

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 FY06 Operating Budget for the Department of Finance is \$49,005,400, an increase of \$6,935,440 or 16.5 percent from the FY05 Approved Budget of \$42,069,960. Personnel Costs comprise 21.8 percent of the budget for 108 full-time positions and two part-time positions for 116.0 workyears. Operating Expenses account for the remaining 78.2 percent of the FY06 budget.

Not included in the above for the General Fund is a total of \$703,880 and 6.9 workyears that are charged to: Community Use of Public Facilities (\$3,560, 0.1 WY); Self Insurance Internal Service Fund (\$38,940, 0.4 WY); BIT 457 Deferred Comp. Plan (\$16,990, 0.1 WY); Human Resources, Employee Health Benefit Self Insurance Fund (\$108,210, 1.0 WY); Human Resources, Employee Retirement Savings Plan (\$36,250, 0.3 WY); Human Resources, Retirement Savings Plan (\$18,120, 0.2 WY); Bethesda Parking District (\$67,030, 0.9 WY); Montgomery Hills Parking District (\$5,110, 0.1 WY); Silver Spring Parking District (\$39,490, 0.5 WY); Wheaton Parking District (\$12,370, 0.2 WY); Public Works and Transportation, Printing and Mail Internal Service Fund (\$4,080, 0.1 WY); Solid Waste Collection (\$31,650, 0.4 WY); Solid Waste Disposal (\$295,430, 2.3 WYs); and Vacuum Leaf Collection (\$26,650, 0.3 WY). The funding and workyears for these items are included in the receiving departments' budgets.

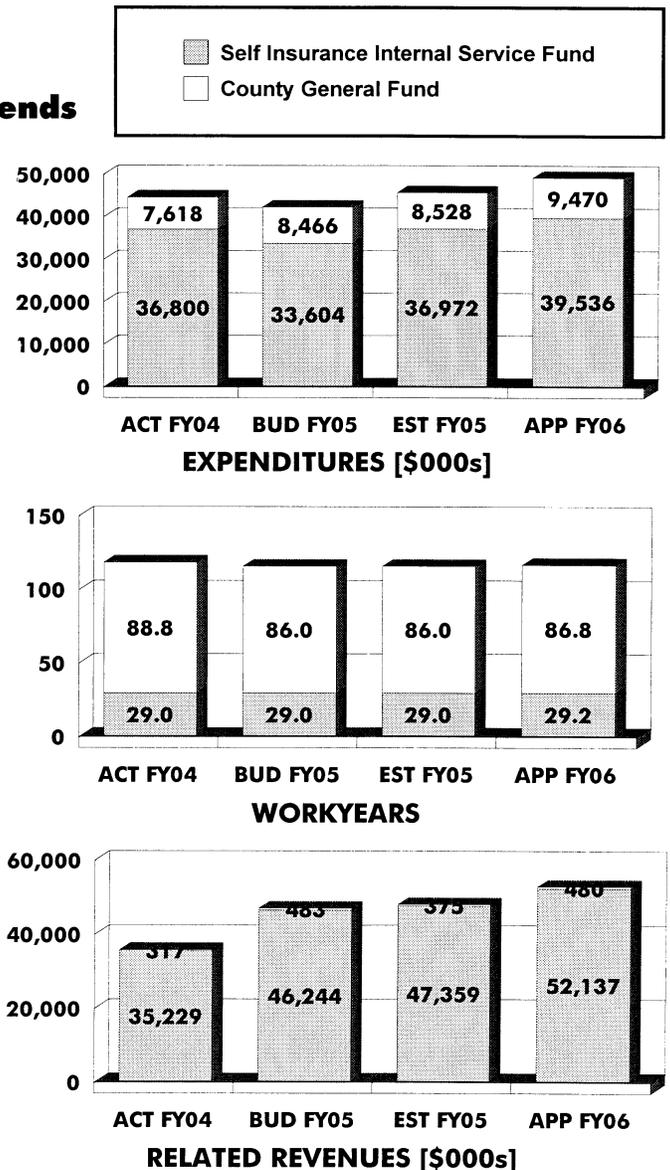
The Finance Operating Budget is composed of a General Fund component (the Director's Office and the Divisions of Treasury and Controller) and the Risk Management Division, which is funded by the Liability and Property Coverage Self-Insurance Fund. The total FY06 Operating Budget for the General Fund component is \$9,469,690, an increase of \$1,004,090 or a 11.9 percent from the FY05 approved budget of \$8,465,600. Personnel Costs comprise 83.3 percent of the General Fund budget for 96 full-time and 2 part-time positions for 86.8 workyears. Operating Expenses account for the remaining 16.7 percent of the budget.

