

Formulation of the City Manager's Proposed Budget

According to the City Charter, the City Manager is required to prepare and submit to the City Council an annual budget. The annual budget process begins in the fall of the preceding fiscal year. In November, the department heads and the City Manager meet to discuss the upcoming year's priorities. The budget calendar is developed at this time. It establishes the budget development schedule and the formal schedule for City Manager presentations, public work sessions, public hearings, and the budget adoption.

Departmental requests are developed on a "needs" basis and must be related to the organization's program objectives. These requests are received and compiled by the budget staff. When developing proposals, due to revenue constraints, rather than seek additional funding, departments are encouraged to trade or shift expenditures. During the "balancing" effort, the Budget Office provides targeted amounts.

City Manager's Authorization

By City Code, during the course of the fiscal year, provided there is no increase in expense, the City Manager is authorized to effect office consolidations or make other changes for the City's betterment. Also, at any time during the fiscal year, the City Manager may transfer, within the same fund, any unencumbered appropriations less than \$50,000 from one department, project, or purpose to another department, project, or purpose.

Budget Implementation

Once the budget is adopted for the fiscal year, on July 1, it becomes each department's financial legal basis. No department or other City government agency may spend in excess of approved and appropriated amounts. To ensure conformity with the adopted budget, financial and programmatic monitoring of departmental activities occurs throughout the year. Copies of the Adopted Budget can be found in the Library and all City offices. A copy may be obtained from the Department of Finance (budget@portsmouthva.gov), or accessed on the Web at www.portsmouthva.gov.

Amendment of the Budget

As prescribed by Section 15.2-2507 of the Code of Virginia (1997), amendments to the final adopted budget must follow the legal process. Any such amendment which exceeds one percent (1%) of the total revenue shown in the currently adopted budget or the sum of \$500,000, whichever is less, must be preceded with a published notice of a meeting and a public hearing. The newspaper must have a general circulation in the locality and must be circulated seven days prior to the meeting date. The notice must state Portsmouth's intent to amend the budget and include a brief synopsis of the proposed budget amendment. After first providing a public hearing, the amendment may be adopted at the advertised meeting.

Audit

In accordance with Generally Accepted Accounting Principles (GAAP), as set forth in the pronouncement of the Governmental Accounting Standards Board (GASB), the Specifications for Audit of Counties, Cities and Towns issued by the Auditor of Public Accounts of the Commonwealth of Virginia, Government Auditing Standards, issued by the Comptroller General of the United States and Audits of States, Local Governments, and Non-Profit Organizations as required by the U. S. Office of Management and Budget Circular A-133, the City's financial records will be audited each year by a firm of independent Certified Public Accountants.

Budget Process

Capital Improvement Program

The Capital Improvement Plan (CIP) adoption, by City Council, coincides with the Annual Operating Budget adoption. The process runs concurrently with the development of the Operating Budget.

Departments submitted FY 2006 Annual Operating Budget requests,
including capital requirements, to the Finance Department.

January 2005

City Manager presented FY 2006 Annual Operating Budget and
Capital Improvement Program to City Council

March 2005

Council Work Session FY 2006 Annual Operating Budget and Capital
Improvement Program

City Council Work Sessions in March and April 2005

Public Hearing - FY 2006 Annual Operating Budget and Capital
Improvement Program including Tax Increases,
and Rate Changes

April 26, 2005

Adoption of FY 2006 Annual Operating Budget and Capital
Improvement Program including Tax Ordinances and Appropriation
Ordinances

May 3, 2005