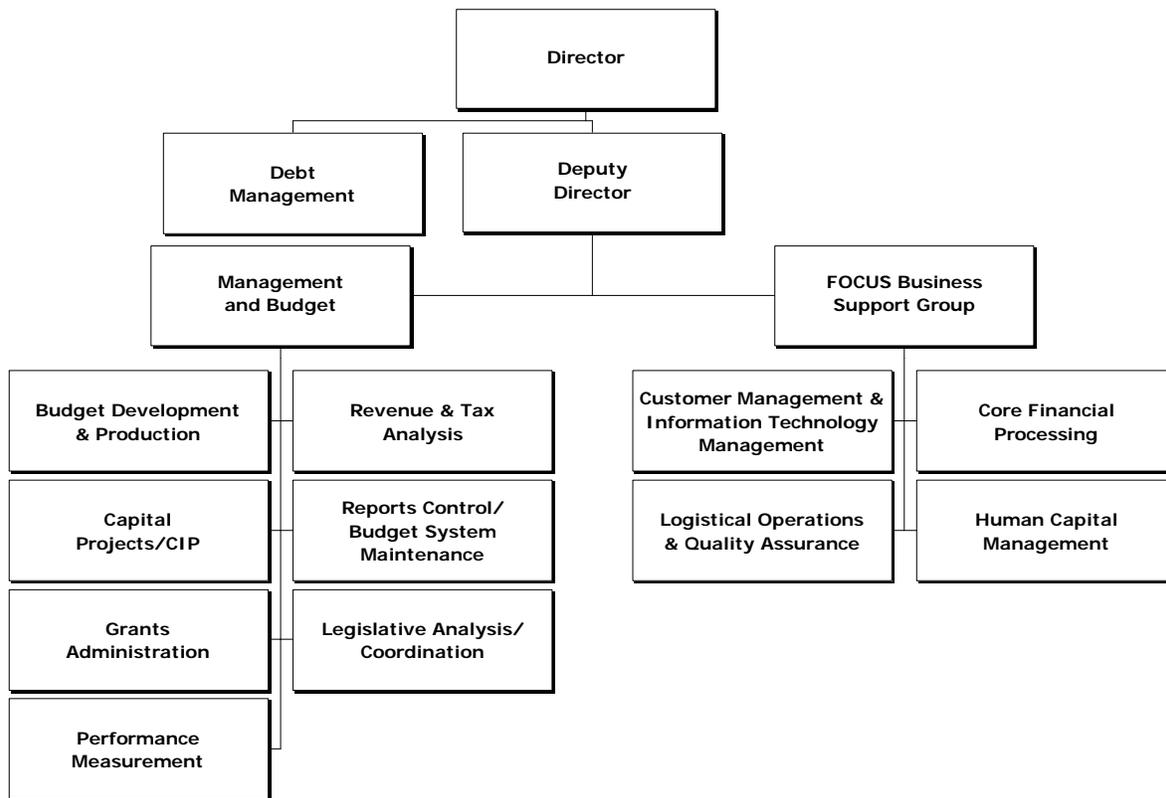


Department of Management and Budget



Mission

The mission of the Department of Management and Budget (DMB) is 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 residents in order to maintain the County's fiscal integrity and accountability, as well as to support effective decision-making. In addition, the department serves as the centralized functional support organization for the County's enterprise resource planning system, FOCUS.

AGENCY DASHBOARD			
Key Data	FY 2011	FY 2012	FY 2013
1. Total County Positions (Official Position Count)	12,031	12,278	12,281
2. Total County Expenditures (in millions)	\$6,103.66	\$6,306.66	\$6,578.16
3. Number of FOCUS System Upgrades & Other Major Initiatives	NA	24	28
4. Number of FOCUS Infra Tickets	NA	415	354
5. Number of Financings	3	7	4
6. Number of Budget Q&As	82	72	88

Department of Management and Budget

Focus

The Department of Management and Budget 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, which exceeds \$7 billion for all funds, including over \$3 billion for General Fund Disbursements.

