

ATTACHMENT B:

**MEMO AND ATTACHMENTS I – VIII
TRANSMITTING THE COUNTY'S
FY 2009 CARRYOVER REVIEW
WITH APPROPRIATE RESOLUTIONS**



County of Fairfax, Virginia

MEMORANDUM

DATE: August 3, 2009

TO: BOARD OF SUPERVISORS

FROM: Anthony H. Griffin
County Executive

SUBJECT: FY 2009 Actual Revenues, Expenditures and Carryover Supplemental Appropriation

Attached for your review and consideration is the FY 2009 Carryover Package, including Supplemental Appropriation Resolution AS 09161, AS 10036 and Amendment to the Fiscal Planning Resolution AS 10900. The document includes the following attachments for your information:

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| Attachment I | A General Fund Statement showing the status as of July 13, 2009, including revenue and expenditures, as well as a summary reflecting expenditures by fund |
| Attachment II | A summary of General Fund receipt variances by category |
| Attachment III | A summary of significant General Fund expenditure variances by agency |
| Attachment IV | An explanation of General Fund Unencumbered Carryover |
| Attachment V | An explanation of Other Funds Unencumbered Carryover |
| Attachment VI | A detailed description of new and unexpended federal/state grants, as well as anticipated revenues associated with those grants that are recommended for appropriation in FY 2010 |
| Attachment VII | A detailed description of significant changes in Other Funds |
| Attachment VIII | Supplemental Appropriation Resolution AS 09161, AS 10036 and Fiscal Planning Resolution AS 10900 for FY 2010 providing for the appropriation of outstanding encumbrances and unspent balances for federal/state grants, as well as prior commitments of the Board of Supervisors, such as unspent capital project balances |

As the Board is aware, the Code of Virginia requires that the Board of Supervisors hold a public hearing prior to the adoption of amendments to the current year budget when the adjustments exceed \$500,000. In addition, any amendment of \$500,000 or more requires that the Board advertise a synopsis of the proposed changes. Since the *FY 2009 Carryover Review* recommends changes to the FY 2010 Adopted Budget Plan over the \$500,000 limit, Board action on the Carryover Review has been scheduled at the same time as the public hearing on September 14, 2009.

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FY 2009 End of Year Summary

A brief summary of the General Fund follows, comparing unaudited actual receipts and disbursements as of June 30, 2009 to the final estimates of the *FY 2009 Revised Budget Plan*.

GENERAL FUND STATEMENT AND BALANCE AVAILABLE **(in millions of dollars)**

	FY 2009 Revised <u>Budget Plan</u>	FY 2009 <u>Actual</u>	<u>Variance</u>
Beginning Balance, July 1	\$161.39	\$161.39	\$0.00
Receipts and Transfers In	<u>\$3,332.42</u>	<u>\$3,375.91</u>	<u>\$43.49</u>
Total Available	\$3,493.81	\$3,537.30	\$43.49
Expenditures	\$1,278.69	\$1,208.97	(\$69.72)
Transfers Out	<u>\$2,143.67</u>	<u>\$2,143.67</u>	<u>\$0.00</u>
Total Disbursements	\$3,422.36	\$3,352.64	(\$69.72)
Ending Balance, June 30	<u>\$71.45</u>	<u>\$184.66</u>	<u>\$113.21</u>
Managed Reserve	\$68.45	\$68.45	\$0.00
Balance used in FY 2010 Adopted	\$3.00	\$3.00	\$0.00
Balance	<u>\$0.00</u>	<u>\$113.21</u>	<u>\$113.21</u>
FY 2009 Commitments (\$47.12)			
Outstanding Encumbered Obligations			(\$39.42)
Outstanding Unencumbered Commitments			(\$6.78)
Managed Reserve Adjustment			<u>(\$0.92)</u>
Balance after FY 2009 Commitments			\$66.09
FY 2010 Administrative Adjustments (\$48.66)			
Replenishment of Revenue Stabilization Fund			(\$16.21)
Reserve for FY 2011 Retirement Contributions			(\$20.00)
Other Administrative Adjustments			(\$11.43)
Managed Reserve Adjustment			<u>(\$1.02)</u>
Balance after FY 2010 Administrative Adjustments			\$17.43
Reserve for FY 2010			\$5.00
Reserve for FY 2011			<u>\$12.43</u>
Total Available Balance			\$0.00

NOTE: Carryover is defined as the re-appropriation in FY 2010 of previously approved items such as outstanding encumbered obligations, unencumbered commitments and unexpended FY 2009 capital project balances.

Executive Summary

FY 2009 General Fund Revenues and Transfers In were \$3.38 billion, an increase of \$43.5 million or 1.3 percent over the *FY 2009 Revised Budget Plan* estimate. In addition, expenditures were below *FY 2009 Revised Budget Plan* projections by \$69.7 million. Netting out outstanding encumbrances and unencumbered commitments, as well as the required Managed Reserve adjustment totaling \$47.1 million, the FY 2009 available disbursement balance is \$22.6 million. It should be noted that \$4.0 million of this variance is due to fuel savings. The combined revenue and disbursement balance, after funding obligations and managed reserve is \$66.1 million. The available balance is partially offset by \$48.7 million in necessary administrative adjustments associated with previously approved Board initiatives, restoring the Revenue Stabilization Reserve to 3 percent of General Fund (GF) disbursements (\$16.2 million), advance funding requirements for the County's Retirement Systems reflecting the significant investment return losses in FY 2009 (\$20.0 million), or other items of a critical nature, including the Managed Reserve adjustment which results in an available balance of \$17.4 million. It is my recommendation that \$5.0 million of this balance be used for unanticipated requirements, including lower revenue, in FY 2010 and \$12.4 million to be held in reserve to offset the projected FY 2011 deficit.

As we have discussed it is essential that we reserve available balances to help address the current revenue forecasts for the current year and the upcoming fiscal year. As the Board is aware, the current condition of both the commercial and residential real estate markets and the continued stagnancy of the local economy are anticipated to potentially result in lower revenue totals in FY 2010 and FY 2011. Consequently, I have kept adjustments to a minimum and focused on those that are essential to the fiscal health of the County, represent a prior commitment by the Board, and/or contribute to an investment in the Board's priorities and the County's vision elements.

I would like to summarize in detail six major adjustments I am recommending as part of this package.

