Facts about the Budget

Development of the Annual Budget

Each year, the County publishes two budget documents: the *Proposed Budget* and the *Adopted Budget*. The *Proposed Budget* is proposed by the County Executive for County government operations for the upcoming fiscal year, which runs from July 1 through June 30. The *Proposed Budget* is based on estimates of projected expenditures for County programs, as well as the means of paying for those expenditures (estimated revenues). Following extensive review and deliberation, the Board of County Supervisors formally approves the *Adopted* (or final) *Budget*.

As required by the Code of Virginia, Sections §15.2-2503 and §15.2-516, the County Executive must submit to the Board of County Supervisors the *Proposed Budget* on or before April 1 of each year for the fiscal year beginning July 1. After an extensive budget review and deliberation process and a public hearing to receive citizen input, the Board of County Supervisors finalizes the *Adopted Budget*. The budget must be adopted on or before May 1 of each year per the Code of Virginia Section §22.1-93 (this code requires the school annual budget be adopted by this date). All local governments in Virginia must adopt a balanced budget as a requirement of State law. A calendar of events for budget development activities for Fiscal Year 2014 (July 1, 2013 - June 30, 2014) is included on the following page to describe the budget development process in greater detail.

The Budget in General

The budget reflects the estimated costs of operation for those programs and activities that received funding during the budget development process. To adequately pay for County services to a growing population, the total budget adopted for the upcoming fiscal year normally shows an increase over the budget for the current fiscal year.

The budget is comprised of four fund types: the General Fund, Special Revenue Funds, the Capital Projects Fund and Proprietary Funds. Functionally, the County government services and expenditures are organized into the following sections within the budget document:

1. General Government
2. Community Development
3. Public Safety
4. Human Services
5. General Debt/Capital Improvement Program
6. Non-Departmental

The Relationship between the Capital Improvement Program and the Budget

Each year and in conjunction with the budget, the County also prepares a six-year Capital Improvement Program (CIP) which is adopted by the Board of County Supervisors and is included in this document. The CIP specifies those capital improvements and construction projects which are scheduled for funding over the next six years in order to maintain or enhance the County's capital assets and delivery of services. In addition, the CIP describes the funding source for those projects. Financial resources used to meet priority needs established by the CIP are accounted for through the Capital Projects Fund.

The primary type of operating expenditure included in the budget regarding the CIP is debt service for general obligation bonds or other types of debt issued to fund specific CIP projects. The General Debt/Capital Improvement Program section of the budget document provides detailed information on debt management considerations.

The CIP also identifies the facility operating costs, program operating costs and operating revenues associated with each approved capital project. Funding for operating expenditures for approved capital facilities are included in the operating budgets of the affected agencies and are consistent with cost projections in the CIP.

FY 2014 Budget Development Process

2012

	August	September	October	November	December

End of Phase I

Budget

July - August
Beginning of Phase I: Agencies report to Office of Management and Budget (OMB) on prior fiscal year performance in achieving adopted agency outcomes and service levels

September - Mid November
Dept Directors/Dept Budget Contacts meet with Budget Director/Budget Staff to review prior fiscal year performance and upcoming fiscal year goals, objectives, activities, outcomes, and service levels

July - Mid November
Budget Congress Convenes: This is a group of agency representatives responsible for formulating and recommending priorities to Executive Management related to development of the budget. Agencies are represented on Budget Congress in four teams - Community Development, General Government, Human Services and Public Safety

December - Mid January
OMB meets with agencies to discuss Phase II budget issues and recommendations

Aug 3
Budget instructions and performance budget targets, including outcomes, service levels, revenues, expenditures and County tax support are distributed to agencies

Aug 31
Agency Phase I budget submissions are due to OMB

Oct 20
First of four community meetings with citizens and budget committees regarding the proposed budget.

Oct 29
Beginning of Phase II: Budget instructions and performance budget targets are distributed to agencies

Nov 17
Second of four community meetings with citizens and budget committees regarding the proposed budget.

Nov 16
Agencies Phase II budget requests are due to OMB

Dec 4&11
BOCS Budget Guidance

CIP

Aug 8
CIP request forms are sent out to agencies

Sept 21
Agencies submit existing CIP project updates and new project requests to OMB for review, analysis and recommendations

2013

January	February	March	April	May	June

End of Phase II

Budget

Jan 12 — Third of four community meetings with citizens and budget committees regarding the proposed budget.

Feb 12 — County Executive presents the proposed budget to the BOCS

Feb 16 — Final community meeting with citizens and budget committees regarding the proposed budget.

Feb 19 — BOCS authorizes the advertisement of proposed tax and levy rates

Mar 5 — BOCS conducts budget work sessions with County government staff to review and deliberate the budget

Mar 12 — BOCS conducts budget work sessions with County government staff to review and deliberate the budget

Apr 9 — Budget recap

Apr 9 — BOCS conducts public hearings regarding the proposed budget, tax and levy rates

Apr 16 — Budget markup

Apr 23 — BOCS adopts the budget

Jul 1 — Adopted budget available online

End of Budget Process

CIP

Feb 12 — County Executive presents proposed CIP to BOCS

Feb 16 — OEM conducts a community meeting with the public and briefs Citizen Budget Committees regarding the CIP

Feb 20 — Planning Commission Work Session

Apr 13 — Planning Commission Public Hearing

Apr 23 — BOCS adopts the CIP

Jul 1 — CIP available online

End of Budget Process

Amending the Budget

The County provides for amendment of the adopted budget in two ways. First, the budget for any fund, agency, program or project can be increased or decreased by formal Board of County Supervisors action (budget and appropriation resolution).

As required by the Code of Virginia, Sections §15.2-2507, any budget amendment which involves an amount exceeding one percent of the total expenditures shown in the current adopted budget may not be enacted without first advertising and then conducting a public hearing. The advertisement must be published once in a newspaper with general circulation in the County at least seven days prior to the public hearing. The advertisement must state the governing body's intent to amend the budget and include a brief synopsis of the proposed amendment. After obtaining input from citizens at the public hearing, the Board of County Supervisors may then amend the budget by formal action.

Second, existing authorized budget amounts can be transferred within agencies and programs or between agencies and programs upon various levels of authority as set forth in County Executive Policy 4.11 (Budget Transfer Policy). The authority level required for budget transfers varies depending on the nature and amount of the budget transfer involved and is specified in the budget transfer matrix governing implementation of the policy (see matrix below). Budget transfers affecting internal service funds and administrative transfers require the approval of the Office of Management and Budget and the Finance Department. Administrative transfers can be authorized in order to correct coding errors; comply with generally accepted accounting principles and mandated legal and accounting requirements, or to accommodate administrative reorganizations previously approved by the Board of County Supervisors and the County Executive.

The policy provides operating flexibility while ensuring adequate fiscal control.

Budget Transfer Matrix

A. Transfers Within Fund, Department and Expenditure Category (Object Level 1)

Transfer Category	Department Head Approval	BOCS Approval
Within expenditure category	$1 +	NA

B. Transfers Within Fund and Department Between Expenditure Catagories (Object Level 1)

Transfer Category	Department Head Approval	BOCS Approval
All	$1 to $19,999	$20,000 +

C. Transfers Within Fund Between Departments

Transfer Category	Department Head Approval	BOCS Approval
All	$1 to $19,999	$20,000 +

D. Transfers Between Funds, Subfunds[1] and Projects

Transfer Category	Department Head Approval	BOCS Approval
All	$1 to $19,999	$20,000 +

[1] Transfers between subfunds within funds 11 - 39 do not require Board of County Supervisors (BOCS) approval if > $19,999 and within an expenditure category (object level 1), BOCS approval required only if between expenditure categories (object level 1) as specified in (B) above.

Prince William County Budget Process

For many years, the Prince William County budget has included two major elements - a balanced annual budget and a balanced five year plan. These are accomplished using a cross-functional team approach to recommending annual additions and reductions, known as Budget Congress. The individual Board of County Supervisors (Board) members also have the option of creating Budget Committees to review and comment on the budget as it develops.

Five Year Plan

Prince William County has adopted budget policies that are unusual in most communities - not only is a balanced annual budget required, but also a balanced five year plan. This requirement dictates that proposed changes to community service levels must be affordable throughout the life of the five year plan in order to be included in the first year budget. A balanced five year plan provides greater consistency of service levels for both the community and the local government organization and can be adapted to unexpected changes in the economy or the will of the Board. The Government Finance Officers Association (GFOA), the recognized authority of government budgetary standards and best practices, named Prince William County's five year plan as the "gold standard" in FY 12.

Prince William County has been adopting a five year budget plan for over two decades. The move towards greater budget accountability and transparency began in the early 1990s with the adoption of the Principles of Sound Financial Management and the Program, Planning and Performance Ordinance. These initiatives put performance measurement in place for every program of County government and required the County Executive to propose not just an annual budget but a five year budget plan. There are many benefits to this approach the most important being that with a balanced five year budget, the community can never fund an initiative in one year's budget that it cannot afford for five years. No new staffing, facility, or employee compensation adjustment can be proposed if it is not affordable for the length of the five year plan. Adopting a five year budget provides a longer-term picture of the County's financial future as well as providing a longer planning window for the County and the Schools. The five year budget planning process also facilitates discussions with the community on the services and programs they want and are willing to fund. The five year planning process also led to the development of the revenue stabilization reserve. The community set aside money saved to help smooth revenue shortfalls during economic downturns. Over two decades, the five year plan has proved to be an effective financial control tool for the Board, the organization and the community.

Process

Developing a balanced five year plan incorporates three major elements - tax policy, revenue projections and expenditure projections. For the purposes of budget development, the base budget is built with the current tax policy adopted by the Board of County Supervisors in the five year budget. Each fall the Board provides tax bill guidance to the County Executive and the Schools Superintendent, and the adopted revenue assumptions are used to build the tax policy for the next five years. For example, if the adopted plan assumes an average tax bill of $3,000 in year one and a 1% annual tax bill increase in each year of the plan, then the average tax bill of $3,000 would increase to $3,122 by year five.

The second element is the revenue projection. This collaborative process includes internal and external partners working together to identify changing economic conditions and analyze a complex market to calculate the anticipated tax base. The tax guidance policy is applied to the revenue forecast to build the revenue side of the five year plan. The process has achieved a high level of accuracy, with the variance between budgeted and actual revenues between FY 07 and FY 13 ranging from 0.62% ($4.8 million) to -0.81% ($6.0 million). In 2010, the County's revenue forecasting process received an Achievement Award from the Virginia Association of Counties.

