County of Fairfax, Virginia

Other Funds Overview

This section includes:

FY 2008

Advertised Budget Plan

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 $6,789,892,685 (excluding the General Fund) and total revenues of $2,731,997,254. The revenues are a decrease of $650,209,014 or 19.2 percent from the *FY 2007 Revised Budget Plan* and an increase of $98,415,623 or 3.7 percent over the FY 2007 Adopted Budget Plan. It should be noted that the decrease from the *FY 2007 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 increase in revenues over the FY 2007 Adopted Budget Plan, revenues are expected to grow 3.7 percent overall for FY 2008. 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 2008 Advertised Budget Plan. Also, the FY 2008 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 2008 expenditures for Other Funds total $4,562,820,618 (excluding General Fund direct expenditures), and reflect a decrease of $1,180,950,612 or 20.6 percent from the *FY 2007 Revised Budget Plan* funding level of $5,743,771,230. 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 2007, expenditures increase $218,725,484 or 5.0 percent over the FY 2007 Adopted Budget Plan total of $4,344,095,134.

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 2008 Advertised 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 2008 Advertised 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 2008 Advertised Budget Plan.

In FY 2008, Special Revenue Fund expenditures total $2,780,305,199, a decrease of $233,379,686 or 7.7 percent from the *FY 2007 Revised Budget Plan* funding level of $3,013,684,885. Excluding adjustments in FY 2007, expenditures increase $105,722,463 or 4.0 percent over the FY 2007 Adopted Budget Plan level of $2,674,582,736. Funds with significant adjustments are as follows:

Fund 100, County Transit Systems: FY 2008 funding of $44.7 million is included for this fund. This includes a General Fund transfer of $34.7 million, an increase of $3.7 million or 11.8 percent, over the *FY 2007 Revised Budget Plan* transfer of $31.0 million. The total funding level includes $39.7 million to maintain current service levels of the FAIRFAX CONNECTOR system, which will provide service to an estimated 10.2 million passengers in the Huntington and Reston-Herndon Divisions. The system includes 202 County-owned buses, providing service on 57 routes to six Metrorail stations throughout the region. The remaining $5.0 million will support commuter rail services operated by the Virginia Railway Express (VRE). This level represents an increase of $1.1 million in the Fairfax County subsidy to VRE, or 28.2 percent over the *FY 2007 Revised Budget Plan* level. Factors driving this increase include VRE-projected increases in fuel requirements; a VRE-projected decrease in system-wide fare revenue based on prior year experience; and the need to re-establish, over the next several years, prudent financial balances for ordinary and catastrophic occurrences within the VRE Insurance Trust Fund. Fund balance is now at approximately 60 percent of the level that the State feels is necessary, due to multi year increases in insurance premiums, especially since September 11, 2001.

Fairfax County makes a significant contribution to fund service by the Virginia Railway Express (VRE) which serves five stops within the County.

Fund 102, Federal/State Grant Fund: This fund includes both grant awards already received as well as those anticipated to be received in FY 2008, for a total appropriation of $58.6 million including $57.9 million held in reserve until the grant award is received and approved by the Board of Supervisors. The breakdown of grant funding by agency includes $22.0 million for the Department of Family Services, $10.7 million for the Department of Transportation, $8.1 million for the Fire and Rescue Department, $2.3 million for the Health Department, $2.1 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. The remaining $0.7 million is for grant awards that are appropriated directly to the Police Department for the Community-Oriented Policing (COPS) in Schools Program.

Fund 103, Aging Grants and Programs: In FY 2008 funding of $6.9 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 2008 transfer from the General Fund is $3.8 million, an increase of $0.3 million or approximately 7 percent over the *FY 2007 Revised Budget Plan*. This increase is primarily associated with two new home-delivered ethnic meals routes resulting from General Fund savings in the Home Based Care program, and costs associated with the County's compensation program.

Fund 104, Information Technology: In FY 2008, funding of $13.8 million, which includes a General Fund transfer of $12.4 million and interest income of $1.4 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 citizens 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 the Human Services, Planning and Development, General County Services and Public Safety program areas.

Fund 105, Cable Communications: FY 2008 expenditures for this fund total $11.5 million, a decrease of $10.5 million, or 47.8 percent, from the *FY 2007 Revised Budget Plan*. This decrease is primarily a result of the one-time carryover of $11.1 million from FY 2006 for the final design and implementation of the I-Net architecture and required equipment to activate 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 2008 expenditures for this fund total $146.9 million, and are funded by a Fairfax County transfer of $101.1 million, as well as funds from the state, the federal government, the cities of Fairfax and Falls Church and client fees. Included in FY 2008 is funding for the maintenance of existing service levels and $0.9 million to support anticipated inflationary increases for contract vendors who provide a wide range of services such as: residential and outpatient/case management for mental health clients; employment, training and vocational support for mental retardation clients; and detoxification. Also included is $0.9 million to support ongoing efforts to reduce the waiting list for Mental Health Services, as well as $0. 6 million to expand Alcohol and Drug Services' Leadership and Resiliency and Student Assistance Programs to a total of 12 Fairfax County public high schools to prevent and treat substance abuse among youth.

