

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, 2006

	<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	\$ 124,983,379	124,983,379	127,381,861	2,398,482
Real and personal public service corporation property taxes	4,558,000	4,558,000	3,786,209	(771,791)
Personal property taxes	40,232,200	40,232,200	45,503,902	5,271,702
Machinery and tools taxes	11,655,000	11,655,000	11,887,389	232,389
Penalties and interest	1,025,000	1,025,000	918,056	(106,944)
Total general property taxes	<u>182,453,579</u>	<u>182,453,579</u>	<u>189,477,417</u>	<u>7,023,838</u>
Other local taxes:				
E-911 service revenue	2,882,000	2,882,000	2,750,556	(131,444)
Local sales and use taxes	21,699,000	21,699,000	22,432,446	733,446
Consumers' utility taxes	9,620,800	9,620,800	9,254,101	(366,699)
Cellular telephone taxes	3,042,053	3,042,053	3,117,614	75,561
Consumption tax	710,000	710,000	774,586	64,586
Business license taxes	13,999,806	13,999,806	14,701,673	701,867
Rental car taxes	927,000	927,000	932,481	5,481
Franchise license taxes	1,855,000	1,855,000	1,732,167	(122,833)
Cable television tax	2,145,000	2,145,000	2,108,165	(36,835)
Motor vehicle license	3,617,000	3,617,000	3,585,645	(31,355)
Bank stock taxes	545,000	545,000	600,317	55,317
Taxes on recordation and wills	1,500,000	1,500,000	2,535,995	1,035,995
Tobacco taxes	4,735,300	4,735,300	4,622,565	(112,735)
Hotel and motel room taxes	2,918,500	2,918,500	2,802,362	(116,138)
Restaurant food taxes	15,099,000	15,099,000	16,649,811	1,550,811
Amusement taxes	573,900	573,900	569,643	(4,257)
Total other local taxes	<u>85,869,359</u>	<u>85,869,359</u>	<u>89,170,127</u>	<u>3,300,768</u>
Permits, privilege fees, and regulatory licenses:				
Animal licenses	50,000	50,000	41,586	(8,414)
Permits and other licenses	3,519,104	3,519,104	3,444,874	(74,230)
Total permits, privilege fees, and regulatory licenses	<u>3,569,104</u>	<u>3,569,104</u>	<u>3,486,460</u>	<u>(82,644)</u>
Fines and forfeitures	<u>2,309,300</u>	<u>2,309,300</u>	<u>2,078,904</u>	<u>(230,396)</u>
Revenue from use of money and property				
Revenue from use of money	1,334,400	1,334,400	2,456,345	1,121,945
Revenue from use of property	1,769,525	1,769,525	2,225,343	455,818
Total revenue from use of money and property	<u>3,103,925</u>	<u>3,103,925</u>	<u>4,681,688</u>	<u>1,577,763</u>
Charges for services:				
Court costs	1,575,097	1,575,097	1,765,702	190,605
Law enforcement and traffic control	72,000	72,000	94,188	22,188
Fire and rescue services	2,628,373	2,628,373	1,597,367	(1,031,006)
Correction and detention	3,000	3,000	2,550	(450)
Information Technology	1,475,061	1,475,061	1,451,801	(23,260)
Parks and recreation	5,541,842	5,541,842	6,124,140	582,298
Cultural enrichment	290,379	290,379	227,256	(63,123)
Self-insurance premiums	1,766,531	1,766,531	1,922,885	156,354
Library	51,400	51,400	63,270	11,870
Planning and community development	28,500	28,500	19,846	(8,654)
Indirect costs	1,333,092	1,333,092	1,333,092	—
Animal services	56,782	56,782	55,174	(1,608)
Applied research center	823,117	823,117	553,758	(269,359)
Total charges for services	<u>\$ 15,645,174</u>	<u>15,645,174</u>	<u>15,211,029</u>	<u>(434,145)</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, 2006

