

Finance Department

Mission Statement: The mission of the Finance Department is to provide long-term financial stability to the City through effective expenditure control, reliable and equitable revenue collection practices, sound cash and debt management policies, and responsible accounting, purchasing and pension administration practices.

Expenditure and Revenue Summary

Expenditure By Classification	FY 2009 Actual*	FY 2010 Approved	FY 2011 Approved	% Change
Personnel	\$6,335,686	\$6,001,487	6,834,519	13.9%
Non-Personnel	2,543,410	2,696,445	2,938,395	9.0%
Capital Goods Outlay	1,085	27,068	24,485	-9.5%
Total Expenditures	<u>\$8,880,180</u>	<u>\$8,725,000</u>	<u>\$9,797,399</u>	12.3%
Less Revenues				
Internal Service	\$6,216	\$23,400	29,600	26.5%
Special Revenue Fund	10,847	205,193	239,519	16.7%
Total Designated Funding Sources	<u>\$17,063</u>	<u>\$228,593</u>	<u>\$269,119</u>	17.7%
Net General Fund Expenditures	<u>\$8,863,117</u>	<u>\$8,496,407</u>	<u>\$9,528,280</u>	12.1%
Total Department FTE's	89.3	82.5	83.5	1.2%

*In FY 2010 the Parking Adjudication Office was reassigned to the Finance Department. For comparison purposes, the FY 2009 actual data has been moved from the Office of the Commonwealth Attorney's section to the Finance Department section. In FY 2010, the Risk Management Office was reassigned to the Finance Department. For comparison purposes, the FY 2009 actual data has been moved from the City Attorney's Office to the Finance Department Section. In FY 2010, a new Office of Procurement was created. For comparison purposes, the FY 2009 actual data has been moved from the Finance Department to the Office of Procurement.

Highlights

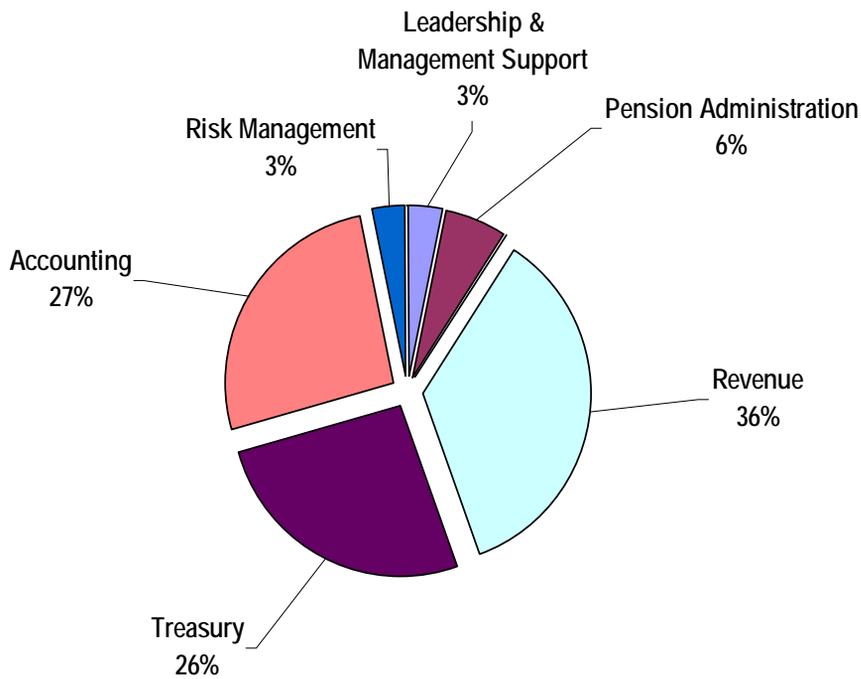
- In FY 2011, the Approved General Fund budget increased by \$1,031,873 (12.1%)
- In FY 2011 personnel costs increased by \$833,032 (13.9%); the increase was due in part to the reduction of the department's turnover savings estimate, the exclusion of one-time Deferred Retirement Option Plan (DROP) savings in the FY 2011 budget (the savings were included in the FY 2010 budget but do not recur in FY 2011), and costs associated with step and benefit increases for City employees.
- In mid-year FY 2010, a Computer Systems Analyst position dedicated to KRONOS, the City's payroll system, was moved from the Human Resources Department to Finance. The added position was offset in FY 2011 by the City Manager proposed reduction of an administrative position. During Add/Delete, Council added an accounting position to the Reconciliations activity. As a result, the FTE count for Finance Department is increasing by 1.0 in FY 2011.
- In FY 2011 non-personnel costs increased by \$241,950 (9.0%); the increase was due to adjustments to the base budget related to increases in contract costs and other costs described later in this section (\$126,050) and the transfer of the KRONOS activity from Human Resources to Finance. Non-personnel costs related to KRONOS are approximately \$100,000.

