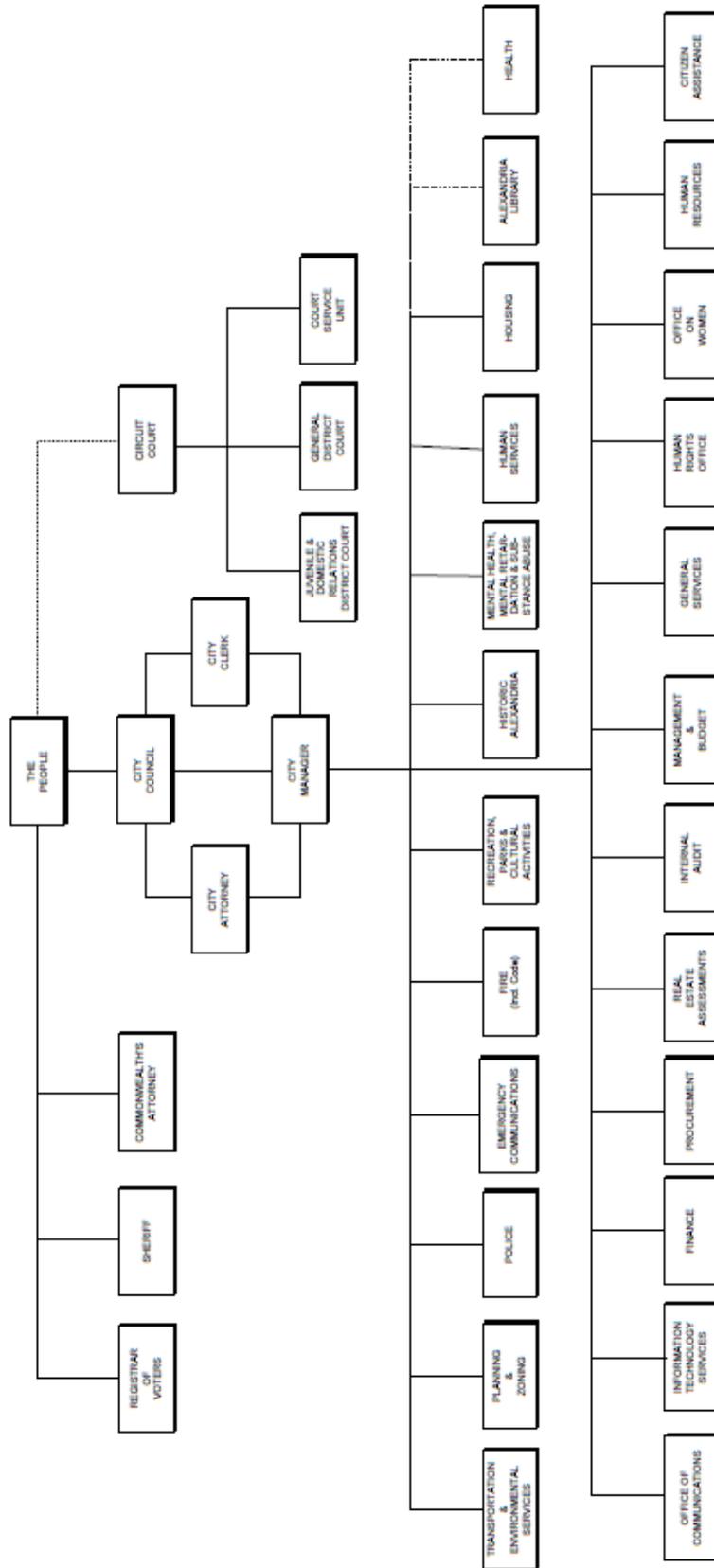


## ALEXANDRIA CITY GOVERNMENT



# Understanding the Budget

The City's budget serves as the blueprint for the financial and policy decisions that City Council will implement during the fiscal year. Budgeting is necessary for several reasons.

