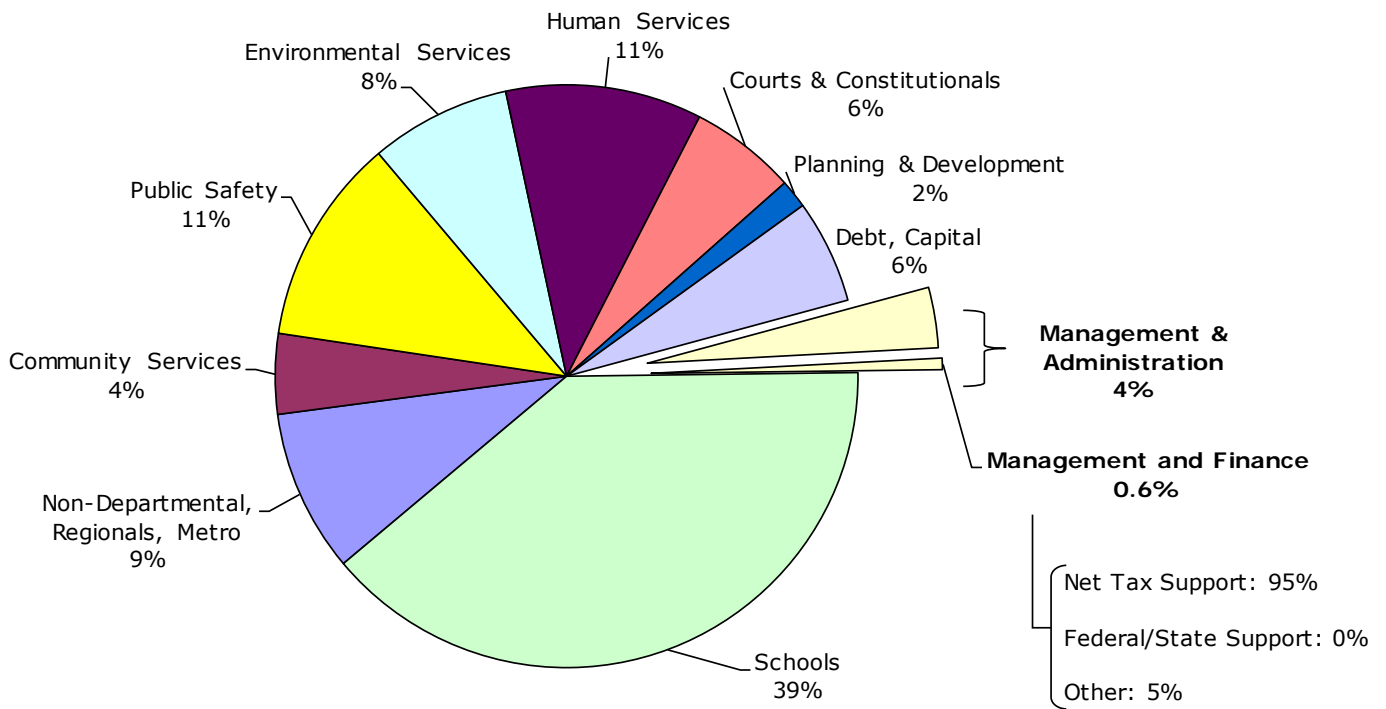


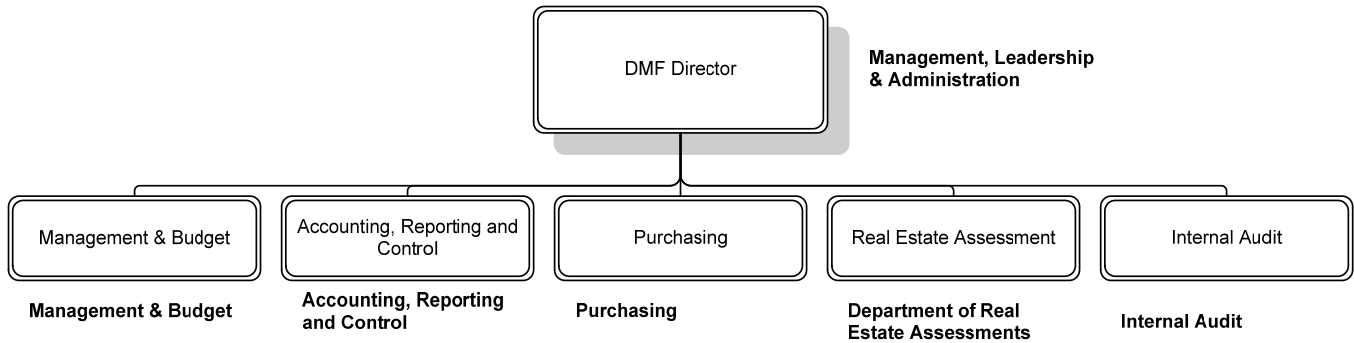
***Our Mission: To ensure the prudent use of County resources***

