



Melissa S. Peacor
County Executive

COUNTY OF PRINCE WILLIAM

OFFICE OF EXECUTIVE MANAGEMENT
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November 13, 2015

TO: Board of County Supervisors

FROM: Michelle A. Casciato
Management & Budget Director

THRU: Melissa S. Peacor
County Executive

RE: Quarterly Management and Expenditure Budget Report
First Quarter Fiscal Year 2016

I. Background is as follows:

- A. General Fund Expenditure Budget – The Board of County Supervisors (Board) adopted the FY2016 Budget in April 2015. The adopted general fund budget was \$1.02 billion. \$519.9 million represents the County government general fund budget. \$506.9 million will be transferred to the Schools in accordance with the current revenue sharing agreement (last amended in April 2013).
- B. Adherence to State Code – §15.2-516 of the Code of Virginia requires that the County Executive execute the budget as adopted and keep the Board fully advised as to the County's financial condition.
- C. Quarterly Updates – Section 2.09 of the “Principles of Sound Financial Management” requires quarterly updates within 45 days of the end of each quarter on the County’s general fund budget and trends presented to the Board with revenue and expenditure projections through the end of the year.
- D. FY16 First Quarter Expenditure Update – This report satisfies the general fund quarterly expenditure update requirement in the County’s Principles of Sound Financial Management.

- E. \$13 Million in Budgeted Agency Savings – A structural change was made in the FY2016 Budget which shifted year-end turnback to the individual agency budgets. All agencies, with the exception of the state courts and magistrates, are expected to generate 2.5% in savings from their appropriated budgets by year end.

II. Current Situation is as follows:

- A. Revised FY2016 Budget – As of September 30, 2015, the revised County general fund budget, excluding transfers, was \$465.9 million. This amount includes restricted subfunds within the general fund.
 - 1. First Quarter General Fund Expenditures and Projections – As of September 30, 2015, 26.6% of the County’s revised general fund budget had been expended or encumbered. After excluding Non-Departmental (73.78% of annual budget expended), agencies spent 21.4% of the appropriated budget during the first quarter. Due to the \$13 million budgeted as savings in agency operating budgets, it is projected that 99% of the County’s general fund expenditure budget will be expended by year end.
 - a) Full-Year Costs Charged in First Quarter - Fringe benefits are slightly higher in the first quarter because the retiree health insurance credit has been fully charged to agencies at a cost of \$1.6 million. Furthermore, annual Line of Duty Act (LODA) costs of \$2.1 million have been charged to public safety agencies (Police, Fire, and Sheriff) so their fringe benefit expenditures are skewed even higher in the first quarter. These will even out over the course of the budget year.
 - b) Pay Periods Per Quarter – The number of pay periods differ by quarter. The second and fourth quarters include an additional two-week pay period. Since payroll is cumulative, we expect overall agency budgets to be 99% expended by year end.

- B. Expenditure Detail by Agency – Attachment A provides the first quarter detail for general fund agency expenditures. Accounts are maintained on the modified accrual basis of accounting for governmental, expendable trust and agency funds. Dollar amounts are expressed in thousands. Items of particular interest are noted below.
1. Operating Budgets – Agencies function within the adopted annual appropriation and subsequent amendments. Encumbrances for routine operational expenses are generally set up in the second quarter. Personnel and fringe benefit costs are distributed fairly consistently throughout the year through the bi-weekly payroll; however, agency variances can occur due to vacant positions. Internal services such as information technology and fleet management are billed on an allocated cost recovery basis and cannot be spent or reallocated independently by agencies.
 2. Annual Technology Billing – Information technology costs are billed to agencies annually. The FY16 full year cost will be billed later this year.
 3. Agency Revenues – There are revenue sources other than the general fund that support the general fund expenditure budget. These include charges for services, federal and state revenue, and court fines and fees. The total revised FY16 agency revenue budget is \$107.8 million. Department heads monitor revenues carefully throughout the course of the year. If agency revenues are less than budgeted, the appropriated budget expenditure authority will be reduced to ensure that expenditures do not exceed the available funding.
 - a) First Quarter Agency Revenues – As of September 30, 2015, 26.5% of the total agency revenue budget has been received.
 4. General Fund Agency Variances – Notable variances, as reported in the *% of Budget* column in Attachment A are described below. Encumbrances are not included. Some general fund agencies have restricted subfunds, which are included in the department budget totals.
 - a) Audit Services – 4% expended – The BOCS approved the FY16 audit plan in October. Contract encumbrances are in place.

