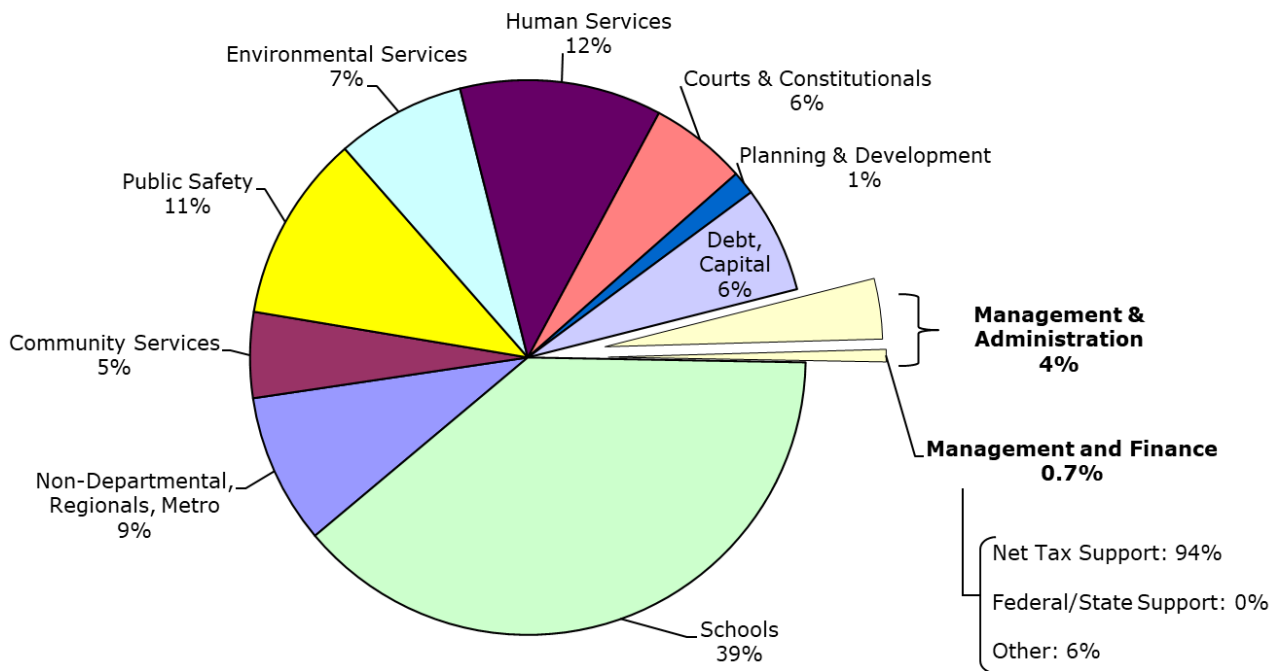


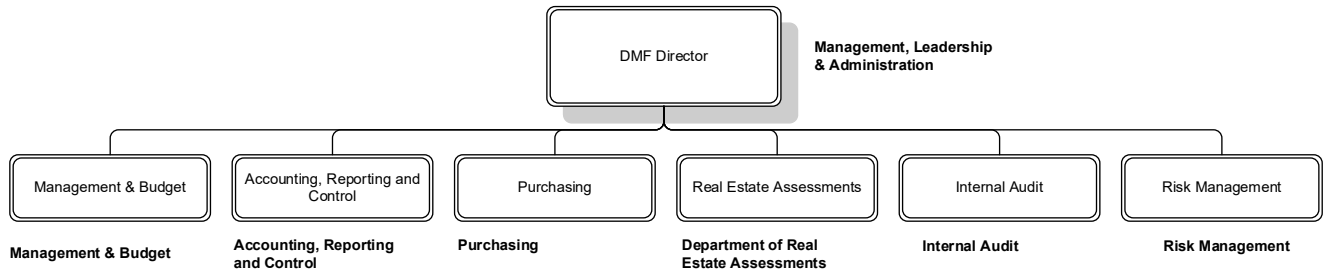
Our Mission: To ensure the prudent use of County resources

