

ANNUAL COMPREHENSIVE FINANCIAL REPORT

CITY OF HAMPTON, VIRGINIA
FOR THE FISCAL YEAR ENDED JUNE 30, 2024



CITY OF HAMPTON, VIRGINIA ANNUAL COMPREHENSIVE FINANCIAL REPORT

For the Fiscal Year Ended June 30, 2024

Prepared by:

The Department of Finance

Karl S. Daughtrey, Director of Finance

Brittany Abbott, Controller



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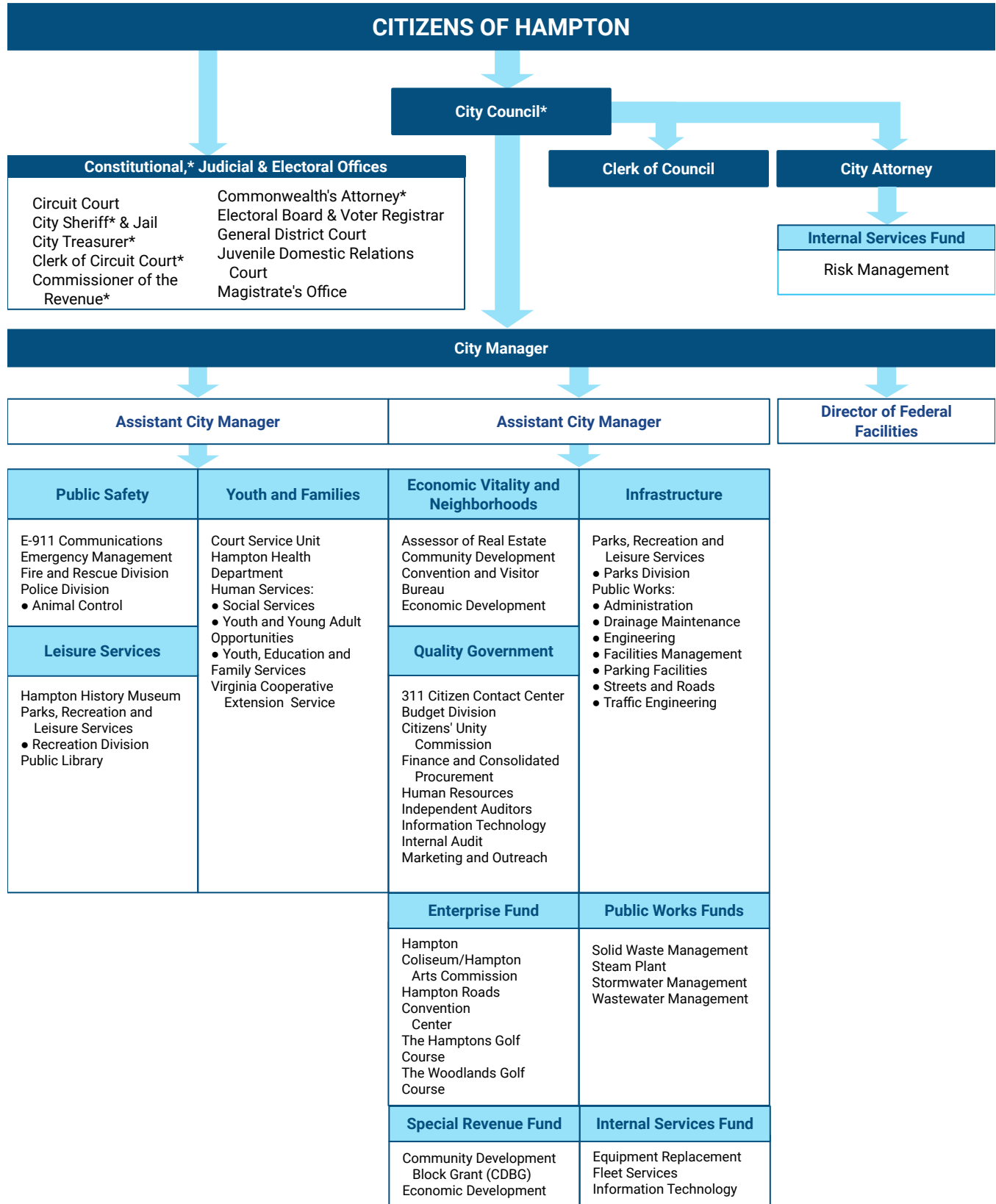
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Introductory SECTION

ORGANIZATIONAL CHART - CITY



* Elected by citizens of Hampton

**City of Hampton, Virginia
List of Officials
June 30, 2024**

ELECTED OFFICIALS

CITY COUNCIL

Donnie Tuck, Mayor
Jimmy Gray, Vice Mayor
Chris Bowman
Steven Brown
Hope Harper
Martha Mugler
W.H. "Billy" Hobbs, Jr.

CONSTITUTIONAL OFFICERS

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

APPOINTED OFFICIALS

CITY ADMINISTRATION

Mary B. Bunting - City Manager
Steven Bond - Assistant City Manager
Brian DeProfio - Assistant City Manager
Karl S. Daughtrey - Director of Finance
Lori Green - Manager of Budget and Strategic Initiatives
Brittany Abbott - Deputy Director of Finance, Controller

**City of Hampton, Virginia
List of Officials
June 30, 2024**

SCHOOL BOARD

Dr. Richard Mason, Chair
Stephanie Jackson Afonta
Joseph C. Kilgore
Dr. Reginald Woodhouse

Dr. Tina Banks-Gray, Vice Chair
Ann Cherry
Jason S. Samuels
Joy Charbonneau, Clerk of the Board

SCHOOL ADMINISTRATION

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

HAMPTON EMPLOYEES' RETIREMENT SYSTEM

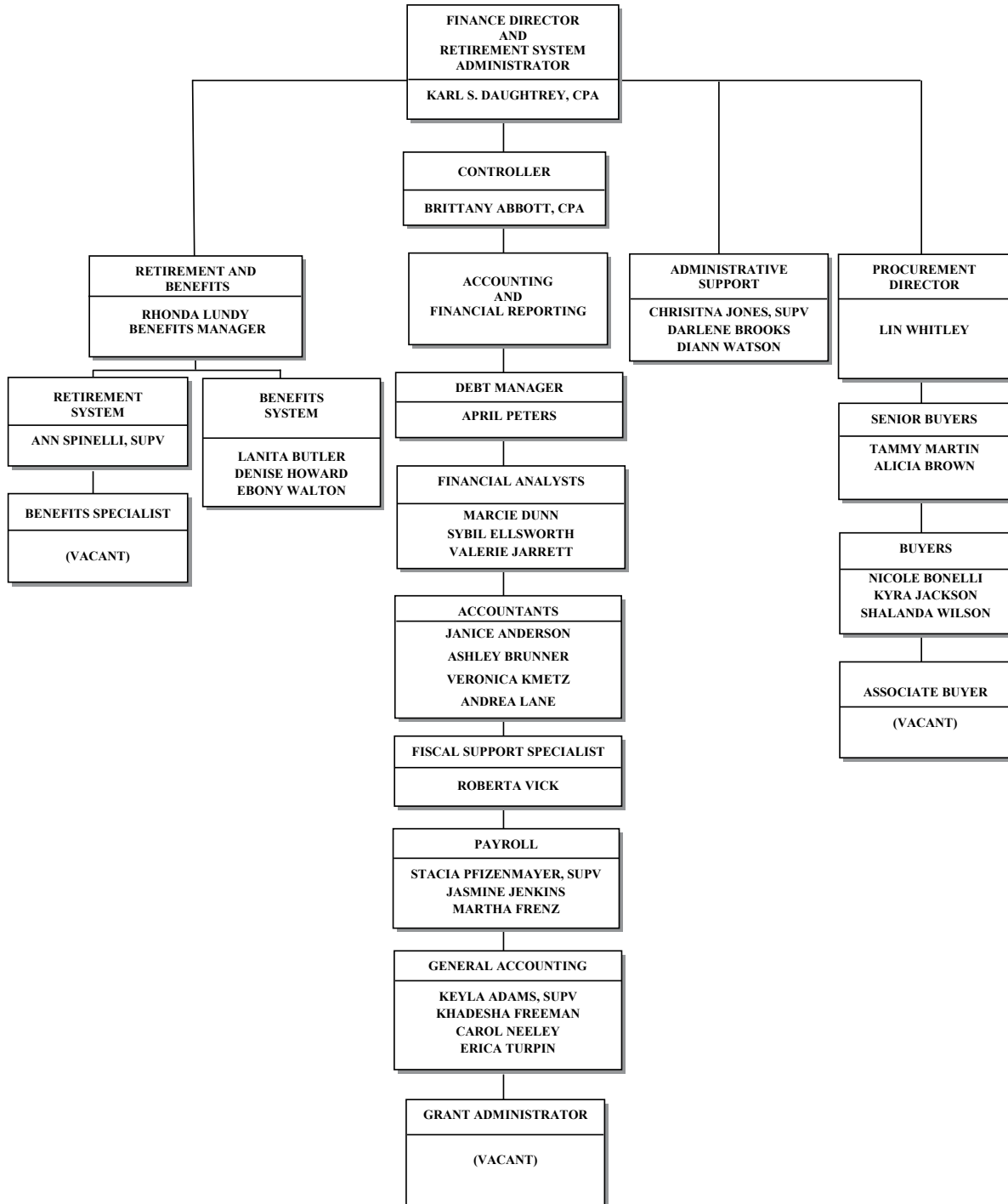
BOARD OF TRUSTEES

Andrew G. Womble, Jr., Chairman
James A. (Pete) Peterson, Trustee
Brittany Branch, Trustee
Carolyn Bowers, Trustee

Brian DeProfio, Vice Chairman
Kathann W. Montague, Trustee
George V. Hellman, Trustee
Patricia Parker, Trustee

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

**CITY OF HAMPTON, VIRGINIA
DEPARTMENT OF FINANCE
June 30, 2024**







November 27, 2024

Honorable Mayor, Members of the City Council,
City Manager and the Citizens of the City of Hampton

We are pleased to submit the Annual Comprehensive Financial Report (ACFR) of the City of Hampton, Virginia (the City) for the fiscal year ended June 30, 2024. The *Code of Virginia* requires the City to publish, at the close of each fiscal year, a complete set of financial statements presented in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP) and audited in accordance with *Government Auditing Standards* by a firm of licensed certified public accountants. This report has been prepared by the Department of Finance and the report does comply with state law and guidelines of the Auditor of Public Accounts of the Commonwealth of Virginia.

Cherry Bekaert LLP, Certified Public Accountant have audited the City's financial statements, including the financial records and transactions of all funds, component units and departments of the City. As a result, Cherry Bekaert issued an unmodified opinion on the City's financial statements for the year ended June 30, 2024. The independent auditor's report is located at the front of the Financial Section of this report.

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

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

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

City Profile

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

As of July 1, 2023, the current estimated population in Hampton was 136,895.

Hampton is an independent, full-service City with sole local government taxing authority within its boundaries. It is empowered by state statute to levy property taxes on real and personal property located within its boundaries. The governing body of the City is an elected City Council composed of a mayor and six (6) council members. The Mayor and City Council members are elected for four (4) year terms in general elections held every two (2) years. The City Council appoints the City Manager who acts as the Chief Executive Officer of the government. The City Manager

serves at the pleasure of the Council and is charged with the responsibility of carrying out their policies, directing business procedures, and appointing and removing all department heads and city employees.

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

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

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

Economic Conditions and Outlook

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

According to the *"State of the Region, Hampton Roads, 2024"* report, published by Old Dominion University's Dragas Center for Economic Analysis and Policy, the current economic status of the Norfolk-Virginia Beach-Newport News Metropolitan Statistical Area, which includes the City of Hampton, is positive. Overall, it was reported that the Hampton Roads regional economy has grown for the fourth consecutive year and there were a record number of employees in the civilian workforce. There were more jobs in Hampton Roads in 2024 than prior to the onset of the COVID-19 pandemic. Single-family home values continued to rise in the face of higher interest rates. The Norfolk-Virginia Beach-Newport News Metropolitan Statistical Area's unemployment rate remained low at 3.1 percent.

In terms of economic development, Hampton continues to reflect positive growth. The following new businesses and expansions will contribute to the economic health of the City:

- In November 2023, the NorthPoint Developers began construction of the new Phenix Commerce Center which will include two warehouses and is expected to bring 250 new jobs to the area.
- During fiscal year 2024, Virginia Gov. Glenn Youngkin announced that Liebherr Mining Equipment will invest \$72.3 million to expand its plants in Hampton and Newport News. The expansion is expected to create 175 new jobs.
- Amazon invested \$30 million into opening a 2nd facility in Hampton which is expected to create 1,200 new jobs.
- The Hampton Roads Logistics Center is expected to invest \$41.6 million in the construction of two new buildings that will support the growth of the Port of Virginia.
- The first phase of a major downtown Hampton waterfront improvement project was completed in 2024 with the installation of a new bulkhead.

Military, Federal Research Facility, and Veterans Medical Center

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

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

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

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

General Government Financial Operations

All general governmental operations are accounted for in the General, Special Revenue, Capital Projects and Debt Service Funds. Substantially all recurring revenues and expenditures are accounted for in the General Fund and the School Operating Fund (included in the Discretely Presented Component Unit-School Board financial statements). For fiscal year 2024, the governmental funds recognized a \$15.2 million increase in fund balance. The net increase is the combined result of increased revenue, primarily in the General and Capital Projects Fund.

The General Fund revenues and slightly increased by approximately \$23.9 million or 5.8% when compared to fiscal year 2023 revenues. General property tax collections, the City's largest single own-source revenue, increased by approximately \$14 million or 7% when compared to fiscal year 2023. The City continues to benefit from an increase in property value assessments. In addition to general property tax revenue, the General Fund's investment earning increased by \$4.4 million as a result of the Federal Reserve interest rate increases.

The General Fund expenditure increased by approximately \$39.5 million or 12.5% over fiscal year 2023. Increased expenditures are largely a result of inflation, wage increases, and investments in capital assets.

Long Term Financial Planning

In the years 2024-2028 \$332.3 million is scheduled for City and School projects. The following summarizes these projects:

Education	\$77.9 million
Hampton's Waterways	\$61.0 million
Good Government	\$120.9 million
Economic Growth	\$13.1 million
Place Making	\$28.7 million
Safe and Clean City	\$28.2 million
Family Resilience and Economic Empowerment	\$2.5 million

Financial Policies

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

1. Debt Policy Limit.
 - General obligation debt shall not exceed 3% of the assessed value of all real estate within the City subject to taxation. At June 30, 2024, general obligation debt totaled \$298 million or 2.0% of taxable real estate value, which was within the policy parameter.
 - General obligation bonded debt together with indirect debt, which includes certain revenue backed debt and subject-to appropriation or moral obligation commitments, and debt of certain special purpose entities (i.e. Community Development Authority) shall not exceed 4.5% of the assessed value of all real and personal property subject to taxation within the City. At June 30, 2024, this would amount to \$429

million or 2.6% of the assessed value of all taxable real and personal property which was within the policy parameter.

- Debt of certain special purpose entities, such as community development authorities, shall not exceed 1% of the assessed value of all real and personal property subject to taxation within the City. At June 30, 2024, this would amount to \$75 million or .45% of the assessed value of all taxable real and personal property, which was within the policy parameter.
- 2. Debt Service Policy Limit. General obligation bonded debt and indirect debt shall not exceed 10% of the City's total General Fund and the School Operating Fund expenditures. At June 30, 2024, this would amount to \$34 million or 5.6% of total expenditures, which was within the policy parameter.
- 3. General Obligation Debt Retirement Policy. The City shall retire at least 60% of the principal balance of general bonded obligation debt within 10 years of the date the debt is issued. The City will retire approximately 62.5% of general bonded obligation debt for fiscal years 2025 through fiscal year 2034 that was outstanding as of June 30, 2024.
- 4. Equity Funding. A minimum of 2% to 6% of general fund revenues will be applied to Capital Improvement Projects(CIP) capital projects each year. At June 30, 2024, capital expenditures were \$39.4 million which is 9% of General Fund revenues. Also, a minimum of 10% to 15% of CIP projects over a rolling five-year period are to be funded from general fund revenues. For the five year period, 2024 through 2028, the City plans to use 35% of General Fund revenues on CIP projects.
- 5. Unassigned Fund Balance. The City will maintain an unassigned General Fund balance equal to 10% of total General Fund and School Operating Fund revenues. To the extent unassigned fund balance falls below the policy, the shortfall shall be replenished over a three-year period. The unassigned fund balance at June 30, 2024 was \$109.9 million or 17.5% of actual revenues.

The City is in compliance with the Financial Policy Guidelines.

Credit Ratings

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

Major Initiatives and Accomplishments

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

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

The key priority of the City and Commonwealth has been to keep a living and vibrant community throughout the transition. On November 1, 2011, President Barack Obama took action to declare 245 acres of Fort Monroe a National Monument that will be managed by the National Park Service. Studies have shown the presence of a National Park increased the value of surrounding properties approximately 20%. Coupled with the history of Fort

Monroe, the presence of the national park will also generate tourism to the City. The Fort Monroe Authority has also been successfully renting out the historic homes and has attracted some commercial tenants as well. Most of the existing developed area of the Fort will be subject to the PILOT and, in essence, be added to the City's tax rolls. The Commonwealth is investing over \$22 million in infrastructure enhancements, upgrades and repairs. The intent is to ultimately market many of the properties for private investment and redevelopment. As properties are sold they will be added as revenue gains for the City's tax rolls as well.

Awards and Achievements

The Government Finance Officers Association of the United States and Canada (GFOA) awards a *Certificate of Achievement for Excellence in Financial Reporting* to governmental units that publish an easily readable and efficiently organized Annual Comprehensive Financial Report that meets all generally accepted accounting principles and applicable legal requirements. The City has received this award for its Annual Comprehensive Financial Report for the fiscal year ended June 30, 2023.

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

The City's Budget Department received the Government Finance Officers Association *Distinguished Budget Presentation Award* for the fiscal year 2024 Budget document.

In June 2023, Hampton was named an *All-America City* by the National Civic League, one of the top 10 in the country. The designation was conferred on Sunday evening at an awards ceremony in Denver. The award highlights communities that involve and engage their residents.

The Hampton Division of Fire and Rescue maintained its Accredited Agency status with the Commission on Fire Accreditation International (CFAI,) for the period of 2021-2026 for meeting the criteria established through the CFAI's voluntary self-assessment and accreditation program. The Hampton Division of Fire and Rescue is one of more than 250 agencies internationally to achieve internationally Accredited Agency status with the CFAI and the Center for Public Safety Excellence, Inc. (CPSE). First accredited in 2016, Hampton was the first combination fire and rescue agency in the Commonwealth, and only one of ten internationally, to be both internationally accredited and hold the highest Insurance Services Office (ISO) rating of "1". Of further note, the Division was the second in Hampton Roads to receive the "Agency of Excellence" designation from the Commonwealth for exceeding required emergency medical service standards.

For the 21st time Hampton was named as a top 10 Digital City in its size category by the Center for Digital Government. The survey focuses on results achieved by cities through the use of technology and data to better serve their citizens, innovative or creative solutions or approaches, and effective collaboration and transparency measures.

Acknowledgments

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

Respectfully submitted,



Karl S. Daughtrey, CPA

Director of Finance



Brittany Abbott, CPA

Deputy Director of Finance, Controller



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**City of Hampton
Virginia**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2023

Christopher P. Morrell

Executive Director/CEO





Financial SECTION



Report of Independent Auditor

To the Honorable Mayor and Members of City Council
City of Hampton, Virginia
Hampton, Virginia

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Hampton, Virginia (the "City"), as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, based on our audit and the report of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City, as of June 30, 2024, and the respective changes in financial position, and, where applicable, cash flows thereof, and the Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual Budget Basis – General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of the Downtown Hampton Development Partnership Inc., which represent 0.7%, 2.3%, and 0.2%, respectively, of the assets, net position, and revenues of the aggregate discretely presented component units, as of June 30, 2024. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Downtown Hampton Partnership, Inc., is based solely on the report of the other auditors.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying Combining and Individual Statements, as listed in the table of contents, and Schedule of Expenditures of Federal Awards as required by Title 2 of U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Combining and Individual Statements and Schedule of Expenditures of Federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 27, 2024, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.



Virginia Beach, Virginia
November 27, 2024

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the City of Hampton (City), we offer readers of the City's Annual Comprehensive Financial Report this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2024. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal.

FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$882.8 million (net position). The unrestricted net position, which represents the amounts available to meet the City's ongoing obligations to citizens and creditors, was \$118 million.
- Unrestricted net position increased by \$62.6 million when compared to the previous year. Increased home values and interest rates, resulted in the City recognizing a \$21 million or 6% increase in its general revenues, ending the year at \$348.6 million. The City did not issue bonds during fiscal year 2024 and therefore principal debt payments continue to reduce its long-term liabilities.
- At the close of the current fiscal year, the City's governmental funds reported combined fund balances of \$356.5 million, an approximate 4% increase in comparison with the prior year. Of this amount, \$109.9 million or 32% is available for spending at the government's discretion (unassigned fund balance).
- At the end of the current fiscal year, unrestricted fund balance (the total of the committed, assigned, and unassigned components of fund balance) for the General Fund was \$147.5 million.

OVERVIEW OF THE FINANCIAL STATEMENTS

The discussion and analysis provided here are intended to serve as an introduction to the City's Annual Comprehensive Financial Report, which consists of four (4) sections including the introductory, financial, statistical and financial compliance reports for federal funds. The basic financial section consists of three (3) sections: management's discussion and analysis; basic financial statements; and supplementary information.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

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

The *Statement of Net Position* (Exhibit A-1) presents information on all of the City's assets, liabilities and deferred inflows/outflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the city is improving or deteriorating.

The *Statement of Activities* (Exhibit A-2) presents information showing how the City's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of the related cash flows*. Thus, revenues and expenses are reported for some items that will only result in cash flows in future fiscal periods (e.g. uncollected taxes).

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their cost through user fees and charges (business-type activities). The governmental activities of the City include general government, public safety, highways and streets, sanitation, and culture and recreation. The business-type activities of the City include two event venues: Hampton Coliseum, Hampton Roads Convention Center; two golf courses: the Hamptons and Woodlands; one museum: Virginia Air & Space Museum; and three waste disposal functions including Solid Waste; Wastewater; and Refuse-Stream Plant (garbage).

The government-wide financial statements include not only the City itself (known as the primary government), but four other legal separate entities including: Hampton City Schools, the Economic Development Authority, the Coliseum Business Improvement District, and the Downtown Hampton Development Partnership, Inc. Financial information for these component units is reported separately from financial information presented for the primary government itself (Exhibits A-11 and A-12).

FUND FINANCIAL STATEMENTS

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

GOVERNMENTAL FUNDS

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

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

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

PROPRIETARY FUNDS

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

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Hampton Roads Convention Center, Virginia Air & Space Museum, and Wastewater Management, which are considered to be major funds (Exhibits A-6 through A-8). Conversely, the remaining enterprise funds and the internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for the nonmajor enterprise and internal service funds are provided in the form of combining statements in the combining and individual fund statements and schedules section of this report. See exhibits nonmajor enterprise funds at exhibits D-1 through D-3. See internal service funds at exhibits E-1 through E-3.

FIDUCIARY FUNDS

Fiduciary funds are used to account for resources held for the benefit of parties outside of the government. Fiduciary funds are not reported in the government-wide financial statements because the resources of those funds are not available to support the City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

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

NOTES TO THE FINANCIAL STATEMENTS

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

OTHER INFORMATION

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

GOVERNMENT-WIDE OVERALL FINANCIAL ANALYSIS

As noted earlier, net position over time may serve as a useful indicator of a government's financial position. In the case of the City's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$882.8 million, at the close of the most recent fiscal year.

FINANCIAL ANALYSIS OF THE CITY AS A WHOLE

Table I

Summary of Statement of Net Position (In Thousands)

June 30, 2024 and 2023

	Governmental Activities		Business-type Activities		Total Primary Government		Component Units	
	2024	2023	2024	2023	2024	2023	2024	2023
Current and other assets	\$ 486,923	\$ 462,649	\$ 84,662	\$ 79,639	\$ 571,585	\$ 542,288	\$ 103,718	\$ 88,351
Capital assets	903,794	881,891	132,304	131,571	1,036,098	1,013,462	49,119	49,757
Total assets	1,390,717	1,344,540	216,966	211,210	1,607,683	1,555,750	152,837	138,108
Deferred outflows of resources	65,194	53,335	4,775	6,938	69,969	60,273	50,125	42,709
Current liabilities	119,073	118,292	17,545	12,344	136,618	130,636	42,361	38,066
Long-term liabilities	540,257	528,283	63,625	69,801	603,882	598,084	172,645	169,460
Total liabilities	659,330	646,575	81,170	82,145	740,500	728,720	215,006	207,526
Deferred inflows of resources	50,303	67,730	4,048	7,167	54,351	74,897	29,576	42,283
Net position								
Investment in capital assets	644,973	638,708	83,161	78,058	728,134	716,766	47,683	47,646
Restricted	28,492	32,083	8,179	8,145	36,671	40,228	173	333
Unrestricted (deficit)	72,813	12,779	45,183	42,633	117,996	55,412	(89,477)	(116,971)
Total net position, (restated)	\$ 746,278	\$ 683,570	\$ 136,523	\$ 128,836	\$ 882,801	\$ 812,406	\$ (41,620)	\$ (68,992)

The City's combined net position (which is the City's bottom line) increased by \$70.4 million in fiscal year 2024. In total assets increased by \$51.9 million. Of this, current assets increased by \$29.3 million or 5%. Current assets are materially made up of cash and investments which experienced an increase as a result of property tax revenues and interest earnings. Capital assets increased by \$22.6 million or 2% as a result of acquiring newly leased assets. The increase in cash, investments, and capital assets have a correlating impact on revenues and expenditures and therefore will be discussed further in the *Analysis of Changes in Statement of Activities* section for further details on property taxes, investment earnings and capital assets.

Current and long-term liabilities increased by \$11.8 million. While the City reduced its long-term debt related to bonds and lease principal by \$25.5 million, those reductions were offset by the following:

- Lease liabilities increased by \$11.1 million, primarily as a result of a new building lease. See the Analysis of Changes in Statement of Activities section for further details.
- Net pension and Other Post Employment Benefits (OPEB) liabilities increased by \$22.7 million.

Net pension and OPEB liabilities are actuarially determined and fluctuate as the City's employee population, wages, and other factors change. However, the combined effect of pension and OPEB liabilities and their related deferred inflows and outflows resulted in a \$5.7 million positive impact on net position.

Table II
Summary of Changes in Net Position (In Thousands)
For the Fiscal Year Ended June 30, 2024 and 2023

	Governmental Activities		Business-type Activities		Total Primary Government		Component Units	
	2024	2023	2024	2023	2024	2023	2024	2023
Revenues:								
Program Revenues:								
Charges for service	\$ 39,541	\$ 35,520	\$ 57,903	\$ 52,327	\$ 97,444	\$ 87,847	\$ 15,445	\$ 9,058
Operating grants and contributions	95,963	92,807	5,049	5,492	101,012	98,299	243,594	252,833
Capital grants and contributions	20,540	18,383	-	-	20,540	18,383	-	-
General revenues:								
Property taxes	221,925	211,302	-	-	221,925	211,302	-	-
Other taxes	102,559	99,934	-	-	102,559	99,934	-	-
Other	23,553	16,265	592	43	24,145	16,308	95,144	89,676
Total revenues	504,081	474,211	63,544	57,862	567,625	532,073	354,182	351,566
Expenses								
General government	145,201	111,913	-	-	145,201	111,913	9,554	4,810
Public safety	94,517	98,288	-	-	94,517	98,288	-	-
Highways and streets	7,704	16,189	-	-	7,704	16,189	-	-
Sanitation	-	-	-	-	-	-	-	-
Health	9,552	11,669	-	-	9,552	11,669	-	-
Human services	35,439	34,609	-	-	35,439	34,609	-	-
Culture and recreation	22,417	22,472	-	-	22,417	22,472	-	-
Education - payment to								
School Board	91,805	85,484	-	-	91,805	85,484	-	-
Educational	12,428	11,692	-	-	12,428	11,692	317,256	306,647
Coliseum	-	-	20,278	18,908	20,278	18,908	-	-
Convention Center	-	-	8,649	8,418	8,648	8,417	-	-
The Hamptons	-	-	1,119	1,050	1,119	1,050	-	-
Woodlands	-	-	824	717	824	717	-	-
Museum	-	-	3,757	3,865	3,757	3,865	-	-
Solid Waste	-	-	17,225	15,308	17,225	15,308	-	-
Steam Plant	-	-	7,862	7,346	7,862	7,346	-	-
Wastewater	-	-	9,499	8,744	9,499	8,744	-	-
Interest on long-term debt	8,955	9,873	-	-	8,955	9,873	-	-
Total expenses	428,018	402,189	69,213	64,356	497,230	466,544	326,811	311,457
Change in net position before transfers	76,064	72,022	(5,669)	(6,494)	70,394	65,529	27,372	40,109
Transfers	(13,356)	(11,715)	13,356	11,715	-	-	-	-
Change in net position	62,708	60,307	7,686	5,221	70,394	65,529	27,372	40,109
Net position, July 1, (restated)	683,570	623,263	128,836	123,615	812,406	746,878	(68,992)	(100,465)
Net position, June 30	\$ 746,278	\$ 683,570	\$ 136,523	\$ 128,836	\$ 882,800	\$ 812,406	\$ (41,620)	\$ (60,355)

ANALYSIS OF CHANGES IN STATEMENT OF ACTIVITIES

GOVERNMENTAL FUNDS

During the current fiscal year ended June 30, 2024, net position for governmental activities increased \$62.7 million from the prior fiscal year for an ending net position of \$746.3 million. The increase is the result of the following:

- The governmental funds recognized a \$15.2 million increase in net position which is largely attributed to a \$10.6 (5%) increase in Property Taxes and a \$7.4 (48%) million increase in Investment Earnings.
 - **Property Taxes:** The City recognized \$221.9 million of property taxes during fiscal year 2024, a 5% increase over the prior year. Real estate taxes continued to perform well during fiscal year 2024. As shown, in Table VI: Assessment and Estimated Actual Value of Taxable Property, real estate values continued to increase in fiscal year 2024. Real estate taxes were reported at \$172.2 million, 12 million (or 7%) higher than the prior year.
 - **Investment Earnings:** When compared to the prior year, interest rates on the State of Virginia's local government investment pool increased. Resultantly, revenues generated from investment earnings

increased by \$7.4 million or 48%. The City recognized \$22.8 million in total investment earning revenues which is primarily generated on cash and investments held in the General, Capital Projects, and Risk Management Funds.

- Capital assets increased by \$18.0 million, net of depreciation expense. Leased assets which increased by \$11.1 million make up more than 60% of the overall increase. However, leased assets are reported with a corresponding lease liabilities reducing its impact on net position. The remaining \$6.9 million increase in assets is a result of the City's continued use of American Rescue Plan Act (ARPA) funding to support citywide improvement projects. During fiscal year 2024, \$15.7 million of ARPA funding was expended.
 - While the increase in leased assets does not have a bottom line impact on net position, the increase largely results from a new building lease valued at \$9.4 million. During fiscal year 2024, the City completed a major milestone of relocating the Human Services department to a new facility that provides upgraded technology and accommodations.
- The City repaid \$22.5 million of long-term debt, thereby reducing liabilities. No new debt was issued during the fiscal year.
- The net change in pension and OPEB liabilities and their related deferred outflows and inflows of resources resulted in a \$5.7 million reduction resulting in a positive impact on net position.

BUSINESS TYPE ACTIVITIES

The Business-type activities reported a \$7.7 million total positive change in net position, which is largely a result of the Hampton Roads Convention Center (HRCC) generating a \$5.4 million surplus. City Council has committed to funding a portion of the HRCC's operating cost by transferring two percent of the General Fund's total meal and lodging taxes to the HRCC fund. These non-operating revenues offset the fund's annual operating deficit. For the fiscal year ending 2024, \$9.8 million was transferred to the HRCC which offset the \$4.2 million operating deficit resulting in a positive change in net position.

COMPONENT UNIT ACTIVITY

The Component Units experienced an \$8.6 million decrease to its beginning net positions as a result of the implementation of Governmental Accounting Standards Board Statement No. 101 (GASB 101): Compensated Absences. The new GASB, which is discussed further at Note 18, requires governments to calculate compensated absences, including vacation, sick and personal leave, based on the unused and unpaid leave balances. GASB 101 implementation is required for governments with fiscal years that began after December 31, 2023. Hampton City School early implemented.

In terms of current year activity, the Component Units reported a \$27.4 million increase to net position. Positive changes in Hampton City School's operating fund was the primary driver of this increase. The School Operating Fund ended the year with a \$9.3 million increase to net position primarily due to increased State revenue. During fiscal year 2024, the School Operating Fund recognized \$186.7 million in state revenue as compared to \$174.4 million recognized in the prior year. Additionally the net effect of changes in the School's actuarially determined pension and other post employment benefit liabilities resulted in a \$16.9 million positive change in net position.

FINANCIAL ANALYSIS OF GOVERNMENTAL FUNDS

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

The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for discretionary use as they represent the portion of fund balance which has not yet been limited to use for a particular purpose by either an external party, the City itself, or a group or individual that has been delegated authority to assign resources for use for particular purposes by the City's Council. As of June 30, 2024, the City's governmental funds reported combined fund balances of \$356.5 million, an increase of \$15.2 million in comparison to the prior year. Of this amount, \$110 million, or 31%, constitutes unassigned fund balance, which is available for spending at the government's discretion. The remainder of the fund balance is either nonspendable, restricted, committed, or assigned to indicate that it is (1) not in spendable form, \$50 thousand; (2) restricted for particular purposes, \$19.4 million; (3) committed for particular purposes, \$178.6 million; or (4) assigned for particular purposes, \$48.5 million.

ANALYSIS OF INDIVIDUAL FUNDS

GOVERNMENTAL FUNDS

The General Fund is the chief operating fund of the City. The fund balance of the City's General Fund slightly increased by \$2.9 million or 2% for the current fiscal year. The increase in General Fund revenues are primarily a result of increased real estate property tax and interest income, previously discussed. General Fund expenditures also increased by \$39.50 million or 13% when compared to the prior year. Overall, inflation has played a role in increased expenditures. According to the United States Bureau of Labor Statistics, southern Virginia, which encompasses Hampton, experienced a 2.1% increase in the consumer price index for all items including energy cost. Other factors contributing to the increased expenditures include:

- Personal services increased by \$12.8 million. Routine changes such as general wage increases and decreased unemployment rates contribute to increased personal services expenditures. Additionally, the City implemented pay in arrears during fiscal year 2024, which resulted in a \$4.1 million increase in personal services expenses.
- From an operating perspective, the \$11.4 million increase in leased assets, previously discussed, had a correlating increase on General Fund expenditures. While the General Fund did recognize a large increase in expenses as a result of the new leases, it also experienced the same increase in Other Financing Sources, resulting in a net \$0 impact on net position.

The Capital Projects fund ended the year with a \$8.5 million surplus resulting in a 5% increase in the fund's overall net position, ending the year at \$176.5. The increase is directly attributable to increased investment earnings. Of the \$22.8 million of investment earnings previously discussed, \$9.8 million of this balance was recognized in the Capital Projects Fund.

With the exception of the Economic Development fund, the other governmental funds did not experience major changes in their fund balances which align with expectation. The Federal Grant fund recognizes revenues and expenditures in near equal amounts. Similarly, all of the City's debt is paid from the Debt Services fund, but funded by transfers from the General and other funds. Therefore, we do not expect these funds to experience large changes in fund balance. During fiscal year 2024, the Economic Development fund recognized \$2.5 million of revenue for the sale of property which contributed to the \$2.9 million increase reported at year end.

PROPRIETARY FUNDS

The City's proprietary funds provide the same type of information found in the business-type activities portion of the government-wide financial statements, but in more detail.

In addition to the surplus generated by the HRCC, previously discussed, the Wastewater Fund ended fiscal year 2024 with a slight net position increase of \$1.7 million (3%). The ending net position of \$59.8 million, represents more than half of total net position for all proprietary funds. The other proprietary funds, including the Museum, did not experience a significant change relative to their individual funds or collectively.

GENERAL FUND BUDGETARY HIGHLIGHTS

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

Final budget compared to actual results: The General Fund's revenues were budgeted at \$421 million. Actuals performed higher than budgeted, ending the year \$435 million, a 3.2% increase over budget. The most significant differences between estimated revenues and actual revenues were as follows:

- Local Taxes exceeded budget by \$7.3 million or 2.3%
- Revenues from use of money and property exceed budget by \$5.7 million or 120%.

The largest source of local tax revenues are real estate property taxes, which make up more than 50% of the total. While real estate property taxes increased 7.3% over the prior year, actual revenues were under one percent of the budget. The major contributors to the budgetary surpluses for local taxes are business licenses, lodging, meals and sales tax. Collectively, these tax revenues came in \$4.1 million higher than expected. These taxes operate similarly to sales taxes so the City benefitted from the increased cost of goods and services experienced in the market place

during fiscal year 2024. Revenues from use of money came in much higher than expected due to the Federal Reserve keeping the federal funds rate between 5.25% - 5.50% throughout most of FY24.

Actual expenditures and transfers were \$7.4 million below final budget. A significant amount of this variance (\$5.6 million) occurred in the general government function, specifically in non-departmental in the amount of \$1.2 million, boards and commissions in the amount of \$1.6 million, and judicial in the amount of \$1.3 million. Also contributing to this variance was unused budget savings under the City's budget savings program of \$1.0 million.

CAPITAL ASSETS

The City's investment in capital assets for its governmental and business-type activities as of June 30, 2024, amounts to \$1,036.1 million (net of accumulated depreciation/amortization). The total increase in capital assets for the current fiscal year was 2.2%. This investment in capital assets includes land, buildings, machinery, equipment, vehicles, park facilities, roads, highways, bridges, intangibles, etc., as summarized in the schedule below:

Table III Capital Assets (In Thousands)

	Governmental Activities		Business-type Activities		Total	
	2024	2023	2024	2023	2024	2023
Non-depreciable assets:						
Land and land improvements	\$ 524,074	\$ 520,781	\$ 11,066	\$ 11,066	\$ 535,140	\$ 531,847
Easements	2,227	2,227	29	29	2,256	2,256
Construction in progress	39,358	53,681	395	3,422	39,753	57,103
Capital assets being depreciated:						
Buildings and improvements	243,069	227,200	141,908	141,907	384,977	369,106
Lease - Building	15,915	5,171	-	-	15,915	5,171
Improvements other than buildings	81,825	70,567	35,585	35,748	117,410	106,315
Computer software	2,245	2,267	389	402	2,634	2,669
Equipment and vehicles	110,511	99,520	42,864	38,301	153,375	137,821
Lease - Machinery & Equipment	784	678	713	693	1,497	1,371
Exhibits	-	-	15,080	15,071	15,080	15,071
Landfill	-	-	3,866	3,866	3,866	3,866
Infrastructure	255,225	247,589	85,805	80,444	341,030	328,033
Other assets	4,446	4,446	-	-	4,446	4,446
Subscription-based IT Arrangement	176	176	-	-	176	176
Accumulated depreciation	(376,061)	(352,412)	(205,396)	(199,378)	(581,457)	(551,790)
Total	\$ 903,794	\$ 881,891	\$ 132,304	\$ 131,571	\$ 1,036,098	\$ 1,013,462

Component Units	School Board		Economic Development Authority		Coliseum Central Business Improvement District, Inc.	
	2024	2023	2024	2023	2024	2023
Non-depreciable assets:						
Land and land improvements	\$ 5,111	\$ 5,111	\$ 20,127	\$ 20,127	\$ -	\$ -
Capital assets being depreciated:						
Buildings and improvements	48,963	48,963	8,653	8,673	-	-
Improvements other than buildings	310	310	1,548	1,374	-	-
Infrastructure	-	-	2,286	2,249	-	-
Computer software	1,132	1,132	-	-	-	-
Equipment and vehicles	42,831	41,455	623	623	176	165
Right to use assets - building	-	-	-	-	454	454
Right to use assets - machinery & equipment	1,702	1,738	-	-	-	-
Right to use assets - SBITA	272	315	-	-	-	-
Accumulated depreciation	(80,099)	(78,465)	(4,788)	(4,404)	(391)	(319)
Total	\$ 20,222	\$ 20,559	\$ 28,449	\$ 28,642	\$ 239	\$ 300

Component Units	Downtown Hampton		Total Component Units	
	2024	2023	2024	2023
Non-depreciable assets:				
Land and land improvements	\$ -	\$ -	\$ 25,238	\$ 25,238
Other capital assets:				
Buildings and improvements	-	-	57,616	57,636
Improvements other than buildings	-	-	1,858	1,684
Infrastructure	489	489	2,776	2,738
Computer software	13	13	1,145	1,146
Equipment and vehicles	209	209	43,839	42,452
Right to use assets - building	29	29	483	483
Right to use asset - machinery & equipment	-	-	1,702	1,738
Right to use assets - SBITA	-	-	272	315
Accumulated depreciation	(532)	(484)	(85,810)	(83,672)
Total	\$ 209	\$ 256	\$ 49,119	\$ 49,757

The capital plan set forth \$77.9 million to be spent during fiscal year 2024 in various projects including a \$27 million investment in Hampton City School's maintenance and technology; \$19.6 million in citywide street and traffic maintenance; \$9.1 million in the maintenance of public properties; and \$1.9 million in upgrading court and jail security.

LONG-TERM DEBT

At the end of fiscal year 2024, the City had \$298.0 million in outstanding general obligation bonds and \$55.9 million in outstanding revenue bonds. More detailed information about the City's long-term liabilities is presented in Note 10 to the financial statements.

The Commonwealth of Virginia limits the amount of general obligation debt the City can issue to 10% of the assessed valuation of real property. As of June 30, 2024, the City's aggregate general obligation indebtedness is \$1.497 billion below this limit.

Table IV

Change in General Obligation and Revenue Bonds (In Thousands)

June 30, 2024 and 2023

	Governmental Activities		Business-type Activities		Total	
	2024	2023	2024	2023	2024	2023
General Obligation bonds	\$ 297,737	\$ 319,788	\$ 298	\$ 437	\$ 298,035	\$ 320,225
Direct placement revenue bonds	-	-	55,925	60,255	55,925	60,255
Unamortized premium	24,713	26,983	-	-	24,713	26,983
Total primary government	\$ 322,450	\$ 346,771	\$ 56,223	\$ 60,692	\$ 378,673	\$ 407,463

NEXT YEAR'S BUDGET

The City's staff and City Council considered many factors when developing the fiscal year 2025 budget. The fiscal year 2025 approved budget for the General Fund is \$643.2 million, a 5.2% increase over fiscal year 2024. The top priority for the fiscal year 2025 budget will be addressing compression and wages of the civilian workforce and reduction of property tax rates.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

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

Exhibit A-1

CITY OF HAMPTON, VIRGINIA Statement of Net Position June 30, 2024

	Governmental Activities	Primary Government Business-type Activities	Total Primary Government	Component Units
ASSETS				
Cash and cash equivalents	\$ 320,405,575	\$ 38,335,527	\$ 358,741,102	\$ 53,315,762
Cash with fiscal agent	9,503,023	-	9,503,023	9,980,452
Restricted assets- cash and cash equivalents	-	10,550,641	10,550,641	173,456
Investments	129,820,188	-	129,820,188	1,374,910
Restricted assets - investments	-	12,672,104	12,672,104	-
Accounts receivable	21,537,272	8,117,870	29,655,142	1,772,281
Intergovernmental receivables	19,068,848	-	19,068,848	16,101,941
Due from component units	159,071	7,655	166,726	-
Due from primary government	-	-	-	1,078,424
Lease receivable	208,044	-	208,044	7,110,662
Lease receivable from primary government	-	-	-	523,176
Lease receivable from component units	5,302	-	5,302	-
Internal balances	(14,376,805)	14,376,805	-	-
Inventories	251,926	541,116	793,042	566,727
Prepaid items	340,247	60,251	400,498	42,396
Land held for sale	-	-	-	11,678,256
Capital assets not being depreciated	565,659,486	11,489,813	577,149,299	25,237,747
Capital assets, net of amortization/accumulated depreciation	338,134,588	120,814,241	458,948,829	23,880,965
Total assets	1,390,716,765	216,966,023	1,607,682,788	152,837,155
DEFERRED OUTFLOWS OF RESOURCES				
Deferred charge on refunding	2,266,032	2,078,592	4,344,624	-
Related to pensions	29,299,694	2,016,241	31,315,935	43,439,761
Related to other postemployment benefits	33,628,321	680,997	34,309,318	6,685,441
Total deferred outflows of resources	65,194,047	4,775,830	69,969,877	50,125,202
LIABILITIES				
Accounts payable and accrued liabilities	49,930,124	5,245,927	55,176,051	36,343,150
Due to component units	1,078,409	15	1,078,424	-
Due to Primary Government	-	-	-	166,727
Unearned revenues	22,927,909	5,224,699	28,152,608	1,808,186
Current liabilities payable from restricted assets	-	1,874,738	1,874,738	-
Noncurrent liabilities:				
Due within one year	45,136,627	5,199,864	50,336,491	4,043,139
Due in more than one year:				
Notes and other long-term payables	14,753,937	284,413	15,038,350	13,249,031
Lease payable	11,707,837	219,208	11,927,045	404,376
Lease payable to component unit	439,357	-	439,357	-
Subscription payable	77,047	-	77,047	9,643
Bonds payable	298,126,187	51,657,508	349,783,695	-
Net pension liability	119,531,102	7,939,963	127,471,065	130,722,898
Net OPEB liability	95,621,650	3,524,346	99,145,996	28,259,086
Total liabilities	659,330,186	81,170,681	740,500,867	215,006,236
DEFERRED INFLOWS OF RESOURCES				
Deferred charge on refunding	4,156,644	950,323	5,106,967	-
Property taxes collected in advance	3,061,134	-	3,061,134	-
Related to leases	227,060	-	227,060	6,807,049
Related to leases from Primary Government	-	-	-	527,382
Related to pensions	14,205,001	1,239,246	15,444,247	18,117,437
Related to other postemployment benefits	28,652,795	1,858,405	30,511,200	4,124,236
Total deferred inflows of resources	50,302,634	4,047,974	54,350,608	29,576,104
NET POSITION				
Net investment in capital assets	644,972,510	83,160,757	728,133,267	47,683,218
Restricted for:				
Capital projects	7,078,005	-	7,078,005	-
Debt service	65,492	-	65,492	-
Public safety projects	1,016,596	-	1,016,596	-
Stormwater management	12,274,811	-	12,274,811	-
Human services	1,089,851	-	1,089,851	-
Bond indenture	-	8,179,030	8,179,030	173,456
Culture and recreation	77,040	-	77,040	-
Physical environment	998,529	-	998,529	-
Education	6	-	6	-
Community development	908,335	-	908,335	-
Operations and maintenance	136,596	-	136,596	-
Other purposes	4,846,922	-	4,846,922	-
Unrestricted (deficit)	72,813,299	45,183,411	117,996,710	(89,476,657)
Total net position (deficit)	\$ 746,277,992	\$ 136,523,198	\$ 882,801,190	\$ (41,619,983)

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

CITY OF HAMPTON, VIRGINIA Statement of Activities For the Year Ended June 30, 2024

Functions/Programs	Program Revenues				Net (Expenses) Revenue and Change in Net Position			
	Expenses	Operating Grants		Capital Grants	Primary Government			Discretely Presented Component Units
		Charges for	and	and	Governmental Activities	Business-type Activities	Total	
Primary Government								
Governmental activities:								
General government	\$ 145,201,041	\$ 31,145,260	\$ 35,793,422	\$ 16,182,193	\$ (62,080,166)	\$ -	\$ (62,080,166)	\$ -
Public safety	94,516,846	5,499,064	12,420,364	20,082	(76,577,336)	-	(76,577,336)	-
Highways and streets	7,704,321	-	22,109,572	3,914,793	18,320,044	-	18,320,044	-
Health	9,552,490	-	-	-	(9,552,490)	-	(9,552,490)	-
Human services	35,438,970	13,572	25,248,034	83,719	(10,093,645)	-	(10,093,645)	-
Culture and recreation	22,417,038	2,668,052	104,402	339,413	(19,305,171)	-	(19,305,171)	-
Education (payment to school district)	91,804,718	-	-	-	(91,804,718)	-	(91,804,718)	-
Education and educational services	12,427,809	1,497	287,222	-	(12,139,090)	-	(12,139,090)	-
Interest on long-term debt	8,955,338	213,185	-	-	(8,742,153)	-	(8,742,153)	-
Total Governmental Activities	428,018,571	39,540,630	95,963,016	20,540,200	(271,974,725)	-	(271,974,725)	-
Business-type activities								
Coliseum	20,278,485	19,845,624	14,159	-	-	(418,702)	(418,702)	-
Convention Center	8,648,816	3,746,306	-	-	-	(4,902,510)	(4,902,510)	-
The Hamptons	1,119,397	846,606	-	-	-	(272,791)	(272,791)	-
Woodlands	823,533	694,882	-	-	-	(128,651)	(128,651)	-
Museum	3,756,999	2,106,964	1,873,199	-	-	223,164	223,164	-
Solid Waste	17,224,930	15,722,013	-	-	-	(1,502,917)	(1,502,917)	-
Refuse-Steam Plant	7,861,644	4,113,339	3,161,887	-	-	(586,418)	(586,418)	-
Wastewater Management	9,498,931	10,827,208	-	-	-	1,328,277	1,328,277	-
Total Business-type activities	69,212,735	57,902,942	5,049,245	-	-	(6,260,548)	(6,260,548)	-
Total Primary Government	497,231,306	97,443,572	101,012,261	20,540,200	(271,974,725)	(6,260,548)	(278,235,273)	-
Component units								
Public school system	\$ 317,256,146	\$ 7,972,419	\$ 243,368,674	\$ -	\$ -	\$ -	\$ -	\$ (65,915,053)
Economic development authority	7,384,713	6,463,020	55,500	-	-	-	-	(866,193)
Business improvement	1,431,697	690,438	-	-	-	-	-	(741,259)
Downtown development	737,999	319,544	169,932	-	-	-	-	(248,523)
Total component units	326,810,555	15,445,421	243,594,106	-	-	-	-	(67,771,028)
General revenues and transfers:								
General revenues:								
Property taxes					221,925,655	-	221,925,655	-
Sales taxes					22,853,413	-	22,853,413	-
Lodging, meal and amusement taxes					38,130,453	-	38,130,453	-
Motor vehicle taxes					4,421,457	-	4,421,457	-
Business license taxes					17,159,754	-	17,159,754	-
Utility taxes					5,177,516	-	5,177,516	-
Tobacco taxes					3,442,184	-	3,442,184	-
Recordation taxes					1,716,765	-	1,716,765	-
Bank stock taxes					763,118	-	763,118	-
License Tax-Par-Mutual					2,660,421	-	2,660,421	-
Short-term rental taxes					188,493	-	188,493	-
Communication sales tax					6,025,153	-	6,025,153	-
Mobile home titling tax					21,147	-	21,147	-
Payments from (to) City					-	-	-	95,038,332
Investment earnings					22,796,439	592,106	23,388,545	85,039
Miscellaneous					756,260	-	756,260	20,524
Transfers					(13,355,553)	13,355,553	-	-
Total general revenues and transfers					334,682,675	13,947,659	348,630,334	95,143,895
Change in net position (deficit)					62,707,950	7,687,111	70,395,061	27,372,867
Net position(deficit), beginning of year, as restated					683,570,042	128,836,087	812,406,129	(68,992,850)
Net position(deficit), ending					\$ 746,277,992	\$ 136,523,198	\$ 882,801,190	\$ (41,619,983)

