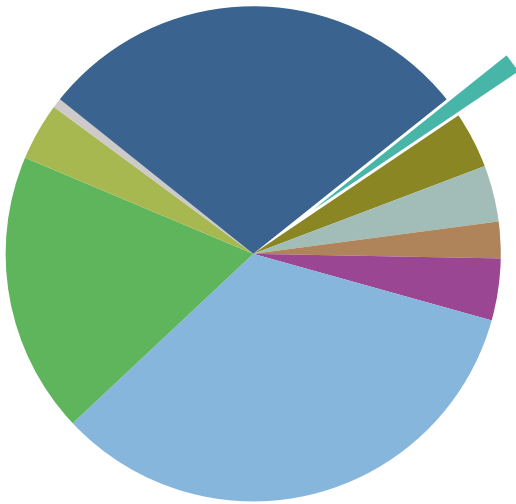


Management & Budget

Mission Statement

The Office of Management & Budget shapes the future by partnering with the community, elected leadership, and government agencies to recommend the best use of public resources in pursuit of the community's strategic goals.



Expenditure Budget:
\$1,980,177



1.3% of General Government

Programs:

- Management & Budget: \$1,980,177

General Government Expenditure Budget:
\$154,834,121

Mandates

The County operates under a state mandate to develop, conduct public hearings, and adopt an annual budget, to including salaries and expenses for constitutional officers. The Office of Management & Budget manages these activities.

The Board of County Supervisors has enacted additional local mandates for which the Office of Management & Budget has responsibility.

State Code: [15.2-516](#) (Duties of county executive), [15.2-539](#) (Submission of budget by executive; hearings; notice; adoption), [15.2-2503](#) (Time for preparation and approval of budget; contents), [15.2-2506](#) (Publication and notice; public hearing; adjournment; moneys not to be paid out until appropriated), [15.2-2507](#) (Amendment of budget), [22.1-93](#) (Approval of annual budget for school purposes), [58.1-3007](#) (Notice prior to increase of local tax levy; hearing), [58.1-3321](#) (Effect on rate when assessment results in tax increase; public hearings)

County Code: [Chapter 2-1](#) (Government services planning, budgeting, and accountability)

Management & Budget

Expenditure and Revenue Summary



Expenditure by Program	FY20 Actuals	FY21 Actuals	FY22 Actuals	FY23 Adopted	FY24 Adopted	% Change Budget FY23/ Budget FY24
Management & Budget	\$1,548,724	\$1,413,232	\$1,633,444	\$1,770,716	\$1,980,177	11.83%
Total Expenditures	\$1,548,724	\$1,413,232	\$1,633,444	\$1,770,716	\$1,980,177	11.83%

