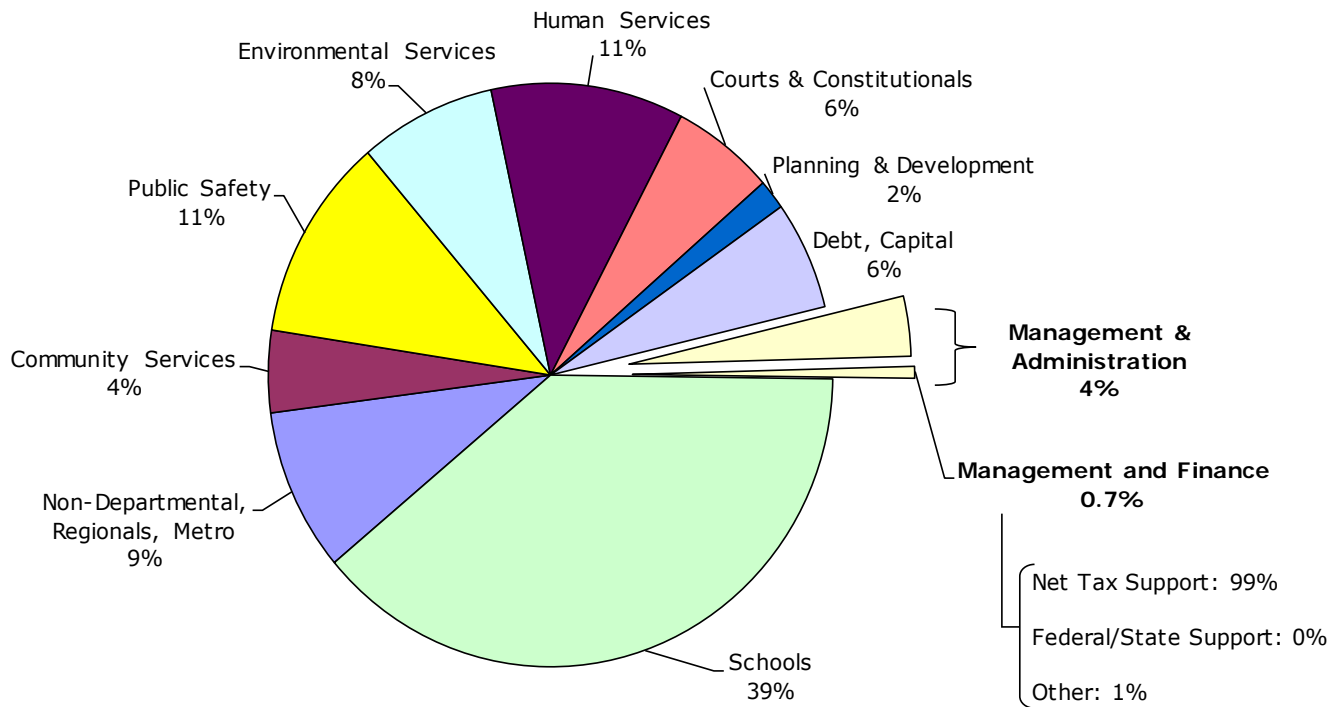


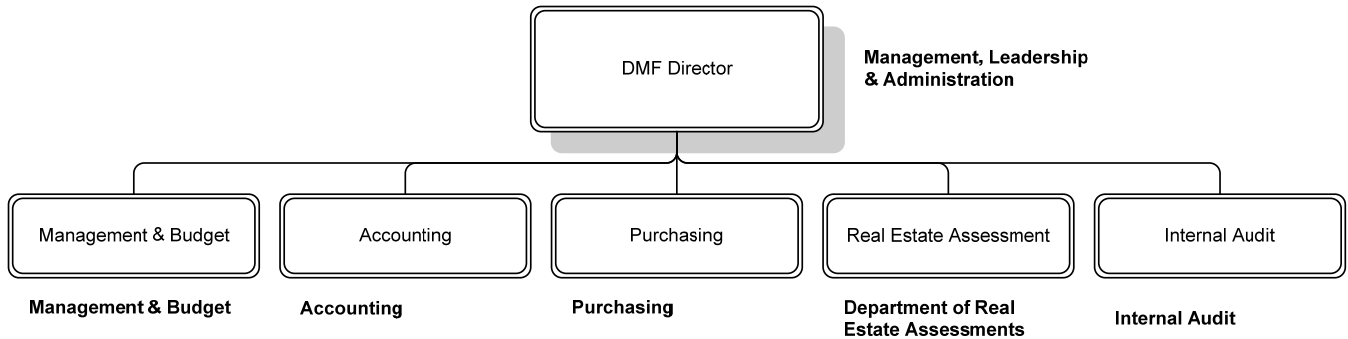
Our Mission: To ensure the prudent use of County resources

