

Other Funds Overview

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OTHER FUNDS OVERVIEW

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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

FY 2004 expenditures for Other Funds total \$3,542,143,941 (excluding General Fund direct expenditures), and reflect a decrease of \$521,160,858 or 12.8 percent from the *FY 2003 Revised Budget Plan* funding level of \$4,063,304,799. 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 2003, expenditures increase \$360,748,033 or 11.3 percent over the *FY 2003 Adopted Budget Plan* total of \$3,181,395,908. This change is attributable to increases of \$170.1 million in Special Revenue Funds, \$6.2 million in Debt Service Funds, \$72.7 million in Capital Project Funds, \$52.4 million in Enterprise Funds, \$35.3 million in Internal Service Funds, and \$24.0 million in Trust and Agency Funds.

The following is a brief discussion of highlights and major 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 2004 Adopted Budget. 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 2004 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 2004 Adopted Budget Plan.

In FY 2004, Special Revenue Fund expenditures total \$2,159,454,473, a decrease of \$35,700,328 or 1.6 percent from the *FY 2003 Revised Budget Plan* funding level of \$2,195,154,801. Excluding adjustments in FY 2003, expenditures increase \$170,087,289 or 8.5 percent over the FY 2003 Adopted Budget Plan level of \$1,989,367,184. Funds with significant adjustments are as follows:

Fund 090, Public School Operating: A General Fund transfer to the Fairfax County Public Schools of \$1,238,475,201 for FY 2004 is included. The transfer reflects an increase of \$69,599,934 or 5.95 percent over the *FY 2003 Revised Budget Plan* transfer of \$1,168,875,267. The combined transfer for School Operating and School Debt Service is \$1.36 billion, which represents 53.1 percent of total County disbursements.

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Fund 100, County Transit Systems: FY 2004 funding of \$29.4 million is included for this fund, including \$26.4 million to support the FAIRFAX CONNECTOR system, which will provide service to an estimated 7.3 million passengers. The system includes 163 County-owned buses, providing service on 55 routes to 11 Metrorail stations throughout the region. The remaining \$3.0 million will support commuter rail services operated by the Virginia Railway Express (VRE). This fund provides funding for operating and capital expenses for the FAIRFAX CONNECTOR bus system, comprising the Huntington and Reston-Herndon Divisions. In FY 2003, FAIRFAX CONNECTOR began the process of merging the Community Bus Services Division and the Reston-Herndon Division so that all of the services provided by these two contractors and garages could be provided by one contractor at one garage. In FY 2004, the Fairfax County Department of Transportation plans to institute the first fare increase on FAIRFAX CONNECTOR since 1993, while still maintaining fares consistent with other providers in the metropolitan region. This fare increase is expected to increase the base fare by \$0.25 and increase the fare paid with a Metrorail-to-bus transfer. On the vast majority of routes in the FAIRFAX CONNECTOR system, base fares will be increased from \$0.50 to \$0.75.

Fund 102, Federal/State Grant Fund: This fund includes both grant awards already received as well as those anticipated to be received in FY 2004, for a total appropriation of approximately \$59.9 million including \$47.7 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 \$27.4 million for the Department of Family Services, \$4.0 million for the Fire and Rescue Department, \$8.0 million for the Department of Transportation, \$1.7 million for the Health Department, \$2.7 million for the Police Department, \$2.8 million for various other agencies, and \$1.1 million to address unanticipated grants. The remaining \$12.2 million is for grant awards that are appropriated directly to the Police Department for the Community-Oriented Policing (COPS) Universal Hiring Program and the COPS in Schools program and the Fire and Rescue Department for Urban Search and Rescue activities. The FY 2004 appropriation includes the first year of the COPS Universal Hiring Program (UHP) VI award received in FY 2003 in the amount of \$7.9 million as well as \$7.1 million for CMAQ-related grant awards in the Department of Transportation.

Fund 103, Aging Grants and Programs: FY 2004 funding of \$4.3 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. The Fairfax Area Agency on Aging, within this fund, is the focal point for the network of County and private sector agencies serving the interests of the elderly.

