Non-Departmental / Unclassified Administration

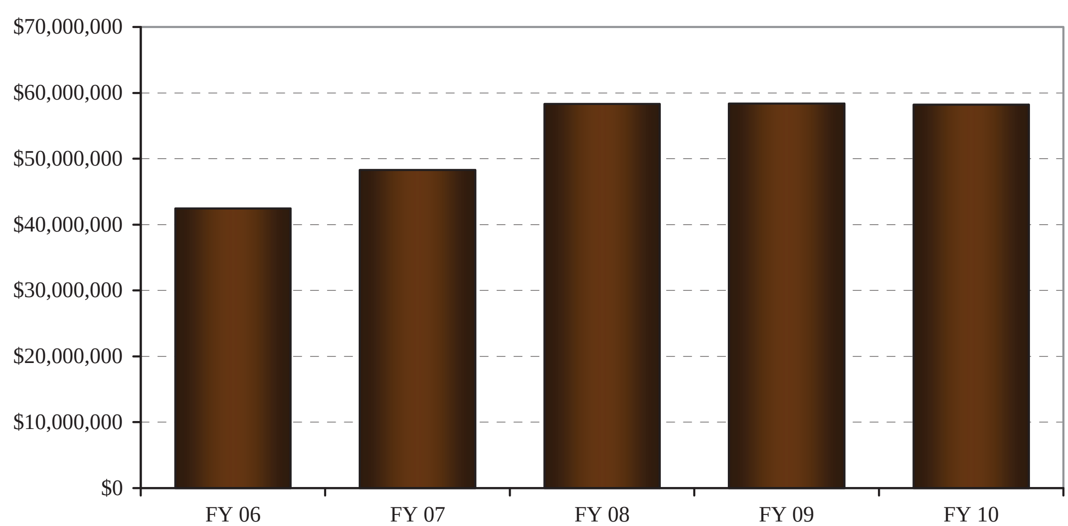
Expenditure and Revenue Summary

A. Expenditure by Program	FY 08 Approp	FY 08 Actual	FY 09 Adopted	FY 10 Adopted	% Change Adopt 09/ Adopt 10
1 Administration	$31,331,052	$29,009,675	$21,343,735	$15,481,870	-27.46%
2 Medical Insurance - (Internal Services)	$36,431,592	$29,945,900	$37,019,000	$42,743,000	15.46%
Total Expenditures	$67,762,644	$58,955,575	$58,362,735	$58,224,870	-0.24%

B. Expenditure by Classification					
1 Personal Services	$898,054	$36,232	$974,037	($159,931)	-116.42%
2 Fringe Benefits	$933,441	$932,663	$946,382	$1,070,275	13.09%
3 Contractual Services	$2,263,349	$2,142,474	$2,290,000	$2,317,000	1.18%
4 Internal Services	$1,262,212	$0	$16,503,152	$11,819,339	-28.38%
5 Other Services	$33,429,665	$27,049,511	$33,992,739	$39,640,721	16.62%
6 Debt Maintenance	$0	$0	$190,624	$190,624	0.00%
7 Transfers	$28,975,923	$28,794,695	$3,465,801	$3,346,842	-3.43%
Total Expenditures	$67,762,644	$58,955,575	$58,362,735	$58,224,870	-0.24%

C. Funding Sources					
1 Other Local Taxes	$2,311,107	$2,033,496	$2,198,160	$2,025,000	-7.88%
2 Revenue From Use of Money & Property	$700,000	$1,286,094	$1,000,000	$500,000	-50.00%
3 Charges for Services	$28,423,000	$28,308,841	$28,753,000	$32,070,000	11.54%
4 Miscellaneous Revenue	$18,953,889	$18,987,756	$12,011,011	$6,018,528	-49.89%
5 Transfers	$6,028,042	$6,028,042	$2,607,016	$2,875,863	10.31%
Total Designated Funding Sources	$56,416,038	$56,644,229	$46,569,187	$43,489,391	-6.61%
Net General Tax Support	$11,346,606	$2,311,346	$11,793,548	$14,735,479	24.95%

Expenditure History



Note: All Years Adopted

I. Major Issues

General Overview Of Unclassified Administrative - The Unclassified Administrative area of the budget includes those budget areas representing general expenditures which are not assigned 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 10 Adopted Budget for Unclassified Administrative are discussed below.

