CITY OF HAMPTON, FLORIDA

FINANCIAL STATEMENTS

YEAR ENDED SEPTEMBER 30, 2025

CITY OF HAMPTON, FLORIDA
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SEPTEMBER 30, 2025

INDEPENDENT AUDITORS' REPORT

To the Honorable Mayor and City Council,
City of Hampton, Florida:

Report on the Audit of Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of the City of Hampton, Florida (the City), as of and for the year ended September 30, 2025, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund of City of Hampton, Florida, as of September 30, 2025, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* (GAS), issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS and GAS, we:

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

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

Required Supplementary Information

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 16, 2026, 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 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 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.

James Moore & Co., P.L.

Gainesville, Florida
June 16, 2026

MDAAs management of the City of Hampton, Florida, we offer readers of the City of Hampton, Florida's financial statements this narrative overview and analysis of the financial activities of the City of Hampton, Florida for the fiscal year ended September 30, 2025.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City of Hampton, Florida's basic financial statements. The City of Hampton, Florida's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements. The *government-wide financial statements* are designed to provide readers with a broad overview of the City of Hampton, Florida's finances, in a manner similar to a private-sector business.

The *statement of net position* presents information on all of the City of Hampton, Florida's assets and liabilities, with the difference between the two reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City of Hampton, Florida is improving or deteriorating.

The *statement of activities* presents information showing how the government'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 related cash flows.* Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes).

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

The government-wide financial statements can be found on pages 10 – 11 of this report.

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

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

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

The City of Hampton, Florida adopts an annual appropriated budget for its general fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 12 – 15 of this report.

Proprietary funds. The City of Hampton, Florida maintains a proprietary fund. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The City of Hampton, Florida uses enterprise funds to account for its water operations.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide information for the water operation, which is considered to be a major fund.

The basic proprietary fund financial statements can be found on pages 16 – 18 of this report.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 19 – 28 of this report.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City of Hampton, Florida, assets exceeded liabilities by $3,101,818 at the close of the most recent fiscal year.

By far the largest portion of the City of Hampton, Florida's net position (73 percent) reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment), less any related debt used to acquire those assets that is still outstanding. The City of Hampton, Florida uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending.

Although the City of Hampton, Florida's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

City of Hampton, Florida's Condensed Statement of Net Position

City of Hampton, Florida's Condensed Statement of Net Position

	Governmental Activities		Business-type Activities		Total	
	2025	2024	2025	2024	2025	2024
Current and other assets	$ 674,082	$ 570,021	$ 197,497	$ 165,115	$ 871,579	$ 735,136
Capital assets	814,257	851,289	1,538,624	1,162,634	2,352,881	2,013,923
Total assets	1,488,339	1,421,310	1,736,121	1,327,749	3,224,460	2,749,059
Long-term liabilities outstanding	-	-	-	-	-	-
Other liabilities	10,088	17,520	112,554	76,193	122,642	93,713
Total liabilities	10,088	17,520	112,554	76,193	122,642	93,713
Net position:						
Net investment in capital assets	814,257	851,289	1,444,602	1,162,634	2,258,859	2,013,923
Restricted	-	-	-	-	-	-
Unrestricted	663,994	552,501	178,965	88,922	842,959	641,423
Total net position	$ 1,478,251	$ 1,403,790	$ 1,623,567	$ 1,251,556	$ 3,101,818	$ 2,655,346

The City of Hampton, Florida's net position does not have resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net position* (842,959) may be used to meet the government's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the City of Hampton, Florida is able to report positive balances in two categories of net position for the government as a whole and one category for its separate governmental and business-type activities.

Governmental activities. Governmental activities increased the City of Hampton, Florida's net position by $74,461, due to an increase in the taxes collected (including property taxes, discretionary sales surtax, utility tax, and half cent sales tax).

City of Hampton, Florida’s Condensed Statement of Activities

City of Hampton, Florida’s Condensed Statement of Activities

	Governmental Activities		Business-type Activities		Total	
	2025	2024	2025	2024	2025	2024
Revenues:						
Program revenues:						
Charges for services	$ 979	$ 1,977	$ 157,504	$ 126,499	$ 158,483	$ 128,476
Operating grants and contributions	-	2,464	-	-	-	2,464
Capital grants and contributions	-	-	501,584	267,636	501,584	267,636
General revenues:						
Taxes	263,214	237,512	-	-	263,214	237,512
Other state-shared	36,593	35,836	-	-	36,593	35,836
Other	7,048	6,459	374	503	7,422	6,962
Total revenues	307,834	284,248	659,462	394,638	967,296	678,886
Expenses:						
General government	155,013	162,982	-	-	155,013	162,982
Public safety	16,286	10,566	-	-	16,286	10,566
Transportation	38,936	80,040	-	-	38,936	80,040
Culture and recreation	23,138	21,570	-	-	23,138	21,570
Water	-	-	287,451	256,492	287,451	256,492
Total expenses	233,373	275,158	287,451	256,492	520,824	531,650
Transfers	-	(20,000)	-	20,000	-	-
Increase (decrease) in Net position	74,461	(10,910)	372,011	158,146	446,472	147,236
Net position, beginning of year	1,403,790	1,414,700	1,251,556	1,093,410	2,655,346	2,508,110
Net position, end of year	$ 1,478,251	$ 1,403,790	$ 1,623,567	$ 1,251,556	$ 3,101,818	$ 2,655,346

Business-type activities. Business-type activities increased the City of Hampton, Florida’s net position by $372,011, due to an increase in grant revenue from the Florida Department of Environmental Protection related to a drainage improvement project in the Hampton Villas.

