

ANNUAL COMPREHENSIVE FINANCIAL REPORT

CITY OF HAMPTON, VIRGINIA
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

HAMPTON VA



ANNUAL COMPREHENSIVE FINANCIAL REPORT OF THE CITY OF HAMPTON, VIRGINIA

For the Fiscal Year Ended June 30, 2021

Prepared by:

Karl S. Daughtrey, Director of Finance

Brittany Abbott, Controller

and

The Department of Finance



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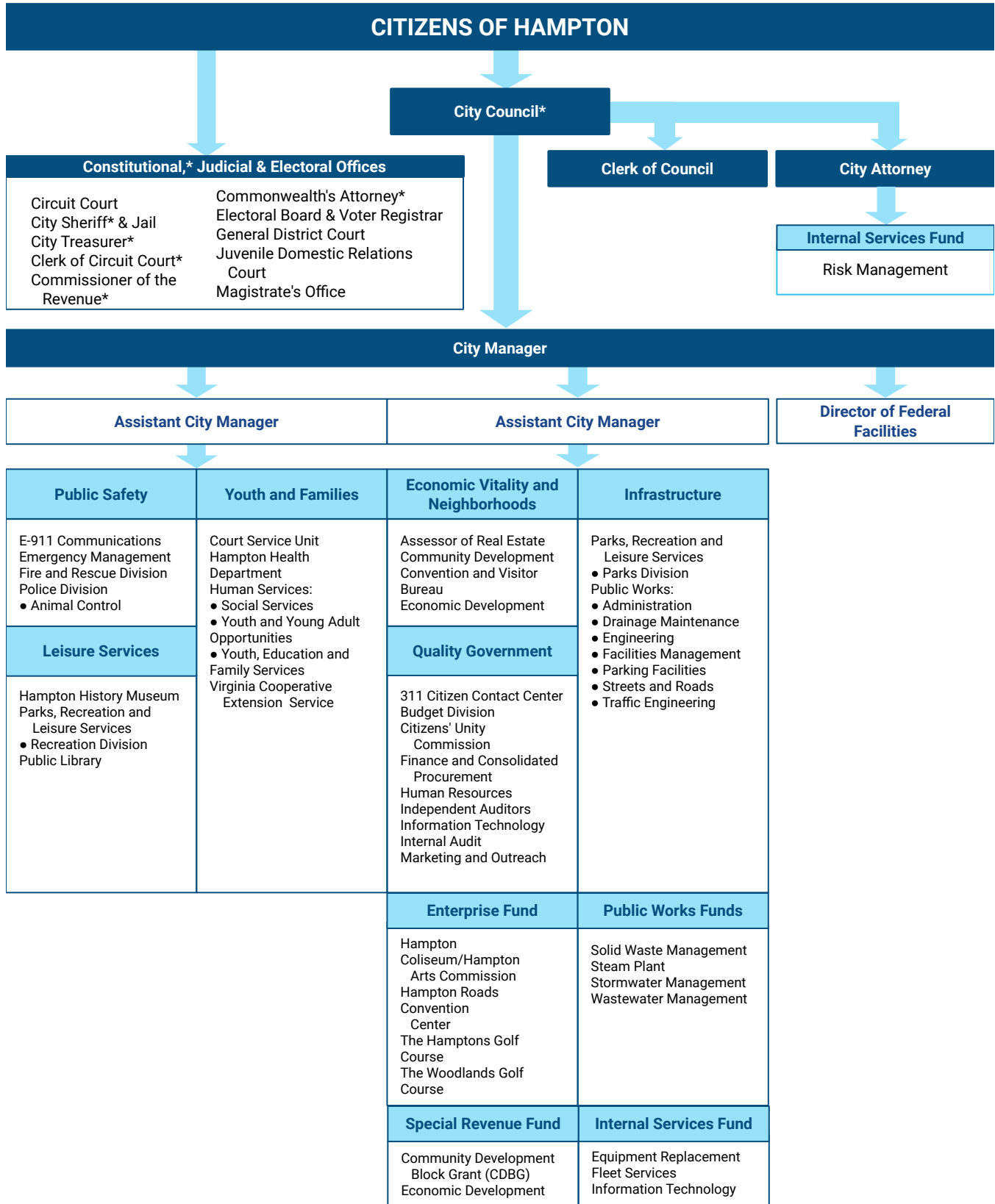
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Introductory
SECTION

ORGANIZATIONAL CHART



* Elected by citizens of Hampton

City of Hampton, Virginia

June 30, 2021

ELECTED OFFICIALS

CITY COUNCIL

Donnie Tuck, Mayor
Jimmy Gray, Vice Mayor
Chris Bowman
Eleanor W. Brown
Steven Brown
W.H. "Billy" Hobbs, Jr.
Chris Osby Snead

CONSTITUTIONAL OFFICERS

Linda Batchelor Smith - Clerk of Courts
Anton A. Bell - Commonwealth's Attorney
Ross A. Mugler - Commissioner of the Revenue
Molly Ward - 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 - Budget Manager
Brittany Abbott, Controller

City of Hampton, Virginia

June 30, 2021

SCHOOL BOARD

Ann Cherry, Chair	Joe C. Kilgore, Vice Chair
Phyllis Taylor Henry	Dr. Richard Mason
Monica Smith	Jason S. Samuels
Dr. Reginald Woodhouse	Carolyn Bowers, Clerk of the Board

SCHOOL ADMINISTRATION

Dr. Jeffery Smith - Superintendent
Dr. John Caggiano - Deputy Superintendent for Curriculum and Instruction
Dr. Daniel Bowling, Chief Operations Officer
Brittany Dortch, Chief Financial Officer
Trena Hatcher, Executive Director of Student Support
Dr. Raymond Haynes - Executive Director of School Leadership
Dr. Anita Owens - Executive Director of School Leadership
Ann Bane - Director of Community and Legislative Relations
Kellie Goral - Executive Director of Public Relations and Marketing
Robbin Ruth - Executive Director of Human Resources

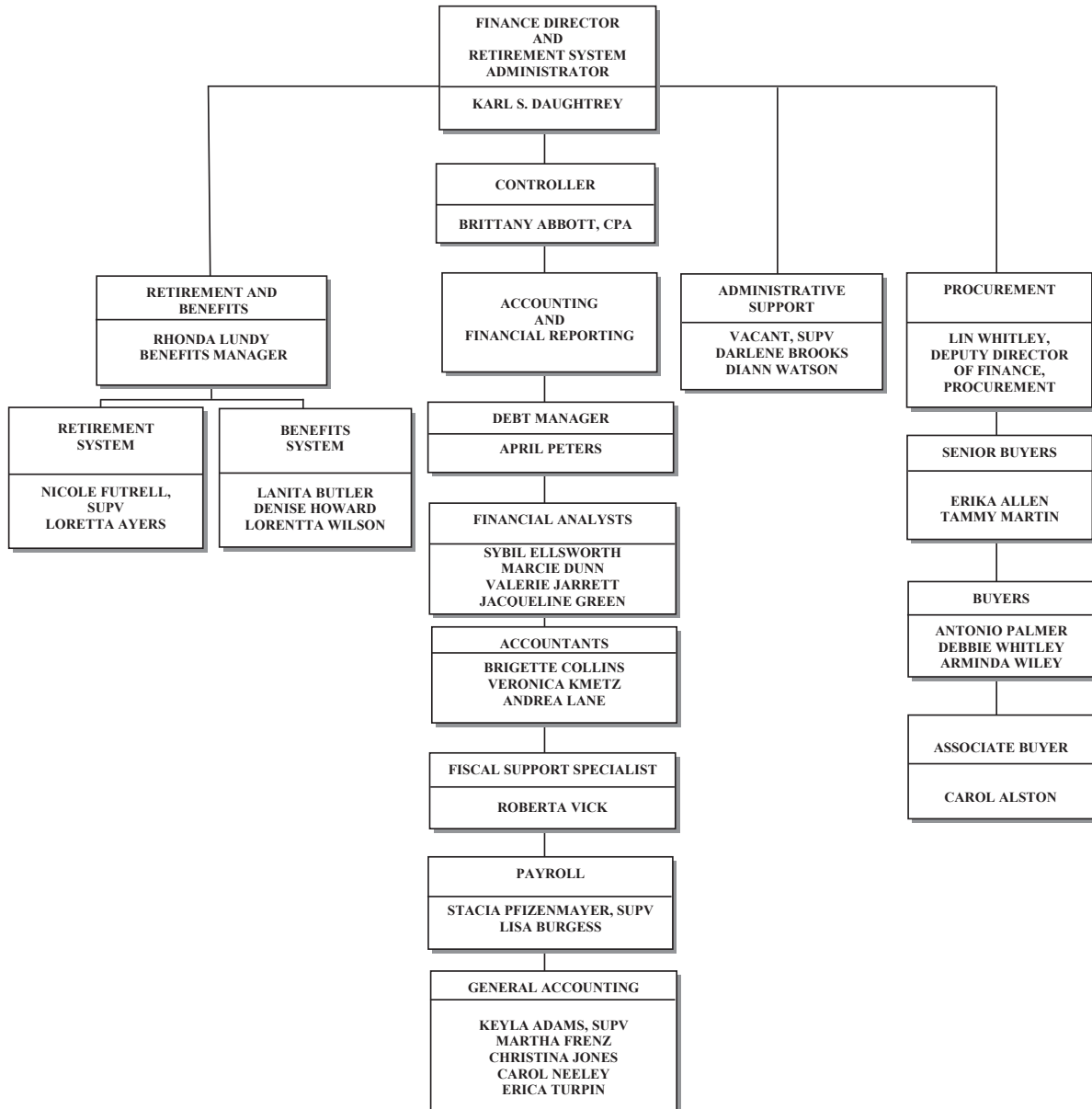
HAMPTON EMPLOYEES' RETIREMENT SYSTEM

BOARD OF TRUSTEES

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

Karl S. Daughtrey, Administrator and Treasurer
Nicole Futrell, Secretary
Patricia Parker, Risk Manager
Benjamin Naidorf, Legal Council

**CITY OF HAMPTON, VIRGINIA
DEPARTMENT OF FINANCE
June 30, 2021**





December 2, 2021

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

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, 2021. State law 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.

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.

State law requires that the financial statements of the City be audited by a certified public accountant. Cherry Bekaert LLP Certified Public Accountants, have audited the City's financial statements. As a result of an audit of the City's financial records and transactions of all funds, component units and departments of the City, Cherry Bekaert LLP has concluded that the financial statements are presented fairly in all material respects, in accordance with U.S. GAAP and have issued an unmodified opinion on the City's financial statements for the year ended June 30, 2021. The independent auditor report is presented as the first component of the financial section of this report.

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

Profile of the City

Background

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, 2020, the current estimated population in Hampton was 136,673.

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.

During fiscal year 2021, several awards and recognitions were received by the City of Hampton. They are listed below:

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.

The City's Budget Department received the Government Finance Officers Association Distinguished Budget Presentation Award for the fiscal year 2021 Budget document.

For the 19th 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.

Budgetary Systems

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

Local Economy

The City's central location in the Norfolk-Virginia Beach-Newport News Metropolitan Statistical Area (MSA) 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. Manufacturing, technology, retail, professional services, logistics and distribution, health services and federal installations comprise the major components of economic activity within the City. Additionally, 100% of Hampton's business parks are served by digital switching offices, SONET and ATM technologies.

Hampton businesses draw from the largest regional workforce between Washington, D.C. and Atlanta, with an estimated 824,663-person civilian labor force according to the Bureau of Labor Statistics. Each year, over 14,000+ highly trained and disciplined personnel exit the military. Many of these veterans elect to stay in the area and look for private sector employment, and there are over 30,000 military spouses available to work in the region. In addition, there are over 100,000 students attending the region's eight universities and four community colleges as reported by the *National Center for Education Statistics*.

In fiscal year 2021, the City announced new businesses as well as existing business expansions that will contribute to the economic health of the City. These announcements included:

- Huntington Ingalls Industries leased 189,049 square foot of office space in Net Center. This was the top office lease in the region according to the Old Dominion University's *Real Estate Market Review & Forecast Report*.
- W.M. Jordan Development Company will construct a warehouse/distribution facility in the Greater Wythe district. The project entails development of two 115,500 square foot warehouse/distribution buildings and represents an estimated \$25 million investment.
- Amazon.Com Services LLC acquired a long vacant 97,096 square foot big box retail building for a last-mile delivery center. This transaction represents an \$18 million investment, including acquisition and renovation of the building. In addition, it will create 200 full-time jobs with benefits, 200 part-time jobs, and an estimated 200 contract driver positions. The facility is scheduled to open in September of this year.
- 27 W. Queens Way, LLC purchased a 16,179 square feet building in the downtown area. The acquisition cost was \$885,000, with \$160,000 in improvements to the building. Its primary tenants are the Brain Injury Law Firm and Virginia Tech University. This transaction facilitated the law firm's transition from a 7,871 SF building in another section of the city.
- Huntington Ingalls Industries leased a 65,342 square foot warehouse building in our Copeland Industrial Park. The company invested approximately \$40,000 to improve the administrative section of the building, and grew their inventory of warehouse space in the City.

Military, Federal Research Facility and Veterans Medical Center

Joint Base Langley Eustis (JBLE), composed of Langley Air Force Base in Hampton, and Fort Eustis, located in Newport News, Virginia announced the permanent relocation of the F-22 squadrons formerly based at Tyndall Air Force Base in Florida. It is estimated that approximately 800 Air Force personnel, and their families will be relocating to Hampton. The final number of jobs and jets is still to be determined for the Formal Training Unit ultimate impact. JBLE's annual economic impact is currently estimated at some \$3.2 billion.

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. It has a staff of 3,400 government/civilian employees and a \$902 million annual budget.

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. It has a staff of over 2,112 with an annual budget of \$4.2 million.

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).

Total revenues, expenditures, and other financing sources and uses, for the General and School Operating Funds are as follows:

	000's Omitted		Percent Increase (Decrease)
	2021	2020	
Revenues:			
General Fund	\$ 357,763	\$ 348,204	2.75
School Operating	149,766 *	138,326 *	8.27
Total	507,529	486,530	4.32
Expenditures:			
General Fund	265,272 *	264,501 *	0.29
School Operating	221,138 *	210,678 *	4.96
Total	(486,410)	(475,179)	2.36
Net change in fund balance	\$ 21,119	\$ 11,351	

*Excludes payments between the General Fund and School Operating Fund

The General Fund revenues and other financing sources increased by approximately \$9.5 million or 2.7% when compared to fiscal year 2020 revenues. General property tax collections increased by approximately \$7.4 million as a result of new real estate development and increases in values of existing properties. In the other local taxes category, we experienced an increase of approximately \$6.9 million. Meal tax increased by \$1.5 million over the prior year. Sales tax increased \$2.8 million as a result of increased online purchases, home improvement projects and grocery store sales stemming from the COVID-19 pandemic. Also in the other local taxes category, business license taxes increased by \$2.5 million due to the collection of back taxes discovered by audits conducted in prior fiscal years.

Interest earned on investments decreased by \$1.7 million in direct relation to the Federal Reserve decreasing interest rates during fiscal year 2021. Charges for services decreased by \$1.2 million over fiscal year 2020. The majority of the decrease in this category is due to a \$1 million decrease in School Age Program revenue resulting from mandated closures required during the pandemic.

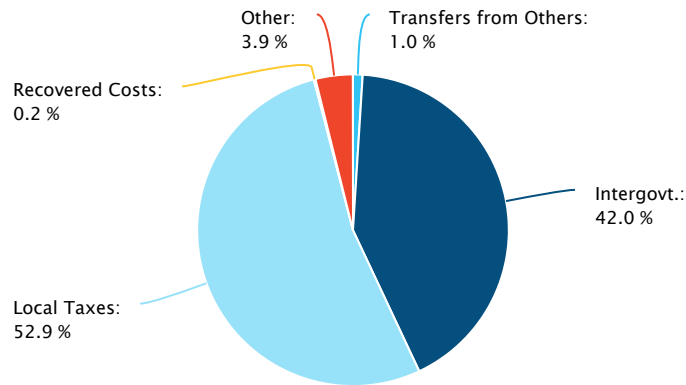
General Fund expenditures and other financing uses increased by approximately \$771,000 or 0.30% over fiscal year 2020. This increase is primarily due to increases in the General Government category and Transfers to Other Funds, offset by decreases in expenditures in Public Safety and Culture and Recreation. The transfer to the Capital Project Fund increased by \$7.9 million due to the completion of several large projects in fiscal year 2021. Expenditures in the Public Safety category decreased by \$7.4 million as a result of utilizing Coronavirus Aid, Relief and Economic Security (CARES) funding to assist with expenses related to the pandemic. Culture and Recreation expenditures decreased by \$2.6 million as a result of mandated closures required by the COVID-19 pandemic. Expenditures in the General Government category increased by approximately \$3 million as a result of increased personnel and retirement costs.

The School Board Operating Fund revenues increased by approximately \$11 million or 8.3% when compared to fiscal year 2020. This variance resulted primarily from an increase in state revenues totaling \$11.9 million. State revenues for infrastructure, no loss/COVID and sales tax increased \$5.6 million, \$3.2 million and \$1.9 million, respectively. The other funds category decreased \$.183 million due to a decrease in pharmacy revenue. While the Local Contribution is not included in the overall increase to the Operating Fund, the City of Hampton increased their contribution to the School Board by approximately \$1.4 million or 2.2% between fiscal years.

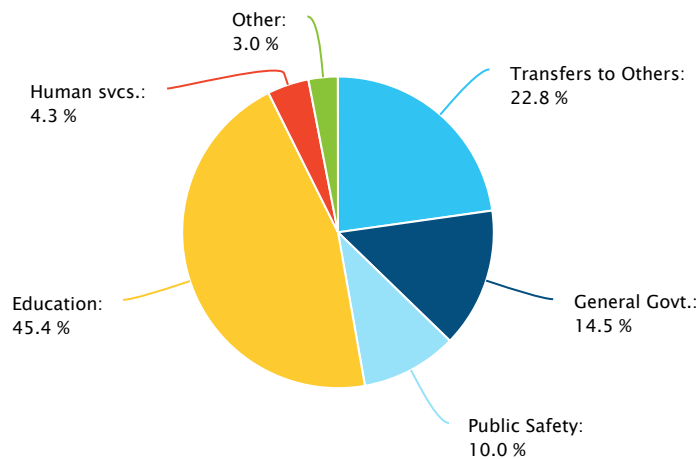
The School Board Operating Fund expenditures increased by \$10.5 million or 5.0% over fiscal year 2020. This variance was due to increased spending for School Food Service, Administration, Attendance and Health, and Technology totaling \$3.1 million, \$ 5.1 million and \$5.1 million, respectively. Pupil Transportation expenditures decreased by \$2.4 million due to virtual/hybrid instruction as a result of the pandemic.

The graphs of the 2021 General Fund and School Operating Fund revenues and expenditures are as follows:

General Fund and School Operating Fund Revenues \$507,529,109



General Fund and School Operating Fund Expenditures \$486,410,256



Long Term Financial Planning

In the years 2021-2025 \$367.3 million is scheduled for City and School projects. The following summarizes these projects:

Education	\$65.4 million
Hampton's Waterways	\$77.4 million
Good Government	\$131.9 million
Economic Growth	\$22.3 million
Place Making	\$31.2 million
Safe and Clean City	\$39.1 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.
 - a) General obligation debt shall not exceed 3% of the assessed value of all real estate within the City subject to taxation. At June 30, 2021, general obligation debt totaled \$269 million or 2.4% of taxable real estate value, which was within the policy parameter.
 - b) 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, 2021, this would amount to \$416 million or 3.2% of the assessed value of all taxable real and personal property which was within the policy parameter.
 - c) 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, 2021, this would amount to \$78 million or .61% 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, 2021, this would amount to \$34 million or 7.1% 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 69% of general bonded obligation debt in fiscal year 2030 that was outstanding as of June 30, 2021.
4. Equity Funding. A minimum of 2% to 6% of general fund revenues will be applied to CIP capital projects each year. At June 30, 2021, capital expenditures were \$27.2 million which is 7.6% 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, 2021 through 2025, the City plans to use 26.5% 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, 2021 was \$80.8 million or 16% 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

Huntington Ingalls Industries Technical Solutions Division opened the first of two buildings at its Unmanned Systems Center of Excellence complex in Hampton Roads Center North. The 22,000 square foot building is now open for production, and will be joined with a 135,000 square foot second building during the fourth quarter of 2021. This project represents a \$46 million investment, with 269 jobs averaging \$69,000 annually.

The Fort Monroe Authority announced the first phase of a 100 acre multi-phase redevelopment at Fort Monroe. Pack Brothers Hospitality, operating under a 40-year ground lease, will develop a 90-room boutique hotel and conference center, a 500-seat restaurant and a 300-slip marina. The estimated investment is approximately \$40 million.

Four major apartment complexes opened during the fiscal year, attracting new residents to the city. The projects include:

- Monroe Gates Apartments, 162 units – 100% occupied
- Ellipse Urban Apartments, 287 units – 54% occupied
- Lumen Apartments, 300 units – 98% occupied
- Axis At PTC, 169 units – 97% occupied

The aggregate value of these private investments exceeds \$100 million.

Hampton University received the largest single gift in the university's history. MacKenzie Scott donated \$30 million dollars to the university. Unique to this gift, it was made up front and without restrictions. The economic impact of a gift of this magnitude will be significant to the City and the region.

The Landing, a Tapestry Collection by Hilton hotel in Downtown Hampton, completed its renovation of 173 rooms and 7,593 square foot meeting space and represents a \$6 million investment.

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 Comprehensive Annual Financial Report for the fiscal year ended June 30, 2020.

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 2021 Budget document.

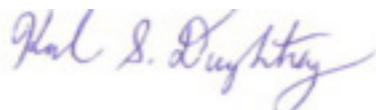
The Hampton Division of Fire and Rescue maintained its Accredited Agency status with the Commission on Fire Accreditation International (CFAI,) for the period of 2021-2026 for meeting the criteria established through the CFAI's voluntary self-assessment and accreditation program. The Hampton Division 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 19th 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
Director of Finance



Brittany Abbott
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 Comprehensive Annual
Financial Report
For the Fiscal Year Ended

June 30, 2020

Christopher P. Morill

Executive Director/CEO





Financial SECTION

Report of Independent Auditor

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

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Downtown Hampton Development Partnership, Inc., which represents 1.0% and 0.3% of the assets and revenues, respectively, of the aggregate discretely presented component units. Those financial 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 Development Partnership, Inc., is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Specifications for Audits of Counties, Cities, and Towns*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia. Those standards and specifications require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The financial statements of the Downtown Hampton Development Partnership, Inc. were not audited in accordance with *Government Auditing Standards* or the *Specifications for Audits of Counties, Cities, and Towns*.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, based on our audit and the report of 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, 2021, 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 – General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 18 to the basic financial statements, the City adopted the provisions of Governmental Accounting Standards Board Statement No. 84, *Fiduciary Activities*, effective July 1, 2020. As a result, related net position and fund balance has been restated. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The Introductory Section, Combining and Individual Statements, Supporting Schedules, and Statistical Section, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The Schedule of Expenditures of Federal Awards is presented for the purpose of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The Combining and Individual Statements, Supporting Schedules, and the Schedule of Expenditures of Federal Awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Combining and Individual Statements, Supporting Schedules, and the Schedule of Expenditures of Federal Awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 30, 2021, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Cheryl Bekaert LLP

Virginia Beach, Virginia
November 30, 2021

MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of the City of Hampton, Virginia's (City's) Annual Comprehensive Financial Report presents Management's Discussion and Analysis (MD&A) of the City's financial performance during the fiscal year ended June 30, 2021. The MD&A should be read in conjunction with the transmittal letter and the City's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- The General Fund, on a current financial resource basis, reported revenues in excess of expenditures and other financing sources and uses by \$15.5 million (Exhibit A-4) after making a \$76.9 million payment to Hampton City Schools, \$27.2 million transfer to Capital Projects, \$8.4 million transfer to Enterprise Funds, \$2.0 million to Special Revenue Funds, \$3 million to Internal Service Funds and \$29.9 million to Debt Service Fund.
- On a government-wide basis for governmental activities, the City's net position increased by \$27.2 (Exhibit A-2).
- In the City's business-type activities, on a government-wide basis, net position increased by \$2.5 million (Exhibit A-2).
- The City's net position, excluding component units, on the government-wide basis, totaled \$699.3 million at June 30, 2021. Of this amount, \$31.9 million represents restricted net position and \$(30.5) million represents the unrestricted net deficit (unrestricted net position - Exhibit A-1).

USING THE FINANCIAL SECTION OF THE ANNUAL COMPREHENSIVE FINANCIAL REPORT

The Annual Comprehensive Financial Report consists of four (4) sections: introductory, financial, statistical and financial compliance reports for federal funds. The financial section consists of three (3) sections: management's discussion and analysis; basic financial statements; and supplementary information.

GOVERNMENT-WIDE 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. *The Statement of Net Position* (Exhibit A-1) presents information on all of the City's assets, liabilities and deferred inflows/outflows of resources reported using the full accrual basis of accounting. *The Statement of Activities* (Exhibit A-2) presents all of the City's current year's revenues and expenses, regardless of when cash is received or paid.

The two government-wide statements report the City's net position and changes in net position. The City's net position presents financial 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 the City's net position are one indicator of whether its financial position is improving or deteriorating. However, other non-financial factors will need to be considered, such as changes in the City's property tax base and the condition of the City's infrastructure.

The Statement of Activities presents information showing how the City's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying 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).

In the *Statement of Net Position* (Exhibit A-1) and the *Statement of Activities* (Exhibit A-2), the City is divided into the following:

- Governmental activities – The City's basic municipal services are reported here, including general government, public safety, public works, human services, and culture and recreation. Property taxes, other local taxes and state and federal grants finance most of these activities.
- Business-type activities – The City charges fees to customers to help cover all or most of the cost of certain services it provides. The City's coliseum, steam plant, golf courses, museum, convention center, sewer and trash collection operations are reported in this section.
- Component units – The City includes four separate legal entities in its report – the Hampton City School Board, Hampton Economic Development Authority, Coliseum Central Business Improvement District, Inc.

and Downtown Hampton Development Partnership, Inc. Although legally separate, these component units are important because the City is financially accountable for these entities.

FUND FINANCIAL STATEMENTS

The fund financial statements provide more information about the City's most significant funds – not the City as a whole. Funds are accounting units that the City uses to keep track of specific sources of funding and spending for particular purposes. The City of Hampton uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

The City has three types of funds:

- **Governmental funds** – Most of the City's basic services are reported in governmental funds, which focus on (1) the inflows and outflows of cash and other financial assets that can readily be converted into cash and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements (Exhibits A-3, A-4 and A-5) provide a short-term view that helps the reader determine whether there are more or fewer financial resources that can be spent in the future to finance the City's programs. Because this information does not address the long-term focus of the government-wide statements, additional information is provided at the bottom of the governmental funds statements that explains the relationship (or differences) between these statements. The City maintains nine individual governmental funds.
- **Proprietary funds** – Services for which the City charges customers a fee are generally reported in proprietary funds. These funds, like the government-wide statements, provide both long and short-term financial information. The City's enterprise funds (one type of proprietary fund) are its business-type activities, but the fund financial statements provide more detail and additional information, such as cash flow. The City maintains eight individual enterprise funds. The City uses four internal service funds (the other type of proprietary fund) to report activities that provide supplies and services for the City's other programs and activities. These funds provide for the accumulation of money to replace capital equipment used in the City's operations, maintenance services for the City's vehicle fleet, risk management and computer and telecommunication services. The basic proprietary funds financial statements can be found in Exhibits A-6, A-7 and A-8 of this report.
- **Fiduciary funds** – The City is the trustee, or fiduciary, for its employees' pension plan. The City's custodial funds are used to report fiduciary activities that are not held in a trust or similar arrangement. These funds are utilized to provide accountability of client monies for which the City is custodian. All of the City's fiduciary activities are reported in separate statements of fiduciary net position and statements of changes in fiduciary net position. The basic fiduciary funds financial statements can be found in Exhibits A-9 and A-10 of this report. The City excludes fiduciary activities from the City's government-wide statements because the City cannot use these assets to finance its operations. Effective July 1, 2020, the agency fund designation will no longer be used.

FINANCIAL ANALYSIS OF THE CITY AS A WHOLE

Table I
Summary of Statement of Net Position (In Thousands)
June 30, 2021 and 2020

	Governmental Activities		Business-type Activities		Total Primary Government		Component Units	
	2021	2020	2021	2020	2021	2020	2021	2020
Current and other assets	\$ 352,798	\$ 303,637	\$ 74,367	\$ 71,298	\$ 427,165	\$ 374,935	\$ 72,707	\$ 58,747
Capital assets	848,904	851,212	133,934	136,907	982,838	988,119	44,070	43,918
Total assets	<u>1,201,702</u>	<u>1,154,849</u>	<u>208,301</u>	<u>208,205</u>	<u>1,410,003</u>	<u>1,363,054</u>	<u>116,777</u>	<u>102,665</u>
Deferred outflows of resources	61,246	39,229	7,248	5,894	68,494	45,122	52,052	38,791
Current liabilities	107,832	88,268	11,575	10,093	119,407	98,361	45,900	41,306
Long-term liabilities	510,555	489,761	82,928	85,872	593,482	575,632	224,299	209,771
Total liabilities	<u>618,386</u>	<u>578,029</u>	<u>94,503</u>	<u>95,965</u>	<u>712,890</u>	<u>673,994</u>	<u>270,199</u>	<u>251,077</u>
Deferred inflows of resources	60,054	59,564	6,298	5,853	66,352	65,417	31,213	29,962
Net position								
Investment in capital assets	\$ 626,391	626,982	71,434	69,561	697,825	696,543	43,320	42,809
Restricted	23,793	20,198	8,119	7,906	31,912	28,104	1,109	1,336
Unrestricted (deficit)	(65,677)	(90,695)	35,194	34,813	(30,483)	(55,882)	(177,011)	(183,727)
Total net position	<u>\$ 584,507</u>	<u>\$ 556,485</u>	<u>\$ 114,748</u>	<u>\$ 112,280</u>	<u>\$ 699,255</u>	<u>\$ 668,765</u>	<u>\$ (132,583)</u>	<u>\$ (139,583)</u>

The City's combined net position (which is the City's bottom line) increased by \$30.5 million in fiscal year 2021. Approximately 4% represents resources that are subject to external restrictions. Net investment in capital assets represents 100% of net position. These assets are used to provide services to citizens and consequently are not available for future spending. The City's unrestricted net deficit totals \$(30.5) million.

Table II
Summary of Changes in Net Position (In Thousands)
For the Fiscal Year Ended June 30, 2021 and 2020

	Governmental Activities		Business-type Activities		Total Primary Government		Component Units	
	2021	2020	2021	2020	2021	2020	2021	2020
Revenues:								
Program Revenues:								
Charges for service	\$ 32,589	\$ 30,957	\$ 34,240	\$ 46,499	\$ 66,829	\$ 77,456	\$ 6,891	\$ 8,204
Operating grants and contributions	107,265	87,237	3,744	955	111,009	88,192	175,864	158,716
Capital grants and contributions	3,148	5,078	667	-	3,814	5,078	1,391	154
General revenues:								
Property taxes	179,134	171,639	-	-	179,134	171,639	-	-
Other taxes	89,673	83,080	-	-	89,673	83,080	-	-
Other	794	4,463	292	891	1,085	5,354	81,037	79,409
Total revenues	412,601	382,454	38,943	48,345	451,544	430,799	265,181	246,483
Expenses								
General government	129,971	103,285	-	-	129,971	103,285	7,024	6,282
Public safety	77,266	80,967	-	-	77,266	80,967	-	-
Highways and streets	16,752	17,369	-	-	16,752	17,369	-	-
Sanitation	-	-	30,002	26,728	30,002	26,728	-	-
Health	7,979	1,360	-	-	7,979	1,360	-	-
Human services	31,250	35,859	-	-	31,250	35,859	-	-
Culture and recreation	15,807	18,349	15,064	25,668	30,870	44,017	-	-
Education - payment to School Board	76,948	75,572	-	-	76,948	75,572	-	-
Educational	12,493	13,202	-	-	12,493	13,202	252,116	234,268
Interest on long-term debt	8,304	9,246	-	-	8,304	9,246	-	-
Total expenses	376,772	355,209	45,065	52,396	421,836	407,605	259,140	240,549
Increase (decrease) in net position before transfers	35,830	27,245	(6,123)	(4,052)	29,707	23,193	6,041	5,933
Transfers	(8,591)	(8,558)	8,591	8,558	-	-	-	-
Increase in net position	27,239	18,687	2,468	4,506	29,707	23,193	6,041	5,933
Net position, July 1,	556,486	537,798	112,280	107,774	668,766	645,572	(138,624)	(145,517)
Restatement	782	-	-	-	782	-	-	-
Net position, July 1, (restated)	557,268	537,798	112,280	107,774	669,548	645,572	(138,624)	(145,517)
Net position, June 30	\$ 584,507	\$ 556,485	\$ 114,748	\$ 112,280	\$ 699,255	\$ 668,765	\$ (132,583)	\$ (139,584)

GOVERNMENTAL ACTIVITIES

For the fiscal year ended June 30, 2021, revenues from governmental activities totaled \$412.6 million. Revenues from governmental activities increased by approximately \$30.1 million. Capital grants and contributions totaled \$3.1 million, a \$1.9 million decrease over fiscal year 2020. The majority of funding in capital grants and contributions consists of federal and state funding for various road projects throughout the City.

Property taxes, the City's largest revenue source, were \$179.1 million, increasing \$7.5 million over fiscal year 2020 primarily as a result of additional supplemental real estate assessments for new construction and for reassessments of existing properties. Program revenues for governmental activities totaled \$143.0 million. Program revenues are derived from the program itself and reduce the cost of the function to the City. One of the most significant of these revenues is the revenue category "Operating Grants and Contributions". These revenues totaled \$107.3 million for the year ended June 30, 2021, a \$20 million increase over the prior year.

The other taxes revenue category, which includes taxes on general sales, utilities purchases, cigarettes, hotel rooms, restaurant meals, amusements, and business and automobile licenses, totaled \$89.7 million, an increase of \$6.6 million over fiscal year 2020. Business license, sales and use tax and license tax pari-mutuel increased by \$.134 million, \$1.1 million and \$.8 million, respectively. In addition, meal tax revenues decreased by \$540 million and lodging and transit taxes decreased by \$.4 million.

For the fiscal year ended June 30, 2021, expenses for governmental activities, excluding transfers totaled \$376.8 million, increased by \$21.6 million over the prior fiscal year. The increase is a result of the City spending \$20.9 million of the CARES Act Grant, awarded in fiscal year 2020.

BUSINESS-TYPE ACTIVITIES

Business-type activities generated revenues of \$39 million, a decrease of \$9.4 million when compared to the previous year. The majority of this variance is due to a \$12 million decrease in charges for services. Expenses for business-type activities totaled \$45.1 million, a decrease of \$7.3 million over the prior year. The Coliseum experienced a \$4.2 million decrease in revenues along with a \$2.8 million increase in expenses as a result of canceled events in 2021 due to the COVID-19 pandemic.

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

The General Fund's fund balance increased by \$15.5 million over fiscal year 2020 primarily due to unexpended appropriations for the year. Due to the COVID-19 global pandemic all city departments were required to defer non-essential purchasing.

The Capital Projects Fund reflected an increase in fund balance of \$9.7 million as a result of proceeds from bonds totaling \$10.7 million.

GENERAL FUND BUDGETARY HIGHLIGHTS

Each year, the City allocates a specific portion of unassigned fund balance to be used for one-time operational costs in the preceding year. For fiscal year 2021, a total of \$3.7 million was appropriated from unassigned fund balance for one-time funding items. Under the City's budget savings program, the remaining budget savings of \$1.1 million was rolled from fiscal year 2020 to fiscal year 2021. City Council adopted a budget savings program whereby departments will retain 50 percent of their end of the fiscal year budget savings, 15 percent will be placed into an innovations pool, 15% will be placed in a computer replacement program and \$415,000 will be designated for drainage projects. In addition, the City reappropriated grants, donations, and other revenues.

Actual expenditures and transfers were \$23 million below the final budget. A significant amount of this variance (\$14.3 million) occurred in the general government function, specifically in non-departmental in the amount of \$4.8 million, retirement and employee benefits in the amount of \$4.0 million. Also contributing to this variance was unused budget savings under the City's budget savings program of \$1.3 million. A \$5.5 million variance was noted in transfers to other funds, primarily for the transfer to the Debt Service Fund.

Revenues exceeded budget by \$0.7 million. This is primarily due to general property taxes exceeding budget by \$4.0 million due to new real estate development and increases in values of existing properties. Also contributing to this variance is business license taxes, sales and use taxes tracking over budget by \$2.9 million, \$2.5 million,

respectively. This increase was offset by lodging and transit taxes, amusement taxes, special assessments, and interest on investments tracking under budget by \$ 1 million, \$.995 million, \$3 million and \$1.94 million, respectively.

CAPITAL ASSETS

The total decrease over fiscal year 2020 in the City's investment in capital assets for the current fiscal year is \$5.3 million. At the end of fiscal year 2021, the City had invested approximately \$1 billion in a variety of capital assets and infrastructure, as reflected in the following schedule:

Table III Capital Assets (In Thousands)

	Governmental Activities		Business-type Activities		Total	
	2021	2020	2021	2020	2021	2020
Non-depreciable assets:						
Land and land improvements	\$ 520,287	\$ 519,851	\$ 11,066	\$ 11,066	\$ 531,353	\$ 530,917
Easements	2,226	2,226	29	29	2,255	2,255
Construction in progress	26,374	21,321	1,789	1,221	28,162	22,542
Capital assets being depreciated:						
Buildings and improvements	196,613	196,613	141,790	140,896	338,402	337,509
Improvements other than buildings	69,497	87,653	35,753	35,757	105,251	123,410
Equipment and vehicles	91,957	88,450	34,516	34,645	126,473	123,095
Exhibits	-	-	14,922	14,865	14,922	14,865
Landfill	-	-	3,866	3,866	3,866	3,866
Infrastructure	240,458	231,633	77,136	76,221	317,594	307,854
Computer software	2,267	2,278	402	402	2,669	2,680
Other assets	4,446	4,446	-	-	4,446	4,446
Accumulated depreciation	(305,220)	(303,259)	(187,334)	(182,061)	(492,554)	(485,320)
Total	\$ 848,904	\$ 851,212	\$ 133,934	\$ 136,907	\$ 982,839	\$ 988,120
	School Board		Economic Development Authority		Coliseum Central Business Improvement District, Inc.	
	2021	2020	2021	2020	2021	2020
Component Units						
Non-depreciable assets:						
Land and land improvements	\$ 5,111	\$ 5,111	\$ 22,138	\$ 21,569	\$ -	\$ -
Capital assets being depreciated:						
Buildings and improvements	48,963	48,963	8,673	8,673	-	-
Improvements other than buildings	310	310	1,167	1,167	-	-
Infrastructure	-	-	2,249	2,049	-	-
Computer software	1,132	1,132	-	-	5	5
Equipment and vehicles	32,537	31,368	623	623	165	150
Accumulated depreciation	(75,746)	(74,533)	(3,346)	(2,785)	(151)	(147)
Total	\$ 12,307	\$ 12,351	\$ 31,504	\$ 31,296	\$ 20	\$ 8

Component Units	Downtown Hampton		Total Component Units	
	2021	2020	2021	2020
Non-depreciable assets:				
Land and land improvements	\$ -	\$ -	\$ 27,249	\$ 26,680
Other capital assets:				
Buildings and improvements	-	-	57,636	57,636
Improvements other than buildings	-	-	1,477	1,477
Infrastructure	489	486	2,738	2,536
Computer software	13	13	1,150	1,150
Equipment and vehicles	144	142	33,470	32,283
Accumulated depreciation	(408)	(377)	(79,650)	(77,843)
	<u>\$ 238</u>	<u>\$ 264</u>	<u>\$ 44,070</u>	<u>\$ 43,919</u>

The capital plan set forth \$83.5 million to be spent during fiscal year 2021 in various projects including \$12 million in stormwater maintenance projects; \$8.3 million in Hampton City Schools maintenance and technology; \$9.3 million to replace the entire inventory of public safety radios and microphones; \$7 million to relocate and construct Wythe Fire Station; \$6.7 million for street and infrastructure improvements; \$5 million for Buckroe Pier maintenance and improvement; and \$4.5 million for a new splash park. Additional information about the City's capital assets can be found in Note 6 to the financial statements.

LONG-TERM DEBT

At the end of fiscal year 2021, the City had \$269.1 million in outstanding general obligation bonds and \$68.6 million in outstanding revenue bonds. More detailed information about the City's long-term liabilities is presented in Note 8 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, 2021, the City's aggregate general obligation indebtedness is \$809 million below this limit.

Table IV

Change in General Obligation and Revenue Bonds (In Thousands)

June 30, 2021 and 2020

	Governmental Activities		Business-type Activities		Total	
	2021	2020	2021	2020	2021	2020
General Obligation bonds	\$ 266,059	\$ 264,453	\$ 1,071	\$ 1,547	\$ 267,130	\$ 266,000
Direct placement general obligation bonds	1,977	10,795	-	-	1,977	10,795
Direct placement revenue bonds	-	-	68,600	72,530	68,600	72,530
Unamortized premium	26,294	30,518	393	786	26,687	31,304
Total primary government	<u>\$ 294,330</u>	<u>\$ 305,766</u>	<u>\$ 70,064</u>	<u>\$ 74,863</u>	<u>\$ 364,394</u>	<u>\$ 380,629</u>

Component Unit - Economic Development Authority

Revenue bonds	<u>\$ 191</u>	<u>\$ 665</u>
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NEXT YEAR'S BUDGET

The City's staff and City Council considered many factors when developing the fiscal year 2022 budget. The fiscal year 2022 approved budget for the General Fund is \$530.3 million, a 2.61% increase over fiscal year 2021. The top priority for the fiscal year 2022 budget will be to maintain existing service levels by keeping the City workforce employed and avoiding any adverse impacts on staff during the COVID-19 pandemic.

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.

