

I. Prince William Financial and Program Planning Ordinance

In 1994, the Prince William Board of County Supervisors adopted the Financial and Program Planning Ordinance. This ordinance provides a framework for planning government services, funding these planned services, and achieving desired community outcomes. This framework also links the County's strategic planning and budgeting processes, resulting in the implementation of strategic-based, outcome budgeting in Prince William County. This type of budgeting accomplishes two major objectives. First, it provides County leaders and residents with a blueprint for the current and future direction of the County government. Second, it enables decision-makers to make budget decisions based on achieving community outcomes. This system implements the community's vision for accountable, efficient government.

II. Community Vision and Values

A. The Future Report

In 1989, the Prince William Board of County Supervisors approved a process to involve the community in envisioning the physical and aesthetic characteristics of life as well as the amenities and opportunities that should exist in Prince William in the year 2010. The Board appointed fifteen

citizens to the County's Commission on the Future to oversee this process. When completed, this "visioning" process involved over 3,000 citizens. The Future Report covers nearly every aspect of life in Prince William and contains hundreds of vision statements.

B. The Annual Citizen Survey

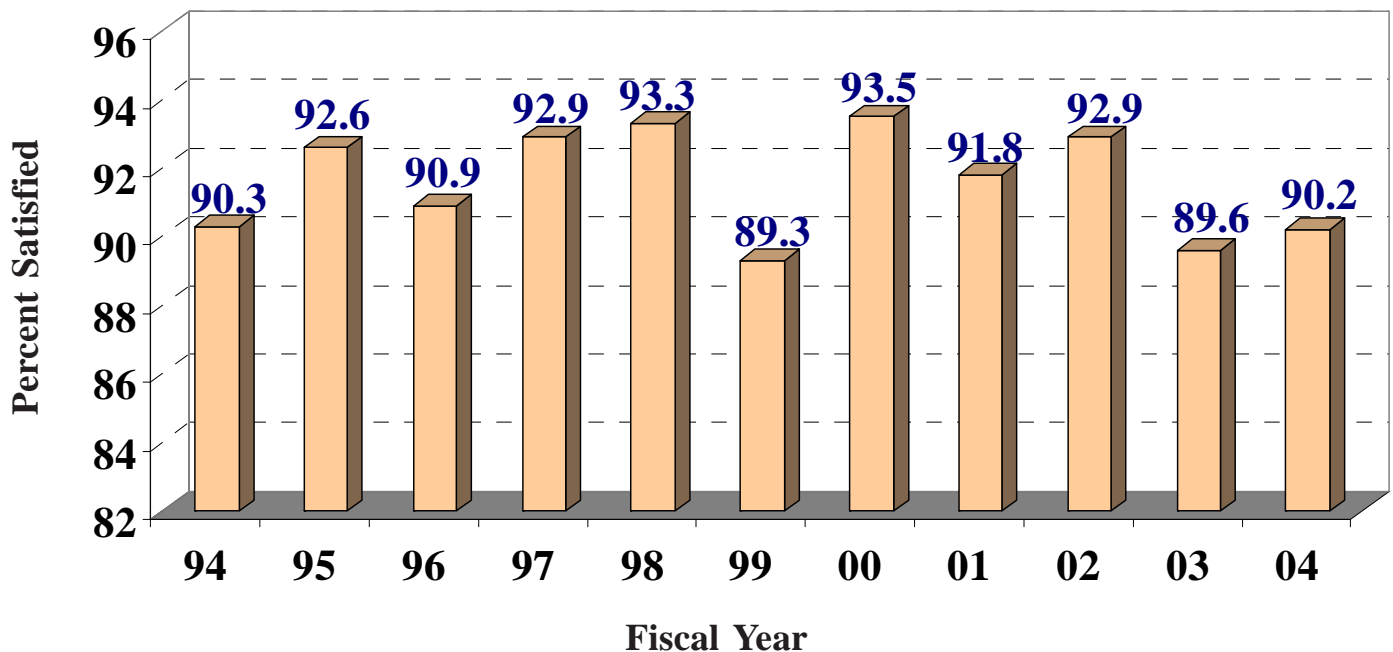
A formal visioning process is only one way the County gauges citizens' views on vision and values. Every spring, the University of Virginia conducts a citizen survey for Prince William County that asks citizens to rate their satisfaction both with overall County Government and with various County services and facilities. This survey provides valuable information to the Board of County Supervisors and to staff and ties directly into agencies' service level targets. Every four years, the County expands the use of this survey to include not only satisfaction with current services, but also citizens' views on issues and problems facing the County. Figure 1, below, shows citizen satisfaction with County government services from 1994-2004.