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.

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.

The combined expenditures of $137,030,339, which includes $358,325 for Solid Waste General Fund Programs, and a staffing level of 321/321.0 SYE positions are required to meet financial and operational requirements for waste collection and disposal programs in FY 2008. The <u>FY 2008 Advertised Budget Plan</u> funding level represents a decrease of $28,652,533 or 17.3 percent from the *FY 2007 Revised Budget Plan* estimate of $165,682,872. This is primarily attributable to a $30,650,918 decrease in capital projects associated with the one-time carryover of unexpended project balances partially offset by an increase of $1,998,385 primarily due to increased contractor costs for the disposal of waste as well as increases in Personnel Services necessary to support the County's compensation program. Highlights by fund are as follows:

Other Funds Overview

- **Fund 108, Leaf Collection:** Funding in the amount of $2.9 million is included for this fund to provide for the collection of leaves within Fairfax County's leaf collection districts. It is anticipated that in FY 2008, Fund 108 will provide collection service to approximately 25,000 household units within 34 approved leaf districts on three different occasions. 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. See the Solid Waste Management Program narrative in Volume 2, Capital Construction and Other Operating Funds of the FY 2008 Advertised Budget Plan for more details.

- **Fund 109, Refuse Collection and Recycling Operations:** Funding in the amount of $20.3 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 2008, the household refuse collection fee will increase from $315 to $330 per household unit. The increase is necessary due to a decreasing fund balance and increasing disposal charges. See the Solid Waste Management Program narrative in Volume 2, Capital Construction and Other Operating Funds of the FY 2008 Advertised Budget Plan for more details.

- **Fund 110, Refuse Disposal:** Funding in the amount of $64.5 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 $52 per ton; and a contractual disposal rate will be negotiated with private waste haulers and is anticipated to be $49.95 per ton, an increase of $3.00 over the FY 2007 negotiated rate of $46.95. As a result of competitive pricing, continued migration of refuse from the County's waste stream, and the need to maintain the tonnage levels at the E/RRF, disposal rates have been set at levels that have not supported operational requirements since 1995. A General Fund transfer of $2.5 million provides funding to help cover programs, such as the County's Household Hazardous Waste Program, that do not generate revenue. See the Solid Waste Management Program narrative in Volume 2, Capital Construction and Other Operating Funds of the FY 2008 Advertised Budget Plan for more details.

- **Fund 112, Energy Resource and Recovery Facility (E/RRF)**: Funding in the amount of $40.6 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 remain at $33 per ton in FY 2008. See the Solid Waste Management Program narrative in Volume 2, Capital Construction and Other Operating Funds of the FY 2008 Advertised Budget Plan for more details.

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

- **Fund 114, I-95 Refuse Disposal:** Expenditures for this fund total $8.3 million for FY 2008 which is a decrease of $26.7 million or 76.2 percent from the *FY 2007 Revised Budget Plan* of $35.0 million, primarily as a result of the carryover of capital project funding in FY 2007. This fund 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 remain at $11.50 per ton. See the Solid Waste Management Program narrative in Volume 2, Capital Construction and Other Operating Funds of the FY 2008 Advertised Budget Plan for more details.

Fund 116, Integrated Pest Management Program: FY 2008 funding of $2.5 million is included for this fund. This funding level includes $1.0 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 $1.5 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 2008 will be the second year of the two-year funding 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 2008, there will be $10.8 million available for the Consolidated Community Funding Pool process, of which approximately $8.7 million will be transferred from the General Fund to Fund 118, Consolidated Community Funding Pool, and approximately $2.1 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 2008 funding level is $13.2 million; details of the organizations funded can be found in Volume 2, Special Revenue Funds, of the FY 2008 Advertised Budget Plan.

Fund 120, E-911: In FY 2008, total expenditures of $37.3 million, based on a General Fund transfer of $9.2 million, Communications and Sales Use Tax Fees of $19.7 million, state reimbursement of $4.4 million, the use of $3.5 million in available balance, and interest earnings of $0.5 million 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. The uniform $0.75 per line per month charge replaces the previous E-911 tax, which was repealed by the Virginia General Assembly, effective January 1, 2007 as part of a statewide restructuring of telecommunications-related taxes and fees.

