Other Funds Overview

This section includes:

- Other Funds Overview (Page 232)
- Special Revenue Funds (Page 233)
- Debt Service Funds (Page 237)
- Enterprise Funds (Page 238)
- Internal Service Funds (Page 239)
- Trust and Agency Funds (Page 241)

OTHER FUNDS OVERVIEW

Other Funds reflect programs, services and projects funded from non-General Fund revenue sources or a mix of General Fund and non-General Fund sources. These sources include federal or state grants, specific tax districts, proceeds from the sale of bonds, and user fees and charges. Included are the following categories of Other Funds:

- Special Revenue Funds
- Debt Service Funds
- Enterprise Funds
- Internal Service Funds
- Trust and Agency Funds

Other Funds expenditures are supported through a total available balance of $7,514,799,937 (excluding the General Fund) and total revenues of $2,714,938,399. The revenues are a decrease of $1,098,585,005 or 28.8 percent from the *FY 2009 Revised Budget Plan* and a decrease of $378,957,154 or 12.2 percent from the FY 2009 Adopted Budget Plan. It should be noted that the decrease from the *FY 2009 Revised Budget Plan* is primarily the result of the carryover of authorized but unissued bonds for capital construction projects and anticipated grant revenues rather than the result of changes in the revenue stream for Other Funds. As indicated by the decrease in revenues from the FY 2009 Adopted Budget Plan, revenues are expected to decline 12.2 percent overall for FY 2010. Details concerning significant changes in revenue growth are discussed for each specific fund in Volume 2, Capital Construction and Other Operating Funds, in the FY 2010 Adopted Budget Plan. Also, the FY 2010 revenues for Other Funds are summarized by revenue type and by fund type in the *Financial, Statistical and Summary Tables* section of this Overview volume.

FY 2010 expenditures for Other Funds total $4,622,263,192 (excluding General Fund direct expenditures), and reflect a decrease of $1,637,043,631 or 26.2 percent from the *FY 2009 Revised Budget Plan* funding level of $6,259,306,823. This decrease is primarily due to the effect of significant carryover for capital construction projects and sewer construction projects, and should not be perceived as a major change to programs or operations. Excluding adjustments in FY 2009, expenditures decrease $213,127,854 or 4.4 percent from the FY 2009 Adopted Budget Plan total of $4,835,391,046.

The following is a brief discussion of highlights and major expenditure issues associated with the various funds. Not included in these discussions are Capital Projects Funds, which are presented in the Capital Projects Overview, and Special Revenue funding for the Fairfax County Public Schools, which is discussed in the Fairfax County School Board's FY 2010 Adopted Budget. Further information on Housing and Community Development Programs can be found in the Housing Program Overview. A complete discussion of funding and program adjustments in Other Funds is found in Volume 2, Capital Construction and Other Operating Funds in the FY 2010 Adopted Budget Plan. Summary information is provided in the *Financial, Statistical and Summary Tables* section of this Overview volume.

SPECIAL REVENUE FUNDS

Special Revenue Funds account for the proceeds from specific sources that are legally restricted to expenditures for a specific purpose. These proceeds include state and federal aid, income derived through activities performed by the Division of Solid Waste, special levies, program activity revenue, and operation of the public school system. The following are highlights for various Special Revenue Funds. Details for other funds not shown here are included in Volume 2, Capital Construction and Other Operating Funds in the FY 2010 Adopted Budget Plan.

