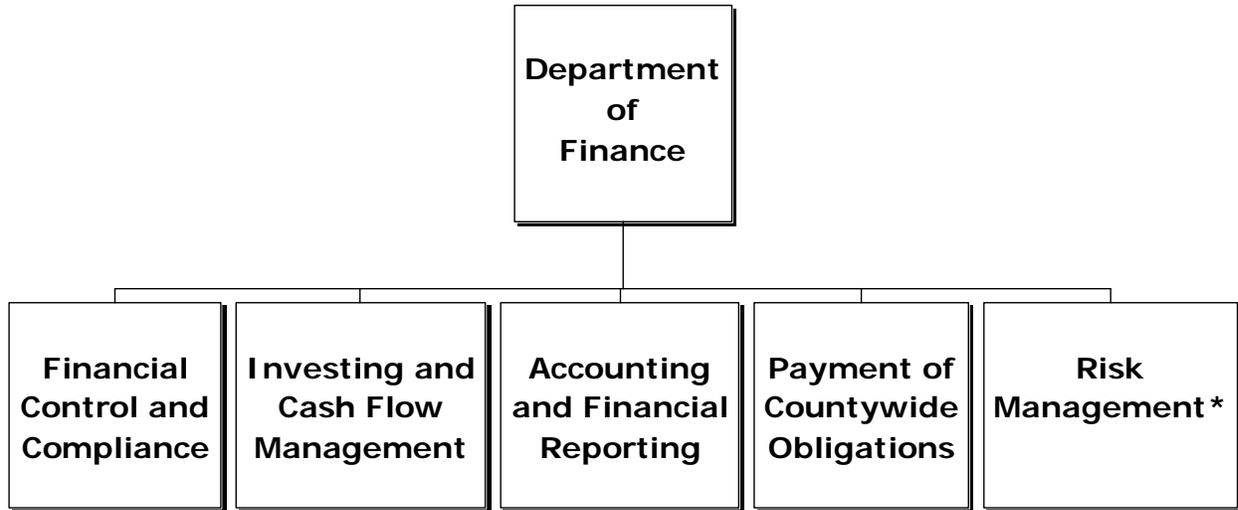


# Department of Finance



\* The Risk Management budget and program information are reported separately in Fund 60000, County Insurance.

## Mission

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

| <b>AGENCY DASHBOARD</b>               |         |         |         |
|---------------------------------------|---------|---------|---------|
| Key Data                              | FY 2012 | FY 2013 | FY 2014 |
| 1. Funds and agency accounts analyzed | 159     | 161     | 167     |
| 2. Debt issuances serviced            | 40      | 36      | 36      |
| 3. Federal grants supported           | 386     | 370     | 391     |
| 4. Payments initiated                 | 81,836  | 92,346  | 94,373  |
| 5. Checks issued                      | 205,547 | 181,422 | 166,443 |
| 6. Investment transactions executed   | 630     | 947     | 513     |

## Focus

The Department of Finance serves the residents of Fairfax County, its vendors and partners, and agencies throughout the County. The department's five business areas are Financial Control and Compliance, Investing and Cash Flow Management, Accounting and Financial Reporting, Payment of Countywide Obligations, and Risk Management, all of which work together to meet the department's core business functions. These functions include: ensuring accurate processing of financial transactions; investing County cash resources prudently and effectively; 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 the public.

# Department of Finance

In providing optimal service to its customers, the department remains cognizant of the following:

- ◆ Partnering with other County departments to make the most efficient use of resources is essential to achieving related objectives.
- ◆ The department's operating units must support and complement each other to achieve corporate missions. Business processes must be continuously examined and refined to achieve maximum efficiency.
- ◆ Changes in countywide requirements and priorities, federal and state legislation, and regulatory mandates require a flexible, responsive organization.
- ◆ Customers expect and deserve high quality service and access to the most advanced technology available.

**The Department of Finance supports the following County Vision Element:**



***Exercising Corporate Stewardship***

In FY 2016, the department will develop and implement new processes that utilize capabilities of the County's robust Enterprise Resource Planning system. In addition, the department will continue to pursue its aggressive strategic plan that focuses on efficiency of operations through new technology, especially in the areas of electronic commerce and web-based applications with trading partners and external service providers. The objectives of ever-improving service to customers and positive returns on investments will be pursued vigorously in all business areas.

