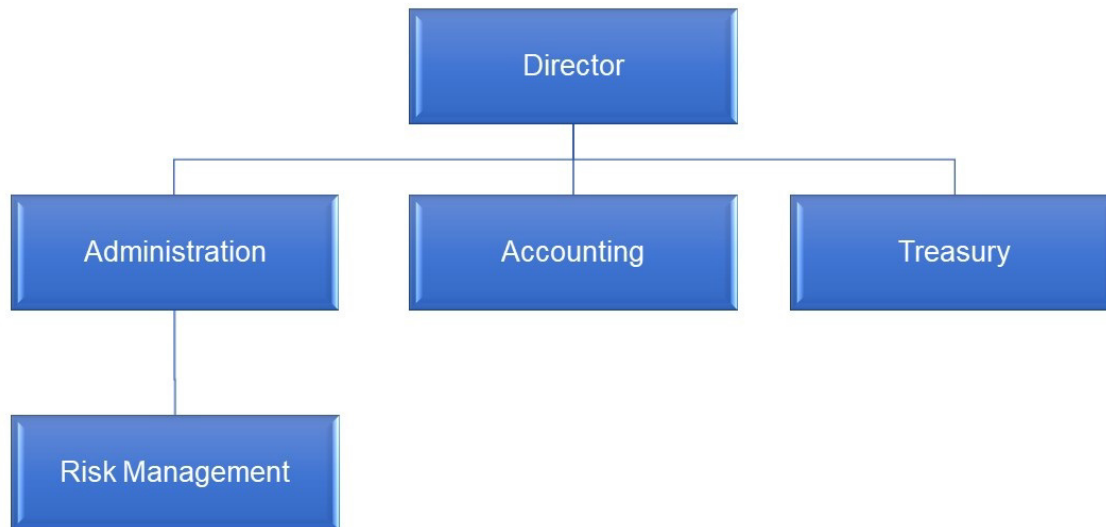


Office of Finance



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

FY 2021 KEY ACCOMPLISHMENTS

- Issued approximately \$588.5 million in secured, tax exempt bonds; established a six year debt capacity analysis for budgetary planning.
- Issued FY 2020 Comprehensive Annual Financial Report and Received Certificate of Achievement for Excellence in Financial Reporting for FY 2019.
- Modernized the handling and processing of transfer and recordation documents, adding a touch less interaction feature for our customers via automated secured lockers.
- Increased customer service delivery by adding pedestal and wall-mounted drop-box payment options to facilitate heavy volume or after-hours payments, as well as a telephone payment option.
- Successfully continued all agency functions during the COVID-19 pandemic with no disruptions in service.

STRATEGIC FOCUS AND INITIATIVES FOR FY 2022

The office's top priorities in FY 2022 are:

- Transitioning from a legacy system to new tax billing and collection system for revenue collections and improved customer access.
- Reduce the Risk Management Fund deficit, by partnering with the Office of the County Executive and Office of Management and Budget to ensure periodic reviews of risk management reserves and to identify potential policy changes to improve its fiscal integrity.
- Reduce risk management claims through partnership with the Office of the County Executive, and all relevant agencies, to ensure that accountability for workplace safety is a point of emphasis within County agencies, particularly the agencies with historically high-volume and high-dollar claims experience.
- Lead a multi-agency effort to improve overall timeliness of vendor invoice processing and payment, to move toward a net 15-day aspirational goal.
- Dedicated effort in financial reporting to facilitate the implementation of significant statements of the Governmental Accounting Standards Board, and to ensure compliance with statutory reporting deadlines for the County's financial statements.

FY 2022 BUDGET SUMMARY

The FY 2022 proposed budget for the Office of Finance is \$4,785,200, an increase of \$207,300 or 4.5% over the FY 2021 approved budget.

