

**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, 2008

	<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	\$ 151,732,493	151,732,493	153,297,356	1,564,863
Real and personal public service corporation property taxes	3,356,001	3,356,001	4,148,245	792,244
Personal property taxes	48,597,000	48,597,000	47,615,895	(981,105)
Machinery and tools taxes	12,883,175	12,883,175	13,142,699	259,524
Penalties and interest	900,000	900,000	1,111,781	211,781
Total general property taxes	<u>217,468,669</u>	<u>217,468,669</u>	<u>219,315,976</u>	<u>1,847,307</u>
Other local taxes:				
E-911 service revenue	559,214	559,214	571,027	11,813
Telecom sales taxes	12,000,000	12,000,000	13,177,014	1,177,014
Local sales and use taxes	24,611,598	24,611,598	23,572,320	(1,039,278)
Consumers' utility taxes	6,200,000	6,200,000	6,112,238	(87,762)
Consumption tax	710,000	710,000	704,570	(5,430)
Business license taxes	17,084,434	17,084,434	15,116,393	(1,968,041)
Rental car taxes	980,000	980,000	996,093	16,093
Motor vehicle license	3,500,000	3,500,000	3,531,053	31,053
Bank stock taxes	575,000	575,000	588,882	13,882
Taxes on recordation and wills	2,300,000	2,300,000	2,219,287	(80,713)
Tobacco taxes	4,400,000	4,400,000	4,205,798	(194,202)
Hotel and motel room taxes	3,300,000	3,300,000	3,454,926	154,926
Restaurant food taxes	17,900,000	17,900,000	18,348,254	448,254
Amusement taxes	580,000	580,000	563,673	(16,327)
Total other local taxes	<u>94,700,246</u>	<u>94,700,246</u>	<u>93,161,528</u>	<u>(1,538,718)</u>
Permits, privilege fees, and regulatory licenses:				
Animal licenses	45,000	45,000	39,577	(5,423)
Permits and other licenses	3,564,470	3,564,470	3,632,100	67,630
Total permits, privilege fees, and regulatory licenses	<u>3,609,470</u>	<u>3,609,470</u>	<u>3,671,677</u>	<u>62,207</u>
Fines and forfeitures	<u>2,248,040</u>	<u>2,248,040</u>	<u>1,880,607</u>	<u>(367,433)</u>
Revenue from use of money and property:				
Revenue from use of money	3,153,844	3,153,844	3,735,517	581,673
Revenue from use of property	1,883,946	1,900,940	1,826,295	(74,645)
Total revenue from use of money and property	<u>5,037,790</u>	<u>5,054,784</u>	<u>5,561,812</u>	<u>507,028</u>
Charges for services:				
Court costs	1,744,097	1,744,097	1,385,665	(358,432)
Law enforcement and traffic control	97,200	97,200	99,639	2,439
Fire and rescue services	2,508,000	2,508,000	2,058,577	(449,423)
Correction and detention	2,600	2,600	-	(2,600)
Information Technology	1,277,770	1,277,770	1,240,176	(37,594)
Parks and recreation	7,185,600	7,168,606	6,931,187	(237,419)
Cultural enrichment	225,447	225,447	155,195	(70,252)
Self-insurance premiums	1,963,847	1,963,847	2,115,380	151,533
Library	59,000	59,000	71,602	12,602
Planning and community development	19,000	19,000	14,607	(4,393)
Indirect costs	1,468,109	1,468,109	1,466,713	(1,396)
Animal services	55,958	55,958	54,074	(1,884)
Applied research center	553,758	553,758	553,758	-
Total charges for services	<u>\$ 17,160,386</u>	<u>17,143,392</u>	<u>16,146,573</u>	<u>(996,819)</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, 2008