## FISCAL PLAN

First, the budget is a fiscal plan. Budgeting provides estimates of the costs that will be incurred if activities are carried out as planned; the revenues necessary to finance these activities; and the rates of taxation necessary to generate these revenues. The appropriation ordinance adopted by the City Council establishes the legal authorization for the expenditure of public monies and becomes the approved financial plan for the upcoming fiscal year.

## POLICY DOCUMENT

Second, the budget is a policy and management tool. The budget process provides an opportunity for the City Manager, department directors and agency heads to evaluate the City's services and recommend the best means of allocating resources to prioritize and provide effective and efficient services. As a management tool, the budget serves to establish accountability for the effective and efficient operation of programs and activities and to locate responsibility for the delivery of City services. Beginning with City Council's establishment of a long-term vision and a set of major goals for the City of Alexandria, combined with the economic outlook of the City presented by staff and a public hearing to gather citizen input in October, and continuing through the adoption of the FY 2011 budget on May 3, 2010, the budget process weighs short and long term objectives of stakeholders against the available financial resources.

## OPERATIONS GUIDE

The budget describes the activities, services and functions carried out within each organizational unit. Every Department within in the City is characterized by Programs and Activities and includes both financial and personnel resources necessary to carry out the functions of the government. Programs and activities within each department provide a map detailing what each department does with their resources, for whom these activities are undertaken and why. Performance data are associated with each activity and help to the measure each activity in terms of output, effectiveness and quality.

### FY 2011 Budget Planning

On November 24, 2009, City Council passed a resolution establishing the budget guidance for the entire General Fund budget. The guidance allowed for a City operating budget to be built based on holding total expenditures at FY 2010 levels. The budget was also to incorporate a transfer to the Schools budget of \$167.9 million. The guidance was based on preliminary forecasts of revenues, expenditures, and capital needs presented at the City Council Retreat on November 7, 2009. City Council also directed the City Manager to consider other taxes, fines, fees and charges, as well as reductions in programs and activities through efficiencies and reduced service levels, as necessary in order to propose a balanced budget.

Given the overall budget reduction, very few programs or initiatives are funded at the same level in the FY 2011 budget as they were in the FY 2010 operating budget. The allocation of all resources are based on the following seven Strategic Plan goals:

- There is quality development and redevelopment, support for local businesses, and a strong, diverse, and growing local economy.
- The City respects, protects and, enhances the health of its citizens and the quality of its natural environment.
- There is an integrated, multi-modal transportation system that efficiently and effectively gets people from point "A" to point "B."
- Alexandria is a community with public schools among Northern Virginia's best and where our recreational programs provide youth the opportunity to succeed.
- The City government is financially sustainable, efficient, community oriented and values its employees.
- The City protects the safety and security of its residents, businesses and visitors.
- Alexandria is a caring community that is affordable and diverse with a rich history and culture.

# Understanding the Budget

These objectives were coupled with existing policies and guidelines for developing the budget, including the City's Compensation Philosophy and the Debt-related Financial Policies. These other policies are described below.

## Other Continuing Policy Guidance and Planning

Debt-Related Financial Policies: The City Council's debt-related financial policies, which guide decision-making throughout the annual operating and capital budget development cycle, are printed in the Capital Improvement Program (CIP) Related Information section of this document, and the City's Proposed FY 2011 to FY 2020 Capital Improvement Program (CIP) is consistent with these policies.

Compensation Philosophy: On May 27, 1997, City Council adopted the City of Alexandria's Compensation Philosophy, which is intended to provide a broad framework to help City Council, management, employees and the citizens understand and guide decisions that affect City employee pay. The Compensation Philosophy is printed in the Appendices section of this document. Proposed FY 2008 employee compensation adjustments are recommended based on the guidance provided by the Compensation Philosophy.