Revenue Stabilization Reserve Restoration

As part of the Budget Guidance for FY 2010 and FY 2011 approved by the Board of Supervisors on April 20, 2009, the Board of Supervisors directed staff to develop a plan to restore the fund to the targeted 3 percent of total General Fund disbursements as part of the *FY 2009 Carryover Review*. The balance that materialized at the end of FY 2009 gives me the opportunity to address this issue immediately by transferring \$16.2 million of the balance to Fund 002, Revenue Stabilization Fund, to restore the fund to the targeted 3 percent of total General Fund disbursements.

As you will recall, the Board of Supervisors authorized a partial withdrawal from the Revenue Stabilization Fund (RSF) as part of the *FY 2009 Third Quarter Review* to address FY 2009 revenue shortfalls. Based on Third Quarter revenue estimates which reflected a reduction of \$53.0 million or 1.6 percent from the FY 2009 approved budget level, FY 2009 marked the first year the policy conditions for withdrawal were met since the creation of the fund in 1999. It should be noted that the transfer of \$16.2 million to fully fund the Revenue Stabilization Fund reserve is less than the \$18.7 million withdrawn from the fund as part of the *FY 2009 Third Quarter Review* primarily as a result of higher than anticipated interest earnings to the fund that make up the difference.

Anticipated Retirement Cost Increase in FY 2011

In terms of dollars, the largest recommended adjustment included in this package is the \$20.0 million I propose to set aside in reserve in anticipation of increased employer contribution requirements for the County's retirement systems in FY 2011. During FY 2009, the Uniformed, Employees' and Police Officers Retirement Systems all experienced significant investment losses as a result of market conditions throughout the fiscal year. Total returns in FY 2009 through May 31 were down 20.1 percent for the Uniformed System, down 24.0 percent for the Employees' System and down 18.3 percent for the Police Officers System. These returns are a result of the global financial and economic crisis experienced nationally.

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As a result of investment performance, it is projected that employer contribution rates for all systems will increase significantly in FY 2011, currently projected to cost the General Fund in excess of \$35 million. In order to prepare for the fiscal impact of these rate changes, I recommend that we set aside \$20 million, to be held in Agency 89, Employee Benefits, for use in FY 2011. It should be noted that current actuarial methodology smooths investment returns to mitigate volatility in funding requirements recognizing the cyclical nature of capital market returns. As a result, FY 2009 investment returns are likely to continue to have upward pressure on the contribution rates, not only in FY 2011, but in FY 2012 and FY 2013 as well.

Legacy System Replacement

Consistent with the contract award presented to the Board on July 13, 2009, I am also recommending \$6.1 million for the Legacy Systems Replacement Project. This funding is necessary to support the Fairfax County government and school system multi-year, joint initiative that will modernize the portfolio of enterprise systems that support finance (FAMIS), human resources (government: PRISM/schools: LAWSON), budget (BPREP), procurement (CASPS) and related administrative applications with an integrated approach that has the flexibility to meet current and future requirements. It is anticipated that this funding will be required to meet contractual payments anticipated at the end of FY 2010 for implementation and configuration services.

Funding for Emergency System Failures at County Facilities

I am also recommending an amount of \$5.0 million be set aside for emergency system failures that are occurring with more regularity at aging County facilities, as well as capital renewal projects categorized as "F", urgent/safety related, or endangering life and/or property. Funding will provide for emergency repairs at County facilities in the event of a major systems failure such as a large HVAC system, or other unforeseen event. The County has very limited capacity to deal with potential system failures. The County's current capital renewal program emphasizes preventative maintenance primarily because investing in aging and deteriorating building systems and components can alleviate the need for future expenditures, often resulting in significant cost avoidance. If a system failure should occur, there is the potential that a County facility may shut down, suspending services to residents and disrupting County business. Although preventative maintenance is preferred, as the inventory of County facilities age, emergency repairs and maintenance requirements continue to grow. In recent months, several unanticipated emergency repairs have been necessary including a broken pipe in the sewer line that serves the Government Center building. This damaged pipe caused extensive leaking throughout the building and parking garage, requiring the excavation and repair of several sewer lines, the cleanup and repair of broken pipes within the building and parking garage, and the restoration of affected County restrooms. In addition, extensive damage from a leaking roof and air handling unit at the Courthouse building and a water line break at the Hollin Hall facility have required immediate mitigation. This increase in funding will provide a source of funding for these types of unforeseen emergency repairs and will allow the Facilities Management Department (FMD) to address category F projects not funded in FY 2010 for which repairs are becoming more imminent.

County Assumption of School Refuse Collection- Smart Savings

I want to draw the Board's attention to a proposal to have the County Refuse Collection and Recycling Operations take over trash and recycling collections at Fairfax County Public Schools (FCPS) sites. This proposal results from the work of the Smart Services Committee. Assuming approval of this proposal, a revenue and expenditure adjustment of \$1.0 million is included in the *FY 2009 Carryover Review* for initial start up costs including 7/7.0 SYE new positions and associated vehicles to account for the lead time required for a targeted January 1, 2010 start date. Under the proposed agreement, FCPS will be billed for all costs related to collection at school sites. It is estimated that County collection operations can provide the same or better quality of service currently being provided to FCPS by a private contract at an estimated annual savings of \$1.0 million. There is no impact to the County's General Fund as a result of this action.

FY 2010 and FY 2011 Recommended Reserves

Actions included as part of this package and summarized above will result in a balance of \$17.4 million. Of this total, I recommend that \$5.0 million be set aside for unanticipated requirements, including lower revenue, in FY 2010. This reserve is prudent as several indicators of the County's economy have continued to weaken over the last several months resulting in continued concern for the revenue outlook in FY 2010. It is anticipated that this reserve as well as managed savings during the fiscal year will be sufficient to cover FY 2010 potential shortfalls and will eliminate the need for further transfers from the Revenue Stabilization Reserve. In addition, I further recommend that the remaining \$12.4 million be held in reserve to offset the projected FY 2011 deficit of \$316 million. This reserve as well as other spending reductions and revenue enhancements will be necessary to bridge this gap.

FY 2009 Revenues and the Economy

Before discussing specific FY 2009 Carryover adjustments, it is important to review the context of the Carryover balance and recommended adjustments. Actual FY 2009 General Fund Revenues and Transfers In were \$3.38 billion, an increase of \$43.5 million over the *FY 2009 Revised Budget Plan* estimate. This increase represents a variance of just 1.3 percent. For some large revenue categories such as Personal Property Taxes and Business, Professional, and Occupational Licenses (BPOL), monthly collection trends are not available and projections must be based on current economic data including trends in vehicle purchases, unemployment, and retail sales. Somewhat conservative revenue projections for these categories represent prudent financial management during turbulent economic conditions.

