

Estimating Expenditures

Estimating expenditures can be challenging, because throughout any given year, there are many factors substantially changing community service needs. Because of this uncertainty, the expenditure estimation is a local government resource allocation plan. Throughout the year, and as needed, the City Council and City Manager make adjustments.

Beyond the expenditure service driven aspect, many categories are fixed and are not impacted by service levels. Other expenditures are driven by the cost of goods (such as fuel or other types of supplies). Due to fluctuating economic factors, expenditures are difficult to estimate. During budget development, these factors are considered, and the resulting estimates become the adopted expenditure budget.

In the schedules on the following pages, expenditures are grouped by broad categories:

- **General Government** – this category includes departments that provide the overall general administration of the City such as City Council, City Clerk, City Manager, Management and Legislative Affairs, Video Services, City Attorney, Human Resources, the Civil Service Commission, Registrar, Commissioner of the Revenue, City Assessor, City Treasurer, Finance and Procurement and Risk Management.
- **Non-departmental** – this category includes non-specific departmental functions such as Public Transportation, Non-Departmental, Support to Civic Organizations, Debt Service and Transfers and Contingencies. Transfers and Contingencies move funds from one fund to another, and when the cost of an issue is unknown, contingencies are set aside. The largest City transfer is to the Schools operating fund.
- **Judicial** – this category includes civil and criminal agencies pertaining to prosecution and adjudication such as the Circuit Court Judges, Circuit Court Clerk, Magistrate, General District Court, Juvenile and Domestic Relations Court, Juvenile Court Services, Sheriff and Commonwealth Attorney.
- **Public Safety** – this category includes departments such as Police, E-911, Animal Control and Fire, Rescue and Emergency that address citizenry protection.
- **Public Works** – this category includes departments such as Engineering, Streets and Highways, Mosquito Control, Traffic Engineering, Property Management, Utilities and Rental of Land and Buildings that address the City's infrastructure needs.
- **Public Health and Welfare** – this category includes only the Department of Health which addresses the health and welfare of the citizenry.
- **Parks, Recreation and Culture** – this category includes departments such as Community Relations and Leisure Services, Parks, Museums and Public Library that address the City's recreational and cultural needs.
- **Community and Economic Development** – this category includes departments such as Economic Development, Convention and Visitors Bureau, Building Official/Code Enforcement and Planning and Zoning that address the City's overall development, marketing and planning needs.

