

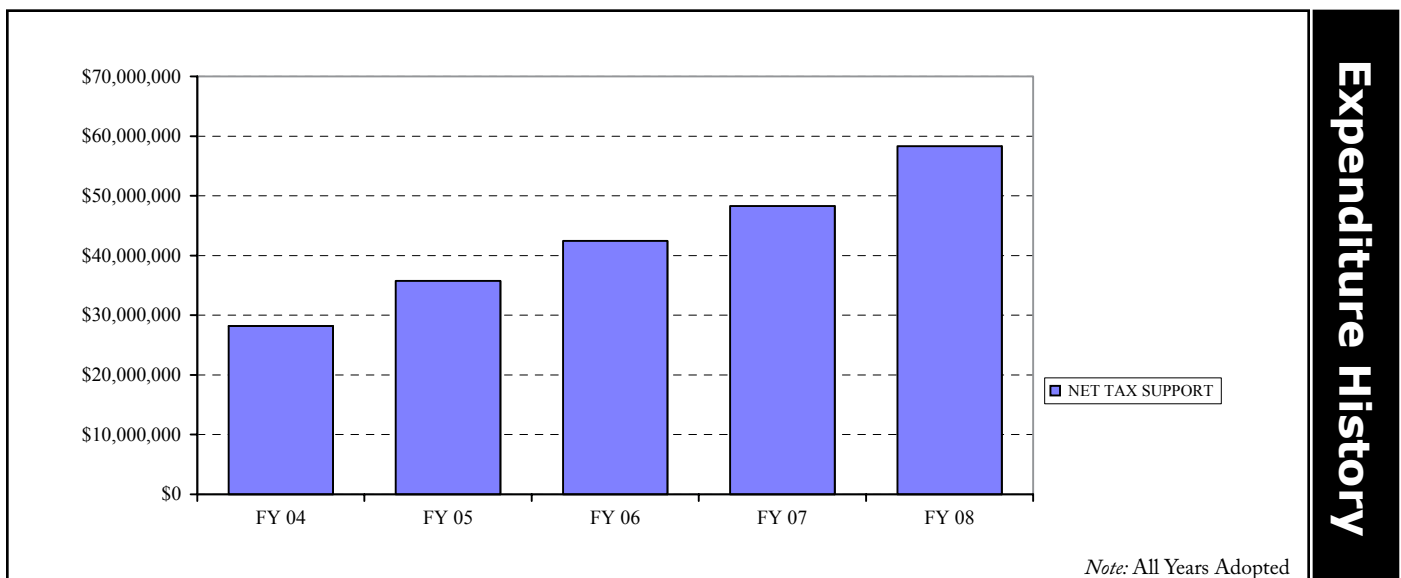
Non-Departmental/Unclassified Administration

Expenditure and Revenue Summary

A. Expenditure by Program	FY 06	FY 06	FY 07	FY 08	% Change
	Approp	Actual	Adopted	Adopted	Adopt 07/ Adopt 08
1 Administration	\$27,688,916	\$26,747,899	\$15,827,628	\$21,974,641	38.84%
2 Medical Insurance - (Internal Services)	\$29,013,500	\$23,292,307	\$32,459,000	\$36,361,000	12.02%
Total Expenditures	\$56,702,416	\$50,040,206	\$48,286,628	\$58,335,641	20.81%

B. Expenditure by Classification	FY 06	FY 06	FY 07	FY 08	% Change
	Approp	Actual	Adopted	Adopted	Adopt 07/ Adopt 08
1 Personal Services	\$264,978	\$31,590	\$750,116	\$1,182,048	57.58%
2 Fringe Benefits	\$617,102	\$607,377	\$831,875	\$883,441	6.20%
3 Contractual Services	\$1,719,500	\$1,649,845	\$1,915,000	\$2,155,000	12.53%
4 Internal Services	\$1,840,316	\$1,117,478	\$14,473,314	\$15,075,843	4.16%
5 Other Services	\$26,665,452	\$21,038,849	\$29,916,323	\$33,517,884	12.04%
6 Debt Maintenance	\$0	\$0	\$0	\$190,624	—
7 Transfers	\$25,595,067	\$25,595,067	\$400,000	\$5,330,801	1232.70%
Total Expenditures	\$56,702,416	\$50,040,206	\$48,286,628	\$58,335,641	20.81%

