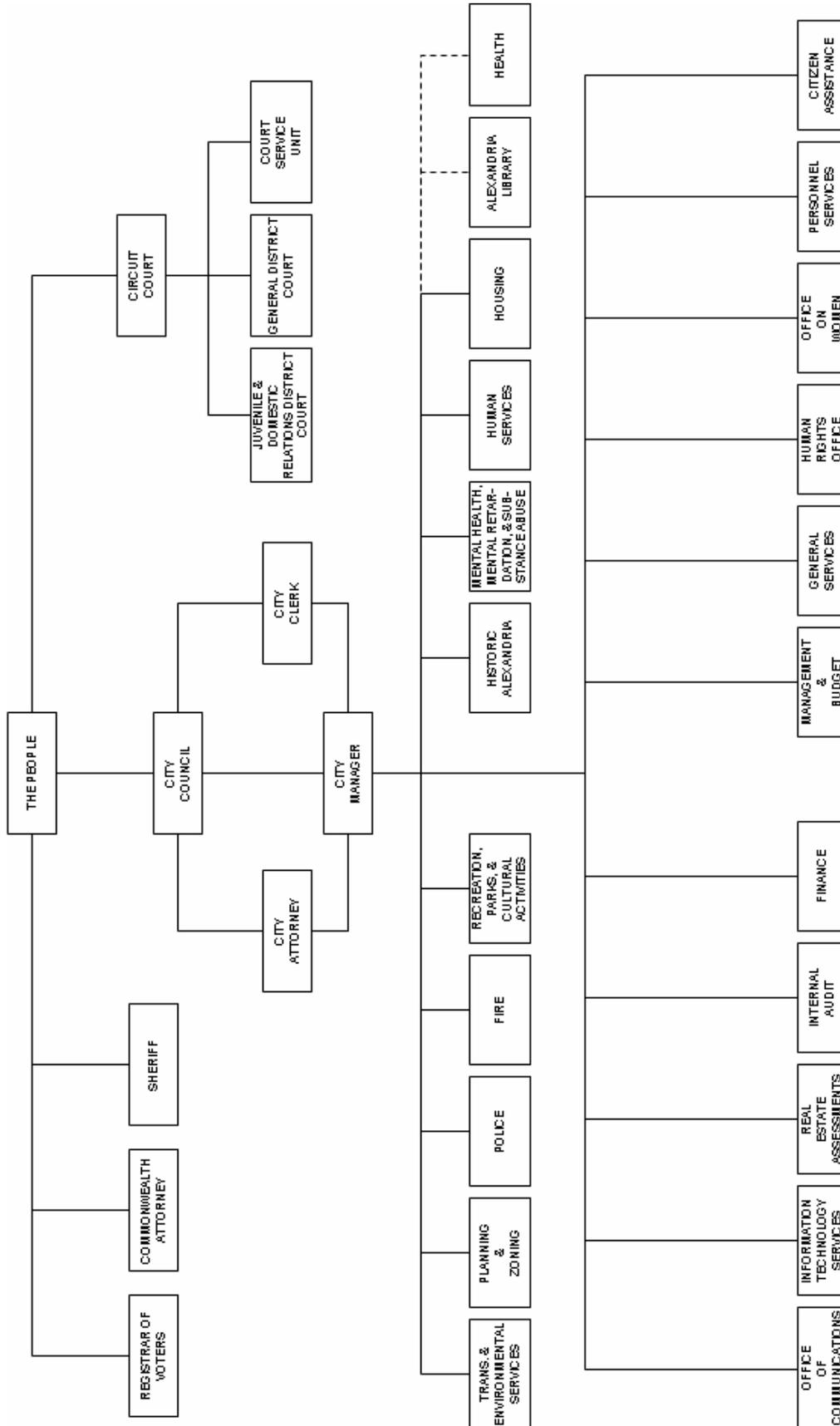


Understanding the Budget



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 2009 budget on May 5, 2007, 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 2009 Budget Planning

On November 27, 2007, City Council passed a resolution establishing the maximum expenditure growth guidance for the entire General Fund budget at 5.0 percent. The guidance allowed for a City operating budget of \$377.2 million and a Schools budget of \$168.2 million. The guidance was based on preliminary forecasts of revenues, expenditures, and capital needs presented at the City Council Retreat on October 27, 2007. City Council also directed that the City Manager's initial proposed budget contain no change in the current real estate tax rate of \$0.83 per \$100 assessed valuation. Expenditures that required an increase in that rate could be proposed up to the maximum 5.0 percent growth rate.

