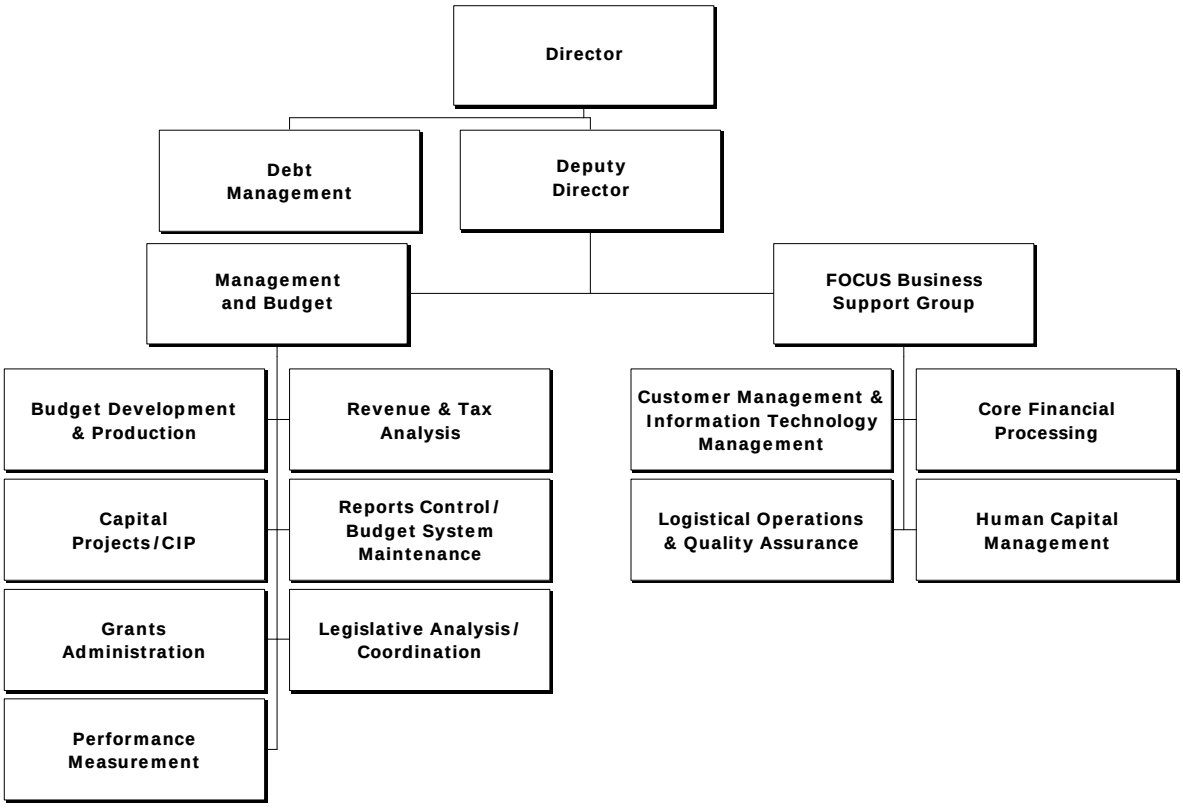
Department of Management and Budget



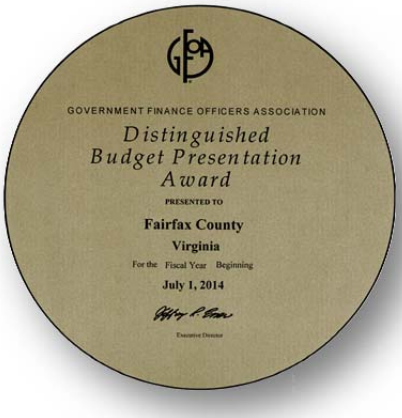
Mission

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 2012	FY 2013	FY 2014
1. Total County Positions (Official Position Count)	12,278	12,281	12,314
2. Total County Expenditures (in millions)	$6,306.66	$6,584.82	$6,831.91
3. Number of FOCUS System Upgrades & Other Major Initiatives	24	28	28
4. Number of FOCUS Infra Tickets	415	354	311
5. Number of Financings	7	4	4
6. Number of Budget Q&As	72	88	75

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 30th 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 2014, 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 29 of 160 jurisdictions participating in ICMA's Center for Performance Measurement earned this prestigious award in 2014. 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 is also home to the centralized functional support group for the County's enterprise resource planning system (FOCUS). The core financial and purchasing modules of the FOCUS 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. The FOCUS Business Support Group (FBSG) serves

in the capacity of functional system administrator for the various areas of the FOCUS 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 location of the FBSG within 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.