In addition to DPSC operations, Fund 120, E-911 supports information technology projects, which are budgeted at $7.2 million and will ensure continued lease purchase payments and ongoing replacement of portable and mobile emergency responder radios, providing interoperability with surrounding jurisdictions; replacement of Mobile Computer Terminal Units; lease purchase payments for the E-911 call-answering system at the DPSC; and capacity for software design applications. All of these projects are critical to the County's public safety emergency communications capabilities.

Complete details of all Special Revenue Funds are found in Volume 2, Capital Construction and Other Operating Funds of the FY 2008 Advertised 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 and loans of the Literary Funds of Virginia 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 2008 Debt Service expenditures total $266,867,991, an increase of $117,940 or 0.04 percent over the *FY 2007 Revised Budget Plan* level of $266,750,051. The increase in the funding level is primarily attributable to scheduled requirements for existing debt service and anticipated debt service payments for projected bond sales.

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 2008 Advertised 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.

FY 2008 Enterprise Funds expenditures for sewer operation and maintenance and sewer debt service total $126,626,982, a decrease of $112,175,342 or 47.0 percent from the *FY 2007 Revised Budget Plan* total of $238,802,324 primarily due to the carryover of capital project construction balances to complete the expansion requirements of the Noman M. Cole, Jr. Pollution Control Plant (NCPCP) from 54 million gallons per day (mgd) to 67 mgd and other system improvements.

The program includes the County-owned wastewater treatment plant (67 mgd capacity), nearly 3,300 miles of sewer lines, 65 pumping stations, 54 flow metering stations and covers approximately 234 square miles of the County's 407 square-mile land area. In FY 2008, WWM anticipates a total of 340,000 households in Fairfax County will be connected to public sewers.

The County's wastewater treatment plant serves an estimated 340,000 households with public sewer service to help maintain a safe and caring community.

Current Availability Fee Rates:

In FY 2008, Availability Fees will increase from $6,138 to $6,506 for single-family homes based on current projections of capital requirements. The Availability Fee rate for all types of units 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. The following table displays the resulting increase by category.

Category	FY 2007 Availability Fee	FY 2008 Availability Fee
Single Family	$6,138	$6,506
Townhouses and Apartments	$4,910	$5,205
Hotels/Motels	$1,535	$1,627
Nonresidential	$318/fixture unit	$337/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 standards as mandated by state and federal agencies. The Sewer Service Charge rate will increase from $3.50 to $3.74 per 1,000 gallons of water consumption in FY 2008. This equates to a 6.75 percent increase in rates and will result in an anticipated increase in the annual cost to the typical household of $18.24. This rate increase represents a departure for the rate schedules that have been projected in the past. The higher increase in Sewer Service Charges is adjusted based on federally mandated requirements which will result in the renovation and rehabilitation of existing treatment facilities. 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 has the capability to meet the current nitrogen removal standard of 8.0 milligrams per liter. A phased approach is recommended to renovate and upgrade current plant facilities to accommodate these more stringent nutrient discharge requirements. Due to the significant level of requirements, the FY 2007 budget also reflected an anticipated bond sale in FY 2007 in the amount of $150 million to provide maximum flexibility to meet new state regulatory requirements at Wastewater Management facilities. However, based on revised project schedule timelines, a bond sale is no longer anticipated. Rather, projects will be financed on an as-needed basis with shorter-term financing options in FY 2008. These rate increases are consistent with the recommendations of the Department of Public Works and Environmental Services and the analysis included in the Forecasted Financial Statement for July 1, 2006 through June 30, 2011.

Category	FY 2007 Sewer Service Charge	FY 2008 Sewer Service Charge
Per 1,000 gallons water consumed	$3.50	$3.74

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 2008 Advertised 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 2008 Internal Service expenditures total $549,150,399, an increase of $10,750,437 or 2.0 percent over the *FY 2007 Revised Budget Plan* level of $538,399,962. Excluding adjustments in FY 2007, expenditures increased $50,018,132 or 10.0 percent over the FY 2007 Adopted Budget Plan total of $499,132,267. The increase over the adopted is primarily due to increases in the County and Schools health insurance plans related to cost growth assumptions, anticipated employee participation and new plan offerings. Funds with significant adjustments are as follows:

Fund 503, Department of Vehicle Services: A decrease of $9.2 million due primarily to the one-time carryover of funds from FY 2006 for vehicles, fire apparatus, FASTRAN buses, facility infrastructure/renewal needs, and to continue the process of retrofitting diesel engine vehicles for use with ultra-low sulfur diesel fuel. The savings are partially offset by increases associated with employee compensation and the increased cost of fuel, vehicle parts, shop supplies, tires, and other maintenance-related needs. In addition, it should be noted that the County Executive established the Fleet Utilization Management Committee (FUMC) in FY 2005 to provide recommendations on fleet-related issues and to conduct an annual review of County fleet size. As a result of three reviews, 167 vehicles were rotated, reassigned, or sold, reducing on-going maintenance and replacement costs. Beginning in FY 2007, the FUMC will apply a break-even model to judge if the use of County vehicles, as opposed to leased vehicles or mileage reimbursement to individual employees using their own vehicles, is cost effective for various categories of "light fleet" vehicles supporting programs and services.