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 2018 Proposed Budget - General Fund Expenditures



LINES OF BUSINESS



SIGNIFICANT BUDGET CHANGES

The FY 2018 proposed expenditure budget for the Department of Management and Finance is \$8,066,201, a ten percent increase from the FY 2017 adopted budget. The FY 2018 budget reflects:

- ↑ Personnel increases due to employee salary increases, the hiring and reclassification of several positions above the FY 2017 budgeted level, an increase in the County’s cost for employee health insurance, and retirement contributions based on current actuarial projections. In addition, a Capital Coordinator position is added to support the capital budgeting program (\$160,000, 1.0 FTE) and a purchasing position was added to support the increasing demands of capital projects (no general fund support – salary charged to capital projects, 1.0 FTE).
- ↑ Non-personnel increases due to a software contractual increase (\$2,647), offset by adjustments to the annual expense for maintenance and replacement of County vehicles (\$149).
- ↑ 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).
- ↑ Transfers from other funds increases for administrative support to the Business Improvement Districts (\$2,226).

DEPARTMENT OF MANAGEMENT AND FINANCE
DEPARTMENT BUDGET SUMMARY

DEPARTMENT FINANCIAL SUMMARY

	FY 2016 Actual	FY 2017 Adopted	FY 2018 Proposed	% Change '17 to '18
Personnel	\$5,821,210	\$6,593,872	\$7,310,528	11%
Non-Personnel	658,820	753,175	755,673	-
Total Expenditures	6,480,030	7,347,047	8,066,201	10%
Fees	213,660	43,000	137,000	219%
Transfers From Other Funds	205,589	208,128	210,347	1%
Total Revenues	419,249	251,128	347,347	38%
Net Tax Support	\$6,060,781	\$7,095,919	\$7,718,854	9%
Permanent FTEs	57.50	57.50	59.50	
Temporary FTEs	-	-	-	
Total Authorized FTEs	57.50	57.50	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 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 following personnel actions:
 - The addition of a Capital Fund Coordinator position (\$160,000, 1.0FTE); and
 - The reclassification and transfer of a vacant Staff Support Technician to a Staff Administrative/Management Specialist from the Real Estate Assessments line of business (\$75,442, 1.0 FTE).
- ↑ Fee revenue increases for the addition of administrative fees and annual property tax payment related to the Arlington/Alexandria Waste-to-Energy Plant (\$87,000).
- ↑ Transfers from other funds increases for the administrative support to the Business Improvement Districts (\$2,226).

PROGRAM FINANCIAL SUMMARY

	FY 2016 Actual	FY 2017 Adopted	FY 2018 Proposed	% Change '17 to '18
Personnel	\$1,621,364	\$1,770,965	\$2,147,252	21%
Non-Personnel	116,809	137,851	137,851	-
Total Expenditures	1,738,173	1,908,816	2,285,103	20%
Fees	206,660	43,000	130,000	202%
Transfers from Other Funds	205,589	208,128	210,354	1%
Total Revenues	412,249	251,128	340,354	36%
Net Tax Support	\$1,325,924	\$1,657,688	\$1,944,749	17%
Permanent FTEs	13.00	13.00	15.00	
Temporary FTEs	-	-	-	
Total Authorized FTEs	13.00	13.00	15.00	

PERFORMANCE MEASURES

Critical Measures	FY 2013 Actual	FY 2014 Actual	FY 2015 Actual	FY 2016 Actual	FY 2017 Estimate	FY 2018 Estimate
Maintain Triple-triple A bond rating	Yes	Yes	Yes	Yes	Yes	Yes
Percent variance between actual tax revenue and third quarter projection	1.60%	1.30%	1.09%	1.38%	1.00%	1.00%

Supporting Measures	FY 2013 Actual	FY 2014 Actual	FY 2015 Actual	FY 2016 Actual	FY 2017 Estimate	FY 2018 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).
- To provide financial information to County stakeholders.
- Liase with external Auditors on independent financial and compliance auditing services.

