

Budget Development Process

State Budget Requirements

The Code of Virginia governs the budget process in Prince William County (PWC). Sections [15.2-516](#) and [15.2-2503](#) require the County Executive (CXO) to submit a proposed budget to the Board of County Supervisors (BOCS) no later than April 1 for the upcoming fiscal year; the County's fiscal year runs from July 1 to June 30. The proposed budget includes all projected expenditures, including the transfer to PWC Schools, and must be balanced against projected revenues. Once presented, the BOCS undertakes an extensive review and public comment period prior to final budget adoption.

Sections [15.2-2506](#), [58.1-3007](#), and [58.1-3321](#) of the Code of Virginia govern the public notice requirements that guide the County's budget review and public comment period. After receipt of the proposed budget, the tax and levy rates are advertised. Once the rates are advertised, the BOCS may adopt lower tax and levy rates, but cannot, without additional advertisement, adopt higher rates. The Code of Virginia also requires the BOCS to hold public hearings on the proposed budget and the proposed tax and levy rates to collect public comment.

In accordance with state code Section [22.1-93](#), the Schools' budget must be adopted by May 15 of each year, or within 30 days of receiving state education funding estimates, whichever occurs later. This mandate impacts the County's schedule because the final budget includes the transfer to the Schools.

Components of the PWC Budget

The PWC budget has two major components – the capital budget and the operating budget. The capital budget includes all projected expenditures for improvements and/or additions to the County's capital inventory, such as roads, facilities, and parkland. There is a strong link between the capital and operating budgets. Recurring costs associated with the construction of capital projects (utilities, maintenance, staffing, debt service on debt financed projects) must be included in the County's operating budget.

The operating budget includes all projected expenditures not included in the capital budget, including the operating transfer to PWC Schools. The operating budget funds day-to-day County service delivery, and excluding the transfer to the Schools, the largest expenditure category is employee compensation (salary and benefits).

The budget is comprised of four fund types – general fund, special revenue funds, capital projects fund, and proprietary funds. Functionally, the County government services and expenditures are organized into the following sections within this budget document:

- **Community Development** – Development Services, Economic Development, Library, Parks, Recreation & Tourism, Planning, Public Works, Transit Subsidy, and Transportation
- **General Government** – BOCS, County Attorney, Elections, Executive Management, Facilities & Fleet Management, Finance, Human Resources, Human Rights, Information Technology, and Management & Budget (OMB)
- **Human Services** – Area Agency on Aging, Community Services, Housing & Community Development, Public Health, Social Services, and Virginia Cooperative Extension
- **Public Safety** – Adult Detention Center (ADC), Circuit Court Clerk, Circuit Court Judges, Commonwealth's Attorney, Criminal Justice Services, Fire & Rescue, General District Court, Juvenile & Domestic Relations Court, Juvenile Court Service Unit, Magistrates, Police, Public Safety Communications, and Sheriff
- **Community Partners** – Donations, interjurisdictional agreements, memberships, and grant funding pass-throughs
- **Non-Departmental** – Insurance, restricted use funds, pass-through collections, trust/fiduciary funds, contributions, and contingency
- **Debt Service/Capital Improvement Program (CIP)** – Principal and interest payments on outstanding debt; CIP is an overview of the six year capital infrastructure spending plan for the County.

Policies & Practices for Budget Preparation

The County follows a series of policies and practices to guide the development of the annual budget. The application of these policies and practices promotes a consistent approach to budgeting that allows the community to compare the proposed budget to previous budgets.

Adopted Policies

Principles of Sound Financial Management (PSFM)

The County has a longstanding commitment to sound financial management. In 1988, this commitment was codified into the [PSFM](#) that are regularly reviewed and updated to ensure continued usefulness as a guide for decision-making. The consistent and coordinated approach to decision making provided by the PSFM has enhanced the County's image and credibility with the public, bond rating agencies, and investors, and is reflected in the County's three AAA bond ratings. Three factors make this prudent financial planning imperative:

- Public demand for services and facilities in a rapidly urbanizing environment tends to escalate at a higher rate than population growth and revenues;
- State and federal mandates for services and standards are often not accompanied by sufficient funds to meet the required service levels and standards; and
- Changes in national and local economic conditions can impact the County's revenue base.

Five-Year Plan

One of the financial principles is especially relevant to budget preparation, the requirement to prepare a balanced Five-Year Plan for the general fund. As required by the PSFM, the County must prepare not only a balanced annual budget, but also a balanced Five-Year Plan. The primary benefit of this requirement is that the community cannot fund a new initiative (staffing, facilities, program, or compensation adjustments) if it is not affordable throughout all five years of the budget plan. Adopting a Five-Year Plan provides a longer-term picture of the County's financial future and provides a longer planning window for both the County and the Schools. This process also facilitates community conversations about what services and programs are desired, as well as what the community is willing to fund. This planning process led to the creation of a revenue stabilization fund reserve that can be used to smooth revenue shortfalls during economic downturns. Over the past two decades, the balanced Five-Year Plan has proven to be an effective financial control tool for the BOCS, the organization, and the community.

