OFFICE OF FINANCE - 110

MISSION AND SERVICES

Mission - The Office of Finance collects and invests revenue as well as provides funds disbursement, accounting, debt management and risk management services in line with best practices to County residents and agencies, in order to ensure the delivery of fiscally accountable and effective local government services.

Core Services -
- Revenue collection and investment
- Risk management
- Funds disbursement operations
- Debt management, including the preparation of documents for County bond issuances
- Funds accounting, cash management, preparing annual financial statements and overseeing annual audits

Strategic Focus in FY 2018 -
The agency's top priorities in FY 2018 are:
- Continuing the transition from dated legacy systems to the new enterprise-wide software solution (ERP)
- Reduce risk management payments to claimants by partnering with the Office of the County Executive and Office of Management and Budget to ensure the periodic review of risk management reserves and to identify potential policy changes to improve its fiscal integrity

FY 2018 BUDGET SUMMARY

The FY 2018 approved budget for the Office of Finance is $4,011,100, an increase of $369,100 or 10.1% over the FY 2017 approved budget.

Budgetary Changes -

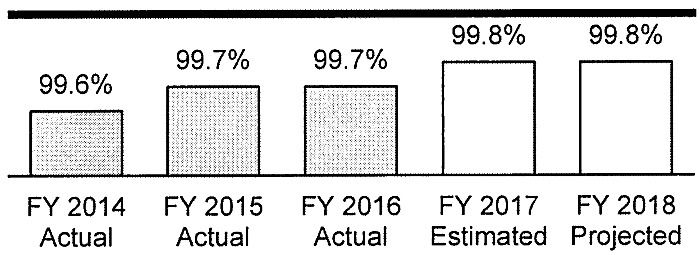
FY 2017 APPROVED BUDGET	**$3,642,000**
Increase Cost: Compensation - Funded Vacancies - Increase in compensation due to filling three unfunded positions from FY 2017	$220,500
Increase Cost: Compensation - Mandated Salary Requirements	$142,300
Increase Cost: Fringe Benefits - Increase in fringe benefits due to the funding of vacant positions	$81,300
Increase Cost: Operating - Increase in funding for telephones, printing, office supplies and equipment to support office operations	$7,700
Decrease Cost: Recovery Increase - Increase to capture salary requirements for certain positions	($82,700)
FY 2018 APPROVED BUDGET	**$4,011,100**

SERVICE DELIVERY PLAN AND PERFORMANCE

GOAL 1 - To ensure optimal revenue collection, financial and investment services are provided to County stakeholders in order to effectively obtain the funds to support County services.

Objective 1.1 - Increase the percent of real property tax revenue collected.

Targets	Long Term Target Compared with Performance
Short term: By FY 2018 - 99.8% **Intermediate term:** By FY 2020 - 99.9% **Long term:** By FY 2022 - 100%	Long term target (FY22): 100%



Trend and Analysis -
The Office of Finance is responsible for collecting the County's real and personal property taxes. Real property tax is the largest source of tax revenue for the County. The annual sale of tax lien certificates is a tax collection technique to recover the payment of delinquent taxes by auctioning liens against a property. While the number of tax liens vary, the sale of tax liens mitigates the loss of uncollected revenue.

Performance Measures -

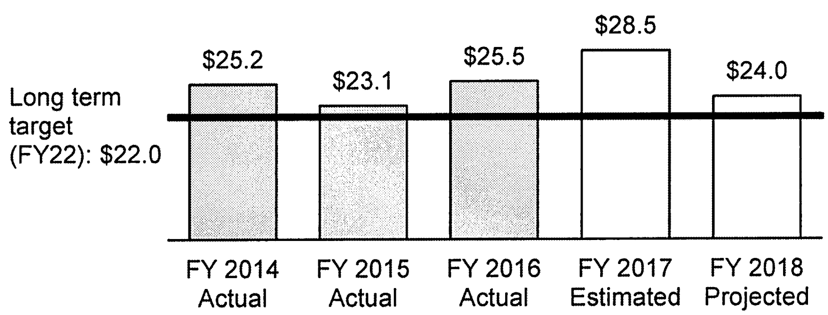
Measure Name	FY 2014 Actual	FY 2015 Actual	FY 2016 Actual	FY 2017 Estimated	FY 2018 Projected
Resources (input)					
Number of revenue collection staff	23	23	21	21	23
Workload, Demand and Production (output)					
Number of tax payments processed	482,448	461,972	464,274	474,000	475,000
Number of tax sale certificates processed	2,821	2,526	2,230	2,600	2,600
Percent of tax lien certificates sold to purchasers	97.8%	92.7%	88.0%	92.0%	94.0%
Amount of revenue collected through online E-payments services (in millions)	$42.32	$42.27	$50.81	$55.00	$58.00
Efficiency					
Average number of tax payments processed per staff member	20,976.0	20,085.7	22,108.3	22,571.4	20,652.2
Quality					
Percent of tax bills successfully delivered to taxpayers	96%	97%	95%	96%	96%
Impact (outcome)					
Percent of real property taxes collected	99.6%	99.7%	99.7%	99.8%	99.8%
Percent of personal property taxes collected	97.2%	97.5%	97.9%	98.0%	98.0%

