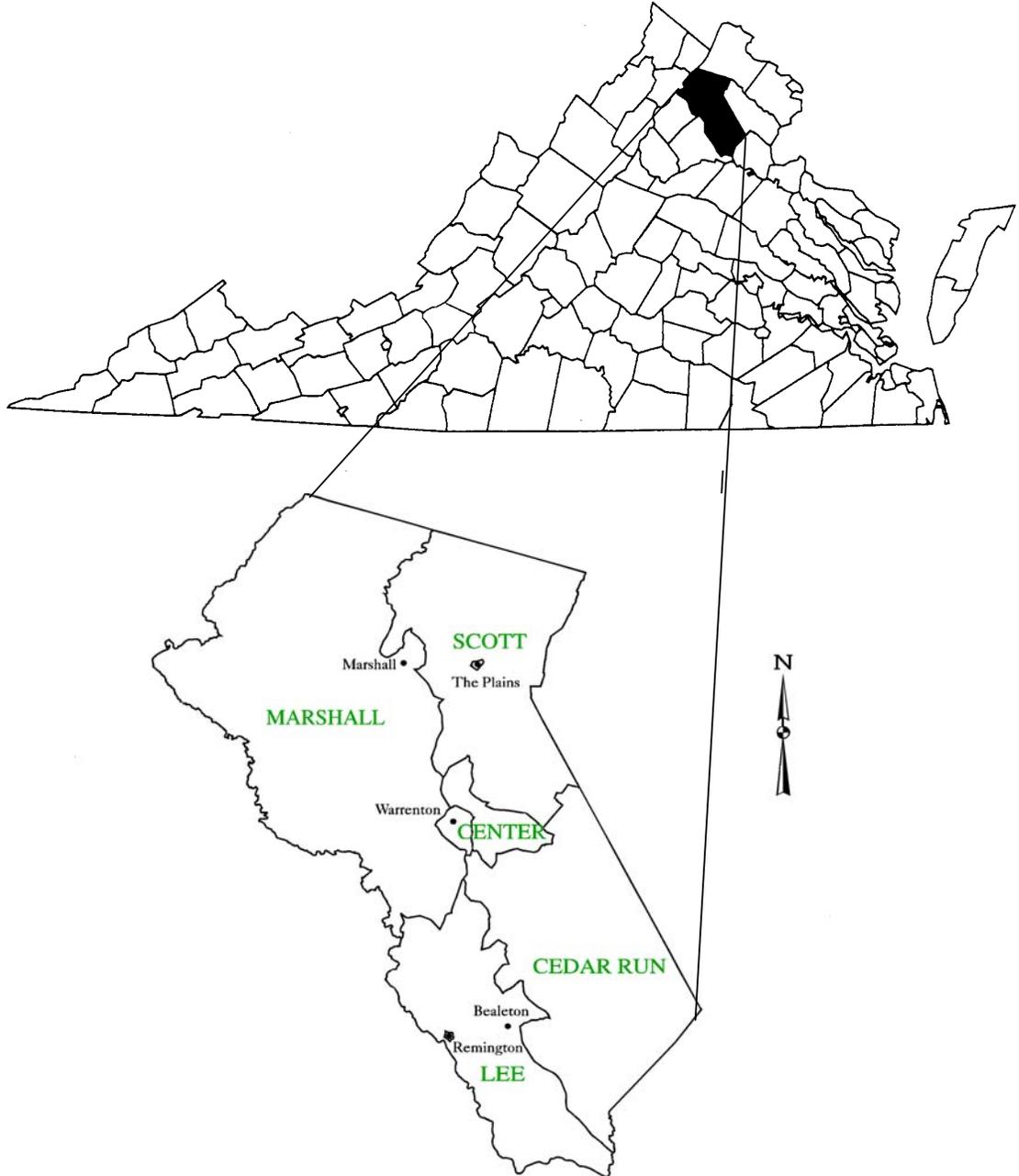


# County of Fauquier, Virginia



# FAUQUIER COUNTY, VIRGINIA

Once part of the Northern Neck Proprietary, a vast English land grant held by the 6th Lord Fairfax, Fauquier County was created in 1759 from Prince William County and named for Sir Francis Fauquier, the Colonial Lieutenant Governor at that time.

Originally populated by the Manahoacs, Sioux tribe, and later used as a hunting ground by the Iroquois, Fauquier's first immigrants were of German and English ancestry. Brent Town, the first settlement, was established in 1686 in Southern Fauquier. The first settlement in Northern Fauquier was near The Plains in 1726.

During the American Revolution, many County citizens served in the Continental Army, including Captain John Marshall who would later serve the country as Chief Justice of the U.S. Supreme Court.

During the Civil War the county was frequently criss-crossed by both Northern and Southern armies. The history of the war in Fauquier County is dominated by tales of the escapades of Colonel John S. Mosby, a Partisan Ranger whose unorthodox and highly effective maneuvers would now be called guerrilla warfare. Significant Civil War sites and activities are documented in Fauquier's twelve sites on the Virginia Civil War Trails.

Recovery from devastation to the agricultural economy following the war was helped by the arrival in the early 1900s of several prosperous Northern businessmen who came here to fox hunt during the winter months. Their enthusiasm and investments, combined with Virginia's long history of fine horses, established the area as the Hunt Country capital of Virginia, which continues to this day.

The Fauquier County government is organized under the County Administrator form of government (as defined under Virginia law). The governing body of the County is the Board of Supervisors, which makes policies for the administration of the County. The Board of Supervisors consists of five members representing the five Magisterial Districts in the County: Center, Lee, Scott, Marshall, and Cedar Run. The Chairman of the Board of Supervisors is elected from within the Board of Supervisors and serves generally for a term of one year in addition to being a District Supervisor. The Board of Supervisors appoints a County Administrator to act as the administrative head of the County. The County Administrator serves at the pleasure of the Board of Supervisors, carries out the policies established by the Board of Supervisors, and directs business and administrative procedures in the County government. An organizational chart of Fauquier County government is included.

In Virginia, cities and counties are distinct units of government and do not overlap. Fauquier County completely surrounds the Towns of Warrenton, Remington, and The Plains. The County does provide certain government services, such as public education, to the Towns' residents pursuant to agreements with such towns. Property in these towns is subject to County taxation.

