



Finance and Budget

In FY 2020, the Department of Finance and Procurement and the Department of Management and Budget were combined to form the Department of Finance and Budget (DFB) for the following benefits:

- Improved internal operating efficiencies regarding financial issues
- Increased synergies associated with combining the staff of the departments together
- Better utilization of the departments' resources

DFB supports County agencies and Constitutional Officers in the provision of services to the residents and businesses of Loudoun County by professionally managing, on behalf of the County Administrator, organization-wide processes and providing sound advice in capital and operating budget management; revenue forecasting; demographic, economic, and fiscal impact analysis; long range fiscal planning; program evaluation and improvement; accounting and financial analysis; procurement; accounts payable and receivable; capital financing; debt management; and support of the County's financial reporting and payroll systems. In addition, the department functions as the County liaison to the Board of Equalization and the Fiscal Impact Committee.

Finance and Budget's Programs

Accounting, Financial Operations, and Financial Systems Support

Provides timely and accurate financial analysis; processing and reporting of financial transactions; processing of employee payroll, accounts payable, and accounts receivable; and support of the Oracle system. Coordinates the annual audit and produces the Comprehensive Annual Financial Report and Citizens Popular Report to provide financial transparency to residents, bond holders, and grantors.

Procurement

Responsible for the acquisition of all goods and services, including professional services and construction, required to meet the service needs of the growing population and County Government operations.

Debt Management and Financing

Responsible for the issuance and management of the County's debt, including ongoing compliance requirements and management of the debt service fund. This Program provides debt analysis and counsel on financing options and issues.

Operating Budget Planning and Policy

Provides primary support to the County Administrator in development, analysis, review, implementation, and monitoring of the County's operating budget and special funds, working closely with and providing assistance to County agencies.

Program Evaluation and Improvement

Provides support in development, analysis, and execution of special projects and fiscal analysis based on best practices and data to improve program execution and outcomes. This program provides support to the organization through the provision of research support, grants coordination, and program evaluation.

Capital Budget Planning and Policy

Provides support to the County Administrator in the development, analysis, review, planning and monitoring of the County's capital budget; Uses research methods and demographic and economic analysis to perform long-range fiscal planning.

**Finance and Budget****Budget Analysis****Department Financial and FTE Summary¹**

	FY 2018 Actuals	FY 2019 Actuals	FY 2020 Adopted	FY 2021 Proposed	FY 2022 Projected
Expenditures					
Personnel	\$6,904,424	\$7,511,883	\$7,801,121	\$8,520,602	\$8,776,220
Operating and Maintenance	602,569	665,736	1,055,843	1,161,475	1,173,090
Total – Expenditures	\$7,506,994	\$8,177,619	\$8,856,964	\$9,682,077	\$9,949,310
Revenues					
Miscellaneous Revenue	\$246,423	\$257,535	\$124,500	\$124,500	124,500
Other Financing Sources	683,516	867,781	143,323	150,718	150,718
Total – Revenues	\$929,939	\$1,125,316	\$267,823	\$275,218	\$279,739
Local Tax Funding	\$6,577,055	\$7,052,303	\$8,589,141	\$9,406,859	\$9,669,571
FTE	68.00	73.00	72.00	75.00	75.00

Department Financial and FTE Summary – Capital Improvement Program¹

	FY 2018 Actual	FY 2019 Actual	FY 2020 Adopted	FY 2021 Proposed	FY 2022 Projected
Expenditures					
Personnel	\$0	\$0	\$1,086,743	\$1,189,074	\$1,224,746
Total – Expenditures	\$0	\$0	\$1,086,743	\$1,189,074	\$1,224,746
Revenue					
Revenue	\$0	\$0	\$1,086,743	\$1,189,074	\$1,224,746
Total – Revenue	\$0	\$0	\$1,086,743	\$1,189,074	\$1,224,746
Local Tax Funding	\$0	\$0	\$0	\$0	\$0
FTE²	0.00	0.00	9.00	10.00	10.00