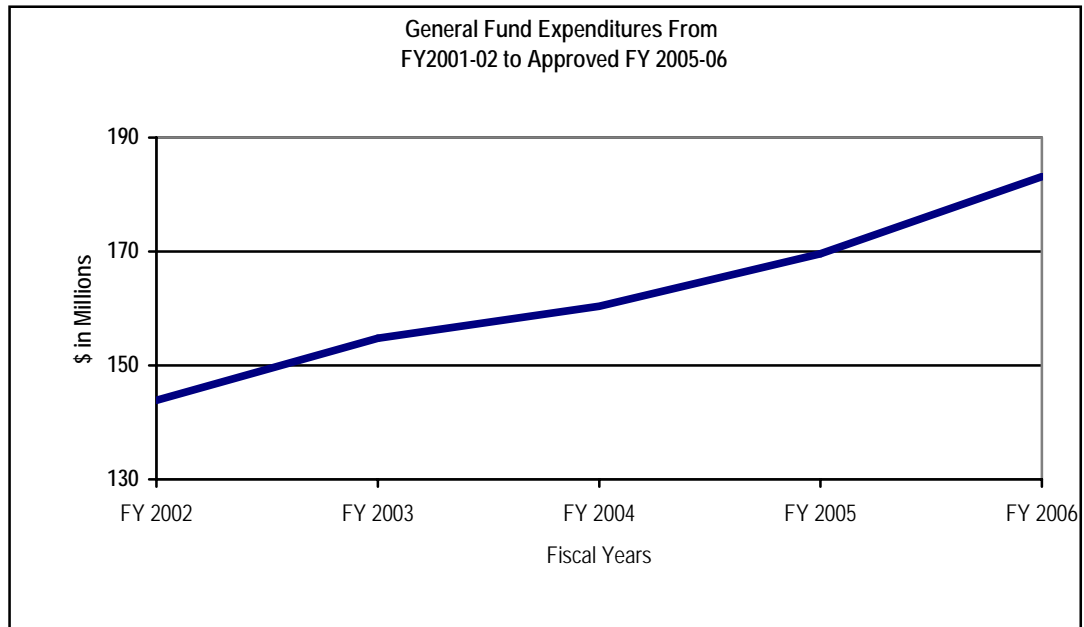
General Fund Expenditures in Total

Controlling expenditures is paramount for the City to maintain a stable tax rate. As the following schedules indicate, general fund expenditures increased by 7.8% or \$13.2 million over the previous fiscal year. The largest increases are Community and Economic Development categories which address some of the City's key infrastructure planning issues and non-departmental which includes the transfer for School's operations in Fiscal Year 2005-06.

Expenditure Summary

Category	FY 2002 Actual	FY 2003 Actual	FY 2004 Actual	FY 2005 Adopted	FY 2006 Adopted
Total Operating Budget	143,934,421	154,784,283	160,429,821	169,682,492	183,168,889

As the graph below indicates, the general fund growth has been moderate or approximately 5% growth over the past four years. Much like the cost of living or consumer price index would demonstrate over this same period of time, there has been moderate growth in the cost of goods and services. Based on escalating health insurance cost, moderate salary increases and new positions proposed in FY 2005-06, \$3.1 million has been approved in the FY 2006 budget. The City has placed an emphasis on Education, teacher salary increases, for a total City commitment of \$5 million in the total City funding. Sixty three percent of the \$13 million increase for FY 2005-06 or a 7.8% growth within the General Fund is allocated to the City's highest priority needs.



