

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 2020 KEY ACCOMPLISHMENTS

- Issued approximately \$214 million in secured, tax exempt bonds; established a six year debt capacity analysis for budgetary planning.
- Issued FY 2019 Comprehensive Annual Financial Report.
- Received Certificate of Achievement for Excellence in Financial Reporting for FY 2018.
- Implemented revenue and debt software solutions.

STRATEGIC FOCUS AND INITIATIVES FOR FY 2021

The agency’s top priorities in FY 2021 are:

- Transition from the legacy system to a 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 the periodic review of risk management reserves and to identify potential policy changes to improve its fiscal integrity.

FY 2021 BUDGET SUMMARY

The FY 2021 proposed budget for the Office of Finance is \$4,915,100, an increase of \$584,400 or 13.5% over the FY 2020 approved budget.

Expenditures by Fund Type

Fund Types	FY 2019 Actual		FY 2020 Budget		FY 2020 Estimate		FY 2021 Proposed	
	Amount	% Total	Amount	% Total	Amount	% Total	Amount	% Total
General Fund	\$3,623,279	100.0%	\$4,330,700	100.0%	\$4,131,600	100.0%	\$4,915,100	100.0%
Total	\$3,623,279	100.0%	\$4,330,700	100.0%	\$4,131,600	100.0%	\$4,915,100	100.0%

Reconciliation from Prior Year

	Expenditures
FY 2020 Approved Budget	\$4,330,700
Increase Cost: Operating - Technology Cost Allocation — Increase in charges based on the new methodology to support anticipated countywide costs	\$539,700
Increase Cost: Compensation - Mandated Salary Requirements — partially offset by increased attrition	39,800
Increase Cost: Fringe Benefits — Increase in the fringe benefit rate from 32.8% to 33.2% and compensation adjustments	34,500
Add: Operating - New Projects — Increase in funding for the replacement of office equipment (scanners, shredder, printers, safe, etc.) to meet operational and service needs	30,000
Increase Cost: Operating — Increase in legal services and the banking services contract to meet operational needs	27,000
Increase Cost: Operating — Increase in printing and training costs to align with anticipated costs	20,100
Decrease Cost: Operating — Decrease in operating contracts to remove commercial assessment appeals contract; contract no longer needed	(50,000)
Decrease Cost: Recoveries — Increase in recoveries to reflect actual expenditures	(56,700)
FY 2021 Proposed Budget	\$4,915,100

STAFF AND BUDGET RESOURCES

Authorized Positions	FY 2019 Budget	FY 2020 Budget	FY 2021 Proposed	Change FY20-FY21
General Fund				
Full Time - Civilian	66	66	66	0
Full Time - Sworn	0	0	0	0
Subtotal - FT	66	66	66	0
Part Time	0	0	0	0
Limited Term	0	0	0	0
TOTAL				
Full Time - Civilian	66	66	66	0
Full Time - Sworn	0	0	0	0
Subtotal - FT	66	66	66	0
Part Time	0	0	0	0
Limited Term	0	0	0	0

Positions By Classification	FY 2021		
	Full Time	Part Time	Limited Term
Account Clerks	24	0	0
Accountants	22	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	3	0	0
Associate Director	2	0	0
Deputy Director	1	0	0
Director	1	0	0
Info Tech Proj Coord	1	0	0
TOTAL	66	0	0

Expenditures by Category - General Fund

Category	FY 2019 Actual	FY 2020 Budget	FY 2020 Estimate	FY 2021 Proposed	Change FY20-FY21	
					Amount (\$)	Percent (%)
Compensation	\$4,763,621	\$5,336,400	\$5,194,000	\$5,376,200	\$39,800	0.7%
Fringe Benefits	1,530,289	1,750,400	1,703,700	1,784,900	34,500	2.0%
Operating	635,926	720,500	710,500	1,287,300	566,800	78.7%
SubTotal	\$6,929,836	\$7,807,300	\$7,608,200	\$8,448,400	\$641,100	8.2%
Recoveries	(3,306,557)	(3,476,600)	(3,476,600)	(3,533,300)	(56,700)	1.6%
Total	\$3,623,279	\$4,330,700	\$4,131,600	\$4,915,100	\$584,400	13.5%

In FY 2021, compensation expenditures increase 0.7% over the FY 2020 budget due to anticipated cost of living and merit adjustments partially offset by an increase in attrition. Compensation costs included funding for 63 out of 66 full time positions. Fringe benefits expenditures increase 2.0% to reflect anticipated costs.