- b) Information Technology – 1% expended – The general fund portion of DoIT’s budget is limited to the cell tower OCA, used to collect cell tower revenues and make rental payments to the State. Only one rental payment has been made this year.
- c) Planning – 8% expended – Planning hosts the GIS application in its budget. This variance will self-correct when IT expenses are charged later this year.
- d) Juvenile & Domestic Relations Court – 15% expended – No county employees. Contractual and Other Services were less than budgeted.
- e) General District Court – 15% expended – Contractual and Other Services were less than budgeted.
- f) Magistrates – 19% expended – One magistrate who was budgeted for a supplement left state employment.
- g) Transportation – 44% expended – The variance is due to a delay in the charge of cost recovery activities, including the Design and Construction and Right of Way activities within the department. Those cost recovery activities charge expenses to capital projects. At the end of the first quarter, there was \$621,238 in actual expenditures that will be charged to capital projects in the future.
- h) Aging – 40% expended – Full payments have been made to Aging’s community partners, including Birmingham Green.
- i) Public Health – 2% expended – The first two quarterly payments were made in the 2nd quarter.
- j) Cooperative Extension – 16% expended – The agency has not yet been billed by the state for salary and benefit reimbursements.
- k) Elections – 18% expended – This will self-correct in the second quarter.
- l) Law Library – 12% expended – A retirement creates the favorable variance.
- m) Non-Departmental – 74% expended – The largest expenditure during the first quarter was \$27.8 million from the County’s general debt budget (nearly 72% of the total general debt budget). Debt service payments are generally made in July (first quarter) and January (third quarter) of each fiscal year. In addition to debt service, the following annual payments are made during the first quarter of each fiscal year from the Non-Departmental budget:
 - Self-Insurance Workers Compensation (\$3.8 million)
 - Self-Insurance Casualty Pool (\$1.1 million)

- Property and miscellaneous insurance premiums (\$0.4 million)

C. Development Fee-Funded Flex Positions Authorized in FY15 – Two fee-funded flex positions were authorized by the Board during FY15. Neither position has been activated as of 9/30/2015.

III. Regional Transportation Revenue Update is as follows:

- A. NVTA 30% Funding – HB 2313 provides funding for transportation improvements and for public transportation purposes. As of August 30, 2015, \$12.27 million had been transferred to PWC in FY 15.
- B. PRTC Motor Fuels Tax Revenue – Motor fuel tax revenues continue to underperform due to lower fuel prices. Through August 2015 the County has collected \$1.98 million in fuel tax. The FY16 year-end projection is \$11.1 million. The PRTC FY16 adopted budget anticipates \$11.5 million in fuel tax receipts.

IV. Federal and State Government Financial Update is as follows:

- A. FY2016 Federal Budget – The President signed a two-year budget bill on October 30. Sequestration caps will be relaxed for non-defense discretionary spending by \$80 billion over the next two years. However, congressional appropriations committees are crafting an omnibus spending bill that must be signed into law by December 11 to avoid a federal government shutdown.
- B. FY2016-18 Virginia State Biennium Budget – Governor McAuliffe will introduce his budget to the General Assembly on December 17, 2015.

