

## Facts About The Budget

### Glossary

A glossary of terms can be found at the end of the Budget Document.

### Development of the Annual Budget

Each year, the County publishes two fiscal plan (budget) documents: the *Proposed Fiscal Plan* and the *Adopted Fiscal Plan*. The *Proposed Fiscal Plan* is the annual budget proposed by the County Executive for County government operations for the upcoming fiscal year, which runs from July 1 through June 30. The proposed budget is based on estimates of projected expenditures for County programs, as well as the means of paying for those expenditures (estimated revenues). Following extensive review and deliberation, the Board of County Supervisors formally approves the *Adopted* (or final) *Fiscal Plan*.

As required by the code of Virginia, Sections 15.1-160 and 15.1-602, the County Executive must submit to the Board of County Supervisors a proposed fiscal plan on or before April 1 of each year for the fiscal year beginning July 1. After an extensive budget review and deliberation process and two public hearings to receive citizen input, the Board of County Supervisors makes its decisions on the *Adopted Fiscal Plan*. The fiscal plan must be adopted on or before May 1 of each year per the code of Virginia Section 22.1-93. A calendar of events for budget development activities for Fiscal Year 05 (July 1, 2004 - June 30, 2005) is included on the following page to describe the budget development process in greater detail.

### Fiscal Year 05 Budget Development Process - Calendar of Events

#### July thru August

Phase I: Agencies report to Office of Executive Management on prior fiscal year performance in achieving adopted agency outcomes and service levels

#### August 7

Agencies submit Capital Improvements Program (CIP) updates and new project requests to Office of Executive Management for review, analysis, and recommendations

#### October - Mid February

Department Directors/Department Budget Contacts meet with Budget Director/Budget Staff to review prior fiscal year performance and upcoming fiscal year goals, objectives, activities, outcomes, and service levels

#### October 25

Phase II: Budget instructions and performance budget targets, including outcomes, service levels, revenues, expenditures, and County tax support, are distributed to agencies by Office of Executive Management

#### November 25

Agencies submit Phase II budget increase requests and responses to performance budget targets to Office of Executive Management for review, analysis, and recommendations

#### December thru January

Office of Executive Management meets with agencies to discuss Phase II budget issues and recommendations

#### January 20

County Executive presents Proposed CIP to the Board of County Supervisors

#### February 24

County Executive presents Proposed Fiscal Plan to the Board of County Supervisors

#### March thru April

Board of County Supervisors conducts community meeting with the public and budget work sessions with County government staff to review and deliberate the budget

#### March 6

Office of Executive Management briefs Citizen Budget Committees regarding the Proposed Fiscal Plan and CIP

#### March 9

Board of County Supervisors authorizes the advertisement of proposed tax and levy rates

#### March 22 and March 23

Board of County Supervisors conducts two public hearings regarding the proposed budget and tax and levy rates

#### April 20

Board of County Supervisors adopts the Fiscal Plan and CIP

#### July 1

Fiscal year and execution of agency budgets begin

### The Budget in General

The budget reflects the estimated costs of operation for those programs and activities that received funding during the budget development process. To adequately pay for the costs of County services to a growing population, the total budget adopted for the upcoming fiscal year normally shows an increase over the budget for the current fiscal year.

Financially, the budget is comprised of four fund types: the General Fund, Special Revenue Funds, the Capital Projects Fund and Proprietary Funds. Functionally, the County government services and expenditures are organized into the following sections within the Fiscal Plan document:

1. General Government
2. Administration
3. Judicial Administration
4. Planning and Development
5. Public Safety
6. Human Services
7. Parks and Library
8. Debt/Capital Improvements Program
9. Non-Departmental

### The Relationship Between the Capital Improvements Program and the Budget

The County also prepares a six-year Capital Improvements Program (CIP) which is adopted by the Board of County Supervisors and published as a separate document. The CIP specifies those capital improvements and construction projects which are scheduled for funding over the next six years in order to maintain or enhance the County's capital assets and delivery of services. In addition, the CIP describes financing mechanisms for those projects. Financial resources used to meet priority needs established by the CIP are accounted for through the Capital Projects Fund.

