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# Budget Overview

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# ACKNOWLEDGMENTS

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The preparation of the city's annual resource allocation plan requires a tremendous amount of hard work and dedication on the part of many people. Developing expenditures and revenue information requires varying sources of data and multiple perspectives.

The Proposed FY 2014 Budget includes the assistance of many who deserve acknowledgment and appreciation:

- Residents of the city and civic leagues, particularly those who attended community outreach meetings
- Members of the city's Employee Relations Committees and Retiree Associations
- City employees who attend outreach meetings and submit their suggestions for improvement
- Executive budget team
- Department and office directors
- Members of the business community
- Council Appointees, especially the City Assessor
- Constitutional Officers, particularly the City Treasurer, and Commissioner of the Revenue
- Norfolk Redevelopment and Housing Authority

Special recognition and gratitude to the Office of Budget and Grants Management's staff who worked to prepare this year's budget.

## **Office of Budget and Grants Management Staff**

Sabrina Joy-Hogg, Director

## **Budget Team**

Jose Benitez, Ryan Bergman, Marilyn Burress, Paris Colburn, Nikola Georgiev, Wayne Green, Patricia Harrison, Alyson Lawson, Betty Meyer, Morgan Ramos, Tyler Roomsburg, Anil Ustun, and Andrew Yancey

## **Grants Team**

Taylor Brinkley, Kathleen Broughton, Leila LaRock, Gregory Patrick, and Kimberley Pierce

## **City Manager**

Marcus D. Jones

# DISTINGUISHED BUDGET PRESENTATION AWARD

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The Government Finance Officers Association of the United States and Canada (GFOA) presented an award of Distinguished Presentation to the City of Norfolk, Virginia for its annual budget for the fiscal year beginning July 1, 2012. The review process by GFOA has not commenced for the annual budget for the fiscal year beginning July 1, 2013.

This prestigious award is presented to governmental entities that prepare budget documents which exhibit the highest qualities in meeting or exceeding both the guidelines established by the National Advisory Council on State and Local Budgeting and GFOA's standards of best practices. Documents submitted for the Budget Awards Program are reviewed by selected members of the GFOA professional staff and by outside reviewers with experience in public-sector budgeting. The award is valid for a period of one year only. The FY 2014 budget continues to conform to program requirements and will be submitted to GFOA for eligibility.

# CITY OF NORFOLK GOVERNMENT

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Norfolk City Council is the legislative body of the city government. It is authorized to exercise all the powers conferred upon the city by the Commonwealth of Virginia in the state constitution, state laws and the Charter of the City of Norfolk.

City Council is composed of eight members. Seven members are elected through a ward system, and the Mayor is elected at large by the residents of Norfolk. These members elect a vice president (Vice Mayor) of the Council. For further information on the duties, powers and meetings of the Council, call the Office of the City Clerk 757-664-4253.

The City Council meets the second and fourth Tuesday of each month in the Council Chambers in Norfolk City Hall. There are two formal meetings a month held at 7:00 p.m. On the first Tuesday of the month, there is a Council work session held at 2:00 p.m.

The City of Norfolk operates under a Council-Manager form of government whereby the Council appoints a chief executive, the City Manager, Marcus D. Jones. The Council also appoints a City Attorney, Bernard A. Pishko; City Clerk, Breck R. Daughtrey; Real Estate Assessor, Deborah Bunn; and City Auditor, John Sanderlin.

# CITY OF NORFOLK CITY COUNCIL MEMBERS AND CITY MANAGER

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Mayor  
Paul D. Fraim



Vice-Mayor  
Anthony L. Burfoot  
Ward 3



Council Member  
Andrew A. Protogyrou  
Ward 1



Council Member  
Dr. Theresa W. Whibley  
Ward 2



Council Member  
Paul R. Riddick  
Ward 4



Council Member  
Thomas R. Smigiel  
Ward 5



Council Member  
Barclay C. Winn  
Ward 6

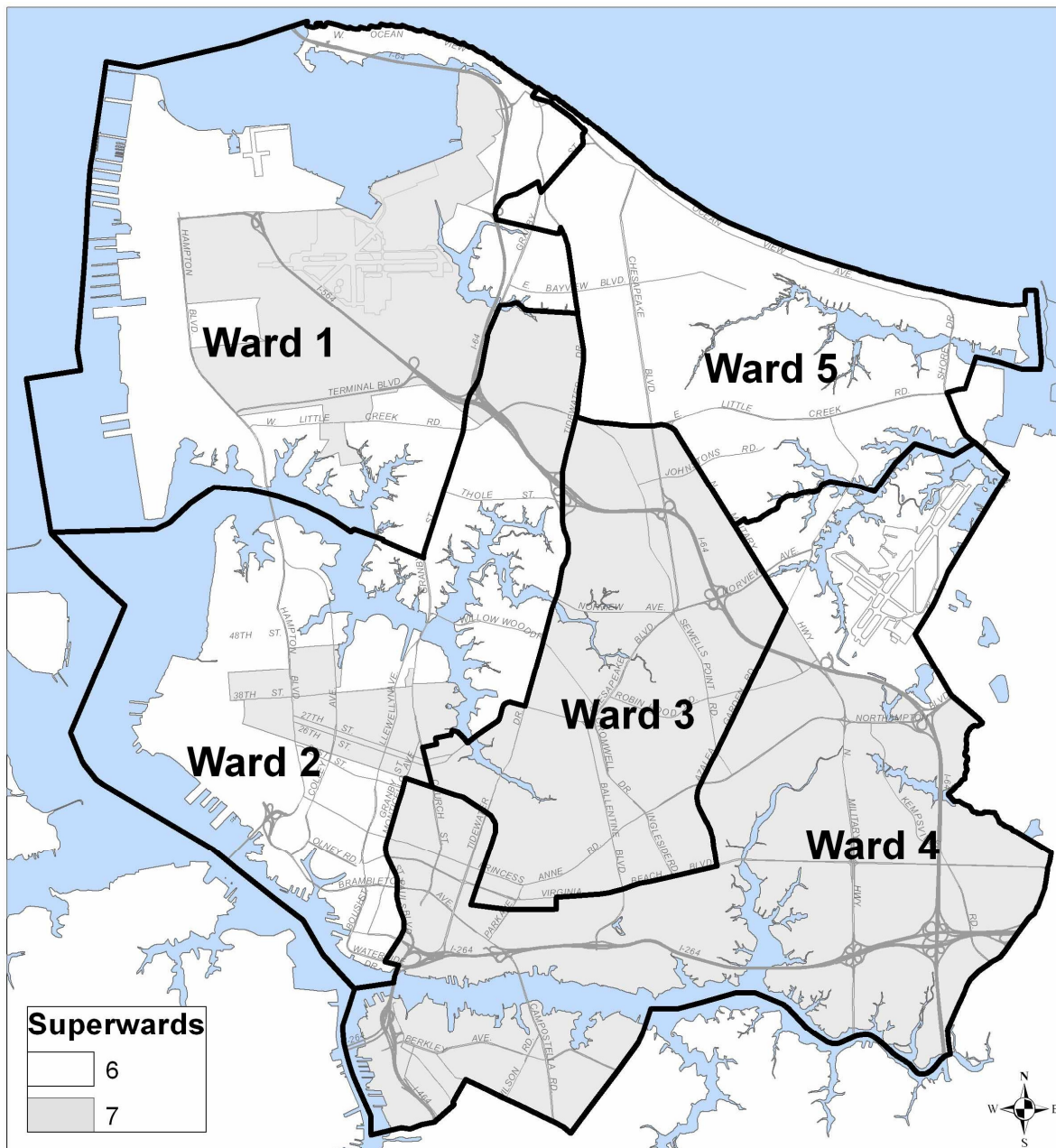


Council Member  
Angelia M. Williams  
Ward 7



City Manager  
Marcus D. Jones

# CITY OF NORFOLK WARD MAP



# CITY COUNCIL'S VISION OF NORFOLK

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The City of Norfolk continues to remain true to its vision. In the early 1990's, City Council established the vision of Norfolk and the current City Council and City Administration remain committed to executing and maintaining the vision.

## Vision

Norfolk is a national leader in the quality of life offered to all its citizens.

This is achieved through effective partnerships between city government and its constituents.

As a result, Norfolk is a physically attractive, socially supportive, and financially sound city.

Here, the sense of community is strong.

Neighborhoods are designed so that people of all ages can know their neighbors and travel the streets and sidewalks in safety.

A sense of community exists citywide.

Norfolk is known nationally as a strategically located place where there is abundant and fulfilling employment, recreational, and educational opportunities.

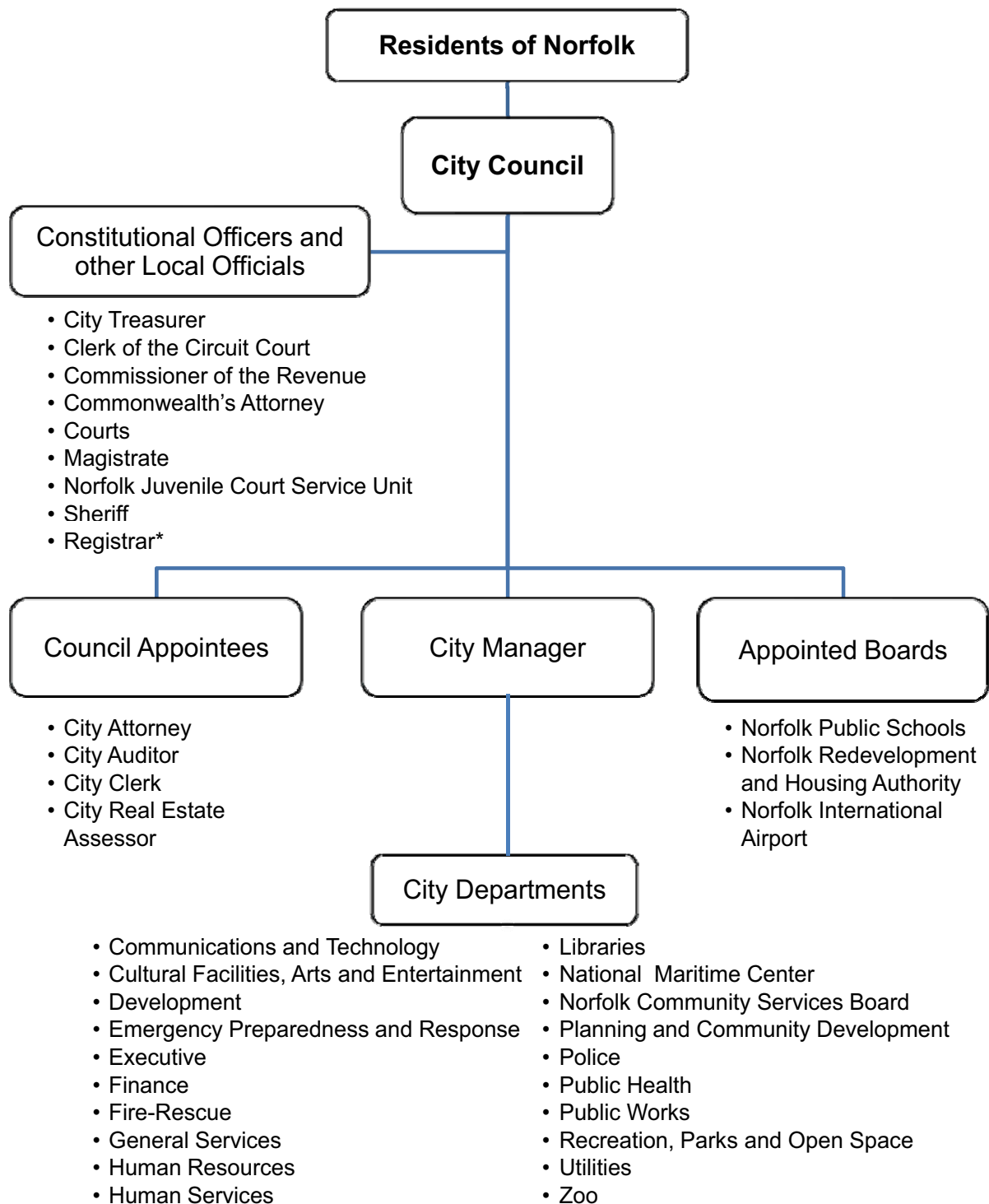
## Priorities

- **Accessibility, Mobility and Connectivity** - A comprehensive network of accessibility and information gathering options, addressing all traditional transportation modes as well as new technologies that connect people, goods and information.
- **Economic Vitality and Workforce Development** - A growing, competitive and diversified economy that enhances the quality of life for residents through a wide range of housing, shopping, educational, cultural, business, and employment opportunities.
- **Environmental Sustainability** - A premier waterfront community that creates a positive, regenerative effect on its environment avoids detrimental environmental impacts and thrives economically and culturally.
- **Lifelong Learning** - Residents of all ages enjoy a culture of learning that enables them to reach their full potential, achieve personal goals, and through their knowledge, skills abilities, and talents, become well equipped to support a prosperous economy.
- **Safe, Healthy and Inclusive Communities** - Residents of diverse backgrounds and interests feel encouraged and empowered to assist in the development of safe and healthy neighborhoods thereby fostering a culture of leadership, pride and well-being that advances Norfolk's brand as a desirable and enjoyable place to live, learn, work and play.
- **Well-Managed Government** - A data-driven organization that provides effective and efficient programs and services that are responsive, accountable, and inclusive and customer focused.



# CITY OF NORFOLK ORGANIZATIONAL CHART

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\*Appointed by State Board of Elections

# READER'S GUIDE TO THE BUDGET

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## PURPOSE

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The budget is an instrument that sets policy and summarizes public service programs provided by the city government and how the programs are funded. It is the annual plan for coordinating revenues and expenditures. The budget presented covers the period of **July 1, 2013 to June 30, 2014**. The amounts for FY 2014 are approved through the appropriation ordinance adopted by the City Council. The approved FY 2014 amounts may include technical changes made after the City Manager's presentation of the proposed operating budget to the City Council.

## BUDGET OVERVIEW

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This section provides information on budget and financial policies, fund structures, basis of accounting, the budget process, budget calendar, and the city's organizational chart. The section also includes revenue and expenditure summaries, discussion of major revenue sources, indebtedness, and personnel staffing. Historical revenue and expenditure amounts for FY 2012 provided in the summaries do not include designations and financial adjustments posted after June 30, 2012.

## GENERAL FUND REVENUE AND EXPENDITURE

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The General Fund is used to account for primary government services. A summary of historical and estimated revenue from each source is provided for the General Fund. For each department within the General Fund, a summary of historical and approved expenditures is provided. Historical revenue and expenditure amounts for FY 2012 do not include designations and financial adjustments posted after June 30, 2012.

## DEPARTMENT BUDGETS

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This section provides detailed information on the approved budget of each department within the General Fund. Historical revenue and expenditure amounts for FY 2011 and FY 2012 provided in the department summaries do not include designations and financial adjustments posted after June 30.

## EDUCATION FUNDS

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This section provides information on the approved appropriation for Norfolk Public Schools.

## SPECIAL REVENUE, ENTERPRISE, AND INTERNAL SERVICE FUNDS

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These sections provide detailed information on the approved budgets of the city's Special Revenue, Enterprise and Internal Service Funds. Historical revenue and expenditure for FY 2011 and FY 2012 provided in the department summaries do not include designations and financial adjustments posted after June 30.

## CAPITAL IMPROVEMENT PLAN

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This section provides detailed budget information on the five-year Capital Improvement Plan. However, the only year of the plan that is certain is the current budget year, FY 2014, with future years reflecting planning and not commitment.

## ANNUAL PLAN - HOUSING AND URBAN DEVELOPMENT (HUD) ENTITLEMENT GRANT PROGRAM

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This section contains the Annual Plan for the Community Development Block Grant, HOME Investment Partnerships Program, and Emergency Solutions Grant Program. The Annual Plan identifies the annual funding of the city's priority community development projects and activities as outlined in the five-year Consolidated Plan. FY 2014 approved amounts may include technical changes made after the City Manager's presentation of the proposed budget to the City Council.

## MISCELLANEOUS STATISTICAL/GENERAL INFORMATION

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This section provides statistical/general information about the city such as an overview of the organization, services and selected functions.

## GLOSSARY/INDEX

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The glossary provides definitions of budget-related terminology. The index contains an alphabetical reference of information contained in this document.

# FINANCIAL POLICIES

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## OPERATING BUDGET

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The operating budget for the city is developed pursuant to Section 67 of the Charter of the City of Norfolk, Virginia. In accordance with the City Charter, the City Manager must submit to the City Council, no less than 60 days before the end of the fiscal year, a proposed operating budget for the ensuing fiscal year. The operating budget includes proposed expenditures based on detailed estimates furnished by departments and other divisions of the city government. The budget is presented in a manner that identifies recommended appropriations, taxes, and estimated revenues with comparative statements. The budget is prepared by fund and department.

Following the formal presentation of the Proposed Budget by the City Manager, a public hearing is conducted to provide an opportunity for the public to make comments on the proposed operating budget and any proposed tax and fee adjustments, including the proposed real estate tax rate. The public hearing for the operating budget shall be held at least seven days prior to City Council's approval of the budget. City Council is required to approve a final operating budget no later than 30 days before the end of the current fiscal year.

The formal approval of the budget is executed by the adoption of the ordinance delineating appropriations by fund. Additional budgetary controls are exercised administratively on an appropriation unit basis over combinations of object categories (account groups: personal services, materials, supplies and repairs, general operations and fixed charges, equipment, public assistance, all purpose appropriations and debt service), as well as on a line item basis over individual objects (budgetary accounts). Departments may transfer funds within a departmental budget with approval from the City Manager or the Office of Budget and Grants Management.

The City Manager or designee is authorized to transfer from any department, fund, activity which has an excess of funds appropriated for its use to any department activity or fund all or any part of such excess. Basic policies and guidelines for the development of the city's annual budget are provided below.

The administration is committed to high standards of financial management and currently maintains and follows financial practices and guidelines. To further strengthen the city's financial position and support the "well-managed government" initiative, a comprehensive review and revision of the city's financial practices and policies is underway, which include a plan to meet the goals of our General Fund reserves. The Administration is in the process of requesting adoption of formal financial policies by City Council. Financial policies demonstrate commitment to consistent financial practices, operational efficiencies and best practices; preserve fiscal integrity; and improve fiscal stability, which promote long-term fiscal sustainability. Sound financial management practices contribute to maintaining high city bond ratings and lower borrowing costs for capital projects.

## GENERAL FUND BALANCE RESERVES

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Annually, after the close of the fiscal year, the Department of Finance must produce a schedule of all fund variances to the final budget. Analysis of compliance with the city's reserve requirements and a plan for the use of excess funds is included in a year-end report submitted by the City Manager to the City Council. The City Manager may recommend policy or procedure changes based upon circumstances identified in the year-end analysis.

