



# County of Fairfax, Virginia

## MEMORANDUM

Attachment B

**DATE:** March 20, 2018  
**TO:** Board of Supervisors  
**FROM:** Bryan J. Hill *Bryan Hill*  
County Executive  
**SUBJECT:** FY 2018 Third Quarter Review

Attached for your review and consideration is the *FY 2018 Third Quarter Review*, including Supplemental Appropriation Resolution AS 18190 and Amendment to the Fiscal Planning Resolution AS 18901. The Third Quarter Review includes recommended funding adjustments and the following attachments for your information.

- Attachment I - A General Fund Statement reflecting adjustments included in the Third Quarter Review. Also attached is a statement of Expenditures by Fund, Summary of All Funds.
- Attachment II - A Summary of General Fund Revenue reflecting no change from the Fall 2017 Revenue estimates.
- Attachment III - A detail of major expenditure changes in Appropriated and Non-Appropriated Other Funds. Expenditure changes, excluding audit adjustments, in all Appropriated Other Funds and excluding Schools, the General Fund, and the Federal/State Grant Fund, total a net increase of \$81.77 million. Expenditures in Non-Appropriated Other Funds decrease a total of \$0.65 million.
- Attachment IV - Fund 50000, Federal/State Grants, detailing grant appropriation adjustments for a total net increase of \$35.80 million.
- Attachment V - Supplemental Appropriation Resolution (SAR) AS 18190, AS 17298 for FY 2017 adjustments to reflect the final audit, and Amendment to the Fiscal Planning Resolution (FPR) AS 18901.
- Attachment VI - FY 2017 Audit Package including final adjustments to FY 2017 and the FY 2018 impact.
- Attachment VII - Fairfax County Public Schools (FCPS) Third Quarter Review

As the Board is aware, the Code of Virginia requires that a public hearing be held prior to the adoption of amendments to the current year budget when the adjustments exceed one percent of total expenditures. In addition, any amendment of one percent of expenditures or more requires that the Board advertise a synopsis of the proposed changes. A public hearing on the proposed changes included in the *FY 2018 Third*

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*Quarter Review* has been scheduled for April 10, 11, and 12, 2018. On April 24, 2018, the Board will take action on this quarterly review prior to marking up the FY 2019 Advertised Budget Plan.

The following is a summary of General Fund adjustments included in the *FY 2018 Third Quarter Review*.

### **Summary of Third Quarter Adjustments**

(in millions)

**Previous Balances**

Reserve for Potential FY 2018 One-Time Requirements	\$1,035,878	
FY 2017 Audit Adjustments	\$847,234	
FY 2018 Mid-Year Revenue Adjustments	\$11,778,881	
	<b>\$13,661,993</b>	
	<i>Net Available:</i>	<b>\$13,661,993</b>

**FY 2018 Third Quarter Adjustments**

Spending Requirements

Information Technology Projects*	(\$3,200,000)	
Infrastructure Replacement and Upgrades at County Facilities*	(\$3,000,000)	
Accrued Liability Adjustment	(\$2,349,000)	
Social Security Offset for Service-Connected Disability Retirees	(\$1,500,000)	
Zoning Ordinance Modernization	(\$1,150,000)	
PC Replacement Program	(\$500,000)	
Massey Complex Master Planning Study	(\$350,000)	
Needs Assessment for Sportsplex	(\$300,000)	
August 2017 Special Election	(\$196,657)	
Economic Development Authority - Marketing	(\$190,000)	
Community Business Partnership	(\$45,000)	
Visit Fairfax	(\$31,317)	
Civil Service Commission	(\$27,000)	
Gang Prevention (1 position)	\$0	
Body Worn Cameras Pilot Program	\$0	
Opioid Use Epidemic (20 positions)	\$0	
	<b>(\$12,838,974)</b>	

Reductions/Savings

Incentive Reinvestment Initiative	\$926,698	
	<b>\$926,698</b>	

Required Reserve Adjustments

Revenue Stabilization Reserve	(\$626,962)	
Managed Reserve	(\$626,962)	
	<b>(\$1,253,924)</b>	

***Net Third Quarter Adjustments:* (\$13,166,200)**

***Net Available:* \$495,793**

\* In addition to the General Fund amounts listed here, balances from Fund 20000, Consolidated Debt Service, are also utilized as part of the *FY 2018 Third Quarter Review* to help fund investments in IT and Capital that were deferred as part of the FY 2019 Advertised Budget Plan.