Expenditure Summary

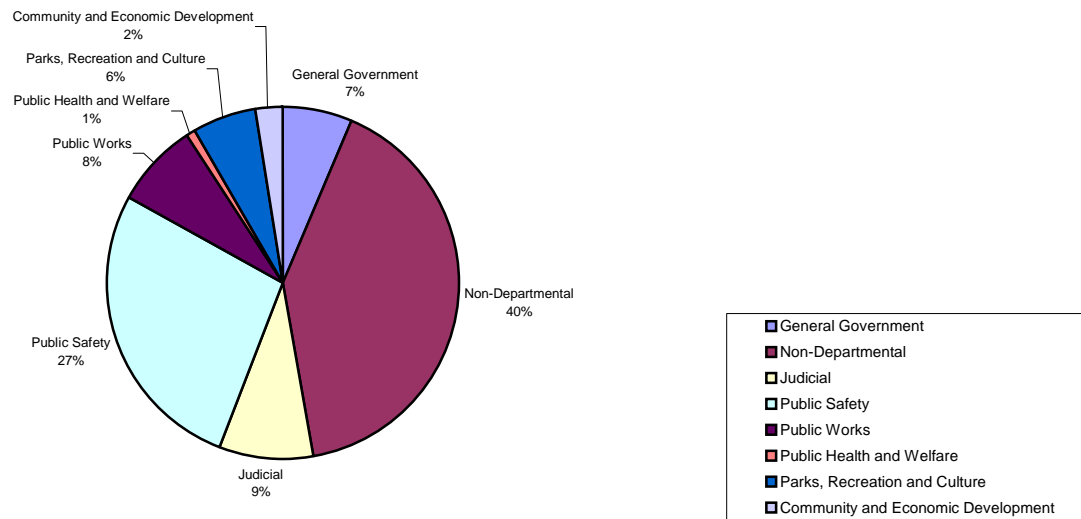
General Fund

Expenditure Budget by Category				
	Adopted	Adopted		
General Government	FY 2005-06	FY 2004-05	Variance	% Change
City Council	377,409	358,582	18,827	4.99
City Clerk	312,644	292,223	20,421	6.53
City Manager	1,853,363	1,394,082	459,281	24.78
Office of Management Services	381,812	362,695	19,117	5.01
Office of Video Services	219,519	0	219,519	100.00
City Attorney	1,452,407	1,418,677	33,730	2.32
Human Resources	1,093,956	841,701	252,255	23.06
Civil Service Commission	54,844	54,301	543	.99
Registrar	465,401	401,461	63,940	13.74
Commissioner of the Revenue	1,237,006	1,136,496	100,510	8.13
City Assessor	1,030,698	784,610	246,088	23.88
City Treasurer	1,671,689	1,644,833	26,856	1.61
Finance	1,887,152	1,601,963	285,189	15.11
Procurement	565,145	764,496	-199,351	-35.27
Total - General Government	12,603,046	11,056,120	1,546,926	12.27
Non-Departmental				
Public Transportation	1,642,931	1,248,000	394,931	24.04
Non-Departmental Support to Civic Organizations	4,355,422	6,105,236	-1,749,814	-40.18
Debt Service	1,486,038	1,297,306	188,732	12.70
Transfers and Contingencies	22,080,050	20,764,049	1,316,001	5.96
	44,571,278	39,165,783	5,405,495	12.13
Total Non-Departmental	74,135,719	68,580,374	5,555,345	7.49
Judicial				
Circuit Court Judges	423,857	378,229	45,628	10.76
Circuit Court Clerk	1,369,479	1,257,720	111,759	8.16
Magistrate	8,367	8,497	-130	-1.55
General District Court	45,646	41,036	4,610	10.10
Juvenile and Domestic Relations Court	803,435	812,946	-9,511	-1.18
Juvenile Court Services	331,689	328,639	3,050	.92
Sheriff	10,845,130	10,205,450	639,680	5.90
Commonwealth Attorney	1,882,781	1,781,546	101,235	5.38
Total Judicial	15,710,384	14,814,063	896,320	5.71
Public Safety				
Police	24,218,876	22,892,895	1,325,981	5.47
E-911	2,125,449	1,878,440	247,009	11.62
Animal Control	748,001	663,848	84,153	11.25
Fire, Rescue and Emergency	22,499,212	21,023,700	1,475,512	6.56
Total Public Safety	49,591,538	46,458,883	3,132,655	6.31
Public Works				
Engineering	1,501,753	1,381,723	120,030	7.99
Streets and Highways	3,437,000	3,265,493	171,507	4.99
Mosquito Control	481,721	440,037	41,684	8.65
Traffic Engineering	2,399,122	2,179,307	219,815	9.16

Expenditure Summary

Property Management	3,648,561	3,086,710	561,851	15.40
Utilities	1,523,850	1,770,000	-246,150	-16.15
Rental of Land and Buildings	1,557,743	1,296,461	261,282	16.77
Total Public Works	14,549,750	13,419,731	1,130,019	7.77
Public Health and Welfare				
Health	1,223,534	1,211,519	12,015	.98
Total Public Health and Welfare	1,223,534	1,211,519	12,015	.98
Parks, Recreation and Culture				
Community Relations and Leisure Services	3,907,949	3,755,479	152,470	3.90
Parks	3,607,266	3,400,373	206,893	5.74
Museums	1,444,175	1,359,877	84,298	5.84
Public Library	2,051,160	1,916,404	134,756	6.57
Total Parks, Recreation and Culture	11,010,550	10,432,133	578,417	5.25
Community and Economic Development				
Economic Development Convention and Visitors Bureau	1,136,434	1,180,707	-44,273	-3.90
Building Official/Code Enforcement	679,579	608,684	70,895	10.43
Planning and Zoning	1,120,783	988,192	132,591	11.83
	1,407,574	932,086	475,488	33.78
Total Community and Economic Development	4,344,370	3,709,669	634,701	14.61
Total General Fund	183,168,889	169,682,492	13,486,397	7.36