The purpose of a reserve is to act as the city's "savings" account to meet emergency and unanticipated needs without jeopardizing the ongoing provision of city services. The establishment and maintenance of general operating reserves is considered one of the most effective management practices a local government can employ. Reserves help to cushion against annual cash flow disruptions. The appropriate size of reserves depends on

variability of revenues and expenditures and the city's cash flow needs. The General Fund reserve policy and practices include the following:

**Unassigned General Fund Balance (“five percent reserve”)** – The city maintains an unassigned General Fund balance equal to at least five percent of the annual General Fund budget to help mitigate current and future risks and provide temporary funding for unforeseen emergency or catastrophic needs. The FY 2013 goal of \$40,157,373 is based on the FY 2013 General Fund Budget of \$803,147,469, which reflects the City Council amendment to the Norfolk Public Schools operating budget totaling \$3,356,660. With the decline in the General Fund budget in FY 2011 and FY 2012, the amount needed to maintain the unassigned fund balance at five percent of the budget declined as well. However, in FY 2011, City Council elected to add approximately \$2.0 million to the unassigned general fund balance to strengthen reserves and maintain the balance at the FY 2010 level of \$41,559,263. Moreover, during FY 2012, City Council allocated \$773,328 of the FY 2011 surplus to raise the unassigned General Fund balance to \$42,332,591 to further strengthen reserves. As a result, the unassigned General Fund balance currently exceeds five percent of the budget.

**Risk Management Reserve** – The city is self-insured for many of its risk exposures. The city has targeted a reserve equal to 1.5 times the annual risk management budget of approximately \$7.7 million in the event of major unanticipated workers compensation or general liability claims. The Risk Management Reserve was enhanced in FY 2010 by \$1,058,409 to \$1,898,571, and during FY 2012, City Council allocated \$1,101,429 of the FY 2011 surplus to strengthen reserves, raising the Risk Management Reserve to \$3.0 million.

**Economic Downturn/Leveling Reserve** – The city strives to meet the goal of a \$10 million reserve to abate the impact of short-term economic downturns on the overall budget and to build adequate reserves to transition the impact of extreme swings in revenues and/or expenditures such as retirement contribution, health insurance or unforeseen emergencies. During FY 2012, City Council allocated \$1.0 million of the FY 2011 surplus to the Economic Downturn/Leveling Reserve to strengthen reserves, raising the reserve from \$2.0 million to \$3.0 million.

Reserve	Purpose	Goal FY 2013	Projected FY 2013
Unassigned General Fund Balance (“five percent reserve”)	Good management practices recommend the accumulation of undesignated funds to mitigate current and future risks and to provide for temporary funding of unforeseen emergency or catastrophic needs.	\$40,157,373	\$42,332,591
Risk Management Reserve	Because the city is self-insured, a reserve is needed in the event of major unanticipated workers compensation or general liability claims.	\$11,600,000	\$3,000,000
Economic Downturn/Leveling Reserve	To abate the impact of short-term economic downturns on the overall budget and to build adequate reserves to transition the impact of extreme swings in revenues and/or expenditures. The reserve is intended to be used as needed whereas the “five percent reserve” is to be used for catastrophic needs or unforeseen emergencies.	\$10,000,000	\$3,000,000

Amounts in the table above exclude reserves for encumbrances and other legally restricted reserves and designations. Under GASB 54, the classification of the “five percent reserve” and the Economic Downturn/Leveling Reserve was changed to unassigned General Fund balance from unreserved undesignated fund balance and unreserved designated fund balance, respectively.

## DEFINITION AND USE OF SURPLUSES

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The budget prioritizes and plans the use of financial revenues based on the best data available at the time the budget is approved. Budgeted revenues and expenditures are projections and are not exact. Through strict monitoring, funds in excess of the budget projections may occur and are referred to as surpluses. In terms of budget forecasts, the Commonwealth of Virginia has a goal or benchmark to be within two percent of the projected budget.

The city uses surpluses to meet the aforementioned reserve goals, reduce outstanding debt and avoid future debt. After meeting the city's reserve requirements, excess surplus amounts may be used for the following purposes:

- Retirement of Existing Debt: excess surplus amounts may be used to pay principal on existing revenue bonds or any other existing debt;
- Capital Replacement Programs: excess surplus amounts may be used to provide cash funding for certain capital equipment replacement programs; or,
- Cash Payments for Capital Improvement Projects: excess surplus amounts may be used to provide cash funding for Capital Improvement projects, thereby reducing the future debt burden upon the city.

To the same extent that the City Administration attempts to match one-time revenues with one-time expenses, a one-time surplus is also matched with one-time expenditures. However, these unprecedented economic times have lead the city to generate and use one-time budget savings to help balance the upcoming year's budget.

## DEBT MANAGEMENT

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The Commonwealth of Virginia imposes a legal limit of ten percent of the assessed valuation of taxed real property as a ceiling on the amount of general obligation borrowings. Based on this legal limit, the city can issue debt in excess of \$950 million (see City Indebtedness section). While this is the legal limitation, the city is well aware it cannot take on expenditures beyond its fiscal means of affordability. Therefore, the city strives to adhere to the following internal debt ratios to guide the development of the Capital Improvement Plan :

- Debt Service as a percent of the General Fund budget should not exceed ten percent; and,
- Net debt as a percent of taxable real estate should not exceed 3.5 percent.

In determining general obligation debt limitations, certain classes of indebtedness may be excluded, such as: revenue anticipation notes maturing in one year or less; general obligation bonds payable from a specified revenue producing undertaking so long as the undertaking is self-supporting; capital leases; and revenue bonds. The city's enterprise operations for Water, Wastewater and Parking's bonded debt are a combination of self-supporting, general obligation and revenue bonds. The city's operation for Storm Water's bonded debt is self-supporting utilizing general obligation bonds.

The city has never defaulted on the payment of either principal or interest on any debt.

## CAPITAL IMPROVEMENT PLAN

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The city uses several guiding principles and best practices to manage the Capital Improvement Plan (CIP). The principles (see Guiding Principles under CIP section) that govern the CIP are intricately intertwined with the debt management practices mentioned in the previous section. Using the principles as a foundation, the CIP is

developed to promote capital infrastructure that support the City Council's priorities by establishing a five-year capital implementation plan. In formulating this long range plan, input is solicited from various parties such as city departments, City Council, citizens and businesses.

The CIP includes projects that meet the following City Council priority areas (see CIP section for definitions):

- Accessibility, Mobility and Connectivity
- Economic Vitality and Workforce Development
- Environmental Sustainability
- Lifelong Learning
- Safe, Healthy and Inclusive Communities
- Well-Managed Government

In addition, approved projects must also meet the minimum cost threshold of \$50,000 and should extend the useful life of an existing asset or create an asset with a useful life that exceeds the life of the debt instrument used to finance the project.

Various sources of funding are used to fund the CIP. These sources include General Fund supported debt and non-general fund supported debt, such as, revenue bonds or cash contributions from various resources. For general capital improvements, the city strives to achieve an annual pay-as-you-go cash contribution of 12.5 percent for the CIP. However, as in other cities, it has been a challenge to achieve this goal during these unprecedented economic times. Nevertheless, the city is committed to achieving this goal and to becoming a Well-Managed Government.

# FUND STRUCTURE

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The city uses fund accounting to ensure and demonstrate compliance with finance-related legal and regulatory requirements. A fund is a grouping of related accounts used to maintain control over resources that have been segregated for specific activities or objectives. The city's funds can be divided into four categories: governmental funds, proprietary funds, component unit funds and fiduciary funds.

## GOVERNMENTAL FUNDS

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Governmental funds consist of the General Fund, Special Revenue Funds, Capital Project Fund, Debt Service Funds and Permanent Fund (see following section). Most governmental functions of the city are financed through these funds. Governmental funds normally are supported by taxes and intergovernmental revenues. The modified accrual basis of accounting is used for the budgets of all governmental funds.

### **General Fund**

The general operating fund of the city accounts for all financial transactions of the general government, except those required or preferred to be accounted for in another fund. The General Fund accounts for the normal recurring activities of the city, such as police, public works, general government, etc. These activities are funded by such revenue sources as general property taxes, other local taxes, licenses and permits, fines and forfeitures, use of money and property, charges for services, recovered costs and non-categorical aid, shared expenses and categorical aid from the Commonwealth and Federal Government.

### **Special Revenue Funds**

The Special Revenue Funds account for the proceeds of specific revenue resources that are restricted or committed to expenditure for specific purposes (other than expendable trusts or major capital projects) and require separate accounting because of legal or regulatory provisions, or administrative action.

### **Capital Project Fund**

The Capital Project Fund accounts for the acquisition, construction or renovation of major capital facilities of the city and the School Board.

## PROPRIETARY FUNDS

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The city maintains two types of Proprietary Funds: Enterprise Funds and Internal Service Funds. Proprietary Funds account for operations similar to those found in the private sector, and they include the Parking Facilities, Wastewater Utility, Water Utility, and Fleet Management Funds. The Proprietary Fund measurement focus is based upon determination of net income, financial position and changes in financial position. The full accrual basis of accounting is used to budget for all Proprietary Funds.

### **Enterprise Funds**

#### **Parking Facilities Fund**

This fund accounts for the operation of city-owned parking facilities (garages, lots and on-street meters). The cost of providing services is financed or recovered through user charges for long-term and short-term customer use and fines for parking violations.

#### **Wastewater Utility Fund**

This fund accounts for the operation of the city-owned wastewater (sewer) system. The cost of providing services is financed or recovered through user charges to Norfolk residential and commercial customers.



**Water Utility Fund**

This fund accounts for the operations of the city-owned water system. The cost of providing services is financed or recovered through user charges to customers. These customers include Norfolk residential, commercial customers, the U.S. Navy, and other regional localities.

**Internal Service Funds****Fleet Management Fund**

Fleet Management provides maintenance, repair and service for the city fleet of vehicles, heavy equipment and miscellaneous machinery on a cost reimbursement basis.

**Storehouse Fund**

Storehouse acquires and issues to city departments materials, parts and supplies which are used in the same form as purchased. Beginning in FY 2014, the Storehouse will be decentralized and purchases will be procured and monitored by individual departments.

**Healthcare Fund**

This fund accounts for the financing of medical costs provided to employees by the Norfolk Healthcare Consortium through a health insurance plan. Employees and the Norfolk Healthcare Consortium share the cost of a monthly health insurance premium, which is charged from departmental appropriations and employee paychecks into the Healthcare Fund. Claims and wellness program expenditures are paid by the Healthcare Fund.

**COMPONENT UNIT FUNDS**

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**Education**

The city's total budget includes the funds of the Norfolk Public Schools. The primary sources of revenue, exclusive of the transfer from the city's General Fund, are basic school aid and sales tax revenues from the State and educational program grants. Major expenditures are for instructional salaries and schools' facility operating costs.

**School Operating Fund**

The School Operating Fund is the General Fund of the School Board. It accounts all financial resources except those required to be accounted for in another fund, such as, Schools Grants and School Nutrition Services.

**School Grants**

This fund accounts for revenues and expenditures for Federal, State and other grants for educational programs.

**School Nutrition Services**

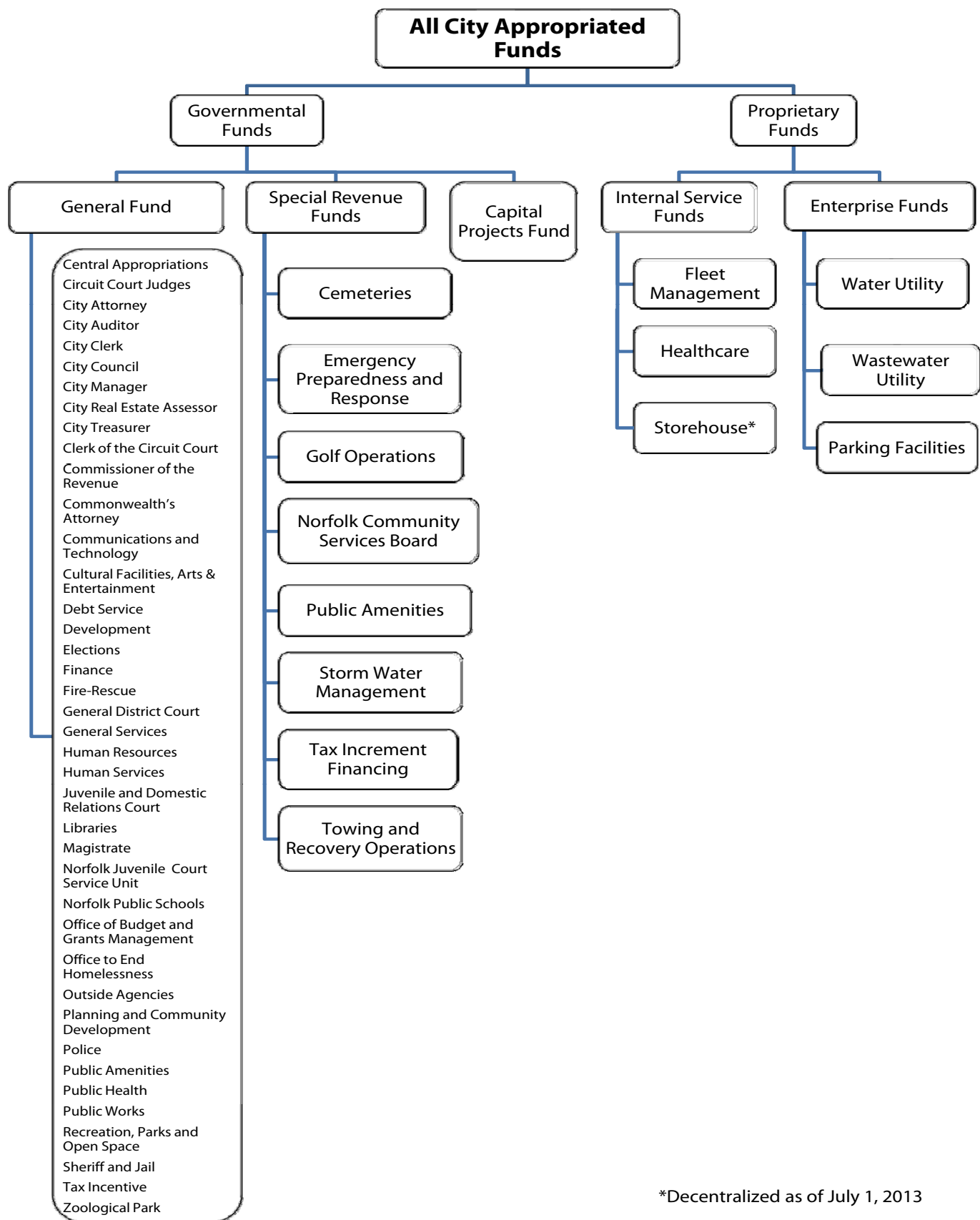
This fund supports the school breakfast and lunch program. School Nutrition Services is a self-funded operation supported through cafeteria sales and federal and state reimbursements.

**FIDUCIARY FUNDS AND PERMANENT FUND**

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Fiduciary funds are used to account for resources held for the benefit of parties outside the city. The fiduciary funds include the city's Pension Trust Fund, the Commonwealth of Virginia Agency Fund and the Miscellaneous Agency Fund. The permanent fund is used to report resources that are legally restricted to the extent that only earnings (not principal) may be used to support the program. The permanent fund includes the Cemetery Perpetual and Endowed Care. Fiduciary and permanent funds are not included in the city government's budget or financial statements, because the resources in such funds are not available to support the city's programs. Fiduciary fund statements are presented separately within the city's Comprehensive Annual Financial Report.

# CITY OF NORFOLK FUND STRUCTURE



\*Decentralized as of July 1, 2013

# BASIS OF BUDGETING AND ACCOUNTING

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## BASIS OF BUDGETING

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The budgets of governmental fund types (General Fund, Special Revenue and Capital Projects Funds) of the city are generally prepared on the modified accrual basis of accounting. The accrual basis of accounting is generally used to budget for the Enterprise Funds and Internal Service Funds, except for depreciation, debt principal payments, capital outlay and contractual commitments (see Basis of Accounting below).

For the modified accrual basis, expenditures are recorded as expenditures when the related fund liability is incurred (other than interest on general long-term liabilities). For budgetary purposes, purchase orders issued and other contractual commitments are considered expenditures when executed. Revenues are recorded when they are measurable and available. The accrual basis recognizes expenses when the liability is incurred regardless of the related cash flows. Revenues, however, are recognized when earned. The accrual methodology is based upon known present and future expenses and revenues, not upon cash spent or received.

The level of control at which expenditures may not exceed the budget, is at the department level for the General Fund and fund level for all other funds. Any change in appropriation level of the fund must be approved by City Council. The City Manager or designee is authorized to transfer from any department, fund or activity which has an excess of funds appropriated for its use, to any department, activity or fund all or any part of such excess. Appropriations lapse at the end of the fiscal year, except appropriations for Grants (Special Revenue) and the Capital Improvement Program, which are carried forward until the grant or project is completed or terminated.

## BASIS OF ACCOUNTING

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The Comprehensive Annual Financial Report (CAFR) presents the status of the city's finances in accordance with Generally Accepted Accounting Principles (GAAP). In most cases this conforms to how the city prepares its budget. Exceptions are as follows:

Compensated absences are recorded as earned by employees (GAAP basis), as opposed to being expended when paid (Budget basis);

Principal payments on long-term debt within the Proprietary Funds reduce the amount of debt remaining on a GAAP basis as opposed to being expended on a Budget basis;

Capital Outlay within the Proprietary Funds is recorded as assets on a GAAP basis and expended on a Budget basis;

Depreciation expenses are recorded on a GAAP basis only; and,

Recording unfulfilled purchase orders and contractual obligations as expenditures in the year executed.

In addition to the fund financial statements, government-wide financial statements are also prepared on the accrual basis of accounting. In government-wide financial statements, certain funds are grouped together for reporting purposes.

# BUDGET PROCESS

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## FORMULATION OF THE CITY MANAGER'S BUDGET

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The City Charter requires the City Manager to prepare and submit to the City Council an annual budget.

The annual budget process commences each fall. The budget calendar is developed which establishes the timelines for the process, including dates for submission of departmental requests, budget work sessions and public hearings that lead to final adoption of the budget.

Department requests are based on budget instructions. Each request must relate to the organization's program objectives and the priorities of the city. The requests are received and compiled by the budget staff. Due to revenue constraints, departments are generally encouraged to develop proposals to realign or reduce expenditures rather than seek additional funding.

An operating budget is adopted each fiscal year for the General Fund, Water Utility Fund, Wastewater Utility Fund, Parking Fund, Storm Water Management Fund, Special Revenue Funds (Cemeteries, Emergency Preparedness and Response, Golf Operations, Public Amenities, Tax Increment Financing, and Towing and Recovery Operations), and Internal Service Funds (Fleet Management, Storehouse, and Healthcare Fund). Budgets are also individually adopted within the Special Revenue (Grants) Fund. Ordinances are generally approved when a grant to the city has been awarded.

All funds are under formal budgetary control, the most significant of which is the General Fund. No less than sixty days before the end of the current fiscal year, the City Manager submits to the City Council a proposed operating budget for the next fiscal year. The Operating Budget includes recommended expenditures and the means to finance them. The Approved Budget may include technical changes made after the City Manager's presentation of the proposed budget to City Council.

## CITY COUNCIL'S AUTHORIZATION AND APPROPRIATION

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After general distribution of the proposed operating budget, one or more public hearings may be conducted to obtain comments and recommendations from the public. No less than thirty days before the end of the fiscal year, the City Council shall pass an annual appropriation ordinance which shall be based on the budget document submitted by the City Manager. The annual operating budget ordinance appropriates funds, based on the budget document submitted by the City Manager and any subsequent changes made by the City Council, subject to certain conditions, for use by departments. The ordinance appropriates funding for salaries, benefits and positions as set forth in the detailed budget document. Amounts appropriated to each department are to be expended for the purposes designated by object group, i.e., categories including: personnel services; materials, supplies and repairs; general operations and fixed charges; equipment; public assistance; department specific appropriation; and debt service.