A. **Non-Departmental Data Processing Support** - $6,589,360 - 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 what these funds support can be found in the Office of Information Technology departmental budget.

B. **Self-Insurance Support** - $5,229,979 - 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 10 Adopted Budget is reduced by $2,000,000 from the FY 09 Adopted level of $7,229,979. A discussion of the reduction is located in the Budget Reductions section of Non-Departmental.

C. **Transient Occupancy Tax for Tourism (TOT)** - $2,025,000 - The FY 10 revenue projection represents a 7.9% decrease ($173,160) from the adopted FY 09 budget of $2,198,160. 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 adopted FY 10 budget designated Transient Occupancy Tax fund allocation is shown in *Table 1: Transient Occupancy Tax Fund Allocation for FY 10*.

The adopted FY 10 budget provided to the Convention and Visitors Bureau (CVB) is approximately 6% lower than the adopted FY 09 budget amount. The operating transfer amount to the Historic Preservation division has been increased by $257,702. This relates to a supplemental resource shift which reduces general fund tax support to historic preservation activities by shifting capital program matching funds available in TOT. Additional information on this resource shift is in the Public Works budget reduction section of this document.

The adopted FY 10 budget includes the final debt service payment for the Rippon Lodge property acquisition and funding to make improvements to the property. The proposed funding amount for the Dumfries Weems-Botts Museum, Prince William Soccer, Inc. and Occoquan Mill House Museum is unchanged from the adopted FY 09 budget amount.

The adopted FY 10 budget includes $162,534 available for distribution toward tourism-related or historic preservation-related programs or activities throughout the fiscal year.

D. **Non-Departmental Fleet Maintenance Support** - $0 - For FY 10, the FY 09 Adopted Non-Departmental support for the Fleet Maintenance Internal Service Fund budget of $2,507,058, has been allocated to the agency budgets in which the expenditures actually occurred during FY 08. The funds support fleet maintenance and gasoline expenditures. Additional information concerning this transfer can be found in agency budget issues write ups. Detail concerning the Fleet Maintenance Program budget can be found in the Public Works departmental budget.

E. **Transfer from Adult Detention Center Fund** - $1,175,863 - The transfer of $1,175,863 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. **Funds to Support GASB 45 Requirements** - $1,500,000 - This base item helps support 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. The total FY 10 GASB 45 requirement is $1,700,000. The additional $200,000 GASB 45 requirement is detailed in the Non-Departmental Budget Additions section.

G. **Properties Receiving Tax Reimbursement** - $30,269 - Funds required to relieve the following non-profit organizations of the burden of tax year 2009 real estate taxes have decrease by $16,735 from the FY 09 total of $47,004 to the FY 10 total of $30,269.

■ Good Shepherd Housing Foundation	$15,282
■ Northern Virginia Family Service	$14,987
TOTAL	**$30,269**

H. **BOCS Supervisor Salary Increase** - $9,993 - In accordance with resolution 07-515, a compensation increase of 3% effective January 1, 2009 has been budgeted for each member of the Board of County Supervisors. Salaries will increase from $46,614 to $48,012 per annum for the Chairman and from $40,929 to $42,157 per annum for district supervisors.

Table 1: Transient Occupancy Tax Fund Allocation for FY 10

The adopted FY 10 budget allocates the transient occupancy tax funding in the following manner:

1. Transfer to the Convention and Visitors Bureau	$950,000
2. Transfer to Public Works/Historic Preservation	$495,242
3. Tourism/Historic Preservation - Public Events Grants	$162,534
4. General Debt Payment - Rippon Lodge Acquisition [1]	$190,624
5. Advertising/Promotions Matching Fund Grants - Convention and Visitors Bureau	$97,260
6. Rippon Lodge Improvements - Public Works/Historic Preservation	$50,000
7. Dumfries Weems-Botts Museum	$35,000
8. Prince William Soccer, Inc.	$25,000
9. Public Works/Historic Preservation Matching Funds for Capital Improvements	$14,340
10. Occoquan Mill House Museum	$5,000
Total Designated Transient Occupancy Tax Revenues for Tourism	**$2,025,000**

[1] This represents the final debt service payment for the Rippon Lodge property acquisition.

