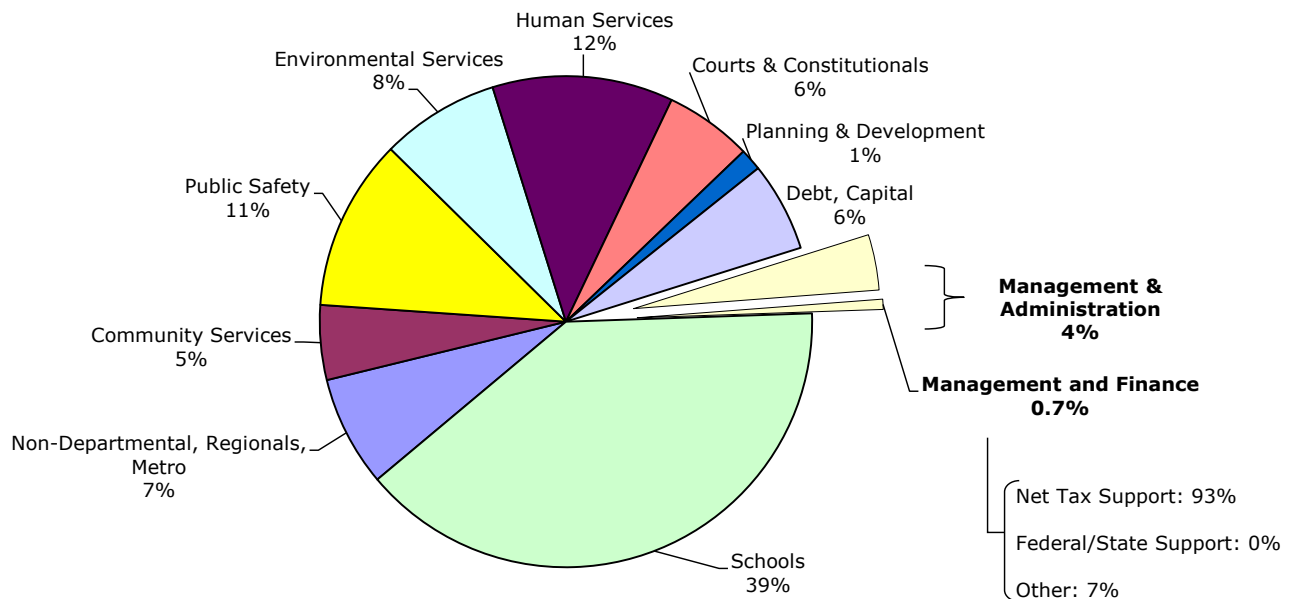


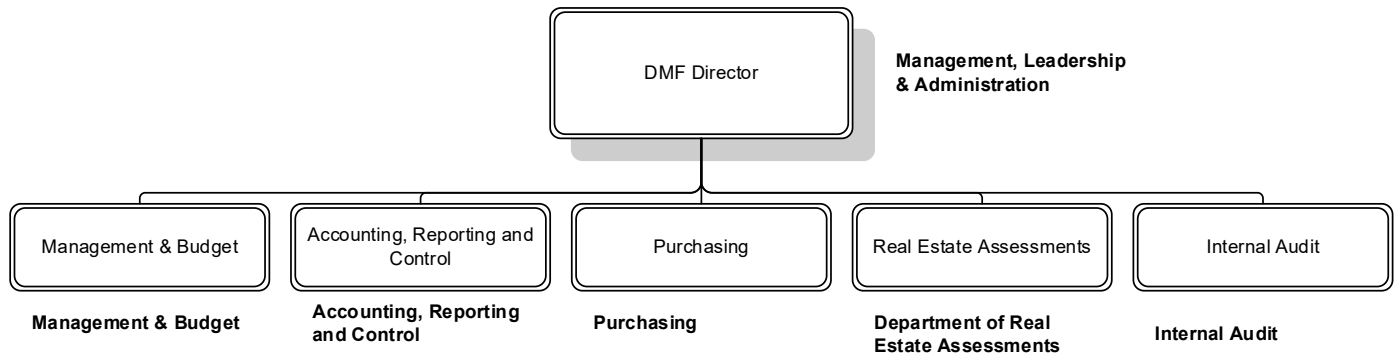
Our Mission: To ensure the prudent use of County resources

