

OFFICE OF FINANCE - 10

MISSION AND SERVICES

Mission - The Office of Finance provides revenue collection and investments, funds disbursement operations, best accounting practices, debt management and risk management to the County citizens, residents and agencies in order to ensure fiscally accountable and effective service delivery.

The agency's mission supports accomplishing the countywide vision by:

- Working for sound county management

Core Services--

- Revenue collection and investments
- Funds disbursement operations
- Best accounting practices, including cash management, preparation of annual financial statements and overseeing audit of county operations and financial transactions
- Debt management, including preparation of county bond sales
- Risk management

FY 2011 BUDGET SUMMARY

The FY 2011 proposed budget for the Office of Finance is \$3,972,400, a decrease of \$111,800 or 2.7% under the FY 2010 approved budget.

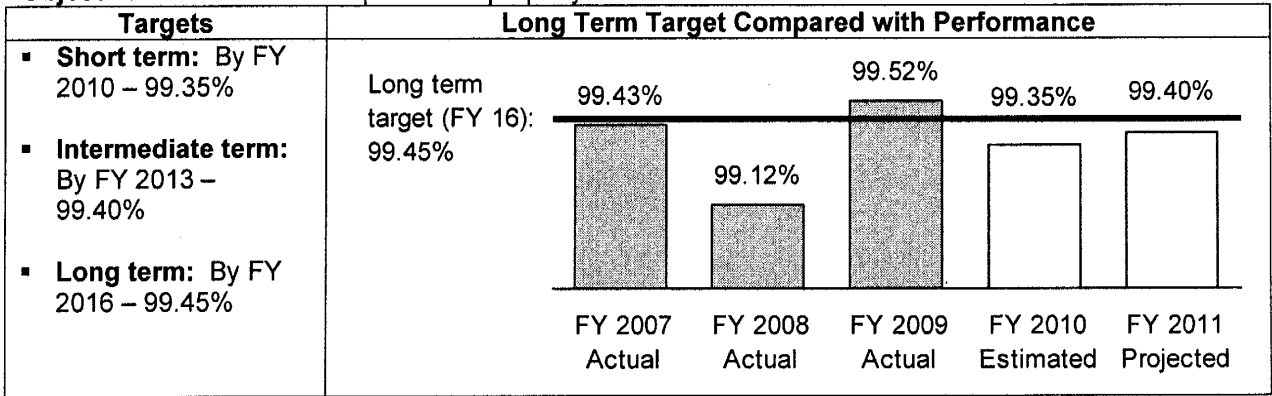
Where the Money Goes –

FY 2010 APPROVED BUDGET	\$4,084,200
Compensation adjustments	(\$120,900)
Increase in recoveries due to the staffing realignment and fringe benefits cost increase	(\$92,200)
Fringe benefits rate change from 28.6% to 31.2%	\$82,100
Increase resources for banking services to facilitate the management and distribution of county funds (see strategy 1.1.5)	\$20,000
Reduction in furlough from 80 to 64 hours (including fringe benefits)	\$7,300
Various operating expense changes	(\$6,500)
Reduction in the number of documents being disposed of due to the utilization of automated time and attendance software for employee payments (see strategy 2.1.3)	(\$1,600)
FY 2011 PROPOSED BUDGET	\$3,972,400

SERVICE DELIVERY PLAN AND PERFORMANCE

GOAL 1 - To provide revenue collection and investment services to county agencies in order to obtain the funds which support county services.

Objective 1.1 - Increase the percent of property revenue collected from 99.12% in FY 2008.



Performance Measures-

Measure Name	FY 2007 Actual	FY 2008 Actual	FY 2009 Actual	FY 2010 Estimated	FY 2011 Projected
Resources (input)					
Number of revenue collection staff	28	28	28	25	25
Workload, Demand and Production (output)					
Number of tax payments processed	293,162	296,984	300,856	303,000	306,000
Number of tax sale certificates processed	3,464	4,109	3,761	4,500	4,500
Percent of tax lien certificates sold to purchasers	99.9%	100.0%	99.0%	99.0%	99.0%
Amount of revenue collected through online banking services (in millions)	\$7.23	\$1.59	\$1.72	\$2.20	\$2.80
Efficiency and Quality					
Average number of tax payments processed per staff member	10,470.1	10,606.6	10,744.9	12,120.0	12,240.0
Percent of tax bills successfully delivered to taxpayers	95%	95%	95%	95%	95%
Impact (outcome)					
Percent of real property revenue collected	99.43%	99.12%	99.52%	99.35%	99.40%
Percent of personal property revenue collected	97.88%	97.28%	96.11%	95.50%	95.10%

