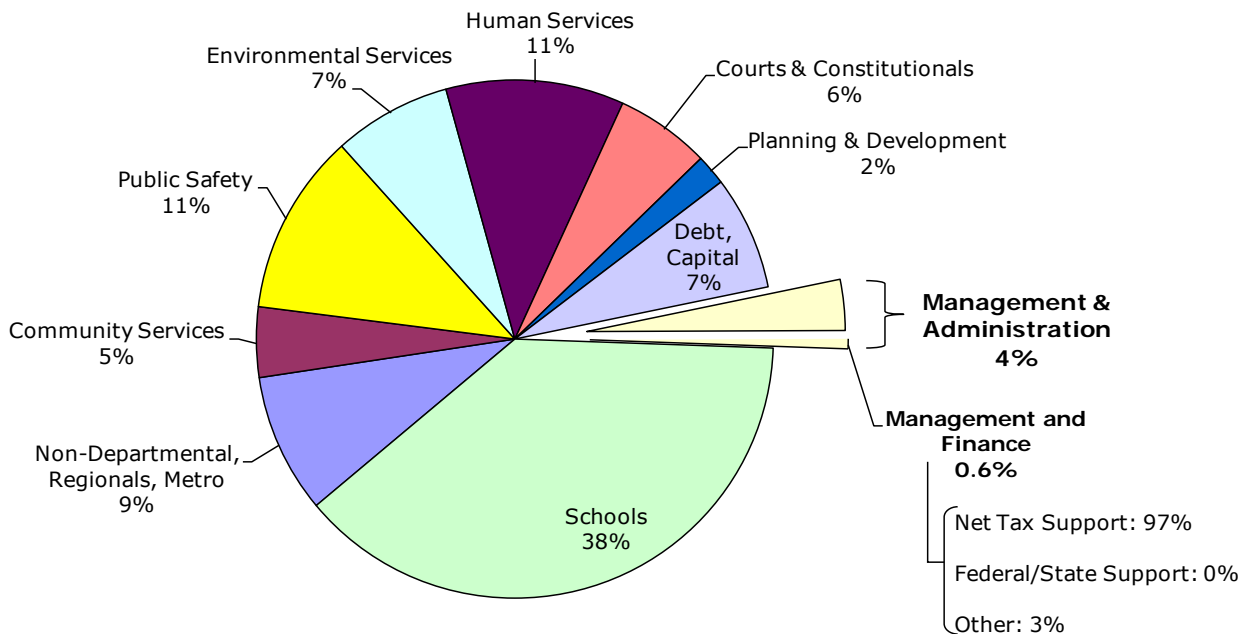


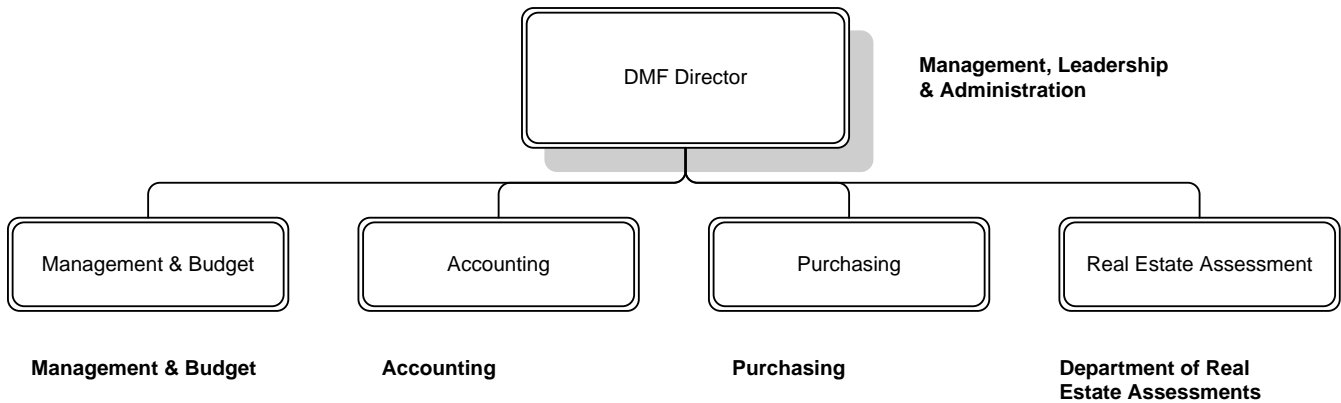
*Our Mission: To ensure the prudent use of County resources*

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 provided include: financial management, innovative problem-solving and policy support, annual real property assessments, project finance assistance, economic analysis, purchasing, accounting and auditing assistance, and financial information for the County Board, the public, the County Manager, and County departments.

