

CITY OF NEWPORT NEWS, VIRGINIA
 General Fund
 Schedule of Revenues, Expenditures and Changes
 in Fund Balance – Budget and Actual (Budget Basis)
 Year ended June 30, 2004

	<u>Original budget</u>	<u>Amended budget</u>	<u>Actual</u>	<u>Variance favorable (unfavorable)</u>
Revenues:				
Revenues from local sources:				
General property taxes:				
Real property taxes	\$ 104,591,367	104,591,367	105,032,581	441,214
Real and personal public service corporation property taxes	4,862,514	4,862,514	4,517,530	(344,984)
Personal property taxes	38,733,293	38,733,293	37,870,834	(862,459)
Machinery and tools taxes	12,100,500	12,100,500	11,539,677	(560,823)
Penalties and interest	1,580,000	1,580,000	915,033	(664,967)
Total general property taxes	<u>161,867,674</u>	<u>161,867,674</u>	<u>159,875,655</u>	<u>(1,992,019)</u>
Other local taxes:				
E-911 service revenue	3,348,780	3,348,780	2,788,546	(560,234)
Local sales and use taxes	19,269,000	19,269,000	20,294,801	1,025,801
Consumers' utility taxes	10,484,500	10,484,500	9,345,342	(1,139,158)
Cellular telephone taxes	2,050,000	2,050,000	2,615,736	565,736
Consumption tax	660,000	660,000	680,202	20,202
Business license taxes	12,575,250	12,575,250	12,199,360	(375,890)
Rental car taxes	755,000	755,000	898,190	143,190
Franchise license taxes	1,708,000	1,708,000	1,606,670	(101,330)
Cable television tax	2,045,000	2,045,000	2,087,952	42,952
Motor vehicle license	3,453,000	3,453,000	3,531,624	78,624
Bank stock taxes	610,000	610,000	544,584	(65,416)
Taxes on recordation and wills	815,000	815,000	1,052,317	237,317
Tobacco taxes	4,482,690	4,482,690	5,090,983	608,293
Hotel and motel room taxes	2,400,000	2,400,000	2,724,109	324,109
Restaurant food taxes	12,600,000	12,600,000	14,092,861	1,492,861
Amusement taxes	550,000	550,000	577,777	27,777
Total other local taxes	<u>77,806,220</u>	<u>77,806,220</u>	<u>80,131,054</u>	<u>2,324,834</u>
Permits, privilege fees, and regulatory licenses:				
Animal licenses	31,000	31,000	47,494	16,494
Permits and other licenses	3,063,710	3,063,710	2,642,981	(420,729)
Total permits, privilege fees, and regulatory licenses	<u>3,094,710</u>	<u>3,094,710</u>	<u>2,690,475</u>	<u>(404,235)</u>
Fines and forfeitures	<u>2,049,950</u>	<u>2,049,950</u>	<u>2,231,194</u>	<u>181,244</u>
Revenue from use of money and property:				
Revenue from use of money	1,663,801	1,663,801	571,351	(1,092,450)
Revenue from use of property	1,600,843	1,600,843	3,355,354	1,754,511
Total revenue from use of money and property	<u>3,264,644</u>	<u>3,264,644</u>	<u>3,926,705</u>	<u>662,061</u>
Charges for services:				
Court costs	1,457,097	1,457,097	1,542,371	85,274
Law enforcement and traffic control	101,700	101,700	77,491	(24,209)
Fire and rescue services	1,100,000	1,100,000	1,080,882	(19,118)
Correction and detention	3,000	3,000	2,460	(540)
Engineering costs	—	—	19,777	19,777
Information Technology	1,649,776	1,649,776	1,729,551	79,775
Parks and recreation	5,782,072	5,782,072	5,496,231	(285,841)
Cultural enrichment	247,012	247,012	215,621	(31,391)
Self-insurance premiums	1,519,541	1,519,541	1,519,263	(278)
Library	45,600	45,600	39,025	(6,575)
Planning and community development	18,000	18,000	20,849	2,849
Indirect costs	1,188,712	1,188,712	1,188,712	—
Applied research center	966,439	966,439	901,207	(65,232)
Total charges for services	<u>\$ 14,078,949</u>	<u>14,078,949</u>	<u>13,833,440</u>	<u>(245,509)</u>

CITY OF NEWPORT NEWS, VIRGINIA
 General Fund
 Schedule of Revenues, Expenditures and Changes
 in Fund Balance – Budget and Actual (Budget Basis)
 Year ended June 30, 2004