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

FY 2024 Proposed Budget - General Fund Expenditures



LINES OF BUSINESS



SIGNIFICANT BUDGET CHANGES

The FY 2024 proposed expenditure budget for the Department of Management and Finance is \$10,325,435, a three percent increase from the FY 2023 adopted budget. The proposed budget reflects:

- ↑ Personnel increases due to employee salary increases, an increase in the County's cost for employee health insurance, one-time \$2,000 (gross) employee bonuses (\$160,466), adjustments to salaries resulting from Finance and Accounting and Administrative job family studies (\$69,480), and slightly higher retirement contributions based on current actuarial projections, partially offset by the reductions itemized below.
- ↓ Non-personnel decreases are primarily due to elimination of one-time FY 2023 funding for records digitization and indexing of the Department of Real Estate Assessments' documents (\$140,000), a reduction in annual expense for maintenance and replacement of County vehicles (\$5,759), and reduction below, partially offset by the addition of one-time funding for Indirect Cost Allocation consultant services (\$20,000) and contractual increases (\$36,677).
- ↑ Transfers from other funds increases due to administrative fees from the Business Improvement Districts for County-wide administrative support (\$8,284).

FY 2024 Proposed Budget Reductions

Management & Budget

- ↓ Eliminate external hosting of Arlington Wallet (\$103,400)
IMPACT: Transitioning from an externally managed solution to an internally developed solution will result in the savings noted above as well as better leveraging of existing Microsoft licensing and staff resources.
No impacts to the public are anticipated. The existing functionality can be replicated, or nearly replicated, to the functionality of the existing externally hosted solution in exchange for these cost savings. DMF will need to ensure that additional staff are trained on Microsoft PowerBI so that adequate resiliency exists.

Purchasing

- ↓ Eliminate a 1.0 vacant Prevailing Wage Analyst Position (\$98,967, 1.00 FTE)
IMPACT: This position was added in FY 2022 to support the implementation of Prevailing Wage and the administration of Living Wage. Since then, robust software was purchased to help

manage these tasks, and with existing staff, this position is not needed to manage the programs. However, once the Prevailing Wage Program is operating at full contract capacity, it is possible that this staffing reduction could limit the amount of field compliance work the County is able to conduct. Compliance work will still occur but would potentially be limited to fewer site visits.

- ↓ Reduce "Transportation Capital Fund" Procurement Officer position compensation (\$132,443)
IMPACT: Elimination of this vacant position will not significantly impact the current demands of the Transportation Program as this workload is being spread across the entire Division. However, the reduction of a position will reduce capacity in the Division to support the procurement needs of the entire organization.

Real Estate Assessments

- ↓ Reduce a Staff Support Technician Position (\$37,998, 0.50 FTE)
IMPACT: This position is currently utilized in the Department of Real Estate Assessments as a half time position with the current incumbent. A portion of the budgetary funding will be eliminated to reflect the current staffing needs of the Department. There will be no impact to the delivery of services in the Department.

DEPARTMENT FINANCIAL SUMMARY

	FY 2022 Actual	FY 2023 Adopted	FY 2024 Proposed	% Change '23 to '24
Personnel	\$7,944,901	\$8,916,998	\$9,506,272	7%
Non-Personnel	915,743	1,144,088	951,606	-17%
Intra-County Charges	-	-	(132,443)	100%
Total Expenditures	8,860,644	10,061,086	10,325,435	3%
Fees	207,973	350,084	349,837	-
Transfers From Other Funds	330,773	417,008	425,292	2%
Total Revenues	538,746	767,092	775,129	1%
Net Tax Support	\$8,321,898	\$9,293,994	\$9,550,306	3%
Permanent FTEs	60.50	64.50	63.00	
Temporary FTEs	-	-	-	
Total Authorized FTEs	60.50	64.50	63.00	

