



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 have been authorized for the fiscal year. The **Approved FY 2016 Budget** documents the decisions approved by City Council for FY 2016. 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 2016 budget is a key component of the City's performance management system, **Results Alexandria**, which is described in detail 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 2016 budget development process?

The FY 2016 budget development process began in October 2014 with the **FY 2016 Budget Outcome Prioritization Survey**, where Alexandria citizens had the opportunity to provide input how they would prioritize the City's Long Term Outcomes and where the City should focus its efforts and resources to achieve outcomes. On November 3, 2014, the chairs (or designees) of the City's various boards, commissions and committees were invited to attend a facilitate discussion of the City's Long Term Outcomes, where the City should prioritize resources and what actions can be taken to balance the budget.

On November 11, 2014, 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 directed the City Manager to identify cost saving measures and efficiencies, and adjusting service levels in order to propose a balanced budget. The Council's Budget Guidance also provided the City Manager the flexibility to consider adjustments to existing real estate and personal property tax rates, 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 8, 2014. Members of City Council were also briefed on the feedback and results of the City's civic engagement efforts (see the *Civic Engagement* section of this book). 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.

Then, based on the City's Strategic Plan, the City Council's Guidance, input from subject matter experts and input from Civic Engagement Activities, the City Manager developed the **City Manager's Identified Budget Priorities**, which outlines priority investment areas in the City Government. City Departments then responded to this 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 levels for the proposed budget.

The **City Manager's Proposed Budget** for FY 2016, outlined the funding levels by department and program that resulted from the deliberation process described above. The City Manager presented the FY 2016 Proposed Budget on March 3, 2015. During March and April, City Council held several **Budget Work Sessions** and one **Budget Public Hearing** in order to deliberate funding levels for the approved budget. These deliberations culminated in a final **Add/Delete Work Session** in which City Council adds and subtracts funding for services from the proposed budget, while keeping it balanced. City Council adopted the **FY 2016 Approved Budget** on May 7, 2015. 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 2016 Budget Development Process

MONTH	RESIDENTS	MAYOR & CITY COUNCIL	CITY ADMINISTRATION
October	<p>Civic Engagement—Online Residents invited to participate in an online survey, where they prioritized the City’s Long Term Outcome and where the City should invest resources and focus to achieve outcomes</p>		
November	<p>Civic Engagement—Boards, Committee and Commission Chairs Chairs (or designees) of the City’s boards, commissions and committees were invited to a facilitated discussion of the City’s Long Term Outcomes, where the City should prioritize resources and what actions can be taken to balance the budget</p> <p>BFAAC Report—Key Policy Issues Resident advisory committee provides City Council with feedback on key policy issues facing the City in coming fiscal year</p>	<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>Five Year Financial Plan City staff presents the Five Year Financial Plan to City Council. The plan is a policy document that provides long-term strategic financial planning and demonstrates the affect of current and/or new policies and services on the City’s financial standing.</p> <p>City Manager Identified Budget Priorities The City Manager defines priority investment areas in the City Government based on the City’s Strategic Plan, the City Council’s Guidance, input from subject matter experts and input from Civic Engagement Activities.</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	<p>Civic Engagement—Focus Area Discussions Residents were invited to attend three facilitated meetings to discuss (by Focus Area) the programs and services that are most important for achieving City’s Long Term Outcomes</p>		
February	<p>BFAAC Report—Five Year Plan Resident advisory committee holds meetings to review the Five Year Financial Plan and provide City Council with feedback.</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>Proposed Budget Presentation The City Manager presents the Proposed Budget to City Council.</p> <p>Budget Memos (March—April) OMB and other City staff respond to inquiries from City Council through Budget Memos.</p>
April	<p>BFAAC Report—Proposed Budget Resident advisory committee holds weekly meetings to review the Proposed Budget and provide City Council with feedback.</p>		
May		<p>Final Budget Adoption City Council makes final decisions and adopts the official City of Alexandria Budget for the upcoming fiscal year.</p>	
June			<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-V) 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 2016 Fiscal Year.