The total FY06 Operating Budget for the Self-Insurance Fund component of Finance (Risk Management) is \$39,535,710, an increase of \$5,931,350 or 17.7 percent from the FY05 approved budget of \$33,604,360. Personnel Costs comprise seven percent of the Self-Insurance Fund budget for 12 full-time positions for 29.2 workyears. Operating Expenses account for the remaining 93 percent of the budget. Included in the total workyears are 17.0 workyears charged to the Self-Insurance Fund by the Office of the County Attorney and 0.4 workyear charged by the

Program Summary

	Expenditures	WYs
Debt and Cash Management	454,950	3.8
Information Technology	1,529,730	6.6
Internal Audit	603,600	3.8
Accounts Payable	417,570	6.7
General Accounting	1,697,180	17.9
Payroll	493,150	6.6
Property Taxes	828,910	12.3
Transfer and Recordation Tax/Public Advocate	1,173,850	14.6
Treasury Operations	260,220	4.0
Insurance	36,905,780	4.0
Occupational Safety and Health	552,620	5.0
Legal Services	1,661,720	17.0
Operations and Administration	2,426,120	13.7
Totals	49,005,400	116.0

Trends



General Fund component of Finance (Controller Division) for services provided in support of Risk Management.

and citizens on issues related to debt and investment management, and management of the County's relationship with the banking community.

HIGHLIGHTS

- ❖ **Add a position to administer the Bay Restoration Fund fee collection mandated by the State.**
- ❖ **Add a position in the Grants Section to perform accounting, financial reporting, and compliance responsibilities to support the increased workload related to Homeland Security and other Federal and State grants.**
- ❖ **Productivity Enhancements**
 - **Implemented Phase I of Electronic Timesheet Reporting and Management Project. In Phase I 1,000 employees are scheduled to be online in early 2006.**
 - **Implemented automated mass payment web site dedicated to providing lenders comprehensive real property taxpayer information. Site electronically allows customers to upload payment information to the County; validate the information to ensure accuracy, request billing information in different configurations; and obtain reports relative to payment activity.**
 - **Developed and implemented Risk Management website, which contains information about how to report workers' compensation, automobile and general liability claims, and provides employee safety information.**
 - **Implemented online reporting of workers' compensation claims.**
 - **Implemented scanning technology in Risk Management.**

FY06 Changes

	Expenditures	WYs
FY05 Approved	514,030	4.8
FY06 Approved	454,950	3.8

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.

FY06 Changes

- ❑ **Continue multi-year implementation of the Electronic Time Reporting and Management System.**

	Expenditures	WYs
FY05 Approved	1,181,930	6.6
FY06 Approved	1,529,730	6.6

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.

FY06 Changes

	Expenditures	WYs
FY05 Approved	576,240	3.8
FY06 Approved	603,600	3.8

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

PROGRAM CONTACTS

Contact Nancy Moseley of the Department of Finance at 240.777.8886 or Philip Weeda of the Office of Management and Budget at 240.777.2780 for more information regarding this department's operating budget.

PROGRAM DESCRIPTIONS

Debt and Cash Management

This program provides support for 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 generate investment income. The program's 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,

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.

FY06 Changes

	Expenditures	WYs
FY05 Approved	379,730	6.7
FY06 Approved	417,570	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.

FY06 Changes

- Add a position in the Grants Section to perform accounting, financial reporting, and compliance responsibilities to support the increased workload related to Homeland Security and other Federal and State grants. Non-CIP grant funding has increased 42 percent over the past three years since 9/11, including a doubling of estimated grants relating to Homeland Security.*

	Expenditures	WYs
FY05 Approved	1,501,640	17.1
FY06 Approved	1,697,180	17.9

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.

FY06 Changes

	Expenditures	WYs
FY05 Approved	451,220	6.6
FY06 Approved	493,150	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 provides accurate and timely tax and account information to attorneys, title companies, and the public for preparation of property settlements and other uses.