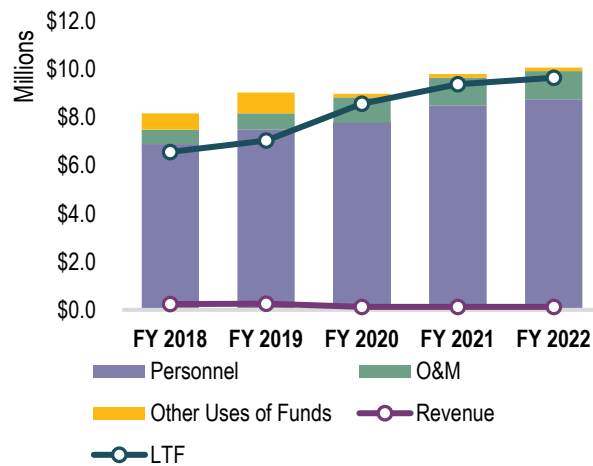
Revenue and Expenditure History

¹ Sums may not equal due to rounding.

² Prior to the FY 2020 budget, three Procurement positions, including the assistant purchasing agent and two contracting officers (3.00 FTE), and three Capital Budget Planning and Policy Division positions (3.00 FTE) were budgeted in the General Fund and funded by the Capital Projects Fund transfer to the General Fund. Starting in FY 2020 budget, the two contracting officers (2.00 FTE) and three Capital Budget Planning and Policy positions are budgeted in the Capital Projects Fund and are not part of the department's General Fund FTE count. The Board of Supervisors approved an additional 4.00 FTE for the Capital Projects Fund for the following Procurement Division positions for the FY 2020 budget: 1) one assistant purchasing agent (1.00 FTE), 2) two contracting officers (2.00 FTE), and 3) one senior buyer (1.00 FTE). The FY 2021 Proposed Budget includes the requested resource request for the Budget Technician (1.00 FTE), funded by the Capital Improvement Program.



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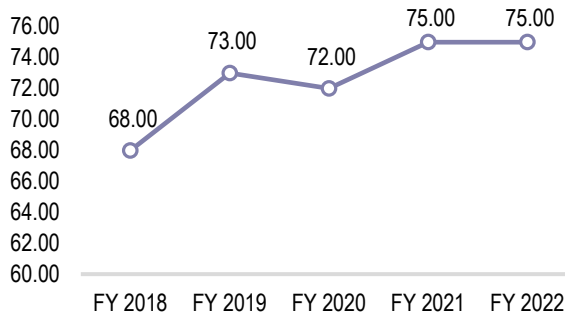
Revenue/Local Tax Funding

As shown, DFB is primarily funded by local tax funding (over 97 percent). Miscellaneous revenue is primarily rebates from purchasing card (PCard) utilization. Other financing sources include a transfer from the Debt Service Fund to offset personnel expenditures of one position.

Expenditure

Over 88 percent of DFB's expenditure budget is dedicated to personnel costs. Increases in personnel costs have been driven by additional staffing as outlined in the Staffing/FTE History section, a 3 percent market-based salary adjustment and a 3.5 percent merit-based increase in FY 2019, a 2 percent market-based salary adjustment, a 3 percent merit-based increase in FY 2020, and adjustments in FY 2021 to reflect a new classification and compensation system approved by the Board of Supervisors (Board) in November 2019.

Staffing/FTE History



FY 2018: 1.00 FTE capital budget analyst, 1.00 FTE grants coordinator, 1.00 FTE contracting officer, and 1.00 FTE accounts receivable administrator

FY 2019: 5.00 FTE added to the unclassified, unfunded FTE position pool for the exclusive use by Loudoun County Fire and Rescue (LCFR) for the recruit academy

FY 2019 Mid-Year: 1.00 FTE demographer transferred from the Department of Planning and Zoning

FY 2020: 2.00 FTE contracting officers, 1.00 FTE capital

budget manager, 1.00 FTE capital budget analyst, and 1.00 FTE capital budget specialist were transferred out of the General Fund to the Capital Projects Fund. 4.00 FTE were added to the Capital Projects Fund for the following: 1) one assistant purchasing agent (1.00 FTE), 2) two contracting officers (2.00 FTE), and 3) one senior buyer (1.00 FTE). 1.00 FTE financial analyst, 1.00 FTE for the unclassified, unfunded FTE pool position for the exclusive use by LCFR to provide FTE authority for a LCFR uniformed captain to fill an externally funded fire service liaison position with the Federal Bureau of Investigation (FBI) Washington Field Office's Joint Terrorism Task Force, and 1.00 FTE revenue analyst were added to the General Fund.