V. Recommendation: This report is provided for information purposes only – no action is needed at this time.

Staff Contact: Michelle Casciato – x5539

Attachment: FY16 Q1 General Fund Expenditures by Department

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(amounts expressed in thousands)

Sum of m03		Fiscal Year 2016, 1st Quarter				
Department	Department Name	OL1	OL1 Title	Budget Expenditures	Actual Expenditures	% of the budget
1	Board of County Supervisors	20	Personal Services	2,165.19	440.28	
		25	Fringe Benefits	610.25	145.18	
		30	Contractual Services	93.85	11.42	
		40	Internal Services	116.91		
		50	Other Services	827.97	229.59	
		70	Capital Outlay	1.19		
		80	Leases and Rentals	39.00	7.71	
		87	Reserves & Contingencies	(92.59)		
1 Total				3,761.77	834.17	22.17%
2	County Attorney	20	Personal Services	2,726.70	731.01	
		25	Fringe Benefits	809.98	187.43	
		30	Contractual Services	56.01	9.09	
		40	Internal Services	79.94	0.07	
		50	Other Services	123.20	24.71	
		70	Capital Outlay	1.13		
		80	Leases and Rentals	4.85	1.88	
		87	Reserves & Contingencies	(175.90)		
2 Total				3,625.90	954.19	26.32%
3	Audit Services	20	Personal Services	91.81	20.94	
		25	Fringe Benefits	34.92	8.72	
		30	Contractual Services	704.96	-	
		40	Internal Services	3.80	-	
		50	Other Services	17.16	1.88	
		87	Reserves & Contingencies	(19.70)	-	
3 Total				832.94	31.54	3.79%
6	Office of Executive Management	20	Personal Services	2,447.81	480.20	
		25	Fringe Benefits	741.14	190.69	
		30	Contractual Services	290.49	63.49	
		40	Internal Services	108.32	0.31	
		50	Other Services	187.04	9.72	
		80	Leases and Rentals	19.08	2.48	
		87	Reserves & Contingencies	(92.50)	-	
6 Total				3,701.38	746.88	20.18%
7	Dept of Information Technology	50	Other Services	147.30	1.16	
7 Total				147.30	1.16	0.79%
8	Human Resources	20	Personal Services	1,820.66	420.17	
		25	Fringe Benefits	571.30	141.94	
		30	Contractual Services	258.14	58.32	
		40	Internal Services	559.51	-	
		50	Other Services	94.32	12.92	
		80	Leases and Rentals	12.96	2.61	
		87	Reserves & Contingencies	(147.46)	-	
8 Total				3,169.44	635.96	20.07%
9	Planning	20	Personal Services	817.33	176.99	
		25	Fringe Benefits	268.14	66.65	
		30	Contractual Services	114.11	2.00	
		40	Internal Services	1,750.28	0.51	
		50	Other Services	504.25	4.77	
		80	Leases and Rentals	11.46	2.27	

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(amounts expressed in thousands)

Sum of m03		Fiscal Year 2016, 1st Quarter				
Department	Department Name	OL1	OL1 Title	Budget Expenditures	Actual Expenditures	% of the budget
		87	Reserves & Contingencies	(83.09)	-	
9 Total				3,382.49	253.19	7.49%
10	Economic Development	20	Personal Services	1,130.06	251.29	
		25	Fringe Benefits	354.49	85.85	
		30	Contractual Services	553.65	144.26	
		40	Internal Services	41.98	0.28	
		50	Other Services	543.47	305.07	
		70	Capital Outlay	27.46	25.65	
		80	Leases and Rentals	254.91	46.85	
		87	Reserves & Contingencies	(63.61)	-	
10 Total				2,842.39	859.25	30.23%
20	Finance	20	Personal Services	9,903.21	2,260.29	
		25	Fringe Benefits	3,427.15	857.11	
		30	Contractual Services	2,058.43	258.57	
		40	Internal Services	3,207.65	6.05	
		50	Other Services	1,216.87	285.25	
		70	Capital Outlay	17.91	-	
		80	Leases and Rentals	50.28	7.64	
		87	Reserves & Contingencies	(871.92)	(82.84)	
20 Total				19,009.57	3,592.06	18.90%
	Office of Management & Budget	20	Personal Services	1,136.25	262.84	
		25	Fringe Benefits	353.04	87.00	
		30	Contractual Services	110.84	-	
		40	Internal Services	40.38	0.10	
		50	Other Services	79.83	2.54	
		80	Leases and Rentals	5.38	0.76	
		87	Reserves & Contingencies	(40.86)	-	
23 Total				1,684.86	353.23	20.96%
	Public Safety	20	Personal Services	7,309.43	1,320.09	
		25	Fringe Benefits	2,173.26	515.76	
		30	Contractual Services	472.50	64.09	
		40	Internal Services	277.33	0.01	
		50	Other Services	487.36	112.73	
		70	Capital Outlay	5.00	-	
		80	Leases and Rentals	12.04	2.19	
		87	Reserves & Contingencies	(247.07)	-	
24 Total				10,489.83	2,014.88	19.21%
25	Police	20	Personal Services	60,379.72	12,878.91	
		25	Fringe Benefits	20,173.78	5,910.59	
		30	Contractual Services	1,625.54	267.88	
		40	Internal Services	11,043.43	701.25	
		50	Other Services	5,638.92	653.28	
		70	Capital Outlay	262.88	17.52	
		80	Leases and Rentals	532.23	71.75	
		87	Reserves & Contingencies	(2,334.54)	-	
25 Total				97,321.96	20,501.19	21.07%
27	Commonwealth Attorney	20	Personal Services	4,107.13	902.24	
		25	Fringe Benefits	1,208.78	308.77	
		30	Contractual Services	3.16	-	