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 2019 Proposed Budget - General Fund Expenditures**



**LINES OF BUSINESS**



**SIGNIFICANT BUDGET CHANGES**

The FY 2019 proposed expenditure budget for the Department of Management and Finance is \$8,224,515, a four percent increase from the FY 2018 adopted budget. The FY 2019 budget reflects:

- ↑ Personnel increases due to employee salary increases, an increase in the County’s cost for employee health insurance, and retirement contributions based on current actuarial projections, partially offset by the reduction itemized below.
- ↓ Non-personnel decrease due to adjustments to the annual expense for maintenance and replacement of County vehicles (\$2,576).
- ↑ Transfers from other funds increases 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.

**FY 2019 Proposed Budget Reduction**

**Department of Real Estate Assessments**

- ↓ Elimination of a vacant limited-term Staff Support Technician (\$90,076, 1.0 FTE).

**IMPACT:** These duties and responsibilities would be absorbed by other Records Management and Commercial Real Estate staff.

**DEPARTMENT OF MANAGEMENT AND FINANCE**  
**DEPARTMENT BUDGET SUMMARY**

**DEPARTMENT FINANCIAL SUMMARY**

	FY 2017 Actual	FY 2018 Adopted	FY 2019 Proposed	% Change '18 to '19
Personnel	\$6,709,473	\$7,150,528	\$7,471,418	4%
Non-Personnel	718,812	755,673	753,097	-
<b>Total Expenditures</b>	<b>7,428,285</b>	<b>7,906,201</b>	<b>8,224,515</b>	<b>4%</b>
Fees	120,043	137,000	137,000	-
Transfers From Other Funds	206,395	210,347	285,565	36%
<b>Total Revenues</b>	<b>326,438</b>	<b>347,347</b>	<b>422,565</b>	<b>22%</b>
<b>Net Tax Support</b>	<b>\$7,101,847</b>	<b>\$7,558,854</b>	<b>\$7,801,950</b>	<b>3%</b>
Permanent FTEs	57.50	58.50	57.50	
Temporary FTEs	-	-	-	
<b>Total Authorized FTEs</b>	<b>57.50</b>	<b>58.50</b>	<b>57.50</b>	

## 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 Master Lease 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, an increase in the County's cost for employee health insurance, adjustments to retirement contributions based on current actuarial projections, and the reclassification and transfer in of a vacant Real Estate Appraiser to a Management Analyst I from Real Estate Assessments (\$75,885, 1.0 FTE) .
- ↑ Transfers from other funds increases due to the County increasing administrative fees by one percent for administrative support to the Business Improvement Districts (\$75,218).

**PROGRAM FINANCIAL SUMMARY**

	FY 2017 Actual	FY 2018 Adopted	FY 2019 Proposed	% Change '18 to '19
Personnel	\$2,116,697	\$1,987,252	\$2,168,615	9%
Non-Personnel	190,613	137,851	137,851	-
<b>Total Expenditures</b>	<b>2,307,310</b>	<b>2,125,103</b>	<b>2,306,466</b>	<b>9%</b>
Fees	113,043	130,000	130,000	-
Transfers from Other Funds	206,395	210,347	285,565	36%
<b>Total Revenues</b>	<b>319,438</b>	<b>340,347</b>	<b>415,565</b>	<b>22%</b>
<b>Net Tax Support</b>	<b>\$1,987,872</b>	<b>\$1,784,756</b>	<b>\$1,890,901</b>	<b>6%</b>
Permanent FTEs	13.00	14.00	15.00	
Temporary FTEs	-	-	-	
<b>Total Authorized FTEs</b>	<b>13.00</b>	<b>14.00</b>	<b>15.00</b>	

**PERFORMANCE MEASURES**

Critical Measures	FY 2014 Actual	FY 2015 Actual	FY 2016 Actual	FY 2017 Actual	FY 2018 Estimate	FY 2019 Estimate
Maintain Triple-triple A bond rating	Yes	Yes	Yes	Yes	Yes	Yes
Percent variance between actual tax revenue and third quarter projection	1.10%	0.99%	1.56%	1.79%	1.00%	1.00%

Supporting Measures	FY 2014 Actual	FY 2015 Actual	FY 2016 Actual	FY 2017 Actual	FY 2018 Estimate	FY 2019 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, an increase in the County’s cost for employee health insurance, and retirement contributions based on current actuarial projections.