The FY 2009 net revenue increase of \$43.5 million was primarily the result of increases in Personal Property Tax receipts, Revenue from the Commonwealth and Federal Governments, Other Local Taxes and Revenue from the Use of Money and Property. Real Estate Tax receipts were \$0.5 million less than expected due to variances in tax relief, supplemental assessments, exonerations and Public Service Corporation (PSC) receipts. Personal Property Taxes were \$13.4 million more than the *FY 2009 Revised Budget Plan* as a result of higher than projected current tax levy, additional delinquent tax collections and a state reclassification of PSC property from Real Estate to Personal Property. Other Local Taxes experienced a net increase of \$9.9 million due to an increase in Business, Professional, and Occupational Licenses (BPOL) and Deed of Conveyance and Recordation Taxes, partially offset with decreases in Sales Taxes and the Communications Sales and Use Tax. Permits, Fees, and Regulatory Licenses were up a net \$58,480 in FY 2009 due to offsetting variances in various categories. Fines and Forfeitures were up \$0.4 million over the *FY 2009 Revised Budget Plan* due to higher than projected Court Security Fees. Revenue from the Use of Money and Property in FY 2009 was \$7.6 million more than estimated due to an increase in Interest on Investments associated with a higher than projected average portfolio and average yield. Charges for Services were up a net \$0.2 million over the *FY 2009 Revised Budget Plan* estimate due to higher than anticipated receipts from County Clerk Fees and School-Age Child Care Fees, offset with a decrease in Emergency Medical Services Transport Fees. Recovered Costs and Miscellaneous revenue was \$1.0 million more than estimated due to a reimbursement for costs incurred for the security services during the Presidential inauguration and additional revenue from Fairfax City and Falls Church for their share of public assistance expenditures. An \$11.4 million increase in Revenue from the Commonwealth and Federal Government is associated with public assistance programs linked to expenditures and lower than anticipated state funding reductions.

Despite these increased revenue results, several indicators of the County's economy have continued to weaken over the last several months resulting in continued concern for the revenue outlook in FY 2010 and FY 2011. Retail sales as measured by Sales Tax receipts declined an average 7.9 percent during the last five months from the same period of 2008. While there are a few positive signs in the local housing market, such as rising home sales and declining time to sell a home, the critical indicator – sales price – has continued to decline through the first half of 2009. As presented to the Board of Supervisors at their June retreat, residential assessments, which fell 12.55 percent in FY 2010, are projected to decline an additional 10.0 percent in FY 2011. In addition, non-residential values are expected to experience a considerable 18 percent drop in FY 2011 based on rising office vacancy rates and declines in the retail

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and hotel sectors. Since nearly 64 percent of total General Fund revenue is expected to experience a decline in FY 2011 and other revenue categories are expected to be flat, total FY 2011 General Fund revenue is projected to fall 7.0 percent below revenue in FY 2010.

Staff will continue to closely monitor both expenditure and revenue categories to identify trends and conditions impacting the budget, and, in particular, their effect on the level of revenue growth in the County.

FY 2009 Disbursements

The General Fund disbursement variance totals \$69.7 million. An amount of \$47.1 million is carried forward for encumbered and unencumbered items, as well as the associated Managed Reserve adjustment, leaving a variance of \$22.6 million or 0.7 percent of total estimated disbursements. Much of this balance can be attributed to agency efforts to manage position vacancies and operating requirements as part of ongoing objectives to restrain spending and provide services as efficiently as possible. In addition, many agencies were able to generate savings as they adjusted programs, services, and positions in anticipation of FY 2010 budget reductions. Finally, the County continued to benefit from lower fuel costs and as directed by the Board, savings of \$4.0 million in fuel are reflected in the expenditure variance for agencies and this balance has been included in the FY 2011 reserve. More detailed information on FY 2009 General Fund Disbursement Variances is included in the Carryover attachments.

Recommended FY 2010 Administrative Adjustments - Summary

This Carryover package includes a number of recommended administrative adjustments, for a total net impact of \$48.7 million including the associated Managed Reserve adjustment, that are necessary based on previous Board action and priorities. As part of the Carryover Review, I limited adjustments to only the most critical items for which the costs could not be absorbed within agency budgets. Several of the largest adjustments were highlighted in my earlier comments and are summarized in bullet form below along with the County vision element(s) supported by each. In addition, all Administrative Adjustments are discussed in more detail in the *Summary of Adjustments* section of this letter. The primary adjustments impacting the General Fund are:

- \$20.0 million will be set aside in reserve in anticipation of increased employer contribution requirements for the County's retirement systems in FY 2011. This funding supports the County vision element of *Exercising Corporate Stewardship*.
- \$16.2 million is required to restore the Revenue Stabilization Fund to the targeted 3 percent of total general fund disbursements. This funding supports the County vision element of *Exercising Corporate Stewardship*.
- \$6.1 million is required for the Legacy Systems Replacement Project. This funding supports the County vision element of *Exercising Corporate Stewardship*.
- \$5.0 million is required for Fund 317, Capital Renewal, for emergency system failures that occur at aging County facilities throughout the year, as well as capital renewal projects categorized as "F", urgent/safety related, or endangering life and/or property. This funding supports the County vision element of *Exercising Corporate Stewardship*.

FY 2009 Audit Adjustments

As the Board is aware, the financial audit of FY 2009 is currently being conducted. Necessary adjustments as a result of this work will be included in the FY 2009 Comprehensive Annual Financial Report (CAFR) and in the audit package that is presented for the Board's approval as part of the *FY 2010 Third Quarter Review*.

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Summary of Adjustments

The *FY 2009 Carryover Review* includes only adjustments for items previously approved by the Board of Supervisors or Administrative Adjustments that are required at this time. These adjustments are detailed in the various attachments included in the Carryover package.

