

COMPREHENSIVE ANNUAL FINANCIAL REPORT

CITY OF HAMPTON, VIRGINIA
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

HAMPTON VA



COMPREHENSIVE ANNUAL FINANCIAL REPORT OF THE CITY OF HAMPTON, VIRGINIA

For the Fiscal Year Ended June 30, 2020

Prepared by:

Karl S. Daughtrey, Director of Finance
Jacqueline Green, Deputy Director of Finance, Controller
and
The Department of Finance



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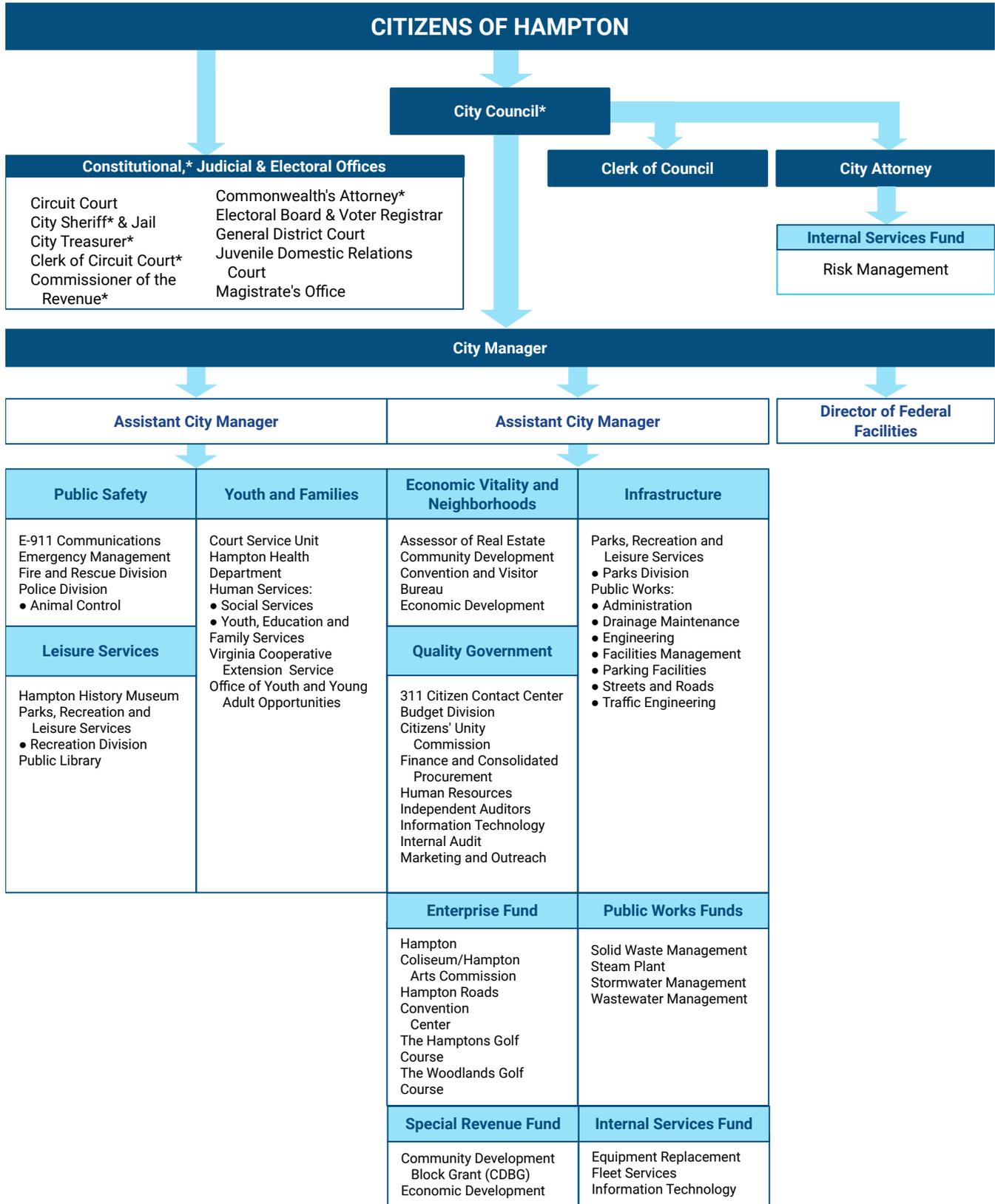
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Introductory

SECTION

ORGANIZATIONAL CHART



* Elected by citizens of Hampton

City of Hampton, Virginia

June 30, 2020

ELECTED OFFICIALS

CITY COUNCIL

Donnie Tuck, Mayor
Jimmy Gray, Vice Mayor
Eleanor W. Brown
Steven L. Brown
Linda Curtis
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
Billy Joe "B.J." Roberts - 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 - Interim Director of Budget and Strategic Initiatives
Jacqueline Green - Deputy Director of Finance, Controller

City of Hampton, Virginia

June 30, 2020

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

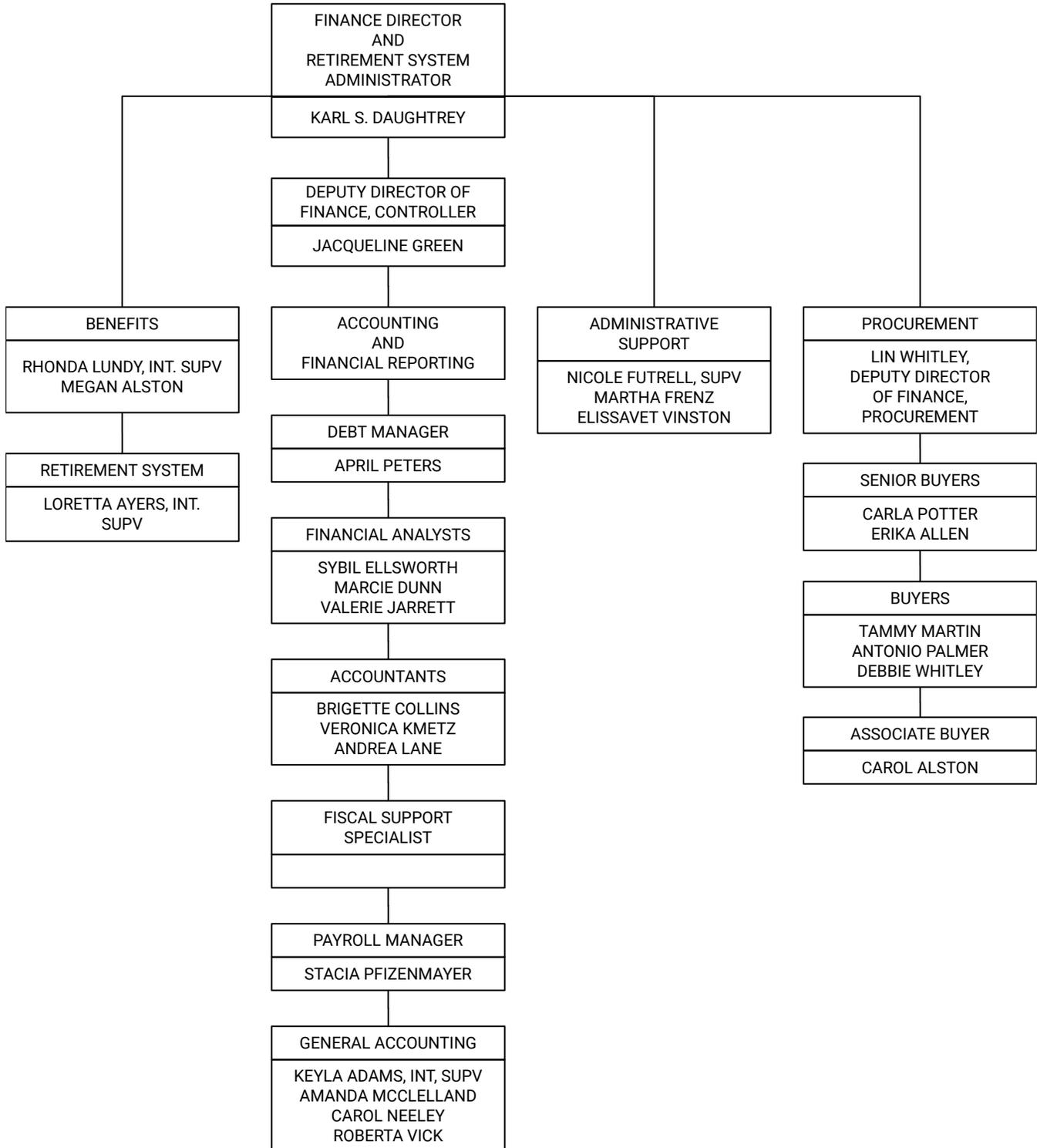
HAMPTON EMPLOYEES' RETIREMENT SYSTEM

BOARD OF TRUSTEES

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

Karl S. Daughtrey, Administrator and Treasurer
Loretta Ayers, Interim Secretary
David J. Sanders, Risk Manager
Patricia Melochick, Legal Council

CITY OF HAMPTON, VIRGINIA
DEPARTMENT OF FINANCE
June 30, 2020





December 15, 2020

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 Comprehensive Annual Financial Report (CAFR) of the City of Hampton, Virginia (the City) for the fiscal year ended June 30, 2020. 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, 2020. 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, 2019, current estimated population in Hampton was 135,753.

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 2020, several awards and recognitions were received by the City of Hampton. They are listed below:

The Hampton Division of Fire and Rescue maintained Accredited Agency status by the Commission on Fire Accreditation (CFAI) 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 only 281 agencies worldwide, with 13 others in Virginia, to achieve internationally Accredited Agency status with the CFAI and the Center for Public Safety Excellence, Inc. (CPSE). The City of Hampton was the first combination fire and rescue agency in the Commonwealth that is both fully accredited and holds an ISO-1 rating. Of further note, the Hampton Division of Fire and Rescue was the second in Hampton Roads to receive the "Agency of Excellence" designation from the state for operating above required emergency medical service standards.

The City's Budget Department received the Government Finance Officers Association Distinguished Budget Presentation Award for the fiscal year 2020 Budget document.

For the eighteenth time in 20 years 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, 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 830,400 person civilian labor force. Each year, over 8,000 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 almost 97,000 students attending the region's eight universities and four community colleges as reported by the *National Center for Education Statistics* website.

During fiscal year 2020, the City, along with the rest of the world, was negatively affected as a result of the COVID-19 pandemic caused by coronavirus. The economic and financial impact from COVID-19 is unknown and may be prolonged which makes financial forecasts uncertain. Economic stimulus funding from Coronavirus Aid Relief and Economic Security (CARES) Act funds, unemployment insurance, enhanced Medicaid funding and FEMA reimbursement will partially offset the loss of revenues and increased expenditures. The City addressed the expectation of lower revenue collection rates and higher emergency expenditures by asking all City departments to defer non-essential purchasing,

Economic Development

In fiscal year 2020, the City announced new businesses as well as existing business expansions that contributed to the economic health of the City, these announcements included:

- Huntington Ingalls Industries Technical Solutions Division announced the Unmanned Systems Center of Excellence. When constructed, the new 157,000 square foot building, located on a 20-acre campus will create 269 jobs and represent a \$46 million investment.
- The Virginia Tech Seafood Agricultural Research and Extension Center (AREC) has closed on the land in Downtown Hampton that will be needed for the construction of its new facility. Upon completion in 2021, the 22,283 square foot building will represent a \$9.4 million investment.
- WCS/PRG has closed on the land in Downtown Hampton needed to complete phase one of a multi-phase development plan. This initial phase, when completed, will consist of 131 residential units, 10,000 square feet of commercial space and a \$25 million investment.
- Bass Pro, a national retailer, renewed its lease at the Power Plant of Hampton Roads for another 10 year term.
- Three new residential projects are under construction in key areas of the City. Monroe Gates Apartments, a 162 apartment development is underway in Phoebus. Lumen Apartments is a 300 unit complex that opened in July 2020. The Ellipse Apartments is a new 260 unit project under development in Coliseum Central. Compass 19 is a for-sale, 120 unit condominium community located between downtown and Coliseum. The combined private investment in these new projects total over \$100 million.

Military, Federal Research Facility and Veterans Medical Center

Joint Base Langley-Eustis (JBLE) is composed of Langley Air Force Base, Hampton, Virginia and Fort Eustis, Newport News, Virginia. Langley Air Force Base is home to the United States Air Force's 633rd Air Base Wing (633 ABW), 1st Fighter Wing (1FW), 192nd Fighter Wing (192FW) and the 480th Intelligence Surveillance and Reconnaissance Wing (480 ISRW). It also hosts the Command and Control Integration Center Field Operating Agency, the 192nd Fighter Wing of the Virginia Air National Guard and Headquarters Air Combat Company (ACC) The recent addition of the F-22 Formal Training Unit Mission resulted in 800 jobs.

The National Aeronautics and Space Administration's NASA Research Center is located on 788 acres in Hampton adjacent to Joint Base Langley-Eustis. The Center is an important national resource serving inherent government functions such as safety, national defense, environment and the air transportation system. Established in 1917 as NACA, NASA Langley's economic impact for fiscal year 2019 included 3,400 government and contractor jobs with a \$902 million economic impact in Hampton Roads.

National Institute of Aerospace (NIA) is a world class research institute created to complement NASA Langley's mission to conduct cutting-edge aerospace and atmospheric research, develop new technologies for the nation and help train the next generation of scientists and engineers. The NIA was the recipient of a State bond issue and as a result opened its 12 million state of the art laboratory facility in April 2012. The Institute has grown to revenues in excess of \$31 million with just under 200 employees, faculty and students.

The Hampton Veterans Affairs Medical Center (HVAMC) is located on an 86 acre campus along the historic banks of the Chesapeake Bay and next to Hampton University. The 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. The HVAMC is a tertiary care, Complexity Level 2 hospital. HVAMC provides comprehensive primary and specialty care in medicine, surgery and psychiatry. The Medical Center is geographically positioned among one of the largest Department of Defense (DOD) active duty and

military retiree populations in the United States. The HVMAC has experienced a continuing trend of 5-7% growth in veteran enrollees. The HVAMC has over 1,850 employees and an annual operating budget of \$350 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)
	2020	2019	
Revenues:			
General Fund	\$ 348,204	\$ 341,369	2.00
School Operating	138,326 *	131,231 *	5.41
Total	486,530	472,600	2.95
Expenditures:			
General Fund	264,501 *	264,877 *	(0.14)
School Operating	210,678 *	201,963 *	4.32
Total	(475,179)	(466,840)	1.79
Net change in fund balance	\$ 11,351	\$ 5,760	

*Excludes payments between the General Fund and School Operating Fund

The General Fund revenues and other financing sources increased by approximately \$6.8 million or 2% when compared to fiscal year 2019 revenues. General property tax collections increased by approximately \$5.6 million as a result of revenue collected for additional supplemental real estate assessments for new construction. In the other local taxes category, we experienced an increase of approximately \$.857 million over fiscal year 2019. Meal tax decreased \$.540 million due to mandated closures required by the COVID-19 pandemic; however, sales and use tax increased \$1.1 million as a result of increased online purchases, home improvement projects and grocery store sales stemming from the pandemic. Also, in this category business license tax increased \$.134 million.

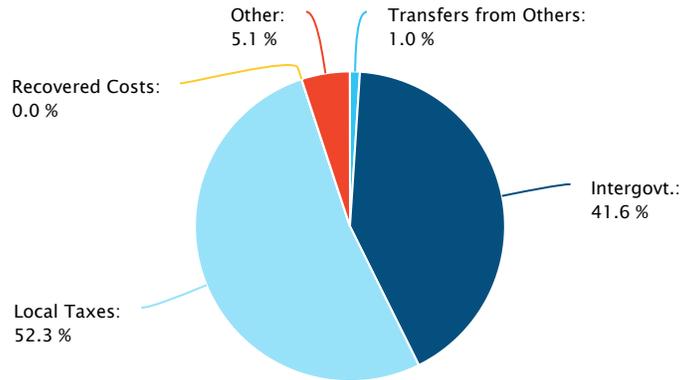
General Fund expenditures and other financing uses decreased by approximately \$.376 million or 0.14% from fiscal year 2019. This decrease was a direct result of all city departments deferring non-essential purchasing during the COVID-19 pandemic.

The School Board Operating Fund revenues increased approximately \$7.1 million or 5.41% over fiscal year 2019. This variance resulted primarily from an increase in state revenues totaling \$4.9 million. State revenues for salary supplement, sales tax and Academies of Hampton increased \$3.7 million, \$.727 million and \$.501 million, respectively. The other funds category increased \$2.4 million mainly due to an increase in pharmacy revenue totaling \$2.1 million. 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 \$1.7 million or 1.7% between fiscal years.

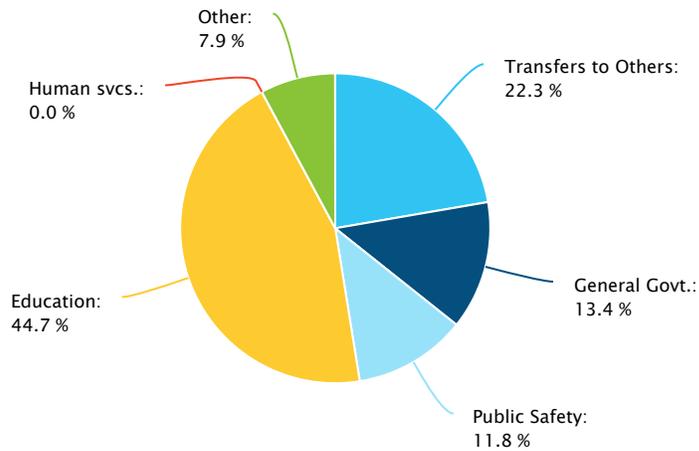
The School Board Operating Fund expenditures increased by \$8.7 million or 4.32% over fiscal year 2019. This increase was due primarily to an increase in spending for Instruction, Administration Attendance and Health, Operation and Maintenance, totaling \$4.6 million, \$3.3 million, \$1.1 million, respectively.

The graphs of the 2020 General Fund and School Operating Fund revenues and expenditures are as follows:

**General Fund and School Operating Fund
Revenues \$486,530,023**



**General Fund and School Operating Fund
Expenditures \$475,179,103**



Long Term Financial Planning

In the years 2020-2024 \$300.5 million is scheduled for City and School projects. The following summarizes these projects:

Education	\$33.3 million
Hampton's Waterways	\$33.3 million
Good Government	\$117.5 million
Economic Growth	\$59.2 million
Place Making	\$23.3 million
Safe and Clean City	\$33.9 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, 2020, general obligation debt totaled \$277 million or 2.6% 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, 2020, this would amount to \$432 million or 3.5% 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, 2020, this would amount to \$82 million or .67% 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, 2020, this would amount to \$37 million or 7.8% 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 68% of general bonded obligation debt in fiscal year 2030 that was outstanding as of June 30, 2020.
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, 2020, capital expenditures were \$19.3 million which is 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, 2020 through 2024, the City plans to use 32% 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, 2020 was \$80.4 million or 16.5% of actual revenues.

The City is in compliance with the Financial Policy Guidelines.

Credit Ratings

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

Major Initiatives and Accomplishments

Fort Monroe

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's greatest asset is its history. The history of Old Point Comfort extends to the very beginning of the settlement of America. Captain John Smith and the early settlers visited Old Point Comfort before establishing the settlement in 1607. After surveying the area in 1608, Captain Smith pronounced this place a "little isle fit for a castle" and soon began the construction of Fort Algernourne in 1609 to protect the new settlement. This began a long line of fortifications on Old Point Comfort that culminated with the establishment of Fort Monroe as a response to the War of 1812, when the British sailed unencumbered to wreak havoc up the Virginia coast, culminating with the burning of Washington DC and the White House. Construction of Fort Monroe began in 1819 and was completed in 1834.

The history of African Americans and the struggle for freedom is uniquely woven into the historic fabric of this place. The first Africans were brought to Old Point Comfort as indentured servants in 1619. The seminal event of the Civil War also took place at Fort Monroe, where the war was transformed into a war for freedom on May 27, 1861, by Major General Benjamin Butler's "contraband" decision or "Fort Monroe Doctrine" where he declared that any slave who reached union lines would be considered contraband of war and not be returned to slavery.

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 Comprehensive Annual Financial Report that meets all generally accepted accounting principles and applicable legal requirements. The City of Hampton has received this award for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2019.

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.

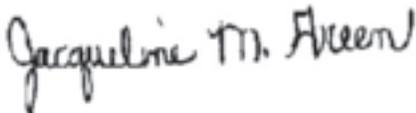
Acknowledgments

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



Jacqueline M. Green
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, 2019

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, 2020, 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 0.9% 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*.

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 that 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, 2020, 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 12 to the financial statements, in March 2020, the World Health Organization declared COVID-19 a global pandemic. Given the uncertainty of the situation and the duration of any business disruption, the related financial impact cannot be reasonably estimated at this time. Our opinion is 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 December 15, 2020, 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 Bekant LLP

Virginia Beach, Virginia
December 15, 2020

MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of the City of Hampton, Virginia's (City's) Comprehensive Annual Financial Report (CAFR) presents Management's Discussion and Analysis (MD&A) of the City's financial performance during the fiscal year ended June 30, 2020. 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 \$8.1 million (Exhibit A-4) after making a \$75.6 million payment to Hampton City Schools, \$19.3 million transfer to Capital Projects, \$8.2 million transfer to Enterprise Funds, \$2.0 million to Special Revenue Funds, \$1.5 million to Internal Service Funds and \$32.8 million to Debt Service Fund.
- On a government-wide basis for governmental activities, the City's net position increased by \$18.7 (Exhibit A-2).
- In the City's business-type activities, on a government-wide basis, net position increased by \$4.5 million (Exhibit A-2).
- The City's net position, excluding component units, on the government-wide basis, totaled \$668.8 million at June 30, 2020. Of this amount, \$28.1 million represents restricted net position and \$(55.9) million represents the unrestricted net deficit (unrestricted net position - Exhibit A-1).

USING THE FINANCIAL SECTION OF THE COMPREHENSIVE ANNUAL FINANCIAL REPORT

The Comprehensive Annual 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. 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 City excludes these activities from the City's government-wide statements because the City cannot use these assets to finance its operations. Agency funds are City custodial funds used to provide accountability of client monies for which the City is custodian. The basic fiduciary funds financial statements can be found in Exhibits A-9 and A-10 of this report.

FINANCIAL ANALYSIS OF THE CITY AS A WHOLE

Table I
Summary of Statement of Net Position (In Thousands)
June 30, 2020 and 2019

	Governmental Activities		Business-type Activities		Total Primary Government		Component Units	
	2020	2019	2020	2019	2020	2019	2020	2019
Current and other assets	\$ 303,637	\$ 228,399	\$ 71,298	\$ 72,130	\$ 374,935	\$ 300,529	\$ 58,747	\$ 51,898
Capital assets	851,212	860,457	136,907	139,061	988,119	999,518	43,918	42,042
Total assets	1,154,849	1,088,856	208,205	211,191	1,363,054	1,300,047	102,665	93,940
Deferred outflows of resources	39,229	25,098	5,894	5,231	45,122	30,329	38,791	22,291
Current liabilities	88,268	79,787	10,093	11,359	98,361	91,146	41,306	31,737
Long-term liabilities	489,761	471,385	85,872	95,670	575,632	567,055	209,771	200,857
Total liabilities	578,028	551,172	95,965	107,029	673,994	658,201	251,077	232,594
Deferred inflows of resources	59,564	24,984	5,853	1,619	65,417	26,603	29,962	29,154
Net position								
Investment in capital assets	626,982	636,463	69,561	67,497	696,543	703,960	42,809	42,042
Restricted	20,198	17,817	7,906	8,017	28,104	25,834	1,336	1,235
Unrestricted (deficit)	(90,695)	(116,482)	34,813	32,260	(55,882)	(84,222)	(183,727)	(188,794)
Total net position	\$ 556,485	\$ 537,798	\$ 112,280	\$ 107,774	\$ 668,765	\$ 645,572	\$ (139,583)	\$ (145,517)

The City's combined net position (which is the City's bottom line) increased by \$23.0 million in fiscal year 2020. Approximately 4% represents resources that are subject to external restrictions. Net investment in capital assets represents 105% 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 \$(63.5) million.

Table II
Summary of Changes in Net Position (In Thousands)
For the Fiscal Year Ended June 30, 2020 and 2019

	Governmental Activities		Business-type Activities		Total Primary Government		Component Units	
	2020	2019	2020	2019	2020	2019	2020	2019
Revenues:								
Program Revenues								
Charges for service	\$ 30,957	\$ 31,263	\$ 46,499	\$ 48,656	\$ 77,456	\$ 79,919	\$ 8,204	\$ 5,734
Operating grants and contributions								
	87,237	83,507	955	1,024	88,192	84,531	158,716	154,767
Capital grants and contributions								
	5,078	5,080	-	-	5,078	5,080	154	105
General revenues								
Property taxes	171,639	163,966	-	-	171,639	163,966	-	-
Other taxes	83,080	82,225	-	-	83,080	82,225	-	-
Other	4,463	4,738	891	1,285	5,354	6,023	79,409	84,664
Total revenues	382,454	370,779	48,345	50,965	430,799	421,744	246,483	245,270
Expenses								
General government	103,284	105,865	-	-	103,284	105,865	6,282	11,372
Public safety	80,967	81,673	-	-	80,967	81,673	-	-
Highways and streets	17,369	12,362	-	-	17,369	12,362	-	-
Sanitation	-	-	26,728	24,626	26,728	24,626	-	-
Health	1,360	1,564	-	-	1,360	1,564	-	-
Human services	35,859	34,769	-	-	35,859	34,769	-	-
Culture and recreation	18,349	16,842	25,668	30,215	44,017	47,057	-	-
Education - payment to school board								
	75,572	73,827	-	-	75,572	73,827	-	-
Educational	13,202	9,806	-	-	13,202	9,806	234,268	217,251
Interest on long-term debt	9,246	7,145	-	-	9,246	7,145	-	-
Total expenses	355,208	343,853	52,396	54,841	407,604	398,694	240,549	228,623
Increase (decrease) in net position before transfers								
	27,246	26,926	(4,052)	(3,876)	23,195	23,050	5,933	16,647
Transfers								
	(8,558)	(9,259)	8,558	9,259	-	-	-	-
Increase in net position								
	18,688	17,667	4,506	5,383	23,195	23,050	5,933	16,647
Net position, July 1								
	537,798	520,131	107,774	102,391	645,572	622,522	(145,517)	(162,164)
Net position, June 30								
	\$ 556,486	\$ 537,798	\$ 112,280	\$ 107,774	\$ 668,766	\$ 645,572	\$ (139,584)	\$ (145,517)

GOVERNMENTAL ACTIVITIES

For the fiscal year ended June 30, 2020, revenues from governmental activities totaled \$382.5 million. Revenues from governmental activities increased by approximately \$11.676 million. Capital grants and contributions totaled \$5.1 million, which remained consistent with the prior year. 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 \$171.6 million, increasing \$7.7 million over fiscal year 2019 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 \$123.3 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 \$87.2 million for the year ended June 30, 2020, a \$3.7 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 \$83.1 million, an increase of \$0.9 million over fiscal year 2019. Business license, sales and use tax and license tax pari-mutuel increased by \$.134 million, \$1.1 million and \$.749 million, respectively. In addition, meal tax revenues decreased by \$.540 million and lodging and transit taxes decreased by \$.352 million.

For the fiscal year ended June 30, 2020, expenses for governmental activities, excluding transfers totaled \$355.2 million, increased by \$11.4 million over the prior fiscal year. The majority of this increase occurred in the highways and streets, culture and recreation, educational categories and the payment to the School Board totaling \$5 million, \$1.5 million, \$3.4 million and \$1.7 million, respectively.

BUSINESS-TYPE ACTIVITIES

Business-type activities generated revenues of \$48 million, a decrease of \$2.6 million when compared to the previous year. The majority of this variance is due to a \$2 million decrease in charges for services. Expenses for business-type activities totaled \$52.4 million, a decrease of \$2.4 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 2020 due to the COVID-19 pandemic.

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

The General Fund's fund balance increased by \$8.1 million over fiscal year 2019 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 \$46.1 million as a result of proceeds from bonds totaling \$58 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 2020, a total of \$3.6 million was appropriated from unassigned fund balance for one-time funding items. Under the City's budget savings program, the remaining budget savings of \$1.9 million was rolled from fiscal year 2019 to fiscal year 2020. 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 grant, donations, and other revenues.

Actual expenditures and transfers were \$15 million below the final budget. A significant amount of this variance (\$10.6 million) occurred in the general government function, specifically in non-departmental in the amount of \$5.3 million, retirement and employee benefits in the amount of \$2.3 million and judicial category in the amount of \$1.5 million. Also contributing to this variance was unused budget savings under the City's budget savings program of \$1.97 million. A \$1.8 million variance was noted in transfers to other funds, primarily for the transfer to the Debt Service Fund.

Component Units	Downtown Hampton		Total Component Units	
	2020	2019	2020	2019
Non-depreciable assets:				
Land and land improvements	\$ -	\$ -	\$ 26,680	\$ 26,581
Other capital assets:				
Buildings and improvements	-	-	57,636	56,797
Improvements other than buildings	-	-	1,477	1,065
Infrastructure	486	471	2,536	2,520
Computer software	13	9	1,150	1,146
Equipment and vehicles	142	131	32,283	41,643
Accumulated depreciation	(377)	(347)	(77,843)	(87,711)
	<u>\$ 264</u>	<u>\$ 264</u>	<u>\$ 43,919</u>	<u>\$ 42,041</u>

The capital plan set forth \$53.4 million to be spent during fiscal year 2020 in various projects including \$6.5 million in school building maintenance and technology projects, \$6 million in street and infrastructure projects, \$5.6 million in economic growth projects, \$4.6 million in Hampton's waterways projects, \$20.2 million in good government projects and \$9.3 million in safe and clean community projects. 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 2020, the City had \$276.8 million in outstanding general obligation bonds and \$72.5 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, 2020, 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, 2020 and 2019

	Governmental Activities		Business-type Activities		Total	
	2020	2019	2020	2019	2020	2019
General Obligation bonds	\$ 264,453	\$ 216,314	\$ 1,547	\$ 2,001	\$ 266,000	\$ 218,315
Direct placement general obligation bonds	10,795	22,991	-	-	10,795	22,991
Direct placement revenue bonds	-	-	72,530	71,155	72,530	71,155
Unamortized premium	30,518	28,448	786	7,777	31,304	36,225
Total primary government	<u>\$ 305,766</u>	<u>\$ 267,753</u>	<u>\$ 74,863</u>	<u>\$ 80,933</u>	<u>\$ 380,629</u>	<u>\$ 348,686</u>

Component Unit - Economic Development Authority

Revenue bonds	<u>\$ 665</u>	<u>\$ 2,003</u>
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NEXT YEAR'S BUDGET

The City's staff and City Council considered many factors when developing the fiscal year 2021 budget, with the COVID-19 pandemic a major factor. The fiscal year 2021 approved budget for the General Fund is \$516.9 million, a 5.88% increase over fiscal year 2020. The top priority for the fiscal year 2021 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. Tax and fee rate changes in the fiscal year 2021 budget include a decrease in public rights-of way use fees from \$1.20 per line per month to \$1.15 per line per month and an increase in stormwater user fees-commercial from \$8.83 to \$9.83 per 2,429 sq. ft. of impervious area and stormwater user fee-residential from \$8.83 per month to \$9.83 per month.