In FY 2010, Special Revenue Fund expenditures total $2,853,192,355, a decrease of $404,369,866 or 12.4 percent from the *FY 2009 Revised Budget Plan* funding level of $3,257,562,221. Excluding adjustments in FY 2009, expenditures decrease $123,561,302 or 4.2 percent from the FY 2009 Adopted Budget Plan level of $2,976,753,657. Funds with significant adjustments are as follows:

Fund 100, County Transit Systems: FY 2010 funding of $79.0 million is included for this fund, including $74.0 million for the Fairfax CONNECTOR and $5.0 million for the Virginia Railway Express (VRE). Expenditures are supported by a General Fund transfer of $23.8 million, which is a $9.6 million decrease from the *FY 2009 Revised Budget Plan*. Also included is a transfer of $15.5 million in annual revenue available from the 11 cent commercial and industrial tax for transportation revenue, which is used to expand CONNECTOR bus service on specific routes and support new routes at the West Ox Bus Operations Center. The General Fund Transfer decrease includes: a reduction of $7.4 million resulting from the elimination of certain budget routes and by fully supporting other routes either through State Aid funding or through increased fares for express routes to the Pentagon and Crystal City; a decrease of $4.2 million in projected FY 2010 fuel requirements based on current pricing; and a decrease of $0.5 million based on a reduced requirement for the County subsidy for VRE. The budget incorporates proposed increases to fund the full year of operations of the new West Ox Bus Operations Center, funded in FY 2009 for a portion of the year.

The County will initiate CONNECTOR service at West Ox in summer 2009, with a projected 11 bus routes connecting Centreville and Chantilly with the Vienna – Fairfax/GMU Metrorail Station. In FY 2010, the budget includes total projected County costs of $11.3 million for West Ox bus routes and facility costs, and an additional $5.0 million for WMATA's reimbursable share of facility costs. Also included in FY 2010 is $8.5 million to support expanded bus service in the Huntington and Reston-Herndon Divisions. All CONNECTOR inflationary and expansion increases for FY 2010 have been met through a combination of additional fare revenue and funding available for new routes from the commercial real estate tax for transportation.

The operation and maintenance costs associated with the commuter rail system are funded from a combination of ridership revenues (which accrue directly to VRE), state contributions and contributions from the participating and contributing local jurisdictions. In spring 2007, the VRE Operations Board and member jurisdictions approved a change in the funding formula to transition from the previous calculation based on 90 percent ridership and 10 percent population, to a purely ridership-based formula more favorable to Fairfax County. FY 2010 is the third year of the phase-in of the formula change. The FY 2010 Fairfax County subsidy to VRE is $5.0 million, a decrease of $0.5 million from FY 2009 due to VRE cost savings initiatives and the positive impact of the formula change on the calculation of the County subsidy requirement. Fairfax County's anticipated share of the local jurisdictional contribution to VRE is approximately 30.5 percent.

Other Funds Overview

Fund 102, Federal/State Grant Fund: This fund includes both grant awards already received as well as those anticipated to be received in FY 2010, for a total appropriation of $59.8 million. The breakdown of grant funding by agency includes $26.8 million for the Department of Family Services, $8.3 million for the Fire and Rescue Department, $7.1 million for the Department of Transportation, $3.0 million for the Health Department, $1.9 million for the Police Department, $1.6 million for various other agencies, and $1.1 million to address unanticipated grants. An additional $10.0 million is held in reserve for anticipated awards related to emergency preparedness.

Fund 103, Aging Grants and Programs: In FY 2010 funding of $7.6 million is included for this fund to support the coordination and provision of services for older persons in Fairfax County, as well as the cities of Fairfax and Falls Church. It should be noted that the FY 2010 transfer from the General Fund is $4.3 million, an increase of $0.2 million or approximately 4 percent over the *FY 2009 Revised Budget Plan*. This increase is attributable to the transfer of funding from the Department of Family Services to support the Congregate Meals program as part of the *FY 2008 Carryover Review*.

Fund 104, Information Technology: In FY 2010, funding of $9.5 million, which includes a General Fund transfer of $7.4 million, a $1.0 million transfer from the Cable Communications Fund, and interest income of $1.1 million, is included for initiatives that meet one or more of the priorities established by the Senior Information Technology Steering Committee. These initiatives include a mix of projects that provide benefits for both the general public and employees and adequately balance continuing initiatives with the need for maintaining and strengthening the County's technology infrastructure. Funded projects will support initiatives in General County Services and the Public Safety program areas. It should be noted that due to significant fiscal limitations in FY 2010, funding is limited to meet contractual obligations and complete planned phases of existing IT projects.

