



County of Fairfax, Virginia

MEMORANDUM

DATE: July 28, 2015

TO: BOARD OF SUPERVISORS

FROM: Edward L. Long Jr.
County Executive

SUBJECT: FY 2015 Actual Revenues, Expenditures and Carryover Supplemental Appropriation

Attached for your review and consideration is the FY 2015 Carryover Package, including Supplemental Appropriation Resolution AS 16009 and Amendment to the Fiscal Planning Resolution AS 16900. The document includes the following attachments for your information:

- | | |
|----------------|--|
| Attachment I | A General Fund Statement including revenue and expenditures, as well as a summary reflecting expenditures by fund |
| Attachment II | A summary of General Fund receipt variances by category |
| Attachment III | A summary of significant General Fund expenditure variances by agency |
| Attachment IV | An explanation of General Fund Unencumbered Carryover |
| Attachment V | A detailed description of new and unexpended federal/state grants, as well as anticipated revenues associated with those grants that are recommended for appropriation in FY 2016 |
| Attachment VI | A detailed description of significant changes in Other Funds |
| Attachment VII | Supplemental Appropriation Resolution AS 16009 and Fiscal Planning Resolution AS 16900 for FY 2016 providing for the appropriation of outstanding encumbrances and unspent balances for federal/state grants, as well as prior commitments of the Board of Supervisors, such as unspent capital project balances |

As the Board is aware, the Code of Virginia requires that the Board of Supervisors hold a public hearing prior to the adoption of amendments to the current year budget when potential appropriation increases are greater than 1.0 percent of expenditures. In addition, the Code requires that the Board advertise a synopsis of the proposed changes. Since the *FY 2015 Carryover Review* recommends changes to the FY 2016 Adopted Budget Plan over this limit, Board action on the Carryover Review has been scheduled at the same time as the public hearing on September 22, 2015.

Office of the County Executive
12000 Government Center Parkway, Suite 552
Fairfax, VA 22035-0066
703-324-2531, TTY 703-222-5494, Fax 703-324-3956
www.fairfaxcounty.gov

FY 2015 End of Year Summary

A brief summary of the General Fund follows, comparing unaudited actual receipts and disbursements as of June 30, 2015 to the final estimates of the *FY 2015 Revised Budget Plan*.

GENERAL FUND STATEMENT AND BALANCE AVAILABLE
(in millions of dollars)

	FY 2015 Revised Budget Plan	FY 2015 Actual	Variance
Beginning Balance, July 1	\$156.39	\$156.39	\$0.00
Receipts and Transfers In	\$3,715.28	\$3,747.56	\$32.28
Total Available	\$3,871.67	\$3,903.95	\$32.28
Direct Expenditures	\$1,394.26	\$1,339.61	(\$54.64)
Transfers Out	\$2,401.50	\$2,401.50	\$0.00
Total Disbursements	\$3,795.75	\$3,741.11	(\$54.64)
Ending Balance, June 30	\$75.92	\$162.84	\$86.92
Managed Reserve	\$75.92	\$75.92	\$0.00
Balance	\$0.00	\$86.92	\$86.92
FY 2015 Commitments (\$40.01)			
Outstanding Encumbered Obligations			(\$33.11)
Outstanding Unencumbered Commitments			(\$3.08)
Reserve Adjustments			(\$3.82)
Balance after FY 2015 Commitments			\$46.91
Critical Requirements/Previous Board Commitments (\$19.28)			
Schools Capital			(\$13.10)
World Police and Fire Games			(\$2.00)
Turf Fields			(\$1.50)
Laurel Hill Adaptive Re-Use Project			(\$0.65)
Annandale ADHC			(\$0.17)
Reserve Adjustments			(\$1.86)
Balance after Critical Requirements			\$27.63
Allocations for Reserves/Capital (\$17.81)			
40% of Balance to Reserves - Revenue Stabilization Portion			(\$6.14)
40% of Balance to Reserves - Managed Reserve Portion			(\$4.91)
20% of Balance to Infrastructure Sinking Reserve Fund			(\$5.53)
Reserve Adjustments			(\$1.23)
Balance after Allocations for Reserves/Capital			\$9.82
Other Requirements (\$3.66)			
Emergency Systems Failure Project			(\$1.54)
Mobile Crisis Units			(\$0.80)
Prevention Fund			(\$0.65)
Resident Curator			(\$0.10)
School-Age Child Care (SACC) Expansion			(\$0.03)
Net-Zero Adjustments: <i>Public Assistance Eligibility Workers, Supplemental Nutrition Assistance Program - Employment and Training (SNAPET), John Hudson Summer Intern Program, Senior+ Program</i>			\$0.00
Reserve Adjustments			(\$0.54)
Net Balance			\$6.16

NOTE: Carryover is defined as the re-appropriation in FY 2016 of previously approved items such as outstanding encumbered obligations, unencumbered commitments and unexpended FY 2015 capital project and grant balances.