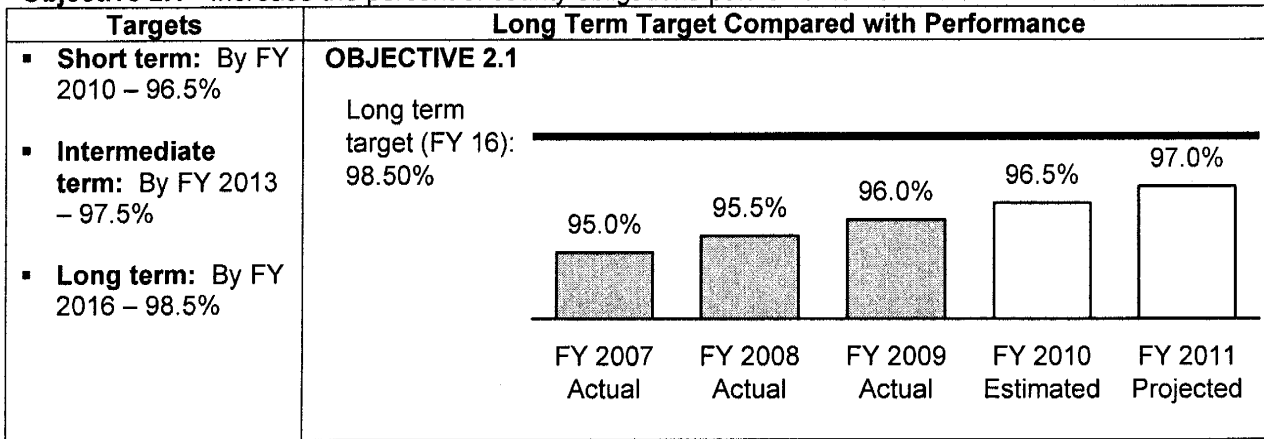
Performance Measures Explanation – The Office of Finance is responsible for collecting the County’s property taxes which provide about 28% of the revenues necessary to support county services. The number of tax payments processed is increasing each year because of new construction and business growth. Tax lien certificates are a tax collection technique to receive delinquent taxes by auctioning liens against a property. While tax liens vary based on the condition of the economy, the Office has noticed that the selling of tax liens directly impacts revenue collected. However, the major driver in collecting taxes is the condition of the economy.

Strategies to Accomplish the Objective –

- **Strategy 1.1.1** – Conduct an internet auction to sell delinquent taxpayer’s property
- **Strategy 1.1.2** – Partner with Office of Law to review deeds and deeds of transfer documents to ensure legal compliance of deeds
- **Strategy 1.1.3** – Provide additional cashiers during peak property tax collection periods (September and December) in order to expedite payment processing
- **Strategy 1.1.4** – Process property tax payments
- **Strategy 1.1.5** – Utilize outside banks to facilitate the management and distribution of county funds

GOAL 2 - To provide funds disbursement operations to county agencies in order to pay county obligations.

Objective 2.1 - Increase the percent of county obligations paid on time from 95.5% in FY 2008.



Performance Measures –

Measure Name	FY 2007 Actual	FY 2008 Actual	FY 2009 Actual	FY 2010 Estimated	FY 2011 Projected
Resources (input)					
Number of payroll staff	9	9	9	9	9
Number of accounts payable staff	12	12	11	11	8
Workload, Demand and Production (output)					
Number of payroll payments	223,628	228,891	228,291	228,000	224,750
Number of vendor payments	87,000	96,000	72,000	72,000	70,000
Efficiency and Quality					
Average number of payroll payments per payroll staff person	24,847.6	25,432.3	25,365.7	25,333.3	24,972.2
Average number of vendor payments per accounts payable staff person	7,250.0	8,000.0	6,545.5	6,545.5	8,750.0
Percent of payroll obligations processed without error	99%	99%	99%	99%	99%
Impact (outcome)					
Percent of all county obligations paid on time	95.0%	95.5%	96.0%	96.5%	97.0%

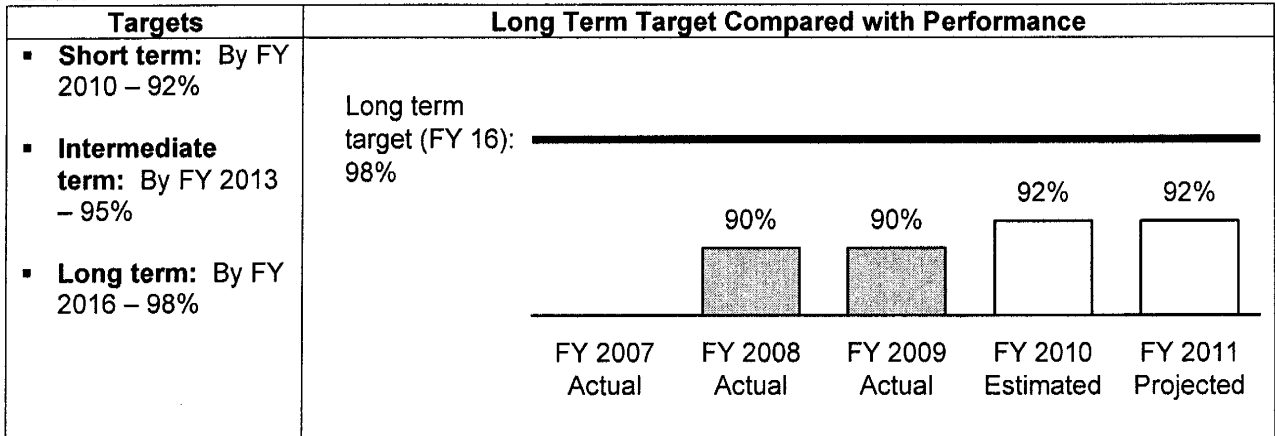
Performance Measures Explanation – The Office pays county obligations including payroll (active employees and retirees), vendor invoices and other county obligations. The Office is striving to accomplish the objective through continuous improvement, automation of manual processes and eliminating redundant data entry. The number of accounts payable staff is anticipated to decline in FY 2011 due to a realignment of staffing throughout the Office.

