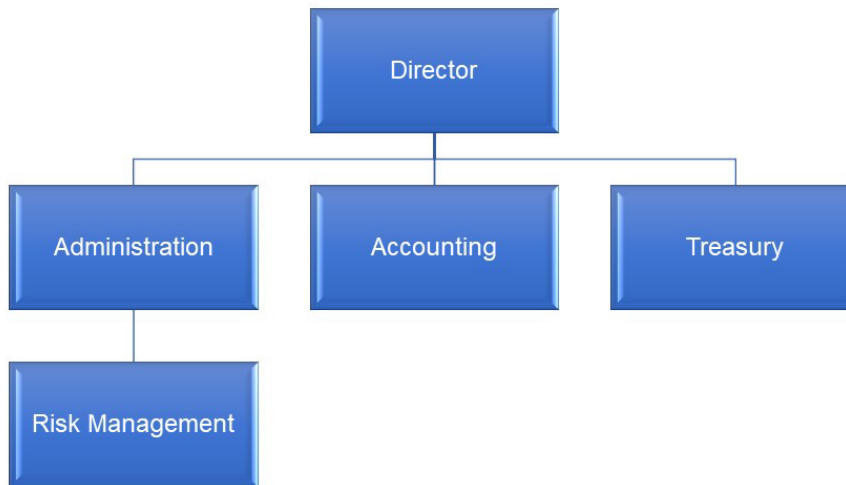


Office of Finance



MISSION AND SERVICES

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

FY 2019 KEY ACCOMPLISHMENTS

- Issued approximately \$395 million in secured, tax exempt bonds; established a 6-year debt capacity analysis for budgetary planning.
- Issued FY 2018 Comprehensive Annual Financial Report.
- Received Certificate of Achievement for Excellence in Financial Reporting for FY 2017.
- Implemented revenue and debt software solutions.

STRATEGIC FOCUS AND INITIATIVES FOR FY 2020

The agency’s top priorities in FY 2020 are:

- Transitioning from legacy system to new Treasury Management system for revenue collections.
- Reduce risk management payments to claimants by partnering with the Office of the County Executive and Office of Management and Budget to ensure periodic review of risk management reserves and to identify potential policy changes to improve its fiscal integrity.

FY 2020 BUDGET SUMMARY

The FY 2020 proposed budget for the Office of Finance is \$4,330,700, an increase of \$327,600 or 8.2% over the FY 2019 approved budget.

Expenditure by Fund Type

Fund Types	FY 2018 Actual		FY 2019 Budget		FY 2019 Estimate		FY 2020 Proposed	
	Amount	% Total	Amount	% Total	Amount	% Total	Amount	% Total
General Fund	\$3,929,771	100.0%	\$4,003,100	100.0%	\$3,712,400	100.0%	\$4,330,700	100.0%
Total Expenditures	\$3,929,771	100.0%	\$4,003,100	100.0%	\$3,712,400	100.0%	\$4,330,700	100.0%

Reconciliation from Prior Year

	Expenditures
FY 2019 Approved Budget	\$4,003,100
Increase Cost: Compensation - Mandated Salary Requirements	\$329,600
Increase Cost: Fringe Benefits — Increase in the fringe benefit rate from 32.4% to 32.8% and compensation adjustments	108,400
Increase Cost: Operating — Increase in printing costs to align with actual cost	9,300
Increase Cost: Operating - Office Automation Charge — Increase in OIT charges to support anticipated costs for SAP maintenance and the countywide laptop refresh program	8,200
Increase Cost: Operating — Increase in membership fees to capture additional fees for new hires	600
Decrease Cost: Operating — Decrease in operating contracts to remove banking services management contract - module now available in SAP financial system	(14,100)
Decrease Cost: Recoveries — Net change related to salary adjustments and one-time costs associated with OSHA software for FY 2019	(53,300)
Decrease Cost: Compensation — Reallocation of a funded vacancy at a lower salary	(61,100)
FY 2020 Proposed Budget	\$4,330,700