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, 2020

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total Primary Government	
ASSETS				
Cash and cash equivalents	\$ 178,400,478	\$ 37,134,753	\$ 215,535,231	\$ 22,395,497
Cash with fiscal agent	1,747,080	-	1,747,080	11,346,928
Investments	105,805,898	-	105,805,898	192,199
Accounts receivable	26,341,197	5,185,560	31,526,757	1,104,761
Lease receivable	-	-	-	990,060
Due from component units	32,233	24,930	57,163	-
Due from Primary Government	-	-	-	639,634
Internal balances	(10,087,903)	10,087,903	-	-
Due from other governments	-	-	-	4,900,380
Inventories	362,124	516,409	878,533	619,888
Prepaid items	1,036,508	27,068	1,063,576	27,148
Temporarily restricted assets:				
Cash and cash equivalents	-	2,816,703	2,816,703	1,407,927
Cash with fiscal agent	-	667,753	667,753	-
Investments	-	14,831,447	14,831,447	-
Notes receivable	-	5,444	5,444	75,991
Land held for sale	-	-	-	15,046,252
Capital assets not being depreciated	543,397,648	12,316,138	555,713,786	26,679,405
Capital assets, net of accumulated depreciation	307,814,188	124,590,865	432,405,053	17,238,957
Total assets	<u>1,154,849,451</u>	<u>208,204,973</u>	<u>1,363,054,424</u>	<u>102,665,027</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred charge on refunding	5,850,412	3,468,857	9,319,269	-
Related to pensions	26,366,911	2,067,187	28,434,098	34,726,687
Related to other postemployment benefits	7,011,462	357,543	7,369,005	4,064,725
Total deferred outflows of resources	<u>39,228,785</u>	<u>5,893,587</u>	<u>45,122,372</u>	<u>38,791,412</u>
LIABILITIES				
Accounts payable and other liabilities	42,702,702	2,433,547	45,136,249	24,508,109
Due to component units	639,634	-	639,634	-
Due to Primary Government	-	-	-	57,163
Unearned revenues	11,087,691	1,175,574	12,263,265	2,567,988
Current liabilities payable from restricted assets	-	698,169	698,169	-
Notes and other long-term payables:				
Due within one year	11,561,320	986,749	12,548,069	13,698,613
Due in more than one year	206,271,277	15,807,701	222,078,978	209,579,788
Bonds Payable:				
Due within one year	22,276,354	4,799,444	27,075,798	474,058
Due in more than one year	283,489,325	70,064,017	353,553,342	190,958
Total liabilities	<u>578,028,303</u>	<u>95,965,201</u>	<u>673,993,504</u>	<u>251,076,677</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred charge on refunding	369,109	1,316,314	1,685,423	-
Property taxes collected in advance	1,819,991	-	1,819,991	-
Related to pensions	7,135,715	554,735	7,690,450	26,736,902
Related to other postemployment benefits	50,239,299	3,982,208	54,221,507	3,225,559
Total deferred inflows of resources	<u>59,564,114</u>	<u>5,853,257</u>	<u>65,417,371</u>	<u>29,962,461</u>
NET POSITION				
Net investment in capital assets	626,982,260	69,561,532	696,543,792	42,808,553
Restricted for:				
Capital projects	2,242,857	-	2,242,857	-
Debt service	87,610	-	87,610	-
Public safety projects	1,210,803	-	1,210,803	-
Stormwater management	14,309,493	-	14,309,493	-
Human services	644,746	-	644,746	-
Bond indenture	-	7,905,700	7,905,700	1,335,868
Culture and recreation	53,420	-	53,420	-
Physical environment	184,608	-	184,608	-
Education	6	-	6	-
Community development	917,898	-	917,898	-
Operations and maintenance	50,900	-	50,900	-
Other purposes	495,793	-	495,793	-
Unrestricted (deficit)	(90,694,575)	34,812,870	(55,881,705)	(183,727,120)
Total net position (deficit)	<u>\$ 556,485,819</u>	<u>\$ 112,280,102</u>	<u>\$ 668,765,921</u>	<u>\$ (139,582,699)</u>

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

CITY OF HAMPTON, VIRGINIA
Statement of Activities
For the Year Ended June 30, 2020

Functions/Programs	Program Revenues				Net (Expenses) Revenue and Change in Net Position			Component Units
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Total	
					Governmental Activities	Business-type Activities		
Primary Government								
Governmental activities:								
General government	\$ 103,283,657	\$ 22,354,841	\$ 35,085,847	\$ 192,620	\$ (45,650,349)	\$ -	\$ (45,650,349)	
Public safety	80,967,199	5,950,650	12,284,888	-	(62,731,661)	-	(62,731,661)	
Highways and streets	17,368,959	-	16,908,338	4,885,458	4,424,837	-	4,424,837	
Health	1,359,715	-	61,023	-	(1,298,692)	-	(1,298,692)	
Human services	35,858,903	2,088,261	22,247,234	-	(11,523,408)	-	(11,523,408)	
Culture and recreation	18,349,313	545,707	217,187	-	(17,586,419)	-	(17,586,419)	
Education (payment to school district)	75,572,304	-	-	-	(75,572,304)	-	(75,572,304)	
Education and educational services	13,202,390	17,621	175,586	-	(13,009,183)	-	(13,009,183)	
Interest on long-term debt	9,245,725	-	256,601	-	(8,989,124)	-	(8,989,124)	
Total Governmental Activities	355,208,165	30,957,080	87,236,704	5,078,078	(231,936,303)	-	(231,936,303)	
Business-type activities								
Culture and recreation	25,668,323	14,100,179	954,834	-	-	(10,613,310)	(10,613,310)	
Sanitation	26,728,135	32,399,030	-	-	-	5,670,895	5,670,895	
Total Business-type activities	52,396,458	46,499,209	954,834	-	-	(4,942,415)	(4,942,415)	
Total Primary Government	407,604,623	77,456,289	88,191,538	5,078,078	(231,936,303)	(4,942,415)	(236,878,718)	
Component units								
Public school system	\$ 234,267,503	\$ 6,902,718	\$ 157,940,654	\$ -	-	-	-	\$ (69,424,131)
Economic development authority	4,326,011	424,019	489,685	154,300	-	-	-	(3,258,007)
Business improvement	1,221,567	628,527	-	-	-	-	-	(593,040)
Downtown development	734,402	249,045	285,560	-	-	-	-	(199,797)
Total component units	\$ 240,549,483	\$ 8,204,309	\$ 158,715,899	\$ 154,300	\$ -	\$ -	\$ -	\$ (73,474,975)

General revenues:

Taxes:

Property taxes	171,638,888	-	171,638,888	-
Sales taxes	16,845,426	-	16,845,426	-
Lodging, meal and amusement taxes	26,540,048	-	26,540,048	-
Motor vehicle taxes	4,426,172	-	4,426,172	-
Business license taxes	14,364,644	-	14,364,644	-
Utility taxes	5,426,015	-	5,426,015	-
Tobacco taxes	4,371,607	-	4,371,607	-
Recordation taxes	2,064,449	-	2,064,449	-
Bank stock taxes	609,429	-	609,429	-
License Tax-Par-Mutuel	749,549	-	749,549	-
Short-term rental taxes	108,773	-	108,773	-
Communication sales tax	7,550,511	-	7,550,511	-
Mobile home titling tax	23,564	-	23,564	-
Payments from (to) City	-	-	-	79,244,200
Investment earnings	4,463,379	890,888	5,354,267	162,786
Miscellaneous	-	-	-	2,164
Transfers	(8,557,914)	8,557,914	-	-
Total general revenues and transfers	250,624,540	9,448,802	260,073,342	79,409,150
Change in net position (deficit)	18,688,237	4,506,387	23,194,624	5,934,175
Net position(deficit), beginning of year	537,797,582	107,773,715	645,571,297	(145,516,874)
Net position(deficit), ending	\$ 556,485,819	\$ 112,280,102	\$ 668,765,921	\$ (139,582,699)

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

CITY OF HAMPTON, VIRGINIA
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2020

	General Fund	Special Revenue- Economic Development	Debt Service	Capital Projects	Other Governmental Funds	Total Governmental Funds
Assets:						
Cash and cash equivalents	\$ 96,311,744	\$ 5,837,457	\$ 404,238	\$ 18,009,584	\$ 27,327,610	\$ 147,890,633
Investments	23,885,474	-	-	81,920,425	-	105,805,899
Accounts receivables:						
Taxes (net of allowance of uncollectible)	7,497,088	-	-	-	-	7,497,088
Due from other governments	11,154,267	-	-	869,666	4,246,496	16,270,429
Other	1,760,909	27,621	128,977	173	625,909	2,543,589
Due from other funds	9,345,540	4,827	6,640	3,565,086	474,740	13,396,833
Due from component units	19,675	-	-	-	710	20,385
Inventories	23,421	-	-	-	-	23,421
Prepaid items	111,214	-	-	-	600	111,814
Total assets	\$ 150,109,332	\$ 5,869,905	\$ 539,855	\$ 104,364,934	\$ 32,676,065	\$ 293,560,091
Liabilities:						
Accounts payable	\$ 8,182,270	\$ 25,000	\$ -	\$ 6,757,084	\$ 2,919,741	\$ 17,884,095
Accrued health insurance	13,632,632	-	-	-	-	13,632,632
Accrued liabilities	5,268,001	-	-	-	175,512	5,443,513
Due to other funds	5,496,015	-	-	-	906,895	6,402,910
Due to component units	149,239	-	-	-	490,395	639,634
Unearned revenues	143,091	6,185	-	-	10,944,600	11,093,876
Total liabilities	32,871,248	31,185	-	6,757,084	15,437,143	55,096,660
Deferred inflows of resources:						
Unavailable revenue-property taxes	3,873,855	-	-	-	-	3,873,855
Property taxes collected in advance	1,819,991	-	-	-	-	1,819,991
Unavailable revenue-program income	-	-	-	-	123,100	123,100
Unavailable revenue-stormwater fees	-	-	-	-	598,073	598,073
Total deferred inflows of resources	5,693,846	-	-	-	721,173	6,415,019
Fund balances:						
Nonspendable	134,635	-	-	-	600	135,235
Restricted	351,218	863,498	87,610	587,688	16,491,036	18,381,050
Committed	24,892,687	1,646,263	-	92,348,006	-	118,886,956
Assigned	5,743,885	3,328,959	452,245	4,672,156	26,113	14,223,358
Unassigned	80,421,813	-	-	-	-	80,421,813
Total fund balances	111,544,238	5,838,720	539,855	97,607,850	16,517,749	232,048,412
Total liabilities, deferred inflows of resources and fund balances	\$ 150,109,332	\$ 5,869,905	\$ 539,855	\$ 104,364,934	\$ 32,676,065	\$ 293,560,091

Exhibit A-3

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

Total fund balances of governmental funds	\$ 232,048,412
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.	835,860,160
Other assets are not available to pay current-period expenditures and, therefore, are deferred in the funds.	4,601,212
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.	5,850,412
Deferred outflows of resources related to pensions are reported in the government-wide financial statements, but are not reported in the governmental funds' statements	26,366,911
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	7,011,462
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	(369,109)
Deferred inflows of resources related to pensions are reported in the government-wide financial statements, but are not reported in the governmental funds' statements	(7,135,715)
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	(50,239,302)
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)	35,363,097
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	(407,838)
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	(86,243)
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	105,326
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	1,031,539
Other liabilities not paid from current-period revenues are not reported in the funds for:	
Accrued interest	(3,687,381)
Interfund balances related to amounts eliminated in the Statement of Net Position	(18,557,829)
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, not reported in the funds.	<u>(511,269,295)</u>
Net position of governmental activities	<u>\$ 556,485,819</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, 2020

	General Fund	Special Revenue- Economic Development	Debt Service	Capital Projects	Other Governmental Funds	Total Governmental Funds
REVENUES						
General property taxes	\$ 171,631,415	\$ -	\$ -	\$ -	\$ -	\$ 171,631,415
Other local taxes	82,685,449	-	-	-	-	82,685,449
Special assessments	2,781,751	-	-	-	-	2,781,751
Intergovernmental revenues:						
From the Commonwealth of Virginia	57,191,237	26,419	-	2,678,337	9,742,675	69,638,668
From the Federal government	11,199,853	-	256,601	2,305,221	7,523,050	21,284,725
Permits, privilege fees and regulatory licenses	1,604,140	-	-	-	-	1,604,140
Fines and forfeitures	1,104,271	-	-	-	-	1,104,271
Revenues from use of money and property	2,898,420	384,258	4,056	1,232,030	399,421	4,918,185
Charges for services	9,641,838	-	-	-	9,873,772	19,515,610
Payment from component units	2,012,000	-	-	-	-	2,012,000
Miscellaneous	4,266,112	32,098	-	162,571	616,921	5,077,702
Recovered costs	957,640	-	-	-	-	957,640
Total revenues	347,974,126	442,775	260,657	6,378,159	28,155,839	383,211,556
EXPENDITURES						
Current:						
General government	103,237,182	446,561	-	-	3,557,165	107,240,908
Public safety	55,911,484	-	-	-	7,250,133	63,161,617
Highways and streets	2,260,806	-	-	-	-	2,260,806
Sanitation	-	-	-	-	5,083,995	5,083,995
Health	2,723,445	-	-	-	-	2,723,445
Human services	21,947,233	-	-	-	9,584,899	31,532,132
Culture and recreation	12,640,034	-	-	-	219,507	12,859,541
Education (payment to school district)	75,572,304	-	-	-	-	75,572,304
Education and education services	2,051,438	-	-	-	-	2,051,438
Capital improvements	-	-	-	44,163,754	-	44,163,754
Debt Service:						
Principal retirement	-	-	22,407,065	-	-	22,407,065
Interest and fiscal charges	-	-	10,758,126	-	-	10,758,126
Bond issuance costs	-	-	162,829	380,026	-	542,855
Total expenditures	276,343,926	446,561	33,328,020	44,543,780	25,695,699	380,357,986
Excess (deficiency) of revenues over (under) expenditures	71,630,200	(3,786)	(33,067,363)	(38,165,621)	2,460,140	2,853,570
OTHER FINANCING SOURCES (USES)						
Bonds Issued	-	-	-	58,405,000	-	58,405,000
Issuance of refunding bonds	-	-	16,950,000	-	-	16,950,000
Payment to refunded bond escrow agent	-	-	(18,416,016)	-	-	(18,416,016)
Premium on bonds issued	-	-	1,628,845	4,743,327	-	6,372,172
Transfers in	230,023	-	32,909,386	21,820,461	2,439,847	57,399,717
Transfers out	(63,729,488)	-	-	(639,921)	(2,762,034)	(67,131,443)
Other financing sources (uses), net	(63,499,465)	-	33,072,215	84,328,867	(322,187)	53,579,430
Net change in fund balances	8,130,735	(3,786)	4,852	46,163,246	2,137,953	56,433,000
Fund balances, beginning of year	103,413,503	5,842,506	535,003	51,444,604	14,379,796	175,615,412
Fund balances, end of year	\$ 111,544,238	\$ 5,838,720	\$ 539,855	\$ 97,607,850	\$ 16,517,749	\$ 232,048,412

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	\$ 56,433,000
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	13,088,766
Depreciation expense	(20,207,918)
Loss on disposal of assets	(148,272)
Donated assets are not reported in the governmental funds, but are reflected in the Statement of Activities.	20,000
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.	(935,530)
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	(388,453)
Proceeds from debt issuance	(75,355,000)
Payment to refunded bond escrow agent	18,416,016
Repayment of debt principal	24,135,257
Premium on bonds	(6,372,171)
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.	4,926,921
Expenses incurred during the period related to liabilities that are still outstanding and not yet due at year-end for accrued interest	(496,597)
Amortization of premiums	2,189,288
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	(871,501)
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	4,254,431
Change in net position of governmental activities	<u>\$ 18,688,237</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, 2020

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		Over (Under)
REVENUES				
Intergovernmental:				
From the Commonwealth of Virginia	\$ 41,192,356	\$ 56,646,285	\$ 57,191,237	\$ 544,952
From the Federal government	10,645,244	10,645,244	11,199,853	554,609
Local taxes	265,546,384	250,092,455	254,316,864	4,224,409
Special assessments	5,726,505	5,726,505	2,781,751	(2,944,754)
Licenses and permits	1,364,600	1,364,600	1,604,140	239,540
Fines and forfeitures	1,462,987	1,462,987	1,104,271	(358,716)
Revenues from use of money and property	2,764,364	2,764,364	2,897,861	133,497
Charges for services	9,720,672	9,720,672	9,641,838	(78,834)
Recovered costs	957,640	957,640	957,640	-
Payment from component units	2,437,345	2,432,071	2,012,000	(420,071)
Miscellaneous	4,211,177	4,258,492	4,266,112	7,620
Total revenues	<u>346,029,274</u>	<u>346,071,315</u>	<u>347,973,567</u>	<u>1,902,252</u>
EXPENDITURES				
Current:				
General government	119,073,262	113,886,130	103,237,182	(10,648,948)
Public safety	53,673,219	57,005,190	55,911,484	(1,093,706)
Highways and streets	2,866,380	2,482,181	2,260,806	(221,375)
Health	2,571,049	2,948,003	2,723,445	(224,558)
Human services	22,435,994	22,294,548	21,947,233	(347,315)
Culture and recreation	13,251,331	13,283,115	12,640,034	(643,081)
Education	77,672,012	77,634,259	77,623,742	(10,517)
Total expenditures	<u>291,543,247</u>	<u>289,533,426</u>	<u>276,343,926</u>	<u>(13,189,500)</u>
Excess of revenues over expenditures	<u>54,486,027</u>	<u>56,537,889</u>	<u>71,629,641</u>	<u>15,091,752</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	583,880	229,292	230,023	731
Transfers out	(61,054,832)	(65,563,670)	(63,729,488)	1,834,182
Total other financing uses, net	<u>(60,470,952)</u>	<u>(65,334,378)</u>	<u>(63,499,465)</u>	<u>1,834,913</u>
Net change in fund balances	(5,984,925)	(8,796,489)	8,130,176	<u>\$ 16,926,665</u>
Appropriations from fund balance	5,984,925	8,906,507		
Appropriations - encumbrances	-	(110,018)		
Fund balance - July 1	-	-	<u>103,372,200</u>	
Fund balance - June 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 111,502,376</u>	

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

CITY OF HAMPTON, VIRGINIA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
June 30, 2020

	Business-type Activities - Enterprise Funds						Governmental
	Wastewater Management	The Hamptons	Museum	Convention Center	Non-Major Enterprise Funds	Totals	Internal Service Funds
ASSETS							
Current assets:							
Cash and cash equivalents	\$ 12,789,667	\$ 800	\$ 2,106,551	\$ -	\$ 22,237,736	\$ 37,134,754	\$ 30,509,848
Cash with fiscal agent	-	-	-	-	-	-	1,747,080
Restricted assets to be used to liquidate current liabilities:	-	-	-	-	-	-	-
Revenue bond indenture:	-	-	-	-	-	-	-
Cash and cash equivalents	-	-	-	2,670,777	-	2,670,777	-
Cash with fiscal agent	-	-	-	667,753	-	667,753	-
Accounts receivable, net	1,609,645	4,703	169,634	71,685	3,329,891	5,185,558	30,090
Notes receivable	5,444	-	-	-	-	5,444	-
Due from other funds	12,155	-	-	-	32,495	44,650	1,476,355
Due from component units	-	-	-	-	24,930	24,930	11,847
Inventories	252,989	8,985	146,789	-	107,646	516,409	338,703
Prepaid items	-	-	14,907	9,298	2,863	27,068	924,694
Restricted assets:	-	-	-	-	-	-	-
Revenue bond indenture:	-	-	-	-	-	-	-
Cash and cash equivalents	-	-	-	145,926	-	145,926	-
Investments	-	-	-	14,831,447	-	14,831,447	-
Total current assets	14,669,900	14,488	2,437,881	18,396,886	25,735,561	61,254,716	35,038,617
Noncurrent Assets:							
Capital Assets:							
Land	145,615	262,100	1,921,420	5,332,402	3,404,804	11,066,341	-
Easements	28,943	-	-	-	-	28,943	-
Buildings and improvements	2,683,118	2,398,794	32,306,100	89,858,046	13,649,374	140,895,432	-
Improvements other than buildings	290,651	3,802,031	6,800	4,396,862	27,260,394	35,756,738	477,601
Computer software	153,386	-	-	-	248,343	401,729	215,775
Equipment	5,018,000	618,060	4,793,512	1,021,639	23,194,243	34,645,454	44,307,174
Construction in progress	425,700	-	739,412	34,444	21,298	1,220,854	143,019
Exhibits	-	-	14,865,440	-	-	14,865,440	-
Landfill	-	-	-	-	3,865,986	3,865,986	-
Infrastructure	76,221,043	-	-	-	-	76,221,043	-
Less accumulated depreciation	(39,361,727)	(6,627,320)	(45,811,615)	(37,997,386)	(52,262,909)	(182,060,957)	(29,791,892)
Net capital assets	45,604,729	453,665	8,821,069	62,646,007	19,381,533	136,907,003	15,351,677
Total noncurrent assets	45,604,729	453,665	8,821,069	62,646,007	19,381,533	136,907,003	15,351,677
Total assets	60,274,629	468,153	11,258,950	81,042,893	45,117,094	198,161,719	50,390,294
DEFERRED OUTFLOWS OF RESOURCES							
Deferred charge on refunding	-	-	-	3,468,857	-	3,468,857	-
Related to pensions	599,779	79,041	-	-	1,388,367	2,067,187	407,838
Related to other postemployment benefits	78,315	66,618	-	-	212,610	357,543	86,243
Total deferred outflows of resources	678,094	145,659	-	3,468,857	1,600,977	5,893,587	494,081

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

	Business-type Activities - Enterprise Funds						Governmental
	Wastewater Management	The Hamptons	Museum	Convention Center	Non-Major Enterprise Funds	Totals	Activities Internal Service Funds
LIABILITIES							
Current liabilities:							
Accounts payable	\$ 346,623	\$ 24,333	\$ 189,229	\$ -	\$ 1,501,940	\$ 2,062,125	\$ 2,011,435
Accrued liabilities	-	-	-	42,895	-	42,895	-
Accrued leave	124,896	9,766	49,514	-	198,523	382,699	59,801
Due to other funds	-	4,886,911	854,525	4,827	2,768,313	8,514,576	350
Unearned revenues	-	-	336,774	-	838,800	1,175,574	-
Current portion of long-term debt	-	-	-	4,323,231	996,685	5,319,916	7,327,420
Current liabilities payable from restricted assets:							
Accounts payable	-	-	-	183,235	-	183,235	-
Accrued interest payable	-	-	-	514,934	-	514,934	-
Notes payable	-	-	83,578	-	-	83,578	-
Other liabilities	62,476	22,461	50,626	21,445	171,517	328,525	43,646
Total current liabilities	<u>533,995</u>	<u>4,943,471</u>	<u>1,564,246</u>	<u>5,090,567</u>	<u>6,475,778</u>	<u>18,608,057</u>	<u>9,442,652</u>
Noncurrent liabilities:							
Claims payable	-	-	-	-	-	-	856,328
Accrued leave	85,657	12,024	-	-	307,279	404,960	101,808
Bonds payable	-	-	-	68,993,231	1,070,786	70,064,017	-
Obligations under capital leases	-	-	-	-	1,082,670	1,082,670	1,081,000
Notes payable	-	-	106,422	-	-	106,422	-
Net pension liability	2,983,187	381,191	-	-	6,955,546	10,319,924	1,966,875
Net other postemployment benefits liability	1,133,047	87,954	-	-	2,672,724	3,893,725	-
Total noncurrent liabilities	<u>4,201,891</u>	<u>481,169</u>	<u>106,422</u>	<u>68,993,231</u>	<u>12,089,005</u>	<u>85,871,718</u>	<u>4,006,011</u>
Total liabilities	<u>4,735,886</u>	<u>5,424,640</u>	<u>1,670,668</u>	<u>74,083,798</u>	<u>18,564,783</u>	<u>104,479,775</u>	<u>13,448,663</u>
DEFERRED INFLOWS OF RESOURCES							
Deferred charge on refunding	-	-	-	1,316,314	-	1,316,314	-
Related to pensions	160,294	20,413	-	-	374,028	554,735	105,326
Related to other postemployment benefits	1,224,434	44,419	-	-	2,713,355	3,982,208	1,031,539
Total deferred inflows of resources	<u>1,384,728</u>	<u>64,832</u>	<u>-</u>	<u>1,316,314</u>	<u>3,087,383</u>	<u>5,853,257</u>	<u>1,136,865</u>
NET POSITION							
Net investment in capital assets	45,604,729	453,665	8,821,069	(1,549,320)	16,231,392	69,561,535	15,464,677
Restricted							
Bond indenture	-	-	-	7,905,700	-	7,905,700	-
Unrestricted (deficit)	9,227,380	(5,329,325)	767,213	2,755,258	8,834,513	16,255,039	19,898,420
Total net position (deficit)	<u>\$ 54,832,109</u>	<u>\$ (4,875,660)</u>	<u>\$ 9,588,282</u>	<u>\$ 9,111,638</u>	<u>\$ 25,065,905</u>	<u>\$ 93,722,274</u>	<u>\$ 35,363,097</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	\$ 93,722,274
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	458,624
Interfund reimbursement for allocated overhead costs	18,099,204
Net position business-type activities	<u>\$ 112,280,102</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, 2020

	Business-type Activities-Enterprise Funds		
	Wastewater Management	The Hamptons	Museum
Operating revenues:			
Charges for services	\$ 8,870,119	\$ 422,163	\$ 1,299,524
Federal revenues	-	-	150,000
Other	1,187	-	1,230,952
Total operating revenues	<u>8,871,306</u>	<u>422,163</u>	<u>2,680,476</u>
Operating expenses:			
Personal services	2,294,404	419,854	1,094,220
Fringe benefits	753,547	139,818	290,869
Promoters fees	-	-	-
City-sponsored events	-	-	-
Cost of goods sold	161,082	16,102	131,376
Utilities	270,499	77,939	210,140
Insurance	44,010	22,035	67,217
Operating supplies	420,973	44,471	285,776
Equipmental rental	-	107,163	6,149
Equipment and building repairs	487,259	20,863	89,524
Telephone and postage	42,824	6,007	21,826
General expense	147,168	3,321	84,693
Claims	-	-	-
Landfill costs	-	-	-
Contractual services	1,100,465	43,914	248,159
Indirect cost	456,000	-	-
Depreciation and amortization	1,620,096	35,417	1,413,164
Total operating expenses	<u>7,798,327</u>	<u>936,904</u>	<u>3,943,113</u>
Operating income (loss)	<u>1,072,979</u>	<u>(514,741)</u>	<u>(1,262,637)</u>
Nonoperating revenues (expenses):			
Interest income	-	-	5,502
Interest and fiscal charges	-	-	-
Other	-	-	-
Gain on disposal of capital assets	-	-	-
Net decrease in fair value of investments	-	-	-
Total nonoperating revenues (expenses), net	<u>-</u>	<u>-</u>	<u>5,502</u>
Income (loss) before transfers	<u>1,072,979</u>	<u>(514,741)</u>	<u>(1,257,135)</u>
Transfers in(out)	<u>(113,292)</u>	<u>-</u>	<u>601,722</u>
Change in net position (deficit)	<u>959,687</u>	<u>(514,741)</u>	<u>(655,413)</u>
Net position, (deficit) beginning of year	<u>53,872,422</u>	<u>(4,360,919)</u>	<u>10,243,695</u>
Net position, (deficit) end of year	<u>\$ 54,832,109</u>	<u>\$ (4,875,660)</u>	<u>\$ 9,588,282</u>

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

Business-type Activities - Enterprise Funds			Governmental Activities Internal
Convention Center	Non-Major Enterprise Funds	Totals	Service Funds
\$ 2,130,085	\$ 33,336,326	\$ 46,058,217	\$ 21,032,681
-	-	150,000	-
-	1,072	1,233,211	-
<u>2,130,085</u>	<u>33,337,398</u>	<u>47,441,428</u>	<u>21,032,681</u>
1,008,545	6,082,954	10,899,977	1,598,386
343,198	1,875,218	3,402,650	160,149
-	5,778,535	5,778,535	-
-	41,940	41,940	-
-	281,048	589,608	4,075,744
688,052	721,742	1,968,372	37,896
102,767	646,540	882,569	2,630,015
837,219	925,120	2,513,559	194,868
-	117,052	230,364	75,501
268,553	1,877,079	2,743,278	795,692
36,689	100,431	207,777	1,175,703
61,356	1,817,858	2,114,396	145,348
-	-	-	2,142,596
-	4,366,291	4,366,291	-
267,718	4,326,560	5,986,816	1,515,318
-	574,470	1,030,470	-
2,822,504	2,274,668	8,165,849	3,134,591
<u>6,436,601</u>	<u>31,807,506</u>	<u>50,922,451</u>	<u>17,681,807</u>
(4,306,516)	1,529,892	(3,481,023)	3,350,874
819,808	94,811	920,121	359,182
(2,356,179)	(148,298)	(2,504,477)	(17,460)
-	-	-	15,238
-	12,616	12,616	45,274
(29,233)	-	(29,233)	-
<u>(1,565,604)</u>	<u>(40,871)</u>	<u>(1,600,973)</u>	<u>402,234</u>
<u>(5,872,120)</u>	<u>1,489,021</u>	<u>(5,081,996)</u>	<u>3,753,108</u>
7,195,351	874,133	8,557,914	1,173,813
1,323,231	2,363,154	3,475,918	4,926,921
7,788,407	22,702,751	90,246,356	30,436,176
<u>\$ 9,111,638</u>	<u>\$ 25,065,905</u>	<u>\$ 93,722,274</u>	<u>\$ 35,363,097</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	\$ 3,475,918
Interfund reimbursement of overhead costs	1,030,469
Change in net position - Business-type activities	<u>\$ 4,506,387</u>

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

**CITY OF HAMPTON, VIRGINIA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Year Ended June 30, 2020**

	Business-type Activities-Enterprise Funds					Governmental Activities	
	Wastewater Management	The Hamptons	Museum	Convention Center	Non-Major Enterprise Funds	Totals	Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES							
Cash received from customers	\$ 8,624,621	\$ 424,883	\$ 2,704,860	\$ 2,355,735	\$ 31,721,175	\$ 45,831,274	\$ 19,728,699
Cash payments to suppliers for goods and services	(4,169,608)	(3,192)	(1,614,344)	(2,690,944)	(23,918,318)	(32,396,406)	(14,017,668)
Cash payments to employees for services	(2,483,022)	(421,691)	(1,101,591)	(1,078,530)	(6,050,272)	(11,135,106)	(1,679,132)
Net cash provided by (used in) operating activities	1,971,991	-	(11,075)	(1,413,739)	1,752,585	2,299,762	4,031,899
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES							
Cash received from other funds	-	-	601,722	7,195,351	1,052,844	8,849,917	1,173,813
Cash paid to other funds	(113,292)	-	-	-	(178,711)	(292,003)	-
Net cash provided by (used in) noncapital financing activities	(113,292)	-	601,722	7,195,351	874,133	8,557,914	1,173,813
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES							
Acquisition and construction of capital assets	(1,271,736)	-	(751,016)	(167,240)	(3,530,129)	(5,720,121)	(1,150,599)
Refunding bond proceeds	-	-	-	66,150,000	-	66,150,000	-
Payment to escrow agent	-	-	-	(66,150,000)	-	(66,150,000)	-
Proceeds from issuance of long-term debt	-	-	-	4,335,000	-	4,335,000	-
Principal paid on revenue bond maturities and long-term debt	-	-	190,000	(2,960,000)	(960,978)	(3,730,978)	(146,234)
Interest paid on revenue bonds and long-term debt	-	-	-	(2,737,618)	(147,564)	(2,885,182)	(17,460)
Sale of capital assets	-	-	-	-	12,616	12,616	58,884
Net cash provided by (used in) capital and related financing activities	(1,271,736)	-	(561,016)	(1,529,858)	(4,626,055)	(7,988,665)	(1,255,409)
CASH FLOWS FROM INVESTING ACTIVITIES							
Purchase of investment securities	-	-	-	(57,075,395)	-	(57,075,395)	-
Sale of investment securities	-	-	-	57,873,497	-	57,873,497	-
Interest and dividends on investments	-	-	5,502	(4,798,320)	94,077	(4,698,741)	397,094
Net cash provided by investing activities	-	-	5,502	(4,000,218)	94,077	(3,900,639)	397,094
Net increase in cash and cash equivalents (including restricted amounts)	586,963	-	35,133	251,536	(1,905,260)	(1,031,628)	5,725,397
Cash and cash equivalents (including restricted), July 1	12,202,704	800	2,071,418	3,232,920	24,142,996	41,650,838	26,531,535
Cash and cash equivalents, June 30	<u>\$ 12,789,667</u>	<u>\$ 800</u>	<u>\$ 2,106,551</u>	<u>\$ 3,484,456</u>	<u>\$ 22,237,736</u>	<u>\$ 40,619,210</u>	<u>\$ 32,256,928</u>

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

	Business-type Activities-Enterprise Funds					Governmental Activities	
	Wastewater Management	The Hamptons	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)	\$ 1,072,979	\$ (514,741)	\$ (1,262,637)	\$ (4,306,516)	\$ 1,529,892	\$ (3,481,023)	\$ 3,350,874
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:							
Depreciation and amortization expense	1,620,096	35,417	1,413,164	2,822,504	2,274,668	8,165,849	3,134,591
Decrease (increase) in:							
Accounts receivable	(260,840)	(823)	(33,353)	225,650	(602,684)	(672,050)	46,838
Due from other funds	14,155	-	-	-	126,005	140,160	(1,467,228)
Due from component units	-	-	-	-	10,398	10,398	139,082
Inventories	(42,245)	480	(25,323)	-	(30,372)	(97,460)	19,340
Prepaid items	-	-	(12,654)	13,843	(2,863)	(1,674)	(589,197)
Increase (decrease) in:							
Accounts payable	(243,536)	16,372	(140,638)	-	357,117	(10,685)	1,362,706
Accrued leave	13,879	1,791	501	-	(6,740)	9,431	(14,139)
Due to other funds	-	423,255	-	4,827	195,279	623,361	(3,358)
Other liabilities	15,416	3,543	(7,872)	(69,985)	(252,420)	(311,318)	7,866
Nonoperating revenues reported as operating activity	-	-	-	-	-	-	15,238
Unearned revenues	-	-	57,737	-	(1,371,842)	(1,314,105)	-
Accrued liabilities	-	-	-	(14,793)	-	(14,793)	-
Current liabilities payable from restricted assets	-	-	-	(89,269)	-	(89,269)	-
Current portion of long-term accrued claims	-	-	-	-	-	-	(1,013,207)
Accounts receivable reported as nonoperating activities	-	-	-	-	-	-	(37,912)
Long-term accrued leave	(10,739)	-	-	-	1,347	(9,392)	16,052
Accounts payable	-	-	-	-	-	-	-
Long-term accrued insurance claims	-	-	-	-	-	-	(542,683)
Prepaid items	-	(3,628)	-	-	-	(3,628)	-
Net pension liability	(844,586)	115,446	-	-	(1,823,044)	(2,552,184)	(1,042,512)
Deferred outflows & inflows related to pensions and OPEB	637,412	(77,112)	-	-	1,347,844	1,908,144	649,548
Total adjustments	899,012	514,741	1,251,562	2,892,777	222,693	5,780,785	681,025
Net cash provided by (used in) operating activities	\$ 1,971,991	\$ -	\$ (11,075)	\$ (1,413,739)	\$ 1,752,585	\$ 2,299,762	\$ 4,031,899

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

**CITY OF HAMPTON, VIRGINIA
STATEMENT OF FIDUCIARY NET POSITION
June 30, 2020**

	Pension Trust	
	Hampton Employees' Retirement System	Agency Funds
ASSETS		
Cash and cash equivalents	\$ 134,274	\$ 991,669
Investments:		
Bond mutual funds	46,099,310	-
Stock mutual funds	77,910,701	-
Receivables:		
Accounts	24,555	17,458
Property, Plant, and Equipment		
Office and operating equipment	5,976	-
Less accumulated depreciation	(4,175)	-
Total assets	124,170,641	\$ 1,009,127
DEFERRED OUTFLOWS OF RESOURCES		
Related to pensions	31,312	\$ -
Related to other postemployment benefits	22,030	-
Total deferred outflows of resources	53,342	-
LIABILITIES		
Deposits	-	\$ 952,185
Accounts payable	126,313	56,942
Net pension liability	151,010	-
Net other postemployment benefit liability	20,076	-
Total liabilities	297,399	\$ 1,009,127
DEFERRED INFLOWS OF RESOURCES		
Related to pensions	8,086	
Related to other postemployment benefits	39,653	
Total deferred inflows of resources	47,739	
NET POSITION		
Net position restricted for pensions	\$ 123,878,845	

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, 2020

	Hampton Employees' Retirement System
ADDITIONS	
Investment income:	
Appreciation in fair value of investments	\$ 4,283,951
Dividends	2,780,152
Other	142
Total investment earnings	7,064,245
Less investment expenses	(22,003)
Net investment earnings	7,042,242
Employer contributions	6,716,299
Total additions	13,758,541
 DEDUCTIONS	
Benefits	16,540,937
Administrative expenses	217,694
Total deductions	16,758,631
 Change in net position	(3,000,090)
Net position restricted for pensions, July 1	126,878,935
 Net position restricted for pensions, June 30	\$ 123,878,845

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, 2020**

	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	\$ 20,121,860	\$ 1,157,702	\$ 476,212	\$ 639,723	\$ 22,395,497
Cash with fiscal agent	10,740,389	606,539	-	-	11,346,928
Investments	36,401	155,798	-	-	192,199
Accounts receivable, net	280,470	489,685	308,982	25,624	1,104,761
Lease receivable	-	990,060	-	-	990,060
Due from Primary Government	84,400	555,234	-	-	639,634
Due from other governments	4,900,380	-	-	-	4,900,380
Inventories	619,888	-	-	-	619,888
Prepaid items	-	-	16,308	10,840	27,148
Temporarily restricted assets:					
Cash and cash equivalents	-	1,407,927	-	-	1,407,927
Notes receivable	-	75,991	-	-	75,991
Land held for sale	-	15,046,252	-	-	15,046,252
Capital assets not being depreciated	5,111,045	21,568,359	-	-	26,679,404
Capital assets, net of accumulated depreciation	7,240,213	9,727,257	7,596	263,892	17,238,958
Total assets	49,135,046	51,780,804	809,098	940,079	102,665,027
DEFERRED OUTFLOWS OF RESOURCES					
Related to pensions	34,726,687	-	-	-	34,726,687
Related to other postemployment benefits	4,064,725	-	-	-	4,064,725
Total deferred outflows of resources	38,791,412	-	-	-	38,791,412
LIABILITIES					
Accounts payable and other liabilities	19,071,289	5,375,965	39,962	20,893	24,508,109
Due to Primary Government	50,479	6,684	-	-	57,163
Unearned revenues	2,507,221	30,767	-	30,000	2,567,988
Notes and other long-term payables:					
Due within one year	13,616,456	82,157	-	-	13,698,613
Due in more than one year	208,829,445	750,343	-	-	209,579,788
Bonds payable:					
Due within one year	-	474,058	-	-	474,058
Due in more than one year	-	190,958	-	-	190,958
Total liabilities	244,074,890	6,910,932	39,962	50,893	251,076,677
DEFERRED INFLOWS OF RESOURCES					
Related to pensions	26,736,902	-	-	-	26,736,902
Related to other postemployment benefits	3,225,559	-	-	-	3,225,559
Total deferred inflows of resources	29,962,461	-	-	-	29,962,461
NET POSITION					
Net investment in capital assets	12,073,949	30,463,116	7,596	263,892	42,808,553
Restricted for:					
Bond indenture	-	1,335,868	-	-	1,335,868
Unrestricted (deficit)	(198,184,842)	13,070,888	761,540	625,294	(183,727,120)
Total net position (deficit)	\$ (186,110,893)	\$ 44,869,872	\$ 769,136	\$ 889,186	\$ (139,582,699)

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, 2020

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	\$234,267,503	\$ 6,902,718	\$ 157,940,654	-	-\$ (69,424,131)	-	-	-	-\$ (69,424,131)
Business-type activities									
Economic development	4,326,011	424,019	489,685	154,300	-	(3,258,007)	-	-	(3,258,007)
Business improvement	1,221,567	628,527	-	-	-	-	(593,040)	-	(593,040)
Downtown development	734,402	249,045	285,560	-	-	-	-	(199,797)	(199,797)
Total component units	\$240,549,483	\$ 8,204,309	\$ 158,715,899	\$ 154,300	-\$ (69,424,131)	-\$ (3,258,007)	-\$ (593,040)	-\$ (199,797)	-\$ (73,474,975)
Payments from (to) City					75,572,304	2,909,183	589,986	172,727	79,244,200
Investment earnings					-	152,000	1,493	9,293	162,786
Miscellaneous					-	2,164	-	-	2,164
Total general revenues					75,572,304	3,063,347	591,479	182,020	79,409,150
Change in net position (deficit)					6,148,173	(194,660)	(1,561)	(17,777)	5,934,175
Net position (deficit), beginning of year					(192,259,066)	45,064,532	770,697	906,963	(145,516,874)
Net position (deficit), end of year					-\$ (186,110,893)	\$ 44,869,872	\$ 769,136	\$ 889,186	-\$ (139,582,699)

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 a Comprehensive Annual Financial Report (CAFR), 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 along 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.

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. The City's 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, 2020, the City provided operating and capital support of \$4,887,823 to HRT, \$173,311 to HRPDC, \$10,500 to VPPSA, \$134,669 to HREDA and \$74,435 to PCFWD.

Jointly Governed Organizations**Hampton-Newport News Community Services Board**

The City has one jointly governed organization, the Hampton-Newport News Community Services Board (CSB). 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 \$1,761,132 to the CSB during fiscal year 2020.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:
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 nonfiduciary 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, Economic Development Special Revenue, Debt Service and Capital Project funds. The major enterprise funds are: Convention Center, The Hamptons, Virginia Air and Space Center Museum, and Wastewater Management funds.