Strategies to Accomplish the Objective -

- **Strategy 1.1.1 -** Promote and expand electronic payment options to taxpayers
- **Strategy 1.1.2 -** Partner with the Office of Law to review complex deeds and deeds of transfer documents to ensure legal compliance and the collection of appropriate transfer and recordation taxes
- **Strategy 1.1.3 -** Hold periodic meetings with the State Department of Assessments and Taxation to monitor workflows and schedule adherence
- **Strategy 1.1.4 -** Implement and utilize enterprise-wide software to enhance liquidity forecasting and harmonize accessible funds with available investment vehicles to get best returns while meeting the County's liquidity needs

GOAL 2 - To provide management/advisory services and training to County agencies in order to minimize the County's risk exposure.

Objective 2.1 - Reduce risk management payments to claimants.

Targets	Long Term Target Compared with Performance
Short term: By FY 2018 - $24.0 million **Intermediate term:** By FY 2020 - $22.5 million **Long term:** By FY 2022 - $22.0 million	

Trend and Analysis -

Risk Management is a program responsible for the administration of the County's third-party and first-party claims adjusting program covering property, workers' compensation, general and professional liability claim services, with support from the Office of Law. Routine duties include contract insurance review, safety training and loss prevention, facility inspections and the procurement of the County's Risk Pool (County, BOE, Library and Community College) comprehensive commercial insurance program. Claim loss prevention continues to be the greatest challenge for the risk management program while working in partnership with County agencies to identify and reduce overall cost of risk. The current trend has been materially impacted by an increase in case reserves related to a single general liability claim valued over $5 million, and workers' compensation claims showing increased loss severity.

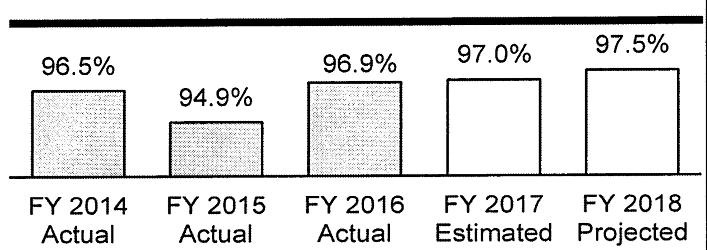
Performance Measures -

Measure Name	FY 2014 Actual	FY 2015 Actual	FY 2016 Actual	FY 2017 Estimated	FY 2018 Projected
Resources (input)					
Number of adjusters	17	17	17	21	21
Number of safety trainers	1	1	1	1	1
Workload, Demand and Production (output)					
Number of new risk management claims processed	2,655	2,581	2,526	2,500	2,500
Number of risk management claims closed	2,964	3,612	3,106	3,200	3,200
Number of employee safety training classes conducted	57	52	49	42	45
Number of web-based training sessions	0	0	0	0	0
Number of claims settled through the Office of Law	1,239	1,379	1,439	1,400	1,400
Efficiency					
Average number of claims received per adjuster	156.2	151.8	148.6	119.0	119.0
Quality					
Percent of claims reported and closed within a 24-hour period	3%	4%	4%	3%	3%
Impact (outcome)					
Risk management reserve payments to claimants (in millions)	\$25.2	\$23.1	\$25.5	\$28.5	\$24.0

Strategies to Accomplish the Objective -
- **Strategy 2.1.1 -** Partner with the Office of the County Executive and the Office of Management and Budget to ensure the periodic review of risk management reserves and to identify potential policy changes to improve its fiscal integrity
- **Strategy 2.1.2 -** Identify loss exposures and develop loss prevention guidelines
- **Strategy 2.1.3 -** Collaboratively work with deputy chief administrative officers and public safety agency directors in order to "red-flag" risk management issues and take appropriate corrective action
- **Strategy 2.1.4 -** Fully employ the functionality of ERP core-financials to improve analysis and timely reporting of funding, recoveries and trends for management decision-making

GOAL 3 - To provide funds disbursement operations to County agencies in order to pay County obligations.

Objective 3.1 - Increase the percent of all County obligations paid on time.