Strategies to Accomplish the Objective -

- **Strategy 2.1.1** – Deploy staff to process retroactive employee pay when required
- **Strategy 2.1.2** – Ensure staff have up-to-date employment and procurement regulations
- **Strategy 2.1.3** – Utilize all relevant automated time and attendance software for employee payments
- **Strategy 2.1.4** – Utilize a customized software for high volume vendor payments
- **Strategy 2.1.5** – Pay vendors, employees and retirees timely and accurately
- **Strategy 2.1.6** – Partner with county agencies’ fiscal coordinators on a quarterly basis to improve awareness and compliance with county policies and procedures

GOAL 3 – To utilize the best accounting practices for county agencies in order to ensure the integrity of financial resources.

Objective 3.1 - Increase the percent of accounts not requiring year-end adjustments from 90% in FY 2008.



Performance Measures-

Measure Name	FY 2007 Actual	FY 2008 Actual	FY 2009 Actual	FY 2010 Estimated	FY 2011 Projected
Resources (input)					
Number of fiscal managers	3	3	3	3	3
Number of staff accountants	9	9	9	9	7
Workload, Demand and Production (output)					
Number of funds and statements reviewed	53	53	55	55	55
Number of financial documents recorded	4,731	5,240	5,250	5,250	5,000
Efficiency and Quality					
Average number of funds and statements reviewed per staff accountant	5.9	5.9	6.1	6.1	7.9
Number of audit (comprehensive annual financial report) comments for improvement from the Government Finance Officers Association (GFOA)	7	4	6	5	4
Impact (outcome)					
Percent of accounts not requiring year-end adjustments		90%	90%	92%	92%

Performance Measures Explanation – The Office utilizes best accounting practices and reporting standards to ensure the accuracy and integrity of the County’s financial information. One indication of this effort is the Government Finance Officer’s Association (GFOA) feedback on the County’s financial audit which the Office has steadily improved upon through training and automation. However, changes in the GFOA’s requirements and/or changes and additions in the County’s financial structure can affect this indicator. The number of staff accountants is anticipated to decline due to the reallocation of staff across the Office. Data relating for FY 2007 is not available for all performance measures.

Strategies to Accomplish the Objective –

- **Strategy 3.1.1** – Concentrate staff accountants work hours during peak auditing period (September-December)
- **Strategy 3.1.2** – Ensure staff accountants have up-to-date governmental accounting industry standards and legal requirements
- **Strategy 3.1.3** – Utilize the County’s intranet site to streamline and automate the journal entry process

- **Strategy 3.1.4** – Complete quarterly analytical reviews of all financial activity
- **Strategy 3.1.5** – Partner with internal and external auditors and county agencies during the financial audit period to complete the County’s annual financial audit

GOAL 4 - To provide debt management services to the citizens and residents in order to ensure sound management of the County’s debt.

Objective 4.1 - Increase the number of bond rating agencies awarding the County with an AAA rating, the highest rating for local government, from 1 in FY 2008.

Targets –

- **Short term:** By FY 2010 – 1
- **Intermediate term:** By FY 2013 – 2
- **Long term:** By FY 2016 – 3

Performance Measures-

Measure Name	FY 2007 Actual	FY 2008 Actual	FY 2009 Actual	FY 2010 Estimated	FY 2011 Projected
Resources (input)					
Assessed county real property base (in millions)	\$60,716.7	\$72,901.0	\$96,787.7	\$97,167.0	\$100,656.0
County resident personal income (in millions)	\$31,434.0	\$32,700.0	\$32,400.0	\$32,500.0	\$32,500.0
Workload, Demand and Production (output)					
Annual debt service (in millions)	\$77.1	\$71.0	\$69.5	\$89.3	\$94.0
Efficiency and Quality					
Net direct debt as a percent of county resident personal income	2.4%	2.3%	2.4%	2.4%	2.5%
Net direct debt per capita	\$916.0	\$911.0	\$920.0	\$926.0	\$975.0
Percent of General Fund expenditures that are annual debt service payments	3.2%	2.9%	2.8%	2.8%	2.9%
Impact (outcome)					
Number of bond rating agencies giving the County an AAA rating (there are three rating agencies)	0	1	1	1	1

