FY 2011

ADOPTED BUDGET PLAN

Other Funds Overview

This section includes:

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 $5,966,198,698 (excluding the General Fund) and total revenues of $2,944,815,949. The revenues are a decrease of $772,209,846 or 20.77 percent from the *FY 2010 Revised Budget Plan* and an increase of $229,877,550 or 8.47 percent over the FY 2010 Adopted Budget Plan. It should be noted that the decrease from the *FY 2010 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. The increase in revenues over the FY 2010 Adopted Budget Plan is due primarily to increased sewer services fees and sewer bond construction. 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 2011 Adopted Budget Plan. Also, the FY 2011 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 2011 expenditures for Other Funds total $4,911,102,456 (excluding General Fund direct expenditures), and reflect a decrease of $1,427,160,744 or 22.52 percent from the *FY 2010 Revised Budget Plan* funding level of $6,338,263,200. 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 2010, expenditures increase $288,839,264 or 6.25 percent over the FY 2010 Adopted Budget Plan total of $4,622,263,192.

The following is a brief discussion of highlights and major expenditure issues associated with the various funds. Not included in these discussions are Capital Projects Funds, which are presented in the Capital Projects Overview, and Special Revenue funding for the Fairfax County Public Schools, which is discussed in the Fairfax County School Board's FY 2011 Adopted Budget. Further information on Housing and Community Development Programs can be found in the Housing Program Overview. A complete discussion of funding and program adjustments in Other Funds is found in Volume 2, Capital Construction and Other Operating Funds in the FY 2011 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 2011 Adopted Budget Plan.

In FY 2011, Special Revenue Fund expenditures total $2,906,077,329, a decrease of $455,739,764 or 13.56 percent from the *FY 2010 Revised Budget Plan* funding level of $3,361,817,093. Excluding adjustments in FY 2010, expenditures increase $52,884,974 or 1.85 percent over the FY 2010 Adopted Budget Plan level of $2,853,192,355. Funds with significant adjustments are as follows:

Fund 100, County Transit Systems: FY 2011 funding of $81.8 million is included for this fund. This amount includes $76.9 million for bus services, including $71.9 million for FAIRFAX CONNECTOR routes and $5.0 million for WMATA reimbursable facility and fuel costs at the West Ox Bus Operations Center. The remaining $4.9 million is for the Virginia Railway Express (VRE).

Expenditures are supported by a General Fund transfer of $32.0 million, which is a $8.2 million increase over the FY 2010 Adopted Budget Plan. Also included is a transfer of $15.5 million in annual revenue available from the 11 cent commercial and industrial tax for transportation revenue, supporting CONNECTOR bus service at the West Ox Bus Operations Center and bus service expanded in FY 2010 subsequent to the recommendations of the Transit Development Study. The General Fund transfer increase includes $5.1 million necessary to meet contractual and fuel requirements, including service hours under new bus operations contract partially funded in FY 2010, a contractually-required reserve for engine failures, and support for essential West Ox garage maintenance costs. The General Fund transfer increase also includes $3.1 million in support for CONNECTOR routes and services that would have been eliminated due to the loss of the Dulles Corridor Grant. This will allow the CONNECTOR system to maintain evening service after 9 p.m. on existing routes with this service, to continue Sunday service in the Dulles Corridor (Reston Herndon Division), to maintain seven rush hour routes providing service from Reston to the West Falls Church metro station and reverse commute service from the West Falls Church Metro to the Herndon Monroe Park and Ride, and to maintain midday service between Tysons Westpark Transit Station and the West Falls Church Metro.

The FY 2011 expenditure level includes an expenditure reduction of $0.8 million to close the funding gap created by the loss of the $6.7 million Dulles Corridor Grant. As a result, there will be a reduction in standby service used to respond to bus breakdowns, significant bus delays, and overcrowding situations. FY 2011 anticipated revenues also utilize one time balances of $2.8 million in State Aid held by the Northern Virginia Transportation Commission (NVTC) to meet some of the funding requirement created by the loss of the grant.

