



CITY OF NEWPORT NEWS

ADOPTED OPERATING BUDGET FISCAL YEAR 2008

(July 1, 2007 to June 30, 2008)
Amended May 22, 2008

JOE S. FRANK
MAYOR

CHARLES C. ALLEN
VICE MAYOR

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COUNCILMAN

WILLIAM F. HASKINS, JR.
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COUNCILWOMAN

JOSEPH C. WHITAKER
COUNCILMAN

RANDY W. HILDEBRANDT
CITY MANAGER

W. GREGG JONES
Director of Budget and Evaluation

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CITY OF NEWPORT NEWS

OFFICE OF THE CITY MANAGER

May 22, 2007

TO: The Honorable City Council

FROM: City Manager

SUBJECT: Approval to Amend May 8, 2007 Adopted FY 2008 Operating Budget

Background

The FY 2008 Recommended Operating Budget was adopted on May 8, 2008, with the proviso that a after a requisite public hearing on increasing the current Machinery and Tools Tax Rate, a final budget ordinance would be presented to City Council that included funding from that tax increase.

Adoption of the proposed Machinery and Tools Tax rate increase will generate an estimated \$883,175 in additional revenue. This additional revenue will restore the reductions in the General Fund Nondepartmental cost center made in order to adopt the Operating Budget on May 8, 2007. The FY 2008 Operating Budget is requested to be amended to reflect this additional revenue. With approval of this amended FY 2008 Operating Budget, the General Fund will increase to \$415,598,000, and the total Operating Budget will increase to \$791, 203,369.

Recommendation

It is recommended that City Council approve the resolution amending the FY 2008 Operating Budget to accommodate the increased Machinery and Tools Tax rate.

Randy W. Hildebrandt

RWH:ljc

CITY OF NEWPORT NEWS

OFFICE OF THE CITY MANAGER

May 3, 2007

TO: The Honorable City Council

FROM: City Manager

SUBJECT: Adoption of FY 2008 FY 2008 Operating Budget

In accordance with the guidance received during your May 1 Budget Work Session, adjustments have been made in the General Fund revenues and appropriations in order to reduce the tax rate to \$1.10 per \$100 for FY 2008. This \$.10 or 8.3% reduction in the tax rate will mean that real estate tax revenues will increase 7.4% between the FY 2007 Operating Budget and the proposal that City Council will consider for adoption. This tax rate reduction was accomplished without reducing the City's contribution to public schools of \$112,118,000, which was provided for in my recommended FY 2008 Operating Budget. This rate adjustment also is being achieved without affecting the monies appropriated for employee compensation and benefits. The budget adjustments to my initial recommended Operating Budget are displayed on the attached table.

As was discussed at the Work Session, a public hearing must be held on the proposal to increase the Machinery and Tools tax rate from \$3.50 to \$3.75 on May 22; this rate adjustment will increase revenue in FY 2008 from this source by \$883,000. This additional revenue is a key element in reducing the tax rate to \$1.10. In order to allow City Council to adopt a balanced Budget at your May 8 meeting, the non-departmental appropriation has been reduced an equivalent amount. In addition to enacting this Machinery and Tool tax rate increase on May 22, the FY 2008 Operating Budget will need to be amended for both the revenue and appropriation sides.

The adjustments to be made in my original recommended Operating Budget, to accommodate dropping the tax rate to \$1.10, still provides, I believe, a responsible and fiscally sound financial plan for City government in FY 2008. The adjustments also shall not adversely impact our efforts

The Honorable City Council
Adoption of FY 2008 Operating Budget
May 3, 2007
Page 2

to continue quality public services for our citizens over the next several fiscal years. I, therefore, recommend the adoption of the FY 2008 Operating Budget as adjusted.

Randy W. Hildebrant

RWH:rsw
Attachment

Modifications to City Manager's Recommended FY 2008 Operating Budget

	Original City Manager Proposal	Modifications	Final Adopted Budget
<u>GENERAL FUND REVENUES</u>			
All General Fund Revenues	<u>\$418,114,000</u>		
Increase Real Estate Tax from Final Assessment		\$2,162,944	
Decrease in Tax Rate from \$1.14 to \$1.10		(\$5,741,000)	
Increase City Farm Weekend Inmate Fees		\$10,681	
Increase in State Funding due to transfer of CSA program from CSB to City Social Svcs. Dept.		\$168,200	
Revenue for Budget to be Adopted May 8			\$414,714,825
Increase in Machinery & Tools Tax Rate to \$3.75 to be Approved May 8			\$883,175
Budget for FY 2008 per May 22 Amendments			<u>\$415,598,000</u>
<u>GENERAL FUND EXPENDITURES</u>			
All General Fund Expenditures	<u>\$418,114,000</u>		
<u>Less:</u>			
Vehicle Svcs - Fire Maint Consolidation Savings		(\$143,000)	
Community Support Contingency		(\$100,000)	
Non-Department Contingencies		(\$180,000)	
Vehicle Replacement		(\$300,000)	
IT Replacement		(\$199,304)	
EDA Garage Maintenance		(\$50,000)	
Reduce 9 new positions		(\$484,696)	
Ferguson Center Support		(\$100,000)	
Hampton Roads Film Office - total		(\$10,000)	
Support for Performing Arts		(\$25,000)	
Military and Fed Facilities		(\$7,000)	
City-wide Travel/Training		(\$124,000)	
Eliminate Employee Picnic		(\$30,000)	
Children's Fishing Clinic		(\$5,000)	
Parks & Recreation 2 day Beach Music Fest		(\$115,000)	
Vacant Juvenile Services positions		(\$60,000)	
Contracted Street Sweeping		(\$250,000)	
Parks & Recreation Tourism Support		(\$163,000)	
Vacant IT position		(\$70,000)	
Fire Dept. Overhires		(\$100,000)	
Non-Departmental Adjustment		(\$883,175)	
Expenditures for Budget to be Adopted May 8			\$414,714,825
Nondepartmental Expenditures Credit			\$883,175
Budget for FY 2008 per May 22 Amendments			<u>\$415,598,000</u>

CITY OF NEWPORT NEWS

Office of the City Manager

March 27, 2007

TO: The Honorable City Council

FROM: City Manager

SUBJECT: Proposed Budget for Fiscal Year 2007-2008

I am pleased to transmit for your consideration my recommended Operating Budget for the City's fiscal year that begins July 1, 2007 and ends June 30, 2008 (FY08). This recommended budget maintains the effort that we began in FY07 to ensure that the City's organizational infrastructure funding requirements continue to be addressed while taking a significant step toward alleviating the rising real estate tax burden caused by climbing single-family housing values. The proposed budget also provides a substantial increase of \$7.4 million in the City's support for public education; a funding commitment which is necessitated by the minimal increase in State Aid to schools provided by the General Assembly for the next fiscal year. I believe that my recommended Operating Budget is a balanced financial plan that responds appropriately to the spending requirements of local government while providing a \$0.06 reduction in the real estate tax rate. This recommendation drops the rate for the third consecutive fiscal year and brings the cumulative reduction to \$0.13 since FY05.

A \$0.06 reduction in the real estate tax rate for FY08 represents a major curtailment in revenue growth. While this recommended drop in the tax rate to \$1.14 may be less than what some taxpayers would like, it decreases General Fund revenues by \$8.3 million in FY08 and even more in future years. In developing its financial plan, the City must be careful to avoid creating a structural deficit that can only be offset by cutting services or increasing the tax rate in subsequent years. While there are always opportunities for spending

and revenue adjustments in any Operating Budget of this size, I believe my recommendation provides a fundamentally sound financial plan for meeting current obligations and for placing our City government in a solid financial posture not only next year, but into the future. My recommended \$418 million General Fund budget was developed with the objective of assuring that the legitimate spending requirements of City departments are properly funded; this meant adding monies in areas that have historically not kept up with the actual cost of providing services. However, given the need to provide tax relief to property owners because of reassessments, little could be done to improve the existing array of City services. Only a few new positions have been recommended, so that most of the monies available from new revenue can be directed to keeping employee compensation competitive and continuing to address long-term issues, such as insufficient funding for pension benefits, and for replacement of information technology equipment and vehicles. The proposed FY08 Operating Budget allocates about \$1.8 million from new revenue to implement the capital financing policy, whereby a portion of the Capital Improvements Plan will be funded with cash through appropriations from the annual Operating Budget. To phase in this new policy, \$3 million of the \$4.8 million required for CIP cash capital spending is coming from a one-time infusion of General Fund Reserves.

Retirement Fund

As has been discussed for the past 12 months, the City's pension fund in recent years has seen the Unfunded Actuarial Accrued Liability (UAAL) grow dramatically and the budget contribution fall short of the actuarial recommended rate. To reverse this trend, the adopted FY07 budget established a three-year funding plan to at least close the gap between the City's actual contributions and the amount required to fund the normal contribution rate, as established through annual actuarial studies. The FY08 Operating Budget includes monies to implement the second year of that plan which enables the City's contribution rate to increase from 4.05% of payroll to 5.0%. This will increase the amount budgeted for contributions to the retirement fund by \$3.2 million next year, with \$2.1 million coming from the City's General Fund and \$1.1 million from the School's Operating Budget. This interim plan, while a positive and prudent first step to resolve the pension system's unfunded status, still leaves us \$22.8 million short of what the most recent actuarial study recommends to be contributed annually to keep the plan on a sound financial basis over the long term.

School Funding

Funding for public education is the most significant single expenditure category in the annual Operating Budget. In FY08, I am proposing to use \$7.4 million to increase school funding; this brings the City's total contribution to \$112 million and represents a 7.0% increase over the FY07 funding level. In early conversations with the Interim School Superintendent, I indicated that my goal would be to provide an additional \$6.6 million in FY08. The School Board has sought an additional \$1 million for teacher salaries, to allow for teacher raises of 5% instead of 4%. I am proposing to meet this request with \$730,000 from new revenue and to earmark another \$270,000 from reserves to be appropriated after July 1. Newport News Public Schools was notified in the fall of 2006 that they would receive \$270,000 in State revenue not previously anticipated. Rather than increasing the FY07 School Budget by this amount, I recommend reducing the City's contribution by \$270,000 and carrying this money over to FY08. This \$270,000 plus the \$730,000 from new revenues, enables the Newport News School Division to meet its objective of making teacher salaries more competitive by providing a 5% salary increase in FY08. The School Division's proposed budget cuts positions by 45 to reflect declining enrollment rates and commits these savings and most of their new funding to support compensation and benefit cost increases.