	<u>Original budget</u>	<u>Amended budget</u>	<u>Actual</u>	<u>Variance</u>
Recovered costs:				
Health department	\$ 63,339	63,339	69,927	6,588
Juvenile detention home	3,895,904	3,895,904	4,056,450	160,546
City farm	1,770,436	1,770,436	1,214,588	(555,848)
City jail	2,168,522	2,168,522	2,116,201	(52,321)
Fire hazardous material	-	-	1,003	1,003
Sewer assessments - debt service	29,500	29,500	387,913	358,413
Library assistance	14,520	14,520	15,360	840
Office on youth development	146,783	146,783	128,809	(17,974)
Total recovered costs	<u>8,089,004</u>	<u>8,089,004</u>	<u>7,990,251</u>	<u>(98,753)</u>
Miscellaneous revenue:				
Payments in lieu of taxes	2,636,091	2,636,091	2,675,773	39,682
Miscellaneous	793,173	793,173	2,014,936	1,221,763
Total miscellaneous revenue	<u>3,429,264</u>	<u>3,429,264</u>	<u>4,690,709</u>	<u>1,261,445</u>
Total revenue from local sources	<u>351,742,869</u>	<u>351,742,869</u>	<u>352,419,133</u>	<u>676,264</u>
Revenue from the Commonwealth:				
Noncategorical aid:				
ABC profits	105,931	105,931	105,932	1
Wine taxes	111,036	111,036	111,037	1
Motor vehicle carriers' taxes	37,015	37,015	45,528	8,513
Mobile home titling taxes	50,000	50,000	94,799	44,799
Tax on deeds	437,000	437,000	460,153	23,153
State rebate – recording tax	472,122	472,122	660,294	188,172
DCJP grants for law enforcement	10,944,193	10,944,193	10,393,726	(550,467)
Total noncategorical aid	<u>12,157,297</u>	<u>12,157,297</u>	<u>11,871,469</u>	<u>(285,828)</u>
Shared expenses:				
Technology trust fund	-	125,789	125,789	-
Commonwealth's attorney	1,597,715	1,597,715	1,691,038	93,323
Sheriff	6,738,974	6,740,695	6,428,587	(312,108)
Commissioner of the revenue	437,712	437,712	423,325	(14,387)
Treasurer	402,240	402,240	411,709	9,469
Registrar/electoral board	78,182	78,182	73,298	(4,884)
Total shared expenses	<u>9,254,823</u>	<u>9,382,333</u>	<u>9,153,746</u>	<u>(228,587)</u>
Categorical aid:				
Emergency services grant	52,408	52,408	52,408	-
Welfare	27,962,741	27,962,741	27,947,050	(15,691)
Emergency medical service funds	100,000	100,000	100,000	-
Library	218,142	218,142	209,252	(8,890)
Other	-	-	16,542	16,542
Total categorical state aid	<u>28,333,291</u>	<u>28,333,291</u>	<u>28,325,252</u>	<u>(8,039)</u>
Total revenue from the Commonwealth	<u>49,745,411</u>	<u>49,872,921</u>	<u>49,350,467</u>	<u>(522,454)</u>
Other financing sources:				
Transfers from other funds	10,000,000	10,000,000	10,000,000	-
Total revenue	<u>\$ 411,488,280</u>	<u>411,615,790</u>	<u>411,769,600</u>	<u>153,810</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, 2008

