Budget Overview

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Acknowledgments

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 FY 2017 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 Committee
- City employees who attended outreach meetings and submitted suggestions for improvement
- Executive budget team
- Department and office directors
- Members of the business community
- Council Appointees
- Constitutional Officers

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

Office of Budget and Strategic Planning Staff
Sabrina Joy-Hogg, Deputy City Manager and Acting Budget Director

Budget, Grants, and Policy Team
Mariam Abdelhamid, Paris Colburn, Jessica Dennis, Eundene Falks, Patricia Harrison, Craig Lee, Julia Martin, Shamenia Nelson-Ricks, Gregory Patrick, Laura Rath, Cecelia Rieb, Anne Marie Strano, Emily Uselton, Kimberly Williams, Steven Wright, and Joseph Younkin

City Manager,

DISTINGUISHED BUDGET PRESENTATION AWARD

GOVERNMENT FINANCE OFFICERS ASSOCIATION

Distinguished Budget Presentation Award

PRESENTED TO

City of Norfolk

Virginia

For the Fiscal Year Beginning

July 1, 2015

Executive Director

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, 2015. The review process by GFOA has not commenced for the annual budget for the fiscal year beginning July 1, 2016.

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 only valid for a period of one year only. The FY 2017 budget continues to conform to program requirements and will be submitted to GFOA for eligibility.

City of Norfolk Government

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.

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 Auditor, John Sanderlin; City Clerk, R. Breckenridge Daughtrey; and City Real Estate Assessor, Albert W. Marchand.

Norfolk City Council Members and City Manager

Mayor
Paul D. Fraim

Vice Mayor
Angelia Williams Graves
Super Ward 7

Council Member
Andrew A. Protogyrou
Ward 1

Council Member
Dr. Theresa W. Whibley
Ward 2

Council Member
Mamie Johnson
Ward 3

Council Member
Paul R. Riddick
Ward 4

Council Member
Thomas R. Smigiel
Ward 5

Council Member
Barclay C. Winn
Super Ward 6

City Manager
Marcus D. Jones

City of Norfolk Ward Map

City Council's Vision for Norfolk

Vision

Norfolk is an amazing place, a vibrant and historic port city where culturally diverse citizens, the military, and business are creating the most dynamic and authentic urban waterfront community in America.

Priorities

- **Accessibility, Mobility and Connectivity** - A comprehensive network of accessibility and information gathering options, addressing all traditional transportation modes as well as new technologies, which 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, educational, cultural, shopping, business and employment opportunities.

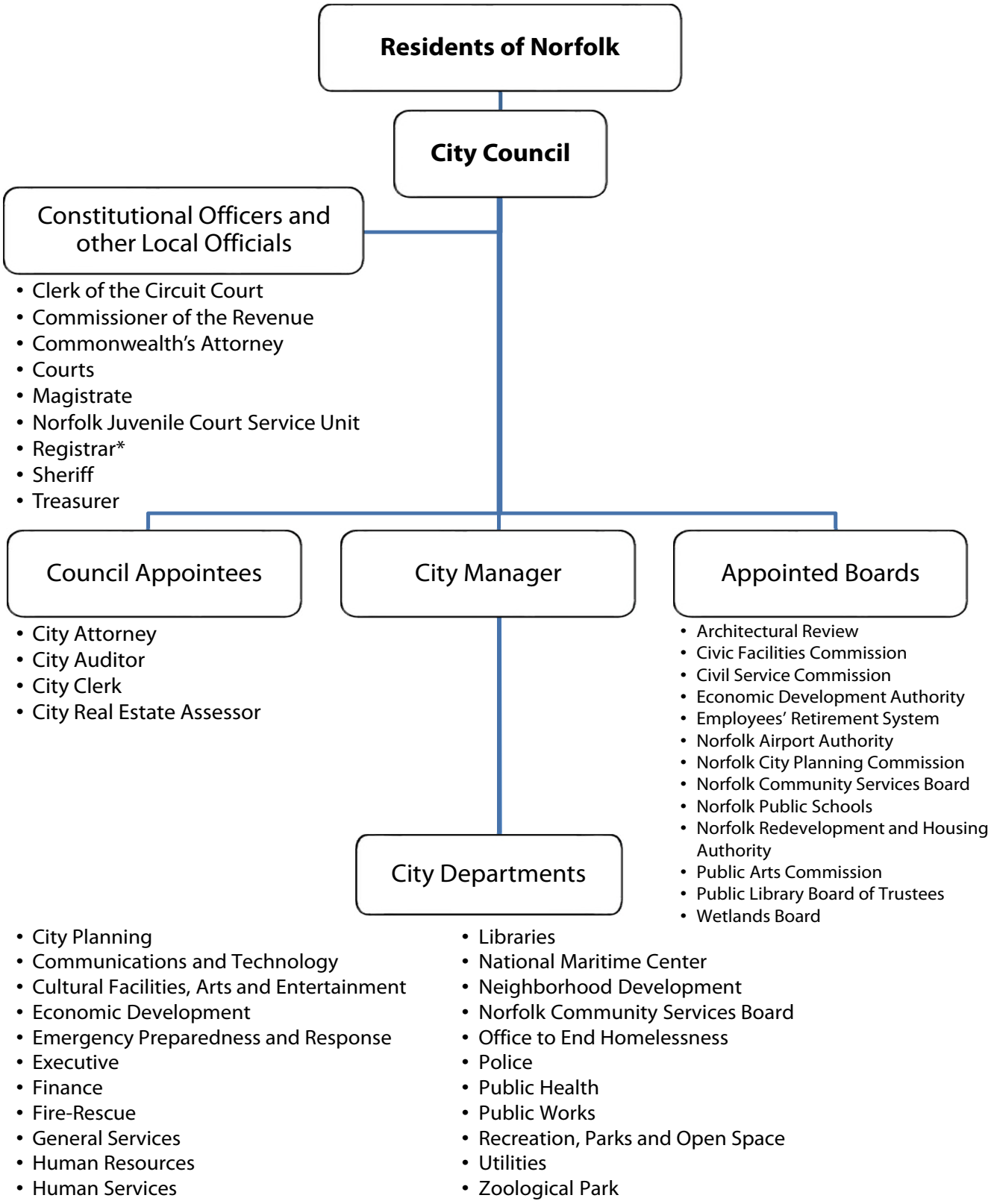
- **Environmental Sustainability** - A premier waterfront community that creates a positive, regenerative effect on its environment, avoids detrimental environmental impacts and thrives economically and culturally.

- **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, inclusive and customer focused.

City of Norfolk Organizational Chart



*Appointed by State Board of Elections

Reader's Guide to the Budget

Purpose

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, 2016 to June 30, 2017**. The amounts for FY 2017 are approved through the appropriation ordinance adopted by the City Council. The Approved Budget document may include technical changes made after the City Manager's presentation of the Proposed Budget to the City Council.

Budget Overview

This section provides information on budget and financial policies, fund structure, basis of accounting, 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 2015 provided in the summaries do not include designations and financial adjustments posted after June 30, 2015. FY 2017 approved amounts may include technical changes made after the City Manager's presentation of the Proposed Budget to the City Council.

Citywide Priorities

This section provides an overview of the six citywide priorities and selected performance measures for each of the priorities highlighting the work of city departments.

General Fund Revenue and Expenditure

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 2015 do not include designations and financial adjustments posted after June 30, 2015. FY 2017 approved amounts may include technical changes made after the City Manager's presentation of the Proposed Budget to the City Council.

Department Budgets

This section provides detailed information on the budget of each department within the General Fund. A brief description of the proposed FY 2017 budget actions and their impact on the budget and full-time equivalent (FTE) personnel are provided in this section. Historical revenue and expenditure amounts for FY 2014 and FY 2015 provided in the department summaries do not include designations and financial adjustments posted after June 30 of each fiscal year. FY 2017 approved amounts may include technical changes made after the City Manager's presentation of the Proposed Budget to the City Council.

Public School Education

This section provides information on the approved appropriation for Norfolk Public Schools. FY 2017 approved amounts may include technical changes made after the City Manager's presentation of the Proposed Budget to the City Council.

Special Revenue, Enterprise, and Internal Service Funds

These sections provide detailed information on the approved budget of the city's Special Revenue, Enterprise and Internal Service Funds. A brief description of the proposed FY 2017 budget actions and their impact on the budget and full-time equivalent (FTE) personnel are provided in this section. Historical revenues and expenditures for FY 2014 and FY 2015 provided in the department summaries do not include designations and financial adjustments posted after June 30 of each fiscal year. FY 2017 approved amounts may include technical changes made after the City Manager's presentation of the Proposed Budget to the City Council.

Capital Improvement Plan

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 2017, with future years reflecting planning and not commitment. FY 2017 approved amounts may include technical changes made after the City Manager's presentation of the Proposed Budget to the City Council.

Annual Plan - U.S. Department of Housing and Urban Development (HUD) Entitlement Grant Program

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 2017 approved amounts may include technical changes made after the City Manager's presentation of the Proposed Budget to the City Council.

Miscellaneous Statistical Information

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

Glossary and Index

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

Financial Policies

Operating Budget

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 submits 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 expenditure amounts based on detailed estimates furnished by departments and other divisions of the city government. The budget is presented in a manner that identifies 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 any proposed changes to the real estate tax rate. The public hearing for the operating budget is 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 budget controls are exercised administratively on an appropriation unit basis over combinations of object categories (account groups: personnel services, materials, supplies and repairs, contractual services, equipment, public assistance, department specific appropriation and debt service), as well as on a line item basis over individual objects (budget accounts). Departments may transfer funds within a departmental budget with approval from the City Manager or the Office of Budget and Strategic Planning.

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. 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. In July 2013, City Council passed a resolution to update the city's policies on reserves and use of surplus funds, commit to achieving a structurally balanced budget, formalize the city's long-standing self-imposed debt affordability measures, and provide for the long-term financial sustainability and viability of the Parking Facilities Fund. Financial policies demonstrate commitment to consistent financial practices, operational efficiencies and best practices; preserve fiscal integrity; and improve fiscal stability to 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

Annually, after the close of the fiscal year, the Department of Finance produces 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 2016 minimum of $40,943,956 is based on the FY 2016 General Fund Amended Budget of $818,879,121. The projected level of $42,332,591 currently exceeds five percent of the budget due to additional funds set aside by City Council in FY 2011 and FY 2012 to strengthen reserves. In FY 2011, City Council elected not to reduce the unassigned General Fund balance by approximately$2.0 million, maintaining the balance at the FY 2010 level of $41,559,263. In FY 2012, during the FY 2013 budget work session, City Council allocated $773,328 of the FY 2011 fund balance, raising the unassigned General Fund balance to $42,332,591.

Risk Management Reserve **–** The city is self-insured for many of its risk exposures. The city has targeted a reserve equal to the three year average of self-insured liability and property claim expenses plus $4.0 million dollars for a catastrophic reserve including extraordinary workers' compensation expenses, not to exceed $5.0 million and no less than $3.0 million. The Risk Management Reserve was reduced to $840,162 from $5,740,162 in FY 2008 to settle a major general liability claim. Since then, the City Council set aside funds mainly from year-end surpluses in FY 2010 ($1,058,409), FY 2012 ($1,101,429), FY 2015 ($1.0 million), and FY 2016 ($1.0 million), which has brought the reserve to its financial policy goal of $5.0 million.

Economic Downturn Reserve **–** The city strives to meet the goal set at 2.5 percent of the three year average of real estate tax revenues, not to exceed $5.0 million and no less than $3.0 million 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 the retirement contribution, health insurance or unforeseen emergencies. During FY 2016, the reserve reached its financial policy goal of $5.0 million with funds set aside by City Council in FY 2012, FY 2015, and FY 2016. In FY 2012, during the FY 2013 budget work session, City Council allocated $1.0 million of the FY 2011 fund balance for the reserve, raising the reserve from $2.0 million to $3.0 million. In FY 2015, City Council allocated $1.0 million of the FY 2014 surplus, raising the reserve to $4.0 million. City Council did the same in FY 2016, bringing the reserve to its financial policy goal of $5.0 million.

Reserve	Purpose	FY 2016 Minimum	FY 2016 Projected
Unassigned General Fund Balance ("five percent reserve")	Good management practices recommend accumulation of undesignated funds to mitigate current and future risks and provide temporary funding of unforeseen emergency or catastrophic needs.	$40,943,956	$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.	$3 - $5 million	$5,000,000
Economic Downturn 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.	$3 - $5 million	$5,000,000

Amounts in the table exclude reserves for encumbrances and other legally restricted reserves and designations. The "five percent reserve" and the Economic Downturn Reserve are required by governmental accounting standards ("GASB 54") to be classified in the unassigned General Fund balance and were formerly in the unreserved undesignated fund balance and unreserved designated fund balance, respectively.

Definition and Use of Surpluses

The budget prioritizes and plans the use of financial revenues based on the best data available at the time the budget is approved. Appropriated 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 financial policies adopted by City Council in July 2013 states that once the city has achieved a structurally balanced budget, then in subsequent fiscal years when the final approved General Fund undesignated and unassigned surplus is at least 0.5 percent of the General Fund budget, one half of the surplus (up to $2.0 million) shall be used for the following items listed in order of priority or as recommended by the City Manager:

- Cash Payments for Capital Improvement Projects - excess surplus amounts may be used to provide cash funding for capital projects to reduce the future debt burden upon the city;

- Retirement of Existing Debt - excess surplus amounts may be used to pay principal on existing revenue bonds or any other existing debt; or

- Funding Reserves - the city will add to each of its reserves in the following order of priority until each reserve has reached its respective goal: (1) General Fund Unassigned Balance ("five percent reserve"); (2) Risk Management Reserve; and (3) Economic Downturn Reserve.

To the same extent the city attempts to match one-time revenues with one-time expenses, a one-time surplus will also be matched with one-time expenditures. Although the unprecedented economic times and stagnant growth have lead the city to generate and use one-time budget savings to help balance the budget in prior years, the city has significantly reduced its use of one-time resources in balancing the budget.

Debt Management

The Commonwealth of Virginia imposes a legal limit of ten percent of the assessed valuation of taxable real property as a ceiling on the amount of general obligation borrowings. Based on the assessed valuation of taxable real property, the city's legal debt limit (debt the city can issue) is approximately $1.9 billion (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 self-imposed 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 property 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 Water enterprise operations is solely funded through self-supporting revenue bonds, while its Wastewater operations are a combination of self-supporting, general obligation, and revenue bonds. The city's operation for Parking and Storm Water 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

The city uses several guiding principles and best practices to manage the Capital Improvement Plan (CIP). The principles (see Guiding Principles under CIP section) governing 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 to 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, residents 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 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 nongeneral 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. The city is committed to achieving this goal and to becoming a well-managed government.

Fund Structure

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

Governmental funds consist of the General Fund, Special Revenue Funds, Capital Projects Fund, Debt Service Funds and Permanent Fund (see following section). Most governmental functions of the city are financed through these funds. Governmental funds 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 to be accounted for in another fund. The General Fund accounts for the normal recurring activities of the city such as but not limited to police, public education (K-12), public works, and general government. These activities are funded by revenue sources such as: general property taxes; other local taxes; permits, fees and licenses; 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 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 Projects Fund
The Capital Projects Fund accounts for the acquisition, construction or renovation of major capital facilities of the city and the School Board.