Operating expenditures increase 78.7% over the FY 2020 budget, primarily due to an increase in the technology allocation change. Other increases include legal services, banking services contract, printing, training and printing costs to meet office needs. These increases are offset by the removal of a Commercial Assessment Appeals contract that is no longer needed because these functions are handled directly by Finance. Operating increases also include new funding for the replacement of office equipment (scanners, shredder, printers, safe, etc.)

Recoveries increase 1.6% over the FY 2020 budget due to salary adjustments.

Expenditures by Division - General Fund

Category	FY 2019 Actual	FY 2020 Budget	FY 2020 Estimate	FY 2021 Proposed	Change FY20-FY21	
					Amount (\$)	Percent (%)
Administration	\$323,165	\$244,400	\$293,700	\$363,900	\$119,500	48.9%
Accounting Division	1,486,871	1,848,700	1,655,000	2,067,000	218,300	11.8%
Treasury Division	1,813,243	2,237,600	2,182,900	2,484,200	246,600	11.0%
Total	\$3,623,279	\$4,330,700	\$4,131,600	\$4,915,100	\$584,400	13.5%

General Fund - Division Summary

Category	FY 2019 Actual	FY 2020 Budget	FY 2020 Estimate	FY 2021 Proposed	Change FY20-FY21	
					Amount (\$)	Percent (%)
Administration						
Compensation	\$1,265,336	\$1,213,600	\$1,213,600	\$1,254,200	\$40,600	3.3%
Fringe Benefits	337,831	347,400	398,100	352,400	5,000	1.4%
Operating	90,120	53,200	51,800	143,100	89,900	169.0%
SubTotal	\$1,693,287	\$1,614,200	\$1,663,500	\$1,749,700	\$135,500	8.4%
Recoveries	(1,370,122)	(1,369,800)	(1,369,800)	(1,385,800)	(16,000)	1.2%
Total Administration	\$323,165	\$244,400	\$293,700	\$363,900	\$119,500	48.9%
Accounting Division						
Compensation	\$2,210,212	\$2,571,600	\$2,429,200	\$2,564,500	\$(7,100)	-0.3%
Fringe Benefits	728,089	846,100	796,800	852,000	5,900	0.7%
Operating	78,329	135,900	133,900	379,000	243,100	178.9%
SubTotal	\$3,016,630	\$3,553,600	\$3,359,900	\$3,795,500	\$241,900	6.8%
Recoveries	(1,529,759)	(1,704,900)	(1,704,900)	(1,728,500)	(23,600)	1.4%
Total Accounting Division	\$1,486,871	\$1,848,700	\$1,655,000	\$2,067,000	\$218,300	11.8%
Treasury Division						
Compensation	\$1,288,073	\$1,551,200	\$1,551,200	\$1,557,500	\$6,300	0.4%
Fringe Benefits	464,369	556,900	508,800	580,500	23,600	4.2%
Operating	467,478	531,400	524,800	765,200	233,800	44.0%
SubTotal	\$2,219,919	\$2,639,500	\$2,584,800	\$2,903,200	\$263,700	10.0%
Recoveries	(406,676)	(401,900)	(401,900)	(419,000)	(17,100)	4.3%
Total Treasury Division	\$1,813,243	\$2,237,600	\$2,182,900	\$2,484,200	\$246,600	11.0%
Total	\$3,623,279	\$4,330,700	\$4,131,600	\$4,915,100	\$584,400	13.5%

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 2021, the division expenditures increase \$119,500 or 48.9% over the FY 2020 budget. Staffing resources remain unchanged from the FY 2020 budget. The primary budget changes include:

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

and pension costs; partially offset by attrition and lapse.

