

OFFICE OF FINANCE – 10

MISSION AND SERVICES

Mission - The Office of Finance provides revenue collection and investments, funds disbursement operations, accounting, debt management and risk management in line with best practices to the County citizens, residents and agencies in order to ensure fiscally accountable and effective service delivery.

Core Services -

- Revenue collection and investments
- Risk management
- Debt management, including preparation of documents for County bond issuances
- Funds disbursement operations

Strategic Focus in FY 2014 -

The agency's top priorities in FY 2014 are:

- Maintain the percent of real property tax revenue collected by promoting e-payment options to taxpayers
- Reduce the risk management reserve 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
- Maintain the number of bond rating agencies awarding the County an AAA rating (the highest bond rating) by partnering with the Office of the County Executive, Office of Management and Budget, Office of Law, Bond Counsel and Financial Advisors in the preparation of bond sales

FY 2014 BUDGET SUMMARY

The FY 2014 approved budget for the Office of Finance is \$3,666,000, a decrease of \$240,100 or 6.1% under the FY 2013 approved budget.

Budgetary Changes -

FY 2013 APPROVED BUDGET	\$3,906,100
Increase in compensation for a personal service contract (Debt Manager)	\$196,700
Fringe benefits as a percent of compensation changes from 33.5% to 34.2%	\$54,900
Increase in contract for financial software	\$200
Decrease telephone, printing, periodicals, office automation, training, membership fees, mileage, office supplies and repairs	(\$91,700)
Decrease in compensation for lapse, attrition and one-time payment	(\$121,000)
Increase in recoveries to reflect fringe benefit adjustment and Debt Manager position	(\$279,200)
FY 2014 APPROVED BUDGET	\$3,666,000

SERVICE DELIVERY PLAN AND PERFORMANCE

GOAL 1 - To provide revenue collection and investment services to County agencies in order to 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 2014 - 99.7% Intermediate term: By FY 2016 - 99.8% Long term: By FY 2018 - 100%	Long term target (FY18): 100%					
	99.21%	99.60%	99.86%	99.80%	99.80%	
	FY 2010 Actual	FY 2011 Actual	FY 2012 Actual	FY 2013 Estimated	FY 2014 Projected	

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 tax revenue for the County. The number of tax payments processed decreased by 19% from FY 2010 to FY 2012 due to the economic downturn. 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. The major driver in collecting taxes is the condition of the economy.

Performance Measures-

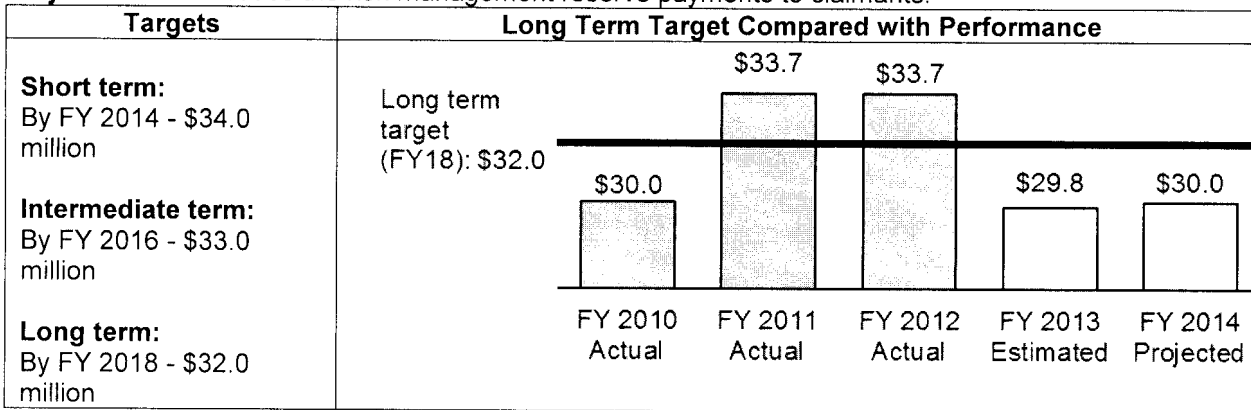
Measure Name	FY 2010 Actual	FY 2011 Actual	FY 2012 Actual	FY 2013 Estimated	FY 2014 Projected
Resources (input)					
Number of revenue collection staff	24	23	22	23	23
Workload, Demand and Production (output)					
Number of tax payments processed	568,545	456,542	460,655	490,000	480,000
Number of tax sale certificates processed	3,741	3,412	2,744	3,000	3,000
Percent of tax lien certificates sold to purchasers	96.0%	94.0%	96.0%	96.0%	96.0%
Amount of revenue collected through online banking services (in millions)	\$22.70	\$26.40	\$28.41	\$30.00	\$32.00
Efficiency					
Average number of tax payments processed per staff member	23,689.4	19,849.7	20,938.0	21,304.3	20,869.6
Quality					
Percent of tax bills successfully delivered to taxpayers	97%	96%	96%	96%	96%
Impact (outcome)					
Percent of real property taxes collected	99.21%	99.60%	99.86%	99.80%	99.80%
Percent of personal property taxes collected	95.40%	95.80%	96.79%	95.50%	95.50%