Given the limited growth, very few new programs or initiatives are funded in the FY 2009 operating budget. The allocation of these very limited, additional resources are based on the following eight Strategic Plan goals:

- Quality development and redevelopment that is well planned and consistent with Alexandria's vision.
- A City that respects, protects and, enhances the natural environment and historic resources.
- An integrated, multi-modal transportation system that efficiently and effectively gets people from point "A" to point "B."
- A strong local economy that is growing in varied small businesses and job opportunities.
- A caring community that is diverse and affordable.
- A City government that is financially sustainable, efficient and community oriented.
- A City that ensures the safety, security, emergency preparedness, and well-being of the community.
- Public schools that are among the best in Northern Virginia (in partnership with the Alexandria Schools).

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 2008 to FY 2013 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 2009 Budget Process

MONTH	RESIDENTS	MAYOR & CITY COUNCIL	CITY ADMINISTRATION
JUNE			<p>Budget Guidelines OMB issues budget guidelines and instructions to Departments for the FY 2009 budget process</p>
JULY			<p>Budget Requests Departments develop their FY 2009 budget requests for submission to OMB.</p>
AUGUST			
SEPTEMBER			
OCTOBER	<p>Budget Hearing 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>City Council Retreat 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>Budget Target City Council gives City staff guidance on overall expenditure and revenue limits. This guidance drives the decisions of the City Manager.</p>	<p>Budget Request Analysis OMB reviews Departmental budget requests and develops initial recommendations to the City Manager.</p>
NOVEMBER			
DECEMBER	<p>Community Pre-Budget Meetings City staff holds informational sessions around the City to help inform the public about the budget process and budget trends.</p>		<p>Proposed Budget Development 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>BFAAC Review Resident advisory committee holds weekly meetings to review the budget and provide City Council with feedback.</p>	<p>Budget Work Sessions 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>PROPOSED BUDGET PRESENTATION The City Manager presents the Proposed Budget to City Council.</p>
MARCH	<p>Budget Public Hearings 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>Budget Memos OMB and other City staff respond to inquiries from City Council through Budget Memos.</p>
APRIL			
MAY		<p>FINAL BUDGET ADOPTION City Council makes final decisions and adopts the official City of Alexandria Budget for the upcoming fiscal year.</p>	<p>Approved Budget 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 2008-2009 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

Recreation & Cultural Activities

Mission Statement: The mission of Recreation & Cultural Activities is to be a vibrant, safe and attractive City of Alexandria opportunity through the development of effective and efficient recreation programs, facilities and parks for all citizens and residents to enjoy.

FY 2009 Budget Summary Table

	FY 2007	FY 2008	FY 2009
Total Expenditures	\$20,628,117	\$20,280,000	\$20,753,848
Less Revenues	\$597,549	\$597,549	\$597,549
Net Gen. Fund Expenditures	\$20,030,568	\$19,682,451	\$20,156,299
Authorized Positions (FTE's)	193.9	202.9	199.8

Highlights

- In FY 2009, the proposed RPCA General Fund budget is increasing by \$804,539, or 4.1%. The majority (approximately \$595,000) of the RPCA increase in FY 2009 is attributable to the transfer of grounds maintenance responsibilities from ACPS.
- FY 2009 personnel costs increased by \$416,350 (2.8%) due to the transfer of ACPS staff, increases in health insurance and retirement costs, and step increases. The increase is somewhat offset by a larger vacancy factor (\$127,658 more) and the reduction of 3.1 FTE's.

RPCA Programs and Activities

Leadership and General Management Leadership and General Management Information Technology Management	Recreation Services Youth Recreation Adult Recreation Other Community Recreation Recreation Facility Maintenance
Park Operations and Capital Development Park Planning & Dev. Of Open Space Park Ops & Facility Maintenance Marina Operations Natural Resource Mgmt	Arts, Marketing, & Special Services Cultural Ops, Grant-funded Arts, & Special Services Community Outreach & Education Volunteer Resources

Dept Info

Department Contact Info
 703.838.4348
www.alexandriava.gov/recreation

Department Head
 Kirk Kincannon, Director of RPCA
 703.838.4342
kirk.kincannon@alexandriava.gov

Department Staff
 Roger Blake, Director
 William C. ... Deputy Director
 John B. ... Chief

City of Alexandria - FY 2009 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.

