Designee Administrated Programs (90623)	93.566	58,105
Low-Income Home Energy Assistance (91114)	93.568	265,640
Stephanie Tubbs Jones Child Welfare Services Program (91131)	93.645	5,371
Foster Care Title IV-E (90658)	93.658	1,170,468
Adoption Assistance (90606)	93.659	1,017,422
Social Services Block Grant (SSBG) (91142)	93.667	1,278,665
John H. Chafee Foster Care Program for Successful Transition to Adulthood (91134)	93.674	12,317
Children's Health Insurance Program (CHIP) (90161)	93.767	31,806
Maternal, Infant, and Early Childhood Home Visiting Grant Program (705A210078, 705A210078-3)	93.870	473,255
Total Department of Health and Human Services		9,142,834
CORPORATION FOR NATIONAL AND COMMUNITY SERVICE:		
FOSTER GRANDPARENT, SENIOR COMPANION CLUSTER:		
Direct payments:		
AmeriCorps Seniors Foster Grandparent Program	94.011	365,238
Total Foster Grandparent, Senior Companion Cluster		365,238
Total Corporation for National and Community Service		365,238
DEPARTMENT OF HOMELAND SECURITY:		
Direct payments:		
Assistance to Firefighters Grant	97.044	166,263
Port Security Grant Program	97.056	479,118
U.S. Immigration and Customs Enforcement	97.UNK	87,500
Pass-through payments:		
Virginia Department of Emergency Management:		
Flood Mitigation Assistance (FMA-PJ-03-VA-2016-4, FMA-03-VA-2018-002)	97.029	47,793
Hazard Mitigation Grant (HMGP) (FEMA-DR-4512-VA-0002)	97.039	4,180
Emergency Management Performance Grant Program (EMP-2024-EP-05008)	97.042	35,680
State Homeland Security Grant Program (SHSP) (EMW-2023-SS-00109 (26,8,27,9,18) EMW-2024-SS-05162 (29)	97.067	299,565
Total Department of Homeland Security		1,120,099

CITY OF HAMPTON
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS - CONTINUED
For the Period Ended June 30, 2025

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT:			
CDBG - ENTITLEMENT GRANTS CLUSTER:			
Direct payments:			
Community Development Block Grants/Entitlement Grants ($801,027 provided to subrecipient)	14.218		1,088,746
Total CDBG-Entitlement Grants Cluster			1,088,746
OTHER			
Direct payments:			
Home Investment Partnerships Program ($405,100 provided to subrecipient)	14.239		517,250
Continuim of Care Program (Planning Project - VA0456L3F052200, VA0489L3F052300)	14.267		54,461
Pass-through payments:			
Department of Housing and Community Development:			
Emergency Solutions Grant Program (25-VHSP-035)	14.231		145,839
Total Department of Housing and Urban Development			1,806,296
DEPARTMENT OF INTERIOR:			
Direct payments:			
Payment in Lieu of Taxes for National Park Service	15.UNK		419
Total of Department of Interior			419
DEPARTMENT OF JUSTICE:			
Direct payments:			
Equitable Sharing Program (VA1110000, VAEO00289)	16.922		97,452
Bureau of Alcohol, Tobacco, Firearms and Explosives	16.UNK		1,932
Drug Enforcement Administration	16.UNK		18,373
United States Marshals Service	16.UNK		13,683
Pass-through payments:			
Department of Criminal Justice Service:			
Violence Against Women Formula Grants (24-A9367VA22, 25-O1029VW22)	16.588		311,962
Edward Byrne Memorial Justice Assistance Grant Program (527082)	16.738		12,292
Pass-through payments:			
Bureau of Justice Assistance:			
Edward Byrne Memorial Justice Assistance Grant Program (15PBJA23-GG-03881-JAGX , 15PBJA-24-GG-05041-JAG)	16.738		14,981
Total Edward Byrne Memorial Justice Assistance Grant Program			27,273
Congressionally Recommended Awards (15PBJA-23-GG-00161-BRND)	16.753		64,764
Institute for Intergovernmental Research (IIR)			
Comprehensive Opioid, Stimulant, and other Substance Use Program (4134-2024-015)	16.838		89,628
County of Bedford:			
Southern Virginia Internet Crimes Against Children (1824)	16.UNK		195
Mercyhurst University:			
High Intensity Drug Trafficking Area (G22WB0004A)	16.UNK		12,489
Total Department of Justice			637,751
DEPARTMENT OF TREASURY:			
Coronavirus State and Local Fiscal Recovery Funds			
Direct payments:	21.027	ARPA	15,214,485
Pass-through payments:			
Department of Education	21.027	ARPA	8,325
Department of Criminal Justice Service	21.027	ARPA	573,710
Total Coronavirus State and Local Fiscal Recovery Funds			15,796,520
Pass-through payments:			
Internal Revenue Service:			
Federal Subsidy for Qualified Bonds	21.UNK		165,366
Total Department of Treasury			15,961,886