- An increase in operating to reflect the change in the Technology Cost Allocation charge which supports OIT cost. In FY 2021, OIT introduced a new methodology based on agency usage.
- An increase in recoveries due to salary adjustments.

	FY 2020 Budget	FY 2021 Proposed	Change FY20-FY21	
			Amount (\$)	Percent (%)
Total Budget	\$244,400	\$363,900	\$119,500	48.9%
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 responsible for maintaining and operating the County’s automated accounting systems.

Fiscal Summary

In FY 2021, the division expenditures increase \$218,300 or 11.8% over the FY 2020 budget. Staffing resources remain unchanged from the FY 2020 budget. The primary budget changes include:

- A slight decrease in compensation due to salary lapse and attrition, partially offset by an increase in personnel costs due to countywide salary adjustments as well as projected healthcare and pension costs.
- An increase in operating to reflect the growth in Technology Cost Allocation charges.
- An increase in recoveries due to salary adjustments.

	FY 2020 Budget	FY 2021 Proposed	Change FY20-FY21	
			Amount (\$)	Percent (%)
Total Budget	\$1,848,700	\$2,067,000	\$218,300	11.8%
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 2021, the division expenditures increase \$246,600 or 11.0% over the FY 2020 budget. Staffing resources

remain unchanged from the FY 2020 budget. The primary budget changes include:

- An increase in personnel costs due to countywide salary adjustments as well as projected healthcare and pension costs, partially offset by a salary lapse.
- An increase in operating to reflect the growth in technology cost allocation charges, operating contracts for armor car, legal services and banking services.
- An increase in recoveries due to salary adjustments.

	FY 2020 Budget	FY 2021 Proposed	Change FY20-FY21	
			Amount (\$)	Percent (%)
Total Budget	\$2,237,600	\$2,484,200	\$246,600	11.0%
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 2025 Target	FY 2018 Actual	FY 2019 Actual	FY 2020 Estimated	FY 2021 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 revenue for the County. The annual sale of tax lien certificates is a tax collection technique to recover the payment of delinquent taxes by auctioning liens against a property. While the number of tax liens varies, the sale of the tax liens mitigates the loss of uncollected revenues.

The agency is planning to include several, new customer focused measures in the upcoming planning year.

Performance Measures

Measure Name	FY 2017 Actual	FY 2018 Actual	FY 2019 Actual	FY 2020 Estimated	FY 2021 Projected
Resources (Input)					
Revenue collection staff	21	21	21	23	23
Workload, Demand and Production (Output)					
Tax payments processed	483,262	455,316	482,464	483,000	484,000
Tax sale certificates processed	2,344	2,398	2,122	2,200	2,300
Tax lien certificates sold to purchasers	95%	92%	89%	90%	90%
Revenue collected through E-payments services	\$59.5	\$72.0	\$88.7	\$106.0	\$128.0
Tax inquiry calls received	n/a	n/a	n/a	38,308	39,000
Client lot liens processed	n/a	n/a	n/a	432	450
Tax bills generated	n/a	n/a	380,392	400,000	400,000
Efficiency					
Tax payments processed per staff member	23,013	21,344	23,631	21,000	21,043
Impact (Outcome)					
Real property taxes collected	98%	100%	100%	100%	100%
Personal property taxes collected	100%	98%	97%	97%	97%

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 2025 Target	FY 2018 Actual	FY 2019 Actual	FY 2020 Estimated	FY 2021 Projected	Trend
\$35.0	\$31.6	\$30.0	\$31.0	\$33.0	↔

Trend and Analysis

Risk Management provides administrative oversight over the County's claims adjusting contract servicing third party liability, property claims, and first party workers' compensation claims from employees. This function is essential in the management of the County's self-insurance program as approved by both the County Council and the State of Maryland. The agency's focus for FY 2021 is to continue partnering with other risk pool members (Board of Education, Memorial Library System and the Community College) to expand safety awareness training, in order to reduce losses and improve safety reduction strategies. A new web-based Occupational Safety and Health Administration (OSHA) training module for safety and loss prevention education was launched in FY 2020 and will continue to be used to expand and enhance safety training to supervisors and line staff.

