
Office of the Chief Financial Officer

www.cfo.dc.gov

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Description	FY 2011 Actual	FY 2012 Approved	FY 2013 Proposed	% Change from FY 2012
Operating Budget	\$112,882,948	\$127,365,574	\$136,512,769	7.2
FTEs	900.9	869.0	888.0	2.2

The mission of the Office of the Chief Financial Officer (OCFO) is to provide financial management services to the government and the people of the District of Columbia to sustain long-term fiscal and economic viability.

Summary of Services

The Office of the Chief Financial Officer provides enhanced fiscal and financial stability, accountability, and integrity for the Government of the District of Columbia. The OCFO ensures that District spending levels remain within approved budgets and available revenues for each fiscal year so that spending deficits do not occur; maintains adequate cash balances; minimizes receivables balances; manages the District's debt and finances in a manner that provides optimal opportunities to maximize bond ratings and minimize the cost of borrowed capital; ensures that the ratio of total debt service to General Fund expenditures remains within a maximum of 12 percent; improves tax payment compliance by increasing collections from the accounts receivable balance and the non-filer population, as measured by percentage change in delinquent collections; develops and supports financial management systems that provide accurate and timely information; and produces the District's Comprehensive Annual Financial Report (CAFR) on time with an unqualified clean opinion.

The agency's FY 2013 proposed budget is presented in the following tables:

FY 2013 Proposed Gross Funds Operating Budget, by Revenue Type

Table AT0-1 contains the proposed FY 2013 agency budget compared to the FY 2012 approved budget. It also provides FY 2010 and FY 2011 actual expenditures.

Table AT0-1
(dollars in thousands)

Appropriated Fund	Actual FY 2010	Actual FY 2011	Approved FY 2012	Proposed FY 2013	Change from FY 2012	Percent Change*
General Fund						
Local Funds	115,213	87,779	94,642	100,306	5,664	6.0
Special Purpose Revenue Funds	15,154	16,329	24,932	29,140	4,208	16.9
Total for General Fund	130,367	104,108	119,574	129,445	9,872	8.3
Federal Resources						
Federal Grant Funds	950	1,025	0	0	0	N/A
Total for Federal Resources	950	1,025	0	0	0	N/A
Private Funds						
Private Donations	9	18	0	0	0	N/A
Total for Private Funds	9	18	0	0	0	N/A
Intra-District Funds						
Intra-District Funds	8,631	7,731	7,792	7,067	-725	-9.3
Total for Intra-District Funds	8,631	7,731	7,792	7,067	-725	-9.3
Gross Funds	139,957	112,883	127,366	136,513	9,147	7.2

*Percent change is based on whole dollars.

Note: If applicable, for a breakdown of each Grant (Federal and Private), Special Purpose Revenue type and Intra-District agreement, please refer to Schedule 80 Agency Summary by Revenue Source in the FY 2013 Operating Appendices located on the Office of the Chief Financial Officer's website.

FY 2013 Proposed Full-Time Equivalents, by Revenue Type

Table AT0-2 contains the proposed FY 2013 FTE level compared to the FY 2012 approved FTE level by revenue type. It also provides FY 2010 and FY 2011 actual data.

Table AT0-2

Appropriated Fund	Actual FY 2010	Actual FY 2011	Approved FY 2012	Proposed FY 2013	Change from FY 2012	Percent Change
General Fund						
Local Funds	748.0	719.6	782.5	805.5	23.0	2.9
Special Purpose Revenue Funds	135.2	138.4	41.0	44.0	3.0	7.3
Total for General Fund	883.1	858.0	823.5	849.5	26.0	3.2
Intra-District Funds						
Intra-District Funds	42.6	43.0	45.5	38.5	-7.0	-15.4
Total for Intra-District Funds	42.6	43.0	45.5	38.5	-7.0	-15.4
Total Proposed FTEs	925.8	900.9	869.0	888.0	19.0	2.2

FY 2013 Proposed Operating Budget, by Comptroller Source Group

Table AT0-3 contains the proposed FY 2013 budget at the Comptroller Source Group (object class) level compared to the FY 2012 approved budget. It also provides FY 2010 and FY 2011 actual expenditures.