The final element is the expenditure projection. Building from the adopted budget, one time reductions, efficiencies and compensation savings due to attrition are identified to produce the next year's base budget. This base budget is matched to the revenue projection, and additional reductions are identified as necessary to balance the five year plan. As required by the County Code, the Board adopts both the annual budget and the five year budget plan.

Results Achieved

In the early 2000's the County focused its attention on attaining AAA bond ratings to enhance financing of capital projects. In 2004, Prince William County achieved its first AAA bond rating, and in FY 11 received its third AAA rating. In each instance, the rating agencies praised the County's balanced five year plan as a cornerstone of their decision. Prince William County has successfully used the balanced five year planning process to weather the recent recession and begin reinvesting in community infrastructure. In 2012, the Government Finance Officers Association named the five year budget plan process a best practice and urged all local governments in the United States to adopt this practice.

Collaborative Functional Teams

Prince William County's organizational vision calls for employees to do the right thing for the customer every time. To meet that challenge, a collaborative approach across all departments and agencies is essential. Communication and coordination of services has been greatly enhanced by organizing all workgroups into just four functional teams: General Government, Public Safety, Human Services and Community Development. The departments and agencies within each team work closely throughout the year and often serve the same customers or clients. This team environment fosters collaborative visioning and creative work plans, as well as providing opportunities to discover efficiencies and share resources in a proactive way. These teams participate in Budget Congress (discussed in the FY 14 budget process section of this document) and bring an organizational focus to resource allocation. The functional team approach is replicated in interagency steering teams, councils and policy groups and has become a core feature of the staff policy development environment in Prince William County.

Accordingly, the agency pages of the budget document are organized in alignment with the four functional teams. The strategic goal area and outcome measures for each team are provided along with a pie chart illustrating the total expenditure budget for each team, exclusive of the schools transfer. The teams are described below.

The Human Services Team includes the following departments and agencies: Aging, At-Risk Youth & Family Services, Community Services, Public Health, Social Services and Virginia Cooperative Extension. The Human Services team customers or clients are often the most vulnerable residents of Prince William County. Human Services is 14% of the county's operating expenditure budget.

The General Government Team includes the following departments and agencies: Board of County Supervisors, Executive Management, Finance, Human Resources, Information Technology, Human Rights, General Registrar, County Attorney and Management & Budget. The agencies in general government support all areas of the county government. They are the support infrastructure that enables all county departments to better serve their customers. General Government accounts for 13% of the county's operating expenditure budget.

The Public Safety Team includes the following departments and agencies: Adult Detention Center, Fire & Rescue, Police, Public Safety Communications, Sheriff, Juvenile Court Services, Criminal Justice Services, as well as county and state judicial administration agencies. Public Safety is the second largest expenditure in the county after education. The public safety and judicial administration team serves all county residents, businesses and visitors. Public Safety accounts for 41% of the county's operating expenditure budget.

The Community Development Team includes the following departments and agencies: Planning, Economic Development, Development Services, Housing & Community Development, Public Works, Parks & Recreation, Library and Transportation. The community development teams support the county residents and the business community through land use and economic development activities. Community Development is 32% of the county's operating expenditure budget.

Budget Congress

Building the expenditure side of the annual budget and the five year plan is a multi-step process that involves the entire organization. Prince William County uses a cross-functional approach known as "Budget Congress," where all agencies are organized into four functional area teams that have representation on a consensus-based team. The functional areas mirror the budget format - Community Development, General Government, Human Services and Public Safety. Convened annually, the Congress recommends both reductions and additions to agency budgets, using the criteria adopted for that given year.

Budget Congress first identifies savings from efficiencies and then identifies those items that must be incorporated into the budget, either because the Board has committed to them, or they are necessary to maintain current service levels. These recommended changes are incorporated into the five year plan and compared to the revenue side of the equation. If additional reductions are required, Budget Congress goes back to the table to identify cuts. If there are excess revenues, additional services and/or service level improvements may be recommended, but only if the additions can be sustained for at least five years. When that is not the case, any surplus revenue may be recommended for the revenue stabilization fund. Budget Congress' recommendations are forwarded to the County Executive who makes the final decisions regarding the proposed annual budget and the five year plan.

The value of Budget Congress is the cross-disciplinary review of recommended reductions and additions, allowing unintended consequences to be identified early on. Discussions of proposed reductions and additions highlight the interrelatedness of activities and results across agencies. Since the creation of Budget Congress in 2006, agencies have consistently reported increased knowledge and appreciation of the work of others in the organization, and a greater sense of cooperation and coordination. The budget process is no longer viewed as having agency winners and losers; it is a means of appropriately allocating resources toward common goals and objectives.

Base Budget Reviews

The County has committed to conducting periodic base budget reviews (BBR) each fiscal year. The purpose of a BBR is to ensure County departments are correctly funded, that these funds are in the proper programs and to ensure accountability for taxpayer money and transparency on the use of these funds. BBRs look at both fiscal and performance outcomes for each department selected. A BBR may result in savings that can be restored to the general fund or may determine there are programs that are underfunded to achieve their mission. The findings of the base budget reviews are factored into the annual proposed budget.

Some BBRs have identified the need for additional resources. The Social Services BBR identified the need for additional funding to support child protective services and the Department of Parks & Recreation BBR (BBR was conducted prior to Parks becoming a county department) identified the need for additional utility funding. The Registrar BBR completed in FY 13 identified the need for additional staffing as well as additional funding to support election officer pay.

Prince William County FY 2014 Budget Development

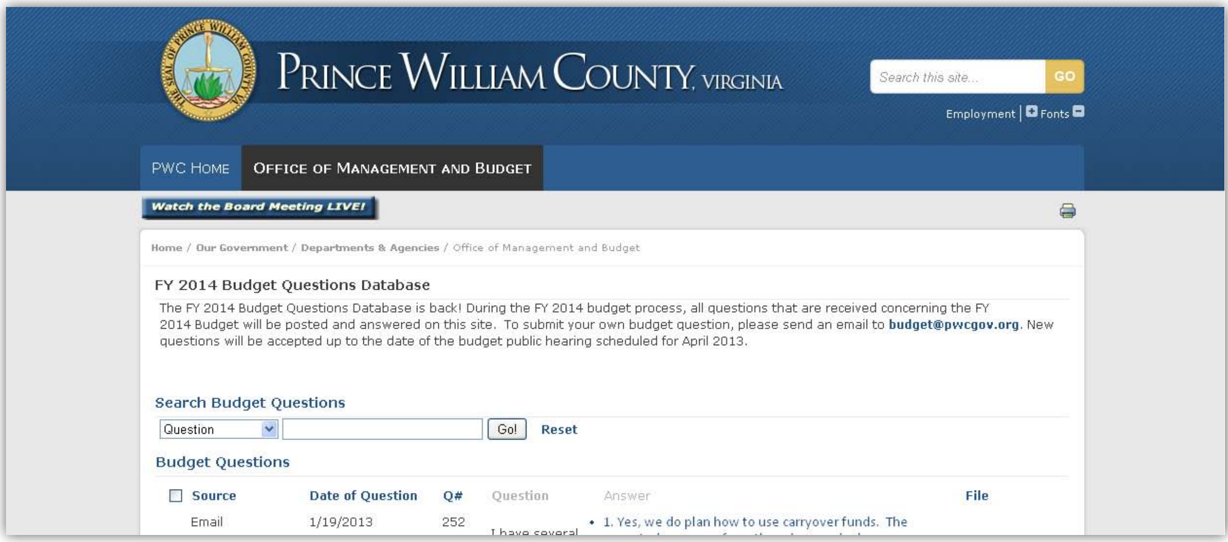
The Board's adoption of the FY 13 budget and the FY 13-17 five year plan in April 2012 signaled the beginning of the FY 14 budget season. The FY 13 budget and the associated five year plan form the baseline for the FY 14 budget and the FY 14-18 five year plan. As soon as the books on FY 12 were closed, agencies were asked to report their progress toward the adopted FY 12 targets and establish FY 14 targets. "Phase I" as it is known in Prince William County, provides the report card on budgeted activities.

Within two weeks of the FY 13 budget adoption, the Board issued a directive to develop six tax policy scenarios, with associated service level impacts, in anticipation of providing budget guidance in the fall. Two scenarios increased revenues from real estate taxes to the County; four scenarios reduced revenues. Upon receipt of the directive, the Office of Management & Budget (OMB) called together all agency directors to develop the response. Over the next four months, each activity within each program in each agency was analyzed according to the County's risk matrix that measures the risk to the community if the activity is discontinued. Activities received a risk score between four and twenty, with four being minimal risk and twenty high risk. At the same time, activities (or in some cases portions thereof) were placed into one of six categories: (1) state or federal mandates; (2) activities mandated by the County Code; (3) activities that support the Board's strategic priorities - economic development, public safety and transportation; (4) activities that support the County's three AAA bond ratings; (5) activities that are tied to interjurisdictional agreements or contracts; and (6) all other activities. With the exception of activities in the state or federal mandate category, which was very strictly prescribed, the agencies were asked to identify the service level impacts of eliminating the activity. This matrix provided the necessary information for the Board to address the four scenarios that result in reduced revenues. Following is an example of one agency's matrix.

	Risk Score	Adopted Expenditure	Other Revenue	Transfer In Revenue	FY 2013 Net General Fund Support
Human Resources					
MANDATES					
Benefits Management	19	$100,000	$0	$0	$100,000
Employee Classification and Compensation Management	18	$480,943	$0	$0	$480,943
COUNTY CODE					
Benefits Management	19	$707,789	$0	$20,000	$687,789
Recruitment/Assessment/Volunteer Management	16	$496,419	$0	$0	$496,419
INTERJURSIDICTIONAL AGREEMENT/MULTI-YEAR COMMITMENT					
Training, Development and Presentation	16	$722,490	$0	$0	$722,490
OTHER					
Recruitment/Assessment/Volunteer Management	18	$19,959	$0	$0	$19,959
Human Resources Total		**$2,527,600**	**$0**	**$20,000**	**$2,507,600**

To address the two scenarios that increased revenues, agencies were asked to identify and justify their unmet critical needs, both from an operating and a capital perspective, for the next five years. Unmet critical needs were prioritized using an eight point filter that assessed the related activity's stress level, such as potential audit findings, unmet service levels, periodic shutdowns, etc. The full set of scenario information was presented to the Board in two public sessions in October 2012.

