

Department of Finance

Fund Support: The Department of Finance is supported by the General and Water Facility Funds.

Description: The Department of Finance assists the departments of the City government in meeting their service objectives by acquiring goods and services, allocating and tracking the organization's available financial resources, processing financial transactions, and providing information and analysis as a basis for decision making. The department bills and/or collects the major City revenues and provides assistance to taxpayers and utility customers. The department also secures financing for capital construction and safeguards and invests City funds.

Department Mission Statement: The Department of Finance maintains the City's high standard of financial excellence by providing the citizens, employees, and vendors with professional customer service through the collection and disbursement of funds, financial reporting, and management of assets.

Goals:

- Assure the effective financial management of the Town Center redevelopment activities. **TC**
- Assist in expanding e-government opportunities through investigating e-procurement opportunities.
- Maintain the City's financial health and sound financial condition.
- Develop and administer equitable revenue-raising systems to appropriately finance City services.
- Participate in efforts to protect and enhance the City's tax base.

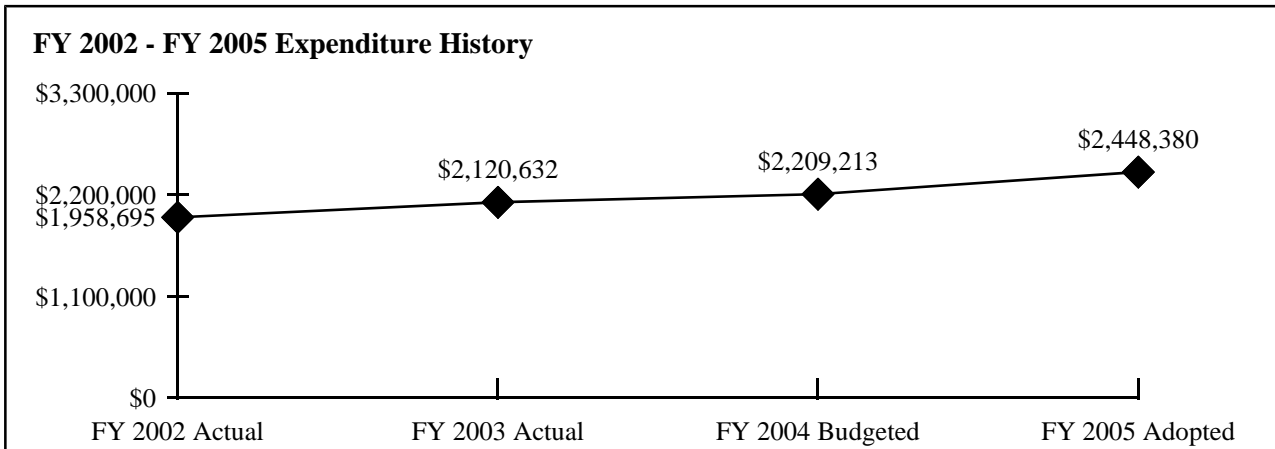
