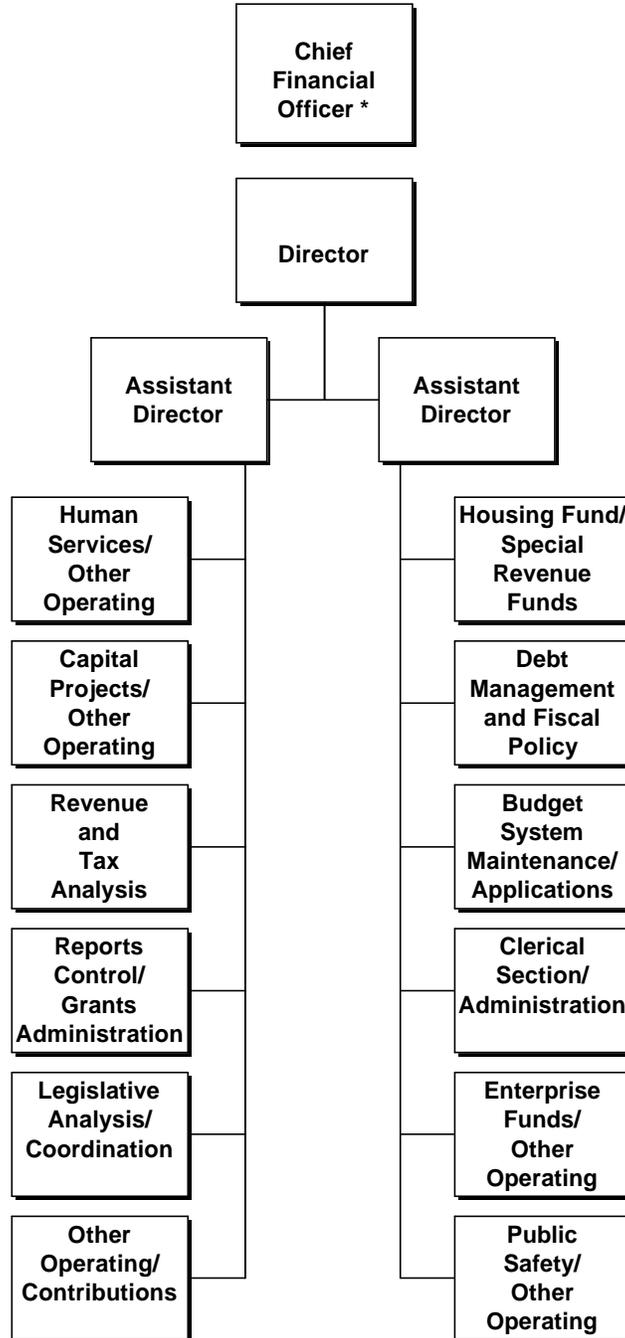


DEPARTMENT OF MANAGEMENT AND BUDGET



* The Chief Financial Officer has responsibility for strategic direction and oversight of this agency; and, for budget purposes, that position and associated funding are reflected in this agency.

DEPARTMENT OF MANAGEMENT AND BUDGET

Agency Position Summary

37 Regular Positions (-2) / 37.0 Regular Staff Years (-2.0)

Position Detail Information

ADMINISTRATION

1 Chief Financial Officer
 1 Director
 0 Management Analyst III (-1)
 1 Administrative Assistant V
 3 Positions (-1)
 3.0 Staff Years (-1.0)

Assistant Director

1 Assistant Director
 1 Position
 1.0 Staff Year

Capital Projects/Other Operating

1 Budget Analyst IV
 1 Budget Analyst III
 1 Budget Analyst II
 3 Positions
 3.0 Staff Years

Revenue & Tax Analysis

1 Budget Analyst IV
 1 Budget Analyst III
 2 Positions
 2.0 Staff Years

Reports Control/Grants

Administration

1 Budget Analyst IV
 2 Budget Analysts III
 1 Business Analyst III
 4 Positions
 4.0 Staff Years

Debt Management &

Fiscal Policy

1 Budget Analyst IV
 1 Position
 1.0 Staff Year

Budget System Maintenance/

Applications

0 Management Analyst IV (-1)
 1 Programmer Analyst III
 1 Network Analyst II
 1 Management Analyst III
 1 Administrative Assistant V
 4 Positions (-1)
 4.0 Staff Years (-1.0)