	<u>Original budget</u>	<u>Amended budget</u>	<u>Actual</u>	<u>Variance</u>
Recovered costs:				
Health department	\$ 171,472	208,719	131,733	(76,986)
Juvenile detention home	4,316,830	4,316,830	3,528,986	(787,844)
City farm	1,901,100	1,901,100	1,414,040	(487,060)
City jail	2,063,708	2,063,708	2,041,753	(21,955)
Fire hazardous material	—	—	1,743	1,743
Sewer assessments - debt service	37,000	37,000	193,135	156,135
Library assistance	15,480	15,480	16,080	600
Office on youth development	247,899	247,899	223,846	(24,053)
Total recovered costs	<u>8,753,489</u>	<u>8,790,736</u>	<u>7,551,316</u>	<u>(1,239,420)</u>
Miscellaneous revenue:				
Payments in lieu of taxes	2,635,006	2,635,006	2,644,806	9,800
Miscellaneous	960,889	960,889	3,894,256	2,933,367
Total miscellaneous revenue	<u>3,595,895</u>	<u>3,595,895</u>	<u>6,539,062</u>	<u>2,943,167</u>
Total revenue from local sources	<u>305,299,825</u>	<u>305,337,072</u>	<u>318,196,003</u>	<u>12,858,931</u>
Revenue from the Commonwealth				
Noncategorical aid:				
ABC profits	105,931	105,931	105,931	—
Wine taxes	111,036	111,036	111,037	1
Motor vehicle carriers' taxes	47,000	47,000	46,611	(389)
Mobile home titling taxes	50,000	50,000	41,806	(8,194)
Tax on deeds	440,000	440,000	503,774	63,774
State rebate – recording tax	480,273	480,273	489,816	9,543
DCJP grants for law enforcement	9,090,863	9,090,863	9,090,840	(23)
Total noncategorical aid	<u>10,325,103</u>	<u>10,325,103</u>	<u>10,389,815</u>	<u>64,712</u>
Shared expenses:				
Technology trust fund	—	182,352	182,352	—
Commonwealth's attorney	1,298,949	1,298,949	1,288,758	(10,191)
Sheriff	6,003,217	6,025,414	6,115,117	89,703
Commissioner of the revenue	395,097	395,097	403,435	8,338
Treasurer	381,720	381,720	381,769	49
Registrar/electoral board	72,167	72,167	71,132	(1,035)
Total shared expenses	<u>8,151,150</u>	<u>8,355,699</u>	<u>8,442,563</u>	<u>86,864</u>
Categorical aid:				
Emergency services grant	75,000	127,468	127,468	—
Welfare	24,143,212	24,151,592	26,239,475	2,087,883
Emergency medical service funds	52,408	52,408	52,408	—
Library	210,552	210,552	210,552	—
Other	—	—	11,585	11,585
Total categorical state aid	<u>24,481,172</u>	<u>24,542,020</u>	<u>26,641,488</u>	<u>2,099,468</u>
Total revenue from the Commonwealth	<u>42,957,425</u>	<u>43,222,822</u>	<u>45,473,866</u>	<u>2,251,044</u>
Other financing sources:				
Transfers from other funds	9,134,000	9,134,000	9,134,000	—
Total revenue	<u>\$ 357,391,250</u>	<u>357,693,894</u>	<u>372,803,869</u>	<u>15,109,975</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, 2006