As a measure of the quality of its budget preparation, Fairfax County was awarded the Government Finance Officers Association's (GFOA) Distinguished Budget Presentation Award by meeting rigorous criteria for the budget as a policy document, financial plan, operations guide and communications device for the 29th consecutive year. The department will continue to build on this success for future budget documents in order to enhance the accountability, transparency, and usefulness of the budget documents.



However, the role of the agency extends considerably beyond budget preparation. DMB oversees the sale of bonds to fund the majority of the County's capital program, including school construction. Staff coordinates special financings in order for the County to take advantage of opportunities to provide critical facilities in a timely, cost-effective manner. In addition, the department is the lead agency responsible for coordination and development of the County's Capital Improvement Program (CIP). Providing fiscal impact analysis for proposed legislation and coordinating requests for federal legislation are other important functions that this agency addresses.

DMB also coordinates the County's performance measurement program and other managing for results activities. This includes overseeing the County's participation in the International City/County Management Association's (ICMA) comparative data initiative where 15 service areas are benchmarked annually and comparisons of efficiency and effectiveness are included in the annual budget document. In July 2013, Fairfax County was awarded ICMA's Certificate of Excellence, its highest level of recognition for excellence in performance measurement, for the sixth consecutive year. Only 28 of 160 jurisdictions participating in ICMA's Center for Performance Measurement earned this prestigious award in 2013. Additionally, as part of the GFOA Distinguished Budget Presentation Award, GFOA also recognized the County with a Special Performance Measures Recognition.



DMB continues to partner successfully with the Department of Human Resources and all agencies to integrate workforce planning into County business operations in order to ensure that appropriate staffing resources are available to achieve strategic goals and objectives. This proactive focus enables the County to anticipate needs and collaborate on the most cost-effective means of meeting those needs.

The department also played a key role in a multi-year technology project to replace the County's aging legacy systems, including the financial, purchasing, personnel and budget systems for the County and the Fairfax County Public Schools. The core financial and purchasing modules of the new system were implemented in the fall of 2011, and the Human Capital Management (HCM) module went live at the end of FY 2012. The implementation plan for the budget preparation module is still being developed and an exact timeframe has not yet been established. For FY 2014, as part of the department's continuing role in this project, a new cost center within DMB was created as the result of a reorganization of staff from

Department of Management and Budget

various agencies within the County. This reorganization consolidated the centralized functional support organization for the FOCUS system under the Department of Management and Budget within the FOCUS Business Support Group (FBSG) cost center. The FBSG serves in the capacity of functional system administrator for the various functional areas of the FOCUS enterprise resource planning system including Core Financial Processing, Human Capital Management, Logistical Operations and Quality Assurance, Customer Management, Security, and Reporting. All aspects of the administration of the system are implemented in partnership with the core business process owners (Department of Human Resources, Department of Management and Budget, Department of Finance, Department of Purchasing and Supply Management, and the Fairfax County Public Schools), who determine how policies and procedures should be applied in the system, and the technical system administrators for the system, the Department of Information Technology. The consolidation of the FBSG under the Department of Management and Budget establishes a direct link to the Chief Financial Officer and offers direct oversight of the post-production support organization by the lead of financial processes.

In recent years, the use of technology has played a significant role in the dissemination of budget information. The department has expanded the availability of data on its website, which includes all information contained in published

budget volumes, as well as quarterly reviews, budget calendars, economic data, and historical files. This increased transparency, coupled with a difficult economic situation, has brought about a renewed interest from residents in budget issues. As a result, the department has focused resources on expanding public access to essential information at all stages of the budget formulation process in order to afford residents a better understanding of their County government, the services it offers, and the role they can play. In FY 2013, the department reorganized its website, www.fairfaxcounty.gov/dmb/ to make the site more user-friendly and added a County Budget Primer, whereby residents can look up budget terms and find answers to common budget questions. The department also worked closely with staff from the Department of Information Technology, the Department of Finance, and Fairfax County Public Schools on a countywide transparency initiative that went live in the fall of 2013. Residents are able to visit www.fairfaxcounty.gov/transparency/ to view amounts paid to County vendors and expenditures by Fund or General Fund agency each month.