Proprietary Funds

Proprietary funds consist of Enterprise Funds and Internal Service Funds. Enterprise Funds account for operations similar to those found in the private sector and include Water Utility, Wastewater Utility, and Parking Facilities Funds. Internal Service Funds account for the financing of goods and services provided by one department to other departments in the city on a cost reimbursement basis and include Healthcare 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

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, which include Norfolk residents, commercial customers, the U.S. Navy, and other regional localities and authorities.

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.

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.

Internal Service Funds

HEALTHCARE FUND

This fund accounts for the financing of medical coverage provided to employees of the Norfolk Healthcare Consortium through a city-administered health insurance plan. The Consortium includes the City of Norfolk, Norfolk Public Schools, and the Norfolk Redevelopment and Housing Authority. Employees and the Consortium share the costs of the health insurance premium. Medical claims, administrative costs, wellness program costs, fees related to the Affordable Care Act, and benefit consultant expenses are paid by the Healthcare Fund.

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.

COMPONENT UNIT FUNDS

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, School Nutrition Services.

School Grants

This fund accounts for revenues and expenditures for federal, state and other grants for educational programs.

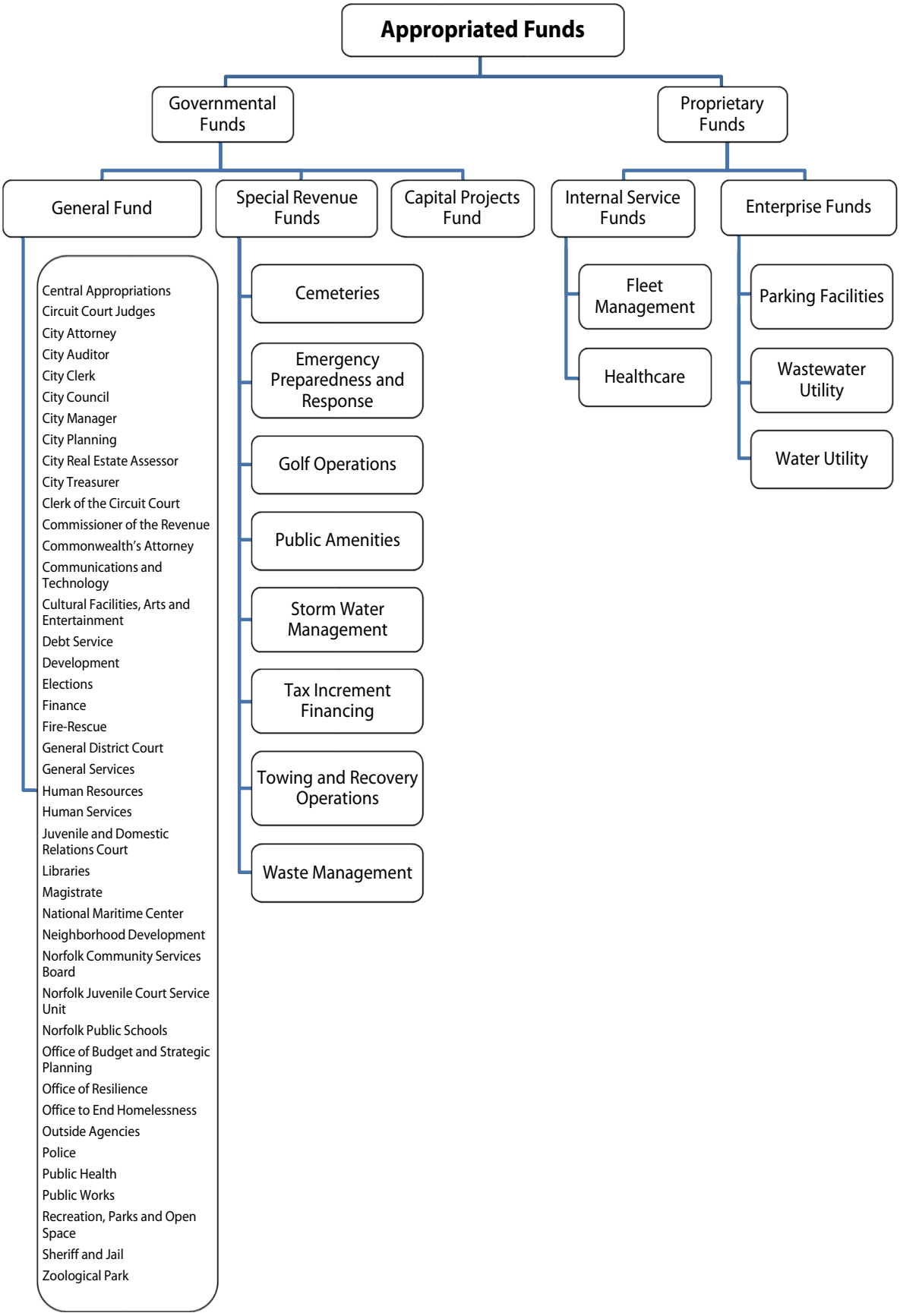
School Nutrition Services

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

FIDUCIARY FUNDS AND PERMANENT FUND

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

City of Norfolk Fund Structure



Basis of Budgeting and Accounting

Basis of Budgeting

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 and 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. The City Manager or designee is authorized to transfer from any department, fund or activity with excess funds appropriated to any department, activity or fund all or any part of such excess appropriation. Appropriations lapse at the end of the fiscal year, except appropriations that are designated or are for the Grants (Special Revenue) and Capital Improvement Programs, which are carried forward until the designation, grant or project is completed or terminated.

Basis of Accounting

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

Budget Process

Formulation of the City Manager's Budget

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 timeline for the process, dates for submission of departmental requests, budget work sessions and public hearings leading 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 Facilities Fund, Storm Water Management Fund, Special Revenue Funds (Cemeteries, Emergency Preparedness and Response, Golf Operations, Public Amenities, Tax Increment Financing, Towing and Recovery Operations, and Waste Management), and Internal Service Funds (Fleet Management and Healthcare). 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 budget 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

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 and subsequent changes made by the City Council. The annual operating budget ordinance appropriates funding for use by departments for salaries, benefits and positions, and nonpersonnel as set forth in the detailed budget document. Amounts appropriated to each department are intended to be expended for the purposes designated by object group 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

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 with excess funds appropriated to any department, fund or activity as necessary.

Budget Implementation

Once the budget is adopted, it is effective on July 1 and becomes the legal basis for the programs and services 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, unless authorized by budget transfer as approved by the City Manager or designee. Financial and programmatic monitoring of departmental activities to ensure conformity with the budget takes place throughout the year. The budget can be found in the libraries, on the city website, or may be obtained from the Office of Budget and Strategic Planning. 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 actions necessary to rebalance the budget. Budget amendments may be made by City Council 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

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 terminated. Amendments to these budgets may be affected by City Council action. The level of budget control is on a project basis with additional administrative controls being exercised.

Budget Principles and Policies

These include the following:

- 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 unanticipated 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

Date	Responsible Party	Description	Legal Requirement
August 6, 2015	Budget and Strategic Planning Communications and Technology Neighborhood Development Executive Staff City Departments	City Manager Listening Tour	N/A
October - November 2015	City Departments	Departments Submit Operating and Capital Improvement Budget Requests	N/A
November - December 2015	Budget and Strategic Planning Executive Staff City Departments	Department Meetings with Budget Staff and Executive Budget Team	N/A
January - February 2016	Communications and Technology Planning Neighborhood Development Executive Staff	Resident and community meetings to inform budget priorities and Vision 2100, 100 Resilient Cities, and Neighbors Building Neighborhoods initiatives	N/A
April 1, 2016	Norfolk Public Schools	School Board Approved Operating Budget to City Council	Code of Virginia 15.2-2503
April 5, 2016	City Clerk	Public Hearing Notice of the Real Estate Tax Increase (due to increased reassessment)	Code of Virginia 58.1-3321
April 12, 2016	City Manager	City Manager Presentation of Proposed Budget to City Council	City of Norfolk Charter Sec. 67
April 20, 2016	City Clerk	Public Hearing Notice of the Operating and Capital Improvement Plan Budgets, and HUD Grants (CDBG, ESG and HOME)	Code of Virginia 15.2-2506, 58.1-3007 U.S. Department of Housing and Urban Development (HUD)
April 26, 2016	City Council	1st City Council Work Session	N/A
May 4, 2016	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 5, 2016	City Council	Public Hearing on the Real Estate Tax Increase (due to increased reassessment)	Code of Virginia 58.1-3321
May 10, 2016	City Council	2nd City Council Work Session	N/A
May 24, 2016	City Council	3rd City Council Work Session City Council Budget Adoption	City of Norfolk Charter Sec. 68; Code of Virginia 15.2-2503

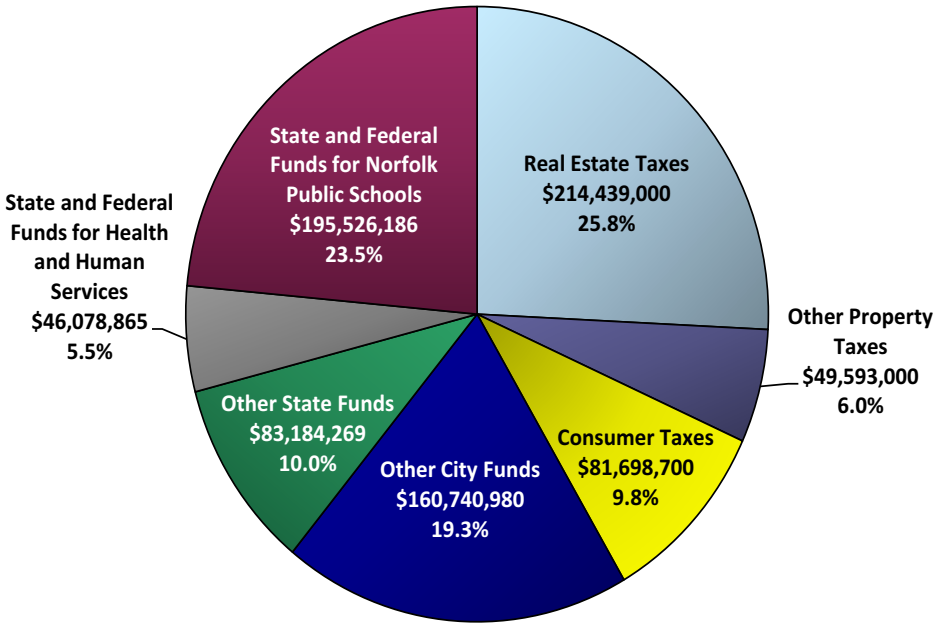
General Fund Budget Overview

Proposed FY 2017 General Fund Revenues $831,261,000

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

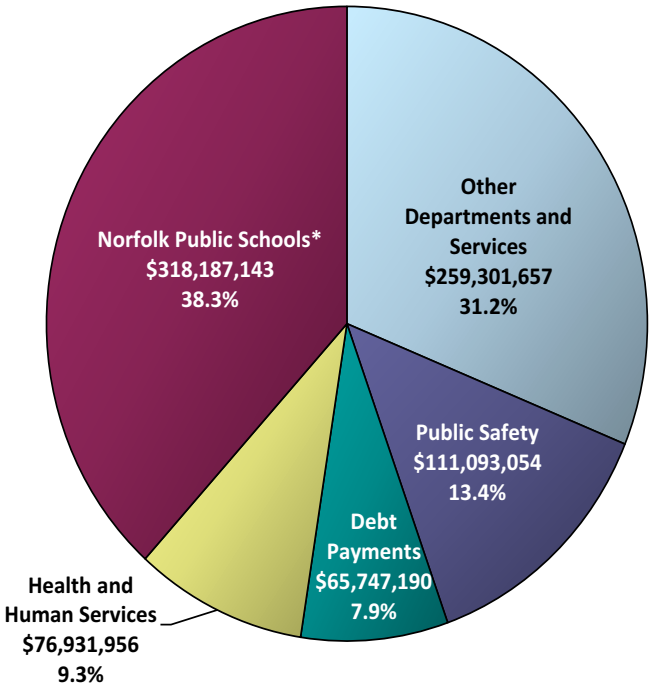
"Other City Funds" include local taxes, fees, charges, fines, rent and interest.

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



Proposed FY 2017 General Fund Expenditures $831,261,000

In the FY 2017 budget breakdown, "Other Departments and Services" includes public works, libraries, recreation, cultural facilities, zoo, maritime facility, planning, neighborhood development, economic development, finance, human resources, communications and technology, general services, legislative, executive, law, courts, constitutional officers, outside agencies, and central appropriations.



Note: Percentages may not total to 100 due to rounding. * Does not include in-kind support.

Estimated General Fund Revenues by Source

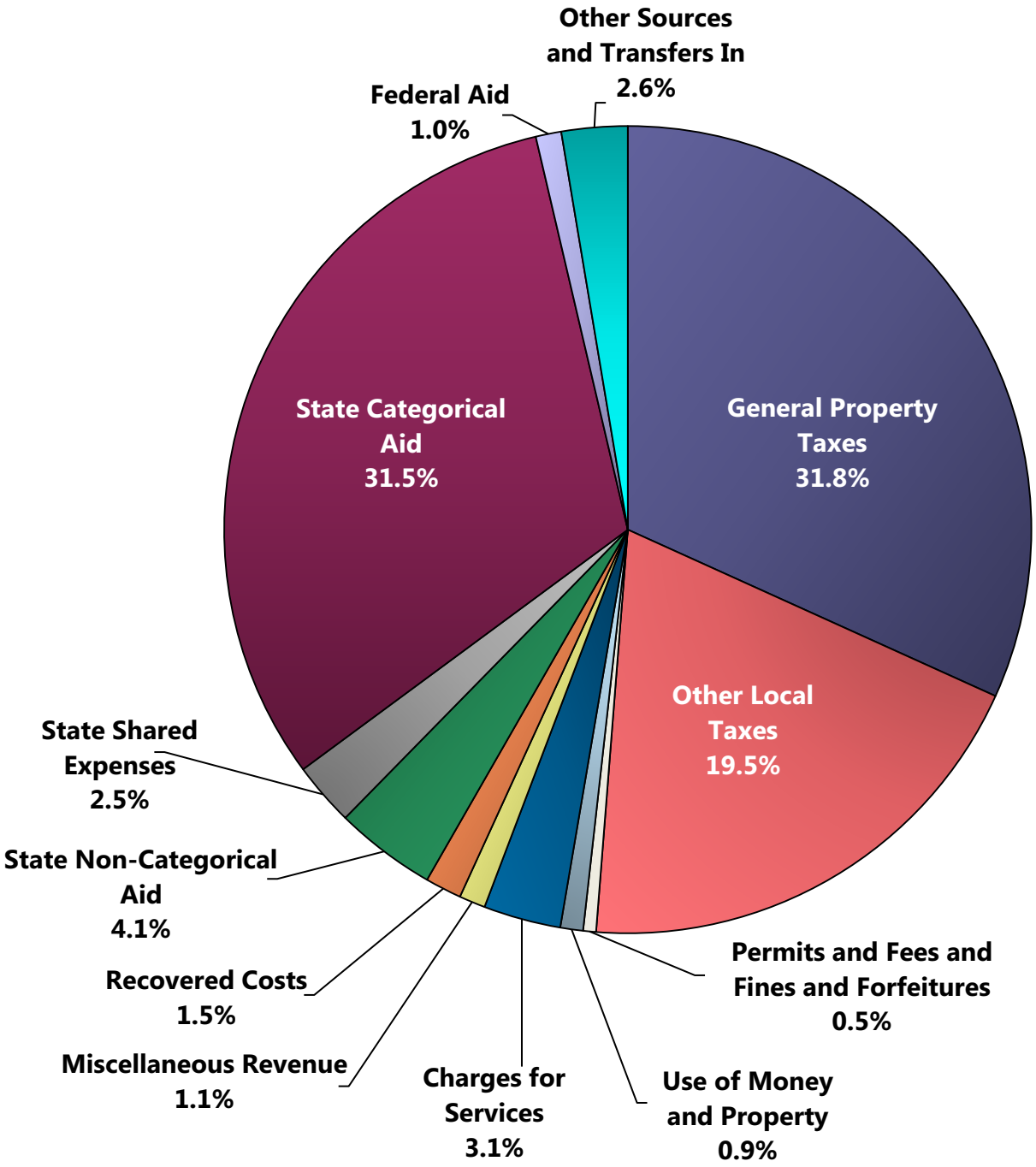
The following table compares the Proposed FY 2017 General Fund Operating Budget to the Approved FY 2016 General Fund Operating Budget and the FY 2015 Actual amount. Funding sources are shown by category to provide an overview of the principal sources of revenue for the general operating fund of the city. 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 2015 Actual	FY 2016 Approved	FY 2017 Proposed	FY 2016 vs. FY 2017 $ Change	FY 2016 vs. FY 2017 % Change
General Property Taxes	258,974,929	257,821,500	264,032,000	6,210,500	2.4%
Other Local Taxes	154,867,325	158,508,748	162,026,400	3,517,652	2.2%
Permits and Fees	3,013,376	3,196,000	3,007,600	-188,400	-5.9%
Fines and Forfeitures	1,261,218	1,157,600	1,275,000	117,400	10.1%
Use of Money and Property[1]	9,862,740	7,368,890	7,570,159	201,269	2.7%
Charges for Services	22,812,094	24,633,725	25,745,109	1,111,384	4.5%
Miscellaneous Revenue	7,570,101	8,628,083	8,734,009	105,926	1.2%
Recovered Costs	10,563,507	11,405,075	12,134,608	729,533	6.4%
Non-Categorical Aid - State	33,245,972	32,571,100	33,707,100	1,136,000	3.5%
Shared Expenses - State	20,478,109	21,043,828	21,102,700	58,872	0.3%
Categorical Aid - State	253,429,799	254,040,223	261,468,924	7,428,701	2.9%
Federal Aid	8,641,316	8,738,866	8,511,596	-227,270	-2.6%
Other Sources and Transfers In[2]	35,240,026	23,265,483	21,945,795	-1,319,688	-5.7%
General Fund Total	**819,960,512**	**812,379,121**	**831,261,000**	**18,881,879**	**2.3%**