## Budget and Staff Resources

| Category   | FY 2014<br>Actual  | FY 2015<br>Adopted | FY 2015<br>Revised | FY 2016<br>Advertised | FY 2016<br>Adopted |
|--|--------------------|--------------------|--------------------|-----------------------|--------------------|
| <b>FUNDING</b>   |                    |                    |                    |                       |                    |
| Expenditures:  |                    |                    |                    |                       |                    |
| Personnel Services                                     | \$3,804,195        | \$3,924,690        | \$3,924,690        | \$3,822,080           | \$3,832,284        |
| Operating Expenses                                     | 4,313,359          | 5,205,634          | 5,689,109          | 5,188,399             | 5,188,399          |
| Capital Equipment                                      | 12,490             | 0                  | 0                  | 0                     | 0                  |
| <b>Subtotal</b>  | <b>\$8,130,044</b> | <b>\$9,130,324</b> | <b>\$9,613,799</b> | <b>\$9,010,479</b>    | <b>\$9,020,683</b> |
| Less:  |                    |                    |                    |                       |                    |
| Recovered Costs  | (\$489,732)        | (\$751,697)        | (\$751,697)        | (\$751,697)           | (\$751,697)        |
| <b>Total Expenditures</b>                              | <b>\$7,640,312</b> | <b>\$8,378,627</b> | <b>\$8,862,102</b> | <b>\$8,258,782</b>    | <b>\$8,268,986</b> |
| Income:  |                    |                    |                    |                       |                    |
| State Shared Finance Expenses                          | \$329,147          | \$316,855          | \$316,855          | \$316,855             | \$321,847          |
| State Shared Retirement - Finance                      | 6,565              | 8,579              | 8,579              | 8,579                 | 8,579              |
| <b>Total Income</b>                                    | <b>\$335,712</b>   | <b>\$325,434</b>   | <b>\$325,434</b>   | <b>\$325,434</b>      | <b>\$330,426</b>   |
| <b>NET COST TO THE COUNTY</b>                          | <b>\$7,304,600</b> | <b>\$8,053,193</b> | <b>\$8,536,668</b> | <b>\$7,933,348</b>    | <b>\$7,938,560</b> |
| <b>AUTHORIZED POSITIONS/FULL-TIME EQUIVALENT (FTE)</b> |                    |                    |                    |                       |                    |
| Regular  | 54 / 54            | 54 / 54            | 55 / 55            | 54 / 54               | 55 / 55            |

## Department of Finance

### FY 2016 Funding Adjustments

The following funding adjustments from the FY 2015 Adopted Budget Plan are necessary to support the FY 2016 program. Included are all adjustments recommended by the County Executive that were approved by the Board of Supervisors, as well as any additional Board of Supervisors' actions, as approved in the adoption of the budget on April 28, 2015.

◆ **Employee Compensation** **\$126,914**

An increase of \$126,914 in Personnel Services includes \$43,173 for a 1.10 percent market rate adjustment (MRA) for all employees and \$83,741 for performance-based and longevity increases for non-uniformed merit employees, both effective July 2015.

◆ **Reductions** **(\$236,555)**

A decrease of \$236,555 reflects reductions utilized to balance the FY 2016 budget. The following table provides details on the specific reductions:

| Title  | Impact   | Posn | FTE | Reduction |
|--|--|------|-----|-----------|
| Realize Savings Based on Prior Year Spending | This reduction will lower the department's Personnel Services budget by \$165,673, a 4.2 percent reduction from the <u>FY 2015 Adopted Budget Plan</u> funding level of \$3,924,690. The reduction is based on historical savings in this area as a result of current staffing levels. Although no significant impact is expected, the department will be required to closely manage their position vacancies and monitor spending patterns. | 0    | 0.0 | \$165,673 |
| Reduce Limited Term Funding                  | This reduction will lower the Payment of Countywide Obligations Division's Personnel Services budget by \$53,647, a 5.8 percent reduction from the <u>FY 2015 Adopted Budget Plan</u> funding level of \$921,684. This division provides centralized internal controls over County financial systems and accounts payable operations. The reduction will result in an increased workload for the remaining staff.                            | 0    | 0.0 | \$53,647  |
| Reduce Operating Expenses                    | This reduction will lower the department's Operating Expenses by \$10,680, or less than 1.0 percent, from the <u>FY 2015 Adopted Budget Plan</u> funding level of \$5,205,634. This reduction is achieved through efficiencies that have been implemented such as reducing the number of printed materials, which have increased flexibility within the agency's operating budget.   | 0    | 0.0 | \$10,680  |

