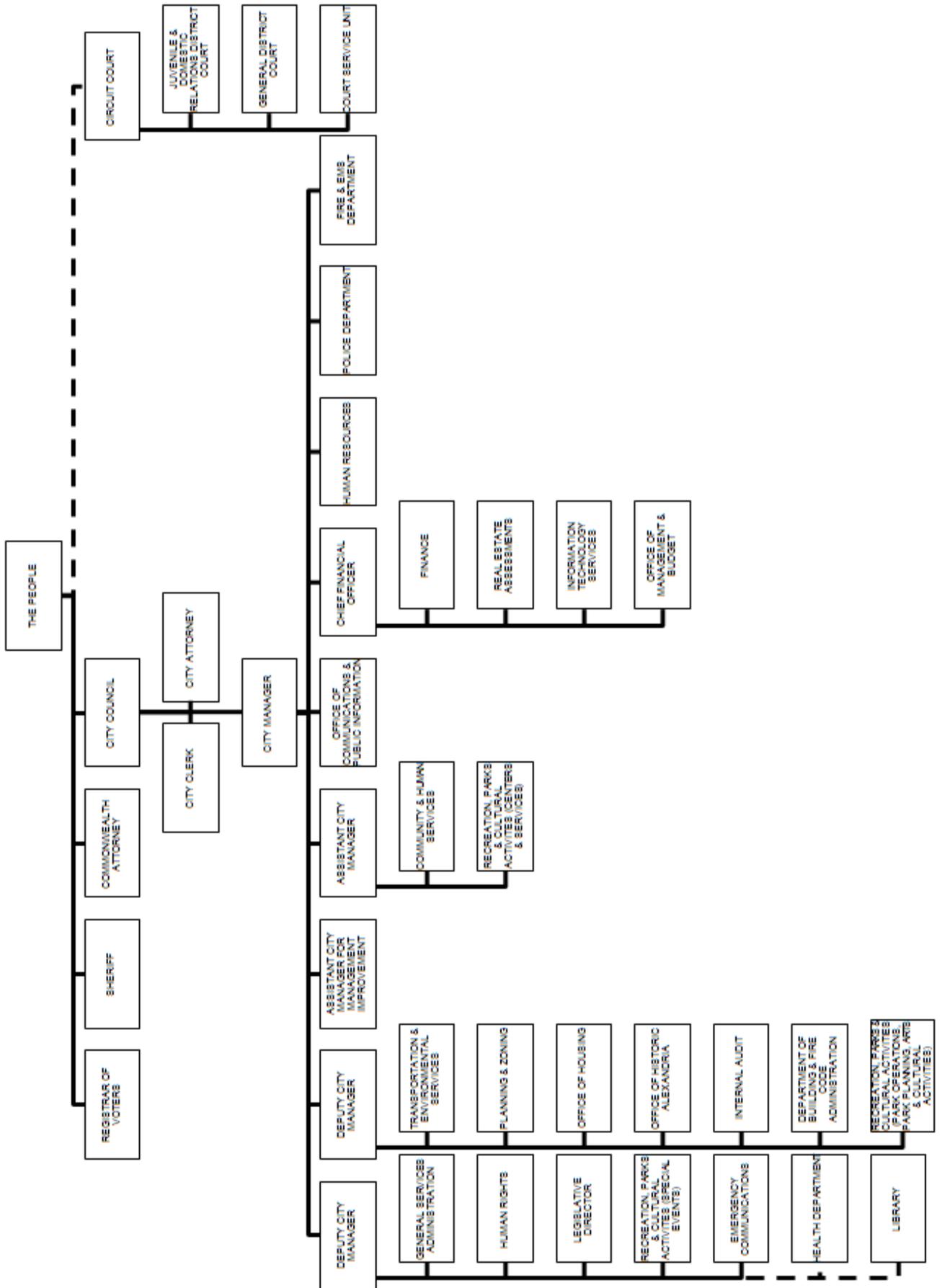


Understanding the City's Operating Budget

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 2012 budget on May 2, 2011, 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 2012 Budget Planning

On November 23, 2010, 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 a real estate tax rate no higher than the CY 2010 real estate tax rate. The budget was also to incorporate a transfer to the Schools budget that was increased from the transfer in FY 2011 by the same percentage as the percentage increase in General Fund revenues. The guidance was based on preliminary forecasts of revenues, expenditures, and capital needs presented at the City Council works session on October 18, 2010. 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.