DFB's expenditures have increased primarily due to personnel costs, which make up most of the department's expenditures. Increases in personnel have been driven by higher compensation and the addition of new positions in the last several years. In FY 2021, the transfer from the Debt Service Fund to the General Fund (other financing sources) increased by \$7,395 for the personnel expenditures increase related to the salary increase for the position that is funded by the Debt Service Fund transfer. The FY 2021 Proposed Budget includes a base adjustment of \$50,000 for contractual internal audits.

The FY 2020 Adopted Budget included an additional 4.00 FTE for the Capital Projects Fund: 1) one assistant purchasing agent (1.00 FTE), 2) two contracting officers (2.00 FTE), and 3) one senior buyer (1.00 FTE) in the Procurement Division. These positions focus on support for the Board's priority to efficiently execute capital projects. Due to growth of the County's



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Capital Projects Fund and the increasing complexity of capital projects in the Capital Improvement Program (CIP), these four positions augment the capital support team for the Division. Creating a capital project-focused procurement team allows for more effective execution of contracts for capital projects and renovations and more efficient coordination with departments.

In FY 2020, the Board also added an additional 3.00 FTE for the General Fund: 1.00 FTE financial analyst, 1.00 FTE revenue analyst, and 1.00 FTE for the unclassified, unfunded FTE pool position for the exclusive use by Loudoun County Fire and Rescue (LCFR) to provide FTE authority for a LCFR uniformed captain to fill an externally funded fire service liaison position with the Federal Bureau of Investigation (FBI) Washington Field Office's Joint Terrorism Task Force. The financial analyst supports the growing workload attributable to the increasing complexity of transactions related to County programs. In addition, the implementation of new accounting standards requires extensive changes related to both capital and operating leases.¹ The financial analyst is working on the implementation of and ongoing work associated with the new accounting standards. As the County's budget has increased in both size and complexity, the revenue analyst analyzes and forecasts revenue sources, performs fee analyses for programmatic revenues, and provides support to the revenue committee. The resources added in FY 2020 help the department to appropriately manage a complex and increasing workload while continuing to protect the organization from financial risk.

The department maintains a pool of unclassified, unfunded FTE for the organization, including 6.00 FTE available for LCFR and 5.00 FTE available for departments other than LCFR. Periodically and on a case-by-case basis, the department loans FTE authority to departments to support short-term position needs. Most often FTE authority is loaned when a department wishes to recruit and hire for a mission-critical position while the incumbent is still employed so that onboarding of new staff can overlap with the departing employee. LCFR uses FTE authority for the recruit academy. This additional FTE authority is not funded, and departments are required to fund the temporary use of these positions within their existing budgets.

For FY 2021, the department's budget requests focus on the thematic area of support to CIP, internal support, and fiscal responsibility.

Support to the Capital Improvement Program

The department's budget request for a budget technician (1.00 FTE), which is included in the FY 2021 Proposed Budget, converts a temporary capital budget technician to a regular position. This position will be dedicated to the capital budget to alleviate the pressure of administrative duties on senior staff and to allow analysts and the assistant director to complete the high-level and strategic aspects of their roles. The department needs a permanent resource due to the increasing capital budget workload. The transactional workload of capital budget analysts impedes the capital budget analysts from developing costing methodologies, researching financial trends in the construction industry, ensuring data integrity, tracking of contingency and land acquisition funds, proactively managing the programming of cash proffers in coordination with the Department of Planning and Zoning, meeting with client departments throughout the year to discuss capital needs, and managing the Major Equipment Replacement Fund. Over the past five years, not only have the total number of CIP projects increased, but the overall complexity and proliferation of special projects have increased as well. Examples include the Major Equipment Replacement Fund (FY 2016), the Sidewalk and Trail Program (FY 2019), and Intersection Improvement Program (FY 2019).