The County of Fauquier is located in the north central Piedmont region of Virginia, approximately 40 miles southwest of the nation's capital and approximately 80 miles northwest of Richmond, the state's capital. The County encompasses a land area of approximately 660 square miles. Fauquier County is bordered by the counties of Prince William, Stafford, Culpeper, Warren, Clarke, Loudoun and Rappahannock. The Rappahannock River forms the county's Western border. Interstate 66 runs East-West through the northern portion of the County. In addition, five U.S. primary routes and two state primary routes traverse the County.

Because of its proximity to Washington, D.C., the County has experienced consistent population growth rates over the past ten years. Despite the population growth, the County remains primarily rural in nature.



## **Fauquier County Mission Statement**

*Working within the theme of "Progress with Reverence for Heritage" and with a strong commitment to the accomplishment of meaningful improvements to the efficient, effective, and open conduct of the County government, and to the public health, safety, and welfare and educational opportunities, the Fauquier County Board of Supervisors seeks, within the bounds of fiscal integrity, to preserve the physical beauty, historical heritage and environmental quality of the county while ensuring that population growth and development is a positive force on the general welfare of the community.*

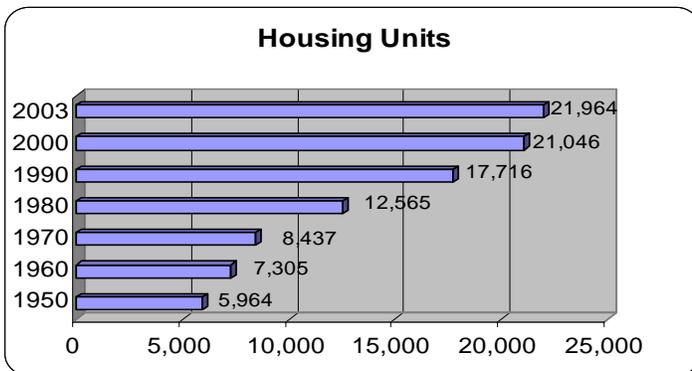
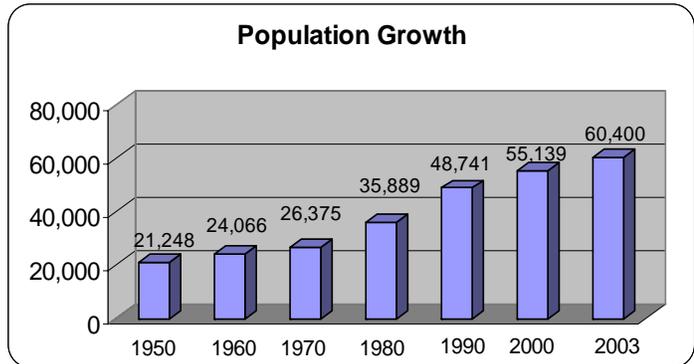
# DEMOGRAPHICS

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Formed as an Independent County .....	Chartered in 1759
Present Form of Government.....	Traditional Board of Supervisors-County Administrator (Five Board Members by Magisterial District)
Area.....	660 square miles
Population (July 1, 2003).....	60,400
Registered Voters (May 2004).....	37,076
Median Age (April 2000).....	38
Unemployment Rate (March 2004) .....	1.9%
County Civilian Labor Force (March 2004) .....	31,427
Education (Public):	
Number of Elementary Schools .....	10
Number of Middle Schools.....	5
Number of High Schools .....	2
Number of Alternative Schools .....	1
Enrollment 2004 (as of 3/31/04).....	10,419
Libraries:	
Number of Facilities .....	3
Patrons Registered (April 2004) .....	28,308
Total Circulation (April 2004).....	360,236
Sheriff's Office Protection:	
Administration .....	6
Law Enforcement.....	56
Court Services/Civil Process.....	12
Detention Center .....	31
Support Services .....	6
Number of Calls for Which a Deputy was Dispatched.....	32,664
Total Calls For Service .....	65,016
Fire and Rescue Protection:	
Number of Fire Stations.....	6
Number of Rescue Stations.....	3
Combination Fire & Rescue.....	4
Career Personnel .....	25
Volunteer Personnel.....	473
Parks and Recreation (Public):	
State Parks.....	1
State Forests .....	2
County Parks.....	13
Wild Life Management Areas.....	3
Employees:	
General Government.....	546
School Division.....	1,542

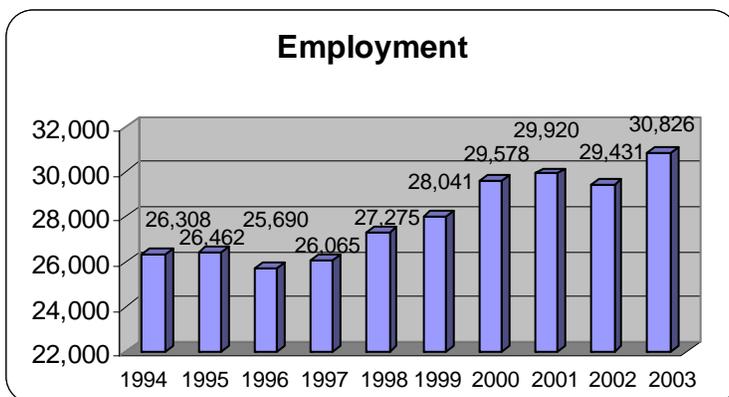
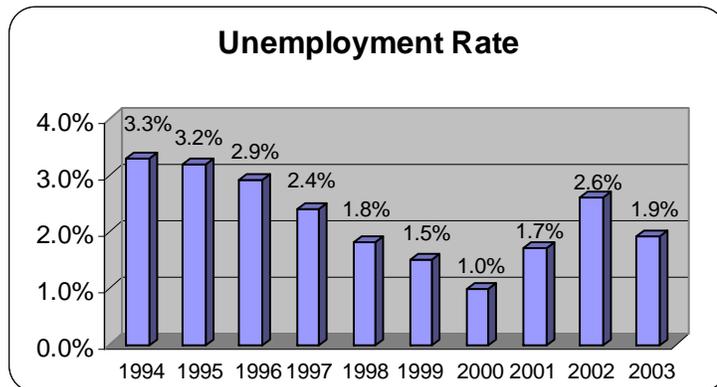
# DEMOGRAPHICS

In the past decade the average annual population growth was 1.3%. In the first three years of the current decade the annual population growth average is 1.0%



Since 1990 approximately 4,248 new houses have been built; an average of 327 houses per year.

