



Understanding the Budget

What is the City's budget?

The City's budget serves as the documentation of the financial, policy, and service decisions that City Council has authorized for the fiscal year. This document contains some of the best sources of information on city governmental programs, as well as key financial information for policy makers and managers.

- **Financial Decisions.** The budget provides an estimate of the costs that will be incurred if programs are carried out as planned and the public and private revenues available to finance these activities (through sources such as state and local taxes, grants). The appropriation ordinance adopted by City Council legally authorizes the expenditure of public monies and becomes the approved financial plan for the upcoming fiscal year.
- **Policy Decisions.** The budget reflects decisions made by the City Manager, department directors, and agency heads to prioritize and allocate resources toward providing services that help us achieve common goals efficiently and effectively. As a management tool, the budget also establishes accountability for the effective and efficient operation of programs and activities and to locate responsibility for the delivery of City services.
- **Service Decisions.** The budget describes the services (or Lines of Business) carried out by each departmental program within the City. Each section of this book—organized by Program— provides a map detailing what each department does with their personnel and other resources, for whom these activities are undertaken, and how the City benefits from this investment. Performance data are associated with each activity and help to quantify levels of service, program effectiveness, and quality.

Developing the FY 2015 budget is a key component of the City's performance management system, **Results Alexandria**, which is described in detailed in the previous section.

How is the budget organized?

The City's financial operations are budgeted and accounted for in a number of **funds**, or fiscal entities that function independently and contain self-balancing sets of accounts that include revenues and expenditures, assets and liabilities. The City has established the several separate funds — including the General Fund, Special Revenue Fund, Capital Projects Fund, Internal Services Fund, and the Sanitary Sewers Enterprise Fund— which are described in detail in the **Fund Balance** section of this document.

Most tax and other revenues — with the notable exception of State and federal grants — are budgeted and accounted for in the **General Fund**. Likewise, all expenditures funded by General Fund revenues are budgeted as direct General Fund expenditures. This direct treatment of expenditures is a concession to a more informative budget presentation. Transfers between funds are budgeted twice—once in the originating fund and once in the receiving fund. In order to show the complete appropriation for each fund without overstating actual spending, total revenues and expenditures are displayed with and without inter-fund transfers included.

In contrast with the accounting practices of private enterprises, where the primary focus is the calculation of profits and losses, governmental accounting is directed toward expenditure control and budgetary compliance. The City's accounting function is accomplished by incorporating budgetary accounts into fund ledgers and recording appropriations -- expenditure authorizations adopted by City Council. All appropriations are legally controlled at the department level for the General Fund and Special Revenue Funds.

Budgets are prepared for the Capital Projects Funds on a project basis and cover the life of the project. The Internal Services Fund is controlled at the total Net Assets level.

Appropriations are administratively controlled by the classification of expenditure — personnel, non-personnel and capital outlays — reflected in the budget document. The City Manager may, at any time, transfer any **unencumbered** appropriation (monies that have not been allocated to a specific service of function) within the budget of an office, department, or agency. Transfers of appropriations between expenditure classifications within the same department or agency budget must be approved by the City Manager (or designee).



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The City's budget is prepared in accordance with "Generally Accepted Accounting Principles" (GAAP) as promulgated by the Governmental Accounting Standards Board (GASB) and the Auditor of Public Accounts of the Commonwealth of Virginia (APA). These principles are also used to prepare the City's audited Comprehensive Annual Financial Report (CAFR). The City's budget applies two different accounting methods depending on the nature of the fund.

- **The modified accrual basis of accounting** is used to prepare the budgets of the General, Special Revenue, and Capital Projects Funds. Under this method of accounting, revenues are recognized in the period that they become measurable and available. With respect to real and personal property tax revenue and other local taxes, the term "available" is limited to collection within 45 days of the fiscal year-end. Federal and State reimbursement-type grants are recorded as revenue when related eligible expenditures are incurred.
- **The accrual basis of accounting** is used to prepare the budget and financial statements of the Proprietary Funds. Under this method of accounting, revenues are recognized when earned and expenses are recorded when liabilities are incurred without regard to receipt or disbursement of cash.

