

FY 2012

ADVERTISED BUDGET PLAN



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Other Funds Overview

Other Funds Overview

OTHER FUNDS OVERVIEW

Other Funds reflect programs, services and projects funded from non-General Fund revenue sources or a mix of General Fund and non-General Fund sources. These sources include federal or state grants, specific tax districts, proceeds from the sale of bonds, and user fees and charges. Included are the following categories of Other Funds:

- ◆ Special Revenue Funds
- ◆ Debt Service Funds
- ◆ Enterprise Funds
- ◆ Internal Service Funds
- ◆ Trust and Agency Funds

Other Funds expenditures are supported through a total available balance of \$6,974,077,309 (excluding the General Fund) and total revenues of \$3,037,308,568. The revenues are a decrease of \$905,716,093 or 22.97 percent from the *FY 2011 Revised Budget Plan* and an increase of \$92,492,619 or 3.14 percent over the *FY 2011 Adopted Budget Plan*. It should be noted that the decrease from the *FY 2011 Revised Budget Plan* is primarily the result of the carryover of authorized but unissued bonds for capital construction projects, sewer bond construction, and anticipated grant revenues rather than the result of changes in the revenue stream for Other Funds. The increase in revenues over the *FY 2011 Adopted Budget Plan* is due primarily to increased County and FCPS retirement fund-related revenues. 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 2012 Advertised Budget Plan*. Also, the FY 2012 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 2012 expenditures for Other Funds total \$4,862,550,975 (excluding General Fund direct expenditures), and reflect a decrease of \$1,696,317,617 or 25.86 percent from the *FY 2011 Revised Budget Plan* funding level of \$6,558,868,592. 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 2011, expenditures decrease \$48,551,481 or 0.99 percent from the *FY 2011 Adopted Budget Plan* total of \$4,911,102,456.

The following is a brief discussion of highlights and major expenditure issues associated with the various funds. Not included in these discussions are Capital Projects Funds, which are presented in the Capital Projects Overview, and Special Revenue funding for the Fairfax County Public Schools, which is discussed in the *FY 2012 Superintendent's Proposed Budget*. In addition, 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 2012 Advertised Budget Plan*. Summary information is provided in the *Financial, Statistical and Summary Tables* section of this Overview Volume.

Other Funds Overview

SPECIAL REVENUE FUNDS

Special Revenue Funds account for the proceeds from specific sources that are legally restricted to expenditures for a specific purpose. These proceeds include state and federal aid, income derived through activities performed by the Division of Solid Waste, special levies, program activity revenue, and operation of the public school system. The following are highlights for various Special Revenue Funds. Details for other funds not shown here are included in Volume 2, Capital Construction and Other Operating Funds in the FY 2012 Advertised Budget Plan.

In FY 2012, Special Revenue Fund expenditures total \$2,934,638,562, a decrease of \$503,945,280 or 14.66 percent from the *FY 2011 Revised Budget Plan* funding level of \$3,438,583,842. Excluding adjustments in FY 2011, expenditures increase \$28,561,233 or 0.98 percent over the FY 2011 Adopted Budget Plan level of \$2,906,077,329. Funds with significant adjustments are as follows:

Fund 100, County Transit Systems: FY 2012 funding of \$98.0 million is included for this fund. This amount includes \$77.0 million for FAIRFAX CONNECTOR routes, \$12.5 million in one-time funding for the acquisition of 25 new expansion buses for future beltway HOT Lanes, and \$3.6 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).

County expenditures are funded through a combination of bus fare revenue, General Fund support, commercial and industrial tax funding and one-time State Aid balances. The General Fund transfer of \$34.5 million is a \$2.5 million increase over the FY 2011 Adopted Budget Plan. This increase is required to expand bus services in the Fort Belvoir area to support population growth resulting from the federal Base Realignment and Closure (BRAC) plan. The General