**CITY OF HAMPTON, VIRGINIA
Statement of Net Position
June 30, 2021**

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total Primary Government	
ASSETS				
Cash and cash equivalents	\$ 233,547,645	\$ 35,512,862	\$ 269,060,507	\$ 27,690,392
Cash with fiscal agent	359,441	-	359,441	9,687,969
Investments	95,358,680	-	95,358,680	584,788
Accounts receivable	8,737,072	6,685,704	15,422,776	732,868
Lease receivable	-	-	-	196,987
Due from component units	49,674	15,921	65,595	-
Due from Primary Government	-	-	-	87,404
Internal balances	(11,147,192)	11,147,192	-	-
Due from other governments	17,312,303	2,731,784	20,044,087	7,293,824
Inventories	311,516	386,381	697,897	579,432
Prepaid items	384,575	43,633	428,208	67,736
Temporarily restricted assets:				
Cash and cash equivalents	-	1,859,902	1,859,902	1,109,121
Cash with fiscal agent	-	485,672	485,672	-
Investments	-	14,555,027	14,555,027	-
Notes receivable	-	5,444	5,444	89,202
Land held for sale	-	-	-	16,082,552
Capital assets not being depreciated	548,886,609	12,884,052	561,770,661	27,249,347
Capital assets, net of accumulated depreciation	300,017,459	121,049,505	421,066,964	16,820,543
Net pension asset	7,883,772	937,590	8,821,362	8,505,074
Total assets	1,201,701,554	208,300,669	1,410,002,223	116,777,239
DEFERRED OUTFLOWS OF RESOURCES				
Deferred charge on refunding	4,954,317	3,121,291	8,075,608	-
Related to pensions	40,094,342	3,235,047	43,329,389	46,843,447
Related to other postemployment benefits	16,197,609	891,889	17,089,498	5,208,967
Total deferred outflows of resources	61,246,268	7,248,227	68,494,495	52,052,414
LIABILITIES				
Accounts payable and other liabilities	40,896,297	1,951,621	42,847,918	22,799,921
Due to component units	87,404	-	87,404	-
Due to Primary Government	-	-	-	65,595
Unearned revenues	27,520,927	2,873,191	30,394,118	3,002,921
Current liabilities payable from restricted assets	-	800,090	800,090	-
Notes and other long-term payables:				
Due within one year	13,751,622	946,731	14,698,353	19,840,651
Due in more than one year	241,800,409	17,867,530	259,667,939	224,298,714
Bonds Payable:				
Due within one year	25,575,625	5,003,852	30,579,477	191,139
Due in more than one year	268,754,120	65,060,164	333,814,284	-
Total liabilities	618,386,404	94,503,179	712,889,583	270,198,941
DEFERRED INFLOWS OF RESOURCES				
Deferred charge on refunding	1,426,451	1,224,816	2,651,267	-
Property taxes collected in advance	2,112,725	-	2,112,725	-
Related to pensions	15,310,236	1,559,616	16,869,852	28,433,102
Related to other postemployment benefits	41,204,652	3,513,692	44,718,344	2,780,357
Total deferred inflows of resources	60,054,064	6,298,124	66,352,188	31,213,459
NET POSITION				
Net investment in capital assets	626,390,870	71,434,525	697,825,395	43,319,547
Restricted for:				
Capital projects	9,303,721	-	9,303,721	-
Debt service	80,379	-	80,379	-
Public safety projects	1,508,614	-	1,508,614	-
Stormwater management	8,644,727	-	8,644,727	-
Human services	842,853	-	842,853	-
Bond indenture	-	8,119,162	8,119,162	1,109,121
Culture and recreation	53,420	-	53,420	-
Physical environment	201,538	-	201,538	-
Education	6	-	6	-
Community development	896,581	-	896,581	-
Operations and maintenance	73,096	-	73,096	-
Other purposes	2,188,272	-	2,188,272	-
Unrestricted (deficit)	(65,676,723)	35,193,906	(30,482,817)	(177,011,415)
Total net position (deficit)	\$ 584,507,354	\$ 114,747,593	\$ 699,254,947	\$ (132,582,747)

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

CITY OF HAMPTON, VIRGINIA Statement of Activities For the Year Ended June 30, 2021

Functions/Programs	Program Revenues				Net (Expenses) Revenue and Change in Net Position			Discretely Presented Component Units
	Expenses	Operating Grants		Capital Grants	Primary Government		Total	
		Charges for Services	and Contributions		and	Governmental Activities		
Primary Government								
Governmental activities:								
General government	\$ 129,970,237	\$ 25,996,551	\$ 55,352,435	\$ 438,050	\$ (48,183,201)	\$ -	\$ (48,183,201)	
Public safety	77,266,421	5,984,582	11,529,322	-	(59,752,517)	-	(59,752,517)	
Highways and streets	16,751,720	-	17,241,504	2,709,766	3,199,550	-	3,199,550	
Health	7,979,401	-	-	-	(7,979,401)	-	(7,979,401)	
Human services	31,249,845	90,682	22,615,220	-	(8,543,943)	-	(8,543,943)	
Culture and recreation	15,807,412	513,829	110,684	-	(15,182,899)	-	(15,182,899)	
Education (payment to school district)	76,948,468	-	-	-	(76,948,468)	-	(76,948,468)	
Education and educational services	12,493,266	2,862	191,859	-	(12,298,545)	-	(12,298,545)	
Interest on long-term debt	8,303,825	-	224,173	-	(8,079,652)	-	(8,079,652)	
Total Governmental Activities	376,770,595	32,588,506	107,265,197	3,147,816	(233,769,076)	-	(233,769,076)	
Business-type activities								
Culture and recreation	15,063,648	2,979,291	3,744,290	574,325	-	(7,765,742)	(7,765,742)	
Sanitation	30,001,701	31,260,823	-	91,196	-	1,350,318	1,350,318	
Total Business-type activities	45,065,349	34,240,114	3,744,290	665,521	-	(6,415,424)	(6,415,424)	
Total Primary Government	421,835,944	66,828,620	111,009,487	3,813,337	(233,769,076)	(6,415,424)	(240,184,500)	
Component units								
Public school system	\$ 252,116,109	\$ 5,263,369	\$ 175,121,440	\$ -	\$ -	\$ -	\$ -	\$ (71,731,300)
Economic development authority	5,351,769	692,979	450,000	1,390,600	-	-	-	(2,818,190)
Business improvement	1,107,721	673,232	-	-	-	-	-	(434,489)
Downtown development	564,355	260,944	291,282	-	-	-	-	(12,129)
Total component units	\$ 259,139,954	\$ 6,890,524	\$ 175,862,722	\$ 1,390,600	\$ -	\$ -	\$ -	\$ (74,996,108)
General revenues:								
Taxes:								
Property taxes					179,133,508	-	179,133,508	-
Sales taxes					19,638,545	-	19,638,545	-
Lodging, meal and amusement taxes					27,140,689	-	27,140,689	-
Motor vehicle taxes					4,538,841	-	4,538,841	-
Business license taxes					16,833,382	-	16,833,382	-
Utility taxes					5,015,246	-	5,015,246	-
Tobacco taxes					3,963,864	-	3,963,864	-
Recordation taxes					2,608,536	-	2,608,536	-
Bank stock taxes					688,063	-	688,063	-
Skill Games Tax					303,264	-	303,264	-
License Tax-Par-Mutuel					1,946,700	-	1,946,700	-
Short-term rental taxes					99,086	-	99,086	-
Communication sales tax					6,862,580	-	6,862,580	-
Mobile home titling tax					34,041	-	34,041	-
Payments from (to) City					-	-	-	80,928,328
Investment earnings					590,707	291,754	882,461	37,199
Miscellaneous					202,801	-	202,801	71,429
Transfers					(8,591,161)	8,591,161	-	-
Total general revenues and transfers					261,008,692	8,882,915	269,891,607	81,036,956
Change in net position (deficit)					27,239,616	2,467,491	29,707,107	6,040,848
Net position(deficit), beginning of year (as restated)					557,267,738	112,280,102	669,547,840	(138,623,595)
Net position(deficit), ending					\$ 584,507,354	\$ 114,747,593	\$ 699,254,947	\$ (132,582,747)

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

**CITY OF HAMPTON, VIRGINIA
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2021**

	Special Revenue						Total Governmental Funds
	General Fund	Federal Grants	Economic Development	Debt Service	Capital Projects	Other Governmental Funds	
Assets:							
Cash and cash equivalents	\$ 105,991,139	\$ 27,178,656	\$ 6,539,342	\$ 532,912	\$ 45,993,760	\$ 9,109,682	\$ 195,345,491
Investments	22,634,832	-	-	-	72,723,848	-	95,358,680
Accounts receivables:							
Taxes (net of allowance of uncollectible)	6,300,487	-	-	-	-	-	6,300,487
Due from other governments	10,707,337	5,609,940	-	-	787,708	694,664	17,799,649
Other	1,263,661	107,357	66,342	15	911	441,469	1,879,755
Due from other funds	15,797,317	227,923	-	-	264,804	18,539	16,308,583
Due from component units	2,928	-	12,500	-	-	-	15,428
Inventories	23,117	-	-	-	-	-	23,117
Prepaid items	66,702	6,500	-	-	-	405	73,607
Total assets	\$ 162,787,520	\$ 33,130,376	\$ 6,618,184	\$ 532,927	\$ 119,771,031	\$ 10,264,759	\$ 333,104,797
Liabilities:							
Accounts payable	\$ 8,167,996	\$ 2,206,545	\$ -	\$ -	\$ 6,295,924	\$ 179,382	\$ 16,849,847
Accrued health insurance	12,807,552	-	-	-	-	-	12,807,552
Accrued liabilities	6,931,767	117,735	-	-	-	94,391	7,143,893
Due to other funds	696,257	396,002	-	-	6,153,688	611,734	7,857,681
Due to component units	73,673	13,732	-	-	-	-	87,405
Unearned revenues	193,349	27,422,521	6,185	-	-	-	27,622,055
Total liabilities	28,870,594	30,156,535	6,185	-	12,449,612	885,507	72,368,433
Deferred inflows of resources:							
Unavailable revenue-property taxes	3,935,083	-	-	-	-	-	3,935,083
Property taxes collected in advance	2,112,725	-	-	-	-	-	2,112,725
Unavailable revenue-program income	-	-	-	-	-	218,726	218,726
Unavailable revenue-stormwater fees	-	-	-	-	-	441,469	441,469
Total deferred inflows of resources	6,047,808	-	-	-	-	660,195	6,708,003
Fund balances:							
Nonspendable	89,819	6,500	-	-	-	405	96,724
Restricted	1,410,020	2,948,679	844,161	80,379	569,853	8,718,652	14,571,744
Committed	25,389,529	-	1,322,775	-	103,124,106	-	129,836,410
Assigned	20,157,616	18,662	4,445,063	452,548	3,627,460	-	28,701,349
Unassigned	80,822,134	-	-	-	-	-	80,822,134
Total fund balances	127,869,118	2,973,841	6,611,999	532,927	107,321,419	8,719,057	254,028,361
Total liabilities, deferred inflows of resources and fund balances	\$ 162,787,520	\$ 33,130,376	\$ 6,618,184	\$ 532,927	\$ 119,771,031	\$ 10,264,759	\$ 333,104,797

Reconciliation of Balance Sheet of the Governmental Funds to the Statement of Net Position (Exhibit A-1)

Total fund balances of governmental funds	\$ 254,028,361
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital Assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	833,200,379
Other assets are not available to pay current-period expenditures and, therefore, are deferred in the funds.	4,696,408
Deferred charges on refunding are reported as deferred outflows of resources in the government-wide financial statements, but are not reported in the governmental funds' statements.	4,954,317
Deferred outflows of resources related to pensions are reported in the government-wide financial statements, but are not reported in the governmental funds' statements	40,094,342
Deferred outflows of resources related to other postemployment benefits are reported in the government-wide financial statements, but are not reported in the governmental funds' statements	16,197,609
Deferred charges on refunding are reported as deferred inflows of resources in the government-wide financial statements, but are not reported in the governmental funds' statements	(1,426,451)
Deferred inflows of resources related to pensions are reported in the government-wide financial statements, but are not reported in the governmental funds' statements	(15,310,236)
Deferred inflows of resources related to other postemployment benefits are reported in the government-wide financial statements, but are not reported in the governmental funds' statements	(41,204,652)
Internal service funds are used by management to charge the costs of certain activities to individual funds. The assets, liabilities and deferred flows of resources of the internal service funds are included in governmental activities in the Statement of Net Position. Net position on Combining Statement of Net Position-Internal Service Funds (Exhibit E-1)	39,629,491
Internal service funds deferred outflows of resources related to pensions are reported in the government-wide financial statements, but are not reported in the governmental funds' statements	(646,834)
Internal service funds deferred outflows of resources related to other postemployment benefits are reported in the government-wide financial statements, but are not reported in the governmental funds' statements	(197,319)
Internal service funds deferred inflows of resources related to pensions are reported in the government-wide financial statements, but are not reported in the governmental funds' statements	110,184
Internal service funds deferred inflows of resources related to other postemployment benefits are reported in the government-wide financial statements, but are not reported in the governmental funds' statements	902,547
Other liabilities not paid from current-period revenues are not reported in the funds for:	
Accrued interest	(3,575,470)
Interfund balances related to amounts eliminated in the Statement of Net Position	(19,588,306)
Assets related to pensions are reported in the government-wide financial statements, but are not reported in the governmental funds' statements	7,883,772
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, not reported in the funds.	<u>(535,240,788)</u>
Net position of governmental activities	<u>\$ 584,507,354</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, 2021

	Special Revenue				Capital Projects	Other Governmental Funds	Total Governmental Funds
	General Fund	Federal Grants	Economic Development	Debt Service			
REVENUES							
General property taxes	\$ 179,064,810	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 179,064,810
Other local taxes	89,638,796	-	-	-	-	-	89,638,796
Special assessments	2,834,734	-	-	-	-	-	2,834,734
Intergovernmental revenues:							
From the Commonwealth of Virginia	56,244,639	10,318,712	40,296	-	1,432,304	-	68,035,951
From the Federal government	10,879,131	26,661,366	-	224,173	1,277,753	1,162,743	40,205,166
Permits, privilege fees and regulatory licenses	1,653,937	-	-	-	-	-	1,653,937
Fines and forfeitures	969,430	-	-	-	-	-	969,430
Revenues from use of money and property	552,048	16,978	2,501,499	303	167,861	395,105	3,633,794
Charges for services	8,536,283	-	-	-	-	11,296,520	19,832,803
Payment from component units	2,010,000	-	-	-	-	-	2,010,000
Miscellaneous	4,183,855	433,351	34,617	-	52,953	87,492	4,792,268
Recovered costs	957,640	-	-	-	-	-	957,640
Total revenues	357,525,303	37,430,407	2,576,412	224,476	2,930,871	12,941,860	413,629,329
EXPENDITURES							
Current:							
General government	106,264,136	23,748,045	381,771	-	-	1,666,310	132,060,262
Public safety	48,517,074	5,508,179	-	-	-	-	54,025,253
Highways and streets	2,190,274	-	-	-	-	-	2,190,274
Sanitation	-	-	-	-	-	5,940,426	5,940,426
Health	4,739,689	-	-	-	-	-	4,739,689
Human services	20,989,542	10,244,036	-	-	-	-	31,233,578
Culture and recreation	10,074,422	112,576	-	-	-	-	10,186,998
Education (payment to school district)	76,948,468	-	-	-	-	-	76,948,468
Education and education services	1,987,992	-	-	-	-	-	1,987,992
Capital improvements	-	-	-	-	43,413,580	-	43,413,580
Debt Service:							
Principal retirement	-	-	-	19,331,787	-	-	19,331,787
Interest and fiscal charges	-	-	-	10,814,718	-	-	10,814,718
Bond issuance costs	-	-	-	132,735	259,565	-	392,300
Total expenditures	271,711,597	39,612,836	381,771	30,279,240	43,673,145	7,606,736	393,265,325
Excess (deficiency) of revenues over (under) expenditures	85,813,706	(2,182,429)	2,194,641	(30,054,764)	(40,742,274)	5,335,124	20,364,004
OTHER FINANCING SOURCES (USES)							
Bonds Issued	-	-	-	-	10,725,000	-	10,725,000
Issuance of refunding bonds	-	-	-	16,895,000	-	-	16,895,000
Payment to refunded bond escrow agent	-	-	-	(16,759,771)	-	-	(16,759,771)
Premium on bonds issued	-	-	-	-	1,544,880	-	1,544,880
Transfers in	238,184	3,009,040	-	29,912,607	39,603,807	43,166	72,806,804
Transfers out	(70,508,929)	(8,892)	(1,421,362)	-	(1,417,844)	(11,020,860)	(84,377,887)
Other financing sources (uses), net	(70,270,745)	3,000,148	(1,421,362)	30,047,836	50,455,843	(10,977,694)	834,026
Net change in fund balances	15,542,961	817,719	773,279	(6,928)	9,713,569	(5,642,570)	21,198,030
Fund balances, beginning of year, as restated	112,326,157	2,156,122	5,838,720	539,855	97,607,850	14,361,627	232,830,331
Fund balances, end of year	\$ 127,869,118	\$ 2,973,841	\$ 6,611,999	\$ 532,927	\$ 107,321,419	\$ 8,719,057	\$ 254,028,361

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities (Exhibit A-2)

Net change in fund balance - total governmental funds	\$ 21,198,030
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 expense to allocate those expenditures over the life of the assets. Loss on disposal of assets is not reported in the governmental funds, but is reflected in the Statement of Activities.	
Capital acquisitions	19,158,052
Depreciation expense	(21,066,286)
Loss on disposal of assets	(1,111,350)
Donated assets are not reported in the governmental funds, but are reflected in the Statement of Activities.	359,806
Revenues earned during the period that are not yet available are reported in the Statement of Activities, but not reported as revenues in the funds.	(935,278)
Proceeds from bond issuance and capital 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.	
Increase in compensated absences	(524,254)
Proceeds from debt issuance	(27,620,000)
Payment to refunded bond escrow agent	16,759,771
Repayment of debt principal	19,331,787
Premium on bonds	(1,544,880)
Internal service funds are used by management to charge the costs of certain activities to individual funds. The net revenue of the internal service funds is reported with governmental activities.	4,266,394
Expenses incurred during the period related to liabilities that are still outstanding and not yet due at year-end for accrued interest	111,910
Amortization of premiums	2,555,818
Change in net pension liability, which is recognized as an expense in the Statement of Activities as compared to the pension contributions reported in the governmental funds	(9,153,689)
Change in net other postemployment benefits liability, which is recognized as an expense in the Statement of Activities as compared to the other postemployment benefit contributions reported in the governmental funds	5,453,785
Change in net position of governmental activities	<u>\$ 27,239,616</u>

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
GENERAL FUND
For the Year Ended June 30, 2021

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget
				Over (Under)
REVENUES				
Intergovernmental:				
From the Commonwealth of Virginia	\$ 42,094,510	\$ 57,548,439	\$ 56,244,641	\$ (1,303,798)
From the Federal government	10,645,244	10,645,244	10,879,131	233,887
Local taxes	276,487,111	261,033,182	268,703,606	7,670,424
Special assessments	5,816,696	5,816,696	2,834,734	(2,981,962)
Licenses and permits	1,461,250	1,461,250	1,653,937	192,687
Fines and forfeitures	1,175,625	1,175,625	969,430	(206,195)
Revenues from use of money and property	2,767,086	2,767,086	551,991	(2,215,095)
Charges for services	10,080,959	10,080,959	8,536,282	(1,544,677)
Recovered costs	957,640	957,640	957,640	-
Payment from component units	2,445,974	2,445,974	2,010,000	(435,974)
Miscellaneous	4,363,343	4,247,343	4,183,855	(63,488)
Total revenues	358,295,438	358,179,438	357,525,247	(654,191)
EXPENDITURES				
Current:				
General government	127,266,424	120,530,758	106,264,136	(14,266,622)
Public safety	55,214,161	49,390,944	48,517,074	(873,870)
Highways and streets	2,816,999	2,318,984	2,190,274	(128,710)
Health	4,956,588	4,792,050	4,739,689	(52,361)
Human services	22,703,133	22,169,753	20,989,542	(1,180,211)
Culture and recreation	11,869,753	11,113,505	10,074,422	(1,039,083)
Education	79,085,033	78,956,244	78,936,460	(19,784)
Total expenditures	303,912,091	289,272,238	271,711,597	(17,560,641)
Excess of revenues over expenditures	54,383,347	68,907,200	85,813,650	16,906,450
OTHER FINANCING SOURCES (USES)				
Transfers in	113,292	229,292	238,184	8,892
Transfers out	(60,793,599)	(76,046,045)	(70,508,929)	5,537,116
Total other financing uses, net	(60,680,307)	(75,816,753)	(70,270,745)	5,546,008
Net change in fund balances	(6,296,960)	(6,909,553)	15,542,905	\$ 22,452,458
Appropriations from fund balance	6,296,960	8,163,698		
Appropriations - encumbrances	-	(1,254,145)		
Fund balance - July 1, (as restated)	-	-	112,284,295	
Fund balance - June 30	\$ -	\$ -	\$ 127,827,200	

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

CITY OF HAMPTON, VIRGINIA STATEMENT OF NET POSITION PROPRIETARY FUNDS June 30, 2021

	Business-type Activities - Enterprise Funds					Governmental
	Wastewater Management	Museum	Convention Center	Non-Major Enterprise Funds	Totals	Activities Internal Service Funds
ASSETS						
Current assets:						
Cash and cash equivalents	\$ 13,421,314	\$ 2,238,189	\$ -	\$ 19,853,359	\$ 35,512,862	\$ 38,202,160
Cash with fiscal agent	-	-	-	-	-	359,441
Restricted assets to be used to liquidate current liabilities:						
Revenue bond indenture:						
Cash and cash equivalents	-	-	2,308,773	-	2,308,773	-
Cash with fiscal agent	-	-	-	-	-	-
Accounts receivable, net	1,776,389	339,300	384,784	4,185,231	6,685,704	69,483
Notes receivable	5,444	-	-	-	5,444	-
Due from other funds	33	-	7,868	178,414	186,315	18,493
Due from component units	-	-	-	15,921	15,921	34,246
Due from other governments	-	-	-	2,731,784	2,731,784	-
Inventories	226,585	91,342	-	68,454	386,381	288,399
Prepaid items	-	18,211	22,559	2,863	43,633	310,968
Restricted assets:						
Revenue bond indenture:						
Cash and cash equivalents	-	-	36,801	-	36,801	-
Investments	-	-	14,555,027	-	14,555,027	-
Total current assets	15,429,765	2,687,042	17,315,812	27,036,026	62,468,645	39,283,190
Noncurrent Assets:						
Capital Assets:						
Land	145,615	1,921,420	5,332,402	3,666,904	11,066,341	-
Easements	28,943	-	-	-	28,943	-
Buildings and improvements	2,683,118	33,211,773	89,858,046	16,035,701	141,788,638	-
Improvements other than buildings	290,651	6,800	4,396,862	31,058,985	35,753,298	477,601
Computer software	153,386	-	-	248,343	401,729	215,775
Equipment	5,101,209	4,981,337	1,054,564	23,379,003	34,516,113	46,083,452
Construction in progress	623,380	245,350	846,087	73,951	1,788,768	-
Exhibits	-	14,922,078	-	-	14,922,078	-
Landfill	-	-	-	3,865,986	3,865,986	-
Infrastructure	77,135,530	-	-	-	77,135,530	-
Less accumulated depreciation	(40,965,535)	(47,240,934)	(40,545,639)	(58,581,759)	(187,333,867)	(31,073,139)
Net capital assets	45,196,297	8,047,824	60,942,322	19,747,114	133,933,557	15,703,689
Net pension asset	276,586	-	-	661,004	937,590	-
Total noncurrent assets	45,472,883	8,047,824	60,942,322	20,408,118	134,871,147	15,703,689
Total assets	60,902,648	10,734,866	78,258,134	47,444,144	197,339,792	54,986,879
DEFERRED OUTFLOWS OF RESOURCES						
Deferred charge on refunding	-	-	3,121,291	-	3,121,291	-
Related to pensions	958,000	-	-	2,277,047	3,235,047	646,834
Related to other postemployment benefits	245,556	-	-	646,333	891,889	197,319
Total deferred outflows of resources	1,203,556	-	3,121,291	2,923,380	7,248,227	844,153

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

FUND FINANCIAL STATEMENTS

	Business-type Activities - Enterprise Funds					Governmental
	Wastewater Management	Museum	Convention Center	Non-Major Enterprise Funds	Totals	Internal Service Funds
LIABILITIES						
Current liabilities:						
Accounts payable	\$ 267,135	\$ 330,873	\$ -	\$ 852,930	\$ 1,450,938	\$ 472,906
Accrued liabilities	-	-	90,201	-	90,201	-
Accrued leave	130,258	29,512	-	204,239	364,009	67,808
Due to other funds	2,385	854,525	-	7,770,512	8,627,422	28,289
Unearned revenues	-	417,290	-	2,455,901	2,873,191	-
Current portion of long-term debt	-	-	4,503,231	1,034,880	5,538,111	188,000
Current portion for claims and judgements	-	-	-	-	-	8,911,436
Current liabilities payable from restricted assets:						
Accounts payable	-	-	328,258	-	328,258	-
Accrued interest payable	-	-	471,832	-	471,832	-
Notes payable	-	48,463	-	-	48,463	-
Other liabilities	69,438	66,477	28,523	246,044	410,482	46,626
Total current liabilities	<u>469,216</u>	<u>1,747,140</u>	<u>5,422,045</u>	<u>12,564,506</u>	<u>20,202,907</u>	<u>9,715,065</u>
Noncurrent liabilities:						
Claims payable	-	-	-	-	-	1,028,512
Accrued leave	53,943	-	-	326,722	380,665	87,241
Bonds payable	-	-	64,490,000	570,164	65,060,164	-
Obligations under capital leases	-	-	-	548,411	548,411	893,000
Notes payable	-	198,152	-	-	198,152	-
Net pension liability	3,716,076	-	-	8,832,644	12,548,720	2,509,061
Net other postemployment benefits liability	1,251,312	-	-	2,940,270	4,191,582	955,931
Total noncurrent liabilities	<u>5,021,331</u>	<u>198,152</u>	<u>64,490,000</u>	<u>13,218,211</u>	<u>82,927,694</u>	<u>5,473,745</u>
Total liabilities	<u>5,490,547</u>	<u>1,945,292</u>	<u>69,912,045</u>	<u>25,782,717</u>	<u>103,130,601</u>	<u>15,188,810</u>
DEFERRED INFLOWS OF RESOURCES						
Deferred charge on refunding	-	-	1,224,816	-	1,224,816	-
Related to pensions	460,707	-	-	1,098,909	1,559,616	110,184
Related to other postemployment benefits	1,068,420	-	-	2,445,272	3,513,692	902,547
Total deferred inflows of resources	<u>1,529,127</u>	<u>-</u>	<u>1,224,816</u>	<u>3,544,181</u>	<u>6,298,124</u>	<u>1,012,731</u>
NET POSITION						
Net investment in capital assets	45,196,298	8,047,824	596,744	17,593,659	71,434,525	14,622,689
Restricted	-	-	8,119,162	-	8,119,162	-
Bond indenture	-	-	-	-	-	-
Unrestricted (deficit)	9,890,232	741,750	1,526,658	3,446,967	15,605,607	25,006,802
Total net position (deficit)	<u>\$ 55,086,530</u>	<u>\$ 8,789,574</u>	<u>\$ 10,242,564</u>	<u>\$ 21,040,626</u>	<u>\$ 95,159,294</u>	<u>\$ 39,629,491</u>

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	\$ 95,159,294
Amounts reported for business-type activities in the Statement of Net Position are different because:	
Net revenue of internal service funds are allocated to funds receiving services	458,625
Interfund reimbursement for allocated overhead costs	<u>19,129,674</u>
Net position business-type activities	<u>\$ 114,747,593</u>

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, 2021

	Business-type Activities-Enterprise Funds	
	Wastewater Management	Museum
Operating revenues:		
Charges for services	\$ 8,673,692	\$ 1,031,647
Federal revenues	-	490,000
Other	659	980,122
Total operating revenues	<u>8,674,351</u>	<u>2,501,769</u>
Operating expenses:		
Personal services	2,164,733	909,070
Fringe benefits	1,177,577	241,652
Promoters fees	-	-
Cost of goods sold	307,727	112,848
Utilities	296,986	203,257
Insurance	46,190	65,796
Operating supplies	251,766	312,391
Equipmental rental	-	27,158
Equipment and building repairs	429,479	71,410
Telephone and postage	55,369	17,403
General expense	191,668	181,447
Claims	-	-
Landfill costs	-	-
Contractual services	1,317,613	175,226
Indirect cost	456,000	-
Depreciation and amortization	1,614,587	1,494,703
Total operating expenses	<u>8,309,695</u>	<u>3,812,361</u>
Operating income (loss)	<u>364,656</u>	<u>(1,310,592)</u>
Nonoperating revenues (expenses):		
Interest income	-	5,611
Interest and fiscal charges	-	-
Other	-	-
Gain on disposal of capital assets	3,057	-
Net decrease in fair value of investments	-	-
Total nonoperating revenues (expenses), net	<u>3,057</u>	<u>5,611</u>
Income (loss) before transfers	<u>367,713</u>	<u>(1,304,981)</u>
Capital Contributions	-	-
Transfers in(out)	<u>(113,292)</u>	<u>506,273</u>
Change in net position (deficit)	<u>254,421</u>	<u>(798,708)</u>
Net position, (deficit) beginning of year	<u>54,832,109</u>	<u>9,588,282</u>
Net position, (deficit) end of year	<u>\$ 55,086,530</u>	<u>\$ 8,789,574</u>

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

FUND FINANCIAL STATEMENTS

Exhibit A-7

Business-type Activities - Enterprise Funds			Governmental Activities
Convention Center	Non-Major Enterprise Funds	Totals	Internal Service Funds
\$ 418,870	\$ 21,265,655	\$ 31,389,864	\$ 22,094,504
-	5,613,602	6,103,602	-
-	157	980,938	-
<u>418,870</u>	<u>26,879,414</u>	<u>38,474,404</u>	<u>22,094,504</u>
386,261	6,040,552	9,500,616	1,438,633
154,926	2,777,004	4,351,159	660,605
-	51,781	51,781	-
-	103,049	523,624	3,929,915
499,196	999,676	1,999,115	45,000
68,348	670,671	851,005	2,860,578
126,689	882,366	1,573,212	208,319
-	175,473	202,631	36,091
329,437	1,744,637	2,574,963	660,926
31,286	97,077	201,135	1,183,976
16,956	782,153	1,172,224	106,395
-	-	-	4,987,978
-	6,187,943	6,187,943	-
198,049	3,763,944	5,454,832	1,607,169
-	574,470	1,030,470	-
<u>2,815,197</u>	<u>2,263,718</u>	<u>8,188,205</u>	<u>3,146,230</u>
<u>4,626,345</u>	<u>27,114,514</u>	<u>43,862,915</u>	<u>20,871,815</u>
<u>(4,207,475)</u>	<u>(235,100)</u>	<u>(5,388,511)</u>	<u>1,222,689</u>
556,885	7,463	569,959	40,309
(2,120,736)	(112,170)	(2,232,906)	(24,099)
-	-	-	16,173
-	88,139	91,196	31,401
<u>(278,205)</u>	<u>-</u>	<u>(278,205)</u>	<u>-</u>
<u>(1,842,056)</u>	<u>(16,568)</u>	<u>(1,849,956)</u>	<u>63,784</u>
<u>(6,049,531)</u>	<u>(251,668)</u>	<u>(7,238,467)</u>	<u>1,286,473</u>
23,100	61,225	84,325	-
<u>7,157,357</u>	<u>1,040,824</u>	<u>8,591,162</u>	<u>2,979,921</u>
1,130,926	850,381	1,437,020	4,266,394
<u>9,111,638</u>	<u>20,190,245</u>	<u>93,722,274</u>	<u>35,363,097</u>
<u>\$ 10,242,564</u>	<u>\$ 21,040,626</u>	<u>\$ 95,159,294</u>	<u>\$ 39,629,491</u>

**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	\$ 1,437,020
Interfund reimbursement of overhead costs	<u>1,030,471</u>
Change in net position - Business-type activities	<u>\$ 2,467,491</u> A-2

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, 2021

	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	\$ 8,519,729	\$ 2,412,619	\$ 97,903	\$ 25,216,125	\$ 36,246,376	\$ 23,498,937
Cash payments to suppliers for goods and services	(4,581,070)	(1,198,949)	(1,250,647)	(19,503,097)	(26,533,763)	(14,542,722)
Cash payments to employees for services	(1,990,618)	(929,072)	(379,183)	(6,011,366)	(9,310,239)	(2,004,643)
Net cash provided by (used in) operating activities	1,948,041	284,598	(1,531,927)	(298,338)	402,374	6,951,572
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES						
Cash received from other funds	-	506,273	7,157,357	1,224,410	8,888,040	2,979,921
Cash paid to other funds	(113,292)	-	-	(183,586)	(296,878)	-
Net cash provided by (used in) noncapital financing activities	(113,292)	506,273	7,157,357	1,040,824	8,591,162	2,979,921
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES						
Acquisition and construction of capital assets	(1,206,159)	(721,459)	(834,268)	(2,114,409)	(4,876,295)	(4,950,520)
Proceeds from issuance of long-term debt	-	56,615	-	-	56,615	-
Principal paid on revenue bond maturities and long-term debt	-	-	(4,323,231)	(996,686)	(5,319,917)	(184,000)
Interest paid on revenue bonds and long-term debt	-	-	(2,163,838)	(112,170)	(2,276,008)	(24,099)
Sale of capital assets	3,057	-	-	88,139	91,196	1,483,679
Net cash provided by (used in) capital and related financing activities	(1,203,102)	(664,844)	(7,321,337)	(3,135,126)	(12,324,409)	(3,674,940)
CASH FLOWS FROM INVESTING ACTIVITIES						
Purchase of investment securities	-	-	(8,506,908)	-	(8,506,908)	-
Sale of investment securities	-	-	8,507,048	-	8,507,048	-
Interest and dividends on investments	-	5,611	556,885	7,463	569,959	48,120
Net cash provided by investing activities	-	5,611	557,025	7,463	570,099	48,120
Net increase in cash and cash equivalents (including restricted amounts)	631,647	131,638	(1,138,882)	(2,385,177)	(2,760,774)	6,304,673
Cash and cash equivalents (including restricted), July 1	12,789,667	2,106,551	3,484,456	22,238,536	40,619,210	32,256,928
Cash and cash equivalents, June 30	\$ 13,421,314	\$ 2,238,189	\$ 2,345,574	\$ 19,853,359	\$ 37,858,436	\$ 38,561,601

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

FUND FINANCIAL STATEMENTS

Exhibit A-8

	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)	\$ 364,656	\$ (1,310,592)	\$ (4,207,475)	\$ (235,100)	\$ (5,388,511)	\$ 1,222,689
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:						
Depreciation and amortization expense	1,614,587	1,494,703	2,815,197	2,263,718	8,188,205	3,146,230
Decrease (increase) in:						
Accounts receivable	(166,744)	(169,666)	(313,099)	(850,637)	(1,500,147)	(39,392)
Due from other funds	12,122	-	(7,868)	(145,919)	(141,665)	1,457,862
Due from component units	-	-	-	9,009	9,009	(22,399)
Due from other governments	-	-	-	(2,731,784)	(2,731,784)	50,304
Inventories	26,404	55,447	-	48,177	130,028	613,726
Unearned revenues	-	-	-	-	-	-
Prepaid items	-	(3,304)	(13,261)	-	(16,565)	(1,538,530)
Net pension asset	(276,586)	-	-	(661,004)	(937,590)	-
Increase (decrease) in:						
Accounts payable	(79,484)	141,645	-	(673,343)	(611,182)	8,007
Accrued leave	5,362	(20,002)	-	(4,587)	(19,227)	27,939
Due to other funds	2,385	-	(4,827)	115,288	112,846	2,980
Other liabilities	6,962	15,851	7,078	52,066	81,957	-
Nonoperating revenues reported as operating activity	-	-	-	-	-	16,173
Unearned revenues	-	80,516	-	1,617,101	1,697,617	-
Accrued liabilities	-	-	47,306	-	47,306	1,768,016
Current liabilities payable from restricted assets	-	-	145,022	-	145,022	-
Current portion of long-term accrued claims	-	-	-	-	-	(7,811)
Accounts receivable reported as nonoperating activities	-	-	-	-	-	(14,567)
Long-term accrued leave	(31,714)	-	-	7,956	(23,758)	-
Accounts payable	-	-	-	-	-	-
Long-term accrued insurance claims	-	-	-	-	-	172,184
Net pension and other postemployment benefits liability	851,154	-	-	1,675,499	2,526,653	562,367
Deferred outflows & inflows related to pensions and OPEB	(381,063)	-	-	(784,778)	(1,165,841)	(474,206)
Total adjustments	1,583,385	1,595,190	2,675,548	(63,238)	5,790,884	5,728,883
Net cash provided by (used in) operating activities	\$ 1,948,041	\$ 284,598	\$ (1,531,927)	\$ (298,338)	\$ 402,373	\$ 6,951,572
Non-cash transactions affecting capital and related financing activities:						
Aquisition of capital assets through other funds' capital contribution	\$ -	\$ -	\$ 23,100	\$ 61,225	\$ 84,325	\$ -
Forgiveness of Paycheck Protection Loan	-	190,000	-	-	190,000	-
Total non-cash transactions	\$ -	\$ 190,000	\$ 23,100	\$ 61,225	\$ 274,325	\$ -

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

CITY OF HAMPTON, VIRGINIA
STATEMENT OF FIDUCIARY FUND NET POSITION
June 30, 2021

	Pension Trust Fund		Hampton Employees' Retirement System		Custodial Funds
ASSETS					
Cash and cash equivalents	\$	131,722	\$	3,300,712	
Investments:					
Bond mutual funds		46,264,154		-	
Stock mutual funds		100,255,101		-	
Accounts Receivable		-		318,198	
Property, Plant, and Equipment:					
Equipment		5,976		-	
Less accumulated depreciation		(4,541)		-	
Total assets		146,652,412		3,618,910	
DEFERRED OUTFLOWS OF RESOURCES					
Related to pensions		34,574		-	
Related to other postemployment benefits		9,637		-	
Total deferred outflows of resources		44,211		-	
LIABILITIES					
Accounts payable and other liabilities		117,640		535,226	
Net pension liability		134,113		-	
Net other postemployment benefit liability		19,105		-	
Total liabilities		270,858		535,226	
DEFERRED INFLOWS OF RESOURCES					
Related to pensions		5,889		-	
Related to other postemployment benefits		21,939		-	
Total deferred inflows of resources		27,828		-	
NET POSITION					
Restricted for:					
Individuals, organizations, other governments		-		3,083,684	
Net position restricted for benefits		146,397,937		-	
Total net position	\$	146,397,937	\$	3,083,684	

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

**CITY OF HAMPTON, VIRGINIA
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
For the Year Ended June 30, 2021**

	Pension Trust Fund	
	Hampton Employees' Retirement System	Custodial Funds
ADDITIONS		
Contributions:		
Employer	\$ 6,549,743	\$ -
Members	-	1,195,968
Individuals	-	380,966
Total contributions	<u>6,549,743</u>	<u>1,576,934</u>
Investment income:		
Net increase in fair value of investments	29,902,686	-
Interest, dividends, other	2,393,151	4,572
Total investment earnings	<u>32,295,837</u>	<u>4,572</u>
Less investment expenses	(24,938)	-
Net investment earnings	<u>32,270,899</u>	<u>4,572</u>
State revenues	-	-
Income tax and fees collected for the State	-	2,292,308
Special assessment collected for other entities	-	593,831
Other custodial fund collections	-	5,225
Total additions	<u>38,820,642</u>	<u>4,472,870</u>
DEDUCTIONS		
Beneficiary payments to individuals	16,082,904	1,613,475
Administrative expense	218,646	145,093
Income tax and fees distributions to the State	-	2,292,318
Special assessment distributions to other entities	-	593,831
Total deductions	<u>16,301,550</u>	<u>4,644,717</u>
Change in net position	22,519,092	(171,847)
Net position, July 1, (as restated)	<u>123,878,845</u>	<u>2,945,528</u>
Net position, June 30	<u>\$ 146,397,937</u>	<u>\$ 2,773,681</u>

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, 2021

	Governmental Activities	Business-type Activities			Total
	School Board	Economic Development Authority	Coliseum Central Business Improvement District, Inc.	Downtown Hampton Development Partnership, Inc.	
ASSETS					
Cash and cash equivalents	\$ 23,716,762	\$ 2,451,663	\$ 707,369	\$ 814,598	\$ 27,690,392
Cash with fiscal agent	9,687,084	885	-	-	9,687,969
Investments	-	584,788	-	-	584,788
Accounts receivable, net	254,286	109,336	337,603	31,643	732,868
Lease receivable	-	196,987	-	-	196,987
Due from Primary Government	69,460	17,944	-	-	87,404
Due from other governments	7,293,825	-	-	-	7,293,825
Inventories	579,432	-	-	-	579,432
Prepaid items	-	-	4,070	63,666	67,736
Temporarily restricted assets:					
Cash and cash equivalents	-	1,109,121	-	-	1,109,121
Notes receivable	-	89,202	-	-	89,202
Land held for sale	-	16,082,552	-	-	16,082,552
Capital assets not being depreciated	5,111,045	22,138,302	-	-	27,249,347
Capital assets, net of accumulated depreciation	7,196,430	9,366,163	19,528	238,422	16,820,543
Net Pension Asset	8,505,074	-	-	-	8,505,074
Total assets	62,413,398	52,146,943	1,068,570	1,148,329	116,777,240
DEFERRED OUTFLOWS OF RESOURCES					
Related to pensions	46,843,447	-	-	-	46,843,447
Related to other postemployment benefits	5,208,967	-	-	-	5,208,967
Total deferred outflows of resources	52,052,414	-	-	-	52,052,414
LIABILITIES					
Accounts payable and other liabilities	16,763,777	5,941,934	49,016	45,194	22,799,921
Due to Primary Government	53,095	12,500	-	-	65,595
Unearned revenues	2,952,608	-	-	50,313	3,002,921
Notes and other long-term payables:					
Due within one year	19,763,812	76,839	-	-	19,840,651
Due in more than one year	223,625,210	673,504	-	-	224,298,714
Bonds payable:					
Due within one year	-	191,139	-	-	191,139
Total liabilities	263,158,502	6,895,916	49,016	95,507	270,198,941
DEFERRED INFLOWS OF RESOURCES					
Related to pensions	28,433,102	-	-	-	28,433,102
Related to other postemployment benefits	2,780,357	-	-	-	2,780,357
Total deferred inflows of resources	31,213,459	-	-	-	31,213,459
NET POSITION					
Net investment in capital assets	12,307,475	30,754,122	19,528	238,422	43,319,547
Restricted for:					
Bond indenture	-	1,109,121	-	-	1,109,121
Unrestricted (deficit)	(192,213,625)	13,387,784	1,000,026	814,400	(177,011,415)
Total net position (deficit)	\$ (179,906,150)	\$ 45,251,027	\$ 1,019,554	\$ 1,052,822	\$ (132,582,747)

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, 2021**

Functions/ Programs	Expenses	Program Revenues			Net (Expenses) Revenues and Changes in Net Position				
		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	\$252,116,108	\$ 5,263,369	\$ 175,121,440	\$ -	(\$ 71,731,299)	\$ -	\$ -	\$ -	(\$ 71,731,299)
Business-type activities									
Economic development	5,351,769	692,979	450,000	1,390,600	-	(2,818,190)	-	-	(2,818,190)
Business improvement	1,107,721	673,232	-	-	-	-	(434,489)	-	(434,489)
Downtown development	564,355	260,944	291,282	-	-	-	-	(12,129)	(12,129)
Total component units	\$259,139,953	\$ 6,890,524	\$ 175,862,722	\$ 1,390,600	(\$ 71,731,299)	\$ (2,818,190)	\$ (434,489)	\$ (12,129)	\$ (74,996,107)
Payments from (to) City					76,948,468	3,141,446	665,503	172,911	80,928,328
Investment earnings					-	36,332	867	-	37,199
Miscellaneous					28,470	21,567	18,537	2,854	71,428
Total general revenues					76,976,938	3,199,345	684,907	175,765	81,036,955
Change in net position (deficit)					5,245,639	381,155	250,418	163,636	6,040,848
Net position (deficit), beginning of year (as restated)					(185,151,789)	44,869,872	769,136	889,186	(138,623,595)
Net position (deficit), end of year					\$ (179,906,150)	\$ 45,251,027	\$ 1,019,554	\$ 1,052,822	\$ (132,582,747)

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 of Hampton. 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

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 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 (HERS). HERS has previously been reported by the City as a fiduciary activity, but under GAAP, the board now meets the definition of a Fiduciary Component Unit and will be reported as such in Exhibits A-9 and A-10.