	<u>Original budget</u>	<u>Amended budget</u>	<u>Actual</u>	<u>Variance favorable (unfavorable)</u>
Recovered costs:				
Health department	\$ 200,673	200,673	217,005	16,332
Juvenile detention home	3,865,147	3,865,147	3,165,057	(700,090)
City farm	1,751,279	1,751,279	1,591,245	(160,034)
City jail	1,570,170	1,570,170	1,567,691	(2,479)
Fire hazardous material	—	—	897	897
Sewer assessments - debt service	123,000	123,000	54,723	(68,277)
Library assistance	13,320	13,320	14,160	840
Office on youth development	194,923	194,923	206,940	12,017
Total recovered costs	<u>7,718,512</u>	<u>7,718,512</u>	<u>6,817,718</u>	<u>(900,794)</u>
Miscellaneous revenue:				
Payments in lieu of taxes	2,316,952	2,316,952	1,779,962	(536,990)
Miscellaneous	1,143,523	1,143,523	1,043,206	(100,317)
Total miscellaneous revenue	<u>3,460,475</u>	<u>3,460,475</u>	<u>2,823,168</u>	<u>(637,307)</u>
Total revenue from local sources	<u>273,341,134</u>	<u>273,341,134</u>	<u>272,329,409</u>	<u>(1,011,725)</u>
Revenue from the Commonwealth:				
Noncategorical aid:				
ABC profits	230,619	230,619	275,196	44,577
Wine taxes	180,709	180,709	170,457	(10,252)
Motor vehicle carriers' taxes	38,236	38,236	47,868	9,632
Mobile home titling taxes	100,000	100,000	47,643	(52,357)
Tax on deeds	295,000	295,000	330,521	35,521
State rebate – recording tax	522,632	522,632	445,971	(76,661)
DCJP grants for law enforcement	7,870,033	7,870,033	7,870,032	(1)
Total noncategorical aid	<u>9,237,229</u>	<u>9,237,229</u>	<u>9,187,688</u>	<u>(49,541)</u>
Shared expenses:				
State compensation board	—	41,558	44,341	2,783
Commonwealth's attorney	1,221,232	1,256,509	1,184,739	(71,770)
Sheriff	5,401,854	5,465,973	5,362,264	(103,709)
Commissioner of the revenue	384,200	384,200	369,105	(15,095)
Treasurer	374,800	374,800	351,940	(22,860)
Registrar/electoral board	58,303	58,303	57,861	(442)
Total shared expenses	<u>7,440,389</u>	<u>7,581,343</u>	<u>7,370,250</u>	<u>(211,093)</u>
Categorical aid:				
Emergency services grant	46,445	46,445	49,427	2,982
Welfare	20,963,052	20,963,052	22,301,090	1,338,038
Emergency medical service funds	68,000	68,000	72,935	4,935
Library	214,280	214,280	214,383	103
Other	—	—	10,518	10,518
Total categorical state aid	<u>21,291,777</u>	<u>21,291,777</u>	<u>22,648,353</u>	<u>1,356,576</u>
Total revenue from the Commonwealth	<u>37,969,395</u>	<u>38,110,349</u>	<u>39,206,291</u>	<u>1,095,942</u>
Other financing sources:				
Transfers from other funds	9,333,283	9,333,283	9,237,783	(95,500)
Total revenue	<u>\$ 320,643,812</u>	<u>320,784,766</u>	<u>320,773,483</u>	<u>(11,283)</u>

CITY OF NEWPORT NEWS, VIRGINIA
 General Fund
 Schedule of Revenues, Expenditures and Changes
 in Fund Balance – Budget and Actual (Budget Basis)
 Year ended June 30, 2004