SIGNIFICANT BUDGET CHANGES

- ↑ Personnel increases due to the reclassification and transfer of a Staff Support Technician to a Senior Staff Financial analyst from the Real Estate Assessments Line of Business (\$190,476, 1.0 FTE), the hiring of a position above the FY 2017 budgeted level, employee salary increases, an increase in the County’s cost for employee health insurance, and retirement contributions based on current actuarial projections.
- ↑ Fee revenue increases for the addition of administrative fees related to the Arlington/Alexandria Waste-to-Energy Plant (\$7,000).

PROGRAM FINANCIAL SUMMARY

	FY 2016 Actual	FY 2017 Adopted	FY 2018 Proposed	% Change '17 to '18
Personnel	\$957,809	\$1,044,872	\$1,299,465	24%
Non-Personnel	18,143	26,450	26,450	-
Total Expenditures	975,952	1,071,322	1,325,915	24%
Fees	7,000	-	7,000	-
Total Revenues	7,000	-	7,000	-
Net Tax Support	\$968,952	\$1,071,322	\$1,318,915	23%
Permanent FTEs	8.00	8.00	9.00	
Temporary FTEs	-	-	-	
Total Authorized FTEs	8.00	8.00	9.00	

PERFORMANCE MEASURES

Critical Measures	FY 2013 Actual	FY 2014 Actual	FY 2015 Actual	FY 2016 Actual	FY 2017 Estimate	FY 2018 Estimate
CAFR received GFOA “Certificate of Achievement for Excellence”	Yes	Yes	Yes	Yes	Yes	Yes
Comprehensive Annual Financial Report (CAFR) received “unqualified” opinion from external auditors	Yes	Yes	Yes	Yes	Yes	Yes

Supporting Measures	FY 2013 Actual	FY 2014 Actual	FY 2015 Actual	FY 2016 Actual	FY 2017 Estimate	FY 2018 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 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 2016 Actual	FY 2017 Adopted	FY 2018 Proposed	% Change '17 to '18
Personnel	\$23,038	\$247,686	\$258,750	4%
Non-Personnel	184,248	237,000	237,000	-
Total Expenditures	207,286	484,686	495,750	2%
Total Revenues	-	-	-	-
Net Tax Support	\$207,286	\$484,686	\$495,750	2%
Permanent FTEs	1.50	1.50	1.50	
Temporary FTEs	-	-	-	
Total Authorized FTEs	1.50	1.50	1.50	

PERFORMANCE MEASURES

Critical Measures	FY 2013 Actual	FY 2014 Actual	FY 2015 Actual	FY 2016 Actual	FY 2017 Estimate	FY 2018 Estimate
Number of audits completed	N/A	N/A	4	6	10	10

- The FY 2017 estimate is based on the number of audits completed in the first two quarters of FY 2016.

PROGRAM MISSION

To assist departments and agencies in the purchase of needed goods and services in a timely manner, while complying with legal requirements.

- 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.
- The FTE amount increases due to the addition of a Purchasing Officer position that will be fully funded from the Capital Funds with no increase to net tax support in the General Fund (1.0 FTE).

PROGRAM FINANCIAL SUMMARY

	FY 2016 Actual	FY 2017 Adopted	FY 2018 Proposed	% Change '17 to '18
Personnel	\$898,106	\$1,010,349	\$1,076,192	7%
Non-Personnel	36,086	38,010	38,010	-
Total Expenditures	934,192	1,048,359	1,114,202	6%
Total Revenues	-	-	-	-
Net Tax Support	\$934,192	\$1,048,359	\$1,114,202	6%
Permanent FTEs	8.00	8.00	9.00	
Temporary FTEs	-	-	-	
Total Authorized FTEs	8.00	8.00	9.00	

PERFORMANCE MEASURES

Critical Measures	FY 2013 Actual	FY 2014 Actual	FY 2015 Actual	FY 2016 Actual	FY 2017 Estimate	FY 2018 Estimate
Number of protests of purchasing actions upheld by a final authority (court)	0	0	0	0	0	0

Supporting Measures	FY 2013 Actual	FY 2014 Actual	FY 2015 Actual	FY 2016 Actual	FY 2017 Estimate	FY 2018 Estimate
Emergency procurements processed	41	39	40	31	40	42
Formal bids and contracts processed	303	340	340	336	200	210
Informal bids and contracts processed	218	119	120	156	160	168
Sole source procurements processed	64	61	60	63	66	69

- 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 two staff support technicians to the Management and Budget and Accounting lines of business (\$195,069, 2.0 FTEs).
- ↑ Non-personnel increases due to software contractual increases (\$2,647), partially offset by adjustments to the annual expense for maintenance and replacement of County vehicles (\$149).