STAFF AND BUDGET RESOURCES

Authorized Positions	FY 2018 Budget	FY 2019 Budget	FY 2020 Proposed	Change FY19-FY20
General Fund				
Full Time - Civilian	67	66	66	0
Full Time - Sworn	0	0	0	0
Subtotal - FT	67	66	66	0
Part Time	0	0	0	0
Limited Term	0	0	0	0
TOTAL				
Full Time - Civilian	67	66	66	0
Full Time - Sworn	0	0	0	0
Subtotal - FT	67	66	66	0
Part Time	0	0	0	0
Limited Term	0	0	0	0

Positions By Classification	FY 2020		
	Full Time	Part Time	Limited Term
Account Clerks	25	0	0
Accountants	21	0	0
Accounting Services Manager	1	0	0
Accounting Technicians	3	0	0
Administrative Aides	4	0	0
Administrative Assistants	4	0	0
Administrative Specialist	4	0	0
Associate Director	1	0	0
Deputy Director	1	0	0
Director	1	0	0
Systems Analyst	1	0	0
TOTAL	66	0	0

Expenditure by Category - General Fund

Category	FY 2018 Actual	FY 2019 Budget	FY 2019 Estimate	FY 2020 Proposed	Change FY19-FY20	
					Amount (\$)	Percent (%)
Compensation	\$4,744,630	\$5,067,900	\$4,700,600	\$5,336,400	\$268,500	5.3%
Fringe Benefits	1,546,476	1,642,000	1,469,300	1,750,400	108,400	6.6%
Operating	867,795	716,500	697,500	720,500	4,000	0.6%
SubTotal	\$7,158,900	\$7,426,400	\$6,867,400	\$7,807,300	\$380,900	5.1%
Recoveries	(3,229,129)	(3,423,300)	(3,155,000)	(3,476,600)	(53,300)	1.6%
Total Expenditures	\$3,929,771	\$4,003,100	\$3,712,400	\$4,330,700	\$327,600	8.2%

In FY 2020, compensation expenditures increase 5.3% over the FY 2019 budget due to anticipated cost of living and merit adjustments. Compensation costs included funding for 63 out of 66 full time positions. Fringe benefits expenditures increase 6.6% to reflect current costs.

Operating expenditures slightly increase 0.6% over the FY 2019 budget due to increases in membership fees, office automation, and printing costs. These increases are offset by the removal of an operating contract that is no longer needed because the module is now available in SAP.

Recoveries increase 1.6% over the FY 2019 budget due to salary adjustments and one-time costs associated with OSHA software.

Expenditure by Division - General Fund

Category	FY 2018 Actual	FY 2019 Budget	FY 2019 Estimate	FY 2020 Proposed	Change FY19-FY20	
					Amount (\$)	Percent (%)
Administration	\$250,730	\$186,000	\$139,500	\$244,400	\$58,400	31.4%
Accounting Division	1,726,616	1,701,100	1,664,400	1,848,700	147,600	8.7%
Treasury Division	1,952,425	2,116,000	1,908,500	2,237,600	121,600	5.7%
Total	\$3,929,771	\$4,003,100	\$3,712,400	\$4,330,700	\$327,600	8.2%

General Fund - Division Summary

Category	FY 2018 Actual	FY 2019 Budget	FY 2019 Estimate	FY 2020 Proposed	Change FY19-FY20	
					Amount (\$)	Percent (%)
Administration						
Compensation	\$1,134,349	\$1,165,900	\$947,700	\$1,213,600	\$47,700	4.1%
Fringe Benefits	316,421	336,400	321,300	347,400	11,000	3.3%
Operating	102,028	80,700	70,500	53,200	(27,500)	-34.1%
SubTotal	\$1,552,798	\$1,583,000	\$1,339,500	\$1,614,200	\$31,200	2.0%
Recoveries	(1,302,068)	(1,397,000)	(1,200,000)	(1,369,800)	27,200	-1.9%
Total Administration	\$250,730	\$186,000	\$139,500	\$244,400	\$58,400	31.4%
Accounting Division						
Compensation	\$2,284,183	\$2,419,100	\$2,400,000	\$2,571,600	\$152,500	6.3%
Fringe Benefits	753,487	796,900	748,000	846,100	49,200	6.2%
Operating	228,277	116,400	116,400	135,900	19,500	16.8%
SubTotal	\$3,265,947	\$3,332,400	\$3,264,400	\$3,553,600	\$221,200	6.6%
Recoveries	(1,539,331)	(1,631,300)	(1,600,000)	(1,704,900)	(73,600)	4.5%
Total Accounting Division	\$1,726,616	\$1,701,100	\$1,664,400	\$1,848,700	\$147,600	8.7%
Treasury Division						
Compensation	\$1,326,098	\$1,482,900	\$1,352,900	\$1,551,200	\$68,300	4.6%
Fringe Benefits	476,568	508,700	400,000	556,900	48,200	9.5%
Operating	537,490	519,400	510,600	531,400	12,000	2.3%
SubTotal	\$2,340,155	\$2,511,000	\$2,263,500	\$2,639,500	\$128,500	5.1%
Recoveries	(387,730)	(395,000)	(355,000)	(401,900)	(6,900)	1.7%
Total Treasury Division	\$1,952,425	\$2,116,000	\$1,908,500	\$2,237,600	\$121,600	5.7%
Total Expenditures	\$3,929,771	\$4,003,100	\$3,712,400	\$4,330,700	\$327,600	8.2%