Fund 105, Cable Communications: FY 2010 expenditures for this fund total $9.6 million, a decrease of $7.5 million, or 43.7 percent, from the *FY 2009 Revised Budget Plan*. This decrease is primarily a result of the one-time carryover of $7.7 million from FY 2008 for unexpended funds related to the design and implementation of the I-Net. The I-Net is a fiber optic cable network designed to support video, voice and data services that the County and Fairfax County Public Schools (FCPS) currently provide using commercial telecommunication carriers.

Fund 106, Fairfax-Falls Church Community Services Board (CSB): FY 2010 expenditures for this fund total $142.7 million, and are funded by a Fairfax County transfer of $97.5 million, as well as funds from the state, the federal government, the cities of Fairfax and Falls Church and client fees. FY 2010 funding includes expenditure reductions of $9.9 million utilized to balance the FY 2010 budget. This reduction target will be met through a combination of revenue maximization efforts and service reductions designed to minimize impacts on customers. CSB will continue to pursue federal and state grant opportunities while exploring a number of business process improvement efforts in FY 2010 to mitigate level of service impacts.

Solid Waste Operations: The County's Solid Waste Operations are under direct supervision of the Director of the Department of Public Works and Environmental Services (DPWES). The administration of waste disposal is achieved through the Division of Solid Waste Collection and Recycling and the Division of Solid Waste Disposal and Resource Recovery. The composition of operations includes a County-owned and operated refuse transfer station, an Energy/Resource Recovery Facility (E/RRF), a regional municipal landfill operated by the County, two citizens' disposal facilities, eight drop-off sites for recyclable material, and equipment and facilities for refuse collection, disposal, and recycling operations. Program operations will continue to be accomplished through the two entities consisting of five funds established previously under the special revenue fund structure.

Other Funds Overview

The combined expenditures of $128,922,894 are required to meet financial and operational requirements for waste collection and disposal programs in FY 2010. See the Solid Waste Management Program narrative in Volume 2, Capital Construction and Other Operating Funds of the FY 2010 Adopted Budget Plan for more details. Highlights by fund are as follows:

- **Fund 108, Leaf Collection:** Funding in the amount of $2.4 million is included for this fund to provide for the collection of leaves within Fairfax County's leaf collection districts. Revenue is derived from a levy charged to homeowners within leaf collection districts. Based on the estimated fund balance and projected expenditure requirements, the levy will remain at $0.015 per $100 of assessed real estate value.

Fund 108, Leaf Collection, provides funding for collection service to approximately 25,000 household units within 34 approved leaf districts on three different occasions throughout the year.

- **Fund 109, Refuse Collection and Recycling Operations:** Funding in the amount of $21.1 million is included for this fund to provide for the collection of refuse within the County's approved sanitary districts and County agencies, and for the coordination of the County's recycling and waste reduction operations, as well as the oversight of the Solid Waste General Fund Programs on behalf of the County. In FY 2010, the household refuse collection fee will remain at the FY 2009 level of $345 per household unit.

- **Fund 110, Refuse Disposal:** Funding in the amount of $60.3 million is included for this fund to provide for the coordination of the disposal of solid waste generated within Fairfax County by channeling the collected refuse to the Energy/Resource Recovery Facility (E/RRF). Based on estimated disposal costs, the system disposal fee will increase to $60 per ton, an increase of $3 over the FY 2009 rate; and a contractual disposal rate will be negotiated with private waste haulers and is anticipated to remain at the FY 2009 negotiated rate of $55.00 per ton.

