



Melissa S. Peacor
County Executive

COUNTY OF PRINCE WILLIAM

OFFICE OF EXECUTIVE MANAGEMENT

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May 13, 2015

TO: Board of County Supervisors

FROM: Michelle A. Casciato
Management & Budget Director

THRU: Melissa S. Peacor
County Executive

RE: Quarterly Management and Expenditure Budget Report
Third Quarter Fiscal Year 2015

I. Background is as follows:

- A. General Fund Expenditure Budget – The Board of County Supervisors (Board) adopted the FY2015 Budget in April 2014. The adopted general fund budget was \$989.8 million. \$503.1 million represents the County government general fund budget. \$486.7 million was transferred to the Schools in accordance with the current revenue sharing agreement (last amended in April 2013).
- B. Adherence to State Code – §15.2-516 of the Code of Virginia requires that the County Executive execute the budget as adopted and keep the Board fully advised as to the County's financial condition.
- C. Quarterly Updates – Section 2.09 of the “Principles of Sound Financial Management” requires quarterly updates within 45 days of the end of each quarter on the County’s general fund budget and trends presented to the Board with revenue and expenditure projections through the end of the year.
- D. FY15 Third Quarter Expenditure Update – This report satisfies the general fund quarterly expenditure update requirement in the County’s Principles of Sound Financial Management.

II. Current Situation is as follows:

- A. Revised FY2015 Budget – As of March 31, 2015, the revised County general fund budget, excluding transfers, was \$464,285,324. This amount includes restricted subfunds within the general fund.
1. Third Quarter General Fund Expenditures and Projections – As of March 31, 2015, 70.6% of the County’s revised general fund budget had been expended. With active encumbrances included, the total is 75.1%. It is projected that 97% of the expenditure budget will be expended by year-end.
 2. FY15 Turnback Savings – In accordance with the credit rating agency recommendations, the BOCS adopted the FY2016 Budget without turnback funding from the FY2015 Budget. These funds will be available to the BOCS to address fund balance and reserve requirements, and for one-time cash-to-capital investments upon completion of the independent external audit.
 3. Requirement to Maintain Fund Balance at 7.5% – It is estimated that \$3.1 million will be needed at FY15 year-end to maintain the general fund balance at 7.5%. FY15 general revenue is projected to exceed budget by \$1.9 million. Any fund balance requirement not covered by surplus revenues will be funded from the FY15 expenditure savings.
- B. Expenditure Detail by Agency – Attachment A provides the third quarter detail for general fund agency expenditures. Accounts are maintained on the modified accrual basis of accounting for governmental, expendable trust and agency funds. Dollar amounts are expressed in thousands. Items of particular interest are noted below.
1. Operating Budgets – Agencies function within the adopted annual appropriation and subsequent amendments. Encumbrances for routine operational expenses are generally set up in the second quarter. Personnel and fringe benefit costs are distributed fairly consistently throughout the year through the bi-weekly payroll; however, agency variances can occur due to vacant positions. Internal services such as information technology and fleet management are billed on an allocated cost recovery basis and cannot be spent or reallocated independently by agencies.
 2. Annual Technology Billing – Information technology costs are billed to agencies annually. The FY15 \$21.6 million full year cost is included in the agency expenditures.

3. Agency Revenues – There are revenue sources other than the general fund that support the general fund expenditure budget. These include charges for services, federal and state revenue, and court fines and fees. The total revised FY15 agency revenue budget is \$112.8 million. Department heads monitor revenues carefully throughout the course of the year. If agency revenues are less than budgeted, the appropriated budget expenditure authority will be reduced to ensure that expenditures do not exceed the available funding.
 - a) Third Quarter Agency Revenues – As of March 31, 2015, 76.5% of the total agency revenue budget has been received.

