

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 2019 -

The agency's top priorities in FY 2019 are:

- Continuing the transition from mainframe 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 periodic review of risk management reserves and to identify potential policy changes to improve its fiscal integrity.

FY 2019 BUDGET SUMMARY

The FY 2019 approved budget for the Office of Finance is \$4,003,100, a decrease of \$8,000 or 0.2% under the FY 2018 approved budget.

Budgetary Changes -

FY 2018 APPROVED BUDGET	\$4,011,100
Increase Cost: Compensation - Mandated Salary Requirements	\$221,700
Increase Cost: Fringe Benefits - Increase in the fringe benefit rate from 32.2% to 32.4% and funding for previously unfunded position	\$98,600
Add: Operating - Increase in operating to support a Commercial Assessment Appeals contract and Occupational Safety and Health Administration (OSHA) web based safety training software	\$85,000
Increase Cost: Compensation - Funded Vacancies - Increase in compensation due to funding and reallocating one previously unfunded position to support the debt management activities	\$52,900
Increase Cost: Operating - Increase in various operating objects to align with historical spending	\$4,100
Decrease Cost: Recovery Increase - Increase to capture salary adjustments and OSHA safety training software	(\$206,400)
Decrease Cost: Operating - Decrease to reflect the change in the office automation methodology based on the number of funded positions	(\$263,900)
FY 2019 APPROVED BUDGET	\$4,003,100

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.					
FY 2023 Target	FY 2016 Actual	FY 2017 Actual	FY 2018 Estimated	FY 2019 Projected	Trend
100%	99.7%	99.7%	99.8%	99.8%	↔

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 payment of delinquent taxes by auctioning liens against a property. While the number of tax liens varies, the sale of tax liens mitigates the loss of uncollected revenue.

Performance Measures

Measure Name	FY 2015 Actual	FY 2016 Actual	FY 2017 Actual	FY 2018 Estimated	FY 2019 Projected
Resources (input)					
Number of revenue collection staff	23	21	21	23	23
Workload, Demand and Production (output)					
Number of tax payments processed	461,972	464,274	483,262	490,000	495,000
Number of tax sale certificates processed	2,526	2,230	2,344	2,475	2,600
Percent of tax lien certificates sold to purchasers	92.7%	88.0%	94.5%	95.0%	95.0%
Amount of revenue collected through online E-payments services (in millions)	\$42.27	\$50.81	\$59.50	\$69.00	\$82.00
Efficiency					
Average number of tax payments processed per staff member	20,085.7	22,108.3	23,012.5	21,304.3	21,521.7
Quality					
Percent of tax bills successfully delivered to taxpayers	97.0%	92.4%	95.0%	95.0%	95.0%
Impact (outcome)					
Percent of real property taxes collected	99.7%	99.7%	99.7%	99.8%	99.8%
Percent of personal property taxes collected	97.5%	97.9%	97.9%	98.0%	98.0%

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.					
FY 2023 Target	FY 2016 Actual	FY 2017 Actual	FY 2018 Estimated	FY 2019 Projected	Trend
\$22.0M	\$25.5 M	\$33.1 M	\$24.5 M	\$23.0 M	↓

Trend and Analysis

Risk Management manages the County's self-insurance program which covers losses from worker's compensation, auto and general liability, professional liability and miscellaneous property losses. FY 2017 payments were materially impacted by a single general liability claim valued over \$5 million.

Risk Management will continue to partner with other risk pool members (Board of Education, Memorial Library System and the Community College) to expand safety awareness and training in order to reduce losses and improve safety communication strategies throughout the shared system.

