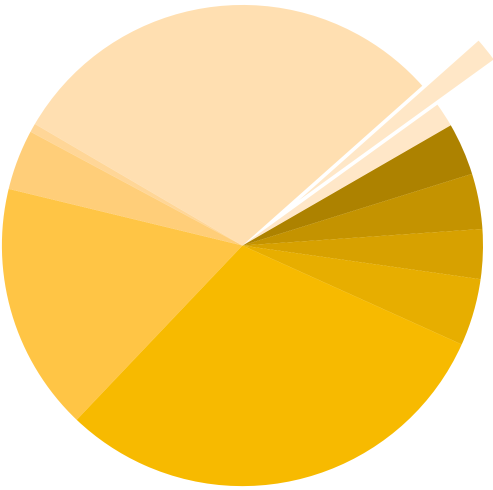
Management & Budget

Mission Statement

The Office of Management & Budget shapes the future by partnering with the community, elected leadership, and government agencies to recommend the best use of public resources in pursuit of the community's strategic goals.



Government Operations, Performance & Innovation
Expenditure Budget: $190,634,709

Expenditure Budget: $3,044,852

1.6% of Government Operations, Performance & Innovation

Programs:

- Management & Budget: $3,044,852

Mandates

The County operates under a state mandate to develop, advertise, conduct public hearings related to the advertised budget and tax rates, and adopt an annual budget, including salaries and expenses for constitutional officers. The Office of Management & Budget manages these activities.

The Board of County Supervisors has enacted additional local mandates for which the Office of Management & Budget has responsibility.

State Code: 15.2-516 (Duties of county executive), 15.2-539 (Submission of budget by executive; hearings; notice; adoption), 15.2-2503 (Time for preparation and approval of budget; contents), 15.2-2506 (Publication and notice; public hearing; adjournment; moneys not to be paid out until appropriated), 15.2-2507 (Amendment of budget), 22.1-93 (Approval of annual budget for school purposes), 58.1-3007 (Notice prior to increase of local tax levy; hearing), 58.1-3321 (Effect on rate when assessment results in tax increase; public hearings)

County Code: Chapter 2-1 (Government services planning, budgeting, and accountability)

