Fairfax County, Virginia

FY 2018

ADVERTISED BUDGET PLAN

(INCLUDES MULTI-YEAR BUDGET: FY 2018 - FY 2019)

Citizen's Guide to the Budget

www.fairfaxcounty.gov/budget

Introduction

The FY 2018 Advertised Budget Plan maintains the County's commitment to remaining a strong steward of financial management including adjustments in accordance with our reserve and pension policies, fairly addressing the needs for both the County and Schools, providing pay increases to County employees, and, above all, managing the financial impact of budgetary decisions on our County taxpayers. The highlights of the FY 2018 Advertised Budget Plan include:

- A balanced budget at the current Real Estate tax rate of $1.13 per $100 of assessed valuation.
- Equal growth rates for both School transfers and County requirements (excluding reserves) at 2.41 percent over the FY 2017 Adopted Budget Plan level. Specifically, a 2.70 percent increase, or $51.69 million, is proposed for the County transfer for the School Operating Fund.
- Net reductions and revenue enhancements of $13.42 million and the elimination of 13 positions generated from opportunities submitted by County agencies.
- A net increase of 50 positions, many included at no cost to the General Fund.
- Funding for a limited number of Board priorities.
- Contributions to the County's reserves and retirement systems per the funding policies adopted by the Board in 2015.
- The deferral of some significant County priorities to FY 2019 or beyond.
- An available balance of $1.99 million for the Board to address some of the remaining critical requirements.

Economic Overview

The U.S. economy continues to grow, albeit at a modest rate. For all of 2016, real Gross Domestic Product (GDP) grew at a preliminary rate of 1.6 percent, down from the 2.6 percent growth in 2015. This was the weakest performance since 2011. Consumer spending, which makes up more than two-thirds of economic activity, grew 2.5 percent in the fourth quarter, compared to 3.0 percent in the third quarter.

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 by a quarter-percentage point to a range of 0.50-0.75 percent in December 2016. This reflected Fed policy makers' confidence in the strengthening of the economy and the "considerable progress the economy has made" toward full employment and an inflation target of 2 percent. The Fed indicated that rates could continue to increase during 2017 more quickly than previously projected, most likely increasing by another 0.75 percentage point.

The pace of employment growth in 2016 slowed compared to 2014 and 2015. The U.S. economy added just over 2.2 million jobs in 2016 compared to 2.7 million in 2015. Wage growth was 2.9 percent for the year – the strongest since the recession. The unemployment rate was 4.7 percent as of December 2016.

Gains in home prices nationwide continued their rise in 2016, supported by low interest rates, declining unemployment, and rising disposable personal income. According to the S&P/Case-Shiller home price index, home prices were up 5.3 percent for the 12 months ending November

2016. Home prices in the Washington Metropolitan area posted a slightly more modest 3.7 percent gain during the same period.

FY 2018 BUDGET GENERAL FUND SUMMARY

The following table summarizes how the FY 2018 budget was constructed. Based on the current Real Estate tax rate of $1.13 per $100 of assessed valuation, $87.05 million in revenue was generated over FY 2017 levels. With $1.15 million in revenue adjustments associated with savings opportunities submitted by agencies and a small adjustment to Transfers In, a total of $88.10 million was available for FY 2018 requirements. Almost 58 percent of these resources – $50.95 million – is included for Schools Support, with the remainder used for County requirements. A balance of $1.99 million is available for the Board's consideration as decisions are made on the budget.

How was the FY 2018 General Fund Budget Built?

(in millions)

Available Revenue Increase in FY 2018 over the FY 2017 Adopted Budget Plan	
Revenue Increase at Current Real Estate Tax Rate	**$87.05**
Revenue Adjustments associated with Reductions	**$1.15**
Net Impact of Transfers In	**($0.10)**
Total Available	**$88.10**
FY 2018 Requirements	
Schools Support	***$50.95***
School Operating Transfer	$51.69
School Debt Service Transfer	($0.74)
County Requirements	***$45.39***
Employee Pay and Benefits	$32.58
Capital and Debt	$9.28
Public Safety	$9.26
Human Services	$3.10
Cost of County Operations	$3.03
Community Development	$0.41
Reductions / Savings	($12.27)
Reserve Adjustments	***($10.23)***
Total Uses	***$86.11***
Available for Other Critical Requirements	***$1.99***

FY 2018 General Fund Revenue

FY 2018 General Fund revenues are projected to be $4,099,161,290, an increase of $77,163,896, or 1.92 percent, over the *FY 2017 Revised Budget Plan*, which contains the latest FY 2017 revenue estimates, and an increase of $88,199,216, or 2.20 percent, over the FY 2017 Adopted Budget Plan.

