

Office of Finance - Fiscal Year 2021 Budget Review Summary

Proposed FY 2021 Operating Budget

Expenditures by Fund Type

| Fund | FY 2020 Approved | FY 2020 Estimated | FY 2021 Proposed | 4/20/2020 CEX Adjustment | FY 2021 Revised Proposed | \$ Change | % Change |
|--------------|---------------------|----------------------|---------------------|--------------------------------|--------------------------------|-------------------|-------------|
| General Fund | \$ 4,330,700 | \$ 4,131,600 | \$ 4,915,100 | \$ (337,200) | \$ 4,577,900 | \$ 247,200 | 5.7% |
| Total | \$ 4,330,700 | \$ 4,131,600 | \$ 4,915,100 | \$ (337,200) | \$ 4,577,900 | \$ 247,200 | 5.7% |

Authorized Staffing - All Classifications

| Fund | FY 2020 Approved | FY 2021 Proposed | 4/20/2020 CEX Adjustment | FY 2021 Revised Proposed | Change | % Change |
|--------------|---------------------|---------------------|-----------------------------|--------------------------------|----------|-------------|
| General Fund | 66 | 66 | 0 | 66 | 0 | 0.0% |
| Total | 66 | 66 | 0 | 66 | 0 | 0.0% |

FY 2021 Proposed Budget – Key Highlights

- Staffing level for FY 2021 remains unchanged at 66 full-time positions
- Vacancies (As of 2/28/20): 7 Vacant general fund positions; 4 are funded in the FY 2021 proposed budget; 3 will remain unfunded in FY 2021
- The Office reports the total cost to replace the Tax Billing and Collection System is \$2.3 million. The system is expected to go live in July 2021. Funding for this initiative is included in the CIP for the Office of Information Technology.
- The Office reported that the County’s FY 2021 Proposed Budget includes approximately \$33.3 million of funding for Other Post - Employment Benefits (OPEB). This amount includes \$28 million for the General Fund and approximately \$5.3 million for the various internal service and enterprise funds. Due to the potential volatility of claims expense, the Office cannot determine if the FY 2020 and FY 2021 contributions are sufficient to meet PAYGO claims.
- The Office reports a projected Risk Management Fund balance deficit of \$146 million for FY 2020. The estimated accident/injury claims payments for FY 2020 is \$35 million. The Office, along with the Office of Management and Budget (OMB), is working to address the deficit. The Office reports with the onset of COVID-19 the Risk Management Fund balance deficit will be compounded and will subsequently affect County revenues and operations.

County Executive’s Recommended Adjustments

- Reduce Compensation: Remove funding for proposed Merits/COLAs and funding for vacant positions that were originally included in the FY21 Proposed Budget; Increase attrition (net change \$253,200)
- Reduce Fringe Benefits: As a result of the above adjustment to compensation (\$84,000)

| Category | FY 2020 Approved | FY 2020 Estimated | FY 2021 Proposed | 4/20/2020 CEX Adjustment | FY 2021 Revised Proposed | Change Amount | % Change |
|--------------------|---------------------|----------------------|---------------------|--------------------------------|--------------------------------|-------------------|-------------|
| Compensation | \$ 5,336,400 | \$ 5,194,000 | \$ 5,376,200 | \$ (253,200) | \$ 5,123,000 | \$ (213,400) | -4.0% |
| Fringe Benefits | 1,750,400 | 1,703,700 | 1,784,900 | (84,000) | 1,700,900 | (49,500) | -2.8% |
| Operating Expenses | 720,500 | 710,500 | 1,287,300 | - | 1,287,300 | 566,800 | 78.7% |
| Recoveries | (3,476,600) | (3,476,600) | (3,533,300) | - | (3,533,300) | (56,700) | 1.6% |
| Total | \$ 4,330,700 | \$ 4,131,600 | \$ 4,915,100 | \$ (337,200) | \$ 4,577,900 | \$ 247,200 | 5.7% |



THE PRINCE GEORGE'S COUNTY GOVERNMENT

Office of Audits and Investigations

April 29, 2020

MEMORANDUM

TO: Todd M. Turner, Chair
Committee of the Whole (COW)

THRU: David H. Van Dyke, County Auditor 
Turkessa M. Green, Deputy County Auditor 

FROM: Deneen D. Mackall, Staff Auditor 

RE: Office of Finance
Fiscal Year 2021 Budget Review

Operating Budget Overview

The FY 2021 Proposed Budget for the Office of Finance is \$4,915,100. This represents an increase of \$584,400, or 13.5%, over the FY 2020 Approved Budget. The increase is largely due to an increase in technology allocation costs. The increases are offset by the removal of a Commercial Assessment Appeals contract.