Once approved, the budget can be amended either by the reappropriation ordinance (generally in November) or by supplemental appropriation ordinances (generally 2-3 times during the fiscal year). A **reappropriation ordinance** allows encumbered monies (monies allocated to a specific service of function) from the previous fiscal year to be recognized in the current fiscal year. These encumbered monies are identified specifically within the previous fiscal year's Comprehensive Annual Financial Report (CAFR). A **supplemental appropriation ordinance** amends the budget for grant programs to reflect actual revenue received and to make corresponding balancing adjustments to grant program expenditures. A supplemental appropriation also amends the budget for duly-docketed City Council items during the fiscal year that increase or reduce the current fiscal year appropriation. A supplemental appropriation ordinance may, therefore, either increase or reduce the City's total budget from the original approved budget appropriation.

For more information on financial policies for the City of Alexandria, see the **Legislative References** section of this document.

What is the FY 2015 budget development process?

The FY 2015 budget development process officially began on October 19, 2013 at the **City Council Public Hearing** where Alexandria citizens provided input for the upcoming budget process. On November 15, 2013, the City Manager released the **City Manager's Performance Plan** (<https://www.alexandriava.gov/Budget>), defining performance expectations for the City Government and identifying tangible intermediate and long term outcomes based on the **City's Strategic Plan** (<http://alexandriava.gov/StrategicPlanning>).

Later, on November 26, 2013, the City Council passed a resolution establishing its **Budget Guidance** (<https://www.alexandriava.gov/Budget>) for the General Fund budget. This guidance called for the City's budget to be built based on the Results Alexandria framework and allowed for the increased operating or capital project expense as necessary to meet the long term outcomes of the City. It required that the City Manager maintain the existing real estate and personal property tax rates, while identifying cost saving measures and efficiencies, and adjusting service levels in order to propose a balanced budget. The guidance was based on a preliminary report of revenues, expenditures, and capital needs forecast provided to the City Council by the Office of Management and Budget on November 15, 2013. The City's debt-related financial policies (see the *Legislative References* section of this book) and compensation philosophy (see the *Appendices* section of this book) provided additional guidance informing the budget development process.

City Departments then responded to the charge by developing formal budget proposals outlining how each program would advance the goals of the city using a specified level of resources (i.e., dollars and staff). Focus Area Teams, led by the Deputy City Managers and composed of department heads, evaluated the proposals and made recommendations to the City Manager on funding and service level for the proposed budget. The document, the City Manager's Proposed Budget for FY 2015, outlined the funding levels by department and program. The following page outlines the budget development process as it relates to various stakeholders in the City.

For more information about the capital budget development process, see the *CIP Information* section of this book.



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City of Alexandria FY 2015 Budget Development Process

MONTH	RESIDENTS	MAYOR & CITY COUNCIL	CITY ADMINISTRATION
October	<p>Budget Hearing The fall budget hearing officially kicks off the budget process for members of the public.</p>		
November		<p>Budget Guidance City Council gives staff guidance on overall expenditure and revenue limits. This guidance drives the decisions of the City Manager.</p>	<p>City Manager Performance Plan The City Manager defines performance expectations for the City Government based on the City's Strategic Plan.</p>
December			<p>Proposed Budget Development Departments prepare budget proposals; Focus Area Teams review proposals and make recommendations based on program priority and service level; the City Manager develops a balanced Proposed Budget within the City Council budget guidance.</p>
January			
February	<p>BFAAC Review Resident advisory committee holds weekly meetings to review the Proposed Budget and provide City Council with feedback.</p>		<p>Proposed Budget Presentation The City Manager presents the Proposed Budget to City Council.</p>
March	<p>Budget Public Hearing Members of the public comment on the Proposed Budget and offer suggestions to City Council for the Approved Budget through the public hearing or City website.</p>	<p>Budget Work Sessions (March—April) City staff meets with City Council to provide background information on the Proposed Budget. City Council requests additional information on specific budget issues from staff through Budget Memos.</p>	<p>Budget Memos (March—April) OMB and other City staff respond to inquiries from City Council through Budget Memos.</p>
April			
May			
June		<p>Final Budget Adoption City Council makes final decisions and adopts the official City of Alexandria Budget for the upcoming fiscal year.</p>	<p>Approved Budget OMB publishes the Approved Budget document and begins to develop Budget Guidelines for the next fiscal year.</p>



