

Office of Finance - Fiscal Year 2023 Budget Review Summary

Proposed FY 2023 Operating Budget

Expenditures by Fund Type

Fund	FY 2021 Actual	FY 2022 Budget	FY 2022 Estimated	FY 2023 Proposed	\$ Change	% Change
General Fund	\$ 4,730,600	\$ 4,986,400	\$ 5,254,100	\$ 5,381,700	\$395,300	7.9%
Total	\$ 4,730,600	\$ 4,986,400	\$ 5,254,100	\$ 5,381,700	\$395,300	7.9%

Authorized Staffing Count

	FY 2022 Approved	FY 2023 Proposed	Change Amount	Percentage Change
Full-Time General Fund	67	66	-1	-1.5%
Full-Time Grant	0	1	1	N/A
Limited-Term	0	1	1	N/A
Total	67	68	1	1.5%

FY 2023 Proposed Budget – Key Highlights

- **Increased Compensation:** Due to funding for a previously unfunded Payroll Supervisor position and two (2) 1,000-hour positions to supplement the workload while current employees train on the payroll process, the addition of two (2) previously unfunded Document Reviewer positions, and annualization of FY 2022 salary adjustments. (\$415,800)
- **Increased Fringe Benefits:** A result of an increased in fringe benefit rate to align with projected costs (\$326,700)
- **Reduced Operating Expenses:** Due to a reduction in the banking services contract, Office Supplies, Telephone and Printing to align with three-year historical costs. (\$60,800)
- **The authorized staffing level for the FY 2023 Proposed Budget increases by one (1) position to 68 positions.** One full-time General Funded position is being reallocated to a Grant funded full-time position. Additionally, the FY 2023 Proposed Budget includes one (1) limited term grant funded position. The grant funded positions, which are funded by American Rescue Plan Act (ARPA) funds, will aid in reporting and compliance for federal COVID-19 grants.
- **Vacancies (As of 3/15/22):** Seven (7) Vacant general FT fund positions, one (1) FT grant funded position, and one (1) Limited Term grant funded position; All Nine (9) are funded in FY 2023.
- **In October 2022, the Office plans to go-live with a new Treasury system and continue post-go-live activities through December 2022.** The Treasury system is being developed in-house through a partnership between Finance and OIT. OIT has hired two full-time developers dedicated to the project. A significant amount of development and data migration has taken place, end user testing has begun and was anticipated to ramp up in April 2022. Two weekly project meetings are held: one functions as a working session focused on design and the other on project movement. Additional work sessions are scheduled as required.
- **In FY 2023, the County plans to contribute \$37.8 million toward the OPEB trust fund.** Due to the potential volatility of claims expense, the Office cannot definitively determine if the FY 2022 and FY 2023 contributions are sufficient to meet PAYGO claims.
- **The County collected \$9,285,657 in unpaid property taxes during the FY 2021 tax sale.** However, the Office currently faces some challenges to include legal proceedings challenging the eligibility requirements of participants in Limited Sale,

complication during the annual tax billing process in July, balancing tax sale at the same time as year-end, and the management of bidders.

- The Office reports a projected Risk Management Fund balance deficit of \$200 million for FY 2022. Workers' compensation continues to represent the highest number of claims and payments in this fund. To support the reduction of the fund deficit, the Office, in collaboration with the Office of Management and Budget (OMB), plans to offset a \$20 million settlement paid in FY 2021, by contributing an additional \$5 million per year to the Risk Management Fund for four years, which started in FY 2021.

