

Advertised Budget Summary

ECONOMIC OVERVIEW

Nationally

In 2017, the U.S. economy experienced faster growth than it had in 2016. For all of 2017, real Gross Domestic Product (GDP) grew at a preliminary rate of 2.3 percent, up from 1.5 percent in 2016. Consumer spending, which makes up more than two-thirds of economic activity, grew 3.8 percent in the fourth quarter, compared to 2.2 percent in the third quarter. Overall government expenditures increased 3.0 percent.

At the end of 2017, the unemployment rate was 4.1 percent, matching the lowest level in 17 years. In December, 148,000 jobs were added, which was the 87th consecutive month of gains. The U.S. economy added 2.1 million jobs in 2017, another solid year of job gains after 2.2 million jobs were added in 2016. Economists believe that this performance will be hard to repeat in 2018 as the economy has steadily improved, adding jobs at a brisk pace for one of the longest consecutive streaks on record and as the availability of qualified workers is reduced. Signs of a tightening labor market appeared when the Labor Department announced in its latest report that average hourly earnings grew 2.9 percent in January compared to a year ago, the best gain since June 2009. While it remains to be seen if accelerating wage growth is here to stay, the report caused some to be concerned about the prospect of higher inflation and faster Fed tightening to prevent the overheating of the economy.

After increasing the target range for the federal funds rate for the first time in almost a decade back in December 2015, the Federal Reserve raised the rate again in December 2016 and continued raising it at a gradual pace throughout 2017. Most economists expect three rate hikes in 2018; however, the pace of tightening may accelerate if inflation rises abruptly.

Home prices nationwide continued their rise in 2017. According to the S&P/Case-Shiller home price index, home prices were up 6.4 percent for the 12 months ending November 2017. Demand is not the primary factor in rising home prices. Since 2010, construction of single family homes has been substantially below the long-term average of about one million new homes annually. According to the National Association of Realtors, the available inventory of homes for sale is at its lowest level since 2005 at approximately 4-months' supply compared to a "normal" market of 6-months' supply. Without more supply, and supported by low mortgage interest rates, home prices are likely to continue to rise. Home prices in the Washington Metropolitan area posted a more modest 3.3 percent gain during the same period.

Fairfax County

The Washington region's economy has been expanding since the contraction experienced in 2013 and 2014 as a result of the sequester. In 2017, the level of growth was almost on par with that of the national economy in spite of the absence of significant federal spending increases and the diminishing share of the federal sector in the regional economy. According to Dr. Stephen Fuller, a George Mason University professor, federal government spending in the region, which accounted for almost 40 percent of the Gross Regional Product back in 2010, declined to an

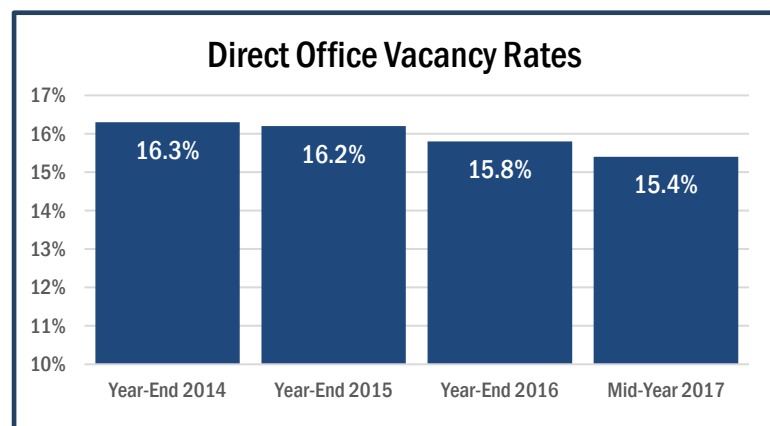
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estimated 30 percent by 2017. Dr. Fuller expects a positive economic trajectory for the Washington region in 2018.

The labor market in Fairfax County has shown continued improvement and has recovered from the job losses in 2013 and 2014, when employment fell 0.6 percent and 1.2 percent, respectively. In June 2017, there were almost 7,000 more jobs in the County compared to June 2016, an increase of 1.2 percent. Employment in the Professional and Business Services sector, which includes most federal contractors, lost almost 12,600 jobs in 2013 and 2014 and remained flat in 2015. In 2016, employment in this sector increased by more than 2,300 jobs and growth has extended through the first half of 2017. However, as of June 2017, the number of jobs in the sector is still 3.3 percent below the 2012 level. Other industry sectors that created new jobs through mid-year 2017 include Education and Health Services, Financial Activities, and Leisure and Hospitality. The County's unemployment rate is 2.6 percent as of December 2017, down from 3.0 percent in December 2016, the lowest level since 2008.

According to estimates from IHS, the County's Gross County Product (GCP), adjusted for inflation, increased at a preliminary rate of 1.7 percent in 2017, after growing a modest 0.4 percent in 2016. Growth is projected to accelerate to 2.6 percent in 2018. The positive 2018 outlook is supported by strong job growth, personal earnings growth, and high consumer confidence. While its impact will not be immediate, the added stimulus by the recently approved federal tax reform is expected to also reinforce the economy. However, uncertainty associated with the direction of the federal budget could impact the County's ability to grow its economy in the coming years. A budget deal which would eliminate the threat of sequestration and increase funding for defense and domestic programs would go a long way toward providing stability for the regional economy. On the national level, potential risks for the future performance of the economy include the extended business cycle, which is almost in its ninth year of expansion, structural imbalances, volatility in the stock market and rising interest rates. Still, most economists expect an above average year for the U.S. economy.

Based on information from the Metropolitan Regional Information System (MRIS), the average sales price of homes sold in Fairfax County rose 4.3 percent from \$544,416 in 2016 to \$567,829 in 2017. Home prices continue to increase primarily as a result of tight inventory of homes for sale and low mortgage interest rates. Since 2009, the average home sales price has risen 36.1 percent, or an average annual growth of 3.9 percent. MRIS also reported that 16,109 homes sold in the County in 2017, up 2.3 percent over 2016. Homes that sold during 2017 were on the market for an average of 45 days, down from 52 days in 2016. In the County's nonresidential market, according to the Fairfax County Economic Development Authority, the direct office vacancy rate was 15.4 percent at mid-year 2017, down from 15.8 percent at year-end 2016. The overall office vacancy rate, which includes empty sublet space, was 16.2 percent at mid-year 2017, down



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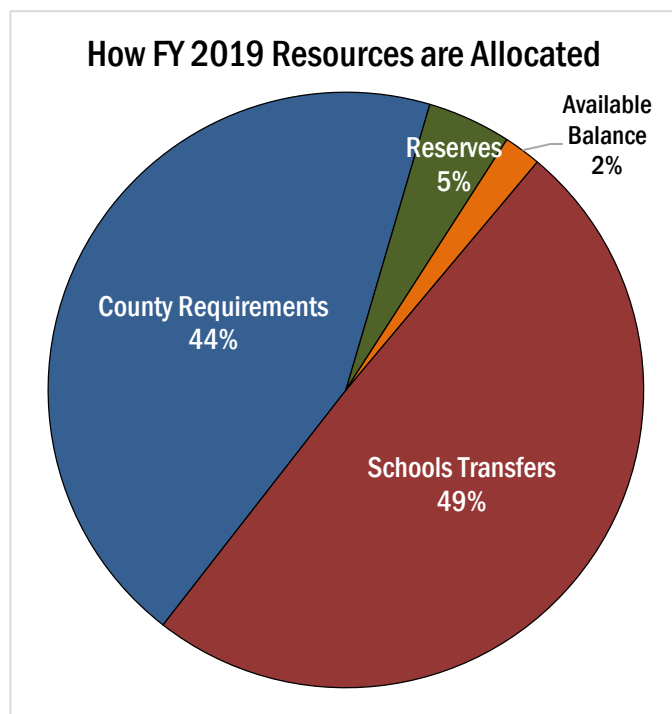
from 16.8 percent recorded at year-end 2016. The amount of empty office space dropped to 18.9 million square feet. Industry experts anticipate vacancy rates to remain relatively stable through 2018 as tenants monitor economic conditions and the direction of the federal budget.

Fairfax County ranks as the 17th most active office construction market nationally. During 2017, office development continued around Metro stations in the Silver Line corridor and in other areas of the County as well. Nine office buildings totaling more than 3.1 million square feet were underway in six submarkets in June 2017. More than 70 percent of the office space being built is leased or will be owner-occupied. Office leasing activity topped 5.6 million square feet in the first half of 2017, and is on pace to exceed 11 million by year-end. As has been the case for the past several years, the overwhelming majority of leasing activity during the first half of 2017 involved renewals and consolidations. Lease rates for new space are adjusting to market conditions as many tenants are taking advantage of favorable rates, and others are looking to capitalize on market conditions by consolidating operations in newer space near Metro stations. This “flight to quality,” however, results in vacancies in office space that is older and often farther from transit and amenities.

FY 2019 GENERAL FUND BUDGET SUMMARY

Based on the current Real Estate Tax rate of \$1.13 per \$100 of assessed valuation, \$130.72 million in revenue was generated over FY 2018 levels. However, as noted in the County Executive’s message, this level of revenue is insufficient to fund important priorities such as compensation, debt service, and transportation, as well as public safety and human services priorities. A 2.5 cent increase in the Real Estate Tax rate generates an additional \$61.60 million. With the small impact of Transfers In adjustments of \$0.11 million, \$192.43 million is available for FY 2019 requirements.