Fauquier County has one of the lowest unemployment rates in the State of Virginia.



The current economy conditions have resulted in an increase in the number of County residents employed.

# STRATEGIC GOALS AND OBJECTIVES

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In late FY 2002 the Board of Supervisors approved the development of objectives and measures for their consideration to achieve three primary strategies based on the County's Vision Statement.

## Strategies

- 1. Balance Quality Service with Fiscal Integrity.**
- 2. Manage Growth in a Manner which Protects the County's Agriculture, Environment, Quality of Life, and Historic Resources.**
- 3. Conduct County Government Openly.**

To achieve this goal Fauquier County has selected the Balanced Scorecard as the management system to translate these strategies into tangible objectives and measures. The Balanced Scorecard uses four perspectives to ensure a balanced approach to evaluating achievements of organizational strategy. The four perspectives are customer, financial, internal process and learning and growth.

The Balanced Scorecard will allow the County to translate strategy into operational terms that everyone can understand. By creating this understanding, the County departments and offices can more easily align their activities around the strategy, therefore, making strategy everyone's job.

The projected benefits of the Balance Scorecard to the County are:

- Clarifying the County's vision.
- Aligning County operations to achieve that vision.
- Integrating strategic planning and resource allocation.
- Improving management effectiveness by providing appropriate information for directing change.

As of the printing of this document the County Government is considering the Balance Scorecard shown on the following page. In addition all County Government departments and agencies have prepared subsidiary Balance Scorecards to link their operations with the overall County Scorecard's goals and objectives. Included in this effort is the identification of outcome measurements that will be used in determining the effectiveness of the identified strategies in meeting the established goals and objectives.



## FAUQUIER COUNTY BALANCED SCORECARD

<b><i>Balance Quality Services with Fiscal Integrity</i></b>	
<p style="text-align: center;"><b><u>Customer Perspective</u></b></p> <ul style="list-style-type: none"> <li>Develop external customer service surveys for each department and develop consistent standards to provide services</li> </ul>	<p style="text-align: center;"><b><u>Financial Perspective</u></b></p> <ul style="list-style-type: none"> <li>Develop a five-year budget plan that integrates strategic objectives</li> </ul>
<p style="text-align: center;"><b><u>Internal Process Perspective</u></b></p> <ul style="list-style-type: none"> <li>Develop internal customer service surveys for each department and develop consistent standards to provide services</li> </ul>	<p style="text-align: center;"><b><u>Learning and Growth Perspective</u></b></p> <ul style="list-style-type: none"> <li>Mentor new managers and employees</li> <li>Annually assess staff training needs</li> <li>Develop and implement individualized training curricula</li> </ul>
<b><i>Manage Growth in a Manner which Protects our Agriculture, Environment, Quality of Life, and Historic Resources</i></b>	
<p style="text-align: center;"><b><u>Customer Perspective</u></b></p> <ul style="list-style-type: none"> <li>Transform use value to purchase development rights program</li> <li>Distribute public safety resources to ensure a responsive and quality service (including but not limited to a southern public safety substation)</li> </ul>	<p style="text-align: center;"><b><u>Financial Perspective</u></b></p> <ul style="list-style-type: none"> <li>Develop financial policies that support the preservation of open space /farmland</li> <li>Concentrate commercial and business tax base within selected service districts</li> <li>Promote programs for private/charter schools and home schooling</li> </ul>
<p style="text-align: center;"><b><u>Internal Process Perspective</u></b></p> <ul style="list-style-type: none"> <li>Develop public/private partnerships to protect and preserve our environment</li> <li>Revise development regulations, zoning ordinances and comprehensive plan to emphasize compatible design and proximity of work, home and services</li> <li>Computerize land use records in a cost effective and efficient manner that allows access</li> </ul>	<p style="text-align: center;"><b><u>Learning and Growth Perspective</u></b></p> <ul style="list-style-type: none"> <li>Educate public officials, employees and the general public on managed growth strategies</li> <li>Partner with community colleges and high schools to enhance opportunities for students, employees of local businesses, and adult learning</li> </ul>
<b><i>Conduct County Government Openly</i></b>	
<p style="text-align: center;"><b><u>Customer Perspective</u></b></p> <ul style="list-style-type: none"> <li>Implement television broadcast and web cast capability for county government meetings</li> <li>Create a position of Public Information/FOIA Officer</li> </ul>	<p style="text-align: center;"><b><u>Financial Perspective</u></b></p> <ul style="list-style-type: none"> <li>Implement and maintain E-government</li> </ul>
<p style="text-align: center;"><b><u>Internal Process Perspective</u></b></p>	<p style="text-align: center;"><b><u>Learning and Growth Perspective</u></b></p> <ul style="list-style-type: none"> <li>Use multi-departmental and Board of Supervisors' meetings to gauge progress on organizational strategy</li> </ul>