Performance Measures

Measure Name	FY 2015 Actual	FY 2016 Actual	FY 2017 Actual	FY 2018 Estimated	FY 2019 Projected
Resources (input)					
Number of adjusters	17	17	19	21	23
Number of safety trainers	1	1	1	1	1
Workload, Demand and Production (output)					
Number of new risk management claims processed	2,581	2,526	2,337	2,500	2,400
Number of risk management claims closed	3,612	3,106	2,670	3,000	2,700
Number of employee safety training classes conducted	52	49	50	55	55
Number of web-based training sessions	0	0	0	0	0
Number of claims settled through the Office of Law	1,379	1,439	1,488	1,400	1,400
Efficiency					
Average number of claims received per adjuster	151.8	148.6	123.0	119.0	104.3
Quality					
Percent of claims reported and closed within a 24-hour period	4%	4%	1%	2%	2%
Impact (outcome)					
Risk management reserve payments to claimants (in millions)	\$23.1	\$25.5	\$33.1	\$24.5	\$23.0

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.					
FY 2023 Target	FY 2016 Actual	FY 2017 Actual	FY 2018 Estimated	FY 2019 Projected	Trend
100%	96.9%	97.0%	97.5%	97.5%	↔

Trend and Analysis

County obligations include payroll (active and retirees), vendor invoices and other obligations. The agency has transitioned from using the dated legacy systems to the new ERP system. The implementation of the Supplier Lifecycle module eliminated the ability of agencies to direct pay invoices and forced vendors to become properly registered in SAP which hindered the agency's on-time disbursements during the FY 2017 cycle. As agencies continue to become more efficient utilizing SAP, there should be an increase in the percentage of all County obligations paid on time. Additionally, please note that payroll counts are estimated to be lower than historical norms in FY 2018 and higher in FY 2019 due to the election judge payroll payments tied to the late June 2018 Gubernatorial primary.

Performance Measures

Measure Name	FY 2015 Actual	FY 2016 Actual	FY 2017 Actual	FY 2018 Estimated	FY 2019 Projected
Resources (input)					
Number of payroll staff	6	6	6	6	6
Number of accounts payable staff	6	6	6	6	6
Workload, Demand and Production (output)					
Number of payroll payments	248,355	242,452	243,968	230,000	255,000
Number of vendor payments	81,036	86,411	94,196	90,000	90,000
Efficiency					
Average number of payroll payments per payroll staff person	41,392.5	40,408.7	40,661.3	38,333.3	42,500.0
Average number of vendor payments per accounts payable staff person	13,506.0	14,401.8	15,699.3	15,000.0	15,000.0
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	89.7%	93.8%	81.4%	95.0%	95.0%
Impact (outcome)					
Percent of all County obligations paid on time	94.9%	96.9%	97.0%	97.5%	97.5%

GOAL 4 - To provide debt management services to ensure that 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.

FY 2023 Target	FY 2016 Actual	FY 2017 Actual	FY 2018 Estimated	FY 2019 Projected	Trend
3	3	3	3	3	↔

Trend and Analysis

Bond ratings are key determinants of the County's cost of funds for long-term capital projects including, education, public safety, infrastructure, administrative facilities, equipment and technology. The County has maintained its AAA rating from all three major bond rating agencies since FY 2012, most recently affirmed in FY 2018.