Capital Financing

The City has been pursuing a fairly aggressive Capital Improvements Plan in recent years, including major initiatives such as building a new Police Headquarters, the renovation of the Downing Gross building to serve as a Cultural Arts Center, construction of a new Doris Miller Aquatics Center and improvements to Thimble Shoals Boulevard. With these CIP projects and the public investments made in City Center, the City was facing a large \$10 million increase in debt service obligations beginning in FY08. This very large increase in debt service for FY08 would have severely impacted upon our ability to meet other Operating Budget spending needs. In an effort to smooth out this fluctuation and make our debt service more affordable, two significant steps have been taken. The first was to earmark in this recommended budget \$4.0 million in reserves to be applied to debt service. The second step was accomplished in the recent sale of \$40 million bonds, which was structured so that no principle would have to be paid in FY08. These actions reduced the debt service increase to be funded from new revenue to about \$4 million, instead of \$10 million. Additionally, as agreed by City Council, \$3.0 million in reserves will be used for cash capital projects as

outlined in the CIP. The allocation of this \$7.0 million in General Fund reserves was the key to keeping the combined impact of increased debt service and cash capital spending at an affordable level in FY08. This level of General Fund reserves will not be available again for FY09, so the City will be faced with funding a \$5.9 million increase in capital spending in FY09.

Employee Compensation

Addressing employee compensation is one of my highest priorities and this cost continues to represent a major part of the increase in the City's Operating Budget for the next fiscal year. Over the last several years, the local labor market has experienced a considerable rise in compensation levels, and competition is great among employers for highly-skilled workers. With this in mind, it is essential that the City provide a comprehensive compensation package that will attract, retain and motivate a quality workforce.

To achieve this, my recommended budget for employee compensation in FY08 calls for using \$6.4 million of new revenues for this purpose. Of this amount, approximately \$5.3 million is for salaries and \$1.1 million for associated benefit costs which come with higher salaries, i.e. FICA and pension contributions. This package is equivalent to an average 4% salary increase for all City employees, and this is to be accomplished with a combination of a merit and general wage adjustment. This compensation package is consistent with what other Hampton Roads localities are proposing and, therefore, keeps us competitive in the local labor market. Also important is that the compensation package supports the philosophy of recognizing and rewarding City employees for their job performance.

Real Estate Assessments

As of the end of February 2007, approximately 70% of the reassessments have been completed and a total valuation increase of \$1.5 billion or 12.3% above the FY07 base is forecasted. Residential property assessments are expected to increase by 16.9%, which is down slightly from the 21.15% increase in FY07. Recognizing that residential property owners will again bear the greatest burden of this increase in assessments, I am recommending a \$0.06 reduction in the real estate tax rate for FY08. By lowering the rate from \$1.20 to \$1.14, the overall revenue increase from real estate tax due to reassessments will be less than 8%

in FY08. However, single-family homeowners, on average, will still experience about an 11% increase in their tax bills. The revenues generated from the increase in valuation based on the proposed tax rate are expected to be \$9.95 million. This revenue increase from real estate taxes represents 3.5% of the General Fund revenue growth for the next fiscal year.

Fees and New Revenue Growth

Because of the burden of rising residential property tax, I have attempted to keep most user fees either at their current levels where possible and to propose only modest increases where necessary. The Real Estate Tax revenue continues to be our single most important source of revenue, providing the City over 37% of its total FY08 General Fund monies. To maximize the reduction in the real estate tax rate, all other General Fund revenue has been estimated at levels that are pushing the limit of what the City reasonably can expect to receive.

On the State revenue side, there is considerable concern about the new Telecommunications Tax, which went into effect January 1, 2007. This tax replaces five locally-administered taxes and was intended to be revenue neutral for localities. However, local officials across the state have worried that collections may fall significantly short of the State's original estimates. Our telecommunications tax projections for this budget had to be made before the first monthly payments were received under the new State collection program. My recommended Budget estimates \$12.0 million from this source compared to the \$12.6 million received in FY06 for the comparable local taxes. Based upon the most recent financial data, the FY08 estimate may be too optimistic.

To keep building permits and associated fee revenues at a level commensurate with the cost of providing building inspection services, I am recommending that these fees be increased by an average of 10%. These fees have not been adjusted since FY00.

Meanwhile, increases in the stormwater fees, sewer user fees, and water rates can not be avoided. While water rates will increase 5% for most customers, the implementation of the new Waterworks billing system this spring

makes it possible to introduce a new Life Line water rate. Under this new rate structure, customers using a minimum amount of water will experience no rate increase. The cumulative effect of these minimal or maintenance level fee increases will be an added expense for the average homeowner of about \$38 a year. For the second consecutive year, no adjustment was required for the Solid Waste fee, which covers the cost of the City's recycling program and its garbage collection and disposal services.

Jail Operations

Another critical funding area that had to be addressed through the FY08 budget is the costs associated with corrections, including the Sheriff's Office, the City Jail, and the Hampton Roads Regional Jail. As you are aware, we have been experiencing severe overcrowding in the City Jail for some time. This has led to higher operational costs and safety concerns. My recommended budget includes an additional \$445,000 to fund expenses related to inmate care and high population levels such as professional health services, medical supplies, food supplies and utilities. When combined with \$500,000 added to these line items in the FY07 budget, the Sheriff's Department's appropriation for operational expenses will be almost \$1 million higher in FY08 than in FY06. As you may recall, this department finished FY06 with a \$760,000 deficit and an \$820,000 deficit has been forecast for the current fiscal year.

To resolve the immediate jail overcrowding, the City is pursuing a capital project to convert the former Juvenile Secure Detention facility to an annex to be operated by the Sheriff's Department. This \$3 million project will provide 93 additional beds when completed around the beginning of FY09. Once again, the FY08 budget provides for the payment of additional beds at the Regional Jail beyond the City's basic 200-bed allotment; the monies to purchase 40 additional beds are included for next year. This brings our total budgeted expense for the Regional Jail to \$3.1 million.

New Positions

A total of 120 positions were requested for FY08 from General Fund operating departments. With the revenue available in FY08 after reducing the property tax rate by \$0.06, I was able to fund only 18 new positions or less than 10% of the number requested. These additional positions represent less than a 1% The

delivery expectations. These include the six (6) Sheriff deputies and one (1) position each for Purchasing, Libraries, Engineering, Codes, Planning, Real Estate Assessor, Treasurer and Adult Corrections. Four (4) of the new positions reflect the expansion of programming at the Downing Gross Cultural Arts Center, which has been under renovation for the past several years and will be completed during FY08.

Information Technology

The City historically has not budgeted for the on-going replacement of Information Technology (IT) equipment. In conjunction with the FY07 budget, City Council created an IT Investment Fund to receive and expend \$315,000 from the General Fund for routine replacement of computers, printers and servers, and to earmark \$400,000 to acquire a permitting software system, for a total of \$715,000. I am proposing to increase this annual funding by \$800,000, bringing the funding level to \$1.5 million for FY08. This is still well short of the estimated \$2.0 million needed annually for the on-going replacement of IT equipment as it wears out or becomes technologically obsolete.

A year ago, four IT software systems were identified as highest priorities for replacement: Permitting, the Police and Jail Records Management System (RMS), Enterprise Resource Planning (ERP), and Taxation. Of these four, only the \$400,000 for the permitting system could be included in the FY07 Operating Budget. Another \$10 million, however, was earmarked from General Fund reserves at the end of FY06 to replace the remaining obsolete Cobol/XE mainframe systems. This \$10 million will pay for the \$4 million RMS project and leave another \$6.0 million available to at least address the implementation of an ERP system. At this point, only the taxation system remains largely unfunded. Hopefully, sufficient reserves will be available from the FY07 surplus to enable the taxation system to proceed. We have been working diligently to establish a collaborative partnership with other localities that might be willing to share in the cost of both the ERP and the taxation systems. To date, we have not identified any viable partners to share in the cost of developing these two major Cobol/XE systems.

Vehicle Replacement

Until the current fiscal year, the City has depended on prior year surpluses to meet funding requirements for the routine replacement of its fleet. Restoring the practice of budgeting for vehicle replacement and allocating to each department its proportionate share of vehicle replacement expenses was a priority in the FY07 budget development process and this practice is continued in FY08. For next fiscal year, I am recommending \$2.9 million for the vehicle replacement program, with \$2.0 million coming from the General Fund, an increase of \$300,000. These monies, along with the proceeds from the sale of surplus vehicles, will bring the City much closer to the goal of annually budgeting \$3.5 million for vehicle replacement.

Downing Gross Cultural Arts Center

The Downing Gross Cultural Arts Center is the one area where the City is expanding services in FY08. This \$11 million, 50,000-square-foot facility will open in FY08, requiring additional staffing and operational funding. The facility has been operating with only two full-time staff. The completion of this three-story complex including a theater, visual and performing arts classrooms, a banquet hall/kitchen and a museum will necessitate both additional staff and the budgeting of monies for programming, operations and maintenance. To address these new operational requirements, I am recommending an additional \$654,684 be included for this facility in FY08. Funding at this level will provide staffing to include four (4) additional full-time employees to oversee the theater/performing arts, museum and exhibits, visual arts and advertising and marketing. Monies are also included to contract with an individual with expertise in identifying and soliciting sponsorships or donations to support new programming and build out of exhibit spaces.

Community Support

My recommended funding for the Community Support Budget is \$7.8 million; this is \$169,000 or 2.2% more than in the FY07 Budget. I am recommending holding agency increases to no more than 10% over the FY07 level. These recommended increases, however, apply only to those community agencies that have requested additional funding and which offer direct benefits to Newport News citizens.