Targets	Long Term Target Compared with Performance
Short term: By FY 2018 - 97.5% **Intermediate term:** By FY 2020 - 98.5% **Long term:** By FY 2022 - 100%	Long term target (FY22): 100% 

Trend and Analysis -
The agency pays County obligations including payroll (active and retirees), vendor invoices and other County obligations. The agency has transitioned from using the dated legacy systems to the new ERP system. Additionally, in FY 2017 the agency transitioned from the dated legacy payroll system to the new retiree system to process retiree's annuity payments.

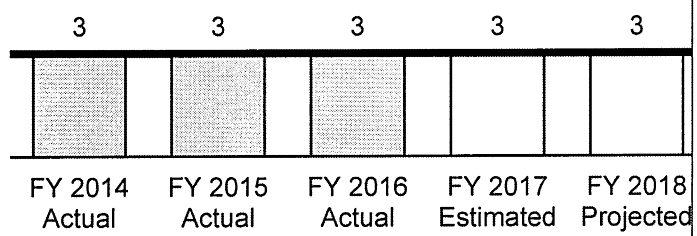
Performance Measures -

Measure Name	FY 2014 Actual	FY 2015 Actual	FY 2016 Actual	FY 2017 Estimated	FY 2018 Projected
Resources (input)					
Number of payroll staff	6	6	6	6	6
Number of accounts payable staff	7	6	6	6	6
Workload, Demand and Production (output)					
Number of payroll payments	238,946	248,355	242,452	255,000	245,000
Number of vendor payments	71,702	81,036	86,411	82,000	84,000
Efficiency					
Average number of payroll payments per payroll staff person	39,824.3	41,392.5	40,408.7	42,500.0	40,833.3
Average number of vendor payments per accounts payable staff person	10,243.1	13,506.0	14,401.8	13,666.7	14,000.0
Quality					
Percent of payroll obligations processed without error	99.9%	99.9%	99.9%	99.9%	99.9%
Percent of payroll payments issued by due date	100.0%	100.0%	100.0%	100.0%	100.0%
Percent of vendor payments issued by due date	93.0%	89.7%	93.8%	94.0%	95.0%
Impact (outcome)					
Percent of all County obligations paid on time	96.5%	94.9%	96.9%	97.0%	97.5%

Strategies to Accomplish the Objective -
- **Strategy 3.1.1** - Leverage the functionality of the ERP to continue to improve upon the new business processed and continuity of operations
- **Strategy 3.1.2** - Partner with the Office of Information Technology in the development of the business warehouse for storing and reporting of legacy data
- **Strategy 3.1.3** - Partner with the Office of Central Services to eliminate duplicate vendor records and establish consistency of vendor records within the ERP system
- **Strategy 3.1.4** - Partner with the Office of Management and Budget and the Office of Central Services to streamline and increase efficiencies of "procurement to payment" processes

GOAL 4 - To provide debt management services to ensure that the County government has access to low-cost borrowing for long-term investments in infrastructure, facilities, equipment, and technology.

Objective 4.1 - Maintain the number of bond rating agencies awarding the County an AAA rating (the highest bond rating) at three.

Targets	Long Term Target Compared with Performance
Short term: By FY 2018 - 3 **Intermediate term:** By FY 2020 - 3 **Long term:** By FY 2022 - 3	Long Term Target (FY22): 3 

Trend and Analysis -
Bond ratings are key determinants of the County's cost funds for long-term capital projects including, education, public safety, infrastructure, administrative facilities, equipment and technology. The ratings are established by companies that analyze the credit worthiness of large enterprises and review the County's financial condition, economic outlook and financial management practices to determine the ability to make timely bond principal and interest payments. The County achieved the highest possible long-term bond rating, AAA in FY 2008 from Standard and Poor's, followed by rating upgrades to AAA in FY 2011 by Moody's Investors Service, and FY 2012 by Fitch Ratings. The County has maintained its AAA rating from all three major bond rating agencies since FY 2012, most recently affirmed in FY 2016.

Performance Measures -

Measure Name	FY 2014 Actual	FY 2015 Actual	FY 2016 Actual	FY 2017 Estimated	FY 2018 Projected
Resources (input)					
Assessed County real property base (in millions)	$73,425	$73,287	$74,297	$77,901	$80,403
County resident personal income (in millions)	$40,216	$41,106	$42,086	$43,290	$44,372
Workload, Demand and Production (output)					
Annual general fund net debt service (in millions)	$82.1	$84.5	$94.3	$103.6	$120.1
Efficiency					
Net direct debt as a percent of County resident personal income	2.1%	2.3%	2.3%	3.2%	3.2%
Quality					
Net direct debt per capita	$954.0	$1,065.8	$1,054.8	$1,477.3	$1,676.3
Percent of General Fund expenditures that are annual debt service payments	3.3%	3.4%	3.7%	3.5%	3.9%
Impact (outcome)					
Number of bond rating agencies giving the County the highest bond rating (there are three rating agencies)	3	3	3	3	3

Prior year actual have been restated.