[1] The decrease in use of money and property from FY 2015 reflects one-time funds received in FY 2015 related to the agreement with the Norfolk Airport Authority.

[2] The decrease in other sources and transfers in from FY 2015 was largely due to the decrease in the city and Norfolk Public Schools carryforward of prior year savings and school construction, technology and infrastructure funds, which was about $12.9 million.

Proposed
FY 2017 General Fund Revenues by Source



Note: Percentages may not total to 100 due to rounding.

Estimated Revenues by Source (All Funds)

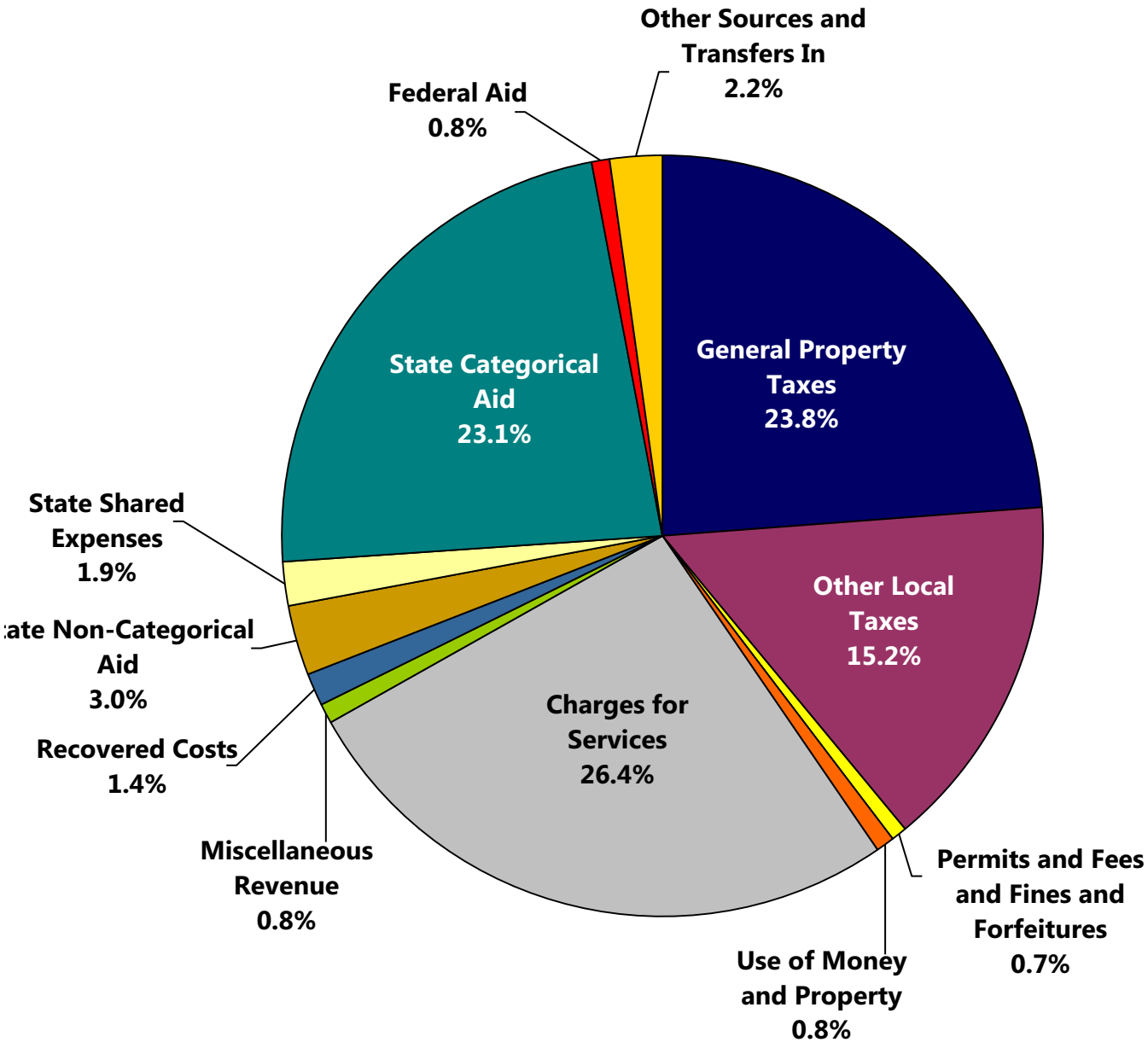
The following table compares the Proposed FY 2017 General Fund Operating Budget to the Approved FY 2016 General Fund Operating Budget and the FY 2015 Actual amount. Funding sources by category are shown to provide an overview of the sources of revenue for all operating funds of the city. Revenues are contained in those categories where they are originally raised.

Source	FY 2015 Actual	FY 2016 Approved	FY 2017 Proposed	FY 2016 vs. FY 2017 $ Change	FY 2016 vs. FY 2017 % Change
General Property Taxes	262,313,229	262,805,600	269,416,000	6,610,400	2.5%
Other Local Taxes	164,270,397	167,931,244	171,962,996	4,031,752	2.4%
Permits and Fees	4,467,990	3,862,100	3,681,445	-180,655	-4.7%
Fines and Forfeitures	3,807,547	3,181,600	3,804,343	622,743	19.6%
Use of Money and Property[1]	12,391,216	8,520,229	8,873,428	353,199	4.1%
Charges for Services	288,777,654	291,171,567	298,906,528	7,734,961	2.7%
Miscellaneous Revenue	11,200,126	9,198,133	9,486,107	287,974	3.1%
Recovered Costs	14,147,192	14,933,211	15,706,073	772,862	5.2%
Non-Categorical Aid - State	33,245,972	32,571,100	33,707,100	1,136,000	3.5%
Shared Expenses - State	20,478,109	21,043,828	21,102,700	58,872	0.3%
Categorical Aid - State	253,429,799	254,040,223	261,468,924	7,428,701	2.9%
Federal Aid	8,724,396	8,802,483	8,625,213	-177,270	-2.0%
Other Sources and Transfers In[2]	39,246,641	27,713,189	25,153,240	-2,559,949	-9.2%
Total All Funds	**1,116,500,268**	**1,105,774,507**	**1,131,894,097**	**26,119,590**	**2.4%**

[1] The decrease in use of money and property in FY 2015 reflects one-time funds received in FY 2015 related to the agreement with the Norfolk Airport Authority.

[2] The decrease in other sources and transfers in from FY 2015 was largely due to the decrease in the city and Norfolk Public Schools carryforward of prior year savings and school construction, technology and infrastructure funds, which was about $12.9 million.

Proposed
FY 2017 Revenues by Source (All Funds)



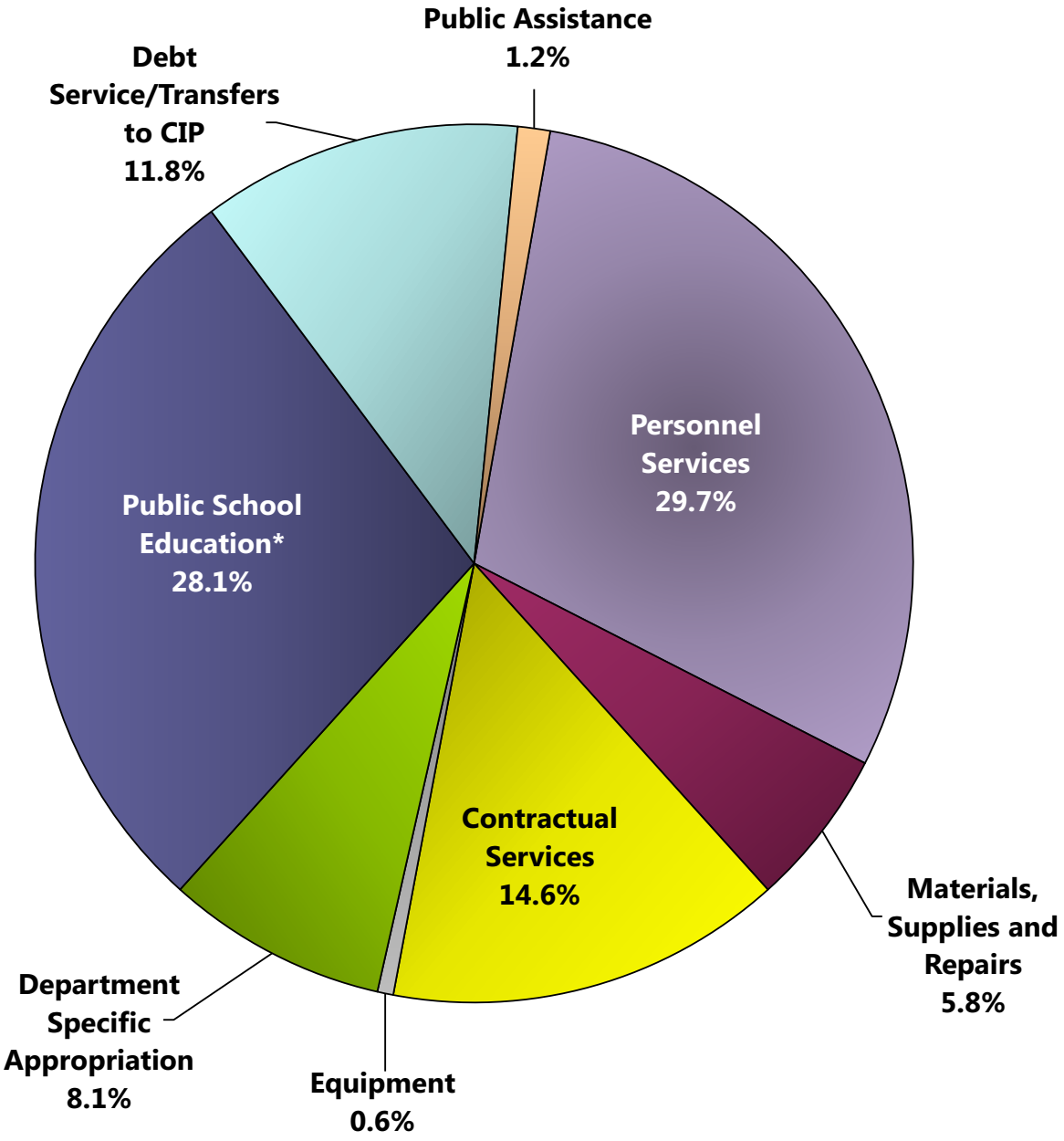
Note: Percentages may not total to 100 due to rounding.

Estimated Expenditures by Use (All Funds)

The following table compares the Proposed FY 2017 Operating Budget to the FY 2016 Approved Operating Budget and the FY 2015 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 2015 Actual	FY 2016 Approved	FY 2017 Proposed	FY 2016 vs. FY 2017 $ Change	FY 2016 vs. FY 2017 % Change
Personnel Services	309,266,366	324,972,893	336,633,713	11,660,820	3.6%
Materials, Supplies and Repairs	62,339,385	63,644,756	65,768,482	2,123,726	3.3%
Contractual Services	166,256,099	166,256,949	165,492,722	-764,227	-0.5%
Equipment	6,726,548	5,921,395	6,646,895	725,500	12.3%
Department Specific Appropriation	77,742,049	88,908,952	92,152,096	3,243,144	3.6%
Public School Education	314,068,803	314,678,771	318,187,143	3,508,372	1.1%
Debt Service/Transfers to CIP	104,992,461	127,981,476	133,555,963	5,574,487	4.4%
Public Assistance	12,288,210	13,409,315	13,457,083	47,768	0.4%
Total All Funds	**1,053,679,921**	**1,105,774,507**	**1,131,894,097**	**26,119,590**	**2.4%**

Proposed
FY 2017 Expenditures by Use (All Funds)



Note: Percentages may not total to 100 due to rounding.