C. Funding Sources	FY 06	FY 06	FY 07	FY 08	% Change
	Approp	Actual	Adopted	Adopted	Adopt 07/ Adopt 08
1 Other Local Taxes	\$1,840,889	\$1,769,650	\$2,114,588	\$2,311,107	9.29%
2 Revenue From Use of Money & Property	\$200,000	\$497,642	\$400,000	\$700,000	75.00%
3 Charges for Services	\$25,253,000	\$24,062,993	\$26,383,000	\$28,423,000	7.73%
4 Miscellaneous Revenue	\$22,926,440	\$22,948,008	\$12,380,235	\$9,113,838	-26.38%
5 Transfers	\$1,221,775	\$1,221,775	\$1,011,367	\$4,347,916	329.90%
Total Designated Funding Sources	\$51,442,104	\$50,500,069	\$42,289,190	\$44,895,861	6.16%
Net General Tax Support	\$5,260,312	(\$459,863)	\$5,997,438	\$13,439,780	124.09%



I. Major Issues

General Overview Of Unclassified Administrative

- The Unclassified Administrative area of the budget includes those budget areas representing general expenditures which cannot be assigned appropriately to specific agency budgets. During the course of the fiscal year, many of these dollars are allocated against agency budgets to properly account for where the expenditures actually occur. Actual expenditure for the previous year in Unclassified Administrative will always be less than the next years proposed budget because the previous years expenditures have been reallocated to other departmental areas. As a program becomes established, it will often be assigned to an agency on a permanent basis. The funds, once established, would then be transferred from Unclassified Administrative to the agency budget on a permanent basis. Due to the many items coming into and out of the Unclassified Administrative budget area between budget years, it is difficult to compare different fiscal year totals. The items in the FY 08 Adopted Budget for Unclassified Administrative are discussed below:

A. Data Processing Support - \$7,050,984 - The Data Processing Internal Service Fund budget, which is part of the Office of Information Technology, requires general fund support for general governmental and unanticipated data processing applications, as well as major capital and program expansions not associated with a particular agency. Additional information on these funds can be found in the Office of Information Technology departmental budget.

B. Self-Insurance Support - \$5,729,979 - The Unclassified Administrative area of the General Fund includes funds to support the internal service fund of the Prince William County Self-Insurance Group (PWSIG). Included in this group are the Self-Insurance Workers Compensation, and the Self-Insurance Casualty Pool. The FY 08 Adopted Budget increases from the FY 07 Adopted level of \$4,799,979 by \$930,000. This funding is necessary in order to allow the County to procure insurance policies which will reduce the County's liability and to transfer risk to insurance carriers. Additional information on these funds can be found in the Self-Insurance departmental budget.

C. Transient Occupancy Tax for Tourism - \$2,311,107 - FY 08 funding represents a \$196,519

increase above the FY 07 Adopted Budget of \$2,114,588. The portion of the County's Transient Occupancy Tax revenue designated to support tourism-related expenditures is included under Other Local Taxes within the Funding Sources area. Funding is restricted to a portion of the 3 cents of each 5 cents received from transient occupancy tax revenue collected by the County. The 3 cents represent 60 percent of total transient occupancy tax revenue collected and is designated for the promotion of tourism in the County. Transient occupancy tax revenue is derived from a levy on hotels, motels, boarding houses, travel campgrounds, and other facilities offering guest rooms rented out for continuous occupancy for fewer than thirty consecutive days. This tax is reinvested to attract and serve more visitors. The FY 08 Adopted Budget designated Transient Occupancy Tax fund allocation is shown in Table 1: Transient Occupancy Tax fund allocation for FY 08 (by purpose, agency/program responsible for expenditures, and amount).

