



**McLean Citizens Association Resolution
Assignment and Allocation of Expenditures
March 7, 2018**

Whereas, Fairfax County (County) uses various methods to assign direct costs and allocate indirect costs among programs for purposes of its audited financial statements, budget documents, and grants; and

Whereas, County Supervisors decide whether to expand, shrink or discontinue programs based in part on the estimated costs of those programs in County budget documents; and

Whereas, the County generally does not allocate expenditures of "cost centers" such as human resources, and charges 100% of those expenditures to the general fund; and

Whereas, the County generally does not allocate expenditures associated with the use of County-owned facilities among its programs, although such facilities generally were built from proceeds of County bonds that bear interest and are maintained using current tax proceeds in the County's general fund; and

Whereas, the County generally does not allocate the costs of employee benefits, including pension benefits, among programs in budget documents, although employee benefit costs generally are allocated more precisely for financial statements; and

Whereas, the County generally uses estimated expenditures in its budget documents to set fees for certain County-provided services; and

Whereas, according to County budget documents:

- User fees are "an equitable way to finance the cost of government services that do not benefit the general public," so costs are "borne by those that use the service,"
- "It is efficient and equitable to charge users directly for the services that they consume" so taxpayers "do not pay for services they neither want nor need," and
- "User fees reduce the reliance on General Property Taxes to fund services that benefit a particular segment of the population"; and

Whereas, some County-provided services, such as those for residential waste services, compete with privately-owned businesses; and

Whereas, fees for certain County-provided services do not appear to have been based on an accurate assessment of those services' total costs, so that, for example, the annual \$345/year fee for County's Residential and General Collection Program, which is used by about 10% of County households, did not increase between FY 2009 and FY 2018; and

Whereas, the County Auditor of the Board, supported by staff in the Office of Financial and Program Audit (OFPA), publishes quarterly reports on topics requested by the Audit Committee of the Board of Supervisors;

Now, therefore be it resolved, that the McLean Citizens Association urges the County Board of Supervisors to:

- ask the County Auditor of the Board to
 - analyze the different methods the County uses to assign direct and to allocate indirect costs for County programs, including but not limited to the Residential and General Collection Program,
 - determine when cost assignments and allocations are not consistent, and
 - recommend ways to minimize the percentage of costs neither assigned nor allocated among County programs; and
- ask County staff to publicly disclose in County budget documents any inconsistencies in cost allocation methods used for financial statements, grant submissions and budget documents, and to show the comparative costs for each program using each of the different cost assignment and allocation methods; and

Now, therefore be it further resolved, that the McLean Citizens Association urges the Board of Supervisors to use the Auditor of the Board's analysis and budget documents showing the different potential total costs for each program to guide future decisions about whether to expand, shrink or discontinue programs and whether to adjust fees charged for County-provided services.

*Approved by the MCA Board of Directors
March 7, 2018*

McLean Citizens Association, P.O. Box 273, McLean, Virginia 22101

cc: John Foust, Dranesville District Supervisor
Jane Edmondson, Dranesville District Supervisor Chief of Staff
Fairfax County Board of Supervisors
Bryan Hill, Fairfax County Executive
Joseph Mondoro, Fairfax County Chief Financial Officer