As noted in the pie chart, of the available FY 2019 resources, 49 percent are allocated for Schools priorities, while 44 percent are allocated for County requirements. Another 5 percent is allocated for reserve requirements per the County’s reserve policy approved in 2015, while the remaining 2 percent, or \$3.88 million is available for the Board’s consideration as decisions are made on the budget.



The following table summarizes the [FY 2019 Advertised Budget Plan](#).

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FY 2019 Advertised Budget Summary	
(Amounts shown are in millions, net change over FY 2018 Adopted Budget Plan)	
Available Revenue Increase	
Revenue Increase at Current Real Estate Tax Rate	\$130.72
Revenue associated with 2.5 cent Real Estate Tax Rate Increase	\$61.60
Net Impact of Transfers In	<u>\$0.11</u>
Total Available	\$192.43
FY 2019 Requirements	
Schools Support	\$95.10
School Operating Transfer	\$88.35
School Debt Service Transfer	\$4.25
School Construction	\$2.50
County Requirements	\$84.71
Employee Pay and Benefits	\$55.72
Capital and Debt	\$3.02
Public Safety	\$7.48
Human Services	\$8.78
Community Development	\$11.36
Cost of County Operations	\$1.75
Reductions/Savings	(\$3.40)
Reserve Adjustments	\$8.74
Total Uses	\$188.55
Available for Other Critical Requirements	\$3.88

FY 2019 General Fund Revenue

FY 2019 General Fund revenues are projected to be \$4,293,064,554, an increase of \$177,698,903, or 4.32 percent, over the *FY 2018 Revised Budget Plan*, which contains the latest FY 2018 revenue estimates, and an increase of \$192,324,377, or 4.69 percent, over the FY 2018 Adopted Budget Plan.

On the County's real estate front, residential equalization reflects a 2.17 percent increase in FY 2019, while non-residential equalization is up 3.79 percent. The overall Real Estate tax base grew 3.59 percent.

The value of a penny on the Real Estate Tax rate is \$24.64 million in FY 2019. Each penny change in the tax rate equals \$54.72 on a taxpayer's bill. Given an average value of a residential unit of \$547,219, the "typical" residential annual tax bill will rise, on average, \$268.13 in FY 2019 at the proposed Real Estate tax rate of \$1.155 per \$100 of assessed value.

The *General Fund Revenue Overview* in the FY 2019 Overview volume has additional details on General Fund revenues.

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FY 2019 General Fund Disbursements

FY 2019 General Fund disbursements are \$4,288,101,414, an increase of \$181,479,250, or 4.42 percent, over the FY 2018 Adopted Budget Plan and an increase of \$88,903,902, or 2.12 percent, over the *FY 2018 Revised Budget Plan*. The increase over the Adopted budget is based on an increase of \$95.10 million for Fairfax County Public Schools for Operating, Debt, and Construction; an increase of \$84.71 million for County requirements, discussed in more detail below; and an increase of \$1.67 million as a result of required contributions to the Revenue Stabilization Fund. In addition, \$7.07 million is added to the Managed Reserve. It should also be noted that 77 new positions, some outside of the General Fund, are included in the FY 2019 Advertised Budget Plan, and are detailed below.

Increases over the FY 2018 Adopted Budget Plan are explained in the following pages, grouped into the following main categories:

- ◆ Fairfax County Public School (FCPS) Support
- ◆ County Requirements
- ◆ Reserve Requirements

Fairfax County Public School (FCPS) Support

\$95.10 million

Total County support to Fairfax County Public Schools – including County transfers to the School Operating, Debt Service, and Capital Contribution funds – total \$2.26 billion. This level of funding represents an increase of \$95.10 million, or 4.38 percent, over FY 2018 Adopted Budget Plan levels. Schools support remains at 52.8 percent of total General Fund disbursements in FY 2019.

■ Operating Fund Support

The General Fund transfer to the Public School Operating Fund reflects an increase of \$88.35 million, or 4.49 percent, over the funding level in the FY 2018 Adopted Budget Plan. This level of support is consistent with the transfer request approved by the Fairfax County School Board on February 8, 2018, after accounting for increased state revenues anticipated from re-benchmarking and a decrease in the Local Composite Index. This funding would support salary adjustments for teachers and School employees, including enhancements to the teacher salary scales; benefits and health insurance increases; increases related to enrollment and demographics changes; and contractual increases.

■ Debt Service Support

The General Fund transfer to the School Debt Service Fund is increased by \$4.25 million, or 2.25 percent over the FY 2018 level.

■ School Construction/Capital Support

Over the past few years, there has been significant discussion between the Board of Supervisors and the School Board regarding School capital needs and the possibility of increasing the annual bond sales limit from its current level of \$275 million to

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accommodate a potential increase in the annual School bond capacity from its current level of \$155 million. As part of their approval of the Schools Capital Improvement Program on January 25, 2018, the School Board requested a \$50 million increase in School bond capacity to \$205 million. Although no decision has been made by the Board of Supervisors, and additional conversations are anticipated as part of the FY 2019 budget adoption process, the FY 2019 Advertised Budget Plan includes an increase of \$2.5 million to accommodate a potential \$25 million increase in School bond sales. However, as increased sales would not result in increased debt service requirements until FY 2020, the \$2.5 million is included as a one-time increase to the School Construction Fund in FY 2019. If an increase to School bond sales is approved by the Board, it is anticipated that the FY 2020 transfer to School Construction would return to its previous level and School Debt Service support would increase.

Not included in the transfers noted above is County support for Schools funded using County dollars. In FY 2019, this support totals \$88.1 million for programs such as Head Start, School Health, Behavioral Health Services, School Resource Officers, School Crossing Guards, after-school programming, field maintenance, and recreational programs, among others.

County Requirements

\$84.71 million

Overall, County disbursements (excluding Schools transfers and the transfer to the Revenue Stabilization Fund) total \$2.02 billion, an increase of \$84.71 million, or 4.38 percent, over the FY 2018 Adopted Budget Plan. Details for the most significant adjustments are provided below.

Employee Compensation (Pay and Benefits)

\$55.72 million

The FY 2019 Advertised Budget Plan includes funding for a market rate adjustment, as well as performance and longevity increases for general County employees and merit and longevity increases for uniformed public safety employees. Additionally, salary increases targeted for specific job classes as a result of market benchmark studies are funded. Total funding for employee pay equals \$49.96 million.

◆ **2.25% Market Rate Adjustment**

Funding of \$27.85 million is included for the full-year impact of a 2.25 percent Market Rate Adjustment (MRA) increase effective July 2018 for all employees. The MRA provides a guide to the amount of pay structure adjustment needed to keep County pay rates competitive with the market. It is based on a calculation approved by the Board of Supervisors and includes the following components:

- Consumer Price Index (CPI) for the Washington-Baltimore area. The U.S. Department of Labor's Bureau of Labor Statistics prepares this index. The CPI closely monitors changes in the cost of living. The CPI represents 40 percent of the index.
- Employment Cost Index (ECI). The U.S. Department of Labor's Bureau of Labor Statistics prepares the ECI. The ECI measures the rate of change in employee compensation (wages and salaries). The index used by the County measures changes

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in employee compensation for "Civilian" workers. This includes private sector, state, and local government employees. Federal employees are not included in this index. The ECI represents 50 percent of the index.

- Federal Wage Adjustment for the Washington-Baltimore area. The Federal Office of Personnel Management prepares this wage adjustment. Fairfax County will use the most current approved wage adjustment in budget calculations. However, because of the timing of the approval of the Federal Wage Adjustment and Fairfax County's budget cycle, Fairfax County will use the wage adjustment from the previous January. The Federal Wage Adjustment represents 10 percent of the index.

◆ General County Performance/Longevity Increases

Funding of \$12.61 million supports General County employee pay increases included in the budget reflecting the performance and longevity program for all eligible General County employees approved by the Board of Supervisors in fall 2014 and implemented in FY 2016.

The funding reflects increases effective July 2018 for graduated performance increases, based on where employees are on the pay scale, and the 4 percent longevity increases provided to employees who reach 20 or 25 years of service. In FY 2019, all employees reaching 20 or 25 years of service as of June 30, 2018, will receive

a 4 percent increase. Employees receiving a longevity award do not also receive a performance award. The performance increases range from 3 percent for employees within 15 percent of the bottom of the pay scale to 1.25 percent for employees within 25 percent of the top of the pay scale. The average increase in FY 2019 is 2 percent.

Average Projected Employee Increases in FY 2019

	General County	Uniformed Public Safety
Market Rate Adjustment	2.25%	2.25%
Steps/Longevities	--	2.25%
Performance/Longevities	2.00%	--
Average Increase (Range of Increases)	4.25% (2.25%-6.25%)	4.50% (2.25%-7.25%)

◆ Public Safety Merit/Longevity Increases

Funding of \$9.41 million is included for public safety pay increases which reflect merit and longevity increases for all eligible public safety employees. The funding reflects the full-year impact of merit and longevity increases provided to uniformed employees in FY 2018 and the partial-year costs for merit and longevity increases provided to uniformed employees in FY 2019 since all increases are effective on the employee's anniversary date. Merit increases are awarded to public safety employees as they progress through the pay scale. Public safety employees who have reached a length of service (15 and 20 years) milestone and have reached the top step of their pay scale are eligible for longevity. Merit and longevity increases are each 5 percent for public safety employees. In any given year between 40 and 50 percent of public safety employees are eligible for one or the other. As a result, the average increase is approximately 2.25 percent.