County/Schools Revenue Sharing Agreement

The PWC School system is the second largest school division in Virginia, with a projected enrollment of 92,048 students, almost 100 schools, and over 11,500 total full-time equivalent employees. The voters in PWC chose, via referendum in 1995, to move from an appointed to an elected School Board. There are eight members of the School Board, one elected from each of the seven magisterial districts and a chairman elected at-large; each member serves a four-year term. The operations of the School Board are independent of the BOCS and County administration, as prescribed by Virginia law.

The operation of public schools in PWC is the responsibility of the elected School Board. The School Board adopts policies to cover instruction, administration, personnel, students, and other areas, all of which are implemented by the appointed Superintendent of Schools. Funding is provided through a combination of federal, state, and local resources. The local share of the system's operating costs is met through an appropriation and transfer from the general fund by the BOCS at budget adoption.

Budget Development Process

The BOCS and the School Board have been partners in protecting the fiscal health of the County, as evidenced by the revenue sharing agreement in place since 1988. The original agreement allocated 56.75% of the County’s general revenues to the Schools and 43.25% to the County government. This agreement was modified in 2004 to exclude recordation tax from the split, and again in 2013 with the adoption of the FY2014 Budget to allocate 57.23% of general revenues (excluding recordation tax) to the Schools and 42.77% to the County government.

The revenue sharing agreement has been the foundation for the County and Schools five-year operating and capital plans, allowing both organizations to program projected revenues with a high degree of certainty. Each organization’s Five-Year Plan is updated annually to reflect the most recent revenue assumptions.

Strategic Plan

PWC recognized the value of strategic planning in the early 1990’s as the BOCS looked for a way to achieve the results identified in the County’s first Commission on the Future Report (the first Future Report). The Commission on the Future, established in 1989, created a 20-year vision for the County rich with opportunities for growth and desired community assets. In 1992, the BOCS adopted the 1992-1995 Strategic Plan, identifying specific goals, outcomes, and strategies for that four-year period. That first plan, and each subsequent plan, covered a four-year period tied to the BOCS’ term of office. The County codified strategic planning in 1994 by adding it to the PSFM.

The County adopted the [2017-2020 Strategic Plan](#) in January 2017. The current Strategic Plan is based upon the 2030 goals of the County’s [Comprehensive Plan](#) and the second [Future Report](#), both of which provide perspectives on where the community should be in 2030. The Comprehensive Plan goals relate to the physical makeup of the community and the infrastructure necessary to support it, while the second Future Report addresses social and civic as well as physical goals. The 2017–2020 Strategic Plan does not anticipate that the goals of the Comprehensive Plan or the second Future Report will be achieved during this four-year period. The current plan is the third iteration of six Strategic Plans that will build upon each other to achieve those long-term goals by 2030.



The [2017-2020 Strategic Plan](#) provides budget guidance by highlighting those areas critical to the continued success of the community. Agency budgetary resource requests should align with and support the County’s Strategic Plan. The vision set forth in the County’s Strategic Plan states:

***Prince William County is a community of choice
with a strong, diverse economic base, where individuals and families
choose to live and businesses choose to locate.***

Budget Development Process

The adopted strategic goal areas are Robust Economy, Mobility, Wellbeing, Safe & Secure Community, and Quality Education & Workforce Development. The goal statements associated with each of these areas are as follows:

Robust Economy: The community fosters a diverse local economy that creates a culture of innovation and achieves more quality jobs, economic opportunities, and an expanded commercial tax base.

Increase the commercial tax base

- Increase commercial tax base as a percentage of overall tax revenue to 35%
- Increase capital investment associated with the Department of Economic Development's efforts with new and expanding businesses from \$92 million per year

Expand the commercial tax base in redevelopment areas

- Increase annual commercial investment in redevelopment areas generated by the Community Development program from \$3 million per year

Increase the number of jobs in existing small businesses

- Increase annual growth of jobs in small businesses (1-99 employees) from 1,000 jobs per year

Increase existing business retention

- Increase outreach to existing businesses by contacting existing businesses more than 3,450 times per year

Increase at-place employment

- Increase growth in at-place employment by more than 3,300 jobs per year

Increase the number of targeted jobs

- Increase growth in targeted jobs as a result of the Department of Economic Development's efforts with new and expanding businesses to more than 544 jobs per year

Decrease the average County review time for nonresidential development

- Decrease average days (County time) to approve new commercial structures to less than 83 days
- Decrease average days (County time) to approve tenant layouts to less than 19 days
- Decrease average days (County time) to approve nonresidential site plans to less than 57 days
- Maintain 99% of inspections (residential and nonresidential) conducted on the day requested

Mobility: The community will have an accessible, comprehensive, multi-modal network of transportation infrastructure that supports local and regional mobility.