4. General Fund Agency Variances – Notable variances, as reported in the *% of Budget* column in Attachment A are described below. Encumbrances are not included. Some general fund agencies have restricted subfunds, which are included in the department budget totals.
 - a) Audit Services – The entire amount has been encumbered (\$644,958). Payments will be made upon audit deliverables based on the approved FY15 audit plan.
 - b) Public Safety Communications – Employee turnover and unbilled maintenance budgeted for the E-911 system are the primary causes of this variance.
 - c) Police – A large portion of the Police Department budget is personnel costs (salary and benefits) representing 81.3% of the total expenditure budget. The variance is due to a larger than normal number of vacancies throughout FY15 compared to prior years. The Police Department is currently working on a detailed analysis of vacancies; extrapolating information from several resources including attrition numbers, hiring trends, recruitment changes, and other potential contributing factors. They are evaluating any causal effects to identify trends during FY13-15, and what the potential drivers are for the vacancies.
 - d) Juvenile Court Services Unit – The temporary salaries budget has not been used because the grant funding that previously supported this expenditure is no longer available. Contracted services for drug court have been encumbered but not yet expended.
 - e) Clerk of the Court – Less than 20% of the Contractual and Other Services budgets have been expended. These contractual

services are budgeted in OCA 320048 (Land Records Remote Access), a non-reverting local fund. Expenditures in this OCA are limited to providing remote access to Clerk's Office records. Expenditures only occur when various stages of the records digitization project occur. Any funds left over will be carried over to the next fiscal year.

- f) General District Court – Since fewer court-appointed attorneys have been needed this year, only 20% of the contracted services budget has been expended.
- g) Public Works - The variance is due to the nature of encumbered services. Public Works has a significant non-personnel budget to deal with issues related to the support and maintenance of County facilities and structure, for example the replacement and maintenance of capital equipment and the lease payments for County office space. There are \$8 million in encumbrances (for services yet to be delivered, for example lease payments and vehicle replacement purchases for the rest of the year).
- h) Transportation – The variance is due to cost recovery activities, including the Design and Construction and Right of Way activities within the department. Those cost recovery activities charge expenses to capital projects. At the end of the third quarter, there was \$645,397 in actual expenditures that will be charged to capital projects in the future.
- i) Public Health – All four of the quarterly payments to the state have been made.
- j) At-Risk Youth & Family Services – At-Risk Youth expenditures do not meet the anticipated 75% expenditure level due to the timing between service delivery and the completed billing cycle. Normally vendors have 45 days to present invoices to At-Risk Youth for processing.
- k) Elections – \$916,000 has been encumbered for the replacement voting machines.
- l) Non-Departmental – Approximately 86% of the County's Non-Departmental budget has been expended through the end of the third quarter. The spend rate is driven by the general debt budget. This is attributed solely to scheduled debt service payments to bond holders. It is projected that the general debt budget will realize \$1.7 million in expenditure savings due to the deferral of debt sales for the Rollins Ford Road and Prince William Parkway transportation projects.

- C. Development Fee-Funded Flex Positions – One of the eight fee-funded flex positions authorized by the Board during FY14 remains available for use.
- D. Status of FY15 New Position Hires – The Board authorized 100 new positions in the FY15 budget. Some of these positions, such as the new staffing needed for the opening of the two new libraries this September, were funded as half-year positions. Of the 11 unfilled positions, 7 are for the new libraries and 4 are Fire & Rescue positions awaiting the promotion process.

Total New Positions	100
% New Positions filled through Q3	89, or 89%

III. Regional Transportation Revenue Update:

- A. NVTA 30% Funding – HB 2313 provides funding for transportation improvements. As of March 31, \$7.4 million had been transferred to PWC. The FY15 30% annual revenue is projected to be approximately \$12.4 million.
- B. PRTC Motor Fuels Tax Revenue – Motor fuel tax revenues continue to underperform. Through February 2015 the County has collected \$8.4 million in fuel tax. The FY15 year-end projection is \$12.3 million. The PRTC FY15 adopted budget anticipated \$15.2 million in fuel tax receipts.

IV. Federal and State Government Financial Update:

- A. FY2016 State Budget – The state budget has been adopted.
- B. FY2016 Federal Budget – The U.S. Congress passed a 2016 budget resolution. Congressional committees will now consider thirteen appropriations bills to fund the federal budget. Those bills must be signed into law by the president by October 1, the start of the FY2016 federal fiscal year.

- V. **Recommendation:** This report is provided for information purposes only – no action is needed at this time.