The primary type of operating expenditure included in the budget relating to the CIP is funding to cover debt service payments for general obligation bonds or other types of debt required to fund specific CIP projects. The Debt/Capital Improvements Program section of the Fiscal Plan document provides detailed information on debt management considerations.

Also, the Capital Improvements Program identifies the facility operating costs, program operating costs, and operating revenues associated with each approved capital project. Funding for capital facility operating requirements is included when and where needed in the operating budgets for the appropriate agencies consistent with costs projected in the CIP.

A summary of the Capital Improvements Program is also included in the Debt/Capital Improvements Program section of the budget document.

# Understanding the Budget

## Amending the Budget

The County provides for amendment of the adopted budget in two ways. First, the budget for any fund, agency, program, or project can be increased or decreased by formal Board of County Supervisors action (budget and appropriation resolution). Any budget amendment which involves an amount exceeding the lesser of one percent of the total revenue shown in the current adopted budget *or* \$500,000 may not be enacted without first advertising and then conducting a public hearing. The advertisement must be published once in a newspaper with general County circulation at least seven days prior to the public hearing. After obtaining input from citizens at the public hearing, the Board of County Supervisors may then amend the budget by formal action.

Second, existing authorized budget amounts can be transferred within agencies and programs or between agencies and programs upon various levels of authority as set forth in County Executive Policy 4.11 (Budget Transfers). The authority level required for budget transfers varies depending on the nature and amount of the budget transfer involved and is specified in the budget transfer matrix governing implementation of the policy (see matrix below). The policy provides operating flexibility while ensuring adequate policy and fiscal control.

### Budget Transfer Matrix

#### Transfers Within Fund, Department, and Expenditure Category (Object Level 1)

<b>Transfer Category</b>	<b>Department Head Approval</b>	<b>BOCS Approval</b>
Within expenditure category Character	\$1 +	NA

#### Transfers Within Fund and Department Between Expenditure Categories (Object Level 1)

<b>Transfer Category</b>	<b>Department Head Approval</b>	<b>BOCS Approval</b>
All	\$1 To \$19,999	\$20,000 +

#### Transfers Within Fund Between Departments

<b>Transfer Category</b>	<b>Department Head Approval</b>	<b>BOCS Approval</b>
All	\$1 To \$19,999	\$20,000 +