On the County's real estate front, the Metropolitan Regional Information System (MRIS) reported that 15,755 homes sold in the County in 2016, up 6.1 percent from 2015. However, the average sales price rose just 0.1 percent to $544,416 in 2016. Homes for sale were on the market 52 days before they sold, the same as in 2015. As a result, residential equalization reflects a slight 0.68 percent increase in FY 2018, continuing the declining increases experienced since peaking at an 11-year high of 6.54 percent in FY 2015. Non-residential equalization reflects an increase of 1.85 percent, the second straight year of increases, but lower than the 2.87 percent growth experienced last year.

The value of a penny on the Real Estate Tax rate is $23.75 million in FY 2018. Each penny change in the tax rate equals $53.32 on a taxpayer's bill. Given an average value of a residential unit of $533,168, the "typical" residential annual tax bill will rise, on average, $40.69 in FY 2018.

The *General Fund Revenue Overview* in the FY 2018 Overview volume has additional details on General Fund revenues.

FY 2018 General Fund Disbursements

FY 2018 General Fund disbursements are $4,103,204,793, an increase of $90,664,973, or 2.26 percent, over the FY 2017 Adopted Budget Plan and an increase of $27,185,856, or 0.67 percent, over the *FY 2017 Revised Budget Plan*. The increase over the Adopted budget is based on an increase of $50.95 million for Fairfax County Public Schools for Operating, Debt, and Construction, an increase of $45.39 million for County requirements, discussed in more detail below, and a decrease of $5.68 million as a result of lower required contributions to the Revenue Stabilization Fund.

In all, 50 net new positions are recommended in the FY 2018 Advertised Budget Plan which are detailed below. It should be noted that 13 positions are proposed to be eliminated in FY 2018, primarily associated with savings opportunities identified by County agencies.

Increases over the FY 2017 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 $50.95 million

Overall, County support to Fairfax County Public Schools – including County transfers to the School Operating, Debt Service, and Capital Contribution funds – total $2.17 billion. This level of funding represents an increase of $50.95 million, or 2.41 percent, over FY 2017 Adopted Budget Plan levels. The General Fund transfer to the Public School Operating Fund reflects a $51.69 million, or 2.70 percent, increase over the funding level in the FY 2017 Adopted Budget Plan. In this proposed budget, the percentage of the General Fund allocated to Schools increases from 52.7

to 52.8 percent, reflecting the continued importance of a strong education system in the County. The General Fund transfer to the School Debt Service fund is decreased by $0.74 million, or 0.39 percent from the FY 2017 level. The General Fund transfer to the School County Construction Fund is unchanged from FY 2017.

The County also provides additional support for the Schools in the amount of $83.4 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.

On February 9, 2017, the Fairfax County School Board requested an operating transfer of $2.03 billion for FY 2018 that would give school employees raises and a 1 percent market scale adjustment, meet the requirements of the Virginia Retirement System (VRS), implement a new non-teacher salary scale, and continue to implement changes to the teacher salary scale. This level of transfer would necessitate a $112.54 million, or 5.9 percent, increase over the FY 2017 Adopted Budget Plan General Fund transfer. This request would require an additional $61 million, or approximately 2.5 additional cents on the Real Estate tax rate.

County Requirements — $45.39 million

Overall, County disbursements (excluding Schools transfers and the transfer to the Revenue Stabilization Fund) total $1.93 billion, an increase of $45.39 million, or 2.41 percent, over the FY 2017 Adopted Budget Plan. Details for the most significant adjustments are provided below.

Employee Compensation (Pay and Benefits) - $32.58 million

The FY 2018 Advertised Budget Plan includes funding for 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 and the increase in the living wage as approved by the Board as part of the *FY 2016 Carryover Review* are funded. No funding is included for the Market Rate Adjustment, calculated at 1.65 percent. Total funding for employee pay equals $23.51 million.

- **General County Performance/Longevity Increases**

Funding of $12.27 million is included for the General County employee pay increases included in the budget which reflects the new 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 2017 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 2018, all employees reaching 20 or 25 years of service as of June 30, 2017 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 2018 is 2 percent.