The Office's expenditures are funded entirely by the General Fund, other than the Recoveries.

Budget Comparison - General Fund

Approved Fiscal Year 2020 to Proposed Fiscal Year 2021

| Category | FY 2019 Actual | FY 2020 Budget | FY 2020 Estimated | % Change - Est vs App | FY 20201 Proposed | \$ Change | % Change |
|--------------------|---------------------|---------------------|----------------------|--------------------------|----------------------|-------------------|--------------|
| Compensation | \$ 4,763,621 | \$ 5,336,400 | \$ 5,194,000 | -2.7% | \$ 5,376,200 | \$ 39,800 | 0.7% |
| Fringe Benefits | 1,530,289 | 1,750,400 | 1,703,700 | -2.7% | 1,784,900 | 34,500 | 2.0% |
| Operating Expenses | 635,926 | 720,500 | 710,500 | -1.4% | 1,287,300 | 566,800 | 78.7% |
| Sub-Total | \$ 6,929,836 | \$ 7,807,300 | \$ 7,608,200 | -2.6% | \$ 8,448,400 | \$ 641,100 | 8.2% |
| Recoveries | (3,306,557) | (3,476,600) | (3,476,600) | 0.0% | (3,533,300) | (56,700) | 1.6% |
| Total | \$ 3,623,279 | \$ 4,330,700 | \$ 4,131,600 | -4.6% | \$ 4,915,100 | \$ 584,400 | 13.5% |

Authorized Staffing Count - General Fund

| | FY 2020 Approved | FY 2021 Proposed | Change Amount | Percentage Change |
|--------------|-------------------------|-------------------------|----------------------|--------------------------|
| Full-Time | 66 | 66 | 0 | 0.0% |
| Total | 66 | 66 | 0 | 0.0% |

Staffing Changes and Compensation

- The FY 2021 proposed budget for compensation is \$5,376,200, an increase of \$39,800, or 0.7%, over the FY 2020 budget due to anticipated cost-of-living adjustments and merit increases, partially offset by an increase in attrition.
- The authorized staffing level for the FY 2021 Proposed Budget remains unchanged at 66 full-time positions. As of February 28, 2020, the Office reported seven (7) vacant positions. Four (4) of these positions are funded, and the remaining three (3) are not funded in FY 2021.
- The Office reported that its current rate of attrition is 5.2%. The Office cites the key factors contributing to the current attrition level is retirement, resignation and termination. Accountant III and Account Clerk III positions are most affected by attrition.

Fringe Benefits

- FY 2021 Fringe Benefits are proposed at \$1,784,900, an increase of \$34,500, or 2.0%, over the FY 2020 approved level to reflect anticipated costs.
- A five-year trend analysis of fringe benefit expenditures is included below.

| Fringe Benefits Historical Trend | | | | | |
|---|-----------------------|-----------------------|-----------------------|-------------------------|-------------------------|
| | FY 2017 Actual | FY 2018 Actual | FY 2019 Actual | FY 2020 Approved | FY 2021 Proposed |
| Fringe Benefit Expenditures | \$ 1,406,848 | \$ 1,546,476 | \$ 1,530,289 | \$ 1,750,400 | \$1,784,900 |
| As a % of Compensation | 31.4% | 32.6% | 32.1% | 32.8% | 33.2% |

Operating Expenses

- The FY 2021 operating expenses are proposed at \$1,287,300 and are comprised the following major items:

| | |
|--|-----------|
| • Office Automation | \$775,700 |
| • General and Administrative Contracts | 66,900 |
| • Printing | 48,000 |
| • Office and Operating Equipment Non-Capital | 33,100 |
| • Training | 19,400 |