**PROGRAM FINANCIAL SUMMARY**

	FY 2017 Actual	FY 2018 Adopted	FY 2019 Proposed	% Change '18 to '19
Personnel	\$1,046,969	\$1,299,465	\$1,345,576	4%
Non-Personnel	(38,184)	26,450	26,450	-
<b>Total Expenditures</b>	<b>1,008,785</b>	<b>1,325,915</b>	<b>1,372,026</b>	<b>3%</b>
Fees	7,000	7,000	7,000	-
<b>Total Revenues</b>	<b>7,000</b>	<b>7,000</b>	<b>7,000</b>	<b>-</b>
<b>Net Tax Support</b>	<b>\$1,001,785</b>	<b>\$1,318,915</b>	<b>\$1,365,026</b>	<b>3%</b>
Permanent FTEs	8.00	9.00	9.00	
Temporary FTEs	-	-	-	
<b>Total Authorized FTEs</b>	<b>8.00</b>	<b>9.00</b>	<b>9.00</b>	

**PERFORMANCE MEASURES**

Critical Measures	FY 2014 Actual	FY 2015 Actual	FY 2016 Actual	FY 2017 Actual	FY 2018 Estimate	FY 2019 Estimate
Consolidated Annual Financial Plan (CAFR) received the Government Finance Officers Association (GFOA) “Certificate of Achievement for Excellence”	Yes	Yes	Yes	Yes	Yes	Yes
CAFR received “unqualified” opinion from external auditors	Yes	Yes	Yes	Yes	Yes	Yes

Supporting Measures	FY 2014 Actual	FY 2015 Actual	FY 2016 Actual	FY 2017 Actual	FY 2018 Estimate	FY 2019 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 and annual work plan based on a County-wide risk assessment performed by a third party service provider.
- 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 a vacant part-time audit position being budgeted at a reduced amount, partially offset by employee salary increases, an increase in the County’s cost for employee health insurance, and retirement contributions based on current actuarial projections.

**PROGRAM FINANCIAL SUMMARY**

	FY 2017 Actual	FY 2018 Adopted	FY 2019 Proposed	% Change '18 to '19
Personnel	\$176,407	\$258,750	\$252,086	-3%
Non-Personnel	176,642	237,000	237,000	-
<b>Total Expenditures</b>	<b>353,049</b>	<b>495,750</b>	<b>489,086</b>	<b>-1%</b>
<b>Total Revenues</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net Tax Support</b>	<b>\$353,049</b>	<b>\$495,750</b>	<b>\$489,086</b>	<b>-1%</b>
Permanent FTEs	1.50	1.50	1.50	
Temporary FTEs	-	-	-	
<b>Total Authorized FTEs</b>	<b>1.50</b>	<b>1.50</b>	<b>1.50</b>	

**PERFORMANCE MEASURES**

Critical Measures	FY 2014 Actual	FY 2015 Actual	FY 2016 Actual	FY 2017 Actual	FY 2018 Estimate	FY 2019 Estimate
Number of audits completed	N/A	4	6	14	10	10

- The FY 2018 estimate is based on the expected completion of the annual work plan.

**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 vacant positions filled at higher salaries, employee salary increases, an increase in the County’s cost for employee health insurance, and retirement contributions based on current actuarial projections.

**PROGRAM FINANCIAL SUMMARY**

	FY 2017 Actual	FY 2018 Adopted	FY 2019 Proposed	% Change '18 to '19
Personnel	\$959,833	\$1,076,192	\$1,158,371	8%
Non-Personnel	27,060	38,010	38,010	-
<b>Total Expenditures</b>	<b>986,893</b>	<b>1,114,202</b>	<b>1,196,381</b>	<b>7%</b>
<b>Total Revenues</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net Tax Support</b>	<b>\$986,893</b>	<b>\$1,114,202</b>	<b>\$1,196,381</b>	<b>7%</b>
Permanent FTEs	8.00	9.00	9.00	
Temporary FTEs	-	-	-	
<b>Total Authorized FTEs</b>	<b>8.00</b>	<b>9.00</b>	<b>9.00</b>	



