

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, including cash management, the preparation of annual financial statements, and overseeing annual audits of government operations and financial transactions

Strategic Focus in FY 2017 -

The agency's top priorities in FY 2017 are:

- Continuing the transitioning 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 quarterly review of risk management reserves and to identify potential policy changes to improve its fiscal integrity

FY 2017 BUDGET SUMMARY

The FY 2017 approved budget for the Office of Finance is \$3,642,000, an increase of \$4,900 or 0.1% over the FY 2016 approved budget.

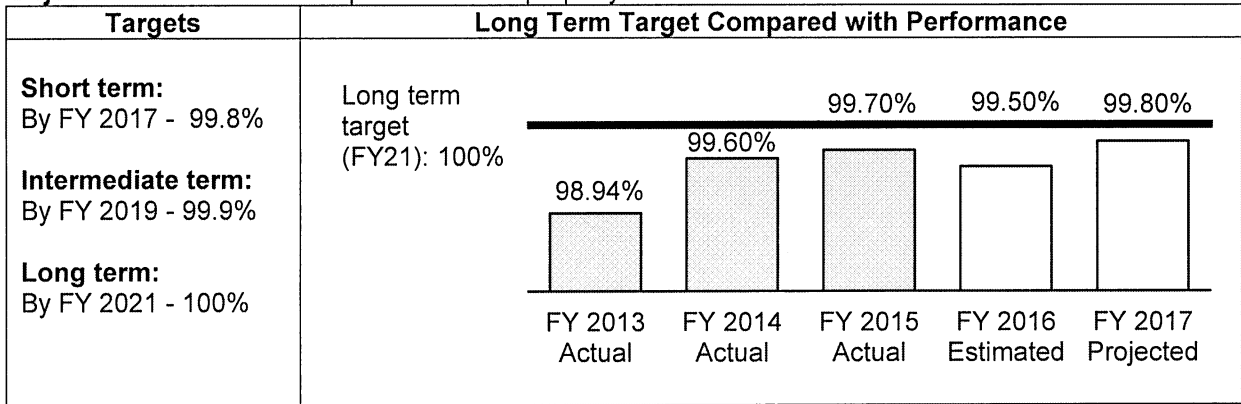
Budgetary Changes -

FY 2016 APPROVED BUDGET	\$3,637,100
Increase in compensation to support FY2017 salary requirements including funding for two vacant positions	\$77,200
Increase in office automation charges	\$50,600
Increase in training, administrative contracts, office and operating equipment and various other operating lines to align with historical spending	\$50,200
Increase in recoveries due to realignment of staff within funds	(\$86,300)
Decrease in fringe benefit rate from 35.6% to 33.0%	(\$86,800)
FY 2017 APPROVED BUDGET	\$3,642,000

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.



