

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, 2005

	<u>Original budget</u>	<u>Amended budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:				
Revenues from local sources:				
General property taxes:				
Real property taxes	\$ 112,470,001	112,470,001	113,723,603	1,253,602
Real and personal public service corporation property taxes	4,588,800	4,588,800	4,457,737	(131,063)
Personal property taxes	39,952,650	39,952,650	39,710,394	(242,256)
Machinery and tools taxes	10,608,000	10,608,000	11,462,803	854,803
Penalties and interest	1,045,000	1,045,000	992,930	(52,070)
Total general property taxes	<u>168,664,451</u>	<u>168,664,451</u>	<u>170,347,467</u>	<u>1,683,016</u>
Other local taxes:				
E-911 service revenue	2,825,508	2,878,339	2,737,853	(140,486)
Local sales and use taxes	20,492,000	20,492,000	20,955,339	463,339
Consumers' utility taxes	9,719,492	9,719,492	9,515,933	(203,559)
Cellular telephone taxes	2,353,000	2,353,000	2,848,339	495,339
Consumption tax	700,000	700,000	641,699	(58,301)
Business license taxes	13,549,806	13,549,806	13,391,073	(158,733)
Rental car taxes	792,298	792,298	870,813	78,515
Franchise license taxes	1,790,000	1,790,000	1,670,013	(119,987)
Cable television tax	2,145,000	2,145,000	2,006,039	(138,961)
Motor vehicle license	3,500,000	3,500,000	3,585,609	85,609
Bank stock taxes	587,000	587,000	532,019	(54,981)
Taxes on recordation and wills	820,420	820,420	1,969,391	1,148,971
Tobacco taxes	5,100,000	5,100,000	4,639,855	(460,145)
Hotel and motel room taxes	3,006,215	3,006,215	2,686,120	(320,095)
Restaurant food taxes	14,200,000	14,200,000	14,779,660	579,660
Amusement taxes	559,092	559,092	566,599	7,507
Total other local taxes	<u>82,139,831</u>	<u>82,192,662</u>	<u>83,396,354</u>	<u>1,203,692</u>
Permits, privilege fees, and regulatory licenses:				
Animal licenses	50,000	50,000	43,043	(6,957)
Permits and other licenses	3,045,637	3,045,637	3,663,393	617,756
Total permits, privilege fees, and regulatory licenses	<u>3,095,637</u>	<u>3,095,637</u>	<u>3,706,436</u>	<u>610,799</u>
Fines and forfeitures	<u>2,098,705</u>	<u>2,098,705</u>	<u>2,186,887</u>	<u>88,182</u>
Revenue from use of money and property				
Revenue from use of money	1,191,000	1,225,222	1,569,567	344,345
Revenue from use of property	1,787,033	1,787,033	1,376,909	(410,124)
Total revenue from use of money and property	<u>2,978,033</u>	<u>3,012,255</u>	<u>2,946,476</u>	<u>(65,779)</u>
Charges for services:				
Court costs	1,576,397	1,576,397	1,597,266	20,869
Law enforcement and traffic control	80,000	80,000	77,784	(2,216)
Fire and rescue services	1,050,000	1,050,000	826,578	(223,422)
Correction and detention	3,000	3,000	2,580	(420)
Engineering costs	—	—	10,616	10,616
Information Technology	1,798,729	1,798,729	1,793,669	(5,060)
Parks and recreation	5,903,544	5,901,462	6,139,422	237,960
Cultural enrichment	294,437	296,519	219,493	(77,026)
Self-insurance premiums	1,573,965	1,539,743	1,662,680	122,937
Library	68,600	68,600	55,448	(13,152)
Planning and community development	48,500	48,500	18,841	(29,659)
Indirect costs	1,333,092	1,333,092	1,333,092	—
Project services	—	53,544	66,156	12,612
Applied research center	863,874	863,874	553,758	(310,116)
Total charges for services	<u>\$ 14,594,138</u>	<u>14,613,460</u>	<u>14,357,383</u>	<u>(256,077)</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, 2005