## PERFORMANCE MEASURES

Critical Measures	FY 2014 Actual	FY 2015 Actual	FY 2016 Actual	FY 2017 Actual	FY 2018 Estimate	FY 2019 Estimate
Number of protests of purchasing actions upheld by a final authority (court)	0	0	0	0	0	0

Supporting Measures	FY 2014 Actual	FY 2015 Actual	FY 2016 Actual	FY 2017 Estimate	FY 2018 Estimate	FY 2019 Estimate
Emergency procurements processed	39	40	31	17	25	22
Formal bids and contracts processed	212	220	180	198	200	220
Informal bids and contracts processed	119	120	156	225	175	175
Sole source procurements processed	61	60	63	42	60	60

- In FY 2016, the balance between formal and informal bids shifted but the total number of bids remained consistent. The decrease in the number of formal bids can be attributed to the combining of solicitations to maximize economies of scale with the net effect being fewer bids, reduced administrative costs, and lower prices.

**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 employee salary increases, an increase in the County’s cost for employee health insurance, retirement contributions based on current actuarial projections, partially offset by the transfer of a vacant Real Estate Appraiser position to Management and Budget (\$75,885, 1.0 FTE), and the reduction itemized below.
- ↓ Non-personnel decreases due to adjustments to the annual expense for maintenance and replacement of County vehicles (\$2,576).

**FY 2019 Proposed Budget Reduction**

- ↓ Elimination of a vacant limited term Staff Support Technician (\$90,076, 1.0 FTE).

IMPACT: These duties and responsibilities would be absorbed by other Records Management and Commercial Real Estate staff.

**PROGRAM FINANCIAL SUMMARY**

	FY 2017 Actual	FY 2018 Adopted	FY 2019 Proposed	% Change '18 to '19
Personnel	\$2,409,566	\$2,528,869	\$2,546,770	1%
Non-Personnel	362,680	316,362	313,786	-1%
<b>Total Expenditures</b>	<b>2,772,246</b>	<b>2,845,231</b>	<b>2,860,556</b>	<b>1%</b>
Total Revenues	-	-	-	-
<b>Net Tax Support</b>	<b>\$2,772,246</b>	<b>\$2,845,231</b>	<b>\$2,860,556</b>	<b>1%</b>
Permanent FTEs	27.00	25.00	23.00	
Temporary FTEs	-	-	-	
<b>Total Authorized FTEs</b>	<b>27.00</b>	<b>25.00</b>	<b>23.00</b>	