The allocation of all resources are based on the following seven Strategic Plan goals:

- Alexandria has quality development and redevelopment, support for local businesses, and a strong, diverse, and growing local economy.
- Alexandria respects, protects and, enhances the health of its citizens and the quality of its natural environment.
- A multimodal transportation network that supports sustainable land use and provides internal mobility and regional connectivity for Alexandrians.
- Alexandria is a community that supports and enhances the well-being, success and achievement of children, youth, and families.
- Alexandria 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 and inclusive community that values its rich diversity, history and culture, and promotes affordability.

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

Strategic Planning Process: The City Council Strategic Planning Process has provided the most significant impact on the City's budget process in FY 2012. In June 2010 City Council adopted its Strategic Plan, following nearly a year of collaboration and partnership with the Alexandria community. The City Council has directed that City staff consider the Strategic Plan when developing, implementing and reviewing the delivery of public services, and in presenting requests for fiscal resources. The approved Strategic Plan is available on the City's website at <http://alexandriava.gov/uploadedFiles/council/info/ApprovedStrategicPlan.pdf>.

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 Approved FY 2011 to FY 2020 Capital Improvement Program (CIP) is consistent with these policies.

Compensation Philosophy: On June 22, 2010, 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. Approved FY 2012 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 2012 Budget Process

MONTH	RESIDENTS	MAYOR & CITY COUNCIL	CITY ADMINISTRATION
JULY AUGUST SEPTEMBER			<p style="text-align: center;">Strategic Plan Goal Group Meetings</p> <p>Staff from departments collaborated through work teams representing each of the Strategic Plan's seven goals to identify the steps necessary to implement the plan and achieve the community's strategic goals.</p>
OCTOBER	<p style="text-align: center;">Budget Hearing</p> <p>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 style="text-align: center;">City Council Work Sessions</p> <p>City Council holds planning work sessions. 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 style="text-align: center;">Budget Target</p> <p>City Council gives City staff guidance on overall expenditure and revenue limits. This guidance drives the decisions of the City Manager.</p>	<p style="text-align: center;">Strategic Plan Goal Group Initiatives</p> <p>Strategic Plan Goal groups develop proposed initiatives for the upcoming fiscal year as well as future years.</p> <p style="text-align: center;">Strategic Plan Initiative Analysis</p> <p>Proposed initiatives are evaluated by OMB and Goal groups. Initial recommendations for funding are provided to the City Manager.</p>
NOVEMBER			
DECEMBER			<p style="text-align: center;">Proposed Budget Development</p> <p>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 style="text-align: center;">BFAAC Review</p> <p>Resident advisory committee holds weekly meetings to review the budget and provide City Council with feedback.</p>	<p style="text-align: center;">Budget Work Sessions</p> <p>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 style="text-align: center;">PROPOSED BUDGET PRESENTATION</p> <p>The City Manager presents the Proposed Budget to City Council.</p>
MARCH	<p style="text-align: center;">Budget Public Hearings</p> <p>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 style="text-align: center;">Budget Memos</p> <p>OMB and other City staff respond to inquiries from City Council through Budget Memos.</p>
APRIL			
MAY		<p style="text-align: center;">FINAL BUDGET ADOPTION</p> <p>City Council makes final decisions and adopts the official City of Alexandria Budget for the upcoming fiscal year.</p>	<p style="text-align: center;">Approved Budget</p> <p>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 ten 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 2012-2021 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

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.

Historic Alexandria

Mission Statement: The mission of the Office of Historic Alexandria (OHA) is to inspire, educate, and foster an appreciation among members of the public for Alexandria's unique history and historic places in Alexandria.