- **Public Safety Merit/Longevity Increases**

Funding of $9.82 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 2017 and the partial-year costs for merit and longevity increases provided to uniformed employees in FY 2018 since all increases are effective on the employee's anniversary date. Funding also reflects the full-year impact of the elimination of the two-year hold at Step 8 in the uniformed public safety pay plans as approved as part of the FY 2017 Adopted Budget Plan. 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 longevities. 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.

- **Other Salary Adjustments**

A net increase of $1.42 million is included for salary increases as a result of the County's benchmark class survey and the full-year impact of the living wage increase. Of the 68 benchmark job classes examined, 8 surveyed classes were below the competitive market threshold of 95 percent of the external market salary range midpoint average. Employees in job classes linked to the affected surveyed classes receive increases of 1.5 or 3.0 percent of the new salary grade midpoint. The General Fund impact in FY 2018 is $1.23 million. Additionally, $0.19 million is included for the full-year impact of the living wage increase. As part of the *FY 2016 Carryover Review*, the Board of Supervisors increased the Living Wage from $13.13 to $14.50 per hour. The living wage applies to merit employees and limited-term employees scheduled to work 1,039 hours or more per year.

- **Retirement Funding**

The FY 2018 budget includes a net increase of $4.72 million in Employee Benefits for employer contributions to the retirement systems. Of this amount, an increase of $8.57 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 $3.85 million in savings based on year-to-date experience.

Adjustments to the employer contribution rates are based on an actuarial experience study conducted in FY 2016 to review the actual experience over the preceding five years. As a result of that study, a number of assumptions were revised, including a reduction to the assumed long-term rate of return of the systems from 7.5 percent to 7.25 percent, a corresponding reduction to the projected rate of inflation, and adjustments to the mortality table. These changes, along with the results of the annual actuarial valuation based on FY 2016 experience, result in a cost of $6.19 million. In addition, $2.38 million is included for a change in the amortization schedule to increase the amortization level from 97 percent to 98 percent based on the County's pension funding policy and the commitment to include amortization of 100 percent of the unfunded liability in the actuarially determined contributions for each of the systems by FY 2020. Overall, these changes result in a net increase in the employer contribution rate for the Employees' system and a net decrease in the employer contribution rates for the Police Officers and Uniformed systems. However, based on the County's commitment to not reduce employer contribution rates to the systems until they have reached 100 percent funding, the rates for the Police Officers and Uniformed systems will be maintained at the FY 2017 levels.

All three systems failed to reach the 7.5 percent assumed rate of investment return in FY 2016. (As noted above, the 7.5 percent rate was reduced to 7.25 percent for FY 2017 as a result of the experience study.) The Employees' system was down 0.4 percent, the Uniformed system was down 0.8 percent, and the Police Officers system returned 1.0 percent. These returns reflected a difficult year for investments as the markets experienced periods of volatility. The FY 2016 investment results, contribution levels, and liability experience, as well as the assumption changes resulting from the five-year experience study, 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 based on new requirements from the Governmental Accounting Standards Board (GASB).

	June 30, 2015	***June 30, 2016***
Employees'	74.2%	70.2%
Uniformed	81.0%	77.2%
Police Officers	84.8%	81.4%

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 second 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. A reduction to the offset from 10 percent to 5 percent in FY 2018 will not impact the FY 2018 employer contribution rates, though a nominal increase in the rates may be required for the final step in the elimination of the offset. However, following Board 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 $1.4 million will be included as part of the *FY 2017 Third Quarter Review* to fund the increased liability resulting from this decrease in the Social Security offset for service-connected disability retirees.

- **Retiree Health Benefit Subsidy**

An increase of $0.49 million in the General Fund transfer to Fund 73030, OPEB (Other Post-Employment Benefits) Trust, is included to increase the retiree health benefit subsidy by $10 per month. This benefit, last increased in FY 2006, provides monthly subsidy payments to eligible retirees to help pay for health insurance in a County health plan. The current monthly subsidy commences at age 55 and ranges based on years of service from $30 (5 to 9 years of service) to $220 (25 or more years of service) per month. The proposed monthly subsidies would range from $40 to $230 per month. It should be noted that the total transfer to the OPEB Trust Fund is decreased by a net of $5.51 million in FY 2018, reflecting this increase and a $6.00 million savings, discussed later in the *Reductions and Savings* section, based on continued savings resulting from the County's participation in an Employer Group Waiver Plan (EGWP). In the past two years, the transfer has been reduced by a total of $16 million because of the EGWP implementation, providing an opportunity to propose an increase in the retiree health benefit subsidy in FY 2018.