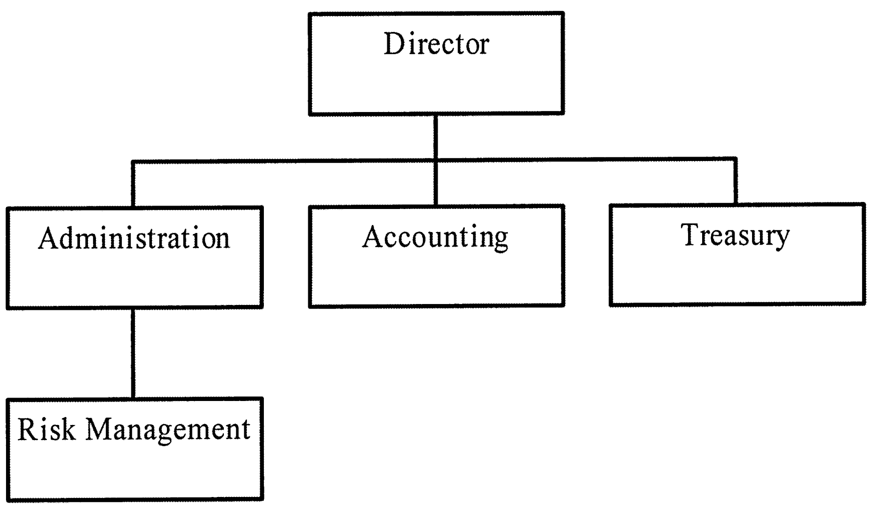
Strategies to Accomplish the Objective -

- **Strategy 4.1.1 -** Partner with the Office of the County Executive, the Office of Management and Budget, the Office of Law, bond counsel and financial advisors in the execution of bond sales
- **Strategy 4.1.2 -** Issue debt and ensure debt service obligations are processed when due
- **Strategy 4.1.3 -** Provide training to ensure staff know the process, procedures and requirements to administer the County's debt management program
- **Strategy 4.1.4 -** Implement an enterprise-wide debt accounting module to aid in the overall debt management program. This includes the timing and type of debt, monitoring and reporting functions, and the compliance with laws, regulations, policies and covenants of issued debt

FY 2017 KEY ACCOMPLISHMENTS

- Issued up to $400 million in secured, tax exempt bonds.
- Issued FY 2016 Comprehensive Annual Financial Report.
- Received Certificate of Achievement for Excellence in Financial Reporting for FY 2015.
- Key participant in the implementation of the new ERP system.

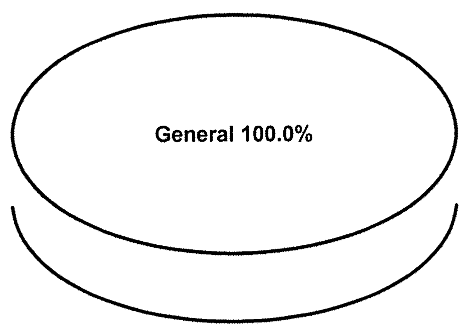
ORGANIZATIONAL CHART



	FY2016 ACTUAL	FY2017 BUDGET	FY2017 ESTIMATED	FY2018 APPROVED	CHANGE FY17-FY18
TOTAL EXPENDITURES	$ 3,555,604	$ 3,642,000	$ 3,602,100	$ 4,011,100	10.1%
EXPENDITURE DETAIL					
Administration	1,393,729	1,450,200	1,450,200	1,527,300	5.3%
Accounting	3,045,318	3,023,900	3,023,900	3,116,600	3.1%
Treasury	2,234,428	2,302,100	2,262,200	2,584,100	12.2%
Recoveries	(3,117,871)	(3,134,200)	(3,134,200)	(3,216,900)	2.6%
TOTAL	$ 3,555,604	$ 3,642,000	$ 3,602,100	$ 4,011,100	10.1%
SOURCES OF FUNDS					
General Fund	$ 3,555,604	$ 3,642,000	$ 3,602,100	$ 4,011,100	10.1%
Other County Operating Funds:					
TOTAL	$ 3,555,604	$ 3,642,000	$ 3,602,100	$ 4,011,100	10.1%

