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County Executive

COUNTY OF PRINCE WILLIAM

OFFICE OF EXECUTIVE MANAGEMENT
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August 14, 2015

TO: Board of County Supervisors

FROM: Michelle A. Casciato *M. Casciato*
Management & Budget Director

THRU: Christopher E. Martino
Acting County Executive

RE: Quarterly Management and Expenditure Budget Report
Fourth 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 Fourth 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 June 30, 2015, the revised County general fund budget, excluding transfers, was \$463,417,257. This amount includes restricted subfunds within the general fund.
1. Fourth Quarter General Fund Expenditures and Projections – As of June 30, 2015, 94.4% of the County’s revised general fund budget had been expended or encumbered.
 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 \$3.6 million will be needed to maintain the general fund balance at 7.5%. In the fourth quarter general revenue update, the FY15 general revenue was projected to exceed budget by \$3.66 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 fourth 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 \$113.1 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) Fourth Quarter Agency Revenues – As of June 30, 2015, 104.1% 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) Information Technology – The general fund portion of DoIT’s budget is limited to the cell tower OCA, used to collect cell tower revenues and make rental payments to the State. The last quarter rental payments have been encumbered, but not yet paid because PWC has not been billed. Taking into consideration this encumbrance for FY15, total expenditures will be at 99% of anticipated expenditures.
 - b) Economic Development – When encumbrances totaling \$262k from contractual, capital and other services are included, the total percentage comes to 93.3%.
 - c) Management & Budget – OMB has an outstanding encumbrance for the community survey contract. The encumbrance is required because the community survey is a biennial survey that uses two fiscal years of financing to pay the contract.
 - d) Public Safety Communications – Employee turnover and unbilled maintenance budgeted for the E-911 system are the primary causes of this variance.
 - e) Police – A large portion of the Police Department budget is personnel costs (salary and benefits) representing 81% of the total expenditure budget. The variance is due to a larger than normal number of vacancies throughout FY15 compared to prior years.

- f) Juvenile & Domestic Relations Court – No county employees. Contractual and Other Services were less than budgeted.
- g) Clerk of the Court – Less than 35% of the Contractual and Other Services budgets have been expended. The majority of these unexpended funds 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.
- h) General District Court – Fewer court-appointed attorneys for those defendants who cannot afford one were needed than budgeted in FY 15.
- i) Magistrates – One magistrate who was budgeted for a supplement left state employment.
- j) Fire & Rescue –The majority of the variance is a result of having one recruit class in FY15 instead of two classes. This reduced the personnel costs and the associated outfitting and training expenses that go along with recruit classes.
- k) Public Works – A significant portion (\$2.6M) of the Public Works year end variance is due to outstanding encumbrances at year end for goods and services not yet received. The encumbrances and related budget are brought into FY16.
- l) Transportation – When encumbrances for street lights, totaling \$185,600, are included the total percent of budget spent is 90%. Additional savings are the result of vacancy savings, along with lower electricity cost and installation for street lights.
- m) Parks & Recreation – The general fund portion of P&R includes \$2.9 million in expenditure authority for cyclic maintenance; by year end P&R had expended \$1.9 million and encumbered \$0.9 million for projects underway but not yet completed (such as Locust Shade wall, Veterans Park maintenance shop, Dale City Rec Center HVAC, Splashdown slide tower, Forest Green golf netting, Chinn Rec Center HVAC, Nokesville Park septic, Splashdown post and rope fence, and Locust Shade dam repair). Including this encumbrance, P&R’s general fund expenditures are 97% of budget.

- n) Aging – The majority of expenditure savings in Aging is related to the Veterans Directed Home Care program. Aging budgets \$560,000 for this program, based on federal funding for the one veteran in the program, but that veteran’s family determines actual spending based upon their specific needs and desires. Excluding this program, Aging’s actual expenditures are at 93%. This remaining difference is due primarily to the fact that the agency director position has not been filled, and the acting director is an existing agency employee whose position has not been backfilled.
 - o) Cooperative Extension – Cooperative Extension’s year end savings are due to vacancies in the Housing and Financial Education and Counseling program.
 - p) Law Library – Less money was spent on electronic subscriptions, computer equipment and supplies, and copy machine rental.
 - q) Non-Departmental – Approximately 94% of the County’s Non-Departmental budget was expended in FY15 resulting in savings of \$2.8 million. Of this amount, \$2.0 million is attributed to general debt savings due to the deferral of debt sales for the Rollins Ford Road and Prince William Parkway transportation projects. These savings were noted in the second quarter report. Other savings within Non-Departmental include Property and Miscellaneous Insurance, Self-Insurance Casualty Pool, and Fleet (fuel).
- C. Development Fee-Funded Flex Positions Authorized in FY15 – Two fee-funded flex positions were authorized by the Board during FY15. Neither position has been activated as of 6/30/2015.
- D. Status of FY15 New Position Hires – The Board authorized 100 new positions in the adopted 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. All of the 6 unfilled positions are for the new libraries, and all six are active in the recruitment and hiring process.