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◆ Increases resulting from Benchmark Studies

A net increase of \$0.09 million is included for salary increases as a result of the County's benchmark class review and market studies. Analyses are performed annually to determine if job class midpoints fall below 95 percent of the market midpoint average. For General County employees, external market reviews were performed for 75 benchmark job classes, and additional reviews were performed for specific job classes based on recruitment and retention issues. Based on the results of the analysis, 5 job classes fell below the 95 percent threshold. Including job classes linked to the specific job classes studied, a total of 17 job classes are recommended for adjustment. Employees in these job classes receive increases of 1.5 or 3.0 percent of the new salary grade midpoint, depending on their current position relative to the midpoint salary for their grade. The total General Fund impact in FY 2019 is \$0.66 million, which includes expenditure increases of \$0.09 million as well as a revenue reduction of \$0.57 million (associated with a redirection of revenue to Fund 40090, E-911, to offset related expenses in that fund).

Additional market analyses were conducted for uniformed public safety job classes. For each of the major public safety groups – Police, Fire and Rescue, and Sheriff – three agreed-upon benchmark classes are compared to local comparators. Recommendations for adjustments are made when at least two of the benchmark classes are below 95 percent of the market midpoint average. Based on the results of the analysis, no increases are recommended for uniformed public safety job classes in FY 2019.

County's Living Wage

The FY 2019 Advertised Budget Plan includes a recommendation to keep the County's Living Wage competitive in relation to the market. Consistent with the methodology used to adjust County pay scales, it is recommended that the Living Wage be increased by the approved Market Rate Adjustment each year. For FY 2019, this would result in a 2.25 percent increase from the current rate of \$14.50 per hour to \$14.83 per hour. There is no fiscal impact anticipated, and staff will continue to monitor other local jurisdictions for competitiveness.

◆ Retirement Funding

The FY 2019 budget includes a net increase of \$5.51 million in Employee Benefits for employer contributions to the retirement systems. Of this amount, an increase of \$8.11 million is related to employer contribution rate adjustments based on fiduciary requirements and the County's pension funding policy approved by the Board of Supervisors in April 2015. The increase is offset by \$2.60 million in savings based on year-to-date experience.

As a result of the County's policy to increase the employer contribution rates to include amortization of 100 percent of the unfunded liability in the actuarially determined contributions for each of the systems by FY 2020, the employer contribution rates for all three systems include the impact of a change to the amortization schedule to increase the amortization of the unfunded actuarial accrued liability from 98 percent to 99 percent. This change results in an increase in the employer contribution rate for the Employee's and Police

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Officers systems. However, savings resulting from FY 2017 experience fully offset the required increase from this change in the Uniformed system, resulting in no net increase in the employer contribution rates for that system.

Two of the three systems' investment returns exceeded the 7.25 percent assumed rate of investment return in FY 2017, while one returned slightly under this assumed rate of return. The Employees' system was up 6.8 percent, the Uniformed system was up 10.8 percent, and the Police Officers system returned 9.3 percent. The FY 2017 investment results, contribution levels, and liability experience affected the funding ratios as demonstrated in the table below. The table below displays the market value of each system's assets as a percentage of the total plan liability as published in the County's Comprehensive Annual Financial Report (CAFR) and as required under new GASB requirements.

	June 30, 2016	June 30, 2017*
Employees'	70.2%	69.9%
Uniformed	77.2%	80.9%
Police Officers	81.4%	83.2%

* The June 30, 2017 funding ratios will be included in the FY 2018 County CAFR

It should be noted that since these calculations utilize asset figures as of a point in time (not smoothed as under previous methodologies), the funding ratios calculated are subject to volatility based on market returns.

In addition, 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 systems. The elimination of the 5 percent offset in FY 2019 will not impact the FY 2019 employer contribution rates. However, following Board of Supervisors policy to fully fund any increase in liability that results from a benefit enhancement in the year that the enhancement is approved, an increase of \$1.5 million will be included as part of the *FY 2018 Third Quarter Review* to fund the increased liability resulting from this decrease in the Social Security offset for service-connected disability retirees.

◆ Health Insurance and Other Benefits

A net increase of \$0.25 million in Employee Benefits is primarily due to \$4.73 million to reflect the full-year impact of calendar year 2018 premium increases and costs associated with a projected 5.5 percent premium increase for all health insurance plans, effective January 1, 2019. It should be noted that these premium increases are budgetary projections only, and final premium decisions will be made in the fall based on updated claims experience. The increase also reflects a \$0.50 million adjustment to the County transfer to Fund 40040, Fairfax-Falls Church Community Services Board, for fringe benefit support. These increases are partially offset by projected savings in fringe benefits of \$4.98 million based on year-to-date experience.

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Capital Construction and Debt Service

\$3.02 million

The increase in funding for Capital Construction and Debt Service is \$3.02 million. This increase represents increased debt service requirements in FY 2019. General Fund support for the Capital Program is decreased by \$0.98 million based on a shift of operational expenses from the Capital Program to the General Fund operational budget, as described below.

The FY 2019-FY 2023 Capital Improvement Program (CIP) totals \$10.7 billion. The total bond program within the CIP is \$1.9 billion (includes both General Obligation and Economic Development Authority bonds), and the CIP bond program is managed within the County's debt ratios. CIP highlights include the review and analysis associated with the long-range Bond Referendum Plan and the County's debt capacity, as well as the efforts underway due to the establishment of the capital sinking reserve funds.

◆ Debt Service

In addition to requirements associated with School debt service, FY 2019 General Fund support of County debt service requirements is \$149.05 million, an increase of \$3.02 million over the FY 2018 Adopted Budget Plan. The FY 2019 funding level supports existing debt service requirements, including the \$251.78 million in General Obligation bonds sold in January 2018. During FY 2019 it is anticipated that a General Obligation bond sale of \$302.73 million will be conducted to fund cash requirements for on-going capital projects for School and County purposes. This figure is above the current County limit of \$275 million due mainly to the assumption of additional bond funds (\$25 million) provided to the Fairfax County Public Schools. Discussions will occur with the Board of Supervisors as part of budget committee meetings in spring 2018 to review and potentially revise annual bond sale limits. This bond sale estimate is consistent with the FY 2019-FY 2023 Advertised Capital Improvement Program (With Future Fiscal Years to 2028).

◆ Capital Construction

Capital Construction is primarily financed by the General Fund, General Obligation bonds, fees, and service district revenues. General Fund support in FY 2019 totals \$18,462,076. This represents a decrease of \$979,800 based on a shift of operational expenses from the Capital Program to the General Fund operational budget. This shift is associated with operational expenses related to the management of the Laurel Hill and Workhouse Arts Foundation properties. Funding for capital improvements and other property management expenses had previously been funded in Fund 30010, County Construction and Contributions. In recent years, funding has supported staffing and maintenance in the Park Authority and Facilities Management Department, and funding no longer supports capital improvements projects. There is no net impact to the General Fund.

Based on the Board of Supervisor's FY 2018 Budget Guidance to "increase funding for infrastructure both in the use of one-time balances and by increasing the level of funding in the annual budget", additional funding for Paydown projects is anticipated to be included as part of the *FY 2018 Third Quarter Review*. This approach is consistent with the one taken as part of the FY 2018 Adopted Budget Plan.

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FY 2019 Capital Construction/Paydown Summary ¹			
	Commitments, Contributions, and Facility Maintenance	Paydown	Total General Fund Support
Athletic Field Maintenance and Sports Projects	\$4,435,338	\$1,700,000	\$6,135,338
Park Authority Inspections, Maintenance, and Infrastructure Upgrades	\$960,000	\$1,690,000	\$2,650,000
Environmental Initiatives	\$535,000	\$0	\$535,000
On-Going Development, Infrastructure Maintenance and Revitalization	\$1,560,000	\$0	\$1,560,000
Payments and Contributions	\$4,381,138	\$0	\$4,381,138
County Infrastructure Replacement and Upgrades	\$0	\$1,700,600	\$1,700,600
Reinvestment, Repair, and Emergency Maintenance of County Roads and Walkways	\$0	\$1,300,000	\$1,300,000
Developer Default Improvements	\$0	\$200,000	\$200,000
Total General Fund Support	\$11,871,476	\$6,590,600	\$18,462,076

¹ Reflects General Fund support. Other funding sources such as dedicated revenue and bond funding are not included in these totals.

Details about the Capital program are available in the *Capital Projects Overview* of the Overview volume.

Public Safety

\$7.48 million and 32 Positions

Public safety priorities for FY 2019 include continued support for multi-year initiatives such as positions to continue staffing the new South County Police Station, funding for the third year of the implementation of the Diversion First initiative, funding related to recommendations of a Board-directed review of the Police organizational structure, and funding to replace expiring grant funding for the Fire and Rescue Department. In addition, resources are included to respond to and prevent gangs in the County.

