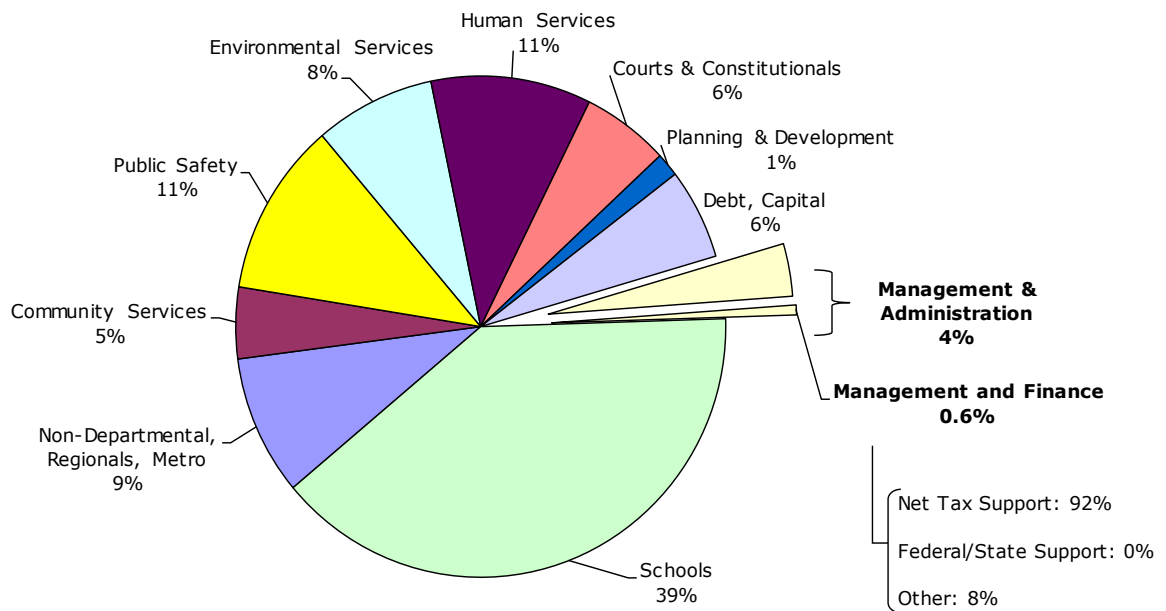


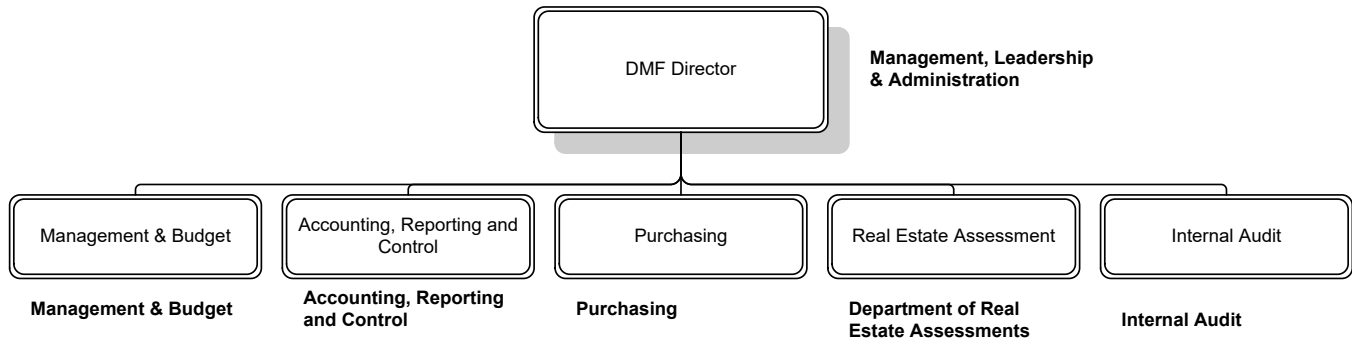
Our Mission: To ensure the prudent use of County resources

The Department of Management and Finance (DMF) provides sound, accurate, and timely financial analysis to ensure the prudent use of County resources and enable the delivery of high quality services. Specific services include: financial management, innovative problem-solving and policy support, annual real property assessments, project finance assistance, economic analysis, purchasing, internal auditing, accounting, and providing financial information for the County Board, the public, the County Manager, and County departments.