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 2025 Proposed Budget - General Fund Expenditures



LINES OF BUSINESS



SIGNIFICANT BUDGET CHANGES

The FY 2025 proposed expenditure budget for the Department of Management and Finance is \$11,735,374, a 14 percent increase from the FY 2024 adopted budget. The FY 2025 proposed budget reflects:

- ↑ Personnel increases due to employee salary increases, an increase in the County’s cost for employee health insurance, slightly higher retirement contributions based on current actuarial projections, adjustments to salaries resulting from Accounting, Fiscal, Revenue Services and Financial job family studies (\$265,909), Real Estate Appraisers compression study (\$80,000), one-time funding to support a Limited-term Budget Analyst position in the Budget Division (\$63,393), the addition of a Commercial Real Estate Appraiser position (\$138,004, 1.0 FTE), and the addition of a Risk Manager position and the transfer of the Risk Management Program from the Human Resources Department to the Department of Management and Finance at FY 2023 closeout (\$383,393, 2.0 FTEs); partially offset by the proposed reduction listed below.
- ↑ Non-personnel increases are due to contractual increases (\$25,657), data management software to support the internal hosting of the new Arlington Wallet and PRISM+ data pipeline (\$20,000), and adjustments to the annual expense for maintenance and replacement of County vehicles (\$740).
- ↓ Fees revenue decreases primarily due to Signature Theatre miscellaneous revenues decreases (\$112,000).
- ↑ Transfers from other funds increase due to administrative fees from the Business Improvement Districts for County-wide administrative support (\$941).

FY 2025 Proposed Budget Reductions

Internal Audit

- ↓ Eliminate ongoing funding for Co-sourced Audit Partner and replace with one-time funds in FY 2025 (\$217,000)

IMPACT: For the FY 2025 proposed budget, one-time funding will replace the ongoing budget to allow for execution of planned Internal Audits. In subsequent years, if not restored, this will reduce the number of audits by four to six per year.

Real Estate Assessments

↓ Staff Support Technician (\$39,900, 0.50 FTE)

IMPACT: This position is a half-time limited term position currently utilized in the Department of Real Estate Assessments. The position in the Records Division assists in processing transfers, completing re-subdivisions, and responding to inquiries. This work would be absorbed by existing staff and may reduce the time to process the work.

DEPARTMENT FINANCIAL SUMMARY

	FY 2023 Actual*	FY 2024 Adopted	FY 2025 Proposed	% Change '24 to '25
Personnel	\$8,691,413	\$9,506,272	\$10,876,436	14%
Non-Personnel	1,108,157	951,606	998,003	5%
GASB*	187,739	-	-	-
Intra-County Charges	-	(132,443)	(139,065)	5%
Total Expenditures	9,987,309	10,325,435	11,735,374	14%
Fees	145,782	349,837	243,703	-30%
GASB*	187,739	-	-	-
Transfers From Other Funds	411,984	425,292	426,206	-
Total Revenues	745,505	775,129	669,909	-14%
Net Tax Support	\$9,241,804	\$9,550,306	\$11,065,465	16%
Permanent FTEs	64.50	63.00	65.50	
Temporary FTEs	-	-	-	
Total Authorized FTEs	64.50	63.00	65.50	

* FY 2023 actual expenditures and revenues received reflect the Governmental Accounting Standard Board (GASB) standards for Statement No. 87 on leases and Statement No. 96 for subscription-based software. See the County Government GASB Summary for department details in the front section of the budget book.