Expenses by Lines of Business

	FY 2022 Actual Expense	FY 2023 Adopted Expense	FY 2024 Proposed Expense	% Change '23 to '24	FY 2024 Proposed Revenue	FY 2024 Net Tax Support
Management and Budget	\$2,857,822	\$2,871,687	\$2,994,529	4%	\$768,129	\$2,226,400
Accounting, Reporting & Control	1,485,311	1,943,211	1,746,569	-10%	7,000	1,739,569
Internal Audit	343,778	438,926	499,965	14%	-	499,965
Purchasing	1,247,463	1,362,242	1,647,472	21%	-	1,647,472
Real Estate Assessments	2,926,271	3,445,020	3,436,900	-	-	3,436,900
Total	\$8,860,644	\$10,061,086	\$10,325,435	3%	\$775,129	\$9,550,306

Authorized FTEs by Line of Business

	FY 2023 FTEs Adopted	FY 2024 Permanent FTEs Proposed	FY 2024 Temporary FTEs Proposed	FY 2024 Total FTEs Proposed
Management and Budget	16.00	16.00	-	16.00
Accounting, Reporting & Control	13.00	10.00	-	10.00
Internal Audit	1.50	1.50	-	1.50
Purchasing	10.00	12.00	-	12.00
Real Estate Assessments	24.00	23.50	-	23.50
Total FTEs	64.50	63.00	-	63.00

MANAGEMENT AND BUDGET

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, managing the County's Short-term Financing program, and developing the County's Capital Improvement Program.
- Serve as liaison to the Industrial Development Authority (IDA).

Budget

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

PERFORMANCE MEASURES

Critical Measures	FY 2019 Actual	FY 2020 Actual	FY 2021 Actual	FY 2022 Actual	FY 2023 Estimate	FY 2024 Estimate
Maintain Triple-triple A bond rating	Yes	Yes	Yes	Yes	Yes	Yes
Percent variance between actual tax revenue and third quarter projection	0.68%	N/A	1.04%	1.66%	1.00%	1.00%

Supporting Measures	FY 2019 Actual	FY 2020 Actual	FY 2021 Actual	FY 2022 Actual	FY 2023 Estimate	FY 2024 Estimate
Government Finance Officers Association (GFOA) Distinguished Budget Award received (yes/no)	Yes	Yes	Yes	Yes	Yes	Yes

- Variance between actual tax revenue and third quarter projections were not formally made in FY 2020 due to onset of the pandemic and its impact to spring FY 2020 revenue collection and estimates.

ACCOUNTING, REPORTING & CONTROL

PROGRAM MISSION

To ensure the County's fiscal integrity by providing effective financial controls and financial services.

- Provide financial controls to ensure that County funds are used appropriately.
- Oversee the County's accounts payable process.
- Prepare the Annual Comprehensive Financial Report (ACFR).
- Provide financial information to County stakeholders.
- Liaise with external Auditors on independent financial and compliance auditing services.

PERFORMANCE MEASURES

Critical Measures	FY 2019 Actual	FY 2020 Actual	FY 2021 Actual	FY 2022 Actual	FY 2023 Estimate	FY 2024 Estimate
Annual Consolidated Financial Plan (ACFR) received the Government Finance Officers Association (GFOA) "Certificate of Achievement for Excellence"	Yes	Yes	Yes	Yes	Yes	Yes
ACFR received "unqualified" opinion from external auditors	Yes	Yes	Yes	Yes	Yes	Yes

Supporting Measures	FY 2019 Actual	FY 2020 Actual	FY 2021 Actual	FY 2022 Actual	FY 2023 Estimate	FY 2024 Estimate
Auditor of Public Accounts Transmittal and ACFR prepared by state deadline	Yes	Yes	Yes	Yes	Yes	Yes

PROGRAM MISSION

To strengthen County operations and minimize risk and fraud through systematic evaluation of operations and internal controls.

- Assist senior management and departments to effectively and efficiently implement County programs in compliance with financial, accounting, and other County policies by conducting objective internal audits and reviews.
- Test internal controls to provide reasonable assurance that resources are safeguarded against waste and abuse.
- Develop an annual work plan based on a County-wide risk assessment.
- In conjunction with the County Manager's Office and other departments, manage the Financial Fraud, Waste, and Abuse hotline for employees and the public.