Internal Support

The FY 2021 Proposed Budget includes a functional systems analyst (1.00 FTE) position to meet the current demand from departments for system improvements and new reports and to complete the backlog of projects. There is currently a backlog of 90 foundational issues and 10 transformational enhancements and numerous department reports that are needed to

¹ The Governmental Accounting Standards Board (GASB) Statement No. 87 will be in effect beginning in July 2020.



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improve the efficiency of operations. The department currently has a long-term temporary position to support reporting, but the position is vacant since it turned over within the first year and the department has not been able to re-fill the position. Current resources are often not able to address the backlog because of the large amount of day-to-day systems issues, user requests, reporting needs, testing of upgrades and patches, and system related projects. Additionally, the department has been using a temporary accountant with a contract vendor to assist with validating reports and running test scripts. With current resources, only basic testing is completed. The risk of not performing full testing is that production problems may occur. The current reporting tool will be replaced and will need to be tested. As the financial system becomes more complex by adding more integration points, for example the eBuilder project and the General Ledger to projects and grants budget adjustment integration project, testing scenarios will continue to increase for each future testing event.

Fiscal Responsibility

The department is responsible for administering the County's human service nonprofit grant program and assisting departments in navigating external grant funding opportunities. The current grants coordinator is at capacity providing technical assistance and ad hoc training to County departments and local nonprofits. More robust training and oversight is needed to effectively manage current grant resources and ensure success of the County's nonprofit program. In FY 2019, the County conducted a grants management audit. The audit report provided implementable recommendations, including a recommendation to add centralized positions to DFB to increase grant funding, improve monitoring, and ensure compliance. Additionally, the report cites the need for additional training for departments to successfully seek out new grant opportunities. Supported by the finding of the audit report, the FY 2021 Proposed Budget includes a grants management analyst (1.00 FTE) and the grants financial analyst (1.00 FTE). These two positions are necessary to handle the additional financial, compliance, and training aspects resulting from an intentional growth of the program.

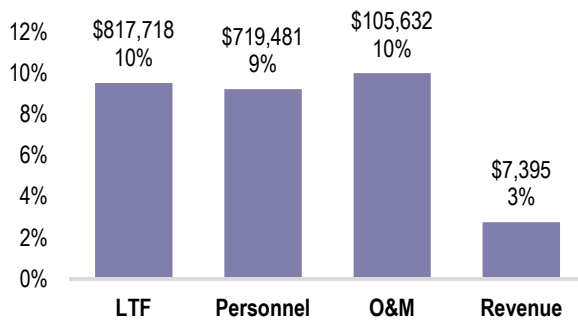
The grants management analyst will improve management of grant funding, assist in department searches for new grant funding, and develop and manage grant communication resources to the public and County staff. This position will help ensure grant requirements are clear and communicated to stakeholders, reporting is accurate and timely, and key compliance factors are effectively monitored to reduce the risks associated with noncompliance (i.e. loss of funding). The request includes contractual funding for recurring resources to develop a regular training curriculum to enhance grant compliance and to increase grant writing assistance.

The number and value of grants has increased due to the Board's initiative to grow the grants program. The grants financial analyst will help with grant monitoring and reconciliation, grants financial training of staff in County departments, and compliance workload of the finance staff. While departments receiving grants are tasked with requesting and reviewing documentation from sub-recipients, finance staff are needed to provide additional oversight. With current resources, finance staff are unable to effectively monitor and follow up on audit findings, which could impact future grant funding. This position with specific grant compliance and financial reporting knowledge will help ensure compliance with reporting requirements, award conditions, internal policies and procedures, and Federal Uniform Administrative Requirements, Cost Principles, and Audit Requirements under 2 CFR Part 200 (2 CFR 200).