Basis of Accounting

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

In the government-wide financial statements, all Proprietary Funds, the Pension Trust Fund, 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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

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

Budgeted amounts are as originally adopted or as amended by City Council and the School Board during fiscal year 2020. 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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

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 \$3,853,227. 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).

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).

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

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	\$ -	\$ 414,936
Operating/Capital Reserve Fund	3,338,530	414,809
Debt Service Reserve Fund	145,926	578,182
Investments:		
Operating Reserve Fund	7,671,197	-
Bond Fund	965,015	-
Debt Service Reserve Fund	6,195,235	-
	<u>\$ 18,315,903</u>	<u>\$ 1,407,927</u>

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.

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

<u>Assets</u>	<u>Years</u>
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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

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.

Fund Balance

Fund balance is essentially the difference between the assets 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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

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

	General	Economic Development	Debt Service	Capital Projects	Other Governmental Funds	Total Governmental Funds
Fund Balances:						
Nonspendable:						
Inventory	\$ 23,421	\$ -	\$ -	\$ -	\$ -	\$ 23,421
Prepaid items	111,214	-	-	-	600	111,814
Restricted:						
Debt service	-	-	87,610	-	-	87,610
Donations for parks projects	10,000	-	-	-	-	10,000
Public safety for hazmat fees	74,037	-	-	-	-	74,037
Wetlands Encroachment/In Lieu	65,142	-	-	-	-	65,142
Title IVE	138,446	-	-	-	-	138,446
Urban Development Action grant projects	-	863,498	-	-	-	863,498
Property acquisition/redevelopment	-	-	-	203,099	-	203,099
Street and Infrastructure projects	-	-	-	337,217	-	337,217
Waterways projects	-	-	-	844	119,143	119,987
Park improvement projects	-	-	-	45,860	15,803	61,663
Public Works equipment	-	-	-	-	96,282	96,282
Facility maintenance and repairs	-	-	-	-	50,900	50,900
Law library books and subscriptions	-	-	-	-	1,234	1,234
Stormwater management	-	-	-	-	14,309,493	14,309,493
Commonwealth’s Attorney investigations, training and equipment	-	-	-	-	123,811	123,811
Probation supervision services	-	-	-	-	230,804	230,804
Emergency preparedness	-	-	-	-	167,103	167,103
Fire equipment, training and supplies	-	-	-	-	446,525	446,525
Police investigations, training and equipment	-	-	-	-	145,487	145,487
Early intervention and special education services	-	-	-	-	474,096	474,096

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

	General	Economic Development	Debt Service	Capital Projects	Other Governmental Funds	Total Governmental Funds
Neighborhood improvement projects	-	-	-	-	75,853	75,853
Donations for bus shelter benches	41,862	-	-	-	-	41,862
Fishing pier	9,727	-	-	-	-	9,727
Other	12,004	-	-	668	234,502	247,174
Committed:						
Budget savings program	11,835,062	-	-	-	-	11,835,062
Computer replacement program	1,627,114	-	-	-	-	1,627,114
Debt service	5,421,513	-	-	-	-	5,421,513
Home elevation loan program	1,895,218	-	-	-	-	1,895,218
Maintenance of driving range	161,114	-	-	-	-	161,114
Job creation grants	-	831,915	-	-	-	831,915
Emergency Management	13,041	-	-	-	-	13,041
Drainage	2,983,745	-	-	-	-	2,983,745
Public Works Yard Master Plan	-	-	-	131	-	131
Public Works-Drainage	219,900	-	-	-	-	219,900
KRONOS Time Accounting System	86,309	-	-	1,348,942	-	1,435,251
Reengineering Technology	-	-	-	84,316	-	84,316
Aquatics Center	-	-	-	26,751,400	-	26,751,400
Streets & Infrastructure projects	-	677,095	-	6,278,956	-	6,956,051
Prefunded Capital Projects	-	-	-	3,487,372	-	3,487,372
Waterways projects	-	-	-	14,728,024	-	14,728,024
Buckroe redevelopment projects	-	-	-	13,779	-	13,779
Va Air and Space Museum support/improvements	1,614	-	-	691	-	2,305
Coliseum Central projects	-	-	-	5,250,979	-	5,250,979
Court buildings project	-	-	-	103,484	-	103,484
Downtown strategic projects	-	-	-	9,053,834	-	9,053,834
Facilities maintenance projects	-	-	-	2,914,370	-	2,914,370
Fire and Rescue projects	-	-	-	417,351	-	417,351
Sheriff projects	-	-	-	406,747	-	406,747
North King Street Corridor projects	-	-	-	31,767	-	31,767
Neighborhood improvement projects	-	-	-	7,412,637	-	7,412,637
Parks improvement projects	-	-	-	3,615,426	-	3,615,426
Police and E911 equipment	609,327	-	-	281,330	-	890,657
Property acquisition/redevelopment	-	11,362	-	5,046,564	-	5,057,926
School projects	-	-	-	4,337,327	-	4,337,327
Small Business Incubator	-	101,250	-	-	-	101,250
Transportation projects	-	-	-	182,526	-	182,526
Other	-	24,641	-	388,844	-	413,485
Council Chambers	-	-	-	43,296	-	43,296
Office of the Magistrate	20,500	-	-	-	-	20,500
Municipal Council	18,230	-	-	-	-	18,230
MLK Memorial	-	-	-	10,299	-	10,299
War Memorial Stadium	-	-	-	157,614	-	157,614
Assigned:						
Donations for parks projects	3,297	-	-	-	-	3,297
Subsequent year expense	5,171,368	-	-	-	-	5,171,368
Proceeds from real estate auctions	25,495	-	-	-	-	25,495
Economic development projects	-	3,328,959	-	-	-	3,328,959
Transportation projects	234,213	-	-	-	-	234,213
Fire and Rescue operations	145,348	-	-	-	-	145,348
Debt service	-	-	452,245	-	-	452,245
Donations for History Museum	13,357	-	-	-	-	13,357
Donations for general operations	58,064	-	-	-	-	58,064
Facility maintenance and repairs	-	-	-	500,000	-	500,000
Unappropriated bond interest	-	-	-	-	-	-
income-general capital projects	-	-	-	4,004,074	-	4,004,074
Line of Duty program	92,743	-	-	-	-	92,743
Other	-	-	-	168,082	26,113	194,195
Unassigned	80,421,813	-	-	-	-	80,421,813
Total Fund Balances	\$ 111,544,238	\$ 5,838,720	\$ 539,855	\$ 97,607,850	\$ 16,517,749	\$ 232,048,412

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

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

The net position(deficit) at June 30, 2020 in the Enterprise Funds are as follows:

	Primary Government	Discretely Presented Component Units
Wastewater Management	\$ 54,832,109	\$ -
The Hamptons Golf Course	(4,875,660)	-
Museum	9,588,282	-
Hampton Roads Convention Center	9,111,638	-
Non-Major Enterprise:		
Hampton Coliseum	6,752,850	-
The Woodlands Golf Course	(1,056,157)	-
Solid Waste	11,666,589	-
Refuse-Steam Plant	7,702,623	-
Component Units:		
School Board	-	(186,110,893)
Economic Development Authority	-	44,869,872
Coliseum Central Business Improvement District, Inc.	-	769,136
Downtown Hampton Development Partnership, Inc.	-	889,186

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	\$ 20,287,292
Fleet Management	(1,157,577)
Risk Management	15,714,688
Information Technology	518,694

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 Virginia Retirement System (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,

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

deferred outflows of resources and deferred inflows of resources related to the GLI OPEB, and GLI OPEB expense, information about the fiduciary net position of the VRS GLI OPEB and the additions to/deductions from the VRS GLI OPEB's net fiduciary position have been determined on the same basis as they were reported by VRS. In addition, benefit payments are recognized when due and payable in accordance with the benefit terms.

Health Insurance Credit Program

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

Compensated Absences

It is the City's policy to permit employees to accumulate a limited amount of earned but unused annual and sick leave benefits, which will be utilized in future periods or will be paid to employees upon separation from City service. In governmental fund types, the cost of annual and sick benefits is recognized when payments are made to employees. The current and long-term liability for accrued annual and sick leave benefits at June 30, 2020 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

The City received funding of \$11,735,479 on June 1, 2020 from the Coronavirus Aid, Relief, and Economic Security (CARES) Act of 2020 provided by the Federal Government to help address the public health emergency with respect to COVID-19. The funds were received as a pass through from the Commonwealth of Virginia. A total of \$927,435 was used in Fiscal Year 2020 to defray the costs associated with eligible expenditures utilized to combat the coronavirus. The remaining funds of \$10,808,044 are reported as unearned revenues on the basic financial statements and will be recognized as revenue earned in Fiscal Year 2021 to cover the cost for expenditures purchased through December 30, 2020.

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.

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.

2. BASIS OF PRESENTATION - FUND ACCOUNTING, continued:

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 Hampton Employees' Retirement System (HERS), Special Welfare and Other Agency 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 Special Welfare Fund is an agency fund that accounts for receipts and disbursements for special assistance programs and activities sponsored by the City's Social Services department. The Other Agency Fund accounts for amounts held in trust by the City for others such as 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 \$9,345,540 is primarily to cover negative cash balances for several funds. The due from reflected in the Capital Projects Fund in the amount of \$3,565,086 is to fully fund all City funded capital projects in the current year. 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	\$ 9,345,540	\$ 5,496,015
Economic Development	4,827	-
Debt Service	6,640	-
Capital Projects	3,565,086	-
Non-Major Governmental Funds	474,740	906,895

Proprietary Funds:

Wastewater Management	12,155	-
The Hamptons	-	4,886,911
Museum	-	854,527
Convention Center	-	4,827
Non-Major Enterprise Funds	32,495	2,768,313
Internal Service Funds	1,476,355	350
Total Primary Government	<u>\$ 14,917,838</u>	<u>\$ 14,917,838</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	\$ -	\$ 149,239	\$ 19,676	\$ -
Primary Government - Non-major Governmental Funds	-	490,395	710	-
Primary Government - Non-major Enterprise Funds	-	-	24,930	-
Primary Government - Internal Service Funds	-	-	11,847	-
Component Unit - School Board Operating Fund	84,400	-	-	50,479
Component Unit - EDA	555,234	-	-	6,684
Total	<u>\$ 639,634</u>	<u>\$ 639,634</u>	<u>\$ 57,163</u>	<u>\$ 57,163</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, 2020 are as follows:

Primary Government:	<u>Transfer From</u>	<u>Transfer To</u>
General Fund	\$ 230,023	\$ 63,729,488
Special Revenue:		
Economic Development	-	-
Debt Service	32,909,386	-
Capital Projects	21,820,461	639,921
Non-Major Governmental Funds	2,439,847	2,762,034
Proprietary Funds:		
Wastewater Management		113,293
Museum	601,722	-
Convention Center	7,195,351	-
Non-Major Enterprise Funds	874,133	-
Internal Service Funds	1,173,813	-
Total Primary Government	<u>\$ 67,244,736</u>	<u>\$ 67,244,736</u>

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

	<u>Payments From Primary Government</u>	<u>Payments To Component Unit</u>	<u>Payments From Component Unit</u>	<u>Payments To Primary Government</u>
Primary Government - General Fund	\$ -	\$ 77,596,460	\$ 2,000,000	\$ -
Primary Government - Economic Development	-	410,120	-	-
Primary Government - Capital Projects Fund	-	1,237,620	-	-
Component Unit - School Board Operating Fund	75,572,304	-	-	2,000,000
Component Unit - EDA	2,909,183	-	-	-
Component Unit - Coliseum BID	589,986	-	-	-
Component Unit - Downtown Hampton	172,727	-	-	-
Total	<u>\$ 79,244,200</u>	<u>\$ 79,244,200</u>	<u>\$ 2,000,000</u>	<u>\$ 2,000,000</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, 2020, the carrying value of the City's deposits was \$16,867,321 and the bank balance was \$10,326,766. 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 Standard & Poor's.

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, 2020, 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	\$ 4,482,455	A-1 + P-1	\$ 4,482,455	\$ -
Certificate of Deposit	3,751,856	AA, A-1+, AA-	3,107,875	643,981
U.S. Government securities	33,222,733	AAA, AA+, AA-	925,391	32,297,342
Corporate Notes	4,529,172	AAA, AA, AA+, AA-, A+	1,328,525	3,200,647
LGIP - City	195,013,159	AAAm	195,013,159	-
State Non-Arbitrage Fund - City	82,885,439	AAAm	82,885,439	-
Mutual and Money Market Funds	1,777,920	Unrated	1,777,920	-
Total Investments Controlled by City	325,662,734		289,520,764	36,141,970
Pension Plan Investments	124,010,011		124,010,011	-
Total	449,672,745		\$ 413,530,775	\$ 36,141,970

Reconciliation to Total Cash and Investments:

Add:

Cash on Hand and in Banks - City	16,052,488
Cash With Fiscal Agent	814,833
Total Deposits and Investments Primary Government and Fiduciary Funds per Exhibits A-1 and A-9	\$ 466,540,066

4. DEPOSITS AND INVESTMENTS, continued:

Component Unit - School Board

	Investment Maturities (in years)	
	Fair Value	Less than 1 year
Repurchase Agreements	\$ 1,300,000	\$ 1,300,000
Mutual and Money Market Funds	36,401	36,401
Total Investments School Board	<u>\$ 1,336,401</u>	<u>\$ 1,336,401</u>

Other Component Units

	Investment Maturities (in years)	
	Fair Value	Less than 1 year
Mutual and Money Market Funds	\$ 1,335,868	\$ 1,335,868
Total Investments Other Component Units	<u>\$ 1,335,868</u>	<u>\$ 1,335,868</u>

Reconciliation of total deposits and investments to the government-wide statements at June 30, 2020:

Primary Government	Governmental Activities	Business-type Activities	Fiduciary Responsibilities	Total
Cash Deposits - City	\$ 1,393,379	\$ 13,533,166	\$ 1,125,943	\$ 16,052,488
Cash With Fiscal Agent - City	147,080	667,753	-	814,833
Mutual and Money Market Funds	-	1,719,290	-	1,719,290
Investments - City	284,412,997	39,530,447	124,010,011	447,953,455
Total Primary Government	<u>\$ 285,953,456</u>	<u>\$ 55,450,656</u>	<u>\$ 125,135,954</u>	<u>\$ 466,540,066</u>
Component Unit - School Board				
Cash Deposits	\$ 18,821,860	\$ -	\$ -	\$ 18,821,860
Cash With Fiscal Agent	10,740,389	-	-	10,740,389
Investments	1,336,401	-	-	1,336,401
Total Component Unit School Board	<u>\$ 30,898,650</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 30,898,650</u>
Other Component Units				
Cash Deposits	\$ -	\$ 2,273,637	\$ -	\$ 2,273,637
Cash With Fiscal Agent	-	834,396	-	834,396
Investments	-	1,335,868	-	1,335,868
Total Other Component Units	<u>\$ -</u>	<u>\$ 4,443,901</u>	<u>\$ -</u>	<u>\$ 4,443,901</u>

4. DEPOSITS AND INVESTMENTS, continued:

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.

The following is a summary of the fair value hierarchy for investments of the City as of June 30, 2020:

	Investments at Fair Value June 30, 2020	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	\$ 4,482,455	\$ -	\$ 4,482,455	\$ -
Commercial Paper	3,751,856	-	3,751,856	-
Certificate of Deposit	4,529,172	-	4,529,172	-
Corporate Notes	33,222,733	-	33,222,733	-
U.S. Government Securities	\$ 45,986,216	\$ -	\$ 45,986,216	\$ -
Total Primary Government				
Pension Plan Investments	\$ 124,010,011	\$ 124,010,011	\$ -	\$ -

5. ACCOUNTS RECEIVABLE:

Accounts receivable at June 30, 2020 in the Governmental Funds and School Board are as follows:

	General Fund	Special Revenue- Economic Development	Debt Service	Capital Projects	Other Governmental Funds
Primary Government:					
General property taxes (net of allowance for uncollectible taxes of \$3,853,227)	\$ 7,497,088	\$ -	\$ -	\$ -	\$ -
Due from Commonwealth of Virginia	10,107,297	-	-	869,666	1,690,096
Due from Federal Government	1,046,970	-	-	-	2,556,400
Other	1,760,909	27,621	128,977	173	625,909
Total Primary Government	\$ 20,412,264	\$ 27,621	\$ 128,977	\$ 869,839	\$ 4,872,405
Discretely Presented Component Unit - School Board:					
Due from Commonwealth of Virginia		\$ 2,889,586			
Due from Federal Government		2,010,794			
Due from Primary Government		194,363			
Other		170,507			
Total Component Unit		\$ 5,265,250			

6. CAPITAL ASSETS:

Capital asset activity for the year ended June 30, 2020 is as follows:

	Beginning Balance	Additions	Reductions	Ending Balance
Governmental Activities				
Capital assets not being depreciated:				
Land	\$ 519,059,388	\$ 869,393	\$ (77,800)	\$ 519,850,981
Easements	2,221,915	3,700	-	2,225,615
Construction in progress	25,440,846	7,066,668	(11,186,462)	21,321,052
Total capital assets not being depreciated	546,722,149	7,939,761	(11,264,262)	543,397,648
Capital assets being depreciated:				
Buildings	196,612,574	-	-	196,612,574
Improvements	82,820,848	4,832,539	-	87,653,387
Computer Software	2,121,466	156,571	-	2,278,037
Machinery & Equipment	87,360,314	3,640,871	(2,550,989)	88,450,196
Infrastructure	222,757,170	8,876,086	-	231,633,256
Other Assets	4,446,039	-	-	4,446,039
Total capital assets being depreciated	596,118,411	17,506,067	(2,550,989)	611,073,489
Less accumulated depreciation for:				
Buildings	(65,824,081)	(4,475,336)	-	(70,299,417)
Improvements	(58,671,843)	(2,921,648)	-	(61,593,491)
Computer Software	(1,440,540)	(229,587)	-	(1,670,127)
Machinery & Equipment	(56,240,735)	(6,298,700)	2,466,909	(60,072,526)
Infrastructure	(98,095,259)	(9,188,676)	-	(107,283,935)
Other Assets	(2,111,243)	(228,562)	-	(2,339,805)
Total accumulated depreciation	(282,383,701)	(23,342,509)	2,466,909	(303,259,301)
Total capital assets being depreciated, net	313,734,710	(5,836,442)	(84,080)	307,814,188
Governmental activities capital assets, net	\$ 860,456,859	\$ 2,103,319	\$ (11,348,342)	\$ 851,211,836

Primary Government:

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

General capital assets	\$ 835,860,160
Internal service funds	15,351,676
	<u>\$ 851,211,836</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	749,053	1,489,733	(1,017,932)	1,220,854
Total capital assets not being depreciated	11,844,337	1,489,733	(1,017,932)	12,316,138
Capital assets being depreciated:				
Buildings	140,882,965	12,467	-	140,895,432
Improvements	35,756,738	-	-	35,756,738
Computer Software	401,729	-	-	401,729
Machinery & Equipment	32,718,399	3,844,741	(1,917,686)	34,645,454
Exhibits	14,865,440	-	-	14,865,440
Landfill	3,865,986	-	-	3,865,986
Infrastructure	74,843,110	1,377,932	-	76,221,042
Total capital assets being depreciated	303,334,367	5,235,140	(1,917,686)	306,651,821
Less accumulated depreciation for:				
Buildings	(74,368,895)	(3,702,194)	-	(78,071,089)
Improvements	(27,216,607)	(1,049,620)	-	(28,266,227)
Computer Software	(360,490)	(28,107)	-	(388,597)
Machinery & Equipment	(23,246,741)	(1,815,479)	1,917,686	(23,144,534)
Exhibits	(14,394,792)	(130,733)	-	(14,525,525)
Landfill	(3,670,863)	(3,631)	-	(3,674,494)
Infrastructure	(32,859,003)	(1,131,487)	-	(33,990,490)
Total accumulated depreciation	(176,117,391)	(7,861,251)	1,917,686	(182,060,956)
Total capital assets being depreciated, net	127,216,976	(2,626,111)	-	124,590,865
Business-type activities capital assets, net	\$ 139,061,313	\$ (1,136,378)	\$ (1,017,932)	\$ 136,907,003

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

	General Capital Assets	Internal Service Funds	Total
Governmental activities			
General government	\$ 3,641,366	\$ 3,134,591	\$ 6,775,957
Health	803,140	-	803,140
Public welfare	73,866	-	73,866
Public safety	3,723,008	-	3,723,008
Streets and highways	7,443,045	-	7,443,045
Culture and recreation	571,952	-	571,952
Education	3,951,541	-	3,951,541
Total depreciation expense - governmental activities	\$ 20,207,918	\$ 3,134,591	\$ 23,342,509
Business - type activities:			
Culture and recreation	\$ 4,590,368		
Sanitation	3,270,883		
Total depreciation expense - business-type activities	\$ 7,861,251		

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	\$ 15,313,595	\$ 2,598,500
Less accumulated depreciation	(10,707,485)	(475,840)
Capital assets, net	<u>\$ 4,606,110</u>	<u>\$ 2,122,660</u>

There was no equipment acquired through a capital lease during fiscal year ended June 30, 2020. Depreciation expense on the leased assets totaled \$475,840 for the fiscal year ended June 30, 2020.

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	40,739,635	3,711,349	(13,082,937)	31,368,047
Total capital assets being depreciated	<u>91,144,874</u>	<u>3,711,349</u>	<u>(13,082,937)</u>	<u>81,773,286</u>
Less accumulated depreciation for:				
Buildings	(48,962,686)	-	-	(48,962,686)
Improvements	(274,656)	(15,754)	-	(290,410)
Computer Software	(56,623)	(226,491)	-	(283,114)
Machinery & Equipment	(35,670,034)	(2,339,326)	13,012,497	(24,996,863)
Total accumulated depreciation	<u>(84,963,999)</u>	<u>(2,581,571)</u>	<u>13,012,497</u>	<u>(74,533,073)</u>
Total capital assets being depreciated, net	<u>6,180,875</u>	<u>1,129,778</u>	<u>(70,440)</u>	<u>7,240,213</u>
School Board capital assets, net	<u>\$ 11,291,920</u>	<u>\$ 1,129,778</u>	<u>\$ (70,440)</u>	<u>\$ 12,351,258</u>

6. CAPITAL ASSETS, continued:

Economic Development Authority:

	Beginning Balance	Additions	Reductions	Ending Balance
Capital assets not being depreciated:				
Land	\$ 21,470,269	\$ 98,090	\$ -	\$ 21,568,359
Total capital assets not being depreciated	21,470,269	98,090	-	21,568,359
Capital assets being depreciated:				
Building	7,833,807	838,780	-	8,672,587
Improvements	755,136	412,000	-	1,167,136
Infrastructure	2,049,350	-	-	2,049,350
Machinery & Equipment	622,848	-	-	622,848
Total capital assets being depreciated	11,261,141	1,250,780	-	12,511,921
Less accumulated depreciation for:				
Buildings	(413,443)	(263,450)	-	(676,893)
Improvements	(56,075)	(38,845)	-	(94,920)
Infrastructure	(1,578,486)	(102,465)	-	(1,680,951)
Machinery & Equipment	(207,140)	(124,760)	-	(331,900)
Total accumulated depreciation	(2,255,144)	(529,520)	-	(2,784,664)
Total capital assets being depreciated, net	9,005,997	721,260	-	9,727,257
Economic Development Authority capital assets, net	\$ 30,476,266	\$ 819,350	\$ -	\$ 31,295,616

Downtown Hampton Development Partnership, Inc:

	Beginning Balance	Additions	Reductions	Ending Balance
Capital assets being depreciated:				
Improvements	\$ 470,902	\$ 15,441	\$ -	\$ 486,343
Computer Software	9,000	4,290	-	13,290
Machinery & Equipment	130,999	10,665	-	141,664
Total capital assets being depreciated	610,901	30,396	-	641,297
Less accumulated depreciation	(346,715)	(30,690)	-	(377,405)
Downtown Hampton Development Partnership capital assets, net	\$ 264,186	\$ (294)	\$ -	\$ 263,892

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	149,393	1,043	-	150,436
Total capital assets being depreciated	153,973	1,043	-	155,016
Less accumulated depreciation	(144,589)	(2,831)	-	(147,420)
Coliseum Central Business Improvement District capital assets, net	<u>\$ 9,384</u>	<u>\$ (1,788)</u>	<u>\$ -</u>	<u>\$ 7,596</u>

Construction in Progress

Several capital projects were in various stages of completion on June 30, 2020. 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, 2020, construction in progress by project was comprised as follows:

	Project Authorization	Expended to June 30, 2020
<u>Governmental Activities</u>		
Infrastructure	\$ 63,552,114	\$ 18,078,112
Construction	10,226,060	3,242,940
	<u>\$ 73,778,174</u>	<u>\$ 21,321,052</u>
<u>Business-type Activities</u>		
Wastewater Management - Sewer Projects	\$ 4,300,000	\$ 425,700
Solid Waste-Construction and renovation	102,900	21,298
Museum-Construction and renovation	739,412	739,412
Convention Center - Construction and renovation	209,467	34,444
	<u>\$ 5,351,779</u>	<u>\$ 1,220,854</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, 2020 (Budget basis)	\$ 111,502,376
Pearl Young Fund's fund balances	41,862
Exhibit A-4 Fund balances, June 30, 2020 (GAAP)	<u>\$ 111,544,238</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, 2020:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities:					
Bonds payable:					
Serial bonds	\$ 216,314,065	\$ 75,355,000	\$ (27,216,064)	\$ 264,453,001	\$ 10,513,787
Direct placement serial bonds	22,991,000	-	(12,196,000)	10,795,000	8,818,000
Unamortized premium and discount	28,447,709	6,372,171	(4,302,202)	30,517,678	2,944,567
Capital leases	1,728,195	-	(1,728,195)	-	-
Capital leases - Internal Service Funds	33,234	1,378,000	(146,234)	1,265,000	184,000
Compensated absences	7,570,351	4,562,552	(4,174,099)	7,958,804	4,174,099
Compensated absences - Internal Service Funds	159,697	61,712	(59,801)	161,609	59,801
Claims and judgements - Internal Service Funds	9,555,638	2,287,746	(3,843,636)	7,999,748	7,143,420
Net OPEB liability - Line of Duty Benefits	11,167,875	4,544,626	(532,113)	15,180,388	-
Net pension liability - Internal Service Funds	2,026,720	-	(59,845)	1,966,875	-
Net other postemployment benefits liability - Internal Service Funds	1,918,417	977	(983,644)	935,750	-
Net OPEB liability	92,432,221	-	(40,728,125)	51,704,096	-
Net pension liability	116,385,646	16,296,139	(2,021,458)	130,660,327	-
Governmental activities long-term liabilities	\$ 510,730,767	\$ 110,858,923	\$ (97,991,416)	\$ 523,598,276	\$ 33,837,674

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, 2020

Long-term liabilities (detail above)	\$ 523,598,276
Less debt - Internal Service Fund	(12,328,982)
Combined adjustment	\$ 511,269,295

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, 2020 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	\$ 71,155,000	\$ 66,150,000	\$ (64,775,000)	72,530,000	\$ 3,930,000
Serial bonds	2,000,935	-	(453,936)	1,546,999	476,213
Unamortized premium and discount	7,777,057	-	(6,990,595)	786,462	393,231
Total bonds payable	80,932,992	66,150,000	(72,219,531)	74,863,461	4,799,444
Capital leases	2,110,184	-	(507,042)	1,603,142	520,472
Notes payable		190,000	-	190,000	83,578
Net pension liability	9,477,897	958,543	(116,516)	10,319,924	-
Net other postemployment benefit liability	7,287,936	127,960	(3,522,171)	3,893,725	-
Compensated absences	791,249	379,109	(382,699)	787,659	382,699
Business-type activities long-term liabilities	\$ 100,600,258	\$ 67,805,612	\$ (76,747,959)	\$ 91,657,911	\$ 5,786,193
Component Units:					
School Board:					
Compensated absences	\$ 8,185,725	\$ 10,012,270	\$ (4,837,517)	\$ 13,360,478	\$ 13,360,478
Capital leases	533,287	-	(255,978)	277,309	255,978
Net OPEB liability	31,020,120	290,910	(532,997)	30,778,033	-
Net pension liability	168,434,933	11,500,238	(1,905,090)	178,030,081	-
Total School Board	\$ 208,174,065	\$ 21,803,418	\$ (7,531,582)	\$ 222,445,901	\$ 13,616,456
Economic Development Authority:					
Revenue bonds payable	\$ 2,003,342	\$ -	\$ (1,338,326)	\$ 665,016	\$ 474,058
Notes payable	-	832,500	-	832,500	82,157
Total Economic Development Authority	\$ 2,003,342	\$ 832,500	\$ (1,338,326)	\$ 1,497,516	\$ 556,215

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.

The net proceeds of the refunding bonds of \$66,150,000 and \$795,394 from the refunded bonds debt service reserve (net of underwriter's discount and issuance costs of \$504,606) were deposited with U.S. Bank National Association (Trustee) under a refunding trust agreement dated as of November 1, 2019. 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 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.

The Debt Service Reserve for the 2011 Convention Center Bonds was reduced by \$1.3 million which was used as an equity contribution to reduce the par amount of the 2019C Refunding Bonds. The refunding generated a net present value savings of \$6.29 million or 10% of the refunded par amount. The \$1.3 million equity contribution is excluded from the \$6.29 million net present value savings. The advance refunding resulted in an economic gain of \$1.37 million. This transaction is in substance a defeasance of debt and accordingly, the refunded bonds (of

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

which \$61,815,000 remain outstanding at June 30, 2020) have been removed from the financial statements and the government obligations will not be recorded in the financial statements.

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 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, 2020, \$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
2021	\$ 3,930,000	\$ 1,973,539
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
2026-2030	23,870,000	5,714,860
2031-2035	27,635,000	2,142,534
	<u>\$ 72,530,000</u>	<u>\$ 16,363,041</u>

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

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

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

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

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

General Obligation Bonds		
Year	Principal	Interest
2021	\$ 476,213	\$ 75,212
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
	<u>\$ 1,546,999</u>	<u>\$ 194,038</u>

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, 2020, the outstanding balance on the lease is \$1,603,142.

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

Year	Principal	Interest
2021	\$ 520,472	\$ 36,959
2022	534,259	23,172
2023	548,411	9,019
	<u>\$ 1,603,142</u>	<u>\$ 69,150</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
2021	\$ 83,578	\$ 1,620
2022	106,422	365
	<u>\$ 190,000</u>	<u>\$ 1,985</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.

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

Details at June 30, 2020 are as follows:

	2002 Revenue Bonds Tax- Exempt
Outstanding Debt	\$665,016
Interest	6.17%
Years of maturity	2021-2022

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

Year	Revenue Bonds	
	Principal	Interest
2021	\$ 474,058	\$ 56,062
2022	190,958	5,924
	<u>\$ 665,016</u>	<u>\$ 61,986</u>

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	Revenue Bonds	
	Principal	Interest
2021	\$ 82,157	\$ 9,897
2022	76,839	15,218
2023	78,398	13,657
2024	79,987	12,067
2025	81,581	10,474
2026-2029	433,538	26,735
	<u>\$ 832,500</u>	<u>\$ 88,048</u>

Discretely Presented Component Unit-School Board:

In 2017, the School Board entered into a master capital lease agreement with Virginia Business Systems. The lease is payable in monthly installments of \$21,331. As of June 30, 2020, the outstanding balance is \$277,309.

Internal Service Funds:

The City is self-insured for workmens' compensation benefits and general liability insurance claims. At June 30, 2020, the liability for existing claims amounted to \$7,999,749. Workmens' 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, 2020 the outstanding balance on the lease is \$1,265,000.

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
2021	\$ 7,143,420	2021	\$ 184,000	\$ 24,099
2022	317,189	2022	188,000	20,362
2023	261,051	2023	192,000	16,543
2024	126,203	2024	195,000	12,659
2025	41,868	2025	199,000	8,700
2026-2030	110,018	2026-2027	307,000	5,446
	<u>\$ 7,999,749</u>		<u>\$ 1,265,000</u>	<u>\$ 87,809</u>

General Long-Term Debt:

Details of general obligation bonds and loans reported in the government-wide statements at June 30, 2020 are as follows:

General Obligation Bonds Outstanding	\$275,248,001
Coupon interest rate	2.0% to 5.63%
Years of maturity	2021-2041

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
2021	\$ 10,513,787	\$ 11,154,345	\$ 8,818,000	\$ 254,762
2022	19,784,378	10,515,771	1,977,000	46,657
2023	21,111,951	9,548,412	-	-
2024	20,675,940	8,533,370	-	-
2025	21,564,453	7,555,977	-	-
2026-2030	83,287,492	23,338,020	-	-
2031-2035	53,360,000	9,796,299	-	-
2036-2040	30,325,000	2,861,948	-	-
2041	3,830,000	105,675	-	-
	<u>\$ 264,453,001</u>	<u>\$ 83,409,817</u>	<u>\$ 10,795,000</u>	<u>\$ 301,419</u>

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.

The net proceeds from the 2019B refunding bonds of \$18,416,016 (net of underwriter's discount and issuance costs of \$162,829) were deposited with Regions Bank, Richmond, Virginia (Trustee), under a refunding trust agreement dated as of October 8, 2019. 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 \$17,005,000 remain outstanding at June 30, 2020) 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 \$1,018,058 for a net present value savings of \$922,072. The present value savings represents approximately 5.42% of the refunded bonds.

In the government-wide statements this transaction resulted in an economic gain of \$5,182.

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.

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.

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

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, 2020, \$17,005,000 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, 2020, the City's aggregate general obligation indebtedness was \$276,795,000, which is \$808,644,027 less than the State limit.

Overlapping Debt:

There are no overlapping or underlying tax jurisdictions.

9. DEFINED BENEFIT PENSION PLANS:

The City contributes to two pension plans for its employees, HERS and VRS. HERS covers all full-time salaried employees who were first hired prior to July 1, 1984 and VRS covers all full-time salaried employees.

The City reported \$137,128,795 net pension liability for VRS and \$5,818,329 for HERS; \$28,434,098 deferred outflows of resources; \$(7,690,450) deferred inflows of resources and \$20,037,748 pension expense. The Hampton Employees' Retirement System reported \$151,010 net pension liability, \$31,312 deferred outflows of resources, \$(8,086) deferred inflows of resources and \$25,129 pension expense.

Plan Description - HERS:

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

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

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

As of June 30, 2019, the following employees were covered by the benefit terms of the pension plan :

	Number
Inactive members or their beneficiaries currently receiving benefits	\$ 2,518
Vested inactive members	260
Active members	39
Total	<u>\$ 2,817</u>

Contributions - HERS:

The contribution requirements of plan members, the City and School Board are established and may be amended by 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 \$3,551,582 and the School Board totaled \$3,164,717 for the year ending June 30, 2020.

9. DEFINED BENEFIT PENSION PLANS, continued:

Net Pension Liability - HERS:

The City's and School Board's 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 as of that date.

Actuarial assumptions: The total pension liability in the June 30, 2020 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-2000 Annuitant and Non-Annuitant Combined Annuitant Healthy Mortality projected with Scale AA to 2010. The actuarial assumptions used for the June 30, 2017 valuation were based on the results of an experience study for the period July 1, 2005 through June 30, 2009.

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	45%	7.20%
Domestic Equity-Small Cap	9%	8.90%
International Equity	11%	7.40%
Fixed Income	35%	2.10%
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 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. Based on that assumption, the pension plans' fiduciary net position was projected to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments 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, 2019	\$ 67,093,581	\$ 59,785,354	\$ 126,878,935
Contribution - employer	3,551,582	3,164,717	6,716,299
Net investment income	3,735,572	3,328,672	7,064,244
Benefit payments	(6,802,687)	(9,738,251)	(16,540,938)
Administrative expense	(126,751)	(112,944)	(239,695)
Net Changes	357,716	(3,357,806)	(3,000,090)
Balances at June 30, 2020	\$ 67,451,297	\$ 56,427,548	\$ 123,878,845

9. DEFINED BENEFIT PENSION PLANS, continued:

Changes in the Net Pension Liability - HERS:

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a)-(b)
Balances at June 30, 2019	\$ 141,924,881	\$ 126,878,935	\$ 15,045,946
Changes for the year:			
Service cost	127,787	-	127,787
Interest	9,369,997	-	9,369,997
Contributions-employer	-	6,716,299	(6,716,299)
Net investment income	-	7,064,244	(7,064,244)
Benefit payments, including refunds of employee contributions	(16,540,938)	(16,540,938)	-
Administrative expense	-	(239,695)	239,695
Net Changes	(7,043,154)	(3,000,090)	(4,043,064)
Balances at June 30, 2020	<u>\$ 134,881,727</u>	<u>\$ 123,878,845</u>	<u>\$ 11,002,882</u>

At June 30, 2020, the City and School Board reported a net pension liability of \$5,818,329 and \$5,184,553, respectively.

