

INTRODUCTION

This Guide is designed to assist those responsible for preparing the Annual Operating Budget and the Five Year Capital Improvement Program of the City of Williamsburg. The budget process defines, communicates, and funds the city's programs and priorities. The completed budget is City Council's financial road map, and a primary management tool for the City Manager and Department Heads. To that end, it must be a quality document, and our best efforts should be expended in its preparation.

The Budget Guide is a formal call for all departments of the city, and agencies associated with the city, to prepare and submit an estimate of the resources required for the next fiscal year. It includes a set of procedures for building a comprehensive budget to be submitted to City Council in March each year. It also serves as a mid-year review to identify adjustments necessary to the current year budget.

AUTHORITY

The Charter and Code of Ordinances of the City of Williamsburg, and the Code of Virginia, prescribe budgetary responsibility and process. Budgetary accounts are maintained according to the Uniform Financial Reporting Manual for Virginia Counties and Municipalities, as prescribed by the Auditor of Public Accounts, Commonwealth of Virginia. This guide consolidates pertinent budgetary information as concisely as possible, providing a reference for making sound, informed, consistent budget decisions.

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BUDGET CALENDAR

August 2011

- 27 City Council Retreat – 2011/2012 Biennial Goals, Initiatives, and Outcomes Mid-Course Assessment.

November 2011

- 30 Finance department sends letters to outside agencies advising of budget submittal requirements and deadlines.

December 2011

- 2 City Manager and Finance Director distribute budget guidance and capital improvement planning instructions to operating departments.

January 2012

- 6 Begin series of meetings between City Manager and City employees in small groups to discuss budget issues.
- 9 Finance department distributes FY2013 Budget Worksheets to Department Heads and Constitutional Officers.
- 13 Planning Director prepares a status report on the FY 2012 CIP, focused on major capital items, and provide to Planning Commission and City Council.
- 18 Planning Commission public hearing on capital improvement program.
- 20 Deadline for receipt of all Outside Agency budget requests for FY 2013 funding.
- 21 City Council Retreat to preview budget outlook.
- 23 Departmental and Constitutional Officer operating budgets due to Finance Department. Finance begins compilation and review of budgets, and completes revenue projections for FY 2013.
- 23 City Manager and Finance Director begin meetings with Department Heads on budget submittals as necessary.

February 2012

- 15 Planning Commission provides input to City Manager and City Council for update of the Five Year Capital Improvement Program.

March 2012

- 2 Proposed budgets submitted by School Division and Library.
- 10 Advertise proposed property tax increase (if applicable-30 day minimum notice requirement Va Code §58.1-3321).
- 16 Proposed Operating and Capital Improvement Budgets delivered to Council.
- 19-20 City Council Work Sessions--Review of Outside Agency Requests.
- 28 Send Budget advertisement to local newspaper for publication.
- 31 Advertise Proposed Budget for public hearing.

April 2012

- 7 City Manager budget report to Neighborhood Council of Williamsburg.
- 12 City Council Public Hearing on Proposed Budget, Tax Levy, and Water Rate increase if applicable.
- 16-18 Council Work Sessions (as necessary) to finalize budget. City Manager and Finance staff prepare final budget for adoption.
- 23 Supervisors and Department Heads submit annual employee performance evaluations for input into Merit Pay Plan.

May 2012

- 10 Council Adopts FY 2013 Operating, Capital, and Public Assistance Fund Budgets with Budget Resolution.

Council Sets Tax Rate.

July 2012

- 1 Begin Fiscal Year 2013.

INSTRUCTIONS

General

In early January, Finance staff will provide spreadsheets to departments with operating activity for each departmental line item:

- A. Prior year's expenditures for last two fiscal years.
- B. Current year budget.
- C. Current year expenditures through December 31st.
- D. A column for estimating current fiscal year total expenditures through June 30th.
- E. A column for next fiscal year's line-item budget estimates.

Each department head should complete items D and E. The current year estimate is both the basis for recommending amendments to the current year budget, and for determining next year's amount for consideration by City Council.

Recommendations on personnel expenditures (addition/deletion of positions, etc.) should be submitted in memo form. Payroll and fringe benefits line items on the printout should be left blank. Finance will calculate and enter these line items.

Reminders for Preparers of Budget Requests

- 1. Analyze each line item separately. Compare historical data, current year budget, and estimated spending levels for the current year to assist with your request.
- 2. Round all figures to the nearest \$10.00 (i.e., \$32 to \$30 and \$85 to \$90).
- 3. Verify all object codes, amounts, and totals.
- 4. Meet all Budget Calendar deadline dates. Preparers should highlight key dates and actions.
- 5. Keep backup materials used in computing your budget request. These will be used both in explaining budget recommendations and administering the budget.
- 6. This is your operating budget. You are responsible for closely monitoring expenditures and encumbrances against the budget monthly. Written requests for Budget Account Transfers or Supplemental Appropriations must be submitted on forms provided and approved prior to obligating spending over the adopted budget.

CAPITAL IMPROVEMENT PROGRAM INSTRUCTIONS

Definition of a Capital Project

The Capital Improvements Program (CIP) identifies, schedules and budgets capital projects. A capital project is a major expenditure which adds to the net assets of the City. Capital projects fall within one or more of the following categories:

1. Land acquisition or long-term lease.
2. Construction of buildings, public facilities, and infrastructure, generally exceeding \$20,000.
3. Acquisition or improvement of property, generally exceeding **\$20,000**.
4. Major additions or rehabilitation to public facilities, generally exceeding **\$20,000**.
5. Major studies such as engineering, feasibility, etc., related to public facilities.
6. Vehicles and equipment, generally exceeding \$10,000.

Some examples of capital projects are: street construction, sewer lines, parks, sidewalks, storm drains, water lines, building construction or major renovation, fire trucks, and police cars.

Engineering or planning studies, which are directly linked to a specific capital project, are part of the cost of that project. Such engineering studies should be included in the project description of which they are a part. Other studies and plans, which constitute a major expense of a non-recurring nature, are included in the CIP even if they are not assets in the sense of a building.

Relation Between the Capital Budget and the Capital Improvement Program

The Five Year Capital Improvement Program is presented annually to the City Council. The first year of the Capital Improvement Program is a capital budget and contains the list of projects for implementation during the coming fiscal year. The CIP is updated annually as new needs become known and as priorities change. It is possible that a project with low priority can remain in the CIP program longer than five years as more important projects appear and move ahead of it. Conversely, a project may be implemented sooner than originally planned due to changing priorities.

Project Review

All requests for capital projects and input on priorities will be evaluated by the City Manager and Finance Director before being submitted to City Council.

The Planning Commission will receive the proposed Capital Improvements Program when it is distributed to City Council. The Commission will be invited to advise Council on the consistency of the CIP with the Comprehensive Plan of the City.

Capital Project Form

Capital Improvement Program projects will be submitted on forms provided by the City Manager. The following is a non-inclusive list of project categories:

- | | |
|------------------------|-----------------------------------|
| Streets and Traffic | Stormwater Management |
| Solid Waste Management | Park Development |
| Building Improvement | Water and Wastewater Improvements |
| Economic Development | Field Equipment |
| Parking Facilities | Planning/Feasibility Studies |
| Property Acquisition | Vehicles |

Five Year Vehicle Replacement Plan

All vehicles owned by the city are listed on a replacement plan. The plan is based on a five-year projection. It is updated annually with the rest of the CIP.

Annual Update

Each year departments submit an update to the CIP as the first step in budget formulation. Updates include:

1. Submission of the current year Capital Project Form with either:
 - a. pen and ink annotation to update the form for the next five year period, or
 - b. staple a revised form if changes are too many for pen and ink update.
2. Submission of a statement for each current year project of work accomplished at the six month point, and the accomplishments expected by the twelve month point.
3. Submission of a revised Capital Improvement Summary for that portion of the CIP assigned to the originator's department.

The second step requires department heads to a status report by July 31st each year of all projects funded during the prior fiscal year ended June 30th. This information will be provided to the Finance Department to determine the balance of capital projects funds needed to carry forward to the next fiscal year for project completion.

BIENNIAL GOAL SETTING

The City of Williamsburg recognizes the importance of setting specific goals. Goals provide both means of sorting out priorities, and a standard against which to measure effectiveness. More than any other determinant, stated goals drive the budget. Goal setting is an integral part of the budget process.

To advance the City's vision, every two years the City Council identifies new strategic objectives for city government. Biennial Goals, Initiatives, and Outcomes (GIO's) provide an expression of city priorities, as specific and measurable as possible, covering a two year period. GIO's provide a coordinated expression of City Council's direction for change and focus in the near future.

Two or three new or incumbent council members are elected in May of even numbered years. The newly elected Council members then have several months to become familiar with the workings of city government before the Council attempts to chart the City's course. This is done through a methodical goal setting process in the Fall of even numbered years. The City Council's adopted goals then become a guide for the two succeeding budgets. In this way, a Council spends the first six months after the election deciding what it wants to accomplish, and the remaining eighteen months before the next election concentrating on implementing its goals.

During the midterm, or odd numbered years, the Council monitors progress towards achieving its goals. A mid-biennium status report is prepared by staff, and includes desired outcomes and observed results. But the formal goal setting process takes place only every two years.

In order to be fully useful, goals statements should have the following characteristics:

- Goals should be as specific as possible.
- Goals achievement should be measurable.
- Goals should be short-range-one or two years. Longer range goals should be expressed in terms of what intermediate goals or objectives must be undertaken now to achieve the ultimate goal.
- Goals should be developed by exception. The continuation of existing policies and practices of city government should not be listed as goals, however important they may be. Only new or altered policies or practices should be listed.
- Goals should be followed by an implementation strategy provided in operating and capital budgets.
- The cost of achieving a goal should be counted in terms of time, money, and commitment, realizing each goal actively pursued takes away resources that could be applied to other activities.
- Goals should be limited to those which city government has the power to achieve. While it may be well to state goals which are primarily the responsibility of others, it should be recognized that while the City has considerable influence, it does not have substantial control over goals such as these.

The calendar below outlines City Council's Goals, Initiatives, and Outcomes process. The City Council's two- year election cycle fits well with this biennial goal setting cycle.

CALENDAR (even number years only)

- May Council Election
- July 1 New Council members take office.
- July-Aug. City Manager provides status report on accomplishment of stated goals. Council holds retreat to evaluate goal accomplishment and discuss future priorities.
- September Council offers public comment opportunities to hear citizens' ideas and suggestions on goals.
- October City Manager presents a draft Goals Statement based on the outcome of the retreat and public comment for Council consideration. Council has workshop sessions as necessary, and adopts a statement of goals.
- November City Staff begins work on operating and capital budgets for coming fiscal year reflecting priorities in the statement of goals.

BUDGETARY ACCOUNTS

Budgetary Accounts and Responsibility

The City of Williamsburg operates its budgetary system on a fund accounting basis.

The funds used by the City of Williamsburg are Governmental and Proprietary. The Governmental Funds consist of the General Fund (01) and the Capital Improvement Program (Sales Tax 04). These funds are combined in the City's Comprehensive Annual Financial Report (CAFR), but for budgeting purposes, are kept separate due to the operating and capital differences. The Proprietary Fund is an Enterprise Fund (10) which accounts for the city water and wastewater as the Utility Fund.