Youth Policy: The Youth Policy Commission was established by City Council in 1997 to emphasize delinquency prevention, and to target activities that effectively promote positive outcomes for youth and support families through optimal use of existing funds, development of new resources, and engagement of the community. Initiatives that require new or reallocated funding are proposed in the annual budget process, and the Commission monitors success in achieving goals for youth through a biennial Community Report Card.

The chart on the following page identifies the budget process as it relates to the various stakeholders in the City.

# Understanding the Budget

## City of Alexandria FY 2011 Budget Process

MONTH	RESIDENTS	MAYOR & CITY COUNCIL	CITY ADMINISTRATION
JUNE			<p><b>Budget Guidelines</b> OMB issues budget guidelines and instructions to Departments for the budget process</p>
JULY			<p><b>Budget Requests</b> Departments develop their budget requests for submission to OMB.</p>
AUGUST			
SEPTEMBER			
OCTOBER	<p><b>Budget Hearing</b> The fall budget hearing officially kicks off the budget process for members of the public. City Council communicates overall goals and objectives for the upcoming budget process. Members of the public communicate thoughts and feelings on the budget.</p>	<p><b>City Council Retreat</b> City Council holds its annual planning retreat. The upcoming budget process is discussed in detail. City staff presents information on the overall budget situation, including revenues, planned expenditures, and economic conditions.</p> <p><b>Budget Target</b> City Council gives City staff guidance on overall expenditure and revenue limits. This guidance drives the decisions of the City Manager.</p>	<p><b>Budget Request Analysis</b> OMB reviews Departmental budget requests and develops initial recommendations to the City Manager.</p>
NOVEMBER			
DECEMBER			<p><b>Proposed Budget Development</b> OMB works with the CMO to begin developing the Proposed Budget that fits within the City Council budget guidance. This involves prioritizing Department requests and developing expenditure reduction options.</p>
JANUARY			
FEBRUARY	<p><b>BFAAC Review</b> Resident advisory committee holds weekly meetings to review the budget and provide City Council with feedback.</p>	<p><b>Budget Work Sessions</b> 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><b>PROPOSED BUDGET PRESENTATION</b> The City Manager presents the Proposed Budget to City Council.</p>
MARCH	<p><b>Budget Public Hearings</b> Members of the public are welcomed to comment on the Proposed Budget and offer suggestions to City Council for the Approved Budget through the Spring public hearing or the City web site.</p>		<p><b>Budget Memos</b> OMB and other City staff respond to inquiries from City Council through Budget Memos.</p>
APRIL			
MAY		<p><b>FINAL BUDGET ADOPTION</b> City Council makes final decisions and adopts the official City of Alexandria Budget for the upcoming fiscal year.</p>	<p><b>Approved Budget</b> OMB produces the Approved Budget document and begins to develop Budget Guidelines for the next fiscal year.</p>
JUNE			

# Understanding the Budget

## Organization of the Budget Document

In addition to presenting the City's financial plan, the budget document is intended to be a resource and reference guide, providing information on City programs and services. The budget document has been divided into two volumes: one containing the Operating Budget document and the other containing the Capital Improvement Program document.

- The Operating Budget document groups City operating departments together by general government program areas, using the program categories defined by the Auditor of Public Accounts for the Commonwealth of Virginia (APA) as a guide. This organization is offered to assist the public in gaining an understanding of the total resources provided in a particular program area.

Section I contains the Table of Contents. Section II includes the City Manager's Message and a budget overview that provides general budget information including summaries of the proposed changes in expenditures, and revenues and the process by which the City achieved the budget. Section III provides the reader with a guide to understanding the budget. Section IV includes revenue and expenditure summaries, various charts and schedules that provide overall information on the City's finances, personnel summaries, multi-year revenue and expenditure forecast scenarios and fund balance information.

Sections V through IX present budget information for each department. The major elements in these sections are described at the end of this section.