Expenditures by Category

Category	FY 2021 Actual	FY 2022 Budget	FY 2022 Estimated	% Change - Est vs App	FY 2023 Proposed	\$ Change	% Change
Compensation	\$ 5,295,494	\$ 5,475,200	\$ 5,529,000	1.0%	\$ 5,846,200	\$ 371,000	6.8%
Fringe Benefits	1,801,897	1,797,600	1,921,200	6.9%	2,124,300	326,700	18.2%
Operating Expenses	1,166,509	1,246,700	1,337,000	7.2%	1,293,200	46,500	3.7%
Recoveries	(3,533,300)	(3,533,100)	(3,533,100)	0.0%	(3,882,000)	(348,900)	9.9%
Total	\$ 4,730,600	\$ 4,986,400	\$ 5,254,100	5.4%	\$ 5,381,700	\$ 395,300	7.9%



THE PRINCE GEORGE'S COUNTY GOVERNMENT

Office of Audits and Investigations

May 2, 2022

MEMORANDUM

TO: Edward P. Burroughs, III, Chair
Government Operations and Fiscal Policy (GOFP) Committee

THRU: Turkessa M. Green, County Auditor *TMG*

FROM: Malcolm Moody, Legislative and Policy Analyst *MM*

RE: Office of Finance
Fiscal Year 2023 Budget Review

Operating Budget Overview

The FY 2023 Proposed Budget for the Office of Finance is \$5,381,700. This represents an increase of \$395,300, or 7.9%, over the FY 2022 Approved Budget. The increase is largely due to an increase in Fringe Benefits, the annualization of FY 2022 salary adjustments, an increase in OIT charges based on countywide costs, an increase in operating costs for accounts payable forensics software and a legal contract for payroll services. The increases are offset by the reduction in other operating costs and an increase in Recoveries.

FY 2022 estimated expenditures are expected to exceed the FY 2022 Approved Budget. Therefore, the Office anticipates that a supplemental budget request of \$224,500 may be necessary for FY 2022 to cover two merit increases provided to eligible employees.

Budget Comparison - General Fund

Approved Fiscal Year 2022 to Proposed Fiscal Year 2023

Category	FY 2021 Actual	FY 2022 Budget	FY 2022 Estimated	% Change - Est vs App	FY 2023 Proposed	\$ Change	% Change
Compensation	\$ 5,295,494	\$ 5,475,200	\$ 5,529,000	1.0%	\$ 5,846,200	\$ 371,000	6.8%
Fringe Benefits	1,801,897	1,797,600	1,921,200	6.9%	2,124,300	326,700	18.2%
Operating Expenses	1,166,509	1,246,700	1,337,000	7.2%	1,293,200	46,500	3.7%
Sub-Total	\$ 8,263,900	\$ 8,519,500	\$ 8,787,200	3.1%	\$ 9,263,700	\$ 744,200	8.7%
Recoveries	(3,533,300)	(3,533,100)	(3,533,100)	0.0%	(3,882,000)	(348,900)	9.9%
Total	\$ 4,730,600	\$ 4,986,400	\$ 5,254,100	5.4%	\$ 5,381,700	\$ 395,300	7.9%

Authorized Staffing Count – All Classifications

Authorized Staffing Count

	FY 2022 Approved	FY 2023 Proposed	Change Amount	Percentage Change
Full-Time General Fund	67	66	-1	-1.5%
Full-Time Grant	0	1	1	N/A
Limited-Term	0	1	1	N/A
Total	67	68	1	1.5%

Staffing Changes and Compensation

- The FY 2023 proposed budget for compensation is \$5,846,200, an increase of \$371,000, or 6.8%, above the FY 2022 budget due to funding vacant Payroll Supervisor (Accountant 3G) and Document Reviewer (Account Clerk 4G) positions, and the annualization of prior year salary adjustments. The Payroll Supervisor position will be supplemented by two (2) 1,000-hour positions while current employees train on the payroll process.
- The authorized staffing level for the FY 2023 Proposed Budget increases by one (1) position to 68 positions. One full-time General Funded position is being reallocated to a Grant funded full-time position. Additionally, the FY 2023 Proposed Budget includes one (1) limited term grant funded position. The grant funded positions, which are funded by American Rescue Plan Act (ARPA) funds, will aid in reporting and compliance for federal COVID-19 grants.
- As of March 15, 2022, the Office reported nine (9) vacant positions. All nine (9) of these positions are funded in FY 2023.
- The Office reported that its current rate of attrition is 3.4%. The Office cites the key factors contributing to the current attrition level is resignation and retirement. The Office also reported that 63% of its employees have more than 10 years of service with the County, 22% have more than 20 years of service, and 8% have more than 30 years of service. As a result, the Office is expected to face significant rates of attrition over the next several years due to retirement. The accountant series is the classification most impacted by attrition.