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Percent Change from Adopted FY 2020 to Proposed FY 2021



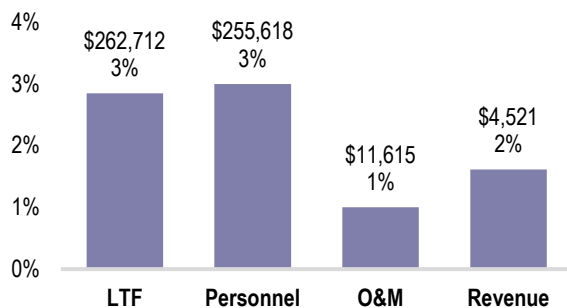
Reasons for Change:

Personnel: ↑ 3.00 FTE, general pay changes ||

O&M: ↑ increased internal audit expenditures ||

Revenue: ↑ transfer from the Debt Service Fund to the General Fund increased to cover the increased personnel expenditures for the position covered by this annual transfer

Percent Change from Proposed FY 2021 to Projected FY 2022



Reasons for Change:

Personnel: ↑ 3 percent || **O&M:** ↑ 1 percent

Revenue: ↑ transfer from the Debt Service Fund to the General Fund increased to cover the increased personnel expenditures for the position covered by this annual transfer



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FY 2021 Proposed Resource Request¹

Support to the CIP: Budget Technician²

Personnel:	O&M:	Capital:	Reallocation:	Revenue:	LTF:	FTE:
\$76,317	\$7,370	\$10,000	\$0	\$76,317	\$17,370	1.00

Details

Service Level:	Current Service Level Request
Mandates:	Not mandated
PM Highlight:	Number of budget adjustments
Program:	Capital Budget Planning and Policy
Positions:	1 Budget Technician
Theme:	Support to the CIP
One-time Costs:	\$15,595
Recurring Costs:	\$78,092

Overview

- This request converts a temporary budget technician to a regular management analyst I position.
- The position will focus on capital budget administrative duties, allowing capital analysts and the assistant director to complete high-level and strategic aspects of their roles.
- Not only have the total number of CIP projects increased, but the overall complexity and proliferation of special projects have increased as well. Examples include the Major Equipment Replacement Fund, the Sidewalk and Trail Program, and Intersection Improvement Program.

Priority 1: Functional Systems Analyst (Oracle Report Writer/Tester)

Personnel:	O&M:	Capital:	Reallocation:	Revenue:	LTF:	FTE:
\$105,365	\$7,415	\$0	\$0	\$0	\$112,780	1.00

Details

Service Level:	Current Service Level Request
Mandates:	Not mandated
PM Highlight:	Number of test scripts per analyst
Program:	Accounting, Financial Reporting, and Financial Systems Support
Positions:	1 Functional Systems Analyst
Theme:	Internal Support
One-time Costs:	\$5,290
Recurring Costs:	\$107,490

Overview

- There is a backlog of 90 foundational issues, 10 transformational enhancements, and numerous department reports that are needed to improve the efficiency of operations. This position will help the department complete the backlog of projects and meet the demands from other departments.
- Since resources are stretched thin, only basic testing can be done currently. The risk of not performing full testing is that production problems may occur.

¹ The request presented displays total cost, including the acquisition of vehicles, technology, and office furniture (as applicable). Funds for these items are shown in the Non-Departmental section, page 6-2.

² This position will be funded through the Capital Projects Fund because it supports capital projects.



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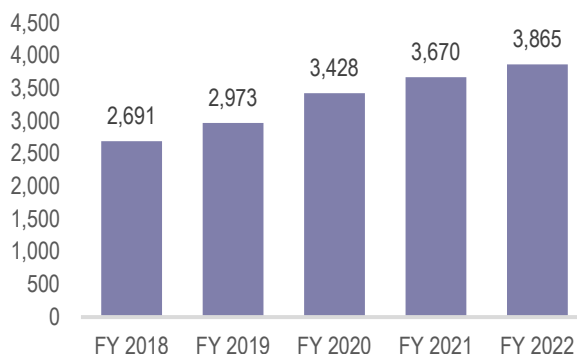
Priority 2: Grants Program – Grants Management Analyst and Grants Financial Analyst

Personnel:	O&M:	Capital:	Reallocation:	Revenue:	LTF:	FTE:
\$201,025	\$75,335	\$0	\$0	\$0	\$276,360	2.00