Staff Contact: Michelle Casciato – x5539

Attachment: FY15 Q3 General Fund Expenditures by Department

Sum of m09						
Department	Department Name	OL1	OL1 Title	Budget Exp.	Actual Exp.	% of the budget
1	Board of County Supervisors	20	Personal Services	1,990	1,308	
		25	Fringe Benefits	562	403	
		30	Contractual Services	163	85	
		40	Internal Services	108	124	
		50	Other Services	872	441	
		70	Capital Outlay	1		
		80	Leases and Rentals	35	21	
		1 Total				3,731
2	County Attorney	20	Personal Services	2,586	1,780	
		25	Fringe Benefits	776	532	
		30	Contractual Services	56	21	
		40	Internal Services	80	77	
		50	Other Services	122	79	
		70	Capital Outlay	1		
		80	Leases and Rentals	5	4	
		87	Reserves & Contingencies	(89)		
2 Total				3,538	2,494	70.49%
3	Audit Services	20	Personal Services	88	63	
		25	Fringe Benefits	33	24	
		30	Contractual Services	645	335	
		40	Internal Services	4	4	
		50	Other Services	17	3	
3 Total				787	429	54.53%
6	Office of Executive Management	20	Personal Services	2,217	1,651	
		25	Fringe Benefits	685	508	
		30	Contractual Services	401	208	
		40	Internal Services	102	92	
		50	Other Services	172	81	
		80	Leases and Rentals	11	7	
6 Total				3,588	2,548	71.00%
7	Dept of Information Technology	50	Other Services	21	8	
7 Total				21	8	41.06%
8	Human Resources	20	Personal Services	1,795	1,249	
		25	Fringe Benefits	527	387	
		30	Contractual Services	233	115	
		40	Internal Services	395	500	
		50	Other Services	81	42	
		80	Leases and Rentals	13	9	
		87	Reserves & Contingencies	(74)	(75)	
8 Total				2,969	2,226	74.97%
9	Planning	20	Personal Services	834	562	
		25	Fringe Benefits	277	192	
		30	Contractual Services	135	24	

Sum of m09						
Department	Department Name	OL1	OL1 Title	Budget Exp.	Actual Exp.	% of the budget
		40	Internal Services	1,705	1,735	
		50	Other Services	484	463	
		80	Leases and Rentals	14	11	
9	Total			3,450	2,986	86.55%
10	Economic Development	20	Personal Services	1,065	751	
		25	Fringe Benefits	333	221	
		30	Contractual Services	519	137	
		40	Internal Services	39	46	
		50	Other Services	535	406	
		60	Payments to Joint Operations	7		
		70	Capital Outlay	81	28	
		80	Leases and Rentals	246	218	
10	Total			2,824	1,807	63.98%
20	Finance	20	Personal Services	9,700	6,743	
		25	Fringe Benefits	3,336	2,260	
		30	Contractual Services	2,176	1,101	
		40	Internal Services	2,340	2,840	
		50	Other Services	983	628	
		70	Capital Outlay	6	-	
		80	Leases and Rentals	54	28	
		87	Reserves & Contingencies	(433)	(324)	
20	Total			18,161	13,277	73.11%
23	Office of Management & Budget	20	Personal Services	1,062	782	
		25	Fringe Benefits	351	241	
		30	Contractual Services	116	27	
		40	Internal Services	41	41	
		50	Other Services	53	18	
		80	Leases and Rentals	5	2	
23	Total			1,628	1,110	68.21%
24	Public Safety Communications	20	Personal Services	6,919	4,303	
		25	Fringe Benefits	2,029	1,417	
		30	Contractual Services	287	5	
		40	Internal Services	249	230	
		50	Other Services	484	300	
		70	Capital Outlay	5		
		80	Leases and Rentals	12	4	
24	Total			9,985	6,259	62.68%
25	Police	20	Personal Services	59,035	39,569	
		25	Fringe Benefits	19,594	13,947	
		30	Contractual Services	1,596	778	
		40	Internal Services	9,875	7,288	
		50	Other Services	5,268	2,559	

