

# County of Fairfax, Virginia

## Other Funds Overview

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FY 2009  
Advertised Budget Plan

# Other Funds Overview

## 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 \$7,964,011,698 (excluding the General Fund) and total revenues of \$3,075,952,414. The revenues are a decrease of \$535,905,689 or 14.8 percent from the *FY 2008 Revised Budget Plan* and an increase of \$343,059,980 or 12.6 percent over the *FY 2008 Adopted Budget Plan*. It should be noted that the decrease from the *FY 2008 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 2008 Adopted Budget Plan*, revenues are expected to grow 12.6 percent overall for FY 2009. This increase results primarily from the appropriation of new transportation project revenue made available as part of the State's passage of HB 3202. 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 2009 Advertised Budget Plan*. Also, the FY 2009 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 2009 expenditures for Other Funds total \$4,824,760,173 (excluding General Fund direct expenditures), and reflect a decrease of \$1,008,717,702 or 17.3 percent from the *FY 2008 Revised Budget Plan* funding level of \$5,833,477,875. 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 2008, expenditures increase \$251,692,154 or 5.5 percent over the *FY 2008 Adopted Budget Plan* total of \$4,573,068,019.

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 *FY 2009 Superintendent's Proposed 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 2009 Advertised Budget Plan*. Summary information is provided in the *Financial, Statistical and Summary Tables* section of this Overview volume.

## Other Funds Overview

### 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 2009 Advertised Budget Plan.

In FY 2009, Special Revenue Fund expenditures total \$2,978,801,654, a decrease of \$106,373,245 or 3.4 percent from the *FY 2008 Revised Budget Plan* funding level of \$3,085,174,899. Excluding adjustments in FY 2008, expenditures increase \$188,249,054 or 6.7 percent over the FY 2008 Adopted Budget Plan level of \$2,790,522,600. Of this amount, \$112,889,079 was due to the creation of Fund 124, County and Regional Transportation Projects. Funds with significant adjustments are as follows:

**Fund 100, County Transit Systems:** FY 2009 funding of \$64.8 million is included for this fund, including \$59.1 million for the Fairfax CONNECTOR and \$5.7 million for the Virginia Railway Express (VRE). Expenditures are supported by a General Fund transfer of \$34.7 million, which is consistent with the *FY 2008 Revised Budget Plan*. FY 2009 funding support also includes \$12.0 million in projected new State recordation tax revenue for mass transit, resulting from the General Assembly's passage of HB 3202. The CONNECTOR will operate 68 routes servicing an estimated 10.9 million passengers in the existing Huntington and Reston-Herndon divisions, as well as the new West Ox division planned to open in FY 2009. CONNECTOR expenditures include an increase of \$6.6 million to support projected increases in CONNECTOR contractual requirements, primarily related to a renegotiation of the bus operations contract; a \$5.4 million increase due to the partial year operational cost of the West Ox Bus Operations Center and bus service to the Centreville/Chantilly area, offset by \$1.7 million in revenue from WMATA who will also be occupying this facility and assuming its share of facility and diesel gas costs; \$2.1 million in increases related to current pricing of replacement buses and projected costs for diesel fuel; and a \$5.3 million increase offset by the same amount in revenue as the result of an accounting change, which will result in the County directly collecting and expending SmarTrip and Farebox revenues, rather than applying the revenue directly against the bus payments due to the bus operations contractor. VRE expenditures of \$5.7 million includes an increase of \$1.0 million in the Fairfax County subsidy to VRE, or 21.0 percent over the *FY 2008 Revised Budget Plan* level. Factors driving this increase include using the jurisdictional subsidy to replace one-time federal funding used by VRE in FY 2008 to subsidize the operating budget, full debt service payments for the purchase of 50 new bi-level railcars (as approved by the Board of Supervisors in April 2006), and VRE-projected increases in fuel, locomotive maintenance, operating expenses and insurance costs. In FY 2009 Fairfax County's anticipated share of the local jurisdictional contribution to VRE is approximately 31.8 percent, based on the second year of a phased-in change to the allocation formula which apportions financial responsibility to participating jurisdictions. The VRE and participating jurisdictions approved a change in the 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.



