



Response to Questions from the JBDC

Request by: Supervisor Herrity/ School Board Member Reed

Question: Provide a summary of reserves, all funds, for the County.

Response: As one of the important components of the County's financial management practices, the County has a policy of identifying and holding reserves in the funds for which they are designated and from which they are funded. These reserves are required to meet debt obligations, for equipment and facility replacement needs or to address other operating / revenue fluctuation issues.

The summary of reserves are divided among "General Fund Reserves," "Other Appropriated Funds Reserves" and "Non-Appropriated Funds Reserves." The "Other Appropriated Funds Reserves" include balances that are supported by non-General Fund revenues such as rates paid for trash collection and wastewater treatment. The "Non-Appropriated Funds Reserves" reflect those balances of the Fairfax County Redevelopment and Housing Authority and Fairfax County Park Authority that are not appropriated by the Board of Supervisors.

The reserves noted below are for the *FY 2015 Revised Budget Plan* as of the *FY 2014 Carryover Review* for all funds with reserves in excess of \$100,000. It should be noted that reserves for the County's retirement, health insurance and Other Post-Employment Benefits (OPEB) are not listed.

I. The following reserves are funded completely or in large part by the County General Fund:

Reserve for Potential FY 2015 Revenue Reductions and One-Time Requirements: This reserve in the General Fund, which was initially created as part of the *FY 2014 Carryover Review*, has a balance of \$11.03 million.

Sequestration Reserve: This reserve in the General Fund, which was initially created as part of the *FY 2012 Carryover Review*, has a balance of \$7.70 million. Of this amount, \$1.00 million has been earmarked for the Housing Blueprint/Bridging Affordability Program.

Managed Reserve and Revenue Stabilization Reserve: These reserves are maintained at 2 percent and 3 percent, respectively, of General Fund disbursements in accordance with Board policy. The Managed Reserve balance is \$75.60 million and the Revenue Stabilization balance is \$113.40 million. The Managed Reserve is held in the General Fund, while the Revenue Stabilization Reserve is held in a separate fund, Fund 10010.

Litigation Reserve: This reserve was initially established in the General Fund at a level of \$5.0 million at the *FY 2012 Carryover Review* to address the impact of a number of potential refunds resulting from pending tax appeals. The reserve was increased by \$25.0 million based on revised revenue estimates as of the fall of 2013 and revised projections of the timing of the litigation requirements. The \$30.0 million reserve was moved to Fund 60000, County Insurance, as part of the *FY 2014 Third Quarter Review*.



Department of Vehicle Services Reserves, Fund 60010: There are a number of discrete reserves for vehicles, repair facilities, ambulances, apparatus and buses held in Fund 60010, Department of Vehicle Services. The totals are as follows: *Vehicle Replacement Reserve* of \$2.00 million, *Facility Infrastructure/Renewal Reserve* of \$1.02 million, *Ambulance Replacement Reserve* of \$3.17 million, *Fire Apparatus Replacement Reserve* of \$4.93 million, *Bus Replacement Reserves* of \$0.27 million, *Helicopter Replacement Reserve* of \$1.99 million, *Boat Replacement Reserve* of \$0.46 million and *Police Specialty Vehicle Reserve* of \$2.64 million. The reserves are designed to provide a level contribution for equipment purchases. Funding of the reserves are linked to replacement cycles that take into account age and usage (mileage) as well as maintenance costs. It should be noted that other reserves for CONNECTOR buses are funded by State Aid for Transit services and not included in County funds.

Fuel Price Stabilization Reserve: The FY 2015 projected balance in this reserve, held in Fund 60010, Department of Vehicle Services, is \$4.00 million. This reserve was established by Board action as part of the *FY 2009 Third Quarter Review* to be used in the event of an unanticipated increase in fuel prices.

PC/Infrastructure and Document Services Replacement Reserves: The FY 2015 projected balance in these reserves, held in Funds 60020, Document Services Division and 60030, Technology Infrastructure Services, are \$3.61 million.