Finance Department

Selected Performance Measures

Selected Performance Measures	FY 2009 Actuals	FY 2010 Approved	FY 2011 Approved
Achievement of AAA/Aaa bond ratings with each bond issue	yes	yes	yes
% of compliance with City adopted debt policies in last fiscal year	100%	100%	100%
Maintain an overall collection rate for current year taxes greater than 95%	yes	yes	yes
% of GFOA standards met without comment on financial reporting	100%	100%	100%

FY 2011 Approved Expenditures by Program



Finance Department

Program Level Summary Information

Expenditure Summary

Expenditure By Classification	FY 2009 Actual	FY 2010 Approved	FY 2011 Approved	% Change
Leadership and Management Support	\$400,085	\$191,640	\$339,990	77.4%
Pension Administration	356,768	607,655	545,581	-10.2%
Purchasing*	-	-	-	-
Revenue	3,174,396	3,114,057	3,468,432	11.4%
Treasury	2,272,647	2,300,299	2,545,950	10.7%
Accounting	2,340,273	2,163,385	2,606,538	20.5%
Risk Management	336,011	347,964	290,908	-16.4%
Total Expenditures	\$8,880,180	\$8,725,000	\$9,797,399	12.3%

*In FY 2010, the Purchasing Program became an independent department. For information, see the Office of Procurement text, located elsewhere in the "General Government" section.

Staffing Summary

Authorized Positions (FTE's) by Program	FY 2009 Actual	FY 2010 Approved	FY 2011 Approved	% Change
Leadership and Management Support	4.0	1.0	2.1	110.0%
Pension Administration	3.0	3.0	3.0	0.0%
Purchasing*	-	-	-	-
Revenue	40.8	38.0	37.5	-1.4%
Treasury	19.5	18.5	17.6	-4.9%
Accounting	19.0	19.0	21.3	12.1%
Risk Management**	3.0	3.0	2.0	-33.3%
Total full time employees	89.3	82.5	83.5	0.0%

*In FY 2010, the Purchasing Program became an independent department. For FY 2010 budget information, see the Office of Procurement text, located elsewhere in the "General Government" section.

**In FY 2010, the Risk Management program was relocated from the City Attorney's Office to Finance. For comparison purposes, the FY 2009 actual data has been moved from the City Attorney's Office to the Finance Department section.

Finance Programs and Activities

<p>Leadership & Mgmt Support Services Leadership & General Mgmt</p> <p>Pension Administration Pension Investment Retirement Plan Admin.</p> <p>Revenue Business & Personal Property Tax Assessment Delinquent Tax Collections Tax Audit, Research & Analysis Taxpayer Assistance/ Customer Relations</p>	<p>Treasury Payment Processing Tax Billing Cash Management/ Investment Parking Adjudication</p> <p>Accounting Financial Reporting Paying & Billing Vendors/Employees Reconciliations</p> <p>Risk Management Tort Claims Management Workplace & General Safety Management Liability/Property Insurance Management Workers Comp Claims Management</p>
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Dept Info

<p>Department Contact Info 703.746.3900 http://alexandriava.gov/finance/</p> <p>Department Head Laura Triggs, CPA, Director 703.746.3900 laura.triggs@alexandriava.gov</p> <p>Department Staff Ray Welch, Division Chief/Comptroller Steven Bland, Retirement Administrator Debbie Kidd, JD, Division Chief, Revenue David Clark, CPA, Division Chief, Treasury Rick Willsey, Risk Manager</p>
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Finance Department

Leadership and Management Support Services Program

The goal of Leadership and Management Support Services is to provide leadership and oversight to the Department and to issue City debt in order to provide long-term financial stability for the City.