Strategies to Accomplish the Objective -

- **Strategy 1.1.1** - Promote and expand e-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** - Implement quarterly meetings with the State's Department of Assessments and Taxation to develop workflow deadlines

GOAL 2 - To provide risk management services to County agencies in order to minimize the County's risk.

Objective 2.1 - Reduce the risk management reserve payments to claimants.



Trend and Analysis - The office is responsible for providing insurance for risk management, which includes a reserve fund to pay valid workers’ compensation claims. In order to reduce the financial effects of claims made against the County, the office reviews all claims and trains employees on avoiding safety risks. As part of this effort, the office has increased the number of training sessions (class and internet) to help spread claim awareness among the County workforce and will seek management accountability to support loss control and claims reduction by using real time claims data and in-house training.

Performance Measures-

Measure Name	FY 2010 Actual	FY 2011 Actual	FY 2012 Actual	FY 2013 Estimated	FY 2014 Projected
Resources (input)					
Number of adjusters	15	23	23	23	23
Number of safety trainers	1	1	1	1	1
Workload, Demand and Production (output)					
Number of new risk management claims processed	2,472	2,642	2,112	2,250	2,000
Number of risk management claims closed	3,485	3,523	2,874	2,500	2,300
Number of employee safety training classes conducted	49	65	30	65	70
Number of web-based training sessions	104	32	19	50	60
Number of claims settled through the Office of Law	1,326	1,736	1,587	1,500	1,425
Efficiency					
Average number of claims received per adjuster	164.8	114.9	91.8	97.8	87.0
Quality					
Percent of claims settled within a 24-hour period	12%	6%	9%	15%	25%
Impact (outcome)					
Risk management reserve payments to claimants (in millions)	\$30.0	\$33.7	\$33.7	\$29.8	\$30.0

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 quarterly review of risk management reserves and to identify potential policy changes
- **Strategy 2.1.2** - Identify loss exposures and develop loss prevention guidelines

- **Strategy 2.1.3** - Resume regular review meetings with Deputy Chief Administrative Officers and public safety department heads in order to “red-flag” risk management issues and take the appropriate corrective actions

GOAL 3 - To provide debt management services to citizens and residents in order to ensure sound management of the County’s debt.

Objective 3.1 - 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					
<p>Short term: By FY 2014 - 3</p> <p>Intermediate term: By FY 2016 - 3</p> <p>Long term: By FY 2018 - 3</p>	<p>Long Term Target (FY18): 3</p>	3	3	3	3	3
		FY 2010 Actual	FY 2011 Actual	FY 2012 Actual	FY 2013 Estimated	FY 2014 Projected

Trend and Analysis - The County’s bond rating helps determine the interest rate at which the County can borrow money. The rating is established by bond rating agencies that review the County’s financial condition, economic outlook and financial management practices. This means the rating also indicates how effective the County is at managing its money. In FY 2009, the three 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 2012, the County received the highest rating (AAA) from all three bond rating agencies.