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 -

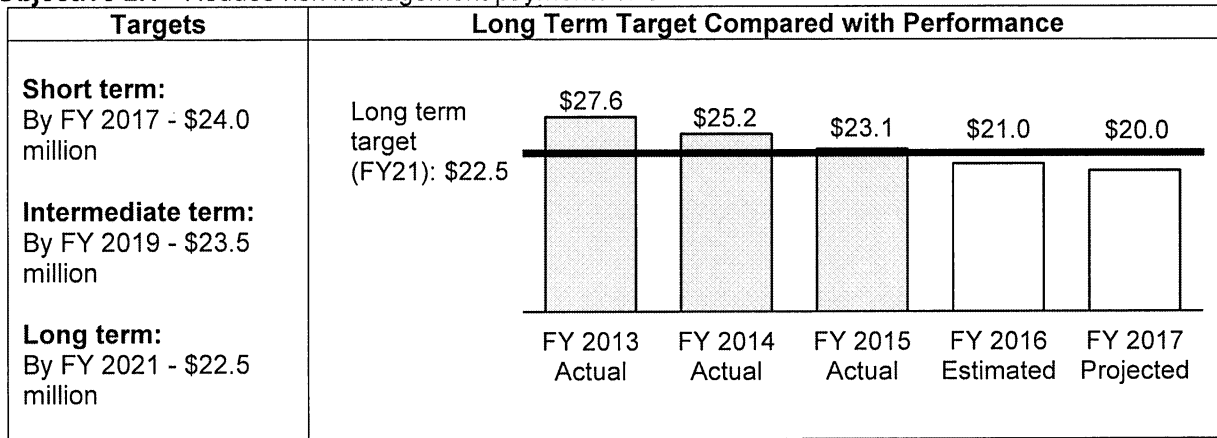
Measure Name	FY 2013 Actual	FY 2014 Actual	FY 2015 Actual	FY 2016 Estimated	FY 2017 Projected
Resources (input)					
Number of revenue collection staff	23	23	23	22	22
Workload, Demand and Production (output)					
Number of tax payments processed	492,598	482,448	461,972	474,000	474,000
Number of tax sale certificates processed	2,528	2,821	2,526	2,600	2,600
Percent of tax lien certificates sold to purchasers	95.0%	97.8%	92.7%	94.0%	94.0%
Amount of revenue collected through online E-payments services (in millions)	\$28.66	\$42.32	\$42.27	\$42.50	\$42.50
Efficiency					
Average number of tax payments processed per staff member	21,417.3	20,976.0	20,085.8	21,545.5	21,545.4
Quality					
Percent of tax bills successfully delivered to taxpayers	94%	96%	97%	96%	96%
Impact (outcome)					
Percent of real property taxes collected	98.94%	99.60%	99.70%	99.50%	99.80%
Percent of personal property taxes collected	97.40%	97.20%	92.28%	97.00%	97.00%

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 quarterly 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.



Trend and Analysis -

Risk Management core objectives are the management of financial liabilities (risk) and the mitigation of losses through several focused applications, which include contract insurance review/oversight, procurement of commercial insurance protecting physical assets, and management of the County's self-insurance program. The self-insurance program covers losses from worker's compensation, auto and general liability, professional liability and miscellaneous property losses. Risk Management is committed to loss prevention where work place injuries continue to be the largest liability for the County in this area. Risk Management by partnering with other County agencies seeks to enhance safety awareness training in order to reduce losses and improve safety communication strategies.

Performance Measures -

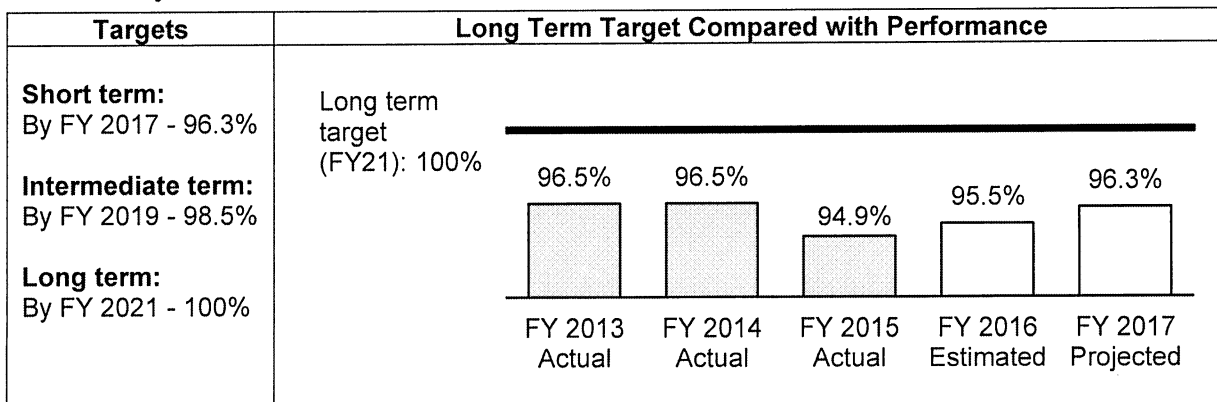
Measure Name	FY 2013 Actual	FY 2014 Actual	FY 2015 Actual	FY 2016 Estimated	FY 2017 Projected
Resources (input)					
Number of adjusters	16	17	17	17	17
Number of safety trainers	1	1	1	1	1
Workload, Demand and Production (output)					
Number of new risk management claims processed	2,316	2,655	2,581	2,500	2,350
Number of risk management claims closed	3,305	2,964	3,612	3,000	2,900
Number of employee safety training classes conducted	59	57	52	55	55
Number of web-based training sessions	18	0	0	0	0
Number of claims settled through the Office of Law	1,319	1,239	1,379	1,350	1,400
Efficiency					
Average number of claims received per adjuster	144.8	156.2	151.8	147.1	138.2
Quality					
Percent of claims reported and closed within a 24-hour period	1%	3%	4%	6%	9%
Impact (outcome)					
Risk management reserve payments to claimants (in millions)	\$27.6	\$25.2	\$23.1	\$21.0	\$20.0