Expenses by Lines of Business

	FY 2023 Actual Expense	FY 2024 Adopted Expense	FY 2025 Proposed Expense	% Change '24 to '25	FY 2025 Proposed Revenue	FY 2025 Net Tax Support
Management and Budget	\$3,077,533	\$2,994,529	\$3,562,121	19%	\$659,104	\$2,903,017
Accounting, Reporting & Control	1,545,111	1,746,569	1,649,969	-6%	10,805	1,639,164
Internal Audit	561,582	499,965	524,912	5%	-	524,912
Risk Management	-	-	383,393	100%	-	383,393
Purchasing	1,552,092	1,647,472	1,835,190	11%	-	1,835,190
Real Estate Assessments	3,250,991	3,436,900	3,779,789	10%	-	3,779,789
Total	\$9,987,309	\$10,325,435	\$11,735,374	14%	\$669,909	\$11,065,465

Authorized FTEs by Line of Business

	FY 2024 FTEs Adopted	FY 2025 Permanent FTEs Proposed	FY 2025 Temporary FTEs Proposed	FY 2025 Total FTEs Proposed
Management and Budget	16.00	17.00	-	17.00
Accounting, Reporting & Control	10.00	9.00	-	9.00
Internal Audit	1.50	1.50	-	1.50
Risk Management	0.00	2.00	-	2.00
Purchasing	12.00	12.00	-	12.00
Real Estate Assessments	23.50	24.00	-	24.00
Total FTEs	63.00	65.50	-	65.50

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

Critical Measures	FY 2020 Actual	FY 2021 Actual	FY 2022 Actual	FY 2023 Actual	FY 2024 Estimate	FY 2025 Estimate
Maintain Triple-triple A bond rating	Yes	Yes	Yes	Yes	Yes	Yes
Percent variance between actual tax revenue and third quarter projection	N/A	1.04%	1.66%	1.30%	1.00%	1.00%

Supporting Measures	FY 2020 Actual	FY 2021 Actual	FY 2022 Actual	FY 2023 Actual	FY 2024 Estimate	FY 2025 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.

ACCOUNTING, REPORTING & CONTROL

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 Annual Comprehensive Financial Report (ACFR).
- Provide financial information to County stakeholders.
- Liaise with external Auditors on independent financial and compliance auditing services.

PERFORMANCE MEASURES

Critical Measures	FY 2020 Actual	FY 2021 Actual	FY 2022 Actual	FY 2023 Estimate	FY 2024 Estimate	FY 2025 Estimate
Annual Consolidated Financial Report (ACFR) received the Government Finance Officers Association (GFOA) “Certificate of Achievement for Excellence”	Yes	Yes	Yes	Yes	Yes	Yes
ACFR received “unqualified” opinion from external auditors	Yes	Yes	Yes	Yes	Yes	Yes

Supporting Measures	FY 2020 Actual	FY 2021 Actual	FY 2022 Actual	FY 2023 Estimate	FY 2024 Estimate	FY 2025 Estimate
Auditor of Public Accounts Transmittal and ACFR 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

Critical Measures	FY 2020 Actual	FY 2021 Actual	FY 2022 Actual	FY 2023 Actual	FY 2024 Estimate	FY 2025 Estimate
Number of audits completed	3	3	3	4	6	6
Number of Financial Fraud Waste and Abuse (FFWA) Complaints Dispositioned	33	18	19	17	22	22
Percentage of FFWA Complaints Completed within 6 months	94%	78%	89%	100%	100%	100%
Number of Follow-up Audits or Investigations Completed	3	4	3	3	11	10
Number of Purchase Card Reviews Completed	2	3	2	2	3	4

- The FY 2024 estimated completion of six audits is based on those audits planned based in part on a comprehensive County-wide risk assessment performed in FY 2023.
- Due to an increase in audit effort related to the Financial Fraud Waste and Abuse (FFWA) Hotline program and the audit follow-up program, two of the six audits planned for FY 2023 were postponed to FY 2024.

RISK MANAGEMENT PROGRAM ADMINISTRATION

PROGRAM MISSION

To safeguard the lives and well-being of Arlington County’s employees, and the residents and visitors that they serve, through programs, policies and procedures that effectively identify and manage risk.

- Oversee the purchase of insurance to cover property, automobile, and general liability exposures.
- Review County agreements to determine contractual risk transfers and establish appropriate insurance requirements.
- Work to mitigate losses and manage financial liabilities.