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, 2021, the City provided operating and capital support of \$4,698,431 to HRT, \$173,966 to HRPDC, \$10,500 to VPPSA, \$155,802 to HREDA and \$74,435 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).

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:**Hampton-Newport News Community Services Board**

The CSB operates as an agent for the Cities of Hampton and Newport News in the establishment and operation of community mental health, mental retardation and substance abuse programs as provided for in Chapter 10 of Title 37.1 of the *Code of Virginia*, relating to the Virginia Department of Mental Health and Mental Retardation. The CSB designates its own management and adopts its own budget. The operations are financed principally by state and federal funds. The City provided operating support of \$1,785,162 to the CSB during fiscal year 2021.

Eastern Virginia Regional Industrial Facilities Authority

The Eastern Virginia Regional Industrial Facility Authority (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, Chesapeake, Franklin, Poquoson, Williamsburg and the counties of Gloucester, Isle of Wight, 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 \$15,000 to EVRIFA during fiscal year 2021.

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

(proprietary), transfers and the related assets and liabilities are recognized in the accounts and reported in the financial statements.

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

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

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

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 capital 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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

5. Formal budgetary integration is employed as a management control device during the year for the General Fund and School Board Component Unit Operating Fund.
6. Budgets for the City General Fund and School Board Operating Fund are legally adopted on a basis consistent with Generally Accepted Accounting Principles.

Budgeted amounts are as originally adopted or as amended by City Council and the School Board during fiscal year 2021. 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 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.

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

Encumbrances

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

Investments

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

Receivables

Receivables of the General Fund are stated net of an allowance for uncollectible taxes of \$3,933,887. 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).

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 3).

Restricted Assets:

Restricted assets represent the following invested assets set aside in the Convention Center and discretely presented component unit – EDA:

	Convention Center	Component Unit-EDA
Restricted Assets		
Cash:		
Operating and Maintenance Account	\$ -	\$ 195,929
Operating/Capital Reserve Fund	2,308,773	334,952
Debt Service Reserve Fund	36,801	578,240
Investments:		
Operating Reserve Fund	7,468,387	-
Bond Fund	966,800	-
Debt Service Reserve Fund	6,119,840	-
	\$ 16,900,601	\$ 1,109,121

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

Capital Assets

Capital assets, which include property, plant, equipment, infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), and intangible assets (e.g., easements and computer software), 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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

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

The City capitalizes 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 Hampton Employees' Retirement System (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 represents a consumption of net position that applies to a future period(s) 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 represents an acquisition of net position that applies to a future period(s) 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 and program income. 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 other deferred inflows of resources are related to pensions and OPEB, which 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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

Fund Balance

Fund balance is essentially 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.

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 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 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	\$ 23,117	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 23,117
Prepaid items	66,702	66,702	-	-	-	405	67,107
Restricted:							
Debt service	-	-	-	80,379	-	-	80,379
Donations for parks projects	10,000	-	-	-	-	-	10,000
Public safety for hazmat fees	85,283	-	-	-	-	-	85,283
Wetlands Encroachment/ In Lieu	195,130	-	-	-	-	-	195,130
Title IVE	138,446	-	-	-	-	-	138,446
Urban Development Action grant projects	-	-	844,161	-	-	-	844,161
Property acquisition/ redevelopment	-	-	-	-	202,704	-	202,704
Street and Infrastructure projects	-	-	-	-	320,621	-	320,621
Park improvement projects	-	-	-	-	45,860	-	45,860
Facility maintenance and repairs	-	-	-	-	-	73,096	73,096
Law library books and subscriptions	-	-	-	-	-	1,234	1,234
Stormwater management	-	-	-	-	-	8,644,322	8,644,322
Sheriff Weekend Housing and Commissions	907,510	-	-	-	-	-	907,510
City grants	-	2,888,477	-	-	-	-	2,888,477
Donations for bus shelter benches	41,920	-	-	-	-	-	41,920
Fishing pier	9,727	-	-	-	-	-	9,727
Other	22,004	-	-	-	668	-	22,672
Committed:							
Budget savings program	12,499,065	-	-	-	-	-	12,499,065
Computer replacement program	1,944,176	-	-	-	-	-	1,944,176
Debt service	5,041,513	-	-	-	-	-	5,041,513
Home elevation loan program	1,895,218	-	-	-	-	-	1,895,218
Maintenance of driving range	161,114	-	-	-	-	-	161,114
Job creation grants	-	-	905,673	-	-	-	905,673
Emergency Management	14,684	-	-	-	-	-	14,684
Drainage	2,898,745	-	-	-	-	-	2,898,745
Public Works Yard Master Plan	-	-	-	-	131	-	131
Time Accounting/Tyler	-	-	-	-	-	-	-
Munis Project	86,309	-	-	-	1,559,828	-	1,646,137
Reengineering Technology	-	-	-	-	129,316	-	129,316
Aquatics Center	-	-	-	-	24,379,233	-	24,379,233
Streets & Infrastructure projects	-	-	259,490	-	5,865,865	-	6,125,355
Prefunded Capital Projects	-	-	-	-	3,853,998	-	3,853,998
Waterways projects	-	-	-	-	30,734,495	-	30,734,495
Buckroe redevelopment projects	-	-	-	-	7,572	-	7,572
Va Air and Space Museum support/improvements	1,614	-	-	-	691	-	2,305
Coliseum Central projects	-	-	-	-	4,189,007	-	4,189,007
Court buildings project	-	-	-	-	463,484	-	463,484

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

	General	Federal Grants	Economic Development	Debt Service	Capital Projects	Other Governmental Funds	Total Governmental Funds
Downtown strategic projects	-	-	-	-	6,763,908	-	6,763,908
Facilities maintenance projects	-	-	-	-	19,790	-	19,790
Fire and Rescue projects	-	-	-	-	2,553,113	-	2,553,113
Sheriff projects	-	-	-	-	384,036	-	384,036
North King Street Corridor projects	-	-	-	-	31,767	-	31,767
Neighborhood improvement projects	-	-	-	-	3,825,441	-	3,825,441
Parks improvement projects	-	-	-	-	1,262,331	-	1,262,331
Police and E911 equipment	847,091	-	-	-	10,576,299	-	11,423,390
Property acquisition/redevelopment	-	-	11,362	-	4,559,156	-	4,570,518
School projects	-	-	-	-	682,512	-	682,512
Small Business Incubator	-	-	146,250	-	-	-	146,250
Transportation projects	-	-	-	-	158,251	-	158,251
Other	-	-	-	-	360,332	-	360,332
Council Chambers	-	-	-	-	43,296	-	43,296
Economic development projects	-	-	-	-	673,017	-	673,017
MLK Memorial	-	-	-	-	10,299	-	10,299
War Memorial Stadium	-	-	-	-	36,938	-	36,938
Assigned:							
Donations for parks projects	3,297	-	-	-	-	-	3,297
Subsequent year expense	19,794,531	-	-	-	-	-	19,794,531
Proceeds from real estate auctions	25,296	-	-	-	-	-	25,296
Economic development projects	-	-	4,445,063	-	-	-	4,445,063
Transportation projects	84,213	-	-	-	-	-	84,213
Fire and Rescue operations	75,348	-	-	-	-	-	75,348
Debt service	-	-	-	452,548	-	-	452,548
Donations for History Museum	13,357	-	-	-	-	-	13,357
Donations for General Operations	68,831	-	-	-	-	-	68,831
Facility maintenance and repairs	-	-	-	-	207,443	-	207,443
Unappropriated bond interest income-general capital projects	-	-	-	-	3,251,934	-	3,251,934
Line of Duty program	92,743	-	-	-	-	-	92,743
Other	-	18,662	-	-	168,083	-	168,083
Unassigned	80,822,135	-	-	-	-	-	80,822,135
Total Fund Balances	\$127,869,118	\$ 2,973,841	\$ 6,611,999	\$ 532,927	\$107,321,419	\$ 8,719,057	\$ 254,028,361

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

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

The net position(deficit) at June 30, 2021 in the Enterprise Funds are as follows:

	Primary Government	Discretely Presented Component Units
Wastewater Management	55,086,530	\$ -
Museum	8,789,574	-
Hampton Roads Convention Center	10,242,564	-
Non-Major Enterprise:		
Hampton Coliseum	7,802,080	-
The Woodlands Golf Course	(1,031,019)	-
The Hamptons Golf Course	(4,875,660)	-
Solid Waste	11,300,886	-
Refuse-Steam Plant	7,844,339	-
Component Units:		
School Board	-	(179,906,150)
Economic Development Authority	-	45,251,027
Coliseum Central Business Improvement District, Inc.	-	1,019,554
Downtown Hampton Development Partnership, Inc.	-	1,052,822

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 in the Internal Service Funds are as follows:

Internal Service:		
Equipment Replacement	\$	23,501,657
Fleet Management		(798,369)
Risk Management		16,050,639
Information Technology		875,564

Pensions

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

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. 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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

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, 2021 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

Over the past two fiscal years, the City has received approximately \$49.1 million from the Coronavirus Aid, Relief, and Economic Security (CARES) and the American Rescue Plan (ARP) Acts to defray governmental operating costs resulting from the COVID-19 pandemic. During FY21, the City expended \$20,913,848 of \$24,790,039 received from the CARES Act. No ARP funding was expended during FY21 and, therefore, the entire balance of \$24,330,209 is reported as unearned revenue in the basic financial statements. Total unearned revenue as a result of CARES and ARP was \$27,422,521 as of June 30, 2021.

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.

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 in trust by the City for others such as the Hampton Roads Criminal Justice Training Academy; the Eastern Virginia Regional Industrial Facilities Authority; the Hampton Sheriff's Office Inmate Funds; and the Hampton Roads Peninsula Drug Initiative.

3. 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 \$15,797,317 is primarily to cover negative cash balances for several funds and to advance fund capital projects. The due from reflected in the Capital Projects Fund in the amount of \$264,804 is to fund ongoing road maintenance 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	\$ 15,797,317	\$ 696,257
Federal Grants	227,923	396,002
Capital Projects	264,804	6,153,688
Non-Major Governmental Funds	18,539	611,734

Proprietary Funds:

Wastewater Management	33	2,385
Museum	-	854,525
Convention Center	7,868	-
Non-Major Enterprise Funds	178,414	7,770,512
Internal Service Funds	18,493	28,289
Total Primary Government	<u>\$ 16,513,391</u>	<u>\$ 16,513,392</u>

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	\$ -	\$ 73,672	\$ 2,928	\$ -
Primary Government - Governmental Funds	-	13,732	12,500	-
Primary Government - Non-major Enterprise Funds	-	-	15,921	-
Primary Government - Internal Service Funds	-	-	34,246	-
Component Unit - School Board Operating Fund	69,460	-	-	53,095
Component Unit - EDA	17,944	-	-	12,500
Total	<u>\$ 87,404</u>	<u>\$ 87,404</u>	<u>\$ 65,595</u>	<u>\$ 65,595</u>

3. INTERFUND BALANCES, continued:

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, 2021 are as follows:

Primary Government:	Transfer From	Transfer To
General Fund	\$ 238,184	\$ 70,508,929
Special Revenue:		
Federal Grants	3,009,040	8,892
Economic Development	-	1,421,362
Debt Service	29,912,607	-
Capital Projects	39,603,807	1,417,844
Non-Major Governmental Funds	43,166	11,020,860
Proprietary Funds:		
Wastewater Management	-	113,292
Museum	506,273	-
Convention Center	7,157,357	-
Non-Major Enterprise Funds	1,040,824	-
Internal Service Funds	2,979,921	-
Total Primary Government	<u>\$ 84,491,179</u>	<u>\$ 84,491,179</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	\$ -	\$ 79,288,427	\$ 2,010,000	\$ -
Primary Government - Economic Development	-	354,051	-	-
Primary Government - Capital Projects Fund	-	1,285,851	-	-
Component Unit - School Board Operating Fund	76,948,468	-	-	2,000,000
Component Unit - EDA	3,141,446	-	-	10,000
Component Unit - Coliseum BID	665,503	-	-	-
Component Unit - Downtown Hampton	172,911	-	-	-
Total	<u>\$ 80,928,328</u>	<u>\$ 80,928,328</u>	<u>\$ 2,010,000</u>	<u>\$ 2,010,000</u>

4. 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, 2021, the carrying value of the City's deposits was \$14,851,335 and the bank balance was \$10,161,578. All of the bank balances are covered by the Federal Deposit Insurance Corporation (FDIC) and collateralized 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 institutions holding public deposits in excess of the amount insured by the FDIC must pledge collateral to the Commonwealth of Virginia Treasury Board. Financial institutions may choose between two collateralization methodologies and depending upon that choice will pledge collateral that ranges in the amounts from 50% to 130% of excess deposits. The Commonwealth of Virginia Treasury Board is responsible for monitoring compliance with the collateralization and reporting requirements of the Act and notifying local governments of compliance by financial institutions. 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.

4. 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 A-1 rating by S&P and P-1 by Moody's for maturities less than 1 year, and AA by S&P and Aa by Moody's for maturities over one year and not exceeding 3 years. Commercial paper must be rated "Prime Quality" with at least a P-1 rating by Moody's, A-a rating by S&P, and Duff and Phelps within its rating of D-1. Corporate notes and bonds must have a rating of at least A by S&P, and A by Moody's. 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.

4. DEPOSITS AND INVESTMENTS, continued:

As of June 30, 2021, 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	\$ 4,546,125	A-1	\$ 4,546,125	\$ -
Certificate of Deposit	5,186,883	A-1, A-1+, AA-	4,549,917	636,966
U.S. Government securities	33,880,337		4,173,937	29,706,400
Corporate Notes	2,342,723	AAA, AA, AA+, AA-	-	2,342,723
LGIP - City	248,844,204	AAAm	248,844,204	-
State Non-Arbitrage Fund - City	73,690,648	AAAm	73,690,648	-
Mutual and Money Market Funds	1,769,408	Unrated	1,880,421	-
Total Investments Controlled by City	370,260,328		337,685,252	32,686,089
Pension Plan Investments	146,519,255		146,519,255	-
Total	516,779,583		\$ 484,204,507	\$ 32,686,089

Reconciliation to Total Cash and Investments:

Add:

Cash on Hand and in Banks - City	14,006,222
Cash With Fiscal Agent	845,113
Total Deposits and Investments Primary Government and Fiduciary Funds per Exhibits A-1 and A-9	\$ 531,630,918

Component Unit - School Board

	Investment Maturities (in years)	
	Fair Value	Less than 1 year
Repurchase Agreements	\$ 1,300,000	\$ 1,300,000
Total Investments School Board	\$ 1,300,000	\$ 1,300,000

Other Component Units

	Investment Maturities (in years)	
	Fair Value	Less than 1 year
Mutual and Money Market Funds	\$ 1,693,909	\$ 1,693,909
Total Investments Other Component Units	\$ 1,693,909	\$ 1,693,909

4. DEPOSITS AND INVESTMENTS, continued:

Reconciliation of total deposits and investments to the government-wide statements at June 30, 2021:

Primary Government	Governmental Activities	Business-type Activities	Fiduciary Responsibilities	Total
Cash Deposits - City	\$ 6,177,036	\$ 6,996,753	\$ 3,432,434	\$ 16,606,223
Cash With Fiscal Agent - City	359,441	485,672	-	845,113
Mutual and Money Market Funds	-	1,727,011	-	1,727,011
Investments - City	322,729,289	43,204,027	146,519,255	512,452,571
Total Primary Government	\$ 329,265,766	\$ 52,413,463	\$ 149,951,689	\$ 531,630,918
Component Unit - School Board				
Cash Deposits	\$ 22,416,762	\$ -	\$ -	\$ 22,416,762
Cash With Fiscal Agent	9,687,084	-	-	9,687,084
Investments	1,300,000	-	-	1,300,000
Total Component Unit School Board	\$ 33,403,846	\$ -	\$ -	\$ 33,403,846
Other Component Units				
Cash Deposits	\$ -	\$ 3,973,630	\$ -	\$ 3,973,630
Cash With Fiscal Agent	-	885	-	885
Investments	-	1,693,909	-	1,693,909
Total Other Component Units	\$ -	\$ 5,668,424	\$ -	\$ 5,668,424

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.

4. DEPOSITS AND INVESTMENTS, continued:

The following is a summary of the fair value hierarchy for investments of the City as of June 30, 2021:

	Investments at Fair Value June 30, 2021	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	\$ 4,546,125	\$ -	\$ 4,546,125	\$ -
Certificate of Deposit	5,186,883	-	5,186,883	-
Corporate Notes	2,342,723	-	2,342,723	-
U.S. Government Securities	33,880,337	-	33,880,337	-
Total Primary Government	\$ 45,956,068	\$ -	\$ 45,956,068	\$ -
Pension Plan Investments	\$ 146,519,255	\$ 146,519,255	\$ -	\$ -

5. ACCOUNTS RECEIVABLE:

Accounts receivable at June 30, 2021 in the Governmental Funds and School Board are as follows:

	General Fund	Special Revenue- Federal Grants	Special Revenue- Economic Development	Debt Service	Capital Projects	Other Governmental Funds
Primary Government:						
General property taxes (net of allowance for uncollectible taxes of \$3,933,887)	\$ 6,300,487	\$ -	\$ -	\$ -	\$ -	\$ -
Due from Commonwealth of Virginia	9,819,864	1,662,490	-	-	787,708	145,645
Due from Federal Government	887,473	3,947,450	-	-	-	549,019
Other	1,263,661	107,357	66,342	15	911	441,469
Total Primary Government	\$ 18,271,485	\$ 5,717,297	\$ 66,342	\$ 15	\$ 788,619	\$ 1,136,133
Discretely Presented Component Unit - School Board:						
Due from Commonwealth of Virginia			\$ 3,718,673			
Due from Federal Government			3,575,152			
Due from Primary Government			69,460			
Other			254,286			
Total Component Unit			\$ 7,617,571			

6. CAPITAL ASSETS:

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

	Beginning Balance	Additions	Reductions	Ending Balance
Governmental Activities				
Capital assets not being depreciated:				
Land	\$ 519,850,981	\$ 1,539,304	\$ (1,103,413)	\$ 520,286,872
Easements	2,225,615	475	-	2,226,090
Construction in progress	21,321,052	14,312,093	(9,259,498)	26,373,647
Total capital assets not being depreciated	<u>543,397,648</u>	<u>15,851,872</u>	<u>(10,362,911)</u>	<u>548,886,609</u>
Capital assets being depreciated:				
Buildings	196,612,574	-	-	196,612,574
Improvements	87,653,387	1,075,830	(19,231,981)	69,497,236
Computer Software	2,278,037	-	(11,200)	2,266,837
Machinery & Equipment	88,450,196	8,003,011	(4,495,869)	91,957,338
Infrastructure	231,633,256	8,824,880	-	240,458,136
Other Assets	4,446,039	-	-	4,446,039
Total capital assets being depreciated	<u>611,073,489</u>	<u>17,903,721</u>	<u>(23,739,050)</u>	<u>605,238,160</u>
Less accumulated depreciation for:				
Buildings	(70,299,417)	(4,475,336)	-	(74,774,753)
Improvements	(61,593,491)	(3,111,804)	19,231,981	(45,473,314)
Computer Software	(1,670,127)	(235,622)	11,200	(1,894,549)
Machinery & Equipment	(60,072,526)	(6,843,000)	3,007,935	(63,907,591)
Infrastructure	(107,283,935)	(9,318,192)	-	(116,602,127)
Other Assets	(2,339,805)	(228,562)	-	(2,568,367)
Total accumulated depreciation	<u>(303,259,301)</u>	<u>(24,212,516)</u>	<u>22,251,116</u>	<u>(305,220,701)</u>
Total capital assets being depreciated, net	<u>307,814,188</u>	<u>(6,308,795)</u>	<u>(1,487,934)</u>	<u>300,017,459</u>
Governmental activities capital assets, net	<u>\$ 851,211,836</u>	<u>\$ 9,543,077</u>	<u>\$ (11,850,845)</u>	<u>\$ 848,904,068</u>

Primary Government:

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

General capital assets	\$ 833,200,379
Internal service funds	15,703,689
	<u>\$ 848,904,068</u>

6. 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	1,220,854	2,308,930	(1,741,016)	1,788,768
Total capital assets not being depreciated	<u>12,316,138</u>	<u>2,308,930</u>	<u>(1,741,016)</u>	<u>12,884,052</u>
Capital assets being depreciated:				
Buildings	140,895,432	905,673	(12,467)	141,788,638
Improvements	35,756,738	-	(3,440)	35,753,298
Computer Software	401,729	-	-	401,729
Machinery & Equipment	34,645,454	2,504,791	(2,634,132)	34,516,113
Exhibits	14,865,440	56,638	-	14,922,078
Landfill	3,865,986	-	-	3,865,986
Infrastructure	76,221,042	925,267	(10,779)	77,135,530
Total capital assets being depreciated	<u>306,651,821</u>	<u>4,392,369</u>	<u>(2,660,818)</u>	<u>308,383,372</u>
Less accumulated depreciation for:				
Buildings	(78,071,089)	(3,621,593)	571	(81,692,111)
Improvements	(28,266,227)	(1,034,392)	3,440	(29,297,179)
Computer Software	(388,597)	(10,737)	-	(399,334)
Machinery & Equipment	(23,144,534)	(2,050,958)	2,705,419	(22,490,073)
Exhibits	(14,525,525)	(197,025)	-	(14,722,550)
Landfill	(3,674,494)	(4,107)	-	(3,678,601)
Infrastructure	(33,990,490)	(1,129,320)	408	(35,119,402)
Total accumulated depreciation	<u>(182,060,956)</u>	<u>(8,048,132)</u>	<u>2,709,838</u>	<u>(187,399,251)</u>
Total capital assets being depreciated, net	<u>124,590,865</u>	<u>(3,655,763)</u>	<u>49,020</u>	<u>120,984,121</u>
Business-type activities capital assets, net	<u>\$ 136,907,003</u>	<u>\$ (1,346,833)</u>	<u>\$ (1,691,996)</u>	<u>\$ 133,868,173</u>

Depreciation expense was charged to functions/programs of the Primary Government as follows:

	General Capital Assets	Internal Service Funds	Total
Governmental activities			
General government	\$ 3,752,981	\$ 3,146,230	\$ 6,899,211
Health	86,682	-	86,682
Public welfare	946,579	-	946,579
Public safety	3,996,310	-	3,996,310
Streets and highways	7,628,768	-	7,628,768
Culture and recreation	606,385	-	606,385
Education	4,048,581	-	4,048,581
Total depreciation expense - governmental activities	<u>\$ 21,066,286</u>	<u>\$ 3,146,230</u>	<u>\$ 24,212,516</u>
Business - type activities:			
Culture and recreation	\$ 4,677,164		
Sanitation	3,370,968		
Total depreciation expense - business-type activities	<u>\$ 8,048,132</u>		

6. CAPITAL ASSETS, continued:

The City leases certain buildings, equipment and vehicles under capital leases. Included in capital assets are the following amounts applicable to capital leases:

	Governmental Activities	Business-type Activities
Machinery and equipment	\$ 16,609,283	\$ 2,598,500
Less accumulated depreciation	(12,285,581)	(799,674)
Capital assets, net	<u>\$ 4,323,702</u>	<u>\$ 1,798,826</u>

The total amount of equipment acquired through a capital lease during fiscal year ended June 30, 2021 was \$1,295,688. Depreciation expense on the leased assets totaled \$1,901,930 for the fiscal year ended June 30, 2021.

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	31,368,047	1,830,030	(660,680)	32,537,397
Total capital assets being depreciated	<u>81,773,286</u>	<u>1,830,030</u>	<u>(660,680)</u>	<u>82,942,636</u>
Less accumulated depreciation for:				
Buildings	(48,962,686)	-	-	(48,962,686)
Improvements	(290,410)	(15,754)	-	(306,164)
Computer Software	(283,114)	(226,491)	-	(509,605)
Machinery & Equipment	(24,996,863)	(1,625,068)	654,180	(25,967,751)
Total accumulated depreciation	<u>(74,533,073)</u>	<u>(1,867,313)</u>	<u>654,180</u>	<u>(75,746,206)</u>
Total capital assets being depreciated, net	<u>7,240,213</u>	<u>(37,283)</u>	<u>(6,500)</u>	<u>7,196,430</u>
School Board capital assets, net	<u>\$ 12,351,258</u>	<u>\$ (37,283)</u>	<u>\$ (6,500)</u>	<u>\$ 12,307,475</u>

6. CAPITAL ASSETS, continued:

Economic Development Authority:

	Beginning Balance	Additions	Reductions	Ending Balance
Capital assets not being depreciated:				
Land	\$ 21,568,359	\$ 569,943	\$ -	\$ 22,138,302
Total capital assets not being depreciated	21,568,359	569,943	-	22,138,302
Capital assets being depreciated:				
Building	8,672,587	-	-	8,672,587
Improvements	1,167,136	-	-	1,167,136
Infrastructure	2,049,350	200,000	-	2,249,350
Machinery & Equipment	622,848	-	-	622,848
Total capital assets being depreciated	12,511,921	200,000	-	12,711,921
Less accumulated depreciation for:				
Buildings	(676,893)	(289,079)	-	(965,972)
Improvements	(94,920)	(49,140)	-	(144,060)
Infrastructure	(1,680,951)	(102,467)	-	(1,783,418)
Machinery & Equipment	(331,900)	(120,408)	-	(452,308)
Total accumulated depreciation	(2,784,664)	(561,094)	-	(3,345,758)
Total capital assets being depreciated, net	9,727,257	(361,094)	-	9,366,163
Economic Development Authority capital assets, net	\$ 31,295,616	\$ 208,849	\$ -	\$ 31,504,465

Downtown Hampton Development Partnership, Inc:

	Beginning Balance	Additions	Reductions	Ending Balance
Capital assets being depreciated:				
Improvements	\$ 486,343	\$ 2,562	\$ -	\$ 488,905
Computer Software	13,290	-	-	13,290
Machinery & Equipment	141,664	2,500	-	144,164
Total capital assets being depreciated	641,297	5,062	-	646,359
Less accumulated depreciation	(377,405)	(30,532)	-	(407,937)
Downtown Hampton Development Partnership capital assets, net	\$ 263,892	\$ (25,470)	\$ -	\$ 238,422

6. CAPITAL ASSETS, continued:

Coliseum Central Business Improvement District, Inc:

	Beginning Balance	Additions	Reductions	Ending Balance
Capital assets being depreciated:				
Computer Software	\$ 4,580	\$ -	\$ -	\$ 4,580
Machinery & Equipment	150,436	15,048	-	165,484
Total capital assets being depreciated	155,016	15,048	-	170,064
Less accumulated depreciation	(147,420)	(3,116)	-	(150,536)
Coliseum Central Business Improvement District capital assets, net	<u>\$ 7,596</u>	<u>\$ 11,932</u>	<u>\$ -</u>	<u>\$ 19,528</u>

Construction in Progress

Several capital projects were in various stages of completion on June 30, 2021. 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, 2021, construction in progress by project was comprised as follows:

	Project Authorization	Expended to June 30, 2021
<u>Governmental Activities</u>		
Infrastructure	\$ 76,764,818	\$ 16,454,706
Construction	21,517,261	9,918,941
	<u>\$ 98,282,079</u>	<u>\$ 26,373,647</u>
<u>Business-type Activities</u>		
Wastewater Management - Sewer Projects	\$ 4,300,000	\$ 623,380
Solid Waste- Construction and renovation	102,900	73,951
Museum- Construction and renovation	306,744	245,350
Convention Center - Construction and renovation	928,359	846,087
	<u>\$ 5,638,003</u>	<u>\$ 1,788,768</u>

7. 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.

Reconciliation to the General Fund statements (GAAP):

Exhibit A-5 Fund balances, June 30, 2021 (Budget basis)	\$ 127,827,200
Pearl Young Fund's fund balances	41,918
Exhibit A-4 Fund balances, June 30, 2021 (GAAP)	<u>\$ 127,869,118</u>

8. 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, 2021:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities:					
Bonds payable:					
Serial bonds	\$ 264,453,001	\$ 27,620,000	\$ (26,013,787)	\$ 266,059,214	\$ 20,379,378
Direct placement serial bonds	10,795,000	-	(8,818,000)	1,977,000	1,977,000
Unamortized premium and discount	30,517,678	1,544,880	(5,769,027)	26,293,531	3,219,247
Capital leases	-	-	-	-	-
Capital leases - Internal Service Funds	1,265,000	-	(184,000)	1,081,000	188,000
Compensated absences	7,958,804	5,108,632	(4,584,378)	8,483,058	4,584,378
Compensated absences - Internal Service Funds	161,609	61,248	(67,808)	155,049	67,808
Claims and judgements - Internal Service Funds	7,999,748	3,826,930	(1,886,730)	9,939,948	8,911,436
Net OPEB liability - Line of Duty Benefits	15,180,388	4,417,971	(558,933)	19,039,426	-
Net pension liability - Internal Service Funds	1,966,875	542,186	-	2,509,061	-
Net other postemployment benefits liability - Internal Service Funds	935,750	86,273	(66,092)	955,931	-
Net OPEB liability	51,704,096	8,667,903	-	60,371,999	-
Net pension liability	130,660,327	27,824,037	(5,467,806)	153,016,558	-
Governmental activities long-term liabilities	\$ 523,598,276	\$ 79,700,060	\$ (53,416,561)	\$ 549,881,775	\$ 39,327,247

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, 2021

Long-term liabilities (detail above)	\$ 549,881,775
Less debt - Internal Service Fund	(14,640,989)
Combined adjustment	\$ 535,240,786

Section 148 of the Internal Revenue Code of 1986 requires public entities to refund interest earned in excess of interest paid over the first five years outstanding on tax exempt borrowings. The regulations are applicable to borrowings incurred subsequent to August 1986. The City has calculated the rebate due as of June 30, 2021 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.

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

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Business-type Activities:					
Bonds payable:					
Direct placement revenue bonds	\$ 72,530,000	\$ -	\$ (3,930,000)	68,600,000	\$ 4,110,000
Serial bonds	1,546,999	-	(476,213)	1,070,786	500,622
Unamortized premium and discount	786,462	-	(393,232)	393,230	393,230
Total bonds payable	74,863,461	-	(4,799,445)	70,064,016	5,003,852
Capital leases	1,603,142	-	(520,472)	1,082,670	534,259
Notes payable	190,000	246,615	(190,000)	246,615	48,463
Net pension liability	10,319,924	2,590,541	(361,745)	12,548,720	-
Net other postemployment benefit liability	3,893,725	399,717	(101,860)	4,191,582	-
Compensated absences	787,659	326,927	(369,912)	744,674	364,009
Business-type activities long-term liabilities	\$ 91,657,911	\$ 3,563,800	\$ (6,343,434)	\$ 88,878,277	\$ 5,950,583
Component Units:					
School Board:					
Compensated absences	\$ 13,360,478	\$ 11,493,027	\$ (5,339,231)	\$ 19,514,274	\$ 19,514,274
Capital leases	277,309	686,078	(493,133)	470,254	249,538
Net OPEB liability	30,778,033	1,301,456	-	32,079,489	-
Net pension liability	178,030,081	26,984,551	(13,689,627)	191,325,005	-
Total School Board	\$ 222,445,901	\$ 40,465,112	\$ (19,521,991)	\$ 243,389,022	\$ 19,763,812
Economic Development Authority:					
Revenue bonds payable	\$ 665,016	\$ -	\$ (473,877)	\$ 191,139	\$ 191,139
Notes payable	832,500	-	(82,157)	750,343	76,839
Total Economic Development Authority	\$ 1,497,516	\$ -	\$ (556,034)	\$ 941,482	\$ 267,978

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 construction of a convention center, to retire a \$7,585,000 Revenue Bond Anticipation Note issued in connection

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

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, 2021, \$61,815,000 defeased bonds were outstanding.

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

Fiscal year ending June 30	Principal	Interest
2022	\$ 4,110,000	\$ 1,800,054
2023	4,235,000	1,669,137
2024	4,330,000	1,579,277
2025	4,420,000	1,483,640
2026	4,530,000	1,379,990
2027-2031	24,550,000	5,083,409
2032-2035	22,425,000	1,393,995
	\$ 68,600,000	\$ 14,389,502

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
2022	\$ 500,622	\$ 51,401
2023	133,049	26,370
2024	139,060	20,217
2025	145,547	13,785
2026	152,508	7,053
	\$ 1,070,786	\$ 118,826

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

Solid Waste Fund:

On March 23, 2018, the City entered into an equipment lease purchase agreement for \$2,600,000 with Key Government Finance, Inc. to purchase ten refuse trucks. The Lease is payable in 16 quarterly remaining equal installments of \$139,358 at an interest rate of 2.623%. At June 30, 2021, the outstanding balance on the lease is \$1,082,670.

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

Year	Principal	Interest
2022	\$ 534,259	\$ 23,172
2023	548,411	9,019
	<u>\$ 1,082,670</u>	<u>\$ 32,191</u>

Museum Fund:

The Museum applied for a Paycheck Protection Program (PPP) loan made available under the CARES Act. Management is planning to use the PPP proceeds for allowed costs such as payroll, utilities, etc. as outlined by the CARES Act. The Museum received \$190,000 in PPP loan funds with interest at 1% and expected repayment period of two years with monthly payments beginning November 2020. The Museum intends to use the entire loan amount for qualifying expenses. Under the terms of the PPP, certain amounts of the loan may be forgiven if they are used for qualifying expenses as described in the CARES Act.

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

Year	Principal	Interest
2022	\$ 48,463	\$ 2,345
2023	198,152	1,589
	<u>\$ 246,615</u>	<u>\$ 3,934</u>

Discretely Presented Component Unit-EDA:

On September 7, 2001, the EDA issued Lease Revenue Bonds in the amount of \$11,286,888. The proceeds from the bond issue were used to finance the construction of the Peninsula Workforce Development Center. The bonds are payable from revenues generated from the lease of the building with the lease term being equivalent to the life of the bond issue. On each January 1 and July 1 beginning January 1, 2002, to and including July 1, 2021, the EDA shall pay semi-annual installments of principal and interest in the amount of \$495,030.

Details at June 30, 2021 are as follows:

	2002 Revenue Bonds Tax- Exempt
Outstanding Debt	\$191,139
Interest	6.17%
Years of maturity	2022

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

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

Year	Revenue Bonds	
	Principal	Interest
2022	\$ 191,139	\$ 5,924
	\$ 191,139	\$ 5,924

On May 29, 2020, the EDA entered into a note payable with Old Point National Bank to purchase the Phoebus Library. 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
2022	\$ 76,839	\$ 15,215
2023	78,398	13,657
2024	79,987	12,067
2025	81,581	10,474
2026	83,264	8,791
2027-2030	350,274	17,946
	\$ 750,343	\$ 78,150

Discretely Presented Component Unit-School Board:

In 2017, the School Board entered into two master capital lease agreements with Virginia Business Systems. The leases are payable in monthly installments of \$31,343 and \$421, respectively. As of June 30, 2021, the outstanding balances are \$220,620 and \$3,000, respectively. In 2019, the School Board entered into a master capital lease agreement with Canon Financial Services. The lease is payable in monthly installments of \$2,360. As of June 30, 2021, the outstanding balance is \$84,960. In 2020, the School Board entered into a capital lease agreement with Virginia Business Systems. The lease is payable in monthly installments of \$3,221. As of June 30, 2021, the outstanding balance is \$93,420. In 2021, the School Board entered into two capital lease agreements with Virginia Business Systems and Pitney Bowes Global Financial Services. The leases are payable in monthly installments of \$898 and \$899, respectively. As of June 30, 2021 the outstanding balances are \$44,880 and \$23,374, respectively.

Internal Service Funds:

The City is self-insured for workmens’ compensation benefits and general liability insurance claims. At June 30, 2021, the liability for existing claims amounted to \$9,939,948. Workers’ compensation benefit claims are payable weekly or monthly through 2030.

The City has one capital lease obligation reflected in the Internal Service Funds for equipment purchases. The following is a description of that capital lease obligation:

Equipment Replacement Fund:

On August 30, 2019, the City entered into an equipment lease purchase agreement for \$1,378,000 with Key Government Finance, Inc. to purchase two fire trucks. The lease is payable quarterly with an interest rate of 2.015% and matures October 15, 2026. At June 30, 2021 the outstanding balance on the lease is \$1,081,000.

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

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

Year	Accrued Insurance Claims	Capital Lease		
		Year	Principal	Interest
2022	\$ 8,911,436	2022	\$ 188,000	\$ 20,362
2023	302,607	2023	192,000	16,543
2024	282,161	2024	195,000	12,659
2025	197,671	2025	199,000	8,700
2026	129,831	2026	203,000	4,660
2027-2030	116,242	2027	104,000	786
	<u>\$ 9,939,948</u>		<u>\$ 1,081,000</u>	<u>\$ 63,710</u>

General Long-Term Debt:

Details of general obligation bonds and loans reported in the government-wide statements at June 30, 2021 are as follows:

General Obligation Bonds Outstanding	\$268,036,214
Coupon interest rate	2.0% to 5.63%
Years of maturity	2022-2041

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

Year	General Obligation Bonds		Direct Placement General Obligation Bonds	
	Principal	Interest	Principal	Interest
2022	\$ 20,379,378	\$ 10,573,815	\$ 1,977,000	\$ 46,657
2023	21,726,951	9,587,995	-	-
2024	21,315,940	8,549,251	-	-
2025	22,169,453	7,603,666	-	-
2026	23,077,492	6,610,594	-	-
2027-2031	74,365,000	20,157,382	-	-
2032-2036	51,810,000	8,459,807	-	-
2037-2041	31,215,000	2,193,195	-	-
	<u>\$ 266,059,214</u>	<u>\$ 73,735,705</u>	<u>\$ 1,977,000</u>	<u>\$ 46,657</u>

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.

The net proceeds from the 2020B refunding bonds of \$16,759,771 (net of underwriter's discount and issuance costs of \$135,229) were deposited with Regions Bank, Richmond, Virginia (Trustee), under a refunding trust agreement dated as of December 2, 2020. The Trustee used such proceeds to purchase direct, non-callable obligations of the U.S. Treasury including state and local government series (collectively, government obligations). The government

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

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.

This transaction is in substance a defeasance of debt and, accordingly, the refunded bonds (of which \$15,500,000 remain outstanding at June 30, 2021) have been removed from the financial statements and the government obligation will not be recorded in the financial statements.

As a result of the refunding, the City will reduce its total debt service costs by approximately \$976,362 for a net present value savings of \$772,759. The present value savings represents approximately 4.99% of the refunded bonds.

In the government-wide statements this transaction resulted in an economic gain of \$1,321,979.

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 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.

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

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, 2021, \$32,505,000 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, 2021, the City's aggregate general obligation indebtedness was \$269,107,000, which is \$865,000,194 less than the State limit.

Overlapping Debt:

There are no overlapping or underlying tax jurisdictions.

9. 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, 2021:

	Net Pension (Asset)/ Liability	Net Deferred Outflows	Net Deferred Inflows	Pension Expense/ (Reduction)
City:				
VRS	\$ 168,074,339	\$ 43,329,389	\$ (7,380,927)	\$ 32,360,188
HERS	(8,821,362)	-	(9,488,925)	(2,163,304)
Total	<u>\$ 159,252,977</u>	<u>\$ 43,329,389</u>	<u>\$ (16,869,852)</u>	<u>\$ 30,196,884</u>
School Board:				
VRS - Nonprofessional employees	3,166,825	1,349,402	(291,356)	916,843
VRS - Teachers	188,158,180	45,494,045	(18,993,043)	15,836,765
HERS - Nonprofessional employees	(8,505,074)	-	(9,148,703)	(1,635,207)
Total	<u>\$ 182,819,931</u>	<u>\$ 46,843,447</u>	<u>\$ (28,433,102)</u>	<u>\$ 15,118,401</u>

The Hampton Employees' Retirement System reported \$134,113 for net pension liability, \$34,575 deferred outflows of resources, \$5,888 deferred inflows of resources and (\$8,778) pension expense reduction.