FY 2015 Carryover Review

Year-end Summary

FY 2015 General Fund Revenues and Transfers In were \$3.75 billion, an increase of only \$32.28 million or just 0.87 percent, over the *FY 2015 Revised Budget Plan* estimate. General Fund Revenue growth fluctuated during the year consistent with the last several years. This increase is the result of small improvements in a number of revenue categories including Personal Property, Sales Tax, Deed of Conveyance and Recordation Taxes. More detail on FY 2015 Revenue Variances may be found in Attachment II.

In addition, County agencies realized disbursement balances as a result of continuing close management of agency spending. Disbursements were below *FY 2015 Revised Budget Plan* projections by \$54.64 million or 1.44 percent. More detailed information on FY 2015 General Fund Expenditure Variances is included in Attachment III. Included in this balance are funds required for both encumbered and unencumbered items. Encumbered carryover includes legally obligated funding for items/services for which final financial processing has not been completed. Unencumbered carryover includes funding for items previously approved by the Board but not purchased based on timing or other issues. Netting out outstanding encumbrances and unencumbered commitments, as well as the required reserve adjustments, totaling \$40.01 million, the FY 2015 available disbursement balance is \$14.63 million or 0.39 percent of total disbursements.

As a result, the combined revenue and disbursement balance, after funding prior year obligations and reserve adjustments, is \$46.91 million or just a little more than 1 percent of the total County General Fund budget.

Carryover Actions

Allocation of this balance is used to address critical needs, meet Board policy for contributions to reserves and capital, and fund a small number of requirements that have been identified subsequent to the adoption of the FY 2016 budget. Of the total available balance of \$46.91 million, \$40.75 million is allocated in the Carryover package and \$6.16 million is recommended to be held in reserve to address other critical one-time requirements or be applied to the FY 2017 budget. Recommended spending is divided into three categories including: **Critical Requirements, Allocations for Reserves/Capital and All Other Requirements.** Consistent with the multi-year budget presentation, the FY 2017 impact of these recommendations are noted in the detailed administrative adjustments below.

Critical Requirements (\$19.28 million, including associated reserve adjustments)

The Critical Requirements recommended for funding as part of the *FY 2015 Carryover Review*, are all items that are based on previous direction of the Board of Supervisors. The five items in this category are:

- \$13.10 million to fund the County's initial contribution to the School's Sinking Fund for Infrastructure Replacement and Upgrades consistent with the Infrastructure Financing Committee Report approved on March 25, 2104 and the Board's Budget Guidance approved April 21, 2015. This contribution will be built into the FY 2017 baseline budget going forward.
- \$2.00 million contribution to the World Police and Fire Games. The Carryover Review also includes the appropriation of \$1.00 million in support from the Commonwealth of Virginia in support of the Games.
- \$1.50 million for the third and final year of County contributions to be used for installing turf on high school rectangular fields with the stipulation that the funding be matched by the Fairfax County Public Schools consistent with recommendations from the County/Schools Turf Field Task Force.
- \$0.65 million for the second year of General Fund contributions for the Laurel Hill Adaptive Reuse project as identified in the July 29, 2014 Board Action item, and;
- \$0.17 million to fund a transition period of six months for the Annandale Adult Day Health Care Center as directed by the Board when the FY 2016 Budget was approved.

FY 2015 Carryover Review

Allocations for Reserves/Capital (\$17.81 million, including associated reserve adjustments)

Consistent with the Board's policies on funding reserves and the County's Infrastructure Sinking Reserve Fund, Carryover contributions have been calculated based on the balances after the critical requirements discussed above. As a result:

- \$11.05 million or 40 percent of the balance is allocated to the County's reserves. As a result of the Board's new policy on funding reserves which was approved on April 21, 2015 the allocations to the Managed and Revenue Stabilization Reserves have been made in proportion to their ultimate sizes (4 percent and 5 percent respectively). It is important to note that in addition to this allocation, all other Carryover adjustments have been accompanied with contributions to the two reserves as well, consistent with the Board policy of allocating 10 percent to reserves. As a result the total contributions to the reserves at Carryover is \$18.51 million and results in funded percentages of 2.18 percent and 3.41 percent respectively and;
- \$5.53 million or 20 percent of the balance is allocated as the second contribution to the Infrastructure Sinking Reserve Fund to address outstanding capital infrastructure requirements, consistent with the recommendations of the Infrastructure Financing Committee. As a result of the contributions this year and last year at Carryover a total of \$8.4 million is now available for County infrastructure and upgrade requirements.

All Other Requirements (\$3.66 million, including associated reserve adjustments)

Finally, there are a small number of other adjustments that are also necessary at this time. In some cases these adjustments appropriate additional resources for existing programs such as the Public Assistance case management and the Supplemental Nutrition Assistance Program, with no net cost to the General Fund. Additional support to meet Board priorities such as addressing critical mental health issues (\$0.80 million), reducing SACC waiting lists (\$0.03 million), supporting prevention efforts in the community (\$0.65 million) and providing opportunities as part of the resident curator program (\$0.10 million) are all also included as a result of additional work that staff has undertaken since the adoption of the FY 2016 budget. Finally the County continues to face emergency system failures in our aging infrastructure and I am recommending an increase of \$1.54 million in support of these unforeseen needs in FY 2016.