The *FY 2018 Third Quarter Review* reflects a small number of adjustments necessary to fund FY 2018 spending and reserve requirements. These adjustments are funded utilizing one-time balances available as part of the FY 2018 Adopted Budget Plan and *FY 2017 Carryover Review*, results of the FY 2017 audit, and mid-year FY 2018 revenue adjustments, as well as savings identified as part of this process. Several of the adjustments recommended in this package were noted in the FY 2019 Advertised Budget Plan presentation, including the one-time impact of the final year of the three-year plan to eliminate the remaining Social Security offset for service-connected disability retirees, one-time investments in information technology projects, and one-time capital expenses for infrastructure replacement and upgrades. These adjustments are consistent with actions taken in prior years and have been included as part of the Third Quarter package in order to provide flexibility and balance the FY 2019 budget. It should be noted that 21 new positions are recommended as part of the *FY 2018 Third Quarter Review* for Gang Prevention and the Opioid Use Epidemic, consistent with funding recommendations presented to the Board of Supervisors at the January 9, 2018, meeting of the Health, Housing, and Human Services Committee. Additionally, no General Fund revenue adjustments are recommended. After funding the required reserve adjustments, a balance of \$0.5 million remains for the Board of Supervisors to address additional one-time requirements.

### **Audit Adjustments**

As a result of the FY 2017 Comprehensive Annual Audit, a number of adjustments to revenues and expenditures are necessary to reflect Generally Accepted Accounting Principles (GAAP) requirements. Revenue and expenditure adjustments result in the net increase of \$0.85 million to the FY 2018 beginning General Fund balance mentioned above.

In addition, several other adjustments to various funds are required, including Fairfax County Public Schools' funds and the Fairfax County Redevelopment Housing Authority Funds. All of these audit adjustments were reflected in the FY 2017 Comprehensive Annual Financial Report (CAFR). Details of these audit adjustments are included in Attachment VI.

It should be noted that three County funds, Fund 73000, Employees' Retirement Trust, Fund 73020, Police Retirement Trust, and Fund 73030, OPEB (Other Post-Employment Benefits) Trust, require a supplemental appropriation based on audit adjustments to reflect proper accounting treatments. Expenditures in both retirement trust funds were increased in order to accurately record investment management fees, which were previously netted out of investment income but are now reflected as expenditures. Expenditures in the OPEB Trust Fund were increased in order to record the implicit subsidy for retirees, which is calculated by an outside actuary after the fiscal year has ended and is necessary to approximate the benefit to retirees for participation in the County's health insurance pools. An appropriation resolution is required to account for adjustments in the correct fiscal period, consistent with GAAP requirements. Supplemental Appropriation Resolution AS 17298 is included in Attachment V of the *FY 2018 Third Quarter Review*.

### **Summary of Administrative Adjustments**

The following General Fund adjustments are made as part of the *FY 2018 Third Quarter Review*. It should be noted that, although no revenue adjustments are included in the *FY 2018 Third Quarter Review*, a discussion of revenues is included in the Summary of General Fund Revenue, Attachment II.

In addition, there are various General Fund Supported and Other Fund expenditure adjustments, supported by both non-General Fund revenue and the use of fund balance. Adjustments to Other Funds are reflected in the Other Funds Detail section, Attachment III.

