



**HAMPTON ROADS PLANNING
DISTRICT COMMISSION**

FINANCIAL AND COMPLIANCE REPORTS

YEAR ENDED JUNE 30, 2025

HAMPTON ROADS PLANNING DISTRICT COMMISSION

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HAMPTON ROADS PLANNING DISTRICT COMMISSION

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FINANCIAL SECTION



INDEPENDENT AUDITOR'S REPORT

Honorable Commission Board Members
Hampton Roads Planning District Commission

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities and the major fund of the Hampton Roads Planning District Commission (Commission), as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the Commission's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the major fund of the Commission, as of June 30, 2025, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS), the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*), and the *Specifications for Audits of Authorities, Boards, and Commissions*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia. 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 Commission and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Change in Accounting Principle

As described in Note 15 to the financial statements, in fiscal year 2025, the Commission adopted new accounting guidance, Governmental Accounting Standards Board (GASB) Statement No. 101, *Compensated Absences*. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of 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 Commission'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 GAAS; *Government Auditing Standards*; and *Specifications for Audits of Authorities, Boards, and Commissions*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia, 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 GAAS; *Government Auditing Standards*; and *Specifications for Audits of Authorities, Boards, and Commissions*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia, 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 Commission'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 Commission'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 on pages 4-10 and 49-54, respectively, 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 GAAS, 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 Commission's basic financial statements. The accompanying supplementary information on pages 55-57 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 6, 2025 on our consideration of the Commission'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 Commission'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 Commission's internal control over financial reporting and compliance.

PBMares, LLP

Harrisonburg, Virginia
October 6, 2025

MANAGEMENT'S DISCUSSION AND ANALYSIS

HAMPTON ROADS PLANNING DISTRICT COMMISSION

MANAGEMENTS DISCUSSION AND ANALYSIS

The Management of the Hampton Roads Planning District (Commission) presents this narrative discussion and analysis of the Commission's financial performance as of and for the fiscal year ended June 30, 2025. To enhance your understanding of the Commission's financial performance, please read this discussion and analysis, the Commission's basic financial statements, and supporting notes following this section.

FINANCIAL HIGHLIGHTS

The government-wide financial statements report information about the Commission as a whole using the economic resources measurement focus and accrual basis of accounting.

- The Commission's net position (assets and deferred outflows of resources less liabilities and deferred inflows of resources) on a government-wide basis was \$797.1 thousand at June 30, 2025.
- For fiscal year 2025 general revenues of the Commission's activities amounted to \$1.1 million and net program expenses (\$589.1) thousand, which resulted in an increase from 2024 in net position for the Commission's activities of \$463 thousand.
- The Commission received approximately \$10.7 million in state and federal grants used to fund the activities and programs of the Commission.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the Commission's basic financial statements. The financial section of this report includes management's discussion and analysis, the basic financial statements and required supplementary information. The Commission's basic financial statements comprise three components: 1) Government-wide financial statements, 2) Fund financial statements, and 3) Notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements.

The Commission's financial statements present two kinds of statements, each with a different measurement focus and basis of accounting. The *government-wide statements* (economic resources measurement focus and accrual basis of accounting) provide both long and short term information about the Commission's overall financial status. The *fund financial statements* (current financial resources measurement focus and modified accrual basis of accounting) focus on the individual functions of the Commission, reporting the Commission's operations in more detail than the government wide statements. Both perspectives allow the user to address relevant questions, broaden the basis of comparison and enhance the Commission's accountability.

Government-wide Financial Statements

The *government-wide financial statements* are designed to provide the readers with a broad overview of the Commission's finances in a manner similar to a private-sector business. These statements include all of the Commission's assets, deferred outflows of resources. Liabilities and deferred inflows of resources reported using the accrual basis of accounting. Government-wide financial reporting consists of two statements: The Statement of Net Position and the Statement of Activities.

- The Statement of Net Position presents information on all Commission assets and deferred outflows of resources, and liabilities and deferred inflows of resources, with the difference reported as net position. Net position is one way to measure the Commission's financial health, or financial position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Commission is improving or declining.
- The Statement of Activities presents information identifying how 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 related cash flows. Thus, some items of revenues and expenses are reported in this statement that will result in cash flows in future fiscal periods.
- All of the activities of the Commission are reported as governmental activities because the sources of funding include contributions from member jurisdictions and federal and state grants.

Fund Financial Statements

Fund financial statements provide more detailed information about the Commission's most significant fund. Funds are groupings of related accounts that are used to maintain control over resources that have been segregated for specific activities or objectives. The Commission reports all activities in a general governmental fund.

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

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. Since this presentation does not include the long-term focus of the government-wide statements, both the governmental fund Balance Sheet and the governmental fund Statement of Revenues, Expenditures and Changes in Fund Balance provide a reconciliation to facilitate this comparison between governmental funds and governmental activities. The fund financial statements using the current financial resources measurement focus will show capital outlay and debt service principal as expenditures. The reconciliation between the fund financial statements and the government-wide statements will eliminate these transactions and incorporate capital assets and long-term debt obligations into the governmental activities columns in the government-wide statements.

Notes to the Financial Statements – Included as part of the basic financial statements, the notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found at the end of the Basic Financial Statements section of this report.

Required Supplementary Information – In addition to the basic financial statements and notes, this section presents a schedule of funding progress for defined benefit pension plan and analysis of fund progress for other postemployment benefits.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As required, the following tables present a summary of the long-term financial condition and operations of the Commission for the years ended June 30, 2025 and June 30, 2024. The *Summary Statements of Net Position* include the current assets, investments in capital assets, current and noncurrent liabilities, and deferred outflows and inflows of resources of the Commission. The *Summary Statements of Revenues, Expenses and Changes in Net Position* contain all of the years' revenues and expenses. The *Summary Statements of Changes in Net Position* further delineate the areas of fiduciary responsibility within the net position category.

Statement of Net Position

The following table summarizes the Commission's Statements of Net Position:

Summary Statements of Net Position				
As of June, 30				
	2025	2024 **	Increase (Decrease)	% Change
ASSETS AND DEFERRED				
OUTFLOWS OF RESOURCES				
Current assets	\$ 12,641,818	\$ 17,777,399	\$ (5,135,581)	-28.89%
Capital assets, net of accumulated depreciation and amortization	2,054,524	1,157,082	897,442	77.56%
Deferred outflows of resources - pension plan and OPEB	1,404,318	801,096	603,222	75.30%
Total assets and deferred outflows of resources	16,100,660	19,735,577	(3,634,917)	-18.42%
LIABILITIES AND DEFERRED INFLOWS OF RESOURCES				
Current liabilities	5,954,335	11,152,947	(5,198,612)	-46.61%
Noncurrent liabilities	7,109,197	6,489,557	619,640	9.55%
Deferred inflows of resources - pension plan and OPEB	2,239,998	1,758,976	481,022	27.35%
Total liabilities and deferred inflows of resources	15,303,530	19,401,480	(4,097,950)	-21.12%
NET POSITION				
Net investment in capital assets	1,889,357	1,010,586	878,771	86.96%
Unrestricted	(1,092,227)	(676,489)	(415,738)	61.46%
Net position	\$ 797,130	\$ 334,097	\$ 463,033	138.59%

** Fiscal year 2024 includes a restatement for implementation of GASB 101.

Financial Highlights – Statement of Net Position:

The Commission's net position increased by \$463 thousand in fiscal year 2025. This increase is due to the decrease of current liabilities. The amounts payable to Charter Communications for the VATI broadband project as well as payables related to economic development grant programs decreased between 2024 and 2025 as these projects were closed or coming close to closing during the fiscal year 2025. There was an increase in the capital assets during fiscal year 2025 due to the completion of a project to rebuild the parking lot at the regional building as well as an upgrade to the servers for our network.

This statement reports all short-term and long-term activity of the Commission, which significantly overstates the Commission's true liability due to the long-term estimates required by Governmental Accounting Standards Board (GASB). Net position, according to this statement, shows an increase of \$463 thousand.

In order to conform with GASB Statements No. 68 and 75, as mandated by Government Accounting Standards, the Commission must record the total unfunded liabilities. These liabilities are primarily long-term liabilities, based on actuarial studies of the activity in the Virginia Retirement System. Therefore, actual results could differ substantially. It is important to note and recognize the ultimate settlement of the remaining liability will be paid primarily with future Commission resources. In November 2020, the Commission's board approved the recommended change to the Personnel Manual on health insurance for retirees and their spouses for employees hired on or after January 1, 2021. This revision will assist in reducing and managing the agency's liability for future employees.

Statement of Activities

The following table provides a summary of the Statement of Activities:

	Summary Statements of Activities			
	For the Years Ended June 30,			
	2025	2024 **	Increase (Decrease)	% Change
Program revenues:				
Local contributions	\$ 4,560,934	\$ 5,060,382	\$ (499,448)	-9.87%
Federal pass-through	8,177,540	10,487,749	(2,310,209)	-22.03%
Commonwealth	2,638,689	3,718,002	(1,079,313)	-29.03%
Total operating revenues	15,377,163	19,266,133	(3,888,970)	-20.19%
Operating expenses:				
Indirect - general and administrative	1,474,229	1,846,107	(371,878)	-20.14%
Direct Program Expense	391,370	388,470	2,900	0.75%
Personnel	4,918,965	4,469,697	449,268	10.05%
Consultants	3,779,699	6,635,445	(2,855,746)	-43.04%
Transportation pass-through services	312,293	400,316	(88,023)	-21.99%
VATI pass-through	1,458,919	8,239,994	(6,781,075)	-82.29%
Housing and Emergency Management pass-through	3,630,795	1,911,699	1,719,096	89.93%
Total operating expenses	15,966,270	23,891,728	(7,925,458)	-33.17%
Operating income (loss)	(589,107)	(4,625,595)	4,036,488	-87.26%
Miscellaneous	712,431	3,986,720	(3,274,289)	-82.13%
Use of money	339,709	513,442	(173,733)	-33.84%
Change in net position	\$ 463,033	\$ (125,433)	\$ 588,466	-469.15%

** Fiscal year 2024 includes a restatement for implementation of GASB 101.

Financial Highlights – Statement of Activities

The Personnel Category includes direct personnel expenses of \$5,018,992 from FY25, as well as a \$60,838 decrease of pension expense, a \$174,287 increase of long term OPEB liability and an additional increase of \$13,422 for leave liability.

Operating revenues decreased by \$3,888,970 due to federal pass-through and state grants. This decrease is attributable to funding for the VATI project as the work is winding down. This represents a decrease of revenue of \$3.6 million.

Operating expenses decreased by \$7.9 million primarily due to the decrease of pass-through funding for the VATI project, this is offset by increases in housing pass-through related to the VAPDC project expense and decreases in consultant costs related to economic development projects that concluded in FY24.