Performance Measures-

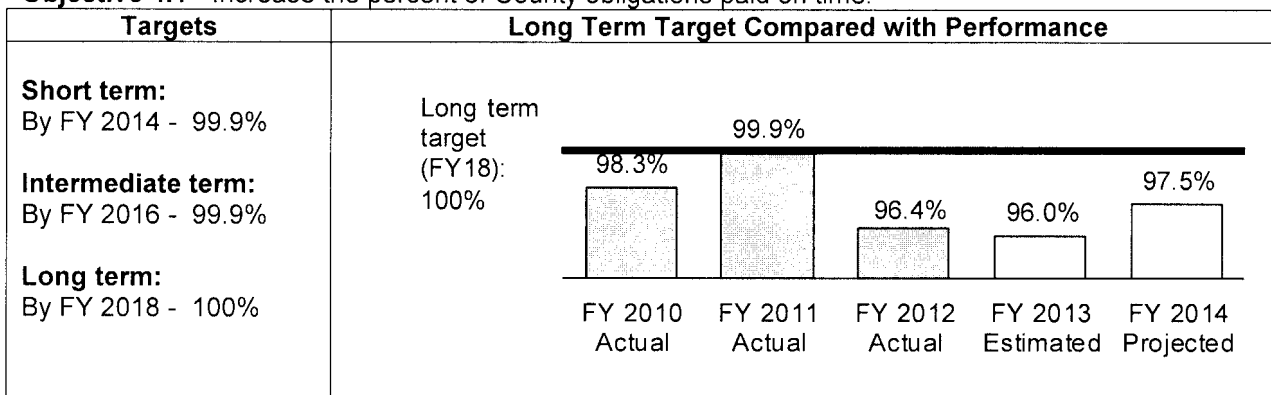
Measure Name	FY 2010 Actual	FY 2011 Actual	FY 2012 Actual	FY 2013 Estimated	FY 2014 Projected
Resources (input)					
Assessed County real property base (in millions)	\$96,055	\$95,135	\$72,093	\$68,462	\$69,097
County resident personal income (in millions)	\$32,500	\$32,700	\$33,100	\$33,100	\$33,431
Workload, Demand and Production (output)					
Annual debt service (in millions)	\$88.8	\$89.1	\$89.9	\$67.0	\$97.3
Efficiency					
Net direct debt as a percent of County resident personal income	2.17%	2.18%	2.20%	2.40%	2.65%
Quality					
Net direct debt per capita	\$817.0	\$825.7	\$822.6	\$910.9	\$1,017.3
Percent of General Fund expenditures that are annual debt service payments	3.4%	3.4%	3.4%	2.5%	3.6%
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 3.1.1** - 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 3.1.2** - Issue debt and ensure debt service obligations are processed when due
- **Strategy 3.1.3** - Provide training to ensure staff know the process, procedures and requirements to operate the County's debt management program

GOAL 4 - To provide funds disbursement operations to County agencies in order to pay County obligations.

Objective 4.1 - Increase the percent of County obligations paid on time.



Trend and Analysis - The office pays County obligations including payroll (active employees and retirees), vendor invoices and other County obligations. The number of payroll payments is projected to decrease in FY 2014 due to payments associated with one-time bonus payments and election year activities that were paid in FY 2013. The office has been able to maintain a high level of all County obligations paid on time through continuous process improvements, automation of manual processes, and elimination of redundant data entry.