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

9. DEFINED BENEFIT PENSION PLANS, continued:

to 1-1/2% of their average final compensation for credited service with VRS resulting for City of Hampton service. Final average compensation is the employee's average salary, excluding overtime, over the three highest consecutive years of credited service as a member. Employees with five years of credited service may retire on or after 55 (age 50 for public safety officers) and receive a reduced retirement benefit. Additionally, a plan amendment passed in 1999 allows for early retirement at age 50 for school and general members having at least 10 years of credited service.

Effective July 1, 2001, a plan amendment provided for a one-time cost of living adjustment of 3.5% 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, 2021, 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	962	1,431
Vested inactive members	88	138
Active members	18	7
Total	1,068	1,576

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 \$3,334,653 and the School Board totaled \$3,215,090 for the year ending June 30, 2021.

Net Pension Liability - HERS:

The City's and School Board's net pension liability was measured as of June 30, 2021 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

Actuarial Assumptions - HERS Retirement Plan

The total pension liability in the June 30, 2021 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	7.0%, net of investment expenses, annually

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.

9. 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%	8.70%
Domestic Equity-Small Cap	9%	9.10%
International Equity	10%	7.80%
Fixed Income	37%	3.50%
Total	100%	

The discount rate used to measure the total pension liability was 7.00 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 (7.00%) 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, 2020	\$ 67,451,297	\$ 56,427,548	\$ 123,878,845
Contribution - employer	3,334,653	3,215,090	6,549,743
Net investment income	16,442,692	15,853,144	32,295,836
Benefit payments	(6,626,601)	(9,456,303)	(16,082,904)
Administrative expense	(124,015)	(119,568)	(243,583)
Net Changes	13,026,729	9,492,363	22,519,092
Balances at June 30, 2021	\$ 80,478,026	\$ 65,919,911	\$ 146,397,937

9. DEFINED BENEFIT PENSION PLANS, continued:

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

	Increase (Decrease)		Net Pension Liability/(Asset) (a)-(b)
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	
Balances at June 30, 2020	\$ 134,881,727	\$ 123,878,845	\$ 11,002,882
Changes for the year:			
Service cost	105,201	-	105,201
Interest	8,891,959	-	8,891,959
Difference between expected and actual experience	1,275,518		1,275,518
Contributions-employer	-	6,549,743	(6,549,743)
Net investment income	-	32,295,836	(32,295,836)
Benefit payments, including refunds of employee contributions	(16,082,904)	(16,082,904)	-
Administrative expense	-	(243,583)	243,583
Net Changes	(5,810,226)	22,519,092	(28,329,318)
Balances at June 30, 2021	\$ 129,071,501	\$ 146,397,937	\$ (17,326,436)

At June 30, 2021, the City and School Board reported a net pension asset of \$8,821,362 and \$8,505,074, respectively.

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

The following presents the net pension liability of the City and School Board, calculated using the discount rate of 7.00%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.00 percent) or 1-percentage higher (8.00 percent) than the current rate:

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Net pension asset- City	\$ 4,485,404	\$ 8,821,362	\$ 12,668,844
Net pension asset- School Board	\$ 4,324,582	\$ 8,505,074	\$ 12,214,606

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

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

For the year ended June 30, 2021, the City and School Board recognized pension expense reduction of (\$2,163,304) and (\$1,635,207), respectively. At June 30, 2021, 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	\$ (9,488,925)	\$ (9,148,703)
Total	\$ (9,488,925)	\$ (9,148,703)

9. 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
2022	\$ (2,453,547)	\$ (2,365,575)
2023	(2,305,542)	(2,222,877)
2024	(2,290,026)	(2,207,918)
2025	(2,439,810)	(2,352,333)
	\$ (9,488,925)	\$ (9,148,703)

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 (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:

9. DEFINED BENEFIT PENSION PLANS, continued:

PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
About Plan 1	About Plan 2	About the Hybrid Retirement Plan
Plan 1 is a defined benefit plan. The retirement benefit is based on a member's age, creditable service and average final compensation at retirement using a formula.	Plan 2 is a defined benefit plan. The retirement benefit is based on a member's age, creditable service and average final compensation at retirement using a formula.	<p>The Hybrid Retirement Plan combines the features of a defined benefit plan and a defined contribution plan.</p> <ul style="list-style-type: none"> • The defined benefit is based on a member's age, creditable service and average final compensation at retirement using a formula. • The benefit from the defined contribution component of the plan depends on the member and employer contributions made to the plan and the investment performance of those contributions. • In addition to the monthly benefit payment payable from the defined benefit plan at retirement, a member may start receiving distributions from the balance in the defined contribution account, reflecting the contributions, investment gains or losses, and any required fees.
Eligible Members	Eligible Members	Eligible Members
Employees are in Plan 1 if their membership date is before July 1, 2010, and they were vested as of January 1, 2013, and they have not taken a refund.	Employees are in Plan 2 if their membership date is on or after July 1, 2010, or their membership date is before July 1, 2010, and they were not vested as of January 1, 2013.	<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 employees • Political subdivision employees* • Members in Plan 1 or Plan 2 who elected to opt into the plan during the election window held January 1-April 30, 2014; the plan's effective date for opt-in members was July 1, 2014
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's 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.	

9. DEFINED BENEFIT PENSION PLANS, continued:

Retirement Contributions	Retirement Contributions	Retirement Contributions
<p>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.</p>	<p>Same as Plan 1.</p>	<p>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.</p>
Service Credit	Service Credit	Service Credit
<p>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.</p>	<p>Same as Plan 1.</p>	<p>Defined Benefit Component:</p> <p>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.</p> <p>Defined Contributions Component:</p> <p>Under the defined contribution component, service credit is used to determine vesting for the employer contribution portion of the plan.</p>
Vesting	Vesting	Vesting
<p>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.</p> <p>Members are always 100% vested in the contributions that they make.</p>	<p>Same as Plan 1.</p>	<p>Defined Benefit Component:</p> <p>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.</p> <p>Defined Contributions Component:</p> <p>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.</p> <p>Members are always 100% vested in the contributions that they make.</p>

9. DEFINED BENEFIT PENSION PLANS, continued:

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

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

Distribution is not required, except as governed by law.

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 1.7%.	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 1.0%. For members that opted into the Hybrid Retirement Plan from Plan 1 or Plan 2, the applicable multipliers for those plans will be used to calculate the retirement benefit for service credited in those plans.
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 1.7% or 1.85% as elected by the employer.		Political subdivision hazardous duty employees: Not applicable. Defined Contribution Component: Not applicable.

9. DEFINED BENEFIT PENSION PLANS, continued:

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. 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.	VRS: Normal Social Security retirement age with at least five years (60 months) of service credit or when their age plus service equals 90. Political subdivisions hazardous duty employees: Same as Plan 1.	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. 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: 50 with at least five years of service credit.	VRS: Age 60 with at least five years (60 months) of service credit. Political subdivisions hazardous duty employees: Same as Plan 1.	Defined Benefit Component: VRS: Age 60 with at least five years (60 months) of service credit. Political subdivisions hazardous duty employees: Not applicable. Defined Contribution Component: Members are eligible to receive distributions upon leaving employment, subject to restrictions.
Cost-of-Living Adjustment (COLA) in Retirement	COLA in Retirement	COLA in Retirement
The Cost-of-Living Adjustment (COLA) matches the first 3% increase in the Consumer Price Index for all Urban Consumers (CPI-U) and half of any additional increase (up to 4%) up to a maximum COLA of 5%.	The Cost-of-Living Adjustment (COLA) matches the first 2% increase in the CPI-U and half of any additional increase (up to 2%), for a maximum COLA of 3%.	Defined Benefit Component: Same as Plan 2. Defined Contribution Component: Not applicable.
Eligibility:	Eligibility:	Eligibility:
For members who retire with an unreduced benefit or with a reduced benefit with at least 20 years of service credit, the COLA will go into effect on July 1 after one full calendar year from the retirement date.	Same as Plan 1.	Same as Plan 1 and Plan 2.

9. DEFINED BENEFIT PENSION PLANS, continued:

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

Exceptions to COLA Effective Dates:

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

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

Exceptions to COLA Effective Dates:

Same as Plan 1.

Exceptions to COLA Effective Dates:

Same as Plan 1 and Plan 2.

Disability Coverage	Disability Coverage	Disability Coverage
Members who are eligible to be considered for disability retirement and retire on disability, the retirement multiplier is 1.7% 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.	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.
VSDP members are subject to a one year waiting period before becoming eligible for non-work related disability benefits.	VSDP members are subject to a one year waiting period before becoming eligible for non-work related disability benefits.	Hybrid members (including Plan 1 and Plan 2 opt-ins) covered under VLDP are subject to a one-year waiting period before becoming eligible for non-work related disability benefits.
Purchase of Prior Service	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>

9. DEFINED BENEFIT PENSION PLANS, continued:

Employees Covered by Benefit Terms - VRS Retirement Plan

As of the June 30, 2020 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	1,764	276
Inactive members:		
Vested inactive members	345	44
Non-vested inactive members	692	116
Active elsewhere in VRS	667	73
Total inactive members	1,704	233
Active members	1,802	184
Total covered employees	5,270	693

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, 2021 was 16.62% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2018. 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 \$18,338,376 and \$17,138,959 for the years ended June 30, 2021 and June 30, 2020, respectively.

For the VRS Retirement Plan, the City’s and School Board’s nonprofessional employees contractually required contribution rates for the year ended June 30, 2021 were 19.09% and 7.03% of covered employee compensation, respectively. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019. This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the City were \$17,029,942 and \$16,118,875 for the years ended June 30, 2021 and June 30, 2020, respectively. Contributions to the pension plan from the School Board were \$256,014 and \$363,067 for the years ended June 30, 2021 and June 30, 2020, 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 GAAP, less that employer’s fiduciary net position. For the City and School Board’s nonprofessional employees net pension liabilities were measured as of June 30, 2020. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation performed as of June 30, 2019, rolled forward to the measurement date of June 30, 2020.

9. DEFINED BENEFIT PENSION PLANS, continued:

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

School Board - Teachers

At June 30, 2021, the School Board - Teachers reported a liability of \$188,158,180 for its proportionate share of the Net Pension Liability. The Net Pension Liability was measured as of June 30, 2020 and the total pension liability used to calculate the Net Pension Liability was determined by an actuarial valuation performed as of June 30, 2019, and rolled forward to the measurement date of June 30, 2020. The School Board's proportion of the Net Pension Liability was based on the School Board's actuarially determined employer contributions to the pension plan for the year ended June 30, 2019, relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2020, the School Board's proportion was 1.29% as compared to 1.30% at June 30, 2019.

For the year ended June 30, 2021, the School Board - Teachers recognized pension expense of \$15,836,765. 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.

At June 30, 2021, 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	\$ -	\$ 11,028,970
Change in assumptions	12,844,155	-
Net difference between projected and actual earnings on pension plan investments	14,311,514	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	-	7,964,073
Employer contributions subsequent to the measurement date	18,338,876	-
	<u>\$ 45,494,545</u>	<u>\$ 18,993,043</u>

\$18,338,876 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, 2022. 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	
2022	\$ (2,633,336)
2023	2,590,822
2024	4,360,511
2025	4,097,943
2026	(253,314)
	<u>\$ 8,162,626</u>

9. DEFINED BENEFIT PENSION PLANS, continued:

City

For the year ended June 30, 2021, the City recognized pension expense of \$32,351,410. At June 30, 2021, 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	\$ -	\$ (2,350,610)
Change in assumptions	6,804,123	-
Net difference between projected and actual earnings on pension plan investments	19,529,899	(5,036,205)
Employer contributions subsequent to the measurement date	17,029,942	-
Total	<u>\$ 43,363,964</u>	<u>\$ (7,386,815)</u>

\$17,029,942 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, 2022. 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	
2022	\$ 3,866,278
2023	5,558,246
2024	4,885,032
2025	4,637,651
	<u>\$ 18,947,207</u>

School Board Nonprofessional Employees

For the year ended June 30, 2021, the School Board recognized pension expense of \$916,843. At June 30, 2021, 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	\$ 22,256	\$ (291,356)
Change in assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	1,071,132	-
Employer contributions subsequent to the measurement date	256,014	-
Total	<u>\$ 1,349,402</u>	<u>\$ (291,356)</u>

\$256,014 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, 2022. 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	
2022	\$ 25,590
2023	250,742
2024	272,716
2025	252,984
	<u>\$ 802,032</u>

9. DEFINED BENEFIT PENSION PLANS, continued:

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, 2019, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2020.

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

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

Mortality rates:

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

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

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

9. DEFINED BENEFIT PENSION PLANS, continued:

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, 2019, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2020.

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

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

Mortality rates:

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

RP-2014 Disability Mortality Rates projected with scale BB to 2020; males set forward 2 years, 110% of rates; females 125% of rates.

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

Largest 10 – Non-Hazardous Duty:

Mortality Rates (Pre-retirement, post- retirement healthy, disabled)	Update to a more current mortality table – RP-2014 projected to 2021
Retirement Rates	Lowered rates at older ages and changed final retirement from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Lowered Rates
Salary Scale	No change
Line of Duty Disability	Increase rate from 14% to 20%
Discount Rate	Decrease rate from 7.00% to 6.75%

9. DEFINED BENEFIT PENSION PLANS, continued:

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, 2019, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2020.

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

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

Mortality rates:

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

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

Largest 10 - Hazardous Duty:

Mortality Rates (Pre-retirement, post-retirement healthy, disabled)	Update to a more current mortality table – RP-2014 projected to 2021
Retirement Rates	Lowered rates at older ages
Withdrawal Rates	Adjusted rates to better fit experience
Disability Rates	Increased rates
Salary Scale	No change
Line of Duty Disability	Increase rate from 60% to 70%
Discount Rate	Decrease rate from 7.00% to 6.75%

9. DEFINED BENEFIT PENSION PLANS, continued:

Long-Term Expected Rate of Return

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

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

* Expected arithmetic nominal return

*The above allocation provides a one-year return of 7.14%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the system, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 7.11%, including expected inflation of 2.50%. On October 10, 2019, the VRS Board elected a long-term rate of 6.75% which is roughly at the 40th percentile of expected long-term results of the VRS fund asset allocation. More recent capital market assumptions compiled for the FY2020 actuarial valuations, provide a median return of 6.81%.

Discount Rate

The discount rate used to measure the total 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, 2020, 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, 2017 actuarial valuations, whichever was greater. From July 1, 2020, on, participating employers are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

9. DEFINED BENEFIT PENSION PLANS, continued:

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, 2019	\$ 625,421,817	\$ 488,142,012	\$ 137,279,805
Changes for the year:			
Service cost	11,952,417	-	11,952,417
Interest	41,044,293	-	41,044,293
Benefit Changes	8,165,715	-	8,165,715
Differences between expected and actual experience	(1,561,230)	-	(1,561,230)
Contributions-employer	-	15,374,780	(15,374,780)
Contributions-employee	-	4,387,843	(4,387,843)
Net investment income	-	9,245,312	(9,245,312)
Benefit payments, including refunds of employee contributions	(34,716,445)	(34,716,445)	-
Administrative expense	-	(320,623)	320,623
Other changes	-	(14,764)	14,764
Net changes	24,884,750	(6,043,897)	30,928,647
Balances at June 30, 2020	\$ 650,306,567	\$ 482,098,115	\$ 168,208,452

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

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a)-(b)
Balances at June 30, 2019	\$ 28,876,567	\$ 26,974,977	\$ 1,901,590
Changes for the year:			
Service cost	376,830	-	376,830
Interest	1,879,612	-	1,879,612
Differences between expected and actual experience	58,740	-	58,740
Contributions-employer	-	366,592	(366,592)
Contributions-employee	-	197,377	(197,377)
Net investment income	-	504,728	(504,728)
Benefit payments, including refunds of employee contributions	(2,060,927)	(2,060,927)	-
Administrative expenses	-	(18,144)	18,144
Other changes	-	(606)	606
Net changes	254,255	(1,010,980)	1,265,235
Balances at June 30, 2020	\$ 29,130,822	\$ 25,963,997	\$ 3,166,825

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	\$ 276,070,308	\$ 188,158,180	\$ 115,443,736

9. DEFINED BENEFIT PENSION PLANS, continued:

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

The following presents the net pension liability 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	\$ 245,469,335	\$ 168,208,452	\$ 103,577,498
School Board Nonprofessional Employees' Plan's Net Pension Liability	\$ 6,136,623	\$ 3,166,825	\$ 654,341

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 2020 Annual Comprehensive Financial Report. A copy of the 2020 VRS Comprehensive Annual Financial Report may be downloaded from the VRS website at <http://www.varetire.org/PDF/Publications/2020-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

Payables to the Pension Plan

At June 30, 2021, the City and School Board reported a payable of \$1,111,679 and \$2,321,008, respectively, for the outstanding amount of contributions to the pension plan required for the year ended June 30, 2021.

10. DEFERRED COMPENSATION PLAN:

The City provides an approved deferred compensation plan, under Section 457 of the Internal Revenue Code, which is administered by the ICMA 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, ICMA 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 ICMA 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, ICMA 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.

11. 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, Portsmouth and Chesapeake (the member jurisdictions). The Authority has the responsibility to finance the acquisition, construction and operation of a regional jail facility for the benefit of the member jurisdictions. Each member jurisdiction is 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. The member jurisdictions have agreed to commit to the Authority its prisoners equal to its initial guaranteed capacity as follows: Hampton, 175 prisoners or 15.56%; Newport News, 200 prisoners or 17.78%; Norfolk, 250 prisoners or 22.22%; Portsmouth, 250 prisoners or 22.22%; Chesapeake, 250 prisoners or 22.22%. The Authority shall make adjustments to the per diem charge as and when necessary to reconcile projected revenues and expenditures to actual revenues and expenditures and to comply with any revenue or other covenant related to the Bonds.

The Authority opened the jail facility on March 16, 1998. Summarized financial information for the Authority for fiscal year ending June 30, 2020 is below. This information shows the jail is well able to meet its obligations. The City does not currently expect a financial benefit from its participation in this joint venture.

Revenues and other sources	\$ 44,958,483
Expenses and other uses	(41,726,713)
Change in fund equity	3,231,770
Net position, July 1, 2019	17,901,621
Net position, June 30, 2020	\$ 21,133,391

The revenue bonds issued by the Authority are limited obligations of the Authority payable solely from net revenues and other funds derived from the ownership and operation of the regional jail. Separate financial statements are available from the Hampton Roads Regional Jail Authority at 2690 Elmhurst Lane, Portsmouth, Virginia 23701-2745.

12. 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.

Leases:

The City leases various types of equipment under capital lease agreements (see Note 8). Under an operating lease, the City leases the Pembroke Community Service Center building from the Hampton Redevelopment and Housing Authority at an annual rent of \$367,103. In addition, the City leases space under operating leases for use as branches of the City’s public library.

The City also leases various City properties to other governmental agencies and businesses under operating lease agreements. Included in Capital Assets are the following amounts that are applicable to the operating leases:

Land	\$	714,778
Buildings		25,043,465
Improvements		9,213,773
Less accumulated depreciation		(25,469,658)
Capital Assets, net	\$	<u>9,502,358</u>

A summary of future minimum rental payments under the operating leases at June 30, 2021 is as follows:

<u>Year Ending June 30,</u>	<u>Operating Leases</u>	<u>Future Rental Income</u>
2022	\$ 936,896	\$ 239,410
2023	792,731	203,685
2024	577,246	174,289
2025	566,298	116,912
2026	495,485	20,001
2027-2030	1,107,512	80,004
	\$ <u>4,476,168</u>	\$ <u>834,301</u>

The City’s rental expense and rental income for the year ended June 30, 2021 amounted to \$1,746,287 and \$282,277, respectively.

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.

12. COMMITMENT AND CONTINGENCIES, continued:

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	-

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 \$1,821 at June 30, 2021 is designated as a reserve for claims in the Risk Management Fund. The City accrues claims and judgments as incurred by a review of all claims on a case-by-case basis. Claims incurred, but not reported, were considered in the determination of the claims liability.

Changes in the Funds' claims liability amount in fiscal years 2021 , 2020 and 2019 were:

	Claims Liability July 1	Incurred Claims	Claims Payment	Claims Liability June 30
Risk Management Fund				
Fiscal Year 2021	\$ 7,999,749	\$ 3,826,930	\$ 1,886,730	\$ 9,939,948
Fiscal Year 2020	9,555,638	2,287,746	3,843,635	7,999,749
Fiscal Year 2019	8,413,575	2,167,861	1,025,798	9,555,638
General Fund				
Fiscal Year 2021	\$ 118,202	\$ 14,870,858	\$ 13,742,060	\$ 1,247,000
Fiscal Year 2020	67,325	14,986,919	14,936,042	118,202
Fiscal Year 2019	49,210	16,012,535	15,994,420	67,325

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, 2021 were as follows:

General Fund	\$ 2,323,552
Capital Projects Funds	43,035,064
Other Governmental Funds	8,023,924
Total Encumbrances	<u>\$ 53,382,540</u>

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, 2021:

	Net OPEB (Asset)/ Liability	Net Deferred Outflows	Net Deferred Inflows	OPEB Expense/ (Reduction)
City:				
HCB - (Note 13)	\$ 58,160,462	\$ 9,312,071	\$ (41,410,437)	\$ 4,949,460
GLI - (Note 15)	7,359,050	1,553,622	(774,557)	158,324
LODA - (Note 14)	19,039,426	6,223,805	(2,533,350)	1,552,262
Total	<u>\$ 84,558,938</u>	<u>\$ 17,089,498</u>	<u>\$ (44,718,344)</u>	<u>\$ 6,660,046</u>
School Board:				
Professional employees				
HIC - (Note 13)	\$ 16,788,736	\$ 1,791,869	\$ (1,277,384)	\$ 1,202,277
GLI - (Note 15)	9,233,171	1,974,914	(721,025)	262,434
Nonprofessional employees				
HCB - (Note 13)	5,186,693	1,321,224	(740,818)	464,910
HIC - (Note 13)	529,779	38,393	-	529,779
GLI - (Note 15)	341,110	82,567	(41,130)	8,352
Total	<u>\$ 32,079,489</u>	<u>\$ 5,208,967</u>	<u>\$ (2,780,357)</u>	<u>\$ 2,467,752</u>

The Hampton Employees' Retirement System reported \$16,918 for net HCB OPEB liability, \$9,176 deferred outflows of resources, \$21,706 deferred inflows of resources and (\$2,539) net pension expense for HCB. For Group Life Insurance HERS reported \$2,187 for net GLI OPEB liability, \$461 deferred outflows of resources, \$231 deferred inflows of resources and \$(2,837) GLI expense reduction.

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.

Contributions

City

The City's contribution ranges from 0% to 100% of the premium based on the retiree's years of continuous health coverage and the healthcare care option selected by the retirees. The employer contributions are financed on a pay-as-you-go basis. Contributions from the City were \$2,003,895 and \$2,266,908 for the years ended June 30, 2021 and June 30, 2020, respectively.

School

The School Board contributions are financed on a pay-as-you-go basis. Contributions from the School Board were \$688,991 and \$132,649 for the years ended June 30, 2021 and June 30, 2020, respectively.

13. OTHER POSTEMPLOYMENT HEALTH CARE BENEFIT PLANS, continued:

The following summaries the memberships of the Plan as of June 30, 2020, the valuation date:

	Number	
	City	School Board Nonprofessional Employees
Inactive members or their beneficiaries currently receiving benefit payments	589	45
Active members	1,841	2,497
Total memberships	2,430	2,542

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 2021, the City contributed \$2,003,895, or approximately 47.4% of total premiums for post-retirement health care benefits. Plan members receiving benefits contributed \$2,198,163 or approximately 51.9% of total premiums. The School Board contributed \$688,991 in fiscal year 2021.

Total Health Care OPEB Liability

The City and Hampton Employees Retirement System’s total retiree health care OPEB liability of \$58,177,380. The School Board’s total retiree health care OPEB liability was \$5,186,693. Both were measured as of June 30, 2020 and determined by an actuarial valuation as of that date.

Actuarial Assumptions:

The total OPEB liability in the June 30, 2019 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.50%
Real wage growth	1.00%
Wage Inflation	3.50%
Salary increases, including wage inflation	
Regular (General) Employees	3.50% - 5.35%
LEO	3.50% - 4.75%
Municipal Bond Index (Discount Rate)	
Prior Measurement Date	3.50%
Current Measurement Date	2.21%
Health Care Cost Trends	
Pre-Medicare	0.00% for 2019 increasing to an ultimate rate of 4.00% by 2040
Medicare	(25.50%) for 2019 increasing to an ultimate rate of 4.00% by 2040

13. OTHER POSTEMPLOYMENT HEALTH CARE BENEFIT PLANS, continued:

Mortality rates were based on the RP-2014 mortality tables, with adjustments for VRS experience and projected with scale BB to 2020.

The demographic actuarial assumptions for mortality, retirement, disability incidence, and withdrawal used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the period July 1, 2012 through June 30, 2016, 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, 2019 valuation were based on a review of recent plan experience done concurrently with July 1, 2019 actuarial valuation rolled forward to June 30, 2020.

Discount Rate

There was a change in the total OPEB liability arising from the change in the discount rate from 3.50% on the prior measurement date to 2.21% on the measurement date of June 30, 2020. The discount rate used was based on the Bond Buyer General Obligation 20-year Municipal Bond Index published for the last week of June by The Bond Buyer (www.bondbuyer.com). Additionally, the demographic actuarial assumptions for mortality, retirement, disability incidence, and withdrawal were updated based on the results of an actuarial experience study for the period July 1, 2012 through June 30, 2016, adopted by the Virginia Retirement System.

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

	City	School Board
	Increase (Decrease)	
	Total OPEB Liability	
Balances at June 30, 2019	\$ 49,212,724	\$ 4,364,022
Changes for the year:		
Service cost	1,242,388	297,406
Interest	1,727,125	167,795
Change in benefits	-	17,848
Differences between expected and actual experience	(200,395)	18,551
Changes in assumptions	8,432,167	430,224
Benefit payments	(2,236,629)	(109,153)
Net changes	8,964,656	822,671
Balances at June 30, 2020	\$ 58,177,380	\$ 5,186,693

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	\$ 49,952,766	\$ 58,177,380	\$ 68,428,941
Total OPEB Liability - School Board	\$ 4,660,860	\$ 5,186,693	\$ 5,809,016

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 2.21%, 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 (1.21%) or one percentage higher (3.21%) than the current discount rate:

	1% Decrease (1.21%)	Current Discount Rate (2.21%)	1% Increase (3.21%)
Total OPEB Liability - City	\$ 66,245,405	\$ 58,177,380	\$ 51,475,469
Total OPEB Liability - School Board	\$ 5,540,310	\$ 5,186,693	\$ 4,850,426

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

For the year ended June 30, 2021, the City recognized OPEB expense in the amount of \$4,951,999. At June 30, 2021, 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	\$89,780	\$(9,454,142)
Changes in assumptions or other inputs	7,227,572	(31,978,001)
Employer contributions subsequent to the measurement date	2,003,895	-
Total	<u>\$9,321,247</u>	<u>\$(41,432,143)</u>

\$2,003,895 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, 2022.

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:	
2022	\$ (7,951,791)
2023	(7,951,791)
2024	(7,507,951)
2025	(6,118,803)
2026	(5,760,425)
Thereafter	1,175,970
	<u>\$ (34,114,791)</u>

13. OTHER POSTEMPLOYMENT HEALTH CARE BENEFIT PLANS, continued:

For the year ended June 30, 2021, the School Board recognized OPEB expense in the amount of \$464,910. At June 30, 2021, the School Board reported deferred outflows of resources and deferred inflows of resources related to health care from the following sources:

School Board- Nonprofessional	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 167,851	\$ (380,865)
Changes in assumptions or other inputs	464,382	(359,953)
Employer contributions subsequent to the measurement date	688,991	-
Total	<u>\$ 1,321,224</u>	<u>\$ (740,818)</u>

\$688,991 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, 2021. Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended June 30:	
2022	\$ (41,635)
2023	(41,635)
2024	(41,635)
2025	(41,635)
2026	45,292
Thereafter	12,663
	<u>\$ (108,585)</u>

Other Postemployment Benefits-Health Insurance Credits

Health Insurance Credits

The VRS Health Insurance Credit (HIC) program is a multi-employer, cost-sharing plan. The plan provides a credit towards the cost of health insurance coverage for retired political subdivision employees of participating employers and retired teachers. Professional staff of the School Board are automatically covered by the VRS Teacher Employee Program. During fiscal year 2021, the Nonprofessional employees of the School Board began contributing to this plan.

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

13. OTHER POSTEMPLOYMENT HEALTH CARE BENEFIT PLANS, continued:**HEALTH INSURANCE CREDIT PROGRAM (HIC) PLAN PROVISIONS****Eligible Employees**

The Teacher Employee Retiree Health Insurance Credit 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 Health Insurance Credit 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 (professional) salaried employees of the participating political subdivision who are covered under the VRS pension plan.
-

Benefit Amounts

The Teacher Employee Retiree Health Insurance Credit 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.
- 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 provided to school divisions by the Virginia General Assembly. Each school division's contractually required employer contribution rate for the year ended June 30, 2021 was 1.21% of covered employee compensation for employees in the VRS Teacher Employee HIC Program and 0.98% for the School Board- Nonprofessional. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019. The actuarially determined rate was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions from the School Board to the VRS Teachers HIC Program were \$1,385,578 and \$1,353,905 for the years ended June 30, 2021 and June 30,

13. OTHER POSTEMPLOYMENT HEALTH CARE BENEFIT PLANS, continued:

2020, respectively. Contributions from the School Board to the Political Subdivision HIC Program were \$38,393 and \$0 for the years ended June 30, 2021 and June 30, 2020, respectively.

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

On June 30, 2021, the School Board reported a liability of \$16,788,736 and \$529,779 for its proportionate share of the VRS Teacher and Nonprofessional Employee Health Insurance Credit Program Net OPEB liability, respectively. The Net Health Insurance Credit Program OPEB liability was measured as of June 30, 2019 and the total Teacher Employee Health Insurance Credit Program OPEB liability used to calculate the net Teacher Employee Health Insurance Credit Program OPEB Liability was determined by an actuarial valuation as of June 30, 2019 and rolled forward to the measurement date of June 30, 2020. The School Board's proportion of the net VRS Teacher Employee Health Insurance Credit Program OPEB Liability was based on the School Board's actuarially determined employer contributions to the VRS Teacher Health Insurance Credit Program OPEB plan for the year ended June 30, 2020, relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2020, the School Board's proportion of the VRS Teacher Employee Health Insurance Credit Program was 1.28697% as compared to 1.29655% at June 30, 2019.

For the year ended June 30, 2021, the School Board recognized Teacher's HIC OPEB expense of \$1,202,277. Since there was a change in proportionate share between measurement dates of the VRS Teacher Employee Health Insurance Credit Program Net OPEB expense was related to deferred amounts from changes in proportion.

Membership:

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

	Number
Active employees	184
Total	184

For the year ended June 30, 2021, the School Board-Nonprofessional employees recognized HIC OPEB expense of \$529,779. At June 30, 2021 the Nonprofessionals reported no deferred outflows of resources other than their contribution, and no deferred inflows of resources related to the HIC Program. During the first year of participation in the HIC Program the School Board's employer contribution subsequent to the measurement date was \$38,393.

At June 30, 2021, the School Board-Teachers reported deferred outflows of resources and deferred inflows of resources related to the Health Insurance Credit Program OPEB from the following sources:

Teachers	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ (224,206)
Net difference between projected and actual earnings on Teacher HIC OPEB program investments	74,401	-
Changes of assumptions	331,890	(91,729)
Changes in proportionate share	-	(961,449)
Employer contribution subsequent to the measurement date	1,385,578	-
Total	\$ 1,791,869	\$ (1,277,384)

13. OTHER POSTEMPLOYMENT HEALTH CARE BENEFIT PLANS, continued:

\$1,385,578 and \$38,393 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, 2022. Other amounts reported as deferred inflows of resources related to the Teacher Employee HIC OPEB will be recognized in the Teacher HIC OPEB expense in future reporting periods as follows:

Fiscal Year Ending June 30	<u>Teachers</u>
2022	\$ (172,612)
2023	(165,238)
2024	(167,709)
2025	(157,676)
2026	(127,075)
Thereafter	(80,783)
	<u>\$ (871,093)</u>

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, 2019, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2020.

Inflation	2.5 percent
Salary increases, including inflation -	
Locality - General employees	3.5 percent - 5.35 percent
Teachers	3.5 percent - 5.95 percent
Investment rate of return	6.75 percent, net of plan investment expenses, including inflation*

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

Rate of Mortality for Teachers (HIC):

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

13. OTHER POSTEMPLOYMENT HEALTH CARE BENEFIT PLANS, continued:

Rate of Mortality for Largest 10 Locality Employers for HIC:

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

RP-2014 Disability Life Mortality Table projected with scale BB to 2020; males set forward 2 years; 110% of rates; female 125% rates.

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

Mortality Rates (Pre-retirement, post- retirement healthy, and disabled)	Updated to a more current mortality table – RP-2014 projected to 2021
Retirement Rates - Teachers	Lowerd rates at older ages and changed final retirement from 70 to 75
Retirement Rates - Largest 10 Locality Employers	Lowered rates at older ages and extended final retirement from 70 to 75
Withdrawal Rates -Teachers	Adjusted rates to better fit experience at each year age and service through 9 years of service
Withdrawal Rates - Largest 10 Locality Employers	Adjusted termination rates to better fit experience at each age and service year
Disability Rates - Teachers	Adjusted rates to better match experience
Disability Rates - Largest 10 Locality Employers	Lowered disability rates
Salary Scale	No change
Discount Rate	Decrease rate from 7.00% to 6.75%

Long-Term Expected Rate of Return

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

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

13. OTHER POSTEMPLOYMENT HEALTH CARE BENEFIT PLANS, continued:

* The above allocation provides a one-year return of 7.14%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the system, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 7.11%, including expected inflation of 2.50%. On October 10, 2019 the VRS Board elected a long-term rate of 6.75% which is roughly at the 40th percentile of expected long-term results of the VRS fund asset allocation. More recent capital market assumptions compiled for the FY2020 actuarial valuations, provide a median return of 6.81%.

Discount Rate

The discount rate used to measure the total 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, 2020, 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, 2020 on, all agencies and employers are assumed to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the HIC OPEB plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current active, inactive and eligible employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total HIC OPEB liability.

Changes in Net HIC OPEB Liability - School Board Nonprofessional

	Increase/ (Decrease)
	Total OPEB Liability
Changes for the year:	
Benefit payments	(529,779)
Total OPEB Liability as of June 30, 2020	<u>\$ (529,779)</u>

The net OPEB liability for the Teacher Employee HIC program represents the program’s total OPEB liability in accordance with the GASB Statement No. 74, less the associated fiduciary net position. As June 30, 2020, NOL amounts for the VRS Teacher Employee HIC program is as follows (amounts expressed in thousands):

Changes in Net HIC OPEB Liability - Teachers

	Teacher HIC OPEB Plan
Total Teacher Employee HIC OPEB Liability	\$ 1,448,676
Plan Fiduciary Net Position	144,160
Teacher Employee Net HIC OPEB Liability	<u>\$ 1,304,516</u>

Plan Fiduciary Net Position as a Percentage of the Total Teacher Employee HIC OPEB Liability 9.95%

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.

13. OTHER POSTEMPLOYMENT HEALTH CARE BENEFIT PLANS, continued:

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

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

	1% Decrease (5.75%)	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	\$ 18,793,240	\$ 16,788,736	\$ 15,085,053
School Board's proportionate share of the VRS Nonprofessional HIC OPEB Plan net HIC OPEB liability	\$ 578,818	\$ 529,779	\$ 487,171

Payable to Employee Health Insurance Credit Program OPEB Plan

The HIC OPEB Plan for School Board - Teachers and Nonprofessional plans had a payable of \$133,627 and \$3,521, respectively as of June 30, 2021.

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 2020 *Comprehensive Annual Financial Report*. A copy of the 2020 VRS Comprehensive Annual Financial Report may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2020-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA 23218-2500.

14. OTHER POSTEMPLOYMENT LINE OF DUTY BENEFITS:

Line of Duty (LODA)

Plan Description - LODA

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

Benefits

Death

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

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

Health Insurance

The Line of Duty Act program provides health insurance benefits.

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

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 \$640,163 and \$567,166 for the years ended June 30, 2021 and June 30, 2020, respectively.

Membership:

The following table summarizes the members of the Plan as of June 30, 2019, the Valuation Date:

	Number
Retirees	26
Active employees	769
Total	795

14. OTHER POSTEMPLOYMENT LINE OF DUTY BENEFITS, continued:

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, 2021, the City reported a liability of \$19,039,426 for its Net LODA OPEB Liability. The Net LODA OPEB Liability was measured as of June 30, 2020. The total LODA OPEB liability was determined by an actuarial valuation as of June 30, 2019 and rolled forward to the measurement date of June 30, 2020.

For the year ended June 30, 2021, the City recognized LODA OPEB expense of \$1,552,262.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 1,805,815	\$ (1,862,832)
Changes in assumptions	3,777,827	(670,518)
Employers contributions subsequent to the measurement date	640,163	-
Total	<u>\$ 6,223,805</u>	<u>\$ (2,533,350)</u>

\$640,163 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, 2022. 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	
2022	\$ 204,252
2023	204,252
2024	204,252
2025	204,252
2026	204,252
Thereafter	<u>2,029,032</u>
	<u>\$ 3,050,292</u>

14. OTHER POSTEMPLOYMENT LINE OF DUTY BENEFITS, continued:

Actuarial Assumptions

The total LODA OPEB liability was based on an actuarial valuation as of July 1, 2019, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2020.

Inflation	2.50%
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% for 2021 decreasing to an ultimate rate of 4.75% by 2028
Ages 65 and older	5.375% for 2021 decreasing to an ultimate rate of 4.75% by 2028
Municipal bond index rate	
Prior measurement date	3.50%
Measurement date	2.21%

Rate of Mortality for Law Enforcement Officers (LEO):

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

Discount Rate

The discount rate used to measure the total LODA OPEB liability was 2.21%. This rate was based on the Bond Buyer General Obligation 20-year Municipal Bond Index published June 25, 2020.

14. OTHER POSTEMPLOYMENT LINE OF DUTY BENEFITS, continued:

Change in Net LODA OPEB Liability

	Increase (Decrease)
	<u>Total OPEB Liability</u>
Balances at June 30, 2019	\$ 15,180,388
Changes for the year:	
Service Cost at the end of the year*	784,953
Interest	549,137
Difference between expected and actual experience	(2,710)
Changes of assumptions	3,083,881
Benefit payments	(556,223)
Net changes	<u>\$ 3,859,038</u>
Balances at June 30, 2020	<u>\$ 19,039,426</u>

*Service Cost includes interest for the year

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

	1% Decrease (1.21%)	Discount Rate (2.21%)	1% Increase (3.21%)
Net OPEB liability	\$ 22,103,764	\$ 19,039,426	\$ 16,595,379

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. The following presents the net LODA OPEB liability would be 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 Healthcare Cost Trend Rates	1% Increase
Net OPEB liability	\$ 15,989,154	\$ 19,039,426	\$ 22,895,759

15. VIRGINIA RETIREMENT SYSTEM-GROUP LIFE INSURANCE - OPEB:**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 GLI was established pursuant to §51.1-500 et seq. of the *Code of Virginia*, as amended, and which provides the authority under which benefits terms are established or may be amended.

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

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

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 amount is increased annually based on the VRS Plan 2 cost-of-living adjustment and is currently \$8,616 as of June 30, 2021.

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

Contributions

The contribution requirements for GLI 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, 2021 was 0.54% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits payable during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the GLI from the City were \$492,656 and \$472,056 for the years ended June 30, 2021 and June 30, 2020, respectively. Contributions to the GLI from the School Board for professional employees were \$619,896 and \$592,095 for the years ended June 30, 2021 and June 30, 2020, respectively. Contributions to the GLI from the School Board for nonprofessional employees were \$21,466 and \$21,877 for the years ended June 30, 2021 and June 30, 2020 respectively.

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, 2021, the City and School Board's professional and nonprofessional reported a liability for its proportionate share of the Net GLI OPEB Liability of \$7,361,237, \$9,233,171 and \$341,110 respectively. The Net GLI OPEB Liability was measured as of June 30, 2020 and the total GLI OPEB liability used to calculate the Net GLI OPEB Liability was determined by an actuarial valuation as of June 30, 2019 and rolled forward to the measurement date of June 30, 2020. The 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, 2020 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, 2020 and June 30, 2019 is summarized below:

	Employer's Proportion June 30, 2020	Employers's Portion June 30, 2019
City of Hampton	0.44110 %	0.45112 %
School Board Professional Employees	0.55327 %	0.55960 %
School Board Nonprofessional Employees	0.02044 %	0.02057 %

For the year ended June 30, 2021, the City recognized GLI OPEB expense of \$155,487 and the School Board recognized GLI OPEB expense for professional employees of \$262,434 and nonprofessional employees of \$8,352. 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, 2021, the City and School Board reported deferred outflows of resources and deferred inflows of resources related to the GLI OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
City		
Differences between expected and actual experience	\$ 472,155	\$ (66,117)
Changes of assumptions	368,147	(153,707)
Net difference between projected and actual investments earnings on GLI OPEB program investments	221,125	-
Changes in proportionate share	-	(554,964)
Employer contributions subsequent to the measurement date	492,656	-
Total	\$ 1,554,083	\$ (774,788)

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

\$492,656 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, 2022. 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	
2022	\$ (14,351)
2023	48,096
2024	108,550
2025	133,968
2026	11,816
Thereafter	<u>(1,440)</u>
	<u>\$ 286,639</u>

School Board - Professional and Nonprofessional Employees:

Professional

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 592,223	\$ (82,930)
Changes in proportionate share	23,674	(445,301)
Net difference between projected and actual investment earnings on GLI OPEB investments	277,356	-
Changes of assumptions or other inputs	461,765	(192,794)
Employer contributions subsequent to the measurement date	619,896	-
Total	<u>\$ 1,974,914</u>	<u>\$ (721,025)</u>

Nonprofessional

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 21,879	\$ (3,064)
Changes in proportionate share	11,936	(30,943)
Net difference between projected and actual investment earnings on GLI OPEB investments	10,247	-
Changes of assumptions or other inputs	17,059	(7,123)
Employer contributions subsequent to the measurement date	21,446	-
Total	<u>\$ 82,567</u>	<u>\$ (41,130)</u>

\$619,896 and \$21,446 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, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the GLI OPEB will be recognized in the GLI OPEB expense in future report periods as follows:

Fiscal Year Ending June 30	School Board Professional	School Board Nonprofessional
2022	\$ 49,406	\$ 482
2023	127,733	3,376
2024	193,905	7,872
2025	219,125	7,313
2026	42,126	829
Thereafter	<u>1,698</u>	<u>119</u>
	<u>\$ 633,993</u>	<u>\$ 19,991</u>

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

Actuarial Assumptions

The total GLI OPEB liability was based on an actuarial valuation as of June 30, 2019, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2020.

