

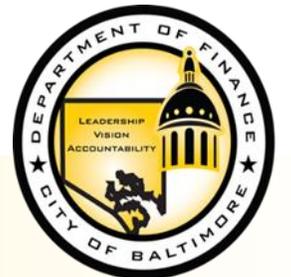
# Fiscal 2023 City Council Budget Hearing Baltimore City Department of Finance

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June 01, 2022

Henry J. Raymond

Director



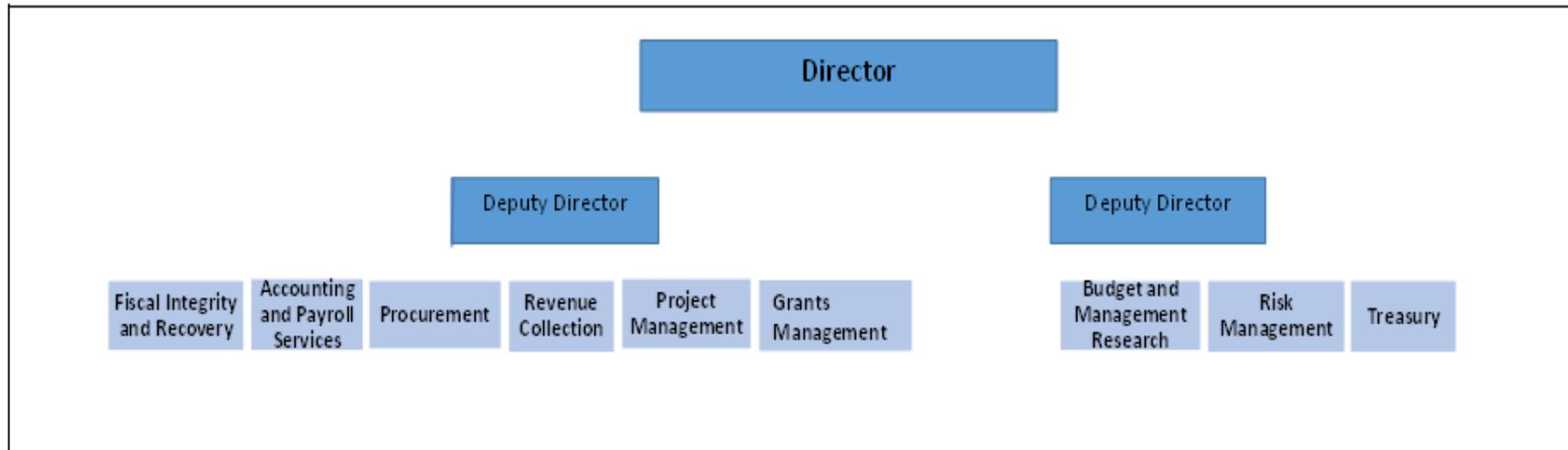
# Mission

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- Provide excellent customer service to our citizens
  - Provide a full range of financial services to City agencies
  - Collect and invest all monies due to the City
  - Manage City debt
  - Develop and execute sound fiscal policies and practices

# Organizational Chart

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# Revenue Collection

**Pillar:** Responsible Stewardship of City Resources

**Service Number:** 148

**Fiscal 2023 Recommended Budget:** \$12,094,451

**Service Description**

This service collects all money that is due to the City through various taxes, fines, fees and penalties. Customers can pay most bills in person, online, using a smartphone, over the telephone, or by mail. The service operates a call center to address payment and billing questions during normal business hours.

**Major Budget Items**

- The recommended budget includes \$160,000 in one-time funding for upgrades to the workspaces and for a secure locker for property transfer.
- The recommended budget funds 2 General Fund positions to support the lien abatement program.
- The recommended budget includes funding for 8 Special Revenue fund positions to support the I-83 camera program. The positions are funded by proceeds from the citations issued and are budgeted in the Department of Transportation, which manages the Special Revenue Fund that captures the financial activity associated with the I-83 cameras.