Fund increase also supports relocating bus services to a new Reston East Park & Ride, since the current site will be permanently closed in March 2011 in preparation for the construction of the Wiehle Ave. metro station. The commercial and tax revenue transfer of \$19.5 million, available from the 11 cent commercial and industrial tax for transportation, is an increase of nearly \$4.0 million. This dedicated revenue provides continued support for routes originating from the West Ox Bus Operations Center, continued support for increased frequencies on overcrowded priority bus routes initially funded in FY 2010, and new funding for system service enhancements. New services include an additional route servicing Tysons to Dulles Airport, improved frequency of routes in the Richmond Highway corridor, and improved frequency between Franconia Road and Rolling Valley. One-time State Aid balances, held on behalf of the County by the Northern Virginia Transportation Commission (NVTC), will support the purchase costs of 25 buses for future beltway HOT Lanes. It is necessary to place buses on order at least 18 months prior to the initiation of any service. All FY 2012 transit expansions are consistent with the most critical service requirements, as identified in the Transit Development Study.

The operation and maintenance costs associated with the Virginia Railway Express (VRE) 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. The FY 2012 Fairfax County subsidy to VRE is funded at \$4.9 million, the same subsidy as provided in FY 2011.

Fund 102, Federal/State Grant Fund: In July 2011, the County is implementing an integrated finance, budget, purchasing and human resources computer system. As a result, some Department of Family Services funding previously classified as a grant in Fund 102, Federal/State Grant Fund no longer meets the grant definition of the new computer system and thus needs to be transferred to the General Fund. Additionally, grant funding associated with Fund 103, Aging Grants and Programs is being consolidated into Fund 102, Federal/State

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Grants Fund. It is anticipated that remaining FY 2011 funding and associated positions will be transferred as part of the *FY 2011 Carryover Review*. Corresponding adjustments have been made in Agency 67, Department of Family Services and Fund 103, Aging Grants and Programs, for no net impact to the County.

Fund 103, Aging Grants and Programs: As discussed above in Fund 102, Federal/State Grant Fund, the implementation of the new integrated computer system will result in grant funding associated with Fund 103, Aging Grants and Programs being consolidated into Fund 102, Federal/State Grants Fund. In addition, funding previously classified as a grant in Fund 103, Aging Grants and Programs that no longer meets the grant definition of the new computer system will be transferred to Agency 67, Department of Family Services or Agency 79, Department of Neighborhood and Community Services in the General Fund. A corresponding adjustment of \$5,595,684 has been made in Fund 102, Federal/State Grant, an adjustment of \$1,315,212 in Agency 67, Department of Family Services, and an adjustment of \$344,547 in Agency 79, Department of Neighborhood and Community Services for no net impact. Additionally, it is anticipated that positions associated with the funding moved to the General Fund will be transferred as part of the *FY 2011 Carryover Review*; therefore, funding of \$318,094 has been moved to Agency 89, Employee Benefits to address the anticipated costs associated with Fringe Benefits. Remaining FY 2011 funding will also be transferred as part of the *FY 2011 Carryover Review*.

Fund 104, Information Technology: In FY 2012, funding of \$11.25 million, which includes a General Fund transfer of \$5.28 million, a transfer from Fund 105, Cable Communications of \$5.67 million, and interest income of \$0.30 million, is provided for initiatives that meet one or multiple priorities established by the Senior Information Technology Steering Committee. These initiatives include a mix of projects that provide benefits for both citizens and employees and that adequately balance new and continuing initiatives with the need for securing and strengthening the County's technology infrastructure. Funded projects will support initiatives in general County services, public safety, human services and enterprise technology security and infrastructure. In accordance with the FY 2012 Budget Guidelines funding requests for Fund 104 IT projects were limited to IT projects requiring a funding increment to meet project milestones, contractual obligations, and security and infrastructure requirements for enterprise-wide IT systems.

Fund 105, Cable Communications: FY 2012 expenditures for this fund total \$10.95 million, a decrease of \$5.43 million, or 33.2 percent, from the *FY 2011 Revised Budget Plan*. This decrease is primarily a result of the one-time carryover of \$4.16 million from FY 2010 for unexpended funds related to the design and implementation of the I-Net. The I-Net is comprised of more than 4,000 kilometers of fiber linking over 400 County and Fairfax County Public Schools (FCPS) locations. The Communications Policy and Regulation Division within Fund 105 will continue to support the construction of new I-Net sites and efforts to migrate video, high-speed data, and voice services to the I-Net in designated County and FCPS facilities.



