

Response to Questions on the FY 2010 Advertised Budget Plan

Request By: Supervisor Foust

Question: Please identify projected FY 2010 reserve balances by fund. Describe what the reserves are intended to be used for and if applicable what are the reserves based on.

Response: The following table summarizes reserve balances by fund. When necessary, specific reserves are listed separately. Balances greater than \$250,000 are included.

Fund Number/Name	FY 2010 Projected Ending Balance	Description
<i>General Fund/General Fund Supported</i>		
001, General Fund	\$66.3 million	This reserve reflects the County Managed Reserve, which equals 2.0 percent of total General Fund disbursements. The Managed Reserve is only be accessed in situations of a catastrophic nature.
002, Revenue Stabilization	\$103.0 million	The purpose of this reserve, which has a target balance of 3.0 percent of General Fund disbursements, is to provide a mechanism for maintaining a balanced budget without resorting to tax increases and expenditure reductions that aggravate the stresses imposed by the cyclical nature of the economy. This reserve will not be fully funded assuming the withdrawal of \$18.7 million as part of the <i>FY 2009 Third Quarter Review</i> .
100, County Transit Systems	\$0.4 million	A minimal fund balance is maintained as operating and capital requirements for CONNECTOR can change rapidly, based on fluctuations operating costs and new requirements associated with the West Ox Operations Center.
141, Elderly Housing Programs	\$0.3 million	This reserve is set aside to fund emergency equipment replacement needs at all three elderly properties (Lewinsville, Little River Glen and Lincolnia). With a total unit count of 220 units, this balance provides an average reserve of \$1,576 per unit. As the "newest" of these three facilities is almost 20 years old, they all have high ongoing maintenance costs. A single major maintenance event such as central HVAC going down could completely deplete the entire reserve balance.
501, County Insurance Fund – Accrued Liability	\$25.7 billion	The purpose of this reserve is to address payments for accrued liability as defined annually as a result of an actuarial review of outstanding and projected obligations.
501, County Insurance Fund – Automated External Defibrillator (AED)	\$600,000	This reserve was established to support the AED program, allowing the Risk Management Department to replace outdated or malfunctioning AED machines.
501, County Insurance Fund – Reserve for Catastrophic Occurrences	\$13.3 million	The purpose of this reserve is to provide a source of emergency funds for events that require large amounts of funding immediately to cover losses, even if the funds are later reimbursed through insurance. The goal of a reserve of \$15 million has never been met.
603, OPEB Trust Fund	\$66.2 million	This Fund's ending balance represents the amount of assets the County holds in reserve to offset the estimated Unfunded Actuarial Accrued Liability for other post-employment benefits. Ending balance growth is attributed to contributions and investment returns from the Fund's participation in the Virginia Pooled OPEB Trust Fund. The \$66.2 million reserve in FY 2010 is applied toward the liability of \$350.1 million calculated as of July 1, 2008.