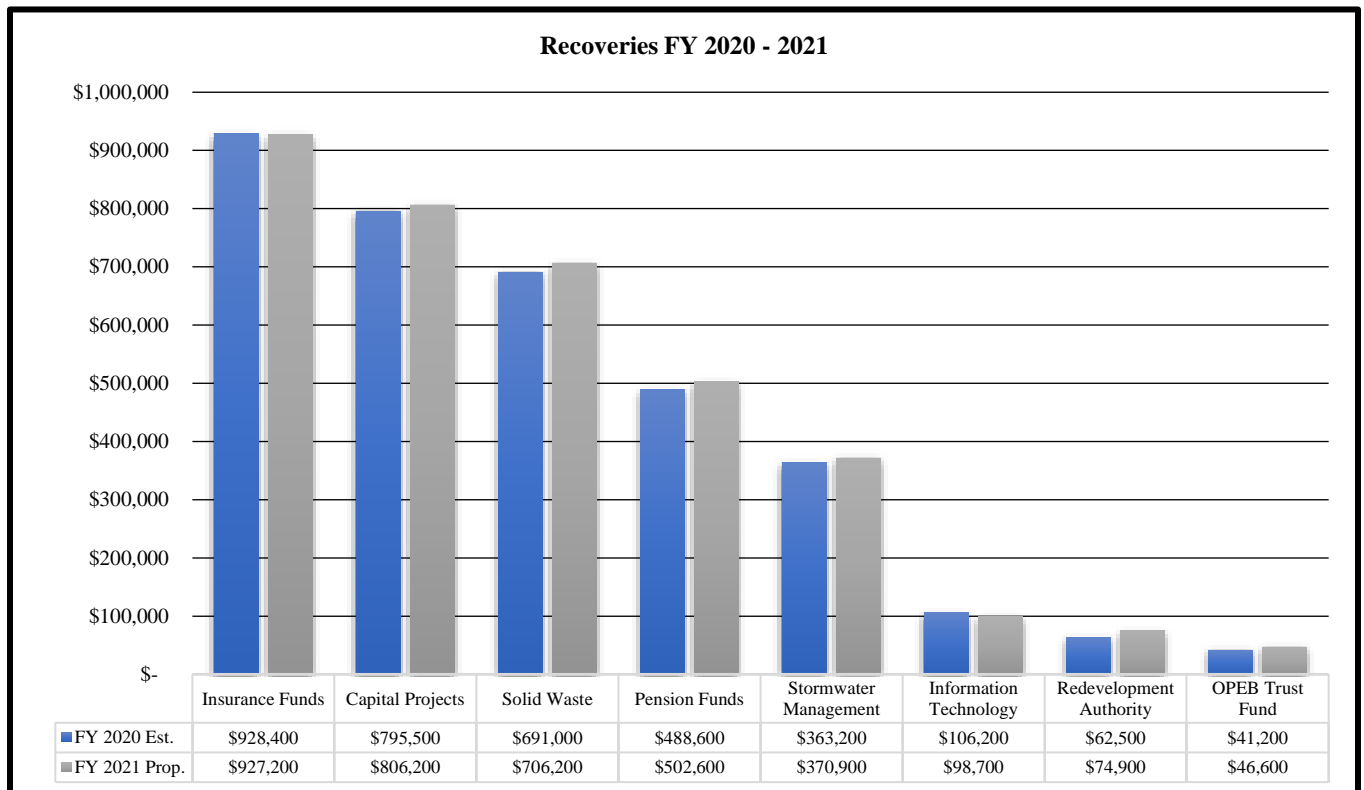
- Overall, operating expenses are increasing by \$566,800, or 78.7%, over the FY 2020 approved level. The accompanying table compares the FY 2021 Proposed Budget operating expenditures with the FY 2020 Approved Budget operating expenditures. In five (5) of the categories, the FY 2021 Proposed Budget increases planned spending from the FY 2020 budget. In seven (7) of the categories, the FY 2021 Proposed Budget level remains unchanged compared to the FY 2020 budget. FY 2021 expenditures decrease in one (1) category.