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How is the budget document organized?

The beginning sections (I-IV) of the budget document were developed to acquaint readers with the City's overall budgeting process, with particular attention to reviewing major changes in the 2015 Fiscal Year.

The next portion of this document (Sections V-IX) focuses on multi-year revenue and expenditure forecast scenarios, revenue and expenditure summaries, various charts and schedules that provide overall information on the City's finances, personnel summaries, and fund balance information.

Finally, readers may look to Sections X-XIII to review budget information for the City's four Focus Areas. Each Focus Area section contains an alphabetized summary of its departments and their associated programs.

The individual department sections are organized as outlined below.

CITY OF ALEXANDRIA, VIRGINIA
Finance Department

Accountable, Effective & Well Managed Government

Finance Department

- Leadership & Management Support
- Pension Administration
- Purchasing
- Revenue
- Treasury
- Accounting
- Risk Management

Department Contact Info
703.746.3900
<http://alexandriava.gov/finance/>

Department Head
Laura Triggs, CPA
Chief Financial Officer
703.746.3045
laura.triggs@alexandriava.gov

Department Staff
Ray Welch, Comptroller
Steven Bland, Retirement Administrator
Debbie Kidd, JD, Dep. Dir. Of Finance
David Clark, Dep. Dir. Of Finance-Treasury
Stephen Taylor, Acting Purchasing Agent

Multiyear Summary by Program (All Funds)

Program	FY 2013 Actual	FY 2014 Approved	FY 2015 Proposed
1	~\$1,000,000	~\$1,000,000	~\$1,000,000
2	~\$2,000,000	~\$2,000,000	~\$2,000,000
3	~\$2,500,000	~\$2,500,000	~\$2,500,000
4	~\$3,000,000	~\$3,000,000	~\$3,000,000
5	~\$1,500,000	~\$1,500,000	~\$1,500,000
6	~\$1,000,000	~\$1,000,000	~\$1,000,000
7	~\$1,500,000	~\$1,500,000	~\$1,500,000
8	~\$12,000,000	~\$14,000,000	~\$15,000,000

Callout 1: The first page of each department section provides an introduction to the department's program structure, and leadership.

Callout 2: The first page also includes a summary, by program, of the proposed FY 2015 budget and prior two fiscal years.



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CITY OF ALEXANDRIA, VIRGINIA
Finance Department

EXPENDITURE & REVENUE SUMMARY

Expenditure By Classification	FY 2013 Actual	FY 2014 Approved	FY 2015 Proposed	Change 2014 - 2015	% Change 2014-2015
Personnel	9,334,083	10,395,399	10,776,251	380,852	3.7%
Non-Personnel	2,736,369	3,223,525	3,477,705	254,180	7.9%
Capital Goods Outlay	8,792	26,185	26,185	-	0.0%
Interfund Transfer	3,044	0	0	-	-
Total Expenditures	\$12,082,287	\$13,645,109	\$14,280,141	\$635,032	4.7%

Expenditures by Fund	FY 2013 Actual	FY 2014 Approved	FY 2015 Proposed	Change 2014 - 2015	% Change 2014-2015
General Fund	11,577,834	12,984,060	13,519,701	535,641	4.1%
Internal Service Fund	37,288	44,600	44,600	0	0.0%
Other Special Revenues Funds	467,166	616,449	715,840	99,391	16.1%
Total Designated Funding Sources	\$12,082,287	\$13,645,109	\$14,280,141	\$635,032	4.7%