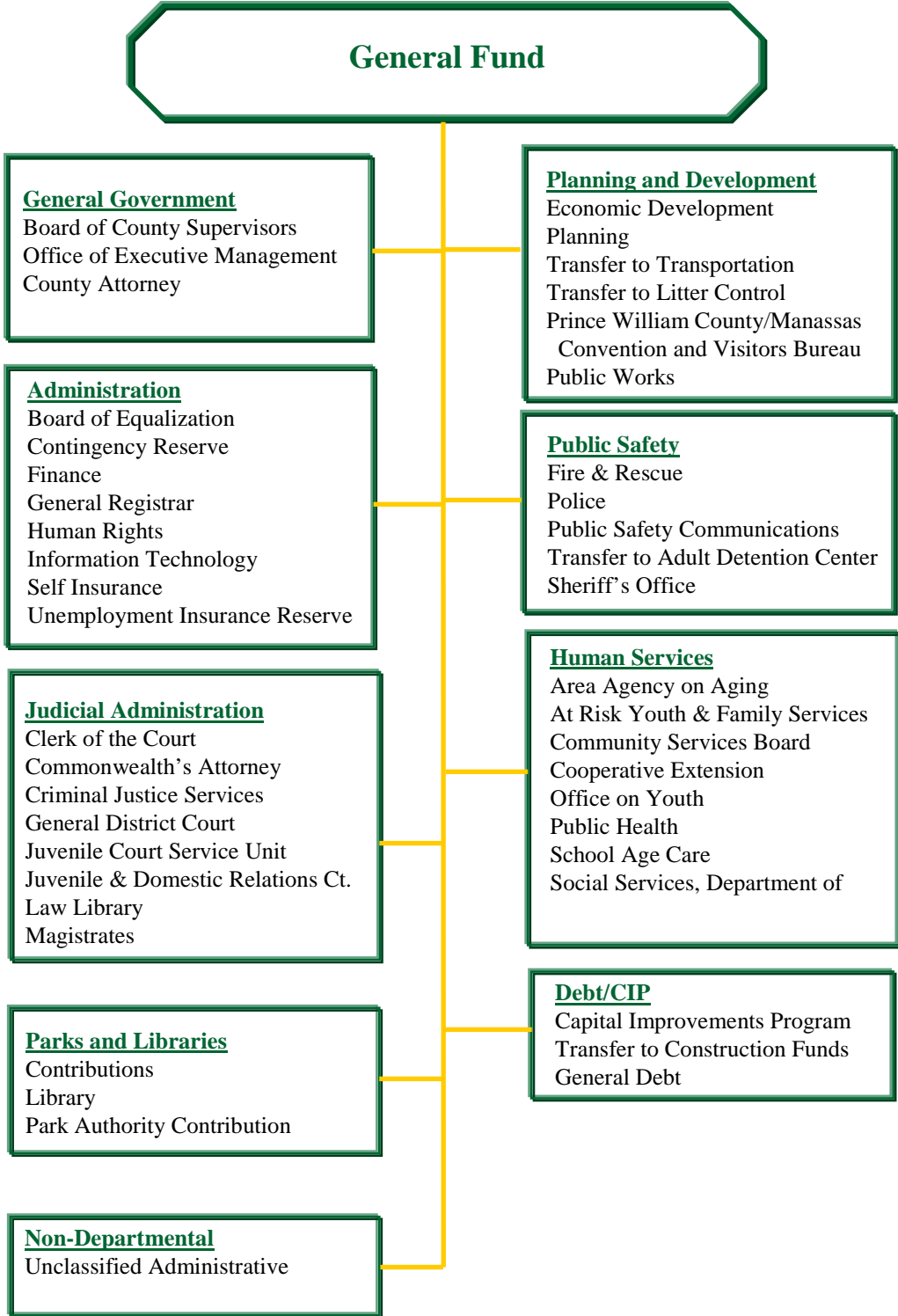
#### Transfers Between Funds and Subfunds\* and Projects

<b>Transfer Category</b>	<b>Director of Finance Approval</b>	<b>BOCS Approval</b>
All	\$1 To \$19,999	\$20,000 +

\* Transfers between subfunds within funds 11 - 39 do not require Board of County Supervisors (BOCS) approval if > \$19,999 and within an expenditure category (object level 1); BOCS approval is required if transfers between expenditure categories (object level 1) as specified above.

