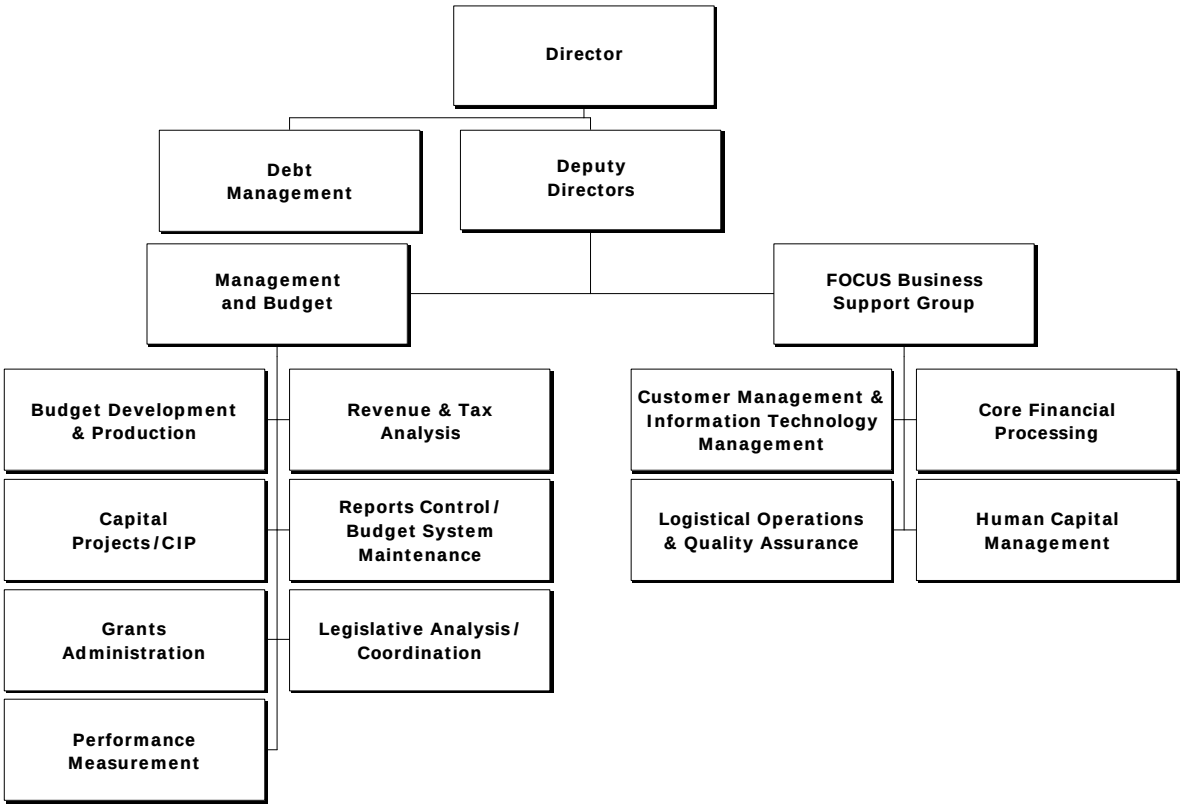
Department of Management and Budget



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 2013	FY 2014	FY 2015
1. Total County Positions (Official Position Count)	12,281	12,314	12,354
2. Total County Expenditures (in millions)	$6,584.82	$6,831.91	$7,039.03
3. Number of FOCUS System Upgrades & Other Major Initiatives	28	28	48
4. Number of FOCUS Infra Tickets	354	311	313
5. Number of Financings	4	4	4
6. Number of Budget Q&As	88	75	73

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 $4 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 31st 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. The department is also the lead agency responsible for coordination and development of the County's Capital Improvement Program (CIP). In addition, the agency provides fiscal impact analysis for proposed legislation and coordinates requests for federal legislation.

DMB also coordinates the County's performance measurement program, including oversight of 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 2015, Fairfax County was awarded ICMA's Certificate of Excellence, its highest level of recognition for excellence in performance measurement, for the seventh consecutive year. Only 33 of 160 jurisdictions participating in ICMA's Center for Performance Measurement earned this prestigious award in 2015.

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 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 Procurement and Material 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 (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.

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.

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

Creating a Culture of Engagement

Exercising Corporate Stewardship

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 2017.

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, which 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 spearheaded a countywide effort to comprehensively review the County's Lines of Business (LOBs) in FY 2016. Information related to the Lines of Business, including LOBs narratives for all departments/funds, presentations to the Board of Supervisors, and responses to Board

questions is available at www.fairfaxcounty.gov/dmb/2016-lines-of-business.htm. The LOBs exercise offers several benefits. First, it provides a framework of the County's numerous programs and promotes discussion of the necessity of those services. With a focus on performance metrics, it also allows 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 is 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 2015 Actual	FY 2016 Adopted	FY 2016 Revised	FY 2017 Advertised	FY 2017 Adopted
FUNDING					
Expenditures:					
Personnel Services	$4,034,185	$4,349,992	$4,306,492	$4,338,802	$4,338,802
Operating Expenses	390,556	189,319	239,064	189,319	189,319
Capital Equipment	0	0	0	0	0
Total Expenditures	$4,424,741	$4,539,311	$4,545,556	$4,528,121	$4,528,121
AUTHORIZED POSITIONS/FULL-TIME EQUIVALENT (FTE)					
Regular	54 / 54	52 / 52	52 / 52	50 / 50	50 / 50

FY 2017 Funding Adjustments

The following funding adjustments from the FY 2016 Adopted Budget Plan are necessary to support the FY 2017 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 26, 2016.