Fund 106, Fairfax-Falls Church Community Services Board (CSB): FY 2012 expenditures for this fund total \$145.0 million, and are funded by a Fairfax County transfer of \$94.5 million, as well as funds from the state, the federal government, the cities of Fairfax and Falls Church and client fees. Included in FY 2012 is funding of \$1.1 million for the establishment of six Intensive Community Treatment teams to provide intensive, community-based, case management and outreach services to persons with serious mental illness and/or substance use disorders; \$1.0 million for contract rate adjustments; \$0.7 million for the conversion of positions to a status that allows employees the option of receiving health benefits in order to comply with recently altered federal health care regulations; and \$0.6 million for a supplemental pay increase necessary to attract, and retain medical personnel based on analysis conducted by the Department of Human Resources. Also included are expenditure reductions of \$0.6 million and revenue enhancements of \$0.6 million to address the projected FY 2012 budget shortfall.

Other Funds Overview

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 under the special revenue fund structure.

Combined expenditures of \$98,541,846 are required to meet financial and operational requirements for waste collection and disposal programs in FY 2012. See the Solid Waste Management Program narrative in Volume 2, Capital Construction and Other Operating Funds of the FY 2012 Advertised Budget Plan for more details. Highlights by fund are as follows:

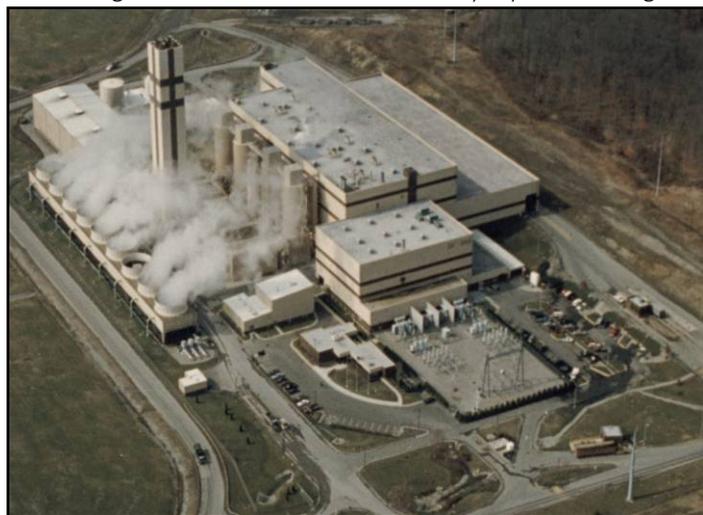
- ◆ **Fund 108, Leaf Collection:** Funding in the amount of \$2.4 million is included for this fund to provide for the collection of leaves within Fairfax County's leaf collection districts. Revenue is derived from a levy charged to homeowners within leaf collection districts. Based on the estimated fund balance and projected expenditure requirements, the levy will remain at \$0.015 per \$100 of assessed real estate value.



Fund 108, Leaf Collection, provides funding for collection service to approximately 25,000 household units within 37 approved leaf districts on three different occasions throughout the year.

- ◆ **Fund 109, Refuse Collection and Recycling Operations:** Funding in the amount of \$20.2 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 2012, the household refuse collection fee will remain at the FY 2011 level of \$345 per household unit.

- ◆ **Fund 110, Refuse Disposal:** Funding in the amount of \$51.2 million is included for this fund to provide for the coordination of the disposal of solid waste generated within Fairfax County by channeling the collected refuse to the Energy/Resource Recovery Facility (E/RRF). Based on estimated disposal costs, the FY 2012 system disposal fee will remain at \$60 per ton, the same as the FY 2011 rate; and a contractual disposal rate will be negotiated with private waste haulers and is anticipated to be \$53.00 per ton, a decrease of \$2.00 per ton from the FY 2011 rate.



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

- ◆ **Fund 112, Energy Resource and Recovery Facility (E/RRF):** Funding of just under \$16.5 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

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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 \$29 per ton in FY 2012, the same as the FY 2011 Revised level.