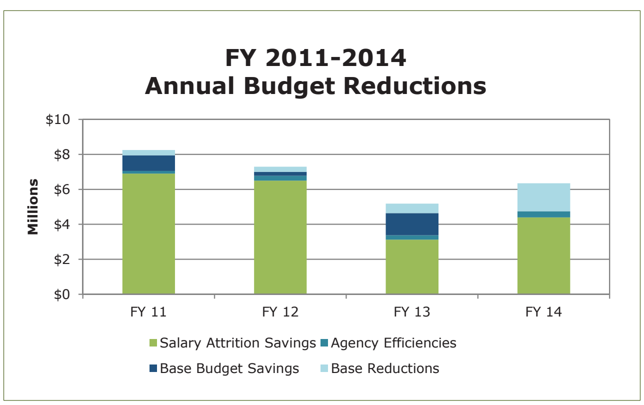
The FY 14 budget process saw the introduction of the Board Budget Committees much earlier than usual. Rather than waiting to review and comment on the County Executive's proposed budget, Budget Committees were formed immediately after the scenario presentations. OMB held its first briefings for committee members and other interested citizens in October to facilitate transparency and communication. Subsequent briefings were held throughout the process, coinciding with information releases to the Board. Questions raised during the Board meetings and community briefings, as well as those subsequently submitted by the Budget Committees, were logged and the answers posted on the County website, www.pwcgov.org/budget. More than 250 questions and answers were posted between October 2012 and January 2013.

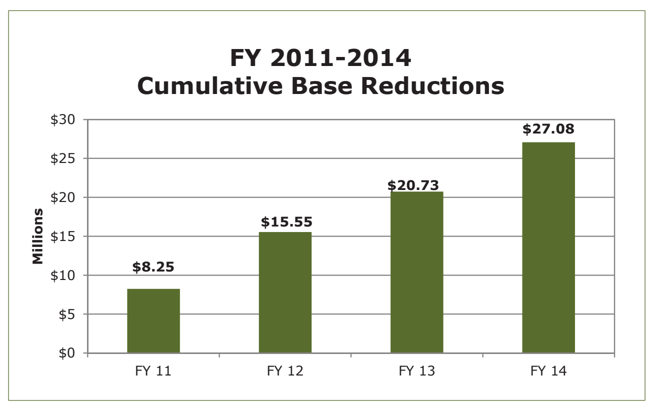


While the agencies were individually working to address the tax policy scenario, OMB convened Budget Congress to identify potential savings from either existing or proposed efficiencies. They also identified those "have to do" items that needed to be added to the budget because of recently approved Board actions, contractual commitments and increases related to basic operations - fuel, utilities, leases, etc. - totaling $3.2 million. This information was presented to the County Executive in October to inform the proposed budget.

In addition to preparing the response to the directive and facilitating Budget Congress, OMB staff undertook the annual "scrubbing" of the base budget, recalculating compensation and making one-time adjustments to individual agency budgets; $9.2 million in base savings were realized. This information was also presented to the County Executive to inform the proposed budget.

The following charts detail the base budget reductions achieved since FY 11.





Once Budget Congress has made its recommendation to the County Executive and all the base changes have been identified, "Phase II" begins, where agencies are given the opportunity to request changes to their budgets. These changes are limited to the efficiencies identified, the "have to do" list accepted by the County Executive and shifts within or between agencies that net to zero.

Phase II is not completed, however, until the County Executive receives budget guidance from the Board. Guidance for the FY 14 budget was received in December 2012, establishing a 4% tax bill policy for the proposed budget. The budget guidance resolution also directed the County Executive to recommend reductions in 1% increments that the Board could consider in order to reach an average residential tax bill of 3%, 2% and 1% for FY 14. Budget Congress was reconvened and each functional area team developed a list of potential reductions. These recommendations were presented to the County Executive to inform the potential reduction recommendation. The County Executive presented the proposed budget on February 12, 2013, in accordance with the Board's guidance, and also provided a staff report detailing potential capital and operating reductions that the Board could consider in order to reach a smaller average residential tax bill increase.

County/Schools Relationship

The operation of public schools in Prince William County is the responsibility of an elected School Board. The Prince William County School system is the second largest school division in Virginia with nearly 84,000 students, 93 schools and 10,400 employees. The local share of the public schools operating costs in the County is met with an appropriation and transfer by the Board of County Supervisors from the County's general fund. Operations of the School Board, however, are independent of the County Board and the County administration as prescribed by Virginia law.

There are eight members on the School Board, one from each magisterial district and one at-large member who serves as chairman. School Board members serve four year terms. A 1992 revision of the Code of Virginia provided a local option to elect the School Board; Prince William voters chose to exercise that option via referendum in 1995 in accordance with the Code of Virginia § 22.1-57.3:3.

The Prince William County School Board makes the policies that govern the school division. The policies developed by the School Board for the operation of the school division cover instruction, administration, personnel, students and other areas. The Superintendent of Schools is appointed by and serves at the pleasure of the School Board; the Superintendent administers the operations of the County's public schools.

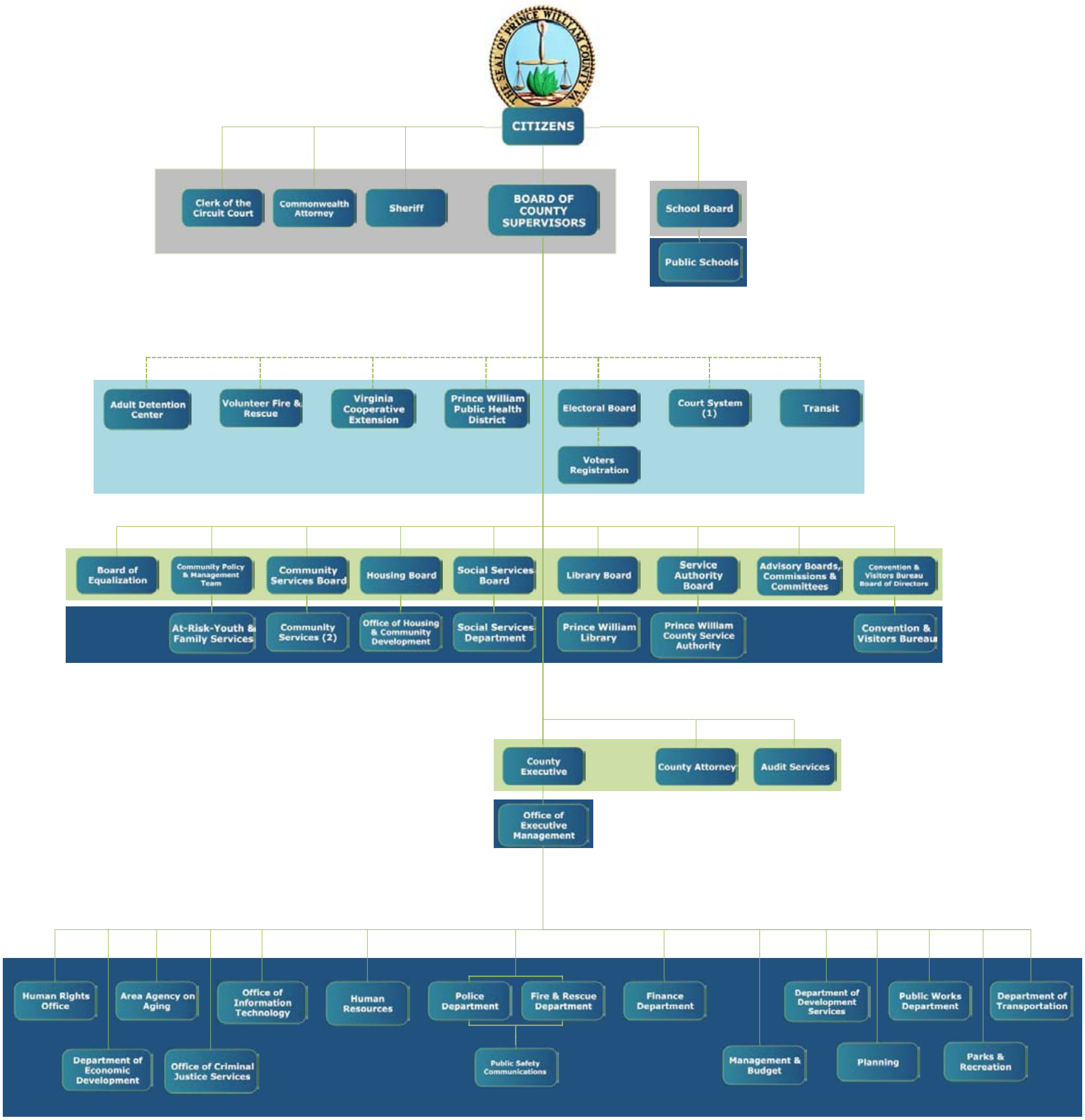
County/Schools Revenue Agreement

The Board has long recognized the importance of sound financial planning and management in order to achieve the community's strategic mission and vision and plan for the financial future of the County government and School system. In 1994, the Board adopted the Financial and Program Planning ordinance which includes provision for the County's Strategic Plan, multi-year revenue projections, multi-year Capital Improvements Program and the annual budget with service level targets.

The Board of County Supervisors and the School Board have been partners in protecting the fiscal health of the County. In 1998, the two Boards created a revenue sharing agreement which allocated 56.75% of the County's general revenues to the Schools and 43.25% of the County's general revenues to the County government. This agreement was modified in 2004 reaffirming the commitment of both organizations to the general revenue sharing split but allowing for 56.75% of base Recordation Tax revenue of $0.05 per $100 plus all of the additional Recordation Tax revenue resulting from an increase in the rate from $0.05 per $100 to $0.083 per $100 to be utilized by the County for road construction. The remaining 43.25% of the $0.05 base Recordation Tax revenue remained County revenue which supported the general County government.

The County/Schools revenue agreement has been the foundation for both the County and Schools five year operating and capital plans allowing both organizations to program available revenues over successive five year time periods with a high degree of certainty. The five year plan is updated annually in accordance with the adoption of the annual budget to reflect the most recent revenue and expenditure assumptions.

During the Board review of the FY 14 proposed budget, the Board of County Supervisors reduced the revenue growth assumptions for the FY 2014-2018 Five Year Plan from 4% per year to 2.3% in FY 14 and 2.5% in each of the remaining years FY 15-18. While overall revenues were reduced accordingly in FY 14, the Board of County Supervisors remained committed to the general revenue amount that had been advertised in the County Executive's proposed FY 14 budget for the Schools. In adopting the FY 2014 Budget, the Board of County Supervisors amended the revenue sharing agreement to reflect the new Schools share of 57.23% of general revenues, excluding the Recordation Tax revenue discussed above, and the new County share of 42.77%. This action was captured in BOCS Resolution 13-257.