	<u>Original budget</u>	<u>Amended budget</u>	<u>Actual</u>	<u>Variance</u>
Expenditures:				
General government administration:				
Legislative:				
City Council	\$ 335,695	335,695	304,716	30,979
City Clerk	348,075	352,707	341,950	10,757
Total legislative	<u>683,770</u>	<u>688,402</u>	<u>646,666</u>	<u>41,736</u>
General and financial administration:				
City manager	1,809,546	1,809,925	1,666,081	143,844
Human Resources	1,534,852	1,534,104	1,438,536	95,568
Medical services	88,918	90,650	85,430	5,220
City attorney	1,787,625	1,792,514	1,601,736	190,778
Video production service	547,384	559,658	539,948	19,710
Internal auditor	546,550	546,739	527,659	19,080
Commissioner of the Revenue	2,639,619	2,657,103	2,526,615	130,488
Real estate assessor	1,987,549	1,987,549	1,729,587	257,962
City treasurer	2,127,576	2,133,130	2,023,335	109,795
Finance	1,307,037	1,307,085	1,148,584	158,501
Budget and evaluation	629,753	631,581	610,451	21,130
Auto self-insurance	1,200,900	1,200,900	1,096,668	104,232
General liability self-insurance	1,476,500	1,476,500	1,691,677	(215,177)
Workers' compensation	3,410,600	3,410,600	2,867,007	543,593
Purchasing	1,331,593	1,334,374	1,213,474	120,900
Information technology	8,254,021	8,257,453	7,932,872	324,581
Total general and financial administration	<u>30,680,023</u>	<u>30,729,865</u>	<u>28,699,660</u>	<u>2,030,205</u>
Board of elections -				
Registrar	419,343	454,021	451,887	2,134
Nondepartmental:				
Appointed boards	150,833	150,833	93,819	57,014
Community support	2,820,704	2,820,704	2,815,581	5,123
Contract community agencies	4,797,497	4,797,497	4,804,443	(6,946)
City development	3,012,925	2,588,302	1,712,928	875,374
Contractual services	1,164,130	1,271,172	1,184,547	86,625
Internal services	107,400	13,570	5,948	7,622
Machinery and equipment	626,741	547,410	548,031	(621)
Street lighting	875,303	875,303	688,439	186,864
Other	6,444,524	6,412,191	5,630,026	782,165
Total nondepartmental	<u>20,000,057</u>	<u>19,476,982</u>	<u>17,483,762</u>	<u>1,993,220</u>
Total general government administration	<u>51,783,193</u>	<u>51,349,270</u>	<u>47,281,975</u>	<u>4,067,295</u>
Judicial administration:				
Courts:				
Circuit courts	461,823	461,823	433,583	28,240
District courts	332,554	332,554	126,051	206,503
Office of the Magistrate	246,673	246,673	238,564	8,109
Juvenile/domestic relations court	63,450	63,450	36,275	27,175
Clerk of the circuit court	1,547,964	1,673,753	1,568,563	105,190
Court services	510,030	511,495	529,552	(18,057)
Total courts	<u>3,162,494</u>	<u>3,289,748</u>	<u>2,932,588</u>	<u>357,160</u>
Commonwealth's attorney	<u>3,376,125</u>	<u>3,376,125</u>	<u>3,267,641</u>	<u>108,484</u>
Total judicial administration	<u>\$ 6,538,619</u>	<u>6,665,873</u>	<u>6,200,229</u>	<u>465,644</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, 2008