Total New Positions	100
% New Positions filled through Q4	94, or 94%

III. Regional Transportation Revenue Update is as follows:

- A. NVTA 30% Funding – HB 2313 provides funding for transportation improvements and for public transportation purposes. As of July 31, 2015, \$11.3 million had been transferred to PWC. The FY15 30% annual revenue is projected to be approximately \$12.2 million.
- B. PRTC Motor Fuels Tax Revenue – Motor fuel tax revenues continue to underperform. Through May 2015 the County has collected \$11.6 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 is as follows:

- A. 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 Q4 General Fund Expenditures by Department

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Fiscal Year 2015, 4th Quarter

Sum of m14						
Department	Department Name	OL1	OL1 Title	Budget Exp.	Actual Exp.	% of the budget
1	Board of County Supervisors	20	Personal Services	2,013	1,817	
		25	Fringe Benefits	562	539	
		30	Contractual Services	176	120	
		40	Internal Services	124	124	
		50	Other Services	859	470	
		70	Capital Outlay	1		
		80	Leases and Rentals	36	29	
1 Total				3,770	3,099	82.19%
2	County Attorney	20	Personal Services	2,754	2,499	
		25	Fringe Benefits	776	721	
		30	Contractual Services	56	23	
		40	Internal Services	100	100	
		50	Other Services	120	107	
		70	Capital Outlay	1		
		80	Leases and Rentals	7	5	
		87	Reserves & Contingencies	(89)		
2 Total				3,726	3,455	92.73%
3	Audit Services	20	Personal Services	88	88	
		25	Fringe Benefits	33	32	
		30	Contractual Services	645	645	
		40	Internal Services	5	5	
		50	Other Services	17	8	
3 Total				788	777	98.66%
6	Office of Executive Management	20	Personal Services	2,388	2,354	
		25	Fringe Benefits	685	703	
		30	Contractual Services	382	343	
		40	Internal Services	110	110	
		50	Other Services	192	137	
		80	Leases and Rentals	10	8	
6 Total				3,767	3,656	97.03%
7	Dept of Information Technology	50	Other Services	21	13	
7 Total				21	13	63.73%
8	Human Resources	20	Personal Services	1,795	1,715	
		25	Fringe Benefits	527	525	
		30	Contractual Services	216	157	
		40	Internal Services	510	510	
		50	Other Services	90	63	
		80	Leases and Rentals	21	18	
		87	Reserves & Contingencies	(74)	(74)	
8 Total				3,083	2,913	94.47%
9	Planning	20	Personal Services	834	755	
		25	Fringe Benefits	277	255	
		30	Contractual Services	72	39	
		40	Internal Services	1,750	1,750	
		50	Other Services	482	477	
		80	Leases and Rentals	17	15	
9 Total				3,433	3,290	95.83%
10	Economic Development	20	Personal Services	1,065	1,040	
		25	Fringe Benefits	333	303	

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Fiscal Year 2015, 4th Quarter

Sum of m14						
Department	Department Name	OL1	OL1 Title	Budget Exp.	Actual Exp.	% of the budget
		30	Contractual Services	528	229	
		40	Internal Services	62	62	
		50	Other Services	542	486	
		60	Payments to other local agencies	7	7	
		70	Capital Outlay	65	28	
		80	Leases and Rentals	246	240	
10	Total			2,847	2,395	84.11%
20	Finance	20	Personal Services	9,620	8,911	
		25	Fringe Benefits	3,336	3,057	
		30	Contractual Services	2,147	1,810	
		40	Internal Services	2,927	2,927	
		50	Other Services	1,089	940	
		70	Capital Outlay	6		
		80	Leases and Rentals	55	38	
		87	Reserves & Contingencies	(433)	-	
20	Total			18,747	17,684	94.33%
23	Office of Management & Budget	20	Personal Services	1,069	1,096	
		25	Fringe Benefits	351	325	
		30	Contractual Services	116	35	
		40	Internal Services	48	48	
		50	Other Services	53	28	
		80	Leases and Rentals	5	3	
23	Total			1,641	1,535	93.51%
24	Public Safety Communications	20	Personal Services	6,919	6,349	
		25	Fringe Benefits	2,029	1,872	
		30	Contractual Services	285	39	
		40	Internal Services	352	352	
		50	Other Services	487	364	
		70	Capital Outlay	5		
		80	Leases and Rentals	12	7	
24	Total			10,089	8,983	89.05%
25	Police	20	Personal Services	58,944	54,207	
		25	Fringe Benefits	19,594	18,311	
		30	Contractual Services	1,358	1,053	
		40	Internal Services	10,304	10,305	
		50	Other Services	5,258	4,124	
		70	Capital Outlay	777	665	
		80	Leases and Rentals	530	388	
25	Total			96,765	89,052	92.03%
27	Commonwealth Attorney	20	Personal Services	3,863	3,767	
		25	Fringe Benefits	1,168	1,144	
		30	Contractual Services	22	20	
		40	Internal Services	165	165	
		50	Other Services	108	102	
		80	Leases and Rentals	15	12	
27	Total			5,341	5,210	97.55%
28	Sheriff	20	Personal Services	5,955	5,947	
		25	Fringe Benefits	2,180	2,053	
		30	Contractual Services	152	101	