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 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 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.



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 (excluding Retiree's Payroll) to the new ERP system. The agency continues to work through the idiosyncrasies which occurred during the transition and continues to pay a high level of County obligations on time through the process improvements gained from the transition to the ERP. Many of the idiosyncrasies resulted from the agencies now being responsible for initiating their respective invoices for payment.

Performance Measures -

Measure Name	FY 2013 Actual	FY 2014 Actual	FY 2015 Actual	FY 2016 Estimated	FY 2017 Projected
Resources (input)					
Number of payroll staff	6	6	6	6	6
Number of accounts payable staff	7	7	6	6	6
Workload, Demand and Production (output)					
Number of payroll payments	245,532	238,946	248,355	225,000	255,000
Number of vendor payments	70,983	71,702	81,036	82,000	82,000
Efficiency					
Average number of payroll payments per payroll staff person	40,922.0	39,824.3	41,392.5	37,500.0	42,500.0
Average number of vendor payments per accounts payable staff person	10,140.4	10,243.1	13,506.0	13,666.7	13,666.7
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	92.9%	93.0%	89.7%	91.0%	92.5%
Impact (outcome)					
Percent of all County obligations paid on time	96.5%	96.5%	94.9%	95.5%	96.3%

The above reported Impact measure has been modified to reflect the percentage of all County obligations that are paid by the due date.

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** - Transition the retiree payroll operation from the dated legacy system to the new Pension Gold retirement system. Develop all required interface protocols from Pension Gold to the ERP.
- **Strategy 3.1.3** - Partner with the Office of Information Technology in the development of the business warehouse for storing and reporting of legacy data.
- **Strategy 3.1.4** - Partner with the Office of Central Services to eliminate duplicate vendor records and establish consistency of vendor records within the ERP system.
- **Strategy 3.1.5** - 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 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					
<p>Short term: By FY 2017 - 3</p> <p>Intermediate term: By FY 2019 - 3</p> <p>Long term: By FY 2021 - 3</p>	<p>Long Term Target (FY21): 3</p>	3	3	3	3	3
		FY 2013 Actual	FY 2014 Actual	FY 2015 Actual	FY 2016 Estimated	FY 2017 Projected

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 2015.

