

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 2016 -

The agency's top priorities in FY 2016 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 2016 BUDGET SUMMARY

The FY 2016 approved budget for the Office of Finance is \$3,637,100, an increase of \$25,700 or 0.7% over the FY 2015 budget.

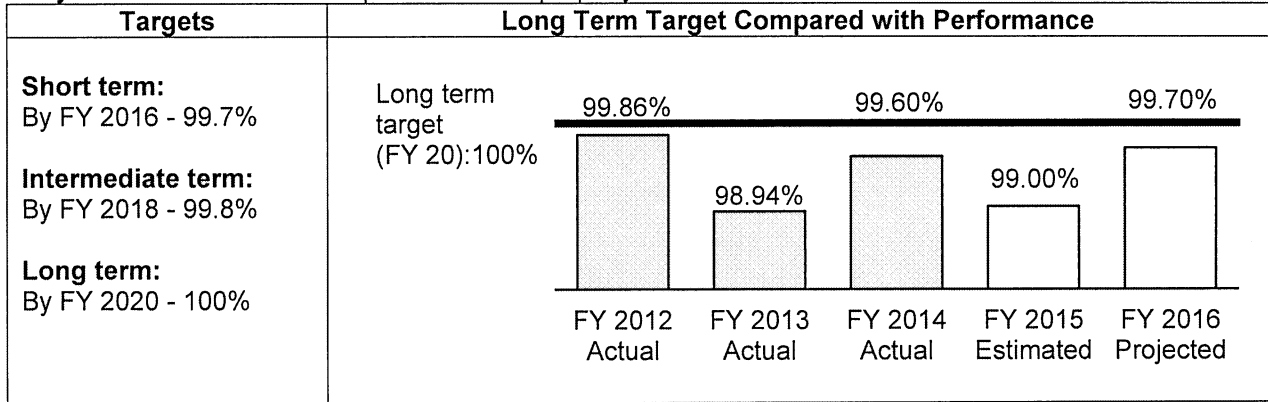
Budgetary Changes -

FY 2015 BUDGET	\$3,611,400
Fringe rate change from 33.4% to 35.6%	\$63,200
Decrease in recoveries	\$68,400
Increase in Wells Fargo banking service and printing costs	\$56,200
Decrease in office automation charges, disposal fees, training, office and operating equipment, office supplies and legal service	(\$67,200)
Decrease in compensation due to lapse and attrition adjustment for spending controls	(\$94,900)
FY 2016 APPROVED BUDGET	\$3,637,100

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.



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 -

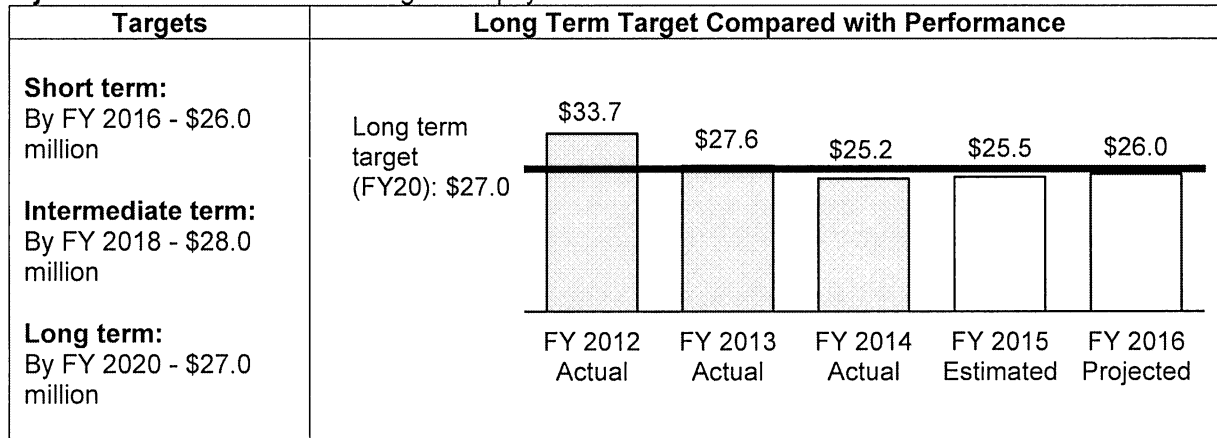
Measure Name	FY 2012 Actual	FY 2013 Actual	FY 2014 Actual	FY 2015 Estimated	FY 2016 Projected
Resources (input)					
Number of revenue collection staff	22	23	23	23	23
Workload, Demand and Production (output)					
Number of tax payments processed	460,655	492,598	482,448	480,000	480,000
Number of tax sale certificates processed	2,744	2,528	2,821	3,000	3,000
Percent of tax lien certificates sold to purchasers	96.0%	95.0%	97.8%	96.0%	96.0%
Amount of revenue collected through online E-payments services (in millions)	\$28.41	\$28.66	\$42.32	\$40.00	\$40.00
Efficiency					
Average number of tax payments processed per staff member	20,938.9	21,417.3	20,976.0	20,869.6	20,869.6
Quality					
Percent of tax bills successfully delivered to taxpayers	96%	94%	96%	96%	96%
Impact (outcome)					
Percent of real property taxes collected	99.86%	98.94%	99.60%	99.00%	99.70%
Percent of personal property taxes collected	96.79%	97.40%	97.20%	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 -