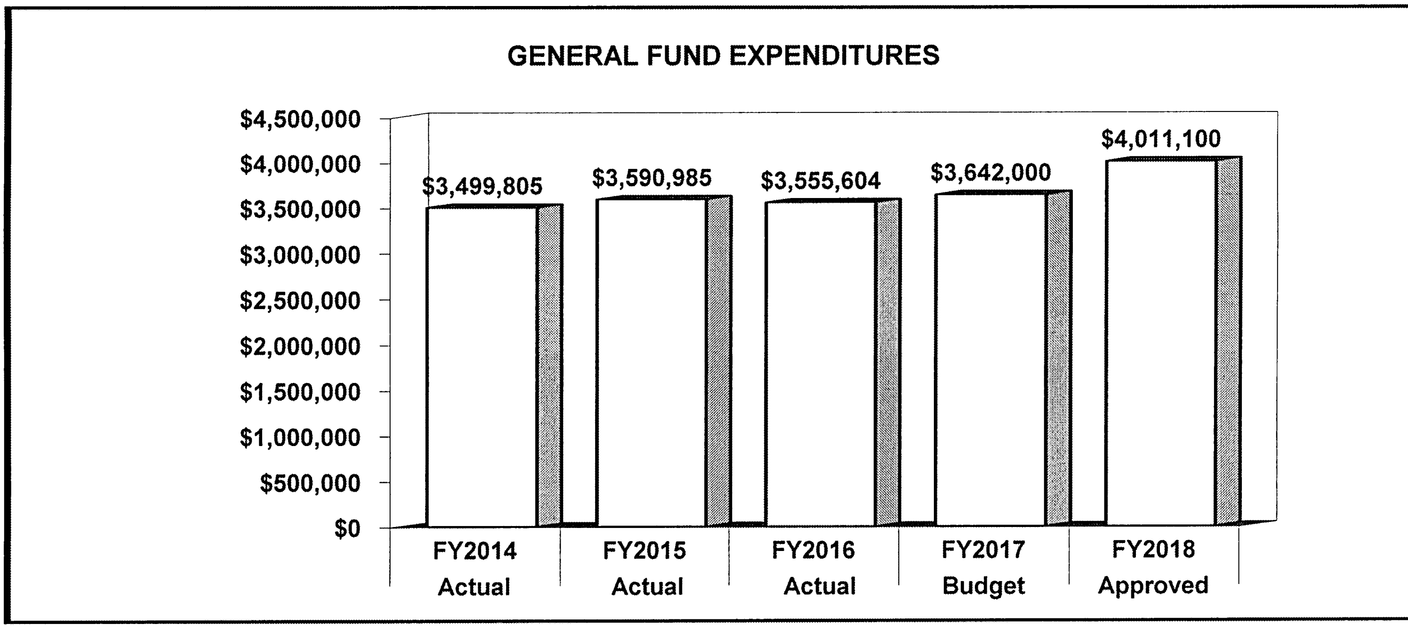
FY2018 SOURCES OF FUNDS

Although the agency is supported 100% by the General Fund, a portion of its costs are recovered based on financial services provided to other County funds.