Performance Measures -

Measure Name	FY 2010 Actual	FY 2011 Actual	FY 2012 Actual	FY 2013 Estimated	FY 2014 Projected
Resources (input)					
Number of payroll staff	8	8	6	6	7
Number of accounts payable staff	11	9	7	7	7
Workload, Demand and Production (output)					
Number of payroll payments	228,532	235,533	239,834	261,883	255,033
Number of vendor payments	65,213	66,967	68,242	70,000	70,000
Efficiency					
Average number of payroll payments per payroll staff person	28,566.5	29,441.6	39,973.0	43,647.0	36,433.0
Average number of vendor payments per accounts payable staff person	5,928.5	7,440.8	9,748.9	10,000.0	10,000.0
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	98.3%	99.9%	96.4%	96.0%	97.5%

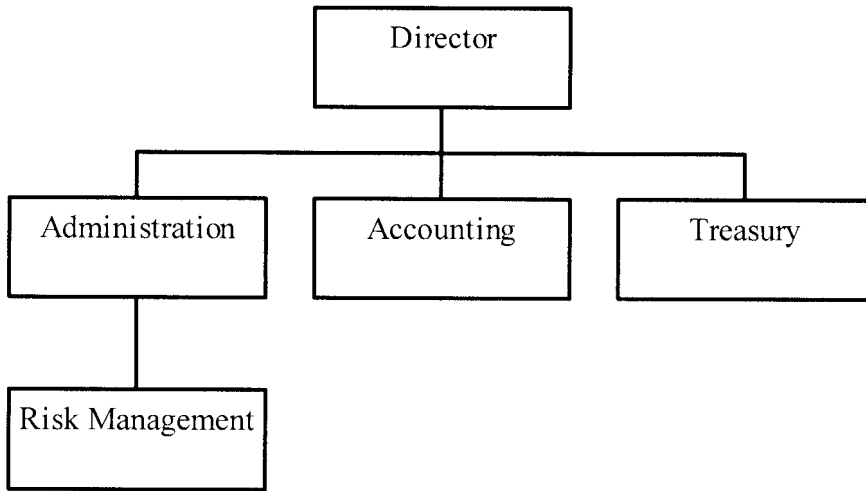
Strategies to Accomplish the Objective -

- **Strategy 4.1.1** - Implement standardization of vendor data
- **Strategy 4.1.2** - Implement PayCard services in order to pay employees and retirees currently receiving paper checks
- **Strategy 4.1.3** - Utilize in-house developed software programs for processing high volume vendor payments

FY 2013 KEY ACCOMPLISHMENTS

- Issued approximately \$143 million in Consolidated Public Improvement Bonds.
- Issued FY 2012 Comprehensive Annual Financial Report.
- Completed successful transition of banking services from a long-term relationship with Bank of America to Wells Fargo.

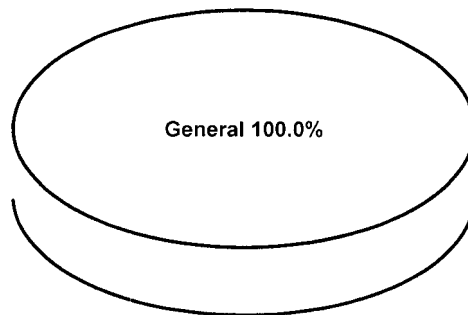
ORGANIZATIONAL CHART



	FY2012 ACTUAL	FY2013 BUDGET	FY2013 ESTIMATED	FY2014 APPROVED	CHANGE FY13-FY14
TOTAL EXPENDITURES	\$ 3,786,773	\$ 3,906,100	\$ 3,906,100	\$ 3,666,000	-6.1%
EXPENDITURE DETAIL					
Administration	1,146,764	1,457,700	1,457,700	1,520,800	4.3%
Accounting	3,273,050	2,972,900	2,972,900	2,888,800	-2.8%
Treasury	1,933,363	2,091,000	2,091,000	2,151,100	2.9%
Recoveries	(2,566,404)	(2,615,500)	(2,615,500)	(2,894,700)	10.7%
TOTAL	\$ 3,786,773	\$ 3,906,100	\$ 3,906,100	\$ 3,666,000	-6.1%
SOURCES OF FUNDS					
General Fund	\$ 3,786,773	\$ 3,906,100	\$ 3,906,100	\$ 3,666,000	-6.1%
Other County Operating Funds:					
TOTAL	\$ 3,786,773	\$ 3,906,100	\$ 3,906,100	\$ 3,666,000	-6.1%