The next portion of this document (Sections VI-XI) 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 XII-XV 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
Planning & Zoning

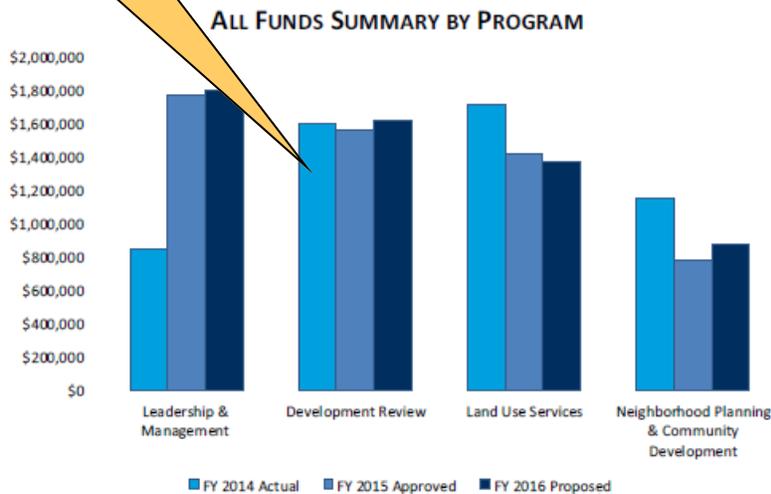
Livable, Green & Prospering City

- Leadership & Management
- Development Review
- Land Use Services
- Neighborhood Planning & Community Development

Department Contact Info
703.746.4666
<http://www.alexandriava.gov/Planning>

Department Head
Karl Moritz
Director
703.746.4666
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The first page also includes a summary, by Program, of the Proposed FY 2016 budget and prior two fiscal years.



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CITY OF ALEXANDRIA, VIRGINIA

Planning & Zoning

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

EXPENDITURE & REVENUE SUMMARY

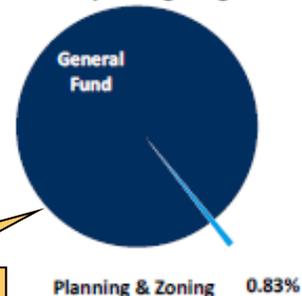
	FY 2014 Actual	FY 2015 Approved	FY 2016 Proposed	\$ Change 2015 - 2016	% Change 2015 - 2016
Expenditure By Character					
Personnel	\$3,120,032	\$5,362,998	\$5,520,323	\$157,325	2.9%
Non-Personnel	\$201,244	\$181,827	\$157,305	(\$24,522)	-13.5%
Total Expenditures	\$5,321,276	\$5,544,825	\$5,677,628	\$132,803	2.4%
Expenditures by Fund					
General Fund	5,152,860	\$5,317,991	\$5,348,364	\$30,372	0.6%
Non-Fiscal Year Grants	59,008	\$0	\$0	\$0	0.0%
Other Special Revenue	\$109,408	\$226,834	\$329,264	\$102,430	45.2%
Total Expenditures	\$5,321,276	\$5,544,825	\$5,677,628	\$132,803	2.4%
Total Department FTEs	43.00	44.00	45.50	1.50	3.4%

Also included are highlighted budget changes for FY 2016.

FISCAL YEAR HIGHLIGHTS

The FY 2016 Proposed budget for Planning & Zoning increases by 2.4% or \$132,803 over FY 2015 levels, of which \$30,372 is attributable to the General Fund. This is primarily due to additional expenditures needed to maintain current services. The department adds 2.0 FTE at a cost of \$16,000 per position because two full-time seasonal positions are converted to regular full-time employees. The department budgets an additional \$216,000 in revenues as result of charging fees for services that had previously not been charged for on a separate basis. In FY 2016, the personnel costs of one Urban Planner III position have been transferred from the General Fund to the Code Administration Special Revenue Fund because this position supports the Permit Center. This transfer is cost neutral, but decreases department reliance on the General Fund.