Performance Measures -

Measure Name	FY 2013 Actual	FY 2014 Actual	FY 2015 Actual	FY 2016 Estimated	FY 2017 Projected
Resources (input)					
Assessed County real property base (in millions)	\$75,994	\$73,425	\$73,287	\$75,765	\$80,507
County resident personal income (in millions)	\$38,674	\$40,216	\$41,106	\$42,086	\$43,290
Workload, Demand and Production (output)					
Annual general fund net debt service (in millions)	\$65.6	\$90.2	\$98.2	\$109.0	\$116.3
Efficiency					
Net direct debt as a percent of County resident personal income	2.3%	2.1%	2.3%	2.3%	2.3%
Quality					
Net direct debt per capita	\$1,019.4	\$954.0	\$1,065.8	\$1,048.2	\$1,068.9
Percent of General Fund expenditures that are annual debt service payments	2.4%	3.3%	3.4%	3.7%	3.8%
Impact (outcome)					
Number of bond rating agencies giving the County the highest bond rating (there are three rating agencies)	3	3	3	3	3

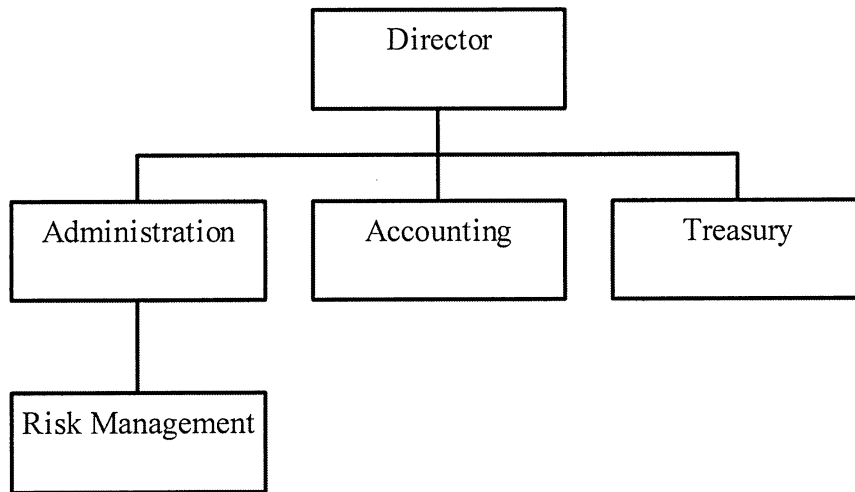
Strategies to Accomplish the Objective -

- **Strategy 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 preparation 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 2016 KEY ACCOMPLISHMENTS

- Issued approximately \$181 million in secured, tax exempt bonds.
- Issued FY 2015 Comprehensive Annual Financial Report.
- Received Certificate of Achievement for Excellence in Financial Reporting for FY 2014.
- Key participant in the implementation of the new ERP system.

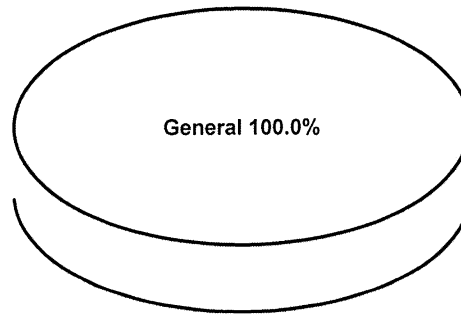
ORGANIZATIONAL CHART



	FY2015 ACTUAL	FY2016 BUDGET	FY2016 ESTIMATED	FY2017 APPROVED	CHANGE FY16-FY17
TOTAL EXPENDITURES	\$ 3,590,985	\$ 3,637,100	\$ 3,568,300	\$ 3,642,000	0.1%
EXPENDITURE DETAIL					
Administration	1,452,700	1,434,600	1,478,600	1,450,200	1.1%
Accounting	3,064,799	3,040,000	2,986,500	3,023,900	-0.5%
Treasury	2,249,154	2,210,400	2,213,500	2,302,100	4.1%
Recoveries	(3,175,668)	(3,047,900)	(3,110,300)	(3,134,200)	2.8%
TOTAL	\$ 3,590,985	\$ 3,637,100	\$ 3,568,300	\$ 3,642,000	0.1%
SOURCES OF FUNDS					
General Fund	\$ 3,590,985	\$ 3,637,100	\$ 3,568,300	\$ 3,642,000	0.1%
Other County Operating Funds:					
TOTAL	\$ 3,590,985	\$ 3,637,100	\$ 3,568,300	\$ 3,642,000	0.1%