FINANCIAL ANALYSIS OF THE COMMISSION'S GENERAL FUND

The Commission uses fund accounting to ensure and demonstrate compliance with finance – related legal requirements.

At the end of the current fiscal year the Commission reported an ending fund balance of \$6.8 million. Approximately 43.6% of this amount is available for spending at the Commission's discretion (unassigned fund balance). Fund balance is divided into four classifications: non spendable, committed, assigned and unassigned.

Fund balance decreased from fiscal year 2024 by \$515.8 thousand. The decrease is attributable to increased cost of capital outlay. The Commission upgraded their servers using previously committed fund balance for that purpose. In addition, there were increases in general and administrative costs and personnel, due to overall increases costs (inflation) and general wage increases respectively.

The Commission annually analyzes changes in unassigned fund balance and will commit a portion of those resources to future capital improvements, these are categorized in the committed fund balance as reserves for vehicles, computer equipment, capital building improvements and operations and maintenance. For fiscal year 2025 approximately \$349 thousand of these resources were expended for server upgrades and rebuilding the parking lot. For FY25 \$220 thousand was contributed to these various reserves. The total committed fund balance is \$2,288,482 which reflects program revenues received but not yet expended as well as the reserve amounts.

The Assigned amount of \$1,666,049 reflects those funds that have been set aside for other postemployment benefits (OPEB) (\$1 million) and leave liabilities (\$666,049). Management has determined the full amount of the GASB 75 liability may never be realized and only a portion of these funds should be set aside for short-term cash management purposes. In November 2020, the Board approved the revisions to the Organization's Personnel Policies that will help in the reduction of these long-term liabilities for the future employees,

The Unassigned amount of \$2,838,932 reflects funds available for future Commission activities. It is important to note that the Commission utilizes the unassigned fund balance to support cash flow while the Commission awaits reimbursement of expenses from grant programs that fund a significant amount of the Commissions operations.

The following table provides the Commission’s Balance Sheets of the Governmental Fund as of June 30, 2025 and 2024:

**Balance Sheets – Governmental Fund
June 30, 2025 and 2024**

	General Fund		Increase (Decrease)	% Change
	2025	2024		
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 7,809,003	\$ 8,534,871	\$ (725,868)	-8.50%
Due from other governments	4,785,660	9,145,175	(4,359,515)	-47.67%
Other receivables	13,216	25,214	(11,998)	-47.58%
Prepaid items and deposits	33,939	72,139	(38,200)	-52.95%
Total current assets	\$ 12,641,818	\$ 17,777,399	\$ (5,135,581)	-28.89%
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 774,743	\$ 2,917,499	\$ (2,142,756)	-73.44%
Contracts payable	1,621,117	3,888,060	(2,266,943)	-58.31%
Deferred revenue	3,409,819	3,619,502	(209,683)	-5.79%
Accrued payable	8,737	9,172	(435)	-4.74%
Total liabilities	5,814,416	10,434,233	(4,619,817)	-44.28%
Fund balances:				
Nonspendable	33,939	72,139	(38,200)	-52.95%
Committed	2,288,482	2,892,660	(604,178)	-20.89%
Assigned	1,666,049	1,666,947	(898)	-0.05%
Unassigned	2,838,932	2,711,420	127,512	4.70%
Total fund balances	6,827,402	7,343,166	(515,764)	-7.02%
Total liabilities and fund balances	\$ 12,641,818	\$ 17,777,399	\$ (5,135,581)	-28.89%

The *Balance Sheet – Governmental Fund* (Fund Balance Report) reflects the current resources and short-term obligations of the Commission. This report is reported on a modified accrual basis.

CAPITAL ASSETS

Summary Statements of Capital Assets June 30, 2025 and 2024

Capital assets not being
depreciated or amortized:

Land	\$	80,620	\$	80,620	\$	-	0.00%
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Capital assets being depreciated
or amortized:

Building and improvements	3,578,628	2,800,646	777,982	27.78%
Office furniture and equipment	909,090	628,793	280,297	44.58%
Software	58,294	58,294	-	100.00%
Automobiles	51,055	51,055	-	0.00%
Subscription assets	324,944	207,685	117,259	56.46%
Accumulated depreciation and amortization	<u>(2,948,107)</u>	<u>(2,670,012)</u>	<u>(278,095)</u>	10.42%
Capital assets, net	\$ 2,054,524	\$ 1,157,081	\$ 897,443	77.56%

To maintain the upkeep of the facility and equipment the Commission's major capital outlays included the replacement of the parking lot, the upgrade and replacement of the network servers as well as computer replacements.

Requests for Information

This financial report is designed to provide our Commission members and residents with a general overview of the Commission's finances and to demonstrate the Commission's accountability for the money it receives. Questions concerning this report or requests for additional information should be directed to: Hampton Roads Planning District Commission, Chief Financial Officer, 723 Woodlake Drive, Chesapeake, Virginia 23320.

BASIC FINANCIAL STATEMENTS

HAMPTON ROADS PLANNING DISTRICT COMMISSION

STATEMENT OF NET POSITION

June 30, 2025

	Governmental Activities
ASSETS	
Cash and cash equivalents	\$ 7,809,003
Due from other governments	4,785,660
Other receivables	13,216
Prepaid items and deposits	33,939
Capital and right-to-use subscription assets:	
Land	80,620
Building and improvements	3,578,628
Office furniture and equipment	909,090
Software	58,294
Automobiles	51,055
Right-to-use subscription assets	324,944
Less accumulated depreciation and amortization	(2,948,107)
Total assets	<u>14,696,342</u>
DEFERRED OUTFLOWS OF RESOURCES	
Pension plan	1,118,117
Other postemployment benefits	286,201
Total deferred outflows of resources	<u>1,404,318</u>
LIABILITIES	
Accounts payable	774,743
Contracts payable	1,621,117
Accrued payroll	8,737
Unearned revenue	3,409,819
Noncurrent liabilities:	
Due within one year:	
Compensated absences	50,595
Subscriptions liability	89,324
Due in more than one year:	
Compensated absences	665,698
Subscriptions liability	75,843
Other postemployment benefits	3,795,882
Net pension liability	2,571,774
Total liabilities	<u>13,063,532</u>
DEFERRED INFLOWS OF RESOURCES	
Pension plan	504,446
Other postemployment benefits	1,735,552
Total deferred inflows of resources	<u>2,239,998</u>
NET POSITION	
Net investment in capital assets	1,889,357
Unrestricted	(1,092,227)
Total net position	<u>\$ 797,130</u>

See Notes to Financial Statements.

HAMPTON ROADS PLANNING DISTRICT COMMISSION

STATEMENT OF ACTIVITIES
Year Ended June 30, 2025

		Program Revenues	Net (Expense) Revenue and Change in Net Position
	Expenses	Operating Grants and Contributions	Governmental Activities
Functions/Programs:			
Governmental activities:			
Indirect - general and administrative	\$ 1,474,229	\$ 1,474,229	\$ -
Direct program expenses	391,370	391,370	-
Personnel	4,918,965	4,329,858	(589,107)
Consultants	3,779,699	3,779,699	-
Transportation pass-through services	312,293	312,293	-
VATI pass-through	1,458,919	1,458,919	-
Housing and Emergency Management pass-through	3,630,795	3,630,795	-
Total governmental activities	\$ 15,966,270	\$ 15,377,163	(589,107)
General revenues:			
Miscellaneous			712,431
Use of money - investment income			339,709
Total general revenues			1,052,140
Change in net position			463,033
Net position, beginning of year (as previously reported)			370,020
Restatement for adoption of GASB Statement No. 101			(35,923)
Net position, beginning of year, as restated			334,097
Net position, end of year			\$ 797,130

HAMPTON ROADS PLANNING DISTRICT COMMISSION

BALANCE SHEET GOVERNMENTAL FUND June 30, 2025

	General Fund
ASSETS	
Cash and cash equivalents	\$ 7,809,003
Due from other governments	4,785,660
Other receivables	13,216
Prepaid items and deposits	33,939
Total assets	\$ 12,641,818
LIABILITIES	
Accounts payable	\$ 774,743
Contracts payable	1,621,117
Unearned revenue	3,409,819
Accrued payroll	8,737
Total liabilities	5,814,416
FUND BALANCE	
Nonspendable	33,939
Committed	2,288,482
Assigned	1,666,049
Unassigned	2,838,932
Total fund balance	6,827,402
Total liabilities and fund balance	\$ 12,641,818

HAMPTON ROADS PLANNING DISTRICT COMMISSION

**RECONCILIATION OF THE BALANCE SHEET OF THE GOVERNMENTAL FUND
TO THE STATEMENT OF NET POSITION**

June 30, 2025

Total fund balance - governmental fund		\$ 6,827,402
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets used in governmental activities are not current financial resources and, therefore, not reported in the governmental fund.		
Capital and right-to-use subscription assets	\$ 5,002,631	
Less accumulated depreciation and amortization	<u>(2,948,107)</u>	
		2,054,524
Deferred outflows of resources represent a consumption of net position that applies to a future period and, therefore, are not recognized as expenditures in the governmental fund until then.		
Pension plan	1,118,117	
Other postemployment benefits	<u>286,201</u>	
		1,404,318
Long-term liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental fund.		
Subscription liability	(165,167)	
Compensated absences	(716,293)	
Other postemployment benefits	(3,795,882)	
Net pension liability	<u>(2,571,774)</u>	
		(7,249,116)
Deferred inflows of resources represent an acquisition of net position that applies to a future period and, therefore, are not recognized as revenue in the governmental fund until then.		
Pension plan	(504,446)	
Other postemployment benefits	<u>(1,735,552)</u>	
		<u>(2,239,998)</u>
Net position of governmental activities		<u>\$ 797,130</u>

HAMPTON ROADS PLANNING DISTRICT COMMISSION

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUND
Year Ended June 30, 2025**

	General Fund
<hr/>	
Revenues:	
Intergovernmental:	
Local contributions	\$ 4,560,934
Federal pass-through	8,177,540
Commonwealth	2,638,689
Use of money - investment income	339,709
Miscellaneous	712,431
Total revenues	<u>16,429,303</u>
Expenditures:	
Current:	
Indirect - general and administrative	1,876,523
Direct program expenses	391,370
Personnel	5,018,992
Consultants	3,779,699
Transportation pass-through services	312,293
VATI pass-through	1,458,919
Housing and Emergency Management pass-through	3,630,795
Debt service:	
Principal	98,587
Interest	12,309
Capital outlay:	
Capital assets	365,580
Right-to-use subscription assets	117,258
Total expenditures	<u>17,062,325</u>
Deficiency of revenues under expenditures	<u>(633,022)</u>
Other Financing Sources:	
Issuance of subscription agreement	117,258
Total other financing sources	<u>117,258</u>
Net change in fund balance	(515,764)
Fund balance, beginning of year	<u>7,343,166</u>
Fund balance, end of year	<u>\$ 6,827,402</u>

HAMPTON ROADS PLANNING DISTRICT COMMISSION

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCE OF THE GOVERNMENTAL FUND TO THE STATEMENT OF ACTIVITIES

Year Ended June 30, 2025

Net change in fund balance - governmental fund	\$	(515,764)
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Reconciliation of amounts reported for governmental activities in the Statement of Activities:

The governmental fund reports capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation and amortization expense.