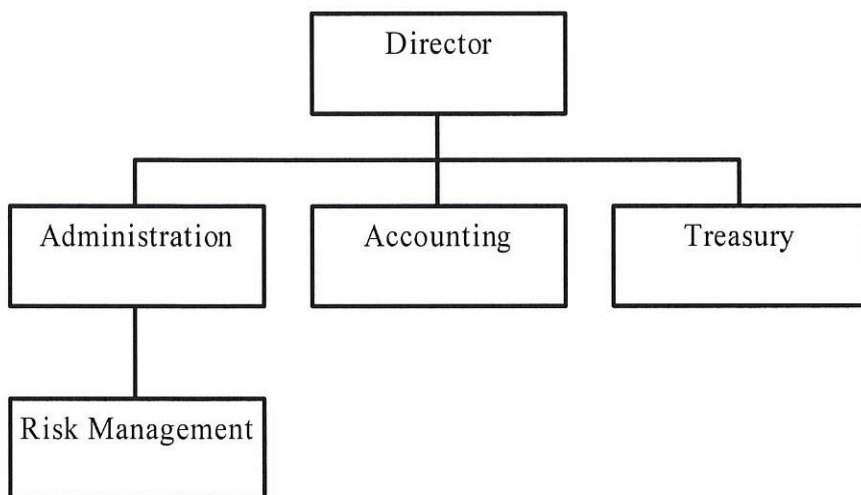
Performance Measures

Measure Name	FY 2015 Actual	FY 2016 Actual	FY 2017 Actual	FY 2018 Estimated	FY 2019 Projected
Resources (input)					
Assessed County real property base (in millions)	\$73,287	\$74,297	\$78,066	\$81,994	\$85,274
County resident personal income (in millions)	\$40,563	\$41,923	\$42,970	\$44,044	\$45,145
Workload, Demand and Production (output)					
Annual general fund net debt service (in millions)	\$84.5	\$94.3	\$103.6	\$111.9	\$125.9
Efficiency					
Net direct debt as a percent of County resident personal income	2.3%	2.2%	2.1%	2.5%	2.9%
Quality					
Net direct debt per capita	\$1,044.1	\$1,019.7	\$987.0	\$1,210.6	\$1,418.6
Percent of General Fund expenditures that are annual debt service payments	3.4%	3.7%	3.5%	3.5%	3.3%
Impact (outcome)					
Number of bond rating agencies giving the County the highest bond rating (there are three rating agencies)	3	3	3	3	3

FY 2018 KEY ACCOMPLISHMENTS

- Issued approximately \$471 million in secured, tax exempt bonds; established a 6-year debt capacity analysis for budgetary planning.
- Issued FY 2017 Comprehensive Annual Financial Report.
- Received Certificate of Achievement for Excellence in Financial Reporting for FY 2016.
- Key participant in the implementation of the new ERP system.
- Implementation of revenue and debt software solutions.

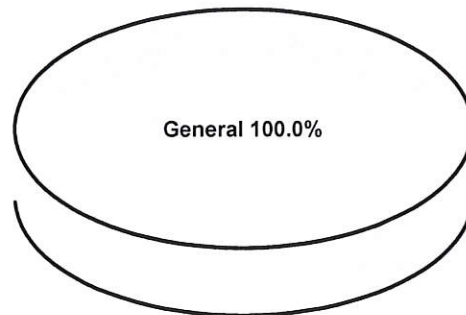
ORGANIZATIONAL CHART



	FY2017 ACTUAL	FY2018 BUDGET	FY2018 ESTIMATED	FY2019 APPROVED	CHANGE FY18-FY19
TOTAL EXPENDITURES	\$ 3,614,292	\$ 4,011,100	\$ 3,929,800	\$ 4,003,100	-0.2%
EXPENDITURE DETAIL					
Administration	1,471,906	1,527,300	1,524,500	1,583,000	3.6%
Accounting	3,032,292	3,116,600	3,180,900	3,332,400	6.9%
Treasury	2,244,045	2,584,100	2,441,300	2,511,000	-2.8%
Recoveries	(3,133,951)	(3,216,900)	(3,216,900)	(3,423,300)	6.4%
TOTAL	\$ 3,614,292	\$ 4,011,100	\$ 3,929,800	\$ 4,003,100	-0.2%
SOURCES OF FUNDS					
General Fund	\$ 3,614,292	\$ 4,011,100	\$ 3,929,800	\$ 4,003,100	-0.2%
Other County Operating Funds:					
TOTAL	\$ 3,614,292	\$ 4,011,100	\$ 3,929,800	\$ 4,003,100	-0.2%

