



Treasurer

The Treasurer is a locally-elected constitutional officer whose duties are mandated by the Code of Virginia and local ordinances. The Treasurer is elected at-large for a four-year term and provides direct service to all Loudoun residents and businesses. The principal functions of the Treasurer's Office include: billing and collecting taxes for real and personal property, business licenses, and other services as specified by the Code of Virginia and local ordinances; acting as primary depository of revenue for all County agencies, including Loudoun County Public Schools (LCPS); investing and safeguarding County funds; reconciling County funds to bank and investment accounts; and providing outstanding customer service to taxpayers, County staff, and LCPS staff.

Treasurer's Programs

Administration of the Revenue

Collect County and School revenue, including real and tangible personal property taxes for the County and five of the seven incorporated towns, and serve as the depository for cash receipts for all County and School agencies.

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

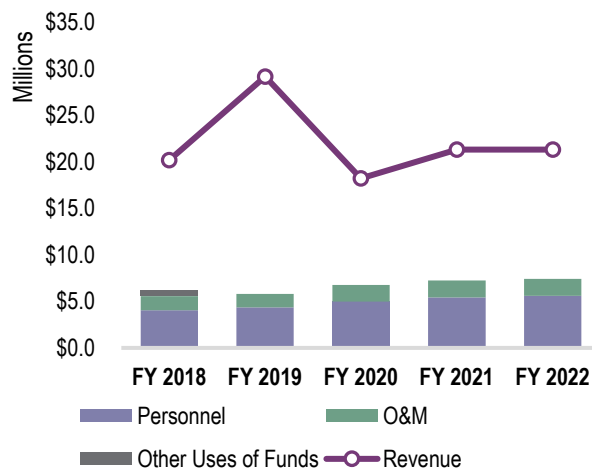
	FY 2018 Actual	FY 2019 Actual	FY 2020 Adopted	FY 2021 Proposed	FY 2022 Projected
Expenditures					
Personnel	\$4,041,895	\$4,359,491	\$4,978,779	\$5,425,198	\$5,587,954
Operating and Maintenance	1,521,767	1,454,106	1,788,159	1,823,848	1,842,087
Other Uses of Funds	585,000	0	0	0	0
Total – Expenditures	\$6,148,661	\$5,813,598	\$6,766,938	\$7,249,046	\$7,430,041
Revenues					
General Property Taxes ²	\$780,053	\$0	\$0	\$0	\$0
Other Local Taxes	7,096,295	7,096,118	7,475,000	7,475,000	7,475,000
Fines and Forfeitures ²	56,558	5,903	0	0	0
Use of Money and Property	10,592,417	20,109,626	9,000,000	12,000,000	12,000,000
Charges for Services	786,557	972,971	648,100	902,300	902,300
Miscellaneous Revenue	44,948	87,828	2,500	2,500	2,500
Recovered Costs	513,532	568,882	754,700	600,000	600,000
Intergovernmental – Commonwealth	335,796	336,203	347,674	347,674	347,674
Total – Revenues	\$20,206,157	\$29,177,532	\$18,227,974	\$21,327,474	\$21,327,474
Local Tax Funding	\$(14,057,496)	\$(23,363,934)	\$(11,461,036)	\$(14,078,428)	\$(13,897,433)
FTE	50.00	51.00	53.00	55.00	55.00

¹ Sums may not equal due to rounding.² Project Fairness ended June 30, 2018, with the Board of Supervisors' elimination of the requirement for a vehicle decal. With it, the revenue generated for General Property Taxes and Fines and Forfeitures were also eliminated. The vehicle license fee is reflected in Other Local Taxes.



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Revenue and Expenditure History



Revenue/Local Tax Funding

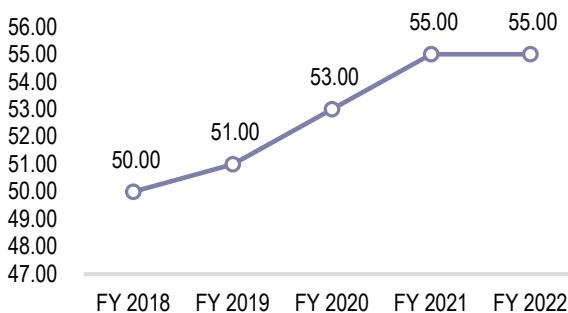
As shown, the Office of the Treasurer generates more revenue than necessary to support its own operations. The largest component of this revenue is interest revenue at \$12 million followed by vehicle license fees at \$7.5 million. Interest revenue in FY 2019 increased due to better rates on short-term investments and a larger investment portfolio. Given the uncertainty of market conditions, the FY 2020 and FY 2021 estimates reflect an assumption of lower rates for these investments.