General Fund Administrative Adjustment Details

The Board should be aware of Administrative Adjustments, which are necessary at this time and are made as part of the *FY 2009 Carryover Review*. The net impact to the General Fund of these adjustments is an increase of \$48.7 million. Details are as follows:

Legislative-Executive Functions/Central Services

	NON-RECURRING	
Agency 57, Department of Tax Administration	Expenditure	<u>\$225,000</u>
Expert Appraisal Analysis and Consultation Services	Net Cost	\$225,000

Funding of \$225,000 is required for contracting of expert appraisal analysis and consultation services concerning income capitalization rates (cap rates) for the assessment of commercial properties. County specific cap rates are generally derived using office building sales data. Given the decline in commercial sales, the additional expert analysis will help staff determine appropriate cap rates for 2010 in order to ensure uniform and equitable commercial assessments.

Public Safety

	RECURRING	
Agency 91, Office of the Sheriff	Expenditure	(\$1,083,940)
Agency 08, Facilities Management Department	Expenditure	<u>\$1,083,940</u>
Courthouse Security	Net Cost	\$0

Funding of \$1,083,940 will be redirected from Agency 91, Office of the Sheriff to Agency 08, Facilities Management Department (FMD) to consolidate funding for security services. FMD manages and administers the County security contract including the contracted security utilized at the County Courthouse complex. Beginning in FY 2010, all security related expenditures will be directly accounted for within the FMD budget. There is no net impact to the General Fund.

	RECURRING	
Agency 92, Fire and Rescue Department	Revenue	\$0
Medical Director	Expenditure	<u>\$0</u>
	Net Cost	\$0

As a result of staff analysis subsequent to the adoption of the FY 2010 budget and concerns raised regarding the role of the Operational Medical Director, the creation of 1/1.0 SYE position in the Fire and Rescue Department is recommended for the establishment of a full-time Medical Director. The Medical Director is responsible for the creation of protocols for treatment by paramedics and provides guidance, oversight, and quality assurance to the department. The current Medical Director operates on a part-time basis through a cooperative agreement with Inova Health System, but the workload requires a dedicated position. There is no net cost to the County associated with this new position as salary costs will be absorbed by the Fire and Rescue Department and Fringe Benefits will be absorbed within Agency 89, Employee Benefits.

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Health and Welfare

	NON-RECURRING
Agency 67, Department of Family Services	Revenue \$675,000
Agency 87, Unclassified Administrative Expenses	Expenditure \$3,425,000
Child Care Assistance and Referral	Expenditure <u>\$150,000</u>
	Net Cost \$2,900,000

Funding of \$3,425,000 is required to replace funding eliminated as part of the FY 2010 Adopted Budget Plan. As indicated during adoption of the FY 2010 Budget, the \$3.4 million reduction would be funded with balances available as a result of the additional funding received from the state for the Child Care Assistance and Referral (CCAR) program, as well as additional state resources included in the 2008-2010 Biennium Budget bill.

The current CCAR reserve is \$2,750,000 and has been included as unencumbered carryover in Agency 87, Unclassified Administrative Expenses. In FY 2009 funding of \$2,900,000 was received from the state but not expended for the Child Care Assistance and Referral (CCAR) program. The County will also receive \$675,000 in funding from the state as a result of additional resources included in the 2008-2010 Biennium Budget bill. This brings total funding available for CCAR to \$6,325,000. After meeting FY 2010 requirements of \$3,425,000, total funding available for CCAR is \$2.9 million. These funds, which will be used in FY 2011 to partially offset the \$3.4 million reduction, will be held in Agency 87, Unclassified Administrative Expenses, for reallocation to Agency 67, Department of Family Services at a quarterly review.

It should also be noted that additional funding from the American Recovery and Reinvestment Act of 2009 (ARRA) will be available to address the CCAR wait list in FY 2010. The Department of Family Services will notify the Board when the exact funding amount is known.

	RECURRING
Agency 67, Department of Family Services	Revenue \$1,144,176
Foster Care and Adoption	Expenditure <u>\$1,144,176</u>
	Net Cost \$0

Funding of \$1,144,176 is required to appropriate additional federal and state revenue in the Foster Care and Adoption program. The expenditure increase is fully offset by state and federal revenues for no net impact to the County. Foster Care and Adoption services are mandated by Federal and Virginia codes. Foster care is the provision of substitute care and rehabilitative services for children temporarily separated from their parents. An example of adoption services includes counseling to birth parents and preparing and placing a child into an adoptive home when efforts to reunite the child with his/her birth family are unsuccessful. This adjustment brings expenditures and revenue more in-line with actual experience, as well as accommodates a 6 percent rate increase effective July 1, 2009.

	NON-RECURRING
Agency 67, Department of Family Services	Revenue \$332,516
Program Adjustments	Expenditure <u>\$332,516</u>
	Net Cost \$0

Funding of \$332,516 is required to appropriate additional state and federal revenue for the following programs:

- Refugee Resettlement program funding of \$210,000. This program provides cash and medical assistance to refugees who are deemed ineligible for all federal assistance programs.

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- General Relief program funding of \$100,000. This program provides cash assistance to individuals with low incomes who are older or who have a disability and are unable or work, and children in need of financial support who are not eligible for other programs.
- State information technology funding of \$22,516. This funding will partially offset the staff costs the Department of Information Technology (DIT) incurs to support state computers in the Department of Family Services.

These expenditure increases are fully offset by increases in state and federal funding with no net impact to the General Fund.

	RECURRING
Agency 67, Department of Family Services	Expenditure (\$30,000)
Agency 02, Office of the County Executive	Expenditure <u>\$30,000</u>
Human Services Lobbying Contract Transfer	Net Cost \$0

Funding of \$30,000 will be redirected from Agency 67, Department of Family Services to Agency 02, Office of the County Executive for the management and administration of the County human services lobbying contract currently managed in the Department of Family Services. The Office of the County Executive is responsible for lobbying and legislative efforts in the County; therefore this adjustment is needed to account for County lobbying related expenditures within the Office of the County Executive. There is no net impact to the General Fund.

	RECURRING
Agency 67, Department of Family Services	Revenue (\$1,175,213)
Regional Brain Injury Contract	Expenditure <u>(\$1,175,213)</u>
	Net Cost \$0

A decrease of \$1,175,213 is due to the state Department of Rehabilitative Services (DRS) decision to directly manage the contract providing case management services to individuals with brain injuries in the County and surrounding areas effective July 1, 2009. Previously, the County had managed the regional contract and received reimbursement from DRS for the regional services. The expenditure decrease is fully offset by a decrease in state revenues for no net impact to the County. This adjustment reflects the change in state policy.