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 -

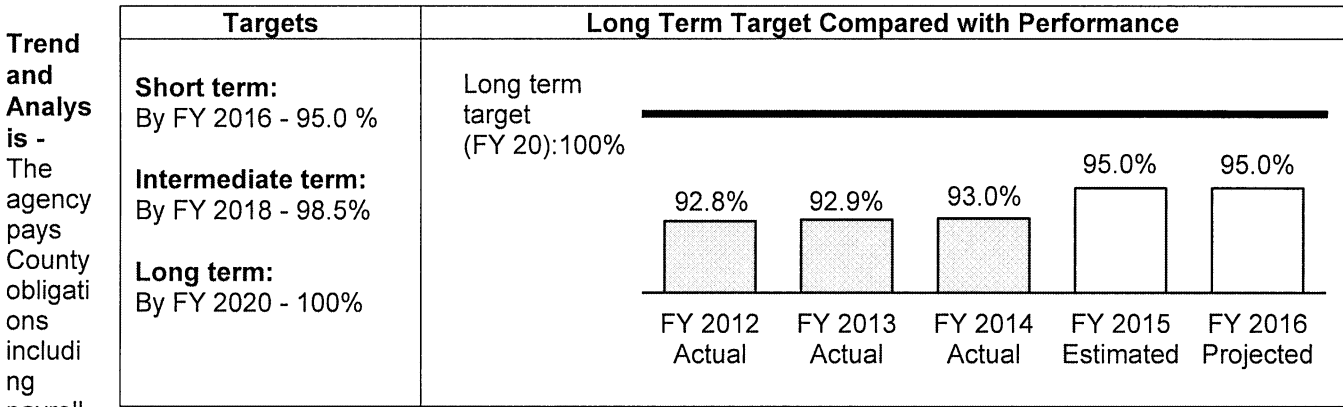
Measure Name	FY 2012 Actual	FY 2013 Actual	FY 2014 Actual	FY 2015 Estimated	FY 2016 Projected
Resources (input)					
Number of adjusters	23	16	17	18	18
Number of safety trainers	1	1	1	1	1
Workload, Demand and Production (output)					
Number of new risk management claims processed	2,112	2,316	2,655	2,200	2,000
Number of risk management claims closed	2,874	3,305	2,964	2,950	2,900
Number of employee safety training classes conducted	30	59	57	75	75
Number of web-based training sessions	19	18	0	50	50
Number of claims settled through the Office of Law	1,587	1,319	1,239	1,350	1,300
Efficiency					
Average number of claims received per adjuster	91.8	144.8	156.2	122.2	111.1
Quality					
Percent of claims reported and closed within a 24-hour period	9%	1%	3%	4%	4%
Impact (outcome)					
Risk management reserve payments to claimants (in millions)	\$33.7	\$27.6	\$25.2	\$25.5	\$26.0

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** - 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
- **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 vendor obligations paid on time.