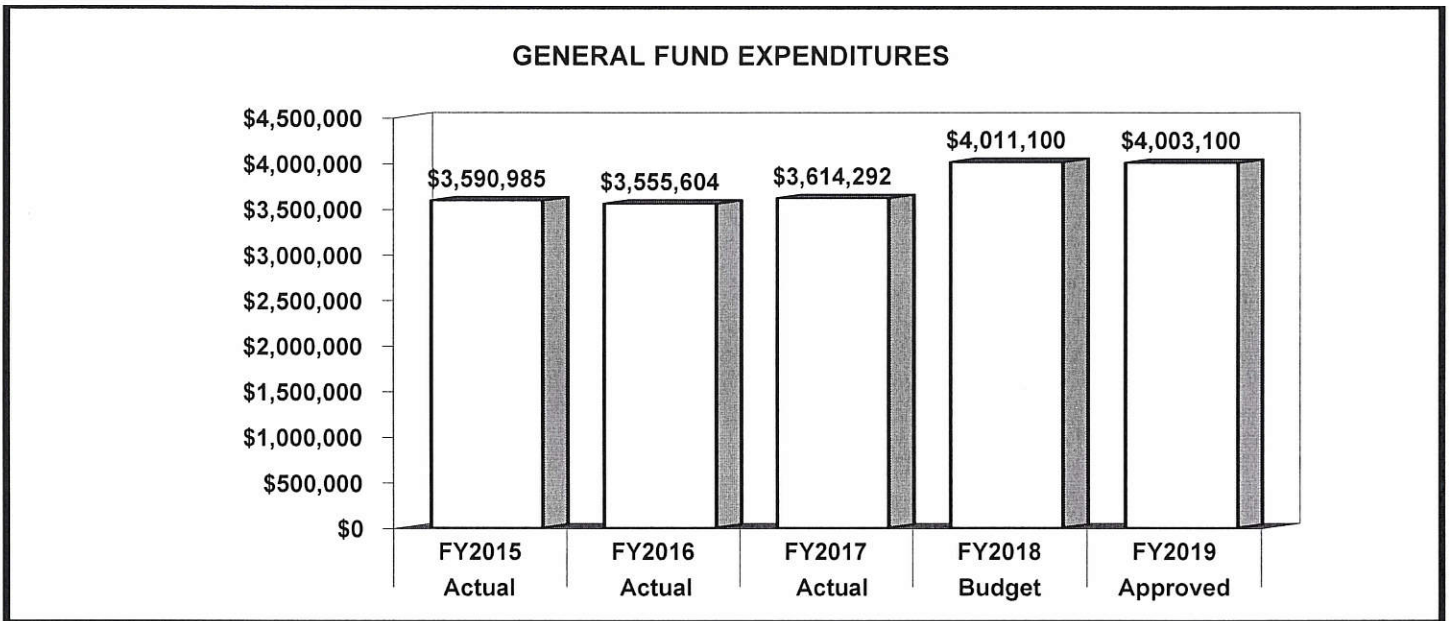
FY2019 SOURCES OF FUNDS

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.