**SPENDING ADJUSTMENTS****\$12.84 MILLION****Gang Prevention**

		<b>NON-RECURRING</b>
Agency 13, Office of Public Affairs	FY 2018 Expenditure	\$150,000
Agency 79, Neighborhood and Community Services	FY 2018 Expenditure	\$100,000
Agency 81, Juvenile and Domestic Relations District Court	FY 2018 Expenditure	\$55,250
Agency 87, Unclassified Administrative Expenses	FY 2018 Expenditure	(\$320,250)
Agency 90, Police Department	FY 2018 Expenditure	<u>\$15,000</u>
	<b>Net Cost</b>	<b>\$0</b>

At the January 9, 2018, meeting of the Health, Housing, and Human Services Committee, the Board of Supervisors was briefed on recommendations to allocate \$470,000 of the \$500,000 Gang Prevention Reserve approved at the *FY 2017 Carryover Review*. These recommendations were the result of a multiagency collaboration on gang prevention which included the Schools. The recommendations included a number of strategies including education, awareness and prevention; targeted prevention and intervention; enforcement and suppression; and data and coordination. Implementation of these strategies include the addition of 1/1.0 FTE in the Police Department and several contract amendments.

Based on the timing required to recruit and hire a new position and the timing to facilitate the necessary contract amendments, the full amount originally identified in January is not needed at this time. As a result, a slightly reduced amount of \$320,250 is required, which is funded with a one-time reallocation from the Gang Prevention Reserve in Agency 87, Unclassified Administrative Expenses, to provide better education, prevention, enforcement, and coordination in responding to gangs. Based on reduced funding requirements, a one-time balance of \$179,750 remains in the Gang Prevention Reserve. It should be noted that recurring funding of \$646,500 (\$613,220 in various agencies and \$33,280 in Fringe Benefits) was included in the FY 2019 Advertised Budget Plan to support this initiative.

**Elections**

		<b>NON-RECURRING</b>
Agency 15, Office of Elections	FY 2018 Expenditure	<u>\$196,657</u>
	<b>Net Cost</b>	<b>\$196,657</b>

Funding of \$196,657 is required to address a budget shortfall in the Office of Elections due to higher than anticipated costs related to the August School Board Special Election. The Special Election was an additional election during the fiscal year and the Office of Elections did not have adequate budget authority to cover the full cost. Funding in the amount of \$200,000 was appropriated as part of *FY 2017 Carryover Review*. This funding is needed to cover the difference between the *FY 2017 Carryover Review* appropriation and the actual cost of the Special Election.

**Community Business Partnership**

		<b>NON-RECURRING</b>
Agency 16, Economic Development Authority	FY 2018 Expenditure	<u>\$45,000</u>
	<b>Net Cost</b>	<b>\$45,000</b>

Funding of \$45,000 is required to address a projected budget shortfall at the Community Business Partnership in FY 2018 due to increasing personnel and operating budget expenses. The Community Business Partnership (CBP) is a non-profit, tax exempt organization working in collaboration with local, regional, and national organizations to promote small business growth in Fairfax County. Funding for the CBP is budgeted in the Fairfax County Economic Development Authority's budget and passed through to the organization. Annual funding has been stable at \$275,750 since at least FY 2012. It should be noted

that the required baseline recurring funding of \$50,000 has already been included in the FY 2019 Advertised Budget Plan.

**Marketing Initiatives**

Agency 16, Economic Development Authority

	<b>NON- RECURRING</b>
FY 2018 Expenditure	<u>\$190,000</u>
<b>Net Cost</b>	<b>\$190,000</b>

Funding of \$190,000 is included to provide one-time, non-recurring monies to the Fairfax County Economic Development Authority to support marketing and advertising initiatives to promote the County. In a competitive economic environment, additional funding for advertising could provide Fairfax County with a significant advantage in attracting and retaining desirable companies.