PROGRAM FINANCIAL SUMMARY

	FY 2016 Actual	FY 2017 Adopted	FY 2018 Proposed	% Change '17 to '18
Personnel	\$2,320,893	\$2,520,000	\$2,528,869	-
Non-Personnel	303,534	313,864	316,362	1%
Total Expenditures	2,624,427	2,833,864	2,845,231	-
Total Revenues	-	-	-	-
Net Tax Support	\$2,624,427	\$2,833,864	\$2,845,231	-
Permanent FTEs	27.50	27.00	25.00	
Temporary FTEs	-	-	-	
Total Authorized FTEs	27.50	27.00	25.00	

DEPARTMENT OF REAL ESTATE ASSESSMENTS

PERFORMANCE MEASURES

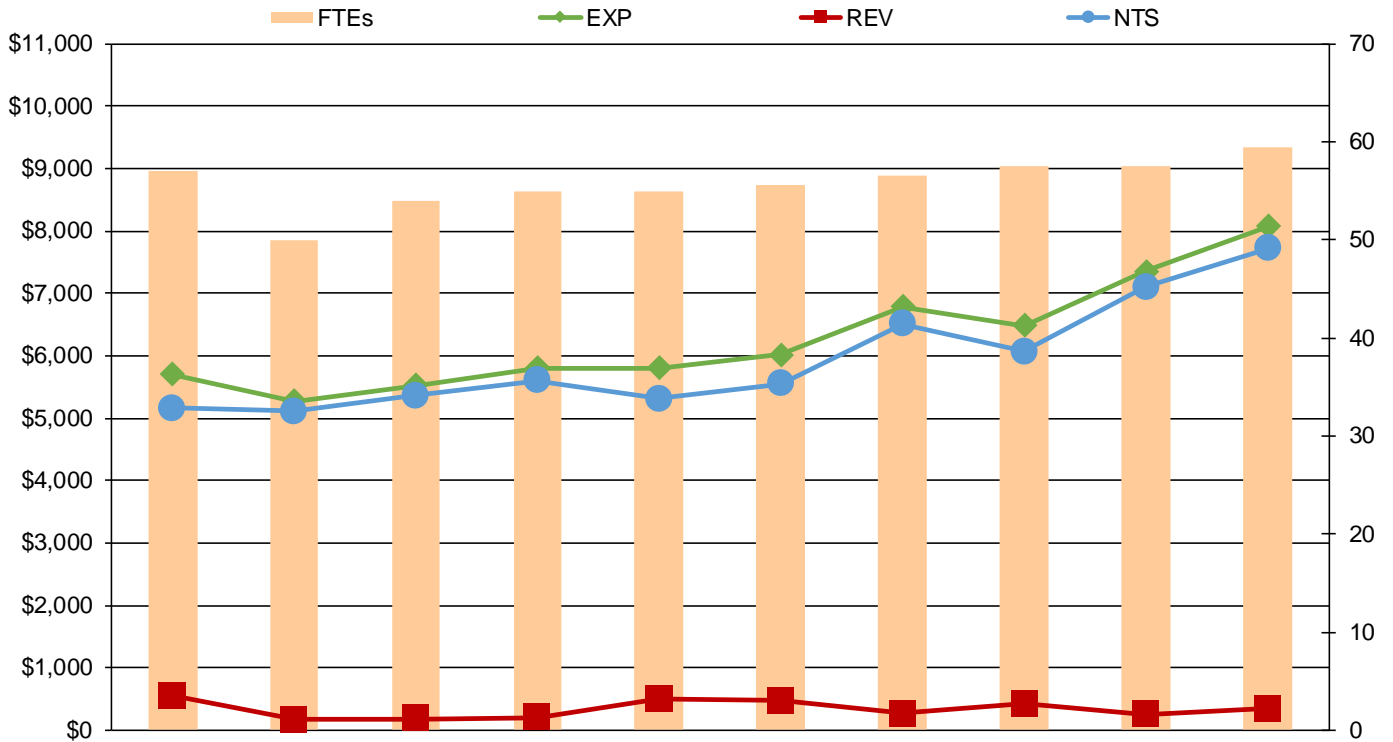
Critical Measures	CY 2013 Actual	CY 2014 Actual	CY 2015 Actual	CY 2016 Actual	CY 2017 Estimate	CY 2018 Estimate
Assessment/sale ratio	0.92	0.88	0.95	0.95	0.95	0.95
Coefficient of dispersion	0.10	0.08	0.10	0.10	0.10	0.10
Price related differential (PRD)	1	1	1	1	1	1