Additionally, I am recommending new funding for one agency, LINK of Hampton Roads, Inc., in the amount of \$48,000. This funding will support part-time staff and security associated with the PORT winter shelter, which is a part of LINK's Emergency Services Program (ESP). ESP provides food, clothing, household items, medical care, housing and shelter assistance to citizens who are in need. Once again, I have included a \$100,000 contingency in the FY08 budget for new or enhanced funding of community support agencies. When discounting the \$580,011 required to support HRT with no service enhancements, the Community Support funding recommended for all of the other agencies is \$411,183 less than in FY07.

Conclusion

The development of this budget has been challenging in that substantial increases were needed in funding in critical areas of the budget, especially public school funding, the retirement fund, cash capital financing, and employee compensation. These needs had to be balanced against the requirement to provide citizens relief from the growth in real estate taxes. Many of the funding decisions to be made in this Operating Budget have profound long-term implications for City government.

My financial strategy, as you will see through our discussions during the upcoming budget work sessions, is to avoid creating on-going structural deficits by cutting the tax rate too deeply. Property tax revenues, because of their importance to the overall budget, must be kept at a level that can be reasonably sustained. So that quality of service delivery to the citizens of Newport News will not be compromised in FY08 and beyond, I emphasized increasing appropriations where they have been historically under-budgeted. Furthermore, for the first time, almost \$1 million in attrition savings has been built into the FY08 budget. As a consequence of this and the aggressive revenue estimates which have been included in my FY08 Budget recommendation, careful monitoring of revenues such as the Telecommunications Tax and expenditures will be necessary to assure at least a modest year end again next fiscal year. I trust that you will again find the series of budget position papers that are being furnished along with this transmittal helpful in understanding the key issues that are driving the overall budget. This information was designed to assist Council in making its decisions about spending and revenue levels. The adoption of the Operating Budget for FY08 is important in that it establishes a funding strategy for the City to move forward and represents a financial plan upon

which the City's financial posture will be evaluated by the credit agencies, as we issue the bonds needed to implement the FY08-12 CIP.

In closing, I want to acknowledge the outstanding work of the staff in the Office of Budget and Evaluation, under the leadership of my new Budget Director, Gregg Jones. My Executive Team has also worked diligently in producing an Operating Budget which is responsive to our organizational and community needs and that I am proud to present for your consideration.

Randy W. Hildebrandt

RWH:CAJ:G:budget memo final 3.26.07

ORDINANCE NO. 6370-07

AN ORDINANCE TO REPEAL ORDINANCE NO. 6368-07 FOR THE APPROVAL OF THE BUDGET AND APPROPRIATION OF FUNDS TO OPERATE THE CITY OF NEWPORT NEWS FOR THE FISCAL YEAR BEGINNING JULY 1, 2007, AND ENDING JUNE 30, 2008, INCLUSIVE AND TO APPROVE AN AMENDED BUDGET AND TO APPROPRIATE FUNDS TO OPERATE THE CITY OF NEWPORT NEWS FOR THE FISCAL YEAR BEGINNING JULY 1, 2007, AND ENDING JUNE 30, 2008, INCLUSIVE.

BE IT ORDAINED by the Council of the City of Newport News:

1. That Ordinance NO. 6368-07 is hereby repealed.
2. That the budget for the fiscal year beginning July 1, 2007, and ending June 30, 2008, inclusive, as indicated by the amounts appropriated in paragraph 3 below, be, and the same is hereby approved.
3. That the following amounts are hereby appropriated to the categories as listed in the aforesaid budget:

General, School Operating, Public Utilities, Vehicle and Equipment Services,
Special Operating, and Community Development Funds

OPERATING BUDGET

General Fund

Legislative	\$ 690,052
General Administration	5,820,615
Financial	10,665,904
Information Technology	8,293,182
Board of Elections	422,042
Judicial Administration	3,206,258
Commonwealth Attorney	3,396,336
Public Safety	74,562,598
Corrections and Detention	27,510,404
Inspections	2,832,771
Engineering	7,793,725

Public Works	23,996,763	
Health and Welfare	46,504,366	
Parks, Recreation and Cultural	19,751,423	
Planning and Community Development	2,975,160	
Nondepartmental	16,571,363	
Payments to Other Funds	<u>48,487,038</u>	
General Fund Operating Budget		\$303,480,000
City Support to School Operating Budget		<u>112,118,000</u>
Total General Fund Appropriations		\$415,598,000

Public Utilities Fund

Public Utilities Fund Operating Budget	\$62,379,160	
Payments to the City	13,334,064	
Capital Projects and Equipment	<u>3,706,776</u>	
Total Public Utilities Fund Appropriations		\$ 79,420,000

School Operating Fund

State Appropriations	\$189,040,811	
Federal and Other Appropriations	5,480,903	
City Appropriations		
1. Operating Funding	\$97,327,844	
2. Debt Service	<u>14,790,156</u>	
Total City Funding Support		<u>112,118,000</u>
Total School Operating Fund Appropriations		\$306,639,714

Vehicle and Equipment Services Fund

Vehicle and Equipment Services Fund		\$ 11,012,700
SUBTOTAL - APPROPRIATIONS		\$812,670,414

LESS - Payments to Other Funds

From General Fund To School Fund	\$111,518,000
From General Fund To School Fund - Other	600,000
From Public Utilities Fund To General Fund	13,334,064
From Public Utilities Fund for Capital Projects and Equipment	3,706,776
From School Fund To General Fund	439,216
From General Fund To Vehicle and Equipment Services Fund	7,030,948
From Vehicle and Equipment Services Fund To General Fund	<u>25,077</u>

(\$136,654,081)

TOTAL OPERATING BUDGET

\$676,016,333

SPECIAL REVENUE AND TRUST FUNDS

Auto Self Insurance Fund	\$ 1,200,900
General Liability Insurance Fund	1,476,500
Worker's Compensation Fund	3,410,600
Recreation Revolving Fund	4,777,000
Historical Services Fund	1,407,100
Golf Course Revolving Fund	1,666,000
Leeward Marina Revolving Fund	246,300
Tourism, Promotion, Development Fund	1,567,400
School Worker's Compensation Fund	1,046,748
School Textbook Fund	3,013,715
Stormwater Management Fund	8,883,500
Solid Waste Revolving Fund	11,774,200
Wastewater Fund	10,407,100
Law Library Fund	130,750
Street/Highway Maintenance Fund	13,072,658
Debt Service Fund	61,949,527
Economic Development Fund	157,500
Economic Industrial Development Fund	28,193,700
Industrial Development Authority	1,600,000
Applied Research Center Fund	1,926,500

Parking Facilities Fund	361,500
Pension Trust Fund	57,530,000
City Retirement-Post Retire Fund	<u>14,098,000</u>

SUBTOTAL - SPECIAL REVENUE and TRUST FUNDS \$229,897,198

LESS

Payments from Other Funds	(\$109,660,532)	
Payments to Other Funds	<u>(\$ 7,063,387)</u>	
		<u>(\$116,723,919)</u>

TOTAL SPECIAL REVENUE AND TRUST FUNDS \$ 113,173,279

COMMUNITY DEVELOPMENT FUND

Community Development Block Grant	\$ <u>2,013,757</u>
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TOTAL CITY BUDGET \$791,203,369

4. That this Ordinance shall be in effect on and after July 1, 2007.

PASSED BY THE COUNCIL OF THE CITY OF NEWPORT NEWS ON MAY 22, 2007

Mable V. Washington, CMC
City Clerk

Joe S. Frank
Mayor

A true copy, teste:
City Clerk

CITY OF NEWPORT NEWS
Components of the Adopted Total Financial Plan
Fiscal Year 2008

TOTAL BUDGET
OPERATING and Capital
\$880,574,369

This chart represents the local funding available for FY 2008 that has been Recommended for the Operating Budgets and the Adopted FY 2008 Capital Funds. All funds are shown in their entirety. This was done to eliminate any duplicate counting of funds.