Clerical Section/Administration

1 Administrative Assistant IV
 2 Administrative Assistants III
 3 Positions
 3.0 Staff Years

Enterprise Funds/Other Operating

1 Budget Analyst IV
 1 Budget Analyst III
 1 Budget Analyst II
 3 Positions
 3.0 Staff Years

Public Safety/Other Operating

1 Budget Analyst IV
 1 Budget Analyst III
 1 Budget Analyst II
 3 Positions
 3.0 Staff Years

Assistant Director

1 Assistant Director
 1 Position
 1.0 Staff Year

Human Services/Other Operating

1 Budget Analyst IV
 1 Budget Analyst III
 2 Positions
 2.0 Staff Years

Housing Fund/Special Revenue Funds

2 Budget Analysts III
 1 Budget Analyst II
 3 Positions
 3.0 Staff Years

Other Operating/Contributions

1 Budget Analyst IV
 1 Budget Analyst III
 1 Budget Analyst II
 3 Positions
 3.0 Staff Years

Legislative Analysis/Coordination

1 Budget Analyst IV
 1 Position
 1.0 Staff Year

(-) Denotes Abolished Position

DEPARTMENT OF MANAGEMENT AND BUDGET

Agency Mission

To provide financial and analytical consultant services; develop, implement and monitor a financial plan; and produce information for Fairfax County agencies, the Board of Supervisors, the County Executive, and citizens in order to maintain the County's fiscal integrity and accountability, as well as support effective decision-making.

Agency Summary					
Category	FY 2002 Actual	FY 2003 Adopted Budget Plan	FY 2003 Revised Budget Plan	FY 2004 Advertised Budget Plan	FY 2004 Adopted Budget Plan
Authorized Positions/Staff Years					
Regular	41/ 41	39/ 39	39/ 39	37/ 37	37/ 37
Expenditures:					
Personnel Services	\$2,181,699	\$2,610,878	\$2,522,378	\$2,628,602	\$2,607,702
Operating Expenses	387,742	365,164	457,686	332,543	266,920
Capital Equipment	15,200	0	28,500	0	0
Total Expenditures	\$2,584,641	\$2,976,042	\$3,008,564	\$2,961,145	\$2,874,622

Board of Supervisors' Adjustments

The following funding adjustments reflect all changes to the FY 2004 Advertised Budget Plan, as approved by the Board of Supervisors on April 28, 2003:

- ◆ A decrease of \$20,900 reflects reduced funding for the Pay for Performance program. Based on the approved 25 percent reduction, the FY 2004 program will result in reductions in the increases employees will receive based on their performance rating, capping employees to a maximum of 5.25 percent. This adjustment leaves in place the pay for performance program in preparation for system redesign for FY 2005.
- ◆ A decrease of \$59,223 in reduced printing costs, resulting in even greater reliance on electronic dissemination of budget-related information.
- ◆ A decrease of \$6,400 for PC Replacement Charges based on the reduction in the annual contribution for PC replacement by \$100 per PC, from \$500 to \$400.

The following funding adjustments reflect all approved changes to the FY 2003 Revised Budget Plan from January 1, 2003 through April 21, 2003. Included are all adjustments made as part of the FY 2003 Third Quarter Review:

- ◆ A reallocation of \$60,000 from Personnel Services to Operating Expenses in order to address various initiatives including the Youth Leadership Program, staff training and performance measurement, among others.
- ◆ A reallocation of \$28,500 from Personnel Services to Capital Equipment to procure an electronic fingerprint verification system as part of the financial oversight and management program.

DEPARTMENT OF MANAGEMENT AND BUDGET

County Executive Proposed FY 2004 Advertised Budget Plan

Purpose

The Department of Management and Budget (DMB) is chiefly responsible for coordination of the County's annual budget process, which includes the financial forecast, development of budget guidelines, review of agency requests, presentation of recommendations to the County Executive, preparation of the Advertised Budget Plan, support of deliberations by the Board of Supervisors, and preparation of the Adopted Budget Plan. However, the role of the Department extends beyond budget preparation. DMB also coordinates the sale of bonds to fund the majority of the County's capital program, which includes school construction. In addition, DMB coordinates the County's performance measurement program and other continuous improvement activities associated with the County's High Performance Organization model based on quality, customer service and results. Furthermore, DMB is partnering with the Department of Human Resources to integrate workforce planning into County business operations in order to ensure that appropriate staffing resources are available to achieve strategic goals and objectives.

In recent years, DMB has been focusing resources on expanding public access to key information to afford Fairfax County residents a better understanding of their County government and the services it offers. In addition, DMB is continually seeking ways to streamline its own processes in order to address the needs of a growing population without adding staff, while providing more time for value-added analysis.