Table AT0-3

(dollars in thousands)

Comptroller Source Group	Actual FY 2010	Actual FY 2011	Approved FY 2012	Proposed FY 2013	Change from FY 2012	Percent Change*
11 - Regular Pay - Continuing Full Time	69,209	65,709	69,013	70,158	1,145	1.7
12 - Regular Pay - Other	570	459	477	963	485	101.6
13 - Additional Gross Pay	275	686	0	0	0	N/A
14 - Fringe Benefits - Current Personnel	13,804	13,663	15,158	17,020	1,862	12.3
15 - Overtime Pay	389	204	0	25	25	N/A
Subtotal Personal Services (PS)	84,247	80,721	84,649	88,166	3,517	4.2
20 - Supplies and Materials	494	456	542	521	-21	-3.8
30 - Energy, Comm. and Building Rentals	384	-3	0	0	0	N/A
31 - Telephone, Telegraph, Telegram, Etc.	746	43	0	0	0	N/A
32 - Rentals - Land and Structures	20,136	0	0	0	0	N/A
33 - Janitorial Services	170	0	0	0	0	N/A
34 - Security Services	630	0	0	0	0	N/A
35 - Occupancy Fixed Costs	276	0	0	0	0	N/A
40 - Other Services and Charges	7,119	6,473	6,485	8,379	1,894	29.2
41 - Contractual Services - Other	24,692	24,686	35,065	38,802	3,736	10.7
70 - Equipment and Equipment Rental	1,063	507	624	645	21	3.3
Subtotal Nonpersonal Services (NPS)	55,710	32,162	42,717	48,347	5,630	13.2
Gross Funds	139,957	112,883	127,366	136,513	9,147	7.2

*Percent Change is based on whole dollars.

Program Description

The Office of the Chief Financial Officer operates through the following 9 programs:

Financial Operations and Systems – carries out the District’s accounting operations, including critical functions such as District-wide general ledger accounting, financial reporting, and pay and retirement services. The program produces the CAFR, which shows the District’s financial position at the end of each fiscal year. The program also develops accounting policies and procedures, policies that support the System of Accounting and Reporting (SOAR), the District’s formal book of record, and policies and procedures for other areas of financial management throughout the OCFO.

This program contains the following 7 activities:

- **Operations and Administration** – provides leadership, general program management, personnel, procurement, automated accounting system access security, fixed asset accountability, and other logistical support services to OFOS staff for general accounting services, specialized accounting systems management, payroll, financial reporting, accounting policies and procedures, and benefits administration for employees, agencies, and District leaders for their use in decision-making. Additionally, this activity provides citizens with financial information so that they can keep abreast of the District’s financial position;
- **Accounting Operations** – provides District-wide General Ledger accounting in order to maintain the official automated book of record on which the financial position of the District ascertained by the District’s elected and appointed leaders, Congress, District agencies (directors, financial managers, and employees), public and private financial communities, and the general public. This activity ensures timely and accurate information on the District’s financial position and facilities to decision-makers;
- **Financial Policy and Procedures** – provides recorded references for standard government accounting practices (policies and theories) and guidelines for operation (procedures and process flows) of the District’s daily accounting functions and the supporting automated system of record to ensure that accounting and financial managers and their staff follow the District’s financial policy and procedures;
- **Accounting Systems Management/Functional Integration** – provides training and expert assistance on the automated accounting system, which follows Generally Accepted Accounting Principles, for the central OCFO cluster employees and agency financial staff to improve the daily recordings of accounting transactions and the reporting of financial position within each agency by activity;
- **Financial Control and Reporting** – provides statements of financial position for the Mayor, Council of the District of Columbia, Congress, District managers, national bond-rating agencies, and the general public to enable informed decisions based on timely and accurate financial information;
- **Federal Annuitant Benefits Administration** – provides accurate and timely annuity payments and related benefits to former and retired Federal law enforcement officers; and
- **Payroll Disbursements and Wage Reporting** – provides a record of compensation and related payments to District employees with accurate and timely paychecks.

Budget Development and Execution – provides for the preparation, monitoring, analysis, and execution of the District government's budget, including operating, capital, and enterprise funds, in a manner that facilitates fiscal integrity and maximizes services to taxpayers. This program also provides advice to policy-makers on the District government's budget and has the primary responsibility for expenditure forecasts.

This program contains the following 4 activities:

- **Executive Direction and Support** – provides general program management, leadership, technical assistance, and support services to the Office of Budget and Planning (OBP) staff and other District government personnel facilitating financial planning, budgetary, performance, and cost analysis of decision-makers to enable them to make effective decisions and achieve strategic goals. It also provides citizens with information on District finances;

- **Financial Planning and Analysis** – provides monitoring and analysis of the District’s budget and expenditures, including spending pressures, staffing for the District’s Anti-Deficiency Board, and guidance, development, and coordination of the District’s Financial Review Process, budget modification process, intra-District fund transfer process, and other reporting functions;
- **Operating Budget Formulation and Development** – provides for the formulation and execution processes of the District’s annual operating budget, as well as other financial and budgetary services, to the Mayor and Council on a timely and accurate basis enabling District officials to make informed decisions on allocations of the District operating resources among policy priorities; and
- **Capital Budget Formulation and Development** – provides detailed reviews of available capital financing and aligns such financing with the District’s annual capital funds budget authority, and provides other financial and budgetary services to the Mayor and Council on a timely and accurate basis to enable them to make informed decisions on District capital resources.