The operation and maintenance costs associated with the commuter rail system are funded from a combination of ridership revenues (which accrue directly to VRE), state contributions and contributions from the participating and contributing local jurisdictions. In spring 2007, the VRE Operations Board and member jurisdictions approved a change in the funding formula to transition from the previous calculation based on 90 percent ridership and 10 percent population, to a purely ridership-based formula more favorable to Fairfax County. FY 2011 is the fourth year of the phase-in of the formula change. The FY 2011 Fairfax County subsidy to VRE is $4.9 million, a decrease of $0.1 million from FY 2010 due to the positive impact of the formula change on the calculation of the County subsidy requirement. Fairfax County's anticipated share of the local jurisdictional contribution to VRE is approximately 30.5 percent.

Fund 102, Federal/State Grant Fund: This fund includes both grant awards already received as well as those anticipated to be received in FY 2011, for a total appropriation of $63.0 million. The breakdown of grant funding by agency includes $27.2 million for the Department of Family Services, $8.5 million for the Fire and Rescue Department, $7.3 million for the Department of Transportation, $3.8 million for the Health Department, $2.1 million for the Police Department, $1.4 million for the Office to Prevent and End Homelessness, $1.6 million for various other agencies, and $1.1 million to address unanticipated grants. An additional $10.0 million is held in reserve for anticipated awards related to emergency preparedness.

Fund 103, Aging Grants and Programs: In FY 2011 funding of $7.8 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 2011 transfer from the General Fund is $3.9 million, a net decrease of $0.3 million or approximately 8 percent from the *FY 2010 Revised Budget Plan*. A reduction of $0.5 million is being made after a comprehensive staff review of the array of services provided to seniors in the County. As a result of this review, the agency is able to eliminate service overlap and align resources based on current service levels. This reduction can be made with no adverse impact to current services; however, accommodating any increases in clients or service levels will not be possible. This is partially offset by an increase of $0.2 million needed to support a contract rate increase for meals provided as part of the Congregate Meal program and the Home-Delivered Meal program and additional funding provided for the Congregate Meal program at the Little River Glen Senior Center (needed to accommodate additional residents who will participate in the program from the new Olley Glen senior apartment complex).

Fund 104, Information Technology: In FY 2011, funding of $5.5 million, which includes a General Fund transfer of $3.2 million, Cable Communications Fund transfer of $1.8 million, and interest income of $0.5 million, is provided to meet contractual obligations and complete planned phases of existing IT projects in Fund 104. In addition to substantial expenditure reductions, $1.8 million in General Fund transfer savings are achieved through the utilization of funding from Fund 105, Cable Communications, to support the Voice Network Modernization project. This project is supported through infrastructure provided by the Institutional Network (I-Net). These projects continue to meet one or multiple priorities established by the Senior Information Technology Steering Committee and include a mix of projects that provide benefits for both citizens and employees and that adequately balance continuing initiatives with the need for maintaining and strengthening the County's technology infrastructure. While the IT program is very limited in FY 2010 and FY 2011, it is anticipated that expenditure requirements will increase in future years due to several large Human Services-related systems approaching the end of their useful life.

Fund 105, Cable Communications: FY 2011 expenditures for this fund total $9.9 million, a decrease of $5.4 million, or 35.4 percent, from the *FY 2010 Revised Budget Plan*. This decrease is primarily a result of the one-time carryover of $3.3 million from FY 2009 for unexpended funds related to the design and implementation of the I-Net. The I-Net is a fiber optic cable network designed to support video, voice and data services that the County and Fairfax County Public Schools (FCPS) currently provide using commercial telecommunication carriers.

Fund 106, Fairfax-Falls Church Community Services Board (CSB): FY 2011 expenditures for this fund total $140.6 million, and are funded by a Fairfax County transfer of $93.3 million, as well as funds from the state, the federal government, the cities of Fairfax and Falls Church and client fees. To address the projected FY 2011 budget shortfall, a reduction of $2,086,090 and elimination of 6/6.0 SYE positions have been included in the FY 2011 Adopted Budget Plan. The reduction target will be met through a combination of business efficiencies and service reductions designed to minimize impacts on customers. In addition, the agency has identified potential new revenues of $1,819,116 in order to maintain core 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 accomplished through the two entities consisting of five funds established previously under the special revenue fund structure.