Expenditures for capital and right-to-use subscription assets	\$	1,175,537	
Less depreciation and amortization expense		<u>(278,095)</u>	
			897,442

Debt proceeds 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 repayment reduces long-term liabilities in the Statement of Net Position.

Issuance of subscription agreements	(117,258)	
Principal payments on subscription agreements	<u>98,587</u>	
		(18,671)

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 fund.

Compensated absences	(13,422)	
Other postemployment benefits	174,288	
Pension expense, net	<u>(60,840)</u>	
		<u>100,026</u>

Change in net position of governmental activities	\$	<u>463,033</u>
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HAMPTON ROADS PLANNING DISTRICT COMMISSION

NOTES TO FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies

A. Reporting Entity

Hampton Roads Planning District Commission (Commission) is a regional planning agency authorized by the Virginia Area Development Act of 1968 and created by the merger of the Southeastern Virginia Planning District Commission and the Peninsula Planning District Commission on July 1, 1990. The Commission performs various planning services for the town of Smithfield, the cities of Chesapeake, Franklin, Hampton, Newport News, Norfolk, Portsmouth, Poquoson, Suffolk, Williamsburg, and Virginia Beach, and the counties of Gloucester, Isle of Wight, James City, Southampton, Surry, and York. Revenues of the Commission are received primarily from local government (member) contributions and various state and federal grant programs.

In the fall of 2008, the Commission was reorganized to better reflect efforts of the transportation staff in performing the planning, technical, and administrative duties of the regional Metropolitan Planning Organization (MPO) in accordance with regulations as determined by the Federal Highway Administration and the Virginia Department of Transportation. These duties were organized into a new function entitled Hampton Roads Transportation Planning Organization (HRTPO). HRTPO has two Memorandums of Understanding with the Commission. The first addresses the concept that the Commission “shall provide the planning and administrative staff to HRTPO” and all duties thereof. The second addresses the concept that HRTPO “desires that the Commission serve as fiscal agent for HRTPO” and all duties thereof. In this capacity, the audited financial statements of the Commission cover all the activities involved in administering the financial aspects of HRTPO.

The Commission’s governing body is composed of various members appointed by each of the seventeen participating jurisdictions. These governmental entities have an ongoing financial responsibility to the Commission because its continued existence depends on the continued funding by the participants. The Commission is perpetual and no participating government has access to its resources or surpluses, nor is any participant liable for the Commission’s debt or deficits.

The Commission is not a component unit of any of the participating governments. There are no component units to be included in the Commission’s financial statements.

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (Statement of Net Position and Statement of Activities) report information of the governmental activities supported by intergovernmental revenues.

The Statement of Net Position offers information on the assets and deferred outflows of resources, and liabilities and deferred inflows of resources, with the difference between the two reported as net position. Net position is reported as restricted when externally imposed constraints are in effect. Internally imposed designations of resources are not presented as restricted net position.

HAMPTON ROADS PLANNING DISTRICT COMMISSION

NOTES TO FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies (Continued)

B. Government-Wide and Fund Financial Statements (Continued)

The government-wide Statement of Activities is designed to report the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include contributions and grants that are restricted to meeting the operational requirements of a particular function. Miscellaneous and interest earnings not properly associated with program revenues are reported instead as general revenues.

The government-wide financial statements are presented on an economic resources measurement focus and the accrual basis of accounting.

Separate fund financial statements are provided for the governmental fund. In the fund financial statements, financial transactions and accounts of the Commission are organized on the basis of funds. The operation of the fund is considered to be an independent fiscal and separate accounting entity, with a self-balancing set of accounts recording cash and/or other financial resources together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations. The governmental fund is reported on a Balance Sheet and a Statement of Revenues, Expenditures and Change in Fund Balance (fund equity). Since the governmental fund statements are presented on a different measurement focus and basis of accounting than the government-wide statements, a reconciliation is presented, which briefly explains the adjustments necessary to reconcile the fund financial statements to the government-wide financial statements.

C. Measurement Focus and Basis of Accounting

Government-Wide Financial Statements: Government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Intergovernmental revenues, consisting of contributions from participating jurisdictions and Federal and State funds from the Commonwealth of Virginia, are recognized in the period the funding is made available.

Governmental Fund Financial Statements: The governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are measurable and available. The Commission considers revenues to be available if they are collected within 45 days after year end. Expenditures are recorded when a liability is incurred under the full accrual method of accounting. The individual Governmental Fund is:

General Fund: The General Fund is the primary operating fund of the Commission and is used to account for and report all revenues and expenditures applicable to the general operations of the Commission. Revenues are derived primarily from intergovernmental activities. The General Fund is considered a major fund for financial reporting purposes.

HAMPTON ROADS PLANNING DISTRICT COMMISSION

NOTES TO FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies (Continued)

D. Budgets and Budgetary Accounting

The Commission's annual budget is a management tool that assists users in analyzing financial activity for its June 30 fiscal year. The Commission's primary funding sources are federal and state grants and local subsidies, which have periods that may or may not coincide with the Commission's fiscal year. These grants and subsidies are normally for a twelve-month period; however, they may be awarded for periods shorter or longer than twelve months.

Because of the Commission's dependency on federal, state and local budgetary decisions, revenue estimates are based upon the best available information as to potential sources of funding. The Commission's annual budget differs from that of a local government due to the uncertain nature of grant awards from other entities.

The resultant annual budget is subject to amendment within the fiscal year due to:

- Increases/decreases in actual grant awards from those estimated;
- Unanticipated grant awards not included in the budget; and
- Expected grant awards that fail to materialize.

The Board formally approves the annual budget in April, before the subsequent fiscal year begins. Due to grant expirations and new awards, amendments are made throughout the year as necessary.

E. Other Significant Accounting Policies

1. Cash and Cash Equivalents

Cash equivalents include all highly liquid investments with maturities of three months or less.

2. Investments

Investments are stated at fair value based on quoted market prices. Interest income is accrued as earned.

3. Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in the financial statements using the consumption method.

4. Capital Assets

Capital assets include property and equipment and computer hardware with an individual cost of more than \$5,000 and an estimated useful life in excess of one year, excluding right-to-use subscription assets, which are stated at the present value of certain required payments. For constructed assets, all costs necessary to bring assets to the condition and location necessary for the intended use are capitalized. Repairs and maintenance are charged to operations as incurred. Additions and betterments are capitalized. The costs of assets retired and accumulated depreciation are removed from the accounts.

HAMPTON ROADS PLANNING DISTRICT COMMISSION

NOTES TO FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies (Continued)

E. Other Significant Accounting Policies (Continued)

4. Capital Assets (Continued)

Depreciation and amortization of all exhaustible equipment, leasehold improvements and intangibles is charged as an expense against operations using the straight-line method over the following estimated useful lives:

Building and improvements	40 years
Office furniture and equipment	5 years
Software	5 years
Automobiles	5 years
Right-to-use subscription assets	Life of subscription

When, in the opinion of management, certain assets are impaired, any estimated decline in value is accounted for as an expense. There were no impaired assets at year end.

5. Subscription Based Information Technology Arrangements (SBITAs)

For new or modified contracts, the Commission determines where the contract is a SBITA. If a contract is determined to be, or contain, a SBITA with a non-cancellable term in excess of 12 months (including any options to extend or terminate the subscription when exercise is reasonably certain), the Commission records a right-to-use subscription asset and subscription liability which is calculated based on the value of the discounted future subscription payments over the term of the subscription. If the interest rate implicit in the subscription is not readily determinable, the Commission will use the applicable incremental borrowing rate in the calculation of the present value of the subscription payments.

The Commission recognizes a subscription liability and right-to-use subscription asset on the statement of net position. Subscriptions with an initial, non-cancellable term of 12 months or less are not recorded on the statement of net position and expense is recognized as incurred over the subscription term.

Subscription payments are apportioned between interest expense and principal based on an amortization schedule calculated using the effective interest method.

HAMPTON ROADS PLANNING DISTRICT COMMISSION

NOTES TO FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies (Continued)

E. Other Significant Accounting Policies (Continued)

6. Pensions

The Virginia Retirement System (VRS) Political Subdivision Retirement Plan (the Commission's retirement plan) is a multi-employer, agent plan. 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 Commission's retirement plan and the additions to/deductions from the Commission's retirement plan's fiduciary net position have been determined on the same basis as they were reported by the VRS. 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.

7. Other Postemployment Benefits

The Commission administers a single-employer defined post-employment health care benefit plan (the Plan). For purposes of measuring the total OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, an actuarial valuation was performed as of July 1, 2023, using updated actuarial assumptions. For this purpose, the Plan recognizes benefit payments when due and payable in accordance with the benefit terms. There are no investments as this is a pay-as-you-go plan.

8. VRS Sponsored OPEB Programs - Group Life Insurance

The VRS Group Life Insurance (GLI) Program is a multiple employer, cost-sharing plan. It provides coverage to state employees, teachers, and employees of participating political subdivisions. The GLI Program was established pursuant to Section 51.1-500 et seq. of the *Code of Virginia*, as amended, and which provides the authority under which benefit terms are established or may be amended. The GLI Program is a defined benefit plan that provides a basic GLI benefit for employees of participating employers. For purposes of measuring the net GLI Program OPEB liability, deferred outflows of resources and deferred inflows of resources related to the GLI Program OPEB, and GLI Program OPEB expense, information about the fiduciary net position of the VRS GLI Program OPEB and the additions to/deductions from the VRS GLI Program OPEB's 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.

9. Compensated Absences

The Commission's policy permits VRS Plan 1 and Plan 2 full-time employees to accumulate earned but unused vacation benefits, and VRS Hybrid employees Paid Time Off benefits, which are eligible for payment upon separation from the Commission's service up to twice the annual earnings, at the rate of pay at separation. The liability for such leave is reported as incurred in the government-wide statements. Vacation / Paid Time Off is granted to all full-time employees and is earned based upon the length of employment.