Section X provides an overview of the Capital Improvement Program (CIP), its impact upon the operating budget, and an explanation of the City's debt ratio policies. Section XI is the "Community Profile," which provides a description and basic statistical information on the City.

Section XII provides a glossary of relevant budget terms. Section XIII includes the legislative references and charter provisions relating to the budget. Section XIV is comprised of Appendices, which include the salary schedules and classification structures applicable to the City government as well as the Alexandria Compensation Philosophy. Section XV is the Program/Services Index, providing a locator guide to program information in the Operating Budget document.

- The Capital Improvement Program document describes each capital project that the City plans to undertake over the next six years. This description includes a justification for each project, the priority assigned to the project and the estimated impact of each capital project on the City's budget throughout the six-year period. (Detailed information on individual school capital projects is presented in the Alexandria City Public Schools 2011-2016 Capital Budget, available from the Office of the Assistant Superintendent for Administrative Services, 2000 North Beauregard Street, Alexandria, Virginia.)
- The Information Technology Plan describes the City's commitment to building and maintaining an essential information and technology infrastructure. The plan will enhance information technology services and build on existing City hardware, networks and software that have been implemented over the past decade.

## Budget Amendments

During the fiscal year, the approved budget can be amended by either the reappropriation ordinance (generally in November) or the supplemental appropriation ordinances (generally two or three times during the fiscal year). A reappropriation ordinance allows encumbered monies from the previous fiscal year to be recognized in the current fiscal year. These encumbered monies are specifically identified 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 in 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.

# Understanding the Budget

The approved budget may also be amended by City Council at the end of the fiscal year via a resolution to transfer appropriations to adjust the various departmental accounts according to projected final expenditure patterns. The transfer of appropriations has no net impact on the aggregate approved budget amount, but rather enables the Council to adjust the budget of a given department for unanticipated expenditures.

Budget transfers within a department may be approved by the City Manager, as discussed in the following section on Budgetary Accounting.

## **Budgetary Accounting**

The City's financial operations are budgeted and accounted for in a number of "funds." A fund is an independent fiscal and separate accounting entity, with a self-balancing set of accounts including revenues and expenditures, assets and liabilities. Separate funds that have been established by the City include the following: General Fund, Special Revenue Fund, Capital Projects Fund, Internal Services Fund, and the Sanitary Sewers Enterprise Fund. The Funds are described in detail in the Fund Balance Section.

All tax revenues and most 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. Technically, certain expenditures funded by General Fund revenues -- specifically, grant matches and the City appropriation to the Alexandria City Public Schools -- are accounted for as "transfers out" of the General Fund, "transfers in" to Special Revenue Funds and "expenditures" of Special Revenue Funds. Conceptually, however, these are expenditures of General Fund revenues.

In contrast with the accounting for private enterprises, where the primary focus is the calculation of profits and losses, governmental accounting is directed toward expenditure control and budgetary compliance. The accounting system's budgetary control 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 that cover the life of the project. The Internal Services Fund is controlled at the total Net Assets level.

Appropriations are administratively controlled at the "character" level of expenditure -- personnel, non-personnel and capital outlays -- reflected in the budget document. The City Manager may, at any time, transfer any unencumbered appropriation within the budget of an office, department or agency. Transfers of appropriations between expenditure characters within the same department or agency budget must be approved by the City Manager (or his designee). Budget detail pages, showing the budget at the "sub-object" level are available for inspection during business hours in the Office of Management and Budget.

The City's budget follows the same basis of accounting used in preparation of the City's audited Comprehensive Annual Financial Report (CAFR), which 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). The budgets of the General, Special Revenue and Capital Projects Funds are prepared on the "modified accrual" basis of accounting. 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 forty-five days of the fiscal year-end. Federal and State reimbursement-type grants are recorded as revenue when related eligible expenditures are incurred. The budget and financial statements of the Proprietary Funds are presented on the accrual basis of accounting. 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.