## BOARD OF SUPERVISORS' PRIORITIES

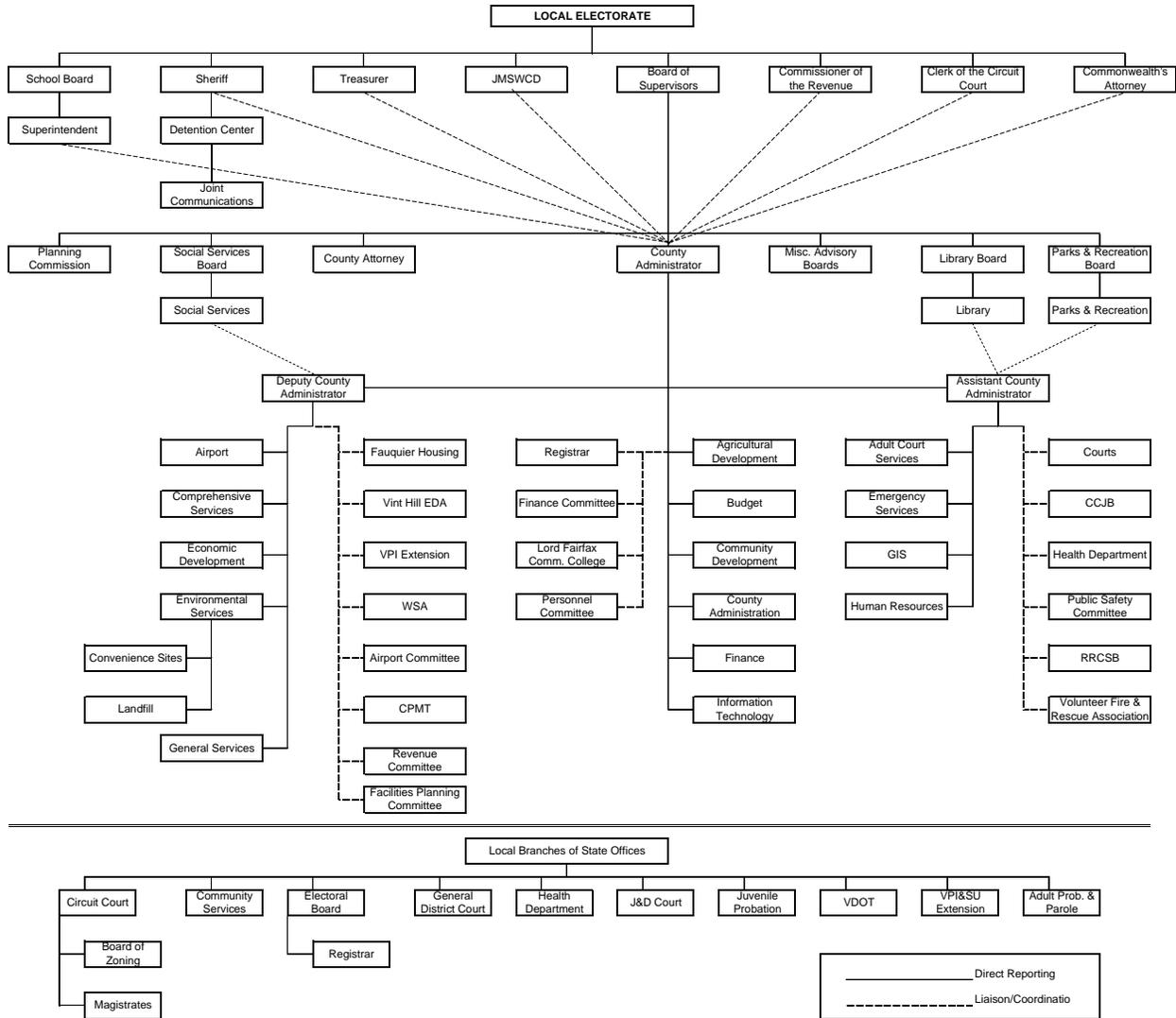
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Other short and long-term priorities identified by Board of Supervisor members for staff action are as follows.

1. Establish a County program of ground water monitoring and protection.
2. Update Chapter 7, Land Use Plan-Villages and Settlements, of the Comprehensive Plan.
3. Provide wastewater treatment for Catlett, Calverton and Midland Service Districts.
4. Develop and implement ordinances for alternative wastewater treatment systems.
5. Establish County Tourism Council for the preservation and promotion of local historical resources.
6. Coordinate with Lord Fairfax Community College, Fauquier County School Division and other educational facilities in developing workforce-training programs to meet the needs of local businesses.
7. Extend public water access to the Opal Service District.
8. Complete an integrated Strategic Transportation Plan for the Service Districts of Bealeton, Calverton, Catlett, Opal, Remington and Midland.
9. Update the County Emergency Operations Plan.
10. Add overlay districts regarding aquifer protection, watershed protection and highway corridors to the Zoning Ordinance.
11. Implement a Proffer Policy that encourages the dedication of conservation easements limiting development on other properties within the impact area of a residential rezoning.



# FAUQUIER COUNTY ORGANIZATION CHART



# PERMANENT POSITIONS – FULL TIME EQUIVALENTS

## PERMANENT POSITIONS

	<u>FY 2001</u>	<u>FY 2002</u>	<u>FY 2003</u>	<u>FY 2004</u>	<u>FY 2005</u>
<b>GENERAL GOVERNMENT</b>					
Board of Supervisors	9	9	9	9	9
Budget Office	3	3	3.5	3.5	3.5
Commissioner of Revenue	25.2	25.2	23	23	23
County Administration	5	5	5	5	5.5
County Attorney	5.6	5.6	5.6	5.6	5.6
Finance	20.7	20.7	20.7	20.7	22.5
Geographic Information Systems	0	3	3	3	4
Human Resource	9	9	9	9	9
Information Technology	13	15	13	13	16
Registrar	3.4	3.6	4.6	4.6	4.6
Treasurer	14.8	14	16	16	16
<i>Subtotal</i>	108.7	113.1	112.4	112.4	118.7
<b>JUDICIAL ADMINISTRATION</b>					
Adult Court Services	5	8	8	9	9
Circuit Court	1	1	1	1	1
Clerk of the Circuit Court	13	13	14	14	15
Commonwealth's Attorney	9.5	9.5	9.5	9.5	9.5
Juvenile & Domestic Relations Court	1	1	1	1	1
Magistrates	2	2	2	2	2
<i>Subtotal</i>	31.5	34.5	35.5	36.5	37.5
<b>PUBLIC SAFETY</b>					
Emergency Services Administration	1	1	0	0	0
Joint Communications - Radio Administration	1	1	1	0	0
Juvenile Probation	0.5	0.5	0.5	0.5	0.5
Sheriff	104.5	104.5	113.2	113.2	113.2
<i>Subtotal</i>	107.0	107.0	114.7	113.7	113.7
<b>PUBLIC WORKS</b>					
Environmental Services - Convenience Sites	5	5	0	0	0
General Services	40	44	45	45	49.5
<i>Subtotal</i>	45	49	45	45	49.5
<b>HEALTH AND WELFARE</b>					
Comprehensive Services	4	4	4	4	4
Social Services	34.0	35	37	37	40.7
<i>Subtotal</i>	38.0	39.0	41.0	41.0	44.7
<b>CULTURE</b>					
Library	28.6	28.6	28.6	28.6	33.1
Parks and Recreation	17.3	17.7	18.6	21.1	21.1
<i>Subtotal</i>	45.9	46.3	46.3	49.7	54.2
<b>COMMUNITY DEVELOPMENT</b>					
Agriculture Development	1	1	1	1	1
Community Development	24	25	30	30	37
Economic Development	3	3	3	4	4
Extension Office	1	0	0	0	0
Hospital Hill	1	1	1	1	1
<i>Subtotal</i>	30	30	35	36	43
<b>FUNDS</b>					
Airport	0	0	0	1	2.1
Fire and Rescue/Emergency Services	12	19	24	24	25
Joint Communications	19	20	21	22	22
Environmental Services	7.5	8.5	18.8	21.5	21.5
Fleet Maintenance	16	16	16	16	16
<i>Subtotal</i>	54.5	63.5	79.8	83.5	84.5
<b>TOTAL</b>	<b>460.7</b>	<b>482.4</b>	<b>510.6</b>	<b>517.8</b>	<b>545.8</b>