Research and Analysis – provides revenue estimates, revenue policy analysis, and analysis supporting economic development. The program area is divided into two offices, both of which report directly to the CFO: the Office of Revenue Analysis (ORA) and Economic Development Finance (EDF).

ORA services include the preparation of (i) analyses of revenue sources and development of quarterly revenue estimates that set the hard budget constraint for the District of Columbia budget; (ii) fiscal impact statements, which provide estimates of direct costs to the four-year financial plan; (iii) periodic reports on economic and revenue trends and the monthly Economic Indicators for the District of Columbia; (iv) the chapter on revenue in each annual Budget and Financial Plan that is prepared by the District of Columbia; and (v) special studies, including on metropolitan and nationwide household tax burden comparisons, a bi-annual Tax Expenditure Study detail on statutory provisions of District taxes, a running historical update of major changes in District revenue laws, an Annual Revenue Data Book, the monthly Cash Report of District tax collections and, in FY 2010, a system for the overall tracking of the American Recovery and Reinvestment Act of 2010 (ARRA).

EDF provides sophisticated analyses of fiscal, economic, financial, and administrative impacts of proposed projects; analyzes the financial feasibility of economic development projects in the District; and advises the CFO and Mayor on proposed economic development debt issuances. EDF oversees all Tax Increment Financing (TIF) and Payment-in-lieu-of-Taxes (PILOT) projects into which the District enters. EDF provides guidance on changes in development policy options and long-term financial expectations. EDF coordinates with ORA to provide fiscal impact analyses on proposed tax-supported financings, land transfers, and economic development projects. EDF represents the OCFO on the boards of the Washington Convention and Sports Authority and Destination D.C.

This program contains the following 6 activities:

- **Executive Direction and Support** – provides general program management, leadership, technical assistance, and support services to staff including research and analytical services on revenue and economic data and analysis of fiscal and administrative impacts to decision-makers;
- **Financial Data Quality Assurance** – ensures accuracy of reported data;
- **Revenue Estimation** – provides economic and revenue data and analysis and District tax structure data and analysis to the Mayor, Council, and Congress so that they have timely and quality information for policy formulation and decision-making;
- **Economic Development** – provides analysis of the fiscal, economic, financial, and administrative impact on real estate projects to the Chief Financial Officer, the Mayor, the Deputy Mayor for Planning and Economic Development, and the Council so that they can effectively assess economic development initiatives and ensure maximum economic benefit to the city;
- **Legislative and Fiscal Analysis** – provides legislative fiscal impact analysis for the Mayor, the Council, and Congress so that they can have timely and quality information for policy formulation and decision-making; and

- **Economic Affairs** – develops and presents documents detailing the economic and revenue affairs of the District of Columbia to components of the OCFO, the Mayor, the Council, and Congress so that all have timely and quality information for policy formulation and decision-making.

Tax Administration – provides fair, efficient, and effective administration of the District's business, income, excise, and real property tax laws.

This program contains the following 7 activities:

- **Executive Direction and Support** – provides general program management, leadership and support services to the Tax Administration program so that it can coordinate comprehensive tax services to District taxpayers and ensure that the District is collecting the accurate amount of tax revenue;
- **External Customer Service, Information, and Education** – provides customer service through walk-in and telephone customer service centers, which assist approximately 300,000 taxpayers annually. This activity also consists of the development and distribution of public tax forms, support of various electronic tax filing and payment options, including electronic self-service and account management functions, initiating and responding to mail correspondence with taxpayers, and tax registration and certification services;
- **Recorder of Deeds** – provides support for the transfer and titling of real property in the District, and responds to requests for title documents from individuals and the real estate and real estate title industries;
- **Real Property Tax Administration** – provides for the assessment and billing of real property taxes and first-level assessment appeals;
- **Tax Audits and Investigations** – enforces tax compliance by identifying potential non-filers and performing other tax compliance checks to ensure that the District is collecting the correct amount of tax payments due from all taxpayers. This activity also identifies and investigates cases of tax fraud;
- **Revenue Accounting** – provides for the proper accounting of and reporting on revenue collections, and supports issuance of tax refunds; and
- **Receipts and Delinquent Collections** – provides for the processing of more than one million tax returns annually, and the recording and prompt deposit of billions of dollars in tax payments. This includes collections of delinquent tax payments.

