

Finance

MISSION STATEMENT

The mission of the Department of Finance is to prudently manage financial operations, recommend and implement sound fiscal policies, safeguard public assets, and encourage a safe environment on public property.

BUDGET OVERVIEW

The total approved FY08 Operating Budget for the Department of Finance is \$53,560,150, an increase of \$3,561,340 or 7.1 percent from the FY07 Approved Budget of \$49,998,810. Personnel Costs comprise 23.3 percent of the budget for 125 full-time positions and two part-time positions for 120.9 workyears. Operating Expenses account for the remaining 76.7 percent of the FY08 budget.

Not included in the above for the General Fund is a total of \$1,784,650 and 15.8 workyears that are charged to: Capital Improvements Program - CIP (\$1,015,040, 8.8 WYs); Community Use of Public Facilities (\$3,940, 0.1 WY); Self Insurance Internal Service Fund (\$44,920, 0.4 WY); BIT 457 Deferred Comp. Plan (\$20,740, 0.1 WY); Human Resources, Employee Health Benefit Self Insurance Fund (\$127,510, 1.0 WY); Human Resources, Employee Retirement System (\$48,840, 0.4 WY); Human Resources, Retirement Savings Plan (\$22,070, 0.2 WY); Bethesda Parking District (\$70,650, 0.9 WY); Montgomery Hills Parking District (\$5,650, 0.1 WY); Silver Spring Parking District (\$42,110, 0.5 WY); Wheaton Parking District (\$13,310, 0.2 WY); Public Works and Transportation, Printing and Mail Internal Service Fund (\$4,600, 0.1 WY); Solid Waste Collection (\$30,890, 0.4 WY); Solid Waste Disposal (\$308,070, 2.3 WYs); and Vacuum Leaf Collection (\$26,310, 0.3 WY). The funding and workyears for these items are included in the receiving departments' budgets.

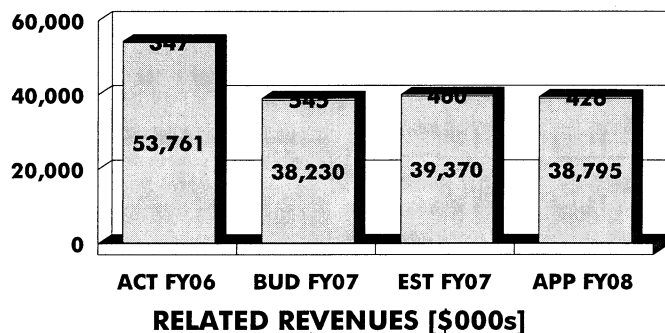
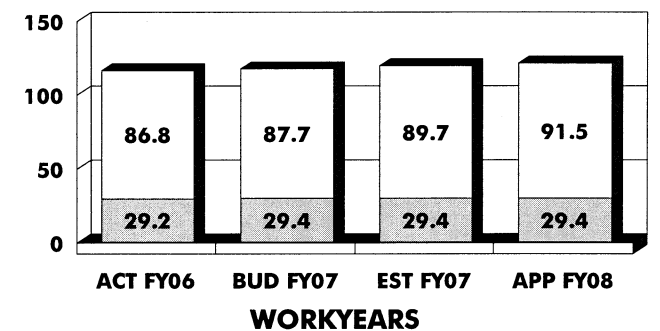
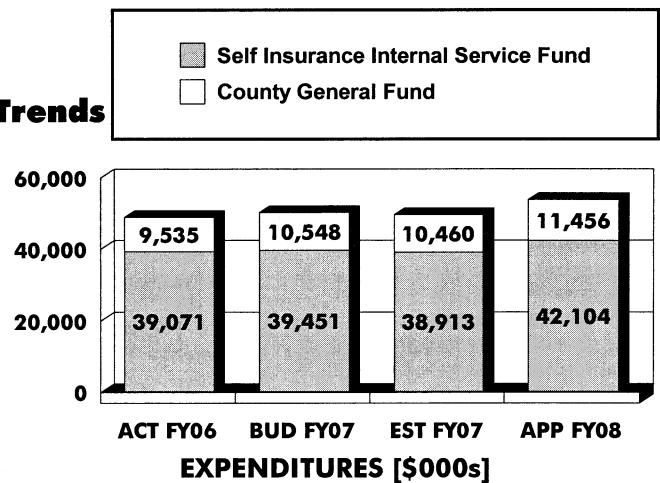
The Finance Operating Budget is composed of a General Fund component (the Director's Office and the Divisions of Treasury and Controller) and the Risk Management Division, which is funded by the Liability and Property Coverage Self-Insurance Fund. The total FY08 Operating Budget for the General Fund component is \$11,456,170, an increase of \$908,560 or a 8.6 percent from the FY07 approved budget of \$10,547,610. Personnel Costs comprise 81.1 percent of the General Fund budget for 113 full-time and 2 part-time positions for 91.5 workyears. Operating Expenses account for the remaining 18.9 percent of the budget.

