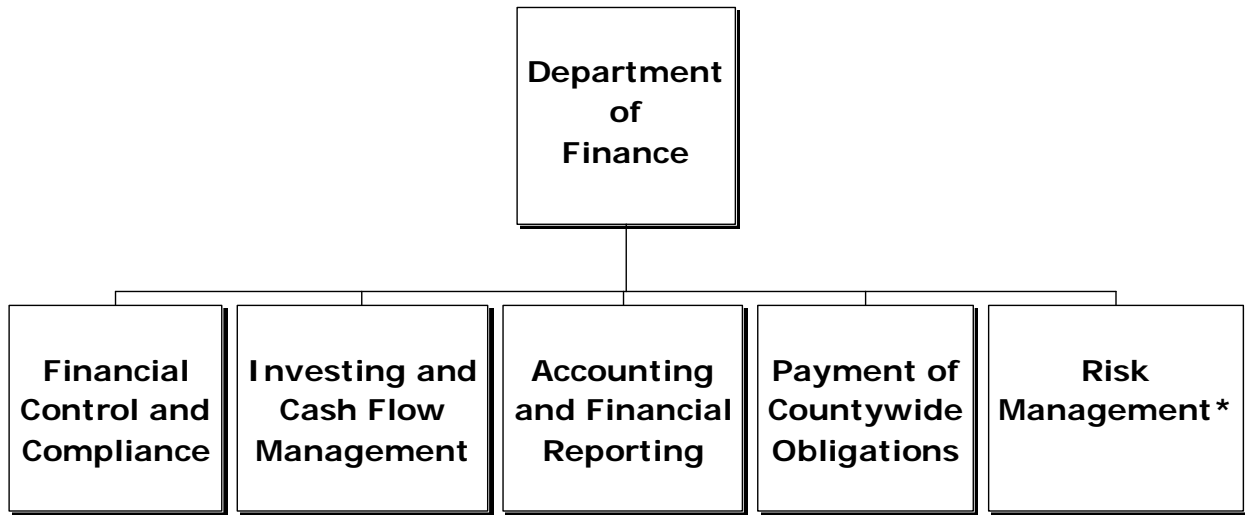


Department of Finance



* 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.

AGENCY DASHBOARD			
Key Data	FY 2014	FY 2015	FY 2016
1. Funds and agency accounts analyzed	167	168	176
2. Debt issuances serviced	36	43	43
3. Federal grants supported	391	407	408
4. Payments initiated	94,373	105,750	92,693
5. Checks issued	166,443	162,901	153,739
6. Investment transactions executed	513	611	488

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 and accurate 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 Elements:



Connecting People and Places



Maintaining Healthy Economies



Exercising Corporate Stewardship

In FY 2018, 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.

Department of Finance

Budget and Staff Resources

Category	FY 2016 Actual	FY 2017 Adopted	FY 2017 Revised	FY 2018 Advertised	FY 2018 Adopted
FUNDING					
Expenditures:					
Personnel Services	\$3,840,139	\$4,040,051	\$4,001,729	\$4,177,336	\$4,177,336
Operating Expenses	4,938,313	5,188,399	5,912,341	5,185,328	5,185,328
Subtotal	\$8,778,452	\$9,228,450	\$9,914,070	\$9,362,664	\$9,362,664
Less:					
Recovered Costs	(\$823,832)	(\$751,697)	(\$751,697)	(\$751,697)	(\$751,697)
Total Expenditures	\$7,954,620	\$8,476,753	\$9,162,373	\$8,610,967	\$8,610,967
Income:					
State Shared Finance Expenses	\$332,926	\$325,734	\$325,734	\$325,734	\$335,064
State Shared Retirement - Finance	6,794	8,579	8,579	8,579	8,579
Total Income	\$339,720	\$334,313	\$334,313	\$334,313	\$343,643
NET COST TO THE COUNTY	\$7,614,900	\$8,142,440	\$8,828,060	\$8,276,654	\$8,267,324
AUTHORIZED POSITIONS/FULL-TIME EQUIVALENT (FTE)					
Regular	55 / 55	55 / 55	55 / 55	56 / 56	56 / 56

FY 2018 Funding Adjustments

The following funding adjustments from the FY 2017 Adopted Budget Plan are necessary to support the FY 2018 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 May 2, 2017.

- ◆ **Employee Compensation** **\$79,983**
 An increase of \$79,983 in Personnel Services includes \$78,944 for performance-based and longevity increases for non-uniformed merit employees effective July 2017, as well as \$1,039 for employee pay increases for specific job classes identified in the County's benchmark class survey of comparator jurisdictions.
- ◆ **Alignment of Position** **\$57,302**
 An increase of \$57,302 reflects the transfer of 1/1.0 FTE position and funding of \$57,302 to the Department of Finance from the Department of Management and Budget. This transfer will more appropriately align the work performed by the position.

Department of Finance

◆ **Reductions** (\$3,071)

A decrease of \$3,071 reflects reductions utilized to balance the FY 2018 budget. The following table provides details on the specific reduction:

Title	Impact	Posn	FTE	Reduction
Reduce the printing of the Comprehensive Annual Financial Report (CAFR) and eliminate the production of the CAFR on CD-ROM.	Eliminating CD-ROM production and switching to a print-on-demand policy will reduce expenditures by \$3,071. The CAFR is available on the County's website, and it is not expected to impact the availability of the document to the public.	0	0.0	\$3,071

Changes to FY 2017 Adopted Budget Plan

The following funding adjustments reflect all approved changes in the FY 2017 Revised Budget Plan since passage of the FY 2017 Adopted Budget Plan. Included are all adjustments made as part of the FY 2016 Carryover Review, FY 2017 Third Quarter Review, and all other approved changes through April 30, 2017.

