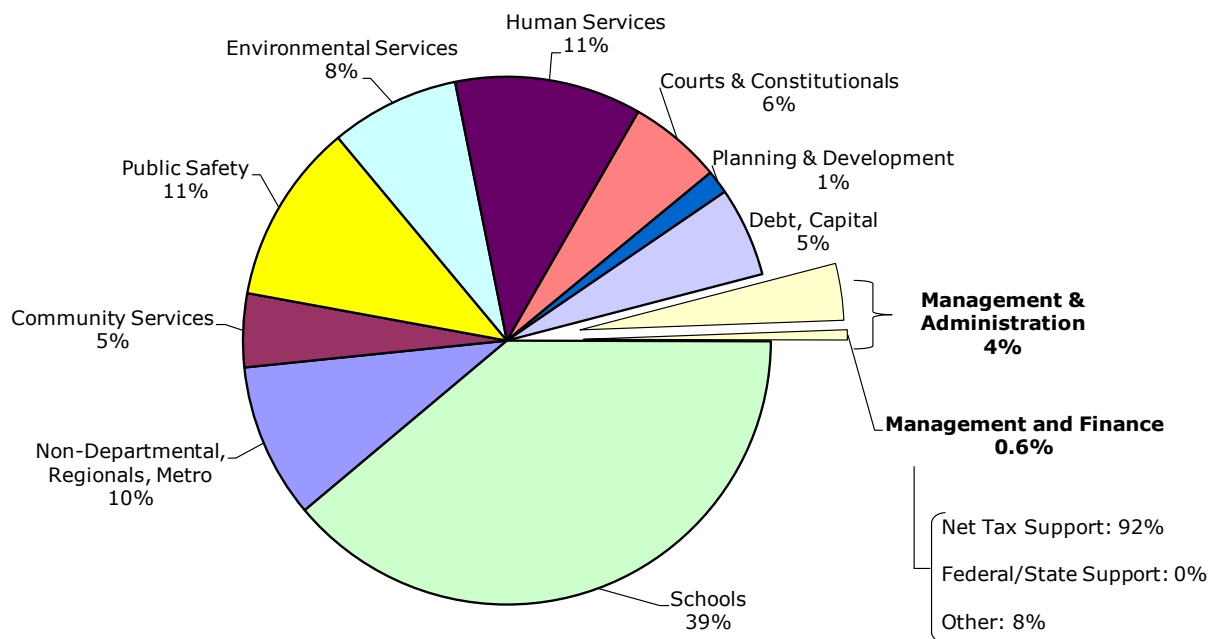


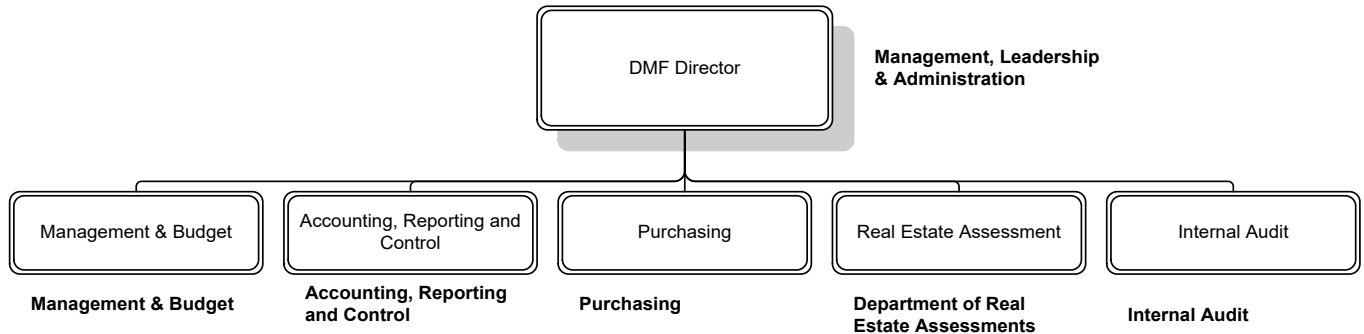
Our Mission: To ensure the prudent use of County resources

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 2022 Proposed Budget - General Fund Expenditures



LINES OF BUSINESS



SIGNIFICANT BUDGET CHANGES

The FY 2022 proposed expenditure budget for the Department of Management and Finance is \$8,514,168, a one percent decrease from the FY 2021 adopted budget. The FY 2022 proposed budget reflects:

- Personnel changes due to the reductions itemized below, offset by increasing salaries and benefits due to staff turnover.
- ↓ Non-personnel decreases due to the reduction itemized below and adjustments to the annual expense for maintenance and replacement of County vehicles (\$3,375), partially offset by additional funding added for an annual e-Procurement software license to the Purchasing line of business (\$12,786).
- ↓ Fee revenues decrease due to Signature Theatre revenue based on the impact of current COVID-19 conditions into FY 2022 (\$74,000).
- ↓ Transfers from other funds decreases due to administrative fees to the Business Improvement Districts for the County-wide administrative support (\$2,233).

FY 2022 Proposed Budget Reductions

DMF Internal Audit

- ↓ Temporary hiring freeze of a portion of a Senior Staff Financial Analyst position (\$89,957, 0.5 FTE)

IMPACT: This reduces the Internal Audit function from 1.5 to 1.0 FTE limiting the number of internal audits completed each year and slowing the timeframe of follow-up audits related to remediation actions. It also slows the ability to investigate hotline complaints. Reducing the audit coverage results in an increased likelihood of not remediating areas of risk.

DMF Internal Audit

- ↓ Reduction of contracted support (\$68,500)

IMPACT: This reduction will reduce the number of internal audits conducted each year by three to four audits. Reducing the audit coverage may result in increased likelihood of not remediating areas of risk.

DEPARTMENT FINANCIAL SUMMARY

	FY 2020 Actual	FY 2021 Adopted	FY 2022 Proposed	% Change '21 to '22
Personnel	\$7,560,878	\$7,637,782	\$7,641,485	-
Non-Personnel	946,583	931,772	872,683	-6%
Total Expenditures	8,507,461	8,569,554	8,514,168	-1%
Fees	315,789	339,000	265,000	-22%
Transfers From Other Funds	370,438	417,249	415,016	-1%
Total Revenues	686,227	756,249	680,016	-10%
Net Tax Support	\$7,821,234	\$7,813,305	\$7,834,152	-
Permanent FTEs (Funded)	58.50	59.50	59.00	
Permanent FTEs (Frozen, Unfunded)	-	-	0.50	
Temporary FTEs	-	-	-	
Total Authorized FTEs	58.50	59.50	59.50	

Expenses by Lines of Business

	FY 2020 Actual Expense	FY 2021 Adopted Expense	FY 2022 Proposed Expense	% Change '21 to '22	FY 2022 Proposed Revenue	FY 2022 Net Tax Support
Management and Budget	\$2,690,480	\$2,663,117	\$2,710,537	2%	\$673,016	\$2,037,521
Accounting, Reporting & Control	1,448,736	1,403,823	1,376,041	-2%	7,000	1,369,041
Internal Audit	297,337	425,926	293,460	-31%	-	293,460
Purchasing	1,194,400	1,274,192	1,247,276	-2%	-	1,247,276
Real Estate Assessments	2,876,509	2,802,496	2,886,854	3%	-	2,886,854
Total	\$8,507,461	\$8,569,554	\$8,514,168	-1%	\$680,016	\$7,834,152

Authorized FTEs by Line of Business

	FY 2021 FTEs Adopted	FY 2022 Permanent FTEs Proposed	FY 2022 Temporary FTEs Proposed	FY 2022 Total FTEs Proposed
Management and Budget	16.00	16.00	-	16.00
Accounting, Reporting & Control	9.00	9.00	-	9.00
Internal Audit	1.50	1.50	-	1.50
Purchasing	10.00	10.00	-	10.00
Real Estate Assessments	23.00	23.00	-	23.00
Total FTEs	59.50	59.50	-	59.50

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.

PERFORMANCE MEASURES

FY 2020 Performance Measures reflect COVID-19 impacts to services in the final months of the fiscal year while FY 2021 and FY 2022 estimates are based on current conditions and anticipated impacts on the performance measures. Additionally, FY 2022 estimates do not incorporate the impact of proposed budget reductions; the impact of those reductions are included in the impact statements shown in the Department Budget Summary.