Decrease the percentage of residents commuting out of the County

- Decrease percentage of the PWC workforce commuting to other localities for employment from 69%

Budget Development Process

Decrease congestion and travel time

- Improve I-66 Corridor (Route 234 to Sycamore Street) position on the INRIX Traffic Scorecard from 47/356
- Improve I-95 Corridor (Opitz Boulevard to Route 123) position on the INRIX Traffic Scorecard from 194/356
- Decrease average travel time to work for County residents from 39.3 minutes

Increase the use of trains, buses, van pools, slugging, telecommuting and other alternatives to single occupancy vehicles to get to work

- Increase percentage of County commuter trips using public transit or carpools from 19.2%
- Increase number of County commuter trips on Virginia Rail Express from 1.54 million commuter trips
- Increase number of County commuter trips on OmniRide and OmniLink from 2.48 million commuter trips
- Increase number of County commuter trips on van pools from 374,492 commuter trips
- Increase number of commuters using park and ride lots from 11.83 million commuters

Wellbeing: The community will support vulnerable individuals and families to ensure the wellbeing of the entire community.

Reverse the growing epidemic of opiate abuse

- Decrease emergency room visits documented as opiate overdoses from 48 per 100,000 residents
- Decrease fatalities attributable to opiate overdoses from 0.9 per 100,000 residents

Decrease truancy, as a precursor to delinquency

- Decrease percentage of students who are chronically absent (10+ days per year) from 26%

Increase the success rate of the DIVERT program

- Increase percentage of cases successfully diverted from the court system through the DIVERT program from 12%

Decrease the time spent on wait lists for services for mentally ill people

- Decrease average time spent on wait list for adult mental health services from 167 days
- Decrease average time spent on wait list for youth mental health services from 180 days

Increase community support for disabled people on the Commonwealth's wait list for disability waivers

- Increase number of individuals receiving services from the County who are on the Commonwealth's wait list for disability waivers from 368

Decrease the number of homeless people living in the County

- Decrease the number of homeless people identified through the point-in-time count from 400

Budget Development Process

Increase cooperation and coordination between faith-based, not-for-profit, and private sector partnerships to address human service needs, to include a county-wide faith-based/community coalition

- Establish a countywide faith-based community coalition to meet identified needs for human services

Safe & Secure Community: PWC is a community where people are safe and secure.

Decrease the crime rate

- Decrease county-wide crime rate from 14.7 per 1,000 residents

Decrease the number of crime victims

- Decrease number of crime victims from 16,380 victims per year

Improve the closure rate of violent crime

- Increase closure rate for murders from 80%
- Increase closure rate for all violent crime (murder, rape, robbery) from 49%

Decrease recidivism

- Decrease juvenile recidivism from 24.9%
- Decrease percentage of inmates released and later reincarcerated at the County jail because of rearrests from 50%
- Decrease percentage of adult probationers reconvicted of a new offense within two years of completing probation from 20%

Improve emergency response times

- Decrease average police emergency response time from 6.5 minutes
- Increase percentage of fire responses within four minutes from 41%
- Increase percentage of basic life support responses within four minutes from 50%
- Increase percentage of advanced life support responses within eight minutes from 83%

Reduce the incarceration of mentally ill people

- Decrease percentage of jail population identified as mentally ill from 25%

Improve the safety of first responders

- Decrease line of duty deaths to zero per year
- Decrease line of duty injuries to less than 7.7 per 100 public safety employees
- Decrease days lost to line of duty injuries to less than 174.9 per 100 public safety employees

Quality Education & Workforce Development: The community fosters a rich, lifelong learning environment to increase educational opportunities and workforce readiness to meet evolving market demands.

Increase graduation rate

- Increase graduation rate for Prince William Public Schools from 91%

Budget Development Process

Increase the percentage of students scoring “pass advanced” on Standards of Learning (SOLs)

- Increase percentage of students scoring “pass advanced” in Reading from 18%
- Increase percentage of students scoring “pass advanced” in Math from 17%
- Increase percentage of students scoring “pass advanced” in Science from 15%
- Increase percentage of students scoring “pass advanced” in Social Studies from 26%

PWC students will exceed the Commonwealth’s average for “pass advanced” on SOLs in each area

- Percentage of PWC students with “pass advanced” score will continue to exceed Commonwealth’s average for “pass advanced” in Reading
- Percentage of PWC students with “pass advanced” score will improve to exceed Commonwealth’s average for “pass advanced” in Math
- Percentage of PWC students with “pass advanced” score will improve to exceed Commonwealth’s average for “pass advanced” in Science
- Percentage of PWC students with “pass advanced” score will continue to exceed Commonwealth’s average for “pass advanced” in Social Studies

Increase the percentage of graduates receiving dual enrollment credits

- Increase percentage of high school graduates receiving dual enrollments credit in one or more classes from 6.68%

Increase workforce development activities

- Increase number of persons receiving training through Northern Virginia Community College Workforce Development Center from 165
- Increase number of County businesses provided workforce development assistance through the Workforce Development Center from 38

Increase vocational education training

- Increase percentage of high school graduates receiving vocational education certification from 42.9%

Technology & Infrastructure for a Connected Community

- Support the implementation of technologies and infrastructure
- Support the development of high-speed internet access and connectivity
- Support the development of 5G infrastructure technologies throughout the county

The 2021-2024 Strategic Plan, will be developed with community, staff, and BOCS input throughout calendar year 2020 and adopted in early calendar year 2021.

