



Legislation Text

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City of Alexandria, Virginia

MEMORANDUM

DATE: JUNE 3, 2015

TO: THE HONORABLE MAYOR AND MEMBERS OF CITY COUNCIL

FROM: MARK B. JINKS, CITY MANAGER /s/

DOCKET TITLE:

Introduction and First Reading. Consideration. Passage on First Reading of an Ordinance to Make Appropriations for the Support of the City Government for Fiscal Year 2016.

ISSUE: Consideration of an Appropriation Ordinance to make appropriations for the support of the government of the City of Alexandria, Virginia, for the Fiscal Year (FY) 2016.

RECOMMENDATION: That City Council pass the ordinance on first reading on June 10, 2015, and schedule it for public hearing, second reading, and final passage on June 13, 2015.

DISCUSSION: On May 4, 2015, City Council approved the FY 2016 General Fund Budget and adopted an ordinance setting the City's real property and personal property tax rate for calendar year (CY) 2015. In accordance with sections 6.07 and 6.14 of the City Charter, an annual ordinance is also required to appropriate the Approved Operating and Capital Budgets. This ordinance contains the appropriation of the Adopted Operating Budget, the reappropriation of expected encumbrances, and an appropriation from the Special Revenue Fund for new grants. This ordinance also reflects the final approved budget of the Alexandria City Public Schools (ACPS), as adopted by the School Board on May 28, 2015. The ordinance reflects the add - delete decisions of the School Board, which took into account both changes in revenue estimates at the state and local level as well as increased use of fund balance and excessive services and the final City transfer Appropriation of \$198,811,472. The Final City Appropriation transfer to ACPS was approximately \$2.2 million lower than the amount requested by the School Board. In total, although these were numerous additions and reductions the ACPS expenditures will net to \$0.2 million less than what the School Board had originally proposed in February as their FY 2016 budget.

ADOPTED OPERATING BUDGET: Sections 1 through 9 of the attached proposed appropriations ordinance legally establishes the revenues and expenditures of the FY 2016 budget. As detailed in Section 7 of the attached ordinance, a significant portion of the General Fund's revenues are transferred to other funds and

component units, principally to finance operations of the Alexandria City Public Schools. In addition, the total expenditure appropriation must be reduced by the amount of these transfers (referred to as “Interfund Transfers”) to eliminate double counting and accurately reflect the aggregate expenditure appropriations. Table I, which is attached to the ordinance, provides the detailed breakdown for all funds for each department and component unit. Table II, which is also attached to the ordinance, provides the detailed revenue estimate for all funds by the major sources of revenue.

REAPPROPRIATION OF PROJECTED ENCUMBRANCES: Section 10 of the attached proposed appropriation ordinance reappropriates monies authorized and expected to be obligated in FY 2015 but not expected to be expended as of June 30, 2015. By City Charter, all appropriations lapse at the end of the fiscal year. When budgeted goods and services are ordered prior to the end of one fiscal year but not delivered until the next fiscal year, monies need to be reappropriated to cover the expenditures paid in the current fiscal year. As introduced in 2006, encumbrances are now authorized based on estimates of preliminary encumbrances. The actual encumbrance amount that is carried over from FY 2015 into FY 2016 may be lower than this amount. The final encumbrance amount that is carried over into FY 2016 will be reduced to reflect actual authorized encumbrances.

FISCAL IMPACT: This ordinance authorizes the receipt and expenditure of \$924,002,783 for FY 2016 in the following sections \$912,707,783 in Sections 1 through 9 and \$11,295,000 in Section 10):

Section 1 to Section 9

General Fund	\$ 649,156,892
Special Revenue Fund	122,082,688
Housing Special Revenue Fund	594,694
Sewer Special Revenue Fund	10,600,000
Stormwater Special Revenue Fund	1,804,447
Potomac Yard Fund	4,891,408
Northern Virginia Transportation Authority Fund	18,760,850
Capital Projects Fund	113,810,986
Equipment Replacement Internal Service Fund	5,498,399
Alexandria City Public Schools	261,693,686
Library Fund	7,166,280
Alexandria Transit Company	17,064,850
Less: Interfund Transfers	<u>(300,417,396)</u>
Total	<u>\$912,707,783</u>

The amounts listed for the Alexandria Transit Company, the Schools, and the Library represent their total budgets, including the City’s General Fund appropriation to each agency and any fee revenue (such as farebox revenue for the Alexandria Transit Company), grants, State aid or other revenues that are part of the total budgets. By the City Charter, Council must appropriate all monies, including those for the Alexandria Transit Company, Alexandria City Public Schools, irrespective of the source. The appropriation to the ACPS includes \$240.3 million of operating funds, \$13.5 million for grants and special projects and \$7.9 million for the School Lunch Fund. The “Less: Interfund Transfers” line backs out dollars counted both in the General Fund, the Sewer and Wastewater Fund amounts and each of the agency budgets for the City’s appropriation to these individual agencies.

Section 10

The reappropriation of \$11,295,000 of General Fund Balance as the maximum monies encumbered as of June 30, 2015. This is a high and estimated amount which will be lowered in the first few months of FY 2016 to the actual encumbrance need. By obtaining an estimated authorized amount by July 1, clearer internal budget management is facilitated.

Reappropriation of monies encumbered as of June 30, 2015	<u>\$ 11,295,000</u>
Total	<u>\$ 11,295,000</u>

ATTACHMENT:

Attachment 1 - Appropriation Ordinance Cover and Ordinance

Attachment 2 - Table I - Expenditures by Department or Component Unit by Fund

Attachment 3 - Table II - Sources of Revenue

STAFF:

Kendel Taylor, Director of Finance

Morgan Routt, Acting Director of Management & Budget