Remaining Balance

As a result of administrative adjustments and the associated managed reserve adjustment totaling \$40.75 million, a Carryover balance of \$6.16 million is available. This balance is reserved for future one-time needs or to address FY 2017 requirements.

Details of the adjustments included in the *FY 2015 Carryover Review* which have a General Fund impact are noted below in the Carryover Adjustments section of this letter.

FY 2017 Budget Development

The FY 2017 projected budget shortfall was approximately \$96 million when the FY 2016 Budget was adopted. Adjustments included in the *FY 2015 Carryover Review* increase the projected deficit to more than \$107 million primarily as the result of identifying additional reserve requirements associated with the growth of the budget in FY 2017. We will have the opportunity to discuss FY 2017 forecasts in more detail later in the Fall as our projections are refined.

As we continue to operate in a multi-year budget environment we must also look beyond just the upcoming year. That is why the Lines of Business (LOBs) discussion is so important. I look forward to reviewing the plans we have for the LOBs at our Budget Committee meeting scheduled for September 11, 2015.

FY 2015 Audit Adjustments

As the Board is aware, the financial audit of FY 2015 is currently being conducted. Necessary adjustments as a result of this work will be included in the FY 2015 Comprehensive Annual Financial

FY 2015 Carryover Review

Report (CAFR) and in the audit package that is presented for the Board's approval as part of the *FY 2016 Third Quarter Review*.

Other Funds Adjustments

Attachment VI of the *FY 2015 Carryover Review* details changes in other funds including those which do not have a General Fund impact. This attachment includes a review of the FY 2015 fund expenditure and revenue variances and notes changes in FY 2016 expenditures.

Carryover Adjustments

The *FY 2015 Carryover Review* includes net General Fund administrative adjustments and associated managed reserve adjustments totaling \$40.75 million. These adjustments are divided into three categories: Critical Requirements, Allocations for Reserves/Capital and All Other Requirements and include the following:

CRITICAL REQUIREMENTS **(19.28 million, including associated reserve adjustments)**

		RECURRING
Fairfax County Public Schools Capital	FY 2016 General Fund Transfer	<u>\$13,100,000</u>
Sinking Fund for Infrastructure Replacements and Upgrades	Net Cost	\$13,100,000
	FY 2017 General Fund Transfer	<u>\$13,100,000</u>
	Net Cost	\$13,100,000

As a result of the Joint School Board/County Board Infrastructure Financing Committee (IFC) Report approved by the Board of Supervisors on March 25, 2014, an amount of \$13,100,000 is included for transfer to the Fairfax County Public Schools (FCPS) beginning in FY 2016 and built into the budget baseline going forward, to offset expenses currently supported by school bonds for facility Infrastructure Replacement and Upgrades. FCPS has used an average of \$13.1 million in bond funding each year for the past several years to meet what is now termed Infrastructure Replacement and Upgrades. The Committee has recommended that both the County and Schools limit the practice of funding Infrastructure Replacement and Upgrades through bond funding. To transition to this new system of funding, the County will transfer \$13.1 million to the School Construction Fund annually, beginning in FY 2016. This transfer will fund, through paydown funding, capital replacement and upgrade requirements and will free up general obligation bond funding for school renovations or new capacity requirements.

		NON-RECURRING
Fund 10030, Contributory Fund	FY 2016 Revenue from the Commonwealth	\$1,000,000
World Police and Fire Games	FY 2016 General Fund Transfer	\$2,000,000
	Expenditures	<u>\$3,000,000</u>
	Net Cost	\$2,000,000
	FY 2017 Revenue from the Commonwealth	\$0
	FY 2017 General Fund Transfer	\$0
	Expenditures	<u>\$0</u>
	Net Cost	\$0

Fairfax County hosted the World Police and Fire Games from June 26 through July 5, 2015. This international athletic competition provided recreational Olympic-style sports competitions for police and

fire professionals from around the world. Approximately 10,000 athletes from 68 countries competed in more than 60 sports in Fairfax County and surrounding jurisdictions. Governor McAuliffe recommended and the General Assembly of the Commonwealth of Virginia authorized \$1.0 million from the Commonwealth’s General Fund to the County in FY 2016 to support the efforts to host the games. This revenue from the Commonwealth will offset expenditures related to the games. The Memorandum of Understanding between the Commonwealth and the County will be presented to the Board of Supervisors at a future meeting for approval. In addition, the General Fund Transfer to Fund 10030, Contributory Fund, is increased an additional \$2.0 million in support for the games.