In 2010, the National Association of Counties (NACo) awarded Fairfax County its top honors in the category of "Civic Education and Public Information" for its Community Dialogue and Public Input Process during the FY 2010 and FY 2011 budget cycles. The Community Dialogue initiative or public input process, successfully engaged hundreds of residents in numerous staff-facilitated small group sessions to obtain feedback on budget priorities and community values. The framework also allowed County and Schools staff to educate the public on the budget and the budget process. One of the benefits of this approach is that it provided a forum where residents shared and heard differing perspectives, allowing them to talk face-to-face on issues affecting their day-to-day lives, resulting in greater civic engagement by all participants. The County also obtained thousands of comments, suggestions, and recommendations from the public through online input surveys. The County continues to seek community feedback on the FY 2015 budget.

The Department of Management and Budget supports the following County Vision Elements:



Creating a Culture of Engagement



Building Livable Spaces



Exercising Corporate Stewardship

Department of Management and Budget

As a growing and increasingly diverse community, Fairfax County faces significant budget challenges regarding increasing demands for services, as well as how to fund them. In addition to requirements associated with population growth, Fairfax County's budget has been impacted by external factors such as restrictions on revenue diversification that severely limit the County's flexibility in addressing budget requirements and also continue to place a disproportionate burden on property owners, particularly residential taxpayers. At the same time, the County faces the dual challenges of maintaining an aging infrastructure, while addressing the needs of a growing population that requires additional facilities.

Budget and Staff Resources

Category	FY 2013 Actual	FY 2014 Adopted	FY 2014 Revised	FY 2015 Advertised
FUNDING				
Expenditures:				
Personnel Services	\$2,448,583	\$4,257,817	\$4,104,567	\$4,312,743
Operating Expenses	202,841	200,309	404,424	200,309
Capital Equipment	0	0	0	0
Total Expenditures	\$2,651,424	\$4,458,126	\$4,508,991	\$4,513,052
AUTHORIZED POSITIONS/FULL-TIME EQUIVALENT (FTE)				
Regular	33 / 33	55 / 55	55 / 55	55 / 55

FY 2015 Funding Adjustments

The following funding adjustments from the FY 2014 Adopted Budget Plan are necessary to support the FY 2015 program.

- ◆ **Employee Compensation** **\$54,926**
An increase of \$54,926 in Personnel Services reflects funding for a 1.29 percent market rate adjustment for all employees in FY 2015, effective July 2014.

Changes to FY 2014 Adopted Budget Plan

The following funding adjustments reflect all approved changes in the FY 2014 Revised Budget Plan since passage of the FY 2014 Adopted Budget Plan. Included are all adjustments made as part of the FY 2013 Carryover Review, and all other approved changes through December 31, 2013:

- ◆ **Carryover Adjustments** **\$50,865**
As part of the FY 2013 Carryover Review, the Board of Supervisors approved funding of \$50,865, including \$46,750 in Personnel Services for a one-time compensation adjustment of \$850 for merit employees paid in November 2013 and \$4,115 in encumbered funding in Operating Expenses.

Department of Management and Budget

Cost Centers

Management and Budget

The Management and Budget cost center is responsible for preparation and publication of the County's Advertised and Adopted budget plans, as well as the Capital Improvement Program. Additionally, the County's debt management program is coordinated in this cost center.

Category	FY 2013 Actual	FY 2014 Adopted	FY 2014 Revised	FY 2015 Advertised
EXPENDITURES				
Total Expenditures	\$2,651,424	\$2,411,661	\$2,239,576	\$2,440,336
AUTHORIZED POSITIONS/FULL-TIME EQUIVALENT (FTE)				
Regular	33 / 33	28 / 28	28 / 28	28 / 28
1 Chief Financial Officer		6 Budget Analysts IV	6 Budget Analysts III	
1 Deputy Director		1 Program & Procedures Coordinator	6 Budget Analysts II	
4 Management and Budget Coordinators		1 Programmer Analyst III	2 Administrative Assistants V	
TOTAL POSITIONS				
28 Positions / 28.0 FTE				

FOCUS Business Support Group (FBSG)

The FBSG provides technical and functional support to all County users for the integrated FOCUS system, including financial, purchasing, budgetary, and human capital management issues. This cost center manages all security related to the system, coordinates with the Department of Information Technology on enhancements and upgrades to the system, and performs regular maintenance activities.