Fringe Benefits

- FY 2023 Fringe Benefits are proposed at \$2,124,300, an increase of \$326,700, or 18.2%, over the FY 2022 Approved Level to reflect anticipated costs.
- A five-year trend analysis of fringe benefit expenditures is included below.

	FY 2019 Actual	FY 2020 Actual	FY 2021 Actual	FY 2022 Approved	FY 2023 Proposed
Fringe Benefit Expenditures	\$ 1,530,289	\$ 1,692,744	\$ 1,801,897	\$ 1,797,600	\$ 2,124,300
Compensation	\$ 4,763,621	\$ 5,209,251	\$ 5,295,494	\$ 5,475,200	\$ 5,846,200
As a % of Compensation	32.1%	32.5%	34.0%	32.8%	36.3%

Operating Expenses

- The FY 2023 operating expenses are proposed at \$1,293,200 and are comprised the following major items:
 - Office Automation \$790,500
 - Operating Contracts 250,000
 - Office and Operating Equipment Non-Capital 86,800
 - General & Administrative Contracts 72,700
 - Printing 40,000

- Overall, the FY 2023 Proposed Operating Expenses are increasing by \$46,500, or 3.7%, over the FY 2022 Approved Level. The accompanying table compares the FY 2023 Proposed Budget operating expenditures with the FY 2022 Approved Budget operating expenditures. In five (5) of the categories, the FY 2023 Proposed Budget increases planned spending from the FY 2022 budget. In four (4) of the categories, the FY 2023 Proposed Budget level remains unchanged compared to the FY 2022 budget. FY 2023 expenditures decreased in six (6) categories.

Operating Objects	FY 2021 Actual	FY 2022 Budget	FY 2023 Proposed	FY 2022 - FY 2023	
				\$ Change	% Change
Office Automation	\$ 721,481	\$ 732,800	\$ 790,500	\$ 57,700	7.9%
Office and Operating Equipment Non- Capital	445	45,100	86,800	41,700	92.5%
General & Administrative Contracts	184,411	66,600	72,700	6,100	9.2%
Periodicals	1,968	2,400	3,700	1,300	54.2%
Advertising	-	-	500	500	N/A
Training	4,288	10,000	10,000	-	0.0%
Membership Fees	2,366	2,200	2,200	-	0.0%
Miscellaneous	33	-	-	-	N/A
Mileage Reimbursement	-	500	500	-	0.0%
Disposal Fees	95	800	600	(200)	-25.0%
Other Operating Equipment Repair/Maintenance	-	3,800	1,000	(2,800)	-73.7%
Printing	37,744	48,000	40,000	(8,000)	-16.7%
Telephone	21,810	25,500	16,400	(9,100)	-35.7%
General Office Supplies	19,652	30,000	18,300	(11,700)	-39.0%
Operating Contracts	172,216	279,000	250,000	(29,000)	-10.4%
TOTAL	\$ 1,166,509	\$ 1,246,700	\$ 1,293,200	\$ 46,500	3.7%

- The most significant increase between the FY 2023 Proposed Budget and the FY 2022 Approved Budget is in the Office Automation category (\$57,700 increase) which is a result of an increase in the technology cost allocation and funding for Debtbook software.

- The most significant decrease between the FY 2023 Proposed Budget and the FY 2022 Approved Budget is in Operating Contracts category (\$29,000 decrease) which is a result of the reduction of the Wells Fargo banking services contract.