## PERMANENT POSITION ADJUSTMENTS APPROVED FOR 2005

Department	Position Title	New or Conversion	Justification
<b>Positions Added:</b>			
<b><u>General Fund</u></b>			
Community Development	Development Technician	New Full Time	A significant expansion of development related issues required additional staff to address the related workload.
	Office Associate III (2)	New Full Time	See above.
Geographic Information System	Technician (E-911)	New Full Time	This position will support the E-911 street addressing system used by Joint Communications for emergency responders.
Information Technology	System Analyst (2)	New Full Time	These two positions will support the Land Records Automation System Project which is intended to improve service to citizens and enhance operational efficiency within the County government.
Finance	Accounting Technician	New Full Time	The accounting technician position will support the increased workload resulting from implementation of Governmental Accounting Standards Board (GASB) Statement #34.
	Accounting Clerk	Conversion Part Time Temporary to Part Time Permanent	The accounting clerk position will also support the increased workload resulting from implementation of Governmental Accounting Standards Board (GASB) Statement #34.
General Services	Technician (2)	New Full Time	Positions are needed to support the growth in County and School facilities.
	Helper (2)	New Full Time	See above.
	Custodian	New Full Time	The refurbished Warren Green Office Building will be completed by July 1, 2004 and will necessitate the services of a custodian.
	Project Manager	Conversion Full Time Temporary to Full Time Permanent	This position was needed to support the significant number of on-going small County construction projects.

## PERMANENT POSITION ADJUSTMENTS APPROVED FOR 2005

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Department	Position Title	New or Conversion	Justification
Social Services	Adult Service Social Worker	New Full Time	This position is due to the significant increase in adults requiring assistance with daily living, medication, finances and safety issues.
Library	Library Associate	New Part Time	The Library Associate and Service Page positions will enable the Marshall Branch Library service to extend their hours.
	Service Page	New Part Time	See above.
<b><u>Other Funds</u></b>			
Airport	Manager	New Full Time	Staffing is required for overall control of Airport operations.
	Executive Assistant	New Part Time	See above.
Joint Communications	Office Associate I	New Part Time	This position will support the Public Safety Radio operations.
<b>Positions Reduced:</b>			
<b><u>General Fund</u></b>			
General Services	Construction Manager	Full Time	Position was eliminated due to the Board of Supervisors' decision to contract management of major construction projects.
	Construction Assistant	Full Time	See above.

# PERMANENT POSITION ADJUSTMENTS

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## Positions Added During FY 2004

Department	Position Title	New or Conversion	Justification
<b><u>General Fund</u></b>			
Community Development	Engineer (2)	1 Part Time Temporary to Full Time Permanent 1 New Full Time	Positions were required to address the significant increase in department workload due to expansion of development related issues.
	Office Manager	New Full Time	This position provides clerical supervision needed due to the relocation of the Planning Division into a separate office building from the rest of Community Development.
	Office Associate II	Part Time Temporary to Full Time Permanent	This position was added to provide assistance to the developers and citizens on various development related issues.
Clerk of the Circuit Court	Accounting Clerk	New Full Time	Due to a 31percent increase in workload, this position was added to record deeds and other land records, collect taxes and fees and scan land records.
County Administration	Office Associate	Part Time Temporary to Part Time Permanent	A significant increase in telephone calls and correspondence justified this position.
Information Technology	Network Administrator	New Full Time	This position supports the growth in E-government programs directed by the Board of Supervisors.
John Marshall Soil & Water	Erosion & Sediment Specialist	New Full Time	Increased workload from development issues resulted in the addition of this position.

## PERMANENT POSITION ADJUSTMENTS

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Department	Position Title	New or Conversion	Justification
Library	Librarian	New Full Time	Position added to support the new Bealeton Branch Library which opened in FY 2004.
	Library Associate	New Full Time	See above.
	Library Page	New Part Time	See above.
<b><u>Other Funds</u></b> Fire and Emergency Services	Training Captain	New Full Time	This position coordinates all career and volunteer fire and rescue staff training.

# BASIS OF BUDGETING

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**What is a budget?** A budget is a formal document that enables the County to plan for the future, measure the performance of County services, and help the public understand where the revenues come from and how these revenues are spent on County services. The Commonwealth of Virginia requires that the County budget be based on fund accounting, which is a way to match the sources of revenue (such as taxes, service fees, etc.) with the uses (program costs) of that revenue. Therefore, the County budgets and accounts for its revenues and expenditures in various funds.

The County fund structure is similar to your standard filing cabinet. Each drawer of a filing cabinet is a separate fund, used to account for different sources and uses of revenues. There are five governmental fund types and Fauquier County uses three.

## 1. Basis of Budgeting and Accounting – Governmental Funds

The General Fund, Special Revenue Funds and Capital Projects Fund are those using modified accrual accounting and are budgeted on the same basis. This means that expenditures, other than accrued interest on general long-term debt, are recorded at the time liabilities are incurred and revenues are recorded when received in cash, unless they are measurable. This basis of budgeting is consistent with generally accepted accounting principles (GAAP). Governmental Funds account for the expendable financial resources, other than those accounted for in Proprietary and Fiduciary Funds. The Governmental Fund measurement focus is upon current financial resources, rather than upon net income determination as would apply to a commercial enterprise. The basis of budgeting is the same as the basis of accounts used in the annual audited financial statements.