HAMPTON ROADS PLANNING DISTRICT COMMISSION

NOTES TO FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies (Continued)

F. Other Significant Accounting Policies (Continued)

9. Compensated Absences (continued)

Accumulated sick leave for VRS Plan 1 and Plan 2 employees accrues until employees leave the Commission and will be paid out depending on date of hire and years of service. All full-time regular employees with hire dates before July 1, 2001 are grandfathered under the previous sick leave policy for the sick leave balances as of June 30, 2001 and, at the time of separation, will be reimbursed for one-third of the balance of hours remaining at their rate of pay at separation.

Effective July 1, 2001, all regular full-time employees who participate in VRS Plan 1 and Plan 2 are eligible to receive payment of 25% of the sick leave unused balance, up to a maximum payout depending on their years of service, at the rate of pay at separation. Any employee who separates from the Commission with less than 5 years of service will not be reimbursed for any remaining sick leave balance. Over 5 but less than 10 years, maximum payout will be \$2,500; over 10 but less than 15 years, maximum payout will be \$3,500; over 15 but less than 20 years, maximum payout will be \$5,000; over 20 but less than 25 years, maximum payout will be \$6,500; and over 25 years of service maximum payout will be \$7,500.

The commission has established a sick leave bank which provides eligible employees an additional source of paid leave when all other leave balances have been exhausted in the event of an extended illness or disability. This program allows for voluntary donations of employees unused leave to assist those approved for use of the leave.

The commission has estimated the various types of leave that will be more likely than not to be paid out or used and recorded a liability for that amount at the employee's current rates of pay.

The Commission adopted GASB Statement No. 101, *Compensated Absences*, on July 1, 2024. Beginning adjustments to the compensated absences liability resulted in a change to beginning net position. See note 15 for additional details surrounding the change in accounting principle.

10. 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. This separate financial statement element, deferred outflows of resources, represents a consumption of net assets that applies to a future period and will not be recognized as an outflow of resources (expenditure) until then. The Commission currently has items related to the pension plan that qualify for reporting in this category and are discussed in detail in Note 7 and items related to other postemployment benefits discussed in detail in Notes 9 and 10.

HAMPTON ROADS PLANNING DISTRICT COMMISSION

NOTES TO FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies (Continued)

E. Other Significant Accounting Policies (Continued)

10. Deferred Outflows/Inflows of Resources (Continued)

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net assets that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. The Commission currently has items related to the pension plan and are discussed in detail in Note 7 and items related to other postemployment benefits discussed in detail in Notes 9 and 10.

11. Fund Balance

The Commission reports fund balance in accordance with GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. The following classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

Nonspendable fund balance classification includes amounts that are not in spendable form (such as prepaid items) or are required to be maintained intact (corpus of a permanent fund).

Restricted fund balance classification includes amounts constrained to specific purposes by their providers (higher levels of government), through constitutional provisions, or by enabling legislation.

Committed fund balance classification includes amounts constrained to specific purposes by the government itself, using its highest level of decision-making authority; to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest level action to remove or change the constraint. To be reported as committed, amounts cannot be used for any other purpose unless the Board takes action to remove or change the constraint.

Assigned fund balance classification includes amounts a government intends to use for a specific purpose; intent can be expressed by the governing body or by an official body to which the governing body delegates the authority. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

Unassigned fund balance classification includes the residual balance of the General Fund that has not been restricted, committed or assigned to specific purposes within the General Fund.

When fund balance resources are available for a specific purpose in more than one classification, the Commission will consider the use of restricted, committed or assigned funds prior to the use of unassigned fund balance as they are needed.

The unassigned fund balance is utilized to support cash flow while the Commission awaits reimbursement of expenses from grant programs.

HAMPTON ROADS PLANNING DISTRICT COMMISSION

NOTES TO FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies (Continued)

E. Other Significant Accounting Policies (Continued)

12. Net Position

Net position represents the difference between assets and deferred outflows of resources, and liabilities and deferred inflows of resources. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the Commission or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

The Commission first applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position are available.

13. Estimates and Assumptions

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, and deferred inflows and outflows of resources and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

14. Subsequent Events

In preparing these financial statements, the Commission has evaluated events and transactions for potential recognition or disclosure through October 6, 2025, the date the financial statements were available to be issued.

Note 2. Cash and Cash Equivalents

At June 30, 2025, cash and cash equivalents consisted of the following, at cost, which approximates fair value:

Cash	\$ 746,249
Local Government Investment Pool (LGIP)	6,532,890
CDARS	529,864
	<hr/>
Total	\$ 7,809,003
	<hr/> <hr/>

HAMPTON ROADS PLANNING DISTRICT COMMISSION

NOTES TO FINANCIAL STATEMENTS

Note 2. Cash and Cash Equivalents (Continued)

Deposits

Deposits with banks are covered by the Federal Deposit Insurance Corporation (FDIC) and collateralized in accordance with the Virginia Security for Public Deposits Act (Act), Section 2.2-4400 et. seq. of the *Code of Virginia*. Under the Act, banks and savings institutions holding public deposits in excess of the amount insured by the FDIC must pledge collateral to the Commonwealth of Virginia Treasury Board. Financial institutions may choose between two collateralization methodologies and depending upon that choice, will pledge collateral that ranges in the amounts from 50% to 130% of excess deposits. Accordingly, all deposits are considered fully collateralized.

Investments

Statutes authorize local governments and other public bodies to invest in obligations of the United States or its agencies thereof, obligations of the Commonwealth of Virginia or political subdivisions thereof, obligations of the International Bank for Reconstruction and Development (World Bank), the Asian Development Bank, the African Development Bank, “prime quality” commercial paper and certain corporate notes, bankers’ acceptances, repurchase agreements and the State Treasurer’s Local Government Investment Pool (LGIP).

Credit Risk

As required by state statutes, the Policy requires that commercial paper have a short-term debt rating of no less than “A-1” (or its equivalent) from at least two of the following; Moody’s Investors Service, Standard & Poor’s and Fitch Investor’s Service. Corporate notes, negotiable Certificates of Deposit and bank deposit notes maturing in less than one year must have a short-term debt rating of at least “A-1” by Standard & Poor’s and “P-1” by Moody’s Investors Service. Notes having a maturity of greater than one year must be rated “AA” by Standard & Poor’s or “Aa” by Moody’s Investors Service.

Custodial Credit Risk

For deposits, custodial credit risk is the risk that in the event of a failure of a depository financial institution, deposits may not be recovered. All cash of the Commission is maintained in accounts collateralized in accordance with the Act, Section 2.2-4400 et. seq. of the *Code of Virginia* or covered by federal depository insurance. Under the Act, banks holding public deposits in excess of the amounts insured by FDIC must pledge collateral in the amount of 50% of excess deposits to a collateral pool in the name of the State Treasury Board. If any member bank fails, the entire collateral pool becomes available to satisfy the claims of governmental entities. With the ability to make additional assessments, the multiple bank collateral pool functions similarly to depository insurance. The Commonwealth of Virginia Treasury Board is responsible for monitoring compliance with the collateralization and reporting requirements of the Act.

HAMPTON ROADS PLANNING DISTRICT COMMISSION

NOTES TO FINANCIAL STATEMENTS

Note 2. Cash and Cash Equivalents (Continued)

Concentration of Credit Risk

The Policy establishes limitations on portfolio composition by issuer in order to control concentration of credit risk. No more than 5% of the Commission's portfolio will be invested in the securities of any one issuer with the exception of: (1) the U.S. government or Agencies thereof, (2) fully insured/collateralized certificates of deposit or repurchase agreements that are collateralized by the U.S. government or Agencies thereof, and (3) mutual funds whereby the portfolio is limited to U.S. government or Agency securities.

Interest Rate Risk

As of June 30, 2025, the Commission had the following investments:

	Fair Value	Maturities (in years) <hr/> Less Than 1 Year
CDARS	\$ 529,864	\$ 529,864
Local Government Investment Pool (LGIP)	6,532,890	6,532,890

The Commission is exposed to minimal interest rate risk since all investments had fixed interest rates and are short-term at June 30, 2025.

External Investment Pool

At June 30, 2025, the Commission had investments of \$6,532,890 in the LGIP. The LGIP is a professionally managed money market fund, which invests in qualifying obligations and securities as permitted by Virginia statutes. Pursuant to Section 2.2-4605 of the *Code of Virginia*, the Treasury Board of the Commonwealth sponsors the LGIP and has delegated certain functions to the State Treasurer. The LGIP reports to the Treasury Board at the regularly scheduled monthly meetings. The fair value of the position of the LGIP is the same as the value of the pool shares, i.e., the LGIP maintains a stable net asset value of \$1 per share. The LGIP has been assigned an "AAAm" rating by Standard & Poor's. LGIP is managed in accordance with GASB Statement No. 79. The portfolio securities are valued by the amortized cost method, and, on a weekly basis, this valuation is compared to current market to monitor any variance and the maturity is less than one year. Investments are limited to short-term, high quality credits that can be readily converted into cash with limited price variation.

HAMPTON ROADS PLANNING DISTRICT COMMISSION

NOTES TO FINANCIAL STATEMENTS

Note 3. Fair Value Measurement

The Commission categorizes its fair value measurements within the fair value hierarchy established by accounting principles generally accepted in the United States of America. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. The three levels of the fair value hierarchy are described below.

Level 1 Valuation based on quoted prices in active markets for identical assets or liabilities.

Level 2 Valuation based on quoted prices for similar assets or liabilities, quoted prices in markets that are not active, or other inputs that are observable or can be corroborated by observable data for substantially the full term of the assets and liabilities.

Level 3 Valuations based on unobservable inputs to the valuation methodology that are significant to the measurement of the fair value of assets or liabilities.