Expenditure and Revenue Summary

Expenditure By Classification	FY 2010 Actual	FY 2011 Approved	FY 2012 Approved	% Change 2011-2012
Personnel	\$2,399,199	\$2,311,179	\$2,343,974	1.4%
Non-Personnel	\$582,399	\$694,909	\$958,297	37.9%
Capital Outlay	\$0	\$4,500	\$4,500	0.0%
	\$2,981,598	\$3,010,588	\$3,306,771	9.8%
	\$0	\$0	\$0	0.0%
	\$363,631	\$509,013	\$510,901	0.4%
	\$363,631	\$509,013	\$510,901	0.4%
	\$2,597,967	\$2,501,575	\$2,795,870	11.8%
Total Department FTE's	26.9	26.0	26.0	0.0%

Highlights

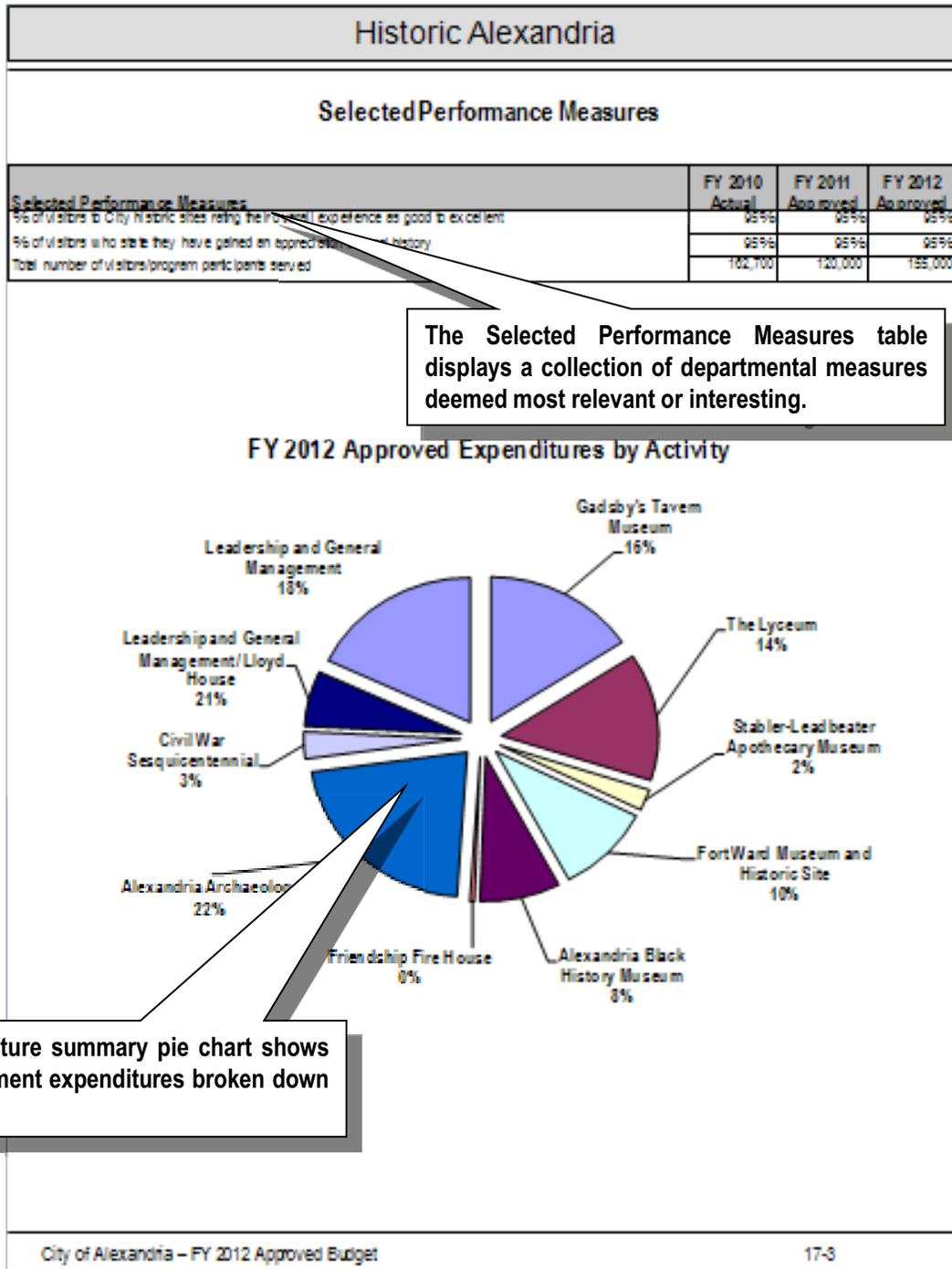
- In FY 2012 the General Fund budget for the Office of Historic Alexandria (OHA) increases by \$294,295, or 11.8%.
- FY 2012 personnel costs increase by \$32,795, or 1.4%. Personnel increases associated with merit step increases and benefit costs increases were offset by new employees hired at salaries less than their predecessors (which also decreases benefits costs).
- Total non-personnel costs increase by \$263,388, or 37.9%. Non-personnel increases reflect a number of initiatives to allocate costs to user departments: telecommunications system costs from ITS (\$5,155); postage costs from Non-Departmental (\$10,800); and bank fee charges associated with visitor credit card payments from Non-Departmental (\$4,900). Those increases were offset by a budgeted reduction (\$37,720) in electricity costs based on historical data and estimated FY 2012 costs.
- Additionally in non-personnel, \$100,000 was included to initiate City of Alexandria centennial heritage tourism publications, marketing, public programs and interpretive materials initiative, and City Council added \$75,000 as part of the Add/Delete process for tourism promotions and activities. This will be undertaken in FY 2012.
- City Council added \$150,000 in non-personnel as part of the Add/Delete process for the Study Stages II-A (\$75,000) and II-B (\$75,000).
- Additionally, as part of the Add/Delete process, City Council designated \$110,000 for Fort Ward master planning in City Council contingent reserves.