Details	Overview
Service Level: Enhanced Service Level Request Mandates: Not mandated, but necessary for compliance with federal, state, and local laws PM Highlight: Number of active grant awards Program: Accounting, Financial Reporting, and Financial Systems Support and Program Evaluation and Research Positions: 1 Grants Management Analyst, 1 Grants Financial Analyst Theme: Fiscal Responsibility One-time Costs: \$11,335 Recurring Costs: \$265,025	<ul style="list-style-type: none"> The department is requesting a grants management analyst and a grants financial analyst. The current grants coordinator is at capacity providing technical assistance and ad hoc training to County departments and local nonprofits. The grants management audit conducted by a consultant firm in FY 2019 recommended to add centralized positions to increase grant funding, improve monitoring, ensure compliance, and provide additional training for departments to successfully seek out new grant opportunities. These requested resources will improve management of grant funding, assist in department searches for new grant funding, reconcile grants with existing county grants and financial systems, and develop and manage grant communication resources to the public and County staff.

Department Total	Personnel:	O&M:	Capital:	Reallocation:	Revenue:	LTF:	FTE:
	\$382,707	\$90,120	\$10,000	\$0	\$76,317	\$406,510	4.00 ¹

Key Measures²



Objective: Maintain a maximum workload of less than 4,000 test scripts tested per functional systems analyst.

Measure: Number of test scripts tested per functional systems analyst.

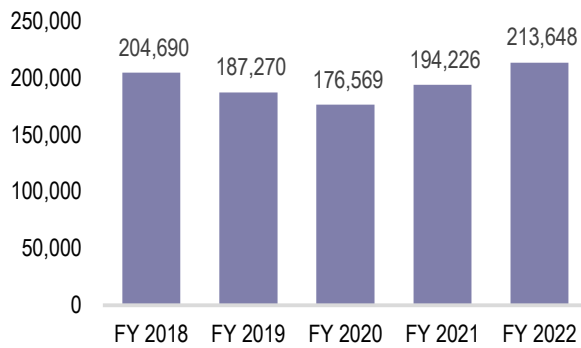
The requested functional systems analyst position included in the FY 2021 budget will help the department to maintain the service level of less than 4,000 test scripts per functional systems analyst.

¹ One position (1.00 FTE) will be funded through the Capital Projects Fund because it supports capital projects and three positions (3.00 FTE) are budgeted in the General Fund.

² For key measures that relate to resources included in the Proposed Budget, FY 2021 and FY 2022 data reflect the estimated impact of these resources.



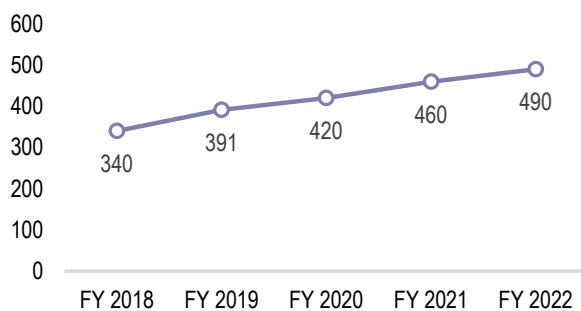
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Objective: Maintain a workload of less than 200,000 transactions reviewed and reconciled per analyst.

Measure: Number of general ledger transactions reviewed and reconciled per analyst.

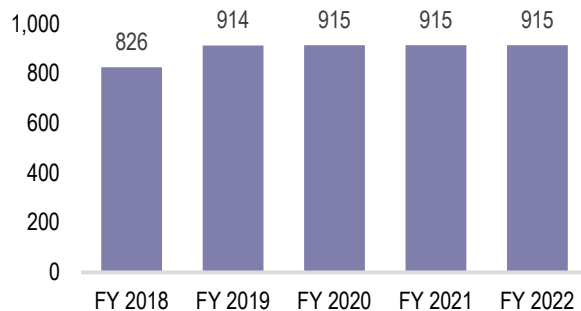
In FY 2020, the Board approved one financial analyst to address the increasing volume and complexity of accounting transactions. This position will help the department to continue to meet the objective of less than 200,000 transactions reviewed and reconciled per analyst.



Objective: Assemble and provide a full accounting of the stewardship of financial resources.

Measure: Number of active grant awards.

The number of active grant awards steadily increased. Grant funding reduces the need for local tax funding to support the County's programs.