	NON-RECURRING	
Fund 30010, General Construction and Contributions	FY 2016 General Fund Transfer	<u>\$1,500,000</u>
Joint County/School Turf Field Program	Net Cost	\$1,500,000
	FY 2017 General Fund Transfer	<u>\$0</u>
	Net Cost	\$0

The General Fund Transfer to Fund 30010, General Construction and Contributions, is increased by \$1,500,000 to complete the third and final phase of the Joint County School initiative to develop new synthetic turf fields throughout the County. This funding will be held in reserve pending the identification by Fairfax County Public Schools (FCPS) of a matching amount in FY 2016.

This recommendation is based on the findings of the Synthetic Turf Field Task Force in its July 2013 report at which time it was estimated that \$12.0 million would be required to fund fifteen synthetic turf fields at the eight remaining high schools in the County that did not currently have turf fields. Fields at Edison, Mt. Vernon and West Potomac have been completed and construction is now underway at Annandale, Hayfield, South County and Stuart. The remaining school, Thomas Jefferson, will be scheduled following the renovation of the school that is currently underway.

The current project estimate is \$14.1 million as a result of actual costs incurred and the bids that have been received for the seven schools. Additional site costs above those originally envisioned as well as the addition of a second field at Stuart, for a total of sixteen fields, have driven these increases. It should be noted that the Task Force report only envisioned one field at Stuart based on the size of the site, but it was possible to add a diamond field instead of a second rectangular field to maximize the available use of the facility.

As a result, the total original County and School commitment of \$9.0 million is now anticipated to be required to supplement the community funding and proffer funding. The County and Schools each contributed \$1.5 million at the FY 2013 and FY 2014 Carryover Reviews. This \$1.5 million contribution for each is therefore the final requirement to meet the \$9.0 million.

	NON-RECURRING	
Fund 30010, General Construction and Contributions	FY 2016 General Fund Transfer	<u>\$650,000</u>
Laurel Hill Adaptive Reuse Project	Net Cost	\$650,000
	FY 2017 General Fund Transfer	<u>\$1,025,000</u>
	Net Cost	\$1,025,000

The General Fund Transfer to Fund 30010, General Construction and Contributions, is increased by \$650,000 to support Fairfax County’s FY 2016 General Fund contribution associated with the second of

four years of support for the Laurel Hill Adaptive Reuse project. The Board of Supervisors approved the Adaptive Reuse Agreement on July 29, 2014.

The General Fund contribution of \$650,000 and \$2,400,000 in contributions from a number of other County funding sources, including Transportation, Wastewater, and Stormwater funds, results in a total FY 2016 County contribution of \$3,050,000 to meet the required infrastructure improvements for FY 2016. The total County contribution for infrastructure improvements over the four year period is capped at \$12,765,000 per the Master Development Agreement, of which \$4,475,000 is estimated to be supported by the General Fund and \$8,290,000 will be supported by other funds. It is important to note that the investment in the Adaptive Reuse project forgoes the need for the estimated \$11.4 million in remediation that otherwise would be required at the County owned site over a ten year period.

	NON-RECURRING	
Agency 71, Health Department	FY 2016 Revenue	\$81,321
Maintain Operations of the Annandale ADHC for Six Months	FY 2016 Expenditure	<u>\$250,557</u>
	Net Cost	\$169,236
	FY 2017 Revenue	\$0
	FY 2017 Expenditure	<u>\$0</u>
	Net Cost	\$0

An increase of \$250,557 is required to maintain operations at the Annandale Adult Day Health Center (ADHC) for six months. The closure of the Annandale ADHC program site was included in the FY 2016 Adopted Budget Plan; however, the closure has been delayed by the Board for six months to allow more time for participants to transition to other sites or arrange other care options. Additionally, it is anticipated that many of the current participants of the Annandale ADHC program site will be accommodated at the Lincolnia ADHC program site, which is currently undergoing renovations and is scheduled to be completed in the fall of 2015. Therefore, the six month delay will also accommodate the Lincolnia ADHC renovation schedule. The expenditure increase is partially offset by an increase in revenue from program fees for a net impact to the General Fund of \$169,236.

ALLOCATIONS FOR RESERVES/CAPITAL (\$17.81 mil, including associated reserve adjustments)

	NON-RECURRING	
Fund 10010, Revenue Stabilization Reserve Adjustments	FY 2016 General Fund Transfer	<u>\$10,279,367</u>
	Net Cost	\$10,279,367
	FY 2017 General Fund Transfer	<u>\$5,940,818</u>
	Net Cost	\$5,940,818

An increase of \$10,279,367 is transferred from the General Fund to Fund 10010, Revenue Stabilization, consistent with the County's reserve policy. On April 21, 2015, the Board of Supervisors approved revisions to the County's *Ten Principles of Sound Financial Management* to update the County's target reserve level from 5 percent to 10 percent of General Fund disbursements. Of the 10 percent target, 5 percent is allocated to the Revenue Stabilization Fund (previously a 3 percent target), 4 percent is allocated to the Managed Reserve in the General Fund (previously a 2 percent target), and the remaining 1 percent will be allocated to a new Economic Opportunity Reserve. As this new reserve is not to be funded until the Revenue Stabilization and Managed Reserves are fully funded at their new target levels, the 1 percent allocated for the new reserve is split proportionally between the Revenue Stabilization and Managed Reserves until the new reserve is established.