Financial Analysis of the Government’s Funds

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

Governmental funds. The focus of the City of Hampton, Florida’s *governmental funds is* to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the City of Hampton, Florida’s financing requirements. In particular, *unassigned fund balance* may serve as a useful measure of a government’s net resources available for spending at the end of the fiscal year.

The general fund is the chief operating fund of the City of Hampton, Florida. At the end of the current fiscal year, the unassigned fund balance of the general fund was $637,948 and total fund balance of the general fund was $663,994. As a measure of the general fund’s liquidity, it may be useful to compare total fund balance to total fund expenditures. Fund balance represents 325% of total general fund expenditures.

The fund balance of the City of Hampton, Florida’s general fund increased by $111,493 during the 2024/2025 year. Other factors concerning the finances of this fund have already been addressed in the discussion of the City of Hampton, Florida’s governmental-type activities.

Proprietary fund. The City of Hampton, Florida’s proprietary fund provides the same type of information found in the government-wide financial statements, but in more detail.

Proprietary fund. The City of Hampton, Florida's proprietary fund provides the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net position of the Water fund at the end of the year amounted to $178,965. The increase in net position for the Water fund was $372,011. Other factors concerning the finances of this fund have already been addressed in the discussion of the City of Hampton, Florida's business-type activities.

Capital Asset and Debt Administration

Capital assets. The City of Hampton, Florida's investment in capital assets for its governmental and business type activities as of September 30, 2025 amounts to $2,258,859 (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, and vehicles and equipment, park facilities and roads. The total increase in the City of Hampton, Florida's investment in capital assets for the current fiscal year was $244,936.

Major capital asset events during the current fiscal year included the following:

- Drainage improvement project in the Hampton Villas, as capital outlays totaled $311,298 for the year ended September 30, 2025.

- Well project in the City, as capital outlays totaled $139,571 for the year ended September 30, 2025, and is still ongoing.

City of Hampton, Florida's Capital Assets

City of Hampton, Florida's Capital Assets

	Governmental Activities		Business-type Activities		Total	
	2025	2024	2025	2024	2025	2024
Land	$ 25,163	$ 25,163	$ 29,000	$ 29,000	$ 54,163	$ 54,163
Construction in progress	-	-	139,571	-	139,571	-
Buildings and improvements	1,247,454	1,247,454	2,037,025	1,725,727	3,284,479	2,973,181
Vehicles and equipment	-	-	229,653	229,653	229,653	229,653
Accumulated depreciation	(458,360)	(421,328)	(896,625)	(821,746)	(1,354,985)	(1,243,074)
Capital items in accounts payable	-	-	(94,022)	-	(94,022)	-
Total	$ 814,257	$ 851,289	$ 1,444,602	$ 1,162,634	$ 2,258,859	$ 2,013,923

Additional information on the City of Hampton, Florida's capital assets can be found in Note 6 on pages 26 – 27 of this report.

Long-term debt. The City of Hampton, Florida had no debt outstanding and due for both fiscal years 2023/2024 and 2024/2025.

Economic Factors and Next Year's Budgets and Rates

- The City raised water rates in FY2026 by 5% (both on the base rate and the tiered usage) which became effective 11/1/25, it has not yet been determined if they will increase in FY2027, but most likely.

- The City is anticipating an incremental ad valorem tax increase.

- There are three remaining grants that are ongoing are: CDBG of $600,000 for a new well; The City has also been awarded a legislative appropriation for $550,000 for cost overruns on the well project and improvements to the potable water system for FY25/26. The City has requested a second legislative appropriation for FY26 in the amount of an additional $550,000, as the costs associated with the new well continue to rise. The City has been awarded two grants for FY25 (FRDAP grants, $50,000 per each park) but will actual come to fruition in FY26 and possibly FY27.

- In FY2026 the City Clerk/Administrator is requesting a 2% merit raise and the Bookkeeper requested to have paid holidays. Every year the staff and council receive a 3% COLA.

- In FY2026 the realized savings of separate contracts with other entities for public works duties is approximately 50% of what was being paid to the former sole contractor.

- The City's Centennial was held in October 25, 2025 (FY26) which was a non-recurring cost. The City was able to raise donations of approximately half ($5,000) of the total cost of the event.

- The City experiences higher costs due to inflation and the rising costs of goods and services.

All of these factors were considered in preparing the City of Hampton, Florida's budget for the 2025/2026 fiscal year.

Requests for Information

This financial report is designed to provide a general overview of the City of Hampton, Florida's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Ms. Mary Lou Hildreth, City Administrator, P. O. Drawer 250, Hampton, Florida 32044.