Inflation	2.5 percent
Salary increases, including inflation -	
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

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

Mortality rates – Teachers

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

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

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

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

Mortality rates – Largest Ten Locality Employers - General Employees

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

RP-2014 Disability Life Mortality Table projected with scale BB to 2020; males set forward 2 years, 110% of rates; females 125% of rates.

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

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

Mortality rates – Largest Ten Locality Employers – Hazardous Duty Employees

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

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

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

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

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, 2020, NOL amounts for the GLI is as follows (amounts expressed in thousands):

	Group Life Insurance OPEB Program
Total GLI OPEB Liability	\$ 3,523,937
Plan Fiduciary Net Position	1,855,102
Net GLI OPEB Liability	\$ 1,668,835
Plan Fiduciary Net Position as a Percentage of Total GLI OPEB Liability	52.64%

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.

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

Long-Term Expected Rate of Return

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

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

* The above allocation provides a one-year return of 7.14%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the system, stochastic projections are employed to model future return under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median rate of 7.11%, including expected inflation of 2.50%. On October 10, 2019 the VRS Board elected a long-term rate of 6.75% which is roughly at the 40th percentile of expected long-term results of the VRS fund asset allocation. More recent capital markets assumptions compiled for the FY2020 actuarial valuations, provide a median return of 6.81%.

Discount Rate

The discount rate used to measure the total GLI OPEB liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that member contributions will be made per the VRS guidance and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Through the fiscal year ending June 30, 2020, 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 100% of the actuarially determined contribution rate. From July 1, 2020 on, employers are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the 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	Discount Rate	1.00% Increase
	5.75%	6.75%	7.75%
City's GLI OPEB Liability	\$ 9,676,911	\$ 7,361,237	\$ 5,480,693
School Board's Professional GLI OPEB Liability	\$ 12,137,712	\$ 9,233,171	\$ 6,874,411
School Board's Non-Professional GLI OPEB Liability	\$ 448,415	\$ 341,110	\$ 253,968

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 2020 Comprehensive Annual Financial Report, which may be downloaded from the VRS website at <https://www.varetire.org/pdf/publications/2020-statement-of-fiduciary-net-position.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, 2021 totaled \$94,347 and \$153,601, respectively.

16. LEASE RECEIVABLES:

The EDA issued Revenue Bonds (Note 8) to construct the Peninsula Workforce Development Center (PWDC). Under terms of agreements with this organization, revenue generated from the lease of the building is used to make the bond payments with the lease term being equivalent to the life of the bond. As of June 30, 2021, future lease receivable is \$196,987 from PWDC, which will be received in 2022.

17. IMPLEMENTATION OF NEW ACCOUNTING STANDARDS

Effective July 1, 2020, the City adopted the provisions of GASB Statement No. 84, *Fiduciary Activities*. The objective of this statement is to enhance the consistency and comparability of fiduciary activities reported by governments. This Statement is intended to improve the usefulness of fiduciary activity information primarily for assessing the accountability of the City's role as fiduciary. The disclosures related to this Statement have been included in the Combining Statement of Fiduciary Net Position (Exhibit F-1), the Combining Statement of Changes in Fiduciary Net Position (Exhibit F-2) and Footnote 16.

GASB Statement No. 98 replaced the term comprehensive annual financial report and its acronym with annual comprehensive financial report. The GASB is effective for reporting periods ending after December 15, 2021. The City elected to early implement this requirement, effective June 30, 2021. All references to the Comprehensive Annual Financial Report (CAFR) have been removed and replaced with Annual Comprehensive Financial Report (ACFR).

18. RESTATEMENT OF BEGINNING NET POSITION AND FUND BALANCE:

As of July 1, 2020, the City and Component Unit - School Board adopted a new accounting guidance by implementing the provisions of GASB Statement No. 84, *Fiduciary Activities*, which establishes criteria for identifying and reporting fiduciary activities. The implementation of this statement has resulted in changing the presentation of the fiduciary financial statements to include Custodial Funds instead of Agency Funds. Activities previously accounted for in an agency fund that were not considered fiduciary in nature are now reported in the General Fund as Governmental Activities. Those agency fund activities that meet the fiduciary criteria are now reclassified as custodial funds and include accruals and ending net position not previously reported. The changes had the following effect on the beginning net position and fund balance as previously reported.

Governmental Activities (A-2)

Net position, beginning of year	\$ 556,485,819
Increase in net position due to reclassification of fiduciary activities	781,919
Net position, beginning of year, as restated	<u>\$ 557,267,738</u>

Governmental Funds - General Fund (A-4)

Fund balance, beginning of year	\$ 111,544,238
Increase in fund balance due to reclassification of fiduciary activities	781,919
Fund Balance, beginning of year, as restated	<u>\$ 112,326,157</u>

General Fund (A-5 and B-2)

Fund balance, beginning of year	\$ 111,502,376
Increase in fund balance due to reclassification of fiduciary activities	781,919
Fund balance, beginning of year, as restated	<u>\$ 112,284,295</u>

Fiduciary Funds - Custodial Funds (A-10)

Net position, beginning of year	\$ -
Increase in net position due to reclassification of fiduciary activities	2,945,528
Net position, beginning of year, as restated	<u>\$ 2,945,528</u>

Fiduciary Funds - Custodial Funds (F-2)

Net position, beginning of year	\$ -
Increase in net position due to reclassification of fiduciary activities	2,945,528
Net position, beginning of year, as restated	<u>\$ 2,945,528</u>

18. RESTATEMENT OF BEGINNING NET POSITION AND FUND BALANCE, continued:

In fiscal year 2021, the Federal Grants fund no longer met the criteria to be classified as a non-major governmental fund and was reclassified to a major governmental fund. As a result, the beginning fund balance for governmental and non-major governmental funds on the Statement of Revenues, Expenditures and Changes in Fund Balances for fiscal year 2021 have been restated.

Governmental Funds - Federal Grants (A-4)

Fund balance, beginning of year	\$	-
Increase in fund balance due to reclassification of Federal Grant Funds		2,156,122
Fund Balance, beginning of year, as restated	\$	<u>2,156,122</u>

Non-Major Governmental Funds (C-2)

Fund balance, beginning of year	\$	16,517,749
Decrease in fund balance due to reclassification of Federal Grants Fund		(2,156,122)
Fund balance, beginning of year, as restated	\$	<u>14,361,627</u>

In fiscal year 2021, the Hamptons fund no longer met the criteria to be classified as a major proprietary fund and was reclassified to a non-major enterprise fund. As a result, the beginning net position for proprietary and non-major enterprise funds on the Statement of Revenues, Expenditures and Changes in Net Position for fiscal year 2021 have been restated.

Proprietary Funds - Nonmajor Enterprise Funds (A-7)

Net position, beginning of year	\$	25,065,905
Addition to net position due to reclassification of The Hamptons		(4,875,660)
Net position, beginning of year, as restated	\$	<u>20,190,245</u>

Non-Major Enterprise Funds (D-2)

Net position, beginning of year	\$	25,065,905
Addition to net position due to reclassification of The Hamptons		(4,875,660)
Net position, beginning of year, as restated	\$	<u>20,190,245</u>

The Hampton City Schools is reporting two trust funds as custodial funds in accordance with GASB 84, Fiduciary Activities. These funds were not previously reported in the financial report.

Discretely Presented Component Unit - (A-2)

Net position, beginning of year	\$	(139,582,699)
Decrease in net position due to reclassification of fiduciary activity		(36,401)
Increase in net position due to reclassification of governmental activity		995,505
Net position, beginning of year, as restated	\$	<u>(138,623,595)</u>

18. RESTATEMENT OF BEGINNING NET POSITION AND FUND BALANCE, continued:

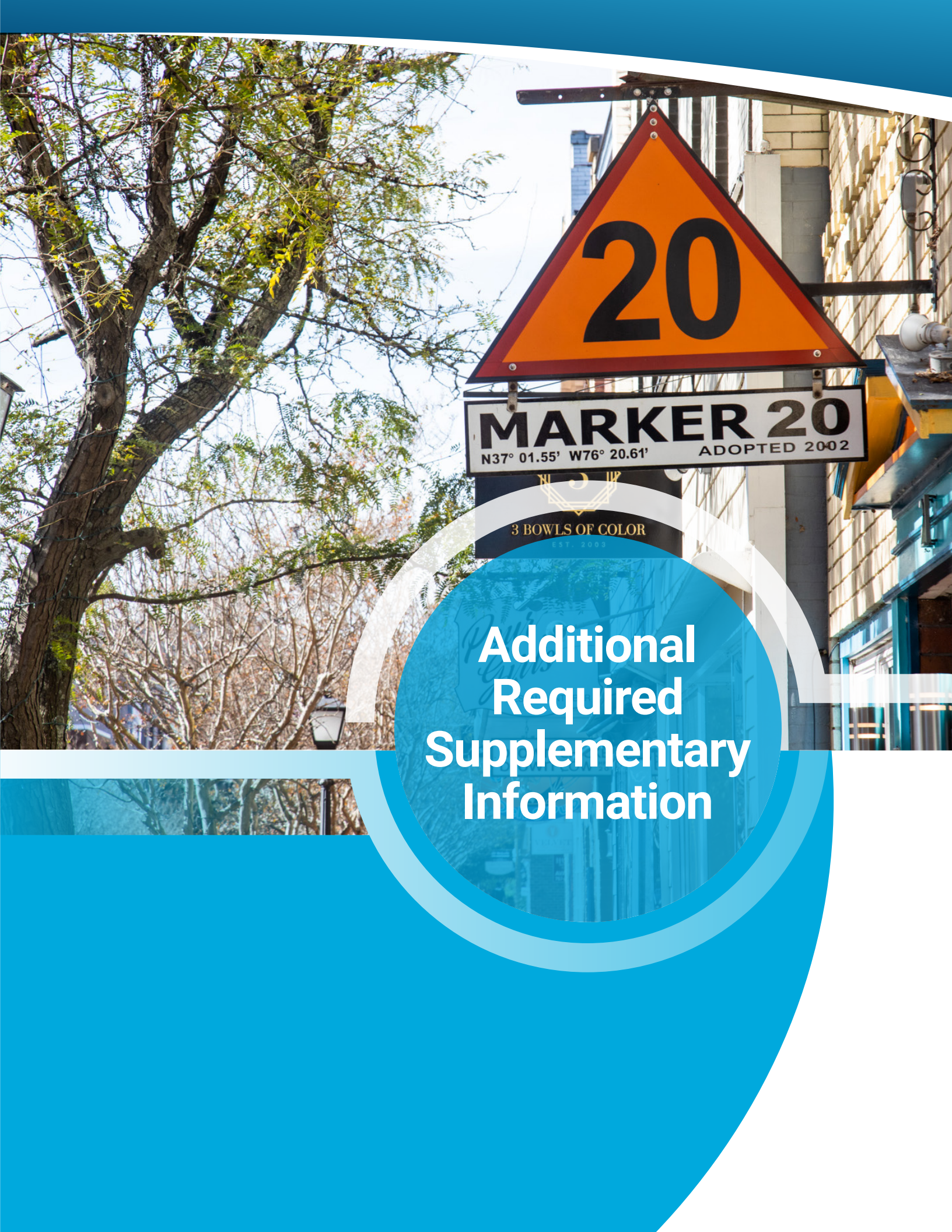
Discretely Presented Component Unit - School Board (G-2)

Net position, beginning of year	\$ 15,154,799
Decrease in net position due to reclassification of a fiduciary activity	(36,401)
Increase in net position due to reclassification of governmental activity	995,505
Net position, beginning of year, as restated	<u>\$ 16,113,903</u>

Discretely Presented Component Unit -School Board - (G-5) New Statement

Combining Statement of Changes in Fiduciary Net Position

Net position, beginning of year	\$ -
Decrease in net position due to reclassification of fiduciary activity	297,827
Net position, net position, as restated	<u>\$ 297,827</u>



Additional 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

	2021	2020	2019	2018	2017	2016	2015	2014
Total pension liability								
Service cost	\$ 105,201	\$ 127,787	\$ 127,787	\$ 117,036	\$ 152,557	\$ 188,078	\$ 112,348	\$ 373,903
Interest	8,891,959	9,369,997	9,809,650	10,991,423	11,411,712	11,796,729	12,183,886	12,518,593
Differences between expected and actual experience	1,275,518	-	466,804	-	(76,396)	-	(425,331)	296
Changes of assumptions	-	-	-	(580,802)	-	-	-	-
Benefit payments, including refunds of employee contributions	(16,082,904)	(16,540,938)	(16,824,254)	(17,047,039)	(17,100,560)	(17,101,282)	(17,040,172)	(17,032,982)
Net change in total pension liability	(5,810,226)	(7,043,154)	(6,420,013)	(6,519,382)	(5,612,687)	(5,116,475)	(5,169,269)	(4,140,190)
Total pension liability-beginning	134,881,727	141,924,881	148,344,894	154,864,276	160,476,963	165,593,438	170,762,707	174,902,897
Total pension liability-ending (a)	\$ 129,071,501	\$ 134,881,727	\$ 141,924,881	\$ 148,344,894	\$ 154,864,276	\$ 160,476,963	\$ 165,593,438	\$ 170,762,707
Plan fiduciary net position								
Contributions-employer	\$ 6,549,743	\$ 6,716,299	\$ 6,716,299	\$ 7,100,125	\$ 7,100,148	\$ 8,880,839	\$ 8,880,839	\$ 6,628,122
Net investment income	32,295,836	7,064,244	8,790,186	10,682,406	14,694,582	2,144,248	5,361,684	20,494,864
Benefit payments, including refunds of employee contributions	(16,082,904)	(16,540,938)	(16,824,254)	(17,047,039)	(17,100,560)	(17,101,282)	(17,040,172)	(17,032,982)
Administrative expense	(243,583)	(239,695)	(332,835)	(277,957)	(286,431)	(386,247)	(299,195)	(278,663)
Net change in plan fiduciary net position	22,519,092	(3,000,090)	(1,650,604)	457,535	4,407,739	(6,462,442)	(3,096,844)	9,811,341
Plan fiduciary net position-beginning	123,878,845	126,878,935	128,529,539	128,072,004	123,702,338	130,164,780	133,261,624	123,450,283
Plan fiduciary net position-ending (b)	\$ 146,397,937	\$ 123,878,845	\$ 126,878,935	\$ 128,529,539	\$ 128,110,077	\$ 123,702,338	\$ 130,164,780	\$ 133,261,624
Net pension (asset)/liability-ending (a)-(b)	\$ (17,326,436)	\$ 11,002,882	\$ 15,045,946	\$ 19,815,355	\$ 26,754,199	\$ 36,774,625	\$ 35,428,658	\$ 37,501,083
Plan fiduciary net position as a percentage of the total pension liability	113.42%	91.84%	89.40%	86.64%	82.72%	77.08%	78.61%	78.04%
Covered payroll	\$ 1,905,713	\$ 2,249,188	\$ 2,684,932	\$ 2,803,090	\$ 2,806,674	\$ 5,335,759	\$ 6,085,814	\$ 10,188,093
Net pension liability as a percentage of covered payroll	(909.18%)	489.19%	560.38%	706.91%	953.24%	689.21%	582.15%	368.09%

Notes to Schedule:

- 1) Benefit Changes: No benefit changes were enacted during fiscal year 2021.
- 2) Valuation Date: 6/30/2020; Actuarially determined contribution rates are calculated based on the actuarial valuation determined as of the odd year preceding the beginning of the Plan year.
- 2) Changes in assumptions: During FY21 no changes occurred.
- 3) GAAP requires 10- year trend information. Fiscal year 2014 is the first year of implementation.
- 4) Per GAAP, net pension liabilities are reported using the measurement date, which is June 30, 2021.

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

	2021	2020	2019	2018	2017	2016	2015	2014
Actuarially determined contribution	\$ 6,549,743	\$ 6,716,299	\$ 6,716,299	\$ 7,100,125	\$ 7,100,148	\$ 8,880,839	\$ 8,880,839	\$ 6,628,122
Contributions in relation to the actuarially determined contribution	6,549,743	6,716,299	6,716,299	7,100,125	7,100,148	8,880,839	8,880,839	6,628,122
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 1,905,713	\$ 2,249,188	\$ 2,684,932	\$ 2,803,090	\$ 2,806,674	\$ 5,335,759	\$ 6,085,814	\$ 10,188,093
Contributions as a percentage of covered payroll	343.69%	298.61%	250.15%	253.30%	252.97%	166.44%	145.93%	65.06%

Notes to Schedule

Valuation Date:

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. Fiscal year 2014 is the first year of implementation.

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

	2021	2020	2019	2018	2017	2016	2015
Total pension liability							
Service cost	\$ 11,952,417	\$ 11,430,589	\$ 11,525,376	\$ 10,934,809	\$ 10,835,551	\$ 10,960,536	\$ 10,938,812
Interest	41,044,293	40,334,296	39,213,600	38,078,180	37,250,101	36,276,354	34,999,056
Changes in assumptions	-	16,959,529	-	2,910,537	-	-	-
Benefit changes	8,165,715	-	-	-	-	-	-
Differences between expected and actual experience	(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	(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	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	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)	\$ 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	\$ 15,374,780	\$ 14,178,118	\$ 14,247,065	\$ 14,235,281	\$ 16,240,833	\$ 15,816,808	\$ 16,046,763
Contributions-employee	4,387,843	4,296,459	4,489,433	4,539,420	4,451,221	4,393,892	4,400,548
Net investment income	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	(34,716,445)	(34,031,429)	(31,450,468)	(30,762,074)	(29,930,211)	(28,520,380)	(26,861,136)
Administrative expense	(320,623)	(315,189)	(290,989)	(294,277)	(261,143)	(257,367)	(304,392)
Other	(14,764)	(19,486)	(29,364)	(44,266)	(3,049)	(3,890)	2,953
Net change in plan fiduciary net position	(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	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)	\$ 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)	\$ 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	74.13%	78.05%	79.75%	78.65%	74.25%	76.35%	76.58%
Covered payroll	\$ 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	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, 2014 are minimal.
- The actuarial assumptions in the June 30, 2019, valuation were based on the results of an actuarial experience study for the period from June 30, 2012 through June 30, 2016, except the change in the discount rate. Effective, July 1, 2019, the VRS Board of Trustees adopted at 6.75% investment rate of return since the prior measurement date.
- GAAP requires 10-year trend information. Fiscal year 2015 is the first year of implementation.
- 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**

	2021	2020	2019	2018	2017	2016	2015
Contractually required contribution	\$ 17,029,942	\$ 16,118,875	\$ 14,178,118	\$ 14,246,313	\$ 14,233,220	\$ 16,241,604	\$ 15,816,817
Contribution in relation to the contractually required contribution	17,029,942	16,118,875	14,178,118	14,246,313	14,233,220	16,241,604	15,816,817
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 89,208,706	\$ 93,172,688	\$ 86,822,523	\$ 89,543,136	\$ 89,460,842	\$ 88,078,113	\$ 85,774,496
Contributions as a percentage of covered payroll	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. 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. Fiscal year 2015 is the first year of implementation.

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

	2021	2020	2019	2018	2017	2016	2015
Total pension liability							
Service cost	\$ 376,830	\$ 391,424	\$ 388,116	\$ 376,186	\$ 390,637	\$ 791,558	\$ 813,234
Interest	1,879,612	1,898,407	1,896,547	1,908,394	2,054,913	2,022,874	1,973,760
Changes in assumptions	-	693,476		(101,861)			
Differences between expected and actual experience	58,740	(233,935)	(266,110)	(405,218)	(2,626,193)	(220,586)	-
Benefit payments, including refunds of employee contributions	(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	254,255	763,574	20,375	(117,798)	(2,110,326)	251,239	958,877
Total pension liability-beginning	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)	\$ 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	\$ 366,592	\$ 376,506	\$ 449,019	\$ 413,542	\$ 427,758	\$ 411,361	\$ 900,981
Contributions-employee	197,377	198,458	203,832	188,884	238,049	193,337	372,764
Net investment income	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	(2,060,927)	(1,985,798)	(1,998,178)	(1,895,299)	(1,929,683)	(2,342,607)	(1,828,117)
Administrative expense	(18,144)	(18,113)	(17,095)	(17,696)	(16,323)	(17,081)	(19,666)
Other	(606)	(1,077)	(1,656)	(2,556)	(181)	(236)	188
Net change in plan fiduciary net position	(1,010,980)	289,274	529,013	1,597,134	(869,503)	(619,370)	3,008,503
Plan fiduciary net position-beginning	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)	\$ 25,963,997	\$ 26,974,977	\$ 26,685,703	\$ 26,156,690	\$ 24,559,556	\$ 25,429,059	\$ 26,048,429
Net pension liability-ending (a)-(b)	\$ 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	89.13%	93.41%	94.92%	93.11%	87.06%	83.87%	86.63%
Covered payroll	\$ 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	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, 2012 through June 30, 2016. The VRS Board of Trustees adopted a 6.75% rate of return since the prior measurement date.
- GAAP requires 10-year trend information. Fiscal year 2015 is the first year of implementation.
- 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**

	2021	2020	2019	2018	2017	2016	2015
Contractually required contribution	\$ 256,014	\$ 363,067	\$ 356,901	\$ 449,018	\$ 413,542	\$ 427,758	\$ 411,361
Contribution in relation to the contractually required contribution	256,014	363,067	356,901	449,018	413,542	427,758	411,361
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 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	7.03%	9.30%	9.30%	9.71%	10.82%	10.81%	10.81%

Notes to Schedule

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, the rate is based on June 2019 valuation.

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. Fiscal year 2015 is the first year of implementation.

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

	2021	2020	2019	2018	2017	2016	2015
School Board's proportion of the net pension liability	1.29%	1.30%	1.36%	1.39%	1.39%	1.43%	150.00%
School Board's proportionate share of the net pension liability	\$ 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	\$ 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	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	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. Since 2015 is the first year for the presentation, there are only four years available. However, additional years will be included as they become available.
- 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) The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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

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

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

	2021	2020	2019	2018	2017	2016	2015
Contractually required contribution	\$ 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	18,338,376	17,138,959	16,618,902	17,587,596	15,562,773	14,808,006	15,356,866
Contribution deficiency (excess)	\$ 693,276	\$ 552,064	\$ 433,187	\$ 10,777	\$ 1,762,224	\$ 4,360,252	\$ 3,913,891
School Board's covered payroll	\$ 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%	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, 2019 is not material.
- 3) Changes in assumptions:

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

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

4. GAAP requires 10-year trend information. Fiscal year 2015 is the first year of implementation.

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

	2021	2020	2019	2018
Total OPEB Liability				
Service cost at end of year	\$ 1,242,388	\$ 2,334,263	\$ 2,417,844	\$ 3,059,781
Interest	1,727,125	3,692,585	3,420,421	2,889,041
Differences between expected and actual experience	(200,395)	(12,853,356)	(182,752)	220,844
Changes of assumptions or other inputs	8,432,167	(35,701,382)	(3,081,415)	(11,726,487)
Benefit payments	(2,236,629)	(2,656,287)	(2,580,971)	(2,798,872)
Net change in total OPEB	8,964,656	(45,184,177)	(6,873)	(8,355,693)
Total OPEB liability - beginning	49,212,724	94,396,901	94,403,774	102,759,467
Total OPEB liability - ending	<u>\$ 58,177,380</u>	<u>\$ 49,212,724</u>	<u>\$ 94,396,901</u>	<u>\$ 94,403,774</u>
Covered-employee payroll	\$ 92,717,908	\$ 91,627,934	\$ 91,084,919	\$ 90,627,774
Net OPEB liability as a percentage of covered-employee payroll	62.75%	53.71%	103.64%	104.17%

Notes to Schedule

- 1) For 2021, the discount rate changed to 2.21% from 3.5% based on the Bond Buyer GO 20-Bond Municipal Bond Index at June 30, 2020. The trend rate were updated based on economic conditons as of June 30, 2020.
- 2) Per GAAP, net OPEB liabilities are reported using the mesasurement 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**

	2021	2020	2019	2018
Total OPEB Liability				
Service cost at end of year	\$ 297,406	\$ 243,189	\$ 237,502	\$ 285,422
Interest	167,795	183,312	156,447	137,391
Changes of benefits	17,848	-	-	-
Differences between expected and actual experience	18,551	(480,534)	241,860	(40,581)
Changes of assumptions or other inputs	430,224	45,320	98,094	(713,713)
Benefit payments	(109,153)	(239,385)	(504,195)	(212,196)
Net change in total OPEB	822,671	(248,098)	229,708	(543,677)
Total OPEB liability - beginning	4,364,022	4,612,120	4,382,412	4,926,089
Total OPEB liability - ending	\$ 5,186,693	\$ 4,364,022	\$ 4,612,120	\$ 4,612,120
Covered-employee payroll	\$ 112,825,403	\$ 108,750,257	\$ 109,922,935	\$ 109,696,113
Net OPEB liability as a percentage of covered-employee payroll	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) 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 OPEB CONTRIBUTIONS
PRIMARY GOVERNMENT AND COMPONENT UNIT-SCHOOL BOARD
OTHER POSTEMPLOYMENT BENEFITS-RETIREE HEALTHCARE
LAST 10 FISCAL YEARS

	2021	2020	2019	2018	2017
Primary Government					
Contractually determined contribution	\$ 2,003,895	\$ 2,266,908	\$ 2,905,572	\$ 2,614,135	\$ 2,798,872
Contributions in relation to the contractually determined contribution	2,003,895	2,266,908	2,905,572	2,614,135	2,798,872
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered-employee payroll	\$ 91,561,683	\$ 92,717,908	\$ 91,627,934	\$ 91,084,919	\$ 90,627,625
Contributions as a percentage of covered-employee payroll	2.19%	2.50%	3.17%	2.87%	3.09%
Component Unit-School Board					
Contractually determined contribution	\$ 688,991	\$ 132,649	\$ 504,195	\$ 534,836	\$ 212,196
Contributions in relation to contractually determined contribution	688,991	132,649	504,195	534,836	212,196
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered-employee payroll	\$ 114,510,543	\$ 112,825,403	\$ 108,750,257	\$ 109,922,935	109,696,113
Contributions as a percentage of covered-employee payroll	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 2018 is the first year of this presentation, no other data is available. Additional years will be included as they become available.
- 3) For FY 2020, the trend rates were updated based on economic conditions as of June 30, 2020. Additionally, the discount rate decreased from 3.51% to 2.21 based on the Bond Buyers GO-20 Municipal Bond Index at June 25, 2020.

**CITY OF HAMPTON, VIRGINIA
SCHEDULE OF COMPONENT UNIT-SCHOOL BOARD'S PROPORTIONATE SHARE OF NET OTHER
POSTEMPLOYMENT BENEFIT LIABILITY
VIRGINIA RETIREMENT SYSTEM-TEACHER HEALTH INSURANCE CREDITS PLAN
REQUIRED SUPPLEMENTAL INFORMATION-UNAUDITED**

	2021	2020	2019	2018
Proportion of the Net OPEB liability	1.28697%	1.29655%	1.35919%	1.38996%
Proportionate Share of the Net OPEB liability	\$ 16,788,736	\$ 16,973,101	\$ 17,258,000	\$ 17,633,000
Employer's covered payroll	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	14.88%	15.61%	15.70%	16.07%
Plan fiduciary net position as a percentage of total OPEB liability	9.95%	8.97%	8.08%	7.00%

Notes to Schedule

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

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

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

	2021	2020	2019	2018	2017
School Board - Teachers					
Contractually determined contribution	\$ 1,385,578	\$ 1,353,905	\$ 1,305,003	\$ 1,352,052	\$ 1,349,262
Contribution in relation to the contractually determined contribution	1,385,578	1,353,905	1,305,003	1,352,052	1,217,627
Contribution deficiency	\$ -	\$ -	\$ -	\$ -	\$ 131,635
School Board's covered payroll	\$ 114,510,543	\$ 112,825,403	\$ 108,750,257	\$ 109,922,935	\$ 109,696,113
Contributions as a percentage of covered payroll	1.21%	1.20%	1.20%	1.23%	1.11%
School Board - Nonprofessional					
Contractually determined contribution	\$ 38,393	\$ -	\$ -	\$ -	\$ -
Contributions in relation to contractually determined contribution	38,393	-	-	-	-
Contribution deficiency	\$ -	\$ -	\$ -	\$ -	\$ -
School Board's covered payroll	\$ 3,917,641	\$ -	\$ -	\$ -	\$ -
Contributions as a percentage of covered-employee payroll	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**

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

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2021
Retirement Rates	Lowered rates at older ages and changed final retirement age from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Discount Rate	Decrease rate from 7.00% to 6.75%

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

	2021	2020	2019	2018
Total OPEB Liability				
Service cost at end of year	\$ 784,953	\$ 807,017	\$ 916,561	\$ 565,127
Interest	549,137	453,230	491,686	278,308
Changes of benefit terms	-	-	-	3,162,168
Differences between expected and actual experience	(2,710)	2,166,977	(2,391,726)	(146,400)
Changes of assumptions or other inputs	3,083,881	1,117,402	(444,636)	(526,209)
Benefit payments	(556,223)	(532,113)	(439,544)	(124,402)
Net change in total OPEB	3,859,038	4,012,513	(1,867,659)	3,208,592
Total OPEB liability - beginning	15,180,388	11,167,875	13,035,534	9,826,942
Total OPEB liability - ending	\$ 19,039,426	\$ 15,180,388	\$ 11,167,875	\$ 13,035,534
Covered-employee payroll	\$ 90,779,972	\$ 88,434,323	\$ 91,084,919	\$ 90,627,625
Net OPEB liability as a percentage of covered-employee payroll	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
OTHER POST EMPLOYMENT BENEFITS - LINE OF DUTY
LAST 10 FISCAL YEARS
REQUIRED SUPPLEMENTAL INFORMATION - UNAUDITED**

	2021	2020	2019	2018	2017
Contractually required contribution	\$ 640,163	\$ 567,166	\$ 546,033	\$ 468,634	\$ 124,402
Contribution in relation to the contractually required contribution	640,163	567,166	546,033	468,634	124,402
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
Covered-employee payroll	\$ 91,561,683	\$ 90,779,972	\$ 88,434,323	\$ 91,084,919	\$ 90,627,625
Contributions as a percentage of covered-employee payroll	0.70%	0.62%	0.62%	0.51%	0.14%

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

Largest Ten Locality Employers With Public Safety Employees

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)

Updated to a more current mortality table - RP-2014 projected to 2020

Retirement Rates

Lowered retirement rates at older ages

Withdrawal Rates

Adjusted termination rates to better fit experience at each age and service year

Disability Rates

Increased disability rates

Salary Scale

No change

Line of Duty Disability

Increase rate from 60% to 70%

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

	2021	2020	2019	2018
Primary Government - City				
Proportionate share of the net other postemployment benefit liability	0.44110%	0.45112%	0.4790%	0.4913%
Proportionate share of the net other postemployment benefit liability	\$ 7,361,237	\$ 7,340,923	\$ 7,275,000	\$ 7,394,000
Covered payroll	\$ 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	8.11%	8.30%	7.99%	8.16%
Plan fiduciary net position as a percentage of the total other postemployment benefit liability	52.64%	52.00%	51.22%	49.00%
Component Unit-School Board				
Proportionate share of the net other postemployment benefit liability	0.573710%	0.058017%	0.60247%	0.61732%
Proportionate share of the net other postemployment benefit liability	\$ 9,574,281	\$ 9,440,910	\$ 9,150,000	\$ 9,289,000
Covered payroll	\$ 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	8.41%	8.30%	7.99%	8.16%
Plan fiduciary net position as a percentage of the total other postemployment benefit liability	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 POST EMPLOYMENT BENEFITS-GROUP LIFE INSURANCE
LAST 10 FISCAL YEARS
REQUIRED SUPPLEMENTAL INFORMATION-UNAUDITED

	2021	2020	2019	2018	2017
Primary Government- City					
Contractually required contribution	\$ 492,656	\$ 472,056	\$ 459,858	\$ 473,642	\$ 471,264
Contributions in relation to the contractually required contribution	492,656	472,056	459,858	473,642	471,264
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City covered-employee payroll	\$ 91,232,518	\$ 90,779,972	\$ 88,434,323	\$ 91,084,919	\$ 90,627,625
Contributions as a percentage of covered payroll	0.54%	0.52%	0.52%	0.52%	0.52%
-					
Component Unit-School Board					
Contractually required contribution	\$ 641,362	\$ 613,972	\$ 591,400	\$ 595,702	\$ 592,106
Contributions in relation to contractually required contribution	641,362	613,972	591,400	595,702	592,106
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
School Board covered payroll	\$ 118,767,051	\$ 113,864,332	\$ 113,730,722	\$ 114,558,220	\$ 113,866,451
Contributions as a percentage of covered payroll	0.54%	0.52%	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, 2019 valuation were based on the results of an actuarial experience study for the period of July 1, 2012, through June 30, 2016, except the change in the discount rate, which was based on VRS Board action as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Largest Ten Locality Employers - General Employees

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

Largest Ten Locality Employers - Hazardous Duty Employees

Mortality Rates (Pre-retirement, post retirement healthy, and disabled)	Updated to a more current mortality table-RP2014 projected to 2020
Retirement Rates	Lowered retirement rates at older ages
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Increased disability rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 60% to 70%
Discount Rate	Decrease rate from 7.00% to 6.75%

Teachers

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

CITY OF HAMPTON, VIRGINIA
GENERAL FUND
BALANCE SHEET
June 30, 2021

Assets:	
Cash and cash equivalents	\$ 105,949,220
Investments	22,634,832
Accounts receivables:	
Taxes (net of allowance for uncollectible of \$3,933,887)	6,300,486
Due from other governments	10,707,337
Other	1,263,661
Due from other funds	15,797,317
Due from component units	2,928
Inventories	23,117
Prepaid items	66,702
Total assets	<u>\$ 162,745,600</u>
Liabilities:	
Accounts payable	\$ 8,167,998
Accrued health insurance	12,807,552
Accrued liabilities	6,931,763
Due to other funds	696,257
Due to component units	73,673
Unearned revenues	193,349
Total liabilities	<u>28,870,592</u>
Deferred inflows of resources:	
Unavailable revenue-property taxes	3,935,083
Property taxes collected in advance	2,112,725
Total deferred inflows of resources	<u>6,047,808</u>
Fund balances:	
Nonspendable	89,819
Restricted	1,368,100
Committed	25,389,529
Assigned	20,157,616
Unassigned	80,822,136
Total fund balances	<u>127,827,200</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 162,745,600</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, 2021

	Budgeted Amounts		Actual	Variance with Final Budget Over (Under)
	Original	Final		
REVENUES				
Intergovernmental:				
From the Commonwealth of Virginia	\$ 42,094,510	\$ 57,548,439	\$ 56,244,641	\$ (1,303,798)
From the Federal government	10,645,244	10,645,244	10,879,131	233,887
Local taxes	276,487,111	261,033,182	268,703,606	7,670,424
Special assessments	5,816,696	5,816,696	2,834,734	(2,981,962)
Licenses and permits	1,461,250	1,461,250	1,653,937	192,687
Fines and forfeitures	1,175,625	1,175,625	969,430	(206,195)
Revenues from use of money and property	2,767,086	2,767,086	551,991	(2,215,095)
Charges for services	10,080,959	10,080,959	8,536,282	(1,544,677)
Recovered costs	957,640	957,640	957,640	-
Payment from component units	2,445,974	2,445,974	2,010,000	(435,974)
Miscellaneous	4,363,343	4,247,343	4,183,855	(63,488)
Total revenues	<u>358,295,438</u>	<u>358,179,438</u>	<u>357,525,247</u>	<u>(654,191)</u>
EXPENDITURES				
Current:				
General government	127,266,424	120,530,758	106,264,136	(14,266,622)
Public safety	55,214,161	49,390,944	48,517,074	(873,870)
Highways and streets	2,816,999	2,318,984	2,190,274	(128,710)
Health	4,956,588	4,792,050	4,739,689	(52,361)
Human services	22,703,133	22,169,753	20,989,542	(1,180,211)
Culture and recreation	11,869,753	11,113,505	10,074,422	(1,039,083)
Education	79,085,033	78,956,244	78,936,460	(19,784)
Total expenditures	<u>303,912,091</u>	<u>289,272,238</u>	<u>271,711,597</u>	<u>(17,560,641)</u>
Excess of revenues over expenditures	<u>54,383,347</u>	<u>68,907,200</u>	<u>85,813,650</u>	<u>16,906,450</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	113,292	229,292	238,184	8,892
Transfers out	(60,793,599)	(76,046,045)	(70,508,929)	5,537,116
Other financing uses, net	<u>(60,680,307)</u>	<u>(75,816,753)</u>	<u>(70,270,745)</u>	<u>5,546,008</u>
Net change in fund balances	(6,296,960)	(6,909,553)	15,542,905	\$ <u>22,452,458</u>
Appropriations from fund balance	6,296,960	8,163,698		
Appropriations - encumbrances	-	(1,254,145)		
Fund balance - July 1 (as restated)	-	-	112,284,295	
Fund balance - June 30	\$ -	\$ -	\$ 127,827,200	

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, 2021

	Budget July 1, 2020	Net Changes	Final June 30, 2021	Actual	Variance Over (Under)
General property taxes:					
Real estate	\$ 138,217,338	\$ -	\$ 138,217,338	\$ 140,181,212	\$ 1,963,874
Public service	4,816,738	-	4,816,738	4,292,895	(523,843)
Personal property	43,192,235	(15,453,929)	27,738,306	29,695,937	1,957,631
Mobile homes	27,127	-	27,127	38,703	11,576
Machinery and tools	2,816,641	-	2,816,641	2,924,466	107,825
Delinquent taxes	450,000	-	450,000	507,874	57,874
Penalty	1,009,000	-	1,009,000	1,423,723	414,723
Total general property taxes	<u>190,529,079</u>	<u>(15,453,929)</u>	<u>175,075,150</u>	<u>179,064,810</u>	<u>3,989,660</u>
Other local taxes:					
Utility-electric and gas	5,000,000	-	5,000,000	4,618,264	(381,736)
Communications sales tax	7,496,454	-	7,496,454	6,862,580	(633,874)
Tobacco	4,349,217	-	4,349,217	3,963,864	(385,353)
Business license	13,952,004	-	13,952,004	16,833,382	2,881,378
Short-term rental	126,354	-	126,354	99,086	(27,268)
Sales and use	17,100,000	-	17,100,000	19,638,545	2,538,545
Recordation	1,550,000	-	1,550,000	2,608,536	1,058,536
Public right of way	466,258	-	466,258	396,982	(69,276)
Lodging and transit	4,700,000	-	4,700,000	3,663,923	(1,036,077)
Amusement	1,358,755	-	1,358,755	364,206	(994,549)
Meal	23,500,000	-	23,500,000	23,112,560	(387,440)
Motor vehicle	4,403,135	-	4,403,135	4,538,841	135,706
Bank stock	725,855	-	725,855	688,063	(37,792)
License tax par mutual	1,230,000	-	1,230,000	1,946,700	716,700
Skills game tax	-	-	-	303,264	303,264
Total other local taxes	<u>85,958,032</u>	<u>-</u>	<u>85,958,032</u>	<u>89,638,796</u>	<u>(3,680,764)</u>
License, permits and privilege fees:					
Animal licenses	25,000	-	25,000	24,262	(738)
Street and taxi permits	198,000	-	198,000	190,540	(7,460)
Zoning and land use	304,000	-	304,000	518,745	214,745
Building permits	907,000	-	907,000	839,346	(67,654)
Miscellaneous	27,250	-	27,250	81,044	53,794
Total license, permits and privilege fees	<u>1,461,250</u>	<u>-</u>	<u>1,461,250</u>	<u>1,653,937</u>	<u>192,687</u>
Total fines and forfeitures	<u>1,175,625</u>	<u>-</u>	<u>1,175,625</u>	<u>969,430</u>	<u>(206,195)</u>
Special assessments:					
Peninsula Town Center CDA	4,377,463	-	4,377,463	1,662,972	(2,714,491)
H2O CDA	539,170	-	539,170	228,241	(310,929)
Coliseum BID	670,231	-	670,231	709,986	39,755
Downtown BID	182,406	-	182,406	185,677	3,271
Elizabeth Lakes	47,426	-	47,426	47,858	432
Total special assessments	<u>5,816,696</u>	<u>-</u>	<u>5,816,696</u>	<u>2,834,734</u>	<u>(2,981,962)</u>
Revenue from use of money and property:					
Interest on investments	2,537,986	-	2,537,986	597,138	(1,940,848)
Rental of property	72,446	-	72,446	69,970	(2,476)
Sale of materials and property	65,019	-	65,019	41,026	(23,993)
Vending machines	11,000	-	11,000	2,297	(8,703)
Billboard revenue	80,635	-	80,635	82,895	2,260
Net increase in fair value of investments	-	-	-	(241,335)	(241,335)
Total revenue from use of money and property	<u>2,767,086</u>	<u>-</u>	<u>2,767,086</u>	<u>551,991</u>	<u>(2,215,095)</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, 2021**