- ◆ **Fund 114, I-95 Refuse Disposal:** Funding in the amount of \$8.2 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 is proposed to increase to \$15.50 per ton, an increase of \$2.00 per ton over the FY 2011 level, ensuring that sufficient funds are available for capital projects and post-closure care reserves.

Fund 111, Reston Community Center: FY 2012 expenditures for this fund total \$7.7 million primarily supported by revenues from a special property tax collected on all residential and commercial properties within Small District 5. The Small District 5 tax rate has remained constant at \$0.047 per \$100 of assessed property value since FY 2006. Reston Community Center (RCC) also collects internal revenues generated by program registration fees, theatre box office receipts, gate admissions and facility rental fees. These activity fees are set at a level substantially below the actual costs of programming and operations since Small District 5 property owners have already contributed tax revenues to fund RCC. FY 2012 personnel and operating expenditures increase approximately \$0.4 million primarily associated with 3/3.0 SYE new positions for the expanded Lake Anne facility. The expansion provides RCC Lake Anne with an additional 4,471 square feet or 52.7 percent more space, bringing the entire lease premises at the Lake Anne facility to 12,959 square feet.

Fund 116, Integrated Pest Management Program: FY 2012 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 2012 is the second 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 2012, there will be approximately \$11.1 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 \$2.1 million, will be utilized from Fund 142, Community Development Block Grant.

Fund 119, Contributory Fund: Funding for all Contributory Agencies is reviewed annually, and the organizations must provide quarterly, semiannual and/or annual financial reports as prescribed by the County Executive to document their financial status. The FY 2012 funding level is \$12.2 million. Details of the organizations funded can be found in Volume 2, Special Revenue Funds, of the [FY 2012 Advertised Budget Plan](#).

Fund 120, E-911: In FY 2012, total expenditures of \$37.2 million are supported by a General Fund transfer of \$14.1 million, Communications Sales and Use Tax Fees of \$18.1 million, Wireless E-911 State Reimbursement of \$4.0 million, interest earnings of \$0.1 million, City of Fairfax dispatch reimbursement of \$0.2 million, and

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the use of \$0.7 million in available balance. These funds will support Department of Public Safety Communications (DPSC) operations and Public Safety Information Technology Projects.

Of the total expenditures, \$32.6 million will support DPSC operations. The DPSC is designated as the primary 9-1-1 Public Safety Answering Point (PSAP) for all 9-1-1 calls originating within Fairfax County as well as the city and towns therein. DPSC's mission is to provide and maintain highly professional and responsive 9-1-1 emergency and non-emergency communication services to citizens that live, work in and visit Fairfax County on a daily basis and to the Fairfax County Police, Fire and Rescue, and Sheriff departments in a collaborative and supportive work environment that utilizes highly trained and qualified staff. The remaining \$4.6 million in expenditures will support information technology 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 2012 can be found in Volume 2, Special Revenue Funds, of the [FY 2012 Advertised Budget Plan](#).

Fund 121, Dulles Rail Phase I Transportation Improvement District: The Dulles Rail Phase I Transportation Improvement District cost is estimated to cost \$2.64 billion and is being financed by the federal government, the Commonwealth of Virginia, Fairfax County, and revenue from the Dulles Toll Road (DTR). In March 2009, the Federal Transit Administration executed a Full funding Grant Agreement with Metropolitan Washington Airports Authority (MWAA) for \$900 million for Phase 1 of the project. Fairfax County's share of Phase 1, or approximately \$400 million, is being financed from the Phase I Tax District; the remaining funding for Phase 1 is a combination of state and DTR funds.

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. 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). The County's current commercial real estate tax for transportation is set at 11 cents and is expected to remain unchanged in FY 2012. It is estimated that the current rate will generate approximately \$42.0 million in annual transportation revenue to support \$19.5 million for transit transferred to Fund 100, County Transit Systems, \$18.9 million for capital projects, and \$3.6 million in operating costs. Capital and Transit Project costs are consistent with the commercial and industrial lists as approved by the Board of Supervisors on July 13, 2009 and October 19, 2009. The transfer of \$19.5 million to Fund 100, County Transit Systems, provides continued support for West Ox Division rush hour and midday service, the operational costs of service on priority overcrowded routes (routes 171, 401/402, and 950) which were expanded in FY 2010, and support of Transit Development Plan expansions of bus service hours at all three operating divisions.