CITY OF HAMPTON, FLORIDA
STATEMENT OF NET POSITION
SEPTEMBER 30, 2025

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	$ 548,714	$ 118,410	$ 667,124
Accounts receivables, net	10,051	21,563	31,614
Due from other governments	28,617	144,224	172,841
Internal balances	86,700	(86,700)	-
Capital assets, net			
Land	25,163	29,000	54,163
Building and improvements	1,247,454	2,037,025	3,284,479
Equipment	-	229,653	229,653
Construction in progress	-	139,571	139,571
Accumulated depreciation	(458,360)	(896,625)	(1,354,985)
Total Assets	1,488,339	1,736,121	3,224,460
LIABILITIES			
Accounts payable	8,073	97,172	105,245
Accrued expenses	2,015	-	2,015
Customer deposits	-	15,382	15,382
Total Liabilities	10,088	112,554	122,642
NET POSITION			
Net investment in capital assets	814,257	1,444,602	2,258,859
Unrestricted	663,994	178,965	842,959
Total Net Position	$ 1,478,251	$ 1,623,567	$ 3,101,818

The accompanying notes to financial statements
are an integral part of this statement.

CITY OF HAMPTON, FLORIDA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2025

		Program Revenues			Net (Expense) Revenue and Changes in Net Position		
Functions/Programs	**Expenses**	**Charges for Services**	**Operating Grants and Contributions**	**Capital Grants and Contributions**	**Governmental Activities**	**Business-type Activities**	**Total**
Governmental activities:							
General government	$ 155,013	$ 979	$ -	$ -	$ (154,034)	$ -	$ (154,034)
Public safety	16,286	-	-	-	(16,286)	-	(16,286)
Transportation	38,936	-	-	-	(38,936)	-	(38,936)
Culture and recreation	23,138	-	-	-	(23,138)	-	(23,138)
Total governmental activities	233,373	979	-	-	(232,394)	-	(232,394)
Business-type activities:							
Water	287,451	157,504	-	501,584	-	371,637	371,637
Total business-type activities	287,451	157,504	-	501,584	-	371,637	371,637
Total primary government	$ 520,824	$ 158,483	$ -	$ 501,584	(232,394)	371,637	139,243
General revenues:							
Property taxes					27,889	-	27,889
Discretionary sales surtax					83,127	-	83,127
Local option gas tax					38,869	-	38,869
Utility tax					48,003	-	48,003
Half cent sales tax					36,551	-	36,551
Franchise fees					28,775	-	28,775
State revenue sharing					36,593	-	36,593
Miscellaneous revenues					7,048	374	7,422
Total general revenues and transfers					306,855	374	307,229
Change in net position					74,461	372,011	446,472
Net position - beginning					1,403,790	1,251,556	2,655,346
Net position - ending					$ 1,478,251	$ 1,623,567	$ 3,101,818

The accompanying notes to financial statements
are an integral part of this statement.

CITY OF HAMPTON, FLORIDA
BALANCE SHEET
GOVERNMENTAL FUND - GENERAL FUND
SEPTEMBER 30, 2025

ASSETS		
Cash and cash equivalents	$	548,714
Accounts receivable		10,051
Due from other governments		28,617
Due from water fund		86,700
Total assets	$	674,082
LIABILITIES		
Accounts payable	$	8,073
Accrued expenses		2,015
Total liabilities		10,088
FUND BALANCES		
Assigned to:		
Subsequent year's budget		26,046
Unassigned		637,948
Total fund balances		663,994
Total liabilities and fund balances	$	674,082

The accompanying notes to financial statements
are an integral part of this statement.

CITY OF HAMPTON, FLORIDA
RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUND
TO THE STATEMENT OF NET POSITION
SEPTEMBER 30, 2025

Fund balances - total governmental fund		$ 663,994
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.		
Total governmental capital assets	1,272,617	
Less: Accumulated depreciation	(458,360)	814,257
Net position of governmental activities		$ 1,478,251

The accompanying notes to financial statements
are an integral part of this statement.

CITY OF HAMPTON, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2025

Revenues	
Taxes	
Property	$ 27,889
Discretionary sales surtax	83,127
Local option gas tax	38,869
Utility tax	48,003
Franchise fees	28,775
Intergovernmental revenues	73,144
Charges for services	334
Fines and forfeitures	645
Miscellaneous	7,048
Total revenues	307,834
Expenditures	
Current:	
General government	154,343
Public safety	15,676
Transportation	18,561
Culture and recreation	7,761
Total expenditures	196,341
Excess (deficiency) of revenues over expenditures	111,493
Net change in fund balance	111,493
Fund balances, beginning of year	552,501
Fund balances, end of year	$ 663,994

The accompanying notes to financial statements
are an integral part of this statement.

CITY OF HAMPTON, FLORIDA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - GOVERNMENTAL FUND TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2025

Net change in fund balances - total governmental fund	$ 111,493
Differences in amounts reported for governmental activities in the statement of	
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is depreciated over their estimated useful lives.	
Depreciation expense	(37,032)
Change in net position of governmental activities	$ 74,461

The accompanying notes to financial statements are an integral part of this statement.

CITY OF HAMPTON, FLORIDA
STATEMENT OF NET POSITION
PROPRIETARY FUND - WATER FUND
SEPTEMBER 30, 2025

ASSETS	
Current assets:	
Cash and cash equivalents	$ 118,410
Accounts receivable, net	21,563
Due from other governments	144,224
Total current assets	284,197
Noncurrent assets:	
Capital assets	
Land	29,000
Water plant and improvements	2,037,025
Equipment	229,653
Construction in progress	139,571
Accumulated depreciation	(896,625)
Total noncurrent assets	1,538,624
Total assets	1,822,821
LIABILITIES	
Current liabilities:	
Accounts payable	$ 97,172
Due to general fund	86,700
Customer deposits	15,382
Total current liabilities	199,254
Total liabilities	199,254
NET POSITION	
Net investment in capital assets	1,444,602
Unrestricted	178,965
Total net position	$ 1,623,567

The accompanying notes to financial statements
are an integral part of this statement.

