OFFICE OF FINANCE – 110

MISSION AND SERVICES

Mission - The Office of Finance collects and invests revenue services 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
- Debt management, including the preparation of documents for County bond issuances
- Funds disbursement operations
- Funds Accounting - including cash management, the preparation of annual financial statements and overseeing annual audits of government operations and financial transactions

Strategic Focus in FY 2015 -
The agency's top priorities in FY 2015 are:
- Transitioning from dated legacy system to new enterprise-wide software solution (ERP) for core financials
- Reduce risk management payments to claimants by partnering with the Office of the County Executive and Office of Management and Budget to ensure the quarterly review of risk management reserves and to identify potential policy changes to improve its fiscal integrity

FY 2015 BUDGET SUMMARY

The FY 2015 approved budget for the Office of Finance is $3,611,400, a decrease of $54,600 or 1.5% under the FY 2014 budget.

Budgetary Changes -

FY 2014 BUDGET	$3,666,000
Fringe benefits as a percent of compensation changes from 32.0% to 33.4%	$79,400
Increase in compensation due to filling vacancy and cost of living adjustments	$53,700
Increase in telephone and contracts	$6,600
Decrease in office automation charges, periodicals, training and operating equipment	($24,100)
Increase in recoveries due to filling vacancy and ERP implementation	($170,200)
FY 2015 APPROVED BUDGET	**$3,611,400**

SERVICE DELIVERY PLAN AND PERFORMANCE

GOAL 1 - To utilize the best accounting practices for County agencies in order to ensure the integrity of financial resources.

Objective 1.1 - Decrease the number of audit comments for improvement identified through an independent review of the County's Comprehensive Annual Financial Report.

Performance Measures - This objective is being reintroduced in FY 2015 with limited historical data available to document its performance.

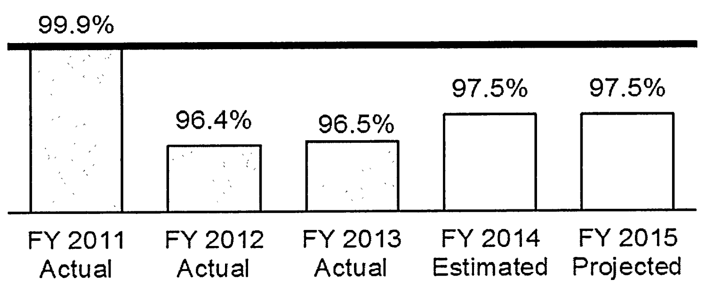
Trend and Analysis - The agency utilizes best accounting practices and reporting standards to ensure the accuracy and integrity of the County's financial information. One measure of this activity is the feedback provided by the Government Finance Officers' Association (GFOA) on the County's financial audit, which the agency has steadily improved upon through training and automation. However, future changes in the GFOA's audit review requirements and/or significant changes or additions to the County's financial structure could affect this indicator.

Strategies to Accomplish the Objective -

- **Strategy 1.1.1 -** Concentrate staff accountant work hours during peak auditing period (Sept.-Dec.)
- **Strategy 1.1.2 -** Ensure staff accountants have up-to-date information on governmental accounting industry standards and legal requirements
- **Strategy 1.1.3 -** Utilize the County's intranet site to streamline and automate the journal entry process
- **Strategy 1.1.4 -** Complete quarterly analytical reviews of all financial activity
- **Strategy 1.1.5 -** Partner with a wide range of internal and external stakeholders throughout the review period to complete the County's annual financial audit

GOAL 2 - To provide funds disbursement operations to County agencies in order to pay County obligations.

Objective 2.1 - Increase the percent of County obligations paid on time.

Targets	**Long Term Target Compared with Performance**
Short term: By FY 2015 - 97.5% **Intermediate term:** By FY 2017 - 98.5% **Long term:** By FY 2019 - 100%	Long term target (FY19): 100% 

Trend and Analysis - The agency pays County obligations including payroll (active employees and retirees), vendor invoices and other County obligations. The agency is currently engaged in a transition from using dated legacy computer systems to a new comprehensive software solution - enterprise resource planning (ERP) - for core financials. The agency has been able to maintain a high level of County obligations paid on time through continuous process improvements, automation of manual processes, and elimination of redundant data entry.