	<u>Original budget</u>	<u>Amended budget</u>	<u>Actual</u>	<u>Variance favorable (unfavorable)</u>
Expenditures:				
General government administration:				
Legislative:				
City Council	\$ 307,824	307,824	298,530	9,294
City clerk	310,391	313,309	307,770	5,539
Total legislative	618,215	621,133	606,300	14,833
General and financial administration:				
City manager	796,078	803,113	770,861	32,252
Intergovernmental affairs	249,568	249,621	234,216	15,405
Personnel	959,462	960,218	953,113	7,105
Medical services	85,278	85,278	71,975	13,303
City attorney	1,332,978	1,335,510	1,329,692	5,818
Management/legislative services	277,902	267,118	247,336	19,782
Video production service	426,597	437,447	431,316	6,131
Internal auditor	511,455	512,360	507,198	5,162
Commissioner of the Revenue	2,176,237	2,176,577	2,100,632	75,945
Real estate assessor	1,515,503	1,518,222	1,489,012	29,210
City treasurer	1,753,260	1,754,965	1,704,223	50,742
Finance	1,084,613	1,085,522	996,320	89,202
Budget and evaluation	485,683	485,715	461,614	24,101
Auto self-insurance	959,900	959,900	1,107,163	(147,263)
General liability self-insurance	1,182,300	1,182,300	808,754	373,546
Workers' compensation	2,224,900	2,224,900	2,841,215	(616,315)
Purchasing	955,051	958,287	864,449	93,838
Information technology	6,689,811	6,702,764	6,231,132	471,632
Total general and financial administration	23,666,576	23,699,817	23,150,221	549,596
Board of elections -				
Registrar	344,018	344,062	342,895	1,167
Nondepartmental:				
Appointed boards	117,959	118,020	84,494	33,526
Community support	1,999,244	2,071,060	2,068,442	2,618
Contract community agencies	4,778,886	4,776,070	4,702,729	73,341
City development	1,694,787	1,694,787	1,956,722	(261,935)
Contractual services	864,888	864,888	769,273	95,615
Internal services	20,343	20,343	9,527	10,816
Machinery and equipment	764,984	764,984	540,252	224,732
Street lighting	1,909,935	909,935	266,399	643,536
Other	5,862,724	6,021,837	6,285,357	(263,520)
Total nondepartmental	18,013,750	17,241,924	16,683,195	558,729
Total general government administration	42,642,559	41,906,936	40,782,611	1,124,325
Judicial administration:				
Courts:				
Circuit courts	480,017	480,017	435,962	44,055
District courts	333,494	333,494	247,535	85,959
Office of the Magistrate	193,858	193,858	194,261	(403)
Juvenile/domestic relations court	58,341	58,341	48,528	9,813
Clerk of the circuit court	1,259,713	1,302,990	1,232,930	70,060
Court services	432,490	435,512	392,793	42,719
Total courts	2,757,913	2,804,212	2,552,009	252,203
Commonwealth's attorney	2,483,976	2,522,534	2,470,582	51,952
Total judicial administration	\$ 5,241,889	5,326,746	5,022,591	304,155

CITY OF NEWPORT NEWS, VIRGINIA
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 Year ended June 30, 2004

	<u>Original budget</u>	<u>Amended budget</u>	<u>Actual</u>	<u>Variance favorable (unfavorable)</u>
Public safety:				
Law enforcement and traffic control:				
Police department	\$ 33,483,062	33,549,637	33,099,384	450,253
Emergency communications	304,408	304,542	257,776	46,766
Total law enforcement and traffic control	33,787,470	33,854,179	33,357,160	497,019
Fire and rescue services:				
Fire department	23,967,823	23,982,929	24,145,926	(162,997)
Ambulance and rescue service	823,131	823,131	818,232	4,899
Total fire and rescue services	24,790,954	24,806,060	24,964,158	(158,098)
Correction and detention:				
Sheriff	9,106,747	9,222,460	9,308,695	(86,235)
Adult corrections	4,363,302	4,363,746	4,228,809	134,937
Juvenile detention	7,450,613	7,480,629	6,530,255	950,374
Total correction and detention	20,920,662	21,066,835	20,067,759	999,076
Inspection – codes compliance	2,069,950	2,074,271	1,940,931	133,340
Total public safety	81,569,036	81,801,345	80,330,008	1,471,337
Public works:				
Engineering:				
Administration	1,047,037	1,041,740	1,027,798	13,942
Technical services	898,164	992,217	956,085	36,132
Construction inspection	710,437	666,137	495,073	171,064
Asbestos inspection	424,550	418,450	374,036	44,414
Mapping	196,920	188,948	158,829	30,119
Project services	347,900	347,900	286,528	61,372
Traffic administration	542,359	451,141	401,449	49,692
Traffic operations	1,787,152	654,982	413,475	241,507
Total engineering	5,954,519	4,761,515	4,113,273	648,242
Public works administration	979,891	518,664	532,291	(13,627)
Maintenance of highways, streets, bridges, and sidewalks	9,633,594	2,770,770	2,457,500	313,270
Maintenance of general buildings and grounds	6,353,978	6,026,040	5,885,507	140,533
Total public works	22,921,982	14,076,989	12,988,571	1,088,418
Health and welfare:				
Health -				
Medical services	1,916,361	1,983,391	1,982,500	891
Welfare:				
Social services administration	5,763,796	5,661,462	5,076,498	584,964
Financial services	6,287,307	6,187,307	5,780,331	406,976
Social work services	13,829,427	14,280,526	14,203,702	76,824
Healthy families	569,573	569,573	569,688	(115)
Employment service program	2,219,105	1,969,105	1,756,015	213,090
CSA administration	3,505,308	3,510,308	4,483,058	(972,750)
Fuel assistance	45,213	45,213	69,890	(24,677)
State/local hospitalization	49,408	49,408	48,603	805
Cooperative extension	241,845	241,845	220,624	21,221
Office of Youth Development	589,668	589,668	565,967	23,701
Total welfare	33,100,650	33,104,415	32,774,376	330,039
Total health and welfare	\$ 35,017,011	35,087,806	34,756,876	330,930