CITY OF HAMPTON, FLORIDA
STATEMENT OF REVENUE, EXPENSES, AND CHANGE IN NET POSITION
PROPRIETARY FUND - WATER FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2025

Operating revenues	
Charges for services	$ 157,504
Total operating revenues	157,504
Operating expenses	
Personnel services	30,000
Contractual services	95,250
Repairs and maintenance	9,615
Materials, supplies, and other operating expenses	70,407
Utilities	7,300
Depreciation	74,879
Total operating expenses	287,451
Operating income (loss)	(129,947)
Nonoperating revenues (expenses)	
Interest income	374
Total nonoperating revenues (expenses)	374
Income (loss) before capital grants and transfers	(129,573)
Capital grant revenue	501,584
Change in net position	372,011
Net position, beginning of year	1,251,556
Net position, end of year	$ 1,623,567

The accompanying notes to financial statements
are an integral part of this statement.

CITY OF HAMPTON, FLORIDA
STATEMENT OF CASH FLOWS
PROPRIETARY FUND - WATER FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2025

Cash flows from operating activities	
Receipt from customers	$ 154,890
Payments to employees	(30,000)
Payments to suppliers of goods and services	(91,245)
Net cash provided by (used in) operating activities	33,645
Cash flows from noncapital financing activities	
Interfund loan activity	31,269
Net cash provided by (used in) noncapital financing activities	31,269
Cash flows from capital and related financing activities	
Acquisition and construction of capital assets	(450,869)
Receipt from capital grants	416,177
Net cash provided by (used in) capital and related activities	(34,692)
Cash flows from investing activities	
Interest received	374
Net change in cash and cash equivalents	30,596
Cash and cash equivalents, beginning of year	87,814
Cash and cash equivalents, end of year	$ 118,410
Reconciliation of operating loss to net cash provided by (used in) operating activities:	
Operating income (loss)	$ (129,947)
Adjustments to reconcile net operating loss to net cash provided by (used in) operating activities:	
Depreciation	74,879
Changes in assets and liabilities:	
Accounts receivable	(3,079)
Accounts payable and accrued liabilities	91,327
Customer deposits	465
Net cash provided by (used in) operating activities	$ 33,645

The accompanying notes to financial statements
are an integral part of this statement.

(1) Summary of Significant Accounting Policies:

The financial statements of the City of Hampton, Florida (the City), have been prepared in accordance with accounting principles generally accepted in the United States of America as applicable to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted body for promulgating governmental accounting and financial reporting principles. The following is a summary of the City's significant accounting policies:

(a) **Reporting entity**—The City was incorporated as a municipality established under the laws of the State of Florida. The City operates under a Mayor-Council form of government and provides services to its citizens including public safety, sanitation, streets and other general governmental activities. In addition, the City owns and operates a water and sewer system.

The accompanying financial statements present the financial position, results of operations, and cash flows of the applicable funds governed by the City Council of the City of Hampton, Florida, the reporting entity of government for which the City Council is considered to be financially accountable. In evaluating the City as a reporting entity, management has addressed all potential component units that may or may not fall within the City's oversight and control, and thus, be included in the City's financial statements.

(b) **Government-wide and fund financial statements**—The basic financial statements include both government-wide (based on the City as a whole) and fund financial statements. Both the government-wide and fund financial statements (within the basic financial statements) categorize primary activities as either governmental or business-type. In the government-wide statement of net position, both the governmental and business-type activities columns are presented on a consolidated basis and are reflected, on a full accrual, economic resource basis, which incorporates long term assets and receivables as well as long term debt and obligations.

The government-wide statement of activities reflects both the gross and net costs per functional category (general government, transportation, culture and recreation, etc.), which are otherwise being supported by general government revenues (property, sales taxes, certain intergovernmental revenues, etc.). The statement of activities reduces gross expenses (including depreciation) by the related program revenues, operating and capital grants. The program revenues must be directly associated with the function or a business-type activity. The operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants.

The net cost (by function or business-type activity) is normally covered by general revenue (property, sales or gas taxes, intergovernmental revenues, interest income, etc.). This government-wide focus is more on the sustainability of the City as an entity and the change in aggregate financial position resulting from the activities of the fiscal period. The fund financial statements emphasize the major funds in either the governmental or business-type categories. Non-major funds (by category) are summarized into a single column, if any.

The governmental funds' major fund statements in the fund financial statements are presented on a current financial resource and modified accrual basis of accounting. This is the manner in which these funds are normally budgeted. This presentation is deemed most appropriate to demonstrate legal compliance and demonstrate how the City's actual experience conforms to the budgeted fiscal plan. Since the governmental fund statements are presented on a different measurement focus and basis of accounting than the government-wide statements' governmental column, a reconciliation is presented

(1) **Summary of Significant Accounting Policies:** (Continued)

on the page following the Governmental Funds – Balance Sheet and the Governmental Funds - Statement of Revenues, Expenditures, and Changes in Fund Balances, which briefly explains the adjustment necessary to transform the fund based financial statements into the governmental column of the government-wide presentation.