(active employees and retirees), vendor invoices, and other County obligations. The agency is currently engaged in a transition from using dated legacy systems to a new comprehensive software solution – enterprise resource planning (ERP) – for core financials. Though the agency is working through the idiosyncrasies which occur during any such transition, it has been able to pay a high level of County obligations on time through continuous process improvements, automation of manual processes, and elimination of redundant data entry.

Performance Measures -

Measure Name	FY 2012 Actual	FY 2013 Actual	FY 2014 Actual	FY 2015 Estimated	FY 2016 Projected
Resources (input)					
Number of payroll staff	6	6	6	6	6
Number of accounts payable staff	7	7	7	7	7
Workload, Demand and Production (output)					
Number of payroll payments	239,834	245,532	238,946	255,000	225,000
Number of vendor payments	68,242	70,983	71,702	75,000	75,000
Efficiency					
Average number of payroll payments per payroll staff person	39,972.3	40,922.0	39,824.3	42,500.0	37,500.0
Average number of vendor payments per accounts payable staff person	9,748.9	10,140.4	10,243.1	10,714.3	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 vendor obligations paid on time	92.8%	92.9%	93.0%	95.0%	95.0%

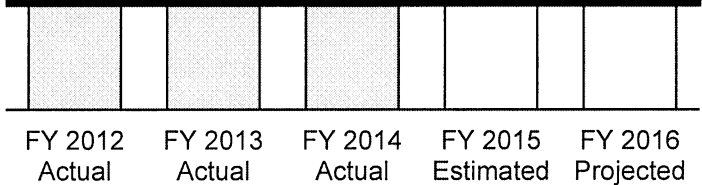
Strategies to Accomplish the Objective -

- **Strategy 3.1.1** - Document new business processes and workflows to support smooth software transition and continuity of operations
- **Strategy 3.1.2** - Standardize vendor data to be deployed within the ERP system
- **Strategy 3.1.3** - 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 3.1.4** - Reduce the number of redundant records in order to improve the accuracy and security of employee, vendor, and inventory data

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 2016 - 3</p>																							
<p>Intermediate term: By FY 2018 - 3</p>	<p>Long Term Target (FY20): 3</p>	3	3	3	3	3																	
<p>Long term: By FY 2020 - 3</p>	 <table border="1" data-bbox="755 625 1453 808"> <thead> <tr> <th>Year</th> <th>Actual</th> <th>Target</th> </tr> </thead> <tbody> <tr> <td>FY 2012</td> <td>3</td> <td>3</td> </tr> <tr> <td>FY 2013</td> <td>3</td> <td>3</td> </tr> <tr> <td>FY 2014</td> <td>3</td> <td>3</td> </tr> <tr> <td>FY 2015</td> <td>3</td> <td>3</td> </tr> <tr> <td>FY 2016</td> <td>3</td> <td>3</td> </tr> </tbody> </table>					Year	Actual	Target	FY 2012	3	3	FY 2013	3	3	FY 2014	3	3	FY 2015	3	3	FY 2016	3	3
Year	Actual	Target																					
FY 2012	3	3																					
FY 2013	3	3																					
FY 2014	3	3																					
FY 2015	3	3																					
FY 2016	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, and 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 and access the capital markets. 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 2012 Actual	FY 2013 Actual	FY 2014 Actual	FY 2015 Estimated	FY 2016 Projected
Resources (input)					
Assessed County real property base (in millions)	\$82,965	\$75,994	\$73,163	\$73,952	\$72,946
County resident personal income (in millions)	\$38,481	\$39,566	\$40,791	\$41,944	\$40,488
Workload, Demand and Production (output)					
Annual general fund net debt service (in millions)	\$89.9	\$65.6	\$95.5	\$102.5	\$123.8
Efficiency					
Net direct debt as a percent of County resident personal income	1.9%	2.3%	2.1%	2.6%	2.9%
Quality					
Net direct debt per capita	\$811.1	\$1,019.4	\$954.0	\$1,239.7	\$1,307.3
Percent of General Fund expenditures that are annual debt service payments	3.4%	2.4%	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