	Level 1	Level 2	Level 3
CDARS	\$ 529,864	\$ -	\$ -

Note 4. Due From Other Governments

At June 30, 2025, amounts due from other governments were as follows:

City of Chesapeake - Federal Home Loan	\$ 174,684
City of Portsmouth - Federal Home Loan	189,726
DCR Bay Grant	49,154
Department of Environmental Quality	170,490
Environmental Protection Agency (EPA)	183,953
GO Virginia	150,245
Hampton	190
HRTAC	79,448
James City	760
National Fish & Wildlife Foundation	49,060
Newport News	58,131
Southside Network Authority	31,310
VAPDC - Housing Grants	990,000
VATI - DHCD	1,524,732
Virginia Department of Emergency Management	119,722
Virginia Department of Housing and Community Development (DHCD)	14
Virginia Department of Rail and Public Transit	441,814
Virginia Department of Transportation	570,121
Other Localities (Williamsburg & Virginia Beach)	2,106
Total	\$ 4,785,660

HAMPTON ROADS PLANNING DISTRICT COMMISSION

NOTES TO FINANCIAL STATEMENTS

Note 5. Capital Assets

A summary of capital assets is as follows for the year ended June 30, 2025:

	Balance June 30, 2024	Additions	Transfers/ Deletions	Balance June 30, 2025
Capital assets not being depreciated or amortized:				
Land	\$ 80,620	\$ -	\$ -	\$ 80,620
Total capital assets not being depreciated or amortized	80,620	-	-	80,620
Capital assets being depreciated or amortized:				
Building and improvements	2,800,646	777,982	-	3,578,628
Office furniture and equipment	628,793	280,297	-	909,090
Software	58,294	-	-	58,294
Automobiles	51,055	-	-	51,055
Right-to-use subscription assets	207,686	117,258	-	324,944
Total capital assets being depreciated or amortized	3,746,474	1,175,537	-	4,922,011
Less accumulated depreciation and amortization for:				
Building and improvements	(2,022,273)	(119,982)	-	(2,142,255)
Office furniture and equipment	(548,837)	(52,553)	-	(601,390)
Software	(3,886)	(11,659)	-	(15,545)
Automobiles	(26,835)	(6,759)	-	(33,594)
Right-to-use subscription assets	(68,181)	(87,142)	-	(155,323)
Total accumulated depreciation and amortization	(2,670,012)	(278,095)	-	(2,948,107)
Total capital assets being depreciated or amortized, net	1,076,462	897,442	-	1,973,904
Capital assets, net	\$ 1,157,082	\$ 897,442	\$ -	\$ 2,054,524

Depreciation and amortization were charged to Indirect – General and Administrative.

HAMPTON ROADS PLANNING DISTRICT COMMISSION

NOTES TO FINANCIAL STATEMENTS

Note 6. Compensated Absences

The following is a summary of compensated absences activity of the Commission for the year ended June 30, 2025:

	Beginning Balance (as restated)	Net change *	Ending Balance	Due Within One Year
Compensated absences	\$ 702,871	\$ 13,422	\$ 716,293	\$ 50,595

* The net change represents the annual increase net of the annual decrease.

Note 7. Pension Plan

Name of Plan: Virginia Retirement System (VRS)
Identification of Plan: Agent Multiple-Employer Pension Plan
Administering Entity: Virginia Retirement System (System)

A. Plan Description

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

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

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

HAMPTON ROADS PLANNING DISTRICT COMMISSION

NOTES TO FINANCIAL STATEMENTS

Note 7. Pension Plan (Continued)

A. Plan Description (Continued)

Employees Covered by Benefit Terms

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

	<u>Number</u>
Inactive members or their beneficiaries currently receiving benefits	<u>38</u>
Inactive members:	
Vested	17
Non-vested	15
Active elsewhere in VRS	<u>27</u>
Total inactive members	<u>59</u>
Active members	<u>43</u>
Total	<u><u>140</u></u>

Contributions

The contributions requirement for active employees is governed by §51.1-145 of the *Code of Virginia*, as amended, but may be impacted as a result of funding options provided to political subdivisions by the Virginia General Assembly. Employees are required to contribute 5.0% of their compensation toward their retirement.

The Commission's contractually required contribution rate for the year ended June 30, 2025 was 9.72%, of covered employee compensation. These rates were based on actuarially determined rates 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 Commission were \$450,833 and \$376,457 for the years ended June 30, 2025 and 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 \$16,096 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 \$22,110 for the year ended June 30, 2025. The total Hybrid plan participant covered payroll totaled \$1,609,579 for the year ended June 30, 2025.

HAMPTON ROADS PLANNING DISTRICT COMMISSION

NOTES TO FINANCIAL STATEMENTS

B. Net Pension Liability

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 Commission, the net pension liability was measured as of June 30, 2025. 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.

Actuarial Assumptions

The total pension liability for General Employees in the Commission'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	2.50 percent
Salary increases, including inflation	3.50 percent – 5.35 percent
Investment rate or return	6.75 percent, net of pension plan investment expense, including inflation
Mortality Rates:	15% of deaths are assumed to be service related.
– Pre-retirement:	Pub-2010 Amount Weighted Safety Employee Rates projected generationally; 95% of rates for males; 105% of rates for females set forward 2 years.
– Post-retirement:	Pub-2010 Amount Weighted Safety Healthy Retiree Rates projected generationally; 110% of rates for males; 105% of rates for females set forward 3 years.
– Post-disablement:	Pub-2010 Amount Weighted General Disabled Rates projected generationally; 95% of rates for males set back 3 years; 90% of rates for females set back 3 years.
– Beneficiaries and survivors:	Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally; 110% of rates for males and females set forward 2 years.
– Mortality improvement:	Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates.

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

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Update to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020.
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age.
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through nine years of service.

HAMPTON ROADS PLANNING DISTRICT COMMISSION

NOTES TO FINANCIAL STATEMENTS

Note 7. Pension Plan (Continued)

B. Net Pension Liability (Continued)

Disability Rates	No change
Salary Scale	No change
Discount Rate	No change

Long-Term Expected Rate of Return

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

<u>Asset Class (Strategy)</u>	<u>Long-Term Target Asset Allocation</u>	<u>Arithmetic Long-Term Expected Rate of Return</u>	<u>Weighted Average Long-Term Expected Rate of Return*</u>
Public Entity	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%
Diversifying Strategies	6.00%	5.80%	0.35%
Leverage	-3.00%	3.50%	-0.11%
PIP - Private Investment Partnership	1.00%	8.00%	0.08%
Cash	2.00%	3.00%	0.06%
Total	100.00%		7.07%
		** Expected arithmetic nominal return	7.07%

* The above allocation provides a one-year expected return of 7.07% (includes 2.50% inflation adjustment). 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 was roughly at the 45th percentile of expected long-term results of the VRS fund asset allocation at that time, providing a median return of 7.14%, including expected inflation of 2.50%.

HAMPTON ROADS PLANNING DISTRICT COMMISSION

NOTES TO FINANCIAL STATEMENTS

Note 7. Pension Plan (Continued)

B. Net Pension Liability (Continued)

Discount Rate

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

C. Changes in the Net Pension Liability

	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balances at June 30, 2023	\$ 19,963,154	\$ 17,923,925	\$ 2,039,229
Changes for the year:			
Service cost	334,051	-	334,051
Interest	1,328,768	-	1,328,768
Difference between expected and actual experience	1,139,265	-	1,139,265
Contributions – employer	-	376,457	(376,457)
Contributions – employee	-	191,835	(191,835)
Net investment income	-	1,712,755	(1,712,755)
Benefit payments, including refunds of employee contributions	(1,223,503)	(1,223,503)	-
Administrative expense	-	(11,843)	11,843
Other changes	-	335	(335)
Net changes	1,578,581	1,046,036	532,545
Balances at June 30, 2024	\$ 21,541,735	\$ 18,969,961	\$ 2,571,774

HAMPTON ROADS PLANNING DISTRICT COMMISSION

NOTES TO FINANCIAL STATEMENTS

Note 7. Pension Plan (Continued)

C. Changes in the Net Pension Liability (Continued)

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

The following represents the net pension liability of the Commission 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% Decrease 5.75%	Current Discount Rate 6.75%	1% Increase 7.75%
Plan's net pension liability (asset)	\$ 5,222,108	\$ 2,571,774	\$ 418,362

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

For the year ended June 30, 2025, the Commission recognized pension expense of \$511,670. At June 30, 2025, the Commission reported deferred outflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Employer contributions made subsequent to measurement	\$ 450,833	\$ -
Difference between expected and actual experience	667,284	-
Net difference between projected and actual earnings on plan investments	-	(504,446)
	<u>\$ 1,118,117</u>	<u>\$ (504,446)</u>

The \$450,833 reported as deferred outflows of resources related to pensions resulting from the Commission's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending 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 in future reporting periods as follows:

Year Ending June 30,	Amount
2026	\$ 39,498
2027	322,692
2028	(94,272)
2029	(105,080)
Total	<u>\$ 162,838</u>

HAMPTON ROADS PLANNING DISTRICT COMMISSION

NOTES TO FINANCIAL STATEMENTS

Note 7. Pension Plan (Continued)

E. Pension Plan Data

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

Note 8. Deferred Compensation Plan

The Commission has a deferred compensation plan under which the participants may defer a portion of their annual compensation subject to limitations of Internal Revenue Code, Section 457. Any contributions made to the deferred compensation plan are not available to employees until termination, retirement, death, or unforeseeable emergency. Contributions to the plan are administrated by a third-party administrator, Mission Square Retirement. Total contributions to the plan were \$213,467 for the year ended June 30, 2025. The plan does not qualify to be reported as a Fiduciary Fund-type.

Note 9. Other Postemployment Benefits (OPEB) Plan

A. General Information about the OPEB Plan

Plan description. The Commission provides non-pension post-retirement medical insurance benefits to individuals who are at least 50 years of age, have completed 20 full years of continuous service to the Commission, and retire under the Virginia Retirement System through a single employer defined benefit OPEB plan. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75. The plan is closed to new participants.

Benefits provided. The Commission provides medical, vision, and dental benefits for retirees and their spouse. The benefit terms provide for the same coverage options as active employees for employee-only medical, vision, and dental plans until age 65. The Commission contributes an amount equal to the current active employee or employee/spouse premium. For retirees and spouses who are age 65 or older, the Commission contributes an amount equal to the current premium for the program plan designed to complement Medicare coverage.

Employees Covered by Benefit Terms

Employees covered by the benefit terms as of June 30, 2025:

Inactive employees or beneficiaries currently receiving benefits	28
Active eligible employees	43
Total	71

HAMPTON ROADS PLANNING DISTRICT COMMISSION

NOTES TO FINANCIAL STATEMENTS

Note 9. Other Postemployment Benefits (OPEB) Plan (Continued)

B. Total OPEB Liability

The Commission's total OPEB liability of \$3,617,781 was measured as of June 30, 2025 and was determined by an actuarial valuation as of June 30, 2023.

Actuarial Assumptions and other inputs. 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:

Salary Increases	3.5%
Inflation Rate	2.50%
Discount Rate	5.20%
Healthcare Cost Trend Rates	6.5% decreasing 0.5% per year to an ultimate rate of 5.0% for 2022 and later years

The discount rate was based on the Bond Buyer General Obligation 20 - Bond Municipal Index.

Mortality rates were based on the RP-2014 Mortality Fully Generational using Projection Scale BB-2020. The census was also updated to reflect the current population.

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

	<u>Total OPEB Liability</u>
Balance at June 30, 2024	\$ 4,125,147
Changes for the year:	
Service cost	93,068
Interest	163,161
Changes of assumptions	(629,220)
Benefit payments, including refunds of employee contributions	(134,375)
Net changes	<u>(507,366)</u>
Balance at June 30, 2025	<u>\$ 3,617,781</u>

The entry age normal actuarial cost method is unchanged from the prior OPEB valuation. Under this method, the actuarial present value of the projected benefits of each individual included in an actuarial valuation is allocated on a level basis over the earnings of the individual between entry age and assumed exit age.