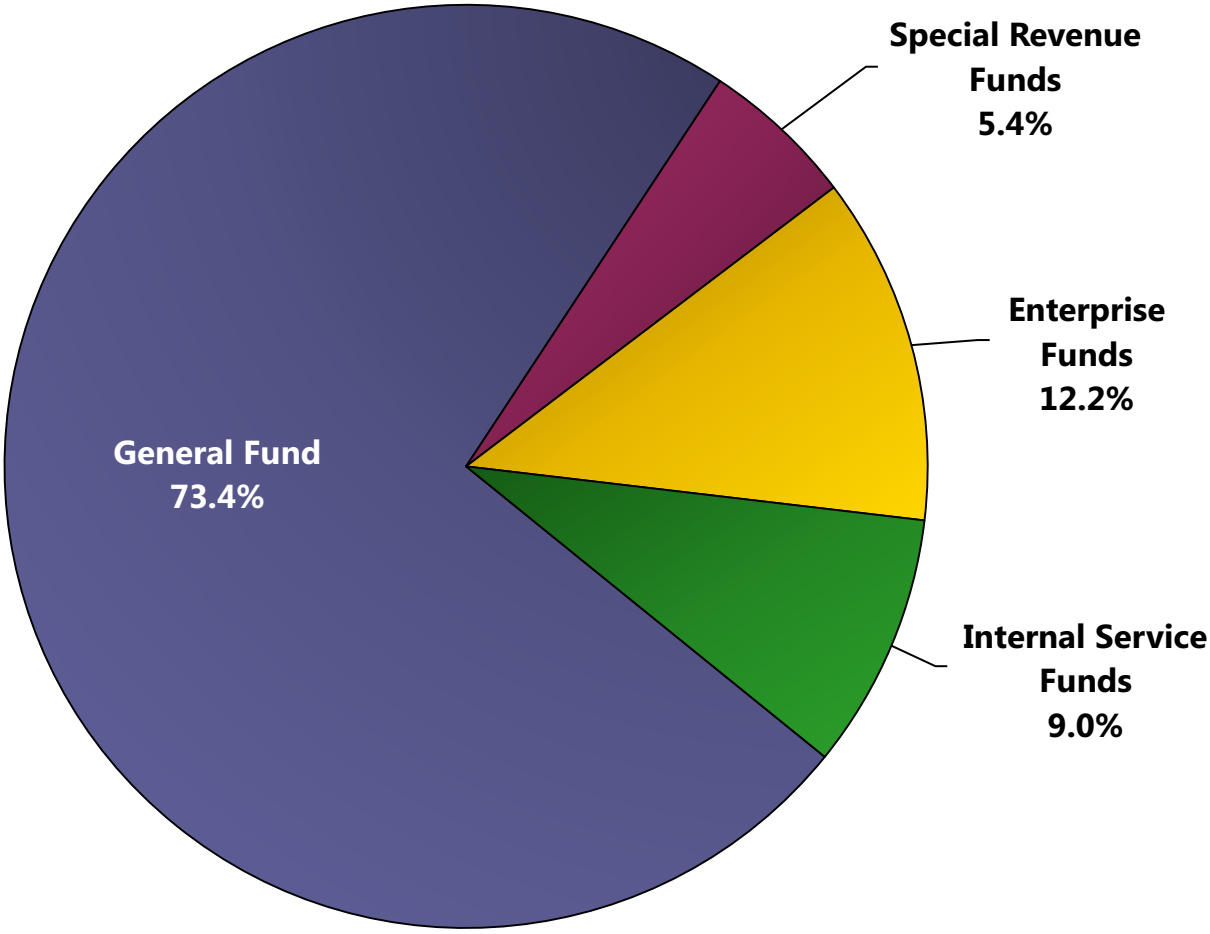
* Does not include "in-kind" support. See Public School Education section.

Estimated Expenditures by Fund Type

The following table compares expenditures by fund type in the Proposed FY 2017 Operating Budget with the Approved FY 2016 Operating Budget and the FY 2015 Actual amount.

Fund Type	FY 2015 Actual	FY 2016 Approved	FY 2017 Proposed	FY 2016 vs. FY 2017	
				$ Change	% Change
General Fund	802,828,780	812,379,121	831,261,000	18,881,879	2.3%
Special Revenue Funds	59,036,638	58,319,152	61,120,099	2,800,947	4.8%
Enterprise Funds	90,386,624	133,696,707	138,036,398	4,339,691	3.2%
Internal Service Funds	101,427,879	101,379,527	101,476,600	97,073	0.1%
Total All Funds	**1,053,679,921**	**1,105,774,507**	**1,131,894,097**	**26,119,590**	**2.4%**

Proposed
FY 2017 Expenditures by Fund Type (All Funds)



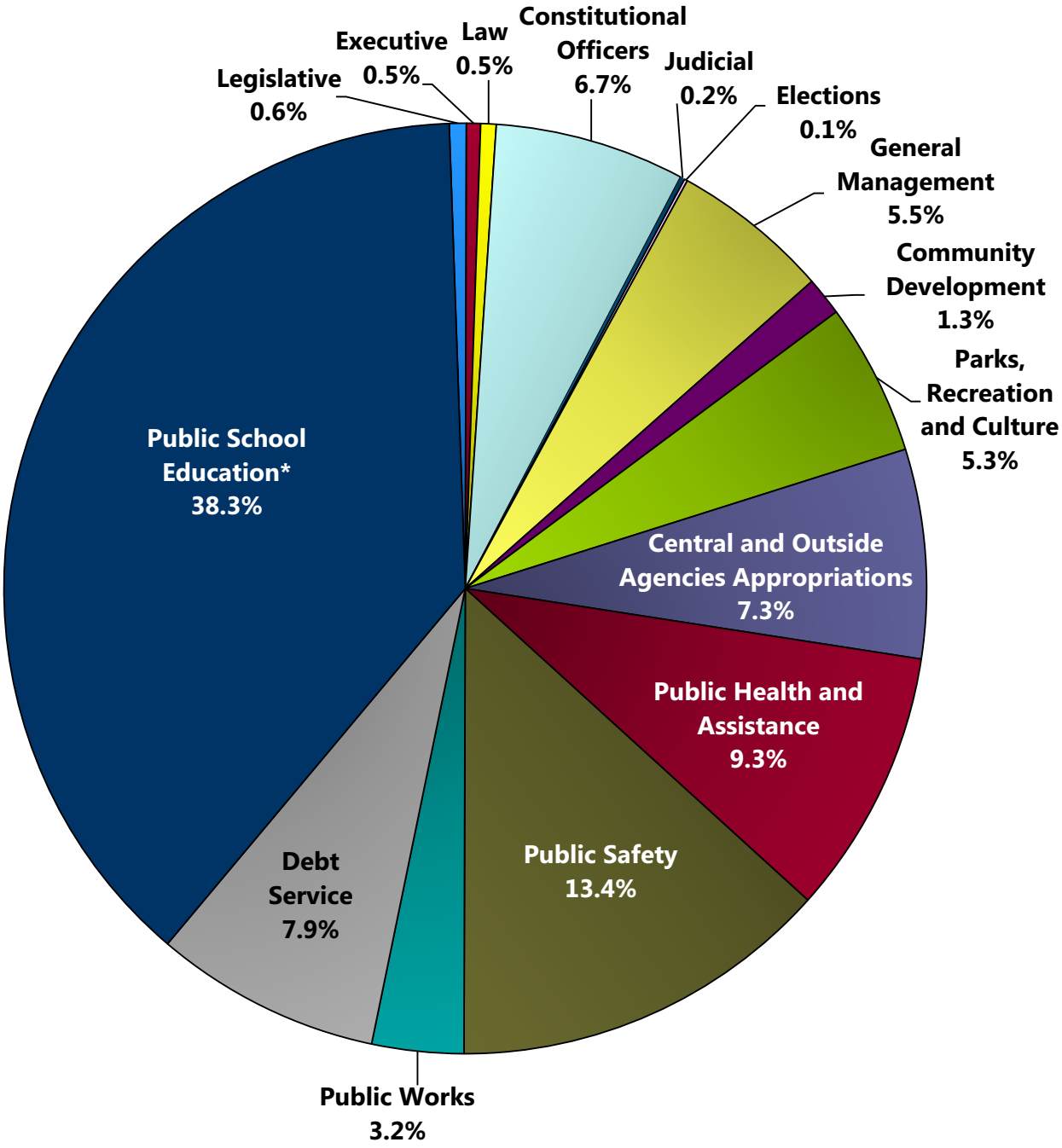
Note: Percentages may not total to 100 due to rounding.

Estimated General Fund Expenditures by Area

The following table compares the Proposed FY 2017 General Fund Operating Budget to the FY 2016 General Fund Operating Budget and the FY 2015 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 2015 Actual	FY 2016 Approved	FY 2017 Proposed	FY 2016 vs. FY 2017	
				$ Change	% Change
Legislative	4,477,935	4,623,759	4,934,613	310,854	6.7%
Executive	3,527,720	3,796,901	4,110,478	313,577	8.3%
Department of Law	4,166,176	4,386,569	4,499,892	113,323	2.6%
Constitutional Officers	53,046,174	54,943,097	55,313,211	370,114	0.7%
Judicial	1,110,625	1,279,259	1,304,721	25,462	2.0%
Elections	690,083	978,131	895,986	-82,145	-8.4%
General Management	41,020,379	44,788,631	46,004,791	1,216,160	2.7%
Community Development	9,278,332	9,922,055	11,148,965	1,226,910	12.4%
Parks, Recreation and Culture	40,245,643	42,090,368	44,012,604	1,922,236	4.6%
Central and Outside Agency Appropriations	56,021,586	60,882,376	60,374,116	-508,260	-0.8%
Public Health and Assistance	73,371,439	75,583,857	76,931,956	1,348,099	1.8%
Public Safety	104,819,083	107,533,537	111,093,054	3,559,517	3.3%
Public Works	24,286,170	24,509,658	26,702,280	2,192,622	8.9%
Debt Service	72,698,632	62,382,152	65,747,190	3,365,038	5.4%
Public School Education	314,068,803	314,678,771	318,187,143	3,508,372	1.1%
General Fund Total	**802,828,780**	**812,379,121**	**831,261,000**	**18,881,879**	**2.3%**

Proposed
FY 2017 General Fund Expenditures by Area



Note: Percentages may not total to 100 due to rounding.

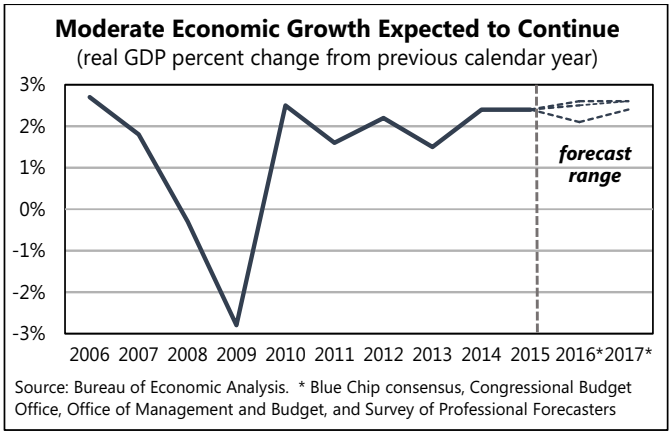
* Does not include "in-kind" support. See Public School Education section.

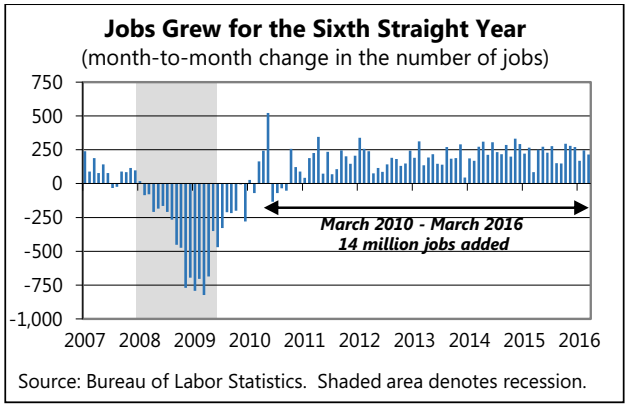
Major Revenue Sources

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 rise 2.3 percent in FY 2017. Moreover, real estate assessments, which drives the largest locally generated General Fund revenue source (real estate taxes), are projected to grow 1.7 percent, below the growth in FY 2016 (2.3 percent), but above the growth in FY 2015 (1.4 percent) and FY 2014 (0.6 percent).

Economic Overview

For all of 2015, the national economy, as measured by the real gross domestic product (GDP), rose 2.4 percent - the same as in 2014, although the rate of growth weakened in the last quarter of 2015. Consumer spending contributed most of the growth (nearly 88 percent), along with business and residential investment, state and local government spending, and federal nondefense spending. The decline in net exports and federal defense spending dampened the growth. Also, in December 2015, the Federal Reserve began the gradual process of normalizing interest rates by raising the target range for the federal funds rate by 0.25 percentage point. The action was noted by Federal Reserve Chair Janet Yellen as the end of the seven-year period when the rate was held near zero to support the recovery of the economy from the worst financial crisis and recession since the Great Depression. Yellen also noted the rate increase reflected the progress the economy has made and confidence the economy will continue its recovery. Moderate economic growth is projected to continue - the Blue Chip consensus forecast, Congressional Budget Office, and Office of Management and Budget has projected real GDP growth ranging 2.5 - 2.6 percent in 2016 and 2017, while the Survey of Professional Forecasters median forecast indicated a 2.1 percent (2016) and 2.4 percent (2017) growth.

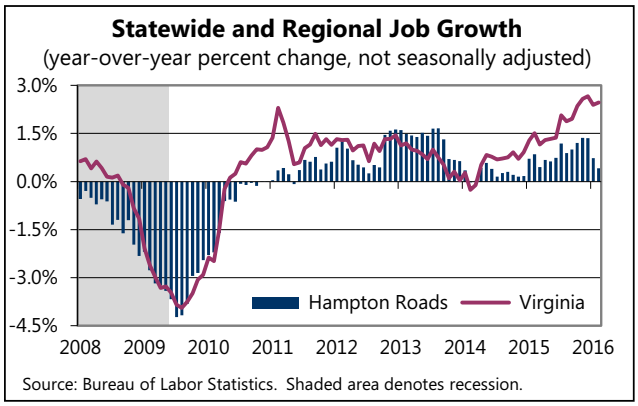




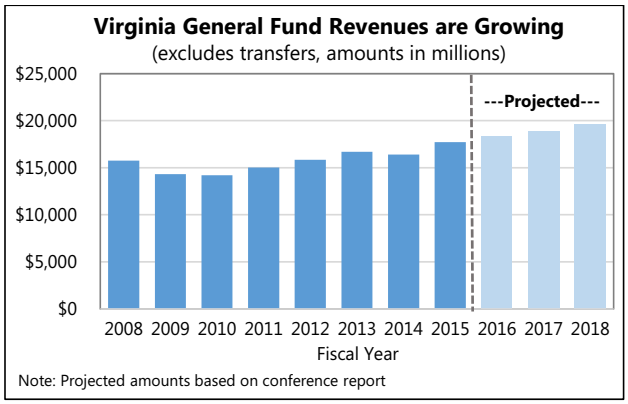
On the employment front, the national economy added about 2.7 million jobs in 2015 which was the sixth straight year of job growth. Both the private and public sectors added jobs in 2015. Within the private sector, the number of jobs grew in most major industries, except the mining industry, which includes the energy sector and has lost jobs as a result of the drop in oil prices. The number of jobs continued to grow in 2016 with 628,000 jobs added from January through March. Since falling to its lowest level as a result of the Great Recession in February 2010, the economy has added about 14 million jobs through March 2016. Along with job growth, the unemployment rate has also declined, falling to an annual average rate of 5.3 percent in 2015 from 6.2 percent in 2014, and in the first three months of 2016, the unemployment rate has ranged from 4.9 percent in January and February to 5.0 percent in March.