Sum of m09						
Department	Department Name	OL1	OL1 Title	Budget Exp.	Actual Exp.	% of the budget
		70	Capital Outlay	777	558	
		80	Leases and Rentals	530	289	
25	Total			96,675	64,988	67.22%
	Commonwealth					
27	Attorney	20	Personal Services	3,863	2,724	
		25	Fringe Benefits	1,168	844	
		30	Contractual Services	21	20	
		40	Internal Services	130	140	
		50	Other Services	108	89	
		80	Leases and Rentals	15	9	
27	Total			5,306	3,826	72.10%
28	Sheriff	20	Personal Services	5,955	4,284	
		25	Fringe Benefits	2,180	1,569	
		30	Contractual Services	149	84	
		40	Internal Services	648	536	
		50	Other Services	525	329	
		70	Capital Outlay	13	13	
		80	Leases and Rentals	8	4	
28	Total			9,477	6,818	71.93%
	Juvenile Court					
29	Service Unit	20	Personal Services	565	381	
		25	Fringe Benefits	171	124	
		30	Contractual Services	276	165	
		40	Internal Services	83	80	
		50	Other Services	30	12	
		80	Leases and Rentals	2	1	
		87	Reserves & Contingencies	(4)		
29	Total			1,123	763	67.98%
	Juv and Domestic Rel					
30	Court	30	Contractual Services	17	11	
		40	Internal Services	21	22	
		50	Other Services	49	30	
		80	Leases and Rentals	20	13	
30	Total			106	76	71.25%
31	Circuit Court Judges	20	Personal Services	463	344	
		25	Fringe Benefits	168	104	
		30	Contractual Services	1		
		40	Internal Services	26	25	
		50	Other Services	32	17	
		80	Leases and Rentals	2	2	
31	Total			693	492	70.97%
32	Clerk of the Court	20	Personal Services	2,417	1,703	
		25	Fringe Benefits	855	622	
		30	Contractual Services	905	258	
		40	Internal Services	131	138	
		50	Other Services	506	51	

Sum of m09						
Department	Department Name	OL1	OL1 Title	Budget Exp.	Actual Exp.	% of the budget
		80	Leases and Rentals	12	8	
32	Total			4,826	2,779	57.59%
	General District					
33	Court	20	Personal Services	42	32	
		25	Fringe Benefits	16	12	
		30	Contractual Services	126	38	
		40	Internal Services	27	25	
		50	Other Services	42	36	
		80	Leases and Rentals	15	6	
33	Total			267	150	56.17%
	Criminal Justice					
34	Services	20	Personal Services	2,238	1,602	
		25	Fringe Benefits	667	476	
		30	Contractual Services	147	65	
		40	Internal Services	140	142	
		50	Other Services	245	196	
		80	Leases and Rentals	7	5	
34	Total			3,444	2,486	72.19%
35	Magistrates	20	Personal Services	232	188	
		25	Fringe Benefits	18	14	
		30	Contractual Services	0		
		40	Internal Services	17	17	
		50	Other Services	4	4	
		80	Leases and Rentals	3	1	
35	Total			274	225	82.33%
37	Human Rights Office	20	Personal Services	413	299	
		25	Fringe Benefits	130	94	
		30	Contractual Services	2	1	
		40	Internal Services	19	20	
		50	Other Services	18	14	
		80	Leases and Rentals	4	2	
37	Total			586	430	73.37%
38	Fire and Rescue	20	Personal Services	50,355	33,995	
		25	Fringe Benefits	15,703	11,576	
		30	Contractual Services	1,896	917	
		40	Internal Services	5,682	5,649	
		50	Other Services	3,439	1,584	
		70	Capital Outlay	731	211	
		80	Leases and Rentals	70	39	
		87	Reserves & Contingencies	(3,899)		
38	Total			73,978	53,972	72.96%
40	Public Works	20	Personal Services	8,665	5,986	
		25	Fringe Benefits	3,069	2,068	
		30	Contractual Services	6,776	3,668	
		40	Internal Services	1,188	777	
		50	Other Services	6,480	3,068	