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

Exhibit A-3

CITY OF HAMPTON, VIRGINIA
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2024

	Special Revenue						
	General Fund	Federal Grants	Economic Development	Debt Service	Capital Projects	Other Governmental Funds	Total Governmental Funds
ASSETS							
Cash and cash equivalents	\$ 136,975,160	\$ 3,350,708	\$ 12,116,327	\$ 544,242	\$ 99,155,027	\$ 12,752,278	\$ 264,893,742
Investments	33,577,679	-	-	-	96,242,509	-	129,820,188
Property tax receivables (net of allowance of uncollectible)	14,326,518	-	-	-	-	-	14,326,518
Intergovernmental receivables:							
Due from Commonwealth of Virginia	11,286,260	4,065,766	-	-	599,056	-	15,951,082
Due from Federal Government	1,485,954	1,478,006	-	-	-	153,807	3,117,767
Accounts receivables	5,738,072	126,320	297,537	2,380	361,597	578,204	7,104,110
Leases receivable	27,532	-	180,512	-	-	-	208,044
Leases receivable from component unit	-	-	5,302	-	-	-	5,302
Due from other funds	12,761,136	-	-	-	14,411,241	-	27,172,377
Due from component units	13,119	-	-	-	-	-	13,119
Inventories	44,950	-	-	-	-	-	44,950
Prepaid items	4,459	230	-	-	-	-	4,689
Total assets	<u>\$ 216,240,839</u>	<u>\$ 9,021,030</u>	<u>\$ 12,599,678</u>	<u>\$ 546,622</u>	<u>\$ 210,769,430</u>	<u>\$ 13,484,289</u>	<u>\$ 462,661,888</u>
LIABILITIES							
Accounts payable	\$ 10,851,283	\$ 1,082,027	\$ -	\$ -	\$ 9,286,219	\$ 331,619	\$ 21,551,148
Accrued health insurance	13,085,446	-	-	-	-	-	13,085,446
Accrued liabilities	9,327,694	172,866	-	-	-	148,042	9,648,602
Due to other funds	15,911,255	-	-	-	4,458,232	-	20,369,487
Due to component units	77,188	1,221	1,000,000	-	-	-	1,078,409
Unearned revenues	149,423	2,265,326	232,311	-	20,507,190	-	23,154,250
Total liabilities	<u>49,402,289</u>	<u>3,521,440</u>	<u>1,232,311</u>	<u>-</u>	<u>34,251,641</u>	<u>479,661</u>	<u>88,887,342</u>
DEFERRED INFLOWS OF RESOURCES							
Unavailable revenue-property taxes	10,882,842	-	-	-	-	-	10,882,842
Property taxes collected in advance	3,061,134	-	-	-	-	-	3,061,134
Related to leases	28,609	-	198,451	-	-	-	227,060
Unavailable revenue-program income	-	-	-	-	-	72,150	72,150
Unavailable revenue-opioid settlement funds	2,520,163	-	-	-	-	-	2,520,163
Unavailable revenue-stormwater fees	-	-	-	-	-	546,759	546,759
Total deferred inflows of resources	<u>16,492,748</u>	<u>-</u>	<u>198,451</u>	<u>-</u>	<u>-</u>	<u>618,909</u>	<u>17,310,108</u>
FUND BALANCES							
Nonspendable	49,409	230	-	-	-	-	49,639
Restricted	2,799,785	2,801,701	844,161	65,492	540,018	12,385,719	19,436,876
Committed	21,758,435	-	1,825,157	-	155,050,966	-	178,634,558
Assigned	15,849,736	2,697,659	8,499,598	481,130	20,926,805	-	48,454,928
Unassigned	109,888,437	-	-	-	-	-	109,888,437
Total fund balances	<u>150,345,802</u>	<u>5,499,590</u>	<u>11,168,916</u>	<u>546,622</u>	<u>176,517,789</u>	<u>12,385,719</u>	<u>356,464,438</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 216,240,839</u>	<u>\$ 9,021,030</u>	<u>\$ 12,599,678</u>	<u>\$ 546,622</u>	<u>\$ 210,769,430</u>	<u>\$ 13,484,289</u>	<u>\$ 462,661,888</u>

CITY OF HAMPTON, VIRGINIA
Reconciliation of the Balance Sheet of Governmental Funds
To the Statement of Net Position (Exhibit A-1)
June 30, 2024

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

Total fund balances - governmental funds		\$ 356,464,438
Capital assets of \$1,262,980,548, net of accumulated depreciation of \$372,865,115, used in governmental activities are not financial resources and, therefore, are not reported in the funds.		890,115,433
Intangible right-to-use assets of \$16,874,527, net of accumulated amortization of \$3,195,885, used in governmental activities are not financial resources and therefore are not reported in the funds.		13,678,642
Differences between expected and actual experiences, assumption changes and net differences between projected and actual earnings and contributions subsequent to the measurement date for the postretirement benefits (pension and OPEB) are recognized as deferred outflows of resources and deferred inflows of resources on the Statement of Net Position.		
Deferred outflows - pension related	29,299,694	
Deferred outflows - OPEB related	33,628,321	
Deferred inflows - pension related	(14,205,003)	
Deferred inflows - OPEB related	(28,652,795)	
Total deferred outflows and inflows related to postemployment benefits		20,070,217
Other long-term assets that are not available to pay for current period expenditures and, therefore, are either deferred or not reported in funds.		14,021,946
Internal service funds are used by management to charge the cost of fleet management and risk management and certain other activities to individual funds. The assets, deferred outflows of resources, liabilities, and deferred inflows of resources of the internal service funds are included in governmental activities in the Statement of Net Position on the Combining Statement of Net Position-Internal Service Funds (Exhibit A-6)		
Internal Service Fund Total Net Position	59,446,033	
Deferred outflows - pension related	(357,475)	
Deferred outflows - OPEB related	(149,518)	
Deferred inflows - pension related	149,472	
Deferred inflows - OPEB related	411,923	
Capital assets	(21,239,729)	
Current and noncurrent portion of long-term liabilities	27,466,723	
Total		65,727,429
Long-term liabilities that are not due and payable in the current period, and therefore, are not reported in the funds.		
General obligation bonds payable	(322,450,217)	
Compensated absences	(9,051,992)	
Lease and subscription payable	(13,866,072)	
Net pension liability	(119,531,102)	
Net OPEB liability	(95,621,650)	
Notes and other long-term payables	(24,872,711)	
Total long-term liabilities		(585,393,744)
Accrued interest payable in long-term debt		(3,836,048)
Governmental funds report the effect of premiums, discounts, and refunding and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities.		
Deferred outflows on refunding	2,266,032	
Deferred inflows on refunding	(4,156,644)	
Total deferred outflows and inflows on refunding		(1,890,612)
Interfund balances related to amounts eliminated in the Statement of Net Position		(22,679,709)
Net position of governmental activities		<u>\$ 746,277,992</u>

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

CITY OF HAMPTON, VIRGINIA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2024

	General Fund	Special Revenue				Other Governmental Funds	Total Governmental Funds
		Federal Grants	Economic Development	Debt Service	Capital Projects		
REVENUES							
Property taxes	\$ 222,163,170	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 222,163,170
Other local taxes	102,538,727	-	-	-	-	-	102,538,727
Special assessments	1,630,065	-	-	-	-	-	1,630,065
Intergovernmental revenues:							
From the Commonwealth of Virginia	63,213,265	10,860,726	43,333	-	1,051,077	-	75,168,401
From the Federal government	12,125,624	4,212,112	-	213,185	18,486,774	2,311,249	37,348,944
Permits, privilege fees and regulatory licenses	2,082,462	-	-	-	-	-	2,082,462
Fines and forfeitures	1,008,007	-	-	-	-	-	1,008,007
Revenues from use of money and property	10,467,976	-	3,268,180	17,582	9,833,408	336,511	23,923,657
Charges for services	9,904,546	-	-	-	-	13,418,493	23,323,039
Payment from component units	2,882,000	-	-	-	532,000	-	3,414,000
Miscellaneous	5,952,871	1,305,110	-	-	69,079	172,854	7,499,914
Recovered costs	986,369	-	-	-	-	-	986,369
Total revenues	434,955,082	16,377,948	3,311,513	230,767	29,972,338	16,239,107	501,086,755
EXPENDITURES							
Current:							
General government	128,775,019	3,938,839	441,082	-	-	2,815,644	135,970,584
Public safety	72,167,196	6,156,523	-	-	-	-	78,323,719
Highways and streets	2,304,758	-	-	-	-	-	2,304,758
Sanitation	-	-	-	-	-	7,217,704	7,217,704
Health	5,282,477	-	-	-	-	-	5,282,477
Human services	34,958,045	9,655,513	-	-	-	-	44,613,558
Culture and recreation	14,480,388	106,653	-	-	-	-	14,587,041
Education (payment to school district)	91,804,718	-	-	-	-	-	91,804,718
Education and education services	2,569,676	-	-	-	-	-	2,569,676
Capital improvements	-	-	-	-	63,571,930	-	63,571,930
Debt Service:							
Principal retirement	1,437,417	3,059	-	21,270,940	-	782,872	23,494,288
Interest and fiscal charges	198,213	18	-	10,783,254	-	688,675	11,670,160
Total expenditures	353,977,907	19,860,605	441,082	32,054,194	63,571,930	11,504,895	481,410,613
Excess (deficiency) of revenues over (under) expenditures	80,977,175	(3,482,657)	2,870,431	(31,823,427)	(33,599,592)	4,734,212	19,676,142
OTHER FINANCING SOURCES (USES)							
Lease and subscription based financing	11,123,489	1,428	-	-	-	-	11,124,917
Transfers in	252,516	2,508,751	43,333	31,835,942	42,240,531	21,579	76,902,652
Transfers out	(89,414,772)	(42,984)	-	-	(88,896)	(2,922,008)	(92,468,660)
Other financing sources (uses), net	(78,038,767)	2,467,195	43,333	31,835,942	42,151,635	(2,900,429)	(4,441,091)
Net change in fund balances	2,938,408	(1,015,462)	2,913,764	12,515	8,552,043	1,833,783	15,235,051
Fund balances, beginning of year	147,407,394	6,515,052	8,255,152	534,107	167,965,746	10,551,936	341,229,387
Fund balances, end of year	\$ 150,345,802	\$ 5,499,590	\$ 11,168,916	\$ 546,622	\$ 176,517,789	\$ 12,385,719	\$ 356,464,438

CITY OF HAMPTON, VIRGINIA Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities (Exhibit A-2) For the Year Ended June 30, 2024

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

Net change in fund balance - total governmental funds	\$	15,235,051
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Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of these assets is allocated over their estimated useful lives and reported as depreciation expenses. This is the amount by which capital outlays exceeded depreciation expenses in the current period. Loss on disposal of assets is not reported in the governmental funds, but is reflected in the Statement of Activities.

Capital acquisitions	30,344,290	
Capital outlay - Intangible right-to-use assets	11,124,917	
Depreciation and amortization expense	<u>(23,399,099)</u>	
		18,070,108

Revenues in the statement of activities that do not provided current financial resources are not reported as revenue in the funds but earned during the period that are not yet available are reported in the Statement of Activities, but not reported as revenues in the funds		1,130,450
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The net effect of various miscellaneous transactions involving capital assets (i.e. sales, trade-in, and donations) is to increase (or decrease) net position.

Donated capital assets	121,500	
Loss on disposal of assets	<u>(1,301,013)</u>	
		(1,179,513)

Bonds and other debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Repayment of bonds and other debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position. Also, governmental funds report the effect of premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities.

Increase in compensated absences	(267,835)	
Repayment of debt principal	22,050,940	
Principal paid on leases	1,443,348	
Proceeds from lease issued	<u>(11,124,917)</u>	
		12,101,536

The internal service funds are used by management to charge the costs of equipment replacement, fleet management, information technology, and risk management to individual funds. The net revenue of the internal service funds is reported with governmental activities.		8,961,312
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Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.

Change in accrued interest expense for long-term debt	330,696	
Change in accrued interest expense for intangible right-to-use lease liabilities	(34,648)	
Amortization of premiums	2,341,669	
Changes in pension liabilities and related deferred outflows and inflows of resources	2,726,254	
Changes in OPEB liabilities and related deferred outflows and inflows of resources	<u>3,025,035</u>	
		8,389,006

Change in net position of governmental activities	\$	<u>62,707,950</u>
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The accompanying notes are an integral part of these financial statements.

CITY OF HAMPTON, VIRGINIA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
BUDGET BASIS
GENERAL FUND
For the Year Ended June 30, 2024

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual	Over (Under)
REVENUES				
Intergovernmental:				
From the Commonwealth of Virginia	\$ 45,882,499	\$ 64,731,150	\$ 63,213,265	\$ (1,517,885)
From the Federal government	10,488,067	10,488,067	12,125,624	1,637,557
Local taxes	332,808,370	317,354,441	324,701,897	7,347,456
Special assessments	2,129,319	2,129,319	1,630,065	(499,254)
Licenses and permits	1,515,509	1,515,509	2,082,462	566,953
Fines and forfeitures	814,054	814,054	1,008,007	193,953
Revenues from use of money and property	4,755,828	4,755,828	10,465,664	5,709,836
Charges for services	9,988,590	9,988,590	9,904,546	(84,044)
Recovered costs	957,640	957,640	986,369	28,729
Payment from component units	3,322,974	3,322,974	2,882,000	(440,974)
Miscellaneous	5,488,108	5,270,816	5,952,872	682,056
Total revenues	<u>418,150,958</u>	<u>421,328,388</u>	<u>434,952,771</u>	<u>13,624,383</u>
EXPENDITURES				
Current:				
General government	153,693,863	133,172,465	127,587,840	(5,584,625)
Public safety	64,596,477	72,814,252	72,113,696	(700,556)
Highways and streets	2,810,220	2,647,900	2,304,758	(343,142)
Health	5,821,092	5,549,339	5,282,477	(266,862)
Human services	25,372,058	25,884,924	25,481,400	(403,524)
Culture and recreation	13,245,716	14,531,879	14,458,878	(73,001)
Education	94,187,606	93,991,084	93,989,735	(1,349)
Debt Service	-	1,635,630	1,635,630	-
Total expenditures	<u>359,727,032</u>	<u>350,227,473</u>	<u>342,854,414</u>	<u>(7,373,059)</u>
Excess of revenues over expenditures	<u>58,423,926</u>	<u>71,100,915</u>	<u>92,098,357</u>	<u>20,997,442</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	229,292	252,516	23,224
Transfers out	(70,828,017)	(89,450,754)	(89,414,772)	35,982
Total other financing uses, net	<u>(70,828,017)</u>	<u>(89,221,462)</u>	<u>(89,162,256)</u>	<u>59,206</u>
Net change in fund balances	(12,404,091)	(18,120,547)	2,936,101	<u>\$ 21,056,648</u>
Appropriations from fund balance	12,404,091	17,390,453		
Appropriations - encumbrances	-	<u>730,094</u>		
Fund balance - July 1	-	-	<u>147,363,864</u>	
Fund balance - June 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 150,299,965</u>	

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

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

CITY OF HAMPTON, VIRGINIA STATEMENT OF NET POSITION PROPRIETARY FUNDS June 30, 2024

	Business-type Activities - Enterprise Funds					Governmental Activities Internal Service Funds
	Wastewater Management	Museum	Convention Center	Non-Major Enterprise Funds	Totals	
ASSETS						
Current assets:						
Cash and cash equivalents	\$ 11,189,955	\$ 3,594,658	\$ -	\$ 23,550,914	\$ 38,335,527	\$ 55,511,833
Cash with fiscal agent	-	-	-	-	-	9,503,023
Restricted assets to be used to liquidate current liabilities:						
Revenue bond indenture:						
Cash and cash equivalents	-	-	10,278,447	-	10,278,447	-
Accounts receivable, net	2,372,118	424,500	865,004	4,456,248	8,117,870	332,984
Due from other funds	-	-	-	-	-	1,500,014
Due from component units	-	-	-	7,655	7,655	145,952
Inventories	244,696	172,153	-	124,267	541,116	206,975
Prepaid items	365	15,888	5,578	38,420	60,251	335,558
Restricted assets:						
Revenue bond indenture:						
Cash and cash equivalents	-	-	272,194	-	272,194	-
Investments	-	-	12,672,104	-	12,672,104	-
Total current assets	13,807,134	4,207,199	24,093,327	28,177,504	70,285,164	67,536,339
Noncurrent Assets:						
Capital Assets:						
Land	145,615	1,921,420	5,332,401	3,666,905	11,066,341	-
Easements	28,943	-	-	-	28,943	-
Buildings and improvements	2,679,494	33,211,773	90,787,867	15,228,697	141,907,831	-
Improvements other than buildings	290,651	6,800	4,396,863	30,891,144	35,585,458	477,601
Computer software	153,386	-	-	235,843	389,229	215,775
Equipment	6,876,654	5,134,213	1,915,287	28,938,340	42,864,494	51,929,157
Leased equipment	8,176	17,691	-	686,397	712,264	29,302
Subscription based assets	-	-	-	-	-	176,283
Construction in progress	-	313,064	-	81,465	394,529	3,968,228
Exhibits	-	15,080,134	-	-	15,080,134	-
Landfill	-	-	-	3,865,986	3,865,986	-
Infrastructure	85,805,303	-	-	-	85,805,303	-
Less accumulated depreciation/ amortization	(45,474,606)	(50,293,795)	(48,223,738)	(61,404,319)	(205,396,458)	(35,556,617)
Total capital assets	50,513,616	5,391,300	54,208,680	22,190,458	132,304,054	21,239,729
Total noncurrent assets	50,513,616	5,391,300	54,208,680	22,190,458	132,304,054	21,239,729
Total assets	64,320,750	9,598,499	78,302,007	50,367,962	202,589,218	88,776,068
DEFERRED OUTFLOWS OF RESOURCES						
Deferred charge on refunding	-	-	2,078,592	-	2,078,592	-
Related to pensions	617,032	-	-	1,399,209	2,016,241	357,475
Related to other postemployment benefits	184,864	-	-	496,133	680,997	149,518
Total deferred outflows of resources	801,896	-	2,078,592	1,895,342	4,775,830	506,993

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

FUND FINANCIAL STATEMENTS

	Business-type Activities - Enterprise Funds					Governmental Activities
	Wastewater Management	Museum	Convention Center	Non-Major Enterprise Funds	Totals	Internal Service Funds
LIABILITIES						
Current liabilities:						
Accounts payable	558,424	197,611	-	3,014,431	3,770,466	1,717,752
Accrued liabilities	-	-	107,670	-	107,670	2,551
Accrued leave	153,331	43,460	-	260,928	457,719	80,659
Due to other funds	-	749,000	-	7,553,904	8,302,904	-
Due to component units	-	-	-	15	15	-
Unearned revenues	-	445,433	-	4,779,266	5,224,699	-
Current portion of lease payable	2,629	3,980	-	169,989	176,598	9,588
Current portion of subscription payable	-	-	-	-	-	35,141
Current portion of long-term debt	-	-	4,420,000	145,547	4,565,547	1,209,818
Current portion for claims and judgements	-	-	-	-	-	12,487,169
Current liabilities payable from restricted assets:						
Accounts payable	-	-	1,491,480	-	1,491,480	-
Accrued interest payable	-	-	383,257	-	383,257	-
Other liabilities	168,675	34,275	73,610	1,091,229	1,367,789	88,607
Total current liabilities	883,059	1,473,759	6,476,017	17,015,309	25,848,144	15,631,285
Noncurrent liabilities:						
Claims payable	-	-	-	-	-	1,212,038
Accrued leave	35,151	-	-	249,262	284,413	71,324
Bonds payable	-	-	51,505,000	152,508	51,657,508	-
Lease payable	5,093	8,290	-	205,825	219,208	14,423
Subscription payable	-	-	-	-	-	77,047
Notes payable	-	-	-	-	-	9,963,686
Net pension liability	2,562,128	-	-	5,377,835	7,939,963	1,484,358
Net other postemployment benefits liability	1,245,970	-	-	2,278,376	3,524,346	821,472
Total noncurrent liabilities	3,848,342	8,290	51,505,000	8,263,806	63,625,438	13,644,348
Total liabilities	4,731,401	1,482,049	57,981,017	25,279,115	89,473,582	29,275,633
DEFERRED INFLOWS OF RESOURCES						
Deferred charge on refunding	-	-	950,323	-	950,323	-
Related to pensions	258,002	-	-	981,244	1,239,246	149,472
Related to other postemployment benefits	381,108	-	-	1,477,297	1,858,405	411,923
Total deferred inflows of resources	639,110	-	950,323	2,458,541	4,047,974	561,395
NET POSITION						
Net investment in capital assets	50,505,894	5,379,030	5,759,245	21,516,589	83,160,758	9,930,026
Restricted						
Bond indenture	-	-	8,179,030	-	8,179,030	-
Unrestricted	9,246,241	2,737,420	7,510,984	3,009,059	22,503,704	49,516,007
Total net position	\$ 59,752,135	\$ 8,116,450	\$ 21,449,259	\$ 24,525,648	\$ 113,843,492	\$ 59,446,033

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

Net position of enterprise funds	\$ 113,843,492
Amounts reported for business-type activities in the Statement of Net Position are different because:	
Net revenue of internal service funds IS allocated to funds receiving services	458,625
Interfund reimbursement for allocated overhead costs	22,221,081
Net position business-type activities	\$ 136,523,198

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

CITY OF HAMPTON, VIRGINIA
STATEMENT OF REVENUES, EXPENSES IN CHANGES IN NET POSITION
PROPRIETARY FUNDS
For the Year Ended June 30, 2024

	Business-type Activities-Enterprise Funds	
	Wastewater Management	Museum
Operating revenues:		
Charges for services	\$ 10,794,651	\$ 1,847,817
Federal revenues	-	259,147
Other	10,249	1,873,199
Total operating revenues	10,804,900	3,980,163
Operating expenses:		
Personal services	3,076,362	1,262,809
Fringe benefits	484,899	135,880
Promoters fees	-	-
Cost of goods sold	391,983	213,554
Utilities	322,588	335,012
Insurance	55,268	94,475
Operating supplies	164,699	170,515
Equipmental rental	-	5,543
Equipment and building repairs	613,554	127,007
Telephone and postage	40,169	13,471
General expense	50,947	283,752
Claims	-	-
Landfill costs	-	-
Contractual services	2,392,097	498,300
Indirect cost	456,000	-
Depreciation and amortization	1,906,325	616,678
Total operating expenses	9,954,891	3,756,996
Operating income (loss)	850,009	223,167
Nonoperating revenues (expenses):		
Interest income	-	33,682
Interest and fiscal charges	(51)	-
Gain (loss) on disposal of capital assets	22,308	-
Miscellaneous	-	-
Net increase in fair value of investments	-	-
Total nonoperating revenues (expenses), net	22,257	33,682
Income (loss) before transfers, net	872,266	256,849
Capital contributions	-	-
Transfers in(out)	834,700	-
Change in net position	1,706,966	256,849
Net position, beginning of year	58,045,169	7,859,601
Net position, end of year	\$ 59,752,135	\$ 8,116,450

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

Business-type Activities - Enterprise Funds			Governmental Activities
Convention Center	Non-Major Enterprise Funds	Totals	Internal Service Funds
\$ 2,885,583	\$ 39,236,946	\$ 54,764,997	\$ 27,686,569
-	3,161,887	3,421,034	-
-	31	1,883,479	-
2,885,583	42,398,864	60,069,510	27,686,569
1,473,002	9,287,768	15,099,941	1,657,229
326,009	1,337,475	2,284,263	254,658
-	10,251,391	10,251,391	-
-	686,532	1,292,069	5,919,380
998,339	1,672,955	3,328,894	51,683
179,473	897,542	1,226,758	4,411,713
282,149	1,799,425	2,416,788	169,030
-	79,632	85,175	52,836
494,914	2,840,033	4,075,508	46,853
37,344	173,051	264,035	1,091,310
301,619	2,409,248	3,045,566	125,235
-	-	-	3,694,363
-	6,934,975	6,934,975	-
449,669	5,507,021	8,847,087	2,732,550
-	574,470	1,030,470	-
2,547,737	3,350,697	8,421,437	3,323,281
7,090,255	47,802,215	68,604,357	23,530,121
(4,204,672)	(5,403,351)	(8,534,847)	4,156,448
230,154	280,196	544,032	2,435,724
(1,558,560)	(93,248)	(1,651,859)	(155,788)
-	13,010	35,318	7,750
328,270	-	328,270	-
(1,000,136)	199,958	(744,239)	2,287,686
(5,204,808)	(5,203,393)	(9,279,086)	6,444,134
860,723	1,719,451	2,580,174	306,724
9,788,230	2,732,623	13,355,553	2,210,454
5,444,145	(751,319)	6,656,641	8,961,312
16,005,114	25,276,967	107,186,851	50,484,721
\$ 21,449,259	\$ 24,525,648	\$ 113,843,492	\$ 59,446,033

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

Change in net position	\$ 6,656,641
Interfund reimbursement of overhead costs	1,030,470
Change in net position - Business-type activities	<u>\$ 7,687,111</u>

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

CITY OF HAMPTON, VIRGINIA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Year Ended June 30, 2024

	Business-type Activities-Enterprise Funds					Governmental Activities
	Wastewater Management	Museum	Convention Center	Non-Major Enterprise Funds	Totals	Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES						
Cash received from customers	\$ 10,533,430	\$ 3,915,122	\$ 2,645,984	\$ 46,206,306	\$ 63,300,842	\$ 27,520,720
Cash payments to suppliers for goods and services	(5,091,784)	(1,744,240)	(2,284,310)	(34,928,763)	(44,049,097)	(18,135,112)
Cash payments to employees for services	(3,688,188)	(1,384,854)	(1,460,402)	(9,819,396)	(16,352,840)	(1,821,572)
Net cash provided by (used in) operating activities	1,753,458	786,028	(1,098,728)	1,458,147	2,898,905	7,564,036
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES						
Cash received from other funds	834,700	-	9,788,230	2,916,623	13,539,553	2,710,439
Cash paid to other funds	-	-	-	(184,000)	(184,000)	-
Net cash provided by (used in) noncapital financing activities	834,700	-	9,788,230	2,732,623	13,355,553	2,710,439
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES						
Acquisition and construction of capital assets	(2,692,576)	(26,490)	-	(3,952,485)	(6,671,551)	(8,051,466)
Proceeds from issuance of long-term debt	7,722	-	-	-	7,722	5,731,340
Principal paid on revenue bond maturities and long-term debt	-	(3,284)	(4,330,000)	(307,073)	(4,640,357)	(751,282)
Interest paid on revenue bonds and long-term debt	(25)	(278)	(1,581,676)	(93,248)	(1,675,227)	(155,788)
Sale of capital assets	22,308	-	-	121,338	143,646	59,068
Net cash used in capital and related financing activities	(2,662,571)	(30,052)	(5,911,676)	(4,231,468)	(12,835,766)	(3,168,128)
CASH FLOWS FROM INVESTING ACTIVITIES						
Purchase of investment securities	-	-	160,803	-	160,803	-
Interest and dividends on investments	-	33,682	36,173	280,048	349,903	2,398,577
Net cash provided by (used in) investing activities	-	33,682	196,976	280,048	510,706	2,398,577
Net increase (decrease) in cash and cash equivalents (including restricted amounts)	(74,413)	789,658	2,974,802	239,350	3,929,397	9,504,924
Cash and cash equivalents (including restricted), July 1	11,264,368	2,805,000	7,575,839	23,311,564	44,956,771	55,509,932
Cash and cash equivalents, June 30	\$ 11,189,955	\$ 3,594,658	\$ 10,550,641	\$ 23,550,914	\$ 48,886,167	\$ 65,014,856

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

FUND FINANCIAL STATEMENTS

	Business-type Activities-Enterprise Funds					Governmental Activities
	Wastewater Management	Museum	Convention Center	Non-Major Enterprise Funds	Totals	Internal Service Funds
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:						
Operating income (loss)	\$ 850,009	\$ 223,167	\$ (4,204,672)	\$ (5,403,351)	\$ (8,534,847)	\$ 4,156,448
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:						
Depreciation and amortization expense	1,906,325	616,678	2,547,737	3,350,697	8,421,437	3,323,281
Decrease (increase) in:						
Accounts receivable	(271,469)	(78,471)	(239,601)	139,320	(450,221)	(116,678)
Due from other funds	-	-	-	682,500	682,500	-
Due from component units	-	-	-	6,149	6,149	(86,317)
Inventories	69,220	(23,997)	-	(22,575)	22,648	79,872
Prepaid items	(365)	1,049	(330)	36,690	37,044	(94,613)
Increase (decrease) in:						
Accounts payable	(188,436)	38,796	803,557	1,179,277	1,833,194	363,518
Accrued leave	6,412	13,835	-	20,242	40,489	(965)
Due to other funds	-	-	-	(645)	(645)	-
Due to component unit	-	-	-	-	-	(30)
Other liabilities	168,650	(18,459)	12,600	348,858	511,649	87,926
Unearned revenues	-	13,430	-	2,997,396	3,010,826	-
Accrued liabilities	-	-	(18,019)	-	(18,019)	(585)
Accrued claims	-	-	-	-	-	1,081,162
Accounts receivable reported as nonoperating activities	-	-	-	-	-	37,147
Long-term accrued leave	1,669	-	-	(12,547)	(10,878)	3,353
Long-term accrued insurance claims	-	-	-	-	-	(697,838)
Net pension and other postemployment benefits liability	(203,116)	-	-	(1,235,920)	(1,439,036)	(173,999)
Deferred outflows & inflows related to pensions and OPEB	(585,441)	-	-	(627,944)	(1,213,385)	(397,646)
Total adjustments	903,449	562,861	3,105,944	6,861,498	11,433,752	3,407,588
Net cash provided by (used in) operating activities	\$ 1,753,458	\$ 786,028	\$ (1,098,728)	\$ 1,458,147	\$ 2,898,905	\$ 7,564,036
Non-cash transactions affecting capital and related financing activities:						
Acquisition of capital assets through capital contributions	\$ -	\$ -	\$ 860,723	\$ 1,719,451	\$ 2,580,174	\$ 306,724
Aquisition of right to use assets through leases or subscriptions	8,176	-	-	10,645	18,821	29,302
Total non-cash transactions	\$ 8,176	\$ -	\$ 860,723	\$ 1,730,096	\$ 2,598,995	\$ 336,026

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

CITY OF HAMPTON, VIRGINIA
FIDUCIARY FUNDS
STATEMENT OF FIDUCIARY FUND NET POSITION
June 30, 2024

	Pension Trust Fund	
	Hampton Employees' Retirement System	Custodial Funds
ASSETS		
Cash and cash equivalents	\$ 51,165	\$ 15,247,649
Investments:		-
Bond mutual funds	43,309,800	-
Stock mutual funds	77,854,378	-
Accounts receivable	8	556,974
Total Current Assets	<u>121,215,351</u>	<u>15,804,624</u>
Property, Plant, and Equipment:		
Equipment	5,702	-
Lease equipment	8,906	-
Less accumulated amortization/depreciation	(5,113)	-
Total noncurrent assets	<u>9,495</u>	<u>-</u>
Total assets	<u>121,224,846</u>	<u>15,804,624</u>
DEFERRED OUTFLOWS OF RESOURCES		
Related to pensions	28,574	-
Related to other postemployment benefits	5,702	-
Total deferred outflows of resources	<u>34,276</u>	<u>-</u>
LIABILITIES		
Accounts payable and other liabilities	41,192	1,722,649
Lease liabilities	8,645	-
Net pension liability	118,647	-
Net other postemployment benefit liability	1,514	-
Total liabilities	<u>169,998</u>	<u>1,722,649</u>
DEFERRED INFLOWS OF RESOURCES		
Related to pensions	11,947	-
Related to other postemployment benefits	19,638	-
Total deferred inflows of resources	<u>31,585</u>	<u>-</u>
NET POSITION		
Restricted for:		
Individuals, organizations, other governments	-	14,081,975
Net position restricted for benefits	121,057,539	-
Total net position	<u>\$ 121,057,539</u>	<u>\$ 14,081,975</u>

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

**CITY OF HAMPTON, VIRGINIA
FIDUCIARY FUNDS
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
For the Year Ended June 30, 2024**

	Pension Trust Fund Hampton Employees' Retirement System	Custodial Funds
ADDITIONS		
Contributions:		
Employer	\$ 1,689,181	\$ -
Members	-	17,767,467
Individuals	-	233,933
Total contributions	1,689,181	18,001,400
Investment income:		
Net increase in fair value of investments	13,265,076	-
Interest, dividends, other	2,795,573	113,434
Total investment gains	16,060,649	113,434
Less investment expenses	(18,284)	-
Net investment gains	16,042,365	113,434
Charges for services	-	49,739
State revenues	-	314,136
Federal revenues	-	13,130
Income tax and fees collected for the State	-	263,728
Total additions	17,731,546	18,755,567
DEDUCTIONS		
Beneficiary payments to individuals	14,763,505	205,607
Administrative expense	225,529	6,554,512
Income tax and fees distributions to the State	-	264,525
Total deductions	14,989,034	7,024,644
Change in net position	2,742,512	11,730,923
Net position, July 1	118,315,027	2,351,052
Net position, June 30	\$ 121,057,539	\$ 14,081,974

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

CITY OF HAMPTON, VIRGINIA COMBINING STATEMENT OF NET POSITION DISCRETELY PRESENTED COMPONENT UNITS June 30, 2024

	Governmental Activities	Business-type Activities			
		Coliseum	Central Business Improvement District, Inc.	Downtown Hampton Development Partnership, Inc.	Total
	School Board	Economic Development Authority			
ASSETS					
Cash and cash equivalents	\$ 46,771,100	\$ 4,958,353	\$ 790,502	\$ 795,807	\$ 53,315,762
Cash with fiscal agent	9,977,728	2,724	-	-	9,980,452
Investments	-	1,374,910	-	-	1,374,910
Accounts receivable, net	1,431,455	10,551	329,808	467	1,772,281
Lease receivable	3,573,703	3,536,959	-	-	7,110,662
Lease receivable from Primary Government	-	523,176	-	-	523,176
Due from Primary Government	78,424	1,000,000	-	-	1,078,424
Due from other governments	16,101,941	-	-	-	16,101,941
Inventories	566,727	-	-	-	566,727
Prepaid items	-	-	-	42,396	42,396
Cash and cash equivalents	-	173,456	-	-	173,456
Land held for sale	-	11,678,256	-	-	11,678,256
Capital assets not being depreciated	5,111,045	20,126,702	-	-	25,237,747
Capital assets, net of accumulated depreciation/amortization	15,110,732	8,322,635	238,902	208,696	23,880,965
Total assets	98,722,855	51,707,722	1,359,212	1,047,366	152,837,155
DEFERRED OUTFLOWS OF RESOURCES					
Related to pensions	43,439,761	-	-	-	43,439,761
Related to other postemployment benefits	6,685,441	-	-	-	6,685,441
Total deferred outflows of resources	50,125,202	-	-	-	50,125,202
LIABILITIES					
Accounts payable and other liabilities	32,324,789	3,948,530	44,194	25,637	36,343,150
Due to Primary Government	166,727	-	-	-	166,727
Unearned revenues	1,766,936	-	-	41,250	1,808,186
Lease /Subscription payables:					
Due within one year	430,999	-	70,088	-	501,087
Due in more than one year	271,362	-	142,657	-	414,019
Lease payables to primary government					
Due within one year	-	-	-	5,269	5,269
Notes and other long-term payables:					
Due within one year	3,455,202	81,581	-	-	3,536,783
Due in more than one year	171,797,477	433,538	-	-	172,231,015
Total liabilities	210,213,492	4,463,649	256,939	72,156	215,006,236
DEFERRED INFLOWS OF RESOURCES					
Related to leases	3,345,250	3,461,799	-	-	6,807,049
Related to leases from Primary Government	-	527,382	-	-	527,382
Related to pensions	18,117,437	-	-	-	18,117,437
Related to other postemployment benefits	4,124,236	-	-	-	4,124,236
Total deferred inflows of resources	25,586,923	3,989,181	-	-	29,576,104
NET POSITION					
Net investment in capital assets	19,519,416	27,934,218	26,157	203,427	47,683,218
Restricted for:					
Bond indenture	-	173,456	-	-	173,456
Unrestricted (deficit)	(106,471,774)	15,147,218	1,076,116	771,783	(89,476,657)
Total net position (deficit)	\$ (86,952,358)	\$ 43,254,892	\$ 1,102,273	\$ 975,210	\$ (41,619,983)

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

CITY OF HAMPTON, VIRGINIA
COMBINING STATEMENT OF ACTIVITIES
DISCRETELY PRESENTED COMPONENT UNITS
For the Year Ended June 30, 2024

		Program Revenues			Net (Expenses) Revenues and Changes in Net Position				
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	School Board	Economic Development Authority	Coliseum Central Business Improvement District, Inc.	Downtown Hampton Development Partnership, Inc.	Total
Governmental type activities:									
Public school system	\$ 317,256,146	\$ 7,972,419	\$ 243,368,674		\$ -	\$ (65,915,053)	\$ -	\$ -	\$ (65,915,053)
Business-type activities:									
Economic development	7,384,713	6,463,020	55,500	-	-	(866,193)	-	-	(866,193)
Business improvement	1,431,697	690,438	-	-	-	-	(741,259)	-	(741,259)
Downtown development	737,999	319,544	169,932	-	-	-	-	(248,523)	(248,523)
Total component units	\$ 326,810,555	\$ 15,445,421	\$ 243,594,106	\$ -	\$ (65,915,053)	\$ (866,193)	\$ (741,259)	\$ (248,523)	\$ (67,771,028)
Payments from (to) City					91,804,718	2,352,525	669,634	211,455	95,038,332
Investment earnings					-	73,747	11,292	-	85,039
Miscellaneous					-	-	-	20,524	20,524
Total general revenues					91,804,718	2,426,272	680,926	231,979	95,143,895
Change in net position (deficit)					25,889,665	1,560,079	(60,333)	(16,544)	27,372,867
Net position (deficit), beginning of year, as restated					(112,842,023)	41,694,813	1,162,606	991,754	(68,992,850)
Net position (deficit), end of year					\$ (86,952,358)	\$ 43,254,892	\$ 1,102,273	\$ 975,210	\$ (41,619,983)

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

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

The following is a summary of the significant accounting policies.

Reporting Entity

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

Component Unit Disclosures

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

Discretely Presented Component Units

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

Hampton City School Board

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

Hampton Economic Development Authority

The Hampton Economic Development Authority (EDA) is a public corporation established under the Industrial Development and Revenue Bond Act of the Commonwealth of Virginia, together with ordinances adopted by the City Council. The EDA was established to promote and develop trade within the City by inducing manufacturing, industrial and commercial enterprises to locate or remain in the City. The EDA is included as a discretely presented component unit because the City appoints the governing body of the EDA, funds the EDA's operating and capital budgets and it receives all of the revenues derived from EDA land sales. The EDA does not issue separate financial statements.

Coliseum Central Business Improvement District, Inc.

The Coliseum Central Business Improvement District, Inc. (Coliseum BID) was incorporated on January 22, 1996, to promote, develop and market the Coliseum Central Business District in the City. Coliseum BID was created by action of the City Council under provisions of the *Code of Virginia*. An additional tax is assessed on commercial real estate

Notes to financial statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

located in the District to provide funds for the economic development of the District. City Council levies the additional tax for the District and provides other funding for operations. Coliseum BID is included in the City's reporting entity because it is fiscally dependent and it imposes specific financial burdens on the City. A copy of the separately issued financial statements for Coliseum BID may be obtained by writing to Coliseum BID, 2101 Executive Drive, Suite 550, Hampton, Virginia 23666 or by calling (757) 826-6351.

Downtown Hampton Development Partnership, Inc.

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

Fiduciary Component Unit - Hampton Employees Retirement System (HERS)

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

Other Related Organizations

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

Peninsula Airport Commission

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

Other

There are certain other agencies and commissions that service the City and surrounding localities whose board membership is allocated among and appointed by the various localities. These agencies include: Hampton Roads Transit (HRT), Hampton Roads Planning District Commission (HRPDC), Virginia Peninsula Public Service Authority (VPPSA), Hampton Roads Economic Development Alliance (HREDA) and the Peninsula Council for Workforce Development (PCFWD). Expenditures of these agencies are financed by federal and state grants, fees, and contributions. During the year ended June 30, 2024, the City provided operating and capital support of \$5,209,193 to HRT, \$201,318 to HRPDC, \$10,000 to VPPSA, \$157,720 to HREDA and \$33,760 to PCFWD.

Jointly Governed Organizations

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

Hampton-Newport News Community Services Board

The CSB operates as an agent for the Cities of Hampton and Newport News in the establishment and operation of community mental health, mental retardation and substance abuse programs as provided for in Chapter 10 of Title

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

37.1 of the *Code of Virginia*, relating to the Virginia Department of Mental Health and Mental Retardation. The CSB designates its own management and adopts its own budget. The operations are financed principally by state and federal funds. The City provided operating support of \$2,197,527 to the CSB during fiscal year 2024.

Eastern Virginia Regional Industrial Facilities Authority

The EVRIFA, a political subdivision of the Commonwealth of Virginia, was created under the provision of Chapter 64 of Title 15.2 of the *Code of Virginia*, to promote economic development in the Hampton Roads region. EVRIFA is governed by a Board of Directors, composed of two officials appointed by participating localities. Currently, the Cities of Hampton, Newport News, Norfolk, Portsmouth, Virginia Beach, Chesapeake, Franklin, Poquoson, Williamsburg and the counties of Gloucester, Isle of Wight, South Hampton, James City and York are members of the Authority. The membership-based organization collects annual dues from participating localities to fund economic development projects. The City provided operating support of \$9,000 to EVRIFA during fiscal year 2024.

Government-wide and Fund Financial Statements

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

Statement of Net Position

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

Statement of Activities

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

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

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

Basis of Accounting

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

In the government-wide financial statements, all Proprietary Funds, Fiduciary Funds, and Discretely Presented Component Units are accounted for using the economic resources measurement focus. This measurement focus is

Notes to financial statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

the same as that used by commercial enterprises. This approach includes not just current assets and liabilities (such as cash and accounts payable) but also capital assets and long-term liabilities (such as buildings and infrastructures, including bridges and roads, and general obligation debt). The accrual basis of accounting also reports all of the revenues and cost of providing services each year, not just those received or paid in the current year or soon thereafter.

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

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

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

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

Budgets and Budgetary Accounting

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

1. The City Manager submits to the City Council a recommended budget no later than April 15th, for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted by the City Council to obtain taxpayer comments.
3. The budget is legally enacted through the passage of an ordinance by City Council no later than May 15th.
4. The City Manager or his/her designee is authorized to transfer budgeted amounts within departments within the General Fund. Revisions that alter the total appropriations for a department must be approved by City Council. Therefore, the level of control at which expenditures may not exceed appropriations is the total expenditure level of each department. Transfers within the School Operating Fund are under the control of the School Board.
5. Formal budgetary integration is employed as a management control device during the year for the General Fund and School Board Component Unit Operating Fund.
6. Budgets for the City General Fund and School Board Operating Fund are legally adopted on a basis consistent with Generally Accepted Accounting Principles.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

Budgeted amounts are as originally adopted or as amended by City Council and the School Board during fiscal year 2024. Unencumbered appropriations lapse at year-end in the General and School Operating Funds. Appropriations which are encumbered at year-end are carried forward into the following year's appropriation to allow liquidation of the encumbrances.

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

General Property Tax Calendar

Real property is assessed at fair market value as of July 1 of each year; personal property and public service corporation properties (real and personal) are assessed as of January 1 of each year. Taxes are levied on a fiscal-year basis for real property and a calendar year basis for personal property. Taxes are due and payable in two equal installments on June 5th and December 5th. Installments due on June 5, 2024, are levied for the current fiscal year and, when unavailable in the current period, are reported as deferred inflows of resources. Installments due on December 5, 2024, are levied for fiscal year 2025, therefore, are unearned and reported as deferred inflows of resources.

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

Encumbrances

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

Investments

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

Receivables

Receivables of the General Fund are stated net of an allowance for uncollectible taxes of \$2,595,847. Management has determined that the allowance is sufficient to provide for any losses that may be sustained on realization of the accounts receivable.

Inventories

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

Prepays

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

Notes to financial statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

Land Held for Resale

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

Interfund Activity

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

Restricted Assets:

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

	<u>Convention Center</u>
Restricted Assets	
Cash:	
Operating/Capital Reserve Fund	\$ 10,278,447
Debt Service Reserve Fund	272,194
Investments:	
Operating Reserve Fund	6,647,772
Bond Fund	617,049
Debt Service Reserve Fund	5,407,283
	<u>\$ 23,222,745</u>

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

Capital and Intangible Right to Use Assets

Capital Assets

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

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

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

Intangible Right to Use Assets

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

the government-wide financial statements and in the proprietary fund financial statements. The City capitalizes all intangible right to use assets.

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

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

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

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

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

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

Deferred outflows/inflows of resources

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. *Deferred outflows of resources*, which represent a consumption of net assets that applies to future periods and so will not be recognized as an outflow of resources (expense/expenditure) until then. One of the deferred outflows resources is the deferred charge on refunding reported in the government-wide Statement of Net Position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The other deferred outflows of resources are related to pensions and other postemployment benefits (OPEB), which consist of employer contributions subsequent to the measurement date, changes in proportion and differences between employer contributions and proportionate share of contributions, net difference between projected and actual earnings on pension plan investments and change in assumptions. These amounts are deferred and amortized in accordance with GAAP.

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

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

Notes to financial statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

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

Fund Balance

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

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

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

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

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

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

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

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

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

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

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

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

	General	Federal Grants	Economic Development	Debt Service	Capital Projects	Other Governmental Funds	Total Governmental Funds
Fund Balances:							
Nonspendable:							
Inventory	\$ 44,950	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 44,950
Prepaid items	4,459	230	-	-	-	-	4,689
Total Nonspendable	49,409	230	-	-	-	-	49,639
Restricted:							
Special Assessment/Court Security	22,266	-	-	-	-	-	22,266
Debt service	-	-	-	65,492	-	-	65,492
Donations for parks projects	10,000	-	-	-	-	-	10,000
Public safety for hazmat fees	90,160	-	-	-	-	-	90,160
Wetlands Encroachment/In Lieu	238,915	-	-	-	-	-	238,915
Title IVE	138,446	-	-	-	-	-	138,446
Urban Development Action grant projects	-	-	844,161	-	-	-	844,161
Property acquisition/redevelopment	-	-	-	-	104,666	-	104,666
Street and Infrastructure projects	-	-	-	-	352,369	-	352,369
Park improvement projects	-	-	-	-	82,316	-	82,316
Facility maintenance and repairs	-	-	-	-	-	136,596	136,596
Stormwater management	-	-	-	-	-	12,249,123	12,249,123
Sheriff Weekend Housing and Commissions	1,222,872	-	-	-	-	-	1,222,872
City grants	-	2,801,701	-	-	-	-	2,801,701
Donations for bus shelter benches	45,837	-	-	-	-	-	45,837
Fishing pier	33,347	-	-	-	-	-	33,347
VA Land Conservation Stewardship	12,060	-	-	-	-	-	12,060
Public Works Right of Way	16,788	-	-	-	-	-	16,788
Opioid Remediation	946,720	-	-	-	-	-	946,720
Other	22,374	-	-	-	667	-	23,041
Total Restricted	2,799,785	2,801,701	844,161	65,492	540,018	12,385,719	19,436,876
Committed:							
Budget savings program	7,592,976	-	-	-	-	-	7,592,976
Computer replacement program	1,578,618	-	-	-	-	-	1,578,618
Debt service	4,661,513	-	-	-	-	-	4,661,513
Home elevation loan program	1,895,219	-	-	-	-	-	1,895,219
Maintenance of driving range	161,114	-	-	-	-	-	161,114
Job creation grants	-	-	871,475	-	-	-	871,475
Emergency Management	4,578	-	-	-	-	-	4,578
Drainage	2,853,309	-	-	-	-	-	2,853,309
Public Works Yard Master Plan	-	-	-	-	131	-	131
Time Accounting/Tyler Munis Project	86,309	-	-	-	3,261,503	-	3,347,812
Reengineering Technology	-	-	-	-	444,066	-	444,066
Aquatics Center	-	-	-	-	42,032	-	42,032
Streets & Infrastructure projects	-	-	516,205	-	15,497,150	-	16,013,355
Prefunded Capital Projects	-	-	-	-	41,337,813	-	41,337,813
Waterways projects	-	-	-	-	27,617,970	-	27,617,970
Va Air and Space Museum support/improvements	1,614	-	-	-	157,691	-	159,305
Coliseum Central projects	-	-	-	-	2,649,969	-	2,649,969

Notes to financial statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

	General	Federal Grants	Economic Development	Debt Service	Capital Projects	Other Governmental Funds	Total Governmental Funds
Court buildings project	-	-	-	-	385,000	-	385,000
Human Resources	-	-	-	-	812,035	-	812,035
City Treasurer	101,921	-	-	-	-	-	101,921
Clerk of Circuit Court	140,496	-	-	-	-	-	140,496
Community Development	201,298	-	-	-	-	-	201,298
Retirement & Employee Benefits	813,351	-	-	-	-	-	813,351
Commonwealth's Attorney	18,027	-	-	-	-	-	18,027
Contribution to Other Agencies	305,517	-	-	-	-	-	305,517
Downtown strategic projects	-	-	-	-	4,485,457	-	4,485,457
Facilities maintenance projects	-	-	-	-	8,060,500	-	8,060,500
Fire and Rescue projects	-	-	-	-	1,426,386	-	1,426,386
Sheriff projects	-	-	-	-	4,383,162	-	4,383,162
North King Street Corridor projects	-	-	-	-	4,700	-	4,700
Neighborhood improvement projects	-	-	-	-	9,604,663	-	9,604,663
Parks improvement projects	-	-	-	-	1,515,196	-	1,515,196
Police and E911 equipment	1,342,575	-	-	-	20,794,180	-	22,136,755
Property acquisition/ redevelopment	-	-	11,362	-	6,862,291	-	6,873,653
School projects	-	-	-	-	2,298,842	-	2,298,842
Small Business Incubator	-	-	426,115	-	-	-	426,115
Transportation projects	-	-	-	-	119,519	-	119,519
Other	-	-	-	-	161,503	-	161,503
Vehicles	-	-	-	-	24,777	-	24,777
Council Chambers	-	-	-	-	38,338	-	38,338
Economic development projects	-	-	-	-	624,585	-	624,585
Hampton Roads Center	-	-	-	-	1,100,000	-	1,100,000
Business District	-	-	-	-	10,299	-	10,299
MLK Memorial	-	-	-	-	1,331,208	-	1,331,208
War Memorial Stadium	-	-	-	-	-	-	-
Total Committed	21,758,435	-	1,825,157	-	155,050,966	-	178,634,558
Assigned:							
Subsequent year expense	14,945,902	-	-	-	-	-	14,945,902
Proceeds from real estate auctions	150,344	-	-	-	-	-	150,344
Economic development projects	-	-	8,499,598	-	-	-	8,499,598
Transportation projects	84,213	-	-	-	-	-	84,213
Fire and Rescue operations	377,383	-	-	-	-	-	377,383
Debt service	-	-	-	481,130	-	-	481,130
Donations for History Museum	13,360	-	-	-	-	-	13,360
Donations for General Operations	55,019	-	-	-	-	-	55,019
Facility maintenance and repairs	-	-	-	-	167,821	-	167,821
Unappropriated interest income-general capital projects	-	-	-	-	20,590,902	-	20,590,902
Line of Duty program	92,742	-	-	-	-	-	92,742
Police Training Academy	14,312	-	-	-	-	-	14,312
Other	26,976	2,697,659	-	-	168,082	-	2,892,717
Dr. Harvey - Police Leadership	19,205	-	-	-	-	-	19,205
Fire Dept -Paramedic Class	60,239	-	-	-	-	-	60,239
Blue Bird Gap Feed	10,041	-	-	-	-	-	10,041

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

	General	Federal Grants	Economic Development	Debt Service	Capital Projects	Other Governmental Funds	Total Governmental Funds
Total Assigned	15,849,736	2,697,659	8,499,598	481,130	20,926,805	-	48,454,928
Unassigned	109,888,437	-	-	-	-	-	109,888,437
Total Fund Balances	\$ 150,345,802	\$ 5,499,590	\$ 11,168,916	\$ 546,622	\$ 176,517,789	12,385,719	\$ 356,464,438

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

The net position (deficit) at June 30, 2024 in the Enterprise and Component Unit Funds are as follows:

	Primary Government	Discretely Presented Component Units
Wastewater Management	\$ 59,752,135	\$ -
Museum	8,116,450	-
Hampton Roads Convention Center	21,449,259	-
Non-Major Enterprise:		
Hampton Coliseum	15,040,594	-
The Woodlands Golf Course	(873,987)	-
The Hamptons Golf Course	(4,905,070)	-
Solid Waste	8,315,846	-
Refuse-Steam Plant	6,948,265	-
Component Units:		
School Board	-	(86,952,358)
Economic Development Authority	-	43,254,892
Coliseum Central Business Improvement District, Inc.	-	1,102,273
Downtown Hampton Development Partnership, Inc.	-	975,210

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

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

Internal Service:

Equipment Replacement	\$ 34,855,514
Fleet Management	\$ 2,842,286
Risk Management	\$ 18,135,487
Information Technology	\$ 3,612,746

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the City's and School Board's retirement plans (Plans) and the addition to/deductions from the Plans' net fiduciary position have been determined on the same basis as they were reported by the VRS and Hampton Employees' Retirement System (HERS). For this

Notes to financial statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

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.