A summary table on the first page of each section displays overall department expenditures, total revenues, and net General Fund expenditures, along with departmental FTE's.

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

The first page of 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

Recreation, Parks, & Cultural Activities

Expenditure and Revenue Summary

Expenditure By Classification

Personnel (does not include any Market Rate Adjustment)
 Non-Personnel
 Capital Goods Outlay
 Interfund Transfers
 Total Expenditures

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.

Less Revenues				
Internal Services	\$147,063	\$22,707	\$413,016	1718.9%
Special Revenue Funds	450,486	504,315	514,754	2.1%
Total Designated Funding Sources	\$597,549	\$527,022	\$927,770	76.0%
Net General Fund Expenditures	\$20,030,568	\$19,753,848	\$20,557,368	4.1%
Total Department FTEs	193.9	202.9	199.8	-1.6%

Program Level Summary Information

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

Expenditure Summary

	FY 2007	FY 2008	FY 2009	% Change 2008-2009
Leadership & Management Support Services	\$2,574,911	\$2,531,566	\$2,534,653	0.1%
Park Operations and Capital Development	\$7,731,978	\$7,601,820	\$8,457,415	11.3%
Recreation Services	\$8,217,587	\$8,079,254	\$8,333,248	3.1%
Arts, Marketing, and Special Services	\$2,103,641	\$2,068,229	2,159,812	4.4%
Total Expenditures	\$20,628,117	\$19,753,848	\$20,557,368	4.1%

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

Staffing Summary

Authorized Positions (FTEs) by Program	FY 2007	FY 2008	FY 2009	2008-2009
Leadership & Management Support Services	22.0	22.0	21.0	-4.5%
Park Operations and Capital Development	65.7	74.7	74.7	0.0%
Recreation Services	87.4	87.4	85.3	-2.5%
Arts, Marketing, and Special Services	18.8	18.8	18.8	0.0%
Total	193.9	202.9	199.8	-1.6%

Descriptive footnotes often accompany tables to help explain changes in data.

The FY 2008 FTE count experienced a net mid-year adjustment of 8.6 FTEs. The RPC APT position count increased by 0.8 FTEs due to corrections of technical errors in the position counts of prior year budgets. These corrections do not impact the budget authority of the Department; they are simply fixing errors in the FTE counts. The PT position count decreased by 0.2 part-time FTEs due to a mid-year position conversion that resulted in a net FTE decrease. The position count also increases due to the addition of 8.0 FTEs from ACPS per the City-Schools MOU for grounds maintenance transfer of responsibility.

Understanding the Budget

Recreation, Parks, &				
<p>Park Operations and Capital Development</p> <p>The goal of Park Operations and Capital Development is to provide quality facilities and development to meet the needs of the community through recreational opportunities.</p>				
Program Totals		FY 2007	FY 2008	FY 2009
% of Total All Funds Budget		37.5%	37.5%	39.4%
Total Expenditures		\$7,781,978	\$7,601,820	\$8,457,415
Less Revenues		\$265,646	\$253,282	\$628,220
Net General Fund Expenditures		\$7,466,332	\$7,348,538	\$7,829,195
Program Outcomes				
Maintenance completed on schedule		N/A	100%	100%
Activity Data				
PARK ACQUISITION AND DEVELOPMENT – The goal of Park Acquisition and Development is to advance new and ongoing initiatives in the development of parks, facilities and open space for the public in order to ensure high quality urban design development.		FY 2007	FY 2008	FY 2009
Expenditures				
FTEs				
# of Open Space acres purchased in accordance with the Open Space Master Plan				
Cost per acre for Open Space purchases				
PARK OPERATIONS AND FACILITY MAINTENANCE – The goal of Park Operations and Facility Maintenance is to maintain and improve public assets in the development of parks and athletic facilities, and to ensure that all park and athletic activities are carried out on a 7-10 day schedule.				
Expenditures				
FTEs		43.1	51.1	51.1
# of athletic fields available for games each year		50	50	50
# of facilities maintained by Park Operations		217	234	235
Average cost per park facility maintained		\$215.10	\$19,611	\$22,019
% of mowing operations occurring during 7-10 day scheduled period		72%	99%	100%
MARINA OPERATIONS – The goal of the Marina Operations is to provide a safe, active, and efficient waterfront facility that is in keeping with the historical value of the city's Old Town District.				
Expenditures		\$410,598	\$403,686	\$439,879
FTEs		3.9	3.9	3.9
# of annual visitors		N/A	340,336	427,200
Cost per visitor		N/A	\$1.19	\$1.03
% of boat launch facilities rated excellent		98%	95%	98%
NATURAL RESOURCE MANAGEMENT – The goal of Natural Resource Management is to preserve and protect the existing population of 17,000 street trees and tens of 1000's of park trees through preventative maintenance and pruning every 5 years.				
Expenditures		\$2,023,445	\$1,989,383	\$2,165,599
FTEs		10.6	11.6	11.6
# of work orders completed		2,400	2,400	2,400
Cost per work order completed		\$843	\$829	\$902
% of blocks pruned according to schedule		100%	100%	100%
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Each individual Program section starts with the goal statement.

