

BUDGET PROCESS



JENNIE DEAN MEMORIAL

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FY 2018 BUDGET CALENDAR

Date	Time	Day	Task
March 13, 2017	5:30 PM	Monday	City Manager Proposed Budget & CIP Presentation
March 14, 2017	5:30 PM	Tuesday	Budget Work Session Tax Supported Funds - Operating and CIP
March 15, 2017	5:30 PM	Wednesday	Budget Work Session Tax Supported Funds - Operating and CIP
March 20, 2017	5:30 PM	Monday	Budget Work Session Non Tax Supported Funds - Operating and CIP
March 22, 2017	5:30 PM	Wednesday	Budget Work Session Determine Advertised Tax Rate
March 24, 2017		Friday	Staff to Send Tax Rate Ad to Newspaper
March 28, 2017		Tuesday	School Board Adopts Budget & CIP
March 29, 2017		Wednesday	Tax Rate Ad in Newspaper (30 Days Prior to Public Hearing)
April 3, 2017	5:30 PM	Monday	City & School Joint Budget Work Session
April 12, 2017	5:30 PM	Wednesday	Finance Committee Meeting
April 14, 2017		Friday	Staff to Send Budget Ad to Newspaper
April 17, 2017	5:30 PM	Monday	Final Budget Work Session
April 19, 2017		Wednesday	Budget Ad in Newspaper (7 Days Prior to Public Hearing)
May 1, 2017	7:30 PM	Monday	Public Hearing on the Updated Budget/CIP/Revenue Rates
May 3, 2017	5:30 PM	Wednesday	Budget Work Session (if needed)
May 8, 2017	5:30 PM	Monday	First Reading of Tax Rates & Other Rate Ordinances and Adoption of Budget & CIP and Fee Schedules (7 Days After Public Hearing)
May 10, 2017	5:30 PM	Wednesday	Second Reading of Tax Rates and Other Rate Ordinances

The budget is the annual plan for the City’s revenues and expenditures. It is also a document that summarizes the programs provided by City departments. The budget presented in this book is the FY 2018 City Manager Proposed Budget for the period of July 1, 2017 to June 30, 2018. The proposed budget for FY 2018 does not include the budget for Manassas City Public Schools (MCPS) as it has not yet been adopted by the School Board.

STATE BUDGET LAW

The Code of Virginia governs the budget process in the City of Manassas. Section 15.2-2503 requires that “all officers and heads of departments, offices, divisions, boards, commissions, and agencies of every locality”, including the School Board of the local School Division, to prepare and submit an annual budget to the City Council on or before April 1st. After receipt of the proposed budget, the City Council must authorize the advertisement of the proposed real estate tax and levy rates. Once the proposed rates are advertised, the Council can adopt lower real estate tax and levy rates, but cannot, without additional advertisement, adopt higher rates. State code also requires the Council to hold public hearings on the proposed budget and the proposed tax and levy rates to collect public comment.

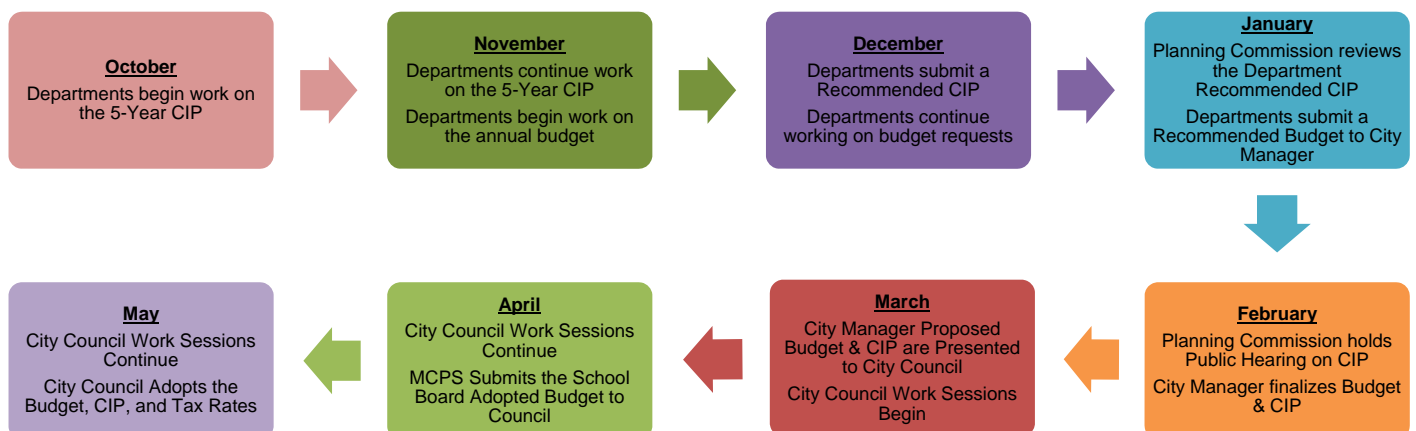
The City Council must approve the annual budget and fix a tax rate for the budget year no later than the date on which the fiscal year begins (July 1st). The annual real estate tax levy is due December 5th and June 5th.