Group Life

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

Health Insurance Credit Program

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

Compensated Absences

It is the City's policy to permit employees to accumulate a limited amount of earned but unused annual and sick leave benefits, which will be utilized in future periods or will be paid to employees upon separation from City service. In governmental fund types, the cost of annual and sick benefits is recognized when payments are made to employees. The current and long-term liability for accrued annual and sick leave benefits at June 30, 2024 has been reported in the government-wide statements, representing the City's commitment to fund such costs from future operations. Proprietary fund types accrue annual and sick leave benefits in the period they are earned. Such benefits are included in accounts payable and other liabilities in the government-wide statements. In prior years, the General, Federal Grants, Community Development, Pembroke Complex and Stormwater Management Funds have been used to liquidate the liability for compensated absences.

Unearned Revenues

During fiscal year 2021 and 2022 the City has received approximately \$48.66 million from the American Rescue Plan Act (ARPA) to defray governmental operating costs resulting from the COVID-19 pandemic. To date, the City has expended \$28,464,784 of the \$48,660,418 received from the American Rescue Plan Act. Total unearned revenue as a result of ARPA was \$20,195,634 as of June 30, 2024.

2. BASIS OF PRESENTATION - FUND ACCOUNTING:

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

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

General Fund

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

Debt Service

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

Capital Projects Fund

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

Special Revenue Funds

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

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

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

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

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

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

Notes to financial statements

2. BASIS OF PRESENTATION - FUND ACCOUNTING, continued:

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

Enterprise Funds

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

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

Internal Service Funds

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

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

Fiduciary Funds

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

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

3. IMPLEMENTATION OF NEW ACCOUNTING STANDARDS

Governmental Accounting Standards Board Statement No. 101

The School Board chose early adoption of GASB Statement 101, *Compensated Absences*. The primary objective of this statement is to create a more consistent model to address and update the recognition and measurement guidance of compensated absences and its related disclosure requirements. This standard applies to all earned leave that accumulates and carries forward and relates to services already rendered and for which the employee would receive some form of compensation. The liability is calculated on the amount of unused and unpaid leave balances that employees could use in the future. GASB 101 requires that compensated absences must be reported on an accrual basis and the expense should be matched with the period in which the employee earns the benefit, not when they are compensated.

4. BUDGETARY - GAAP REPORTING RECONCILIATION:

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

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

Reconciliation to the General Fund statements (GAAP):	
Exhibit A-5 General Fund balances, June 30, 2024 (Budget basis)	\$ 150,299,965
Pearl Young Fund's fund balances	45,837
Capital Outlay- leases	(11,123,489)
Leasing financing	11,123,489
Exhibit A-4 General Fund balances, June 30, 2024 (GAAP)	\$ 150,345,802
Reconciliation to the General Fund statements (GAAP):	
Exhibit A-5 Total Actual Expenditures, June 30, 2024 (Budget basis)	\$ 342,854,414
Capital Outlay- leases	11,123,493
Exhibit A-4 Total Actual Expenditures, June 30, 2024 (GAAP)	\$ 353,977,907
Exhibit A-5 Total Other Financing Sources, June 30, 2024 (Budget basis)	\$ (89,162,256)
Leasing financing	11,123,489
Exhibit A-4 Total Other Financing Sources, June 30, 2024 (GAAP)	\$ (78,038,767)

Notes to financial statements

5. DEPOSITS AND INVESTMENTS:

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

Deposits

On June 30, 2024, the carrying value of the City's deposits was \$27,532,471 and the bank balance was \$31,712,774. All of the bank balances are covered by the Federal Deposit Insurance Corporation (FDIC) and secured in accordance with the Virginia Security for Public Deposits Act (the "Act") Section 2.2-4400 et. seq. of the *Code of Virginia*. Under the Act, banks and savings and loans holding public deposits in excess of the amount insured by the FDIC must pledge collateral to secure those public deposits in amounts set by regulations or action under the Treasury Board. Banks and savings and loans holding public deposits have two methods to secure Virginia public deposits: the dedicated method or the pooled method and depending upon that choice will pledge collateral that ranges in the amounts from 50% to 130% of their public deposit balances net of FDIC. The Commonwealth of Virginia Treasury Board is responsible for monitoring compliance with the collateralization and reporting requirements of the Act and notifying local officials of compliance by banks and savings and loans. All deposits are considered fully collateralized.

Investments

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

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

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

HERS Investments

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

Investment Policy

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

HERS Investment Policy

The Board of Trustees of the System has the full power to invest and reinvest the trust funds in accordance with Section 28-47 of the City Code, as amended. It requires the Board of Trustees to invest the assets with the care, skill, prudence and diligence under the circumstances then prevailing that a prudent person acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of a like character with like aims. In addition, the investments are required to be diversified so as to minimize the risk of losses under the circumstances it is clearly prudent not to do so. All investments shall be clearly marked to indicate ownership by the System. The HERS investments are held by the Bank of New York Mellon.

5. DEPOSITS AND INVESTMENTS, continued:**Credit Risk**

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

HERS Credit Risk

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

HERS Concentration of Credit Risk

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

U. S. Government Securities

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

Custodial Credit Risk

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

HERS Custodial Credit Risk

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

Interest Rate Risk

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

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

HERS Interest Rate Risk

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

Notes to financial statements

5. DEPOSITS AND INVESTMENTS, continued:

As of June 30, 2024, the City had the following investments and maturities:

Primary Government	Fair Value	Actual Credit Rating	Investment Maturities (in years)	
			Less than 1 year	1-5 years
Commercial Paper	\$ 3,912,551	A-1	\$ 3,912,551	\$ -
Certificate of Deposit	3,250,000	A-1	3,250,000	-
U.S. Government securities	33,714,509		3,356,012	30,358,497
Corporate Notes	4,678,559	AAA, AA, AA+, AA-	1,458,331	3,220,228
LGIP - City	363,607,307	AAAm	363,607,307	-
State Non-Arbitrage Fund - City	96,859,558	AAAm	96,859,558	-
Mutual and Money Market Funds	3,030,917	Unrated	3,030,917	-
Total Investments Controlled by City	509,053,401		475,474,676	33,578,725
Pension Plan Investments	121,164,178		121,164,178	-
Total	630,217,579		\$ 596,638,854	\$ 33,578,725

Reconciliation to Total Cash and Investments:

Add:

Cash on Hand and in Banks - City	18,029,448
Cash With Fiscal Agent	9,503,023
Total Deposits and Investments Primary Government and Fiduciary Funds per Exhibits A-1 and A-9	\$ 657,750,050

Other Component Units

	Investment Maturities (in years)	
	Fair Value	Less than 1 year
Mutual and Money Market Funds	\$ 1,374,910	\$ 1,374,910
Total Investments Other Component Units	\$ 1,374,910	\$ 1,374,910

5. DEPOSITS AND INVESTMENTS, continued:

Reconciliation of total deposits and investments to the government-wide statements at June 30, 2024:

Primary Government	Governmental Activities	Business-type Activities	Fiduciary Responsibilities	Total
Cash Deposits - City	\$ 2,958,767	\$ 1,703,667	\$ 13,367,014	\$ 18,029,448
Cash With Fiscal Agent - City	9,503,023	-	-	9,503,023
Mutual and Money Market Funds	77,116	2,953,801	-	3,030,917
Investments - City	447,189,880	56,900,804	123,095,978	627,186,662
Total Primary Government	\$ 459,728,786	\$ 61,558,272	\$ 136,462,992	\$ 657,750,050
Component Unit - School Board				
Cash Deposits	\$ 46,771,100	\$ -	\$ -	\$ 46,771,100
Cash With Fiscal Agent	9,977,728	-	-	9,977,728
Total Component Unit School Board	\$ 56,748,828	\$ -	\$ -	\$ 56,748,828
Other Component Units				
Cash Deposits	\$ -	\$ 6,718,118	\$ -	\$ 6,718,118
Cash With Fiscal Agent	-	2,724	-	2,724
Investments	-	1,374,910	-	1,374,910
Total Other Component Units	\$ -	\$ 8,095,752	\$ -	\$ 8,095,752

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

Fair Value Hierarchy

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

Notes to financial statements

5. DEPOSITS AND INVESTMENTS, continued:

The following is a summary of the fair value hierarchy for investments of the City as of June 30, 2024:

	Investments at Fair Value June 30, 2024	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Primary Government				
Commercial Paper	\$ 3,912,551	\$ -	\$ 3,912,551	\$ -
Certificate of Deposit	3,250,000	-	3,250,000	-
Corporate Notes	4,678,559	-	4,678,559	-
U.S. Government Securities	33,714,509	-	33,714,509	-
Total Primary Government	<u>\$ 45,555,619</u>	<u>\$ -</u>	<u>\$ 45,555,619</u>	<u>\$ -</u>
Pension Plan Investments	<u>\$ 121,164,178</u>	<u>\$ 121,164,178</u>	<u>\$ -</u>	<u>\$ -</u>

6. ACCOUNTS RECEIVABLE:

Accounts receivable at June 30, 2024 in the Governmental Funds and School Board are as follows:

	General Fund	Special Revenue- Federal Grants	Special Revenue- Economic Development	Debt Service	Capital Projects	Other Governmental Funds
Primary Government:						
General property taxes (net of allowance for uncollectible taxes of \$2,595,847)	\$ 14,326,518	\$ -	\$ -	\$ -	\$ -	\$ -
Due from Commonwealth of Virginia	11,286,260	4,065,766	-	-	599,056	-
Due from Federal Government	1,485,954	1,478,006	-	-	-	153,807
Lease Receivable	27,532	-	180,512	-	-	-
Lease Receivable from Component Unit	-	-	5,302	-	-	-
Accounts Receivable	5,738,072	126,320	297,537	2,380	361,597	578,204
Total Primary Government	<u>\$ 32,864,336</u>	<u>\$ 5,670,092</u>	<u>\$ 483,351</u>	<u>\$ 2,380</u>	<u>\$ 960,653</u>	<u>\$ 732,011</u>

**Discretely Presented Component Unit -
School Board:**

Lease Receivable	3,573,703
Accounts Receivable	1,431,455
Total Component Unit	<u>\$ 5,005,158</u>

7. LEASES AND SUBSCRIPTION-BASED IT ARRANGEMENTS

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

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

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

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

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

City as a Lessor

The City as the lessor, has entered into lease agreements for land, building space, billboards, cell tower and a golf driving range. One of the land leases is leased from a lessee and then subleased to a third-party. The leases' terms range from 3 to 5 years with discount rates ranging from 0.45%-3.63%. The total amount of inflows of resources, including lease revenue, interest revenue, and other lease-related inflows, recognized during the fiscal year was \$92,410. As of June 30, 2024, the total lease receivable and deferred inflows of resources for the lease balances were \$213,346 and \$227,060, respectively. These totals include a building lease with a component unit, Downtown Hampton Development Partnership, Inc. at a discount rate of 2.39% and with seventeen remaining months.

City as a Lessee

The City as a lessee has entered in lease agreements primarily for office space, postage machines and copier machines. The City generally includes renewal periods in the lease terms when it is reasonably certain the renewal option will be exercised. The City's lease arrangements do not contain any material residual value guarantees. Variable payments are not included in the measure of the lease liability.

The City is a lessee for thirteen non-cancellable building office space leases with initial terms ranging from 2 to 20 years. Three leases are payable annually, two of which increase 3% each year; the remaining leases are payable monthly with annual increases of 3% with the exception of three agreements. The City's incremental borrowing rate ranges from 0.31%-4.06% for these agreements. Some office space leases include variable payments, such as the City's proportionate share of the building's property taxes, insurance and common area maintenance which are not included in the liability calculations.

Notes to financial statements

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

The City has nine leasing agreements for postage machines with initial lease terms ranging from 3 to 5 years. These leases are paid on a quarterly basis with no annual increases. The interest rate ranges from 0.45 - 3.78%. The City has elected to separate lease and non-lease components, such as maintenance services provided by the lessor.

The City has approximately 103 leasing agreements for copier machines with terms ranging from 3 and 4 years. These leases are paid on a monthly basis with no annual increases. The interest rate ranges from 0.41%-3.84%. For the copier leases, the City has elected to separate lease and non-lease components, such as the maintenance services. The lessor provides a maintenance service at a fixed cost and these costs are not included in the fixed lease payments. The City's lease arrangements do not contain any material residual value guarantees.

During the fiscal year, the City entered into two leasing agreements for golf carts with terms of 49 months and a discount rate of 2.63% and 3.63%.

The City recognizes a lease payable for principal in the government-wide for the primary government, business-type funds and component units. As of June 30, 2024, the City's total of the lease liability for principal is \$14,149,690, of which \$24,011 is internal service fund related. For fiscal year 2024, the City recognized a total of \$1,443,348 in principal and \$198,243 in interest charges for the governmental funds. The principal and interest charges for the Internal Service Funds were \$6,843 and \$466, respectively. For the business-type funds, the principal and interest charges were \$171,297 and \$15,376, respectively.

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

Fiscal year	City Future Lease Payments			
	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2025	\$ 1,606,690	\$ 388,538	\$ 176,598	\$ 10,352
2026	1,444,361	351,048	171,904	4,758
2027	1,087,529	317,176	45,976	489
2028	855,385	294,253	1,328	52
2029	639,226	271,260	-	-
2030-2044	8,120,693	2,129,090	-	-
	\$ 13,753,884	\$ 3,751,365	\$ 395,806	\$ 15,651

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

City Subscriptions

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

For fiscal year 2024, the City recognized \$32,682 in subscription principal paid and \$5,994 in interest. As of June 30, 2024, the City's total subscription-based asset liability was \$112,188.

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

Fiscal year	City Future Subscription Payments	
	Internal Service Funds	
	Principal	Interest
2025	35,141	1,986
2026	37,917	1,051
2027	39,130	83
	\$112,188	\$3,120

Discretely Presented Component Units

Economic Development Authority as a Lessor

The Economic Development Authority (EDA) has entered into lease agreements for buildings, building space and land. The leases' terms range from 6.5 to 15 years and discount rates ranging from 1.57%-2.95%. The total amounts of inflows of resources, including lease revenue, interest revenue, and the other lease-related inflows, recognized during the fiscal year were \$542,600. As of June 30, 2024, the total lease receivable and deferred inflows of resources for lease balances for EDA were \$4,060,135 and \$3,989,181 respectively. These totals include a building lease from the primary government at a discount rate of 1.57% and six remaining years.

School Board as a Lessor

As of June 30, 2024, the School Board had 15 active leases for buildings, building space, and land. These lease receipts are received monthly and annually with no variable receipts and range from \$4,800 to \$50,682. The School uses its incremental borrowing rate of 0.8930% to 3.2950%. The remaining terms for all agreements range from 1.8 to 22.9 years with monthly and annual increases ranging from 3% to 3.5%.

For fiscal year 2024, the School Board recognized \$371,366 in lease revenue and \$74,830 in interest revenue from these existing leases. As of June 30, 2024, the School Board's total lease receivables balance is \$3,573,703. In addition, the School Board has deferred inflows of resources associated with these leases that will be recognized as revenue over the remaining lease terms of \$3,345,250.

School Board as a Lessee

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

The School Board has nine leasing agreements for copier machines with remaining lease terms ranging from 0.07 to 4.34 years. These leases are paid on a monthly basis with no annual increases. The discount rate ranges from 0.514 to 3.050%. The School Board has elected not to separate lease and non-lease components. Maintenance services provided by the lessor at a fixed cost are included in the fixed lease payments.

Notes to financial statements

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

As of June 30, 2024 the School Board has one leasing agreement for a postage machine with a remaining lease term of one year. This lease is paid on a quarterly basis with no annual increase. The interest rate is 0.89%. In addition, the School Board has one existing contract for a vehicle location tracker with a remaining lease term of 1.5 years. This lease is paid on a monthly basis with no annual increase. The discount rate is 1.06%. The School Board has elected not to separate lease and non-lease components. Maintenance services provided by the lessor at a fixed cost are included in the fixed lease payments.

For fiscal year 2024, the School Board recognized \$463,663 in lease principal paid and \$14,779 in interest from all leases. As of June 30, 2024, the School Board's total lease liability was \$681,567.

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

Fiscal year	School Board Future Leases Payments	
	Principal	Interest
2025	\$ 419,848	\$ 99,660
2026	163,224	4,699
2027	82,553	1,251
2028	12,318	269
2029	3,624	19
	\$ 681,567	\$ 105,898

School Board Subscriptions

The School Board has entered into SBITAs for finance, reporting, and learning software for a period of 1 to 5 years and an incremental borrowing rate of 1.85% to 3.347%. The SBITAs have been recorded at the present value of the future contract payments as of the date of their inception or, for SBITAs existing prior to the implementation year at the remaining terms of the agreement, using the facts and circumstances available at July 1, 2023.

For fiscal year 2024, the School Board recognized \$166,605 in lease principal paid and \$3,382 in interest from all subscription-based assets. As of June 30, 2024, the School Board's total SBITA liability was \$20,794.

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

Fiscal year	School Board Future Subscription Payments	
	Principal	Interest
2025	\$ 11,151	\$ 548
2026	9,643	257
	\$ 20,794	\$ 805

Coliseum Central Business Improvement District, Inc. as Lessee

The District signed a lease amendment for office space effective April 1, 2020, the lease is for a term of seven years and three months with a discount rate of 3.0%. For fiscal year 2024, the District recognized \$66,037 in lease principal paid and \$7,280 in interest from the lease. As of June 30, 2024, the total lease liability was \$212,745.

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

Fiscal year	Coliseum Central Future Lease Payments	
	Principal	Interest
2025	\$ 70,088	\$ 5,235
2026	72,671	2,841
2027	69,986	1,143
	\$ 212,745	\$ 9,219

8. INTERFUND BALANCES, continued:

Downtown Hampton Development Partnership, Inc. as Lessee

The organization has an agreement with the City for office space under a 60 month term which expires November 2024. Payments are made monthly with a discount rate of 3.00%. For fiscal year 2024, the District recognized \$12,266 in lease principal paid and \$538 in interest from this lease. As of June 30, 2024, the total lease liability was \$5,269.

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

Fiscal year	Downtown Hampton Development Partnership Future Leases Payments	
	Principal	Interest
2025	5,269	67
	\$ 5,269	\$ 67

8. INTERFUND BALANCES:

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

The due from reflected in the General Fund in the amount of \$12,761,136 is primarily to cover negative cash balances for several funds. The \$4,458,232 balance due to the Capital Projects Fund will cover the cost of ongoing road maintenance and other capital projects. All remaining balances resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur and (2) payments between the funds are made.

Interfund Receivables and Payables:

Primary Government:

	Due From	Due To
General Fund	\$ 12,761,136	\$ 15,911,255
Capital Projects	14,411,241	4,458,232

Proprietary Funds:

Museum	-	749,000
Non-Major Enterprise Funds	-	7,553,904
Internal Service Funds	1,500,014	-
Total Primary Government	\$ 28,672,391	\$ 28,672,391

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

	Due From Primary Government	Due To Component Unit	Due From Component Unit	Due To Primary Government
Primary Government - General Fund	\$ -	\$ 77,188	\$ 13,119	\$ -
Primary Government - Federal Grants Funds	-	1,221	-	-
Primary Government - Economic Development Fund	-	1,000,000	-	-
Primary Government - Non-major Enterprise Funds	-	15	7,655	-
Primary Government - Internal Service Funds	-	-	145,952	-
Component Unit - School Board Operating Fund	78,424	-	-	166,726
Component Unit - Economic Development Authority Fund	1,000,000	-	-	-
Total	\$ 1,078,424	\$ 1,078,424	\$ 166,726	\$ 166,726

Individual fund interfund transfers for the Primary Government were made for operating as well as capital purposes. The more significant transfers were made from the General Fund for the purposes of funding debt service, various capital projects and operating support to the Enterprise Funds. Interfund transfers for the year ended June 30, 2024 are as follows:

Notes to financial statements

8. INTERFUND BALANCES, continued:

Primary Government:	Transfer From	Transfer To
General Fund	\$ 252,516	\$ 89,414,772
Special Revenue:		
Federal Grants	2,508,751	42,984
Economic Development	43,333	-
Debt Service	31,835,942	-
Capital Projects	42,240,531	88,896
Non-Major Governmental Funds	21,579	2,922,008
Proprietary Funds:		
Wastewater Management	834,700	-
Convention Center	9,788,230	-
Non-Major Enterprise Funds	2,732,623	-
Internal Service Funds	2,210,454	-
Total Primary Government	<u>\$ 92,468,660</u>	<u>\$ 92,468,660</u>

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

	Payments From Primary Government	Payments To Component Unit	Payments From Component Unit	Payments To Primary Government
Primary Government - General Fund	\$ -	\$ 94,255,009	\$ 2,882,000	\$ -
Primary Government - Economic Development Fund	-	441,080	-	-
Primary Government - Capital Projects Fund	-	342,243	-	-
Component Unit - School Board Operating Fund	91,804,718	-	-	2,867,000
Component Unit - Economic Development Authority Fund	2,352,525	-	-	15,000
Component Unit - Coliseum BID	669,634	-	-	-
Component Unit - Downtown Hampton	211,455	-	-	-
Total	<u>\$ 95,038,332</u>	<u>\$ 95,038,332</u>	<u>\$ 2,882,000</u>	<u>\$ 2,882,000</u>

9. CAPITAL ASSETS:

Capital asset activity for the year ended June 30, 2024 is as follows:

	Beginning Balance	Additions	Reductions	Ending Balance
Governmental Activities				
Capital assets not being depreciated:				
Land	\$ 520,781,032	\$ 3,376,232	\$ (82,959)	\$ 524,074,305
Easements	2,227,060	-	-	2,227,060
Construction in progress	53,681,261	19,861,194	(34,184,334)	39,358,121
Total capital assets not being depreciated	576,689,353	23,237,426	(34,267,293)	565,659,486
Capital assets being depreciated/amortized:				
Buildings	227,200,568	15,868,650	-	243,069,218
Right-to-Use - Buildings Leases	5,170,572	10,803,157	(59,064)	15,914,665
Improvements	70,566,741	11,258,182	-	81,824,923
Computer Software	2,266,837	-	(21,739)	2,245,098
Machinery & Equipment	99,519,874	15,487,266	(4,496,448)	110,510,692
Right-to-Use - Machinery & Equipment Leases	677,709	351,062	(245,192)	783,579
Infrastructure	247,588,459	7,636,633	-	255,225,092
Other Assets	4,446,039	-	-	4,446,039
Subscription-based Information Technology Arrangements	176,283	-	-	176,283
Total capital assets being depreciated/amortized, net	657,613,082	61,404,950	(4,822,443)	714,195,589
Less accumulated depreciation/amortization for:				
Buildings	(84,686,537)	(6,011,789)	-	(90,698,326)
Right-to-Use - Buildings Leases	(1,521,011)	(1,314,884)	59,064	(2,776,831)
Improvements	(51,400,318)	(2,910,319)	-	(54,310,637)
Computer Software	(2,204,210)	(31,314)	21,738	(2,213,786)
Machinery & Equipment	(74,230,125)	(6,760,835)	2,747,232	(78,243,728)
Right-to-Use - Machinery & Equipment Leases	(354,980)	(243,674)	245,192	(353,462)
Infrastructure	(134,958,629)	(9,185,957)	-	(144,144,586)
Other Assets	(3,025,491)	(228,562)	-	(3,254,053)
Subscription-based Information Technology Arrangements	(30,546)	(35,046)	-	(65,592)
Total accumulated depreciation/amortization	(352,411,847)	(26,722,380)	3,073,226	(376,061,001)
Total capital assets being depreciated/amortized, net	305,201,235	34,682,570	(1,749,217)	338,134,588
Governmental activities capital assets, net	\$ 881,890,588	\$ 57,919,996	\$ (36,016,510)	\$ 903,794,074

Primary Government:

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

General capital assets	\$ 869,010,259
General right-to-use assets	13,544,086
Internal service funds' capital assets	21,105,173
Internal service funds right-to-use assets/SBITA	134,556
	<u>\$ 903,794,074</u>

Notes to financial statements

9. CAPITAL ASSETS, continued:

	Beginning Balance	Additions	Reductions	Ending Balance
Business-type Activities:				
Capital assets not being depreciated:				
Land	\$ 11,066,341	\$ -	\$ -	\$ 11,066,341
Easements	28,943	-	-	28,943
Construction in progress	3,421,831	533,879	(3,561,181)	394,529
Total capital assets not being depreciated	14,517,115	533,879	(3,561,181)	11,489,813
Capital assets being depreciated/amortized:				
Buildings	141,907,226	4,230	(3,624)	141,907,832
Improvements	35,747,727	-	(162,270)	35,585,457
Computer Software	401,728	-	(12,500)	389,228
Machinery & Equipment	38,301,270	6,896,069	(2,332,846)	42,864,493
Right-to-Use - Machinery & Equipment Leases	63,865	18,821	-	82,686
Exhibits	15,071,220	8,914	-	15,080,134
Landfill	3,865,986	-	-	3,865,986
Infrastructure	80,443,669	5,361,634	-	85,805,303
Right-to-use - Vehicles Leases	629,577	-	-	629,577
Total capital assets being depreciated/amortized	316,432,268	12,289,668	(2,511,240)	326,210,696
Less accumulated depreciation/amortization for:				
Buildings	(87,616,731)	(2,431,816)	3,624	(90,044,923)
Improvements	(31,224,975)	(1,372,461)	162,270	(32,435,166)
Computer Software	(401,727)	-	12,500	(389,227)
Machinery & Equipment	(24,049,442)	(3,201,268)	2,224,519	(25,026,191)
Right-to-Use - Machinery & Equipment Leases	(20,884)	(21,043)	-	(41,927)
Exhibits	(14,869,509)	(66,141)	-	(14,935,650)
Landfill	(3,686,463)	(4,310)	-	(3,690,773)
Infrastructure	(37,387,057)	(1,169,957)	-	(38,557,014)
Right-to-use - Vehicles Leases	(121,143)	(154,441)	-	(275,584)
Total accumulated depreciation/amortization	(199,377,931)	(8,421,437)	2,402,913	(205,396,455)
Total capital assets being depreciated/amortized, net	117,054,337	3,868,231	(108,327)	120,814,241
Business-type activities capital assets, net	\$ 131,571,452	\$ 4,402,110	\$ (3,669,508)	\$ 132,304,054

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

	General Capital Assets	Internal Service Funds	Total
Governmental activities			
General government	\$ 4,609,766	\$ 3,323,281	\$ 7,933,047
Health	343,184	-	343,184
Public welfare	1,064,475	-	1,064,475
Public safety	2,567,679	-	2,567,679
Streets and highways	7,769,333	-	7,769,333
Culture and recreation	2,705,371	-	2,705,371
Education	4,339,291	-	4,339,291
Total depreciation / amortization expense - governmental activities	\$ 23,399,099	\$ 3,323,281	\$ 26,722,380

9. CAPITAL ASSETS, continued:

Business - type activities:

Coliseum	\$	691,591
The Woodlands		82,095
The Hamptons		114,206
Solid Waste		1,763,526
Refuse-Steam Plant		699,279
Wastewater Management		1,906,325
Museum		616,678
Convention Center		2,547,737
Total depreciation / amortization expense - business-type activities	\$	<u>8,421,437</u>

Discretely Presented Component Units School Board:

	Beginning Balance	Additions	Reductions	Ending Balance
Capital assets not being depreciated:				
Land	\$ 5,111,045	\$ -	\$ -	\$ 5,111,045
Total capital assets not being depreciated:	<u>5,111,045</u>	<u>-</u>	<u>-</u>	<u>5,111,045</u>
Capital assets being depreciated:				
Buildings	48,962,686	-	-	48,962,686
Improvements	310,100	-	-	310,100
Computer Software	1,132,453	-	-	1,132,453
Machinery & Equipment	41,454,948	2,843,037	(1,467,100)	42,830,885
Lease - Machinery & Equipment	1,737,611	57,514	(92,862)	1,702,263
Subscription-based Information Technology Arrangements	314,819	47,384	(90,574)	271,629
Total capital assets being depreciated/amortized	<u>93,912,617</u>	<u>2,947,935</u>	<u>(1,650,536)</u>	<u>95,210,016</u>
Less accumulated depreciation for:				
Buildings	(48,962,686)	-	-	(48,962,686)
Improvements	(310,100)	-	-	(310,100)
Computer Software	(962,587)	(169,868)	-	(1,132,455)
Machinery & Equipment	(27,378,405)	(2,520,705)	1,467,100	(28,432,010)
Lease - Machinery & Equipment	(713,704)	(432,174)	92,862	(1,053,016)
Subscription-based Information Technology Arrangements	(137,528)	(139,623)	68,134	(209,017)
Total accumulated depreciation/amortization	<u>(78,465,010)</u>	<u>(3,262,370)</u>	<u>1,628,096</u>	<u>(80,099,284)</u>
Total capital assets being depreciated/amortized, net	<u>15,447,607</u>	<u>(314,435)</u>	<u>(22,440)</u>	<u>15,110,732</u>
School Board capital assets, net	<u>\$ 20,558,652</u>	<u>\$ (314,435)</u>	<u>\$ (22,440)</u>	<u>\$ 20,221,777</u>

Notes to financial statements

9. CAPITAL ASSETS, continued:

Economic Development Authority:

	Beginning Balance	Additions	Reductions	Ending Balance
Capital assets not being depreciated:				
Land	\$ 20,126,702	\$ -	\$ -	\$ 20,126,702
Total capital assets not being depreciated	20,126,702	-	-	20,126,702
Capital assets being depreciated:				
Building	8,672,586	-	(19,747)	8,652,839
Improvements	1,374,140	276,802	(102,614)	1,548,328
Infrastructure	2,249,350	37,263	-	2,286,613
Machinery & Equipment	622,848	-	-	622,848
Total capital assets being depreciated	12,918,924	314,065	(122,361)	13,110,628
Less accumulated depreciation for:				
Buildings	(1,544,132)	(289,082)	4,344	(1,828,870)
Improvements	(248,515)	(69,372)	22,515	(295,372)
Infrastructure	(1,988,354)	(52,548)	-	(2,040,902)
Machinery & Equipment	(622,849)	-	-	(622,849)
Total accumulated depreciation	(4,403,850)	(411,002)	26,859	(4,787,993)
Total capital assets being depreciated, net	8,515,074	(96,937)	(95,502)	8,322,635
Economic Development Authority capital assets, net	\$ 28,641,777	\$ (96,937)	\$ (95,502)	\$ 28,449,337

Downtown Hampton Development Partnership, Inc:

	Beginning Balance	Additions	Reductions	Ending Balance
Capital assets being depreciated:				
Improvements	\$ 488,905	\$ -	\$ -	\$ 488,905
Computer Software	13,290	-	-	13,290
Machinery & Equipment	209,224	-	-	209,224
Right to use asset - building	29,441	-	-	29,441
Total capital assets being depreciated	740,860	-	-	740,860
Less accumulated depreciation	(483,793)	(48,371)	-	(532,164)
Total capital assets being depreciated, net	\$ 257,067	\$ (48,371)	\$ -	\$ 208,696

Coliseum Central Business Improvement District, Inc:

	Beginning Balance	Additions	Reductions	Ending Balance
Capital assets being depreciated:				
Machinery & Equipment	\$ 164,661	\$ 11,381	\$ -	\$ 176,042
Right to use asset - equipment	454,238	-	-	454,238
Total capital assets being depreciated	618,899	11,381	-	630,280
Less accumulated depreciation	(319,252)	(72,126)	-	(391,378)
Total capital assets being depreciated, net	\$ 299,647	\$ (60,745)	\$ -	\$ 238,902

9. CAPITAL ASSETS, continued:

Construction in Progress

Several capital projects were in various stages of completion on June 30, 2024. In accordance with the City’s accounting policies and practices, these projects will remain in construction in progress until completion, at which time they will be transferred into the various capital asset accounts in the government-wide statements, Enterprise Fund and Discretely Presented Component Units. At June 30, 2024, construction in progress by project was comprised as follows:

	Project Authorization	Expended to June 30, 2024
<u>Governmental Activities</u>		
Infrastructure	\$ 69,197,457	\$ 23,617,672
Construction of various capital assets	27,323,999	15,740,449
	<u>\$ 96,521,456</u>	<u>\$ 39,358,121</u>
<u>Business-type Activities</u>		
Coliseum - building renovations	\$ 271,550	\$ 81,465
Museum- exhibit and/or building construction and renovation	503,149	313,064
	<u>\$ 774,699</u>	<u>\$ 394,529</u>

Notes to financial statements

10. GENERAL OBLIGATION AND OTHER LONG-TERM DEBT:

The following is a summary of the changes in general obligation debt and other indebtedness during the year ended June 30, 2024:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities:					
Bonds payable:					
Serial bonds	\$ 319,787,885	\$ -	\$ (22,050,940)	\$ 297,736,945	\$ 22,054,453
Unamortized premium and discount	26,982,849	-	(2,269,577)	24,713,272	2,269,577
Leases payable	3,442,584	11,124,917	(1,360,803)	13,206,698	1,513,284
Leases payable - Component Unit	605,720	-	(82,545)	523,175	83,818
Leases payable - Internal Service Funds	1,552	29,302	(6,843)	24,011	9,588
SBITA payable - Internal Service Funds	144,870	-	(32,682)	112,188	35,141
Notes Payable - Internal Service Funds	6,153,921	5,731,340	(711,757)	11,173,504	1,209,818
Compensated absences	8,632,174	5,660,955	(5,393,120)	8,900,009	5,393,120
Compensated absences - Internal Service Funds	149,595	83,047	(80,659)	151,983	80,659
Claims and judgements - Internal Service Funds	13,315,883	4,622,708	(4,239,384)	13,699,207	12,487,169
Net OPEB liability - Line of Duty Benefits	18,878,300	2,311,591	(1,328,581)	19,861,310	-
Net pension liability - Internal Service Funds	1,753,617	-	(269,259)	1,484,358	-
Net other postemployment benefits liability - Internal Service Funds	726,212	96,523	(1,263)	821,472	-
Net OPEB liability	58,324,424	16,694,862	(80,418)	74,938,868	-
Net pension liability	112,036,017	10,007,023	(3,996,296)	118,046,744	-
Governmental activities long-term liabilities	\$ 570,935,603	\$ 56,362,268	\$ (41,904,127)	\$ 585,393,744	\$ 45,136,627

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

Balances at June 30, 2024

Long-term liabilities (detail above)	\$ 585,393,744
Less debt - Internal Service Fund	(27,466,723)
Combined adjustment	\$ 557,927,021

Section 148 of the Internal Revenue Code of 1986 requires public entities to refund interest earned in excess of interest paid over the first five years outstanding on tax exempt borrowings. The regulations are applicable to borrowings incurred subsequent to August 1986. The City has calculated the rebate due as of June 30, 2024 and reflected the liability, if any, in the governmental activities column of the Statement of Net Position.

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

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

	Beginning Balance, as restated	Additions	Reductions	Ending Balance	Due Within One Year
Business-type Activities:					
Bonds payable:					
Direct placement revenue bonds	\$ 60,255,000	\$ -	\$ (4,330,000)	\$ 55,925,000	\$ 4,420,000
Serial bonds	437,115	-	(139,060)	298,055	145,547
Total bonds payable	60,692,115	-	(4,469,060)	56,223,055	4,565,547
Leases payable	548,282	18,821	(171,297)	395,806	176,598
Net pension liability	9,912,093	121,672	(2,093,802)	7,939,963	-
Net other postemployment benefit liability	2,991,252	576,490	(43,396)	3,524,346	-
Compensated absences	712,521	487,330	(457,719)	742,132	457,719
Business-type activities long-term liabilities	\$ 74,856,263	\$ 1,204,313	\$ (7,235,274)	\$ 68,825,302	\$ 5,199,864
Component Units:					
School Board:					
Compensated absences	\$ 15,384,458	\$ 886,237	\$ -	\$ 16,270,695	\$ 3,455,202
Leases payable	1,079,345	65,885	(463,663)	681,567	419,848
SBITA payable	140,015	47,384	(166,605)	20,794	11,151
Net OPEB liability	27,312,235	1,047,114	(100,263)	28,259,086	-
Net pension liability	128,319,098	7,841,804	(5,438,004)	130,722,898	-
Total School Board	\$ 172,235,151	\$ 9,888,424	\$ (6,168,535)	\$ 175,955,040	\$ 3,886,201
Economic Development Authority:					
Notes payable	\$ 595,106	\$ -	\$ (79,987)	\$ 515,119	\$ 81,581
Total Economic Development Authority	\$ 595,106	\$ -	\$ (79,987)	\$ 515,119	\$ 81,581
Coliseum Central Business Improvement District, Inc.:					
Leases payable	\$ 278,782	\$ -	\$ (66,037)	\$ 212,745	\$ 70,088
Total Coliseum Central Business Imp. District, Inc.	\$ 278,782	\$ -	\$ (66,037)	\$ 212,745	\$ 70,088
Downtown Hampton Development Partnership, Inc.:					
Leases payable	\$ 17,535	\$ -	\$ (12,266)	\$ 5,269	\$ 5,269
Total Downtown Hampton Development Partnership, Inc.	\$ 17,535	\$ -	\$ (12,266)	\$ 5,269	\$ 5,269

Enterprise Funds

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

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

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

Convention Center Direct Placement Revenue Bonds (Bonds) in the amount of \$106,305,000 were issued November 1, 2002 with interest ranging from 3.50% to 5.25%. The proceeds of the Bonds were used to finance the cost of the

Notes to financial statements

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

construction of a convention center, to retire a \$7,585,000 Revenue Bond Anticipation Note issued in connection with the project and to pay interest on the Series 2002 Bonds. The bonds are payable solely from and collateralized by, revenues derived by the City from ownership and operation of the project.

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

In prior years, the City defeased certain revenue bonds by placing the proceeds of the new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and liabilities for the defeased bonds are not included in the City's financial statements. On June 30, 2024, \$50,980,000 defeased bonds were outstanding.

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

Fiscal year ending June 30	Principal	Interest
2025	\$ 4,420,000	\$ 1,483,640
2026	4,530,000	1,379,990
2027	4,640,000	1,268,862
2028	4,755,000	1,150,757
2029	4,880,000	1,024,608
2030-2034	26,835,000	2,942,357
2035	5,865,000	90,820
	<u>\$ 55,925,000</u>	<u>\$ 9,341,034</u>

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

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

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

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

General Obligation Bonds		
Year	Principal	Interest
2025	\$ 145,547	\$ 13,785
2026	152,508	7,053
	<u>\$ 298,055</u>	<u>\$ 20,838</u>

10. GENERAL OBLIGATION AND OTHER LONG-TERM DEBT, continued:**Discretely Presented Component Unit-EDA:**

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

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

Year	Notes Payable	
	Principal	Interest
2025	\$ 81,581	\$ 12,067
2026	83,264	10,474
2027	84,952	8,791
2028	86,675	7,103
2029	88,422	5,380
2030	90,225	5,463
	<u>\$ 515,119</u>	<u>\$ 49,278</u>

Internal Service Funds:

The City is self-insured for workmens' compensation benefits and general liability insurance claims. At June 30, 2024, the liability for existing claims amounted to \$13,699,207. Workers' compensation benefit claims are payable weekly or monthly through 2033.

Equipment Replacement Fund

On August 30, 2019, the City entered into an equipment purchase agreement notes payable for \$1,378,000 with Key Government Finance, Inc. to purchase two fire trucks. The notes payable is payable quarterly with an interest rate of 2.015% and matures October 15, 2026. As of June 30, 2024, the outstanding balance on the notes payable is \$506,000.

On March 30, 2022, the City entered into an equipment purchase agreement notes payable for \$2,858,000 with Banc of America Public Capital Corp. to purchase three new fire trucks. The notes payable is payable semi-annually on March 1 and September 1 with an interest rate of 1.9839% and matures March 1, 2032. At June 30, 2024, the outstanding balance on the notes payable is \$2,327,000.

On March 30, 2023, the City entered into an equipment purchase agreement notes payable for \$2,859,921 with Banc of America Public Capital Corp. to purchase two new fire trucks. The notes payable is payable semi-annually on March 1 and September 1 with an interest rate of 3.4927% and matures March 1, 2033. At June 30, 2024 the outstanding balance on the notes payable is \$2,609,164.

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

Notes to financial statements

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

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

Risk Management Fund		Equipment Replacement Fund		
Year	Accrued Insurance Claims	Notes Payable Year	Principal	Interest
2025	\$ 12,487,169	2025	\$ 1,209,818	\$ 358,345
2026	277,726	2026	1,231,625	337,091
2027	267,155	2027	1,167,435	297,892
2028	237,793	2028	1,100,435	260,482
2029	220,110	2029	1,138,672	222,501
2030-2033	209,254	2030-2034	5,325,519	504,325
	<u>\$ 13,699,207</u>		<u>\$ 11,173,504</u>	<u>\$ 1,980,636</u>

General Long-Term Debt:

Details of general obligation bonds and loans reported in the government-wide statements at June 30, 2024 are as follows:

General Obligation Bonds Outstanding	\$297,736,945
Coupon interest rate	2.0% to 5.63%
Years of maturity	2025-2043

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

Year	General Obligation Bonds	
	Principal	Interest
2025	\$ 22,054,453	\$ 10,510,738
2026	21,502,492	9,569,724
2027	21,115,000	8,533,962
2028	19,595,000	7,466,655
2029	16,410,000	6,695,095
2030-2034	85,285,000	23,845,751
2035-2039	72,730,000	11,029,218
2040-2043	39,045,000	2,182,081
	<u>\$ 297,736,945</u>	<u>\$ 79,833,224</u>

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

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

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

Obligation Public Improvement Bonds. Interest on the Bonds is due and payable semi-annually on each March 1 and September 1.

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

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

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

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

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

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

On April 23, 2015, the City issued \$46,770,000 in General Obligation Public Improvement Bonds, Series 2015A with interest rates ranging from 3.5% to 5.0% and \$56,250,000 in General Obligation Public Improvement Refunding Bonds, Series 2015B with an interest rate of 5.0%. The proceeds of the 2015B Bonds were used to refund portions of the City's Series 2007 General Obligation Bonds in the amount of \$63,320,000 and the remaining balance will be used

Notes to financial statements

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

to finance the cost of general capital improvement projects of the City. Interest on the Bonds is due and payable semi-annually on each March 1 and September 1.

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

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

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

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

On October 25, 2007, the City issued \$145,815,000 in General Obligation Public Improvement and Refunding Bonds, Series 2008 with interest ranging from 4.00% to 5.00%. The proceeds of the bonds were used to refund bond anticipation notes issued by the City in April 2007 in the amount of \$29,540,000 and the remaining balance will be used to finance the cost of general capital improvement projects of the City.

On April 6, 2005, the City issued \$53,210,000 in General Obligation Public Improvement Bonds, Series 2005A with interest ranging from 3.00% to 5.00% and \$10,000,000 in Taxable General Obligation Public Improvement Bonds, Series 2005B with an interest rate of 5.04%. The proceeds of the Bonds will be used to finance capital improvements in the City.

On August 20, 2004, the City issued \$29,630,000 in General Obligation Public Improvement Refunding Bonds, Series 2004 with interest ranging from 2.00% to 5.00%.

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

In prior years, the City defeased certain general obligation bonds by placing the proceeds of the new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and liabilities for the defeased bonds are not included in the City's financial statements. On June 30, 2024, \$42,205,000 defeased bonds were outstanding.

Debt Limit:

The Commonwealth of Virginia imposes a legal limit of 10% of assessed valuation on the amount of general obligation borrowings which may be issued by the City. As of June 30, 2024, the City's aggregate general obligation indebtedness was \$298,035,000, which is \$1,198,863,359 less than the State limit.

Overlapping Debt:

There are no overlapping or underlying tax jurisdictions.

11. DEFINED BENEFIT PENSION PLANS:

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

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

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

The following is a summary of the total activity for the City and School Board defined pension plans during the year ended June 30, 2024:

	Net Pension (Asset)/ Liability	Net Deferred Outflows	Net Deferred Inflows	Pension Expense/ (Reduction)
<u>Combined Entity Total:</u>				
VRS	\$ 130,153,046	\$ 31,344,509	\$ (13,106,171)	\$ 18,048,476
HERS	(2,563,334)	-	(2,350,023)	(724,402)
Total	\$ 127,589,712	\$ 31,344,509	\$ (15,456,194)	\$ 17,324,074
<u>Less: Pension Trust Fund</u>				
HERS	118,647	28,574	(11,947)	41,288
Total City:	\$ 127,471,065	\$ 31,315,935	\$ (15,444,247)	\$ 17,282,786
	Net Pension (Asset)/ Liability	Net Deferred Outflows	Net Deferred Inflows	Pension Expense/ (Reduction)
<u>School Board:</u>				
VRS - Nonprofessional employees	708,894	527,136	(514,971)	(172,475)
VRS - Teachers	132,784,413	42,912,625	(15,062,601)	12,181,685
HERS - Teachers/Nonprofessional employees	(2,770,409)	-	(2,539,865)	(782,921)
Total	\$ 130,722,898	\$ 43,439,761	\$ (18,117,437)	\$ 11,226,289

Hampton Employees' Retirement System (HERS)**Plan Description - HERS:**

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

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

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

Notes to financial statements

11. DEFINED BENEFIT PENSION PLANS, continued:

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

Effective July 1, 2001, a plan amendment provided for a one-time cost of living adjustment of 3.5% to the gross monthly retirement benefits for retired members and beneficiaries who were receiving retirement benefits on that date and hired prior to July 1, 1999. COLAs are not automatic under the plan.

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

Employees Covered by Benefit Terms - HERS Retirement Plan

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

	Number	
	City	School Board Nonprofessional Employees
Inactive members or their beneficiaries currently receiving benefits	924	1,326
Vested inactive members	81	130
Active members	11	3
Total	1,016	1,459

Contributions - HERS:

The contribution requirements of plan members, the City and School Board are established and may be amended by the City Council. Plan members do not contribute. The City and Component Unit – School Board are required to contribute an actuarially determined amount. Contributions from the City totaled \$811,800 and the School Board totaled \$877,381 for the year ending June 30, 2024.

Net Pension Liability - HERS:

The City's and School Board's net pension liability and the total pension liability used to calculate the net pension liability was measured as of June 30, 2023 and projected to June 30, 2024.

Actuarial Assumptions - HERS Retirement Plan

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

Inflation	2.50%
Salary increases	2.5% per annum for all members of the plan
Investment rate of return	6.00%, net of investment expenses, annually Assumed to be the same as for the prior plan year,
Administrative Expenses	increased by the inflation rate of 2.5%.

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

11. DEFINED BENEFIT PENSION PLANS, continued:

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

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

The discount rate used to measure the total pension liability was 6.00 percent. A formal cash flow projection was not performed; however, the assumption was made that the City and School Board will continue the historical and legally required practice of contributing to the plan based on an actuarially determined contribution, reflecting a payment equal to the normal cost plus a provision for administrative expenses, plus an amount necessary to amortize the June 30, 2013 unfunded actuarial liability as a level dollar amount over a closed 10 year period, plus layers of future actuarial gains and losses over separate fixed 10 year periods from each subsequent valuation date. Based on these assumptions, the pension plans' projected fiduciary net position will be greater than or equal to the benefit payments projected for each future period. Therefore, the long-term expected rate of return on pension plan investments (6.00%) was applied to all periods of projected benefit payments to determine the total pension liability.

HERS - Fiduciary Net Position:

	Fiduciary Net Position		
	City	Component Unit - School Board	Total
Balances at June 30, 2023	\$ 56,453,529	\$ 61,861,498	\$ 118,315,027
Contribution - employer	811,800	877,380	1,689,180
Net investment income	7,721,981	8,338,669	16,060,650
Benefit payments	(6,247,031)	(8,516,474)	(14,763,505)
Administrative expense	(103,168)	(140,645)	(243,813)
Net Changes	2,183,582	558,930	2,742,512
Balances at June 30, 2024	\$ 58,637,111	\$ 62,420,428	\$ 121,057,539

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11. DEFINED BENEFIT PENSION PLANS, continued:

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

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability/(Asset) (a)-(b)
Balances at June 30, 2023	\$ 123,450,826	\$ 118,315,027	\$ 5,135,800
Changes for the year:			
Service cost	62,150	-	62,150
Interest	6,974,325	-	6,974,325
Differences between expected and actual experience	-	-	-
Contributions-employer	-	1,689,179	(1,689,179)
Net investment income	-	16,060,650	(16,060,650)
Benefit payments, including refunds of employee contributions	(14,763,505)	(14,763,505)	-
Administrative expense	-	(243,812)	243,812
Net Changes	(7,727,030)	2,742,512	(10,469,542)
Balances at June 30, 2024	\$ 115,723,796	\$ 121,057,539	\$ (5,333,743)

At June 30, 2024, the City and School Board reported a net pension asset of (\$2,563,334) and (\$2,770,409), respectively.