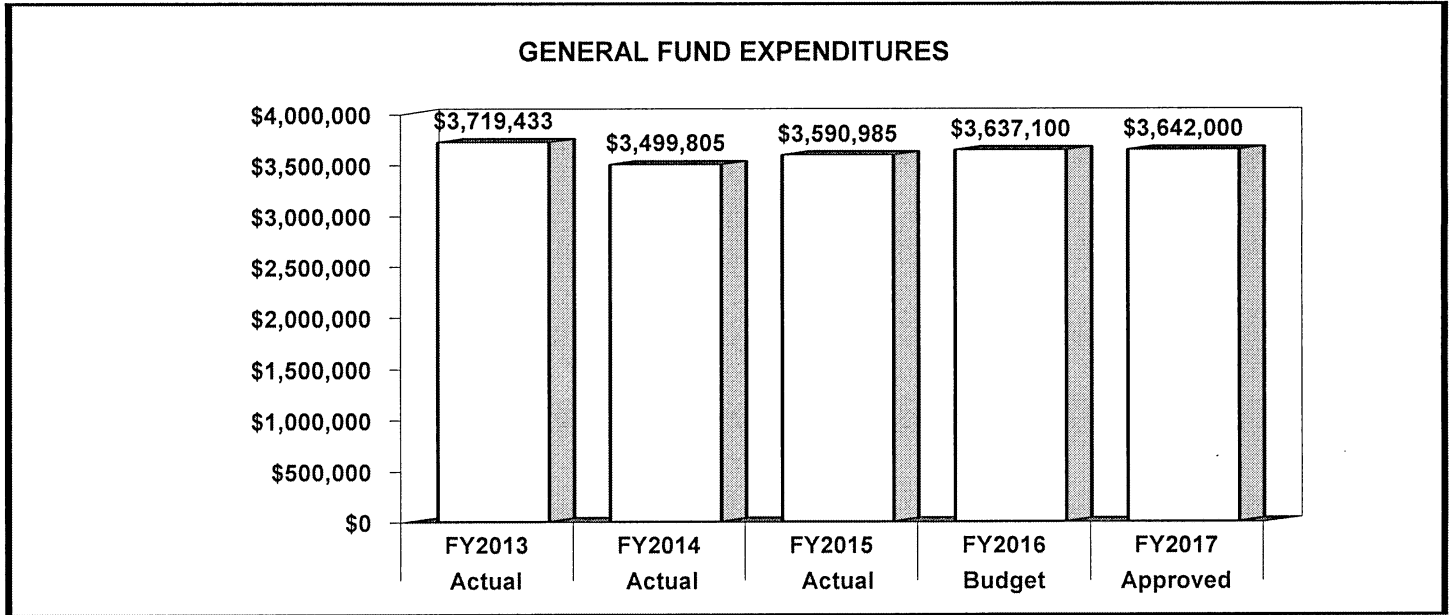
FY2017 SOURCES OF FUNDS

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.