## 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 2009, for a total appropriation of \$67.1 million. The breakdown of grant funding by agency includes \$25.1 million for the Department of Family Services, \$15.7 million for the Department of Transportation, \$8.1 million for the Fire and Rescue Department, \$2.6 million for the Police Department, \$2.5 million for the Health Department, \$1.3 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 2009 funding of \$7.5 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 2009 transfer from the General Fund is \$3.9 million, an increase of \$0.1 million or approximately 4 percent over the *FY 2008 Revised Budget Plan*. This increase is attributable to costs associated with the County's compensation program.

**Fund 104, Information Technology:** In FY 2009, funding of \$22.8 million, which includes a General Fund transfer of \$11.8 million, a Health Benefits Trust Fund transfer of \$7 million, a \$1.8 million transfer from the Cable Communications Fund, State Technology Fund revenue of \$1 million, and interest income of \$1.2 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 2009 expenditures for this fund total \$9.3 million, a decrease of \$9.9 million, or 51.6 percent, from the *FY 2008 Revised Budget Plan*. This decrease is primarily a result of the one-time carryover of \$7.7 million from FY 2007 for the final design and implementation of the I-Net architecture and required equipment to activate the I-Net, in addition to decreased costs as the construction of I-Net phases down. 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 2009 expenditures for this fund total \$148.6 million, and are funded by a Fairfax County transfer of \$102.6 million, as well as funds from the state, the federal government, the cities of Fairfax and Falls Church and client fees. Included in FY 2009 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, as well as \$0.6 million to support ongoing efforts to maintain the elimination of the waiting list for Mental Health Services. In addition, please note that the FY 2009 expenditure amount includes a decrease of \$1.7 million that is associated with the transfer of the Domestic Abuse and Sexual Assault Program to the Department of Family Services as part of a multi-agency effort to streamline the County's domestic violence services.

**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

## Other Funds Overview

accomplished through the two entities consisting of five funds established previously under the special revenue fund structure.

The combined expenditures of \$138,014,910 are required to meet financial and operational requirements for waste collection and disposal programs in FY 2009. See the Solid Waste Management Program narrative in Volume 2, Capital Construction and Other Operating Funds of the [FY 2009 Advertised Budget Plan](#) for more details. Highlights by fund are as follows:

- ◆ **Fund 108, Leaf Collection:** Funding in the amount of \$2.3 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.

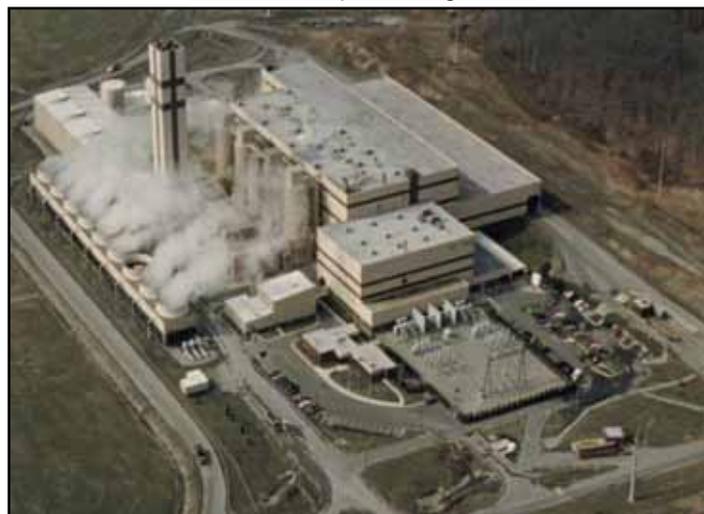


- ◆ **Fund 109, Refuse Collection and Recycling Operations:** Funding in the amount of \$21.3 million is included for this fund to provide for the collection of refuse within the County's approved sanitary districts and County agencies, and for the coordination of the County's recycling and waste reduction operations, as well as the oversight of the Solid Waste General Fund Programs on behalf of the County. In FY 2009, the household refuse collection fee will increase from \$330 to \$345 per household unit. The increase is necessary due to a decreasing fund balance and increasing disposal charges.

- ◆ **Fund 110, Refuse Disposal:** Funding in the amount of \$68.2 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 \$57 per ton; and a contractual disposal rate will be negotiated with private waste haulers and is anticipated to be \$53.95 per ton, an increase of \$4.00 over the FY 2008 negotiated rate of \$49.95. A General Fund transfer of \$1.25 million, which is 50 percent less than the [FY 2008 Adopted Budget Plan](#) 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.

*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 112, Energy Resource and Recovery Facility (E/RRF):** Funding in the amount of \$37.8 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.



