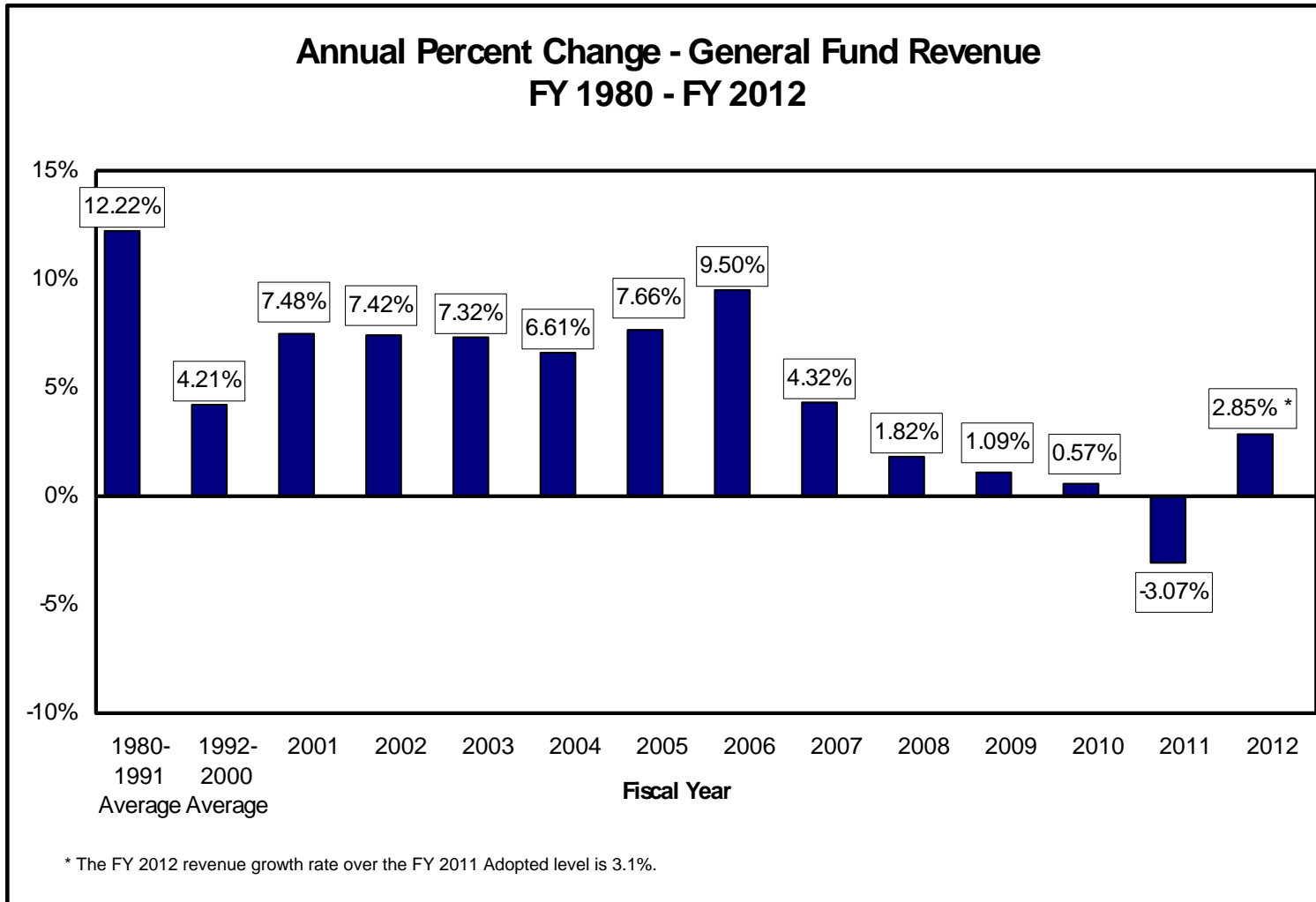

County of Fairfax, Virginia
Budget Committee Meeting
March 15, 2011



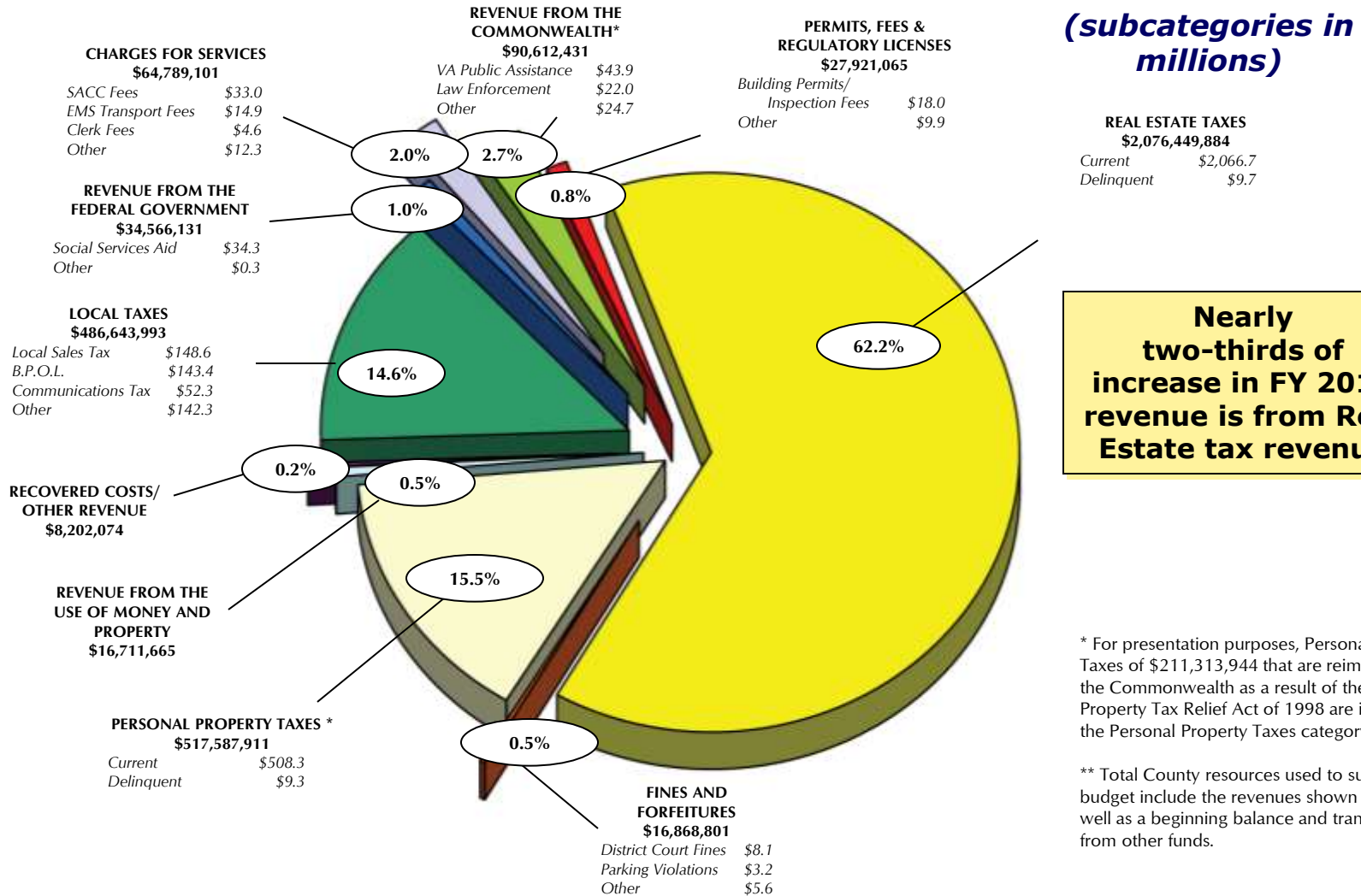
FY 2012 BUDGET RECOMMENDATIONS

- No Real Estate tax rate increase
- Spending increases cover only critical requirements
- No increase in the County's transfer for School Operations
- No compensation increases
- Limited infrastructure investment
- FY 2012 proposal results in an available balance of \$30 million for Board's deliberations

GENERAL FUND REVENUE GROWTH



FY 2012 GENERAL FUND RECEIPTS ("WHERE IT COMES FROM")



(subcategories in millions)

Nearly two-thirds of increase in FY 2012 revenue is from Real Estate tax revenue

* For presentation purposes, Personal Property Taxes of \$211,313,944 that are reimbursed by the Commonwealth as a result of the Personal Property Tax Relief Act of 1998 are included in the Personal Property Taxes category.

