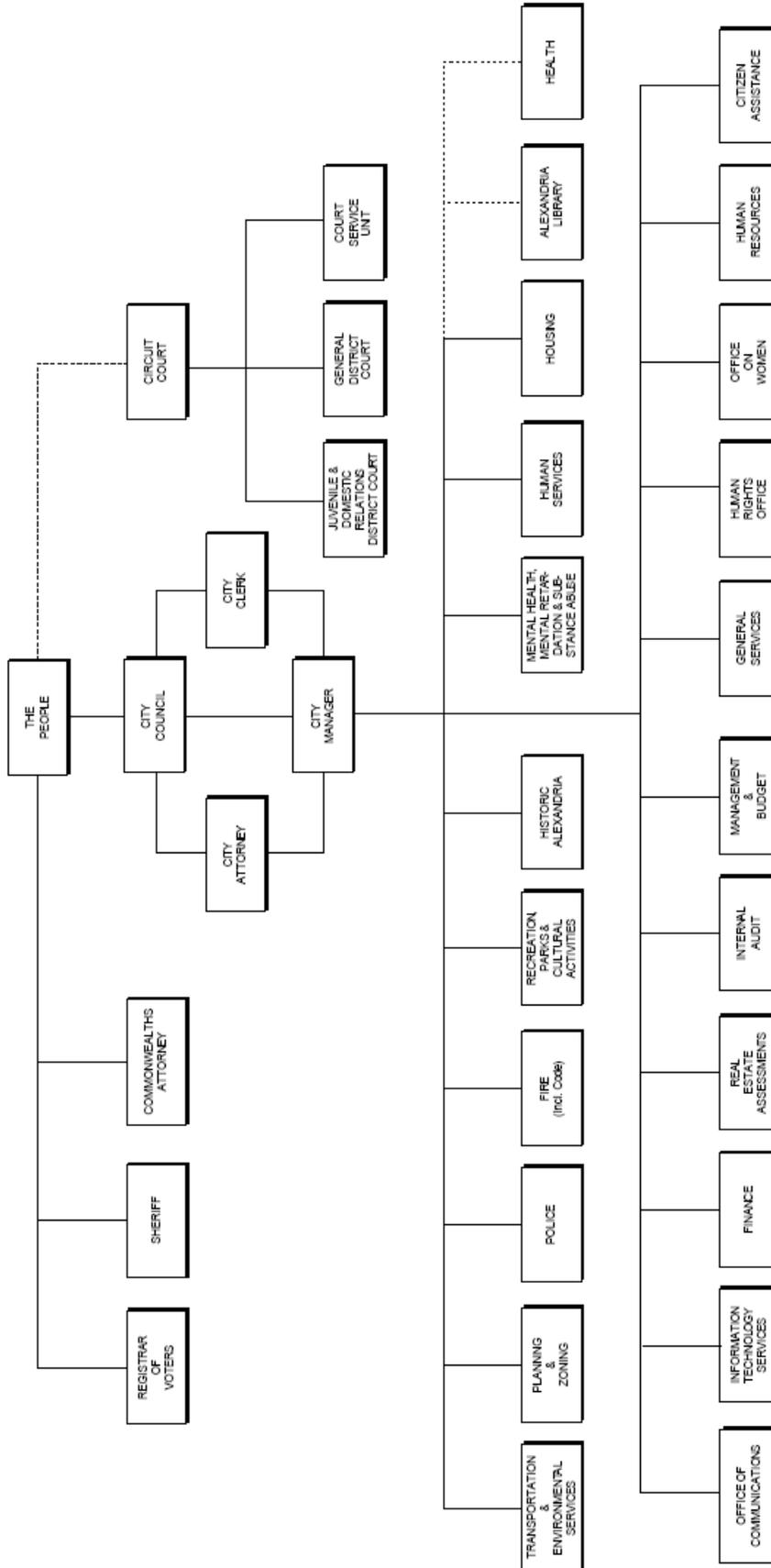


Understanding the Budget



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 2010 budget on April 27, 2009, 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 2010 Budget Planning