	<u>Original budget</u>	<u>Amended budget</u>	<u>Actual</u>	<u>Variance</u>
<b>Public safety:</b>				
Law enforcement and traffic control:				
Police department	\$ 42,293,179	42,309,797	41,631,246	678,551
Emergency communications	388,771	415,793	395,642	20,151
Total law enforcement and traffic control	<u>42,681,950</u>	<u>42,725,590</u>	<u>42,026,888</u>	<u>698,702</u>
Fire and rescue services:				
Fire department	28,181,816	28,238,468	28,115,735	122,733
Ambulance and rescue service	1,356,808	1,329,942	1,321,982	7,960
Total fire and rescue services	<u>29,538,624</u>	<u>29,568,410</u>	<u>29,437,717</u>	<u>130,693</u>
Correction and detention:				
Sheriff	13,039,869	13,058,603	13,263,371	(204,768)
Adult corrections	5,030,183	5,031,583	4,706,156	325,427
Juvenile detention	8,846,759	8,882,508	8,313,482	569,026
Total correction and detention	<u>26,916,811</u>	<u>26,972,694</u>	<u>26,283,009</u>	<u>689,685</u>
Inspection – codes compliance	2,790,576	2,793,134	2,661,309	131,825
Total public safety	<u>101,927,961</u>	<u>102,059,828</u>	<u>100,408,923</u>	<u>1,650,905</u>
<b>Public works:</b>				
Engineering:				
Administration	1,124,345	1,111,374	982,366	129,008
Technical services	1,097,195	1,119,092	1,063,383	55,709
Construction inspection	874,126	852,035	728,084	123,951
Asbestos inspection	635,465	677,690	623,916	53,774
Mapping	278,151	279,530	244,062	35,468
Architectural services	329,851	328,872	240,566	88,306
Traffic administration	792,702	785,266	695,089	90,177
Traffic operations	1,318,076	1,300,960	1,001,063	299,897
Total engineering	<u>6,449,911</u>	<u>6,454,819</u>	<u>5,578,529</u>	<u>876,290</u>
Public works administration	1,198,851	1,340,857	1,296,484	44,373
Maintenance of highways, streets, bridges, and sidewalks	3,762,620	3,052,391	3,269,982	(217,591)
Maintenance of general buildings and grounds	8,761,160	9,347,010	9,133,549	213,461
Total public works	<u>20,172,542</u>	<u>20,195,077</u>	<u>19,278,544</u>	<u>916,533</u>
<b>Health and welfare:</b>				
Health -				
Medical services	3,441,992	3,558,889	3,558,644	245
Welfare:				
Social services administration	7,115,597	7,059,271	6,918,793	140,478
Financial services	7,540,732	7,310,401	6,630,767	679,634
Social work services	19,422,659	19,698,199	19,149,406	548,793
Healthy families	758,634	762,783	664,120	98,663
Employment service program	2,082,065	2,096,295	2,007,257	89,038
CSA administration	473,668	475,026	292,182	182,844
Fuel assistance	77,734	77,734	57,179	20,555
State/local hospitalization	51,000	51,000	38,059	12,941
Cooperative extension	271,299	275,032	270,887	4,145
Office of Youth Development	744,136	744,136	722,656	21,480
Total welfare	<u>38,537,524</u>	<u>38,549,877</u>	<u>36,751,306</u>	<u>1,798,571</u>
Total health and welfare	<u>\$ 41,979,516</u>	<u>42,108,766</u>	<u>40,309,950</u>	<u>1,798,816</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, 2008

	<u>Original budget</u>	<u>Amended budget</u>	<u>Actual</u>	<u>Variance</u>
Parks, recreation and cultural:				
Parks and recreation:				
Administration	\$ 2,360,458	2,417,496	2,616,056	(198,560)
Recreation division	6,025,658	5,597,311	5,247,818	349,493
Parks division	4,113,725	4,334,275	4,105,768	228,507
Recreation classes	4,777,000	4,777,000	4,319,635	457,365
Golf course	1,666,000	1,666,000	1,731,987	(65,987)
Leeward Marina	206,957	206,957	221,840	(14,883)
Festival support	769,705	858,243	802,471	55,772
Tourism, promotion and development	1,492,400	1,492,400	1,715,213	(222,813)
Animal services	973,764	1,046,012	995,844	50,168
Total parks and recreation	<u>22,385,667</u>	<u>22,395,694</u>	<u>21,756,632</u>	<u>639,062</u>
Cultural enrichment – Museum	1,407,100	1,407,100	1,288,122	118,978
Library	5,248,964	5,251,970	4,820,361	431,609
Total parks, recreation and cultural	<u>29,041,731</u>	<u>29,054,764</u>	<u>27,865,115</u>	<u>1,189,649</u>
Community development -				
Planning and community development:				
Development	1,154,959	1,165,823	1,164,970	853
Planning	1,238,697	1,242,167	1,168,822	73,345
Economic development	2,640,862	2,640,862	2,421,810	219,052
Total community development	<u>5,034,518</u>	<u>5,048,852</u>	<u>4,755,602</u>	<u>293,250</u>
Education – transfer to Public Schools	<u>112,118,000</u>	<u>113,718,000</u>	<u>113,718,000</u>	<u>-</u>
Transfers to other funds:				
Debt service	35,459,805	39,459,805	39,459,805	-
Capital projects	3,157,521	15,607,521	15,607,521	-
Other	4,274,874	8,324,874	8,324,874	-
Total transfers to other funds	<u>42,892,200</u>	<u>63,392,200</u>	<u>63,392,200</u>	<u>-</u>
Total expenditures and transfers to other funds	<u>\$ 411,488,280</u>	<u>433,592,630</u>	<u>423,210,538</u>	<u>10,382,092</u>
Excess (deficiency) of revenues over (under) expenditures	-	(21,976,840)	(11,440,938)	<u>10,382,092</u>
Appropriations from fund balance	<u>\$ -</u>	<u>21,976,840</u>		
	<u>-</u>	<u>-</u>		
Less encumbrances outstanding at June 30, 2007 expended or canceled at June 30, 2008			(5,197,122)	
Add encumbrances outstanding at June 30, 2008			<u>4,739,102</u>	
FY 2008 deficit			(11,898,958)	
Fund balance at beginning of year			<u>105,611,995</u>	
Fund balance at end of year			<u>\$ 93,713,037</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, 2008