Note:

(1) Circuit Court Judges, General District Court, Juvenile & Domestic Relations Court, Juvenile Court Services, Law Library and Magistrate

(2) Mental Health, Intellectual Disability and Substance Abuse Services

Dotted lines are state and local services not directly accountable to the Board of County Supervisors

Legend

- Elected Officials/Constitutional Officers
- State and Local Services
- Appointed By BOCS, Boards and Commissions
- Agencies and Departments

Prince William County Accounting System

A. Basis of Budgeting

The County's governmental functions and accounting system are organized and controlled on a fund basis. The basis of budgeting for each of these funds is a non-GAAP basis that is similar to the basis of accounting which is described below. However, it excludes the effect of fair-value adjustments to the carrying amounts of investments.

Accounts are maintained on the modified accrual basis of accounting for governmental, expendable trust and agency funds. Revenues are recognized when measurable and available as current assets. Expenditures are generally recognized when the related services or goods are received and the liability is incurred.

Proprietary funds are accounted for on the full accrual basis of accounting, which requires that revenues be recognized in the period in which service is given and that expenses be recorded in the period in which the expenses are incurred.

B. Fund Types

The County has three kinds of funds:

1. **Governmental Funds** - Most of the County's governmental functions are accounted for in Governmental Funds. These funds measure changes in financial position rather than net income. All of these funds are appropriated. The following are the County's Governmental Funds:

   a. **General Fund** - The general fund is used to account for all financial transactions and resources except those required to be accounted for in another fund. Revenues are derived primarily from property and other local taxes, State and Federal distributions, license and permit fees, charges for services and interest income. A significant part of the fund's revenues are transferred to other funds to finance the operations of the County Public Schools and the Regional Adult Detention Center. Debt service expenditures for payments of principal and interest of the County's general long-term debt (bonds and other long-term debt not serviced by proprietary or special revenue funds) are included in the general fund.

   b. **Special Revenue Funds** - Special revenue funds are used to account for the proceeds of specific revenue sources (other than expendable trusts or major capital projects) that are legally restricted to expenditures for specified purposes. Special revenue funds are used to account for volunteer fire and rescue levies, school operations and the Regional Adult Detention Center.

   c. **Capital Projects Fund** - The capital projects fund is used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by Proprietary Fund Types as discussed on the following page). The capital projects fund accounts for all current construction projects including improvements to and the construction of schools, roads and various other projects.

   Note: The County does not maintain special assessment funds. The debt service fund was eliminated on July 1, 1985 because it was not required.

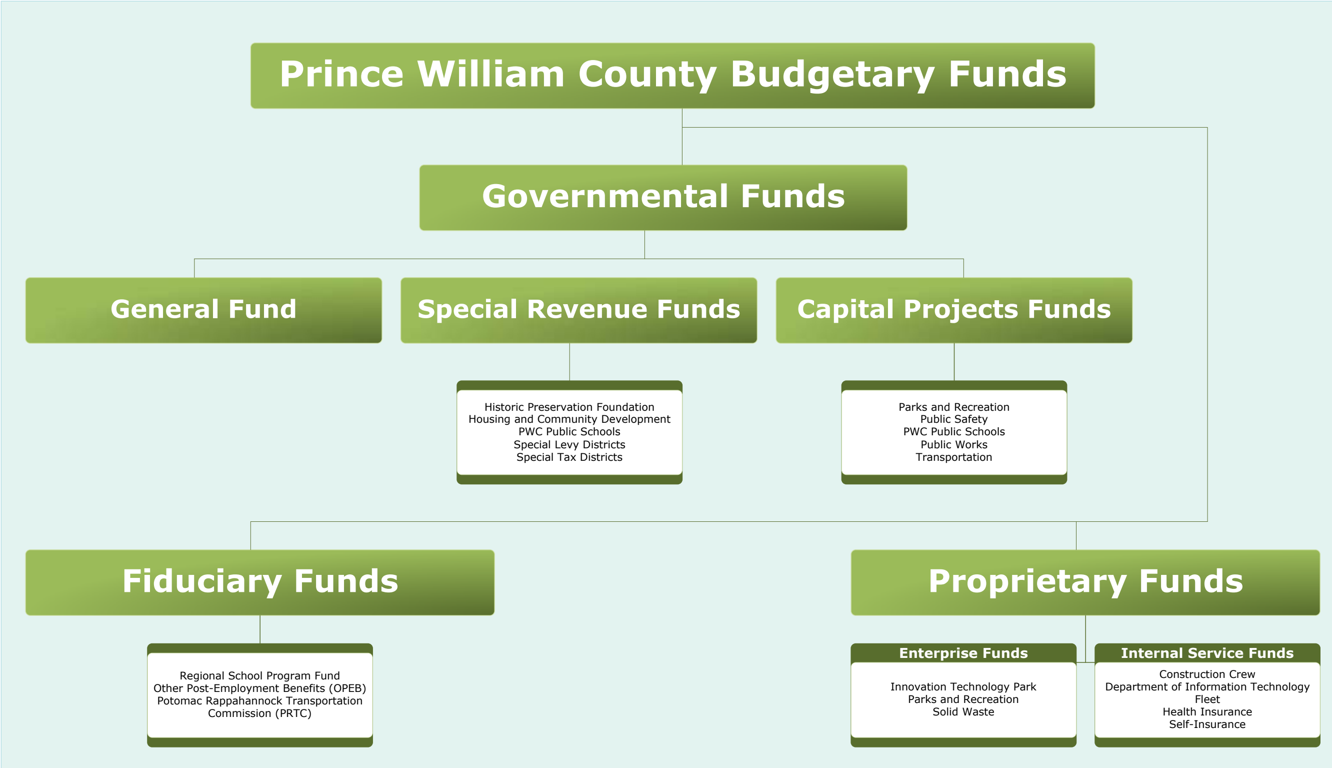
2. **Proprietary Funds** - Proprietary funds account for county activities, which operate similarly to private sector businesses. These funds measure net income, financial position and changes in financial position. The following are the county's proprietary fund types:

   a. **Enterprise Funds** - These funds are used to account for operations that are: (a) financed and operated in a manner similar to private business enterprises - where the intent of the Board of County Supervisors is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the Board of County

Supervisors has decided that periodic determination of revenues earned, expenses incurred and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes. The following are enterprise funds: Prince William County Parks and Recreation (which provides recreational services), Prince William County Landfill (which provides solid waste disposal for the County) and Innovation Technology Park (which sells county owned land to businesses relocating to the Innovation area).

b. **Internal Service Funds** - These funds are used to account for financing of goods or services provided by one county department or agency to other departments and agencies on an allocated cost recovery basis. Internal service funds are established for data processing, vehicle maintenance, road construction and self-insurance.

3. **Fiduciary Funds (Trust and Agency Funds)** - These funds are used to account for assets held by the County in a trustee capacity or as an agent for individuals, private organizations, other governments and/or other funds. The County has established agency and expendable trust funds to account for library donations, special welfare and certain other activities. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. Expendable trust funds are accounted for in essentially the same manner as governmental funds.



Operational Funds: Government Fund Types

Resource Allocation

A. From Line Item Budgeting to Outcome Budgeting

Over the course of several years, Prince William County has moved from traditional line item budgets to outcome budgets. In line item budgets, performance and accountability are measured by whether or not an agency spent what it said it would spend on supplies, personnel, travel, etc. Outcome budgets increase accountability by measuring whether an agency achieved its targets. This enables decision-makers to make budget decisions based on the desired community outcomes (contained in the Strategic Plan) and service level targets found in agency program budgets. Outcome budgets also allow citizens to see the County's future direction and, most importantly, what their tax dollars are really buying.

B. Defining Short-Term Initiatives

When new dollars are allocated for agency initiatives the impact to the base performance measure is described in the agency detail section of the budget document. Service level impact, or service level target, represents the short-term fiscal year initiatives expected to occur with the new resource allocation. These initiatives are directly linked to achieving the desired community outcomes contained in the Strategic Plan.

C. An Outcome Budgeting Example

An example of outcome budget decision-making is the addition of patrol officers to the Police Department. In traditional line-item budgets, the focus would be on salary and equipment costs for those officers. Outcome budgets take this a step further to focus on the outcomes produced by those officers, e.g., eventual reduction in crime rate, increase in case closure rate and an increased percentage of citizens feeling safe in their neighborhoods (a citizen survey question).

D. Measuring Community Outcome Budget Success

Two measures of success in outcome budgeting in recent years have been the decline in the overall cost of government and the shifting of resources to strategic goal areas. The County has had much success in recent years minimizing the cost of government. When costs for general County services, including the schools transfer, are adjusted for inflation, taxpayers are paying $269 less per capita in FY 13 than they did in FY 92. Not adjusted for inflation, the general budgeted cost per capita for County services was $1,284 in FY 92, as compared to $2,159 in FY 13.

E. Community Input on Services

The County is also constantly receiving input from its citizens on what services are appropriate for government to provide. This input is received through the strategic planning process and through the biennial community survey. In 2012, the survey showed that 90% of County residents reported that the services provided by Prince William County Government met or exceeded their expectation. Also in 2012, satisfaction with the value for their tax dollar was 85%. The next survey will be conducted during the summer of 2014.

F. Resource Allocation Accomplishments

1. The Strategic Plan has guided resource allocation in the County by shifting resources to strategic service areas and away from those service areas considered to be non-strategic.
2. The Strategic Plan guides the development of the Capital Improvement Program (CIP); 90% of the funding in the County's CIP support strategies and objectives in the Strategic Plan. In FY 06, Prince William County received a "Special Capital Recognition" award by the Government Finance Officers' Association.
3. Prince William County has received the Certificate of Achievement of Distinguished Budget Presentation

from the Government Finance Officers' Association (GFOA) for every budget year from FY 87 through FY 12. This is the highest form of recognition in governmental budgeting. In FY 98 and again in FY 01, the County received an upgraded award when the GFOA recognized the Prince William County Fiscal Plan as an "Outstanding Operations Guide." Also in both FY 01 and FY 06, the GFOA recognized the County's Fiscal Plan as an "Outstanding Policy Document." In FY 05, the County's Fiscal Plan received special recognition as an "Outstanding Communication Device" as well as "Special Performance Measure Recognition" which was also recognized in FY 06. In FY 06, FY 07 and FY 08, the County's Fiscal Plan received "Special Performance Measures Recognition."