	RECURRING
Agency 67, Department of Family Services	Expenditure (\$133,070)
Agency 68, Department of Administration for Human Services	Expenditure <u>\$133,070</u>
Pennino Enclave Contract	Net Cost \$0

Funding of \$133,070 is reallocated from the Department of Family Services (DFS) to the Department of Administration for Human Services (DAHS) to allow for the proper alignment of contractual responsibilities. As part of the FY 2010 Adopted Budget Plan, the Board of Supervisors restored funding of \$133,070 for the enclave contract service at the Pennino Building. Although the funding for this service is budgeted in DFS, the contract is managed by DAHS. The contractor is a sheltered workshop and provides services to both the County and the individuals trained and employed. DFS concurs with DAHS that the funding for this contract is more appropriately reflected in DAHS' Physical Resources business area.

As a result of actions taken by the Board of Supervisors on the *FY 2009 Carryover Review* on September 14, 2009, this administrative adjustment included in the original August 3, 2009 Carryover package to provide 9/9.0 SYE new positions for the Health Department to strengthen the current infrastructure for a sustained public health emergency was eliminated from the final approved package. It should be noted that the Board authorized the filling of 8 limited-term positions to meet this need.

	NON-RECURRING	
	Revenue	\$0
Agency 71, Health Department	Expenditure	\$0
New Positions	Net Cost	\$0

A total of 9/9.0 SYE positions are required for the Health Department to allow the Department to strengthen the current infrastructure for a sustained public health emergency, such as a pandemic outbreak, as well as to adequately support the provision of the current level of services. There is no net cost to the County associated with this action. The cost of these positions will be covered through careful agency management of position vacancies, the conversion of limited term funding and the redirection of operating expenditures. The agency will seek to streamline existing operations, where possible, and maximize efficiencies in such areas as community outreach, education and emergency preparedness.

Of the requested 9/9.0 SYE positions, five positions will replace grant positions associated with the Pandemic Influenza Outreach Team that have been funded since FY 2006 by a Center for Disease Control and Prevention (CDC) grant that ends in September. The continuation of permanent staffing for this critical outreach is essential to allow the Health Department to continue its efforts in community preparedness and to work with the community to increase their capacity in dealing with important health issues. In the spring of FY 2009 the Health Department activated its Incident Management Team (IMT) in response to the National Capital Region’s measles outbreak which was immediately followed by the response to the rapidly evolving H1N1 outbreak. For the four weeks that the IMT was fully activated, staff power was severely drained and had the outbreak been more severe and required more public health intervention, the agency would not have been able to sustain that level of response. As funding is available within the Health Department these positions will be filled, requiring the agency to prioritize vacancies and limit expenditures elsewhere in the agency.

Another three merit positions will be created in lieu of the existing limited term support for critical volunteer outreach and training, and database management, grant management, as well as the development of the department’s educational material relating to general public health, emerging diseases and public health threats. Lack of permanent staffing for these three positions negatively impacts Medical Reserve Corps (MRC) volunteer relations and disrupts volunteer outreach, recruitment and training; jeopardizes the agency’s ability to manage a wide array of grant funding streams and provide oversight of crucial databases; diminishes the agency’s capacity to coordinate staffing and communication during an emergency as well as impacts adequate support during outbreak situations. In FY 2008, there were 3,682 active MRC volunteers, with recruitment of new volunteers slightly outpacing attrition. The limited term funding will be used for these positions and additional Fringe Benefit costs will be absorbed within Agency 89, Employee Benefits.

The final position establishment creates a senior management position to staff the newly proposed Office for Public Health Preparedness. The Office of Public Health Preparedness will assist the Health Department in scaling up and maintaining recent initiatives to leverage community assets by creating functional partnerships, engaging stakeholders, and building capacity within the community in an effort to strengthen the local public health system. This Office of Public Health Preparedness will allow the agency to better integrate emergency preparedness activities, health education and promotion, community capacity building, workforce capacity/competency building strategic planning and total quality improvement (TQI) under one unit. This position’s duties would include the monitoring of public health trends, the development of community partnerships and maintaining support for over 80 stockholders that comprise the local public health system, multiple advisories and councils, as well as the development of systems to enhance public health service delivery.

Parks, Recreation, and Libraries

	RECURRING
Agency 12, Department of Purchasing and Supply Management	Expenditure (\$288,803)
Agency 52, Fairfax County Public Library	Expenditure <u>\$288,803</u>
Library Book Delivery	Net Cost \$0

Funding of \$288,803 will be reallocated to the Fairfax County Public Library (FCPL) and the Department of Purchasing and Supply Management's Recovered Costs will increase to allow for the proper alignment of responsibilities for the delivery of library books to FCPL patrons. The function for the book delivery will remain in the Department of Purchasing and Supply Management but the budget will now be part of the FCPL to reflect the fact that the service is restored as a result of the imposition of new library fees. There is no net General Fund cost for this adjustment.

Community Development

	RECURRING
Agency 31, Land Development Services	Expenditure \$180,000
Fund 340, Housing Assistance Program	General Fund Transfer <u>(\$180,000)</u>
Transfer of Blight Program to the Code Enforcement Strike Team	Net Cost \$0

	NON-RECURRING
Fund 303, County Construction	Transfers In \$220,156
Fund 340, Housing Assistance Program	Transfers Out <u>\$220,156</u>
Transfer of Blight Program to the Code Enforcement Strike Team	Net Cost \$0

In a memo dated April 27, 2009, the Blight Program was consolidated under the control of the Code Enforcement Strike Team (CEST). As of this date, all authorizations for Blight activity approved by the Board of Supervisors, including the demolition of blighted structures, became the responsibility of CEST. As part of this transfer, it is necessary to reallocate \$180,000 currently funded in Fund 340, Housing Assistance Program, and two positions (one merit and one limited term) to the CEST budget in Land Development Services (LDS). This action results in an increase of \$111,000 in Personnel Services and \$69,000 in Operating Expenses in CEST-LDS, with a commensurate decrease in Fund 340.

In addition, a total of \$220,156 reflecting the balance in Project 014020, Spot Blight Abatement in Fund 340, Housing Assistance Program will be redirected to Project 009801, Strike Force Blight Abatement in Fund 303, County Construction. The redirected funding will be available to assist CEST in the demolition of blighted structures and other related activities. It should be noted that this portion of the funding is non-recurring and once it has been utilized, alternate funding will need to be identified.