FORMULATION OF THE CITY MANAGER’S PROPOSED BUDGET

The annual budget process commences in the fall of the preceding year. The budget calendar is developed at this time to establish the timelines for the process including the date of submission of departmental requests, budget work sessions, and public hearings that lead to final adoption of the budget. Department requests are based on the budget guidelines developed by the City Manager. Each request must relate to the organization’s program objectives, which are tied to the Priorities and Implementation Plan. Departments meet with the City Manager during the month of January. The City Manager prepares his proposed budget, which he presents to the City Council in March. During the months of March, April, and May, several budget work sessions are held by the City Council to determine the budget to be adopted. The budget is adopted in May with the concurrence of at least four members of City Council.

CITY COUNCIL’S AUTHORIZATION AND APPROPRIATION

The City Council meets with the City Manager and departments for work sessions on the budget throughout the months of March, April, and May. On or about April 1st, the School Board presents its recommended budget to the City Council. As required by Virginia law, a public hearing is conducted to obtain comments and recommendation from the public prior to adoption of the budget. A resolution adopting the budget appropriates the funds.



BUDGET IMPLEMENTATION / ADMINISTRATION

The budget is posted to the City’s financial management system, which verifies the budget prior to encumbering funds. The City’s appropriated budget is prepared by fund and department. Appropriations are legally controlled at the fund level with the exception of the Schools which are legally controlled at the total appropriation level. The City’s budget is administratively controlled at the department level. Financial and programmatic monitoring of departmental activities by the budget staff ensures conformity with the budget takes place throughout the year.

CAPITAL IMPROVEMENT PLAN

City Council adopts a Five-Year Capital Improvement Program (CIP) annually during the budget process. The CIP is a list of capital projects that are anticipated and scheduled over a five-year period. The CIP includes the planned funding sources as well as the expenditures and is developed to guide future planning. The budget contains an annual appropriation of the first year of the CIP. The Planning Commission reviews the CIP for compliance with the City’s Comprehensive Plan in January. A proposed CIP is then submitted in March with the budget by the City Manager. The City Council meets with the City Manager and departments during budget work sessions to consider the CIP. A public hearing is held and the CIP is adopted through a resolution.

BUDGET AMENDMENTS

The City’s Financial Policies (P-2016-01) Section 3.03 governs transfers within or between funds. The City budget can be amended through increases or decreases in appropriations or through budget transfers. Changes in fund appropriations, including the transfers and appropriations to and from contingencies or reserves require budget and appropriation resolutions adopted with the concurrence of at least four members of the City Council. In the event that the budget should be amended by more than 1% of the adopted budget, the changes must be advertised and a public hearing held, regardless of whether or not the amendment is within the legal level of budgetary control.

The City Manager may approve transfers of budget and appropriations between departments within a fund and Department Directors may approve transfers of budget and appropriations within a department within a fund. Additionally, the City Manager has been authorized to approve transfers of existing budget and appropriations of fifty thousand dollars (\$50,000) or less between funds even though this is outside the legal level of control. For those transfers that are between \$10,001 and \$50,000, the transfer will be forwarded to City Council as an informational item. Transfers between funds in excess of \$50,000 must be approved by resolution by the City Council. Contributions/donations to the City of ten thousand dollars (\$10,000) or less shall be placed directly on the consent agenda of the City Council and those above \$10,000 will be approved by resolution by the City Council.

Budget Transfer Matrix

A. Transfers within Fund and Department

<u>Department Head Approval</u>	<u>City Manager Approval</u>	<u>City Council Approval</u>
All	N/A	N/A

B. Transfers within Fund between Departments

<u>Department Head Approval</u>	<u>City Manager Approval</u>	<u>City Council Approval</u>
All	All	N/A

C. Transfers Between Funds

<u>Department Head Approval</u>	<u>City Manager Approval</u>	<u>City Council Approval</u>
All	\$1 - \$50,000	\$10,001 - \$50,000 Info Only \$50,001 + Action Item

D. Transfers To and From Contingencies or Reserves

<u>Department Head Approval</u>	<u>City Manager Approval</u>	<u>City Council Approval</u>
N/A	N/A	All

The accounts of the City are organized into funds. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The operation of each fund is accounted for with a self-balancing set of accounts that comprise its assets, liabilities, fund balance/net position, revenues, and expenditures. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related requirements. There are three fund type categories: Governmental, Proprietary, and Fiduciary. In addition, the City of Manassas includes a discretely-presented component unit, the Manassas City Public Schools.