The General Fund is used to account for all financial resources except those required to be accounted for in one of the other funds. The General Fund encompasses all city departments, except utilities, and also includes entities funded through city government such as constitutional officers, detention, schools, library, and outside agencies.

Capital Improvements Program is used to account for major capital outlay items. Historically, the city has used the State's 1% sales tax revenue to fund capital projects.

Enterprise Funds are used to account for operations that are financed and operated in a manner similar to private business. The intent of these operations is that the cost of providing continued services to the public be financed primarily from user charges and fees.

Expenditures of the City of Williamsburg are classified by fund, and within each fund by department. Expenditures are classified by object (line item) within each department.

Departmental Codes and Responsibility, lists the individual responsible for submitting and managing each departmental budget. In the case of outside agencies, Appendix A lists the city employee responsible for overseeing agency funding.

Revenue Sources and Trends, documents all existing and potential sources of revenue received by the City of Williamsburg to finance its operations each year. It contains a thorough description of each revenue source, trends, and other pertinent information that should help the reader gain an understanding of the basis of each of these sources.

Expenditure Classifications, provides an explanation of each line item to help in properly and consistently classifying expenditures.

DEPARTMENT CODES AND RESPONSIBILITY

<u>Fund Number</u>	<u>Dept. Number</u>	<u>Department</u>	<u>Responsibility</u>
General Fund:			
01	1101	Legislative	Jackson C. Tuttle
01	1102	Clerk of Council	Donna Scott
01	1201	City Manager	Jackson C. Tuttle
01	1203	Economic Development	Michelle Dewitt
01	1204	City Attorney	Christina Shelton
01	1209	Commissioner of the Revenue	Judy Fuqua
01	1210	City Assessor	John Mattson
01	1213	Treasurer	Ann Davis
01	1214	Finance	Philip Serra
01	1221	City Shop	Daniel Clayton
01	1301	Electoral Board	Winifred Sowder
01	1302	Registrar	Winifred Sowder
01	2100	Joint Activities	Philip Serra
01	3101	Police	David C. Sloggie
01	3102	E-911	David C. Sloggie
01	3103	Parking Facility	David C. Sloggie
01	3201	Fire	William Patrick Dent
01	3301	Regional Jail	John Kuplinski
01	3303	Middle Pen. Juv. Det. Center	Michael Sawyer
01	3401	Codes Compliance	Stanley Skinner
01	3501	Animal Control	Daniel Clayton
01	3503	Medical Examiner	William Patrick Dent
01	3505	Emergency Management	William Patrick Dent
01	4101	Engineering	Daniel Clayton
01	4102	Streets	Daniel Clayton
01	4203	Refuse Collection	Daniel Clayton
01	4305	Municipal Complex	Daniel Clayton
01	4306	Rental Properties	Daniel Clayton
01	4307	New Municipal Building	Daniel Clayton
01	4308	Information Technology	Mark Barham
01	4309	Landscaping	Daniel Clayton
01	5101	Health Department	Philip Serra
01	5103	Mosquito Control	Daniel Clayton
01	5302	Public Assistance	Peter Walentisch
01	5305	Public Assist.-Transportation	Peter Walentisch
01	6101	School Board	Philip Serra
01	6103	Joint School Contributions	Philip Serra
01	7101	Recreation Administration	Lori Rierson
01	7102	Waller Mill Park	Lori Rierson
01	7104	Recreation Programs	Lori Rierson
01	7108	Cemetery	Daniel Clayton
01	7302	Library - Contributions	Philip Serra
01	8101	Planning	Reed Nester
01	8102	Contrib. to Other Agencies	Philip Serra
01	8202	Soil & Water Conservation	Daniel Clayton

<u>Fund Number</u>	<u>Dept. Number</u>	<u>Department</u>	<u>Responsibility</u>
Sales Tax Fund:			
04	0001	Capital Improvements Projects	Jackson C. Tuttle
Utility Fund:			
10	1900	Administration	Daniel Clayton
10	1910	Filter Plant	Daniel Clayton
10	1920	Water System	Daniel Clayton
10	1940	Sewage System	Daniel Clayton
10	1970	Debt Service	Daniel Clayton
10	1985	Purchased Services	Daniel Clayton
10	1990	Reserve-Utility CIP	Daniel Clayton

REVENUE SOURCES AND TRENDS

GENERAL PROPERTY TAXES

General Property Taxes account for approximately 40% of the City’s general fund operating revenues. These taxes are derived from annual assessment of real estate and tangible personal property located in the City. The City Assessor appraises real estate property annually. This category includes property tax collections for current and delinquent years. Also included in this category are collections for Public Service Corporations, property appraised by the State Corporation Commission, and cover real, personal property, and machinery & tools. Revenues received for property tax on mobile homes, boats, and motorcycles are also included in this revenue category.

Real Property Taxes

By state law, all real property taxes must be assessed each year at 100% of fair market value. The assessments are made on a fiscal year basis and must be complete and mailed to property owners by June 30th for the next fiscal year. Taxes are then due on Dec 1, and June 1 of that fiscal year. The current tax rate is \$.54 *per \$100 of assessed value*. The City’s real estate tax rate history is shown in the following tabulation:

Real Estate Property Tax Rates <i>(per \$100 assessed valuation)</i>	
Fiscal Year 1987	\$.52
Fiscal Year 1988	.51
Fiscal Year 1989	.50
Fiscal Year 1990	.52
Fiscal Years 1991-2011	.54

Real property taxes generated by other selected Virginia localities for the fiscal year ended June 30, 2010 are as follows¹:

Locality	Tax Rate / \$100	Real Property Tax Revenues FY 2010	% Change Over FY 2009	% of Total Local Revenues	Tax Rate vs. Wmsbg.	Per Capita Revenue
James City County	\$.77	\$85,433,230	.1%	58.6%	+43%	\$1,341
York County	\$.658	\$58,499,184	-8%	48.7%	+22%	\$887
Winchester	\$.77	\$23,963,562	1.7%	38.2%	+43%	\$908
Hampton	\$1.04	\$122,109,486	.5%	45.0%	+93%	\$844
Newport News	\$1.10	\$171,355,664	2.2%	43.8%	+104%	\$938
Williamsburg	\$.54	\$10,178,109	.4%	31.4%	--	\$750

¹ Commonwealth of Virginia – 2010 Comparative Report of Local Government Revenues and Expenditures

Real property tax revenues received during the past ten fiscal years are shown below²:

Fiscal Year	Real Property Tax Revenue	% Change
2002	4,962,549	6.0%
2003	5,523,130	11.3%
2004	6,158,084	11.5%
2005	6,526,520	5.9%
2006	7,333,851	12.4%
2007	8,476,536	15.6%
2008	9,737,885	14.9%
2009	10,136,979	4.1%
2010	10,178,109	.4%
2011	9,850,627	-3.2%

Real estate taxes are generated based on the annually reassessed value of property. Taxable real estate property values for the last ten fiscal years are as follows:

Fiscal Year	Taxable Real Estate Property Values	% Change
2002	908,631,326	5.17%
2003	995,635,300	9.58%
2004	1,117,426,100	12.23%
2005	1,202,692,600	7.63%
2006	1,338,705,000	11.31%
2007	1,547,651,600	15.61%
2008	1,803,239,200	16.51%
2009	1,895,456,000	5.11%
2010	1,892,571,800	-.1%
2011	1,827,509,200	-3.4%

For each 1¢ of the City’s tax rate, approximately \$182,750 is generated annually, based on the fiscal year 2011 land book values. New construction each year tends to skew increases in total property valuations shown above from year to year.

² City of Williamsburg’s Comprehensive Annual Financial Reports-amounts include prior years’ delinquent real estate tax receipts.

Personal Property Taxes

Tangible personal property is classified into two categories for valuation purposes, personal and business property. Cars, trucks, boats, trailers, etc., comprise personal property, and furniture, fixtures, and machinery account for business property. Property is assessed each January 1st, and taxes are due on December 1st, of the same year. The rate of assessment for motor vehicles is determined by the NADA or “Blue Book” average loan value. Furniture, machinery, etc., is assessed at 30% of original cost. The City does not prorate for partial year occupancy. The tax rate is \$3.50/\$100 of assessed value. Personal property taxes generated by select Virginia localities for the fiscal year ended June 30, 2010 are as follows³:

Locality	Tax Rate / \$100	Personal Property Tax Revenues*	% Change Over FY 2008	% of Total Local Revenues	Per Capita Revenue
James City County	\$4.00	\$20,091,046	2.3%	13.8%	\$315
York County	\$4.00	\$14,343,746	-5.3%	12.0%	\$217
Winchester	\$4.50	\$9,640,939	2.0%	15.4%	\$365
Hampton	\$4.25	\$21,020,760	-5.5%	7.7%	\$143
Newport News	\$4.25	\$49,661,215	-3.6%	12.7%	\$272
Williamsburg	\$3.50	\$1,817,949	-6.5%	5.6%	\$134

*Includes Machinery & Tools and excludes State reimbursement for Personal Property Tax Relief Act.

Personal Property tax revenues received during the past ten fiscal years are shown below⁴:

Fiscal Year	Personal	Business*	Total Amount	% Change
2002	1,002,744	1,246,548	2,249,292	5.8%
2003	1,019,000	1,279,076	2,298,076	2.2%
2004	1,076,523	1,254,363	2,330,886	1.4%
2005	1,056,463	1,259,291	2,315,754	(.6%)
2006	1,229,677	1,143,727	2,373,404	2.5%
2007	1,292,157	1,130,964	2,423,121	2.1%
2008	1,326,707	1,210,744	2,537,451	4.7%
2009	1,409,945	1,307,209	2,717,154	7.1%
2010	1,315,193	1,276,328	2,591,521	-4.6%
2011	1,212,702	1,330,793	2,543,495	-1.8%

*Business personal property tax receipts include autos, machinery, & tools

³ Commonwealth of Virginia – 2010 Comparative Report of Local Government Revenues and Expenditures.

⁴ City of Williamsburg’s Comprehensive Annual Financial Reports-amounts include prior years’ delinquent personal property tax receipts, and State share of personal property tax reimbursement.

Penalty and interest revenues over the past ten fiscal years are shown in the following table:

Fiscal Year	Penalties	Interest	Total
2002	65,098	21,739	86,837
2003	68,639	35,236	103,875
2004	71,508	18,461	89,969
2005	63,900	15,386	79,286
2006	34,307	13,673	47,980
2007	32,017	20,274	52,291
2008	38,024	19,094	57,118
2009	40,637	20,696	61,333
2010	34,866	15,825	61,333
2011	73,693	30,581	104,274

OTHER LOCAL TAXES

This category of local revenues differs from general property taxes in that they are not billed by the City [except in the case of business licenses]. They are dependent on business volume, and most are *self-imposed* [businesses report sales activity directly to the City, and charges are based on these reported figures]. Business activity is subject to verification by the Senior Tax Analyst.