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

## Other Funds Overview

Revenues from the sale of electricity are used to partially offset the cost of the disposal fee, which will be reduced from \$33 to \$32 per ton in FY 2009.

- ◆ **Fund 114, I-95 Refuse Disposal:** Funding in the amount of \$8.4 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 remain at \$11.50 per ton.

**Fund 116, Integrated Pest Management Program:** FY 2009 funding of \$2.6 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 \$1.6 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 118, Consolidated Community Funding Pool:** FY 2009 will be the first year of a new 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 2009, 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 116, Integrated Pest Management Program, provides resources for the County to treat an estimated 5,000 acres to combat gypsy moths and cankerworms.*

**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 2009 funding level is \$13.6 million; details of the organizations funded can be found in Volume 2, Special Revenue Funds, of the [FY 2009 Advertised Budget Plan](#).

**Fund 120, E-911:** In FY 2009, total expenditures of \$38.9 million, based on a General Fund transfer of \$10.3 million, Communications and Sales Use Tax Fees of \$19.8 million, state reimbursement of \$4.0 million, the use of \$4.3 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. 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 \$8.0 million and will support a number of projects to replace and upgrade the Public Safety Communications Network and its component systems. All of these projects are critical to the County's public safety emergency communications capabilities. Information on the projects funded in FY 2009 can be found in Volume 2, Special Revenue Funds, of the [FY 2009 Advertised Budget Plan](#).

## Other Funds Overview

**Fund 124, County and Regional Transportation Projects:** New opportunities to improve transportation and pedestrian access are supported by the creation of a new fund, Fund 124, County and Regional Transportation Projects. In FY 2009, Fund 124 will begin to consolidate multiple aspects of County transportation under one management structure. This fund will merge the current activities, program, and staff of the County's Department of Transportation with the staff of the Department of Public Works and Environmental (DPWES) who currently support planning and design related to roadway improvements. The merging of all staffing functions and programs in support of transportation permits an integrated seamless system for addressing a current and growing list of transportation capital projects and efforts to improve traffic flow, transit and general mobility of Fairfax County residents. The consolidation is necessary to support a more than doubling of the annual project base, and to effectively prioritize, plan, manage and spend current and new transportation funds to be received on an annual basis, beginning in the latter part of FY 2008. As reflected in the FY 2009 budget, new funding sources support a major expansion of the County's transportation capital projects list and the expansion of transit. This funding is available on an annual basis, beginning in the second part of FY 2008, as a result of the General Assembly's April 4, 2007 passage of the Governor's substitute for House Bill 3202 (HB 3202). To support these new initiatives and existing operations, \$112,889,079 is included in the FY 2009 Advertised Budget Plan.

Complete details of all Special Revenue Funds are found in Volume 2, Capital Construction and Other Operating Funds of the FY 2009 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 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 2009 Debt Service expenditures total \$277,765,785. 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 2009 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 2009 Enterprise Funds expenditures for sewer operation and maintenance and sewer debt service total \$219,256,039, a decrease of \$3,551,878, or 1.59 percent from the *FY 2008 Revised Budget Plan* total of \$222,807,917 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



**The County's wastewater treatment plant serves an estimated 355,208 households with public sewer service to help maintain a safe and caring community.**

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Plant (67 million gallons per day (mgd) capacity), nearly 3,330 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 2009. The WWM anticipates a total of 355,208 households and businesses (new and existing) connections in Fairfax County will be connected to public sewer in FY 2009.

### Current Availability Fee Rates:

In FY 2009, Availability Fees will increase from \$6,506 to \$6,896 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 2008 Availability Fee	FY 2009 Availability Fee
Single Family	\$6,506	\$6,896
Townhouses and Apartments	\$5,205	\$5,517
Hotels/Motels	\$1,627	\$1,724
Nonresidential	\$337/fixture unit	\$357/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 \$3.74 to \$4.10 per 1,000 gallons of water consumption in FY 2009. This equates to an approximate increase of 9.75 percent increase in rates and will result in an anticipated increase in the annual cost to the typical household of \$27.36. The 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 currently has the capability to meet a voluntary 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, it is anticipated that projects will be financed on an as-needed basis with shorter-term financing during FY 2008 and FY 2009. 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, 2007 through June 30, 2012.