**FY 2014 Proposed Budget - General Fund Expenditures**



## LINES OF BUSINESS



## SIGNIFICANT BUDGET CHANGES

The FY 2014 proposed expenditure budget for the Department of Management and Finance is \$6,660,681, a six percent increase from the FY 2013 adopted budget. The FY 2014 proposed budget reflects:

- ↑ Personnel increases due to employee step increases, a three percent increase in the County's cost for employee health insurance, and adjustments to retirement contributions based on current actuarial projections. These increases are offset by the change itemized below.
- ↑ Non-personnel increases due to an adjustment to the annual expense for the maintenance and replacement of County vehicles (\$4,730) as well as one time funding for internal audit services (\$250,000).
- ↑ Revenue increases by \$3,763, reflecting an increase in miscellaneous revenue projections.

### Real Estate Assessments

- ↓ Eliminate 0.5 of a 1.0 FTE Assistant Director, Real Estate Assessment (\$80,241).  
IMPACT: Departmental reorganization to include more supervisory levels allows some of the previous work performed by this position to be redistributed.

**DEPARTMENT OF MANAGEMENT AND FINANCE**  
**DEPARTMENT BUDGET SUMMARY**

**DEPARTMENT FINANCIAL SUMMARY**

	FY 2012 Actual	FY 2013 Adopted	FY 2014 Proposed	% Change '13 to '14
Personnel	\$5,373,103	\$5,734,316	\$5,854,472	2%
Non-Personnel	432,894	551,479	806,209	46%
<b>Total Expenditures</b>	<b>5,805,997</b>	<b>6,285,795</b>	<b>6,660,681</b>	<b>6%</b>
Fees	58,002	40,000	40,000	-
Transfers From Other Funds	146,461	156,255	160,018	2%
<b>Total Revenues</b>	<b>204,463</b>	<b>196,255</b>	<b>200,018</b>	<b>2%</b>
<b>Net Tax Support</b>	<b>\$5,601,534</b>	<b>\$6,089,540</b>	<b>\$6,460,663</b>	<b>6%</b>
Permanent FTEs	55.00	55.00	54.50	
Temporary FTEs	-	-	-	
<b>Total Authorized FTEs</b>	<b>55.00</b>	<b>55.00</b>	<b>54.50</b>	

**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, coordinating the County's Master Lease Program, and responsibility for development of the County's Capital Improvement Program.
- Serve as liaison to the Industrial Development Authority (IDA).

**Budget**

- Formulate and execute the County's operating budget.
- Monitor and forecast County expenditures and revenues.
- Serve as the Countywide resource on performance measurement and a liaison to the Fiscal Affairs Advisory Commission.

**SIGNIFICANT BUDGET CHANGES**

- ↑ Personnel increases due to employee step increases, a three percent increase in the County's cost for employee health insurance, and adjustments to retirement contributions based on current actuarial projections.
- ↑ Revenue increases by \$3,763, reflecting an increase in miscellaneous revenue projections.

**PROGRAM FINANCIAL SUMMARY**

	FY 2012 Actual	FY 2013 Adopted	FY 2014 Proposed	% Change '13 to '14
Personnel	\$1,495,836	\$1,524,946	\$1,584,519	4%
Non-Personnel	95,383	137,851	137,851	-
<b>Total Expenditures</b>	<b>1,591,219</b>	<b>1,662,797</b>	<b>1,722,370</b>	<b>4%</b>
Fees	58,002	40,000	40,000	-
Transfers from other funds	146,461	156,255	160,018	2%
<b>Total Revenues</b>	<b>204,463</b>	<b>196,255</b>	<b>200,018</b>	<b>2%</b>
<b>Net Tax Support</b>	<b>\$1,386,756</b>	<b>\$1,466,542</b>	<b>\$1,522,352</b>	<b>4%</b>
Permanent FTEs	11.00	11.00	11.00	
Temporary FTEs	-	-	-	
<b>Total Authorized FTEs</b>	<b>11.00</b>	<b>11.00</b>	<b>11.00</b>	