C. On-going Community Dialogue

The County's Strategic Plan is a community-based plan. This is a key reason why the Plan has been so successful in achieving the County's future vision and in guiding resource allocation decisions. The Board consistently encourages citizen input and participation throughout the

Figure 1

Overall Citizen Satisfaction with County Government Services



II. Community Vision and Values (continued)

planning and budget processes. In addition to the annual citizen survey, this includes:

1. **Annual community meetings** to provide citizens with reports on progress towards implementation of the Strategic Plan and to get input on changes to the plan;
2. **Community meetings and public hearings** on the recommendations contained in the annual budget;
3. **Ongoing presentations and dialogue** with civic, business and community groups on the Strategic Plan and budget;
4. **Annual meetings with all County board, committee and commission members** to get their input into these processes;
5. **Dialogue with the Board's Budget Committees** regarding recommendations in the proposed budget.

III. Prince William County Strategic Plan

A. Strategic Planning Process

Strategic Planning leads to focused achievement of the community's vision because it:

1. Concentrates on a limited number of strategic goals;
2. Explicitly considers resource availability;
3. Assesses internal strengths and weaknesses;
4. Considers major events and changes occurring outside the jurisdiction;
5. Explores different alternatives for achieving strategic goals;
6. Is action oriented with a strong emphasis on achieving practical outcomes.

The Board of County Supervisors adopted the County's first Strategic Plan in October 1992. The 1992-1996 Strategic Plan guided the development of the FY 94-97 Fiscal Plans. The second Strategic Plan was adopted in January 1997. The 1996-2000 Strategic Plan guided the FY 98-01 Fiscal Plans. In April, 2001, the Board of County Supervisors adopted the county's third Strategic Plan. The 2001-2005 Strategic Plan guided the development of the FY02-05 budgets. In October 2004 the Board adopted the 2004-2008 Strategic Plan which will guide budget development thru FY 09.

B. Strategic Plan Elements

The Prince William County Strategic Plan is a four-year document designed to help the County achieve its long-term vision. As such, it provides crucial policy guidance for service delivery and resource allocation decisions during the Board of County Supervisor's four-year term. The Prince William County Strategic Plan defines:

1. **The mission statement** for County government;
2. **Strategic goals** for the County;
3. **Community outcomes** which measure success in achieving the strategic goals;
4. **Strategies and objectives** to achieve the goals.

C. Strategic Goals

The adopted Strategic Goals are the service delivery areas in which Prince William County will place its emphasis over the next several years - particularly in its annual budget and capital improvements program. Prince William County's 2004-2008 Strategic Goals are as follows:

Community Development

Prince William County will develop and maintain a well-planned, attractive and sustainable community where citizens enjoy a high quality of life and positive reward for their investment. We are a community where residents, businesses and visitors appreciate the County's historic, cultural, natural and recreational resources.

Economic Development

The County will maintain an economic development climate that will attract and foster the expansion of environmentally sound industries to create quality jobs, diversify the non-residential tax base, and allow people to live in, work in, and visit Prince William County.

Education

The County will provide a quality educational environment and opportunities, in partnership with the School Board, the education community, and businesses to provide our citizens with job readiness skills and/or the academic qualifications for post-secondary education and the pursuit of life-long learning.

Human Services

The County will provide efficient, effective, integrated, and accessible human services that support individual and family efforts to achieve independence and self-sufficiency. The County shall focus on leveraging state and federal funding and maximizing community partnerships.