- **Fund 112, Energy Resource and Recovery Facility (E/RRF**): Funding in the amount of $36.3 million is included for this fund to provide the management of the contract for the I-95 Energy/Resource and Recovery Facility (E/RRF), owned and operated by Covanta Fairfax, Inc. (CFI). The E/RRF burns municipal solid waste and produces energy through the recovery of refuse resources. The County charges a disposal fee to all users of the E/RRF, and subsequently pays the contractual disposal fee to CFI from these revenues. Revenues from the sale of electricity are used to partially offset the cost of the disposal fee, which will be reduced from $32 to $31 per ton in FY 2010.

Aerial photo of the County's Energy Resource and Recovery Facility.

- **Fund 114, I-95 Refuse Disposal:** Funding in the amount of $8.8 million is included for this fund, which is responsible for the overall operation of the I-95 Landfill, which is a multi-jurisdiction refuse deposit site dedicated to the disposal of ash generated primarily by the County's Energy/Resource and Recovery Facility (E/RRF) and other participating municipalities. The disposal rate for the I-95 Landfill will be increased from $11.50 to $13.50 per ton to ensure that sufficient funds are available for capital projects and post-closure care reserves.

Fund 116, Integrated Pest Management Program: FY 2010 funding of $2.9 million is included for this fund. This funding level includes $1.1 million for the Forest Pest Program to support the treatment of an estimated 5,000 acres to combat gypsy moths and cankerworms. It also provides for the continued monitoring and surveying of areas treated by the state for the emerald ash borer, a recently introduced pest in Fairfax County. This funding level also includes $1.8 million to provide for the Disease-Carrying Insects Program to include treatment and public educational activities for the prevention of West Nile virus and the surveillance of tick-borne diseases. The Integrated Pest Management Program is supported by a countywide tax levy which will remain at the current rate of $0.001 per $100 assessed value.

Fund 116, Integrated Pest Management Program, provides resources for the County to treat an estimated 5,000 acres to combat gypsy moths and cankerworms.

Fund 118, Consolidated Community Funding Pool: FY 2010 will be the second year of a two-year funding cycle that uses a consolidated process to set priorities and award funds from both the Consolidated Community Funding Pool and the Community Development Block Grant. In FY 2010, there will be $11.0 million available for the Consolidated Community Funding Pool process, of which approximately $9.0 million will be transferred from the General Fund to Fund 118, Consolidated Community Funding Pool, and approximately $2.0 million, will be utilized from Fund 142, Community Development Block Grant.

Fund 119, Contributory Fund: Funding for all Contributory Agencies is reviewed annually, and the organizations must provide quarterly, semiannual and/or annual financial reports as prescribed by the County Executive to document their financial status. The FY 2010 funding level is $12.9 million. Details of the organizations funded can be found in Volume 2, Special Revenue Funds, of the FY 2010 Adopted Budget Plan.

Fund 120, E-911: In FY 2010, total expenditures of $35.8 million, based on a General Fund transfer of $10.6 million, Communications and Sales Use Tax Fees of $19.2 million, Wireless E-911 State Reimbursement of $4.3 million, the use of $1.0 million in available balance, interest earnings of $0.5 million, and $0.2 million in City of Fairfax dispatch reimbursement will support Department of Public Safety Communications (DPSC) operations and Public Safety Information Technology Projects. In addition to General Fund monies, revenue from the Communications and Sales Use Tax, including a uniform statewide E-911 tax on landline telephone service, is used to support E-911 operations in the County.

In addition to DPSC operations, Fund 120, E-911 supports information technology projects, which are budgeted at $4.3 million and will support projects to replace and upgrade the Public Safety Communications Network and its component systems. These projects are critical to the County's public safety emergency communications capabilities. Information on the projects funded in FY 2010 can be found in Volume 2, Special Revenue Funds, of the FY 2010 Adopted Budget Plan.

