



FY 2015 THIRD QUARTER REVIEW

March 17, 2015

County of Fairfax, Virginia

FY 2015 Third Quarter Resources and Adjustments

- Resources available \$15.59 million
 - Revenues and balances
- Required adjustments \$15.59 million
 - See detail on next pages
- Balance Available \$0

Spending Adjustments due to Operations - \$3.70 million

- \$2.12 million is associated with increases for self-insurance based on actuarially determined accrued liability costs as well as funding to support general insurance costs primarily associated with worker compensation.
- \$1.59 million is due to the partial-year funding of the “Booster Shot” for positions supporting increased development activities in the County. More than fully offset with revenue.
- \$0.41 million is necessary based on requirements at the Juvenile Detention Center for the allocation of bed space serving District of Columbia youth. More than fully offset with revenue.
- All other adjustments result in a net savings of \$0.42 million.

Disbursement Adjustments Necessary to Fund Tax Litigation Reserve - \$14.91 million

- As a result of the Virginia Supreme Court ruling on BPOL, the entire \$30 million tax litigation reserve that the Board prudently established in FY 2014 for this purpose will be used
- As staff continues to review the impact of this case and additional potential liabilities, increases are recommended to the tax litigation reserve
 - \$15.0 million for FY 2016/2017 requirements primarily from the General Fund:
 - One time balances of \$6.1 million available from the FY 2014 Carryover and subsequent audit adjustments
 - One time savings of \$8.8 million as a result of agency reductions
 - In addition, funding for payments which may be necessary in FY 2015 has been identified in one-time savings in debt service as well as by scrubbing capital project balances and local cash match available as the result of grant closeouts

Disbursement Adjustment to Increase Funding for Revenue Stabilization - \$7.70 million

- As outlined in February 17, 2015 memo, an immediate deposit into the Revenue Stabilization Fund demonstrates the Board commitment to increase its funding level for reserves and is a strong statement to the rating agencies.
 - This contribution is also critical to ensure that FY 2015 balances do not drop from FY 2014 levels and also demonstrates that the Board is committed to both a policy change and the actions necessary to meet the defined goals.
- Recommendation that the Board reallocate the remaining balance in the one-time Sequestration Reserve of \$7.70 million to the Revenue Stabilization Reserve.
 - The impacts of federal sequestration actions are still not resolved so the financial impact of future sequestration actions will need to be analyzed when identified and addressed as part of annual and quarterly budget reviews.

Agency Budget Reductions - (\$10.72) million

- In July 2014, agencies were directed to identify program reductions – both one-time reductions in FY 2015 and on-going service reductions/efficiencies in FY 2016 in July 2014.
- The FY 2015 reductions total \$10.72 million and are necessary to support disbursement requirements noted above.
 - Much of saving is anticipating the \$26.86 million in permanent funding reductions included in the FY 2016 Advertised Budget.
 - As a result, these reductions are one-time funds since the recurring impacts have already been included in the FY 2016 budget.