| Operating Objects | FY 2019 Actual | FY 2020 Budget | FY 2021 Proposed | FY 2020 - FY 2021 | |
|--|-------------------|-------------------|---------------------|-------------------|--------------|
| | | | | \$ Change | % Change |
| Office Automation | \$ 203,600 | \$ 236,000 | \$ 775,700 | \$ 539,700 | 228.7% |
| Office and Operating Equipment Non-Capital | 3,341 | 3,100 | 33,100 | 30,000 | 967.7% |
| General & Administrative Contracts | 55,440 | 51,800 | 66,900 | 15,100 | 29.2% |
| Printing | 36,169 | 38,000 | 48,000 | 10,000 | 26.3% |
| Training | 9,999 | 9,400 | 19,400 | 10,000 | 106.4% |
| Grants/Contributions | 9,990 | - | - | - | 0.0% |
| Miscellaneous | 16 | - | - | - | 0.0% |
| General Office Supplies | 30,156 | 30,000 | 30,000 | - | 0.0% |
| Telephone | 10,115 | 25,500 | 25,500 | - | 0.0% |
| Other Operating Equipment | 2,291 | 3,800 | 3,800 | - | 0.0% |
| Periodicals | 3,250 | 2,400 | 2,400 | - | 0.0% |
| Membership Fees | 1,757 | 2,200 | 2,200 | - | 0.0% |
| Disposal Fees | 407 | 800 | 800 | - | 0.0% |
| Mileage Reimbursement | 1,239 | 500 | 500 | - | 0.0% |
| Operating Contracts | 268,156 | 317,000 | 279,000 | (38,000) | -12.0% |
| TOTAL | \$ 635,926 | \$ 720,500 | \$ 1,287,300 | \$ 566,800 | 78.7% |

- The most significant increases between the FY 2021 Proposed Budget and the FY 2020 Approved Budget are in Office Automation (\$539,700 increase) to support anticipated Countywide costs for technology, and Office and Operating Equipment Non - Capital (\$30,000) due to an increase in funding for the replacement of office equipment.
- The decrease between the FY 2021 Proposed Budget and the FY 2020 Approved Budget is in Operating Contracts (\$38,000) for the removal of a Commercial Assessment Appeals contract.

Recoveries

- Proposed recoveries for FY 2021 total \$3,533,300, an increase of \$56,700, or 1.6%, over the FY 2020 budgeted level, due to salary adjustments. The Office receives recoveries from other funds for employee salaries related to Accounting functions provided for the following categories depicted in the graph below:



- The Office anticipates an increase in recovered funds in six (6) categories during FY 2021 compared to the FY 2020 estimated recoveries. In two (2) of the categories, the FY 2021 recoveries are expected to decrease compared to the FY 2020 estimates.

Highlights

- One of the Office’s top priorities for FY 2021 is transitioning from the County legacy system to a new Treasury Management system for revenue collections. The Office reported that it has fully executed a contract with the vendor Tyler Technologies for the new Tax Billing and Collection System. In addition, the Office had internal discussions with the Office of Information Technology (OIT) for expectations on the implementation and maintenance of the product.
- The Office reported that the total cost to replace the Tax Billing and Collection System is \$2.3 million. To date, \$730,700 has been spent on this initiative. Proposed funding in the amount of \$1,180,000 is

included in the OIT Capital Improvement Program for FY 2021 for the new system. The system is expected to go live in July 2021.

- The County collected \$9,210,677 (this includes accrued interest and penalties) in unpaid property taxes during the FY 2019 tax sale. The annual sale of tax lien certificates is a tax collection technique used to recover payment of delinquent taxes by auctioning liens against a property.
- In FY 2021, the County plans to issue approximately \$332 million of General Obligation Bonds for various CIP projects.
- The Office reported that the County’s FY 2021 Proposed Budget includes approximately \$33.3 million of funding for Other Post - Employment Benefits (OPEB). This amount includes \$28 million for the General Fund and approximately \$5.3 million for the various internal service and enterprise funds. Due to the potential volatility of claims expense, the Office cannot determine if the FY 2020 and FY 2021 contributions are sufficient to meet PAYGO claims.
- The Office reports a projected Risk Management Fund balance deficit of \$146 million for FY 2020. The estimated accident/injury claims payments for FY 2020 is \$35 million. The Office, along with the Office of Management and Budget (OMB), is working to address the deficit. With the onset of COVID -19 the Office reports that the deficit will be compounded and will subsequently affect County revenues and operations.
- The FY 2021 Proposed Budget includes approximately \$26.4 million of funding to support anticipated workers compensation claims. The Office reports that there is no additional funding allocated to address the deficit.
- The following is a summary of the accident/injury claims for FY 2018 and FY 2019.