County Insurance Accrued Liability, AED and Catastrophic Occurrences Reserves: \$47.16 million is currently held in the Accrued Liability Reserve, \$0.75 million for the AED Replacement Reserve, and \$10.13 million in the Reserve for Catastrophic Occurrences. The County is largely self-insured and the Accrued Liability Reserve is calculated annually by the County's actuary to identify the long term liabilities for existing and projected claims. The largest single component of the claims is for Worker's Compensation. The Reserve for Catastrophic Occurrences is in place as a source to address both deductibles for the commercial policies that the County carries, as well as for significant out of pocket requirements for claims impacting County property. These reserves are held in Fund 60000.

Capital Sinking Fund: A total of \$2.85 million was included at the *FY 2014 Carryover Review* for the first contribution to this new reserve recommended by the Infrastructure Financing Committee. This reserve is held in Fund 30020, Infrastructure Replacement and Upgrades.

Fairfax-Falls Church Community Services Board (CSB) Reserves: A total of \$2.05 million is held for fluctuations in services for the Infant and Toddler Connection as well as for other unforeseen services requirements/ reductions in non-County revenues for CSB programs in Fund 40040.

Elderly Housing Programs: A total of \$2.15 million is included as a replacement reserve for elderly housing facilities operated by Fund 40330.



- II. The following are Other Appropriated Funds Reserves that are generated by sources other than the General Fund and are specifically designated in support of the activities of the fund and not available for general purposes:

Cable Communications, Fund 40030: A total of \$3.14 million is included for services associated with the County's cable fund.

Reston Community Center (RCC), Fund 40050: A total of \$4.10 million is included primarily for RCC capital construction and maintenance requirements.

McLean Community Center (MCC), Fund 40060: A total of \$9.13 million is included primarily for MCC capital construction and equipment requirements.

Burgundy Village Community Center, Fund 40070: A total of \$0.28 million is included as an unreserved balance of the Community Center.

Integrated Pest Management Program, Fund 40080: A total of \$1.52 million is included as an unreserved balance of the program.

Dulles Rail Phase I Transportation Improvement District: A total of \$57.74 million is included for the single purpose of meeting the \$400 million required contribution from the Tax District to the Phase I of the Silver Line, Fund 40110.

Dulles Rail Phase II Transportation Improvement District, Fund : A total of \$49.45 million is included for the single purpose of meeting the \$330 million required contribution from the Tax District to the Phase II of the Silver Line, Fund 40120.

Leaf Collection: A total of \$3.96 million is included primarily as a rate stabilization reserve for Fund 40130.

Refuse Collection: A total of \$5.61 million is included primarily as rate stabilization, operating and capital equipment reserves for Fund 40140.

Refuse Disposal: A total of \$2.40 million is included primarily as environmental, construction and capital equipment reserves for Fund 40150.

Energy /Resource Recovery Facility (E/RFF): A total of \$64.36 million is included primarily as rate stabilization and operation and maintenance reserve for Fund 40160.

I-95 Refuse Disposal: A total of \$26.72 million is included primarily as a post closure reserve for the landfill, Fund 40170.

Tysons Service District: A total of \$7.31 million is included to address the \$253 million in required transportation infrastructure improvements supported by Fund 40180.

Housing Trust Fund: A total of \$0.23 million is included for interest owed on an equity lien of the Fairfax County Redevelopment and Housing Authority on a project supported by the Fund 40300.

Homeowner and Business Loan Program: A total of \$3.48 million is included as an unreserved balance in support of the programs operated by Fund 40360.



Wastewater Funds: A number of discrete reserves in Funds 69000, 69010, 69020, 69030, and 69040 are included to meet debt service and construction and operational requirements of the wastewater system. In FY 2015 these reserves total \$151.95 million.

III. The following are Non-Appropriated Funds Reserves of the Fairfax County Redevelopment and Housing Authority and the Fairfax County Park Authority:

Non-Appropriated Housing Funds: A number of discrete reserves in Funds 81000, 81020, 81030, 81050, 81100, 81200, 81510, 81520 and 81530 are included to meet debt service and construction and operational requirements of the housing program. In FY 2015 these reserves total \$36.73 million.

Non-Appropriated Parks Funds: A number of discrete reserves in Funds 80000 and 80300 are included primarily as revenue and operating reserves and as dedicated reserves as stipulated in donations to the Park Authority. In FY 2015 these reserves total \$7.67 million.