Critical Measures	FY 2017 Actual	FY 2018 Actual	FY 2019 Actual	FY 2020 Actual	FY 2021 Estimate	FY 2022 Estimate
Maintain Triple-triple A bond rating	Yes	Yes	Yes	Yes	Yes	Yes
Percent variance between actual tax revenue and third quarter projection	1.79%	0.53%	0.68%	N/A	1.00%	1.00%

Supporting Measures	FY 2017 Actual	FY 2018 Actual	FY 2019 Actual	FY 2020 Actual	FY 2021 Estimate	FY 2022 Estimate
Government Finance Officers Association (GFOA) Distinguished Budget Award received (yes/no)	Yes	Yes	Yes	Yes	Yes	Yes

- Variance between actual tax revenue and third quarter projections were not formally made in FY 2020 due to onset of the pandemic and its’ impact to spring FY 2020 revenue collection and estimates.

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.

PERFORMANCE MEASURES

FY 2020 Performance Measures reflect COVID-19 impacts to services in the final months of the fiscal year while FY 2021 and FY 2022 estimates are based on current conditions and anticipated impacts on the performance measures. Additionally, FY 2022 estimates do not incorporate the impact of proposed budget reductions; the impact of those reductions are included in the impact statements shown in the Department Budget Summary.

Critical Measures	FY 2017 Actual	FY 2018 Actual	FY 2019 Actual	FY 2020 Actual	FY 2021 Estimate	FY 2022 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 2017 Actual	FY 2018 Actual	FY 2019 Actual	FY 2020 Actual	FY 2021 Estimate	FY 2022 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.

PERFORMANCE MEASURES

FY 2020 Performance Measures reflect COVID-19 impacts to services in the final months of the fiscal year while FY 2021 and FY 2022 estimates are based on current conditions and anticipated impacts on the performance measures. Additionally, FY 2022 estimates do not incorporate the impact of proposed budget reductions; the impact of those reductions are included in the impact statements shown in the Department Budget Summary.

Critical Measures	FY 2017 Actual	FY 2018 Actual	FY 2019 Actual	FY 2020 Actual	FY 2021 Estimate	FY 2022 Estimate
Number of audits completed	14	9	7	2	5	5

- In FY 2020, six audits were planned; however, two audits were delayed to FY 2021 due to COVID-19, and two were postponed to FY 2021 due to staffing.
- The FY 2021 estimate is based on the expected completion of five audits as reflected in the “FY 2021 Internal Audit Work Plan.”

PROGRAM MISSION

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

- Procure goods and services at reasonable costs through fair and impartial purchasing actions, while allowing all qualified sellers access to County business.
- Assist in solicitation strategies and contract development.
- Participate in regional cooperative purchasing efforts to achieve cost reductions through volume buying.
- Dispose of surplus property and equipment.

PERFORMANCE MEASURES

FY 2020 Performance Measures reflect COVID-19 impacts to services in the final months of the fiscal year while FY 2021 and FY 2022 estimates are based on current conditions and anticipated impacts on the performance measures. Additionally, FY 2022 estimates do not incorporate the impact of proposed budget reductions; the impact of those reductions are included in the impact statements shown in the Department Budget Summary.

Critical Measures	FY 2017 Actual	FY 2018 Actual	FY 2019 Actual	FY 2020 Actual	FY 2021 Estimate	FY 2022 Estimate
Number of protests of purchasing actions upheld by a final authority (court)	0	0	0	0	0	0

Supporting Measures	FY 2017 Actual	FY 2018 Actual	FY 2019 Actual	FY 2020 Actual	FY 2021 Estimate	FY 2022 Estimate
Emergency procurements processed	22	25	7	87	95	50
Formal bids and contracts processed	70	66	93	103	70	80
Informal bids and contracts processed	357	312	339	201	200	275
Sole source procurements processed	50	62	68	48	45	45

- **Emergency Procurements:** The County experienced a sizable increase in the number of emergency procurements in FY 2020 and FY 2021 due to the COVID-19 pandemic. Many of the goods and services needed for the pandemic response required expedited procurements and followed the established emergency procurement process. With the County’s COVID response still ongoing, it is anticipated that some degree of this pattern will persist into FY 2022, but it is expected to gradually return to more normal levels by the end of the year.
- **Formal Bids and Contract:** Managing formal solicitations takes up the majority of staff time in the Purchasing Division. The volume of these solicitations has been gradually increasing in recent years and peaked in FY 2020. However, since the onset of the COVID pandemic in the spring of 2020 the number of formal solicitations has been artificially lower in FY 2021 as Departmental staff have been forced to prioritize their COVID-response efforts over scope

writing and proposal evaluation. In FY 2022, it is expected that the volume will be down from normal levels in the first half of the fiscal year but the County will begin to return to more normal levels later in the fiscal year. The COVID-related decreases are temporary in nature and only reflect a deferral of workload, so it is likely that there will be increased demand beyond FY 2022 as the County works to catch back up. Please note that the FY 2017 – FY 2019 Actuals have been restated here to only include formal RFPs and ITBs completed within their respective fiscal years.