- a. **General Fund** - The General Fund is the main operating fund where government keeps track of most of its day-to-day functions. All functions that do not fall under the special purposes of the other funds are accounted for in this fund. The sources of revenue for the General Fund operations are primarily locally derived taxes.
- b. **Special Revenue Fund** - Special Revenue Funds account for functions that have sources of revenue that legally must be used for specific services. These revenues can range from grant funding to intergovernmental transfers to support the funds. Currently the County has five such funds; Joint Communications funded through tax on telephone connections, Fire and Rescue funded by a separate tax levy on real estate, Conservation Easement District funded by tax penalties on land in special use tax categories sold for development and funding transferred from the General Fund. School operating funded by State and Federal revenue and transfer from the General Fund, School Text Books funded by a transfer from the School Operating Fund.
- c. **Capital Projects Fund** - This Fund accounts for the purchase, construction or renovation of major capital items, such as buildings or major hardware items. Funding support is provided through transfers from the General Fund, School Fund and bond proceeds. State and Federal funding is included in the transfers. Bond proceeds make up the bulk of the funding support of this Fund. Modified accrual accounting recognizes revenue when available and measurable, and expenditures when measurable and when the liability is incurred with certain exceptions.

# BASIS OF BUDGETING

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## 2. Basis of Budgeting and Accounting – Proprietary Funds

Proprietary Funds are used to account for activities that are similar to those often found in the private sector. The measurement focus is on determination of net income, financial position and cash flows. Operating revenues include charges for services. These Funds are accounted for using full accrual accounting. Under this accounting method revenues are recognized in the accounting period in which they are earned while expenses are recognized in the accounting period in which the related liability is incurred. Proprietary funds are budgeted similarly except for depreciation.

- a. **Enterprise Fund** - Enterprise funds account for activities that are financed and operated much like businesses. Fauquier County's landfill operation is an enterprise fund, as is the Warrenton-Fauquier Airport, Fleet Maintenance and the School Division's Food Service Operations.
- b. **Internal Services Fund** – Internal Services funds are used to account for financing of goods or services provided by one department or agency to others on a cost reimbursement basis. Fauquier County does not have Internal Services Funds.

## 3. Basis of Budgeting

Budgeting has several purposes. Budgeting is a formal way to convert the County's long-range plans and policies into services and programs and to communicate these plans to the public. In one sense, each government has two budgets during the course of a fiscal year: a revenue budget and an expenditure budget. The revenue budget outlines the revenues (taxes and fees) that are needed to support the County services, including the rate of taxation to be adopted for the coming fiscal year. The expenditure budget outlines the capital (Capital Improvements Plan) and operating costs (departmental budgets) for services and programs proposed for the coming fiscal year in terms of costs in dollars. Once the Board of Supervisors has adopted the budget, the budget becomes the work plan of goals and objectives to be accomplished during the next fiscal year.

In the months prior to budget preparation, the Budget Office solicits input from Fauquier County citizens through various venues regarding the upcoming budget. After this information is compiled, it is provided to the County Administrator and the Board of Supervisors for their consideration in budget development. Annually, the Board of Supervisors holds a retreat and discusses priorities for the both the upcoming calendar year and future years. In FY 2003 the Board of Supervisors and the General County Government initiated the development and use of the Balance Scorecard management system in developing multi-year goals and objectives. These priorities are used as a blueprint by the Budget Office in preparing budget instructions and guidelines for departments to use in preparing budget estimates for the coming year. Beginning with the FY 2005 budget all new funding initiatives are evaluated, ranked and recommended for funding based on their alignment to an objective or strategy on the organizations Balanced Scorecard.

In October the departments submit their budget requests to the Budget Office for review and analysis. After a series of meetings with departments and agencies, final budget decisions are

## BASIS OF BUDGETING

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made by the County Administrator in January for his Proposed Budget. This document is submitted to the Board of Supervisors early in February of each year. The Board of Supervisors reviews the proposed budget during February and March. A public hearing is held to obtain citizen comments on the budget in March and the Board of Supervisors adopts the budget and sets tax rates for the coming year prior to April 1st.

During the fiscal year, a Board of Supervisors' Finance Committee consisting of two Board of Supervisors' members accepts and reviews department requests for budget adjustments. Primary staff support for this Committee is the Budget Office. Adjustments to the budget can be requested for several reasons: receipt of grant funding from local, state, federal, or private sources; emergency expenditure authority request; internal funding reallocations to better appropriate resources for agency operations, etc. On the basis of these reviews, the Finance Committee forwards the requests, with or without a Committee recommendation, to the Board of Supervisors during the next regularly scheduled Board of Supervisors' meeting for discussion, public comment, and ultimate decision on the request. If the amount of the request(s) exceeds one percent of the budget or \$500,000, a public hearing for citizens' comments is required before action can be taken by the Board of Supervisors.

Citizen involvement and understanding of the budget is a key part of the budget process. During the budget process, briefings are provided to various citizen groups to provide information and solicit concerns about the budget. There are also many active committees and task forces that report to the Board of Supervisors on key issues affecting local government and the many communities in the County. To better serve the community, most budget related documents and minutes from committees of Finance and Capital Improvements are posted on the Budget Office's internet web page. The internet web page is also used for citizen inquires and the Budget Office's response. The Budget Office serves as the media point of contact for questions on the budget.