Information Technology (IT) – provides for the development and maintenance of state-of-the-art financial information systems to support the District of Columbia's payroll, pension, accounting, tax, and budget, treasury, and web-based financial reporting systems. The principal objectives of the program are to maintain accurate systems, modify systems in response to the changing needs of the District, and maintain compliance with federal, state, and local regulations.

Office of Finance and Treasury (OFT) – provides management of the financial assets and liabilities of the Government of the District of Columbia. This includes investing, collecting, safe-keeping, disbursing, recording, and acquiring District financial resources.

This program contains the following 6 activities:

- **Executive Direction and Support** – provides leadership, strategic direction, and administrative support services to department managers and employees so that they can achieve organizational and individual performance results;
- **Debt and Grants Management** – provides for the issuance of bonds, notes, and other financing vehicles for the District so that it can finance capital infrastructure projects and help ensure seasonal cash needs, and manages the cash and accounting of District agencies' federal grant draw-downs;
- **Cash Management and Investment** – provides for the management of the cash resources of the District so that

- the District can meet its cash obligations and maximize its return on investments;
- **Asset Management** – provides for the management of the District-run pension plans, college savings plan, and unclaimed property;
 - **Disbursement Management** – provides check-printing and disbursement services for District agencies so that they can fulfill their payment obligations; and
 - **Cash Receipts and Accounting** – provides revenue collection services, including cashiering at various District sites, and provides for the management of banking services for all District agencies.

Office of Integrity and Oversight (OIO) – ensures the maintenance of the accountability, integrity, and efficiency of the District of Columbia's financial management and tax administration systems. Through its audit and investigative activities, OIO provides the Chief Financial Officer with independent reviews and appraisals of OCFO operations and ensures the maintenance of the highest standards of integrity and security of OCFO employees.

This program contains the following 3 activities:

- **Audit Services** – provides audit and review services to assist the District's financial managers to ensure the integrity, efficiency, and effectiveness of District programs; manages the review and response to external audit reports; and coordinates District single audits and management letter comments for District agencies so that they can improve operations;
- **Security Integrity Oversight** – provides security and integrity oversight for the OCFO by administering the emergency response program for the OCFO and conducting integrity probes and integrity awareness presentations aimed at detecting and preventing fraud and other misconduct in OCFO programs; and
- **Investigations** – maintains public confidence in the integrity of the OCFO by investigating alleged misconduct by OCFO employees, as well as by conducting background investigations to determine suitability for employment. This investigative service provides reports to OCFO management so that they can take administrative action as appropriate.

Agency Management – provides for administrative support and the required tools to achieve operational and programmatic results. This program is standard for all agencies using performance-based budgeting.

Agency Financial Operations – provides comprehensive and efficient financial management services to, and on behalf of, District agencies so that the financial integrity of the District of Columbia is maintained. This program is standard for all agencies using performance-based budgeting.

Program Structure Change

The Office of the Chief Financial Officer has no program structure changes in the FY 2013 proposed budget.

FY 2013 Proposed Operating Budget and FTEs, by Program and Activity

Table AT0-4 contains the proposed FY 2013 budget by program and activity compared to the FY 2012 approved budget. It also provides the FY 2011 actual data.

Table AT0-4

(dollars in thousands)