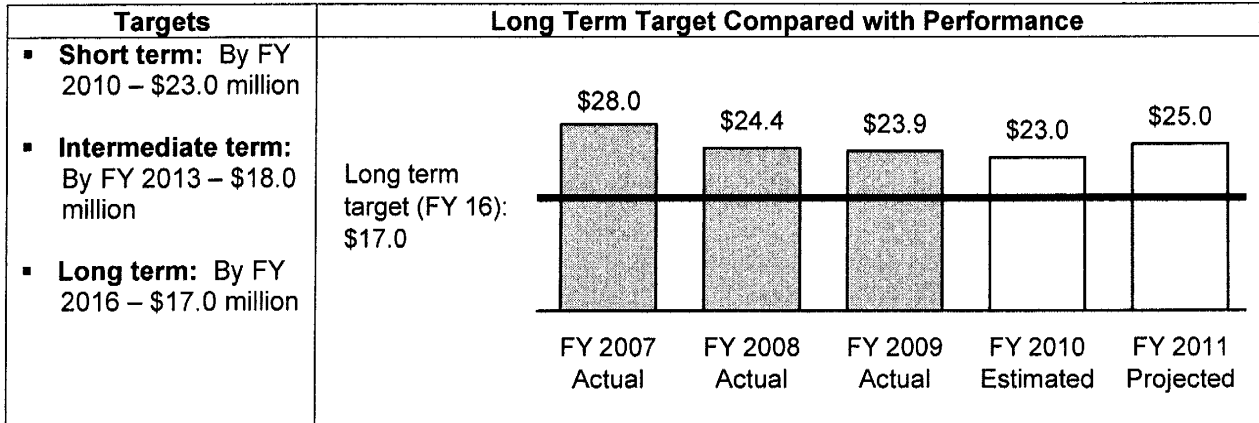
Performance Measures Explanation – The County’s bond rating helps determine the rate at which the County can borrow money. The rating is established by bond rating agencies that review the County’s financial condition and financial management practices, which means the rating also indicates how effective the County is at managing its money. During the past three years, the three bond rating agencies have rated the County the highest (AAA by Standard and Poor’s) and second highest (Aa1 by Moody’s and AA+ by Fitch) bond ratings available.

Strategies to Accomplish the Objective –

- **Strategy 4.1.1** – Issue debt
- **Strategy 4.1.2** – Pay the principle and interest on outstanding debt and obligations
- **Strategy 4.1.3** – Participate in private activity, special obligation and tax increment financing bonds
- **Strategy 4.1.4** – Partner with Office of Management and Budget, Office of Law, Bond Counsel and Financial Advisors in the preparation of bond sale.
- **Strategy 4.1.5** – Ensure bond sale timetable is met as established by the Debt Manager
- **Strategy 4.1.6** – Ensure staff know the processes, procedures and requirements to operate the County’s debt management program

GOAL 5 - To provide risk management services to county agencies in order to minimize the County’s risk.

Objective 5.1 - Reduce the risk management reserve payments to claimants from \$24.4 million in FY 2008.



Performance Measures-

Measure Name	FY 2007 Actual	FY 2008 Actual	FY 2009 Actual	FY 2010 Estimated	FY 2011 Projected
Resources (input)					
Number of adjusters	15	15	15	15	20
Number of safety trainers	1	1	1	1	1
Workload, Demand and Production (output)					
Number of risk management claims received	2,510	2,361	2,300	2,116	2,200
Number of risk management claims closed	2,196	1,745	2,818	2,100	2,300
Number of training classes	26	32	75	36	40
Number of web-based training sessions	0	0	109	400	500
Number of claims settled through the Office of Law	750	633	50	700	750
Efficiency and Quality					
Average number of claims received per adjuster	167.3	157.4	153.3	141.1	110.0
Percent of claims settled within a 24-hour period	17%	26%	35%	45%	50%
Impact (outcome)					
Risk management reserve payments to claimants (in millions)	\$28.0	\$24.4	\$23.9	\$23.0	\$25.0

Performance Measures Explanation – The Office is responsible for providing insurance for risk management which includes a reserve fund to pay valid workers’ compensation claims. In order to reduce the financial effects of claims made against the County, the Office reviews and evaluates all claims and trains employees on avoiding safety risks. As part of this effort, the Office has increased the number of training sessions (class and internet) to help spread claim awareness among the County work force. For FY 2011, risk management payouts are projected to increase due to the increased cost of benefits, medical care and trends in deciding rulings.