The total increase in the Revenue Stabilization Reserve includes \$6,140,096 as a result of the allocation of 40 percent of available balances after funding critical requirements being directed to the Revenue Stabilization Reserve as well as \$4,139,271 based on increased disbursements included at Carryover.

As a result of these adjustments and the \$536,848 transfer included in the FY 2016 Adopted Budget Plan, the projected FY 2016 balance in the Revenue Stabilization Fund is 3.41 percent of General Fund disbursements.

It should be noted that the FY 2017 projected transfer to the Revenue Stabilization Fund has also been adjusted to reflect the new target funding levels.

	NON-RECURRING	
Fund 30020, Infrastructure Replacement and Upgrades Infrastructure Sinking Reserve Fund	FY 2016 General Fund Transfer	<u>\$5,526,639</u>
	Net Cost	\$5,526,639
	FY 2017 General Fund Transfer	<u>\$0</u>
	Net Cost	\$0

The General Fund Transfer to Fund 30020, Infrastructure Replacement and Upgrades Fund, is increased by \$5,526,639 in accordance with recommendations of the Infrastructure Financing Committee (IFC). On March 25, 2014, the Board of Supervisors approved the recommendations contained in the IFC Report. Subsequently, the School Board approved the IFC Report on April 10, 2014. The Infrastructure Financing Committee was a joint School Board/County Board working group formed to collaborate and review both the County and School's Capital Improvement Program (CIP) and capital requirements. The final report of the committee included a recommendation to establish an Infrastructure Sinking Fund as a new budgetary mechanism for funding Infrastructure Replacement and Upgrade requirements. Principal funding for the Sinking Fund was to come from a joint commitment to devote a designated amount or percentage of carryover funds. This commitment was to begin with the *FY 2014 Carryover Review*, and the Committee suggested "ramping up" this commitment over three to five years until reaching a funding level of 20 percent of the unencumbered Carryover balances of both the County and Schools budget not

FY 2015 Carryover Review

needed for critical requirements. Both Boards agreed that the School Board may need additional time to reach this goal based on the need to address the School system’s current structural budget imbalance.

Based on the County’s unencumbered carryover balance after funding critical requirements, an amount of \$5,526,639 represents 20 percent and is set aside in a separate Infrastructure Sinking Reserve Fund. This funding will be available for prioritized critical infrastructure replacement and upgrades. The Board approved an amount of \$2,850,000 for the Sinking Fund as part of the *FY 2014 Carryover Review* and this adjustment will result in a total Sinking Fund of \$8,376,639. This funding will be appropriated as part of the *FY 2015 Carryover Review* to fund major infrastructure requirements such as, the replacement of roofs, electrical systems, HVAC units, plumbing systems, windows, emergency generators, and elevators.

OTHER REQUIREMENTS **(\$3.66 million, including associated reserve adjustments)**

	NON-RECURRING
Fund 30020, Infrastructure Replacement and Upgrades	FY 2016 General Fund Transfer <u>\$1,535,166</u>
Emergency Systems Failure Fund	Net Cost \$1,535,166
	FY 2017 General Fund Transfer <u>\$0</u>
	Net Cost \$0

The General Fund transfer to Fund 30020, Infrastructure Replacement and Upgrades Fund, is increased by \$1,535,166 to support emergency system failures that occur at aging County facilities throughout the year. Funding will provide for emergency repairs at County facilities in the event of a major systems failure such as a large HVAC system, or other unforeseen event. The County has very limited capacity to deal with potential system failures. Although preventative maintenance is preferred, as the inventory of County facilities age, emergency repairs and maintenance requirements continue to grow. In recent months, several unanticipated emergency repairs have been necessary including the replacement of the Kings Park Library’s HVAC roof-top unit which developed internal deficiencies causing the unit to repeatedly shutdown without warning, the remediation of water infiltration at the Gum Springs Community Center, and tunnel remediation at the County’s Lorton Workhouse facility. This increase will provide a source of funding for these types of unforeseen emergency repairs and, in combination with the remaining project balance, will provide for approximately \$5,000,000 in available funding at the beginning of FY 2016.