As a general rule the effect of interfund City activities has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments in lieu of taxes. Elimination of these charges would distort the direct costs and program revenue reported for the various functions concerned.

(c) **Measurement focus and basis of accounting**—The government-wide financial statements are reported using the e*conomic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using *the current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Taxes, intergovernmental revenue, licenses and permits, charges for services, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

(d) **Financial statement presentation**—The financial transactions of the City are recorded in individual funds. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, liabilities, reserves, fund equity, revenues and expenditures/expenses. The various funds are reported by generic classification within the financial statements.

The GASB Codification sets forth minimum criteria (percentage of the assets, liabilities, revenues or expenditures/expenses of either fund category or the governmental and enterprise combined) for the determination of major funds. Any non-major funds are combined in a column in the fund financial statements and detailed in the combining section. There are no non-major funds to report.

(1) **Summary of Significant Accounting Policies:** (Continued)

The City reports the following major governmental fund:

The ***General Fund*** accounts for several of the City's primary services and is the general operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund.

The City reports the following major enterprise fund:

The ***Water Fund*** accounts for the activities of the City's water distribution system.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the City's enterprise funds are charges to customers for sales and services. The City also recognizes as operating revenue the portion of connection fees intended to recover the cost of connecting new customers to the system. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

(e) **Use of estimates**—Management uses estimates and assumptions in preparing financial statements in accordance with generally accepted accounting principles. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenue and expenses. Actual results could vary from the estimates assumed in preparing the financial statements.

(f) **Budgets and budgetary accounting**—Annual budgets for all governmental and proprietary funds were adopted in compliance with Florida law. The basis on which the budgets are prepared is consistent with the basis of accounting utilized by the various fund types. The governmental fund's budgets are prepared on the modified accrual basis of accounting. The proprietary fund's budgets are prepared on a full accrual basis of accounting. The City uses the following procedures in establishing the budgetary data reflected in the accompanying financial statements:

i. Sixty days prior to October 1, the City Clerk submits to the City Council a proposed operating budget for the fiscal year commencing on October 1. The operating budget includes proposed expenditures and means of financing them.

ii. Budget workshops are scheduled by the City Clerk as needed.

iii. The general summary of the budget and notice of public hearing is published in the local newspaper.

iv. Public hearings are conducted to obtain taxpayer comments.

v. Prior to October 1, the budgets are legally enacted through passage of a resolution.

(1) **Summary of Significant Accounting Policies:** (Continued)

vi. The City Clerk is authorized to transfer budgeted amounts between divisions and departments; however, any revisions that alter the total appropriations of any fund must be approved by the City Council.

vii. The level of classification detail at which expenditures may not legally exceed appropriations is the fund level.

viii. Appropriations lapse at the close of the fiscal year to the extent they have not been expended.

ix. Budgets for the governmental funds are adopted on a basis consistent with generally accepted accounting principles (GAAP). The governmental funds have legally adopted annual budgets contained within a separate document.

x. The City Council, by resolution, may make supplemental appropriations in excess of those originally estimated for the year, up to the amount of available revenues.

(g) **Cash and cash equivalents**—Cash consists of amounts held in demand deposits. Cash equivalents consist of short term investments having a maturity date of less than three months from the date acquired. The City has no cash equivalents as of September 30, 2025.

(h) **Deposits and investments**—All deposits are placed in a bank that qualifies as a public depository, as required by law (Florida Security for Public Deposits Act). Accordingly, all deposits are insured by Federal depository insurance and/or entirely collateralized pursuant to Chapter 280, Florida Statutes. The City only invests excess public funds in certificates of deposit with qualified public depositories, which is an authorized form of investment pursuant to the provisions of Section 218.415, Florida Statutes. Such investments are stated at cost and are entirely insured or collateralized. The City does not have any investments recorded at fair value.

(i) **Receivables and payables**—Activity 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” (i.e., the current portion of interfund loans) or “advances to/from other funds” (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as “due to/from other funds.” Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as “internal balances.”

All trade, governmental, and property tax receivables are reported net of an allowance for uncollectible accounts, which is based upon management's analysis of historical trends. Utility operating sales are generally recognized on the basis of cycle billings rendered monthly. Unbilled accounts receivable are accrued by the City at year-end to recognize the sales revenues earned through the end of the fiscal year.

(j) **Capital assets**—Capital assets include property, plant, equipment and infrastructure assets. The terms general capital assets and general infrastructure assets relate only to the assets associated with governmental activities, whereas the terms capital assets and infrastructure assets relate to all such assets belonging to the City.

Capital assets are defined by the City as assets with an initial individual cost of $5,000 or more and an estimated useful life in excess of one year. Such assets are recorded at historical cost, if purchased or constructed. Contributed assets are recorded at fair value as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are only capitalized if they meet the dollar threshold above for capitalization. Maintenance and repairs of capital assets are charged to operating expenses. Donated assets are recorded at estimated fair value at the date of donation.

(1) **Summary of Significant Accounting Policies:** (Continued)

Depreciation is reported for the primary government using the straight-line method calculated on a service-life basis to amortize the cost of the asset over their estimated economic useful lives, which are as follows:

Assets	Years
Water Plant and Buildings Improvements	20 – 40
Equipment and Vehicles	5 – 15

(k) **Compensated absences**—The City Council has adopted a policy requiring all vacation leave to be used in the year earned, with no carryover of unused leave. Sick leave can be carried forward, but unused sick leave is not compensated at the termination of employment. Accordingly, no liability for compensated absences exists at September 30, 2025.