The table immediately following the program goal contain 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

Recreation, Parks, & Cultural Activities

Summary of Budget Changes

Adjustments to Maintain Current Service Levels

The Summary of Budget Changes section contains descriptions of any mandatory adjustment to a department's base budget, supplemental adjustments, expenditure reductions, and fee increases.

Activity	FY 2009
New Properties	\$50,000
<p>As part of the City's park program, the City continues to acquire new properties every year. This year's program includes the acquisition of two new properties: the 48 S. Early, 4109-4121 Mt. Vernon Ave., Freedmen's Park Deck, and Porto Vecchio footage. These new properties make up more than 268,000 square feet (6.15 acres). Cost estimates for maintenance of these new properties are based on the City's Open Space guidelines. These properties qualify as level two sites (gravel with passive uses) which average from \$5,000 to \$10,000 per acre. Parks staff visited these sites and determined that they would average \$8,125 per acre to maintain. This cost per acre for 6.15 acres comes out to \$49,968 for annual maintenance. The Department is requesting \$50,000. Maintenance for these properties will be performed by contracted crews and will not require any additional staffing.</p>	

Expenditure Reductions

Activity	Reduction Option	FY 2009
Natural Resource Mgmt	Stream Bank Mowing Reduction	\$30,000
<p>RPCA can save \$30,000 annually by changing from a 7-14 day 21 day schedule during summer months. These park areas include Tareyton Park stream valley, and Taylor Run stream valley. This service reduction would eliminate crews of typically lower rainfall totals, which results in less of a need for regular mowing. These park areas have been identified by Parks staff as being the least essential in the care. They are less usable and less essential to economic development than other parkland and public open space in the City.</p>		

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.

Fee Increases in the Proposed Budget

Activity	Fee Adjustment	FY 2009
Youth Recreation	Youth Sports Registration	\$4,600
<p>The City is proposing to increase the fee for registration in Youth Sports Leagues from \$20 to \$25. The estimated number of annual participants is 1,200, with about 25% requesting a reduced or no fee option. The fee increase is to help offset the rising City costs for athletic field and facility maintenance.</p>		

Understanding the Budget

Recreation, Parks, & Cultural Activities			
Summary of Budget Changes			
Changes Recommended in City Manager's Alternative Budget			
Activity	Option	FTE's	FY 2009 Impact
Park Operations	<i>Brennan Storm Water Pond Maint.</i>		\$20,000
<p>The RPCA budget for cleaning the Brennan storm water retention pond was reduced by \$20,000 in the City Manager's Proposed Budget. By restoring this funding, the Department can continue to operate on a three times per week cleaning schedule as opposed to the proposed twice a week schedule.</p>			
Natural Resource Mgmt	<i>Stream Bank Mowing Reduction</i>		\$30,000
<p>The City Manager's Proposed Budget reflects a reduction in \$30,000 for mowing services at certain City parklands located on or around stream banks. By restoring this funding, the Department will continue to mow these areas on a 7-14 day schedule during summer months as opposed to the 14-21 day proposed schedule.</p>			
Other Rec Programming	<i>Aquatics Positions</i>	1.05	\$45,446
<p>Funding for two aquatics program positions was eliminated in the FY 2009 City Manager's Proposed Budget. Restoration of this funding would require a budget increase of \$45,446 and a staffing increase of 1.05 FTE's. This action would eliminate the anticipated reduction in the aquatics program caused by this cut.</p>			

Some department chapters in the City Manager's Proposed budget also contain a section describing programs or initiatives that the City Manager recommends in the "Alternative Budget." These options could not be funded in the proposed budget due to revenue constraints. Additional revenues would need to be approved by City Council in order to include these items in the FY 2009 budget.

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Understanding the Budget

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