Fund 124, County and Regional Transportation Projects: Fund 124, County and Regional Transportation Projects, was created as part of the FY 2009 Adopted Budget Plan to support opportunities to improve transportation and pedestrian access. New funding reflected in Fund 124 is available on an annual basis, as a result of the General Assembly's April 4, 2007 passage of the Transportation Funding and Reform Act of 2007 (HB 3202). As part of its deliberations on the FY 2010 budget, the Board of Supervisors approved a tax rate of 11 cents per $100 of assessed value, the same rate as in FY 2009. This revenue provides $50.9 million in new transportation dollars for capital and transit projects in FY 2010. Approximately $32.1 million is included in Fund 124 for Capital Projects. A transfer to Fund 100, County Transit, of $15.5 million is included in FY 2010 to support the operational costs of expanding bus service on FAIRFAX CONNECTOR priority overcrowded routes, to provide new mid-day service originating from the new West Ox Bus Operations Center, and to support additional bus service as recommended by the Transit Development Plan study. Additionally, $3.3 million is included to support 19/19.0 SYE new positions created in FY 2009 and associated operating costs to effectively address the increased capital project workload and to manage expansions of the County's CONNECTOR bus system.

Fund 125, Stormwater Services: As part of the FY 2010 Adopted Budget Plan, a new service district was created to support the stormwater management program, as authorized by Virginia Code Sections 15.2-2400. The service district levy is $0.010 per $100 of assessed real estate value, an amount that will support both staff operating requirements and stormwater capital projects. Since FY 2006, the Board of Supervisors had dedicated the value of one penny of the real estate tax, or approximately $20 million annually to stormwater capital projects. In FY 2009, due to budget constraints, staff and operating costs were charged to the stormwater penny fund, resulting in approximately $15 million remaining for capital project support. The levy of $0.010 will provide approximately $20 million in a typical budget year for the stormwater program. The effective date of the service district and tax rate is July 1, 2009. Therefore, during the service district's first year, taxpayers will be billed for the second half of calendar year 2009, generating approximately $10 million for the stormwater program in FY 2010. It is anticipated that over $5 million will remain unexpended within Fund 318, Stormwater Management Program, in FY 2009 based on project timelines and completion schedules. Unexpended funding will be transferred at year-end to Fund 125, Stormwater Services, in order to support capital project work in FY 2010. It is estimated that beginning in FY 2011, Fund 125 will be fully supported by a projected $20 million annually, enabling much needed capital projects to move forward. In addition, the establishment of Fund 125 will allow for the planned elimination of Fund 318 by July 2010.

Complete details of all Special Revenue Funds are found in Volume 2, Capital Construction and Other Operating Funds of the FY 2010 Adopted Budget Plan. Summary information is provided in the *Financial, Statistical, and Summary Tables* section of this Overview Volume.

DEBT SERVICE FUNDS

The Consolidated Debt Service Fund accounts for the general obligation bond debt service of the County as well as general obligation bond debt for the Fairfax County Public Schools (FCPS). In addition, debt service expenditures are included for the Economic Development Authority Lease Revenue bonds and Certificates of Participation (COPS) associated with County government and School facilities and payments for Fairfax County Redevelopment and Housing Authority (FCRHA) Lease Revenue bonds. Revenues for the debt service funds are derived principally from a transfer from the General Fund. It should be noted that debt service on sewer revenue bonds is reflected in the Enterprise Funds. FY 2010 Debt Service expenditures total $279,686,710. Complete details of the Consolidated County and Schools Debt Service Fund is found in

Volume 2, Capital Construction and Other Operating Funds of the FY 2010 Adopted Budget Plan. Summary information is provided in the *Financial, Statistical and Summary Tables* section of this Overview Volume.

ENTERPRISE FUNDS

Fairfax County's Enterprise Funds consist of seven funds within the Wastewater Management Program (WWM), which account for the construction, maintenance and operational aspects of the countywide sewer system. The cost of providing sewer service to County citizens and businesses is financed or recovered primarily from user charges.

The County's wastewater treatment plant serves an estimated 362,375 households with public sewer service to help maintain a safe and caring community.

FY 2010 Enterprise Funds expenditures for sewer operation and maintenance and sewer debt service total $146,744,337, a decrease of $149,172,117, or 50.4 percent from the *FY 2009 Revised Budget Plan* total of $295,916,454 primarily due to the carryover of capital project construction balances to complete system improvements.