Public Safety

The County will continue to be a safe community, reduce crime and prevent personal injury and loss of life and property.

Transportation

The County will facilitate intra/inter jurisdictional movement that gets people to jobs, improves safety, reduces congestion, reduces travel time, supports and encourages economic development, and is environmentally sensitive.

D. Strategic Plan Accomplishments

The Board of County Supervisors successfully implemented the 1992-1996 Strategic Plan, using it to guide the FY 94-97 budgets and the County's rightsizing efforts.

1. The National Association of Counties (NACO) presented a 1992 Achievement Award for the County's Strategic Plan.
2. Over 2,000 citizens were involved in developing the 2001-2005 Strategic Plan.
3. Over 2,300 citizens were involved in developing the 2004-2008 Strategic Plan.

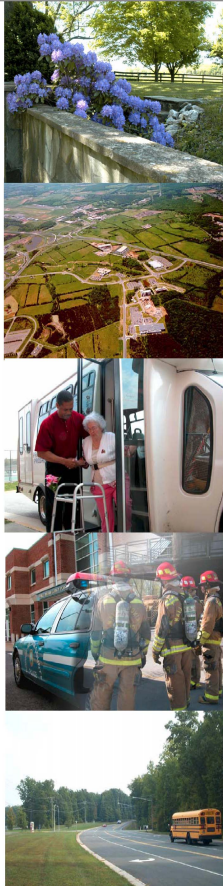
2004-2008 STRATEGIC PLAN

Prince William County is a premier community where we treasure the richness of 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 business and technology leader for the 21st century.

Prince William County, Virginia



IV. Measuring Performance

When done well and used well, performance measurement contributes to: service delivery; decision-making; evaluating program performance and results; communicating program goals; and perhaps most importantly, improving program effectiveness.

A. Strategic Plan Community Outcomes

Performance measurement was taken one step further when the Board of County Supervisors incorporated community outcome measures into the 1996-2000 Strategic Plan. The 1992-1996 Strategic Plan did not contain these outcomes because of a lack of measurement experience. These community outcomes are adopted for each strategic goal area and are the essential measures of success which tell the County whether or not it achieved its strategic goals. In addition, these outcomes show how the community will benefit or change based on achieving the strategic goal. Not all community outcomes have numeric targets due to a lack of base data. Keeping with the concept of community-based planning, these community outcome measures were recommended by citizens. The community outcomes for each goal in the 2004-2008 Strategic Plan are as follows:

1. Community Development Community Outcomes:

- Increase citizen satisfaction with their Quality of Life, as measured by the Citizen Survey.
- The value of Building Rehabilitation Permits issued will be greater than the value the previous year.
- The percent increase in the Assessed Value in Potomac Communities will be greater than the percent increase in the rest of the County.
- Increase satisfaction with the job the County is doing in preventing neighborhoods from deteriorating and making sure the community is well kept up.
- Increase Satisfaction with the County's efforts with Planning and Land Use.
- Increase new owner occupied residential units that are affordable to County citizens as defined by 30% of median family income.
- Average litter rating for designated County roads will be 1.5 or better (with 0 = no visible trash and 5 = trash dumping site).
- Increase citizen satisfaction with County efforts in historic preservation.
- Increase transient occupancy tax revenue over the prior year.

IV. Measuring Performance (continued)

2. Economic Development Community Outcomes:

- Increase economic development capital investment by \$100 million from the expansion of existing businesses (non-retail).
- Add or expand 80 targeted businesses to Prince William County.
- Increase economic development capital investment by \$320 million from the attraction of new businesses (non-retail).
- Add 4,440 new jobs from attraction of new and expansion of existing businesses (non-retail).
- Increase the average weekly wage per employee by 12% at the end of four years as measured in constant dollars.