Virginia's average nonfarm employment rose 1.8 percent (67,800 jobs) to 3,851,200 in 2015, the largest annual average employment increase since 2005. Jobs rose in most major industries, with the biggest gains seen in professional and business services, leisure and hospitality, health services, transportation and warehousing, and retail trade, while the annual average number of jobs fell in mining, information and local government. Across the state, the annual average nonfarm employment increased in all Virginia metropolitan statistical areas (MSA),

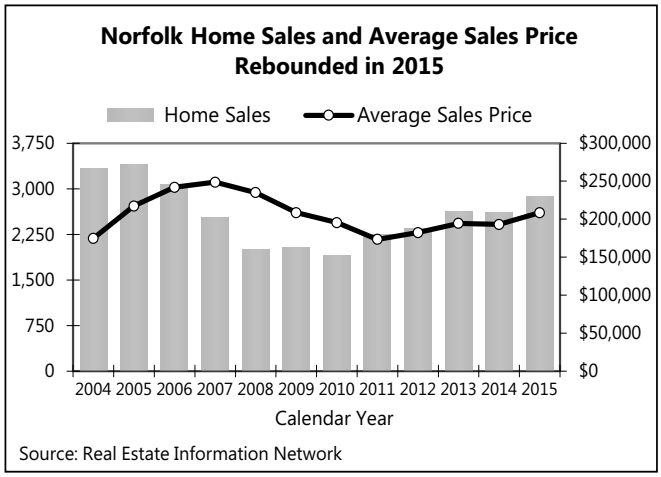
ranging from 0.6 percent (Roanoke MSA) to 3.4 percent (Charlottesville MSA). Also, the average unemployment rate in Virginia fell to 4.4 percent in 2015 from 5.2 percent in 2014. This was Virginia's lowest annual average rate since 2008 and Virginia's rate was also below the nation's annual average unemployment rate of 5.3 percent in 2015. In 2016, Virginia nonfarm employment (not seasonally adjusted) continued to rise year-over-year in February 2016 by 2.5 percent (92,900 jobs) and has risen year-over-year in every month since April 2014.



Hampton Roads' average nonfarm employment rose 0.9 percent (7,000 jobs) in 2015 to 765,400 which was above the 0.3 percent (revised) growth in 2014. The biggest gains in 2015 were in health services, leisure and hospitality, federal government, construction, and retail trade, while losses in state and local government, manufacturing, and information offset some of the gains. In 2016, the region's nonfarm employment (not seasonally adjusted) continued to rise year-over-year in February 2016 by 0.4 percent (3,100 jobs). With the annual benchmark revision, jobs in the region have been rising year-over-year since March 2014. Prior to the revision, jobs had only been rising year-over-year since November 2014. On a seasonally adjusted basis, the number of jobs in the region fell month-to-month in January and February 2016 and was still below pre-recession peak employment by 15,600 jobs (2.0 percent). However, moderate employment growth in 2016 has been projected by Old Dominion University and Hampton Roads Planning District Commission regional economists in their annual economic outlook in January 2016.

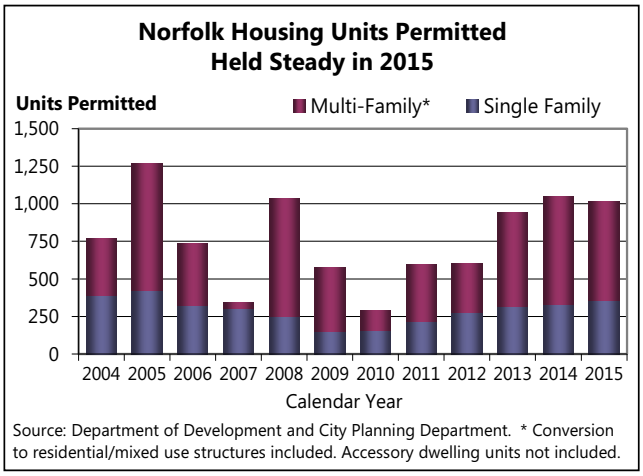


Virginia's economic outlook continues to be one of moderate growth and performing below the national economy regarding employment, personal income, and wage growth. Virginia's fiscal stability is significant to Norfolk, since nearly 40 percent of General Fund resources come from the Commonwealth. These resources support Norfolk Public Schools, social services, street maintenance and other basic services. Unlike last year when the Commonwealth's budget process began with a $2.4 billion gap and a reduction in aid-to-localities to help close that gap, this year's process began on a positive note, as FY 2015 ended with revenue collections exceeding the forecast by $549.6 million and moderate revenue growth projected in the upcoming biennium. The 2016 General Assembly actions included additional funding for localities in the upcoming biennium such as, for Norfolk Public Schools, law enforcement (HB 599), jail per diem, localities that host facilities owned by the Virginia Port Authority, and street maintenance.



With the additional state funding, Norfolk revenues continue to improve, although the recovery from the Great Recession has been slow. Unlike the Commonwealth whose revenues have exceeded their pre-recession peak, the city's General Fund revenues increased 2.2 percent in the past five years, compared to the Commonwealth's revenue (excluding transfers) growth of 24.7 percent. Norfolk's revenue growth had been held back by the slow housing market recovery, since like other localities, the city's largest source of locally generated revenue comes from real property taxes. In FY 2017, the latest estimate from the Real Estate Assessor's Office is for a 1.7 percent increase in overall real estate assessments. The increase follows three straight years of growth of 2.3 percent in FY

2016, 1.4 percent in FY 2015 and 0.6 percent in FY 2014. Residential assessments will also increase in FY 2017 by 0.9 percent for the third straight year. That growth is a reflection of the improvement in the local housing market. In the past four years, the average sales price of homes in Norfolk has increased 20 percent. In 2015 alone, Norfolk had the largest increase in the average and median sales price of homes sold among the seven major cities in the region. Dampening home price growth are distressed homes which are typically sold at a discount. Economists at Old Dominion University indicated distressed homes still make up a significant portion of the region's residential market activity (about 16.7 percent or one out of six).



Source: Department of Development and City Planning Department. * Conversion to residential/mixed use structures included. Accessory dwelling units not included.

In addition to home sales, new construction will support future growth in overall assessments. Although the permitting of housing units in Norfolk fell slightly in 2015, it was still nearly 1.5 times higher than the annual average permitted in the past 15 years. The decline was mainly from housing units permitted in commercial buildings being converted to residential structures such as apartments. In contrast, the permitting of housing units in other structures including single-family housing rose in 2015, offsetting most of the decline from commercial conversions. In 2015, single-family housing units permitted rose to their highest level since 2005. There were also several apartment construction projects issued permits in 2015 including the Watermark, Banks at Berkley, and Maplewood Plaza apartments.

In 2015, the value of permits issued for nonresidential (or "commercial") projects were above last year. Commercial projects issued permits in 2015 included the Sam's Club, Sentara Leigh Hospital improvements, Phase II of the Courthouse Complex, The Main (reissued in April 2015), and the Larchmont, Ocean View, Broad Creek, Campostella, and Camp Allen elementary schools. It is important to note that Norfolk is built out, and the building activity occurring is mainly redevelopment, infill development, and vertical expansion.

General Fund 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 nearly 40 percent of General Fund revenues, which mostly consists 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 Great Recession, the Commonwealth saw a significant decline in revenues and in turn, reduced Direct Aid to education, HB 599, Constitutional Officers salaries and benefits funding, jail per diem, and funds for street maintenance, imposed a "flexible cut" to state aid to localities, and eliminated the local share of ABC profits and wine tax. Although the city's revenues from the Commonwealth are still below the peak reached in FY 2009, the FY 2017 budget reflects increased state aid for Norfolk Public Schools, street maintenance, HB 599, and other basic services.

The remaining revenue comes from the federal government (largely dedicated to Norfolk Public Schools and the Norfolk Community Services Board), recovered costs, interfund transfers, and carryforward prior year savings. Interfund transfers represent a return on investment from Waste Management and Utilities (water and wastewater) operations, return of Tax Increment Financing surplus funds, and Public Amenities funding to support the Norfolk

Consortium. Carryforward funds are generated through a combination of current and prior year savings and may also include the reappropriation of prior year unspent funds.

Preliminary General Fund revenue projections, based on historical trends and latest economic data, were presented during the City Council Retreat (September 2015) and the City Manager's mid-year report on the budget (March 2016). Projections for FY 2017 were updated through March to incorporate the most recent information available. Revenue estimates were based on analysis of the collection history and patterns, the underlying drivers that impact a revenue source, and the overall economic environment projected for the city in the coming year. Revenue amounts shown in the following discussion include the FY 2016 budget ("FY 2016 estimate"), FY 2016 end of year estimate, and FY 2017 budget ("FY 2017 estimate"). The FY 2017 General Fund budget is approximately $831.3 million, which is 2.3 percent ($18.9 million) above the FY 2016 budget.

General Fund Revenues

Source	FY 2015 Actual	FY 2016 Approved	FY 2017 Proposed	FY 2016 vs. FY 2017 $ Change	FY 2016 vs. FY 2017 % Change	FY 2017 % of Total
General Property Taxes	258,974,929	257,821,500	264,032,000	6,210,500	2.4%	31.8%
Other Local Taxes	154,867,325	158,508,748	162,026,400	3,517,652	2.2%	19.5%
Permits and Fees	3,013,376	3,196,000	3,007,600	-188,400	-5.9%	0.4%
Fines and Forfeitures	1,261,218	1,157,600	1,275,000	117,400	10.1%	0.2%
Use of Money and Property[1]	9,862,740	7,368,890	7,570,159	201,269	2.7%	0.9%
Charges for Services	22,812,094	24,633,725	25,745,109	1,111,384	4.5%	3.1%
Miscellaneous Revenue	7,570,101	8,628,083	8,734,009	105,926	1.2%	1.1%
Recovered Costs	10,563,507	11,405,075	12,134,608	729,533	6.4%	1.5%
Non-Categorical Aid - State	33,245,972	32,571,100	33,707,100	1,136,000	3.5%	4.1%
Shared Expenses - State	20,478,109	21,043,828	21,102,700	58,872	0.3%	2.5%
Categorical Aid - State	253,429,799	254,040,223	261,468,924	7,428,701	2.9%	31.5%
Federal Aid	8,641,316	8,738,866	8,511,596	-227,270	-2.6%	1.0%
Other Sources and Transfers In[2]	35,240,026	23,265,483	21,945,795	-1,319,688	-5.7%	2.6%
General Fund Total	**819,960,512**	**812,379,121**	**831,261,000**	**18,881,879**	**2.3%**	**100.0%**

[1] Decrease in use of money and property from FY 2015 reflects one-time funds received in FY 2015 related to the Norfolk Airport Authority agreement.

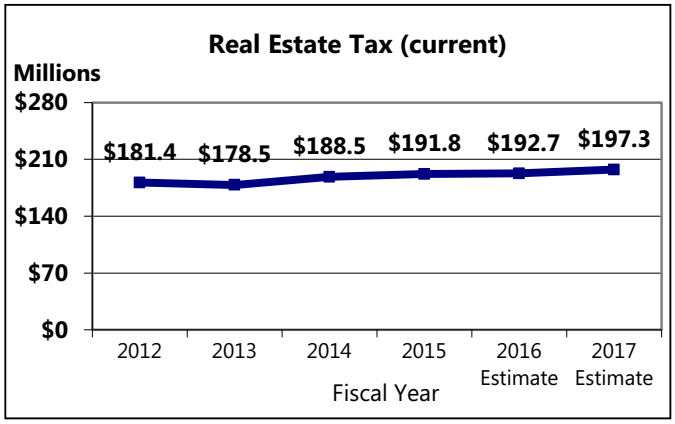
[2] Decrease in other sources and transfers in from FY 2015 was largely due to a decline in the city and Norfolk Public Schools carryforward of prior year savings and school construction, technology and infrastructure funds which was about $12.9 million.

Note: Percentages may not total to 100 due to rounding.

Revenue Monitoring

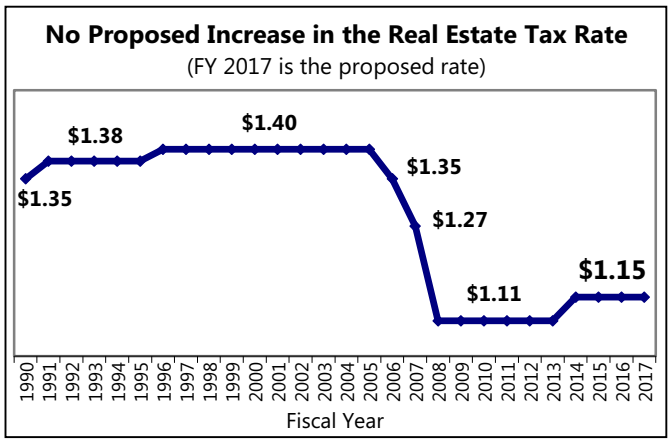
Collection of all of the city's revenue sources are monitored throughout the year. Data from monthly financial reports are monitored to determine the accuracy of budget projections. This allows for appropriate administrative action if actual results differ substantially from projections. A detailed analysis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

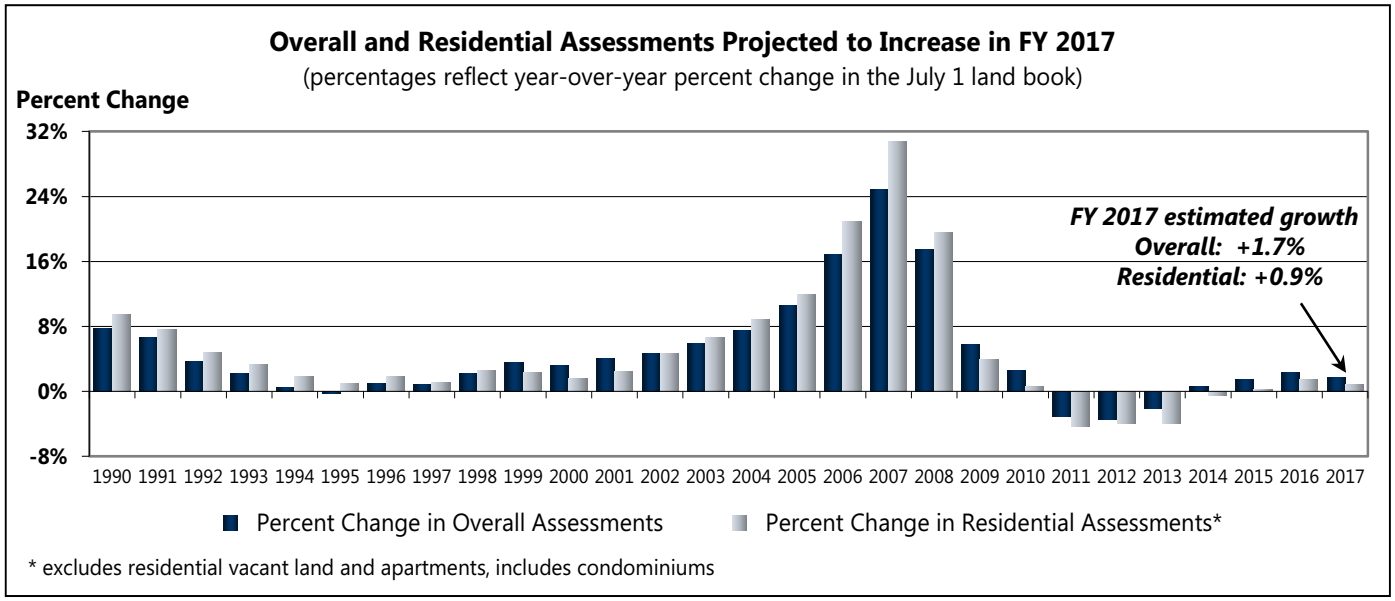
General Property Taxes

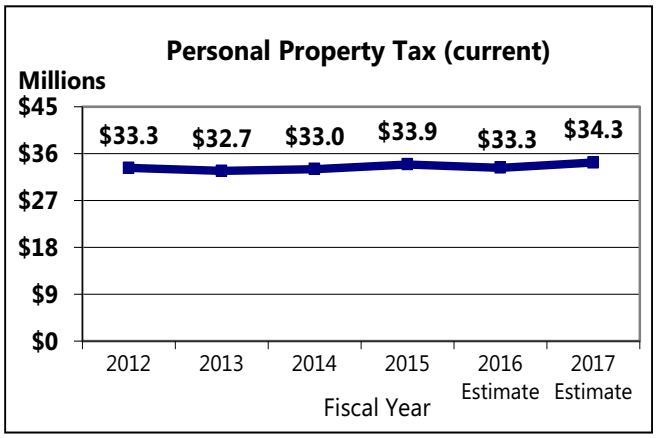


General property taxes are levied on the assessed value of real and personal property. These taxes represent nearly 32 percent ($264 million) of the city's General Fund revenues. Real estate taxes make up the largest component of general property taxes ($214 million or 25.8 percent of General Fund revenues), which includes current and delinquent taxes and tax on public service corporations and Downtown Improvement District real property. Current real estate taxes make up about 23.7 percent ($197.3 million) of FY 2017 revenues, an increase of 2.4 percent from the FY 2016 budget ($192.7 million). The FY 2017 estimate of current real estate taxes assumes no change in the real estate tax rate of $1.15 per $100 of assessed value, improved collections, and continuing to set aside $5.0 million for real estate tax relief to qualifying senior/disabled homeowners, disabled veterans, and surviving spouses of military personnel killed in action.