Fund 125, Stormwater Services FY 2012 funding of \$28.8 million total is included for this fund, supporting \$11.8 million for staff and operational costs and \$17.0 million for capital project implementation and infrastructure reinvestment, regulatory requirements, dam safety, and contributory funding requirements. Funding support is provided through a service district levy, which was increased from \$0.010 to \$0.015 per \$100 of assessed value as part of the [FY 2011 Adopted Budget Plan](#) and remains at the same level in FY 2012. The service district was created in 2010 to support stormwater services equal to one penny of the tax rate (or approximately \$20 million annually) and program staff and operating costs that had previously been funded by the General Fund. It created a dedicated funding source for both capital and operating requirements. The previous FY 2011 increase in the service district tax rate was based on increased enforcement by the Environmental Protection Agency (EPA) and the state to ensure the necessary advancement of stormwater programs and reinvestment in storm drainage



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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. In addition, recent nutrient loading restrictions related to the Chesapeake Bay requirements are anticipated to impact the regulatory and operational programs within the Stormwater program.

Complete details of all Special Revenue Funds are found in Volume 2, Capital Construction and Other Operating Funds of the FY 2012 Advertised Budget Plan. Summary information is provided in the *Financial, Statistical, and Summary Tables* section of this Overview Volume.

DEBT SERVICE FUNDS

The Consolidated Debt Service Fund accounts for the general obligation bond debt service of the County as well as general obligation bond debt for the Fairfax County Public Schools (FCPS). In addition, debt service expenditures are included for the Economic Development Authority Lease Revenue bonds 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 2012 Debt Service expenditures total \$287,850,034. 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 2012 Advertised Budget Plan. Summary information is provided in the *Financial, Statistical and Summary Tables* section of this Overview Volume.

ENTERPRISE FUNDS

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

FY 2012 Enterprise Funds expenditures for sewer operation and maintenance and sewer debt service total \$175,116,693, a decrease of \$247,200,521, or 58.53 percent from the *FY 2011 Revised Budget Plan* total of \$422,317,214 primarily due to a Sewer Revenue Bond sale taking place in FY 2011 in support of capital project requirements including enhanced nutrient removal upgrades, replacement and rehabilitation of sewer line projects and system improvements at wastewater treatment facilities.



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

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 2012 Advertised Budget Plan. Program Summary information is provided in the *Financial, Statistical and Summary Tables* section of this Overview Volume.

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INTERNAL SERVICE FUNDS

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

FY 2012 Internal Service expenditures total \$625,735,776, an increase of \$905,854 or 0.14 percent over the *FY 2011 Revised Budget Plan* level of \$624,829,922. Excluding adjustments in FY 2011, expenditures increased \$19,318,647 or 3.19 percent over the FY 2011 Adopted Budget Plan total of \$606,417,129. 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 and in increase in the County's self insurance fund due to an increase in costs associated with Worker's Compensation and other self-insurance coverage. County funds with significant adjustments are as follows:

Fund 501, County Insurance Fund: Fund 501 is utilized to meet the County's casualty obligations, liability exposures, and Worker's Compensation requirements. FY 2012 funding of \$21,777,676 reflects an increase of \$5,397,958 over the FY 2011 Adopted Budget Plan level of \$16,379,718, primarily due to an increase in costs associated with Worker's Compensation and other self-insurance coverage.

Fund 503, Department of Vehicle Services:

FY 2012 funding of \$69,398,301 reflects a decrease of \$168,946 from the FY 2011 Adopted Budget Plan total of \$ 69,567,247. This slight decrease is due primarily to higher total number of gallons projected in FY 2012 and revised price per gallon estimates as well as higher costs for non-fuel related Operating Expenses primarily in the area of oil, parts, and tires being offset by 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 \$2.40 in FY 2012. 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: In FY 2012, the expenditure total of \$6,050,787 remains unchanged from the FY 2011 Adopted Budget Plan. This fund, managed by the Department of Information Technology, operates the print shop as well as the authorized fleet of large and mid-size Multi-Functional Digital Devices (MFDDs) that are used throughout County government for copying, printing, faxing, and scanning. MFDDs are installed in buildings across the County and are linked to individual workstations via the County's enterprise network. A General Fund transfer of \$2.4 million supports the equipment lease for the County's MFDDs, while all direct labor and material costs associated with print shop services, as well as an equipment replacement reserve fee, are recovered from customer agencies.