**Zoning Ordinance Modernization (zMOD)**

Agency 35, Department of Planning and Zoning

	<b>NON-RECURRING</b>
FY 2018 Expenditure	<u>\$1,150,000</u>
<b>Net Cost</b>	<b>\$1,150,000</b>

One-time funding of \$1,150,000 is required to support contracted services for the Zoning Ordinance Modernization (zMOD) project. In support of the Economic Success Strategic Plan and Fairfax First, and in response to the recommendations of the Community Council on Land Use Engagement, the County is committed to modernizing the Zoning Ordinance. zMOD is intended to increase transparency and accessibility to the land use process by digitizing the Ordinance and articulating regulations in plain language. Additionally, review times for common applications will be shortened and strategic initiatives and trends, like mixed-use development, will be supported more effectively.

The Board of Supervisors approved the award of two contracts totaling up to \$1,400,000 for zMOD on October 24, 2017. Since the Department of Planning and Zoning has already allocated one-time funding of \$250,000 to zMOD in its budget, this adjustment is anticipated to provide the balance required to complete the project. Staff will keep the Board apprised of progress on the project and if additional resources are needed.

**Civil Service Commission**

Agency 41, Civil Service Commission

	<b>NON-RECURRING</b>
FY 2018 Expenditure	<u>\$27,000</u>
<b>Net Cost</b>	<b>\$27,000</b>

One-time funding of \$27,000 is required for the Civil Service Commission to offset higher than anticipated Personnel expenditures, based on projected leave payout costs. Due to the size of the agency’s budget, there is limited ability to absorb unbudgeted expenses.

**Body Worn Cameras Pilot Program**

Agency 87, Unclassified Administrative Expenses  
 Agency 90, Police Department

	<b>NON-RECURRING</b>
FY 2018 Expenditure	(\$684,151)
FY 2018 Expenditure	<u>\$684,151</u>
<b>Net Cost</b>	<b>\$0</b>

At the November 21, 2017 Board of Supervisors’ meeting, the Board of Supervisors approved funding for the body-worn cameras pilot program based on the recommendation of the Ad-Hoc Police Practices Review Commission. This recommendation and others made by the Independent Oversight and Investigations Subcommittee are designed to help the County achieve its goals of maintaining a safe community,

enhancing a culture of public trust, and ensuring that policies provide for the fair and timely resolution of police-involved incidents.

As a result, funding of \$684,151 is transferred from the Reserve for Ad-Hoc Police Practices Review Commission Recommendations in Agency 87, Unclassified Administrative Expenses, to cover the costs associated with the 90-day pilot program in FY 2018. Following this adjustment, FY 2018 funding of \$3,598,364 remains in the Reserve for Ad-Hoc Police Practices Review Commission Recommendations to address one-time requirements in future years such as extending the police body cameras pilot to 180 days. In addition, a recurring balance of \$1,973,787 remains in the FY 2019 Advertised Budget Plan Ad-Hoc Reserve. The Police Department launched the pilot program in early 2018 in the Mason, Mount Vernon, and Reston districts and will work with a research team from American University to collect and analyze data over the course of the pilot program.

<b>Social Security Offset for Service-Connected Disability Retirees</b>	<b>NON-RECURRING</b>	
Agency 89, Employee Benefits	FY 2018 Expenditure	<u>\$1,500,000</u>
	<b>Net Cost</b>	<b>\$1,500,000</b>

Funding of \$1,500,000 is required to fund a one-time increase in employer contributions to the retirement systems for the increased liability due to eliminating the 5 percent Social Security offset for service-connected disability retirees. This is the final year of a Board-directed 3-year plan to enhance benefits for service-connected disability retirees by eliminating the Social Security offset in the Employees' and Uniformed Retirement systems.

<b>Opioid Use Epidemic</b>	<b>NON-RECURRING</b>	
Multiple Agencies	FY 2018 Expenditure	<u>\$0</u>
	<b>Net Cost</b>	<b>\$0</b>

At the January 9, 2018, meeting of the Health, Housing, and Human Services Committee, the Board of Supervisors was briefed on recommendations to allocate \$3,592,422 of the \$3,600,000 opioid use epidemic funding approved at the *FY 2017 Carryover Review*. These recommendations were the result of a multiagency collaboration on targeting the Opioid epidemic. The recommendations include a number of strategies including education and awareness; drug storage, disposal and monitoring; treatment; enforcement; and data and monitoring.