Sensitivity of the net pension liability to changes in the discount rate - 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 liability	\$ 20,072,861	\$ 11,002,882	\$ 2,972,923

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, 2020, the City and School Board recognized pension expense of \$766,342 and \$682,866, respectively. At June 30, 2020, 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	\$ (347,191)	\$ (309,373)
Total	<u>\$ (347,191)</u>	<u>\$ (309,373)</u>

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

Year ended June 30:	City	School Board
2021	\$ (627,955)	\$ (559,553)
2022	(14,267)	(12,712)
2023	139,457	124,267
2024	155,574	138,625

9. DEFINED BENEFIT PENSION PLANS, continued:

Pension Plan Fiduciary Net Position - HERS

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

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
<p>About Plan 1</p> <p>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.</p>	<p>About Plan 2</p> <p>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>	<p>About the Hybrid Retirement Plan</p> <p>The Hybrid Retirement Plan combines the features of a defined benefit plan and a defined contribution plan. Most members hired on or after January 1, 2014 are in this plan, as well as Plan 1 and Plan 2 members who were eligible and opted into the plan during a special election window. (See “Eligible Members”)</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.

9. DEFINED BENEFIT PENSION PLANS, continued:

Eligible Members	Eligible Members	Eligible Members
<p>Employees are in Plan 1 if their membership date is before July 1, 2010, and they were vested as of January 1, 2013, and they have not taken a refund.</p>	<p>Employees are in Plan 2 if their membership date is on or after July 1, 2010, or their membership date is before July 1, 2010, and they were not vested as of January 1, 2013.</p>	<p>Employees are in the Hybrid Retirement Plan if their membership date is on or after January 1, 2014.</p>
Hybrid Opt-In Election	Hybrid Opt-In Election Eligible	<p>This includes:</p>
<p>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.</p>	<p>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.</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
<p>The Hybrid Retirement Plan's effective date for eligible Plan 1 members who opted in was July 1, 2014.</p>	<p>The Hybrid Retirement Plan's effective date for eligible Plan 2 members who opted in was July 1, 2014.</p>	*Non-Eligible Members
<p>If eligible deferred members returned to work during the election window, they were also eligible to opt into the Hybrid Retirement Plan.</p>	<p>If eligible deferred members returned to work during the election window, they were also eligible to opt into the Hybrid Retirement Plan.</p>	<p>Some employees are not eligible to participate in the Hybrid Retirement Plan. They include:</p>
<p>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.</p>	<p>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.</p>	<ul style="list-style-type: none"> • Political subdivision employees who are covered by enhanced benefits for hazardous duty employees
Retirement Contributions	Retirement Contributions	Retirement Contributions
<p>Employees contribute up to 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>

9. DEFINED BENEFIT PENSION PLANS, continued:

Creditable Service

Creditable service includes active service. Members earn creditable service for each month they are employed in a covered position. It also may include credit for prior service the member has purchased or additional creditable service the member was granted. A member's total creditable service 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.

Creditable Service

Same as Plan 1.

Creditable Service

Defined Benefit Component:

Under the defined benefit component of the plan, creditable service includes active service. Members earn creditable service for each month they are employed in a covered position. It also may include credit for prior service the member has purchased or additional creditable service the member was granted. A member's total creditable service is one of the factors used to determine their eligibility for retirement and to calculate their retirement benefit. It also may count toward eligibility for the health insurance credit in retirement, if the employer offers the health insurance credit.

Defined Contributions Component:

Under the defined contribution component, creditable service is used to determine vesting for the employer contribution portion of the plan.

9. DEFINED BENEFIT PENSION PLANS, continued:

Vesting

Vesting is the minimum length of service a member needs to qualify for a future retirement benefit. Members become vested when they have at least five years (60 months) of creditable service. Vesting means members are eligible to qualify for retirement if they meet the age and service requirements for their plan. Members also must be vested to receive a full refund of their member contribution account balance if they leave employment and request a refund.

Members are always 100% vested in the contributions that they make.

Vesting

Same as Plan 1.

Vesting

Defined Benefit Component:

Defined benefit vesting is the minimum length of service a member needs to qualify for a future retirement benefit. Members are vested under the defined benefit component of the Hybrid Retirement Plan when they reach five years (60 months) of creditable service. Plan 1 or Plan 2 members with at least five years (60 months) of creditable service who opted into the Hybrid Retirement Plan remain vested in the defined benefit component.

Defined Contributions Component:

Defined contribution vesting refers to the minimum length of service a member needs to be eligible to withdraw the employer contributions from the defined contribution component of the plan.

Members are always 100% vested in the contributions that they make.

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

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

Distribution is not required by law until age 70½.

9. DEFINED BENEFIT PENSION PLANS, continued:

<p>Calculating the Benefit</p> <p>The Basic Benefit is calculated based on a formula using the member’s average final compensation, a retirement multiplier and total service credit at retirement. It is one of the benefit payout options available to a member at retirement.</p> <p>An early retirement reduction factor is applied to the Basic Benefit if the member retires with a reduced retirement benefit or selects a benefit payout option other than the Basic Benefit.</p>	<p>Calculating the Benefit</p> <p>See definition under Plan 1.</p>	<p>Calculating the Benefit</p> <p><u>Defined Benefit Component:</u> See definition under Plan 1</p> <p><u>Defined Contribution Component:</u> 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.</p>
<p>Average Final Compensation</p> <p>A member’s average final compensation is the average of the 36 consecutive months of highest compensation as a covered employee.</p>	<p>Average Final Compensation</p> <p>A member’s average final compensation is the average of their 60 consecutive months of highest compensation as a covered employee.</p>	<p>Average Final Compensation</p> <p>Same as Plan 2. It is used in the retirement formula for the defined benefit component of the plan.</p>
<p>Service Retirement Multiplier</p> <p>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%.</p> <p>Sheriffs and regional jail superintendents: The retirement multiplier for sheriffs and regional jail superintendents is 1.85%.</p> <p>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.</p>	<p>Service Retirement Multiplier</p> <p>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 creditable service earned, purchased or granted on or after January 1, 2013.</p> <p>Sheriffs and regional jail superintendents: Same as Plan 1</p> <p>Political subdivision hazardous duty employees: Same as Plan 1.</p>	<p>Service Retirement Multiplier</p> <p><u>Defined Benefit Component:</u> 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.</p> <p>Sheriffs and regional jail superintendents: Not applicable.</p> <p>Political subdivision hazardous duty employees: Not applicable.</p> <p><u>Defined Contribution Component:</u> Not applicable.</p>

9. DEFINED BENEFIT PENSION PLANS, continued:

<p>Normal Retirement Age : VRS: Age 65. Political subdivisions hazardous duty employees: Age 60.</p>	<p>Normal Retirement Age: VRS: Normal Social Security retirement age. Political subdivisions hazardous duty employees: Same as Plan 1.</p>	<p>Normal Retirement Age 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.</p>
<p>Earliest Unreduced Retirement Eligibility VRS: Age 65 with at least five years (60 months) of creditable service or at age 50 with at least 30 years of creditable service. Political subdivisions hazardous duty employees: Age 60 with at least five years of creditable service or age 50 with at least 25 years of creditable service.</p>	<p>Earliest Unreduced Retirement Eligibility VRS: Normal Social Security retirement age and have at least five years (60 months) of creditable service or when their age and service equal 90. Political subdivisions hazardous duty employees: Same as Plan 1.</p>	<p>Earliest Unreduced Retirement Eligibility Defined Benefit Component: VRS: Normal Social Security retirement age and have at least five years (60 months) of creditable service or when their age and service equal 90. Political subdivisions hazardous duty employees: Not applicable. Defined Contribution Component: Members are eligible to receive distributions upon leaving employment, subject to restrictions.</p>
<p>Earliest Reduced Retirement Eligibility VRS: Age 55 with at least five years (60 months) of creditable service or age 50 with at least 10 years of creditable service. Political subdivisions hazardous duty employees: 50 with at least five years of creditable service.</p>	<p>Earliest Reduced Retirement Eligibility VRS: Age 60 with at least five years (60 months) of creditable service. Political subdivisions hazardous duty employees: Same as Plan 1.</p>	<p>Earliest Reduced Retirement Eligibility Defined Benefit Component: VRS: Age 60 with at least five years (60 months) of creditable service. Political subdivisions hazardous duty employees: Not applicable. Defined Contribution Component: Members are eligible to receive distributions upon leaving employment, subject to restrictions.</p>
<p>Cost-of-Living Adjustment (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%.</p>	<p>COLA in Retirement 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%.</p>	<p>COLA in Retirement Defined Benefit Component: Same as Plan 2. Defined Contribution Component: Not applicable.</p>

9. DEFINED BENEFIT PENSION PLANS, continued:

Eligibility:

For members who retire with an unreduced benefit or with a reduced benefit with at least 20 years of creditable service, the COLA will go into effect on July 1 after one full calendar year from the retirement date.

For members who retire with a reduced benefit and who have less than 20 years of creditable service, 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 under the Virginia Sickness and Disability Program (VSDP).
- 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.

Eligibility:

Same as Plan 1.

Exceptions to COLA Effective Dates:

Same as Plan 1.

Eligibility:

Same as Plan 1 and Plan 2.

Exceptions to COLA Effective Dates:

Same as Plan 1 and Plan 2.

9. DEFINED BENEFIT PENSION PLANS, continued:

Disability Coverage	Disability Coverage	Disability Coverage
<p>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.</p> <p>VSDP members are subject to a one year waiting period before becoming eligible for non-work related disability benefits.</p>	<p>Members who are eligible to be considered for disability retirement and retire on disability, the retirement multiplier is 1.65% on all service, regardless of when it was earned, purchased or granted.</p> <p>VSDP members are subject to a one year waiting period before becoming eligible for non-work related disability benefits.</p>	<p>Eligible political subdivision and school division (including Plan 1 and Plan 2 opt-ins) participate in the Virginia Local Disability Program (VLDP) unless their local governing body provides an employer-paid comparable program for its members.</p> <p>Hybrid members (including Plan 1 and Plan 2 opt-ins) covered under VLDP are subject to a one-year waiting period before becoming eligible for non-work related disability benefits.</p>
Purchase of Prior Service	Purchase of Prior Service	Purchase of Prior Service
<p>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 creditable service in their plan. Prior creditable service counts toward vesting, eligibility for retirement and the health insurance credit. Only active members are eligible to purchase prior service. When buying service, members must purchase their most recent period of service first. Members also may be eligible to purchase periods of leave without pay.</p>	<p>Same as Plan 1.</p>	<p><u>Defined Benefit Component:</u> Same as Plan 1, with the following exceptions:</p> <ul style="list-style-type: none"> • Hybrid Retirement Plan members are ineligible for ported service. <p><u>Defined Contribution Component:</u> Not applicable.</p>

9. DEFINED BENEFIT PENSION PLANS, continued:

Employees Covered by Benefit Terms - VRS Retirement Plan

As of the June 30, 2018 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	1,698	273
Inactive members:		
Vested inactive members	338	37
Non-vested inactive members	635	114
Active elsewhere in VRS	621	77
Total inactive members	1,594	228
Active members	1,852	200
Total covered employees	5,144	701

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. Prior to July 1, 2012, all or part of the 5% member contribution may have been assumed by the employer. Beginning July 1, 2012 new employees were required to pay the 5% member contribution. In addition, for existing employees, employers were required to begin making the employee pay the 5% member contribution. This could be phased in over a period of up to 5 years and the employer is required to provide a salary increase equal to the amount of the increase in the employee-paid member contribution.

For the Teacher Retirement Plan, each school division’s contractually required contribution rate for the year ended June 30, 2020 was 15.68% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2017. 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 \$17,138,959 and \$16,618,902 for the years ended June 30, 2020 and June 30, 2019, 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, 2020 were 16.33% and 9.30% of covered employee compensation, respectively. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2017. 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 \$16,118,875 and \$14,178,118 for the years ended June 30, 2020 and June 30, 2019, respectively. Contributions to the pension plan from the School Board were \$363,067 and \$356,901 for the years ended June 30, 2020 and June 30, 2019, 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, 2019. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation performed as of June 30, 2018, rolled forward to the measurement date of June 30, 2019.

9. DEFINED BENEFIT PENSION PLANS, continued:

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

At June 30, 2020, the School Board reported a liability of \$170,943,938 for its proportionate share of the Net Pension Liability. The Net Pension Liability was measured as of June 30, 2019 and the total pension liability used to calculate the Net Pension Liability was determined by an actuarial valuation performed as of June 30, 2018, and rolled forward to the measurement date of June 30, 2019. 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, 2019, the School Board's proportion was 1.30% as compared to 1.36% at June 30, 2018.

For the year ended June 30, 2020, the School Board recognized pension expense of \$12,836,077. 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, 2020, 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	\$ -	\$ 10,946,262
Change in assumptions	16,927,457	-
Net difference between projected and actual earnings on pension plan investments	-	3,753,523
Changes in proportion and differences between employer contributions and proportionate share of contributions	-	11,410,535
Employer contributions subsequent to the measurement date	17,138,959	-
	<u>\$ 34,066,416</u>	<u>\$ 26,110,320</u>

\$17,138,959 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 fiscal year ended June 30, 2021. 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	
2021	\$ (4,108,007)
2022	(6,024,081)
2023	(777,850)
2024	998,171
2025	728,904

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, 2018, 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, 2019.

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, 2018 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, 2018, 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, 2019.

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.

9. DEFINED BENEFIT PENSION PLANS, continued:

The actuarial assumptions used in the June 30, 2018 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 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	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%

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, 2018, 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, 2019.

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 expense, 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.

9. DEFINED BENEFIT PENSION PLANS, continued:

The actuarial assumptions used in the June 30, 2018 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 2020
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%

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%	5.61	1.91%
Fixed Income	15.00%	0.88	0.13%
Credit Strategies	14.00%	5.13	0.72%
Real Assets	14.00%	5.27	0.74%
Private Equity	14.00%	8.77	1.23%
MAPS - Multi-Asset Public Strategies	6.00%	3.52	0.21%
PIP - Private Investment Partnership	3.00%	6.29	0.19%
Total	100.00%		5.13%
	Inflation		2.50%
			7.63%

* Expected arithmetic nominal return

*The above allocation provides a one-year return of 7.63%. 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%. 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.

9. DEFINED BENEFIT PENSION PLANS, continued:

Discount Rate

The discount rate used to measure the total pension liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that System member contributions will be made per the VRS Statutes and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Consistent with the phased-in funding provided by the General Assembly for City and School Board employer contributions; political subdivisions were also provided with an opportunity to use an alternate employer contribution rate. For the year ended June 30, 2019, the alternate rate was the employer contribution rate used in fiscal year 2013 or 90% of the actuarially determined employer contribution rate from the June 30, 2016 actuarial valuations, whichever was greater. From July 1, 2019, 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.

Changes in Net Pension Liability - VRS Retirement Plan City

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a)-(b)
Balances at June 30, 2018	\$ 593,219,939	\$ 473,104,571	\$ 120,115,368
Changes for the year:			
Service cost	11,430,589	-	11,430,589
Interest	40,334,296	-	40,334,296
Changes of assumptions	16,959,529	-	16,959,529
Differences between expected and actual experience	(2,491,107)	-	(2,491,107)
Contributions-employer	-	14,178,118	(14,178,118)
Contributions-employee	-	4,296,459	(4,296,459)
Net investment income	-	30,928,968	(30,928,968)
Benefit payments, including refunds of employee contributions	(34,031,429)	(34,031,429)	-
Administrative expense	-	(315,189)	315,189
Other changes	-	(19,486)	19,486
Net changes	32,201,878	15,037,441	17,164,437
Balances at June 30, 2019	\$ 625,421,817	\$ 488,142,012	\$ 137,279,805

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

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a)-(b)
Balances at June 30, 2018	\$ 28,112,993	\$ 26,685,703	\$ 1,427,290
Changes for the year:			
Service cost	391,424	-	391,424
Interest	1,898,407	-	1,898,407
Changes in assumptions	693,476	-	693,476
Differences between expected and actual experience	(233,935)	-	(233,935)
Contributions-employer	-	376,506	(376,506)
Contributions-employee	-	198,458	(198,458)
Net investment income	-	1,719,298	(1,719,298)
Benefit payments, including refunds of employee contributions	(1,985,798)	(1,985,798)	-
Administrative expenses	-	(18,113)	18,113
Other changes	-	(1,077)	1,077
Net changes	763,574	289,274	474,300
Balances at June 30, 2019	\$ 28,876,567	\$ 26,974,977	\$ 1,901,590

9. DEFINED BENEFIT PENSION PLANS, continued:

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	\$ 257,344,889	\$ 170,943,938	\$ 99,506,353

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	\$ 214,015,982	\$ 137,279,805	\$ 75,883,701
Component Unit-School Board Nonprofessional Employees' Plan's Net Pension Liability	\$ 4,980,141	\$ 1,901,590	\$ (569,548)

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

City

For the year ended June 30, 2020, the City recognized pension expense of \$19,296,535. At June 30, 2020, 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	\$ -	\$ (3,331,277)
Change in assumptions	12,346,535	-
Net difference between projected and actual earnings on pension plan investments	-	(4,020,068)
Employer contributions subsequent to the measurement date	16,118,875	-
Total	<u>\$ 28,465,410</u>	<u>\$ (7,351,345)</u>

9. DEFINED BENEFIT PENSION PLANS, continued:

\$16,118,875 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, 2021. 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	
2021	\$ 3,531,423
2022	(277,315)
2023	1,414,653
2024	326,429

School Board Nonprofessional Employees

For the year ended June 30, 2020, the School Board recognized pension expense of \$576,308. At June 30, 2020, 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	\$ -	\$ (100,258)
Change in assumptions	297,204	-
Net difference between projected and actual earnings on pension plan investments	-	(216,951)
Employer contributions subsequent to the measurement date	363,067	-
Total	<u>\$ 660,271</u>	<u>\$ (317,209)</u>

\$363,067 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, 2021. 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	
2021	\$ 212,161
2022	(249,652)
2023	(2,244)
2024	19,730

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 2019 CAFR. A copy of the 2019 VRS CAFR may be downloaded from the VRS website at <http://www.varetire.org/PDF/Publications/2019-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, 2020, the City and School Board reported a payable of \$1,044,642 and \$2,153,343, respectively, for the outstanding amount of contributions to the pension plan required for the year ended June 30, 2020.

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, 2019 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	\$ 44,295,052
Expenses and other uses	(41,260,242)
Change in fund equity	3,034,810
Net position, as adjusted, July 1,2018	14,866,811
Net position, June 30,2019	\$ 17,901,621

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	<u>(24,914,078)</u>
Capital Assets, net	<u>\$ 10,057,938</u>

A summary of future minimum rental payments under the operating leases at June 30, 2020 is as follows:

<u>Year Ending June 30,</u>	<u>Operating Leases</u>	<u>Future Rental Income</u>
2021	\$ 1,293,688	\$ 429,480
2022	808,865	190,354
2023	701,626	103,213
2024	650,577	53,499
2025	644,590	25,334
2026-2029	<u>1,828,823</u>	<u>80,004</u>
	<u>\$ 5,928,169</u>	<u>\$ 881,884</u>

The City's rental expense and rental income for the year ended June 30, 2020 amounted to \$1,407,873 and \$278,825, 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
General Liability	1,000,000	1,000,000
Property Coverage	100,000	100,000

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

All funds of the City participate in the program and make payments to the Risk Management and General Fund based on historical cost information. The unrestricted net position of \$15,714,688 at June 30, 2020 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 2020 , 2019 and 2018 were:

	Claims Liability July 1	Incurred Claims	Claims Payment	Claims Liability June 30
Risk Management Fund				
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
Fiscal Year 2018	6,925,124	3,489,736	2,001,285	8,413,575
General Fund				
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
Fiscal Year 2018	483,488	13,713,872	14,148,150	49,210

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, 2020 were as follows:

General Fund	\$ 1,493,996
Capital Projects Funds	13,740,280
Other Governmental Funds	2,090,327
Total Encumbrances	<u>\$ 17,324,603</u>

Economic Uncertainty

During Fiscal Year 2020, an outbreak of a novel strain of coronavirus (COVID-19) emerged globally. As a result of the spread of COVID-19, economic uncertainties have arisen that could negatively impact the City's revenues and operations for an indeterminable time period. Other financial impacts could occur that are unknown at this time.

13. OTHER POSTEMPLOYMENT BENEFIT PLANS - HEALTH CARE BENEFITS AND HEALTH INSURANCE CREDITS:**Health Care Benefits****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 Spouse 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 \$2,266,908 and \$2,905,572 for the years ended June 30, 2020 and June 30, 2019, respectively.

13. OTHER POSTEMPLOYMENT BENEFIT PLANS - HEALTH CARE BENEFITS AND HEALTH INSURANCE CREDITS, continued:

School

The School Board contributions are financed on a pay-as-you-go basis. Contributions from the School Board were \$132,649 and \$504,195 for the years ended June 30, 2020 and June 30, 2019, respectively.

The following summaries the memberships of the Plan as of June 30, 2019, the valuation date:

	Number	
	City	School Board
Inactive members or their beneficiaries currently receiving benefit payments	589	45
Active members	1,841	2,290
Total memberships	2,430	2,335

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 2020, the City contributed \$2,266,908, or approximately 56.8% of total premiums for post-retirement health care benefits. Plan members receiving benefits contributed \$2,858,068 or approximately 56% of total premiums. Member contributions are 3% of covered payroll. The School Board contributed \$504,195 in fiscal year 2020.

Total OPEB Liability:

The City and School Board's total retiree medical OPEB liability of \$49,212,724 and \$4,364,022, respectively, were measured as of June 30, 2019 and determined by an actuarial valuation as of that date.

Actuarial Assumptions:

The total OPEB liability in the June 30, 2018 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	3.87%
Current Measurement Date	3.50%
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

Notes to financial statements

13. OTHER POSTEMPLOYMENT BENEFIT PLANS - HEALTH CARE BENEFITS AND HEALTH INSURANCE CREDITS, 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, 2018 valuation were based on the results of an actuarial experience study for the period July 1, 2013 through June 30, 2017, adopted by the Virginia Retirement System.

The remaining actuarial assumptions (e.g., initial per capita costs, health care cost trends, rate of plan participation, rates of plan election, etc.) used in the June 30, 2018 valuation were based on a review of recent plan experience done concurrently with the June 30, 2018 valuation.

Discount Rate

There was a change in the total OPEB liability arising from the change in the discount rate from 3.87% on the prior measurement date to 3.50% on the measurement date of June 30, 2019. 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

	Increase (Decrease)
	<u>Total OPEB Liability</u>
	(a)
Balances at June 30, 2018	\$ 94,396,901
Changes for the year:	
Service cost	2,334,263
Interest	3,692,585
Differences between expected and actual experience	(12,853,356)
Changes in assumptions	(35,701,382)
Benefit payments	(2,656,287)
Net changes	(45,184,177)
Balances at June 30, 2019	<u>\$ 49,212,724</u>

Changes in the Total Retiree Medical OPEB Liability - School Board

	Increase (Decrease)
	<u>Total OPEB Liability</u>
	(a)
Balances at June 30, 2018	\$ 4,612,120
Changes for the year:	
Service cost	243,189
Interest	183,312
Differences between expected and actual experience	(480,534)
Changes in assumptions	45,320
Benefit payments	(239,385)
Net changes	(248,098)
Balances at June 30, 2019	<u>\$ 4,364,022</u>

13. OTHER POSTEMPLOYMENT BENEFIT PLANS - HEALTH CARE BENEFITS AND HEALTH INSURANCE CREDITS, continued:

Sensitivity of the Total Retiree Medical OPEB liability to Changes in the Discount 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 1 percentage point lower, and healthcare cost trend rates that are 1 percentage point higher:

	Trend Minus 1%	Baseline Trends	Trend Plus 1%
Total OPEB Liability - City	\$ 55,560,094	\$ 49,212,724	\$ 43,889,432
Total OPEB Liability - School Board	4,665,710	4,364,022	4,079,875

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

The following presents the total OPEB liability of the City and School Board, calculated using the discount rate of 7.75%, 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 1-percentagepoint lower (6.75% decreasing to an ultimate rate of 3.75%) or 1-percentage higher (8.75% decreasing by to an ultimate rate of 5.75%) than the current health care cost trend rate:

	1% Decrease (3.75%)	Current Discount Rate (4.75%)	1% Increase (5.75%)
Total OPEB Liability - City	\$ 43,108,494	\$ 49,212,724	\$ 56,704,306
Total OPEB Liability - School Board	3,979,010	4,364,022	4,814,211

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

For the year ended June 30, 2020, the City recognized OPEB expense in the amount of \$3,072,261. At June 30, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$122,546	\$(11,145,684)
Changes in assumptions or other inputs	-	(39,275,216)
Employer contributions subsequent to the measurement date	2,266,908	-
Total	\$2,389,454	\$(50,420,900)

\$2,266,908 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, 2021.

Notes to financial statements

13. OTHER POSTEMPLOYMENT BENEFIT PLANS - HEALTH CARE BENEFITS AND HEALTH INSURANCE CREDITS, continued:

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:		
2021	\$	(9,127,758)
2022		(9,127,758)
2023		(9,127,758)
2024		(8,683,918)
2025		(7,294,770)
Thereafter		(6,936,392)

For the year ended June 30, 2020, the School Board recognized OPEB expense in the amount of \$341,202. At June 30, 2020, the School Board reported deferred outflows of resources and deferred inflows of resources related to health care from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 181,920	\$ (445,961)
Changes in assumptions or other inputs	113,439	(448,393)
Employer contributions subsequent to the measurement date	132,649	-
Total	<u>\$ 428,008</u>	<u>\$ (894,354)</u>

\$132,649 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:		
2021	\$	(105,746)
2022		(105,746)
2023		(105,746)
2024		(105,746)
2025		(105,746)
Thereafter		(70,265)

13. OTHER POSTEMPLOYMENT BENEFIT PLANS - HEALTH CARE BENEFITS AND HEALTH INSURANCE CREDITS, continued:

Health Insurance Credits

Other Postemployment Benefits-Health Insurance Credits

Plan Description

Professional staff of the School Board are automatically covered by the VRS Teacher Employee Program. This plan is administered by the VRS, along with pension and other OPEB plans, for public employer groups in the Commonwealth of Virginia. The benefit vests with eligible employees who retire with at least 15 years of service credit. Detailed information about the HIC Program's fiduciary net position is available in the separately issued VRS 2019 Comprehensive Annual Financial Report which can be accessed from the VRS website at <http://www.varetire.org/Pdf/Publications/2019-annual-report.pdf>.

Benefits

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. For teachers and other professional school employees who retire, the monthly benefit is \$4 per year of service per month with no cap on the benefit amount. For teachers and other professional employees who retire on disability, the monthly benefits are either \$4 per month multiplied by twice the amount of service credit or \$4 per month multiplied by the amount of service earned had the employee been active until age 60, whichever is lower.

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, was 1.20% of covered employee compensation for employees in the HIC Program. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30,. 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 HIC Program were \$1,353,905 and \$1,305,003 for the years ended June 30, and June 30, , respectively.

Liabilities

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

At June 30, , the School Board reported a liability of \$16,973,101 for its proportionate share of the VRS Teacher Employee Health Insurance Credit Program Net OPEB liability. The Net VRS Teacher Employee 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, 2018 and rolled forward to the measurement date of June 30, 2019. 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, relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, , the School Board's proportion of the VRS Teacher Employee Health Insurance Credit Program was 1.29655% as compared to 1.35919% at June 30, .

For the year ended June 30, , the School Board recognized HIC OPEB expense of \$1,230,282 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 amount to deferred amounts from changes in proportion.

Notes to financial statements

13. OTHER POSTEMPLOYMENT BENEFIT PLANS - HEALTH CARE BENEFITS AND HEALTH INSURANCE CREDITS, continued:

At June 30, 2020, the School Board reported deferred outflows of resources and deferred inflows of resources related to the VRS Teacher Employee Health Insurance Credit Program OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ (96,138)
Changes in proportionate share	-	(1,020,493)
Net difference between projected and actual earnings on Teacher HIC OPEB program investments	1,072	-
Changes of assumptions	395,043	(117,940)
Employer contribution subsequent to the measurement date	1,353,905	-
Total	<u>\$ 1,750,020</u>	<u>\$ (1,234,571)</u>

\$1,353,905 reported as deferred outflows of resources related to the Teacher Employee HIC OPEB resulting from the School Board's contributions subsequent to the measurement date will be recognized as a reduction of the Net Teacher Employee HIC OPEB liability in the Fiscal Year ending June 30, 2021. 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	
2021	\$ (150,543)
2022	(150,560)
2023	(143,122)
2024	(145,612)
2025	(135,527)
Thereafter	(113,092)

Actuarial Assumptions

The total Teacher Employee HIC OPEB liability for the VRS Teacher Employee Health Insurance Credit Program was based on an actuarial valuation as of June 30, 2018, 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, 2019.

Inflation	2.5 percent
Salary increases, including inflation - Teacher Employees	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 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 OPEB 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% 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 BENEFIT PLANS - HEALTH CARE BENEFITS AND HEALTH INSURANCE CREDITS, continued:

The actuarial assumptions used in the June 30, 2018 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 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%

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%	5.61%	1.91%
Fixed income	15.00%	0.88	0.13%
Credit Strategies	14.00%	5.13%	0.72%
Real Assets	14.00%	5.27%	0.74%
Private Equity	14.00%	8.77%	1.23%
MAPS- Multi-Asset Public Strategies	6.00%	3.52%	0.21%
PIP - Private Investment Partnership	3.00%	6.29%	0.19%
Total	100.00%		5.13%
	Inflation		2.50%
	*Expected arithmetic nominal return		7.63%

* The above allocation provides a one-year return of 7.63%. 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%. 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.

13. OTHER POSTEMPLOYMENT BENEFIT PLANS - HEALTH CARE BENEFITS AND HEALTH INSURANCE CREDITS, continued:

Discount Rate

The discount rate used to measure the total Teacher Employee HIC OPEB was 6.75%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made in accordance with the VRS funding policy and at rates equal to the actuarially determined contribution rates adopted by the VRS Board of Trustees. Through the fiscal year ending June 30, 2019, the rate contributed by each school division for the VRS Teacher Employee 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, 2019 on, all agencies are assumed to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the Teacher Employee HIC OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total Teacher Employee HIC OPEB liability.

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

The following presents the School Board's proportionate share of the VRS Teacher Employee 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	\$ 18,995,785	\$ 16,973,101	\$ 15,254,833

Payables

The HIC OPEB Plan had a payable of \$137,625 as of June 30, 2020.

14. OTHER POSTEMPLOYMENT LINE OF DUTY BENEFITS:

Plan Description:

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.

Benefit

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

Premium continued health plan coverage for LODA-eligible disabled individuals, survivors and family members are provided as long as they 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 \$567,166 and \$546,033 for the years ended June 30, 2020 and June 30, 2019, respectively.

Membership:

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

	<u>Number</u>
Inactive employees entitled to but not yet receiving benefit payments	26
Active employees	769
Total	<u>795</u>

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 OPEB

At June 30, 2020, the City reported a liability of \$15,180,388 for its Net LODA OPEB Liability. The Net LODA OPEB Liability was measured as of June 30, 2019. The total LODA OPEB liability was determined by an actuarial valuation as of that date.

For the year ended June 30, 2020, the City recognized LODA OPEB expense of \$1,241,405.

14. OTHER POSTEMPLOYMENT LINE OF DUTY BENEFITS, continued:

At June 30, 2020, 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	\$ 1,986,396	\$ (2,082,000)
Changes in assumptions	1,024,285	(755,308)
Employers contributions subsequent to the measurement date	567,166	-
Total	<u>\$ 3,577,847</u>	<u>\$ (2,837,308)</u>

\$567,166 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, 2021. 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	
2021	\$ (32,762)
2022	(32,762)
2023	(32,762)
2024	(32,762)
2025	(32,762)
Thereafter	337,183

Actuarial Assumptions

The total LODA 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:

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	6.75% for 2020 decreasing to an ultimate rate of 4.75% by 2028
Ages 65 and older	5.25% for 2020 decreasing to an ultimate rate of 4.75% by 2028
Municipal bond index rate	
Prior measurement date	3.87%
Measurement date	3.50%

14. OTHER POSTEMPLOYMENT LINE OF DUTY BENEFITS, continued:

Rate of Mortality for Law Enforcement Officers (LEO):

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 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 3.50%. This rate was based on the Bond Buyer General Obligation 20-year Municipal Bond Index published June 27, 2019.

Change in Net LODA OPEB Liability

Total OPEB Liability as of June 30, 2018	\$ 11,167,875
Changes for the year:	
Service Cost at the end of the year*	807,017
Interest	453,230
Difference between expected and actual experience	2,166,977
Changes of assumptions	1,117,402
Benefit payments	(532,113)
Net changes	<u>\$ 4,012,513</u>
Total OPEB Liability as of June 30, 2019	<u>\$ 15,180,388</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 3.50%, as well as what the covered employer's proportionate share of the net LODA OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (2.50%) or one percentage point higher (4.50%) than the current rate."

	1% Decrease (2.50%)	Discount Rate (3.50%)	1% Increase (4.50%)
Net OPEB liability	\$ 17,440,761	\$ 15,180,388	\$ 13,352,446

14. OTHER POSTEMPLOYMENT LINE OF DUTY BENEFITS, continued:

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

Because the Line of Duty Act Program contains a 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:

	Current Healthcare Cost		
	1% Decrease	Trend Rates	1% Increase
Net OPEB liability	\$ 13,017,343	\$ 15,180,388	\$ 17,865,441

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

Plan Description:

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

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

- City of Richmond
- City of Portsmouth
- City of Roanoke
- City of Norfolk
- Roanoke City Schools Board

Basic group life insurance coverage is automatic upon employment. Coverage end for employees who leave their position before retirement eligibility or who take a refund of their member contributions and accrued interest.

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

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 \$8,463 as of June 30, 2020.

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 1.31% of covered employee compensation. This was allocated into an employee and an employer component using a 60/40 split. The employee component was 0.79% (1.31% X 60%) and the employer component was 0.52% (1.31% 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, 2020 was 0.52% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2017. 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 \$472,056 and \$459,858 for the years ended June 30, 2020 and June 30, 2019, respectively. Contributions to the GLI from the School Board for professional employees were \$592,095 and \$570,346 for the years ended June 30, 2020 and June 30, 2019, respectively. Contributions to the GLI from the School Board for Nonprofessional employees were \$21,877 and \$20,964 for the years ended June 30, 2020 and June 30, 2019 respectively.

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

At June 30, 2020, the City and School Board reported a liability for its proportionate share of the Net GLI OPEB Liability of \$7,340,923 and \$9,440,910, respectively. The Net GLI OPEB Liability was measured as of June 30, 2019 and the total GLI OPEB liability used to calculate the Net GLI OPEB Liability was determined by an actuarial valuation as of that date. 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, 2019 relative to the total of the actuarially determined employer contributions for all participating employers.

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

The City and School Board employer's proportion for June 30, 2019 and June 30, 2018 is summarized below:

	Employer's Proportion June 30, 2019	Employer's Portion June 30, 2018
City of Hampton	0.45112 %	0.47902 %
School Board Professional Employees	0.55960 %	0.57996 %
School Board Nonprofessional Employees	0.02057 %	0.02251 %

For the year ended June 30, 2020, the City recognized GLI OPEB expense of \$61,499 and the School Board recognized GLI OPEB expense for professional employees of \$126,975 and nonprofessional employees of \$3,055. 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, 2020, the City and School Board reported deferred outflows of resources and deferred inflows of resources related to the GLI OPEB from the following sources:

City

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 488,215	\$ (95,219)
Changes of assumptions	463,463	\$ (221,361)
Net difference between projected and actual investments earnings on GLI OPEB program investments	-	(150,789)
Changes in proportionate share	-	(535,582)
Employer contributions subsequent to the measurement date	472,056	-
Total	<u>\$ 1,423,734</u>	<u>\$ (1,002,951)</u>

\$472,056 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, 2021. 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	
2021	\$ (82,169)
2022	(82,163)
2023	(18,299)
2024	43,447
2025	68,922
Thereafter	18,989

School Board - Professional and Nonprofessional Employees:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 627,876	\$ (122,455)
Changes in proportionate share	48,805	(495,570)
Net difference between projected and actual investment earnings on GLI OPEB investments	-	(193,924)
Changes of assumptions or other inputs	596,044	(284,685)
Employer contributions subsequent to the measurement date	613,972	-
Total	<u>\$ 1,886,697</u>	<u>\$ (1,096,634)</u>

\$613,972 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, 2021. 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	
2021	\$ (54,737)
2022	(54,729)
2023	27,405
2024	98,905
2025	123,602
Thereafter	35,645

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, 2018, 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, 2019.