(l) **Long-term obligations**—In the government-wide financial statements and proprietary fund financial statements, long-term debt obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are expensed when paid.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures. The City has no outstanding debt and no long-term obligations at September 30, 2025.

(m) **Net position flow assumption**—Sometimes the City will fund outlays for a particular purpose from both restricted and unrestricted resources. In order to determine amounts reported as restricted and unrestricted net position, it is the City's policy to consider restricted net position to have been used before unrestricted net position is applied.

(n) **Fund equity**—In the fund financial statements, governmental funds report fund balance classifications that comprise a hierarchy based primarily on the extent to which the City is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. Those classifications are as follows:

Nonspendable - The nonspendable fund balance classification 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. The "not in spendable form" criterion includes items that are not expected to be converted to cash such as inventories and prepaid amounts. It also includes the long-term amount of loans and notes receivable, as well as property acquired for resale unless the use of the proceeds from the collection of those receivables or from the sale of those properties is restricted, committed, or assigned.

(1) **<u>Summary of Significant Accounting Policies</u>:** (Continued)

Restricted - Fund balance is reported as restricted when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation (i.e. when the government assesses, levies, charges, or otherwise mandates payment of resources (from external resource providers) and includes a legally enforceable requirement that those resources be used only for the specific purposes stipulated in the legislation.

Committed - Fund balance amounts that can only be used for specific purposes pursuant to constraints imposed by ordinance of the City Council are reported as committed fund balance. Those committed amounts cannot be used for any other purpose unless the City removes or changes the specified use by taking the same type of action it employed to previously commit those amounts.

Assigned - Fund balance amounts that are constrained by the government's intent to be used for specific purposes, but are neither restricted nor committed, are reported as assigned fund balance, except for stabilization arrangements. Assignments can be made by the City Council.

Unassigned - Unassigned fund balance is the residual classification for the general fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the general fund.

For spendable resources, is the City's policy to use its resources in the following order as needed to fund expenditures: restricted, committed, assigned, unassigned.

(o) **Impact fees**—The City has not adopted any ordinances or resolutions to levy impact fees in accordance with Section 163.31801, Florida Statutes.

(p) **Reserve policy**—The City Council has approved a reserve policy, which addresses the City's optimal level of general fund reserve has been determined to be 25% of the respective operating budgets at the beginning of the fiscal year plus 25% of the amount of all outstanding indebtedness through any five-year forecast period. The reserve policy also addresses the City's optimal level of enterprise fund reserve, which has been determined to be 25% of the respective operating budgets at the beginning of the fiscal year through any five-year forecast period. The term Reserve includes all uncommitted balances, such as those referred to as carryover, emergency fund, fund balance, contingency, and surplus.

(2) **<u>Reconciliation of Government-Wide and Fund Financial Statement</u>:**

(a) **Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net position**—Following the governmental fund balance sheet is a reconciliation between fund balance – governmental fund and net position – governmental activities as reported in the government-wide statement of net position. A detailed explanation of these differences is provided in this reconciliation.

(b) **Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balances and the government-wide statement of activities**—Following the governmental fund statement of revenues, expenditures, and changes in fund balances, there is a reconciliation between net changes in fund balances - governmental fund and changes in net position of governmental activities as reported in the government-wide statement of activities. A detailed explanation of these differences is provided in this reconciliation.

(3) **Property Taxes Calendar:**

Under Florida law, the assessment of all properties and collection of all county, municipal and school board property taxes are consolidated in the offices of the County Property Appraiser and County Tax Collector. State laws regulating tax assessment are designed to ensure a consistent property valuation method statewide and to permit municipalities to levy property taxes at a rate of up to 10 mills. The millage rate assessed by the City for the fiscal year ended September 30, 2025, was 1.0000 per $1,000.

All property is assessed according to its fair market value on January 1 of each year. Each assessment roll is submitted to the Executive Director of the State Department of Revenue for review to determine if the rolls meet all of the appropriate requirements of State statutes.

The current year taxes for the fiscal year, beginning October 1, are billed in the month of November and are due no later than March 31. On April 1, all unpaid amounts become delinquent and are subject to interest and penalties.

Discounts are allowed for early payment at the rate of 4% in the month of November, 3% in the month of December, 2% in the month of January, 1% in the month of February, and without discount in March.

The City recognizes property tax revenues as received. Delinquent tax receivables are inconsequential to the financial statements and have not been recorded. Delinquent taxes on real property bear interest of 18% per year. On or prior to June 1 following the tax year, certificates are sold for all delinquent taxes on real property. After sale, tax certificates bear interest of 18% per year or any lower rate bid by the buyer. Application for a tax deed on any unredeemed tax certificates may be made by the certificate holder after a period of two years. The City tax calendar is as follows:

Valuation Date:	January 1, 2024
Levy Date:	November 1, 2024
Due Date:	March 31, 2025
Lien Date:	June 1, 2025

(4) **Receivables:**

The City's receivables consist of the following at September 30, 2025:

	Gross Receivable	Allowance for Doubtful Accounts	Net Receivable
Governmental Activities:			
General Fund			
Accounts receivable	$ 10,051	$ -	$ 10,051
Totals – Governmental Type Activities	$ 10,051	$ -	$ 10,051
Business-Type Activities:			
Water Fund			
Accounts receivable	$ 39,767	$ (18,204)	$ 21,563
Totals – Business-Type Activities	$ 39,767	$ (18,204)	$ 21,563

(5) **Interfund Loans, Advances, and Transfers:**

For the year ended September 30, 2025, the General Fund transferred $- to the Water Fund which was for an operating subsidy.

