

## GUIDE TO READING THE PROPOSED BUDGET

The Proposed Budget comprises two volumes that are broken down by sections. Although the Table of Contents outlines what is contained in these sections, this guide serves to assist the reader in better understanding how the document is structured.

### County Manager's Budget Message

The County Manager, who serves as the chief administrative officer of the County, summarizes the Proposed Budget, highlighting the outlook for revenues and taxes, expenditures, priority programs and options for County Board initiatives for the FY 2006 budget.

### Summary Schedules

**Section A** contains tables and charts that summarize the budget. The major components of this section are as follows.

**Fund Descriptions:** For accounting purposes, fiscal activities in the County are separated by fund type. The fund descriptions outline the categories of funds used for budget purposes.

**Expenditure Summary - All Funds:** This section illustrates all of the County Government and School Board expenditures, by fund type.

**General Fund Summary:** This section illustrates major categories of General Fund expenditures and revenues. The General Fund is the primary operating fund of the County.

**Pie Charts:** The revenue chart illustrates the revenue sources that comprise each dollar of Arlington's General Fund revenues. The expense chart details how each dollar spent is distributed among various services within the General Fund.

**County Government Summary:** This summary provides a three year (FY 2004 Actual, FY 2005 Adopted and FY 2006 Proposed) detail of staffing levels (funded full time equivalent positions, or FTEs) and expenditures by department and fund.

**Proposed Budget Positions:** This chart summarizes the changes in full time equivalent positions (FTEs) between the FY 2005 adopted budget and the FY 2006 proposed budget, highlighting positions added and eliminated.

**Expenditure Comparison:** This summary provides a three year department-level detail of expenditures, including the change between the current year and the proposed budget.

**Policy Priorities:** These proposals address the demand for service levels in several key program areas beyond that which is funded in the base proposed budget. These initiatives are presented for consideration by the County Board as possible additions to the budget. Sufficient funding is available in the revenues identified in the proposed budget to support these initiatives.

**Status of Prior Year Strategic Initiatives/Policy Priorities:** The FY 2004 and FY 2005 proposed budgets included a variety of policy and program options as additions to current funding levels, a number of which were approved by the County Board as part of the adopted budgets. This summary provides information on the status of implementation of the FY 2004 strategic initiatives since the last update published in the FY 2005 proposed budget, and of the FY 2005 policy priorities.

**Multi-Departmental Programs:** A list of Multi-Departmental Programs is included in this section to identify certain programs with costs that overlap departments and funds. This is to give the reader a better perspective on the overall County funding allocated for these types of programs.

**Arlington County Profile:** Pertinent data about the County's history, organizational structure, and demographics can be found in this section.

## Revenue

**Section B** provides an analysis of revenue trends and projections. The economic climate in Arlington County serves as the basis for discussion about how FY 2006 proposed revenue estimates are derived. This section includes revenue reestimates for FY 2005 for all tax revenues, based on year-to-date revenue collections and other factors that were not known when the budget was adopted. All other (non-tax) revenues in this section show the adopted budget amounts for FY 2005 (the current fiscal year). The department narratives display adopted revenues for FY 2005, reflecting the budgeted levels from the FY 2005 adopted budget. Information about the types of taxes that are levied in the County are detailed in this section. Fee changes in the proposed budget are also highlighted, and summaries are provided of other revenues by major category.

### Components of a Department Budget

Arlington County government services are provided by departments that focus on particular areas such as human services or public safety. These departments typically, but not always, can be further subdivided into programs. **Sections C through K** of this document provide information about each of the County's General Fund departments. An organization chart introduces the department and is followed by a narrative and financial tables. Details are as follows.

**Organization Chart:** An illustration of how departments are structured.

**Department Budget Summary:** The Summary provides the following information:

The department Mission Statement is a brief comment about the department's function in County government.

FY 2006 Priorities state the department's goals and provide insight into the areas into which the department is putting its resources.

Principal Programs list the major program areas of each department with a distribution graph.

Significant Budget Changes explains how the department addresses the priorities set forth and highlights the major issues and changes in revenue, expenditures, FTEs<sup>1</sup> and programming.

Mission Outcome Measures provide data on performance which relate the mission of the department to measurable outcomes. Customer Measures provide data on performance relating to customer needs and expectations.