## PERFORMANCE MEASURES

## Management and Budget

Critical Measures	FY 2009 Actual	FY 2010 Actual	FY 2011 Actual	FY 2012 Actual	FY 2013 Estimate	FY 2014 Estimate
Clean third party audit	Yes	Yes	Yes	Yes	Yes	Yes
Maintain Triple-triple A bond rating	Yes	Yes	Yes	Yes	Yes	Yes
Percent variance between actual tax revenue and third quarter projection	0.76%	0.68%	0.53%	0.71%	0.60%	0.60%

Supporting Measures	FY 2009 Actual	FY 2010 Actual	FY 2011 Actual	FY 2012 Actual	FY 2013 Estimate	FY 2014 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.

**Accounting**

- Provide financial controls to ensure that County funds are used appropriately.
- Oversee the County’s invoice and payable process.
- Prepare the Comprehensive Annual Financial Report.
- Perform audits of County services and provide financial information to County stakeholders.

**SIGNIFICANT BUDGET CHANGES**

- ↑ Personnel increases due to employee step increases, a three percent increase in the County’s cost for employee health insurance, and adjustments to retirement contributions based on current actuarial projections.
- ↑ Non-personnel increases due to the addition of one time funding for internal audit services (\$250,000).

**PROGRAM FINANCIAL SUMMARY**

	FY 2012 Actual	FY 2013 Adopted	FY 2014 Proposed	% Change '13 to '14
Personnel	\$913,876	\$926,405	\$961,613	4%
Non-Personnel	18,447	63,450	313,450	394%
<b>Total Expenditures</b>	<b>932,323</b>	<b>989,855</b>	<b>1,275,063</b>	<b>29%</b>
Total Revenues	-	-	-	-
<b>Net Tax Support</b>	<b>\$932,323</b>	<b>\$989,855</b>	<b>\$1,275,063</b>	<b>29%</b>
Permanent FTEs	8.00	8.00	8.00	
Temporary FTEs	-	-	-	
<b>Total Authorized FTEs</b>	<b>8.00</b>	<b>8.00</b>	<b>8.00</b>	

**PERFORMANCE MEASURES**

**Accounting**

Critical Measures	FY 2009 Actual	FY 2010 Actual	FY 2011 Actual	FY 2012 Actual	FY 2013 Estimate	FY 2014 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 2009 Actual	FY 2010 Actual	FY 2011 Actual	FY 2012 Actual	FY 2013 Estimate	FY 2014 Estimate
Auditor of Public Accounts Transmittal and CAFR prepared by state deadline	Yes	Yes	Yes	Yes	Yes	Yes

**PROGRAM MISSION**

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

**Purchasing**

- Assist in providing 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 and purchase of and payment for certain goods.
- Participate in regional cooperative purchasing efforts to achieve cost reductions through volume buying.
- Dispose of surplus property and equipment.
- Lead County efforts in implementation of the Public Private Transportation Act process and procedures. One of the proposed seven positions to be funded through the Transportation Capital Fund will be dedicated to this effort as well as purchasing support for the transportation capital improvement program.

**SIGNIFICANT BUDGET CHANGES**

- ↑ Personnel increases due to employee step increases, a three percent increase in the County's cost for employee health insurance, adjustments to retirement contributions based on current actuarial projections, and vacant positions being filled at higher salary levels.