PERFORMANCE MEASURES

Critical Measures	FY 2019 Actual	FY 2020 Actual	FY 2021 Actual	FY 2022 Actual	FY 2023 Estimate	FY 2024 Estimate
Number of audits completed	7	3	3	3	5	6

- A reduction in the number of audits completed in FY 2020 and FY 2021 was due to a staffing vacancy and reduced budget for consulting services. In FY 2021, five audits were planned; however, one audit was delayed and one was postponed to FY 2022 due to staffing.
- Due to an increase in audit effort related to the Financial Fraud Waste and Abuse Hotline program and the audit follow-up program, two of the eight audits planned for FY 2022 were postponed to FY 2023. Of the six remaining, three have been issued and three are in their final stages.
- The FY 2023 estimate is based on the expected completion of four audits and a comprehensive County-wide risk assessment as reflected in the "FY 2023 Internal Audit Work Plan."

PROGRAM MISSION

To provide and administer procurement solutions that support the community through County operations.

- Procure goods and services at reasonable costs through fair and impartial purchasing actions while allowing all qualified sellers access to County business.
- Assist in solicitation strategies and contract development.
- Participate in regional cooperative purchasing efforts to achieve cost reductions through volume buying.
- Dispose of surplus property and equipment.

PERFORMANCE MEASURES

Critical Measures	FY 2019 Actual	FY 2020 Actual	FY 2021 Actual	FY 2022 Actual	FY 2023 Estimate	FY 2024 Estimate
Number of protests of purchasing actions upheld by a final authority (court)	0	0	0	0	0	0

Supporting Measures	FY 2019 Actual	FY 2020 Actual	FY 2021 Actual	FY 2022 Actual	FY 2023 Estimate	FY 2024 Estimate
Emergency procurements processed	7	87	23	15	15	15
Formal bids and contracts processed	93	103	69	123	150	150
Informal bids and contracts processed	339	201	188	97	100	100
Sole source procurements processed	68	48	44	17	15	15
Prevailing Wage contracts executed	0	0	0	4	15	15

- The number of emergency procurements processed were high in FY 2020 due to the COVID-19 pandemic. Emergency procurements returned to more normal levels in FY 2022 and are anticipated to remain at these levels in FY 2023 and FY 2024.
- Formal solicitations were lower in FY 2021 primarily due to a temporary slowdown of the capital improvement program due to revenue constraints during the pandemic. The FY 2022 actuals as well as FY 2023 and FY 2024 estimates reflect the return to a fully-funded Capital Improvement Plan.
- The County's volume of informal solicitations decreased in FY 2022, in part due to departments requesting formal contracts. Purchasing anticipates informal purchases in FY 2023 and FY 2024 to remain at that level.
- A contract may be awarded without competitive bidding or competitive negotiations when the Purchasing Agent determines that only one source is practicably available. In the interest of maximizing competitive procurements, the Purchasing Division has been actively working with

PURCHASING

Departments to reduce the overall number of sole source contracts awarded in recent years. These efforts are reflected in the FY 2022 Actuals. This number is anticipated to decline slightly in FY 2023 and FY 2024 as the Purchasing Division continues to make more progress in this area.

- The County implemented a new Prevailing Wage policy for construction contracts of at least \$250,000 beginning January 1, 2022. The number of covered contracts in the first fiscal year (FY 2022) was artificially low due to the policy only being applicable to a portion of the year. FY 2023 estimated total contracts more closely approximates what a typical, full year will look like, although the natural variation in the County's capital project plans from year-to-year will result in some modulation over time.

DEPARTMENT OF REAL ESTATE ASSESSMENTS

PROGRAM MISSION

To provide for the fair assessment of Arlington property.

- Appraise all real property in Arlington County (except for state assessed public service corporation property, railroad, and pipeline property).
- Notify property owners 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.

