

CITY OF NEWPORT NEWS

OFFICE OF THE CITY MANAGER

May 13, 2014

TO: The Honorable City Council
FROM: City Manager
SUBJECT: Final Adjustments to the FY 2015 Recommended Budget

I am presenting to you the final FY 2015 Operating Budget that reflects the one adjustment to the General Fund from my original recommendation that you were notified of during the initial budget presentation. Over the past seven weeks since its submission, and based on the consensus from your work sessions, there have been no other changes to the FY 2015 Recommended Budget. The total final budget before you for consideration is \$812,037,836, which is an increase of \$1,115,580 from my recommended amount of \$810,882,256. The General Fund will increase by \$1 million from the Recommended Budget of \$446,649,000 to \$447,649,000 for FY 2015.

As presented at the March 25, 2014 work session, we received the final numbers from the annual real estate property reassessment, which are estimated to generate \$1 million more in additional Current Real Estate Taxes in the General Fund than the initially projected for in the Recommended Budget. This revenue will be dedicated to restoring vehicle replacement funding, an expenditure that we need to reinvest in moving forward. This funding was significantly reduced during the recession, and we need to regain the appropriate replacement levels, so the cost of repairing and replacing the fleet does not exceed its value. The only other changes in the total operating budget is recognition of additional State Highway Maintenance revenue of \$6,402 in that Fund, and the remaining amounts were technical in nature (adjusting the fringe benefits line items in individual operating funds to reflect the lowering of the VRS rate to 6.01% for the upcoming fiscal year).

The total revenue and expenditure changes from the Recommended Budget to the Final Budget are shown below:

FY 2015 General Fund Recommended Budget Adjustments

	<i>Change</i>
1 VRS Rate Reduction Savings (State revised rate down from 9.13% to 6.01%)	\$900,000
2 HR Regional Jail Per Diem Reserve	\$366,825
3 Special Event Fund Restored Support	\$250,000
4 HRT Operating Increase Reserve	\$136,080
5 Wellness Program - Health Assessment	\$100,000
6 IT Technology Equipment	\$47,095
8 Final FY 2015 Reassessment Levy Revenue	\$1,000,000
9 Vehicle Replacements	\$1,000,000

FY 2015 Final General Fund Total Expenditure Change: \$1,000,000

The FY 2015 Operating Budget that is before you for adoption represents a balanced and responsible financial plan for the upcoming fiscal year, setting a strong foundation. This budget continues to support City core services at the level our citizens demand, uses one-time revenues to for one-time cash capital investments, and is sustainable for the year. It restores some of the fundamental infrastructure funding that was undesirably reduced over the recession. In addition, this FY 2015 budget continues funding for several of our Strategic priorities, with some limited enhancement from which future progress can be made. While there are rate and fee increases, these have been limited to the minimal level necessary to maintain the operational needs of the user fee funds.

This FY 2015 budget is practical, stable, and protects our citizens, employees, and assets. It sets in place building blocks for the City as we prepare for the future as the economic recovery becomes more secure.

I recommend adoption of the ordinance which appropriates funds for the entire City, including the Schools Division, and all supporting ordinances for the FY 2015 Operating Budget.

James M. Bourey