Expenditure

The majority of the Office of the Treasurer'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 and a 3 percent merit-based increase in FY 2020; and adjustments in FY 2020 to reflect a new classification and compensation system approved by the Board of Supervisors in November 2019.

Staffing/FTE History



FY 2018: 1.00 FTE information services assistant

FY 2019: 1.00 financial control specialist for town billing

FY 2020: 1.00 banking specialist, 1.00 FTE collections program assistant for town billing

The Office of the Treasurer's expenditures have increased primarily due to personnel costs. Personnel costs make up most of the Office's expenditures and have increased primarily due to higher compensation and the addition of resources for town billing. In FY 2019 and FY 2020, the County added positions in the Office for administration, billing, and collection of real and personal property taxes on behalf of participating towns, which are offset by fees charged to the respective towns. The other positions in the Office have been added to support the growing investment portfolio and the growing number of transactions both from taxpayers and from County operations.

The FY 2021 Proposed Budget includes base adjustments to revenues to include \$3 million for additional interest revenue and revenue from collections of delinquent taxes. Additionally, the budget includes a base adjustment for the cost of initiating DMV stops for delinquent personal property accounts, which is offset by additional revenues received at the time the taxes are paid.



In FY 2020, the Board approved a collections program assistant for town billing and a banking specialist for County operations. This position supports the banking team as the bank transactions continue to increase and the investment portfolio continues to grow. While this resource has proven valuable to the banking team, it did not fully address the growth in this activity. Therefore, the Office is requesting additional resources in the FY 2021 Proposed Budget to further support this team.

For FY 2021, the Department's budget requests focus on the thematic area of fiscal responsibility.

Fiscal Responsibility

As noted earlier, the FY 2020 Adopted Budget included an additional position for the banking team. The number of bank transactions continues to increase and this position has provided vital support to ensure that bank statements continue to be reconciled within 60 days of the end of the month. Despite this additional resource to the team, the Office's investment analyst, who is responsible for managing an investment portfolio that now exceeds \$1 billion on average, continues to provide support to the banking team. This leaves less time for the investment officer to research investment opportunities and support security and fraud prevention efforts. The Office is requesting 1.00 additional FTE for an investment analyst to support cash management and banking related services with a focus on the areas of security and fraud control, reporting, and the treasury management process for both the County and LCPS. This position will provide additional research and market analysis to identify potential investments, aimed at improving the rate of return (dependent on market conditions).

The Office also anticipates that the requested position will allow the Office to reach its goal to maintain 30 percent of available funds for liquidity. Funds are maintained for liquidity to make payments on behalf of the County and LCPS. Any funds not retained for liquidity could be invested. Historically, the Office has retained an average of more than 40 percent of available funds for liquidity, limiting investment opportunities and potentially revenue from investment activities. With this additional resource, the Office anticipates reducing the average available funds maintained for liquidity to a level more consistent with the goal of 30 percent.

Additionally, the banking team is the last line of defense against any fraud. This position would assist in ensuring banking and financial transactions are properly reviewed and vetted. As the population of the County continues to grow, the complexities and time needed to properly handle changes in banking, investment, fraud control, and financial security regulations grows as well.

As the County continues to grow, so too does the level of activity in the Treasurer's Office. Workload in the Office is cyclical in nature, with increased activity around tax deadlines. Ahead of tax deadlines, the Office experiences increases in the number of phone calls, tax payments, necessary refunds/adjustments, and collections before the cycle begins for the next tax deadline. Often, resources are diverted from other areas to support customer-facing activities at these busy times to ensure quality customer service to taxpayers. The FY 2021 Proposed Budget includes 1.00 FTE for a program specialist to support each team during its peak time so other staff do not have to be diverted from their primary activities. Diverting resources leads to delays in collections and refunds and may affect service to other County departments. This position will support various operations, moving throughout the Office in sync with the cyclical workload throughout the year. This position will require the right set of expertise to support a variety of activities. Due to the nature of the role and responsibilities envisioned for this position, the Office intends to leverage the position as a career development opportunity for existing staff. This could improve retention and reduce staff turnover. This request reflects an innovative and cost-effective approach to addressing a need identified across multiple activities. With this resource, staff responsible for collections will be permitted to focus on collection efforts year-round. Staff anticipates that this will increase the number of delinquent actions¹ taken by 6 percent. Managing appropriate actions for delinquent accounts ensures fair and equitable treatment of all taxpayers. Without this

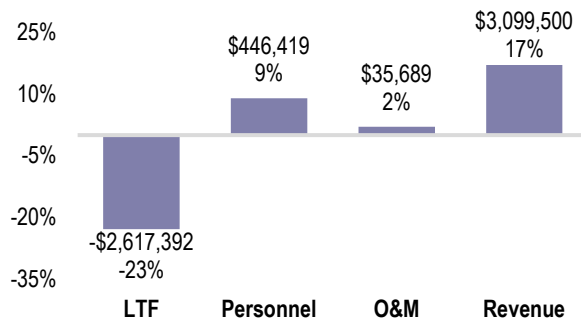
¹ Delinquent collection actions include liens, DMV stops, bankruptcy, court filings, etc. Multiple delinquent actions can be taken for a single account if it remains uncollected.



