

# 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 2008 Actual	FY 2009 Approved	FY 2010 Approved	% Change 2009-2010
Personnel	\$6,851,301	\$7,332,399	\$6,001,487	-18.2%
Non-Personnel	3,163,026	2,497,042	2,696,445	8.0%
Capital Goods Outlay	5,963	27,068	27,068	0.0%
<b>Total Expenditures</b>	<u>\$10,020,290</u>	<u>\$9,856,509</u>	<u>\$8,725,000</u>	-11.5%
<b>Less Revenues</b>				
Internal Service	\$9,048	\$23,400	\$23,400	0.0%
Special Revenue Fund	8,092	0	205,193	0.0%
<b>Total Designated Funding Sources</b>	<u>\$17,140</u>	<u>\$23,400</u>	<u>\$228,593</u>	876.9%
<b>Net General Fund Expenditures</b>	<u>\$10,003,150</u>	<u>\$9,833,109</u>	<u>\$8,496,407</u>	-13.6%
<b>Total Department FTE's</b>	<b>96.3</b>	<b>96.3</b>	<b>82.5</b>	<b>-14.3%</b>

### Highlights

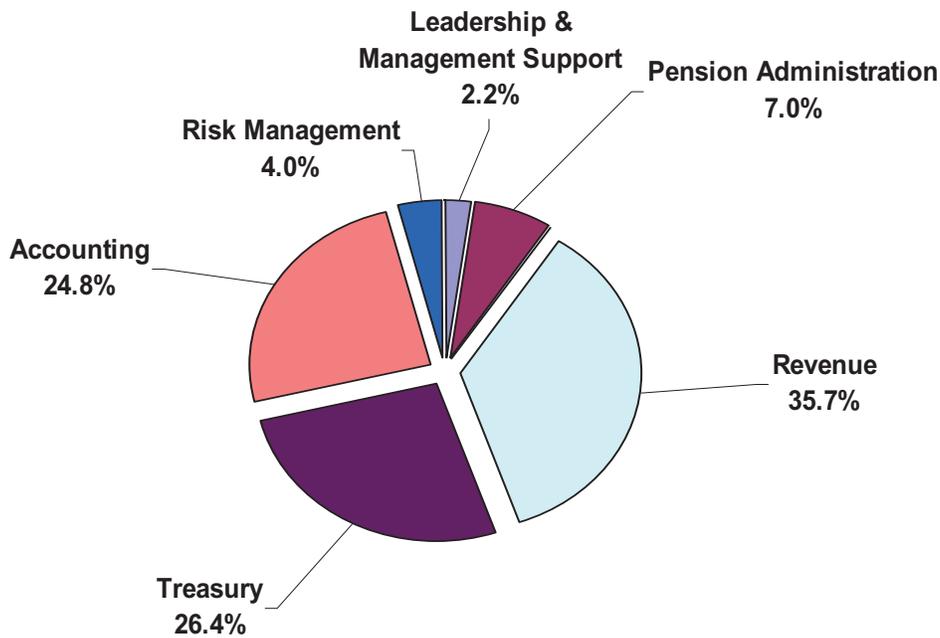
- In FY 2010, the Approved General Fund budget decreased by \$1,336,702 (-13.6%)
- In FY 2010, the Purchasing Program became an independent department, reducing the Finance Department's budget by \$910,105 and 8.0 FTE's. The Risk Management Program was transferred from the City Attorney's Office, increasing the Finance's Department's budget by \$347,964 and 3.0 FTE's.
- In FY 2010 personnel costs decreased by 18.2%; the decrease was due in part to the elimination of seven full-time positions and one part-time position along with the departmental reorganization described above. Personnel costs include a vacancy factor reduction of \$383,459.
- In FY 2010 non-personnel costs increased by 8.0%; the increase was due to adjustments to the base budget related to increases in contract costs and other costs described later in this section (\$185,000) and the transfer of the parking adjudication function budget from the Commonwealth Attorney's Office to the Finance Department (\$190,448).
- For FY 2010, the Finance Department Approved General Fund revenue increases of \$52,000 consisting of an administrative fee on parking tickets and an administrative fee on garnishments.
- The \$205,193 increase in special revenue is the result of Finance allocating expenses for pension plan management to the City's various pension funds. These costs will eventually be allocated to departmental budgets (although in this Approved budget the costs have been temporarily put in the Non-departmental budget until they can be properly allocated through an increase in the employer contribution rate.)

