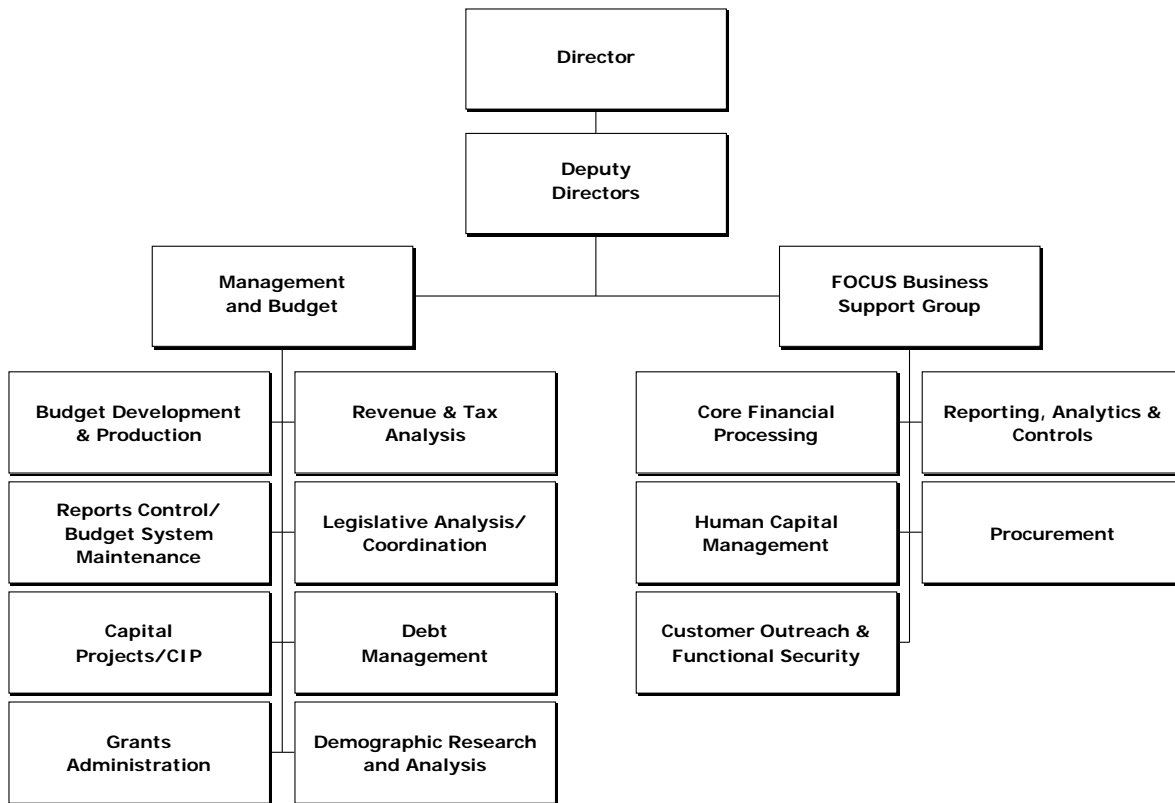


# Department of Management and Budget



## 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.

<b>AGENCY DASHBOARD</b>			
Key Data	FY 2015	FY 2016	FY 2017
1. Total County Positions (Official Position Count)	12,354	12,385	12,480
2. Total County Expenditures (in millions)	\$6,908.88	\$7,071.74	\$7,382.63
3. Number of FOCUS System Upgrades & Other Major Initiatives	48	48	46
4. Number of FOCUS Infra Tickets	313	331	204
5. Number of Financings	4	4	3
6. Number of Budget Q&As <sup>1</sup>	76	152	73

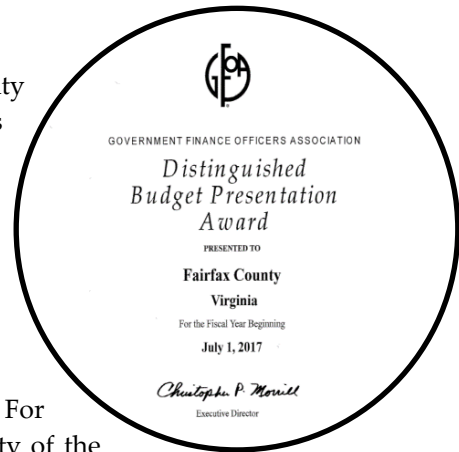
<sup>1</sup> Q&As were answered as part of the FY 2016 Lines of Business process which impacted the FY 2016 and FY 2017 totals by 92 and 24, respectively.