3. Education Community Outcomes – Identified in PWC Schools Strategic Plan

4. Human Services Community Outcomes:

- Prevent homelessness from exceeding 1.60 per 1,000 population.
- Prevent the suicide rate from exceeding 7.50 per 100,000 population.
- Prevent juvenile drug and alcohol arrests from exceeding 1.60 and 1.42, respectively, per 1,000 youth population.
- Prevent adult drug and alcohol arrests from exceeding 5.35 and 14.97, respectively, per 1,000 adult population.
- Prevent the number of substantiated cases of abuse, neglect and exploitation of children from exceeding 2.0 per 1,000 youth population.
- Prevent the number of substantiated cases of abuse, neglect and exploitation of adults from exceeding 0.50 per 1,000 adult population.
- Prevent the average length of State hospital stays from exceeding 52 days for mentally ill clients.
- Serve in the community no less than 92% of youth at-risk of out-of-home placement.
- Prevent the two year re-offense rate of juvenile offenders from exceeding 44%.
- Promote child health by preventing low birth weight from exceeding 6.5% of all births.

5. Public Safety Community Outcomes:

- Achieve a rate of residential fire-related deaths that is less than 2 per 100,000 population per year.
- Achieve a rate of fire injuries at 11 or fewer per 100,000 population per year.
- Attain a witnessed cardiac arrest survival rate of 10% or greater.
- Advanced Life Support (ALS) response times will improve by four percentage points.
- Basic Life Support (BLS) response times will improve by four percentage points.
- Fire suppression response times will improve by four percentage points.
- Prince William will rank in the lowest third of the COG Region Crime Rate Index with a Part I crime rate of less than 24 per 1,000 population.
- Maintain a police emergency (in-progress) average response time of 7 minutes or less.
- Attain a juvenile arrest rate of 15.0 per 1,000 youth population per year.
- Prince William County will attain a closure rate of 23% for Part I crimes.
- The vehicle crash rate per vehicle miles traveled will be no more than 5 percentage points over the previous year.
- Increase the percent of citizens who report they are prepared to be self-sufficient in the event of a disaster.

6. Transportation Community Outcomes:

- Further reduce the number of traffic accidents (vehicular and pedestrian) at critical intersections by 5%.
- Achieve 9.0 million passenger trips through multi-modal means.
- Continue to meet regional EPA attainment goals for air quality standards.
- Increase the base of citizens telecommuting to 20%.
- 62.9% of citizens are satisfied with their ease of Getting Around.

B. Goals, Objectives and Activities

During development of the FY 2000 budget, the County revised its format taking budget accountability one step further by identifying the activities within each agency program and the costs associated with these activities. The components of this format based on the adopted 2004-2008 Strategic Plan are as follows:

1. **Strategic Goals** - Statements of public policy adopted by the Board of County Supervisors through the 2004-2008 Strategic Plan. There are six County strategic goal areas: Community Development; Economic Development, Education, Human Services, Public Safety and Transportation.
2. **Goal** - General statements of the public policy mission and intent of each program. These are not included in the Prince William County 2004-2008 Strategic Plan.
3. **Desired Community Outcomes** - Key outcomes with targets that demonstrate how the community or individual will benefit or change based on achieving the goal. Community outcomes are adopted by the Board of County Supervisors in the strategic plan, taken from the annual citizen telephone survey, or developed by agencies based on their mission and goals.
4. **Outcome Trends** - Multi-year trends for the community and program outcomes. The unit of measure is stated and the numerical targets shown for FY 04, FY 05 and FY 06 as adopted by the Board of County Supervisors. Actual data is shown for FY 03 and FY 04.
5. **Objectives** - Measurable statements of what the program will accomplish during the fiscal year to achieve the larger goal and community outcomes targets.
6. **Activities** - Measurable statements describing the jobs performed in order to achieve the objectives.
7. **Activity Costs** - Statement of the expenditure budget for each activity.
8. **Service Levels** - Performance measures are displayed for each program and activity. Service level targets represent agency performance objectives for the year. The unit of measure is stated and the numerical targets shown for FY 04, FY 05 and FY 06 as adopted by the Board of County Supervisors. Actual data is reported for FY 03 and FY 04.