# Finance Department

## Selected Performance Measures

Selected Performance Measures	FY 2008 Actual	FY 2009 Approved	FY 2010 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 2010 Approved Expenditures by Program



# Finance Department

## Program Level Summary Information

### Expenditure Summary

Expenditure By Classification	FY 2008 Actual	FY 2009 Approved	FY 2010 Approved	% Change 2009-2010
Leadership and Management Support	\$413,224	\$439,150	\$191,640	-56.4%
Pension Administration	\$621,301	613,677	607,655	-1.0%
Purchasing*	1,096,143	989,004	0	-100.0%
Revenue	3,132,208	3,352,865	3,114,057	-7.1%
Treasury	2,166,275	2,147,719	2,300,299	7.1%
Accounting	2,591,139	2,314,094	2,163,385	-6.5%
Risk Management**	-	-	347,964	
<b>Total Expenditures</b>	<b>\$10,020,290</b>	<b>\$9,856,509</b>	<b>\$8,725,000</b>	<b>-11.5%</b>

### Staffing Summary

Authorized Positions (FTE's) by Program	FY 2008 Actual	FY 2009 Approved	FY 2010 Approved*	% Change 2009-2010
Leadership and Management Support	4.0	4.0	1.0	-75.0%
Pension Administration	3.0	3.0	3.0	0.0%
Purchasing*	9.0	9.0	-	
Revenue	40.8	40.8	38.0	-6.9%
Treasury	19.5	19.5	18.5	-5.1%
Accounting	20.0	20.0	19.0	-5.0%
Risk Management**	-	-	3.0	
<b>Total full time employees</b>	<b>96.3</b>	<b>96.3</b>	<b>82.5</b>	<b>-14.3%</b>

In the budget document, the FY 2009 FTE's are based off the FY2008 distribution rather than FY 2009 actuals. The FY 2009 budgeted amounts are actuals. For FY 2010, both FTE's and budgeted amounts are actuals. Therefore, in some cases, the changes from FY 2009 to FY 2010 in the budgeted amounts by activity do not correspond with the changes in FTE's.

\*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.

### Finance Programs and Activities

#### Leadership & Mgmt Support Services

Leadership & General Mgmt

#### Pension Administration

Pension Investment

Retirement Plan Admin.

#### Revenue

Business & Personal

Property Tax Assessment

Delinquent Tax Collections

Tax Audit, Research & Analysis

Taxpayer Assistance/ Customer Relations

#### Treasury

Payment Processing

Tax Billing

Cash Management/ Investment

#### Accounting

Financial Reporting

Paying & Billing

Vendors/Employees

Reconciliations

#### Risk Management

Tort Claims Management

Workplace & General Safety Management

Liability/Property Insurance Management

Workers Comp Claims Management

### Dept Info

#### Department Contact Info

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#### Department Head

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#### Department Staff

Ray Welch, Division Chief/Comptroller

Steven Bland, Pension Administrator

Debbie Kidd, JD, Division Chief, Revenue

David Clark, CPA, Division Chief, Treasury

Rick Willsey, Risk Manager

# 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 2008 Actual	FY 2009 Approved	FY 2010 Approved
Total Expenditures	\$413,224	\$439,150	\$191,640
Less Revenues	\$9,048	\$23,400	\$23,400
Net General Fund Expenditures	\$404,176	\$415,750	\$168,240
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 2008 Actual	FY 2009 Approved	FY 2010 Approved
Expenditures	\$413,224	\$439,150	\$191,640
FTE	4.0	4.0	1.0
\$ amount of revenue collected and funds disbursed	\$2,142,238,038	\$1,813,719,179	\$2,100,000,000
\$ amount of funds disbursed (all funds)	\$979,632,256	\$945,945,304	\$985,000,000
Ratio of Finance Department costs to City budget	1.0%	1.0%	0.8%
% compliance with City adopted debt policies in last fiscal year	100%	100%	100%