Strategies to Accomplish the Objective –

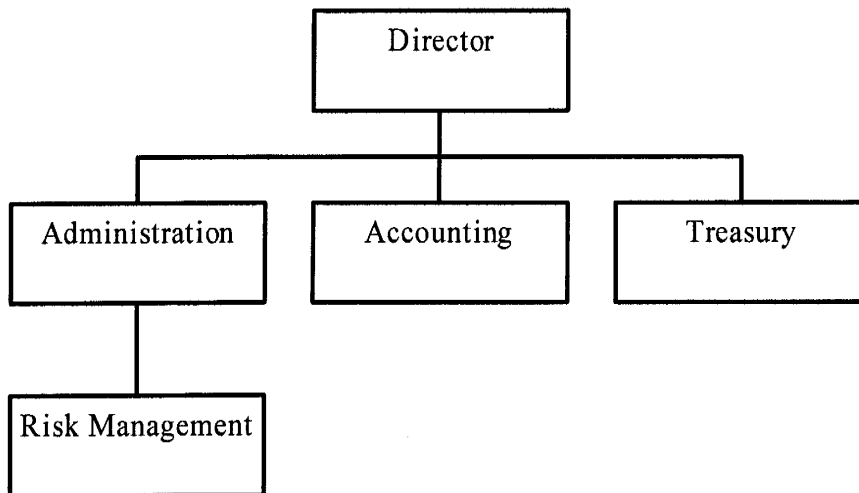
- **Strategy 5.1.1** – Operate and manage the County’s risk management fund which provides the County insurance for risk management claims
- **Strategy 5.1.2** – Utilize web-based training for employees to better understand risk management and how it effects them
- **Strategy 5.1.3** – Ensure one adjuster processes 200 claims per month
- **Strategy 5.1.4** – Provide educational safety materials to all county agencies
- **Strategy 5.1.5** – Partner with Office of Law, public safety and criminal justice agencies in order to identify loss exposures and develop loss prevention guidelines

- **Strategy 5.1.6** – Ensure the risk management division is trained in Occupational Safety and Health Administration requirements and insurance contract review

FY 2010 KEY ACCOMPLISHMENTS

- Issued approximately \$63 million in new General Obligation Consolidated Public Improvement Bonds.
- Issued FY 2009 Comprehensive Annual Financial Report.
- Full implementation of the County’s work force into the Electronic Time and Attendance System
- Received Certificate of Achievement for Excellence in Financial Reporting for FY 2009

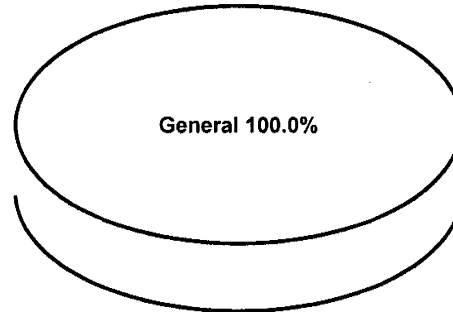
ORGANIZATIONAL CHART



	FY2009 ACTUAL	FY2010 BUDGET	FY2010 ESTIMATED	FY2011 PROPOSED	CHANGE FY10-FY11
TOTAL EXPENDITURES	\$ 4,528,254	\$ 4,084,200	\$ 4,084,000	\$ 3,972,400	-2.7%
EXPENDITURE DETAIL					
Administration	1,867,587	1,448,700	1,449,400	1,209,200	-16.5%
Accounting	3,157,945	3,128,900	3,192,200	3,041,200	-2.8%
Treasury	1,998,640	2,018,600	1,883,400	2,326,200	15.2%
Recoveries	(2,495,918)	(2,512,000)	(2,441,000)	(2,604,200)	3.7%
TOTAL	\$ 4,528,254	\$ 4,084,200	\$ 4,084,000	\$ 3,972,400	-2.7%
SOURCES OF FUNDS					
General Fund	\$ 4,528,254	\$ 4,084,200	\$ 4,084,000	\$ 3,972,400	-2.7%
Other County Operating Funds:					
TOTAL	\$ 4,528,254	\$ 4,084,200	\$ 4,084,000	\$ 3,972,400	-2.7%