FY06 Changes

- Add a position to implement the Bay Restoration Fund fee collection mandated by the State.*

	Expenditures	WYs
FY05 Approved	704,220	11.3
FY06 Approved	828,910	12.3

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.

FY06 Changes

	Expenditures	WYs
FY05 Approved	1,084,220	14.6
FY06 Approved	1,173,850	14.6

Treasury Operations

This program is responsible for providing coordination and oversight of treasury operations, and customer services through the cashiering 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.

FY06 Changes

	Expenditures	WYs
FY05 Approved	221,400	4.0
FY06 Approved	260,220	4.0

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.

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.

FY06 Changes

- Add a position in Risk Management to provide oversight, monitoring, and auditing of claims costs.

	Expenditures	WYs
FY05 Approved	2,232,410	13.5
FY06 Approved	2,426,120	13.7

FY06 Changes

	Expenditures	WYs
FY05 Approved	31,089,040	4.0
FY06 Approved	36,905,780	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.

FY06 Changes

	Expenditures	WYs
FY05 Approved	525,160	5.0
FY06 Approved	552,620	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.

FY06 Changes

	Expenditures	WYs
FY05 Approved	1,608,720	17.0
FY06 Approved	1,661,720	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

BUDGET SUMMARY

	Actual FY04	Budget FY05	Estimated FY05	Approved FY06	% Chg Bud/App
COUNTY GENERAL FUND					
EXPENDITURES					
Salaries and Wages	5,275,951	5,530,830	5,592,960	5,881,180	6.3%
Employee Benefits	1,569,414	1,660,900	1,660,900	2,006,670	20.8%
County General Fund Personnel Costs	6,845,365	7,191,730	7,253,860	7,887,850	9.7%
Operating Expenses	772,520	1,273,870	1,273,870	1,581,840	24.2%
Capital Outlay	0	0	0	0	—
County General Fund Expenditures	7,617,885	8,465,600	8,527,730	9,469,690	11.9%
PERSONNEL					
Full-Time	96	95	95	96	1.1%
Part-Time	2	2	2	2	—
Workyears	88.8	86.0	86.0	86.8	0.9%
REVENUES					
Miscellaneous	8,308	0	0	0	—
Development District Fees	37,122	127,960	38,280	39,500	-69.1%
Procurement Card Rebate	5,000	7,030	10,240	12,290	74.8%
WSSC Reimb.: Benefit Charge on Tax Bill	65,000	97,830	65,000	100,710	2.9%
Municipalities Reimb.: Property Tax Services	0	49,080	49,080	50,500	2.9%
State Reimb.: Bay Restoration Fund	0	0	0	45,000	—
Dishonored Check Fee	54,407	35,000	35,000	35,000	—
Tax Certification Fee	7,523	5,600	1,800	6,000	7.1%
Tax Sale Fee	43,184	37,500	37,500	37,500	—
Child Support Payment Fees	18,168	17,700	18,000	18,000	1.7%
Conduit Bond Fees	77,815	105,160	119,690	135,260	28.6%
County General Fund Revenues	316,527	482,860	374,590	479,760	-0.6%
SELF INSURANCE INTERNAL SERVICE FUND					
EXPENDITURES					
Salaries and Wages	1,892,693	2,116,340	2,116,340	2,130,770	0.7%
Employee Benefits	630,897	625,450	625,450	660,780	5.6%
Self Insurance Internal Service Fund Personnel Costs	2,523,590	2,741,790	2,741,790	2,791,550	1.8%
Operating Expenses	34,276,206	30,862,570	34,230,570	36,744,160	19.1%
Capital Outlay	0	0	0	0	—
Self Insurance Internal Service Fund Expenditures	36,799,796	33,604,360	36,972,360	39,535,710	17.7%
PERSONNEL					
Full-Time	11	11	11	12	9.1%
Part-Time	0	0	0	0	—
Workyears	29.0	29.0	29.0	29.2	0.7%
REVENUES					
Montgomery County (Special, Entpr. & Int. Serv.)	3,619,390	5,662,900	5,662,900	6,339,820	12.0%
Montgomery County General Fund NDA	9,113,900	11,488,680	11,488,680	13,254,760	15.4%
Fire and Rescue Services	6,232,820	9,146,180	9,146,180	10,229,840	11.8%
Board of Education	10,521,320	13,589,130	13,589,130	13,783,860	1.4%
Montgomery College	294,720	400,430	400,430	468,110	16.9%
M-NCPPC	909,390	880,870	880,870	881,340	0.1%
Housing Opportunities Commission	556,370	757,180	757,180	771,480	1.9%
Revenue Authority	193,980	225,700	225,700	185,940	-17.6%
City of Gaithersburg	178,940	263,920	263,920	263,920	—
City of Rockville	966,880	1,183,090	1,183,090	1,391,270	17.6%
Takoma Park	400,000	356,610	356,610	428,960	20.3%
Housing Authority-City of Rockville	21,090	30,750	30,750	30,750	—
Other Municipal Income	33,050	63,590	63,590	56,640	-10.9%
Other - Recovered Losses	1,257,994	669,500	669,500	650,000	-2.9%
Investment Income - Pooled and Non-Pooled	801,023	1,525,000	2,209,980	3,400,000	123.0%
Miscellaneous	128,530	0	430,500	0	—
Self Insurance Internal Service Fund Revenues	35,229,397	46,243,530	47,359,010	52,136,690	12.7%
DEPARTMENT TOTALS					
Total Expenditures	44,417,681	42,069,960	45,500,090	49,005,400	16.5%
Total Full-Time Positions	107	106	106	108	1.9%
Total Part-Time Positions	2	2	2	2	—