◆ South County Police Station

An increase of \$3.40 million and 17/17.0 FTE positions in the Police Department is required to continue the process of staffing the South County Police Station. These positions, which are in addition to 20/20.0 FTE positions added in the FY 2017 and FY 2018 budgets, are required as a recent Public Safety bond referendum included a new police station located in South County. Current estimates indicate that 33 additional uniformed positions will be required (spread out between Fiscal Years 2020 and 2021) to fully staff this station. Based on the large number of staff required, and the significant lead time associated with hiring and training new recruits, additional staff are being provided over a multi-year period. This phased-in approach will allow the Department to gradually hire and train new recruits and will allow for continued analysis to ensure that current staffing estimates are accurate.

◆ Diversion First

An increase of \$1.93 million and 14/14.0 FTE positions is required to support the third year of the County's successful Diversion First initiative. Diversion First is a multiagency collaboration between the Police Department, Office of the Sheriff, Fire and Rescue

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Department, Fairfax County Court System, and the Fairfax-Falls Church Community Services Board to reduce the number of people with mental illness in the County jail by diverting low-risk offenders experiencing a mental health crisis to treatment rather than bring them to jail. Funding added in FY 2019 will:

- Allow the Juvenile and Domestic Court to provide increased supervision of the pretrial cases requiring mental health services and further align practices with the General District Court.
- Allow the Police Department to support diversion services at the Merrifield Crisis Response Center on a 24 hour per day, 7 days per week basis which is a foundational aspect of Diversion First and is recognized as a best practice in crisis intervention;
- Allow the Office of the Sheriff to provide consistent supervision for the officer assigned at the Merrifield Crisis Response Center on a 24/7 basis and provide secure transportation for psychiatric hospitalizations.
- Allow the Community Services Board to establish a third Mobile Crisis Unit, increase staffing on the Jail Diversion Team, and strengthen behavioral health services at needed intercepts.

◆ Police Department Organizational Review

An increase of \$0.73 million is associated with adjustments resulting from a consultant study related to the operational and administrative structure of the Police Department and uniformed Police Department salaries. Recommendations were presented at the Personnel Committee meeting on October 4, 2016, to create additional relief Sergeant positions to provide a regular resource to fill operational vacancies as well as some adjustments to the Department's O-scale pay plan. As part of the FY 2018 Adopted Budget Plan, funding of \$0.53 million and 18/18.0 FTE positions were included to support relief Sergeants. Additional funding of \$0.73 million is estimated to be required as part of the FY 2020 budget to complete this initiative.

◆ Gang Prevention

An increase of \$0.65 million is associated with the County's efforts to respond to and prevent gangs in Fairfax County. Gang prevention is a multiagency collaboration between the Police Department, Office of Public Affairs, Juvenile and Domestic Relations District Court, Department of Neighborhood and Community Services, and Fairfax County Public Schools. Funding is designed to help the County better provide education, prevention, enforcement, and coordination in responding to gangs. Funding supports expansion of the Intervention, Prevention and Education (IPE) program, as well as intensive services for reunifying families, both in partnership with Northern Virginia Family Services.

◆ Partial-Year Funding for Fire and Rescue SAFER Staffing

An increase of \$0.43 million is required to cover the partial-year costs associated with 18/18.0 FTE positions previously funded by a Staffing for Adequate Fire and Emergency Response (SAFER) grant which expired in FY 2018. These positions have allowed the department to complete the initiative of having a fourth person on all 14 ladder truck companies. Four-person truck staffing has enhanced the Fire and Rescue Department's ability to establish on-scene firefighting, rescue, and medical emergency services in a more timely and efficient

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manner, with the right amount of personnel, thus reducing property loss and firefighter injury risks or death.

◆ **Violent Crimes Task Force Position**

An increase of \$0.17 million and 1/1.0 FTE position in the Police Department is required to support long-term complex investigations related to stolen property, narcotics, murder for hire, and document fraud in the Criminal Intelligence Division (CID). This position was supported by a grant from the Bureau of Alcohol, Tobacco, Firearms, and Explosives (ATF) which expired in FY 2018.

◆ **Fairfax County Volunteer Fire and Rescue Association**

An increase of \$0.10 million is included for operational support of the Fairfax County Volunteer Fire and Rescue Association, a nonprofit organization of 12 independent volunteer fire departments that partner with the career firefighters of the Fairfax County Fire and Rescue Department to provide emergency services.

◆ **Animal Sheltering Position**

An increase of \$0.08 million in the Department of Animal Sheltering is required to support a position redirected to the agency in FY 2018 to continue staffing the department since its establishment as an independent agency.

Human Services

\$8.78 million and 18 Positions

Human Services priorities in FY 2019 include funding to combat the growing opioid epidemic, support early childhood education programs, expand Opportunity Neighborhoods, and add School-Age Child Care rooms. Additionally, support is included for programs which assist expectant low-income mothers and medically fragile students in schools. Contract rate increases are also funded for a number of Human Services agencies.

◆ **Contract Rate Increases**

An increase of \$3.32 million supports contract rate increases for a variety of programs and providers in Health and Human Services agencies. The expenditure increase is partially offset by \$0.50 million in revenue, for a net cost to the County of \$2.82 million.

◆ **Opioid Task Force**

An increase of \$1.47 million is required to address the growing opioid epidemic. In response to the opioid crisis facing our nation and local communities in Northern Virginia, the Board of Supervisors established an Opioid Task Force to help address the opioid epidemic locally. The Task Force outlined a multiyear plan to reduce deaths from opioids through prevention, treatment, and harm reduction strategies. The multiyear plan also focuses on enhanced data strategies to identify trends, target interventions and evaluate effectiveness. Funding will support increased education and awareness, the expanded use of Medication Assisted treatment, and epidemiological support.

◆ **Funding for Public Assistance Eligibility Workers**

An increase of \$1.10 million is included to appropriate additional revenue from the state to support additional positions in the Public Assistance program. The positions will continue

Advertised Budget Summary

to address the increase in caseloads in the Self-Sufficiency Division. The expenditure increase is fully offset by an increase in federal and state revenue for no net impact to the General Fund. This adjustment is commensurate with funding approved by the Board of Supervisors as part of the *FY 2017 Carryover Review*.

◆ Consolidated Community Funding Pool

An increase of \$0.56 million is included to support the community organizations providing Human Services in the County. FY 2019 is the first year of a two-year funding cycle. The Consolidated Community Funding Advisory Committee (CCFAC) has organized the FY 2019/FY 2020 funding priorities according to six areas and adopted corresponding outcome statements. The Board of Supervisors approved these funding priorities on June 20, 2017.

◆ Early Childhood Care Slots

An increase of \$0.54 million is included to support 36 new early childhood care slots to serve at-risk preschoolers in comprehensive early childhood programs in community-based settings. Early childhood education programs support the development of children's cognitive, social, emotional, and physical development skills which are strong predictors of success in kindergarten and beyond. These programs include education programming as well as health and behavioral health services for at-risk preschoolers whose families with low to moderate income may not qualify for a childcare subsidy, as well as three-year-olds who are not yet eligible for the Virginia Preschool Initiative (VPI).

◆ Opportunity Neighborhoods

An increase of \$0.44 million is included to support the continued expansion of the Opportunity Neighborhood (ON) initiative into the Bailey's/Culmore area of Human Services Region 2, and to Herndon in Region 3. ON is a Department of Neighborhood and Community Services (NCS) initiative that coordinates the efforts of multiple County agencies and community-based programs and services to promote positive outcomes for children and youth by aligning available programming with identified needs, interests, and gaps in a particular community. Major outcomes include ensuring that children are prepared for school entry; that children succeed in school; that youth graduate from high school and continue on to postsecondary education and careers; and that ON families, schools, and neighborhoods support the healthy development and academic success of the community's children and youth. ON is currently operating in two regions of the County. Region 1 ON in the Mount Vernon and Lee Districts was established in 2011, and as part of the FY 2017 Adopted Budget Plan, funding was included to support the first phase of expanding ON into the Reston area of Region 3. The existing ON efforts have led to positive trends across several key measures including school attendance, discipline, parent engagement, and volunteerism.

◆ Two New School-Age Child Care (SACC) Rooms

An increase of \$0.43 million and 2/1.6 FTE positions are associated with the opening of two new SACC rooms at White Oaks Elementary School. The expenditure increase is partially offset by an increase of \$0.34 million in SACC revenue for a total net impact to the County of \$0.09 million. Funding and positions reflect the continuation of the standard SACC staffing plan implemented for new rooms in FY 2010.

Advertised Budget Summary

◆ Expand Nurse Family Partnership Program

An increase of \$0.25 million and 2/2.0 FTE positions in the Health Department are included to expand the Nurse Family Partnership Program into the Herndon and Reston areas of the County. The program is an evidence-based nurse home-visiting program that works with low-income mothers who are pregnant with their first child and are at the highest risk for poor birth outcomes, to achieve healthier pregnancies and births, stronger child development, and a path toward economic self-sufficiency. This funding will be used to expand the service to an estimated 50 new families in the Reston and Herndon areas. The Nurse Family Partnership Program is part of the Equitable School Readiness Strategic Plan and funding is consistent with the presentation to the Board of Supervisors in January 2018.