Program/Activity	Dollars in Thousands				Full-Time Equivalents			
	Actual FY 2011	Approved FY 2012	Proposed FY 2013	Change from FY 2012	Actual FY 2011	Approved FY 2012	Proposed FY 2013	Change from FY 2012
(1000) Agency Management Program								
((1010) Personnel	1,288	1,565	1,610	45	14.0	14.0	14.0	0.0
(1015) Training and Employee Development	531	555	564	10	4.0	4.0	4.0	0.0
(1020) Contracting and Procurement	2,028	1,196	1,180	-16	12.0	11.0	11.0	0.0
((1030) Property Management	861	757	764	7	10.0	9.0	9.0	0.0
(1060) Legal Services	1,936	2,009	2,069	60	13.9	14.0	14.0	0.0
(1080) Communications	185	181	184	3	2.0	1.0	1.0	0.0
(1090) Performance Management	1,100	1,224	1,344	120	9.0	8.0	8.0	0.0
Subtotal (1000) Agency Management Program	7,928	7,487	7,715	228	64.7	61.0	61.0	0.0
(100F) Agency Financial Operations								
(110F) Budget Operations	663	683	592	-92	5.0	5.0	4.0	-1.0
(120F) Accounting Operations	401	368	388	20	4.0	4.0	4.0	0.0
Subtotal (100F) Agency Financial Operations	1,064	1,052	980	-72	9.0	9.0	8.0	-1.0
(2000) Financial Operations and Systems								
(2100) Operations and Administration	452	815	842	26	8.0	7.0	7.0	0.0
(2200) Accounting Operations	2,063	1,955	2,044	89	21.0	18.0	18.0	0.0
(2300) Financial Policies and Procedures	1004	1,067	1,071	4	4.0	8.0	8.0	0.0
(2400) ASM/Functional Support	1,188	1,246	1,218	-28	0.0	9.0	9.0	0.0
(2500) Financial Control and Reporting	358	1,006	1,041	34	23.9	8.0	8.0	0.0
(2600) Benefits Administration	809	763	783	20	7.9	8.0	8.0	0.0
(2700) Payroll Disbursements and Wage Reporting	3,366	3,859	4,174	316	32.6	34.0	34.0	0.0
(2800) Accounting Systems Administration	647	0	0	0	0.0	0.0	0.0	0.0
Subtotal (2000) Financial Operations and Systems	9,887	10,711	11,173	462	97.4	92.0	92.0	0.0
(3000) Budget Development and Execution								
(3100) Executive Direction and Support	1,613	1,847	1,873	26	12.0	12.0	12.0	0.0
(3200) Financial and Policy Analysis	452	0	0	0	0.0	0.0	0.0	0.0
(3300) Budget Formulation and Development	287	0	0	0	0.0	0.0	0.0	0.0
(3400) Financial Planning and Analysis	13	471	781	310	4.0	3.0	3.0	0.0
(3500) Information and Systems Management	128	0	0	0	0.0	0.0	0.0	0.0
(3600) Strategic Budgeting	16	0	0	0	0.0	0.0	0.0	0.0
(3700) Operating Budget Formulation and Develop	1,992	2,456	2,513	57	22.9	22.0	22.0	0.0
(3800) Capital Budget Formulation and Development	576	631	651	21	6.0	5.0	5.0	0.0
Subtotal (3000) Budget Development and Execution	5,076	5,404	5,818	414	44.9	42.0	42.0	0.0

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Table ATO-4 (Continued)

(dollars in thousands)

Program/Activity	Dollars in Thousands				Full-Time Equivalents			
	Actual FY 2011	Approved FY 2012	Proposed FY 2013	Change from FY 2012	Actual FY 2011	Approved FY 2012	Proposed FY 2013	Change from FY 2012
(4000) Research and Analysis								
(4100) Executive Direction and Support	536	629	644	15	3.0	3.0	3.0	0.0
(4200) Financial Data Quality Assurance	0	608	908	300	0.0	0.0	0.0	0.0
(4300) Revenue Estimation	880	1,132	1,119	-13	9.0	9.0	9.0	0.0
(4500) Economic Development	675	691	805	113	5.0	4.0	5.0	1.0
(4700) Legislative and Fiscal Analysis	529	562	608	46	6.0	5.0	5.0	0.0
(4800) Economic Affairs	498	606	622	16	4.0	4.0	4.0	0.0
Subtotal (4000) Research and Analysis	3,118	4,229	4,705	476	26.9	25.0	26.0	1.0
(5000) Tax Administration								
(5100) Executive Direction and Support	3,373	3,301	4,663	1,362	20.9	19.0	20.0	1.0
(5200) External Customer Service Information	6,782	6,840	7,270	430	78.8	77.0	81.0	4.0
(5300) Recorder of Deeds	2,791	2,682	2,692	10	25.9	23.0	22.0	-1.0
(5400) Real Property Tax Administration	7,435	7,976	8,339	363	77.8	77.0	81.0	4.0
(5500) Tax Audits and Investigations	8,297	8,686	8,912	226	89.7	87.0	89.0	2.0
(5600) Revenue Accounting	1,726	1,777	2,287	510	18.9	17.0	18.0	1.0
(5700) Receipts and Delinquent Collections	13,879	25,021	25,225	204	167.7	170.0	170.0	0.0
Subtotal (5000) Tax Administration	44,283	56,282	59,388	3,106	479.8	470.0	481.0	11.0
(6000) Information Technology								
(6100) Information Technology Support	23,436	20,662	21,081	419	81.8	78.0	78.0	0.0
Subtotal (6000) Information Technology	23,436	20,662	21,081	419	81.8	78.0	78.0	0.0
(7000) Finance and Treasury								
(7100) Executive Direction and Support	898	1,051	915	-136	6.0	5.0	5.0	0.0
(7200) Debt Management	679	691	796	104	5.0	4.0	5.0	1.0
(7300) Cash Management and Investments	3,264	4,976	9,182	4,206	8.0	8.0	16.0	8.0
(7400) Disbursements	4,344	2,894	2,813	-82	11.0	10.0	8.0	-2.0
(7500) Cash Receipts and Accounting	2,881	2,846	3,228	383	33.7	31.0	32.0	1.0
(7600) Asset Management for Special Programs	2,214	4,281	4,321	40	10.9	13.0	13.0	0.0
Subtotal (7000) Finance and Treasury	14,280	16,740	21,254	4,515	74.5	71.0	79.0	8.0
(8000) Integrity and Oversight								
(8100) Audit Services	2,702	3,460	3,054	-406	12.0	12.0	12.0	0.0
(8200) Security Integrity Oversight	413	582	562	-20	3.0	3.0	3.0	0.0
(8300) Investigations	697	757	782	26	7.0	6.0	6.0	0.0
Subtotal (8000) Integrity and Oversight	3,812	4,799	4,399	-400	21.9	21.0	21.0	0.0
Total Proposed Operating Budget	112,883	127,366	136,513	9,147	900.9	869.0	888.0	19.0