Principles of Sound Financial Management

A. Basis for Sound Financial Management

The "Principles of Sound Financial Management" guides financial decisions. The County has a long standing commitment to sound financial management. These principles were first adopted in 1988 and receive regular updates to ensure their continued usefulness as a guide for decision-making. The sound financial management of the County's resources is achieved by following the consistent and coordinated approach provided by this policy document. Further, by following these principles the County's image and credibility with the public, bond rating agencies and investors is enhanced. The County's improved credibility is reflected by its two AAA credit ratings. Three factors make this prudent financial planning imperative:

1. Public demand for services and facilities in a rapidly urbanizing environment tend to escalate at a more rapid rate than population growth and revenues;
2. State and Federal mandates for services and standards are often not accompanied by sufficient funds to provide the required services or to meet imposed standards; and
3. Changes in national or local economic conditions can impact the revenue base.

B. County Bond Rating

The County's earned its second AAA bond rating, the highest that can be bestowed on a government agency. Some factors required for a high bond rating, such as a stabilized rate of population growth and diversification of the County's tax base, can be influenced but not controlled by County government. However, the County government should ensure that the factors under its control - the quality of its financial and overall management - meet the standards required of highly rated communities. The County, through its adoption of the Principles of Sound Financial Management, ensures that the characteristics of the County's financial operation enable the County to progress toward achieving and maintaining a high bond rating.

C. Adopted Policies

The following is a synopsis of the adopted Principles of Sound Financial Management.

1. Fund Balance

- Maintain a minimum General Fund Balance equal to 7.5% of General Fund revenues over the preceding year; and
- Limit the use of this General Fund Balance to nonrecurring operating expenditures of an emergency nature.

2. **Budgeting**

- Produce a balanced budget. A balanced budget has its funding sources (revenues plus other resources) equal to its funding uses (expenditures plus other allocations).
- Establish a Contingency Appropriation at a minimum of $500,000 to be only allocated by resolution of the Board of County Supervisors;
- Prepare annual five year projection of General Fund revenues and expenditures;
- Implement a formal budget review process to monitor the status of the current year's fiscal plan include a quarterly report on the status of the General Fund;
- Integrate performance measurement and production indicators where possible within the annual budget process;
- Replace capital assets on a cost effective and scheduled basis; and
- Prepare an annual budget consistent with guidelines established by the Government Finance Officers Association.

3. **Revenues**

- Maintain a diversified and stable revenue system;
- Recognize the full cost of services provided when establishing user charges and services;
- Pursue intergovernmental aid for only those programs or activities that address recognized needs and are consistent with the County's long-term strategic objectives; and
- Consider Surplus Revenues to be "one-time revenues" to be used only for non-recurring expenditures.

4. **Capital Improvement Program**

- Adopt annually an updated comprehensive multi-year capital improvement program; and
- Invest a minimum of 10% of the annual General Fund revenues allocated to the County's operating budget in the Capital Improvement Program, the amount invested can include debt service.

5. **Debt Management**

- Limit debt outstanding to a maximum 3% of the net assessed value of all taxable property; and
- Limit debt service expenditures to a maximum 10% of revenues.

6. **Cash Management**

- Maximize investment yield only after legal, safety and liquidity criteria are met;
- Invest a minimum 100% of total book cash balances at all times; and
- Shall maintain a written investment policy approved by the Board of County Supervisors.

7. **Assessments**

- Maintain sound appraisal procedures to keep property values current and equitable;
- Assess all property at 100% of market value; and

- Assess Real Property according to fair market value annually as of January 1 in accordance with Title 58.1 of the Code of Virginia.

8. **Property Tax Collection**

- Monitor all taxes to ensure they are equitably administered and collections are timely and accurate; and
- Aggressively collect property taxes and related penalties and interest as authorized by the Code of Virginia.

9. **Procurement**

- Make all purchases in accordance with the County's purchasing policies and procedures and applicable state and federal laws;
- Endeavor to obtain supplies, equipment, and services as economically as possible;
- Maintain a purchasing system which provides needed materials in a timely manner to avoid interruptions in the delivery of services; and
- Pay all invoices within 30 days in accordance with prompt payment requirements of the Code of Virginia.

10. **Risk Management**

- Make diligent efforts to protect and preserve County assets against losses that could deplete County resources or impair the County's ability to provide services to its citizens; and
- Reduce the County's exposure to liability through training, safety, risk financing, and the transfer of risk when cost effective.

Debt Management Policy Statement

Proper debt management provides a locality and its citizens with fiscal advantages. The State does not impose a debt limitation on the County. However, a debt policy has been adopted by the Board to ensure that no undue burden is placed on the County and its taxpayers. The following administrative policies provide the framework to limit the use of debt in Prince William County:

Policy V - Debt Management: The County will maintain a high credit rating in the financial community to: 1) assure the County's taxpayers that the County government is well managed and financially sound; and 2) obtain reduced borrowing costs. The County will consider long-term debt financing when appropriate.

5.01 The County will consider the project and its useful life and utilize the most appropriate method to finance the project. Financing may include debt financing or "pay as you go" or other financing sources.

5.02 Whenever the County finds it necessary to issue tax supported bonds, the following policy will be adhered to:

a) Tax supported bonds will, whenever feasible, be issued on a competitive basis unless market conditions or the nature of the project favor negotiated sales.

b) Average weighted maturities for General Obligation (GO) bonds of the County, and whenever possible for any type of annual appropriation debt, will be maintained at ten and one half (10.5) years, or less.

c) GO bond issues, and whenever possible for any type of annual appropriation debt, will be structured to allow an equal principal amount to be retired each year over the life of the issue thereby producing a total debt service with an annual declining balance.

d) Annual tax supported debt service expenditures for all debt of the County shall not exceed ten percent (10%) of annual revenues.

e) Total bonded debt will not exceed three percent (3%) of the net assessed valuation of taxable real and personal property in the County.

f) Bond financing will be confined to projects which would not otherwise be financed from current revenues.

g) The term of any bond note or lease obligation issue will not exceed the useful life of the capital project/facility or equipment for which the borrowing is intended.

5.03 The County shall comply with all U.S. Internal Revenue Service rules and regulations regarding issuance of tax exempt debt including arbitrage rebate requirements for bonded indebtedness, and with all Securities and Exchange Commission requirements for continuing disclosure of the County's financial condition, and with all applicable Municipal Securities Rulemaking Board requirements.

5.04 The County shall comply with all requirements of the Public Finance Act as included in Title 15.2 of the Code of Virginia and other legal requirements regarding the issuance of bonds and certificates of the County or its debt issuing authorities.

5.05 The County shall employ the "Principles of Sound Financial Management" in any request from a County agency or outside jurisdiction or authority for the issuance of debt.

5.06 The issuance of variable rate debt by the County will be subject to the most careful review and will be issued only in a prudent and fiscally responsible manner.

5.07 The County will adhere to the following guidelines when it finds it necessary to issue revenue bonds:

a) For any bonds or lease anticipation or appropriation debt in which the debt service is partially paid from revenue generated by the project and partially paid from tax sources, the portion of the bond or lease to the extent that its debt service is paid from non tax sources shall be deemed to be revenue bonds and are excluded from the calculation of the annual debt service limitation in Policy 5.02(d) and 5.02(e).

b) Revenue bonds of the County and any of its agencies will be analyzed carefully by the Department of Finance for fiscal soundness. The issuance of County revenue bonds will be subject to the most careful review and must be secured by covenants sufficient to protect the bondholders and the credibility of the County.

c) Revenue bonds will be issued on a competitive basis and will be structured to allow an approximately equal annual debt service amount over the life of the issue, whenever feasible

d) Reserve funds, when required, will be provided to adequately meet debt service requirements in the subsequent years.

e) Interest earnings on the reserve fund balances will only be used to pay debt service on the bonds.

f) The term of any revenue bond or lease obligation issue will not exceed the useful life of the capital project or equipment for which the borrowing is intended.

5.08 The County will not use debt financing to fund current operations.

5.09 The County does not intend to issue bond anticipation notes (BANs), tax anticipation notes (TANs), or revenue anticipation notes (RANs) for a period longer than two years. If the BAN is issued for a capital project, the BAN will be converted to a long-term bond or redeemed at its maturity.

Strategic Planning in Prince William County

Prince William County recognized the value of strategic planning in the early 1990's as the Board of County Supervisors looked for a way to achieve the results identified in the County's first Commission on the Future Report (the first Future Report). The Commission on the Future, established in 1989, created a 20 year vision for the County rich with opportunities for growth and desired community assets. In 1992 the Board of County Supervisors adopted the 1992-1995 Strategic Plan, identifying specific goals, outcomes and strategies for that four year period. That first Plan, and each subsequent Plan, covered a four year period tied to the Board's term of office.

The County codified strategic planning in 1994 with the adoption of the Principles of Sound Financial Management:

Sec. 2-1(1). Strategic plan for government services. The strategic plan is adopted by the board welfare and environment of citizens consistent with the community's values and priorities. This mission to provide policy guidance for service delivery and resource allocation during its term. Annually the board shall update the strategic plan. Periodically the county executive shall report to the board on accomplishment of prior period strategic plan objectives. The strategic plan shall define:

a. The mission statement for county government;

b. Major goals for the county;

c. Strategies to achieve the goals; and

d. Objectives for performance.

The strategic plan goals, strategies and objectives shall guide resource decisions in the county's operating and capital budgets.

The first Plan (1992-1995) provided an organizational mission statement and five goal areas:

The mission of PWC Government is to provide the necessary services to protect the health, safety, is accomplished by encouraging citizen input and involvement, preserving the County's fiscal stability, producing effective and efficient government programs, managing the County's resources, planning for the future, and representing citizens' needs and desires to other levels of government.

Goal Areas: Economic Development, Transportation, Public Safety, Human Services and Government Structure

The 1996-2000 Plan retained the mission statement and modified the goal areas. Quality Growth was added to the Economic Development goal, Government Structure was changed to Effective Government, and Education was added.

The 2001-2004 Plan added a vision statement and modified the mission statement:

Prince William County is a premier community where we treasure our past and the promise of our future. We are diverse and dynamic, with a thriving economy where citizens and businesses grow and succeed together. We are a global technology leader for the 21st century.

The mission of PWC Government is to provide the necessary services to protect the health, safety, welfare, cultural resources and environment of citizens and businesses consistent with the community's values, priorities and fiscal capacity. This mission is accomplished by encouraging citizen input and involvement, preserving the County's fiscal stability, producing effective and efficient government programs, managing the County's resources, planning for the future, and representing citizens' needs and desires to other levels of government.

The adopted goal areas included Economic Development, Education, Human Services, Public Safety and Transportation.