FY 2021 Proposed Budget - General Fund Expenditures



LINES OF BUSINESS



SIGNIFICANT BUDGET CHANGES

The FY 2021 proposed expenditure budget for the Department of Management and Finance is \$8,915,874, a four percent increase from the FY 2020 adopted budget. The FY 2021 budget reflects:

- ↑ Personnel increases due to the addition of a Procurement Officer position in the Purchasing division and a Commercial Real Estate Appraiser position in the Real Estate Assessment division (\$228,461, 2.0 FTEs), employee salary increases and an increase in the County's cost for employee health insurance, partially offset by lower retirement contributions based on current actuarial projections.
- ↑ Non-personnel increases due to the contractual maintenance and licensure of the budgeting software to support internal and external financial reporting (\$61,010), contractual maintenance, licensure, and support of the real estate mobile assessor software (\$9,650), and a one-time increase (\$50,000) for consultant services to support county-wide auditing.
- ↑ Fee revenue increases due to higher projections in the County's Purchase Card rebates based on the reconciliation of prior year actual revenue (\$20,000).
- ↑ Transfers from other funds increases due to administrative fees to the Business Improvement Districts for the County-wide administrative support (\$43,268).

DEPARTMENT OF MANAGEMENT AND FINANCE
DEPARTMENT BUDGET SUMMARY

DEPARTMENT FINANCIAL SUMMARY

	FY 2019 Actual	FY 2020 Adopted	FY 2021 Proposed	% Change '20 to '21
Personnel	\$7,168,642	\$7,723,489	\$7,934,102	3%
Non-Personnel	835,854	861,112	981,772	14%
Total Expenditures	8,004,496	8,584,601	8,915,874	4%
Fees	389,878	319,000	339,000	6%
Transfers From Other Funds	366,831	373,981	417,249	12%
Total Revenues	756,709	692,981	756,249	9%
Net Tax Support	\$7,247,787	\$7,891,620	\$8,159,625	3%
Permanent FTEs	58.50	58.50	60.50	
Temporary FTEs	-	-	-	
Total Authorized FTEs	58.50	58.50	60.50	

PROGRAM MISSION

To ensure the prudent use of County resources, provide a comprehensive planning process for the use of County resources, and ensure the proper execution of the plan.

Management

- Provide the leadership, support, and tools necessary to build a solid fiscal foundation for the County government.
- Serve as the financial steward of the County by encouraging the most efficient and effective use of County funds.
- Provide financial, economic, and policy analysis and recommendations to County stakeholders.
- Provide debt management services including: coordinating the sale of County bonds, managing the County's Short-term Financing program, and developing the County's Capital Improvement Program.
- Serve as liaison to the Industrial Development Authority (IDA).

Budget

- Formulate and execute the County's operating and capital budgets.
- Monitor and forecast County expenditures and revenues.
- Serve as the County-wide resource on performance measurement and as a liaison to the Fiscal Affairs Advisory Commission.

SIGNIFICANT BUDGET CHANGES

- ↑ Personnel increases due to employee salary increases and an increase in the County's cost for employee health insurance, partially offset by lower retirement contributions based on current actuarial projections.
- ↑ Non-personnel increases due to the contractual maintenance, licensure, and support of the budgeting software to support internal and external financial reporting (\$61,010).
- ↑ Fee revenue increases due to higher projections in the County's Purchase Card rebates based on the reconciliation of prior year actual revenue (\$20,000).
- ↑ Transfers from other funds increases due to administrative fees to the Business Improvement Districts (\$43,268) for County-wide administrative support.