Comprehensive Plan

Since 1974, PWC has had a [Comprehensive Plan](#) that provides general guidance to land use and the location, character, and extent of supporting infrastructure and public facilities for a 20-year period. In accordance with State law, the Comprehensive Plan is reviewed every five years and updated as conditions or community expectations require new or different action strategies. The current Comprehensive Plan has 15 elements – Community Design, Cultural Resources, Economic Development, Environment, Fire & Rescue, Housing, Land

Budget Development Process

Use, Libraries, Parks/Open Space/Trails, Police, Potable Water, Sanitary Sewer, Schools, Telecommunications, and Transportation. Each element states the community's goal for that specific area and the recommended action strategies to achieve that goal. Major implementation tools for the Comprehensive Plan are the annual capital budget and the six-year CIP.

Capital Improvement Program (CIP)

Each year in conjunction with the budget, the BOCS adopts a six-year [CIP](#). The CIP identifies those capital improvements and construction projects that should be funded over the next six-year period to maintain or enhance County assets and service delivery. All funding sources are identified, and the resources necessary are accounted for in the capital projects fund.

The first year of the CIP is adopted as the County's capital budget. The primary expenditure included in the capital budget is debt service for general obligation bonds or other types of debt issued to fund specific CIP projects. The Debt Service/CIP section of this document provides detailed information on debt management considerations. The CIP also identifies facility and program operating costs, as well as any operating revenues, associated with the capital projects. Funding for operating costs for an approved CIP project is included in the affected agency's budget, consistent with the projections in the CIP. Projected debt service and operating costs are also programmed in the Five-Year Plan.

County Practices

In addition to the adopted policies identified above, the County uses several practices to limit unnecessary growth in agency budgets. Some are undertaken by OMB once the prior year's budget is adopted, and others are collaborative practices between OMB and County agencies. In order to build the FY2021 Budget, a series of adjustments are made to the FY2020 Budget to build a "base" for FY2021 budget discussions:

Removal of All One-Time Revenues and Expenditures

Revenues and expenditures in the annual budget are either ongoing or one-time. In the case of a new staff position, salaries and benefits are ongoing costs; a vehicle or computer station is a one-time cost. OMB staff removes all one-time costs and one-time revenues to establish the true starting point for the FY2021 budget for each agency.

Resetting Vacant Positions Back to Entry Level

In August of each year, the County payroll is interfaced with the budgeting system to establish the base compensation. Current salaries and benefits are entered into the system for all employees. If a position is vacant at the time of the interface, the entry-level salary and benefits for the position, not the previously paid salary and benefits, are entered into the system, resulting in budget savings.

Inflationary Adjustments

Agency budgets are not tied to inflation, and therefore no inflationary adjustments are automatically included in the budget. Agencies must specifically request and justify all program and activity increases.

Agency Revenue Analysis

Agency revenue budgets are analyzed each year to identify trends based on prior year actuals. Identifying opportunities to increase agency revenue budgets decreases local tax support, thereby resulting in additional resources that can be strategically reinvested elsewhere during the budget process or used to lower tax rates as directed by the BOCS.

Budget Development Process

Replacement of Lost Revenue

BOCS policy does not automatically replace lost agency revenue with local tax support. Agencies must specifically request and justify any increase in local tax support.

Off-Cycle Budget Changes

Recurring budget adjustments approved by the BOCS outside of the annual budget process must be reflected in the subsequent fiscal year budget. These adjustments may be due to state budget reconciliations whereby the County must adjust its budget to reflect actual allocations received from the Commonwealth. Other changes may include new programs or services approved by the BOCS during the fiscal year that need to be reflected on an ongoing basis in the new fiscal plan.

Collaboration between Agencies within and across Functional Areas

The County's organizational vision calls for employees to do the right thing for the customer every time. To meet that challenge, a collaborative approach across all agencies is essential. Communication and coordination of services are greatly enhanced by organizing into four functional teams: Community Development, General Government, Human Services, and Public Safety. The agencies within each team work together to identify savings from efficiencies and items that must be incorporated into the budget to maintain current service levels. The teams' recommendations are forwarded to the CXO for consideration in the proposed budget.

Efficiencies

The County government has committed to identifying efficiencies each year. These efficiencies are identified by agencies and functional teams and are used to fund new initiatives or lower the tax rate.

