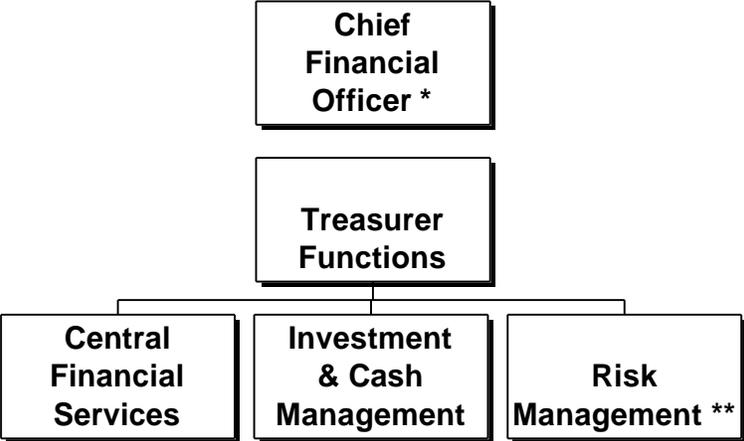


DEPARTMENT OF FINANCE



* The Chief Financial Officer has responsibility for strategic direction and oversight of this agency; however, for budget purposes, this position and associated funding are reflected within the Department of Management and Budget.

** Risk Management is reflected in Fund 501, County Insurance Fund.

NOTE: This chart reflects organizational changes that combine the former Accounting and Reporting and Procedures and Controls cost centers, the formal reorganization of which will take place during FY 2003.

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Agency Position Summary

Fund 001:	72	Regular Positions (-1)	/	72.0	Regular Staff Years (-1.0)
Fund 501:	<u>13</u>	<i>Regular Positions</i>	/	<u>13.0</u>	<i>Regular Staff Years</i>
	85	Total Positions (-1)	/	85.0	Total Staff Years (-1.0)

Position Detail Information

TREASURER FUNCTIONS

1	Director
2	Deputy Directors
1	Management Analyst III
2	Administrative Assistants IV
2	Administrative Assistants III
1	Administrative Assistant II
1	Network Analyst III
1	Network Analyst I (-1)
1	Administrative Associate
12	Positions (-1)
12.0	Staff Years (-1.0)

CENTRAL FINANCIAL SERVICES

5	Chiefs Finance Division
1	Management Analyst IV
1	Management Analyst III
8	Accountants III
12	Accountants II
1	Accountant I
4	Administrative Assistants V
3	Administrative Assistants IV
9	Administrative Assistants III
2	Administrative Assistants II
3	Administrative Associates
2	Business Analysts III
2	Business Analysts II
2	Business Analysts I
55	Positions
55.0	Staff Years

INVESTMENTS AND CASH MANAGEMENT

1	Investment Manager
3	Investment Analysts
1	Administrative Assistant II
5	Positions
5.0	Staff Years

(-) Denotes Abolished Position

RISK MANAGEMENT

1	<i>Risk Manager</i>
1	<i>Administrative Assistant IV</i>
2	<i>Positions</i>
2.0	<i>Staff Years</i>

Insurance Management

1	<i>Insurance Manager</i>
1	<i>Position</i>
1.0	<i>Staff Year</i>

Claims Management

1	<i>Claims Manager</i>
1	<i>Claims and Rehabilitation</i>
	<i>Supervisor</i>
1	<i>Rehabilitation Specialist</i>
1	<i>Management Analyst II</i>
2	<i>Claims Specialists</i>
1	<i>Administrative Assistant III</i>
7	<i>Positions</i>
7.0	<i>Staff Years</i>

Employee Safety

1	<i>Safety Manager</i>
1	<i>Safety Analyst</i>
2	<i>Positions</i>
2.0	<i>Staff Years</i>

Operational Analysis

1	<i>Risk Analyst</i>
1	<i>Position</i>
1.0	<i>Staff Year</i>

Positions shown in italics are funded in Fund 501, County Insurance Fund.

DEPARTMENT OF FINANCE

Agency Mission

To protect and maintain the fiscal integrity and financial solvency of the County government.