PROGRAM FINANCIAL SUMMARY

	FY 2019 Actual	FY 2020 Adopted	FY 2021 Proposed	% Change '20 to '21
Personnel	\$2,027,819	\$2,323,844	\$2,346,984	1%
Non-Personnel	116,539	304,590	365,600	20%
Total Expenditures	2,144,358	2,628,434	2,712,584	3%
Fees	374,023	312,000	332,000	6%
Transfers from Other Funds	366,831	373,981	417,249	12%
Total Revenues	740,854	685,981	749,249	9%
Net Tax Support	\$1,403,504	\$1,942,453	\$1,963,335	1%
Permanent FTEs	16.00	16.00	16.00	
Temporary FTEs	-	-	-	
Total Authorized FTEs	16.00	16.00	16.00	

PERFORMANCE MEASURES

Critical Measures	FY 2016 Actual	FY 2017 Actual	FY 2018 Actual	FY 2019 Actual	FY 2020 Estimate	FY 2021 Estimate
Maintain Triple-triple A bond rating	Yes	Yes	Yes	Yes	Yes	Yes
Percent variance between actual tax revenue and third quarter projection	1.56%	1.79%	0.53%	0.68%	1.00%	1.00%

Supporting Measures	FY 2016 Actual	FY 2017 Actual	FY 2018 Actual	FY 2019 Actual	FY 2020 Estimate	FY 2021 Estimate
Government Finance Officers Association (GFOA) Distinguished Budget Award received (yes/no)	Yes	Yes	Yes	Yes	Yes	Yes

PROGRAM MISSION

To ensure the County’s fiscal integrity by providing effective financial controls and financial services.

- Provide financial controls to ensure that County funds are used appropriately.
- Oversee the County’s accounts payable process.
- Prepare the Comprehensive Annual Financial Report (CAFR).
- Provide financial information to County stakeholders.
- Liase with external Auditors on independent financial and compliance auditing services.

SIGNIFICANT BUDGET CHANGES

- ↑ Personnel increases due to employee salary increases and an increase in the County’s cost for employee health insurance, partially offset by lower retirement contributions based on current actuarial projections.
- ↓ Non-personnel decreases due to reallocation of non-personnel funds to Internal Audit and Department of Real Estate Assessments line of businesses (\$2,678).

PROGRAM FINANCIAL SUMMARY

	FY 2019 Actual	FY 2020 Adopted	FY 2021 Proposed	% Change '20 to '21
Personnel	\$1,347,869	\$1,400,444	\$1,416,427	1%
Non-Personnel	40,034	26,051	23,373	-10%
Total Expenditures	1,387,903	1,426,495	1,439,800	1%
Fees	10,805	7,000	7,000	-
Total Revenues	10,805	7,000	7,000	-
Net Tax Support	\$1,377,098	\$1,419,495	\$1,432,800	1%
Permanent FTEs	9.00	9.00	9.00	
Temporary FTEs	-	-	-	
Total Authorized FTEs	9.00	9.00	9.00	

PERFORMANCE MEASURES

Critical Measures	FY 2016 Actual	FY 2017 Actual	FY 2018 Actual	FY 2019 Actual	FY 2020 Estimate	FY 2021 Estimate
Consolidated Annual Financial Plan (CAFR) received the Government Finance Officers Association (GFOA) "Certificate of Achievement for Excellence"	Yes	Yes	Yes	TBD	Yes	Yes
CAFR received "unqualified" opinion from external auditors	Yes	Yes	Yes	Yes	Yes	Yes

Supporting Measures	FY 2016 Actual	FY 2017 Actual	FY 2018 Actual	FY 2019 Actual	FY 2020 Estimate	FY 2021 Estimate
Auditor of Public Accounts Transmittal and CAFR prepared by state deadline	Yes	Yes	Yes	Yes	Yes	Yes

PROGRAM MISSION

To strengthen County operations and minimize risk and fraud through systematic evaluation of operations and internal controls.

- Assist senior management and departments to effectively and efficiently implement County programs in compliance with financial, accounting, and other County policies by conducting objective internal audits and reviews.
- Test internal controls to provide reasonable assurance that resources are safeguarded against waste and abuse.
- Develop an annual work plan based on a County-wide risk assessment.
- In conjunction with the County Manager’s Office and other departments, manage the Financial Fraud, Waste, and Abuse hotline for employees and the public.

SIGNIFICANT BUDGET CHANGES

- ↓ Personnel decreases due to adjustments to reflect actual salaries and lower retirement contributions based on current actuarial projections, partially offset by employee salary increases and an increase in the County’s cost for employee health insurance.
- ↑ Non-personnel increases due to a reallocation of non-personnel funds from the Accounting, Reporting and Control line of business for staff training and travel (\$400), and a one-time increase for consultant services to support county-wide auditing (\$50,000).