Fund 104, Information Technology: FY 2004 project funding of \$9.6 million will support contractual obligations and complete existing phases of projects. These initiatives meet the priorities established by the IT Senior Steering Committee. The funding will address priority projects that provide convenient access to information and services, and projects that assist in the management of the County's human resource, information and technology assets, as well as projects that provide a high level of responsiveness to customer requirements. No new IT projects are funded in FY 2004.

Fund 105, Cable Communications: This fund has a projected FY 2004 appropriation level of \$6.0 million, which is a decrease of \$13.8 million or 69.8 percent from the *FY 2003 Revised Budget Plan*. This change is a result of a decrease of \$10.1 million due to the carryover from FY 2002 for costs associated with implementing the I-Net. The I-Net is a fiber optic cable network that will link and provide video and data services to 390 County and Fairfax County Public Schools (FCPS) facilities. Delays in the Cox Communications schedule for construction of the I-Net have delayed the expenditure of funds for implementation. The construction of the I-Net is expected to be completed in FY 2004. There is also a decrease of \$4.2 million in contract expenses due to the final I-Net construction payment to Cox Communications scheduled for FY 2003 and not required for FY 2004. These decreases are partially offset by increases of \$0.5 million associated with salary adjustments necessary to support the County's compensation program, this fund's share of costs associated with the Public Service Radio System Replacement project, and the replacement of equipment in the Board Auditorium and Production Studio.

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Fund 106, Fairfax-Falls Church Community Services Board (CSB): FY 2004 expenditures for this fund total \$114.7 million, and are funded by a Fairfax County transfer of \$80.6 million, as well as funds from the State, the Federal government, the City of Fairfax, the City of Falls Church, and client fees. In addition to maintaining existing service levels throughout the CSB system, initiatives for FY 2004 include:

- \$1.4 million to provide for fixed contract and other costs associated with FASTRAN services to CSB clients, for which funding has been reallocated from the Department of Community and Recreation Services to CSB to properly reflect all transportation costs;
- \$0.4 million to provide day support services to 19 new special education students of the Fairfax County Public Schools (FCPS) scheduled to graduate in June 2003; and
- \$0.8 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 and methadone services for alcohol and drug services clients.

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. The combined expenditures of \$119,593,677, which includes \$78,270 for Solid Waste General Fund Programs, and a staffing level of 320/320.0 SYE positions are required to meet financial and operational requirements for waste collection and disposal programs in FY 2004. The FY 2004 Adopted Budget Plan funding level represents a decrease of \$11,008,066 or 8.4 percent from the *FY 2003 Revised Budget Plan* estimate of \$130,601,743 primarily attributable to FY 2002 carryover of unexpended capital project balances of \$26,210,769 partially offset by the need for FY 2004 capital project funding of \$14,929,000. Highlights by fund are as follows:

- **Fund 108, Leaf Collection:** Funding in the amount of \$1.3 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 2004, Fund 108 will provide collection service to approximately 19,435 household units within 26 approved leaf districts on three different occasions. Revenue is derived from a levy charged to homeowners within leaf collection districts. The levy charged is \$0.01 per \$100 of assessed real estate value.
- **Fund 109, Refuse Collection and Recycling Operations:** Funding in the amount of \$15.3 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 order to avoid further subsidy of the Solid Waste Reduction and Recycling Centers (SWRRC) program, the FY 2004 Adopted Budget Plan includes the termination of the program effective June 28, 2003 (last Saturday of operations for FY 2003). It should be noted that an estimated fee of \$255 would have been necessary to continue to provide this service assuming a full year customer base of 785 customers. This would have been an increase of \$30 or 13.3 percent over the FY 2003 fee of \$225. See the Solid Waste Overview for more details.

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- **Fund 110, Refuse Disposal:** Funding in the amount of \$48.1 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). 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 \$1.8 million provides funding for FY 2004 projected deficits. See the Solid Waste Overview for more details.
- **Fund 112, Energy Resource and Recovery Facility (E/RRF):** Funding in the amount of \$33.5 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 for the sale of electricity are used to offset the cost of the disposal fee.
- **Fund 114, I-95 Refuse Disposal:** Expenditures for this fund total \$21.3 million for FY 2004 which is a decrease of \$9.0 million or 29.8 percent from the *FY 2003 Revised Budget Plan* of \$30.3 million, primarily as a result of the carryover of capital project funding. This fund is responsible for the overall operation of the I-95 Landfill, which is a multi-jurisdictional refuse deposit site dedicated to the disposal of ash generated primarily by the County's Energy/Resource Recovery Facility (E/RRF) and other participating municipalities.