Performance Measures -

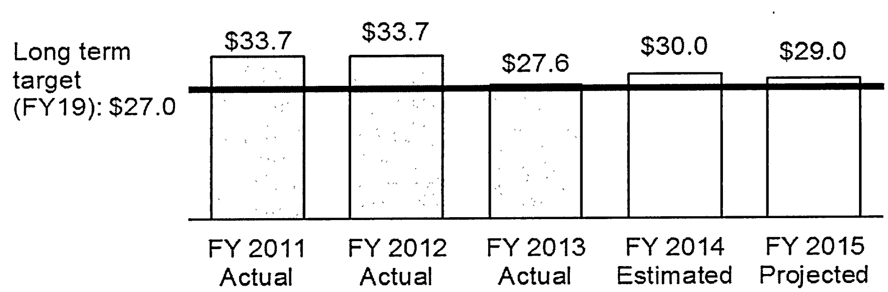
Measure Name	FY 2011 Actual	FY 2012 Actual	FY 2013 Actual	FY 2014 Estimated	FY 2015 Projected
Resources (input)					
Number of payroll staff	8	6	6	6	6
Number of accounts payable staff	9	7	7	7	7
Workload, Demand and Production (output)					
Number of payroll payments	235,533	239,834	245,532	255,000	255,000
Number of vendor payments	66,967	68,242	70,983	73,000	75,000
Efficiency					
Average number of payroll payments per payroll staff person	29,441.6	39,972.3	40,922.0	42,500.0	42,500.0
Average number of vendor payments per accounts payable staff person	7,440.8	9,748.9	10,140.4	10,428.6	10,714.3
Quality					
Percent of payroll obligations processed without error	99.9%	99.9%	99.9%	100.0%	100.0%
Impact (outcome)					
Percent of all County obligations paid on time	99.9%	96.4%	96.5%	97.5%	97.5%

Strategies to Accomplish the Objective -

- **Strategy 2.1.1 -** Document new business processes and workflows to support smooth software transition and continuity of operations
- **Strategy 2.1.2 -** Standardize vendor data to be deployed within the ERP system
- **Strategy 2.1.3 -** Develop new data import and export protocols to link external software applications to the ERP system, which will expedite the reconciliation and payment processes
- **Strategy 2.1.4 -** Reduce the number of redundant records in order to improve the accuracy and security of employee, vendor and inventory data

GOAL 3 - To provide management/advisory services and training to County agencies in order to minimize the County's risk exposure.

Objective 3.1 - Reduce risk management payments to claimants.

Targets	Long Term Target Compared with Performance
Short term: By FY 2015 - $29.0 million **Intermediate term:** By FY 2017 - $28.0 million **Long term:** By FY 2019 - $27.0 million	

Trend and Analysis - The agency is responsible for the procurement and administration of liability insurance for the County, which includes a reserve fund to pay valid workers' compensation claims. In order to minimize the financial impact of claims made against the County, the agency reviews all claims and trains employees on avoiding safety risks. As part of this effort, the agency has increased the number of training sessions (in-person and virtual) to help spread claim awareness among County employees and will seek high-level support to promote loss control/claims reduction by using real-time claims data and management interventions.

Performance Measures -

Measure Name	FY 2011 Actual	FY 2012 Actual	FY 2013 Actual	FY 2014 Estimated	FY 2015 Projected
Resources (input)					
Number of adjusters	23	23	16	17	17
Number of safety trainers	1	1	1	1	1
Workload, Demand and Production (output)					
Number of new risk management claims processed	2,642	2,112	2,316	2,156	2,100
Number of risk management claims closed	3,523	2,874	3,305	3,085	3,000
Number of employee safety training classes conducted	65	30	59	75	75
Number of web-based training sessions	32	19	18	50	50
Number of claims settled through the Office of Law	1,736	1,587	1,319	1,350	1,400
Efficiency					
Average number of claims received per adjuster	114.9	91.8	144.8	126.8	123.5
Quality					
Percent of claims settled within a 24-hour period	6%	9%	1%	1%	5%
Impact (outcome)					
Risk management reserve payments to claimants (in millions)	$33.7	$33.7	$27.6	$28.0	$29.0