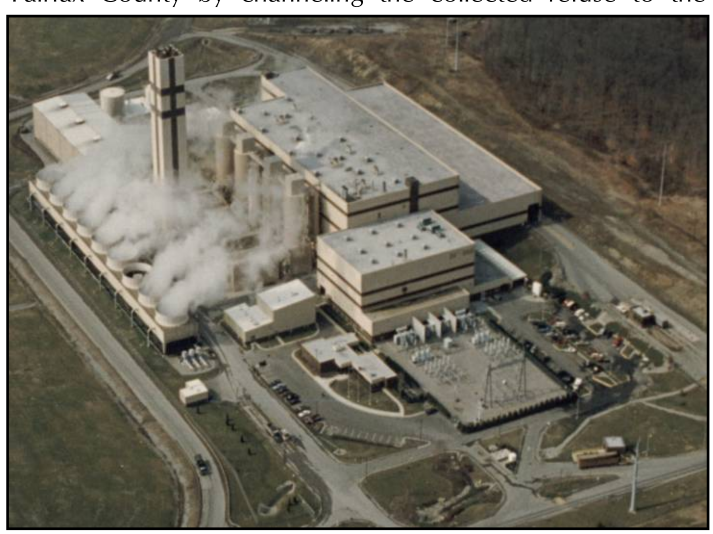
The combined expenditures of $117,537,571 are required to meet financial and operational requirements for waste collection and disposal programs in FY 2011. See the Solid Waste Management Program narrative in Volume 2, Capital Construction and Other Operating Funds of the FY 2011 Adopted Budget Plan for more details. Highlights by fund are as follows:

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 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 $19.3 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 2011, the household refuse collection fee will remain at the FY 2009 and FY 2010 level of $345 per household unit.

- **Fund 110, Refuse Disposal:** Funding in the amount of $55.4 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 remain at $60 per ton, the same as the FY 2010 rate; and a contractual disposal rate will be negotiated with private waste haulers and is anticipated to remain at the FY 2009 and FY 2010 negotiated rate of $55.00 per ton.



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

- **Fund 112, Energy Resource and Recovery Facility (E/RRF)**: Funding in the amount of $32.0 million is included for this fund to provide the management of the contract for the I-95 Energy/Resource and Recovery Facility (E/RRF), owned and operated by Covanta Fairfax, Inc. (CFI). The E/RRF burns municipal solid waste and produces energy through the recovery of refuse resources. The County charges a disposal fee to all users of the E/RRF, and subsequently pays the contractual disposal fee to CFI from these revenues. Revenues from the sale of electricity are used to partially offset the cost of the disposal fee, which will remain at $31 per ton in FY 2011, the same as FY 2010.

- **Fund 114, I-95 Refuse Disposal:** Funding in the amount of $8.6 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 $13.50 per ton, the same as FY 2010 and will ensure that sufficient funds are available for capital projects and post-closure care reserves.

Fund 116, Integrated Pest Management Program: FY 2011 funding of $2.9 million is included for this fund. This funding level includes $1.1 million for the Forest Pest Program to support the treatment of an estimated 5,000 acres to combat gypsy moths and cankerworms. It also provides for the continued monitoring and surveying of areas treated by the state for the emerald ash borer. This funding level also includes $1.8 million to provide for the Disease-Carrying Insects Program to include treatment and public educational activities for the prevention of West Nile virus and the surveillance of tick-borne diseases. The Integrated Pest Management Program is supported by a countywide tax levy which will remain at the current rate of $0.001 per $100 assessed value.

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

Fund 118, Consolidated Community Funding Pool: FY 2011 is the first year of a two-year funding cycle that uses a consolidated process to set priorities and award funds from both the Consolidated Community Funding Pool and the Community Development Block Grant. In FY 2011, there will be approximately $11.0 million available for the Consolidated Community Funding Pool process, of which approximately $9.0 million will be transferred from the General Fund to Fund 118, Consolidated Community Funding Pool, and approximately $2.0 million, will be utilized from Fund 142, Community Development Block Grant.

Fund 119, Contributory Fund: Funding for all Contributory Agencies is reviewed annually, and the organizations must provide quarterly, semiannual and/or annual financial reports as prescribed by the County Executive to document their financial status. The FY 2011 funding level is $12.0 million. Details of the organizations funded can be found in Volume 2, Special Revenue Funds, of the FY 2011 Adopted Budget Plan.

Fund 120, E-911: In FY 2011, total expenditures of $37.2 million, based on a General Fund transfer of $14.0 million, Communications Sales and Use Tax Fees of $18.5 million, Wireless E-911 State Reimbursement of $4.4 million, interest earnings of $0.2 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 Sales and Use Tax, including a uniform statewide E-911 tax on landline telephone service, is used to support E-911 operations in the County.