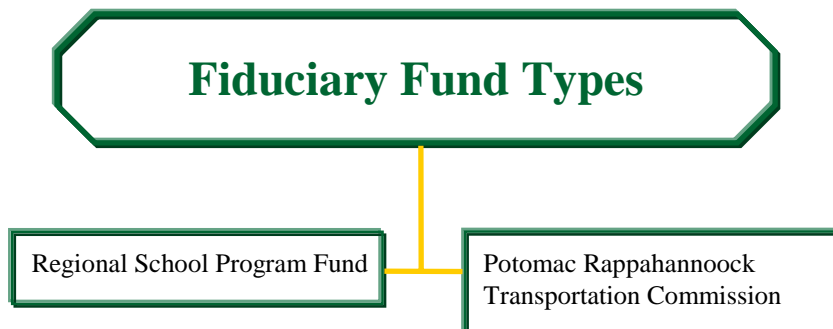
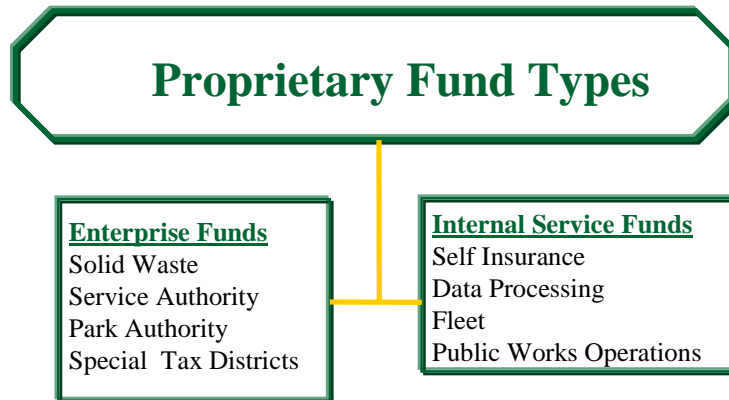
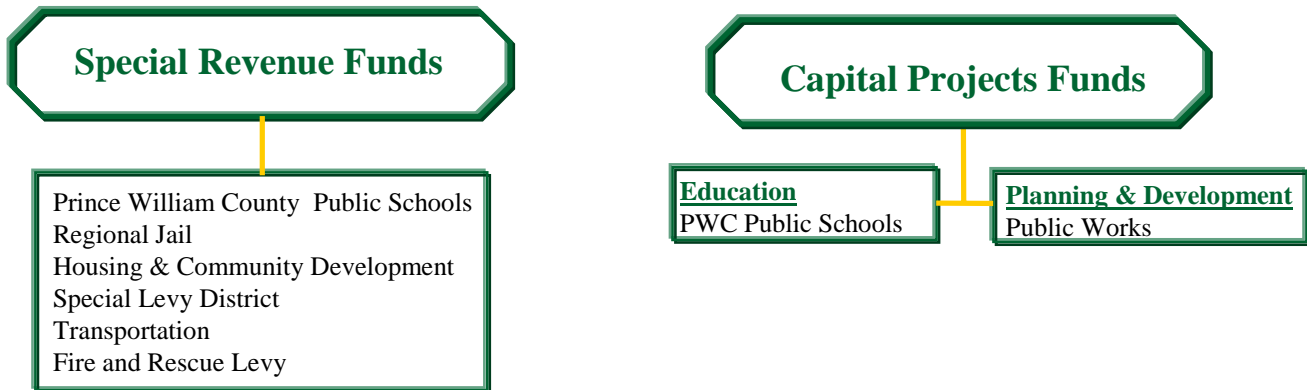
Operating Funds

Governmental Fund Types



## Operating Funds

### Governmental Fund Types (continued)



## Prince William County Accounting System

### I. Basis of Budgeting

The County's governmental functions and accounting system are organized and controlled on a fund basis. Accounts are maintained on the **modified accrual** basis of accounting for governmental, expendable trust, and agency funds. Revenues are recognized when measurable and available as current assets. Expenditures are generally recognized when the related services or goods are received and the liability is incurred. Proprietary funds are accounted for on the **full accrual** basis of accounting, which requires that revenues be recognized in the period in which service is given and that expenses be recorded in the period in which the benefit is received. The basis of budgeting for each of these funds is the same as the basis of accounting for each of these funds.

### II. Governmental Fund Types

Most of the County's governmental functions are accounted for in Governmental Fund Types. These fund types measure changes in financial position rather than net income. The following are the County's Governmental Fund Types:

#### A. General Fund

The General Fund is used to account for all financial transactions and resources except those required to be accounted for in another fund. Revenues are derived primarily from property and other local taxes, State and Federal distributions, license and permit fees, charges for services, and interest income. A significant part of the fund's revenues are transferred to other funds to finance the operations of the County Public Schools, the Park Authority, and the Regional Adult Detention Center. Debt service expenditures for payments of principal and interest of the County's general long-term debt (bonds and other long-term debt not serviced by proprietary or special revenue funds) are included in the General Fund.

#### B. Special Revenue Funds

Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than expendable trusts or major capital projects) that are legally restricted to expenditures for specified purposes. Special Revenue Funds are used to account for volunteer fire and rescue levies, school operations, and the Regional Adult Detention Center.

#### C. Capital Projects Fund

The Capital Projects Fund is used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by Proprietary Fund Types as discussed on the following page). The Capital Projects Fund accounts for all current construction projects including improvements to and the construction of schools, roads, and various other projects.