(Change is calculated by whole numbers and numbers may not add up due to rounding)

Note: For more detailed information regarding the proposed funding for the activities within this agency's programs, please see Schedule 30-PBB Program Summary by Activity in the FY 2013 Operating Appendices located on the Office of the Chief Financial Officer's website.

FY 2013 Proposed Budget Changes

The Office of the Chief Financial Officer's (OCFO) proposed FY 2013 gross budget is \$136,512,769, which represents a 7.2 percent increase over its FY 2012 approved gross budget of \$127,365,574. The budget is comprised of \$100,305,798 in Local funds, \$29,139,610 in Special Purpose Revenue funds, and \$7,067,361 in Intra-District funds.

Current Services Funding Level

The Current Services Funding Level (CSFL) is a Local funds ONLY representation of the true cost of operating District agencies, before consideration of policy decisions. The CSFL reflects changes from the FY 2012 approved budget across multiple programs, and it estimates how much it would cost an agency to continue its current programs and operations into the following fiscal year. The initial adjustments in the budget proposal represent changes that should be compared to the FY 2013 CSFL budget and not necessarily changes made to the FY 2012 Local funds budget. The FY 2013 CSFL adjustments to the FY 2012 Local funds budget are described in table 5 of this agency's budget chapter. Please see the CSFL Development section within Volume 1: Executive Summary for more information regarding the methodology used and components that comprise the CSFL.

OCFO's FY 2013 CSFL budget is \$95,654,702, which represents a \$1,013,092, or 1.1 percent increase over the FY 2012 approved Local funds budget of \$94,641,610.

Major CSFL Cost Drivers

OCFO's CSFL includes the removal of one-time funding, a decrease of \$608,000 for provisions associated with the Tax Revision Commission Establishment Act.

Initial Adjusted Budget

Cost Increase: An increase of \$269,740 in Local funds reflects adjustments to Contractual Services costs including Information Technology Systems Maintenance, payroll support, network support, and the implementation of a check guarantee system used to verify bank-related transactions. The OCFO Local funds personal services budget increased by a total of \$181,996 agency-wide due to salary, step increases, and Fringe Benefits adjustments; specifically, to accurately represent historical spending trends and projected health insurance costs.

Special Purpose Revenue funds within the agency increased by \$317,450 to support Other Services and Charges costs; specifically, costs related to office support and maintenance agreements. An increase of \$100,169 in Contractual Services primarily reflects Recorder of Deeds information system integration costs. An increase of \$41,831 reflects adjustments to salary, step increases, and Fringe Benefits costs.

Increases of \$91,153 in Intra-District funds are a result of changes within the Finance and Treasury program armored car contract, and \$84,932 and 1.0 FTE across several programs supports anticipated personal services adjustments to salary, step increases, and Fringe Benefits.

Cost Decrease: A decrease of \$431,726 in Local funds in Other Services and Charges reflects a reduction in spending for office support, professional services fees, and printing costs, and \$20,009 was reduced in Supplies and Equipment spending. Within Special Purpose Revenue funds, the OCFO reduced its equipment budget by \$30,520. In Intra-District funds, a decrease of \$99,821 in Other Services and Charges reflects a reduction in office support costs within the Financial Operations and Systems program.