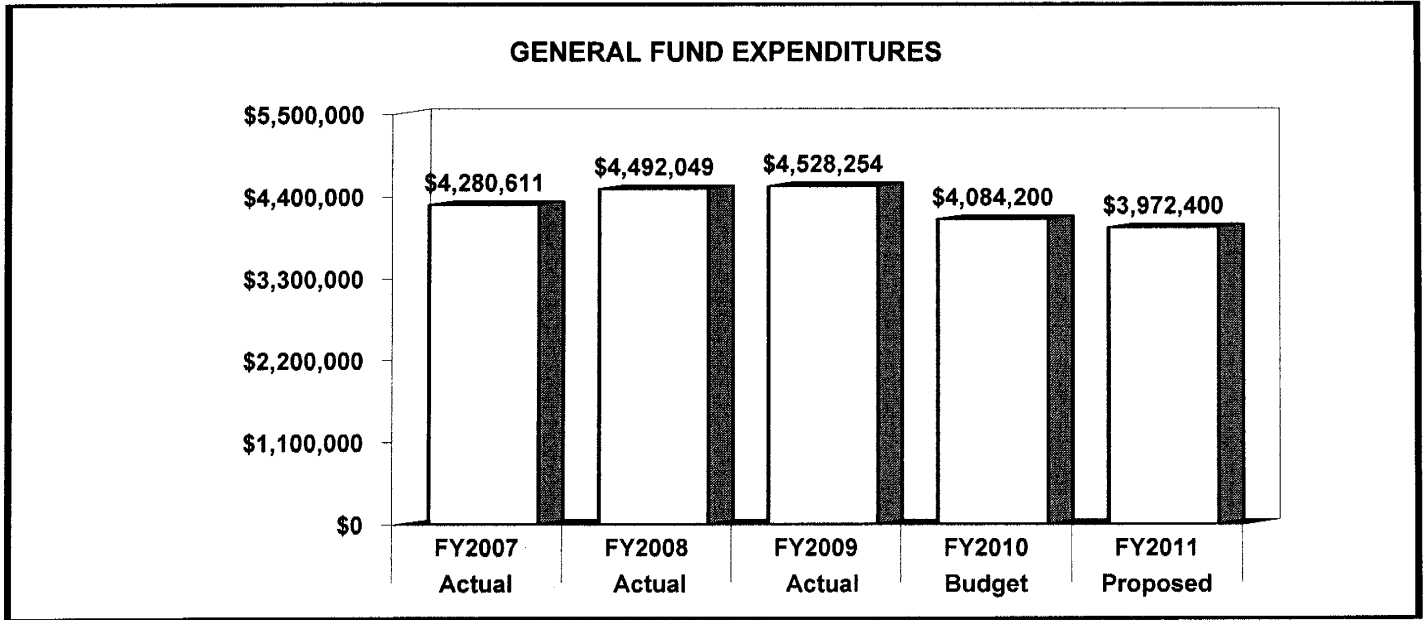
FY2011 SOURCES OF FUNDS

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.