**PROGRAM FINANCIAL SUMMARY**

	FY 2012 Actual	FY 2013 Adopted	FY 2014 Proposed	% Change '13 to '14
Personnel	\$630,629	\$712,554	\$771,333	8%
Non-Personnel	34,977	38,010	38,010	-
<b>Total Expenditures</b>	<b>665,606</b>	<b>750,564</b>	<b>809,343</b>	<b>8%</b>
Fees	-	-	-	-
<b>Total Revenues</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net Tax Support</b>	<b>\$665,606</b>	<b>\$750,564</b>	<b>\$809,343</b>	<b>-</b>
Permanent FTEs	7.00	7.00	7.00	
Temporary FTEs	-	-	-	
<b>Total Authorized FTEs</b>	<b>7.00</b>	<b>7.00</b>	<b>7.00</b>	



## PERFORMANCE MEASURES

## Purchasing

Critical Measures	FY 2009 Actual	FY 2010 Actual	FY 2011 Actual	FY 2012 Actual	FY 2013 Estimate	FY 2014 Estimate
Number of protests of purchasing actions upheld by a final authority (court)	0	0	0	0	0	0

Supporting Measures	FY 2009 Actual	FY 2010 Actual	FY 2011 Actual	FY 2012 Actual	FY 2013 Estimate	FY 2014 Estimate
Emergency procurements processed	58	60	33	39	40	40
Formal bids and contracts processed	552	498	417	509	500	500
Informal bids and contracts processed	126	122	114	350	300	250
Sole source procurements processed	246	146	174	137	80	80

- In FY 2012 formal bids and contracts increased significantly due to policy changes in the County Attorney's Office which required formal contracts for designated categories of contract award methods, which did not require formal contracts in the past.
- In FY 2012, informal bids and contracts increased significantly due to the tracking of Limited Price Agreements (LPA's). Prior to FY 2012, LPA's were not a component of the informal bid and contract tracking process. Starting in FY 2013, LPA's will be phased out of the informal bid and contracts process, resulting in reductions in subsequent years. Some LPA's will be replaced by other types of informal bids and contracts, and others will require formal bids and contracts or sole source procurements.
- Sole source procurements will be reduced in FY 2013 and FY 2014 due to a more tightly controlled approval process and stricter contract requirements for sole source procurements.

DEPARTMENT OF REAL ESTATE ASSESSMENTS

**PROGRAM MISSION**

To provide for the fair taxation of Arlington property.

**Department of Real Estate Assessments (DREA)**

- 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.
- Evaluate and implement new software technology that will enhance and streamline the County’s assessment processes and fully integrate these processes with administrative functions.

**SIGNIFICANT BUDGET CHANGES**

- Personnel increases due to employee step increases, a three percent increase in the County’s cost for employee health insurance, and adjustments to retirement contributions based on current actuarial projections and offset by the reduction itemized below.
- ↑ Non-personnel expenses increase due to County owned vehicle costs (\$4,730).
- ↓ Eliminate 0.5 of a 1.0 FTE Assistant Director, Real Estate Assessment (\$80,241).

IMPACT: Departmental reorganization to include more supervisory levels allows some of the previous work performed by this position to be redistributed.

**PROGRAM FINANCIAL SUMMARY**

	FY 2012 Actual	FY 2013 Adopted	FY 2014 Proposed	% Change '13 to '14
Personnel	\$2,332,761	\$2,570,411	\$2,537,007	-1%
Non-Personnel	283,885	312,168	316,898	2%
<b>Total Expenditures</b>	<b>2,616,646</b>	<b>2,882,579</b>	<b>2,853,905</b>	<b>-1%</b>
<b>Total Revenues</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net Tax Support</b>	<b>\$2,616,646</b>	<b>\$2,882,579</b>	<b>\$2,853,905</b>	<b>-1%</b>
Permanent FTEs	29.00	29.00	28.50	
Temporary FTEs	-	-	-	
<b>Total Authorized FTEs</b>	<b>29.00</b>	<b>29.00</b>	<b>28.50</b>	