Key Accomplishments

- ◆ Earned the *Distinguished Budget Presentation Award* from the Government Finance Officers Association (GFOA) award for the 17th consecutive year. This award represents the highest form of recognition by GFOA for governmental budgeting.
- ◆ In the wake of September 11, 2001, coordinated Fairfax County's grant application, which resulted in the award of \$12 million as part of the FY 2002 U.S. Department of Defense Appropriations bill (P.L. 107-117) to fund emergency preparedness equipment, training, and other public safety purposes. The funds are distributed through the U.S. Department of Justice State and Local Emergency Preparedness Program. Over the next two years, Fairfax County will use the \$12 million grant to improve emergency training opportunities, increase surveillance efforts, provide equipment for the Emergency Operations Center, obtain sophisticated command and communications equipment, improve public safety radio coverage, and purchase specialized gear for first responders.
- ◆ Continued a review of County budget practices in order to streamline operations by ensuring that technology is fully leveraged and that budget-related procedures add value to the process both in terms of quality and type of data presented to the public and the Board of Supervisors. This process included extensive research and analysis of best practices of other organizations.
- ◆ Validated and updated the 10 Principles of Financial Management, the revision of which was approved by the Board of Supervisors on April 29, 2002. These principles preserve fiscal integrity and help maintain the County's Triple A bond rating, resulting in interest savings on General Obligation Bonds.
- ◆ Coordinated a Spring 2002 bond sale, including a refunding, with a total value of \$258.94 million and achieved savings of \$13.67 million compared to the Bond Buyer municipal index.
- ◆ Maintained a Triple A rating from all three bond rating agencies (Standard and Poors, Moody's, and Fitch Investors Service) which resulted in the bond sale savings noted above for FY 2002 and approximately \$172.98 million associated with new sales and \$47.24 million in refundings since the County first received its Triple A rating in 1978.

DEPARTMENT OF MANAGEMENT AND BUDGET

- ◆ Continued the successful partnership with other County agencies and Fairfax County Public Schools to enhance the initiative, "Closest to the People," a program of studies to educate students about how their local government works, what services are offered, how they can become involved in the decision-making process, and the opportunities for making public service a career. DMB coordinated the second year of the Youth Leadership Program and placed 22 students in summer internships at County agencies as part of a year-round program designed to educate the next generation about their local government. The International City/County Management Association (ICMA) recognized this program and in particular, the County Executive's leadership role, at its annual conference in October 2002.
- ◆ Developed a web-based database to manage County agencies' performance measurement data. This system was completed in time for agencies to input their results for the FY 2004 Advertised Budget Plan, and provides a more efficient method of managing a large volume of data.
- ◆ For the fourth year, maintained a leadership role in the Regional Performance Measurement (PM) Consortium initiated by DMB in order to share information about best practices and continuous improvement among area jurisdictions. Fairfax County hosted two meetings of this group during FY 2002, providing valuable training opportunities for the County's multi-agency PM Team. ICMA also recognized the County's performance measurement efforts with its Certificate of Distinction in 2002. The County's program was one of 17 recognized from among more than 120 in ICMA's Center for Performance Measurement.
- ◆ Assisted the Department of Human Resources in developing and implementing a workforce planning initiative designed to position the County to meet the challenges of the 21st Century. This involved collaboration with agencies and development of strategies for meeting staffing resource needs.
- ◆ Coordinated an interagency task force to study and recommend changes to the County's Capital Improvement Plan in order to more adequately address growing capital requirements. Implementation of this task force's initiatives will take place during FY 2003 for the FY 2004 document.

FY 2004 Initiatives

- ◆ Maintain the momentum originally created with the Budget Process Redesign in FY 2001 in order to continue to streamline and add value to the budget process. In addition, DMB will ensure that the link between strategic planning and budgeting for results is firmly established and presented through the annual budget with emphasis on performance measures that demonstrate if strategic priorities are being achieved.
- ◆ Continue to participate in the International City/County Management Association's Center for Performance Measurement to compare performance data and practices with other jurisdictions nationwide.
- ◆ Conduct two bond sales to enable the County and Fairfax County Public Schools to finance essential capital projects.
- ◆ Continue to identify and implement enhancements both to published documents and information presented on DMB's Internet home page in order to improve public access.

FY 2004 Budget Reductions

As part of the FY 2004 Advertised Budget Plan, reductions totaling \$156,208 and 2/2.0 SYE positions are proposed by the County Executive for this agency. These reductions include:

- ◆ Reduction of 2/2.0 SYE positions and funding of \$130,390 for a Management Analyst IV and a Management Analyst III, which will result in reduced capacity to respond in a timely manner to various ad hoc requests and special projects.

DEPARTMENT OF MANAGEMENT AND BUDGET

- ◆ Reduction of \$25,818 in printing and binding which will result in fewer hard copy budgets being printed and a greater reliance on CD-ROM format. In addition, all budget documents are available on the Internet, which many members of the public, both within and outside Fairfax County, access a wide array of information provided by DMB.