Implementation of these strategies includes an increase of 5/5.0 FTE positions in the Police Department. These positions, including 2/2.0 FTE Property & Evidence Technicians, 1/1.0 FTE Police Second Lieutenant, 1/1.0 FTE Management Analyst II, and 1/1.0 FTE Police Officer II will begin implementing the Fairfax County Opioid Task Force Plan, which has the dual goals to reduce deaths from opioids through prevention, treatment, and harm reduction, as well as to use data to describe the problem, target interventions, and evaluate effectiveness. These positions will support Police Department efforts to begin a Drug Take Back Program as well as initiate an Opioid Task Force plan to help address the opioid epidemic locally that includes resources to provide software and technology upgrades to assist in heroin investigations, and allow the purchase of P-100 rated masks for staff that have direct exposure to fentanyl.

In addition, an increase of 15/15.0 FTE positions in CSB will support increased Medication-Assisted Treatment, emergency recovery coaching, and substance abuse prevention programs in the schools. Additional funding from the Opioid Use Epidemic Reserve in CSB is available for the Health Department to complete community physician dialogues and provide for additional epidemiological resources, as well as for the Office of Public Affairs to develop a strong public communications campaign.

It should be noted that the \$3,592,422 allocated from the reserve will support initiatives in multiple agencies, but FY 2018 expenditures will be reflected in Fund 40040, Fairfax-Falls Church Community Services Board. As a result, these allocations from the reserve have no impact on FY 2018 General Fund disbursement levels.

<b>Fairfax County Convention and Visitors Corporation</b>		<b>NON-RECURRING</b>
Fund 10030, Contributory Fund	FY 2018 General Fund Transfer	<u>\$31,317</u>
	<b>Net Cost</b>	<b>\$31,317</b>

The General Fund transfer to Fund 10030, Contributory Fund, is increased by \$31,317 to reconcile FY 2017 payments to the Fairfax County Convention and Visitors Corporation (FCCVC). As a result of enabling legislation approved by the 2004 General Assembly, the County was granted the authority to impose an additional 2 percent Transient Occupancy tax beginning July 1, 2004. As required by the legislation, no less than 25 percent of the additional revenue is to be designated for and appropriated to a nonprofit Convention and Visitors Corporation located in Fairfax County. Each year, the County transfers 25 percent of the estimated revenue for the upcoming fiscal year from the 2 percent additional Transient Occupancy tax to the FCCVC. After the close of the fiscal year, a reconciliation between estimated and actual receipts received occurs. Based on the reconciliation, an additional \$31,317 is required to be remitted to FCCVC.

<b>IT Projects</b>		<b>NON-RECURRING</b>
Fund 10040, Information Technology	FY 2018 General Fund Transfer	<u>\$3,200,000</u>
	<b>Net Cost</b>	<b>\$3,200,000</b>

The General Fund transfer to Fund 10040, Information Technology, is increased by \$3,200,000 to support the funding of continuing and new IT projects. As indicated in the FY 2019 Advertised Budget Plan, no additional General Fund support for IT projects was included in the FY 2019 budget proposal and it was noted that funding would be recommended as part of the *FY 2018 Third Quarter Review*. While using one-time funds at Third Quarter and Carryover to support County initiatives has been a consistent strategy employed in recent years due to limited funding, it will be necessary in future years to increase baseline funding for these investments.

IT project support included in the *FY 2018 Third Quarter Review* totals \$10,137,760, with \$3,200,000 provided through a General Fund transfer and the remaining \$6,937,760 supported through a transfer from Fund 20000, Consolidated County and Schools Debt Service. This funding includes \$6.5 million in support for the Planning Land Use System (PLUS) – an enterprise land development solution that encourages seamless agency business process integration opportunities while streamlining plan, permit and inspection service delivery timeframes.