	<u>Original budget</u>	<u>Amended budget</u>	<u>Actual</u>	<u>Variance</u>
Expenditures:				
General government administration				
Legislative:				
City Council	\$ 309,711	309,790	289,454	20,336
City Clerk	313,131	315,819	267,283	48,536
Total legislative	622,842	625,609	556,737	68,872
General and financial administration:				
City manager	866,393	1,141,270	1,143,027	(1,757)
Intergovernmental affairs	271,980	198,236	195,912	2,324
Personnel	1,175,529	1,176,195	1,121,087	55,108
Medical services	85,160	85,160	76,742	8,418
City attorney	1,449,250	1,453,641	1,446,180	7,461
Management/legislative services	286,378	175,484	174,360	1,124
Video production service	465,834	489,853	479,456	10,397
Internal auditor	462,349	462,974	452,443	10,531
Commissioner of the Revenue	2,367,712	2,370,902	2,299,060	71,842
Real estate assessor	2,333,627	2,333,806	1,954,634	379,172
City treasurer	1,935,037	1,935,912	1,839,249	96,663
Finance	1,160,629	1,161,607	1,115,137	46,470
Budget and evaluation	517,125	517,125	487,593	29,532
Auto self-insurance	992,700	2,067,700	2,306,470	(238,770)
General liability self-insurance	1,142,700	1,142,700	1,105,405	37,295
Workers' compensation	2,927,600	2,927,600	3,228,520	(300,920)
Purchasing	1,093,864	1,097,374	1,041,400	55,974
Information technology	7,278,350	7,289,607	6,556,897	732,710
Total general and financial administration	26,812,217	28,027,146	27,023,572	1,003,574
Board of elections -				
Registrar	463,516	463,666	418,783	44,883
Nondepartmental:				
Appointed boards	137,563	137,563	113,484	24,079
Community support	2,307,354	2,307,354	2,267,229	40,125
Contract community agencies	3,559,853	3,566,800	3,566,461	1,339
City development	1,846,815	1,794,007	1,457,623	336,384
Contractual services	1,476,792	1,775,046	1,315,236	459,810
Internal services	107,400	17,755	6,465	11,290
Machinery and equipment	802,803	959,277	725,380	233,897
Street lighting	250,585	375,230	1,268,346	(893,116)
Other	8,012,083	13,628,673	13,339,893	288,780
Total nondepartmental	18,501,248	24,562,705	24,060,117	502,588
Total general government administration	46,399,823	53,679,126	52,059,209	1,619,917
Judicial administration:				
Courts:				
Circuit courts	509,718	509,718	464,390	45,328
District courts	333,494	333,494	296,394	37,100
Office of the Magistrate	215,704	215,704	211,831	3,873
Juvenile/domestic relations court	58,341	58,341	33,963	24,378
Clerk of the circuit court	1,310,513	1,592,865	1,546,470	46,395
Court services	467,339	467,339	443,025	24,314
Total courts	2,895,109	3,177,461	2,996,073	181,388
Commonwealth's attorney	2,661,934	2,661,934	2,564,256	97,678
Total judicial administration	\$ 5,557,043	5,839,395	5,560,329	279,066

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, 2006

	<u>Original budget</u>	<u>Amended budget</u>	<u>Actual</u>	<u>Variance</u>
Public safety:				
Law enforcement and traffic control:				
Police department	\$ 37,494,283	37,417,617	36,741,804	675,813
Emergency communications	327,075	327,075	320,870	6,205
Total law enforcement and traffic control	37,821,358	37,744,692	37,062,674	682,018
Fire and rescue services:				
Fire department	25,030,494	25,365,136	24,672,405	692,731
Ambulance and rescue service	862,527	909,995	911,600	(1,605)
Total fire and rescue services	25,893,021	26,275,131	25,584,005	691,126
Correction and detention:				
Sheriff	9,995,769	10,031,810	10,791,852	(760,042)
Adult corrections	4,597,495	4,597,834	4,416,470	181,364
Juvenile detention	8,454,226	8,487,815	6,741,979	1,745,836
Total correction and detention	23,047,490	23,117,459	21,950,301	1,167,158
Inspection – codes compliance	2,629,989	2,636,158	2,479,409	156,749
Total public safety	89,391,858	89,773,440	87,076,389	2,697,051
Public works:				
Engineering:				
Administration	981,614	1,018,784	976,089	42,695
Technical services	1,009,215	1,004,044	965,035	39,009
Construction inspection	766,820	713,414	633,043	80,371
Asbestos inspection	562,946	518,304	473,632	44,672
Mapping	240,713	237,614	201,966	35,648
Project services	214,504	214,916	211,980	2,936
Traffic administration	601,828	609,772	526,697	83,075
Traffic operations	976,554	1,042,317	905,937	136,380
Total engineering	5,354,194	5,359,165	4,894,379	464,786
Public works administration	1,022,131	1,009,402	829,963	179,439
Maintenance of highways, streets, bridges, and sidewalks	2,661,281	2,872,569	1,413,926	1,458,643
Maintenance of general buildings and grounds	7,191,155	7,133,245	6,613,793	519,452
Total public works	16,228,761	16,374,381	13,752,061	2,622,320
Health and welfare:				
Health -				
Medical services	3,243,662	3,343,189	3,302,280	40,909
Welfare:				
Social services administration	6,239,487	6,239,953	6,062,150	177,803
Financial services	6,589,701	6,589,701	6,031,452	558,249
Social work services	16,852,059	16,852,168	17,011,237	(159,069)
Healthy families	645,759	654,139	616,724	37,415
Employment service program	2,247,285	2,247,285	1,882,616	364,669
CSA administration	214,739	219,939	198,665	21,274
Fuel assistance	77,733	77,733	70,464	7,269
State/local hospitalization	59,563	59,563	58,337	1,226
Cooperative extension	248,475	248,475	244,125	4,350
Office of Youth Development	667,993	667,993	652,812	15,181
Total welfare	33,842,794	33,856,949	32,828,582	1,028,367
Total health and welfare	\$ 37,086,456	37,200,138	36,130,862	1,069,276