In addition to DPSC operations, Fund 120, E-911 supports information technology projects, which are budgeted at $4.6 million and will support projects to replace and upgrade the Public Safety Communications Network and its component systems. These projects are critical to the County's public safety emergency communications capabilities. Information on the projects funded in FY 2011 can be found in Volume 2, Special Revenue Funds, of the FY 2011 Adopted Budget Plan.

Fund 124, County and Regional Transportation Projects: Fund 124, County and Regional Transportation Projects supports the County's implementation of new transportation projects and services funded by the commercial and industrial real estate tax rate for transportation. New funding reflected in Fund 124 is available on an annual basis, as a result of the General Assembly's April 4, 2007 passage of the Transportation Funding and Reform Act of 2007 (HB 3202). As part of its deliberations on the FY 2011 budget, the Board of Supervisors approved a commercial real estate tax for transportation of 11 cents per $100 assessed value, the same level as in FY 2010, which will provide approximately $43.1 million in new transportation revenue for capital and transit projects in FY 2011. Approximately $27.6 million is included for expenditures, which is a decrease of $7.8 million or 22.0 percent from the FY 2010 Adopted Budget Plan expenditures due to the national economic downturn and resulting lower tax revenues. Of this amount, approximately $24.1 million is included in Fund 124 for Capital Projects as approved by the Board of Supervisors on July 13, 2009, which includes projects such as roadway and pedestrian improvements and transit infrastructure improvements. Additionally, $3.5 million is included to support associated operating costs to effectively address the capital project workload, including contractual program costs and 19/19.0 SYE positions. A transfer to Fund 100, County Transit, of $15.5 million is included in FY 2011 to support the operational costs of service on priority overcrowded routes (routes 170, 401/402, and 950), the Centerville, Chantilly, and Oakton service originating from the West Ox Bus Operations Center, and bus service recommended by the Transit Development Plan study.

Fund 125, Stormwater Services: As part of the FY 2010 Adopted Budget Plan, a new service district was created to support the Stormwater Management Program, as authorized by Va. Code Ann. Sections 15.2-2400. The service district levy was increased from $0.010 to $0.015 per $100 of assessed real estate value as part of the FY 2011 Adopted Budget Plan. Since FY 2006, the Board of Supervisors had dedicated the value of one penny of the real estate tax, or approximately $20 million annually to stormwater capital projects. In FY 2009, due to budget constraints, staff and operating costs began to be charged to the stormwater penny fund, resulting in an approximate 50 percent reduction in funding for capital project support. The proposed increase in the service district tax rate is based on increased enforcement by the Environmental Protection Agency (EPA) and the state to ensure that stormwater programs advance and do not backslide in implementation and provide funding to begin reinvestment for existing storm drainage systems. The County is currently operating under an extension of the existing Municipal Separate Storm Sewer System (MS4) discharge permit that expired in FY 2007. Negotiations between the Commonwealth of Virginia and Fairfax County, as well as negotiations between the state and many surrounding local communities, continue as several issues related to permit compliance are defined and established. It is anticipated that Fairfax County will soon be under new and increased regulatory requirements as a result of these negotiations, and the Chesapeake Bay requirements. Increasing the rate one half of penny at this time will generate an additional $9.3 million for capital projects, infrastructure and reinvestment funding. The district will receive $28 million total, supporting $11.4 million for staff and operational costs and $16.6 million for regulatory requirements and capital projects. An increase in dedicated capital support will allow the County to begin to ramp up capital project efforts in a more efficient manner and demonstrate to the state and EPA that the County is moving forward with much needed infrastructure renewals and improvements.

Complete details of all Special Revenue Funds are found in Volume 2, Capital Construction and Other Operating Funds of the FY 2011 Adopted Budget Plan. Summary information is provided in the *Financial, Statistical, and Summary Tables* section of this Overview Volume.

DEBT SERVICE FUNDS

The Consolidated Debt Service Fund accounts for the general obligation bond debt service of the County as well as general obligation bond debt for the Fairfax County Public Schools (FCPS). In addition, debt service expenditures are included for the Economic Development Authority Lease Revenue bonds 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 2011 Debt Service expenditures total $287,575,052. Complete details of the Consolidated County and Schools Debt Service Fund are found in Volume 2, Capital Construction and Other Operating Funds of the FY 2011 Adopted Budget Plan. Summary information is provided in the *Financial, Statistical and Summary Tables* section of this Overview Volume.