OPERATING BUDGET EXPENSES
All Funds*
\$791,203,369

CAPITAL IMPROVEMENTS PLAN EXPENSES
All Funding Sources
\$89,371,000

GENERAL OPERATING FUND \$415,598,000	SEPARATE OPERATING FUNDS \$399,086,171	SPECIAL REVENUE AND TRUST FUNDS \$229,897,198	GENERAL FUND SUPPORTED CAPITAL PROJECTS \$50,266,000	SELF-SUPPORTING FUNDS CAPITAL PROJECTS \$39,105,000
<p>Legislative City Council - \$339,278 City Clerk - \$350,774</p> <p>General Administration City Manager - \$2,392,136 Human Resources - \$1,632,867 City Attorney - \$1,795,612</p> <p>Financial Internal Auditor - \$550,911 Comm of Revenue - \$2,666,670 Real Estate Assessor - \$1,998,294 City Treasurer - \$2,149,489 Finance - \$1,315,097 Budget & Evaluation - \$633,177 Purchasing - \$1,352,266</p> <p>Information Technology Information Technology - \$8,293,182</p> <p>Board of Elections Voter Registrar - \$422,042</p> <p>Judicial Administration Judiciary - \$3,206,258 Commonwealth's Attorney - \$3,396,336</p> <p>Public Safety Police - \$43,765,481 Emergency Management - \$391,892 Fire - \$30,405,225</p> <p>Corrections and Detention Sheriff - \$13,260,541 Adult Corrections - \$5,112,180 Juvenile Services - \$9,137,683</p> <p>Inspections Codes Compliance - \$2,832,771</p> <p>Engineering Engineering - \$7,793,725</p> <p>Public Works Public Works - \$23,996,763</p> <p>Health and Welfare Health Department - \$2,081,848 Mental Health (CSB) - \$1,374,962 Human Services - \$42,300,043 Office on Children, Youth & Families - \$747,513</p> <p>Parks, Recreation, Culture Parks & Recreation - \$14,446,968 Libraries & Information Services - \$5,304,455</p> <p>Community Development Development - \$1,729,923 Planning - \$1,245,237</p> <p>Nondepartmental Appointed Boards - \$150,833 Nondepartmental - \$9,685,504 Community Support - \$7,618,201 Payments to Other Funds - \$159,721,855</p>	<p>Public Education Fund \$306,639,714</p> <p>Public Utilities Fund \$79,420,000</p> <p>Vehicle & Equipment Services Fund \$11,012,700</p> <p>Community Development Block Grant \$2,013,757</p>	<p>Auto-Self Insurance Fund \$1,200,900</p> <p>General Liability Insurance Fund \$1,476,500</p> <p>Worker's Compensation Fund \$3,410,600</p> <p>Recreation Revolving Fund \$4,777,000</p> <p>Historical Services Fund \$1,407,100</p> <p>Golf Course Revolving Fund \$1,666,000</p> <p>Leeward Marina Revolving Fund \$246,300</p> <p>Tourism, Promotions, and Development Fund \$1,567,400</p> <p>School's Worker Compensation Fund \$1,046,748</p> <p>School's Textbook Fund \$3,013,715</p> <p>Stormwater Management Fund \$8,883,500</p> <p>Solid Waste Revolving Fund \$11,774,200</p> <p>Wastewater Fund \$10,407,100</p> <p>Law Library Fund \$130,750</p> <p>Street/Highway Maintenance Fund \$13,072,658</p> <p>Debt Service Fund \$61,949,527</p> <p>Economic Development Fund \$157,500</p> <p>Economic/Industrial Development Fund \$28,193,700</p> <p>Industrial Development Authority Fund \$1,600,000</p> <p>Applied Research Center Fund \$1,926,500</p> <p>Parking Facilities Fund \$361,500</p> <p>Pension Trust Fund \$57,530,000</p> <p>City Retirement Post Retirement Fund \$14,098,000</p>	<p>Schools Category Projects \$11,864,000</p> <p>Development Category Projects \$4,500,000</p> <p>Parks and Recreation Category Projects \$4,885,000</p> <p>Sanitary Sewers Extension Category Projects \$1,000,000</p> <p>Streets and Bridges Category Projects \$9,576,000</p> <p>Public Buildings Category Projects \$8,000,000</p> <p>Capital Equipment Category Projects \$1,341,000</p> <p>Community Facilities Category Projects \$2,400,000</p> <p>Transit Category Projects \$6,700,000</p>	<p>Sanitary Sewer Rehabilitation Projects \$2,720,000</p> <p>Stormwater Drainage Projects \$6,880,000</p> <p>Public Utilities Projects \$26,620,000</p> <p>Solid Waste Projects \$2,885,000</p>

* Adjusted Amount - reflects total amount less inter- and intra-fund transfers of \$253,378,000.

TOTAL CITY OPERATING BUDGET
Summary of General, School, Utilities, and Vehicle and Equipment Service Funds
REVENUES AND EXPENDITURES
FISCAL YEAR 2007 - 2008

REVENUES	Adopted Budget FY 2008	EXPENDITURES	Adopted Budget FY 2008
MAJOR FUNDS		MAJOR FUNDS	
General Fund*		General Fund*	
General Revenues	\$401,799,643	City Operations	\$267,809,538
Payment from Public Utilities Fund	13,334,064	Debt Service	35,670,462
Payment from School Operating Fund	439,216	School Operating Fund Expenditures	<u>112,118,000</u>
Payment from Vehicle & Equipment Services Fund	<u>25,077</u>	Total General Fund Expenditures	<u>\$415,598,000</u>
Total General Fund Revenues	<u>\$415,598,000</u>		
Public Utilities Fund		Public Utilities Fund	
Use of Money and Property	\$ 4,400,000	Public Utilities Operations and Debt Service	\$62,379,160
Charges for Services	73,665,000	Capital Projects and Equipment	3,706,776
Administrative Charges	315,000	Payment to General Fund	<u>13,334,064</u>
Recovered Costs	<u>1,040,000</u>	Total Public Utilities Fund Expenditures	<u>\$79,420,000</u>
Total Public Utilities Fund Revenues	<u>\$79,420,000</u>		
School Operating Fund		School Operating Fund	
Federal Revenue and Other Appropriations	\$ 4,588,523	School Operations	\$291,410,342
Revenue from the Commonwealth	189,040,811	School Debt Service	14,790,156
City Support from the General Fund	112,118,000	Payment to General Fund	<u>439,216</u>
Other Local Revenue	<u>892,380</u>	Total School Fund Expenditures	<u>\$306,639,714</u>
Total School Fund Revenues	<u>\$306,639,714</u>		

*Detailed in Table Two, *General Fund Summary*.

TOTAL CITY OPERATING BUDGET
Summary of General, School, Utilities, and Vehicle and Equipment Service Funds
REVENUES AND EXPENDITURES
FISCAL YEAR 2007 - 2008, Continued

<u>REVENUES</u>	Adopted Budget FY 2008	EXPENDITURES	<u>Adopted Budget FY 2008</u>
Vehicle and Equipment Service Fund		Vehicle and Equipment Service Fund	
Charges for Services and Repair	\$ 5,265,998	Vehicle and Equipment Services Operations	\$ 8,000,926
Charges for Replacement	2,640,992	Equipment Replacement	2,640,992
Charges for Fuel	2,745,377	Payment to the General Fund	25,077
Transfer In-General Fund/Fire Maintenance	345,705	Fire Maintenance Shop Expense	<u>345,705</u>
Interest Earnings	<u>14,628</u>		
Total Vehicle and Equipment Fund Revenues	\$11,012,700	Total Vehicle and Equipment Fund Expenditures	\$11,012,700
LESS - Payments from Other Funds	(<u>\$136,654,081</u>)	LESS - Payments to Other Funds	(<u>\$136,654,081</u>)
SUBTOTAL - Major Funds Revenue	<u>\$676,016,333</u>	SUBTOTAL - Major Funds Expenditures	<u>\$676,016,333</u>
SPECIAL REVENUE AND TRUST FUNDS**	\$229,897,198	SPECIAL REVENUE AND TRUST FUNDS**	\$229,897,198
LESS - Payments from Other Funds	(<u>\$116,723,919</u>)	LESS - Payments to Other Funds	(<u>\$116,723,919</u>)
SUBTOTAL - Special Funds Revenue	<u>\$113,173,279</u>	SUBTOTAL - Special Funds Expenditures	<u>\$113,173,279</u>
Community Development Block Grant	<u>\$2,013,757</u>	Community Development Block Grant	<u>\$2,013,757</u>
TOTAL CITY REVENUES	<u>\$791,203,369</u>	TOTAL CITY EXPENDITURES	<u>\$791,203,369</u>

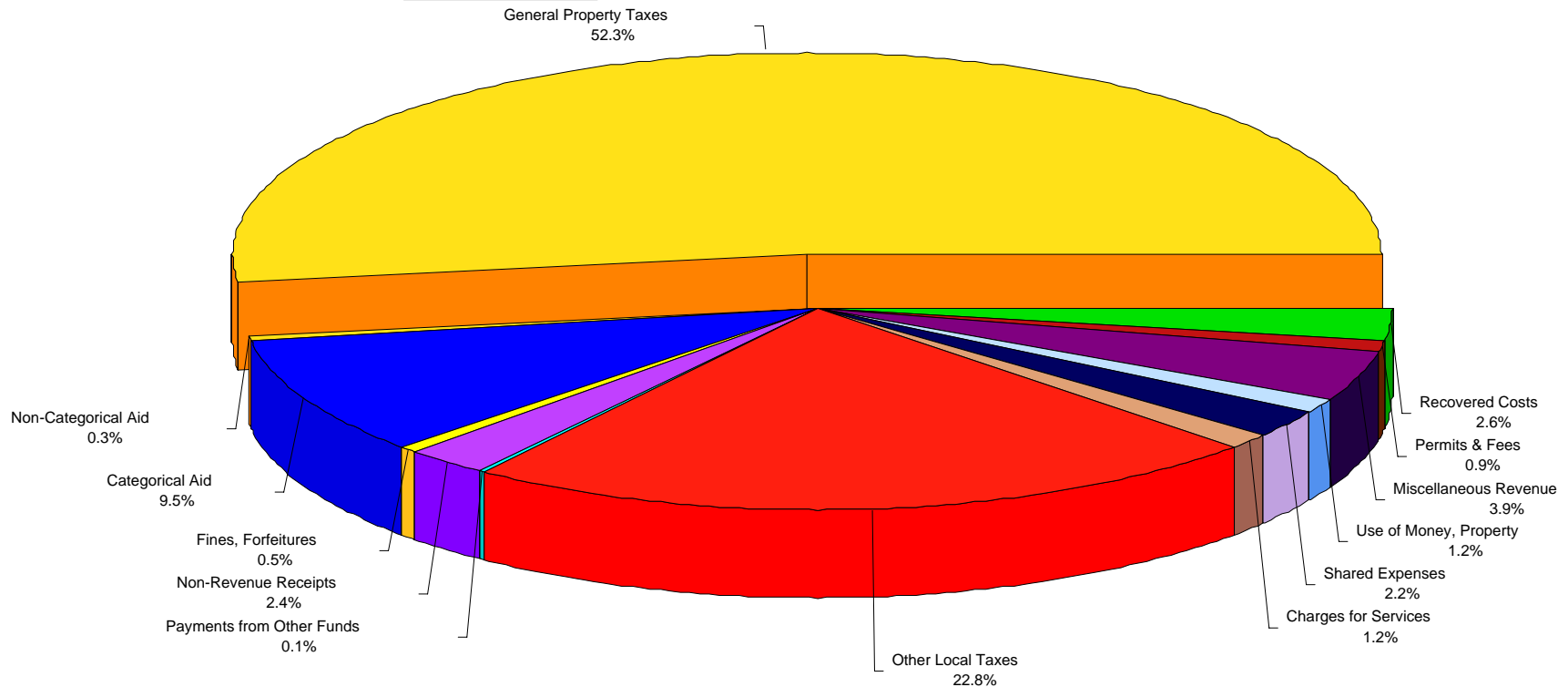
**Detailed in Table Three, *Special Revenue and Trust Funds*

FY 2008 ADOPTED GENERAL FUND BUDGET Revenue Sources

General Property Taxes	\$217,468,669
Non-Categorical Aid	1,213,104
Categorical Aid	39,277,484
Fines, Forfeitures	2,248,040
Non-Revenue Receipts	10,000,000
Payments from Other Funds	553,758
Other Local Taxes	94,700,246
Charges for Services	4,967,361
Shared Expenses	9,254,823
Use of Money, Property	5,037,790
Miscellaneous Revenue	16,407,372
Permits & Fees	3,609,470
Recovered Costs	<u>10,859,883</u>

Over 75% of General Fund revenues come from taxes - 52% from property taxes and 23% from Other Local Taxes such as sales, meals, cable television and utility taxes. The next largest revenue source is Categorical Aid (state revenue for human services programs). A complete analysis of all revenue sources is included under the General Fund Revenue tab in the budget document.