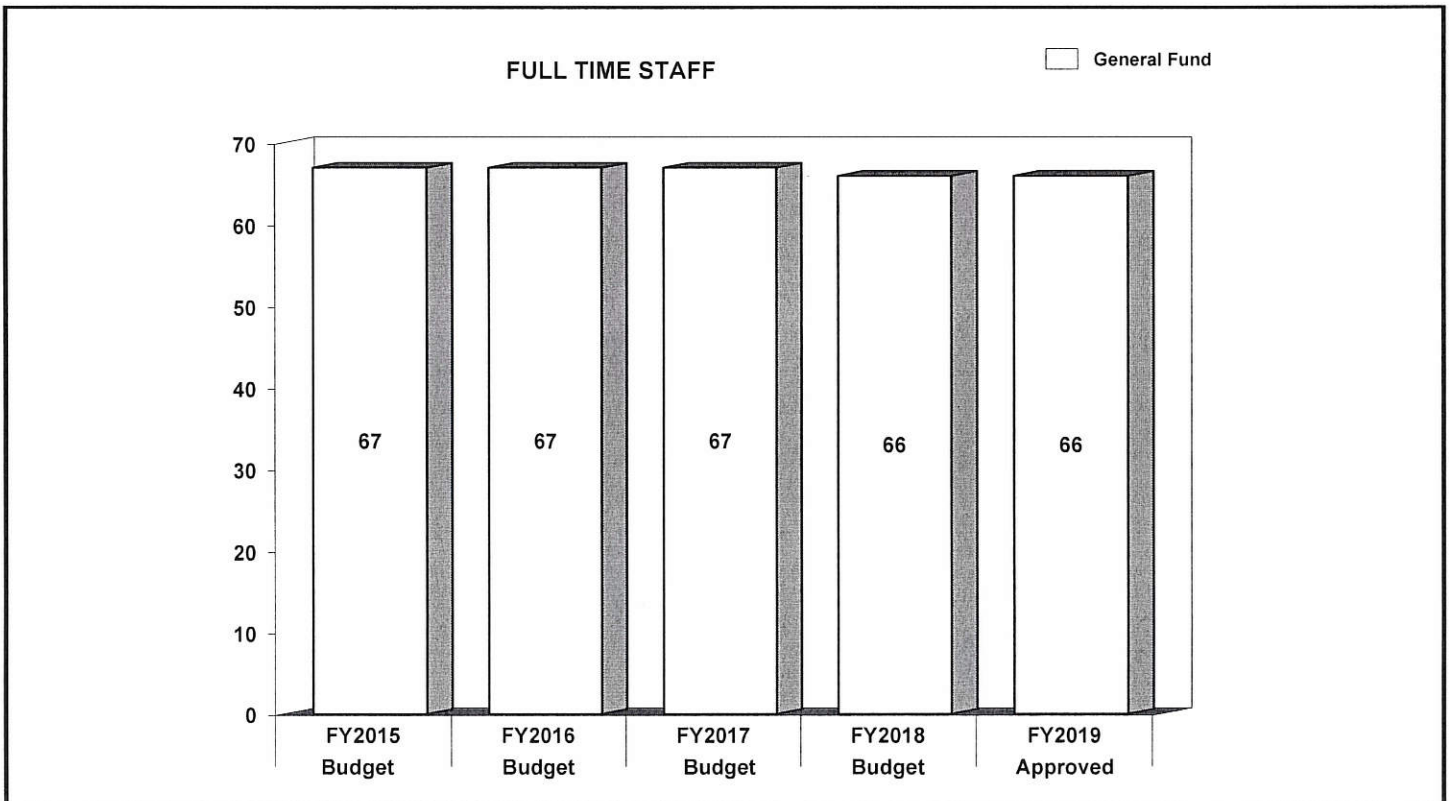


	FY2017 BUDGET	FY2018 BUDGET	FY2019 APPROVED	CHANGE FY18-FY19
GENERAL FUND STAFF				
Full Time - Civilian	67	66	66	0
Full Time - Sworn	0	0	0	0
Part Time	0	0	0	0
Limited Term	0	0	0	0
OTHER STAFF				
Full Time - Civilian	0	0	0	0
Full Time - Sworn	0	0	0	0
Part Time	0	0	0	0
Limited Term Grant Funded	0	0	0	0
TOTAL				
Full Time - Civilian	67	66	66	0
Full Time - Sworn	0	0	0	0
Part Time	0	0	0	0
Limited Term	0	0	0	0

POSITIONS BY CATEGORY	FULL TIME	PART TIME	LIMITED TERM
Director	1	0	0
Accountants	21	0	0
Administrative Assistants	4	0	0
Administrative Aides	4	0	0
Account Clerks	25	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 0.6% from FY 2015 to FY 2017. This increase was driven by one-time salary enhancements. The FY 2019 approved budget is 0.2% under the FY 2018 approved budget. This decrease is due to the new methodology for the office automation charges.