	RECURRING
Fund 40040, Fairfax-Falls Church	FY 2016 General Fund Transfer <u>\$800,000</u>
Community Services Board	Net Cost \$800,000
Mobile Crisis Unit	
	FY 2017 General Fund Transfer <u>\$800,000</u>
	Net Cost \$800,000

The General Fund transfer to Fund 40040, Fairfax-Falls Church Community Services Board, is increased by \$800,000 to support 6/6.0 FTE new merit positions and establish a second Mobile Crisis Unit (MCU) providing crisis intervention and assessment services directly in the community to individuals in psychiatric crisis who are unable or unwilling to seek services in CSB’s existing clinics. A second MCU, including 1/1.0 FTE Emergency/Mobile Crisis Unit Supervisor and 5/5.0 Mental Health Supervisor/Specialist positions, operating 12 hours per day, 7 days per week will provide additional capacity to meet increased demand from police, hospitals, schools and community members as well as meet new State requirements, primarily related to timeliness and reporting. Given the effectiveness of the

FY 2015 Carryover Review

existing MCU, CSB anticipates that additional personnel will be able to divert individuals in a psychiatric emergency from more costly options, such as facility-based emergency services, voluntary or involuntary hospital admissions and incarceration.

The addition of this second MCU, along with \$500,000 appropriated from the CSB’s fund balance as “bridge” funding, is designed to further enhance the crisis intervention services in the County. As the Board was informed at the July 21, 2015 Human Services Committee meeting, the County received \$142,972 in State grant funding to fund a Crisis Intervention Team (CIT) coordinator and to conduct outreach, policy development and stakeholder engagement. This support is valuable but is not enough to meet the County’s goal of improving crisis intervention services. The bridge funding will allow the County to support a limited scale CIT assessment site for individuals experiencing a mental health crisis, as well as other diversion services, and will also help to further mature and develop the County’s CIT program. This bridge funding investment is designed to help improve officer and consumer safety, and appropriately redirect individuals with mental illness from the criminal justice system to the health care system as well as to better position the County for future State grant opportunities.

	NON-RECURRING	
Fund 30010, General Construction and Contributions	FY 2016 General Fund Transfer	<u>\$650,000</u>
Prevention Incentive Fund	Net Cost	\$650,000
	FY 2017 General Fund Transfer	<u>\$0</u>
	Net Cost	\$0

The General Fund Transfer to Fund 30010, General Construction and Contributions, is increased by \$650,000 to replenish the Prevention Incentive Fund created in FY 2007 to provide incentive funding for the development of programs and initiatives to prevent youth violence, gang involvement, and other negative outcomes and problem behaviors. The Prevention Incentive Fund includes a funding pool from which competitive awards are made to community-based organizations to implement evidence-based prevention programs that have demonstrated effectiveness in achieving outcomes identified by the Successful Children and Youth Policy Team. Funding for the Prevention Incentive Fund has been made available through FY 2015 balances from Human Services agencies.

	RECURRING	
Agency 51, Park Authority	FY 2016 Revenue	\$0
Resident Curator Program	FY 2016 Expenditure	<u>\$102,500</u>
	Net Cost	\$102,500
	FY 2017 Revenue	\$0
	FY 2017 Expenditure	<u>\$125,000</u>
	Net Cost	\$125,000

An increase of \$102,500 is required to continue the Resident Curator Program (RCP) in Fairfax County. In January 2011, the Virginia General Assembly enacted enabling legislation allowing local jurisdictions to establish RCPs. The legislation defines a resident curator as an entity that contracts with a locality to preserve and maintain a publicly-owned or publicly-leased historic property in exchange for gaining use of the property. Successful RCPs are in place in Delaware, Maryland, and Massachusetts. Fairfax County is the first Virginia locality to establish a RCP. Funding of \$50,000 was approved by the Board of Supervisors as part of the *FY 2015 Third Quarter Review* to begin the program.

Funding of \$50,000 will continue to support a limited term Project Manager who will help implement the program and assess the full spectrum of public interest in each property. In addition, the Project Manager will work on marketing strategies, assist in the development of lease options for interested parties, and explore additional alternative funding sources for the program. Funding of \$52,500 will support marketing and advertising, development of reports and treatment plans related to historic structures, office supplies and printing costs, property appraisals, and site survey work that is required to delineate property boundaries and responsibilities.

	RECURRING
	FY 2016 Revenue \$1,189,019
Agency 67, Department of Family Services	FY 2016 Expenditure \$1,059,539
Agency 89, Fringe Benefits	FY 2016 Expenditure <u>\$157,528</u>
Increase Capacity of the School-Age Child Care (SACC) Program	Net Cost \$28,048
	FY 2017 Revenue \$1,189,019
	FY 2017 Expenditure \$1,059,539
	FY 2017 Expenditure <u>\$157,528</u>
	Net Cost \$28,048

Funding of \$1,217,067 is included to increase capacity at elementary schools located throughout the County in the School-Age Child Care (SACC) program. The expenditure increase is partially offset by an increase in revenue for a net cost to the County of \$28,048. The addition of the SACC funding is consistent with the discussions at the July 21, 2015, Human Services Committee of the Board.