On November 19, 2008, 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 that would keep the average residential tax bill equal in 2008 and 2009. The budget was also to incorporate a transfer to the Schools budget of \$164.6 million. The guidance was based on preliminary forecasts of revenues, expenditures, and capital needs presented at the City Council Retreat on October 25, 2008. City Council also directed that the City Manager 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 2010 budget as they were in the FY 2009 operating budget. The allocation of all 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 2010 to FY 2015 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 2010 Budget Process

MONTH	RESIDENTS	MAYOR & CITY COUNCIL	CITY ADMINISTRATION
JUNE			Budget Guidelines OMB issues budget guidelines and instructions to Departments for the FY 2009 budget process
JULY			Budget Requests Departments develop their FY 2009 budget requests for submission to OMB.
AUGUST			
SEPTEMBER			
OCTOBER	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.	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. Budget Target City Council gives City staff guidance on overall expenditure and revenue limits. This guidance drives the decisions of the City Manager.	Budget Request Analysis OMB reviews Departmental budget requests and develops initial recommendations to the City Manager.
NOVEMBER			
DECEMBER			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.
JANUARY			PROPOSED BUDGET PRESENTATION The City Manager presents the Proposed Budget to City Council.
FEBRUARY	BFAAC Review Resident advisory committee holds weekly meetings to review the budget and provide City Council with feedback.	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.	
MARCH	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.		Budget Memos OMB and other City staff respond to inquiries from City Council through Budget Memos.
APRIL			
MAY		FINAL BUDGET ADOPTION City Council makes final decisions and adopts the official City of Alexandria Budget for the upcoming fiscal year.	Approved Budget OMB produces the Approved Budget document and begins to develop Budget Guidelines for the next fiscal year.
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. Section III contains 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 IV provides the reader with a guide to understanding the budget. Section V contains combined sources and uses tables. Section VI has expenditure summaries, various charts and schedules that provide overall information on the City's finances. Section VII has various revenue summaries. Section VIII has personnel summaries. Section IX has fund balance information. Section X has multi-year revenue and expenditure forecast scenarios.

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

Section XX 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 XXI is the "Community Profile," which provides a description and basic statistical information on the City.

Section XXII provides a glossary of relevant budget terms. Section XXIII includes the legislative references and charter provisions relating to the budget. Section XXIV is comprised of Appendices, which include the salary schedules and classification structures applicable to the City government as well as the Alexandria Compensation Philosophy and a Managing for Results Initiative Overview.

- 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 2010-2015 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

Department of Human Services

Mission Statement: The mission of the Department of Human Services is to function successfully in our society and improve the quality of their lives by addressing individual, family and community needs; to expedite and advocate access to programs, services and resources; and to serve Alexandrians with special needs.

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.

FY 2010 Budget Summary Table and Highlights

Expenditure By Classification				% Change 2009-2010
Personnel				-3.5%
Non-Personnel				2.4%
Capital Goods Outlay				-14.6%
Total Expenditures				0.2%
Less Revenues				
Internal Services	\$0	\$218,000	\$186,180	-14.6%
Special Revenue Funds	26,426,421	\$27,849,510	26,927,924	-3.3%
Total Designated Funding Sources	\$26,426,421	\$28,067,510	\$27,114,104	-3.4%
Net General Fund Expenditure	\$30,064,187	\$28,610,169	\$29,688,874	3.8%
Total Department FTEs	242.7	242.4	233.5	-3.7%

Highlights

- The General Fund budget for the Department of Human Services is increasing \$1,074,374, or 3.8%. The General Fund costs associated with the Comprehensive Services Act (CSA) for foster care and special education are increasing \$1,834,951. Without this increase, the DHS General Fund budget is decreasing \$760,577.
- Personnel costs are decreasing by \$725,473, or 3.5%, as a result of the reduction of 9.4 positions from the General Fund.
- Non-personnel costs are increasing by \$878,258, or 2.4%. Total CSA program costs are expected to increase \$2,595,299 compared to the budgeted amount for FY 2009. Special revenues will fund \$760,348 of these program increases. The increase for the City's foster care and special education services is based on prior and current year experience.
- Reductions to DHS and the Alexandria Fund for Human Services are shown in detail at the end of this section.