HAMPTON ROADS PLANNING DISTRICT COMMISSION

NOTES TO FINANCIAL STATEMENTS

Note 9. Other Postemployment Benefits (OPEB) Plan (Continued)

B. Total OPEB Liability (Continued)

Sensitivity of the Total OPEB Liability to Changes in Discount Rate

The following presents the total OPEB liability of the Commission, calculated using the discount rate of 5.20%, as well as what Commission's total OPEB liability would be if it were calculated using a discount rate that is 1- percentage-point lower (4.20%) or 1-percentage-point higher (6.20%) than the current discount rate:

Discount Rate Sensitivity – Total OPEB Liability at End of Period:

	1% Decrease (4.20%)	Discount Rate (5.20%)	1% Increase (6.20%)
Total OPEB liability	\$ 4,100,125	\$ 3,617,781	\$ 3,216,975

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following presents the total OPEB liability of the Commission, as well as the Commission's total OPEB liability would be if it were calculated using healthcare costs trend rates that are 1-percent-points lower or 1-percent-point higher than the current healthcare trend rates:

	1% Decrease	Current Trend Rate	1% Increase
Total OPEB liability	\$ 3,105,646	\$ 3,617,781	\$ 4,255,834

C. OPEB Expense and Deferred Inflows and Outflows of Resources Related to OPEB

For the year ended June 30, 2025, the Commission recognized OPEB expense of \$(19,460). The Commission also reported deferred inflows and outflows of resources related to OPEB from the following source at June 30, 2025:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 158,485	\$ (160,374)
Changes of assumptions	73,226	(1,536,039)
Total	\$ 231,711	\$ (1,696,413)

HAMPTON ROADS PLANNING DISTRICT COMMISSION

NOTES TO FINANCIAL STATEMENTS

Note 9. Other Postemployment Benefits (OPEB) Plan (Continued)

C. OPEB Expense and Deferred Inflows and Outflows of Resources Related to OPEB (Continued)

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

<u>Year Ending June 30,</u>	<u>Amount</u>
2026	\$ (275,689)
2027	(270,818)
2028	(284,019)
2029	(332,623)
2030	(254,558)
Thereafter	<u>(46,995)</u>
	<u>\$ (1,464,702)</u>

Note 10. Other Postemployment Benefits (OPEB) Plan – Group Life Insurance Program

A. Plan Description

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

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

HAMPTON ROADS PLANNING DISTRICT COMMISSION

NOTES TO FINANCIAL STATEMENTS

Note 10. Other Postemployment Benefits (OPEB) Plan – Group Life Insurance Program (Continued)

A. Plan Description (Continued)

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

GROUP LIFE INSURANCE PROGRAM PLAN PROVISIONS
<p>Eligible Employees The GLI Program was established July 1, 1960, for state employees, teachers and employees of political subdivisions that elect the program.</p> <p>Basic GLI coverage is automatic upon employment. Coverage ends for employees who leave their position before retirement eligibility or who take a refund of their accumulated retirement member contributions and accrued interest.</p>
<p>Benefit Amounts The benefits payable under the GLI Program have several components.</p> <ul style="list-style-type: none"> • 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: <ul style="list-style-type: none"> ○ Accidental dismemberment benefit ○ Seatbelt benefit ○ Repatriation benefit ○ Felonious assault benefit ○ Accelerated death benefit option
<p>Reduction in Benefit Amounts The benefit amounts provided to members covered under the GLI Program are subject to a reduction factor. The benefit amount reduces by 25% on January 1 following one calendar year of separation. The benefit amount reduces by an additional 25% on each subsequent January 1 until it reaches 25% of its original value.</p>
<p>Minimum Benefit Amount and Cost-of-Living Adjustment (COLA) For covered members with at least 30 years of service credit, there is a minimum benefit payable under GLI 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 the COLA was \$9,532 as of June 30, 2025.</p>

HAMPTON ROADS PLANNING DISTRICT COMMISSION

NOTES TO FINANCIAL STATEMENTS

Note 10. Other Postemployment Benefits (OPEB) Plan – Group Life Insurance Program (Continued)

B. Contributions

The contribution requirements for the GLI Program are governed by Sections 51.1-506 and 51.1-508 of the *Code of Virginia*, as amended, but may be impacted as a result of funding provided to state agencies and school divisions by the Virginia General Assembly. The total rate for the GLI Program was 1.18% of covered employee compensation. This was allocated into an employee and an employer component using a 60/40 split. The employee component was 0.71% (1.18% X 60%) and the employer component was 0.47% (1.18% X 40%). Employers may elect to pay all or part of the employee contribution, however, the employer must pay all of the employer contribution. Each employer's contractually required employer contribution rate for the year ended June 30, 2025 was 0.47% of covered employee compensation. This rate was the final approved General Assembly rate which was based on an actuarially determined rate from an actuarial valuation as of June 30, 2023. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits payable during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the GLI Program from the Commission were \$21,833 and \$22,125 for the years ended June 30, 2025 and June 30, 2024, respectively.

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

At June 30, 2025, the Commission reported a liability of \$178,101 for its proportionate share of the net GLI OPEB liability. The net GLI OPEB liability was measured as of June 30, 2024 and the total GLI OPEB liability used to calculate the net GLI OPEB liability was determined by an actuarial valuation 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 GLI Program for the year ended June 30, 2024 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2024, the participating employer's proportion was 0.01596% as compared to 0.01622% at June 30, 2023.

For the year ended June 30, 2025, the participating employer recognized GLI OPEB expense of \$1,383. Since there was a change in the proportionate share between measurement dates, a portion of the GLI OPEB expense was related to deferred amounts from changes in proportion.

HAMPTON ROADS PLANNING DISTRICT COMMISSION

NOTES TO FINANCIAL STATEMENTS

Note 10. Other Postemployment Benefits (OPEB) Plan – Group Life Insurance Program (Continued)

C. GLI OPEB Liabilities, GLI OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the Group Life Insurance Program OPEB (Continued)

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 28,091	\$ (4,350)
Net difference between projected and actual earnings on GLI OPEB program investments	-	(15,012)
Change in assumptions	1,015	(8,826)
Changes in proportionate share	3,551	(10,951)
Employer contributions subsequent to the measurement date	21,833	-
Total	\$ 54,490	\$ (39,139)

The \$21,833 reported as deferred outflows of resources related to the GLI OPEB resulting from the employer's contributions subsequent to the measurement date will be recognized as a reduction of the net GLI OPEB liability in the fiscal year ending June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the GLI OPEB will be recognized in the GLI OPEB expense in future reporting periods as follows:

Year Ending June 30,	Amount
2026	\$ (11,076)
2027	625
2028	(614)
2029	2,286
2030	2,297
	<u>\$ (6,482)</u>

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HAMPTON ROADS PLANNING DISTRICT COMMISSION

NOTES TO FINANCIAL STATEMENTS

Note 10. Other Postemployment Benefits (OPEB) Plan – Group Life Insurance Program (Continued)

D. Actuarial Assumptions

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

Inflation	2.50%
Salary increases, including inflation:	
Locality – general employees	3.50%-5.35%
Investment rate of return	6.75%, net of investment expenses, including inflation

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

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

HAMPTON ROADS PLANNING DISTRICT COMMISSION

NOTES TO FINANCIAL STATEMENTS

Note 10. Other Postemployment Benefits (OPEB) Plan – Group Life Insurance Program (Continued)

D. Actuarial Assumptions (Continued)

Mortality Rates – Non-Largest Ten Locality Employers – General Employees (Continued)

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

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Update to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020.
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan2/Hybrid; changed final retirement age from 75 to 80 for all.
Withdrawal Rates	Adjusted termination rates to better fit experience at age and service decrement through nine years of service
Disability Rates	No change
Salary Scale	No change
Discount Rate	No change

E. Net GLI OPEB Liability

The net OPEB liability (NOL) for the GLI Program represents the program’s total OPEB liability determined in accordance with GASB Statement No. 74, less the associated fiduciary net position. As of the measurement date of June 30, 2024, NOL amounts for the GLI Program are as follows (amounts expressed in thousands):

	Group Life Insurance OPEB Program
Total GLI OPEB liability	\$ 4,196,055
Plan fiduciary net position	3,080,133
GLI net OPEB liability	\$ 1,115,922
Plan fiduciary net position as a percentage of the total GLI OPEB liability	73.41%

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

HAMPTON ROADS PLANNING DISTRICT COMMISSION

NOTES TO FINANCIAL STATEMENTS

Note 10. Other Postemployment Benefits (OPEB) Plan – Group Life Insurance Program (Continued)

F. Long-Term Expected Rate of Return

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

Asset Class (Strategy)	Long-Term Target Asset Allocation	Arithmetic Long-Term Expected Rate of Return	Average Long-Term Expected Rate of Return*
Public Entity	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%
Diversifying Strategies	6.00%	5.80%	0.35%
PIP - Private Investment Partnership	1.00%	8.00%	0.08%
Cash	2.00%	3.00%	0.06%
Leverage	-3.00%	3.50%	-0.11%
Total	100.00%		7.07%
		** Expected arithmetic nominal return	7.07%

* The above allocation provides a one-year return of 7.07% (includes 2.50% inflation adjustment). 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 was roughly at the 45th percentile of expected long-term results of the VRS fund asset allocation at that time, providing a median return of 7.14%, including expected inflation of 2.50%.

HAMPTON ROADS PLANNING DISTRICT COMMISSION

NOTES TO FINANCIAL STATEMENTS

Note 10. Other Postemployment Benefits (OPEB) Plan – Group Life Insurance Program (Continued)

G. 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 member contributions will be made per the VRS guidance and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Through the fiscal year ending June 30, 2024, the rate contributed by the Commission 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 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.

H. Sensitivity of the Commission's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate

The following presents the Commission's proportionate share of the net GLI OPEB liability using the discount rate of 6.75%, as well as what the Commission'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% Decrease 5.75%	Current Discount Rate 6.75%	1% Increase 7.75%
Plan's net pension liability	\$ 276,970	\$ 178,101	\$ 98,228

I. Group Life Insurance Program Fiduciary Net Position

Detailed information about the GLI Program's Fiduciary Net Position is available in the separately issued VRS 2024 Annual Comprehensive Financial Report (Annual Report). A copy of the 2024 VRS Annual Report may be downloaded from the VRS website at varetire.org/Pdf/Publications/2024-annual-report.pdf, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, Virginia, 23218-2500.