As indicated in the March 31, 2015 presentation to the Board of Supervisors, County staff was working to increase capacity and to identify additional space for use by the SACC program. As a result of these efforts, additional capacity has been identified for both After School and Before School SACC. In total, an additional 295 children will be provided care in After School SACC and 416 children will be provided care in Before School SACC. Additionally, the SACC program has expanded capacity to serve 90 children previously enrolled in the Computer Learning Center (CLC) program at Annandale Terrace and Mount Vernon Woods Elementary Schools. As a result of these changes, an additional 801 children will be provided care in the SACC program. The additional capacity has been identified as follows:

Increase Capacity-After School SACC

Capacity for the After School SACC program has increased as the result of dedicated new space at Hayfield Secondary School and Westgate Elementary School, the use of shared space at Island Creek and Crossfield Elementary Schools and the addition of benefits eligible support at seven elementary schools. Funding supports the continuation of the modified SACC model which primarily utilizes benefits-eligible support implemented in FY 2010.

- **Hayfield Secondary School**
The principal at Hayfield Secondary School has dedicated a room for use by the SACC program. This will provide care to 35 children from Hayfield Elementary School with the possibility of expansion in the future. Hayfield Elementary School has one of the longest wait lists in the County with 111 children currently waiting for care.
- **Second SACC room at Westgate Elementary School**
Due to the renovation of Westgate Elementary School, a second room is now available for the SACC program. This is consistent with County policy on expanding SACC to two rooms upon completion of a school renovation. Shared space has also been provided to expand capacity;

therefore, after school care will be provided to an additional 50 children. Westgate Elementary School has a wait list of more than 80 children.

- **Additional Shared Space and Capacity at Nine Elementary Schools**
 The principals at Island Creek and Crossfield Elementary schools have provided the SACC program the use of additional shared space (e.g. art room, computer room). This combined with the addition of benefits-eligible support at seven elementary schools will provide care to an additional 210 children. The seven elementary schools are Belvedere, Brookfield, Fairfax Villa, Franconia, Franklin Sherman, Vienna, and Willow Springs. All of these schools currently have wait lists and five of the nine schools have wait lists of more than 50 children. Staff will continue to work with FCPS to identify additional space at elementary schools, specifically targeting those elementary schools with high wait lists.

Increase Capacity-Before School SACC

In response to the change in bell schedule implemented by FCPS in the fall of 2014, the demand for before school SACC has increased. Capacity can be increased at 30 elementary schools by increasing the hours of current employees from 25 hours per week to 30 hours per week. This change will allow the SACC program to serve an additional 416 children.

Computer Learning Center Programs

Funding is included to serve children previously enrolled in the Computer Learning Center (CLC) program at Annandale Terrace and Mount Vernon Woods Elementary Schools. These CLC programs were eliminated as part of the FY 2016 Adopted Budget Plan but in an effort to serve these children in a structured after school program, funding has been included to accommodate 90 children.

	RECURRING
Agency 67, Department of Family Services	FY 2016 Revenue \$797,234
Agency 89, Fringe Benefits	FY 2016 Expenditure \$549,588
Public Assistance Eligibility Workers	FY 2016 Expenditure <u>\$247,646</u>
	Net Cost \$0
	FY 2017 Revenue \$797,234
	FY 2017 Expenditure \$549,588
	FY 2017 Expenditure <u>\$247,646</u>
	Net Cost \$0

Funding of \$797,234 is required to appropriate additional FY 2016 revenue from the state to support 9/9.0 FTE new positions. These positions will continue to address the increase in public assistance caseloads in the Self-Sufficiency Division. It should be noted that an increase of \$247,646 in Fringe Benefits funding is included in Agency 89, Employee Benefits. The expenditure increase is fully offset by an increase in federal and state funding for no net impact to the General Fund.

In accordance with federal and state policy, the County is required to determine eligibility for public assistance and enroll clients in benefits programs within a certain timeframe. In June 2015, the ongoing monthly caseload was more than 95,000 cases, which is an increase of more than 2,000 cases since December 2014. Federal and state policies require that 100 percent of cases for each program are processed within the mandated timeframes with 100 percent accuracy. The County is not currently meeting these mandates. This leaves the County vulnerable to both internal and external audit findings. In fact, the KPMG audit for the year ending June 30, 2014 found material noncompliance in both the TANF and Medicaid programs.

DFS has taken many steps to narrow performance gaps, including adding positions to address backlogs and overly burdensome caseloads; establishing a more robust management structure to focus on case review and increased monitoring; providing intensive staff training to strengthen knowledge of policies and procedures and reduce casework errors; and implementing new work-management processes to improve efficiency. Although there is an improvement over the previous year's audit findings, even with the additional resources added to address the rising caseloads, preliminary findings for this year's audit indicate that the County continues to be in noncompliance for both timeliness and quality assurance.

In addition to the processing of new applications and ongoing cases, staff workloads include assessment of client status changes to determine continued eligibility for benefits; handling of administrative appeals; responding to Quality Control reviews; auditing cases for timeliness/quality; and performing fraud investigations. Additionally, implementation of the Patient Protection and Affordability Care Act (PPACA) has increased the amount of time each application takes to process. The application form, which was originally two pages, has increased to 18 pages but may be as long as 27 pages depending on family size. The issue is compounded by a backlog of applications that have been received, but staff has not yet been able to process. Additionally, technology changes made by the state that include monthly updates require continuous retraining of staff and adaptation to new system requirements. With more than 95,000 monthly ongoing cases, there is no capacity to adequately address existing workloads and absorb additional cases.