# Understanding the Budget

## Code Administration

The MFRI process requires every department to have an overall Mission Statement. This appears at the top of the first page of each department section.

**Mission Statement:** The mission of the Office of Building and Fire Code Administration, an organization within the Fire Department, is to enforce the Virginia Uniform Statewide Building Code and other applicable codes and ordinances to maintain life safety standards and ensure structures are designed, built, and maintained to adopted code requirements.

The expenditure and revenue summary table breaks down total expenditures by personnel, non-personnel, and capital outlay costs. Revenues are also described by type. The bottom expenditure line show the net result on the General Fund for each department. This table also displays the total department FTE's by year.

Expenditure By Classification				% Change 2010-2011
Personnel				0.3%
Non-Personnel				-3.3%
Capital Goods Outlay				0.0%
Total Expenditures				-0.2%
Less Revenues				
Internal Services	\$0	\$0	0	0.0%
Special Revenue Funds **	717,776	569,205	371,689	-34.7%
Total Designated Funding Sources	\$717,776	\$569,205	\$371,689	-34.7%
Net General Fund Expenditures	\$6,737,383	\$6,922,770	\$7,107,563	2.7%
Total Department FTE's	84.0	71.6	68.0	-5.0%

\*The FY 2010 FTE count has been amended to reflect the transfer of a position from Code Administration to General Services.

\*\*Does not reflect Code fees earned and deposited as General Fund revenues.

### Highlights

- In FY 2011, the Proposed General Fund budget increased by \$184,793 or 2.7%, while total expenditures will actually decline by 0.2%.

- FY 2011 personnel costs increased by \$17,054 or 0.3%; the increase is primarily due to a change in the method used to account for departmental turnover throughout the fiscal year, as well as the costs associated with step and benefit increases for employees.

- Total non-personnel costs decreased by \$29,777 or 3.3% primarily due to the reduction of funds for leased space no longer needed due to efficiencies implemented during FY 2010.

- Total FY 2011 Special Revenue is budgeted to decrease by \$138,586 or 37.0% due to the reduction of funds for developer reimbursements for the Eisenhower/Courthouse project. The Eisenhower/Courthouse project will be closed out.

- FY 2011 FTE count decreased by 3.6 FTEs due to the reduction of 2 full-time Fire Inspector positions, 1 part-time Records Clerk, and 1 special revenue funded position.

- A proposal is being developed for introduction this spring to make all the building and development-related portions of Code Administration self-supporting through a new fee structure and creation of a special revenue program. This should have a positive impact on the General Fund budget as the General Fund, as increased fees will reduce the City's support.

The department highlight section contains a brief overview of overall changes to a department's budget.

# Understanding the Budget

## Code Administration

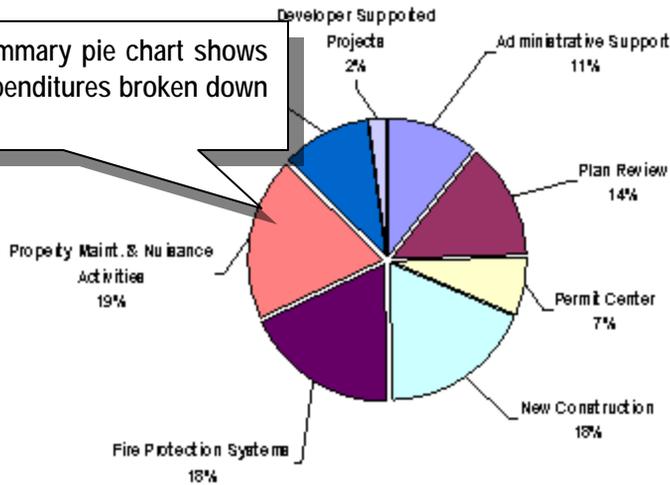
### Selected Performance Measures

Selected Performance Measures	FY 2009 Actual	FY 2010 Approved	FY 2011 Proposed
Number of building and trade plans reviewed	5,306	6,500	5,800
Number of new construction inspections completed			
Number of permits processed			

The Selected Performance Measures table displays a collection of departmental measures deemed most relevant or interesting.