◆ Nursing Services for Medically Fragile Students

An increase of \$0.13 million is included to address the increase in one-on-one nursing services for medically fragile students enrolled in Fairfax County Public Schools. The Medically Fragile program serves both full-time and pre-school students, and if a student is found eligible, services are mandated under federal law. Cases are reviewed by a multidisciplinary team of experts who recommend services based on the medical need of a student. The Health Department coordinates, manages, and financially supports these nursing services. Over the last several years there has been an increase in demand for one-on-one nursing services and the demand is expected to continue to grow in the coming years as more medically fragile students are entering the school system at pre-school age and remaining in the system until the completion of their school years. Additionally, the complexity of care and the number of hours required per student continues to grow.

◆ Anti-Parasitic Medication

An increase of \$0.12 million is included to allow the Health Department to dispense anti-parasitic medication to clients in the Refugee Program. The Centers for Disease Control (CDC) recommends that refugees are presumptively treated with the medication. Currently the Health Department only provides a prescription, which has to be filled at an outside pharmacy. Given that the medication is difficult to obtain in the community, by directly dispensing the medication on-site at the Health Department locations, it will save time and effort spent to ensure that outside pharmacies are able to provide the medication in a timely manner, and will reduce delays in treatment. It should be noted that these costs will be completely recovered through Medicaid billing for no net impact to the General Fund.

◆ Support Coordination

An increase of 14/14.0 FTE positions is required to provide support coordination services to individuals with developmental disabilities (DD) in the community and comply with current state and federal requirements, primarily those pursuant to the DOJ Settlement Agreement and implementation of Virginia's Medicaid Waiver redesign, effective July 1, 2016. Expenditure requirements in Fund 40040, Fairfax-Falls Church Community Services Board, are offset by Medicaid Option revenue, for no net cost to the County.

◆ Other Adjustments

A net increase of \$0.43 million supports an increase of \$0.38 million in Local Cash Match requirements in Fund 50000, Federal/State Grants, primarily associated with the Area Agency

Advertised Budget Summary

on Aging grants, and an additional \$0.05 million to support requirements in Fund 83000, Alcohol Safety Action Program.

Community Development

\$11.36 million and 4 positions

Community Development priorities include transportation funding for Metro and Fairfax Connector, as well as support for the County's parks. Additionally, funding is included for the Fairfax First initiative, consistent with actions taken by the Board as part of the *FY 2017 Carryover Review*.

◆ Metro Requirements

A net increase of \$7.14 million for Metro includes increased operating support of \$1.44 million, as well as increased capital support of \$5.70 million. Based on anticipated system-wide increases in fuel, labor, maintenance, and other services, a 9.6 percent increase is projected in the FY 2019 operating subsidy requirement for Metrorail and Metro Access from local jurisdictions. The County anticipates meeting this need through additional General Fund support as well as increased application of state aid. Additional funding for the Capital Construction program supports the acquisition of facilities, equipment, rail cars, and buses, and provides general infrastructure support to the 117-mile Metrorail system. It also funds debt service on the County's share of Metro bonds sold in FY 2018. As the Metro budget will not be finalized until Spring 2018, the County's subsidy requirement for the FY 2019 Adopted WMATA operating expenses will be incorporated as part of the *FY 2018 Carryover Review*. More information is available in the Fund 30000, Metro Operations and Construction, narrative in Volume 2 of the FY 2019 Advertised Budget Plan.

◆ Fairfax First and Elevator and Escalator Inspections

An increase of \$1.73 million addresses growing residential inspection workloads and enhanced customer service as part of the Fairfax First initiative, as well as higher elevator and escalator inspection activity. This adjustment is commensurate with funding approved by the Board of Supervisors as part of the *FY 2017 Carryover Review*. These costs are completely offset by revenues for no net cost to the General Fund.

◆ County Transit

An increase of \$1.72 million in General Fund support is included for Fairfax Connector requirements and for the County share of the subsidy for commuter rail services operated by the Virginia Railway Express (VRE). More information is available in the Fund 40000, County Transit Systems, narrative in Volume 2 of the FY 2019 Advertised Budget Plan.

◆ Parks Support

An increase of \$0.41 million is included for increased support of the County's parks, including \$0.20 million to replace outdated critical capital equipment; \$0.11 million to support contracted services for cleaning portable toilets and permanent restroom facilities; \$0.50 million for the Summer Entertainment Series Program to continue to support the free concert series; and \$0.05 million for the Resident Curator Program to support operational costs associated with the implementation phase of the program including advertisements, program signage and open houses that have been underway at the first three selected pilot properties.

Advertised Budget Summary

Most of these adjustments are commensurate with funding approved by the Board of Supervisors as part of the *FY 2017 Carryover Review*

◆ **Housing and Community Development**

An increase of \$0.31 million is included for the Department of Housing and Community Development to align expenses with Fund 30300, The Penny for Affordable Housing Fund, as well as to support a position action in FY 2018.

◆ **Community Business Partnership**

An increase of \$0.05 million is included for the Community Business Partnership, funded through the Economic Development Authority, to address a projected budget shortfall in FY 2019 due to increasing personnel and operating budget expenses. The Community Business Partnership is a non-profit, tax exempt organization working in collaboration with local, regional, and national organizations to promote small business growth in Fairfax County.

◆ **Transportation Positions**

An increase of 4/4.0 FTE new positions, with no net funding impact to the General Fund, are included to support Transportation operations. These positions include two positions in Fund 40010, County and Regional Transportation Projects, to manage the growing number of traffic engineering requests received and to conduct traffic-based analyses for a variety of purposes, including long-range land use planning, corridor and spot analyses, general travel demand forecasting, and traffic data analysis. Another two positions are included in the General Fund but will be charged to Fund 40000, County Transit Systems. These include a position in the Facilities Management Department to assist with the annual infrastructure replacement and upgrade efforts at Fairfax Connector garage facilities, and a position in the Department of Transportation to serve as a technical expert in all Fairfax Connector system operations and performance to automate, improve, upgrade and adapt functionality for equipment and locations.

Cost of County Operations

\$1.75 million and 23 Positions

Funding in this category is primarily attributable to enhanced services in the Department of Tax Administration and information technology support, as well as lease and maintenance costs for County facilities.

◆ **Service Enhancements in the Department of Tax Administration**

An increase of \$0.47 million is associated with 5/5.0 FTE positions to add capacity in the Real Estate Division, enhance Personal Property and Business tax audit operations, and improve service quality in the call center. The continued urbanization of the County is leading to redevelopment of areas newly served by Metro rail along the Silver Line Corridor. These areas are seeing new office and complex mixed use development, which presents new challenges to the Real Estate Division. To capture the value of high density rezonings and new construction, the department needs enhanced staff capacity. In addition, the Personal Property and Business License Division needs to be properly staffed to ensure compliance and to handle increased workload for audit staff because of anticipated growth in the number of businesses in redevelopment areas. Also, additional capacity in DTA's customer service

Advertised Budget Summary

call center will allow it to be properly staffed, mitigating the need to pull staff from other divisions, particularly staff from the Revenue Collection Division, whose main focus should be revenue generation. The expenditure increase is fully offset by an increase in revenue generated as a result of the service enhancements for no net impact to the General Fund.

◆ IT Software Support

An increase of \$0.43 million is associated with recurring costs related to several IT initiatives, such as the learning management module, position description software, travel module, and Payment Card Industry (PCI) compliance.

◆ Lease Adjustments

A net increase of \$0.17 million has been included for lease requirements in FY 2019.

◆ Contributory Fund

A net increase of \$0.21 million in the General Fund transfer to Fund 10030, Contributory Fund, is primarily attributable to an increase for the Northern Virginia Healthcare Center/Birmingham Green Adult Care Residence, known collectively as Birmingham Green, based on actual costs and utilization rates at the facility. Other increases in the fund are based on legal requirements, per capita calculations, contractual or regional commitments, or membership dues.

◆ Other Adjustments

A net increase of \$0.48 million includes adjustments to support required utility, custodial, repair/maintenance, and grounds maintenance costs associated with partial or full-year costs for new or expanded facilities in FY 2019; security expenses at the Gum Springs Community Center; and position actions taken during FY 2018. In addition, it should be noted that 18/18.0 FTE new positions supported by other funding sources, with no net cost to the General Fund, are included to support Capital Facilities, Stormwater and Sewer operations, Cable Communications, and Business Planning and Support.

Reductions and Savings

(\$3.40) million

Total disbursement savings included in the FY 2019 Advertised Budget Plan total \$3.40 million. These reductions are possible based on trends in Personnel Services spending, due to position vacancies and turnover, and trends in Operating Expenses. Reductions are included in the Department of Family Services, Health Department, Juvenile and Domestic Relations District Court, Office of the Sheriff, and Fire and Rescue Department.

Reserve Requirements

\$8.74 million

Per the Reserve Policy approved by the Board of Supervisors in April 2015 and included in the County's *Ten Principles of Sound Financial Management*, 10 percent of the disbursement increases included in the FY 2019 Advertised Budget Plan are set aside in the County's Revenue Stabilization and Managed Reserves.

Advertised Budget Summary

General Fund Disbursements are increased \$181.48 million over the FY 2018 Adopted Budget Plan. As a result, \$18.15 million – or 10 percent of this increase – is included as contributions to reserves.