	Budget July 1, 2020	Net Changes	Final June 30, 2021	Actual	Variance Over (Under)
Charges for services:					
Fees:					
Court costs	\$ 1,000	\$ -	\$ 1,000	\$ 1,162	\$ 162
Clerk	60,000	-	60,000	30,477	(29,523)
Cobra administration	1,000	-	1,000	173	(827)
Court officers	26,000	-	26,000	23,062	(2,938)
Parks and Recreation	1,049,600	-	1,049,600	381,511	(668,089)
Youth, Education, and Family Services	1,543,327	-	1,543,327	57,182	(1,486,145)
Sheriff	31,439	-	31,439	319,229	287,790
Library	25,000	-	25,000	2,862	(22,138)
Jail admission fee	8,350	-	8,350	9,126	776
Ambulance services	4,513,597	-	4,513,597	4,359,896	(153,701)
Fire Prevention	213,400	-	213,400	212,545	(855)
Public education grant fees	200,000	-	200,000	188,856	(11,144)
Passport applications	50,000	-	50,000	-	(50,000)
Miscellaneous charges for services	263,854	-	263,854	316,733	52,879
Landfill host fees	910,432	-	910,432	1,404,698	494,266
Payment in lieu of taxes-Fort Monroe	983,960	-	983,960	983,960	-
Boat license fee	200,000	-	200,000	244,810	44,810
Total charges for services	<u>10,080,959</u>	<u>-</u>	<u>10,080,959</u>	<u>8,536,282</u>	<u>(1,544,677)</u>
Miscellaneous revenue:					
Payment in lieu of taxes-other	75,000	-	75,000	49,926	(25,074)
Returned check charges	14,010	-	14,010	5,251	(8,759)
Unemployment fees	4,000	-	4,000	3,836	(164)
School reimbursement	1,644,872	-	1,644,872	1,644,872	-
Indirect cost	1,051,745	(116,000)	935,745	935,745	-
Other	1,573,716	-	1,573,716	1,544,225	(29,491)
Total miscellaneous revenue	<u>4,363,343</u>	<u>(116,000)</u>	<u>4,247,343</u>	<u>4,183,855</u>	<u>(63,488)</u>
Recovered costs:					
Jail operations	562,472	-	562,472	332,341	(230,131)
Probation	8,500	-	8,500	3,164	(5,336)
NASA fire services	957,640	-	957,640	957,640	-
Miscellaneous	150,000	-	150,000	217,998	67,998
Total recovered costs	<u>1,678,612</u>	<u>-</u>	<u>1,678,612</u>	<u>1,511,143</u>	<u>(167,469)</u>
Noncategorical aid - state:					
Personal property tax relief reimbursement	-	15,453,929	15,453,929	15,453,929	-
Vehicle rental tax	450,000	-	450,000	584,850	134,850
Railroad rolling stock tax	10,516	-	10,516	9,742	(774)
Mobile home titling tax	20,312	-	20,312	34,041	13,729
Taxes on deeds	394,000	-	394,000	-	(394,000)
State Share-FEMA	-	-	-	-	-
State funds - Police	-	-	-	-	-
Total noncategorical aid - state	<u>874,828</u>	<u>15,453,929</u>	<u>16,328,757</u>	<u>16,082,562</u>	<u>(246,195)</u>
Shared expenses - state:					
Sheriff	7,049,616	-	7,049,616	6,223,457	(826,159)
Commonwealth's Attorney	1,464,854	-	1,464,854	1,415,511	(49,343)
Commissioner of Revenue	368,787	-	368,787	318,716	(50,071)
Treasurer	294,292	-	294,292	278,627	(15,665)
Clerk of Courts	877,480	-	877,480	874,220	(3,260)
Registrar-election board	53,144	-	53,144	64,015	10,871
Total shared expenses - state	<u>10,108,173</u>	<u>-</u>	<u>10,108,173</u>	<u>9,174,546</u>	<u>(933,627)</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, 2021

	Budget July 1, 2020	Net Changes	Final June 30, 2021	Actual	Variance Over (Under)
Categorical aid - state:					
Public assistance	\$ 4,912,945	\$ -	\$ 4,912,945	\$ 4,764,946	\$ (147,999)
Police	7,581,421	-	7,581,421	7,277,173	(304,248)
Street and highway maintenance	16,800,025	-	16,800,025	17,241,504	441,479
E911 wireless grant	618,387	-	618,387	642,845	24,458
Public library books	162,055	-	162,055	191,859	29,804
Virginia juvenile block grant	315,704	-	315,704	315,703	(1)
Total categorical aid - state	30,390,537	-	30,390,537	30,434,030	43,493
Categorical aid - federal:					
Pass thru-public assistance	9,765,854	-	9,765,854	9,772,519	6,665
Pass thru-Healthy Families	630,890	-	630,890	630,890	-
Pass thru-Federal Rad. Emergency Response	20,500	-	20,500	10,250	(10,250)
Pass thru-Virginia Department of Transportation	-	-	-	-	-
Federal funds	-	-	-	215,540	215,540
Total categorical aid - federal	10,417,244	-	10,417,244	10,629,199	211,955
Noncategorical aid - federal					
Federal Share-FEMA	-	-	-	-	-
Payment in lieu of Taxes-National Park Service	-	-	-	21,932	21,932
Indirect costs-total	228,000	-	228,000	228,000	-
Total noncategorical aid - federal	228,000	-	228,000	249,932	21,932
Total revenues	355,849,464	(116,000)	355,733,464	355,515,246	(218,218)
Other credits:					
Component unit-EDA Fund	445,974	-	445,974	10,000	(435,974)
Transfer from Solid Waste Fund	-	116,000	116,000	116,000	-
Transfer from Grants Fund	-	-	-	8,892	8,892
Transfer from Wastewater Fund	113,292	-	113,292	113,292	-
Component Unit-Schools	2,000,000	-	2,000,000	2,000,000	-
Total transfers	2,559,266	116,000	2,675,266	2,248,184	(427,082)
Total revenues and transfers	358,408,730	-	358,408,730	357,763,431	(645,299)
Appropriations from fund balance	6,296,960	1,866,738	8,163,698	7,809,109	(354,589)
Appropriations-encumbrances	-	1,254,145	1,254,145	1,493,996	239,850
Total appropriations	6,296,960	3,120,883	9,417,843	9,303,104	(114,739)
Total revenues and other credits	\$ 364,705,690	\$ 3,120,883	\$ 367,826,573	\$ 367,066,535	\$ (760,038)

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, 2021**

	Appropriations			Expenditures				Variance Under (Over)
	Budget July 1, 2020	Net Changes	Final June 30, 2021	Personal Services	Operating Expenditures	Capital Outlay	Total	
General Government								
Legislative:								
Municipal Council	\$ 504,202	\$ 37,912	\$ 542,114	\$ 377,145	\$ 114,899	\$ 21,881	\$ 513,925	\$ 28,189
Legislative - Total	<u>504,202</u>	<u>37,912</u>	<u>542,114</u>	<u>377,145</u>	<u>114,899</u>	<u>21,881</u>	<u>513,925</u>	<u>28,189</u>
Executive:								
City Manager	1,345,595	28,235	1,373,830	1,128,087	64,224	1,509	1,193,820	180,010
311 Customer Call Center	497,408	(44,676)	452,732	358,455	69,190	-	427,645	25,087
Citizens Unity Commission	128,738	11,233	139,971	107,540	16,258	-	123,798	16,173
Marketing, INC	818,244	(49,253)	768,991	467,410	267,922	-	735,332	33,659
Internal Audit	184,101	7,493	191,594	171,058	9,655	-	180,713	10,881
Executive - Total	<u>2,974,086</u>	<u>(46,968)</u>	<u>2,927,118</u>	<u>2,232,550</u>	<u>427,249</u>	<u>1,509</u>	<u>2,661,308</u>	<u>265,810</u>
City Attorney:								
Law-City Attorney	1,311,502	100,526	1,412,028	1,272,790	91,161	3,411	1,367,362	44,666
City Attorney - Total	<u>1,311,502</u>	<u>100,526</u>	<u>1,412,028</u>	<u>1,272,790</u>	<u>91,161</u>	<u>3,411</u>	<u>1,367,362</u>	<u>44,666</u>
Human Resources -Total	<u>952,580</u>	<u>(84,400)</u>	<u>868,180</u>	<u>753,487</u>	<u>103,799</u>	<u>-</u>	<u>857,286</u>	<u>10,894</u>
Judicial:								
Clerk of Courts	1,056,429	153,605	1,210,034	851,840	154,801	-	1,006,641	203,393
Circuit Court	374,493	(41,935)	332,558	280,641	15,267	-	295,908	36,650
General District Court	204,514	(2,310)	202,204	63,934	85,080	-	149,014	53,190
District Court-J.D.R.	49,777	(3,590)	46,187	-	37,735	-	37,735	8,452
Commonwealth's Attorney	2,418,491	(16,167)	2,402,324	2,160,529	141,941	23,814	2,326,284	76,040
City Sheriff-Administration	2,264,820	(720,900)	1,543,920	975,994	444,966	-	1,420,960	122,960
City Sheriff-Jail	7,209,094	681,319	7,890,413	4,798,024	2,546,119	-	7,344,143	546,270
Court Service Unit	1,809,027	(406,200)	1,402,827	122,900	968,765	1,336	1,093,001	309,826
Magistrates Office	29,472	15,500	44,972	9,550	6,324	17,819	33,693	11,279
Judicial - Total	<u>15,416,117</u>	<u>(340,678)</u>	<u>15,075,439</u>	<u>9,263,412</u>	<u>4,400,998</u>	<u>42,969</u>	<u>13,707,379</u>	<u>1,368,060</u>

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, 2021

	Appropriations			Expenditures			Variance Under (Over)	
	Budget July 1, 2020	Net Changes	Final June 30, 2021	Personal Services	Operating Expenditures	Capital Outlay		Total
General Government, concluded:								
Boards and commissions:								
Community Development	\$ 3,455,359	\$ (135,342)	\$ 3,320,017	\$ 2,447,560	\$ 600,819	\$ 111,188	\$ 3,159,567	\$ 160,450
Elections Board	167,313	56,420	223,733	83,129	122,271	-	205,400	18,333
Registrar	236,718	6	236,724	214,212	11,463	-	225,675	11,049
Development	1,159,192	194,675	1,353,867	867,330	124,215	273	991,818	362,049
Boards and Commissions - Total	5,018,582	115,759	5,134,341	3,612,231	858,768	111,461	4,582,460	551,881
Agriculture - Extension Agent - Total	71,266	(10,000)	61,266	35,849	21,985	-	57,834	3,432
Nondepartmental:								
Nondepartmental	28,893,416	220,783	29,114,199	366,380	23,916,305	-	24,282,685	4,831,514
Civic and community support	881,541	20,000	901,541	-	883,040	-	883,040	18,501
Other	4,174,277	(281,500)	3,892,777	-	1,501,545	-	1,501,545	2,391,232
Nondepartmental - Total	33,949,234	(40,717)	33,908,517	366,380	26,300,890	-	26,667,270	7,241,247
Finance:								
Commissioner of Revenue	1,389,337	(26,013)	1,363,324	1,124,467	210,203	-	1,334,670	28,654
Assessor of Real Estate	1,232,025	(83,242)	1,148,783	1,003,212	126,967	-	1,130,179	18,604
City Treasurer	1,873,982	(73,619)	1,800,363	1,276,447	433,419	-	1,709,866	90,497
Consolidated Procurement	428,070	(19,314)	408,756	359,493	32,441	-	391,934	16,822
Independent Auditors	208,809	1,440	210,249	-	209,241	-	209,241	1,008
Finance	873,776	307,769	1,181,545	812,409	108,687	1,979	923,075	258,470
Information Technology	3,750,008	(116,361)	3,633,647	1,265,722	1,968,404	318,613	3,552,739	80,908
Finance - Total	9,756,007	(9,340)	9,746,667	5,841,750	3,089,362	320,592	9,251,704	494,963
Retirement and Employee Benefits Total	51,702,643	(6,511,096)	45,191,547	3,726,206	37,347,890	-	41,074,096	4,117,451
Public Works:								
Administration	214,134	26,452	240,586	198,672	22,220	-	220,892	19,694
Engineering	781,033	(48,474)	732,559	643,507	60,250	3,513	707,270	25,289
Property Maintenance	4,414,769	171,100	4,585,869	1,124,436	3,397,657	-	4,522,093	63,776
Parking Facilities	200,269	(95,742)	104,527	12,017	61,240	-	73,257	31,270
Public Works - Total	5,610,205	53,336	5,663,541	1,978,632	3,541,367	3,513	5,523,512	140,029

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, 2021**

	Appropriations		Expenditures				Variance Under (Over)	
	Budget July 1, 2020	Net Changes	Final June 30, 2021	Personal Services	Operating Expenditures	Capital Outlay		Total
General Government - Total	\$ 127,266,424	\$ (6,735,666)	\$ 120,530,758	\$ 29,460,432	\$ 76,298,368	\$ 505,336	\$ 106,264,136	\$ 14,266,622
Public Safety:								
Police Division	25,509,198	(2,847,941)	22,661,257	16,779,963	4,845,241	634,081	22,259,285	401,972
Traffic Engineering	3,402,754	(119,140)	3,283,614	380,400	2,676,703	179,477	3,236,580	47,034
Fire Division	22,120,629	(2,936,296)	19,184,333	14,225,186	4,797,049	-	19,022,235	162,098
Emergency Management	327,381	69,338	396,719	290,504	68,018	23,289	381,811	14,908
E911	2,745,343	165,296	2,910,639	2,359,847	489,469	59,478	2,908,794	1,845
Animal Control	571,170	(129,474)	441,696	268,324	145,060	2,653	416,037	25,659
Youth Violence Prevention	537,686	(25,000)	512,686	199,253	93,079	-	292,332	220,354
Public Safety - Total	<u>55,214,161</u>	<u>(5,823,217)</u>	<u>49,390,944</u>	<u>34,503,477</u>	<u>13,114,619</u>	<u>898,978</u>	<u>48,517,074</u>	<u>873,870</u>
Highways and Streets-Total	<u>2,816,999</u>	<u>(498,015)</u>	<u>2,318,984</u>	<u>936,041</u>	<u>1,110,635</u>	<u>143,598</u>	<u>2,190,274</u>	<u>128,710</u>

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, 2021

	Appropriations			Expenditures				Variance Under (Over)
	Budget July 1, 2020	Net Changes	Final June 30, 2021	Personal Services	Operating Expenditures	Capital Outlay	Total	
Health:								
Preventive Medicine	\$ 1,299,963	\$ 5,366	\$ 1,305,329	\$ -	\$ 1,305,329	\$ -	\$ 1,305,329	\$ -
Drainage Maintenance	3,656,625	(169,904)	3,486,721	562,929	2,871,431	-	3,434,360	52,361
Health - Total	<u>4,956,588</u>	<u>(164,538)</u>	<u>4,792,050</u>	<u>562,929</u>	<u>4,176,760</u>	<u>-</u>	<u>4,739,689</u>	<u>52,361</u>
Human Services:								
Administration	13,991,715	822,410	14,814,125	8,333,517	5,923,444	37,796	14,294,757	519,368
Public Assistance	448,309	78,000	526,309	-	516,155	-	516,155	10,154
Purchase of Services	4,648,137	(900,410)	3,747,727	-	3,336,031	-	3,336,031	411,696
Youth, Education and Family Services	3,614,972	(533,380)	3,081,592	2,382,748	459,851	-	2,842,599	238,993
Human Services - Total	<u>22,703,133</u>	<u>(533,380)</u>	<u>22,169,753</u>	<u>10,716,265</u>	<u>10,235,481</u>	<u>37,796</u>	<u>20,989,542</u>	<u>1,180,211</u>
Culture and Recreation:								
Recreation	4,811,436	(474,521)	4,336,915	2,971,626	995,666	12,772	3,980,064	356,851
Parks	4,335,525	2,725	4,338,250	1,605,502	2,088,832	26,163	3,720,497	617,753
Conventions and Tourism	2,326,500	(284,452)	2,042,048	786,944	1,246,603	908	2,034,455	7,593
Hampton History Museum	396,292	-	396,292	300,699	38,707	-	339,406	56,886
Culture and Recreation - Total	<u>11,869,753</u>	<u>(756,248)</u>	<u>11,113,505</u>	<u>5,664,771</u>	<u>4,369,808</u>	<u>39,843</u>	<u>10,074,422</u>	<u>1,039,083</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, 2021**

	Appropriations			Expenditures				Variance Under (Over)
	Budget July 1, 2020	Net Changes	Final June 30, 2021	Personal Services	Operating Expenditures	Capital Outlay	Total	
Education:								
School Operations	\$ 76,948,468	\$ -	\$ 76,948,468	\$ -	\$ 76,948,468	\$ -	\$ 76,948,468	\$ -
Public Library	2,136,565	(128,789)	2,007,776	1,270,023	706,432	11,537	1,987,992	19,784
Education - Total	<u>79,085,033</u>	<u>(128,789)</u>	<u>78,956,244</u>	<u>1,270,023</u>	<u>77,654,900</u>	<u>11,537</u>	<u>78,936,460</u>	<u>19,784</u>
Total expenditures	<u>303,912,091</u>	<u>(14,639,853)</u>	<u>289,272,238</u>	<u>83,113,938</u>	<u>186,960,571</u>	<u>1,637,088</u>	<u>271,711,597</u>	<u>17,560,641</u>
Operating Transfers Out:								
Capital Projects Fund	14,812,312	12,406,430	27,218,742	-	27,218,742	-	27,218,742	-
Enterprise Funds	8,580,510	171,616	8,752,126	-	8,381,766	-	8,381,766	370,360
Internal Service Funds	-	3,000,000	3,000,000	-	3,000,000	-	3,000,000	-
Special Revenue Funds	2,405,270	(325,600)	2,079,670	-	1,995,814	-	1,995,814	83,856
Debt Service Fund	<u>34,995,507</u>	<u>-</u>	<u>34,995,507</u>	<u>-</u>	<u>29,912,607</u>	<u>-</u>	<u>29,912,607</u>	<u>5,082,900</u>
Transfers - Total	<u>60,793,599</u>	<u>15,252,446</u>	<u>76,046,045</u>	<u>-</u>	<u>70,508,929</u>	<u>-</u>	<u>70,508,929</u>	<u>5,537,116</u>
Total expenditures and transfers	<u>\$ 364,705,690</u>	<u>\$ 612,593</u>	<u>\$ 365,318,283</u>	<u>\$ 83,113,938</u>	<u>\$ 257,469,500</u>	<u>\$ 1,637,088</u>	<u>\$ 342,220,526</u>	<u>\$ 23,097,757</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, 2021

	Special Revenue				Total Non-major Governmental Funds
	Community Development	Stormwater Management	Pembroke Complex	Law Library	
Assets:					
Cash and cash equivalents	\$ 122,821	\$ 8,901,743	\$ 85,118	\$ -	\$ 9,109,682
Accounts receivables:					
Due from other governments	694,664	-	-	-	694,664
Other	-	441,469	-	-	441,469
Due from other funds	10,682	13	-	7,844	18,539
Prepaid items	-	405	-	-	405
Total assets	<u>\$ 828,167</u>	<u>\$ 9,343,630</u>	<u>\$ 85,118</u>	<u>\$ 7,844</u>	<u>\$ 10,264,759</u>
Liabilities:					
Accounts payable	409	162,816	9,547	6,610	\$ 179,382
Accrued liabilities	11,173	80,743	2,475	-	94,391
Due to other funds	597,859	13,875	-	-	611,734
Total liabilities	<u>609,441</u>	<u>257,434</u>	<u>12,022</u>	<u>6,610</u>	<u>885,507</u>
Deferred inflows of resources:					
Unavailable revenue-program income	218,726	-	-	-	218,726
Unavailable revenue-stormwater fees	-	441,469	-	-	441,469
Total deferred inflows of resources	<u>218,726</u>	<u>441,469</u>	<u>-</u>	<u>-</u>	<u>660,195</u>
Fund balances:					
Restricted	-	8,644,727	73,096	1,234	8,719,057
Total fund balances	<u>-</u>	<u>8,644,727</u>	<u>73,096</u>	<u>1,234</u>	<u>8,719,057</u>
Total liabilities,deferred inflows of resources and fund balances	<u>\$ 828,167</u>	<u>\$ 9,343,630</u>	<u>\$ 85,118</u>	<u>\$ 7,844</u>	<u>\$ 10,264,759</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, 2021**

	Special Revenue				Total Non-major Governmental Funds
	Community Development	Stormwater Management	Pembroke Complex	Law Library	
REVENUES					
Intergovernmental revenues:					
From the Federal government	\$ 1,162,743	\$ -	\$ -	\$ -	\$ 1,162,743
Revenues from use of money and property	-	-	395,103	2	395,105
Charges for services	-	11,296,520	-	-	11,296,520
Miscellaneous	59,096	-	-	28,396	87,492
Total revenues	<u>1,221,839</u>	<u>11,296,520</u>	<u>395,103</u>	<u>28,398</u>	<u>12,941,860</u>
EXPENDITURES					
Current:					
General government	1,221,839	-	372,907	71,564	1,666,310
Sanitation	-	5,940,426	-	-	5,940,426
Total expenditures	<u>1,221,839</u>	<u>5,940,426</u>	<u>372,907</u>	<u>71,564</u>	<u>7,606,736</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>5,356,094</u>	<u>22,196</u>	<u>(43,166)</u>	<u>5,335,124</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	-	-	-	43,166	43,166
Transfers out	-	(11,020,860)	-	-	(11,020,860)
Other financing sources (uses), net	<u>-</u>	<u>(11,020,860)</u>	<u>-</u>	<u>43,166</u>	<u>(10,977,694)</u>
Net change in fund balances	<u>-</u>	<u>(5,664,766)</u>	<u>22,196</u>	<u>-</u>	<u>(5,642,570)</u>
Fund balances, beginning of year, (as restated)	<u>-</u>	<u>14,309,493</u>	<u>50,900</u>	<u>1,234</u>	<u>14,361,627</u>
Fund balances, end of year	<u>\$ -</u>	<u>\$ 8,644,727</u>	<u>\$ 73,096</u>	<u>\$ 1,234</u>	<u>\$ 8,719,057</u>

CITY OF HAMPTON, VIRGINIA
NON-MAJOR ENTERPRISE FUNDS
COMBINING STATEMENT OF NET POSITION
June 30, 2021

	Business-Type Activities - Non-Major Enterprise Funds					Totals
	Coliseum	Woodlands	The Hamptons	Solid Waste	Refuse- Steam Plant	
ASSETS						
Current assets:						
Cash and cash equivalents	\$ 4,622,355	\$ 800	\$ 800	\$ 9,208,173	\$ 6,021,231	\$ 19,853,359
Accounts receivable, net	41,048	5,947	4,129	3,974,398	159,709	4,185,231
Due from other funds	4,464	2,333	171,617	-	-	178,414
Due from component units	-	-	-	15,921	-	15,921
Due from other governments	2,731,784	-	-	-	-	2,731,784
Inventories	56,936	4,594	6,924	-	-	68,454
Prepaid items	2,863	-	-	-	-	2,863
Total current assets	7,459,450	13,674	183,470	13,198,492	6,180,940	27,036,026
Noncurrent assets:						
Capital assets:						
Land	164,079	2,295,537	262,100	945,188	-	3,666,904
Buildings and improvements	12,553,986	995,046	2,398,794	-	87,875	16,035,701
Improvements other than buildings	7,732,625	755,532	3,802,031	2,971	18,765,826	31,058,985
Computer software	22,500	-	-	-	225,843	248,343
Equipment	2,828,146	663,594	618,060	11,825,974	7,443,229	23,379,003
Landfill	-	-	-	3,865,986	-	3,865,986
Construction in progress	-	-	-	73,951	-	73,951
Less accumulated depreciation	(18,047,778)	(2,252,968)	(6,662,192)	(11,007,086)	(20,611,735)	(58,581,759)
Net capital assets	5,253,558	2,456,741	418,793	5,706,984	5,911,038	19,747,114
Net pension asset	-	-	-	219,173	441,831	661,004
Total noncurrent assets	5,253,558	2,456,741	418,793	5,926,157	6,352,869	20,408,118
Total assets	12,713,008	2,470,415	602,263	19,124,649	12,533,809	47,444,144
DEFERRED OUTFLOWS OF RESOURCES						
Related to pensions	465,842	96,078	95,379	1,033,097	586,651	2,277,047
Related to other postemployment benefits	105,602	55,229	67,849	266,949	150,704	646,333
Total deferred outflows of resources	571,444	151,307	163,228	1,300,046	737,355	2,923,380
LIABILITIES						
Current liabilities:						
Accounts payable	159,721	21,496	26,328	604,432	40,953	852,930
Accrued leave	54,166	9,233	9,690	97,824	33,326	204,239
Due to other funds	5,272	2,714,573	5,032,500	-	18,167	7,770,512
Unearned revenues	2,455,901	-	-	-	-	2,455,901
Current portion of long-term debt	-	-	-	534,259	500,621	1,034,880
Other liabilities	56,439	19,364	22,362	90,719	57,160	246,044
Total current liabilities	2,731,499	2,764,666	5,090,880	1,327,234	650,227	12,564,506
Noncurrent liabilities:						
Accrued leave	34,857	11,894	11,487	150,395	118,089	326,722
Obligations under capital leases	-	-	-	548,411	-	548,411
Net pension liability	1,806,998	372,687	369,971	4,007,375	2,275,613	8,832,644
Net other postemployment benefit liability	364,280	280,785	124,046	1,467,731	703,428	2,940,270
Bonds payable	-	-	-	-	570,164	570,164
Total noncurrent liabilities	2,206,135	665,366	505,504	6,173,912	3,667,294	13,218,211
Total liabilities	4,937,634	3,430,032	5,596,384	7,501,146	4,317,521	25,782,717
DEFERRED INFLOWS OF RESOURCES						
Related to pensions	79,354	16,366	16,247	411,743	575,199	1,098,909
Related to other postemployment benefits	465,384	206,343	28,520	1,210,920	534,105	2,445,272
Total deferred inflows of resources	544,738	222,709	44,767	1,622,663	1,109,304	3,544,181
NET POSITION						
Net investment in capital assets	5,253,558	2,456,741	418,793	4,624,314	4,840,253	17,593,659
Unrestricted (deficit)	2,548,522	(3,487,760)	(5,294,453)	6,676,572	3,004,086	3,446,967
Total net position (deficit)	\$ 7,802,080	\$ (1,031,019)	\$ (4,875,660)	\$ 11,300,886	\$ 7,844,339	\$ 21,040,626

**CITY OF HAMPTON, VIRGINIA
NON-MAJOR ENTERPRISE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
For the Year Ended June 30, 2021**

	Business-Type Activities - Non-Major Enterprise Funds					Totals
	Coliseum	Woodlands	The Hamptons	Solid Waste	Refuse- Steam Plant	
Operating revenues:						
Charges for services	\$ 237,326	\$ 681,668	\$ 642,006	\$ 15,645,297	\$ 4,059,358	\$ 21,265,655
Federal Revenues	2,731,784	-	-	-	2,881,818	5,613,602
Other	157	-	-	-	-	157
Total operating revenues	<u>2,969,267</u>	<u>681,668</u>	<u>642,006</u>	<u>15,645,297</u>	<u>6,941,176</u>	<u>26,879,414</u>
Operating expenses:						
Personal services	1,019,966	266,149	322,583	2,716,132	1,715,722	6,040,552
Fringe benefits	273,188	65,043	68,372	1,692,155	678,246	2,777,004
Promoters fees	51,781	-	-	-	-	51,781
Cost of goods sold	62,607	20,562	19,880	-	-	103,049
Utilities	300,311	51,827	127,459	652	519,427	999,676
Insurance	195,640	19,237	22,282	116,370	317,142	670,671
Operating supplies	82,480	45,965	60,320	272,749	420,852	882,366
Equipmental rental	17,373	56,553	95,421	-	6,126	175,473
Equipment and building repairs	32,376	27,476	15,697	476,520	1,192,568	1,744,637
Telephone and postage	52,616	6,854	7,691	14,152	15,764	97,077
General expense	127,169	3,273	3,769	634,813	13,129	782,153
Landfill costs	-	-	-	5,607,880	580,063	6,187,943
Contractual services	267,989	45,388	35,276	3,123,839	291,452	3,763,944
Indirect cost	-	-	-	356,470	218,000	574,470
Depreciation and amortization	550,560	48,203	34,872	861,102	768,981	2,263,718
Total operating expenses	<u>3,034,056</u>	<u>656,530</u>	<u>813,622</u>	<u>15,872,834</u>	<u>6,737,472</u>	<u>27,114,514</u>
Operating income (loss)	<u>(64,789)</u>	<u>25,138</u>	<u>(171,616)</u>	<u>(227,537)</u>	<u>203,704</u>	<u>(235,100)</u>
Nonoperating revenues (expenses):						
Interest income	-	-	-	-	7,463	7,463
Interest and fiscal charges	-	-	-	(36,959)	(75,211)	(112,170)
Gain on disposal of capital assets	-	-	-	82,379	5,760	88,139
Total nonoperating revenues (expenses), net	<u>-</u>	<u>-</u>	<u>-</u>	<u>45,420</u>	<u>(61,988)</u>	<u>(16,568)</u>
Income (loss) before transfers	<u>(64,789)</u>	<u>25,138</u>	<u>(171,616)</u>	<u>(182,117)</u>	<u>141,716</u>	<u>(251,668)</u>
Capital contributions	61,225	-	-	-	-	61,225
Transfers in(out)	<u>1,052,794</u>	<u>-</u>	<u>171,616</u>	<u>(183,586)</u>	<u>-</u>	<u>1,040,824</u>
Change in net position	<u>1,049,230</u>	<u>25,138</u>	<u>-</u>	<u>(365,703)</u>	<u>141,716</u>	<u>850,381</u>
Net position (deficit), beginning of year, (as restated)	<u>6,752,850</u>	<u>(1,056,157)</u>	<u>(4,875,660)</u>	<u>11,666,589</u>	<u>7,702,623</u>	<u>20,190,245</u>
Net position (deficit), end of year	<u>\$ 7,802,080</u>	<u>\$ (1,031,019)</u>	<u>\$ (4,875,660)</u>	<u>\$ 11,300,886</u>	<u>\$ 7,844,339</u>	<u>\$ 21,040,626</u>

CITY OF HAMPTON, VIRGINIA
NON-MAJOR ENTERPRISE FUNDS
COMBINING STATEMENT OF CASH FLOWS
Fiscal Year Ended June 30, 2021

	Business-Type Activities - Non-Major Enterprise Funds					Totals
	Coliseum	Woodlands	The Hamptons	Solid Waste	Refuse-Steam Plant	
CASH FLOWS FROM OPERATING ACTIVITIES						
Cash received from customers	\$ 1,846,431	\$ 681,843	\$ 642,481	\$ 15,130,694	\$ 6,914,676	\$ 25,216,125
Cash payments to suppliers for goods and services	(1,655,485)	(400,557)	(490,901)	(12,407,528)	(4,548,626)	(19,503,097)
Cash payments to employees for services	(1,021,291)	(281,286)	(323,196)	(2,672,001)	(1,713,592)	(6,011,366)
Net cash provided by (used in) operating activities	(830,345)	-	(171,616)	51,165	652,458	(298,338)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES						
Cash received from other funds	1,052,794	-	171,616	-	-	1,224,410
Cash paid to other funds	-	-	-	(183,586)	-	(183,586)
Net cash provided by (used in) noncapital financing activities	1,052,794	-	171,616	(183,586)	-	1,040,824
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES						
Acquisition and construction of capital assets	(323,019)	-	-	(1,787,490)	(3,900)	(2,114,409)
Sale of capital assets	-	-	-	82,379	5,760	88,139
Principal paid on revenue bond maturities and long-term debt	-	-	-	(520,472)	(476,214)	(996,686)
Interest paid on revenue bonds and long-term debt	-	-	-	(36,959)	(75,211)	(112,170)
Net cash used in capital and related financing activities	(323,019)	-	-	(2,262,542)	(549,565)	(3,135,126)
CASH FLOWS FROM INVESTING ACTIVITIES						
Interest and dividends on investments	-	-	-	-	7,463	7,463
Net cash provided by investing activities	-	-	-	-	7,463	7,463
Net increase (decrease) in cash and cash equivalents	(100,570)	-	-	(2,394,963)	110,356	(2,385,177)
Cash and cash equivalents, July 1	4,722,925	800	800	11,603,136	5,910,875	22,238,536
Cash and cash equivalents, June 30	\$ 4,622,355	\$ 800	\$ 800	\$ 9,208,173	\$ 6,021,231	\$ 19,853,359
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:						
Operating income (loss)	\$ (64,789)	\$ 25,138	\$ (171,616)	\$ (227,537)	\$ 203,704	\$ (235,100)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:						
Depreciation and amortization expense	550,560	48,203	34,872	861,102	768,981	2,263,718
Decrease (increase) in:						
Accounts receivable	(10,744)	2,508	574	(778,422)	(64,553)	(850,637)
Due from other funds	2,591	(2,333)	(171,617)	5,554	19,886	(145,919)
Due from component units	-	-	-	9,009	-	9,009
Due from other governments	(2,731,784)	-	-	-	-	(2,731,784)
Inventories	43,135	2,981	2,061	-	-	48,177
Net pension asset	-	-	-	(219,173)	(441,831)	(661,004)
Increase (decrease) in:						
Accounts payable	(125,772)	15,430	1,995	(316,327)	(248,669)	(673,343)
Accrued leave	8,755	(11,210)	(613)	11,642	(13,161)	(4,587)
Due to other funds	(196)	(48,272)	145,589	-	18,167	115,288
Other liabilities	23,974	2,374	(99)	15,763	10,054	52,066
Unearned revenues	1,617,101	-	-	-	-	1,617,101
Net pension and other postemployment benefits liability	78,951	67,372	24,872	1,234,399	269,905	1,675,499
Deferred outflows & inflows related to pensions	(212,047)	(98,264)	(37,634)	(561,571)	124,738	(784,778)
Long-term accrued leave	(10,080)	(3,927)	-	16,726	5,237	7,956
Total adjustments	(765,556)	(25,138)	-	278,702	448,754	(63,238)
Net cash provided by (used in) operating activities	\$ (830,345)	\$ -	\$ (171,616)	\$ 51,165	\$ 652,458	\$ (298,338)
Acquisition of capital assets through other funds' capital contributions	\$ 61,225	\$ -	\$ -	\$ -	\$ -	\$ 61,225
Total non-cash transactions	\$ 61,225	\$ -	\$ -	\$ -	\$ -	\$ 61,225

**CITY OF HAMPTON, VIRGINIA
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF NET POSITION
June 30, 2021**

	Equipment Replacement	Fleet Services	Risk Management	Information Technology	Totals
ASSETS					
Current assets:					
Cash and cash equivalents	\$ 9,426,076	\$ 1,454,725	\$ 26,142,153	\$ 1,179,206	\$ 38,202,160
Cash with fiscal agent	-	-	359,441	-	359,441
Accounts receivable, net	265	50,565	1,175	17,478	69,483
Due from other funds	18,027	466	-	-	18,493
Due from component units	-	34,246	-	-	34,246
Prepaid items	82,312	295	46,060	182,301	310,968
Inventories	-	288,399	-	-	288,399
Total current assets	<u>9,526,680</u>	<u>1,828,696</u>	<u>26,548,829</u>	<u>1,378,985</u>	<u>39,283,190</u>
Noncurrent assets:					
Capital assets:					
Improvements other than buildings	-	477,601	-	-	477,601
Computer software	14,400	171,225	-	30,150	215,775
Equipment	43,430,068	688,594	21,465	1,943,325	46,083,452
Less accumulated depreciation	<u>(28,388,491)</u>	<u>(934,004)</u>	<u>(19,644)</u>	<u>(1,731,000)</u>	<u>(31,073,139)</u>
Total noncurrent assets (net capital assets)	<u>15,055,977</u>	<u>403,416</u>	<u>1,821</u>	<u>242,475</u>	<u>15,703,689</u>
Total assets	<u>24,582,657</u>	<u>2,232,112</u>	<u>26,550,650</u>	<u>1,621,460</u>	<u>54,986,879</u>
DEFERRED OUTFLOWS OF RESOURCES					
Related to pensions	-	463,255	87,452	96,127	646,834
Related to other postemployment benefits	-	143,596	12,064	41,659	197,319
Total deferred outflows of resources	<u>-</u>	<u>606,851</u>	<u>99,516</u>	<u>137,786</u>	<u>844,153</u>
LIABILITIES					
Current liabilities:					
Accounts payable	-	295,384	72,722	104,800	472,906
Accrued leave	-	54,264	5,671	7,873	67,808
Due to other funds	-	1,472	26,817	-	28,289
Current portion of long-term debt	188,000	-	-	-	188,000
Current portion for claims and judgements	-	-	8,911,436	-	8,911,436
Other liabilities	-	33,636	6,090	6,900	46,626
Total current liabilities	<u>188,000</u>	<u>384,756</u>	<u>9,022,736</u>	<u>119,573</u>	<u>9,715,065</u>
Noncurrent liabilities:					
Claims payable	-	-	1,028,512	-	1,028,512
Accrued leave	-	40,307	24,061	22,873	87,241
Obligations under capital leases	893,000	-	-	-	893,000
Net pension liability	-	1,796,963	339,223	372,875	2,509,061
Net other postemployment benefit liability	-	698,283	87,982	169,666	955,931
Total noncurrent liabilities	<u>893,000</u>	<u>2,535,553</u>	<u>1,479,778</u>	<u>565,414</u>	<u>5,473,745</u>
Total liabilities	<u>1,081,000</u>	<u>2,920,309</u>	<u>10,502,514</u>	<u>684,987</u>	<u>15,188,810</u>
DEFERRED INFLOWS OF RESOURCES					
Related to pensions	-	78,913	14,896	16,375	110,184
Related to other postemployment benefits	-	638,110	82,117	182,320	902,547
Total deferred inflows of resources	<u>-</u>	<u>717,023</u>	<u>97,013</u>	<u>198,695</u>	<u>1,012,731</u>
NET POSITION					
Net investment in capital assets	13,974,977	403,416	1,821	242,475	14,622,689
Unrestricted (deficit)	9,526,680	(1,201,785)	16,048,818	633,089	25,006,802
Total net position(deficit)	<u>\$ 23,501,657</u>	<u>\$ (798,369)</u>	<u>\$ 16,050,639</u>	<u>\$ 875,564</u>	<u>\$ 39,629,491</u>

CITY OF HAMPTON, VIRGINIA
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
For the Year Ended June 30, 2021

	Equipment Replacement	Fleet Services	Risk Management	Information Technology	Totals
Operating revenues:					
Charges for services	\$ 3,144,954	\$ 6,540,320	\$ 9,535,605	\$ 2,873,625	\$ 22,094,504
Operating expenses:					
Personal services	-	1,049,863	185,780	202,990	1,438,633
Fringe benefits	-	562,430	52,338	45,837	660,605
Cost of goods sold	-	3,929,915	-	-	3,929,915
Utilities	-	45,000	-	-	45,000
Insurance	-	37,717	2,819,761	3,100	2,860,578
Operating supplies	-	113,143	14,035	81,141	208,319
Equipment rental	-	3,241	32,850	-	36,091
Equipment and building repairs	-	35,703	624,544	679	660,926
Telephone and postage	-	20,560	10,162	1,153,254	1,183,976
General expense	-	26,363	4,015	76,017	106,395
Claims	-	-	4,987,978	-	4,987,978
Contractual services	-	303,439	500,723	803,007	1,607,169
Depreciation and amortization	2,939,594	54,138	993	151,505	3,146,230
Total operating expenses	<u>2,939,594</u>	<u>6,181,512</u>	<u>9,233,179</u>	<u>2,517,530</u>	<u>20,871,815</u>
Operating income	<u>205,360</u>	<u>358,808</u>	<u>302,426</u>	<u>356,095</u>	<u>1,222,689</u>
Nonoperating revenues (expenses):					
Interest income	6,009	-	33,525	775	40,309
Interest and fiscal charges	(24,099)	-	-	-	(24,099)
Other	16,173	-	-	-	16,173
Gain (loss) on disposal of capital assets	31,001	400	-	-	31,401
Total nonoperating revenues (expenses), net	<u>29,084</u>	<u>400</u>	<u>33,525</u>	<u>775</u>	<u>63,784</u>
Income before transfers	<u>234,444</u>	<u>359,208</u>	<u>335,951</u>	<u>356,870</u>	<u>1,286,473</u>
Transfers in(out)	<u>2,979,921</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,979,921</u>
Change in net position	<u>3,214,365</u>	<u>359,208</u>	<u>335,951</u>	<u>356,870</u>	<u>4,266,394</u>
Net position(deficit), beginning of year	<u>20,287,292</u>	<u>(1,157,577)</u>	<u>15,714,688</u>	<u>518,694</u>	<u>35,363,097</u>
Net position(deficit), end of year	<u>\$ 23,501,657</u>	<u>\$ (798,369)</u>	<u>\$ 16,050,639</u>	<u>\$ 875,564</u>	<u>\$ 39,629,491</u>

**CITY OF HAMPTON, VIRGINIA
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CASH FLOWS
For the Year Ended June 30, 2021**

	Equipment Replacement	Fleet Services	Risk Management	Information Technology	Totals
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash received from customers	\$ 4,598,100	\$ 6,494,122	\$ 9,536,107	\$ 2,870,608	\$ 23,498,937
Cash payments to suppliers for goods and services	(82,312)	(4,322,132)	(7,763,175)	(2,375,103)	(14,542,722)
Cash payments to employees for services	-	(1,606,461)	(200,335)	(197,847)	(2,004,643)
Net cash provided by operating activities	<u>4,515,788</u>	<u>565,529</u>	<u>1,572,597</u>	<u>297,658</u>	<u>6,951,572</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Cash received from other funds	2,979,921	-	-	-	2,979,921
Net cash provided by noncapital financing activities	<u>2,979,921</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,979,921</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Acquisition and construction of capital assets	(4,930,073)	(20,447)	-	-	(4,950,520)
Principal paid on long-term debt	(184,000)	-	-	-	(184,000)
Proceeds from long-term debt	-	-	-	-	-
Interest paid on revenue bonds and long-term debt	(24,099)	-	-	-	(24,099)
Sale of capital assets	1,483,279	400	-	-	1,483,679
Net cash used in capital and related financing activities	<u>(3,654,893)</u>	<u>(20,047)</u>	<u>-</u>	<u>-</u>	<u>(3,674,940)</u>
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest and dividends on investments	6,975	-	40,370	775	48,120
Net cash provided by investing activities	<u>6,975</u>	<u>-</u>	<u>40,370</u>	<u>775</u>	<u>48,120</u>
Net increase in cash and cash equivalents (including cash with fiscal agents)	3,847,791	545,482	1,612,967	298,433	6,304,673
Cash and cash equivalents, July 1	<u>5,578,285</u>	<u>909,243</u>	<u>24,888,627</u>	<u>880,773</u>	<u>32,256,928</u>
Cash and cash equivalents, June 30	<u>\$ 9,426,076</u>	<u>\$ 1,454,725</u>	<u>\$ 26,501,594</u>	<u>\$ 1,179,206</u>	<u>\$ 38,561,601</u>

Continued

INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CASH FLOWS
For the Year Ended June 30, 2021