CITY OF NEWPORT NEWS, VIRGINIA
General Fund
Schedule of Revenues, Expenditures and Changes
in Fund Balance – Budget and Actual (Budget Basis)
Year ended June 30, 2004

	<u>Original budget</u>	<u>Amended budget</u>	<u>Actual</u>	<u>Variance favorable (unfavorable)</u>
Parks, recreation and cultural:				
Parks and recreation:				
Administration	\$ 545,218	541,895	542,865	(970)
Recreation division	4,923,523	4,913,606	4,784,392	129,214
Parks division	4,121,004	4,103,805	3,998,074	105,731
Recreation classes	3,120,780	3,120,780	3,204,877	(84,097)
Golf course	2,033,600	1,656,609	1,609,186	47,423
Leeward Marina	243,700	211,026	171,988	39,038
Festival support	453,613	507,850	463,244	44,606
Tourism, promotion and development	1,343,600	1,409,400	1,441,567	(32,167)
Total parks and recreation	<u>16,785,038</u>	<u>16,464,971</u>	<u>16,216,193</u>	<u>248,778</u>
Cultural enrichment – Museum	1,122,300	1,152,950	1,115,846	37,104
Library	3,684,791	3,689,260	3,570,521	118,739
Total parks, recreation and cultural	<u>21,592,129</u>	<u>21,307,181</u>	<u>20,902,560</u>	<u>404,621</u>
Community development -				
Planning and community development:				
Development	890,482	901,573	713,276	188,297
Planning	911,632	915,112	835,597	79,515
Economic development	1,604,273	1,604,273	1,438,561	165,712
Total community development	<u>3,406,387</u>	<u>3,420,958</u>	<u>2,987,434</u>	<u>433,524</u>
Education – transfer to Public Schools	<u>97,502,709</u>	<u>97,502,709</u>	<u>99,396,644</u>	<u>(1,893,935)</u>
Transfers to other funds:				
Debt service	26,257,190	26,666,855	25,066,855	1,600,000
Capital projects	—	850,000	850,000	—
Internal service	—	1,400,000	1,400,000	—
Other	575,000	441,276	168,468	272,808
Total transfers to other funds	<u>26,832,190</u>	<u>29,358,131</u>	<u>27,485,323</u>	<u>1,872,808</u>
Total expenditures and transfers to other funds	<u>\$ 336,725,892</u>	<u>329,788,801</u>	<u>324,652,618</u>	<u>5,136,183</u>
Allocated budgeted expenditures in excess of revenues	16,082,080	9,004,035	—	9,004,035
Net change in fund balance	<u>\$ —</u>	<u>—</u>	<u>(3,879,135)</u>	<u>3,879,135</u>
Fund balance at beginning of year			80,940,154	
Less encumbrances outstanding at June 30, 2003 expended or canceled at June 30, 2004			(3,815,754)	
Add encumbrances outstanding at June 30, 2004			4,400,654	
Add self-insurance expenditures			<u>2,636,198</u>	
Fund balance at end of year			<u>\$ 80,282,117</u>	

See accompanying notes to required supplementary information

CITY OF NEWPORT NEWS, VIRGINIA

Required Supplementary Information
 Schedule of Funding Progress (unaudited)
 Year ended June 30, 2004

Newport News Employee Retirement Fund (in millions):