C. Service Efforts and Accomplishments Report

Prince William takes performance measurement one step further with the production of Service Efforts and Accomplishments (SEA) reports for various aspects of County

government. These reports contain cost, workload and performance measures as benchmarked against performance in prior years and similar measures in other jurisdictions. Thus, in developing the SEA, the County decided to measure success not only against its own performance but against other similar jurisdictions. The areas that were reported in the 2004 SEA include:

1. Adult Detention Center
2. Building Development
3. Fire and Rescue Services
4. Human Resources and Training & Development
5. Mental Health/Mental Retardation/Substance Abuse
6. Police
7. Public Welfare
8. Real Estate Assessments
9. Risk Management
10. Tax Administration

D. Performance Measurement Accomplishments

1. Community outcomes recommended by citizens are incorporated into each Strategic Goal area in the adopted 2004-2008 Strategic Plan.
2. Each program of County government reports its fiscal year goals in the form of service level targets and reports actual performance against these targets.
3. The County benchmarks its services against similar services in other jurisdictions in annual Service Efforts and Accomplishments (SEA) reports.
4. The National Association of Counties (NACO) presented a 1993 Achievement Award for the County's Performance Measurement System.
5. The County has been selected by the International City and County Manager's Association (ICMA) to participate along with 50 other jurisdictions in their Performance Measurement Consortium. Its purpose is to develop measures that can be used by all jurisdictions, thus facilitating benchmarking one jurisdiction with another. The County is sharing its expertise in developing measures in the following categories: Police services, Fire and Rescue services, Neighborhood services (parks, recreation, planning and zoning) and Administrative services.
6. The ICMA has published an interactive CD-ROM that teaches jurisdictions how to develop a performance

IV. Measuring Performance (continued)

measurement system. Prince William County is featured extensively in the CD-ROM.

7. The County received the prestigious Center for Accountability and Performance (CAP) Organizations Leadership Award from the American Society for Public Administration (ASPA) in March 2004. The CAP award recognizes outstanding applications of a systems approach to performance measurement that has resulted in a culture change, sustained improvements, and demonstrated positive effects on government performance and accountability.
8. The Government Finance Officer's Association (GFOA) gave the County's Fiscal Year 2005 budget the distinction of "Special Performance Measurement Recognition".

V. Resource Allocation

A. From Line Item Budgeting to Outcome Budgeting

Over the course of several years, Prince William County changed the way it creates budgets - from developing traditional line-item budgets to developing 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, on the other hand, measure accountability by whether or not an agency achieved the outcomes it said it would. 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. An Outcome Budgeting Example

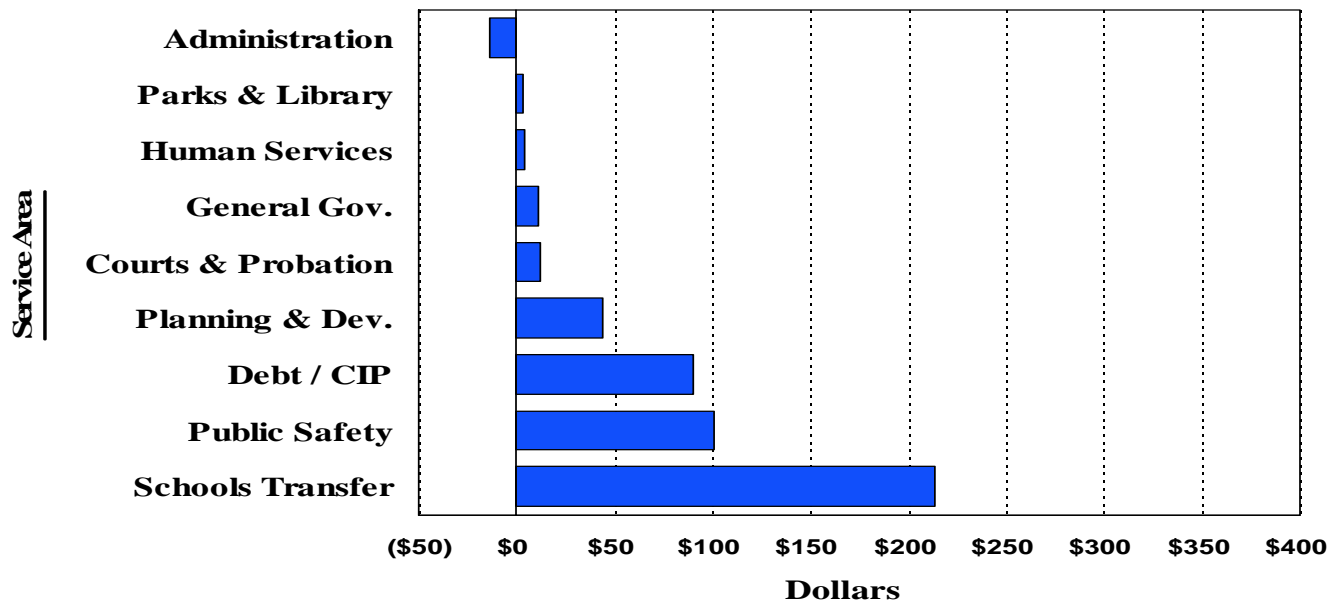
An example of outcome budget decision-making is the addition of patrol officers to the Police Department. In traditional line-item budgets, the focus would be on salary and equipment costs for those officers. Outcome budgets take this a step further to focus on the outcomes produced by those officers,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