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, 2018 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, 2018 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 – Non-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, 2018 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	Increased age 50 rates and lowered rates at older ages
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Line of Duty Disability	Decreased rate from 60% to 45%
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 June 30, 2019, NOL amounts for the GLI is as follows (amounts expressed in thousands):

	Group Life Insurance OPEB Program
Total GLI OPEB Liability	\$ 3,390,238
Plan Fiduciary Net Position	1,762,972
Employers’ Net GLI OPEB Liability	\$ 1,627,266
Plan fiduciary Net position as a Percentage of Total GLI OPEB Liability	52.00%

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%	5.61%	1.91%
Fixed income	15.00%	0.88%	0.13%
Credit Strategies	14.00%	5.13%	0.72%
Real Assets	14.00%	5.27%	0.74%
Private Equity	14.00%	8.77%	1.23%
MAPS-Multi-Asset Public Stratgies	6.00%	3.52%	0.21%
PIP-Private Investment Partnership	3.00%	6.29%	0.19%
Total	100.00%		5.13%
	Inflation		2.50%
	*Expected arithmetic nominal return		7.63%

* The above allocation provides a one-year return of 7.63%. 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%. 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.

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, 2019, 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, 2019 on, employers are assumed to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the GLI OPEB's fiduciary net position was projected to be available to make all projected future benefit payments of eligible employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total GLI OPEB liability.

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

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

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

	1.00% Decrease 5.75%	Discount Rate 6.75%	1.00% Increase 7.75%
City's GLI OPEB Liability	\$ 9,643,941	\$ 7,340,923	\$ 5,473,240
School's GLI OPEB Liability			
Professional Employees and Nonprofessional Employees	\$ 12,402,742	\$ 9,440,910	\$ 7,038,946

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 2019 CAFR, which may be downloaded from the VRS website at <http://www.varetire.org/PDF/Publications/2019-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 Group Life Insurance Program

The City's and School's VRS Group Life Insurance OPEB plan payable as of June 30, 2020 totaled \$99,996 and \$157,061, respectively.

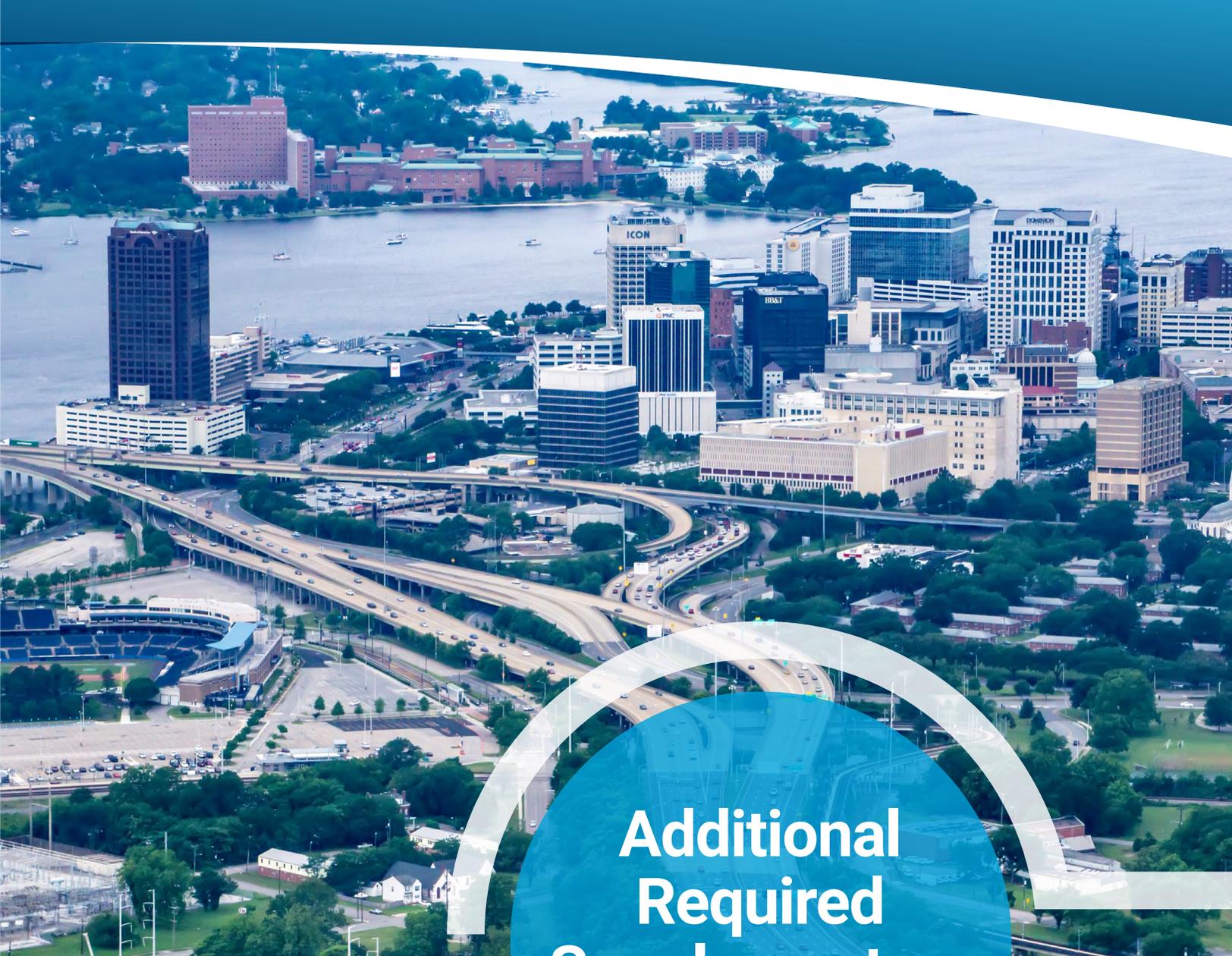
16. LEASE RECEIVABLES:

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, 2020, future lease receivable is \$990,060 from PWDC, which will be received in 2021.

17. SUBSEQUENT EVENTS

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.





**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

	2020	2019	2018	2017	2016	2015	2014
Total pension liability							
Service cost	\$ 127,787	\$ 127,787	\$ 117,036	\$ 152,557	\$ 188,078	\$ 112,348	\$ 373,903
Interest	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	-	466,804	-	(76,396)	-	(425,331)	296
Changes of assumptions	-	-	(580,802)	-	-	-	-
Benefit payments, including refunds of employee contributions	(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	(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	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)	\$ 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	\$ 6,716,299	\$ 6,716,299	\$ 7,100,125	\$ 7,100,148	\$ 8,880,839	\$ 8,880,839	\$ 6,628,122
Net investment income	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	(16,540,938)	(16,824,254)	(17,047,039)	(17,100,560)	(17,101,282)	(17,040,172)	(17,032,982)
Administrative expense	(239,695)	(332,835)	(277,957)	(286,431)	(386,247)	(299,195)	(278,663)
Net change in plan fiduciary net position	(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	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)	\$ 123,878,845	\$ 126,878,935	\$ 128,529,539	\$ 128,110,077	\$ 123,702,338	\$ 130,164,780	\$ 133,261,624
Net pension liability-ending (a)-(b)	\$ 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	91.84%	89.40%	86.64%	82.72%	77.08%	78.61%	78.04%
Covered payroll	\$ 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 of payroll	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 2020.
- 2) Valuation Date: 6/30/2019; 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 FY20 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, 2020.

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 CONTRIBUTIONS TO HERS
HERS' PENSION PLAN
REQUIRED SUPPLEMENTAL INFORMATION-UNAUDITED**

	2020	2019	2018	2017	2016	2015	2014
Actuarially determined contribution	\$ 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	<u>\$ 6,716,299</u>	<u>\$ 6,716,299</u>	<u>\$ 7,100,125</u>	<u>\$ 7,100,148</u>	<u>\$ 8,880,839</u>	<u>\$ 8,880,839</u>	<u>\$ 6,628,122</u>
Covered payroll	\$ 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	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.

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 CHANGES IN THE CITY'S VRS PENSION PLAN LIABILITY AND RELATED RATIOS
VRS RETIREMENT PLAN
REQUIRED SUPPLEMENTAL INFORMATION-UNAUDITED

	2020	2019	2018	2017	2016	2015
Total pension liability						
Service cost	\$ 11,430,589	\$ 11,525,376	\$ 10,934,809	\$ 10,835,551	\$ 10,960,536	\$ 10,938,812
Interest	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	-	-	-
Differences between expected and actual experience	(2,491,107)	(1,988,091)	(4,596,969)	(5,909,803)	(4,100,921)	-
Benefit payments, including refunds of employee contributions	(34,031,429)	(31,450,468)	(30,762,074)	(29,930,211)	(28,520,380)	(26,861,136)
Net change in total pension liability	32,201,878	17,300,417	16,564,483	12,245,638	14,615,589	19,076,732
Total pension liability-beginning	593,219,939	575,919,522	559,355,039	547,109,401	532,493,812	513,417,080
Total pension liability-ending (a)	<u>\$ 625,421,817</u>	<u>\$ 593,219,939</u>	<u>\$ 575,919,522</u>	<u>\$ 559,355,039</u>	<u>\$ 547,109,401</u>	<u>\$ 532,493,812</u>
Plan fiduciary net position						
Contributions-employer	\$ 14,178,118	\$ 14,247,065	\$ 14,235,281	\$ 16,240,833	\$ 15,816,808	\$ 16,046,763
Contributions-employee	4,296,459	4,489,433	4,539,420	4,451,221	4,393,892	4,400,548
Net investment income	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	(34,031,429)	(31,450,468)	(30,762,074)	(29,930,211)	(28,520,380)	(26,861,136)
Administrative expense	(315,189)	(290,989)	(294,277)	(261,143)	(257,367)	(304,392)
Other	(19,486)	(29,364)	(44,266)	(3,049)	(3,890)	2,953
Net change in plan fiduciary net position	15,037,441	20,140,043	37,649,648	(2,404,642)	9,944,644	49,323,785
Plan fiduciary net position-beginning	473,104,571	452,964,528	415,314,880	417,719,522	407,774,878	358,451,093
Plan fiduciary net position-ending (b)	<u>\$ 488,142,012</u>	<u>\$ 473,104,571</u>	<u>\$ 452,964,528</u>	<u>\$ 415,314,880</u>	<u>\$ 417,719,522</u>	<u>\$ 407,774,878</u>
Net pension liability-ending (a)-(b)	<u>\$ 137,279,805</u>	<u>\$ 120,115,368</u>	<u>\$ 122,954,994</u>	<u>\$ 144,040,159</u>	<u>\$ 129,389,879</u>	<u>\$ 124,718,934</u>
Plan fiduciary net position as a percentage of the total pension liability	78.05%	79.75%	78.65%	74.25%	76.35%	76.58%
Covered payroll	\$ 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	158.12%	134.14%	137.44%	162.14%	149.95%	144.30%

Notes to Schedule:

- 1) Changes of benefit terms: There have been no actuarially material changes to the System benefit provisions since the prior actuarial valuation. The 2014 valuation includes Hybrid Retirement Plan members for the first time. A hybrid plan with changes to the defined benefit plan structure and a new defined contribution component was adopted in 2012. The hybrid plan applies to most new employees hired on January 1, 2014 and not covered by enhanced hazardous duty benefits. Because this is still a fairly new benefit and the number of participants was relatively small, the impact on the liabilities as of the measurement date of June 30, 2018 is not material. The liabilities presented do not reflect the hybrid plan since it covers new members joining the Plan after the valuation date of June 30, 2013 and the impact on the liabilities as of the measurement date of June 30, 2014 are minimal.
- 2) The actuarial assumptions were based on the results of an actuarial experience study for the period from June 30, 2012 through June 30, 2016. The VRS Board of Trustees adopted at 6.75% investment rate of return since the prior measurement date.
- 3) GAAP requires 10-year trend information. Fiscal year 2015 is the first year of implementation.
- 4) Per GAAP, net pension liabilities are reported using the measurement date, which is one year prior to the reporting date.

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 CITY'S CONTRIBUTIONS TO VRS
VRS RETIREMENT PLAN
REQUIRED SUPPLEMENTAL INFORMATION-UNAUDITED**

	2020	2019	2018	2017	2016	2015
Contractually required contribution	\$ 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	16,118,875	14,178,118	14,246,313	14,233,220	16,241,604	15,816,817
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 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	17.30%	16.33%	15.91%	15.91%	18.44%	18.44%

Notes to Schedule

Valuation Date: 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 and rates for fiscal year 2019 are based on June 30, 2017 valuation. For fiscal year 2020, the rate is based on June 2017 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.

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 CHANGES IN THE SCHOOL BOARD'S VRS NONPROFESSIONAL EMPLOYEES' NET PENSION
PLAN LIABILITY AND RELATED RATIOS
VRS RETIREMENT PLAN
REQUIRED SUPPLEMENTAL INFORMATION-UNAUDITED

	2020	2019	2018	2017	2016	2015
Total pension liability						
Service cost	\$ 391,424	\$ 388,116	\$ 376,186	\$ 390,637	\$ 791,558	\$ 813,234
Interest	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	(233,935)	(266,110)	(405,218)	(2,626,193)	(220,586)	-
Benefit payments, including refunds of employee contributions	(1,985,798)	(1,998,178)	(1,895,299)	(1,929,683)	(2,342,607)	(1,828,117)
Net change in total pension liability	763,574	20,375	(117,798)	(2,110,326)	251,239	958,877
Total pension liability-beginning	28,112,993	28,092,618	28,210,416	30,320,742	30,069,503	29,110,626
Total pension liability-ending (a)	<u>\$ 28,876,567</u>	<u>\$ 28,112,993</u>	<u>\$ 28,092,618</u>	<u>\$ 28,210,416</u>	<u>\$ 30,320,742</u>	<u>\$ 30,069,503</u>
Plan fiduciary net position						
Contributions-employer	\$ 376,506	\$ 449,019	\$ 413,542	\$ 427,758	\$ 411,361	\$ 900,981
Contributions-employee	198,458	203,832	188,884	238,049	193,337	372,764
Net investment income	1,719,298	1,893,091	2,910,259	410,877	1,135,856	3,582,353
Benefit payments, including refunds of employee contributions	(1,985,798)	(1,998,178)	(1,895,299)	(1,929,683)	(2,342,607)	(1,828,117)
Administrative expense	(18,113)	(17,095)	(17,696)	(16,323)	(17,081)	(19,666)
Other	(1,077)	(1,656)	(2,556)	(181)	(236)	188
Net change in plan fiduciary net position	289,274	529,013	1,597,134	(869,503)	(619,370)	3,008,503
Plan fiduciary net position-beginning	26,685,703	26,156,690	24,559,556	25,429,059	26,048,429	23,039,926
Plan fiduciary net position-ending (b)	<u>\$ 26,974,977</u>	<u>\$ 26,685,703</u>	<u>\$ 26,156,690</u>	<u>\$ 24,559,556</u>	<u>\$ 25,429,059</u>	<u>\$ 26,048,429</u>
Net pension liability-ending (a)-(b)	<u>\$ 1,901,590</u>	<u>\$ 1,427,290</u>	<u>\$ 1,935,928</u>	<u>\$ 3,650,860</u>	<u>\$ 4,891,683</u>	<u>\$ 4,021,074</u>
Plan fiduciary net position as a percentage of the total pension liability	93.41%	94.92%	93.11%	87.06%	83.87%	86.63%
Covered payroll	\$ 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	49.55%	30.87%	50.65%	92.37%	128.64%	54.74%

Notes to Schedule:

- 1) Changes of benefit terms: There have been no actuarially material changes to the System benefit provisions since the prior actuarial valuation. The 2014 valuation includes Hybrid Retirement Plan members for the first time. A hybrid plan with changes to the defined benefit plan structure and a new defined contribution component was adopted in 2012. The hybrid plan applies to most new employees hired on January 1, 2014 and not covered by enhanced hazardous duty benefits. Because this is still a fairly new benefit and the number of participants was relatively small, the impact on the liabilities as of the measurement date of June 30, 2018 is not material. The liabilities presented do not reflect the hybrid plan since it covers new members joining the Plan after the valuation date of June 30, 2013 and the impact on the liabilities as of the measurement date of June 30, 2014 are minimal.
- 2) 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.
- 3) GAAP requires 10-year trend information. Fiscal year 2015 is the first year of implementation.
- 4) Per GAAP, net pension liabilities are reported using the measurement date, which is one year prior to the reporting date.

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 SCHOOL BOARD'S NONPROFESSIONAL EMPLOYEES' CONTRIBUTIONS TO VRS
VRS RETIREMENT PLAN
REQUIRED SUPPLEMENTAL INFORMATION-UNAUDITED**

	2020	2019	2018	2017	2016	2015
Contractually required contribution	\$ 363,067	\$ 356,901	\$ 449,018	\$ 413,542	\$ 427,758	\$ 411,361
Contribution in relation to the contractually required contribution	363,067	356,901	449,018	413,542	427,758	411,361
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 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	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 and the rates for fiscal year 2020 are based on June 30, 2017 actuarial 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.

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 THE SCHOOL BOARD'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
VRS TEACHERS' PENSION PLAN
REQUIRED SUPPLEMENTAL INFORMATION-UNAUDITED

	2020	2019	2018	2017	2016	2015
School Board's proportion of the net pension liability	1.30%	1.36%	1.39%	1.39%	1.43%	150.00%
School Board's proportionate share of the net pension liability	\$ 170,943,938	\$ 159,918,000	\$ 170,830,000	\$ 195,347,000	\$ 180,096,000	\$ 181,847,000
School Board's covered payroll	\$ 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	167.97%	148.39%	160.92%	185.48%	170.05%	165.19%
Plan fiduciary net position as a percentage of the total pension liability	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, 2019 is not material.
- 3) The actuarial assumptions used in the June 30, 2018 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
- Withdrawl 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.

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 COMPONENT UNIT- SCHOOL BOARD'S CONTRIBUTIONS
VIRGINIA RETIREMENT SYSTEM TEACHERS PENSION PLAN
REQUIRED SUPPLEMENTAL INFORMATION-UNAUDITED**

	2020	2019	2018	2017	2016	2015
Contractually required contribution	\$ 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	17,138,959	16,618,902	17,587,596	15,562,773	14,808,006	15,356,866
Contribution deficiency (excess)	\$ 552,064	\$ 433,187	\$ 10,777	\$ 1,762,224	\$ 4,360,252	\$ 3,913,891
School Board's covered payroll	\$ 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	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, 2018, 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.

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 CHANGES IN NET OPEB LIABILITY AND RELATED RATIOS
PRIMARY GOVERNMENT
OTHER POSTEMPLOYMENT BENEFITS-RETIREE HEALTHCARE
REQUIRED SUPPLEMENTAL INFORMATION-UNAUDITED

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

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) 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.

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 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**

	2020		2019		2018
Total OPEB Liability					
Service cost at end of year	\$ 243,189	\$	237,502	\$	285,422
Interest	183,312		156,447		137,391
Differences between expected and actual experience	(480,534)		241,860		(40,581)
Changes of assumptions or other inputs	45,320		98,094		(713,713)
Benefit payments	(239,385)		(504,195)		(212,196)
Net change in total OPEB	(248,098)		229,708		(543,677)
Total OPEB liability - beginning	4,612,120		4,382,412		4,926,089
Total OPEB liability - ending	<u>\$ 4,364,022</u>	\$	<u>4,612,120</u>	\$	<u>4,612,120</u>
Covered payroll	\$ 108,750,257	\$	109,922,935	\$	109,696,113
Net OPEB liability as a percentage of covered payroll	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) 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.

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 EMPLOYER OPEB CONTRIBUTIONS
PRIMARY GOVERNMENT AND COMPONENT UNIT-SCHOOL BOARD
OTHER POSTEMPLOYMENT BENEFITS-RETIREE HEALTHCARE
LAST 10 FISCAL YEARS

	2020	2019	2018	2017
Primary Government				
Contractually determined contribution	\$ 2,266,908	\$ 2,905,572	\$ 2,614,135	\$ 2,798,872
Contributions in relation to the contractually determined contribution	<u>2,266,908</u>	<u>2,905,572</u>	<u>2,614,135</u>	<u>2,798,872</u>
Employee covered payroll	\$ 90,779,972	\$ 91,627,934	\$ 91,084,919	\$ 90,627,625
Contributions as a percentage of covered payroll	2.50%	3.17%	2.87%	3.09%
Component Unit-School Board				
Contractually determined contribution	\$ 132,649	\$ 504,195	\$ 534,836	\$ 212,196
Contributions in relation to contractually determined contribution	<u>132,649</u>	<u>504,195</u>	<u>534,836</u>	<u>212,196</u>
Employee payroll	\$ 112,825,403	\$ 108,750,257	\$ 109,922,935	\$ 109,696,113
Contributions as a percentage of covered payroll	0.12%	0.46%	0.49%	0.19%

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.

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 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**

	2020		2019		2018
Proportion of the Net OPEB liability	1.29655%		1.35919%		1.38996%
Proportionate Share of the Net OPEB liability	\$ 16,973,101	\$	17,258,000	\$	17,633,000
Employer's Covered payroll	108,750,257		109,922,935		109,696,113
Proportionate share of the net OPEB liability as a percentage of covered payroll	15.61%		15.70%		16.07%
Plan fiduciary net position as a percentage of total OPEB liability	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.

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 COMPONENT UNIT - SCHOOL BOARD'S CONTRIBUTIONS
VRS TEACHER HEALTH INSURANCE CREDIT PLAN CONTRIBUTIONS*
LAST 10 FISCAL YEARS
REQUIRED SUPPLEMENTAL INFORMATION-UNAUDITED

	2020	2019	2018	2017
Contractually determined contribution	\$ 1,353,905	\$ 1,305,003	\$ 1,352,052	\$ 1,349,262
Contribution in relation to the contractually determined contribution	1,353,905	1,305,003	1,352,052	1,217,627
Contribution deficiency	\$ -	\$ -	\$ -	\$ 131,635
School Board's covered payroll	\$ 112,825,403	\$ 108,750,257	\$ 109,922,935	\$ 109,696,113
Contributions as a percentage of covered payroll	1.20%	1.20%	1.23%	1.11%

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.

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

**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, 2018, 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 2020
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

	2020		2019		2018
Total OPEB Liability					
Service cost at end of year	\$ 807,017	\$	916,561	\$	565,127
Interest	453,230		491,686		278,308
Changes of benefit terms	-		-		3,162,168
Differences between expected and actual experience	2,166,977		(2,391,726)		(146,400)
Changes of assumptions or other inputs	1,117,402		(444,636)		(526,209)
Benefit payments	(532,113)		(439,544)		(124,402)
Net change in total OPEB	4,012,513		(1,867,659)		3,208,592
Total OPEB liability - beginning	11,167,875		13,035,534		9,826,942
Total OPEB liability - ending	\$ 15,180,388	\$	11,167,875	\$	13,035,534
Covered payroll	\$ 88,434,323	\$	91,084,919	\$	90,627,625
Net OPEB liability as a percentage of covered payroll	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) 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.

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 EMPLOYER OTHER POSTEMPLOYMENT BENEFITS
OTHER POST EMPLOYMENT BENEFITS - LINE OF DUTY
LAST 10 FISCAL YEARS
REQUIRED SUPPLEMENTAL INFORMATION - UNAUDITED**

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

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

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, 2018 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%
Discount Rate	Decrease rate from 7.00% to 6.75%

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

	2020		2019		2018
Primary Government					
Proportionate share of the net other postemployment benefit liability	0.45112%		0.4790%		0.4913%
Proportionate share of the net other postemployment benefit liability	\$ 7,340,923	\$	7,275,000	\$	7,394,000
Covered payroll	\$ 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%		8%		8%
Plan fiduciary net position as a percentage of the total other postemployment benefit liability	52.00%		51.22%		49.00%
Component Unit-School Board					
Proportionate share of the net other postemployment benefit liability	0.058017%		0.60247%		0.61732%
Proportionate share of the net other postemployment benefit liability	\$ 9,440,910	\$	9,150,000	\$	9,289,000
Covered payroll	\$ 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%		8%		8%
Plan fiduciary net position as a percentage of the total other postemployment benefit liability	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.

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 EMPLOYER OTHER POSTEMPLOYMENT BENEFIT CONTRIBUTIONS
OTHER POST EMPLOYMENT BENEFITS-GROUP LIFE INSURANCE
LAST 10 FISCAL YEARS
REQUIRED SUPPLEMENTAL INFORMATION-UNAUDITED

	2020	2019	2018	2017
Primary Government				
Contractually required contribution	\$ 472,056	\$ 459,858	\$ 473,642	\$ 471,264
Contributions in relation to the contractually required contribution	<u>\$ 472,056</u>	<u>\$ 459,858</u>	<u>\$ 473,642</u>	<u>\$ 471,264</u>
City covered payroll	\$ 90,779,972	\$ 88,434,323	\$ 91,084,919	\$ 90,627,625
Contributions as a percentage of covered payroll	0.52%	0.52%	0.52%	0.52%
Component Unit-School Board				
Contractually required contribution	\$ 592,211	\$ 591,400	\$ 595,702	\$ 592,106
Contributions in relation to contractually required contribution	<u>\$ 592,211</u>	<u>\$ 591,400</u>	<u>\$ 595,702</u>	<u>\$ 592,106</u>
School Board covered payroll	\$ 113,864,332	\$ 113,730,722	\$ 114,558,220	\$ 113,866,451
Contributions as a percentage of covered payroll	0.52%	0.52%	0.52%	0.52%

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

**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, 2018 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, 2020**

Assets:	
Cash and cash equivalents	\$ 96,269,896
Investments	23,885,474
Accounts receivables:	
Taxes (net of allowance for uncollectible of \$3,853,227)	7,497,088
Due from other governments	11,154,267
Other	1,760,895
Due from other funds	9,345,540
Due from component units	19,675
Inventories	23,421
Prepaid items	111,214
Total assets	<u>\$ 150,067,470</u>
Liabilities:	
Accounts payable	\$ 8,182,270
Accrued health insurance	13,632,632
Accrued liabilities	5,268,001
Due to other funds	5,496,015
Due to component units	149,239
Unearned revenues	143,091
Total liabilities	<u>32,871,248</u>
Deferred inflows of resources:	
Unavailable revenue-property taxes	3,873,855
Property taxes collected in advance	1,819,991
Total deferred inflows of resources	<u>5,693,846</u>
Fund balances:	
Nonspendable	23,421
Restricted	420,570
Committed	24,892,687
Assigned	5,743,885
Unassigned	80,421,813
Total fund balances	<u>111,502,376</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 150,067,470</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, 2020

	Budgeted Amounts		Actual	Variance with Final Budget Over (Under)
	Original	Final		
REVENUES				
Intergovernmental:				
From the Commonwealth of Virginia	\$ 41,192,356	\$ 56,646,285	\$ 57,191,237	\$ 544,952
From the Federal government	10,645,244	10,645,244	11,199,853	554,609
Local taxes	265,546,384	250,092,455	254,316,864	4,224,409
Special assessments	5,726,505	5,726,505	2,781,751	(2,944,754)
Licenses and permits	1,364,600	1,364,600	1,604,140	239,540
Fines and forfeitures	1,462,987	1,462,987	1,104,271	(358,716)
Revenues from use of money and property	2,764,364	2,764,364	2,897,861	133,497
Charges for services	9,720,672	9,720,672	9,641,838	(78,834)
Recovered costs	957,640	957,640	957,640	-
Payment from component units	2,437,345	2,432,071	2,012,000	(420,071)
Miscellaneous	4,211,177	4,258,492	4,266,112	7,620
Total revenues	346,029,274	346,071,315	347,973,567	1,902,252
EXPENDITURES				
Current:				
General government	119,073,262	113,886,130	103,237,182	(10,648,948)
Public safety	53,673,219	57,005,190	55,911,484	(1,093,706)
Highways and streets	2,866,380	2,482,181	2,260,806	(221,375)
Health	2,571,049	2,948,003	2,723,445	(224,558)
Human services	22,435,994	22,294,548	21,947,233	(347,315)
Culture and recreation	13,251,331	13,283,115	12,640,034	(643,081)
Education	77,672,012	77,634,259	77,623,742	(10,517)
Total expenditures	291,543,247	289,533,426	276,343,926	(13,189,500)
Excess of revenues over expenditures	54,486,027	56,537,889	71,629,641	15,091,752
OTHER FINANCING SOURCES (USES)				
Transfers in	583,880	229,292	230,023	731
Transfers out	(61,054,832)	(65,563,670)	(63,729,488)	1,834,182
Other financing uses, net	(60,470,952)	(65,334,378)	(63,499,465)	1,834,913
Net change in fund balances	(5,984,925)	(8,796,489)	8,130,176	\$ 16,926,665
Appropriations from fund balance	5,984,925	8,906,507		
Appropriations - encumbrances	-	(110,018)		
Fund balance - July 1	-	-	103,372,200	
Fund balance - June 30	\$ -	\$ -	\$ 111,502,376	

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, 2020

	Budget July 1, 2019	Net Changes	Final June 30, 2020	Actual	Variance Over (Under)
General property taxes:					
Real estate	\$ 132,487,489	\$ -	\$ 132,487,489	\$ 134,110,001	\$ 1,622,512
Public service	4,300,216	-	4,300,216	4,907,574	607,358
Personal property	43,192,235	(15,453,929)	27,738,306	27,688,534	(49,772)
Mobile homes	40,910	-	40,910	31,266	(9,644)
Machinery and tools	2,667,935	-	2,667,935	2,874,489	206,554
Delinquent taxes	450,000	-	450,000	714,713	264,713
Penalty	1,009,000	-	1,009,000	1,304,839	295,839
Total general property taxes	184,147,785	(15,453,929)	168,693,856	171,631,416	2,937,560
Other local taxes:					
Utility-electric and gas	5,000,000	-	5,000,000	4,977,439	(22,561)
Communications sales tax	7,941,390	-	7,941,390	7,550,511	(390,879)
Tobacco	4,349,217	-	4,349,217	4,371,607	22,390
Business license	12,945,000	-	12,945,000	14,364,644	1,419,644
Short-term rental	126,354	-	126,354	108,773	(17,581)
Sales and use	15,789,807	-	15,789,807	16,845,426	1,055,619
Recordation	1,450,000	-	1,450,000	1,693,274	243,274
Public right of way	550,383	-	550,383	448,576	(101,807)
Lodging and transit	4,650,000	-	4,650,000	4,086,190	(563,810)
Amusement	1,358,755	-	1,358,755	908,824	(449,931)
Meal	21,625,000	-	21,625,000	21,545,034	(79,966)
Motor vehicle	4,403,135	-	4,403,135	4,426,172	23,037
Bank stock	684,558	-	684,558	609,429	(75,129)
License tax par mutual	525,000	-	525,000	749,549	224,549
Total other local taxes	81,398,599	-	81,398,599	82,685,448	1,286,849
License, permits and privilege fees:					
Animal licenses	55,000	-	55,000	18,780	(36,220)
Street and taxi permits	168,000	-	168,000	193,420	25,420
Zoning and land use	320,000	-	320,000	402,286	82,286
Building permits	800,000	-	800,000	958,303	158,303
Miscellaneous	21,600	-	21,600	31,351	9,751
Total license, permits and privilege fees	1,364,600	-	1,364,600	1,604,140	239,540
Total fines and forfeitures	1,462,987	-	1,462,987	1,104,271	(358,716)
Special assessments:					
Peninsula Town Center CDA	4,377,463	-	4,377,463	1,511,230	(2,866,233)
Delinquent PTC retail assessment	-	-	-	32,662	32,662
H2O CDA	539,170	-	539,170	454,589	(84,581)
Coliseum BID	590,396	-	590,396	570,410	(19,986)
Downtown BID	172,911	-	172,911	166,053	(6,858)
Elizabeth Lakes	46,565	-	46,565	46,807	242
Total special assessments	5,726,505	-	5,726,505	2,781,751	(2,944,754)
Revenue from use of money and property:					
Interest on investments	2,537,986	-	2,537,986	2,528,017	(9,969)
Rental of property	72,073	-	72,073	36,352	(35,721)
Sale of materials and property	65,019	-	65,019	34,103	(30,916)
Vending machines	11,000	-	11,000	7,068	(3,932)
Billboard revenue	78,286	-	78,286	26,096	(52,190)
Net increase in fair value of investments	-	-	-	266,225	266,225
Total revenue from use of money and property	2,764,364	-	2,764,364	2,897,861	133,497

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, 2020**

	Budget July 1, 2019	Net Changes	Final June 30, 2020	Actual	Variance Over (Under)
Charges for services:					
Fees:					
Court costs	\$ 1,000	\$ -	\$ 1,000	\$ 1,019	\$ 19
Clerk	60,000	-	60,000	46,723	(13,277)
Cobra administration	1,000	-	1,000	747	(253)
Court officers	26,000	-	26,000	18,060	(7,940)
Parks and Recreation	1,069,560	-	1,069,560	728,002	(341,558)
Youth, Education, and Family Services	1,397,990	-	1,397,990	1,278,230	(119,760)
Sheriff	55,376	-	55,376	28,961	(26,415)
Library	25,000	-	25,000	17,621	(7,379)
Jail admission fee	8,350	-	8,350	7,452	(898)
Ambulance services	4,265,429	-	4,265,429	4,340,778	75,349
Fire Prevention	212,550	-	212,550	219,506	6,956
Public education grant fees	200,000	-	200,000	239,613	39,613
Passport applications	50,000	-	50,000	34,790	(15,210)
Miscellaneous charges for services	254,025	-	254,025	260,169	6,144
Landfill host fees	910,432	-	910,432	1,205,671	295,239
Payment in lieu of taxes-Fort Monroe	983,960	-	983,960	983,960	-
Boat license fee	200,000	-	200,000	230,536	30,536
Total charges for services	9,720,672	-	9,720,672	9,641,838	(78,834)
Miscellaneous revenue:					
Payment in lieu of taxes-other	75,000	-	75,000	48,275	(26,725)
Returned check charges	14,010	-	14,010	5,413	(8,597)
Unemployment fees	4,000	-	4,000	4,000	-
School reimbursement	1,614,416	-	1,614,416	1,614,782	366
Indirect cost	935,745	-	935,745	935,745	-
Other	1,568,006	47,315	1,615,321	1,657,897	42,576
Total miscellaneous revenue	4,211,177	47,315	4,258,492	4,266,112	7,620
Recovered costs:					
Jail operations	562,472	-	562,472	534,423	(28,049)
Probation	8,500	-	8,500	4,707	(3,793)
NASA fire services	957,640	-	957,640	957,640	-
Miscellaneous	150,000	-	150,000	121,552	(28,448)
Total recovered costs	1,678,612	-	1,678,612	1,618,322	(60,290)
Noncategorical aid - state:					
Personal property tax relief reimbursement	-	15,453,929	15,453,929	15,453,929	-
Vehicle rental tax	405,000	-	405,000	460,293	55,293
Railroad rolling stock tax	10,516	-	10,516	9,960	(556)
Mobile home titling tax	20,312	-	20,312	23,564	3,252
Taxes on deeds	394,000	-	394,000	371,175	(22,825)
State Share-FEMA	-	-	-	-	-
State funds - Police	-	-	-	20,859	20,859
Total noncategorical aid - state	829,828	15,453,929	16,283,757	16,339,780	56,023
Shared expenses - state:					
Sheriff	6,946,769	-	6,946,769	6,615,461	(331,308)
Commonwealth's Attorney	1,436,354	-	1,436,354	1,435,780	(574)
Commissioner of Revenue	315,884	-	315,884	315,614	(270)
Treasurer	278,743	-	278,743	278,484	(259)
Clerk of Courts	851,575	-	851,575	860,371	8,796
Registrar-election board	53,144	-	53,144	114,766	61,622
Total shared expenses - state	9,882,469	-	9,882,469	9,620,476	(261,993)