	Equipment Replacement	Fleet Services	Risk Management	Information Technology	Totals
Reconciliation of operating income to net cash provided by operating activities:					
Operating income	\$ 205,360	\$ 358,808	\$ 302,426	\$ 356,095	\$ 1,222,689
Adjustments to reconcile operating income to net cash provided by operating activities:					
Depreciation and amortization expense	2,939,594	54,138	993	151,505	3,146,230
Decrease (increase) in:					
Accounts receivable	966	(44,186)	6,845	(3,017)	(39,392)
Due from other funds	1,436,973	20,387	502	-	1,457,862
Due from component units	-	(22,399)	-	-	(22,399)
Inventories	-	50,304	-	-	50,304
Prepaid items	(82,312)	(295)	648,379	47,954	613,726
Increase (decrease) in:					
Accounts payable	-	7,998	(1,316,462)	(230,066)	(1,538,530)
Accrued leave	-	8,152	(3,252)	3,107	8,007
Due to other funds	-	1,472	26,467	-	27,939
Other liabilities	-	2,411	(673)	1,242	2,980
Nonoperating revenues reported as operating activity	16,173	-	-	-	16,173
Accrued claims	-	-	1,768,016	-	1,768,016
Accounts receivable reported as nonoperating activity	(966)	-	(6,845)	-	(7,811)
Long-term accrued leave	-	(4,731)	(10,630)	794	(14,567)
Long-term accrued insurance claims reported as operating activity	-	-	172,184	-	172,184
Net pension and other postemployment benefits liability	-	477,698	43,467	41,202	562,367
Deferred outflows & inflows of resources related to pensions and other postemployment benefits	-	(344,228)	(58,820)	(71,158)	(474,206)
Total adjustments	4,310,428	206,721	1,270,171	(58,437)	5,728,883
Net cash provided by operating activities	\$ 4,515,788	\$ 565,529	\$ 1,572,597	\$ 297,658	\$ 6,951,572

**CITY OF HAMPTON, VIRGINIA
COMBINING STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS - CUSTODIAL FUNDS
June 30, 2021**

	Eastern VA Regional Industrial Facility Authority	Hampton Roads Criminal Justice Training Academy	Special Welfare Fund	Sheriff Inmate Fund	Taxes, Fees & Assessments - Custodial Funds	Total
ASSETS						
Cash and cash equivalents	\$ 118,200	\$ 2,654,807	\$ 22,930	\$ 259,167	\$ 245,608	\$ 3,300,712
Accounts receivable, net	-	122	-	-	318,076	318,198
Total assets	118,200	2,654,929	22,930	259,167	563,684	3,618,910
LIABILITIES						
Accounts payable and other liabilities	1,537	31,014	9,174	168,816	324,685	535,226
Total liabilities	1,537	31,014	9,174	168,816	324,685	535,226
NET POSITION						
Restricted for:						
Individuals, organizations, and other governments	116,663	2,623,915	13,756	90,351	238,999	3,083,684
Total net position (deficit)	\$ 116,663	\$ 2,623,915	\$ 13,756	\$ 90,351	\$ 238,999	\$ 3,083,684

CITY OF HAMPTON, VIRGINIA
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS - CUSTODIAL FUNDS
For the Year Ended June 30, 2021

	Eastern VA Regional Industrial Facility Authority	Hampton Roads Criminal Justice Training Academy	Special Welfare Fund	Sheriff Inmate Fund	Taxes, Fees & Assessments - Custodial Funds	Total
ADDITIONS						
Contributions:						
Members	\$ 115,000	\$ 998,562	\$ -	\$ -	\$ 82,406	\$ 1,195,968
Individuals	-	-	937	380,029	-	380,966
Total	<u>115,000</u>	<u>998,562</u>	<u>937</u>	<u>380,029</u>	<u>82,406</u>	<u>1,576,934</u>
Investment earnings:						
Interest, dividends, other	-	4,213	-	-	359	4,572
Net investment earnings	<u>-</u>	<u>4,213</u>	<u>-</u>	<u>-</u>	<u>359</u>	<u>4,572</u>
Charges for Services	-	-	-	-	-	-
State revenues	800	278,887	15,577	-	14,739	310,003
Income tax and fees collected for the State	-	-	-	-	2,292,308	2,292,308
Special assessment collected for other entities	-	-	-	-	593,831	593,831
Other custodial fund collections	-	5,225	-	-	-	5,225
Total additions	<u>115,800</u>	<u>1,286,887</u>	<u>16,514</u>	<u>380,029</u>	<u>2,983,643</u>	<u>4,782,873</u>
DEDUCTIONS						
Beneficiary payments to individuals	-	1,250,518	20,119	342,838	-	1,613,475
Administrative expense	2,337	-	-	-	142,756	145,093
Income tax and fees distributions to the State	-	-	-	-	2,292,318	2,292,318
Special assessment distributions to other entities	-	-	-	-	593,831	593,831
Total deductions	<u>2,337</u>	<u>1,250,518</u>	<u>20,119</u>	<u>342,838</u>	<u>3,028,905</u>	<u>4,644,717</u>
Change in net position	113,463	36,369	(3,605)	37,191	(45,262)	138,156
Net position, July 1, (as restated)	<u>3,200</u>	<u>2,587,546</u>	<u>17,361</u>	<u>53,160</u>	<u>284,261</u>	<u>2,945,528</u>
Net position, June 30	<u>\$ 116,663</u>	<u>\$ 2,623,915</u>	<u>\$ 13,756</u>	<u>\$ 90,351</u>	<u>\$ 238,999</u>	<u>\$ 3,083,684</u>

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

**CITY OF HAMPTON, VIRGINIA
DISCRETELY PRESENTED COMPONENT UNIT - SCHOOL BOARD
COMBINING BALANCE SHEET
June 30, 2021**

	Operating	Food Services	Reimbursable Projects	Rental Income	School Activity	Athletics	Total
ASSETS							
Cash and cash equivalents	\$ 17,059,959	\$ 3,423,654	\$ 575,171	\$ 1,371,192	\$ 926,536	\$ 360,250	\$ 23,716,762
Cash with fiscal agent	9,687,084	-	-	-	-	-	9,687,084
Accounts receivable, net	150,265	-	93,090	-	10,071	860	254,286
Due from Primary Government	55,728	13,732	-	-	-	-	69,460
Due from other funds	838,544	-	-	-	-	-	838,544
Due from other governments	3,511,315	828,175	2,954,334	-	-	-	7,293,824
Inventories	211,776	367,656	-	-	-	-	579,432
Total assets	<u>31,514,671</u>	<u>4,633,217</u>	<u>3,622,595</u>	<u>1,371,192</u>	<u>936,607</u>	<u>361,110</u>	<u>42,439,392</u>
LIABILITIES AND FUND BALANCES							
Liabilities							
Accounts payable and other liabilities	16,241,179	149,587	323,932	2,430	22,269	24,380	16,763,777
Due to other funds	-	63	834,601	-	-	3,880	838,544
Due to Primary Government	50,615	-	-	-	-	2,480	53,095
Unearned revenues	1,277,122	-	1,675,254	232	-	-	2,952,608
Total liabilities	<u>17,568,916</u>	<u>149,650</u>	<u>2,833,787</u>	<u>2,662</u>	<u>22,269</u>	<u>30,740</u>	<u>20,608,024</u>
Fund balances							
Nonspendable	211,776	367,656	-	-	-	-	579,432
Restricted	-	4,115,911	788,808	-	-	-	4,904,719
Assigned	13,733,979	-	-	1,368,530	914,338	330,370	16,347,217
Total fund balances	<u>13,945,755</u>	<u>4,483,567</u>	<u>788,808</u>	<u>1,368,530</u>	<u>914,338</u>	<u>330,370</u>	<u>21,831,368</u>
Total liabilities and fund balances	<u>\$ 31,514,671</u>	<u>\$ 4,633,217</u>	<u>\$ 3,622,595</u>	<u>\$ 1,371,192</u>	<u>\$ 936,607</u>	<u>\$ 361,110</u>	<u>\$ 42,439,392</u>

Reconciliation of the School Board's Combining Balance Sheet to the Statement of Net Position (Exhibit A-11)

Total fund balance	\$ 21,831,368
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, not reported in the funds.	88,053,681
Accumulated depreciation on capital assets	(75,746,206)
Long-term liability for compensated absences	(19,514,274)
Obligations under capital leases	(470,254)
Net pension asset	8,505,074
Net pension liability	(191,325,005)
Net other postemployment benefits liability	(32,079,489)
Deferred outflows of resources related to pensions	46,843,447
Deferred outflows of resources related to OPEB	5,208,967
Deferred inflows of resources related to pensions	(28,433,102)
Deferred inflows of resources related to OPEB	(2,780,357)
Net position discretely presented component unit School Board	<u>\$ (179,906,150)</u>

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, 2021

	Operating	Food Services	Reimbursable Projects	Rental Income	School Activity	Athletics	Total
REVENUES							
State funds	\$ 145,203,008	\$ 145,407	\$ 1,264,092	\$ -	\$ -	\$ -	\$ 146,612,507
Federal funds (includes pass through)	690,857	4,493,627	23,324,449	-	-	-	28,508,933
Other receipts	3,634,813	98,135	845,747	159,641	519,920	1,588	5,259,844
Payments from City	76,948,468	-	-	-	-	-	76,948,468
Total revenues	<u>226,477,146</u>	<u>4,737,169</u>	<u>25,434,288</u>	<u>159,641</u>	<u>519,920</u>	<u>1,588</u>	<u>257,329,752</u>
EXPENDITURES							
Education	<u>218,855,614</u>	<u>5,898,912</u>	<u>25,997,519</u>	<u>31,170</u>	<u>601,086</u>	<u>227,986</u>	<u>251,612,287</u>
Excess (deficiency) of revenues over (under) expenditures	<u>7,621,532</u>	<u>(1,161,743)</u>	<u>(563,231)</u>	<u>128,471</u>	<u>(81,166)</u>	<u>(226,398)</u>	<u>5,717,465</u>
OTHER FINANCING SOURCES (USES)							
Transfer from:							
Food Services Fund	234,599	-	-	-	-	-	234,599
Reimbursable Projects Fund	2,345	-	-	-	-	-	2,345
School Operating Fund	-	1,436,751	496,602	-	-	349,231	2,282,584
Transfer to:							
Athletics Fund	(349,231)	-	-	-	-	-	(349,231)
Food Services Fund	(1,436,751)	-	-	-	-	-	(1,436,751)
Reimbursable Projects Fund	(496,602)	-	-	-	-	-	(496,602)
School Operating Fund	-	(234,599)	(2,345)	-	-	-	(236,944)
Total other sources (uses), net	<u>(2,045,640)</u>	<u>1,202,152</u>	<u>494,257</u>	<u>-</u>	<u>-</u>	<u>349,231</u>	<u>-</u>
Net change in fund balance	5,575,892	40,409	(68,974)	128,471	(81,166)	122,833	5,717,465
Fund balance - July 1, (as restated)	<u>8,369,863</u>	<u>4,443,158</u>	<u>857,782</u>	<u>1,240,059</u>	<u>995,504</u>	<u>207,537</u>	<u>16,113,903</u>
Fund balance - June 30	<u>\$ 13,945,755</u>	<u>\$ 4,483,567</u>	<u>\$ 788,808</u>	<u>\$ 1,368,530</u>	<u>\$ 914,338</u>	<u>\$ 330,370</u>	<u>\$ 21,831,368</u>

Exhibit G-2

Reconciliation of the School Board's Combining Statement of Revenues, Expenditures and Changes in Fund Balances to the Combining Statement of Activities (Exhibit A-12)

Net change in fund balances - total school funds	\$ 5,717,465
<p>Amounts reported for governmental activities in the Statement of Activities are different because:</p>	
<p>Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of the assets.</p>	
Capital acquisitions	1,830,030
Depreciation expense	(1,867,313)
<p>In the Statement of Activities, the loss on disposal of capital assets is reported. However, in the governmental funds, only the proceeds from sales</p>	
increase financial resources. The change in net position differs from the change in fund balance by the net book value of the capital assets abandoned.	(6,500)
<p>Increase in capital leases are not reported as expenditures in the governmental funds.</p>	
Increase in other postemployment benefits liability reported in the Statement of Activities does not provide	(192,945)
current financial resources and, therefore, is not reported in the governmental funds.	(1,301,456)
<p>Increase in compensated absences reported in the Statement of Activities does not provide current financial resources</p>	
and, therefore, is not reported in the governmental funds.	(6,153,796)
<p>Increase in net pension liability reported in Statement of Activities does not provide current financial resources and,</p>	
therefore, is not reported in the governmental funds	(13,294,924)
<p>Increase in deferred outflows of resources related to pensions and OPEB reported in the Statement of Activities</p>	
does not provide current financial resources and, therefore, is not reported in the governmental funds	13,261,002
<p>Increase in deferred inflows of resources related to pensions and OPEB reported in the Statement of Activities does</p>	
not provide current financial resources and, therefore, is not reported in the governmental funds	(1,250,998)
Increase in net pension asset	8,505,074
Change in net position of governmental activities	\$ 5,245,639

CITY OF HAMPTON, VIRGINIA
DISCRETELY PRESENTED COMPONENT UNIT - SCHOOL BOARD
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Year Ended June 30, 2021

	School Board - School Operating Fund			Variance with Final Budget Over (Under)
	Budgeted Amounts		Actual	
	Original	Final		
REVENUES				
Intergovernmental:				
State Funds	\$ 147,271,381	\$ 147,271,381	\$ 145,203,008	\$ (2,068,373)
Federal funds (includes pass through)	810,000	810,000	690,857	(119,143)
Miscellaneous	3,619,700	3,619,700	3,634,813	15,113
Payments from City	76,948,468	76,948,468	76,948,468	-
Total revenues	<u>228,649,549</u>	<u>228,649,549</u>	<u>226,477,146</u>	<u>(2,172,403)</u>
EXPENDITURES				
Current:				
Education	228,334,736	236,706,211	218,855,614	(17,850,597)
Total expenditures	<u>228,334,736</u>	<u>236,706,211</u>	<u>218,855,614</u>	<u>(17,850,597)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>314,813</u>	<u>(8,056,662)</u>	<u>7,621,532</u>	<u>15,678,194</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	468,520	468,520	236,944	(231,576)
Transfers out	(783,333)	(783,333)	(2,282,584)	1,499,251
Total other financing uses, net	<u>(314,813)</u>	<u>(314,813)</u>	<u>(2,045,640)</u>	<u>1,267,675</u>
Net change in fund balance	-	(8,371,475)	5,575,892	
Appropriations from fund balance	-	2,527,795	-	
Appropriations - encumbrances	-	5,843,680	-	
	<u>-</u>	<u>-</u>	<u>-</u>	
Fund balance - July 1			8,369,863	
Fund balance - June 30			<u>\$ 13,945,755</u>	

**CITY OF HAMPTON, VIRGINIA
DISCRETELY PRESENTED COMPONENT UNIT - SCHOOL BOARD
COMBINING STATEMENT OF CHANGES IN FIDUCIARY FUNDS
June 30, 2021**

			Custodial Funds		
	Booker Trust Fund	Syms Eaton Trust Fund	Scholarship Fund	Deferred Compensation	Total
ASSETS					
Cash and pooled investments	\$ 221,802	\$ 51,881	\$ 74,457	\$ 16,173	\$ 364,313
Total assets	221,802	51,881	74,457	16,173	364,313
FUND BALANCES					
Restricted for					
Individuals, organizations and other government	221,802	51,881	74,457	16,173	364,313
Total liabilities and fund balances	\$ 221,802	\$ 51,881	\$ 74,457	\$ 16,173	\$ 364,313

CITY OF HAMPTON, VIRGINIA
DISCRETELY PRESENTED COMPONENT UNIT - SCHOOL BOARD
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
For the Year Ended June 30, 2021

	Booker Trust Fund	Syms Eaton Trust Fund	Custodial Funds		Total
			Scholarship Fund	Deferred Compensation	
ADDITIONS					
Investment earnings:					
Net increase in fair value of investments	\$ 60,978	\$ 15,630	\$ -	\$ 4,145	\$ 80,753
Interest, dividends, other	-	-	466	846	1,312
Total investment earnings	60,978	15,630	466	4,991	82,065
Miscellaneous	-	-	-	6	6
Total additions	60,978	15,630	466	4,997	82,071
DEDUCTIONS					
Beneficiary payments to individuals	375	150	4,000	11,060	15,585
Total deductions	375	150	4,000	11,060	15,585
Change in net position	60,603	15,480	(3,534)	(6,063)	66,486
Net position, July 1 (as restated)	161,199	36,401	77,991	22,236	297,827
Net position, June 30	\$ 221,802	\$ 51,881	\$ 74,457	\$ 16,173	\$ 364,313

**CITY OF HAMPTON, VIRGINIA
SCHEDULE OF THE TREASURER'S ACCOUNTABILITY
June 30, 2021**

Assets held by the Treasurer:	
Cash on hand	\$ 7,050
Cash in banks:	
Old Point National Bank	10,161,578
Investments:	
Certificates of deposit	15,533,265
Commercial paper	4,543,249
Repurchase agreement	17,300,000
Investment in mutual and money market funds	42,396
State Local Government Investment Pool	249,485,557
U.S. Government securities	18,087,594
Corporate notes	2,324,062
Total assets	<u>\$ 317,484,751</u>
Liabilities of the Treasurer:	
Balance of City funds	<u>\$ 317,484,751</u>
Cash and cash equivalents	
Primary Government per Exhibit A-1	269,060,507
School Board per Exhibit A-11	23,716,762
Economic Development Authority per Exhibit A-11	3,560,784
General Fund Investments per Exhibit A-3	22,634,832
Restricted cash and investments - Enterprise Funds per Exhibit A-6	
Cash and cash equivalents - Convention Center	2,345,574
Investments - Convention Center	14,555,027
Cash and cash equivalents - Fiduciary Funds per Exhibit A-9	3,432,434
Investments - Component Unit - EDA per Exhibit A-11	584,788
Adjust investments in CAFR from fair value to cost	(2,237,936)
Less:	
Petty cash	\$ (56,898)
Cash and investments held by trustees	<u>(20,111,123)</u>
	<u>(20,168,021)</u>
Balance of City funds	<u>\$ 317,484,751</u>

CITY OF HAMPTON, VIRGINIA
SCHEDULE OF CASH FLOWS
DISCRETELY PRESENTED COMPONENT UNIT
ECONOMIC DEVELOPMENT AUTHORITY
For the Year Ended June 30, 2021

CASH FLOWS FROM OPERATING ACTIVITIES

Cash received from customers	\$ 1,647,568
Cash payments to suppliers for goods and services	(3,293,232)
Cash payments to employees for services	(3,850)
Other receipts	450,200
Net cash used in operating activities	(1,199,314)

CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES

Payment from Primary Government	3,141,446
Net cash provided by noncapital financing activities	3,141,446

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES

Acquisition and construction of capital assets	(543,993)
Proceeds from note	
Principal paid on revenue bond maturities and long-term debt	(556,034)
Interest paid on revenue bonds and long-term debt	(30,945)
Contributions and donations from private sources and other funds	-
Net cash used in capital and related financing activities	(1,130,972)

CASH FLOWS FROM INVESTING ACTIVITIES

Interest and dividends on investments	(428,990)
Proceeds from collection of loans	(488,775)
Proceeds from collection of lease receivable	438,862
Interest received on lease receivable	57,244
Net cash used in investing activities	(421,659)

Net increase in cash and cash equivalents (including restricted amounts)	389,501
Cash and cash equivalents (including restricted), July 1	3,172,168
Cash and cash equivalents (including restricted), June 30	\$ 3,561,669

(Continued)

**CITY OF HAMPTON, VIRGINIA
SCHEDULE OF CASH FLOWS
DISCRETELY PRESENTED COMPONENT UNIT
ECONOMIC DEVELOPMENT AUTHORITY
For the Year Ended June 30, 2021**

Operating loss	\$ (5,132,754)
Adjustments to reconcile operating loss to net cash used in operating activities:	
Depreciation and amortization expense	561,094
Decrease (increase) in:	
Accounts receivable	380,349
Notes receivable	(13,210)
Due from Primary Government	537,290
Cost of land	(1,606,243)
Increase (decrease) in:	
Accounts payable	560,120
Due to Primary Government	5,816
Other liabilities	5,848
Nonoperating revenues reported as operating revenues	665,058
Accounts receivable reported as operating activities	450,000
Notes receivable reported as nonoperating activities	(910)
Other liabilities reported as nonoperating revenues	(5,849)
Cost of land reported as nonoperating activities	1,606,243
Due from/to other funds reported as nonoperating activities	787,834
Total adjustments	<u>3,933,440</u>
Net cash used in operating activities	<u>\$ (1,199,314)</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, 2021

	Appropriations			Expenditures	Variance with Final Budget Over (Under)
	Budget	Net	Final		
	July 1,2020	Changes	June 30,2021		
EXPENDITURES					
Administration/attendance and health	\$ 13,476,124	\$ (637,790)	\$ 12,838,334	\$ 12,436,498	\$ (401,836)
Instructional	167,738,527	(2,720,990)	165,017,537	158,484,906	(6,532,631)
Public transportation service	11,013,254	(1,139,296)	9,873,958	7,919,018	(1,954,940)
Operation and maintenance of school plant	20,623,204	4,271,209	24,894,413	20,070,388	(4,824,025)
School Food Service	3,146,000	228,064	3,374,064	3,366,872	(7,192)
Technology	12,337,627	8,370,278	20,707,905	16,577,932	(4,129,973)
Total expenditures	<u>228,334,736</u>	<u>8,371,475</u>	<u>236,706,211</u>	<u>218,855,614</u>	<u>(17,850,597)</u>
OPERATING TRANSFER OUT					
To Food Services Fund	468,520	-	468,520	1,436,751	968,231
To Athletics Fund	-	-	-	349,231	349,231
To Reimbursable Projects Fund	314,813	-	314,813	496,602	181,789
Total transfers out	<u>783,333</u>	<u>-</u>	<u>783,333</u>	<u>2,282,584</u>	<u>1,499,251</u>
Total expenditures and transfers out	<u>\$ 229,118,069</u>	<u>\$ 8,371,475</u>	<u>\$ 237,489,544</u>	<u>\$ 221,138,198</u>	<u>\$ (16,351,346)</u>

This statement excludes the Special Revenue Fund and Student Activities Fund, which are included in the School Operating Fund for financial statement purposes.

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, 2021

	Original	Final Budgeted Revenues	Actual Revenues	Variance with Final Budget Over (Under)
State funds:				
Basic appropriation	\$ 67,656,317	\$ 67,656,317	\$ 65,836,831	\$ (1,819,486)
At risk payment	6,155,422	6,155,422	5,215,001	(940,421)
Salary Supplement	1,769,311	1,769,311	-	(1,769,311)
Remedial education	3,052,066	3,052,066	2,987,699	(64,367)
K-3 Primary Class Size	4,338,243	4,338,243	4,146,605	(191,638)
Virginia Retirement System	9,639,556	9,639,556	9,382,186	(257,370)
Social security benefits	4,129,265	4,129,265	4,028,662	(100,603)
Group life insurance	290,015	290,015	283,899	(6,116)
Special education	9,914,935	9,914,935	9,666,065	(248,870)
Textbook payments	1,484,188	1,484,188	1,452,887	(31,301)
Remedial summer school	1,150,133	1,150,133	491,219	(658,914)
At risk 4 year old	3,424,343	3,424,343	2,154,213	(1,270,130)
Gifted	718,133	718,133	702,988	(15,145)
Infrastructre ops per pupil	5,151,365	5,151,365	5,637,672	486,307
Foster home	180,181	180,181	262,337	82,156
Vocational education	1,230,518	1,230,518	1,271,179	40,661
VPSA education tech grant	1,070,800	1,070,800	1,018,800	(52,000)
Project graduation	37,500	37,500	37,500	-
ESL	329,633	329,633	295,785	(33,848)
Early Reading Intervention	435,997	435,997	420,518	(15,479)
Early reading specialists initiative	51,914	51,914	50,975	(939)
SOL Algebra Readiness	387,874	387,874	398,900	11,026
New Horizons Governor's School	526,019	526,019	484,886	(41,133)
ISAEF	33,545	33,545	33,545	-
Teacher mentor	23,173	23,173	23,413	240
No loss funding	-	-	2,211,625	2,211,625
Learning loss	-	-	1,062,170	1,062,170
Sales tax	23,140,935	23,140,935	24,750,975	1,610,040
Medicaid Reimbursement	950,000	950,000	894,473	(55,527)
Total state funds	<u>147,271,381</u>	<u>147,271,381</u>	<u>145,203,008</u>	<u>(2,068,373)</u>
Federal Funds:				
Public law 874	380,000	380,000	354,154	(25,846)
Impact Aid Special Education	116,000	116,000	92,974	(23,026)
U.S. Army- ROTC	100,000	100,000	96,485	(3,515)
U.S. Air Force- ROTC	67,000	67,000	23,489	(43,511)
U.S. Navy - ROTC	76,000	76,000	79,785	3,785
U.S. Marine Corps - ROTC	71,000	71,000	43,970	(27,030)
Total federal funds	<u>810,000</u>	<u>810,000</u>	<u>690,857</u>	<u>(119,143)</u>
Other funds:				
Fees from students	13,000	13,000	1,989	(11,011)
Pharmacy Revenue	2,030,000	2,030,000	1,943,697	(86,303)
Print Shop Revenue	200,000	200,000	92,385	(107,615)
Tuition from regular day students	6,200	6,200	11,119	4,919
Miscellaneous revenue	28,000	28,000	158,542	130,542
Public surplus	270,000	270,000	190,444	(79,556)
Interest	3,700	3,700	3,607	(93)
Jury Duty	600	600	474	(126)
Cell Towers	525,000	525,000	657,876	132,876
Other	23,200	543,200	574,680	31,480
Total other funds	<u>3,099,700</u>	<u>3,619,700</u>	<u>3,634,813</u>	<u>15,113</u>
Total revenues	<u>151,181,081</u>	<u>151,701,081</u>	<u>149,528,678</u>	<u>(2,172,403)</u>
Other credits:				
Payment from the City	76,948,468	76,948,468	76,948,468	-
Transfer from Food Services Fund	468,520	468,520	234,599	(233,921)
Transfer from Reimbursable Fund	-	-	2,345	2,345
Total other credits	<u>77,416,988</u>	<u>77,416,988</u>	<u>77,185,412</u>	<u>(231,576)</u>
Total revenues and other credits	<u>\$ 228,598,069</u>	<u>\$ 229,118,069</u>	<u>\$ 226,714,090</u>	<u>\$ (2,403,979)</u>

CITY OF HAMPTON, VIRGINIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2021

Federal Granting Agency/ Recipient State Agency/ Grant Program/Grant Number	Federal Catalogue 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 (90304)	10.561	\$ 2,525,298
Total Supplemental Nutrition Assistance Program Cluster		<u>2,525,298</u>
CHILD NUTRITION CLUSTER:		
Direct payments:		
Summer Food Service Program for Children	10.559	3,988,437
Pass-through payments:		
Department of Education:		
National School Lunch Program (APE402540)	10.555	464,661
Total Child Nutrition Cluster		<u>4,453,098</u>
OTHER:		
Pass-through payments:		
Department of Agriculture:		
Child & Adult Care Food Program (APE700280)	10.558	11,887
Fresh Fruit and Vegetable Program (APE402520)	10.582	119,238
Total Department of Agriculture		<u>7,109,521</u>
DEPARTMENT OF DEFENSE:		
Direct Payments:		
U.S. Army - ROTC	12.UNK	96,485
U.S. Air Force - ROTC	12.UNK	23,489
U.S. Navy - ROTC	12.UNK	79,785
U.S. Marine Corps - ROTC	12.UNK	43,969
Pass-through payments:		
Office of the Secretary of Defense:		
Readiness and Environmental Protection Integration Program (6000794)	12.UNK	291
Office of Economic Adjustment:		
Community Economic Adjustment Assistance for Responding to Threats to the Resilience of a Military Installation (EN1602-20-04)	12.003	366,547
Community Investment (CIP1286-20-01)	12.600	320,417
Community Economic Adjustment Assistance for Compatible Use and Land Use Studies (EN1602-19-03)	12.610	191,380
Total Department of Defense		<u>1,122,363</u>

**CITY OF HAMPTON, VIRGINIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2021**

Federal Granting Agency/ Recipient State Agency/ Grant Program/Grant Number	Federal Catalogue Number	Expenditures
DEPARTMENT OF EDUCATION:		
Direct payments:		
Impact Aid	84.041	\$ 447,128
Pass-through payments:		
Department of Behavioral Health and Developmental Services:		
Title I Grants to Local Educational Agencies (Title I, Part A of the ESEA) (APE429010, APE429350)	84.010	7,015,350
Education Stabilization Fund (ESF) (APE60177, APE70037, DOE86529, APE60041, APE60042, APE70038, APE60170, APE60171, DOE86537, APE60173, APE50195)	84.425D	COVID 5,113,973
Coronavirus Relief Fund (APE70056)	21.019	COVID 3,335,640
School Improvement Grants (APE428920)	84.377	101,038
Supporting Effective Instruction State Grants (APE14800)	84.367	777,689
English Language Acquisition State Grants (APE605120, APE605090)	84.365	3,794
Twenty-First Century Community Learning Centers (APE605650)	84.287	1,359,984
Special Education-Grants for Infants and Families (720-4515-16)	84.181	445,912
Student Support and Academic Enrichment Program (APE600220, APE602810)	84.424	336,447
SPECIAL EDUCATION CLUSTER:		
Pass-through payments:		
Special Education Grants to States (IDEA, Part B)(APE430710)	84.027	4,581,699
Special Education Preschool Grants (IDEA, Preschool) (APE625210)	84.173	73,462
Total Special Education Cluster		<u>4,655,161</u>
Pass-through payments:		
Career and Technical Education - Basic Grants to States (Perkins V) (APE610950, APE611590)	84.048	608,293
Total Department of Education		<u>24,200,409</u>
DEPARTMENT OF HEALTH AND HUMAN SERVICES:		
MEDICAID CLUSTER:		
Pass-through payments:		
Department of Social Services:		
Medical Assistance Program (Medicaid, Title XIX) (705AT53247)	93.778	1,872,360
Total Medicaid Cluster		<u>1,872,360</u>
CHILD CARE AND DEVELOPMENT FUND CLUSTER:		
Pass-through payments:		
Department of Social Services:		
Child Care Mandatory and Matching Funds of the Child Care Development Fund ⁽⁹¹⁴¹⁶⁾	93.596	280,420
Total Child Care and Development Fund Cluster		<u>280,420</u>

continued

CITY OF HAMPTON, VIRGINIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2021

Federal Granting Agency/ Recipient State Agency/ Grant Program/Grant Number	Federal Catalogue Number	Expenditures
477 CLUSTER:		
Pass-through payments:		
Department of Social Services:		
Temporary Assistance for Needy Families (TANF) (90601, 90603, BEN-19-024-03, APE4027400000)	93.558	\$ 2,597,346
Total 477 Cluster		<u>2,597,346</u>
OTHER:		
Pass-through payments:		
Department of Social Services:		
MaryLee Allen Promoting Safe and Stable Families Program ⁽⁹¹¹²⁹⁾	93.556	62,275
Refugee & Entrant Assistance State/Replacement Designee Administrated Programs ⁽⁹⁰⁶²³⁾	93.566	2,896
Low-Income Home Energy Assistance ⁽⁹¹¹¹⁴⁾	93.568	213,667
Chafee Education and Training Vouchers Program (ETV) ⁽⁹⁰³⁵³⁾	93.599	680
Stephanie Tubbs Jones Child Welfare Services Program ⁽⁹¹¹³¹⁾	93.645	783
Foster Care Title IV-E ⁽⁹⁰⁶⁵⁸⁾	93.658	882,739
Adoption Assistance - Title IV-E ⁽⁹⁰⁶⁰⁶⁾	93.659	1,274,375
Social Services Block Grant (SSBG) ⁽⁹¹¹⁴²⁾	93.667	1,264,248
John H. Chafee Foster Care Program for Successful Transition to Adulthood ⁽⁹¹¹³⁴⁾	93.674	15,207
Children's Health Insurance Program ⁽⁹⁰¹⁶¹⁾	93.767	23,665
Maternal, Infant, and Early Childhood Home Visiting Grant (705BJ632554-A)	93.870	431,070
Total Department of Health and Human Services		<u>8,921,731</u>
CORPORATION FOR NATIONAL AND COMMUNITY SERVICE:		
FOSTER GRANDPARENT, SENIOR COMPANION CLUSTER:		
Direct payments:		
Foster Grandparent Program	94.011	408,281
Total Foster Grandparent, Senior Companion Cluster		<u>408,281</u>
Total Corporation for National and Community Service		<u>408,281</u>
DEPARTMENT OF HOMELAND SECURITY:		
Direct payments:		
Staffing for Adequate Fire and Emergency Response (SAFER)	97.083	1,658
Port Security Grant Program	97.056	37,890
Pass-through payments:		
Virginia Department of Emergency Management:		
Flood Mitigation Assistance (FMA-PJ-03-VA-2013-3, FMA-PJ-03-VA-2016-4, FMA-PJ-VA-2018-002)	97.029	381,256
Hazard Mitigation Grant (HMGP) (FMA-PJ-03-VA-2013-005)	97.039	322,664
Disaster Grants - Public Assistance (Presidentially Declared Disasters) (FEMA-DR-4512-VA)	97.036	COVID 283,247
Emergency Management Performance Grant Program (8420, 8628)	97.042	94,131
Homeland Security Grant Program (HSGP) (8093, 8096, 8673)	97.067	144,034
Total Department of Homeland Security		<u>1,264,880</u>

continued

**CITY OF HAMPTON, VIRGINIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2021**

Federal Granting Agency/ Recipient State Agency/ Grant Program/Grant Number	Federal Catalogue Number	Expenditures
DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT:		
CDBG - ENTITLEMENT GRANTS CLUSTER:		
Direct payments:		
Community Development Block Grants/Entitlement Grants (\$374,123 provided to subrecipient)	14.218	\$ 866,710
Total CDBG - Entitlement Grants Cluster		<u>866,710</u>
OTHER:		
Direct payments:		
Home Investment Partnership Program (\$355,129 provided to subrecipient)	14.239	355,129
Continuum of Care Program (Planning Grant - VA0378L3F051900)	14.267	21,272
Continuum of Care Program (Regional Housing Crisis Hotline - VA0358L3F051800)	14.267	40,887
Total Continuum of Care Program		<u>62,159</u>
Pass-through payments:		
Department of Housing and Community Development:		
Emergency Solutions Grant Program (21-VHSP-035)	14.231	119,818
Emergency Solutions Grant Program (20-VHSP-035, 20-CHERP-035)	14.231	COVID 322,635
Total Department of Housing and Urban Development		<u>1,726,451</u>
DEPARTMENT OF INTERIOR:		
Direct Payments:		
National Park Service Conservation, Protection, Outreach and Education	15.954	17,080
Total Department of Interior		<u>17,080</u>
DEPARTMENT OF JUSTICE		
Direct payments:		
State Criminal Alien Assistance Program	16.606	25,003
Pass-through payments:		
Department of Criminal Justice Services:		
Violence Against Women Formula Grants (20-X9367VA19, 21-Y9367VA20)	16.588	75,915
Crime Victim Assistance (21-A8574VW19, 21-B4712VP19)	16.575	398,101
Edward Byrne Memorial Justice Assistance Grant Program (20-A4912AD16)	16.738	51,600
Equitable Sharing Program (VA1110000, VAEO00289)	16.922	44,624
Pass-through payments:		
Bureau of Justice:		
Coronavirus Emergency Supplemental Funding Program (2020-VD-BX-1128, 2020-VD-BX-0141)	16.034	COVID 125,773
Edward Byrne Memorial Justice Assistance Grant Program (2018-DJBX-0260, 2020-DJ-BX-0817)	16.738	59,111
Total Department of Justice		<u>780,127</u>

continued

CITY OF HAMPTON, VIRGINIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2021

Federal Granting Agency/ Recipient State Agency/ Grant Program/Grant Number	Federal Catalogue Number	Expenditures
DEPARTMENT OF TREASURY:		
Pass-through payments:		
Virginia Department of Accounts Coronavirus Relief Fund (SLT0022) (\$1,535,257 provided to subrecipients)	21.019 COVID	\$ 20,913,848
Total Department of Treasury		<u>20,913,848</u>
ELECTION ASSISTANCE COMMISSION:		
Pass-through payments:		
Virginia Department of Elections 2018 HAVA Election Security Grants (VA20101CARES)	90.404 COVID	95,881
Total Election Assistance Commission		<u>95,881</u>
DEPARTMENT OF COMMERCE:		
Pass-through payments:		
James River Association Office for Coastal Management (0138.18.062340)	11.473	953,128
Total Department of Commerce		<u>953,128</u>
DEPARTMENT OF TRANSPORTATION FEDERAL HIGHWAY ADMINISTRATION HIGHWAY PLANNING AND CONSTRUCTION CLUSTER:		
Pass-through payments:		
Department of Transportation: Highway Planning and Construction (93081, 109687, 57047, 108731)	20.205	1,277,462
Total Highway Planning and Construction Cluster		<u>1,277,462</u>
HIGHWAY SAFETY CLUSTER:		
Pass-through payments:		
Department of Transportation: State and Community Highway Safety (FSC-2020-50345-20345, FSC2021-51348-21348)	20.600	18,290
Alcohol Impaired Driving Countermeasures Incentive Grants I (154AL-51452-21452)	20.601	153
Occupant Protection Incentive Grants (FM2HVE-2021-51454-21454)	20.602	2,587
Total Highway Safety Cluster		<u>21,030</u>
Total Department of Transportation		<u>1,298,492</u>
SMALL BUSINESS ADMINISTRATION:		
Direct payments:		
Shuttered Venue Operators Grants (SVOG)	59.075	2,731,784
Total Small Business Administration		<u>2,731,784</u>
NATIONAL AERONAUTICS AND SPACE ADMINISTRATION:		
Direct payments:		
Office of Stem Engagement (OSTEM)	43.008	300,000
NASA Steam Sales	43.UNK	2,881,818
Total National Aeronautics and Space Administration		<u>3,181,818</u>
Grand Total All Federally Assisted Programs and Grants		\$ <u>74,725,794</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 \$248,500 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.

**CITY OF HAMPTON, VIRGINIA
SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY
CONVENTION CENTER REVENUE BONDS
June 30, 2021**

Fiscal Year Ending June 30,	Principal	Interest	Total Debt Service
2022	\$ 4,110,000	\$ 1,800,054	\$ 5,910,054
2023	4,235,000	1,669,137	5,904,137
2024	4,330,000	1,579,277	5,909,277
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>\$ 68,600,000</u>	<u>\$ 14,389,502</u>	<u>\$ 82,989,502</u>

CITY OF HAMPTON, VIRGINIA
SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY
ECONOMIC DEVELOPMENT AUTHORITY REVENUE BONDS
June 30, 2021

Fiscal Year Ending June 30,	2002		
	Tax-Exempt Principal	Interest	Total Debt Service
2022	\$ 191,139	\$ 5,924	\$ 197,063
	<u>\$ 191,139</u>	<u>\$ 5,924</u>	<u>\$ 197,063</u>

**CITY OF HAMPTON, VIRGINIA
SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY
GENERAL OBLIGATION BONDS
For the Year Ended June 30, 2021**

Fiscal Year Ending June 30,	Principal	Interest	Total Debt Service
2022	\$ 22,857,000	\$ 10,671,873	\$ 33,528,873
2023	21,860,000	9,614,365	31,474,365
2024	21,455,000	8,569,468	30,024,468
2025	22,315,000	7,617,451	29,932,451
2026	23,230,000	6,617,647	29,847,647
2027	19,530,000	5,565,649	25,095,649
2028	20,205,000	4,513,537	24,718,537
2029	11,445,000	3,795,917	15,240,917
2030	11,775,000	3,383,361	15,158,361
2031	11,410,000	2,898,918	14,308,918
2032	11,815,000	2,448,405	14,263,405
2033	12,195,000	2,017,510	14,212,510
2034	10,225,000	1,656,464	11,881,464
2035	10,580,000	1,306,770	11,886,770
2036	6,995,000	1,030,658	8,025,658
2037	7,200,000	829,026	8,029,026
2038	7,410,000	618,704	8,028,704
2039	7,630,000	401,335	8,031,335
2040	4,435,000	230,913	4,665,913
2041	4,540,000	113,217	4,653,217
	<u>\$ 269,107,000</u>	<u>\$ 73,901,188</u>	<u>\$ 343,008,188</u>

CITY OF HAMPTON, VIRGINIA
COMPUTATION OF LEGAL DEBT MARGIN
June 30, 2021

Assessed value:			
Real estate	\$ 11,238,490,492		
Public service corporations - real estate	37,966,150		
Newport News Waterworks	<u>64,615,300</u>	\$ 11,341,071,942	
Debt Limit at 10% of assessed value			<u>1,134,107,194</u>
General obligation bonded debt:			
General obligations bonds	266,059,214		
General obligation bonds - direct placement	1,977,000		
General obligation bonds - Steam Plant	<u>1,070,786</u>		
Total long-term debt			<u>269,107,000</u>
Legal debt margin		\$	<u>865,000,194</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 \$247,668,258 at June 30, 2021.

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
2012	\$ 10,930,778	\$ 31,079	\$ 58,507	\$ 11,020,364	\$ 893,459	\$ 274,803	\$ 1,168,262
2013	10,480,999	31,923	59,881	10,572,803	929,896	280,117	1,210,013
2014	10,162,678	28,837	59,298	10,250,813	948,177	251,247	1,199,424
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

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⁾
2012	\$ 1.04	\$ 4.25
2013	1.04	4.25
2014	1.24	4.25
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

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.

Schedule 12

**CITY OF HAMPTON, VIRGINIA
MORAL OBLIGATION COMMITMENTS
For the Year Ended June 30, 2021**

Economic Development Authority Revenue Bonds	\$	191,139
Convention Center Revenue Bonds		68,600,000
Total	\$	<u>68,791,139</u>

Source: City Finance Department

**CITY OF HAMPTON, VIRGINIA
GENERAL FUND EXPENDITURES
For the Year Ended June 30, 2021**

Expenditures	2021 Actual	Percent of Total Actual	2020 Actual	Difference	Percentage Change
General government	\$ 106,264,136	31.05 %	\$ 103,237,182	\$ 3,026,954	2.93%
Public safety	48,517,074	14.18 %	55,911,484	(7,394,410)	(13.23%)
Highways and streets	2,190,274	0.64 %	2,260,806	(70,532)	(3.12%)
Health	4,739,689	1.38 %	2,723,445	2,016,244	74.03%
Human services	20,989,542	6.13 %	21,947,233	(957,691)	(4.36%)
Culture & recreation	10,074,422	2.94 %	12,640,034	(2,565,612)	(20.30%)
Education - city share	76,948,468	22.49 %	75,572,304	1,376,164	1.82%
Education - other sources	1,987,992	0.58 %	2,051,438	(63,446)	(3.09%)
Transfers out	70,508,929	20.60 %	63,729,488	6,779,441	10.64%
Totals	<u>\$ 342,220,526</u>	<u>100.00 %</u>	<u>\$ 340,073,414</u>	<u>\$ 2,147,112</u>	<u>0.63%</u>

Source: City of Hampton, Virginia Comprehensive Annual Financial Report for years ended June 30, 2021 and 2020.