General Fund: Appropriation by Categories



Expenditure Summary

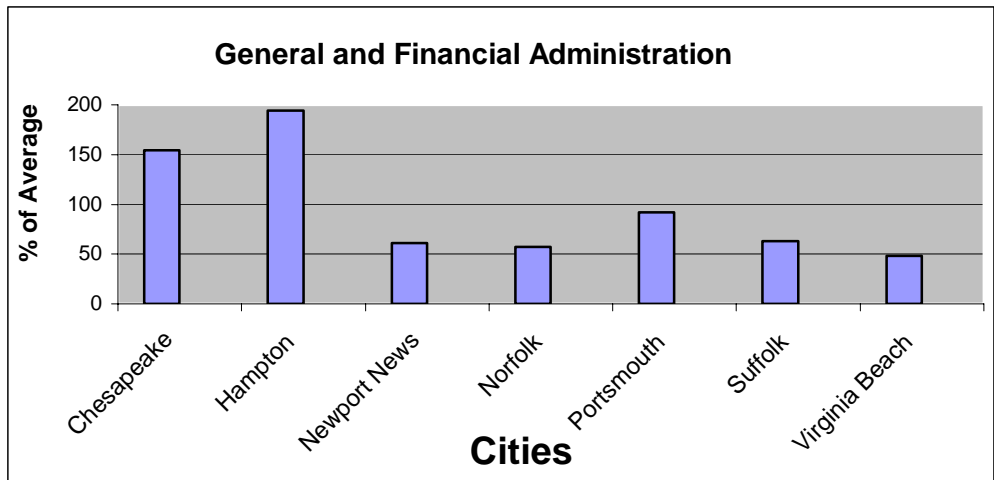
Comparative expenditures by category:

This section highlights expenditures per the “Comparative Report of Local Government Revenues and Expenditures” for the period ending June 30, 2004. This information is utilized as an analytical tool to display categories of expenditures across the governing counties, cities and towns within the State of Virginia. Several charts will be displayed to show the following comparative data for the six neighboring localities (Norfolk, Virginia Beach, Suffolk, Newport News, Chesapeake and Hampton) based on the following broad categories:

1. General and Financial Administration expenditures
2. Public Safety expenditures
3. Education expenditures by activity

General and Financial Administration – This category includes the Commissioner of the Revenue, City Treasurer, Data Processing, Automotive Motor Pool, Purchasing, Print Shop and Risk Management/Insurance. The City of Portsmouth ranks fifth of the seven localities in per capita spending for this category and 91.67% of the average for the State of Virginia. The City of Hampton ranks the highest in per capita spending with the City of Chesapeake ranking the second highest for the seven localities.

Cities	Per Capita \$	% of Avg.
Chesapeake	200.61	154.46
Hampton	252.64	194.51
Newport News	79.33	61.08
Norfolk	74.03	56.99
Portsmouth	119.06	91.67
Suffolk	81.72	62.92
Virginia Beach	62.36	48.02
Average per capita \$ is 129.88		

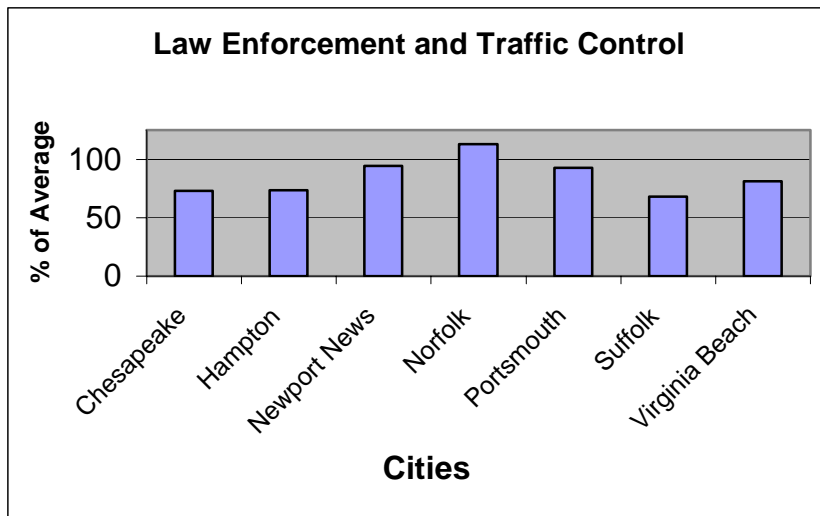


Expenditure Summary

Public Safety Expenditures – This category includes Law Enforcement and Traffic Control, Fire and Rescue Services, Correction and Detention, Inspections and Other Protection. Law Enforcement and Traffic Control, Fire and Rescue Services and Correction and Detention per capita expenditures and rankings are displayed below.