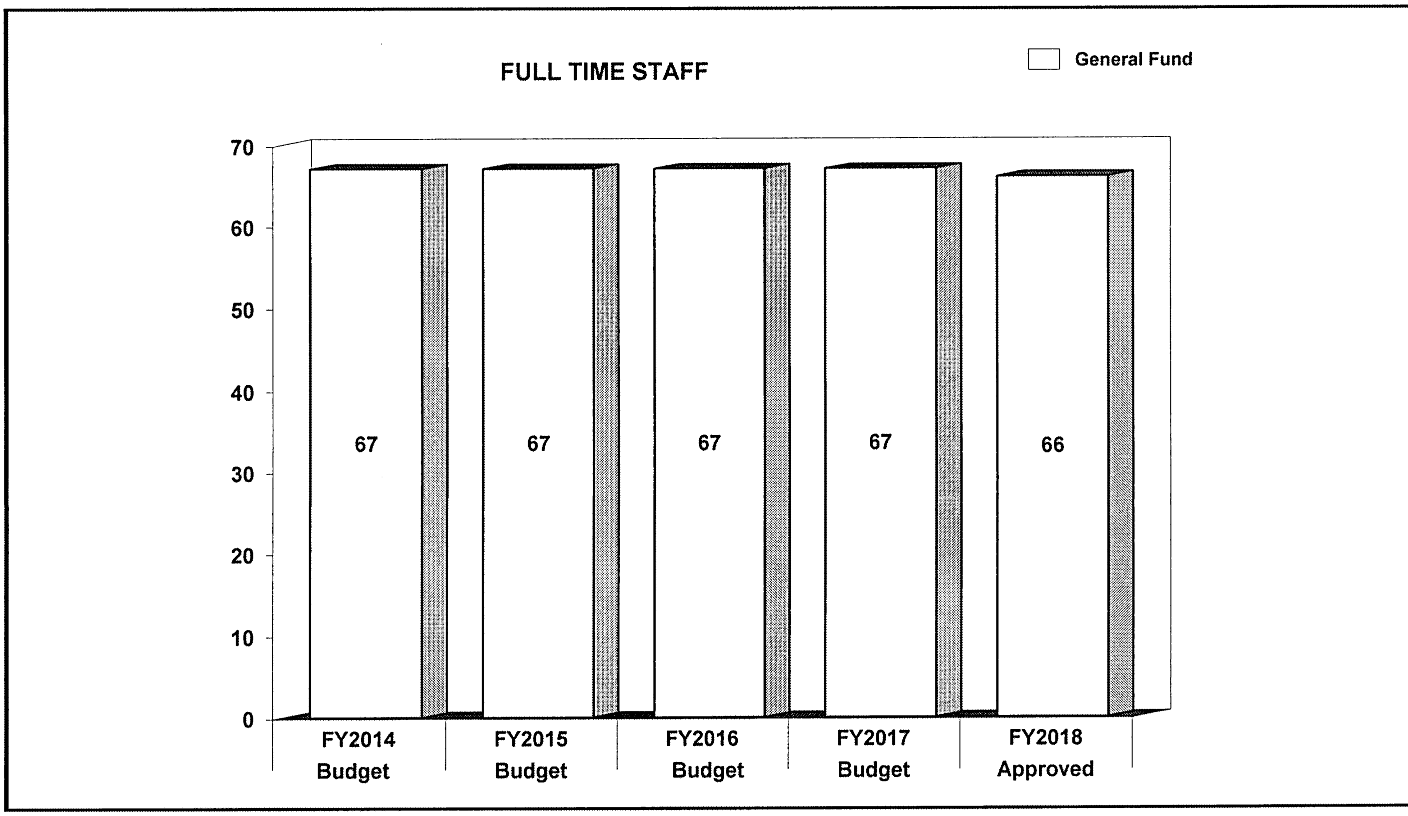


	FY2016 BUDGET	FY2017 BUDGET	FY2018 APPROVED	CHANGE FY17-FY18
GENERAL FUND STAFF				
Full Time - Civilian	67	67	66	(1)
Full Time - Sworn	0	0	0	0
Part Time	1	0	0	0
Limited Term	0	0	0	0
OTHER STAFF				
Full Time - Civilian				
Full Time - Sworn				
Part Time				
Limited Term Grant Funded				
TOTAL				
Full Time - Civilian	67	67	66	(1)
Full Time - Sworn	0	0	0	0
Part Time	1	0	0	0
Limited Term	0	0	0	0

POSITIONS BY CATEGORY	FULL TIME	PART TIME	LIMITED TERM
Director	1	0	0
Accountants	20	0	0
Administrative Assistants	4	0	0
Administrative Aides	4	0	0
Account Clerks	26	0	0
Administrative Specialists	4	0	0
Accounting Technicians	3	0	0
Deputy Director	1	0	0
Associate Director	1	0	0
Accounting Service Manager	1	0	0
Systems Analyst	1	0	0
TOTAL	66	0	0



The agency's expenditures increased 1.6% from FY 2014 to FY 2016. This increase was driven by one-time salary enhancements. The FY 2018 approved budget is 10.1% more than the FY 2017 approved budget. This increase is due to funding vacant positions and salary adjustments for employees.



The agency's authorized staffing complement remained unchanged at 67 employees from FY 2014 to FY 2017. The FY 2018 staffing total decreases by one position from the FY 2017 budget to align with current organizational needs.