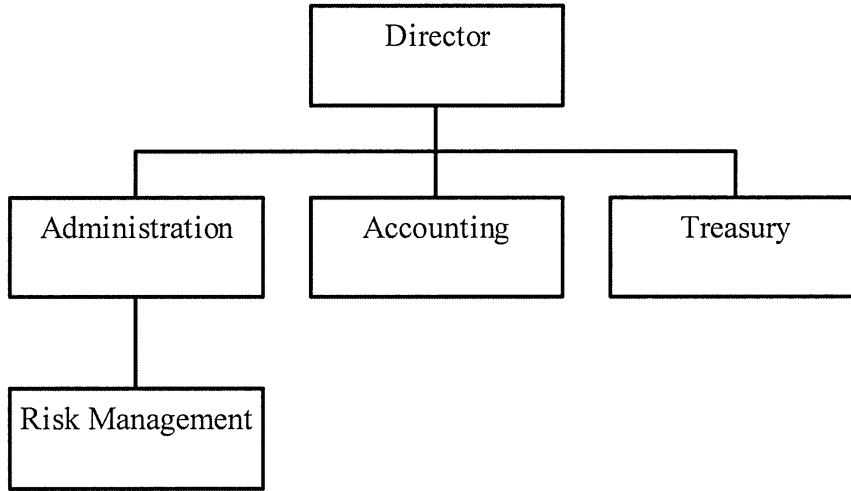
Strategies to Accomplish the Objective -

- **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 2015 KEY ACCOMPLISHMENTS

- Issued approximately \$246 million in secured, tax exempt bonds.
- Issued FY 2014 Comprehensive Annual Financial Report.
- Received Certificate of Achievement for Excellence in Financial Reporting for FY 2013.
- Key participant in launch of the new ERP system.

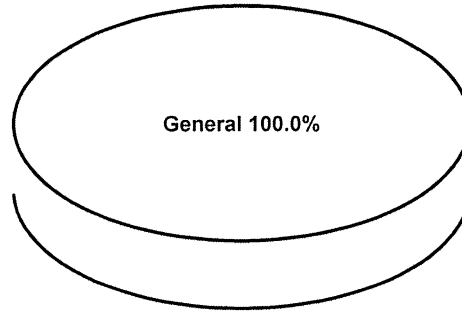
ORGANIZATIONAL CHART



	FY2014 ACTUAL	FY2015 BUDGET	FY2015 ESTIMATED	FY2016 APPROVED	CHANGE FY15-FY16
TOTAL EXPENDITURES	\$ 3,499,805	\$ 3,611,400	\$ 3,668,000	\$ 3,637,100	0.7%
EXPENDITURE DETAIL					
Administration	1,253,189	1,441,900	1,442,500	1,434,600	-0.5%
Accounting	3,054,690	3,063,100	3,066,600	3,040,000	-0.8%
Treasury	2,203,393	2,222,700	2,275,200	2,210,400	-0.6%
Recoveries	(3,011,467)	(3,116,300)	(3,116,300)	(3,047,900)	-2.2%
TOTAL	\$ 3,499,805	\$ 3,611,400	\$ 3,668,000	\$ 3,637,100	0.7%
SOURCES OF FUNDS					
General Fund	\$ 3,499,805	\$ 3,611,400	\$ 3,668,000	\$ 3,637,100	0.7%
Other County Operating Funds:					
TOTAL	\$ 3,499,805	\$ 3,611,400	\$ 3,668,000	\$ 3,637,100	0.7%