Law Enforcement and Traffic Control

Cities	Per Capita \$	% of Avg.
Chesapeake	155.67	72.81
Hampton	157.51	73.67
Newport News	201.63	94.30
Norfolk	240.95	112.69
Portsmouth	197.66	92.45
Suffolk	145.78	68.18
Virginia Beach	173.41	81.10
Average per capita \$ is 213.81		

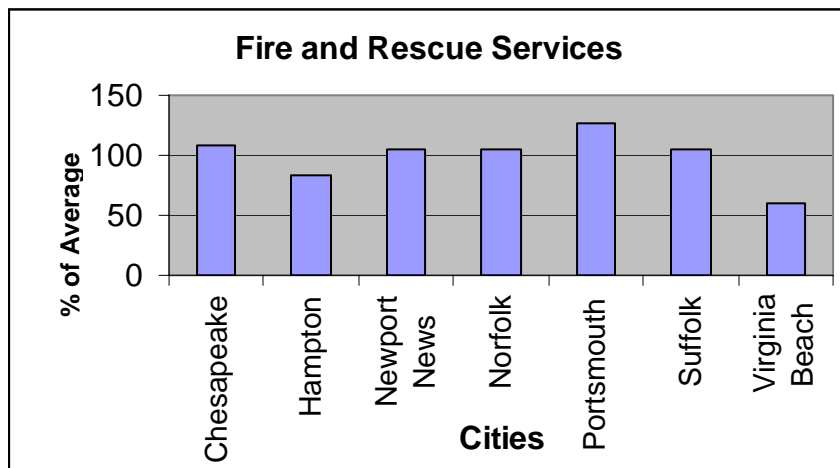


The City of Portsmouth ranks sixth of the seven localities in per capita spending for Law Enforcement and Traffic Control and 92.45% of the average for the State of Virginia. The City of Norfolk ranks the highest of the seven cities with per capita spending at 112.69% of the State average.

Expenditure Summary

Fire and Rescue Services

Cities	Per Capita \$	% of Avg.
Chesapeake	150.38	107.51
Hampton	117.64	84.11
Newport News	147.57	105.50
Norfolk	146.52	104.75
Portsmouth	176.90	126.47
Suffolk	145.90	104.31
Virginia Beach	83.01	59.34
Average per capita \$ is 139.87		

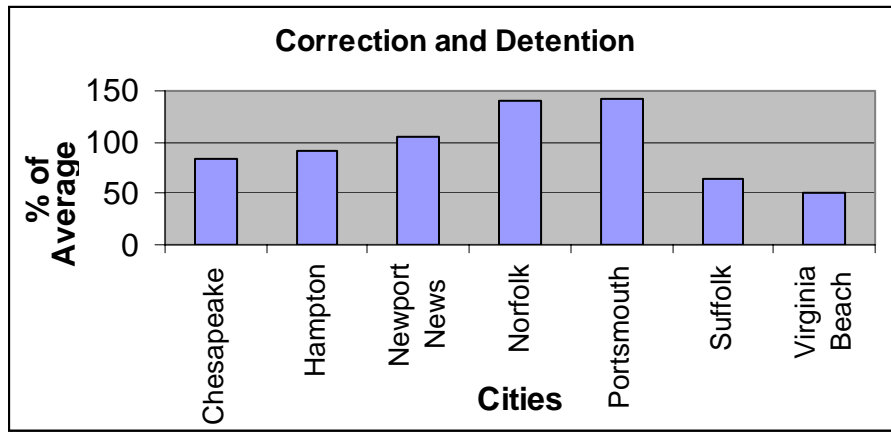


The City of Portsmouth ranks the highest of the seven localities in per capita spending for Fire and Rescue services and 126.47% of the State average. The Cities of Chesapeake and Newport News rank the next highest with per capital spending of 107.51% and 105.50% respectively of the average per capita spending for the State.