Fund 116, Integrated Pest Management Program: FY 2004 funding of \$2.0 million is included for this fund. This funding level includes \$1.0 million for the Integrated Pest Management Program to support the treatment of an estimated 5,000 acres to combat gypsy moths and cankerworms. This funding level also includes \$1.0 million to provide for the Disease-Carrying Insects Program to include treatment for the prevention of the West Nile Virus. 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 2004 will be the second 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 2004, there will be approximately \$8.7 million available for the Consolidated Community Funding Pool process, of which approximately \$6.5 million will be in Fund 118, Consolidated Community Funding Pool, and approximately \$2.2 million will be in Fund 142, Community Development Block Grant.

Fund 119, Contributory Fund: Funding for all Contributory Agencies is reviewed annually, and the organizations must provide quarterly and annual financial reports to document their financial status. The FY 2004 recommended funding level is \$7.0 million, with details of the organizations' funding in Volume 2, Capital Construction and Other Operating Funds of the FY 2004 Adopted Budget Plan.

Fund 120, E-911: In FY 2004, total expenditures are \$26.7 million, based on a General Fund Transfer of \$5.4 million, E-911 fee revenues of \$18.3 million, State reimbursement of \$2.8 million, and interest earnings of \$0.2 million. All expenditures directly associated with the Public Safety Communications Center (PSCC) will continue to be reflected in this fund. In addition, Information Technology projects associated with the PSCC will continue to be budgeted in this fund. A General Fund Transfer supports any difference between revenues and expenditures. As a result of staffing requirements to meet the high volume of calls and ongoing technological demands, as well as to account for declining E-911 fee revenue, an increase of \$0.75 per line to the E-911 tax rate, from \$1.75 per line per month to \$2.50 per line per month, is included in the FY 2004 Adopted Budget Plan. This increase will generate an additional \$4.8 million in E-911 fee revenue. The E-911 tax rate has remained static since FY 1998 when it was raised from \$1.69 per line per month to \$1.75. See Fund 120, E-911 narrative for more details.

Complete details of all Special Revenue Funds are found in Volume 2, Capital Construction and Other Operating Funds of the FY 2004 Adopted Budget Plan. Summary information is provided in the *Financial, Statistical, and Summary Tables* section of this Overview volume.

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DEBT SERVICE FUNDS

There are two debt service funds - **Fund 200, County Debt Service** and **Fund 201, School Debt Service**. These funds account for the accumulation of resources for, and the payment of debt service on, general obligation bonds of the County and Schools, and for special revenue bond debt service.

FY 2004 Debt Service expenditures total \$220,538,948, a decrease of \$2,582,383 or 1.2 percent from the *FY 2003 Revised Budget Plan* level of \$223,121,331. Funding includes transfers of \$219,342,429 from the General Fund and \$105,188 from the McLean Community Center. In addition revenues are anticipated including \$300,000 in bond premiums and \$20,000 in revenue from Fairfax City. Available fund balances of \$771,331 associated with savings in FY 2002 and FY 2003 are also utilized.

This funding level provides for the retirement of County and School general obligation bond and literary loan debt principal and interest due and payable in FY 2004 as well as lease/purchase payments for the Government Center Properties and Fairfax County Redevelopment and Housing Authority (FCRHA) lease revenue bonds issued for community centers and an adult day care center, Certificate of Participation payments for the new South County Government Center and fiscal agent fees.

Complete details of the Debt Service Funds are found in Volume 2, Capital Construction and Other Operating Funds of the FY 2004 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 (WMP), 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 2004 Enterprise Funds expenditures for sewer operation and maintenance, and sewer debt service total \$193,706,116, a decrease of \$73,120,252 or 27.4 percent from the *FY 2003 Revised Budget Plan* of \$266,826,368 primarily due to the availability of current funds 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 (54 million gallons per day (MGD) capacity), approximately 3,135 miles of sewer lines, 61 pumping stations, 51 metering stations and covers approximately 234 square miles of the County's 407 square-mile land area. In FY 2004, WMP anticipates a total of 344,385 households in Fairfax County will be connected to public sewers.