FY2016 SOURCES OF FUNDS

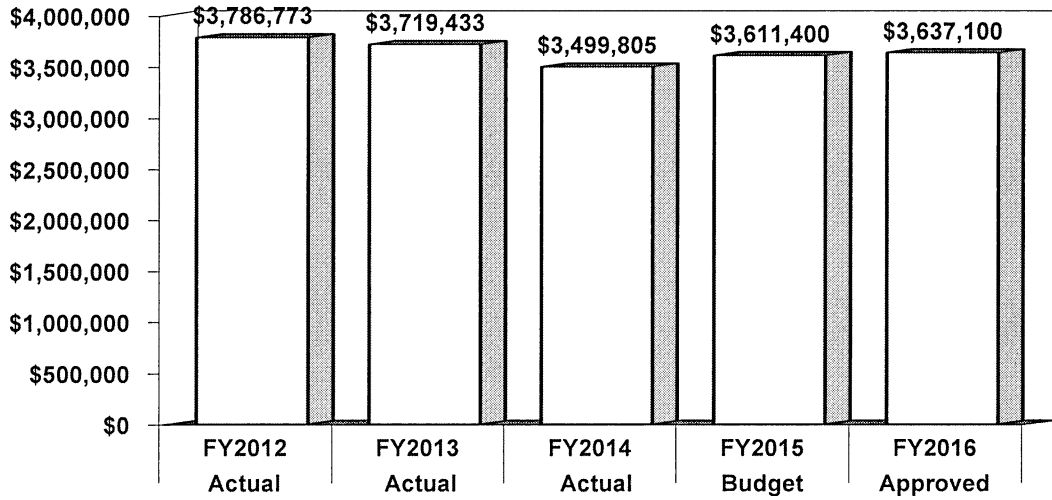
Although the agency is supported 100% by the General Fund, a portion of its costs are recovered based on financial services provided to other County funds.



	FY2014 BUDGET	FY2015 BUDGET	FY2016 APPROVED	CHANGE FY15-FY16
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

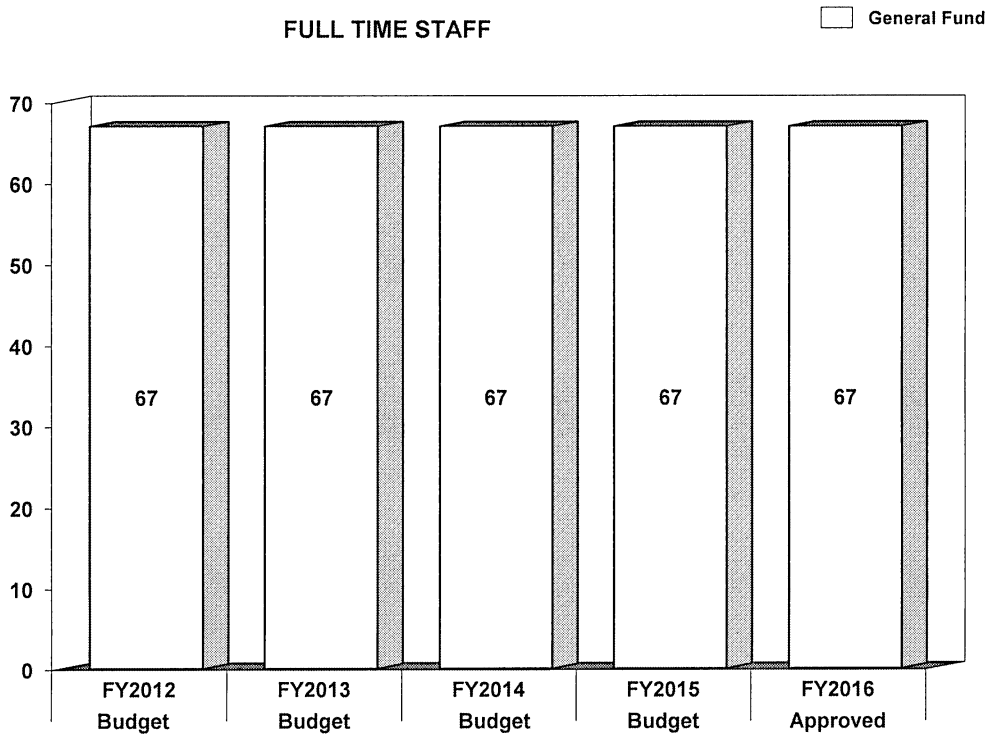
POSITIONS BY CATEGORY	FULL TIME	PART TIME	LIMITED TERM
Director	1	0	0
Accountants	20	0	0
Administrative Assistants	4	0	0
Administrative Aides	4	0	0
Account Clerks	27	0	0
Administrative Specialists	4	0	0
Accounting Technicians	3	0	0
Deputy Director	1	0	0
Public Service Aide	0	1	0
Associate Director	1	0	0
Accounting Service Manager	1	0	0
Systems Analyst	1	0	0
TOTAL	67	1	0