Department Share of General Fund Operating Budget



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

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CITY OF ALEXANDRIA, VIRGINIA Planning & Zoning

A complete listing of adjustments which impact levels of City services within the Department are included in this section.

DEPARTMENTAL CHANGES TO CITY SERVICES

Program	City Service Adjustment	FTE Impact	FY 2016 Amount
Land Use Services/ Neighborhood Planning & Community Development	Conversion of two seasonal 40 hour/week Urban Planners to full-time regular employees. The FY 2015 budget for these two seasonal positions is \$120,073. \$32,000 is the additional expenditure needed to make these positions full-time. Converting these employees to regular full-time ensures that the department completes the work plan in a timely manner and the City retains quality talent.	2.00	\$32,000
Departmental Revenues	Increase revenues by charging fees for subdivisions in DSUP cases, SUP fees in DSUPs and by increasing fees for Master Plan amendments, CDD Concept Plan Amendments, TMP Amendments, and CDD extensions.	0.00	\$216,000 Revenues

CITY OF ALEXANDRIA, VIRGINIA Planning & Zoning

On this page, Program level expenditure data are summarized for FY 2016 and the prior two fiscal years. This is followed with a staffing summary by Program.

PROGRAM LEVEL SUMMARY DATA

Expenditure Summary

Expenditures By Program	FY 2014	FY 2015	FY 2016	\$ Change	% Change
	Actual	Approved	Proposed	2015 - 2016	2015 - 2016
Leadership & Management	\$847,497	\$1,777,710	\$1,799,524	\$21,814	1.2%
Development Review	\$1,606,308	\$1,567,217	\$1,623,140	\$55,923	3.6%
Land Use Services	\$1,716,997	\$1,421,693	\$1,373,216	(\$48,477)	-3.4%
Neighborhood Planning & Community Development	\$1,150,473	\$778,205	\$881,748	\$103,543	13.3%
Total Expenditures	\$5,321,276	\$5,544,825	\$5,677,628	\$132,803	2.4%

Staffing Summary

Authorized Positions (FTEs) by Program	FY 2014	FY 2015	FY 2016	FTE Change	% Change
	Actual	Approved	Proposed	2015 - 2016	2015 - 2016
Leadership & Management	6.00	14.00	14.00	0.00	0.0%
Development Review	13.10	10.00	11.00	1.00	10.0%
Land Use Services	15.90	13.50	13.50	0.00	0.0%
Neighborhood Planning & Community Development	8.00	6.50	7.00	0.50	7.7%
Total FTEs	43.00	44.00	45.50	1.50	3.4%

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CITY OF ALEXANDRIA, VIRGINIA Planning & Zoning

Each department program is also summarized. First, the City's Long-term Outcome(s) that this Program supports are identified. Next are the Lines of Business for the program and their goals which help achieve the Outcome(s).

LAND USE SERVICES

Outcomes Supported: Promote an attractive urban environment that reflects our history and provides well-functioning infrastructure

Lines of Business	Goals
Historic Preservation	Properties and businesses in historic zones are in compliance with historic preservation regulations
Special Use Permits	Special use permit holders are in compliance with permit regulations
Zoning	Properties and businesses are in compliance with zoning regulations

	FY 2014 Actual	FY 2015 Approved	FY 2016 Proposed
Expenditure By Character			
Personnel	\$1,640,915	\$1,389,057	\$1,364,637
Non-Personnel	\$76,082	\$32,636	\$8,579
Total Expenditures	\$1,716,997	\$1,421,693	\$1,373,216
% of All Funds Departmental Budget	32.3%	25.6%	24.2%
Total Program FTEs	15.90	13.50	13.50
Performance Measures			
<i>Percent of non-complying properties and businesses brought into compliance with zoning regulations</i>		92.0%	92.0%
<i>Percent of special use permit applications reviewed within established timeframes</i>		77.0%	77.0%
<i>Percent of zoning violations responded to within established timeframes</i>			

Next, the financial information for the Program is listed for the past 3 fiscal years. Performance measures are also included which indicate the level of achievement the Program has attained and expects to attain in the coming fiscal year.