Management & Budget

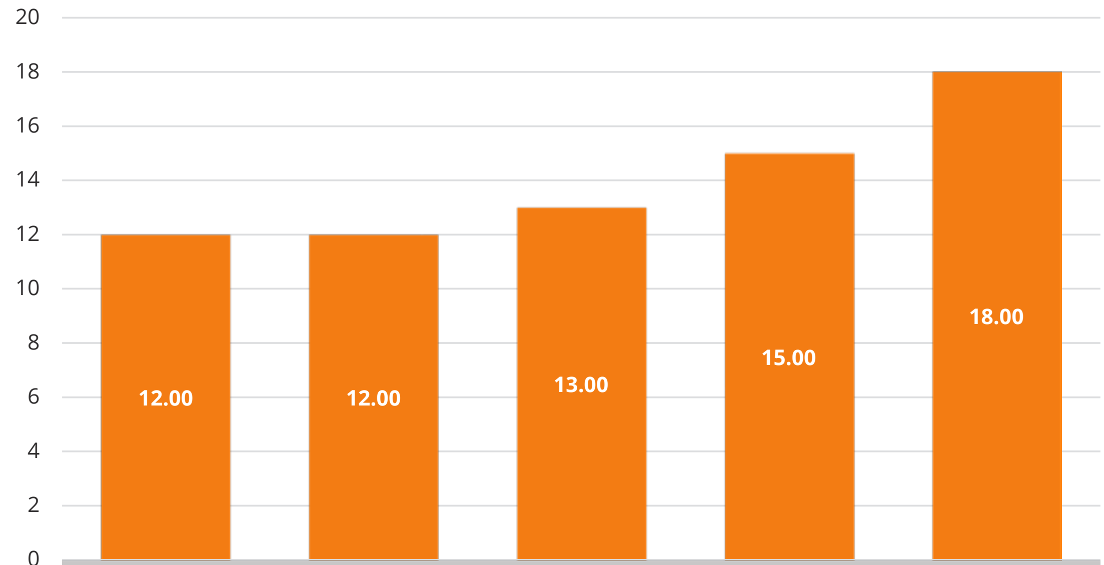
Expenditure and Revenue Summary

Expenditure by Program	FY22 Actuals	FY23 Actuals	FY24 Actuals	FY25 Adopted	FY26 Adopted	% Change Budget FY25/ Budget FY26
Management & Budget	$1,633,444	$1,804,496	$2,093,317	$2,471,367	$3,044,852	23.21%
Total Expenditures	**$1,633,444**	**$1,804,496**	**$2,093,317**	**$2,471,367**	**$3,044,852**	**23.21%**

Expenditure by Classification						
Salaries & Benefits	$1,565,120	$1,673,669	$1,957,847	$2,275,227	$2,671,232	17.41%
Contractual Services	$13,014	$12,960	$5,140	$14,200	$164,200	1,056.34%
Internal Services	$47,874	$107,679	$113,979	$114,180	$141,660	24.07%
Purchase of Goods & Services	$4,259	$6,932	$12,281	$63,100	$63,100	0.00%
Leases & Rentals	$3,177	$3,255	$4,071	$5,378	$5,378	0.00%
Reserves & Contingencies	$0	$0	$0	($718)	($718)	0.00%
Total Expenditures	**$1,633,444**	**$1,804,496**	**$2,093,317**	**$2,471,367**	**$3,044,852**	**23.21%**

Funding Sources						
Miscellaneous Revenue	$190	$51	$258	$0	$0	-
Total Designated Funding Sources	**$190**	**$51**	**$258**	**$0**	**$0**	**-**
Net General Tax Support	**$1,633,253**	**$1,804,445**	**$2,093,060**	**$2,471,367**	**$3,044,852**	**23.21%**
Net General Tax Support	**99.99%**	**100.00%**	**99.99%**	**100.00%**	**100.00%**	

Staff History by Program



	FY22 Actuals	FY23 Actuals	FY24 Actuals	FY25 Adopted	FY26 Adopted
Management & Budget	12.00	12.00	13.00	15.00	18.00
Full-Time Equivalent (FTE) Total	12.00	12.00	13.00	15.00	18.00

Future Outlook

Revenue Diversification – Real estate and personal property tax revenue continues to be the primary revenue sources for County operations, providing nearly 86% of local tax revenue in FY26. The County will strive to diversify revenue sources to ensure stability as identified in Policy 3.01 of the adopted Principles of Sound Financial Management (PSFM). Opportunities exist to recalibrate existing revenue sources as well as identify new resources to achieve key performance indicators identified in the community's Strategic Plan. New legislation from the Commonwealth allows counties the same taxation authority as cities and towns. As such, admissions taxes provide future opportunities for the County to diversify local tax revenue.

Another revenue option available for future consideration is the commercial and industrial real property tax with revenue dedicated for new mobility initiatives increasing transportation capacity. The revenue generated by the tax could be used to pay debt service costs associated with November 2019 mobility bond projects authorized by voters as well as transit improvements.

Reduced Year-end Agency Operating Surplus – The budget includes a reduction to account for position vacancy savings that occur throughout a fiscal year in agency operating budgets to maintain a structurally balanced budget recommended by bond rating agencies. The reduction amount is $22.3 million or approximately 4.7% of general fund salary budget. In other words, agencies receive less than 100% of the funding required to provide 100% service to the community.

The County has a responsibility to the community to end the year with an operating surplus sufficient to meet fund balance obligations prescribed by the PSFM. Implementing the programmed savings built into the budget has effectively reduced the year-end operating surplus generated from agency operations.

Achieving required year-end financial requirements will be challenging during years where revenue shortfalls are projected. Year-end savings must be enough to recoup any revenue shortfall as well as meet adopted fund balance requirements. The County has demonstrated strong financial management in its established policies, such as monthly and quarterly monitoring, but vigilance must be maintained. In addition to the impact on PSFM requirements, reduced year-end savings limits funds available for one-time capital investments. Declining year-end agency savings as a percentage of the budget is generally perceived by bond rating agencies as a budgetary weakness when evaluating the County's credit worthiness at the AAA-rated standard.