The program currently includes the County-owned Noman M. Cole, Jr. Pollution Control Plant (67 million gallons per day (mgd) capacity), nearly 3,350 miles of sewer lines, 65 pump stations, 54 flow-metering stations, and covers approximately 234 square miles of the County's 407 square-mile area. Capacity entitlement at the other regional facilities totals 91 mgd. A total of 321/320.5 SYE positions will perform wastewater maintenance and operations in FY 2010. The WWM anticipates a total of 358,375 households and businesses (new and existing) connections in Fairfax County will be connected to public sewer in FY 2010.

Current Availability Fee Rates:

In FY 2010, Availability Fees will increase from $6,896 to $7,310 or approximately 6 percent for single-family homes based on current projections of capital requirements. Rates are adjusted based on continued increases in expenses associated with treatment plant upgrades and interjurisdictional payments that result from population growth, more stringent treatment requirements and inflation. This FY 2010 rate increase is consistent with the recommendations of the Department of Public Works and Environmental Services and the analysis included in the February 2009 Wastewater Revenue Sufficiency and Rate Analysis report.

Category	FY 2009 Availability Fee	FY 2010 Availability Fee
Single Family	$6,896	$7,310
Townhouses and Apartments	$5,517	$5,848
Hotels/Motels	$1,724	$1,827
Nonresidential	$357/fixture unit	$378/fixture unit

Current Sewer Service Charge:

Sewer Service Charges are revenues received from existing customers and are used to fully recover program operation and maintenance costs, debt service payments and capital project requirements attributable to improving wastewater treatment effluent quality as mandated by state and federal agencies. The Sewer Service Charge rate will increase from $4.10 to $4.50 per 1,000 gallons of water consumption in FY 2010. This equates to an approximate increase of 9.75 percent in Sewer Service Charges. In addition, a new base charge to sewer billings is included in FY 2010 to recover billing costs for the Wastewater Management Program. The base charge will be billed quarterly in the amount of $5.00 per bill totaling $20.00 per year. Base charges are an industry standard used to promote revenue stability and are locally used by: Fairfax Water, Loudoun Water, Stafford County, DCWASA, City of Alexandria, WSSC, and Prince William County. The combined effect of the sewer service charge as well as the new base charge equate to an increase of 16.2 percent in rates and will result in an anticipated increase in the annual cost to the typical household of $50.40. Sewer service charge rates are increasing as debt and capital expenses rise in anticipation of construction of additional treatment facilities to meet more stringent nitrogen removal requirements imposed by the State as a result of "Chesapeake 2000" Agreement. New Chesapeake Bay water quality program requirements include reductions in the amount of nutrient pollutants discharged from wastewater treatment facilities. In December 2004, the state notified the County that the renewal of County's National Pollutant Discharge Elimination System (NPDES) permit will include a requirement that nutrient removal be performed at the "Limits of Technology." Current technology allows for discharge limits of less than 3.0 milligrams per liter of nitrogen and 0.1 milligrams per liter for phosphorus. The County currently has the capability to meet a nitrogen removal standard of 6.0 milligrams per liter. A phased approach has been recommended to renovate and upgrade current plant facilities to accommodate these more stringent nutrient discharge requirements. Due to the significant level of requirements, it is anticipated that projects will be financed on an as-needed basis. These rate increases are consistent with the recommendations of the Department of Public Works and Environmental Services and the analysis included in the February 2009 Wastewater Revenue Sufficiency and Rate Analysis.

Category	FY 2009 Sewer Service Charge	FY 2010 Sewer Service Charge
Per 1,000 gallons water consumed	$4.10	$4.50

Complete details of the Enterprise Funds, which comprise the Wastewater Management Program, are found in Volume 2, Capital Construction and Other Operating Funds of the FY 2010 Adopted Budget Plan. Program Summary information is provided in the *Financial, Statistical and Summary Tables* section of this Overview Volume.