<i>Other Funds</i>		
105, Cable Communications	\$8.0 million	This total is primarily made up of ending balance within Fund 105 as expenditure requirements fluctuate year to year based on I-Net construction and maintenance schedule. Resulted from franchise operating fees restricted for this purpose.
108, Leaf Collection	\$2.8 million	This balance has been accumulated from the taxes (\$.015 per \$100 of assessed value) paid by residents within the 34 Fairfax County Collection Districts. One of the main uses of these funds is to allow for equipment replacement when required and to offset future-year rate increases.
109, Refuse Collection and Recycling Operations	\$4.7 million	The ending balance of \$4.7 million, primarily generated by an annual household levy of \$345 for those in refuse collection districts, includes \$3.3 million in Collection, Recycling and Residential/General equipment reserves to fund the future replacement of equipment that exceeds its useful lifespan, \$53,400 in a PC Replacement Reserve to provide funding for the timely replacement of obsolete computer equipment, \$0.5 million in a Construction and Infrastructure reserve to fund emergency repairs necessary at the Newington Solid Waste Facility and \$0.9 million in a Rate Stabilization Reserve to mitigate against any need for an unusually large rate increase in a future year.
110, Refuse Disposal	\$6.6 million	The ending balance of \$6.6 million includes \$1.9 million in an Equipment Reserve to fund the future replacement of equipment that exceeds its useful lifespan, \$61,923 in a PC Replacement Reserve to provide funding for the timely replacement of obsolete computer equipment, and \$4.6 million in a Construction Reserve to provide for future improvements to the I-66 Transfer Station. These funds have primarily been generated by restricted refuse disposal fees collected on a per-ton basis.
111, Reston Community Center	\$6.6 million	The fund balance in Fund 111 is maintained at adequate levels relative to projected personnel and operating requirements. Available fund balance is divided into three reserve accounts designated to provide funds for unforeseen catastrophic facility repairs in the amount of \$1.0 million, feasibility studies for future programming in the amount of \$0.2 million and funds for future capital projects in the amount of \$5.4 million. These funds have primarily been generated through a tax levy of \$0.047 per \$100 of assessed value on residents of Small District 5.
112, Energy/Resource Recovery Facility (E/RRF)	\$25.5 million	The ending balance of \$25.5 million includes \$1.5 million in a Tipping Fee Reserve which is used to buffer against sharp annual changes in tip fees, \$10.0 million in a Rate Stabilization Reserve which is used to protect against any long term adjustment to tip fees, and \$14.0 million in an Operations and Maintenance Reserve which is used for ongoing improvements and enhancements to the E/RRF including emissions control efforts and funds the County's share of the initial capital expenditures required for improvements/retrofits to the air pollution control systems. These funds have primarily been generated by restricted E/RRF fees collected on a per-ton basis.
113, McLean Community Center	\$11.2 million	This majority of this balance (\$8.6 million) is set aside to fund a future expansion of the main facility, technology improvements, and equipment replacements and potentially a relocation or renovation of the Old Firehouse Teen Center, a satellite program of McLean Community Center, providing after school programs, activities, events and a summer camp program for middle-school-age students. By building up this reserve, the amount of bond funding required will be reduced accordingly. These funds have primarily been generated through a tax levy of \$0.026 per \$100 of assessed value on residents of Small District 1.

114, Refuse Disposal	\$40.8 million	The balance includes \$47,131 in a PC Replacement Reserve to provide funding for the timely replacement of obsolete computer equipment, \$0.8 million in a Construction Reserve which is used to meet the requirements of current and future construction projects necessary for the operation of the I-95 Landfill such as drainage and roads, \$5.0 million in an Environmental Reserve to provide for future environmental projects, \$9.7 million in an Active Cell Closure Liability Reserve which is necessary for the closure of active disposal cells of the Ash Landfill and for landfilling activities to progress in accord with state requirements and \$25.2 million in a Post-Closure Reserve which is required for a 30-year period after the landfill closes and is mandated by the federal and state regulations. These funds have primarily been generated by restricted Solid Waste Landfill Ash Disposal fees collected on a per-ton basis.
116, Integrated Pest Management Program	\$1.6 million	Funds are held in reserve as the pest-related treatment requirements supported by this fund can vary significantly from year to year. These funds have primarily been generated through a tax levy of \$0.001 per \$100 of assessed value on County residents.
121, Dulles Rail Phase I Transportation Improvement District	\$111.2 million	The fund balance is the accumulation of collected tax revenues and interest earned since the inception of the Fund in FY 2005. Expenditures from the tax district were restricted until a Full Funding Grant Agreement (FFGA) was signed with the Federal Transit Authority. The FFGA was recently signed in March 2009 and expenditures are expected to begin based on total project cash flow requirements. The funds in the fund balance are necessary to pay the County's 16.1 percent share of projected Phase I capital construction costs.
400, Sewer Revenue	\$88.2 million	This total includes \$74.5 million in reserves and \$13.7 million in unreserved fund balance. The three reserves include \$45.0 million in the Operating and Maintenance Reserve, which is maintained at a level of \$25.0 to \$45.0 million for unforeseen expenses associated with sewer system emergencies. This level of reserve is based on industry practice to maintain existing customer reserves at a level which can support 30 and 180 days of working capital and approximately 50 percent of one year's requirements for rehabilitation and replacement of the current system's assets. Funding of \$22.8 million is currently in the New Customer Reserve to maintain emergency reserve for debt service and administrative expenses associated with new customer debt, until such time as adjustments to availability charges could be accommodated. This reserve is targeted to be maintained at approximately \$22.0 million based on payment expenses associated with one year of debt service and current administrative expenses associated with new customer debt. Also included is \$6.7 million for the Virginia Resource Authority Reserve. This reserve was established in anticipation of debt service reserve requirements for Virginia Resource Authority loans related to future treatment plant bond issues.
401, Sewer Operation and Maintenance	\$0.4 million	This total includes \$0.1 million in reserves and \$0.3 million in unreserved fund balance. The reserve includes \$0.1 million in the PC Replacement Reserve for the timely replacement of computer equipment. Expenditures for Fund 401 are maintained at adequate levels relative to projected operation and maintenance expenses. These costs change annually; therefore, funding for sewer operations and maintenance is carried forward each fiscal year, and the unreserved ending balances fluctuate.
403, Sewer Bond Parity Debt Service	\$1.0 million	This balance is maintained at adequate levels relative to projected debt service requirements. Fund balances fluctuate from year to year based on actual debt requirements and are used to cover amortization of issuance costs.
407, Sewer Bond Subordinate Debt Service	\$1.4 million	This balance is maintained at adequate levels relative to projected debt service requirements for the Manassas debt payment, the Upper Occoquan Sewage Authority (UOSA) payment and the Virginia Resources Authority (VRA) loans. Fund balances fluctuate from year to year based on actual debt requirements.