Recoveries

- Proposed recoveries for FY 2023 total \$3,882,000, an increase of \$348,900 above the FY 2022 estimated level, due to mandated salary increases and funding unfunded positions which included additional recoveries. The Office receives recoveries from other funds for employee salaries related to accounting functions provided for the following:

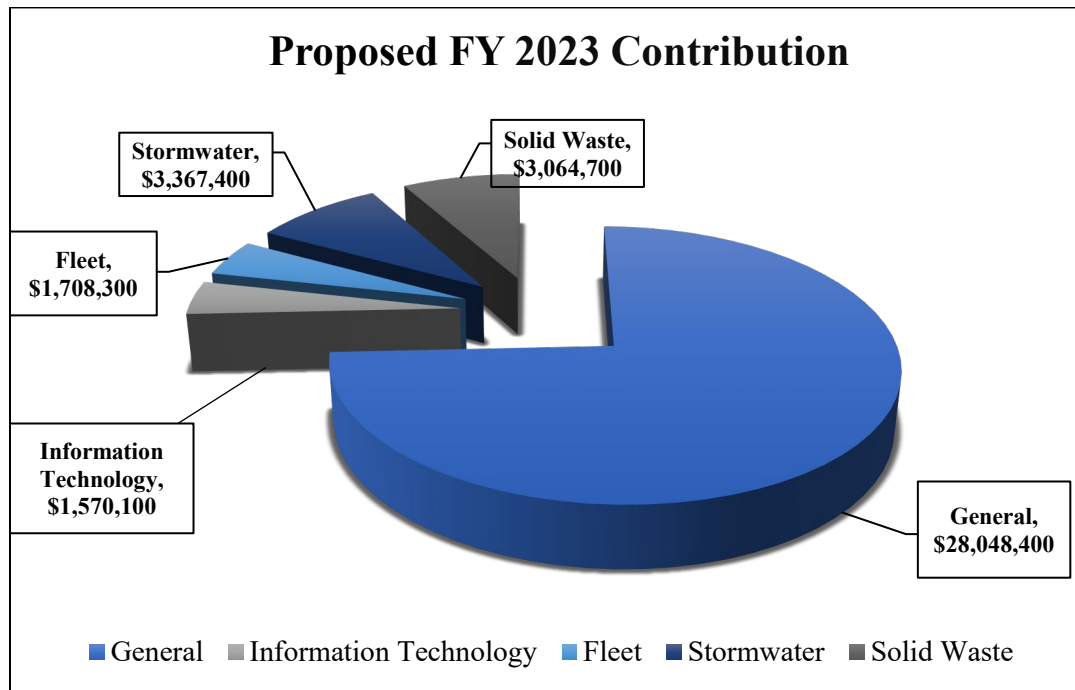
Insurance Funds	\$	1,026,800
Capital Projects		837,700
Solid Waste		799,200
Pension Funds		570,500
Storm Water		410,800
Computer Services		105,900
Redevelopment Authority		80,100
OPEB		51,000
Total	\$	3,882,000

- The Office anticipates an increase in recovered funds in all eight (8) categories during FY 2023 compared to the FY 2022 Estimated Recoveries.

Highlights

- In October 2022, the Office plans to go-live with a new Treasury system and continue post-go-live activities through December 2022. The Treasury system is being developed in-house through a partnership between Finance and OIT. OIT has hired two full-time developers dedicated to the project. A significant amount of development and data migration has taken place, end user testing has begun and was anticipated to ramp up in April 2022. Two weekly project meetings are held: one functions as a working session focused on design and the other on project movement. Additional work sessions are scheduled as required.
- The Office reported that the 2021 cyberattack on the Kronos timekeeping system increased the Office's staff workload as follows:
 - Systems staff had to develop, review, validate, process and upload exception reports
 - Payroll staff spent time processing timesheet adjustments.
 - Managers and Payroll Coordinators were responsible for capturing time and attendance data, translating the time to the appropriate pay codes, and updating exception reports.
 - Management spent additional time discussing the issue, proposed resolutions, and follow up.
 - In addition, the fiscal impact to the Office were increases in overtime pay and increased banking fees related to off-cycle payroll runs and payment voids/reversals.

