



Understanding the Budget

CITY OF ALEXANDRIA BUDGET PROCESS

The City's budget serves as the documentation of the financial, policy, and service decisions that have been authorized for the fiscal year. The **FY 2022 Budget** documents the decisions proposed by the City Manager for the coming 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 and 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 and department directors to prioritize and allocate resources toward providing services that help the City 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 identifies responsibility for the delivery of City services.
- **Service Decisions.** The budget describes the services provided by each departmental program within the City. Each section of this book, organized by department, provides a description of the department's costs and services and their benefit from this investment. Performance data is also provided for each department to quantify levels of service, effectiveness, and quality. Finally, Priority Based Budgeting (PBB) inventories are listed with a service name, description, FY 2020 estimated cost and PBB quartile.

The FY 2022 budget development process began November 7, 2020, when the Office of Management and Budget presented planning for the **FY 2022 General Fund Operating Budget and Proposed FY 2022 City Council Budget Guidance** at the **City Council Retreat**. **Alexandria City Public Schools** also presented a similar overview to the City Council providing additional context of the budget challenges anticipated for FY 2022. The **Budget and Fiscal Affairs Advisory Committee** or **BFAAC** also presented a brief report to discuss issues and topics of interest to the committee to City Council as well as present a work plan for the various issues the Committee intends to explore this year.

Based on this information, on November 10, 2020, City Council adopted two resolutions: the first established its **Budget Guidance** (www.alexandriava.gov/Budget) for the General Fund budget and the second established the **Budget Process** to be used by City Council to adopt the budget in the spring. A second Public Hearing in April for community feedback on preliminary Add/Delete proposals was introduced two years ago, and will be hosted again this year. Budget guidance directed the City Manager to identify cost saving measures and efficiencies, and adjust service levels in order to propose a balanced budget with the flexibility of a real estate tax rate increase.

Based on the City's Strategic Plan, the City Council's Guidance, input from subject matter experts and Boards, Committees and Commissions, the City Manager developed the **City Manager's Identified Priorities** for budget consideration, which outlines priority investment areas in the City government for City departments. City departments then responded to these goals by developing formal budget proposals outlining how targeted programs would advance the goals of the City using a specified level of resources (i.e., dollars and staff). Departments were also asked to generate budget reductions and/or revenue increases to help address the budget gap shared at the City Council Retreat.

Focus Areas 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. Through review of department budget proposals, PBB data, and the City Manager's Identified Priorities, the Focus Areas Teams organized reduction submissions and supplemental funding requests into tiers based on priority. The City Manager then made decisions on these options for inclusion in the **City Manager's Proposed Budget**.

The City Manager's Proposed Budget for FY 2022 outlined the funding levels by department and program that resulted from the deliberation process described above. On February 16, 2021, the City Manager presented the FY 2022 Proposed Budget to City Council based on the budget guidance provided in the fall. After the presentation of the Proposed budget, the public provided input through public hearings and the submission of online comments. City Council deliberated the proposed budget through a series of budget work sessions in February and March.

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