# Department of Management and Budget

## Focus

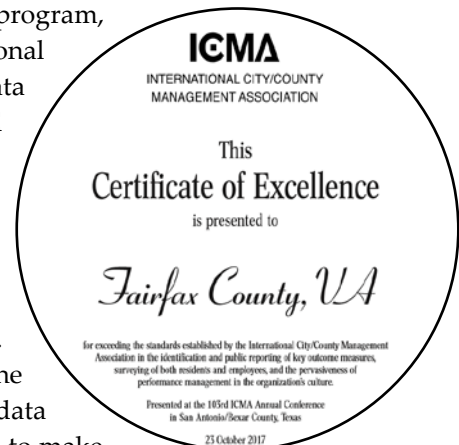
The Department of Management and Budget is chiefly responsible for coordination of the County's annual budget process, which includes the financial forecast, development of budget guidelines, review of agency and program requests, presentation of recommendations to the County Executive, preparation of 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 33<sup>rd</sup> consecutive year. The department will continue to build on this success for future budget documents by enhancing accountability, transparency, and usefulness of the budget.



DMB's role extends considerably beyond budget preparation. For example, DMB oversees the sale of bonds which fund the majority of the County's capital program, including school construction; coordinates special financings in order for the County to take advantage of opportunities to provide critical facilities in the most timely and cost-effective manner; and leads the coordination and development of the County's Capital Improvement Program (CIP). In terms of legislative analysis, DMB monitors and analyzes proposals at the state level for fiscal impact and partners with agencies on issues concerning changes on the federal level that could have programmatic and/or fiscal impacts on the County. Additionally, DMB leads efforts that intersect with the budget and involve many or all County agencies. In the 2016 Lines of Business (LOBs) process, for example, DMB developed agency instructions and standard templates that facilitated a consistent and understandable presentation of the County's 390 LOBs. This process is now in Phase 2 which focuses on increased efficiency and effectiveness for specific programs/services. DMB is involved with much of the work, as well as developing the communication of results and recommendations to the Board.

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 2017, Fairfax County was awarded ICMA's Certificate of Excellence, its highest level of recognition for excellence in performance measurement, for the ninth consecutive year. Only 25 jurisdictions participating in ICMA's Center for Performance Measurement earned this prestigious award in 2017. As part of LOBs Phase 2, DMB is leading an effort to update the performance measurement and benchmarking programs to align data gathering, utilization and presentation across the organization and to make data more accessible to decision-makers and residents.



In FY 2018, the Economic, Demographic and Statistical Research (EDSR) unit was transferred to DMB to better align analytic resources within County operations. EDSR conducts quantitative research, analysis and modeling in order to produce the County's official small area estimates and forecasts of population,

## Department of Management and Budget

households and housing units. EDSR also analyzes and summarizes existing housing characteristics, commercial and industrial space information, land use information, and economic and demographic data for Fairfax County. These data and analyses produced by EDSR are used for program planning, CIP planning, policy initiatives, grant writing, budgeting, revenue forecasting, and performance measurement. This work closely aligns with DMB operations and is allowing greater collaboration and integration of the unit's data with Countywide planning and decision-making.

DMB continues to partner successfully with the Department of Human Resources and all agencies to integrate workforce planning into County business operations 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, Procurement, Customer Outreach, Functional Security, and Reporting/Analytics and Controls. 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.