Add Operating Costs Associated with Capital Projects

In order to meet the balanced Five-Year Plan requirement, the plan includes the full cost of all capital projects, debt service, and associated facility operating and staffing costs. The full cost of capital projects must be affordable in all years of the Five-Year Plan.

FY2021 Budget Development Process Calendar

| 2019 | | | | | | | 2020 | | | | | | |
|-----------------------------|--|-----|--|---|---|--|------|---|---|---|-----|------|---------------------------------|
| | July | Aug | Sept | Oct | Nov | Dec | Jan | Feb | Mar | Apr | May | June | |
| CITIZEN ENGAGEMENT | Direct contact with BOCS members and public comments at BOCS meeting | | | | | | | | | | | | |
| | | | | | | | | Proposed FY2021 CIP Presentation Feb 11th Proposed FY2021 Budget Presentation Feb 18th Attend Community Budget Meeting Feb 22nd | Attend/View Budget Work Sessions | Attend/View • Public Hearing • Markup • Budget Adoption | | | |
| | | | | | | | | Participate on BOCS Budget Committees | | | | | |
| | | | | | | | | Submit comments/questions to website | | | | | |
| BOCS ACTIONS | Receive citizen comments | | | | | | | | | | | | |
| | Strategic Goal Work Sessions | | | | | | | | | | | | |
| | | | | | | | | Receive Proposed FY2021 CIP Presentation Feb 11th Receive Proposed FY2021 Budget Presentation Feb 18 th | Receive Budget Work Sessions COVID-19 Financial Impact - FY2021 Budget Update Mar 31 st | • Receive Schools Budget • Receive Budget Recap • Hold Public Hearings • Hold budget markup session • Adopt tax rates and FY2021 Budget | | | |
| COUNTY/DEPT/AGENCIES | Post FY2020 Budget online | | Report/prepare: • Agency historical variance report | Report/prepare: • Prior year's performance • Strategic Plan Updates | • Prioritize needs • Identify efficiencies/savings • Compensation modeling • Update Five-Year Plan | Provide revenue forecast Enter proposed budget into financial system to balance Address strategic/critical needs in light of budget guidance | | • Present Proposed FY2021 Budget and CIP to BOCS • Meet with BOCS Budget Committees • Respond to budget questions | Advertise tax rate and public hearing date Budget Work Sessions COVID-19 Financial Impact - FY2021 Budget Update Mar 31 st | Rebalance budget in financial system & prepare budget adoption resolutions Present budget recap to BOCS | | | |
| | | | | Finalize FY20 "Scrub" in financial reporting system Agency budget review | | | | | | | | | |
| | | | Identify operating and capital needs | | | | | | | | | | Finalize FY2021 Budget document |
| | | | | | | | | | | | | | |

Budget Development Process

FY2021 Budget Development

Scrubbing FY2020 Adopted to Create a Starting Point

OMB, in cooperation with all County agencies, applies the BOCS policies and County practices to the FY2020 Budget to create a starting point for FY2021 budget discussions. One-time revenues and expenditures are removed, as are planned Five-Year Plan reductions such as previously funded capital and technology projects. Current salaries are brought forward, and all vacant positions are reset to the starting salary.

Agency Collaboration

Building the expenditure side of the annual budget and the Five-Year Plan is a multi-step process that involves the entire organization. PWC uses a cross-functional approach where all agencies are organized into four functional area teams that identify savings from efficiencies and those items that must be incorporated into the budget, because either the BOCS has already committed to them or they are necessary to meet current service levels and critical needs. These recommendations are forwarded to the CXO, who makes the final decisions regarding the proposed annual budget and the Five-Year Plan.

The value of this cross-disciplinary review of recommended reductions and additions is the identification of unintended consequences early on. Discussions of proposed reductions and additions highlight the interrelatedness of activities and results across agencies. Since beginning this cross-functional approach, agencies have consistently reported increased knowledge and appreciation of the work of others in the organization and a greater sense of cooperation and coordination. The budget process is no longer viewed as having agency winners and losers; it is a means of appropriately allocating resources toward common goals and objectives.

Revenue Forecast

The revenue projection involves another collaborative process with internal and external partners working together to identify changing economic conditions and analyze a complex market to calculate the anticipated tax base. Information is gleaned from national, state, and local economists and industry professionals, as well as real estate experts, to forecast revenues for the upcoming five years. The process has achieved a high level of accuracy and received an Achievement Award from the Virginia Association of Counties.

Additions and Reductions

The expenditure budget, once scrubbed and expanded by the items that must be added, is compared to the revenue budget. If any capacity exists, the CXO can recommend additions, but only if the additions can be sustained for at least five years. If the expenditure budget exceeds the revenue budget or budget guidance, the CXO identifies reductions using guidance from established policies such as the Strategic Plan, Comprehensive Plan, and the Principles of Sound Financial Management.