The FY 08 Transient Occupancy Tax budget includes increases of \$87,500 each for SciencePort (formerly known as the Belmont Bay Science Museum) and the National Museum of Americans at War, \$175,000 for the Convention and Visitors Bureau to support it's initiatives to become more competitive in the regional meeting and conference tourism market and \$237,540 to support special events, assist with the programming of all County-owned historic sites and site preservation by the Historic Preservation Division of the Public Works Department. In addition to these funding increases, a total of \$14,682 of grant funding is set aside in Non-Departmental for the Board of County Supervisors' use to support public events at historic properties as opportunities arise during the fiscal year.

D. Fleet Maintenance Support - \$2,294,880 - The Fleet Maintenance Internal Service Fund budget, which is part of the Department of Public Works, requires Non-Departmental General Fund support for expenditures not associated with a particular agency when the budget is adopted. Over the course of the year the funds are allocated against agency budgets to properly account for where the expenditures actually occur. The funds primarily support fleet maintenance and gasoline expenditures. Additional information concerning the Fleet Maintenance Program budget can be found in the Public Works departmental budget.



E. Transfer from Adult Detention Center

Fund - \$1,097,916 - The transfer of \$1,097,916 to the General Fund from the Adult Detention Center (ADC) is required to compensate the general fund for the cost of implementing the LEOS retirement program for Jail Officers and the Jail Superintendent. The funds show up under Transfers within the Funding Sources area. Additional information concerning the ADC LEOS retirement program can be found in the Major Issues section of the ADC departmental budget.

F. Pay Plan Market Adjustment Implementation Date

- \$122,576 - Funding is included to implement the Pay Plan Market Adjustment at the beginning of the pay period in which July 1 falls.

G. Employee Wellness Program Eliminated - (\$100,000) - Funds to support the Employee Wellness

Program were removed from the Adopted FY 08 budget in order to help balance needed expenditures with available resources.

H. Properties Receiving Tax Reimbursement

- \$44,202 - Funds are included in the FY 08 Adopted Budget to relieve the following non-profit organizations of the burden of tax year 2007 real estate taxes.

1. Good Shepherd Housing Foundation	\$21,529
2. Northern Virginia Family Service	<u>\$22,673</u>
TOTAL	\$44,202

Table 1: Transient Occupancy Tax fund allocation for FY 08

<u>Purpose</u>	<u>Agency/Program</u>	<u>Amount</u>
1. Rippon Lodge Acquisition	General Debt	\$190,624
2. Operating Transfer to CVB	Convention and Visitors Bureau	<u>\$1,366,661</u>
Subtotal		\$1,557,285

The Prince William Board of County Supervisors does hereby allocate the \$753,822 for grants and matching funds in the following manner:

<u>Purpose</u>	<u>Agency/Program</u>	<u>Amount</u>
3. Historic Properties Programming/Events	Public Works/Historic Preservation	\$237,540
4. Advertising/Promotions Matching Fund Grants	Convention and Visitors Bureau	\$97,260
5. National Museum of Americans at War	Capital Improvements Program	\$87,500
6. SciencePort (Belmont Bay Science Museum)	Capital Improvements Program	\$87,500
7. Ben Lomond Manor House Matching Fund Grants	Capital Improvement Program	\$50,000
8. Brentsville Historic Centre Matching Fund Grants	Capital Improvement Program	\$50,000
9. Bristow Station Battlefield (Historic Preservation)	Capital Improvement Program	\$50,000
10. Dumfries Weems-Botts Museum	Public Works/Facilities Construction Management	\$35,000
11. Prince William Soccer, Inc.	Non-Departmental	\$25,000
12. Matching Fund Grants for Other Capital Improvements Grants	Public Works/Facilities Construction Management	\$14,340
13. Occoquan Mill House Museum	Public Works/Facilities Construction Management	\$5,000
14. Historic Properties - Public Events Grants	Non-Departmental	<u>\$14,682</u>
Total		\$753,822
Total Designated Transient Occupancy Tax Revenues for Tourism		\$2,311,107



II. Compensation Budget Adjustments

Attracting and Retaining Quality County Employees

Prince William County Compensation Policy

- The compensation policy is as follows:

Prince William County will have a combination of salaries, benefits, employee development, and workplace environment that will attract and retain the most qualified employees in order to implement our vision. To accomplish this, the County recognizes the importance of maintaining salaries that are competitive with other Northern Virginia jurisdictions. Our success in implementing this strategy will be measured by our ability to attract quality applicants, our ability to retain quality employees, and our ability to maintain employee satisfaction.