DIVISION OVERVIEW

Administration

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.

Fiscal Summary

In FY 2020, the division expenditures increase 31.4% over the FY 2019 budget. Staffing resources remain unchanged from the FY 2019 budget. The primary budget changes include:

- An increase in personnel costs due to countywide salary adjustments as well as projected healthcare and pension costs.

- A decrease in operating expenditures due to the removal of the one-time costs associated with the OSHA software.
- A decrease in recoveries related to salary adjustments and the removal of the one-time costs associated with OSHA software, which was 100% recoverable.

	FY 2019 Budget	FY 2020 Proposed	Change FY19-FY20	
			Amount (\$)	Percent (%)
Total Budget	\$ 186,000	\$ 244,400	\$ 58,400	31.4%
STAFFING				
Full Time - Civilian	10	10	0	0.0%
Full Time - Sworn	0	0	0	0.0%
Subtotal - FT	10	10	0	0.0%
Part Time	0	0	0	0.0%
Limited Term	0	0	0	0.0%

Accounting Division

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 respon-

sible for maintaining and operating the County's automated accounting systems.

Fiscal Summary

In FY 2020, the division expenditures increase 8.7% over the FY 2019 budget. Staffing resources remain unchanged from the FY 2019 budget. The primary budget changes include:

- An increase in personnel costs due to countywide salary adjustments as well as projected healthcare and pension costs.
- An increase in printing costs and membership fees to align with actuals.
- An increase in recoveries due to salary adjustments.

	FY 2019 Budget	FY 2020 Proposed	Change FY19-FY20	
			Amount (\$)	Percent (%)
Total Budget	\$ 1,701,100	\$ 1,848,700	\$ 147,600	8.7%
STAFFING				
Full Time - Civilian	33	33	0	0.0%
Full Time - Sworn	0	0	0	0.0%
Subtotal - FT	33	33	0	0.0%
Part Time	0	0	0	0.0%
Limited Term	0	0	0	0.0%

Treasury Division

The Treasury Division collects and accounts for various taxes and fees including real property taxes, business personal property taxes, transfer and recordation taxes, telecommunication taxes and solid waste service charges. It also handles special area assessments for the County as well as taxes and charges for the State of Maryland, the Washington Suburban Sanitary Commission, the Maryland-National Capital Park and Planning Commission, the Washington Suburban Transit Commission and all 27 municipalities in the County. Other taxes administered include energy, mobile home and hotel/motel taxes. The Treasury Division is responsible for: issuing tax certifications; auditing tax adjustments; processing circuit breaker refunds; administering various tax credit programs; collecting fees associated with evictions; administering the semi-annual tax payment program; and selling properties at tax sale for delinquent taxes. The division also has responsibility for the management of cash flow and the investment of all funds not immediately required for expenditure in an effort to maximize return.

Fiscal Summary

In FY 2020, the division expenditures increase 5.7% over the FY 2019 budget. Staffing resources remain unchanged from the FY 2019 budget. The primary budget changes include:

- An increase in personnel costs due to countywide salary adjustments as well as projected healthcare and pension costs.
- An increase in office automation to support anticipated countywide costs for SAP maintenance and computer refresh.
- A decrease in operating contracts due to the removal of the banking services management system contract because the module is now available in SAP financial system.