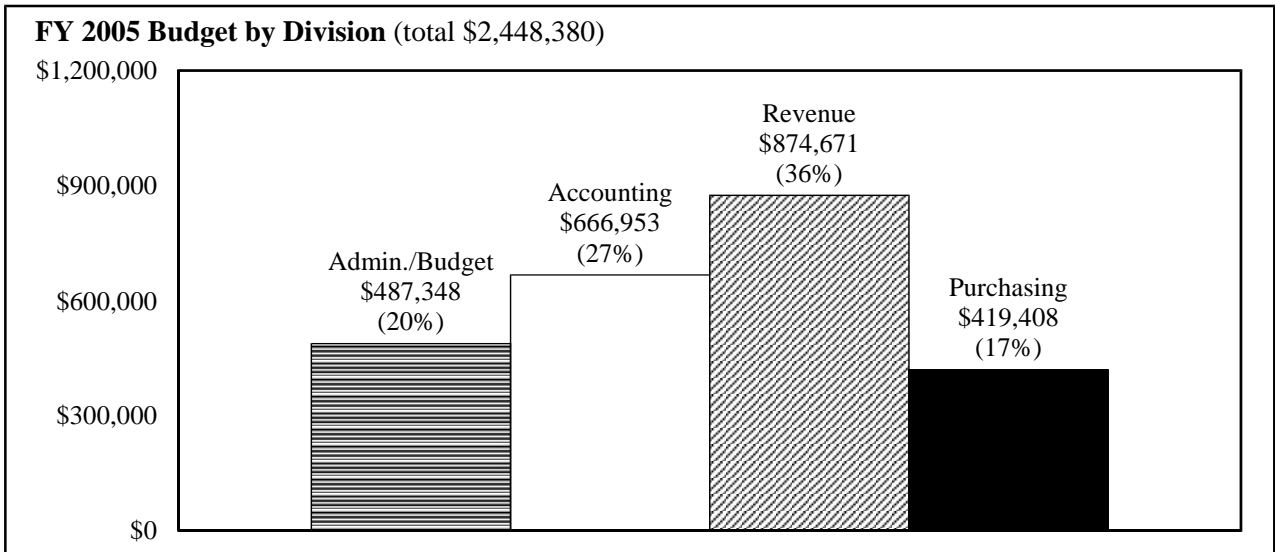
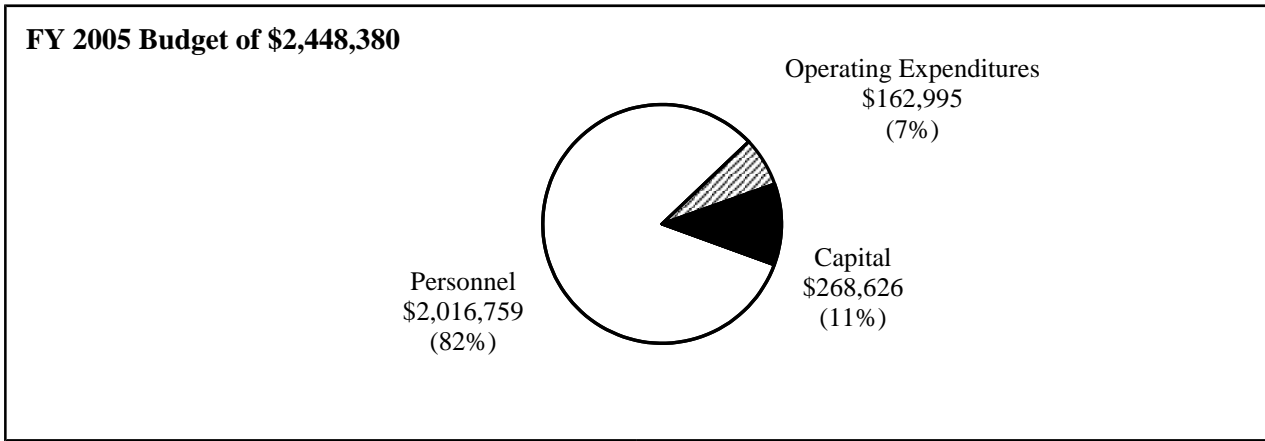
Significant Changes: During FY 2005, the department will be implementing a major upgrade to the City's financial, purchasing, and payroll system; the new system will have the capability for Web-based access by both employees and vendors. The implementation of GASB 34, a set of significant changes to the rules governing government financial reporting will continue. The financial complexity of the Town Center redevelopment and parking garage projects will re-align activities within the department.

Staff Contact: Donna J. Boxer, Director of Finance (240) 314-8400.

Budget Summary:	FY 2002 Actual	FY 2003 Actual	FY 2004 Budgeted	FY 2004 Modified	FY 2005 Adopted	FY 2004-2005 Change
Financial Admin./Budget	\$426,869	\$434,108	\$441,960	\$446,150	\$487,348	9.23%
Accounting/Control	577,927	619,866	645,556	652,156	666,953	2.27%
Revenue ⁽¹⁾	592,117	668,239	720,460	762,757	874,671	14.67%
Purchasing/Stockroom	<u>361,782</u>	<u>398,419</u>	<u>401,237</u>	<u>411,247</u>	<u>419,408</u>	<u>1.98%</u>
Dept. Expenditures Total	<u>\$1,958,695</u>	<u>\$2,120,632</u>	<u>\$2,209,213</u>	<u>\$2,272,310</u>	<u>\$2,448,380</u>	<u>7.75%</u>

⁽¹⁾ The increase in FY 2005 is for a meter pilot program. Amounts represent the Water Facility Fund and the Sewer Fund shares of these costs. The Sewer Fund will reimburse the Water Facility Fund in the form of a transfer at year-end.