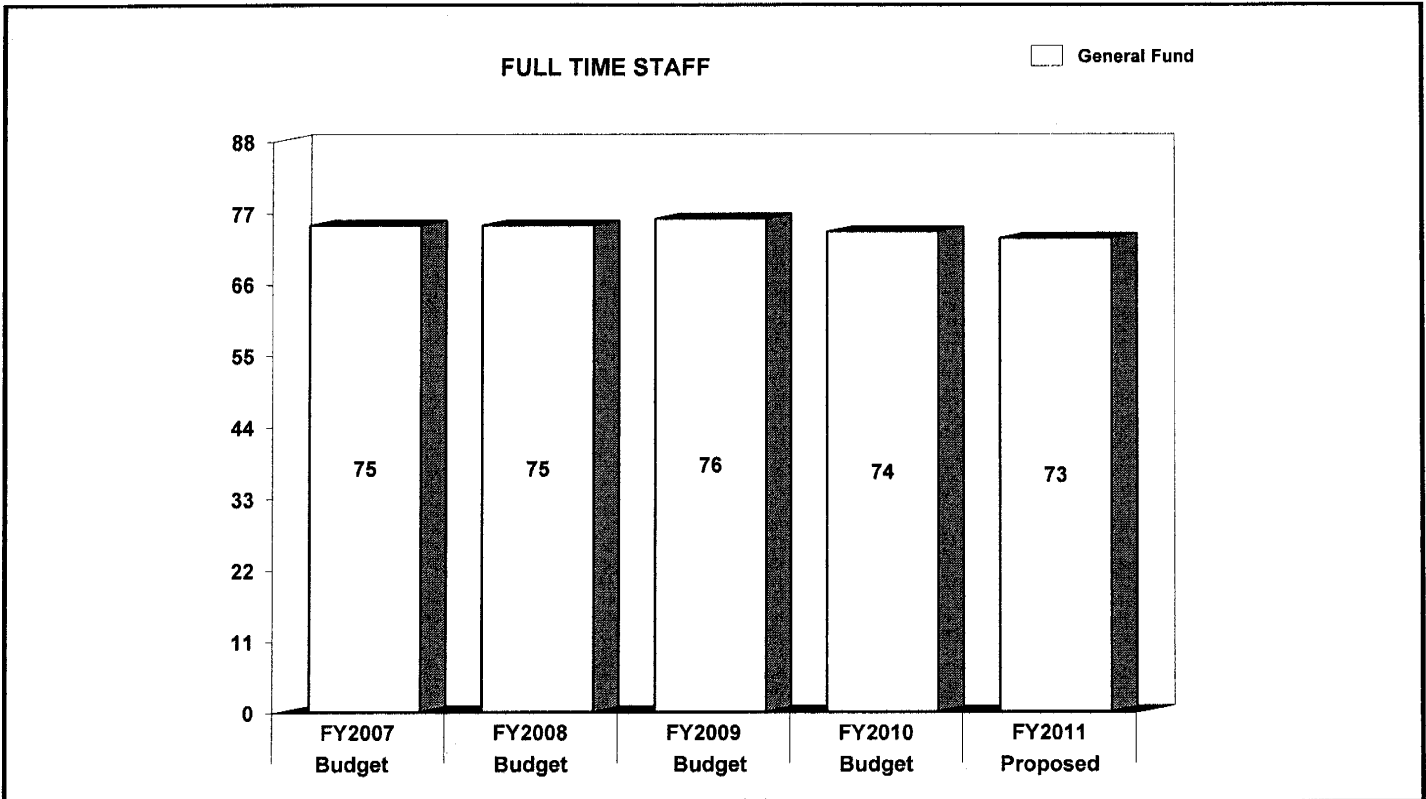


	FY2009 BUDGET	FY2010 BUDGET	FY2011 PROPOSED	CHANGE FY10-FY11
GENERAL FUND STAFF				
Full Time - Civilian	76	74	73	(1)
Full Time - Sworn	0	0	0	0
Part Time	0	0	0	0
Limited Term	0	0	0	0
OTHER STAFF				
Full Time - Civilian				
Full Time - Sworn				
Part Time				
Limited Term Grant Funded				
TOTAL				
Full Time - Civilian	76	74	73	(1)
Full Time - Sworn	0	0	0	0
Part Time	0	0	0	0
Limited Term	0	0	0	0

POSITIONS BY CATEGORY	FULL TIME	PART TIME	LIMITED TERM
Director	1	0	0
Accountants	19	0	0
Administrative Assistants	5	0	0
Administrative Aides	5	0	0
Other	2	0	0
Account Clerks	31	0	0
Administrative Specialists	5	0	0
Accounting Technicians	3	0	0
Deputy Director	1	0	0
Associate Director	1	0	0
TOTAL	73	0	0



The agency's expenditures increased 5.8% from FY 2007 to FY 2009. This increase is primarily driven by compensation and operating expenses. The FY 2011 proposed budget is 2.7% less than FY 2010 approved budget.



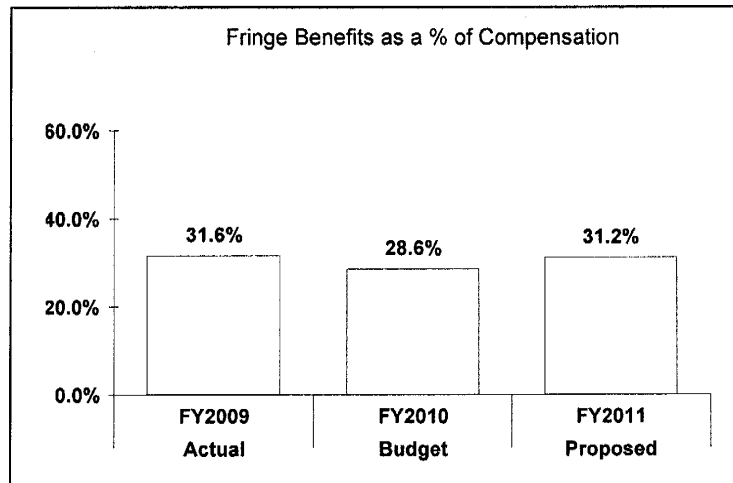
The agency's staffing complement had a net decrease of one position from FY 2007 to FY 2010. This decrease reflects the transfer of one position to the Office of Human Resources. The FY 2011 the staffing total includes one less position than the FY 2010 budget. This decrease is due to a reduction in force.

	FY2009 ACTUAL	FY2010 BUDGET	FY2010 ESTIMATED	FY2011 PROPOSED	CHANGE FY10-FY11
EXPENDITURE SUMMARY					
Compensation	\$ 4,757,202	\$ 4,535,700	\$ 4,568,700	\$ 4,422,100	-2.5%
Fringe Benefits	1,504,341	1,296,100	1,274,900	1,378,200	6.3%
Operating Expenses	762,629	764,400	681,400	776,300	1.6%
Capital Outlay	0	0	0	0	0%
	\$ 7,024,172	\$ 6,596,200	\$ 6,525,000	\$ 6,576,600	-0.3%
Recoveries	(2,495,918)	(2,512,000)	(2,441,000)	(2,604,200)	3.7%
TOTAL	\$ 4,528,254	\$ 4,084,200	\$ 4,084,000	\$ 3,972,400	-2.7%
STAFF					
Full Time - Civilian	-	74	-	73	-1.4%
Full Time - Sworn	-	0	-	0	0%
Part Time	-	0	-	0	0%
Limited Term	-	0	-	0	0%

In FY 2011, compensation expenditures decrease 2.5% under the FY 2010 budget due to staffing changes. Compensation costs include funding for 73 full-time employees. Fringe Benefit expenditures increase 6.3% over the FY 2010 budget. This is due to an increase in health care costs.