- **Employee Compensation** **$138,810**
  An increase of $138,810 in Personnel Services includes $57,855 for a 1.33 percent market rate adjustment (MRA) for all employees and $80,955 for performance-based and longevity increases for non-uniformed merit employees, both effective July 2016.

- **Central Services Redesign** **($150,000)**
  A decrease of $150,000 in Personnel Services and 2/2.0 FTE positions is associated with savings resulting from an internal review of the provision of support functions within the departments of Management and Budget, Finance, and Procurement and Material Management. In an effort to balance the necessary separation of duties and ensure that workload needs across the departments can be met, staff has identified opportunities for efficiencies based on sharing positions performing these functions. As this change is evaluated during FY 2017, it is anticipated that future year savings may be realized as this approach may be able to be expanded.

Changes to FY 2016 Adopted Budget Plan

The following funding adjustments reflect all approved changes in the FY 2016 Revised Budget Plan since passage of the FY 2016 Adopted Budget Plan. Included are all adjustments made as part of the FY 2015 Carryover Review, FY 2016 Third Quarter Review, and all other approved changes through April 30, 2016.

- **Carryover Adjustments** **$27,995**
  As part of the *FY 2015 Carryover Review*, the Board of Supervisors approved funding of $27,995, including $6,219 in encumbered funding in Operating Expenses and $21,776 in unencumbered carryover in Operating Expenses associated with the Incentive Reinvestment Initiative.

- **Incentive Reinvestment Initiative** **($21,750)**
  A net decrease of $21,750 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 2016 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 2015 Actual	FY 2016 Adopted	FY 2016 Revised	FY 2017 Advertised	FY 2017 Adopted
EXPENDITURES					
Total Expenditures	$2,315,546	$2,519,272	$2,522,546	$2,443,988	$2,443,988
AUTHORIZED POSITIONS/FULL-TIME EQUIVALENT (FTE)					
Regular	27 / 27	27 / 27	26 / 26	25 / 25	25 / 25

1 Chief Financial Officer	1 Program & Procedures Coordinator	5 Budget Analysts III
1 Deputy Director	1 Programmer Analyst III	5 Budget Analysts II
4 Management and Budget Coordinators	0 Business Analysts III (-1)	2 Administrative Assistants V
5 Budget Analysts IV		

TOTAL POSITIONS
25 Positions (-1) / 25.0 FTE (-1.0) (-) Denotes Abolished Positions due to Budget Reductions

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 2015 Actual	FY 2016 Adopted	FY 2016 Revised	FY 2017 Advertised	FY 2017 Adopted
EXPENDITURES					
Total Expenditures	$2,109,195	$2,020,039	$2,023,010	$2,084,133	$2,084,133
AUTHORIZED POSITIONS/FULL-TIME EQUIVALENT (FTE)					
Regular	27 / 27	25 / 25	26 / 26	25 / 25	25 / 25

1 Deputy Director	2 Accountants III	2 Management Analysts III
1 Management and Budget Coordinator	1 Budget Analyst III	4 Business Analysts II
1 Budget Analyst IV	5 Business Analysts III	3 Business Analysts I
4 Business Analysts IV	1 Human Resource Analyst III	0 Administrative Assistants III (-1)

TOTAL POSITIONS
25 Positions (-1) / 25.0 FTE (-1.0) (-) Denotes Abolished Positions due to Budget Reductions

Key Performance Measures

Indicator	Prior Year Actuals FY 2013 Actual	FY 2014 Actual	FY 2015 Estimate/Actual	Current Estimate FY 2016	Future Estimate FY 2017
Percent variance in actual and projected revenues	0.9%	0.2%	2.0%/0.9%	2.0%	2.0%
Percent variance in actual and projected expenditures	2.3%	2.1%	2.0%/1.5%	2.0%	2.0%
Interest rate for GO bond sale	2.23%	2.84%	2.50%/2.68%	2.45%	5.00%
Savings for bond sales (in millions) compared to the Bond Buyer 20-bond municipal index	$25.14	$46.07	NA/$22.04	$20.97	NA
Savings associated with refundings (in millions)	$12.21	$4.38	$18.00/$18.48	$12.00	NA

A complete list of performance measures can be viewed at www.fairfaxcounty.gov/dmb/fy2017/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 2015, 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 $3.70 billion. The actual variance for expenditures of 1.5 percent also exceeded the 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 2016 by only 46 counties, 11 states, and 33 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 and infrastructure, the Triple-A rating results in significant interest rate savings. On January 26, 2016 the County conducted a General Obligation Public Improvement and Public Improvement Refunding bond sale for the Series 2016A via a competitive sale in the par amount of $335.98 million at a low interest cost of 2.45 percent. This refunding achieved net present value debt service savings of approximately $12 million over the life of the bonds, and does not extend the original maturity on any of the refunded bonds. There were five bidders and the second lowest bid was only 0.0002 percent higher than 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 $735.48 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.