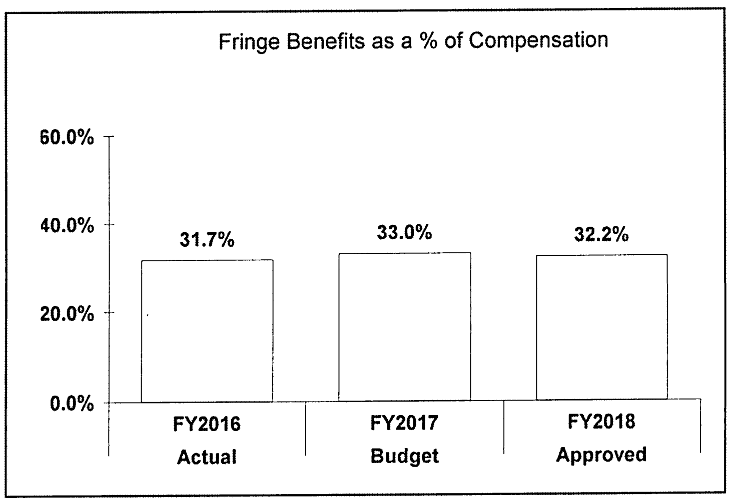
	FY2016 ACTUAL	FY2017 BUDGET	FY2017 ESTIMATED	FY2018 APPROVED	CHANGE FY17-FY18
EXPENDITURE SUMMARY					
Compensation	$ 4,424,478	$ 4,430,500	$ 4,400,500	$ 4,793,300	8.2%
Fringe Benefits	1,402,639	1,462,100	1,452,200	1,543,400	5.6%
Operating Expenses	846,358	883,600	883,600	891,300	0.9%
Capital Outlay	0	0	0	0	0%
	$ 6,673,475	$ 6,776,200	$ 6,736,300	$ 7,228,000	6.7%
Recoveries	(3,117,871)	(3,134,200)	(3,134,200)	(3,216,900)	2.6%
TOTAL	**$ 3,555,604**	**$ 3,642,000**	**$ 3,602,100**	**$ 4,011,100**	**10.1%**
STAFF					
Full Time - Civilian	-	67	-	66	-1.5%
Full Time - Sworn	-	0	-	0	0%
Part Time	-	0	-	0	0%
Limited Term	-	0	-	0	0%

In FY 2018, compensation expenditures increase 8.2% over the FY 2017 budget due to anticipated cost of living and merit adjustments as well as funding for six vacant positions. Compensation costs include funding for 62 out of 66 full-time employees. The complement decreases by one position from the FY 2017 budget to align with the current organizational needs. Fringe benefit expenditures increase 5.6% to reflect current costs.

Operating expenditures increase 0.9% over the FY 2017 budget due to anticipated increases for telephone, printing and reproduction and other various operating costs.

Recoveries increase 2.6% over the FY 2017 budget due to salary adjustments for employees.

MAJOR OPERATING EXPENDITURES FY2018		
Office Automation	$	456,700
Operational Contracts	$	276,000
General and Administrative Contracts	$	60,900
Printing and Reproduction	$	27,700
Operating and Office Supplies	$	26,800



ADMINISTRATION - 01

The Administration Division oversees the activities of the office and has direct responsibility for coordinating and financing bond sales for capital projects including infrastructure, facility, equipment and technology acquisition.

The division administers a comprehensive insurance program designed to minimize the County's exposure to risk in the areas of professional, general and automobile liability, fire and casualty loss, and workers' compensation.

Division Summary:
In FY 2018, compensation expenditures increase 6.1% over the FY 2017 budget due to cost of living and merit adjustments for employees. Compensation costs include funding for 9 out of 10 full-time employees. Fringe benefit expenditures increase 4.2% over the FY 2017 budget to reflect current costs.

Operating expenditures remain unchanged from FY 2017 budget.

Recoveries increase 3.6% over the FY 2017 budget due to salary adjustments.

	FY2016 ACTUAL	FY2017 BUDGET	FY2017 ESTIMATED	FY2018 APPROVED	CHANGE FY17-FY18
EXPENDITURE SUMMARY					
Compensation	$ 1,032,585	$ 1,024,300	$ 1,024,300	$ 1,087,200	6.1%
Fringe Benefits	291,316	338,000	338,000	352,200	4.2%
Operating Expenses	69,828	87,900	87,900	87,900	0%
Capital Outlay	0	0	0	0	0%
Sub-Total	**$ 1,393,729**	**$ 1,450,200**	**$ 1,450,200**	**$ 1,527,300**	**5.3%**
Recoveries	(1,244,654)	(1,261,300)	(1,261,300)	(1,306,400)	3.6%
TOTAL	**$ 149,075**	**$ 188,900**	**$ 188,900**	**$ 220,900**	**16.9%**
STAFF					
Full Time - Civilian	-	10	-	10	0%
Full Time - Sworn	-	0	-	0	0%
Part Time	-	0	-	0	0%
Limited Term	-	0	-	0	0%

ACCOUNTING - 02

The Accounting Division is responsible for the timely and accurate recording and reporting of the financial activities of the County and the Redevelopment Authority to ensure conformity with legal requirements, administrative policy and Generally Accepted Accounting Principles. These activities are captured in several standard funds and account groups that include: the General Fund; the Special Revenue Fund; the Debt Service Fund; the Capital Projects Fund; the Enterprise Funds, which include Solid Waste and Stormwater Management; the Internal Service Funds, such as the Self-Insurance Funds; the Trust, Agency and Pension Funds; and the Fixed Assets and Long-Term Debt Account Groups. This division is also responsible for preparation of the Comprehensive Annual Financial Report, the State's Uniform Financial Report, and the Indirect Cost Allocation Plan. The latter is used to recover indirect costs and fringe benefits applicable to grants and contracts. This division also performs all accounting functions related to County accounts receivable, accounts payable and travel transactions.