In FY 2011, operating expenditures increase 1.6% over the FY 2010 budget due to an increase in the banking services contract. Operating expenses reflect funding for office automation, operational contracts, printing and reproduction, general and administrative contracts as well as operating and office supplies.

MAJOR OPERATING EXPENDITURES FY2011	
Office Automation	\$ 343,500
Operational Contracts	\$ 185,000
Printing and Reproduction	\$ 104,400
General and Administrative	\$ 59,600
Contracts	
Operating and Office Supplies	\$ 35,200



ADMINISTRATION - 01

Administration Division oversees the activities of the Office and has direct responsibility for coordinating and financing bond sales for capital projects, real estate and equipment acquisition, and operating cash needs.

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. 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 2011, major changes for the Administration Division include a decrease in compensation and operating expenses. The decrease in compensation includes salary vacancy savings. The decreases in operating expenses are due to the transfer of funds for telephone, training, general and administrative contracts and banking services to the Treasury Division.

	FY2009 ACTUAL	FY2010 BUDGET	FY2010 ESTIMATED	FY2011 PROPOSED	CHANGE FY10-FY11
EXPENDITURE SUMMARY					
Compensation	\$ 1,096,782	\$ 899,800	\$ 899,800	\$ 873,500	-2.9%
Fringe Benefits	413,839	256,200	256,200	255,500	-0.3%
Operating Expenses	356,966	292,700	293,400	80,200	-72.6%
Capital Outlay	0	0	0	0	0%
Sub-Total	\$ 1,867,587	\$ 1,448,700	\$ 1,449,400	\$ 1,209,200	-16.5%
Recoveries	(1,212,156)	(1,144,600)	(1,144,600)	(1,045,300)	-8.7%
TOTAL	\$ 655,431	\$ 304,100	\$ 304,800	\$ 163,900	-46.1%
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

Accounting Division is responsible for the timely and accurate recording and reporting of the financial activities of the County to ensure conformity with legal requirements, administrative policy, and Generally Accepted Accounting Principles (GAAP). 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 Redevelopment Authority 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.

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 biweekly County payroll and monthly pension payments. The accounting system staff is responsible for maintaining and operating the County's automated accounting system.

Division Summary:

In FY 2011, major changes for the Accounting Division include increases in fringe benefits and recoveries. The increase in fringe benefits and recoveries are due to the realignment of staff and an increase in the fringe benefits rate. Operating expenses decrease due to a reduction in telephone and disposal fees.

	FY2009 ACTUAL	FY2010 BUDGET	FY2010 ESTIMATED	FY2011 PROPOSED	CHANGE FY10-FY11
EXPENDITURE SUMMARY					
Compensation	\$ 2,293,015	\$ 2,262,900	\$ 2,357,200	\$ 2,132,200	-5.8%
Fringe Benefits	656,201	646,500	625,300	695,100	7.5%
Operating Expenses	208,729	219,500	209,700	213,900	-2.6%
Capital Outlay	0	0	0	0	0%
Sub-Total	\$ 3,157,945	\$ 3,128,900	\$ 3,192,200	\$ 3,041,200	-2.8%
Recoveries	(1,103,868)	(1,157,800)	(1,086,800)	(1,216,900)	5.1%
TOTAL	\$ 2,054,077	\$ 1,971,100	\$ 2,105,400	\$ 1,824,300	-7.4%
STAFF					
Full Time - Civilian	-	35	-	35	0%
Full Time - Sworn	-	0	-	0	0%
Part Time	-	0	-	0	0%
Limited Term	-	0	-	0	0%

TREASURY - 03

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 27 municipalities in the County. Other taxes administered include recordation, transfer, telecommunications, 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.

Division Summary:

In FY 2011, major changes for the Treasury Division include increases in compensation, fringe benefits and operating expenses. The increase includes leave payouts, an increase in the fringe benefits rate and banking services contracts.

	FY2009 ACTUAL	FY2010 BUDGET	FY2010 ESTIMATED	FY2011 PROPOSED	CHANGE FY10-FY11
EXPENDITURE SUMMARY					
Compensation	\$ 1,367,405	\$ 1,373,000	\$ 1,311,700	\$ 1,416,400	3.2%
Fringe Benefits	434,301	393,400	393,400	427,600	8.7%
Operating Expenses	196,934	252,200	178,300	482,200	91.2%
Capital Outlay	0	0	0	0	0%
Sub-Total	\$ 1,998,640	\$ 2,018,600	\$ 1,883,400	\$ 2,326,200	15.2%
Recoveries	(179,894)	(209,600)	(209,600)	(342,000)	63.2%
TOTAL	\$ 1,818,746	\$ 1,809,000	\$ 1,673,800	\$ 1,984,200	9.7%
STAFF					
Full Time - Civilian	-	29	-	28	-3.4%
Full Time - Sworn	-	0	-	0	0%
Part Time	-	0	-	0	0%
Limited Term	-	0	-	0	0%