Amending the Budget

The County budget can be amended through increases or decreases in agency appropriations or through transfers within or between agencies. Changes in agency appropriations require budget and appropriate resolutions adopted through formal BOCS actions. When the total dollar value of the appropriation changes proposed at any one BOCS meeting exceeds one percent (1%) of the total expenditures in the current adopted budget, the BOCS cannot act until the appropriation changes have been advertised for public comment, as required by Section [15.2-2507](#) of the State Code, and a public hearing on such changes has been held.

Budget Development Process

The Budget Transfer Policy governs transfers within or between agencies to provide operating flexibility while ensuring fiscal control:

- **Department Director or designee approval** is required for transfers up to \$50,000, within a single fund, single department, or capital project, except as designated below;
- **OMB Director or designee approval** is required for (1) transfers over \$50,000, within a single fund and single department, or capital project, (2) transfers of any amount within a single fund and single department that involve salary, benefits, and/or internal service funds, and (3) any transfer required to implement the adopted purposes of the Non-Departmental budget;
- **CXO or designee approval** will be required for administrative budget transfers necessary to accomplish the intent of the BOCS including interdepartmental transfers of budgeted agency savings within a single fund;
- **BOCS approval** will be required for (1) transfers of any amount between funds or between capital projects, with the exception of internal service funds, (2) any increase to the budget, with the exception of trust and agency funds, (3) any increase to a capital project, and (4) any appropriation of fund balance.

Basis of Budgeting

The County's governmental functions and accounting system are organized and controlled on a fund basis. The basis of budgeting for each of these funds is a non-Generally Accepted Accounting Principles basis that is similar to the basis of accounting, which is described below; however, it excludes the effect of fair-value adjustments to the carrying amounts of investments.

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 expenses are incurred.

Fund Types

Governmental Funds – Most of the County's governmental functions are accounted for in governmental funds. These funds measure changes in financial position rather than net income. All of these funds are appropriated. The following are the County's governmental funds:

- **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 is transferred to other funds to finance the operations of the County Public Schools and the Regional ADC. 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.
- **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 the fire levy and Emergency Medical Service (EMS) fee, stormwater management fees, transportation service districts, and development fees.
- **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.