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

The following presents the net pension asset of the City and School Board, calculated using the discount rate of 6.00%, as well as what the net pension asset would be if it were calculated using a discount rate that is 1-percentage-point lower (5.00 percent) or 1-percentage higher (7.00 percent) than the current rate:

	1% Decrease (5.00%)	Current Discount Rate (6.00%)	1% Increase (7.00%)
Net pension asset (liability)-City	\$ 1,058,567	\$ 2,563,334	\$ (5,778,955)
Net pension asset (liability)-School Board	\$ 1,144,081	\$ 2,770,409	\$ (6,245,800)

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

For the year ended June 30, 2024, the City and School Board recognized pension expense reduction of \$724,402 and \$782,921, respectively. At June 30, 2024, the City and Component Unit - School Board reported deferred inflows of resources related to pensions from the following sources:

	City	School Board
	Deferred Inflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on pension plan investments	\$ (2,350,023)	\$ (2,539,865)
Total	\$ (2,350,023)	\$ (2,539,865)

11. DEFINED BENEFIT PENSION PLANS, continued:

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

Year ended June 30:	City	School Board
2025	\$ (1,142,182)	\$ (1,234,450)
2026	1,160,865	1,254,643
2027	(1,469,481)	(1,588,190)
2028	(899,225)	(971,868)
	<u>\$ (2,350,023)</u>	<u>\$ (2,539,865)</u>

Pension Plan Fiduciary Net Position - HERS

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

Virginia Retirement System (VRS)

Plan Description - VRS:

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

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

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

PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
About Plan 1	About Plan 2	About the Hybrid Retirement Plan
Plan 1 is a defined benefit plan. The retirement benefit is based on a member’s age, service credit and average final compensation at retirement using a formula.	Same as Plan 1. Teachers: Plan 2 is a defined benefit plan. The retirement benefit is based on a member’s age, service credit and average final compensation at retirement using a formula.	The Hybrid Retirement Plan combines the features of a defined benefit plan and a defined contribution plan. • The defined benefit is based on a member’s age, service credit and average final compensation at retirement using a formula. • The benefit from the defined contribution component of the plan depends on the member and employer contributions made to the plan and the investment performance of those contributions.

Notes to financial statements

11. DEFINED BENEFIT PENSION PLANS, continued:

PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
		<ul style="list-style-type: none"> • In addition to the monthly benefit payment payable from the defined benefit plan at retirement, a member may start receiving distributions from the balance in the defined contribution account, reflecting the contributions, investment gains or losses, and any required fees.
Eligible Members	Eligible Members	Eligible Members
Employees are in Plan 1 if their membership date is before July 1, 2010, and they were vested as of January 1, 2013, and they have not taken a refund.	<p>Employees are in Plan 2 if their membership date is on or after July 1, 2010, or their membership date is before July 1, 2010, and they were not vested as of January 1, 2013.</p> <p>Teachers: Members are in Plan 2 if their membership date is from July 1, 2010 to December 31, 2013, and they have not taken a refund. Members are covered under Plan 2 if they have a membership date prior to July 1, 2010, and they were not vested before January 1, 2013.</p>	<p>Employees are in the Hybrid Retirement Plan if their membership date is on or after January 1, 2014.</p> <p>This includes:</p> <ul style="list-style-type: none"> • School division non-professional employees • Political subdivision employees* • Members in Plan 1 or Plan 2 who elect to opt into the plan during the election window held January 1- April 30, 2014; the plan's effective date for opt-in members was July 1, 2014.
Hybrid Opt-In Election	Hybrid Opt-In Election Eligible	*Non-Eligible Members
VRS non-hazardous duty covered Plan 1 members were allowed to make an irrevocable decision to opt into the Hybrid Retirement Plan during a special election window held January 1 through April 30, 2014.	Eligible Plan 2 members were allowed to make an irrevocable decision to opt into the Hybrid Retirement Plan during a special election window held January 1 through April 30, 2014.	Some employees are not eligible to participate in the Hybrid Retirement Plan. They include:
The Hybrid Retirement Plan effective date for eligible Plan 1 members who opted in was July 1, 2014.	The Hybrid Retirement Plan's effective date for eligible Plan 2 members who opted in was July 1, 2014.	<ul style="list-style-type: none"> • Political subdivision employees who are covered by enhanced benefits for hazardous duty employees
If eligible deferred members returned to work during the election window, they were also eligible to opt into the Hybrid Retirement Plan.	If eligible deferred members returned to work during the election window, they were also eligible to opt into the Hybrid Retirement Plan.	Those employees eligible for an optional retirement plan (ORP) must elect the ORP plan or the Hybrid Retirement Plan. If these members have prior service under Plan 1 or Plan 2, they are not eligible to elect the Hybrid Retirement Plan and must select Plan 1 or Plan 2 (as applicable) or ORP.
Members who were eligible for an optional retirement plan (ORP) and had prior service under Plan 1 were not eligible to elect the Hybrid Retirement Plan and remain as Plan 1 or ORP.	Members who were eligible for an optional retirement plan (ORP) and have prior service under Plan 2 were not eligible to elect the Hybrid Retirement Plan and remain as Plan 2 or ORP.	
Retirement Contributions	Retirement Contributions	Retirement Contributions
Employees contribute 5% of their compensation each month to their member contribution account through a pre-tax salary reduction. Member contributions are tax-deferred until they are withdrawn as part of a retirement benefit or as a refund. The employer makes a separate actuarially determined contribution to VRS for all covered employees. VRS invests both member and employer contributions to provide funding for the future benefit payment.	Same as Plan 1.	A member's retirement benefit is funded through mandatory and voluntary contributions made by the member and the employer to both the defined benefit and the defined contribution components of the plan. Mandatory contributions are based on a percentage of the employee's creditable compensation and are required from both the member and the employer. Additionally, members may choose to make voluntary contributions to the defined contribution component of the plan, and the employer is required to match those voluntary contributions according to specified percentages.

11. DEFINED BENEFIT PENSION PLANS, continued:

PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
Service Credit Service credit includes active service. Members earn service credit for each month they are employed in a covered position. It also may include credit for prior service the member has purchased or additional service credit the member was granted. A member's total service credit is one of the factors used to determine their eligibility for retirement and to calculate their retirement benefit. It also may count toward eligibility for the health insurance credit in retirement, if the employer offers the health insurance credit.	Service Credit Same as Plan 1.	Service Credit Defined Benefit Component: Under the defined benefit component of the plan, service credit includes active service. Members earn service credit for each month they are employed in a covered position. It also may include credit for prior service the member has purchased or additional service credit the member was granted. A member's total service credit is one of the factors used to determine their eligibility for retirement and to calculate their retirement benefit. It also may count toward eligibility for the health insurance credit in retirement, if the employer offers the health insurance credit. Defined Contributions Component: Under the defined contribution component, service credit is used to determine vesting for the employer contribution portion of the plan.
Vesting Vesting is the minimum length of service a member needs to qualify for a future retirement benefit. Members become vested when they have at least five years (60 months) of service credit. Vesting means members are eligible to qualify for retirement if they meet the age and service requirements for their plan. Members also must be vested to receive a full refund of their member contribution account balance if they leave employment and request a refund. Members are always 100% vested in the contributions that they make.	Vesting Same as Plan 1.	Vesting Defined Benefit Component: Defined benefit vesting is the minimum length of service a member needs to qualify for a future retirement benefit. Members are vested under the defined benefit component of the Hybrid Retirement Plan when they reach five years (60 months) of service credit. Plan 1 or Plan 2 members with at least five years (60 months) of service credit who opted into the Hybrid Retirement Plan remain vested in the defined benefit component. Defined Contributions Component: Defined contribution vesting refers to the minimum length of service a member needs to be eligible to withdraw the employer contributions from the defined contribution component of the plan. Members are always 100% vested in the contributions that they make. Upon retirement or leaving covered employment, a member is eligible to withdraw a percentage of employer contributions to the defined contribution component of the plan, based on service. • After two years, a member is 50% vested and may withdraw 50% of employer contributions. • After three years, a member is 75% vested and may withdraw 75% of employer contributions. • After four or more years, a member is 100% vested and may withdraw 100% of employer contributions.

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11. DEFINED BENEFIT PENSION PLANS, continued:

PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
		Distribution is not required, except as governed by law.
Calculating the Benefit	Calculating the Benefit	Calculating the Benefit
The Basic Benefit is determined using the average final compensation, service credit and plan multiplier. An early retirement reduction factor is applied to the amount if the member is retiring with a reduced benefit. In cases where the member has elected an optional form of retirement payment, an option factor specific to the option chosen is then applied.	See definition under Plan 1.	Defined Benefit Component: See definition under Plan 1 Defined Contribution Component: The benefit is based on contributions made by the member and any matching contributions made by the employer, plus net investment earnings on those contributions.
Average Final Compensation	Average Final Compensation	Average Final Compensation
A member's average final compensation is the average of the 36 consecutive months of highest compensation as a covered employee.	A member's average final compensation is the average of their 60 consecutive months of highest compensation as a covered employee.	Same as Plan 2. It is used in the retirement formula for the defined benefit component of the plan.
Service Retirement Multiplier	Service Retirement Multiplier	Service Retirement Multiplier
VRS: The retirement multiplier is a factor used in the formula to determine a final retirement benefit. The retirement multiplier for nonhazardous duty members is 1.70%.	VRS: Same as Plan 1 for service earned, purchased or granted prior to January 1, 2013. For non-hazardous duty members the retirement multiplier is 1.65% for service credit earned, purchased or granted on or after January 1, 2013.	Defined Benefit Component: VRS: The retirement multiplier for the defined benefit component is 1.00%. For members that opted into the Hybrid Retirement Plan from Plan 1 or Plan 2, the applicable multipliers for those plans will be used to calculate the retirement benefit for service credited in those plans.
Sheriffs and regional jail superintendents: The retirement multiplier for sheriffs and regional jail superintendents is 1.85%.	Sheriffs and regional jail superintendents: Same as Plan 1.	Sheriffs and regional jail superintendents: Not applicable.
Political subdivision hazardous duty employees: The retirement multiplier of eligible political subdivision hazardous duty employees other than sheriffs and regional jail superintendents is 1.70% or 1.85% as elected by the employer.	Political subdivision hazardous duty employees: Same as Plan 1.	Political subdivision hazardous duty employees: Not applicable. Defined Contribution Component: Not applicable.
Normal Retirement Age:	Normal Retirement Age:	Normal Retirement Age:
VRS: Age 65. Political subdivisions hazardous duty employees: Age 60.	VRS: Normal Social Security retirement age. Political subdivisions hazardous duty employees: Same as Plan 1.	Defined Benefit Component: VRS: Same as Plan 2. Political subdivisions hazardous duty employees: Not applicable. Defined Contribution Component: Members are eligible to receive distributions upon leaving employment, subject to restrictions.
Earliest Unreduced Retirement Eligibility	Earliest Unreduced Retirement Eligibility	Earliest Unreduced Retirement Eligibility
VRS: Age 65 with at least five years (60 months) of service credit or at age 50 with at least 30 years of service credit.	VRS: Normal Social Security retirement age with at least five years (60 months) of service credit or when their age plus service equals 90.	Defined Benefit Component: VRS: Normal Social Security retirement age and have at least five years (60 months) of service credit or when their age plus service credit equals 90.

11. DEFINED BENEFIT PENSION PLANS, continued:

PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
Political subdivisions hazardous duty employees: Age 60 with at least five years of service credit or age 50 with at least 25 years of service credit.	Political subdivisions hazardous duty employees: Same as Plan 1.	Political subdivisions hazardous duty employees: Not applicable. Defined Contribution Component: Members are eligible to receive distributions upon leaving employment, subject to restrictions.
Earliest Reduced Retirement Eligibility	Earliest Reduced Retirement Eligibility	Earliest Reduced Retirement Eligibility
VRS: Age 55 with at least five years (60 months) of service credit or age 50 with at least 10 years of service credit. Political subdivisions hazardous duty employees: age 50 with at least five years of service credit.	VRS: Age 60 with at least five years (60 months) of service credit. Political subdivisions hazardous duty employees: Same as Plan 1.	VRS: Age 60 with at least five years (60 months) of service credit. Political subdivisions hazardous duty employees: Not applicable. Defined Contribution Component: Members are eligible to receive distributions upon leaving employment, subject to restrictions.
Cost-of-Living Adjustment (COLA) in Retirement	COLA in Retirement	COLA in Retirement
The Cost-of-Living Adjustment (COLA) matches the first 3% increase in the Consumer Price Index for all Urban Consumers (CPI-U) and half of any additional increase (up to 4%) up to a maximum COLA of 5%.	The Cost-of-Living Adjustment (COLA) matches the first 2% increase in the CPI-U and half of any additional increase (up to 2%), for a maximum COLA of 3%.	Defined Benefit Component: Same as Plan 2. Defined Contribution Component: Not applicable.
Eligibility: For members who retire with an unreduced benefit or with a reduced benefit with at least 20 years of service credit, the COLA will go into effect on July 1 after one full calendar year from the retirement date. For members who retire with a reduced benefit and who have less than 20 years of service credit, the COLA will go into effect on July 1 after one calendar year following the unreduced retirement eligibility date.	Eligibility: Same as Plan 1.	Eligibility: Same as Plan 1 and Plan 2.
Exceptions to COLA Effective Dates: The COLA is effective July 1 following one full calendar year (January 1 to December 31) under any of the following circumstances: • The member is within five years of qualifying for an unreduced retirement benefit as of January 1, 2013. • The member retires on disability. • The member retires directly from short-term or long-term disability. • The member is involuntarily separated from employment for causes other than job performance or misconduct and is eligible to retire under the Workforce Transition Act or the Transitional Benefits Program.	Exceptions to COLA Effective Dates: Same as Plan 1.	Exceptions to COLA Effective Dates: Same as Plan 1 and Plan 2.

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11. DEFINED BENEFIT PENSION PLANS, continued:

PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<ul style="list-style-type: none"> • The member dies in service and the member's survivor or beneficiary is eligible for a monthly death-in service benefit. • The COLA will go into effect on July 1 following one full calendar year (January 1 to December 31) from the date the monthly benefit begins. 		
Disability Coverage	Disability Coverage	Disability Coverage
Members who are eligible to be considered for disability retirement and retire on disability, the retirement multiplier is 1.70% on all service, regardless of when it was earned, purchased or granted.	Members who are eligible to be considered for disability retirement and retire on disability, the retirement multiplier is 1.65% on all service, regardless of when it was earned, purchased or granted.	<p>Employees of political subdivisions and school divisions (including Plan 1 and Plan 2 opt-ins) participate in the Virginia Local Disability Program (VLDP) unless their local governing body provides an employer-paid comparable program for its members.</p> <p>Hybrid members (including Plan 1 and Plan 2 opt-ins) covered under VLDP are subject to a one-year waiting period before becoming eligible for non-work related disability benefits.</p>
Purchase of Prior Service	Purchase of Prior Service	Purchase of Prior Service
Members may be eligible to purchase service from previous public employment, active duty military service, an eligible period of leave or VRS refunded service as service credit in their plan. Prior service credit counts toward vesting, eligibility for retirement and the health insurance credit. Only active members are eligible to purchase prior service. Members also may be eligible to purchase periods of leave without pay.	Same as Plan 1.	<p>Defined Benefit Component:</p> <p>Same as Plan 1, with the following exception:</p> <ul style="list-style-type: none"> • Hybrid Retirement Plan members are ineligible for ported service. <p>Defined Contribution Component:</p> <p>Not applicable.</p>

Employees Covered by Benefit Terms - VRS Retirement Plan

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

	Number	
	City	School Board Nonprofessional Employees
Inactive members or their beneficiaries currently receiving benefits	1,928	279
Inactive members:		
Vested inactive members	422	53
Non-vested inactive members	891	124
Active elsewhere in VRS	719	65
Total inactive members	2,032	242
Active members	1,725	151
Total covered employees	5,685	672

11. DEFINED BENEFIT PENSION PLANS, continued:**Contributions - VRS:**

The contribution requirement for active employees is governed by Title 51.1-145 of the *Code of Virginia*, as amended, but may be impacted as a result of funding options provided to political subdivisions and school divisions by the Virginia General Assembly. Employees are required to contribute 5% of their compensation toward their retirement.

For the Teacher Retirement Plan, each school division's contractually required contribution rate for the year ended June 30, 2024 was 16.62% of covered employee compensation. This was the General Assembly approved rate which was based on an actuarially determined rate from an actuarial valuation as of June 30, 2021. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the Teacher Retirement Plan from the School Board were \$23,784,540 and \$21,644,942 for the years ended June 30, 2024 and June 30, 2023, respectively.

In June 2023, the Commonwealth made a special contribution of approximately \$147.5 million to the VRS Teacher Employee Plan. The special payment was authorized by Chapter 2 of the Acts of Assembly of 2022, Special Session I, as amended by Chapter 769, 2023 Acts of Assembly Reconvened Session, and is classified as a non-employer contribution. The school district's proportionate share is reflected in the net pension liability calculation.

For the VRS Retirement Plan, the City's and School Board's nonprofessional employees contractually required contribution rates for the year ended June 30, 2024 were 20.80% and 5.42% of covered employee compensation, respectively. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2021. This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the City were \$21,716,455 and \$20,329,861 for the years ended June 30, 2024 and June 30, 2023, respectively. Contributions to the pension plan from the School Board were \$348,718 and \$288,855 for the years ended June 30, 2024 and June 30, 2023, respectively.

Net Pension Liability - VRS Retirement Plan

The net pension liability (NPL) is calculated separately for each employer and represents that particular employer's total pension liability determined in accordance with Generally Accepted Account Principles (GAAP) less that employer's fiduciary net position. For the City and School Board's nonprofessional employees, the net pension liability was measured as of June 30, 2023. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation performed as of June 30, 2022, rolled forward to the measurement date of June 30, 2023.

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

At June 30, 2024, the School Board - Teachers reported a liability of \$132,784,413 for its proportionate share of the Net Pension Liability. The Net Pension Liability was measured as of June 30, 2023 and the total pension liability used to calculate the Net Pension Liability was determined by an actuarial valuation performed as of June 30, 2022, and rolled forward to the measurement date of June 30, 2023. The School Board's proportion of the Net Pension Liability was based on the School Board's actuarially determined employer contributions to the pension plan for the year ended June 30, 2023, relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2023, the School Board's proportion was 1.31% as compared to 1.32% at June 30, 2022.

For the year ended June 30, 2024, the School Board - Teachers recognized a pension expense of \$12,181,685. Since there was a change in proportionate share between measurement dates, a portion of the pension expense was related to deferred amounts from changes in proportion and from differences between employer contributions and the proportionate share of employer contributions. Beginning with the June 30, 2022 measurement date, the difference between expected and actual contributions is included with the pension expense calculation.

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11. DEFINED BENEFIT PENSION PLANS, continued:

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 11,406,294	\$ (5,181,515)
Change in assumptions	6,019,583	-
Net difference between projected and actual earnings on pension plan investments	-	(8,633,665)
Changes in proportionate share	1,702,208	(1,247,421)
Employer contributions subsequent to the measurement date	23,784,540	-
	<u>\$ 42,912,625</u>	<u>\$ (15,062,601)</u>

\$23,784,540 reported as deferred outflows of resources related to pensions resulting from the School Board - Teacher's contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the fiscal year ended June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30		
2025	\$	(2,498,112)
2026		(6,930,777)
2027		10,991,138
2028		2,503,235
2029		-
	<u>\$</u>	<u>4,065,484</u>

City

For the year ended June 30, 2024, the City recognized pension expense of \$18,048,476. At June 30, 2024, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 6,537,595	\$ (3,815,345)
Change in assumptions	3,090,459	-
Net difference between projected and actual earnings on pension plan investments	-	(9,290,826)
Employer contributions subsequent to the measurement date	21,716,455	-
Total	<u>\$ 31,344,509</u>	<u>\$ (13,106,171)</u>

11. DEFINED BENEFIT PENSION PLANS, continued:

\$21,716,455 reported as deferred outflows of resources related to pensions resulting from the City's contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the year ended June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Fiscal Year Ending June 30		
2025	\$	(3,524,303)
2026		(8,624,577)
2027		8,348,803
2028		321,960
2029		-
	\$	<u>(3,478,117)</u>

School Board Nonprofessional Employees

For the year ended June 30, 2024, the School Board recognized pension expense (income) of (\$172,475). At June 30, 2024, the School Board reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 178,418	
Net difference between projected and actual earnings on pension plan investments	-	(514,971)
Employer contributions subsequent to the measurement date	348,718	-
Total	<u>\$ 527,136</u>	<u>\$ (514,971)</u>

\$348,718 reported as deferred outflows of resources related to pensions resulting from the School Board's contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the year ended June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Fiscal Year Ending June 30		
2025	\$	(177,261)
2026		(608,665)
2027		430,863
2028		18,510
	\$	<u>(336,553)</u>

Actuarial Assumptions - VRS Teacher Retirement Plan

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

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

Mortality rates:

Pre-Retirement:

Notes to financial statements

11. DEFINED BENEFIT PENSION PLANS, continued:

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

Post-Retirement:

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

Post-Disablement:

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

Beneficiaries and Survivors:

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

Mortality Improvement:

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

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

Mortality Rates (Pre-retirement, post- retirement healthy, and disabled)	Update to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Impovement Scale MP-2020.
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 for all.
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Discount Rate	6.75%

Actuarial Assumptions – VRS Retirement Plan General Employees

The total pension liability for General Employees in the Political Subdivision's Retirement Plan was based on an actuarial valuation as of June 30, 2022, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2023.

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

Mortality rates:

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

Pre-Retirement:

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

11. DEFINED BENEFIT PENSION PLANS, continued:

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

Largest 10 – Non-Hazardous Duty:

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

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

The total pension liability for Public Safety employees with Hazardous Duty Benefits in the Political Subdivision Retirement Plan was based on an actuarial valuation as of June 30, 2022, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2023.

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

Mortality rates:

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

Pre-Retirement:

Pub-2010 Amount Weighted Safety Employee Rates projected generationally with a Modified MP-2020 Improvement Scale; 95% of rates for males; 105% of rates for females set forward 2 years.

Post-Retirement:

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11. DEFINED BENEFIT PENSION PLANS, continued:

Pub-2010 Amount Weighted Safety Healthy Retiree Rates projected generationally with a Modified MP-2020 Improvement Scale; 110% of rates for males; 105% of rates for females set forward 3 years.

Post-Disablement:

Pub-2010 Amount Weighted General Disabled Rates projected generationally with a Modified MP-2020 Improvement Scale; 95% of rates for males set back 3 years; 90% of rates for females set back 3 years.

Beneficiaries and Survivors:

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

Mortality Improvement:

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

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

Largest 10 - Hazardous Duty:

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

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

*The above allocation provides a one-year expected return of 8.25%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the System, stochastic projections are employed to model future returns under various economic conditions. These results provide a range of returns over various time periods that ultimately provide a median return of 7.14%, including expected inflation of 2.50%. On June 15, 2023, the VRS Board elected a long-term rate of 6.75% which is roughly at the 45th percentile of expected long-term results of the VRS fund asset allocation at that time, providing a median return of 7.14%, including expected inflation of 2.50%.

11. DEFINED BENEFIT PENSION PLANS, 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. Consistent with the phased-in funding provided by the General Assembly for City and School Board employer contributions; political subdivisions were also provided with an opportunity to use an alternate employer contribution rate. For the year ended June 30, 2023, the alternate rate was the employer contribution rate used in fiscal year 2012 or 100% of the actuarially determined employer contribution rate from the June 30, 2022 actuarial valuations, whichever was greater. From July 1, 2023, on, participating employers are assumed to continue to contribute 100% of the actuarially determined contribution rates.

Through the fiscal year ending June 30, 2023, the rate contributed by the school division for the VRS Teacher Retirement Plan will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly which was 112% of the actuarially determined contribution rate. From July 1, 2023, school divisions are assumed to continue to contribute 112% of the actuarially determined contribution rate.

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

Changes in Net Pension Liability - VRS Retirement Plan City

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a)-(b)
Balances at June 30, 2022	\$ 700,600,744	\$ 579,195,900	\$ 121,404,844
Changes for the year:			
Service cost	13,848,019	-	13,848,019
Interest	46,870,101	-	46,870,101
Changes of assumptions	-	-	-
Differences between expected and actual experience	9,806,392	-	9,806,392
Contributions-employer	-	20,328,949	(20,328,949)
Contributions-employee	-	4,842,846	(4,842,846)
Net investment income	-	36,968,012	(36,968,012)
Benefit payments, including refunds of employee contributions	(40,153,806)	(40,153,806)	-
Administrative expense	-	(371,891)	371,891
Other changes	-	8,394	(8,394)
Net changes	30,370,706	21,622,504	8,748,202
Balances at June 30, 2023	\$ 730,971,450	\$ 600,818,404	\$ 130,153,046

CITY OF HAMPTON, VIRGINIA
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11. DEFINED BENEFIT PENSION PLANS, continued:

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

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability(asset)
	(a)	(b)	(a)-(b)
Balances at June 30, 2022	\$ 29,702,035	\$ 29,623,420	\$ 78,615
Changes for the year:			
Service cost	395,192	-	395,192
Interest	1,961,917	-	1,961,917
Differences between expected and actual experience	603,222	-	603,222
Contributions-employer	-	248,288	(248,288)
Contributions-employee	-	246,907	(246,907)
Net investment income	-	1,853,473	(1,853,473)
Benefit payments, including refunds of employee contributions	(2,063,593)	(2,063,593)	-
Administrative expenses	-	(19,356)	19,356
Other changes	-	740	(740)
Net changes	896,738	266,459	630,279
Balances at June 30, 2023	\$ 30,598,773	\$ 29,889,879	\$ 708,894

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

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

	1.00% Decrease (5.75%)	Current Discount Rate (6.75%)	1.00% Increase (7.75%)
School Division's proportionate share of the VRS Teacher Employee Retirement Plan Net Pension Liability	\$ 235,379,405	\$ 132,784,413	\$ 48,442,892

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

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

	1.00% Decrease (5.75%)	Current Discount Rate (6.75%)	1.00% Increase (7.75%)
City's Plan Net Pension Liability	\$ 221,197,266	\$ 130,153,046	\$ 54,830,080
School Board Nonprofessional Employees' Plan's Net Pension Liability(asset)	\$ 4,130,824	\$ 708,894	\$ (2,102,435)

Pension Plan Fiduciary Net Position

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

Payables to the Pension Plan

On June 30, 2024, the City and School Board reported a payable of \$2,432,940 and \$2,899,840 respectively, for the outstanding amount of contributions to the pension plan required for the year ended June 30, 2024.

12. DEFERRED COMPENSATION PLAN:

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

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

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13. OTHER POSTEMPLOYMENT HEALTH CARE BENEFIT PLANS:

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

The following is a summary of the total activity for the City and School Board Group OPEB plans during the year ended June 30, 2024

	Net OPEB Liability	Net Deferred Outflows	Net Deferred Inflows	OPEB Expense/ (Reduction)
Entity Total:				
HCB - (Note 13)	\$ 74,165,850	\$ 25,336,562	\$ (23,330,006)	\$ (1,893,840)
GLI - (Note 15)	5,120,350	1,208,266	(1,025,602)	(70,474)
LODA - (Note 14)	19,861,310	7,770,192	(6,175,227)	(1,640,619)
Total	\$ 99,147,510	\$ 34,315,020	\$ (30,530,835)	\$ (3,604,933)

Less: Pension Trust Fund

HERS - HCB	(25)	(5,350)	19,337	(5,380)
HERS - GLI	(1,489)	(352)	298	(163)
Total City:	\$ 99,145,996	\$ 34,309,318	\$ (30,511,200)	\$ (3,610,476)

	Net OPEB Liability	Net Deferred Outflows	Net Deferred Inflows	OPEB Expense/ (Reduction)
School Board:				
Professional employees				
HIC - (Note 13)	\$ 15,822,323	\$ 2,330,097	\$ (1,191,822)	\$ 1,077,118
GLI - (Note 15)	6,661,107	1,682,902	(1,147,863)	204,524
Nonprofessional employees				
HCB - (Note 13)	5,301,776	2,470,182	(1,486,187)	432,501
HIC - (Note 13)	200,317	95,026	(244,022)	(49,178)
GLI - (Note 15)	273,563	107,234	(54,342)	14,249
Total	\$ 28,259,086	\$ 6,685,441	\$ (4,124,236)	\$ 1,679,214

13. OTHER POSTEMPLOYMENT HEALTH CARE BENEFIT PLANS, continued:**Other Postemployment Benefits - Health Care Benefits (HCB)****Plan Description**City

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

School

The School Board sponsors a single-employer, defined benefit healthcare plan that provides medical and dental benefits to retirees and their dependents. Once retirees become eligible for Medicare at age 65, the retiree and their dependents are terminated from the plan. No assets are accumulated in a trust that meet GAAP's criteria. There is no standalone financial report for the plan.

Benefits Provided:City

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

School

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

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

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

ContributionsCity

The City's contribution ranges from 0% to 100% of the premium based on the retiree's years of continuous health coverage and the healthcare care option selected by the retirees. The employer contributions are financed on a pay-as-you-go basis. Contributions from the City were \$2,297,249 and \$2,634,891 for the years ended June 30, 2024 and June 30, 2023, respectively.

School

The School Board contributions are financed on a pay-as-you-go basis. Contributions from the School Board were \$96,130 and \$741,072 for the years ended June 30, 2024 and June 30, 2023, respectively.

Notes to financial statements

13. OTHER POSTEMPLOYMENT HEALTH CARE BENEFIT PLANS, continued:

The following summarizes the memberships of the Plan as of June 30, 2023, the valuation date:

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

Funding Policy

The City Council and Hampton School Board have the authority to establish and amend the funding policy of their respective plans. The employer's contribution ranges from 0% to 100% of the premiums based on the retiree's years of continuous health care coverage and the health care option selected by the retirees. The employer contributions are financed on a pay-as-you-go basis. During fiscal year 2024, the City contributed \$2,297,249. The School Board contributed \$96,130.

Total Health Care OPEB Liability

The City and Hampton Employees Retirement System's total retiree health care OPEB liability of \$74,165,850. The School Board's total retiree health care OPEB liability was \$5,301,776. Both were measured as of June 30, 2022 and rolled forward to June 30, 2023.

Actuarial Assumptions:

The total OPEB liability in the June 30, 2021 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.50%
Real wage growth	1.00%
Wage Inflation	3.50%
Salary increases, including wage inflation	
Regular (General) Employees	3.50% - 5.35%
LEO	3.50% - 4.75%
Municipal Bond Index (Discount Rate)	
Prior Measurement Date	2.16%
Current Measurement Date	3.54%
Health Care Cost Trends	
Pre-Medicare	(1.00%) for 2021 increasing to an ultimate rate of 3.94% by 2040
Medicare	6.00% for 2021 increasing to an ultimate rate of 3.94% by 2040

13. OTHER POSTEMPLOYMENT HEALTH CARE BENEFIT PLANS, continued:

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

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

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

Discount Rate

There was a change in the total OPEB liability arising from the change in the discount rate from 3.54% on the prior measurement date to 3.65% on the measurement date of June 30, 2023. The discount rate used was based on the Bond Buyer General Obligation 20-year Municipal Bond Index at June 27, 2023.

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

	City	School Board
	Increase	
	(Decrease)	
	Total OPEB Liability	
Balances at June 30, 2022	\$ 56,835,824	\$ 3,327,612
Changes for the year:		
Service cost	1,710,306	206,729
Interest	2,026,911	112,729
Differences between expected and actual experience	16,228,425	2,403,884
Changes in assumptions	(35,495)	(43,235)
Benefit payments	(2,600,121)	(705,943)
Net changes	17,330,026	1,974,164
Balances at June 30, 2023	\$ 74,165,850	\$ 5,301,776

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

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

	Trend Minus 1%	Baseline Trends	Trend Plus 1%
Total OPEB Liability - City	\$ 65,424,159	\$ 74,165,850	\$ 84,747,358
Total OPEB Liability - School Board	\$ 4,821,474	\$ 5,301,776	\$ 5,854,196

Notes to financial statements

13. OTHER POSTEMPLOYMENT HEALTH CARE BENEFIT PLANS, continued:

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

The following presents the total OPEB liability of the City and School Board, calculated using the discount rate of 3.65%, as well as what the City's and the School Board's total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (2.65%) or one percentage higher (4.65%) than the current discount rate:

	1% Decrease (2.65%)	Current Discount Rate (3.65%)	1% Increase (4.65%)
Total OPEB Liability - City	\$ 83,392,001	\$ 74,165,850	\$ 66,398,750
Total OPEB Liability - School Board	\$ 5,647,085	\$ 5,301,776	\$ 4,971,170

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

For the year ended June 30, 2024, the City recognized OPEB expense in the amount of (\$1,893,840). At June 30, 2024, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

<u>City</u>	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 16,960,525	\$ (4,674,252)
Changes in assumptions or other inputs	6,078,788	(18,655,754)
Employer contributions subsequent to the measurement date	2,297,249	-
Total	<u>\$ 25,336,562</u>	<u>\$ (23,330,006)</u>

\$2,297,249 reported as deferred outflows of resources related to the retiree medical resulting from the City's contributions subsequent to the measurement date will be recognized as a reduction of the net retiree medical OPEB liability in the fiscal year ending June 30, 2025.

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

Year ended:	
2025	\$ (4,276,679)
2026	(3,918,300)
2027	3,018,095
2028	1,842,127
2029	730,784
Thereafter	2,313,280
	<u>\$ (290,693)</u>

13. OTHER POSTEMPLOYMENT HEALTH CARE BENEFIT PLANS, continued:

For the year ended June 30, 2024, the School Board recognized OPEB expense in the amount of \$432,501. At June 30, 2024, the School Board reported deferred outflows of resources and deferred inflows of resources related to health care from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
School Board- Teachers & Nonprofessional		
Differences between expected and actual experience	\$ 2,147,513	\$ (362,644)
Changes in assumptions or other inputs	226,539	(1,123,453)
Employer contributions subsequent to the measurement date	96,130	-
Total	<u>\$ 2,470,182</u>	<u>\$ (1,486,097)</u>

\$96,130 reported as deferred outflows related to the retiree medical resulting from the School Board's contributions subsequent to the measurement date will be recognized as a reduction of the net retiree medical OPEB liability in the fiscal year ending June 30, 2025. Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Measurement year ended June 30:	
2025	\$ 77,914
2026	164,841
2027	132,212
2028	119,544
2029	393,444
Thereafter	-
	<u>\$ 887,955</u>

Other Postemployment Benefits-Health Insurance Credits**Health Insurance Credits**

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

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

Plan Description - HIC

All full-time, salaried permanent (professional) employees of public school divisions and nonprofessional as a participating political subdivision are automatically covered upon employment. This plan is administered by the Virginia Retirement System (the System), along with pension and other OPEB plans, for public employer groups in the Commonwealth of Virginia. Members earn one month of service credit toward the benefit for each month they

Notes to financial statements

13. OTHER POSTEMPLOYMENT HEALTH CARE BENEFIT PLANS, continued:

are employed and for which their employer pays contributions to VRS. The HIC is a tax-free reimbursement in an amount set by the General Assembly for each year of service credit against qualified health insurance premiums retirees pay for single coverage, excluding any portion covering the spouse or dependents. The credit cannot exceed the amount of the premiums and ends upon the retiree's death.

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

HEALTH INSURANCE CREDIT PROGRAM (HIC) PLAN PROVISIONS

Eligible Employees

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

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

Eligible employees are enrolled automatically upon employment. They include:

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

Benefit Amounts

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

- **At Retirement: For Teacher and other professional school employees who retire, the monthly benefit is \$4.00 per year of service per month with no cap on the benefit amount.**
- **Disability Retirement: For Teacher and other professional school employees who retire on disability or go on long-term disability under the Virginia Local Disability Program (VLDP), the monthly benefit is either:**
 - \$4.00 per month, multiplied by twice the amount of service credit, or
 - \$4.00 per month, multiplied by the amount of service earned had the employee been active until age 60, whichever is lower.

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

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

Health Insurance Credit Program Notes:

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

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

13. OTHER POSTEMPLOYMENT HEALTH CARE BENEFIT PLANS, continued:

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

Contributions

The contribution requirement for active employees is governed by §51.1-1401(E) of the *Code of Virginia*, as amended, but may be impacted as a result of funding options provided to school divisions by the Virginia General Assembly. Each school division's contractually required employer contribution rate for the year ended June 30, 2024 was 1.21% of covered employee compensation for employees in the VRS Teacher Employee HIC Program and 1.22% for the School Board-Nonprofessional. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2021. 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, 2021. The actuarially determined rate was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions from the School Board to the VRS Teachers HIC Program were \$1,731,606 and \$1,575,812 for the years ended June 30, 2024 and June 30, 2023, respectively. Contributions from the School Board to the Political Subdivision HIC Program were \$78,494 and \$65,019 for the years ended June 30, 2024 and June 30, 2023, respectively.

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

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

At June 30, 2024, the School Board reported a liability of \$15,822,323 for its proportionate share of the VRS Teacher and \$200,317 for its Nonprofessional Employee HIC Program Net OPEB liability, respectively. The Net HIC Program OPEB liability was measured as of June 30, 2023 the total Teacher Employee HIC Program OPEB liability used to calculate the net Teacher Employee HIC Program OPEB Liability. Both Teachers and nonprofessional HIC OPEB liabilities were determined by an actuarial valuation performed as of June 30, 2022, using updated actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2023. The School Board's proportion of the net VRS Teacher Employee HIC Program OPEB Liability was based on the School Board's actuarially determined employer contributions to the VRS Teacher HIC Program OPEB plan for the year ended June 30, 2023, relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2023, the School Board's proportion of the VRS Teacher was 1.3% as compared to 1.31227% at June 30, 2022.

Membership:

As of the June 30, 2023, actuarial valuation, the following School Board Nonprofessional employees were covered by the benefit terms of the HIC OPEB plan:

	Number
Active employees	216
Inactive employees	53
Total	269

For the year ended June 30, 2024, the School Board recognized Teacher's HIC OPEB expense of \$1,077,118. Since there was a change in proportionate share between measurement dates, a portion of the VRS Teacher Employee Health Insurance Credit Program Net OPEB expense was related to deferred amounts from changes in proportionate share and differences between actual and expected contributions.

Notes to financial statements

13. OTHER POSTEMPLOYMENT HEALTH CARE BENEFIT PLANS, continued:

At June 30, 2024, the School Board-Teachers and Nonprofessional employees reported deferred outflows of resources and deferred inflows of resources related to the HIC Program OPEB from the following sources:

Teachers	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ (696,420)
Net difference between projected and actual earnings on Teacher HIC OPEB program investments	7,940	-
Changes of assumptions	368,317	(15,944)
Changes in proportionate share	222,234	(479,458)
Employer contribution subsequent to the measurement date	1,731,606	-
Total	<u>\$ 2,330,097</u>	<u>\$ (1,191,822)</u>

For the year ended June 30, 2024, the School Board-Nonprofessional employees recognized a reduction expense HIC OPEB of (\$49,178).

Nonprofessional Employees	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ (244,022)
Net difference between projected and actual earnings on Political Subdivisions HIC OPEB program investments	1,428	-
Changes of assumptions	15,104	-
Changes in proportionate share	-	-
Employer contribution subsequent to the measurement date	78,494	-
Total	<u>\$ 95,026</u>	<u>\$ (244,022)</u>

\$1,731,606 and \$78,494 reported as deferred outflows of resources related to the Teacher and Nonprofessional Employee HIC OPEB, respectively resulting from the School Board's contributions subsequent to the measurement date will be recognized as a reduction of the Net Employee HIC OPEB liability in the fiscal year ending June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the HIC OPEB will be recognized in the HIC OPEB expense in future reporting periods as follows:

	<u>Teachers</u>	<u>Nonprofessional Employees</u>
Fiscal Year Ending June 30		
2025	\$ (217,506)	\$ (91,789)
2026	(186,853)	(96,464)
2027	(55,502)	(39,264)
2028	(44,185)	27
2029	(53,832)	-
Thereafter	(35,453)	-
	<u>\$ (593,331)</u>	<u>\$ (227,490)</u>

13. OTHER POSTEMPLOYMENT HEALTH CARE BENEFIT PLANS, continued:**Actuarial Assumptions**

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

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

Rate of Mortality for Teachers (HIC):

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

Beneficiaries and Survivors:

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

Mortality Improvement Scale

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

Rate of Mortality for Largest 10 Locality Employers for HIC:

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

Beneficiaries and Survivors:

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

Mortality Improvement Scale

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

Notes to financial statements

13. OTHER POSTEMPLOYMENT HEALTH CARE BENEFIT PLANS, continued:

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

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

Long-Term Expected Rate of Return

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

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

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

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

Discount Rate

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

13. OTHER POSTEMPLOYMENT HEALTH CARE BENEFIT PLANS, continued:

eligible employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total HIC OPEB liability.

Changes in Net HIC OPEB Liability - School Board Nonprofessional

	Increase/ (Decrease)		
	Total HIC OPEB Liability	Plan Fiduciary Net Pension	Net HIC OPEB Liability
Total OPEB Liability as of June 30, 2022	\$ 626,189	\$ 67,362	\$ 558,827
Changes for the year:			
Service Cost	4,345	-	4,345
Interest	42,009	-	42,009
Difference between expected and actual experiences	(333,979)	-	(333,979)
Contributions-employer		64,990	(64,990)
Net investment income		6,040	(6,040)
Benefit payments	(16,357)	(16,357)	-
Administrative expenses		(171)	171
Other changes		26	(26)
Net changes	(303,982)	54,528	(358,510)
Total OPEB Liability as of June 30, 2023	\$ 322,207	\$ 121,890	\$ 200,317

Changes in Net HIC OPEB Liability - Teachers

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

	Teacher HIC OPEB Plan
Total Teacher Employee HIC OPEB Liability	\$ 1,475,471
Plan Fiduciary Net Position	264,054
Teacher Employee Net HIC OPEB Liability	\$ 1,211,417

Plan Fiduciary Net Position as a Percentage of the Total Teacher Employee HIC OPEB Liability

17.90%

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

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

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

Notes to financial statements

13. OTHER POSTEMPLOYMENT HEALTH CARE BENEFIT PLANS, continued:

	1% Decrease (5.75%)	Discount Rate (6.75%)	1% Increase (7.75%)
School Board's proportionate share of the VRS Teacher Employee HIC OPEB Plan net HIC OPEB liability	\$ 17,896,814	\$ 15,822,323	\$ 14,064,372
School Board's proportionate share of the VRS Nonprofessional HIC OPEB Plan net HIC OPEB liability	\$ 234,488	\$ 200,317	\$ 171,268

Payable to Employee Health Insurance Credit Program OPEB Plan

The HIC OPEB Plan for School Board - Teachers and Nonprofessional plans had a payable of \$165,990 and \$13,447, respectively as of June 30, 2024.

Health Insurance Credit Program Plan Data

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

14. OTHER POSTEMPLOYMENT LINE OF DUTY BENEFITS:

Line of Duty (LODA)

Plan Description - LODA

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

Benefits

Death

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

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

Health Insurance

The Line of Duty Act program provides health insurance benefits.

- Prior to July 1, 2017, these benefits were managed through the various employer plans and maintained the benefits that existed prior to the employee's death or disability. These premiums were reimbursed to the employer by the LODA program.
- Beginning July 1, 2017, the health insurance benefits are managed through the Virginia Department of Human Resource Management (DHRM). The health benefits are modeled after the State Employee Health

14. OTHER POSTEMPLOYMENT LINE OF DUTY BENEFITS, continued:

Benefits Program plans and provide consistent, premium-free continued health plan coverage for LODA-eligible disabled individuals, survivors and family members.

Contributions

The Line of Duty Act requires the City to fund all costs of the program. Contributions to the Line of Duty Act Program were \$733,749 and \$765,676 for the years ended June 30, 2024 and June 30, 2023, respectively.

Membership:

The following table summarizes the members of the Plan as of June 30, 2023, the Valuation Date:

	Number
Retirees	32
Active employees	718
Total	750

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

On June 30, 2024, the City reported a liability of \$19,861,310 for its Net LODA OPEB Liability. The Net LODA OPEB Liability was measured as of June 30, 2023. The total LODA OPEB liability was determined by an actuarial valuation as of June 30, 2022 and rolled forward to the measurement date of June 30, 2023.

For the year ended June 30, 2024, the City recognized LODA OPEB expense of \$1,640,619.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 2,198,675	\$ (1,197,198)
Changes in assumptions	4,837,768	(4,978,029)
Employers contributions subsequent to the measurement date	733,749	-
Total	\$ 7,770,192	\$ (6,175,227)

\$733,749 reported as deferred outflows of resources related to LODA OPEB resulting from the City's contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2025. Amounts reported as deferred outflows of resources and deferred inflows of resources related to the LODA OPEB will be recognized in LODA OPEB expense in future reporting periods as follows:

Fiscal year Ending June 30	
2025	\$ 107,754
2026	107,754
2027	107,754
2028	107,754
2029	140,061
Thereafter	290,139
	\$ 861,216

Notes to financial statements

14. OTHER POSTEMPLOYMENT LINE OF DUTY BENEFITS, continued:

Actuarial Assumptions

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

Inflation	2.50%
Real wage growth	1.00%
Wage inflation	3.50%
Salary increases, including wage inflation	
Regular employees	3.50% - 4.75%
LEO	3.50% - 4.75%
Health care cost trend rates assumption -	
Under age 65	7.00% - 3.50%
Ages 65 and older	10.50% - 3.50%
Municipal bond index rate	
Prior measurement date	3.54%
Measurement date	3.65%

Rate of Mortality for Law Enforcement Officers (LEO):

Non-retired Members:

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

Retired Members:

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

Disabled Mortality:

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

Beneficiaries and Survivor Mortality:

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

Mortality Improvement:

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

Discount Rate

The discount rate used to measure the total LODA OPEB liability was 3.65%. This rate was based on the Bond Buyer General Obligation 20-year Municipal Bond Index at June 27, 2023.

14. OTHER POSTEMPLOYMENT LINE OF DUTY BENEFITS, continued:

Change in Net LODA OPEB Liability

	Increase (Decrease)
	Total OPEB Liability
Balances at June 30, 2022	\$ 18,878,300
Changes for the year:	
Service Cost at the end of the year	844,834
Interest	684,821
Difference between expected and actual experience	781,936
Changes of assumptions	(566,124)
Benefit payments	(762,457)
Net changes	983,010
Balances at June 30, 2023	\$ 19,861,310

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

The following presents the covered employer's proportionate share of the net LODA OPEB liability using the discount rate of 3.65%, as well as what the covered employer's proportionate share of the net LODA OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (2.65%) or one percentage point higher (4.65%) than the current rate:

	1% Decrease (2.65%)	Discount Rate (3.65%)	1% Increase (4.65%)
Net OPEB liability	\$ 22,589,749	\$ 19,861,310	\$ 17,635,248

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

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

	1% Decrease	Current Trend Rate	1% Increase
Net OPEB liability	\$ 17,180,537	\$ 19,861,310	\$ 23,177,402

Notes to financial statements

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

Group Life Insurance

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

Plan Description: - GLI

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

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

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

GROUP LIFE INSURANCE PROGRAM PLAN PROVISIONS

Eligible Employees

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

Benefit Amounts

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

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

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

Reduction in benefit Amounts

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

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

For covered members with at least 30 years of creditable service, there is a minimum benefit payable under the Group Life Insurance Program. The minimum benefit was set at \$8,000 by statute in 2015. This will be increased annually based on the VRS Plan 2 cost-of-living adjustment calculation. The minimum benefit adjusted for COLA was \$9,254 as of June 30, 2024.

Contributions

The contribution requirements for the Group Life Insurance Program are governed by §51.1-506 and §51.1-508 of the *Code of Virginia*, as amended, but may be impacted as a result of funding provided to state agencies and school divisions by the Virginia General Assembly. The total rate for the Group Life Insurance Program was 1.34% of covered employee compensation. This was allocated into an employee and an employer component using a 60/40 split. The employee component was 0.80% (1.34% X 60%) and the employer component was 0.54% (1.34% X 40%). Employers may elect to pay all or part of the employee contribution, however the employer must pay all of the employer contribution. Each employer's contractually required employer contribution rate for the year ended June 30, 2023 was 0.54% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2021. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits payable during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the GLI from the City were \$581,664 and \$543,056 for the years ended June 30, 2024 and June 30, 2023, respectively. Contributions to the GLI from the School Board for professional employees were \$777,229 and \$706,474 for the years ended June 30, 2024 and June 30, 2023, respectively. Contributions to the GLI from the School Board for nonprofessional employees were \$35,032 and \$29,008 for the years ended June 30, 2024 and June 30, 2023 respectively.

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

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

On June 30, 2024, the City and School Board's professional and nonprofessional reported a liability for its proportionate share of the Net GLI OPEB Liability of \$5,120,350, \$6,661,107 and \$273,563 respectively. The Net GLI OPEB Liability was measured as of June 30, 2023 and the total GLI OPEB liability used to calculate the Net GLI OPEB Liability was determined by an actuarial valuation performed as of June 30, 2022 and rolled forward to the measurement date of June 30, 2023. The covered employer's proportion of the Net GLI OPEB Liability was based on the covered employer's actuarially determined employer contributions to the Group Life Insurance Program for the year ended June 30, 2023 relative to the total of the actuarially determined employer contributions for all participating employers.

The City and School Board employer's proportion for June 30, 2023 and June 30, 2022 is summarized below:

	Employer's Proportion June 30, 2023	Employers's Portion June 30, 2022
City of Hampton	0.42694 %	0.43249 %
School Board Professional Employees	0.55541 %	0.56428 %
School Board Nonprofessional Employees	0.02281 %	0.01997 %

CITY OF HAMPTON, VIRGINIA
June 30, 2024

Notes to financial statements

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

For the year ended June 30, 2024, the City recognized a reduction in GLI OPEB expense of (\$70,474) and the School Board recognized GLI OPEB expense for professional employees of \$204,524 and nonprofessional employees of \$14,249. Since there was a change in proportionate share between measurement dates, a portion of the GLI OPEB expense was related to deferred amounts from changes in proportion.