	RECURRING	
Agency 67, Department of Family Services Supplemental Nutrition Assistance Program – Employment & Training	FY 2016 Revenue	\$21,379
	FY 2016 Expenditure	<u>\$21,379</u>
	Net Cost	\$0
	FY 2017 Revenue	\$21,379
	FY 2017 Expenditure	<u>\$21,379</u>
	Net Cost	\$0

Funding of \$21,379 is required to appropriate additional FY 2016 state revenue for the Supplemental Nutrition Assistance Program – Employment and Training (SNAPET). Virginia SNAPET is a multi-component employment and training program for food stamp recipients who do not receive public cash assistance to gain employment and become self-sufficient. This expenditure is fully offset by an increase in state funding with no net impact to the General Fund.

	NON-RECURRING	
Agency 67, Department of Family Services John Hudson Summer Intern Program	FY 2016 Revenue	\$10,000
	FY 2016 Expenditure	<u>\$10,000</u>
	Net Cost	\$0
	FY 2017 Revenue	\$0
	FY 2017 Expenditure	<u>\$0</u>
	Net Cost	\$0

Funding of \$10,000 is required to appropriate FY 2016 state revenue for the John Hudson Internship Program. The overall objective of the program is to address unemployment and underemployment of people with disabilities in the Fairfax area by providing work experience and training opportunities which will enhance participants' competitiveness in the job market. This expenditure is fully offset by an increase in state funding with no net impact to the General Fund.

	RECURRING	
Agency 79, Department of Neighborhood and Community Services Senior+ Program	FY 2016 Revenue	(\$42,951)
	FY 2016 Expenditures	<u>(\$42,951)</u>
	Net Cost	\$0
	FY 2017 Revenue	(\$42,951)
	FY 2017 Expenditures	<u>(\$42,951)</u>
	Net Cost	\$0

A decrease of \$42,951 in revenues and expenditures is associated with the redesigned Senior+ program, resulting in no net impact to the General Fund. As outlined in the June 5, 2015 memo to the Board of Supervisors, the redesigned Senior+ program will be a paradigm shift from what was a medically-based program to a social inclusion model. The Senior+ program will no longer be a separate program within the senior center but will operate as a service for all center participants and support them in moving along the continuum of care, when appropriate. It will focus primarily on providing modifications, adaptations, and strategies supporting the ability of all to participate. In recognition of the move away from the current separate and distinct program model toward a new social inclusion model, the Senior+ program fee will be eliminated. The revenue impact of this fee elimination will be completely offset by an expenditure reduction in a new contract's operation expenses, resulting in no net impact to the General Fund. Senior+ program participants will be enrolled as senior center participants and required to pay only the annual senior center registration fee.

Consideration Items

At this time there are no consideration items from the Board of Supervisors.

Additional Adjustments in Other Funds

Total FY 2016 expenditures in Appropriated Other Funds, excluding School funds, are requested to increase \$1.365 billion over the FY 2016 Adopted Budget Plan. In addition to the adjustments in Appropriated Funds, there are adjustments totaling \$26.02 million in Non-Appropriated Other Funds. Details of Fund 50000, Federal/State Grant Fund, are discussed in Attachment V, while details of FY 2016 adjustments in Appropriated and Non-Appropriated Other Funds other than Federal and State Grants are found in Attachment VI. School Board adjustments total \$276.01 million, excluding debt service, over the FY 2016 Adopted Budget Plan. Details of School Board actions are available in Attachment C.

Summary of Recommended Actions

In summary, I am recommending that the Board take the following actions:

Approve Supplemental Appropriation Resolution AS 16009 as well as Fiscal Planning Resolution AS 16900 to provide expenditure authorization for FY 2015 Carryover encumbrances, unexpended balances, administrative adjustments and the associated adjustments to the Managed Reserve, including the following:

- Board appropriation of \$33.11 million in General Fund encumbrances related to Direct Expenditures from FY 2015 as noted in the General Fund Statement and in Attachment III.
- Board appropriation of General Fund unencumbered Board commitments totaling \$3.08 million as detailed in Attachment IV.

FY 2015 Carryover Review

- Board appropriation of General Fund Board and administrative adjustments as detailed earlier in this memorandum.
- Board appropriation of Federal/State grants in Fund 50000, Federal/State Grant Fund, totaling \$236.41 million, or an increase of \$127.37 million, as detailed in Attachment V.
- Board appropriation of remaining Other Funds Carryover. Details are available in Attachment I, Carryover Expenditures by Fund; in Attachment VI, Other Funds Detail; and in Attachment C, Fairfax County School Board's FY 2015 Final Budget Review and Appropriation Resolutions.
- Board approval of adjustments to the Managed Reserve to reflect all carryover adjustments.