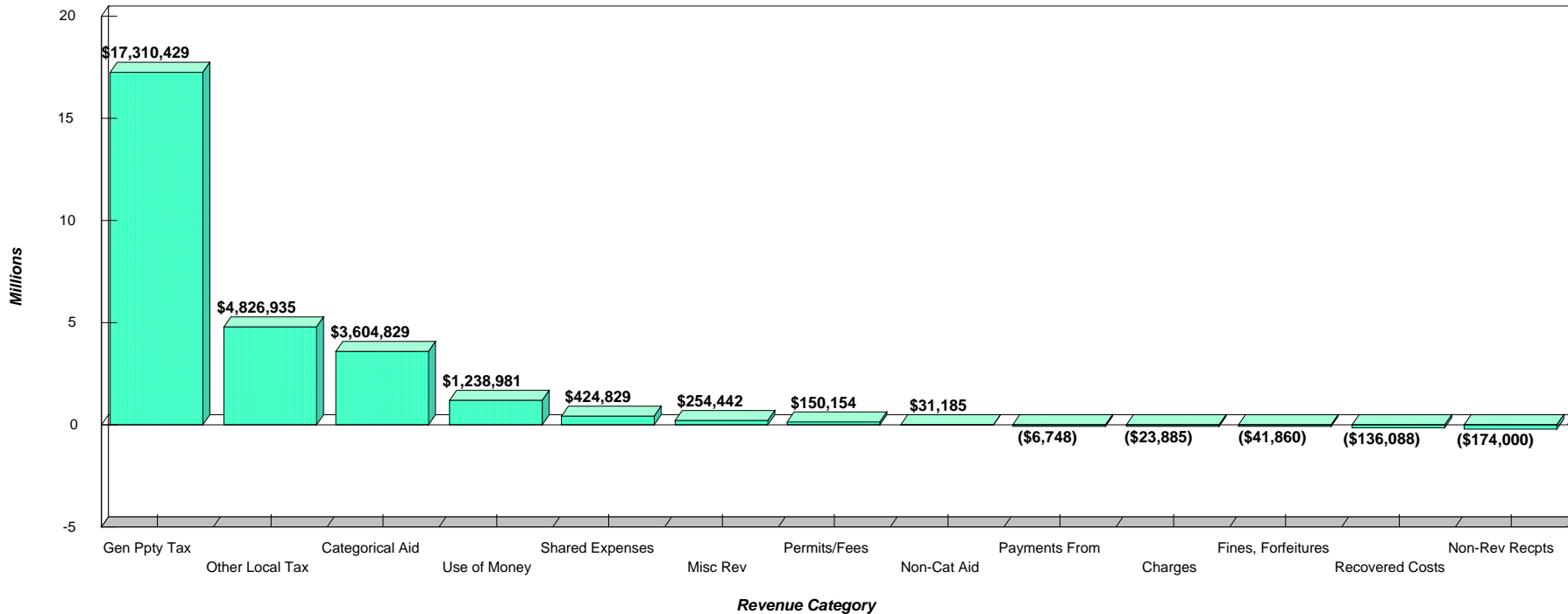
Total: \$415,598,000



FY 2008 ADOPTED GENERAL FUND CHANGES IN REVENUE SOURCES

	<i>Adopted FY 2007</i>	<i>Revised FY 2007</i>	<i>Adopted FY 2008</i>	<i>Change from Revised Budget</i>	
				<i>Amount</i>	<i>Percent</i>
General Property Taxes	\$202,853,151	\$202,853,151	\$217,468,669	\$14,615,518	7.2%
Other Local Taxes	90,573,311	89,873,311	94,700,246	4,826,935	5.4%
Categorical Aid	35,400,141	35,504,455	39,277,484	3,773,029	10.6%
Use of Money, Property	3,709,809	3,798,809	5,037,790	1,238,981	32.6%
Shared Expenses	8,677,679	8,829,994	9,254,823	424,829	4.8%
Miscellaneous Revenue	16,166,628	16,192,819	16,407,372	214,553	1.3%
Permits & Fees	2,759,313	3,459,313	3,609,470	150,157	4.3%
Non-Categorical Aid	1,181,919	1,181,919	1,213,104	31,185	2.6%
Payments from Other Funds	618,613	560,506	553,758	(6,748)	-1.2%
Charges for Services	5,080,246	4,991,246	4,967,361	(23,885)	-0.5%
Fines, Forfeitures	2,289,900	2,289,900	2,248,040	(41,860)	-1.8%
Recovered Costs	10,985,290	10,985,290	10,859,883	(125,407)	-1.1%
Non-Revenue Receipts	9,134,000	10,174,000	10,000,000	(174,000)	-1.7%
	<u>\$389,430,000</u>	<u>\$390,694,713</u>	<u>\$415,598,000</u>	<u>\$24,903,287</u>	<u>6.4%</u>

*Revised FY 2007 General Fund Operating Budget reflects the use of \$1,040,000 Fund Balance Reserves during the fiscal year.
The change from Adopted FY 2007 to Recommended FY 2008 is \$28,684,000 or 7.4%.



GENERAL FUND SUMMARY
REVENUES and EXPENDITURES
FISCAL YEAR 2007 - 2008

<u>REVENUES</u>	<u>Revised*</u> <u>Budget</u> <u>FY 2007</u>	<u>Adopted</u> <u>Budget</u> <u>FY 2008</u>	<u>Percent</u> <u>Change</u>	<u>EXPENDITURES</u>	<u>Revised*</u> <u>Budget</u> <u>FY 2007</u>	<u>Adopted</u> <u>Budget</u> <u>FY 2008</u>	<u>Percent</u> <u>Change</u>
General Property Taxes	\$202,853,151	\$217,468,669	7.2%	Legislative	\$ 659,895	\$ 690,052	4.6%
Other Local Taxes	89,873,311	94,700,246	5.4%	General Administration	5,410,505	5,820,615	7.6%
Permits, Fees and Regulatory Licenses	3,459,313	3,609,467	4.3%	Financial	10,279,219	10,665,904	3.8%
Fines and Forfeitures	2,289,900	2,248,040	(1.8%)	Information Technology	7,815,937	8,293,182	6.1%
Revenue from Use of Money and Property	3,798,809	5,037,790	32.6%	Board of Elections	406,443	422,042	3.8%
Charges for Services	4,991,246	4,967,361	(0.5%)	Judicial Administration	3,172,225	3,206,258	1.1%
Miscellaneous Revenue	16,192,819	16,407,345	1.3%	Commonwealth Attorney	3,146,454	3,396,336	7.9%
Recovered Costs	10,985,290	10,859,883	(1.1%)	Public Safety	71,145,284	74,562,598	4.8%
Non-Categorical Aid	1,181,919	1,213,104	2.6%	Corrections and Detention	25,667,099	27,510,404	7.2%
Shared Expenses	8,829,994	9,254,823	4.8%	Inspections	2,762,423	2,832,771	2.5%
Categorical Aid	35,504,455	39,227,484	10.6%	Engineering	7,617,919	7,793,725	2.3%
Non-Revenue Receipts	10,174,000	10,000,000	(1.7%)	Public Works	22,854,983	23,996,763	5.0%
Payments From Other Funds	560,506	553,758	(1.2%)	Health and Welfare	44,179,040	46,504,366	5.3%
				Parks, Recreation and Cultural	18,143,357	19,751,423	8.9%
TOTAL	<u>\$390,694,713</u>	<u>\$415,598,000</u>	<u>6.4%</u>	Community Development	2,870,122	2,975,160	3.7%
				Nondepartmental	19,292,233	21,769,738	12.8%
				Community Support	7,696,319	7,618,201	(1.1%)
				Local Support to Schools	104,735,146	112,118,000	7.0%
				Debt Service	31,728,218	34,557,194	8.9%
				Airport Debt Service	1,111,892	1,113,268	0.1%
				TOTAL	<u>\$390,694,713</u>	<u>\$415,598,000</u>	<u>6.4%</u>

*Revised FY 2007 General Fund Operating Budget reflects the use of \$1,040,000 Fund Balance Reserves during the fiscal year. The FY 2007 Adopted General Fund Budget was \$389,430,000. The change from Adopted FY 2007 to Recommended FY 2008 is \$28,684,000 or 7.4%.