Program Totals	FY 2009 Actual	FY 2010 Approved	FY 2011 Approved
% Total All Funds Budget	4.5%	2.2%	3.5%
Total Expenditures	\$400,085	\$191,640	\$339,990
Less Revenues	\$17,063	\$23,400	\$29,600
Net General Fund Expenditures	\$383,022	\$168,240	\$310,390
Program Outcomes			
Demonstrate long-term financial stability by maintaining AAA ratings from bond rating agencies	Yes	Yes	Yes

Activity Data

LEADERSHIP AND GENERAL MANAGEMENT: The goal of Leadership and General Management is to maintain the City's standard of financial excellence by providing citizens, City Council, vendors and employees with competent and comprehensive financial services, sound financial policy recommendations and reporting, and oversight of the collection and disbursement of City funds.	FY 2009 Actual	FY 2010 Approved	FY 2011 Approved
Expenditures	\$400,085	\$191,640	\$339,990
FTE	3.0	1.0	2.1
\$ amount of revenue collected and funds disbursed	\$1,979,765,370	\$2,100,000,000	\$2,100,000,000
\$ amount of funds disbursed (all funds)	\$932,043,530	\$985,000,000	\$985,000,000
Ratio of Finance Department costs to City budget	1.0%	0.9%	1.0%
% compliance with City adopted debt policies in last fiscal year	100%	100%	100%

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Pension Administration Program

The goal of the Pension Administration Program is to provide retirement income for retired City employees at a controlled cost to the City.

Program Totals	FY 2009 Actual	FY 2010 Approved	FY 2011 Approved
% Total All Funds Budget	4.0%	7.0%	5.6%
Total Expenditures	\$356,768	\$607,655	\$545,581
Less Revenues	\$0	\$205,193	\$239,519
Net General Fund Expenditures	\$356,768	\$402,462	\$306,062
Program Outcomes			
Ratio of annual pension administration program costs to City employer annual contributions	1.7%	1.9%	1.9%

Activity Data

PENSION INVESTMENT – The goal of Pension Investment is to provide investment earnings for each of the five pension plans in order to meet actuarial assumptions.	FY 2009 Actual	FY 2010 Approved	FY 2011 Approved
Expenditures	\$173,061	\$341,090	\$225,178
FTE's	1.7	1.1	1.0
Funds invested at fiscal year end in millions of dollars ¹	\$255.5	\$280.0	\$295.0

¹ Assumes actuarial rate of returns for FY2010

RETIREMENT PLAN ADMINISTRATION – The goal of Retirement Plan Administration is to provide suggestions for plan improvements and to manage the outside pension administrator, investment consultant, actuarial, legal counsel and other consultants for the City in order to control pension costs.			
Expenditures	\$183,707	\$266,565	\$320,403
FTE's	1.3	2.0	2.0
# of plans administered	9	9	9
# of employee/retirees consulting sessions	1,350	1,300	1,400
Cost per employee/retiree served	\$136.08	\$205.05	\$228.86
Ratio of annual pension administration costs to fund assets	0.07%	0.09%	0.09%

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Revenue Program

The goal of the Revenue Program is to accurately, reliably and equitably assess and collect taxes, and enforce taxpayer compliance in order to maximize city revenues.