## DEPARTMENT OF REAL ESTATE ASSESSMENTS

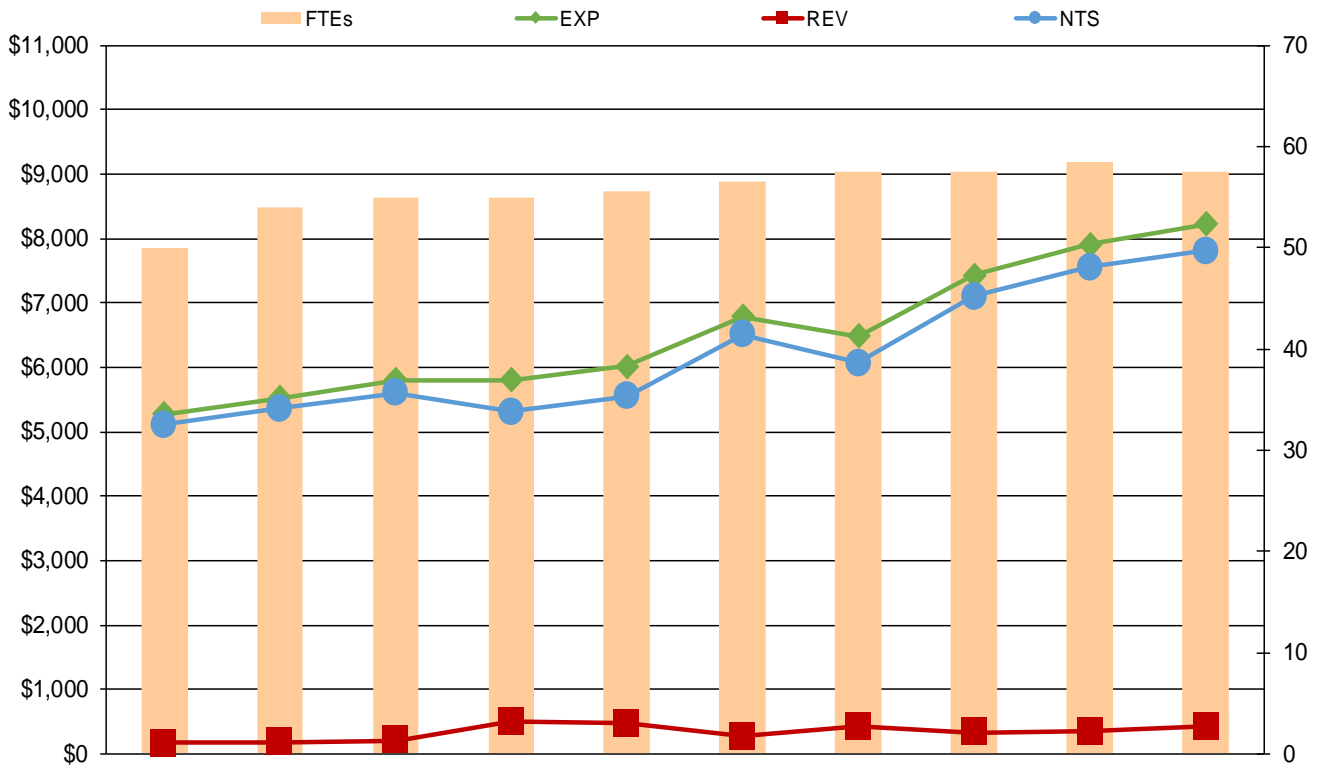
## PERFORMANCE MEASURES

Critical Measures	CY 2014 Actual	CY 2015 Actual	CY 2016 Actual	CY 2017 Actual	CY 2018 Estimate	CY 2019 Estimate
Assessment/sale ratio	0.88	0.95	0.95	0.95	0.95	0.97
Coefficient of dispersion	0.08	0.10	0.10	0.10	0.10	0.10
Price related differential (PRD)	1	1	1	1	1	1

Supporting Measures	CY 2014 Actual	CY 2015 Actual	CY 2016 Actual	CY 2017 Actual	CY 2018 Estimate	CY 2019 Estimate
Deeds and wills reviewed by Real Estate staff	5,435	6,044	5,264	5,512	5,500	5,500
Number of Board of Equalization (BOE) appeals	290	560	525	257	500	400
Number of parcels appraised	65,983	66,055	66,125	66,225	66,211	66,500
Number of parcels inspected	7,020	7,988	7,462	4,105	5,000	5,000
Number of parcels reviewed	466	780	939	515	800	600
Real property tax base (in billions)	\$66.30	\$69.20	\$71.20	\$73.30	\$74.10	\$75.10

- 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.
- The increased number of Board of Equalization (BOE) appeals in CY 2015 is related to the increased assessment values of commercial property in the County and also includes 257 BOE appeals from one Economic Unit.
- The increased number of parcels reviewed in CY 2015 and CY 2016 includes 257 reviews from one Economic Unit.
- The increase in parcels inspected in CY 2015 is due to more inspections for sales verification, permits, and assessment appeals. As the housing industry improves, additional inspections will be required.

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



	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019
\$ in 000s	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Adopted Budget	Proposed Budget
<b>EXP</b>	\$5,276	\$5,529	\$5,805	\$5,797	\$6,018	\$6,781	\$6,480	\$7,428	\$7,906	\$8,225
<b>REV</b>	\$172	\$174	\$204	\$492	\$474	\$273	\$419	\$326	\$347	\$423
<b>NTS</b>	\$5,104	\$5,355	\$5,601	\$5,305	\$5,544	\$6,508	\$6,061	\$7,102	\$7,559	\$7,802
<b>FTEs</b>	50.00	54.00	55.00	55.00	55.50	56.50	57.50	57.50	58.50	57.50