Agency Summary					
Category	FY 2001 Actual	FY 2002 Adopted Budget Plan	FY 2002 Revised Budget Plan	FY 2003 Advertised Budget Plan	FY 2003 Adopted Budget Plan
Authorized Positions/Staff Years					
Regular	72/ 72	73/ 73	73/ 73	73/ 73	72/ 72
Expenditures:					
Personnel Services	\$3,266,874	\$3,886,721	\$3,563,379	\$4,088,513	\$4,036,013
Operating Expenses	2,978,139	2,792,480	3,090,500	3,341,449	3,092,893
Capital Equipment	0	6,500	6,500	0	0
Subtotal	\$6,245,013	\$6,685,701	\$6,660,379	\$7,429,962	\$7,128,906
Less:					
Recovered Costs	(\$225,143)	(\$218,852)	(\$218,852)	(\$218,852)	(\$218,852)
Total Expenditures	\$6,019,870	\$6,466,849	\$6,441,527	\$7,211,110	\$6,910,054
Income:					
State Shared Retirement	\$11,151	\$12,383	\$12,383	\$11,145	\$11,145
State Shared Finance	381,441	411,608	380,508	370,447	370,447
Total Income	\$392,592	\$423,991	\$392,891	\$381,592	\$381,592
Net Cost to the County	\$5,627,278	\$6,042,858	\$6,048,636	\$6,829,518	\$6,528,462

Summary by Cost Center					
Category	FY 2001 Actual	FY 2002 Adopted Budget Plan	FY 2002 Revised Budget Plan	FY 2003 Advertised Budget Plan	FY 2003 Adopted Budget Plan
Agency Management	\$2,793,347	\$3,102,893	\$3,279,408	\$3,700,691	\$3,587,635
Investments and Cash					
Management	279,787	349,718	346,549	362,875	362,875
Accounting and Reporting	1,725,374	1,639,266	1,478,841	1,706,307	1,518,307
Procedures and Controls	1,221,362	1,374,972	1,336,729	1,441,237	1,441,237
Total Expenditures	\$6,019,870	\$6,466,849	\$6,441,527	\$7,211,110	\$6,910,054

Board of Supervisors' Adjustments

The following funding adjustments reflect all changes to the FY 2003 Advertised Budget Plan, as approved by the Board of Supervisors on April 29, 2002:

- ◆ A net decrease of \$301,056 and 1/1.0 SYE position as part of the \$28.8 million Reductions to County Agencies and Funds approved by the Board of Supervisors to allow for a two-cent real estate tax rate reduction and to provide additional funding for the Fairfax County Public School system. These reductions include elimination of 1/1.0 SYE Network Analyst, resulting in savings of \$65,056 and a reduction of \$236,000 in professional services for assistance in preparing and submitting mandatory financial reports.

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The following funding adjustments reflect all approved changes to the FY 2002 Revised Budget Plan from January 1, 2002 through April 22, 2002. Included are all adjustments made as part of the FY 2002 Third Quarter Review:

- ◆ A net decrease of \$323,342 as part of the \$24.2 million Reductions to County Agencies and Funds approved by the Board of Supervisors to address the FY 2002 revenue shortfall and increased public safety requirements. This reduction was achieved by delaying the planned reorganization, as well as management of position vacancies, resulting in salary savings of \$323,342.
-

County Executive Proposed FY 2003 Advertised Budget Plan

Purpose

The Department of Finance serves the citizens of Fairfax County, its vendors and partners, and agencies throughout the County. In FY 2003, the department will continue collecting non-tax revenue; ensuring accurate processing of financial transactions; identifying and mitigating risk of loss of County financial resources; paying countywide obligations; and ensuring timely reporting of financial data to the governing body, rating agencies, and constituents.