The total FY08 Operating Budget for the Self-Insurance Fund component of Finance (Risk Management) is \$42,103,980, an increase of \$2,652,780 or 6.7 percent from the FY07 approved budget of \$39,451,200. Personnel Costs comprise 7.6 percent of the Self-Insurance Fund budget for 12 full-time positions for 29.4 workyears. Operating Expenses account for the remaining 92.4 percent of the budget. Included in the total workyears are 17.0 workyears charged to the Self-Insurance Fund by the

Program Summary

	Expenditures	WYs
Debt and Cash Management	530,640	3.8
Internal Audit	953,030	4.8
Information Technology	2,178,790	8.5
Accounts Payable	504,110	6.7
General Accounting	1,860,270	18.2
Payroll	580,370	6.6
Property Taxes	1,072,930	14.3
Transfer and Recordation Tax/Public Advocate	1,203,460	12.6
Treasury Operations	308,890	5.0
Insurance	39,078,670	4.0
Occupational Safety and Health	637,620	5.0
Legal Services	1,912,330	17.0
Operations and Administration	2,739,040	14.4
Totals	53,560,150	120.9

Trends



Office of the County Attorney and 0.4 workyear charged by the General Fund component of Finance (Controller Division) for services provided in support of Risk Management.

HIGHLIGHTS

- ❖ **Launch major new information technology system for Enterprise Resource Planning (ERP).**
- ❖ **Expand the implementation of an electronic time recording system with the MTime (electronic timesheets) project.**
- ❖ **Comply with Governmental Accounting Standards Board (GASB) Statement 45 by reporting expenses related to Other Post Employment Benefits (OPEB) on the County's financial statements, and establish a trust fund for prefunding of the annual required contribution, resulting in lower costs and liabilities.**
- ❖ **Productivity Enhancements:**
 - Implemented Phase 1 of the Electronic Timesheet Reporting and Management Project- MTime. The system was configured and tested for all phases.
 - Cross trained employees in the Divisions of the Controller and Treasury to make staff members proficient in job responsibilities required in other sections of the Division.

PROGRAM CONTACTS

Contact Nancy Moseley of the Department of Finance at 240.777.8886 or Alexandra Shabelski of the Office of Management and Budget at 240.777.2785 for more information regarding this department's operating budget.

PROGRAM DESCRIPTIONS

Debt and Cash Management

This program provides effective debt and cash management with the goal of maintaining the County's AAA General Obligation Bond debt rating, and the active investment of the County's working capital to minimize risk while generating the maximum investment income. Program objectives include managing the timely and economic issuance of short- and long-term financial obligations; developing and maintaining strong rating agency and investor relations; preparing accurate and timely financing documents, including the County's Annual Information Statement; ensuring strict compliance with disclosure requirements; coordinating bond counsel review; providing high-quality consulting services for County agencies, managers, staff, elected officials, the press, and citizens on issues related to debt and cash management, and management of the County's relationship with the banking community.