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.

City of Alexandria – FY 2010 Proposed Budget
5-1

Understanding the Budget

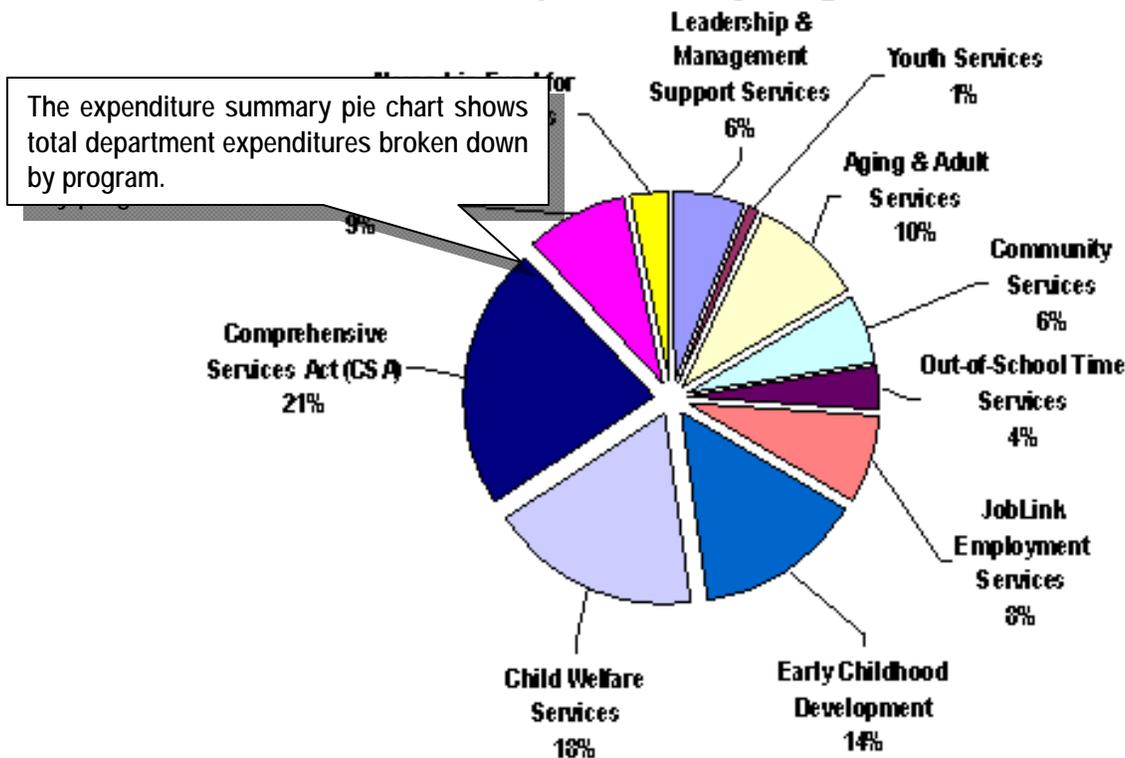
Department of Human Services

Selected Performance Measures

Selected Performance Measure	FY 2008 Actual	FY 2009 Approved	FY 2010 Proposed
# of Human Services clients served (unduplicated)	5,746	5,000	16,000
# of meals served	62,989	64,200	66,300
# of adult clients served through Adult Employment	2,455	3,230	2,456
% of children in foster care < 12 months, % that have had no more than 2 placements	92%	87%	87%
# of ESL participants served			415
% of objectives met as reported by grantees			90%

