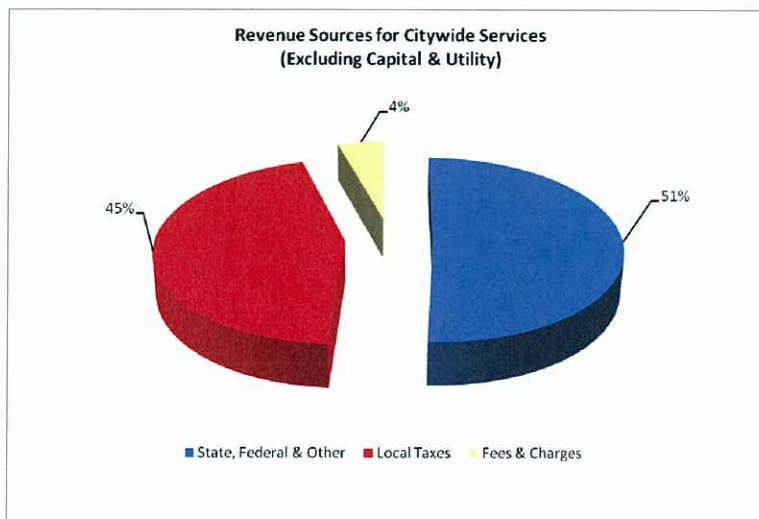


## REVENUE ANALYSIS

The adopted Fiscal Year (FY) 2010-2011 Operating & Capital Fund Budget is \$459,722,299 which represents a 1.5% increase over the prior year. The FY 2010-2011 General Fund budget is \$163,451,793 or 1% less than the prior year.

The City of Suffolk is dependent on local taxes, fees and charges, and state and federal funding to deliver high quality services and programs to its citizens. As illustrated in the following graph, excluding capital and utility funding, the City receives 51% of its revenue from the state and federal government, 45% from local taxes, and 4% from fees and charges for services.



Since the City relies on revenues from local, state, and federal sources, Suffolk's financial position is affected by economic conditions at each level.

Several methodologies are used to develop revenue estimates for the operating and capital budget including analysis of historic trends and monthly revenue collections, real estate assessment data, and estimates from state and federal agencies. The Department of Budget and Strategic Planning, which is responsible for revenue projections, also consults with the City Assessor, Commissioner of the Revenue, Treasurer, Director of Finance, and other department heads to estimate revenues for the upcoming fiscal year. Additionally, a conservative five-year growth model is prepared by the City's financial consultant, Davenport and Company.

### Economic Overview

#### *National*

The national economy has endured a long and protracted economic downturn marked by the housing and financial crisis, tight credit markets, high energy prices, significant job losses, and weak consumer spending. Nevertheless, there are signs that the economy is beginning to recover. Home sales have improved and prices are stabilizing. Additionally, business equipment spending and exports are improving. Real Gross Domestic Product (GDP), which fell 2.2% in FY 2009, is projected to grow 0.4% in FY 2010 and 2.3% in FY 2011. However, continuing job losses and