Objective: Process and approve budget adjustment requests received.

Measure: Number of budget adjustments.

The budget technician included in the FY 2021 Proposed Budget will help to process the budget adjustments workload, which is becoming more complex, with budget adjustments for capital projects including multiple funding sources.

**Finance and Budget****Department Programs****Department Financial and FTE Summary by Program^{1, 2, 3}**

	FY 2018 Actuals	FY 2019 Actuals	FY 2020 Adopted	FY 2021 Proposed	FY 2022 Projected
Expenditures					
Accounting, Financial Operations, And Financial Systems Support	\$3,554,418	\$3,705,177	\$3,976,480	\$4,369,911	\$4,499,533
Procurement	1,444,779	1,567,985	1,572,993	1,645,530	1,693,043
Debt Management and Financing	0	279,150	354,263	362,054	370,080
Budget Planning and Policy	1,426,577	1,522,238	1,816,476	1,903,653	1,957,344
Program Evaluation and Research	779,674	753,938	923,574	1,168,069	1,198,292
Capital Budget Planning and Policy	301,544	349,131	213,178	225,068	231,018
Total – Expenditures	\$7,506,994	\$8,177,619	\$8,856,964	\$9,682,077	\$9,949,310
Revenues					
Accounting, Financial Operations, and Financial Systems Support	\$134,186	\$4,892	\$4,500	\$4,500	\$4,500
Procurement	586,392	599,699	120,000	120,000	120,000
Debt Management and Financing	0	137,151	143,323	150,718	155,239
Capital Budget Planning and Policy	209,361	383,574	0	0	0
Total – Revenues	\$929,939	\$1,125,316	\$267,823	\$275,218	\$279,739
Local Tax Funding					
Accounting, Financial Operations, and Financial Systems Support	\$3,420,233	\$3,700,285	\$3,971,980	\$4,365,411	\$4,495,033
Procurement	858,387	968,286	1,452,993	1,525,530	1,573,043
Debt Management and Financing	0	141,999	210,940	211,336	214,841
Budget Planning and Policy	1,426,577	1,522,238	1,816,476	1,903,653	1,957,344
Program Evaluation and Research	779,674	753,938	923,574	1,168,069	1,198,292
Capital Budget Planning and Policy	92,183	(34,443)	213,178	225,068	231,018
Total – Local Tax Funding	\$6,577,055	\$7,052,303	\$8,589,141	\$9,406,859	\$9,669,571

¹ Sums may not equal due to rounding.² The department's restructuring in mid-year FY 2019 created the Debt Management and Financing Program. Prior to that, this function was a part of the Accounting, Financial Operations, and Financial Systems Support Program. Two positions (2.00 FTE), salary and fringe benefits expenditures, and associated revenues transferred to the Debt Management and Financing Program from the Accounting, Financial Operations, and Financial Systems Support Program.³ Effective with the FY 2020 Adopted Budget, three Capital Budget Planning and Policy Program positions (3.00 FTE) and two Procurement Program positions (2.00), which support capital projects, are budgeted in the Capital Projects Fund, such that the personnel expenditures and FTE are no longer budgeted in the General Fund. Due to this change, the transfer from the Capital Projects Fund to the General Fund is no longer budgeted.



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	FY 2018 Actuals	FY 2019 Actuals	FY 2020 Adopted	FY 2021 Proposed	FY 2022 Projected
FTE					
Accounting, Financial Operations, and Financial Systems Support	30.00	30.00	29.00	31.00	31.00
Procurement	14.00	14.00	12.00	12.00	12.00
Debt Management and Financing	0.00	0.00	2.00	2.00	2.00
Budget Planning and Policy ¹	18.00	23.00	25.00	25.00	25.00
Program Evaluation and Research	3.00	3.00	4.00	5.00	5.00
Capital Budget Planning and Policy	3.00	3.00	0.00	0.00	0.00
Total – FTE	68.00	73.00	72.00	75.00	75.00

¹ The Budget Planning and Policy Program includes the 6.00 FTE for the unclassified, unfunded pool available for temporary use by LCFR and the 5.00 FTE for the unclassified, unfunded pool available for temporary use by other County departments.