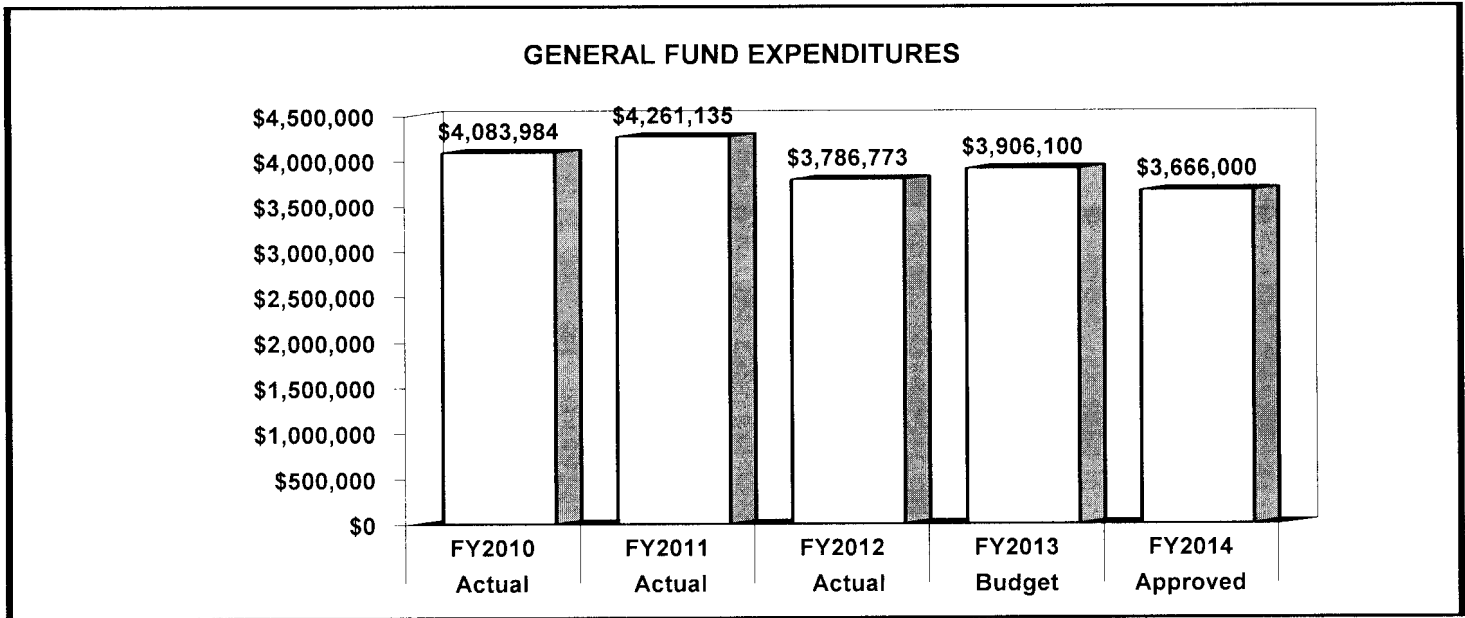
FY2014 SOURCES OF FUNDS

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.

