

For agencies that are *subdivided* into major divisions or “activities”, pages summarizing each activity are presented next. An activity page focuses on the expenditures and positions supported by a *single* fund (usually the General Fund). Each activity page includes a brief description of the responsibilities of the activity, plus a three-year summary of activity expenditures broken down by compensation, fringe benefits, operating expenses, capital outlay, and recoveries. Full time, part time, and limited term staffing levels for the current and budget years are also shown, and percentage changes comparing FY2004 to FY2003 adopted expenditure and staffing levels are included.

All agencies that administer grants include a **Grants Section** within the agency budget pages. A summary chart similar to that for the General Fund displays compensation, fringe benefits, operating expenses, capital outlay, and recoveries for the same budget years as shown in the All Funds and General Fund pages. The column headed “FY2002 Actual” contains expenditures against FY2002 budgeted grant awards. These are unaudited amounts and may not represent the final spending totals for that grant year. Descriptions of the major costs budgeted for grant programs are also provided. Another chart informs the reader of the number of staff positions supported by grant funds, comparing FY2003 with FY2004. The table that follows shows the spending amounts by budget year for each grant administered by the agency; percentage changes are also shown. Some County agencies contribute a portion of their General Fund appropriation as revenue to grants they administer. These amounts often reflect a required local match. In other instances, the local contribution reflects the priority given by the County to the grant program or service. If a County contribution from the General Fund is a part of the revenue supporting the agency’s grants, the amounts are indicated near the bottom of the chart as a transfer from the General Fund. Descriptions of all grants are provided in the appendix of this document.

If an agency is responsible for administering an **Internal Service**, **Enterprise**, or **Special Revenue Fund**, a fund description and expenditure detail are provided in the Other Funds section, along with a discussion of major costs supported by the fund.

BUDGETARY BASIS

The modified accrual basis of accounting is followed in the General, Special Revenue, Debt Service, Capital Projects, Expendable Trust, and Agency Funds. Under this method of accounting, revenues are recognized in the accounting period in which they become available and measurable (i.e., the funds are collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period). Taxes, uses of money and property, charges for services, and intergovernmental and miscellaneous revenue are recognized when earned, with the exception of interest and penalties on property tax payments which are recognized when cash is received. With respect to property tax revenue, the County defines “available” to mean collectible within sixty days after the fiscal year’s end. Expenditures are recorded as liabilities when incurred, if measurable—except for unmatured interest on general long-term debt, which is recognized when due.

The accrual basis of accounting is followed in the Enterprise, Internal Service, and Pension Trust Funds. Under this method of accounting, revenue is recognized when earned, and expenses are recorded as liabilities when incurred, without regard to receipt or payment of cash.

The account which serves the function of the owner’s equity account in a profit-making organization is called the “fund balance” in government entities. An available balance in this account is the cumulative result of actual revenues exceeding expenditures. The fund balance for the General Fund can either be designated for future years (e.g. as a contingency reserve or for a subsequent year’s expenditure) or it can remain undesignated. Audited or final fund balances are not known until about five months after the end of the fiscal year.

While the above definition of “fund balance” is used for the ending balances shown in the General Fund and Special Revenue Funds, somewhat different definitions are used in connection with Internal Service and Enterprise Funds. The ending balance for an Internal Service Fund corresponds to net assets. On the other hand, the ending balance shown for an Enterprise Fund corresponds to the sum of available cash, and cash equivalents. The ending balance takes into account net operating revenues and expenditures and increases based on bond proceeds, offset by capital expenditures and by funds that must be held in reserve for future obligations.

Unless otherwise noted, the Budgetary Basis is used in this document when referring to the fund balance for the General Fund. Although the Budgetary Basis is clear, convenient, and widely used, it differs somewhat from the fund balance computed according to Generally Accepted Accounting Principles (GAAP). The Budgetary Basis differs from GAAP by excluding encumbrances, inventories, and designated expenditures for non-General Fund purposes (e.g. certain equipment expenditures). In particular, the Budgetary Basis treats reserves for encumbrances, which have not yet materialized by June 30 as expenses; GAAP shows them as a reservation of fund balance. Inventories are booked as an asset on the balance sheet and a reservation of fund balance under GAAP; they are reflected as an expense at the time of purchase under the Budgetary Basis. Under GAAP, certain purchase agreements for acquiring equipment are recorded as restricted assets, and related proceeds are shown as an Other Financing Source with a reservation for future years on the balance sheet; under the Budgetary Basis, annual payments to retire leases are shown as an expense to the General Fund, and the proceeds are not counted as a revenue.

SEMI-AUTONOMOUS AGENCIES

Those departments and agencies whose operating budgets are approved directly by the County Executive and County Council are included in this document. There are several semi-autonomous agencies whose operating budgets are not included in the County budget document. Certain semi-autonomous agencies also are not included in the County’s Capital Improvement Program (CIP). The accompanying table lists the semi-autonomous agencies and indicates whose budgets are not included in the County’s budget documents.

The Maryland-National Capital Park and Planning Commission (M-NCPPC), the Washington Suburban Sanitary Commission (WSSC), and the Washington Suburban Transit Commission - Washington Metropolitan Area Transit Authority (WSTC-WMATA) do not receive any of their funding from County General Fund revenues and prepare separate operating budget documents. Their operating budgets are not included in the County budget, nor is the WSSC’s or WSTC-WMATA’s capital budget included in the County CIP. However, the County Executive reviews and makes recommendations to the County Council on each of the budgets proposed by these agencies. The Council must then approve these budgets (or the portions affecting Prince George’s County).

The Board of Education, Library, and Community College are all financed at least in part from County General Fund revenues, and their operating and capital budgets are included in the County budgets. In addition, the Board of Education prepares a separate operating budget document that describes the Board’s spending plan in detail.