PERFORMANCE MEASURES

Critical Measures	CY 2019 Actual	CY 2020 Actual	CY 2021 Actual	CY 2022 Actual	CY 2023 Estimate	CY 2024 Estimate
Assessment/sale ratio	90%	94%	95%	97%	95%	95%
Coefficient of dispersion	0.07	0.08	0.08	0.05	0.07	0.07
Price related differential (PRD)	1	1	1	1	1	1

- 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, a data point collected and published by the Commonwealth of Virginia. According to the International Association of Assessing Officers (IAAO) standards an ideal ratio falls between 90 percent – 110 percent and the State requirement is between 70 percent – 130 percent.
- The coefficient of dispersion is a ratio used to measure how sale 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 ideal industry standard is below 0.15 as set forth by the International Association of Assessing Officers (IAAO).
- 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 PRD should be between .98 and 1.03 in accordance with IAAO standards with the most desirable PRD being 1.

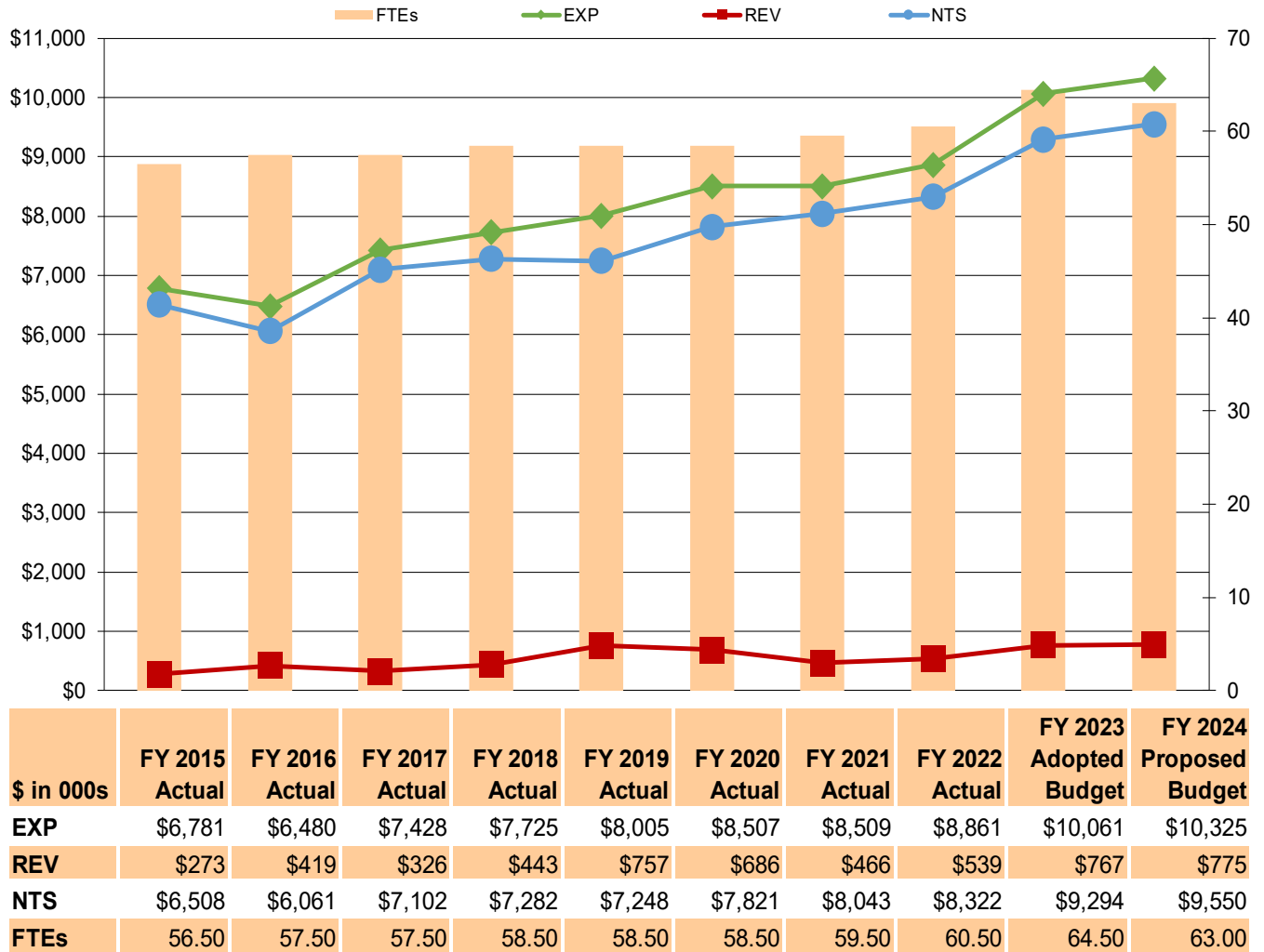
Supporting Measures	CY 2019 Actual	CY 2020 Actual	CY 2021 Actual	CY 2022 Actual	CY 2023 Estimate	CY 2024 Estimate
Deeds and wills reviewed by Real Estate staff	5,351	5,831	6,237	4,702	5,000	5,000
Number of Board of Equalization (BOE) appeals	287	275	332	330	330	330
Number of parcels appraised	66,425	66,395	66,424	66,975	67,000	67,000
Number of parcels inspected	2,849	577	2,075	2,873	3,000	3,000
Number of parcels reviewed	462	506	533	481	550	550