Non-Departmental

	NON-RECURRING
Agency 89, Employee Benefits	Revenue \$0
Retirement Contribution Reserve	Expenditure <u>\$20,000,000</u>
	Net Cost \$20,000,000

Funding of \$20,000,000 will be set aside in reserve in anticipation of increased employer contribution requirements for the County's retirement systems in FY 2011. During FY 2009, the Uniformed, Employees' and Police Officers Retirement Systems all experienced significant investment losses as a result of market conditions throughout the fiscal year. Total returns in FY 2009 through May 31 were **FY 2009 Carryover Review**

down 20.1 percent for the Uniformed System, down 24.0 percent for the Employees' System and down 18.3 percent for the Police Officers System. Final results for June are not yet available, but based on general market returns in June, the full year results are expected to be close to the returns through May. These returns are a result of the global financial and economic crisis experienced nationally.

As a result of investment performance, it is projected that employer contribution rates for all systems will increase significantly in FY 2011, currently projected to cost the General Fund in excess of \$35 million. In order to prepare for the fiscal impact of these rate changes, \$20 million will be held in Agency 89, Employee Benefits, for use in FY 2011. It should be noted that, although the systems experienced investment losses, the actuarial valuations performed in the fall to determine FY 2011 employer contribution rates will also include the impact of changes to liabilities. Employer contribution rates are calculated based on a number of actuarial assumptions, including the impact of liability gains or losses which are determined by comparing actual experience, such as rates of retirement and death, against actuarial assumptions. Thus, while investment losses could negatively impact employer contribution rates, a decrease in liabilities could help to mitigate the impact.

It is also important to note that the current actuarial methodology includes using an actuarial rate of return which smoothes investment returns to delay total recognition of a given year's returns above or below the long-term expected rate of 7.5 percent. This is done to mitigate volatility in funding requirements, recognizing the cyclical nature of capital market returns. As a result, FY 2009 investment returns are likely to continue to have upward pressure on the contribution rates, not only in FY 2011, but in FY 2012 and FY 2013 as well.

		RECURRING
Agency 08, Facilities Management Department	Expenditure	(\$98,000)
Agency 68, Department of Administration for Human Services	Expenditure	\$190,465
Agency 70, Department of Information Technology	Expenditure	(\$85,947)
Agency 87, Unclassified Administrative Expenses – DPWES	Expenditure	\$85,947
Agency 89, Employee Benefits	Expenditure	\$26,907
Fund 106, Fairfax-Falls Church Community Services Board	General Fund Transfer	<u>(\$119,372)</u>
Organization Realignment	Net Cost	\$0

Funding adjustments are required for various agency organization realignments as a result of workload requirements and final budgetary decisions. Funding of \$98,000 and 1/1.0 SYE is transferred from Agency 08, Facilities Management Department to Agency 68, Department of Administration for Human Services to better align lease support among human services agencies. Funding of \$85,947 is transferred from Agency 70, Department of Information Technology to Agency 87, Unclassified Administrative Expenses – Department of Public Works. As part of this action, 1/1.0 SYE position is eliminated within DIT, established in Fund 125, Stormwater Services and charged to Agency 87. Agency 87 funding supports the portion of the former Maintenance and Stormwater Management Division within DPWES related to transportation operations maintenance. Funding of \$92,465 and 1/1.0 SYE is transferred from Fund 106, Fairfax-Falls Church Community Services Board to Agency 68, Department of Administration for Human Services, and funding of \$26,907 is transferred from Fund 106, Fairfax-Falls Church Community Services Board to Agency 89 for associated fringe benefits, to better align lease support among human services agencies. There is no net impact to the General Fund for these adjustments.

General Fund-Supported

	NON-RECURRING
Fund 002, Revenue Stabilization Fund	General Fund Transfer <u>\$16,213,768</u>
Replenish Revenue Stabilization Fund Reserve	Net Cost \$16,213,768

The General Fund transfer to Fund 002, Revenue Stabilization Fund is increased by \$16,213,768 to restore the fund to the targeted 3 percent of total general fund disbursements. As part of the *FY 2009 Third Quarter Review* the Board of Supervisors authorized a partial withdrawal from the Revenue Stabilization Fund (RSF) to address FY 2009 revenue shortfalls. Based on Third Quarter revenue estimates which reflected a reduction of \$53.0 million or 1.6 percent from the FY 2009 approved budget level, FY 2009 marked the first year the policy conditions for withdrawal have been met since the creation of the fund in 1999. As part of the Budget Guidance for FY 2010 and FY 2011 approved by the Board of Supervisors on April 20, 2009 the Board of Supervisors directed staff to develop a plan to restore the fund to the targeted 3 percent of total general fund disbursements as part of the *FY 2009 Carryover Review*. It should be noted that the transfer of \$16.2 million to fully fund the Revenue Stabilization Fund reserve is less than the \$18.7 million withdrawn from the fund as part of the *FY 2009 Third Quarter Review* primarily as a result of higher than anticipated interest earnings.

The Board approved the establishment of the RSF in 1999 to provide a mechanism, in the event of changing economic conditions, for maintaining a balanced budget within a current budget year without resorting to sudden or drastic reductions to County and School programs. The current Revenue Stabilization fund policy permits a withdrawal when General Fund revenue is decreased 1.5 percent from estimated current year revenues. In addition, the policy limits the withdrawal to one half of the reserve and requires accompanying spending reductions. The original reserve was not fully funded until the *FY 2006 Third Quarter Review*, nearly seven years after its inception. A more aggressive policy for fully funding the reserve is required at this point in time, particularly given the uncertainty of the national and regional economies.

	NON-RECURRING
Fund 100, County Transit Systems	General Fund Transfer <u>(\$2,250,000)</u>
Savings to Meet Potential FY 2011 Budget Requirements	Net Cost (\$2,250,000)

The General Fund transfer to Fund 100, County Transit Systems, is reduced by \$2,250,000 to transfer FY 2009 balances resulting primarily from fuel savings as a result of actual diesel fuel prices and number of Connector platform hours in FY 2009. In a motion dated April 17, 2009 the Board of Supervisors directed County staff to maximize the amount of fuel savings during the remaining months of FY 2009 and to set aside whatever funds materialized to provide future-year flexibility specifically for fuel-related requirements or in support of the FY 2011 budget in general.