CITY OF HAMPTON, VIRGINIA
SUMMARY OF GENERAL FUND (In Thousands)
Fiscal Years Ended June 30, 2017-2021

	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Revenues	\$ 328,196	\$ 334,755	\$ 341,132	\$ 347,974	\$ 357,525
Expenditures ⁽³⁾	<u>267,278</u>	<u>272,554</u>	<u>269,425</u>	<u>276,344</u>	<u>271,712</u>
Excess of Revenue over Expenditures	<u>60,918</u>	<u>62,201</u>	<u>71,707</u>	<u>71,630</u>	<u>85,813</u>
Other Financing Sources(Uses)					
Transfers in	242	240	236	230	238
Transfers out ⁽¹⁾	<u>(61,090)</u>	<u>(57,202)</u>	<u>(69,279)</u>	<u>(63,729)</u>	<u>(70,508)</u>
Other Financing Uses, net	<u>(60,848)</u>	<u>(56,962)</u>	<u>(69,043)</u>	<u>(63,499)</u>	<u>(70,270)</u>
Net Change in Fund Balances	70	5,239	2,664	8,131	15,543
Fund Balance, Beginning of Year	<u>95,398</u> ⁽²⁾	<u>95,468</u>	<u>100,707</u>	<u>100,371</u>	<u>112,284</u> ⁽²⁾
Fund Balance, End of Year	<u>\$ 95,468</u>	<u>\$ 100,707</u>	<u>\$ 103,371</u>	<u>\$ 111,502</u>	<u>\$ 127,827</u>

Source: City's Comprehensive Annual Financial Report Exhibit B-2 for the fiscal years June 30, 2017 through 2021.

⁽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, 2021

	<u>Amount</u>	<u>Per Capita</u>	<u>Ratio to Assessed Value</u>
Gross Direct Debt	\$ 269,107,000	\$ 1,968.98	2.38%

Source: Finance Department, City of Hampton, Virginia

⁽¹⁾ Per capita amounts are based on a 2021 population of 136,673 as provided by the Weldon Cooper Center for Public Service.

⁽²⁾ Assessed value of total real property is \$11,341 billion as of June 30, 2021.



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.

**CITY OF HAMPTON, VIRGINIA
NET POSITION BY COMPONENT
Last Ten Fiscal Years
(accrual basis of accounting)
(amounts expressed in thousands)**

	Fiscal Year									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Governmental Activities										
Net investment in capital assets	\$ 588,035	\$ 623,887	\$ 623,505	\$ 634,537	\$ 637,860	\$ 637,617	\$ 635,185	\$ 636,462	\$ 626,982	\$ 626,391
Restricted	11,809	12,452	13,271	75,606	49,062	40,734	69,681	17,817	20,198	23,793
Unrestricted	92,128	55,615	76,514	(140,469) ⁽¹⁾	(108,850)	(106,561)	(184,735)	(116,482)	(90,695)	(65,677)
Total governmental activities net position	<u>691,972</u>	<u>691,954</u>	<u>713,290</u>	<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>
Business-type activities										
Net investment in capital assets	\$ 69,003	\$ 73,585	\$ 70,855	\$ 70,321	\$ 70,136	\$ 70,078	\$ 69,107	\$ 67,497	\$ 69,562	\$ 71,435
Restricted	16,844	904	8,256	8,031	8,037	8,048	8,068	8,017	7,906	8,119
Unrestricted	22,001	32,081	29,174	19,149	25,679	27,189	25,216	32,260	34,813	35,194
Total business-type activities net position	<u>\$ 107,848</u>	<u>\$ 106,570</u>	<u>\$ 108,285</u>	<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>
Primary government										
Net investment in capital assets	\$ 657,038	\$ 697,472	\$ 694,360	\$ 704,858	\$ 707,996	\$ 707,695	\$ 704,292	\$ 703,960	\$ 696,544	\$ 697,826
Restricted	28,653	13,356	21,527	83,637	57,099	48,782	77,749	25,834	28,104	31,912
Unrestricted	114,129	87,696	105,688	(121,320)	(83,171)	(79,372)	(159,519) ⁽²⁾	(84,223)	(55,882)	(30,483)
Total Primary Government net position	<u>\$ 799,820</u>	<u>\$ 798,524</u>	<u>\$ 821,575</u>	<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>

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.

Table II

**CITY OF HAMPTON, VIRGINIA
CHANGES IN NET POSITION
Last Ten Fiscal Years
(accrual basis of accounting)
(amounts expressed in thousands)**

	Fiscal Year									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Expenses										
Governmental activities:										
General government	\$ 128,783	\$ 127,924	\$ 101,058	\$ 105,553	\$ 111,928	\$ 116,667	\$ 121,452	\$ 105,865	\$ 103,284	\$ 129,970
Public safety	49,635	53,205	69,813	72,324	70,781	80,442	84,859	81,673	80,967	77,266
Highway and streets	11,862	15,511	18,774	14,433	18,872	14,032	9,919	12,362	17,369	16,752
Sanitation	3,899	-	-	-	-	-	-	-	-	-
Health	3,056	3,337	1,114	3,528	1,214	1,054	(575)	1,564	1,360	7,979
Human services	29,142	28,528	32,807	33,234	32,460	34,341	34,579	34,769	35,859	31,250
Culture and recreation	13,540	15,798	17,006	18,356	17,496	16,996	16,076	16,842	18,349	15,807
Education (payment to school district)	66,345	64,925	70,773	71,112	71,112	71,471	73,036	73,827	75,572	76,948
Education and educational services	14,337	9,930	12,464	14,479	15,096	14,423	11,506	9,806	13,202	12,493
Interest on long-term debt	8,351	7,991	9,136	8,579	8,053	7,171	6,451	7,145	9,246	8,304
Total governmental activities expenses	<u>\$ 328,950</u>	<u>\$ 327,149</u>	<u>\$ 332,945</u>	<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>
Business-type activities										
Culture	\$ 27,727	\$ 25,416	\$ 28,395	\$ 29,741	\$ 26,527	\$ 27,636	\$ 27,935	\$ 30,215	\$ 25,668	\$ 15,064
Sanitation	23,831	24,475	24,941	23,829	24,020	25,761	23,061	24,626	26,728	30,002
Total business-type activities expenses	<u>51,558</u>	<u>49,891</u>	<u>53,336</u>	<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>
Total Primary Government expenses	<u>\$ 380,508</u>	<u>\$ 377,040</u>	<u>\$ 386,281</u>	<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>
Program Revenues										
Governmental activities:										
Charges for Services:										
General government	\$ 7,772	\$ 24,293	\$ 24,458	\$ 22,911	\$ 25,865	\$ 23,324	\$ 23,832	\$ 22,206	\$ 22,355	\$ 25,997
Public safety	2,101	5,206	5,412	5,727	5,549	5,260	5,821	6,182	5,951	5,985
Sanitation	5,007	-	-	-	-	-	-	-	-	-
Other activities	6,141	2,727	2,765	2,570	2,173	2,784	2,913	2,874	2,652	607
Operating grants and contributions	77,821	75,926	80,434	80,281	80,113	80,781	83,503	83,507	87,237	107,265
Capital grants and contributions	2,782	19,778	18,291	7,153	13,172	13,627	10,988	5,080	5,078	3,148
Total governmental activities program revenues	<u>\$ 101,624</u>	<u>\$ 127,930</u>	<u>\$ 131,360</u>	<u>\$ 118,642</u>	<u>\$ 126,872</u>	<u>\$ 125,776</u>	<u>\$ 127,057</u>	<u>\$ 119,849</u>	<u>\$ 123,273</u>	<u>\$ 143,002</u>
Business-type activities:										
Charges for Services:										
Culture and recreation	\$ 15,603	\$ 11,722	\$ 15,714	\$ 19,407	\$ 15,619	\$ 14,889	\$ 15,989	\$ 19,041	\$ 14,100	2,979
Sanitation	26,443	27,215	27,227	25,145	30,098	28,872	29,658	29,615	32,399	31,260
Operating grants and contributions	1,302	1,098	1,832	1,256	1,236	1,923	1,805	1,024	955	3,744
Capital grants and contributions	613	95	114	58	510	-	-	-	-	666
Total business-type activities program revenues	<u>43,961</u>	<u>40,130</u>	<u>44,887</u>	<u>45,866</u>	<u>47,463</u>	<u>45,684</u>	<u>47,452</u>	<u>49,680</u>	<u>47,454</u>	<u>38,649</u>
Total Primary Government program revenues	<u>\$ 145,585</u>	<u>\$ 168,060</u>	<u>\$ 176,247</u>	<u>\$ 164,508</u>	<u>\$ 174,335</u>	<u>\$ 171,460</u>	<u>\$ 174,509</u>	<u>\$ 169,529</u>	<u>\$ 170,727</u>	<u>\$ 181,651</u>
Net (expense)/revenue										
Governmental activities	\$ (227,326)	\$ (199,219)	\$ (201,585)	\$ (222,956)	\$ (220,140)	\$ (230,821)	\$ 230,237	\$ (224,004)	\$ (231,936)	\$ (233,769)
Business-type activities	(7,597)	(9,761)	(8,449)	(7,704)	(3,084)	(7,713)	3,544	(5,161)	(4,942)	(6,415)
Total Primary Government net (expense)	<u>\$ (234,923)</u>	<u>\$ (208,980)</u>	<u>\$ (210,034)</u>	<u>\$ (230,660)</u>	<u>\$ (223,224)</u>	<u>\$ (238,534)</u>	<u>\$ 233,781</u>	<u>\$ (229,165)</u>	<u>\$ (236,878)</u>	<u>\$ (240,184)</u>

**CHANGES IN NET POSITION
Last Ten Fiscal Years
(accrual basis of accounting)
(amounts expressed in thousands)**

	Fiscal Year									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
General Revenues and Other Changes in Net Position										
Governmental activities:										
Taxes										
Property taxes	\$ 146,758	\$ 135,881	\$ 156,050	\$ 156,048	\$ 158,147	\$ 159,873	\$ 162,922	\$ 163,966	\$ 171,639	\$ 179,132
Sales taxes	13,962	14,247	14,588	15,050	15,368	14,980	15,093	15,741	16,845	19,639
Lodging, meal and amusement taxes	20,100	22,224	23,639	24,041	24,751	25,141	26,109	27,370	26,540	27,141
Motor vehicle taxes	3,692	4,203	4,346	4,273	4,375	4,429	4,399	4,496	4,426	4,539
Business license taxes	12,126	11,850	12,077	11,435	12,092	12,304	12,801	14,251	14,365	16,833
Utility taxes	5,356	5,376	5,453	5,443	5,551	5,483	5,513	5,443	5,426	5,015
Tobacco taxes	4,364	4,264	4,421	4,077	4,624	4,428	4,416	4,336	4,372	3,964
Recordation taxes	1,422	1,900	1,436	1,763	2,066	1,663	1,766	1,913	2,064	2,609
Bank stock taxes	468	487	527	457	549	569	685	705	609	688
Pari-mutuel license taxes	66	59	43	4	-	-	-	-	750	1,947
Short-term rental taxes	94	80	75	91	101	102	123	110	109	99
Franchise license taxes	-	-	-	-	-	-	-	-	-	-
Communications sales tax	9,174	9,418	9,187	9,173	8,867	8,649	8,392	7,840	7,551	6,863
Mobile home titling tax	23	14	20	19	21	18	14	20	24	34
Investment earning	285	355	221	227	574	951	1,883	4,738	4,463	591
Miscellaneous	2,874	-	-	-	-	-	-	-	-	203
Transfers	(8,865)	(9,600)	(9,161)	(9,106)	(8,549)	(8,384)	(7,852)	(9,259)	(8,558)	(8,591)
Total Governmental Activities	\$ 211,899	\$ 200,758	\$ 222,922	\$ 222,995	\$ 228,537	\$ 230,206	\$ 236,264	\$ 241,670	\$ 250,625	\$ 260,706
Business-type Activities:										
Investment earning	\$ 664	\$ 529	\$ 1,003	\$ 946	\$ 887	\$ 792	\$ 930	\$ 1,285	\$ 891	\$ 292
Miscellaneous	80	-	-	-	-	-	-	-	-	-
Transfers	8,865	9,600	9,161	9,106	8,549	8,384	7,852	9,259	8,558	8,591
Total Business-type Activities	9,609	10,129	10,164	10,052	9,436	9,176	8,782	10,544	9,449	8,883
Total Primary Government	\$ 221,508	\$ 210,887	\$ 233,086	\$ 233,047	\$ 237,973	\$ 239,382	\$ 245,046	\$ 252,214	\$ 260,074	\$ 269,589
Changes in Net Position										
Governmental activities	\$ (15,427)	\$ 1,539	\$ 21,337	\$ 39	\$ 8,397	\$ (615)	\$ 6,027	\$ 17,666	\$ 18,688	\$ 27,240
Business-type activities	2,012	368	1,715	2,348	6,352	1,463	5,238	5,383	4,506	2,467
Total Primary Government	\$ (13,415)	\$ 1,907	\$ 23,052	\$ 2,387	\$ 14,749	\$ 848	\$ 11,265	\$ 23,049	\$ 23,194	\$ 29,707

⁽¹⁾ Franchise license tax is included in the Communication sales tax beginning FY11.

Table III

CITY OF HAMPTON, VIRGINIA
FUND BALANCES OF GOVERNMENTAL FUNDS
Last Ten Fiscal Years
(modified accrual basis of accounting)
(amounts expressed in thousands)

	Fiscal Year									
	2012	2013	2014	2015	2016	2017	2018*	2019	2020	2021
General fund										
Nonspendable	\$ 44	\$ 34	\$ 224	\$ 598	\$ 26	\$ 112	\$ 15	\$ 27	\$ 135	\$ 90
Restricted	871	333	398	412	419	338	373	423	351	1,410
Committed	32,858	29,439	32,308	34,959	34,470	35,178	32,454	22,019	24,893	25,390
Assigned	7,708	5,926	7,257	5,237	6,250	5,549	6,374	6,190	5,744	20,158
Unassigned	51,175	54,185	51,589	52,112	54,301	54,330	61,532	74,754	80,422	80,822
Total general fund	<u>\$ 92,656</u>	<u>\$ 89,917</u>	<u>\$ 91,776</u>	<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>
All other governmental funds										
Nonspendable	\$ - ⁽¹⁾	\$ -	\$ -	\$ -	\$ 44	\$ -	\$ -	\$ -	\$ 1 ⁽²⁾	\$ -
Restricted	10,938	12,336	13,368	14,107	15,455	15,437	15,178	15,923	18,030	13,169
Committed	26,122	53,748	39,064	66,535	35,957	22,610	57,367	48,986	93,994	104,447
Assigned	6,035	5,534	6,233	5,421	5,939	5,789	6,098	7,293	8,479	8,543
Total all other governmental funds	<u>\$ 43,095</u>	<u>\$ 71,618</u>	<u>\$ 58,665</u>	<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>

⁽¹⁾ Restated in fiscal year 2013.

⁽²⁾ Balance restated in fiscal year 2020 for GASB 84 implementation.

**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									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Revenues										
Taxes (see table V)	\$ 211,542	\$ 210,415	\$ 229,596	\$ 230,933	\$ 236,457	\$ 238,209	\$ 241,943	\$ 248,133	\$ 254,317	\$ 268,704
Intergovernmental revenues	78,314	85,937	92,705	84,165	88,459	89,342	90,882	86,518	90,923	108,241
Licenses and permits	1,072	1,169	1,156	1,299	1,409	1,450	1,466	1,641	1,604	1,654
Fines and forfeitures	2,493	2,386	2,307	1,967	1,550	1,560	1,377	1,439	1,104	969
Revenue from use of money and property	1,319	1,329	1,395	2,142	1,469	1,714	2,525	5,145	4,918	3,634
Charges for services	13,414	15,570	17,297	17,240	18,093	18,148	19,123	19,395	19,516	19,833
Payment from component unit	2,000	2,000	2,000	2,000	2,000	2,000	2,227	2,232	2,012	2,010
Miscellaneous	5,987	7,705	8,056	5,529	5,877	6,482	5,103	5,885	5,078	4,792
Special assessments	4,558	6,543	4,730	4,183	6,358	4,765	5,443	2,457	2,782	2,835
Recovered costs	1,145	906	906	906	906	954	951	958	958	958
Total Revenues	321,844	333,960	360,148	350,364	362,578	364,624	371,040	373,803	383,212	413,630
Expenditures										
General government	96,371	102,441	103,076	106,074	110,436	106,446	109,057	104,885	107,241	132,060
Public safety	48,460	52,872	54,064	53,491	55,771	57,410	59,809	60,146	63,162	54,025
Highways and streets	1,980	1,947	1,932	1,908	2,026	2,187	2,491	2,025	2,261	2,190
Sanitation	3,949	3,935	4,332	4,413	5,004	5,484	5,246	4,935	5,084	5,940
Health	2,441	2,567	2,649	2,605	2,485	2,396	2,432	2,496	2,723	4,740
Human Services	29,151	28,437	28,557	29,394	28,993	30,415	30,370	30,027	31,532	31,234
Culture and recreation	12,564	13,202	11,678	12,725	13,150	13,015	12,715	13,146	12,860	10,187
Education (payment to school district)	66,345	64,925	70,773	71,112	71,112	71,471	73,036	73,827	75,572	76,948
Education	2,098	2,120	2,120	2,129	2,071	2,102	2,073	2,081	2,051	1,988
Capital improvements	52,536	38,473	49,030	48,449	56,298	46,130	52,992	43,394	44,164	43,414
Debt service										
Principal	18,714	19,661	22,166	23,152	22,336	21,738	31,223	20,498	22,407	19,332
Interest and fiscal charges	12,619	10,726	11,707	10,899	11,154	10,963	10,316	10,864	10,758	10,815
Bond issuance cost	313	470	-	519	3	-	99	43	543	392
Total expenditures	347,541	341,776	362,084	366,870	380,839	369,757	391,859	368,367	380,358	393,265
Excess (deficiency) of revenues over (under) expenditures	(25,697)	(7,816)	(1,936)	(16,506)	(18,261)	(5,133)	(20,819)	5,436	2,854	20,365
Other financing sources (uses)										
Debt issuance and capital leases	-	-	-	46,770	-	-	55,320	-	58,405	10,725
Proceeds from refunding bonds issued	44,770	38,865	-	56,250	-	-	9,185	22,991	16,950	16,895
Payment to refunded bond escrow agent	(49,562)	-	-	(70,151)	-	-	-	(22,943)	(18,416)	(16,760)
Premium on bond issue	5,118	5,263	-	21,684	-	-	4,698	-	6,372	1,545
Transfers in	59,650	52,360	55,156	50,289	55,227	55,907	52,935	64,061	57,400	72,807
Transfers out	(68,401)	(61,948)	(64,317)	(59,395)	(63,776)	(64,291)	(61,272)	(73,320)	(67,131)	(84,378)
Total other financing sources (uses), net	(8,425)	34,540	(9,161)	45,447	(8,549)	(8,384)	60,866	(9,211)	53,580	834
Net change in fund balances	\$ (34,122)	\$ 26,724	\$ (11,097)	\$ 28,941	\$ (26,810)	\$ (13,517)	\$ 40,047	\$ (3,775)	\$ 56,434	\$ 21,199
Debt service as a percentage of noncapital expenditures	9.40 %	9.26 %	10.28 %	9.98 %	9.31 %	9.19 %	11.18 %	8.82 %	9.03 %	8.67 %

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
2012	\$ 141,076	\$ 12,126	\$ 13,962	\$ 4,929	\$ 4,364	\$ 9,174	\$ 15,793	\$ 10,118	\$ 211,542
2013	136,705	11,850	14,247	4,959	4,264	9,418	18,083	10,889	210,415
2014	154,193	12,077	14,588	4,986	4,421	9,187	18,974	11,170	229,596
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

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.

CITY OF HAMPTON, VIRGINIA
ASSESSED AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
Last Ten Fiscal Years
(amounts expressed in thousands)

Fiscal Year	Real Estate				Total Taxable Assessed Value	Estimated Actual Taxable Value	Assessed Value as a Percent of Estimated Actual Value ⁽²⁾	Total Direct Tax Rate
	Citizens' Property	Public Service ⁽¹⁾	Newport News Waterworks					
2012	\$ 10,930,778	\$ 31,079	\$ 58,507		\$ 11,020,364	\$ 10,643,581	103.54%	\$ 1.04
2013	10,480,999	31,923	59,881		10,572,803	10,254,901	103.10%	1.04
2014	10,162,678	28,837	59,298		10,250,813	10,373,217	98.82%	1.24
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

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. State Corporation Commission has changed reporting the 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.

Table VII

**CITY OF HAMPTON, VIRGINIA
PRINCIPAL PROPERTY TAXPAYERS
Current Year and Nine Years Prior
(amounts expressed in thousands)**

Taxpayer	2021			2012		
	Total Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Total Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Peninsula Main VA LLC	\$ 82,384	1	0.8 %	-	-	-
Newport News City of C/O NN Waterworks	68,264	2	0.7 %	-	-	-
MOLA LLC	49,083	3	0.5 %	-	-	-
FCLA LP	45,965	4	0.4 %	-	-	-
Pinnacle Apartments LLC	45,228	5	0.4 %	-	-	-
The Lakes at Town Center LLC	43,934	6	0.4 %	-	-	-
Lumen Hampton VA LP	43,216	7	0.4 %	-	-	-
Hampton University	39,794	8	0.4 %	-	-	-
Coliseum Crossing Assoc LLC	35,848	9	0.3 %	-	-	-
KB Riverdale LLC	35,714	10	0.3 %	-	-	-
Peninsula Town Center LLC	-	-	-	\$ 139,527	1	1.2 %
City of Newport News/NN Waterworks	-	-	-	58,507	2	0.6%
Hampton University	-	-	-	43,994	3	0.4 %
FCLA LP	-	-	-	38,620	4	0.3 %
Hampton Center LLC	-	-	-	36,213	5	0.3 %
MOLA LLC	-	-	-	33,871	6	0.3 %
Riverdale Apartments LLC	-	-	-	33,762	7	0.3 %
Cambridge Apartments LC	-	-	-	33,433	8	0.3 %
Bir Lakeridge LLC	-	-	-	33,256	9	0.3 %
John Q Hammons	-	-	-	32,400	10	0.3 %
	<u>\$ 489,430</u>		<u>4.6 %</u>	<u>\$ 483,583</u>		<u>4.3 %</u>

Source: City of Hampton, Office of the Assessor of Real Estate

**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
2012	\$ 114,612	\$ 114,334	99.76 %	\$ 1,284	\$ 115,618	100.88%
2013	109,957	108,589	98.76 %	489	109,078	99.20%
2014	127,110	125,559	98.78 %	1,364	126,923	99.85%
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 %	-	139,294	98.99%

Notes:

*There are no overlapping or underlying tax jurisdictions.

Table IX

**CITY OF HAMPTON, VIRGINIA
RATIO OF OUTSTANDING DEBT BY TYPE
Last Ten Fiscal Years**

(amounts expressed in thousands, except per capita)

General Bonded Debt ⁽¹⁾								
Fiscal Year	General Obligation Bonds ⁽²⁾	Notes Payable	State Literary Loans	Total	Percentage of Estimated Actual Taxable Value of Property	Per Capita	Capital Leases	
2012	\$ 261,100	\$ -	\$ 174	\$ 261,274	2.35%	\$ 1,901.06	\$ 19,195	
2013	280,070	-	82	280,152	2.65%	2,045	16,797	
2014	272,162	-	-	272,162	2.66%	1,958	14,374	
2015	306,061	-	-	306,061	3.01%	2,202	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	
Business-type Activities								
Fiscal Year	Revenue Bonds	Capital Leases	Total Primary Government	Percentage of Personal Income	Per Capita ⁽⁴⁾			
2012	\$ 91,800	\$ 582	\$ 372,851	6.47 %	\$ 2,712.91			
2013	87,725	403	385,077	6.56 %	2,810.78			
2014	98,886	211	385,633	7.10 %	2,774.34			
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	N/A	2,824.96			
2021	70,064	1,083	366,558	N/A	2,682.00			

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.

N/A-Not available

CITY OF HAMPTON, VIRGINIA
LEGAL DEBT MARGIN INFORMATION
Last Ten Fiscal Years
(amounts expressed in thousands)

	Fiscal Year									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Debt limit	\$ 1,102,036	\$ 1,057,280	\$ 1,025,081	\$ 1,018,239	\$ 1,021,598	\$ 1,033,851	\$ 1,045,671	\$ 1,058,774	\$ 1,085,439	\$ 1,134,107
Total net debt applicable to limit	261,274	280,152	257,645	273,840	251,130	229,000	261,870	241,300	276,795	269,107
Legal debt margin	<u>\$ 840,762</u>	<u>\$ 777,128</u>	<u>\$ 767,436</u>	<u>\$ 744,399</u>	<u>\$ 770,468</u>	<u>\$ 804,851</u>	<u>\$ 783,801</u>	<u>\$ 817,468</u>	<u>\$ 808,644</u>	<u>\$ 865,000</u>
Total net debt applicable to the limit as a percentage of debt limit	23.71 %	26.50 %	25.13 %	26.89 %	24.58 %	22.15 %	25.04 %	22.79 %	22.50 %	23.73 %

Legal Debt Margin Calculation for current Fiscal Year: 2021

Assessed value	\$11,341,072
Debt limit (10% of total assessed value)	1,134,107
Debt applicable to limit:	
General obligation debt	<u>269,107</u>
Total net debt applicable to limit:	<u>269,107</u>
Legal debt margin	<u>\$ 865,000</u>

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 \$247,668,258 at June 30, 2021.

*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	
The Hamptons Revenue Bonds							
2012	\$ 1,534	\$ 1,033	\$ 501	\$ 285	\$ 26	\$ 311	1.61
2013	1,200	1,194	6	295	9	304	0.02
Museum Revenue Bonds							
2012	\$ 5,224	\$ 3,963	\$ 1,261	\$ 1,370	\$ 182	\$ 1,552	0.81
2013	4,730	3,468	1,262	1,440	112	1,552	0.81
2014	4,412	3,084	1,328	1,515	38	1,553	0.86

Continued

**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							
2012	\$ 2,248	\$ 1,601	\$ 647	\$ 537	\$ 453	\$ 990	0.65
2013	2,244	3,555	(1,311)	570	402	972	(1.35)
2014	3,401	2,343	1,058	607	364	971	1.09
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
Convention Center Revenue Bonds							
2012	\$ 9,698	\$ 3,931	\$ 5,767	\$ 2,265	\$ 3,371	\$ 5,636	1.02
2013	10,698	3,262	7,436	2,340	4,432	6,772	1.10
2014	10,647	3,359	7,288	2,245	4,218	6,463	1.13
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

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⁾
2012	\$ 136,843	\$ 5,173,458	\$ 37,734	\$ 21,622	7.8%
2013	136,948	5,207,725	37,924	21,366	7.1%
2014	136,879	5,370,168	38,984	21,113	6.7%
2015	138,454	5,559,605	40,773	19,854	6.3%
2016	138,626	5,603,945	41,385	20,698	5.4%
2017	137,492	5,674,070	42,133	20,384	5.1%
2018	136,743	5,848,977	43,547	19,996	4.3%
2019	135,629	6,040,694	44,909	18,651	3.8%
2020	137,467	N/A	N/A	19,055	10.9%
2021	136,673	N/A	N/A	18,807	6.3%

Notes:

⁽¹⁾ Source: Weldon Cooper Center for Public Service as of July 1, 2020.

⁽²⁾ Source: Bureau of Economic Analysis. Most recent information available is 2019.

⁽³⁾ Source: Bureau of Economic Analysis. Most recent information available is 2019.

⁽⁴⁾ Source: Hampton City Schools

**CITY OF HAMPTON, VIRGINIA
PRINCIPAL EMPLOYERS
Current Year and Nine Years Prior**

2021	2012
Over 600 Employees	Over 600 Employees
Arconic Howmet	Alcoa Howmet
City of Hampton	City of Hampton
Commonwealth of Virginia	Fort Monroe
Department of Veterans Affairs	Hampton City Schools
Food Lion LLC	Hampton University
Hampton City School Board	Hampton Virginia Medical Center - Veteran's Hospital
Hampton University	Langley Air Force Base
Hampton-Newport News Community Services Board	NASA Langley Research Center
Huntington Ingalls Industries	Sentara Healthcare System
Joint Base Langley-Eustis	Sprint-Nextel
NASA Langley Research Center	Thomas Nelson Community College
Riverside Regional Medical Center	Verizon
Sentara Health Systems	
Thomas Nelson Community College	
TRG Customer Solutions	
U.S. Department of Defense	
 200-599 Employees:	 300-599 Employees:
Analytical Mechanics Associates	AMSEC LLC
Versability Resources, Inc.	Headway Corporate Resources
Faneuil Inc.	Northrop Grumman
Kroger/Harris Teeter	Riverside Regional Medical Centers
Jacobs Technology	
Scribe America LLC	
Science Systems and Applications	
Simos Insourcing Solutions	
Top Guard Inc	
Walmart Associates Inc	
WPS Health Solutions	
URS Federal Services	
AMSEC	
Ferguson Enterprises	
Patient Advocate Foundation	

Source: City of Hampton, Department of Economic Development

Note: The Virginia Employment Commission does not permit specific employee numbers to be publicly reported. For that reason, the ranges above are presented.

Table XIV

FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION
Last Ten Fiscal Years

Function	Fiscal Year									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Governmental activities:										
General government	562	574	568	577	574	557	533	508	573	572
Public safety	663	688	697	704	706	711	673	671	708	684
Highway and streets	24	20	24	21	19	22	21	19	17	21
Sanitation	51	49	54	56	61	57	60	54	54	56
Health	16	19	20	20	16	15	15	13	13	15
Human services	229	229	228	234	233	245	245	247	250	247
Culture and recreation	123	128	123	126	130	118	118	120	113	110
Total Governmental activities	1,668	1,707	1,714	1,738	1,739	1,725	1,665	1,632	1,728	1,705
Business-type activities:										
Culture and recreation	37	32	35	32	36	37	35	37	37	32
Sanitation	141	142	138	126	135	133	122	132	129	128
Total Business-type activities	178	174	173	158	171	170	157	169	166	160
Total	1,846	1,881	1,887	1,896	1,910	1,895	1,822	1,801	1,894	1,865

Sources: City of Hampton, Department of Human Resources

CITY OF HAMPTON, VIRGINIA OPERATING INDICATORS BY FUNCTION/PROGRAM Last Ten Fiscal Years

Function/Program	2012	2013	2014	2015	2016
General government					
Building permits issued	2,162	2,111	1,564	1,281	1,107
Building inspections conducted	7,021	8,029	4,602	4,520	4,421
311 customer call center	147,458	148,988	141,891	130,387	164,878
Public safety					
Police					
Physical arrests	16,733	10,035	9,067	14,862	14,073
Traffic summons	30,459	29,007	29,080	21,391	20,795
Fire					
Emergency responses	23,718	23,808	24,815	26,149	27,541
Fires extinguished	320	319	331	491	531
Patients transported	12,149	13,665	14,262	14,910	14,228
Code inspections	2,658	839	3,223	2,146	2,909
Highway and streets					
Roads paved or resurfaced (miles)	68	88	21	26	22
Sanitation					
Yard waste collected (tons)	15,244	13,326	12,896	9,762	9,761
Debris removed (tons)	155,011	122,317	58,223	59,422	62,173
Cleanups	764	840	817	891	991
Street sweeping	3,384	3,384	4,607	2,583	1,445
Storm drains cleaned (linear feet)	109,767	153,605	57,064	49,550	61,845
Health					
Preventive health					
Family practice visits (closed 3/31/11)	N/A	N/A	N/A	N/A	N/A
Immunization visits	6,948	6,725	5,342	3,394	3,260
Prescriptions filled (closed 5/25/10)	N/A	N/A	N/A	N/A	N/A
Human services					
Healthy families partnership					
Number of families assessed	760	689	547	527	421
Number of families served	979	958	908	948	856
Number of adult participants in the parenting classes	2,585	2,850	2,327	2,487	3,140
Social Services					
Food stamp households	10,372	11,048	11,101	9,824	8,986
Culture and recreation					
Senior citizens attendance at Senior Center	13,050	12,997	10,449	15,046	16,681
Community center admissions					
Youth	55,558	55,873	51,901	51,422	51,968
Teen	20,369	22,340	43,133	42,254	24,086
Adult	80,605	80,685	77,345	78,844	56,829
Education					
School membership (total)	21,622	21,366	21,113	19,854	20,698
High schools	6,781	6,516	6,218	6,066	6,197
Middle schools	4,069	3,975	3,934	3,710	3,775
Elementary schools	9,876	9,885	8,319	7,667	8,562
Combined schools	896	990	2,642	2,410	2,164
School board personnel	2,821	2,890	2,835	2,543	2,507
Wastewater					
Average daily sewage treatment (thousands of gallons)	10,460	14,890	14,390	14,450	14,800

Table XV (Continued)

**OPERATING INDICATORS BY FUNCTION/PROGRAM
Last Ten Fiscal Years**

Function/Program	2017	2018	2019	2020	2021
General government					
Building permits issued	1,106	1,045	1,118	1,609	1,254
Building inspections conducted	4,623	4,155	4,056	4,568	4,909
311 customer call center	176,367	149,320	143,636	165,034	126,763
Public safety					
Police					
Physical arrests	10,304	8,543	5,446	4,439	3,865
Traffic summonses	17,893	10,591	15,967	9,443	7,991
Fire					
Emergency responses	25,906	25,928	26,313	26,359	28,382
Fires extinguished	508	465	475	479	481
Patients transported	13,783	14,039	14,401	13,481	14,319
Code inspections	1,600	1,940	2,701	1,785	2,073
Highway and streets					
Roads paved or resurfaced (miles)	107	89	66	72	76
Sanitation					
Yard waste collected (tons)	10,196	9,800	10,951	12,765	11,670
Debris removed (tons)	77,034	56,459	57,075	54,057	51,273
Cleanups	901	586	700	255	631
Street sweeping	1,445	3,367	3,802	2,792	1,443
Storm drains cleaned (linear feet)	61,669	44,948	74,421	10,997	32,698
Health					
Preventive health					
Immunization visits	2,980	2,167	2,230	1,857	1,336
Human services					
Healthy families partnership					
Number of families assessed	501	421	434	333	277
Number of families served	718	639	624	543	893
Number of adult participants in the parenting classes	3,772	3,742	3,376	2,690	1,147
Social Services					
Food stamp households	9,443	8,944	8,801	9,286	9,931
Culture and recreation					
Senior citizens attendance at Senior Center	22,574	18,477	20,553	13,097	209
Community center admissions					
Youth	88,634	66,880	54,497	17,943	83
Teen	36,298	29,294	21,253	8,898	33
Adult	109,246	70,934	76,349	24,705	283
Education					
School membership (total)	20,384	19,996	18,651	19,055	18,807
High schools	6,143	6,042	5,862	5,891	6,748
Middle schools	3,723	3,601	3,591	3,128	3,978
Elementary schools	8,074	7,896	7,070	7,740	5,812
Combined schools	2,444	2,427	2,128	2,296	2,296
School board personnel	2,492	2,455	2,461	2,461	2,683
Wastewater					
Average daily sewage treatment (thousands of gallons)	14,800	13,620	15,133	14,100	15,592

Source: Various city departments.

N/A - Not available

CITY OF HAMPTON, VIRGINIA CAPITAL ASSETS STATISTICS BY FUNCTION/PROGRAM Last Ten Fiscal Years

Function/Program	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Public safety										
Police										
Patrol units	211	211	225	253	257	226	219	229	227	219
Patrol boats	5	5	5	5	6	5	7	8	6	6
Fire										
Stations	11	11	11	11	11	11	11	11	11	11
Pumpers	18	14	16	17	17	17	17	17	15	16
Ambulances	17	16	16	15	15	15	15	15	15	17
Rescue Vehicles	3	3	2	-	-	-	-	-	-	-
Ladder trucks	4	6	5	5	5	5	5	5	5	5
Fire Boats	4	2	2	2	2	2	2	2	2	2
Highways and streets										
Streets (miles) ⁽²⁾	475	482	497	486	1,118	1,125	1,125	1,156	1,156	1,157
Traffic signals	185	185	187	186	189	185	189	186	186	188
Bridges	40	40	40	40	39	40	39	40	40	40
Sanitation/solid waste										
Collection trucks	58	58	58	58	57	58	57	60	64	56
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	2	2	2	1	1	1	1	1	1
Baseball fields	39	41	42	42	42	42	42	42	42	42
Basketball courts	36	36	36	36	36	36	36	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	6	6	7	7	7	7	7	7	8	8
Convention center	1	1	1	1	1	1	1	1	1	1
Fitness trails	12	12	12	12	13	13	14	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	3	3	3	2	2	2	2	2	2
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	26	26	27	27	28	28	29	29	29	29
Playgrounds	46	46	46	46	43	43	44	81	81	81
Senior citizens center	1	1	1	1	1	1	3	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	1	2	2	2	2	2	2	2	2	2
Education										
High schools	4	4	4	4	4	4	4	4	4	4
Middle schools	8	7	5	5	6	6	6	6	6	6
Elementary schools	20	20	24	19	19	19	19	19	19	19
Combined schools	2	2	2	2	2	2	2	2	2	2
Wastewater										
Sanitary sewer lines (miles)	426	426	490	497	572	572	605	605	605	605
Sewer Pumping stations	108	108	109	109	108	105	106	103	103	103

Notes:

⁽¹⁾ Park land currently developed.

⁽²⁾ Beginning FY2017, lane miles are reported to remain consistent with annual report to VDOT.

N/A-Not available

Source: Various city departments.



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

Report on Compliance for Each Major Federal Program

We have audited the City of Hampton, Virginia's (the "City") compliance with the types of compliance requirements described 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, 2021. 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.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the City's major federal programs based on our audit of the types of compliance requirements referred to above. 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"). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the City's compliance.

Opinion on Each Major Federal Program

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, 2021.

Report on Internal Control over Compliance

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program 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 internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's 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 first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be a material weakness. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

A handwritten signature in black ink that reads "Cheryl Bekaert" followed by a stylized monogram or initials.

Virginia Beach, Virginia
November 30, 2021



**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

We have audited, in accordance with the auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the *Specifications for Audits of Counties, Cities, and Towns*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Hampton, Virginia (the "City"), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated November 30, 2021. 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*. That report also recognizes that the City restated certain net position and fund balance amounts due to the implementation of a new accounting standard, effective July 1, 2020.

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 combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency* is a deficiency or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, non-compliance 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* and one instance of noncompliance that is required to be reported under the *Specifications for Audits of Counties, Cities, and Towns*, which is described in the accompanying schedule of findings and questioned costs as item 2021-001.

City of Hampton, Virginia's Response to Finding

The City's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The City's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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.



Virginia Beach, Virginia
November 30, 2021

**City of Hampton, Virginia
Schedule of Findings and Questioned Costs**

Year Ended June 30, 2021

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:

<u>Program Description</u>	<u>CFDA #</u>
U.S. Department of Treasury: Coronavirus Relief Fund	21.019
Small Business Administration: Shuttered Venue Operators Grant Program	59.075
U.S. Department of Education: Title I Grants to Local Educational Agencies Education Stabilization Fund	84.010 84.425D
Department of Health and Human Services : Medicaid Cluster	93.778-CL
Dollar threshold to distinguish between Types A and B Programs:	\$2,241,774
The City of Hampton was qualified as a low risk auditee?	Yes

B. Findings Relating to Financial Statements Reported in Accordance with *Government Auditing Standards*

None noted.

**City of Hampton, Virginia
Schedule of Findings and Questioned Costs (Continued)**

Year Ended June 30, 2021

C. Findings and Questioned Costs Related to Federal Awards

None noted.

D. Findings and Questioned Costs Relating to Compliance with Commonwealth of Virginia Laws, Regulations, Contracts, and Grants

2021-001

Department: Hampton City Human Services

Compliance Requirement: Section 3-15 of the *Specifications for Audits of Counties, Cities, and Towns* (the "Specifications"), issued by the Auditor of Public Accounts of the Commonwealth of Virginia.

Type of Finding: Non-material noncompliance

Criteria:

Section 63.2 of the Code of Virginia requires that the City's Department of Human Services (the "DHS") remove user's access immediately from all systems they were authorized to use when they leave the DHS.

Condition:

While performing our audit procedures to ensure compliance with Section 3-15 of the Specifications, we identified one (1) employee in our sample of three (3) whose access was removed 17 days after they left DHS.

Cause:

The Local Security Officer (the "LSO") was out on Family and Medical Leave Act, and the backup LSO was working 50% remotely as well as travelling to different locations. Due to these factors, there was an oversight in ensuring the employee's access was removed timely.

Effect:

The City is not in compliance with Section 63.2 of the Code of Virginia and is potentially at risk of terminated users having access to systems after they have left the DHS.

Recommendation:

We recommend that the DHS review their procedures for when an employee leaves to ensure there is timely communication and follow up to ensure their access is removed in a timely manner.

Views of Responsible Officials:

We concur with the audit finding. In the future, we will ensure that access is removed timely, in compliance with Section 63.2 of the Code of Virginia.

E. Resolution of Prior Year Findings

2020-001: Status: Corrected and not repeated.

2020-002: Status: Corrected and not repeated.

An aerial photograph of Hampton, Virginia, showing a mix of residential neighborhoods, commercial buildings, and green spaces. A prominent feature is a large, modern, white, circular building with a distinctive, ribbed, dome-like roof, situated near a large body of water. A multi-lane highway curves around the water. The sky is clear and blue. A large, semi-circular blue arch is superimposed over the top half of the image, containing the text 'HAMPTON VA' in a dark, sans-serif font.

HAMPTON VA