	Original budget	Amended budget	Actual	Variance
Recovered costs:				
Health department	\$ 197,055	209,973	225,774	15,801
Juvenile detention home	4,205,596	4,205,596	3,859,687	(345,909)
City farm	1,826,000	1,826,000	1,606,588	(219,412)
City jail	2,046,158	2,118,658	2,032,514	(86,144)
Fire hazardous material	—	—	850	850
Sewer assessments - debt service	87,000	87,000	784,637	697,637
Library assistance	15,600	15,600	14,880	(720)
Office on youth development	217,782	217,782	211,643	(6,139)
Total recovered costs	<u>8,595,191</u>	<u>8,680,609</u>	<u>8,736,573</u>	<u>55,964</u>
Miscellaneous revenue:				
Payments in lieu of taxes	2,315,794	2,315,794	2,455,621	139,827
Miscellaneous	885,446	886,446	845,526	(40,920)
Total miscellaneous revenue	<u>3,201,240</u>	<u>3,202,240</u>	<u>3,301,147</u>	<u>98,907</u>
Total revenue from local sources	<u>285,367,226</u>	<u>285,560,019</u>	<u>288,978,723</u>	<u>3,418,704</u>
Revenue from the Commonwealth				
Noncategorical aid:				
ABC profits	207,785	207,785	105,932	(101,853)
Wine taxes	150,524	150,524	111,037	(39,487)
Motor vehicle carriers' taxes	37,066	37,066	47,360	10,294
Mobile home titling taxes	100,000	100,000	72,812	(27,188)
Tax on deeds	270,000	270,000	437,640	167,640
State rebate – recording tax	631,756	631,756	444,581	(187,175)
DCJP grants for law enforcement	8,436,474	8,436,474	8,436,476	2
Total noncategorical aid	<u>9,833,605</u>	<u>9,833,605</u>	<u>9,655,838</u>	<u>(177,767)</u>
Shared expenses:				
State compensation board	—	59,210	59,035	(175)
Commonwealth's attorney	1,242,255	1,255,650	1,237,635	(18,015)
Sheriff	5,735,346	5,825,448	5,646,531	(178,917)
Commissioner of the revenue	382,368	382,368	380,626	(1,742)
Treasurer	369,807	369,807	367,150	(2,657)
Registrar/electoral board	60,126	60,126	69,054	8,928
Total shared expenses	<u>7,789,902</u>	<u>7,952,609</u>	<u>7,760,031</u>	<u>(192,578)</u>
Categorical aid:				
Emergency services grant	46,445	46,445	52,408	5,963
Welfare	21,175,302	21,278,384	24,660,667	3,382,283
Emergency medical service funds	68,000	68,000	76,040	8,040
Library	207,304	207,304	207,526	222
Other	—	—	6,485	6,485
Total categorical state aid	<u>21,497,051</u>	<u>21,600,133</u>	<u>25,003,126</u>	<u>3,402,993</u>
Total revenue from the Commonwealth	<u>39,120,558</u>	<u>39,386,347</u>	<u>42,418,995</u>	<u>3,032,648</u>
Other financing sources:				
Transfers from other funds	9,134,000	9,134,000	9,134,000	—
Total revenue	<u>\$ 333,621,784</u>	<u>334,080,366</u>	<u>340,531,718</u>	<u>6,451,352</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, 2005