## DEPARTMENT OF REAL ESTATE ASSESSMENTS

## PERFORMANCE MEASURES

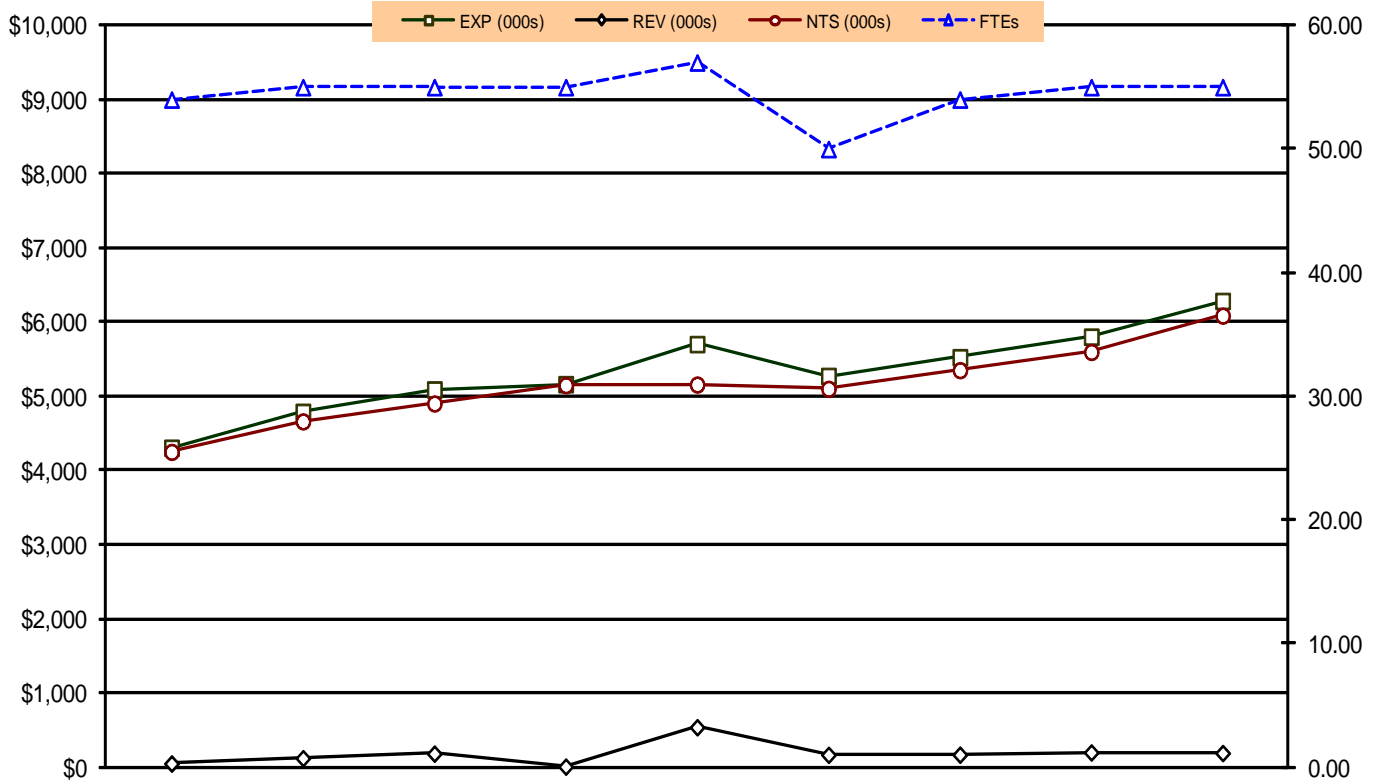
Critical Measures	CY 2009 Actual	CY 2010 Actual	CY 2011 Actual	CY 2012 Actual	CY 2013 Estimate	CY 2014 Estimate
Assessment/Sale Ratio	0.99	0.95	0.95	0.95	0.95	0.95
Coefficient of Dispersion	0.1	0.1	0.1	0.1	0.1	0.1
Price related differential (PRD)	1	1	1	1	1	1

Supporting Measures	CY 2009 Actual	CY 2010 Actual	CY 2011 Actual	CY 2012 Actual	CY 2013 Estimate	CY 2014 Estimate
Deeds and wills reviewed by Real Estate staff	6,855	6,276	6,487	6,275	6,300	6,300
Number of Board of Equalization appeals	1,032	282	288	324	350	350
Number of parcels appraised	64,792	65,173	65,204	65,358	65,500	66,000
Number of parcels inspected	3,112	3,089	3,073	3,699	3,600	3,800
Number of parcels reviewed	1,532	1,115	3,073	963	1,200	1,200
Real property tax base (in billions)	\$57.80	\$54.00	\$57.26	\$61.60	\$61.80	\$62.00

- 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.
- The coefficient of dispersion is a ratio used to measure how sales 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 increased number of Board of Equalization appeals in FY 2012 is related to the increased assessment values of commercial property in the County.
- The increase in parcels inspected in CY 2012 is due to more inspections for sales verification, permits and assessment appeals. As the housing industry improves, additional inspections will be required.
- The increase in parcels reviewed in CY 2011 is due to the higher number of assessment appeals Real Estate received from property owners and agent representatives. Parcels reviewed returned to levels that were the historical standard in CY 2012.