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, 2006

	<u>Original budget</u>	<u>Amended budget</u>	<u>Actual</u>	<u>Variance</u>
Parks, recreation and cultural:				
Parks and recreation:				
Administration	\$ 1,963,083	1,957,091	1,860,499	96,592
Recreation division	4,857,994	4,903,577	4,790,039	113,538
Parks division	3,520,024	3,493,062	3,515,402	(22,340)
Recreation classes	3,338,700	3,338,700	3,654,475	(315,775)
Golf course	1,934,500	1,934,500	1,683,259	251,241
Leeward Marina	199,705	199,705	151,428	48,277
Festival support	685,611	685,844	690,878	(5,034)
Tourism, promotion and development	1,533,100	1,626,545	1,694,160	(67,615)
Animal services	885,426	932,486	934,208	(1,722)
Total parks and recreation	<u>18,918,143</u>	<u>19,071,510</u>	<u>18,974,348</u>	<u>97,162</u>
Cultural enrichment – Museum	1,166,100	1,166,100	1,237,372	(71,272)
Library	4,182,310	4,185,398	3,999,631	185,767
Total parks, recreation and cultural	<u>24,266,553</u>	<u>24,423,008</u>	<u>24,211,351</u>	<u>211,657</u>
Community development -				
Planning and community development				
Development	985,314	997,824	981,640	16,184
Planning	1,047,803	1,051,909	1,012,781	39,128
Economic development	1,826,703	3,826,703	3,787,974	38,729
Total community development	<u>3,859,820</u>	<u>5,876,436</u>	<u>5,782,395</u>	<u>94,041</u>
Education – transfer to Public Schools	<u>101,186,564</u>	<u>101,186,564</u>	<u>101,186,564</u>	—
Transfers to other funds:				
Debt service	29,331,538	29,331,538	27,331,538	2,000,000
Capital projects	—	4,505,908	4,505,908	—
Other	4,438,000	4,438,000	5,413,354	(975,354)
Total transfers to other funds	<u>33,769,538</u>	<u>38,275,446</u>	<u>37,250,800</u>	<u>1,024,646</u>
Total expenditures and transfers to other funds	<u>\$ 357,746,416</u>	<u>372,627,934</u>	<u>363,009,960</u>	<u>9,617,974</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (355,166)</u>	<u>(14,934,040)</u>	9,793,909	<u>24,727,949</u>
Less encumbrances outstanding at June 30, 2005 expended or canceled at June 30, 2006			(5,459,374)	
Add encumbrances outstanding at June 30, 2006			4,941,911	
Less machinery and equipment refund			(2,104,392)	
Less FEMA write-off			(2,137,845)	
FY 2006 surplus			5,034,209	
Fund balance at beginning of year			<u>93,008,823</u>	
Fund balance at end of year			<u>\$ 98,043,032</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, 2006

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, 2006	\$ 682	894	(212)	76%	\$ 298	-71.1%
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, 2006	\$ 3,010	3,735	(725)	81%	\$ 1,990	-36.4%
June 30, 2005	2,881	2,988	(107)	96%	1,503	-7.1%
June 30, 2004	2,954	2,885	69	102%	1,319	5.2%
June 30, 2003	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, 2006

Newport News Employee Retirement Fund (in millions):

Fiscal year end	Annual required contribution	Actual contribution	Percentage contributed
2006	\$ 42.2	\$ 19.2	45%
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, 2006

(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, 2006

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.