II. Budget Adjustments

A. Budget Savings

1. Compensation and Benefits

Total Savings -	$6,139,105
Supporting Revenue Foregone -	$0
PWC Savings -	$6,139,105
FTE Positions -	0.00

a. **Strategic Plan Goals**

- Economic Development/Transportation
- Education
- Human Services
- Public Safety

b. **Category**

- Base Reduction
- Faster, Better, Cheaper
- Fees/Revenue
- Five-Year Plan
- Resource Shifts
- State Cuts

c. **Description** - Prince William County has an adopted compensation policy that states that the 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 do this we strive to maintain salaries competitive with Fairfax and Arlington Counties and the City of Alexandria. These jurisdictions are our main competitors for attracting quality employees. In order to implement this policy, staff conducts salary surveys each year to benchmark our starting salaries and is in ongoing communication with these jurisdictions.

Last year, as a result of our survey, the County eliminated the Market Adjustment from the Five-Year Plan for the budget years FY 2009-2013 but left the Pay-for-Performance increase. This year, a survey of competitive jurisdictions has also been completed. Based on the County's salary survey and discussions within the region, the County believes it will maintain competitiveness in the market with the recommendations shown below and implement the Board's policy to maintain salaries and benefits that attract and retain quality employees.

1. Suspend Pay-for-Performance in FY 10 - This recommendation suspends the Pay-for-Performance increase for FY 10. Employees will continue to be evaluated on their performance for the County's "DRIVE" system but that rating will not result in salary adjustments. This one-year suspension saves $3.8million in FY 10 and $3.6 million ongoing in each year of the Five-Year Plan.

2. Reduce 401a Money Purchase Plan - This program was begun in 1998 with the provisions that employees would contribute ½% of their salary and the County would match that contribution. Over the years this benefit has grown and currently employees contribute 1 ½ % and the County matches that contribution. This recommendation reduces the 401a Plan Benefit to its original 1998 level with the employee contributing ½% and the County matching that. This will save the County money and will also put additional money into the paychecks of County employees who are in the program. The employee can then contribute the 1% difference to the 457 Plan if the employee is not at maximum in that program. This recommendation saves the County $1.8m in each year of the Five-Year Plan.

3. Revise the Workers Compensation Personnel Policy - An employee who incurs an occupational illness or injury, arising out of and in the course of employment, which has been determined compensable under the Workers' Compensation Act, may be entitled to wage loss in accordance with the Virginia Workers' Compensation Act. Workers' Compensation benefits are provided at the rate of two-thirds (2/3) of the employee's average weekly wage, subject to a weekly minimum and a maximum as determined by the Commission. Workers' Compensation benefits are exempt from both state and federal income taxes.

   Currently, the County is paying an additional amount for Workers Compensation leave. That is, the difference between the statutory benefit described above and 100% of an employee's gross weekly wage. Although this additional amount is taxable, the result is that an employee receives a greater net pay when on worker's compensation leave than when on regular duty. This recommendation would revise the current policy to follow the Virginia Workers' Compensation Act, and it would save approximately $250,000 per year.

4. Suspend Signing Bonuses for Police and Fire Recruits - In FY 06, the County began a recruitment incentive program which provides for a $3,000 bonus at the completion of recruit school. Given the current market and the budget situation, these bonuses are being suspended.

d. Five-Year Plan - Compensation

- The County's Pay Plan Market Adjustment is not funded in the Five-Year Plan for FY 10-13 but will need to be examined each year to ensure the Board's adopted policy on market competitiveness is maintained. A 2.0% increase is included in FY 14 of the Five-Year Plan
- The Pay-for-Performance salary increase is funded in the Five-Year Plan for the FY2011-2014 budgets but will need to be examined each year to ensure the Board's adopted policy on market competitiveness is maintained
- The County's 401a Money Purchase Plan is reduced to ½% match in each year of the Five-Year Plan