## CITY MANAGER'S AUTHORIZATION

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In accordance with the City Charter, at least sixty days before the end of each fiscal year, the City Manager shall prepare and submit to the City Council an annual budget for the ensuing fiscal year. The budget shall be balanced at all times. The total amount of appropriations shall not exceed the estimated revenues of the city.

In a given year, the City Manager or designee is authorized to transfer from any department, fund or activity which has a budgetary excess of funds appropriated to any department, fund or activity as necessary.

## BUDGET IMPLEMENTATION

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Once the budget is adopted, it is effective on July 1 and becomes the legal basis for the programs of each department of the city during the fiscal year. No department or other agency of the city government may spend in excess of approved and appropriated amounts. Financial and programmatic monitoring of departmental activities to ensure conformity with the budget takes place throughout the year. Copies of the budget can be found in the libraries, on the city website, or may be obtained from the Office of Budget and Grants Management. The City Manager is responsible for maintaining a balanced budget at all times. In the event a gap is identified between revenues and expenditures, the City Manager will take such actions necessary to rebalance the budget. Budget amendments may be made by City Council in order to meet the changing needs of the city. The means by which City Council may amend the budget include, but are not limited to, appropriation of additional funds and decreasing the amount of appropriated funds.

## CAPITAL IMPROVEMENT PLAN AND CONSOLIDATED PLAN

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City Council also adopts a Capital Improvement Plan Budget and a Consolidated Plan Budget. As in the case of the Operating Budget, these budgets are submitted by the City Manager, public hearings are held, and the budgets are legislatively enacted through adoption of ordinances.

Appropriations for project funds and grant funds do not lapse at year end, but continue until the purpose of the appropriation has been fulfilled or is otherwise terminated. Amendments to these budgets may be affected by City Council action. The level of budgetary control is on a project basis with additional administrative controls being exercised.

## BUDGETARY PRINCIPLES AND POLICIES

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Budgetary principles and policies include:

- Provisions to strive for a structurally balanced budget whereby ongoing expenditures are supported by ongoing revenues;
- Preparation of a mid-year budget update, reporting projected revenues and expenditures for the entire fiscal year and receipt of unbudgeted revenues and other major changes to the adopted budget;
- Preparation of a five-year forecast, which serves as the basis for the City Manager's annual recommended budget; and
- Requirement that the City Manager prepare a Five-Year Capital Improvement Plan that incorporates operating costs and is stated in "year of expenditure dollars."

# BUDGET CALENDAR

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Date	Responsible Party	Description	Legal Requirement
September 2012	City Departments	Departments Submit Capital Improvement Budget Requests	
October 2012	City Departments	Departments Submit Operating Requests	
November 2012	Budget Office Executive Staff City Department	Department Meetings with Budget Staff and Executive Budget Team	
February - March 2013	Communications Budget Office Executive Staff	Budget Community and Employee Outreach Program	
April 1, 2013	Norfolk Public Schools	School Board Presents Proposed Operating Budget to City Council	Code of Virginia 15.2-2503
April 16, 2013	City Manager	City Manager Presentation of Proposed Budget to City Council	City of Norfolk Charter Sec. 67
April 17, 2013	City Clerk	Public Hearing Notice of the Operating and Capital Improvement Plan Budgets, HUD Grants (CDBG, ESG and HOME), Real Estate Tax	Code of Virginia 15.2-2506, U.S. Department of Housing and Urban Development (HUD)
April 23, 2013	City Council	1 <sup>st</sup> City Council Work Session	
April 24, 2013	City Council	Public Hearings on the Operating, Capital Improvement Plan and HUD Grant (CDBG, ESG and HOME) Budgets	Code of Virginia 15.2-2506
May 1, 2013	City Council	Real Estate Tax Public Hearing	Code of Virginia 58.1-3007
May 7, 2013	City Council	2 <sup>nd</sup> City Council Work Session	
May 14, 2013	City Council	3 <sup>rd</sup> City Council Work Session (If Necessary) City Council Budget Approval	City of Norfolk Charter Sec. 68; Code of Virginia 15.2-2503

# GENERAL FUND BUDGET OVERVIEW

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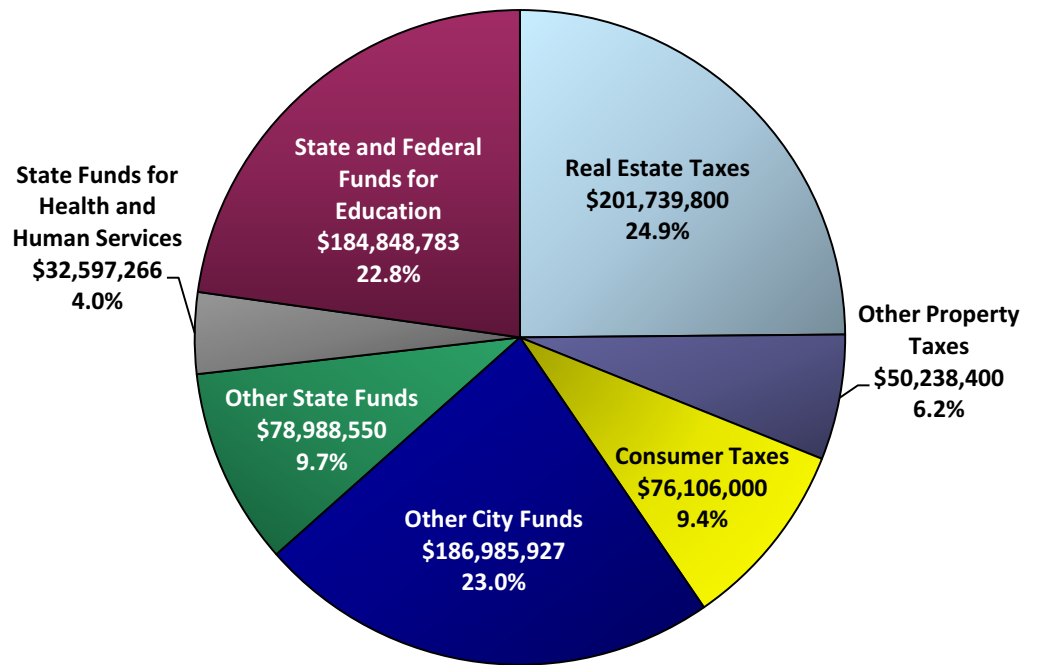
## Proposed FY 2014 General Fund Revenues \$811,504,726

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Funding for Norfolk comes from a variety of sources as shown at right.

"Other City Funds" include local taxes, fees, fines, rent and interest.

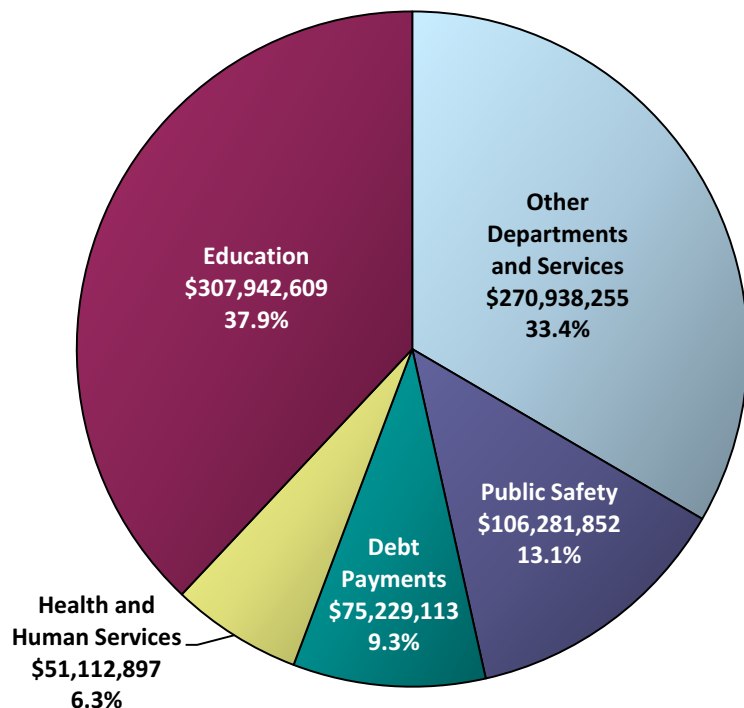
"Consumer Taxes" include sales, hotel, meals, admissions and cigarette taxes.



## Proposed FY 2014 General Fund Expenditures \$811,504,726

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In the FY 2014 budget breakdown, "Other Departments and Services" includes public works, libraries, recreation, cultural facilities, nauticus, economic development, planning, human resources, communications and technology, general services, legislative and executive, finance, courts and sheriff, treasurer, commissioner of the revenue, outside agencies, and non departmental appropriations.



# ESTIMATED GENERAL FUND REVENUES BY SOURCE

The following table compares the Proposed FY 2014 General Fund Operating Budget to the Approved FY 2013 General Fund Operating Budget and the FY 2012 Actual. Funding sources are shown by category to provide an overview of the principal sources of revenue for the general operating fund of the city. These revenue sources support general government operations. The tables and charts in the pages that follow show revenues and expenditures for all funds.

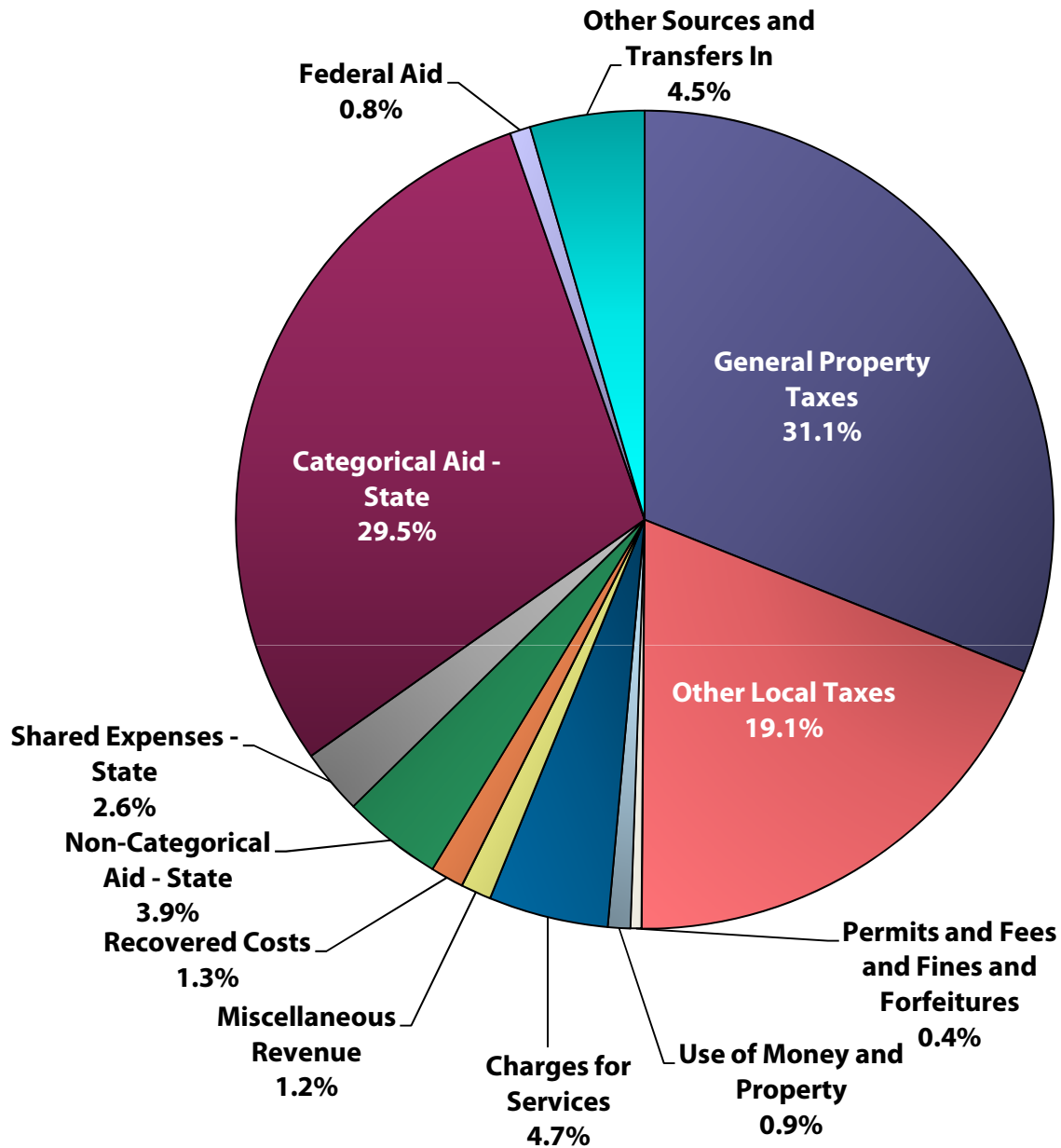
Source	FY 2012 Actual	FY 2013 Approved	FY 2014 Proposed	FY 2013 vs. FY 2014 \$ Change	% Change
General Property Taxes	250,117,894	244,871,000	251,978,200	7,107,200	2.9%
Other Local Taxes	152,172,224	154,180,000	154,727,600	547,600	0.4%
Permits and Fees <sup>1</sup>	4,020,697	4,427,928	2,350,340	-2,077,588	-46.9%
Recreation/Cruise Fees	1,698,470	1,987,928	0	-1,987,928	-100%
All Other - Permits and Fees	2,322,227	2,440,000	2,350,340	-89,660	-3.7%
Fines and Forfeitures	1,106,931	1,235,800	1,203,300	-32,500	-2.6%
Use of Money and Property	6,949,563	6,903,200	7,226,500	323,300	4.7%
Charges for Services <sup>1</sup>	34,426,938	35,908,538	38,372,254	2,463,716	6.9%
Recreation/Cruise Fees	0	0	1,970,500	1,970,500	100%
All Other - Charges for Services	34,426,938	35,908,538	36,401,754	493,216	1.4%
Miscellaneous Revenue	8,604,908	8,904,776	9,781,303	876,527	9.8%
Recovered Costs	10,311,990	11,372,200	10,676,100	-696,100	-6.1%
Non-Categorical Aid - State	32,052,177	31,982,000	31,981,000	-1,000	0.0%
Shared Expenses - State	19,286,827	19,333,200	20,820,050	1,486,850	7.7%
Categorical Aid - State	233,560,052	237,923,794	239,087,828	1,164,034	0.5%
Federal Aid <sup>2</sup>	12,967,183	6,805,200	6,539,621	-265,579	-3.9%
Other Sources and Transfers In	29,939,000	35,943,173	36,760,630	817,457	2.3%
<b>General Fund Total</b>	<b>795,566,423</b>	<b>799,790,809</b>	<b>811,504,726</b>	<b>11,713,917</b>	<b>1.5%</b>

<sup>1</sup> The reduction in permits and fees is mainly due to the reclassification of recreation center and cruise ship terminal fees to charges for services ("user fees") to be consistent with the Commonwealth of Virginia Auditor of Public Accounts recommended reporting classification. There is a corresponding increase in charges for services.

<sup>2</sup> The reduction in federal aid from FY 2012 was largely due to the end of the federal Education Jobs Fund program.



## Proposed FY 2014 General Fund Revenues by Source



# ESTIMATED REVENUES BY SOURCE (ALL FUNDS)

The following table compares the Proposed FY 2014 Budget for All Funds as compared to the Approved FY 2013 Budget for All Funds and the FY 2012 Actual amount. Funding sources by category are shown to provide an overview of the sources of revenue for all operating funds of the city. Revenues are contained in those categories where they are originally raised.

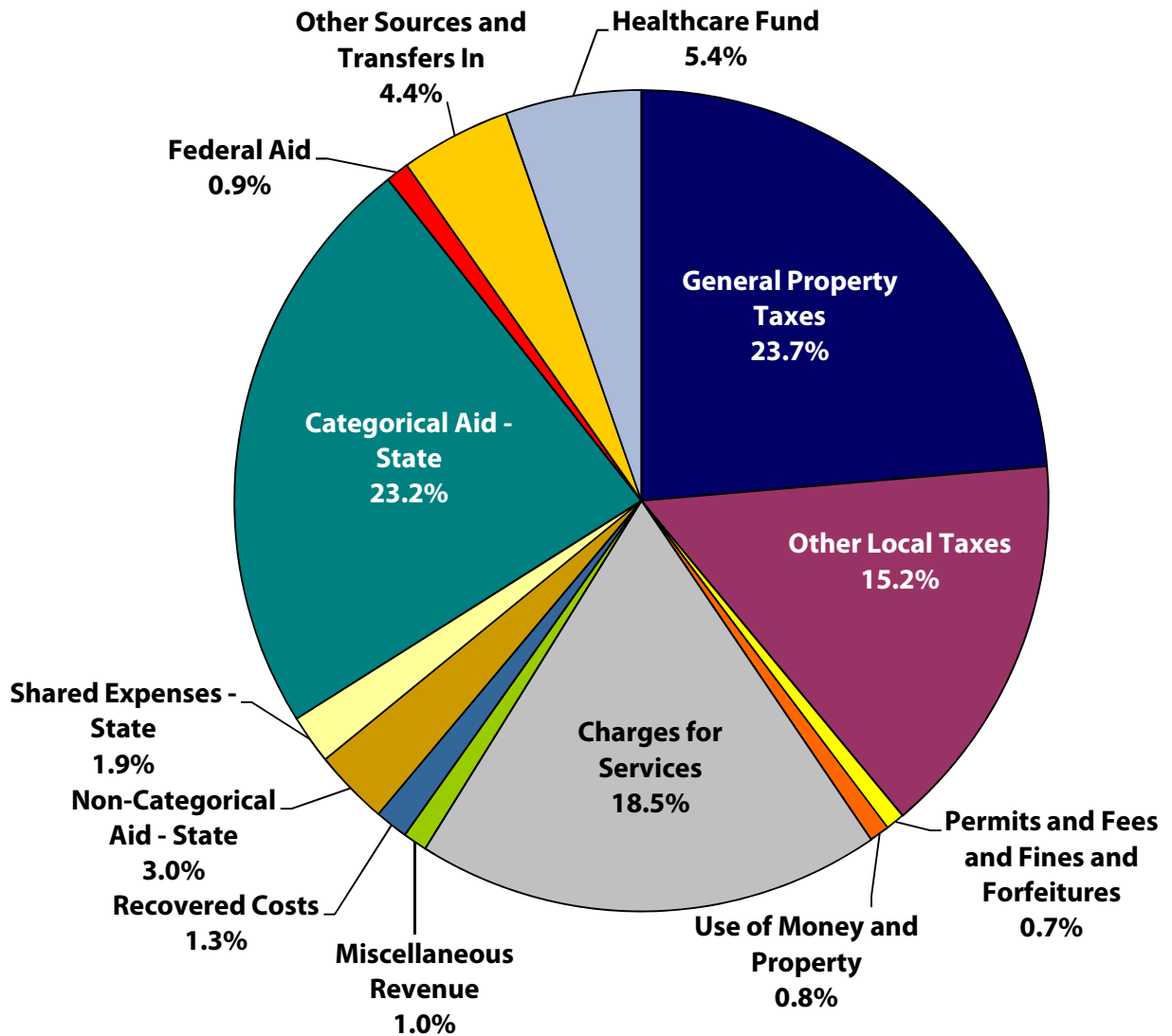
Source	FY 2012 Actual	FY 2013 Approved	FY 2014 Proposed	FY 2013 \$ Change	vs. FY 2014 % Change
General Property Taxes	252,917,215	247,625,849	254,391,200	6,765,351	2.7%
Other Local Taxes	161,233,887	163,275,796	163,913,296	637,500	0.4%
Permits and Fees	5,460,720	5,843,208	3,759,640	-2,083,568	-35.7%
Fines and Forfeitures	3,446,057	3,185,812	4,272,910	1,087,098	34.1%
Use of Money and Property	8,219,520	8,267,292	8,559,277	291,985	3.5%
Charges for Services	181,853,735	194,451,250	198,400,310	3,949,060	2.0%
Miscellaneous Revenue	9,316,355	11,156,625	10,241,181	-915,444	-8.2%
Recovered Costs	14,108,476	14,788,068	14,159,353	-628,715	-4.3%
Non-Categorical Aid - State	32,052,177	31,982,000	31,981,000	-1,000	0.0%
Shared Expenses - State	19,286,827	19,333,200	20,820,050	1,486,850	7.7%
Categorical Aid - State	233,560,052	248,060,043	249,476,031	1,415,988	0.6%
Federal Aid <sup>1</sup>	13,104,738	10,257,911	9,879,607	-378,304	-3.7%
Other Sources and Transfers In	31,648,213	45,821,461	47,175,042	1,353,581	3.0%
Subtotal	966,207,972	1,004,048,515	1,017,028,897	12,980,382	1.3%

Beginning in January 2014, the Healthcare Fund will collect premiums from Consortium members, their employees, and participating retirees in order to provide healthcare services. Medical claims, administrative costs, and wellness program expenditures will be charged to the fund. The budget impact is reflected below.