### FY 2011 Proposed Expenditures by Program

The expenditure summary pie chart shows total department expenditures broken down by program.



# Understanding the Budget

## Code Administration

### Program Level Summary Information

The expenditure summary table shows total department expenditures broken down by program.

Expenditure	FY 2010 Approved	FY 2011 Proposed	% Change 2010-2011
Administrative Support	\$820,083	\$809,382	-1.3%
Plan Review	885,041	1,011,574	15.1%
Permit Center	469,234	517,409	-1.3%
New Construction	1,274,154	1,373,239	4.6%
Fire Protection Systems	975,965	1,388,035	27.3%
Prop Maint & Nuisance Activities	1,661,908	1,421,130	-5.1%
Investigations	400,666	799,034	0.0%
Developer Supported Projects	717,776	159,449	-72.0%
<b>Total Expenditures</b>	<b>\$7,455,159</b>	<b>\$7,479,252</b>	<b>-0.2%</b>

The staffing summary table presents each department's FTE count by program.

Authorized Positions (FTE's) by Program	FY 2009 Actual	FY 2010 Proposed	FY 2011 Proposed	% Change 2010-2011
Administrative Support	3.9	3.9	3.9	0.0%
Plan Review	9.8	8.3	8.3	0.6%
Permit Center	11.1	7.6	7.0	-7.9%
New Construction	12.9	13.5	13.5	0.0%
Fire Protection Systems	9.0	11.3	13.3	17.8%
Prop Maint & Nuisance Activities	15.7	14.8	12.8	-13.8%
Investigations	2.6	6.2	6.2	0.0%
Developer Supported Projects	19.0	5.0	2.0	-60.0%
<b>Total full time employees</b>	<b>84.0</b>	<b>71.6</b>	<b>68.0</b>	<b>-5.0%</b>

Code Administration Programs and Activities	Dept Info
<p><b>Administrative Support</b> Administrative Support</p> <p><b>Plan Review</b> Building &amp; Trade Plan Review One Stop Shop Walk Thru Plan Review Site Plan Review BAR, BZA, SUP, &amp; Other Plan Reviews</p> <p><b>Permit Center</b> Permit Processing Complaint Processing Phone Call Processing</p> <p><b>New Construction</b> New Structures Inspection</p>	<p><b>Department Contact Info</b> 703.746.4200 alexandriava.gov/fire/code/</p> <p><b>Department Head</b> John Catlett, Director 703.746.4200 john.catlett@alexandriava.gov</p> <p><b>Department Staff</b> Jane Smith, Deputy Director Administrative Officer</p>

Each departmental section contains a complete listing of programs and activities.

The department information area provides the name and contact information for the department head as well as the names of key department staff

# Understanding the Budget

## Code Administration

Each individual Program section starts with the goal statement.

### Permit Center

The goal of the Permit Center is to process the intake of plans for construction in a timely manner, issue permits, verify contractor licenses, process and dispatch complaint calls, and maintain files and records as well as the processing of requested documents in accordance with Code Administration policy and established laws to enforce the Virginia Uniform Statewide Building Code and to maintain life safety standards.

Program Totals	FY 2009 Actual	FY 2010 Approved	FY 2011 Proposed
% of Total All Funds Budget	6.3%	7.0%	6.9%
Total Expenditures	\$469,234	\$524,080	\$517,409
Less Revenues	\$0	\$0	\$0
Net General Fund Expenditures	\$469,234	\$524,080	\$517,409
Response Time - 90% of requests processed by Service Representative within 30 minutes	100%	100%	100%

The table immediately following the program goal contains total Program expenditures and revenues, as well as a program outcome performance measure.