◆ Revenue Stabilization Reserve

A contribution of \$6.89 million is included as a transfer from the General Fund to Fund 10010, Revenue Stabilization. This contribution is an increase of \$1.67 million over the FY 2018 Adopted Budget Plan transfer. The Revenue Stabilization Reserve is projected to be at its target level of funding of 5 percent of General Fund disbursements in FY 2019.

◆ Managed Reserve

A contribution of \$11.26 million is included and held in balance in the General Fund. This contribution is an increase of \$7.07 million over the FY 2018 Adopted Budget Plan contribution. The Managed Reserve is projected to be at 3.19 percent of General Fund disbursements in FY 2019, below its target of 4 percent.

Totals in the Revenue Stabilization Reserve and Managed Reserve have increased from 5 percent in FY 2014 to over 8 percent in FY 2019. It should be noted that the Economic Opportunity Reserve, with a target of 1 percent of General Fund Disbursements, will not be funded until the other two reserves reach their respective targets.

FY 2019 BUDGET: ALL FUNDS

All appropriated fund revenues in the FY 2019 Advertised Budget Plan total \$8.42 billion. This County revenue total is an increase of \$441.55 million, or 5.53 percent, over the FY 2018 Adopted Budget Plan. On the expenditure side, the FY 2019 Advertised Budget Plan for all appropriated funds totals \$7.97 billion and reflects an increase of \$381.39 million, or 5.02 percent, over the FY 2018 Adopted Budget Plan.

Additional details concerning non-General Fund revenues, expenditures, and positions for appropriated funds are available in the *Financial and Statistical Summary Tables* section of the Overview. Information on non-appropriated funds is located in Volume 2 of the County Budget.

Advertised Budget Summary

FY 2019 Advertised Summary General Fund Statement (in millions)

	FY 2017 Actual	FY 2018 Adopted Budget Plan	FY 2018 Revised Budget Plan ¹	FY 2019 Advertised Budget Plan	Inc/(Dec) Over Adopted	% Inc/(Dec) Over Adopted
BEGINNING BALANCE	\$166.09	\$106.71	\$212.81	\$125.39	\$18.68	17.50%
REVENUE ²	\$4,058.97	\$4,100.74	\$4,115.37	\$4,293.06	\$192.32	4.69%
TRANSFERS IN	\$10.17	\$10.07	\$10.07	\$10.17	\$0.10	1.04%
TOTAL AVAILABLE	\$4,235.23	\$4,217.52	\$4,338.25	\$4,428.63	\$211.11	5.01%
SCHOOL DISBURSEMENTS						
Transfers Out						
School Operating ³	\$1,913.52	\$1,966.92	\$1,966.92	\$2,055.27	\$88.35	4.49%
School Construction	13.10	13.10	13.10	15.60	2.50	19.08%
School Debt Service	189.87	189.13	189.13	193.38	4.25	2.25%
SUBTOTAL SCHOOLS	\$2,116.49	\$2,169.15	\$2,169.15	\$2,264.25	\$95.10	4.38%
COUNTY DISBURSEMENTS						
Direct Expenditures ²	\$1,451.73	\$1,512.84	\$1,557.91	\$1,580.31	\$67.47	4.46%
Transfers Out						
Contributory Fund	\$13.30	\$13.47	\$13.47	\$13.67	\$0.21	1.54%
Information Technology	4.77	4.77	6.29	4.77	\$0.00	0.00%
County Debt Service	136.75	146.04	146.04	149.05	3.02	2.07%
County Transit	34.93	34.43	34.43	36.15	1.72	5.00%
Metro Operations and Construction	13.56	13.56	13.56	20.70	7.14	52.64%
Community Services Board	126.08	130.43	130.43	135.45	5.02	3.85%
County Insurance	27.89	24.18	24.18	24.24	0.05	0.22%
Capital Program	37.07	19.44	47.04	18.46	(0.98)	(5.04%)
Other Post-Employment Benefits	14.50	10.49	10.49	10.49	0.00	0.00%
Other Transfers	23.03	22.60	22.60	23.68	1.08	4.76%
Subtotal County Transfers Out	\$431.87	\$419.41	\$448.52	\$436.64	\$17.25	4.11%
SUBTOTAL COUNTY	\$1,883.61	\$1,932.25	\$2,006.43	\$2,016.96	\$84.71	4.38%
RESERVE DISBURSEMENTS						
Transfers Out						
Revenue Stabilization ⁴	\$22.32	\$5.22	\$23.62	\$6.89	\$1.67	31.89%
Total Disbursements	\$4,022.41	\$4,106.62	\$4,199.20	\$4,288.10	\$181.48	4.42%
Total Ending Balance	\$212.81	\$110.90	\$139.05	\$140.52	\$29.63	26.72%
Less:						
Managed Reserve ⁵	\$106.47	\$110.66	\$125.39	\$136.65	\$25.99	23.49%
Reserve for Potential FY 2018 One-Time Requirements ⁶	0.24	0.24	1.04		(0.24)	(100.00%)
FY 2017 Audit Adjustments ²			0.85		0.00	--
FY 2018 Mid-Year Revenue Adjustments ¹			11.78		0.00	--
Reserve for Board Adjustments ⁷				3.88	3.88	--
Total Available	\$106.10	\$0.00	\$0.00	\$0.00	\$0.00	--

Advertised Budget Summary

¹ *FY 2018 Revised Budget Plan* revenues reflect a net increase of \$11,778,881 based on revised revenue estimates as of fall 2017. The *FY 2018 Third Quarter Review* will contain a detailed explanation of these changes. This amount has been held in reserve for one-time FY 2018 requirements and is not carried forward into FY 2019.

² In order to appropriately reflect actual revenues and expenditures in the proper fiscal year, FY 2017 revenues are increased \$974,647 and FY 2017 expenditures are increased \$127,413 to reflect audit adjustments as included in the FY 2017 Comprehensive Annual Financial Report (CAFR). As a result, the *FY 2018 Revised Budget Plan* Beginning Balance reflects a net increase of \$847,234. Details of the FY 2017 audit adjustments will be included in the FY 2018 Third Quarter package. This one-time funding is expected to be utilized as part of the *FY 2018 Third Quarter Review* and, as a result, is not carried forward into FY 2019.

³ The proposed County General Fund transfer for school operations in FY 2019 totals \$2,055,269,600, an increase of \$88,350,000, or 4.5 percent, over the *FY 2018 Adopted Budget Plan*. The Fairfax County Public Schools Superintendent's Proposed Budget reflected a General Fund transfer increase of \$96,882,200, or 4.9 percent, over the *FY 2018 Adopted Budget Plan*. In their action on the Superintendent's Proposed Budget on February 8, 2018, the School Board increased the transfer request by \$250,000 to \$97,132,200, an increase of 4.9 percent over the *FY 2018 Adopted Budget Plan*. It should be noted that, after accounting for increased state revenues as a result of re-benchmarking and a decrease in the Local Composite Index, the proposed County transfer fully funds the Schools request.

⁴ Target funding for the Revenue Stabilization Fund is 5.00 percent of total General Fund disbursements, consistent with the County's *Ten Principles of Sound Financial Management* as updated by the Board of Supervisors on April 21, 2015. As a result of reserve adjustments included in the *FY 2019 Advertised Budget Plan*, the FY 2019 projected balance in the Revenue Stabilization Fund is \$214.41 million, or 5.00 percent of total General Fund disbursements.

⁵ Target funding for the Managed Reserve is 4.00 percent of total General Fund disbursements, consistent with the County's *Ten Principles of Sound Financial Management* as updated by the Board of Supervisors on April 21, 2015. As a result of reserve adjustments included in the *FY 2019 Advertised Budget Plan*, the FY 2019 projected balance in the Managed Reserve is \$136.65 million, or 3.19 percent of total General Fund disbursements.

⁶ As part of the *FY 2017 Carryover Review*, an amount of \$1,035,878 was set aside in reserve to address potential FY 2018 one-time requirements. This one-time funding is expected to be utilized as part of the *FY 2018 Third Quarter Review* and, as a result, is not carried forward into FY 2019.

⁷ As part of the *FY 2019 Advertised Budget Plan*, an amount of \$3,875,406 is available for the consideration of the Board of Supervisors during their deliberations on the FY 2019 budget.