Correction and Detention

Cities	Per Capita \$	% of Avg.
Chesapeake	87.60	83.31
Hampton	96.56	91.84
Newport News	110.83	105.41
Norfolk	147.27	140.06
Portsmouth	149.77	142.44
Suffolk	67.66	64.35
Virginia Beach	53.75	51.12
Average per capita \$ is 105.15		

Expenditure Summary

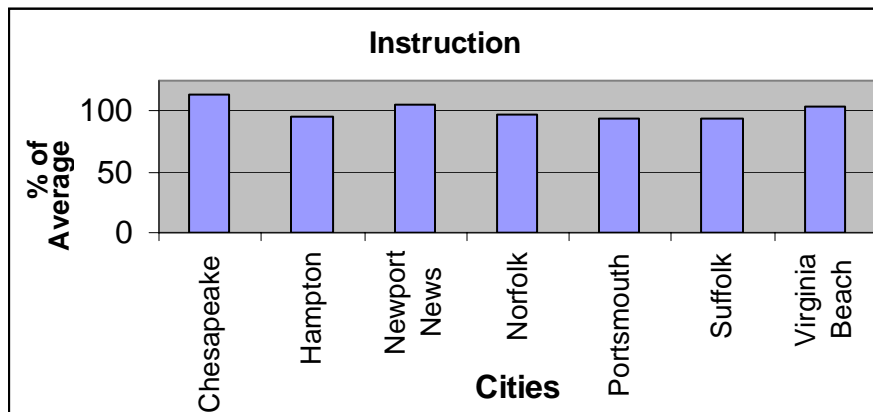


The City of Portsmouth ranks the highest of the seven localities in per capita spending for Correction and Detention services and 142.44% of the State average. The Cities of Norfolk and Newport News rank the next highest with per capita spending of 140.06% and 105.41% respectively of the average per capita spending for the State.

Education – This category includes Instruction; Administration, Attendance and Health; Public Transportation Services and Operation and Maintenance Services. Comparative data is displayed below for the categories of Instruction and Administration, Attendance and Health.

Instruction

Cities	Per Capita \$	% of Avg.
Chesapeake	1,169.33	114.08
Hampton	977.53	95.37
Newport News	1,073.08	104.69
Norfolk	996.66	97.23
Portsmouth	961.08	93.76
Suffolk	952.8	92.95
Virginia Beach	1,067.63	104.15
Average per capita \$ is 1,025.04		

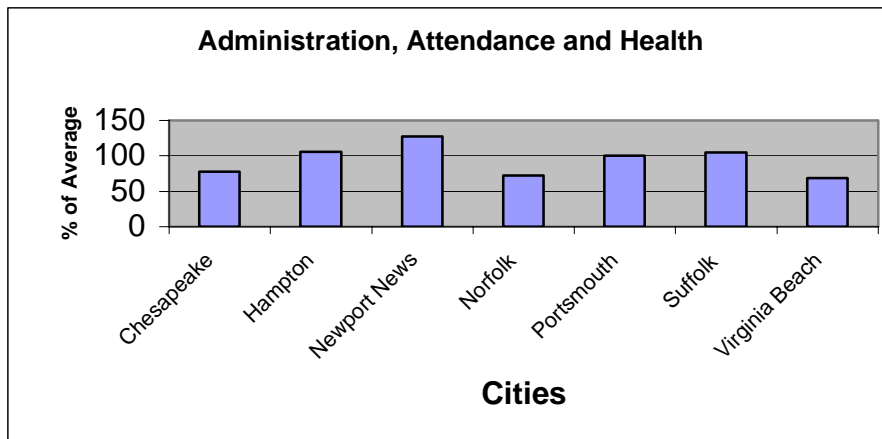


Expenditure Summary

The City of Portsmouth ranks the second lowest of the seven localities in per capita spending for Instructional services and 93.76% of the State average. The cities of Suffolk and Hampton rank comparable in spending with 92.95% and 95.37% of average per capita spending.

Administration, Attendance and Health

Cities	Per Capita \$	% of Avg.
Chesapeake	48.14	77.63
Hampton	65.31	105.34
Newport News	79.05	127.49
Norfolk	44.71	72.10
Portsmouth	62.38	100.60
Suffolk	65.24	105.22
Virginia Beach	42.47	68.49
Average per capita \$ is 62.01		



The City of Portsmouth ranks the fourth highest of the seven localities in per capita spending for Administration, Attendance and Health services and 100.60% of the State average. The City of Newport News ranks the highest with 127.49% of the State average with Hampton and Suffolk ranking second and third, respectively.