- **Health Insurance and Other Benefits**

A net increase of $3.86 million in Employee Benefits is primarily due to the full-year impact of calendar year 2017 premium increases and costs associated with a projected 7 percent premium increase for all health insurance plans, effective January 1, 2018. 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 an 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 based on year-to-date experience.

Capital Construction and Debt Service $9.28 million

The increase in funding for Capital Construction and Debt Service is $9.28 million. This increase represents increased debt service requirements in FY 2018. General Fund support for the Capital Construction program remains consistent with FY 2017 levels except for a proposed $100,000 reduction which is included in the *Reductions and Savings* section discussed later.

The FY 2018-FY 2022 Capital Improvement Program (CIP) totals $10.0 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.

- **Capital Construction**

Capital Construction is primarily financed by the General Fund, General Obligation bonds, fees, and service district revenues. General Fund support in FY 2018 totals $19,441,876. This represents a decrease of $100,000 from the FY 2017 Adopted Budget Plan based on the proposed elimination of funding for the Emergency Directive Program. A strong capital program is necessary to sustain County services and, as a result of revenue constraints in recent years, contributions have not kept pace with County needs. Consistent with the approach taken as part of the FY 2017 Adopted Budget Plan, baseline increases in General Fund support have not been included in the FY 2018 recommendation.

FY 2018 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	$2,595,000	$0	$2,595,000
Payments and Obligations	$4,400,585	$0	$4,400,585
County Infrastructure Replacement and Upgrades	$0	$1,825,953	$1,825,953
Reinvestment, Repair, and Emergency Maintenance of County Roads and Walkways	$0	$1,100,000	$1,100,000
Developer Default Improvements	$0	$200,000	$200,000
TOTAL GENERAL FUND SUPPORT	$12,925,923	$6,515,953	$19,441,876

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

Instead, increased General Fund support will be recommended as part of the *FY 2017 Third Quarter Review* to address critical infrastructure replacement and upgrade projects that have been classified as Category F – urgent and/or safety-related – and required Americans with Disabilities Act (ADA) compliance. Significant capital investment requirements continue to be deferred, such as County and Parks infrastructure replacement and upgrades, revitalization maintenance, and trails and sidewalks. While providing one-time funding for these types of projects as part of quarterly reviews prevent the County from falling further behind, recurring baseline funding is the only mechanism to ensure that we have adequate resources dedicated to the capital program.

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

- **Debt Service**

In addition to requirements associated with School debt service, FY 2018 General Fund support of County debt service requirements is $146.04 million, an increase of $9.28 million over the FY 2017 Adopted Budget Plan. The FY 2018 funding level supports debt service payments associated with existing and anticipated debt service requirements, including the $258.9 million in General Obligation bonds sold in January 2017. In addition and based on the Board's policy concerning reserves, the refunding savings of $0.80 million to be generated in FY 2018 from the Series 2015 B, Series 2015 C, and Series 2016 A General Obligation refunding bond sales will be transferred to the Revenue Stabilization Fund. These savings are one-time and will help the County reach its revised reserve goals. During FY 2018 it is anticipated that a General Obligation bond sale that will not exceed $275 million will be conducted to fund cash requirements for on-going capital projects for School and County purposes. This bond sale estimate is consistent with the FY 2018-FY 2022 Advertised Capital Improvement Program (With Future Fiscal Years to 2027).

As part of the guidance approved by the Board for the FY 2018 budget, staff was directed to analyze a possible increase in the annual bond sales limit from its current level of $275 million to accommodate a potential increase in the annual School bond capacity from its current level of $155 million. Staff has reviewed the debt capacity as it relates to an increase of the FCPS bond sales and, given the lack of funding to support the debt service associated with a sales limit change and projected debt ratio impact, the County Executive is not not recommending an increase in the $275 million limit in FY 2018. The sales limit was last raised from $200 million to $275 million in FY 2007. Raising the sales limits will be necessary in the near future to address the growing FCPS and County capital requirements, and staff will continue to analyze the impact of changes in the sales limits again next year.