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(amounts expressed in thousands)

Sum of m03		Fiscal Year 2016, 1st Quarter				
Department	Department Name	OL1	OL1 Title	Budget Expenditures	Actual Expenditures	% of the budget
		40	Internal Services	140.25	0.18	
		50	Other Services	94.49	34.85	
		80	Leases and Rentals	15.16	3.12	
		87	Reserves & Contingencies	(135.57)	-	
27 Total				5,433.39	1,249.17	22.99%
28	Sheriff	20	Personal Services	6,295.34	1,450.73	
		25	Fringe Benefits	2,248.63	712.14	
		30	Contractual Services	131.11	34.49	
		40	Internal Services	659.85	77.65	
		50	Other Services	416.14	90.50	
		80	Leases and Rentals	8.40	1.40	
		87	Reserves & Contingencies	(236.30)	-	
28 Total				9,523.16	2,366.90	24.85%
29	Juvenile Court Service Unit	20	Personal Services	421.69	102.05	
		25	Fringe Benefits	136.39	35.42	
		30	Contractual Services	182.42	29.43	
		40	Internal Services	79.73	1.75	
		50	Other Services	24.88	9.68	
		80	Leases and Rentals	1.58	0.25	
		87	Reserves & Contingencies	(7.94)	-	
29 Total				838.74	178.59	21.29%
30	Juv and Domestic Rel Court	30	Contractual Services	10.94	2.54	
		40	Internal Services	22.13	-	
		50	Other Services	51.99	11.12	
		80	Leases and Rentals	19.75	2.16	
30 Total				104.80	15.82	15.09%
31	Circuit Court Judges	20	Personal Services	524.26	129.90	
		25	Fringe Benefits	173.06	49.49	
		30	Contractual Services	0.55	-	
		40	Internal Services	32.30	-	
		50	Other Services	35.58	6.32	
		80	Leases and Rentals	2.20	0.64	
31 Total				767.95	186.34	24.26%
32	Clerk of the Court	20	Personal Services	2,516.77	562.46	
		25	Fringe Benefits	903.46	231.25	
		30	Contractual Services	444.76	64.39	
		40	Internal Services	131.17	-	
		50	Other Services	124.55	14.26	
		80	Leases and Rentals	11.50	2.77	
		87	Reserves & Contingencies	(96.68)	-	
32 Total				4,035.53	875.14	21.69%
33	General District Court	20	Personal Services	44.48	10.24	
		25	Fringe Benefits	16.57	4.33	
		30	Contractual Services	116.85	8.74	
		40	Internal Services	25.21	-	
		50	Other Services	50.74	13.63	
		80	Leases and Rentals	14.55	2.68	
33 Total				268.40	39.62	14.76%
34	Criminal Justice Services	20	Personal Services	2,347.32	541.57	
		25	Fringe Benefits	683.31	187.86	
		30	Contractual Services	200.92	19.68	