The County owns numerous "light fleet" vehicles such as these energy efficient Priuses.

Fund 505, Technology Infrastructure Services: A decrease of $3.0 million primarily due to one-time carryover funding of $4.6 million and a reduction of $2.4 million due to savings in telecommunications charges resulting from implementation of the I-Net and concurrent termination of commercial data circuits million partially offset with $4.0 million in funding requirements to continue a disaster recovery program for non-mainframe applications, continue funding the PC replacement program at a level that ensures the timely replacement of desktop computers, and provide for increases in: software license and maintenance contract renewals; telecommunication requirements; and security measures for daily application operations and incident investigation required to further protect the County from unauthorized entry into County systems, attacks, viruses, data destruction and other cyber threats and support for the equipment necessary to maintain the County's Wide Area Network.

In addition, consistent with recommendations from the FY 2004 review and operational requirements, the annual amount collected per PC for FY 2008 will remain at $500/year, so that the future year cash flow will be sufficient to support the hardware and software components of this essential program.

Fund 506, Health Benefits Trust Fund: An increase of $18.9 million primarily due to the addition of a new Open Access Plan (OAP) to the self-insured fund, as well as an 11.5 percent cost growth assumption and anticipated employee participation for the existing self-insured products. As a result of a selection process in calendar year 2006 to choose new providers for all health insurance products, the OAP was chosen and implemented as a self-insured product effective January 1, 2007. Self-insurance allows the County to more fully control all aspects of the plan, including setting premiums to smooth out the impact of increases on employees while maintaining adequate funding to cover claims expenses and reserves. The expenditure increase associated with the new OAP plan is entirely offset by increased revenues as premiums are paid directly to the fund rather than to the vendor as under a fully-insured arrangement. As a result of lower than anticipated medical and prescription claims in recent years, along with prudent management of the plan and aggressive contract negotiations, staff estimates that on average the County's self-insured plans will raise premiums by a moderate 5 percent effective January 1, 2008 for the final six months of FY 2008. The 5 percent premium increase will allow the fund to remain solvent while maintaining a revenue stream that will cover the cost of health claims and maintain reserve funding to smooth out the employer and employee impact as it relates to unanticipated dramatic cost growth swings in future years. Actual premium increases will vary by plan based on each plan's claims experience.

It should be noted that as part of the *FY 2005 Carryover Review*, $10 million was set aside in a reserve established to begin to address the County's unfunded liability for post-employment benefits as a result of GASB 45. In FY 2007, the County allocated an additional $8.2 million as a transfer from the General Fund for this reserve as part of the FY 2007 Adopted Budget Plan as well as an additional $21.8 million as part of the *FY 2006 Carryover Review*. The FY 2008 Advertised Budget Plan maintains the $8.2 million General Fund transfer to the reserve, bringing the balance to $48.2 million. Funding set aside in the reserve will be transferred from Fund 506 to Fund 603, OPEB Trust Fund, at the *FY 2007 Carryover Review*, pending legislative action by the Virginia General Assembly to provide legal authority to establish a trust fund to pre-fund other post-employment benefits (OPEBs) including health care, life insurance, and other non-pension benefits offered to retirees.

Fund 591, School Health Benefits Trust: An increase of $6.4 million is due primarily to premium rate increases and higher enrollment.

Complete details of the Internal Service funds are found in Volume 2, Capital Construction and Other Operating Funds of the FY 2008 Advertised Budget Plan and in the Fairfax County School Board's FY 2008 Advertised 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 2008 Trust and Agency funds combined expenditures total $445,524,003, an increase of $32,959,054 or 8.0 percent over the *FY 2007 Revised Budget Plan* funding level of $412,564,949. Excluding adjustments in FY 2007, combined Trust and Agency funds expenditures increase $34,268,686, or 8.3 percent, over the FY 2007 Adopted Budget Plan level of $411,255,317. This increase is primarily due to increases in the four retirement funds 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 2008 Advertised Budget Plan. In addition, details of the Educational Employees Retirement Fund may be found in the Fairfax County School Superintendent's FY 2008 Advertised Budget. Summary information is provided in the *Financial, Statistical and Summary Tables* section of this Overview volume.