- Informal Bids and Contracts: The County’s volume of informal solicitations has also been impacted by the COVID-19 pandemic, with a substantial decrease in both FY 2020 Actuals and FY 2021 Estimates. FY 2022 should see a gradual return back to normal, historical levels.
- Sole Source Procurements: A contract may be awarded without competitive bidding or competitive negotiations when the Purchasing Agent determines that only one source is practically available. In the interest of maximizing competitive procurements, the Purchasing Division has been actively working with Departments to reduce the overall number of sole source contracts awarded in recent years. These efforts are reflected in the FY 2020 Actuals and the FY 2021 and FY 2022 Estimates. Additionally, the FY 2018 Actual has been corrected to reflect full year totals rather than partial year.

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.

PERFORMANCE MEASURES

FY 2020 Performance Measures reflect COVID-19 impacts to services in the final months of the fiscal year while FY 2021 and FY 2022 estimates are based on current conditions and anticipated impacts on the performance measures. Additionally, FY 2022 estimates do not incorporate the impact of proposed budget reductions; the impact of those reductions are included in the impact statements shown in the Department Budget Summary.

Critical Measures	CY 2017 Actual	CY 2018 Actual	CY 2019 Actual	CY 2020 Actual	CY 2021 Estimate	CY 2022 Estimate
Assessment/sale ratio	94%	94%	90%	94%	94%	94%
Coefficient of dispersion	0.07	0.08	0.07	0.08	0.08	0.08
Price related differential (PRD)	1	1	1	1	1	1

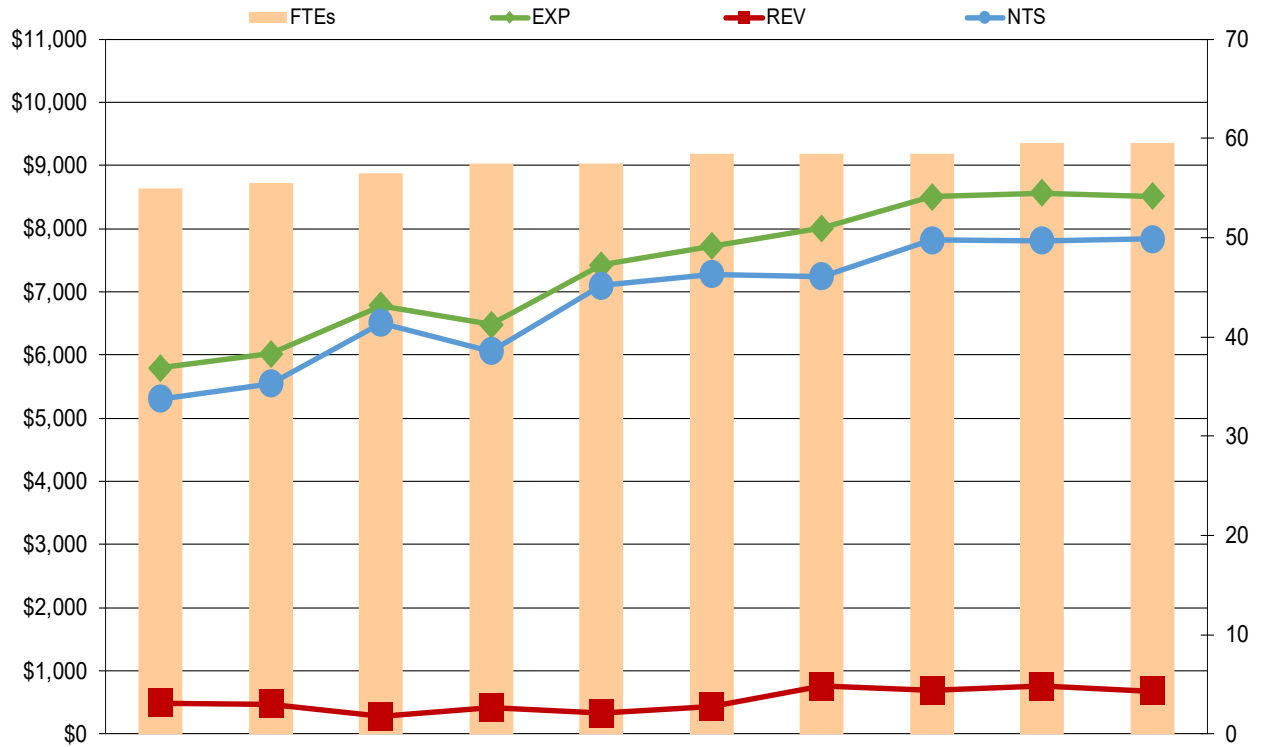
- Real estate assessments are performed on a calendar-year basis; therefore, all statistics are collected by calendar year.
- The assessment/sale ratio is the ratio of the assessed value to the sale price of a property, a data point collected and published by the Commonwealth of Virginia.
- The coefficient 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.