** Total County resources used to support the budget include the revenues shown here, as well as a beginning balance and transfers in from other funds.

FY 2012 GENERAL FUND RECEIPTS = \$3,340,353,056**

County of Fairfax, VA: FY 2012 Advertised Budget Plan Presentation

REAL ESTATE TAX BASE

	1992	1993	1994	1995	1996	1997	1998
Equalization	(2.75)%	(6.48)%	(2.46)%	(1.29)%	0.36%	0.57%	0.80%
- Residential	(1.90)	(3.74)	(0.52)	0.01	0.49	(0.23)	(0.50)
- Nonresidential	(4.80)	(13.22)	(7.86)	(5.28)	(0.09)	3.27	5.05
Growth	1.79	0.40	1.08	1.97	2.16	2.13	1.93
TOTAL	(0.96)%	(6.08)%	(1.38)%	0.68%	2.52%	2.70%	2.73%
	1999	2000	2001	2002	2003	2004	2005
Equalization	1.77%	2.96%	5.13%	9.70%	11.72%	9.94%	9.54%
- Residential	0.04	0.77	5.13	11.26	16.27	14.55	11.29
- Nonresidential	7.12	9.24	5.15	5.92	0.52	(2.94)	3.74
Growth	2.19	3.37	3.81	3.94	3.42	2.54	2.50
TOTAL	3.96%	6.33%	8.94%	13.64%	15.14%	12.48%	12.04%
	2006	2007	2008	2009	2010	2011	2012
Equalization	20.80%	19.76%	2.47%	(1.02)%	(10.52)%	(8.98)%	2.67%
- Residential	23.09	20.57	(0.33)	(3.38)	(12.55)	(5.56)	2.34
- Nonresidential	12.74	16.64	13.57	7.00	(4.51)	(18.29)	3.73
Growth	2.69	2.94	1.68	1.53	0.57	(0.22)	0.60
TOTAL	23.49%	22.70%	4.15%	0.51%	(9.95)%	(9.20)%	3.27%

The FY 2012 total assessed value for real property is \$193.9 billion, a decrease of \$36 billion or 16% from FY 2009 assessed value.