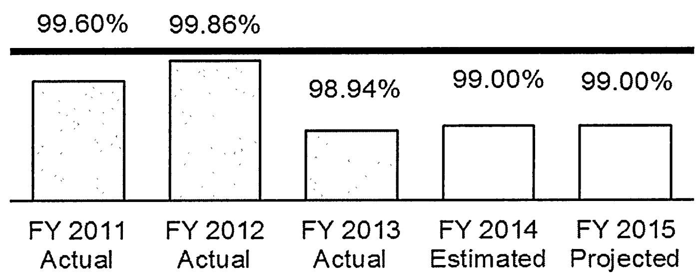
Strategies to Accomplish the Objective -

- **Strategy 3.1.1 -** Partner with the Office of the County Executive and the Office of Management and Budget to ensure the quarterly review of risk management reserves and to identify potential policy changes to improve its fiscal integrity
- **Strategy 3.1.2 -** Identify loss exposures and develop loss prevention guidelines
- **Strategy 3.1.3 -** Resume regular review meetings with Deputy Chief Administrative Officers and public safety agency directors in order to "red-flag" risk management issues and take appropriate corrective action

GOAL 4 - To provide revenue collection and investment services to County agencies in order to obtain the funds to support County services.

Objective 4.1 - Increase the percent of real property tax revenue collected.

Targets	Long Term Target Compared with Performance
Short term: By FY 2015 - 99.7% **Intermediate term:** By FY 2017 - 99.8% **Long term:** By FY 2019 - 100%	Long term target (FY19): 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 number of tax payments processed increased by 8% from FY 2011 to FY 2013. The sales of tax lien certificates are a tax collection technique to receive 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 revenue collected.

Performance Measures -

Measure Name	FY 2011 Actual	FY 2012 Actual	FY 2013 Actual	FY 2014 Estimated	FY 2015 Projected
Resources (input)					
Number of revenue collection staff	23	22	23	23	23
Workload, Demand and Production (output)					
Number of tax payments processed	456,542	460,655	492,598	470,000	480,000
Number of tax sale certificates processed	3,412	2,744	2,528	3,000	3,000
Percent of tax lien certificates sold to purchasers	94.0%	96.0%	95.0%	96.0%	96.0%
Amount of revenue collected through online banking services (in millions)	$26.40	$28.41	$28.66	$37.00	$37.00
Efficiency					
Average number of tax payments processed per staff member	19,849.7	20,938.9	21,417.3	20,434.8	20,869.6
Quality					
Percent of tax bills successfully delivered to taxpayers	96%	96%	94%	96%	96%
Impact (outcome)					
Percent of real property taxes collected	99.60%	99.86%	98.94%	99.00%	99.00%
Percent of personal property taxes collected	95.80%	96.79%	97.40%	95.00%	95.00%

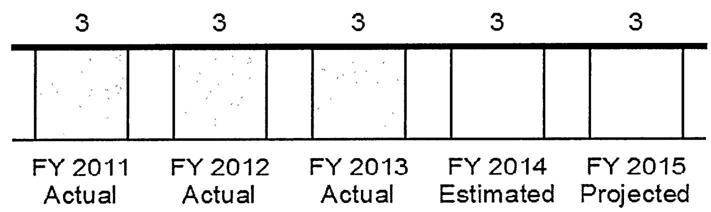
Strategies to Accomplish the Objective -

- **Strategy 4.1.1 -** Promote and expand electronic payment options to taxpayers
- **Strategy 4.1.2 -** 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 4.1.3 -** Hold quarterly meetings with the State Department of Assessments and Taxation to monitor workflows and schedule adherence

GOAL 5 - 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 5.1 - 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 2015 - 3 **Intermediate term:** By FY 2017 - 3 **Long term:** By FY 2019 - 3	Long Term Target (FY19): 3