As a growing and increasingly diverse community, Fairfax County faces significant budget challenges regarding increasing services demands in a climate of constrained fiscal resources. In addition to requirements associated with population growth, Fairfax County's budget has been impacted by external factors. Restrictions on revenue diversification, for example, severely limit the County's flexibility in addressing budget

requirements and place a disproportionate burden on property owners, particularly residential taxpayers. Similarly, balancing the maintenance of an aging infrastructure with the needs of a growing population requiring expanded or new facilities is challenging.

The tight fiscal constraints that have dominated budget decisions in recent years have given rise to heightened interest from residents on budget issues. As a result, the department has worked to expand public access to information at all stages of the budget formulation process and to increase transparency. This affords residents a better understanding of their County government, the services it offers, and the role they can play in shaping budget decisions. In recent years, the use of technology has played an increasingly significant role in the dissemination of budget information. The department has expanded the availability of online data, which includes all information contained in published budget volumes, as well as quarterly reviews, budget calendars, economic data, and historical files. The department is constantly updating its website ([www.fairfaxcounty.gov/budget](http://www.fairfaxcounty.gov/budget)) to make the site more user-friendly and educational. The department also worked closely with staff from the Department of Information Technology, the

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



***Creating a Culture of Engagement***



***Exercising Corporate Stewardship***

# Department of Management and Budget

Department of Finance and Fairfax County Public Schools (FCPS) on a countywide transparency initiative that went live in the fall of 2013. Interested users are able to visit [www.fairfaxcounty.gov/topics/financial-transparency/](http://www.fairfaxcounty.gov/topics/financial-transparency/) to view amounts paid to vendors and expenditures by both the County and FCPS. Enhanced tools on the web page are also available to facilitate easier navigation and research and to generate community interest.

Opportunities for community engagement have also been expanded. The FY 2016 LOBs, for example, offered opportunities for community input at focused LOBs meetings and at routine community budget meetings, and solicited community feedback and input via a survey. DMB continues to participate in community meetings on the budget and provide support to civic groups.

## Budget and Staff Resources

Category	FY 2017 Actual	FY 2018 Adopted	FY 2018 Revised	FY 2019 Advertised
<b>FUNDING</b>				
Expenditures:				
Personnel Services	\$4,054,318	\$4,716,749	\$4,716,749	\$5,022,624
Operating Expenses	350,762	180,819	270,616	180,819
<b>Total Expenditures</b>	<b>\$4,405,080</b>	<b>\$4,897,568</b>	<b>\$4,987,365</b>	<b>\$5,203,443</b>
<b>AUTHORIZED POSITIONS/FULL-TIME EQUIVALENT (FTE)</b>				
Regular	50 / 50	52 / 52	52 / 52	53 / 53

## FY 2019 Funding Adjustments

The following funding adjustments from the FY 2018 Adopted Budget Plan are necessary to support the FY 2019 program.

- ◆ **Employee Compensation** **\$179,859**  
 An increase of \$179,859 in Personnel Services includes \$108,962 for a 2.25 percent market rate adjustment (MRA) for all employees and \$70,897 for performance-based and longevity increases for non-uniformed merit employees, both effective July 2018.
- ◆ **Position Transfer** **\$126,016**  
 A net increase of \$126,016 in Personnel Services reflects the transfer of 1/1.0 FTE Management Analyst IV supporting specialized budget analysis from Agency 68, Department of Administration for Human Services.

## Changes to FY 2018 Adopted Budget Plan

The following funding adjustments reflect all approved changes in the FY 2018 Revised Budget Plan since passage of the FY 2018 Adopted Budget Plan. Included are all adjustments made as part of the FY 2017 Carryover Review, and all other approved changes through December 31, 2017.

- ◆ **Carryover Adjustments** **\$89,797**  
 As part of the FY 2017 Carryover Review, the Board of Supervisors approved funding of \$89,797, including \$68,103 in encumbered funding in Operating Expenses and \$21,694 in unencumbered carryover in Operating Expenses associated with the Incentive Reinvestment Initiative.

# 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 as well as economic, demographic and statistical research are coordinated in this cost center.