Expenditures by Fund Type

Fund Types	FY 2020 Actual		FY 2021 Budget		FY 2021 Estimate		FY 2022 Proposed	
	Amount	% Total	Amount	% Total	Amount	% Total	Amount	% Total
General Fund	\$4,230,204	100.0%	\$4,577,900	100.0%	\$4,874,300	100.0%	\$4,785,200	100.0%
Total	\$4,230,204	100.0%	\$4,577,900	100.0%	\$4,874,300	100.0%	\$4,785,200	100.0%

Reconciliation from Prior Year

	Expenditures
FY 2021 Approved Budget	\$4,577,900
Increase Cost: Compensation - Mandated salary requirements — Increase funding by reducing the anticipated vacancy rate	\$101,000
Add: Compensation — Six 1,000-hour positions for the new tax system implementation in the Treasury division	100,300
Increase Cost: Operating — Increase in software costs for the Comprehensive Annual Financial Reports (CAFR)	42,000
Increase Cost: Fringe Benefits — Increase funding by reducing the anticipated vacancy rate	38,700
Add: Fringe Benefits — Six 1,000-hour positions for the new tax system implementation in the Treasury division	7,700
Increase Cost: Recovery Reduction — Reclass of recovered positions to align with anticipated costs	200
Decrease Cost: Operating — Decrease in training and travel to align with historic costs	(9,700)

Reconciliation from Prior Year *(continued)*

	Expenditures
Decrease Cost: Removal of One-Time Cost — Removal of funding for a one-time equipment purchase in FY 2021	(30,000)
Decrease Cost: Technology Cost Allocation — Decrease in OIT charges based on anticipated countywide costs for technology	(42,900)
FY 2022 Proposed Budget	\$4,785,200

STAFF AND BUDGET RESOURCES

Authorized Positions	FY 2020 Budget	FY 2021 Budget	FY 2022 Proposed	Change FY21-FY22
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 2022		
	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 2020 Actual	FY 2021 Budget	FY 2021 Estimate	FY 2022 Proposed	Change FY21-FY22	
					Amount (\$)	Percent (%)
Compensation	\$5,209,251	\$5,123,000	\$5,263,200	\$5,324,300	\$201,300	3.9%
Fringe Benefits	1,692,744	1,700,900	1,712,200	1,747,300	46,400	2.7%
Operating	660,954	1,287,300	1,270,900	1,246,700	(40,600)	-3.2%
Capital Outlay	—	—	—	—	—	—
SubTotal	\$7,562,949	\$8,111,200	\$8,246,300	\$8,318,300	\$207,100	2.6%
Recoveries	(3,332,745)	(3,533,300)	(3,372,000)	(3,533,100)	200	0.0%
Total	\$4,230,204	\$4,577,900	\$4,874,300	\$4,785,200	\$207,300	4.5%

In FY 2022, compensation expenditures increase 3.9% above the FY 2021 budget due to the one-time addition of six 1,000 hour positions to help with the implementation of the new tax system and fulfillment of mandated salary requirements. Compensation costs included funding for 62 out of 66 full time positions. Fringe benefits expenditures increase 2.7% to reflect anticipated costs.

Operating expenditures decrease 3.2% under the FY 2021 budget, primarily due to a decrease in the technology allocation charge. Other decreases include training and travel and the removal of a one-time allocation in FY 2021 for an equipment purchase. These decreases are offset by the addition of a software contract for the development of the Comprehensive Annual Financial Report.

Recoveries decrease an insignificant amount compared to FY 2021 budget due to reclassing the allocation to different divisions within the Office of Finance.

Expenditures by Division - General Fund

Category	FY 2020 Actual	FY 2021 Budget	FY 2021 Estimate	FY 2022 Proposed	Change FY21-FY22	
					Amount (\$)	Percent (%)
Administration	\$274,719	\$330,500	\$480,100	\$434,300	\$103,800	31.4%
Accounting Division	1,868,814	1,859,900	2,059,200	1,919,400	59,500	3.2%
Treasury Division	2,086,671	2,387,500	2,335,000	2,431,500	44,000	1.8%
Total	\$4,230,204	\$4,577,900	\$4,874,300	\$4,785,200	\$207,300	4.5%