Local Sales and Use Taxes

Local sales and use taxes are based on business activity in the City reported to the Commonwealth of Virginia by all businesses that are required to charge State sales tax of 5%. The taxes are collected and submitted to the Virginia Department of Taxation on a monthly basis and one percent of these proceeds are then returned to the City directly from the State. As a matter of policy, the City has designated these revenues to pay for its ongoing capital improvement program. Revenues received from the Commonwealth of Virginia for sales taxes over the last ten fiscal years are as follows:

Fiscal Year	1% Sales Tax Receipts	% Change
2002	4,368,379	17.40%
2003	3,781,232	(13.44%)
2004	4,210,450	11.35%
2005	4,219,603	.22%
2006	4,303,203	1.99%
2007	4,867,792	13.12%
2008	4,562,028	(6.28%)
2009	3,844,275	(15.73%)
2010	3,885,065	1.06%
2011	3,963,454	2.02%

Consumer Utility Taxes

Use taxes are collected by public utility companies and remitted to the City on a monthly basis. City Council approves the rates charged annually. Telecommunications sales taxes since FY 2007 are 5% for all Virginia localities. The following table highlights the purpose and rates charged by these utility companies in effect during fiscal year 2010:

Current City Charges			Maximum-State Code			
Type	Residential Rate	Commercial Rate	Res. Max Per month	Comm-Industrial Max/month	Residential Maximum Allowable Charge/month	Comm/Ind. Maximum Allowable Charge/month
Electricity	\$.70/ month Plus .007468 per kw hours	\$1.15/month Plus .006947 per kw hours	\$1.00	\$20.00	20% up to \$15=\$3	20% up to \$200=\$40
Gas	\$.70/month Plus .014 per CCF	\$1.15/month Plus.0243 per CCF	\$1.00	\$20.00	20% up to \$15=\$3	20% up to \$200=\$40
Propane	N/A	N/A	N/A	N/A	Same as above	Same as above
Telephone	5% per month	5% per month	No limit	No limit	No limit	No limit
Wireless	5% per month	5% per month	No limit	No limit	No limit	No limit
Telephone – E-911	\$.75/month	\$.75/month	\$.75/month	\$.75/month	\$.75/month	\$.75/month

The Commonwealth of Virginia deregulated gas and electric utilities in 2001. Since then local utility taxes for those industries are designed to be revenue neutral to localities. Beginning July 1, 2003, the City of Williamsburg began imposing a tax on wireless communications. Total receipts collected over the last ten fiscal years are as follows:

Fiscal Year	Electric	Telephone	Natural Gas	E-911*	Wireless	Commun. Sales Taxes	Total Collections
2002	194,648	150,012	58,370	186,059	0	0	589,089
2003	195,418	199,374	55,082	216,106	0	0	665,980
2004	180,296	170,339	57,982	236,670	139,415	0	784,702
2005	181,451	198,580	59,930	263,202	258,868	0	962,031
2006	200,166	191,027	60,331	245,767	189,097	0	886,388
2007	201,075	83,671	62,243	112,628	89,231	353,702	902,550
2008	200,307	0	82,563	0	0	824,920	1,107,790
2009	201,825	0	89,224	0	0	749,461	1,040,510
2010	204,672	0	90,122	0	0	752,584	1,047,378
2011	203,571	0	97,389	0	0	748,840	1,049,809

*Effective July 2, 2001, E-911 rate was increased to \$2.00 but mid-year FY 2007 (beginning January 1, 2007), all E-911, telephone, and wireless revenues are included as communications sales taxes under State legislation.

Business License Taxes (BPOL)

All businesses in the City must obtain a business license to operate. The Commissioner of the Revenue sends business license applications in late December each year. Forms provided include prior year information [name, address, type of business conducted, gross receipts, etc.] and it is the responsibility of licensees to confirm or change information. The applications must be returned to the Commissioner by February 15th. The charges for business licenses are based on gross receipt figures provided on the application. The due date for payment of business licenses is March 1st each year, with a 10% penalty beginning March 2nd, and interest accruing at 10% annual percentage rate.

A detailed list of rates is provided for information purposes.

Trade/Type	Fee [based on gross receipts]	Minimum Fee
Business or Personal Service	\$.36/\$100	\$30 up to \$8,200
Contractor	\$.16/\$100	\$30 up to \$18,000
Fortune Teller	\$1,000 flat fee	Flat license fee
Itinerant Merchant or Peddler License	\$500 flat fee	\$30
Professional Service	\$.58/\$100	\$30 up to \$5,000
Retail Merchant	\$.20/\$100	\$30 up to \$15,000
Wholesale Merchant	\$.05/\$100	\$30 up to \$60,000
Restaurant (seating 50-100)	\$200	Flat license fee
Restaurant (seating 101-150)	\$350	Flat license fee
Restaurant (seating 151-up)	\$500	Flat license fee
Bed & Breakfast – Mixed Beverage	\$40	Flat license fee
On/Off Sale of Beer-Wine	\$150	Flat license fee
On/Off Premises Sale of Beer	\$100	Flat license fee
On Premises Sale of Beer & Wine	\$150	Flat license fee
On Premises Sale of Beer	\$100	Flat license fee
Off Premises Sale of Beer & Wine	\$150	Flat license fee
Off Premises Sale of Beer	\$100	Flat license fee

Business Licenses receipts over the last ten fiscal years are as follows:

Fiscal Year	Business License Receipts	% Change
2002	1,622,735	1.88%
2003	1,641,721	1.17%
2004	1,628,458	(.81%)
2005	1,749,413	7.43%
2006	1,789,386	2.28%
2007	1,593,478	(10.95%)
2008	1,754,093	10.08%
2009	1,595,535	(9.04%)
2010	1,571,483	(1.51%)
2011	1,497,159	(4.73%)

Utility License Fees

The Code of Virginia, § 58.1-37 governs the licensing and regulation of cable television in the City. Gas and electric utilities using the city streets and right-of-ways to conduct business are classified here also, with consumption taxes set by state code. The Code of Virginia § 58.1-2904 imposes consumption taxes on consumers of natural gas in the City, and the Code of Virginia § 58.1-2900 covers consumption taxes on electricity in the City. These taxes are separate from consumer utility taxes charged monthly. The City’s current agreement with Cox Cable was renegotiated in May, 2011 for 10 years.

Activity	Fee
Cable TV	5% of gross receipts
Telephone	\$.50/\$100 gross receipts
Gas	\$.004/CCF first 500CCf per month
Electric	Under 2,500kWh = \$.00155/kWh/month 2,500 – 50,00 kWh = \$.00099/kWh/month over 50,000 kWh = \$.00075/kWh/month
Taxi & Bus Services	\$75 flat fee plus \$60 per cab owned

Utility License fees collected over the past ten years are shown below:

Fiscal Year	Cable TV *	Gas & Electric	Telephone	Other	Total Utility License Fees
2002	105,015	70,491	18,386	741	194,633
2003	112,058	66,571	22,117	1,614	202,360
2004	129,335	59,675	34,509	2,197	225,716
2005	141,092	58,910	33,094	2,100	235,196
2006	151,111	60,465	35,986	3,200	250,762
2007	79,168	55,818	33,860	2,900	171,746
2008	0	62,290	37,343	3,200	102,833
2009	0	64,035	40,685	3,300	108,020
2010	0	64,905	52,843	3,500	121,248
2011	0	67,753	40,838	2,430	111,021

* Beginning January 1, 2007, cable franchise fees are included in the Communication Sales Tax program

Bank Stock Taxes

Every incorporated bank, banking association or trust company organized by or under the authority of the laws of the Commonwealth are responsible for filing bank franchise taxes⁵. A specific state tax form is prepared annually for banks, and filed with the Commonwealth of Virginia. The tax is essentially 8/10's of 1% of a bank's total equity capital (including reserves for losses) less real estate and personal property holdings which are taxed by Virginia localities. Banks submit the portion of its total bank stock taxes to local governments based on the percentage of banking operations within each locality. Bank stock tax collections over the past ten years are shown below:

Fiscal Year	Bank Stock Receipts	% Change
2002	189,433	(20.53%)
2003	140,880	(25.63%)
2004	112,958	(19.82%)
2005	118,772	5.15%
2006	168,696	42.03%
2007	172,298	2.14%
2008	156,853	(8.96%)
2009	128,755	(17.91%)
2010	167,652	30.21%
2011	202,189	20.60%

⁵ Commonwealth of Virginia, Dept of Taxation, Virginia Bank Franchise Tax, 1997 Forms

Recordation Taxes

State law gives City Council the power to impose recordation taxes upon the first recordation of each taxable instrument recorded in the City. Taxable instruments generally consist of deeds, deeds of trust, and marriage licenses. The rate charged is \$.15 on every \$100 or fraction thereof of the consideration of the deed or the actual value of the property conveyed, whichever is greater⁶. For deed recordation in excess of \$10 million value, a sliding scale is used. The Clerk of the Circuit Court is responsible for collecting and remitting these fees monthly to the City. In addition to these fees, a local tax is imposed (equal to up to 1/3 of the state recordation tax) and submitted to the City. The City has charged this maximum fee for many years. A grantor's tax is also collected by the Clerk of the Circuit Court, and submitted to the State for quarterly distribution. This tax is classified under the Non-Categorical Aid section of this report.

Local recordation taxes collected over the past ten fiscal years are as follows:

Fiscal Year	Recordation Fees	% Change
2002	109,141	4.8%
2003	131,173	20.2%
2004	196,203	49.6%
2005	266,594	35.9%
2006	387,953	45.5%
2007	342,137	(11.8%)
2008	326,508	(4.6%)
2009	170,417	(47.8%)
2010	136,891	(19.7%)
2011	141,452	3.3%

Cigarette Taxes

The City of Williamsburg began imposing a cigarette tax of 25¢ per pack on July 1, 2003. The timing of vendor stamp replenishment is unpredictable each year. The total collected for fiscal years 2004 thru 2011 are:

Fiscal Year	Cigarette Taxes	% Change
2004	305,729	--
2005	209,340	(31.5%)
2006	184,080	(12.1%)
2007	172,872	(6.1%)
2008	180,701	4.5%
2009	144,534	(20.0%)
2010	158,460	9.6%
2011	148,032	(6.6%)

⁶ Code of Virginia §581-801.

Hotel & Motel Room Taxes

The City levies a transient occupancy tax on hotels, motels, bed and breakfasts, and other facilities offering guest rooms at a rate of 5%. Businesses collect this tax and submit it to the City by the 20th of the following month. Room tax collections over the last ten fiscal years are:

Fiscal Year	Room Tax Collections	% Change
2002	4,114,010	5.61%
2003	3,974,894	(3.38%)
2004	3,996,782	.55%
2005	3,695,937	(7.53%)
2006	3,787,611	2.48%
2007	4,350,871	14.88%
2008	4,447,662	2.22%
2009	3,574,810	(19.62%)
2010	3,248,789	(9.12%)
2011	3,384,922	4.19%

Restaurant / Food Taxes

The Code of Virginia allows the City to impose this excise tax on all food and beverages sold in the City as a meal. City Code defines “food & beverages” as all food, beverages or both, including alcoholic beverages, which are meant for refreshment or nourishment value, purchased in or from a restaurant, whether prepared in such restaurant or not, and whether consumed on the premises or not.⁷ Restaurant Food tax rate is 5%. Meal tax collections over the last ten fiscal years are:

Fiscal Year	Meal Tax Collections	% Change
2002	5,318,886	3.96%
2003	5,244,106	(1.41%)
2004	5,393,776	2.85%
2005	5,367,745	(.48%)
2006	5,600,162	4.33%
2007	5,851,680	9.68%
2008	6,005,227	2.62%
2009	5,522,541	(8.04%)
2010	5,607,318	1.54%
2011	5,989,446	6.81%

⁷ Williamsburg City Code, Section 18.271.