## Department of Finance

| Title                                | Impact  | Posn | FTE | Reduction |
|--------------------------------------|---|------|-----|-----------|
| Reduce Printing and Copying Supplies | This reduction is associated with a countywide policy decision being implemented to reduce the volume of printing and copying documents over a multi-year period. This was a common and recurring theme brought forward by employees as part of the Mission Savings process in Fall 2014. Agencies are being directed to review internal printing policies and reduce the use of individual desktop printers by utilizing the Multi-Functional Devices (MFDs) available throughout County buildings. In addition, agencies are being directed to reduce paper and toner consumption by only printing documents when necessary and by printing materials double-sided whenever possible. | 0    | 0.0 | \$4,950   |
| Eliminate Vacant Phone Lines         | The agency found cost savings by removing vacant phones throughout the department.  | 0    | 0.0 | \$1,000   |
| Reduce Printed Subscriptions         | The agency generated cost savings by converting printed periodicals to online subscriptions.  | 0    | 0.0 | \$605     |

### Changes to FY 2015 Adopted Budget Plan

The following funding adjustments reflect all approved changes in the FY 2015 Revised Budget Plan since passage of the FY 2015 Adopted Budget Plan. Included are all adjustments made as part of the FY 2014 Carryover Review, FY 2015 Third Quarter Review, and all other approved changes through April 30, 2015.

- ◆ **Carryover Adjustments** **\$553,099**  
 As part of the FY 2014 Carryover Review, the Board of Supervisors approved funding of \$553,099, including \$533,432 as encumbered funding primarily for audit related costs. The remaining \$19,667 is unencumbered funding for the Incentive Reinvestment Initiative program for employee training, conferences and other employee development and succession planning opportunities.
- ◆ **Third Quarter Adjustments** **(\$50,000)**  
 As part of the FY 2015 Third Quarter Review, the Board of Supervisors approved a net reduction of \$50,000 to generate one-time savings primarily to make a down payment on the recommended changes to the County's reserve policies.
- ◆ **Incentive Reinvestment Initiative** **(\$19,624)**  
 A net decrease of \$19,624 reflects 50 percent of the savings generated as the result of careful management of agency expenditures during the fiscal year and was returned to the General Fund as part of the FY 2015 Third Quarter Review. The remaining 50 percent was retained by the agency to be reinvested in employee training, conferences and other employee development and succession planning opportunities.

## Department of Finance

- ◆ **Position Adjustment** \$0  
 During FY 2015, the County Executive approved the redirection of 1/1.0 FTE position to the Department of Finance due to workload requirements. The fiscal impact of this adjustment will be included as part of the FY 2017 budget process.

### Cost Centers

The four General Fund cost centers of the Department of Finance are Financial Control and Compliance, Investing and Cash Flow Management, Accounting and Financial Reporting, and Payment of Countywide Obligations. These distinct program areas work to fulfill the mission and carry out the key initiatives of the Department of Finance. The fifth cost center, Risk Management, is addressed separately in Fund 60000, County Insurance.

#### Financial Control and Compliance

The Financial Control and Compliance cost center provides oversight and accounting of non-tax revenues and accounts receivable, bank reconciliation, and bank exception processing; oversees check processing and department administration functions; develops and maintains financial policies and procedures; serves as a liaison to and advocate for decentralized agencies to assist in finance related activities and policy compliance; and coordinates the development of enhanced modes of communication to inform and instruct their user community on the policies, procedures, products and services provided.

| Category   | FY 2014<br>Actual | FY 2015<br>Adopted            | FY 2015<br>Revised | FY 2016<br>Advertised          | FY 2016<br>Adopted |
|--|-------------------|-------------------------------|--------------------|--------------------------------|--------------------|
| <b>EXPENDITURES</b>                                    |                   |                               |                    |                                |                    |
| Total Expenditures                                     | \$2,897,137       | \$3,086,060                   | \$3,244,469        | \$3,045,525                    | \$3,049,682        |
| <b>AUTHORIZED POSITIONS/FULL-TIME EQUIVALENT (FTE)</b> |                   |                               |                    |                                |                    |
| Regular  | 17 / 17           | 17 / 17                       | 18 / 18            | 17 / 17                        | 18 / 18            |
| 1 Director   | 1                 | 1 Financial Reporting Manager | 1                  | 1 Administrative Associate     |                    |
| 2 Chiefs, Finance Division                             | 1                 | 1 Business Analyst IV         | 1                  | 1 Administrative Assistant IV  |                    |
| 3 Accountants III                                      | 1                 | 1 Info. Tech. Prog. Mgr. I    | 1                  | 1 Administrative Assistant III |                    |
| 2 Accountants II                                       | 1                 | 1 Network Telecom. Analyst I  | 1                  | 1 Administrative Assistant II  |                    |
| 2 Accountants I  |                   |                               |                    |                                |                    |
| <b>TOTAL POSITIONS</b>                                 |                   |                               |                    |                                |                    |
| 18 Positions / 18.0 FTE                                |                   |                               |                    |                                |                    |