	<u>Original budget</u>	<u>Amended budget</u>	<u>Actual</u>	<u>Variance</u>
Expenditures:				
General government administration				
Legislative:				
City Council	\$ 314,032	314,088	295,874	18,214
City clerk	322,241	328,545	302,823	25,722
Total legislative	636,273	642,633	598,697	43,936
General and financial administration:				
City manager	821,842	844,277	822,006	22,271
Intergovernmental affairs	261,592	265,300	256,784	8,516
Personnel	1,016,310	1,040,415	1,001,641	38,774
Medical services	80,940	80,940	71,238	9,702
City attorney	1,297,579	1,308,151	1,332,503	(24,352)
Management/legislative services	278,224	291,225	248,608	42,617
Video production service	437,604	437,763	419,362	18,401
Internal auditor	439,836	447,550	422,889	24,661
Commissioner of the Revenue	2,270,666	2,314,449	2,183,454	130,995
Real estate assessor	1,665,589	1,694,200	1,548,028	146,172
City treasurer	1,801,815	1,838,680	1,807,110	31,570
Finance	1,109,682	1,134,084	1,049,917	84,167
Budget and evaluation	491,821	500,692	458,535	42,157
Auto self-insurance	1,003,800	1,003,800	1,536,145	(532,345)
General liability self-insurance	1,081,700	1,120,200	856,198	264,002
Workers' compensation	2,344,500	2,344,500	3,587,761	(1,243,261)
Purchasing	1,013,436	1,039,236	914,796	124,440
Information technology	7,014,419	7,109,917	6,279,986	829,931
Total general and financial administration	24,431,355	24,815,379	24,796,961	18,418
Board of elections -				
Registrar	361,746	397,918	378,687	19,231
Nondepartmental:				
Animal services	876,171	1,105,338	1,055,919	49,419
Appointed boards	118,497	120,497	107,137	13,360
Community support	2,003,857	2,303,857	2,288,488	15,369
Contract community agencies	4,349,737	4,349,737	4,201,976	147,761
City development	3,836,563	1,462,107	1,436,492	25,615
Contractual services	1,388,858	1,166,069	835,063	331,006
Internal services	359,800	279,613	256,179	23,434
Machinery and equipment	838,374	1,140,984	1,126,829	14,155
Street lighting	1,941,773	224,575	218,563	6,012
Other	6,612,221	7,823,807	6,937,541	886,266
Total nondepartmental	22,325,851	19,976,584	18,464,187	1,512,397
Total general government administration	47,755,225	45,832,514	44,238,532	1,593,982
Judicial administration:				
Courts:				
Circuit courts	488,593	495,616	476,452	19,164
District courts	333,494	333,494	305,453	28,041
Office of the Magistrate	209,149	213,392	202,751	10,641
Juvenile/domestic relations court	63,502	63,502	28,141	35,361
Clerk of the circuit court	1,261,223	1,335,864	1,263,052	72,812
Court services	450,677	453,099	434,242	18,857
Total courts	2,806,638	2,894,967	2,710,091	184,876
Commonwealth's attorney	2,493,113	2,685,276	2,519,795	165,481
Total judicial administration	\$ 5,299,751	5,580,243	5,229,886	350,357

CITY OF NEWPORT NEWS, VIRGINIA
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 Schedule of Revenues, Expenditures and Changes
 in Fund Balance – Budget and Actual (Budget Basis)
 Year ended June 30, 2005

	<u>Original budget</u>	<u>Amended budget</u>	<u>Actual</u>	<u>Variance</u>
Public safety:				
Law enforcement and traffic control:				
Police department	\$ 34,868,055	35,625,519	34,074,161	1,551,358
Emergency communications	311,594	316,634	304,018	12,616
Total law enforcement and traffic control	35,179,649	35,942,153	34,378,179	1,563,974
Fire and rescue services:				
Fire department	24,439,257	24,863,135	25,007,152	(144,017)
Ambulance and rescue service	841,510	822,022	756,197	65,825
Total fire and rescue services	25,280,767	25,685,157	25,763,349	(78,192)
Correction and detention:				
Sheriff	9,779,134	9,874,376	9,649,865	224,511
Adult corrections	4,511,538	4,582,973	4,360,274	222,699
Juvenile detention	8,875,706	9,032,225	7,068,482	1,963,743
Total correction and detention	23,166,378	23,489,574	21,078,621	2,410,953
Inspection – codes compliance	2,652,732	2,699,727	2,273,754	425,973
Total public safety	86,279,526	87,816,611	83,493,903	4,322,708
Public works:				
Engineering:				
Administration	1,099,696	1,125,943	1,039,823	86,120
Technical services	967,675	963,860	923,959	39,901
Construction inspection	725,062	596,637	535,920	60,717
Asbestos inspection	433,695	437,860	397,335	40,525
Mapping	208,155	214,643	196,860	17,783
Project services	352,639	348,657	306,283	42,374
Traffic administration	619,705	451,291	393,499	57,792
Traffic operations	2,062,293	1,171,180	834,402	336,778
Total engineering	6,468,920	5,310,071	4,628,081	681,990
Public works administration	1,266,311	708,312	235,615	472,697
Maintenance of highways, streets, bridges, and sidewalks	10,315,608	2,638,138	2,550,671	87,467
Maintenance of general buildings and grounds	6,638,711	6,699,715	6,364,144	335,571
Total public works	24,689,550	15,356,236	13,778,511	1,577,725
Health and welfare:				
Health -				
Medical services	1,986,457	2,000,057	2,007,386	(7,329)
Welfare:				
Social services administration	6,030,182	6,364,083	5,589,955	774,128
Financial services	6,560,010	6,560,010	5,656,237	903,773
Social work services	14,081,275	14,091,923	15,818,705	(1,726,782)
Healthy families	584,019	614,601	558,455	56,146
Employment service program	2,153,894	2,153,894	1,942,667	211,227
CSA administration	3,476,360	3,476,360	3,712,150	(235,790)
Fuel assistance	77,725	77,725	52,757	24,968
State/local hospitalization	51,437	51,437	55,422	(3,985)
Cooperative extension	234,057	234,599	232,105	2,494
Office of Youth Development	629,359	638,359	620,545	17,814
Total welfare	33,878,318	34,262,991	34,238,998	23,993
Total health and welfare	\$ 35,864,775	36,263,048	36,246,384	16,664