PERFORMANCE MEASURES

Critical Measures	FY 2020 Actual	FY 2021 Actual	FY 2022 Actual	FY 2023 Actual	FY 2024 Estimate	FY 2025 Estimate
Number of General Liability and Auto Liability claims handled	335	294	457	585	420	420

- In FY 2023, the County experienced an increase in General Liability claims associated with emergency response, slips and falls, sewer-related issues and fallen trees. Additionally, the number of automobile accidents increased as the overall number of vehicle trips in Arlington continues to return to normalize post-COVID.

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

Critical Measures	FY 2020 Actual	FY 2021 Actual	FY 2022 Actual	FY 2023 Actual	FY 2024 Estimate	FY 2025 Estimate
Number of protests of purchasing actions upheld by a final authority (court)	0	0	0	0	0	0

Supporting Measures	FY 2020 Actual	FY 2021 Actual	FY 2022 Actual	FY 2023 Actual	FY 2024 Estimate	FY 2025 Estimate
Formal bids and contracts processed	103	69	123	102	125	125
Informal bids and contracts processed	201	188	97	121	100	100
Prevailing Wage contracts executed / value (rounded - in millions)	0	0	4/ \$37.6	27/ \$87.0	30/ \$124.0	30/ \$124.0

- Formal solicitations were slightly lower in FY 2023 due to prior fiscal year procurements that resulted in contracts for services and goods over a five-year period and departments handling procurements under their increased delegated authority. The FY 2024 and FY 2025 estimates reflect a slightly higher increase due to expiring contracts that require new procurements.
- The County’s volume of informal solicitations increased in FY 2023 due to departments procuring goods and services within their \$200,000 threshold that did not require formal contracts after the purchasing divisions expanded training modules. Purchasing anticipates informal purchases in FY 2024 and FY 2025 to remain at that level.
- The County implemented a new Prevailing Wage policy for construction contracts of \$250,000 or more beginning January 1, 2022. The number of covered contracts in the first fiscal year (FY 2022) was low due to the policy being implemented during one portion of the year. FY 2023 Actuals reflect a typical full year, although the natural variation in the County’s capital project plans from year-to-year will result in some modulation over time.

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 property owners 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.

PERFORMANCE MEASURES

Critical Measures	CY 2020 Actual	CY 2021 Actual	CY 2022 Actual	CY 2023 Actual	CY 2024 Estimate	CY 2025 Estimate
Assessment/sale ratio	94%	95%	97%	93%	95%	95%
Coefficient of dispersion	0.08	0.08	0.05	0.07	0.07	0.07
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. According to the International Association of Assessing Officers (IAAO) standards an ideal ratio falls between 90 percent – 110 percent and the State requirement is between 70 percent – 130 percent.
- 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 ideal industry standard is below 0.15 as set forth by the International Association of Assessing Officers (IAAO).
- 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 PRD should be between .98 and 1.03 in accordance with IAAO standards with the most desirable PRD being 1.