Department of Finance Graphs



Department of Finance

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Staffing Summary by Division:	FY 2003 Actual		FY 2004 Revised		FY 2005 Adopted	
	Reg.	Temp.	Reg.	Temp.	Reg.	Temp.
Financial Administration and Budget	4.0	0.3	4.0	0.1	4.0	0.1
Accounting and Control	9.0	0.0	9.0	0.0	9.0	0.0
Revenue	9.0	0.0	9.0	0.0	9.0	0.0
Purchasing and Stockroom	6.0	0.0	5.5	0.0	5.5	0.0
Department Total	28.0	0.3	27.5	0.1	27.5	0.1

Staffing Summary by Position - FY 2005 Regular Position

	<u>FTE</u>		<u>FTE</u>
Financial Administration and Budget:		Revenue:	
Administrative Assistant I (1)	1.0	Cashier (1)	1.0
Budget Management Administrator (1)	1.0	Meter Services Supervisor (1)	1.0
Budget Officer (1)	1.0	Meter Services Technician (3)	3.0
Director of Finance (Contract) (1)	1.0	Revenue Assistant I (2)	2.0
		Revenue Assistant II (1)	1.0
		Revenue Supervisor (1)	1.0
Accounting and Control:		Purchasing and Stockroom:	
Accountant (1)	1.0	Buyer I – PT (1)	0.5
Accounting Operations Supervisor (1)	1.0	Buyer II (1)	1.0
Accounts Payable Assistant I (1)	1.0	Contracts Officer (1)	1.0
Accounts Payable Assistant II (1)	1.0	Inventory Services Clerk (1)	1.0
Controller (1)	1.0	Inventory Services Supervisor (1)	1.0
Financial Systems Manager (1)	1.0	Purchasing Supervisor (1)	1.0
Payroll Assistant I (2)	2.0		
Payroll Assistant II (1)	1.0		


Financial Administration and Budget

Department of Finance

Fund Support: General Fund.

Mission Statement/Description: The Financial Administration and Budget Division is responsible for developing City financial management policies and strategies. The division promotes equitable taxation systems and usage fees; maximizes the return on City investments at minimal risk; maintains banking relations; plans and executes bond sales; provides internal control oversight; prepares and monitors the annual operating budget and capital improvements program; and prepares the biannual *Long-Range Fiscal Analysis*. The Director of Finance serves as the Executive Secretary of the Retirement Board.

FY 2005 Objectives:

- Assist with the financial planning and oversight of the Town Center redevelopment and the creation of a parking district in Town Center. **TC**
- Achieve optimum credit ratings on planned General Obligation debt issues in the amount of \$5.18 million in the Capital Projects Fund and approximately \$35 million in the Parking Fund for the construction of Town Center garages. **TC**
- Continue efforts to reduce costs across City departments, building on efforts from the Strengthening the Bottom Line process. 
- Monitor cash flow needs carefully to maximize interest income, while maintaining the necessary liquidity.
- Closely monitor the impact of economic conditions on major revenue sources.
- Implement and monitor the FY 2005 Operating Budget and the FY 2005–FY 2010 Capital Improvements Program as adopted by the Mayor and Council.
- Prepare the FY 2006 Operating Budget and the FY 2006–FY 2011 Capital Improvements Program.