The City's adopted fiscal year FY 2012 operating budget estimates room & meal tax revenues to be \$9,300,000, or 29.1% of the total operating budget. Rates charged by nearby Virginia localities, and the percentage of budgeted FY 2012 receipts to total operating budgets, are presented below:

Locality	Room Tax Rate	% of FY 2012 Budget	Meal Tax Rate	% of FY 2012 Budget	Total % of Budget
York County*	5%	1.5%	4%	2.1%	3.6%
James City County*	5%	1.1%	4%	3.4%	4.5%
Virginia Beach*	8%	.6%	5.5%	3.4%	4.0%
Hampton	8%	.8%	6.5%	3.5%	4.3%
Newport News	7.5%	.4%	6.5%	2.4%	2.8%
Norfolk	8%	.8%	6.5%	3.0%	3.8%
Williamsburg*	5%	10.6%	5%	18.5%	29.1%

**In addition to room taxes, the City of Williamsburg, James City County and York County collect a \$2.00 per night per room tax, which commenced on July 1, 2004 per Code of Virginia, section 58.1-3823C. The revenues generated are designated and expended solely for advertising the Historic Triangle Area. Receipts are sent to the Williamsburg Area Destination Marketing Committee each month. In addition, Virginia Beach and Norfolk charge a flat rate tax of \$1 per night, per room.*

Permits, Privilege Fees and Regulatory Licenses

The City uses the Virginia Uniform Statewide Building Code (USBC), which covers new construction, renovation, demolition, plumbing, gas, mechanical, electrical, fire protection system installations and asbestos removal. The category's major components consist of building, electrical, plumbing, and mechanical permits.

A ten-year history of permit revenues follows:

Fiscal Year	Building	Electrical	Plumbing	Mechanical	Other*	Total
2002	70,343	22,674	23,537	21,117	36,314	173,985
2003	95,522	25,860	26,923	27,782	36,531	212,618
2004	119,376	42,548	40,780	35,675	67,383	305,762
2005	100,048	39,543	29,755	29,711	57,605	256,662
2006	99,860	28,580	21,025	23,568	102,708	275,741
2007	81,102	19,362	22,908	14,016	56,891	194,279
2008	141,096	52,036	51,462	44,506	78,220	367,320
2009	62,170	21,653	19,819	19,061	74,767	197,470
2010	46,741	14,447	14,033	17,601	68,642	161,464
2011	45,546	16,355	14,116	15,303	62,788	154,108

**Other includes dog licenses, parking, zoning, right-of-way, raffle, rental inspections, gas and fire prevention permits.*

Fines and Forfeitures

This revenue category is used to account for court and parking fines. The Court system has guidelines for setting case-related fines, while City Code sets the rates for parking fines. The Clerk of the Circuit Court collects court fines and submits receipts to the City monthly, while parking fines are paid directly to the Department of Finance. Effective January 1, 2004, the City implemented a graduated parking fine structure. During a 60-day period, which begins with the first overtime parking violation, fines will graduate as follows: 1st violation is \$10.00, 2nd violation is \$30.00 and the 3rd or more is \$50.00. Revenue collections for fines and forfeitures over the last ten fiscal years are as follows:

Fiscal Year	Court Fines	Parking Fines	Total
2002	190,953	91,711	282,664
2003	177,729	95,855	273,584
2004	164,346	90,360	254,706
2005	147,580	86,577	234,157
2006	142,927	86,852	229,779
2007	157,756	123,856	281,612
2008	143,836	97,484	241,320
2009	147,173	86,089	233,262
2010	108,744	93,743	202,487
2011	108,422	113,345	221,767

Revenue from Use of Money and Property

This revenue classification includes interest earnings on surplus funds, rental income from City-owned properties, and sale of surplus vehicles and equipment. Interest earnings reported here include only the General Fund, as Utility Fund revenues are highlighted in the next section, Budget Summaries. Revenue collections from use of money and property over the last ten fiscal years are presented below:

Fiscal Year	Interest Earnings	Rental Income	Sale of Surplus	Total
2002	877,741	167,913	3,550	1,049,204
2003	509,695	213,618	31,660	754,973
2004	154,762	285,957	0	440,719
2005	464,761	378,192	0	842,953
2006	931,410	414,625	36,653	1,382,688
2007	1,600,447	522,010	33,368	2,155,825
2008	1,209,815	531,537	24,433	1,765,785
2009	457,041	464,813	8,175	930,029
2010	236,316	469,207	25,319	730,842
2011	87,800	505,752	30,825	624,377

Rental income includes various rental properties. Specific charges as of January 1, 2012 are as follows:

Category	Location/Purpose	Monthly Rent
Municipal Center	U.S. Post Office-Parking Lot	\$1,167
3 City-owned houses	Longhill Rd. & Waller Mill Rd.	\$1,288
Transportation Center	Rental Car	\$1,000
Transportation Center	Yellow Cab	\$400
Transportation Center	Williamsburg Area Transport	\$6,250
Transportation Center	Hampton Roads Transit	\$60
Transportation Center	Amtrak	\$2,860
City Square	Parking & Amenities for Lots 1,2, &3	\$293.70 each plus \$58.74 per parking space

The Community Building user fees are included in rental income. The base rate for a weekday is \$150/3 hour minimum and \$300 for the weekend. The City completed the construction of the Prince George Parking Garage (PGPG) and opened for operation in 2004. A breakdown of rental income from remaining properties over the last ten fiscal years is presented below:

Fiscal Year	Comm Bldg	City Square	Longhill Prop	Muni Center	Stryker Bldg	Trans Center	Gen. Prop	PGPG	Total
2002	25,100	19,804	3,988	59,543	4,450	38,500	16,528	0	167,913
2003	35,000	39,460	7,478	14,374	4,250	45,972	67,084	0	213,618
2004	32,206	36,908	7,395	14,466	3,400	50,386	118,660	22,536	285,957
2005	39,922	38,016	8,610	15,650	6,950	50,104	71,947	146,993	378,192
2006	38,100	38,418	7,095	15,600	8,050	54,330	48,326	204,706	414,625
2007	41,075	41,069	7,600	15,600	8,930	120,720	54,556	232,460	522,010
2008	50,575	40,341	9,150	15,600	6,960	123,061	46,595	239,255	531,537
2009	37,284	43,988	10,456	15,550	7,160	123,273	17,802	209,300	464,813
2010	40,255	44,071	8,946	13,332	6,050	125,203	18,858	212,492	469,207
2011	46,641	43,340	9,456	13,732	3,770	119,720	19,185	248,370	504,214

Charges for Services

The City uses this revenue classification to account for various revenue sources requiring charges. Minor amounts are included under Sheriff's fees and Commonwealth Attorney's fees, of which the City has no control over. Likewise, charges for correction & detention are for work release fees from

the Sheriff's Department. Also included are charges for maintenance of highways, streets, and sidewalks, which is used for billing special mowing or trash pickup and are minimal in amount. The largest item under this category is Charges for Parks & Recreation. City Code authorizes the Recreation Department to set and collect charges for programs and activities for use of its facilities and services. Charges for Services collected over the past ten years are shown below:

Fiscal Year	Sheriff's Fees	Commonwealth Attorney's Fees	Parks & Recreation	Planning & Comm. Dev.	Total
2002	1,366	728	291,421	47,598	341,113
2003	1,366	534	297,674	45,774	345,348
2004	1,366	414	270,705	45,360	317,845
2005	1,366	412	316,991	46,257	365,026
2006	1,366	394	302,835	56,566	361,161
2007	1,366	242	288,754	36,073	326,435
2008	1,378	160	298,453	43,750	343,741
2009	1,331	138	317,573	28,698	347,740
2010	1,460	266	350,497	37,881	390,104
2011	1,414	805	390,220	43,742	436,181

Charges for Planning & Community Development include minor amounts for maps and surveys, with the largest dollars attributable to sales of Cedar Grove Cemetery lots.

Recreation fees for the last ten fiscal years are highlighted in detail below:

Fiscal Year	Pool Fees	Tennis Fees	Waller Mill Park	Vending Machines	Classes	Athletics	Fishing Licenses	Misc.	Total
2002	6,173	11,445	44,259	7,788	64,502	136,012	6,522	14,720	291,421
2003	6,225	11,588	40,608	7,342	64,953	141,987	7,028	17,943	297,674
2004	6,342	10,352	44,111	4,153	49,769	133,219	4,901	17,858	270,705
2005	5,379	11,959	51,361	3,844	42,804	168,737	5,075	27,832	316,991
2006	5,161	8,551	55,701	3,298	32,878	160,908	0	36,338	302,835
2007	6,559	14,674	54,664	2,697	25,306	146,961	0	37,893	288,754
2008	6,641	19,595	62,481	1,567	22,326	146,948	0	38,895	298,453
2009	6,083	18,900	73,909	584	15,742	157,829	0	44,526	317,573
2010	7,989	27,891	79,938	356	15,022	157,526	0	61,775	350,497
2011	5,451	32,482	106,180	409	17,444	164,883	0	63,371	390,220

Cemetery lot sales and grave opening fees over the last ten years are as follows:

Fiscal Year	Cemetery Lot Sales	Grave Openings
2002	19,507	26,725
2003	20,167	23,275
2004	19,526	23,400
2005	22,450	21,675
2006	27,400	19,550
2007	18,700	12,250
2008	16,843	18,250
2009	12,383	14,450
2010	15,200	18,050
2011	22,520	14,950

Emergency Medical Transport - As of July 1, 2005, the City began a program of billing health insurance providers for emergency medical transportation services. Receipts to date are as follows:

Fiscal Year	EMS Fees
2006	180,024
2007	341,472
2008	353,613
2009	411,430
2010	396,546
2011	409,588

REVENUE FROM THE COMMONWEALTH

Monies received from the Commonwealth of Virginia are classified as either Non-categorical or Categorical aid. Non-categorical revenues are received quarterly according to State code, are not billed or itemized by the City or any constitutional officer, and are not designated to be used for any specific purpose. These are direct-deposited in the General Fund and used to pay for overall operations. Categorical aid must be spent on specific purposes. In the case of constitutional officers, expenditures are itemized and sent to the Commonwealth for reimbursement, based on various formulas provided for by state code.

Non-categorical Aid

Items included in this classification, and a brief description of how City revenues are calculated are shown below:

1. ABC Profits - Total net profits for ABC sales for the state are determined by the Department of Alcoholic Beverage Control, and reported to the Department of Accounts quarterly for distribution to localities. The funding formula for ABC profits is: Locality population (based on latest census) ÷ total state population X net profits.