Healthcare Fund	0	0	57,931,973	57,931,973	
<b>Total All Funds</b>	<b>966,207,972</b>	<b>1,004,048,515</b>	<b>1,074,960,870</b>	<b>70,912,355</b>	<b>7.1%</b>

<sup>1</sup> The reduction in Federal Aid in FY 2013 and FY 2014 from FY 2012 is largely due to the end of the federal Education Jobs Fund program.

## Proposed FY 2014 Revenues by Source (All Funds)



Note: Percentages have been rounded and may not total to 100.

# ESTIMATED EXPENDITURES BY USE (ALL FUNDS)

The following table compares the Proposed FY 2014 Operating Budget to the FY 2013 Approved Operating Budget and the FY 2012 Actual amount. Funding uses by category are shown to provide an overview of the principal uses of expenditures for all operating funds of the city. Expenditures are contained in those categories where they are originally spent.

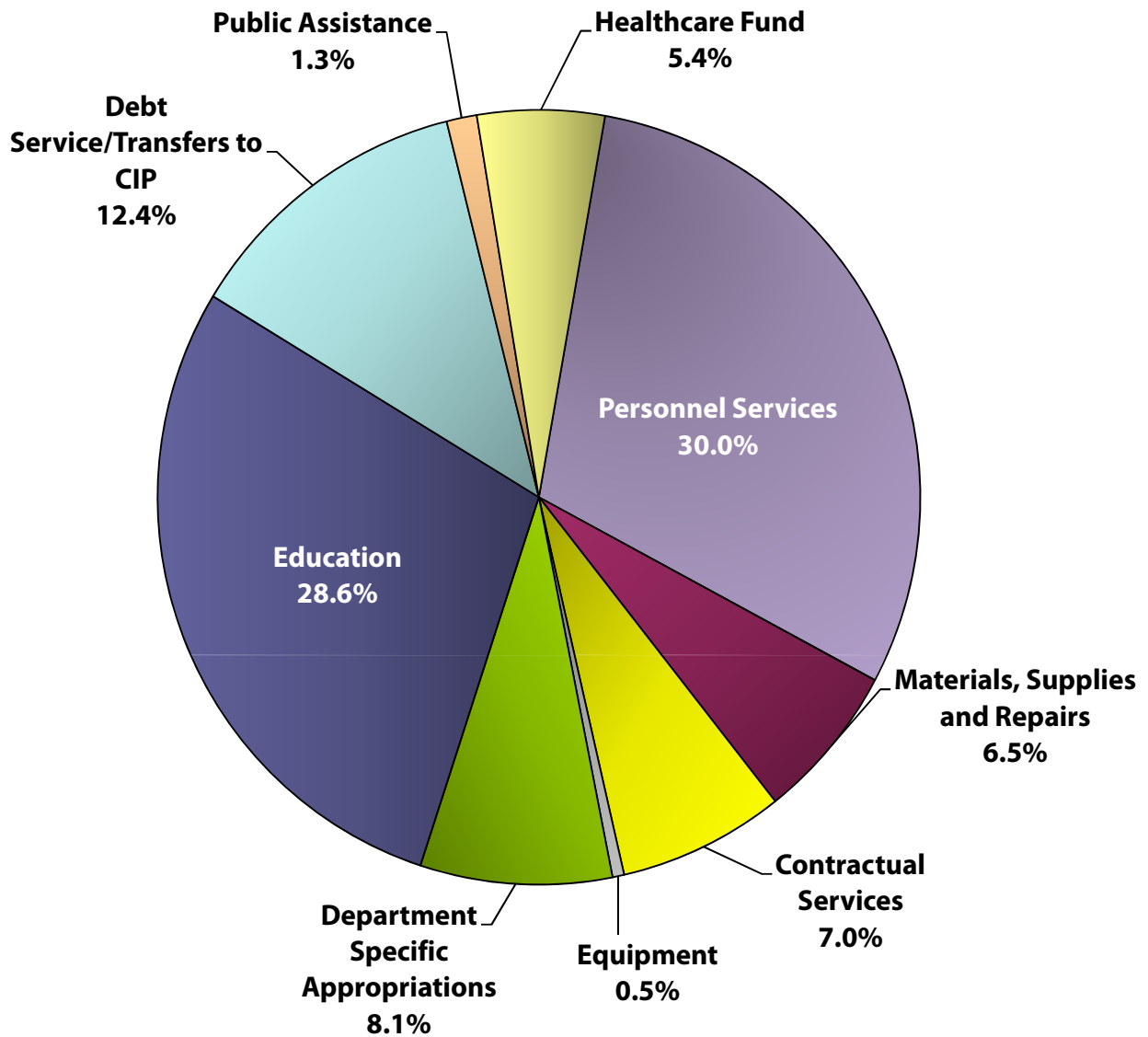
Uses	FY 2012 Actual	FY 2013 Approved	FY 2014 Proposed	FY 2013 vs. FY 2014 \$ Change	% Change
Personnel Services	290,040,939	320,215,537	323,000,100	2,784,563	0.9%
Materials, Supplies and Repairs	62,649,779	67,956,293	70,314,650	2,358,357	3.5%
Contractual Services	65,364,083	72,104,936	75,750,705	3,645,769	5.1%
Equipment	3,453,352	5,751,896	5,282,133	-469,763	-8.2%
Department Specific Appropriation	53,145,456	78,263,754	87,448,022	9,184,268	11.7%
Education	286,229,822	302,033,320	307,942,609	5,909,289	2.0%
Debt Service/Transfer to CIP	84,074,384	143,458,560	133,536,965	-9,921,595	-6.9%
Public Assistance <sup>1</sup>	17,120,493	14,264,219	13,753,713	-510,506	-3.6%
Subtotal	862,078,308	1,004,048,515	1,017,028,897	12,980,382	1.3%

Beginning in January 2014, the Healthcare Fund will collect premiums from Consortium members, their employees, and participating retirees in order to provide healthcare services. Medical claims, administrative costs, and wellness program expenditures will be charged to the fund. The budget impact is reflected below.

Healthcare Fund	0	0	57,931,973	57,931,973	
<b>Total All Funds</b>	<b>862,078,308</b>	<b>1,004,048,515</b>	<b>1,074,960,870</b>	<b>70,912,355</b>	<b>7.1%</b>

<sup>1</sup> The reduction in Public Assistance in FY 2014 and FY 2013 from FY 2012 is mainly due to the Commonwealth of Virginia changing the reimbursement model for certain childcare programs. There is no anticipated reduction in services to citizens.

## Proposed FY 2014 Expenditures by Use (All Funds)



Note: Percentages have been rounded and may not total to 100.

# ESTIMATED EXPENDITURES BY FUND TYPE

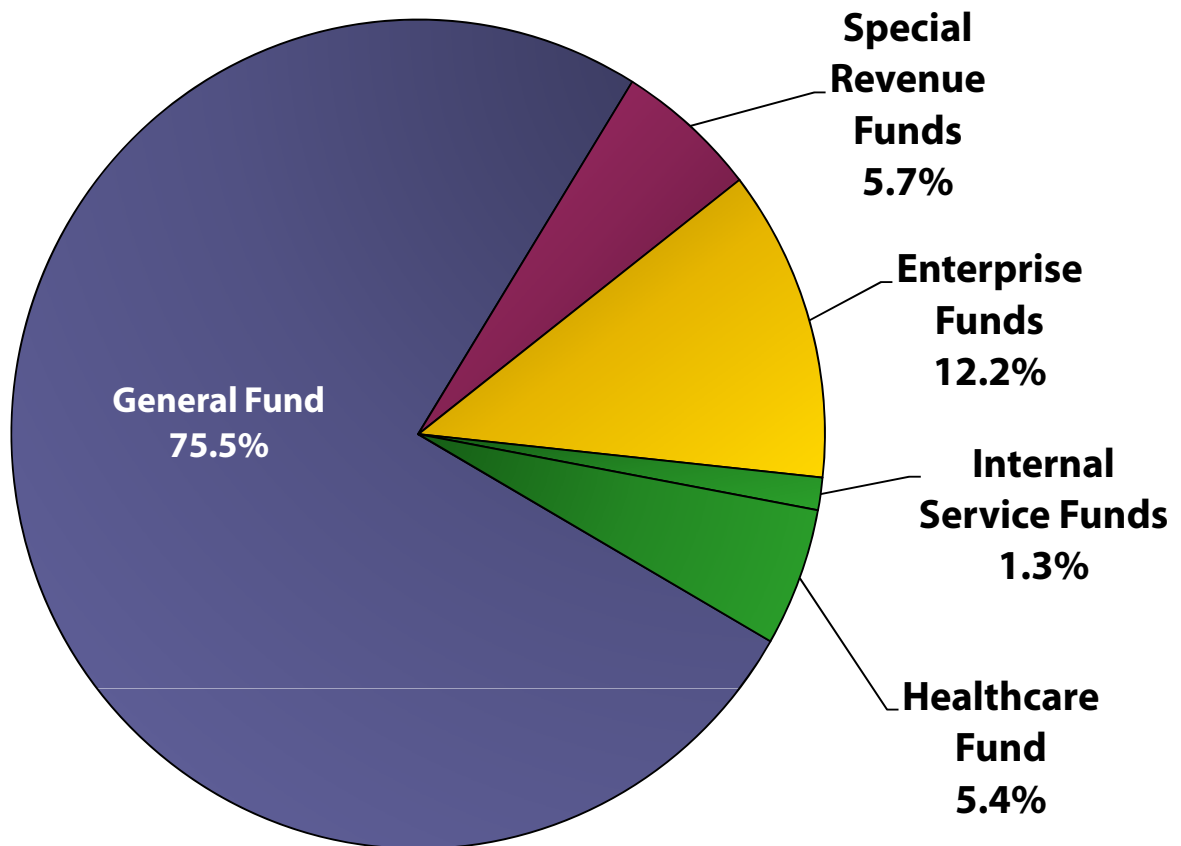
The following table compares expenditures by fund type in the Proposed FY 2014 Operating Budget with the Approved FY 2013 Operating Budget and the FY 2012 Actual amount.

<b>Fund Type</b>	<b>FY 2012 Actual</b>	<b>FY 2013 Approved</b>	<b>FY 2014 Proposed</b>	<b>FY 2013 \$ Change</b>	<b>vs. FY 2014 % Change</b>
General Fund	773,323,337	799,790,809	811,504,726	11,713,917	1.5%
Special Revenue Funds	31,224,838	60,831,546	60,875,771	44,225	0.1%
Enterprise Funds	96,420,049	129,768,060	130,992,500	1,224,440	0.9%
Internal Service Funds <sup>1</sup>	12,835,188	13,658,100	13,655,900	-2,200	0.0%
Subtotal	913,803,412	1,004,048,515	1,017,028,897	12,980,382	1.3%

Beginning in January 2014, the Healthcare Fund will collect premiums from Consortium members, their employees, and participating retirees in order to provide healthcare services. Medical claims, administrative costs, and wellness program expenditures will be charged to the fund. The budget impact is reflected below.

Healthcare Fund	0	0	57,931,973	57,931,973	
<b>Total All Funds (with Healthcare Fund)</b>	<b>913,803,412</b>	<b>1,004,048,515</b>	<b>1,074,960,870</b>	<b>70,912,355</b>	<b>7.1%</b>

**Proposed**  
**FY 2014 Expenditures by Fund Type (All Funds)**  
(Healthcare Fund is classified as "Internal Service")



Note: Percentages have been rounded and may not total to 100.

# ESTIMATED GENERAL FUND EXPENDITURES BY AREA

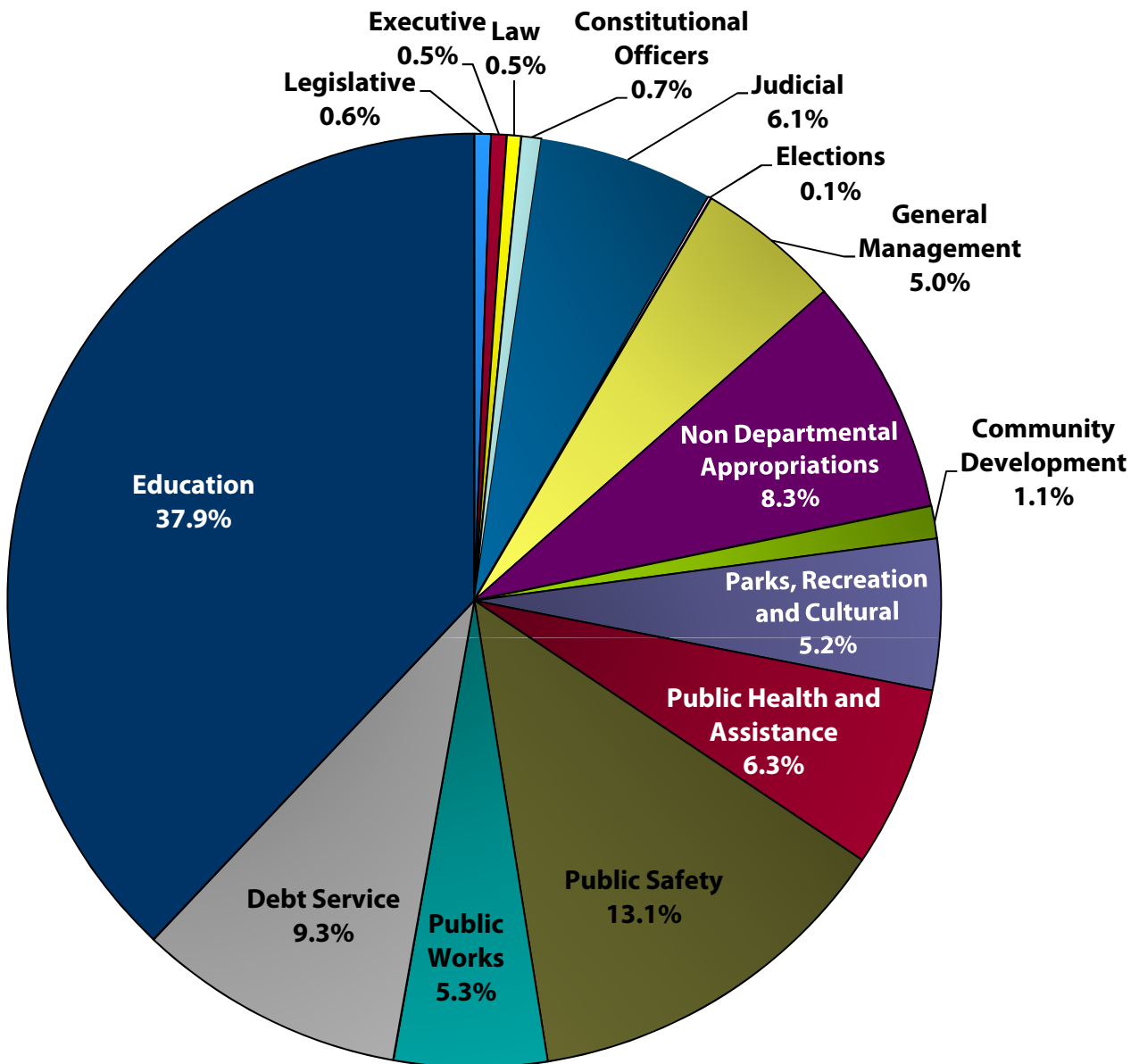
The following table compares the Proposed FY 2014 General Fund Operating Budget to the Approved FY 2013 General Fund Operating Budget and the FY 2012 Actual amount. Major areas of service are shown to provide a broad overview of the expenditures for the general operating fund of the City.

Service Area	FY 2012 Actual	FY 2013 Approved	FY 2014 Proposed	FY 2013 \$ Change	vs. FY 2014 % Change
Legislative	4,484,745	4,549,986	4,610,107	60,121	1.3%
Executive <sup>1</sup>	5,644,262	6,413,572	4,386,029	-2,027,543	-31.6%
Law	3,895,805	3,930,466	4,042,520	112,054	2.9%
Constitutional Officers	5,320,064	5,532,679	5,628,097	95,418	1.7%
Judicial	45,704,467	47,334,967	49,215,440	1,880,473	4.0%
Elections	820,490	873,086	844,291	-28,795	-3.3%
General Management <sup>1</sup>	33,474,585	37,660,490	40,691,547	3,031,057	8.0%
Non Departmental Appropriations	52,519,742	63,282,992	67,053,439	3,770,447	6.0%
Community Development	9,957,522	8,933,141	9,153,350	220,209	2.5%
Parks, Recreation and Cultural	41,316,505	41,399,471	42,313,852	914,381	2.2%
Public Health and Assistance	56,145,403	51,981,175	51,112,897	-868,278	-1.7%
Public Safety	104,729,741	105,766,540	106,281,852	515,312	0.5%
Public Works	41,201,038	42,000,527	42,999,583	999,056	2.4%
Debt Service	81,879,146	78,098,397	75,229,113	-2,869,284	-3.7%
Education	286,229,822	302,033,320	307,942,609	5,909,289	2.0%
<b>General Fund Total</b>	<b>773,323,337</b>	<b>799,790,809</b>	<b>811,504,726</b>	<b>11,713,917</b>	<b>1.5%</b>

<sup>1</sup> The decrease in Executive reflects the transfer of Communications and Public Information to General Management, where there is a corresponding increase.