**Note:** The County does not maintain Special Assessment Funds. The Debt Service Fund was eliminated on July 1, 1985, because there was no requirement for it.

### Prince William County Accounting System (continued)

#### III. Proprietary Fund Types

Proprietary Funds account for County activities, which operate, similarly to private sector businesses. These funds measure net income, financial position, and changes in financial position. The following are the County's Proprietary Fund Types:

##### A. Enterprise Funds

These funds are used to account for operations that are: (a) financed and operated in a manner similar to private business enterprises - where the intent of the Board of County Supervisors is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the Board of County Supervisors has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes. The following are Enterprise Funds: the Prince William County Service Authority (which provides water and sewer services), the Prince William County Park Authority (which provides recreational services), and the Prince William County Landfill (which provides solid waste disposal for the County).

##### B. Internal Service Funds

These funds are used to account for financing of goods or services provided by one County department or agency to other departments and agencies on an allocated cost recovery basis. Internal Service Funds are established for data processing, vehicle maintenance, road construction, and self-insurance.

#### IV. Fiduciary Fund Types - Trust And Agency Funds

These funds are used to account for assets held by the County in a trustee capacity or as an agent for individuals, private organizations, other governments, and/or other funds. The County has established Agency and Expendable Trust Funds to account for library donations, special welfare, and certain other activities. Agency Funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. Expendable Trust Funds are accounted for in essentially the same manner as Governmental Funds.



## Users Guide: How to Read the Budget Document

The agency detail section of the budget document consists of the following elements of information that describe each agency's organization, budget, and service delivery for FY 2005.

### I. Agency Organization Chart

The chart presents the agency's organizational structure and the agency's relationship to the County government organization as a whole.

### II. Mission Statement

The mission statement is a brief description of the purpose and functions of the agency.

### III. Agency Locator

The text indicates the agency's location within the budget's functional areas.

### IV. Expenditure and Revenue Summary

The revenue and expenditure summary provides historical and estimated expenditure and revenue information for each agency. Four types of information are summarized for each fiscal year displayed:

- A. **Expenditure by Program** - These figures represent the amounts appropriated or expended for each program within the agency.
- B. **Expenditure by Classification** - All County agency expenditures are grouped into eight major categories shown in this summary.
  1. **Personal Services:** Salaries for all full-time, part-time and temporary employees, including over-time, Sunday and holiday pay, shift differentials, and per diem compensation for members of certain boards and commissions.
  2. **Fringe Benefits:** Compensatory payments on behalf of agency employees including social security, health and life insurance, and retirement benefits.
  3. **Contractual Services:** Payments for products and services procured by the agency from contractors.
  4. **Internal Services:** Payments for certain goods and services provided by one agency of County government to other agencies; an example is data processing services.
  5. **Other Services:** Expenditures to supply, equip, and train employees to deliver agency services; certain Social Services public assistance and service payments and contributions to outside organizations are also included under this classification.
  6. **Capital Outlay:** Expenditures for tangible goods valued at \$5,000 or greater.
  7. **Leases and Rentals:** Payments for leases and rentals of goods, equipment, and property.
  8. **Transfers (Out):** Operating transfers of monies from the agency to another agency, fund, or subfund.

### Users Guide: How to Read the Budget Document (continued)

C. **Funding Sources (revenues)** - County agency revenues are grouped into as many as nine major categories shown in this summary.

1. **Permits, Privilege Fees, and Regulatory Licenses:** Revenues received from entities or persons engaged in an activity or enterprise which is regulated by the County government to ensure the public's health, safety, or welfare.
2. **Fines and Forfeitures:** Revenues received from persons guilty of infractions of the law.
3. **Revenue from Use of Money and Property:** Monies received from interest income or proceeds from the sale, lease, or rental of an agency's property.
4. **Charges for Services:** Fees that agencies charge the users of their products or services to recover some or all of the cost of the product or service rendered by the agency.
5. **Miscellaneous Revenue:** Various recovered costs, expenditure reimbursements, and gifts and donations.
6. **Revenue from Other Localities:** Funds received from other units of local government.
7. **Revenue from the Commonwealth:** Funds received from the State of Virginia.
8. **Revenue from the Federal Government:** Funds received from the government of the United States of America.
9. **Transfers (In):** Operating transfers of monies to the agency from another agency, fund, or subfund.