Supporting Measures	CY 2013 Actual	CY 2014 Actual	CY 2015 Actual	CY 2016 Actual	CY 2017 Estimate	CY 2018 Estimate
Deeds and wills reviewed by Real Estate staff	5,502	5,435	6,044	5,264	5,500	5,500
Number of Board of Equalization (BOE) appeals	204	290	560	525	500	500
Number of parcels appraised	65,397	65,983	66,055	66,125	66,225	66,300
Number of parcels inspected	3,787	7,020	7,988	7,462	7,500	7,500
Number of parcels reviewed	478	466	780	939	800	800
Real property tax base (in billions)	\$62.90	\$66.30	\$69.20	\$71.20	\$73.00	\$75.00

- 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.

DEPARTMENT OF MANAGEMENT AND FINANCE
TEN-YEAR HISTORY

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



	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018
\$ in 000s	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Adopted Budget	Proposed Budget
EXP	\$5,706	\$5,276	\$5,529	\$5,805	\$5,797	\$6,018	\$6,781	\$6,480	\$7,347	\$8,066
REV	\$544	\$172	\$174	\$204	\$492	\$474	\$273	\$419	\$251	\$347
NTS	\$5,162	\$5,104	\$5,355	\$5,601	\$5,305	\$5,544	\$6,508	\$6,061	\$7,095	\$7,719
FTEs	57.00	50.00	54.00	55.00	55.00	55.50	56.50	57.50	57.50	59.50

DEPARTMENT OF MANAGEMENT AND FINANCE
TEN-YEAR HISTORY

Fiscal Year	Description	FTEs
FY 2009	<ul style="list-style-type: none"> ▪ The County Board added \$178,159 in expense and offsetting revenue and two Real Estate Appraiser positions (2.0 FTE) to aid in the classification and assessment of commercial properties. The revenue is transferred from the Transportation Investment Fund, which was funded by an increase in the commercial real estate tax rate, in order to fund transportation related projects. ▪ Revenue increased as a result of newly implemented purchase card management program (\$73,000). ▪ Eliminated Intra-County charges (\$106,018) to Department of Environmental Services (DES) and Police Department's High Intensity Drug Trafficking Area (HIDTA) program. 	2.0
FY 2010	<ul style="list-style-type: none"> ▪ The County Board approved funding for one-time lump-sum payments of \$500 for employees (\$28,685). ▪ 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). ▪ 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. ▪ 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). ▪ Eliminated consultant funds available to the Committee on Program Performance (\$104,500). ▪ 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). 	
FY 2011	<ul style="list-style-type: none"> ▪ 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. ▪ 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 	6.0

DEPARTMENT OF MANAGEMENT AND FINANCE
TEN-YEAR HISTORY

Fiscal Year	Description	FTEs
	Board of Equalization approved by the County Board in June 2009.	
	<ul style="list-style-type: none"> ▪ 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. (1.0) ▪ Eliminate one Auditor position (1.0 FTE; \$108,551) currently assigned to Purchasing. (1.0) 	
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). 1.0 ▪ Non-personnel expenses increase 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 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. 	
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, 1.0 FTE). 1.0 ▪ Eliminated 0.5 of 1.0 FTE Assistant Director, Real Estate Assessment (\$80,241) as part of the County-wide budget reductions. (0.5) ▪ 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). 	
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). 1.0 ▪ <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> 	
FY 2016	<ul style="list-style-type: none"> ▪ Converted temporary Internal Audit Position to permanent (\$50,912). 0.5 	

DEPARTMENT OF MANAGEMENT AND FINANCE
TEN-YEAR HISTORY

Fiscal Year	Description	FTEs
	<ul style="list-style-type: none"> ▪ 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> 	0.5
FY 2017	<ul style="list-style-type: none"> ▪ No significant changes. 	