Trend and Analysis - The County's bond rating helps determine the interest rate at which the County can borrow funds to purchase infrastructure, facilities, equipment and technology that costs more than $150,000 and has a useful life of at least 15 years. The rating is established by business that analyze the credit worthiness of large enterprises, which review the County's financial condition, economic outlook and financial management practices to determine how much the County will repay loans for long-term projects. In FY 2009, the three major bond rating agencies rated the County the highest (AAA by Standard and Poor's) and second highest (Aa1 by Moody's and AA+ by Fitch) bond ratings available. In FY 2010 through FY 2013, the County received the highest rating (AAA) from all three bond rating agencies.

Performance Measures -

Measure Name	FY 2011 Actual	FY 2012 Actual	FY 2013 Actual	FY 2014 Estimated	FY 2015 Projected
Resources (input)					
Assessed County real property base (in millions)	$95,135	$82,965	$75,994	$73,163	$73,952
County resident personal income (in millions)	$35,037	$38,481	$39,566	$40,791	$41,944
Workload, Demand and Production (output)					
Annual general fund net debt service (in millions)	$89.1	$89.9	$65.6	$90.2	$88.8
Efficiency					
Net direct debt as a percent of County resident personal income	2.0%	1.9%	2.3%	2.1%	2.7%
Quality					
Net direct debt per capita	$817.4	$811.1	$1,019.4	$954.0	$1,296.4
Percent of General Fund expenditures that are annual debt service payments	3.4%	3.4%	2.4%	3.3%	3.1%
Impact (outcome)					
Number of bond rating agencies giving the County the highest bond rating (there are three rating agencies)	3	3	3	3	3

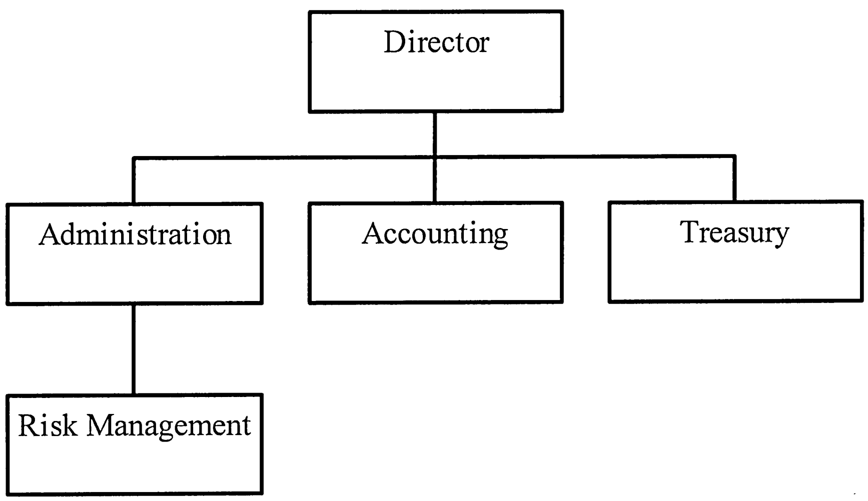
Strategies to Accomplish the Objective -

- **Strategy 5.1.1 -** 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 preparation of bond sale
- **Strategy 5.1.2 -** Issue debt and ensure debt service obligations are processed when due
- **Strategy 5.1.3 -** Provide training to ensure staff know the process, procedures and requirements to administer the County's debt management program

FY 2014 KEY ACCOMPLISHMENTS

- Issued approximately $39 million in secured, tax exempt bonds.
- Issued FY 2013 Comprehensive Annual Financial Report.
- Received Certificate of Achievement for Excellence in Financial Reporting for FY 2012.
- Key participant in the launch of the new ERP system.