PROGRAM FINANCIAL SUMMARY

	FY 2019 Actual	FY 2020 Adopted	FY 2021 Proposed	% Change '20 to '21
Personnel	\$172,949	\$273,908	\$239,715	-12%
Non-Personnel	211,189	187,000	237,400	27%
Total Expenditures	384,138	460,908	477,115	4%
Total Revenues	-	-	-	-
Net Tax Support	\$384,138	\$460,908	\$477,115	4%
Permanent FTEs	1.50	1.50	1.50	
Temporary FTEs	-	-	-	
Total Authorized FTEs	1.50	1.50	1.50	

PERFORMANCE MEASURES

Critical Measures	FY 2016 Actual	FY 2017 Actual	FY 2018 Actual	FY 2019 Actual	FY 2020 Estimate	FY 2021 Estimate
Number of audits completed	6	14	9	5	6	6

- The FY 2020 estimate is based on the expected completion of six audits as reflected in the “Internal Audit Work Plan First Half Fiscal Year 2020”.

PROGRAM MISSION

To provide and administer procurement solutions that support the community through County operations.

- Procure goods and services for customers at reasonable costs through fair and impartial purchasing actions, while allowing all qualified sellers access to County business.
- Assist in bidding strategies and contract development.
- Evaluate and implement technology that will streamline the County’s purchasing processes.
- Participate in regional cooperative purchasing efforts to achieve cost reductions through volume buying.
- Dispose of surplus property and equipment.

SIGNIFICANT BUDGET CHANGES

- ↑ Personnel increases due to the addition of a Procurement Officer position (\$124,615 1.0 FTE), employee salary increases, and an increase in the County’s cost for employee health insurance, partially offset by lower retirement contributions based on current actuarial projections.
- ↓ Non-personnel decreases due to reallocation of non-personnel funds to the Department of Real Estate Assessments line of business (\$2,900).

PROGRAM FINANCIAL SUMMARY

	FY 2019 Actual	FY 2020 Adopted	FY 2021 Proposed	% Change '20 to '21
Personnel	\$1,142,846	\$1,185,276	\$1,268,659	7%
Non-Personnel	158,139	37,744	34,844	-8%
Total Expenditures	1,300,985	1,223,020	1,303,503	7%
Fees	5,000	-	-	-
Total Revenues	5,000	-	-	-
Net Tax Support	\$1,295,985	\$1,223,020	\$1,303,503	7%
Permanent FTEs	9.00	9.00	10.00	
Temporary FTEs	-	-	-	
Total Authorized FTEs	9.00	9.00	10.00	

PERFORMANCE MEASURES

Critical Measures	FY 2016 Actual	FY 2017 Actual	FY 2018 Actual	FY 2019 Actual	FY 2020 Estimate	FY 2021 Estimate
Number of protests of purchasing actions upheld by a final authority (court)	0	0	0	0	0	0

Supporting Measures	FY 2016 Actual	FY 2017 Actual	FY 2018 Actual	FY 2019 Actual	FY 2020 Estimate	FY 2021 Estimate
Emergency procurements processed	31	22	25	7	18	18
Formal bids and contracts processed	180	242	218	203	221	221
Informal bids and contracts processed	156	357	312	339	336	336
Sole source procurements processed	63	50	62	31	30	27

- FY 2017 performance measures were revised in FY 2019 to align with updated reports.
- The reduced number of emergency procurements, formal bids and contracts, and sole source procurements processed in FY 2019 is attributed to the issuance of new awards with multiple year renewal options; and Departments are more aware that active County contracts may be used across the county for procuring goods or services in many instances. In FY 2020 and FY 2021, a small increase in the volume of procurements processed is anticipated as planning efforts continue to evolve and improve.
- A contract may be awarded without competitive bidding or competitive negotiations when the Purchasing Agent determines that there is only once source practically available. Goods or Services may be approved as a single source due to the County’s current use of the software or services that make it practical to use the same vendor to continue or add to current services.