Shift: The agency moved a total of \$413,068 and 5.0 FTEs from Special Purpose Revenue funds to Intra-District funds within the Financial Operations and Systems program. To support the Payroll Disbursements and Wage Reporting activity conducted by the OCFO on behalf of participating District agencies, the OCFO will enter into memoranda of understanding agreements so that the OCFO can accurately reflect payroll processing costs.

Other Adjustment: An adjustment was made for an increase of \$290,000 and 2.0 FTEs in the Research and Analysis program to support a legislative requirement related to the Exemption and Abatements Information Requirements Act of 2011. The legislation seeks to create and maintain the requirements related to the exemption or abatement of taxes and to provide for an annual certification of eligible taxpayers so that they may continue receipt of an exemption or abatement from real property taxation.

Additionally Adjusted Budget

Adjustments of Fringe Benefits to restore the District Government contribution for employee health insurance from 72 percent, implemented in the FY 2011 budget, to 75 percent in FY 2013, resulting in increases of \$329,001 in Local funds, \$11,778 in Special Purpose Revenue funds, and \$9,120 in Intra-District funds.

Policy Initiatives

Enhance: The budget reflects an effort to increase collections from delinquent taxpayers without increasing tax rates. In Local funds within the Research and Analysis program, a total of \$808,000 to continue the compliance with the provisions of the Tax Revision Commission Establishment Act (One-time); in the Tax Administration program, a total of \$270,000 and 4.0 FTEs to support an initiative that focuses on the recovery of unpaid taxes; \$256,481 and 3.0 FTEs to support the implementation of a real property initiative, which will improve the estimation and application of the real property assessments process; \$200,000 and 1.0 FTE to annualize aspects of the District's tax collection process; and \$100,000 to enhance the recovery of unpaid sales taxes through the implementation of the Credit Card Merchant Payment Reporting requirement (One-time).

In Special Purpose Revenue funds, a total of \$5,580,000 and 8.0 FTEs in the Finance and Treasury program supports the implementation of a Central Collection Unit. The purpose of this Unit is to augment the ability of the office to aggressively collect delinquent debts owed to the District pursuant Bill 19-8, "Delinquent Debt Recovery Act of 2011." The law also establishes a special non-lapsing fund to be designated the Delinquent Debt Fund to collect fees, fines, liens, and other delinquent debts.

Cost Increase: In Local funds, an increase of \$500,000 in the Tax Administration program supports operational costs related to the Credit Card Merchant Payment Reporting initiative for mailing out notices announcing partial amnesty as reported on merchant payment reports (One-time); \$345,000 in the Tax Administration program to comply with the Vendor Sales Tax Collection and Remittance Act of 2012 that requires licensed street or mobile vendors (these include food trucks, sidewalk food carts, and merchandise vendors) to collect and remit sales taxes; \$300,000 in the Tax Administration program to lower the interest rate paid by the District on refunds due to tax return filers; \$300,000 to support the Budget Development and Execution program Cost Driver project, which integrates the unit costs of agency services with the District's accounting system; and \$100,000 to cover the operational costs of a revenue initiative that will allow the Tax Administration program to integrate its systems with the Department of Motor Vehicles (DMV) to offset or block tax refunds for taxpayers who are delinquent on DMV-related charges including motor vehicle excise, fines, and other required payments (One-time).

Cost Decrease: In Special Purpose Revenue funds, a decrease of \$1,400,000 in the Finance and Treasury reflects costs savings in the District's contract with banks to cover certain fees. In Intra-District funds, a decrease of \$450,000 reflects contractual savings due to lower estimate costs to conduct the District's single audit.

Shift: In prior years, the DMV entered into an Intra-District agreement with the OCFO to cover costs related to cashier services at DMV facilities. To streamline certain cash collection functions, the Finance and Treasury program shifted \$772,888 and 13.0 FTEs funded by DMV to the Local funds budget.

Transfer In: As part of the aforementioned shift of positions and funding to the Local fund budget for cashier operations at DMV facilities, the Finance and Treasury program received \$79,597 in Local funds to support anticipated Overtime and Equipment costs.

FY 2012 Approved Budget to FY 2013 Proposed Budget, by Revenue Type

Table AT0-5 itemizes the changes by revenue type between the FY 2012 approved budget and the FY 2013 proposed budget.

