



Financial Policies

"I choose Hampton because it's a family-oriented city."

Shola Asenuga

OWNER, KINGSWAY PHYSICAL THERAPY



5. Financial Policies

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In April 2007, the City Council amended its existing financial policies. These policies are used as financial planning parameters during the annual budget development process. The five (5) financial policies are summarized below with the actual results reflected on the following pages.

Debt to Assessed Value Policy (Financial Policy No. 1-A): General obligation debt shall not exceed 3% of all real estate within the City subject to taxation.

Debt to Assessed Value Policy (Financial Policy No. 1-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.

Debt to Assessed Value Policy (Financial Policy No. 1-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.

Debt Service Limit Policy (Financial Policy No. 2): General obligation bonded debt and indirect debt shall not exceed 10% of the City's total General Fund and Hampton City Schools' expenditures.

Debt Retirement Policy (Financial Policy No. 3): The City shall retire not less than 60% of the principal balance of General Obligation Indebtedness within 10 years of the date the debt is issued.

Equity Funding Policy (Financial Policy No. 4-A): A minimum of 2% to 6% of General Fund revenues will be applied to capital projects each year.

Equity Funding Policy (Financial Policy No. 4-B): A minimum of 10% to 15% of capital improvement plan projects, over a rolling five-year period, are to be funded from General Fund revenues.

Unassigned Fund Balance Policy (Financial Policy No. 5): The City will maintain an Unassigned General Fund Balance equal to 10% of total General Fund and Hampton City School Operating revenues. To the extent the Unassigned Fund Balance falls below the policy, the shortfall shall be replenished over a three-year period.





Debt to Assessed Value Policy (Financial Policy No. 1)

Total Taxable Real Estate (RE) Assessed Value	\$14,988,858,413
Total Personal Property Assessed Value	\$1,711,570,802
Total Taxable Valuation	\$16,700,429,215

FINANCIAL POLICY NO. 1-A

General Obligation (Direct) Bonded Debt shall not exceed 3% of Taxable Real Estate Assessed Valuation.

3% of Taxable Real Estate (RE) Valuation	\$449,665,752
Total General Obligation (GO) Debt ⁽¹⁾	\$298,121,945
Percentage of GO Debt to Taxable RE Assessed Value	2.0%
In Compliance with Financial Policy No. 1-A	Yes

FINANCIAL POLICY NO. 1-B

Direct/Indirect/Overlapping Debt to Total Taxable Valuation shall not exceed 4.5%. Overlapping debt shall not exceed 1% of total valuation.

4.5% of Total Taxable Valuation	\$751,519,315
Total Net Direct/Indirect/Overlapping Debt ⁽²⁾	\$463,715,945
Percentage of Debt to Taxable Valuation	2.8%
In Compliance with Financial Policy No. 1-B	Yes

FINANCIAL POLICY NO. 1-C

Debt of Special Purpose Entities shall not exceed 1% of Total Taxable Valuation.

1% of Total Taxable Valuation	\$167,004,292
Overlapping Debt ⁽³⁾	\$82,669,000
Percentage of Special Purpose Debt to Total Taxable Valuation	0.50%
In Compliance with Financial Policy No. 1-C	Yes

⁽¹⁾ Net Bonded Debt outstanding includes existing and proposed General Obligation Bonds and General Obligation Notes payable, less bonds funded with Steam Plant and Stormwater revenues.

⁽²⁾ Net Direct/Indirect/Overlapping Debt includes existing and proposed General Obligation Bonds, General Obligation Notes payable and Hampton Roads Convention Center overlapping debt, less bonds funded with Steam Plant and Stormwater revenues.

⁽³⁾ Overlapping debt consists of H2O Peninsula Town Center CDA debt.



FINANCIAL POLICY NO. 2

Debt Service (Direct and Indirect) shall not exceed 10% of total expenditures of General Fund, plus expenditures of Hampton City' Schools.

Total Expenditures ⁽¹⁾	\$623,794,039
10% of Total Expenditures	\$62,379,404
Annual Debt Service Cost (DSC) ⁽²⁾	\$40,889,784
<i>Debt Service as Percentage of Total Expenditures</i>	6.6%
<i>In Compliance with Financial Policy No. 2</i>	Yes

⁽¹⁾ Total expenditures include Hampton City School operating expenditures and the Hampton Roads Convention Center.

⁽²⁾ Annual debt service cost includes debt service on all General Obligation Bonds and Hampton Roads Convention Center.



FINANCIAL POLICY NO. 3

Ten year payout ratio shall not be less than 60% for General Obligation Indebtedness.

Total General Obligation Indebtedness \$298,121,945

Amount retired within 10 years \$188,866,945

10 year Payout Ratio 63.4%

In Compliance with Financial Policy No. 3 Yes



FINANCIAL POLICY NO. 4-A

Minimum of 2% to 6% of General Fund revenues applied to capital projects each year.

Total General Fund Revenues	\$611,451,337
General Fund Revenues (less Hampton City Schools)	\$430,555,049
2% of Total General Fund Revenues (less Hampton City Schools)	\$8,611,101
6% of Total General Fund Revenues (less Hampton City Schools)	\$25,833,303
Total General Fund Revenues Transferred to FY24 Capital Budget	\$21,614,809
Percentage of General Fund Revenues Applied to FY24 Capital Budget	5.0%
In Compliance with Financial Policy No. 4-A	Yes

FINANCIAL POLICY NO. 4-B

Minimum of 10% to 15% of total Capital Improvement Plan (CIP) over a rolling five-year period to be funded from General Fund revenues.

Total FY24-28 CIP Revenues	\$332,347,131
10% of Total FY24-28 CIP Revenues	\$33,234,713
15% of Total FY24-28 CIP Revenues	\$49,852,070
Total FY24-28 General Fund Revenues for CIP	\$91,493,531
Percentage funded from General Fund Revenues	27.5%
In Compliance with Financial Policy No. 4-B	Yes



Unassigned Fund Balance Policy (Financial Policy No. 5)

FINANCIAL POLICY NO. 5

Unassigned Fund Balance (UFB) shall be maintained at a level of not less than 10% of total revenues to the extent that the Unassigned Fund Balance is drawn upon, replenishment of such amount drawn shall occur over three years.

Total General Fund Revenues	\$611,451,337
Total General Fund Revenues (less Transfers)	\$598,817,954
10% of Total General Fund Revenues (less Transfers)	\$59,881,795
Estimated Unassigned Fund Balance (UFB)	\$82,011,765
Estimated UFB as a Percentage of Total General Fund Revenues (less Transfers)	14%
<i>In Compliance with Financial Policy No. 5</i>	Yes