Total Department FTE's	FY 2013	FY 2014	FY 2015	Change 2014 - 2015	% Change 2014-2015
	105.5	107.5	107.5	0.0	0.0%

YEAR HIGHLIGHTS

To ensure an Accountable, Effective, & Well-Managed Government, Finance Department includes Accounting Support, Treasury, Revenue, Purchasing, Pension Administration, Risk Management, and Real Estate Assessments.

The Finance Department total budget increases by 4.7% for FY 2015. For the FY 2015 budget, the Department of Real Estate Assessments is now included in the Finance Department as a division. The FY 2015 Proposed Budget includes an increase of 1.0 FTE in the Pension Program, funded out of special revenues, and includes the reduction of 1.0 FTE in the Real Estate division because the vacant director position is no longer needed. The Department's Non-Personnel Budget increases by \$254,180 or 7.9% due to increases in the costs of maintaining current levels of service delivery.

Department Net- General Fund Share of City Operating Budget

This pie chart demonstrates the department's share of the overall General Fund budget.

The second page of the department section includes an expenditure summary by classification and fund.

Also included is a mission statement for the department, and highlighted budget changes for FY 2015.

This pie chart demonstrates the department's share of the overall General Fund budget.



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On this page, program level expenditure data are summarized for FY 2015 and the prior two fiscal years. This is followed with a staffing summary by program.

PROGRAM LEVEL SUMMARY DATA

Expenditure Summary					
Expenditure By Program	FY 2013 Actual	FY 2014 Approved	FY 2015 Proposed	Change 2014 - 2015	% Change 2014-2015
Leadership and Management	\$601,796	\$577,255	\$584,661	49,154	9.2%
Accounting	\$2,807,716	\$2,807,716	\$3,349,394	485,241	16.9%
Treasury	\$1,945,718	\$1,945,718	\$2,649,717	311,462	13.3%
Revenue	\$3,144,777	\$3,144,777	\$3,661,049	145,996	4.2%
Purchasing	\$1,301,255	\$1,520,370	\$1,104,826	(415,544)	-27.3%
Pension Administration	\$577,255	\$765,062	\$860,416	95,354	12.5%
Risk Management	\$577,255	\$250,118	\$426,341	176,223	70.5%
Real Estate	\$1,383,218	\$1,856,591	\$1,643,737	(212,854)	-11.5%
Total Expenditures	\$12,082,287	\$13,645,109	\$14,280,141	\$635,032	4.7%

Staffing Summary					
Authorized Positions (FTE's) by Program	FY 2013 Actual	FY 2014 Approved	FY 2015 Proposed	Change 2014 - 2015	% Change 2014-2015
Leadership and Management	2.7	3.2	3.0	(0.2)	-6.3%
Accounting	20.7	19.7	21.4	1.7	8.4%
Treasury	17.5	17.5	17.5	0.0	0.0%

ADJUSTMENTS TO CITY SERVICES

Program	City Service Adjustment	FTE Impact	FY 2015 Cost
Pension	A Management Analyst position added. It is anticipated that with the new VRS Hybrid Plan, more employees will be eligible for additional pension advice. The position costs will be allocated to the Pension Fund. There is no cost to the General Fund.	1.0	\$91,100

Adjustments which impact levels of City services are included in this section.



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ACCOUNTING

To achieve an accountable, effective, & well-managed government, this program provides... and vendors, and reconciliations in order to ensure city government is... strength of the city government.

Each department program is also summarized. First, the program purpose explains the intent of the program.