**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, 2008	\$ 772	1,030	(258)	75%	\$ 314	-82.2%
June 30, 2007	746	954	(208)	78%	305	-68.2%
June 30, 2006	682	894	(212)	76%	298	-71.1%
June 30, 2005	625	834	(209)	75%	285	-73.3%

**Newport News Employees' OPEB 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, 2008	City	\$ 13	181	(168)	7%	\$ 133	-126.3%
June 30, 2008	NNSS	3	194	(191)	2%	180	-106.1%
	Total	16	375	(359)	4%	313	-114.7%

**Peninsula Airport Commission (PAC) Retirement (in thousands):**

<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, 2007	\$ 3,721	4,260	(539)	87%	\$ 2,112	-25.5%
June 30, 2006	3,259	3,710	(451)	88%	1,676	-26.9%
June 30, 2005	3,010	3,735	(725)	81%	1,990	-36.4%
June 30, 2004	2,881	2,988	(107)	96%	1,503	-7.1%

**Peninsula Airport Commission (PAC) OPEB Fund (in thousands):**

<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>
July 1, 2007	\$ -	4,155,776	(4,155,776)	0%	\$ 2,112,183	-196.8%

**CITY OF NEWPORT NEWS, VIRGINIA**  
 Required Supplementary Information  
 Employees' Retirement Fund  
 Schedule of Employer Contributions (Unaudited)  
 (in millions)  
 Year ended June 30, 2008

**Newport News Employees' Retirement Fund (in millions):**

<b>Fiscal year end</b>	<b>Annual required contribution</b>	<b>Actual contribution</b>	<b>Percentage contributed</b>
2008 **	\$ 38.0	\$ 16.4	43%
2007	51.1	23.3	46%
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%

**Newport News Employees OPEB Fund (in millions):**

<b>Fiscal year end</b>	<b>Annual required contribution</b>	<b>Actual contribution</b>	<b>Percentage contributed</b>	
2008 **	City	11.7	6.9	59%
	NNS	18.2	3.1	17%
	Total	29.9	10.0	33%

\*\* Beginning with June 30, 2008, pension and OPEB disclosures are reported separately.

See accompanying notes to required supplementary information.

**CITY OF NEWPORT NEWS, VIRGINIA**  
Notes to Required Supplementary Information  
Year ended June 30, 2008

**(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 2008 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; the following Special Revenue Funds: Street Maintenance, Economic Development, Law Library, Stormwater, Solid Waste, and Wastewater. 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, except those funds identified above. 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, 2008

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.