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Fiscal Year 2015, 4th Quarter

Sum of m14						
Department	Department Name	OL1	OL1 Title	Budget Exp.	Actual Exp.	% of the budget
		40	Internal Services	759	759	
		50	Other Services	522	471	
		70	Capital Outlay	13	13	
		80	Leases and Rentals	8	5	
28	Total			9,589	9,349	97.50%
29	Juvenile Court Service Unit	20	Personal Services	528	528	
		25	Fringe Benefits	169	166	
		30	Contractual Services	278	242	
		40	Internal Services	97	97	
		50	Other Services	33	20	
		80	Leases and Rentals	2	1	
		87	Reserves & Contingencies	-	-	
29	Total			1,107	1,055	95.34%
30	Juv and Domestic Rel Court	30	Contractual Services	17	14	
		40	Internal Services	22	22	
		50	Other Services	49	42	
		80	Leases and Rentals	20	18	
30	Total			108	96	89.01%
31	Circuit Court Judges	20	Personal Services	463	463	
		25	Fringe Benefits	168	142	
		30	Contractual Services	1		
		40	Internal Services	25	25	
		50	Other Services	32	23	
		80	Leases and Rentals	2	2	
31	Total			692	656	94.89%
32	Clerk of the Court	20	Personal Services	2,417	2,340	
		25	Fringe Benefits	855	830	
		30	Contractual Services	905	372	
		40	Internal Services	155	155	
		50	Other Services	506	83	
		80	Leases and Rentals	12	11	
32	Total			4,850	3,791	78.16%
33	General District Court	20	Personal Services	42	44	
		25	Fringe Benefits	16	16	
		30	Contractual Services	118	53	
		40	Internal Services	26	26	
		50	Other Services	50	46	
		80	Leases and Rentals	15	7	
33	Total			266	191	71.99%
34	Criminal Justice Services	20	Personal Services	2,184	2,199	
		25	Fringe Benefits	667	642	
		30	Contractual Services	147	104	
		40	Internal Services	180	180	
		50	Other Services	245	238	
		80	Leases and Rentals	7	7	
34	Total			3,431	3,369	98.19%
35	Magistrates	20	Personal Services	232	215	
		25	Fringe Benefits	18	16	
		30	Contractual Services	0		

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Fiscal Year 2015, 4th Quarter

Sum of m14						
Department	Department Name	OL1	OL1 Title	Budget Exp.	Actual Exp.	% of the budget
		40	Internal Services	17	17	
		50	Other Services	4	4	
		80	Leases and Rentals	3	2	
35	Total			274	255	93.03%
37	Human Rights Office	20	Personal Services	419	425	
		25	Fringe Benefits	130	126	
		30	Contractual Services	1	1	
		40	Internal Services	22	22	
		50	Other Services	19	18	
		80	Leases and Rentals	4	3	
37	Total			595	595	99.97%
38	Fire and Rescue	20	Personal Services	49,313	44,770	
		25	Fringe Benefits	16,477	14,995	
		30	Contractual Services	1,850	1,157	
		40	Internal Services	7,434	7,413	
		50	Other Services	3,365	2,178	
		70	Capital Outlay	862	259	
		80	Leases and Rentals	70	51	
		87	Reserves & Contingencies	(3,899)		
38	Total			75,473	70,824	93.84%
40	Public Works	20	Personal Services	8,655	8,308	
		25	Fringe Benefits	3,069	2,802	
		30	Contractual Services	7,182	5,389	
		40	Internal Services	2,107	1,818	
		50	Other Services	6,049	4,564	
		70	Capital Outlay	3,527	2,375	
		80	Leases and Rentals	6,452	6,274	
		87	Reserves & Contingencies	(2,240)	(998)	
40	Total			34,801	30,533	87.74%
41	Transportation	20	Personal Services	2,435	443	
		25	Fringe Benefits	787	131	
		30	Contractual Services	77	8	
		40	Internal Services	70	70	
		50	Other Services	2,339	1,762	
		70	Capital Outlay	43	26	
		80	Leases and Rentals	56	1	
		87	Reserves & Contingencies	(2,992)		
41	Total			2,815	2,442	86.73%
	44 Dept. of Parks & Rec	20	Personal Services	7,428	7,287	
		25	Fringe Benefits	2,093	2,225	
		30	Contractual Services	2,470	1,469	
		40	Internal Services	1,395	1,377	
		50	Other Services	4,094	3,622	
		58	Debt Maintenance	433	433	
		70	Capital Outlay	1,173	1,164	
		80	Leases and Rentals	46	44	
		87	Reserves & Contingencies	(60)	(60)	
44	Total			19,072	17,561	92.07%
50	Social Services	20	Personal Services	17,698	17,608	