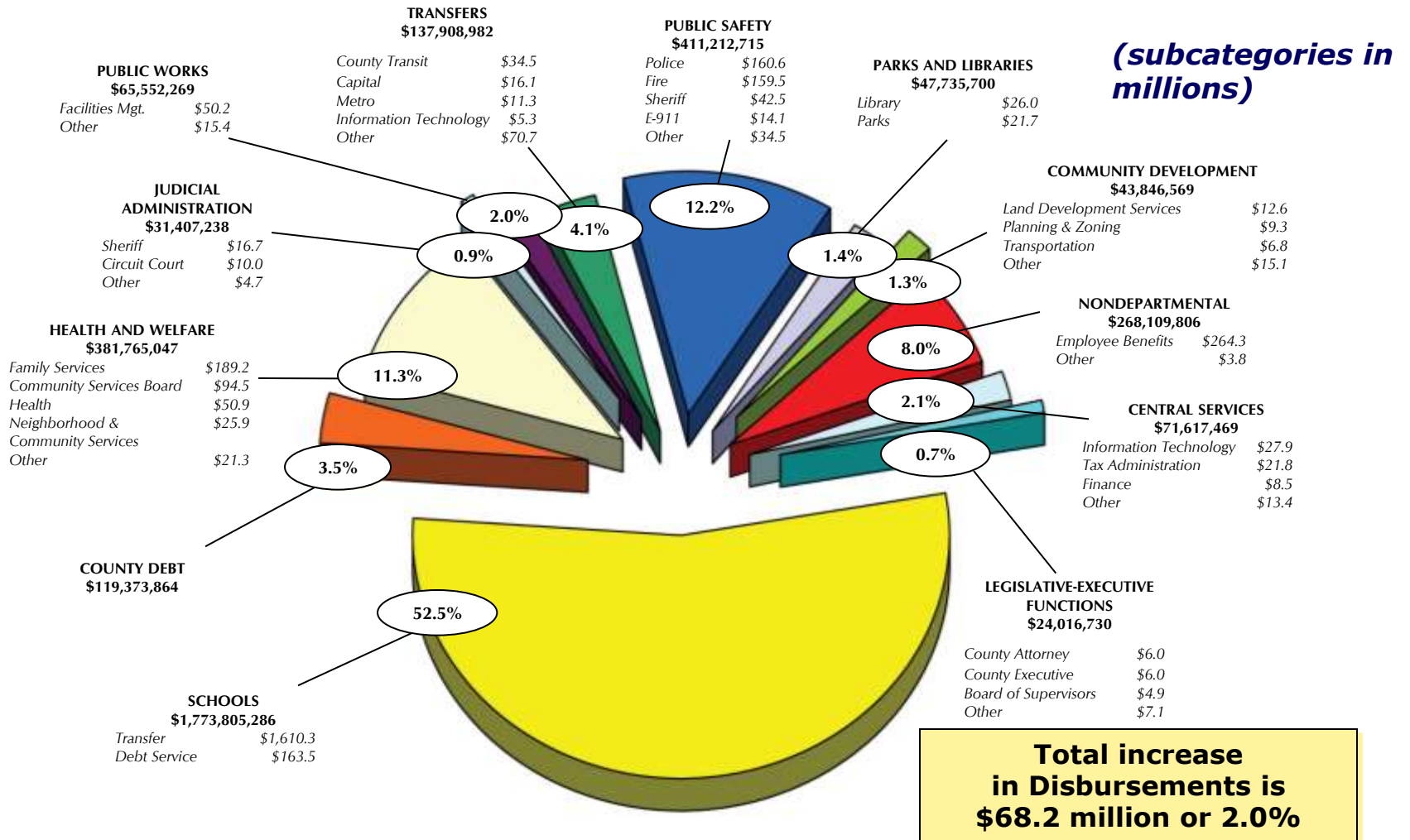
IMPACT ON TYPICAL FAIRFAX COUNTY HOUSEHOLD

Fiscal Year	Mean Assessed Value of Residential Property	Real Estate Tax Rate per \$100	Tax per Household	
FY 2006	\$448,491	\$1.00	\$4,484.91	
FY 2007	\$544,541	\$0.89	\$4,846.41	
FY 2008	\$542,409	\$0.89	\$4,827.44	
FY 2009	\$525,132	\$0.92	\$4,831.21	
FY 2010	\$457,898	\$1.04	\$4,762.14	
FY 2011	\$433,409	\$1.09	\$4,724.16	
FY 2012	\$443,551	\$1.09	\$4,834.71	+\$110.55

(\$11.70)

Projected value of “One Penny” on FY 2012 Real Estate Revenue = \$19.3 million
Each penny change = \$45 on the tax bill

FY 2012 GENERAL FUND DISBURSEMENTS ("WHERE IT GOES")



FY 2012 GENERAL FUND DISBURSEMENTS = \$3,376,351,675 *

* In addition to FY 2012 revenues, available balances and transfers in are also utilized to support disbursement requirements.

FAIRFAX COUNTY PUBLIC SCHOOLS



The combined transfer for School operating and School debt service is \$1.774 billion. The County's support of FCPS represents 52.5% of total County disbursements.

The County also provides additional support for the Schools in the amount of \$58.9 million for programs such as Head Start, School Health, School Resource Officers, School Crossing Guards, after-school programming, field maintenance and recreational programs, among others

FY 2012 Transfer for School Operations = \$1.61 billion

- No change from FY 2011 Adopted level
- School Board Request = \$1.659 billion:
 - An increase of \$48.8 million or 3.0% over FY 2011

FY 2012 Transfer for School Debt Service = \$163.5 million

- Increase of \$2.8 million from FY 2011 level
- School bond sales at \$155 million per year