2. Wine Taxes - 40¢/ liter wine tax is charged on all wine sold in Virginia. Taxes are remitted to the Department of Taxation, and 44% of the tax is re-distributed to localities based on the share of each locality’s respective population.
3. Rolling Stock Taxes - The State Corporation Commission determines the assessed value of “Certified Motor Vehicle Carriers” [primarily bus companies] and assesses a property tax at the rate of \$1 per \$100 value. These revenues are distributed quarterly to the localities based on the miles the vehicles travel throughout the localities [based on reports submitted from the carriers].
4. Rental Car Taxes - Payments received from the Commonwealth are based on rental car taxes collected by rental companies within each jurisdiction. A 4% rental car tax is required to be assessed on all rental vehicles (prior to July, 1997 the tax applied only to rented passenger cars). Rental companies submit the taxes monthly to DMV with a report by locality. The Commonwealth distributes these funds quarterly to localities.
5. Grantor’s Tax - The Clerk of the Circuit Court collects additional recording fees for this purpose, details monthly activity, and deposits these receipts in a State Account. Activity is separated at the courthouse for deeds relating to Williamsburg or James City County. Funds are distributed quarterly by the Commonwealth, from a \$10 million fund [\$40 million per year] to localities based on their share of overall grantor tax collections in the Commonwealth.
6. 599 Funds - Each locality in the Commonwealth is eligible to receive a percentage of the total amount to be distributed equal to the percentage of the total adjusted crime index attributable to each locality as determined by the Department of Criminal Justice Services. The City must notify the Department prior to July 1 each year that its law enforcement personnel have complied with minimum training standards as provided for by State Code. These distributions are made quarterly.

Non-Categorical Aid received over the last ten fiscal years is as follows:

Fiscal Year	ABC Profits	Wines Taxes	Rolling Stock Taxes	Rental Car Taxes	Grantor’s Taxes	Total
2002	32,614	16,912	8,979	9,754	47,050	115,309
2003	14,518	13,442	6,907	12,057	48,940	95,864
2004	18,297	11,342	6,773	8,138	61,944	106,494
2005	7,035	7,373	6,906	5,737	49,980	77,030
2006	7,035	7,373	6,785	11,528	65,619	465,104
2007	7,034	7,373	5,370	18,510	65,597	103,884
2008	7,034	7,373	7,883	24,777	78,970	126,037
2009	0	0	8,940	15,899	55,459	80,298
2010	0	0	2,900	16,154	48,165	67,219
2011	0	0	9,046	10,604	49,845	69,495

Categorical Aid

The City's Comprehensive Annual Financial Report classifies categorical aid into four sub-categories:

1. Shared Expenses - Constitutional offices included as City departments/operations with reimbursements provided (in-part) by the Commonwealth of Virginia.
2. Welfare - Pertaining to the City's general fund, only minor amounts of reimbursements are accounted for here. Virtually all of the City's Human Services programs are accounted for as a special revenue fund.
3. Education - The governor's distribution of state sales tax monies dedicated to education.
4. Other Categorical Aid - Largely the reimbursement for street/highway maintenance monies.

Shared Expenses

1. Sheriff - This is a joint activity shared with James City County. The state refunds approximately 100% of state-approved salaries and operating costs of this department. However, since the City now is part of the Virginia Peninsula Regional Jail Authority, the Sheriff now provides only courtroom security and prisoner transfer activities. Jail staffing at the Courthouse has been significantly reduced, as many former employees now work for the Authority. Salary supplements are not reimbursed by the State.
2. Commissioner of the Revenue - State code provides for reimbursements to the City at 50% of salaries, fringe benefits and a minor portion of operating expenses. Any constitutional officer can make special requests for payment from the Compensation Board for additional consideration. For the City's Comprehensive Annual Financial Report dated June 30, 2010 total reimbursements were 43.5% of expenditures.
3. Treasurer - This is also a joint activity shared with James City County. The state reimburses the City 2/3 of salary, fringe benefits, and operating costs for the Deputy Treasurer, whose office is in the Municipal Building. The City, in turn, bills James City County 25% of the non-reimbursed amount annually. In the City's Comprehensive Annual Financial Report, only the State reimbursed monies are classified as Categorical Aid. Any reimbursements from James City County are classified as "Miscellaneous" revenues, so an exact ratio of reimbursements to expenditures is difficult to compute, based on the CAFR.
4. Medical Examiner - Reimbursed at \$30 per examination.
5. Registrar/Electoral Board - Salaries are reimbursed by the State at 100% for the Registrar and the Electoral Board members. No reimbursements are made for fringe benefits or operating expenditures. The Department of Finance bills the State Electoral Board annually. No salary supplements are made for the Registrar or board members.

Welfare

In prior years the City accounted for miscellaneous general relief reimbursements through the General Fund. This activity is accounted for as a special revenue fund, and is included in

the City's Comprehensive Annual Financial Report in the Virginia Public Assistance Fund.

Education

State Sales Tax for Education -The Governor distributes 1% of statewide sales tax receipts to every school district based on state census figures provided for school-age population. This is adjusted with each triennial census performed by the joint school system and verified by the localities.

Categorical Aid received over the last ten fiscal years are as follows:

Fiscal Year	Comm. of Rev.	Treasurer	Medical Examiner	Registrar/ Electoral Bd.	599 Funds	State Sales Tax	Total
2002	74,428	23,077	180	40,642	307,807	429,304	875,438
2003	69,944	19,281	210	37,647	305,013	482,361	914,456
2004	69,689	18,983	270	36,985	304,172	559,110	989,209
2005	71,946	19,556	450	44,049	340,364	657,483	1,133,848
2006	77,082	20,316	570	45,445	366,764	696,305	1,206,482
2007	80,308	21,158	90	47,355	441,820	707,580	1,298,311
2008	84,230	22,677	0	52,529	443,843	717,848	1,321,127
2009	85,464	22,475	0	48,245	427,158	698,356	1,281,698
2010	83,733	18,024	0	43,044	391,496	796,087	1,332,384
2011	69,878	17,333	0	38,385	386,896	827,078	1,339,570

Other Categorical Aid

Other aid received from the Commonwealth and designated for specific use includes:

1. Arts Commission - Grant funds are applied for by the City and James City County to the Commonwealth for the Local Government Challenge Grant Program. Funds are received directly by each locality. James City County reimburses the City for the State portion, and also an additional amount each year as provided for during the annual budget process. Since Fiscal Year 1998 *each* locality has received the \$5,000 state maximum allowed under this grant.

Total funds received for the Arts Commission over the last ten fiscal years are as follows:

Fiscal Year	Arts Commission Receipts	% Change
2002	68,925	5.2%
2003	69,425	.73%
2004	69,175	(.36%)
2005	73,150	5.8%
2006	73,375	.31%
2007	72,885	(.67%)
2008	75,070	3.0%
2009	76,350	1.7%
2010	75,390	(1.3%)
2011	65,000	(13.8%)

2. Street and Highway Maintenance - The City is reimbursed quarterly by the Commonwealth according to lane miles of streets within its boundaries. For FY 2012 reimbursements for principal/minor arterial roads are \$17,819 per lane mile, while collector/local streets are at a rate of \$10,461 per lane mile. Lane miles used to calculate reimbursement change only when additional roads are built in the City. Total revenue for FY2012 will be \$1,479,180 based on peak hour moving lane miles of state arterial roads in the City of 39.85 miles, and local streets of 73.52 lane miles. Payment rates change periodically, and are at the discretion of the Commonwealth of Virginia. Street & Highway Maintenance receipts over the last ten fiscal years are as follows:

Fiscal Year	Street & Highway Mtce Receipts	% Change
2002	1,037,194	5.2%
2003	1,082,951	4.4%
2004	1,131,859	4.5%
2005	1,169,565	3.3%
2006	1,229,662	5.1%
2007	1,277,857	3.9%
2008	1,332,230	4.3%
2009	1,382,944	3.8%
2010	1,376,050	(.5%)
2011	1,426,219	3.7%

3. Emergency Services - Each year funds are received for Radiological Emergency Preparedness. These funds support the activities of state agencies and certain local governments in establishing, maintaining, and operating emergency plans, programs and capabilities to deal with nuclear accidents⁸. Annual training exercises are performed, within program guidelines, and are coordinated throughout the geographic area with other local governments and Dominion Power. Amounts received each year are based on the projected annual cost of administering the state and local government programs for the power stations. Emergency services program receipts over the last ten fiscal years are as follows:

Fiscal Year	Emergency Services Program Receipts
2002	32,117
2003	3,920
2004	35,000
2005	37,000
2006	36,087
2007	75,000
2008	0
2009	0
2010	25,000
2011	25,000

4. Fire Programs - This is a special appropriation to localities to be used for fire service training, training facilities, and fire-fighting equipment or vehicles. Localities must provide detailed expenditure reports annually to qualify for these funds. All monies received must be spent in the year of receipt. Fire program receipts over the last ten fiscal years are as follows:

Fiscal Year	Fire Program Receipts	% Change
2002	16,203	0%
2003	16,080	(.8%)
2004	17,902	11.3%
2005	23,629	32.0%
2006	27,182	15.0%
2007	29,102	7.1%
2008	31,628	8.7%
2009	32,650	3.2%
2010	37,342	14.4%
2011	34,643	(7.2%)

⁸ Va of Emergency Services - Funding to State and Local Government Agencies and Supporting Organizations, June, 1992

5. EMS Funds- Four for Life - State Code provides for an additional \$4 per year to be charged and collected when registrations for pickups, panel trucks, and motor vehicle are made at the Department of Motor Vehicles. These monies are paid into the State treasury to be used for emergency medical service purposes. Twenty-six percent of these funds are returned to the localities where the registrations were made. It supports volunteer and paid-personnel training, equipment, and supplies for emergency purposes.

Four for Life receipts over the last ten fiscal years are as follows:

Fiscal Year	Four for Life Receipts	% Change
2002	5,501	(.5%)
2003	5,559	(1.1%)
2004	6,176	11.1%
2005	6,742	9.2%
2006	11,029	63.6%
2007	11,893	7.8%
2008	22,661	90.5%
2009	14,676	(35.2%)
2010	13,915	(5.2%)
2011	15,493	11.3%

6. Litter Control - The City receives this annual grant from the Department of Waste Management to aid in litter control. Monies are used for litter prevention, elimination and control. The grant must be applied for each year, and an accounting is made each year to verify that funds are spent appropriately. Amounts vary each year depending on available funds and local program requirements. Revenues for litter control over the last ten fiscal years are as follows:

Fiscal Year	Litter Control Receipts
2002	5,143
2003	4,784
2004	4,495
2005	4,495
2006	6,568
2007	5,307
2008	6,508
2009	6,337
2010	5,125
2011	5,910

REVENUE FROM THE FEDERAL GOVERNMENT

The City's Comprehensive Annual Financial Report itemizes Federal receipts on the Schedule of Federal Awards, according to the Catalog of Federal Domestic Assistance catalog numbers. Human Services programs account, by far, for the majority of the City's federal funds. These programs are accounted for in the Public Assistance Fund. For General Fund purposes, only limited sources of federal funding exist. These programs are highlighted:

1. Community Development Block Grant - These are pass-thru funds for specific CDBG projects in the City in partnership with the Williamsburg Redevelopment & Housing Authority. The City received \$25,000 during FY 2011, for a planning study.
2. Local Law Enforcement Block Grant - The City must apply for these funds each year through the Department of Justice. An interest-bearing checking account is maintained for this grant, and detailed quarterly reports must be filed until the funds are spent. The City received \$6,631 for the Byrne Justice Assistance Grant Program for FY 2011.
3. Department of Homeland Security - These funds are federal pass-thru grants administered by the Commonwealth of Virginia. A grant for \$17,000 for a license plate reader was received during FY 2011. In addition, \$20,471 was received for Citizen's Corp Project and the Citizen Emergency Response Team training.

POTENTIAL REVENUE SOURCES

State Code Section 58.1-3840 allows cities or towns to charge excise taxes on *admissions*, which the City does not impose.