<u>Actuarial valuation date</u>	<u>Actuarial value of assets</u>	<u>Actual accrued liability (AAL)</u>	<u>Overfunded (unfunded) accrued liability (UAAL)</u>	<u>Funded ratio</u>	<u>Covered payroll</u>	<u>UAAL as a percentage of covered payroll</u>
June 30, 2004	\$ 586	726	(140)	81%	\$ 282	-49.6%
June 30, 2003	585	676	(92)	86%	261	-35.2%
June 30, 2002	621	601	20	103%	249	8.0%

Peninsula Airport Commission (PAC) (in thousands):

<u>Actuarial valuation date</u>	<u>Actuarial value of assets</u>	<u>Actual accrued liability (AAL)</u>	<u>Overfunded accrued liability (UAAL)</u>	<u>Funded ratio</u>	<u>Covered payroll</u>	<u>UAAL as a percentage of covered payroll</u>
June 30, 2003	\$ 2,954	2,885	69	102%	\$ 1,319	5.2%
June 30, 2002	2,807	2,522	285	111%	1,091	26.1%
June 30, 2001	2,738	2,265	473	121%	1,077	43.9%

CITY OF NEWPORT NEWS, VIRGINIA
 Required Supplementary Information
 Employees' Retirement Fund
 Schedule of Employer Contributions (Unaudited)
 (in millions)
 Year ended June 30, 2004

Fiscal year end	Annual required contribution	Actual contribution	Percentage contributed
2004	\$ 27.9	\$ 12.3	44%
2003	15.8	11.7	73%
2002	11.3	11.3	100%
2001	10.6	10.6	100%
2000	11.1	11.1	100%
1999	10.9	10.9	100%

See accompanying notes to required supplementary information.

CITY OF NEWPORT NEWS, VIRGINIA
Notes to Required Supplementary Information
Year ended June 30, 2004

(1) Budgetary Data

The budgetary data reflected in the required supplementary information was established by the City using the following procedures:

On or before April 1, management submits to the City Council of the City proposed operating budgets that include proposed expenditures and other financing uses and the means of financing them.

A public hearing on the budget is held after a synopsis of the budget is published in a local newspaper of general circulation. An appropriation ordinance must be adopted by the City Council by June 15.

The City may amend the budget or make transfers between functions and budgetary line items without City Council approval. However, the City may not make transfers or expend any sum of money in excess of City Council appropriations, at the fund level, without the consent of the City Council. The legal level of budgetary control for the General Fund is the fund level; however, management control is exercised over the budget at the budgetary line item level. Appropriations, except for encumbrances and reserved fund balances, lapse at year-end. Encumbrances and reserved fund balances outstanding at year-end are reappropriated in the succeeding year. There were supplemental appropriations made during 2003 for the following reasons: (1) grant matching, (2) funding to meet the increase in operating expenses, (3) capital improvements not included in the Capital Improvements Plan, and (4) increases in school funding.

(2) Legally Adopted Budgets

Formal budgetary integration is employed as a management control device during the year for the General Fund, the Debt Service Fund, the Enterprise Funds and the Internal Service Fund. Annual operating budgets are adopted by ordinances passed by City Council for the General Fund; Debt Service Fund; Internal Service Fund; the following Enterprise Funds and Component Units: Public Utility, Parking Authority, E/IDA. City Council makes an annual appropriation to the School Board but is prohibited from exercising any control over specific expenditures of School Board operating funds.

Annual operating budgets are not adopted for Special Revenue Funds. Program budgets for these funds are approved by executive departments on a basis consistent with the related grant applications. Project and program budgets are utilized in the Capital Projects Funds where appropriations remain open and carry over to succeeding years.

CITY OF NEWPORT NEWS, VIRGINIA
Notes to Required Supplementary Information
Year ended June 30, 2004

Budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America (GAAP), except that encumbrances are included as budgetary expenditures. Expenditures may not exceed appropriations at the function level, the legal level of control, as defined in the budget ordinance. Management can transfer unencumbered appropriation balances, or portions thereof, within a function. Transfers within the School Operating Fund are controlled by the School Board.

Unencumbered appropriations lapse at the end of the fiscal year for the General, School Operating, Street Maintenance, Economic Development, Law Library and Debt Service Funds.

(3) Encumbrances

Encumbrances outstanding at year-end represent the estimated amount of the expenditures required to complete contracts, purchase orders and commitments-in-process at year-end. Encumbrances outstanding at year-end are reported as reservations of fund balances since they do not constitute expenditures or liabilities under GAAP.