FY 2012 DISBURSEMENTS

- FY 2012 Disbursements increase \$68.2 million or 2% over FY 2011

○ Cost of County Operations	\$53.6 million
○ Major Human Services Requirements	\$12.1 million
• Supported by additional revenues	
○ Capital Construction/Debt Service	\$0.8 million
○ Transportation	\$6.4 million
○ Information Technology	\$3.4 million
○ Other Adjustments	<u>\$1.7 million</u>
Subtotal	\$78.0 million

Less

- | | |
|-------------------------------------|------------------------|
| ○ Agency Reductions/Reorganizations | <u>(\$9.8) million</u> |
|-------------------------------------|------------------------|

Total	\$68.2 million
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FY 2012 – FY 2016 CAPITAL IMPROVEMENT PROGRAM

- The CIP continues the current program
- Includes an increase in bond sales for Schools in FY 2013 and beyond from \$130 million to \$155 million per year.
- Includes County Bond Referenda in fall 2012 and fall 2014
 - Fall 2012 (\$120 m) includes
 - \$12 million for the County's capital contribution to the Northern Virginia Regional Park Authority
 - \$38 million for the County Park Authority
 - \$50 million for prioritized Public Safety facilities (Herndon Fire Station, Bailey's Fire Station, Jefferson Fire Station and renewal of 22 existing Courtrooms)
 - \$20 million for prioritized Library renovation projects.
 - Fall 2014 includes \$100 million for roads to support construction needs in light of the transformation of the Tyson's area.
- Includes steady level of School Bond Referenda at \$240 million in Fall 2011, Fall 2013 and Fall 2015.
- Funds limited Paydown Program for critical projects and begins to address Department of Justice requirements for ADA improvements
- Continues 3-year short-term borrowing plan to address capital renewal backlogs
- Identifies significant future requirements including: Public Safety Headquarters to replace the Massey Building, requirements associated with the Tyson's Corner redevelopment plan and support for the Dulles Rail project

County-Schools Bond Sales History (in millions)

Year	Annual Limit		Total	
	County	Schools		
FY 1997	\$75	\$75	\$150	Avg. management practice; no specific policy
FY 1999	\$50	\$100	\$150	New Policy: 1/3-County; 2/3-Schools
FY 2000	\$50	\$130	\$180	\$30m increase for Schools from State Lottery Fund
FY 2001	\$50	\$130	\$180	\$30m increase for Schools from State Lottery Fund
FY 2003	\$70	\$130	\$200	Sales limits increased
FY 2007 - 2012	\$120	\$155	\$275	New sales limits *
FY 2013 and Beyond	\$120	\$130	\$250	

- Temporary increase in annual School sales of \$25 million per year for 6 years in exchange for return of surplus school property to County control. School sales revert to \$130 million per year in FY 2013.

FY 2012 AND BEYOND: PERSPECTIVES

- Economic realities of “new normal”
 - No County funded expansion of existing programs
 - No County funded creation of new programs
 - No County funded restoration of previous reductions

- Continued funding for and partnership with FCPS

- Need to review County infrastructure investment
 - Investment in employees
 - Physical infrastructure
 - Information technology
 - Capital infrastructure

CHOICES FOR BALANCE FOR FY 2012 BUDGET

- **FY 2012 Budget Proposal Results in a Balance of \$30 million:**
 1. Use it for employee compensation increase/bonus
 2. Increase the General Fund transfer to FCPS
 3. Reduce the Real Estate Tax rate
 4. Use it to make up for potential loss in revenue from the Commonwealth or State authorized revenue sources
 5. Use it to fund other priorities and unfunded initiatives
 6. Use it for the required payment to complete FOCUS project
 7. Save it for upcoming critical needs in FY 2013

BUDGET UPDATE

- **Federal Budget**
 - Staff reviewing impact
 - Concerns include CDBG, Section 8 and other grant programs

- **State Budget**
 - State Budget adopted
 - Initial revenue estimates consistent with County assumptions
 - Additional potential negative impact
 - Line of Duty long term liability
 - Human Service programs including CCAR and CSA
 - Real Estate tax exemption potential \$3 -\$4 loss in revenue

- **FY 2012 Add-on potential changes**
 - Revenue projections under review based on more recent information
 - Potential expenditure concerns include rising fuel prices