## Proposed FY 2014 General Fund Expenditures by Area

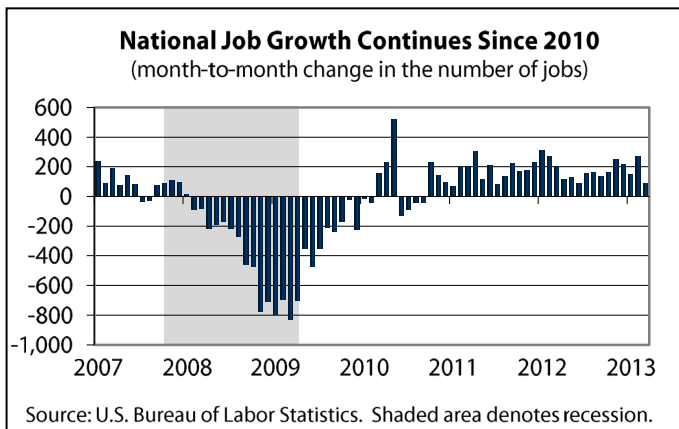
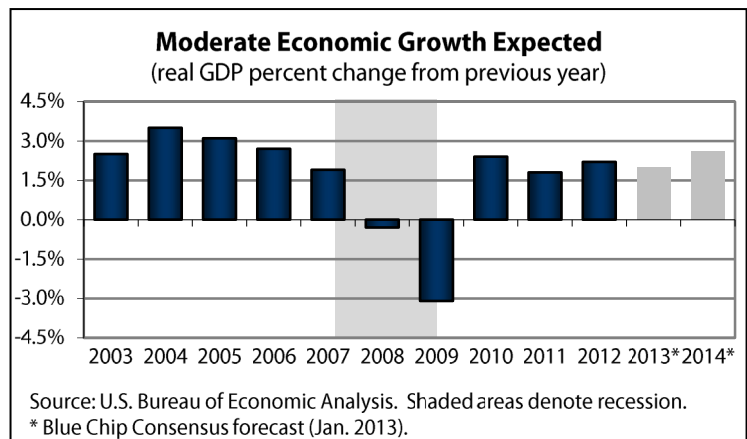


# MAJOR REVENUE SOURCES

Evaluating the city's current and long-term financial health requires a review of the economy and major revenue sources. Overall, General Fund revenues are projected to increase slightly. Moreover, overall real estate assessments are projected to increase 0.11 percent in FY 2014, the first increase in three years.

## ECONOMIC OVERVIEW

The national economy grew at a slightly higher rate in 2012. Real gross domestic product (GDP), which is the broadest measure of economic activity, grew 2.2 percent in 2012 compared to 1.8 percent in 2011. The economy's growth in 2012 was driven by consumer spending, residential investment, and business investment in structures, equipment and software, and inventory. Residential investment's growth in 2012 was its first annual increase since 2005, an indication that the housing sector may finally be on the path to recovery. However, the 1.4 percent decline in government spending at all levels (federal, state and local) dampened the economy's growth in 2012 by 0.34 percentage point. Although the economy is projected to grow through 2014 according to the Blue Chip Consensus forecast, economic growth at least in 2013, will likely be curtailed by the uncertainty surrounding the sequester, federal debt ceiling and federal budget deliberations.



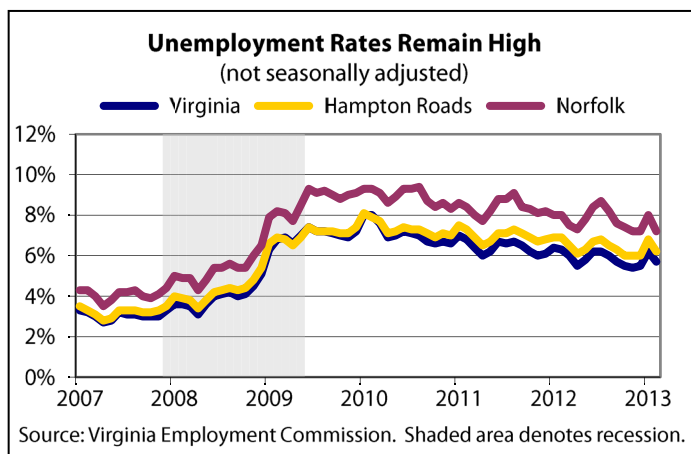
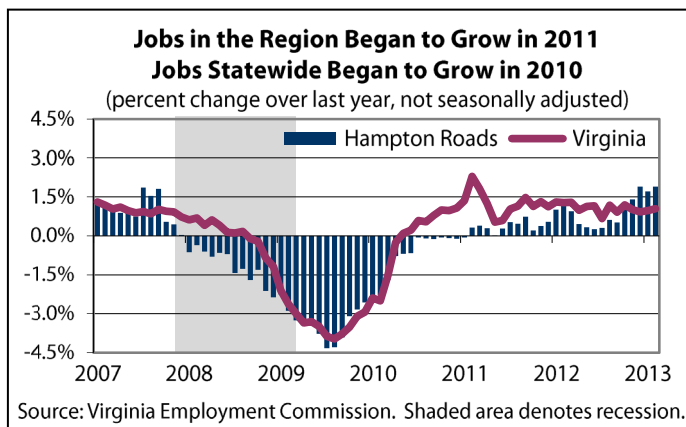
The national economy continued to add jobs in 2012 and through March 2013. In 2012, the private sector added 2.2 million jobs, slightly less than the revised 2.4 million jobs added in 2011. Although the public sector continued to shed jobs in 2012, the 77,000 job loss in 2012 was much less than the 317,000 jobs lost in 2011. Also, job losses decelerated in state and local government. At the state level, about 2,000 jobs were added in 2012, the first annual increase since 2008. At the local level, about 34,000 jobs were lost in 2012 compared to 192,000 jobs lost last year. Since February 2010, the economy added about 5.9 million jobs or at least two-thirds of the 8.7 million jobs lost between January 2008 and February 2010. The increase has

mainly been in the private sector, which added 6.5 million jobs, while the public sector lost 605,000 jobs over the same period. With employment continuing to be below pre-recession levels, the unemployment rate which stood at 7.6 percent in March 2013 remains above pre-recession levels.

Virginia employment began to recover at mid-year of 2010. Through February 2013, the number of jobs in Virginia has been growing year-over-year for 34 consecutive months, since May 2010. The revised employment figures for Hampton Roads, released in March 2013, now show year-over job growth since February 2011. In 2012, the number of jobs before seasonal adjustment in Virginia and in the region grew by 40,000 jobs (1.1 percent) and 6,100 jobs (0.8 percent), respectively. But like the nation, statewide and regional employment remain below pre-recession levels. Moreover, the job gains may not be the same across the region. The Quarterly Census of

Employment and Wages (QCEW) as reported by the Virginia Employment Commission (VEC), showed that in the third quarter of 2012 (the most recent data available), Hampton, Portsmouth, Suffolk and Virginia Beach gained jobs, while Chesapeake, Norfolk, and Newport News lost jobs. The QCEW reports data on jobs and wages at the national, state, and local level, and includes only jobs that are covered by unemployment insurance. Although the Norfolk job loss in the third quarter was less than one percent, it was the second consecutive quarter when Norfolk jobs did not grow (the number of jobs were flat in the second quarter of 2012). These two quarters were preceded by five consecutive quarters of job growth.

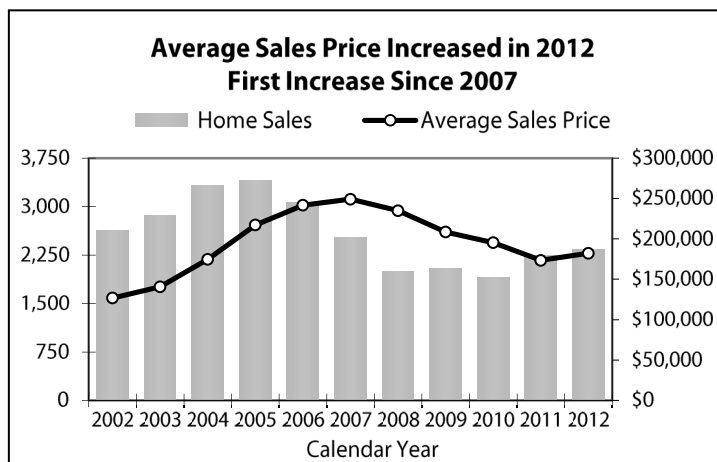
Like the nation, the statewide, regional and local unemployment rates have been trending downwards but remained above pre-recession levels. VEC reported that the unemployment rate before seasonal adjustment in the state, region, and region's seven major cities all fell in February 2013 from the same period last year. Moreover, Norfolk's unemployment rate in January 2013 was revised down by 0.1 percentage point to 8.0 percent - the same rate as in January 2012. Prior to the revision, Norfolk unemployment showed a 0.1 percentage point year-over-year increase in January 2013, which would have been the first such increase since August 2010.



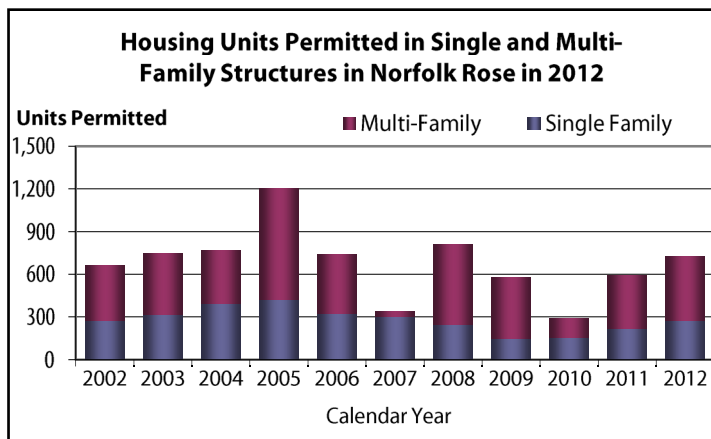
The economic recovery continues to have a positive impact on the Commonwealth's fiscal condition. Similar to last year, the state revised upwards its revenue forecast in December for FY 2013 by \$103.4 million (excluding transfers), which equates to a revenue growth of 3.6 percent compared to the official forecast of 2.9 percent growth from FY 2012. Although the December forecast showed a downward revision of FY 2014 revenues, the latest revenue estimate reflects an upward revision of about \$15 million from the official forecast, which equates to a 3.9 percent revenue growth in FY 2014 from the revised FY 2013 revenue forecast. Moreover, with the increase in state resources, the Commonwealth restored the flexible

reduction in aid to localities that had been in place since FY 2009. In FY 2013, this particular reduction totaled nearly \$2.2 million in Norfolk. However, it may be awhile before all the reductions in state aid are restored.

Unlike the Commonwealth, Norfolk's locally generated revenues have not seen the same level of recovery. This is because, like other localities, the city is highly dependent on real property taxes, which have been held back by the slow recovery of the housing market. However, in FY 2014, the Real Estate Assessor's Office is estimating a 0.11 percent increase in overall real estate assessments, the first increase in three years. The increase though was curtailed somewhat by the continued decline in residential assessments. Although the average and median sales price of homes sold in Norfolk increased in 2012 for the first time since 2007, residential assessments typically lag the market. Also distressed



homes, which have held back home prices, still make up a significant portion of the homes for sale in the region. However, the projected one percent decline in residential assessments is significantly less than the four percent declines seen in each of the past three years.



The permitting of new residential structures in Norfolk rose again in 2012. Housing units permitted in single and multi-family structures both increased in 2012. The value of those residential permits increased in 2012 as well.

Moreover, permit values for new non-residential (that is, commercial) construction also increased in 2012. Commercial projects permitted in 2012 included the first phase of the consolidated courts complex, Slover Library, new Young Men's Christian Academy (YMCA) facility, Southside Aquatic Center, Sentara Leigh Hospital, the Joan and Ray Kroc Center, and new fine arts theatre at Norfolk Collegiate School. Permits for

nonresidential improvements were also issued for Norfolk International Airport, Monroe Building, and Chrysler Museum. It is important to note that Norfolk is built out. Consequently, much of the building activity is mainly redevelopment, infill development, and vertical expansion.

## REVENUE OVERVIEW

The city generates revenue through taxes, user charges, and intergovernmental transfers from the state and federal government. Over half of the city's General Fund revenues are generated locally from various taxes and fees including real estate, personal property, retail sales, permits, fines and user charges. These sources provide the revenue to fund general services such as police, fire, parks and recreation, street maintenance, local commitment to education, and human services.

The Commonwealth of Virginia provides approximately 36 percent of General Fund revenues which consist of funding for dedicated purposes such as education, social services, transportation and constitutional officers, HB 599 funds for law enforcement, city's share of personal property tax relief funds, and the tax on rental of cars also make up revenue from the Commonwealth. As a result of the last economic downturn, the Commonwealth saw a significant decline in revenues and in turn, reduced Direct Aid to education, HB 599, Constitutional Officers salaries and benefits, jail per diems, and funds for street maintenance and eliminated the local share of ABC profits and wine tax. Although the general assembly will be restoring the flexible cut to Norfolk's state aid to localities that had been in place since FY 2009, revenues from the Commonwealth continue to remain below pre-recession.

The remaining revenue comes from the federal government (mainly funds dedicated towards education), recovered costs, inter-fund transfers, and carry-forward funds from accumulated savings. Inter-fund transfers represent a return on investment from the Water and Wastewater utility operations. Carryforward funds are generated through current and prior year savings.

Preliminary General Fund revenue projections, based on historical trends and the latest economic data, were presented in February during the City Manager's mid-year report on the budget. Projections were updated through early April to incorporate the most recent information available. Estimates for each revenue source are based on the analysis of the collection history and patterns, the underlying drivers that impact the revenue source, and the overall economic environment projected for the city in the coming year. Revenue projections include a FY 2013 end of year estimate ("estimate") and a FY 2014 estimate. The FY 2014 General Fund revenue estimate is \$11.7 million (1.5 percent) above the FY 2013 budget, bringing total revenues to about \$811.5 million. The FY 2014

estimate also includes the revenues from the National Maritime Center (subsequently referred to as “Nauticus” and “Cruise Ship Terminal”), which have been incorporated into the General Fund since FY 2011.

## General Fund Revenues

Source	FY 2012 Actual	FY 2013 Approved	FY 2014 Approved	FY 2013 \$ Change	vs. FY 2014 % Change
General Property Taxes	250,117,894	244,871,000	251,978,200	7,107,200	2.9%
Other Local Taxes	152,172,224	154,180,000	154,727,600	547,600	0.4%
Permits and Fees <sup>1</sup>	4,020,697	4,427,928	2,350,340	-2,077,588	-46.9%
Recreation/Cruise Fees <sup>1</sup>	1,698,470	1,987,928	0	-1,987,928	-100%
All Other Permits and Fees	2,322,227	2,440,000	2,350,340	-89,660	-3.7%
Fines and Forfeitures	1,106,931	1,235,800	1,203,300	-32,500	-2.6%
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Charges for Services <sup>1</sup>	34,426,938	35,908,538	38,372,254	2,463,716	6.9%
Recreation/Cruise Fees <sup>1</sup>	0	0	1,970,500	1,970,500	100%
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Other Sources and Transfers In	29,989,039	35,943,173	36,760,630	817,457	2.3%
<b>General Fund Total</b>	<b>795,566,423</b>	<b>799,790,809</b>	<b>811,504,726</b>	<b>11,713,917</b>	<b>1.5%</b>

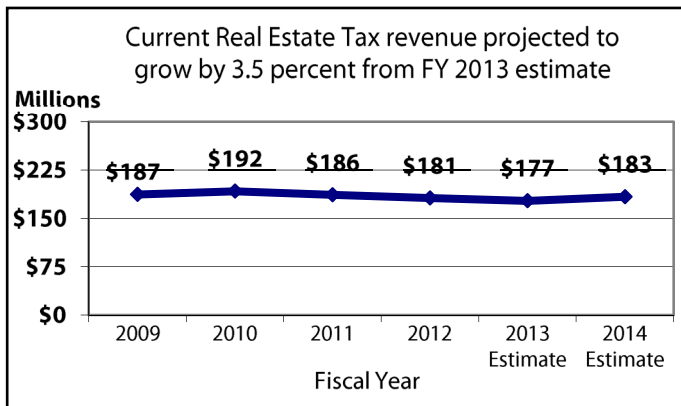
<sup>1</sup> The reduction in Permits and Fees is mainly due to the reclassification of recreation center and cruise ship terminal fees to Charges for Services (“user fees”) to be consistent with the Commonwealth of Virginia Auditor of Public Accounts recommended reporting classification. There is a corresponding increase in Charges for Services.

<sup>2</sup> The reduction in federal aid from FY 2012 was largely due to the end of the federal Education Jobs Fund program.

## REVENUE MONITORING

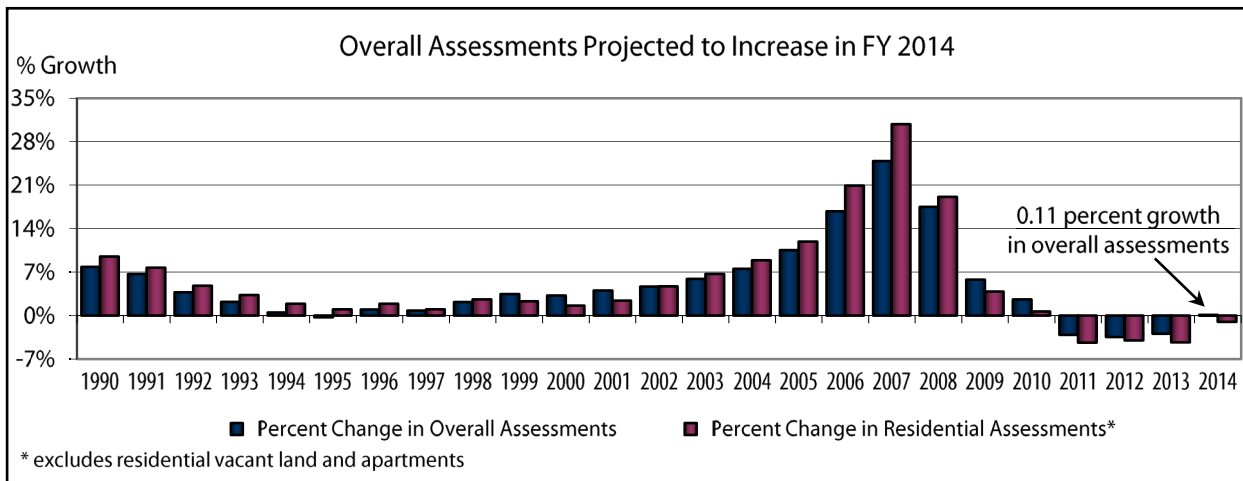
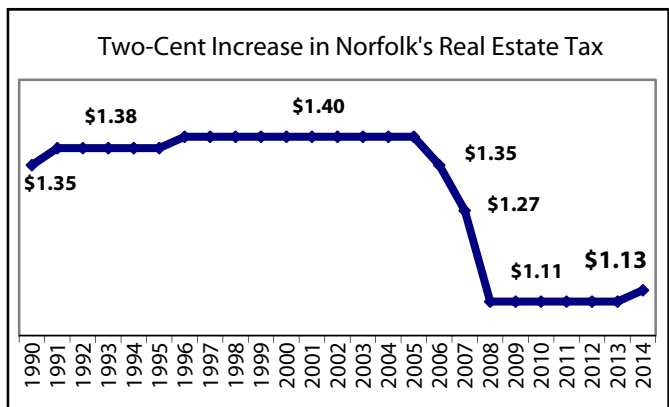
Collection patterns for all of the city’s revenue sources are monitored throughout the year. Data from monthly financial reports are monitored to determine the accuracy of budgetary projections. This allows for appropriate administrative action if actual results differ substantially from projections. A detailed collections database is compiled to project future revenue collections taking into account unique patterns and seasonal fluctuations. Strong collection rates for locally generated taxes and fees reflect the commitment and fulfillment of responsibility that Norfolk residents show to their city.