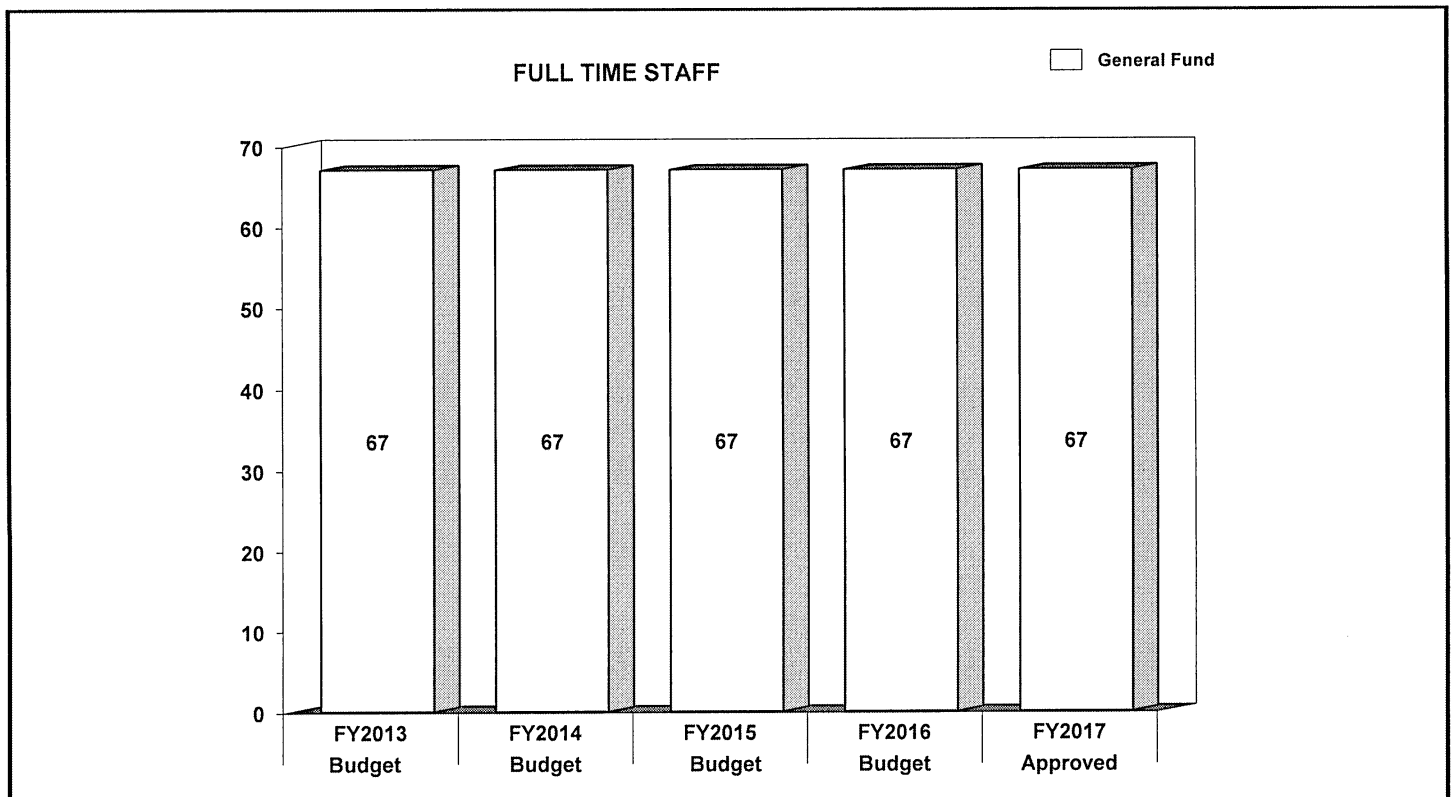


	FY2015 BUDGET	FY2016 BUDGET	FY2017 APPROVED	CHANGE FY16-FY17
GENERAL FUND STAFF				
Full Time - Civilian	67	67	67	0
Full Time - Sworn	0	0	0	0
Part Time	1	1	0	-1
Limited Term	0	0	0	0
OTHER STAFF				
Full Time - Civilian				
Full Time - Sworn				
Part Time				
Limited Term Grant Funded				
TOTAL				
Full Time - Civilian	67	67	67	0
Full Time - Sworn	0	0	0	0
Part Time	1	1	0	-1
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	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	67	0	0



The agency's expenditures decreased 3.5% from FY 2013 to FY 2015. This decrease is primarily driven by unfilled positions. The FY 2017 approved budget is 0.1% more than the FY 2016 approved budget.



The agency's staffing complement remained unchanged at 67 employees from FY 2013 to FY 2016. The FY 2017 staffing totals remain unchanged from FY 2016.