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Fiscal Year 2015, 4th Quarter

Sum of m14						
Department	Department Name	OL1	OL1 Title	Budget Exp.	Actual Exp.	% of the budget
		25	Fringe Benefits	5,993	5,686	
		30	Contractual Services	2,032	1,478	
		40	Internal Services	1,275	1,275	
		50	Other Services	5,929	5,443	
		70	Capital Outlay	121	82	
		80	Leases and Rentals	100	61	
50	Total			33,148	31,634	95.43%
51	Office on Aging	20	Personal Services	1,738	1,639	
		25	Fringe Benefits	476	450	
		30	Contractual Services	2,301	2,205	
		40	Internal Services	183	183	
		50	Other Services	1,296	743	
		80	Leases and Rentals	14	9	
51	Total			6,007	5,230	87.06%
52	Public Health	20	Personal Services	224	199	
		25	Fringe Benefits	77	68	
		30	Contractual Services	2	0	
		40	Internal Services	45	45	
		50	Other Services	3,608	3,605	
52	Total			3,955	3,917	99.04%
53	Community Services Board	20	Personal Services	20,117	19,570	
		25	Fringe Benefits	6,213	5,869	
		30	Contractual Services	8,798	8,145	
		40	Internal Services	1,688	1,685	
		50	Other Services	1,899	1,567	
		58	Debt Maintenance	24	24	
		80	Leases and Rentals	163	159	
53	Total			38,903	37,019	95.16%
56	At Risk Youth & Family Service	20	Personal Services	378	373	
		25	Fringe Benefits	138	114	
		30	Contractual Services	64	56	
		40	Internal Services	13	13	
		50	Other Services	8,148	7,993	
56	Total			8,741	8,549	97.81%
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	591	
		25	Fringe Benefits	126	127	
		30	Contractual Services	2	0	
		40	Internal Services	82	82	
		50	Other Services	73	61	
59	Total			944	860	91.08%
60	Office of Elections	20	Personal Services	697	728	
		25	Fringe Benefits	219	192	
		30	Contractual Services	420	363	
		40	Internal Services	68	68	

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Fiscal Year 2015, 4th Quarter

Sum of m14						
Department	Department Name	OL1	OL1 Title	Budget Exp.	Actual Exp.	% of the budget
		50	Other Services	187	158	
		70	Capital Outlay	916	915	
		80	Leases and Rentals	18	9	
60	Total			2,525	2,433	96.33%
62	Library	20	Personal Services	8,939	8,581	
		25	Fringe Benefits	2,430	2,207	
		30	Contractual Services	322	294	
		40	Internal Services	878	878	
		50	Other Services	2,019	1,922	
		80	Leases and Rentals	43	43	
62	Total			14,631	13,925	95.17%
89	Law Library	20	Personal Services	91	90	
		25	Fringe Benefits	28	27	
		30	Contractual Services	4	1	
		40	Internal Services	6	6	
		50	Other Services	27	22	
		80	Leases and Rentals	3	1	
89	Total			159	148	93.02%
90	Non-Departmental Activities	20	Personal Services	98		
		25	Fringe Benefits	(46)	342	
		30	Contractual Services	73	(8)	
		40	Internal Services	2,661	357	
		50	Other Services	878	2,190	
		58	Debt Maintenance	43,206	41,164	
		60	Payments to other local agencies	442	442	
90	Total			47,311	44,485	94.03%
Grand Total				463,417	430,979	93.00%