Category	FY 2017 Actual	FY 2018 Adopted	FY 2018 Revised	FY 2019 Advertised
<b>EXPENDITURES</b>				
Total Expenditures	\$2,572,569	\$2,836,147	\$2,912,974	\$3,065,787
<b>AUTHORIZED POSITIONS/FULL-TIME EQUIVALENT (FTE)</b>				
Regular	25 / 25	28 / 28	28 / 28	29 / 29
1 Chief Financial Officer	5 Budget Analysts III	1 Management Analyst IV (1T)		
1 Deputy Director	5 Budget Analysts II	1 Program and Procedures Coordinator		
5 Management and Budget Coordinators	1 Sr. Economic and Statistical Analyst	1 Business Analyst III		
4 Budget Analysts IV	2 Economic and Statistical Analysts	2 Administrative Assistants V		
<b>TOTAL POSITIONS</b>				
29 Positions (1T) / 29.0 FTE (1.0T)			T Denotes Transferred Positions	

### 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 2017 Actual	FY 2018 Adopted	FY 2018 Revised	FY 2019 Advertised
<b>EXPENDITURES</b>				
Total Expenditures	\$1,832,511	\$2,061,421	\$2,074,391	\$2,137,656
<b>AUTHORIZED POSITIONS/FULL-TIME EQUIVALENT (FTE)</b>				
Regular	25 / 25	24 / 24	24 / 24	24 / 24
1 Deputy Director	4 Business Analysts IV	1 Business Analyst I		
1 Management and Budget Coordinator	11 Business Analysts III	1 Management Analyst III		
1 Budget Analyst IV	4 Business Analysts II			
<b>TOTAL POSITIONS</b>				
24 Positions / 24.0 FTE				

# Department of Management and Budget

## Key Performance Measures

Indicator	Prior Year Actuals			Current Estimate	Future Estimate
	FY 2015 Actual	FY 2016 Actual	FY 2017 Estimate/Actual	FY 2018	FY 2019
Percent variance in actual and projected revenues	0.9%	0.6%	2.0%/0.9%	2.0%	2.0%
Percent variance in actual and projected expenditures	1.5%	1.5%	2.0%/2.7%	2.0%	2.0%
Interest rate for GO bond sale	2.68%	2.45%	2.87%/2.87%	2.66%	NA
Savings for bond sales (in millions) compared to the Bond Buyer 20-bond municipal index	\$22.04	\$20.97	\$23.02/\$23.02	\$17.99	NA
Savings associated with refundings (in millions)	\$18.48	\$12.00	NA/NA	NA	NA
Accuracy of five-year population forecasts measured as difference between forecast made five years ago and current estimate <sup>1</sup>	2.0%	0.2%	5.0%/0.6%	5.0%	5.0%

<sup>1</sup> Performance measures for the Economic, Demographic and Statistical Research Unit shifted from the Department of Neighborhood and Community Services to the Department of Management and Budget in FY 2018.

A complete list of performance measures can be viewed at  
<https://www.fairfaxcounty.gov/budget/fy-2019-advertised-performance-measures-pm>

## 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 2017, 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. The actual variance for expenditures of 2.7 percent fell shy of 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 2018 by only 46 counties, 12 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 and infrastructure, the Triple-A rating results in significant interest rate savings. On January 9, 2018 the County conducted a General Obligation Public Improvement bond sale for the Series 2018A via a competitive sale in the par amount of \$219.64 million at a low interest cost of 2.66 percent. There were six bidders and the second lowest bid was only 0.02 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 \$815.91 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.

## Department of Management and Budget

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The accuracy of the Economic, Demographic and Statistical Research (EDSR) unit's population forecasting assumptions, methodology and model is important because the forecasts are used to plan for future facilities and programs. For FY 2017, EDSR exceeded their accuracy target with the population forecasts made in 2012 for 2017 being only 0.6 percent different than the actual FY 2017 population. While there are no industry standards for an acceptable error level for population forecasting, research published in 2011 by the Bureau of Economic and Business Research at Warrington College of Business Administration concluded that County level population forecast errors of +/- 5.5 percent or less for a five-year horizon forecast could be considered a "good record of forecast accuracy."