

## *GUIDE TO READING THE PROPOSED BUDGET*

The budget is broken down by sections. Although the Table of Contents outlines what is contained in each section, this guide serves to assist the reader in better understanding how the budget 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 most significant issues addressed in the budget and the major policy issues the County Board will be addressing during their budget deliberations.

### **BUDGET SUMMARIES (Section A)**

Section A contains fund descriptions, 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. This section also includes a table which shows which departments are budgeted in which funds.
- **Expenditure Summary - All Funds:** This summary illustrates all the County Government and School Board expenditures, by fund type.
- **Expenditure and Revenue Summary by Fund:** This summary shows FY 2023 proposed revenues and expenses broken out by accounting categories for all funds which will be appropriated as part of the adopted budget (excluding Schools funds). Note that transfers out to other funds are included in the expenditures of the source fund.
- **Pie Charts:** The revenue chart illustrates the revenue sources that comprise Arlington's General Fund revenues. The expense chart details how the budget is distributed among various services within the General Fund.
- **General Fund Summary:** This summary illustrates major categories of General Fund expenditures and revenues. The General Fund is the primary operating fund of the County.
- **County Government Summary:** This summary provides a three-year (FY 2021 Actual, FY 2022 Adopted, and FY 2023 Proposed) detail of staffing levels (authorized full-time equivalent positions, or FTEs) and expenditures by department and fund.
- **Expenditure Comparison:** This summary provides a three-year department-level detail of expenditures, including the change between the current year adopted budget and the proposed budget.
- **Proposed Budget Position Changes:** This chart summarizes the changes in full time equivalent positions (FTEs) between the FY 2022 adopted budget and the FY 2023 proposed budget, highlighting positions added, transferred between departments, frozen, or eliminated.
- **Compensation Summary:** This section includes information on the General Fund and all fund totals budgeted in FY 2023 for employee salaries and benefits, and historical information on employee compensation and retirement rates.

### **REVENUE SUMMARY (Section B)**

A summary of proposed tax and fee changes, and descriptions of major revenue sources are included.

## **GENERAL FUND DEPARTMENT BUDGET NARRATIVES (Section C)**

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 various lines of business. Section C provides information about each of the County's General Fund departments.

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

- **Mission Statement:** The department mission statement is a brief comment about the department's function in County government.
- **Department Budget/General Fund Budget:** A pie chart indicating how the department's proposed expenditure budget relates in size to the entire General Fund budget. The pie chart also notes what percent of the department's budget is from federal/state funding, local funding (net tax support), and other funding (generally fees).
- **Department Lines of Business:** An organization chart with the principal divisions or first tier of the department's organizational structure and the department's lines of business. Lines of business are shown in bold type; some lines of business also list sub-activities. A separate budget narrative for each bolded line of business can be found in the web version of the proposed budget.
- **Significant Budget Changes:** This section highlights the major issues and changes in expenditures, revenues, and full-time equivalent positions (FTEs). Remarks are included with up (↑) and down (↓) arrows to indicate whether the budget changes show increases or decreases.
- **Department Financial Summary:** The Department Financial Summary is intended to provide information regarding the categories of expenditures, revenues and full-time equivalent positions (FTEs) by providing the FY 2021 actual, FY 2022 adopted budget, FY 2023 proposed budget, and the percent change from FY 2022 to FY 2023. Expenses and revenues are categorized as follows:
  - **Personnel** - This category includes expenses for salaries, wages, and employee fringe benefits such as retirement, health, and life insurance.
  - **Non-Personnel** - This category includes expenses for goods or services provided to the County by vendors or by County internal service funds (see Glossary for definition of internal service funds); expenses for items that are used or consumed in the course of operation of the program or department; and expenses for initial, additional, or replacement items of office or operating equipment not funded through the capital budget.
  - **Intra-County Charges and Inter-Departmental Credit** - These categories represent charges by one unit of County government to support another unit's activities.
  - **Fees** - These are monies received by the County as payment for services, goods, or use of a facility. Examples are residential refuse disposal fees, user fees for recreation facilities, and various permit and inspection fees.
  - **Grants** - Grants are a contribution of funding, usually from state or federal agencies, to be used for a specific purpose or activity.
  - **Net Tax Support** - The funds that the County Board may allocate from local tax revenues to fully finance or to supplement revenues received by a department or program. Net tax support is the remainder determined by subtracting all department specific state and federal aid, fees, and charges from the total cost of the programs.
  - **The Position Summary (FTEs)** shows authorized permanent positions and temporary positions by full-time equivalent (see glossary for further information on how FTEs are

calculated). The summary also identifies any FTEs which are frozen, meaning the positions are not funded or authorized in the FY 2023 proposed budget, but may be restored in a future budget.

- **Expenses & Revenues by Line of Business** - Except in the smallest departments, the department summary narrative also includes a table which summarizes the breakout of the departmental expenditure budget and revenue budget by lines of business, reflecting FY 2021 actual expenses, FY 2022 adopted expenses, FY 2023 proposed expenses, the percent change from FY 2022 to FY 2023, FY 2023 proposed revenue, and FY 2023 net tax support.
- **Authorized FTEs by Line of Business** – The table shows authorized full-time equivalents by line of business for FY 2022 adopted and FY 2023 proposed. The FY 2022 adopted column includes both permanent and temporary positions. For FY 2023, the permanent and temporary positions appear in separate columns followed by a total column.

### **Line of Business Narratives**

More specific information about how departments provide services and accomplish their goals is provided in the line of business narratives.

- **Program Mission:** The line of business narratives begin with a Program Mission, stating why the program exists, and a brief description of key activities and services provided.
- **Performance Measures:** Line of business narratives contain performance measures, which typically span six years from FY 2018 Actual to FY 2023 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.
- **Ten Year History:** The history displays major changes within the department over time and summarizes expenditures, revenue, and authorized FTEs. Entries shown in *italics* indicate adjustments made during the course of the fiscal year through supplemental appropriations, and are not actions taken as part of the adopted budget process.

Section C also contains 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).

### **ENTERPRISE, SPECIAL REVENUE, AND INTERNAL SERVICE FUNDS (Section D)**

Found in Section D are summaries of the funds that are not represented in the General Fund (excluding Pay-As-You-Go, General Obligation (GO) bonds, Utilities Capital, and Master Lease). Definitions of fund types are located in Section A under Fund Descriptions. Operating (fund) statements are also included for these funds. These operating statements include budgeted amounts in the FY 2022 Adopted column while the FY 2022 Re-Estimate column includes a projection of FY 2022 actual expenses and revenues.

### **PAY-AS-YOU-GO CAPITAL AND MASTER LEASE (Section E)**

Pay-As-You-Go Capital refers to County projects, typically valued at \$100,000 or more, 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 E summarizes the projects planned by Arlington County in FY 2023 for general capital projects and utilities capital. A description of projects funded through master lease financing is also included.

### **GLOSSARY AND APPENDICES (Section F)**

A glossary is located in Section F. The glossary defines key budget and accounting terms used throughout the entire document. The glossary also contains commonly used acronyms. Also included in Section F is a consolidated summary of the governmental operating funds displaying revenues, expenditures, and beginning and ending balances for each fund. This section also includes a description of the County's budget process, information on the County's financial and debt management policies, a description of the County's comprehensive plan, a summary of the County's housing programs, a chart with selected fiscal indicators for the County, and the Arlington County Profile.