Program Totals	FY 2009 Actual	FY 2010 Approved	FY 2011 Approved
% Total All Funds Budget	35.7%	35.7%	35.4%
Total Expenditures	\$3,174,395	\$3,114,057	\$3,468,432
Less Revenues	\$0	\$0	\$0
Net General Fund Expenditures	\$3,174,395	\$3,114,057	\$3,468,432
Program Outcomes			
Total tax revenue generated for the City in compliance with City regulations	\$445,753,433	\$420,000,000	\$425,067,527

Activity Data

BUSINESS & PERSONAL PROPERTY TAX ASSESSMENT – The goal of Business and Personal Property Tax Assessment is to identify tax basis and accurately and uniformly assess the appropriate tax in order to maximize City revenues.	FY 2009 Actual	FY 2010 Approved	FY 2011 Approved
Expenditures	\$1,272,226	\$1,195,792	\$1,342,272
FTE's	18.3	15.7	14.9
# of tax transactions processed	1,064,701	1,089,691	1,078,877
Cost per tax transaction processed	\$1.19	\$1.10	\$1.24
% of tax assessments processed by due date	100%	100%	100%
DELINQUENT TAX COLLECTION – The goal of Delinquent Tax Collections is to collect delinquent taxes in order to reduce the outstanding tax balance and increase the City's general fund revenue.			
Expenditures	\$519,526	\$571,392	\$717,587
FTE's	5.4	5.8	7.8
# of demands for payment action sent	152,837	215,000	154,358
Cost per demand for payment action	\$3.40	\$2.66	\$4.65
% of delinquent tax collected annually	75.0%	73.0%	75.0%
TAX AUDIT, RESEARCH & ANALYSIS – The goal of Tax Audit, Research and Analysis is to ensure that business tax returns are filed accurately and to identify unregistered businesses and vehicles in order to maximize City revenues and taxpayer compliance.			
Expenditures	\$473,018	\$454,989	\$417,873
FTE's	4.6	4.6	4.3
# of tax accounts reviewed/audited	68,417	90,000	79,572
costs of tax accounts reviewed/audited	\$6.91	\$5.06	\$5.25
\$ amount of revenue generated from audits and compliance activity	\$463,089	\$1,200,000	\$1,200,000
Ratio of audit and tax compliance expenses to revenue generated from audits and compliance activities	102.1%	37.9%	34.8%
TAXPAYER ASSISTANCE/CUSTOMER RELATIONS – The goal of the Taxpayer Assistance and Customer Relations is to administer tax relief programs and provide assistance to taxpayers in order to accommodate their needs pertaining to City and State taxes.			
Expenditures	\$909,625	\$891,884	\$990,700
FTE's	12.5	12.0	10.5
# of applications processed for tax relief programs	2,399	2,855	1,500
# of tax payers assisted on State tax issues	1,660	1,200	1,948
Cost per application processed	\$24.06	\$20.00	\$19.98
% of applications approved for tax relief	94.0%	95.0%	94.0%
% of survey participants reporting satisfaction with customer service	100%	90%	95%

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Treasury Program

The goal of the Treasury Program is to generate accurate and timely tax bills, process revenues efficiently and invest City funds prudently to maximize City revenues and promote high quality customer service.

Program Totals	FY 2009 Actual	FY 2010 Approved	FY 2011 Approved
% Total All Funds Budget	25.6%	26.4%	26.0%
Total Expenditures	\$2,272,647	\$2,300,299	\$2,545,950
Less Revenues	\$0	\$0	\$0
Net General Fund Expenditures	\$2,272,647	\$2,300,299	\$2,545,950
Program Outcomes			
Maintain an overall collection rate for current year taxes greater than 95%	Yes	Yes	Yes

Activity Data

PAYMENT PROCESSING – The goal of Payment Processing is to process City revenues in a manner that maximizes interest earnings and promotes high quality customer service.	FY 2009 Actual	FY 2010 Approved	FY 2011 Approved
Expenditures	\$1,177,034	\$1,174,732	\$1,271,397
FTE's	14.6	13.6	9.5
# of tax payments processed	278,504	278,000	278,000
# of electronic payments	147,607	166,200	166,200
# of manual payments	130,897	111,800	111,800
# of tax payments processed per FTE	19,076	20,517	20,517
% of tax payments processed electronically	53.0%	59.8%	59.8%