Performance Measures:	FY 2003 Actual	FY 2004 Target	FY 2004 Actual	FY 2005 Target
<i>Outcome/Effectiveness:</i>				
Investment interest rate earned as a percent of the three-month T-bill rate	88%	105%	78%	95%
Number of consecutive years receiving GFOA Budget Presentation Award	12	13	13	14
Percent variance between actual and budgeted General Fund revenue	0.3%	1.5%	.4%*	1.5%
Tax rate equivalent of annual debt service transfer	\$.05	\$0.05	\$0.04*	\$0.05
<i>Efficiency:</i>				
General Fund expenditures per capita	\$784	\$773	\$771*	\$802
<i>Workload:</i>				
Number of debt issuances	1	2	3	2

**Estimate*

Budget Summary:	FY 2002 Actual	FY 2003 Actual	FY 2004 Budgeted	FY 2004 Modified	FY 2005 Adopted	FY 2004-2005 Change
Personnel	\$347,394	\$367,661	\$383,085	\$366,275	\$426,514	16.45%
Operating Expenditures	79,475	66,447	58,875	79,875	60,834	-23.84%
Capital Outlay	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0.00%</u>
Total Expenditures	<u>\$426,869</u>	<u>\$434,108</u>	<u>\$441,960</u>	<u>\$446,150</u>	<u>\$487,348</u>	<u>9.23%</u>


Accounting and Control

Department of Finance

Fund Support: General Fund.

Mission Statement/Description: The Accounting and Control Division provides accounting and internal control services for the City and all departments; processes accounts payable and payroll disbursements; reports the financial results of operations; administers the dependent and health care flexible benefit plans, and administers pension plans and deferred compensation plans.

FY 2005 Objectives:

- Conduct approximately 16 internal financial and operational reviews on a routine basis. 
- Assist with the implementation of the purchasing card program; take over internal financial reviews of purchasing cardholders.
- Continue to implement GASB 34, a major change to the rules governing governmental financial reporting, including retroactively reporting capitalized infrastructure in FY 2005 and FY 2006.

Performance Measures:	FY 2003 Actual	FY 2004 Target	FY 2004 Actual	FY 2005 Target
<i>Outcome/Effectiveness:</i>				
Number of consecutive years receiving GFOA Certificate for Annual Financial Report	14	15	15	16
Number of adjusting journal entries resulting from audit	4	2	2	2
<i>Efficiency:</i>				
Payroll checks processed per assigned FTE	7,384	7,400	7,267	7,346
Average cost per payroll check issued	\$7.00	\$7.29	\$7.38	\$7.85
<i>Workload:</i>				
Number of manual journal entries processed	702	725	700	700
Number of payroll checks issued	22,150	22,200	21,800	22,038
Number of internal control reviews completed	6	10	11	16

Budget Summary:	FY 2002 Actual	FY 2003 Actual	FY 2004 Budgeted	FY 2004 Modified	FY 2005 Adopted	FY 2004-2005 Change
Personnel	\$549,590	\$607,233	\$634,356	\$640,956	\$655,753	2.31%
Operating Expenditures	27,879	12,633	11,200	11,200	11,200	0.00%
Capital Outlay	<u>458</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0.00%</u>
Total Expenditures	<u>\$577,927</u>	<u>\$619,866</u>	<u>\$645,556</u>	<u>\$652,156</u>	<u>\$666,953</u>	<u>2.27%</u>

Purchasing and Stockroom

Department of Finance

Fund Support: General Fund.

Mission Statement/Description: The Purchasing and Stockroom Division is responsible for the timely and cost-effective acquisition of goods and services for the City, the storage of goods for future needs, and the disposal of excess goods. The division strives to provide needed goods and services to departments, when required, at an acceptable level of quality and at the lowest total cost of operations.

FY 2005 Objectives:

- Monitor and audit the purchasing card program and investigate additional e-government opportunities.
- Conduct training courses for user departments on the amended purchasing code and purchasing processes.
- Increase the use of cooperative procurement contracts to obtain volume discounts for goods and services.
- Network with and encourage participation by local, small, and minority businesses in the City's procurement process.