Current Availability Fee Rates:

In FY 2004, Availability Fees will increase from \$5,247 to \$5,431 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 2003 Availability Fee	FY 2004 Availability Fee
Single Family	\$5,247	\$5,431
Townhouses and Apartments	\$4,198	\$4,345
Hotels/Motels	\$1,312	\$1,358
Nonresidential	\$271/fixture unit	\$281/fixture unit

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Current Sewer Service Charge:

The Sewer Service Charge rate will increase from \$2.95 to \$3.03 per 1,000 gallons of water consumption in FY 2004. Based on this rate increase, the additional annual cost to the typical household is anticipated to be \$6.08. Sewer Service Charges are adjusted based on projected capital requirements associated with the renovation and rehabilitation of existing treatment facilities.

Category	FY 2003 Sewer Service Charge	FY 2004 Sewer Service Charge
Per 1,000 gallons water consumed	\$2.95	\$3.03

The FY 2004 Sewer Service Charge and Availability Fee are based on increased costs associated with capital project construction, system operation and maintenance, debt service, and upgrades to effectively reduce nitrogen discharge from wastewater treatment plants in order to meet new, more stringent nitrogen discharge limitations. The program will also utilize sewer fund balances to partially offset these higher costs. 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, 2002 through June 30, 2007.

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 2004 Adopted Budget Plan. 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; document services; and central acquisition of commonly used supplies and equipment. 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 2004 Internal Service expenditures total \$341,167,228, an increase of \$22,276,796 or 7.0 percent over the *FY 2003 Revised Budget Plan* level of \$318,890,432. Excluding adjustments in FY 2003, expenditures increased \$35,298,644 or 11.5 percent over the FY 2003 Adopted Budget Plan of \$305,868,584. Funds with significant adjustments are as follows:

- ◆ **Fund 501, County Insurance:** A net decrease of \$2.0 million primarily in Operating Expenses due to decreases in self insurance costs associated with higher than average claims experience anticipated for FY 2003.
- ◆ **Fund 503, Department of Vehicle Services:** A net decrease of \$7.3 million due primarily to a net reduction of \$7.7 million in replacement costs, which are based on predetermined criteria and schedules, and an anticipated \$0.4 million decrease in fuel requirements. These decreases are offset by increases of \$0.8 million necessary to support the County's compensation program.

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- ◆ **Fund 505, Technology Infrastructure Services:** A net increase of \$0.7 million due to an increase of \$2.2 million primarily for PC replacement purchases, server and equipment maintenance, increased telecommunications requirements to support new applications and redundancy in the system, and funding for the third year of a five-year replacement program for the Enterprise Network. These increases are partially offset by a decrease of \$1.5 million due to encumbered carryover from FY 2002. It should be noted that the annual amount collected per PC for the County's PC Replacement program (included within this fund) is reduced from \$600 to \$400. This funding provides for future replacement costs. This step is the beginning of a larger, comprehensive review of the program, both in terms of funding and operation. Industry experts continue to stress the validity and essential nature of the County's refresh cycle at the desktop.
- ◆ **Fund 506, Health Benefits Trust Fund:** An increase of \$6.7 million primarily due to a 12.5 percent cost growth assumption and increased employee participation in the plan. As a result of projected increases in medical and prescription claims, the County's self-insured plan will raise premiums by 25 percent effective January 1, 2004 for the final six months of FY 2004. This will allow the fund to remain solvent and maintain an ending balance to offset unanticipated increases in claims costs.
- ◆ **Fund 591, School Health Benefits Trust:** An increase of \$23.5 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 2004 Adopted Budget Plan and in the Fairfax County School Board's FY 2004 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. 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 2004 Trust and Agency funds combined expenditures total \$317,722,815, an increase of \$24,027,723 or 8.2 percent over the *FY 2003 Revised Budget Plan* funding level of \$293,695,092. Excluding adjustments in FY 2003, combined Trust Fund and Agency Funds expenditures increase \$24,054,310 or 8.2 percent over the FY 2003 Adopted Budget Plan level of \$293,668,505. 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 2004 Adopted Budget Plan. In addition, details of the Educational Employees Retirement Fund may be found in the Fairfax County School Board's FY 2004 Adopted Budget. Summary information is provided in the *Financial, Statistical, and Summary Tables* section of this Overview volume.