FY 2008 General Fund Adopted Operating Budget Departmental Summary

<u>Department</u>	<u>Revised FY 2007 Budget</u>	<u>FY 2008 Adopted</u>	<u>Variance</u>	<u>Percent</u>
City Council	\$331,595	\$339,278	\$7,683	2.3%
City Clerk	328,300	350,774	22,474	6.8%
Legislative Category Total:	\$659,895	\$690,052	\$30,157	4.6%
City Manager	\$2,203,716	\$2,392,136	\$188,420	8.6%
Human Resources	1,481,584	1,632,867	151,283	10.2%
City Attorney	1,725,205	1,795,612	70,407	4.1%
General Administration Category Total:	\$5,410,505	\$5,820,615	\$410,110	7.6%
Internal Auditor	\$498,462	\$550,911	\$52,449	10.5%
Commissioner of Revenue	2,670,219	2,666,670	(3,549)	(0.1%)
Real Estate Assessor	1,880,870	1,998,294	117,424	6.2%
City Treasurer	2,119,052	2,149,489	30,437	1.4%
Finance	1,271,505	1,315,097	43,592	3.4%
Budget and Evaluation	581,896	633,177	51,281	8.8%
Purchasing	1,257,215	1,352,266	95,051	7.6%
Information Technology	7,815,937	8,293,182	477,245	6.1%
General Registrar	406,443	422,042	15,599	3.8%
Financial, Information Technology, and Elections Category Total:	\$18,501,599	\$19,381,128	\$879,529	4.8%

***FY 2008 General Fund Adopted Operating Budget
Departmental Summary, Continued***

<u>Department</u>	<u>Revised FY 2007 Budget</u>	<u>FY 2008 Adopted</u>	<u>Variance</u>	<u>Percent</u>
Judiciary	\$3,172,225	\$3,206,258	34,033	1.1%
Judiciary Category Total:	\$3,172,225	\$3,206,258	\$34,033	1.1%
Commonwealth's Attorney	\$3,146,454	\$3,396,336	\$249,882	7.9%
Commonwealth's Attorney Category Total:	\$3,146,454	\$3,396,336	\$249,882	7.9%
Police	\$41,347,639	\$43,765,481	\$2,417,842	5.8%
Emergency Management	370,317	391,892	21,575	5.8%
Fire	29,427,328	30,405,225	977,897	3.3%
Public Safety Category Total:	\$71,145,284	\$74,562,598	\$3,417,314	4.8%
Sheriff	\$11,410,667	\$13,260,541	\$1,849,874	16.2%
Adult Corrections	4,928,933	5,112,180	183,247	3.7%
Juvenile Services	9,327,499	9,137,683	(189,816)	(2.0%)
Corrections and Detention Category Total:	\$25,667,099	\$27,510,404	\$1,843,305	7.2%
Codes Compliance	\$2,762,423	\$2,832,771	\$70,348	2.5%
Engineering	7,617,919	7,793,725	175,806	2.3%
Inspections and Engineering Category Total:	\$10,380,342	\$10,626,496	\$246,154	2.4%

**FY 2008 General Fund Adopted Operating Budget
Departmental Summary, Continued**

<u>Department</u>	<u>Revised FY 2007 Budget</u>	<u>FY 2008 Adopted</u>	<u>Variance</u>	<u>Percent</u>
Public Works	\$22,854,983	\$23,996,763	\$1,141,780	5.0%
Public Works Category Total:	\$22,854,983	\$23,996,763	\$1,141,780	5.0%
Health	\$2,150,882	\$2,081,848	(\$69,034)	(3.2%)
Mental Health	1,334,915	1,374,962	40,047	3.0%
Human Services	39,987,807	42,300,043	2,312,236	5.8%
Office on Children, Youth, & Families	705,436	747,513	42,077	6.0%
Health and Welfare Category Total:	\$44,179,040	\$46,504,366	\$2,325,326	5.3%
Parks and Recreation	\$13,134,748	\$14,446,968	\$1,312,220	10.0%
Libraries and Information Services	5,008,609	5,304,455	295,846	5.9%
Development	1,641,022	1,729,923	88,901	5.4%
Planning	1,229,100	1,245,237	16,137	1.3%
Parks, Libraries and Community Development Category Total:	\$21,013,479	\$22,726,583	\$1,713,104	8.2%
Community Support	\$2,972,023	\$2,820,706	(\$151,317)	(5.1%)
Community Support Category Total:	\$2,972,023	\$2,820,706	(\$151,317)	(5.1%)
Contractual Service Agencies	\$4,724,296	\$4,797,497	\$73,201	1.5%
Community Support-Contract Category Total:	\$4,724,296	\$4,797,497	\$73,201	1.5%
Nondepartmental-Contingencies	\$8,841,246	\$8,953,160	\$111,914	1.3%
Nondepartmental Category Total:	\$8,841,246	\$8,953,160	\$111,914	1.3%

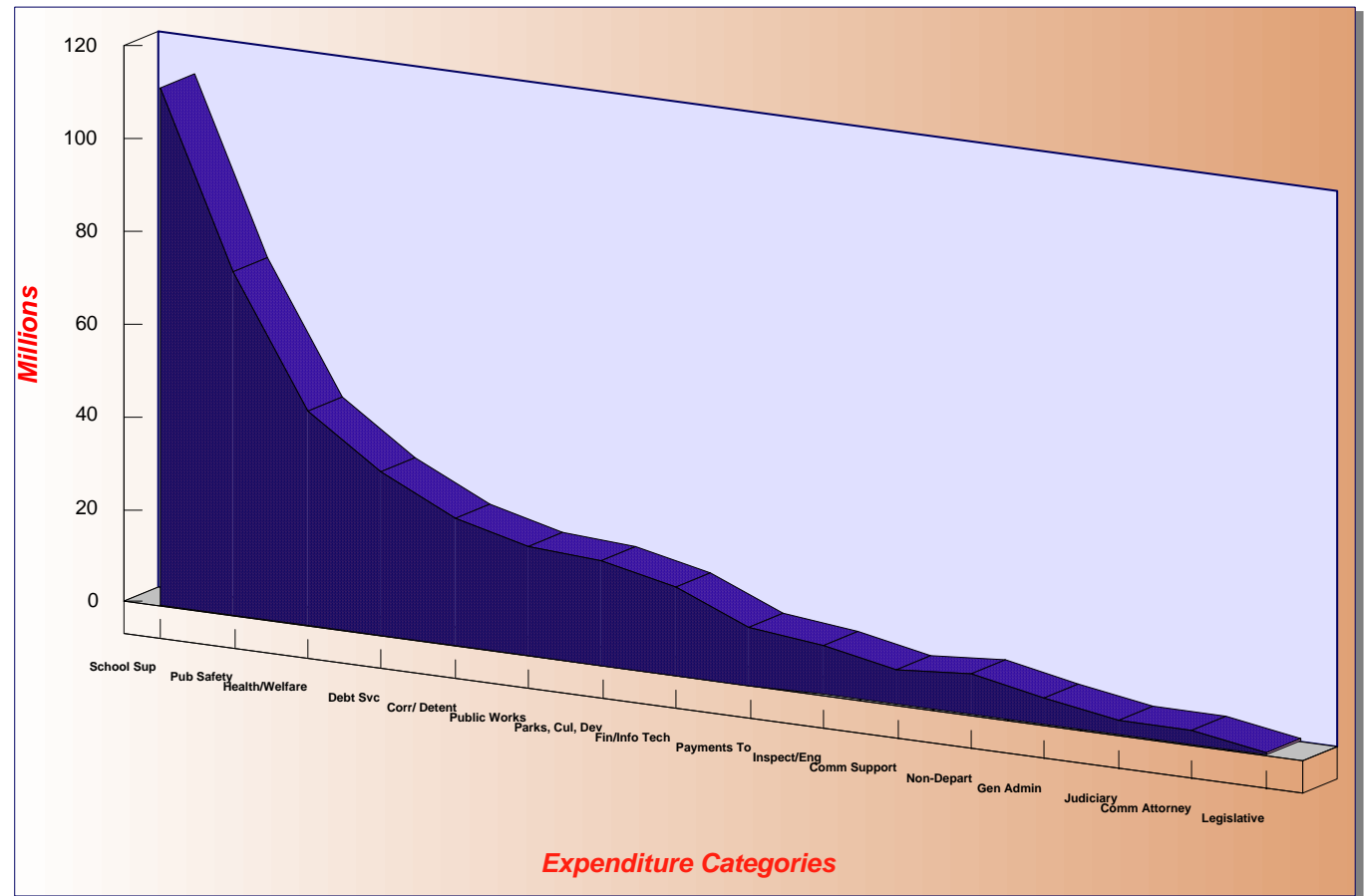
***FY 2008 General Fund Adopted Operating Budget
Departmental Summary, Continued***

<u>Department</u>	<u>Revised FY 2007 Budget</u>	<u>FY 2008 Adopted</u>	<u>Variance</u>	<u>Percent</u>
Payments to Other Funds	\$148,026,243	\$160,605,038	\$12,578,795	8.5%
Payments to Other Funds	\$148,026,243	\$160,605,038	\$12,578,795	8.5%
<u>General Fund Total</u>	<u>\$390,694,713</u>	<u>\$415,598,000</u>	<u>\$24,903,287</u>	6.4%

*Revised FY 2007 General Fund Operating Budget reflects the use of \$1,040,000 Fund Balance Reserves during the fiscal year. The FY 2007 Adopted General Fund Budget was \$389,430,000. The change from Adopted FY 2007 to Recommended FY 2008 is \$28,684,000 or 7.4%.

FY 2008 ADOPTED GENERAL FUND EXPENDITURES BUDGET

<u>Category</u>	<u>Amount</u>	<u>% of Budget</u>
School Support	\$112,118,000	27.0%
Public Safety	74,562,598	17.9%
Health & Welfare	46,504,366	11.2%
Debt Service	35,670,462	8.6%
Corrections & Detention	27,510,404	6.6%
Public Works	23,996,763	5.8%
Parks, Cultural, Development	22,726,583	5.5%
Financial/Inform Technology	19,381,128	4.7%
Payments to Other Funds	12,816,576	3.1%
Inspections/Engineering	10,626,496	2.6%
Community Support	7,618,201	1.8%
Non-Departmental	8,953,162	2.2%
General Administration	5,820,615	1.4%
Judiciary	3,206,258	0.8%
Commonwealth's Attorney	3,396,336	0.8%
Legislative	690,052	0.2%
General Fund Total:	<u>\$415,598,000</u>	<u>100%</u>



Components of the Adopted FY 2008 General Fund Budget are as follows: 27.0% of funding is for School Operations and School Debt Service (\$112,118,000), and 17.9% is for Public Safety (Police, Fire, Emergency Management - \$74,562,598). The next largest share is for Health and Welfare programs, at 11.2% (\$46,504,366). City Debt Service accounts for 8.6% (which includes General Obligation Bonds and Airport -\$35,670,462). The amount of 6.6% of the budget is dedicated to Corrections and Detention (Sheriff, City Farm, and Juvenile Services - \$27,510,404), with 5.8% for Public Works activities (\$23,996,763). These six programs comprise 77% (or \$320,362,593) of the total Adopted General Fund Budget for FY 2008.