FY08 Changes

	Expenditures	WYs
FY07 Approved	493,560	3.8
FY08 Approved	530,640	3.8

Internal Audit

This program provides accurate, independent, and useful information through audit services to assist Executive Branch managers in the effective discharge of their responsibilities. Internal Audit is mandated by County Charter, Article 2, Executive Branch Section 218. The program provides identification of areas of risk in accountability systems; conducts fiscal, contract, performance, and information systems audits for financial compliance, economy, efficiency, and effectiveness; oversees investigative audits and audits required by law; provides advice to departments on internal control issues; and communicates the actions necessary for enhancing accountability.

FY08 Changes

- ❑ *Expand Internal Audit capabilities.*

	Expenditures	WYs
FY07 Approved	830,520	4.6
FY08 Approved	953,030	4.8

Information Technology

This program provides overall direction for the development of automated systems and technology to support effective and efficient achievement of the Department's mission. Activities are proactively coordinated with the Department of Technology Services, other County departments, and department staff to ensure consistency of department systems with countywide automation policies and standards. The program oversees development, selection, procurement, implementation, and maintenance of the Finance Department's automated systems and components. This program is also responsible for managing data integrity, security, and controls within the County's financial and procurement systems, including timely and comprehensive completion of financial systems upgrades, effective education of County financial systems users, timely response to customer questions, proactive trouble shooting and system maintenance, and the timely and accurate provision of internal financial reports.

FY08 Changes

	Expenditures	WYs
FY07 Approved	1,715,740	6.5
FY08 Approved	2,178,790	8.5

Accounts Payable

This program is responsible for timely and accurate payments to vendors for goods and services provided to the County; for complying with County policies and procedures; and carrying out State and Federal reporting requirements. Payments to vendors are initiated and approved by individual departments. The Accounts Payable program is responsible for review and final approval of payments of \$5,000 or more, as well as most refunds and other non-expenditure disbursements. Payments under \$5,000 are individually reviewed and approved by operating departments and potentially subject to post-payment audit by Accounts Payable. The Accounts Payable program is also responsible for administration of the County's Purchasing Card Program which incorporates both purchasing and travel related expenditures.

FY08 Changes

	Expenditures	WYs
FY07 Approved	477,420	6.7
FY08 Approved	504,110	6.7

General Accounting

This program is responsible for the analysis, interpretation, and presentation of the County's financial position and results of operations through timely, accurate, and professional financial reports. These reports provide public assurance as to the accountability and integrity of the use of County resources; adherence to budgetary policies established by management; and compliance with Federal, State, and County mandates. The program prepares the Comprehensive Annual Financial Report, Debt Service Booklet, Single Audit Report of Federal Grant Programs, and State Uniform Financial Report, as well as numerous other standardized and specialized reports. This program also provides high quality, timely service to County departments through technical assistance and through preparation, review, and approval of County financial transactions.

FY08 Changes

	Expenditures	WYs
FY07 Approved	1,837,630	18.1
FY08 Approved	1,860,270	18.2

Payroll

This program is responsible for managing and maintaining the County's payroll system and functions as prescribed by Federal, State, and County laws, and local regulations. The program provides timely and accurate payroll disbursements to County employees, accounts for payroll deductions, issues W-2 statements to account for pre-tax and post-tax benefits, maintains official payroll and leave records, and responds to internal and external inquiries. The program proactively operates in conjunction with other County departments to maintain the Human Resources Management System and to develop efficient and effective improvements to this system.

FY08 Changes

	Expenditures	WYs
FY07 Approved	542,760	6.6
FY08 Approved	580,370	6.6

Property Taxes

This program is responsible for collection of property taxes, which are the County's largest revenue source. The program provides accurate calculation and timely distribution of tax bills, accounting and distribution of tax collections to municipalities, and timely collection of delinquent accounts through the tax lien sale process. This program manages numerous tax credit, deferral, and assistance programs. The public tax information portion of the property tax program provides accurate and timely tax and account information to attorneys, title companies, and the public for preparation of property settlements and other uses.