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

FY 2010 Proposed Expenditures by Program



Understanding the Budget

Information Technology Services				
Program Level Summary Information				
Expenditure Summary				
Expenditure Category	FY 2008	FY 2009 Approved	FY 2010 Proposed	% Change 2009-2010
Leadership and Management Services	1	\$992,896	\$933,387	-6.0%
IT Security Operations	2	287,057	266,197	-7.3%
IT Project Management	9	393,851	611,673	55.3%
Customer Services	1,330,870	1,323,543	514,307	-61.1%
Network Operations	83,764	1,730,210	1,653,960	-4.4%
Applications Support	2,330,314	2,364,531	1,546,243	-34.6%
Communications Support	843,987	1,015,478	1,023,369	0.8%
Total Expenditures	\$8,219,157	\$8,107,566	\$6,549,136	-19.2%

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

The increase to the IT Project Management program in FY 2010 is primarily attributable to a reallocation of existing staff time to be more heavily focused on managing major IT projects.

Staffing Summary				
Authorized Positions (FTEs) by Program	FY 2008 Actual	FY 2009 Approved	FY 2010 Proposed	% Change 2009-2010
Leadership and Management Services	7.2	7.5	4.6	3.5%
IT Security Operations	1.3	1.3	1.3	0.0%
IT Project Management	3.5	3.5	4.6	3.0%
Customer Services	6.1	6.1	4.3	-28.9%
Network Operations	11.2	9.2	9.2	-0.5%
Applications Support	14.9	14.9	11.8	-20.8%
Communications Support	6.5	6.5	4.6	-30.0%
Total fulltime equivalents	50.5	48.5	43.0	-11.3%

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

ITS Programs and Activities		Dept Info	
Leadership and General Management Leadership and General Management Financial Management		Department Contact Info 703.746.3001 www.alexandriava.gov/its	
Citywide IT Security Security Operations		Department Head Mike Hervey, Director of ITS 703.746.3001 mike.hervey@alexandriava.gov	
IT Project Management Project Management		Department Head Tom Tropea, Dep. Director Judy M..., Division Chief She..., Division Chief	
Customer Service Help Desk Equipment Replacement Training		Department Head Tom Tropea, Dep. Director Judy M..., Division Chief She..., Division Chief	
Network Operations Wide Area Network (WAN) Support Server Maintenance & Support Data Center		Department Head Tom Tropea, Dep. Director Judy M..., Division Chief She..., Division Chief	
Applications Programming Programming Support Data Management & Support		Department Head Tom Tropea, Dep. Director Judy M..., Division Chief She..., Division Chief	
Telecom Management Data & Email Communications Voice Communications		Department Head Tom Tropea, Dep. Director Judy M..., Division Chief She..., Division Chief	