Performance Measures:	FY 2003 Actual	FY 2004 Target	FY 2004 Actual	FY 2005 Target
<i>Outcome/Effectiveness:</i>				
Percent of awards made without protest	100%	99%	100%	99%
Percent of protests sustained	0%	50%	0%	0%
Average number of bids received per solicitation over \$15,000	5	6	5	5
Percent of error between actual and system inventory	0.01%	0.06%	0.009%	0.03%
Dollar value of inventory written off as obsolete at year end	\$3,928	\$5,000	\$4,950	\$3,000
<i>Efficiency:</i>				
Number of purchase orders per assigned FTE	125	130	168	130
Dollar amount of inventory per assigned FTE	\$147,216	\$150,000	\$137,424	\$150,000
<i>Workload:</i>				
Number of solicitations over \$15,000	45	60	47	50
Number of RFPs issued	15	20	7	20
Number of purchase orders issued	494	500	504	500
Dollar amount of inventory stored	\$294,000	\$300,000	\$274,848	\$300,000

Budget Summary:	FY 2002 Actual	FY 2003 Actual	FY 2004 Budgeted	FY 2004 Modified	FY 2005 Adopted	FY 2004-2005 Change
Personnel	\$355,846	\$390,330	\$392,002	\$402,012	\$410,173	2.03%
Operating Expenditures	5,513	8,089	9,235	9,235	9,235	0.00%
Capital Outlay	423	0	0	0	0	0.00%
Total Expenditures	<u>\$361,782</u>	<u>\$398,419</u>	<u>\$401,237</u>	<u>\$411,247</u>	<u>\$419,408</u>	<u>1.98%</u>


Revenue

Department of Finance

Fund Support: General and Water Facility Funds.

Mission Statement/Description: The Revenue Division is responsible for the receipt of all City revenues; billing and receipt of City water, sewer, and refuse fees; collecting City front-foot benefit and special assessment charges; and monitoring Montgomery County's billing, collection, and distribution of City property taxes.

FY 2005 Objectives:

- Ensure that all properties are billed appropriately and registered with the City by reviewing Department of Community Planning and Development Services information, GIS maps, Refuse Operations Division information, and the Maryland Department of Assessment and Taxation records. 
- Implement upgrades to the utility billing and special assessment software.
- Begin water meter pilot program by replacing six commercial meters and monitoring the upgrading of residential meters to the Touch-Read System.
- Assure that billing practices are consistent with encouraging water conservation by allowing credits for timely plumbing repairs.

Performance Measures:	FY 2003 Actual	FY 2004 Target	FY 2004 Actual	FY 2005 Target
<i>Outcome/Effectiveness:</i>				
Percent of accounts paid within deadline:				
▪ Water/sewer and refuse	99.3%	99.2%	99.1%	99.2%
▪ Special assessments	91.0%	90.0%	94.9%	95.0%
Percent of disconnected accounts restored within three business days	76.9%	85.0%	94.4%	90.0%
Percent of citizens rating utility billing (water, sewer and refuse) services as excellent or good	71%	NA	NA	75%
<i>Efficiency:</i>				
Average utility dollars collected per FTE (in millions)	\$2.9	\$3.0	\$2.9	\$3.0
Meter reads per FTE	12,959	13,150	13,115	13,240
<i>Workload:</i>				
Number of bills issued:				
▪ Water/sewer and refuse	69,489	70,000	72,095	70,000
▪ Special assessments	89	80	99	90
Number of delinquent accounts billed	11,234	11,500	12,161	11,500

Budget Summary:	FY 2002 Actual	FY 2003 Actual	FY 2004 Budgeted	FY 2004 Modified	FY 2005 Adopted	FY 2004-2005 Change
Personnel	\$428,478	\$465,638	\$496,441	\$503,641	\$524,319	4.11%
Operating Expenditures	61,033	69,716	77,519	77,096	81,726	6.01%
Capital Outlay ⁽¹⁾	<u>102,606</u>	<u>132,885</u>	<u>146,500</u>	<u>182,020</u>	<u>268,626</u>	<u>47.58%</u>
Total Expenditures	<u>\$592,117</u>	<u>\$668,239</u>	<u>\$720,460</u>	<u>\$762,757</u>	<u>\$874,671</u>	<u>14.67%</u>

⁽¹⁾ The increase in FY 2005 is for a meter pilot program. Amounts represent the Water Facility Fund and the Sewer Fund shares of these costs. The Sewer Fund will reimburse the Water Facility Fund in the form of a transfer at year-end.