# FISCAL YEAR 2005 BUDGET CALENDAR

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## August

21 Budget Kickoff  
Budget Submission Packets Distributed to Department Heads  
Constitutional Officers and Agencies

## October

8 Budget Requests due back to Budget Office  
10 Strategy Focus Team Review Packets Distributed  
24 Strategy Focus Team Results due to Budget Office

## November

14 Sheriff's Office and Parks & Recreation Budget Requests due  
to Budget Office

## December

8, 17, 18 County Administrator Meets with Department and Agency  
Heads & Constitutional Officers

## January

16 County Administrator Meets with Department and Agency  
Heads & Constitutional Officers and Sheriff's Office.

## February

17 Public Hearing for the School Board Budget  
26 School Budget Request to Budget Office  
26 School Division Budget Briefing for County Administrator

## March

3 County Administrator's Proposed FY 2005 Budget Delivered  
to Board of Supervisors  
3-4 Advertise Public Hearing on County Budget and Tax Rate  
8 Board Budget Work Session  
10-11 Advertise Public Hearing on County Budget and Tax Rate  
15 Board Budget Work Session includes Joint Session  
w/School Board  
18 Board Budget Work Session  
22 Board Budget Work Session  
22 Public Hearing for Citizens Comments on the FY 2005  
Proposed Budget and Tax Rates  
29 Board Budget Work Session  
29 Regular Session: Budget and Tax Rate Adopted

## June

29 Adopted Budget Book Printed/Distributed

# POLICIES AND PROCEDURES

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## FINANCIAL POLICIES AND PROCEDURES

The following is a brief description of the financial policies that have been adopted to manage the County's resources and contribute to its strong fiscal condition. In brief, the County's financial policies address actions in the following areas:

- Current Year Reviews
- Budget Adjustments
- Cash Management/Investments
- Debt Management
- Use of Current Revenues
- Risk Management
- Capital Improvement Planning

### **Current Year Review**

The Budget Office has operational responsibility to review the budget execution of all-operating agencies, separate funds and capital construction projects. As part of this task is the preparation of quarterly reports that shows the County's financial strength for the budget year. Included in this report is an analysis of revenue projections. Emphasis is given to a mid-year report, which is a key document used in financial decisions for the remainder of the year. Special reports are also provided on a case-by-case basis on issues of importance.

### **Budget Adjustments**

To address changes to the fiscal plan, the Board of Supervisors has approved a Transfer and Supplemental Appropriation Policy to establish procedures for processing requests to change the adopted fiscal plan. Included in the Policy are the specific approvals required to implement any proposed change. There are two kinds of budget adjustments that take place during the fiscal year: a **Transfer** and a **Supplemental Appropriation**.

#### ***Transfer***

A transfer involves the movement of budgetary appropriations within a departmental or agency budget or between agency budgets, provided that all actions take place within the same fund.

#### ***Intra-Departmental***

A transfer moving funds from one line item to another line item in the same department is an intra-departmental transfer. Constitutional Officers have transfer approval authority of up to \$6,000 within their own organizations. The Budget Office has the approval of all other intra-departmental transfers up to \$6,000 and the County Administrator has approval of transfers over \$6,000.

The Board of Supervisors is the approval authority, upon review and recommendation of the Finance Committee, for all transfers from the Undedicated Contingency Reserve or a Dedicated Reserve. With the review and recommendations of both the Finance and Personnel Committees the Board of Supervisors is the approval authority for all intra- departmental transfer request to establish full-time or part-time permanent positions or create a multi-year financial commitment.

# **POLICIES AND PROCEDURES**

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## ***Inter-Departmental***

A transfer between two departments or agencies in the same fund is an inter-departmental transfer. Any inter-departmental transfer requests will have the explicit approval of all department heads involved in the action. Transfer approval for requests \$6,000 or less is the Budget Office, \$6001 to \$25,000 is the County Administrator and over \$25,000 is the Finance Committee. As with intra-department transfers, the Board of Supervisors has approval authority for transfer request involving new positions or that affects any budget reserve account.

## ***Supplemental Appropriations***

Supplemental appropriations involve actions that increase the overall budget appropriations for the County Budget or a Fund contained therein. Funding sources for these changes may include grants, unanticipated revenues, inter-Fund transfers or the use of Fund Balance.

All requests for supplemental appropriation require Board of Supervisors approval upon recommendation by the Finance Committee.

## ***Public Hearing***

The Commonwealth of Virginia requires a public hearing when supplements to the budget exceed the lesser of \$500,000 or 1 percent of the total budget. The Budget Office has administrative responsibility to ensure the Code of Virginia requirements are met in regard to budget adjustments.

## ***School Division Categorical Transfers***

Transfers between School Division budgetary categories shall also require Board of Supervisor approval only if the School Budget was approved using categorical appropriations.

## ***Capital Fund, Fund Transfers***

The Board of Supervisors is the approval authority, upon recommendation from the Finance Committee, for all requests for transfer between Capital Fund projects.

## ***Balanced Budget***

The entire Budget, including all appropriated funds, will be balanced with adopted projected revenues equal to adopted expenditure appropriations.

## ***Cash Management/Investments***

Maintaining the safety of the principal of the County's public investment is the highest priority in the County's cash management policy. The secondary and tertiary priorities are the maintenance of liquidity of the investment and optimization of the rate of return within the parameters of the Code of the Commonwealth of Virginia, respectively. Funds held for future capital projects shall also be invested in accordance with these objectives, and in such a manner so as to ensure compliance with U.S. Treasury arbitrage regulations. Staff from the Treasurer's Office has developed policies and procedures to serve as a guide in the cash management process.

# **POLICIES AND PROCEDURES**

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## **Debt Management**

It is the County's policy to manage debt within the guidelines identified in the Capital Improvement Program. Specifically, debt service expenditures as a percentage of General Fund revenues should remain under ten percent.

## **Use of Current Revenues**

Although a number of options are available for financing the proposed capital improvement program, including bond proceeds and grants, it is the policy of the County to balance the use of the funding sources against the ability to utilize current revenue or pay-as-you-go financing for capital projects. Financing capital projects from current revenues indicates the County's intent to show purposeful restraint in incurring long-term debt. No explicit maximum level or percentage has been adopted for capital projects from current revenues as capital projects and use are based on the merits of the particular project in relation to an agreed upon set of criteria. Use of current revenue is a funding option.

## **Risk Management**

Continuing growth in County assets and operation increases the potential for catastrophic losses resulting from inherent risks that remain unidentified and unanticipated. In recognition of this, the County has adopted a policy of professional and prudent management of risk exposures.

- To protect and preserve the County's assets and work force against losses which could deplete County resources or impair the County's ability to provide services to its citizens;
- To institute all practical measures to eliminate or control injury to persons, loss to property or other loss-producing conditions; and,
- To achieve such objectives in the most effective and economical manner.