### Activity Data

Activity Data	FY 2009 Actual	FY 2010 Approved	FY 2011 Proposed
to provide timely intake of plans, ensure coordination from other City agencies, issue contractor licenses, process payment of fees, and generate permits in order to maintain standards.*			
Expenditures			
FTE's			
# of permits processed			
Cost per permit processed			

Each Activity within a Program has its own table that contains total expenditures, FTE counts, and Activity performance measures for output, efficiency, and service quality. These tables also include the Activity goal statement.

*In FY 2011, the Records Management activity was combined with the Permit Processing activity.			
<b>COMPLAINT PROCESSING</b> – The goal of Complaint Processing is to gather accurate information regarding complaints, prepare the associated Record of Complaint, and notify and route complaints to the appropriate Code Administration Unit in order to identify hazardous or non-code compliant conditions.			
Expenditures	\$68,538	\$136,764	\$136,107
FTE's	2.4	1.8	1.8
# of complaints received	2,125	1,290	2,000
Cost per complaint received	\$46.37	\$106.02	\$68.05
% of complaints processed within same day of receipt	99%	100%	100%

<b>PHONE CALL PROCESSING</b> – The goal of Phone Call Processing is to provide timely fielding of phone calls, answer customer questions, route calls to the appropriate staff member, and process information provided by callers in order to deliver quality customer service.			
Expenditures	\$82,834	\$91,892	\$103,789
FTE's	3.8	1.8	1.8
# of phone calls answered by Permit Center Staff	1,648	18,600	17,000
Cost per phone call answered*	\$1.18	\$4.94	\$6.11
% of dropped calls*	33%	n/a	25%

\*The new VOIP phone system was installed in late FY2009. As a result, the actual FY2009 data represent calls answered only for the month of June 2009.

# Understanding the Budget

## Code Administration

### Summary of Budget Changes

#### Adjustments to Maintain Current Service Levels

Activity	Adjustment	FY 2011 Proposed
----------	------------	------------------

Administrative Support	Software License Increases	\$4,439
------------------------	----------------------------	---------

This adjustment will provide for increases to software licenses including Selection Voice Permit and Accella Permit

The Summary of Budget Changes section contains descriptions of any base budget adjustments to maintain current services, supplemental adjustments, expenditure reductions, and fee increases.

#### Expenditure Reductions

Activity	Expenditure Reduction	FTE	FY 2011 Proposed
----------	-----------------------	-----	------------------

Records	Eliminate Part-time Records Clerk Position	(0.6)	(\$27,389)
---------	--	-------	------------

This reduction would eliminate the part-time Records Clerk position responsible for record scanning duties. As a result, this position can be eliminated to respond to records inquiries, FOIA requests, and Permit Center

Each adjustment to the budget contains a brief description and explanation. These tables also display the total value and the Activity to which the adjustment applied.

Fire Prevention	Eliminate 2 Fire Inspector I Positions		
-----------------	--	--	--

This reduction eliminates 2 of 9 Fire Inspector I positions. Response to requests (e.g., tall grass, noise violations, etc.) will increase from 48 to 72 hours or more. Also, attendance at civic group meetings would decrease from monthly to quarterly. Reduction will eliminate fire prevention inspections and proactive inspections on weekends and evenings.

Admin Support	Leased Space		(\$33,655)
---------------	--------------	--	------------

In early FY 2010, Code Administration implemented their Remote Start Program. As a result, they vacated their Banker's Square leased space in October 2009. A portion of this lease cost was eliminated in FY 2010. This amount represents the remaining portion used to pay for the space from July 1st to October 15, 2009.

Various	Postpone Purchase of 3 Code Vehicles		(\$9,278)
---------	--------------------------------------	--	-----------

This will defer the replacement of 3 Code vehicles for 1 year and represents a one-time savings for FY 2011.

**THIS PAGE INTENTIONALLY LEFT BLANK**