The FY 2017 estimate of current real estate taxes also takes into account the Real Estate Assessor's Office's most recent estimate of the overall assessments which is projected to increase by approximately 1.7 percent on July 1, 2016 from its land book value on July 1, 2015. This would mark the fourth straight year of increase in overall assessments. Moreover, residential assessments are also projected to increase by 0.9 percent in FY 2017, the third straight year of growth. However, in spite of the projected growth in FY 2017, both overall and residential assessments continue to be below their peak level in FY 2010 by approximately 2.8 percent and 10.0 percent, respectively. The city's real estate assessments and tax rate account for about 38 percent of real estate in the city is tax-exempt, largely due to federal land ownership. Among the seven major cities in the region, only Portsmouth has a higher percentage of tax-exempt real property, although Norfolk has the highest dollar value of tax exempt real property in the region.



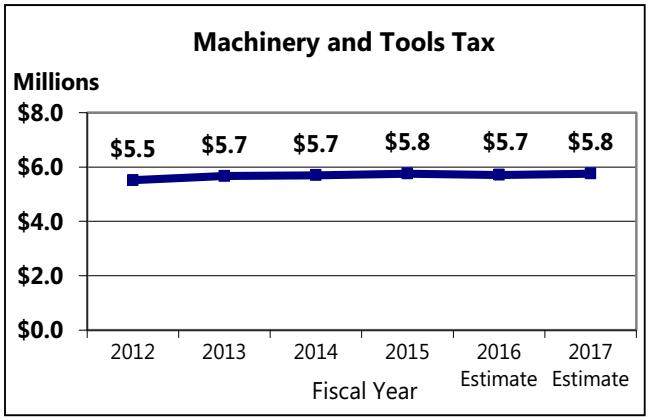




The second largest component of general property taxes is the personal property tax, which is levied on tangible personal property, including motor vehicles, boats, aircraft, business furnishings and office equipment. Household goods and personal effects are exempt from taxation. Personal property tax (current) makes up 4.1 percent ($34.3 million) of FY 2017 General Fund revenues and is 3.0 percent ($1.0 million) above the FY 2016 budget. Collections from this source have improved in recent years. Personal property taxes in total (delinquent collections, refunds, and public service corporations) are estimated to be about 1.5 percent ($0.6 million) above FY 2016 and comprise 5.3 percent of FY 2017 General Fund revenues.

The FY 2017 estimate assumes no change in the general tax rate on personal property at $4.33 per $100 of assessed value. The estimate also assumes the state car tax relief is unchanged at 55 percent (55%) rate for FY 2017 (tax bills due June 5, 2017). The 55 percent relief rate 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 will 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 will 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 was 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 2017 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.

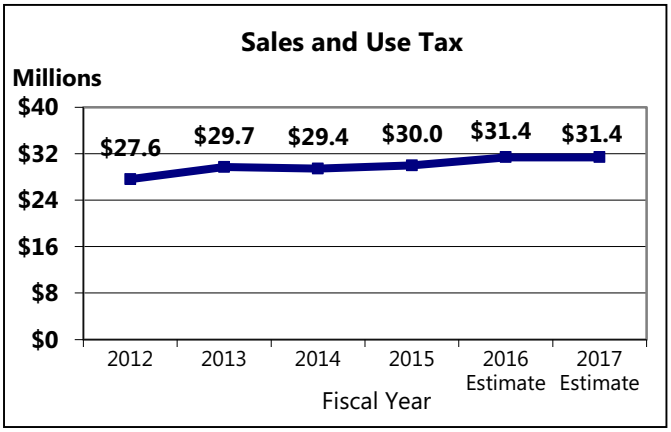
The machinery and tools tax is the third largest component of general property taxes and makes up about 0.7 percent ($5.8 million) of General Fund revenues. The tax is levied on machinery and tools used in manufacturing, mining, radio and television broadcasting, cable television, dry cleaning or laundry businesses at a rate of $4.25 per $100 of assessed value, eight cents below the general personal property tax rate. Business expansion in the city has generated additional revenue from this source. In recent years, revenue from this source has been fairly stable. However, there are attempts each year to curtail or eliminate entirely the ability of localities to generate revenue from this source.



Other Local Taxes

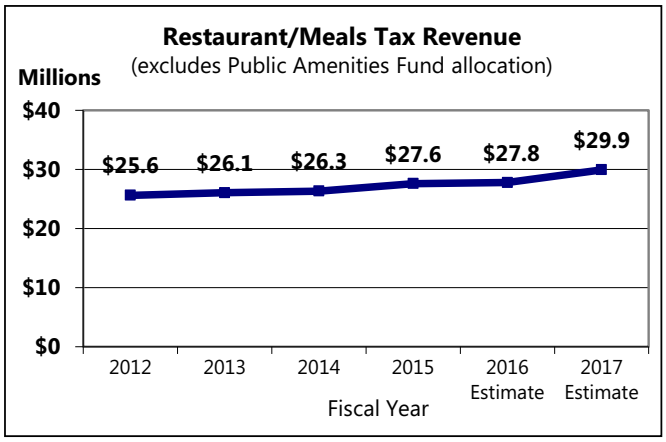
Other local taxes are comprised of consumer and business-based taxes, including excise taxes on utilities (water, gas, electricity, and communications), sales, hotel, restaurant/meals, admissions, and cigarettes, as well as franchise, business license, and recordation taxes. In FY 2017, other local taxes are projected to make up about 19.5 percent ($162 million) of General Fund revenues. Citywide, other local taxes total about $172.0 million in the operating budget which includes the Public Amenities Fund portion of the hotel and restaurant/meals tax ($6.4

million) and the Emergency Preparedness and Response portion of the telecommunications sales and use tax ($3.6 million). The revenue category is sensitive to changes in economic conditions.



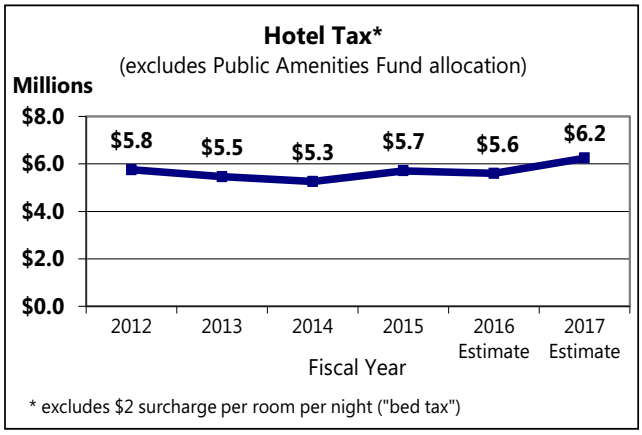
The sales and use tax makes up about 3.8 percent ($31.4 million) of the city's General Fund revenue and is levied on selling, distribution, leasing or renting of tangible personal property, use or consumption of tangible personal property, as well as taxable services in Virginia. Revenue from this source is sensitive to the state of the economy, household income, and underlying price level changes. Current year trend is used in projecting next year's revenues as well as changes in the local retail activity (such as new stores and businesses, expansions, job growth, and overall economic health) are used for projecting this revenue. Adjustments made by the Virginia Department of Taxation for overpayments and underpayments of the tax by businesses also affect collections. Sales tax receipts are projected to remain level from the FY 2016 budget but to increase by 3.6 percent ($1.1 million) from the FY 2016 year-end projection.

Consumer utility taxes on water, gas, electricity and the communications sales and use tax combined make up about 4.7 percent or $39.4 million of the city's General Fund revenue. The consumer utility tax is levied on the purchase of utility service including water, gas, and electricity. 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 uniform communications sales and use tax on January 1, 2007. The Emergency 911 (E-911) tax on telephones was also replaced by a statewide uniform $0.75 tax per phone at the same time. The E-911 tax is distributed to the city together with the communications sales and use tax in one lump sum. Consequently, a portion of the communications sales and use tax received by the city is allocated and goes directly to support emergency communications (E-911) in the Emergency Preparedness and Response Special Revenue Fund (about $3.6 million). The General Fund portion of the communications sales and use tax in FY 2017 is estimated to be $18.0 million, which is about 1.6 percent ($0.3 million) below the amount in the FY 2016 budget. Since the inception of this tax, the revenue received from this source has fluctuated due to adjustments for overpayments and underpayments of the tax by telecommunications service providers. Revenue from consumer utility taxes and the communication sales and use tax are estimated to decrease by about 0.4 percent ($0.2 million) from the FY 2016 budget but to increase moderately by 1.2 percent ($0.5 million) from the FY 2016 year-end projection.



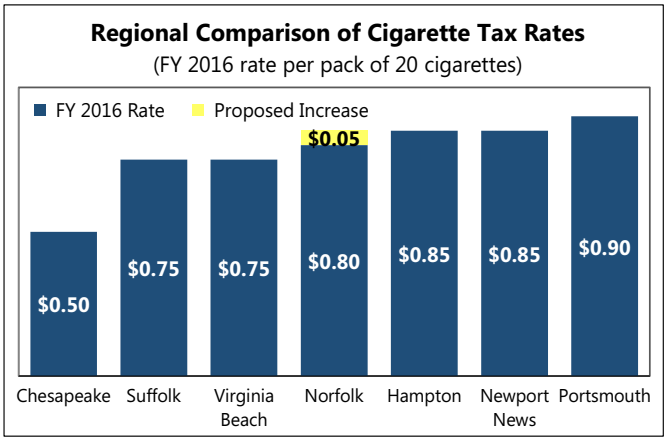
Taxes are collected on prepared meals. The tax rate is 6.5 percent of the value of the meal. The revenue generated by 1.0 percentage point of the tax rate is allocated to the Public Amenities Fund, estimated to be $5.4 million in FY 2017, and the revenue generated from the remaining 5.5 percentage points of the tax rate are allocated to the General Fund, estimated to be $29.9 million in FY 2017. The total revenue generated by the meals tax in the General Fund and Public Amenities Fund combined is about $34.4 million in FY 2017 and is the largest revenue source in the "other local tax" category.

Meals taxes have grown steadily since the end of the recession as new restaurants have opened in several commercial districts including, downtown Norfolk, Military Highway corridor, and Ghent and Colley Avenue areas. Meals taxes make up 3.6 percent ($29.9 million) of General Fund revenues which is about 7.8 percent ($2.2 million) above the FY 2016 budget with continued new development in the city including the opening of The Main in the spring of calendar year 2017.

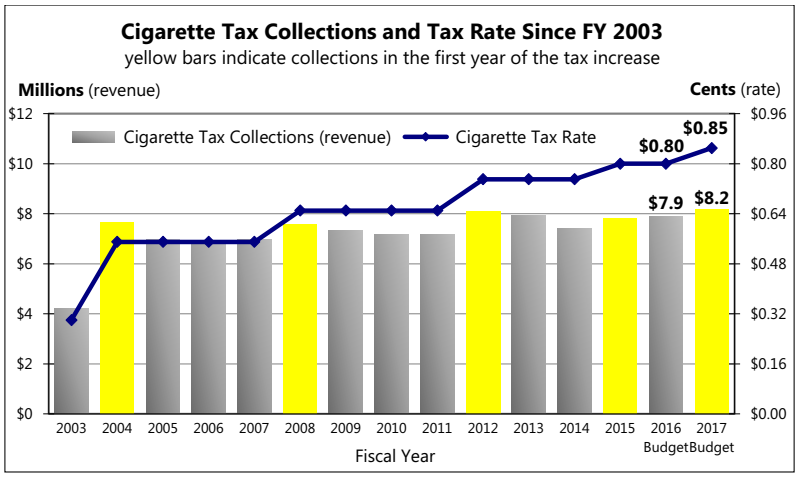


Hotel taxes are levied on hotel rooms rented at the rate of 8.0 percent of the room rate. Like the meals tax, revenue generated by 1.0 percentage point of the tax is allocated to the Public Amenities Fund, estimated to be $0.9 million in FY 2017, and revenue generated from the remaining 7.0 percentage points is allocated to the General Fund, estimated to be $6.2 million in FY 2017. Hotel taxes make up about 0.8 percent ($6.2 million) of General Fund revenues, which is about 11.5 percent ($0.6 million) above the FY 2016 budget and also reflects The Main opening in FY 2017.

The hotel tax estimate above does not include the $2.00 surcharge per room night ("bed tax"), estimated to generate about $1.9 million in FY 2017. The bed tax was enacted on April 1, 2006 at the rate of $1.00 per room night with the support from the Norfolk Hotel-Motel Association. In FY 2012, the bed tax was raised to $2.00 per room night. The revenue collected is designated equally between Norfolk Convention and Visitor's Bureau (Visit Norfolk) for visitor promotion and advertising for conventions and tourism and Norfolk Consortium (see Outside Agencies section).



The City Manager's proposed budget includes a five-cent increase in the cigarette tax rate from 80 cents to 85 cents per pack of 20 cigarettes. Revenue from the rate hike will be dedicated for economic development initiatives, same as in FY 2015 (see Central Appropriations section). Among the seven major cities in the region, Norfolk currently has the third highest rate behind Hampton, Newport News, and Portsmouth. The increase would put Norfolk among the second highest with Hampton and Newport News. As of printing of the document, only Norfolk has proposed an increase. The five-cent increase is estimated to generate $439,000; however, the increase in total revenue is less, about $300,000 (from $7.9 to $8.2 million), due to a declining revenue base. Cigarette taxes make up about 1.0 percent of General Fund revenues. It is important to note revenue generated from these rate increases tends to be short-lived. This is because tax increases may induce smokers to stop or reduce cigarette use or buy their cigarettes elsewhere. According to the Tax Foundation, cigarettes are highly susceptible to border shopping because the cost of transporting them is so low.