Type	Performance Measure	Actual 2018	Actual 2019	Actual 2020	Target 2021	Actual 2021	Target 2022	Target 2023
Effectiveness	% of service requests closed on time	95%	95%	45%	95%	88%	95%	95%
Effectiveness	Collection % of real property tax	98.0%	98.0%	98.0%	95.0%	97%	95.0%	96.0%

# Treasury and Debt Management

**Pillar:** Responsible Stewardship of City Resources

**Service Number:** 150

**Fiscal 2023 Recommended Budget:** \$1,310,823

## Service Description

This service provides for the management of the City's cash, investments, debt, and banking services. Treasury Management provides important oversight and control of the City finances to ensure cash is available to pay expenditures through the issuance of debt and timely investment of City funds. This service also maintains the City's banking and trustee relationships so that the City's corporate cash, payroll and trust accounts are properly administered.

## Major Budget Items

- The recommended budget maintains the current level of service.

Type	Performance Measure	Actual 2018	Actual 2019	Actual 2020	Target 2021	Actual 2021	Target 2022	Target 2023
Effectiveness	% of bond payments made on time	100%	100%	100%	100%	100%	100%	100%
Effectiveness	Interest % on GO bonds issued	2.72%	2.82%	1.85%	3.30%	1.73%	2.75%	3.62%

# Administration - Finance

**Pillar:** Responsible Stewardship of City Resources

**Service Number:** 698

**Fiscal 2023 Recommended Budget:** \$2,101,078

## Service Description

This service is responsible for the overall fiscal strategy and fiscal management of the City, which includes overseeing the City Budget process and holding the internal Bureaus - Budget and Management Research, Revenue Collections, Procurement, Accounting, Payroll Services, Treasury Management, and the Office of Risk Management - accountable for their performance. The Office also coordinates all human resources activities within the department; manages the combined charity management contract; performs management analysis; and executes initiatives with other City agencies to improve the efficiency and effectiveness of government.

## Major Budget Items

- The Fiscal 2023 recommended budget maintains the current level of service.
- The Administration Service has led the transition to Workday, which replaces a number of legacy systems in accounting, budget, payables, procurement, and revenue collection.
- The recommended budget includes \$436,619 to support the Grants Management Office.

# Procurement

**Pillar:** Responsible Stewardship of City Resources

**Service Number:** 699

**Fiscal 2023 Recommended Budget:** \$4,575,579

## Service Description

This service offers City agencies a professional procurement practice for the purchase of goods and services to be used in City operations and capital improvements. The use of a centralized purchasing system is mandated by the City Charter and includes the procurement of all goods and services required by City agencies, with the exception of public works and professional services. Each fiscal year, the service contracts for goods and services valued at approximately \$500 million.

## Major Budget Items

- The budget includes 2 Federal fund positions to support the American Rescue Plan Act.
- The recommended budget includes funding to support 2 General Fund positions that will support the City’s transition to Workday.
- The recommended budget reflects a decrease in the allocation for contractual services, which represents the cost of the legacy procurement system, CitiBuy. This system is being replaced with Workday effective July 1.

Type	Performance Measure	Actual 2018	Actual 2019	Actual 2020	Target 2021	Actual 2021	Target 2022	Target 2023
Output	# of employees and city vendors trained	217	209	673	250	314	300	300
Effectiveness	# of vendors registered	21,756	22,362	21,413	22,500	21,784	22,000	25,000

# Surplus Property Disposal

**Pillar:** Responsible Stewardship of City Resources

**Service Number:** 700

**Fiscal 2023 Recommended Budget:** \$163,120

## Service Description

This service offers City agencies a professional service for the proper disposition of surplus property. The use of a centralized surplus property system is required by the City Charter. During the years Fiscal 2012 through Fiscal 2019, the service generated total revenue of \$5.1 million.

## Major Budget Items

- Total expenses in this Service are covered by the revenue generated from the sale of surplus property. Revenue generated beyond what is needed to cover expenses is revenue to the General Fund.
- The recommended budget maintains the current level of service.

Type	Performance Measure	Actual 2018	Actual 2019	Actual 2020	Target 2021	Actual 2021	Target 2022	Target 2023
Output	# of auctions hosted	33	0	208	240	129	240	240
Outcome	\$ generated annually	\$956,949	\$584,505	\$964,595	\$1,700,000	\$1,646,769	\$1,500,000	\$2,500,000

# Printing Services

**Pillar:** Responsible Stewardship of City Resources

**Service Number:** 701

**Fiscal 2023 Recommended Budget:** \$3,783,738

## Service Description

This service is an Internal Service Fund operation supplying document services to the City of Baltimore government. The services offered to City agencies and the Baltimore City Public School System are professional graphic design, printing, copying, document scanning, data center printing, and forms distribution.