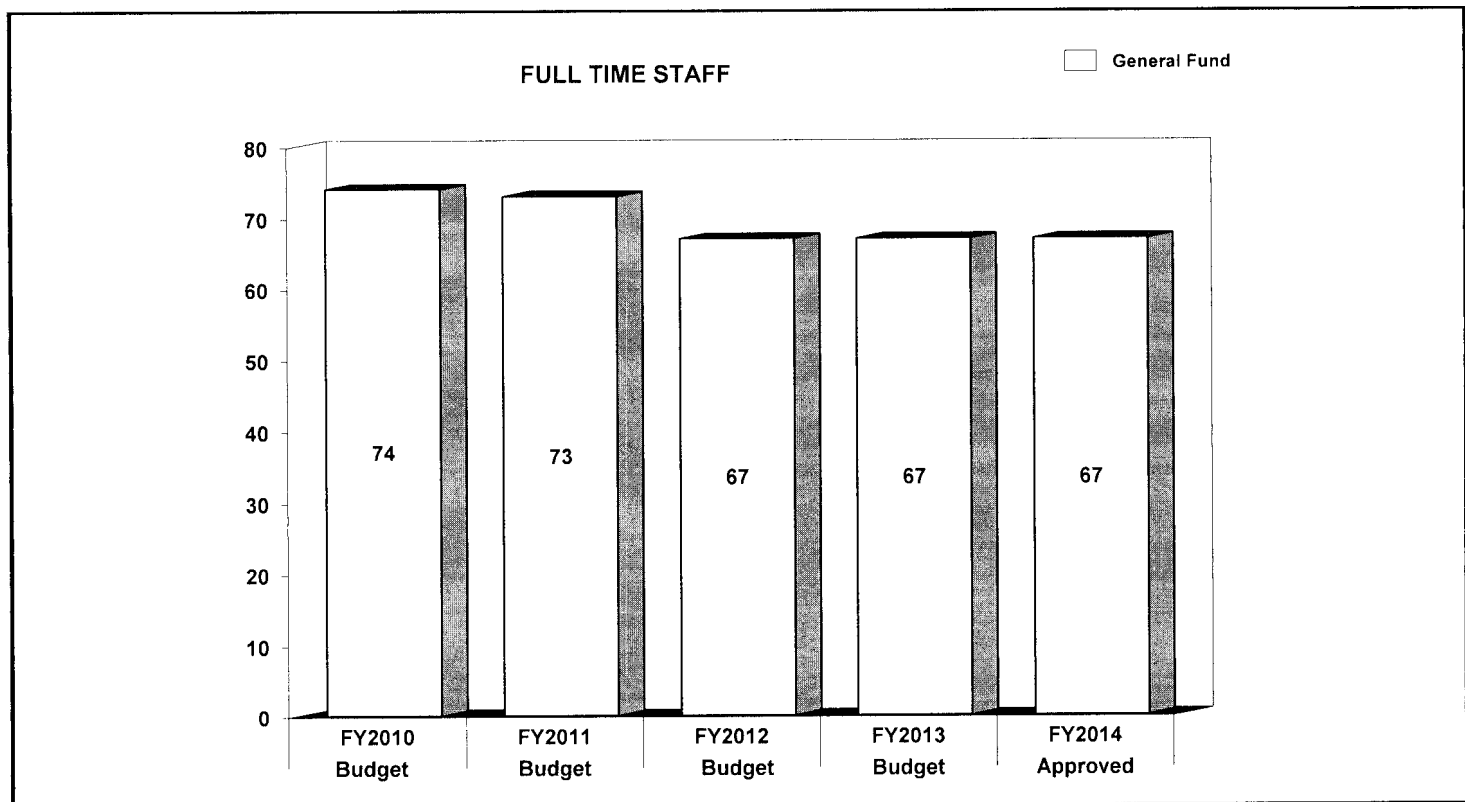


	FY2012 BUDGET	FY2013 BUDGET	FY2014 APPROVED	CHANGE FY13-FY14
GENERAL FUND STAFF				
Full Time - Civilian	67	67	67	0
Full Time - Sworn	0	0	0	0
Part Time	0	1	1	0
Limited Term	0	0	0	0
OTHER STAFF				
Full Time - Civilian				
Full Time - Sworn				
Part Time				
Limited Term Grant Funded				
TOTAL				
Full Time - Civilian	67	67	67	0
Full Time - Sworn	0	0	0	0
Part Time	0	1	1	0
Limited Term	0	0	0	0