To implement this compensation policy, we will make every effort, within our position classification structure, to maintain salaries comparable to salaries of similar positions in Fairfax and Arlington counties and the City of Alexandria. The County will annually benchmark its starting salaries with the average starting salaries for these three jurisdictions. Since the County's pay grades are built off of the starting salary figure, increases in the starting salary will result in increases throughout the pay grade.

Implementing the Compensation Policy -

The County's policy will be implemented through the following:

A. Market Pay Adjustment

Total Cost -	\$7,251,547
Supporting Revenue -	\$584,619
Total PWC Cost -	\$6,666,928

- Market Pay Adjustment** - \$7,164,128 - These funds are included and discussed in each agency budget and provides for a 2.75%, across-the-board market pay adjustment for all County employees. This adjustment will continue to maintain salaries that are competitive between Prince William and the other Northern Virginia jurisdictions.
- Sunday and Holiday Pay Increase** - \$87,419 - These funds are included and discussed in each agency budget

which pays out Sunday and Holiday Pay and provides for a 2.75% increase. This is necessitated by increasing the pay plan through this year's and subsequent year's market pay adjustment.

- Five-Year Plan Impact** - The Five-Year Plan includes the following market pay adjustments.

Market Plan Adjustment

FY 08	2.75%
FY 09	2.50%
FY 10	2.50%
FY 11	2.50%
FY 12	2.50%

Market pay adjustments are a moving target, however, and may need to be adjusted based on actions taken by other Northern Virginia jurisdictions. The total Five-Year Cost for these salary initiatives is as follows:

Market Pay Adjustment	\$100,580,819
Sunday and Holiday Pay Increase	\$1,279,909
TOTAL	\$101,860,728

B. Pay for Performance Increase

Total Cost -	\$2,693,192
Supporting Revenue -	\$145,596
Total PWC Cost -	\$2,547,596

- Pay for Performance Increase** - \$2,693,192 - The Adopted FY 08 budget for pay for performance is \$2,693,192. These funds are included and discussed in each agency budget. The County's pay for performance system was established in 1981 and allows managers to reward employee performance by giving pay for performance steps each year until an employee reaches the maximum salary for their grade. On-average County employees receive an increase of 3.35%, a 3.7% increase in the bottom half of their salary range and a 3.0% increase in the top half of the salary range. The County will implement a new individual value-based evaluation system during FY 08. This system will go live in October 2008 for the FY 09 budget cycle.
- Compensation "Roll-Over"** - \$1,492,892 - These funds have been added to the Base Budget, and have been spread to agency budgets, due to the following:
 - Each year the County's budget funds the roll-over of compensation actions in the current year into the next budget year. Primarily, this is due to positions which were funded for a part year in



the prior year requiring a full year budget for the next fiscal year and due to pay for performance increases necessary because all employees do not receive their pay for performance increases at the beginning of the fiscal year. Therefore, a pay for performance increase given half-way through a fiscal year needs to be funded for the entire next fiscal year. This roll-over increases the cost of providing a pay for performance increase to all employees.

3. Five-Year Plan Impact - The total Five-Year Cost for annual pay for performance and compensation roll-over is as follows:

▪ Pay for Performance Increase	\$39,564,793
▪ Compensation Roll-Over	<u>\$18,362,728</u>
TOTAL	\$57,927,521

C. Funds to Support GASB 45 Requirements

Total Cost -	\$3,250,000
Supporting Revenue -	\$0
Total PWC Cost -	\$3,250,000

1. Description - This request supports the Board's adopted compensation policy for Prince William County to have a combination of salaries, benefits that include post employment health care, employee development, and workplace environment that will attract and retain the most qualified employees in order to implement our vision.