DEPARTMENT OF TRANSPORTATION FEDERAL HIGHWAY ADMINISTRATION		
HIGHWAY PLANNING AND CONSTRUCTION:		
Pass-through payments:		
Department of Transportation:		
Highway Planning and Construction (Federal-Aid Highway Program) (102866,116318,109410, 113749,119242,119250,111016,117102,117120,113988)	20.205	2,750,478
Pass-through payments:		
Safe Streets and Roads for All (693JJ32440537)	20.939	32,263
Total Department of Transportation Federal Highway Administration		2,782,741
NATIONAL AERONAUTICS AND SPACE ADMINISTRATION:		
Direct payments:		
NASA Steam Sales	43.009	3,390,550
Total National Aeronautics and Space Administration		3,390,550
Grand Total All Federally Assisted Programs and Grants		$ 77,489,304

Notes:

(A) General

The accompanying Schedule of Expenditures of Federal Awards presents the activity of all federal awards of the City of Hampton, Virginia and Component Unit School Board. The City of Hampton single audit reporting entity is defined in Note 1, Reporting Entity, to the City's basic financial statements.

The Schedule of Expenditures of Federal Awards does not include federal funding of $10,000 in the General Fund. This amount represents indirect costs from other federally assisted programs administered by the City and is included in the federal revenue.

(B) Basis of Accounting

The accompanying Schedule of Expenditures of Federal Awards is presented using the modified accrual basis of accounting.

(C The City has elected not to use the 10% and 15% de minimis indirect cost rates, as applicable.

CITY OF HAMPTON, VIRGINIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

JUNE 30, 2025

A. Summary of Auditor's Results

Financial Statements:

Type of auditor's report issued on the financial statements on whether the audited financial statements were prepared in accordance with GAAP:	**Unmodified**
Internal control over financial reporting:	
Material weaknesses identified:	**No**
Significant deficiencies identified:	**None reported**
Noncompliance material to the financial statements noted?	**No**

Federal Awards:

Type of auditor's report issued on compliance for major programs:	**Unmodified**
Internal control over financial reporting:	
Material weaknesses identified:	**No**
Significant deficiencies identified:	**None reported**
Any audit findings disclosed that are required to be reported in Accordance with Section 200.516(a) of the Uniform Guidance?	No

Identification of major federal programs:

Name of Program	**Assistance Listing #**
Department of Agriculture	
Supplemental Nutrition and Assistance Program Cluster	10.561
Department of Transportation	
Highway Planning and Construction	20.205
NASA Steam Sales	43.009
Department of Education:	
Special Education Cluster (IDEA)	84.173/84.027
Department of Health and Human Services:	
Medicaid Cluster	93.778

Dollar threshold to distinguish between Types A and B Programs:	**$2,324,679**
The City of Hampton qualified as a low risk auditee in 2025	**Yes**

B. Finding Relating to the Financial Statements Reported in Accordance with *Government Auditing Standards*

None.

C. Section III – Findings and Questioned Costs Relating to Federal Awards

None.

D. Section IV – Findings and Questioned Costs Relating to Compliance with Commonwealth of Virginia Regulations, Contracts, and Grants

None.

E. Section V – Status of Prior Year Findings

No prior year findings.