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

Creating a Culture of Engagement

Building Livable Spaces

Exercising Corporate Stewardship

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 budget in FY 2016.

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.

To help address some of these challenges, and in recognition of the restrained revenue growth in the current fiscal environment, the department will be spearheading an effort to comprehensively review the County's Lines of Business (LOBs) in FY 2016. The LOBs exercise will offer several benefits. First, it will provide a framework of the County's numerous programs and promote discussion of the necessity of those services. With a focus on performance metrics, it will also allow Board members and residents to gain a better understanding of the effectiveness and efficiency of individual County programs. Lastly, through a multi-year process, the LOBs initiative will provide a basis for services to be reduced or eliminated based on thorough evaluations and allow for the creation of a sustainable financial plan. Through every phase of the initiative, the department will be working closely with the Board of Supervisors, the County Executive, and other members of senior management to ensure that the LOBs exercise is a valuable tool, for both educational purposes and decision-making.

Budget and Staff Resources

Category	FY 2014 Actual	FY 2015 Adopted	FY 2015 Revised	FY 2016 Advertised	FY 2016 Adopted
FUNDING					
Expenditures:					
Personnel Services	$3,921,832	$4,355,322	$4,266,770	$4,338,668	$4,349,992
Operating Expenses	363,723	200,309	284,024	189,319	189,319
Capital Equipment	0	0	0	0	0
Total Expenditures	$4,285,555	$4,555,631	$4,550,794	$4,527,987	$4,539,311
AUTHORIZED POSITIONS/FULL-TIME EQUIVALENT (FTE)					
Regular	54 / 54	54 / 54	54 / 54	52 / 52	52 / 52

FY 2016 Funding Adjustments

The following funding adjustments from the FY 2015 Adopted Budget Plan are necessary to support the FY 2016 program. Included are all adjustments recommended by the County Executive that were approved by the Board of Supervisors, as well as any additional Board of Supervisors' actions, as approved in the adoption of the budget on April 28, 2015.

- **Employee Compensation** **$129,670**
  An increase of $129,670 in Personnel Services includes $47,909 for a 1.10 percent market rate adjustment (MRA) for all employees and $81,761 for performance-based and longevity increases for non-uniformed merit employees, both effective July 2015.

- **Reductions** **($145,990)**

A decrease of $145,990 and 2/2.0 FTE positions reflects reductions utilized to balance the FY 2016 budget. The following table provides details on the specific reductions:

Title	Impact	Posn	FTE	Reduction
Eliminate Positions Supporting FOCUS	This reduction will eliminate two positions (1/1.0 FTE Management Analyst I and 1/1.0 FTE Business Analyst III) and is a result of efficiencies generated from the implementation of the County's enterprise resource planning system - FOCUS. As the system has entered a maintenance phase, there are fewer resources required in the FOCUS Business Support Group (FBSG) to keep the system fully operational. However, it should be noted that periodic system upgrades necessitated by SAP will be required, as well as development and testing associated with the planned implementation of additional functionality associated with business process improvements, audit requirements and mandates. As a result, the FBSG will need to strictly prioritize requests based on limited resources.	2	2.0	$135,000
Reduce Printing and Other Operating Requirements	This reduction will result from an internal review of printing requirements and additional scrutiny being applied to supply purchase orders.	0	0.0	$5,870
Reduce Printing of the Advertised and Adopted Budgets	This reduction will result from reducing the number of advertised and adopted budgets that are printed by twenty. The reduction would impact some DMB staff as they would no longer receive a copy of the budgets. This impact is already mitigated as all materials associated with the budgets are posted online.	0	0.0	$4,000

Title	Impact	Posn	FTE	Reduction
Reduce Printing and Copying Supplies	This reduction is associated with a countywide policy decision being implemented to reduce the volume of printing and copying documents over a multi-year period. This was a common and recurring theme brought forward by employees as part of the Mission Savings process in Fall 2014. Agencies are being directed to review internal printing policies and reduce the use of individual desktop printers by utilizing the Multi-Functional Devices (MFDs) available throughout County buildings. In addition, agencies are being directed to reduce paper and toner consumption by only printing documents when necessary and by printing materials double-sided whenever possible.	0	0.0	$500
Reduce the Number of Fund Statements Printed for Quarterly Reviews	This reduction will result from reducing the number of fund statements and summary of capital projects printed for Carryover and Third Quarter Review. The reduction will impact non-management team DMB staff who are accustomed to receiving a hard copy of these materials. This impact is already mitigated as all materials are posted online.	0	0.0	$370
Revise the Printing Method for Dollars and Sense Training Materials	This reduction will result from printing Dollars and Sense training materials with multiple power point slides on a single page instead of one slide per/page. This reduction would have a minimal impact on class participants.	0	0.0	$250

Changes to FY 2015 Adopted Budget Plan

The following funding adjustments reflect all approved changes in the FY 2015 Revised Budget Plan since passage of the FY 2015 Adopted Budget Plan. Included are all adjustments made as part of the FY 2014 Carryover Review, FY 2015 Third Quarter Review, and all other approved changes through April 30, 2015.