## GENERAL PROPERTY TAXES

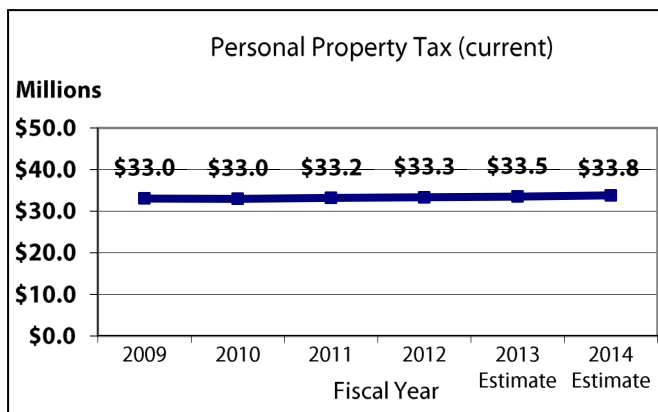
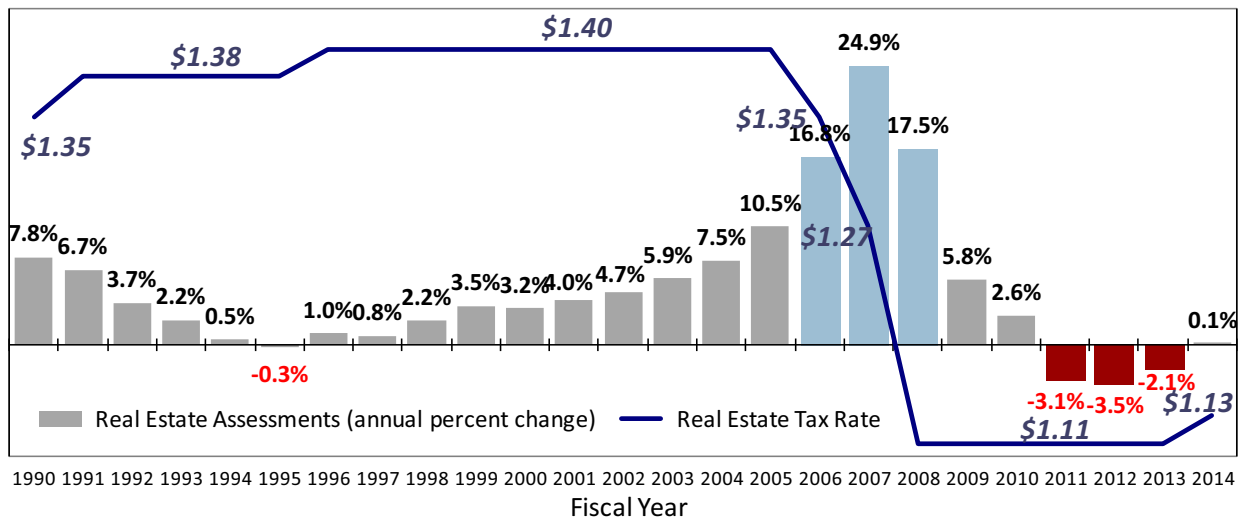


General property taxes are levied on the assessed value of real and personal property and represent approximately 31 percent (\$251 million) of the city's General Fund revenues. Real estate taxes make up the largest component of general property taxes. Current real estate taxes make up about 22.6 percent (\$183 million) of FY 2014 revenues and are up 3.6 percent from the FY 2013 budget and 3.5 percent from the FY 2013 estimate. The growth reflects a two-cent increase in the tax rate to \$1.13 from \$1.11 per \$100 of assessed value and capping the amount set aside to provide tax relief to seniors/disabled residents and veterans to \$5.0 million from \$6.0 million in FY 2013.

Also, in FY 2014, overall real estate assessments are projected to rise by 0.11 percent, after three consecutive years of decline based on the preliminary estimate from the Real Estate Assessor's Office. However, residential assessments (including condominiums) are projected to decline for the fourth consecutive year, although the decline in FY 2014 is much smaller than in the past three years. Considerations about the city's real estate assessments and tax rate should also take into account that about 36 percent of real property in the city is tax-exempt, mainly due to federal land ownership.



Norfolk lowered the real estate tax rate by 29 cents as assessments soared during FY 2006-FY 2008



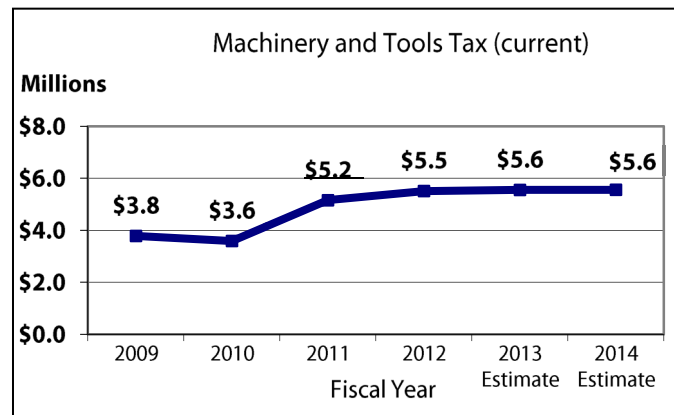
Another key component of general property taxes is the personal property tax, which is levied on all tangible personal property, including motor vehicles, boats, aircraft, business furnishings and office equipment. Household goods and personal effects are exempt. Personal property tax (current), which makes up 4.2 percent of FY 2014 revenues, is projected to increase slightly by 0.7 percent (\$250,000) from the FY 2013 estimate, as well as, personal property taxes overall, current, delinquent collections, and refunds in total.

The FY 2014 estimate assumes no change in the general tax rate on personal property at \$4.33 per \$100 of

assessed value. The FY 2014 estimate also assumes a 55 percent (55%) state car tax relief rate for tax year 2014 (that is, tax bills due on June 5, 2014), which is anticipated to fully exhaust relief funds provided to the city by the Commonwealth of Virginia under the Personal Property Tax Relief Act. This means that qualifying vehicles with an assessed value of more than \$1,000 would receive a **55 percent (55%) rate** of tax relief on the vehicle's first \$20,000 of assessed value. Qualifying vehicles with an assessed value of \$1,000 or less would receive 100 percent (100%) rate of tax relief. Prior to FY 2006, qualifying vehicles with an assessed value of more than \$1,000 were reimbursed for 70 percent of the total property tax eligible for relief. State legislation passed in 2004 capped car tax relief funds statewide at \$950 million beginning in FY 2006. Consequently, each locality in the state now receives a fixed share of the \$950 million of statewide personal property tax relief funds per state code. Each locality's share shall be determined based on the proportional share of actual personal property tax relief payments received in tax year 2005, as certified by the Commonwealth of Virginia Auditor of Public Accounts, of which, Norfolk's share is \$16,871,056. Personal property tax relief funds received and not used in FY 2014 shall be carried forward and used to increase the funds available for car tax relief. With the state capping the amount of funds available for car tax relief, the percentage of the state reimbursement compared to the total tax is expected to decrease over time and residents will pay an increasing share of the car tax.



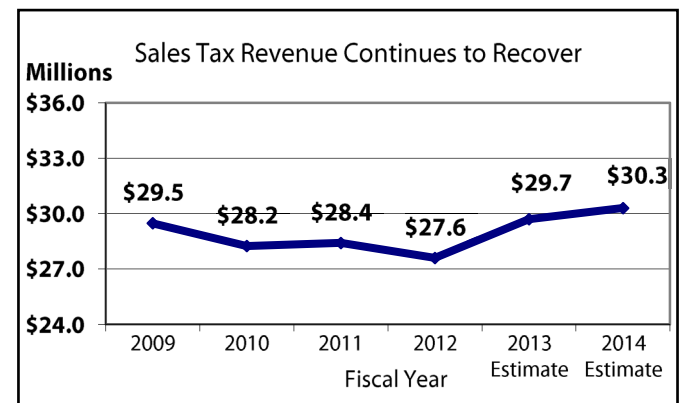
The machinery and tools tax is the remaining key component of general property taxes and makes up nearly one percent of the city's General Fund revenue. This tax is levied on machinery and tools used in manufacturing, mining, radio and television broadcasting, cable television, dry cleaning or laundry businesses. Norfolk's revenue from this source has been fairly stable in the past few years. However, there have been several attempts by state legislators in recent years to curtail or eliminate entirely the ability of localities to generate revenue from this source.



## OTHER LOCAL TAXES

Other local taxes are comprised of consumer and business-based taxes, including excise taxes on utilities, sales, hotel/motel, restaurant, admissions, and cigarettes, as well as franchise, business license, and recordation taxes. In FY 2014, other local taxes are projected to make up about 19.1 percent (\$154.7 million) of the city's General Fund revenues. This revenue category, however, is sensitive to changes in economic conditions and are more likely to be affected by sequestration and the end of the payroll tax cut than other revenue sources.

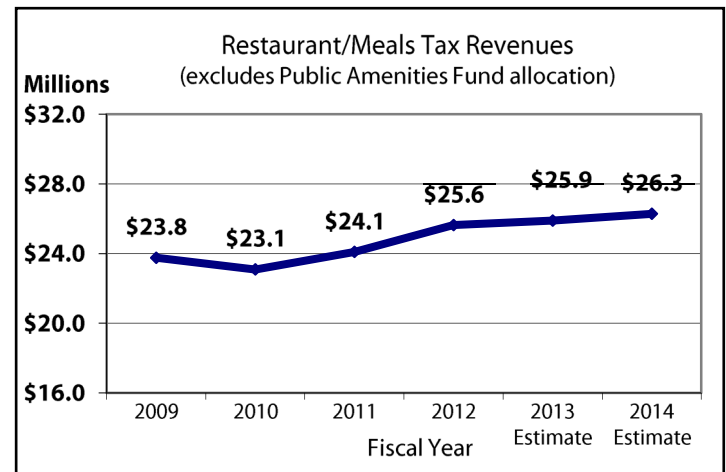
Sales tax, which makes up nearly four percent or \$30.3 million of the city's General Fund revenue, is levied on the selling, distribution, use, or consumption of tangible personal property, the leasing or renting of tangible personal property and the storage of personal property inside or outside Virginia that is for use in Virginia. Revenue from this source is sensitive to the state of the economy, household income, and underlying price level changes. Current year estimates are used in projecting next year's revenues. Changes in the local retail market (such as opening of new stores, performance of existing stores, job growth, consumer confidence, and overall economic health) are used for projecting this revenue. Sales tax receipts are projected to increase moderately by 2.0 percent (or \$600,000) over the FY 2013 estimate, as the recovery of the economy continues.



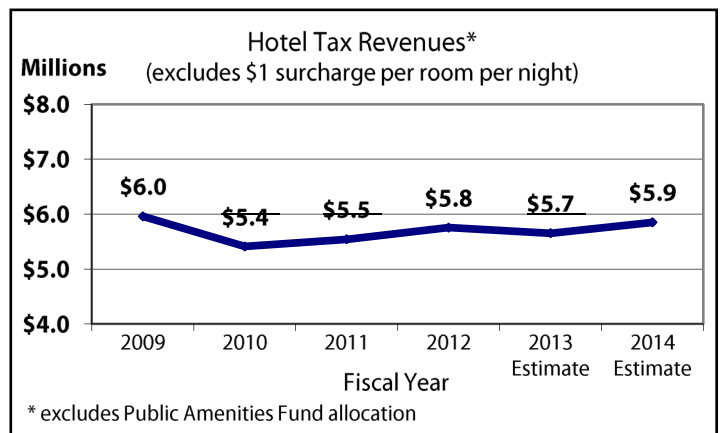
Consumer utility taxes, which make up about five percent or \$40.3 million of the city's General Fund revenue, is levied on the purchase of utility service including water, gas, and electricity. The tax is assessed on the amount charged, exclusive of any federal tax. Monthly receipts are monitored and used as a basis for estimating the revenue yield, taking seasonal variations into consideration. The consumer utility tax on telephones, cell phones and cable TV were abolished and replaced by a statewide Communications Sales and Use Tax and the E-911 tax on telephones was replaced by a uniform \$0.75 tax per phone on January 1, 2007. In FY 2013, revenue from the consumer utility tax and communications sales and use tax combined are projected to decline slightly by 1.0 percent (or \$410,000) from the FY 2013 budget but is slightly above the FY 2013 estimate by 0.8 percent (or \$290,000). Since the inception of this tax, the revenue received from this source has fluctuated due to correction of overpayments and underpayments by telecommunications service providers.



Taxes are collected on prepared meals. The tax rate is 6.5 percent of the value of the meal, with one percentage point of the tax rate being allocated to the Public Amenities Fund and the remaining 5.5 percentage points allocated to the General Fund. Until the recent economic downturn, meals taxes had been growing steadily due to the increase in the number of restaurants that have opened citywide including, downtown Norfolk and the Military Highway corridor. In FY 2014, this revenue source is projected to grow by 1.5 percent from the FY 2013 estimate and 2.5 percent from the FY 2013 budget. Meals taxes make up 3.2 percent or \$26.3 million of FY 2014 General Fund revenues.



Hotel taxes are levied on hotel rooms rented. The hotel tax rate is eight percent of the room rate. Like the restaurant/meals tax, one percentage point is allocated to the Public Amenities Fund and the remaining seven percentage points are allocated to the General Fund. In FY 2014, the hotel tax revenue is projected to hold steady and has not varied significantly in recent years. Hotel taxes make up 0.7 percent or \$5.85 million of General Fund revenues. The estimate, however, does not include the revenue from the surcharge per room night, which was raised by the City Council in FY 2012 from \$1 to \$2 per room night. The city began collecting the bed tax on April 1, 2006 with the support of the Norfolk Hotel-Motel Association. Revenue generated from the surcharge is designated evenly between Visit Norfolk (formerly Norfolk Convention and Visitors Bureau) for visitor promotion and advertising for conventions and tourism in Norfolk and the Norfolk Arts Consortium.



Business license taxes are collected from anyone who engages in a business, trade, profession, occupation or other activity in the city. It is generally imposed as a percentage of gross receipts. It is also applied to individuals that maintain a place of business, either permanent or temporary, or conduct a business-related activity. Rates vary depending on business classification and amount of gross receipts generated. This revenue source (estimated to be approximately \$28.7 million in FY 2013) makes up 3.5 percent of General Fund revenues. It is projected to increase 2.1 percent (or about \$586,000) from the FY 2013 budget with the moderate recovery of the economy.

Cigarette taxes increased in FY 2012 due to the 10-cent tax rate increase from 65 cents to 75 cents per pack of 20 cigarettes approved by the City Council. The last time the City Council approved a tax rate increase was in FY 2008, when the rate increased from 55 cents to 65 cents per pack of 20 cigarettes. However, the increase in revenue as a result of the tax increase tends to be short-lived, since the tax increase may reduce smoking or induce smokers to buy their cigarettes elsewhere. According to the Tax Foundation, cigarettes are considered to be highly susceptible to border shopping because the cost of transporting them is so low. In FY 2014, cigarette taxes, which make up 0.9 percent or about \$7.7 million of General Fund revenues, are projected to be flat from the FY 2013 budget.

## PERMITS AND FEES

Permits are issued to regulate new construction and ensure public safety. Permits, privilege fees, and licenses are comprised of fees for permits, licenses and other privileges subject to city regulation, partially to cover the expense

of providing regulatory services (taxi permits, zoning inspections, construction permits, right-of-way, etc.) in the city. Revenue from this source is projected to be about \$2.4 million in FY 2014, which is about \$2.1 million (or 47 percent) below the FY 2013 budget. Approximately \$2.0 million of the difference is mainly due to the reclassification of recreation center and cruise ship terminal fees to charges for services ("user fees") to be consistent with the Commonwealth of Virginia Auditor of Public Accounts recommended reporting classification. Permits and fees represents less than one percent of General Fund revenues.

## FINES AND FORFEITURES

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Fines and forfeitures mainly consist of revenues received from the courts as fines and forfeitures for violations of city ordinances. These provide less than one percent (or approximately \$1.2 million) of General Fund revenues.

## CHARGES FOR SERVICES

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Charges for services consist of revenues from fees for services, including Zoo admission, the serving of legal papers by local law enforcement officers, refuse disposal, court costs, paramedical rescue service, and miscellaneous school fees. This revenue category is projected to be about \$38.4 million in FY 2014, which is about \$2.5 million (or 6.9 percent) above the FY 2013 budget. Approximately \$2.0 million of the difference is mainly due to the classification of recreation center and cruise ship terminal fees as charges for services from permits and fees to be consistent with the Commonwealth of Virginia Auditor of Public Accounts recommended reporting classification. Also, the proposed budget includes increasing the paramedic rescue ("ambulance") fees to the allowable Medicare rate. Charges for services represent about 4.7 percent of General Fund revenues and includes the revenues from Nauticus and Cruise Ship Terminal.

## USE OF MONEY AND PROPERTY

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Revenue from the use of money and property is comprised primarily of interest earned on cash balances, rents from short-term and long-term property leases, and prudent management of city assets. Revenue from this source represents approximately 0.9 percent (or \$7.2 million) of the city's General Fund revenues and include the revenue from Nauticus and Cruise Ship Terminal. The FY 2014 estimate is approximately \$323,300 or 4.7 percent above the FY 2013 budget; however, about half of the increase was due to the classification of Selden rent as use of money and property from recovered costs to be consistent with the Commonwealth of Virginia Auditor of Public Accounts recommended reporting classification.

## RECOVERED COSTS

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Recovered costs consist of revenues recovered from expenses associated with employee costs, city and outside agencies, and the public. In FY 2014, recovered costs are projected to be approximately \$10.7 million and constitute 1.3 percent of General Fund revenues. The FY 2014 estimate is 6.1 percent (or about \$696,100) below the FY 2013 budget. The decline is largely due to the federal interest subsidy from issuance of Qualified School Construction Bonds (QSCB), reclassification of Selden rent as use of money and property, and one-time revenues budgeted for FY 2013.

## MISCELLANEOUS REVENUE

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Miscellaneous revenue consists of revenues that are not classified in the other categories. Included in this category are revenue from payments in lieu of taxes, fee for services from the Navy housing public private venture, and

proceeds from land sales. In FY 2014, the city is expecting to receive about \$9.8 million which makes up approximately 1.2 percent of the General Fund revenues. The 9.8 percent (or about \$876,500) increase in this revenue category from the FY 2014 budget is mainly due to revenues that were one-time for FY 2013.