| Accounts | FY 2018 | | | | FY 2019 | | | |
|-------------------|------------------|---------------|---------------------|---------------|------------------|---------------|---------------------|---------------|
| | Number of Claims | % of Claims | Payments* | % of Payments | Number of Claims | % of Claims | Payments* | % of Payments |
| Workers' Comp. | 1,127 | 43.6% | \$ 24,464,586 | 78.0% | 1,129 | 45.4% | \$ 25,115,856 | 83.8% |
| Auto Liability | 807 | 31.2% | 2,811,149 | 9.0% | 664 | 26.7% | 2,548,873 | 8.5% |
| General Liability | 636 | 24.6% | 3,830,111 | 12.2% | 682 | 27.4% | 2,223,052 | 7.4% |
| Property Damage | 16 | 0.6% | 256,725 | 0.8% | 12 | 0.5% | 93,448 | 0.3% |
| Total | 2,586 | 100.0% | \$31,362,571 | 100.0% | 2,487 | 100.0% | \$29,981,229 | 100.0% |

* Payments include all claims paid in the fiscal year not just for those received.

- Workers’ compensation represents the highest number of claims and payments. In FY 2019, the number of claims increased slightly by two (2) and the amount of workers’ compensation payments made increased by \$651,270, compared to FY 2018. See **Attachment 1** for a break-down of the workers’ compensation claims by agency for FY 2018 and FY 2019.

Attachment 1

| Agency | FY 2018 | | FY 2019 | |
|-----------------------------------|------------------|----------------------|------------------|----------------------|
| | Number of Claims | Amount Paid | Number of Claims | Amount Paid |
| County Executive | 1 | \$ 7,665 | 2 | \$ 12,663 |
| County Council | 2 | 0 | 1 | 116 |
| Circuit Court | 6 | 21,113 | 2 | 18,888 |
| State's Attorney | 6 | 86,054 | 9 | 61,111 |
| Office of Finance | 0 | 8,597 | 0 | 5,824 |
| OMB | 1 | 0 | 0 | 0 |
| Office of Community Relations | 0 | 1,285 | 0 | 12,424 |
| Office of Law | 0 | 25,507 | 1 | 51,936 |
| OHRM | 0 | 0 | 4 | 1,250 |
| OIT | 0 | 69,972 | 2 | 46,452 |
| Board of Elections | 3 | 22,163 | 7 | 10,108 |
| Central Services | 14 | 388,399 | 15 | 209,728 |
| Family Services | 0 | 24,472 | 6 | 12,288 |
| Police | 437 | 11,021,011 | 435 | 11,657,564 |
| Fire/EMS | 312 | 6,128,024 | 316 | 6,426,675 |
| DoE | 24 | 411,159 | 16 | 306,130 |
| Sheriff | 65 | 1,924,459 | 62 | 1,715,639 |
| Corrections | 160 | 2,759,626 | 154 | 3,417,640 |
| Homeland Security | 9 | 187,877 | 13 | 266,254 |
| DPW&T | 48 | 868,068 | 40 | 486,335 |
| DPIE | 15 | 161,275 | 20 | 216,406 |
| Health Department | 17 | 83,491 | 18 | 167,720 |
| Housing and Community Development | 4 | 245,197 | 1 | 12,293 |
| Social Services | 3 | 19,172 | 4 | 412 |
| Non-Departmental | 0 | 0 | 1 | 0 |
| TOTAL | 1,127 | \$ 24,464,586 | 1,129 | \$ 25,115,856 |