General Fund - Division Summary

Category	FY 2020 Actual	FY 2021 Budget	FY 2021 Estimate	FY 2022 Proposed	Change FY21-FY22	
					Amount (\$)	Percent (%)
Administration						
Compensation	\$1,245,264	\$1,181,100	\$1,346,100	\$1,249,600	\$68,500	5.8%
Fringe Benefits	343,455	392,100	354,300	416,100	24,000	6.1%
Operating	55,014	143,100	143,100	143,100	—	0.0%
Capital Outlay	—	—	—	—	—	—
SubTotal	\$1,643,733	\$1,716,300	\$1,843,500	\$1,808,800	\$92,500	5.4%
Recoveries	(1,369,014)	(1,385,800)	(1,363,400)	(1,374,500)	11,300	-0.8%
Total Administration	\$274,719	\$330,500	\$480,100	\$434,300	\$103,800	31.4%
Accounting Division						
Compensation	\$2,461,477	\$2,409,500	\$2,423,300	\$2,426,100	\$16,600	0.7%
Fringe Benefits	814,417	799,900	826,500	807,900	8,000	1.0%
Operating	166,339	379,000	415,700	381,300	2,300	0.6%
Capital Outlay	—	—	—	—	—	—
SubTotal	\$3,442,233	\$3,588,400	\$3,665,500	\$3,615,300	\$26,900	0.7%
Recoveries	(1,573,419)	(1,728,500)	(1,606,300)	(1,695,900)	32,600	-1.9%
Total Accounting Division	\$1,868,814	\$1,859,900	\$2,059,200	\$1,919,400	\$59,500	3.2%
Treasury Division						
Compensation	\$1,502,510	\$1,532,400	\$1,493,800	\$1,648,600	\$116,200	7.6%
Fringe Benefits	534,872	508,900	531,400	523,300	14,400	2.8%
Operating	439,601	765,200	712,100	722,300	(42,900)	-5.6%
Capital Outlay	—	—	—	—	—	—
SubTotal	\$2,476,983	\$2,806,500	\$2,737,300	\$2,894,200	\$87,700	3.1%
Recoveries	(390,312)	(419,000)	(402,300)	(462,700)	(43,700)	10.4%
Total Treasury Division	\$2,086,671	\$2,387,500	\$2,335,000	\$2,431,500	\$44,000	1.8%
Total	\$4,230,204	\$4,577,900	\$4,874,300	\$4,785,200	\$207,300	4.5%

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 2022, the division expenditures increase \$103,800 or 31.4% over the FY 2021 budget. Staffing resources increase by two from the FY 2021 budget. The primary budget changes include:

- An increase in personnel costs due to moving an Accountant 3G from the Accounting division to Administration. A defunded Administrative Aide 4G is also moved to this division from Accounting.
- A decrease in recoveries due to a reclass to the Treasury division.

	FY 2021 Budget	FY 2022 Proposed	Change FY21-FY22	
			Amount (\$)	Percent (%)
Total Budget	\$330,500	\$434,300	\$103,800	31.4%
STAFFING				
Full Time - Civilian	10	12	2	20.0%
Full Time - Sworn	0	0	0	0.0%
Subtotal - FT	10	12	2	20.0%
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 2022, the division expenditures increase \$59,500 or 3.2% over the FY 2021 budget. Staffing resources decrease by two from the FY 2021 budget. The primary budget changes include:

- An increase in personnel costs due to a reduction in the budgeted vacancy rate which increases funding.
- An Administrative Aide 4G and an Accountant 3G are transferred to the Administration division.
- An increase in operating due to the addition of a software contract offset by the reduction of a one-time allocation for an equipment purchase in FY 2021 and a reduction in the training and travel budget.
- A decrease in recoveries due to a reclass to the Treasury division.

	FY 2021 Budget	FY 2022 Proposed	Change FY21-FY22	
			Amount (\$)	Percent (%)
Total Budget	\$1,859,900	\$1,919,400	\$59,500	3.2%
STAFFING				
Full Time - Civilian	33	31	(2)	-6.1%
Full Time - Sworn	0	0	0	0.0%
Subtotal - FT	33	31	(2)	-6.1%
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 2022, the division expenditures increase \$44,000 or 1.8% over the FY 2021 budget. Staffing resources remain unchanged from the FY 2021 budget. The primary budget changes include:

- An increase in personnel costs for six 1,000 hour positions to help implement the new tax system.
- A decrease in operating due to a reduction in the technology allocation charge from OIT.
- An increase in recoveries due to reclasses from the Administration and Accounting divisions.