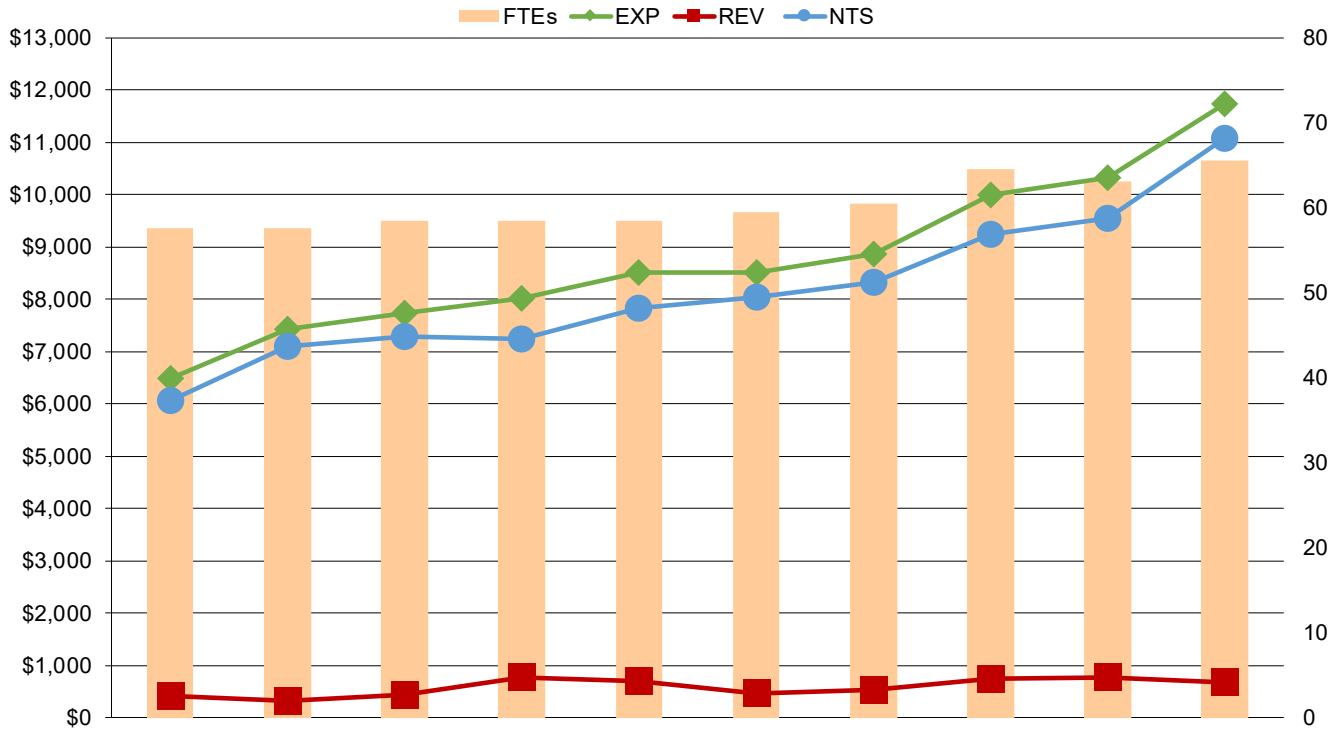
Supporting Measures	CY 2020 Actual	CY 2021 Actual	CY 2022 Actual	CY 2023 Actual	CY 2024 Estimate	CY 2025 Estimate
Number of parcels appraised	66,395	66,424	66,975	67,023	67,100	67,100
Number of parcels inspected	577	2,075	2,873	2,520	2,600	2,600
Deeds and wills reviewed by Real Estate staff	5,831	6,237	4,702	4,854	5,000	5,000
Number of Administrative Review Applications	225	248	246	288	300	325

DEPARTMENT OF REAL ESTATE ASSESSMENTS

Supporting Measures	CY 2020 Actual	CY 2021 Actual	CY 2022 Actual	CY 2023 Actual	CY 2024 Estimate	CY 2025 Estimate
Number of Board of Equalization (BOE) appeals	275	332	330	338	330	330
Number of BOE Appeal Cases Heard Before the BOE	136	161	136	169	185	195
Real property tax base (in billions)	\$81.14	\$83.05	\$85.98	\$91.30	\$92.00	\$92.00

- The number of deeds and wills reviewed by Real Estate staff is based on activity in the market.
- All property owners have the right each year to formally request a review of their assessment and/or appeal their property’s assessed value to the Board of Equalization (BOE). The BOE is an independent board appointed by the County Board and the Clerk of the Circuit Court. The BOE is made up of five to seven members who are all residents of Arlington County.
- Assessment review applications are filed directly to the Department of Real Estate Assessments and considered a first-level administrative review of a property's value. If the property owner is dissatisfied with the results of the review, they may also file an appeal application directly to the Board of Equalization.
- Assessment appeal applications may also be filed directly to the BOE to appeal an assessed value.
- If a property owner is dissatisfied with a BOE appeal, they may also file a suit in the circuit court.