Business license taxes are collected from anyone who engages in a business, trade, profession, or occupation in the city. It is generally imposed as a percentage of gross receipts generated within a calendar year. It is also applied to individuals that maintain a place of business, either permanent or temporary, or conduct a business-related activity. Business license tax rates vary depending on business classification and amount of gross receipts generated. Norfolk's rates are at the state maximum allowed for the main business classifications. Revenue collections in recent years have been reduced by higher than average refunds of overpayments. In FY 2017, this revenue source makes up about 3.7 percent ($30.7 million) of General Fund revenues, which is projected to remain level from the FY 2016 budget but to increase by about 4.2 percent ($1.2 million) from the FY 2016 year-end projection.

Permits and Fees

Permits are issued to regulate new construction and ensure public safety. Revenues from this source 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. Permits and fees are projected to be 0.4 percent ($3.0 million) of General Fund revenues and is 5.9 percent ($0.2 million) below the FY 2016 budget but is above the FY 2016 year-end projection by about 3.1 percent ($0.1 million), reflecting a slight increase in the current activity level.

Fines and Forfeitures

Fines and forfeitures in the General Fund mainly consist of revenues received from the courts as fines and forfeitures for violations of city ordinances. These provide about 0.2 percent ($1.3 million) of General Fund revenues. The FY 2017 estimate is 10.1 percent ($117,000) above the FY 2016 budget. Citywide, fines and forfeitures total nearly $4.0 million of revenues from all operating funds. The majority (about two-thirds) of the citywide amount are generated from parking fines which support the Parking Enterprise Fund (nongeneral fund).

Use of Money and Property

Revenue from 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 about 0.9 percent ($7.6 million) of General Fund revenues and is 2.7 percent ($0.2 million) above the FY 2016 budget. The decline from FY 2015 ($9.9 million) reflects one-time revenue from the Norfolk Airport Authority.

Charges for Services

Charges for services include fees charged for various programs and services such as, recreation centers, Virginia Zoo, judicial services, paramedical rescue, school activities, Cruise Ship Terminal, and National Maritime Center. Charges for services make up about 3.1 percent ($25.7 million) of General Fund revenues and is 4.5 percent ($1.1 million) above the FY 2016 budget. The increase was primarily due to paramedic rescue fee collections, Norfolk Community Services Board charges, and Zoo admission fees. However, most of the revenue collected citywide are charges for services provided by nongeneral funds. Citywide, charges for services make up nearly $300 million (over ten times the General Fund amount) and are mostly from user fees for utilities, storm water, and refuse disposal. The rates for these user fees are set to ensure operations are fully supported by the fees collected.

Miscellaneous Revenue

Miscellaneous revenue consists of revenues not classified in other categories. Included in this category are revenue from payments in lieu of taxes, fee for services provided to the U.S. Navy for the housing public-private venture, and land sales. The city is estimated to receive $8.7 million in FY 2017, which represents approximately 1.1 percent of General Fund revenues and is 1.2 percent ($106,000) above the FY 2016 budget. The FY 2017 estimate reflects an increase in the payment in lieu of taxes and a grant to the city.

Recovered Costs

Recovered costs consist of revenue from nongeneral funds, partner agencies and the public for certain expenses such as, indirect cost, employee compensation, debt service, and communications and technology. Recovered

costs make up about 1.5 percent ($12.1 million) of General Fund revenues and is 6.4 percent ($0.7 million) above the FY 2016 budget. The increase was mostly from the cost allocation plan, Norfolk Employees' Retirement System cost recovery, and distribution of IMPACT call center operating costs to nongeneral fund departments.

Non-Categorical Aid - Virginia

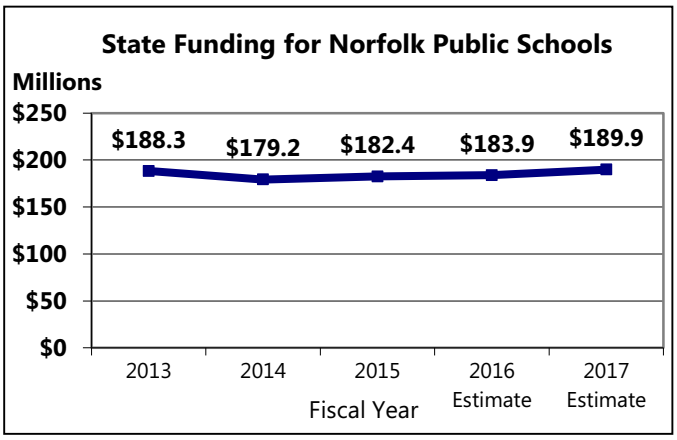
Non-Categorical aid consist of state revenues without restriction as to use. In FY 2017, non-categorical aid is estimated to be 4.1 percent ($33.7 million) of General Fund revenues and is 3.5 percent ($1.1 million) above the FY 2016 budget. The FY 2017 estimate was based on 2016 General Assembly actions, which increased the HB 599 appropriation by 3.2 percent to be in line with the increase in state revenues (fulfilling statutory requirements) and the car rental tax distribution which is collected by the Virginia Department of Taxation for localities.

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. This revenue category makes up about 2.5 percent ($21.1 million) of General Fund revenues and is 0.3 percent ($59,000) above the FY 2016 budget. The FY 2017 estimate is based on 2016 General Assembly actions. Although the FY 2017 estimate includes additional funds from the state for a salary increase effective in December 2016, the increase was partly offset by a reduction in funding for Commonwealth's Attorney state positions based on the state Compensation Board staffing standards and one-time funding provided in FY 2016 for the presidential primary.

State Categorical Aid

Categorical aid from the Commonwealth consists mainly of revenues earmarked for Norfolk Public Schools, public assistance grants and social service programs, Norfolk Community Services Board (NCSB), Virginia Department of Transportation (VDOT) funding for street maintenance and localities that host port-owned facilities, and local adult correctional facility. State categorical aid makes up about 31.5 percent ($261.5 million) of General Fund revenues and is 2.9 percent ($7.4 million) above the FY 2016 budget, with the increase mostly for Norfolk Public Schools. The FY 2017 estimates are based on 2016 General Assembly actions.



The majority of state categorical aid is earmarked for Norfolk Public Schools, about $189.9 million of the $261.5 million in FY 2017. Categorical aid for Norfolk Public Schools 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 state sales and use tax designated for public education. Since July 1, 2012, the city's share of the state sales and use tax is based on the population estimate provided by the Weldon Cooper Center for Public Service at the University of Virginia. Additionally in FY 2014, state sales and use tax dedicated to public education increased to 1⅜ cent due to the statewide transportation bill. Prior to FY 2014, 1¼ cent of the state sales and use tax was dedicated to public education, which reflected the change in FY 2005 when half of the one-half cent sales and use tax increase approved by the General Assembly was earmarked for local school divisions and real estate tax relief. Half of that quarter percent is distributed in the manner 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 with reimbursement rates varying 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 provides 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 and Norfolk Community Services Board, estimated to be $32.1 million and $11.0 million, respectively, in FY 2017. State aid are tied to operating costs that include the cost of personnel, fringe benefits, nonpersonal services, rent for buildings and parking, etc. The reimbursement rate of the overall costs varies by program.

The FY 2017 jail per diem estimate is approximately $2.6 million, based on the estimate from the state Compensation Board. The FY 2017 estimate is 8.1 percent ($0.2 million) above the FY 2016 budget. The increase was not due to a change in the jail per diem rates but was due to a change in the funding method. In prior years, the General Assembly did not appropriate the full estimated cost for jail per diem statewide and the funding shortfall were addressed in the mid-biennium or caboose budget. For the 2016-2018 biennium, the amount appropriated is based on the estimated cost of jail per diems. However, if the appropriation falls short due to statewide inmate population being higher than anticipated, the Compensation Board will prorate the amounts distributed to local jails. The last time jail per diem rates were changed was during the 2010 session of the General Assembly. Since March 1, 2010, per diem payments for local responsible inmates in local or regional jails was reduced to $4.00 per day from $8.00 per day, while the per diem payments for state inmates housed in local jails was changed to $12.00 per day from $8.00 or $14.00 per day (reflecting the $6.00 bonus payment for certain state inmates). Payment for jail contract beds fell to $8.00 per day from $14.00 per day. The changes in the per diem rates resulted in about a $2.0 million decline in jail per diem funding to the city.

Categorical aid also includes funds received from VDOT for street construction and maintenance and funding for localities that host Virginia Port Authority owned real estate, estimated to be $24.2 million and $0.6 million, respectively, in FY 2017. The funds for street construction and maintenance 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 Aid

Aid from the federal government primarily includes funds for Norfolk Public Schools and Norfolk Community Services Board. In FY 2017, federal aid is about 1.0 percent ($8.5 million) of General Fund revenues and is 2.6 percent ($0.2 million) below the FY 2016 budget. The decrease was mostly in federal aid for Norfolk Community Services Board (about $0.2 million).

Other Sources and Transfers In

Other sources and transfers in consist of intra-governmental transfers and carryforward funds. In FY 2017, other sources and transfers make up about 2.6 percent ($21.9 million) of General Fund revenues and is 5.7 percent ($1.3 million) less than the FY 2016 budget. Other sources and transfers in includes: transfers in from nongeneral funds (about $16.5 million from Utilities, Waste Management, Public Amenities, and Tax Increment Financing) and carrying forward prior year and current year savings by city departments and Norfolk Public Schools and closeout of accounts ($5.4 million). The decrease from FY 2016 was largely from Norfolk Public Schools carryforward ($3.3 million), which was offset partly by the transfer in from Public Amenities Fund ($2.0 million) to support the Norfolk Consortium beginning in FY 2017 (see Outside Agencies section).

APPROPRIATIONS

Department	FY 2017 Proposed
GENERAL FUND	
LEGISLATIVE	
City Council	381,397
City Clerk	1,505,909
City Real Estate Assessor	2,087,667
City Auditor	959,640
Total Legislative	**4,934,613**
EXECUTIVE	
City Manager	2,292,447
Office of Budget and Strategic Planning	1,483,079
Office of Resilience	334,952
Total Executive	**4,110,478**
DEPARTMENT OF LAW	**4,499,892**
CONSTITUTIONAL OFFICERS	
Commissioner of the Revenue	3,050,725
City Treasurer	2,409,856
Clerk of the Circuit Court	3,191,350
Commonwealth's Attorney	5,473,398
Sheriff and Jail	41,187,882
Total Constitutional Officers	**55,313,211**
JUDICIAL	
General District Court	267,742
Juvenile and Domestic Relations Court	79,793
Circuit Court Judges	779,524
Norfolk Juvenile Court Service Unit	166,224
Magistrate	11,438
Total Judicial	**1,304,721**
ELECTIONS	**895,986**
GENERAL MANAGEMENT	
Communications and Technology	13,660,136
Finance	4,448,534
General Services	24,399,559
Human Resources	3,496,562
Total General Management	**46,004,791**

Department	FY 2017 Proposed
COMMUNITY DEVELOPMENT	
City Planning	4,962,151
Neighborhood Development	4,154,653
Development	2,032,161
Total Community Development	**11,148,965**
PARKS, RECREATION AND CULTURE	
Libraries	11,689,510
Cultural Facilities, Arts and Entertainment	5,703,491
Zoological Park	4,196,666
The National Maritime Center	5,043,780
Recreation, Parks and Open Space	17,379,157
Total Parks, Recreation and Culture	**44,012,604**
CENTRAL AND OUTSIDE AGENCY APPROPRIATIONS	
Central Appropriations	17,699,751
Outside Agencies	42,674,365
Total Central and Outside Agency Appropriations	**60,374,116**
PUBLIC HEALTH AND ASSISTANCE	
Norfolk Community Services Board	26,020,634
Office to End Homelessness	286,951
Public Health	3,468,419
Human Services	47,155,952
Total Public Health and Assistance	**76,931,956**
PUBLIC SAFETY	
Police	68,500,916
Fire-Rescue	42,592,138
Total Public Safety	**111,093,054**
PUBLIC WORKS	**26,702,280**
DEBT SERVICE	**65,747,190**
PUBLIC SCHOOL EDUCATION (Norfolk Public Schools)	**318,187,143**
Total General Fund	**831,261,000**

Department	FY 2017 Proposed
SPECIAL REVENUE FUNDS	
Storm Water Management	16,528,966
Towing and Recovery Operations	1,749,965
Cemeteries	2,093,216
Golf Operations	15,000
Public Amenities	6,365,000
Emergency Preparedness and Response	6,188,634
Tax Increment Financing	5,503,639
Waste Management	22,675,679
Total Special Revenue Funds	**61,120,099**
ENTERPRISE FUNDS	
Water Utility	84,355,031
Wastewater Utility	30,808,291
Parking Facilities Fund	22,873,076
Total Enterprise Funds	**138,036,398**
INTERNAL SERVICE FUNDS	
Healthcare	89,943,167
Fleet Management	11,533,433
Total Internal Service Funds	**101,476,600**
TOTAL CITY OPERATIONS	**1,131,894,097**
TOTAL CAPITAL IMPROVEMENT PLAN	**83,029,200**
TOTAL APPROPRIATIONS	**1,214,923,297**

Selected Tax Rates and Fees

Description	FY 2016 Approved	FY 2017 Proposed
PROPERTY TAXES		
Real Estate (General Tax)	$1.15/$100 Assessed Value	$1.15/$100 Assessed Value
Real Estate (Downtown Improvement District)	$1.31/$100 Assessed Value	$1.31/$100 Assessed Value
Personal Property		
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
Machinery & Tools	$4.25/$100 Assessed Value	$4.25/$100 Assessed Value
OTHER LOCAL TAXES		
Amusement and Admissions	10%	10%
Cigarette	**80 cents/pack of 20 cigarettes (40 mils/cigarette)**	**85 cents/pack of 20 cigarettes (42.5 mils/cigarette)**
Emergency 911 (Landline)	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
Hotel/Motel Lodging	8%	8%
Bed Tax	$2 per room night	$2 per room night
Food and Beverage	6.5%	6.5%
Motor Vehicle License:		
Small Trailers (<2,000 pounds)	$11.50	$11.50
Motorcycles	$20.00	$20.00
Cars and Small Trucks	$31.00	$31.00
Mid-Size Trucks/Vans (>4,000 pounds)	$36.00	$36.00
Large Vehicles (over 19,000 pounds)	$1.60-$1.80/1,000 pounds of gross weight (additional $5 flat fee)	$1.60-$1.80/1,000 pounds of gross weight (additional $5 flat fee)

Description	FY 2016 Approved	FY 2017 Proposed
REFUSE DISPOSAL		
Residential		
Single or Multiple Units (four units or less)	$28.01/unit/month	$28.01/unit/month
Multiple Units (five units or more)	$46.94/container/month	$46.94/container/month
Commercial		
Business 1 times per week	$61.18/unit/month	$61.18/unit/month
Business 5 times per week	$151.64/unit/month	$151.64/unit/month
Combined Commercial and Residential	$89.19/unit/month	$89.19/unit/month
WATER AND WASTEWATER FEES		
Water	**$4.61/100 cubic feet**	**$4.77/100 cubic feet**
Wastewater	**$3.82/100 cubic feet**	**$3.97/100 cubic feet**
Utilities service charge	$0/month	$0/month
STORM WATER FEES (rate calculated based on a 30-day month)		
Residential	**$11.80/month**	**$12.13/month**
Commercial	**$8.74/month per 2,000 sq. ft.**	**$8.95/month per 2,000 sq. ft.**
UTILITY TAXES		
Commercial		
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
Residential		
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

The establishment and maintenance of general operating reserves is considered one of the most effective management practices a local government can employ. City Council passed a resolution in July 2013 updating the city's policies on reserves, described in the "Financial Policies and Practices" section of the Budget Overview.