2. Reduction in Property and Miscellaneous Insurance, Casualty Pool, and Workers' Compensation Pool

Total Savings -	$2,352,739
Supporting Revenue Foregone -	$0
PWC Savings -	$2,352,739
FTE Positions -	0.00

a. Strategic Plan Goals

- Economic Development/Transportation
- Education
- Human Services
- Public Safety

b. Category

- Base Reduction
- Faster, Better, Cheaper
- Fees/Revenue
- Five-Year Plan
- Resource Shifts
- State Cuts

c. Description - Like most organizations of our size, Prince William County must ensure that it minimizes risk from accidental loss or losses. These losses can impact our employees, our property and our finances. When the County suffers loss from accidents or worker injury, it impacts both the employee and the citizens we serve through our services. To mitigate these risks and losses the County has a strong and comprehensive Risk Management Program that works with agencies and employees to identify and mitigate risks. This is done through the Safety Council, made up of representatives from every department, through training programs such as the Smith System Safe Driving Course taken by 60% of employees and the Slips, Trips and Falls training taken by 56% of employees. This is in addition to a monthly safety newsletter, tracking of risk performance measures, inspection of County worksites and observance of National Safety Month, to name a few. These efforts have seen much success. In the recent Annual Safety Awards, the Police Department was awarded the Safety Manager's Award for achieving a 16% reduction in the frequency, severity and incidence of preventable collisions. This in an agency that drives over seven million miles per year. The Public Works Department achieved a 56% reduction in their DART (Days Away due to Restriction or Transfer) days due to injury. These efforts and achievements are saving County taxpayers $2.3 million per year in insurance costs in the following areas:

1. $1,500,000 reduction in insurance premiums is included for the Prince William Self Insurance Group (PWSIG) Workers' Compensation Association. The frequency of workers' compensation claims experienced a 16% decrease in FY 08 compared to the previous four-year average. During FY 08, the severity of employee claims was 71% lower than the previous four-year average.

2. $500,000 reduction is included in insurance premiums by applying annual premium credits on the Casualty Pool and Workers' Compensation programs in FY 10, FY 11, and FY 12 only.
3. $252,739 reduction is included in the Property and Miscellaneous Insurance budget by eliminating the umbrella insurance premiums by adding exposure in the PWSIG Casualty Pool. It is estimated that this action will reduce the County's annual insurance premium by 63%.
4. $100,000 reduction is included in the Property and Miscellaneous Insurance budget by eliminating the medical malpractice insurance premium by adding exposure into the PWSIG Casualty Pool.

This reduction was recommended for the following reasons -

- The County's ability to manage its Self Insurance budget through use of the County's Risk Management safety and claims program

d. Service Level Impacts - There are no service level impacts associated with this reduction.

3. Health Insurance Savings

Total Savings -	$891,424
Supporting Revenue Foregone -	$0
PWC Savings -	$891,424
FTE Positions -	0.00

a. Strategic Plan Goals

- (selected) Economic Development/Transportation
- (selected) Education
- (selected) Human Services
- (selected) Public Safety

b. Category

- Base Reduction
- (selected) Faster, Better, Cheaper
- Fees/Revenue
- (selected) Five-Year Plan
- Resource Shifts
- State Cuts

c. Description - In FY 03 Prince William County became self-insured for health insurance. That move was in response to wildly escalating health care costs and the County's desire to have greater control over its health plan. At that time, the County was budgeting for 20% and higher annual cost increases to the cost of providing health insurance for employees. Also at that time, the County took a proactive move in educating its employees on the use of health insurance and asked employees to take more control over their wellness and their decisions regarding health care. A Health Council was also established. All of these initiatives have significantly reduced the additional money the County has to budget for health insurance. In the FY 10 budget, the County had planned for a 10% increase in the cost of health insurance but due to plan management, employee decisions and management of our self-insurance funds, that cost increase has been reduced to 5% saving the County over $890,000 in FY 10 and $1.3 million annually by FY 14 in the cost of health care. These savings are for both health and dental insurance with dental insurance seeing an actual decrease in cost. This smaller cost increase also saves the County employees money in their paychecks as they share in the cost of health insurance.