The outstanding balances between funds are long-term loans to cover short-term cash flow needs and are expected to be repaid in full over the course of the next fiscal year. Individual fund interfund receivables and payables for the primary government at September 30, 2025, are comprised of the following:

Receivable Fund	Payable Fund	Amount
General Fund	Water Fund	$ 86,700
		$ 86,700

(6) **Capital Assets:**

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

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets not being depreciated:				
Land	$ 25,163	$ -	$ -	$ 25,163
Total assets not being depreciated	25,163	-	-	25,163
Capital assets being depreciated:				
Buildings and improvements	1,247,454	-	-	1,247,454
Total assets being depreciated	1,247,454	-	-	1,247,454
Less: accumulated depreciation	(421,328)	(37,032)	-	(458,360)
Total capital assets being depreciated, net	826,126	(37,032)	-	789,094
Governmental activities capital assets, net	$ 851,289	$ (37,032)	$ -	$ 814,257

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type activities:				
Capital assets not being depreciated:				
Land	$ 29,000	$ -	$ -	$ 29,000
Construction in progress	-	139,571	-	139,571
Total assets not being depreciated	29,000	139,571	-	168,571
Capital assets being depreciated:				
Buildings and improvements	1,725,727	311,298	-	2,037,025
Equipment	229,653	-	-	229,653
Total assets being depreciated	1,955,380	311,298	-	2,266,678
Less: accumulated depreciation	(821,746)	(74,879)	-	(896,625)
Total capital assets being depreciated, net	1,133,634	236,419	-	1,370,053
Business-type activities capital assets, net	$ 1,162,634	$ 375,990	$ -	$ 1,538,624

(6) **Capital Assets:** (Continued)

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

Governmental activities:		
Culture and recreation	$	15,377
Transportation		20,375
General government		670
Public safety		610
Total depreciation expense - governmental activities	$	37,032
Business-type activities:		
Water	$	74,879
Total depreciation expense - business-type activities	$	74,879

(7) **Contractual Commitments:**

As of September 30, 2025, the City had no commitments related to unfinished projects.

(8) **Risk Management:**

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters for which the City carries commercial insurance. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years. There were no significant reductions in coverage from the prior year.

The City is engaged in routine litigation incidental to the conduct of its municipal affairs. In the opinion of the City's legal counsel, no legal proceedings are pending which would have a material adverse effect on the financial position or results of operations of the City.

(9) **Recent Accounting Pronouncements:**

The Governmental Accounting Standards Board (GASB) has issued several pronouncements that have effective dates that may impact future financial statements. Listed below are pronouncements with required implementation dates effective for subsequent fiscal years that have not yet been implemented. Management has not currently determined what, if any, impact implementation of the following will have on the City's financial statements:

(a) GASB issued Statement No. 103, *Financial Reporting Model Improvements*, in April 2024. The objective of GASB 103 improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. The effective date for implementation is fiscal years beginning after June 15, 2025, and all reporting periods thereafter.

(b) GASB issued Statement No. 104, *Disclosure of Certain Capital Assets*, in September 2024. GASB Statement No. 104 requires governments to disclose separate information about specific types of capital assets and establishes criteria for identifying and reporting capital assets held for sale. The objective of GASB 104 is to enhance transparency and improve the usefulness of financial statements for stakeholders by providing more detailed information on these assets. The provisions are effective for fiscal years beginning after June 15, 2025.

(9) **Recent Accounting Pronouncements:** (Continued)

(c) GASB issued Statement No. 105, *Subsequent Events*, in December 2025. GASB Statement No. 105 clarifies the subsequent events time frame and establishes accounting and disclosure requirements for recognized and nonrecognized subsequent events. The provisions of GASB Statement No. 105 are effective for fiscal years beginning after June 15, 2026.

CITY OF HAMPTON, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2025

	Budgeted Amounts			
	Original	Final	Actual	Variance with Final Budget
Revenues				
Taxes				
Property	$ 25,508	$ 25,508	$ 27,889	$ 2,381
Discretionary sales surtax	79,452	79,452	83,127	3,675
Local option gas tax	29,040	29,040	38,869	9,829
Utility tax	28,896	28,896	48,003	19,107
Franchise fees	24,600	24,600	28,775	4,175
Intergovernmental revenues	72,984	72,984	73,144	160
Charges for services	420	420	334	(86)
Grant revenue	100,250	100,250	-	(100,250)
Fines and forfeitures	900	900	645	(255)
Miscellaneous	5,328	5,328	7,048	1,720
Total revenues	367,378	367,378	307,834	(59,544)
Expenditures				
Current:				
General government	256,395	256,395	154,343	102,052
Public safety	120,254	120,254	15,676	104,578
Transportation	63,084	63,084	18,561	44,523
Culture and recreation	7,800	7,800	7,761	39
Total expenditures	447,533	447,533	196,341	251,192
Excess (deficiency) of revenues over expenditures	(80,155)	(80,155)	111,493	191,648
Net change in fund balance	(80,155)	(80,155)	111,493	191,648
Fund balances, beginning of year	552,501	-	552,501	-
Fund balances, end of year	$ 472,346	$ (80,155)	$ 663,994	$ 191,648

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

To the Honorable Mayor and City Council
City of Hampton, Florida:

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (Government Auditing Standards), the financial statements of the governmental activities, the business-type activities, and each major fund of the City of Hampton, Florida (the City) as of and for the year ended September 30, 2025, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated June 16, 2026.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) as a basis for designing procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the City's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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.