	Actual FY04	Budget FY05	Estimated FY05	Approved FY06	% Chg Bud/App
Total Workyears	117.8	115.0	115.0	116.0	0.9%
Total Revenues	35,545,924	46,726,390	47,733,600	52,616,450	12.6%

FY06 APPROVED CHANGES CROSSWALK

	Expenditures	WYs
COUNTY GENERAL FUND		
FY05 ORIGINAL APPROPRIATION	8,465,600	86.0
<u>Changes (with service impacts)</u>		
Add: Position for Bay Restoration Fund (Flush Tax) Implementation [Property Taxes]	84,730	1.0
Enhance: Homeland Security Grants Management [General Accounting]	70,160	0.8
<u>Other Adjustments (with no service impacts)</u>		
Increase Cost: FY06 Compensation (BPREP Accumulator 113)	271,280	0.0
Increase Cost: Annualization of Electronic Timesheet Reporting Project [Information Technology]	237,390	0.0
Increase Cost: Annualization of FY05 Personnel Costs	154,520	0.0
Increase Cost: FY06 Group Insurance Rate Adjustments	118,330	0.0
Increase Cost: FY06 Retirement Rate Adjustments	87,340	0.0
Increase Cost: Records Management Chargeback	11,440	0.0
Increase Cost: Computer Maintenance and Licenses [Information Technology]	10,480	0.0
Increase Cost: Annualization of FY05 Operating Expenses	9,840	0.0
Increase Cost: Central Duplicating and Postage	4,560	0.0
Increase Cost: Copier Contracts	3,380	0.0
Decrease Cost: Senior Executive Administrative Aide Position [Operations and Administration]	-59,360	-1.0
FY06 APPROVED:	9,469,690	86.8
SELF INSURANCE INTERNAL SERVICE FUND		
FY05 ORIGINAL APPROPRIATION	33,604,360	29.0
<u>Changes (with service impacts)</u>		
Enhance: Add Insurance Fund Manager [Operations and Administration]	77,360	0.8
<u>Other Adjustments (with no service impacts)</u>		
Increase Cost: Claims payment and IBNR per Actuarial study [Insurance]	5,225,000	0.0
Increase Cost: Anticipated Claims Administration Contract Cost Increase [Insurance]	318,890	0.0
Increase Cost: Commercial Property Insurance Policy [Insurance]	156,640	0.0
Increase Cost: Annualization of FY05 Personnel Costs	73,850	0.0
Increase Cost: Biennial Claims Audit [Insurance]	40,000	0.0
Increase Cost: Fiduciary Liability Insurance Policy [Insurance]	38,000	0.0
Increase Cost: FY06 Compensation	34,040	0.0
Increase Cost: Insurance crime policy and special events premiums [Insurance]	23,320	0.0
Increase Cost: FY06 Retirement Rate Adjustments	10,550	0.0
Decrease Cost: Reduce chargeback from Controller's Division [Insurance]	-66,300	-0.6
FY06 APPROVED:	39,535,710	29.2