Finance

FY08 Changes

	Expenditures	WYs
FY07 Approved	973,020	13.3
FY08 Approved	1,072,930	14.3

Transfer and Recordation Tax/Public Advocate

The primary responsibility of this program is the timely and accurate processing and collection of the transfer and recordation taxes associated with Real Property transfers and Recordation of Instruments of Writing. The Public Advocate for Assessments and Taxation provides an independent review of State-determined property tax assessment valuations for fairness and accuracy.

FY08 Changes

	Expenditures	WYs
FY07 Approved	1,189,520	13.6
FY08 Approved	1,203,460	12.6

Treasury Operations

This program is responsible for providing coordination and oversight of treasury operations, and customer services through the cashing function. It is also responsible for accurate revenue and economic forecasting, and publishing reports on economic and revenue analyses on a monthly and quarterly basis for dissemination to the County Council and public. The program is also responsible for the accurate recordation and processing of all excise taxes. In addition, Treasury Operations administers the County's Working Families Income Supplement program.

FY08 Changes

	Expenditures	WYs
FY07 Approved	245,800	4.0
FY08 Approved	308,890	5.0

Insurance

County Code 20-37 established the Montgomery County Self-Insurance Program. The program provides comprehensive property and casualty insurance for the County and participating agencies. The program is funded through contributions from the agencies, which are based upon an annual actuarial analysis of outstanding and projected future claims filed against the participants. The program provides accurate and timely insurance and risk management advice to participating agencies and reduces County and participating agency exposure to risk by: comparing the cost of commercially available coverage to evaluate the best method of funding exposure to loss; transferring contractual risk under indemnification/hold harmless agreements; avoiding risk; operating proactive safety programs; and purchasing commercial insurance policies.

FY08 Changes

	Expenditures	WYs
FY07 Approved	36,532,190	4.0
FY08 Approved	39,078,670	4.0

Occupational Safety and Health

This program coordinates reporting to Federal and State regulatory agencies on health and safety issues. The State-required injury reports and the mandated safety training and record keeping are completed on schedule. The program responds promptly to inspections and queries from the Maryland Occupational Safety and Health Administration. Accident prevention programs are conducted, and training is provided continuously in loss prevention and loss control to promote a safe and healthy work environment for County employees.

FY08 Changes

	Expenditures	WYs
FY07 Approved	599,340	5.0
FY08 Approved	637,620	5.0

Legal Services

This program funds activities of the Office of the County Attorney, which provides legal services including investigation, negotiation, and litigation on behalf of the County and agencies that participate in the Self-Insurance Program.

FY08 Changes

	Expenditures	WYs
FY07 Approved	1,865,710	17.0
FY08 Approved	1,912,330	17.0

Operations and Administration

This program includes operational support for the department as well as the administrative portions of the Director's Office, the Division of the Controller, the Treasury Division, and the Division of Risk Management. The program provides support for efficient, effective, and timely accomplishment of the Department's mission, including budget development and oversight, personnel administration, strategic planning, and contract administration. The program also provides effective management of the financial aspects of economic development initiatives; proactive development of intergovernmental policy alternatives and impacts; and high quality consulting services for County agencies, managers, staff, elected officials, the press, and citizens.