The purpose of a reserve is to act as the city's "savings" account to meet emergency, unanticipated 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, City Council approved adding $1,058,409 from the FY 2008 and FY 2009 year-end undesignated funds in accordance with the city's practice to replenish the Risk Management Reserve. During the FY 2013 budget work session, City Council strengthened reserves further by raising the total General Fund balance reserves from $45,457,834 to $48,332,591. In FY 2015 and in FY 2016, City Council appropriated from year-end surpluses $2.0 million in each year to the Risk Management and Economic Downturn reserves, bringing both to its financial policy goal, and the projected General Fund balance reserves to $52,332,591 in FY 2016.

General Fund Balance Reserves

Reserve	FY 2015 Actual	FY 2016 Minimum	FY 2016 Projected
Unassigned Reserve ("five percent reserve")[1]	$42,332,591	$40,943,956	$42,332,591
Risk Management Reserve[2]	$4,000,000	$3 - $5 million	$5,000,000
Economic Downturn Reserve[2]	$4,000,000	$3 - $5 million	$5,000,000
General Fund Balance Reserves at June 30[3]	**$50,332,591**		**$52,332,591**

[1] The minimum for the FY 2016 unassigned reserve of $40,943,956 is based on the amended FY 2016 General Fund Budget of $818,879,121.

[2] In July 2013, City Council passed a resolution setting the goal for the Risk Management Reserve and Economic Downturn Reserve at an amount not to exceed $5.0 million and no less than $3.0 million.

[3] The amounts above exclude reserves for encumbrances and other legally restricted reserves and designations for specific appropriations.

Transfers From/To

The tables below present certain fund to fund transfers in FY 2017 which include: General Fund support of capital projects and special revenue funds; transfers from enterprise activities and special revenue funds to the General Fund; and cash contribution from General Fund and nongeneral funds for capital projects.

Transfer from General Fund to	FY 2017
Capital Improvement Program	1,447,393
Cemetery Fund	439,088
Emergency Preparedness and Response Fund	1,004,005
Total Transfers from General Fund	**2,890,486**

Transfer to General Fund from	
Public Amenities Fund	2,000,000
Tax Increment Financing Fund	3,985,591
Waste Management Fund	500,000
Wastewater Utility Fund	1,500,000
Water Utility Fund	8,500,000
Total Transfers to General Fund	**16,485,591**

Transfer to Capital Improvement Program from	
General Fund	1,447,393
Parking Facilities Fund	2,900,000
Public Amenities Fund	1,000,000
Storm Water Fund	1,315,200
Water Utilities Fund	4,950,000
Total Transfers to the Capital Improvement Program	**11,612,593**

Full Time Equivalent (FTE) Staffing Summary

	FY 2015 Approved FTE	FY 2016 Approved FTE	FY 2017 Proposed FTE	Change FY 2016 to FY 2017
General Fund				
Budget and Strategic Planning	18	18	18	0
Circuit Court Judges	5	5	5	0
City Attorney	34	34	34	0
City Auditor	8	8	9	1
City Clerk	14	14	14	0
City Council	8	8	8	0
City Manager	15	15	14	-1
City Planning	60	63	65	2
City Real Estate Assessor	24	24	24	0
City Treasurer	31	31	31	0
Clerk of Circuit Court	49	49	49	0
Commissioner of the Revenue	42	42	42	0
Commonwealth's Attorney	63	61	58	-3
Communications and Technology	122.8	123	106	-17
Cultural Facilities, Arts & Entertainment	52	53	54	1
Development	21	19	20	1
Elections	6	6	6	0
Finance	43.8	43.8	48.8	5
Fire-Rescue	503	504	504	0
General Services	127.8	127.8	130	2.3
Human Resources	33	33	36	3
Human Services	498	525	525.5	0.5
Libraries	121.6	121.6	124.6	3
Neighborhood Development	36	37	56	19
Norfolk Community Services Board	283.2	284.9	283.9	-1
Office to End Homelessness	3.6	3	3	0
Office of Resilience[1]	0	0	3	3
Police	873	874	874	0
Public Health	25	10	11	1
Public Works	232	225	225	0
Recreation, Parks and Open Space	218.3	214.3	216.7	2.4
Sheriff and Jail	475	475	475	0
The National Maritime Center (Nauticus)	42.3	40.3	40.3	0
Zoological Park	45.1	47.1	51.1	4
Total General Fund	**4,133.4**	**4,138.7**	**4,164.8**	**26.1**

	FY 2015 Approved FTE	FY 2016 Approved FTE	FY 2017 Proposed FTE	Change FY 2016 to FY 2017
Special Revenue Funds				
Cemeteries	33.8	33.8	32.8	-1
Emergency Preparedness and Response	91	90	90	0
Storm Water Management	101.8	105.8	109	3.2
Towing and Recovery Operations	8.9	9.9	9.9	0
Waste Management	100	101	101	0
Total Special Revenue Funds	**335.4**	**340.4**	**342.7**	**2.2**
Enterprise Funds				
Parking Facilities	70	65	65	0
Wastewater Utility	104	106	105	-1
Water Utility	292.3	291.3	292.5	1.3
Total Enterprise Funds	**466.3**	**462.3**	**462.5**	**.3**
Internal Service Funds				
Fleet	56.8	56.8	56.8	0
Total Internal Service Funds	**56.8**	**56.8**	**56.8**	**0**
Total All Funds	**4,991.7**	**4,998.1**	**5,026.9**	**28.6**

Only permanent positions are reflected in the Budget Document.

[1]The Proposed FY 2017 Budget creates the Office of Resilience.

Totals and changes may not exactly add due to rounding to one decimal point.

City Indebtedness

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 Wastewater enterprise operations finance capital needs through a combination of self-supporting, general obligation and revenue bonds and the water enterprise utilizes only revenue bonds for its financing needs. The city's Parking, Storm Water, Maritime and Towing and Recovery operations finance capital needs with 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, 2016, and for the past four fiscal years

As of	Taxable Real Property Assessed Value (1)	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, 2016 (2) (3)	$19,089,391,956	$1,908,939,196	$921,267,937	48.26%	$987,671,259
June 30, 2015	18,734,201,726	1,873,420,173	914,299,379	48.80%	959,120,794
June 30, 2014	18,421,412,121	1,842,141,212	912,700,343	49.55%	929,440,869
June 30, 2013	18,319,948,478	1,831,994,848	818,068,050	44.65%	1,013,926,798
June 30, 2012	18,676,730,533	1,867,673,053	877,060,431	46.96%	990,612,622

(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, 2016.
(3)Projected Debt Applicable to Debt Limit excludes $403,131,015 of General Obligation Bonds authorized by ordinance for Capital Improvement Projects, but not yet issued.

Overlapping Debt

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

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

Outstanding Debt

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 the respective revenues. The estimated total outstanding bonded indebtedness, including revenue bonds, at the end of FY 2016 is estimated to be $1,195,704,825.

General Capital Improvements–Affordability Measures

The Capital Improvement Plan for General Capital Improvements (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)
- Net debt as a percent of taxable property (not to exceed 3.5 percent)

The FY 2017 Capital Improvement Plan is within the two measures of affordability listed above. However, the city will need to maintain a moderate Capital Improvement Plan to stay within these measures as it finances some major essential governmental projects, such as a new city courthouse, several schools and a new main library.

Enterprise Operations Debt

Norfolk's Water and Wastewater Revenue Bond programs are governed by bond indentures of trust and financing agreements, 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 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 2017 meet debt coverage requirements. As previously noted, outstanding Wastewater bonds are a combination of general obligations of the city and revenue bonds and Water bonds are solely revenue bonds. The city's Parking operations finance capital needs with self-supporting general obligation 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

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:

Bonding Program	Moody's Investors Service	Standard and Poor's	Fitch Ratings
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. S&P upgraded the City's General Obligation bond rating from "AA" to "AA+" in September 2013. In general, AA category rating signifies very high quality bonds with some elements of long-term risks.

The city's Wastewater Revenue Bonds do not maintain an underlying, or stand-alone unenhanced, credit rating.

Computation of Legal Debt Margin

June 30, 2016 (Estimated)		
Total Assessed Value of Taxed Real Property as of March 31, 2016		$19,089,391,956
Debt Limit: 10 percent of Total Assessed Value		$1,908,939,196
Amount of Debt Applicable to Debt Limit:(1)(2)(3)		
Gross Debt	$796,267,937	
Line of Credit	$125,000,000	$921,267,937
Legal Debt Margin		$987,671,259
Amount of Debt as a percent of Debt Limit		48.26%

(1) Includes all nongeneral fund supported General Obligation debt such as Wastewater, Parking, Storm Water, Maritime, and Towing and Recovery Operations.

(2) The Legal Debt Margin computation does not include any revenue-based debt issued by the city, because such debt is not subject to the Commonwealth's Constitutional Debt Limit.

(3) Excludes $403,131,015 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 (1) (2)			General Obligation Equipment(1)			Water Revenue(1)		
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
2017	51,024,915	34,321,242	85,346,157	2,345,460	526,780	2,872,240	10,090,000	15,988,725	26,078,725
2018	54,281,036	32,094,404	86,375,440	940,000	474,929	1,414,929	13,860,000	15,405,600	29,265,600
2019	55,560,468	29,857,895	85,418,363	2,775,000	383,625	3,158,625	14,200,000	14,714,975	28,914,975
2020	54,951,803	27,645,911	82,597,713	2,785,000	247,367	3,032,367	13,830,000	14,025,550	27,855,550
2021	52,823,982	25,329,620	78,153,602	2,790,000	109,658	2,899,658	15,965,000	13,292,450	29,257,450
2022	51,554,164	23,110,503	74,664,666	365,000	32,325	397,325	17,170,000	12,485,575	29,655,575
2023	50,655,511	20,918,029	71,573,540	380,000	15,300	395,300	18,675,000	11,611,375	30,286,375
2024	49,283,055	18,761,333	68,044,388	120,000	4,400	124,400	19,785,000	10,662,975	30,447,975
2025	44,980,042	16,703,196	61,683,238	-	-	-	17,820,000	9,736,475	27,556,475
2026	42,704,056	14,683,947	57,388,003	-	-	-	18,900,000	8,832,650	27,732,650
2027	41,749,176	12,704,693	54,453,869	-	-	-	11,710,000	8,078,950	19,788,950
2028	36,779,270	10,915,503	47,694,773	-	-	-	12,370,000	7,485,725	19,855,725
2029	27,065,000	9,400,279	36,465,279	-	-	-	13,140,000	6,856,975	19,996,975
2030	27,995,000	7,983,763	35,978,763	-	-	-	8,300,000	6,330,213	14,630,213
2031	27,930,000	6,596,910	34,526,910	-	-	-	8,965,000	5,912,200	14,877,200
2032	14,990,000	5,180,635	20,170,635	-	-	-	9,245,000	5,475,300	14,720,300
2033	26,090,000	4,113,496	30,203,496	-	-	-	7,600,000	5,063,819	12,663,819
2034	14,195,000	3,205,237	17,400,237	-	-	-	8,000,000	4,674,213	12,674,213
2035	10,935,000	2,604,322	13,539,322	-	-	-	8,450,000	4,263,244	12,713,244
2036	11,135,000	2,066,424	13,201,424	-	-	-	8,905,000	3,832,213	12,737,213
2037	11,060,000	1,518,224	12,578,224	-	-	-	7,950,000	3,418,131	11,368,131
2038	12,080,000	947,423	13,027,423	-	-	-	8,370,000	3,022,306	11,392,306
2039	8,490,000	474,867	8,964,867	-	-	-	8,810,000	2,608,263	11,418,263
2040	1,245,000	235,709	1,480,709	-	-	-	6,990,000	2,232,019	9,222,019
2041	1,260,000	174,294	1,434,294	-	-	-	7,325,000	1,899,731	9,224,731
2042	1,280,000	112,069	1,392,069	-	-	-	7,690,000	1,533,488	9,223,488
2043	1,295,000	49,034	1,344,034	-	-	-	8,095,000	1,127,488	9,222,488
2044	375,000	8,672	383,672	-	-	-	8,525,000	695,494	9,220,494
2045	-	-	-	-	-	-	8,985,000	235,856	9,220,856
2046	-	-	-	-	-	-	-	-	-
	783,767,477	**311,717,633**	**1,095,485,110**	**12,500,460**	**1,794,384**	**14,294,844**	**329,720,000**	**201,501,975**	**531,221,975**

Yearly Maturity of Long-Term Debt (Continued)

Fiscal Year	Wastewater Revenue[1]			Totals[1]		
	Principal	Interest	Total	Principal	Interest	Total
2017	3,519,967	-	3,519,967	66,980,342	50,836,747	117,817,089
2018	3,919,967	-	3,919,967	73,001,003	47,974,933	120,975,936
2019	4,069,967	-	4,069,967	76,605,435	44,956,495	121,561,930
2020	4,069,967	-	4,069,967	75,636,769	41,918,827	117,555,597
2021	4,069,967	-	4,069,967	75,648,949	38,731,728	114,380,677
2022	4,069,967	-	4,069,967	73,159,131	35,628,403	108,787,533
2023	4,069,967	-	4,069,967	73,780,478	32,544,704	106,325,182
2024	4,069,967	-	4,069,967	73,258,022	29,428,708	102,686,730
2025	4,069,967	-	4,069,967	66,870,009	26,439,671	93,309,680
2026	4,069,967	-	4,069,967	65,674,023	23,516,597	89,190,620
2027	4,069,967	-	4,069,967	57,529,143	20,783,643	78,312,786
2028	4,069,967	-	4,069,967	53,219,236	18,401,228	71,620,464
2029	4,069,967	-	4,069,967	44,274,967	16,257,254	60,532,221
2030	3,644,967	-	3,644,967	39,939,967	14,313,976	54,253,943
2031	3,219,967	-	3,219,967	40,114,967	12,509,110	52,624,077
2032	2,844,967	-	2,844,967	27,079,967	10,655,935	37,735,902
2033	2,344,967	-	2,344,967	36,034,967	9,177,315	45,212,282
2034	2,112,467	-	2,112,467	24,307,467	7,879,450	32,186,916
2035	1,589,983	-	1,589,983	20,974,983	6,867,566	27,842,549
2036	1,050,000	-	1,050,000	21,090,000	5,898,636	26,988,636
2037	550,000	-	550,000	19,560,000	4,936,355	24,496,355
2038	150,000	-	150,000	20,600,000	3,969,729	24,569,729
2039	-	-	-	17,300,000	3,083,129	20,383,129
2040	-	-	-	8,235,000	2,467,728	10,702,728
2041	-	-	-	8,585,000	2,074,025	10,659,025
2042	-	-	-	8,970,000	1,645,556	10,615,556
2043	-	-	-	9,390,000	1,176,522	10,566,522
2044	-	-	-	8,900,000	704,166	9,604,166
2045	-	-	-	8,985,000	235,856	9,220,856
2046	-	-	-	-	-	-
	69,716,888	**-**	**69,716,888**	**1,195,704,825**	**515,013,992**	**1,710,718,817**

(1) Existing Debt Service as of June 30, 2016. Excludes any future issuances.
(2) General Obligation bonds have been used to finance Wastewater, Parking, Storm Water, Maritime, and Towing and Recovery projects. The bonded debt associated with those projects is self-supported by the respective funds. The Debt Service portion of the General Fund budget finances only General Capital projects and not its self-supporting funds.