MAINTAINING CURRENT SERVICE LEVELS

TOTAL FY 2015 APPROVED ALL FUNDS PROGRAM		13.50	\$1,421,693
Current		FTE Impact	Cost Modification
Maintaining current service levels	delivery with personnel related adjustments, non-personnel resources, and capital goods outlay. In addition, a technical adjustment was made to reallocate one Urban planner position within the department (who will now be paid for by the Code Special Revenue Fund). No service impact.	(1.00)	(\$64,477)

At the bottom, the costs of maintaining services within a program are summarized in this table, both in terms of FTE and budget impacts.

[Continued on next page]

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CITY OF ALEXANDRIA, VIRGINIA
Planning & Zoning

Finally, changes to the services or funding of a Program are identified by their Line of Business and are summarized in this table, both in terms of FTE, financial and service impacts.

LAND USE SERVICES

PROGRAMMATIC ADJUSTMENTS

[Continued from previous page]

Service / Line of Business	Description	FTE Impact	Cost Modification
Zoning	Conversion of one seasonal full-time Urban Planner to a full-time regular employee. The budget for this seasonal position was \$61,494 in FY 2015. Converting this position to regular full-time ensures that the City retains quality talent.	1.00	\$16,000
TOTAL FY 2016 PROPOSED ALL FUNDS PROGRAM BUDGET		13.50	\$1,373,216

Understanding the Budget



What is the FY 2016 budget adoption schedule?

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

DATE	EVENT
Tuesday, March 3, 2015	Budget Proposal City Council Chambers (5:00 PM)
Wednesday, March 11, 2015	Public Budget Presentation Beatley Library (6:30 PM)
Thursday, March 12, 2015	Worksession: Compensation, Revenues and Five Year Plan Sister Cities Room #1101 (6:30 PM)
Monday, March 16, 2015	Budget Public Hearing City Council Chambers (4:00 PM)
Tuesday, March 17, 2015	Worksession: Alexandria City Public School (Operating and Capital) ACPS Headquarters, 1340 Braddock Place (6:30 PM)
Tuesday, March 17, 2015	Establish Tax Rate Ordinance/Set Maximum Rate ACPS Headquarters, 1340 Braddock Place (Starts No Earlier Than 7:30 PM)
Thursday, March 19, 2015	Worksession: Safe, Secure and Just Community Sister Cities Room #1101 (6:30 PM)
Monday, March 23, 2015	Worksession: Capital Improvement Program Sister Cities Room #1101 (6:30 PM)
Tuesday, April 7, 2015	Worksession: Healthy and Thriving Residents Sister Cities Room #1101 (6:30 PM)
Thursday, April 9, 2015	Worksession: Livable, Green and Prospering City Sister Cities Room #1101 (6:30 PM)
Thursday, April 16, 2015	Worksession: Alexandria City Public School (Operating and Capital) ACPS Headquarters, 1340 Braddock Place (7:00 PM)
Tuesday, April 21, 2015	Worksession: Accountable, Effective and Well-Managed Government Sister Cities Room #1101 (5:30 PM)
Tuesday, April 21, 2015	Worksession: Budget and Fiscal Affairs Advisory Committee Sister Cities Room #1101 (6:30 PM)
Tuesday, April 21, 2015	Tax Rate Public Hearing City Council Chambers (Starts No Earlier Than 7:30 PM)
Tuesday, April 28, 2015	Preliminary Add/Delete List Discussion City Council Chambers (7:00 PM)
Monday, May 4, 2015	Final Add/Delete List Discussion City Council Chambers (6:30 PM)
Thursday, May 7, 2015	Budget Adoption City Council Chambers (6:30 PM)

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