The agency's authorized staffing complement decreased by one position from FY 2015 to FY 2018 budget to align with organizational needs. The FY 2019 staffing total remains unchanged from the FY 2018 level.

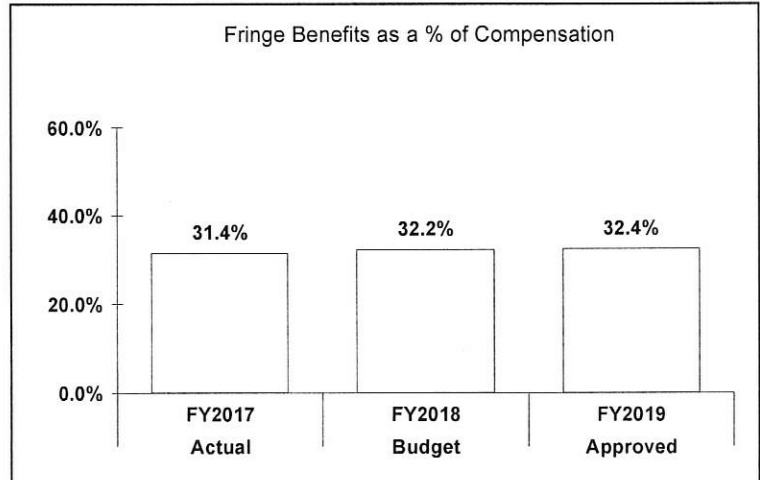
	FY2017 ACTUAL	FY2018 BUDGET	FY2018 ESTIMATED	FY2019 APPROVED	CHANGE FY18-FY19
EXPENDITURE SUMMARY					
Compensation	\$ 4,474,203	\$ 4,793,300	\$ 4,738,600	\$ 5,067,900	5.7%
Fringe Benefits	1,406,848	1,543,400	1,525,800	1,642,000	6.4%
Operating Expenses	867,192	891,300	882,300	716,500	-19.6%
Capital Outlay	0	0	0	0	0%
	\$ 6,748,243	\$ 7,228,000	\$ 7,146,700	\$ 7,426,400	2.7%
Recoveries	(3,133,951)	(3,216,900)	(3,216,900)	(3,423,300)	6.4%
TOTAL	\$ 3,614,292	\$ 4,011,100	\$ 3,929,800	\$ 4,003,100	-0.2%
STAFF					
Full Time - Civilian	-	66	-	66	0%
Full Time - Sworn	-	0	-	0	0%
Part Time	-	0	-	0	0%
Limited Term	-	0	-	0	0%

In FY 2019, compensation expenditures increase 5.7% over the FY 2018 budget due to anticipated cost of living and merit adjustments as well as funding for two vacant positions. Compensation costs include funding for 63 out of 66 full-time positions. Fringe benefits expenditures increase 6.4% due to compensation adjustments and anticipated costs.

Operating expenditures decrease 19.6% under the FY 2018 budget due to the new methodology for office automation charges based on the number of funded positions.

Recoveries increase 6.4% over the FY 2018 budget due to salary adjustments and funding the purchase of OSHA web-based safety training software to support risk management activities.

MAJOR OPERATING EXPENDITURES	
FY2019	
Operational Contracts	\$ 317,000
Office Automation	\$ 227,800
General and Administrative	\$ 65,900
Contracts	
Operating and Office Supplies	\$ 30,000
Printing and Reproduction	\$ 28,700



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 2019, compensation expenditures increase 7.2% over the FY 2018 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 decrease 4.5% under the FY 2018 budget to reflect anticipated costs.

Operating expenditures decrease 8.2% under the FY 2018 budget due to the change in the office automation methodology. Funding for the OSHA web-based software is included for training County employees.

Recoveries increase 6.9% over the FY 2018 budget due to salary adjustments and the purchase of the OSHA software.