The Accounting Division coordinates two other major activities within the Office of Finance. The payroll unit maintains and operates the automated payroll system and processes the bi-weekly County payroll and monthly pension payments. The financial systems staff is responsible for maintaining and operating the County's automated accounting systems.

Division Summary:
In FY 2018, compensation expenditures increase 2.3% over the FY 2017 budget. Compensation costs include funding for 30 out of 33 full-time employees and includes funding two vacant positions, an Accountant I and Accountant III. Fringe benefit expenditures increase 6.1% over the FY 2017 budget due to funding vacant positions and salary adjustments.

Operating expenditures slightly increase 0.4% over the FY 2017 budget due to expenses for office supplies and operating equipment.

Recoveries increase 1.7% over the FY 2017 budget due to salary adjustment for employees.

	FY2016 ACTUAL	FY2017 BUDGET	FY2017 ESTIMATED	FY2018 APPROVED	CHANGE FY17-FY18
EXPENDITURE SUMMARY					
Compensation	$ 2,134,223	$ 2,099,700	$ 2,099,700	$ 2,149,000	2.3%
Fringe Benefits	680,976	693,000	693,000	735,500	6.1%
Operating Expenses	230,119	231,200	231,200	232,100	0.4%
Capital Outlay	0	0	0	0	0%
Sub-Total	**$ 3,045,318**	**$ 3,023,900**	**$ 3,023,900**	**$ 3,116,600**	**3.1%**
Recoveries	(1,524,153)	(1,505,000)	(1,505,000)	(1,530,500)	1.7%
TOTAL	**$ 1,521,165**	**$ 1,518,900**	**$ 1,518,900**	**$ 1,586,100**	**4.4%**
STAFF					
Full Time - Civilian	-	33	-	33	0%
Full Time - Sworn	-	0	-	0	0%
Part Time	-	0	-	0	0%
Limited Term	-	0	-	0	0%

TREASURY - 03

The Treasury Division collects and accounts for various taxes and fees including real property taxes, business personal property taxes, transfer and recordation taxes, telecommunication taxes and solid waste service charges. It also handles special area assessments for the County and taxes and charges for the State of Maryland, the Washington Suburban Sanitary Commission, the Maryland-National Capital Park and Planning Commission, the Washington Suburban Transit Commission and all 27 municipalities in the County. Other taxes administered include energy, mobile home and hotel/motel taxes. The Treasury Division is responsible for issuing tax certifications; auditing tax adjustments; processing circuit breaker refunds; administering various tax credit programs; collecting fees associated with evictions; administering the semi-annual tax payment program; and selling properties at tax sale for delinquent taxes. The division also has responsibility for the management of cash flow and the investment of all funds not immediately required for expenditure in an effort to maximize return.

Division Summary:
In FY 2018, compensation expenditures increase 19.2% over the FY 2017 budget due to funding four vacant positions, an Accountant III, two Account Clerk III and an Accountant I and salary adjustments for employees. Three of the funded positions were not funded in FY 2017. The complement decreases by one position from FY 2017 to meet current organizational needs. Fringe benefit expenditures increase 5.7% over the FY 2017 budget to reflect funding provided for additional filled positions.

Operating expenditures increase 1.2% over the FY 2017 budget due to cost increases associated with printing and telephones to support daily operations.

Recoveries increase 3.3% over the FY 2017 budget due to salary adjustments and filling vacant positions.

	FY2016 ACTUAL	FY2017 BUDGET	FY2017 ESTIMATED	FY2018 APPROVED	CHANGE FY17-FY18
EXPENDITURE SUMMARY					
Compensation	$ 1,257,670	$ 1,306,500	$ 1,276,500	$ 1,557,100	19.2%
Fringe Benefits	430,347	431,100	421,200	455,700	5.7%
Operating Expenses	546,411	564,500	564,500	571,300	1.2%
Capital Outlay	0	0	0	0	0%
Sub-Total	**$ 2,234,428**	**$ 2,302,100**	**$ 2,262,200**	**$ 2,584,100**	**12.2%**
Recoveries	(349,064)	(367,900)	(367,900)	(380,000)	3.3%
TOTAL	**$ 1,885,364**	**$ 1,934,200**	**$ 1,894,300**	**$ 2,204,100**	**14%**
STAFF					
Full Time - Civilian	-	24	-	23	-4.2%
Full Time - Sworn	-	0	-	0	0%
Part Time	-	0	-	0	0%
Limited Term	-	0	-	0	0%