Advertised Budget Summary

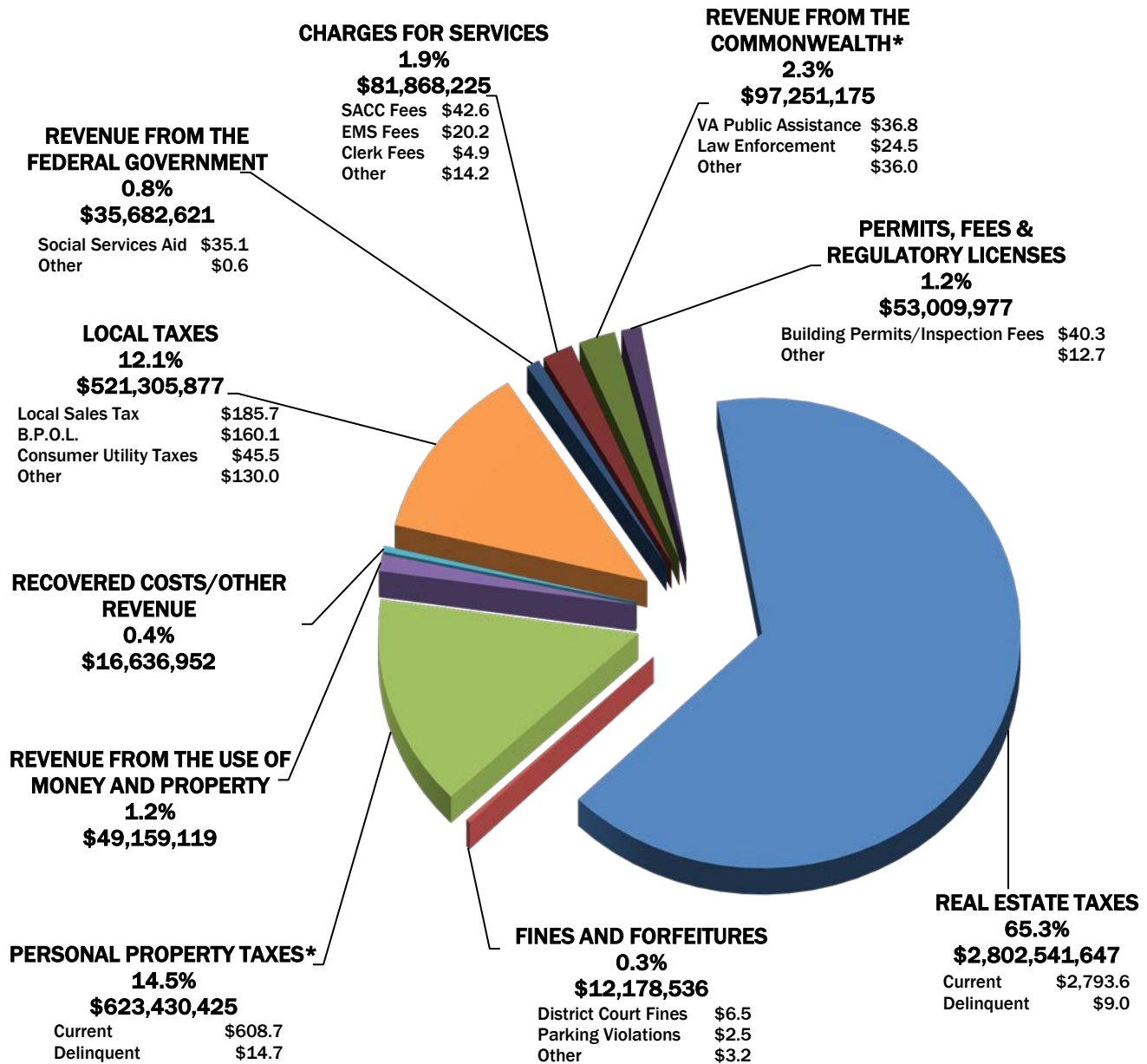
FY 2019 and FY 2020 MULTI-YEAR BUDGET PLAN: TAX AND FEE FACTS					
Type	Unit	FY 2017 Actual Rate	FY 2018 Actual Rate	FY 2019 Recommended Rate	FY 2020 Planned Rate
GENERAL FUND TAX RATES					
<i>Real Estate</i>	<i>\$100/Assessed Value</i>	<i>\$1.13</i>	<i>\$1.13</i>	<i>\$1.155</i>	<i>\$1.155</i>
Personal Property	\$100/Assessed Value	\$4.57	\$4.57	\$4.57	\$4.57
NON-GENERAL FUND TAX RATES					
REFUSE RATES					
<i>Refuse Collection (per unit)</i>	<i>Household</i>	<i>\$345</i>	<i>\$345</i>	<i>\$350</i>	<i>\$350</i>
<i>Refuse Disposal (per ton)</i>	<i>Ton</i>	<i>\$62</i>	<i>\$64</i>	<i>\$66</i>	<i>\$66</i>
Leaf Collection	\$100/Assessed Value	\$0.015	\$0.013	\$0.013	\$0.013
SEWER CHARGES					
<i>Sewer Base Charge</i>	<i>Quarterly</i>	<i>\$24.68</i>	<i>\$27.62</i>	<i>\$30.38</i>	<i>\$33.42</i>
Sewer Availability Charge	Residential	\$7,750	\$8,100	\$8,100	\$8,100
<i>Sewer Service Charge</i>	<i>Per 1,000 Gallons</i>	<i>\$6.68</i>	<i>\$6.75</i>	<i>\$7.00</i>	<i>\$7.34</i>
COMMUNITY CENTERS					
McLean Community Center	\$100/Assessed Value	\$0.023	\$0.023	\$0.023	\$0.023
Reston Community Center	\$100/Assessed Value	\$0.047	\$0.047	\$0.047	\$0.047
OTHER					
<i>Stormwater Services District</i>	<i>\$100/Assessed Value</i>	<i>\$0.0275</i>	<i>\$0.0300</i>	<i>\$0.0325</i>	<i>\$0.0350</i>
Route 28 Corridor	\$100/Assessed Value	\$0.18	\$0.18	\$0.18	\$0.18
Dulles Rail Phase I	\$100/Assessed Value	\$0.17	\$0.15	\$0.15	\$0.15
Dulles Rail Phase II	\$100/Assessed Value	\$0.20	\$0.20	\$0.20	\$0.20
Integrated Pest Management Program	\$100/Assessed Value	\$0.001	\$0.001	\$0.001	\$0.001
Commercial Real Estate Tax for Transportation	\$100/Assessed Value	\$0.125	\$0.125	\$0.125	\$0.125
Tysons Service District	\$100/Assessed Value	\$0.05	\$0.05	\$0.05	\$0.05
Reston Service District	\$100/Assessed Value	--	\$0.021	\$0.021	\$0.021

Rates *italicized and in bold* are proposed to be adjusted in FY 2019.

FY 2019 ADVERTISED BUDGET PLAN

GENERAL FUND RECEIPTS "WHERE IT COMES FROM"

(Subcategories in millions)



FY 2019 GENERAL FUND RECEIPTS = \$4,293,064,554**

* 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.

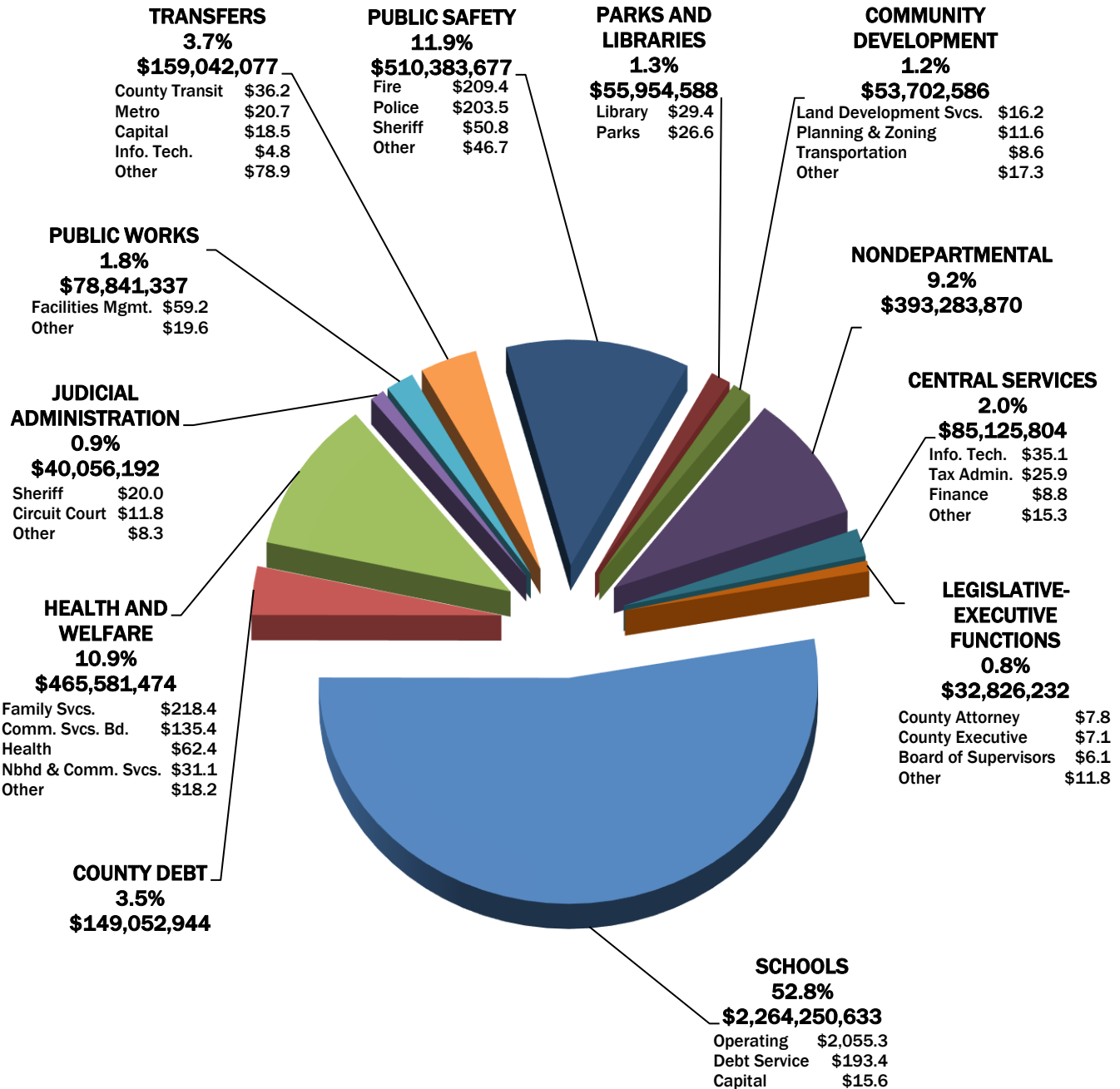
** Total County resources used to support the budget include the revenues shown here, as well as a beginning balance and transfers in from other funds.