	FY2017 ACTUAL	FY2018 BUDGET	FY2018 ESTIMATED	FY2019 APPROVED	CHANGE FY18-FY19
EXPENDITURE SUMMARY					
Compensation	\$ 1,091,454	\$ 1,087,200	\$ 1,110,500	\$ 1,165,900	7.2%
Fringe Benefits	306,296	352,200	326,100	336,400	-4.5%
Operating Expenses	74,156	87,900	87,900	80,700	-8.2%
Capital Outlay	0	0	0	0	0%
Sub-Total	\$ 1,471,906	\$ 1,527,300	\$ 1,524,500	\$ 1,583,000	3.6%
Recoveries	(1,244,167)	(1,306,400)	(1,306,400)	(1,397,000)	6.9%
TOTAL	\$ 227,739	\$ 220,900	\$ 218,100	\$ 186,000	-15.8%
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 2019, compensation expenditures increase 12.6% over the FY 2018 budget. Compensation costs include funding for 31 out of 33 full-time employees and includes funding one previously unfunded vacant position, a reallocated Account Clerk to an Accountant III. Additionally, funding is allocated for salary adjustments for employees. Fringe benefit expenditures increase 8.3% over the FY 2018 budget due to funding a vacant position and salary adjustments.

Operating expenditures decrease 49.8% under the FY 2018 budget due to the office automation reduction to align with the new methodology based on the number of funded positions.

Recoveries increase 6.6% over the FY 2018 budget due to salary adjustments for employees.

	FY2017 ACTUAL	FY2018 BUDGET	FY2018 ESTIMATED	FY2019 APPROVED	CHANGE FY18-FY19
EXPENDITURE SUMMARY					
Compensation	\$ 2,120,059	\$ 2,149,000	\$ 2,220,400	\$ 2,419,100	12.6%
Fringe Benefits	679,182	735,500	728,400	796,900	8.3%
Operating Expenses	233,051	232,100	232,100	116,400	-49.8%
Capital Outlay	0	0	0	0	0%
Sub-Total	\$ 3,032,292	\$ 3,116,600	\$ 3,180,900	\$ 3,332,400	6.9%
Recoveries	(1,497,557)	(1,530,500)	(1,530,500)	(1,631,300)	6.6%
TOTAL	\$ 1,534,735	\$ 1,586,100	\$ 1,650,400	\$ 1,701,100	7.3%
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 as well as 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 2019, compensation expenditures decrease 4.8% under the FY 2018 budget due to hiring new employees at lower salaries. Compensation costs include funding for 23 out of 23 full-time employees. Fringe benefit expenditures increase 11.6% over the FY 2018 budget to reflect anticipated costs.

Operating expenditures decrease 9.1% under the FY 2018 budget due to the new methodology for office automation based on the number of funded positions.

Recoveries increase 3.9% over the FY 2018 budget due to salary adjustments.

	FY2017 ACTUAL	FY2018 BUDGET	FY2018 ESTIMATED	FY2019 APPROVED	CHANGE FY18-FY19
EXPENDITURE SUMMARY					
Compensation	\$ 1,262,690	\$ 1,557,100	\$ 1,407,700	\$ 1,482,900	-4.8%
Fringe Benefits	421,370	455,700	471,300	508,700	11.6%
Operating Expenses	559,985	571,300	562,300	519,400	-9.1%
Capital Outlay	0	0	0	0	0%
Sub-Total	\$ 2,244,045	\$ 2,584,100	\$ 2,441,300	\$ 2,511,000	-2.8%
Recoveries	(392,227)	(380,000)	(380,000)	(395,000)	3.9%
TOTAL	\$ 1,851,818	\$ 2,204,100	\$ 2,061,300	\$ 2,116,000	-4%
STAFF					
Full Time - Civilian	-	23	-	23	0%
Full Time - Sworn	-	0	-	0	0%
Part Time	-	0	-	0	0%
Limited Term	-	0	-	0	0%