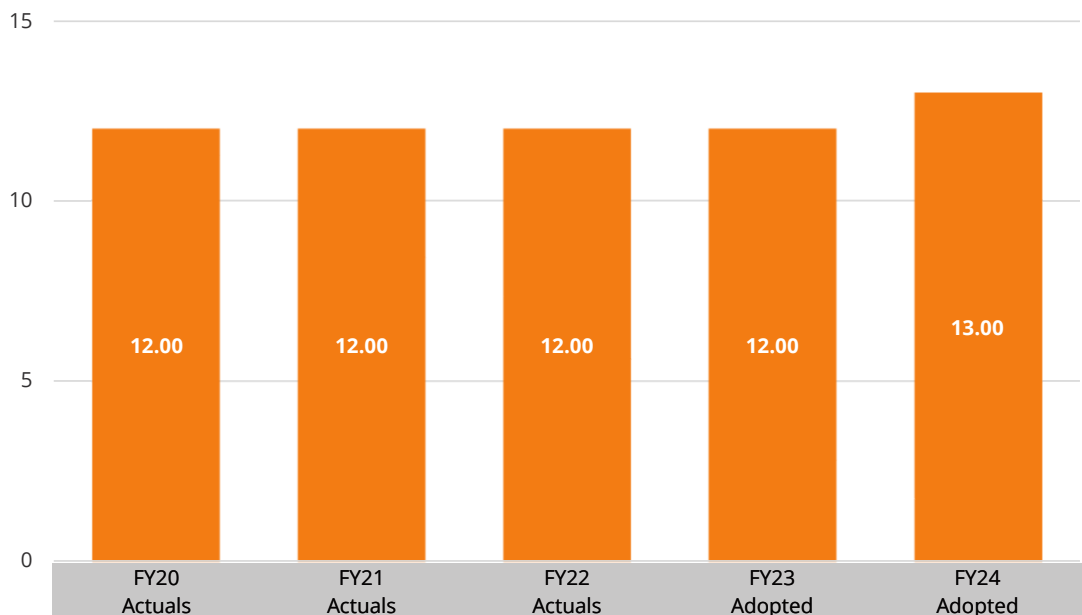
Expenditure by Classification

Salaries & Benefits	\$1,482,041	\$1,327,401	\$1,565,120	\$1,583,653	\$1,795,442	13.37%
Contractual Services	\$0	\$588	\$13,014	\$14,200	\$14,200	0.00%
Internal Services	\$47,235	\$68,080	\$47,874	\$99,884	\$105,775	5.90%
Purchase of Goods & Services	\$17,291	\$14,102	\$4,259	\$67,600	\$60,100	(11.09%)
Leases & Rentals	\$2,158	\$3,061	\$3,177	\$5,378	\$5,378	0.00%
Reserves & Contingencies	\$0	\$0	\$0	\$0	(\$718)	-
Total Expenditures	\$1,548,724	\$1,413,232	\$1,633,444	\$1,770,716	\$1,980,177	11.83%

Funding Sources

Miscellaneous Revenue	\$0	\$812	\$190	\$0	\$0	-
Total Designated Funding Sources	\$0	\$812	\$190	\$0	\$0	-
Net General Tax Support	\$1,548,724	\$1,412,421	\$1,633,253	\$1,770,716	\$1,980,177	11.83%
Net General Tax Support	100.00%	99.94%	99.99%	100.00%	100.00%	

Staff History by Program



Management & Budget	12.00	12.00	12.00	12.00	13.00
Full-Time Equivalent (FTE) Total	12.00	12.00	12.00	12.00	13.00

Management & Budget

Future Outlook

Revenue Diversification – Real estate and personal property tax revenue continues to be the primary revenue sources for County operations, providing nearly 83% of local tax revenue in FY24. The County will strive to diversify revenue sources to ensure stability as identified in Policy 3.01 of the adopted [Principles of Sound Financial Management \(PSFM\)](#). Opportunities exist to recalibrate existing revenue sources as well as identify new resources to achieve key performance indicators identified in the community's Strategic Plan. New legislation from the Commonwealth allows counties the same taxation authority as cities and towns. As such, admissions taxes provide future opportunities for the County to diversify local tax revenue.

Another revenue option available for future consideration is the commercial and industrial real property tax with revenue dedicated for new mobility initiatives increasing transportation capacity. The revenue generated by the tax could be used to pay debt service costs associated with November 2019 mobility bond projects authorized by voters.

Reduced Year-end Agency Operating Surplus – The budget includes a reduction (approximately \$21.9 million due to position vacancy savings) to agency operating budgets in order to maintain a structurally balanced budget recommended by bond rating agencies. In other words, agencies receive less than 100% of the funding required to provide 100% service to the community.

The County has a responsibility to the community to end the year with an operating surplus sufficient to meet fund balance obligations prescribed by the PSFM. Implementing the programmed savings built into the budget has effectively reduced the year-end operating surplus generated from agency operations.

Achieving required year-end financial requirements will be challenging during years where revenue shortfalls are projected. Year-end savings must be enough to recoup any revenue shortfall as well as meet adopted fund balance requirements. The County has demonstrated strong financial management in its established policies, such as monthly and quarterly monitoring, but vigilance must be maintained. In addition to the impact on PSFM requirements, reduced year-end savings limits funds available for one-time capital investments. Declining year-end agency savings as a percentage of the budget is generally perceived by bond rating agencies as a budgetary weakness when evaluating the County's credit worthiness at the AAA-rated standard.