	FY 2021 Budget	FY 2022 Proposed	Change FY21-FY22	
			Amount (\$)	Percent (%)
Total Budget	\$2,387,500	\$2,431,500	\$44,000	1.8%
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 2026 Target	FY 2019 Actual	FY 2020 Actual	FY 2021 Estimated	FY 2022 Projected	Trend
100%	100%	100%	100%	100%	↔

Trend and Analysis

The Office of Finance is responsible for cash and investment management, billing and collecting the County's real and personal property taxes, conducting the annual sale of tax lien certificates, processing documents for transfer and recordation tax collection, managing various property credits and collecting other business taxes. Real property taxes are the largest source of 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 the tax liens mitigates the loss of uncollected revenues. The Treasury Division plans to implement a new Tax Billing and Collection System in FY 2022. This will involve a complete replacement of mainframe processing for real and personal property billing, transfer and recordation taxes, tax sale, additional automation of manual processes and enhanced customer service to County citizens.

There was a drop in tax sale certificates processed in FY 2020 due to COVID-19 as the tax sale was delayed by one month and a policy change was implemented increasing the minimum amount sold at tax sale from \$250 to \$500. This resulted in less certificates sold and processed.

Performance Measures

Measure Name	FY 2018 Actual	FY 2019 Actual	FY 2020 Actual	FY 2021 Estimated	FY 2022 Projected
Resources (Input)					
Revenue collection staff	21	21	22	23	23
Workload, Demand and Production (Output)					
Tax payments processed	455,316	482,464	481,639	484,000	484,000
Tax sale certificates processed	2,398	2,122	1,528	2,200	2,300
Tax lien certificates sold to purchasers	92%	89%	94%	90%	90%
Revenue collected through e-payment services (millions)	\$72.0	\$88.7	\$115.9	\$150.0	\$170.0
Tax inquiry calls received	n/a	n/a	38,214	41,000	41,000
Client lot liens processed	n/a	n/a	222	200	200
Tax bills generated	n/a	380,392	376,234	400,000	400,000
Efficiency					
Tax payments processed per staff member	21,344.0	23,631.0	21,893.0	21,043.0	21,043.0

Performance Measures *(continued)*

Measure Name	FY 2018 Actual	FY 2019 Actual	FY 2020 Actual	FY 2021 Estimated	FY 2022 Projected
Impact (Outcome)					
Real property taxes collected	100%	100%	100%	100%	100%
Personal property taxes collected	98%	97%	94%	93%	96%

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.
(millions)

FY 2026 Target	FY 2019 Actual	FY 2020 Actual	FY 2021 Estimated	FY 2022 Projected	Trend
\$32.0	\$30.0	\$34.0	\$43.0	\$36.0	↔

Trend and Analysis

Risk Management provides management oversight over the County's Risk Pool (County, Board of Education, Community College & Memorial Library) claims administration servicing contract for third party liability, property claims and first party employee(s) workers' compensation claims. Other essential functions include the management of the County's self-insurance program as approved by both the County Council and the State of Maryland.

Workers' Compensation (WC) claims are the leading factors in the County's overall operational expenses. Liability claims and the expanding WC presumption benefits are causing higher reserving costs on all open claims. The Office of Finance anticipates an increase in risk management payments to claimants in FY 2021 impacted by a single general liability claim.

Risk Management's focus for FY 2022 is to continue partnering with the risk pool members to expand safety awareness training to reduce losses and improve safety reduction strategies. A web-based Occupational Safety and Health Administration (OSHA) training module for safety and loss prevention education launched in fiscal year 2020 and will continue to be used to expand and enhance safety training to supervisors, line staff and departmental-wide risk concerns.