Public Safety — $9.26 million and 26 Positions

Public safety priorities for FY 2018 include funding related to recommendations of a Board-directed review of the Police organizational structure and uniformed Police and Sheriff pay plans. In addition, consistent with adjustments in prior years, funding is included to support new positions for the new South County Police station and to replace expiring grant funding for the Fire and Rescue Department. It should also be noted that the recommended budget includes baseline funding for the previously approved Department of Animal Sheltering and Office of the Independent Police Auditor. Important priorities not funded include the second tranche of funding for Diversion First; Police positions regarding Span of Control, consistent with recommendations from the Ad-Hoc Police Practices Review Commission and the Board-directed consultant study; continued implementation of the Public Safety Staffing Plan, and increased contributions to the Fire and Rescue large apparatus replacement reserves.

- **Public Safety Compensation and Organization Study**

As part of budget guidance adopted the past two years, the Board of Supervisors directed staff, with the assistance of an outside consultant, to provide analysis and develop recommendations related to the operational and administrative structure of the Police Department, as well as to examine uniformed Police and Sheriff salaries. As part of the October 4, 2016, Personnel Committee meeting, recommendations from the consultant study, which were consistent with those of the Ad-Hoc Police Practices Review Commission, were presented to the Board. Funding for two of those recommendations is included in the FY 2018 Advertised Budget Plan:

- **Police Department Organizational Review**
  An increase of $0.79 million and 18/18.0 FTE positions is associated with adjustments made following a review of the Police Department's organizational structure. These additional relief Sergeant positions are critical and will provide a regular resource to fill operational vacancies. It is important to note that due primarily to operational requirements including the significant lead time to hire new staff, approximately two-thirds of the full-year funding amount required to implement the Relief Sergeant effort is not required in FY 2018. As a result, additional funding of $1.57 million is estimated to be required as part of the FY 2019 budget to support this initiative; however, this figure may be partially offset by overtime savings.

- **Uniformed Police and Sheriff Pay Scale Adjustments**
  An increase of $2.71 million is associated with adjustments to the pay plans for uniformed Police and Sheriff personnel. These adjustments will provide greater consistency in the O-scale and C-scale pay plans, both in terms of step increases as employees advance through the pay range based on longevity and in terms of the spread between job classes in the organizational structure. Funding required is associated with the slotting of current employees on the newly restructured pay plans.

- **Fair Labor Standards Act (FLSA) Ruling**

An increase of $2.30 million is required to cover costs associated with a United States Court of Appeals ruling which stated uniformed employees in the Fire and Rescue Department (FRD) at the rank of Captain I and Captain II do not fall within the executive or administrative exemptions for the FLSA overtime requirement because management is not their primary duty.

- **Partial-Year Funding for Fire and Rescue SAFER Staffing**

An increase of $2.06 million in the Fire and Rescue Department is required to cover the partial-year costs associated with 18/18.0 FTE positions currently being funded by a Staffing for Adequate Fire and Emergency Response (SAFER) grant which will expire 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 FRD's ability to establish on-scene firefighting, rescue, and medical emergency services in a more timely and efficient manner, with the right amount of personnel, thus reducing property loss and risk of firefighter injury or death.

• **South County Police Station**

An increase of $0.93 million and 5/5.0 FTE positions in the Police Department is required for the second year of a multi-year strategy to fully fund the opening of a new police station and animal shelter in South County approved by a Public Safety bond referendum in November of 2015. These positions are in addition to the 15 positions added in FY 2017. Initial estimates indicate that 70 uniformed positions will be required to fully staff this station when it opens in spring/ summer 2021. Based on the large number of staff required, and the significant lead time (18-24 months) associated with hiring and training new recruits, staff are being added over a multi-year period. It is anticipated that an additional 50 uniformed positions will be required over the next three fiscal years. 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.

• **Internal Affairs Bureau Staffing**

An increase of $0.38 million and 2/2.0 FTE positions in the Internal Affairs Bureau of the Police Department is required based on increased workload associated with the establishment of an Office of the Independent Police Auditor as approved by the Board of Supervisors on September 20, 2016 and previously adopted recommendations of the Ad-Hoc Police Practices Review Commission's Use of Force Subcommittee. These actions will result in increased investigative workload as detective supervisors will be tasked with ensuring timely completion of administrative investigations, increased public reporting requirements, supporting the Office of the Independent Police Auditor by gathering and reviewing documentation, conducting redactions, providing data, and supporting the Civilian Review Panel with similar workload requests.