2. Five-Year Plan Impact - For FY 09 to FY 12 the GASB 45 amount is projected to drop to \$325,000 per year. The total Five-Year Cost for the GASB 45 requirements is \$4,550,000.

D. County Health Insurance / Delta Dental Rate Increase

Total Cost -	\$666,759
Supporting Revenue -	\$59,935
Total PWC Cost -	\$606,824

1. Description - The County employer contributions to the Medical Insurance Self Insurance Internal Service account for Health Insurance and Delta Dental increases by \$666,759. Five years ago the County moved primarily to self-insurance for Health Insurance with the creation of a County Wide Medical Insurance Self Insurance Internal Service account. The Adopted FY

08 amount for the Medical Insurance Self Insurance Internal Service account is \$36,361,000.

2. For FY 08 - The County employer share of the contribution increase to the Medical Insurance Self Insurance Internal Service account is \$666,759 and is required to maintain the stability of the County's self-insurance for Health Insurance. This increase amounts to approximately a 3.5% average increase for the County's Health Insurance.

3. Five-Year Plan Impact - The total Five-Year Cost for the County's employer contribution for Health Insurance is \$40,636,971.

E. Retiree Health Care Cost Increase

Total Cost -	\$47,037
Supporting Revenue -	\$3,840
Total PWC Cost -	\$43,197

1. Description - The County Retiree Health Credit Program is applicable to employees upon separation and retirement from County service. This Retiree Health Credit Program is separate from and in addition to the existing VRS Health Credit Program, which is also totally funded by County contributions. All full-time employees and existing retirees with a minimum of 15 years of County service can receive \$5.50 per month for each year of PWC service, up to a maximum of \$165 per month for 30 years of County service. When the \$45 maximum per month currently offered as part of the State VRS is added, the maximum for 30 years of County service increases to \$210 per month.

- An approximate 4% increase of \$47,037 in the Retiree Health Care budget is included to cover projected growth in this benefit due to additional retirees, not to increase the amount paid to each individual retiree.

2. Five-Year Plan Impact - The cumulative Five-Year Cost to increase the Retiree Health Care budget at approximately 4% per year is projected to be \$683,567.





F. Classification And Compensation Adjustments Of Targeted Series

Total Cost -	\$250,000
Supporting Revenue -	\$0
Total PWC Cost -	\$250,000

1. **Description** - Included in the FY 08 Adopted Budget is \$250,000 to continue the Board of County Supervisors direction to eliminate the salary “lag” between Prince William and the other Northern Virginia jurisdictions and to target individual series of classifications for review and adjustment. The \$250,000 will address Public Safety Classification Plan parity with other jurisdictions for the 30 Classification Plan areas which are planned to be reviewed during FY 08. Funds to support the Public Safety Parity have been spread to agency budgets.
2. **Five-Year Plan Impact** - The Five-Year Cost to implement the Public Safety Classification and Compensation adjustments is projected at \$1,319,273.

Capital Project accounts for FY 08. These funds are identified in the FY 08 CIP and additional detail concerning these transfers can be found in the Capital Improvements Program section of the budget.

G. Reserve for Relocation of RIFed Employees

Total Cost -	\$650,000
Supporting Revenue -	\$0
Total PWC Cost -	\$650,000

1. **Description** - Included in the FY 08 Adopted Budget is \$650,000 to continue paying, for no longer than 90 days, the salary of employees whose positions are RIFed. The intent is to provide the employees time to secure a new position with a soft landing.
2. **Five-Year Plan Impact** - There is no out year FY 09 - FY 12 cost associated with implementing the Reserve for Relocation of RIFed Employees.

III. Other Budget Adjustments

A. County Proffers

Total Cost -	\$9,113,838
Supporting Revenue -	\$9,113,838
Total PWC Cost -	\$0

1. **Description** - Funding from proffer accounts are budgeted to support the transfer of \$9,113,838 to