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, 2020

	Budget July 1, 2019	Net Changes	Final June 30, 2020	Actual	Variance Over (Under)
Categorical aid - state:					
Public assistance	\$ 4,912,945	\$ -	\$ 4,912,945	\$ 5,405,727	\$ 492,782
Police	6,982,624	-	6,982,624	7,254,948	272,324
Street and highway maintenance	16,792,039	-	16,792,039	16,800,026	7,987
E911 wireless grant	593,720	-	593,720	618,309	24,589
Public library books	162,055	-	162,055	175,586	13,531
Virginia juvenile block grant	315,704	-	315,704	315,703	(1)
Total categorical aid - state	<u>29,759,087</u>	<u>-</u>	<u>29,759,087</u>	<u>30,570,299</u>	<u>811,212</u>
Categorical aid - federal:					
Pass thru-public assistance	9,765,854	-	9,765,854	10,209,162	443,308
Pass thru-Healthy Families	630,890	-	630,890	630,880	(10)
Pass thru-Federal Rad. Emergency Response	20,500	-	20,500	21,588	1,088
Pass thru-Virginia Department of Transportation	-	-	-	262	262
Federal funds	-	-	-	88,036	88,036
Total categorical aid - federal	<u>10,417,244</u>	<u>-</u>	<u>10,417,244</u>	<u>10,949,928</u>	<u>532,684</u>
Noncategorical aid - federal					
Federal Share-FEMA	-	-	-	-	-
Payment in lieu of Taxes-National Park Service	-	-	-	21,925	21,925
Indirect costs-total	228,000	-	228,000	228,000	-
Total noncategorical aid - federal	<u>228,000</u>	<u>-</u>	<u>228,000</u>	<u>249,925</u>	<u>21,925</u>
Total revenues	<u>343,591,929</u>	<u>47,315</u>	<u>343,639,244</u>	<u>345,961,567</u>	<u>2,322,323</u>
Other credits:					
Component unit-EDA Fund	437,345	(5,274)	432,071	12,000	(420,071)
Transfer from Solid Waste Fund	470,588	(354,588)	116,000	116,000	-
Transfer from Grants Fund	-	-	-	731	731
Transfer from Wastewater Fund	113,292	-	113,292	113,292	-
Component Unit-Schools	2,000,000	-	2,000,000	2,000,000	-
Total transfers	<u>3,021,225</u>	<u>(359,862)</u>	<u>2,661,363</u>	<u>2,242,023</u>	<u>(419,340)</u>
Total revenues and transfers	<u>346,613,154</u>	<u>(312,547)</u>	<u>346,300,607</u>	<u>348,203,590</u>	<u>1,902,983</u>
Appropriations from fund balance	5,984,925	2,921,582	8,906,507	7,800,983	(1,105,524)
Appropriations-encumbrances	-	110,018	110,018	1,313,978	1,203,960
Total appropriations	<u>5,984,925</u>	<u>3,031,600</u>	<u>9,016,525</u>	<u>9,114,961</u>	<u>98,436</u>
Total revenues and other credits	<u>\$ 352,598,079</u>	<u>\$ 2,719,053</u>	<u>\$ 355,317,132</u>	<u>\$ 357,318,551</u>	<u>\$ 2,001,419</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, 2020**

	Appropriations			Expenditures				Variance Under (Over)
	Budget July 1, 2019	Net Changes	Final June 30, 2020	Personal Services	Operating Expenditures	Capital Outlay	Total	
General Government								
Legislative:								
Municipal Council	\$ 497,097	\$ 37,820	\$ 534,917	\$ 386,610	\$ 129,186	\$ -	\$ 515,796	\$ 19,121
Legislative - Total	<u>497,097</u>	<u>37,820</u>	<u>534,917</u>	<u>386,610</u>	<u>129,186</u>	<u>-</u>	<u>515,796</u>	<u>19,121</u>
Executive:								
City Manager	1,306,274	14,351	1,320,625	1,140,528	70,986	26,474	1,237,988	82,637
311 Customer Call Center	493,830	(54,076)	439,754	325,120	91,813	-	416,933	22,821
Citizens Unity Commission	125,276	8,346	133,622	99,309	13,164	-	112,473	21,149
Marketing, INC	796,135	(14,421)	781,714	455,981	281,882	9,678	747,541	34,173
Internal Audit	187,684	(3,730)	183,954	165,215	11,254	-	176,469	7,485
Executive - Total	<u>2,909,199</u>	<u>(49,530)</u>	<u>2,859,669</u>	<u>2,186,153</u>	<u>469,099</u>	<u>36,152</u>	<u>2,691,404</u>	<u>168,265</u>
City Attorney:								
Law-City Attorney	1,222,471	(26,521)	1,195,950	988,616	84,196	35,573	1,108,385	87,565
City Attorney - Total	<u>1,222,471</u>	<u>(26,521)</u>	<u>1,195,950</u>	<u>988,616</u>	<u>84,196</u>	<u>35,573</u>	<u>1,108,385</u>	<u>87,565</u>
Human Resources -Total	<u>773,797</u>	<u>99,866</u>	<u>873,663</u>	<u>707,725</u>	<u>135,467</u>	<u>-</u>	<u>843,192</u>	<u>30,471</u>
Judicial:								
Clerk of Courts	1,053,350	122,026	1,175,376	860,199	125,910	-	986,109	189,267
Circuit Court	365,008	7,258	372,266	275,162	37,545	-	312,707	59,559
General District Court	195,695	93,705	289,400	60,360	89,982	86,643	236,985	52,415
District Court-J.D.R.	49,038	7,968	57,006	-	43,039	7,917	50,956	6,050
Commonwealth's Attorney	2,280,542	-	2,280,542	2,081,707	160,103	1,290	2,243,100	37,442
City Sheriff-Administration	2,417,035	(1,150,963)	1,266,072	986,567	212,586	-	1,199,153	66,919
City Sheriff-Jail	6,966,960	1,148,226	8,115,186	4,939,246	2,378,338	19,746	7,337,330	777,856
Court Service Unit	1,797,836	24,323	1,822,159	165,441	1,282,886	773	1,449,100	373,059
Magistrates Office	29,130	10,050	39,180	9,550	4,112	2,705	16,367	22,813
Judicial - Total	<u>15,154,594</u>	<u>262,593</u>	<u>15,417,187</u>	<u>9,378,232</u>	<u>4,334,501</u>	<u>119,074</u>	<u>13,831,807</u>	<u>1,585,380</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, 2020

	Appropriations			Expenditures				Variance Under (Over)
	Budget July 1, 2019	Net Changes	Final June 30, 2020	Personal Services	Operating Expenditures	Capital Outlay	Total	
General Government, concluded:								
Boards and commissions:								
Community Development	\$ 3,204,644	\$ (275,519)	\$ 2,929,125	\$ 2,293,756	\$ 530,923	\$ 71,040	\$ 2,895,719	\$ 33,406
Elections Board	167,313	128,480	295,793	130,841	145,084	-	275,925	19,868
Registrar	229,213	3,506	232,719	154,414	12,250	-	166,664	66,055
Development	1,085,422	366,979	1,452,401	950,723	193,987	3,375	1,148,085	304,316
Boards and Commissions - Total	4,686,592	223,446	4,910,038	3,529,734	882,244	74,415	4,486,393	423,645
Agriculture - Extension Agent - Total	70,373	-	70,373	42,353	19,790	-	62,143	8,230
Nondepartmental:								
Nondepartmental	28,086,831	363,902	28,450,733	608,597	23,457,881	-	24,066,478	4,384,255
Civic and community support	911,832	18,828	930,660	-	930,659	-	930,659	1
Other	2,816,087	(754,819)	2,061,268	-	1,178,444	-	1,178,444	882,824
Nondepartmental - Total	31,814,750	(372,089)	31,442,661	608,597	25,566,984	-	26,175,581	5,267,080
Finance:								
Commissioner of Revenue	1,355,141	22,455	1,377,596	1,168,767	180,176	18,480	1,367,423	10,173
Assessor of Real Estate	1,205,331	(40,442)	1,164,889	1,035,491	116,947	-	1,152,438	12,451
City Treasurer	1,836,103	62,249	1,898,352	1,282,385	386,526	63,676	1,732,587	165,765
Consolidated Procurement	416,920	(3,204)	413,716	370,134	28,415	-	398,549	15,167
Independent Auditors	208,809	8,540	217,349	-	216,342	-	216,342	1,007
Finance	814,882	335,160	1,150,042	808,184	97,453	9,614	915,251	234,791
Information Technology	3,707,233	52,675	3,759,908	1,282,762	1,912,122	544,325	3,739,209	20,699
Finance - Total	9,544,419	437,433	9,981,852	5,947,723	2,937,981	636,095	9,521,799	460,053
Retirement and Employee Benefits Total	46,775,534	(5,805,513)	40,970,021	2,165,358	36,464,054	-	38,629,412	2,340,609
Public Works:								
Administration	209,106	12,896	222,002	183,956	18,041	-	201,997	20,005
Engineering	775,738	(11,104)	764,634	613,071	66,620	1,264	680,955	83,679
Property Maintenance	4,435,233	3,178	4,438,411	1,180,954	3,229,384	-	4,410,338	28,073
Parking Facilities	204,359	393	204,752	23,388	54,592	-	77,980	126,772
Public Works - Total	5,624,436	5,363	5,629,799	2,001,369	3,368,637	1,264	5,371,270	258,529

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, 2020**

	Appropriations		Expenditures				Variance Under (Over)	
	Budget July 1, 2019	Net Changes	Final June 30, 2020	Personal Services	Operating Expenditures	Capital Outlay		Total
General Government - Total	\$ 119,073,262	\$ (5,187,132)	\$ 113,886,130	\$ 27,942,470	\$ 74,392,139	\$ 902,573	\$ 103,237,182	\$ 10,648,948
Public Safety:								
Police Division	24,966,880	1,099,101	26,065,981	20,370,975	4,521,993	536,396	25,429,364	636,617
Traffic Engineering	3,186,505	21,875	3,208,380	465,338	2,654,251	27,873	3,147,462	60,918
Fire Division	21,540,097	2,149,982	23,690,079	18,888,262	4,590,340	15,044	23,493,646	196,433
Emergency Management	319,403	79,795	399,198	262,991	46,306	5,300	314,597	84,601
E911	2,727,535	(20,496)	2,707,039	2,198,195	441,519	29,198	2,668,912	38,127
Animal Control	542,168	(89,123)	453,045	318,976	124,250	3,914	447,140	5,905
Youth Violence Prevention	390,631	90,837	481,468	304,573	100,721	5,069	410,363	71,105
Public Safety - Total	<u>53,673,219</u>	<u>3,331,971</u>	<u>57,005,190</u>	<u>42,809,310</u>	<u>12,479,380</u>	<u>622,794</u>	<u>55,911,484</u>	<u>1,093,706</u>
Highways and Streets-Total	<u>2,866,380</u>	<u>(384,199)</u>	<u>2,482,181</u>	<u>923,420</u>	<u>1,216,258</u>	<u>121,128</u>	<u>2,260,806</u>	<u>221,375</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, 2020

	Appropriations			Expenditures				Variance Under (Over)
	Budget	Net Changes	Final	Personal Services	Operating Expenditures	Capital Outlay	Total	
	July 1, 2019		June 30, 2020					
Health:								
Preventive Medicine	\$ 1,260,212	\$ 65,471	\$ 1,325,683	\$ -	\$ 1,325,683	\$ -	\$ 1,325,683	\$ -
Drainage Maintenance	1,310,837	311,483	1,622,320	572,438	819,252	6,072	1,397,762	224,558
Health - Total	<u>2,571,049</u>	<u>376,954</u>	<u>2,948,003</u>	<u>572,438</u>	<u>2,144,935</u>	<u>6,072</u>	<u>2,723,445</u>	<u>224,558</u>
Human Services:								
Administration	14,399,694	(213,977)	14,185,717	8,328,044	5,668,590	58,970	14,055,604	130,113
Public Assistance	517,956	(46,603)	471,353	-	463,339	-	463,339	8,014
Purchase of Services	3,942,739	260,580	4,203,319	-	4,205,194	-	4,205,194	(1,875)
Youth, Education and Family Services	3,575,605	(141,446)	3,434,159	2,694,156	510,108	18,832	3,223,096	211,063
Human Services - Total	<u>22,435,994</u>	<u>(141,446)</u>	<u>22,294,548</u>	<u>11,022,200</u>	<u>10,847,231</u>	<u>77,802</u>	<u>21,947,233</u>	<u>347,315</u>
Culture and Recreation:								
Recreation	4,467,964	(29,516)	4,438,448	2,917,705	1,276,987	8,421	4,203,113	235,335
Parks	6,110,932	13,686	6,124,618	1,876,349	3,939,018	36,263	5,851,630	272,988
Conventions and Tourism	2,306,140	34,412	2,340,552	760,238	1,466,365	3,639	2,230,242	110,310
Hampton History Museum	366,295	13,202	379,497	310,933	44,116	-	355,049	24,448
Culture and Recreation - Total	<u>13,251,331</u>	<u>31,784</u>	<u>13,283,115</u>	<u>5,865,225</u>	<u>6,726,486</u>	<u>48,323</u>	<u>12,640,034</u>	<u>643,081</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, 2020**

	Appropriations			Expenditures				Variance Under (Over)
	Budget July 1, 2019	Net Changes	Final June 30, 2020	Personal Services	Operating Expenditures	Capital Outlay	Total	
Education:								
School Operations	\$ 75,572,304	\$ -	\$ 75,572,304	\$ -	\$ 75,572,304	\$ -	\$ 75,572,304	\$ -
Public Library	2,099,708	(37,753)	2,061,955	1,376,120	674,088	1,230	2,051,438	10,517
Education - Total	<u>77,672,012</u>	<u>(37,753)</u>	<u>77,634,259</u>	<u>1,376,120</u>	<u>76,246,392</u>	<u>1,230</u>	<u>77,623,742</u>	<u>10,517</u>
Total expenditures	<u>291,543,247</u>	<u>(2,009,821)</u>	<u>289,533,426</u>	<u>90,511,183</u>	<u>184,052,821</u>	<u>1,779,922</u>	<u>276,343,926</u>	<u>13,189,500</u>
Operating Transfers Out:								
Capital Projects Fund	15,726,879	3,537,372	19,264,251	-	19,264,251	-	19,264,251	-
Enterprise Funds	8,368,010	(119,816)	8,248,194	-	8,248,194	-	8,248,194	-
Internal Service Funds	-	1,475,000	1,475,000	-	1,475,000	-	1,475,000	-
Special Revenue Funds	2,485,132	(383,718)	2,101,414	-	1,985,469	-	1,985,469	115,945
Debt Service Fund	34,474,811	-	34,474,811	-	32,756,574	-	32,756,574	1,718,237
Transfers - Total	<u>61,054,832</u>	<u>4,508,838</u>	<u>65,563,670</u>	<u>-</u>	<u>63,729,488</u>	<u>-</u>	<u>63,729,488</u>	<u>1,834,182</u>
Total expenditures and transfers	<u>\$ 352,598,079</u>	<u>\$ 2,499,017</u>	<u>\$ 355,097,096</u>	<u>\$ 90,511,183</u>	<u>\$ 247,782,309</u>	<u>\$ 1,779,922</u>	<u>\$ 340,073,414</u>	<u>\$ 15,023,682</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, 2020

	Federal Grants	Community Development	Stormwater Management	Pembroke Complex	Law Library	Total Non-major Governmental Funds
Assets:						
Cash and cash equivalents	\$ 12,593,224	\$ 115,536	\$ 14,511,537	\$ 101,069	\$ 6,244	\$ 27,327,610
Accounts receivables:						
Due from other governments	4,041,373	205,123	-	-	-	4,246,496
Other	27,833	-	598,073	-	3	625,909
Due from other funds	474,740	-	-	-	-	474,740
Due from component units	710	-	-	-	-	710
Prepaid items	600	-	-	-	-	600
Total assets	<u>\$ 17,138,480</u>	<u>\$ 320,659</u>	<u>\$ 15,109,610</u>	<u>\$ 101,069</u>	<u>\$ 6,247</u>	<u>\$ 32,676,065</u>
Liabilities:						
Accounts payable	\$ 2,657,138	\$ 99,757	\$ 109,678	\$ 48,155	\$ 5,013	\$ 2,919,741
Accrued liabilities	92,787	8,802	71,909	2,014	-	175,512
Due to other funds	797,438	89,000	20,457	-	-	906,895
Due to component units	490,395	-	-	-	-	490,395
Unearned revenues	10,944,600	-	-	-	-	10,944,600
Total liabilities	<u>14,982,358</u>	<u>197,559</u>	<u>202,044</u>	<u>50,169</u>	<u>5,013</u>	<u>15,437,143</u>
Deferred inflows of resources:						
Unavailable revenue-program income	-	123,100	-	-	-	123,100
Unavailable revenue-stormwater fees	-	-	598,073	-	-	598,073
Total deferred inflows of resources	<u>-</u>	<u>123,100</u>	<u>598,073</u>	<u>-</u>	<u>-</u>	<u>721,173</u>
Fund balances:						
Restricted	2,130,009	-	14,309,493	50,900	1,234	16,491,636
Assigned	26,113	-	-	-	-	26,113
Total fund balances	<u>2,156,122</u>	<u>-</u>	<u>14,309,493</u>	<u>50,900</u>	<u>1,234</u>	<u>16,517,749</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 17,138,480</u>	<u>\$ 320,659</u>	<u>\$ 15,109,610</u>	<u>\$ 101,069</u>	<u>\$ 6,247</u>	<u>\$ 32,676,065</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, 2020**

	Special Revenue					Total Non-major Governmental Funds
	Federal Grants	Community Development	Stormwater Management	Pembroke Complex	Law Library	
REVENUES						
Intergovernmental revenues:						
From the Commonwealth of Virginia	\$ 9,742,675	\$ -	\$ -	\$ -	\$ -	\$ 9,742,675
From the Federal government	6,032,739	1,490,311	-	-	-	7,523,050
Revenues from use of money and property	3,947	-	-	395,103	371	399,421
Charges for services	-	-	9,873,772	-	-	9,873,772
Miscellaneous	337,032	239,693	1,052	-	39,144	616,921
Total revenues	<u>16,116,393</u>	<u>1,730,004</u>	<u>9,874,824</u>	<u>395,103</u>	<u>39,515</u>	<u>28,155,839</u>
EXPENDITURES						
Current:						
General government	1,364,859	1,730,004	-	397,438	64,864	3,557,165
Public safety	7,250,133	-	-	-	-	7,250,133
Sanitation	-	-	5,083,995	-	-	5,083,995
Human services	9,584,899	-	-	-	-	9,584,899
Culture and recreation	219,507	-	-	-	-	219,507
Total expenditures	<u>18,419,398</u>	<u>1,730,004</u>	<u>5,083,995</u>	<u>397,438</u>	<u>64,864</u>	<u>25,695,699</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(2,303,005)</u>	<u>-</u>	<u>4,790,829</u>	<u>(2,335)</u>	<u>(25,349)</u>	<u>2,460,140</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	2,439,847	-	-	-	-	2,439,847
Transfers out	(731)	-	(2,761,303)	-	-	(2,762,034)
Other financing sources (uses), net	<u>2,439,116</u>	<u>-</u>	<u>(2,761,303)</u>	<u>-</u>	<u>-</u>	<u>(322,187)</u>
Net change in fund balances	136,111	-	2,029,526	(2,335)	(25,349)	2,137,953
Fund balances, beginning of year	2,020,011	-	12,279,967	53,235	26,583	14,379,796
Fund balances, end of year	<u>\$ 2,156,122</u>	<u>\$ -</u>	<u>\$ 14,309,493</u>	<u>\$ 50,900</u>	<u>\$ 1,234</u>	<u>\$ 16,517,749</u>

CITY OF HAMPTON, VIRGINIA
NON-MAJOR ENTERPRISE FUNDS
COMBINING STATEMENT OF NET POSITION
June 30, 2020

	Business-Type Activities - Non-Major Enterprise Funds				
	Coliseum	Woodlands	Solid Waste	Refuse-Steam Plant	Totals
ASSETS					
Current assets:					
Cash and cash equivalents	\$ 4,722,925	\$ 800	\$ 11,603,136	\$ 5,910,875	\$ 22,237,736
Accounts receivable, net	30,304	8,455	3,195,976	95,156	3,329,891
Due from other funds	7,055	-	5,554	19,886	32,495
Due from component units	-	-	24,930	-	24,930
Inventories	100,071	7,575	-	-	107,646
Prepaid items	2,863	-	-	-	2,863
Total current assets	<u>4,863,218</u>	<u>16,830</u>	<u>14,829,596</u>	<u>6,025,917</u>	<u>25,735,561</u>
Noncurrent assets:					
Capital assets:					
Land	164,079	2,295,537	945,188	-	3,404,804
Buildings and improvements	12,566,453	995,046	-	87,875	13,649,374
Improvements other than buildings	7,736,065	755,532	2,971	18,765,826	27,260,394
Computer software	22,500	-	-	225,843	248,343
Equipment	2,431,435	663,594	12,590,194	7,509,020	23,194,243
Landfill	-	-	3,865,986	-	3,865,986
Construction in progress	-	-	21,298	-	21,298
Less accumulated depreciation	<u>(17,500,658)</u>	<u>(2,204,765)</u>	<u>(12,645,041)</u>	<u>(19,912,445)</u>	<u>(52,262,909)</u>
Net capital assets	<u>5,419,874</u>	<u>2,504,944</u>	<u>4,780,596</u>	<u>6,676,119</u>	<u>19,381,533</u>
Total noncurrent assets	<u>5,419,874</u>	<u>2,504,944</u>	<u>4,780,596</u>	<u>6,676,119</u>	<u>19,381,533</u>
Total assets	<u>10,283,092</u>	<u>2,521,774</u>	<u>19,610,192</u>	<u>12,702,036</u>	<u>45,117,094</u>
DEFERRED OUTFLOWS OF RESOURCES					
Related to pensions	345,918	72,281	591,131	379,037	1,388,367
Related to other postemployment benefits	56,132	12,956	88,631	54,891	212,610
Total deferred outflows of resources	<u>402,050</u>	<u>85,237</u>	<u>679,762</u>	<u>433,928</u>	<u>1,600,977</u>
LIABILITIES					
Current liabilities:					
Accounts payable	285,493	6,066	920,759	289,622	1,501,940
Accrued leave	45,411	20,443	86,182	46,487	198,523
Due to other funds	5,468	2,762,845	-	-	2,768,313
Unearned revenues	838,800	-	-	-	838,800
Current portion of long-term debt	-	-	520,472	476,213	996,685
Other liabilities	32,465	16,990	74,956	47,106	171,517
Total current liabilities	<u>1,207,637</u>	<u>2,806,344</u>	<u>1,602,369</u>	<u>859,428</u>	<u>6,475,778</u>
Noncurrent liabilities:					
Accrued leave	44,937	15,821	133,669	112,852	307,279
Obligations under capital leases	-	-	1,082,670	-	1,082,670
Net pension liability	1,668,253	348,589	2,921,470	2,017,234	6,955,546
Net other postemployment benefit liability	424,074	237,511	1,319,237	691,902	2,672,724
Bonds payable	-	-	-	1,070,786	1,070,786
Total noncurrent liabilities	<u>2,137,264</u>	<u>601,921</u>	<u>5,457,046</u>	<u>3,892,774</u>	<u>12,089,005</u>
Total liabilities	<u>3,344,901</u>	<u>3,408,265</u>	<u>7,059,415</u>	<u>4,752,202</u>	<u>18,564,783</u>
DEFERRED INFLOWS OF RESOURCES					
Related to pensions	89,335	18,667	156,868	109,158	374,028
Related to other postemployment benefits	498,056	236,236	1,407,082	571,981	2,713,355
Total deferred inflows of resources	<u>587,391</u>	<u>254,903</u>	<u>1,563,950</u>	<u>681,139</u>	<u>3,087,383</u>
NET POSITION					
Net investment in capital assets	5,419,874	2,504,944	3,177,454	5,129,120	16,231,392
Unrestricted (deficit)	1,332,976	(3,561,101)	8,489,135	2,573,503	8,834,513
Total net position (deficit)	<u>\$ 6,752,850</u>	<u>\$ (1,056,157)</u>	<u>\$ 11,666,589</u>	<u>\$ 7,702,623</u>	<u>\$ 25,065,905</u>

**CITY OF HAMPTON, VIRGINIA
NON-MAJOR ENTERPRISE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
For the Year Ended June 30, 2020**

	Business-Type Activities - Non-Major Enterprise Funds				Totals
	Coliseum	Woodlands	Solid Waste	Refuse-Steam Plant	
Operating revenues:					
Charges for services	\$ 9,398,942	\$ 415,320	\$ 16,156,144	\$ 7,365,920	\$ 33,336,326
Other	1,072	-	-	-	1,072
Total operating revenues	<u>9,400,014</u>	<u>415,320</u>	<u>16,156,144</u>	<u>7,365,920</u>	<u>33,337,398</u>
Operating expenses:					
Personal services	1,475,735	295,901	2,513,842	1,797,476	6,082,954
Fringe benefits	383,895	69,356	933,448	488,519	1,875,218
Promoters fees	5,778,535	-	-	-	5,778,535
City-sponsored events	41,940	-	-	-	41,940
Cost of goods sold	256,038	18,142	6,868	-	281,048
Utilities	210,919	54,077	1,281	455,465	721,742
Insurance	198,089	19,443	116,010	312,998	646,540
Operating supplies	134,958	39,056	395,585	355,521	925,120
Equipmental rental	51,533	57,539	150	7,830	117,052
Equipment and building repairs	69,874	24,914	469,644	1,312,647	1,877,079
Telephone and postage	64,281	7,608	12,611	15,931	100,431
General expense	1,182,880	2,792	621,257	10,929	1,817,858
Landfill costs	-	-	3,783,225	583,066	4,366,291
Contractual services	898,429	28,845	3,029,782	369,504	4,326,560
Indirect cost	-	-	356,470	218,000	574,470
Depreciation and amortization	574,967	48,913	967,489	683,299	2,274,668
Total operating expenses	<u>11,322,073</u>	<u>666,586</u>	<u>13,207,662</u>	<u>6,611,185</u>	<u>31,807,506</u>
Operating income (loss)	<u>(1,922,059)</u>	<u>(251,266)</u>	<u>2,948,482</u>	<u>754,735</u>	<u>1,529,892</u>
Nonoperating revenues (expenses):					
Interest income	-	-	734	94,077	94,811
Interest and fiscal charges	-	-	(50,390)	(97,908)	(148,298)
Gain (loss) on disposal of capital assets	6,955	-	5,661	-	12,616
Total nonoperating revenues (expenses), net	<u>6,955</u>	<u>-</u>	<u>(43,995)</u>	<u>(3,831)</u>	<u>(40,871)</u>
Income (loss) before transfers	<u>(1,915,104)</u>	<u>(251,266)</u>	<u>2,904,487</u>	<u>750,904</u>	<u>1,489,021</u>
Transfers in(out)	<u>1,052,844</u>	<u>-</u>	<u>(178,711)</u>	<u>-</u>	<u>874,133</u>
Change in net position	<u>(862,260)</u>	<u>(251,266)</u>	<u>2,725,776</u>	<u>750,904</u>	<u>2,363,154</u>
Net position (deficit), beginning of year	<u>7,615,110</u>	<u>(804,891)</u>	<u>8,940,813</u>	<u>6,951,719</u>	<u>22,702,751</u>
Net position (deficit), end of year	<u>\$ 6,752,850</u>	<u>\$ (1,056,157)</u>	<u>\$ 11,666,589</u>	<u>\$ 7,702,623</u>	<u>\$ 25,065,905</u>

CITY OF HAMPTON, VIRGINIA
NON-MAJOR ENTERPRISE FUNDS
COMBINING STATEMENT OF CASH FLOWS
Fiscal Year Ended June 30, 2020

	Coliseum	Woodlands	Solid Waste	Refuse-Steam Plant	Totals
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash received from customers	\$ 8,398,366	\$ 416,308	\$ 15,461,839	\$ 7,444,662	\$ 31,721,175
Cash payments to suppliers for goods and services	(9,971,743)	(120,729)	(9,645,261)	(4,180,585)	(23,918,318)
Cash payments to employees for services	(1,479,435)	(295,579)	(2,496,077)	(1,779,181)	(6,050,272)
Net cash provided by (used in) operating activities	(3,052,812)	-	3,320,501	1,484,896	1,752,585
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Cash received from other funds	1,052,844	-	-	-	1,052,844
Cash paid to other funds	-	-	(178,711)	-	(178,711)
Net cash provided by (used in) noncapital financing activities	1,052,844	-	(178,711)	-	874,133
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Acquisition and construction of capital assets	(1,351,781)	-	(105,139)	(2,073,209)	(3,530,129)
Sale of capital assets	6,955	-	5,661	-	12,616
Principal paid on revenue bond maturities and long-term debt	-	-	(507,042)	(453,936)	(960,978)
Interest paid on revenue bonds and long-term debt	-	-	(49,656)	(97,908)	(147,564)
Net cash used in capital and related financing activities	(1,344,826)	-	(656,176)	(2,625,053)	(4,626,055)
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest and dividends on investments	-	-	-	94,077	94,077
Net cash provided by investing activities	-	-	-	94,077	94,077
Net increase (decrease) in cash and cash equivalents	(3,344,794)	-	2,485,614	(1,046,080)	(1,905,260)
Cash and cash equivalents, July 1	8,067,719	800	9,117,522	6,956,955	24,142,996
Cash and cash equivalents, June 30	\$ 4,722,925	\$ 800	\$ 11,603,136	\$ 5,910,875	\$ 22,237,736
Reconciliation of operating income (loss) to net cash provided					
by (used in) operating activities:					
Operating income (loss)	\$ (1,922,059)	\$ (251,266)	\$ 2,948,482	\$ 754,735	\$ 1,529,892
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:					
Depreciation and amortization expense	574,967	48,913	967,489	683,299	2,274,668
Decrease (increase) in:					
Accounts receivable	289,512	(112)	(990,712)	98,628	(602,684)
Due from other funds	80,682	1,100	64,109	(19,886)	126,005
Due from component units	-	-	10,398	-	10,398
Inventories	(34,411)	(2,829)	6,868	-	(30,372)
Prepaid items	(2,863)	-	-	-	(2,863)
Increase (decrease) in:					
Accounts payable	(193,631)	4,525	410,409	135,814	357,117
Accrued leave	(3,483)	2,127	(4,040)	(1,344)	(6,740)
Due to other funds	(49,980)	245,259	-	-	195,279
Other liabilities	(294,000)	3,505	23,958	14,117	(252,420)
Unearned revenues	(1,371,842)	-	-	-	(1,371,842)
Net pension and other postemployment benefits liability	(347,599)	(192,903)	(879,897)	(402,645)	(1,823,044)
Deferred outflows & inflows related to pensions	222,112	143,486	765,590	216,656	1,347,844
Long-term accrued leave	(217)	(1,805)	(2,153)	5,522	1,347
Total adjustments	(1,130,753)	251,266	372,019	730,161	222,693
Net cash provided by (used in) operating activities	\$ (3,052,812)	\$ -	\$ 3,320,501	\$ 1,484,896	\$ 1,752,585

**CITY OF HAMPTON, VIRGINIA
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF NET POSITION
June 30, 2020**

	Equipment Replacement	Fleet Services	Risk Management	Information Technology	Totals
ASSETS					
Current assets:					
Cash and cash equivalents	\$ 4,200,285	\$ 909,243	\$ 24,519,547	\$ 880,773	\$ 30,509,848
Cash with fiscal agent	1,378,000	-	369,080	-	1,747,080
Accounts receivable, net	1,231	6,378	8,020	14,461	30,090
Due from other funds	1,455,000	20,853	502	-	1,476,355
Due from component units	-	11,847	-	-	11,847
Prepaid items	-	-	694,439	230,255	924,694
Inventories	-	338,703	-	-	338,703
Total current assets	<u>7,034,516</u>	<u>1,287,024</u>	<u>25,591,588</u>	<u>1,125,489</u>	<u>35,038,617</u>
Noncurrent assets:					
Capital assets:					
Improvements other than buildings	-	477,601	-	-	477,601
Computer software	14,400	171,225	-	30,150	215,775
Equipment	41,674,238	668,147	21,465	1,943,324	44,307,174
Construction In progress	143,019	-	-	-	143,019
Less accumulated depreciation	<u>(27,313,881)</u>	<u>(879,865)</u>	<u>(18,651)</u>	<u>(1,579,495)</u>	<u>(29,791,892)</u>
Total noncurrent assets (net capital assets)	<u>14,517,776</u>	<u>437,108</u>	<u>2,814</u>	<u>393,979</u>	<u>15,351,677</u>
Total assets	<u>21,552,292</u>	<u>1,724,132</u>	<u>25,594,402</u>	<u>1,519,468</u>	<u>50,390,294</u>
DEFERRED OUTFLOWS OF RESOURCES					
Related to pensions	-	273,428	67,289	67,121	407,838
Related to other postemployment benefits	-	66,733	-	19,510	86,243
Total deferred outflows of resources	<u>-</u>	<u>340,161</u>	<u>67,289</u>	<u>86,631</u>	<u>494,081</u>
LIABILITIES					
Current liabilities:					
Accounts payable	-	287,386	1,389,184	334,865	2,011,435
Accrued leave	-	46,112	8,923	4,766	59,801
Due to other funds	-	-	350	-	350
Current portion of long-term debt	184,000	-	7,143,420	-	7,327,420
Other liabilities	-	31,225	6,763	5,658	43,646
Total current liabilities	<u>184,000</u>	<u>364,723</u>	<u>8,548,640</u>	<u>345,289</u>	<u>9,442,652</u>
Noncurrent liabilities:					
Claims payable	-	-	856,328	-	856,328
Accrued leave	-	45,038	34,691	22,079	101,808
Obligations under capital leases	1,081,000	-	-	-	1,081,000
Net pension liability	-	1,318,660	324,512	323,703	1,966,875
Net other postemployment benefit liability	-	698,888	59,226	177,636	935,750
Total noncurrent liabilities	<u>1,081,000</u>	<u>2,062,586</u>	<u>1,274,757</u>	<u>523,418</u>	<u>4,941,761</u>
Total liabilities	<u>1,265,000</u>	<u>2,427,309</u>	<u>9,823,397</u>	<u>868,707</u>	<u>14,384,413</u>
DEFERRED INFLOWS OF RESOURCES					
Related to pensions	-	70,614	17,378	17,334	105,326
Related to other postemployment benefits	-	723,947	106,228	201,364	1,031,539
Total deferred inflows of resources	<u>-</u>	<u>794,561</u>	<u>123,606</u>	<u>218,698</u>	<u>1,136,865</u>
NET POSITION					
Net investment in capital assets	14,630,776	437,108	2,814	393,979	15,464,677
Unrestricted (deficit)	5,656,516	(1,594,685)	15,711,874	124,715	19,898,420
Total net position(deficit)	<u>\$ 20,287,292</u>	<u>\$ (1,157,577)</u>	<u>\$ 15,714,688</u>	<u>\$ 518,694</u>	<u>\$ 35,363,097</u>

CITY OF HAMPTON, VIRGINIA
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
For the Year Ended June 30, 2020

	Equipment Replacement	Fleet Services	Risk Management	Information Technology	Totals
Operating revenues:					
Charges for services	\$ 3,217,809	\$ 6,794,051	\$ 8,302,633	\$ 2,718,188	\$ 21,032,681
Operating expenses:					
Personal services	-	1,110,163	242,965	245,258	1,598,386
Fringe benefits	-	90,525	16,962	52,662	160,149
Cost of goods sold	-	4,075,744	-	-	4,075,744
Utilities	-	37,896	-	-	37,896
Insurance	-	46,732	2,580,183	3,100	2,630,015
Operating supplies	2,060	168,181	5,815	18,812	194,868
Equipment rental	-	29,201	46,300	-	75,501
Equipment and building repairs	-	95,986	699,024	682	795,692
Telephone and postage	-	20,985	10,376	1,144,342	1,175,703
General expense	-	62,064	3,806	79,478	145,348
Claims	-	-	2,142,596	-	2,142,596
Contractual services	25,400	297,140	283,238	909,540	1,515,318
Depreciation and amortization	2,920,408	49,530	166	164,487	3,134,591
Total operating expenses	<u>2,947,868</u>	<u>6,084,147</u>	<u>6,031,431</u>	<u>2,618,361</u>	<u>17,681,807</u>
Operating income	<u>269,941</u>	<u>709,904</u>	<u>2,271,202</u>	<u>99,827</u>	<u>3,350,874</u>
Nonoperating revenues (expenses):					
Interest income	33,325	-	320,306	5,551	359,182
Interest and fiscal charges	(17,460)	-	-	-	(17,460)
Other	15,238	-	-	-	15,238
Gain (loss) on disposal of capital assets	48,973	(3,699)	-	-	45,274
Total nonoperating revenues (expenses), net	<u>80,076</u>	<u>(3,699)</u>	<u>320,306</u>	<u>5,551</u>	<u>402,234</u>
Income before transfers	<u>350,017</u>	<u>706,205</u>	<u>2,591,508</u>	<u>105,378</u>	<u>3,753,108</u>
Transfer in	<u>1,153,813</u>	<u>20,000</u>	<u>-</u>	<u>-</u>	<u>1,173,813</u>
Change in net position	<u>1,503,830</u>	<u>726,205</u>	<u>2,591,508</u>	<u>105,378</u>	<u>4,926,921</u>
Net position(deficit), beginning of year	<u>18,783,462</u>	<u>(1,883,782)</u>	<u>13,123,180</u>	<u>413,316</u>	<u>30,436,176</u>
Net position(deficit), end 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>

**CITY OF HAMPTON, VIRGINIA
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CASH FLOWS
For the Year Ended June 30, 2020**