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

<u>City</u>	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 511,398	\$ (155,429)
Changes of assumptions	109,450	(354,758)
Net difference between projected and actual investments earnings on GLI OPEB program investments	-	(205,766)
Changes in proportionate share	5,754	(309,649)
Employer contributions subsequent to the measurement date	581,664	-
Total	<u>\$ 1,208,266</u>	<u>\$ (1,025,602)</u>

\$581,664 reported as deferred outflows of resources related to the GLI OPEB resulting from the employer's contributions subsequent to the measurement date will be recognized as a reduction of the Net GLI OPEB Liability in fiscal year ending June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the GLI OPEB will be recognized in the GLI OPEB expense in future report periods as follows:

Fiscal Year Ending June 30	
2025	\$ (173,474)
2026	(289,807)
2027	48,408
2028	(23,108)
2029	38,981
Thereafter	-
	<u>\$ (399,000)</u>

School Board - Professional and Nonprofessional Employees:

<u>Professional</u>	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 665,282	\$ (202,199)
Changes in proportionate share	98,007	(216,475)
Net difference between projected and actual investment earnings on GLI OPEB investments	-	(267,681)
Changes of assumptions	142,384	(461,508)
Employer contributions subsequent to the measurement date	777,229	-
Total	<u>\$ 1,682,902</u>	<u>\$ (1,147,863)</u>

<u>Nonprofessional</u>	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 27,322	\$ (8,304)
Changes in proportionate share	39,032	(16,091)
Net difference between projected and actual investment earnings on GLI OPEB investments	-	(10,993)
Changes of assumptions	5,848	(18,954)
Employer contributions subsequent to the measurement date	35,032	-
Total	<u>\$ 107,234</u>	<u>\$ (54,342)</u>

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

\$777,229 and \$35,032 for professional and nonprofessional, respectively reported as deferred outflows of resources related to the GLI OPEB resulting from the employer's contributions subsequent to the measurement date will be recognized as a reduction of the Net GLI OPEB liability in fiscal year ending June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the GLI OPEB will be recognized in the GLI OPEB expense in future report periods as follows:

	School Board Professional	School Board Nonprofessional
Fiscal Year Ending June 30		
2025	\$ (120,556)	\$ (683)
2026	(298,434)	(8,141)
2027	115,758	9,569
2028	13,771	8,497
2029	47,271	8,618
Thereafter	-	-
	<u>\$ (242,190)</u>	<u>\$ 17,860</u>

Actuarial Assumptions

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

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

Mortality rates – Teachers

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

Beneficiaries and Survivors:

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

Mortality Improvement Scale:

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

Notes to financial statements

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

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

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

Mortality rates – Largest Ten Locality Employers - General Employees

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

Beneficiaries and Survivors:

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

Mortality Improvement Scale:

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

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

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Updated to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 for all
Withdrawal Rates	Adjusted rates to better fit experience at each age and service decrement through 9 years of service
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

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

Mortality rates – Largest Ten Locality Employers – Hazardous Duty Employees

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

Beneficiaries and Survivors:

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

Mortality Improvement Scale:

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

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

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

Net GLI OPEB Liability

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

	Group Life Insurance OPEB Program
Total GLI OPEB Liability	\$ 3,907,052
Plan Fiduciary Net Position	2,707,739
Net GLI OPEB Liability	\$ 1,199,313
Plan Fiduciary Net Position as a Percentage of Total GLI OPEB Liability	69.30%

Notes to financial statements

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

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

Long-Term Expected Rate of Return

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

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

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

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

Discount Rate

The discount rate used to measure the total GLI OPEB liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made in accordance with the VRS funding policy and at rates equal to the actuarially determined contribution rates adopted by the VRS Board of Trustees. Through the fiscal year ending June 30, 2023, the rate contributed by the entity for the GLI OPEB will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly which was 113% of the actuarially determined contribution rate. From July 1, 2023 on, employers are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the GLI OPEB's fiduciary net position was projected to be available to make all projected future benefit payments of eligible employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total GLI OPEB liability.

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

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

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

	1.00% Decrease (5.75%)	Discount Rate (6.75%)	1.00% Increase (7.75%)
City's GLI OPEB Liability	\$ 7,589,957	\$ 5,120,350	\$ 3,123,655
School Board's Professional GLI OPEB Liability	\$ 9,873,842	\$ 6,661,107	\$ 4,063,590
School Board's Non-Professional GLI OPEB Liability	\$ 405,506	\$ 273,563	\$ 166,887

Group Life Insurance Program Fiduciary Net Position

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

Payables to the VRS Group Life Insurance OPEB Program

The City's and School's VRS Group Life Insurance OPEB plan payable as of June 30, 2024 totaled \$129,364 and \$200,496, respectively.

16. COMMITMENT AND CONTINGENCIES:

Grants:

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

Self-Insurance:

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City established a Risk Management Fund (internal service fund) to account for and finance its uninsured risks of loss except for medical claims, which are accounted for in the General Fund.

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

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

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

All funds of the City participate in the program and make payments to the Risk Management Fund and General Fund based on historical cost information. The unrestricted net position of \$18,115,432 at June 30, 2024 is designated as

Notes to financial statements

16. COMMITMENT AND CONTINGENCIES, continued:

a reserve for claims in the Risk Management Fund. The City accrues claims and judgments as incurred by a review of all claims on a case-by-case basis. Claims incurred, but not reported, were considered in the determination of the claims liability.

Changes in the Funds' claims liability amount in fiscal years 2024, 2023 and 2022 were:

Risk Management Fund	Claims Liability July 1	Incurred Claims	Claims Payment	Claims Liability June 30
Fiscal Year 2024	\$ 13,315,883	\$ 4,622,708	\$ 4,239,384	\$ 13,699,207
Fiscal Year 2023	9,911,787	5,883,107	2,479,011	13,315,883
Fiscal Year 2022	9,939,948	4,332,242	4,360,403	9,911,787

General Fund	Claims Liability July 1	Incurred Claims	Claims Payment	Claims Liability June 30
Fiscal Year 2024	\$ 1,601,000	\$ 12,925,938	\$ 13,253,938	\$ 1,273,000
Fiscal Year 2023	1,234,000	13,680,432	13,313,432	1,601,000
Fiscal Year 2022	1,247,000	13,433,060	13,446,060	1,234,000

Litigation

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

Encumbrances

Encumbrances outstanding at year-end represent the estimated amount of expenditures required to complete contracts, purchase orders and other commitments in process of completion at year-end. Outstanding encumbrances as of June 30, 2024 were as follows:

General Fund	\$ 9,071,761
Capital Projects Funds	35,271,312
Other Governmental Funds	5,866,467
Total Encumbrances	<u>\$ 50,209,540</u>

17. JOINT VENTURE:

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

18. RESTATEMENT OF BEGINNING NET POSITION AND FUND BALANCE:

Effective July 1, 2023, the School Board implemented the new GASB Statement 101, *Compensated Absences*, which requires the Schools to calculate compensated absences liability on the amount of unused and unpaid leave balances that employees could use in the future.

The School's net position of the discretely presented component units has been restated as of July 1, 2023, due to a change in accounting principle for the implementation of GASB 101 for the compensated absences liability reported by the School Board in previously issued financial statements. The previously reported compensated absences liability was increased by \$8.6 million.

The beginning net position was decreased by \$8.6 million to adjust prior year for the understatement of the liability. This change carries forward to restate net position on Exhibit A-2 Statement of Activities for Discretely Presented Component Units.

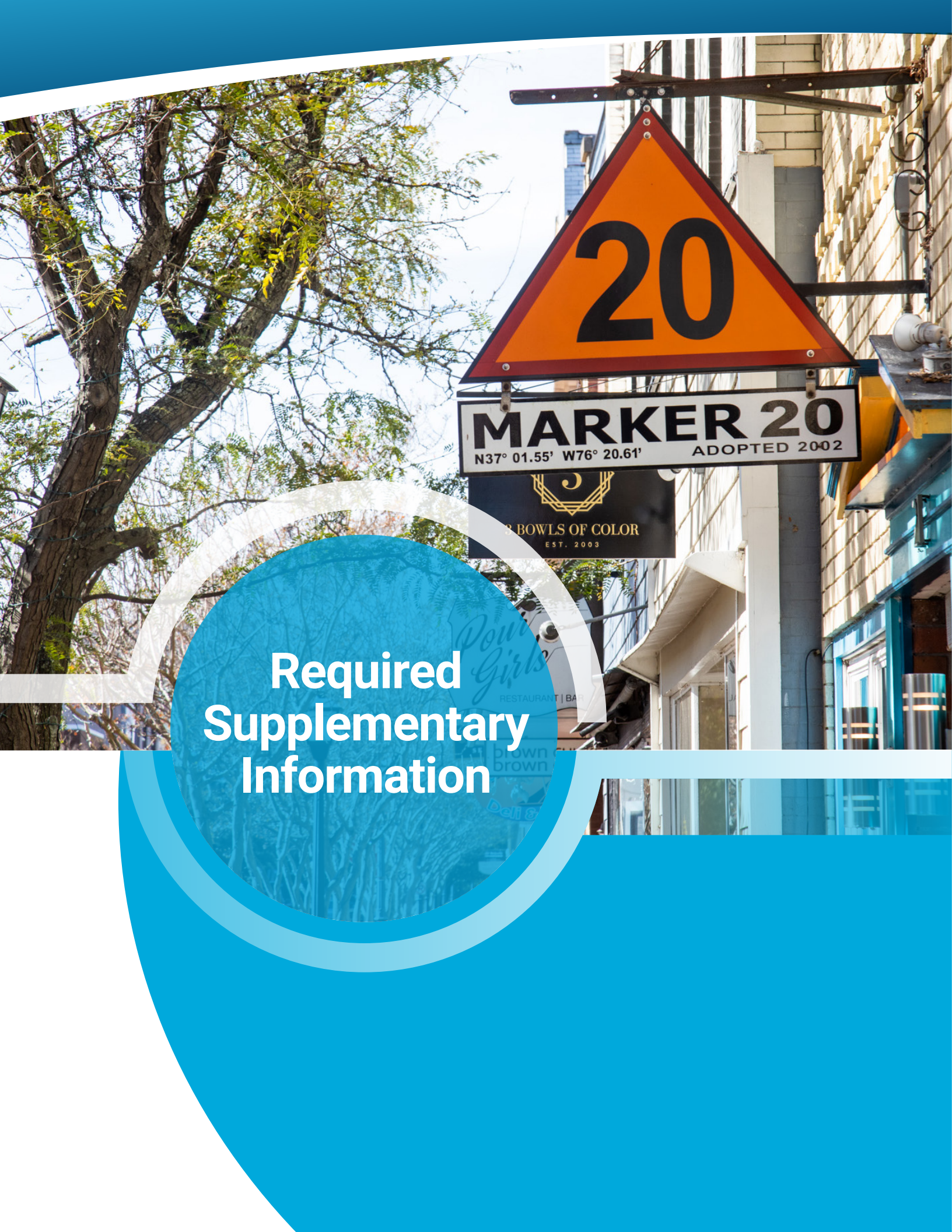
Governmental Activities (A-2) Discretely Presented Component Units

Net position (deficit), beginning of year, as previously reported	\$ (60,355,446)
Decrease in net position (deficit) due to compensated absences	(8,637,404)
Net position (deficit), beginning of year, as restated	<u>\$ (68,992,850)</u>

Discretely Presented Component Unit (A-12) - School Board

Net position (deficit), beginning of year, as previously reported	\$ (104,204,619)
Decrease in net position due to compensated absences	(8,637,404)
Net position (deficit), beginning of year, as restated	<u>\$ (112,842,023)</u>





Required Supplementary Information

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

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Total pension liability										
Service cost	\$ 62,150	\$ 82,778	\$ 82,615	\$ 105,201	\$ 127,787	\$ 127,787	\$ 117,036	\$ 152,557	\$ 188,078	\$ 112,348
Interest	6,974,325	7,343,843	8,499,164	8,891,959	9,369,997	9,809,650	10,991,423	11,411,712	11,796,729	12,183,886
Differences between expected and actual experience	-	1,363,067	7,833,578	1,275,518	-	466,804	-	(76,396)	-	(425,331)
Changes of assumptions	-	-	-	-	-	-	(580,802)	-	-	-
Benefit payments, including refunds of employee contributions	(14,763,505)	(15,169,965)	(15,655,755)	(16,082,904)	(16,540,938)	(16,824,254)	(17,047,039)	(17,100,560)	(17,101,282)	(17,040,172)
Net change in total pension liability	(7,727,030)	(6,380,277)	759,602	(5,810,226)	(7,043,154)	(6,420,013)	(6,519,382)	(5,612,687)	(5,116,475)	(5,169,269)
Total pension liability-beginning	123,450,826	129,831,103	129,071,501	134,881,727	141,924,881	148,344,894	154,864,276	160,476,963	165,593,438	170,762,707
Total pension liability-ending (a)	<u>\$ 115,723,796</u>	<u>\$ 123,450,826</u>	<u>\$ 129,831,103</u>	<u>\$ 129,071,501</u>	<u>\$ 134,881,727</u>	<u>\$ 141,924,881</u>	<u>\$ 148,344,894</u>	<u>\$ 154,864,276</u>	<u>\$ 160,476,963</u>	<u>\$ 165,593,438</u>
Plan fiduciary net position										
Contributions-employer	\$ 1,689,180	\$ 1,689,180	\$ 6,549,743	\$ 6,549,743	\$ 6,716,299	\$ 6,716,299	\$ 7,100,125	\$ 7,100,148	\$ 8,880,839	\$ 8,880,839
Net investment income	16,060,650	12,689,202	(17,447,200)	32,295,836	7,064,244	8,790,186	10,682,406	14,694,582	2,144,248	5,361,684
Benefit payments, including refunds of employee contributions	(14,763,505)	(15,169,965)	(15,655,755)	(16,082,904)	(16,540,938)	(16,824,254)	(17,047,039)	(17,100,560)	(17,101,282)	(17,040,172)
Administrative expense	(243,812)	(277,971)	(460,145)	(243,583)	(239,695)	(332,835)	(277,957)	(286,431)	(386,247)	(299,195)
Net change in plan fiduciary net position	2,742,513	(1,069,554)	(27,013,357)	22,519,092	(3,000,090)	(1,650,604)	457,535	4,407,739	(6,462,442)	(3,096,844)
Plan fiduciary net position-beginning	118,315,026	119,384,580	146,397,937	123,878,845	126,878,935	128,529,539	128,110,077	123,702,338	130,164,780	133,261,624
Plan fiduciary net position-ending (b)	<u>\$ 121,057,539</u>	<u>\$ 118,315,026</u>	<u>\$ 119,384,580</u>	<u>\$ 146,397,937</u>	<u>\$ 123,878,845</u>	<u>\$ 126,878,935</u>	<u>\$ 128,529,539</u>	<u>\$ 128,110,077</u>	<u>\$ 123,702,338</u>	<u>\$ 130,164,780</u>
Net pension (asset)/liability-ending (a)-(b)	<u>\$ (5,333,743)</u>	<u>\$ 5,135,800</u>	<u>\$ 10,446,523</u>	<u>\$ (17,326,436)</u>	<u>\$ 11,002,882</u>	<u>\$ 15,045,946</u>	<u>\$ 19,815,355</u>	<u>\$ 26,754,199</u>	<u>\$ 36,774,625</u>	<u>\$ 35,428,658</u>
 Plan fiduciary net position as a percentage of the total pension liability	104.61%	95.84%	91.95%	113.42%	91.84%	89.40%	86.64%	82.72%	77.08%	78.61%
Covered payroll	\$ 1,230,810	\$ 1,503,091	\$ 1,539,312	\$ 1,905,713	\$ 2,249,188	\$ 2,684,932	\$ 2,803,090	\$ 2,806,674	\$ 5,335,759	\$ 6,085,814
Net pension liability(asset) as a percentage of covered payroll	(433.35%)	341.68%	678.65%	(909.18%)	489.19%	560.38%	706.91%	953.24%	689.21%	582.15%

Notes to Schedule:

- 1) Benefit Changes: No benefit changes were enacted during fiscal year 2024.
- 2) Valuation Date: 6/30/2023; Actuarially determined contribution rates are calculated based on the actuarial valuation determined as of the odd year proceeding the beginning of the Plan year.
- 2) Changes in assumptions: During FY24 no changes occurred.
- 3) GAAP requires 10- year trend information.
- 4) Per GAAP, net pension liabilities are reported using the measurement date, which is June 30, 2024.

CITY OF HAMPTON, VIRGINIA
SCHEDULE OF CONTRIBUTIONS TO HERS
HERS' PENSION PLAN

REQUIRED SUPPLEMENTAL INFORMATION-UNAUDITED

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Actuarially determined contribution	\$ 1,689,181	\$ 1,689,180	\$ 6,549,743	\$ 6,549,743	\$ 6,716,299	\$ 6,716,299	\$ 7,100,125	\$ 7,100,148	\$ 8,880,839	\$ 8,880,839
Contributions in relation to the actuarially determined contribution	1,689,181	1,689,180	6,549,743	6,549,743	6,716,299	6,716,299	7,100,125	7,100,148	8,880,839	8,880,839
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 1,230,810	\$ 1,503,091	\$ 1,539,312	\$ 1,905,713	\$ 2,249,188	\$ 2,684,932	\$ 2,803,090	\$ 2,806,674	\$ 5,335,759	\$ 6,085,814
Contributions as a percentage of covered payroll	137.24%	112.38%	425.50%	343.69%	298.61%	250.15%	253.30%	252.97%	166.44%	145.93%

Notes to Schedule

Valuation Date: June 30, 2023

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

GAAP requires 10-year trend information.

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

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Total pension liability										
Service cost	\$ 13,848,019	\$ 12,421,727	\$ 12,410,433	\$ 11,952,417	\$ 11,430,589	\$ 11,525,376	\$ 10,934,809	\$ 10,835,551	\$ 10,960,536	\$ 10,938,812
Interest	46,870,101	46,037,213	42,657,914	41,044,293	40,334,296	39,213,600	38,078,180	37,250,101	36,276,354	34,999,056
Changes in assumptions	-	-	26,863,218	-	16,959,529	-	2,910,537	-	-	-
Benefit changes	-	-	-	8,165,715	-	-	-	-	-	-
Differences between expected and actual experience	9,806,392	(8,015,673)	(6,498,539)	(1,561,230)	(2,491,107)	(1,988,091)	(4,596,969)	(5,909,803)	(4,100,921)	-
Benefit payments, including refunds of employee contributions	(40,153,806)	(38,907,176)	(36,674,940)	(34,716,445)	(34,031,429)	(31,450,468)	(30,762,074)	(29,930,211)	(28,520,380)	(26,861,136)
Net change in total pension liability	30,370,706	11,536,091	38,758,086	24,884,750	32,201,878	17,300,417	16,564,483	12,245,638	14,615,589	19,076,732
Total pension liability-beginning	700,600,744	689,064,653	650,306,567	625,421,817	593,219,939	575,919,522	559,355,039	547,109,401	532,493,812	513,417,080
Total pension liability-ending (a)	\$730,971,450	\$700,600,744	\$689,064,653	\$650,306,567	\$625,421,817	\$593,219,939	\$575,919,522	\$559,355,039	\$547,109,401	\$532,493,812
Plan fiduciary net position										
Contributions-employer	\$ 20,328,949	\$ 17,482,221	\$ 17,029,942	\$ 15,374,780	\$ 14,178,118	\$ 14,247,065	\$ 14,235,281	\$ 16,240,833	\$ 15,816,808	\$ 16,046,763
Contributions-employee	4,842,846	4,586,069	4,431,468	4,387,843	4,296,459	4,489,433	4,539,420	4,451,221	4,393,892	4,400,548
Net investment income	36,968,012	(428,973)	130,259,557	9,245,312	30,928,968	33,174,366	49,975,564	7,097,707	18,515,581	56,039,049
Benefit payments, including refunds of employee contributions	(40,153,806)	(38,907,176)	(36,674,940)	(34,716,445)	(34,031,429)	(31,450,468)	(30,762,074)	(29,930,211)	(28,520,380)	(26,861,136)
Administrative expense	(371,891)	(373,226)	(329,770)	(320,623)	(315,189)	(290,989)	(294,277)	(261,143)	(257,367)	(304,392)
Other	8,394	10,367	12,246	(14,764)	(19,486)	(29,364)	(44,266)	(3,049)	(3,890)	2,953
Net change in plan fiduciary net position	21,622,504	(17,630,718)	114,728,503	(6,043,897)	15,037,441	20,140,043	37,649,648	(2,404,642)	9,944,644	49,323,785
Plan fiduciary net position-beginning	579,195,900	596,826,618	482,098,115	488,142,012	473,104,571	452,964,528	415,314,880	417,719,522	407,774,878	358,451,093
Plan fiduciary net position-ending (b)	\$600,818,404	\$579,195,900	\$596,826,618	\$482,098,115	\$488,142,012	\$473,104,571	\$452,964,528	\$415,314,880	\$417,719,522	\$407,774,878
Net pension liability-ending (a)-(b)	\$130,153,046	\$121,404,844	\$92,238,035	\$168,208,452	\$137,279,805	\$120,115,368	\$122,954,994	\$144,040,159	\$129,389,879	\$124,718,934
Plan fiduciary net position as a percentage of the total pension liability	82.19%	82.67%	86.61%	74.13%	78.05%	79.75%	78.65%	74.25%	76.35%	76.58%
Covered payroll	\$ 97,739,716	\$ 91,577,899	\$ 89,208,706	\$ 93,172,688	\$ 86,822,523	\$ 89,543,136	\$ 89,460,842	\$ 88,836,512	\$ 86,291,441	\$ 86,428,123
Net pension liability as a percentage of covered payroll	133.16%	132.57%	103.40%	180.53%	158.12%	134.14%	137.44%	162.14%	149.95%	144.30%

Notes to Schedule:

- Changes of benefit terms: There have been no actuarially material changes to the System benefit provisions since the prior actuarial valuation. The 2014 valuation includes Hybrid Retirement Plan members for the first time. A hybrid plan with changes to the defined benefit plan structure and a new defined contribution component was adopted in 2012. The hybrid plan applies to most new employees hired on January 1, 2014 and not covered by enhanced hazardous duty benefits. Because this is still a fairly new benefit and the number of participants was relatively small, the impact on the liabilities as of the measurement date of June 30, 2018 is not material. The liabilities presented do not reflect the hybrid plan since it covers new members joining the Plan after the valuation date of June 30, 2013 and the impact on the liabilities as of the measurement date of June 30, 2016 are minimal.
- The actuarial assumptions in the June 30, 2022, valuation were based on the results of an actuarial experience study for the period from June 30, 2016 through June 30, 2020, except the change in the discount rate which was based on VRS Board action effective as of July 1, 2019. Effective, July 1, 2019, the VRS Board of Trustees adopted a 6.75% investment rate of return since the prior measurement date.
- GAAP requires 10-year trend information.
- Per GAAP, net pension liabilities are reported using the measurement date, which is one year prior to the reporting date.

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

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Contractually required contribution	\$ 21,716,455	\$ 20,329,861	\$ 17,482,221	\$ 17,029,942	\$ 16,118,875	\$ 14,178,118	\$ 14,246,313	\$ 14,233,220	\$ 16,241,604	15816817
Contribution in relation to the contractually required contribution	21,716,455	20,329,861	17,482,221	17,029,942	16,118,875	14,178,118	14,246,313	14,233,220	16,241,604	15816817
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	0
Covered payroll	\$104,406,034	\$ 97,739,716	\$ 91,577,899	\$ 89,208,706	\$ 93,172,688	\$ 86,822,523	\$ 89,543,136	\$ 89,460,842	\$ 88,078,113	85774496
Contributions as a percentage of covered payroll	20.80%	20.80%	19.09%	19.09%	17.30%	16.33%	15.91%	15.91%	18.44%	18.44%

Notes to Schedule

- 1) Valuation Dates: Fiscal years ending 2015 and 2016 are based on June 30, 2013 actuarial valuation. Rates for fiscal years 2017 and 2018 are based on June 30, 2015 actuarial valuation. For the actuarial assumptions used in the June 30, 2019, valuation were based on the actuarial experience study for the period from July 1, 2012 through June 30, 2016, except for the change in the discount rate, which is base on the VRS Board action effective as of July 1, 2019. The actuarial assumptions used in June 20, 2020, valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020 except for the change in the discount rate, which is base on the VRS Board action effective as of July 1, 2021. For fiscal year 2021, the rate is based on June 2019 valuation.
- 2) Actuarially determined contribution rates are calculated as of June 30, two years prior to the end of the fiscal year in which the contributions are reported.
- 3) GAAP requires 10-year trend information.

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

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Total pension liability										
Service cost	\$ 395,192	\$ 326,796	\$ 350,415	\$ 376,830	\$ 391,424	\$ 388,116	\$ 376,186	\$ 390,637	\$ 791,558	\$ 813,234
Interest	1,961,917	2,034,266	1,897,627	1,879,612	1,898,407	1,896,547	1,908,394	2,054,913	2,022,874	1,973,760
Changes in assumptions	-	-	1,027,179	-	693,476	-	(101,861)	-	-	-
Differences between expected and actual experience	603,222	(1,431,090)	478,526	58,740	(233,935)	(266,110)	(405,218)	(2,626,193)	(220,586)	-
Benefit payments, including refunds of employee contributions	(2,063,593)	(2,076,844)	(2,035,662)	(2,060,927)	(1,985,798)	(1,998,178)	(1,895,299)	(1,929,683)	(2,342,607)	(1,828,117)
Net change in total pension liability	896,738	(1,146,872)	1,718,085	254,255	763,574	20,375	(117,798)	(2,110,326)	251,239	958,877
Total pension liability-beginning	29,702,035	30,848,907	29,130,822	28,876,567	28,112,993	28,092,618	28,210,416	30,320,742	30,069,503	29,110,626
Total pension liability-ending (a)	\$ 30,598,773	\$ 29,702,035	\$ 30,848,907	\$ 29,130,822	\$ 28,876,567	\$ 28,112,993	\$ 28,092,618	\$ 28,210,416	\$ 30,320,742	\$ 30,069,503
Plan fiduciary net position										
Contributions-employer	\$ 248,288	\$ 276,383	\$ 255,272	\$ 366,592	\$ 376,506	\$ 449,019	\$ 413,542	\$ 427,758	\$ 411,361	\$ 900,981
Contributions-employee	246,907	200,963	187,439	197,377	198,458	203,832	188,884	238,049	193,337	372,764
Net investment income	1,853,473	(7,076)	6,895,847	504,728	1,719,298	1,893,091	2,910,259	410,877	1,135,856	3,582,353
Benefit payments, including refunds of employee contributions	(2,063,593)	(2,076,844)	(2,035,662)	(2,060,927)	(1,985,798)	(1,998,178)	(1,895,299)	(1,929,683)	(2,342,607)	(1,828,117)
Administrative expense	(19,356)	(19,804)	(18,217)	(18,144)	(18,113)	(17,095)	(17,696)	(16,323)	(17,081)	(19,666)
Other	740	481	641	(606)	(1,077)	(1,656)	(2,556)	(181)	(236)	188
Net change in plan fiduciary net position	266,459	(1,625,897)	5,285,320	(1,010,980)	289,274	529,013	1,597,134	(869,503)	(619,370)	3,008,503
Plan fiduciary net position-beginning	29,623,420	31,249,317	25,963,997	26,974,977	26,685,703	26,156,690	24,559,556	25,429,059	26,048,429	23,039,926
Plan fiduciary net position-ending (b)	\$ 29,889,879	\$ 29,623,420	\$ 31,249,317	\$ 25,963,997	\$ 26,974,977	\$ 26,685,703	\$ 26,156,690	\$ 24,559,556	\$ 25,429,059	\$ 26,048,429
Net pension (asset)/liability-ending (a)-(b)	\$ 708,894	\$ 78,615	\$ (400,410)	\$ 3,166,825	\$ 1,901,590	\$ 1,427,290	\$ 1,935,928	\$ 3,650,860	\$ 4,891,683	\$ 4,021,074
Plan fiduciary net position as a percentage of the total pension liability	97.68%	99.74%	101.30%	89.13%	93.41%	94.92%	93.11%	87.06%	83.87%	86.63%
Covered payroll	\$ 5,329,428	\$ 3,931,479	\$ 3,641,735	\$ 3,903,946	\$ 3,837,645	\$ 4,624,284	\$ 3,822,015	\$ 3,952,516	\$ 3,802,628	\$ 7,346,439
Net pension liability as a percentage of covered payroll	13.30%	2.00%	(11.00%)	81.12%	49.55%	30.87%	50.65%	92.37%	128.64%	54.74%

Notes to Schedule:

- Changes of benefit terms: There have been no actuarially material changes to the System benefit provisions since the prior actuarial valuation. The 2014 valuation includes Hybrid Retirement Plan members for the first time. A hybrid plan with changes to the defined benefit plan structure and a new defined contribution component was adopted in 2012. The hybrid plan applies to most new employees hired on January 1, 2014 and not covered by enhanced hazardous duty benefits. Because this is still a fairly new benefit and the number of participants was relatively small, the impact on the liabilities as of the measurement date of June 30, 2019 is not material. The liabilities presented do not reflect the hybrid plan since it covers new members joining the Plan after the valuation date of June 30, 2013 and the impact on the liabilities as of the measurement date of June 30, 2014 are minimal.
- The actuarial assumptions were based on the results of an actuarial experience study for the period of June 30, 2016 through June 30, 2020. The VRS Board of Trustees adopted a 6.75% rate of return since the prior measurement date.
- GAAP requires 10-year trend information.
- Per GAAP, net pension liabilities are reported using the measurement date, which is one year prior to the reporting date.

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

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Contractually required contribution	\$ 348,718	\$ 288,855	\$ 276,383	\$ 256,014	\$ 363,067	\$ 356,901	\$ 449,018	\$ 413,542	\$ 427,758	\$ 411,361
Contribution in relation to the contractually required contribution	348,718	288,855	276,383	256,014	363,067	356,901	449,018	413,542	427,758	411,361
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 6,433,911	\$ 5,329,428	\$ 3,931,479	\$ 3,641,735	\$ 3,903,946	\$ 3,837,645	\$ 4,624,284	\$ 3,822,015	\$ 3,957,058	\$ 3,805,375
Contributions as a percentage of covered payroll	5.42%	5.42%	7.03%	7.03%	9.30%	9.30%	9.71%	10.82%	10.81%	10.81%

Notes to Schedule

- 1) Valuation Date: Fiscal years ending 2015 and 2016 are based on June 30, 2013 actuarial valuation, the rates shown for fiscal years 2017 and 2018 are based on June 30, 2015 actuarial valuation. For fiscal year ending 2019 and 2020, the employer contribution rate is based on June 30, 2017 actuarial valuation. For fiscal year 2021 and 2022, the rate is based on June 2019 valuation.
- 2) Actuarially determined contribution rates are calculated as of June 30, two years prior to the end of the fiscal year in which the contributions are reported.
- 3) GAAP requires 10-year trend information.

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

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
School Board's proportion of the net pension liability	1.31%	1.32%	1.30%	1.29%	1.30%	1.36%	1.39%	1.39%	1.43%	150.00%
School Board's proportionate share of the net pension liability	\$132,784,413	\$125,572,888	\$101,073,975	\$188,158,180	\$170,943,938	\$159,918,000	\$170,830,000	\$195,347,000	\$180,096,000	\$181,847,000
School Board's covered payroll	\$130,234,311	\$122,307,841	\$114,510,542	\$112,825,403	\$101,769,149	\$107,767,132	\$106,158,070	\$105,320,099	\$105,909,421	\$110,084,974
School Board's proportionate share of the net pension liability as a percentage of its covered payroll	101.96%	102.67%	88.27%	166.77%	167.97%	148.39%	160.92%	185.48%	170.05%	165.19%
Plan fiduciary net position as a percentage of the total pension liability	82.45%	82.61%	85.46%	71.47%	73.51%	76.00 %	73.11 %	75.60 %	74.56 %	70.88%

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

Notes:

- 1) This schedule is intended to show information for 10 years.
- 2) Changes of benefit terms: There have been no actuarially material changes to the System benefit provisions since the prior actuarial valuation. The 2014 valuation includes Hybrid Retirement Plan members for the first time. The hybrid plan applies to most new employees hired on January 1, 2014 and not covered by enhanced hazardous duty benefits. Because this is still a fairly new benefit and the number of participants was relatively small, the impact on the liabilities as of the measurement date of June 30, 2020 is not material.
- 3) Per GAAP, net pension liabilities are reported using the measurement date, which is one year prior to the reporting date.

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

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Contractually required contribution	\$ 23,784,540	\$ 21,644,942	\$ 20,327,563	\$ 19,031,652	\$ 17,691,023	\$ 17,052,089	\$ 17,598,373	\$ 17,324,997	\$ 19,168,258	\$ 19,270,757
Contribution in relation to the contractually required contribution	23,784,540	21,644,942	19,587,070	18,338,376	17,138,959	16,618,902	17,587,596	15,562,773	14,808,006	15,356,866
Contribution deficiency (excess)	\$ -	\$ -	\$ 740,493	\$ 693,276	\$ 552,064	\$ 433,187	\$ 10,777	\$ 1,762,224	\$ 4,360,252	\$ 3,913,891
School Board's covered payroll	\$143,107,942	\$130,234,311	\$122,307,841	\$114,510,542	\$112,825,403	\$101,769,149	\$107,767,132	\$106,158,070	\$105,320,099	\$105,909,421
Contributions as a percentage of covered payroll	16.62%	16.62%	16.62%	16.62%	15.19%	16.33%	16.32%	14.66%	14.06%	14.50%

Notes to Schedule

Valuation Date :

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

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

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

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

Largest Ten Locality Employers - Non-Hazardous Duty:

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	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 age and service decrement through 9 years of service
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

Largest Ten Locality Employers - Hazardous Duty Employees

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

Teachers

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

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

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

Notes to Schedule

- 1) For 2022, the discount rate changed to 3.54% from 2.16%, based on the Bond Buyer GO 20-Bond Municipal Bond Index at June 30, 2022.
- 2) Per GAAP, net OPEB liabilities are reported using the measurement date, which is one year prior to the reporting date.
- 3) No assets are accumulated in a trust that meet GAAP's criteria.
- 4) Schedules are intended to show information for 10 years. Since 2018 is the first year of this presentation, no other data is available. Additional years will be included as they become available.

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

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

Notes to Schedule

- 1) Per GAAP, net OPEB liabilities are reported using the measurement date, which is one year prior to the reporting date.
- 2) For 2022, the change in assumptions refers to change in the discount rate changed from 2.16% to 3.54%; the updates to the claims and trend assumptions, and the changes in the demographic assumptions.
- 3) No assets are accumulated in a trust that meet GAAP's criteria.
- 4) Schedules are intended to show information for 10 years. Since 2018 is the first year of this presentation, no other data is available. Additional years will be included as they become available.

CITY OF HAMPTON, VIRGINIA
SCHEDULE OF EMPLOYER OPEB CONTRIBUTIONS
PRIMARY GOVERNMENT AND COMPONENT UNIT-SCHOOL BOARD
OTHER POSTEMPLOYMENT BENEFITS-RETIREE HEALTHCARE
LAST 10 FISCAL YEARS

	2024	2023	2022	2021	2020	2019	2018	2017
Primary Government								
Contractually determined contribution	\$ 2,297,249	\$ 2,634,891	\$ 2,392,126	\$ 2,003,895	\$ 2,266,908	\$ 2,905,572	\$ 2,614,135	\$ 2,798,872
Contributions in relation to the								
contractually determined contribution	2,297,249	2,634,891	2,392,126	2,003,895	2,266,908	2,905,572	2,614,135	2,798,872
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered-employee payroll	\$106,417,470	\$100,569,761	\$ 94,253,213	\$ 91,561,683	\$ 92,717,908	\$ 91,627,934	\$ 91,084,919	\$ 90,627,625
Contributions as a percentage of								
covered-employee payroll	2.16%	2.62%	2.54%	2.19%	2.50%	3.17%	2.87%	3.09%
Component Unit-School Board								
Contractually determined contribution	\$ 96,130	\$ 741,072	\$ 370,332	\$ 688,991	\$ 132,649	\$ 504,195	\$ 534,836	\$ 212,196
Contributions in relation to contractually								
determined contribution	96,130	741,072	370,332	688,991	132,649	504,195	534,836	212,196
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered-employee payroll	\$143,107,945	\$130,232,425	\$122,306,080	\$ 114,510,543	\$ 112,825,403	\$ 108,750,257	\$ 109,922,935	\$ 109,696,113
Contributions as a percentage of								
covered-employee payroll	0.07%	0.57%	0.30%	0.60%	0.12%	0.46%	0.49%	0.19%

Notes to Schedule

- 1) No assets are accumulated in a trust that meet GAAP's criteria.
- 2) Schedules are intended to show information for 10 years. Since 2017 is the first year of this presentation, no other data is available. Additional years will be included as they become available.
- 3) For 2023, the discount rate increased from 2.16% to 3.54%.

CITY OF HAMPTON, VIRGINIA
SCHEDULE OF COMPONENT UNIT-SCHOOL BOARD'S PROPORTIONATE SHARE OF NET OTHER
POSTEMPLOYMENT BENEFIT LIABILITY
VIRGINIA RETIREMENT SYSTEM-SCHOOL BOARD HEALTH INSURANCE CREDITS PLAN
REQUIRED SUPPLEMENTAL INFORMATION-UNAUDITED

School Board - Teachers	2024	2023	2022	2021	2020	2019	2018
Proportion of the Net OPEB liability	1.30610%	1.31227%	1.29479%	1.28697%	1.29655%	1.35919%	1.38996%
Proportionate Share of the Net OPEB liability	\$ 15,822,323	\$ 16,390,863	\$ 16,619,525	\$ 16,788,736	\$ 16,973,101	\$ 17,258,000	\$ 17,633,000
Employer's covered payroll	130,232,425	122,306,080	114,510,543	112,825,403	108,750,257	109,922,935	109,696,113
Proportionate share of the net OPEB liability as a percentage of covered payroll	12.15%	13.40%	14.51%	14.88%	15.61%	15.70%	16.07%
Plan fiduciary net position as a percentage of Total Teacher Employee HIC OPEB liability	17.90%	15.08%	13.15%	9.95%	8.97%	8.08%	7.00%
 School Board - Nonprofessional							
Proportion of the Net OPEB liability	0.98%	0.98%	0.98%	-%	-%	-%	-%
Proportionate Share of the Net OPEB liability	\$ 200,317	\$ 558,827	\$ 542,857	\$ -	\$ -	\$ -	\$ -
Employer's covered payroll	5,329,434	4,289,368	3,917,641	-	-	-	-
Proportionate share of the net OPEB liability as a percentage of covered payroll	3.76%	13.03%	13.86%	-%	-%	-%	-%
Plan fiduciary net position as a percentage of Total Political Subdivision Employee HIC OPEB liability	10.76%	10.76%	7.87%	-%	-%	-%	-%

Notes to Schedule

- 1) Per GAAP, Net HIC OPEB liabilities are reported using the measurement date, which is one year prior to the reporting date.
- 2) Schedule is intended to show information for 10 years. Since 2018 is the first year of this presentation, no other data is available. Additional years will be included as they become available.
- 3) Prior to FY22, no data was available for the Nonprofessional employees whose participation started prior to FY22.

CITY OF HAMPTON, VIRGINIA
SCHEDULE OF COMPONENT UNIT - SCHOOL BOARD'S CONTRIBUTIONS
VRS SCHOOL BOARD HEALTH INSURANCE CREDIT PLAN CONTRIBUTIONS
LAST 10 FISCAL YEARS
REQUIRED SUPPLEMENTAL INFORMATION-UNAUDITED

	2024	2023	2022	2021	2020	2019	2018	2017
School Board - Teachers								
Contractually determined contribution	\$ 1,731,606	\$ 1,575,812	\$ 1,479,904	\$ 1,385,578	\$ 1,353,905	\$ 1,305,003	\$ 1,352,052	\$ 1,349,262
Contribution in relation to the contractually determined contribution	1,731,606	1,575,812	1,479,904	1,385,578	1,353,905	1,305,003	1,352,052	1,217,627
Contribution deficiency	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
School Board's covered payroll	143,107,934	130,232,425	122,306,080	\$ 114,510,543	\$ 112,825,403	\$ 108,750,257	\$ 109,922,935	\$ 109,696,113
Contributions as a percentage of covered payroll	1.21%	1.21%	1.21%	1.21%	1.20%	1.20%	1.23%	1.11%
School Board - Nonprofessional								
Contractually determined contribution	\$ 78,494	\$ 65,019	\$ 42,036	\$ 38,393	\$ -	\$ -	\$ -	\$ -
Contributions in relation to contractually determined contribution	78,494	65,019	42,036	38,393	-	-	-	-
Contribution deficiency	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
School Board's covered payroll	\$ 6,433,906	\$ 5,329,434	\$ 4,289,368	\$ 3,917,641	\$ -	\$ -	\$ -	\$ -
Contributions as a percentage of covered-employee payroll	1.22%	1.22%	0.98%	0.98%	-%	-%	-%	-%

Notes to Schedule:

Schedule is intended to show information for 10 years. Additional years will be included as they become available. The amount presented have a measurement date of the prior fiscal year.

Effective July 1, 2020, the School Board Nonprofessional employees began participating into the VRS Health Insurance Credit Program.

CITY OF HAMPTON, VIRGINIA
NOTES TO VRS REQUIRED SUPPLEMENTAL INFORMATION COMPONENT UNIT SCHOOL BOARD
VIRGINIA RETIREMENT SYSTEM-TEACHER HEALTH INSURANCE CREDITS PLAN

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

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

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

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

	2024	2023	2022	2021	2020	2019	2018
Total OPEB Liability							
Service cost at end of year	\$ 844,834	\$ 1,029,218	\$ 999,697	\$ 784,953	\$ 807,017	\$ 916,561	\$ 565,127
Interest	684,821	504,079	435,900	549,137	453,230	491,686	278,308
Changes of benefit terms	-	-	-	-	-	-	3,162,168
Differences between expected and actual experience	781,936	102,767	153,071	(2,710)	2,166,977	(2,391,726)	(146,400)
Changes of assumptions	(566,124)	(4,708,894)	2,666,246	3,083,881	1,117,402	(444,636)	(526,209)
Benefit payments	(762,457)	(709,467)	(633,743)	(556,223)	(532,113)	(439,544)	(124,402)
Net change in total OPEB	983,010	(3,782,297)	3,621,171	3,859,038	4,012,513	(1,867,659)	3,208,592
Total OPEB liability - beginning	18,878,300	22,660,597	19,039,426	15,180,388	11,167,875	13,035,534	9,826,942
Total OPEB liability - ending	\$ 19,861,310	\$ 18,878,300	\$ 22,660,597	\$ 19,039,426	\$ 15,180,388	\$ 11,167,875	\$ 13,035,534
Covered-employee payroll	\$ 91,562,706	\$ 91,561,683	\$ 91,561,683	\$ 90,779,972	\$ 88,434,323	\$ 91,084,919	\$ 90,627,625
Net OPEB liability as a percentage of covered-employee payroll	21.69%	20.62%	24.75%	20.97%	17.17%	12.26%	14.38%

Notes to Schedule

- 1) Per GAAP, net OPEB liabilities are reported using measurement date, which is one year prior to the reporting date.
- 2) No assets are accumulated in a trust that meet GAAP's criteria.
- 3) Schedules are intended to show information for 10 years. Since 2018 is the first year of this presentation, no other data is available. Additional years will be included as they become available.

CITY OF HAMPTON, VIRGINIA
SCHEDULE OF EMPLOYER OTHER POSTEMPLOYMENT BENEFITS CONTRIBUTIONS
OTHER POSTEMPLOYMENT BENEFITS - LINE OF DUTY
LAST 10 FISCAL YEARS
REQUIRED SUPPLEMENTAL INFORMATION - UNAUDITED

	2024	2023	2022	2021	2020	2019	2018
Contractually required contribution	\$ 733,749	\$ 765,676	\$ 719,216	\$ 640,163	\$ 567,166	\$ 546,033	\$ 468,634
Contribution in relation to the contractually required contribution	733,749	765,676	719,216	640,163	567,166	546,033	468,634
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered-employee payroll	\$ 92,926,990	\$ 91,562,706	\$ 91,561,683	\$ 91,561,683	\$ 90,779,972	\$ 88,434,323	\$ 91,084,919
Contributions as a percentage of covered-employee payroll	0.79%	0.84%	0.79%	0.70%	0.62%	0.62%	0.51%

Notes to Schedule

- 1) No assets are accumulated in a trust that meet GAAP's criteria.
- 2) Schedules are intended to show information for 10 years. Since 2018 is the first year of this presentation, no other data is available. Additional years will be included as they become available.

CITY OF HAMPTON, VIRGINIA
NOTES TO VRS REQUIRED SUPPLEMENTAL INFORMATION PRIMARY GOVERNMENT
OTHER POSTEMPLOYMENT BENEFITS-LINE OF DUTY

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

Changes of assumptions - The actuarial assumptions used in the June 30, 2022 valuation were based on the results of an actuarial experience study for the period from July 1, 2016, through June 30, 2020. Changes to the actuarial assumptions as a result of the experience study are as follows:

Largest Ten Locality Employers With Public Safety Employees

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

CITY OF HAMPTON, VIRGINIA
SCHEDULE OF EMPLOYERS' PROPORTIONATE SHARE OF THE NET OTHER POSTEMPLOYMENT BENEFIT
LIABILITY
VIRGINIA RETIREMENT SYSTEM-GROUP LIFE
REQUIRED SUPPLEMENTAL INFORMATION-UNAUDITED

	2024	2023	2022	2021	2020	2019	2018
Primary Government - City							
Proportionate share of the net other postemployment benefit liability	0.42694%	0.43249%	0.4419%	0.4411%	0.4511%	0.4790%	0.4913%
Proportionate share of the net other postemployment benefit liability	\$ 5,120,350	\$ 5,207,597	\$ 5,144,682	\$ 7,361,237	\$ 7,340,923	\$ 7,275,000	\$ 7,394,000
Covered payroll	\$ 100,566,260	\$ 94,076,467	\$ 91,232,518	\$ 90,779,972	\$ 88,434,323	\$ 91,084,919	\$ 90,627,625
Proportionate share of the net other postemployment benefit liability as a percentage of covered payroll	5.09%	5.54%	5.64%	8.11%	8.30%	7.99%	8.16%
Plan fiduciary net position as a percentage of the total other postemployment benefit liability	69.30%	67.21%	67.45%	52.64%	52.00%	51.22%	49.00%
Component Unit-School Board							
Proportionate share of the net other postemployment benefit liability	0.57822%	0.58425%	0.57525%	0.57371%	0.05802%	0.60247%	0.61732%
Proportionate share of the net other postemployment benefit liability	\$ 6,934,670	\$ 7,034,933	\$ 6,697,741	\$ 9,574,281	\$ 9,440,910	\$ 9,150,000	\$ 9,289,000
Covered payroll	\$ 136,200,363	\$ 127,089,296	\$ 118,767,051	\$ 113,864,332	\$ 113,730,722	\$ 114,558,220	\$ 113,866,451
Proportionate share of the net other postemployment benefit liability as a percentage of covered payroll	5.09%	5.54%	5.64%	8.41%	8.30%	8%	8%
Plan fiduciary net position as a percentage of the total other postemployment benefit liability	69.30%	67.21%	67.45%	52.64%	52.00%	51.22%	48.86%

Notes to Schedule

- 1) Per GAAP, net OPEB liabilities are reported using the measurement date, which is one year prior to the reporting date.
- 2) Schedule is intended to show information for 10 years. Since 2018 is the first year of this presentation, no other data is available. Additional years will be included as they become available.

CITY OF HAMPTON, VIRGINIA
SCHEDULE OF EMPLOYER OTHER POSTEMPLOYMENT BENEFIT CONTRIBUTIONS
OTHER POSTEMPLOYMENT BENEFITS-GROUP LIFE INSURANCE
LAST 10 FISCAL YEARS
REQUIRED SUPPLEMENTAL INFORMATION-UNAUDITED

	2024	2023	2022	2021	2020	2019	2018	2017
Primary Government- City								
Contractually required contribution	\$ 581,664	\$ 543,058	\$ 508,013	\$ 492,656	\$ 472,056	\$ 459,858	\$ 473,642	\$ 471,264
Contributions in relation to the								
contractually required contribution	581,664	543,058	508,013	492,656	472,056	459,858	473,642	471,264
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
City covered payroll	\$ 107,715,517	\$ 100,566,260	\$ 94,076,467	\$ 91,232,518	\$ 90,779,972	\$ 88,434,323	\$ 91,084,919	\$ 90,627,625
Contributions as a percentage of								
covered payroll	0.54%	0.54%	0.54%	0.54%	0.52%	0.52%	0.52%	0.52%
-								
Component Unit-School Board								
Contractually required contribution	\$ 812,261	\$ 735,482	\$ 686,283	\$ 641,362	\$ 613,972	\$ 591,400	\$ 595,702	\$ 592,106
Contributions in relation to contractually								
required contribution	812,261	735,482	686,283	641,362	613,972	591,400	595,702	592,106
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
School Board covered payroll	\$ 150,418,696	\$ 136,200,363	\$ 127,089,296	\$ 118,767,051	\$ 113,864,332	\$ 113,730,722	\$ 114,558,220	\$ 113,866,451
Contributions as a percentage of								
covered payroll	0.54%	0.54%	0.54%	0.54%	0.52%	0.52%	0.52%	0.52%

Notes to Schedule

- 1) Per GAAP, net OPEB liabilities are reported using measurement date, which is one year prior to the reporting date.
- 2) No assets are accumulated in a trust that meet GAAP's criteria.
- 3) Schedules are intended to show information for 10 years. Since 2017 is the first year of this presentation, no other data is available. Additional years will be included as they become available.