**Fund 104, Information Technology Projects
Information Technology Funding**

NON-RECURRING	
General Fund Transfer	<u>\$6,050,000</u>
Net Cost	\$6,050,000

The General Fund transfer to Fund 104, Information Technology Projects, is increased by \$6,050,000. This amount will provide funding needed for anticipated contractual awards for the Legacy System Replacement Project in FY 2010. This funding is necessary to support the Fairfax County government and school system multi-year, joint initiative that will modernize the portfolio of enterprise systems that support finance (FAMIS), human resources (government: PRISM/schools: LAWSON), budget (BPREP), procurement (CASPS) and related administrative applications with an integrated approach that has the flexibility to meet current and future requirements. It is anticipated that this funding will be required to meet contractual payments anticipated at the end of FY 2010 for implementation and configuration services.

The project seeks to mitigate the risk that antiquated and disjointed systems pose for system failure and flawed data, and to shift the orientation of the systems from that of data repositories to information system solutions. The partnership between County and schools and the business investment will facilitate operational efficiencies through enabling robust self-service processes, reducing various “side” systems currently used to provide functionality that is lacking in the core systems, and identifying independent business processes that achieve a greater value when done jointly between the two organizations. As partners in this endeavor, County government and FCPS expect to avoid the future cost of escalating expenses required to manage and maintain old technology while leveraging future technology costs by working together and clearly defining collective requirements.

As shared with the Board earlier this year, the current ‘stovepipe’ legacy business systems are on various, old technology platforms using a variety of hardware and software architectures integrated through a number of interfaces and reporting tools. Previous assessments of these aging systems revealed that they are past their projected useful lifecycle, no longer meet today’s technology standards, and do not meet the demands of resource and financial management and decision-making. System limitations continue to drive a proliferation of multi-step tasks to produce desired data and the development of numerous ‘workaround’ systems to gain necessary functionality currently not available. This has also resulted in an exponentially increased risk for fraud and security vulnerabilities. Due to their age, many of these systems have no vendor support and rely on retirement eligible in-house staff for maintenance. The systems are written in technical code that is outdated, they are not practiced by the vast majority of the industry labor pool and they are unable to be integrated with future mandated requirements.

Of these systems, the County government’s Personnel Resource Information System Management (PRISM) is the most vulnerable to immediate obsolescence issues. It is over 20 years old and highly customized based on historical County operational practices to the extent that it cannot be further enhanced. Further, attrition of in-house technical staff as they reach retirement age is jeopardizing future support for maintaining this legacy application - with the other systems approaching a similar expert support dilemma. The effort will be implemented in phases, and due to the impending lack of support for PRISM, the first phase will be to replace PRISM, followed by the financial sections and ending with LAWSON system. The project timeline is expected to last through the year 2012.

	RECURRING
Fund 112, Energy Resources Recovery Facility	General Fund Transfer \$1,722,908
Covanta Tax Liability	General Fund Revenue <u>\$1,722,908</u>
	Net Cost \$0

The General Fund transfer to Fund 112, Energy Resources Recovery Facility is increased by \$1,722,908 for real estate tax liability. On July 15, 2002, the Lorton property was transferred from the federal government to the County. As a result, the Energy/Resource Recovery Facility (E/RRF) located on the Lorton property and operated by Covanta Fairfax, International changed from tax-exempt to taxable status. The Department of Tax Administration will levy Real Estate and Business Personal Property Taxes on the E/RRF in the amount of \$1,722,908 in FY 2010. As a cost of operations and pursuant to Covanta’s contract with the County, Covanta will pay the tax to the County and then be reimbursed by the County via a General Fund Transfer In to Fund 112.

	NON-RECURRING
Fund 311, County Bond Construction	Transfer in to the General Fund <u>\$500,000</u>
Gregory Drive Treatment Facility	Net Cost (\$500,000)

A Transfer In to the General Fund of \$500,000 from Fund 311, County Bond Construction, is included due to a lower than expected contract award for Project 04A002, Gregory Drive Treatment Facility, as approved by the Board of Supervisors on March 30, 2009. An amount of \$500,000 was originally funded from the General Fund based on projected requirements. Due to a favorable bid environment, \$500,000 is now available to be returned back to the General Fund.

	NON-RECURRING
Fund 317, Capital Renewal	General Fund Transfer <u>\$5,000,000</u>
Emergency System Failures	Net Cost \$5,000,000

The General Fund transfer to Fund 317, Capital Renewal, is increased by \$5,000,000 for emergency system failures that occur at aging County facilities throughout the year, as well as capital renewal projects categorized as “F”, urgent/safety related, or endangering life and/or property. Funding will provide for emergency repairs at County facilities in the event of a major systems failure such as a large HVAC system, or other unforeseen event. The County has very limited capacity to deal with potential system failures. The County’s current capital renewal program emphasizes preventative maintenance primarily because investing in aging and deteriorating building systems and components can alleviate the need for future expenditures, often resulting in significant cost avoidance. If a system failure should occur, there is the potential that a County facility may shut down, suspending services to residents and disrupting County business. Although preventative maintenance is preferred, as the inventory of County facilities age, emergency repairs and maintenance requirements continue to grow. In recent months, several unanticipated emergency repairs have been necessary including, a broken pipe in the sewer line that serves the Government Center building. This damaged pipe caused extensive leaking throughout the building and parking garage, requiring the excavation and repair of several sewer lines, the cleanup and repair of broken pipes within the building and parking garage, and the restoration of affected County restrooms. In addition, extensive damage from a leaking roof and air handling unit at the Courthouse building and a water line break at the Hollin Hall facility have required immediate mitigation. This increase will provide a source of funding for these types of unforeseen emergency repairs and will allow FMD to address category F projects not funded in FY 2010 for which repairs are becoming more imminent.