The 2005-2008 Plan retained the vision and mission statement, and added Community Development as a goal area. Additionally, prior to adoption, the fiscal impacts of individual strategies were analyzed to ensure the Plan's affordability.

The 2009-2012 Plan, developed during the recent recession, recognized the need to refocus on critical needs, and again modified the goal areas. Economic Development and Transportation were merged and Community Development was dropped. Language was added to each of the goal areas providing parameters aligned with our new fiscal reality.

Development of the 2013-2016 Strategic Plan

This sixth Prince William County Strategic Plan is based upon the 2030 goals of the County's Comprehensive Plan and the second Future Report, both of which provide perspectives on where the community should be in 2030. The Comprehensive Plan goals relate to the physical makeup of the community and the infrastructure necessary to support that, while the second Future Report addresses social and civic, as well as physical, goals. This plan does not anticipate that the goals of the Comprehensive Plan or the second Future Report can be achieved during this four year period. The 2013-2016 Strategic Plan is one of six plans that will build upon each other to achieve those long term goals.

This community driven process required extensive and intensive commitment by a twenty member taskforce appointed by the Board and given two tasks. First, review the goals of the Comprehensive Plan and the Future Report and recommend strategic areas of focus. Next, identify key community outcomes and strategies for each goal statement. The resulting 2013-2016 Strategic Plan focuses on measurable outcomes for the next four years, and sets the groundwork for subsequent planning efforts, to ultimately achieve the long term goals set out in the County's Comprehensive Plan and second Future Report.

The 2013-2016 Strategic Plan includes the following vision, goals and outcomes:

Prince William County will be a community of choice with a strong, diverse economic base, where individuals and families choose to live and businesses choose to locate.

Economic Development

The County will provide a robust, diverse economy with more quality jobs and an expanded commercial tax base.

- By 2016 the total at-place employment will increase from 111,000 to 118,000.
- By 2016 the cumulative number of new targeted jobs associated with new County businesses will be 1,200.
- By 2016 the cumulative number of new targeted jobs associated with existing County businesses will be 480.
- By 2016 the cumulative value of capital investment associated with new and expansion projects will be $800,000,000.
- By 2016 the cumulative value of capital investment in targeted redevelopment areas will be $8,000,000.

Education

The County will provide an educational environment rich in opportunities to increase educational attainment for workforce readiness, post-secondary education, and lifelong learning.

- By 2016 the high school graduation rate will increase from 88% to 90%.
- By 2016 the percentage of students scoring at an advanced Standards of Learning (SOL) level in each subject area will increase from 25% to 50%.
- By 2016 the percentage of graduates passing one or more advanced exam (Advanced Placement, International Baccalaureate, or Cambridge) will increase from 31% to 40%.
- By 2016 the percentage of graduates with a Governors, Career and Technical Education, Advanced Mathematics and Technology, or Civic Seal will increase from 46% to 65%.
- By 2016 the number of dual enrollment (PWCS/NVCC) students will increase to more than the baseline of 301.
- By 2016 the ratio of National Board Certified Teachers to students will increase from 1:701 to 1:500.
- By 2016 the percentage of accredited schools will be 100%, even with changes in the accreditation standards.
- By 2016 the average elementary school classroom size will decrease to less than the baseline of 23.2 students per classroom.
- By 2016 the average middle school classroom size will decrease to less than the baseline of 30.7 students per classroom.
- By 2016 the average high school classroom size will decrease to less than the baseline of 29.7 students per classroom.

Human Services

The County will provide human services to individuals and families most at risk, through innovative and effective leveraging of state and federal funds and community partnerships.

- By 2016 the number of people hospitalized in state-funded psychiatric beds will not exceed the baseline of 175 per 100,000 population.
- By 2016 the percentage of foster children finding permanent placements will increase from 34% to 38%.
- By 2016 the percentage of TANF (Temporary Assistance for Needy Families) participants engaged in work activities will increase from 49% to 51%.
- By 2016 the percentage of recurring cases of child abuse and neglect will decrease from 1.15% to 1.00%.
- By 2016 the percentage of recurring cases of adult abuse and neglect will decrease from 7.3% to 5.0%.
- By 2016 the point-in-time homeless count will decrease from 467 to 327.
- By 2016 the percentage of Area Agency on Aging clients reporting that services allowed them to remain in their homes, based on an expanded client base, will be maintained at or above the baseline of 98%.
- By 2016 the percentage of special education secondary students no longer in school who are employed within one year of leaving school will increase to more than the baseline of 45.5%.
- By 2016 the percentage of mentally ill and/or substance abusing youth placed in residential placements, returning to the community within 9 months, will increase from 57% to 66%.
- By 2016 day support and training placements for individuals with autism will increase from 79 to 175.
- By 2016 the number of clients served by community partners and contractual agreements will increase from 52,645 to 55,328.
- By 2016 the number of volunteer hours provided to support the activities of human services agencies will increase from 25,150 to 28,279.

Public Safety

The County will maintain safe neighborhoods and business areas and provide prompt response to emergencies.

- Through 2016 the Part 1 crime rate will remain within the lowest third of the communities in the COG region.
- Through 2016 the Part 1 crime closure rates will remain higher than the national averages for suburban communities.
- Through 2016 the juvenile reconviction rate will remain at or below the baseline of 23.3%.
- Through 2016 the adult reconviction rate will remain at or below the baseline of 28.2%.
- Through 2016 the percentage of positive responses to the statement, "I feel safe in my neighborhood," will remain at or above the baseline of 93%.
- Through 2016 the percentage of positive responses to the statement, "I feel safe when I visit commercial areas," will remain at or above the baseline of 93%.
- Through 2016 the percentage of positive responses to the statement, "Firefighting services are prompt and reliable," will remain at or above the baseline of 98%.
- Through 2016 the percentage of positive responses to the statement, "Emergency Medical Services' staff is skilled and reliable," will remain at or above the baseline of 97%.
- Through 2016 the average Police emergency response time will remain at or below the baseline of 7 minutes.
- By 2016 the percentage of emergency incident responses to all fire and rescue emergencies in 4 minutes or less will increase from 48% to 49%.
- By 2016 the percentage of fire suppression units on-scene for fire emergencies in 4 minutes or less will increase from 39% to 40%.
- By 2016 the percentage of Basic Life Support (BLS) responses to all fire and rescue emergencies in 4 minutes or less will increase from 48% to 49%.
- By 2016 the percentage of Advanced Life Support (ALS) responses to all ALS emergencies in 8 minutes or less will increase from 84% to 86%.
- By 2016 the number of fire-related injuries per 100,000 population will decrease from 10 to 9.
- Through 2016 the number of civilian fire-related deaths will remain at or below the baseline of 1.

Transportation

The County will provide a multi-modal transportation network that supports County and regional connectivity.

- By 2016 the number of multi-modal rider trips, to include OmniRide, VRE, slugging, carpooling and vanpooling, will increase from 8.72 million to 9.16 million.
- Through 2016 the percentage of positive response to the statement, "I can easily get around Prince William County by car," will remain at or above the baseline of 84%.
- By 2016 the percentage of 2006 Road Bond projects either completed or under construction will increase from 54% to 92%.
- By 2016, 15 cumulative miles of pedestrian trails and sidewalks will be constructed and added to the County's Comprehensive Plan roads.
- By 2016, the percentage of County residents telecommuting will increase from 22% to 23%, as defined and reported by the Metropolitan Washington Council of Government State of the Commute Survey.

Progress toward the overarching goals and the related community outcomes, as well as the status of the various strategies, will be reported to the community on an annual basis. The status of the outcomes will be used to determine whether resource adjustments should be made through the annual budget process.

Achieving County Goals through Tax Relief/Tax Expenditures

In addition to direct budget allocations, the County also achieves strategic and policy goals through tax relief, also known as tax expenditure. The County supports the following policy goals through tax relief to property owners:

- Affordable Homeownership and Sustainable Neighborhoods
  - The Tax Relief for Elderly and Disabled Persons Program provides approximately $8.3 million of tax relief annually to nearly 3,500 applicants.
  - The Tax Relief Program for Disabled Veterans Program provides approximately $0.9 million of tax relief annually to over 200 households.
  - The tax rehabilitation program provides approximately $200,000 (a five year average) of tax relief annually to 36 renovated or rehabilitated properties.

- Right to Farm and Environmental Conservation
  - The use value assessment program provides approximately $5.5 million of tax relief annually to over 800 farmed and wooded properties.
  - $7,500 in tax relief is granted to property owners with eligible solar equipment installations.

Real Estate Tax Exemptions

The Commonwealth of Virginia provides local property tax relief to organizations classified as being religious, charitable or benevolent (i.e., churches, volunteer fire departments, etc.). The lost revenues for those properties exempt by state classification total approximately $12.4 million per year.

The Constitution of Virginia also provides local authority to jurisdictions that choose, through adoption of a local ordinance, to exempt real and/or personal property taxes of organizations not classified as being religious, charitable or benevolent under the State Code. In December 2004, Prince William County approved an ordinance authorizing the County to exempt from taxation real and/or personal property taxes of organizations not classified as being religious, charitable or benevolent under the State Code and the Prince William County Code. Approximately 30 properties currently receive real estate tax exemption by designation. Tax exemptions, once granted, are permanent as long as the property continues to be used for the purpose for which the exemption was granted. The lost revenue for exempt properties receiving tax exemption by designation is approximately $600,000 per year.

In April 2012, the Board of County Supervisors placed a moratorium on new real estate tax exemptions. Organizations seeking tax relief can apply for community partner funding through the annual budget process. The County partners with nonprofit 501c3 organizations through a Memorandum of Understanding (MOU) detailing how the partner organization helps the County achieve its strategic and policy goals in exchange for an annual appropriation. Community partners leverage multiple sources of funding to provide direct services to county residents at a reduced level of general fund support.