ENTERPRISE FUNDS

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

The County's wastewater treatment plant serves an estimated 364,500 households with public sewer service to help maintain a safe and caring community.

FY 2011 Enterprise Funds expenditures for sewer operation and maintenance and sewer debt service total $309,501,048, an increase of $32,240,522, or 11.6 percent over the *FY 2010 Revised Budget Plan* total of $277,260,526 primarily due to a planned Sewer Revenue Bond sale to support capital project requirements including enhanced nutrient removal upgrades, replacement and rehabilitation of sewer line projects and system improvements at wastewater treatment facilities.

The program currently includes the County-owned Noman M. Cole, Jr. Pollution Control Plant (67 million gallons per day (mgd) capacity), nearly 3,378 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 2011. The WWM anticipates a total of 364,500 households and businesses (new and existing) connections in Fairfax County will be connected to public sewer in FY 2011.

Current Availability Fee Rates:

In FY 2011, Availability Fees will increase from $7,310 to $7,750 or approximately 6 percent for single-family homes based on current projections of capital requirements. Rates are adjusted based on continued increases in expenses associated with treatment plant upgrades and interjurisdictional payments that result from population growth, more stringent treatment requirements and inflation. This FY 2011 rate increase is consistent with the recommendations of the Department of Public Works and Environmental Services and the analysis included in the February 2009 Wastewater Revenue Sufficiency and Rate Analysis report.

Category	FY 2010 Availability Fee	FY 2011 Availability Fee
Single Family	$7,310	$7,750
Townhouses and Apartments	$5,848	$6,200
Hotels/Motels	$1,827	$1,938
Nonresidential	$378/fixture unit	$401/fixture unit

Current Sewer Service Charge:

Sewer Service Charges are revenues received from existing customers and are used to fully recover program operation and maintenance costs, debt service payments and capital project requirements attributable to improving wastewater treatment effluent quality as mandated by state and federal agencies. The Sewer Service Charge rate will increase from $4.50 to $5.27 per 1,000 gallons of water consumption in FY 2011. This equates to an approximate increase of 17.1 percent in Sewer Service Charges. In addition, a new base charge to sewer billings was introduced in FY 2010 to recover billing costs for the Wastewater Management Program. The base charge remains the same in FY 2011 and is billed quarterly in the amount of $5.00 per bill totaling $20.00 per year. Base charges are an industry standard used to promote revenue stability and are locally used by: Fairfax Water, Loudoun Water, Stafford County, DCWASA, City of Alexandria, WSSC, and Prince William County. The combined effect of the sewer service charge increase as well as the base charge equate to an anticipated increase in the annual cost to the typical household of $58.52. Sewer service charge rates are increasing as debt and capital expenses rise in anticipation of construction of additional treatment facilities to meet more stringent nitrogen removal requirements imposed by the state as a result of "Chesapeake 2000" Agreement. New Chesapeake Bay water quality program requirements include reductions in the amount of nutrient pollutants discharged from wastewater treatment facilities. In December 2004, the state notified the County that the renewal of County's National Pollutant Discharge Elimination System (NPDES) permit will include a requirement that nutrient removal be performed at the "Limits of Technology." Current technology allows for discharge limits of less than 3.0 milligrams per liter of nitrogen and 0.1 milligrams per liter for phosphorus. The County currently has the capability to meet a nitrogen removal standard of 5.0 milligrams per liter. A phased approach has been recommended to renovate and upgrade current plant facilities to accommodate these more stringent nutrient discharge requirements. Due to the significant level of requirements, it is anticipated that projects will be financed on an as-needed basis. These rate increases are consistent with the recommendations of the Department of Public Works and Environmental Services and the analysis included in the February 2009 Wastewater Revenue Sufficiency and Rate Analysis.

Category	FY 2010 Sewer Service Charge	FY 2011 Sewer Service Charge
Per 1,000 gallons water consumed	$4.50	$5.27

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 2011 Adopted Budget Plan. Program Summary information is provided in the *Financial, Statistical and Summary Tables* section of this Overview Volume.