Inflation and Higher Borrowing Costs – Inflation refers to the general price increase of goods and services over time in an economy. According to the U.S. Bureau of Labor Statistics, the consumer price index (CPI; the best-known measure of inflation) increased 7.1% nationally from November 2021 through November 2022. The food component of CPI increased 10.6% and energy increased 13.1%. Prince William County government operating budgets do not receive automatic, across-the-board increases due to inflation. Inflationary budget increases are strategic and generally confined to volatile commodities such as fuel and utilities. Unless otherwise noted, County agencies absorb inflationary cost increases within their existing budgets. In an effort to combat inflation, the Federal Reserve has raised interest rates. This impacts the County's borrowing costs necessary to finance projects contained in the County and Prince William County Schools' capital improvement programs. Within the past year, interest rates on municipal debt issuances have doubled and may continue to increase during the first six months of calendar year 2023. Combined with inflationary increases on construction commodities such as steel, diesel fuel, drywall, and copper, the cost of financing capital projects will increase.

General Overview

A. Budget Shift from Management & Budget to Human Rights – A total of \$10,000 in expenditures has been shifted from Management & Budget to Human Rights. The Human Rights office will use these funds for printing and distribution of community engagement outreach and educational materials. These funds will support a post-pandemic community re-engagement plan through outreach and education that is critical to the Human Rights Office's mission of eliminating discrimination. With the pandemic subsiding, the need exists to re-engage the community in person, including festivals and large congregations of people. Additional educational materials and resources are required to achieve this re-engagement.

Management & Budget

Budget Initiatives

A. Budget Initiatives

1. Collective Bargaining – Management & Budget

Expenditure	\$59,459
Revenue	\$0
General Fund Impact	\$59,459
FTE Positions	1.00

- a. **Description** – On December 22, 2022, the Prince William Board of County Supervisors (BOCS) adopted a collective bargaining ordinance ([BOCS Ordinance 22-54](#)) to provide for collective bargaining with public employees. Collective bargaining will begin in spring 2023 (FY23) and labor contracts will be negotiated during FY24. This initiative includes one position for a Principal Fiscal Analyst beginning January 1, 2024. This position will allow the Office of Management & Budget to meet the increased workload demands associated with collective bargaining. The half-year cost of the position is \$59,459 in FY24, and the full-year cost in FY25 will be \$110,047.
- b. **Service Level Impacts** – This budget initiative provides the necessary staffing infrastructure to implement and sustain collective bargaining with public employees.

Program Summary

Management & Budget

Implement the County’s strategic goals and policy guidance through collaborative budget development (both operational and capital), structured implementation, and focus on service improvements through performance management. Transparency and accountability to County residents are emphasized through continuous public engagement.

Key Measures	FY20 Actuals	FY21 Actuals	FY22 Actuals	FY23 Adopted	FY24 Adopted
Criteria rated proficient/outstanding in GFOA Program	100%	88%	100%	100%	100%
Countywide variance in actual and projected expenditures	5%	7%	7%	3%	3%
County services & facilities are a fair value for the tax dollar (comm. survey)	94%	90%	90%	90%	90%

Program Activities & Workload Measures <i>(Dollar amounts expressed in thousands)</i>	FY20 Actuals	FY21 Actuals	FY22 Actuals	FY23 Adopted	FY24 Adopted
Budget Development and Implementation	\$1,549	\$1,413	\$1,633	\$1,771	\$1,980
Budget questions answered within 2 business days	99%	88%	93%	99%	90%
Number of budget questions received	93	144	138	150	150
Number of CIP projects	93	86	54	55	53
Key performance indicators trending positively toward targets (Strategic Plan)	60%	NR	78%	100%	100%