**CITY OF HAMPTON, VIRGINIA
NOTES TO VRS REQUIRED SUPPLEMENTAL INFORMATION
PRIMARY GOVERNMENT AND SCHOOL BOARD COMPONENT UNIT
OTHER POST EMPLOYMENT BENEFITS - GROUP LIFE INSURANCE PROGRAM**

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

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

Largest Ten Locality Employers - General Employees

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

Largest Ten Locality Employers - Hazardous Duty Employees

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

Teachers

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

CITY OF HAMPTON, VIRGINIA
GENERAL FUND
BALANCE SHEET
June 30, 2024

Assets:		
Cash and cash equivalents	\$	136,929,514
Investments		33,577,679
Property Tax Receivable (net of allowance for uncollectible of \$2,595,847)		14,326,518
Intergovernmental receivables:		
Due from Commonwealth of Virginia		11,286,260
Due from Federal Government		1,485,954
Accounts Receivable		5,737,881
Leases Receivable		27,532
Due from other funds		12,761,136
Due from component units		13,119
Inventories		44,950
Prepaid Items		4,459
Total assets		<u>216,195,002</u>
Liabilities:		
Accounts payable		10,851,281
Accrued health insurance		13,085,446
Accrued liabilities		9,327,696
Due to other funds		15,911,255
Due to component units		77,188
Unearned revenues		149,423
Total liabilities		<u>49,402,289</u>
Deferred inflows of resources:		
Unavailable revenue-property taxes		10,882,842
Unavailable revenue-leases		28,609
Unavailable revenue-opioid settlement funds		2,520,163
Property taxes collected in advance		3,061,134
Total deferred inflows of resources		<u>16,492,748</u>
Fund balances:		
Nonspendable		49,409
Restricted		2,753,948
Committed		21,758,435
Assigned		15,849,736
Unassigned		109,888,437
Total fund balances		<u>150,299,965</u>
Total liabilities, deferred inflows of resources and fund balances	\$	<u>216,195,002</u>

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

CITY OF HAMPTON, VIRGINIA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND
For the Year Ended June 30, 2024

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget Over (Under)
REVENUES				
Intergovernmental:				
From the Commonwealth of Virginia	\$ 45,882,499	\$ 64,731,150	\$ 63,213,265	\$ (1,517,885)
From the Federal government	10,488,067	10,488,067	12,125,624	1,637,557
Local taxes	332,808,370	317,354,441	324,701,897	7,347,456
Special assessments	2,129,319	2,129,319	1,630,065	(499,254)
Licenses and permits	1,515,509	1,515,509	2,082,462	566,953
Fines and forfeitures	814,054	814,054	1,008,007	193,953
Revenues from use of money and property	4,755,828	4,755,828	10,465,664	5,709,836
Charges for services	9,988,590	9,988,590	9,904,546	(84,044)
Recovered costs	957,640	957,640	986,369	28,729
Payment from component units	3,322,974	3,322,974	2,882,000	(440,974)
Miscellaneous	5,488,108	5,270,816	5,952,872	682,056
Total revenues	418,150,958	421,328,388	434,952,771	13,624,383
EXPENDITURES				
Current:				
General government	153,693,863	133,172,465	127,587,840	(5,584,625)
Public safety	64,596,477	72,814,252	72,113,696	(700,556)
Highways and streets	2,810,220	2,647,900	2,304,758	(343,142)
Health	5,821,092	5,549,339	5,282,477	(266,862)
Human services	25,372,058	25,884,924	25,481,400	(403,524)
Culture and recreation	13,245,716	14,531,879	14,458,878	(73,001)
Education	94,187,606	93,991,084	93,989,735	(1,349)
Debt Service:				
Principal	-	1,437,417	1,437,417	-
Interest	-	198,213	198,213	-
Total expenditures	359,727,032	350,227,473	342,854,414	(7,373,059)
Excess of revenues over expenditures	58,423,926	71,100,915	92,098,357	20,997,442
OTHER FINANCING SOURCES (USES)				
Transfers in	-	229,292	252,516	23,224
Transfers out	(70,828,017)	(89,450,754)	(89,414,772)	35,982
Other financing uses, net	(70,828,017)	(89,221,462)	(89,162,256)	59,206
Net change in fund balances	(12,404,091)	(18,120,547)	2,936,101	\$ 21,056,648
Appropriations from fund balance	12,404,091	17,390,453		
Appropriations - encumbrances	-	730,094		
Fund balance - July 1	-	-	147,363,864	
Fund balance - June 30	\$ -	\$ -	\$ 150,299,965	

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

CITY OF HAMPTON, VIRGINIA
GENERAL FUND
SCHEDULE OF REVENUES AND OTHER CREDITS - BUDGET AND ACTUAL
For the Year Ended June 30, 2024

	Budget July 1, 2023	Net Changes	Final June 30, 2024	Actual	Variance Over (Under)
Local taxes					
General property taxes:					
Real estate	\$ 171,683,744	\$ -	\$ 171,683,744	\$ 172,156,866	\$ 473,122
Public service	4,807,476	-	4,807,476	4,927,283	119,807
Personal property	53,455,137	(15,453,929)	38,001,208	39,472,449	1,471,241
Mobile homes	35,446	-	35,446	44,372	8,926
Machinery and tools	2,728,184	-	2,728,184	3,040,999	312,815
Delinquent taxes	492,079	-	492,079	687,639	195,560
Penalty	1,411,287	-	1,411,287	1,833,562	422,275
Total general property taxes	<u>234,613,353</u>	<u>(15,453,929)</u>	<u>219,159,424</u>	<u>222,163,170</u>	<u>3,003,746</u>
Other local taxes:					
Utility-electric and gas	5,000,000	-	5,000,000	4,910,146	(89,854)
Communications sales tax	5,932,520	-	5,932,520	6,025,153	92,633
Tobacco	3,650,000	-	3,650,000	3,442,184	(207,816)
Business license	15,626,000	-	15,626,000	17,159,754	1,533,754
Short-term rental	151,000	-	151,000	188,493	37,493
Sales and use	22,296,936	-	22,296,936	22,853,413	556,477
Recordation	1,611,725	-	1,611,725	1,716,765	105,040
Public right of way	410,000	-	410,000	267,370	(142,630)
Lodging and transit	5,900,000	-	5,900,000	6,782,109	882,109
Amusement	1,400,000	-	1,400,000	1,187,763	(212,237)
Meal	29,042,771	-	29,042,771	30,160,581	1,117,810
Motor vehicle	4,291,065	-	4,291,065	4,421,457	130,392
Bank stock	605,000	-	605,000	763,118	158,118
License tax par mutual	2,258,000	-	2,258,000	2,660,421	402,421
Transportation district transient occupancy tax	-	-	-	-	-
Skills game tax	20,000	-	20,000	-	(20,000)
Total other local taxes	<u>98,195,017</u>	<u>-</u>	<u>98,195,017</u>	<u>102,538,727</u>	<u>4,343,710</u>
Total local taxes	<u>332,808,370</u>	<u>(15,453,929)</u>	<u>317,354,441</u>	<u>324,701,897</u>	<u>7,347,456</u>
License, permits and privilege fees:					
Animal licenses	15,000	-	15,000	24,069	9,069
Street and taxi permits	183,650	-	183,650	192,257	8,607
Zoning and land use	433,706	-	433,706	488,278	54,572
Building permits	836,884	-	836,884	1,305,783	468,899
Miscellaneous	46,269	-	46,269	72,075	25,806
Total license, permits and privilege fees	<u>1,515,509</u>	<u>-</u>	<u>1,515,509</u>	<u>2,082,462</u>	<u>566,953</u>
Total fines and forfeitures	<u>814,054</u>	<u>-</u>	<u>814,054</u>	<u>1,008,007</u>	<u>193,953</u>
Special assessments:					
Peninsula Town Center CDA	1,136,617	-	1,136,617	669,497	(467,120)
Delinquent PTC retail assessment	-	-	-	-	-
H2O CDA	62,856	-	62,856	50,863	(11,993)
Coliseum BID	657,905	-	657,905	639,233	(18,672)
Downtown BID	207,783	-	207,783	205,467	(2,316)
Elizabeth Lakes	64,158	-	64,158	65,005	847
Total special assessments	<u>2,129,319</u>	<u>-</u>	<u>2,129,319</u>	<u>1,630,065</u>	<u>(499,254)</u>
Revenue from use of money and property:					
Interest on investments	4,500,000	-	4,500,000	9,693,416	5,193,416
Rental of property	99,733	-	99,733	150,141	50,408
Sale of materials and property	65,019	-	65,019	40,632	(24,387)
Vending machines	5,531	-	5,531	21,680	16,149
Billboard revenue	85,545	-	85,545	93,645	8,100
Lease revenue	-	-	-	12,587	12,587
Net increase in fair value of investments	-	-	-	453,563	453,563
Total revenue from use of money and property	<u>4,755,828</u>	<u>-</u>	<u>4,755,828</u>	<u>10,465,664</u>	<u>5,709,836</u>

Continued

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

CITY OF HAMPTON, VIRGINIA
GENERAL FUND
SCHEDULE OF REVENUES AND OTHER CREDITS - BUDGET AND ACTUAL
For the Year Ended June 30, 2024

	Budget July 1, 2023	Net Changes	Final June 30, 2024	Actual	Variance Over (Under)
Charges for services:					
Fees:					
Court costs	\$ 1,000	\$ -	\$ 1,000	\$ 1,508	\$ 508
Clerk	32,247	-	32,247	27,935	(4,312)
Cobra administration	-	-	-	-	-
Court officers	16,005	-	16,005	20,746	4,741
Parks and Recreation	862,500	-	862,500	1,126,083	263,583
Youth, Education, and Family Services	1,140,537	-	1,140,537	1,427,037	286,500
Sheriff	30,439	-	30,439	176,656	146,217
Sheriff - Canteen Fund	-	-	-	23,278	23,278
Library	10,734	-	10,734	1,497	(9,237)
Jail admission fee	8,350	-	8,350	9,340	990
Ambulance services	4,800,000	-	4,800,000	3,833,418	(966,582)
Fire Prevention	213,300	-	213,300	233,395	20,095
Public education grant fees	200,000	-	200,000	143,529	(56,471)
Passport applications	20,000	-	20,000	41,065	21,065
Miscellaneous charges for services	255,218	-	255,218	277,732	22,514
Landfill host fees	1,205,671	-	1,205,671	1,341,993	136,322
Payment in lieu of taxes-Fort Monroe	983,960	-	983,960	983,960	-
Boat license fee	200,000	-	200,000	226,389	26,389
Administrative Fees	8,629	-	8,629	8,985	356
Total charges for services	9,988,590	-	9,988,590	9,904,546	(84,044)
Miscellaneous revenue:					
Opioid Abatement Settlement	-	-	-	488,265	488,265
Payment in lieu of taxes-other	49,926	-	49,926	47,366	(2,560)
Returned check charges	14,010	-	14,010	6,348	(7,662)
Unemployment fees	4,000	-	4,000	3,881	(119)
School reimbursement	2,453,321	-	2,453,321	2,453,321	-
Indirect cost	1,383,037	(229,292)	1,153,745	1,153,745	-
Other	1,583,814	12,000	1,595,814	1,799,946	204,132
Total miscellaneous revenue	5,488,108	(217,292)	5,270,816	5,952,872	682,056
Recovered costs:					
NASA fire services	957,640	-	957,640	986,369	28,729
Total recovered costs	957,640	-	957,640	986,369	28,729
Noncategorical aid - state:					
Personal property tax relief reimbursement	-	15,453,929	15,453,929	15,453,929	-
Vehicle rental tax	520,000	-	520,000	642,762	122,762
Railroad rolling stock tax	10,516	-	10,516	18,762	8,246
Mobile home titling tax	20,312	-	20,312	21,147	835
Miscellaneous	150,000	-	150,000	295,963	145,963
Total noncategorical aid - state	700,828	15,453,929	16,154,757	16,432,563	277,806
Shared expenses - state:					
Sheriff	8,709,691	-	8,709,691	5,488,795	(3,220,896)
Commonwealth's Attorney	1,672,402	-	1,672,402	1,331,076	(341,326)
Commissioner of Revenue	421,366	-	421,366	424,265	2,899
Treasurer	347,733	-	347,733	398,508	50,775
Clerk of Courts	1,025,767	-	1,025,767	1,124,506	98,739
Registrar-election board	55,801	-	55,801	226,523	170,722
Total shared expenses - state	12,232,760	-	12,232,760	8,993,673	(3,239,087)

Continued

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

CITY OF HAMPTON, VIRGINIA
GENERAL FUND
SCHEDULE OF REVENUES AND OTHER CREDITS - BUDGET AND ACTUAL
For the Year Ended June 30, 2024

	Budget July 1, 2023	Net Changes	Final June 30, 2024	Actual	Variance Over (Under)
Categorical aid - state:					
Public assistance	4,912,945	-	4,912,945	5,703,100	790,155
Police	7,976,536	-	7,976,536	8,497,968	521,432
Street and highway maintenance	18,714,850	3,394,722	22,109,572	22,109,572	-
E911 wireless grant	618,387	-	618,387	758,900	140,513
Public library books	216,834	-	216,834	255,222	38,388
DMV animal license plates	-	-	-	2,475	2,475
Jail operations	185,155	-	185,155	193,595	8,440
Probation	8,500	-	8,500	5,494	(3,006)
Virginia juvenile block grant	315,704	-	315,704	260,703	(55,001)
Total categorical aid - state	32,948,911	3,394,722	36,343,633	37,787,029	1,443,396
Categorical aid - federal:					
Pass thru-Public assistance	9,847,177	-	9,847,177	11,376,190	1,529,013
Pass thru-Healthy Families	630,890	-	630,890	630,890	-
Pass thru-Federal Rad. Emergency Response	-	-	-	-	-
Pass thru-Virginia Department of Transportation	-	-	-	-	-
Pass thru-Sheriff bonus reimbursement	-	-	-	-	-
Federal funds - ARPA Tourism Recovery Grant	-	-	-	26,976	26,976
Federal funds - Police	-	-	-	81,163	81,163
Total categorical aid - federal	10,478,067	-	10,478,067	12,115,219	1,637,152
Noncategorical aid - federal					
Federal Share-FEMA	-	-	-	-	-
Payment in lieu of Taxes-National Park Service	-	-	-	405	405
Indirect costs-total	10,000	-	10,000	10,000	-
Total noncategorical aid - federal	10,000	-	10,000	10,405	405
Total revenues	414,827,984	3,177,430	418,005,414	432,070,771	14,065,357
Payment from component units					
Economic Development Authority	455,974	-	455,974	15,000	(440,974)
Hampton City Schools	2,867,000	-	2,867,000	2,867,000	-
Total component Units	3,322,974	-	3,322,974	2,882,000	(440,974)
Other credits: Transfers from					
Solid Waste Fund	-	116,000	116,000	116,000	-
Grants Fund	-	-	-	23,224	23,224
Wastewater Fund	-	113,292	113,292	113,292	-
Total transfers	-	229,292	229,292	252,516	23,224
Total revenues and transfers	418,150,958	3,406,722	421,557,680	435,205,287	13,647,607
Appropriations from fund balance	12,404,091	4,986,362	17,390,453	17,390,453	-
Appropriations-encumbrances	-	-	-	2,656,487	2,656,487
Total appropriations	12,404,091	4,986,362	17,390,453	20,046,940	2,656,487
Total revenues and other credits	\$ 430,555,049	\$ 8,393,084	\$ 438,948,133	\$ 455,252,227	\$ 16,304,094

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

CITY OF HAMPTON, VIRGINIA
GENERAL FUND
SCHEDULE OF APPROPRIATIONS AND EXPENDITURES
For the Year Ended June 30, 2024

	Appropriations			Expenditures				Variance Under (Over)
	Budget July 1, 2023	Net Changes	Final June 30, 2024	Personal Services	Operating Expenditures	Capital Outlay	Total	
General Government								
Legislative:								
Municipal Council	\$ 528,643	\$ 85,411	\$ 614,054	\$ 441,205	\$ 172,379	\$ -	\$ 613,584	\$ 470
Legislative - Total	528,643	85,411	614,054	441,205	172,379	-	613,584	470
Executive:								
City Manager	1,636,818	6,597	1,643,415	1,358,652	86,971	2,861	1,448,484	194,931
311 Customer Call Center	622,523	3,698	626,221	509,584	73,103	-	582,687	43,534
Citizens Unity Commission	138,105	19,571	157,676	125,584	29,251	-	154,835	2,841
Marketing, INC	873,343	4,848	878,191	579,770	258,961	-	838,731	39,460
Internal Audit	205,849	13,851	219,700	204,860	9,313	-	214,173	5,527
Executive - Total	3,476,638	48,565	3,525,203	2,778,450	457,599	2,861	3,238,910	286,293
City Attorney:								
Law-City Attorney	1,513,307	184,978	1,698,285	1,487,444	149,001	12,798	1,649,243	49,042
City Attorney - Total	1,513,307	184,978	1,698,285	1,487,444	149,001	12,798	1,649,243	49,042
Human Resources -Total	1,431,014	(32,020)	1,398,994	1,137,503	228,135	-	1,365,638	33,356
Judicial:								
Clerk of Courts	1,265,828	350,880	1,616,708	1,234,858	162,908	-	1,397,766	218,942
Circuit Court	368,457	(7,428)	361,029	265,883	27,431	-	293,314	67,715
General District Court	223,290	1,626	224,916	88,881	117,965	-	206,846	18,070
District Court-J.D.R.	49,347	(13,203)	36,144	-	30,809	-	30,809	5,335
Commonwealth's Attorney	3,314,167	53,570	3,367,737	2,594,747	301,003	66,496	2,962,246	405,491
City Sheriff-Administration	2,029,748	(460,049)	1,569,699	752,527	377,392	-	1,129,919	439,780
City Sheriff-Jail	8,120,938	826,588	8,947,526	5,460,259	3,423,486	28,683	8,912,428	35,098
Court Service Unit	1,812,950	(16,748)	1,796,202	188,162	1,546,781	1,923	1,736,866	59,336
Magistrates Office	31,338	(11,145)	20,193	9,550	6,321	-	15,871	4,322
Judicial - Total	17,216,063	724,091	17,940,154	10,594,867	5,994,096	97,102	16,686,065	1,254,089

Continued

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

CITY OF HAMPTON, VIRGINIA
GENERAL FUND
SCHEDULE OF APPROPRIATIONS AND EXPENDITURES
For the Year Ended June 30, 2024

	Appropriations			Expenditures				Variance
	Budget July 1, 2023	Net Changes	Final June 30, 2024	Personal Services	Operating Expenditures	Capital Outlay	Total	Under (Over)
General Government, continued:								
Boards and commissions:								
Community Development	\$ 4,381,877	\$ 341,337	\$ 4,723,214	\$ 2,934,276	\$ 887,561	\$ 26,329	\$ 3,848,166	\$ 875,048
Elections Board	242,944	240,079	483,023	152,246	223,549	74,282	450,077	32,946
Registrar	321,715	(36,413)	285,302	266,182	11,499	-	277,681	7,621
Development	1,347,860	294,566	1,642,426	726,210	259,663	3,126	988,999	653,427
Boards and Commissions - Total	6,294,396	839,569	7,133,965	4,078,914	1,382,272	103,737	5,564,923	1,569,042
Agriculture - Extension Agent - Total	82,725	-	82,725	55,461	25,062	-	80,523	2,202
Nondepartmental:								
Nondepartmental	30,010,955	(2,315,146)	27,695,809	254,565	26,739,136	15,086	27,008,787	687,022
Civic and community support	932,092	1,300,649	2,232,741	-	1,926,121	-	1,926,121	306,620
Other	3,946,959	(2,196,086)	1,750,873	-	1,569,198	-	1,569,198	181,675
Nondepartmental - Total	34,890,006	(3,210,583)	31,679,423	254,565	30,234,455	15,086	30,504,106	1,175,317
Finance:								
Commissioner of Revenue	1,530,742	24,559	1,555,301	1,356,993	188,676	-	1,545,669	9,632
Assessor of Real Estate	1,335,898	(11,262)	1,324,636	1,153,829	147,782	2,762	1,304,373	20,263
City Treasurer	2,082,192	168,090	2,250,282	1,521,793	512,823	69,616	2,104,232	146,050
Consolidated Procurement	489,131	(28,783)	460,348	419,720	31,101	-	450,821	9,527
Independent Auditors	215,351	1,008	216,359	-	213,666	-	213,666	2,693
Finance	1,131,035	388,135	1,519,170	1,140,903	127,349	-	1,268,252	250,918
Information Technology	4,610,500	(665)	4,609,835	1,530,354	2,392,881	305,135	4,228,370	381,465
Finance - Total	11,394,849	541,082	11,935,931	7,123,592	3,614,278	377,513	11,115,383	820,548
Retirement and Employee Benefits								
Total	69,705,493	(19,925,529)	49,779,964	5,827,091	43,661,015	-	49,488,106	291,858

Continued

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

CITY OF HAMPTON, VIRGINIA
GENERAL FUND
SCHEDULE OF APPROPRIATIONS AND EXPENDITURES
For the Year Ended June 30, 2024

	Appropriations			Expenditures				Variance Under (Over)
	Budget July 1, 2023	Net Changes	Final June 30, 2024	Personal Services	Operating Expenditures	Capital Outlay	Total	
General Government, continued:								
Public Works:								
Administration	250,138	41,725	291,863	254,564	32,514	3,888	290,966	897
Engineering	901,747	(7,444)	894,303	788,203	57,520	1,350	847,073	47,230
Property Maintenance	5,802,925	249,882	6,052,807	1,653,133	4,371,650	-	6,024,783	28,024
Parking Facilities	205,919	(61,125)	144,794	37,527	81,010	-	118,537	26,257
Public Works - Total	7,160,729	223,038	7,383,767	2,733,427	4,542,694	5,238	7,281,359	102,408
 General Government - Total	 \$ 153,693,863	 \$ (20,521,398)	 \$ 133,172,465	 \$ 36,512,519	 \$ 90,460,986	 \$ 614,335	 \$ 127,587,840	 \$ 5,584,625
Public Safety:								
Police Division	29,492,465	1,565,606	31,058,071	24,457,936	5,429,015	779,312	30,666,263	391,808
Traffic Engineering	3,686,652	296,950	3,983,602	633,528	3,265,639	10,199	3,909,366	74,236
Fire Division	26,274,862	6,074,514	32,349,376	25,543,441	6,757,093	-	32,300,534	48,842
Emergency Management	413,715	(27,757)	385,958	320,525	48,508	425	369,458	16,500
E911	3,110,056	184,978	3,295,034	2,777,819	498,587	13,359	3,289,765	5,269
Animal Control	624,266	(39,066)	585,200	358,616	206,225	11,252	576,093	9,107
Youth Violence Prevention	994,461	162,550	1,157,011	817,359	184,858	-	1,002,217	154,794
Public Safety - Total	64,596,477	8,217,775	72,814,252	54,909,224	16,389,925	814,547	72,113,696	700,556
 Highways and Streets-Total	 2,810,220	 (162,320)	 2,647,900	 966,897	 1,183,627	 154,234	 2,304,758	 343,142

Continued

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

CITY OF HAMPTON, VIRGINIA
GENERAL FUND
SCHEDULE OF APPROPRIATIONS AND EXPENDITURES
For the Year Ended June 30, 2024

	Appropriations			Expenditures				Variance Under (Over)
	Budget July 1, 2023	Net Changes	Final June 30, 2024	Personal Services	Operating Expenditures	Capital Outlay	Total	
Health:								
Preventive Medicine	\$ 1,112,623	\$ (115,000)	\$ 997,623	\$ -	\$ 997,438	\$ -	\$ 997,438	\$ 185
Drainage Maintenance	4,708,469	(156,753)	4,551,716	734,673	3,550,366	-	4,285,039	266,677
Health - Total	<u>5,821,092</u>	<u>(271,753)</u>	<u>5,549,339</u>	<u>734,673</u>	<u>4,547,804</u>	<u>-</u>	<u>5,282,477</u>	<u>266,862</u>
Human Services:								
Administration	16,363,296	423,415	16,786,711	9,703,524	6,499,389	373,075	16,575,988	210,723
Public Assistance	491,871	1,637,923	2,129,794	-	2,046,739	-	2,046,739	83,055
Purchase of Services	4,139,029	(1,829,750)	2,309,279	-	2,228,270	-	2,228,270	81,009
Youth, Education and Family Services	4,377,862	281,278	4,659,140	3,953,260	677,143	-	4,630,403	28,737
Human Services - Total	<u>25,372,058</u>	<u>512,866</u>	<u>25,884,924</u>	<u>13,656,784</u>	<u>11,451,541</u>	<u>373,075</u>	<u>25,481,400</u>	<u>403,524</u>
Culture and Recreation:								
Recreation	5,578,240	732,778	6,311,018	4,326,901	1,979,218	4,712	6,310,831	187
Parks	4,632,775	498,696	5,131,471	2,045,697	3,075,954	9,785	5,131,436	35
Conventions and Tourism	2,588,892	(29,878)	2,559,014	1,017,503	1,530,335	-	2,547,838	11,176
Hampton History Museum	445,809	84,567	530,376	402,026	66,747	-	468,773	61,603
Culture and Recreation - Total	<u>13,245,716</u>	<u>1,286,163</u>	<u>14,531,879</u>	<u>7,792,127</u>	<u>6,652,254</u>	<u>14,497</u>	<u>14,458,878</u>	<u>73,001</u>
								Continued

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

**CITY OF HAMPTON, VIRGINIA
GENERAL FUND
SCHEDULE OF APPROPRIATIONS AND EXPENDITURES
For the Year Ended June 30, 2024**

	Appropriations			Expenditures				Variance Under (Over)
	Budget July 1, 2023	Net Changes	Final June 30, 2024	Personal Services	Operating Expenditures	Capital Outlay	Total	
Education:								
School Operations	\$ 91,804,718	\$ -	\$ 91,804,718	\$ -	\$ 91,804,718	\$ -	\$ 91,804,718	\$ -
Public Library	2,382,888	(196,522)	2,186,366	1,801,311	371,269	12,437	2,185,017	1,349
Education - Total	<u>94,187,606</u>	<u>(196,522)</u>	<u>93,991,084</u>	<u>1,801,311</u>	<u>92,175,987</u>	<u>12,437</u>	<u>93,989,735</u>	<u>1,349</u>
Debt Service:								
Principal	\$ -	\$ 1,437,417	\$ 1,437,417	\$ -	\$ 1,437,417	\$ -	\$ 1,437,417	\$ -
Interest	-	198,213	198,213	-	198,213	-	198,213	-
Debt Service - Total	<u>-</u>	<u>1,635,630</u>	<u>1,635,630</u>	<u>-</u>	<u>1,635,630</u>	<u>-</u>	<u>1,635,630</u>	<u>-</u>
Total expenditures	<u>359,727,032</u>	<u>(9,499,559)</u>	<u>350,227,473</u>	<u>116,373,535</u>	<u>224,497,754</u>	<u>1,983,125</u>	<u>342,854,414</u>	<u>7,373,059</u>
Operating Transfers Out:								
Capital Projects Fund	21,614,809	17,805,963	39,420,772	-	39,420,772	-	39,420,772	-
Enterprise Funds	10,516,757	3,189,605	13,706,362	-	13,704,853	-	13,704,853	1,509
Internal Service Funds	500,000	1,710,454	2,210,454	-	2,210,454	-	2,210,454	-
Special Revenue Funds	3,200,944	(923,721)	2,277,223	-	2,242,751	-	2,242,751	34,472
Debt Service Fund	34,995,507	(3,159,564)	31,835,943	-	31,835,942	-	31,835,942	1
Transfers - Total	<u>70,828,017</u>	<u>18,622,737</u>	<u>89,450,754</u>	<u>-</u>	<u>89,414,772</u>	<u>-</u>	<u>89,414,772</u>	<u>35,982</u>
Total expenditures and transfers	<u>\$ 430,555,049</u>	<u>\$ 9,123,178</u>	<u>\$ 439,678,227</u>	<u>\$ 116,373,535</u>	<u>\$ 313,912,526</u>	<u>\$ 1,983,125</u>	<u>\$ 432,269,186</u>	<u>\$ 7,409,041</u>

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

CITY OF HAMPTON, VIRGINIA
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
June 30, 2024

	Special Revenue				Total Non-major Governmental Funds
	Community Development	Stormwater Management	Pembroke Complex	Law Library	
Assets:					
Cash and cash equivalents	\$ 24,981	\$ 12,611,117	\$ 111,636	\$ 4,544	\$ 12,752,278
Due from Federal Government	153,807	-	-	-	153,807
Accounts receivables	853	546,759	30,592	-	578,204
Total assets	<u>\$ 179,641</u>	<u>\$ 13,157,876</u>	<u>\$ 142,228</u>	<u>\$ 4,544</u>	<u>\$ 13,484,289</u>
Liabilities:					
Accounts payable	\$ 104,738	\$ 216,706	\$ 5,632	\$ 4,543	\$ 331,619
Accrued liabilities	2,753	145,289	-	-	148,042
Total liabilities	<u>107,491</u>	<u>361,995</u>	<u>5,632</u>	<u>4,543</u>	<u>479,661</u>
Deferred inflows of resources:					
Unavailable revenue-program income	72,150	-	-	-	72,150
Unavailable revenue-stormwater fees	-	546,759	-	-	546,759
Total deferred inflows of resources	<u>72,150</u>	<u>546,759</u>	<u>-</u>	<u>-</u>	<u>618,909</u>
Fund balances:					
Restricted	-	12,249,122	136,596	1	12,385,719
Total fund balances	<u>-</u>	<u>12,249,122</u>	<u>136,596</u>	<u>1</u>	<u>12,385,719</u>
Total liabilities,deferred inflows of resources and fund balances	<u>\$ 179,641</u>	<u>\$ 13,157,876</u>	<u>\$ 142,228</u>	<u>\$ 4,544</u>	<u>\$ 13,484,289</u>

CITY OF HAMPTON, VIRGINIA
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
For the Year Ended June 30, 2024

	Special Revenue				Total Non-major Governmental Funds
	Community Development	Stormwater Management	Pembroke Complex	Law Library	
REVENUES					
Intergovernmental revenues:					
From the Federal government	\$ 2,311,249	\$ -	\$ -	\$ -	\$ 2,311,249
Revenues from use of money and property	-	-	336,511	-	336,511
Charges for services	-	13,418,493	-	-	13,418,493
Miscellaneous	127,696	-	-	45,158	172,854
Total revenues	<u>2,438,945</u>	<u>13,418,493</u>	<u>336,511</u>	<u>45,158</u>	<u>16,239,107</u>
EXPENDITURES					
Current:					
General government	2,438,945	-	309,963	66,736	2,815,644
Sanitation	-	7,217,704	-	-	7,217,704
Debt Service:					
Principal retirement	-	782,872	-	-	782,872
Interest and fiscal charges	-	688,675	-	-	688,675
Total expenditures	<u>2,438,945</u>	<u>8,689,251</u>	<u>309,963</u>	<u>66,736</u>	<u>11,504,895</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>4,729,242</u>	<u>26,548</u>	<u>(21,578)</u>	<u>4,734,212</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	-	-	-	21,579	21,579
Transfers out	-	(2,922,008)	-	-	(2,922,008)
Other financing sources (uses), net	<u>-</u>	<u>(2,922,008)</u>	<u>-</u>	<u>21,579</u>	<u>(2,900,429)</u>
Net change in fund balances	<u>-</u>	<u>1,807,234</u>	<u>26,548</u>	<u>1</u>	<u>1,833,783</u>
Fund balances, beginning of year	<u>-</u>	<u>10,441,888</u>	<u>110,048</u>	<u>-</u>	<u>10,551,936</u>
Fund balances, end of year	<u>\$ -</u>	<u>\$ 12,249,122</u>	<u>\$ 136,596</u>	<u>\$ 1</u>	<u>\$ 12,385,719</u>

CITY OF HAMPTON, VIRGINIA
NON-MAJOR GOVERNMENTAL FUNDS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
STORMWATER MANAGEMENT FUND
FOR THE YEAR ENDED JUNE 30, 2024

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		Over (Under)
REVENUES				
Charges for services	\$ 12,977,520	\$ 12,977,520	\$ 13,418,493	\$ 440,973
Total revenues	12,977,520	12,977,520	13,418,493	440,973
EXPENDITURES				
Current:				
Sanitation	9,938,857	10,076,849	7,217,704	(2,859,145)
Debt Service:				
Principal retirement	780,000	782,872	782,872	-
Interest and fiscal charges	688,663	688,675	688,675	-
Total expenditures	11,407,520	11,548,396	8,689,251	(2,859,145)
Excess of revenues over expenditures	1,570,000	1,429,124	4,729,242	3,300,118
OTHER FINANCING SOURCES (USES)				
Transfers out	(2,870,000)	(2,922,008)	(2,922,008)	-
Other financing (uses), net	(2,870,000)	(2,922,008)	(2,922,008)	-
Net change in fund balances	(1,300,000)	(1,492,884)	1,807,234	\$ 3,300,118
Appropriation from fund balance	1,300,000	1,300,000		
Appropriations - encumbrances	-	192,884		
Fund balance - July 1	-	-	10,441,888	
Fund balance - June 30	\$ -	\$ -	\$ 12,249,122	

NON-MAJOR ENTERPRISE FUNDS STATEMENTS

Exhibit D-1

CITY OF HAMPTON, VIRGINIA
NON-MAJOR ENTERPRISE FUNDS
COMBINING STATEMENT OF NET POSITION
June 30, 2024

	Business-type Activities - Non-Major Enterprise Funds					
	Coliseum	The Woodlands	The Hamptons	Solid Waste	Refuse- Steam Plant	Totals
ASSETS						
Current assets:						
Cash and cash equivalents	\$ 16,713,351	\$ 801	\$ 19,313	\$ 1,718,580	\$ 5,098,869	\$ 23,550,914
Accounts receivable, net	371,719	1,832	-	3,223,492	859,205	4,456,248
Due from component units	-	-	-	7,655	-	7,655
Inventories	102,211	10,608	11,448	-	-	124,267
Prepaid items	38,420	-	-	-	-	38,420
Total current assets	17,225,701	13,241	30,761	4,949,727	5,958,074	28,177,504
Noncurrent assets:						
Capital assets:						
Land	164,079	2,295,538	262,100	945,188	-	3,666,905
Buildings and improvements	11,746,982	995,046	2,398,794	-	87,875	15,228,697
Improvements other than buildings	7,568,709	755,532	3,802,031	76,921	18,687,951	30,891,144
Computer software	10,000	-	-	-	225,843	235,843
Equipment	5,270,427	629,353	477,890	15,030,319	7,530,351	28,938,340
Landfill	-	-	-	3,865,986	-	3,865,986
Lease equipment	39,091	238,942	394,744	13,620	-	686,397
Construction in progress	81,465	-	-	-	-	81,465
Less: accumulated depreciation/ amortization	(18,786,737)	(2,426,662)	(6,772,392)	(10,903,562)	(22,514,966)	(61,404,319)
Total capital assets	6,094,016	2,487,749	563,167	9,028,472	4,017,054	22,190,458
Total noncurrent assets	6,094,016	2,487,749	563,167	9,028,472	4,017,054	22,190,458
Total assets	23,319,717	2,500,990	593,928	13,978,199	9,975,128	50,367,962
DEFERRED OUTFLOWS OF RESOURCES						
Related to pensions	268,567	53,063	65,062	604,822	407,695	1,399,209
Related to other postemployment benefits	56,144	39,636	126,045	184,667	89,641	496,133
Total deferred outflows of resources	324,711	92,699	191,107	789,489	497,336	1,895,342
LIABILITIES						
Current liabilities:						
Accounts payable	1,265,525	11,341	15,740	1,377,736	344,089	3,014,431
Accrued leave	59,812	15,149	8,832	121,850	55,285	260,928
Due to other funds	-	2,714,574	4,839,330	-	-	7,553,904
Due to component units	-	-	-	15	-	15
Unearned revenues	4,777,601	1,665	-	-	-	4,779,266
Current portion of lease payable	9,112	59,018	97,312	4,547	-	169,989
Current portion of long-term debt	-	-	-	-	145,547	145,547
Other liabilities	761,969	23,725	28,094	171,807	105,634	1,091,229
Total current liabilities	6,874,019	2,825,472	4,989,308	1,675,955	650,555	17,015,309
Noncurrent liabilities:						
Accrued leave	32,464	5,187	19,698	116,265	75,648	249,262
Lease payable	586	65,689	135,385	4,165	-	205,825
Net pension liability	1,115,179	220,335	270,158	2,511,428	1,260,735	5,377,835
Net other postemployment benefits liability	152,831	188,630	188,965	1,281,156	466,794	2,278,376
Bonds payable	-	-	-	-	152,508	152,508
Total noncurrent liabilities	1,301,060	479,841	614,206	3,913,014	1,955,685	8,263,806
Total liabilities	8,175,079	3,305,313	5,603,514	5,588,969	2,606,240	25,279,115
DEFERRED INFLOWS OF RESOURCES						
Related to pensions	112,297	22,187	27,204	252,896	566,660	981,244
Related to other postemployment benefits	316,458	140,176	59,387	609,977	351,299	1,477,297
Total deferred inflows of resources	428,755	162,363	86,591	862,873	917,959	2,458,541
NET POSITION						
Net investment in capital assets	6,084,318	2,363,042	330,470	9,019,760	3,718,999	21,516,589
Unrestricted (deficit)	8,956,276	(3,237,029)	(5,235,540)	(703,914)	3,229,266	3,009,059
Total net position (deficit)	\$ 15,040,594	\$ (873,987)	\$ (4,905,070)	\$ 8,315,846	\$ 6,948,265	\$ 24,525,648

CITY OF HAMPTON, VIRGINIA
NON-MAJOR ENTERPRISE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
For the Year Ended June 30, 2024

	Business-type Activities - Non-Major Enterprise Funds					Totals
	Coliseum	The Woodlands	The Hamptons	Solid Waste	Refuse- Steam Plant	
Operating revenues:						
Charges for services	\$ 18,140,301	\$ 694,882	\$ 846,606	\$ 15,722,013	\$ 3,833,144	\$ 39,236,946
Federal Revenues	-	-	-	-	3,161,887	3,161,887
Miscellaneous	31	-	-	-	-	31
Total operating revenues	18,140,332	694,882	846,606	15,722,013	6,995,031	42,398,864
Operating expenses:						
Personal services	2,943,225	436,307	542,803	3,204,574	2,160,859	9,287,768
Fringe benefits	148,994	34,551	90,500	619,275	444,155	1,337,475
Promoters fees	10,251,391	-	-	-	-	10,251,391
Cost of goods sold	623,593	29,140	33,799	-	-	686,532
Utilities	956,449	59,692	109,661	1,002	546,151	1,672,955
Insurance	349,736	23,300	24,644	174,045	325,817	897,542
Operating supplies	488,073	51,327	36,909	573,760	649,356	1,799,425
Equipmental rental	40,439	-	27,952	3,197	8,044	79,632
Equipment and building repairs	177,393	33,160	39,500	697,583	1,892,397	2,840,033
Telephone and postage	109,818	10,353	7,423	25,627	19,830	173,051
General expense	2,070,293	2,214	7,838	306,540	22,363	2,409,248
Landfill costs	-	-	-	6,389,369	545,606	6,934,975
Contractual services	1,368,765	57,395	74,110	3,479,182	527,569	5,507,021
Indirect cost	-	-	-	356,470	218,000	574,470
Depreciation and amortization	691,591	82,095	114,206	1,763,526	699,279	3,350,697
Total operating expenses	20,219,760	819,534	1,109,345	17,594,150	8,059,426	47,802,215
Operating income (loss)	(2,079,428)	(124,652)	(262,739)	(1,872,137)	(1,064,395)	(5,403,351)
Nonoperating revenues (expenses):						
Interest income	-	-	-	-	280,196	280,196
Interest and fiscal charges	(58,725)	(3,999)	(10,049)	(258)	(20,217)	(93,248)
Gain (loss) on disposal of capital assets	-	-	-	13,010	-	13,010
Total nonoperating revenues (expenses), net	(58,725)	(3,999)	(10,049)	12,752	259,979	199,958
Income (loss) before transfers	(2,138,153)	(128,651)	(272,788)	(1,859,385)	(804,416)	(5,203,393)
Capital contributions	1,719,451	-	-	-	-	1,719,451
Transfers in(out)	2,468,874	174,958	272,791	(184,000)	-	2,732,623
Change in net position	2,050,172	46,307	3	(2,043,385)	(804,416)	(751,319)
Net position (deficit), beginning of year	12,990,422	(920,294)	(4,905,073)	10,359,231	7,752,681	25,276,967
Net position (deficit), end of year	\$ 15,040,594	\$ (873,987)	\$ (4,905,070)	\$ 8,315,846	\$ 6,948,265	\$ 24,525,648

NON-MAJOR ENTERPRISE FUNDS STATEMENTS

Exhibit D-3

CITY OF HAMPTON, VIRGINIA NON-MAJOR ENTERPRISE FUNDS COMBINING STATEMENT OF CASH FLOWS Fiscal Year Ended June 30, 2024

	Business-type Activities - Non-Major Enterprise Funds					
	Coliseum	The Woodlands	The Hamptons	Solid Waste	Refuse-Steam Plant	Totals
CASH FLOWS FROM OPERATING ACTIVITIES						
Cash received from customers	\$ 21,517,487	\$ 694,881	\$ 846,606	\$ 16,092,134	\$ 7,055,198	\$ 46,206,306
Cash payments to suppliers for goods and services	(16,869,693)	(336,164)	(360,408)	(11,824,003)	(5,538,495)	(34,928,763)
Cash payments to employees for services	(3,085,228)	(471,449)	(637,071)	(3,806,823)	(1,818,825)	(9,819,396)
Net cash provided by (used in) operating activities	1,562,566	(112,732)	(150,873)	461,308	(302,122)	1,458,147
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES						
Cash received from other funds	2,468,874	174,958	272,791	-	-	2,916,623
Cash paid to other funds	-	-	-	(184,000)	-	(184,000)
Net cash provided by (used in) noncapital financing activities	2,468,874	174,958	272,791	(184,000)	-	2,732,623
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES						
Acquisition and construction of capital assets	(364,438)	-	-	(3,515,487)	(72,560)	(3,952,485)
Sale of capital assets	-	-	-	121,338	-	121,338
Principal paid on revenue bond maturities and long-term debt	(13,047)	(58,226)	(93,356)	(3,384)	(139,060)	(307,073)
Interest paid on revenue bonds and long-term debt	(58,725)	(3,999)	(10,049)	(258)	(20,217)	(93,248)
Net cash used in capital and related financing activities	(436,210)	(62,225)	(103,405)	(3,397,791)	(231,837)	(4,231,468)
CASH FLOWS FROM INVESTING ACTIVITIES						
Interest and dividends on investments	-	-	-	-	280,048	280,048
Net cash provided by investing activities	-	-	-	-	280,048	280,048
Net increase (decrease) in cash and cash equivalents	3,595,230	1	18,513	(3,120,483)	(253,911)	239,350
Cash and cash equivalents, July 1	13,118,121	800	800	4,839,063	5,352,780	23,311,564
Cash and cash equivalents, June 30	\$ 16,713,351	\$ 801	\$ 19,313	\$ 1,718,580	\$ 5,098,869	\$ 23,550,914
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:						
Operating income (loss)	\$ (2,079,428)	\$ (124,652)	\$ (262,739)	\$ (1,872,137)	\$ (1,064,395)	\$ (5,403,351)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:						
Depreciation and amortization expense	691,591	82,095	114,206	1,763,526	699,279	3,350,697
Decrease (increase) in:						
Accounts receivable	(284,819)	-	-	363,972	60,167	139,320
Due from other funds	664,578	-	17,922	-	-	682,500
Due from component units	-	-	-	6,149	-	6,149
Due from other governments	-	-	-	-	-	-
Inventories	(11,704)	(7,395)	(3,476)	-	-	(22,575)
Prepaid items	36,690	-	-	-	-	36,690
Net pension asset	-	-	-	-	-	-
Increase (decrease) in:						
Accounts payable	(14,523)	4,090	5,004	878,413	306,293	1,179,277
Accrued leave	3,227	3,692	3,037	6,205	4,081	20,242
Due to other funds	-	(1)	1	(645)	-	(645)
Other liabilities	45,923	13,326	13,184	170,791	105,634	348,858
Unearned revenues	2,997,396	-	-	-	-	2,997,396
Net pension and other postemployment benefits liability	(343,639)	11,191	42,514	(261,081)	(684,905)	(1,235,920)
Deferred outflows & inflows related to pensions	(146,490)	(90,795)	(73,721)	(604,706)	287,768	(627,944)
Long-term accrued leave	3,764	(4,283)	(6,805)	10,821	(16,044)	(12,547)
Total adjustments	3,641,994	11,920	111,866	2,333,445	762,273	6,861,498
Net cash provided by (used in) operating activities	\$ 1,562,566	\$ (112,732)	\$ (150,873)	\$ 461,308	\$ (302,122)	\$ 1,458,147
Non-cash transactions affecting investing, capital and related financing activities:						
Acquisition of capital assets through capital contributions	\$ 1,719,451	\$ -	\$ -	\$ -	\$ -	\$ 1,719,451
Acquisition of capital assets through leases	-	-	4,108	6,537	-	10,645
Total non-cash transactions	\$ 1,719,451	\$ -	\$ 4,108	\$ 6,537	\$ -	\$ 1,730,096

CITY OF HAMPTON, VIRGINIA
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF NET POSITION
June 30, 2024

	Equipment Replacement	Fleet Services	Risk Management	Information Technology	Totals
ASSETS					
Current assets:					
Cash and cash equivalents	\$ 15,815,257	\$ 3,934,776	\$ 32,074,144	\$ 3,687,656	\$ 55,511,833
Cash with fiscal agent	9,340,295	-	162,728	-	9,503,023
Accounts receivable, net	67,917	76,579	134,645	53,843	332,984
Due from other funds	1,500,014	-	-	-	1,500,014
Due from component units	-	145,952	-	-	145,952
Prepaid items	-	667	51,171	283,720	335,558
Inventories	-	206,975	-	-	206,975
Total current assets	26,723,483	4,364,949	32,422,688	4,025,219	67,536,339
Noncurrent assets:					
Capital assets:					
Improvements other than buildings	-	477,601	-	-	477,601
Computer software	14,400	171,225	-	30,150	215,775
Equipment	49,166,280	855,922	57,754	1,849,201	51,929,157
Lease equipment	-	12,468	16,834	-	29,302
Subscription assets	-	-	176,283	-	176,283
Construction In progress	3,968,228	-	-	-	3,968,228
Less: accumulated depreciation/amortization	(32,721,141)	(923,335)	(104,076)	(1,808,065)	(35,556,617)
Total capital assets	20,427,767	593,881	146,795	71,286	21,239,729
Total noncurrent assets (net capital assets)	20,427,767	593,881	146,795	71,286	21,239,729
Total assets	47,151,250	4,958,830	32,569,483	4,096,505	88,776,068
DEFERRED OUTFLOWS OF RESOURCES					
Related to pensions	-	224,815	83,990	48,670	357,475
Related to other postemployment benefits	-	89,539	15,227	44,752	149,518
Total deferred outflows of resources	-	314,354	99,217	93,422	506,993
LIABILITIES					
Current liabilities:					
Accounts payable	1,122,232	390,373	140,150	64,997	1,717,752
Accrued liabilities	-	-	2,551	-	2,551
Accrued leave	-	59,461	10,385	10,813	80,659
Current portion of lease payable	-	4,099	5,489	-	9,588
Current portion of subscription payable	-	-	35,141	-	35,141
Current portion of long-term debt	1,209,818	-	-	-	1,209,818
Current portion for claims and judgements	-	-	12,487,169	-	12,487,169
Other liabilities	-	60,266	17,139	11,202	88,607
Total current liabilities	2,332,050	514,199	12,698,024	87,012	15,631,285
Noncurrent liabilities:					
Claims payable	-	-	1,212,038	-	1,212,038
Accrued leave	-	29,638	24,841	16,845	71,324
Lease payable	-	5,360	9,063	-	14,423
Subscription payable	-	-	77,047	-	77,047
Notes payable	9,963,686	-	-	-	9,963,686
Net pension liability	-	933,509	348,756	202,093	1,484,358
Net other postemployment benefit liability	-	560,644	79,377	181,451	821,472
Total noncurrent liabilities	9,963,686	1,529,151	1,751,122	400,389	13,644,348
Total liabilities	12,295,736	2,043,350	14,449,146	487,401	29,275,633
DEFERRED INFLOWS OF RESOURCES					
Related to pensions	-	94,002	35,120	20,350	149,472
Related to other postemployment benefits	-	293,546	48,947	69,430	411,923
Total deferred inflows of resources	-	387,548	84,067	89,780	561,395
NET POSITION					
Net investment in capital assets	9,254,263	584,422	20,055	71,286	9,930,026
Unrestricted	25,601,251	2,257,864	18,115,432	3,541,460	49,516,007
Total net position	\$ 34,855,514	\$ 2,842,286	\$ 18,135,487	\$ 3,612,746	\$ 59,446,033

**CITY OF HAMPTON, VIRGINIA
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
For the Year Ended June 30, 2024**

	Equipment Replacement	Fleet Services	Risk Management	Information Technology	Totals
Operating revenues:					
Charges for services	\$ 3,819,093	\$ 10,485,508	\$ 10,079,925	\$ 3,302,043	\$ 27,686,569
Operating expenses:					
Personal services	-	1,106,975	372,755	177,499	1,657,229
Fringe benefits	-	137,612	64,493	52,553	254,658
Cost of goods sold	-	5,919,380	-	-	5,919,380
Utilities	-	51,683	-	-	51,683
Insurance	-	67,049	4,341,471	3,193	4,411,713
Operating supplies	3,398	121,949	33,039	10,644	169,030
Equipment rental	-	9,949	42,887	-	52,836
Equipment and building repairs	-	32,938	11,543	2,372	46,853
Telephone and postage	-	25,671	16,204	1,049,435	1,091,310
General expense	-	59,513	13,403	52,319	125,235
Claims	-	-	3,694,363	-	3,694,363
Contractual services	33,400	1,123,296	524,385	1,051,469	2,732,550
Depreciation and amortization	3,188,973	49,765	47,173	37,370	3,323,281
Total operating expenses	3,225,771	8,705,780	9,161,716	2,436,854	23,530,121
Operating income(loss)	593,322	1,779,728	918,209	865,189	4,156,448
Nonoperating revenues (expenses):					
Interest income	755,643	-	1,518,762	161,319	2,435,724
Interest and fiscal charges	(152,394)	(325)	(3,069)	-	(155,788)
Gain (loss) on disposal of capital assets	(9,171)	16,921	-	-	7,750
Total nonoperating revenues (expenses), net	594,078	16,596	1,515,693	161,319	2,287,686
Income (loss) before transfers	1,187,400	1,796,324	2,433,902	1,026,508	6,444,134
Capital contributions	-	306,724	-	-	306,724
Transfers in	2,067,454	-	143,000	-	2,210,454
Change in net position	3,254,854	2,103,048	2,576,902	1,026,508	8,961,312
Net position(deficit), beginning of year	31,600,660	739,238	15,558,585	2,586,238	50,484,721
Net position, end of year	\$ 34,855,514	\$ 2,842,286	\$ 18,135,487	\$ 3,612,746	\$ 59,446,033

**CITY OF HAMPTON, VIRGINIA
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CASH FLOWS
For the Year Ended June 30, 2024**

	Equipment Replacement	Fleet Services	Risk Management	Information Technology	Totals
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash received from customers	\$ 3,819,093	\$ 10,339,402	\$ 10,079,925	\$ 3,282,300	\$ 27,520,720
Cash payments to suppliers for goods and services	656,330	(7,842,532)	(8,584,810)	(2,364,100)	(18,135,112)
Cash payments to employees for services	-	(1,180,177)	(416,819)	(224,576)	(1,821,572)
Net cash provided by operating activities	4,475,423	1,316,693	1,078,296	693,624	7,564,036
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Cash received from other funds	2,567,439	-	143,000	-	2,710,439
Net cash provided by noncapital financing activities	2,567,439	-	143,000	-	2,710,439
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Acquisition and construction of capital assets	\$ (8,045,789)	\$ -	\$ (5,677)	\$ -	\$ (8,051,466)
Principal paid on long-term debt	(711,758)	(3,008)	(36,516)	-	(751,282)
Proceeds from long-term debt	5,731,340	-	-	-	5,731,340
Interest paid on revenue bonds and long-term debt	(152,394)	(325)	(3,069)	-	(155,788)
Sale of capital assets	42,147	16,921	-	-	59,068
Net cash used in capital and related financing activities	(3,136,454)	13,588	(45,262)	-	(3,168,128)
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest and dividends on investments	741,565	-	1,495,693	161,319	2,398,577
Net cash provided by investing activities	741,565	-	1,495,693	161,319	2,398,577
Net increase (decrease) in cash and cash equivalents (including cash with fiscal agents)	4,647,973	1,330,281	2,671,727	854,943	9,504,924
Cash and cash equivalents, July 1	20,507,579	2,604,495	29,565,145	2,832,713	55,509,932
Cash and cash equivalents, June 30	\$ 25,155,552	\$ 3,934,776	\$ 32,236,872	\$ 3,687,656	\$ 65,014,856