OTHER FUNDS

	RECURRING
Fund 109, Refuse Collection and Recycling Operations	Revenue \$1,000,000
Smart Services Initiative	Expenditure <u>\$1,000,000</u>
	Net Cost \$0

Funding of \$1,000,000 and up to 7/7.0 SYE positions is required pending a decision by the Board of Supervisors and the School Board regarding the Smart Services Committee initiative associated with the County providing trash and recycling pick up at FCPS sites. Based on the Smart Service Committee discussion and staff recommendations, it is anticipated that the County Refuse Collection and Recycling Operations will take over collections for the FCPS. A revenue and expenditure adjustment of \$1.0 million is included for initial start up costs to account for the lead time required for a targeted January 1, 2010 start date. FCPS would be billed for all costs related to collection at school sites. It is estimated that the County collection operations can provide the same level of service to the FCPS sites for an estimated savings of \$1.0 million annually

	NON-RECURRING
Fund 303, County Construction	Transfers Out \$1,500,000
Fund 312, Public Safety Construction	Transfers In <u>\$1,500,000</u>
Courthouse Expansion and Renovation	Net Cost \$0

Funding of \$1,500,000 is required to be transferred from Fund 303, County Construction, Project 009510, Construction Inflation Reserve to Fund 312, Public Safety Construction, Project 009209, Courthouse Expansion and Renovation to support higher than anticipated construction costs. The increase in construction costs is associated with a delay in the completion of the project, additional code requirements primarily associated with ADA restroom upgrades, asbestos removal costs, additional exterior and interior signage, and additional fire alarm costs. The design and construction of the expansion project includes an approximately 316,000-square foot addition including courtrooms, chambers, office space, necessary support spaces and site improvements. The project also includes the renovation of the existing 230,000-square foot courthouse. The total project estimate of the Courthouse Expansion and Renovation project after this adjustment is \$127,236,000. The Construction Inflation reserve was funded as part of the FY 2007 Adopted Budget Plan in the amount of \$8,000,000 in order to address escalation in the regional construction market effecting construction projects in progress. The balance in the construction reserve after this action is \$0.

	NON-RECURRING
Fund 318, Stormwater Management	Transfers Out \$5,325,000
Fund 125, Stormwater Services	Transfers In <u>\$5,325,000</u>
Stormwater Program Support	Net Cost \$0

Funding of \$5,325,000 is required to be transferred from Fund 318, Stormwater Management to Fund 125, Stormwater Services to support the stormwater program and continued capital project work. Fund 318 was established in FY 2006 to support the long-term needs of the County's Stormwater capital program by designating the approximate value of one penny from the County's Real Estate tax to stormwater capital projects. That dedicated funding source enabled Stormwater Management to ensure dam compliance, begin reinvestment in Stormwater infrastructure and continue its National Pollutant Discharge Elimination System (NPDES) compliance efforts. As part of the FY 2010 Adopted Budget Plan, Fund 125, Stormwater Services was approved as a new service district to support the stormwater management program, as authorized by Va. Code Ann. Sections 15.2-2400. The service district levy is \$0.010 per \$100 of assessed real estate value, an amount that will support both staff operating

requirements and stormwater capital projects. The levy of \$0.010 will provide approximately \$20 million in a typical budget year for the stormwater program. The effective date of the service district and tax rate is July 1, 2009. Therefore, during the service district's first year, taxpayers will be billed for the second half of calendar year 2009, generating approximately \$10 million for the stormwater program in FY 2010. A transfer from Fund 318 is required, based on project timelines and schedules, in order to enable much needed capital projects to move forward within the new structure. It is estimated that beginning in FY 2011, Fund 125 will be fully supported by approximately \$20 million annually and any remaining project balances in Fund 318 will have been transferred into Fund 125. In addition, staff and operating expenses previously budgeted in Agency 29, Stormwater Management are now reflected in Fund 125 to ensure that funding for both capital and operational costs are consolidated in the new structure.

Consideration Items

No consideration items are included as part of the *FY 2009 Carryover Review*.

Additional Adjustments in Other Funds

Total FY 2010 expenditures in Appropriated Other Funds, excluding appropriations to Fairfax County Schools, are requested to increase \$1,152.39 million over the FY 2010 Adopted Budget Plan. This amount includes an increase of \$1,058.17 million in carryover of unspent balances and an increase of \$94.22 million in other adjustments. In addition to the adjustments in Appropriated Funds, there are adjustments totaling \$31.01 million in Non-Appropriated Other Funds. Details of Fund 102, Federal/State Grant Fund, are discussed in Attachment VI, while details of FY 2010 adjustments in Appropriated and Non-Appropriated Other Funds other than Federal and State Grants are found in Attachment VII. School Board adjustments total \$410.78 million, excluding debt service, over the FY 2010 Adopted Budget Plan. Details of School Board actions are available in Attachment C.

Summary of Recommended Actions

In summary, I am recommending that the Board take the following actions:

Approve Supplemental Appropriation Resolutions AS 09161 and AS 10036 as well as Fiscal Planning Resolution AS 10900 to provide expenditure authorization for FY 2009 Carryover encumbrances, unexpended balances, administrative adjustments and the associated adjustments to the Managed Reserve including the following:

- Board appropriation of \$39.1 million in General Fund encumbrances related to Direct Expenditures from FY 2009 as noted in the General Fund Statement.
- Board appropriation of General Fund unencumbered Board commitments totaling \$6.8 million as detailed in Attachment IV.
- Board appropriation of net General Fund administrative adjustments totaling \$48.7 million as detailed earlier in this memorandum.
- Board appropriation of Federal/State grants in Fund 102, Federal/State Grant Fund, totaling \$137.52 million or an increase of \$77.72 million as detailed in Attachment VI. Of this amount, \$15.78 million represents non-local cash match funding adjustments for existing, supplemental, and new grant awards the Department of Transportation, Fairfax County Public Library, Department of Family Services, Department of Systems Management for Human Services, Health Department, Police Department, and Fire and Rescue Department. In addition, an increase of \$61.94 million represents the carryover of unexpended FY 2009 balances for grants that were previously approved by the Board of

FY 2009 Carryover Review

Supervisors. It should be noted that the local cash match reserve for grant awards is increased by \$4.09 million. The increase includes \$5.18 million carried over from the FY 2009 balance of the reserve and \$0.10 million in local cash match returned to the reserve and carried over as the result of closeouts, offset by a \$0.27 million decrease due to the local cash match requirement of new awards in the Department of Transportation and the Department of Family Services, and a \$0.92 million decrease due to local cash match requirements for FY 2010 awards administratively approved prior to Carryover.

- Board appropriation of remaining Other Funds Carryover of \$1,485.44 million, which includes \$410.78 million in School expenditures and \$643.17 million for Capital Construction funds, and \$431.49 million in other funds. Of this total, \$1,361.06 million is in encumbered items, \$30.16 million is in unencumbered commitments, and \$94.22 million is in additional adjustments. Details are available in Attachment I, Carryover Expenditures by Fund; in Attachment V, Other Funds Unencumbered Carryover; in Attachment VII, Other Funds Detail; and in Attachment C, Fairfax County School Board's FY 2010 Final Budget Review and Appropriation Resolutions.
- Board approval of adjustments to the Managed Reserve to reflect all carryover adjustments.