Table AT0-5

(dollars in thousands)

	PROGRAM	BUDGET	FTE
LOCAL FUNDS: FY 2012 Approved Budget and FTE		94,642	782.5
Removal of One-Time Funding	Multiple Programs	-608	0.0
Fringe Benefit Rate Adjustment	Multiple Programs	969	0.0
Consumer Price Index	Multiple Programs	335	0.0
Personal Services Growth Factor	Multiple Programs	317	0.0
FY 2013 Current Services Funding Level Budget (CSFL)		95,655	782.5
Cost Increase: Adjustments to Contractual Services costs	Multiple Programs	270	0.0
Cost Increase: Miscellaneous personal services adjustments	Multiple Programs	182	0.0
Cost Decrease: Adjustments to Other Services and Charges	Multiple Programs	-432	0.0
Cost Decrease: Adjustments to Supplies and Equipment costs	Multiple Programs	-20	0.0
Other Adjustments: Supports Exemption and Abatements Information Requirements Act of 2011	Research and Analysis	290	2.0
FY 2013 Initial Adjusted Budget		95,945	784.5
Technical Adjustment: Health insurance contribution	Multiple Programs	329	0.0
FY 2013 Additionally Adjusted Budget		96,274	784.5
FY 2013 Policy Initiatives			
Enhance: Tax Revision Commission support (One-Time)	Research and Analysis	808	0.0
Enhance: Recovery of unpaid taxes	Tax Administration	270	4.0
Enhance: Real Property Initiative	Tax Administration	256	3.0
Enhance: Annual use tax returns	Tax Administration	200	1.0
Enhance: Recovery of unpaid sales taxes (One-Time)	Tax Administration	100	0.0
Cost Increase: Mailing costs for partial amnesty initiative (One-Time)	Tax Administration	500	0.0
Cost Increase: Vendor sales tax initiative	Tax Administration	345	0.0
Cost Increase: Lower interest on returns	Tax Administration	300	0.0
Cost Increase: Cost Driver support	Budget Development and Execution	300	0.0
Cost Increase: Cost to block tax refunds for residents who have unpaid DMV violations (One-Time)	Tax Administration	100	0.0
Shift: DMV cashier costs from Intra-District funds	Finance and Treasury	773	13.0
Transfer In: DMV cashier support	Finance and Treasury	80	0.0
LOCAL FUNDS: FY 2013 Proposed Budget and FTE		100,306	805.5
SPECIAL PURPOSE REVENUE FUNDS: FY 2012 Approved Budget and FTE		24,932	41.0
Cost Increase: Other Services and Charges costs	Multiple Programs	317	0.0
Cost Increase: Adjustments to Contractual Services costs	Multiple Programs	100	0.0
Cost Increase: Miscellaneous personal services adjustments	Multiple Programs	42	0.0
Cost Decrease: Adjustments to Equipment purchases	Multiple Programs	-31	0.0
Shift: Positions to Intra-District funds	Financial Operations and Systems	-413	-5.0
FY 2013 Initial Adjusted Budget		24,948	36.0
Technical Adjustment: Health insurance contribution	Multiple Programs	12	0.0
FY 2013 Additionally Adjusted Budget		24,960	36.0

(Continued on next page)

Table ATO-5 (Continued)
(dollars in thousands)

	PROGRAM	BUDGET	FTE
SPECIAL PURPOSE REVENUE FUNDS (cont.)			
FY 2013 Policy Initiatives			
Enhance: Supports expanded Central Collection Unit	Finance and Treasury	5,580	8.0
Cost Decrease: Contractual savings	Finance and Treasury	-1,400	0.0
SPECIAL PURPOSE REVENUE FUNDS: FY 2013 Proposed Budget and FTE		29,140	44.0
INTRA-DISTRICT FUNDS: FY 2012 Approved Budget and FTE		7,792	45.5
Cost Increase: Adjustments to Contractual Services costs	Finance and Treasury	91	0.0
Cost Increase: Miscellaneous personal services adjustments	Multiple Programs	85	1.0
Cost Decrease: Adjustments to Other Services and Charges	Financial Operational and Systems	-100	0.0
Shift: Positions from Special Purpose Revenue funds	Financial Operations and Systems	413	5.0
FY 2013 Initial Adjusted Budget		8,281	51.5
Technical Adjustment: Health insurance contribution	Multiple Programs	9	0.0
FY 2013 Additionally Adjusted Budget		8,290	51.5
FY 2013 Policy Initiatives			
Cost Decrease: Contractual savings from reductions in Contractual Services	Integrity and Oversight	-450	0.0
Shift: DMV cashier costs to Local funds	Finance and Treasury	-773	-13.0
INTRA-DISTRICT FUNDS: FY 2013 Proposed Budget and FTE		7,068	38.5
Gross for ATO - Office of the Chief Financial Officer		136,513	888.0

(Change is calculated by whole numbers and numbers may not add up due to rounding)