## Major Budget Items

- Total expenses in this Service are covered by revenue generated from fees charged to the requesting agencies for printing services.
- The recommended budget maintains the current level of service.

Type	Performance Measure	Actual 2018	Actual 2019	Actual 2020	Target 2021	Actual 2021	Target 2022	Target 2023
Output	# of billable jobs	15,820	14,495	12,411	10,000	12,477	15,000	12,500
Efficiency	Average # of days for print job turnaround	5	4	5	10	3	10	3

# Accounts Payable

**Pillar:** Responsible Stewardship of City Resources

**Service Number:** 702

**Fiscal 2023 Recommended Budget:** \$1,092,879

## Service Description

This service is responsible for paying an average of 10,400 vendor invoices each month and providing support to agencies and vendors in all matters relating to payments. The City is expected to pay invoices within 30 days of delivery of the good and/or service.

## Major Budget Items

- The recommended budget includes a transfer credit to the Utility Funds to cover the cost to process utility payments, which is done by the Accounts Payable team.
- The recommended budget includes funding for 1 General Fund position to provide additional support to the service.

Type	Performance Measure	Actual 2018	Actual 2019	Actual 2020	Target 2021	Actual 2021	Target 2022	Target 2023
Output	# of invoices paid	124,527	101,254	132,000	140,000	121,000	140,000	180,000
Effectiveness	% of invoices paid within 30 days of City receipt	48%	52%	55%	70%	65%	80%	85%

# Payroll

**Pillar:** Responsible Stewardship of City Resources

**Service Number:** 703

**Fiscal 2023 Recommended Budget:** \$3,665,578

## Service Description

This service is responsible for paying 1,200 weekly employees, 14,000 bi-weekly employees, and seasonal employees including thousands of YouthWorks employees. The Payroll Service is also responsible for ensuring that proper internal controls exist over the payroll process and special pay or bonus checks, coordinating quarterly payroll tax reporting, managing garnishment processing, reconciling payroll bank accounts, all payroll related special projects including sick and safe leave, check escheatment to the State of Maryland, and coordinating year-end processing of W-2's.

## Major Budget Items

- The recommended budget includes a transfer credit to the Utility Funds to cover the cost to process payroll for Utility employees.
- The recommended budget maintains the current level of service.

Type	Performance Measure	Actual 2018	Actual 2019	Actual 2020	Target 2021	Actual 2021	Target 2022	Target 2023
Output	# of off-cycle checks	2,270	1,914	2,421	1,900	10,019	1,800	2,200
Output	# of payroll checks/advices issued	752,403	357,122	339,170	370,000	349,349	350,000	175,000

# Accounting

**Pillar:** Responsible Stewardship of City Resources

**Service Number:** 704

**Fiscal 2023 Recommended Budget:** \$3,240,260

## Service Description

This service provides accounting and reporting services for the City of Baltimore, including preparation of the Annual Comprehensive Financial Report (ACFR). The service is responsible for ensuring that proper internal controls are in place for processing financial transactions and that these transactions and reports are recorded and prepared in accordance with Generally Accepted Accounting Principles (GAAP) as set forth by the Government Accounting Standards Board (GASB). Financial transactions are recorded and reports are prepared and generated using the City's financial system, City Dynamics.

## Major Budget Items

- The recommended budget maintains the current level of service.
- In Fiscal 2023, the City will “go live” with its transition from multiple legacy systems to Workday – a unified system that includes finance, budget, procurement, and human resources functions. This service led the transition throughout Fiscal 2021 and Fiscal 2022 for the Finance modules.
- The recommended budget includes \$836,054 in transfer credits from Utility Funds, capital funds, and Risk Management Internal Service Fund to support accounting functions for the Services in those funds.