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, 2005

	<u>Original budget</u>	<u>Amended budget</u>	<u>Actual</u>	<u>Variance</u>
Parks, recreation and cultural:				
Parks and recreation:				
Administration	\$ 613,658	1,422,689	1,429,787	(7,098)
Recreation division	5,156,126	5,062,253	4,615,387	446,866
Parks division	4,225,537	3,629,401	3,519,929	109,472
Recreation classes	3,280,000	3,280,000	3,405,432	(125,432)
Golf course	2,028,100	1,674,648	1,626,170	48,478
Leeward Marina	239,700	208,677	161,446	47,231
Festival support	680,570	688,082	665,690	22,392
Tourism, promotion and development	1,547,000	1,547,000	1,500,018	46,982
Total parks and recreation	<u>17,770,691</u>	<u>17,512,750</u>	<u>16,923,859</u>	<u>588,891</u>
Cultural enrichment – Museum	1,259,091	1,260,111	1,293,656	(33,545)
Library	3,813,073	3,903,675	3,746,224	157,451
Total parks, recreation and cultural	<u>22,842,855</u>	<u>22,676,536</u>	<u>21,963,739</u>	<u>712,797</u>
Community development -				
Planning and community development				
Development	894,161	955,587	914,225	41,362
Planning	945,017	967,017	919,375	47,642
Economic development	323,097	366,444	341,436	25,008
Economic development-transfers to E/IDA	1,100,438	1,132,564	1,132,564	—
Total community development	<u>3,262,713</u>	<u>3,421,612</u>	<u>3,307,600</u>	<u>114,012</u>
Education – transfer to Public Schools	<u>97,502,709</u>	<u>97,502,709</u>	<u>97,502,709</u>	<u>—</u>
Transfers to other funds:				
Debt service	25,295,215	25,679,690	25,679,690	—
Capital projects	—	425,000	425,000	—
Total transfers to other funds	<u>25,295,215</u>	<u>26,104,690</u>	<u>26,104,690</u>	<u>—</u>
Total expenditures and transfers to other funds	<u>\$ 348,792,319</u>	<u>340,554,199</u>	<u>331,865,954</u>	<u>8,688,245</u>
Allocated budgeted expenditures in excess of revenues	15,170,535	6,473,833	—	6,473,833
Net change in fund balance	<u>\$ —</u>	<u>—</u>	8,665,764	<u>(8,665,764)</u>
Fund balance at beginning of year			80,282,117	
Less encumbrances outstanding at June 30, 2004 expended or canceled at June 30, 2005			(3,764,918)	
Add encumbrances outstanding at June 30, 2005			4,969,819	
Add self-insurance expenditures			<u>2,856,041</u>	
Fund balance at end of year			<u>\$ 93,008,823</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, 2005

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, 2005	\$ 625	834	(209)	75%	\$ 285	-73.3%
June 30, 2004	586	726	(140)	81%	283	-49.5%
June 30, 2003	586	677	(91)	87%	262	-34.7%

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, 2004	\$ 2,881	2,988	(107)	96%	\$ 1,503	-7.1%
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%

CITY OF NEWPORT NEWS, VIRGINIA
 Required Supplementary Information
 Employees' Retirement Fund
 Schedule of Employer Contributions (Unaudited)
 (in millions)
 Year ended June 30, 2005

Newport News Employee Retirement Fund (in millions):

Fiscal year end	Annual required contribution	Actual contribution	Percentage contributed
2005	\$ 35.5	\$ 13.6	38%
2004	27.9	12.3	44%
2003	15.9	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, 2005

(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, 2005

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.