GENERAL FUND EXPENDITURES



The agency's expenditures decreased 7.6% from FY 2012 to FY 2014. This decrease is primarily driven by staffing change. The FY 2016 approved budget is 0.7% more than the FY 2015 budget.

FULL TIME STAFF



The agency's staffing complement remained unchanged at 67 employees from FY 2012 to FY 2015. The FY 2016 staffing totals remain unchanged from FY 2015.

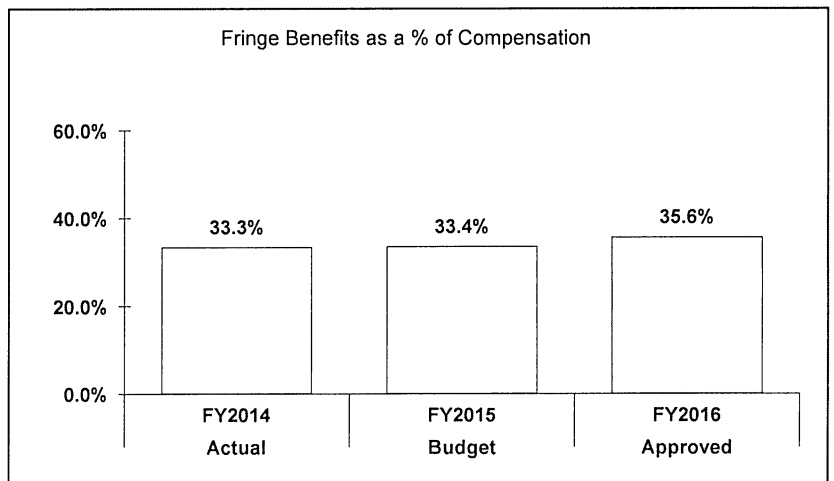
	FY2014 ACTUAL	FY2015 BUDGET	FY2015 ESTIMATED	FY2016 APPROVED	CHANGE FY15-FY16
EXPENDITURE SUMMARY					
Compensation	\$ 4,279,059	\$ 4,448,200	\$ 4,448,200	\$ 4,353,300	-2.1%
Fringe Benefits	1,423,406	1,485,700	1,490,100	1,548,900	4.3%
Operating Expenses	808,807	793,800	846,000	782,800	-1.4%
Capital Outlay	0	0	0	0	0%
	\$ 6,511,272	\$ 6,727,700	\$ 6,784,300	\$ 6,685,000	-0.6%
Recoveries	(3,011,467)	(3,116,300)	(3,116,300)	(3,047,900)	-2.2%
TOTAL	\$ 3,499,805	\$ 3,611,400	\$ 3,668,000	\$ 3,637,100	0.7%
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 2016, compensation expenditures decrease 2.1% under the FY 2015 budget based on County Council spending control measures. Compensation costs include funding for 60 of the 67 full-time employees and one part-time employee. Fringe benefit expenditures increase 4.3% over the FY 2015 budget due to actual expenses.

In FY 2016, operating expenditures decrease 1.4% under the FY 2015 budget due to spending controls and a decrease in office supplies offset by an increase in the Wells Fargo banking fees, and printing costs for County tax bills. Other operating expenses reflect funding for operational contracts, general and administrative contracts, printing and reproduction as well as operating and office supplies.

Recoveries decrease 2.2% under the FY 2015 budget due to the timing of filling vacant position.

MAJOR OPERATING EXPENDITURES FY2016	
Office Automation	\$ 406,100
Operational Contracts	\$ 240,000
General and Administrative Contracts	\$ 60,100
Printing and Reproduction	\$ 29,200
Telephones	\$ 22,200



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 2016, compensation expenditures decrease 1.1% under the FY 2015 budget due to staffing adjustments. Compensation costs include funding for 9 of the 10 full-time employees. Fringe benefit expenditures increase 5.4% over the FY 2015 budget.