James Moore & Co., P.L.

Gainesville, Florida
June 16, 2026

JAMESMOORE

INDEPENDENT AUDITORS' MANAGEMENT LETTER REQUIRED BY CHAPTER 10.550, RULES OF THE STATE OF FLORIDA OFFICE OF THE AUDITOR GENERAL

To the Honorable Mayor and City Council,
City of Hampton, Florida:

Report on the Financial Statements

We have audited the basic financial statements of City of Hampton, Florida (the City), as of and for the fiscal year ended September 30, 2025, and have issued our report thereon dated June 16, 2026.

Auditors' Responsibility

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 Chapter 10.550, Rules of the Florida Auditor General.

Other Reporting Requirements

We have issued our Independent Auditors' Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*; and Independent Accountants' Report on an examination conducted in accordance with *AICPA Professional Standards*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports, which are dated June 16, 2026, should be considered in conjunction with this management letter.

Prior Audit Findings

Section 10.554(1)(i)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. There were no such findings and recommendations.

Official Title and Legal Authority

Section 10.554 (1)(i)4., Rules of the Auditor General, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the financial statements. The legal authority for the primary government and blended component unit of the reporting entity is disclosed in Note 1(a) of the basic financial statements.

Financial Condition and Management

Section 10.554(1)(i)5.a. and 10.556(7), Rules of the Auditor General, requires us to apply appropriate procedures and communicate the results of our determination as to whether or not the City, has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and identify of the specific conditions met. In connection with our audit, we determined that the City, did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

Pursuant to Sections 10.554(1)(i)5.b. and 10.556(8), Rules of the Auditor General, we applied financial condition assessment procedures for the City as of September 30, 2025. It is management's responsibility to monitor the City's, financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by same.

Section 10.554(1)(i)2., Rules of the Auditor General, requires that we communicate any recommendations to improve financial management. In connection with our audit, we did not have any such recommendations.

Property Assessed Clean Energy (PACE) Programs

The following items have been provided to us to comply with state reporting requirements and have not been audited by us. We did not audit the following information within this section, nor were we required to perform any procedures to verify the accuracy or the completeness of the information provided by management. We do not express an opinion, a conclusion, nor provide any form of assurance on this data.

As required by Section 10.554(1)(i)6.a., Rules of the Auditor General, the City did not have a property assessed clean energy (PACE) program that finances qualifying improvements authorized pursuant to Section 163.081 or Section 163.082, Florida Statutes, operated within its geographical boundaries during the fiscal year under audit.

Special District Component Units

Section 10.554(1)(i)5.c., Rules of the Auditor General, requires, if appropriate, that we communicate the failure of a special district that is a component unit of a county, municipality, or special district, to provide the financial information necessary for proper reporting of the component unit within the audited financial statements of the county, municipality, or special district in accordance with Section 218.39(3)(b), Florida Statutes. In connection with our audit, we did not note any special district component units; therefore, we noted no special district component units that failed to provide the necessary information for proper reporting in accordance with Section 218.39(3)(b), Florida Statutes.

Additional Matters

Section 10.554(1)(i)3., Rules of the Auditor General, requires us to communicate noncompliance with provisions of contracts or grant agreements, or fraud, waste, or abuse, that has occurred or is likely to have occurred, that has an effect on the financial statements that is less than material but which warrants the attention of those charged with governance. In connection with our audit, we did not have any such findings.

Purpose of this Letter

Our management letter is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, Federal and State grant agencies, the City Council, management, and others within the City, and is not intended to be and should not be used by anyone other than these specified parties.

James Moore & Co., P.L.

Gainesville, Florida
June 16, 2026

INDEPENDENT ACCOUNTANTS' EXAMINATION REPORT

To the Honorable Mayor and City Council,
City of Hampton, Florida:

We have examined the City of Hampton, Florida's (the City) compliance with Section 218.415, Florida Statutes, *Local Government Investment Policies* (the Statute), for the year ended September 30, 2025. The City's management is responsible for the City's compliance with those requirements. Our responsibility is to obtain reasonable assurance by evaluating the City's compliance against the Statute for the year ended September 30, 2025, and performing other procedures to obtain sufficient appropriate evidence to express an opinion that conveys the results of our evaluation based on our examination.

Our examination was conducted in accordance with the attestation standards for a direct examination engagement established by the AICPA. Those standards require that we obtain reasonable assurance by evaluating against the aforementioned statutes during the year ended September 30, 2025 and performing other procedures to obtain sufficient appropriate evidence to express an opinion that conveys the results of our evaluation of the City's compliance during the year ended September 30, 2025. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks that were not in accordance with those requirements in all material respects, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion

We are required to be independent of the City, and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our examination engagement.

In our opinion, for the year ended September 30, 2025, the City complied with the Statute in all material respects.

James Moore & Co., P.L.

Gainesville, Florida
June 16, 2026