Performance Measures

Measure Name	FY 2018 Actual	FY 2019 Actual	FY 2020 Actual	FY 2021 Estimated	FY 2022 Projected
Resources (Input)					
Adjusters	21	21	20	22	23
Safety trainers	1	1	1	1	1
Workload, Demand and Production (Output)					
New risk management claims processed	2,591	2,488	2,236	2,400	2,300
Risk management claims closed	3,365	3,328	3,540	3,500	3,600
Employee safety training classes conducted	66	79	46	12	60
Web-based training sessions	0	0	14	100	100

Performance Measures *(continued)*

Measure Name	FY 2018 Actual	FY 2019 Actual	FY 2020 Actual	FY 2021 Estimated	FY 2022 Projected
Claims settled through the Office of Law	1,488	494	423	445	450
Efficiency					
Claims received per adjuster	123.3	128.4	112.0	109.0	100.0
Quality					
Claims reported and closed	2%	1%	12%	1%	1%
Impact (Outcome)					
Risk management reserve payments to claimants (millions)	\$31.6	\$30.0	\$34.0	\$43.0	\$36.0

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 2026 Target	FY 2019 Actual	FY 2020 Actual	FY 2021 Estimated	FY 2022 Projected	Trend
98%	95%	93%	92%	95%	↔

Trend and Analysis

County obligations include payroll (active and retiree), vendor invoices and other obligations. In March 2020, the County was adversely affected by the COVID-19 pandemic. The Office of Finance initiated a telework program that has been successful in maintaining operation of the Payroll and Accounts Payable (A/P) sections. While there has been relatively no decline in the measures for Payroll so far, a hiring freeze has been instituted and there is an uptick in retirements which could affect the remainder of FY 2021 and FY 2022. There has been a significant decline in measures for Accounts Payable. This is largely attributed to the Courts being closed, thus reducing payments for jury duty. During the pre-COVID-19 years of FY 2017-2019, A/P processed an average of 39,390 jury duty payments annually. This accounts for 61% of checks issued and 44% of total payments issued during that span. This precipitous decline in payments began in the last quarter of FY 2020 and continues through FY 2021. Should a vaccine for COVID-19 be provided before the end of FY 2021, the Courts may reopen and should lead to an increase in A/P payments for FY 2022 and beyond. Additionally, because jury duty payments are not bound by the County's payment terms of net 30 and are paid immediately upon submission, this should lead to an increase in A/P efficiency.

Performance Measures

Measure Name	FY 2018 Actual	FY 2019 Actual	FY 2020 Actual	FY 2021 Estimated	FY 2022 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	247,177	263,740	264,488	260,000	270,000
Vendor payments	93,585	79,911	67,118	39,802	80,333

Performance Measures *(continued)*

Measure Name	FY 2018 Actual	FY 2019 Actual	FY 2020 Actual	FY 2021 Estimated	FY 2022 Projected
Efficiency					
Payroll payments per payroll staff person	41,498	43,957	44,081	43,333	45,000
Vendor payments per accounts payable staff	15,600	13,319	11,184	6,634	13,389
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	86%	89%	86%	83%	90%
Impact (Outcome)					
County obligations paid on time	93%	95%	93%	92%	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 2026 Target	FY 2019 Actual	FY 2020 Actual	FY 2021 Estimated	FY 2022 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 2020.

Performance Measures

Measure Name	FY 2018 Actual	FY 2019 Actual	FY 2020 Actual	FY 2021 Estimated	FY 2022 Projected
Resources (Input)					
County resident personal income	\$42,962	\$45,145	\$52,348	\$54,130	\$55,972
Workload, Demand and Production (Output)					
Annual general fund net debt service (millions)	\$115.7	\$125.9	\$153.3	\$164.0	\$176.1
Efficiency					
Net direct debt as a percent of County resident personal income	3%	3%	3%	3%	3%

Performance Measures *(continued)*

Measure Name	FY 2018 Actual	FY 2019 Actual	FY 2020 Actual	FY 2021 Estimated	FY 2022 Projected
Quality					
General Fund expenditures that are annual debt service payments	6%	3%	7%	8%	8%
Impact (Outcome)					
Bond rating agencies giving the County the highest rating	3	3	3	3	3