<b>Sportsplex Study</b>		<b>NON-RECURRING</b>
Fund 30010, General Construction and Contributions	FY 2018 General Fund Transfer	<u>\$300,000</u>
	<b>Net Cost</b>	<b>\$300,000</b>

The General Fund transfer to Fund 30010, General Construction and Contributions, is increased by \$300,000 to hire a professional consultant with expertise in the feasibility, development and operation of sports complex facilities to complete a comprehensive analysis for the feasibility to develop unique, state-of-the-art sports tourism destinations in Fairfax County. The study will include the potential for both indoor and outdoor sports facilities at multiple locations within the County and will be conducted working with the Sports Tourism Task Force. The tasks which will be performed as part of the study include: strategic

objectives analysis, market analysis, national and regional benchmarking, facility programming and site selection recommendations, and the development of an Organizational Plan, Operations Plan, and Financial Plan, including economic impact models.

<b>Infrastructure Replacement and Upgrades at County Facilities</b>		<b>NON-RECURRING</b>
Fund 30020, Infrastructure Replacement and Upgrades	FY 2018 General Fund Transfer	<u>\$3,000,000</u>
	<b>Net Cost</b>	<b>\$3,000,000</b>

The General Fund transfer to Fund 30020, Infrastructure Replacement and Upgrades, is increased by \$3,000,000 for infrastructure replacement and upgrades at County facilities. Partial funding of one-time capital improvements as part of a quarterly review is consistent with actions taken by the Board of Supervisors in previous years; however, it will be necessary in future years to increase baseline funding for these investments. As indicated in the FY 2019 Advertised Budget Plan, the funding provided as part of the *FY 2018 Third Quarter Review* in combination with the funding included in the FY 2019 Advertised Budget Plan will provide \$9,938,000 to address FY 2019 infrastructure replacement and upgrades project requirements.

Infrastructure replacement and upgrades projects support included in the *FY 2018 Third Quarter Review* totals \$8,237,400, including \$3,000,000 provided through a General Fund transfer and the remaining \$5,237,400 supported through a transfer from Fund 20000, Consolidated County and Schools Debt Service. Projects supported by this funding include roof replacements, electrical system upgrades, fire alarm system replacements, elevator/escalator repairs, emergency generator replacements, HVAC system upgrades and parking lot repairs at facilities throughout the County.

<b>Massey Complex Master Planning</b>		<b>NON-RECURRING</b>
Fund 30070, Public Safety Construction	FY 2018 General Fund Transfer	<u>\$350,000</u>
	<b>Net Cost</b>	<b>\$350,000</b>

The General Fund transfer to Fund 30070, Public Safety Construction, is increased by \$350,000 to support the full scope of master planning efforts associated with the Massey Complex. The Master Planning effort will evaluate potential land use alternatives for the Massey Complex following the demolition of the Massey Building and will include an assessment of County uses for the site, such as future criminal justice, public safety and/or human services needs. Major areas of consideration will include the Massey Building, Burkholder Building, Police Administration Building sites, and existing surface parking lots. Other on-site facility planning and space programming needs will also be reviewed, including the Old Courthouse building. The disposition of other real estate assets and leases within the City of Fairfax may also be evaluated for opportunities, and the potential for public private partnerships redevelopment will be assessed. In addition, work will continue on existing and previously funded projects in the complex. The Department of Public Works and Environmental Services is currently in the process of procuring consultant services to initiate the master planning process and, based on actual experience, is projecting an increase in required funding. Approval of this additional funding will provide a total of \$700,000 to complete this Master Planning effort.



**Accrued Liability Adjustment**

Fund 60000, County Insurance

	<b>NON-RECURRING</b>
FY 2018 General Fund Transfer	<u>\$2,349,000</u>
<b>Net Cost</b>	<b>\$2,349,000</b>

The General Fund transfer to Fund 60000, County Insurance, is increased by \$2,349,000 for accrued liability adjustments. An actuarial analysis was performed after the close of the fiscal year by an outside actuary to estimate the ultimate value of losses for which the County is liable. It is the County's policy to fully fund the Accrued Liability Reserve each year based on the actuarial valuation, in order to ensure adequate funding for those risks that are self-insured. The actuarial analysis estimates the ultimate value both for those cases where claims have already been reported as well as for those claims and future loss payments that could occur, or that have been incurred but not yet reported.