EXPENDITURE CLASSIFICATIONS

1000 SALARIES AND WAGES

- 1001 Salaries
Compensation for all full time employees who hold permanent positions.
- 1002 Salaries-Overtime
Compensation for overtime and holiday pay for all eligible employees in accordance with the Personnel Manual.
- 1003 Salaries, Part-time Employees
Compensation for all part time employees (less than 40 hours per week) who are paid on an hourly basis and are not eligible for all employee benefits. (See Personnel Manual)
- 1005 Salaries-Temporary
Compensation for employees who are working on a temporary basis. (See Personnel Manual)
- 1006 Discretionary Leave
Compensation for police, fire, or water plant personnel who must work on stated holidays. (See Personnel Manual)
- 1008 Traffic Control
Compensation for police department personnel who work extra hours for traffic control purposes.
- 1009 Off-Duty Policemen
Compensation for police personnel hired by outside establishments after regular working hours. (City is reimbursed by contracting party.)

2000 FRINGE BENEFITS

- 2001 FICA
Employer's share of Social Security Taxes.
- 2002 Virginia Retirement System (VRS)
Cost of contributions to Virginia Retirement System for all fulltime employees. VRS enrollment is mandatory for all full-time employees, and paid as a percentage of base salary.
- 2004 Dental
Costs for employee dental reimbursement program.
- 2005 Hospitalization
City's cost for medical benefit package premiums, not including dental.
- 2006 Group Life Insurance
City's cost for VRS group life insurance policy.
- 2009 Unemployment Insurance
Costs for unemployment insurance.
- 2010 Worker's Compensation
Costs for worker's compensation insurance.
- 2012 Clothing Allowance
Costs associated with purchase of clothing by designated personnel.

- 2013 Education Allowance
Costs for tuition assistance.
- 2016 Training
Costs associated with training fire, police, and water plant personnel.
- 2021 Cleaning Allowance
Costs associated with cleaning of uniforms and clothing.
- 3000 PROFESSIONAL SERVICES**
- 3001 Professional Health Services
Costs associated with medical services such as physicals for certain employees.
- 3002 Professional Services-Other
Costs for legal, financial, engineering, and other specialized professional services.
- 3004 Repair and Maintenance
Costs for services for repair or maintenance of city equipment and structures.
- 3004- 1 Cars and Trucks
2 Buildings
3 Office Equipment
4 Powered Equipment
5 Street Signs, Markings, and Water Meters
6 Traffic Signals
- 3005 Service Contracts
Costs for all service contracts except radio.
- 3006 Printing
Costs associated with the printing of forms, documents, manuals, etc.
- 3007 Advertising
Costs for classified and legal advertisements.
- 3008 Laundry and Dry Cleaning
Costs associated with uniform rental.
- 3009 Purchase of Services
Costs for purchasing of services and supplies from other governmental agencies (do not include joint activities).
- 3013 Jurors, Commissioners, Witnesses
Costs associated with court trials and legal disputes.
- 3031 Garbage Contract
Costs for garbage pick-up and disposal.
- 3032 HRSD
Costs for treatment of raw sewage by Hampton Roads Sanitation District.
- 3033 Exterminating
Costs for extermination contracts for city-owned buildings.
- 3099 Detective Funds
Costs associated with police work.

5000 PURCHASE OF GOODS AND SERVICES

- 5101 Electricity
Costs of electricity (Dominion Power).
- 5102 Heating Fuel
Purchase of natural gas and heating oil.
- 5103 Water and Sewer
Costs of water and sewer services.
- 5201 Postage
Stamps, stamped envelopes, postage meter costs, permit fees, etc.
- 5203 Telecommunications
Costs incurred for land-line, cellular phone, and pager service.
- 5204 Radios
Cost of operating city-wide radio systems.
- 5205 Emergency "911"
Costs of operating emergency lines for the dispatch operation.
- 5301 Boiler Insurance
Costs of insuring heating plants, generators, and other mechanical equipment.
- 5302 Fire Insurance
Costs of insuring buildings and contents against fire.
- 5305 Motor Vehicle Insurance
Costs of insurance for motor vehicles.
- 5306 Surety Bonds
Costs for surety bonds for certain city personnel.
- 5307 Public Officials Liability
Costs of insuring certain public officials against suits, etc.
- 5308 General Liability Insurance
Cost of insuring the city against certain accidents, etc.
- 5401 Office Supplies
Costs of office supplies such as envelopes, pens, pencils, paper, forms, etc. used in everyday office operations.
- 5402 Food and Food Service Supplies
Costs of providing miscellaneous food or supplies at Fire Station.
- 5403 Agricultural Supplies
Costs for care and treatment of plants, lawns, landscaping, including small tools.
- 5404 Material and Lab Supplies
Costs for purchasing medical and laboratory supplies for appropriate city departments.
- 5405 Laundry, Housekeeping and Janitorial Supplies
Costs of custodial and housekeeping supplies, including lightbulbs.
- 5406 Linen Supplies
Costs of linens used in Fire Department.
- 5407 Repair and Maintenance Supplies

- Costs of building material supplies, paint, electrical, and plumbing supplies.
- 5408 Vehicle and Powered Equipment Supplies
Supplies for cars, trucks, heavy equipment, etc. used by City Shop.
- 5408- 1 Cars and trucks
- 2 Tires and tubes
- 3 Gas and oil for vehicles
- 4 Powered equipment - light and heavy
- 5 Sign and street marking supplies
- 6 Generator fuel
- 5409 Police Supplies
Costs of items such as guns, ammo, flashlights, etc.
- 5410 Uniforms and Wearing Apparel
Costs for uniforms, protective clothing, boots, overalls, and other items or working apparel provided to employees.
- 5411 Books and Subscriptions
Costs for professional periodicals, books, and publications.
- 5412 Recreation Supplies
Costs for supplies used for Recreation Department programs.
- 5413 Other Operating Supplies
Costs for chemicals and other supplies not covered in other accounts.
- 5414 Merchandise for Resale
Costs of vending machine merchandise.
- 5415 Fire Prevention Materials
Costs of materials used by Fire Department for fire prevention.
- 5416 Pool Supplies
Costs of supplies for operation of Quarterpath Pool.
- 5417 Water Meters
Costs of purchasing water meters for the Utility Fund.
- 5418 Litter Control
Costs associated with litter pickup.
- 5501 Travel Expense
Mileage reimbursement @ 44.5¢/mile for approved use of private vehicles for job-related travel.
- 5504 Travel (Conferences and Conventions)
Costs for lodging, transportation, registration fees, and materials. All travel must have prior department head approval.
- 5602 Colonial Behavioral Health (formerly Colonial Services Board)
Costs of City's contribution to community program.
- 5604 Contributions to Other Agencies
Donations to outside organizations approved by City Council.
- 5801 Dues and Memberships

- Costs for dues and memberships in professional organizations.
- 5805 Other
Costs (non-recurring) not budgeted under other accounts.
- 5838 Principal
Repayment of long term debt principal.
- 5839 Interest
Interest payments on long term debt.
- 5899 Joint Activity
Payments to James City County for jointly operated departments and agencies.

7000 FIXED ASSETS

- 7001 Machinery and equipment
- 7002 Furniture and fixtures
- 7003 Communication equipment
- 7005 Motor vehicles
- 7007 ADP Equipment
- 7008 Pedestrian Improvements
- 7009 Street resurfacing
- 7010 Building alterations

8000 LEASES AND RENTALS

- 8001 Lease and Rental of equipment
Cost for temporary rental or lease of equipment
(no lease-purchase agreements).
- 8002 Lease and Rental of buildings
Costs for rental or lease of office or storage space.

FUNDING RELATIONSHIPS

Agency/Organization
List of Other Contributors
Constitutional Officers
(Generally)

Notes

Compensation Board. The state pays a portion of salary, benefits, and some operating costs. The City pays salary supplements in some cases, fringe benefits. Operating salaries for these officers are approved by the State..

Commissioner of the Revenue
State

The City provides office space for this officer and staff. The State reimburses the City for 50% of salary, fringes (except healthcare) and some operating expenses. The reimbursable portion of the Commissioner's salary is based on the 1980 salary amount divided in half plus any all increases in pay since that date. The State pays 50% of 2 full-time positions allowed based on population. A salary supplement is provided by the City. The State reimburses half the employer cost of VRS (Retirement), FICA, and Group Life insurance. The balance of fringes is paid by the City. The staff participates in all City employee programs (e.g., health insurance, deferred and workers compensation), including the Pay Plan. Legislation may affectively reduce the level of State funding for the Commissioner of the Revenue's operation.

Treasurer
State

The State reimburses the City and JCC for half the cost of the Treasurer and staff. The City, State and JCC share in the local cost of the Treasurer. The State reimburses 88% of state approved salary, 100% of FICA match, and 46% of VRS costs. JCC bills the City for a percentage of the non-reimbursable costs based on population. Office space is provided by both localities. The State reimburses the City for 2/3rds of salary, and fringes (except healthcare) for the City Deputy Treasurer, whose office is located in the Municipal Building. The City bills JCC for 25% of the non-reimbursable costs for salary and fringes associated with the City Deputy Treasurer position for work associated with W/JCC Schools. Pending legislation may drastically reduce the level of State funding for the Treasurer's operation.

Clerk of Circuit Court
JCC, State

The State funds salaries and a portion of fringes and operating expenses for the Clerk and staff. A portion of fringe benefits is supplemented. Twelve positions in this office are fully State funded. Two part-time positions are locally funded. All temporary part-time personnel costs are reimbursed by the State, but not permanent part-time. These part-time salaries and some fringes are paid by the City and County per the Courthouse Agreement (See Circuit Court).

Agency/Organization
List of Other Contributors
Clerk of Circuit Court
 JCC, State

Notes

The State funds salaries and a portion of fringes and operating expenses for the Clerk and staff. A portion of fringe benefits is supplemented. Twelve positions in this office are fully State funded. Two part-time positions are locally funded. All temporary part-time personnel costs are reimbursed by the State, but not permanent part-time. These part-time salaries and some fringes are paid by the City and County per the Courthouse Agreement (See Circuit Court).

Commonwealth Attorney
 JCC, State

The Compensation Board sets the salaries for the Commonwealth Attorney, four assistants, and four full-time support staff. All positions receive a salary supplement, ranging from 1.5% to 61%, paid by the City and JCC based on population each year. In addition, the Victim's Assistance program consists of three grant positions, which are supplemented locally. The balance of any fringes in excess of the amount provided by the State is paid by the City and JCC based on population per the courthouse agreement.

Sheriff's Department
 JCC, State

The joint Williamsburg/James City County Sheriff is responsible for courtroom security and serving civil warrants, but no longer handles jail facilities since the City became part of the Va Peninsula Regional Jail Authority. City/JCC share local cost on a population formula as provided in the City/County Joint Courthouse Agreement. Payroll and operating expenses have been administered by James City County since January 1, 1998. The state compensation board will reimburse the County for state-approved salaries, benefits, and some operating expenses. Salary supplements and a portion of unreimbursed operating expenses are shared locally based on the Courthouse Agreement. Sheriff's employees participate in the JCC's worker compensation, health insurance, and Va Retirement System programs.