408 Sewer Bond Construction	\$17.1 million	This balance includes \$16.0 in unappropriated bonds and \$1.0 in interest on investment revenue. An amount of \$140.3 million in revenue bonds is anticipated to be issued within this fund to support capital program requirements with in the Wastewater Management Program. Funding in the amount of \$16.0 million remains to be appropriated to specific projects. The capital projects in this sewer fund are budgeted based on the total project costs. Most projects span multiple years, from design to construction completion. Therefore, funding for capital projects is carried forward each fiscal year, and ending balances fluctuate, reflecting the carryover of these funds.
503, Department of Vehicle Services (DVS) - Vehicle Replacement Reserve	\$8.1 million	This reserve, established in FY 1972, was established to set aside funding over a vehicle's life in order to pay for the replacement of that vehicle when it meets replacement criteria. The current replacement criteria include the age, mileage, and condition of the vehicle. This fund is intended primarily for General Fund agencies. Funding is annually appropriated to meet replacement needs.
503, DVS Facility Infrastructure/Renewal Reserve	\$1.1 million	This reserve is a Five Year Capital Improvement Plan for DVS Maintenance Facilities to increase efficiency, productivity, health, and accommodate future fleet growth.
503, DVS Ambulance Replacement Reserve	\$0.9 million	This reserve, established in FY 1996, allows the Fire and Rescue Department (FRD) to make fixed annual payments into the fund to replace ambulances as they meet replacement criteria.
503, DVS Fire Apparatus Replacement Reserve	\$2.3 million	This reserve allows FRD to make fixed annual payments into the fund to replace large apparatus equipment as they meet replacement criteria.
503, DVS FASTRAN Replacement Reserve	\$0.7 million	This reserve, established as part of the <i>FY 1999 Carryover Review</i> , allows the Department of Community and Recreation Services to set aside funding for the replacement of FASTRAN buses as they meet replacement criteria.
503, DVS Helicopter Replacement Reserve	\$1.0 million	This reserve was started in FY 1996 to allow the Police Department to make fixed annual payments into the fund to ensure that funds are available for a regular replacement program for the County's two helicopters.
503, DVS Police Specialty Vehicle Reserve	\$2.5 million	This reserve, established in FY 2002, allows the Police Department to make fixed annual payments into the fund to allow for the replacement of specialty police vehicles as they meet replacement criteria.
504, Document Services	\$0.6 million	This balance includes a \$0.4 million operating reserve for the Print Shop and a \$0.2 million reserve for replacement of Print Shop equipment.
505, Technology Infrastructure Services	\$2.7 million	This balance includes \$2.0 million in the PC Replacement Reserve, which fluctuates annually based on scheduled PC replacements in a given year. Also included is a reserve of \$0.7 million for the Computer Equipment Replacement Fund (CERF), which is designed to assist in the scheduled replacement of mainframe computer and network assets. Funding is annually appropriated to meet replacement needs.
506, Health Benefits Trust Fund – Unreserved Ending Balance	\$16.5 million	This Fund's policy requires maintaining an ending balance as a percent of claims. In keeping with an industry standard, the ending balance attempts to cover 16.7 percent (two months) of claims.
600, Uniformed Retirement	\$1.3 billion	This Fund's ending balance represents the amount of assets the County holds in reserve to offset the system's liability for pension benefit payments.
601, Employees Retirement	\$3.1 billion	This Fund's ending balance represents the amount of assets the County holds in reserve to offset the system's liability for pension benefit payments.
602, Police Retirement	\$1.0 billion	This Fund's ending balance represents the amount of assets the County holds in reserve to offset the system's liability for pension benefit payments.