D. **Net General County Tax Support** - The operating subsidy received by the agency; this amount is calculated by subtracting total agency funding sources (revenues) from total agency expenditures for each fiscal year. For historical reference, final budget (appropriated) and actual expenditures and revenues are reported for FY 03 to allow comparisons. Adopted budget information is displayed for FY 04 and FY 05. The FY 04 and FY 05 budgets are compared in the final column, which calculates the percentage change between those two fiscal years.

### V. **Strategic Goal**

Statements of public policy adopted by the Board of County Supervisors through the 2001-2005 Strategic Plan. There are five County strategic goals: one each for Economic Development, Education, Human Services, Public Safety, and Transportation.

### VI. **Base Budget Major Issues**

Narrative discussion summarizing major FY 05 base budget changes and other issues for the agency as a whole.

### VII. **Base Budget Savings Initiatives**

As part of the FY 05 budget development process, County agencies joined together to examine and reduce the base budget. Executive Management staff facilitated this process through regular management staff meetings involving County agency directors and their key budget staff, with analytical support from the Budget Office. This new budget process initiative produced base budget savings discussed in the agency pages.

## Users Guide: How to Read the Budget Document (continued)

### VIII. Proposed Supplemental Budget Adjustments

Narrative discussion of increases to the FY 05 budget. Discussion includes a description of the item and its cost, its relevance to the 2001 - 2005 Strategic Plan, and the outcome and service level impacts of its implementation.

### IX. Agency Expenditure Budget History Graph

Bar and line graph display of the agency's expenditure budget amounts for each fiscal year from FY 01 to FY 05. Unless otherwise noted, the amounts of net tax support and other funding sources which support each year's expenditure budget are displayed within the bar representing each year's expenditure budget.

### X. Agency Staff

Total authorized full-time and part-time positions for FY 03, FY 04, and FY 05 are summarized for each agency by program. Values are expressed in FTEs (full-time equivalents). One FTE is equal to one full-time position.

### XI. Agency Staff History Graph

Bar and line graph display of the total authorized full-time and part-time positions for FY 01 through FY 05 for each agency as a whole. Values are expressed in FTEs (full-time equivalents). One FTE is equal to one full-time position.

### XII. Program Budget Summary

Each agency program has a box displayed under the title of the program that summarizes the program's expenditure budget and authorized staffing for FY 04 and FY 05. The dollar change and percent change between these two fiscal years' expenditure budgets are also shown. In addition, the change in the number of authorized FTEs between fiscal years is displayed.

### XIII. Desired Strategic Plan Community Outcomes by 2005

Key outcomes with targets that demonstrate how the community or individual will benefit or change based on achieving the goal. Community outcomes are adopted by the Board of County Supervisors in the strategic plan, taken from the annual citizen telephone survey, or developed by agencies based on their mission and goals.

### XIV. Outcome Targets/Trends

Multi-year trends for the community and program outcomes. The unit of measure is stated and the numerical targets shown for FY 03, FY 04 and FY 05 as adopted by the Board of County Supervisors. Actual results are shown for FY 02 and FY 03.

### XV. Activities

Measurable statements describing the jobs performed by each program to achieve the stated objectives.

### XVI. Activity Costs

The cost for each activity is shown for FY 03, FY 04, and FY 05 as adopted by the Board of County Supervisors. Actual costs are shown for FY 02 and FY 03.

### XVII. Service Level Trends Table

Performance measures are displayed for each activity. Service level targets represent agency performance objectives for the year. The unit of measure is stated and the numerical targets shown for FY 03, FY 04, and FY 05 as adopted by the Board of County Supervisors. Actual costs are shown for FY 02 and FY 03.