Voter Registrar
 Board of Elections, State

The State pays majority of the Registrar's salary. For FY 2011 that rate was 75.45%. Costs associated with one part-time employee, fringe benefits, and operating costs are paid by the City. Staff participates in the City's workers compensation, health insurance, and other employee benefit programs. The City provides accounting and payroll services.

Circuit Court (Vacant)
 State

The City and JCC share in the cost of the Judge's secretary, jurors, capital outlay, and operating expenses of this office. City and JCC also fund a Legal Assistant position for the Circuit Court Judge. The Judge's salary is paid by the State.

The City/JCC agreement dates December 12, 1996 provides for joint operations of all courthouse activities. All courthouse personnel and operating costs which are the responsibility of local government are split between the City and County based on population, and is updates as of December each year.

Agency/Organization

List of Other Contributors

Notes

General District Court (Killilea)

The City and JCC share in the cost of operating expenses and capital outlay for this office based on the Courthouse Agreement. The Judge's salary is paid by the State.

Juvenile and Domestic Relations Court (Fairbanks)
JCC, State

The City and JCC share in the cost of operating expenses for this office based on the Courthouse Agreement. The Judge's salary is paid by the State.

Ninth District Court Services Unit
Juvenile Probation Office State, JCC, York, Charles City, King William, King & Queen, Mathews, Gloucester, New Kent, Middlesex, Poquoson

Salaries and fringes for this office are paid by the State. Local operating costs are shared between the City and JCC. For the District office, the City pays 1/11th of the operating costs. In addition, the City pays actual juvenile detention expenses for the Merrimac Center through the Middle Peninsula Juvenile Detention Commission for City cases.

Colonial Group Home Commission
JCC, York, and Gloucester counties
State Dept of Youth & Family Svcs.

Funded through State block grant and per diem revenues. Programs include Crossroads, Community Supervision, and Psychological Services.

Health District
State, Newport News, JCC, York County, and Poquoson

Contribution is based on funding formula which apportions local share among district jurisdictions. Some monies are refunded to City based on generated revenues each year.

Colonial Behavioral Health
(Chapter X)
State funds, JCC, York County, Poquoson
Federal Funds, fee revenues
(clients, Medicare, Medicaid, etc.)

Funded at discretion of Council. Funding request is based on population and usage.

Department of Human Services
State, Federal Dept. of Health and Human Services

Approximately 70% of personnel and operating costs are reimbursed by the State and Federal governments.

Williamsburg-James City County Public Schools

Local funding share is apportioned between the City and JCC based on the Joint Schools Agreement, as amended in 1991, 1996, 2001, and 2007. FY 2013 is the first year of the latest revised 5-year contract period. Historically State support has been approximately 30% of total school system cost, and based on formula and General Assembly appropriations. Federal funding is received and largely directed to categorical programs, and received on a cost-reimbursement basis.

Agency/Organization

List of Other Contributors

Notes

Williamsburg Regional Library

JCC, York County, State funds and generated revenues

City/County cost sharing is governed by the July, 2006 five-year agreement, and based on circulation. Each jurisdiction pays for the capital costs associated with the library buildings located therein. York County also contributes based on a memorandum of understanding. The State contributes approximately 5% of total operating costs on a formula basis, through the Library of Virginia.

Avalon Center for Women and Children

United Way, State Housing Dept., JCC, York County, private donations

Funded at discretion of Council per advice of Human Services Review Committee

Foster Grandparents Program

Hampton, JCC, York County, Newport News, Federal funds

Funded at discretion of Council per advice of Human Services Review Committee

Peninsula Agency on Aging

State and Federal funds, Newport News, Hampton, Poquoson, JCC, York County, private donations

Funded at discretion of Council per advice of Human Services Review Committee

Historical Triangle Senior Center

JCC, York Counties

Funded at discretion of Council per advice of Human Services Review Committee

Community Action Agency Center

JCC, donations, State/Fed. grants

Funded at discretion of Council per advice of Human Services Review Committee

CHIP of Virginia

Public/private partnership-partner agencies, corporations, foundations, individuals, local gov'ts

Funded at discretion of Council per advice of Human Services Review Committee.

Hospice of Williamsburg

United Way, private donations

Funded at discretion of Council per advice of Human Services Review Committee.

Williamsburg Area Transport

JCC, York County, State funds

Funded at discretion of Council. Agency administers the regional transit system serving residents, visitors, and students through fixed-routes, and services disabled in the City, JCC, and the Bruton District of York County.

Colonial Williamsburg Foundation

Endowments, generated revenue, private contributions

Funded at discretion of Council for purpose of purchasing advertising time to attract visitors to Colonial Williamsburg.

Agency/Organization

List of Other Contributors

Notes

Greater Williamsburg Chamber & Tourism Alliance
JCC, York County, Wmsbg
Hotel/Motel Association Membership, programs

Funded at the discretion of Council. In recent years all funding has been dedicated to tourism promotion except for \$100,000 per year for Alliance operations.

Hampton Roads Partnership
Hampton Roads communities, businesses, civic organizations, military, and educational institutions

Provides regional leadership to focus on those strategic issued that will improve Hampton Roads' competitive position in the global economy. Funded at the discretion of Council.

Hampton Roads Planning District Commission and Metropolitan Planning Organization (MPO)
JCC, York county, Newport News, Poquoson, Hampton, Gloucester, Tidewater jurisdictions, State and Federal funds

City share is based on per capita membership assessment each year.

Hampton Roads Economic Development Alliance/Peninsula Council for Workforce Development
Hampton, Newport News, JCC, York County, Gloucester, Poquoson

Funded at discretion of Council.

Thomas Nelson Community College
State, Newport News, JCC, Poquoson, York County, Hampton

Funded at discretion of Council, based on population formula for improvements to parking and site, not including buildings.

Colonial Soil and Water Conservation District
State, JCC, York County

This is a State agency and is primarily funded by the State. Historically, the CSWCD member jurisdictions have shared in the cost of funding one position.

Williamsburg Area Arts Commission
JCC, State funds

Funded at discretion of Council. Agency recommends funding to over 30 groups and monitors how arts groups spend funds. James City County pays half by agreement.

Animal Control
JCC

The City pays JCC to provide animal control services under a 1993 inter-local agreement.

Heritage Humane Society
JCC, York County, private donations

Funded at discretion of Council. .

Agency/Organization
List of Other Contributors

Notes

Virginia Peninsula Public Service Authority
 JCC, York County, Hampton, Newport News, Poquoson, and Middle Peninsula jurisdictions

The City share is based on a budget formula adopted by the VPPSA Board of Directors each year.

Virginia Peninsula Regional Jail Authority
 JCC, York County, Poquoson, Dept. of Corrections

The City shares in the cost of operating this authority. VPRJA operates a regional jail on Route 143 in lower James City County. City pays its share based on number of prisoners held for crimes committed in the City.

Information & Referral Service-United Way
 JCC, York County, Williamsburg Hotel/Motel Assoc., membership programs

Funded at discretion of Council per advice of Human Services Review Committee

Jamestown-Yorktown Foundation
 JCC, York County, State grants, private donations, admission fees

Funded at discretion of Council.

Colonial Court Appointed Special Advocates (CASA)
 JCC, York County, State grants, private donations

Funded at discretion of Council per advice of Human Services Review Committee.

Williamsburg Aids Network Private donations

Funded at discretion of Council per advice of Human Services Review Committee.

Williamsburg Extension Services
 State

Funded at discretion of Council per advice of Human Services Review Committee.

Williamsburg Area Medical Assistance Corporation (WAMAC)
 State and JCC

Funded at discretion of Council per advice of Human Services Review Committee.

FUND STRUCTURE

The City's accounting system is organized on the basis of funds and groups of accounts, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for by providing a separate set of self-balancing accounts which comprise its assets, liabilities, fund equity, revenues and expenditures or expenses. The various funds are grouped in the financial statements as follows:

Governmental Funds account for the expendable financial resources, other than those accounted for in proprietary or fiduciary funds. The Governmental Fund measurement focus is upon determination of financial position and changes in financial position, rather than upon net income determination as would apply to a commercial enterprise. The individual Governmental Funds which are budgeted are the General Fund, Sales Tax Fund, which are combined in the General Fund as presented in the City's Comprehensive Annual Financial Report (CAFR) each year. The Public Assistance Fund is also a governmental fund, and accounts for programs offered by the Human Services Department.

General Fund - This fund accounts for all revenues and expenditures of the City which are not accounted for in other funds. Revenues are derived from general property taxes, other local taxes, licenses and permits, and revenues from other governmental units.

Sales Tax Fund (also referred to as General Capital Improvement Program) - This fund accounts for scheduled major capital improvements for the upcoming year. Revenues are traditionally derived from the 1% Sales Tax monies collected monthly at the State level, and interest earnings.

Public Assistance Fund – This fund accounts for activities of the City's Human Services Department. The majority of funding is provided by the Federal and State government for social service programs. The remainder of its funding is provided by the City as annual contribution from the General Fund.

Proprietary Funds account for operations that are financed in a manner similar to private business enterprises. The Proprietary Fund measurement focus is upon determination of net income, financial position, and cash flows. Enterprise funds account for the financing of services to the general public where all or most of the operating expenses involved are recovered in the form of charges to users of such services. The Utility Fund, consisting of the operations for water and sewer services, is the City's only Enterprise Fund.

Budgets and Budgetary Accounting

Formal budgetary integration is employed as a management control device during the year for the General Fund, Sales Tax Fund, Utility Fund, and Public Assistance Fund. Annual operating budgets are adopted by ordinances and resolutions passed by the City Council for those funds. Budgets are prepared on the same basis of accounting used for financial reporting purposes. The City does not integrate the use of encumbrance accounting in any of its funds. The original budgets and revisions, if any, are authorized at the department level by City Council. The City Manager has the authority to transfer funds within the departments, so long as the total appropriation for a department is not adjusted. All appropriations for operating budgets lapse at year-end to the extent that they have been fully expended. As capital projects can be multi-year, funds appropriated by City Council can carry over to future years for projects not completed each year, at the discretion of the City Manager.

Basis of Accounting:**Governmental Funds:**

Governmental Funds utilize the modified accrual basis of accounting under which revenues and related assets are recorded when measurable and available to finance operations during the year. Accordingly, real and personal property taxes are recorded as revenues and receivables when billed, net of allowances for uncollectible amounts. Property taxes not collected within 45 days after year-end are reflected as deferred revenues - uncollected property taxes. Sales and utility taxes, which are collected by the State or utilities and subsequently remitted to the City, are recognized as revenues and receivables upon collection by the State or utility, which is generally in the month preceding receipt by the City. Licenses, permits, fines and rents are recorded as revenues when received. Intergovernmental revenues, consisting primarily of federal, State and other grants for the purpose of funding specific expenditures, are recognized when earned or at the time of the specific expenditure. Expenditures are recorded as the related fund liabilities are incurred.

Proprietary Funds:

The accrual basis of accounting is used for the Utility Fund. Under the accrual method, revenues are recognized in the accounting period in which they are earned, while expenses are recognized in the accounting period in which the related liability is incurred.

Basis of Accounting vs. Basis of Budgeting

Budgets are prepared on the same basis of accounting used for financial reporting purposes (GAAP). There are some instances whereas the generally accepted accounting principles used for financial reporting purposes will differ from those used in budget preparation. Under GAAP reporting requirements changes in the fair market value of the City's investments are treated as adjustments to revenue at fiscal year-end, and those effects are not considered (or known) in the budget process. The other difference is the annual adjustment necessary to reflect the value of earned but unused vacation leave due to employees at fiscal year-end. Such amount would be paid upon an employee's separation from the City, but is not known or budgeted due to the unknown nature of employee's use of vacation leave.