INTERNAL SERVICE FUNDS

Internal Service Funds account for services commonly used by most agencies, and for which centralized organizations have been established in order to achieve economies of scale necessary to minimize costs. These internal agencies provide services to other agencies on a cost reimbursement basis. Such services consist of vehicle operations, maintenance, and replacement; insurance coverage (health, workers compensation, automobile liability, and other insurance); data communications and processing; and document services. It should be noted that where possible without degradation of quality, joint County and School service delivery (printing and vehicle maintenance) or joint procurement (health insurance) activities are conducted in order to achieve economies of scale and to minimize costs.

FY 2010 Internal Service expenditures total $584,783,746, a decrease of $23,594,187 or 3.9 percent from the *FY 2009 Revised Budget Plan* level of $608,377,933. Excluding adjustments in FY 2009, expenditures increased $1,868,061 or 0.3 percent over the FY 2009 Adopted Budget Plan total of $582,915,685. The increase over the adopted is primarily due to increases in County and Schools employee health insurance benefits paid due to projected increases in claims expenses and participation trends, partially offset by reductions utilized to balance the FY 2010 Adopted Budget Plan. Funds with significant adjustments are as follows:

Other Funds Overview

Fund 500, Retiree Health Benefits Fund: As part of the FY 2009 Adopted Budget Plan, all activity in Fund 500, Retiree Health Benefits, has been transferred to Fund 603, OPEB Trust Fund. The County established Fund 603 in order to address the implementation of Governmental Accounting Standards Board (GASB) Statement No. 45 for other post-employment benefits (OPEBs) including health care, life insurance and other non-pension benefits offered to retirees. This new standard addresses how local governments should account for and report their costs related to post-employment health care and other non-pension benefits, such as the County's retiree health benefit subsidy, which was previously paid from Fund 500 but is paid from Fund 603 as of FY 2009. For more information on the retiree health benefit subsidy and GASB 45, please refer to the Fund 603, OPEB Trust Fund, narrative in the Trust Funds section of Volume 2.

Fund 503, Department of Vehicle Services: A decrease of $13,180,451 or 14.9 percent from the FY 2009 Adopted Budget Plan total of $88,319,495 is due primarily to decreased fuel-related operating costs based on lower price per gallon estimates for fuel in FY 2010, as well as the deferral of vehicle replacement for one year. This funding level will support an average agency per gallon price of $2.68, a decrease of $1.42 (or 35 percent) from the FY 2009 Adopted Budget Plan level.

The County owns numerous "light fleet" vehicles which are energy efficient.

Fund 504, Document Services: A decrease of $700,403 or 9.0 percent from the FY 2009 Adopted Budget Plan amount of $7,790,459, due primarily to reductions utilized to balance the FY 2010 budget, which include a 24 percent reduction in County Copier Fleet and elimination of the night shift of the Print Shop.

Fund 506, Health Benefits Trust Fund: An increase of $12.9 million over the FY 2009 Adopted Budget Plan due to increases in County employee health insurance benefits paid due to projected increases in claims expenses and participation trends. As with many employers nationwide, the County has experienced considerable fluctuations in medical costs. Advances in medical technology, the increasing cost of medical malpractice and liability insurance, and increased use continue to drive increases in medical costs. After significant increases in claims expenses at the beginning of the decade, cost growth was moderate (at or below five percent) in FY 2005 and FY 2006, but has climbed back to double-digit increases annually since FY 2007. As a result of these trends, despite prudent management of the plans, it is projected that the County will raise premiums by 12 percent for the PPO plan, 5 percent for the POS plan, and 18 percent for the OAP plan, effective January 1, 2010 for the final six months of FY 2010. The premium increases will allow the fund to remain solvent while maintaining a revenue stream that will cover the cost of health claims and maintain reserve funding. It should be noted that these premium increases are budgetary projections; final premium decisions will be made in the fall of 2009 based on updated experience.