# Finance Department

## 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 2008 Actual	FY 2009 Approved	FY 2010 Approved
Total Expenditures	\$621,301	\$613,677	\$607,655
Less Revenues	\$8,092	\$0	\$205,193
Net General Fund Expenditures	\$613,209	\$613,677	\$402,462
Program Outcomes			
Ratio of annual pension administration program costs to City employer annual contributions	2.2%	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 2008 Actual	FY 2009 Approved	FY 2010 Approved
Expenditures	\$264,938	\$421,067	\$341,090
FTE's	1.7	1.7	1.1
Funds invested at fiscal year end in millions of dollars <sup>1</sup>	\$282.5	\$313.0	\$280.0

<sup>1</sup> 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	\$356,363	\$192,610	\$266,565
FTE's	1.3	1.3	2.0
# of plans administered	9	9	9
# of employee/retirees consulting sessions	1,300	1,300	1,300
Cost per employee/retiree served	\$107.64	\$135.00	\$108.00
Ratio of annual pension administration costs to fund assets	0.09%	0.06%	0.09%

# Finance Department

## 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 2008 Actual	FY 2009 Approved	FY 2010 Approved
Total Expenditures	\$3,132,208	\$3,352,865	\$3,114,057
Less Revenues	\$0	\$0	\$0
Net General Fund Expenditures	\$3,132,208	\$3,352,865	\$3,114,057
<b>Program Outcomes</b>			
Total tax revenue generated for the City in compliance with City regulations	\$421,800,991	\$431,864,367	\$420,000,000

### Activity Data

<b>BUSINESS &amp; 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.</b>	FY 2008 Actual	FY 2009 Approved	FY 2010 Approved
Expenditures	\$1,248,199	\$1,227,104	\$1,195,792
FTE's	18.3	18.3	15.7
# of business tax accounts processed	44,046	31,307	45,000
# of vehicle accounts assessed/changes or actions processed	1,044,691	1,056,957	1,044,691
Cost per business tax account processed	\$9.45	\$13.94	\$14.00
Cost per vehicle account processed	\$0.40	\$0.74	\$0.50
Cost per miscellaneous tax account processed	\$208	\$110.00	\$200.00
% of tax assessments processed by due date	100%	100%	100%

<b>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.</b>			
Expenditures	\$548,914	\$582,726	\$571,392
FTE's	5.4	5.4	5.8
# of demands for payment action sent	214,246	354,921	215,000
Cost per demand for payment action	\$2.56	\$1.64	\$2.66
% of delinquent tax collected annually	73.0%	73.0%	73.0%

<b>TAX AUDIT, RESEARCH &amp; 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.</b>			
Expenditures	\$460,554	\$508,166	\$454,989
FTE's	4.6	4.6	4.6
# of tax accounts reviewed/audited	90,726	92,763	90,000
costs of tax accounts reviewed/audited	\$5.08	\$5.48	\$5.06
\$ amount of revenue generated from audits and compliance activity	\$1,758,662	\$1,176,542	\$1,200,000
Ratio of audit and tax compliance expenses to revenue generated from audits and compliance activities	26.2%	43.2%	37.9%

<b>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.</b>			
Expenditures	\$874,541	\$1,034,869	\$891,884
FTE's	12.5	12.5	12.0
# of applications processed for tax relief programs	4,476	3,359	2,855
# of taxpayers assisted on State tax issues	2,236	1,778	1,200
Cost per application processed	\$19.54	\$40.90	\$20.00
% of applications approved for tax relief	94.0%	93.0%	95.0%
% of survey participants reporting satisfaction with customer service	100%	100%	90%

# Finance Department

## 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 2008 Actual	FY 2009 Approved	FY 2010 Approved
Total Expenditures	\$2,166,275	\$2,147,719	\$2,300,299
Less Revenues	\$0	\$0	\$0
Net General Fund Expenditures	\$2,166,275	\$2,147,719	\$2,300,299
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 2008 Actual	FY 2009 Approved	FY 2010 Approved
Expenditures	\$1,245,558	\$1,305,652	\$1,174,732
FTE's	14.6	14.6	13.6
# of tax payments processed	278,504	263,600	278,000
# of electronic payments	147,607	139,700	166,200
# of manual payments	130,897	123,900	111,800
# of tax payments processed per FTE	19,076	18,055	20,517
% of tax payments processed electronically	53.0%	53.0%	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	\$603,911	\$579,251	\$584,361
FTE's	4.5	4.5	4.7
% 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	\$316,806	\$262,816	\$342,638
FTE's	0.4	0.4	0.3
Average month end portfolio dollar balance	\$148,532,298	\$133,000,000	\$118,000,000
City's rate of return	4.4%	3.0%	2.0%