C. Measuring 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 in minimizing the cost of government. Taxpayers are paying \$165 more per capita for general County services than they did in FY 92 when adjusted for inflation. In FY 92, the general budgeted cost per capita for County services (including

Figure 2

**FY 97 to FY 06 Dollar Change
In Cost Per Capita by Service Area
(Adjusted for Inflation)**



schools and fee-based services including the fire levy, stormwater, solid waste, etc) was \$1,350. The FY 06 adopted budget's general fund cost per capita is \$1,515, adjusted for inflation.

D. Citizen Satisfaction

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 County's strategic planning process and through the County's annual citizen survey. In 2004, the citizen survey showed that 90.2% of County residents were satisfied or very satisfied with the services provided by Prince William County Government. Also in 2004, citizen satisfaction with the value for their tax dollar was 75.8%, up from 65.5% in 1993.

The success of linking Strategic Planning to resource allocation can also be seen in *Figure 2* (on the preceding page) which shows the change in cost per capita by service area. Stated simply, those areas of government considered Strategic gain resources and those service areas considered non-strategic lose resources.

E. Resource Allocation Accomplishments

1. The Strategic Plan has guided resource allocation in the County. Shifting resources to strategic service areas and away from those services areas considered to be non-strategic. (See *Figure 2*)
2. The Strategic Plan guides the development of the Capital Improvements Program (CIP); 71% of the projects in the County's CIP support strategies and objectives in the Strategic Plan.
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 05. 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 FY 01, 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".
4. The National Association of Counties (NACO) presented a 1995 Achievement Award to the County for Prince William's budgeting process which focuses on outcomes (Budgeting for Results).

VI. Principles of Sound Financial Management

A. Basis for Sound Financial Management

Just as the Strategic Plan guides the County's operational priorities, the "Principles of Sound Financial Management" guides financial decisions. Prince William 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 recent credit upgrades, including achievement of its first AAA credit rating. 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;
3. Changes in national or local economic conditions can impact the revenue base.

B. County Bond Rating

The County's long-term financial goal is to achieve and maintain a high bond rating. 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 Principles of Sound Financial Management include the following:

VI. Principles of Sound Financial Management_(continued)

1. Fund Balance

- Establish and maintain a minimum General Fund Balance equal to 5% of annual General Fund revenues over the preceding year with an ultimate goal of achieving and maintaining a General Fund Balance at 7.5%; and
- Limit the use of this General Fund Balance to nonrecurring operating expenditures of an emergency nature.

2. Annual Fiscal Plan

- Limit current expenditures to current revenues plus projected turnback;
- Establish a Contingency Appropriation at a minimum of \$500,000;
- 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;
- 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 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.

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; and
- Invest a minimum 100% of total book cash balances at all times.

7. Assessments

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

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; and
- Maintain a purchasing system which provides needed materials in a timely manner to avoid interruptions in the delivery of services.

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.