TAX BILLING – The goal of Tax Billing is to maximize revenues while providing high quality customer service by mailing accurate and timely tax bills.			
Expenditures	\$659,908	\$584,361	\$664,771
FTE's	4.5	4.7	7.8
% of current year personal property tax collected	96.0%	96.0%	96.0%
% of current year real estate tax collected	99.0%	99.0%	99.0%
% of current year business property tax collected (including statutory assessments)	95.0%	95.0%	95.0%

CASH MANAGEMENT/INVESTMENT – The goal of Cash Management and Investment is to invest City funds in a manner that safeguards principal, ensures liquidity and earns a reasonable rate of return. This function is largely contracted out.			
Expenditures	\$230,148	\$342,638	\$414,183
FTE's	0.4	0.3	0.3
Average month end portfolio dollar balance	\$105,509,998	\$118,000,000	\$118,000,000
City's rate of return	0.2%	2.0%	1.6%

PARKING ADJUDICATION-The goal of Parking Case Adjudication is to provide an efficient and convenient method of adjudicating parking infractions as an alternative to Court adjudication.			
Expenditures*	\$205,557	\$198,568	\$195,599
FTE's	NA	0.0	0.0
# of cases concluded	4,300	4,300	4,300
% of cases adjudicated without appeal	99.7%	99.7%	99.7%

*Beginning in FY 2010 Parking Adjudication functions moved from the Office of Commonwealth's Attorney to the Finance Department.

Finance Department

Accounting Program

The goal of the Accounting Program is to provide the City Manager, City Council, employees, departments and the public with internal controls and financial information to support effective financial management decisions.

Program Totals	FY 2009 Actual	FY 2010 Approved	FY 2011 Approved
% Total All Funds Budget	26.4%	24.8%	26.6%
Total Expenditures	\$2,340,272	\$2,163,385	\$2,606,538
Less Revenues	\$0	\$0	\$0
Net General Fund Expenditures	\$2,340,272	\$2,163,385	\$2,606,538
Program Outcomes			
% GFOA standards met without comment on Financial Reporting	100%	100%	100%

Activity Data

FINANCIAL REPORTING – The goal of Financial Reporting is to provide financial information for City stakeholders in order to make financial decisions and comply with laws and reporting requirements.	FY 2009 Actual	FY 2010 Approved	FY 2011 Approved
Expenditures	\$1,069,886	\$863,894	\$1,141,467
FTE's	6.0	3.7	5.5
# of audit reports issued	4	3	4
% of audit reports issued by due date	100%	100%	100%

PAYING & BILLING EMPLOYEES/VENDORS – The goal of Paying and Billing Vendors and Employees is to provide receipt and payment processing and control for City departments, employees and vendors in order to appropriately manage their own finances.			
Expenditures	\$950,224	\$893,383	\$1,171,077
FTE's	9.5	11.6	11.8
# of employees processed annually	3703	3741	4253
# of transactions processed	323,361	475,000	343,000
Cost per transaction	\$2.94	\$1.88	\$3.41
# of payrolls processed within required time frame	100%	100%	100%
% of vendors paid within required time frame	95.0%	90.0%	95.0%

The City's KRONOS administrator was transferred from Human Resources to Finance in mid-year 2010. When in Human Resources, KRONOS was an independent activity; in Finance, it has been included as part of the "Paying and Billing Employees/Vendors" activity.

RECONCILIATIONS – The goal of Reconciliation is to provide internal controls over financial information for City stakeholders in order to accurately report the results of the City's financial transactions comply with laws and reporting requirements.			
Expenditures	\$320,162	\$406,108	\$293,994
FTE's	4.5	3.8	4.0
# of capital, debt, bank, health and workers comp reconciliations produced	2,600	4,360	2,700
Cost per reconciliation produced	\$123.14	\$93.14	\$108.89
% of reconciliations issued within a desired timeframe	99.0%	99.0%	99.0%

Finance Department

Risk Management Program

The goal of Risk Management is to review safety, handle claims, manage cases, manage the City's insurance policies, and provide loss control for the City and the public in order to preserve City assets.