City of Alexandria – FY 2012 Approved Budget 17-2

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.

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

Understanding the Budget



Understanding the Budget

City of Alexandria

Summary Information

Expenditure Summary

Expenditure By Program	FY 2010 Actual	FY 2011 Approved	FY 2012 Approved
Historic Resources	\$2,981,598	\$2,981,598	\$2,981,598
Total Expenditures	\$2,981,598	\$2,981,598	\$2,981,598

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

Staffing Summary

Authorized Positions (FTE's) by Program	FY 2010 Actual	FY 2011 Approved	FY 2012 Approved	% Change 2011-2012
Historic Resources	25.9	26.0	26.0	0.0%
Total Full Time Equivalents	25.9	26.0	26.0	0.0%

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

Dept Info

Department Contact Info
703.746.4554
<http://ohs.alexandriavir.gov/>

Department Head
Lance Melamo
703.746.4554
Lance.Melamo@alexandriavir.gov

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

Historic Resources
Geddy's Tavern
The Lyceum
Stabler-Levicki Apothecary Museum
Fort Ward Museum & Historic Site
Alexandria Black History Museum
Friendship Fire House
Alexandria Archeology
Archives & Records Center
Leadership & General Management/ Lloyd House
Civil War Sesquicentennial

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

City of Alexandria – FY 2012 Approved Budget 17-4

Understanding the Budget

Historic Alexandria			
<p>Historic Resources Program</p> <p>The goal of Historic Resources is to preserve significant buildings, places, sites, documents and artifacts on behalf of City residents, and to foster an appreciation for Alexandria's significant role in American history through public use, education and enjoyment of these resources.</p>			
Program Totals	FY 2010 Actual	FY 2011 Approved	FY 2012 Approved
Total Expenditures	\$2,981,598	\$3,010,588	\$3,306,771
Less Revenues	\$383,631	\$500,013	\$510,901
Net General Fund Expenditures	\$2,597,967	\$2,510,575	\$2,795,870
Program Outcomes			
95% of visitors have rated their overall experience as good to excellent	95%	95%	95%
95% of visitors have gained an appreciation of local history	95%	95%	95%
<p>Activity Data</p> <p>THE OHA - The goal of Leadership and General Administration is to manage the City-owned historic resources in order to preserve and interpret this historic landmark and its collections in order to foster an appreciation by City residents and the general public of its historic value. This activity also includes the new National Harbor initiatives operated by OHA.</p>			
	FY 2010 Actual	FY 2011 Approved	FY 2012 Approved
Expenditures	\$493,366	\$592,107	\$594,820
FTE's			
Total number of visitors/program participants served			
OHA operating costs per resident			
% of department outcomes achieved			
<p>GADSBY'S TAVERN MUSEUM - The goal of Gadsby's Tavern Museum is to actively preserve and interpret this historic landmark and its collections in order to foster an appreciation by City residents and the general public of its historic value.</p>			
Expenditures	\$513,938	\$533,500	\$520,880
FTE's	4.1	4.1	4.1
# of visitors/program participants	22,434	18,000	23,000
Cost per visitor/program participant	\$22.91	\$29.64	\$22.65
% of visitors who rated their experience as good to excellent	99%	95%	95%
<p>THE LYCEUM - The goal of The Lyceum is to actively preserve and interpret this historic landmark and its collections in order to foster an appreciation by City residents and the general public of its historic value.</p>			
Expenditures	\$448,430	\$484,580	\$470,733
FTE's	4.8	4.8	4.8
# of visitors/program participants	23,988	32,000	35,000
Cost per visitor/program participant	\$18.70	\$14.20	\$13.45
% of visitors who rated their experience as good to excellent	95%	95%	95%
City of Alexandria - FY 2012 Approved Budget			
		17-5	

Each individual Program section starts with the goal statement.

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

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.

Understanding the Budget

Historic Alexandria			
Summary of Budget Changes			
Adjustments to Maintain Current Service Levels			
	Adjustment	FTE	FY 2012 Approved
<p>Electricity Costs</p> <p>The Office of Historic Alexandria (OHA) is reduced by \$37,720. The reduction is estimated costs for FY 2012.</p>			(\$37,720)
Supplemental Requests			
Activity	Adjustment	FTE	FY 2012 Approved
<p>Civil War Sesquicentennial Funding</p> <p>Funding is provided for heritage tourism activities associated with the funding will develop and implement a Civil War marketing plan in local national audiences, as well as interpretive programs and publication Alexandria's significant role within the conflict, for both visitors to amount of \$25,000 for this initiative was included in the previous \$75,000 during the Add/Delete process.</p>	<p>Advertising</p>		
<p>Fort Ward Archaeological Study</p> <p>This funding approved by City Council during the Add/Delete process will allow the Office of Historic Alexandria (OHA) the multi-year Fort Ward Archaeological Survey, first authorized in FY 2010 and projected to continue over three to four years. Phase I of the Survey began in 2009 with Ground Penetrating Radar (GPR) analysis of select locations within Fort Ward Park covering an area of approximately two acres. In October 2010, an archaeological consultant contract was signed to survey and confirm 38 potential burial sites identified in the earlier GPR analysis.</p> <p>During the Add/Delete process, City Council added \$75,000 to fund Stage II-A of the Fort Ward Archaeological Survey. This phase of the project would extend GPR surveying, and subsequent archaeological "ground truthing" to some additional areas of the 45 acre park, seeking to locate additional burial areas, as well as subterranean Native American, African American, and Civil War cultural resources that must be incorporated into park management planning initiatives and protected from future park development projects. An additional \$75,000 was provided to fund Stage II-B of the project. This phase of the project will further study the areas where storm drain improvements may be considered to be located to ensure that no burials or other significant archaeological features are in areas which a storm drainage project may disturb.</p> <p>Additionally, as part of the Add/Delete process, City Council designated \$110,000 for Fort Ward master planning in City Council contingent reserves.</p>			\$150,000
City of Alexandria – FY 2012 Approved Budget			17-8

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

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.