While the County's preference is to fully self-insure, various types of insurance such as general liability, workers' compensation and automobile, are supported by pooled insurance with other jurisdictions. Commercial options remain viable alternatives when they are available at an affordable price.

## **Capital Improvement Planning**

It is County policy to balance the need for public facilities, as expressed by the countywide land use plan, with the fiscal capability of the County to provide for those needs. The five-year Capital Improvement Program (CIP), submitted annually to the Board of Supervisors, is the vehicle through which stated need for public facilities is analyzed against the County's ability to pay and stay within its self-imposed debt guidelines.

## **Fiscal Impact Model**

Beginning in FY 2003, the County began pursuing the acquisition of a Fiscal Impact Model. This model is now in the final stages of refinement and is expected to be implemented in early FY 2005. The purpose of this model will be to assist policy makers and staff to foresee future needs for management growth. A number of neighbor jurisdictions are using of a Fiscal Impact Model for this purpose.

# **POLICIES AND PROCEDURES**

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## **FINANCIAL MANAGEMENT TOOLS & LONG RANGE PLANNING DOCUMENTS**

This section is intended to provide a brief description of some of the financial management tools and long range documents used by the County. These tools and planning documents include:

- *Budget*
- *Revenue Forecast*
- *Management Initiatives*
- *Capital Improvement Program*
- *Five Year Financial Plan*

### **Budget**

The primary financial management tool used by the County is the annual budget process. This involves a comprehensive examination of all expenditure and revenue programs of the County, complete with public hearings and approval by the Board of Supervisors.

### **Revenue Forecast**

The county has a Revenue Committee headed by the Deputy County Administrator and staffed by the County Budget Office, Treasurer's Office, Commissioner of the Revenue, School Budget Office and the Finance Department. Revenue estimates are monitored on a monthly basis by this committee to identify any potential trends that would significantly impact the various revenue sources that have been budgeted in the current budget. The Revenue Committee includes revenue collection and formulation of applicable revenue collection information into a monthly management Finance Committee report. This document is included in the Budget Office's quarterly budget status report. The Revenue Committee provides the primary revenue estimates for budget development.

### **Management Initiatives**

The County has undertaken several management initiatives in its ongoing mission to make its government more productive, streamlined and efficient. Major initiatives designed at improving public service in Fauquier County government include:

- Customer Service Task Force
- E-Government Task Force
- Training and Staff Development Task Force
- Integrated Process Improvement Teams
- Succession Management Programs
- Balanced Scorecard

### **Capital Improvements Program**

A description of this element as a long-range financial management tool is provided in the Capital Improvements Fund section of the budget.

# **POLICIES AND PROCEDURES**

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## **Five Year Financial Plan**

One of the Board of Supervisors' goals has been the development of a five (5) year revenue and expenditure General Fund and Fire and Rescue Levy projection. The purpose of this document is to serve as an analytical tool in operational decision-making. Included in this document is the Capital Improvements Program. The initial Plan was completed in early FY 2002. The Financial Impact Model will be used to improve the Five Year Financial Plan's financial and operational projections.

## **Fund Balance**

In FY 2003 the Board of Supervisors adopted a General Fund, Fund Balance Policy which established the level of fund balance and the protocol for its use and maintenance. The policy is established on the modified accrual basis of accounting for governmental funds. Other funding fund balances are also addressed.

### **Fund Balance Requests**

The County sets the level of General Fund, fund balance needed to mitigate risks and minimize costs associated with debt as follows:

1. The minimum level of unreserved, undesignated fund balance at each fiscal year end is ten percent of general operating revenues. This amount is identified as the minimum amount needed to safeguard the County's financial stability and as a component in maintaining its bond ratings.
2. This level is estimated to provide the County with sufficient funds to operate in excess of one month without interrupting service levels due to a lack of revenue.
3. Fund balances are invested in financial instruments as deemed appropriate by the County Treasurer. Investment revenue will accrue to the General Fund.

### **Fund Balance Uses**

1. During the fiscal year, new appropriations are supported by sources of funds in the following order:
  - a. The transfer of existing appropriations for other uses with a higher priority;
  - b. New sources of revenue;
  - c. Contingency reserves; and
  - d. Unreserved, undesignated fund balance.
2. Appropriations from the fund balance below the minimum of ten percent of operating revenue will only occur in the event of emergency needs as approved by the Board of Supervisors.

# **POLICIES AND PROCEDURES**

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3. Unreserved, undesignated fund balance amounts exceeding ten percent will be transferred to the Capital Projects Fund Construction Reserve account for future construction needs.
4. Fund balance is evaluated during the annual budget process with the intent of the Board of Supervisors to adopt a budget that maintains the 10 percent target.

## **Policy Compliance**

1. The County's Finance Department in coordination with the Budget Department submits an annual fund balance status report to the County Finance Committee upon completion of the annual audit. If the County does not meet its target, a compliance plan is required to be submitted to the Board for consideration which will meet the target by the end of the subsequent fiscal year.
2. The annual adopted budget will address compliance with attaining the 10 percent fund balance target.

## **Fund Balance Requests – Other Funds**

1. Capital Projects Funds  
Fund balances in the Capital Projects Fund are maintained to support the projects adopted in the Capital Improvement Program. The balances in these funds are primarily reserved or designated for specific projects/uses.
2. Special Revenue Funds
  - a. Any revenue in excess of expenditures is retained in these funds (Joint Dispatch, Department of Fire & Rescue and Conservation Easement Service District).
  - b. The use of the fund balance is coordinated through the Finance Committee and requires the approval of the Board of Supervisors for its use.
3. Schools Operating Fund
  - a. The Schools Operating Fund does not maintain a fund balance.
  - b. At each fiscal year-end if revenue exceeds expenditures, after accounting for carry forward expenditures, the surplus is allocated by resolution with 50% for non-recurring priorities, and 50% transferred to the Capital Projects Fund for future school construction projects.
4. Proprietary Funds
  - a. The County currently has five Proprietary Funds: Solid Waste, Airport, Fleet Maintenance, School Nutrition and Health.
  - b. The use of the fund balance is coordinated through the Finance Committee and requires the approval of the Board of Supervisors for its use.