FY08 Changes

	Expenditures	WYs
FY07 Approved	2,695,600	13.9
FY08 Approved	2,739,040	14.4

BUDGET SUMMARY

	Actual FY06	Budget FY07	Estimated FY07	Approved FY08	% Chg Bud/App
COUNTY GENERAL FUND					
EXPENDITURES					
Salaries and Wages	5,862,434	6,315,660	6,356,870	6,895,040	9.2%
Employee Benefits	1,962,901	2,265,170	2,175,910	2,399,740	5.9%
County General Fund Personnel Costs	7,825,335	8,580,830	8,532,780	9,294,780	8.3%
Operating Expenses	1,710,057	1,966,780	1,926,780	2,161,390	9.9%
Capital Outlay	0	0	0	0	—
County General Fund Expenditures	9,535,392	10,547,610	10,459,560	11,456,170	8.6%
PERSONNEL					
Full-Time	96	101	103	113	11.9%
Part-Time	2	2	2	2	—
Workyears	86.8	87.7	89.7	91.5	4.3%
REVENUES					
Miscellaneous	2,476	0	0	0	—
Development District Fees	39,496	40,770	40,800	42,140	3.4%
Procurement Card Rebate	14,678	16,720	37,000	23,910	43.0%
WSSC Reimb.: Benefit Charge on Tax Bill	65,000	97,730	97,730	97,860	0.1%
Municipalities Reimb.: Property Tax Services	50,502	50,580	50,580	51,660	2.1%
State Reimb.: Bay Restoration Fund	0	105,000	41,380	23,250	-77.9%
Dishonored Check Fee	36,356	35,000	35,000	35,000	—
Tax Certification Fee	4,377	6,000	2,500	2,500	-58.3%
Tax Sale Fee	22,500	31,250	30,000	30,000	-4.0%
Child Support Payment Fees	19,180	18,700	19,110	19,110	2.2%
Conduit Bond Fees	92,011	142,820	105,680	100,130	-29.9%
County General Fund Revenues	346,576	544,570	459,780	425,560	-21.9%
SELF INSURANCE INTERNAL SERVICE FUND					
EXPENDITURES					
Salaries and Wages	2,054,537	2,347,580	2,347,580	2,465,130	5.0%
Employee Benefits	621,481	731,990	731,990	716,730	-2.1%
Self Insurance Internal Service Fund Personnel Costs	2,676,018	3,079,570	3,079,570	3,181,860	3.3%
Operating Expenses	36,394,828	36,371,630	35,833,630	38,922,120	7.0%
Capital Outlay	0	0	0	0	—
Self Insurance Internal Service Fund Expenditures	39,070,846	39,451,200	38,913,200	42,103,980	6.7%
PERSONNEL					
Full-Time	12	12	12	12	—
Part-Time	0	0	0	0	—
Workyears	29.2	29.4	29.4	29.4	—
REVENUES					
Montgomery County (Special, Entpr. & Int. Serv.)	5,647,330	4,111,690	4,111,690	3,766,470	-8.4%
Montgomery County General Fund NDA	13,946,960	8,938,480	8,938,480	8,836,850	-1.1%
Fire and Rescue Services	10,271,523	7,437,520	7,437,520	7,013,960	-5.7%
Board of Education	13,783,860	8,415,330	8,415,330	8,275,520	-1.7%
Montgomery College	468,110	354,380	354,380	331,890	-6.3%
M-NCPPC	852,340	872,280	872,280	943,200	8.1%
Housing Opportunities Commission	771,480	558,910	558,910	491,430	-12.1%
Revenue Authority	185,940	112,660	112,660	111,290	-1.2%
City of Gaithersburg	263,920	158,590	158,590	142,800	-10.0%
City of Rockville	1,391,270	990,940	990,940	999,600	0.9%
Takoma Park	428,960	258,160	258,160	231,430	-10.4%
Housing Authority-City of Rockville	30,750	27,340	27,340	22,650	-17.2%
Other Municipal Income	56,640	44,190	44,190	23,670	-46.4%
Other - Recovered Losses	879,494	750,000	750,000	1,100,000	46.7%
Investment Income - Pooled and Non-Pooled	4,781,986	5,200,000	6,340,000	6,490,000	24.8%
Bethesda Urban Partnership	0	0	0	14,280	—
Self Insurance Internal Service Fund Revenues	53,760,563	38,230,470	39,370,470	38,795,040	1.5%
DEPARTMENT TOTALS					
Total Expenditures	48,606,238	49,998,810	49,372,760	53,560,150	7.1%
Total Full-Time Positions	108	113	115	125	10.6%
Total Part-Time Positions	2	2	2	2	—