Key Accomplishments

- ◆ The Department of Finance continues to produce reliable, complete, and useful financial reports that are key to understanding the County's operations and which demonstrate the effectiveness of its elected representatives and County management. Each year since 1977, the County's Comprehensive Annual Financial Report (CAFR) has been awarded the Certificate of Achievement for Excellence in Financial Reporting by the Government Financial Officers Association of the United States and Canada. To achieve this recognition, a government unit must publish an easily read and efficiently organized CAFR, which conforms to established program standards.
- ◆ During FY 2001, the County's Investment Policy was awarded a certificate of excellence at the national meeting of the Municipal Treasurers' Association of the United States and Canada for the third year in a row. This recognition confirms to the public and management the soundness of the County's approach to managing cash assets.
- ◆ The department automated the cash and investment management function of the County's approximately \$1.5 billion investment portfolio through the acquisition and installation of the XRT/Cerg Treasury Workstation. The implementation of Treasury Workstation software will automate data collection, analysis/reporting, and cash mobilization associated with day-to-day treasury operations. The software will also optimize investment and cash management operations, significantly enhance internal control procedures, reduce bank fees, provide accurate accounting and financial reports previously not available, establish disaster recovery back-up, and increase investment return through strategic control of cash.
- ◆ A compliance team was launched in conjunction with the Department of Purchasing and Supply Management to enhance oversight of decentralized financial and purchasing activities throughout the County while maintaining and furthering organizational missions and customer service. Through this collaborative effort, the department develops systems tailored to the individual needs of the decentralized agencies, carries out its oversight function, and enhances policy compliance. The review and strengthening of sound internal controls is designed to mitigate risk and potential losses through onsite presence, education, and testing of compliance. In addition, a major component of this effort is to research "best practices," and share the research findings with customers to enhance operations. This countywide effort is expected to identify improvement opportunities and initiate process reviews in order to ensure that functions are addressed in the most efficient manner.

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- ◆ In order to provide customers with increased electronic payment methods, the department implemented a direct deposit program using Automated Clearing-House (ACH) capabilities, which is more cost-effective than printing and mailing checks. In FY 2001, the department conducted a pilot program for childcare provider payments. Other types of programs planned for the future include vendor payments, employee travel reimbursement, and Section 8 landlord payments.
- ◆ The department achieved its goals regarding preparation for implementing sweeping new financial reporting guidelines promulgated by the Governmental Accounting Standards Board (GASB). The new financial reporting model, required for use by state and local governments, will display the result of operations used traditionally in statements by private enterprise. Working with and in support of several agencies across the County, policies were examined and modifications implemented, systems and procedures were instituted to efficiently develop data needed for the new statements, and extensive training was provided to managers and staff at all levels.

FY 2003 Initiatives

- ◆ Permit citizens and other customers of County programs to make payments over the Internet, by telephone, from kiosks, and by over-the-counter credit card presentation by introducing to all County agencies the capabilities of electronic payment services previously available only on a limited basis.
- ◆ Develop and publish financial statements and presentations that conform to dramatic changes in content guidelines issued by the Government Accounting Standards Board in Statement No. 34. This effort will be accompanied by comprehensive training focused on maximizing usage of these enhanced statements.
- ◆ Expand an accounts receivable oversight and consultation program launched in FY 2002 to assist County agencies in expediting collection of billed non-tax revenues. This effort will produce more timely collections, resulting in additional investment earnings, and will significantly reduce write-offs by County agencies of uncollectible revenue for services already provided.

Performance Measurement Results

Investment operations executed 835 purchase transactions in FY 2001, and achieved a compliance rate of 99.52 percent. The yield on County investments during FY 2001 exceeded the benchmark by 59 basis points. The number of bank-to-bank cash payment transactions increased approximately 2.3 percent, from 5,645 in FY 2000 to 5,776 in FY 2001, with no errors or rejections. There was a decrease in demand for new banking services in FY 2001, indicative of a cyclical decline due to previously satisfied requirements. The number of checks issued by the department remained virtually unchanged in FY 2001 compared to FY 2000, but through further automation of check-writing operations, the FY 2001 cost per check decreased 60 percent.

The department met all mandatory financial reporting deadlines and, as a measure of continued quality, the Comprehensive Annual Financial Report received the Certificate of Achievement for Excellence in Financial Reporting for the nineteenth consecutive year.

Beginning in FY 1999, a number of financial support operations were decentralized to customer agencies. The department increased emphasis on its oversight and consultative roles and by the end of FY 2001, agency support visits and training goals were being met and customer satisfaction was at or above anticipated levels. Additional resources were added to this function in FY 2002 and a broader program is envisioned for FY 2003.

Funding Adjustments

The following funding adjustments from the FY 2002 Revised Budget Plan are necessary to support the FY 2003 program:

- ◆ An increase of \$201,792 in Personnel Services associated with salary adjustments necessary to support the County's compensation program.