Sum of m09						
Department	Department Name	OL1	OL1 Title	Budget Exp.	Actual Exp.	% of the budget
		70	Capital Outlay	3,653	512	
		80	Leases and Rentals	6,472	4,649	
		87	Reserves & Contingencies	(2,240)	(470)	
40	Total			34,063	20,257	59.47%
41	Transportation	20	Personal Services	2,427	744	
		25	Fringe Benefits	787	210	
		30	Contractual Services	203	7	
		40	Internal Services	101	91	
		50	Other Services	2,254	1,334	
		70	Capital Outlay	43	26	
		80	Leases and Rentals	56	1	
		87	Reserves & Contingencies	(2,992)		
41	Total			2,879	2,412	83.79%
	44 Dept. of Parks & Rec	20	Personal Services	7,378	5,167	
		25	Fringe Benefits	2,093	1,615	
		30	Contractual Services	2,552	670	
		40	Internal Services	1,273	995	
		50	Other Services	4,114	2,744	
		58	Debt Maintenance	433	433	
		70	Capital Outlay	1,162	895	
		80	Leases and Rentals	40	32	
		87	Reserves & Contingencies	(60)	-	
44	Total			18,984	12,552	66.12%
50	Social Services	20	Personal Services	17,872	12,879	
		25	Fringe Benefits	5,993	4,263	
		30	Contractual Services	1,958	978	
		40	Internal Services	996	1,023	
		50	Other Services	5,990	3,924	
		70	Capital Outlay	149	65	
		80	Leases and Rentals	99	45	
50	Total			33,059	23,176	70.11%
51	Office on Aging	20	Personal Services	1,738	1,181	
		25	Fringe Benefits	476	339	
		30	Contractual Services	2,295	1,943	
		40	Internal Services	146	131	
		50	Other Services	1,293	557	
		80	Leases and Rentals	13	7	
51	Total			5,961	4,157	69.74%
52	Public Health	20	Personal Services	224	149	
		25	Fringe Benefits	77	53	
		30	Contractual Services	2	0	
		40	Internal Services	23	34	
		50	Other Services	3,608	3,604	
52	Total			3,933	3,841	97.65%
	Community Services					
53	Board	20	Personal Services	20,161	14,131	

Sum of m09						
Department	Department Name	OL1	OL1 Title	Budget Exp.	Actual Exp.	% of the budget
		25	Fringe Benefits	6,202	4,350	
		30	Contractual Services	8,246	5,310	
		40	Internal Services	1,441	1,462	
		50	Other Services	2,021	1,227	
		58	Debt Maintenance	24	24	
		80	Leases and Rentals	158	119	
53	Total			38,254	26,623	69.60%
56	At Risk Youth & Family Service	20	Personal Services	378	276	
		25	Fringe Benefits	138	88	
		30	Contractual Services	64	56	
		40	Internal Services	16	13	
		50	Other Services	8,148	4,695	
56	Total			8,743	5,128	58.65%
58	Board of Equalization	20	Personal Services	-	-	
		25	Fringe Benefits	-	-	
		40	Internal Services	-	-	
		50	Other Services	-	-	
58	Total			-	-	0.00%
59	Cooperative Extension Service	20	Personal Services	662	387	
		25	Fringe Benefits	126	94	
		30	Contractual Services	2	0	
		40	Internal Services	77	76	
		50	Other Services	73	46	
59	Total			940	601	64.00%
60	Office of Elections	20	Personal Services	647	541	
		25	Fringe Benefits	219	145	
		30	Contractual Services	470	280	
		40	Internal Services	58	63	
		50	Other Services	187	142	
		70	Capital Outlay	916	0	
		80	Leases and Rentals	18	6	
60	Total			2,516	1,178	46.85%
62	Library	20	Personal Services	9,061	6,217	
		25	Fringe Benefits	2,430	1,641	
		30	Contractual Services	305	129	
		40	Internal Services	782	782	
		50	Other Services	1,921	1,332	
		80	Leases and Rentals	44	29	
62	Total			14,543	10,131	69.66%
89	Law Library	20	Personal Services	91	66	
		25	Fringe Benefits	28	21	
		30	Contractual Services	4	1	
		40	Internal Services	6	6	

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Sum of m09						
Department	Department Name	OL1	OL1 Title	Budget Exp.	Actual Exp.	% of the budget
		50	Other Services	27	17	
		80	Leases and Rentals	3	1	
89	Total			159	111	70.21%
	Non-Departmental					
90	Activities	20	Personal Services	450		
		25	Fringe Benefits	(46)	256	
		30	Contractual Services	73	18	
		40	Internal Services	7,532	5,709	
		50	Other Services	1,159	1,769	
		58	Debt Maintenance	43,206	37,394	
		60	Payments to Joint Operations	442	76	
90	Total			52,815	45,222	85.62%
	Grand Total			464,285	327,921	70.63%