Program Totals	FY 2009 Actual	FY 2010 Approved	FY 2011 Approved
% Total All Funds Budget	3.8%	4.0%	3.0%
Total Expenditures	\$336,011	\$347,964	\$290,908
Less Revenues	\$0	\$0	\$0
Net General Fund Expenditures	\$336,011	\$347,964	\$290,908
Program Outcomes			
% reduction in number in annual claim expenses	2.6%	3.0%	3.0%

In FY 2010, the Risk Management Program was transferred from the City Attorney's Office. In previous budget documents this information was included within the City Attorney's Office. FY 2009 information is shown here for comparison purposes.

Activity Data

TORT CLAIMS MANAGEMENT – The goal of Tort Claims Management is to provide courteous, expeditious and fair handling of routine claims by residents and others against the City.	FY 2009 Actual	FY 2010 Approved	FY 2011 Approved
Expenditures	\$44,468	\$44,877	\$33,697
FTE's	0.4	0.4	0.3
# of claims handled	103	140	135
Administrative cost per claim	\$432	\$321	\$250
% of claims settled within 6 months	91%	90%	90%
WORKPLACE & GENERAL SAFETY MANAGEMENT – The goal of Workplace and General Safety Management is to assist City operating departments in maintaining a safe, and OSHA and CDL compliant, work environment, and in identifying and reducing liability exposure from City operations and properties.			
Expenditures	\$116,003	\$123,674	\$146,922
FTE's	0.9	0.9	0.9
# of safety consultations	71	100	115
Cost per request	\$1,634	\$1,237	\$1,278
% of requests resolved within 7 work days	89%	80%	85%
LIABILITY/PROPERTY INSURANCE MANAGEMENT – The goal of Liability/Property Insurance Management is to efficiently procure and administer the City's casualty insurance and liability reinsurance policies and programs.			
Expenditures	\$112,517	\$110,702	\$37,606
FTE's	1.1	1.1	0.3
# of policies obtained	15	15	15
Administrative cost per policy	\$7,501	\$7,380	\$2,507
% of exposure reduced through insurance/reinsurance	50%	50%	50%
WORKERS COMP CLAIMS MANAGEMENT – The goal of Workers Comp Claims Management is to efficiently administer the City's Workers Compensation program.			
Expenditures	\$63,023	\$68,711	\$72,683
FTE's	0.8	0.8	0.7
# of claims handled	235	250	245
Administrative cost per claim	\$268	\$275	\$297
% of claims closed within 12 months	92%	80%	85%

Finance Department

Summary of Budget Changes

Adjustment to Maintain Current Service Levels

Activity	Adjustment	FY 2011 Approved
Various	<i>Contract cost increases</i>	\$115,019
Includes cost of contract increases for City's auditors and parking adjudication services.		
Various	<i>Office Space Rentals</i>	\$11,031
Includes the cost of lease increases in office space occupied by Finance.		

Add/Delete Adjustments

Activity	Adjustment	FY 2011 Approved
Reconciliations	<i>Accounting Position</i>	\$71,000
Council added back one Accounting position for reconciliation purposes. This position will increase staff capacity to reconcile accounts which should reduce the risk of errors or misappropriation of funds.		

Expenditure Reductions to the Budget

Activity	Reduction Option	FY 2011 Approved
Risk Management	<i>Eliminate Administrative Technician Position</i>	-\$71,302
When the Risk Management Program physically relocates to Finance, it will be possible to consolidate administrative services, resulting in the reduction of an administrative position.		

Revenue/Fee Increases

Activity	Adjustment	FY 2011 Approved
Payment Processing	<i>Increase Street Parking Permit Fees</i>	\$200,000
This will increase street parking permit fees to \$30 for the first vehicle, \$40 for the second vehicle, and \$100 for each additional vehicle. The fees were currently \$15, \$20, and \$50 respectively. Street parking permit fees have not been increased since 1998.		