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(amounts expressed in thousands)

Sum of m03		Fiscal Year 2016, 1st Quarter			Budget	Actual	% of the
Department	Department Name	OL1	OL1 Title	Expenditures	Expenditures	budget	
		40	Internal Services	138.59	0.59		
		50	Other Services	261.84	52.40		
		80	Leases and Rentals	7.38	1.20		
		87	Reserves & Contingencies	(86.43)	-		
34 Total				3,552.93	803.30		22.61%
35	Magistrates	20	Personal Services	115.95	22.89		
		25	Fringe Benefits	8.87	1.75		
		30	Contractual Services	0.36	-		
		40	Internal Services	17.71	-		
		50	Other Services	6.49	2.86		
		80	Leases and Rentals	2.11	0.74		
35 Total				151.50	28.24		18.64%
37	Human Rights Office	20	Personal Services	428.91	85.52		
		25	Fringe Benefits	133.39	27.74		
		30	Contractual Services	3.05	2.06		
		40	Internal Services	19.71	-		
		50	Other Services	16.49	3.10		
		80	Leases and Rentals	4.10	0.47		
		87	Reserves & Contingencies	(14.76)	-		
37 Total				590.89	118.88		20.12%
38	Fire and Rescue	20	Personal Services	52,625.53	10,684.35		
		25	Fringe Benefits	16,445.09	4,590.99		
		30	Contractual Services	1,929.11	373.36		
		40	Internal Services	6,469.12	186.60		
		50	Other Services	3,559.73	442.14		
		70	Capital Outlay	701.93	140.37		
		80	Leases and Rentals	72.22	11.06		
		87	Reserves & Contingencies	(5,715.88)	-		
38 Total				76,086.87	16,428.86		21.59%
40	Public Works	20	Personal Services	8,851.81	2,057.45		
		25	Fringe Benefits	3,163.33	788.92		
		30	Contractual Services	7,175.43	1,432.43		
		40	Internal Services	1,143.93	118.27		
		50	Other Services	6,558.08	1,210.07		
		70	Capital Outlay	3,343.32	490.78		
		80	Leases and Rentals	6,614.33	1,620.16		
		87	Reserves & Contingencies	(3,306.50)	-		
40 Total				33,543.73	7,718.08		23.01%
41	Transportation	20	Personal Services	2,081.73	572.24		
		25	Fringe Benefits	668.60	166.44		
		30	Contractual Services	199.74	1.30		
		40	Internal Services	132.57	8.47		
		50	Other Services	2,219.56	466.11		
		70	Capital Outlay	43.04	-		
		80	Leases and Rentals	56.28	0.67		
		87	Reserves & Contingencies	(2,631.48)	-		
41 Total				2,770.05	1,215.23		43.87%
	44 Dept. of Parks & Rec	20	Personal Services	7,791.31	1,807.91		
		25	Fringe Benefits	2,515.99	627.17		
		30	Contractual Services	2,231.28	523.17		
		40	Internal Services	963.01	1.22		

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(amounts expressed in thousands)