•**Illegal Signs in the Right-of-Way Inspector**

An increase of $0.09 million and 1/1.0 FTE position is required in the Department of Code Compliance (DCC) to support the growing workload of the Illegal Signs and Advertising in the Right-of-Way Program. Under a 2013 agreement with the Virginia Department of Transportation, the Sheriff's Community Labor Force (CLF) collects signs illegally posted along roadways and, in January of 2016, DCC began enforcement actions on signs collected by the CLF. At the direction of the Board of Supervisors in November 2016, the Illegal Sign Program is now monitoring a total of 99 roads. It should be noted that the full cost of this position is anticipated to be offset by revenue collected as the result of enforcement for no net impact to the General Fund.

Human Services — $3.10 million and 13 Positions

Increases included for Human Services priorities are directly related to previous actions taken by the Board of Supervisors to support individuals with disabilities, to encourage healthy family environments, and to combat human trafficking and domestic violence. Significant unfunded items include additional support for employment and day services for those with intellectual (ID) and developmental disabilities (DD), pending policy discussions in the spring. Additionally, no contract rate increases are funded in this proposal.

• **Fairfax-Falls Church Community Services Board Support Coordination**

An increase of $2.30 million and 12/12.0 FTE positions, including baseline funding of $1.2 million to reflect funding approved by the Board of Supervisors as part of the *FY 2016 Carryover Review*, is required primarily to provide mandated case management services to support individuals with developmental disabilities (DD) in the community and comply with current state and federal requirements, primarily those pursuant to the Department of Justice Settlement Agreement and implementation of Virginia's Medicaid Waiver redesign, effective July 1, 2016.

• **Expand Healthy Families Fairfax Program**

As previously approved by the Board of Supervisors as part of the *FY 2016 Carryover Review*, funding of $0.67 million in the Department of Family Services is included in order to appropriate additional state revenue to expand the Healthy Families Fairfax (HFF) program. HFF is an accredited home visiting program offering families at risk of maltreating their child an opportunity to learn parenting skills and receive emotional support and case management services. The state has provided additional federal pass-through funding to Fairfax County for HFF in order to increase the number of families being served. The expenditure increase is completely offset by revenue for no net impact to the General Fund.

•**Position for Human Trafficking Prevention**

An increase of $0.13 million and 1/1.0 FTE position is included for a Human Trafficking Policy and Prevention Specialist in the Department of Family Services. This position will be created in response to recommendations from the Board of Supervisors-initiated Sexual Violence Task Force and testimony at public hearings that highlighted the impact of human trafficking on victims and families. This position will serve as the primary point of contact on sexual violence and human trafficking in Fairfax County and will work to engage the community to ensure that victims have access to advocacy and support services, perpetrators are held accountable for their actions, and that prevention and educational programs are offered throughout the community.

Cost of County Operations $3.03 million and 17 Positions

Funding in this category is primarily attributable to required maintenance and operational requirements at the new Public Safety Headquarters as well as lease and maintenance costs for other County facilities. In addition, baseline funding is included for actions taken as part of the *FY 2016 Carryover Review*. It should be noted that no additional funding has been included for Information Technology investments – an area that has had greatly reduced General Fund support over the past few years. Funding for some important one-time information technology projects will be recommended as part of the upcoming *FY 2017 Third Quarter Review*.

•**Freedom of Information Act Related Staffing**

An increase of $0.90 million is included to support full-year funding for the Office of Public Affairs, Office of the County Attorney, and Department of Information Technology resulting from adjustments approved as part of the *FY 2016 Carryover Review* to support Virginia Freedom of Information Act (FOIA) requirements.

• **Funding for Operations/Maintenance at the Public Safety Headquarters**

An increase of $0.71 million and 3/3.0 FTE positions in the Facilities Management Department are included to support operations and maintenance at the Public Safety Headquarters facility. The Public Safety Headquarters is a new 274,000 square foot facility, scheduled to be substantially complete in late winter/early spring 2017. The building will serve as the new headquarters for the Police and Fire and Rescue Departments. Funding supports 3/3.0 FTE maintenance positions which will address daily service and general maintenance requirements for HVAC systems, chillers, heat-pumps, boilers, furnaces, air conveyance systems, and control systems.