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*	NA	NA	\$198,568
FTE's	NA	NA	0.0
# of cases concluded	NA	NA	4,300
% of cases adjudicated without appeal	NA	NA	99.7%

\*Beginning in FY 2010 Parking Adjudication functions will move 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 2008 Actual	FY 2009 Approved	FY 2010 Approved
Total Expenditures	\$2,591,139	\$2,325,487	\$2,163,385
Less Revenues	\$0	\$0	\$0
Net General Fund Expenditures	\$2,591,139	\$2,325,487	\$2,163,385
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 2008 Actual	FY 2009 Approved	FY 2010 Approved
Expenditures	\$1,362,365	\$932,296	\$863,894
FTE's	7.0	6.0	3.7
# of audit reports issued	3	3	3
% 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	\$912,852	\$852,973	\$893,383
FTE's	9.5	9.5	11.6
# of transactions processed	473,199	304,500	475,000
Cost per transaction	\$1.93	\$2.80	\$1.88
# of payrolls processed within required time frame	100%	100%	100%
% of vendors paid within required time frame	95.0%	95.0%	90.0%

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	\$315,922	\$528,825	\$406,108
FTE's	3.5	4.5	3.8
# of capital, debt, bank, health and workers comp reconciliations produced	2,469	2,500	4,360
Cost per reconciliation produced	\$127.96	\$211.53	\$93.14
% of reconciliations issued within a desired timeframe	100%	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 2008 Actual	FY 2009 Approved	FY 2010 Approved
Total Expenditures	\$317,818	\$345,008	\$347,964
Less Revenues	\$0	\$0	\$0
Net General Fund Expenditures	\$317,818	\$345,008	\$347,964
Program Outcomes			
% reduction in number in annual claim expenses	NA	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. The numbers reflected here are for comparison purposes and are not included in the Finance Department totals for FY 2008 and FY 2009.

### 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 2008 Actual	FY 2009 Approved	FY 2010 Approved
Expenditures	\$43,548	\$44,812	\$44,877
FTE's	0.4	0.4	0.4
# of claims handled	85	140	140
Administrative cost per claim	\$213	\$320	\$321
% of claims settled within 6 months	72%	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	\$101,569	\$123,257	\$123,674
FTE's	39.0	0.9	0.9
# of safety consultations	196	60	100
Cost per request	\$411	\$1,601	\$1,500
% of requests resolved within 7 work days	72%	80%	80%
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	\$108,352	\$111,108	\$110,702
FTE's	1.1	1.1	1.1
# of policies obtained	28	15	15
Administrative cost per policy	\$1,964	\$7,407	\$7,000
% of exposure reduced through insurance/reinsurance	40%	50%	50%
WORKERS COMP CLAIMS MANAGEMENT – The goal of Workers Comp Claims Management is to efficiently administer the City's Workers Compensation program.			
Expenditures	\$64,349	\$65,831	\$68,711
FTE's	0.8	0.8	0.8
# of claims handled	256	250	250
Administrative cost per claim	\$71	\$263	\$263
% of claims closed within 12 months	75%	80%	80%

# Finance Department

## Summary of Budget Changes

### Adjustment to Maintain Current Service Levels

<b>Activity</b>	<b>Adjustment</b>	<b>FY 2010 Approved</b>
<b>Cash Management/Investments</b>	<i>Banking contract for services</i>	<b>\$80,000</b>
The renegotiated contract reflects increased costs for armored truck services and increased use of electronic submissions.		
<b>Tax Assessments</b>	<i>Maintenance for Tax System</i>	<b>\$50,000</b>
This is the increased cost of maintenance for the City's business tax systems designed to replace the 20 year old Clipper based system.		
<b>Payment processing</b>	<i>Increased credit card fees</i>	<b>\$10,000</b>
As more City departments accept credit card payments and credit card use increases, the fees for credit card processing will increase.		
<b>Tax billing</b>	<i>Increased postage for bills</i>	<b>\$5,000</b>
The will cover the increased cost of postage for mailing bills to taxpayers.		