BUDGET POLICIES**A. Financial Planning Policies:**

1. **Balanced Budgets:**
 - a. The general operating fund (General Fund) and the special local option sales tax fund (General Capital Improvement Program, or CIP), Utility Fund operating fund, and the Utility Fund CIP are subject to the annual budget process.
 - b. All operating and capital fund budgets must be balanced - total anticipated revenues plus fund balances or reserves brought forward must equal total estimated expenditures each year.
 - c. The Utility Fund (the City's only Enterprise Fund type) will be self-supporting.
 - d. All budgets will be formulated and adopted on the basis of accounting consistent with generally accepted accounting principles (GAAP).
 - e. The budget process will include coordinating development of the capital improvement budget with development of the operating budget.

2. **Long-Range Planning:**
 - a. Budgets will be adopted annually, taking into consideration input from all organizational levels of the City. The Planning Commission will review current and future capital improvement projects and make recommendations to staff for input to the annual budget document.
 - b. The long-term revenue, expenditure, and service implications of continuing or ending existing programs or adding new programs, services, and debt will be considered while formulating all budgets annually.
 - c. The City will assess the condition of all major capital assets, including buildings, roads, bridges, water and sewer lines, vehicles, and equipment annually.
 - d. To estimate the City's future financial position, the long-term impact of operating and capital spending will be analyzed five years forward, concurrent with the formulation of all budgets.
 - e. The General Fund will maintain a minimum of 35% of total operating revenues as its unassigned fund balance.
 - f. Fund Balance of the General Fund shall be used only for emergencies, non-recurring expenditures, or major capital purchases that cannot be accommodated through current year savings.

B. Revenue Policies:

1. **Revenue Diversification:**

The City will strive to maintain a diversified and stable revenue system to protect the City from short-run fluctuations in any one revenue source and ensure its ability to provide ongoing services.

 - a. The City will identify all revenue and grant options available to the City each year.
 - b. All revenue collection rates, especially for real estate and personal property taxes, will be reviewed annually, and all efforts to maximize receipt of revenues due will be made by the Finance Department.

2. **User Fees and Charges:**

Fees will be reviewed and updated on an ongoing basis to ensure that they keep pace with changes in the cost-of- living as well as changes in methods or levels of service delivery.

 - a. Rental of City properties – Charges will be reviewed annually and compared with market rates for comparable space or property in the community. The City will

consider annual escalator clauses in multi-year rental contracts to take into effect the impact of increases in the cost of living.

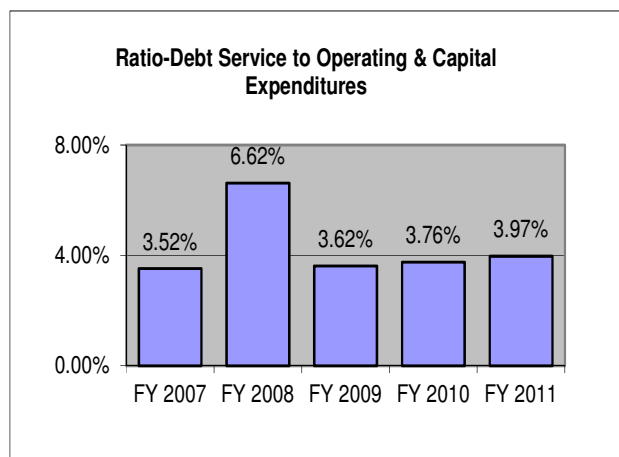
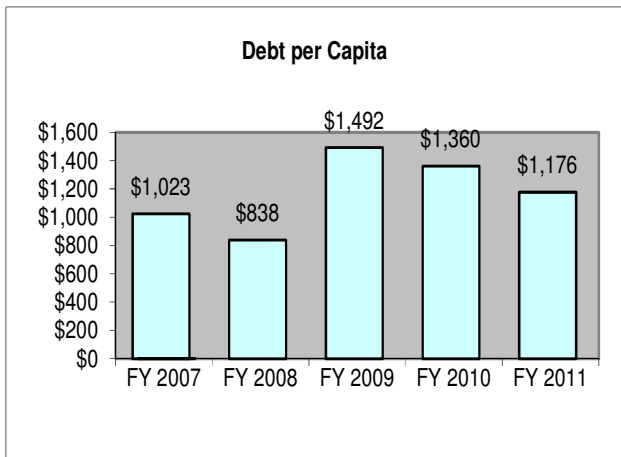
- b. Building permit and inspection fees will be reviewed annually.
 - c. Recreation program charges will be reviewed annually. In general, all efforts will be made to provide programs and activities at an affordable level for the residents of the Williamsburg area while still recovering a major portion of incidental costs of programs, not to include administrative costs or the use of facilities.
 - i. Charges for specialty classes such as yoga, aerobics, dance, dog obedience, etc. will be set at a level to encourage maximum participation, and also enable 75% to 80% of program receipts to be used to compensate instructors.
 - ii. Team sports participation fees will also be set to encourage maximum participation, with approximately 80% to 90% of charges being used to defray costs of officiating, prizes and awards, scorekeepers, and team pictures.
 - iii. Admission fees for the use of the Quarterpath Pool are intended to provide an affordable service to citizens. Fees are not intended to recover 100% of the costs of operating this facility. The City encourages individual and family seasonal membership passes at a minimum fee, which provide an even more affordable opportunity for residents to enjoy this outdoor facility during the summer months.
 - d. The City's Utility Fund will be self-supporting. Water and sewer charges will be reviewed annually and set at levels which fully cover the total direct and indirect costs - including operations, capital outlay, and debt service.
3. Use of One-time or Limited-time Revenues:
- a. To minimize disruptive effects on services due to non-recurrence of these sources, the City will not use one-time revenues to fund operating expenditures.

C. Expenditure Policies:

- 1. Operating/Capital Expenditure Accountability:
 - a. The City will finance all current expenditures with current revenues. The City will not short-term borrow to meet cash-flow needs.
 - b. Future operating costs associated with new capital improvements will be projected and included in operating budgets.
 - c. Capital improvement program budgets will provide for adequate maintenance of capital equipment and facilities and for their orderly replacement.
 - d. The budgets for all funds shall be controlled at the department level. Expenditures may not exceed total appropriations for any department without approval from the City Manager.
 - e. All operating fund appropriations will lapse at fiscal year-end. Any encumbered appropriations at year-end may be re-appropriated by City Council in the subsequent year. Multi-year capital improvement projects may be carried-forward in the subsequent year, at the discretion of the City Manager.
 - f. The City will include contingency line items in the General Fund, General CIP, and Utility Fund CIP, not to exceed \$200,000, to be administered by the City Manager, to meet unanticipated expenditures of a non-recurring nature.
 - g. The City will maintain a budgetary control system to ensure adherence to the budget and will prepare and present to City Council monthly financial reports comparing actual revenues and expenditures with budgeted amounts.

D. Debt Policy:

1. The objective of the City's debt policy is to maintain the City's ability to incur present and future debt at the most beneficial interest rates in amounts needed for financing the adopted Capital Improvement Program without adversely affecting the City's ability to finance essential City services.
2. A five-year capital improvements program will be developed and updated annually along with corresponding anticipated funding sources.
3. Capital projects financed through either bank qualified loan or the issuance of bonded debt will be financed for a period not to exceed the useful life of the project.
4. Debt service principal payments will be scheduled in equal installments over the life of the indebtedness.
5. Requirements of continuing disclosure agreements for all bond issues will be complied with, including annual filing of audited financial statements and adopted budgets, to the Municipal Securities Rulemaking Board, and all national rating agencies which have assigned a bond rating for the City.
6. Pay-as-you-go financing will be the normal method of funding the capital program, with debt financing not to exceed the limits established below.
7. Actual ratios of per capita debt, and debt service to operating expenditures, and the not-to-exceed limit are shown below.



- Outstanding Debt per Capita (maximum): \$1,700 - \$2,400, including Utility Fund
- Ratio of Debt Service to Operating Expenditures includes capital projects.
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E. Investment Policy:

In recognition of its fiduciary role in the management of all public funds entrusted to its care, it shall be the policy of the City that all investable balances be invested with the same care, skill, prudence and diligence that a prudent and knowledgeable person would exercise when undertaking an enterprise of like character and aims. Further, it shall be the policy of the City that all investments and investment practices meet or exceed all statutes and guidelines governing the investment of public funds in Virginia, including the Investment Code of Virginia and the guidelines established by the State Treasury Board and the Governmental Accounting Standards Board.

Copies of the City's comprehensive investment policy, including the objectives, allowable investments, quality, maturity restrictions, prohibited securities, and additional requirements are available at the Department of Finance.

F. Fund Balance Policy *(adopted by City Council on June 9, 2011):*

1. Background and Purpose

- a. Sound financial management principles require that sufficient funds be retained by the City to provide a stable financial base at all times. Adequate levels of fund balance are essential to protect against reducing service levels because of temporary revenue shortfalls or unanticipated expenditures. Fund balance provides resources during the time it takes to develop and implement a longer term financial solution. Fund balance is also crucial in long-term financial planning and financing as credit markets carefully monitor levels of fund balance to evaluate creditworthiness.

2. Components of Fund Balance

The following individual items shall constitute the Fund Balance:

- a. Nonspendable Fund Balance – Amounts that cannot be spent due to form (such as inventories and prepaid amounts), and/or amounts that must be maintained legally intact or contractually intact (such as principal of a permanent fund).
- b. Restricted Fund Balance – Amounts constrained for a specific purpose by external parties, constitutional provisions, or enabling legislation.
- c. Committed Fund Balance – Amounts constrained for a specific purpose by City Council using its highest level of decision-making authority. It would require another action of the City Council to remove or change the constraints placed on the resources. Commitments must be established.
- d. Assigned Fund Balance – Amounts constrained for a specific purpose by the City Manager, who has been given the delegated authority by the City Council to assign amounts. The amount reported as assigned should not result in a deficit in unassigned fund balance.
- e. Unassigned Fund Balance – Amounts not classified as nonspendable, restricted, committed, or assigned. The General Fund is the only fund that would report a positive amount in the unassigned fund balance.

3. Funding Requirements of Unassigned Fund Balance of the General Fund

- a) An unassigned fund balance shall be established at an amount equal to a minimum of 35% of General Fund operating revenues as shown in the City's most recent comprehensive annual financial report (CAFR).
- b) The use of the unassigned fund balance will be permitted to provide temporary funding of unforeseen emergency needs.
- c) If the unassigned fund balance falls below an amount equal to 35% of the General Fund operating revenues as outlined above, a plan to replenish the fund balance within twelve months will be presented to the City Council.
- d) Unassigned fund balance represents the residual fund balance after the nonspendable, restricted, committed and assigned fund balance categories are deducted.

4. Monitoring and Funding

- a) City staff will report on compliance with this Policy during the presentation of the Comprehensive Annual Financial Report (CAFR) at the regular meeting of City Council in December each year.
- b) The City shall annually demonstrate that it will comply with this Policy based on its proposed Operating and Capital Budget for each year.