Future Budget Considerations describe factors that may impact future budgets. These are also listed in the program narratives.

**Program Narratives:** More specific information about how departments provide services and accomplish their goals is provided in the program budgets.

The program narratives begin with a Program Mission, stating why the program exists, and a brief program description.

Budget Tables illustrate expenses and revenue by category, and FTEs. These are shown for FY 2004 actuals, FY 2005 adopted budget, and the FY 2006 proposed budget. The categories used to detail expenses and revenues may vary somewhat by department, depending on unique circumstances. The major categories include:

Personnel: Expenses for salaries, wages and employee fringe benefits, such as retirement, health and life insurance. Normal salary increases and adjustments mentioned in program/department narratives include position reclassifications, market rate salary adjustments, and salary step increases.

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<sup>1</sup>Full Time Equivalent (FTE): A measure of authorized personnel. 2,080 (2,912 for uniformed firefighters) hours of work per year equates to one FTE.

Non-Personnel: Operating expenses such as office supplies, equipment, maintenance contacts, telephone charges, and electricity.

Inter-Departmental Credit: Reimbursement for services performed by one department to support another County department, such as the reimbursement from Arlington County Schools to the Department of Human Services for physical therapy services in the School Health program.

Intra-County Charges: Charges by one unit of County government to support another unit's activities, such as construction work done by the Department of Environmental Services in support of a Department of Parks, Recreation and Cultural Resources project.

Fees: Monies received by the County as payment for services, goods or use of a facility, such as residential refuse disposal fees and user fees for recreation programs.

Grants: Monetary contributions, usually from state or federal agencies, to be used for a specific purpose or activity, such as state transit aid for operation of the trolley and transit stores.

Net Tax Support: Net tax support is the remainder determined by subtracting all state and federal aid, fees, and charges from the total expenditures of the programs. It is used to estimate the amount of general tax dollars (as opposed to program-specific revenues) that are required to provide services.

FTEs: Authorized reflects the number of FTEs which are approved. Funded reflects the number of authorized FTEs for which funds are budgeted.

Program budgets contain Performance Measures, which typically span five years from FY 2002 Actual to FY 2006 Estimate. Measures are developed to reflect programmatic goals, objectives and resources. These measures are designed to track performance and are regularly updated to better reflect changing goals. When measures are revised, prior year data is often not available. Current and proposed fiscal year measures are expressed as estimates. The FY 2006 Goal represents a goal for program performance. In some instances, the figure in the Goal column represents a standard (a level of performance expected for a particular discipline or industry) or benchmark (a level of performance in another jurisdiction identified as being "best in class").

**Ten Year History:** The history displays major changes within the department over time and summarizes expenditures, revenue and authorized FTEs.

### **Other General Fund Expenditures**

**Sections L and M** contain information on other General Fund expenditure categories not included in departmental budgets, including expenditures for Debt Service, Metro, Regionals/Contributions, and Non-Departmental (including certain insurance costs, building rent, contingents, and other miscellaneous expenses).

### **Other Operating Funds**

Found in **Section N** is a summary of the funds that are not represented in the General Fund. Definitions of fund types can be located in Section A under Fund Descriptions. Operating statements are also included for these internal service, enterprise and special revenue funds. These operating statements may reflect estimated amounts, not appropriation amounts, in the FY 2005 Revised columns.

### **Pay-As-You-Go Capital**

Pay-As-You-Go Capital refers to County projects, typically valued at \$100,000 or more (\$25,000 for technology), that are financed in the same fiscal year the project is initiated. No borrowing or issuing of bonds is undertaken to implement these projects. **Section O** summarizes the projects planned by Arlington County in FY 2006.

### **Glossary and Appendices**

A glossary is located in **Section P**. The glossary defines key budget and accounting terms used throughout the entire document. This section also contains commonly used acronyms. Also included in **Section P** is a chart with selected fiscal indicators for the County, and the independent auditor's report and financial statements for the prior fiscal year.

### **Calendar**

Following this guide is the budget calendar for FY 2006. The fiscal year begins July 1, 2005 and ends June 30, 2006. Pertinent timetables surrounding formulation and implementation of the budget are contained in this section.