FY 2019 ADVERTISED BUDGET PLAN

GENERAL FUND DISBURSEMENTS

"WHERE IT GOES"

(Subcategories in millions)

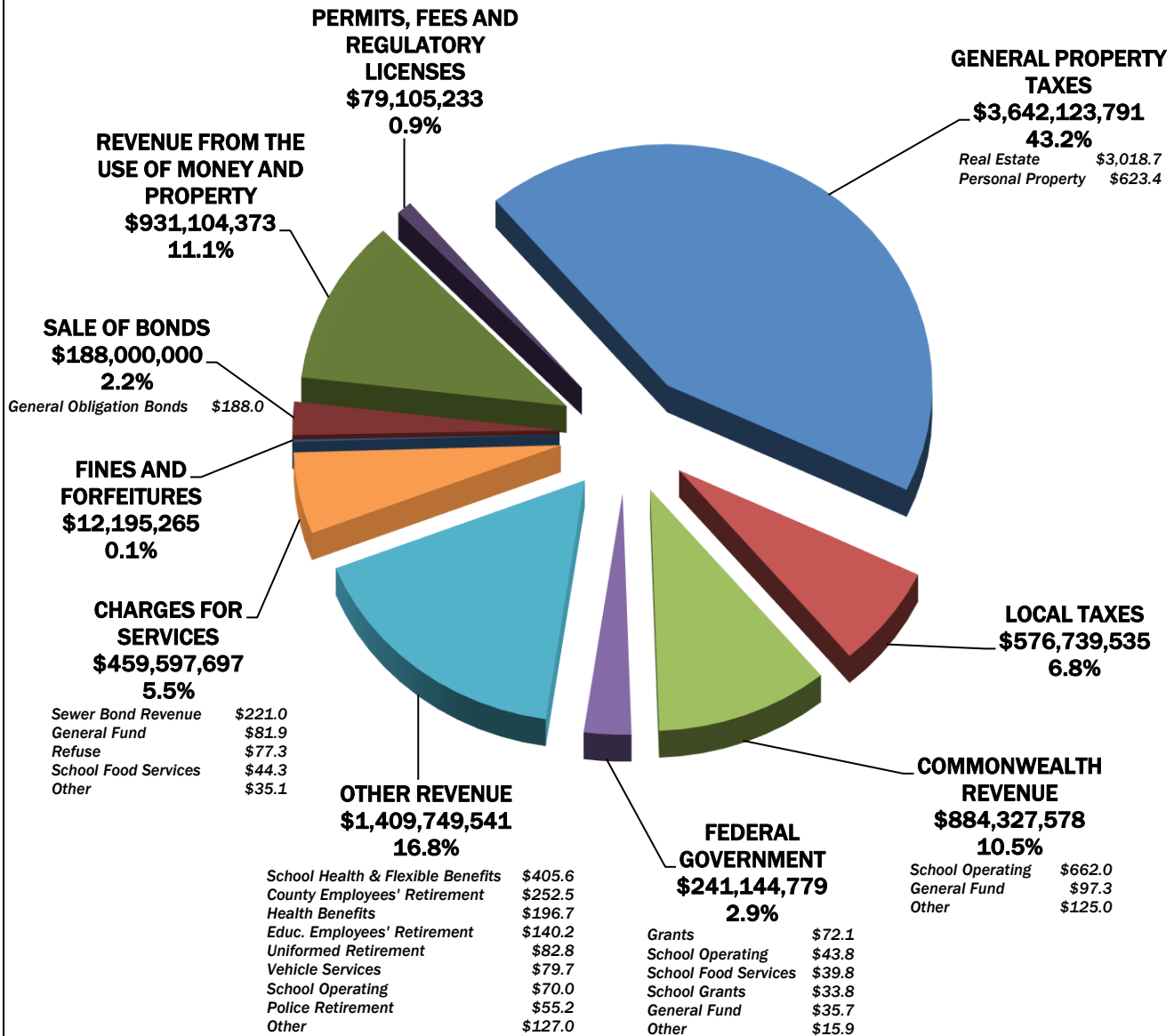


FY 2019 GENERAL FUND DISBURSEMENTS = \$4,288,101,414

In addition to FY 2019 revenues, available balances and transfers in are also utilized to support disbursement requirements.

FY 2019 ADVERTISED BUDGET PLAN REVENUE ALL FUNDS

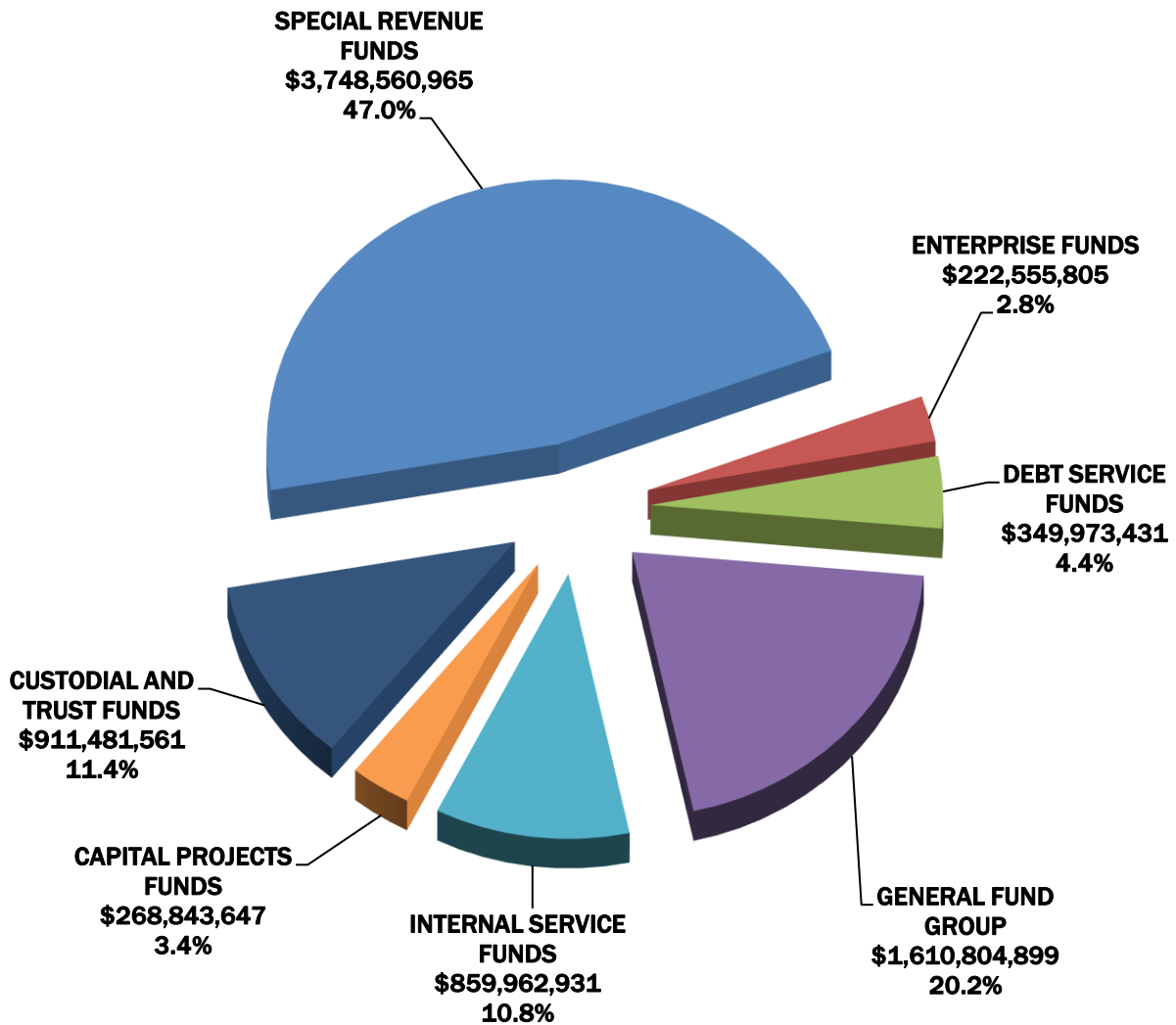
(subcategories in millions)



TOTAL REVENUE = \$8,424,087,792

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.

FY 2019 ADVERTISED BUDGET PLAN EXPENDITURES ALL FUNDS



TOTAL EXPENDITURES = \$7,972,183,239