Inflation and Higher Borrowing Costs – Prince William County government operating budgets do not receive automatic, across-the-board increases due to inflation. Inflationary budget increases are strategic and generally confined to volatile commodities such as fuel and utilities. Unless otherwise noted, County agencies absorb inflationary cost increases within their existing budgets. In an effort to combat inflation, the Federal Reserve has raised interest rates. This impacts the County's borrowing costs necessary to finance projects contained in the County and Prince William County Schools' capital improvement programs. Combined with capital projects inflationary increases due to construction labor costs and commodities such as steel, diesel fuel, drywall, and copper, the cost of financing capital projects will increase.

Budget Initiatives

A. Budget Initiatives

1. Performance Management & Accountability

Expenditure	$512,502
Revenue	$0
General Fund Impact	$512,502
FTE Position	3.00

a. **Description** – This initiative establishes a Performance Management & Accountability activity to enhance transparency, operational efficiency, and data-driven decision-making across County services. The request includes funding for three full-time positions: one fiscal manager and two senior fiscal analysts to oversee program implementation coinciding with the County's new Strategic Plan and Key Performance Indicators (KPI) which will be developed for each strategic goal area. The position costs for this initiative include $335,022 for salary and benefits and $27,480 for information technology costs. In addition, ongoing $150,000 is included for implementation and software system support to deploy a performance tracking system, enhance data analytics capabilities, and ensure seamless integration with existing County software systems already in use.

While these staff members play a key role in performance tracking and service evaluations, the program's success will require a collaborative effort across all County departments to collect meaningful performance measures and identify opportunities for improvement. Additionally, change management will be a critical component of this initiative, as departments adapt to new processes, technologies, and accountability expectations.

b. **Service Level Impact** – This budget initiative provides the necessary staffing and infrastructure to support performance management efforts across all County departments. With a dedicated team in place, the County will strengthen its ability to track service delivery, improve operational efficiency, and foster public trust in governance.

The program will enable data-driven decision-making, support strategic resource allocation, and ensure County services align with long-term goals and community expectations. Initial measures for this program are detailed below, however it is anticipated that additional measures will be developed as implementation moves forward and progress towards strategic plan KPI's are tracked and measured.

- **Key Performance Metrics Developed & Tracked**
  FY26 w/o Addition | -
  FY26 w/ Addition | 100
- **Timeliness of Reporting**
  FY26 w/o Addition | -
  FY26 w/ Addition | 80%

Program Summary

Management & Budget

Implement the County's strategic goals and policy guidance through collaborative budget development (both operational and capital), structured implementation, and focus on service improvements through performance management. Transparency and accountability to County residents are emphasized through continuous public engagement.

Key Measures	FY22 Actuals	FY23 Actuals	FY24 Actuals	FY25 Adopted	FY26 Adopted
Criteria rated proficient/outstanding in GFOA Program	100%	99%	80%	100%	100%
Countywide variance in actual and projected expenditures	7%	5%	3%	3%	3%
County services & facilities are a fair value for the tax dollar (comm. survey)	90%	90%	NR	90%	-

Program Activities & Workload Measures *(Dollar amounts expressed in thousands)*	FY22 Actuals	FY23 Actuals	FY24 Actuals	FY25 Adopted	FY26 Adopted
Budget Development and Implementation	**$1,633**	**$1,804**	**$2,093**	**$2,471**	**$2,532**
Budget questions answered within 2 business days	93%	94%	93%	95%	90%
Number of budget questions received	138	143	212	150	150
Number of CIP projects	54	56	62	55	60
Key performance indicators trending positively toward targets (Strategic Plan)	78%	73%	43%	100%	100%
Performance Management and Accountability	**$0**	**$0**	**$0**	**$0**	**$513**
Key performance metrics developed and tracked	-	-	-	-	100
Timeliness of reporting	-	-	-	-	80%