POSITIONS BY CATEGORY	FULL TIME	PART TIME	LIMITED TERM
Director	1	0	0
Accountants	18	0	0
Administrative Assistants	4	0	0
Administrative Aides	4	0	0
Account Clerks	27	0	0
Administrative Specialists	5	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 7.3% from FY 2010 to FY 2012. This decrease is primarily driven by staffing change. The FY 2014 approved budget is 6.1% less than the FY 2013 approved budget.



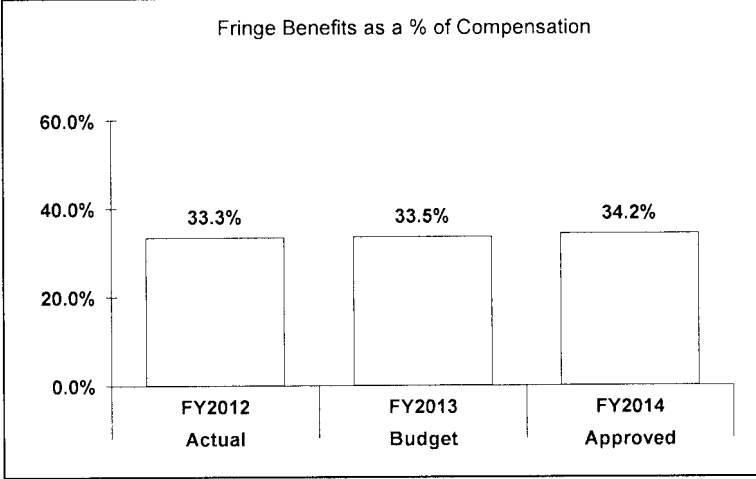
The agency's staffing complement decreased by seven positions from FY 2010 to FY 2013. This decrease is due to the elimination of 7 full-time vacancies. The FY 2014 staffing totals remain unchanged from FY 2013.

	FY2012 ACTUAL	FY2013 BUDGET	FY2013 ESTIMATED	FY2014 APPROVED	CHANGE FY13-FY14
EXPENDITURE SUMMARY					
Compensation	\$ 4,277,669	\$ 4,227,000	\$ 4,227,000	\$ 4,302,700	1.8%
Fringe Benefits	1,426,583	1,417,000	1,417,000	1,471,900	3.9%
Operating Expenses	648,925	877,600	877,600	786,100	-10.4%
Capital Outlay	0	0	0	0	0%
	\$ 6,353,177	\$ 6,521,600	\$ 6,521,600	\$ 6,560,700	0.6%
Recoveries	(2,566,404)	(2,615,500)	(2,615,500)	(2,894,700)	10.7%
TOTAL	\$ 3,786,773	\$ 3,906,100	\$ 3,906,100	\$ 3,666,000	-6.1%
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 2014, compensation expenditures increase 1.8% over the FY 2013 budget. Compensation costs include funding for 67 full-time employees and one part-time employee. Fringe benefit expenditures increase 3.9% over the FY 2013 budget due to actual expenses.

In FY 2014, operating expenditures decrease 10.4% under the FY 2013 budget due to a decrease in the office automation charge and printing cost. Other operating expenses reflect funding for operational contracts, general and administrative contracts, printing and reproduction as well as operating and office supplies.

MAJOR OPERATING EXPENDITURES FY2014	
Office Automation	\$ 451,100
Operational Contracts	\$ 200,000
General and Administrative Contracts	\$ 60,700
Operating and Office Supplies	\$ 29,000
Telephones	\$ 18,000



ADMINISTRATION - 01

The Administration Division oversees the activities of the office and has direct responsibility for coordinating and financing bond sales for capital projects, real estate and equipment 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 2014, compensation expenditures increase 2.9% over the FY 2013 budget due to staffing adjustments. Compensation costs include funding for 10 full-time employees. Fringe benefit expenditures increase 9.9% over the FY 2013 budget.