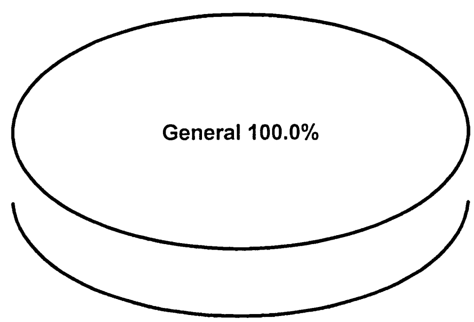
ORGANIZATIONAL CHART



		FY2013 ACTUAL		FY2014 BUDGET		FY2014 ESTIMATED		FY2015 APPROVED	CHANGE FY14-FY15
TOTAL EXPENDITURES	$	3,719,433	$	3,666,000	$	3,532,000	$	3,611,400	-1.5%
EXPENDITURE DETAIL									
Administration		1,039,906		1,546,000		1,342,700		1,441,900	-6.7%
Accounting		3,234,844		2,915,000		2,949,800		3,063,100	5.1%
Treasury		2,060,011		2,151,100		2,185,600		2,222,700	3.3%
Recoveries		(2,615,328)		(2,946,100)		(2,946,100)		(3,116,300)	5.8%
TOTAL	$	3,719,433	$	3,666,000	$	3,532,000	$	3,611,400	-1.5%
SOURCES OF FUNDS									
General Fund	$	3,719,433	$	3,666,000	$	3,532,000	$	3,611,400	-1.5%
Other County Operating Funds:									
TOTAL	$	3,719,433	$	3,666,000	$	3,532,000	$	3,611,400	-1.5%

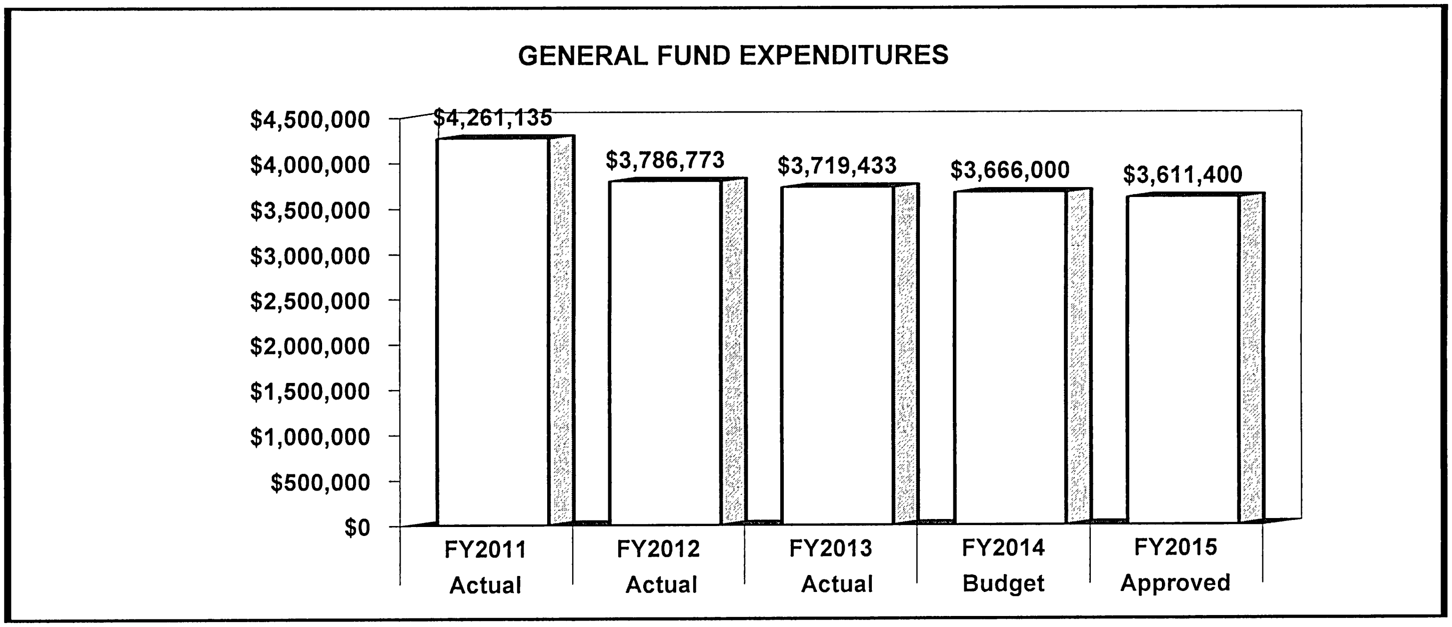
FY2015 SOURCES OF FUNDS

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.