Total FY 2013 Tax Expenditures Supporting County Strategic or Policy Goals

Tax relief for elderly & disabled: $8,257,000
Tax relief for disabled veterans: $860,000
Tax exemption for rehabilitated property: $81,200
Tax exemption for solar properties: $7,500
Use value assessment (farmed properties) $6,876,000

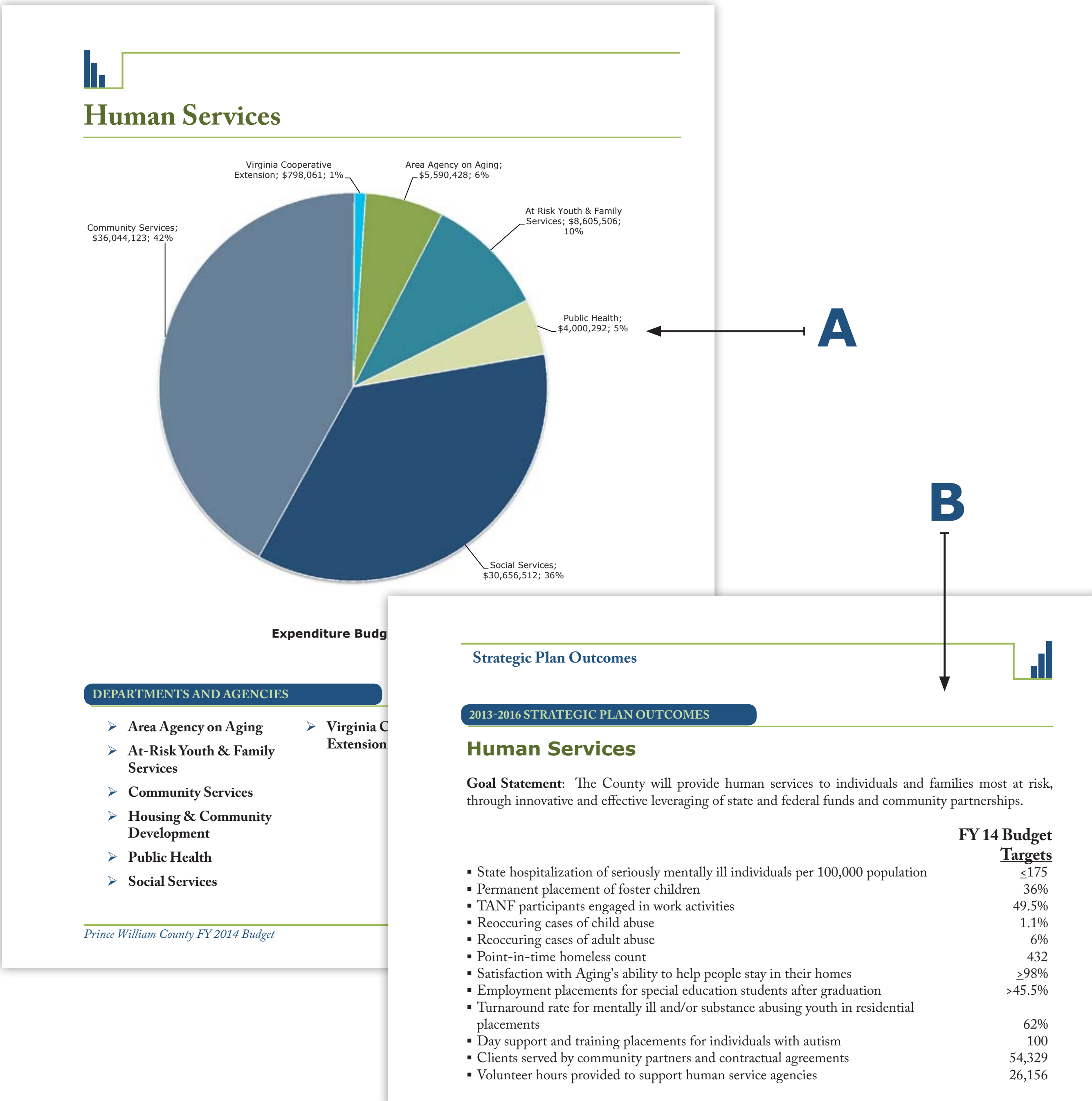
These exemptions which total more than $16.1 million annually, add almost 3.7 cents to the FY 2013 tax rate for over 4,500 residential and commercial non-exempt property owners.

Users Guide: How to Read the Budget Document

The County agency pages are organized by the four functional areas of the county government: Community Development, General Government, Human Services and Public Safety.

A. Functional Area Expenditure Budget Pie Chart - Each section begins with a pie chart showing the FY 14 expenditure budget broken out by agency and a list of all the agencies included in the functional area.

B. 2013-2016 Strategic Plan Outcomes - The 2013-2016 Strategic Plan was adopted by the BOCS in January 2013. The adopted goal statement and strategic plan outcomes for each functional area are listed in the front of each section.



Human Services

Expenditure Budg

DEPARTMENTS AND AGENCIES

- Area Agency on Aging
- At-Risk Youth & Family Services
- Community Services
- Housing & Community Development
- Public Health
- Social Services
- Virginia C Extension

Prince William County FY 2014 Budget

Strategic Plan Outcomes

2013-2016 STRATEGIC PLAN OUTCOMES

Human Services

Goal Statement: The County will provide human services to individuals and families most at risk, through innovative and effective leveraging of state and federal funds and community partnerships.

	FY 14 Budget Targets
▪ State hospitalization of seriously mentally ill individuals per 100,000 population	≤175
▪ Permanent placement of foster children	36%
▪ TANF participants engaged in work activities	49.5%
▪ Reoccuring cases of child abuse	1.1%
▪ Reoccuring cases of adult abuse	6%
▪ Point-in-time homeless count	432
▪ Satisfaction with Aging's ability to help people stay in their homes	≥98%
▪ Employment placements for special education students after graduation	>45.5%
▪ Turnaround rate for mentally ill and/or substance abusing youth in residential placements	62%
▪ Day support and training placements for individuals with autism	100
▪ Clients served by community partners and contractual agreements	54,329
▪ Volunteer hours provided to support human service agencies	26,156

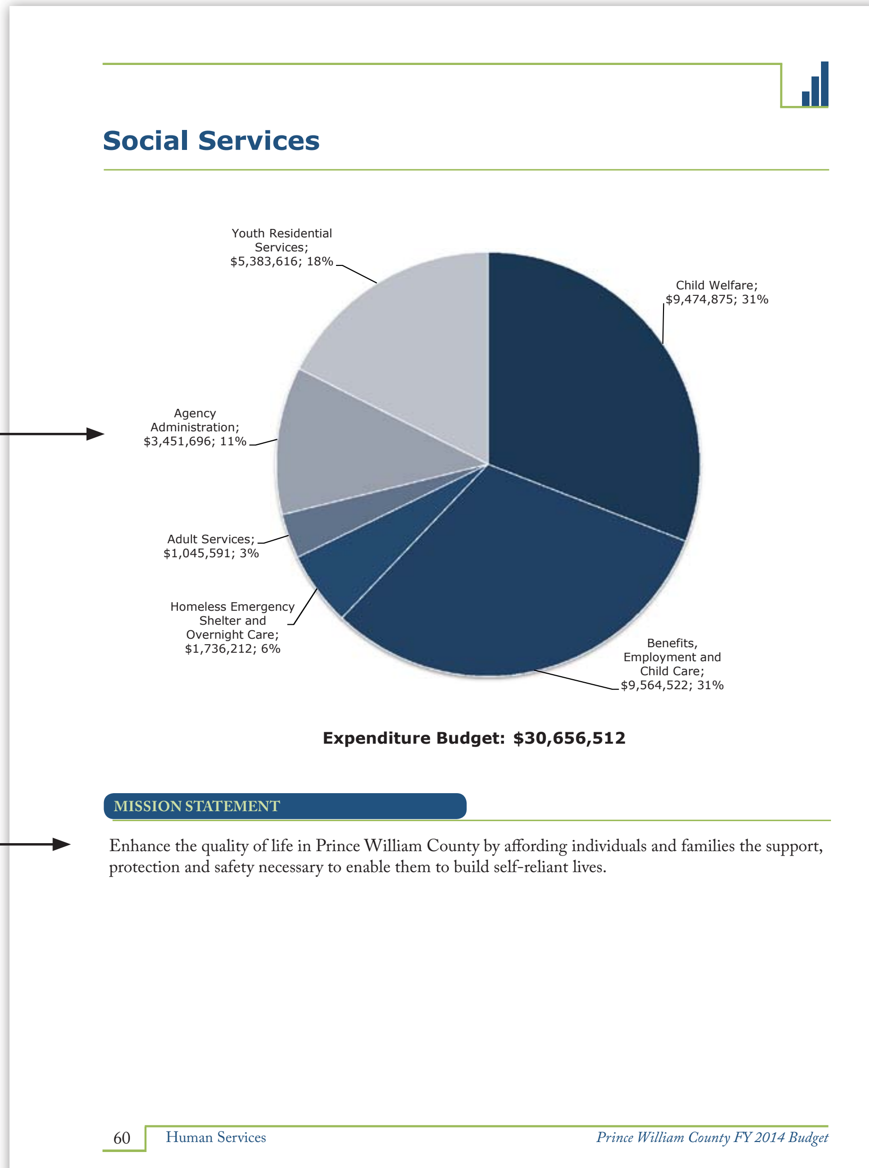
The agency detail includes the following items which provide insight into the agency's mission, budget and service delivery.

C. Agency Expenditure Budget Pie Chart - The chart illustrates the total FY 14 expenditure budget by agency program.

D. Mission Statement - The mission statement is a brief description of the purpose and functions of the agency.

C

D



E. Expenditure and Revenue Summary - The revenue and expenditure summary provides historical and adopted expenditure and revenue information for each agency. For historical reference, final budget (appropriated) and actual expenditures and revenues are reported for FY 12. Adopted budget information is displayed for FY 13 and FY 14. The last column calculates the change between the FY 13 adopted and FY 14 adopted budgets. Three types of information are summarized for each fiscal year displayed:

1. **Expenditure by Program** - These figures represent the amounts appropriated or expended for each program within the agency.
2. **Total Designated Funding Sources (revenues)** - Includes all sources of agency revenue that support the expenditures.
3. **Net General Tax Support (in dollars)** - The operating subsidy received by the agency; this amount is calculated by subtracting total designated funding sources (revenues) from total expenditures for each fiscal year.
4. **Net General Tax Support (as a %)** - The percentage of the expenditure budget that is supported by the general fund; this percentage is calculated by dividing the net general tax support by the total expenditures for each fiscal year.

F. Agency Staff by Program - Total authorized full-time and part-time positions for FY 12, FY 13 and FY 14 adopted budgets are summarized by program. Values are expressed in FTEs (full-time equivalents). One FTE is equal to one full-time position.