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Fund 505, Technology Infrastructure Services: Fund 505 provides funding to support the underlying technology foundation supporting information systems and communications for Fairfax County Government. FY 2012 funding of \$29,483,564 reflects an increase of \$1,323,416 or 4.7 percent over the FY 2011 Adopted Budget Plan total of \$28,160,148. This increase primarily supports annual SAP software license and Oracle database license maintenance starting in FY 2012. The SAP software, which resides on an Oracle database, is the backbone of the Fairfax County Unified System (FOCUS) which will be replacing the existing legacy County and School financial, procurement and human resources applications. Now that initial licenses have been purchased, it is standard in the technology industry for the customer to pay an annual amount to support basic operational maintenance such as normal product fixes and corrections, product updates, and access to the manufacturer support center.

Fund 506, Health Benefits Fund: FY 2012 funding of \$129,853,306 reflects an increase of \$3,106,434, or 2.4 percent, over the FY 2011 Adopted Budget Plan. This increase is primarily attributable to the appropriation of fund balance to the Premium Stabilization Reserve. Any balances above the funding equivalent to two months of claims set aside in the Unreserved Ending Balance are appropriated to the Premium Stabilization Reserve to provide the fund flexibility in managing unanticipated increases in claims. The remaining increase is due to health insurance requirements including administrative expenses and Incurred But Not Reported (IBNR) claims, offset by a projected decrease in benefits paid. In CY 2011, the County's health insurance program was revised to consolidate plans similar in design and implement a new lower cost option. In addition, all plans were changed to offer eligible preventive care services on a zero-cost basis. This change is expected to help stem the cost of coverage for participants while also providing early intervention for chronic conditions or illness. As with many employers nationwide, the County has experienced considerable fluctuations 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 fluctuated within a range of 10-12 percent since FY 2007. As a result of continuing increases in cost growth, it is projected that the County will raise premiums by 10 percent for all plans, effective January 1, 2012 for the final six months of FY 2012. It should be noted that these premium increases are budgetary projections only; final premium decisions will be made in the fall of 2011 based on updated experience. Premium decisions will be based on the impact to employees and retirees, the actual claims experience of each plan, the maintenance of adequate reserves, and the impact on the County's GASB 45 liability.

Complete details of the Internal Service funds are found in Volume 2, Capital Construction and Other Operating Funds of the FY 2012 Advertised Budget Plan and in the FY 2012 Superintendent's Proposed Budget. Summary information is provided in the *Financial, Statistical and Summary Tables* section of this Overview Volume.

TRUST AND AGENCY FUNDS

Trust and Agency funds account for assets held by the County in a trustee or agency capacity and include the four pension trust funds administered by the County and Schools, as well as 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 2012 Trust and Agency funds combined expenditures total \$591,402,197, an increase of \$22,446,275 or 3.95 percent over the *FY 2011 Revised Budget Plan* funding level of \$568,955,922. Excluding adjustments in FY 2011, combined Trust and Agency funds expenditures increase \$21,729,485, or 3.81 percent, over the FY 2011 Adopted Budget Plan level of \$569,672,712. The increase in FY 2012 is primarily due to increases in the four existing retirement funds and OPEB Trust Fund resulting from a higher number of retirees and higher individual payment levels.

Complete details of the Trust and Agency funds are found in Volume 2, Capital Construction and Other Operating Funds of the FY 2012 Advertised Budget Plan. In addition, details of the Educational Employees Retirement Fund and the Public School OPEB Trust Fund may be found in the FY 2012 Superintendent's Proposed Budget. Summary information is provided in the *Financial, Statistical and Summary Tables* section of this Overview Volume.