## Department of Finance

### Investing and Cash Flow Management

The Investing and Cash Flow Management cost center is responsible for the investment of County funds and administration of bank and cash management services for all agencies. This cost center provides the following services: investment portfolio management; investment reporting; investment revenue forecasting; banking services for County agencies; bank deposit management; and banking issues resolution.

| Category   | FY 2014<br>Actual | FY 2015<br>Adopted            | FY 2015<br>Revised | FY 2016<br>Advertised | FY 2016<br>Adopted |
|--|-------------------|-------------------------------|--------------------|-----------------------|--------------------|
| <b>EXPENDITURES</b>                                    |                   |                               |                    |                       |                    |
| Total Expenditures                                     | \$598,317         | \$685,013                     | \$685,013          | \$694,491             | \$696,072          |
| <b>AUTHORIZED POSITIONS/FULL-TIME EQUIVALENT (FTE)</b> |                   |                               |                    |                       |                    |
| Regular  | 8 / 8             | 8 / 8                         | 8 / 8              | 8 / 8                 | 8 / 8              |
| 1 Deputy Director                                      | 1                 | 1 Investment Manager          | 3                  | 3 Investment Analysts |                    |
| 2 Accountants II                                       | 1                 | 1 Administrative Assistant IV |                    |                       |                    |
| <b>TOTAL POSITIONS</b>                                 |                   |                               |                    |                       |                    |
| 8 Positions / 8.0 FTE                                  |                   |                               |                    |                       |                    |

### Accounting and Financial Reporting

The Accounting and Financial Reporting cost center oversees the financial accounting and reporting activities of the County and determines and implements the impact of new accounting pronouncements; provides accounting training and assistance along with technical guidance on governmental accounting and reporting standards to County agencies; and coordinates the annual independent audit which culminates in the publication of the County's Comprehensive Annual Financial Report (CAFR) together with separate audited financial reports for various components of the County and special financial reports mandated by the state and federal governments.

| Category   | FY 2014<br>Actual | FY 2015<br>Adopted | FY 2015<br>Revised | FY 2016<br>Advertised | FY 2016<br>Adopted |
|--|-------------------|--------------------|--------------------|-----------------------|--------------------|
| <b>EXPENDITURES</b>                                    |                   |                    |                    |                       |                    |
| Total Expenditures                                     | \$3,061,153       | \$3,685,870        | \$3,999,309        | \$3,581,613           | \$3,584,051        |
| <b>AUTHORIZED POSITIONS/FULL-TIME EQUIVALENT (FTE)</b> |                   |                    |                    |                       |                    |
| Regular  | 13 / 13           | 13 / 13            | 13 / 13            | 13 / 13               | 13 / 13            |
| 1 Chief, Finance Division                              | 4                 | 4 Accountants III  |                    | 1                     | 1 Accountant I     |
| 2 Financial Reporting Managers                         | 5                 | 5 Accountants II   |                    |                       |                    |
| <b>TOTAL POSITIONS</b>                                 |                   |                    |                    |                       |                    |
| 13 Positions / 13.0 FTE                                |                   |                    |                    |                       |                    |

# Department of Finance

## Payment of Countywide Obligations

The Payment of Countywide Obligations cost center provides centralized internal controls over County financial systems and accounts payable operations by offering training and support to over 90 County agencies.