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- ◆ A net increase of \$250,949 in Operating Expenses for Information Technology infrastructure charges based on the agency's historic usage and the Computer Equipment Replacement Fund (CERF) surcharge to provide for the timely replacement of the County's information technology infrastructure, partially offset by reductions associated with the one-time carryover of encumbered and unencumbered expenses.

The following funding adjustments reflect all approved changes to the FY 2002 Revised Budget Plan since the passage the FY 2002 Adopted Budget Plan. Included are all adjustments made as part of the FY 2001 Carryover Review and all other approved changes through December 31, 2001:

- ◆ As a part of the FY 2001 Carryover Review, an increase of \$276,021 in unencumbered Operating Expenses for continuing professional consulting services for the Government Accounting and Standards Board (GASB) 34 Project and \$21,999 in encumbered carryover to complete consultant work for the Fixed Asset and Control System (FAACS).



Agency Management

Goal

To provide administrative services and guidance to Department of Finance employees in order to assist them in meeting their objectives and to make payments by check to satisfy countywide financial obligations.

Cost Center Summary					
Category	FY 2001 Actual	FY 2002 Adopted Budget Plan	FY 2002 Revised Budget Plan	FY 2003 Advertised Budget Plan	FY 2003 Adopted Budget Plan
Authorized Positions/Staff Years					
Regular	15/ 15	15/ 15	16/ 16	16/ 16	15/ 15
Total Expenditures	\$2,793,347	\$3,102,893	\$3,279,408	\$3,700,691	\$3,587,635

Objectives

- ◆ To process all County check printing requests accurately and expeditiously, with at least 96 percent of the processing completed within 24 hours of receipt of request.

Performance Indicators

Indicator	Prior Year Actuals			Current Estimate	Future Estimate
	FY 1999 Actual	FY 2000 Actual	FY 2001 Estimate/Actual	FY 2002	FY 2003
Output:					
Checks requested and processed ¹	434,876	329,061	330,545 / 328,728	340,000	332,000
Efficiency:					
Cost per printed check processed	\$0.42	\$0.35	\$0.15 / \$0.14	\$0.15	\$0.16
Service Quality:					
Percent of checks printed and routed correctly	99.7%	99.8%	99.9% / 99.9%	99.9%	99.9%
Outcome:					
Percent of printed checks processed within 24 hours	90%	95%	96% / 96%	96%	96%

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¹ Beginning in FY 2000, the Fairfax County Public Schools began printing and disbursing their own payroll checks, resulting in a reduction in checks requested and processed.



Investments and Cash Management

Goal

To manage all bank relationships and cash for County agencies in order to ensure the safety of financial assets, maximize interest income, and fund financial obligations.

Cost Center Summary					
Category	FY 2001 Actual	FY 2002 Adopted Budget Plan	FY 2002 Revised Budget Plan	FY 2003 Advertised Budget Plan	FY 2003 Adopted Budget Plan
Authorized Positions/Staff Years					
Regular	5/ 5	5/ 5	5/ 5	5/ 5	5/ 5
Total Expenditures	\$279,787	\$349,718	\$346,549	\$362,875	\$362,875

Objectives

- ◆ To productively invest cash assets in order to maintain a high level of safety, essential liquidity, and a reasonable return on investment commensurate with the primary goals of safety, liquidity, and yield, which translates to achieving for the portfolio a rate of return that is 26 basis points higher than the rolling average six-month Treasury Bill discounted rate.
- ◆ To ensure that the County funds all current and projected cash requirements with 95.70 percent of properly funded transactions completed on time.
- ◆ To provide oversight and support to all County banking functions ensuring cost efficient, timely, and accurate banking services with 96 percent of bank transactions completed on time.

Performance Indicators

Indicator	Prior Year Actuals			Current Estimate	Future Estimate
	FY 1999 Actual	FY 2000 Actual	FY 2001 Estimate/Actual	FY 2002	FY 2003
Output:					
Annual portfolio return achieved	5.26%	5.20%	6.40% / 6.03%	2.50%	2.50%
Total cash payment transactions conducted	5,243	5,645	6,040 / 5,776	6,463	6,463
Banking service transactions processed ¹	144	468	214 / 294	229	229
Efficiency:					
Work years per 100 investment transactions	0.34	0.44	0.33 / 0.57	0.33	0.33
Work years per 1,000 cash payment transactions	0.13	0.12	0.12 / 0.12	0.12	0.12
Staff hours per 100 banking service transactions	0.26	0.11	0.11 / 0.17	0.11	0.11