	Equipment Replacement	Fleet Services	Risk Management	Information Technology	Totals
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash received from customers	\$ 1,778,047	\$ 6,925,306	\$ 8,311,221	\$ 2,714,125	\$ 19,728,699
Cash payments to suppliers for goods and services	(27,460)	(5,103,528)	(6,950,908)	(1,935,772)	(14,017,668)
Cash payments to employees for services	-	(1,200,386)	(233,183)	(245,563)	(1,679,132)
Net cash provided by operating activities	<u>1,750,587</u>	<u>621,392</u>	<u>1,127,130</u>	<u>532,790</u>	<u>4,031,899</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Cash received from other funds	<u>1,153,813</u>	<u>20,000</u>	<u>-</u>	<u>-</u>	<u>1,173,813</u>
Net cash provided by noncapital financing activities	<u>1,153,813</u>	<u>20,000</u>	<u>-</u>	<u>-</u>	<u>1,173,813</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Acquisition and construction of capital assets	(1,007,656)	(75,645)	(2,980)	(64,318)	(1,150,599)
Principal paid on long-term debt	1,378,000	-	-	-	1,378,000
Proceeds from long-term debt	(146,234)	-	-	-	(146,234)
Interest paid on revenue bonds and long-term debt	(17,460)	-	-	-	(17,460)
Sale of capital assets	58,884	-	-	-	58,884
Net cash provided by (used in) capital and related financing activities	<u>265,534</u>	<u>(75,645)</u>	<u>(2,980)</u>	<u>(64,318)</u>	<u>122,591</u>
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest and dividends on investments	<u>35,863</u>	<u>-</u>	<u>355,680</u>	<u>5,551</u>	<u>397,094</u>
Net cash provided by investing activities	<u>35,863</u>	<u>-</u>	<u>355,680</u>	<u>5,551</u>	<u>397,094</u>
Net increase in cash and cash equivalents (including cash with fiscal agents)	3,205,797	565,747	1,479,830	474,023	5,725,397
Cash and cash equivalents, July 1	<u>2,372,488</u>	<u>343,496</u>	<u>23,408,797</u>	<u>406,750</u>	<u>26,531,531</u>
Cash and cash equivalents, June 30	<u>\$ 5,578,285</u>	<u>\$ 909,243</u>	<u>\$ 24,888,627</u>	<u>\$ 880,773</u>	<u>\$ 32,256,928</u>

Continued

INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CASH FLOWS
For the Year Ended June 30, 2020

	Equipment Replacement	Fleet Services	Risk Management	Information Technology	Totals
Reconciliation of operating income to net cash provided by operating activities:					
Operating income	\$ 269,941	\$ 709,904	\$ 2,271,202	\$ 99,827	\$ 3,350,874
Adjustments to reconcile operating income to net cash provided by operating activities:					
Depreciation and amortization expense	2,920,408	49,530	166	164,487	3,134,591
Decrease (increase) in:					
Accounts receivable	2,538	12,989	35,374	(4,063)	46,838
Due from other funds	(1,455,000)	(11,726)	(502)	-	(1,467,228)
Due from component units	-	129,992	9,090	-	139,082
Inventories	-	19,340	-	-	19,340
Prepaid items	-	-	(643,007)	53,810	(589,197)
Increase (decrease) in:					
Accounts payable	-	20,448	1,100,311	241,947	1,362,706
Accrued leave	-	(5,227)	(4,109)	(4,803)	(14,139)
Due to other funds	-	(3,708)	350	-	(3,358)
Other liabilities	-	5,236	1,946	684	7,866
Nonoperating revenues reported as operating activity	15,238	-	-	-	15,238
Accrued claims	-	-	(1,013,207)	-	(1,013,207)
Accounts receivable reported as nonoperating activity	(2,538)	-	(35,374)	-	(37,912)
Long-term accrued leave	-	293	11,945	3,814	16,052
Long-term accrued insurance claims reported as operating activity	-	-	(542,683)	-	(542,683)
Net pension and other postemployment benefits liability	-	(772,713)	(125,019)	(144,780)	(1,042,512)
Deferred outflows & inflows of resources related to pensions and other postemployment benefits	-	467,034	60,647	121,867	649,548
Total adjustments	<u>1,480,646</u>	<u>(88,512)</u>	<u>(1,144,072)</u>	<u>432,963</u>	<u>681,025</u>
Net cash provided by operating activities	<u>\$ 1,750,587</u>	<u>\$ 621,392</u>	<u>\$ 1,127,130</u>	<u>\$ 532,790</u>	<u>\$ 4,031,899</u>

**CITY OF HAMPTON, VIRGINIA
FIDUCIARY FUNDS
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
For the Year Ended June 30, 2020**

	Balance, July 1, 2019	Additions	Deductions	Balance, June 30, 2020
<u>Special Welfare Fund</u>				
ASSETS				
Cash and cash equivalents	\$ 18,995	\$ 44,675	\$ 38,988	\$ 24,682
LIABILITIES				
Deposits	\$ 9,264	\$ 8,096	-	\$ 17,360
Accounts payable	9,731	26,247	28,656	7,322
	<u>\$ 18,995</u>	<u>\$ 34,343</u>	<u>\$ 28,656</u>	<u>\$ 24,682</u>
<u>Agency Fund</u>				
ASSETS				
Cash and cash equivalents	\$ 920,611	\$ 392,600	\$ 346,224	\$ 966,987
Accounts receivable	15,848	59,846	58,236	17,458
	<u>\$ 936,458</u>	<u>\$ 452,446</u>	<u>\$ 404,460</u>	<u>\$ 984,445</u>
LIABILITIES				
Deposits	\$ 911,814	\$ 399,553	\$ 376,543	\$ 934,824
Accounts payable	24,645	385,323	360,347	49,621
	<u>\$ 936,459</u>	<u>\$ 784,876</u>	<u>\$ 736,890</u>	<u>\$ 984,445</u>
<u>Total - All Agency Funds</u>				
ASSETS				
Cash and cash equivalents	\$ 939,606	\$ 437,275	\$ 385,212	\$ 991,669
Accounts receivable	15,848	59,846	58,236	17,458
	<u>\$ 955,454</u>	<u>\$ 497,121</u>	<u>\$ 443,448</u>	<u>\$ 1,009,127</u>
LIABILITIES				
Deposits	\$ 921,078	\$ 407,649	\$ 376,543	\$ 952,185
Accounts payable and accrued liabilities	34,376	411,570	389,003	56,942
	<u>\$ 955,454</u>	<u>\$ 819,219</u>	<u>\$ 765,546</u>	<u>\$ 1,009,127</u>

CITY OF HAMPTON, VIRGINIA
DISCRETELY PRESENTED COMPONENT UNIT - SCHOOL BOARD
COMBINING BALANCE SHEET
June 30, 2020

	Operating	Food Services	Reimbursable Projects	Total
ASSETS				
Cash and cash equivalents	\$ 15,653,654	\$ 3,683,886	\$ 784,320	\$ 20,121,860
Cash with fiscal agent	10,740,389	-	-	10,740,389
Investments	36,401	-	-	36,401
Accounts receivable, net	83,420	64,537	132,513	280,470
Due from Primary Government	84,400	-	-	84,400
Due from other funds	55,202	-	-	55,202
Due from other governments	2,969,258	367,533	1,563,589	4,900,380
Inventories	216,245	403,643	-	619,888
Total assets	\$ 29,838,969	\$ 4,519,599	\$ 2,480,422	\$ 36,838,990
LIABILITIES AND FUND BALANCES				
Liabilities				
Accounts payable and other liabilities	\$ 18,667,546	\$ 76,358	\$ 325,345	\$ 19,069,249
Due to other funds	-	83	57,159	57,242
Due to Primary Government	50,479	-	-	50,479
Unearned revenues	1,267,085	-	1,240,136	2,507,221
Total liabilities	19,985,110	76,441	1,622,640	21,684,191
Fund balances				
Nonspendable	216,245	403,643	-	619,888
Restricted	-	4,039,515	857,782	4,897,297
Assigned	9,637,614	-	-	9,637,614
Total fund balances	9,853,859	4,443,158	857,782	15,154,799
Total liabilities and fund balances	\$ 29,838,969	\$ 4,519,599	\$ 2,480,422	\$ 36,838,990

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

Total fund balance	\$ 15,154,799
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.	86,884,331
Accumulated depreciation on capital assets	(74,533,073)
Net other postemployment benefits liability	(30,778,033)
Obligations under capital leases	(277,309)
Long-term liability for compensated absences	(13,360,478)
Net pension liability	(178,030,081)
Deferred outflows of resources related to pensions	34,726,687
Deferred outflows of resources related to OPEB	4,064,725
Deferred inflows of resources related to pensions	(26,736,902)
Deferred inflows of resources related to OPEB	(3,225,559)
Net position discretely presented component unit School Board	\$ (186,110,893)

**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, 2020**

	Operating	Food Services	Reimbursable Projects	Total
REVENUES				
State funds	\$ 133,236,740	\$ 299,253	\$ 2,139,519	\$ 135,675,512
Federal funds (includes pass through)	720,059	7,294,153	14,250,930	22,265,142
Other receipts	4,109,658	1,792,515	956,357	6,858,530
Payments from City	75,572,304	-	-	75,572,304
Net increase in fair value of investments	5,152	-	-	5,152
Total revenues	213,643,913	9,385,921	17,346,806	240,376,640
EXPENDITURES				
Education	210,243,891	8,796,265	17,667,147	236,707,303
Excess (deficiency) of revenues over (under) expenditures	3,400,022	589,656	(320,341)	3,669,337
OTHER FINANCING SOURCES (USES)				
Transfer from:				
Food Services Fund	250,821	-	-	250,821
School Operating Fund	-	-	434,102	434,102
Reimbursable Projects Fund	3,444	-	-	3,444
Transfer to:				
School Operating Fund	-	(250,821)	(3,444)	(254,265)
Reimbursable Projects Fund	(434,102)	-	-	(434,102)
Total other sources (uses), net	(179,837)	(250,821)	430,658	-
Net change in fund balance	3,220,185	338,835	110,317	3,669,337
Fund balance - July 1	6,633,674	4,104,323	747,465	11,485,462
Fund balance - June 30	\$ 9,853,859	\$ 4,443,158	\$ 857,782	\$ 15,154,799

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

Net change in fund balances - total school funds	\$ 3,669,337
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.	
Capital acquisitions	3,711,349
Depreciation expense	(2,581,571)
In the Statement of Activities, the loss on disposal of capital assets is reported. However, in the governmental funds, only the proceeds from sales 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.	(70,440)
Decrease in capital leases are not reported as expenditures in the governmental funds.	255,978
Decrease in other postemployment benefits liability reported in the Statement of Activities does not provide current financial resources and, therefore, is not reported in the governmental funds.	242,087
Increase in compensated absences reported in the Statement of Activities does not provide current financial resources and, therefore, is not reported in the governmental funds.	(5,174,753)
Increase in net pension liability reported in Statement of Activities does not provide current financial resources and, therefore, is not reported in the governmental funds	(9,595,148)
Increase in deferred outflows of resources related to pensions and OPEB reported in the Statement of Activities does not provide current financial resources and, therefore, is not reported in the governmental funds	16,499,968
Increase in deferred inflows of resources related to pensions and OPEB reported in the Statement of Activities does not provide current financial resources and, therefore, is not reported in the governmental funds	(808,634)
Change in net position of governmental activities	\$ 6,148,173

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, 2020

	School Board - School Operating Fund			Variance with Final Budget Over (Under)
	Budgeted Amounts		Actual	
	Original	Final		
REVENUES				
Intergovernmental:				
State Funds	\$ 130,961,427	\$ 130,961,427	\$ 133,236,740	\$ 2,275,313
Federal funds (includes pass through)	810,000	810,000	720,058	(89,942)
Miscellaneous	3,297,464	3,297,464	3,803,070	505,606
Payments from City	75,572,304	75,572,304	75,572,304	-
Total revenues	<u>210,641,195</u>	<u>210,641,195</u>	<u>213,332,172</u>	<u>2,690,977</u>
EXPENDITURES				
Current:				
Education	210,430,093	215,479,732	209,745,363	(5,734,369)
Total expenditures	<u>210,430,093</u>	<u>215,479,732</u>	<u>209,745,363</u>	<u>(5,734,369)</u>
Excess (deficiency) of revenues over (under) expenditures	211,102	(4,838,537)	3,586,809	8,425,346
OTHER FINANCING SOURCES (USES)				
Transfers in	500,000	500,000	250,821	(249,179)
Transfers out	(711,102)	(711,102)	(711,102)	-
Total other financing (uses), net	<u>(211,102)</u>	<u>(211,102)</u>	<u>(460,281)</u>	<u>(249,179)</u>
Net change in fund balance	-	(5,049,639)	3,126,528	
Appropriations from fund balance	-	2,080,615	-	
Appropriations - encumbrances	-	2,969,024	-	
	<u>-</u>	<u>-</u>		
Fund balance - July 1			5,243,335	
Fund balance - June 30			8,369,863	
Special Revenues Fund is consolidated into the General Fund for reporting purposes:				
Revenues			171,175	
Expenditures			(100,343)	
Fund balance, beginning			<u>1,205,628</u>	
Fund balance, ending			<u>1,276,460</u>	
A legally budgeted Student Activities Fund is consolidated into the General Fund for reporting purposes:				
Revenues			144,010	
Transfer from Operating Fund			277,000	
Expenditures			(398,186)	
Fund balance, beginning			<u>184,712</u>	
Fund balance, ending			<u>207,536</u>	
Fund balance - June 30 (Exhibit G-2)			<u>\$ 9,853,859</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
SCHEDULE OF THE TREASURER'S ACCOUNTABILITY
June 30, 2020**

Assets held by the Treasurer:	
Cash on hand	\$ 7,050
Cash in banks:	
Old Point National Bank	10,326,766
Investments:	
Certificates of deposit	14,082,743
Commercial paper	4,465,783
Repurchase agreement	17,300,000
Investment in mutual and money market funds	58,630
State Local Government Investment Pool	195,168,957
U.S. Government securities	17,518,127
Corporate notes	4,404,762
Total assets	<u>\$ 263,332,818</u>
Liabilities of the Treasurer:	
Balance of City funds	<u>\$ 263,332,818</u>
Cash and cash equivalents	
Primary Government per Exhibit A-1	215,535,231
School Board per Exhibit A-11	20,121,860
Economic Development Authority per Exhibit A-11	2,565,629
General Fund Investments per Exhibit A-3	23,885,474
Restricted cash and investments - Enterprise Funds per Exhibit A-6	
Cash and cash equivalents - Convention Center	3,484,456
Investments - Convention Center	14,831,447
Cash and cash equivalents - Fiduciary Funds per Exhibit A-9	1,125,943
Investments - Component Unit - EDA per Exhibit A-11	606,539
Adjust investments in CAFR from fair value to cost	(2,006,113)
Less:	
Petty cash	\$ (44,299)
Cash and investments held by trustees	<u>(16,773,349)</u>
	<u>(16,817,648)</u>
Balance of City funds	<u>\$ 263,332,818</u>

CITY OF HAMPTON, VIRGINIA
SCHEDULE OF CASH FLOWS
DISCRETELY PRESENTED COMPONENT UNIT
ECONOMIC DEVELOPMENT AUTHORITY
For the Year Ended June 30, 2020

CASH FLOWS FROM OPERATING ACTIVITIES

Cash received from customers	\$ (343,675)
Cash payments to suppliers for goods and services	(3,157,130)
Cash payments to employees for services	(5,350)
Other receipts	499,409
Net cash used in operating activities	(3,006,746)

CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES

Payment from Primary Government	2,909,184
Net cash provided by noncapital financing activities	2,909,184

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES

Acquisition and construction of capital assets	(1,348,869)
Proceeds from note	832,500
Principal paid on revenue bond maturities and long-term debt	(1,338,326)
Interest paid on revenue bonds and long-term debt	(146,762)
Contributions and donations from private sources and other funds	154,300
Net cash used in capital and related financing activities	(1,847,157)

CASH FLOWS FROM INVESTING ACTIVITIES

Interest and dividends on investments	29,901
Proceeds from collection of loans	30,162
Proceeds from collection of lease receivable	878,387
Interest received on lease receivable	140,754
Net cash provided by investing activities	1,079,204

Net decrease in cash and cash equivalents (including restricted amounts) (865,515)

Cash and cash equivalents (including restricted), July 1 4,037,683

Cash and cash equivalents (including restricted), June 30 \$ 3,172,168

(Continued)

**CITY OF HAMPTON, VIRGINIA
SCHEDULE OF CASH FLOWS
DISCRETELY PRESENTED COMPONENT UNIT
ECONOMIC DEVELOPMENT AUTHORITY
For the Year Ended June 30, 2020**

Operating loss	\$ (4,535,229)
Adjustments to reconcile operating loss to net cash used in operating activities:	
Depreciation and amortization expense	529,520
Decrease (increase) in:	
Accounts receivable	(489,685)
Notes receivable	(2,481)
Due from Primary Government	(268,285)
Cost of land	(252,390)
Increase (decrease) in:	
Accounts payable	1,146,643
Due to Primary Government	(224,605)
Other liabilities	(62,146)
Nonoperating revenues reported as operating revenues	377,853
Accounts receivable reported as operating activities	489,685
Notes receivable reported as nonoperating activities	(57,589)
Other liabilities reported as nonoperating revenues	62,146
Cost of land reported as nonoperating activities	252,390
Due from/to other funds reported as nonoperating activities	27,427
Total adjustments	<u>1,528,483</u>
Net cash used in operating activities	<u>\$ (3,006,746)</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, 2020

	Appropriations			Expenditures	Variance with Final Budget Over (Under)
	Budget	Net	Final		
	July 1,2019	Changes	June 30,2020		
EXPENDITURES					
Administration/attendance and health	\$ 11,575,094	\$ 3,508,164	\$ 15,083,258	\$ 14,520,890	\$ (562,368)
Instructional	150,335,052	4,112,337	154,447,389	153,103,378	(1,344,011)
Public transportation service	11,237,289	(281,679)	10,955,610	10,313,049	(642,561)
Operation and maintenance of school plant	20,503,880	1,881,588	22,385,468	20,216,976	(2,168,492)
School Food Service	-	200,000	200,000	167,384	(32,616)
Technology	12,650,912	(242,905)	12,408,007	11,423,686	(984,321)
Total expenditures	<u>206,302,227</u>	<u>9,177,505</u>	<u>215,479,732</u>	<u>209,745,363</u>	<u>(5,734,369)</u>
OPERATING TRANSFER OUT					
To Student Activities Fund	277,000	-	277,000	277,000	-
To Reimbursable Projects Fund	434,102	-	434,102	434,102	-
Total transfers out	<u>711,102</u>	<u>-</u>	<u>711,102</u>	<u>711,102</u>	<u>-</u>
Total expenditures and transfers out	<u>\$ 207,013,329</u>	<u>\$ 9,177,505</u>	<u>\$ 216,190,834</u>	<u>\$ 210,456,465</u>	<u>\$ (5,734,369)</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, 2020**

		Final Budgeted	Actual	Variance with Final Budget
	Original	Revenues	Revenues	Over (Under)
State funds:				
Basic appropriation	\$ 58,274,527	\$ 58,274,527	\$ 59,538,689	\$ 1,264,162
At risk payment	3,383,513	3,383,513	3,457,420	73,907
Salary Supplement	3,680,882	3,680,882	3,680,882	-
Remedial education	3,134,735	3,134,735	3,202,761	68,026
K-3 Primary Class Size	3,910,993	3,910,993	3,982,095	71,102
Virginia Retirement System	8,305,708	8,305,708	8,485,947	180,239
Social security benefits	3,764,361	3,764,361	3,846,050	81,689
Group life insurance	254,530	254,530	260,053	5,523
Special education	8,667,051	8,667,051	8,698,418	31,367
Textbook payments	1,348,874	1,348,874	1,378,145	29,271
Remedial summer school	831,912	831,912	949,214	117,302
At risk 4 year old	2,452,151	2,452,151	2,442,967	(9,184)
Gifted	669,815	669,815	684,351	14,536
Supplemental Lottery per pupil	4,922,338	4,922,338	5,009,583	87,245
Foster home	64,973	64,973	167,766	102,793
Vocational education	1,194,082	1,194,082	1,259,669	65,587
VPSA education tech grant	1,020,800	1,020,800	804,000	(216,800)
Project graduation	37,500	37,500	37,500	-
ESL	273,968	273,968	271,526	(2,442)
Early Reading Intervention	346,974	346,974	410,060	63,086
SOL Algebra Readiness	324,711	324,711	346,755	22,044
Academies of Hampton	500,763	500,763	500,763	-
Sales tax	22,624,685	22,624,685	22,792,149	167,464
Medicaid Reimbursement	922,000	922,000	1,029,977	107,977
Early reading specialists initiative	49,581	49,581	-	(49,581)
Total state funds	<u>130,961,427</u>	<u>130,961,427</u>	<u>133,236,740</u>	<u>2,275,313</u>
Federal Funds:				
Public law 874	380,000	380,000	373,275	(6,725)
Impact Aid Special Education	80,000	80,000	83,930	3,930
U.S. Army- ROTC	137,000	137,000	100,373	(36,627)
U.S. Air Force- ROTC	68,000	68,000	67,371	(629)
U.S. Navy - ROTC	75,000	75,000	77,609	2,609
U.S. Marine Corps - ROTC	70,000	70,000	17,500	(52,500)
Total federal funds	<u>810,000</u>	<u>810,000</u>	<u>720,058</u>	<u>(89,942)</u>
Other funds:				
Fees from students	17,500	17,500	11,253	(6,247)
Pharmacy Revenue	1,850,064	1,850,064	2,077,329	227,265
Print Shop Revenue	105,000	105,000	133,950	28,950
Tuition from regular day students	-	-	922	922
Miscellaneous revenue	26,500	26,500	199,581	173,081
Public surplus	200,000	200,000	240,966	40,966
Interest	3,400	3,400	3,978	578
Jury Duty	-	-	2,340	2,340
Cell Towers	525,000	525,000	545,790	20,790
Other	570,000	570,000	586,961	16,961
Total other funds	<u>3,297,464</u>	<u>3,297,464</u>	<u>3,803,070</u>	<u>505,606</u>
Total revenues	<u>135,068,891</u>	<u>135,068,891</u>	<u>137,759,868</u>	<u>2,690,977</u>
Other credits:				
Payment from the City	75,572,304	75,572,304	75,572,304	-
Transfer from Food Services Fund	500,000	500,000	250,821	(249,179)
Reappropriated Fund Balance	-	2,080,615	-	(2,080,615)
Total other credits	<u>76,072,304</u>	<u>78,152,919</u>	<u>75,823,125</u>	<u>(2,329,794)</u>
Total revenues and other credits	<u>\$ 211,141,195</u>	<u>\$ 213,221,810</u>	<u>\$ 213,582,993</u>	<u>\$ 361,183</u>

CITY OF HAMPTON, VIRGINIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2020

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	\$ 2,180,869
Total Supplemental Nutrition Assistance Program Cluster		<u>2,180,869</u>
CHILD NUTRITION CLUSTER:		
Direct payments:		
Summer Food Service Program for Children	10.559	532,280
Pass-through payments:		
Department of Education:		
School Breakfast Program (APE402530)	10.553	1,725,719
National School Lunch Program (APE402540)	10.555	4,993,539
Total Child Nutrition Cluster		<u>7,251,538</u>
OTHER:		
Pass-through payments:		
Department of Education:		
Child & Adult Care Food Program (APE700280)	10.558	25,716
State Administrative Expense for Child Nutrition (Admin Fee)	10.560	254
Child Nutrition Discretionary Grants Limited Availability (DOE868040)	10.579	57,214
Fresh Fruit and Vegetable Program (APE402520)	10.582	129,368
Total Department of Agriculture		<u>9,644,959</u>
DEPARTMENT OF COMMERCE:		
Direct Payments:		
Chesapeake Bay Studies	11.457	10,318
Total Department of Commerce		<u>10,318</u>
DEPARTMENT OF DEFENSE:		
Direct Payments:		
U.S. Army - ROTC	12.UNK	100,373
U.S. Air Force - ROTC	12.UNK	67,371
U.S. Navy - ROTC	12.UNK	77,609
U.S. Marine Corps - ROTC	12.UNK	17,500
Pass-through payments:		
Office of the Secretary of Defense:		
Readiness and Environmental Protection Integration Program ⁽⁶⁰⁰⁰⁷⁹⁴⁾	12.UNK	98,100
Office of Economic Adjustment:		
Community Economic Adjustment Assistance for Compatible Use and Land Use Studies (EN1602-19-03)	12.610	152,420
Total Department of Defense		<u>513,373</u>

**CITY OF HAMPTON, VIRGINIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2020**

Federal Granting Agency/ Recipient State Agency/ Grant Program/Grant Number	Federal Catalogue Number	Expenditures
DEPARTMENT OF EDUCATION:		
Direct payments:		
Impact Aid	84.041	\$ 457,205
Education Stabilization Fund (CARES Act)	84.425	215,475
Pass-through payments:		
Department of Behavioral Health and Developmental Services:		
Title I Grants to Local Educational Agencies (APE429010, APE429350)	84.010	6,804,571
Title I Grants to Local Educational Agencies (APE428920)	84.377	89,148
Supporting Effective Instruction State Grants (APE14800)	84.367	776,199
English Language Acquisition State Grants (APE605120, APE605090)	84.365	9,424
Twenty-First Century Community Learning Centers (APE605650)	84.287	1,325,188
Special Education-Grants for Infants and Families (720-4515-16)	84.181	349,687
Student Support and Academic Enrichment Program (APE600220, APE602810)	84.424	327,700
SPECIAL EDUCATION CLUSTER:		
Pass-through payments:		
Special Education Grants to States (APE430710)	84.027	4,136,768
Special Education Preschool Grants (APE625210)	84.173	83,699
Total Special Education Cluster		<u>4,220,467</u>
Pass-through payments:		
Career and Technical Education - Basic Grants to States (APE610950, APE611590)	84.048	408,426
Total Department of Education		<u>14,983,490</u>
DEPARTMENT OF HEALTH AND HUMAN SERVICES:		
MEDICAID CLUSTER:		
Pass-through payments:		
Department of Social Services:		
Medical Assistance Program (705AT53247)	93.778	2,270,487
Total Medicaid Cluster		<u>2,270,487</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	272,873
Total Child Care and Development Fund Cluster		<u>272,873</u>

continued

CITY OF HAMPTON, VIRGINIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2020

Federal Granting Agency/ Recipient State Agency/ Grant Program/Grant Number	Federal Catalogue Number	Expenditures
TANF CLUSTER:		
Pass-through payments:		
Department of Social Services:		
Temporary Assistance for Needy Families (TANF) (90601, 90603, BEN-19-024)	93.558	\$ 2,312,403
Total TANF Cluster		<u>2,312,403</u>
OTHER:		
Pass-through payments:		
Department of Social Services:		
MaryLee Allen Promoting Safe and Stable Families Program ⁽⁹¹¹²⁹⁾	93.556	52,417
Refugee & Entrant Assistance State/Replacement Designee Administrated Programs ⁽⁹⁰⁶²³⁾	93.566	2,480
Low-Income Home Energy Assistance ⁽⁹¹¹¹⁴⁾	93.568	279,816
Stephanie Tubbs Jones Child Welfare Services Program ⁽⁹¹¹³¹⁾	93.645	3,162
Foster Care Title IV-E ⁽⁹⁰⁶⁵⁸⁾	93.658	1,001,545
Adoption Assistance ⁽⁹⁰⁶⁰⁶⁾	93.659	1,165,884
Social Services Block Grant (SSBG) ⁽⁹¹¹⁴²⁾	93.667	1,377,375
John H. Chafee Foster Care Program for Successful Transition to Adulthood ⁽⁹¹¹³⁴⁾	93.674	14,359
Children's Health Insurance Program ⁽⁹⁰¹⁶¹⁾	93.767	37,203
Maternal, Infant, and Early Childhood Home Visiting Grant (705BJ632554)	93.870	411,765
Total Department of Health and Human Services		<u>9,201,768</u>
CORPORATION FOR NATIONAL AND COMMUNITY SERVICE:		
FOSTER GRANDPARENT, SENIOR COMPANION CLUSTER:		
Direct payments:		
Foster Grandparent Program	94.011	353,376
Total Foster Grandparent, Senior Companion Cluster		<u>353,376</u>
DEPARTMENT OF HOMELAND SECURITY:		
Direct payments:		
Emergency Management Performance Grants	97.042	90,654
Staffing for Adequate Fire and Emergency Response (SAFER)	97.083	22,339
Port Security Grant Program	97.056	1,316,868
Pass-through payments:		
Virginia Department of Emergency Management:		
Flood Mitigation Assistance (FMA-PJ-03-VA-2013-3)	97.029	456,571
Hazard Mitigation Grant (FMA-P5-03-VA-2013-005,HMPG-DR-03-VA-4042-016, FEMA-DR-4262-VA-020)	97.039	458,171
Disaster Grants - Public Assistance (Presidentially Declared Disasters) ⁽⁴⁴⁰¹⁾	97.036	144,149
Homeland Security Grant Program (7603, 7872, 7946, 8079, 8093, 8096)	97.067	197,170
Total Department of Homeland Security		<u>2,685,922</u>

continued

**CITY OF HAMPTON, VIRGINIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2020**

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 (\$593,162 provided to subrecipient)	14.218	\$ 1,136,909
Total CDBG - Entitlement Grants Cluster		<u>1,136,909</u>
OTHER:		
Direct payments:		
Home Investment Partnership Program (\$593,095 provided to subrecipient)	14.239	593,095
Continuum of Care Program (Planning Grant - VA036L3F051600, VA0338L3F051700) (\$25,955 provided to subrecipient)	14.267	25,955
Continuum of Care Program (Regional Housing Crisis Hotline - VA0358L3F051800) (\$17,785 provided to subrecipient)	14.267	17,785
Total Continuum of Care Program		<u>43,740</u>
Emergency Solutions Grant Program	14.231	422,860
Total Department of Housing and Urban Development		<u>2,196,604</u>
DEPARTMENT OF INTERIOR:		
Direct Payments:		
National Park Service Conservation, Protection, Outreach and Education	15.954	102,171
Total Department of Interior		<u>102,171</u>
DEPARTMENT OF JUSTICE		
Direct payments:		
State Criminal Alien Assistance Program	16.606	2,903
Pass-through payments:		
Department of Criminal Justice Services:		
Violence Against Women Formula Grants (19-W9367VA18, 20-X9367VA19)	16.588	63,538
Crime Victim Assistance (20-7857YVW18, 20-AY712V9187)	16.575	368,688
Public Safety Partnership and Community Policing Grants (2016-UM-WX-0100)	16.710	126,056
Equitable Sharing Program (VA1110000, VAE000289)	16.922	21,210
Pass-through payments:		
Bureau of Justice:		
Edward Byrne Memorial Justice Assistance Grant Program (2017-DJ-BX-0493, 2018-DJBX-0260, 2019-DJ-BX-0801)	16.738	89,275
Pass-through payments:		
NORC at the University of Chicago:		
National Institute of Justice Research, Evaluation, and Development Project Grants (2017-R2- CX-0017)	16.560	4,618
Total Department of Justice		<u>676,288</u>

continued

CITY OF HAMPTON, VIRGINIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2020

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)	21.019	\$ 927,435
Total Department of Treasury		<u>927,435</u>
Department of Transportation Federal Highway Administration HIGHWAY PLANNING AND CONSTRUCTION CLUSTER:		
Pass-through payments:		
Department of Transportation: Highway Planning and Construction (102867, 105865, 93081, 109687, 57047, 108731)	20.205	<u>2,207,121</u>
Total Highway Planning and Construction Cluster		<u>2,207,121</u>
HIGHWAY SAFETY CLUSTER:		
Pass-through payments:		
Department of Transportation: State and Community Highway Safety (FSC-2019-59118- 9118, FSC-2020-50345-20345)	20.600	<u>28,185</u>
Total Highway Safety Cluster		<u>28,185</u>
Total Department of Transportation Federal Highway Administration		<u>2,235,306</u>
NATIONAL AERONAUTICS AND SPACE ADMINISTRATION:		
Direct payments:		
Office of Stem Engagement (OSTEM)	43.008	150,000
NASA Steam Sales	43.UNK	<u>5,076,852</u>
Total National Aeronautics and Space Administration		<u>5,226,852</u>
Grand Total All Federally Assisted Programs and Grants		<u>\$ 48,757,864</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 \$249,588 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, 2020**

Fiscal Year Ending June 30,	Principal	Interest	Total Debt Service
2021	\$ 3,930,000	\$ 1,973,539	\$ 5,903,539
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>\$ 72,530,000</u>	<u>\$ 16,363,041</u>	<u>\$ 88,893,041</u>

CITY OF HAMPTON, VIRGINIA
SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY ECONOMIC
DEVELOPMENT AUTHORITY REVENUE BONDS
June 30, 2020

Fiscal Year Ending June 30,	2002		
	Tax-Exempt Principal	Interest	Total Debt Service
2021	\$ 474,058	\$ 56,062	\$ 530,120
2022	190,958	5,924	196,882
	<u>\$ 665,016</u>	<u>\$ 61,986</u>	<u>\$ 727,002</u>

**CITY OF HAMPTON, VIRGINIA
SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY
GENERAL OBLIGATION BONDS
For the Year Ended June 30, 2020**

Fiscal Year Ending June 30,	Principal	Interest	Total Debt Service
2021	\$ 19,808,000	\$ 11,484,319	\$ 31,292,319
2022	22,262,000	10,613,829	32,875,829
2023	21,245,000	9,574,782	30,819,782
2024	20,815,000	8,553,587	29,368,587
2025	21,710,000	7,569,762	29,279,762
2026	22,650,000	6,541,657	29,191,657
2027	18,975,000	5,465,759	24,440,759
2028	19,670,000	4,394,105	24,064,105
2029	10,910,000	3,676,340	14,586,340
2030	11,235,000	3,267,212	14,502,212
2031	10,865,000	2,788,546	13,653,546
2032	11,265,000	2,343,244	13,608,244
2033	11,645,000	1,914,950	13,559,950
2034	9,625,000	1,540,476	11,165,476
2035	9,960,000	1,209,083	11,169,083
2036	6,355,000	951,870	7,306,870
2037	6,545,000	766,389	7,311,389
2038	6,740,000	569,317	7,309,317
2039	6,945,000	365,497	7,310,497
2040	3,740,000	208,875	3,948,875
2041	3,830,000	105,675	3,935,675
	<u>\$ 276,795,000</u>	<u>\$ 83,905,274</u>	<u>\$ 360,700,274</u>

CITY OF HAMPTON, VIRGINIA
COMPUTATION OF LEGAL DEBT MARGIN
June 30, 2020

Assessed value:			
Real estate	\$ 10,754,779,689		
Public service corporations - real estate	37,864,681		
Newport News Waterworks	<u>61,745,900</u>	\$ 10,854,390,270	
Debt Limit at 10% of assessed value			<u>1,085,439,027</u>
General obligation bonded debt:			
General obligations bonds	264,453,001		
General obligation bonds - direct placement	10,795,000		
General obligation bonds - Steam Plant	<u>1,546,999</u>		
Total long-term debt			<u>276,795,000</u>
Legal debt margin		\$	<u>808,644,027</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 \$217,855,302 at June 30, 2020.

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
2011	\$ 11,166,293	\$ 203,348	\$ 59,454	\$ 11,429,095	\$ 876,337	\$ 104,558	\$ 980,895
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

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⁾
2011	\$ 1.04	\$ 4.25
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

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, 2020**

Economic Development Authority Revenue Bonds	\$	665,016
Convention Center Revenue Bonds		72,530,000
Total	\$	<u>73,195,016</u>

Source: City Finance Department

**CITY OF HAMPTON, VIRGINIA
GENERAL FUND EXPENDITURES
For the Year Ended June 30, 2020**

Expenditures	2020 Actual	Percent of Total Actual	2019 Actual	Difference	Percentage Change
General government	\$ 103,237,182	30.36 %	\$ 101,109,822	\$ 2,127,360	2.10%
Public safety	55,911,484	16.44 %	54,195,107	1,716,377	3.17%
Highways and streets	2,260,806	0.66 %	2,024,658	236,148	11.66%
Health	2,723,445	0.80 %	2,496,085	227,360	9.11%
Human services	21,947,233	6.45 %	20,688,029	1,259,204	6.09%
Culture & recreation	12,640,034	3.72 %	13,003,112	(363,078)	(2.79%)
Education - city share	75,572,304	22.22 %	73,827,042	1,745,262	2.36%
Education - other sources	2,051,438	0.60 %	2,080,937	(29,499)	(1.42%)
Transfers out	63,729,488	18.74 %	69,278,976	(5,549,488)	(8.01%)
Totals	<u>\$ 340,073,414</u>	<u>100.00 %</u>	<u>\$ 338,703,768</u>	<u>\$ 1,369,646</u>	<u>0.40%</u>

Source: City of Hampton, Virginia Comprehensive Annual Financial Report for years ended June 30, 2020 and 2019.