DEPARTMENT OF REAL ESTATE ASSESSMENTS

Supporting Measures	CY 2019 Actual	CY 2020 Actual	CY 2021 Actual	CY 2022 Actual	CY 2023 Estimate	CY 2024 Estimate
Real property tax base (in billions)	\$77.59	\$81.14	\$83.05	\$85.98	\$89.07	\$90.00

- The number of deeds and wills reviewed by Real Estate staff is based on activity in the market.
- The decrease in number of parcels inspected in CY 2020 occurred with the onset of the COVID-19 pandemic and implementation of safety restrictions for staff and property owners. Inspections increased in CY 2021 and CY 2022 and are expected to remain at this level in CY 2023 and CY 2024.

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



Fiscal Year	Description	FTEs
FY 2015	- Removed FY 2014 one-time funding for the Capital Project Coordinator (\$131,645). - Removed FY 2014 one-time funding for internal audit (\$250,000) and adjustments to the annual expense for maintenance and replacement of County vehicles (\$337). - Added a Procurement Officer position in the Purchasing Division (\$120,000). <i>The County Board added one-time funding for internal audit as part of FY 2014 closeout (\$200,000).</i> <i>During FY 2015, reallocated a 0.5 FTE position from the Real Estate Assessment line of business to serve as a budget and financial analyst in the Management and Budget line of business.</i>	1.00
FY 2016	- Converted temporary Internal Audit Position to permanent (\$50,912). - Converted previously authorized overstrength employee to permanent Financial Analyst to continue capital project monitoring in support of the County's growing CIP (\$55,212). - Converted previously authorized limited term full-time employee to permanent Financial Analyst to continue capital project financial monitoring. The salary for this position remains fully charged to Pay-As-You-Go Fund and does not change the authorized FTE count. - Reallocated funds and personnel within the department to create the Internal Audit line of business and added \$200,000 in ongoing non-personnel funding to support the internal audit operations. <i>Reclassified 2.0 limited term full-time employees to 2.0 permanent full-time County funded positions in the Department of Real Estate Assessments Line of Business.</i>	0.50 0.50
FY 2017	No significant changes.	
FY 2018	- Added a purchasing position to support the increasing demands of capital projects (no general fund support – salary charged to capital projects). - Fee revenue increases for the addition of administrative fees and annual property tax payment related to the Arlington/Alexandria Waste-to-Energy Plant (\$94,000).	1.00
FY 2019	- The County Board adopted a one-time tax rate increase for the Ballston Business Improvement District which increased the Transfers from Other Funds revenue derived from administrative fees (\$5,176). - Transfers from other funds increased due to the County increasing administrative fees to the Business Improvement Districts (\$75,218) from one percent to two percent for County-wide administrative support. - Eliminated a vacant limited-term Staff Support Technician (\$90,076).	(1.00)