	FY 2019 Budget	FY 2020 Proposed	Change FY19-FY20	
			Amount (\$)	Percent (%)
Total Budget	\$ 2,116,000	\$ 2,237,600	\$ 121,600	5.7%
STAFFING				
Full Time - Civilian	23	23	0	0.0%
Full Time - Sworn	0	0	0	0.0%
Subtotal - FT	23	23	0	0.0%
Part Time	0	0	0	0.0%
Limited Term	0	0	0	0.0%

SERVICE DELIVERY PLAN AND PERFORMANCE

Goal 1 — To ensure optimal revenue collection, financial, and investment services are provided to County stakeholders in order to effectively obtain the funds to support County services.

Objective 1.1 — Increase the percent of real property tax revenue collected.

FY 2024 Target	FY 2017 Actual	FY 2018 Actual	FY 2019 Estimated	FY 2020 Projected	Trend
100%	100%	100%	100%	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 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 revenues.

Performance Measures

Measure Name	FY 2016 Actual	FY 2017 Actual	FY 2018 Actual	FY 2019 Estimated	FY 2020 Projected
Resources (Input)					
Number of revenue collection staff	21	21	21	23	23
Workload, Demand and Production (Output)					
Number of tax payments processed	464,274	483,262	455,316	470,000	470,000
Number of tax sale certificates processed	2,230	2,344	2,398	2,300	2,300
Percent of tax lien certificates sold to purchasers	88%	95%	92%	92%	92%
Amount of revenue collected through online E-payments services (in millions)	50.80	59.50	72.00	79.00	88.00
Efficiency					
Average number of tax payments processed per staff member	22,108.3	23,012.5	21,344.0	22,500.0	21,500.0
Quality					
Percent of tax bills successfully delivered to taxpayers	92%	95%	94%	93%	93%
Impact (Outcome)					
Percent of real property taxes collected	100%	100%	100%	100%	100%
Percent of personal property taxes collected	98%	98%	98%	98%	98%

Goal 2 — To provide management/advisory services and training to County agencies in order to minimize the County's risk exposure.

Objective 2.1 — Reduce risk management payments to claimants.

FY 2024 Target	FY 2017 Actual	FY 2018 Actual	FY 2019 Estimated	FY 2020 Projected	Trend
\$32.00	\$33.10	\$31.60	\$32.00	\$31.50	↔

Trend and Analysis

Risk Management central functions are the management and oversight of the County's third party claim administrative contract service.

Claim loss cost continue to be a challenge for the County, with workers' compensation claims and cost still leading in overall operational expenses.

The State of Maryland's Workers' Compensation Commission and Maryland State Legislators controls the fee structure and injury award cost. Unlike liability and property losses which tend to be a single payout award, Worker's Compensation (WC) tends to trend loss payouts over many years due to injuries on the job and/or benefits paid to the surviving spouse/kids. The majority of workers' compensation expenses are driven by Public Safety: Police, Fire, Corrections and the Sheriff's Office. Over the past few years the WC Commission has broadened what is compensable under WC such as lung disease, heart disease, hypertension and multiple cancers such as leukemia, prostate, colorectal, throat, lymphoma and breast cancer, and has increased indemnity payments for a loss such as an injured leg or hand. Overall liability claims are up due to a handful of claims reserving over \$1 million and higher claim settlement cost.

In FY 2019, Risk Management is partnering with other Risk Pool Members (Board of Education, Memorial Library System and the Community College) to expand safety awareness and training in-order to reduce losses and improve safety communication strategies throughout the shared system. This expanded Safety/Loss Prevention strategy will include a new web-based OSHA training module to expand and enhance safety training to supervisors and line staff.