	Actual FY06	Budget FY07	Estimated FY07	Approved FY08	% Chg Bud/App
Total Workyears	116.0	117.1	119.1	120.9	3.2%
Total Revenues	54,107,139	38,775,040	39,830,250	39,220,600	1.1%

FY08 APPROVED CHANGES

	Expenditures	WYs
COUNTY GENERAL FUND		
FY07 ORIGINAL APPROPRIATION	10,547,610	87.7
<u>Changes (with service impacts)</u>		
Enhance: Internal Audit [Internal Audit]	100,000	0.0
<u>Other Adjustments (with no service impacts)</u>		
Increase Cost: General Wage and Service Increment Adjustments	398,660	0.0
Replace: Merkle - Migrate Timesheet Data Entry from Department of Technology Services [Information Technology]	210,000	0.0
Increase Cost: Annualization of Electronic Timesheet Reporting Project: MCtime [Information Technology]	156,160	2.0
Increase Cost: Annualization of FY07 Personnel Costs	77,090	0.2
Increase Cost: Administrative Support [Operations and Administration]	48,920	0.5
Increase Cost: Speed Camera Initiative [Treasury Operations]	48,070	1.0
Increase Cost: Retirement Rate Adjustment	34,820	0.0
Increase Cost: Central Duplicating and Postage [Operations and Administration]	27,120	0.0
Increase Cost: Labor Contract - Charges from County Attorney: Property Tax [Transfer and Recordation Tax/Public Advocate]	12,780	0.0
Increase Cost: IT Maintenance and Licenses [Information Technology]	10,010	0.0
Increase Cost: Charges from County Attorney: Income Tax [General Accounting]	6,000	0.1
Decrease Cost: Chargebacks to Parking Districts and Solid Waste Services for billing services [Property Taxes]	4,480	0.0
Increase Cost: Labor Contracts - Other	4,380	0.0
Increase Cost: Travel [Operations and Administration]	3,000	0.0
Increase Cost: Internal Audit (CPI) Contract Increase [Internal Audit]	2,910	0.0
Decrease Cost: Printing and Mail Adjustments [Operations and Administration]	-16,750	0.0
Decrease Cost: Group Insurance Rate Adjustment	-46,470	0.0
Decrease Cost: Outsource Vendor Checks [Operations and Administration]	-60,530	0.0
Decrease Cost: Elimination of One-Time Items Approved in FY07 [Operations and Administration]	-112,090	0.0
FY08 APPROVED:	11,456,170	91.5
SELF INSURANCE INTERNAL SERVICE FUND		
FY07 ORIGINAL APPROPRIATION	39,451,200	29.4
<u>Other Adjustments (with no service impacts)</u>		
Increase Cost: Claims Payments [Insurance]	2,707,000	0.0
Increase Cost: Commercial Insurance Policies [Insurance]	290,720	0.0
Increase Cost: Claims Administration Fee [Insurance]	190,370	0.0
Increase Cost: General Wage and Service Increment Adjustments	170,040	0.0
Increase Cost: Biennial Claims Audit [Insurance]	40,000	0.0
Increase Cost: GASB 45 Retiree Insurance Costs [Operations and Administration]	17,120	0.0
Increase Cost: Retirement Rate Adjustment	12,750	0.0
Increase Cost: Printing and Mail Adjustments	1,380	0.0
Decrease Cost: Motor Pool Rate Adjustment [Occupational Safety and Health]	-1,100	0.0
Decrease Cost: Group Insurance Rate Adjustment	-13,320	0.0
Decrease Cost: Annualization of FY07 Personnel Costs [Legal Services]	-67,180	0.0
Decrease Cost: Adjustment to Reserves (IBNR) [Insurance]	-695,000	0.0
FY08 APPROVED:	42,103,980	29.4