Program Totals	FY 2013 Actual	FY 2014 Approved	FY 2015 Proposed
% Total All Funds Budget	24.5%	25.2%	28.4%
Total Expenditures	\$2,807,716	\$2,864,153	\$3,349,394
Personnel	\$2,008,398	\$1,956,150	\$2,237,040
Non-Personnel	\$799,318	\$905,218	\$1,109,569
Capital Outlay	\$0	\$2,785	\$2,785
Full Time Equivalents (FTEs)	20.7	19.7	21.4

Performance Measures	FY 2013 Actual	FY 2014 Approved	FY 2015 Proposed
<i>Legal Requirements are met regarding financial information</i>	100%	100%	100%
<i>Percent of payments to vendors issued within the required timeframe</i>	97%	97%	97%
<i>Reconciliations are conducted</i>	2,802	2,914	2,880

PROGRAMMATIC ADJUSTMENTS

TOTAL FY 2014 APPROVED ALL FUNDS PROGRAM BUDGET		19.7	
Service/Line of Business	Impacts	FTE	Imp
Program-wide services	Technical adjustment due to the reallocation of positions within the department. Maintain current levels of service delivery with personnel-related increases in health coverage, salaries, merit adjustments, and other fringe benefits including VRS.	1.7	\$280,890
Program-wide services	Maintain current levels of service delivery with non-personnel related increases in funding to meet the needs of contractual obligations, cost inflation, or other fixed-cost increases (e.g. fuel, utilities, etc.) The increase a includes a full year's support for the City's Enterprise Resource System. (\$130,000)	N/A	\$204,351
TOTAL FY 2015 PROPOSED ALL FUNDS PROGRAM BUDGET		21.4	\$3,349,394

Next, performance measures indicate the level of achievement the program has attained and expects to attain in the coming fiscal year.

Finally, changes to the services or lines of business within a program are summarized in this table, both in terms of FTE and budget impacts.

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What is the FY 2015 budget adoption schedule?

Members of the public are invited to participate in the following budget-related sessions, listed below.

Date	Action
Tuesday, February 26, 2014	Proposed Budget Presentation (7pm, City Council Chambers)
Monday, March 3, 2014	Work Session: Five-Year Financial Planning Model; Compensation; Alexandria City Public School Operating Budget (6pm, Sister Cities Conference Room, 1101 City Hall)
Monday, March 10, 2014	City Council Special Public Hearing: FY 2015 Budget (4pm, City Council Chambers)
Tuesday, March 11, 2014	City Council Legislative Meeting: Introduce Tax Rate Ordinances (7pm, City Council Chambers)
Wednesday, March 12, 2014	Work Session: Livable, Green and Prospering Focus Area (6pm, Sister Cities Conference Room, 1101 City Hall)
Tuesday, March 18, 2014	Work Session: Health and Thriving Residents Focus Area (6pm, Sister Cities Conference Room, 1101 City Hall)
Wednesday, March 26, 2014	Work Session: Safe, Secure, and Just Community Focus Area (6pm, Business Center Drive, Alexandria, VA, 1101 City Hall)
Wednesday, April 2, 2014	Work Session: Accountable, Effective and Well-Managed Government Focus Area (6pm, Sister Cities Conference Room, 1101 City Hall)
Thursday, April 10, 2014	Work Session: Capital Improvement Plan (6pm, Sister Cities Conference Room, 1101 City Hall)
Saturday, April 12, 2014	City Council Public Hearing: Tax Rate Ordinances (9:30am, City Council Chambers)
Monday, April 21, 2014	Work Session: Preliminary Add/Delete (6pm, Sister Cities Conference Room, 1101 City Hall)
Thursday, April 24, 2014	Work Session: BFAAC and Tax Reform Task Force (6pm, Sister Cities Conference Room, 1101 City Hall)
Monday, April 28, 2014	Work Session: Final Add/Delete (6pm, Sister Cities Conference Room, 1101 City Hall)
Thursday, May 1, 2014	Budget Adoption (7pm, City Council Chambers)

The City of Alexandria's website has additional information on City Council meetings, docket items, and budget information at www.alexandriava.gov.