Sum of m03		Fiscal Year 2016, 1st Quarter				
Department	Department Name	OL1	OL1 Title	Budget Expenditures	Actual Expenditures	% of the budget
		50	Other Services	4,489.57	1,953.96	
		58	Debt Maintenance	220.62	110.31	
		70	Capital Outlay	1,728.04	11.72	
		80	Leases and Rentals	7.30	2.96	
		87	Reserves & Contingencies	(599.84)		
44	Total			19,347.28	5,038.42	26.04%
50	Social Services	20	Personal Services	20,156.66	4,183.28	
		25	Fringe Benefits	6,594.38	1,570.79	
		30	Contractual Services	2,116.74	328.46	
		40	Internal Services	1,101.84	15.04	
		50	Other Services	13,734.68	2,242.98	
		58	Debt Maintenance	-		
		70	Capital Outlay	239.10		
		80	Leases and Rentals	94.58	14.55	
		87	Reserves & Contingencies	(1,039.21)		
50	Total			42,998.76	8,355.11	19.43%
51	Office on Aging	20	Personal Services	1,796.65	374.27	
		25	Fringe Benefits	507.83	120.89	
		30	Contractual Services	2,287.17	1,534.06	
		40	Internal Services	137.57	4.31	
		50	Other Services	1,295.50	298.91	
		80	Leases and Rentals	11.00	2.48	
		87	Reserves & Contingencies	(141.73)	-	
51	Total			5,893.99	2,334.93	39.62%
52	Public Health	20	Personal Services	224.58	50.05	
		25	Fringe Benefits	85.01	19.83	
		30	Contractual Services	1.42		
		40	Internal Services	28.86	4.52	
		50	Other Services	3,083.22	-	
		87	Reserves & Contingencies	(98.44)		
52	Total			3,324.65	74.40	2.24%
53	Community Services Board	20	Personal Services	21,511.27	4,820.11	
		25	Fringe Benefits	6,652.56	1,638.58	
		30	Contractual Services	9,071.15	1,670.96	
		40	Internal Services	1,557.02	28.97	
		50	Other Services	2,039.01	206.56	
		58	Debt Maintenance	24.26		
		70	Capital Outlay	80.00		
		80	Leases and Rentals	169.55	32.49	
		87	Reserves & Contingencies	(944.39)		
53	Total			40,160.43	8,397.69	20.91%
59	Cooperative Extension Service	20	Personal Services	588.22	101.26	
		25	Fringe Benefits	125.00	26.88	
		30	Contractual Services	1.65		
		40	Internal Services	79.78	0.15	
		50	Other Services	26.99	1.50	
		87	Reserves & Contingencies	(20.17)		
59	Total			801.48	129.80	16.19%
60	Office of Elections	20	Personal Services	798.30	132.87	
		25	Fringe Benefits	219.97	39.83	

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(amounts expressed in thousands)

Sum of m03		Fiscal Year 2016, 1st Quarter				
Department	Department Name	OL1	OL1 Title	Budget Expenditures	Actual Expenditures	% of the budget
		30	Contractual Services	462.95	37.61	
		40	Internal Services	60.71	-	
		50	Other Services	149.60	32.85	
		70	Capital Outlay	500.77	137.48	
		80	Leases and Rentals	12.40	1.96	
		87	Reserves & Contingencies	(50.06)	-	
60 Total				2,154.64	382.61	17.76%
62	Library	20	Personal Services	10,630.88	2,069.38	
		25	Fringe Benefits	2,841.80	627.15	
		30	Contractual Services	433.70	118.86	
		40	Internal Services	1,118.56	17.22	
		50	Other Services	2,835.67	480.00	
		80	Leases and Rentals	54.91	13.06	
		87	Reserves & Contingencies	(371.34)		
62 Total				17,544.18	3,325.68	18.96%
89	Law Library	20	Personal Services	92.83	10.87	
		25	Fringe Benefits	28.20	2.09	
		30	Contractual Services	3.50	-	
		40	Internal Services	6.44	-	
		50	Other Services	26.95	5.57	
		80	Leases and Rentals	3.36	0.30	
89 Total				161.28	18.83	11.67%
90	Non-Departmental Activities	20	Personal Services	374.31	-	
		25	Fringe Benefits	575.28	209.23	
		30	Contractual Services	62.44	25.95	
		40	Internal Services	6,204.01	4,985.78	
		50	Other Services	987.77	758.70	
		58	Debt Maintenance	38,601.93	27,752.77	
		60	Payments to other local agencies	589.97	160.00	
		87	Reserves & Contingencies	(1,461.38)	-	
90 Total				45,934.33	33,892.43	73.78%
Grand Total				465,958.81	123,951.76	26.60%