Category	FY 2008 Sewer Service Charge	FY 2008 Sewer Service Charge
Per 1,000 gallons water consumed	\$3.74	\$4.10

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 2009 Advertised Budget Plan. Program Summary information is provided in the *Financial, Statistical and Summary Tables* section of this Overview Volume.

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### 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 2009 Internal Service expenditures total \$569,474,749, a decrease of \$40,377,943 or 6.62 percent from the *FY 2008 Revised Budget Plan* level of \$609,852,692. Excluding adjustments in FY 2008, expenditures increased \$20,324,350 or 3.7 percent over the FY 2008 Adopted Budget Plan total of \$549,150,399. The increase over the adopted is primarily due to increases in the Schools health insurance fund related to cost growth assumptions, anticipated employee participation and new plan offerings. Funds with significant adjustments are as follows:

**Fund 500, Retiree Health Benefits Fund:** As part of the FY 2009 Advertised 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 will be paid from Fund 603 beginning in 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:** An increase of \$6,492,774 or 8.8 percent over the FY 2008 Adopted Budget Plan total of \$73,498,982 is due primarily to an increase in fuel-related operating costs. This funding level will support an average agency per gallon price of \$3.32, a 78-cent (or just over 30 percent) increase over the FY 2008 Adopted Budget Plan level and also allows room for moderate growth in overall number of gallons consumed.



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

**Fund 504, Document Services:** An increase of \$1.1 million from the FY 2008 Adopted Budget Plan amount of \$6,694,331, due primarily to a \$1.0 million increase in Print Shop operating costs based on a trend of higher spending in recent years due to the printing requirements

of County agencies and the Fairfax County Public Schools. Also included is funding to support additional multi-function digital devices (MFDD) primarily associated with the opening of new facilities.

**Fund 506, Health Benefits Trust Fund:** A decrease of \$12.7 million from the FY 2008 Adopted Budget Plan due to lower than anticipated actual cost-growth experience and a decrease in the Premium Stabilization Reserve. It should be noted that as part of the *FY 2008 Carryover Review*, it is anticipated that based on projected savings as a result of lower than anticipated claims experience in FY 2008, the premium stabilization reserve will increase from the level of appropriation currently anticipated at the FY 2009 Advertised Budget Plan. 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. As a result of lower than anticipated medical and

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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 five percent effective January 1, 2009 for the final six months of FY 2009. The five 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. 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*, a reserve was established to begin to address the County's unfunded liability for postemployment benefits as a result of the Governmental Accounting Standards Board (GASB) Statement No. 45. In order to capture long-term investment returns and make progress towards reducing the unfunded GASB liability, the County created Fund 603, OPEB Trust Fund, as part of the FY 2008 Adopted Budget Plan. As a result of excess revenues received from employer contributions and transfers from the General Fund in FY 2007 and FY 2008, the County was able to identify \$48.2 million to begin to address the County's unfunded liability for postemployment benefits. As part of the *FY 2007 Carryover Review*, the \$48.2 million balance was transferred to Fund 603, OPEB Trust Fund. This \$48.2 million in initial funding will reduce the unfunded liability and, consequently, reduce the annual required contribution to Fund 603. As part of the FY 2009 Advertised Budget Plan, the County has identified an additional \$15.0 million in excess employer contributions to be transferred to Fund 603, OPEB Trust Fund, to fund the retiree health benefit subsidy and contribute towards the County's FY 2009 annual required contribution. The annual required contribution will be calculated at each valuation and may change as a result of fluctuations in assets and liabilities. 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 2009 Advertised Budget Plan.

**Fund 591, School Health Benefits Trust:** An increase of \$28.4 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 2009 Advertised Budget Plan and in the FY 2009 Superintendent's Proposed 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 2009 Trust and Agency funds combined expenditures total \$494,552,987, an increase of \$49,342,888 or 11.1 percent over the *FY 2008 Revised Budget Plan* funding level of \$445,210,099. Excluding adjustments in FY 2008, combined Trust and Agency funds expenditures increase \$49,028,984, or 11.0 percent, over the FY 2008 Adopted Budget Plan level of \$445,524,003. This increase is primarily due to increases in the four existing retirement funds as a result of growth in the number of retirees receiving payments, the establishment of the OPEB Trust Fund previously accounted for in Fund 500, 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 2009 Advertised Budget Plan. In addition, details of the Educational Employees Retirement Fund may be found in the FY 2009 Superintendent's Proposed Budget. Summary information is provided in the *Financial, Statistical and Summary Tables* section of this Overview Volume.