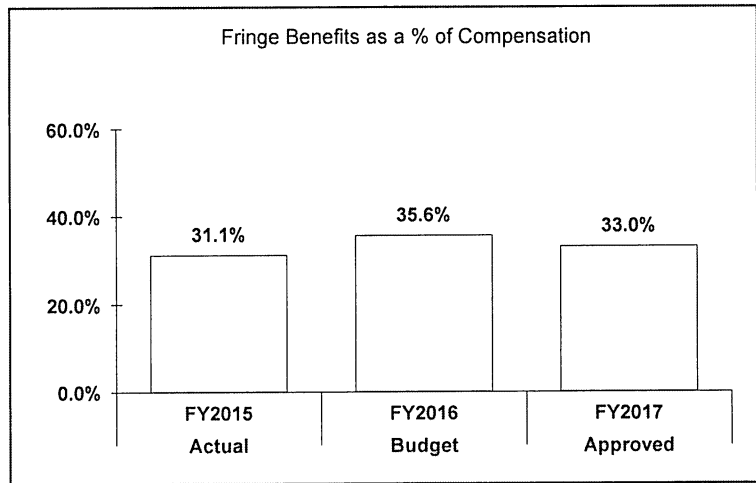
	FY2015 ACTUAL	FY2016 BUDGET	FY2016 ESTIMATED	FY2017 APPROVED	CHANGE FY16-FY17
EXPENDITURE SUMMARY					
Compensation	\$ 4,524,247	\$ 4,353,300	\$ 4,389,100	\$ 4,430,500	1.8%
Fringe Benefits	1,406,660	1,548,900	1,434,300	1,462,100	-5.6%
Operating Expenses	835,746	782,800	855,200	883,600	12.9%
Capital Outlay	0	0	0	0	0%
	\$ 6,766,653	\$ 6,685,000	\$ 6,678,600	\$ 6,776,200	1.4%
Recoveries	(3,175,668)	(3,047,900)	(3,110,300)	(3,134,200)	2.8%
TOTAL	\$ 3,590,985	\$ 3,637,100	\$ 3,568,300	\$ 3,642,000	0.1%
STAFF					
Full Time - Civilian	-	67	-	67	0%
Full Time - Sworn	-	0	-	0	0%
Part Time	-	1	-	0	-100%
Limited Term	-	0	-	0	0%

In FY 2017, compensation expenditures increase 1.8% over the FY 2016 approved budget to support FY 2017 salary requirements including funding for two vacant positions. Compensation costs include funding for 60 of the 67 full-time employees. The part-time position has been abolished. Fringe benefit expenditures decrease 5.6% under the FY 2016 approved budget due to a rate reduction.

In FY 2017, operating expenditures increase 12.9% over the FY 2016 approved budget due to increase in office automation charges, Wells Fargo Banking fees, printing and reproduction for costs for County tax bills and general and administrative contracts.

Recoveries increase 2.8% over the FY 2016 approved budget due to filling vacant positions at the beginning of the fiscal year.

MAJOR OPERATING EXPENDITURES FY2017	
Office Automation	\$ 456,700
Operational Contracts	\$ 276,000
General and Administrative Contracts	\$ 60,900
Operating and Office Supplies	\$ 26,000
Printing and Reproduction	\$ 24,000



ADMINISTRATION - 01

The Administration Division oversees the activities of the office and has direct responsibility for coordinating and financing bond sales for capital projects - 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 2017, compensation expenditures increase 2.0% over the FY 2016 approved budget due to FY 2017 salary requirements. Compensation costs include funding for 9 of the 10 full-time employees. Fringe benefit expenditures decrease 5.4% under the FY 2016 approved budget due to a decrease in the rates.

Operating expenditures increase 19.4% over the FY 2016 approved budget due to an increase in office automation charges and operating and office supplies.