| Category   | FY 2014<br>Actual              | FY 2015<br>Adopted            | FY 2015<br>Revised | FY 2016<br>Advertised | FY 2016<br>Adopted |
|--|--------------------------------|-------------------------------|--------------------|-----------------------|--------------------|
| <b>EXPENDITURES</b>                                    |                                |                               |                    |                       |                    |
| Total Expenditures                                     | \$1,083,705                    | \$921,684                     | \$933,311          | \$937,153             | \$939,181          |
| <b>AUTHORIZED POSITIONS/FULL-TIME EQUIVALENT (FTE)</b> |                                |                               |                    |                       |                    |
| Regular  | 16 / 16                        | 16 / 16                       | 16 / 16            | 16 / 16               | 16 / 16            |
| 1 Chief, Finance Division                              | 2 Accountants II               | 1 Administrative Assistant II |                    |                       |                    |
| 1 Financial Reporting Manager                          | 1 Accountant I                 | 1 Administrative Associate    |                    |                       |                    |
| 1 Management Analyst III                               | 5 Administrative Assistants V  |                               |                    |                       |                    |
| 1 Accountant III                                       | 2 Administrative Assistants IV |                               |                    |                       |                    |
| <b>TOTAL POSITIONS</b>                                 |                                |                               |                    |                       |                    |
| 16 Positions / 16.0 FTE                                |                                |                               |                    |                       |                    |

## Key Performance Measures

| Indicator  | Prior Year Actuals |                |                         | Current Estimate | Future Estimate |
|--|--------------------|----------------|-------------------------|------------------|-----------------|
|  | FY 2012 Actual     | FY 2013 Actual | FY 2014 Estimate/Actual | FY 2015          | FY 2016         |
| <b>Financial Control and Compliance</b>  |                    |                |                         |                  |                 |
| Percent of bank accounts reconciled within 30 days   | 100%               | 100%           | 100%/100%               | 100%             | 100%            |
| <b>Investing and Cash Flow Management</b>  |                    |                |                         |                  |                 |
| Percent of timely bank services fully meeting customer expectations  | 98%                | 98%            | 98%/98%                 | 98%              | 98%             |
| Percent of industry-standard yield achieved  | 380%               | 316%           | 150%/360%               | 150%             | 150%            |
| Percent of days target cash balance was met  | 100%               | 100%           | 100%/100%               | 100%             | 100%            |
| <b>Accounting and Financial Reporting</b>  |                    |                |                         |                  |                 |
| Unqualified audit opinions   | Yes                | Yes            | Yes/Yes                 | Yes              | Yes             |
| Percent of mandated requirements satisfied for all audited financial reports issued by the Department of Finance | 100%               | 100%           | 100%/100%               | 100%             | 100%            |
| <b>Payment of Countywide Obligations</b>   |                    |                |                         |                  |                 |
| Percent of payees rating payment system fully satisfactory <sup>1</sup>  | NA                 | 97%            | 97%/97%                 | 97%              | 97%             |
| Percent change in processing efficiency resulting from use of e-commerce   | 5.0%               | 5.0%           | 5.0%/5.7%               | 5.0%             | 5.0%            |

(1) Performance measures for this indicator were not available in FY 2012 due to process changes within the agency.

A complete list of performance measures can be viewed at [www.fairfaxcounty.gov/dmb/fy2016/adopted/pm/06.pdf](http://www.fairfaxcounty.gov/dmb/fy2016/adopted/pm/06.pdf)

## Department of Finance

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### Performance Measurement Results

The Financial Control and Compliance cost center continues to provide strong control and management over the County's bank accounts. During FY 2014, 100 percent of the County's bank accounts were reconciled within 30 days.

In FY 2014, the Investing and Cash Flow Management cost center maintained a strong level of customer satisfaction. Although the U.S. economy and money markets produced record low interest rates, the cost center achieved investment returns above the benchmarks for municipalities of comparable size and complexity. For the eighteenth consecutive year, the County's investment policy was awarded the Certificate of Excellence by the Association of Public Treasurers of the United States and Canada.

The Accounting and Financial Reporting cost center met all statutory, regulatory and external mandates for timely, comprehensive financial reporting. For 36 consecutive years, the high quality of the County's Comprehensive Annual Financial Report has earned the Certification of Achievement for Excellence in Financial Reporting awarded through peer review by the Government Finance Officers Association of the United States and Canada.

The Payment of Countywide Obligations cost center comprises accounts payable and payment issuance operations (check-writing and electronic bank transfers) delivering centralized service to County agencies and multiple authorities and component units. While the number of initiated payments remains high, the number of checks produced continues to decrease as a result of on-going efforts to consolidate payments and to implement e-commerce initiatives. These tools have capitalized on the capabilities of the FOCUS financial system and provided additional process improvements across the County. In addition, the cost center continues to improve access to County programs and services by making available convenient methods of payments, such as credit cards and e-checks.