Continued

Exhibit E-3

**INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CASH FLOWS
For the Year Ended June 30, 2024**

	Equipment Replacement	Fleet Services	Risk Management	Information Technology	Totals
Reconciliation of operating income to net cash provided by operating activities:					
Operating income (loss)	\$ 593,322	\$ 1,779,728	\$ 918,209	\$ 865,189	\$ 4,156,448
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:					
Depreciation and amortization expense	3,188,973	49,765	47,173	37,370	3,323,281
Decrease (increase) in:					
Accounts receivable	(14,078)	(59,788)	(23,069)	(19,743)	(116,678)
Due from other funds	-	-	-	-	-
Due from component units	-	(86,317)	-	-	(86,317)
Inventories	-	79,872	-	-	79,872
Prepaid items	-	(667)	7,067	(101,013)	(94,613)
Increase (decrease) in:					
Accounts payable	693,128	(87,991)	(202,981)	(38,638)	363,518
Accrued leave	-	5,183	(774)	(5,374)	(965)
Due to component unit	-	(15)	(15)	-	(30)
Other liabilities	-	59,585	17,139	11,202	87,926
Accrued Liabilities	-	-	(585)	-	(585)
Nonoperating revenues reported as operating activity	-	-	-	-	-
Accrued claims	-	-	1,081,162	-	1,081,162
Accounts receivable reported as nonoperating activity	14,078	-	23,069	-	37,147
Long-term accrued leave	-	(359)	4,064	(352)	3,353
Long-term accrued insurance claims reported as operating activity	-	-	(697,838)	-	(697,838)
Net pension and other postemployment benefits liability	-	(175,796)	(43,368)	45,165	(173,999)
Deferred outflows & inflows of resources related to pensions and other postemployment benefits	-	(246,507)	(50,957)	(100,182)	(397,646)
Total adjustments	3,882,101	(463,035)	160,087	(171,565)	3,407,588
Net cash provided by operating activities	\$ 4,475,423	\$ 1,316,693	\$ 1,078,296	\$ 693,624	\$ 7,564,036
Non-cash transactions affecting investing, capital and related financing activities:					
Acquisition of capital assets through capital contributions	\$ -	\$ 306,724	\$ -	\$ -	\$ 306,724
Acquisition of right to use assets through leases	-	12,468	16,834	-	29,302
Total non-cash transactions	\$ -	\$ 12,468	\$ 16,834	\$ -	\$ 336,026

CITY OF HAMPTON, VIRGINIA
COMBINING STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS - CUSTODIAL FUNDS
June 30, 2024

	Hampton Roads Regional Jail Authority	Hampton Roads Criminal Justice Training Academy	Special Welfare Fund	Sheriff Inmate Fund	Taxes, Fees & Assessments - Custodial Funds	Total
ASSETS						
Cash and cash equivalents	\$ 12,350,427	\$ 1,931,860	\$ 49,332	\$ 171,087	\$ 744,943	\$ 15,247,649
Accounts receivable, net	537,347	19,628	-	-	-	556,975
Total assets	<u>12,887,774</u>	<u>1,951,488</u>	<u>49,332</u>	<u>171,087</u>	<u>744,943</u>	<u>15,804,624</u>
LIABILITIES						
Accounts payable and other liabilities	1,347,618	35,793	33,772	2,704	302,762	1,722,649
Total liabilities	<u>1,347,618</u>	<u>35,793</u>	<u>33,772</u>	<u>2,704</u>	<u>302,762</u>	<u>1,722,649</u>
NET POSITION						
Restricted for:						
Individuals, organizations, and other governments	11,540,156	1,915,695	15,560	168,383	442,181	14,081,975
Total net position	<u>\$ 11,540,156</u>	<u>\$ 1,915,695</u>	<u>\$ 15,560</u>	<u>\$ 168,383</u>	<u>\$ 442,181</u>	<u>\$ 14,081,975</u>

CITY OF HAMPTON, VIRGINIA
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS - CUSTODIAL FUNDS
For the Year Ended June 30, 2024

	Hampton Roads Regional Jail Authority	Hampton Roads Criminal Justice Training Academy	Special Welfare Fund	Sheriff Inmate Fund	Taxes, Fees & Assessments - Custodial Funds	Total
ADDITIONS						
Contributions:						
Members	\$ 16,556,844	\$ 1,097,625	\$ -	\$ -	\$ 112,998	\$ 17,767,467
Individuals	-	-	1,004	232,929	-	233,933
Total	16,556,844	1,097,625	1,004	232,929	112,998	18,001,400
Investment earnings:						
Interest, dividends, other	-	112,970	2	-	462	113,434
Net investment earnings	-	112,970	2	-	462	113,434
Charges for Services	-	-	-	-	49,739	49,739
Intergovernmental:						
State revenues	-	303,578	14	-	10,544	314,136
Federal revenues	-	13,130	-	-	-	13,130
Income tax and fees collected for the State	-	-	-	-	263,728	263,728
Total additions	16,556,844	1,527,303	1,020	232,929	437,471	18,755,567
DEDUCTIONS						
Beneficiary payments to individuals	-	-	4,888	197,980	2,739	205,607
Administrative expense	5,016,688	1,407,642	-	-	130,182	6,554,512
Income tax and fees distributions to the State	-	-	-	-	264,525	264,525
Total deductions	5,016,688	1,407,642	4,888	197,980	397,446	7,024,644
Change in net position	11,540,156	119,661	(3,868)	34,949	40,025	11,730,923
Net position, July 1,	-	1,796,034	19,428	133,434	402,156	2,351,052
Net position, June 30	\$ 11,540,156	\$ 1,915,695	\$ 15,560	\$ 168,383	\$ 442,181	\$ 14,081,975

CITY OF HAMPTON, VIRGINIA
DISCRETELY PRESENTED COMPONENT UNIT - SCHOOL BOARD
COMBINING BALANCE SHEET
June 30, 2024

	Operating	Food Services	Reimbursable Projects	Rental Income	School Activity	Athletics	Total
ASSETS							
Cash and cash equivalents	\$ 34,217,426	\$ 9,448,593	\$ 288,662	\$ 1,557,088	\$ 1,079,306	\$ 180,025	\$ 46,771,100
Cash with fiscal agent	9,977,728	-	-	-	-	-	9,977,728
Accounts receivable, net	1,192,885	32,820	163,201	39	6,992	35,518	1,431,455
Lease receivable	3,521,751	-	-	51,952	-	-	3,573,703
Due from Primary Government	78,424	-	-	-	-	-	78,424
Due from other funds	6,437,808	-	-	-	-	-	6,437,808
Due from other governments	2,295,702	2,114,820	11,691,419	-	-	-	16,101,941
Inventories	207,775	358,952	-	-	-	-	566,727
Total assets	<u>57,929,499</u>	<u>11,955,185</u>	<u>12,143,282</u>	<u>1,609,079</u>	<u>1,086,298</u>	<u>215,543</u>	<u>84,938,886</u>
LIABILITIES AND FUND BALANCES							
Liabilities							
Accounts payable and other liabilities	28,058,496	581,480	3,563,270	37,652	24,425	58,162	32,323,485
Due to other funds	-	-	6,419,459	-	-	18,349	6,437,808
Due to Primary Government	155,511	-	-	-	-	11,216	166,727
Unearned revenues	48,128	13,428	1,700,759	4,621	-	-	1,766,936
Total liabilities	<u>28,262,135</u>	<u>594,908</u>	<u>11,683,488</u>	<u>42,273</u>	<u>24,425</u>	<u>87,727</u>	<u>40,694,956</u>
Deferred inflows of resources:							
Related to leases	3,296,164	-	-	49,086	-	-	3,345,250
	<u>3,296,164</u>	<u>-</u>	<u>-</u>	<u>49,086</u>	<u>-</u>	<u>-</u>	<u>3,345,250</u>
Fund balances							
Nonspendable	433,362	358,952	-	2,866	-	-	795,180
Restricted	10,238,458	11,001,325	459,794	-	-	-	21,699,577
Assigned	15,699,380	-	-	1,514,854	1,061,873	127,816	18,403,923
Total fund balances	<u>26,371,200</u>	<u>11,360,277</u>	<u>459,794</u>	<u>1,517,720</u>	<u>1,061,873</u>	<u>127,816</u>	<u>40,898,680</u>
Total liabilities and fund balances	<u>\$ 57,929,499</u>	<u>\$ 11,955,185</u>	<u>\$ 12,143,282</u>	<u>\$ 1,609,079</u>	<u>\$ 1,086,298</u>	<u>\$ 215,543</u>	<u>\$ 84,938,886</u>

Reconciliation of the School Board's Combining Balance Sheet to the Statement of Net Position (Exhibit A-11)

Total fund balance	\$ 40,898,680
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital and Right-to-use assets used in governmental activities are not financial resources and, therefore, not reported in the funds	100,321,061
Accumulated depreciation/amortization on capital and right-to-use assets	(80,099,284)
Long-term liability for compensated absences	(16,270,695)
Lease/Subscription payable	(702,361)
Interest accrual related to lease and subscription payable	(1,304)
Net pension liability	(130,722,898)
Net other postemployment benefits liability	(28,259,086)
Deferred outflows of resources related to pensions	43,439,761
Deferred outflows of resources related to OPEB	6,685,441
Deferred inflows of resources related to pensions	(18,117,437)
Deferred inflows of resources related to OPEB	(4,124,236)
Net position discretely presented component unit School Board	<u>\$ (86,952,358)</u>

Exhibit G-2

CITY OF HAMPTON, VIRGINIA
DISCRETELY PRESENTED COMPONENT UNIT - SCHOOL BOARD
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
For the Year Ended June 30, 2024

	Operating	Food Services	Reimbursable Projects	Rental Income	School Activity	Athletics	Total
REVENUES							
State funds	\$ 186,682,318	\$ 317,863	\$ 2,594,035	\$ -	\$ -	\$ -	\$ 189,594,216
Federal funds (includes pass through)	1,023,222	14,886,139	37,865,097	-	-	-	53,774,458
Other receipts	4,080,526	578,205	539,951	97,593	1,915,644	314,304	7,526,223
Lease revenue	322,280	-	-	49,086	-	-	371,366
Lease interest revenue	74,124	-	-	706	-	-	74,830
Payments from City	91,804,718	-	-	-	-	-	91,804,718
Total revenues	283,987,188	15,782,207	40,999,083	147,385	1,915,644	314,304	343,145,811
EXPENDITURES							
Education	274,213,580	13,791,964	40,805,904	139,221	1,869,714	1,007,676	331,828,059
Capital outlay- leases	65,885	-	-	-	-	-	65,885
Capital outlay- subscription assets	10,940	-	36,444	-	-	-	47,384
Debt Service-leases and subscriptions							
Principal	570,004	-	60,264	-	-	-	630,268
Interest	17,775	-	386	-	-	-	18,161
Total expenditures	274,878,184	13,791,964	40,902,998	139,221	1,869,714	1,007,676	332,589,757
Excess (deficiency) of revenues over (under) expenditures	9,109,004	1,990,243	96,085	8,164	45,930	(693,372)	10,556,054
OTHER FINANCING SOURCES (USES)							
Lease financing	65,885	-	-	-	-	-	65,885
Subscription-based intangible assets financing	10,940	-	36,444	-	-	-	47,384
Transfer from:							
Cafeteria Fund	535,405	-	-	-	-	-	535,405
Reimbursable Projects Fund	697,895	-	-	-	33,866	-	731,761
School Operating Fund	-	-	571,355	-	-	517,594	1,088,949
Transfer to:							
Athletics Fund	(517,594)	-	-	-	-	-	(517,594)
Reimbursable Projects Fund	(571,355)	-	-	-	-	-	(571,355)
Student Activity Fund	(33,866)	-	-	-	-	-	(33,866)
School Operating Fund	-	(535,405)	(697,895)	-	-	-	(1,233,300)
Total other sources (uses), net	187,310	(535,405)	(90,096)	-	33,866	517,594	113,269
Net change in fund balance	9,296,314	1,454,838	5,989	8,164	79,796	(175,778)	10,669,323
Fund balance - July 1	17,074,886	9,905,439	453,805	1,509,556	982,077	303,594	30,229,357
Fund balance - June 30	\$ 26,371,200	\$ 11,360,277	\$ 459,794	\$ 1,517,720	\$ 1,061,873	\$ 127,816	\$ 40,898,680

Reconciliation of the School Board's Combining Statement of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities (Exhibit A-12)

Net change in fund balances - total school funds	\$ 10,669,323
Amounts reported for governmental activities in the Statement of Activities are different because:	
Governmental funds report capital outlays as expenditures while governmental activities report depreciation and amortization expense allocate those expenditures over the life of the assets.	
Capital and right-to-use assets	2,947,935
Depreciation expense	(2,690,573)
Amortization expense on right-to-use assets	(571,797)
Other liabilities not paid from current period revenues are not reported in the funds for accrued lease interest expense	(1,304)
Proceeds from leases provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position.	
Proceeds from lease/subscriptions issued	(113,269)
Principal paid for lease and subscription payable	630,268
Gain (Loss) on disposal of assets	(19,655)
Increase in other postemployment benefits liability reported in the Statement of Activities does not provide current financial resources and, therefore, is not reported in the governmental funds.	(946,851)
Increase in compensated absences reported in the Statement of Activities does not provide current financial resources and, therefore, is not reported in the governmental funds.	(886,237)
Increase in net pension liability reported in Statement of Activities does not provide current financial resources and, therefore, is not reported in the governmental funds.	(2,403,800)
Increase in deferred outflows of resources related to pensions and OPEB reported in the Statement of Activities does not provide current financial resources and, therefore, is not reported in the governmental funds.	7,416,332
Decrease in deferred inflows of resources related to pensions and OPEB reported in the Statement of Activities does not provide current financial resources and, therefore, is not reported in the governmental funds.	<u>11,859,293</u>
Change in net position of governmental activities	<u>\$ 25,889,665</u>

Exhibit G-3

CITY OF HAMPTON, VIRGINIA
DISCRETELY PRESENTED COMPONENT UNIT - SCHOOL BOARD
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
BUDGET BASIS
For the Year Ended June 30, 2024

	School Board - School Operating Fund			
	Budgeted Amounts		Actual	Variance with Final Budget Over (Under)
	Original	Final		
REVENUES				
Intergovernmental:				
State Funds	\$ 175,457,897	\$ 189,823,674	\$ 186,682,318	\$ (3,141,356)
Federal funds	618,938	618,938	1,023,222	404,284
Miscellaneous	3,741,451	3,345,047	4,080,526	735,479
Lease revenue	-	322,280	322,280	-
Lease interest	-	74,124	74,124	-
Payments from City	91,804,718	91,804,718	91,804,718	-
Total revenues	<u>271,623,004</u>	<u>285,988,781</u>	<u>283,987,188</u>	<u>(2,001,593)</u>
EXPENDITURES				
Current:				
Education	271,005,258	302,641,094	274,213,580	(28,427,514)
Debt Service:				
Principal	570,004	570,004	570,004	-
Interest	17,775	17,775	17,775	-
Total expenditures	<u>271,593,037</u>	<u>303,228,873</u>	<u>274,801,359</u>	<u>(28,427,514)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>29,967</u>	<u>(17,240,092)</u>	<u>9,185,829</u>	<u>26,425,921</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	1,086,165	1,086,165	1,233,300	147,135
Transfers out	(1,116,132)	(1,124,949)	(1,122,815)	(2,134)
Total other financing sources, net	<u>(29,967)</u>	<u>(38,784)</u>	<u>110,485</u>	<u>149,269</u>
Net change in fund balance	-	(17,278,876)	9,296,314	<u>\$ 26,575,190</u>
Appropriations from fund balance	-	7,866,046		
Appropriations - encumbrances	-	9,412,830		
Fund balance - July 1,	-	-	17,074,886	
Fund balance - June 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 26,371,200</u>	

CITY OF HAMPTON, VIRGINIA
DISCRETELY PRESENTED COMPONENT UNIT - SCHOOL BOARD
COMBINING STATEMENT OF FIDUCIARY NET POSITION
June 30, 2024

	Booker Trust Fund	Syms Eaton Trust Fund	Custodial Funds Scholarship Fund	Total
ASSETS				
Cash and pooled investments	\$ 259,361	\$ 61,342	\$ 66,098	\$ 386,801
Total assets	<u>\$ 259,361</u>	<u>\$ 61,342</u>	<u>\$ 66,098</u>	<u>\$ 386,801</u>
NET POSITION				
Restricted for				
Individuals, organizations and other government	\$ 259,361	\$ 61,342	\$ 66,098	\$ 386,801
Total liabilities and fund balances	<u>\$ 259,361</u>	<u>\$ 61,342</u>	<u>\$ 66,098</u>	<u>\$ 386,801</u>

Exhibit G-5

CITY OF HAMPTON, VIRGINIA
DISCRETELY PRESENTED COMPONENT UNIT - SCHOOL BOARD
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
For the Year Ended June 30, 2024

	Booker Trust Fund	Syms Eaton Trust Fund	Custodial Funds Scholarship Fund	Total
ADDITIONS				
Investment earnings:				
Net increase in fair value of investments	\$ 34,228	\$ 14,280	\$ -	\$ 48,508
Interest, dividends, other	-	-	288	288
Total investment earnings	34,228	14,280	288	48,796
Total additions	34,228	14,280	288	48,796
DEDUCTIONS				
Beneficiary payments to individuals	-	-	3,000	3,000
Administrative expense	150	150	-	300
Total deductions	150	150	3,000	3,300
Change in net position	34,078	14,130	(2,712)	45,496
Net position, July 1	225,283	47,212	68,810	341,305
Net position, June 30	\$ 259,361	\$ 61,342	\$ 66,098	\$ 386,801

CITY OF HAMPTON, VIRGINIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2024

Federal Granting Agency/ Recipient State Agency/ Grant Program/Grant Number	Assistance Listing Number	Pass Through Entity Identifying Number	Expenditures
DEPARTMENT OF AGRICULTURE			
SUPPLEMENTAL NUTRITION ASSISTANCE PROGRAM CLUSTER:			
Pass-through payments:			
Virginia Department of Social Services:			
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	90304	\$ 2,913,293
Total Supplemental Nutrition Assistance Program Cluster			<u>2,913,293</u>
CHILD NUTRITION CLUSTER:			
Direct payments:			
Summer Food Service Program for Children (SFSP)	10.559		104,399
Pass-through payments:			
Department of Education:			
School Breakfast Program	10.553	APE402530	4,106,734
National School Lunch Program	10.555	APE402540	9,893,325
Department of Agriculture and Consumer Services:			
National School Lunch Program - Donated Commodities	10.555	APE402540	725,323
Total National School Lunch Program			<u>10,618,648</u>
Total Child Nutrition Cluster			<u>14,829,781</u>
OTHER:			
Pass-through payments:			
Department of Education:			
Child & Adult Care Food Program	10.558	APE700280	157,958
Child Nutrition Discretionary Grants Limited Availability	10.579	DOE868040	2,800
Total Department of Agriculture			<u>17,903,832</u>
DEPARTMENT OF COMMERCE:			
ECONOMIC DEVELOPMENT CLUSTER:			
Pass-through payments:			
Economic Development Administration:			
Economic Adjustment Assistance	11.307	01-69-15374	246,018
Total Economic Development Cluster			<u>246,018</u>
Total Department of Commerce			<u>246,018</u>

CITY OF HAMPTON, VIRGINIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2024

Federal Granting Agency/ Recipient State Agency/ Grant Program/Grant Number	Assistance Listing Number	Pass Through Entity Identifying Number	Expenditures
DEPARTMENT OF DEFENSE:			
Direct Payments:			
U.S. Army - ROTC	12.UNK		\$ 104,014
U.S. Air Force - ROTC	12.UNK		59,440
U.S. Navy - ROTC	12.UNK		73,062
U.S. Marine Corps - ROTC	12.UNK		80,594
Pass-through payments:			
Office of the Secretary of Defense:			
Office of Local Defense Community Cooperation			
Community Investment	12.600	CIP1286-20-01, CIP2017-22-01	419,950
Total Department of Defense			<u>737,060</u>
DEPARTMENT OF EDUCATION:			
Direct payments:			
Impact Aid	84.041		706,113
Gaining Early Awareness and Readiness for Undergraduate Programs	84.334		132,529
Pass-through payments:			
Department of Behavioral Health and Developmental Services:			
Elementary and Secondary School Emergency Relief Fund (ESSER)	84.425D	APE50185, APE50195	955,094
American Rescue Plan-Elementary and Secondary School Emergency Relief (ARP ESSER)	84.425U	APE40299, APE50193, APE50175	16,507,491
William and Mary School of Education:			
ARP Elementary School and School Emergency Relief - Homeless Children and Youth	84.425W	S425W210048	114,243
Total Education Stabilization Fund			<u>17,576,828</u>
Title I Grants to Local Educational Agencies (Title I, Part A of the ESEA)	84.010	APE429010, APE429350	8,278,547
School-Based Mental Health Services Grant Program	84.184H	APE43477	1,075
Supporting Effective Instruction State Grants	84.367	APE14800	1,093,592
English Language Acquisition State Grants	84.365	APE605120, APE605090	31,697
Twenty-First Century Community Learning Centers	84.287	APE605650	1,796,474
Student Support and Academic Enrichment Program	84.424	APE600220, APE602810	668,979
Special Education-Grants for Infants and Families	84.181	720-4955-16	218,620

continued

CITY OF HAMPTON, VIRGINIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2024

Federal Granting Agency/ Recipient State Agency/ Grant Program/Grant Number	Assistance Listing Number	Pass Through Entity Identifying Number	Expenditures
Special Education Cluster (IDEA):			
Pass-through payments:			
Special Education Preschool Grants (IDEA, Preschool)	84.173	APE625210	\$ 85,907
Special Education Grants to States (IDEA, Part B)	84.027	APE430710	4,650,536
Special Education Grants to States (IDEA, Part B)	84.027	APE40286, APE40287	658,959
Total Special Education Grants to States			<u>5,309,495</u>
Total Special Education Cluster			<u>5,395,402</u>
Pass-through payments:			
Career and Technical Education - Basic Grants to States (Perkins V)	84.048	APE610950, APE611590	<u>496,169</u>
Total Department of Education			<u>36,396,025</u>
DEPARTMENT OF HEALTH AND HUMAN SERVICES:			
MEDICAID CLUSTER:			
Pass-through payments:			
Department of Social Services:			
Medical Assistance Program (Medicaid, Title XIX)	93.778	705AT53247	<u>2,331,170</u>
Total Medicaid Cluster			<u>2,331,170</u>
CHILD CARE AND DEVELOPMENT FUND CLUSTER:			
Pass-through payments:			
Department of Social Services:			
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	91416	<u>319,673</u>
Total Child Care and Development Fund Cluster			<u>319,673</u>

continued

**CITY OF HAMPTON, VIRGINIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2024**

Federal Granting Agency/ Recipient State Agency/ Grant Program/Grant Number	Assistance Listing Number	Pass Through Entity Identifying Number	Expenditures
OTHER:			
Pass-through payments:			
Virginia Department of Education:			
Public Health Response: Cooperative Agreement for Emergency Response: Public Health Crisis Response	93.354	APE402970	\$ 69,589
Department of Social Services:			
Title IV-E Prevention Program	93.472	91130	32,424
MaryLee Allen Promoting Safe and Stable Families Program	93.556	91129	58,485
Temporary Assistance for Needy Families (TANF)	93.558	90601, 90603, BEN-19-024-03	2,218,371
Refugee & Entrant Assistance State/Replacement Designee Administrated Programs	93.566	90623	57,205
Low-Income Home Energy Assistance	93.568	91114	323,816
Stephanie Tubbs Jones Child Welfare Services Program	93.645	91131	1,409
Foster Care Title IV-E	93.658	90658	1,101,363
Adoption Assistance	93.659	90606	1,155,550
Social Services Block Grant (SSBG)	93.667	91142	1,422,114
John H. Chafee Foster Care Program for Successful Transition to Adulthood	93.674	91134	17,240
Children's Health Insurance Program	93.767	90161	27,192
Maternal, Infant, and Early Childhood Home Visiting Grant	93.870	705A210078	405,161
Maternal, Infant, and Early Childhood Home Visiting Grant	93.870	705BQ210106	6,981
Total Maternal, Infant, and Early Childhood Home Visiting Grants			412,142
Total Department of Health and Human Services			9,547,743
CORPORATION FOR NATIONAL AND COMMUNITY SERVICE:			
FOSTER GRANDPARENT, SENIOR COMPANION CLUSTER:			
Direct payments:			
AmeriCorps Seniors Foster Grandparent Program	94.011		354,938
Total Foster Grandparent, Senior Companion Cluster			354,938
Total Corporation for National and Community Service			354,938

continued

**CITY OF HAMPTON, VIRGINIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2024**

Federal Granting Agency/ Recipient State Agency/ Grant Program/Grant Number	Assistance Listing Number	Pass Through Entity Identifying Number	Expenditures
DEPARTMENT OF HOMELAND SECURITY:			
Direct payments:			
Assistance to Firefighters Grant	97.044		\$ 20,082
U.S. Immigration and Customs Enforcement	97.UNK		52,500
Pass-through payments:			
Virginia Department of Emergency Management:			
Flood Mitigation Assistance	97.029	FMA-PJ-03-VA-2016-4, FMA-03-VA-2018-002	476,626
Emergency Management Performance Grants	97.042	4262, EMP-2022-EP-00006, EMP-2023-EP-00006	290,191
State Homeland Security Grant Program (SHSP)	97.067	EMW-2021-SS-00034, EMW-2023-SS-00109 (8,18,26)	53,491
Total Department of Homeland Security			<u>892,890</u>
DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT:			
CDBG - ENTITLEMENT/SPECIAL PURPOSE GRANTS CLUSTER:			
Direct payments:			
Community Development Block Grants/Entitlement Grants (\$1,677,298 pass through to subrecipient)	14.218		2,042,459
Community Development Block Grants/Entitlement Grants	14.218		179,063
Total CDBG - Entitlement Grants Cluster/Special Purpose Grant Cluster			<u>2,221,522</u>
OTHER:			
Direct payments:			
Home Investment Partnership Program (\$89,940 passed through to subrecipient)	14.239		217,636
Continuum of Care Program (Planning Project)	14.267	VA0425L3F052100, VA0456L3F052200	62,007
Pass-through payments:			
Department of Housing and Community Development:			
Emergency Solutions Grant Program (24-VHSP-035)	14.231		129,529
Total Department of Housing and Urban Development			<u>2,630,694</u>
DEPARTMENT OF INTERIOR:			
Direct Payments:			
National Park Service Conservation, Protection, Outreach and Education	15.954		306
Payment in Lieu of Taxes for National Park Service	15.UNK		405
Total Department of Interior			<u>711</u>

continued

CITY OF HAMPTON, VIRGINIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2024

Federal Granting Agency/ Recipient State Agency/ Grant Program/Grant Number	Assistance Listing Number	Pass Through Entity Identifying Number	Expenditures
DEPARTMENT OF JUSTICE			
Direct payments:			
Bureau of Alcohol, Tobacco, Firearms and Explosives	16.UNK		\$ 1,946
Drug Enforcement Administration	16.UNK		4,538
Federal Bureau of Investigation	16.UNK		634
United States Marshals Service	16.UNK		5,842
Pass-through payments:			
Department of Criminal Justice Services:			
Violence Against Women Formula Grants	16.588	23-A9367VA21, 24-A9367VA22	65,911
Crime Victim Assistance	16.575	24-01029VW20, 24-D4712VP22	409,490
Equitable Sharing Program	16.922	VA1110000, VAE000289	15,941
Pass-through payments:			
Bureau of Justice Assistance:			
Edward Byrne Memorial Justice Assistance Grant Program	16.738	15PBJA-23-GG-03881-JAGX	46,624
National Association of VOCA Assistance Administrators			
Southern Virginia Internet Crimes Against Children	16.UNK	1824	435
Mercyhurst University:			
High Intensity Drug Trafficking Area	16.UNK	G22WB0004A	13,345
Total Department of Justice			<u>564,706</u>
DEPARTMENT OF TREASURY:			
Coronavirus State and Local Fiscal Recovery Funds			
Direct Payments:	21.027		15,753,969
Pass-through payments:			
Department of Education	21.027		2,315,689
Department of Social Services	21.027		120,280
Virginia Tourism Corporation	21.027		346,926
Department of Criminal Justice Services	21.027		331,814
Total Coronavirus State and Local Fiscal Recovery Funds			<u>18,868,678</u>
Pass-through payments:			
Internal Revenue Service:			
Federal Subsidy for Qualified Bonds	21.UNK		213,185
Total Department of Treasury			<u>19,081,863</u>

continued

CITY OF HAMPTON, VIRGINIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2024

Federal Granting Agency/ Recipient State Agency/ Grant Program/Grant Number	Assistance Listing Number	Pass Through Entity Identifying Number	Expenditures
DEPARTMENT OF TRANSPORTATION FEDERAL HIGHWAY ADMINISTRATION			
HIGHWAY PLANNING AND CONSTRUCTION:			
Pass-through payments:			
Department of Transportation:			
Highway Planning and Construction (Federal-Aid Highway Program)	20.205	102866,116318,109410, 113749,119242,119250, 111016,117102,117120, 113988	\$ 2,860,969
Total Highway Planning and Construction			<u>2,860,969</u>
HIGHWAY SAFETY CLUSTER:			
Pass-through payments:			
Department of Transportation:			
State and Community Highway Safety	20.600	BSC-2023-53233-23233, BPT-2024-54161-24161	10,970
Total Highway Safety Cluster			<u>10,970</u>
Total Department of Transportation			<u>2,871,939</u>
NATIONAL AERONAUTICS AND SPACE ADMINISTRATION:			
Direct payments:			
Mission Support - NASA Steam Sales	43.009		3,161,887
Total National Aeronautics and Space Administration			<u>3,161,887</u>
Grand Total All Federally Assisted Programs and Grants			<u>\$ 94,390,306</u>

Notes:

(A) General

The accompanying Schedule of Expenditures of Federal Awards presents the activity of all federal awards of the City and Component Unit School Board. The City Uniform Guidance reporting entity is defined in Note 1, Reporting Entity, to the City's basic financial statements.

The Schedule of Expenditures of Federal Awards does not include federal funding of \$10,000 in the General Fund. This amount represents indirect costs from other federally assisted programs administered by the City and is included in the federal revenue.

(B) Basis of Accounting

The accompanying Schedule of Expenditures of Federal Awards is presented using the modified accrual basis of accounting.

(C) Indirect Cost

The City has elected to not use the 10% de minimis indirect cost rate.



The image shows the exterior of the Hampton Roads Convention Center, a large building with a distinctive white, tent-like roof structure supported by tall poles. The building has a glass facade on the upper levels. In the foreground, there is a large blue circular graphic with a white border, which contains the text "Statistical SECTION". The background is a clear blue sky, and the overall scene is brightly lit, suggesting daytime.

Statistical SECTION



Statistical

SECTION

The following section of the City's comprehensive annual financial report provides detailed statistical information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City's overall financial health.

CONTENTS

<u>Financial Trends</u>	I-IV
These tables contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	
<u>Revenue Capacity</u>	V-VIII
These tables contain information to help the reader assess the City's most significant local revenue source, the property tax.	
<u>Debt Capacity</u>	IX-XI
These tables present information to help the reader assess the affordability of the City's current levels of outstanding debt and its ability to issue additional debt in the future.	
<u>Demographic and Economic Information</u>	XII-XIII
These tables offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.	
<u>Operating Information</u>	XIV-XVI
These tables contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services it provides and the activities it performs.	

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

Table I

CITY OF HAMPTON, VIRGINIA
NET POSITION BY COMPONENT
Last Ten Fiscal Years
(accrual basis of accounting)
(amounts expressed in thousands)

	Fiscal Year									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Governmental Activities										
Net investment in capital assets	\$ 634,537	\$ 637,860	\$ 637,617	\$ 635,185	\$ 636,462	\$ 626,982	\$ 626,391	\$ 634,996	\$ 638,708	\$ 644,972
Restricted	75,606	49,062	40,734	69,681	17,817	20,198	23,793	30,085	32,083	28,492
Unrestricted	(140,469)(1)	(108,850)	(106,561)	(184,735)	(116,482)	(90,695)	(65,677)	(41,818)	12,779	72,814
Total governmental activities net position	<u>569,674</u>	<u>578,072</u>	<u>571,790</u>	<u>520,131</u>	<u>537,797</u>	<u>556,485</u>	<u>584,507</u>	<u>623,263</u>	<u>683,570</u>	<u>746,278</u>
Business-type activities										
Net investment in capital assets	\$ 70,321	\$ 70,136	\$ 70,078	\$ 69,107	\$ 67,497	\$ 69,562	\$ 71,435	\$ 73,888	\$ 78,057	\$ 83,161
Restricted	8,031	8,037	8,048	8,068	8,017	7,906	8,119	8,121	8,146	8,179
Unrestricted	19,149	25,679	27,189	25,216	32,260	34,813	35,194	41,606	42,633	45,183
Total business-type activities net position	<u>\$ 97,501</u>	<u>\$ 103,852</u>	<u>\$ 105,315</u>	<u>\$ 102,391</u>	<u>\$ 107,774</u>	<u>\$ 112,281</u>	<u>\$ 114,748</u>	<u>\$ 123,615</u>	<u>\$ 128,836</u>	<u>\$ 136,523</u>
Primary government										
Net investment in capital assets	\$ 704,858	\$ 707,996	\$ 707,695	\$ 704,292	\$ 703,960	\$ 696,544	\$ 697,826	\$ 708,884	\$ 716,765	\$ 728,133
Restricted	83,637	57,099	48,782	77,749	25,834	28,104	31,912	38,206	40,229	36,671
Unrestricted	(121,320)	(83,171)	(79,372)	(159,519)(2)	(84,223)	(55,882)	(30,483)	(212)	55,412	117,997
Total Primary Government net position	<u>\$ 667,175</u>	<u>\$ 681,924</u>	<u>\$ 677,105</u>	<u>\$ 622,522</u>	<u>\$ 645,571</u>	<u>\$ 668,766</u>	<u>\$ 699,255</u>	<u>\$ 746,878</u>	<u>\$ 812,406</u>	<u>\$ 882,801</u>

Note:

(1) The decrease in net position for fiscal year 2015 is due to implementation of GASB 68, Accounting and Financial Reporting for Pensions.

(2) The decrease in net position for fiscal year 2018 is due to the implementation of GASB 75, Accounting and Financial Reporting for Postemployment Benefits other than Pensions.

**CITY OF HAMPTON, VIRGINIA
CHANGES IN NET POSITION
Last Ten Fiscal Years
(accrual basis of accounting)
(amounts expressed in thousands)**

	Fiscal Year									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Expenses										
Governmental activities:										
General government	\$ 105,553	\$ 111,928	\$ 116,667	\$ 121,452	\$ 105,865	\$ 103,284	\$ 129,970	\$ 103,153	\$ 111,913	\$ 145,201
Public safety	72,324	70,781	80,442	84,859	81,673	80,967	77,266	89,395	98,288	94,517
Highway and streets	14,433	18,872	14,032	9,919	12,362	17,369	16,752	15,343	16,189	7,704
Health	3,528	1,214	1,054	(575)	1,564	1,360	7,979	8,550	11,669	9,552
Human services	33,234	32,460	34,341	34,579	34,769	35,859	31,250	31,280	34,609	35,439
Culture and recreation	18,356	17,496	16,996	16,076	16,842	18,349	15,807	18,087	22,472	22,417
Education (payment to school district)	71,112	71,112	71,471	73,036	73,827	75,572	76,948	80,165	85,484	91,805
Education and educational services	14,479	15,096	14,423	11,506	9,806	13,202	12,493	15,207	11,692	12,428
Interest on long-term debt	8,579	8,053	7,171	6,451	7,145	9,246	8,304	7,267	9,873	8,955
Total governmental activities expenses	<u>\$ 341,598</u>	<u>\$ 347,012</u>	<u>\$ 356,597</u>	<u>\$ 357,303</u>	<u>\$ 343,853</u>	<u>\$ 355,208</u>	<u>\$ 376,769</u>	<u>\$ 368,447</u>	<u>\$ 402,189</u>	<u>\$ 428,018</u>
Business-type activities										
Culture	\$ 29,741	\$ 26,527	\$ 27,636	\$ 27,935	\$ 30,215	\$ 25,668	\$ -	\$ -	\$ -	\$ -
Sanitation	23,829	24,020	25,761	23,061	24,626	26,728	-	-	-	-
Coliseum	-	-	-	-	-	-	3,034	11,983	18,908	20,278
Convention Center	-	-	-	-	-	-	6,747	7,239	8,418	8,649
The Hamptons	-	-	-	-	-	-	814	864	1,050	1,119
The Woodlands	-	-	-	-	-	-	657	718	717	824
Museum	-	-	-	-	-	-	3,812	4,681	3,865	3,757
Solid Waste	-	-	-	-	-	-	15,553	16,055	15,308	17,225
Steam Plant	-	-	-	-	-	-	6,595	6,014	7,346	7,862
Wastewater	-	-	-	-	-	-	7,854	9,171	8,744	9,499
Total business-type activities expenses	<u>53,570</u>	<u>50,547</u>	<u>53,397</u>	<u>50,996</u>	<u>54,841</u>	<u>52,396</u>	<u>45,066</u>	<u>56,725</u>	<u>64,356</u>	<u>69,213</u>
Total Primary Government expenses	<u>\$ 395,168</u>	<u>\$ 397,559</u>	<u>\$ 409,994</u>	<u>\$ 408,299</u>	<u>\$ 398,694</u>	<u>\$ 407,604</u>	<u>\$ 421,835</u>	<u>\$ 425,172</u>	<u>\$ 466,545</u>	<u>\$ 497,231</u>

Table II

**CITY OF HAMPTON, VIRGINIA
CHANGES IN NET POSITION
Last Ten Fiscal Years
(accrual basis of accounting)
(amounts expressed in thousands)**

	Fiscal Year									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Program Revenues										
Governmental activities:										
Charges for Services:										
General government	\$ 22,911	\$ 25,865	\$ 23,324	\$ 23,832	\$ 22,206	\$ 22,355	\$ 25,997	\$ 24,658	\$ 26,163	\$ 31,145
Public safety	5,727	5,549	5,260	5,821	6,182	5,951	5,984	6,894	6,764	5,499
Human services	-	-	-	-	-	-	91	722	12	14
Culture and recreation	-	-	-	-	-	-	514	2,177	2,572	2,668
Education and educational services	-	-	-	-	-	-	3	13	9	1
Interest on long-term debt	-	-	-	-	-	-	224	233	224	213
Other activities	2,570	2,173	2,784	2,913	2,874	2,652	-	-	-	-
Operating grants and contributions	80,281	80,113	80,781	83,503	83,507	87,237	107,041	85,716	92,583	95,963
Capital grants and contributions	7,153	13,172	13,627	10,988	5,080	5,078	3,148	4,887	18,383	20,540
Total governmental activities	\$ 118,642	\$ 126,872	\$ 125,776	\$ 127,057	\$ 119,849	\$ 123,273	\$ 143,002	\$ 125,300	\$ 146,710	\$ 156,043
Business-type activities:										
Charges for Services:										
Culture and recreation	\$ 19,407	\$ 15,619	\$ 14,889	\$ 15,989	\$ 19,041	\$ 14,100	\$ -	\$ -	\$ -	\$ -
Sanitation	25,145	30,098	28,872	29,658	29,615	32,399	-	-	-	-
Coliseum	-	-	-	-	-	-	237	10,638	15,705	19,846
Convention Center	-	-	-	-	-	-	419	1,772	2,747	3,746
The Hamptons	-	-	-	-	-	-	642	532	680	847
The Woodlands	-	-	-	-	-	-	682	629	643	695
Museum	-	-	-	-	-	-	1,032	1,759	2,094	2,107
Solid Waste	-	-	-	-	-	-	15,645	15,706	15,771	15,722
Steam Plant	-	-	-	-	-	-	6,941	6,732	3,806	4,113
Wastewater	-	-	-	-	-	-	8,674	11,131	10,881	10,827
Operating grants and contributions	1,256	1,236	1,923	1,805	1,024	955	3,744	7,580	5,492	5,049
Capital grants and contributions	58	510	-	-	-	-	666	-	-	-
Total business-type activities	45,866	47,463	45,684	47,452	49,680	47,454	38,649	56,479	57,819	62,952
program revenues	\$ 164,508	\$ 174,335	\$ 171,460	\$ 174,509	\$ 169,529	\$ 170,727	\$ 181,651	\$ 181,779	\$ 204,529	\$ 218,995
Total Primary Government										
program revenues	\$ 164,508	\$ 174,335	\$ 171,460	\$ 174,509	\$ 169,529	\$ 170,727	\$ 181,651	\$ 181,779	\$ 204,529	\$ 218,995
Net (expense)/revenue										
Governmental activities	\$ (222,956)	\$ (220,140)	\$ (230,821)	\$ 230,237	\$ (224,004)	\$ (231,936)	\$ (233,769)	\$ (243,146)	\$ (255,479)	\$ (271,975)
Business-type activities	(7,704)	(3,084)	(7,713)	3,544	(5,161)	(4,942)	(6,415)	(246)	(6,537)	(6,260)
Total Primary Government net (expense)	\$ (230,660)	\$ (223,224)	\$ (238,534)	\$ 233,781	\$ (229,165)	\$ (236,878)	\$ (240,184)	\$ (243,392)	\$ (262,016)	\$ (278,235)

**CITY OF HAMPTON, VIRGINIA
CHANGES IN NET POSITION
Last Ten Fiscal Years
(accrual basis of accounting)
(amounts expressed in thousands)**

	Fiscal Year									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
General Revenues and Other Changes in Net Position										
Governmental activities:										
Taxes										
Property taxes	\$ 156,048	\$ 158,147	\$ 159,873	\$ 162,922	\$ 163,966	\$ 171,639	\$ 179,132	\$ 193,938	\$ 211,303	\$ 221,926
Sales taxes	15,050	15,368	14,980	15,093	15,741	16,845	19,639	20,876	21,640	22,853
Lodging, meal and amusement taxes	24,041	24,751	25,141	26,109	27,370	26,540	27,141	33,354	36,822	38,130
Motor vehicle taxes	4,273	4,375	4,429	4,399	4,496	4,426	4,539	4,441	4,525	4,422
Business license taxes	11,435	12,092	12,304	12,801	14,251	14,365	16,833	15,297	15,866	17,160
Utility taxes	5,443	5,551	5,483	5,513	5,443	5,426	5,015	5,513	5,254	5,178
Tobacco taxes	4,077	4,624	4,428	4,416	4,336	4,372	3,964	3,838	3,582	3,442
Recordation taxes	1,763	2,066	1,663	1,766	1,913	2,064	2,609	3,240	2,212	1,717
Bank stock taxes	457	549	569	685	705	609	688	615	652	763
Skill games tax	-	-	-	-	-	-	303	55	-	-
Pari-mutuel license taxes	4	-	-	-	-	750	1,947	2,834	2,827	2,660
Short-term rental taxes	91	101	102	123	110	109	99	128	166	188
Communications sales tax	9,173	8,867	8,649	8,392	7,840	7,551	6,863	6,527	6,360	6,025
Mobile home titling tax	19	21	18	14	20	24	34	28	28	21
Investment earning	227	574	951	1,883	4,738	4,463	591	213	15,408	22,796
Miscellaneous	-	-	-	-	-	-	203	1,003	857	756
Transfers	(9,106)	(8,549)	(8,384)	(7,852)	(9,259)	(8,558)	(8,591)	(9,997)	(11,715)	(13,356)
Total Governmental Activities	\$ 222,995	\$ 228,537	\$ 230,206	\$ 236,264	\$ 241,670	\$ 250,625	\$ 261,009	\$ 281,903	\$ 315,787	\$ 334,681
Business-type Activities:										
Investment earning	\$ 946	\$ 887	\$ 792	\$ 930	\$ 1,285	\$ 891	\$ 292	\$ (884)	\$ 43	\$ 592
Transfers	9,106	8,549	8,384	7,852	9,259	8,558	8,591	9,997	11,715	13,356
Total Business-type Activities	10,052	9,436	9,176	8,782	10,544	9,449	8,883	9,113	11,758	13,948
Total Primary Government	\$ 233,047	\$ 237,973	\$ 239,382	\$ 245,046	\$ 252,214	\$ 260,074	\$ 269,589	\$ 291,016	\$ 327,545	\$ 348,629
Changes in Net Position										
Governmental activities	\$ 39	\$ 8,397	\$ (615)	\$ 6,027	\$ 17,666	\$ 18,688	\$ 27,240	\$ 38,756	\$ 60,307	\$ 62,708
Business-type activities	2,348	6,352	1,463	5,238	5,383	4,506	2,467	8,867	5,221	7,687
Total Primary Government	\$ 2,387	\$ 14,749	\$ 848	\$ 11,265	\$ 23,049	\$ 23,194	\$ 29,707	\$ 47,623	\$ 65,528	\$ 70,395

⁽¹⁾ Franchise license tax is included in the Communication sales tax beginning FY11.

⁽²⁾ Beginning with FY21, Business-type activities for the Culture and Recreation and Sanitation functions are reflected by the funds.

Table III

CITY OF HAMPTON, VIRGINIA
FUND BALANCES OF GOVERNMENTAL FUNDS
Last Ten Fiscal Years
(modified accrual basis of accounting)
(amounts expressed in thousands)

	2015	2016	2017	2018	2019	Fiscal Year 2020*	2021	2022	2023	2024
General fund										
Nonspendable	\$ 598	\$ 26	\$ 112	\$ 15	\$ 27	\$ 135	\$ 90	\$ 249	\$ 32	\$ 49
Restricted	412	419	338	373	423	351	1,410	1,524	2,090	2,800
Committed	34,959	34,470	35,178	32,454	22,019	24,893	25,390	27,040	26,726	21,758
Assigned	5,237	6,250	5,549	6,374	6,190	5,744	20,158	19,443	17,613	15,850
Unassigned	52,112	54,301	54,330	61,532	74,754	80,422	80,822	91,650	100,946	109,888
Total general fund	<u>\$ 93,318</u>	<u>\$ 95,466</u>	<u>\$ 95,507</u>	<u>\$ 100,748</u>	<u>\$ 103,413</u>	<u>\$ 111,545</u>	<u>\$ 127,870</u>	<u>\$ 139,906</u>	<u>\$ 147,407</u>	<u>\$ 150,345</u>
All other governmental funds										
Nonspendable	\$ -	\$ 44	\$ -	\$ -	\$ -	\$ 1 ⁽¹⁾	\$ -	\$ ⁽²⁾	\$ -	\$ -
Restricted	14,107	15,455	15,437	15,178	15,923	18,030	13,169	14,272	15,713	16,637
Committed	66,535	35,957	22,610	57,367	48,986	93,994	104,447	167,356	157,400	156,877
Assigned	5,421	5,939	5,789	6,098	7,293	8,479	8,543	9,175	20,709	32,605
Total all other governmental funds	<u>\$ 86,063</u>	<u>\$ 57,395</u>	<u>\$ 43,836</u>	<u>\$ 78,643</u>	<u>\$ 72,202</u>	<u>\$ 120,504</u>	<u>\$ 126,159</u>	<u>\$ 190,803</u>	<u>\$ 193,822</u>	<u>\$ 206,119</u>

⁽¹⁾ Balance restated in fiscal year 2020 for GASB 84 implementation.

⁽²⁾ Balance restated in fiscal year 2022.

Table IV

CITY OF HAMPTON, VIRGINIA
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
Last Ten Fiscal Years
(modified accrual basis of accounting)
(amounts expressed in thousands)

	Fiscal Year									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Revenues										
Taxes (see table V)	\$ 230,933	\$ 236,457	\$ 238,209	\$ 241,943	\$ 248,133	\$ 254,317	\$ 268,704	\$ 286,750	\$ 308,034	\$ 324,702
Intergovernmental revenues	84,165	88,459	89,342	90,882	86,518	90,923	108,241	89,119	107,814	112,517
Licenses and permits	1,299	1,409	1,450	1,466	1,641	1,604	1,654	1,625	1,861	2,083
Fines and forfeitures	1,967	1,550	1,560	1,377	1,439	1,104	969	943	888	1,008
Revenue from use of money and property	2,142	1,469	1,714	2,525	5,145	4,918	3,634	2,795	16,065	23,924
Charges for services	17,240	18,093	18,148	19,123	19,395	19,516	19,833	23,149	23,367	23,323
Payment from component unit	2,000	2,000	2,000	2,227	2,232	2,012	2,010	2,010	2,877	3,414
Miscellaneous	5,529	5,877	6,482	5,103	5,885	5,078	4,792	4,474	6,481	7,500
Special assessments	4,183	6,358	4,765	5,443	2,457	2,782	2,835	1,947	2,016	1,630
Recovered costs	906	906	954	951	958	958	958	958	1,473	986
Total Revenues	350,364	362,578	364,624	371,040	373,803	383,212	413,630	413,770	470,876	501,087
Expenditures										
General government	106,074	110,436	106,446	109,057	104,885	107,241	132,060	118,511	118,751	135,971
Public safety	53,491	55,771	57,410	59,809	60,146	63,162	54,025	66,889	75,489	78,324
Highways and streets	1,908	2,026	2,187	2,491	2,025	2,261	2,190	2,436	2,323	2,305
Sanitation	4,413	5,004	5,484	5,246	4,935	5,084	5,940	6,825	7,184	7,218
Health	2,605	2,485	2,396	2,432	2,496	2,723	4,740	4,642	5,002	5,281
Human Services	29,394	28,993	30,415	30,370	30,027	31,532	31,234	31,387	34,513	44,614
Culture and recreation	12,725	13,150	13,015	12,715	13,146	12,860	10,187	12,878	13,538	14,587
Education (payment to school district)	71,112	71,112	71,471	73,036	73,827	75,572	76,948	80,165	85,484	91,805
Education	2,129	2,071	2,102	2,073	2,081	2,051	1,988	3,631	2,352	2,570
Capital improvements	48,449	56,298	46,130	52,992	43,394	44,164	43,414	68,187	71,885	63,572
Debt service										
Principal	23,152	22,336	21,738	31,223	20,498	22,407	19,332	23,403	21,898	23,494
Payment to refunded bond escrow agent	-	-	-	-	-	-	-	25,272	-	-
Interest and fiscal charges	10,899	11,154	10,963	10,316	10,864	10,758	10,815	10,203	12,781	11,670
Bond issuance cost	519	3	-	99	43	543	392	611	-	-
Total expenditures	366,870	380,839	369,757	391,859	368,367	380,358	393,265	455,040	451,200	481,411
Excess (deficiency) of revenues over (under) expenditures	(16,506)	(18,261)	(5,133)	(20,819)	5,436	2,854	20,365	(41,270)	19,676	19,676
Other financing sources (uses)										
Debt issuance and notes payable	46,770	-	-	55,320	-	58,405	10,725	115,615	-	-
Proceeds from refunding bonds issued	56,250	-	-	9,185	22,991	16,950	16,895	25,875	-	-
Payment to refunded bond escrow agent	(70,151)	-	-	-	(22,943)	(18,416)	(16,760)	(25,780)	-	-
Premium on bond issue	21,684	-	-	4,698	-	6,372	1,545	16,376	-	-
Lease and subscription based financing	-	-	-	-	-	-	-	5,558	624	11,125
Transfers in	50,289	55,227	55,907	52,935	64,061	57,400	72,807	61,332	79,283	76,903
Transfers out	(59,395)	(63,776)	(64,291)	(61,272)	(73,320)	(67,131)	(84,378)	(77,040)	(93,048)	(92,469)
Total other financing sources (uses), net	45,447	(8,549)	(8,384)	60,866	(9,211)	53,580	834	121,936	(13,141)	(4,441)
Net change in fund balances	\$ 28,941	\$ (26,810)	\$ (13,517)	\$ 40,047	\$ (3,775)	\$ 56,434	\$ 21,199	\$ 80,666	\$ 6,535	\$ 15,235
Debt service as a percentage of noncapital expenditures	9.98 %	9.31 %	9.19 %	11.18 %	8.82 %	9.03 %	8.06 %	8.67 %	8.34 %	7.99 %

Table V

CITY OF HAMPTON, VIRGINIA
GENERAL GOVERNMENTAL TAX REVENUES BY SOURCE
Last Ten Fiscal Years
(modified accrual basis of accounting)
(amounts expressed in thousands)

Fiscal Year	General Property Taxes	Business Licenses	Sales Taxes	Utility Taxes	Tobacco Taxes	Communications Sales Taxes	Meal Taxes	Other Taxes ⁽¹⁾	Total
2015	\$ 155,527	\$ 11,435	\$ 15,050	\$ 4,916	\$ 4,077	\$ 9,173	\$ 19,471	\$ 11,284	\$ 230,933
2016	158,543	12,092	15,368	5,056	4,624	8,867	20,073	11,834	236,457
2017	160,810	12,304	14,979	4,978	4,427	8,649	20,370	11,693	238,210
2018	162,989	12,801	15,093	5,011	4,416	8,392	20,912	12,329	241,943
2019	166,311	14,251	15,741	4,977	4,336	7,840	22,081	12,596	248,133
2020	171,631	14,365	16,845	4,977	4,372	7,551	21,545	13,031	254,317
2021	179,065	16,833	19,639	4,618	3,964	6,863	23,113	14,609	268,704
2022	190,034	15,297	20,876	5,074	3,838	6,527	26,863	18,241	286,750
2023	208,128	15,866	21,640	4,948	3,582	6,360	29,420	18,089	308,034
2024	222,163	17,160	22,853	4,910	3,442	6,025	30,161	17,988	324,702

Notes:

⁽¹⁾ Other taxes include: short-term rental, recordation, lodging and transit, amusement, motor vehicle, bank stock, license - pari-mutuel, public right of way and skill games.