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resource, the Office expects that timeliness of refund checks could diminish, collection rates could decrease, and there could be delays in processing and depositing tax payments. Support to other departments including Building and Development, County Attorney, General Services, and Procurement, could also be delayed.

Percent Change from Adopted FY 2020 to Proposed FY 2021



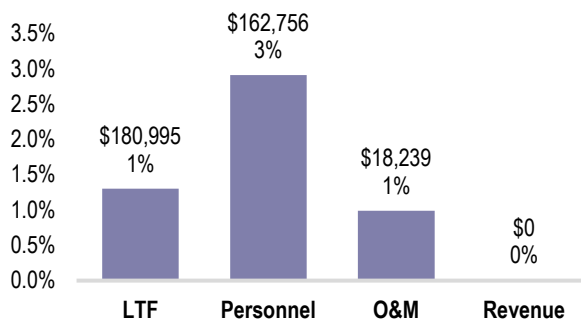
Reasons for Change:

Personnel: ↑ 2.00 FTE, general pay changes ||

O&M: ↑ base adjustment for DMV stop fees ||

Revenue: ↑ interest revenue and revenue for collection of delinquent taxes

Percent Change from Proposed FY 2021 to Projected FY 2022



Reasons for Change:

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

Revenue: ↔

**FY 2021 Proposed Resource Requests¹**

Priority 1: Investment Analyst						
Personnel:	O&M:	Capital:	Reallocation:	Revenue:	LTF:	FTE:
\$108,387	\$8,625	\$0	\$0	\$0	\$117,012	1.00
Details			Overview			
Service Level:	Current Service Level Request		<ul style="list-style-type: none">• This investment analyst will allow the Office to support the cash management and banking related services with a focus on the areas of security and fraud control, reporting, and the treasury management process for both the County and LCPS.• This position will also provide support to the investment officer with respect to managing the County's investment portfolio, which has grown to an average value of over \$1 billion.• With more than one person reviewing the markets and conducting research, the Office will be in a better position to fully invest funds, thereby improving the rate of return (dependent on market conditions) and better reaching the goal that 30 percent of available funds are maintained for liquidity. Retaining more funds on-hand reduces the level of funds invested.• Without this resource, the County limits its ability to deter financial fraud and security risks. Investment opportunities may be missed, which could result in lower rates of return and higher liquidity.			
Mandates:	Federal/State Mandate					
PM Highlight:	Investment Portfolio; Available Funds Maintained for Liquidity					
Program:	Administration of Revenue					
Positions:	1 Investment Analyst					
Theme:	Fiscal Responsibility					
One-time Costs:	\$6,750					
Recurring Costs:	\$110,262					

¹ The requests presented display 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.



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Priority 2: Program Specialist

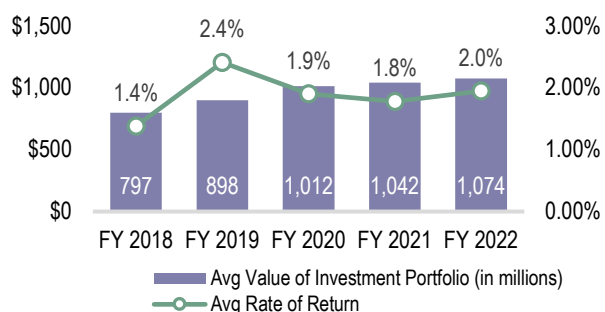
Personnel: \$83,550	O&M: \$7,340	Capital: \$2,500	Reallocation: \$0	Revenue: \$0	LTF: \$93,390	FTE: 1.00
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Details		Overview
Service Level:	Current Service Level Request	<ul style="list-style-type: none"> • Many activities within the Treasurer's Office are cyclical in nature as a result of different tax deadlines. To address demand at peak times, staff are typically diverted from primary duties to customer-facing responsibilities. • Work within the activities from which resources are diverted, however, is increasing as the County grows. Diverting resources leads to delays for collections, refunds, and services to other departments. • The requested program specialist would be structured to support the various divisions of the Office as needs change throughout the year. • Without this resource, the Office expects that timeliness of refund checks could diminish, collection rates could decrease, and there could be delays in processing and depositing tax payments. Support to other departments, including Building and Development, County Attorney, General Services (Landfill), and Procurement, could also be delayed. • With this resource to backfill during peak times, the number of delinquent actions is expected to increase by approximately 6 percent and the delay in tax refunds would be limited. Managing appropriate actions for delinquent accounts ensures fair and equitable treatment of all taxpayers.
Mandates:	Federal/State Mandate	
PM Highlight:	Number of delinquent collections actions taken	
Program:	Administration of Revenue	
Positions:	1 Program Specialist	
Theme:	Fiscal Responsibility	
One-time Costs:	\$9,165	
Recurring Costs:	\$84,225	