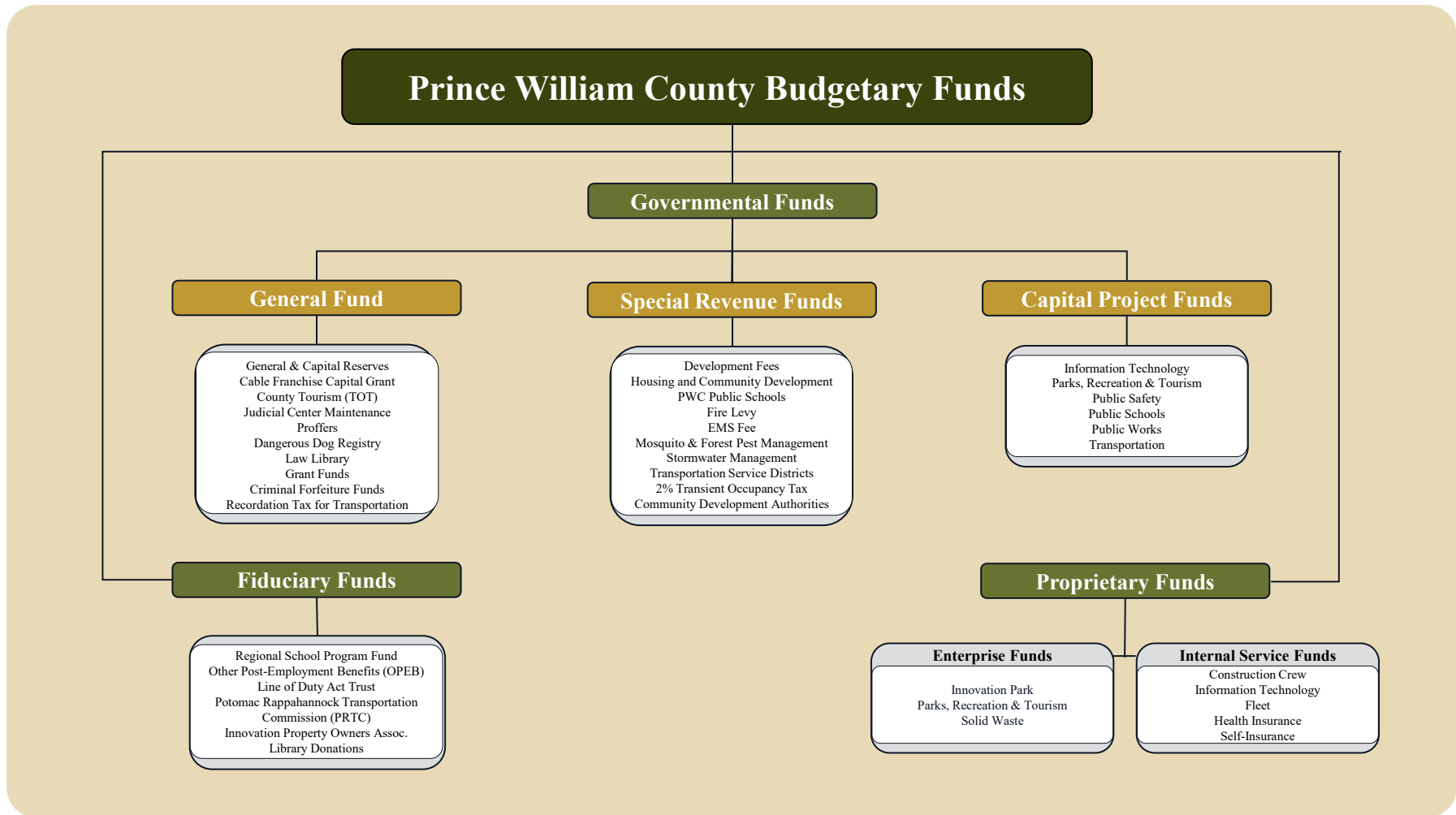
Budget Development Process

Proprietary Funds – Proprietary funds account for County activities that 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:

- **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 BOCS 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 BOCS 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: PWC Parks, Recreation & Tourism, PWC Landfill (solid waste disposal), and Innovation Park (County owned land sold to businesses relocating to the Innovation area).
- **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 information technology, vehicle maintenance, small project construction, and self-insurance.

Fiduciary Funds (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, other post-employment benefits such as police officer, uniformed fire & rescue, sheriff and jail officer, personnel supplemental retirement, special welfare, and certain other activities. Agency funds are custodial in nature (assets equal liabilities) and do not reflect daily government services provided to the community. Expendable trust funds are accounted for in essentially the same manner as governmental funds.