DEPARTMENT OF MANAGEMENT AND FINANCE
TEN-YEAR HISTORY

Fiscal Year	Description	FTEs
	- The adopted budget reflects the transfer in of resources from DTS to support the PRISM Enterprise System through the addition of an IT analyst position in DMF (\$144,488). <i>Reclassified 1.0 limited term full-time employee to 1.0 permanent full-time County funded positions in the Management and Budget Line of Business.</i>	1.00
FY 2020	- Reduced wireless service charges as part of a County-wide review of wireless service providers (\$1,729). - Reduced consultant funding used to help implement county-wide auditing (\$50,000). - Increased projection for the real estate taxes paid by the operator of the Alexandria Waste to Energy plant (\$10,000).	
FY 2021	- Added a Procurement Officer position in the Purchasing Division (\$124,615). - Added non-personnel funding due to increases for the contractual maintenance and licensure of the budgeting software (\$61,010) and the real estate mobile assessor software (\$9,650). - Increased fee revenue due to higher projections in the County's Purchase Card rebates based on the reconciliation of prior year actual revenue (\$20,000). - Transfers from other funds increased due to administrative fees to the Business Improvement Districts for the County-wide administrative support (\$43,268).	1.00
FY 2022	- The County Board added funding for a one percent merit pay adjustment, a five percent increase in the range, and an increase to the one-time bonus for staff from \$500 to approximately \$900. - The County Board added a 1.0 FTE Prevailing Wage Administration position. - The County Board added American Rescue Plan funding for an Internal Audit FTE (\$89,957) and Internal Audit contractor support (\$68,500 non-personnel), which had been proposed as reductions. - Added funding for an annual e-Procurement software license (\$12,786). - Decreased Signature Theatre revenue based on the impact of current COVID-19 conditions into FY 2022 (\$74,000). - Decreased administrative fees to the Business Improvement Districts for the County-wide administrative support (\$2,233). <i>In FY 2021 closeout, funding was added for a one percent merit pay adjustment (\$34,426) and a one-time bonus for staff of \$450 (\$30,758).</i> <i>In FY 2021 close-out, the County Board approved the creation of three permanent full-time positions, two Prevailing Wage Analysts (2.0 FTEs) and an Administrative Specialist (1.0 FTE) to support Prevailing Wage and Living Wage Administration activities and processes.</i>	1.00 3.00

Fiscal Year	Description	FTEs
FY 2023	▪ The County Board added funding for an additional one percent merit pay adjustment for a total increase of 5.25 percent, increased the pay-for-performance budget by an additional 0.5 percent, increased the pay range movement to five percent, and an optional one-time cash-out of 40 hours of compensation time for those with balances of 80 or more (\$7,687). ▪ The County Board reduced the DMF budget for a Prevailing Wage FTE (\$94,500) and reallocated some of the funding to non-personnel for Prevailing Wage software maintenance and support (\$41,200). (1.00) ▪ Added a Commercial Real Estate Appraiser position (\$125,194). 1.00 ▪ Added an Accounts Payable position (\$98,681). 1.00 ▪ Increased salaries resulting from Administrative and Real Estate Appraisers positions job family studies (\$76,524). ▪ Added one-time funding for the indexing of the Department of Real Estate Assessments' documents (\$140,000) and contractual increases (\$20,219). ▪ Increased fee revenues for the Signature Theatre revenue (\$74,000), restored to pre-pandemic level. ▪ As a part of the FY 2022 adopted budget, the County Board approved use of American Rescue Plan Act (ARPA) funding to restore programs and positions that had been proposed as cuts. The FY 2023 adopted budget continues ARPA funding for restoration of these reductions including a Senior Financial Analyst in Internal Audit (\$74,913, 0.5 FTE) and Internal Audit contractor support (\$68,500). ▪ As a part of FY 2021 close-out, the County Board approved additional allocations of the remaining ARPA funding for programs based on the Guiding Principles presented by the County Manager in September; the Board directed the County Manager to include funding for these programs in the FY 2023 adopted budget including funding for the Disparity Study (\$500,000 one-time in Non-Departmental).	