Performance Measures

Measure Name	FY 2016 Actual	FY 2017 Actual	FY 2018 Actual	FY 2019 Estimated	FY 2020 Projected
Resources (Input)					
Number of adjusters	17	19	21	23	23
Number of safety trainers	1	1	1	1	1
Workload, Demand and Production (Output)					
Number of new risk management claims processed	2,526	2,337	2,591	2,500	2,400
Number of risk management claims closed	3,106	2,670	3,365	3,400	3,400
Number of employee safety training classes conducted	49	50	66	65	65
Number of web-based training sessions	—	—	—	60	70
Number of claims settled through the Office of Law	1,439	1,488	1,488	1,500	1,525
Efficiency					
Average number of claims received per adjuster	148.6	123.0	123.3	119.0	105.0
Quality					
Percent of claims reported and closed	4%	1%	2%	2%	2%
Impact (Outcome)					
Risk management reserve payments to claimants (in millions)	\$25.50	\$33.10	\$31.60	\$32.00	\$31.50

Goal 3 — To provide funds disbursement operations to County agencies in order to pay County obligations.

Objective 3.1 — Increase the percent of all County obligations paid on time.

FY 2024 Target	FY 2017 Actual	FY 2018 Actual	FY 2019 Estimated	FY 2020 Projected	Trend
98%	97%	93%	98%	98%	↔

Trend and Analysis

County obligations include payroll (active and retiree), vendor invoices, and other obligations.

The initial enactment of the Jobs and Opportunity Act and Local Small and Minority Bank Investment Act in late FY 2017 hindered the procure-to-pay process and had an adverse effect on processing vendor invoices. In mid FY 2018, the enactment of a County bill that amended parts of the initial Jobs and Opportunity Act and Local Small and Minority Bank Investment Act appears to have lessened the impact of the adverse effect on processing vendor payments and should have a positive effect on processing vendor invoices moving forward.

As vendors continue to become more familiar with SAP and gain a better understanding of newly enacted procure-to-pay legislation, the office expects an increase in the percentage of all County obligations paid on time.

Performance Measures

Measure Name	FY 2016 Actual	FY 2017 Actual	FY 2018 Actual	FY 2019 Estimated	FY 2020 Projected
Resources (Input)					
Number of payroll staff	6	6	6	6	6
Number of accounts payable staff	6	6	6	6	6
Workload, Demand and Production (Output)					
Number of payroll payments	242,452	243,968	247,177	255,000	230,000
Number of vendor payments	86,411	94,196	93,585	93,000	93,000
Efficiency					
Average number of payroll payments per payroll staff person	40,408.7	40,661.3	41,498.0	42,500.0	38,333.0
Average number of vendor payments per accounts payable staff person	14,401.8	15,699.3	15,600.0	15,500.0	15,500.0
Quality					
Percent of payroll obligations processed without error	100%	100%	99.7%	99.9%	99.9%
Percent of payroll payments issued by due date	100%	100%	100%	100%	100%
Percent of vendor payments issued by due date	94%	81%	86%	95%	95%
Impact (Outcome)					
Percent of all County obligations paid on time	97%	97%	93%	98%	98%

Goal 4 — To provide debt management services to ensure that County government has access to low-cost borrowing for long-term investments in infrastructure, facilities, equipment and technology.

Objective 4.1 — Maintain the number of bond rating agencies awarding the County an AAA rating (the highest bond rating) at three.

FY 2024 Target	FY 2017 Actual	FY 2018 Actual	FY 2019 Estimated	FY 2020 Projected	Trend
3	3	3	3	3	↔

Trend and Analysis

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

Performance Measures

Measure Name	FY 2016 Actual	FY 2017 Actual	FY 2018 Actual	FY 2019 Estimated	FY 2020 Projected
Resources (Input)					
Assessed County real property base (in millions)	\$74,297.00	\$78,066.00	\$87,377.00	\$92,895.00	\$—
County resident personal income (in millions)	41,923.00	42,970.00	42,962.00	43,513.00	44,002.00
Workload, Demand and Production (Output)					
Annual general fund net debt service (in millions)	\$94.30	\$103.60	\$115.70	\$135.70	\$168.20
Efficiency					
Net direct debt as a percent of County resident personal income	2%	2%	3%	4%	4%
Quality					
Net direct debt per capita	1,020	987	1,518	1,739	1,832
Percent of General Fund expenditures that are annual debt service payments	4%	4%	6%	7%	8%
Impact (Outcome)					
Number of bond rating agencies giving the County the highest bond rating	3	3	3	3	3