Category	FY 2013 Actual	FY 2014 Adopted	FY 2014 Revised	FY 2015 Advertised
EXPENDITURES				
Total Expenditures	\$0	\$2,046,465	\$2,269,415	\$2,072,716
AUTHORIZED POSITIONS/FULL-TIME EQUIVALENT (FTE)				
Regular	0 / 0	27 / 27	27 / 27	27 / 27
1 Management and Budget Coordinator		5 Business Analysts III	5 Business Analysts II	
4 Business Analysts IV		1 Human Resource Analyst III	3 Business Analysts I	
2 Accountants III		2 Management Analysts III	1 Management Analyst I	
1 Budget Analyst III		1 Network/Telecomm. Analyst II	1 Administrative Assistant III	
TOTAL POSITIONS				
27 Positions / 27.0 FTE				

Department of Management and Budget

Key Performance Measures

Indicator	Prior Year Actuals			Current Estimate	Future Estimate
	FY 2011 Actual	FY 2012 Actual	FY 2013 Estimate/Actual	FY 2014	FY 2015
Percent variance in actual and projected revenues	1.5%	0.7%	2.0%/0.9%	2.0%	2.0%
Percent variance in actual and projected expenditures	2.8%	2.0%	2.0%/2.3%	2.0%	2.0%
Interest rate for GO bond sale	3.71%	2.43%	5.00%/2.23%	2.84%	5.00%
Savings for bond sales (in millions) compared to the Bond Buyer 20-bond municipal index	\$30.99	\$27.13	\$25.14/\$25.14	\$46.07	NA
Savings associated with refundings (in millions)	\$1.20	\$24.66	\$12.21/\$12.21	\$4.38	NA

A complete list of performance measures can be viewed at www.fairfaxcounty.gov/dmb/fy2015/advertised/pm/20.pdf

Performance Measurement Results

A critical measure of accurate fiscal forecasting and careful budget management is minimal variance between projected and actual revenue and expenditures. The Department of Management and Budget continues to be successful in projecting and managing the County's budget to achieve minimal variance between projected and actual revenues and expenditures. During FY 2013, DMB exceeded the 2.0 percent target for revenue projections by achieving a variance of only 0.9 percent from the final General Fund budget estimate of \$3.47 billion. The actual variance for expenditures of 2.3 percent was only slightly above target as County managers continued to prudently manage their departmental budgets.

Through diligent fiscal management, Fairfax County is able to borrow at the most competitive rates available. The County continues to realize savings on bond sales based on its Triple-A rating from all three bond rating agencies, a distinction shared as of January 2014 by only 39 counties, 9 states, and 32 cities nationally. Bond ratings are a measure of a government's financial condition. It means that financial professionals have evaluated the County's fiscal management practices over a period of time and have expressed confidence that Fairfax County is able to meet its scheduled interest and principal payments. Fairfax County's Bond ratings are determined by Moody's Investors Services, Standard & Poor's Corporation, and Fitch Investors Service and represent the highest ratings that can be awarded for general obligation bonds. Ratings for special financings are lower based on credit issues unique to each financing, but benefit from the County's underlying general obligation bond rating.

When DMB sells bonds on behalf of the County for capital facilities, the Triple-A rating results in significant interest rate savings. On January 23, 2014, the County conducted a combined General Obligation bond sale for the Series 2014A via a competitive sale in the par amount of \$316.31 million at a low interest cost of 2.84 percent. There were five bidders with the second lowest bid of 2.85 percent, which was 0.01 percent off the winning bid. The high number of bids and the closeness of the bids demonstrate strong support for the County's bond offering. Proof of the favorable reception of the bonds in the market place was borne out by the fact that this interest rate represented a differential of 1.66 percent under the Bond Buyer Index (BBI), which stood at 4.50 percent on the day of the County's sale. The Series 2014A also included refunding bonds totaling \$51.98 million. The sale generated net present value savings of \$4.38 million or 8.05 percent of the refunded bonds. As a result of the County's excellent triple-A bond rating, the County has saved an estimated \$631.08 million from County bond and refunding sales. Paying less interest on debt for capital projects means that more funding is available for public facilities and services for residents.