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



	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025
\$ in 000s	Actual	Actual	Actual	Actual	Actual	Actual	Actual*	Actual	Adopted Budget	Proposed Budget
EXP	\$6,480	\$7,428	\$7,725	\$8,005	\$8,507	\$8,509	\$8,861	\$9,987	\$10,325	\$11,735
REV	\$419	\$326	\$443	\$757	\$686	\$466	\$539	\$746	\$775	\$670
NTS	\$6,061	\$7,102	\$7,282	\$7,248	\$7,821	\$8,043	\$8,322	\$9,241	\$9,550	\$11,065
FTEs	57.50	57.50	58.50	58.50	58.50	59.50	60.50	64.50	63.00	65.50

* Beginning in FY 2022, actual expenditures and revenues received reflect Governmental Accounting Standard Board (GASB) standards for Statement No. 87 on leases and Statement No. 96 for subscription-based software. See the County Government GASB Summary for department details in the front section of the budget book.

Fiscal Year	Description	FTEs
FY 2016	▪ Converted temporary Internal Audit Position to permanent (\$50,912).	0.50
	▪ Converted previously authorized overstrength employee to permanent Financial Analyst to continue capital project monitoring in support of the County’s growing CIP (\$55,212).	0.50
	▪ 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>	
FY 2017	▪ No significant changes.	
FY 2018	▪ Added a purchasing position to support the increasing demands of capital projects (no general fund support – salary charged to capital projects).	1.00
	▪ 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	▪ 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.	
	▪ Eliminated a vacant limited-term Staff Support Technician (\$90,076).	(1.00)
	▪ 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).	1.00
	▪ <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>	
FY 2020	▪ 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).	

Fiscal Year	Description	FTEs
	<ul style="list-style-type: none"> ▪ Increased fee revenues for the Signature Theatre revenue (\$74,000), restored to pre-pandemic level. ▪ As a part of the FY 2022 adopted budget, the County Board approved use of American Rescue Plan Act (ARPA) funding to restore programs and positions that had been proposed as cuts. The FY 2023 adopted budget continues ARPA funding for restoration of these reductions including a Senior Financial Analyst in Internal Audit (\$74,913, 0.5 FTE) and Internal Audit contractor support (\$68,500). ▪ As a part of FY 2021 close-out, the County Board approved additional allocations of the remaining ARPA funding for programs based on the Guiding Principles presented by the County Manager in September; the Board directed the County Manager to include funding for these programs in the FY 2023 adopted budget including funding for the Disparity Study (\$500,000 one-time in Non-departmental). ▪ <i>A technical adjustment was approved by the County Board in April 2023 to appropriate funding from Non-Departmental to Departments to allocate the budget for bonuses funded in the adopted budget. The funding added to the Department of Management and Finance was \$116,384.</i> 	
FY 2024	<ul style="list-style-type: none"> ▪ Added one-time \$2,000 (gross) employee bonuses (\$160,466). ▪ Increased salaries resulting from Finance and Accounting and Administrative job family studies (\$69,480). ▪ Eliminated a vacant Prevailing Wage Analyst position (\$98,967). ▪ Reduced a Staff Support Technician position (\$37,998). ▪ Intra-County charges increased due to Procurement Officer compensation being charged to the Transportation Capital Fund (\$132,443). ▪ Removed one-time FY 2023 funding for the indexing of the Department of Real Estate Assessments' documents (\$140,000). ▪ Decreased non-personnel due to adjustments to the annual expense for maintenance and replacement of County vehicles (\$5,759). ▪ Eliminated external hosting of Arlington Wallet (\$103,400). ▪ Added one-time funding for Indirect Cost Allocation consultant services (\$20,000) and ongoing funding for contractual increases (\$36,677). ▪ Transfers from other funds increased due to administrative fees to the Business Improvement Districts for County-wide administrative support (\$8,284). ▪ <i>In FY 2023 close-out, the County Board approved the creation of a Risk Manager position (0.5 FTE) and the transfer of the Risk Management Program (1.5 FTEs) from the Human Resources Department to the Department of Management and Finance. The funding added to the Department of Management and Finance was \$214,429.</i> 	<p>(1.00)</p> <p>(0.50)</p> <p>2.00</p>