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Indicator	Prior Year Actuals			Current Estimate	Future Estimate
	FY 1999 Actual	FY 2000 Actual	FY 2001 Estimate/Actual	FY 2002	FY 2003
Service Quality:					
Percent of investment transactions in compliance with policy guidelines for safety, liquidity, and yield	99.88%	99.84%	99.88% / 99.52%	99.88%	99.88%
Percent of time target balance is met	92.54%	97.39%	95.70% / 97.28%	95.70%	95.70%
Percent of transactions completed accurately	97.40%	100.00%	95.70% / 97.28%	95.70%	95.70%
Outcome:					
Spread basis points between portfolio return and average rolling 6-month Treasury bill	62	23	26 / 85	26	26
Percent of properly funded transactions completed on time	99.85%	99.96%	95.70% / 99.88%	95.70%	95.70%
Percent of correct bank transactions completed on time	97.40%	100.00%	96.00% / 97.28%	96.00%	96.00%

¹ The FY 2000 output reflects two separate mass account changes to all County bank accounts, incidental to personnel assignments affecting authority over these accounts (i.e., the County Executive and the Director of the Department of Finance).



Accounting and Reporting

Goal

To provide technical accounting oversight and guidance to County agencies to ensure that generally accepted accounting procedures, legal requirements, County policies and procedures are consistently applied; to maintain the integrity of the County's accounting records; and to satisfy fully all reporting requirements.

Cost Center Summary					
Category	FY 2001 Actual	FY 2002 Adopted Budget Plan	FY 2002 Revised Budget Plan	FY 2003 Advertised Budget Plan	FY 2003 Adopted Budget Plan
Authorized Positions/Staff Years					
Regular	23/ 23	23/ 23	24/ 24	24/ 24	24/ 24
Total Expenditures	\$1,725,374	\$1,639,266	\$1,478,841	\$1,706,307	\$1,518,307

Objectives

- ◆ To provide technical oversight of the County's accounting records by performing reconciliation of the financial records of all County agencies, and to complete this activity for at least 95 percent of the County agencies within 30 days after each month end. Such reconciliation ensures that agencies adhere to County policies and procedures, State and Federal guidelines, Government Accounting Standards Board (GASB) standards, and Generally Accepted Accounting Procedures (GAAP) for recording financial transactions.
- ◆ To prepare annual financial reports and schedules with the highest degree of accuracy and relevancy, on time and within established guidelines. Among these reports are the Comprehensive Annual Financial Report (CAFR), the Annual Report to the Auditor of Public Accounts (APA), the Statement of Treasurer's Accountability, entity financial statements, and statistical tables.

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- ◆ To achieve peer recognition for quality of performance by receiving the Government Finance Officers Association Certificate of Achievement for Excellence in Financial Reporting for the County's CAFR.
- ◆ To provide technical oversight of the County's fixed asset accounting records by performing reconciliation of the financial reports of the County's finance and purchasing systems for all County agencies and to complete this activity for at least 85 percent of the County agencies within 30 days after each month end. Such reconciliation ensures that agencies adhere to County policies and procedures, State and Federal guidelines, GASB accounting standards, and GAAP for recording fixed assets.

Performance Indicators

Indicator	Prior Year Actuals			Current Estimate	Future Estimate
	FY 1999 Actual	FY 2000 Actual	FY 2001 Estimate/Actual	FY 2002	FY 2003
Output:					
Reconciliations completed monthly	104	102	102 / 102	102	102
Financial statements/reports reviewed and/or prepared ¹	285	265	265 / 318	377	431
Fixed asset records reconciled daily ²	2,968	2,511	2,637 / 3,386	3,555	3,733
Efficiency:					
Cost per completed reconciliation and review	\$1,887	\$2,187	\$2,297 / \$2,971	\$3,120	\$3,276
Cost per fixed asset record reconciled	\$16.83	\$20.28	\$21.29 / \$18.66	\$19.59	\$20.57
Service Quality:					
Average days to complete monthly reconciliation and review	15	15	15 / 15	15	15
Management Letter issues in the Letter to the Board of Supervisors	0	0	0 / 0	0	0
Days to prepare financial reports	153	153	153 / 153	153	153
Average days to complete monthly fixed asset reconciliation and review	30	30	30 / 42	30	30
Outcome:					
Percent of monthly reconciliations completed within 30 days end of month	95%	95%	95% / 95%	95%	95%
Percent of financial statements completed on time	100%	100%	100% / 100%	100%	100%
Receipt of GFOA Certificate of Achievement for Excellence for CAFR	YES	YES	YES / YES	YES	YES
Percent of monthly fixed asset reconciliation completed by 30 days after month end	40%	85%	85% / 72%	85%	85%