**DEPARTMENT OF MANAGEMENT AND FINANCE**  
TEN-YEAR HISTORY

Fiscal Year	Description	FTEs
FY 2010	<ul style="list-style-type: none"> <li>▪ The County Board approved funding for one-time lump-sum payments of \$500 for employees (\$28,685).</li> <li>▪ The Transportation Investment Fund transfer was eliminated. FY 2009 one-time funds are no longer required (\$63,100) and other costs will be funded through the General Fund (\$113,000).</li> <li>▪ As part of County-wide administrative reductions, reception services were consolidated among the Departments of Management and Finance (DMF), Technology Services and Human Resources (\$248,092). The services provided previously by the four DMF positions were either reassigned to the consolidated administrative group or redistributed to remaining DMF staff.</li> <li>▪ As part of County-wide administrative reductions, three positions were eliminated including: one Accounting Coordinator in the Accounting Division (\$125,406); one Administrative Technician in the Purchasing Division (\$43,128); and one position in the Management and Budget Division (\$124,283).</li> <li>▪ Eliminated consultant funds available to the Committee on Program Performance (\$104,500).</li> <li>▪ As part of County-wide administrative reductions, non-personnel funds were reduced for consultant services (\$30,500), contractual services (\$19,008), employee training (\$2,220), printing services (\$6,785) and rental of buildings (\$2,500).</li> </ul>	
FY 2011	<ul style="list-style-type: none"> <li>▪ The County Board added 6.0 FTEs (2.0 FTE permanent real estate appraisers, 1.0 FTE limited term real estate appraiser 2.0 FTE limited term data collectors and 1.0 FTE limited term administrative assistant), \$256,500 in personnel funds, and \$24,500 in non-personnel expenses to the Department of Real Estate Assessment. Additional staff will decrease the backlog of building permits to be reviewed and simultaneously increase real estate tax revenue. Staff will also assist with planned upgrades to the commercial mass appraisal (CAMA) system.</li> <li>▪ Non-personnel expense increases include adjustments to the annual expense for the maintenance and replacement of County vehicles (\$1,763), an increase in operating equipment (\$5,000), an increase in consultants (\$20,500) to cover an hourly pay increase for members of the Board of Equalization approved by the County Board in June 2009.</li> <li>▪ Eliminate one Auditor position (1.0 FTE; \$105,151), and increase consultant funds from \$0 to \$37,000 to partially mitigate the loss of this position.</li> <li>▪ Eliminate one Auditor position (1.0 FTE; \$108,551) currently assigned to Purchasing.</li> </ul>	<p>6.0</p> <p>(1.0)</p> <p>(1.0)</p>
FY 2012	<ul style="list-style-type: none"> <li>▪ The County Board added 1.0 FTE to the Purchasing Division to assist with the increase in capital project solicitations (\$108,551).</li> <li>▪ Non-personnel expenses increase due to the operating costs of the Department of Real Estate Assessment's new computer system to support</li> </ul>	<p>1.0</p>

Fiscal Year	Description	FTEs
	<p>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).</p> <ul style="list-style-type: none"> <li>▪ Revenues increase 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.</li> </ul>	
FY 2013	<ul style="list-style-type: none"> <li>▪ No significant changes.</li> </ul>	
FY 2014	<ul style="list-style-type: none"> <li>▪ The County Board added one-time funding for a Capital Projects Coordinator in the Management and Budget Division (\$131,645, 1.0 FTE).</li> <li>▪ Eliminated 0.5 of 1.0 FTE Assistant Director, Real Estate Assessment (\$80,241) as part of the County-wide budget reductions.</li> <li>▪ 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).</li> </ul>	<p>1.0</p> <p>(0.5)</p>
FY 2015	<ul style="list-style-type: none"> <li>▪ Removed FY 2014 one-time funding for the Capital Project Coordinator (\$131,645).</li> <li>▪ 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).</li> <li>▪ Added a Procurement Officer position in the Purchasing Division (\$120,000).</li> <li>▪ <i>The County Board added one-time funding for internal audit as part of FY 2014 closeout (\$200,000).</i></li> <li>▪ <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></li> </ul>	<p>1.0</p>
FY 2016	<ul style="list-style-type: none"> <li>▪ Converted temporary Internal Audit Position to permanent (\$50,912).</li> <li>▪ Converted previously authorized overstrength employee to permanent Financial Analyst to continue capital project monitoring in support of the County's growing CIP (\$55,212).</li> <li>▪ 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.</li> <li>▪ 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.</li> <li>▪ <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></li> </ul>	<p>0.5</p> <p>0.5</p>

**DEPARTMENT OF MANAGEMENT AND FINANCE**  
**TEN-YEAR HISTORY**

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<b>Fiscal Year</b>	<b>Description</b>	<b>FTEs</b>
FY 2017	<ul style="list-style-type: none"><li>▪ No significant changes.</li></ul>	
FY 2018	<ul style="list-style-type: none"><li>▪ Added a purchasing position to support the increasing demands of capital projects (no general fund support – salary charged to capital projects).</li><li>▪ 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).</li></ul>	1.0

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