This reduction was recommended for the following reasons -

- The County's ability to manage its health insurance plan has led to smaller cost increases in FY 10 than what was budgeted in the Five-Year Plan

d. Service Level Impacts - There are no service level impacts associated with this reduction.

4. County-wide Cell Phone Plan Savings

Total Savings -	$52,082
Supporting Revenue Foregone -	$0
PWC Savings -	$52,082
FTE Positions -	0.00

a. Strategic Plan Goals

- Economic Development/Transportation
- Education
- Human Services
- Public Safety

b. **Category**

- Base Reduction
- Faster, Better, Cheaper
- Fees/Revenue
- Five-Year Plan
- Resource Shifts
- State Cuts

c. **Description** - An interagency team investigating county-wide cell phone use has determined that that the County can save $52,082 per year by having agencies switching existing cell phone plans to new and cheaper plans offered by cell phone companies.

d. **Service Level Impacts** - There are no service level impacts associated with this reduction.

B. Budget Additions

1. County Proffers

Total Cost -	$5,916,528
Supporting Revenue -	$5,916,528
PWC Cost -	$0
FTE Positions -	0.00

a. **Strategic Plan Goals**

- Economic Development/Transportation
- Education
- Human Services
- Public Safety

b. **Description** - Funding from proffer accounts are budgeted to support the transfer of $5,916,528 to Capital Project accounts for FY 10. These funds are identified in the FY 10 CIP and additional detail concerning these transfers can be found in the Capital Improvements Program section of the budget.

2. Medical Insurance Self Insurance Internal Service Fund Increase

Total Cost -	$5,724,000
Supporting Revenue -	$5,724,000
PWC Cost -	$0
FTE Positions -	0.00

a. **Strategic Plan Goals**

- Economic Development/Transportation
- Education
- Human Services
- Public Safety

b. **Description** - This increase to the Medical Insurance Self Insurance Internal Service Fund is required due to increases in the Maximum Exposure budget amounts required to support Health Benefits ($5,381,000) and an increase to support the existing level of support for Retiree Health Insurance ($343,000). No new PWC support is required to implement this Internal Service Fund adjustment.

c. **Service Level Impact** - There are no service level impacts associated with this initiative.

3. Additional Funds to Support GASB 45 Requirements

Total Cost -	$200,000
Supporting Revenue -	$0
PWC Cost -	$200,000
FTE Positions -	0.00

a. **Strategic Plan Goals**

- Economic Development/Transportation
- Education
- Human Services
- Public Safety

b. **Description** - This item helps support the Board's 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.

c. **Five-Year Plan Impact** - This increase brings the total for GASB 45 requirements to $1.7 million dollars for FY 10. The total is programmed annually for the remainder of the Five-Year Plan.

4. **Retiree Health Care Cost Increase**

Total Cost -	$58,127
Supporting Revenue -	$9,855
PWC Cost -	$48,272
FTE Positions -	0.00

a. **Strategic Plan Goals**

- Economic Development/Transportation
- Education
- Human Services
- Public Safety

b. **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% PWC Cost increase of $58,127 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

c. **Service Level Impact** - There are no service level impacts associated with this initiative.

d. **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 $763,892.

5. **Dues Increase**

Total Cost -	$10,330
Supporting Revenue -	$0
PWC Cost -	$10,330
FTE Positions -	0.00

a. **Strategic Plan Goals**

- Economic Development/Transportation
- Education
- Human Services
- Public Safety

b. **Description** - This item funds an increase in dues for Virginia Association of Counties ($3,273) and the Northern Virginia Regional Commission ($7,057). The dues for the Virginia Association of Counties, dues are calculated based on the most recent county population estimates supplied by the Weldon Cooper Center for Public Service in Charlottesville, Virginia, and multiplied by $0.22 per capita.

c. **Service Level Impact** - There are no service level impacts associated with this initiative, however, it is the policy of the Board of County Supervisors to make General Fund appropriations of specified amounts to various entities for the purpose of promoting the general health and welfare of the community.