¹ The projected increase in the indicators for FY 2002 results from the required future implementation of Government Accounting Standards Board Statement No. 34, which will require full accrual, entity-wide financial statements in addition to the present financial statements prepared for each fund type.

² Beginning in FY 2001, these figures include fixed asset records for assets transferred from one agency fund to another

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Procedures and Controls

Goal

To provide guidance and oversight in fiscal management practices in order to maintain the highest level of accountability and to provide accurate and timely financial performance information to County agencies and external customers.

Cost Center Summary					
Category	FY 2001 Actual	FY 2002 Adopted Budget Plan	FY 2002 Revised Budget Plan	FY 2003 Advertised Budget Plan	FY 2003 Adopted Budget Plan
Authorized Positions/Staff Years					
Regular	29/ 29	30/ 30	28/ 28	28/ 28	28/ 28
Total Expenditures	\$1,221,362	\$1,374,972	\$1,336,729	\$1,441,237	\$1,441,237

Objectives

- ◆ To increase by 33 percent, consultation visits to accounts payable activity sites within other agencies to share expertise and suggest opportunities for enhancements.
- ◆ To maintain decentralized accounts payable transactions at the FY 2001 level by processing in a highly efficient manner, with sound controls, and through continuous training and consultation.
- ◆ To reconcile 90 percent of bank statements within 45 days in order to detect and correct errors and reduce the potential for fraud.
- ◆ To increase by 9.1 percent, the department's outreach program, which offers group sessions and forums to share the expertise, experience, and knowledge of those who develop, enhance, and maintain the County's financial and accounting systems and techniques with customer agencies. This effort focuses on the changing priorities and needs of users of the financial system.

Performance Indicators

Indicator	Prior Year Actuals			Current Estimate	Future Estimate
	FY 1999 Actual	FY 2000 Actual	FY 2001 Estimate/Actual	FY 2002	FY 2003
Output:					
Sites visited ¹	25	29	30 / 30	45	60
Accounts Payable transactions decentralized	175,150	201,179	201,179 / 200,097	200,097	200,097
Bank statements reconciled ²	384	384	384 / 396	396	396
Outreach sessions conducted	6	6	9 / 10	11	12
Efficiency:					
Staff hours per site visit	5	5	4 / 4	4	4
Staff hours per agency decentralization training	20	18	18 / 10	10	10
Cost per bank statement reconciliation	\$322	\$344	\$353 / \$367	\$367	\$383
Staff hours per outreach session	20	18	18 / 18	18	18

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Indicator	Prior Year Actuals			Current Estimate	Future Estimate
	FY 1999 Actual	FY 2000 Actual	FY 2001 Estimate/Actual	FY 2002	FY 2003
Service Quality:					
Percent of activity sites fully satisfied with site visits	91%	96%	96% / 97%	97%	97%
Percent of activity sites fully satisfied with training and decentralization	88%	83%	90% / 85%	90%	90%
Percent of unresolved issues 90-days-old	20%	15%	15% / 15%	15%	15%
Percent of outreach sessions rated as fully satisfactory	88%	89%	90% / 90%	90%	90%
Outcome:					
Percent change in site visits	NA	16%	3% / 3%	50%	33%
Percent change in decentralized transactions	NA	14.9%	0.0% / (1.0%)	0%	0%
Percent of bank statements reconciled within 45 days	75%	75%	80% / 83%	88%	90%
Percent change in the number of outreach sessions conducted	NA	0%	50.0% / 67.0%	10.0%	9.1%

¹Includes briefings and training exercises conducted for multiple agencies in central locations to accomplish the review of internal controls and policy and procedure compliance, furthering the accounts payable decentralization plan.

²The number of bank statements reconciled is dependent upon the number of bank accounts that the County has in a given fiscal year. This number fluctuates as various accounts are closed and new accounts are added.