HAMPTON ROADS PLANNING DISTRICT COMMISSION

NOTES TO FINANCIAL STATEMENTS

Note 11. Committed Fund Balance

Committed Fund Balance is available for the following purposes:

Stormwater	\$	196,664
Regional Water (H2O)		533,861
Regional Wastewater Program		97,063
Solid Waste Special Contracts Local		84,700
Capital building replacement reserve		480,374
Network servers/software reserve		173,515
Equipment reserve		220,000
Hampton Roads Clean Systems		26,511
Building operations and maintenance reserve		118,214
Vehicle replacement reserve		80,000
GIS reserve		200,000
HRLFP Admin		4,241
Miscellaneous Housing Grants		27,279
Local Government Contracts		18,684
Municipal Construction Std		232,041
Overflow or Underflow of Indirect Costs		(248,678)
SHRDSB STAFF		2,976
SPARC Grant		12,135
Metro Medical Response		28,902
		<hr/>
	\$	<u>2,288,482</u>

Note 12. Subscription Liabilities

The Commission is the user of certain subscription based information technology products. Right-to-use subscription assets are reported with other capital assets and subscription liabilities are reported with current and noncurrent liabilities on the statement of net position. Key estimates and judgements related to subscription liabilities include the determination of the applicable discount rate, subscription term, subscription payments, and residual value guarantees or other provisions as follows:

Discount Rate	When readily available or determinable, the Commission uses the interest rate charged by the vendor. If not readily available or determinable, the Commission uses its estimated incremental borrowing rate.
Subscription Term	The subscription term includes the non-cancellable period of the subscription arrangement.

HAMPTON ROADS PLANNING DISTRICT COMMISSION

NOTES TO FINANCIAL STATEMENTS

Note 12. Subscription Liabilities (Continued)

A summary of changes in subscription liabilities for the Commission is as follows:

	Balance		Balance		Amounts Due
	July 1, 2024	Increases	Decreases	June 30, 2025	Within One Year
Subscription liabilities	\$ 146,496	\$ 117,258	\$ (98,587)	\$ 165,167	\$ 89,324

Summaries of future principal and interest maturities of subscription liabilities as of June 30, 2025 are as follows:

Year Ending June 30,	Principal	Interest	Total
2026	\$ 89,324	\$ 8,672	\$ 97,996
2027	54,704	4,793	59,497
2028	21,139	1,796	22,935
Total subscription liabilities	\$ 165,167	\$ 15,261	\$ 180,428

Note 13. Commitments and Subsequent Events

On July 1, 2022, the Commission entered into a three-year agreement with a vendor for the construction of broadband in the City of Suffolk, Isle of Wight County, and Southampton County for a total amount of \$21,120,053. This agreement was extended at the end of FY2025 to include one additional year.

On July 24, 2024, the Commission entered into an agreement with a vendor totaling \$484,224 for support services for Climate Pollution Reduction Grant Plans with a 39-month period of performance from July 1, 2024 to September 30, 2027.

In 2019, the Commission entered into agreements with two vendors to provide water quality monitoring. The original agreements stipulated a six-year period commencing on March 1, 2019 for a total commitment of \$2,805,012 (\$467,502 annually). The agreements were amended in 2024 to shorten the original period from six to five years and to set forth new terms effective July 1, 2024. The amended agreements set forth an additional five-year performance period with a total commitment of \$3,351,000 (\$670,200 annually).

The Commission entered into various agreements for services related to emergency management equipment and consulting work. All agreements are annual and are effective for FY2026.

HAMPTON ROADS PLANNING DISTRICT COMMISSION

NOTES TO FINANCIAL STATEMENTS

Note 14. Risk Management

The Commission 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. These risks are covered by insurance purchased from Virginia Risk Sharing Association, a group insurance pool in the Commonwealth of Virginia. There have been no significant reductions in insurance coverage from the prior year, and settled claims have not exceeded insurance coverage for the past three years.

Note 15. Change in Accounting Principle

In fiscal year 2025, the Commission implemented GASB Statement No. 101, *Compensated Absences*, as a change in accounting principle. Statement No. 101 requires recognizing a liability for compensated absences, including certain amounts not previously accrued, and related salary-based payments. The standard has been applied retroactively, resulting in a restatement of beginning net position as shown below.

Net Position, beginning of year, as previously reported	\$ 370,020
Restatement for adoption of GASB Statement No. 101	(35,923)
	<hr/>
Net Position, beginning of year, as restated	<u>\$ 334,097</u>

Note 16. Pending GASB Statements

As of June 30, 2025, GASB has issued statements not yet implemented by the Commission. The statements which might impact the Commission are as follows:

GASB Statement No. 103, *Financial Reporting Model Improvements*, is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. The requirements of Statement 103 will be effective for the Commission beginning with its year ending June 30, 2026.

GASB Statement No. 104, *Disclosure of Certain Capital Assets*, requires certain types of capital assets to be disclosed separately in the capital assets note disclosures. The statement also requires additional disclosures for capital assets held for sale. The requirements of Statement 103 will be effective for the Commission beginning with its year ending June 30, 2026.

Management has not yet determined the effect these statements will have on its financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

HAMPTON ROADS PLANNING DISTRICT COMMISSION

**SCHEDULE OF CHANGES IN THE TOTAL OPEB LIABILITY
AND RELATED RATIOS - MEDICAL INSURANCE**

	2018		2019		2020		Fiscal Year June 30, 2021		2022		2023		2024		2025	
Total OPEB Liability																
Service cost	\$	183,756	\$	172,706	\$	209,589	\$	223,922	\$	205,557	\$	138,244	\$	117,597	\$	93,068
Interest		142,540		158,143		161,603		117,833		120,851		155,997		166,523		163,161
Economic/demographic gains or losses		-		-		486,379		-		(170,947)		-		(97,271)		-
Changes of assumptions		(238,589)		249,912		(49,477)		45,330		(1,172,639)		(5,192)		(447,146)		(629,220)
Benefit payments, including refunds of employee contributions		(56,217)		(69,625)		(104,202)		(111,227)		(99,757)		(108,238)		(117,472)		(134,375)
Net change in total OPEB liability		31,490		511,136		703,892		275,858		(1,116,935)		180,811		(377,769)		(507,366)
Total OPEB liability - beginning		3,916,664		3,948,154		4,459,290		5,163,182		5,439,040		4,322,105		4,502,916		4,125,147
Total OPEB liability - ending	\$	3,948,154	\$	4,459,290	\$	5,163,182	\$	5,439,040	\$	4,322,105	\$	4,502,916	\$	4,125,147	\$	3,617,781
Covered payroll	\$	3,227,400	\$	3,277,400	\$	3,340,832	\$	3,537,263	\$	3,451,685	\$	3,451,685	\$	4,163,210	\$	4,163,210
Total OPEB liability as a percentage of covered payroll		120.47%		136.06%		154.55%		153.76%		125.22%		130.46%		99.09%		86.90%

Notes to Schedule:

- (1) **Changes of benefit terms:** There have been no changes to the benefit terms since the prior actuarial valuation.
- (2) **Changes of assumptions:** Changes of assumptions and other inputs reflect the effects of changes in the discount rate each period. The following is the discount rate used for the period presented:

2025	5.20%
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- (3) This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the Commission will present information for those years for which information is available.

HAMPTON ROADS PLANNING DISTRICT COMMISSION

**SCHEDULE OF EMPLOYER'S SHARE OF NET OPEB LIABILITY --
GROUP LIFE INSURANCE PROGRAM
Measurement Dates of June 30,**

	Fiscal Year June 30,							
	2017	2018	2019	2020	2021	2022	2023	2024
Employer's proportion of the net GLI OPEB liability	0.01674%	0.01750%	0.01724%	0.01703%	0.16440%	0.01581%	0.01622%	0.01596%
Employer's proportionate share of the net GLI OPEB liability	\$ 252,000	\$ 266,000	\$ 280,541	\$ 284,203	\$ 191,407	\$ 190,368	\$ 194,529	\$ 178,101
Employer's covered payroll	\$ 3,072,592	\$ 3,327,692	\$ 3,362,825	\$ 3,504,988	\$ 3,663,974	\$ 3,438,283	\$ 3,821,197	\$ 4,097,234
Employer's proportionate share of the net GLI OPEB liability as a percentage of its covered payroll	8.20%	7.99%	8.34%	8.11%	5.22%	5.54%	5.09%	4.35%
Plan fiduciary net position as a percentage of the total GLI OPEB liability	48.86%	51.22%	52.00%	52.64%	67.45%	67.21%	69.30%	73.41%

Notes to Schedule:

- Changes of benefit terms:** There have been no actuarially material changes to the VRS 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 assumption as a result of the experience study and VRS Board action are as follows:

Non-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	Adjusted rates to better fit experience at each age and service decrement through nine years of service.
Disability Rates	No change
Salary Scale	No change
Discount Rate	No change

- This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the Commission will present information for those years for which information is available.
- The amounts presented have a measurement date of the previous fiscal year end.

HAMPTON ROADS PLANNING DISTRICT COMMISSION

**SCHEDULE OF COMMISSION CONTRIBUTIONS - OPEB
GROUP LIFE INSURANCE PROGRAM**

	Contractually required contribution (CRC)	Contributions in relation to the CRC	Dontribution Deficiency (Excess)	Employer's Covered Payroll	Contributions as a % of Covered Payroll
2017	\$ 16,056	\$ 16,056	\$ -	\$ 3,072,592	0.52%
2018	17,304	17,304	-	3,327,692	0.52%
2019	17,576	17,576	-	3,362,825	0.52%
2020	18,226	18,226	-	3,504,988	0.52%
2021	18,334	18,334	-	3,663,974	0.50%
2022	18,567	18,567	-	3,438,283	0.54%
2023	20,635	20,635	-	3,821,197	0.54%
2024	22,125	22,125	-	4,097,234	0.54%
2025	21,833	21,833	-	4,645,402	0.47%

Note to Schedule:

- (1) This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the Commission will present information for those years for which information is available.