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

Department of Human Services				
<p>Aging and Adult Services</p> <p>The goal of Aging and Adult Services is to provide resources and services to seniors and adults with disabilities in order to help them maintain their highest level of independence and remain safely in the community.</p>				
Program Totals		FY 2008 Actual	FY 2009 Approved	FY 2010 Proposed
% of Total Budget		9.0%	9.6%	9.6%
Total Expenditures		\$5,071,307	\$5,449,422	\$5,431,078
Less Revenues		\$1,510,770	\$1,341,879	\$1,348,975
General Fund Expenditures		\$3,560,537	\$4,107,543	\$4,082,103
Program Outcomes				
% effectiveness	as measured by effectiveness goals	94%	97%	96%
<p>ADULT ABUSE INVESTIGATION SERVICES – The goal of Adult Abuse Investigation Services is to investigate reports and assist adults with disabilities from</p>				
Expenditures		FY 2008 Actual	FY 2009 Approved	FY 2010 Proposed
		\$625,799	\$610,865	\$594,253
FTEs		5.3	5.5	5.5
# of reports investigated		200	200	200
Monthly average # of cases managed		16.7	16.7	16.7
Cost per case		\$3,747	\$3,652	\$2,841
% of investigations initiated within 24 hours of report		100%	100%	100%
% of cases without further incidence of abuse, exploitation, or neglect within 12 months		100%	100%	100%
<p>COMPANION SERVICES – The goal of Companion Services is to provide assessment and non-medical in-home services, such as light housekeeping, personal care, etc. in order to help seniors and adults with disabilities to remain safely in their homes.</p>				
Total Expenditures		\$2,004,168	\$2,155,818	\$2,057,210
\$ of Direct Service for Companion Aide salaries		\$1,223,596	\$1,386,639	\$1,310,711
FTEs		6.7	6.9	6.9
Monthly average # of cases managed		295	285	285
Cost per case		\$6,794	\$7,564	\$7,218
% of clients safely in home		100%	100%	100%
<p>COMMUNITY-BASED LONG TERM CARE – The goal of Community Based Long Term Care Services is to provide resources and services to seniors aged 60 and over in order for them to maintain their highest level of independence and remain safely in the community.</p>				
Expenditures		\$1,362,182	\$1,474,728	\$1,549,117
FTEs		10.6	10.2	10.7
# of meals served		62,989	64,200	66,300
# of adult day care hours provided		19,942	24,000	20,000
% of home meals delivered on schedule		100%	98%	98%
% of day care capacity utilized		77%	93%	90%
<p>City of Alexandria – FY 2010 Proposed Budget</p>				

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

Information Technology Services			
Summary of Budget Changes			
Mandatory Adjustments to the Base Budget			
Activity			FY 2010 Proposed
<p>Internet Protocol (VoIP)</p> <p>The software associated with the new VoIP system in FY 2010 is both data and voice on the City's I-Net and will result in an overall</p>			\$196,066
IT Security	Network Security Tools		\$56,000
<p>In order to improve overall IT security, three new security tools are being implemented in FY 2010 through the IT Plan. One of these tools will enable ITS to log activity on the network, which will lead to faster detection of threats and vulnerabilities. The other two tools will enable ITS to better control network access. This \$56,000 is the cost of the annual maintenance contract for these tools.</p>			
Server Maintenance	Network Management Tools		\$32,560
<p>Two systems have been implemented through the City's IT Plan to help manage the ever-increasing amount of data on the City's network. The annual maintenance costs for these systems is \$32,560. The first tool is Symantec Enterprise Vault and will quickly and automatically store, manage, and archive data. This tool allows for quick data retrieval while reducing data storage costs. The second tool is Solaris and will allow ITS to more efficiently identify anomalies, allocate resources, and manage network expansion, even as the I-Net becomes busier and more complex.</p>			
Expenditure Reductions			
Activity	Reduction Option	FT E's	FY 2010 Proposed
Server Mgmt / WAN	Network Support & Maintenance		(\$92,786)
<p>Efficiency savings related to network support and maintenance have been identified for FY 2010. This \$92,786 in efficiencies includes the following items: firewall maintenance (\$8,000); Nortel wireless equipment maintenance (\$4,500); ScriptLogic maintenance (\$19,000); virus protection licensing (\$37,000); and I-Net maintenance reduction (\$24,286). Due to investment in newer, more effective IT tools and systems, these support/maintenance items are no longer necessary to maintain the City's network. Overall service levels should not be impacted.</p>			
Leadership & Mgmt	Office Supplies		(\$115)
<p>ITS will reduce the office supply budget by \$115 in FY 2010. This reduction will not impact service levels.</p>			
Wide Area Network	Decommission VITA DS3 Line		(\$70,800)
<p>In conjunction with the migration to a Voice over Internet Protocol (VoIP) phone system, the City will be purchasing a new line for connectivity to the internet that will carry both voice and data traffic. This new connection will render the existing connection (VITA DS3 line) unnecessary. This option will save the City \$70,800 without impacting services.</p>			
City of Alexandria – FY 2010 Proposed Budget			10

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.

Understanding the Budget

THIS PAGE INTENTIONALLY LEFT BLANK