- **Carryover Adjustments** **$61,939**

  As part of the *FY 2014 Carryover Review*, the Board of Supervisors approved funding of $61,939, including $40,650 in encumbered funding in Operating Expenses and $21,289 in unencumbered carryover in Operating Expenses associated with the Incentive Reinvestment Initiative.

- **Third Quarter Adjustments** **($45,000)**

  As part of the *FY 2015 Third Quarter Review*, the Board of Supervisors approved a net reduction of $45,000 to generate one-time savings primarily to make a down payment on the recommended changes to the County's reserve policies.

- **Incentive Reinvestment Initiative** **($21,776)**
  A net decrease of $21,776 reflects 50 percent of the savings generated as the result of careful management of agency expenditures during the fiscal year and was returned to the General Fund as part of the *FY 2015 Third Quarter Review*. The remaining 50 percent was retained by the agency to be reinvested in employee training, conferences and other employee development and succession planning opportunities.

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 2014 Actual	FY 2015 Adopted	FY 2015 Revised	FY 2016 Advertised	FY 2016 Adopted
EXPENDITURES					
Total Expenditures	$2,266,277	$2,462,565	$2,417,498	$2,513,360	$2,519,272
AUTHORIZED POSITIONS/FULL-TIME EQUIVALENT (FTE)					
Regular	27 / 27	27 / 27	27 / 27	27 / 27	27 / 27

1 Chief Financial Officer	5 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
27 Positions / 27.0 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 2014 Actual	FY 2015 Adopted	FY 2015 Revised	FY 2016 Advertised	FY 2016 Adopted
EXPENDITURES					
Total Expenditures	$2,019,278	$2,093,066	$2,133,296	$2,014,627	$2,020,039
AUTHORIZED POSITIONS/FULL-TIME EQUIVALENT (FTE)					
Regular	27 / 27	27 / 27	27 / 27	25 / 25	25 / 25

1 Management and Budget Coordinator	6 Business Analysts III (-1)	3 Business Analysts I
4 Business Analysts IV	1 Human Resource Analyst III	0 Management Analysts I (-1)
2 Accountants III	2 Management Analysts III	1 Administrative Assistant III
1 Budget Analyst III	4 Business Analysts II	

TOTAL POSITIONS
25 Positions (-2) / 25.0 FTE (-2.0) (-) Denotes Abolished Positions due to Budget Reductions

Key Performance Measures

Indicator	Prior Year Actuals FY 2012 Actual	FY 2013 Actual	FY 2014 Estimate/Actual	Current Estimate FY 2015	Future Estimate FY 2016
Percent variance in actual and projected revenues	0.7%	0.9%	2.0%/0.2%	2.0%	2.0%
Percent variance in actual and projected expenditures	2.0%	2.3%	2.0%/2.1%	2.0%	2.0%
Interest rate for GO bond sale	2.43%	2.23%	2.84%/2.84%	2.50%	5.00%
Savings for bond sales (in millions) compared to the Bond Buyer 20-bond municipal index	$27.13	$25.14	$46.07/$46.07	NA	NA
Savings associated with refundings (in millions)	$24.66	$12.21	$4.38/$4.38	$18.00	NA

A complete list of performance measures can be viewed at www.fairfaxcounty.gov/dmb/fy2016/adopted/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 2014, DMB exceeded the 2.0 percent target for revenue projections by achieving a variance of only 0.2 percent from the final General Fund budget estimate of $3.57 billion. The actual variance for expenditures of 2.1 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 December 2014 by only 39 counties, 9 states, and 30 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 October 21, 2014, the County conducted a General Obligation refunding bond sale for the Series 2014B via a competitive sale in the par amount of $202.19 million at a low interest cost of 1.9074 percent. This refunding achieved net present value debt service savings of approximately $15.5 million over the life of the bonds, and does not extend the original maturity on any of the refunded bonds. There were five bidders with the second lowest bid of 1.9076 percent, which was only 0.0002 percent off the winning bid. The number of bids and tight proximity of the bids reiterated a strong support of the County's bond offerings and credit ratings.

As a result of the County's excellent triple-A bond rating, the County has saved an estimated $661.99 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.