CITY OF HAMPTON, VIRGINIA
SUMMARY OF GENERAL FUND (In Thousands)
Fiscal Years Ended June 30, 2016-2020

	2016	2017	2018	2019	2020
Revenues	\$ 326,631	\$ 328,196	\$ 334,755	\$ 341,132	\$ 347,974
Expenditures ⁽³⁾	265,663	267,278	272,554	269,425	276,344
Excess of Revenue over Expenditures	60,968	60,918	62,201	71,707	71,630
Other Financing Sources(Uses)					
Transfers in	230	242	240	236	230
Transfers out ⁽¹⁾	(59,341)	(61,090)	(57,202)	(69,279)	(63,729)
Other Financing Uses, net	(59,111)	(60,848)	(56,962)	(69,043)	(63,499)
Net Change in Fund Balances	1,857	70	5,239	2,664	8,131
Fund Balance, Beginning of Year	93,541	95,398 ⁽²⁾	95,468	100,707	103,371
Fund Balance, End of Year	\$ 95,398	\$ 95,468	\$ 100,707	\$ 103,371	\$ 111,502

Source: City's Comprehensive Annual Financial Report Exhibit B-2 for the fiscal years June 30, 2016 through 2020.

⁽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, 2020

	<u>Amount</u>	<u>Per Capita</u>	<u>Ratio to Assessed Value</u>
Gross Direct Debt	\$ 276,795,000	\$ 2,041.67	2.55%

Source: Finance Department, City of Hampton, Virginia

⁽¹⁾ Per capita amounts are based on a 2020 population of 135,573, as provided by the Weldon Cooper Center for Public Service.

⁽²⁾ Assessed value of total real property is \$10,854 billion as of June 30, 2020.





Statistical
SECTION

Statistical
SECTION

The following section of the City’s comprehensive annual financial report provides detailed statistical information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City’s overall financial health.

CONTENTS

<u>Financial Trends</u>	I-IV
These tables contain trend information to help the reader understand how the City’s financial performance and well-being have changed over time.	
<u>Revenue Capacity</u>	V-VIII
These tables contain information to help the reader assess the City’s most significant local revenue source, the property tax.	
<u>Debt Capacity</u>	IX-XI
These tables present information to help the reader assess the affordability of the City’s current levels of outstanding debt and its ability to issue additional debt in the future.	
<u>Demographic and Economic Information</u>	XII-XIII
These tables offer demographic and economic indicators to help the reader understand the environment within which the City’s financial activities take place.	
<u>Operating Information</u>	XIV-XVI
These tables contain service and infrastructure data to help the reader understand how the information in the City’s financial report relates to the services it provides and the activities it performs.	

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



Table I

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

	Fiscal Year									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Governmental Activities										
Net investment in capital assets	\$ 586,847	\$ 588,035	\$ 623,887	\$ 623,505	\$ 634,537	\$ 637,860	\$ 637,617	\$ 635,185	\$ 636,462	\$ 626,982
Restricted	10,900	11,809	12,452	13,271	75,606	49,062	40,734	69,681	17,817	20,198
Unrestricted	109,652	92,128	55,615	76,514	(140,469) ⁽³⁾	(108,850)	(106,561)	(184,735)	(116,482)	(90,695)
Total governmental activities net position	<u>707,399</u>	<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>
Business-type activities										
Net investment in capital assets	\$ 68,697 ⁽¹⁾	\$ 69,003	\$ 73,585	\$ 70,855	\$ 70,321	\$ 70,136	\$ 70,078	\$ 69,107	\$ 67,497	\$ 69,562
Restricted	18,721	16,844	904	8,256	8,031	8,037	8,048	8,068	8,017	7,906
Unrestricted	18,418	22,001	32,081	29,174	19,149	25,679	27,189	25,216	32,260	34,813
Total business-type activities net position	<u>\$ 105,836</u>	<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>
Primary government										
Net investment in capital assets	\$ 655,544	\$ 657,038	\$ 697,472	\$ 694,360	\$ 704,858	\$ 707,996	\$ 707,695	\$ 704,292	\$ 703,960	\$ 696,544
Restricted	29,621 ⁽²⁾	28,653	13,356	21,527	83,637	57,099	48,782	77,749	25,834	28,104
Unrestricted	128,070	114,129	87,696	105,688	(121,320)	(83,171)	(79,372)	(159,519) ⁽⁴⁾	(84,223) ⁽⁴⁾	(55,882)
Total Primary Government net position	<u>\$ 813,235</u>	<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>

Note:

⁽¹⁾ The increase in net investment in capital assets for fiscal year 2011 is due to the related debt decreasing at a greater rate than the decrease in net position.

⁽²⁾ The decrease in restricted assets for fiscal year 2011 is due to the decrease in debt service.

⁽³⁾ The decrease in net position for fiscal year 2015 is due to implementation of GASB 68, Accounting and Financial Reporting for Pensions.

⁽⁴⁾ The decrease in net position for fiscal year 2018 is due to the implementation of GASB 75, Accounting and Financial Reporting for Postemployment Benefits other than Pensions.

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

	Fiscal Year									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Expenses										
Governmental activities:										
General government	\$ 114,765	\$ 128,783	\$ 127,924	\$ 101,058	\$ 105,553	\$ 111,928	\$ 116,667	\$ 121,452	\$ 105,865	\$ 103,284
Public safety	49,063	49,635	53,205	69,813	72,324	70,781	80,442	84,859	81,673	80,967
Highway and streets	13,068	11,862	15,511	18,774	14,433	18,872	14,032	9,919	12,362	17,369
Sanitation	3,630	3,899	-	-	-	-	-	-	-	-
Health	3,161	3,056	3,337	1,114	3,528	1,214	1,054	(575)	1,564	1,360
Human services	31,574	29,142	28,528	32,807	33,234	32,460	34,341	34,579	34,769	35,859
Culture and recreation	14,531	13,540	15,798	17,006	18,356	17,496	16,996	16,076	16,842	18,349
Education (payment to school district)	67,051	66,345	64,925	70,773	71,112	71,112	71,471	73,036	73,827	75,572
Education and educational services	8,627	14,337	9,930	12,464	14,479	15,096	14,423	11,506	9,806	13,202
Interest on long-term debt	11,052	8,351	7,991	9,136	8,579	8,053	7,171	6,451	7,145	9,246
Total governmental activities expenses	<u>\$ 316,522</u>	<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>
Business-type activities										
Culture	\$ 27,766	\$ 27,727	\$ 25,416	\$ 28,395	\$ 29,741	\$ 26,527	\$ 27,636	\$ 27,935	\$ 30,215	\$ 25,668
Sanitation	22,923	23,831	24,475	24,941	23,829	24,020	25,761	23,061	24,626	26,728
Total business-type activities expenses	<u>50,689</u>	<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>
Total Primary Government expenses	<u>\$ 367,211</u>	<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>
Program Revenues										
Governmental activities:										
Charges for Services:										
General government	\$ 7,129	\$ 7,772	\$ 24,293	\$ 24,458	\$ 22,911	\$ 25,865	\$ 23,324	\$ 23,832	\$ 22,206	\$ 22,355
Public safety	2,049	2,101	5,206	5,412	5,727	5,549	5,260	5,821	6,182	5,951
Sanitation	4,856	5,007	-	-	-	-	-	-	-	-
Other activities	5,588	6,141	2,727	2,765	2,570	2,173	2,784	2,913	2,874	2,652
Operating grants and contributions	82,269	77,821	75,926	80,434	80,281	80,113	80,781	83,503	83,507	87,237
Capital grants and contributions	2,569	2,782	19,778	18,291	7,153	13,172	13,627	10,988	5,080	5,078
Total governmental activities program revenues	<u>\$ 104,460</u>	<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>
Business-type activities:										
Charges for Services:										
Culture and recreation	\$ 13,675	\$ 15,603	\$ 11,722	\$ 15,714	\$ 19,407	\$ 15,619	\$ 14,889	\$ 15,989	\$ 19,041	\$ 14,100
Sanitation	26,433	26,443	27,215	27,227	25,145	30,098	28,872	29,658	29,615	32,399
Operating grants and contributions	3,132	1,302	1,098	1,832	1,256	1,236	1,923	1,805	1,024	955
Capital grants and contributions	592	613	95	114	58	510	-	-	-	-
Total business-type activities program revenues	<u>43,832</u>	<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>
Total Primary Government program revenues	<u>\$ 148,292</u>	<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>
Net (expense)/revenue										
Governmental activities	\$ (212,062)	\$ (227,326)	\$ (199,219)	\$ (201,585)	\$ (222,956)	\$ (220,140)	\$ (230,821)	\$ 230,237	\$ (224,004)	\$ (231,936)
Business-type activities	(6,857)	(7,597)	(9,761)	(8,449)	(7,704)	(3,084)	(7,713)	3,544	(5,161)	(4,942)
Total Primary Government net (expense)/revenue	<u>\$ (218,919)</u>	<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>

Table II

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

	Fiscal Year									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
General Revenues and Other Changes in Net Position										
Governmental activities:										
Taxes										
Property taxes	\$ 149,797	\$ 146,758	\$ 135,881	\$ 156,050	\$ 156,048	\$ 158,147	\$ 159,873	\$ 162,922	\$ 163,966	\$ 171,639
Sales taxes	13,828	13,962	14,247	14,588	15,050	15,368	14,980	15,093	15,741	16,845
Lodging, meal and amusement taxes	19,606	20,100	22,224	23,639	24,041	24,751	25,141	26,109	27,370	26,540
Motor vehicle taxes	3,813	3,692	4,203	4,346	4,273	4,375	4,429	4,399	4,496	4,426
Business license taxes	11,562	12,126	11,850	12,077	11,435	12,092	12,304	12,801	14,251	14,365
Utility taxes	5,528	5,356	5,376	5,453	5,443	5,551	5,483	5,513	5,443	5,426
Tobacco taxes	3,681	4,364	4,264	4,421	4,077	4,624	4,428	4,416	4,336	4,372
Recordation taxes	1,443	1,422	1,900	1,436	1,763	2,066	1,663	1,766	1,913	2,064
Bank stock taxes	505	468	487	527	457	549	569	685	705	609
Pari-mutuel license taxes	79	66	59	43	4	-	-	-	-	750
Short-term rental taxes	89	94	80	75	91	101	102	123	110	109
Franchise license taxes	-	-	-	-	-	-	-	-	-	-
Communications sales tax	9,677	9,174	9,418	9,187	9,173	8,867	8,649	8,392	7,840	7,551
Mobile home titling tax	16	23	14	20	19	21	18	14	20	24
Investment earning	564	285	355	221	227	574	951	1,883	4,738	4,463
Miscellaneous	2,548	2,874	-	-	-	-	-	-	-	-
Transfers	(10,322)	(8,865)	(9,600)	(9,161)	(9,106)	(8,549)	(8,384)	(7,852)	(9,259)	(8,558)
Total Governmental Activities	\$ 212,414	\$ 211,899	\$ 200,758	\$ 222,922	\$ 222,995	\$ 228,537	\$ 230,206	\$ 236,264	\$ 241,670	\$ 250,625
Business-type Activities:										
Investment earning	\$ 457	\$ 664	\$ 529	\$ 1,003	\$ 946	\$ 887	\$ 792	\$ 930	\$ 1,285	\$ 891
Miscellaneous	-	80	-	-	-	-	-	-	-	-
Transfers	10,322	8,865	9,600	9,161	9,106	8,549	8,384	7,852	9,259	8,558
Total Business-type Activities	10,779	9,609	10,129	10,164	10,052	9,436	9,176	8,782	10,544	9,449
Total Primary Government	\$ 223,193	\$ 221,508	\$ 210,887	\$ 233,086	\$ 233,047	\$ 237,973	\$ 239,382	\$ 245,046	\$ 252,214	\$ 260,074
Changes in Net Position										
Governmental activities	\$ 352	\$ (15,427)	\$ 1,539	\$ 21,337	\$ 39	\$ 8,397	\$ (615)	\$ 6,027	\$ 17,666	\$ 18,688
Business-type activities	3,922	2,012	368	1,715	2,348	6,352	1,463	5,238	5,383	4,506
Total Primary Government	\$ 4,274	\$ (13,415)	\$ 1,907	\$ 23,052	\$ 2,387	\$ 14,749	\$ 848	\$ 11,265	\$ 23,049	\$ 23,194

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

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

	Fiscal Year									
	2011	2012	2013	2014	2015	2016	2017	2018*	2019	2020
General fund										
Nonspendable	\$ 29	\$ 44	\$ 34	\$ 224	\$ 598	\$ 26	\$ 112	\$ 15	\$ 27	\$ 135
Restricted	4,305	871	333	398	412	419	338	373	423	351
Committed	45,848	32,858	29,439	32,308	34,959	34,470	35,178	32,454	22,019	24,893
Assigned	2,025	7,708	5,926	7,257	5,237	6,250	5,549	6,374	6,190	5,744
Unassigned	50,198	51,175	54,185	51,589	52,112	54,301	54,330	61,532	74,754	80,422
Total general fund	<u>\$ 102,405</u>	<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>
All other governmental funds										
Nonspendable	\$ 4,943	\$ ⁽¹⁾ -	\$ -	\$ -	\$ -	\$ 44	\$ -	\$ -	\$ -	\$ 1
Restricted	12,377	10,938	12,336	13,368	14,107	15,455	15,437	15,178	15,923	18,030
Committed	48,147	26,122	53,748	39,064	66,535	35,957	22,610	57,367	48,986	93,994
Assigned	6,631	6,035	5,534	6,233	5,421	5,939	5,789	6,098	7,293	8,479
Total all other governmental funds	<u>\$ 72,098</u>	<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>

⁽¹⁾ Restated in fiscal year 2013.

Table IV

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

	Fiscal Year									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Revenues										
Taxes (see table V)	\$ 219,413	\$ 211,542	\$ 210,415	\$ 229,596	\$ 230,933	\$ 236,457	\$ 238,209	\$ 241,943	\$ 248,133	\$ 254,317
Intergovernmental revenues	81,849	78,314	85,937	92,705	84,165	88,459	89,342	90,882	86,518	90,923
Licenses and permits	1,024	1,072	1,169	1,156	1,299	1,409	1,450	1,466	1,641	1,604
Fines and forfeitures	2,189	2,493	2,386	2,307	1,967	1,550	1,560	1,377	1,439	1,104
Revenue from use of money and property	2,065	1,319	1,329	1,395	2,142	1,469	1,714	2,525	5,145	4,918
Charges for services	11,532	13,414	15,570	17,297	17,240	18,093	18,148	19,123	19,395	19,516
Payment from component unit	2,001	2,000	2,000	2,000	2,000	2,000	2,000	2,227	2,232	2,012
Miscellaneous	5,532	5,987	7,705	8,056	5,529	5,877	6,482	5,103	5,885	5,078
Special assessments	-	4,558	6,543	4,730	4,183	6,358	4,765	5,443	2,457	2,782
Recovered costs	1,158	1,145	906	906	906	906	954	951	958	958
Total Revenues	326,763	321,844	333,960	360,148	350,364	362,578	364,624	371,040	373,803	383,212
Expenditures										
General government	99,066	96,371	102,441	103,076	106,074	110,436	106,446	109,057	104,885	107,241
Public safety	48,322	48,460	52,872	54,064	53,491	55,771	57,410	59,809	60,146	63,162
Highways and streets	1,812	1,980	1,947	1,932	1,908	2,026	2,187	2,491	2,025	2,261
Sanitation	3,637	3,949	3,935	4,332	4,413	5,004	5,484	5,246	4,935	5,084
Health	2,652	2,441	2,567	2,649	2,605	2,485	2,396	2,432	2,496	2,723
Human Services	31,558	29,151	28,437	28,557	29,394	28,993	30,415	30,370	30,027	31,532
Culture and recreation	12,080	12,564	13,202	11,678	12,725	13,150	13,015	12,715	13,146	12,860
Education (payment to school district)	67,052	66,345	64,925	70,773	71,112	71,112	71,471	73,036	73,827	75,572
Education	2,133	2,098	2,120	2,120	2,129	2,071	2,102	2,073	2,081	2,051
Capital improvements	53,115	52,536	38,473	49,030	48,449	56,298	46,130	52,992	43,394	44,164
Debt service										
Principal	17,640	18,714	19,661	22,166	23,152	22,336	21,738	31,223	20,498	22,407
Interest and fiscal charges	12,901	12,619	10,726	11,707	10,899	11,154	10,963	10,316	10,864	10,758
Bond issuance cost	45	313	470	-	519	3	-	99	43	543
Total expenditures	352,013	347,541	341,776	362,084	366,870	380,839	369,757	391,859	368,367	380,358
Excess (deficiency) of revenues over (under) expenditures	(25,250)	(25,697)	(7,816)	(1,936)	(16,506)	(18,261)	(5,133)	(20,819)	5,436	2,854
Other financing sources (uses)										
Debt issuance and capital leases	2,545	-	-	-	46,770	-	-	55,320	-	58,405
Proceeds from refunding bonds issued	-	44,770	38,865	-	56,250	-	-	9,185	22,991	16,950
Payment to refunded bond escrow agent	-	(49,562)	-	-	(70,151)	-	-	-	(22,943)	(18,416)
Premium on bond issue	-	5,118	5,263	-	21,684	-	-	4,698	-	6,372
Transfers in	48,507	59,650	52,360	55,156	50,289	55,227	55,907	52,935	64,061	57,400
Transfers out	(58,829)	(68,401)	(61,948)	(64,317)	(59,395)	(63,776)	(64,291)	(61,272)	(73,320)	(67,131)
Total other financing sources (uses), net	(7,777)	(8,425)	34,540	(9,161)	45,447	(8,549)	(8,384)	60,866	(9,211)	53,580
Net change in fund balances	\$ (33,027)	\$ (34,122)	\$ 26,724	\$ (11,097)	\$ 28,941	\$ (26,810)	\$ (13,517)	\$ 40,047	\$ (3,775)	\$ 56,434
Debt service as a percentage of noncapital expenditures	9.62 %	0.094	9.26 %	10.28 %	9.98 %	9.31 %	9.19 %	11.18 %	8.80 %	8.49 %

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
2011	\$ 144,302	\$ 11,562	\$ 13,828	\$ 5,063	\$ 3,681	\$ 9,677	\$ 15,269	\$ 16,031	\$ 219,413
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

Notes:

⁽¹⁾ Other taxes include: short-term rental, recordation, lodging and transit, amusement, motor vehicle, bank stock, license - pari-mutuel, and public right of way

Table VI

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

Fiscal Year	Real Estate				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					
2011	\$ 11,166,293	\$ 203,348	\$ 59,454	\$ 11,429,095	\$ 11,514,301	99.26%	\$ 1.04	
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	

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 2019. We assumed the sales to appraisal ratio would be 100% for fiscal year 2020.

Table VII

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

Taxpayer	2020			2011		
	Total Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Total Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Peninsula Main VA LLC	\$ 115,057	1	1.1 %	-	-	-
Newport News City of C/O NN Waterworks	61,823	2	0.6 %	-	-	-
KB Riverdale LLC	53,647	3	0.5 %	-	-	-
FCLA LP	44,349	4	0.4 %	-	-	-
MOLA LLC	40,856	5	0.4 %	-	-	-
Hampton University	39,794	6	0.4 %	-	-	-
The Lakes at Town Center LLC	38,905	7	0.4 %	-	-	-
Pinnacle Apartments LLC	36,046	8	0.3 %	-	-	-
Coliseum Crossing Assoc LLC	33,781	9	0.3 %	-	-	-
Cambridge Apartments LC	31,856	10	0.3 %	-	-	-
Peninsula Town Center LLC	-	-	-	\$ 139,527	1	1.2 %
City of Newport News/NN Waterworks	-	-	-	58,507	2	0.5%
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>\$ 496,114</u>		<u>4.7 %</u>	<u>\$ 483,583</u>		<u>4.2 %</u>

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

Table VIII

**CITY OF HAMPTON, VIRGINIA
REAL ESTATE TAX LEVIES AND COLLECTIONS
Last Ten Fiscal Years
(amounts expressed in thousands)**

Fiscal Year	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2011	\$ 118,863	\$ 115,317	97.02 %	\$ 2,117	\$ 117,434	98.80%
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 %	-	132,963	98.79%

Notes:

*There are no overlapping or underlying tax jurisdictions.

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	
2011	\$ 279,360	\$ 177	\$ 320	\$ 279,857	2.45%	\$ 2,036.27	\$ 15,159	
2012	261,100	-	174	261,274	2.35%	\$ 1,901.06	19,195	
2013	280,070	-	82	280,152	2.65%	\$ 2,044.91	16,797	
2014	272,162	-	-	272,162	2.66%	\$ 1,958.00	14,374	
2015	306,061	-	-	306,061	3.01%	\$ 2,201.88	11,894	
2016	280,960	-	-	280,960	2.75%	\$ 2,021.29	9,517	
2017	256,498	-	-	256,498	2.48%	\$ 1,872.25	6,970	
2018	291,756	-	-	291,756	2.79%	\$ 2,129.61	4,386	
2019	267,753	-	-	267,753	2.53%	\$ 1,968.77	1,761	
2020	305,766	-	-	305,766	2.82%	\$ 2,252.37	1,265	

Business-type Activities					
Fiscal Year	Revenue Bonds	Capital Leases	Total Primary Government	Percentage of Personal Income	Per Capita ⁽⁴⁾
2011	\$ 100,120	\$ 748	\$ 395,884	7.26 %	\$ 2,880.50
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	N/A	2,592.33
2020	74,863	1,603	383,497	N/A	2,824.96

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

Table X

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

	Fiscal Year									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Debt limit	\$ 1,142,909	\$ 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
Total net debt applicable to limit	279,857	261,274	280,152	257,645	273,840	251,130	229,000	261,870	241,300	276,795
Legal debt margin	\$ 863,052	\$ 840,762	\$ 777,128	\$ 767,436	\$ 744,399	\$ 770,468	\$ 804,851	\$ 783,801	\$ 817,468	\$ 808,644
Total net debt applicable to the limit as a percentage of debt limit	24.49 %	23.71 %	26.50 %	25.13 %	26.89 %	24.58 %	22.15 %	25.04 %	22.79 %	22.50 %

Legal Debt Margin Calculation for current Fiscal Year: 2019

Assessed value	\$10,854,390
Debt limit (10% of total assessed value)	1,085,439
Debt applicable to limit:	
General obligation debt	276,795
Total net debt applicable to limit:	276,795
Legal debt margin	\$ 808,644

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 \$217,855,302 at June 30, 2020.

*There are no overlapping or underlying tax jurisdictions.

**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							
2011	\$ 1,526	\$ 1,072	\$ 454	\$ 270	\$ 43	313	1.45
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							
2011	\$ 7,405	\$ 5,299	\$ 2,106	\$ 1,330	\$ 238	1,568	1.34
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

Table XI

CITY OF HAMPTON, VIRGINIA
PLEDGE-REVENUE COVERAGE
Last Ten Fiscal Years
(amounts expressed in thousands)

Fiscal Year	Gross Revenues ⁽¹⁾	Operating Expenses ⁽²⁾	Net Revenue Available for Debt Service	Debt Service Requirements ⁽³⁾			Coverage
				Principal	Interest	Total	
Economic Development Authority Revenue Bonds							
2011	\$ 2,568	\$ 2,813	\$ (245)	\$ 505	\$ 470	\$ 975	(0.25)
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)
Convention Center Revenue Bonds⁽⁴⁾							
2011	\$ 10,535	\$ 3,371	\$ 7,164	\$ 2,155	\$ 4,151	\$ 6,306	1.14
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

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.

⁽⁴⁾ Operation of the Convention Center began in March 2005.

**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⁾
2011	\$ 136,435	\$ 5,084,002	\$ 37,241	\$ 20,762	8.0%
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	N/A	N/A	18,651	3.8%
2020	135,753	N/A	N/A	19,055	10.9%

Notes:

⁽¹⁾ Source: Weldon Cooper Center for Public Service as of July 1, 2019.

⁽²⁾ Source: Bureau of Economic Analysis. Most recent information available is 2018.

⁽³⁾ Source: Bureau of Economic Analysis. Most recent information available is 2018.

⁽⁴⁾ Source: Hampton City Schools

Table XIII

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

2020	2011
<p>Over 600 Employees</p> <ul style="list-style-type: none"> City of Hampton Commonwealth of Virginia Hampton City School Board Hampton-Newport News Community Services Board Hampton University Arconic Howmet Joint Base Langley-Eustis NASA Langley Research Center Riverside Regional Medical Center Sentara Health Systems Huntington Ingalls Industries Thomas Nelson Community College Department of Veterans Affairs U.S. Department of Defense TRG Customer Solutions Food Lion LLC <p>200-599 Employees:</p> <ul style="list-style-type: none"> Analytical Mechanics Associates Versability Resources, Inc. Faneuil Inc. Kroger/Harris Teeter 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 	<p>Over 600 Employees</p> <ul style="list-style-type: none"> Alcoa Howmet City of Hampton Fort Monroe Hampton City Schools Hampton University Hampton Virginia Medical Center - Veteran's Hospital Langley Air Force Base NASA Langley Research Center Sentara Healthcare System Sprint-Nextel Thomas Nelson Community College Verizon <p>300-599 Employees:</p> <ul style="list-style-type: none"> AMSEC LLC Headway Corporate Resources Northrop Grumman Riverside Regional Medical Centers

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.

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

Function	Fiscal Year									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Governmental activities:										
General government	574	562	574	568	577	574	557	533	508	573
Public safety	649	663	688	697	704	706	711	673	671	708
Highway and streets	24	24	20	24	21	19	22	21	19	17
Sanitation	46	51	49	54	56	61	57	60	54	54
Health	16	16	19	20	20	16	15	15	13	13
Human services	225	229	229	228	234	233	245	245	247	250
Culture and recreation	128	123	128	123	126	130	118	118	120	113
Total Governmental activities	1,662	1,668	1,707	1,714	1,738	1,739	1,725	1,665	1,632	1,728
Business-type activities:										
Culture and recreation	36	37	32	35	32	36	37	35	37	37
Sanitation	143	141	142	138	126	135	133	122	132	129
Total Business-type activities	179	178	174	173	158	171	170	157	169	166
Total	1,841	1,846	1,881	1,887	1,896	1,910	1,895	1,822	1,801	1,894

Sources: City of Hampton, Department of Human Resources

Table XV

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

Function/Program	2011	2012	2013	2014	2015
General government					
Building permits issued	2,123	2,162	2,111	1,564	1,281
Building inspections conducted	6,131	7,021	8,029	4,602	4,520
311 customer call center	148,351	147,458	148,988	141,891	130,387
Public safety					
Police					
Physical arrests	16,886	16,733	10,035	9,067	14,862
Traffic summonses	30,225	30,459	29,007	29,080	21,391
Fire					
Emergency responses	22,394	23,718	23,808	24,815	26,149
Fires extinguished	450	320	319	331	491
Patients transported	11,620	12,149	13,665	14,262	14,910
Code inspections	2,210	2,658	839	3,223	2,146
Highway and streets					
Roads paved or resurfaced (miles)	69	68	88	21	26
Sanitation					
Yard waste collected (tons)	11,965	15,244	13,326	12,896	9,762
Debris removed (tons)	114,773	155,011	122,317	58,223	59,422
Cleanups	819	764	840	817	891
Street sweeping	3,364	3,384	3,384	4,607	2,583
Storm drains cleaned (linear feet)	73,901	109,767	153,605	57,064	49,550
Health					
Preventive health					
Family practice visits (closed 3/31/11)	1,615	N/A	N/A	N/A	N/A
Immunization visits	6,511	6,948	6,725	5,342	3,394
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	590	760	689	547	527
Number of families served	930	979	958	908	948
Number of adult participants in the parenting classes	1,875	2,585	2,850	2,327	2,487
Social Services					
Food stamp households	8,939	10,372	11,048	11,101	9,824
Culture and recreation					
Senior citizens attendance at Senior Center	12,985	13,050	12,997	10,449	15,046
Community center admissions					
Youth	13,512	55,558	55,873	51,901	51,422
Teen	15,033	20,369	22,340	43,133	42,254
Adult	135,786	80,605	80,685	77,345	78,844
Education					
School membership (total)	20,762	21,622	21,366	21,113	19,854
High schools	6,749	6,781	6,516	6,218	6,066
Middle schools	6,837	4,069	3,975	3,934	3,710
Elementary schools	7,849	9,876	9,885	8,319	7,667
Combined schools	2,327	896	990	2,642	2,410
School board personnel	2,992	2,821	2,890	2,835	2,543
Wastewater					
Average daily sewage treatment (thousands of gallons)	10,794	10,460	14,890	14,390	14,450

OPERATING INDICATORS BY FUNCTION/PROGRAM Last Ten Fiscal Years

Function/Program	2016	2017	2018	2019	2020
General government					
Building permits issued	1,107	1,106	1,045	1,118	1,609
Building inspections conducted	4,421	4,623	4,155	4,056	4,568
311 customer call center	164,878	176,367	149,320	143,636	165,034
Public safety					
Police					
Physical arrests	14,073	10,304	8,543	5,446	4,439
Traffic summons	20,795	17,893	10,591	15,967	9,443
Fire					
Emergency responses	27,541	25,906	25,928	26,313	26,359
Fires extinguished	531	508	465	475	479
Patients transported	14,228	13,783	14,039	14,401	13,481
Code inspections	2,909	1,600	1,940	2,701	1,785
Highway and streets					
Roads paved or resurfaced (miles)	22	107	89	66	72
Sanitation					
Yard waste collected (tons)	9,761	10,196	9,800	10,951	12,765
Debris removed (tons)	62,173	77,034	56,459	57,075	54,057
Cleanups	991	901	586	700	255
Street sweeping	1,445	1,445	3,367	3,802	2,792
Storm drains cleaned (linear feet)	61,845	61,669	44,948	74,421	10,997
Health					
Preventive health					
Family practice visits (closed 3/31/11)	N/A	N/A	N/A	N/A	N/A
Immunization visits	3,260	2,980	2,167	2,230	1,857
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	421	501	421	434	333
Number of families served	856	718	639	624	543
Number of adult participants in the parenting classes	3,140	3,772	3,742	3,376	2,690
Social Services					
Food stamp households	8,986	9,443	8,944	8,801	9,286
Culture and recreation					
Senior citizens attendance at Senior Center	16,681	22,574	18,477	20,553	13,097
Community center admissions					
Youth	51,968	88,634	66,880	54,497	17,943
Teen	24,086	36,298	29,294	21,253	8,898
Adult	56,829	109,246	70,934	76,349	24,705
Education					
School membership (total)	20,698	20,384	19,996	18,651	19,055
High schools	6,197	6,143	6,042	5,862	5,891
Middle schools	3,775	3,723	3,601	3,591	3,128
Elementary schools	8,562	8,074	7,896	7,070	7,740
Combined schools	2,164	2,444	2,427	2,128	2,296
School board personnel	2,507	2,492	2,455	2,461	2,461
Wastewater					
Average daily sewage treatment (thousands of gallons)	14,800	14,800	13,620	15,133	14,100

Source: Various city departments.

N/A - Not available

Table XVI

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

Function/Program	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Public safety										
Police										
Patrol units	195	211	211	225	253	257	226	219	229	227
Patrol boats	3	5	5	5	5	6	5	7	8	6
Fire										
Stations	10	11	11	11	11	11	11	11	11	11
Pumpers	18	18	14	16	17	17	17	17	17	15
Ambulances	17	17	16	16	15	15	15	15	15	15
Rescue Vehicles	3	3	3	2	-	-	-	-	-	-
Ladder trucks	4	4	6	5	5	5	5	5	5	5
Fire Boats	4	4	2	2	2	2	2	2	2	2
Highways and streets										
Streets (miles) ⁽²⁾	460	475	482	497	486	1,118	1,125	1,125	1,156	1,156
Traffic signals	180	185	185	187	186	189	185	189	186	186
Bridges	40	40	40	40	40	39	40	39	40	40
Sanitation/solid waste										
Collection trucks	56	58	58	58	58	57	58	57	60	64
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	2	1	1	1	1	1
Baseball fields	39	39	41	42	42	42	42	42	42	42
Basketball courts	35	36	36	36	36	36	36	36	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	5	6	6	7	7	7	7	7	7	8
Convention center	1	1	1	1	1	1	1	1	1	1
Fitness trails	12	12	12	12	12	13	13	14	13	13
Football fields	21	21	21	21	21	21	21	21	21	21
Football stadium	1	1	1	1	1	1	1	1	1	1
Golf courses	2	2	2	2	2	2	2	2	2	2
Indoor swimming pools	2	3	3	3	3	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	26	27	27	28	28	29	29	29
Playgrounds	46	46	46	46	46	43	43	44	81	81
Senior citizens center	1	1	1	1	1	1	1	3	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	66	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
Education										
High schools	4	4	4	4	4	4	4	4	4	4
Middle schools	8	8	7	5	5	6	6	6	6	6
Elementary schools	20	20	20	24	19	19	19	19	19	19
Combined schools	-	2	2	2	2	2	2	2	2	2
Wastewater										
Sanitary sewer lines (miles)	426	426	426	490	497	572	572	605	605	605
Sewer Pumping stations	108	108	108	109	109	108	105	106	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.



FORT MONROE

**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, 2020. 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, 2020.

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance which is required to be reported in accordance with the Uniform Guidance and which is described in the accompanying schedule of findings and questioned costs as Item 2020-001. Our opinion on each major federal program is not modified with respect to this matter.

The City's response to the noncompliance 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 compliance and, accordingly, we express no opinion on the response.

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.



Virginia Beach, Virginia
December 15, 2020



**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, 2020, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated December 15, 2020. 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*.

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 2020-002.

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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
December 15, 2020

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

Year Ended June 30, 2020

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)?	Yes, Finding 2020-001

Identification of major federal programs:

<u>Program Description</u>	<u>CFDA #</u>
U.S. Department of Agriculture Child Nutrition Cluster	10.553, 10.555, 10.559
U.S Department of Housing and Urban Development CDBG – Entitlement Grants Cluster	14.218
U.S. Department of Education Twenty-First Century Community Learning Centers	84.287
Department of Health and Human Services TANF Cluster	93.558
Department of Health and Human Services Medical Assistance Program - Medicaid Cluster	93.778

Dollar threshold to distinguish between Types A and B Programs:	\$1,462,736
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The City of Hampton was qualified as a low risk auditee?	Yes
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B. Findings Relating to Financial Statements Reported in Accordance with *Government Auditing Standards*

None noted.

C. Findings and Questioned Costs Related to Federal Awards

2020-001

Program Name: Community Development Block Grant (14.218)

Federal Awarding Agency: Department of Housing and Urban Development (“HUD”)

Department: Community Development

Compliance Requirement: Reporting

Type of Finding: Non-material noncompliance

Criteria:

Per Title 14 of the Code of Federal Regulation (CFR) Section 202, each recipient that administers covered housing and community development assistance in excess of \$200,000 in a program year must submit HUD-60002 information.

Condition:

One instance was noted where proof of submission of the HUD-60002 report was not able to be produced.

Cause:

Documentation was not maintained by the City due to program management turnover and proof of submission was not able to be obtained from the local HUD field office.

Effect:

The City was not in compliance with the reporting requirements.

Questioned Costs:

Non-financial finding

Recommendation:

We recommend the City submit and maintain documentation of all required reports.

Views of Responsible Officials:

- **Contact Person:** Daniel McCormick, Chief Neighborhood Development Specialist
- **Corrective Action and Anticipated Completion Date:** Going forward, we will include specific instructions in our Community Development Block Grant files to assure reports are completed and a copy is kept on file locally.

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

2020-002

Department: Hampton City School Board

Compliance Requirement: Conflicts of Interest

Type of Finding: Non-material noncompliance

Criteria:

The Code of Virginia, Section 2.2-3115 requires the members of the School Board to annually file a statement of economic interests, by February 1, 2020 for the 2019 calendar year filing period. Additionally, new members of the School Board hired during the fiscal year are required to file disclosure forms prior to assuming office or taking employment.

Condition:

While performing our audit procedures to ensure compliance with Section 3-5 of the *Specifications for Audits of Counties, Cities, and Towns*, we noted that a member of the School Board started their term in February 2020, but never filed a Statement of Economic Interests.

Cause:

Procedures were not in place to ensure the report was filed.

Effect:

The Hampton City School Board is not in compliance with the Commonwealth's Statement of Economic Interests filing requirement.

Recommendation:

We recommend the School Board implement a process to ensure the report is filed within the required reporting time periods.

Views of Responsible Officials:

- **Contact Person:** Carolyn Bowers, Clerk of School Board
- **Corrective Action and Anticipated Completion Date:** The current year Conflict of Economic Interest will be completed for the files. In the future, all Conflict of Economic Interest will be signed by School Board members prior to taking the oath of office.

E. Resolution of Prior Year Findings

2019-001: Status: Corrected and not repeated

2019-002: Status: Corrected and not repeated

2019-003: Status: Corrected and not repeated



HAMPTON VA