# Finance Department

## Summary of Budget Changes

### Expenditure Reductions to the Budget

Activity	Reduction Option	FY 2010 Approved
<b>Cash Management and Investment</b>	<i>Local Government Pools</i>	<b>\$40,000</b>
This reduction option reflects a reduction in fees paid for City investment services for using a State Local Government investment pool instead of an investment advisor.		
<b>Various</b>	<i>DROP Payment savings</i>	<b>\$200,000</b>
This represents the annual actuarial savings associated with retirement contributions not required for Deferred Retirement Option Program		
<b>Tax Assessment</b>	<i>Eliminate Personal Property Tax Clerk position</i>	<b>\$31,535</b>
With the move to automatic registration, some of the elimination will be an efficiency. The elimination of the part-time position will affect peak time registration and remaining Saturday hours will be dropped.		
<b>Taxpayer Assistance</b>	<i>Eliminate Revenue Collection Specialist position</i>	<b>\$45,042</b>
The gradual reduction of the Affordable Home Ownership Program (AHOP) reduces the need for the position. Some funds will remain available for a temporary employee for the first three months of the fiscal year to process applications.		
<b>Payment Processing</b>	<i>Eliminate Supervisory Account Clerk position</i>	<b>\$85,015</b>
The responsibilities of the position include collection of non-sufficient funds payments and reconciliation of credit card payments and other electronic payments. These tasks will have to be covered by existing personnel as time permits. It is expected that the position elimination will increase the average number of payments processed by around 7% among remaining staff.		
<b>Paying and Billing</b>	<i>Eliminate Accountant position</i>	<b>\$61,831</b>
The elimination of the position will impact quality control on payments to vendors. The position's responsibilities will be shared among existing staff, reducing the time and attention of staff to other responsibilities and may reduce the percentage of vendors paid within the required time frame.		
<b>Leadership &amp; Management</b>	<i>Eliminate Administrative Assistant position</i>	<b>\$50,204</b>
This position is the central location for inquiries to Finance. The position's responsibilities will be shared among existing staff, reducing the time and attention of staff to other responsibilities.		
<b>Financial Reporting</b>	<i>Eliminate Accountant position</i>	<b>\$64,924</b>
The elimination of the position will reduce the amount of time spent reconciling accounts and increase the risk of errors. It will lengthen the amount of time needed to complete routine reporting including workers' compensation, state funds received, and transactions related to the schools, library, and DASH.		
<b>Leadership &amp; Management</b>	<i>Eliminate ITS Coordinator position</i>	<b>\$112,567</b>
The position's responsibilities would be shifted to the Revenue Systems Engineer, reducing other tasks with which the engineer could assist, including department wide training.		
<b>Tax Audit, Research &amp; Analysis</b>	<i>Eliminate Accountant position</i>	<b>\$64,924</b>
The elimination of the position would lengthen the amount of time needed to complete audits for business tax accounts and may reduce the number that can be completed.		

# Finance Department

## Summary of Budget Changes

### Revenue/Fee Increases

<b>Activity</b>	<b>Adjustment</b>	<b>FY 2010</b>
<b>Payment Processing</b>	<i>Admin Fee on Parking Tickets</i>	<b>\$40,000</b>
Unpaid parking tickets are expensive to collect. Increasing the administration fees on parking tickets will enable the City to recover some of the cost to recover these fees. Virginia code section 58.1-3958 authorizes an administration fee not to exceed 20 percent of the balance.		
<b>Billing &amp; Paying Vendors/Employee:</b>	<i>Garnishment Admin Recovery fee</i>	<b>\$12,000</b>
State code allows cost recovery fees to be charged for a limited number of garnishment payments. Since all employees are currently bearing the cost to process such payments for a limited number of employees, a garnishment fee matches the cost to produce the garnishment with the person receiving the benefit. The fees are roughly \$5 per pay period per order in addition to a one time set up fee of \$10 for garnishment orders and \$10 for court fees and fines.		