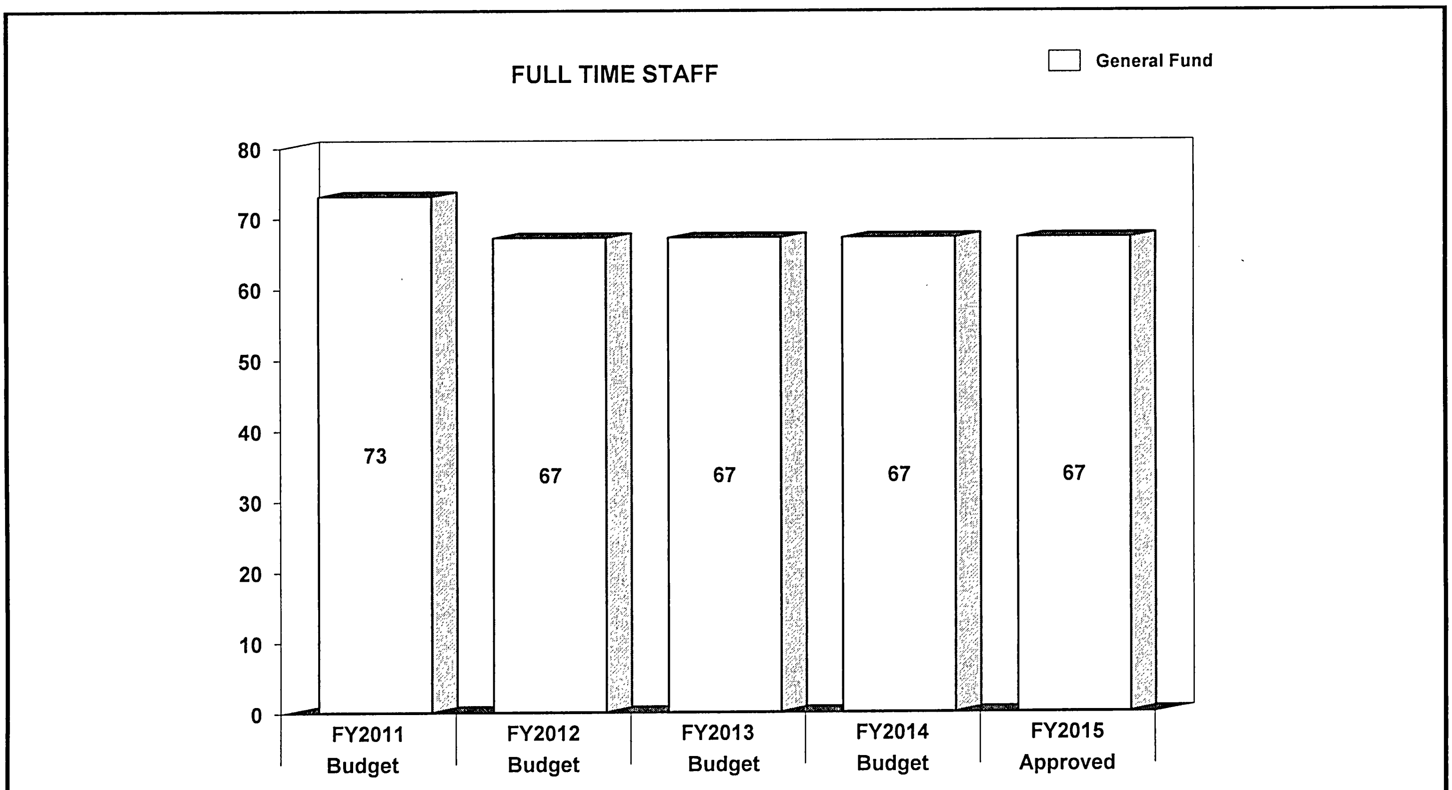


	FY2013 BUDGET	FY2014 BUDGET	FY2015 APPROVED	CHANGE FY14-FY15
GENERAL FUND STAFF				
Full Time - Civilian	67	67	67	0
Full Time - Sworn	0	0	0	0
Part Time	1	1	1	0
Limited Term	0	0	0	0
OTHER STAFF				
Full Time - Civilian				
Full Time - Sworn				
Part Time				
Limited Term Grant Funded				
TOTAL				
Full Time - Civilian	67	67	67	0
Full Time - Sworn	0	0	0	0
Part Time	1	1	1	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	27	0	0
Administrative Specialists	3	0	0
Accounting Technicians	3	0	0
Deputy Director	2	0	0
Public Service Aide	0	1	0
Associate Director	1	0	0
Accounting Service Manager	1	0	0
Systems Analyst	1	0	0
TOTAL	67	1	0



The agency's expenditures decreased 12.7% from FY 2011 to FY 2013. This decrease is primarily driven by staffing change. The FY 2015 approved budget is 1.5% less than the FY 2014 budget.



The agency's staffing complement decreased by six positions from FY 2011 to FY 2014. This decrease is due to the elimination of six full-time vacancies. The FY 2015 staffing totals remain unchanged from FY 2014.

		FY2013 ACTUAL		FY2014 BUDGET		FY2014 ESTIMATED		FY2015 APPROVED	CHANGE FY14-FY15
EXPENDITURE SUMMARY									
Compensation	$	4,249,357	$	4,394,500	$	4,245,200	$	4,448,200	1.2%
Fringe Benefits		1,281,801		1,406,300		1,419,600		1,485,700	5.6%
Operating Expenses		803,603		811,300		813,300		793,800	-2.2%
Capital Outlay		0		0		0		0	0%
	$	6,334,761	$	6,612,100	$	6,478,100	$	6,727,700	1.7%
Recoveries		(2,615,328)		(2,946,100)		(2,946,100)		(3,116,300)	5.8%