DEPARTMENT OF REAL ESTATE ASSESSMENTS

PROGRAM MISSION

To provide for the fair assessment of Arlington property.

- Appraise all real property in Arlington County (except for state assessed public service corporation property, railroad, and pipeline property).
- Notify homeowners of assessments.
- Conduct administrative review of assessments.
- Maintain records of property ownership.
- Defend assessments before the Board of Equalization and provide assistance to the County Attorney for legal defense of assessments.
- Continue to evaluate new software technology that will enhance and streamline the County’s assessment processes.

SIGNIFICANT BUDGET CHANGES

- ↑ Personnel increases due to the addition of one Commercial Real Estate Appraiser position (\$103,846, 1.0 FTE), employee salary increases and an increase in the County’s cost for employee health insurance, partially offset by lower retirement contributions based on current actuarial projections.
- ↑ Non-personnel increases for contractual maintenance, licensure, and support of the real estate mobile assessor software (\$9,650), reallocation of non-personnel funds from the Accounting, Reporting and Control and Purchasing line of businesses (\$5,178), and adjustments to the annual expense for maintenance and replacement of County vehicles (\$24).

PROGRAM FINANCIAL SUMMARY

	FY 2019 Actual	FY 2020 Adopted	FY 2021 Proposed	% Change '20 to '21
Personnel	\$2,477,160	\$2,540,017	\$2,662,317	5%
Non-Personnel	309,952	305,727	320,555	5%
Total Expenditures	2,787,112	2,845,744	2,982,872	5%
Fees	50	-	-	-
Total Revenues	50	-	-	-
Net Tax Support	\$2,787,062	\$2,845,744	\$2,982,872	5%
Permanent FTEs	23.00	23.00	24.00	
Temporary FTEs	-	-	-	
Total Authorized FTEs	23.00	23.00	24.00	