**DEPARTMENT OF MANAGEMENT AND FINANCE**  
TEN-YEAR HISTORY

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



	FY 2005 Actual	FY 2006 Actual	FY 2007 Actual	FY 2008 Actual	FY 2009 Actual	FY 2010 Actual	FY 2011 Actual	FY 2012 Actual	FY 2013 Adopted Budget	FY 2014 Proposed Budget
EXP (000s)	\$4,309	\$4,792	\$5,094	\$5,166	\$5,706	\$5,276	\$5,529	\$5,805	\$6,286	\$6,661
REV (000s)	\$55	\$127	\$188	\$13	\$544	\$172	\$174	\$204	\$196	\$200
NTS (000s)	\$4,254	\$4,665	\$4,906	\$5,153	\$5,162	\$5,104	\$5,355	\$5,601	\$6,090	\$6,461

**DEPARTMENT OF MANAGEMENT AND FINANCE**  
TEN-YEAR HISTORY

Fiscal Year	Description	FTEs
FY 2005	<ul style="list-style-type: none"> <li>▪ Reduced credit for turnover by \$61,000.</li> </ul>	
FY 2006	<ul style="list-style-type: none"> <li>▪ Added \$100,000 to the department to hire third party consultants to conduct program performance reviews to be analyzed by the newly created Committee on Program Performance.</li> <li>▪ Increased administrative fees for the Rosslyn BID Project (\$19,458).</li> <li>▪ Added a Contract Management position (1.0 FTE) in the Purchasing Division with full costs covered by the DES Utilities Fund.</li> </ul>	1.0
FY 2007	<ul style="list-style-type: none"> <li>▪ Increased administrative expenditures and offsetting fees for the Crystal City Business Improvement District (\$17,010).</li> </ul>	
FY 2008	<ul style="list-style-type: none"> <li>▪ Added \$149,000 for two Real Estate Appraiser positions (2.0 FTEs) and nominal equipment and technology to reduce the backlog of building permits in the Real Estate Assessment Office.</li> <li>▪ <i>Transferred two positions to the Department of Technology Services for PRISM support during FY 2007.</i></li> </ul>	2.0 (2.0)
FY 2009	<ul style="list-style-type: none"> <li>▪ 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.</li> <li>▪ Revenue increased as a result of newly implemented purchase card management program (\$73,000).</li> <li>▪ Eliminated Intra-County charges (\$106,018) to Department of Environmental Services (DES) and Police Department's High Intensity Drug Trafficking Area (HIDTA) program.</li> </ul>	2.0
FY 2010	<ul style="list-style-type: none"> <li>▪ The County Board approved funding for one-time lump-sum payments of \$500 for employees (\$28,685).</li> <li>▪ 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).</li> <li>▪ 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.</li> <li>▪ 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</li> </ul>	(4.00)    (3.00)

**DEPARTMENT OF MANAGEMENT AND FINANCE**  
TEN-YEAR HISTORY

Fiscal Year	Description	FTEs
	<p>Division (\$124,283).</p> <ul style="list-style-type: none"> <li>▪ Eliminated consultant funds available to the Committee on Program Performance (\$104,500).</li> <li>▪ 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).</li> </ul>	
FY 2011	<ul style="list-style-type: none"> <li>▪ 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.</li> <li>▪ 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 Board of Equalization approved by the County Board in June 2009.</li> <li>▪ 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.</li> <li>▪ Eliminate one Auditor position (1.0 FTE; \$108,551) currently assigned to Purchasing.</li> </ul>	<p>6.0</p> <p>(1.0)</p> <p>(1.0)</p>
FY 2012	<ul style="list-style-type: none"> <li>▪ The County Board added 1.0 FTE to the Purchasing Division to assist with the increase in capital project solicitations (\$108,551).</li> <li>▪ 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).</li> <li>▪ 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.</li> </ul>	1.0
FY 2013	<ul style="list-style-type: none"> <li>▪ No significant changes</li> </ul>	