## NON-CATEGORICAL AID - VIRGINIA

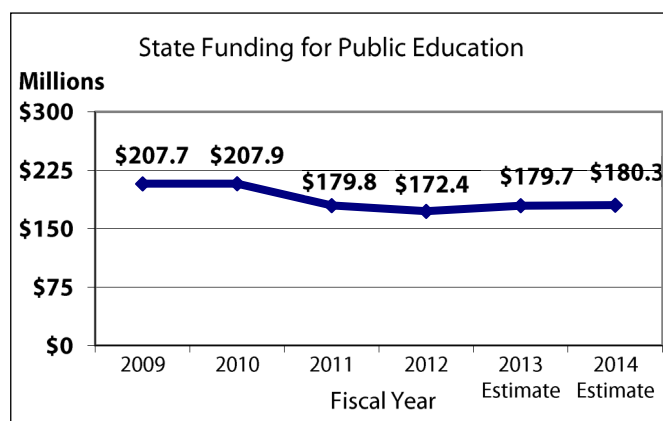
Non-Categorical aid contains state revenues that are generally shared with localities without restriction as to use. In FY 2014, non-categorical aid is projected to be flat. Non-categorical aid makes up about 3.9 percent (or \$32.0 million) of General Fund revenues.

## SHARED EXPENSES

Shared expenses consist of recovered costs from the Commonwealth for a portion of the salaries and benefits of constitutional and other offices serving the Norfolk community, including the Norfolk Electoral Board, Sheriff, City Treasurer, Commissioner of the Revenue, Clerk of the Circuit Court, and Commonwealth's Attorney. The shared expenses revenue category makes up about 2.6 percent (\$20.8 million) of General Fund revenues. The 7.7 percent (or \$1.5 million) increase in FY 2014 reflects the restoration of Constitutional Officers' portion of the flexible reduction in aid to localities.

## STATE CATEGORICAL AID

Categorical aid from the Commonwealth consists mainly of revenues for education, public assistance grants and social service programs, Virginia Department of Transportation (VDOT) funding for street maintenance and port funding, and local adult correctional facility. Categorical Aid constitutes nearly 30 percent (\$239.1 million) of General Fund revenues, with the majority (\$180.3 million) earmarked for education. Categorical Aid increased by about \$1.2 million (or 0.5 percent) over the FY 2013 budget. The majority of the increase was due to state funding for education, road maintenance, and restoration of the portion of the flexible reduction in aid to localities that had been passed on to jail per diems.



Categorical aid for education includes the state sales and use tax and state school funds. State sales and use tax for schools is the revenue from the city's proportionate share of the one percent of the state sales and use tax, designated for education purposes. Beginning July 1, 2012, the city's share of the state sales and use tax will be based on the population estimate provided by the Weldon Cooper Center for Public Service at the University of Virginia. Additionally in FY 2005, half of the one-half cent sales and use tax increase approved by the General Assembly was earmarked for local school systems and real estate tax relief. This amounts to an additional one-quarter percent on the sales tax dedicated to schools. Half of that quarter percent is distributed in the same manner as the one percent return discussed above. The other half of the quarter percent goes to support the Standards of Quality (SOQ) which is included in state school funds. State school funds reflect schools operational costs. The rate of reimbursements is based on the SOQ formula. Reimbursement rates vary by program and area of emphasis. Changes in enrollment figures affect this revenue source. Localities are required to match the State contribution based on a composite index. Currently, Norfolk funds more than its required share of local effort.

Categorical aid also includes the state reimbursements for the cost of operating the Department of Human Services (DHS). Reimbursable costs include the cost of personnel, fringe benefits, non-personal services, rent for

buildings and parking, etc. The reimbursement rate of the overall costs varies by program. The FY 2014 estimate and FY 2013 estimate for public assistance grants are significantly below what was received in FY 2012. This is mainly due to changes the Virginia Department of Social Services had made in the middle of FY 2012 on how reimbursements are handled in two childcare programs: (1) Fee Child Care and (2) TANF/VIEW Working and Trans Child Care. The changes however, are not intended to reduce the level of child care services that will be provided. The new system is an automated statewide system that will eliminate all involvement at the local social services level. Previously, state funding was passed from the state through local departments of social services to child care providers who manually filled out time/client reports to be reimbursed.

Jail per diem estimate is increasing in FY 2014 mainly due to the restoration of its portion of the flexible reduction in aid to localities and not because of an increase in jail per diem rates, which were reduced significantly during the 2010 session of the General Assembly. Since March 1, 2010, per diem payments for local responsible inmates in local or regional jails had declined to \$4 per day from \$8 per day, while the per diem payments for state inmates housed in local jails had fallen to \$12 per day from \$8 or \$14 per day. Payment for jail contract beds fell to \$8 per day (from \$14 per day). The change in the per diem rates resulted in about a two million decline in jail funding since FY 2010.

Categorical aid also includes funds for street construction and maintenance. The funds are received from VDOT to maintain the city's principal and minor arterials, collector roads and local streets based on moving lane miles. The revenue is based on a statewide maintenance index of the unit costs used on roads and bridges. Changes in the index are used to calculate and implement annual per-land-mile rates. The rates fluctuate on index changes and number of miles assessed. These funds offset qualifying operating costs recorded in the city's budget.

## FEDERAL CATEGORICAL AID

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Federal categorical aid primarily consists of education funds from the federal government and is about 0.8 percent (\$6.5 million) of FY 2014 General Fund revenues. The FY 2014 estimate of Federal aid has declined significantly when compared to FY 2012 mainly due to the end of the funding from the Education Jobs Fund for Norfolk Public Schools.

## OTHER SOURCES AND TRANSFERS IN

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Other sources and transfers in consist of intra-governmental transfers and carry over funds, which total to about 4.5 percent (\$36.8 million) of the city's General Fund revenues. The estimate includes: transfers in from nongeneral funds (which is about \$11.8 million); carrying forward unspent appropriations from prior years, closeout of accounts, and FY 2013 savings from the strategic realignment of departments (about \$25.0 million).

# APPROPRIATIONS

Department	FY 2014 Proposed
<b>GENERAL FUND</b>	
<b>LEGISLATIVE</b>	
City Council	382,588
City Clerk	1,386,492
City Real Estate Assessor	2,048,400
City Auditor	792,627
<b>Total Legislative</b>	<b>4,610,107</b>
<b>EXECUTIVE</b>	
City Manager	2,356,952
Office of Budget and Grants Management	1,733,225
Office to End Homelessness	295,852
<b>Total Executive</b>	<b>4,386,029</b>
<b>DEPARTMENT OF LAW</b>	<b>4,042,520</b>
<b>CONSTITUTIONAL OFFICERS (revenue related)</b>	
Commissioner of the Revenue	3,150,616
City Treasurer	2,477,481
<b>Total Constitutional Officers</b>	<b>5,628,097</b>
<b>JUDICIAL</b>	
Clerk of the Circuit Court	3,078,195
General District Court	269,798
Juvenile and Domestic Relations Court	80,290
Circuit Court Judges	663,643
Norfolk Juvenile Court Service Unit	197,009
Magistrate	24,152
Commonwealth's Attorney	5,575,209
Sheriff and Jail	39,327,144
<b>Total Judicial</b>	<b>49,215,440</b>
<b>OFFICE OF ELECTIONS</b>	<b>844,291</b>
<b>GENERAL MANAGEMENT</b>	
Communications and Technology	13,424,725
Finance	3,495,078
General Services	20,447,850
Human Resources	3,323,894
<b>Total General Management</b>	<b>40,691,547</b>

<b>Department</b>	<b>FY 2014 Proposed</b>
<b>NON-DEPARTMENTAL APPROPRIATIONS</b>	
Central Appropriations	24,213,798
Grant Providers on Behalf of City	1,480,138
Funds to Community Partners	1,929,763
Public-Private Partnerships for City-Owned Facilities	4,838,059
Public-Private Partnerships for Tourism and Special Event Organizations	8,246,856
Public Partnerships to Provide Services	19,607,261
Contractual Obligations	4,382,226
Memberships and Dues	722,938
Other Arrangements	1,632,400
<b>Total Non-Departmental Appropriations</b>	<b>67,053,439</b>
<b>Community Development</b>	
Planning and Community Development	7,276,417
Development	1,876,933
<b>Total Community Development</b>	<b>9,153,350</b>
<b>PARKS, RECREATION and CULTURAL</b>	
Libraries	8,281,443
Cultural Facilities, Arts and Entertainment	6,590,471
Zoological Park	3,876,555
The National Maritime Center	5,535,500
Recreation, Parks and Open Space	18,029,883
<b>Total Parks, Recreation and Cultural</b>	<b>42,313,852</b>
<b>PUBLIC HEALTH AND ASSISTANCE</b>	
Public Health	3,691,497
Human Services	47,421,400
<b>Total Public Health And Assistance</b>	<b>51,112,897</b>
<b>PUBLIC SAFETY</b>	
Police	66,016,736
Fire-Rescue	40,265,116
<b>Total Public Safety</b>	<b>106,281,852</b>
<b>PUBLIC WORKS</b>	<b>42,999,583</b>
<b>DEBT SERVICE</b>	<b>75,229,113</b>
<b>EDUCATION</b>	<b>307,942,609</b>
<b>Total General Fund</b>	<b>811,504,726</b>
<b>SPECIAL REVENUE FUNDS</b>	
Norfolk Community Services Board	26,765,042
Storm Water Management	14,838,301

<b>Department</b>	<b>FY 2014 Proposed</b>
Towing and Recovery Operations	1,703,928
Cemeteries	2,050,700
Golf Operations	1,497,600
Public Amenities	5,614,100
Emergency Preparedness and Response	5,993,100
Tax Increment Financing	2,413,000
<b>Total Special Revenue Funds</b>	<b>60,875,771</b>
<b>ENTERPRISE FUNDS</b>	
Water Utility Fund	81,923,500
Wastewater Utility Fund	27,231,300
Parking Facilities Fund	21,837,700
<b>Total Enterprise Funds</b>	<b>130,992,500</b>
<b>INTERNAL SERVICE FUNDS</b>	
Fleet Management	13,655,900
Healthcare Fund	57,931,973
<b>Total Internal Service Funds</b>	<b>71,587,873</b>
<b>TOTAL CITY OPERATIONS</b>	<b>1,074,960,870</b>
<b>TOTAL CAPITAL IMPROVEMENT PLAN</b>	<b>127,290,582</b>
<b>TOTAL APPROPRIATIONS</b>	<b>1,202,251,452</b>

# TAX RATES AND FEES

Description	FY 2013 Approved	FY 2014 Proposed
<b>PROPERTY TAXES</b>		
<b>Real Estate</b> (General Tax)	\$1.11/\$100 Assessed Value	\$1.13/\$100 Assessed Value
<b>Real Estate</b> (Downtown Improvement District)	\$1.27/\$100 Assessed Value	\$1.29/\$100 Assessed Value
<b>Personal Property</b>		
Airplane	\$2.40/ \$100 Assessed Value	\$2.40/ \$100 Assessed Value
Motor Vehicle	\$4.33/\$100 Assessed Value	\$4.33/\$100 Assessed Value
Recreational Vehicle	\$1.50/\$100 Assessed Value	\$1.50/\$100 Assessed Value
Business Furniture, Fixtures, and Equipment	\$4.33/\$100 Assessed Value	\$4.33/\$100 Assessed Value
Watercraft - Business	\$1.50/\$100 Assessed Value	\$1.50/\$100 Assessed Value
Watercraft - Recreational	\$0.50/\$100 Assessed Value	\$0.50/\$100 Assessed Value
<b>Machinery &amp; Tools</b>	\$4.25/\$100 Assessed Value	\$4.25/\$100 Assessed Value
<b>OTHER LOCAL TAXES</b>		
<b>Amusement and Admissions</b>	10%	10%
<b>Cigarette</b>	75 cents/pack of 20 cigarettes (37.5 mils/cigarette)	75 cents/pack of 20 cigarettes (37.5 mils/cigarette)
<b>Emergency 911 (Landline)</b>	Replaced by the statewide E-911 tax rate of \$0.75/line/month	Replaced by the statewide E-911 tax rate of \$0.75/line/month
<b>Hotel/Motel Lodging</b>	8%	8%
<b>Bed Tax</b>	\$2 per room night	\$2 per room night
<b>Food and Beverage</b>	6.5%	6.5%
<b>Motor Vehicle License:</b>		
Small Trailers (<2,000 pounds)	\$6.50	\$6.50
Motorcycles	\$15.00	\$15.00
Cars & Small Trucks	\$26.00	\$26.00
Semi Trailers	\$20.00	\$20.00
Mid-Size Trucks/Vans (>4,000 pounds)	\$31.00	\$31.00
Large Vehicles (19,000 pounds and over)	\$1.60-\$1.80/1,000 pounds of gross weight	\$1.60-\$1.80/1,000 pounds of gross weight
Passenger (>10)	\$0.30/100 pounds of weight (not less than \$26)	\$0.30/100 pounds of weight (not less than \$26)



Description	FY 2013 Approved	FY 2014 Proposed
<b>REFUSE DISPOSAL</b>		
<b>Residential</b>		
Single or Multiple Units (four units or less)	\$27.01/unit/month	\$27.01/unit/month
Multiple Units (five units or more)	\$45.27/container/month	\$45.27/container/month
<b>Commercial</b>		
Business 1 times per week	\$59.00/unit/month	\$59.00/unit/month
Business 5 times per week	\$146.24/unit/month	\$146.24/unit/month
Combined Commercial and Residential	\$86.01/unit/month	\$86.01/unit/month
<b>WATER AND WASTEWATER FEES</b>		
Water	\$4.15/100 cubic feet	\$4.30/100 cubic feet
Wastewater	\$3.39/100 cubic feet	\$3.53/100 cubic feet
<b>STORM WATER FEES (rate calculated based on a 30-day month)</b>		
Residential	\$9.96/month	\$10.23/month
Commercial	\$7.18/month per 2,000 sq. ft.	\$7.35/month per 2,000 sq. ft.
<b>UTILITY TAXES</b>		
<b>Commercial</b>		
Gas	Rate/month: \$3.225 + \$0.167821/CCF 0-70 CCF + \$0.161552/CCF 71-430 CCF + \$0.15363/CCF on balance (maximum of \$500/month)	Rate/month: \$3.225 + \$0.167821/CCF 0-70 CCF + \$0.161552/CCF 71-430 CCF + \$0.15363/CCF on balance (maximum of \$500/month)
Electricity (Manufacturing)	Rate/month: \$1.38 + \$0.004965/kWh 0-3,625,100 kWhs + \$0.004014/kWh on balance (maximum of \$53,000/month)	Rate/month: \$1.38 + \$0.004965/kWh 0-3,625,100 kWhs + \$0.004014/kWh on balance (maximum of \$53,000/month)
Electricity (Non-Manufacturing)	Rate/month: \$2.87 + \$0.017933/kWh 0-537 kWh + \$0.006330/kWh on balance	Rate/month: \$2.87 + \$0.017933/kWh 0-537 kWh + \$0.006330/kWh on balance
Telephone (Cellular, Landline)	Replaced by the State Communications Sales & Use Tax 5% of sales price of services	Replaced by the State Communications Sales & Use Tax 5% of sales price of services
Water	25% on first \$75 plus 15% of bill in excess of \$75	25% on first \$75 plus 15% of bill in excess of \$75
<b>Residential</b>		
Cable and Satellite Service Telephone (Cellular, Landline)	Replaced by the State Communications Sales & Use Tax	Replaced by the State Communications Sales & Use Tax
Electricity	\$1.75 + \$0.016891/kWh monthly (capped at \$3.75/month)	\$1.75 + \$0.016891/kWh monthly (capped at \$3.75/month)
Gas	\$1.50/month	\$1.50/month
Water (5/8" Meter)	25% on first \$22.50/month	25% on first \$22.50/month

# GENERAL FUND BALANCE RESERVES

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The establishment and maintenance of general operating reserves is considered one of the most effective management practices a local government can employ.

The purpose of a reserve is to act as the city's "savings" account to meet emergency, non-anticipated needs without jeopardizing the ongoing provision of city services. Reserves help to cushion against cash flow challenges, as seen in FY 2004 with the significantly large unexpected expenses of Hurricane Isabel, when the city appropriated \$22.2 million from the General Fund undesignated fund balance to provide an interim source of funding for emergency costs. The appropriate size of reserves depends on variability of revenues and expenditures and an organization's cash flow needs.

Because the city is self-insured, the Risk Management Reserve was created in the event of a major unanticipated workers compensation or general liability claim. In FY 2008, the balance in the Risk Management Reserve was reduced by \$4.9 million from \$5,740,162 to \$840,162 to settle a major general liability claim. In FY 2010, the City Council approved distributing \$1,058,409 from a combination of FY 2008 and FY 2009 year-end undesignated funds in accordance with the city's practice to replenish the Risk Management Reserve. These funds raised the total Risk Management Reserve balance to \$1,898,571. In FY 2012, City Council strengthened the city's reserves further by raising the total General Fund balance reserves from \$45,457,834 to \$48,332,591. Included in the comprehensive review and revision of the city's financial practices and policies that began in the current fiscal year are plans to meet the goals of our reserves. The Administration is in the process of requesting adoption of formal financial policies by City Council.

## General Fund Balance Reserves

Reserve	FY 2012 Actual	FY 2013 Goal	FY 2013 Projected
Unassigned Reserve ("five percent reserve")	42,332,591	40,157,373	42,332,591
Risk Management Reserve	3,000,000	11,600,000	3,000,000
Economic Downturn/Leveling Reserve	3,000,000	10,000,000	3,000,000
<b>General Fund Balance Reserves at June 30*</b>	<b>48,332,591</b>	<b>61,757,373</b>	<b>48,332,591</b>

\* The amounts above exclude reserves for encumbrances and other legally restricted reserves and designations for specific appropriations.

The goal for the FY 2013 unassigned reserve of \$40,157,373 is based on the FY 2013 General Fund Budget of \$803,147,469, which reflects the City Council amendment to Norfolk Public Schools operating budget totaling \$3,356,660.

# TRANSFERS FROM/TO

The tables below present certain fund to fund transfers in FY 2014 which include: payments made by the General Fund to support capital projects and special revenue funds; transfers from enterprise activities to the General Fund; and transfers of funds to support capital projects.