DEPARTMENT OF REAL ESTATE ASSESSMENTS

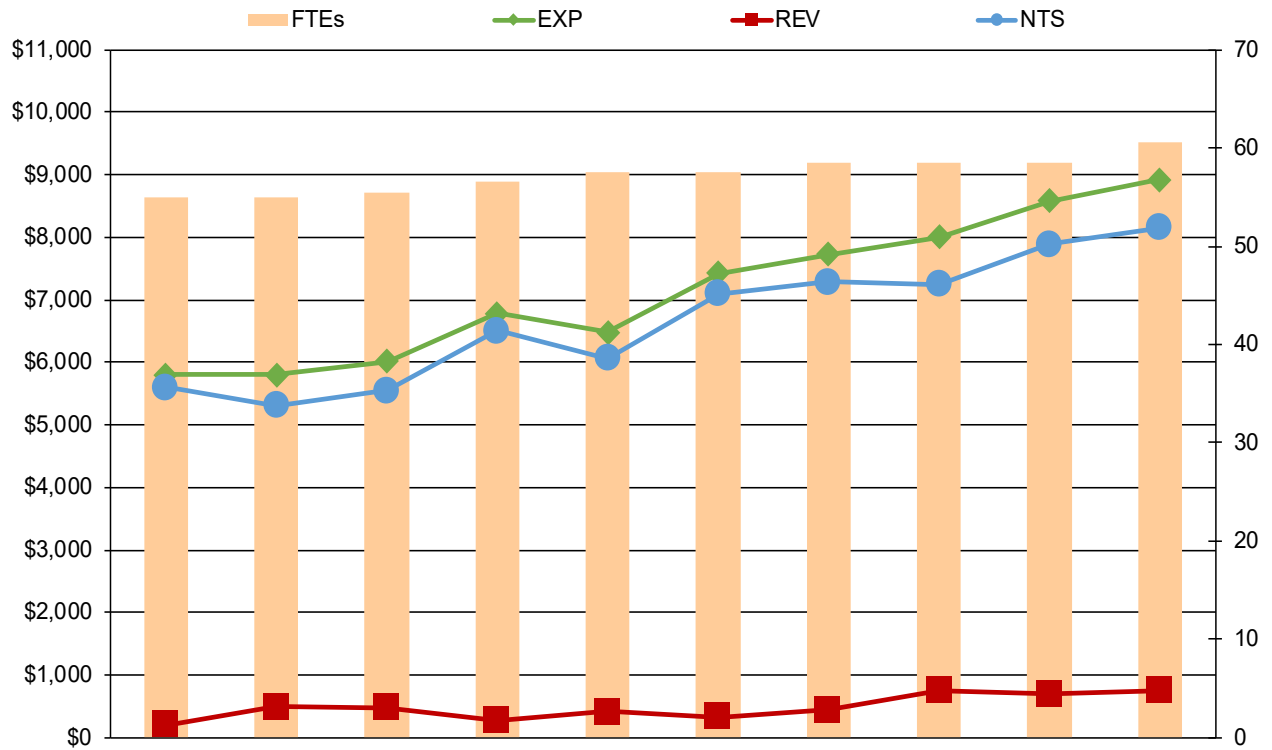
PERFORMANCE MEASURES

Critical Measures	CY 2016 Actual	CY 2017 Actual	CY 2018 Actual	CY 2019 Actual	CY 2020 Estimate	CY 2021 Estimate
Assessment/sale ratio	0.94	0.94	0.94	0.94	0.97	0.97
Coefficient of dispersion	0.07	0.07	0.08	0.08	0.08	0.08
Price related differential (PRD)	1	1	1	1	1	1

Supporting Measures	CY 2016 Actual	CY 2017 Actual	CY 2018 Actual	CY 2019 Actual	CY 2020 Estimate	CY 2020 Estimate
Deeds and wills reviewed by Real Estate staff	5,264	5,512	5,675	5,351	5,500	5,500
Number of Board of Equalization (BOE) appeals	525	257	237	287	300	300
Number of parcels appraised	66,125	66,225	66,292	66,425	66,500	66,500
Number of parcels inspected	7,462	4,105	3,629	2,849	4,000	4,000
Number of parcels reviewed	939	515	614	462	600	600
Real property tax base (in billions)	\$71.30	\$73.40	\$75.00	\$77.60	\$81.20	\$84.40

- Real estate assessments are performed on a calendar-year basis; therefore, all statistics are collected by calendar year.
- The assessment/sale ratio is the ratio of the assessed value to the sale price of a property, a data point collected and published by the Commonwealth of Virginia.
- The coefficient of dispersion is a ratio used to measure how sale prices for property during a given period vary from assessed values. A low coefficient of dispersion indicates that properties are fairly assessed – that the average assessed value deviates very little from the average market value of properties.
- The price related differential (PRD) measures the regressivity or progressivity of assessments. Assessments are considered regressive if high-value properties are under appraised relative to low-value properties. The most desirable PRD would be 1.
- The number of deeds and wills reviewed by Real Estate staff is based on activity in the market.
- In CY 2019, the drop in parcels inspected and reviewed was due to staff turnover, new mobile Assessor software trainings, and an increased focus on researching condominium renovated parcels and land studies. Proficiencies gained with the new mobile Assessor are in support of the CY 2020 and CY 2021 estimates.

EXPENDITURE, REVENUE, NET TAX SUPPORT AND FULL-TIME EQUIVALENT TRENDS



	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
\$ in 000s	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Adopted Budget	Proposed Budget
EXP	\$5,805	\$5,797	\$6,018	\$6,781	\$6,480	\$7,428	\$7,725	\$8,005	\$8,585	\$8,916
REV	\$204	\$492	\$474	\$273	\$419	\$326	\$443	\$757	\$693	\$756
NTS	36.00	33.00	35.00	44.00	39.00	46.00	47.00	46.00	50.00	52.00
FTEs	55.00	55.00	55.50	56.50	57.50	57.50	58.50	58.50	58.50	60.50