HAMPTON ROADS PLANNING DISTRICT COMMISSION

**SCHEDULE OF CHANGES IN THE COMMISSION'S NET PENSION LIABILITY
AND RELATED RATIOS - VIRGINIA RETIREMENT SYSTEM**

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Total Pension Liability:										
Service cost	\$ 302,119	\$ 266,726	\$ 288,132	\$ 283,162	\$ 286,684	\$ 297,679	\$ 299,192	\$ 290,020	\$ 294,130	\$ 334,051
Interest	1,028,029	1,065,600	1,103,655	1,091,855	1,096,302	1,125,948	1,168,624	1,265,415	1,296,232	1,328,768
Changes of assumptions	-	-	(69,002)	-	469,111	-	702,983	-	-	-
Differences between expected and actual experience	188,230	161,736	(596,411)	(350,033)	214,889	312,531	92,605	60,802	75,954	1,139,265
Benefit payments, including refunds to employee contributions	(953,367)	(1,009,943)	(890,898)	(898,975)	(1,023,940)	(1,071,523)	(1,136,332)	(1,102,643)	(1,224,939)	(1,223,503)
Net change in total pension liability	565,011	484,119	(164,524)	126,009	1,043,046	664,635	1,127,072	513,594	441,377	1,578,581
Total pension liability - beginning	15,162,815	15,727,826	16,211,945	16,047,421	16,173,430	17,216,476	17,881,111	19,008,183	19,521,777	19,963,154
Total pension liability - ending (a)	\$ 15,727,826	\$ 16,211,945	\$ 16,047,421	\$ 16,173,430	\$ 17,216,476	\$ 17,881,111	\$ 19,008,183	\$ 19,521,777	\$ 19,963,154	\$ 21,541,735
Plan Fiduciary Net Position:										
Contributions - employer	\$ 258,101	\$ 275,830	\$ 268,149	\$ 285,539	\$ 213,565	\$ 216,313	\$ 274,749	\$ 281,886	\$ 349,716	\$ 376,457
Contributions - employee	146,515	156,320	159,783	160,469	161,125	165,729	159,882	163,028	178,106	191,835
Net investment income	608,113	223,589	1,595,776	1,056,019	976,157	288,956	3,997,545	(9,603)	1,105,134	1,712,755
Benefit payments, including refunds to employee contributions	(953,367)	(1,009,943)	(890,898)	(898,975)	(1,023,940)	(1,071,523)	(1,136,332)	(1,102,643)	(1,224,939)	(1,223,503)
Administrative expense	(8,751)	(8,723)	(9,475)	(9,305)	(10,126)	(10,232)	(10,353)	(11,443)	(11,348)	(11,843)
Other	(126)	(98)	(1,409)	(932)	(612)	(336)	374	412	443	335
Net change in plan fiduciary net position	50,485	(363,025)	1,121,926	592,815	316,169	(411,093)	3,285,865	(678,363)	397,112	1,046,036
Plan fiduciary net position - beginning	13,612,034	13,662,519	13,299,494	14,421,420	15,014,235	15,330,404	14,919,311	18,205,176	17,526,813	17,923,925
Plan fiduciary net position - ending (b)	\$ 13,662,519	\$ 13,299,494	\$ 14,421,420	\$ 15,014,235	\$ 15,330,404	\$ 14,919,311	\$ 18,205,176	\$ 17,526,813	\$ 17,923,925	\$ 18,969,961
Commission's net pension liability - ending (a) - (b)	\$ 2,065,307	\$ 2,912,451	\$ 1,626,001	\$ 1,159,195	\$ 1,886,072	\$ 2,961,800	\$ 803,007	\$ 1,994,964	\$ 2,039,229	\$ 2,571,774
Plan fiduciary net position as a percentage of the total pension liability	86.87%	84.67%	89.87%	92.83%	89.04%	83.44%	95.78%	89.78%	89.79%	88.06%
Covered payroll	\$ 3,217,577	\$ 3,072,592	\$ 3,327,692	\$ 3,362,825	\$ 3,504,988	\$ 3,663,974	\$ 3,438,283	\$ 3,808,396	\$ 3,808,396	\$ 4,097,234
Commission's net pension liability as a percentage of covered payroll	64.19%	78.04%	49.61%	34.47%	53.81%	80.84%	23.35%	52.38%	53.55%	62.77%

HAMPTON ROADS PLANNING DISTRICT COMMISSION

SCHEDULE OF COMMISSION CONTRIBUTIONS VIRGINIA RETIREMENT SYSTEM

	Contractually required contribution (CRC)	Contributions in relation to the CRC	Dontribution Deficiency (Excess)	Employer's Covered Payroll	Contributions as a % of Covered Payroll
2016	\$ 275,830	\$ 275,830	\$ -	\$ 3,217,577	8.57%
2017	268,149	268,149	-	3,072,592	8.73%
2018	285,539	285,539	-	3,327,692	8.58%
2019	213,565	213,565	-	3,362,825	6.35%
2020	216,313	216,313	-	3,504,988	6.17%
2021	274,749	274,749	-	3,663,974	7.50%
2022	281,886	281,886	-	3,438,283	8.20%
2023	349,716	349,716	-	3,808,396	9.18%
2024	376,457	376,457	-	3,808,396	9.88%
2025	450,833	450,833	-	4,097,234	11.00%

HAMPTON ROADS PLANNING DISTRICT COMMISSION

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION – VIRGINIA RETIREMENT SYSTEM

Note 1. Changes of Benefit Terms

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

Note 2. Changes of Assumptions

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

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

SUPPLEMENTARY INFORMATION

CHANGE IN FUND BALANCE
Year Ended June 30, 2025

	General Fund	5303 FTA 20.5	VDOT SPR 20.2	VDOT PL 20.2	All Other Grants	Total
Support and revenue:						
Support:						
Direct federal grants	\$ -	\$ 653,582	\$ 57,974	\$ 1,963,878	\$ 5,252,271	\$ 7,927,705
Pass-through federal contributions	-	249,835	-	-	-	249,835
State grants	190,943	81,698	-	245,485	2,089,334	2,607,460
Pass-through state	-	31,229	-	-	-	31,229
Revenue:						
Match/local subsidy	3,644,583	81,698	14,493	245,485	543,446	4,529,705
HRT/WATA/Suffolk match	-	31,229	-	-	-	31,229
Investment income	339,709	-	-	-	-	339,709
Miscellaneous	373,156	-	-	-	339,275	712,431
Total support and revenue	4,548,391	1,129,271	72,467	2,454,848	8,224,326	16,429,303
Expenses:						
Direct personnel:						
Salaries	1,574,074	449,143	34,592	1,150,673	547,908	3,756,390
Change in Compensated Absences	11,737	-	-	-	-	11,737
Adjustment for FICA on Leave	898	-	-	-	-	898
Fringe benefits -Exhibit B - Fringes	530,446	148,986	11,420	384,701	174,414	1,249,967
Total direct personnel	2,117,155	598,129	46,012	1,535,374	722,322	5,018,992
Direct operating:						
Travel	41,803	-	-	27,966	6,521	76,290
Education and training	8,521	-	1,055	20,503	9,316	39,395
Printing and reproduction	4,154	-	-	4,521	-	8,675
Advertising/Audit	3,390	-	-	3,959	1,026	8,375
Supplies	7,289	-	-	1,011	26,311	34,611
Consultants/contractual	1,544,232	-	-	186,518	2,048,949	3,779,699
Legal services	8,823	-	-	12,161	55	21,039
Telephone	1,200	-	-	1,200	-	2,400
Postage	1,683	-	-	233	24,662	26,578
Recruitment	4,528	-	-	5,620	-	10,148
Dues/subscriptions/memberships/data/publication	10,593	-	65	166	-	10,824
Software	(55,546)	-	8,500	54,833	37,254	45,041
Special meetings	22,079	-	-	15,300	785	38,164
Debt Service - Principal expense	98,587	-	-	-	-	98,587
Debt Service - Interest expense	12,309	-	-	-	-	12,309
Miscellaneous	17,731	-	-	-	-	17,731
Office equipment	28,394	-	-	23,706	-	52,100
Capital outlay	365,580	-	-	-	-	365,580
Depreciation (posted late to 100000)	24,032	-	-	-	-	24,032
Amortization (posted late to 100000)	87,143	-	-	-	-	87,143
Capital outlay (SBITA)	117,258	-	-	-	-	117,258
Pass-through	-	312,293	-	-	5,089,714	5,402,007
Total direct operating	2,353,783	312,293	9,620	357,697	7,244,593	10,277,986
Indirect:						
Under/Overage of Indirect Cost	211,788	-	-	-	-	211,788
Other -Exhibit C - Indirect Expense (Fixed - Applied)	769,907	218,848	16,835	561,775	264,289	1,831,654
Total Indirect Cost	981,695	218,848	16,835	561,775	264,289	2,043,442
Total direct and indirect	5,452,633	1,129,270	72,467	2,454,846	8,231,204	17,340,420
Depreciation & Amortization - not allocated	(190,952)	-	-	-	-	(190,952)
Amortization of subscription assets	(87,143)	-	-	-	-	(87,143)
Total expenses	5,174,538	1,129,270	72,467	2,454,846	8,231,204	17,062,325
Other financing sources:						
Issuance of subscription agreement	117,258	-	-	-	-	117,258
Net Change in Fund Balance	\$ (508,889)	\$ 1	\$ -	\$ 2	\$ (6,878)	\$ (515,764)

FRINGE BENEFITS

Year Ended June 30, 2025

Employer contributions - FICA	\$ 344,411
Employer contributions - Health Insurance	675,467
Employer contributions - Life & Disability Insurance	66,727
Employer contributions - Retirement	489,039
Gym Membership	1,190
Unemployment Compensation Insurance	<u>592</u>
 Total Fringe Benefits	 <u>\$ 1,577,426</u>
 Indirect Fringe	 (327,459)
 Total Fringe Benefits on CFR 200	 <u><u>\$ 1,249,967</u></u>

INDIRECT EXPENSES
Year Ended June 30, 2025

Miscellaneous Income	\$ 2,806
Total Revenue	<u>2,806</u>
Salaries	975,507
Employee benefits	327,460
Office supplies/software	66,883
Contractual/Temporary Services	210,965
Office equipment rental & maintenance	24,286
Office equipment	11,968
Office rental/maintenance	97,479
Insurance	19,853
Telephone	3,831
Travel	17,387
Postage	1,169
Recruitment	1,112
Special meetings	14,714
Dues, subscriptions, membership, data, publication	13,391
Copying cost & Printing & Presentation	12,242
Auditing/Advertising	46,975
Miscellaneous/storage	20,913
Interest expense/bank service/fed excise2	6,783
Depreciation expense	166,919
Vehicle maintenance	2,219
Professional education/training/seminars	4,192
Total Indirect Cost Report	<u>2,046,248</u>
Under/Overage of Indirect Cost	(211,788)
Fixed Indirect Cost Expenses Applied	<u>\$ 1,831,654</u>

COMPLIANCE SECTION



**INDEPENDENT AUDITOR'S REPORT ON
INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

Honorable Commission Board Members
Hampton Roads Planning District Commission

We have audited, 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 (*Government Auditing Standards*); and the *Specifications for Audits of Authorities, Boards and Commissions*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia, the financial statements of the governmental activities and major fund of the Hampton Roads Planning District Commission (Commission), as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the Commission's basic financial statements, and have issued our report thereon dated October 06, 2025.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Commission'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 Commission's internal control. Accordingly, we do not express an opinion on the effectiveness of the Commission'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 a material misstatement of the Commission'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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control 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 Commission'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 required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Commission'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 Commission's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

PBMares, LLP

Harrisonburg, Virginia
October 06, 2025