Department Total						
Personnel:	O&M:	Capital:	Reallocation:	Revenue:	LTF:	FTE:
\$191,937	\$15,965	\$2,500	\$0	\$0	\$210,402	2.00



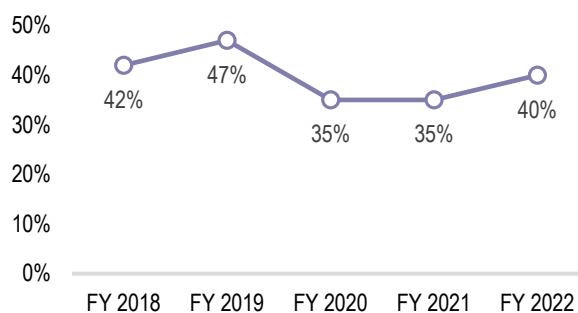
Key Measures¹



Objective: Meet and exceed the established benchmark rate of return for the County portfolio

Measure: Average dollar value of investment portfolio (in millions), average rate of return.

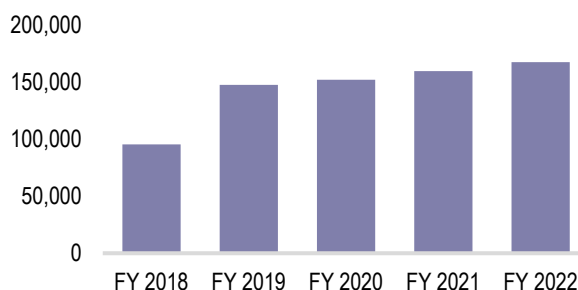
With an average investment portfolio of over \$1 billion, the Office is seeking additional resources to reduce risk of fraud and to support investment opportunities.



Objective: Analyze and determine cash flows to ensure no less than 30 percent of available funds are maintained for liquidity for the purposes of meeting the County's daily needs.²

Measure: Average percent of available funds maintained for liquidity.

While a responsible level of available funds should be maintained for liquidity for the purpose of paying County and LCPS obligations, an excess of funds maintained for liquidity limits investment opportunities.



Objective: Take proper collection actions for any delinquent accounts.³

Measure: Number of delinquent collection actions taken.

Taking action on delinquent accounts is vital to ensuring fair and equitable taxation.

¹ 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.

² Actual percentages will vary depending on market conditions. A higher rate of available funds maintained for liquidity may indicate better rates of return on short-term investments.



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Department Programs

Department Financial and FTE Summary by Program¹

	FY 2018 Actual	FY 2019 Actual	FY 2020 Adopted	FY 2021 Proposed	FY 2022 Projected
Expenditures					
Administration of the Revenue	\$6,069,220	\$5,813,598	\$6,766,938	\$7,249,046	\$7,430,041
Project Fairness/Cost Recovery ²	79,441	0	0	0	0
Total – Expenditures	\$6,148,661	\$5,813,598	\$6,766,938	\$7,249,046	\$7,430,041
Revenues					
Administration of the Revenue	\$19,306,285	\$29,171,629	\$18,227,974	\$21,327,474	\$21,327,474
Project Fairness/Cost Recovery ²	899,872	5,903	0	0	0
Total – Revenues	\$20,206,157	\$29,177,532	\$18,227,974	\$21,327,474	\$21,327,474
Local Tax Funding					
Administration of the Revenue	\$(13,237,064)	\$(23,358,031)	\$(11,461,036)	\$(14,078,428)	\$(13,897,433)
Project Fairness/Cost Recovery ²	(820,431)	(5,903)	0	0	0
Total – Local Tax Funding	\$(14,057,496)	\$(23,363,934)	\$(11,461,036)	\$(14,078,428)	\$(13,897,433)
FTE					
Administration of the Revenue	49.00	51.00	53.00	55.00	55.00
Project Fairness/Cost Recovery ²	1.00	0.00	0.00	0.00	0.00
Total – FTE	50.00	51.00	53.00	55.00	55.00

¹ Sums may not equal due to rounding.

² Project Fairness ended June 30, 2018, with the Board of Supervisors' elimination of the requirement for a vehicle decal.