TOTAL	**$**	**3,719,433**	**$**	**3,666,000**	**$**	**3,532,000**	**$**	**3,611,400**	**-1.5%**
STAFF									
Full Time - Civilian		-		67		-		67	0%
Full Time - Sworn		-		0		-		0	0%
Part Time		-		1		-		1	0%
Limited Term		-		0		-		0	0%

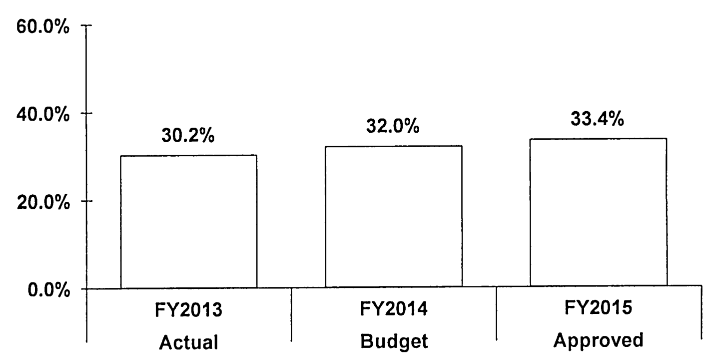
In FY 2015, compensation expenditures increase 1.2% over the FY 2014 budget. Compensation costs include funding for 67 full-time employees and one part-time employee. Fringe benefit expenditures increase 5.6% over the FY 2014 budget due to actual expenses.

In FY 2015, operating expenditures decrease 2.2% under the FY 2014 budget due to a decrease in the office automation charge and telephone cost. Other operating expenses reflect funding for operational contracts, general and administrative contracts, printing and reproduction as well as operating and office supplies.

Recoveries increase 5.8% over the FY 2014 budget due to filling a vacant position and ERP implementation.

MAJOR OPERATING EXPENDITURES FY2015		
Office Automation	$	453,100
Operational Contracts	$	200,000
General and Administrative Contracts	$	63,100
Operating and Office Supplies	$	29,000
Telephones	$	22,200

Fringe Benefits as a % of Compensation



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 2015, compensation expenditures decrease 5.1% under the FY 2014 budget due to cost of living adjustments offset by staffing adjustments. Compensation costs include funding for 10 full-time employees. Fringe benefit expenditures decrease 7.4% under the FY 2014 budget.