Performance Measures

Measure Name	FY 2017 Actual	FY 2018 Actual	FY 2019 Actual	FY 2020 Estimated	FY 2021 Projected
Resources (Input)					
Adjusters	19	21	21	23	23
Safety trainers	1	1	1	1	1
Workload, Demand and Production (Output)					
New risk management claims processed	2,337	2,591	2,488	2,500	2,500
Risk management claims closed	2,670	3,365	3,328	3,300	3,300
Employee safety training classes conducted	50	66	79	84	89
Web-based training sessions	0	0	0	0	0
Claims settled through the Office of Law	1,488	1,488	494	525	500
Efficiency					
Attendees who passed the training course	138	123	24	23	22
Claims received per adjuster	137.9	123.3	23.5	22.8	21.7
Impact (Outcome)					
Risk management reserve payments to claimants	\$33.1	\$31.6	\$30.0	\$31.0	\$33.0

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 2025 Target	FY 2018 Actual	FY 2019 Actual	FY 2020 Estimated	FY 2021 Projected	Trend
95%	93%	95%	94%	95%	↔

Trend and Analysis

County obligations include payroll (active and retiree), vendor invoices and other obligations. In FY 2018, the Accounts Payable Section launched an Automated Cash Handling (ACH) enrollment campaign via email and received a voluminous response. As the agency continues the migration of vendors to electronic payments, this should have a positive effect on processing vendor invoices more efficiently and reduce costs associated with this. Additionally, as an added incentive to encourage vendor participation in ACH, there may be a reduction of payment cycles that produce checks. Rather than process check cycles daily, these cycles may be reduced to once or twice a week. This will result in a reduction in the number of payments issued annually and will also reduce costs associated with this. As all County agencies continue to become more familiar with SAP and gain a better understanding of procure-to-pay processing, the office expects an increase in the percentage of all County obligations paid on time.

Performance Measures

Measure Name	FY 2017 Actual	FY 2018 Actual	FY 2019 Actual	FY 2020 Estimated	FY 2021 Projected
Resources (Input)					
Payroll staff	6	6	6	6	6
Accounts payable staff	6	6	6	6	6
Workload, Demand and Production (Output)					
Payroll payments	243,968	247,177	263,740	270,000	265,000
Vendor payments	94,196	93,585	79,911	88,525	85,000
Efficiency					
Payroll payments per payroll staff person	40,661	41,498	43,957	45,000	44,167
Vendor payments per accounts payable staff	15,699	15,600	13,319	14,754	14,167
Quality					
Payroll obligations processed without error	100%	100%	100%	100%	100%
Payroll payments issued by due date	100%	100%	100%	100%	100%
Vendor payments issued by due date	81%	86%	89%	88%	90%
Impact (Outcome)					
County obligations paid on time	97%	93%	95%	94%	95%

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 2025 Target	FY 2018 Actual	FY 2019 Actual	FY 2020 Estimated	FY 2021 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 ratings from all three major agencies since FY 2012, most recently confirmed in FY 2019.

Performance Measures

Measure Name	FY 2017 Actual	FY 2018 Actual	FY 2019 Actual	FY 2020 Estimated	FY 2021 Projected
Resources (Input)					
Assessed County real property base (billions)	\$78,066.0	\$87,377.0	\$85,276.0	\$90,689.0	\$93,495.0
County resident personal income	\$43,290.0	\$42,962.0	\$45,145.0	\$46,193.0	\$47,246.0
Workload, Demand and Production (Output)					
Annual general fund net debt service	\$109.4	\$115.7	\$126.0	\$130.6	\$158.6
Efficiency					
Net direct debt as a percent of County resident personal income	2%	3%	3%	3%	3%
Quality					
General Fund expenditures that are annual debt service payments	4%	6%	4%	4%	4%
Impact (Outcome)					
Bond rating agencies giving the County the highest rating	3	3	3	3	3