Table VI

CITY OF HAMPTON, VIRGINIA
ASSESSED AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
Last Ten Fiscal Years
(amounts expressed in thousands)

Fiscal Year	Real Estate				Assessed Value as a Percent of Estimated Actual Value ⁽²⁾		Total Direct Tax Rate
	Citizens' Property	Public Service ⁽¹⁾	Newport News Waterworks	Total Taxable Assessed Value	Estimated Actual Taxable Value		
2015	\$ 10,092,713	\$ 30,562	\$ 59,119	\$ 10,182,394	\$ 10,337,456	98.50%	\$ 1.24
2016	10,127,280	32,236	56,459	10,215,975	10,356,475	98.64%	1.24
2017	10,249,204	33,071	56,237	10,338,512	10,591,512	97.61%	1.24
2018	10,362,686	33,539	60,487	10,456,712	10,665,846	98.61%	1.24
2019	10,492,939	33,881	60,925	10,587,745	11,073,722	95.61%	1.24
2020	10,754,780	37,865	61,746	10,854,391	10,854,391	100.00%	1.24
2021	11,245,639	37,966	64,615	11,348,220	11,348,220	100.00%	1.24
2022	11,826,081	36,717	63,061	11,925,859	11,925,859	100.00%	1.24
2023	13,599,780	38,095	65,757	13,703,632	13,703,632	100.00%	1.18
2024	14,833,911	39,391	95,682	14,968,984	14,968,984	100.00%	1.16

Notes:

⁽¹⁾Public service assessed values are furnished by the State Corporation Commission of Virginia with no indication of assessment rate or actual value. The state mandated conversion of personal property to real estate for taxing purposes whereby personal property values are converted at 5% a year over a 20-year period. Beginning in fiscal year 2012 reporting began assessments for real estate (land) and personal property at the real estate rate.

⁽²⁾The state requires all real estate to be assessed at 100% of its appraised value. There is no state statute or city charter limitation on the tax rate. The latest State Department of Taxation comparison of sales to appraisal indicates a true rate of 100% for 2020. We assumed the sales to appraisal ratio would be 100% for fiscal year 2021.

Source: City of Hampton, Finance

Table VII

CITY OF HAMPTON, VIRGINIA
PRINCIPAL PROPERTY TAXPAYERS
Current Year and Nine Years Prior
(amounts expressed in thousands)

Taxpayer	2024			2015		
	Total Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Total Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Newport News City of c/o NN Waterworks	\$ 99,197	1	0.7 %			
Lumen Owner LLC	77,905	2	0.5 %			
Accend Ellipse LLC	73,513	3	0.5 %			
5109 Goldsboro Drive LLC c/o Levco Management LLC	72,769	4	0.5 %			
New Mola LLC	67,365	5	0.5 %			
FCLA LP C/O Beco Asset Mgt LLC	66,014	6	0.4 %			
The Lakes at Town Center LLC	58,941	7	0.4 %			
Peninsula Grove LLC c/o Tryko Partners	54,129	8	0.4 %			
RP Hampton Exchange LLC & RP Hampton Ctr LLC c/o Marvin Poe	50,532	9	0.3 %			
T Peninsula Apartments VA LLC	47,731	10	0.3 %			
Hampton Owners LLC				\$ 136,828	1	1.3 %
Newport News City of c/o NN Waterworks				59,513	2	0.6 %
Hampton University				41,840	3	0.4 %
FCLA LP				40,861	4	0.4 %
MOLA LLC				37,475	5	0.4 %
Trail Creek Apartments LLC				36,791	6	0.4 %
Bir Lakeridge LLC				33,589	7	0.3 %
Hampton Center LLC				33,100	8	0.3 %
Cambridge Apartments LC				31,856	9	0.3 %
Peninsula Grove LLC c/o Tryko Partners				29,808	10	0.3 %
	<u>\$ 668,096</u>		<u>4.5%</u>	<u>\$ 481,661</u>		<u>4.7%</u>

Source: City of Hampton, Office of the Assessor of Real Estate

Table VIII

CITY OF HAMPTON, VIRGINIA
REAL ESTATE TAX LEVIES AND COLLECTIONS
Last Ten Fiscal Years
(amounts expressed in thousands)

Fiscal Year	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2015	\$ 126,262	\$ 124,440	98.56 %	\$ 1,618	\$ 126,058	99.84%
2016	126,678	124,791	98.51 %	1,662	126,453	99.82%
2017	128,198	126,403	98.60 %	1,799	128,202	100.00%
2018	129,663	127,793	98.56 %	1,797	129,590	99.94%
2019	131,288	129,589	98.71 %	1,791	131,380	99.92%
2020	134,594	132,963	98.79 %	1,569	134,532	98.79%
2021	140,718	139,294	98.99 %	1,159	140,453	99.81%
2022	147,881	146,119	98.81 %	1,290	147,409	99.68%
2023	161,703	159,813	98.83 %	1,447	161,260	98.83%
2024	173,640	171,317	98.66 %		171,317	99.50%

Notes:

*There are no overlapping or underlying tax jurisdictions.

Source: City of Hampton, Finance Department

Table IX

CITY OF HAMPTON, VIRGINIA
RATIO OF OUTSTANDING DEBT BY TYPE

Last Ten Fiscal Years

(amounts expressed in thousands, except per capita)

Fiscal Year	General Bonded Debt ⁽¹⁾				Percentage of Estimated Actual Taxable Value of Property	Per Capita	Notes Payable	Lease & SBITA Payable
	General Obligation Bonds ⁽²⁾	Notes Payable	State Literary Loans	Total				
2015	\$ 306,061	\$ -	\$ -	\$ 306,061	3.01%	\$ 2,201.88	\$ 11,894	\$ -
2016	280,960	-	-	280,960	2.75%	2,021	9,517	-
2017	256,498	-	-	256,498	2.48%	1,872	6,970	-
2018	291,756	-	-	291,756	2.79%	2,130	4,386	-
2019	267,753	-	-	267,753	2.53%	1,969	1,761	-
2020	305,766	-	-	305,766	2.82%	2,252	1,265	-
2021	294,330	-	-	294,330	2.60%	2,156	1,081	-
2022	370,115	-	-	370,115	3.10%	2,710	3,751	4,516
2023	346,771	-	-	346,771	2.53%	2,543	6,154	4,195
2024	322,450	-	-	322,450	2.15%	2,355	11,174	13,866

Fiscal Year	Business-type Activities				Percentage of Personal Income	Per Capita ⁽⁴⁾
	Revenue Bonds	Notes Payable	Lease & SBITA Payable	Total Primary Government		
2015	\$ 95,572	\$ -	\$ -	\$ 413,527	7.44 %	\$ 2,975.01
2016	92,128	-	-	382,605	6.83 %	2,752.55
2017	88,545	-	-	352,013	6.20 %	2,569.44
2018	84,816	2,600	-	383,558	6.10 %	2,799.69
2019	80,933	2,110	-	352,557	5.84 %	2,592.33
2020	74,863	1,603	-	383,497	6.13 %	2,824.96
2021	70,064	1,329	-	366,804	5.41 %	2,682.00
2022	65,060	795	32	444,269	6.63 %	3,218.00
2023	60,692	-	549	418,361	N/A	3,067.00
2024	56,223	-	396	404,109	N/A	2,952.00

Notes:

⁽¹⁾Details regarding the City's outstanding debt can be found in the notes to the financial statements.

⁽²⁾General obligation bond amounts include the unamortized premiums.

⁽³⁾See Table VI for estimated actual taxable value of property data.

⁽⁴⁾See Table XII for personal income and population data. The most recent personal income data available from the Bureau of Economic analysis is 2019.

CITY OF HAMPTON, VIRGINIA
LEGAL DEBT MARGIN INFORMATION
Last Ten Fiscal Years
(amounts expressed in thousands)

	Fiscal Year									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Debt limit	\$ 1,018,239	\$ 1,021,598	\$ 1,033,851	\$ 1,045,671	\$ 1,058,774	\$ 1,085,439	\$ 1,134,107	\$ 1,192,586	\$ 1,370,363	\$ 1,496,898
Total net debt applicable to limit	273,840	251,130	229,000	261,870	241,300	276,795	269,107	341,170	320,225	298,035
Legal debt margin	\$ 744,399	\$ 770,468	\$ 804,851	\$ 783,801	\$ 817,468	\$ 808,644	\$ 865,000	\$ 851,416	\$ 1,050,138	\$ 1,198,863
Total net debt applicable to the limit as a percentage of debt limit	26.89 %	24.58 %	22.15 %	25.04 %	22.79 %	22.50 %	23.73 %	28.61 %	23.37 %	19.91 %

Legal Debt Margin Calculation for current Fiscal Year: 2024

Assessed value	\$14,968,984
Debt limit (10% of total assessed value)	1,496,898
Debt applicable to limit:	
General obligation debt	298,035
Total net debt applicable to limit:	298,035
Legal debt margin	\$ 1,198,863

Notes:

Virginia state statute limits bond issuing authority of Virginia cities to 10% of the assessed real estate value. The above calculation includes all debt secured by the full faith and credit of the City. The calculation excludes installment purchase of contracts, accrued sick and annual leave, net pension obligations, net OPEB obligations and net pension liability totaling \$287,656,799 at June 30, 2024.

*There are no overlapping or underlying tax jurisdictions.

Table XI

CITY OF HAMPTON, VIRGINIA
PLEDGE-REVENUE COVERAGE
Last Ten Fiscal Years
(amounts expressed in thousands)

Fiscal Year	Gross Revenues ⁽¹⁾	Operating Expenses ⁽²⁾	Net Revenue Available for Debt Service	Debt Service Requirements ⁽³⁾			Coverage	
				Principal	Interest	Total		
Economic Development Authority Revenue Bonds								
2015	\$ 3,585	\$ 3,145	\$ 440	\$ 646	\$ 324	\$ 970	0.45	
2016	5,538	2,711	2,827	687	284	971	2.91	
2017	5,980	5,150	830	729	237	966	0.86	
2018	12,951	3,774	9,177	777	189	966	9.50	
2019	10,868	9,046	1,822	826	139	965	1.89	
2020	4,131	4,136	(5)	878	85	963	(0.01)	
2021	5,733	4,791	942	556	37	593	1.59	
2022	5,747	9,956	(4,209)	77	15	92	(45.75)	
2023	3,843	2,134	1,709	78	14	92	18.58	
2024	8,945	7,974	971	80	12	92	10.55	
Convention Center Revenue Bonds								
2015	\$ 10,714	\$ 3,470	\$ 7,244	\$ 2,325	\$ 4,123	\$ 6,448	1.12	
2016	10,533	3,370	7,163	2,435	4,010	6,445	1.11	
2017	10,855	3,515	7,340	2,555	3,890	6,445	1.14	
2018	10,830	3,688	7,142	2,680	3,762	6,442	1.11	
2019	11,198	3,531	7,667	2,815	3,624	6,439	1.19	
2020	10,145	3,614	6,531	2,960	2,356	5,316	1.23	
2021	8,133	1,811	6,322	3,930	2,121	6,051	1.04	
2022	10,898	2,847	8,051	4,110	1,574	5,684	1.42	
2023	12,380	3,933	8,447	4,235	1,650	5,885	1.44	
2024	12,904	4,286	8,618	4,330	1,559	5,889	1.46	

Notes:

⁽¹⁾Gross revenues include transfers in and interest income.

⁽²⁾Total operating expenses exclusive of depreciation.

⁽³⁾Includes principal and interest of revenue bonds only.

Table XII

CITY OF HAMPTON, VIRGINIA
DEMOGRAPHIC AND ECONOMIC STATISTICS
Last Ten Fiscal Years

Fiscal Year	Population ⁽¹⁾	Personal Income (In Thousands) ⁽²⁾	Per Capita Income ⁽³⁾	School Membership ⁽⁴⁾	Unemployment Rate Percentage ⁽⁵⁾
2015	\$ 136,379	\$ 5,373,683	\$ 39,403	\$ 20,853	6.3%
2016	135,525	5,407,022	39,897	20,698	5.4%
2017	135,007	5,511,596	40,825	20,384	5.1%
2018	134,800	5,552,548	41,191	19,996	4.3%
2019	135,048	5,713,242	42,305	18,651	3.8%
2020	135,464	6,253,733	46,165	19,055	10.9%
2021	136,673	6,781,644	49,233	18,807	6.3%
2022	136,581	6,698,261	48,525	19,026	4.0%
2023	136,387	N/A	N/A	19,306	3.6%
2024	136,895	N/A	N/A	19,526	3.7%

⁽¹⁾Source: Weldon Cooper Center for Public Service as of July 1, 2023.

⁽²⁾Source: Bureau of Economic Analysis. November 16, 2023 - new estimates for 2022; revised statistics for 1979-2021.

⁽³⁾Source: Bureau of Economic Analysis. November 16, 2023 - new estimates for 2022; revised statistics for 1979-2021.

⁽⁴⁾Source: Hampton City Schools; revised statistics for 2015

⁽⁵⁾Source: U.S. Bureau of Labor Statistics

Table XIII

CITY OF HAMPTON, VIRGINIA
PRINCIPAL EMPLOYERS
Current Year and Nine Years Prior

2024	2015
Over 500 Employees(1): Hampton City School Board City of Hampton U.S. Department of Veterans Administration U.S. Department of Defense Nat'l Aeronautics & Space Administration Sentara Healthcare Howmet Castings & Services Inc Hampton University Hampton-Newport News Community Services Board Riverside Regional Medical Center Food Lion	Over 600 Employees: Alcoa Howmet City of Hampton Hampton City Schools Hampton University Hampton Veteran's Affairs Medical Center Langley Air Force Base NASA Langley Research Center Sentara Hampton General Hospital Thomas Nelson Community College TRG Customer Solutions
250 - 499 Employees(2): Wal Mart Thomas Nelson Community College Sverdrup Technology Analytical Mechanics Association Amsec Telespectrum Inc McDonald's Restaurant	200 - 599 Employees: Analytical Mechanics Associates Cubic Applications (subsidiary of Cubic Corporation) Jacobs Technology (subsidiary of Jacobs Engineering) Measurement Specialties/TE Connectivity Riverside Regional Medical Centers Science System and Application Sprint Top Guard

Notes:

The Virginia Employment Commission does not permit specific employee numbers to be publicly reported. For this reason, the ranges above are presented.

(1) adjustment from prior years; prior years shown as Over 600

(2) adjustment from prior years; prior years shown as 200 - 599

Source: Hampton Roads Alliance; Reports and Resources; Largest Employers (per prior year communication w/ City of Hampton; Department of Economic Development)

FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION
Last Ten Fiscal Years

Function	Fiscal Year									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Governmental activities:										
General government	577	574	557	533	508	573	572	594	671	602
Public safety	704	706	711	673	671	708	684	690	807	722
Highway and streets	21	19	22	21	19	17	21	27	32	25
Sanitation	56	61	57	60	54	54	56	69	76	64
Health	20	16	15	15	13	13	15	17	15	15
Human services	234	233	245	245	247	250	247	235	245	244
Culture and recreation	126	130	118	118	120	113	110	112	115	113
Total Governmental activities	1,738	1,739	1,725	1,665	1,632	1,728	1,705	1,744	1,961	1,785
Business-type activities:										
Culture and recreation	32	36	37	35	37	37	32	39	42	38
Sanitation	126	135	133	122	132	129	128	136	131	127
Total Business-type activities	158	171	170	157	169	166	160	175	173	165
Total	1,896	1,910	1,895	1,822	1,801	1,894	1,865	1,919	2,134	1,950

Source: City of Hampton, Department of Human Resources

Table XV

CITY OF HAMPTON, VIRGINIA
OPERATING INDICATORS BY FUNCTION/PROGRAM
Last Ten Fiscal Years

Function/Program	2015	2016	2017	2018	2019
General government					
Building permits issued	1,281	1,107	1,106	1,045	1,118
Building inspections conducted	4,520	4,421	4,623	4,155	4,056
311 customer call center					
Calls	130,387	164,878	176,367	149,320	143,636
Emails ⁽¹⁾	-	-	-	-	-
Website (web forms & chats) ⁽¹⁾	-	-	-	-	-
Mobile (text & app) ⁽¹⁾	-	-	-	-	-
Public safety					
Police					
Physical arrests	14,862	14,073	10,304	8,543	5,446
Traffic summons	21,391	20,795	17,893	10,591	15,967
Fire					
Emergency responses	26,149	27,541	25,906	25,928	26,313
Fires extinguished	491	531	508	465	475
Patients transported	14,910	14,228	13,783	14,039	14,401
Code inspections	2,146	2,909	1,600	1,940	2,701
Highway and streets					
Roads paved or resurfaced (miles)	26	22	107	89	66
Bridges Inspected ⁽¹⁾	-	-	-	-	-
Sanitation					
Yard waste collected (tons)	9,762	9,761	10,196	9,800	10,951
Debris removed (tons)	59,422	62,173	77,034	56,459	57,075
Cleanups	891	991	901	586	700
Street sweeping	2,583	1,445	1,445	3,367	3,802
Storm drains cleaned (linear feet)	49,550	61,845	61,669	44,948	74,421
Health					
Preventive health ⁽²⁾					
Immunization visits	3,394	3,260	2,980	2,167	2,230
Human services					
Healthy families partnership					
Number of families assessed	527	421	501	421	434
Number of families served	948	856	718	639	624
Number of adult participants in the parenting classes	2,487	3,140	3,772	3,742	3,376
Social Services					
Food stamp households	9,824	8,986	9,443	8,944	8,801
Culture and recreation					
Senior citizens attendance at Senior Center	15,046	16,681	22,574	18,477	20,553
Community Center memberships ⁽³⁾					
Youth	51,422	51,968	88,634	66,880	54,497
Teen	42,254	24,086	36,298	29,294	21,253
Adult	78,844	56,829	283	70,934	76,349
Education					
School membership (total)	19,854	20,698	18,807	19,996	18,651
High schools	6,066	6,197	6,748	6,042	5,862
Middle schools	3,710	3,775	3,978	3,601	3,591
Elementary schools	7,667	8,562	5,812	7,896	7,070
Combined schools	2,410	2,164	2,296	2,427	2,128
Virtual ⁽¹⁾	-	-	-	-	-
School board personnel	2,543	2,507	2,683	2,455	2,461
Wastewater					
Average daily sewage treatment (thousands of gallons)	14,450	2,683	15,592	13,620	15,133

Table XV (Continued)

OPERATING INDICATORS BY FUNCTION/PROGRAM Last Ten Fiscal Years

Function/Program	2020	2021	2022	2023	2024
General government					
Building permits issued	1,609	1,254	1,799	1,214	1,535
Building inspections conducted	4,568	4,909	5,296	4,989	3,932
311 customer call center					
Calls	165,034	126,763	96,680	106,760	106,660
Emails ⁽¹⁾	-	-	7,944	7,299	7,933
Website (web forms & chats) ⁽¹⁾	-	-	3,113	2,720	6,461
Mobile (text & app) ⁽¹⁾	-	-	5,597	3,890	1,965
Public safety					
Police					
Physical arrests	4,439	3,865	3,986	4,081	4,237
Traffic summons	9,443	7,991	5,984	5,853	7,036
Fire					
Emergency responses	26,359	28,382	30,620	32,339	32,064
Fires extinguished	479	481	692	523	526
Patients transported	13,481	14,319	15,639	16,037	16,629
Code inspections	1,785	2,073	1,719	1,985	2,719
Highway and streets					
Roads paved or resurfaced (miles)	72	76	83	55	49
Bridges Inspected ⁽¹⁾	-	-	21	18	20
Sanitation					
Yard waste collected (tons)	12,765	11,670	9,402	10,218	4,418
Debris removed (tons)	54,057	51,273	52,561	50,264	52,950
Cleanups	255	631	577	599	4,168
Street sweeping	2,792	1,443	2,202	2,212	3,111
Storm drains cleaned (linear feet)	10,997	32,698	10,778	37,748	68,562
Health					
Preventive health ⁽²⁾					
Immunization visits	1,857	1,336	1,724	1,852	2,039
Human services					
Healthy families partnership					
Number of families assessed	333	277	258	248	246
Number of families served	543	893	557	554	508
Number of adult participants in the parenting classes	2,690	1,147	626	533	450
Social Services					
Food stamp households	9,286	9,931	11,603	13,007	12,641
Culture and recreation					
Senior citizens attendance at Senior Center	13,097	209	5,385	14,083	14,552
Community Center memberships ⁽³⁾					
Youth	17,943	83	386	7697	431
Teen	8,898	33	264	534	190
Adult	24,705	283	1,625	2,028	1,195
Education					
School membership (total)	19,055	18,807	19,026	19,306	19,526
High schools	5,891	6,748	5,942	4,746	5,917
Middle schools	3,128	3,978	3,578	3,908	3,848
Elementary schools	7,740	5,812	6,653	7,985	7,099
Combined schools	2,296	2,296	2,089	2,439	2,439
Virtual ⁽¹⁾	-	-	764	228	233
School board personnel	2,461	2,683	2,653	2,701	2,701
Wastewater					
Average daily sewage treatment (thousands of gallons)	14,100	15,592	12,600	11,800	13,455

Notes:

⁽¹⁾categories added this in FY22

⁽²⁾removed Family Practice visits (closed 3/31/11) & Prescriptions filled (closed 5/25/10) from Health-Preventative Health

⁽³⁾changed from admissions to memberships per City of Hampton, Parks and Recreation

Source: City of Hampton, Various Departments

Table XVI

CITY OF HAMPTON, VIRGINIA CAPITAL ASSETS STATISTICS BY FUNCTION/PROGRAM Last Ten Fiscal Years

Function/Program	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Public safety										
Police										
Patrol units	253	257	226	219	229	227	219	203	219	181
Patrol boats	5	6	5	7	8	6	6	6	6	6
Fire										
Stations	11	11	11	11	11	11	11	11	11	11
Pumpers	17	17	17	17	17	15	16	17	16	18
Ambulances	15	15	15	15	15	15	17	16	17	19
Rescue Vehicles	-	-	-	-	-	-	-	-	-	-
Ladder trucks	5	5	5	5	5	5	5	7	5	6
Fire Boats	2	2	2	2	2	2	2	2	3	3
Highways and streets										
Streets (miles) ⁽²⁾	486	1,118	1,125	1,125	1,156	1,156	1,157	1,132	1,163	1,163
Traffic signals	186	189	185	189	186	186	188	188	188	188
Bridges	40	39	40	39	40	40	40	40	40	40
Sanitation										
Solid waste										
Collection trucks	58	57	58	57	60	64	56	56	57	62
Culture and recreation										
Parks acreage ⁽¹⁾	1,791	1,791	1,791	1,791	1,791	1,791	1,791	1,791	1,791	1,791
School parks acreage	751	751	751	751	751	751	751	751	751	751
Parks	23	23	23	23	23	23	23	23	23	23
Amphitheater	2	1	1	1	1	1	1	1	1	1
Aquaplex	-	-	-	-	-	-	-	1	1	1
Baseball fields	42	42	42	42	42	42	42	42	42	42
Basketball courts	36	36	36	36	35	35	35	35	35	35
Boat ramps	3	3	3	3	3	3	3	3	3	3
Coliseum	1	1	1	1	1	1	1	1	1	1
Community centers	7	7	7	7	7	8	8	5	5	5
Convention center	1	1	1	1	1	1	1	1	1	1
Fitness trails	12	13	13	14	13	13	13	13	13	13
Football fields	21	21	21	21	21	21	21	21	21	21
Football stadium	1	1	1	1	1	1	1	1	1	1
Golf courses	2	2	2	2	2	2	2	2	2	2
Indoor swimming pools	3	2	2	2	2	2	2	2	1	1
Municipal beaches	3	3	3	3	3	3	3	3	3	3
Municipal parks	11	11	11	11	11	11	11	11	11	11
Museums	2	2	2	2	2	2	2	2	2	2
Outreach centers	4	4	4	4	4	4	4	4	4	4
Picnic shelters	27	28	28	29	29	29	29	29	29	29
Playgrounds	46	43	43	44	81	81	81	81	81	81
Senior citizens center	1	1	1	3	1	1	1	1	1	1
Soccer fields	33	33	33	33	33	33	33	33	33	33
Softball fields	17	17	17	17	17	17	17	17	17	17
Tennis courts	67	67	67	67	67	67	67	67	67	67
Theatres	1	1	1	1	1	1	1	1	1	1
Fort Wool	1	1	1	1	1	1	1	1	1	1
Fishing Pier	2	2	2	2	2	2	2	2	3	3
Education										
High schools	4	4	4	4	4	4	4	4	4	4
Middle schools	5	6	6	6	6	6	6	6	6	6
Elementary schools	19	19	19	19	19	19	19	19	19	19
Combined schools	2	2	2	2	2	2	2	2	2	2
Wastewater										
Sanitary sewer lines (miles)	497	572	572	605	605	605	605	605	605	490
Sewer Pumping stations	109	108	105	106	103	103	103	103	103	104

Notes:

⁽¹⁾Park land currently developed.

⁽²⁾Revision of 2018-2021 lane mileage count per Public Works department

Source: City of Hampton, Various Departments

A photograph of Fort Mifflin, a large stone fortification situated on a grassy hill overlooking a body of water. An American flag flies on a tall pole in the background against a blue sky with scattered white clouds. The fort's stone walls and battlements are visible, with several small, dark openings. The foreground features a large, stylized circular graphic with a white outline and a blue gradient fill, which serves as a background for the text.

Compliance Reports



Report of Independent Auditor on Compliance for Each Major Federal Program and on Internal Control over Compliance Required by the Uniform Guidance

To the Honorable Mayor and Members of City Council
City of Hampton, Virginia
Hampton, Virginia

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the City of Hampton, Virginia's (the "City") compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended June 30, 2024. The City's major federal programs are identified in the *Summary of Auditor's Results* section of the accompanying Schedule of Findings and Questioned Costs.

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2024.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"). Our responsibilities under those standards and the Uniform Guidance are further described in the *Auditor's Responsibilities for the Audit of Compliance* section of our report.

We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the City's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to City's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on City's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about City's compliance with the requirements of each major federal program as a whole.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding City's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of City's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of City's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the *Auditor's Responsibilities for the Audit of Compliance* section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is no suitable for any other purpose.



Virginia Beach, Virginia
November 27, 2024



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

To the Honorable Mayor and Members of City Council
City of Hampton, Virginia
Hampton, Virginia

We have audited, in accordance with the auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, and the *Specifications for Audits of Counties, Cities, and Towns* issued by the Auditor of Public Accounts of the Commonwealth of Virginia (the "Specifications"), the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Hampton, Virginia (the "City"), as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated November 27, 2024. Our report includes a reference to other auditors who audited the financial statements of the Downtown Hampton Development Partnership, Inc. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported separately by those auditors. The financial statements of the Downtown Hampton Development Partnership, Inc. were not audited in accordance with *Government Auditing Standards*.

Report on Internal Control over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of this Report

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

Cherry Bekaert LLP

Virginia Beach, Virginia
November 27, 2024

City of Hampton, Virginia
Schedule of Findings and Questioned Costs
Year Ended June 30, 2024

A. Summary of Auditor's Results

Financial Statements:

Type of auditor's report issued on the financial statements:	Unmodified
Internal control over financial reporting:	
Material weakness(es) identified:	No
Significant deficiency(ies) identified:	None reported
Noncompliance material to the financial statements noted?	No

Federal Awards:

Type of auditor's report issued on compliance for major programs:	Unmodified
Internal control over financial reporting:	
Material weakness(es) identified:	No
Significant deficiency(ies) identified:	None reported
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	No
Identification of major federal programs:	

Program Description:

U.S. Department of Treasury:	<u>CFDA #</u>
Coronavirus Relief Fund	21.027
U.S. Department of Education:	
Title I	84.010
Education Stabilization Fund	84.425D/U/W
Dollar threshold to distinguish between Types A and B Programs:	\$2,831,709
The City of Hampton was qualified as a low risk auditee?	No

Findings Relating to Financial Statements Reported in Accordance with *Government Auditing Standards*

None noted.

B. Findings and Questioned Costs Related to Federal Awards

None noted.

C. Findings and Questioned Costs Relating to Compliance with Commonwealth of Virginia Laws, Regulations, Contracts, and Grants

None noted.

D. Resolution of Prior Year Findings

No prior year findings



Continuing Disclosures

CITY OF HAMPTON, VIRGINIA
SCHEDULE OF THE TREASURER'S ACCOUNTABILITY
June 30, 2024

Assets held by the Treasurer:

Cash on hand	\$ 7,050
Cash in banks:	
Old Point National Bank	31,712,774
Truist Bank	12,350,426
Investments:	
Certificates of deposit	1,887,533
Commercial paper	3,975,000
Repurchase agreement	11,564,164
Investment in mutual and money market funds	77,116
State Local Government Investment Pool	376,400,269
U.S. Government securities	21,659,454
Corporate notes	4,678,559
Total assets	<u>\$ 464,312,345</u>

Liabilities of the Treasurer:

Balance of City funds	<u>\$ 464,312,345</u>
-----------------------	-----------------------

Cash and cash equivalents

Primary Government per Exhibit A-1	358,741,102
School Board per Exhibit A-11	46,771,100
Economic Development Authority per Exhibit A-11	4,958,353
General Fund Investments per Exhibit A-3	33,577,679

Restricted cash and investments - Enterprise Funds per Exhibit A-6

Cash and cash equivalents - Convention Center	10,550,641
Investments - Convention Center	12,672,104

Cash and cash equivalents - Fiduciary Funds per Exhibit A-9

15,298,814

Investments - Component Unit - EDA per Exhibit A-11

1,374,910

Adjust investments in ACFR from fair value to cost

(181,784)

Less:

Petty cash	(130,933)
Cash and investments held by trustees	<u>(19,319,641)</u>
	<u>(19,450,574)</u>

Balance of City funds

\$ 464,312,345

**CITY OF HAMPTON, VIRGINIA
SCHEDULE OF CASH FLOWS
DISCRETELY PRESENTED COMPONENT UNIT
ECONOMIC DEVELOPMENT AUTHORITY
For the Year Ended June 30, 2024**

CASH FLOWS FROM OPERATING ACTIVITIES

Cash received from customers	\$ (1,125,643)
Cash payments to suppliers for goods and services	(2,415,573)
Cash payments to employees for services	(4,200)
Other receipts	55,950
Net cash used in operating activities	<u>(3,489,466)</u>

CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES

Payment from Primary Government	<u>(137,929)</u>
Net cash provided by noncapital financing activities	<u>(137,929)</u>

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES

Acquisition and construction of capital assets	(604,168)
Principal paid on revenue bond maturities and long-term debt	(79,987)
Interest paid on revenue bonds and long-term debt	(12,067)
Proceeds from sale of capital assets	5,969,072
Net cash used in capital and related financing activities	<u>5,272,850</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Interest and dividends on investments	16,752
Proceeds from collection of lease receivable	473,620
Interest received on lease receivable	68,981
Net cash used in investing activities	<u>559,353</u>

Net increase in cash and cash equivalents (including restricted amounts) 2,204,808

Cash and cash equivalents (including restricted), July 1 2,929,725
Cash and cash equivalents (including restricted), June 30 \$ 5,134,533

Operating loss	\$ (1,531,440)
Adjustments to reconcile operating loss to net cash used in operating activities:	
Depreciation and amortization expense	411,000
Decrease (increase) in:	
Accounts receivable	(1,100)
Lease receivable	473,620
Lease interest receivable	1,164
Due from Primary Government	(1,000,000)
Cost of land	3,040,196
Increase (decrease) in:	
Accounts payable	(1,428,882)
Notes payable	(79,987)
Deferred inflows related to leases	(495,723)
Nonoperating revenues reported as operating revenues	5,456
Accounts receivable reported as operating activities	55,500
Deferred inflows related to leases reported as nonoperating activities	495,723
Lease receivable reported as nonoperating activities	(474,784)
Notes payables reported as nonoperating activities	79,987
Cost of land reported as nonoperating activities	<u>(3,040,196)</u>
Total adjustments	<u>(1,958,026)</u>
Net cash used in operating activities	<u>\$ (3,489,466)</u>

CITY OF HAMPTON, VIRGINIA
DISCRETELY PRESENTED COMPONENT UNIT - SCHOOL BOARD
SCHOOL OPERATING FUND
SCHEDULE OF APPROPRIATIONS AND EXPENDITURES - BUDGET AND ACTUAL
For the Year Ended June 30, 2024

	Appropriations				Variance with
	Budget	Net	Final		Final Budget
	July 1,2023	Changes	June 30,2024	Expenditures	Over (Under)
EXPENDITURES					
Administration/attendance and health	\$ 15,984,327	\$ 354,031	\$ 16,338,358	\$ 15,651,436	\$ (686,922)
Instructional	189,394,919	12,679,402	202,074,321	186,800,845	(15,273,476)
Public transportation service	13,145,183	1,368,700	14,513,883	12,914,192	(1,599,691)
Operation and maintenance of school plant	23,516,723	18,496,002	42,012,725	34,217,363	(7,795,362)
Non-instructional operations	3,706,163	90,000	3,796,163	3,391,894	(404,269)
Debt and fund transfers	7,055,992	331,999	7,387,991	7,327,123	(60,868)
Technology	18,789,730	(1,684,298)	17,105,432	14,498,506	(2,606,926)
Total expenditures	271,593,037	31,635,836	303,228,873	274,801,359	(28,427,514)
OPERATING TRANSFER OUT					
To Athletics Fund	517,594	-	517,594	517,594	-
To Reimbursable Projects Fund	578,538	(7,183)	571,355	571,355	-
To School Activity Fund	20,000	16,000	36,000	33,866	(2,134)
Total transfers out	1,116,132	8,817	1,124,949	1,122,815	(2,134)
Total expenditures and transfers out	\$ 272,709,169	\$ 31,644,653	\$ 304,353,822	\$ 275,924,174	\$ (28,429,648)

CITY OF HAMPTON, VIRGINIA
DISCRETELY PRESENTED COMPONENT UNIT SCHOOL BOARD
SCHOOL OPERATING FUND
SCHEDULE OF REVENUES AND OTHER CREDITS - BUDGET AND ACTUAL
For the Year Ended June 30, 2024

	Original	Final Budgeted Revenues	Actual Revenues	Variance with Final Budget Over (Under)
State funds:				
Basic appropriation	\$ 70,648,973	\$ 73,125,798	\$ 74,273,631	\$ 1,147,833
At risk payment	10,111,464	3,699,906	9,751,622	6,051,716
Salary Supplement	10,089,384	11,398,869	11,323,470	(75,399)
Remedial education	3,279,371	3,279,372	3,257,593	(21,779)
K-3 Primary Class Size	4,629,704	4,629,704	4,614,572	(15,132)
Virginia Retirement System	10,377,760	10,377,760	10,308,839	(68,921)
Social security benefits	4,455,519	4,455,519	4,425,928	(29,591)
Group life insurance	318,251	318,251	316,138	(2,113)
Special education-SOQ	8,136,164	8,136,164	8,082,130	(54,034)
Special education-categorical	124,750	124,750	67,505	(57,245)
Textbook payments	1,831,744	1,831,744	1,819,579	(12,165)
Remedial summer school	1,229,804	1,229,804	686,857	(542,947)
Supplemental Lottery Per Pupil	-	-	5,565,672	5,565,672
At risk 4 year old	-	6,682,144	-	(6,682,144)
Gifted	774,873	774,873	769,727	(5,146)
Infrastrucutre ops per pupil	5,558,861	5,558,861	-	(5,558,861)
Foster care -regular	111,874	111,874	12,908	(98,966)
Foster care -special education	-	-	46,929	46,929
Vocational education-SOQ	1,273,005	1,273,005	1,264,551	(8,454)
Vocational education-categorical	92,644	142,152	141,920	(232)
VPSA ed tech grant	804,000	804,000	-	(804,000)
Project Graduation-state	37,500	37,500	37,500	-
ESL	440,295	440,295	440,295	-
Early Reading Intervention	975,144	975,144	736,112	(239,032)
All in Pupil Funding	-	10,249,878	10,249,878	-
SOL Algebra Readiness	402,003	402,003	391,601	(10,402)
Virginina Preschool Initiative	3,985,959	3,985,959	3,460,615	(525,344)
New Horizons Governor's School	651,954	661,448	597,423	(64,025)
ISAEF	32,810	32,810	32,691	(119)
Teacher mentor	15,441	15,441	26,063	10,622
VPI community provider add-on	-	-	347,351	347,351
SPED-regional programs	1,846,901	1,846,901	1,834,054	(12,847)
Grocery store tax	3,875,530	3,875,530	3,719,046	(156,484)
Rebenchmarking hold harmless	2,134,431	2,134,431	2,134,431	-
Sales tax	26,261,784	26,261,784	24,957,067	(1,304,717)
Medicaid Reimbursement	950,000	950,000	988,620	38,620
Total state funds	175,457,897	189,823,674	186,682,318	(3,141,356)

	Original	Final Budgeted Revenues	Actual Revenues	Variance with Final Budget Over (Under)
Federal Funds:				
Public law 874	258,406	258,406	583,161	324,755
Impact Aid Special Education	80,552	80,552	122,951	42,399
U.S. Army - ROTC	82,523	82,523	104,014	21,491
U.S. Air Force - ROTC	50,000	50,000	59,440	9,440
U.S. Navy - ROTC	81,557	81,557	73,062	(8,495)
U.S. Marine Corps - ROTC	65,900	65,900	80,594	14,694
Total federal funds	618,938	618,938	1,023,222	404,284
Other funds:				
Fees from students	5,725	5,725	19,098	13,373
Pharmacy revenue	2,453,600	2,453,600	2,463,776	10,176
Print Shop revenue	150,000	150,000	206,187	56,187
Tuition from regular day students	9,500	9,500	12,390	2,890
Miscellaneous revenues	88,109	88,109	120,875	32,766
Jury Duty	1,915	1,915	3,019	1,104
Public Surplus	200,000	200,000	261,857	61,857
Facility Rentals	910	910	3,704	2,794
Interest-investments	5,717	5,717	31,574	25,857
Cell Towers	605,000	208,596	373,691	165,095
CPR	5,075	5,075	3,150	(1,925)
Enernoc	30,000	30,000	19,146	(10,854)
Summer Driver Education	9,600	9,600	9,800	200
Contracted Adult Education	3,300	3,300	3,961	661
Driver Education	67,000	67,000	14,365	(52,635)
PY Expenditure refunds	15,000	15,000	523,908	508,908
Summer school	91,000	91,000	10,025	(80,975)
Lease Revenue	-	322,280	322,280	-
Lease Interest Revenue	-	74,124	74,124	-
Total other funds	3,741,451	3,741,451	4,476,930	735,479
Total revenues	179,818,286	194,184,063	192,182,470	(2,001,593)
Other credits:				
Transfer from General Fund	91,804,718	91,804,718	91,804,718	-
Transfer from Cafeteria Fund	408,065	408,065	535,405	127,340
Transfer from Reimbursable Fund	678,100	678,100	697,895	19,795
Total other credits	92,890,883	92,890,883	93,038,018	147,135
Total revenues and other credits	\$ 272,709,169	\$ 287,074,946	\$ 285,220,488	\$ (1,854,458)

Schedule 5

CITY OF HAMPTON, VIRGINIA
SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY
CONVENTION CENTER REVENUE BONDS
June 30, 2024

Fiscal Year Ending June 30,	Principal	Interest	Total Debt Service
2025	\$ 4,420,000	\$ 1,483,640	\$ 5,903,640
2026	4,530,000	1,379,990	5,909,990
2027	4,640,000	1,268,862	5,908,862
2028	4,755,000	1,150,757	5,905,757
2029	4,880,000	1,024,608	5,904,608
2030	5,065,000	890,643	5,955,643
2031	5,210,000	748,539	5,958,539
2032	5,360,000	597,615	5,957,615
2033	5,515,000	437,310	5,952,310
2034	5,685,000	268,250	5,953,250
2035	5,865,000	90,820	5,955,820
	<u>\$ 55,925,000</u>	<u>\$ 9,341,034</u>	<u>\$ 65,266,034</u>

CITY OF HAMPTON, VIRGINIA
SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY
GENERAL OBLIGATION BONDS
For the Year Ended June 30, 2024

Fiscal Year Ending June 30,	Principal	Interest	Total Debt Service
2025	\$ 22,200,000	\$ 10,524,523	\$ 32,724,523
2026	21,655,000	9,576,777	31,231,777
2027	21,115,000	8,533,962	29,648,962
2028	19,595,000	7,466,655	27,061,655
2029	16,410,000	6,695,095	23,105,095
2030	16,910,000	6,106,588	23,016,588
2031	16,760,000	5,410,734	22,170,734
2032	17,385,000	4,739,584	22,124,584
2033	17,995,000	4,078,996	22,073,996
2034	16,235,000	3,509,849	19,744,849
2035	16,740,000	3,007,945	19,747,945
2036	13,425,000	2,573,008	15,998,008
2037	13,795,000	2,208,976	16,003,976
2038	14,170,000	1,831,304	16,001,304
2039	14,600,000	1,407,985	16,007,985
2040	11,620,000	1,025,238	12,645,238
2041	11,940,000	688,769	12,628,769
2042	7,625,000	350,175	7,975,175
2043	7,860,000	117,899	7,977,899
	<u>\$ 298,035,000</u>	<u>\$ 79,854,062</u>	<u>\$ 377,889,062</u>

Schedule 7

**CITY OF HAMPTON, VIRGINIA
COMPUTATION OF LEGAL DEBT MARGIN
June 30, 2024**

Assessed value:			
Real estate	\$	14,833,910,551	
Public service corporations - real estate		39,391,431	
Newport News Waterworks		95,681,600	\$ 14,968,983,582
Debt Limit at 10% of assessed value			<u>1,496,898,358</u>
General obligation bonded debt:			
General obligations bonds		297,736,945	
General obligation bonds - Steam Plant		298,055	
Total long-term debt			<u>298,035,000</u>
Legal debt margin	\$		<u>1,198,863,359</u>

Note:

Virginia state statute limits bonds issuing authority of Virginia cities to 10% of the assessed real estate value. The above calculation includes all debt secured by the full faith and credit of the City. The calculation excludes installment purchase contracts, compensated absences, claims and judgements, net pension obligations and net OPEB obligations totaling \$287,656,799 at June 30, 2024.

There are no overlapping or underlying tax jurisdictions.

CITY OF HAMPTON, VIRGINIA
ASSESSED VALUE OF TAXABLE PROPERTY
(\$ in Thousands)

Fiscal Year Ended June 30	Real Estate Assessed				Personal Property Assessed Value		
	Citizens' Property	Public Service	Newport News Waterworks	Total	Citizens' Property	Public Service (⁽¹⁾)	Total
2015	\$ 10,092,713	\$ 30,562	\$ 59,119	\$ 10,182,394	\$ 927,856	\$ 279,504	\$ 1,207,360
2016	10,127,280	32,236	56,459	10,215,975	970,772	289,756	1,260,528
2017	10,249,204	33,071	56,237	10,338,512	983,860	303,254	1,287,114
2018	10,362,686	33,539	60,487	10,456,712	996,733	314,545	1,311,278
2019	10,492,939	33,881	60,925	10,587,745	1,025,906	319,170	1,345,076
2020	10,754,780	37,865	61,746	10,854,391	1,046,609	357,900	1,404,509
2021	11,238,490	37,966	64,615	11,341,071	1,118,467	339,637	1,458,104
2022	11,826,080	36,717	63,061	11,925,858	1,157,897	363,272	1,521,169
2023	13,599,780	38,095	65,757	13,703,632	1,277,075	377,529	1,654,604
2024	14,833,911	39,391	95,682	14,968,984	1,339,887	386,295	1,726,182

Source: City Department of Finance.

⁽¹⁾ Public Service assessed values are furnished by the State Corporation Commission of Virginia with no indication of assessment rate or actual value. The State mandated conversion of personal property to real estate for taxing purposes whereby personal property values are converted at 5% a year over a 20-year period. State Corporation Commission has changed reporting the assessments for real estate (land) and personal property at the real estate rate.

**CITY OF HAMPTON, VIRGINIA
TAX RATES**

Fiscal Year Ended June 30	Rate per \$100 of Assessed Value	
	Real Estate	Personal Property ⁽¹⁾
2015	\$ 1.24	\$ 4.50
2016	1.24	4.50
2017	1.24	4.50
2018	1.24	4.50
2019	1.24	4.50
2020	1.24	4.50
2021	1.24	4.50
2022	1.24	4.50
2023	1.18	4.50
2024	1.16	4.50

Source: City Department of Finance.

⁽¹⁾ Personal property is assessed on a calendar year basis. The taxes levied are due in two installments on June 5 and December 5. Changes in the tax rate are implemented on the same basis. When a rate change is enacted by City Council, the first half of the fiscal year's tax levy is at the old rate and the second half is at the new rate. The personal property tax rate was increased from \$4.25 per \$100 to \$4.50 per \$100 levied effective January 1, 2015. The real estate tax rate was decreased from \$1.18 per \$100 of assessed value to \$1.16 per \$100 of assessed value effective July 1, 2023.

CITY OF HAMPTON, VIRGINIA
MORAL OBLIGATION COMMITMENTS
For the Year Ended June 30, 2024

Convention Center Revenue Bonds	\$ 55,925,000
Total	<u>\$ 55,925,000</u>

Source: City Finance Department

**CITY OF HAMPTON, VIRGINIA
GENERAL FUND EXPENDITURES
For the Year Ended June 30, 2024**

Expenditures	2024 Actual	Percent of Total Actual	2023 Actual	Difference	Percentage Change
General government	\$ 127,587,840	29.52 %	\$ 113,369,259	\$ 14,218,581	12.54%
Public safety	72,113,696	16.68 %	67,672,589	4,441,107	6.56%
Highways and streets	2,304,758	0.53 %	2,323,085	(18,327)	(0.79%)
Health	5,282,477	1.22 %	5,001,647	280,830	5.61%
Human services	25,481,400	5.89 %	23,515,952	1,965,448	8.36%
Culture & recreation	14,458,878	3.34 %	13,341,033	1,117,845	8.38%
Education - city share	91,804,718	21.24 %	85,483,984	6,320,734	7.39%
Education - other sources	2,185,017	0.51 %	2,055,399	129,618	6.31%
Debt Service: Principal Retirement	1,437,417	0.33 %	1,076,696	360,721	33.50%
Interest and Fiscal Charges	198,213	0.05 %	59,554	138,659	232.83%
Transfers out	89,414,772	20.68 %	89,875,562	(460,790)	(0.51%)
Totals	<u>\$ 432,269,186</u>	<u>100.00%</u>	<u>\$ 403,774,760</u>	<u>\$ 28,494,426</u>	<u>7.06%</u>

Source: City of Hampton, Virginia Annual Comprehensive Financial Report for years ended June 30, 2024 and 2023.

CITY OF HAMPTON, VIRGINIA
SUMMARY OF GENERAL FUND (In Thousands)
Fiscal Years Ended June 30, 2020-2024

	2020	2021	2022	2023	2024
Revenues	\$ 347,974	\$ 357,525	\$ 376,852	\$ 411,039	\$ 434,953
Expenditures ⁽³⁾	276,344	271,712	295,222	313,899	342,854
Excess of Revenue over Expenditures	71,630	85,813	81,630	97,140	92,099
Other Financing Sources(Uses)					
Transfers in	230	238	234	236	252
Transfers out ⁽¹⁾	(63,729)	(70,508)	(69,827)	(89,876)	(89,415)
Other Financing Uses, net	(63,499)	(70,270)	(69,593)	(89,640)	(89,163)
Net Change in Fund Balances	8,131	15,543	12,037	7,500	2,936
Fund Balance, Beginning of Year	100,372	112,284 ⁽²⁾	127,827	139,864	147,364
Fund Balance, End of Year	\$ 111,503	\$ 127,827	\$ 139,864	\$ 147,364	\$ 150,300

Source: City's Annual Comprehensive Financial Report Exhibit B-2 for the fiscal years June 30, 2020 through 2024.

⁽¹⁾ Transfers to the Debt Service Fund constitute a majority of transfers.

⁽²⁾ Restated Fund Balance.

⁽³⁾ Contributions to the schools are reflected in total expenditures.

CITY OF HAMPTON, VIRGINIA
DEBT RATIOS
As of June 30, 2024

	<u>Amount</u>	<u>Per Capita</u>	<u>Ratio to Assessed Value</u>
Gross Direct Debt	\$ 298,035,000	\$ 2,177.11	2.00%

Source: Finance Department, City of Hampton, Virginia

⁽¹⁾ Per capita amounts are based on a 2024 population of 136,895 as provided by the Weldon Cooper Center for Public Service.

⁽²⁾ Assessed value of total real property is \$14,969 billion as of June 30, 2024.

An aerial photograph of Hampton, Virginia, showing a mix of urban, suburban, and natural landscapes. A large semi-circular graphic with a blue gradient and a white outline is positioned in the upper half of the image. The text "HAMPTON VA" is centered within this graphic. Below the graphic, the city's features are visible: a multi-lane highway on the left, a large stadium with a white, ribbed roof in the center-right, a winding river or canal, and a dense residential area in the foreground. The background shows more city buildings and greenery under a clear sky.

HAMPTON VA