Additionally, in their budget guidance approved with the adoption of the FY 2010 budget, the Board of Supervisors acknowledged the difficulty that employees face in light of the decision to suspend FY 2010 salary adjustments and the projected increases in health insurance premiums. As such, the Board directed staff to work diligently to reduce or minimize the increase in premiums for health insurance based on actual cost experience and market conditions prior to the fall 2009 open enrollment period. Premiums should be set at a rate that covers the cost of the plans and takes into account potential long-term GASB liability implications. Furthermore, staff is directed to review the County's various benefit programs to determine if consolidation of programs will garner savings to employees and the County.

As part of the FY 2008 Adopted Budget Plan the County created Fund 603, OPEB Trust Fund, in order to capture long-term investment returns and make progress towards reducing the unfunded GASB liability and as part of the *FY 2007 Carryover Review*, the $48.2 million balance was transferred to the new fund. This $48.2 million in initial funding reduced the unfunded liability and was utilized to fully fund the FY 2008 ARC of $31.6 million. As part of the *FY 2009 Revised Budget Plan*, the County identified an additional $14.9 million in excess employer contributions to be transferred to the OPEB Trust Fund to contribute towards the County's FY 2009 ARC of $25.4 million. In the FY 2010 Adopted Budget Plan, the $9.9 million contribution towards the County's FY 2010 ARC is funded through a transfer from the General Fund to Fund 603. The County's unfunded actuarial accrued liability and the FY 2010 ARC will not be calculated until fall 2009.

It should be noted that any future balances identified in Fund 506 as a result of excess revenues received from employer contributions will also be considered for possible transfer to Fund 603 to assist in addressing the County's unfunded OPEB liability. For more information on GASB 45, please refer to Fund 603, OPEB Trust Fund, in Volume 2 of the FY 2010 Adopted Budget Plan.

Fund 591, School Health Benefits Trust: An increase of $4.0 million over the FY 2009 Adopted Budget Plan amount of $312.8 million is due primarily to projected increases in health benefits, premiums, and health administration expenses paid, partially offset by lower GASB 45 liabilities in FY 2010.

Complete details of the Internal Service funds are found in Volume 2, Capital Construction and Other Operating Funds of the FY 2010 Adopted Budget Plan and in the Fairfax County School Board's FY 2010 Adopted Budget. Summary information is provided in the *Financial, Statistical and Summary Tables* section of this Overview volume.

TRUST AND AGENCY FUNDS

Trust and Agency funds account for assets held by the County in a trustee or agency capacity and include the four pension trust funds administered by the County and Schools, as well as a trust fund to pre-fund other post-employment benefits. The Agency fund is Fund 700, Route 28 Taxing District, which is custodial in nature and is maintained to account for funds received and disbursed by the County for improvements to Route 28.

FY 2010 Trust and Agency funds combined expenditures total $519,921,357, a decrease of $22,457,861 or 4.1 percent from the *FY 2009 Revised Budget Plan* funding level of $542,379,218 primarily due to the movement of $25.9 million in activities from Fund 591, School Health Benefits Trust, to Fund 692, Public School OPEB Trust Fund, as part of the *Fairfax County School Board's FY 2009 Third Quarter Review*. Excluding adjustments in FY 2009, combined Trust and Agency funds expenditures increase $25,344,913, or 5.1 percent, over the FY 2009 Adopted Budget Plan level of $494,576,444. This increase is primarily due to increases in the four existing retirement funds and OPEB Trust Fund as a result of growth in the number of retirees receiving payments, as well as higher retiree payments due to cost-of-living increases.

Complete details of the Trust and Agency funds are found in Volume 2, Capital Construction and Other Operating Funds of the FY 2010 Adopted Budget Plan. In addition, details of the Educational Employees Retirement Fund may be found in the Fairfax County School Board's FY 2010 Adopted Budget. Summary information is provided in the *Financial, Statistical and Summary Tables* section of this Overview Volume.