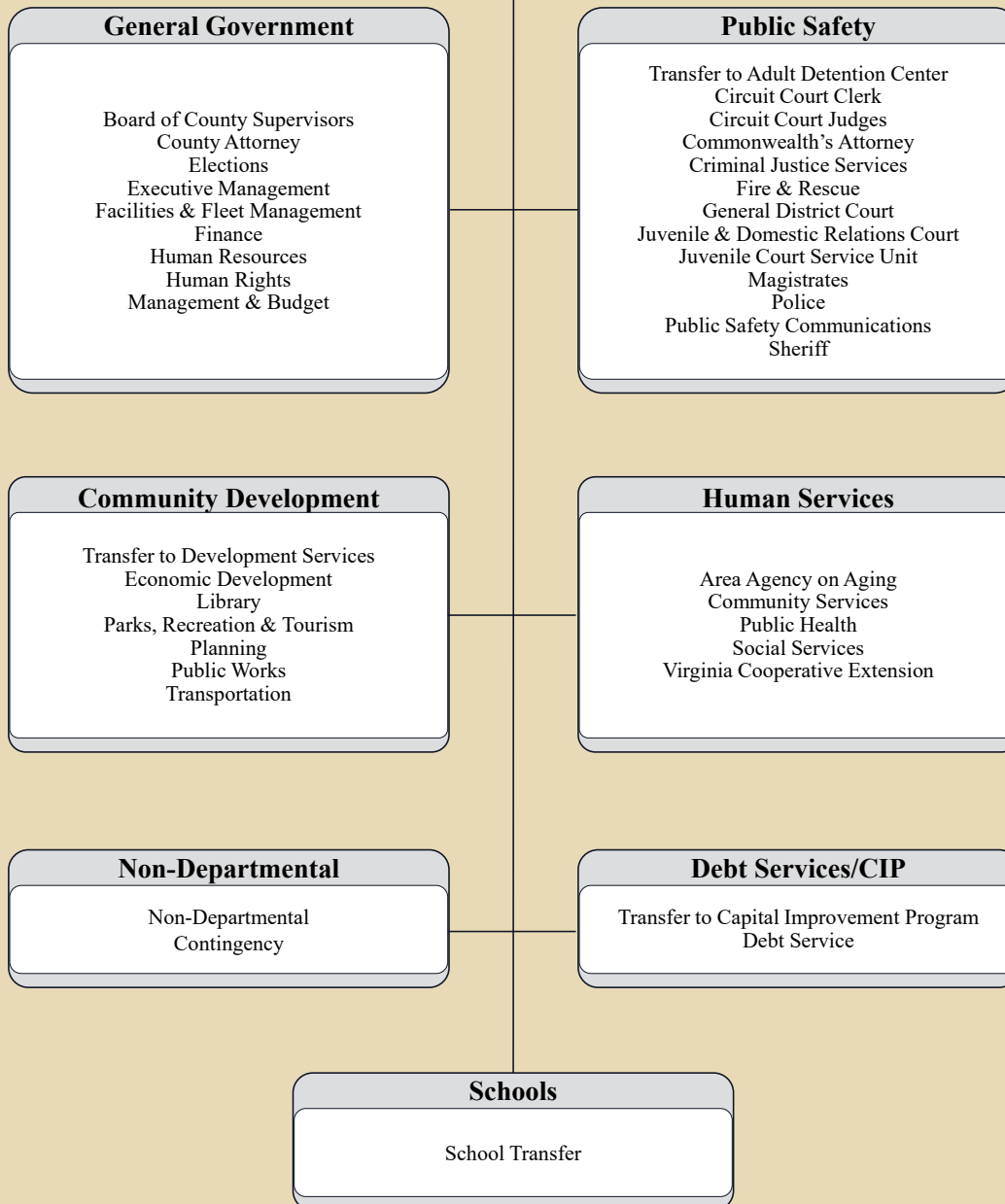
Budget Development Process



Budget Development Process

Operational Fund: Government Fund Types

General Fund



Budget Development Process

| Fund Association | | | | | | | |
|--|--------------|-----------------------|------------------------|-----------------|------------------|------------------------|------------------------------|
| The following table shows which funds each Department/Agency is a part of: | | | | | | | |
| | General Fund | Special Revenue Funds | Capital Projects Funds | Fiduciary Funds | Enterprise Funds | Internal Service Funds | Adult Detention Center Funds |
| Community Development | | | | | | | |
| Development Services | | ✓ | | | | | |
| Economic Development | ✓ | | | | ✓ | | |
| Library | ✓ | | | ✓ | | | |
| Parks, Recreation & Tourism | ✓ | | ✓ | | ✓ | | |
| Planning | ✓ | ✓ | | | | | |
| Public Works | ✓ | ✓ | ✓ | | ✓ | ✓ | |
| Transportation | ✓ | ✓ | ✓ | | ✓ | | |
| General Government | | | | | | | |
| Board of County Supervisors | ✓ | | | | | | |
| County Attorney | ✓ | | | | | | |
| Elections | ✓ | | | | | | |
| Executive Management | ✓ | | | | | | |
| Facilities & Fleet Management | ✓ | | | | | ✓ | |
| Finance | ✓ | | | | | | |
| Human Resources | ✓ | | | | | | |
| Human Rights | ✓ | | | | | | |
| Department of Information Technology | | | ✓ | | | ✓ | |
| Management & Budget | ✓ | | | | | | |
| Human Services | | | | | | | |
| Area Agency on Aging | ✓ | | | | | | |
| Community Services | ✓ | | | | | | |
| Housing & Community Development | | ✓ | | | | | |
| Public Health | ✓ | | | | | | |
| Social Services | ✓ | | | | | | |
| Virginia Cooperative Extension | ✓ | | | | | | |
| Public Safety | | | | | | | |
| Adult Detention Center | | | | | | | ✓ |
| Circuit Court Clerk | ✓ | | | | | | |
| Circuit Court Judges | ✓ | | | | | | |
| Commonwealth's Attorney | ✓ | | | | | | |
| Criminal Justice Services | ✓ | | | | | | |
| Fire & Rescue | ✓ | ✓ | ✓ | | | | |
| General District Court | ✓ | | | | | | |
| Juvenile & Domestic Relations Court | ✓ | | | | | | |
| Juvenile Court Service Unit | ✓ | | | | | | |
| Magistrates | ✓ | | | | | | |
| Police | ✓ | ✓ | | | | | |
| Public Safety Communications | ✓ | | | | | | |
| Sheriff | ✓ | | | | | | |

Budget Development Process

Outcome Budgeting

PWC budgets for outcomes, which are key measures that demonstrate how the community will benefit based on achieving the goal. Outcome budgets increase accountability by measuring whether an agency achieved its targets, rather than focusing on individual line item spending. This enables decision-makers to make budget decisions based on the desired community outcomes contained in the Strategic Plan and service level targets found in agency program budgets. Outcome budgets also allow citizens to see the County's future direction and, most importantly, what their tax dollars are really buying.

Defining Short-Term Initiatives

When new dollars are allocated for agency initiatives, the impact to the base performance measure is described in the agency detail section of the budget document. Service level impacts, or service level targets, represent the immediate improvements expected to occur with the new resource allocation. These improvements support the desired community outcomes contained in the Strategic Plan.

Citizen Satisfaction

The County is also constantly receiving input from its citizens on what services are appropriate for government to provide. This input is received through the strategic planning process and through the community survey. In 2018, the survey showed that 94.6% of County residents were satisfied or very satisfied with the quality of life in PWC. Also, in 2018, 91% of County residents were satisfied or very satisfied with the value for their tax dollar. The next community survey was scheduled for the summer of 2020. However, due to impacts of the COVID-19 pandemic, the survey will be postponed.