- The County collected \$9,285,657 in unpaid property taxes during the FY 2021 tax sale. However, the Office currently faces challenges due to legal proceedings that challenged the eligibility of requirements of participants in the Limited Sale, complications for the annual tax billing process in July due to delays related to legal proceedings, balancing tax sale at the same time as year-end, and managing large numbers of first time, last minute, and disqualified bidders.
- In FY 2023, the County plans to contribute \$37.8 million toward the Other Postemployment Benefit Plan (OPEB) trust fund. Due to the potential volatility of claims expense, the Office cannot definitively determine if the FY 2022 and FY 2023 contributions are sufficient to meet PAYGO claims. See the break-down of the Proposed FY 2023 Contribution below.



- The Office reports a projected Risk Management Fund balance deficit of \$200 million for FY 2022. The estimated accident/injury claims payments for FY 2022 are \$33 million.
- The following is a summary of the accident/injury claims from FY 2020 and FY 2021.

Accounts	FY 2020				FY 2021			
	Number of Claims	% of Claims	Payments*	% of Payments	Number of Claims	% of Claims	Payments*	% of Payments
Workers' Comp.	1,087	48.8%	\$ 26,295,279	77.9%	1,012	49.9%	\$ 27,624,562	53.0%
Auto Liability	608	27.3%	2,048,059	6.1%	434	21.4%	1,878,289	3.6%
General Liability	525	23.6%	5,405,468	16.0%	574	28.3%	22,358,419	42.9%
Property Damage	6	0.3%	4,186	0.0%	9	0.4%	295,106	0.6%
Total	2,226	100.0%	\$33,752,992	100.0%	2,029	100.0%	\$52,156,376	100.0%

* Payments reflect all workers' compensation payments made in FY 2021 regardless of when claim received.

- Workers' compensation represents the highest number of claims and payments. In FY 2021, the number of claims decreased by seventy-five (75) and the amount of workers' compensation payments made increased by \$1,329,283, compared to FY 2020. See **Attachment 1** for a breakdown of the workers' compensation claims by agency for FY 2020 and FY 2021.
- To support the reduction of the fund deficit, the Office, in collaboration with the Office of Management and Budget (OMB), plans to offset a \$20 million settlement paid in FY 2021, by contributing an additional \$5 million per year to the Risk Management Fund for four years, which started in FY 2021.
- The Office and Risk Management will focus on loss prevention efforts by meeting the Annual OSHA Required Program Training and County specific training across all agencies. The Office currently has thirty (30) sponsored training courses on the County's NEOGOV platform (Learning Management System) that employees take at their convenience.

Attachment 1

Agency	FY 2020		FY 2021	
	Number of Claims	Amount Paid	Number of Claims	Amount Paid
County Executive	0	\$ 87,299	0	\$ 1,585
County Council	0	-	0	3,715
Circuit Court	4	25,817	2	30,235
State's Attorney	2	89,309	0	68,282
Office of Finance	1	2,670	1	203
OMB	0	-	1	269
Office of Community Relations	0	15,927	0	634
Office of Law	0	48,442	2	30,591
OHRM	2	24,619	1	46,464
OIT	1	45,872	0	72,337
Board of Elections	5	5,091	2	5,972
Central Services	10	292,512	16	358,664
Family Services	2	7,142	0	4,380
Police	364	12,463,899	322	12,020,773
Fire/EMS	331	6,675,411	301	7,870,283
DoE	29	357,451	42	312,101
Sheriff	54	1,759,531	62	1,953,569
Corrections	194	3,189,034	179	3,412,605
Homeland Security	10	172,394	10	125,436
DPW&T	38	483,601	47	716,925
DPIE	23	249,303	12	221,993
Health Department	8	222,927	12	257,559
Housing and Community Development	3	68,919	0	109,986
Social Services	5	8,110	0	-
Non-Departmental	1	-	0	-
TOTAL	1,087	\$ 26,295,280	1,012	\$ 27,624,562