Recoveries increase 10.0% over the FY 2016 approved budget due to a realignment of staff.

	FY2015 ACTUAL	FY2016 BUDGET	FY2016 ESTIMATED	FY2017 APPROVED	CHANGE FY16-FY17
EXPENDITURE SUMMARY					
Compensation	\$ 1,030,801	\$ 1,003,800	\$ 1,060,000	\$ 1,024,300	2%
Fringe Benefits	286,494	357,200	312,200	338,000	-5.4%
Operating Expenses	135,405	73,600	106,400	87,900	19.4%
Capital Outlay	0	0	0	0	0%
Sub-Total	\$ 1,452,700	\$ 1,434,600	\$ 1,478,600	\$ 1,450,200	1.1%
Recoveries	(1,272,897)	(1,146,400)	(1,236,500)	(1,261,200)	10%
TOTAL	\$ 179,803	\$ 288,200	\$ 242,100	\$ 189,000	-34.4%
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 2017, compensation expenditures increase 1.2% over the FY 2016 approved budget to support the current complement including one vacant position. Compensation costs include funding for 28 of the 33 full-time employees. Fringe benefit expenditures decrease 6.1% under the FY 2016 approved budget primarily due to one less position being filled.

Operating expenditures increase 1.5% over the FY 2016 approved budget due to training, operating and office supplies and operating non-equipment capital.

Recoveries decrease 3.2% under the FY 2016 approved budget due to one less position being filled.

	FY2015 ACTUAL	FY2016 BUDGET	FY2016 ESTIMATED	FY2017 APPROVED	CHANGE FY16-FY17
EXPENDITURE SUMMARY					
Compensation	\$ 2,171,639	\$ 2,074,300	\$ 2,074,300	\$ 2,099,700	1.2%
Fringe Benefits	668,032	738,000	680,500	693,000	-6.1%
Operating Expenses	225,128	227,700	231,700	231,200	1.5%
Capital Outlay	0	0	0	0	0%
Sub-Total	\$ 3,064,799	\$ 3,040,000	\$ 2,986,500	\$ 3,023,900	-0.5%
Recoveries	(1,543,415)	(1,554,200)	(1,519,500)	(1,505,100)	-3.2%
TOTAL	\$ 1,521,384	\$ 1,485,800	\$ 1,467,000	\$ 1,518,800	2.2%
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 2017, compensation expenditures increase 2.5% over the FY 2016 approved budget to support the salary requirements of current staff including one vacant position. Compensation costs include funding for 23 of the 24 full-time employees. The part-time position has been abolished. Fringe benefit expenditures decrease 5.0% under the FY 2016 approved budget.

Operating expenditures increase 17.2% over the FY 2016 approved budget due to cost increases associated with printing County checks and Wells Fargo banking services for bank printing and distribution.

Recoveries increase 5.9% over the FY 2016 approved budget.

	FY2015 ACTUAL	FY2016 BUDGET	FY2016 ESTIMATED	FY2017 APPROVED	CHANGE FY16-FY17
EXPENDITURE SUMMARY					
Compensation	\$ 1,321,807	\$ 1,275,200	\$ 1,254,800	\$ 1,306,500	2.5%
Fringe Benefits	452,134	453,700	441,600	431,100	-5%
Operating Expenses	475,213	481,500	517,100	564,500	17.2%
Capital Outlay	0	0	0	0	0%
Sub-Total	\$ 2,249,154	\$ 2,210,400	\$ 2,213,500	\$ 2,302,100	4.1%
Recoveries	(359,356)	(347,300)	(354,300)	(367,900)	5.9%
TOTAL	\$ 1,889,798	\$ 1,863,100	\$ 1,859,200	\$ 1,934,200	3.8%
STAFF					
Full Time - Civilian	-	24	-	24	0%
Full Time - Sworn	-	0	-	0	0%
Part Time	-	1	-	0	-100%
Limited Term	-	0	-	0	0%