- **Lease Adjustments**

A net increase of $0.50 million in the Facilities Management Department is included for lease requirements in FY 2018 based on annual lease escalation rates projected in the 2 to 5 percent range.

- **Contributory Fund**

A net increase of $0.31 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. In addition, a contribution to the Northern Virginia Emergency Response System is included in the FY 2018 baseline, consistent with the actions taken as part of the *FY 2016 Carryover Review*.

- **Funding for Security at the Original Mt. Vernon High School**

An increase of $0.08 million in the Facilities Management Department is included for security requirements at the Original Mt. Vernon High School. The Original Mt. Vernon High School facility is a 149,607 square foot facility, including a two-tiered theater/auditorium, administrative offices, classrooms, a library, a full service cafeteria, gymnasiums with locker rooms, multiple playgrounds, music and shop buildings, and an annex building. This increase will support one additional full-time contracted security officer, for a total of two full-time security officers at the site.

- **Other Adjustments**

A net increase of $0.53 million includes adjustments to support increases in charges related to the Colchester Wastewater Treatment Facility in Unclassified Administrative Expenses (Public Works); to support additional security and DriveCam licenses in the Fairfax County Park Authority; and to support 1/1.0 FTE new position in Fund 60010, Department of Vehicle Services, to meet maintenance requirements based on an increased number of vehicles. In addition, it should be noted that 13/13.0 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.

Community Development — $0.41 million and 7 Positions

Community Development priorities include position support for a comprehensive Zoning Ordinance review, a new sign program for infill development, and transportation operations. No increase in General Fund support for Metro in FY 2018 is required. However, additional information regarding Metro, including budgetary challenges in FY 2019 and beyond, is included below.

- **Zoning Ordinance Review and Update**

An increase of $0.26 million and 2/2.0 FTE positions in the Department of Planning and Zoning will support the start of a comprehensive review of the Zoning Ordinance needed to respond to emerging trends like peer-to-peer home stay networks and building repurposing. Staff will work with the Board to establish the value-added, targeted work plan to update portions of the zoning ordinance.

- **Infill Tree Sign Program**

An increase of $0.14 million and 1/1.0 FTE position in Land Development Services is included to support a new sign program for infill development. Virginia Code §15.2-961.2, as discussed with the Board of Supervisors on October 11, 2016, permits localities to post signs when infill grading plans are filed. This increase supports the creation of a position to answer inquiries generated by signs and contracted services to install approximately 1,000 signs annually.

- **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 handle the increased project workload related to HB 2313 revenues including Route 1 planning, utility coordination, traffic engineering, and engineering design. Another two positions in the Department of Transportation being charged to Fund 40000, County Transit Systems, are included to provide oversight for planning, construction, and ongoing maintenance resulting from new facilities and expansion in major transit facilities, as well as to provide assistance in coordinating safety and security initiatives and program activities for bus operations.

WMATA (Washington Metropolitan Area Transit Authority)

The County will need to address significant increased funding obligations for Metro beginning in FY 2019. Specifically, with the backdrop of Safetrack, the WMATA General Manager's FY 2018 Advertised Budget contains dramatic increases in spending to address aging infrastructure to help the system reach a state of good repair. Per the terms of the WMATA funding compact, these costs, as in the past, would be spread among the regional jurisdictions. Historically, the County has relied on modest General Fund support, state aid and gas tax receipts, and General Obligation bonds to meet its share of operating and capital expenses for WMATA. State aid and gas tax represent the County's share of these revenues held on behalf of the County by the Northern Virginia Transportation Commission (NVTC). In FY 2018, the County managed increases with no General Fund impact. To cover an increase of almost $20 million in operating requirements, $25 million more in state aid is utilized, partially offset by reduced gas tax, in order to maintain the General Fund transfer at the FY 2017 level. Capital requirements are increased over $60 million in FY 2018. This increase is anticipated to be met through the use of WMATA financing, with associated debt service due beginning in FY 2019.

Certainly, the County is still in the early stages and there are many discussions and decisions to be made before the WMATA budget is adopted. However, the significant impact that these changes may have for the County cannot be overstated. Accumulated state aid balances are declining, with some projections indicating that balances will not be available to offset County expenses as early as FY 2020. FY 2019 and future years will require significant increases in County contributions which are not sustainable within existing revenue resources. County staff will continue to monitor this situation and will brief the Board as necessary at upcoming Budget Committee and Transportation Committee meetings on the options available for future year funding decisions.