Social Services

EXPENDITURE AND REVENUE SUMMARY

A. Expenditure by Program	FY 12 Approp	FY 12 Actual	FY 13 Adopted	FY 14 Adopted	% Change Adopt 13/ Adopt 14
1 Child Welfare	$9,165,218	$9,004,920	$9,093,602	$9,474,875	4.19%
2 Benefits, Employment and Child Care	$11,883,133	$10,707,284	$9,575,225	$9,564,522	-0.11%
3 Homeless Emergency Shelter and Overnight Care	$2,079,770	$1,961,992	$2,058,232	$1,736,212	-15.65%
4 Adult Services	$1,049,848	$1,037,550	$1,079,216	$1,045,591	-3.12%
5 Agency Administration	$3,393,522	$3,409,605	$3,148,459	$3,451,696	9.63%
6 Youth Residential Services	$5,251,406	$5,029,111	$5,274,794	$5,383,616	2.06%
Total Expenditures	$32,822,899	$31,150,461	$30,229,528	$30,656,512	1.41%
Total Designated Funding Sources	$19,018,832	$19,161,976	$15,824,715	$16,437,433	3.87%
Net General Tax Support	$13,804,067	$11,988,485	$14,404,813	$14,219,079	-1.29%
Net General Tax Support	42.06%	38.49%	47.65%	46.38%	

E

F

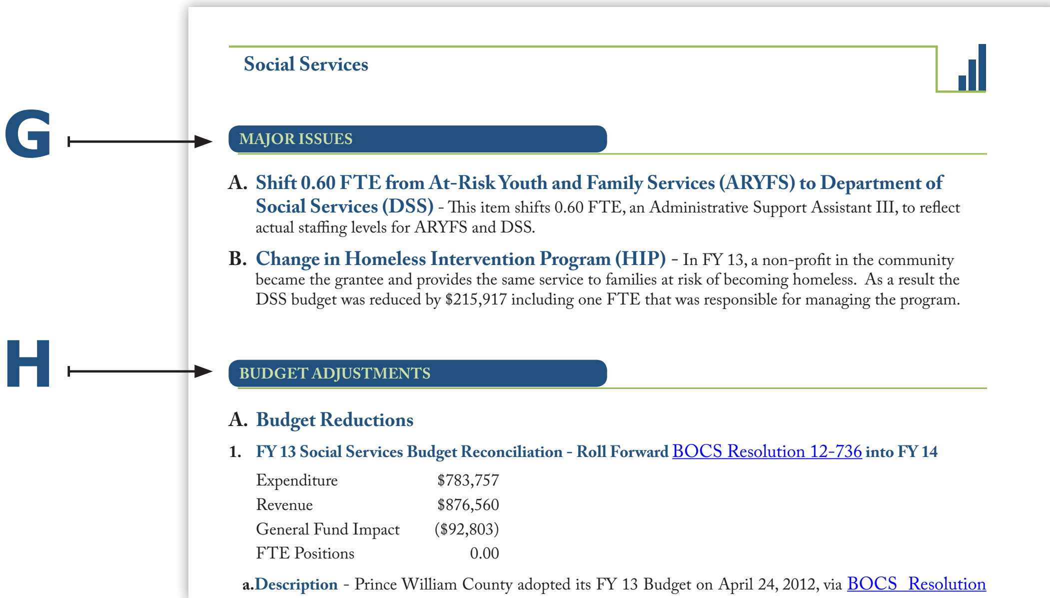
FTE BY PROGRAM

	FY 12 Adopted	FY 13 Adopted	FY 14 Adopted
1 Child Welfare	78.33	79.53	79.53
2 Benefits, Employment and Child Care	120.53	121.53	120.00
3 Homeless Emergency Shelter and Overnight Care	4.30	4.30	3.30
4 Adult Services	5.80	6.00	6.00
5 Agency Administration	36.40	34.00	34.60
6 Youth Residential Services	64.03	64.03	64.03
Full-Time Equivalent (FTE) Total	**309.39**	**309.39**	**307.46**

G. Major Issues - Narrative discussion summarizing major FY 14 budget changes and other issues for the agency as a whole.

H. Budget Adjustments - Budget adjustments for each agency are grouped into three categories:

1. Budget Reductions
2. Budget Additions
3. Budget Shifts



Social Services

MAJOR ISSUES

A. Shift 0.60 FTE from At-Risk Youth and Family Services (ARYFS) to Department of Social Services (DSS) - This item shifts 0.60 FTE, an Administrative Support Assistant III, to reflect actual staffing levels for ARYFS and DSS.

B. Change in Homeless Intervention Program (HIP) - In FY 13, a non-profit in the community became the grantee and provides the same service to families at risk of becoming homeless. As a result the DSS budget was reduced by $215,917 including one FTE that was responsible for managing the program.

BUDGET ADJUSTMENTS

A. Budget Reductions

1. FY 13 Social Services Budget Reconciliation - Roll Forward BOCS Resolution 12-736 **into FY 14**

Expenditure	$783,757
Revenue	$876,560
General Fund Impact	($92,803)
FTE Positions	0.00

a. Description - Prince William County adopted its FY 13 Budget on April 24, 2012, via BOCS Resolution

I. Program Summary - The agency budget pages are organized by program and have the following details:

1. **Outcome Targets & Trends** - Multi-year trends for the community and program outcomes. Some of these come directly from the community survey completed in FY 12. Included in this section are outcome measures that help evaluate multiple activities within a program. The targets shown for FY 12, FY 13 and FY 14 were adopted by the Board of County Supervisors. Actual results are shown for FY 12.

2. **Activities & Service Level Trends** - Under each agency program, there is a brief description of each activity that rolls up into the program. Performance measures are listed for each activity. Service level targets represent agency performance objectives for the year. The targets shown for FY 12, FY 13 and FY 14 were adopted by the Board of County Supervisors. Actual results are shown for FY 12.

The agency detail section of the budget document consists of the following elements that describe each agency's organization, budget and service delivery for FY 14.

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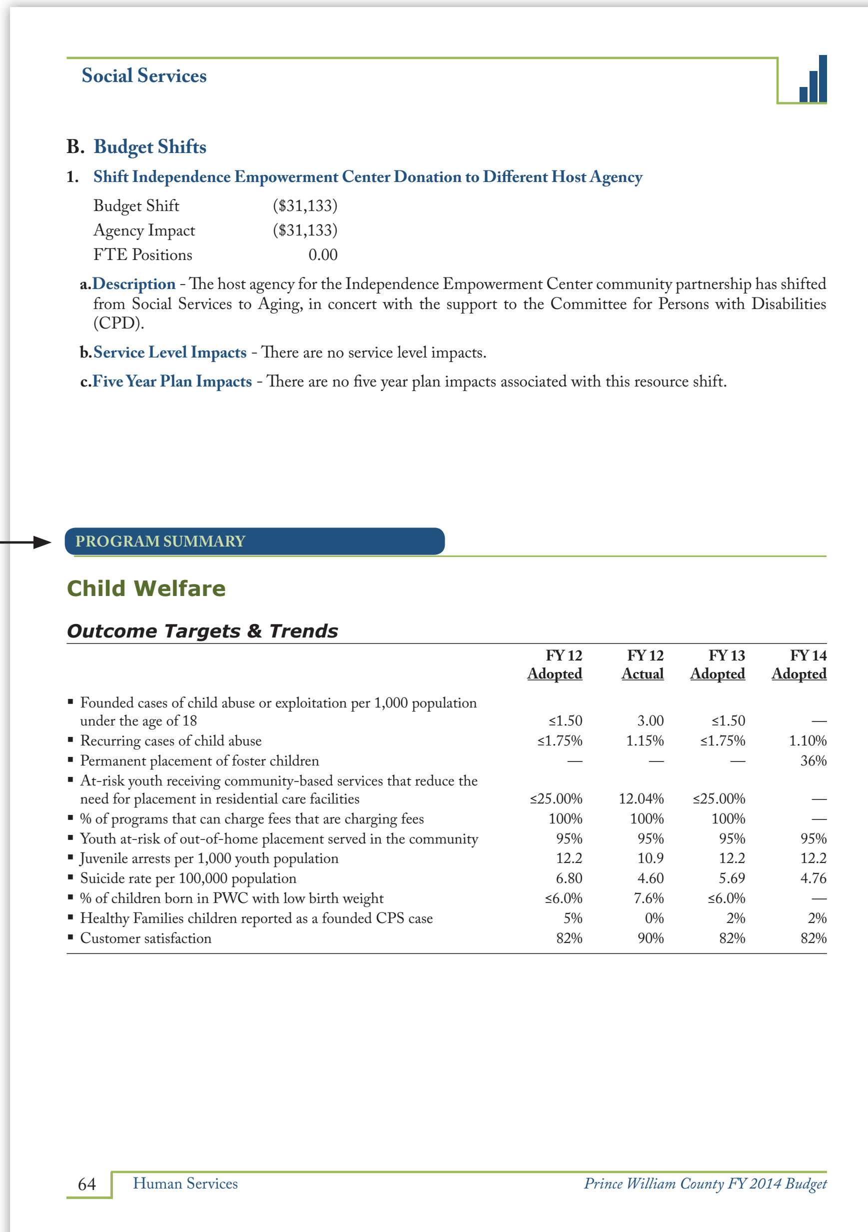

Social Services

B. Budget Shifts

1. Shift Independence Empowerment Center Donation to Different Host Agency

Budget Shift	($31,133)
Agency Impact	($31,133)
FTE Positions	0.00

a. **Description** - The host agency for the Independence Empowerment Center community partnership has shifted from Social Services to Aging, in concert with the support to the Committee for Persons with Disabilities (CPD).

b. **Service Level Impacts** - There are no service level impacts.

c. **Five Year Plan Impacts** - There are no five year plan impacts associated with this resource shift.

PROGRAM SUMMARY

Child Welfare

Outcome Targets & Trends

	FY 12 Adopted	FY 12 Actual	FY 13 Adopted	FY 14 Adopted
▪ Founded cases of child abuse or exploitation per 1,000 population under the age of 18	≤1.50	3.00	≤1.50	—
▪ Recurring cases of child abuse	≤1.75%	1.15%	≤1.75%	1.10%
▪ Permanent placement of foster children	—	—	—	36%
▪ At-risk youth receiving community-based services that reduce the need for placement in residential care facilities	≤25.00%	12.04%	≤25.00%	—
▪ % of programs that can charge fees that are charging fees	100%	100%	100%	—
▪ Youth at-risk of out-of-home placement served in the community	95%	95%	95%	95%
▪ Juvenile arrests per 1,000 youth population	12.2	10.9	12.2	12.2
▪ Suicide rate per 100,000 population	6.80	4.60	5.69	4.76
▪ % of children born in PWC with low birth weight	≤6.0%	7.6%	≤6.0%	—
▪ Healthy Families children reported as a founded CPS case	5%	0%	2%	2%
▪ Customer satisfaction	82%	90%	82%	82%

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