DEPARTMENT OF MANAGEMENT AND FINANCE
TEN-YEAR HISTORY

Fiscal Year	Description	FTEs
FY 2012	<ul style="list-style-type: none"> ▪ The County Board added 1.0 FTE to the Purchasing Division to assist with the increase in capital project solicitations (\$108,551). ▪ Non-personnel expenses increased due to the operating costs of the Department of Real Estate Assessment's new computer system to support the County's appraisal, assessment, and administrative processes (\$84,040), which is launching in the third quarter of FY 2012, partially offset by decreasing vehicle costs (\$1,925). ▪ Revenues increased due to higher revenue from the business improvement districts (BIDs), as well as the creation of the Ballston business improvement district in FY 2011 (\$20,712). Fees charged to BIDS are a percentage of BID revenues generated by an additional tax on commercial properties. 	1.0
FY 2013	<ul style="list-style-type: none"> ▪ No significant changes. 	
FY 2014	<ul style="list-style-type: none"> ▪ The County Board added one-time funding for a Capital Projects Coordinator in the Management and Budget Division (\$131,645). ▪ Eliminated 0.5 of 1.0 FTE Assistant Director, Real Estate Assessment (\$80,241) as part of the County-wide budget reductions. ▪ Non-personnel expenses increased due to the addition of one-time funding for internal audit services and adjustments to the annual expense for the maintenance and replacement of County vehicles (\$254,730). 	1.0 (0.5)
FY 2015	<ul style="list-style-type: none"> ▪ Removed FY 2014 one-time funding for the Capital Project Coordinator (\$131,645). ▪ Removed FY 2014 one-time funding for internal audit (\$250,000) and adjustments to the annual expense for maintenance and replacement of County vehicles (\$337). ▪ Added a Procurement Officer position in the Purchasing Division (\$120,000). ▪ <i>The County Board added one-time funding for internal audit as part of FY 2014 closeout (\$200,000).</i> ▪ <i>During FY 2015, reallocated a 0.5 FTE position from the Real Estate Assessment line of business to serve as a budget and financial analyst in the Management and Budget line of business.</i> 	1.0
FY 2016	<ul style="list-style-type: none"> ▪ Converted temporary Internal Audit Position to permanent (\$50,912). ▪ Converted previously authorized overstrength employee to permanent Financial Analyst to continue capital project monitoring in support of the County's growing CIP (\$55,212). ▪ Converted previously authorized limited term full-time employee to permanent Financial Analyst to continue capital project financial monitoring. The salary for this position remains fully charged to Pay-As-You-Go Fund and does not change the authorized FTE count. 	0.5 0.5

DEPARTMENT OF MANAGEMENT AND FINANCE
TEN-YEAR HISTORY

Fiscal Year	Description	FTEs
	<ul style="list-style-type: none"> ▪ Reallocated funds and personnel within the department to create the Internal Audit line of business and added \$200,000 in ongoing non-personnel funding to support the internal audit operations. ▪ <i>Reclassified 2.0 limited term full-time employees to 2.0 permanent full-time County funded positions in the Department of Real Estate Assessments Line of Business.</i> 	
FY 2017	<ul style="list-style-type: none"> ▪ No significant changes. 	
FY 2018	<ul style="list-style-type: none"> ▪ Added a purchasing position to support the increasing demands of capital projects (no general fund support – salary charged to capital projects). ▪ Fee revenue increases for the addition of administrative fees and annual property tax payment related to the Arlington/Alexandria Waste-to-Energy Plant (\$94,000). 	1.0
FY 2019	<ul style="list-style-type: none"> ▪ The County Board adopted a one-time tax rate increase for the Ballston Business Improvement District which increased the Transfers from Other Funds revenue derived from administrative fees (\$5,176). ▪ Transfers from other funds increased due to the County increasing administrative fees to the Business Improvement Districts (\$75,218) from one percent to two percent for County-wide administrative support. ▪ Elimination of a vacant limited-term Staff Support Technician (\$90,076). ▪ The adopted budget reflects the transfer in of resources from DTS to support the PRISM Enterprise System through the addition of an IT analyst position in DMF (\$144,488). ▪ <i>Reclassified 1.0 limited term full-time employee to 1.0 permanent full-time County funded positions in the Management and Budget Line of Business.</i> 	(1.0) 1.0
FY 2020	<ul style="list-style-type: none"> ▪ Reduced wireless service charges as part of a County-wide review of wireless service providers (\$1,729). ▪ Reduced consultant funding used to help implement county-wide auditing (\$50,000). ▪ Increased projection for the real estate taxes paid by the operator of the Alexandria Waste to Energy plant (\$10,000). 	