## Transfer from General Fund to

**FY 2014**

Capital Improvement Program	609,666
Cemetery Fund	457,441
Emergency Preparedness and Response Fund	933,851
Golf Fund	436,893
Norfolk Community Services Board	5,971,395
<b>Total Transfers from General Fund</b>	<b>8,409,246</b>

## Transfer to General Fund from

Water Fund	8,500,000
Wastewater Fund	1,500,000
Storehouse Fund closeout	1,750,000
Parking Fund	35,000
<b>Total Transfers to General Fund</b>	<b>11,785,000</b>

## Transfer to Capital Improvement Program from

General Fund	609,666
Norfolk Public Schools (Camp Allen)	3,200,000
Public Amenities Fund	1,000,000
Parking Fund	2,900,000
Water Fund	885,000
Storm Water Fund	1,315,200
<b>Total Transfers to the Capital Improvement Program</b>	<b>9,909,866</b>

# PERSONNEL STAFFING SUMMARY

	FY 2012 Approved	FY 2013 Approved	FY 2014 Proposed <sup>1</sup>	Change FY 2013 to FY 2014
<b>Total Positions by Department</b>				
<b>General Fund</b>				
City Council	8	8	8	0
City Clerk	14	14	14	0
City Real Estate Assessor	24	24	24	0
City Auditor	7	8	8	0
City Manager	15	15	15	0
Office of Budget and Management	16	20	20	0
Communications and Public Information <sup>2</sup>	22	23	0	-23
Office to End Homelessness	3	4	4	0
City Attorney	34	34	34	0
Commissioner of the Revenue	39	43	43	0
City Treasurer	31	31	31	0
Clerk of Circuit Court	50	50	50	0
Circuit Court Judges	5	5	5	0
Commonwealth's Attorney	65	65	65	0
Sheriff and Jail	475	487	475	-12
Elections	6	6	6	0
Communications and Technology <sup>2</sup>	96	107	131	24
Finance	34	34	41	7
General Services	102	116	106	-10
Human Resources	31	30	31	1
Planning and Community Development	102	89	89	0
Development	18	17	18	1
Libraries	78	91	101	10
Cultural Facilities, Arts & Entertainment	66	68	68	0
Zoological Park	56	57	55	-2
The National Maritime Center (Nauticus)	52	57	55	-2
Recreation, Parks and Open Space	215	226	224	-2
Cruise Ship Terminal	5	0	0	0
Public Health	34	34	28	-6
Human Services	495	512	509	-3
Police <sup>3</sup>	869	876	872	-4
Fire-Rescue <sup>3</sup>	510	511	511	0
Public Works	335	345	336	-9
<b>Total General Fund</b>	<b>3,912</b>	<b>4,007</b>	<b>3,977</b>	<b>-30</b>

	FY 2012 Approved	FY 2013 Approved	FY 2014 Proposed <sup>1</sup>	Change FY 2013 to FY 2014
<b>Special Revenue Funds</b>				
Norfolk Community Services Board <sup>4</sup>	0	310 <sup>4</sup>	310	0
Storm Water Management	85	88	96	8
Towing and Recovery Operations	9	9	9	0
Cemeteries	35	35	34	-1
Emergency Preparedness and Response	90	91	91	0
<b>Total Special Revenue Funds</b>	<b>219</b>	<b>533<sup>4</sup></b>	<b>540</b>	<b>7</b>
<b>Enterprise Funds</b>				
Water Utility Fund	289	289	293	4
Wastewater Utility Fund	104	104	104	0
Parking Facilities Fund	88	88	90	2
<b>Total Enterprise Funds</b>	<b>481</b>	<b>481</b>	<b>487</b>	<b>6</b>
<b>Internal Service Funds</b>				
Storehouse <sup>5</sup>	11	11	0	-11
Fleet	67	59	59	0
<b>Total Internal Service Funds</b>	<b>78</b>	<b>70</b>	<b>59</b>	<b>-11</b>
<b>Total All Funds</b>	<b>4,690</b>	<b>5,091<sup>4</sup></b>	<b>5,063</b>	<b>-28</b>

<sup>1</sup>The FY 2014 column includes administrative changes which occurred during FY 2013 along with the FY 2014 budget actions. Prior year (FY 2013) position counts in the Personnel Staffing Summary will no longer be updated with actions implemented during the course of the fiscal year so that all personnel changes between approved budgets can be more accurately reflected.

<sup>2</sup>The Department of Communications and Public Information and the Department of Information Technology have been consolidated in FY 2014.

<sup>3</sup>The Proposed FY 2014 Budget does not include approved overhires in Police and Fire.

<sup>4</sup>The FY 2013 Norfolk Community Services Board (NCSB) position count was reported as an estimate in the Approved FY 2013 Budget. As a result, the NCSB FY 2013 position count has been revised for accuracy from 290 to 310, and the overall FY 2013 position count has been revised from 5,071 to 5,091.

<sup>5</sup>The Storehouse has been decentralized in FY 2014.

**Only permanent positions are reflected in the Budget Document.**

# CITY INDEBTEDNESS

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The Virginia Constitution authorizes cities and counties in Virginia to issue general obligation bonds secured by a pledge of its full faith and credit. For the payment of such bonds, the governing body of the city is required to levy an ad valorem tax on all property subject to local taxation to ensure debt service payment. The issuance of general obligation bonds is subject to a limit of 10 percent of the assessed value of taxable real property in the city.

The Public Finance Act of Virginia authorizes a city in Virginia to issue limited liability revenue bonds provided that the rates, rents, fees or other charges are sufficient to pay the cost of operation and administration and the principal and interest on the bonds when due. In determining general obligation statutory debt limitations, certain classes of indebtedness may be excluded, including revenue anticipation notes maturing in one year or less, general obligation bonds payable from a specified revenue producing undertaking, so long as the undertaking is self-supporting, capital leases and revenue bonds. The city's enterprise operations for Water, Wastewater, and Parking bonded debt are a combination of self-supporting, general obligation and revenue bonds. The city's operations for Storm Water, Maritime, and Towing and Recovery bonded debt are intended to be self-supporting general obligation bonds.

The following table shows the estimated general obligation Legal Debt Margins for the current fiscal year as of June 30, 2013, and for the past four fiscal years.

As of	Taxable Real Property Assessed Value <sup>(1)</sup>	Debt Limit: 10% of Assessed Value	Debt Applicable to Debt Limit	Amount of Debt as % of Debt Limit	Legal Margin for Additional Debt
June 30, 2013 <sup>(2)(3)</sup>	18,306,775,078	1,830,677,508	818,068,050	44.69%	1,012,609,458
June 30, 2012	18,676,730,533	1,867,673,053	877,060,431	46.96%	990,612,622
June 30, 2011	19,320,643,495	1,932,064,350	829,621,927	42.94%	1,102,442,422
June 30, 2010	19,940,273,451	1,994,027,345	889,556,676	44.61%	1,104,470,669
June 30, 2009	19,397,795,455	1,939,779,546	739,006,679	38.10%	1,200,712,867

(1) The figure includes the assessed valuation of the following properties: public service corporations (as assessed by the State Corporation Commission and the Virginia Department of Taxation); and residential, commercial, apartments and vacant land (as assessed by the City Assessor).

(2) Taxable Real Property Assessed Value is estimated as of March 31, 2013.

(3) Projected Debt Applicable to Debt Limit excludes \$201,015,287 of General Obligation Bonds authorized by ordinance for Capital Improvement Projects, but not yet issued.

## OVERLAPPING DEBT

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The City of Norfolk is autonomous and independent of any county or other political subdivision and is not subject to taxation by any county or school district, nor is it liable for any county or school division indebtedness. There is no overlapping debt.

## STATEMENT OF NO PAST DEFAULT

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The city has never defaulted on the payment of either principal or interest on any debt.

## OUTSTANDING DEBT

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Debt service for General Capital Improvements is funded from the General Fund. The debt of the enterprise and other fee-supported operations are paid from their respective revenues. The estimated total outstanding bonded indebtedness, including revenue bonds, at the end of FY 2013 is estimated to be \$1,280,663,050.

## GENERAL CAPITAL IMPROVEMENTS—AFFORDABILITY MEASURES

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The Capital Improvement Plan for General Capital Improvements (those bonds not supported by self-supporting user fees) is guided by two measures of affordability. These measures or debt limits, based on the approved Capital Improvement Plan, are as follows:

- Debt Service as a percent of the General Fund budget (not to exceed 10 percent) and
- Net debt as a percent of taxable real estate (not to exceed 3.5 percent)

The FY 2014 Capital Improvement Plan is within the two measures of affordability listed above. However, in order to finance some major essential governmental projects, such as, a new city courthouse, several schools and a new main library, the city may be challenged to stay within these measures in the out years of the Capital Improvement Plan.

## ENTERPRISE OPERATIONS DEBT

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Norfolk's Water, Wastewater and Parking Revenue Bond programs are governed by bond indentures of trust, which specify debt coverage requirements for their respective operations. Each of the revenue bond programs are backed by the revenues of their respective system. The city has covenanted in each respective indenture that it will establish, fix, charge and collect rates, fees and other charges so that in each Fiscal Year Net Revenues are not less than the debt service coverage requirement. All Revenue Bond Programs, historically and estimated for FY 2014 meet debt coverage requirements. As previously noted, outstanding Water, Wastewater and Parking bonds are a combination of general obligations of the city and revenue bonds. As a matter of practice, the city pays such general obligation bonds from its respective enterprise activities. In the event that money in the respective funds is not sufficient to pay debt service on the general obligations, the city is obligated to pay such debt service from the General Fund or other available revenues.

## BOND RATINGS

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Bond or credit ratings are an independent opinion of the general creditworthiness of an issuer, such as the city, based on relevant risk factors. Long-term general obligation ratings are based on an issuer's ability and willingness to repay fully the principal and interest of its debt obligations, on a timely basis. Municipal credit ratings are primarily based on four main factors: the issuer's financial position, the issuer's current and future debt burden, financial management and the economy. Often an investor places significant emphasis on a bond's credit rating to help evaluate a price or willingness to hold the investment.

Each of the three major credit rating agencies in the U.S.: Moody's Investors Service ("Moody's"), Standard and Poor's ("S&P") and Fitch Ratings ("Fitch") applies its own methodology in measuring creditworthiness and uses a specific rating scale to communicate its ratings opinions. Typically, ratings are expressed as letter grades that range, for example, from 'AAA' to 'D' to communicate the agency's opinion of relative level of credit risk. Credits are

further distinguished with "notches" within each rating category. Credit ratings for the city's General Obligation and Water Revenue Bond programs are as follows:

<b>Bonding Program</b>	<b>Moody's Investors Service</b>	<b>Standard and Poor's</b>	<b>Fitch Ratings</b>
General Obligation	Aa2	AA	AA+
Water Revenue	Aa2	AA+	AA+

Norfolk's rating on its General Obligations Bonds of Aa2/AA/AA+ and its Water Revenue Bonds of Aa2/AA+/AA+ are very strong. In general, AA category rating signifies very high quality bonds with some elements of long-term risks.

Neither the Parking Revenue Bonds nor the Wastewater Revenue Bonds maintain an underlying, or stand-alone unenhanced, credit rating.

## Computation of Legal Debt Margin

### June 30, 2013 (Estimated)

Total Assessed Value of Taxed Real Property as of March 31, 2013		\$18,306,775,078
Debt Limit - 10 percent of Total Assessed Value		\$1,830,677,508
Amount of Debt Applicable to Debt Limit:		
Gross Debt <sup>(1)</sup>	\$733,504,227	
General Obligation (QRBs)	7,805,000	
General Obligation Bond Anticipation Notes	75,305,000	
General Obligation (QZABs)	463,824	
General Obligation (Guaranty)	990,000	\$818,068,050
Legal Debt Margin		\$1,012,609,458
Amount of Debt as a percent of Debt Limit		44.69%

<sup>(1)</sup> Gross Debt Applicable to Debt Limit excludes \$201,015,287 of General Obligation Bonds authorized by ordinance for Capital Improvement Projects, but not yet issued.



# YEARLY MATURITY OF LONG-TERM DEBT

Fiscal Year	General Obligation <sup>(1)(2)(3)</sup>			General Obligation Equipment <sup>(1)</sup>			Water Revenue <sup>(1)</sup>		
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
2013	54,264,324	32,851,106	87,115,431	4,443,057	402,271	4,845,328	7,000,000	14,700,777	21,700,777
2014	52,903,956	32,280,381	85,184,338	3,227,851	348,936	3,576,787	7,250,000	15,630,219	22,880,219
2015	53,746,787	30,172,029	83,918,816	2,236,785	285,004	2,521,789	7,805,000	15,398,269	23,203,269
2016	48,942,394	27,906,992	76,849,386	2,054,822	201,949	2,256,771	8,750,000	15,047,794	23,797,794
2017	49,036,600	25,753,018	74,789,618	1,550,460	114,347	1,664,807	10,655,000	14,591,519	25,246,519
2018	47,300,563	23,669,899	70,970,461	815,000	78,396	893,396	13,860,000	13,994,269	27,854,269
2019	47,116,600	21,484,430	68,601,030	215,000	52,550	267,550	14,820,000	13,291,244	28,111,244
2020	45,925,189	19,578,300	65,503,489	225,000	42,625	267,625	15,665,000	12,546,769	28,211,769
2021	43,920,302	17,572,944	61,493,246	235,000	31,125	266,125	16,760,000	11,751,144	28,511,144
2022	43,039,124	15,812,121	58,851,244	245,000	19,125	264,125	17,740,000	10,910,144	28,650,144
2023	41,614,846	13,912,961	55,527,807	260,000	6,500	266,500	19,005,000	10,013,444	29,018,444
2024	40,317,532	12,086,302	52,403,834	-	-	-	20,140,000	9,048,894	29,188,894
2025	36,163,461	10,354,822	46,518,284	-	-	-	18,170,000	8,106,769	26,276,769
2026	33,218,857	8,696,812	41,915,669	-	-	-	19,270,000	7,187,044	26,457,044
2027	32,179,941	7,115,851	39,295,792	-	-	-	12,065,000	6,420,613	18,485,613
2028	27,191,981	5,681,570	32,873,551	-	-	-	12,735,000	5,818,263	18,553,263
2029	17,240,000	4,327,310	21,567,310	-	-	-	13,480,000	5,185,306	18,665,306
2030	17,385,000	3,412,932	20,797,932	-	-	-	8,640,000	4,662,619	13,302,619
2031	17,525,000	2,534,027	20,059,027	-	-	-	9,070,000	4,255,050	13,325,050
2032	3,350,000	1,654,198	5,004,198	-	-	-	9,535,000	3,827,228	13,362,228
2033	14,175,000	1,169,799	15,344,799	-	-	-	7,850,000	3,421,959	11,271,959
2034	2,580,000	828,788	3,408,788	-	-	-	8,230,000	3,041,106	11,271,106
2035	2,660,000	696,456	3,356,456	-	-	-	8,630,000	2,641,750	11,271,750
2036	2,750,000	560,022	3,310,022	-	-	-	9,050,000	2,225,653	11,275,653
2037	2,840,000	418,256	3,258,256	-	-	-	8,050,000	1,825,281	9,875,281
2038	2,935,000	272,504	3,207,504	-	-	-	8,435,000	1,441,775	9,876,775
2039	930,000	209,250	1,139,250	-	-	-	8,835,000	1,042,831	9,877,831
2040	930,000	162,750	1,092,750	-	-	-	5,505,000	713,850	6,218,850
2041	930,000	116,250	1,046,250	-	-	-	5,760,000	461,625	6,221,625
2042	930,000	69,750	999,750	-	-	-	3,260,000	252,750	3,512,750
2043	930,000	23,250	953,250	-	-	-	3,425,000	85,625	3,510,625
2044	-	-	-	-	-	-	-	-	-
	<b>784,972,456</b>	<b>321,385,081</b>	<b>1,106,357,537</b>	<b>15,507,975</b>	<b>1,582,827</b>	<b>17,090,803</b>	<b>339,445,000</b>	<b>219,541,580</b>	<b>558,986,580</b>

Fiscal Year	Parking Revenue <sup>(1)</sup>			Wastewater Revenue <sup>(1)</sup>			Totals <sup>(1)</sup>		
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
2013	2,690,000	4,051,025	6,741,025	1,725,000	-	1,725,000	70,122,381	52,005,179	122,127,560
2014	2,835,000	3,918,825	6,753,825	1,957,500	-	1,957,500	68,174,307	52,178,361	120,352,668
2015	2,970,000	3,779,000	6,749,000	2,490,000	-	2,490,000	69,248,572	49,634,302	118,882,874
2016	3,085,000	3,654,300	6,739,300	2,790,000	-	2,790,000	65,622,217	46,811,035	112,433,251
2017	3,240,000	3,512,000	6,752,000	2,790,000	-	2,790,000	67,272,060	43,970,883	111,242,943
2018	3,385,000	3,362,550	6,747,550	2,790,000	-	2,790,000	68,150,563	41,105,114	109,255,676
2019	3,545,000	3,206,375	6,751,375	2,790,000	-	2,790,000	68,486,600	38,034,599	106,521,198
2020	3,755,000	3,056,075	6,811,075	2,790,000	-	2,790,000	68,360,189	35,223,769	103,583,958
2021	3,945,000	2,871,725	6,816,725	2,790,000	-	2,790,000	67,650,302	32,226,938	99,877,240
2022	4,145,000	2,678,025	6,823,025	2,790,000	-	2,790,000	67,959,124	29,419,414	97,378,538
2023	4,350,000	2,474,013	6,824,013	2,790,000	-	2,790,000	68,019,846	26,406,917	94,426,763
2024	4,555,000	2,259,400	6,814,400	2,790,000	-	2,790,000	67,802,532	23,394,595	91,197,128
2025	4,780,000	2,034,650	6,814,650	2,790,000	-	2,790,000	61,903,461	20,496,241	82,399,702
2026	5,025,000	1,797,725	6,822,725	2,790,000	-	2,790,000	60,303,857	17,681,581	77,985,438
2027	5,275,000	1,548,650	6,823,650	2,790,000	-	2,790,000	52,309,941	15,085,114	67,395,054
2028	4,840,000	1,287,175	6,127,175	2,790,000	-	2,790,000	47,556,981	12,787,007	60,343,988
2029	5,100,000	1,032,375	6,132,375	2,790,000	-	2,790,000	38,610,000	10,544,991	49,154,991
2030	5,195,000	763,850	5,958,850	2,365,000	-	2,365,000	33,585,000	8,839,401	42,424,401
2031	5,480,000	485,000	5,965,000	1,940,000	-	1,940,000	34,015,000	7,274,077	41,289,077
2032	945,000	190,825	1,135,825	1,565,000	-	1,565,000	15,395,000	5,672,251	21,067,251
2033	990,000	146,425	1,136,425	1,065,000	-	1,065,000	24,080,000	4,738,183	28,818,183
2034	1,035,000	99,900	1,134,900	832,500	-	832,500	12,677,500	3,969,794	16,647,294
2035	1,090,000	51,250	1,141,250	300,000	-	300,000	12,680,000	3,389,456	16,069,456
2036	-	-	-	-	-	-	11,800,000	2,785,675	14,585,675
2037	-	-	-	-	-	-	10,890,000	2,243,537	13,133,537
2038	-	-	-	-	-	-	11,370,000	1,714,279	13,084,279
2039	-	-	-	-	-	-	9,765,000	1,252,081	11,017,081
2040	-	-	-	-	-	-	6,435,000	876,600	7,311,600
2041	-	-	-	-	-	-	6,690,000	577,875	7,267,875
2042	-	-	-	-	-	-	4,190,000	322,500	4,512,500
2043	-	-	-	-	-	-	4,355,000	108,875	4,463,875
2044	-	-	-	-	-	-	-	-	-
	<b>82,255,000</b>	<b>48,261,138</b>	<b>130,516,138</b>	<b>53,300,000</b>	<b>-</b>	<b>53,300,000</b>	<b>1,275,480,431</b>	<b>590,770,626</b>	<b>1,866,251,057</b>

<sup>(1)</sup>Existing Debt Service as of June 30, 2013. Excludes any future issuances.

<sup>(2)</sup>Figures exclude debt service due on \$75,305,000 General Obligation Bond Anticipation Notes, Series 2011A and 2011B, to better match the useful life of the assets financed by refinancing the principal over a longer period prior to the January 1, 2014.

<sup>(3)</sup>General Obligation bonds have been used to finance Water, Wastewater, Parking, Storm Water, Maritime, and Towing and Recovery projects. The bonded debt associated with those projects is self-supported by their respective funds. The Debt Service portion of the General Fund budget finances only the General Capital projects and not its self-supporting funds.