Type	Performance Measure	Actual 2018	Actual 2019	Actual 2020	Target 2021	Actual 2021	Target 2022	Target 2023
Output	# of transactions/journal entries (in millions)	3.4	3.2	3.2	3.4	3.1	2.1	3.0
Efficiency	Average # of days for month-end close	5	5	5	5	7	5	7

# Risk Management for Employee Injuries

**Pillar:** Responsible Stewardship of City Resources

**Service Number:** 707

**Fiscal 2023 Recommended Budget:** \$4,233,761

## Service Description

This service administers the City's risk management and insurance program for City assets and liabilities. Insurance policies are procured by the service to provide the broadest coverage at the lowest cost. When damages exceed insured deductibles, claims are filed to expedite recovery from the insurance company. This service seeks to prevent employee injuries by promoting accident prevention, providing safety training, and ensuring regulatory compliance.

## Major Budget Items

- The recommended budget transfers 1 Internal Service Fund position to Service 862: Transaction to better reflect where personnel are assigned.
- The budget maintains the current level of service.

Type	Performance Measure	Actual 2018	Actual 2019	Actual 2020	Target 2021	Actual 2021	Target 2022	Target 2023
Outcome	# of claims received annually (per 100 employees)	15	18	9	17	7	15	15
Output	\$(in millions) associated with motor vehicle accident injuries (excluding police and fire)	\$3.0	\$3.2	\$0.9	\$3.0	\$0.1	\$0.9	\$3.0

# Operating Budget Management

**Pillar:** Responsible Stewardship of City Resources

**Service Number:** 708

**Fiscal 2023 Recommended Budget:** \$2,348,738

## Service Description

This service provides for the management of the City's annual operating budget. Revenues and expenditures are monitored throughout the year, and state and local legislation is analyzed to determine the impact on the City budget. Outreach efforts ensure residents have a clear understanding of the City budget. The service also provides professional research and analysis on management, performance, and financing of City services.

## Major Budget Items

- The Fiscal 2023 recommended budget funds 1 General Fund position. This position will provide increased attention to Internal Service, Special Revenue, and grant funds to decrease the number of unplanned subsidies from the General Fund.
- The recommended budget eliminates 1 vacant General Fund position to fund 1 General Fund position.

Type	Performance Measure	Actual 2018	Actual 2019	Actual 2020	Target 2021	Actual 2021	Target 2022	Target 2023
Effectiveness	# of residents engaged in annual budget planning process	1,106	1,720	2,357	3,000	3,434	3,000	3,810
Outcome	Annual \$ saved from BBMR recommendations (in millions)	\$1.2	\$5.8	\$2.0	\$2.0	\$4.5	\$2.0	\$3.0

# Fiscal Integrity and Recovery

**Pillar:** Equitable Neighborhood Development

**Service Number:** 710

**Fiscal 2023 Recommended Budget:** \$1,209,051

## Service Description

This service was initially established in Fiscal 2011 to ensure property tax credits are not fraudulent, that new construction is assessed in an expedient manner, and assist when needed, to ensure that State assessors have all relevant City information available to them when they assess real property. Since that time, the Fiscal Integrity Office (formerly Billing Integrity) has expanded its work to include assessment appeals, appraisal reviews for the Historic Tax Credit, PILOT record management, and management of the City's real property tax credits. The goal is to identify and eliminate inefficiencies, and to implement processes to prevent fraud.

## Major Budget Items

- The recommended budget maintains the current level of service.

Type	Performance Measure	Actual 2018	Actual 2019	Actual 2020	Target 2021	Actual 2021	Target 2022	Target 2023
Output	# of tax credits granted in the tax credit system	3,883	4,402	4,187	4,150	4,222	5,019	4,028
Outcome	\$ estimated increase in property tax revenue attributable to successful appeals (in millions)	\$3.90	\$4.90	\$0.50	\$2.60	\$2.36	\$2.90	\$1.50

# Finance Project Management

**Pillar:** Responsible Stewardship of City Resources

**Service Number:** 711

**Fiscal 2023 Recommended Budget:** \$1,415,198

## Service Description

This service is responsible for coordinating, designing, and implementing all systems changes within the Department of Finance. This includes the management of the Integrated Tax System project, the implementation of a new recordation tax system, and the design of a personal property tax system.

## Major Budget Items

- The recommended budget maintains the current level of service.

Type	Performance Measure	Actual 2018	Actual 2019	Actual 2020	Target 2021	Actual 2021	Target 2022	Target 2023
Output	# of functional design documents completed	2	2	2	2	2	2	2
Output	# of systems transferred off mainframe	1	1	1	3	2	2	3