Operating expenditures decrease 16.8% under the FY 2015 budget due to a reduction in office automation charges.

Recoveries decrease 7.2% under the FY 2015 budget due to vacancies.

	FY2014 ACTUAL	FY2015 BUDGET	FY2015 ESTIMATED	FY2016 APPROVED	CHANGE FY15-FY16
EXPENDITURE SUMMARY					
Compensation	\$ 857,957	\$ 1,014,500	\$ 1,014,500	\$ 1,003,800	-1.1%
Fringe Benefits	287,643	338,900	339,900	357,200	5.4%
Operating Expenses	107,589	88,500	88,100	73,600	-16.8%
Capital Outlay	0	0	0	0	0%
Sub-Total	\$ 1,253,189	\$ 1,441,900	\$ 1,442,500	\$ 1,434,600	-0.5%
Recoveries	(1,220,339)	(1,235,000)	(1,235,000)	(1,146,400)	-7.2%
TOTAL	\$ 32,850	\$ 206,900	\$ 207,500	\$ 288,200	39.3%
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 2016, compensation expenditures decrease 2.3% under the FY 2015 budget due to staffing adjustments. Compensation costs include funding for 29 of the 33 full-time employees. Fringe benefit expenditures increase 4.1% over the FY 2015 budget.

Operating expenditures decrease 1.4% under the FY 2015 budget due to a decrease in office supplies and a reallocation of office automation charges.

Recoveries increase 1.8% over the FY 2015 budget due to filling vacant positions.

	FY2014 ACTUAL	FY2015 BUDGET	FY2015 ESTIMATED	FY2016 APPROVED	CHANGE FY15-FY16
EXPENDITURE SUMMARY					
Compensation	\$ 2,139,737	\$ 2,123,100	\$ 2,123,100	\$ 2,074,300	-2.3%
Fringe Benefits	684,441	709,100	711,200	738,000	4.1%
Operating Expenses	230,512	230,900	232,300	227,700	-1.4%
Capital Outlay	0	0	0	0	0%
Sub-Total	\$ 3,054,690	\$ 3,063,100	\$ 3,066,600	\$ 3,040,000	-0.8%
Recoveries	(1,435,138)	(1,526,600)	(1,526,600)	(1,554,200)	1.8%
TOTAL	\$ 1,619,552	\$ 1,536,500	\$ 1,540,000	\$ 1,485,800	-3.3%
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 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 2016, compensation expenditures decrease 2.7% under the FY 2015 budget due to staffing adjustments. Compensation costs include funding for 22 of the 24 full-time employees and one part-time employee. Fringe benefit expenditures increase 3.7% over the FY 2015 budget.

Operating expenditures increase 1.5% over the FY 2015 budget due to cost increases associated with printing County checks and Wells Fargo banking services for bank printing and distribution.

Recoveries decrease 2.1% under the FY 2015 budget.

	FY2014 ACTUAL	FY2015 BUDGET	FY2015 ESTIMATED	FY2016 APPROVED	CHANGE FY15-FY16
EXPENDITURE SUMMARY					
Compensation	\$ 1,281,365	\$ 1,310,600	\$ 1,310,600	\$ 1,275,200	-2.7%
Fringe Benefits	451,322	437,700	439,000	453,700	3.7%
Operating Expenses	470,706	474,400	525,600	481,500	1.5%
Capital Outlay	0	0	0	0	0%
Sub-Total	\$ 2,203,393	\$ 2,222,700	\$ 2,275,200	\$ 2,210,400	-0.6%
Recoveries	(355,990)	(354,700)	(354,700)	(347,300)	-2.1%
TOTAL	\$ 1,847,403	\$ 1,868,000	\$ 1,920,500	\$ 1,863,100	-0.3%
STAFF					
Full Time - Civilian	-	24	-	24	0%
Full Time - Sworn	-	0	-	0	0%
Part Time	-	1	-	1	0%
Limited Term	-	0	-	0	0%