DEPARTMENT OF REAL ESTATE ASSESSMENTS

Supporting Measures	CY 2017 Actual	CY 2018 Actual	CY 2019 Actual	CY 2020 Actual	CY 2021 Estimate	CY 2022 Estimate
Deeds and wills reviewed by Real Estate staff	5,512	5,675	5,351	5,604	5,300	5,300
Number of Board of Equalization (BOE) appeals	257	237	287	275	275	275
Number of parcels appraised	66,225	66,292	66,425	66,385	66,500	66,500
Number of parcels inspected	4,105	3,629	2,849	577	1,000	1,000
Number of parcels reviewed	515	614	462	506	506	506
Real property tax base (in billions)	\$73.40	\$75.00	\$77.60	\$81.10	\$82.50	N/A

- 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.
- The decrease in number of parcels inspected in CY 2020 occurred with the onset of the COVID-19 pandemic and implementation of safety restrictions for staff and property owners. Inspections are expected to increase in CY 2021 and CY 2022 as vaccines increase and/or safety precautions are in place. The number of parcels inspected reflects “Physical Inspections” meaning an Appraiser was physically at the property. Instead of physical inspections during the pandemic, virtual inspections were conducted (not changing our physical inspection indicator) utilizing permits, plans, updated fly over & satellite imagery, MLS photos and including drive by inspections which enabled Real Estate staff to safely collect data and update records without physically measuring the property. The efficiencies gained in this process, increased the number of parcels inspected (virtually), the number of permits completed and supplemental assessments issued in CY 2020.

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



	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
\$ in 000s	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Adopted Budget	Proposed Budget
EXP	\$5,797	\$6,018	\$6,781	\$6,480	\$7,428	\$7,725	\$8,005	\$8,507	\$8,569	\$8,514
REV	\$492	\$474	\$273	\$419	\$326	\$443	\$757	\$686	\$756	\$680
NTS	\$5,305	\$5,544	\$6,508	\$6,061	\$7,102	\$7,282	\$7,248	\$7,821	\$7,813	\$7,834
FTEs	55.00	55.50	56.50	57.50	57.50	58.50	58.50	58.50	59.50	59.50

Fiscal Year	Description	FTEs
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). 	<p style="text-align: right;">1.0</p> <p style="text-align: right;">(0.5)</p>
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> 	<p style="text-align: right;">1.0</p>
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. ▪ 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> 	<p style="text-align: right;">0.5</p> <p style="text-align: right;">0.5</p>
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). 	<p style="text-align: right;">1.0</p>

Fiscal Year	Description	FTEs
	<ul style="list-style-type: none"> ▪ 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). 	
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> 	<p>(1.0)</p> <p>1.0</p>
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). 	
FY 2021	<ul style="list-style-type: none"> ▪ Added a Procurement Officer position in the Purchasing Division (\$124,615). ▪ Added non-personnel funding due to increases for the contractual maintenance and licensure of the budgeting software (\$61,010) and the real estate mobile assessor software (\$9,650). ▪ Increased fee revenue 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 increased due to administrative fees to the Business Improvement Districts for the County-wide administrative support (\$43,268). 	<p>1.0</p>