**PC Replacement Program**

Fund 60030, Technology Infrastructure Services

	<b>NON-RECURRING</b>
FY 2018 General Fund Transfer	<u>\$500,000</u>
<b>Net Cost</b>	<b>\$500,000</b>

A General Fund transfer of \$500,000 to Fund 60030, Technology Infrastructure Services, is included to support the increasing costs to the PC Replacement Program. This allocation will provide immediate assistance to the program while the Department of Information Technology works to provide longer-term solutions for agencies.

**REDUCTIONS/SAVINGS****(\$0.93 MILLION)****Incentive Reinvestment Initiative**

Multiple Agencies

	<b>NON-RECURRING</b>
FY 2018 Expenditure	<u>(\$926,698)</u>
<b>Net Cost</b>	<b>(\$926,698)</b>

A net decrease of \$926,698 reflects the savings generated by agencies as the result of careful management of their expenditures during the fiscal year. The Incentive Reinvestment Initiative was established to encourage staff to identify savings and efficiencies by allowing County departments to retain a portion of the savings generated to reinvest in employees. General Fund agencies were challenged to identify savings up to 1 percent of their FY 2018 Adopted Personnel budget. Of the total amount identified, 50 percent will be returned to the General Fund as part of Third Quarter. The remaining 50 percent of the savings is retained by agencies and will be reinvested in employee training, conferences, and other employee development and succession planning opportunities. In order to accommodate these savings, which are generated late in the fiscal year, the balance will be treated as unencumbered carryover for one year.

**INCREASE TO RESERVES****\$1.25 MILLION****Reserve Adjustments**

Fund 10010, Revenue Stabilization

	<b>NON-RECURRING</b>
General Fund Transfer	<u>\$626,962</u>
<b>Net Cost</b>	<b>\$626,962</b>

Additional funding of \$626,962 is transferred from the General Fund to Fund 10010, Revenue Stabilization, as a result of the County's policy that any budgeted increase in General Fund disbursements is accompanied by a 10 percent commitment to reserves, with the increase divided between the Managed Reserve and the Revenue Stabilization Reserve. As a result of this adjustment, the \$23,619,366 General Fund transfer included in the *FY 2018 Revised Budget Plan*, and a transfer of \$804,000 from Fund 20000, Consolidated

Debt Service, the projected FY 2018 balance of the Revenue Stabilization Reserve is \$204,745,161, or 4.86 percent of General Fund disbursements.

It should be noted that an additional \$626,962 is also allocated to the Managed Reserve as part of the *FY 2018 Third Quarter Review*, for a total General Fund increase to reserves of \$1,253,924. The projected FY 2018 balance of the Managed Reserve is \$126,014,706, or 2.99 percent of General Fund disbursements.

### **Summary**

*In summary, I am recommending that the following actions be taken:*

- Board approval of the funding and audit adjustments contained in this package which result in a General Fund Available Balance of \$0.50 million and an increase of \$81.77 million in Appropriated Other Funds expenditures excluding Federal and State Grants, audit adjustments and Schools' funds. Details regarding adjustments for School funds as requested by the Fairfax County Public Schools are provided in the Schools' Recommended *FY 2018 Third Quarter Review* package (Attachment VII).
  - Supplemental Appropriation Resolution AS 18190
  - Amendment to Fiscal Planning Resolution AS 18901
  - Supplemental Appropriation Resolution AS 17298
- Board appropriation of Federal/State grant adjustments in Fund 50000, Federal/State Grants, totaling an increase of \$35.80 million.
- Board approval of an adjustment to the Managed Reserve to reflect the adjustments included in the *FY 2018 Third Quarter Review*.