

BUDGET IN BRIEF

PROPOSED FY 2022-2023 OPERATING AND CAPITAL BUDGET



FY 23 BUDGET OVERVIEW



Budget Priorities and Highlights

Maintain Service Levels While Providing Tax Relief to Citizens

- 2 cent reduction in citywide real estate tax rate from \$1.11 to \$1.09.
- 75% Personal Property assessment ratio for cars and trucks less than 2 tons to minimize tax impact of assessed value increases.

Protection of Human Health and Safety

- 18 firefighters to staff new College Drive Fire Station and 1 full-time fire inspector converted from two part-time positions.
- Increased funding support for the Suffolk Health Department and Western Tidewater Community Services Board.

Employee Compensation and Critical Personnel Resources

- 52 new full-time positions to staff new facilities and address increasing workload and service demand.
- \$8.4M for full year compensation study and step plan adjustments to bring employee pay to market.
- Additional overtime funding for Fire & Rescue and part-time funding for Police and Parks and Recreation.

Investment in Public Education

- \$2M additional operating support for Suffolk Public Schools for a total of \$67.3M. The additional funding is contingent upon the State maintaining the 1% local portion of the grocery tax.
- \$11M for School capital projects including \$7.5M to begin the JFK Middle School Replacement.

Quality of Life Enhancements

- \$62.1M for capital projects to maintain and improve parks and recreation facilities; public buildings; school facilities; transportation; downtown, neighborhoods, and open space; stormwater drainage; water and sanitary sewer; and public safety equipment and facilities.

Compliance with Financial Policies

- Proposed budget complies with all adopted financial policies which are critical to maintaining the City's AAA bond rating.

ALL FUNDS	FY 23 Proposed
General Fund	\$ 263,051,194
Capital Projects Fund	62,142,627
Debt Service Fund	30,973,668
Downtown Business Overlay District	190,421
Route 17 Special Taxing District	4,526,712
Grants Fund	660,129
Transit System Fund	1,682,962
Aviation Facilities Fund	1,082,899
Law Library Fund	50,460
Road Maintenance Fund	32,307,128
Fleet Management Fund	15,154,998
Information Technology Fund	14,233,559
Risk Management Fund	21,931,001
Utility Fund	67,106,896
Stormwater Fund	8,331,177
Refuse Services Fund	11,168,391
School Fund	232,977,616
TOTAL EXPENDITURES	\$ 767,571,838

GENERAL FUND REVENUE



REVENUE	FY 22 Adopted	FY 23 Proposed	Percent Change
General Property Taxes	\$ 149,969,846	\$ 169,667,755	13%
Other Local Taxes	47,706,203	53,981,203	13%
Permits, Privilege Fees, & Regulatory Licenses	1,490,700	1,685,700	13%
Fines & Forfeitures	810,000	685,000	-15%
Revenue from Use of Money & Property	1,176,706	852,773	-28%
Charges for Services	3,464,703	3,818,263	10%
Miscellaneous/Recovered Costs	1,356,894	1,236,758	-9%
State and Federal	27,910,832	28,208,668	1%
Fund Transfers/Fund Balance	3,930,647	2,915,074	-26%
TOTAL REVENUE	\$237,816,531	\$263,051,194	10.6%

Revenue Highlights

- \$25.2M or 10.6% increase in General Fund revenue projected in FY 23.
- Real Estate assessed values increased 10.81% due to reassessment. \$16.4M increase projected at the reduced tax rate of \$1.09 per \$100 of assessed value.
- Personal Property revenue projected to increase \$3M or 12% after adjusting for a 75% assessment ratio to minimize the impact of rising vehicle assessed values due to supply chain issues.
- Other Local Tax revenue including business license, lodging, meals, and sales are trending higher reflecting the City's continued growth and development. An increase of \$6.3M or 13% is projected in FY 23.
- Charges for Services and Permits and Privilege fees are projected to increase approximately \$353,000 and \$195,000, respectively.
- State and Federal funding increase of \$297,000 or 1%.
- Revenue from the Use of Money and Property reflects decline of 28% in FY 23 due to lower interest rates on investments.
- Miscellaneous/Recovered Costs are projected to decline approximately \$120,000 or -9%.
- Fund Transfers/Fund Balance revenue is budgeted at \$1M less in FY 23. No money from fund balance is budgeted for one-time capital expenses in FY 23 compared to the previous year.

GENERAL FUND EXPENDITURES



EXPENDITURES	FY 22 Adopted	FY 23 Proposed	Percent Change
General Government	\$ 12,599,163	\$ 14,382,359	14%
Judicial	10,001,900	10,663,646	7%
Public Safety	70,440,390	81,385,772	16%
Public Works	5,585,287	6,306,040	13%
Health & Welfare	16,140,696	17,253,451	7%
Education	65,775,180	67,775,180	3%
Parks, Recreation, & Cultural	12,786,651	14,759,370	15%
Community Development	7,659,796	8,179,268	7%
Other Public Services	1,231,512	2,299,544	87%
Non-Departmental	35,595,957	40,046,564	13%
	\$ 237,816,531	\$ 263,051,194	10.6%

Tax Dollar for City Services



Public Safety	31¢
Education and Related Debt	30¢
Debt Service	7¢
Health & Welfare	7¢
Parks, Recreation, & Cultural	6¢
General Government	5¢
Judicial	4¢
Community Development	3¢
Capital Pay-Go	3¢
Public Works	2¢
Non-Departmental	1¢
Local & Regional Organizations	1¢
	\$1.00

Expenditure Drivers

- Personnel Expenses - \$12.9M
 - Compensation Study/Step Plan adjustments
 - 25 support positions to address workload/service demand
 - 19 fire and rescue positions to staff the new College Drive Fire Station and fire inspections
 - Fire and Rescue overtime funding
 - Part-time funding for the police department (security officers/motor carrier unit) and parks and recreation staffing of Bennetts Creek Recreation Center and cemetery needs.
- Operating Expenses - \$2.9M
 - Equipment, supplies, maintenance contracts and repairs, information technology, and telecommunications
- Transfer to Capital Projects - \$2.5M
 - Contingency funding to address rising construction costs
- Risk Management - \$2.3M
 - Increasing health insurance costs
- School Operations - \$2M
- Debt Service - \$1.4M

OTHER FUND HIGHLIGHTS



Refuse Services Fund

- No change to the monthly refuse fee of \$25.25.
- Current service levels maintained for trash pickup and recycling.
- Addresses increasing disposal costs at the Southeastern Public Service Authority (SPSA).

Stormwater Management Fund

- No increase to the monthly stormwater fee of \$7.50 per ERU.
- Budget includes debt service funding and \$500,000 cash toward stormwater capital projects.

Utility Fund

- \$9.3M in cash funding budgeted for water and sewer capital projects. Cash funding capital projects prevents debt issuance which helps mitigate impacts on future water/sewer rates.
- Budget addresses increases in bulk water contracts with the cities of Norfolk and Portsmouth in FY 23.
- Modest increase in the water rate of \$.12 per 100 cubic feet and meter service charge of \$.50 per month are required in FY 23 to address rising operating costs.
- The average customer (5 ccf) will see an increase of \$1.10 per month or 1.1% in the combined water and sewer bill not including charges from the Hampton Roads Sanitation District (HRSD).

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BUDGET CALENDAR

April 20	Budget Public Hearing
May 4	Public Hearing – Effective Real Estate Tax Rate Increase due to 10.81% reassessment Council adoption of FY 23 Budget
June	Final Budget printed and posted to website
July	New Fiscal Year Begins