Operating expenditures remain flat.

	FY2012 ACTUAL	FY2013 BUDGET	FY2013 ESTIMATED	FY2014 APPROVED	CHANGE FY13-FY14
EXPENDITURE SUMMARY					
Compensation	\$ 816,328	\$ 1,038,300	\$ 1,038,300	\$ 1,068,500	2.9%
Fringe Benefits	252,136	332,900	332,900	365,800	9.9%
Operating Expenses	78,300	86,500	86,500	86,500	0%
Capital Outlay	0	0	0	0	0%
Sub-Total	\$ 1,146,764	\$ 1,457,700	\$ 1,457,700	\$ 1,520,800	4.3%
Recoveries	(1,042,661)	(1,079,500)	(1,079,500)	(1,250,300)	15.8%
TOTAL	\$ 104,103	\$ 378,200	\$ 378,200	\$ 270,500	-28.5%
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 2014, compensation expenditures decrease 0.6% under the FY 2013 budget due to an employee transfer to the Treasury Division. Compensation costs include funding for 33 full-time employees and reflect the transfer of one position to the Treasury Division. Fringe benefit expenditures remain flat.

Operating expenditures decrease 23.7% under the FY 2013 budget due to a decrease in the printing and contracts.

	FY2012 ACTUAL	FY2013 BUDGET	FY2013 ESTIMATED	FY2014 APPROVED	CHANGE FY13-FY14
EXPENDITURE SUMMARY					
Compensation	\$ 2,309,247	\$ 1,991,800	\$ 1,991,800	\$ 1,979,900	-0.6%
Fringe Benefits	760,164	677,200	677,200	677,100	0%
Operating Expenses	203,639	303,900	303,900	231,800	-23.7%
Capital Outlay	0	0	0	0	0%
Sub-Total	\$ 3,273,050	\$ 2,972,900	\$ 2,972,900	\$ 2,888,800	-2.8%
Recoveries	(1,186,473)	(1,206,700)	(1,206,700)	(1,312,800)	8.8%
TOTAL	\$ 2,086,577	\$ 1,766,200	\$ 1,766,200	\$ 1,576,000	-10.8%
STAFF					
Full Time - Civilian	-	34	-	33	-2.9%
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 telecommunications, 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 2014, compensation expenditures increase 4.8% over the FY 2013 budget due to an employee transfer from the Accounting Division. Compensation costs include funding for 24 full-time employees and one part-time employee. Fringe benefit expenditures increase 5.4% over the FY 2013 budget.

Operating expenditures decrease 4% under the FY 2013 budget due to decreases in office automation charges and the contract for Wells Fargo banking service.

	FY2012 ACTUAL	FY2013 BUDGET	FY2013 ESTIMATED	FY2014 APPROVED	CHANGE FY13-FY14
EXPENDITURE SUMMARY					
Compensation	\$ 1,152,094	\$ 1,196,900	\$ 1,196,900	\$ 1,254,300	4.8%
Fringe Benefits	414,283	406,900	406,900	429,000	5.4%
Operating Expenses	366,986	487,200	487,200	467,800	-4%
Capital Outlay	0	0	0	0	0%
Sub-Total	\$ 1,933,363	\$ 2,091,000	\$ 2,091,000	\$ 2,151,100	2.9%
Recoveries	(337,270)	(329,300)	(329,300)	(331,600)	0.7%
TOTAL	\$ 1,596,093	\$ 1,761,700	\$ 1,761,700	\$ 1,819,500	3.3%
STAFF					
Full Time - Civilian	-	23	-	24	4.3%
Full Time - Sworn	-	0	-	0	0%
Part Time	-	1	-	1	0%
Limited Term	-	0	-	0	0%