TABLE THREE

**SUMMARY of SPECIAL REVENUE AND TRUST FUNDS
FISCAL YEAR 2007 - 2008**

	Revised Budget FY 2007	Adopted Budget FY 2008	Percent Change
Auto Self Insurance Fund	\$ 1,202,800	\$ 1,200,900	(0.2%)
General Liability Insurance Fund	1,234,516	1,476,500	19.6%
Worker's Compensation Fund	3,399,600	3,410,600	0.3%
Recreation Revolving Fund	3,698,200	4,777,000	29.2%
Historical Services Fund	1,276,000	1,407,100	10.3%
Golf Course Revolving Fund	1,885,000	1,666,000	(11.6%)
Leeward Marina Revolving Fund	237,000	246,300	3.9%
Tourism, Promotion and Development Fund	1,658,000	1,567,400	(5.5%)
School Worker's Compensation Fund	1,045,325	1,046,748	0.1%
School Textbook Fund	3,296,838	3,013,715	(8.6%)
Stormwater Management Fund	8,761,500	8,883,500	1.4%
Solid Waste Revolving Fund	11,243,300	11,774,200	4.7%
Wastewater Fund	9,438,400	10,407,100	10.3%
Law Library Fund	123,900	130,750	5.5%
Street/Highway Maintenance Fund	12,568,005	13,072,658	4.0%
Debt Service Fund	53,945,051	61,949,527	14.8%
Economic Development Fund	143,500	157,500	9.8%
Economic/Industrial Development Fund	24,197,900	28,193,700	16.5%
Industrial Development Authority	1,800,000	1,600,000	(11.1%)
Applied Research Center Fund	1,799,000	1,926,500	7.1%
Parking Facilities Fund	281,500	361,500	28.4%
Pension Trust Fund	45,815,000	57,530,000	25.6%
City Retirement-Post Retirement Fund	<u>12,583,000</u>	<u>13,698,000</u>	<u>8.9%</u>
	Subtotal	\$201,633,335	\$229,897,198
LESS: Interfund Payments	<u>(\$100,154,817)</u>	<u>(\$116,723,919)</u>	
Total-Special Revenue and Trust Funds	<u>\$101,478,518</u>	<u>\$113,173,279</u>	<u>11.5%</u>

**SPECIAL REVENUE and TRUST FUNDS
REVENUES and EXPENDITURES
FISCAL YEAR 2007 - 2008**

REVENUES

Auto Self Insurance Fund

General Fund Premium	\$486,889	
Utilities Fund Premium	92,136	
Other Funds Premiums	529,444	
Return on Investments	31,000	
Subrogation	<u>61,431</u>	\$1,200,900

General Liability Insurance Fund

General Fund Premium	\$915,428	
Utilities Fund Premium	302,762	
Other Funds Premiums	186,353	
Return on Investment	51,957	
Subrogation	<u>20,000</u>	\$1,476,500

Worker's Compensation Fund

General Fund Premium	\$2,637,492	
Utilities Fund Premium	168,396	
Other Funds Premiums	603,325	
Return on Investment	<u>1,387</u>	\$3,410,600

Recreation Revolving Fund

User Fees	<u>\$4,777,000</u>	\$4,777,000
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EXPENDITURES

Auto Self Insurance Fund

Payment to General Liability Fund	\$281,345	
Reserve for Claims	<u>919,555</u>	
		\$1,200,900

General Liability Insurance Fund

Administration	\$1,135,284	
Reserve for Claims	191,000	
Environmental Management Services	<u>150,216</u>	
		\$1,476,500

Worker's Compensation Fund

Administration	\$ 128,598	
Worker's Compensation	<u>3,282,002</u>	
		\$3,410,600

Recreation Revolving Fund

Recreation Programs	\$4,664,959	
Payment to the General Fund	<u>112,041</u>	
		\$4,777,000

SPECIAL REVENUE and TRUST FUNDS
REVENUES and EXPENDITURES
FISCAL YEAR 2007 - 2008, Continued

REVENUES

Historical Services Fund			
Programs and Admissions	\$210,417		
Margin on Sales	14,000		
General Fund Payment	878,063		
Additional General Fund Support	<u>304,620</u>	\$1,407,100	
Golf Course Revolving Fund			
User Fees	\$1,552,800		
Margin on Sales	72,000		
Concession Sales	<u>41,200</u>	\$1,666,000	
Leeward Marina Revolving Fund			
Slip Rentals	\$218,830		
Margin on Fuel Sales	23,900		
Margin on Sales/Miscellaneous	<u>3,570</u>	\$246,300	
Tourism, Promotion, and Development Fund			
Lodging Tax Share	\$1,344,212		
General Fund Payment	147,158		
Margin on Sales	1,030		
Retained Earnings	<u>75,000</u>	\$1,567,400	
School Worker's Compensation Fund			
	<u>\$1,046,748</u>	\$1,046,748	
School Textbook Fund			
	<u>\$3,013,715</u>	\$3,013,715	

EXPENDITURES

Historical Services Fund			
Historical Programs		\$1,407,100	
Golf Course Revolving Fund			
Golf Programs		<u>\$1,666,000</u>	
Leeward Marina Revolving Fund			
Administration		\$183,892	
To Debt Service		39,343	
To General Fund		<u>23,065</u>	\$246,300
Tourism, Promotion, and Development Fund			
Administration		\$1,489,310	
To General Fund		<u>78,090</u>	
School Worker's Compensation Fund			
		<u>\$1,046,748</u>	\$1,046,748
School Textbook Fund			
		<u>\$3,013,715</u>	\$3,013,715

SPECIAL REVENUE and TRUST FUNDS
REVENUES and EXPENDITURES
FISCAL YEAR 2007 - 2008, Continued

REVENUES

Stormwater Management Fund

Stormwater Management Fee	\$8,270,121	
Other Revenue Sources	361,215	
Retained Earnings	<u>252,164</u>	\$8,883,500

Solid Waste Revolving Fund

Solid Waste User Fee	\$10,396,723	
Other Solid Waste Service Fees	248,173	
Revenue from Other Sources	332,450	
General Fund Support	107,069	
Retained Earnings	<u>689,785</u>	\$11,774,200

Wastewater Fund

Sewer User Charges	\$10,404,029	
Lateral Installation Fees	<u>3,071</u>	
		\$10,407,100

Law Library Fund

Court Fees	\$115,000	
Copier Fees	750	
Retained Earnings	<u>15,000</u>	\$130,750

Street Maintenance Fund	<u>\$13,072,658</u>	\$13,072,658
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EXPENDITURES

Stormwater Management Fund

Administration	\$7,185,981	
To Debt Service	1,558,579	
To General Fund	<u>138,940</u>	\$8,883,500

Solid Waste Revolving Fund

Administration	\$11,226,558	
To Debt Service	497,642	
To the General Fund	<u>50,000</u>	
		\$11,774,200

Wastewater Fund

Administration	\$7,160,326	
To Debt Service	3,096,774	
To General Fund	<u>150,000</u>	
		\$10,407,100

Law Library Fund

	<u>\$130,750</u>	
		\$130,750

Street Maintenance Fund	<u>\$13,072,658</u>	\$13,072,658
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SPECIAL REVENUE and TRUST FUNDS
REVENUES and EXPENDITURES
FISCAL YEAR 2007 - 2008, Continued

REVENUES

Debt Service Fund

General Fund Support	\$38,557,194	
Airport Improvement Debt	1,113,268	
Special Funds Support	5,192,338	
School Fund Support	<u>17,086,727</u>	\$61,949,527

Economic Development Fund \$157,500

\$157,500

**Economic/Industrial
Development Fund**

\$28,193,700 \$28,193,700

**Industrial Development
Authority Fund**

\$1,600,000 \$1,600,000

Applied Research Center Fund

Revenue from Leases	\$1,877,678	
Other Revenue Sources	<u>48,822</u>	\$1,926,500

Parking Facilities Fund

Revenue from Leases	\$343,597	
Return on Investment	<u>17,903</u>	\$361,500

EXPENDITURES

Debt Service Fund

General Fund Debt	\$33,948,877	
School Fund Debt	17,086,727	
Other Debt	9,520,655	
Airport Improvement Debt	1,113,268	
Bank and Fiscal Charges	<u>280,000</u>	\$61,949,527

Economic Development Fund

Administration	\$139,500	
Property Appraisals	<u>18,000</u>	\$157,500

**Economic/Industrial
Development Fund**

\$28,193,700 \$28,193,700

**Industrial Development
Authority Fund**

\$1,600,000 \$1,600,000

Applied Research Center Fund

Administration	\$ 905,721	
To the General Fund	<u>1,020,779</u>	\$1,926,500

Parking Facilities Fund

Operations	\$ <u>361,500</u>	\$361,500
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SPECIAL REVENUE and TRUST FUNDS
REVENUES and EXPENDITURES
FISCAL YEAR 2007 - 2008, Continued

REVENUES

Pension Trust Fund	
Employer Contributions	\$15,250,000
Income from Manager	40,000,000
Investment Interest/Comm	180,000
Retirement Purchases	<u>2,100,000</u>
	\$57,530,000

City Retirement-Post Retire Health Fund	
Employer Contributions	\$9,085,000
Income from Manager	5,000,000
Investment Interest/Comm	<u>13,000</u>
	\$14,098,000

SUBTOTAL - SPECIAL FUNDS **\$229,897,198**

LESS

Payments from Other Funds	(\$109,660,532)
Payments to Other Funds	<u>(\$7,063,387)</u>

Subtotal - Less Payments **(\$116,723,919)**

TOTAL REVENUES -
Special Revenue and Trust Funds **\$113,173,279**

EXPENDITURES

Pension Trust Fund	
Administration	\$ 495,484
Payment to Retirees and Beneficiaries	52,442,727
To Fiduciaries	4,575,000
To the School Fund	<u>16,789</u>
	\$57,530,000

City Retirement-Post Retire Health Fund	
Retirees Benefits	\$13,813,000
To Fiduciaries/Administration	<u>285,000</u>
	\$14,098,000

SUBTOTAL - SPECIAL FUNDS **\$229,897,198**

LESS

Payments from Other Funds	(\$109,660,532)
Payments to Other Funds	<u>(\$7,063,387)</u>

Subtotal - Less Payments **(\$116,723,919)**

TOTAL EXPENDITURES -
Special Revenue and Trust Funds **\$113,173,279**

TAX RATES and FEE SCHEDULES

*Adopted increases or decreases in Taxes, Rates, or Fees are shown in **BOLD** in the FY 2007 column. Unless otherwise noted, rates are effective July 1, 2007.*

The following rates and fees are generated as revenue for the General Fund.