INTERNAL SERVICE FUNDS

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

FY 2011 Internal Service expenditures total $606,417,129, a decrease of $5,451,886 or 0.91 percent from the *FY 2010 Revised Budget Plan* level of $600,965,243. Excluding adjustments in FY 2010, expenditures increased $21,633,383 or 3.70 percent over the FY 2010 Adopted Budget Plan total of $584,783,746. The increase over the Adopted Budget is primarily due to increases in County and Schools employee health insurance benefits paid due to projected increases in claims expenses and participation trends, partially offset by reductions utilized to balance the FY 2011 Adopted Budget Plan. Funds with significant adjustments are as follows:

Fund 503, Department of Vehicle Services: FY 2011 funding of $69,567,247 reflects a decrease of $5,571,797 or 7.4 percent from the FY 2010 Adopted Budget Plan total of $75,139,044. This decrease is due primarily to a lower total number of gallons projected in FY 2011 compared to originally budgeted FY 2010 levels and revised price per gallon estimates as well as lower capital expenditures for fire apparatus replacement, ambulance replacement, and FASTRAN bus replacement based on existing replacement schedules. This funding level will support an agency per-gallon price of $2.37 in FY 2011. It should be noted that County contracts allow for significant per gallon savings compared to prices charged by private providers.

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

Fund 504, Document Services: A decrease of $1,039,269 or 14.7 percent from the FY 2010 Adopted Budget Plan amount of $7,090,056 is due primarily to reductions utilized to balance the FY 2011 budget. This amount reflects position, salary and operating expense reductions within the Print Shop associated with consolidating County printing under the Department of Information Technology and aligning expenditures with projected revenues.

Fund 506, Health Benefits Trust Fund: An increase of $15.4 million over the FY 2010 Adopted Budget Plan due to increases in County employee health insurance benefits paid due to projected increases in claims expenses and participation trends. As with many employers nationwide, the County has experienced considerable fluctuations in medical costs. Prescription drugs, new medical technologies and increased utilization, as well as the cost of medical malpractice and liability insurance, continue to drive increases in medical costs. After significant increases in claims expenses at the beginning of the decade, cost growth was moderate (at or below 5 percent) in FY 2005 and FY 2006, but has climbed back to double-digit increases annually, on average, since FY 2007. As a result of these trends, despite prudent management of the plans, it is projected that the County will raise premiums by 8 percent for the PPO plan, 13 percent for the POS plan, and 15 percent for the OAP plan, effective January 1, 2011 for the final six months of FY 2011. These premium increases assume utilization of the fund's Premium Stabilization Reserve to offset a portion of the estimated cost growth, and would be higher if based on actual experience alone. The increases will allow the fund to remain solvent while maintaining a revenue stream that will cover the cost of health claims and maintain reserve funding. It should be noted that these premium increases are budgetary projections; final premium decisions will be made in the fall of 2010 based on updated experience.

Fund 591, School Health Benefits Trust: An increase of $9.6 million over the FY 2010 Adopted Budget Plan amount of $316.8 million is due primarily to projected increases in health benefits, partially offset by lower premiums and health administration expenses paid.

Complete details of the Internal Service funds are found in Volume 2, Capital Construction and Other Operating Funds of the FY 2011 Adopted Budget Plan and in the Fairfax County School Board's FY 2011 Adopted Budget. Summary information is provided in the *Financial, Statistical and Summary Tables* section of this Overview volume.

TRUST AND AGENCY FUNDS

Trust and Agency funds account for assets held by the County in a trustee or agency capacity and include the four pension trust funds administered by the County and Schools, as well as county and schools trust funds 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 2011 Trust and Agency funds combined expenditures total $569,672,712, an increase of $24,983,072 or 4.59 percent over the *FY 2010 Revised Budget Plan* funding level of $544,689,640. Excluding adjustments in FY 2010, combined Trust and Agency funds expenditures increase $49,751,355, or 9.57 percent, over the FY 2010 Adopted Budget Plan level of $519,921,357. The increase in FY 2011 is primarily due to increases in the four existing retirement funds and OPEB Trust Fund as a result of growth in the number of retirees receiving payments.

Complete details of the Trust and Agency funds are found in Volume 2, Capital Construction and Other Operating Funds of the FY 2011 Adopted Budget Plan. In addition, details of the Educational Employees Retirement Fund and the Public School OPEB Trust Fund may be found in the Fairfax County School Board's FY 2011 Adopted Budget. Summary information is provided in the *Financial, Statistical and Summary Tables* section of this Overview Volume.