Performance Measurement Results

The Department of Management and Budget (DMB) continues to achieve considerable accuracy in forecasting expenditures and revenues. The FY 2002 target variance of 2 percent or less was achieved with the variance for General Fund expenditures at only 1.8 percent and revenues at 0.6 percent. This validates the agency's very accurate fiscal forecasting and careful budget management. Fairfax County was also awarded the Government Finance Officers Association's Distinguished Budget Presentation Award by meeting rigorous criteria for the budget as a policy document, financial plan, operations guide, and communications device.

Through careful management of the County's budget and finances including the bond program, Fairfax County maintained its Triple A rating from all three rating houses. When DMB sells bonds on behalf of the County for capital facilities, this translates into significant interest rate savings, including \$10.37 million on one bond sale alone during FY 2002. The County exceeded its interest rate estimate of 5.00 percent on that sale by achieving a rate of 4.33 percent. In addition, staff monitors the municipal market for refunding opportunities and saved \$3.3 million associated with refundings in FY 2002.

Funding Adjustments

The following funding adjustments from the FY 2003 Revised Budget Plan are necessary to support the FY 2004 program:

- ◆ An increase of \$148,114 in Personnel Services associated with salary adjustments necessary to support the County's compensation program.
- ◆ A decrease of \$130,390 in Personnel Services and 2/2.0 SYE positions as part of reductions made by the County Executive.
- ◆ A decrease of \$65,143 in Operating Expenses is primarily associated with the carryover of encumbrances including expenditures for the Youth Leadership Program and departmental training as well as a decrease in printing and binding, partially offset by increased infrastructure technology charges.

The following funding adjustments reflect all approved changes in the FY 2003 Revised Budget Plan since passage of the FY 2003 Adopted Budget Plan. Included are all adjustments made as part of the FY 2002 Carryover Review and all other approved changes through December 31, 2002:

- ◆ As part of the *FY 2002 Carryover Review*, \$32,522 in Operating Expenses due to encumbered carryover.

Performance Measures

Objectives

- ◆ To maintain a variance of 2.0 percent or less between estimated and actual revenues and expenditures.
- ◆ To maintain a debt interest savings level of 5.00 percent as compared to the Bond Buyer 20-bond index for each bond sale.

DEPARTMENT OF MANAGEMENT AND BUDGET

Indicator	Prior Year Actuals			Current Estimate	Future Estimate
	FY 2000 Actual	FY 2001 Actual	FY 2002 Estimate/Actual	FY 2003	FY 2004
Output:					
Dollar value of budgets reviewed (in billions)	\$3.27	\$3.61	\$3.86 / \$3.96	\$4.10	\$4.49
Bond sales or refinances conducted (1)	2	2	1 / 1	2	2
Dollar value of bond sales (in millions)	\$171.60	\$174.65	\$198.00 / \$198.00	\$226.10	\$223.16
Dollar value of refundings (in millions)	NA	\$139.47	\$65.00 / \$60.94	NA	NA
Efficiency:					
Authorized budget analysts per 1,000 population	0.027	0.026	0.026 / 0.026	0.024	0.023
Staff Year Equivalent (SYE) per bond offering statement	0.25	0.25	0.25 / 0.25	0.25	0.25
Service Quality:					
GFOA Distinguished Budget Presentation Award	Yes	Yes	Yes / Yes	Yes	Yes
Bond Ratings of AAA/Aaa/AAA (2)	Yes	Yes	Yes / Yes	Yes	Yes
Outcome:					
Percent variance in actual and projected revenues	0.2%	0.2%	2.0% / 0.6%	2.0%	2.0%
Percent variance in actual and projected expenditures	1.5%	2.0%	2.0% / 1.8%	2.0%	2.0%
Interest rate for first bond sale	5.35%	4.87%	5.00% / 4.33%	5.00%	5.00%
Savings for first bond sale (in millions, compared to the Bond Buyer 20-bond municipal index).	\$4.31	\$3.20	NA / \$10.37	NA	NA
Interest rate for second bond sale	5.21%	4.26%	NA / NA	5.00%	5.00%
Savings for second bond sale (in millions, compared to the Bond Buyer 20-bond municipal index).	\$4.17	\$8.70	NA / NA	NA	NA
Savings associated with refundings	NA	\$7.66	NA / \$3.30	NA	NA

(1) For bond sale interest rate and savings, note that in some fiscal years, two bond sales were held, while in others, only one was held. Data shown are for each bond sale since interest rates varied as well as actual interest savings per bond sale. In addition, refunding savings cannot be projected as they do not take place unless the prevailing interest rates indicate it is favorable to refund previously issued bonds. Therefore, while no projections are made for this category, actual results are reported.

(2) Fairfax County's Bond Ratings are determined by Moody's, Standard & Poors, and Fitch Investors Service.