	<u>FY 2007</u>	<u>FY 2008</u>
REAL ESTATE (Per \$100 of assessed value)		
General	\$1.20	\$1.10
Public Service Corporations	\$1.20	\$1.10
PERSONAL PROPERTY (Per \$100 of assessed value)		
General	\$4.25	\$4.25
Machinery and Tools	\$3.50	\$3.75
Mobile Homes	\$1.20	\$1.10
Public Service Corporations (Personal Property)	\$4.25	\$4.25
Public Service Corporations (Machinery and Tools)	\$1.20	\$1.10
Boats	\$1.00	\$1.00
Trawlers	\$0.90	\$0.90
MOTOR VEHICLE LICENSE TAX		
Gross weight of 4,000 pounds or under	\$26.00	\$26.00
Gross weight over 4,000 pounds	\$31.00	\$31.00
RIGHT-OF-WAY-USE FEE	\$0.64/month/line	\$0.67/month/line
<small>(This rate is set by the State Department of Transportation, under State Code §56-468.1)</small>		
LODGING TAX	7.5%	7.5%
TOBACCO TAX	\$0.0325 per cigarette (\$0.65 per 20/pack)	\$0.0325 per cigarette (\$0.65 per 20/pack)
MEAL TAX	6.5%	6.5%
AMUSEMENT TAX	7.5%	7.5%

TAX RATES and FEE SCHEDULES, Continued

	<u>FY 2007</u>	<u>FY 2008</u>
PUBLIC UTILITY TAXES		
<i>Residential - Electric (per meter/per month)</i>		
Base Rate	\$1.54	\$1.54
Rate on each Kilowatt-Hour (kWh)	\$0.016398/kWh	\$0.016398/kWh
Total Monthly Tax NOT to Exceed	\$3.08	\$3.08
<i>Commercial - Electric (per meter/per month)</i>		
Base Rate	\$2.29	\$2.29
Plus Rate on first 2,721 Kilowatt-Hours	\$0.013859/kWh	\$0.013859/kWh
Plus Rate on all remaining Kilowatt-Hours	\$0.003265/kWh	\$0.003265/kWh
Total Monthly Tax NOT to Exceed	\$80.00	\$80.00
<i>Industrial - Electric (per meter/per month) and</i>		
<i>All Other Non-Residential - Electric (per meter/per month)</i>		
Base Rate	\$2.29	\$2.29
Plus Rate on first 2,440 Kilowatt-Hours	\$0.015455/kWh	\$0.015455/kWh
Plus Rate on all remaining Kilowatt-Hours	\$0.003482/kWh	\$0.003482/kWh
Total Monthly Tax NOT to Exceed	\$80.00	\$80.00
 <i>Residential - Gas (per meter/per month)</i>		
Base Rate	\$1.51	\$1.51
<i>Commercial - Gas (per meter/per month)</i>		
Base Rate	\$1.29	\$1.29
Plus Rate on first 128.91Hundred Cubic Feet (CCF)	\$0.067602/CCF	\$0.067602/CCF
Plus Rate on all remaining Hundred Cubic Feet	\$0.032576/CCF	\$0.032576/CCF
Total Monthly Tax NOT to Exceed	\$55.00	\$55.00
<i>Industrial - Gas (per meter/per month) and</i>		
<i>All Other Non-Residential - Gas (per meter/per month)</i>		
Base Rate	\$1.29	\$1.29
Plus Rate on first 128.91CCF	\$0.067602/CCF	\$0.067602/CCF
Plus Rate on all remaining Hundred Cubic Feet	\$0.032576/CCF	\$0.032576/CCF
Total Monthly Tax NOT to Exceed	\$55.00	\$55.00

TAX RATES and FEE SCHEDULES, Continued

	<u>FY 2007</u>	<u>FY 2008</u>
TELECOMMUNICATIONS TAX		
Beginning in January 1, 2007, under State Legislation, the rates/fees charged for the individual elements of telecommunications services became uniformed state-wide. The FY 2008 rates reflect the now existing rates.		
CELLULAR PHONE TAX	10% of the first \$30.00 of the total bill	5% of total monthly bill
ENHANCED E-911 RATE	\$2.58/month/line	\$0.75/month/line
CABLE TAX	7% of total monthly bill	5% of total monthly bill
TELEPHONE UTILITY TAX		
Residential	22% of first \$13.20	5% of total monthly bill
Commercial	20% of first \$300.00	5% of total monthly bill

The following rates and fees are generated as revenue for self-supporting funds.

SOLID WASTE USER FEE	<u>Container Size</u>	<u>Per Week</u>	<u>Container Size</u>	<u>Per Week</u>
	Medium	\$3.82	Medium	\$3.82
	Standard	\$4.78	Standard	\$4.78
	Medium & Standard	\$8.60	Medium & Standard	\$8.60
	Two Standards	\$9.56	Two Standards	\$9.56
STORMWATER MANAGEMENT FEE		\$4.35/ERU		\$4.85/ERU
SEWER USER FEE				
Rate/100 cubic feet		\$1.36		\$1.53
WATER RATES				
Per 100 cubic feet (HCF) consumed		\$2.78		\$2.92
Life Line Rate (residential only for the first 6 HCF)		\$0.00		\$2.78 and
				\$2.92 for all additional HCF
Summer Conservation Rate (per HCF)		\$0.56		\$0.59

**SUMMARY of TOTAL CITY POSITIONS
GENERAL FUND and ALL OPERATING FUNDS
Fiscal Years 2006 to 2008**

	<u>FY 2006</u>		<u>FY 2007</u>		<u>FY 2008</u>	
	<u>Adopted Budget</u>	<u>Revised Budget</u>	<u>Adopted Budget</u>	<u>Revised Budget</u>	<u>Adopted Budget</u>	<u>Net Change from FY 2007 Revised Budget</u>
GENERAL FUND						
City Council	7	7	7	7	7	0
City Clerk	5	5	5	5	5	0
City Manager*	12	22	22	23	23	0
Human Resources	17	17	19	20	20	0
City Attorney	18	18	19	19	19	0
Management Services	10	0	0	0	0	0
Internal Audit	7	7	7	7	7	0
Commissioner of the Revenue	40	40	40	40	40	0
Real Estate Assessor	23	23	23	23	23	0
City Treasurer	34	34	34	35	35	0
Finance*	19	19	19	19	19	0
Budget & Evaluation	7	7	7	7	7	0
Purchasing	24	24	24	24	24	0
Information Technology	64	64	66	66	66	0
Registrar	5	5	5	5	5	0
Judiciary	42	42	42	42	42	0
Commonwealth Attorney	41	41	43	47	51	+4
Police	564	564	578	578	578	0
Emergency Management	4	4	4	4	4	0
Fire	374	374	377	377	372	-5
Sheriff	187	193	193	198	202	+4
Adult Corrections	71	72	72	72	73	+1

Notes:

-Departmental counts are shown in individual position allotments. FTE (full time equivalents) counts are not used.

*Includes partial funding and allotments for two positions each in both departments and Funds for FY 2006; partial funding for Finance only in other fiscal years.

**SUMMARY of TOTAL CITY POSITIONS
GENERAL FUND and ALL OPERATING FUNDS
Fiscal Years 2006 to 2008, Continued**

	<u>FY 2006</u>		<u>FY 2007</u>		<u>FY 2008</u>	
	<u>Adopted Budget</u>	<u>Revised Budget</u>	<u>Adopted Budget</u>	<u>Revised Budget</u>	<u>Adopted Budget</u>	<u>Net Change from FY 2007 Revised Budget</u>
GENERAL FUND, CONTINUED						
Juvenile Services	178	178	171	171	168	-3
Codes Compliance	42	42	41	41	41	0
Engineering	96	98	98	97	98	+1
Public Works	158	160	167	167	167	0
Human Services	393	394	394	394	396	+2
Office on Children, Youth, & Families	9	9	9	9	9	0
Parks and Recreation	111	116	120	120	122	+2
Public Libraries	62	63	67	67	67	0
Development	18	18	20	20	20	0
Planning	14	14	15	15	15	0
Subtotal - GENERAL FUND	<u>2,656</u>	<u>2,674</u>	<u>2,708</u>	<u>2,719</u>	<u>2,725</u>	<u>+6</u>
OTHER OPERATING FUNDS						
PARKS AND RECREATION REVOLVING FUNDS	75	89	91	93	95	+2
STORMWATER MANAGEMENT FUND	83	83	83	83	84	+1
SOLID WASTE REVOLVING FUND	69	69	67	68	68	0
WASTEWATER FUND	78	78	75	75	76	+1
PUBLIC UTILITIES FUND*	374	374	372	372	381	+9
VEHICLE & EQUIPMENT SERVICES FUND	45	45	40	40	43	+3
SCHOOLS OPERATING FUND	4,412	4,445	4,462	4,467	4,420	-47
ALL OTHER FUNDS*	24	24	23	25	25	0
Subtotal - OTHER FUNDS	<u>5,160</u>	<u>5,207</u>	<u>5,213</u>	<u>5,223</u>	<u>5,195</u>	<u>-31</u>
TOTAL CITY POSITIONS	<u>7,816</u>	<u>7,881</u>	<u>7,921</u>	<u>7,942</u>	<u>7,917</u>	<u>-25</u>