City of Alexandria, Virginia

MEMORANDUM

DATE: JUNE 15, 2018

TO: THE HONORABLE MAYOR AND MEMBERS OF CITY COUNCIL

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

DOCKET TITLE:
Public Hearing, Second Reading and Passage of an Ordinance to Make Appropriations for the Support of the City Government for Fiscal Year 2019. [ROLL-CALL VOTE]

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) 2019.

RECOMMENDATION: That City Council hold a public hearing and adopt the Appropriations Ordinance for Fiscal Year 2019 on Saturday, June 23, 2018.

DISCUSSION: On May 3, 2018, City Council adopted the FY 2019 Budget and adopted an ordinance setting the City's real property and personal property tax rate for calendar year (CY) 2017. 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 budget of the Alexandria City Public Schools (ACPS), which is set for adoption by the School Board on June 7, 2018. Any changes or amendments adopted by the School Board will be brought to City Council for appropriation in the Fall. The ordinance reflects the add-delete decisions of the School Board, which took into account City Council's approved operating budget transfer of $223,829,302 and changes in ACPS revenue estimates at the State, Federal and local level.

ADOPTED OPERATING BUDGET: Sections 1 through 9 of the attached proposed appropriations ordinance legally establishes the revenues and expenditures of the FY 2019 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 is 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. Both tables reflect expenditures and revenues net of Interfund Transfers. The total appropriation of $1,438,343,309, net of $373,528,790 in Interfund Transfers equals $1,064,814,519.

REAPPROPRIATION OF PROJECTED ENCUMBRANCES: Section 10 of the attached proposed appropriation ordinance reappropriates monies authorized and expected to be obligated in FY 2018 but not expected to be expended as of June 30, 2018. 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 2018 into FY 2019 may be lower than this amount. The final encumbrance amount that is carried over into FY 2019 will be reduced to reflect actual authorized encumbrances.

FISCAL IMPACT: This ordinance authorizes the receipt and expenditure of $1,448,500,309 for FY 2019 in the following sections $1,438,343,309 in Sections 1 through 9 and $10,157,000 in Section 10):

Section 1 to Section 9

General Fund	$ 748,426,936
Housing Special Revenue Fund	5,351,263
Special Revenue Fund	106,443,449
Sewer Special Revenue Fund	12,013,063
Stormwater Special Revenue Fund	8,133,151
Potomac Yard Fund	11,861,748
Northern Virginia Transportation Authority Fund	17,977,656
Capital Projects Fund	199,571,217
Equipment Replacement Internal Service Fund	3,776,233
Alexandria City Public Schools	299,620,588
Library Fund	7,679,093
Alexandria Transit Company	17,488,912
Less: Interfund Transfers	(373,528,790)
Total	**$ 1,064,814,519**

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 $273.8 million of operating funds, $14.9 million for grants and special projects and $10.7 million for the School Lunch Fund. The "Less: Interfund Transfers" line backs out dollars counted in more than one fund. The attached tables show revenues and expenditures by department and fund, net of interfund transfers.

Section 10

The reappropriation of $10,157,000 of General Fund Balance as the maximum monies estimated to be encumbered as of June 30, 2018. This is a high end estimated amount which will be lowered in the first few months of FY 2019 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, 2018	$ 10,157,000
Total	$ 10,157,000

ATTACHMENTS:

Attachment 1 - Appropriation Ordinance Cover
Attachment 2 - Appropriation Ordinance
Attachment 3 - Table I - Expenditures by Department or Component Unit by Fund
Attachment 4 - Table II - Sources of Revenue

STAFF:
Laura Triggs, Deputy City Manager
Kendel Taylor, Director of Finance
Morgan Routt, Director of Management & Budget

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