GOVERNMENTAL FUNDS

GENERAL FUND: The General Fund accounts for all financial transactions not required to be accounted for in any other fund. The General Fund accounts for the normal recurring activities of the City such as public safety, public works, and other general government departments. These activities are funded by revenue sources such as general property taxes, other local taxes, permits, fees, licenses, fines, forfeitures, charges for services, and aid from the Commonwealth and Federal Government.

SPECIAL REVENUE FUNDS: Special revenue funds account for the proceeds of specific revenue resources that are restricted or committed to expenditures for specified purposes other than debt service or capital projects; these resources require separate accounting because of legal or regulatory provisions or administrative action.

The only special revenue fund not included in the City's operating budget is the Merchant Trust Fund (Merchant Family donations for the Museum).

The special revenue funds included in the City's operating budget are the following:

- *Social Services Fund* – Administration of the State Social Services Program, the Federal Housing Program, and other Human Services Programs
- *Speiden Carper House Fund* – Donations restricted for use at the Speiden Carper House
- *Owens Brooke District Fund* – Revenues received from a tax to maintain roads in Owens Brooke
- *Fire and Rescue Fund* – Revenues received from a tax levy created to fund fire and rescue services
- *PEG Fund* – Revenues received from a cable surcharge to purchase cable equipment

DEBT SERVICE FUNDS: Debt service funds account for the payment of principal and interest on debt. The City has one debt service fund which accounts for the debt service of the General Fund, the Fire and Rescue Fund, and the Manassas City Public Schools. The other governmental funds do not have debt service.

CAPITAL PROJECTS FUNDS: Capital projects funds account for the acquisition, construction, or renovation of major capital facilities of the City. None of the capital projects funds are included in the City's operating budget. The City's capital projects funds are the General Capital Projects Fund (for general government functions), the Gateway Capital Projects Fund (development of the Gateway Business Park), the Transportation Capital Projects Fund (new City streets and highways), the Northern Virginia Transportation Authority Fund (for projects funded in part by a 0.7% sales tax collected in the Northern Virginia region for transportation improvements), and the Storm Water Management Capital Projects Fund (stormwater projects prior to the inception of a stormwater utility).

PERMANENT FUNDS: Permanent funds account for monies provided by private donors that are restricted for a specific use, using only the earnings from the resource and not the principal. The City has one permanent fund, Cemetery Trust Fund, which is used to fund the maintenance of the City's two cemeteries.

PROPRIETARY FUNDS

ENTERPRISE FUNDS: Enterprise funds account for operations that are financed and operated in a manner similar to private business enterprises – where the intent is that the costs of providing goods or services be financed or recovered primarily through user charges. The enterprise funds not included in the City's operating budget are the capital project funds for the Sewer, Water, Electric, Stormwater, and Airport departments. The enterprise funds included in the City's operating budget are the following:

- *Sewer Fund* – Operation of the City-owned sewer system
- *Water Fund* – Operation of the City-owned water system
- *Electric Fund* – Operation of the City-owned electrical system
- *Stormwater Fund* – Operation of the City-owned stormwater utility system
- *Airport Fund* – Operation of the City-owned Airport
- *Solid Waste Fund* – Provision of solid waste collection

INTERNAL SERVICE FUNDS: Internal service funds account for the financing of goods and services provided by one department to other departments in the government on a cost reimbursement basis. The internal service funds included in the City's operating budget are the following:

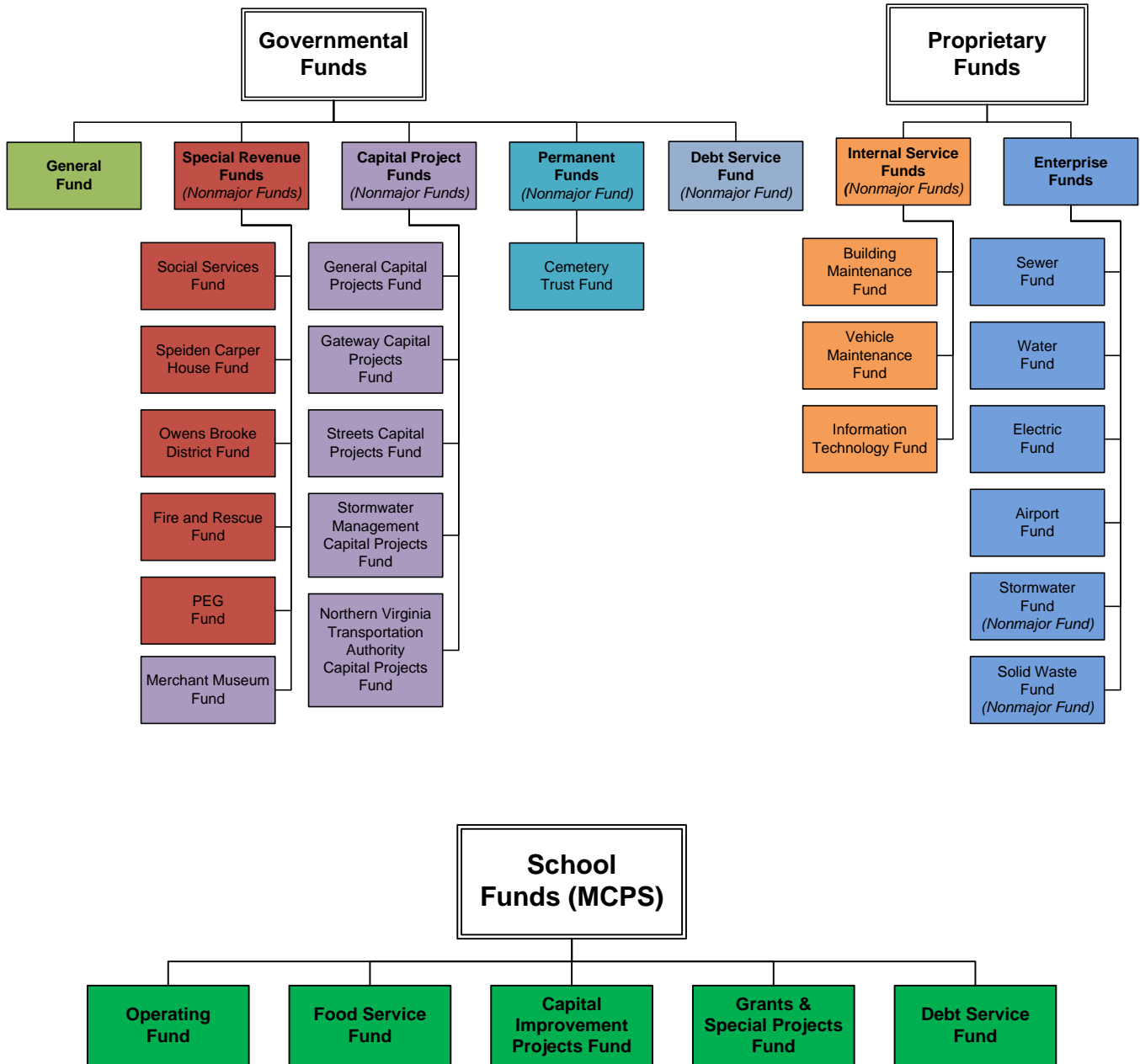
- *Building Maintenance Fund* – Operation and maintenance of the City buildings
- *Vehicle Maintenance Fund* – Operation, maintenance, acquisition, and replacement of equipment used by City departments
- *Information Technology Fund* – Provision of information technology services to City departments

FIDUCIARY FUNDS

Fiduciary funds are used when a government acts in a trustee or agent capacity. This City does not have any fiduciary funds.

COMPONENT UNITS

The City of Manassas Public Schools are a component unit of the City of Manassas. The budget for the school system is adopted by the City Council with the rest of the City's budget as required by Virginia Law.



Key:

- The Manassas City Public School is a Discretely Presented Component Unit
- Funds Not Part of the Adopted Budget (All nonmajor funds)
- All Funds Included in the Adopted Budget are Major Funds Unless Otherwise Noted

FUND – DEPARTMENT RELATIONSHIP

The following table shows each City department and its associated funds (excluding School Funds).

	Special Revenue					Enterprise				Internal Service			Perm- anent	Debt	
	General Fund	Social Services	Speiden Carper	Owens Brooke	Fire and Rescue	PEG	Sewer, Water & Electric Funds	Stormwater	Airport	Solid Waste	Building Maint.	Vehicle Maintenance	Information Tech.	Cemetery	Debt Service Fund
City Council	X														
City Clerk	X														
City Manager	X														
Voter Registrar	X														
Treasurer	X														
Commissioner of the Revenue	X														
Finance & Administration	X					X							X		
Engineering	X														
Shared Services	X														
Police	X														
Fire and Rescue					X										
Public Works	X			X				X	X	X	X			X	
Social Services		X													
Community Development	X		X												
Economic Development	X														
Utilities							X								
Airport								X							
Non-departmental	X														X

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