◆ **Carryover Adjustments** \$704,781

As part of the *FY 2016 Carryover Review*, the Board of Supervisors approved funding of \$685,620 as encumbered funding primarily for audit related costs, a utility bill paying service, and centralized invoice imaging. In addition, \$19,161 was approved as part of the Incentive Reinvestment Initiative that allowed agencies to identify savings and efficiencies in FY 2016 and retain a portion to reinvest in employee training and other employee development and succession planning opportunities.

◆ **Incentive Reinvestment Initiative** (\$19,161)

A net decrease of \$19,161 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 2017 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.

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.

Department of Finance

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 2016 Actual	FY 2017 Adopted	FY 2017 Revised	FY 2018 Advertised	FY 2018 Adopted
EXPENDITURES					
Total Expenditures	\$2,771,450	\$3,185,762	\$3,291,049	\$3,276,298	\$3,276,298
AUTHORIZED POSITIONS/FULL-TIME EQUIVALENT (FTE)					
Regular	18 / 18	18 / 18	18 / 18	19 / 19	19 / 19
1 Director	1	Financial Reporting Manager	1	Human Resources Generalist I	
2 Chiefs, Finance Division	1	Business Analyst IV	1	Administrative Assistant IV	
3 Accountants III	1	Business Analyst I (1T)	1	Administrative Assistant III	
2 Accountants II	1	Info. Tech. Prog. Mgr. I	1	Administrative Assistant II	
2 Accountants I	1	Network Telecom Analyst I			
TOTAL POSITIONS					
19 Positions (1T) / 19.0 FTE (1.0T)			T Denotes Transferred Position		

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; cash flow analysis; investment revenue forecasting; banking services for County agencies; bank deposit management; and banking issues resolution.

Category	FY 2016 Actual	FY 2017 Adopted	FY 2017 Revised	FY 2018 Advertised	FY 2018 Adopted
EXPENDITURES					
Total Expenditures	\$650,420	\$715,764	\$735,764	\$728,321	\$728,321
AUTHORIZED POSITIONS/FULL-TIME EQUIVALENT (FTE)					
Regular	8 / 8	8 / 8	8 / 8	8 / 8	8 / 8
1 Deputy Director	1	Investment Manager	2	Investment Analysts	
2 Accountants II	1	Administrative Assistant IV	1	Management Analyst III	
TOTAL POSITIONS					
8 Positions / 8.0 FTE					

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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 2016 Actual	FY 2017 Adopted	FY 2017 Revised	FY 2018 Advertised	FY 2018 Adopted
EXPENDITURES					
Total Expenditures	\$3,435,830	\$3,610,587	\$4,154,516	\$3,625,475	\$3,625,475
AUTHORIZED POSITIONS/FULL-TIME EQUIVALENT (FTE)					
Regular	13 / 13	13 / 13	13 / 13	13 / 13	13 / 13
1 Chief, Finance Division	4	Accountants III		1	Accountant I
2 Financial Reporting Managers	5	Accountants II			
TOTAL POSITIONS					
13 Positions / 13.0 FTE					

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, oversight, and support to over 90 County agencies.

Category	FY 2016 Actual	FY 2017 Adopted	FY 2017 Revised	FY 2018 Advertised	FY 2018 Adopted
EXPENDITURES					
Total Expenditures	\$1,096,920	\$964,640	\$981,044	\$980,873	\$980,873
AUTHORIZED POSITIONS/FULL-TIME EQUIVALENT (FTE)					
Regular	16 / 16	16 / 16	16 / 16	16 / 16	16 / 16
2 Financial Reporting Managers	1	Accountant I		1	Administrative Assistant II
2 Accountants III	5	Administrative Assistants V			
2 Accountants II	2	Administrative Assistants IV			
TOTAL POSITIONS					
16 Positions / 16.0 FTE					

Department of Finance

Key Performance Measures

Indicator	Prior Year Actuals			Current Estimate	Future Estimate
	FY 2014 Actual	FY 2015 Actual	FY 2016 Estimate/Actual	FY 2017	FY 2018
Financial Control and Compliance					
Percent of bank accounts reconciled within 30 days	100%	100%	100%/100%	100%	100%
Investing and Cash Flow Management					
Percent of timely bank services fully meeting customer expectations	98%	98%	98%/98%	98%	98%
Percent of industry-standard yield achieved	360%	362%	150%/213%	150%	150%
Percent of days target cash balance was met	100%	100%	100%/100%	100%	100%
Accounting and Financial Reporting					
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%
Payment of Countywide Obligations					
Percent of payees rating payment system fully satisfactory	97%	97%	97%/96%	97%	97%
Percent change in processing efficiency resulting from use of e-commerce	5.7%	4.3%	5.0%/9.4%	7.0%	7.0%

A complete list of performance measures can be viewed at www.fairfaxcounty.gov/dmb/fy2018/adopted/pm/06.pdf

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 2016, 100 percent of the County's bank accounts were reconciled within 30 days.

In FY 2016, 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 twentieth 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. The high quality of the CAFR has earned the Certification of Achievement for Excellence in Financial Reporting, through peer review by the Government Finance Officers Association of the United States and Canada a total of 38 times and has submitted the most recent CAFR for review.

Department of Finance

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.