Operating expenditures decrease 20.8% under the FY 2014 budget due to office automation charges.

	FY2013 ACTUAL	FY2014 BUDGET	FY2014 ESTIMATED	FY2015 APPROVED	CHANGE FY14-FY15
EXPENDITURE SUMMARY					
Compensation	$ 753,103	$ 1,068,500	$ 927,400	$ 1,014,500	-5.1%
Fringe Benefits	204,489	365,800	304,300	338,900	-7.4%
Operating Expenses	82,314	111,700	111,000	88,500	-20.8%
Capital Outlay	0	0	0	0	0%
Sub-Total	**$ 1,039,906**	**$ 1,546,000**	**$ 1,342,700**	**$ 1,441,900**	**-6.7%**
Recoveries	(842,850)	(1,301,700)	(1,301,700)	(1,235,000)	-5.1%
TOTAL	**$ 197,056**	**$ 244,300**	**$ 41,000**	**$ 206,900**	**-15.3%**
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 2015, compensation expenditures increase 2.5% over the FY 2014 budget due to cost of living adjustments. Compensation costs include funding for 33 full-time employees. Fringe benefit expenditures increase 16% over the FY 2014 budget.

Operating expenditures decrease 0.4% under the FY 2014 budget due to a decrease in the books and periodicals cost.

Recoveries increase 16.3% over the FY 2014 budget due to filling a vacant position and ERP implementation.

	FY2013 ACTUAL	FY2014 BUDGET	FY2014 ESTIMATED	FY2015 APPROVED	CHANGE FY14-FY15
EXPENDITURE SUMMARY					
Compensation	$ 2,263,591	$ 2,071,700	$ 2,043,800	$ 2,123,100	2.5%
Fringe Benefits	679,213	611,500	675,700	709,100	16%
Operating Expenses	292,040	231,800	230,300	230,900	-0.4%
Capital Outlay	0	0	0	0	0%
Sub-Total	**$ 3,234,844**	**$ 2,915,000**	**$ 2,949,800**	**$ 3,063,100**	**5.1%**
Recoveries	(1,457,435)	(1,312,800)	(1,312,800)	(1,526,600)	16.3%
TOTAL	**$ 1,777,409**	**$ 1,602,200**	**$ 1,637,000**	**$ 1,536,500**	**-4.1%**
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 2015, compensation expenditures increase 4.5% over the FY 2014 budget due to cost of living adjustments. Compensation costs include funding for 24 full-time employees and one part-time employee. Fringe benefit expenditures increase 2% over the FY 2014 budget.

Operating expenditures increase 1.4% over the FY 2014 budget due to increases in telephone cost and the contracts for Dunbar and Bloomberg.

Recoveries increase 7% over the FY 2014 budget.

	FY2013 ACTUAL	FY2014 BUDGET	FY2014 ESTIMATED	FY2015 APPROVED	CHANGE FY14-FY15
EXPENDITURE SUMMARY					
Compensation	$ 1,232,663	$ 1,254,300	$ 1,274,000	$ 1,310,600	4.5%
Fringe Benefits	398,099	429,000	439,600	437,700	2%
Operating Expenses	429,249	467,800	472,000	474,400	1.4%
Capital Outlay	0	0	0	0	0%
Sub-Total	**$ 2,060,011**	**$ 2,151,100**	**$ 2,185,600**	**$ 2,222,700**	**3.3%**
Recoveries	(315,043)	(331,600)	(331,600)	(354,700)	7%
TOTAL	**$ 1,744,968**	**$ 1,819,500**	**$ 1,854,000**	**$ 1,868,000**	**2.7%**
STAFF					
Full Time - Civilian	-	24	-	24	0%
Full Time - Sworn	-	0	-	0	0%
Part Time	-	1	-	1	0%
Limited Term	-	0	-	0	0%