Reductions and Savings ($12.27) million and (13) Positions

Total disbursement savings included in the FY 2018 Advertised Budget Plan total $12.27 million, which – when combined with increased revenues of $1.15 million associated with proposed revenue enhancements – result in net savings of $13.42 million. These savings are related to reduction opportunities submitted by agencies, which total $5.93 million, and other opportunities identified for FY 2018, which total $7.49 million.

• Agency Opportunity and Efficiency Savings

As part of the development of the FY 2018 budget, agencies were challenged to identify savings opportunities through increased efficiencies, the analysis of past spending trends, and potential revenue enhancements. In total, including increased revenues, these savings total $5.93 million. Examples of the savings opportunities proposed in the FY 2018 budget include:

- Reducing personnel services budgets based on historical spending patterns and savings resulting from position vacancies and turnover. *Over $1.1 million is identified in various agencies.*

- Scrutinizing operating expense budgets to identify areas where costs can be reduced by taking advantage of process or technological efficiencies, by recognizing recurring savings based on spending trends, or by reducing printed materials in favor of online resources. *Proposed reductions include elimination of printing of the County's Advertised and Adopted Budgets and the Comprehensive Annual Financial Report, as a well as the elimination of printing and mailing of the Benefits Annual Enrollment guide to active employees.*

- Reviewing areas where fees can be implemented or increased based on County resources used to perform the work and examination of charges in neighboring jurisdictions. *Proposed revenue enhancements include implementing application fees for the public and telecommunications review processes based on the staff time required to complete the reviews and the cost structures implemented in other jurisdictions, and introducing a Cost Recovery Charge in the Illegal Sign Program to offset staff costs.*

- Reviewing areas where dedication of additional staff time can result in increased revenue generation. *Proposed reductions include devoting additional limited term support to the Car Tax Subsidy Compliance and Target Programs to collect additional personal property tax revenue.*

- Focusing on areas identified by the Board through the Lines of Business process to identify areas for efficiency and savings. *As discussed at the January 31, 2017 Budget Committee meeting, savings are included as a result of further utilization of the Community Labor Force by the Park Authority. Additionally, in the first step of a more comprehensive review of privatization options for Fairfax-Falls Church Community Services Board day treatment and residential services, proposed reductions are included to utilize existing community providers and eliminate direct service for the Youth Day Treatment Program, serving youth with serious emotional disturbance or co-occurring substance use disorders, and the Community Readiness and Support Program, for adults with serious mental illness, substance use, and/or co-occurring disorders. Other LOBs Phase 2 projects are ongoing and include coordination and collaboration with Fairfax County Public Schools.*

A full list of agency reductions included in the FY 2018 budget appear in the "County Executive Summary" in the Overview volume of the FY 2018 Advertised Budget Plan. Additional savings of $7.49 million were identified in the County's transfer to the OPEB (Other Post-Employment Benefits) Trust Fund, savings in fuel based on projected costs, and savings resulting from a reorganization in the Department of Public Works and Environmental Services, as described in further detail on the next page.

• **OPEB Savings**

A $6.00 million reduction in the General Fund transfer to the OPEB Trust Fund is primarily due to continued savings realized from the implementation of an Employer Group Waiver Plan (EGWP) for Medicare retiree prescription drug coverage in January 2016. The EGWP is a standard Medicare Part D plan with enhanced coverage. By implementing an EGWP, the County is able to maximize prescription drug subsidies from the federal government and pharmaceutical manufacturers. This change has had a significant impact on the County's GASB (Governmental Accounting Standards Board) 45 liability, as GASB accounting rules allow EGWP revenue to directly offset plan costs in the GASB valuation, impacting the actuarial accrued liability, whereas the previous model could not be reflected in the liability calculations. In the past two years combined, the County transfer to the OPEB Trust Fund has been reduced by $16 million, primarily as a result of the EGWP implementation.

• **Fuel Savings**

Savings of $0.85 million in fuel is realized based on ongoing analysis of current costs and usage. In FY 2017, the budget was developed using an unleaded price of $1.94 per gallon and a diesel price of $2.00 per gallon. The FY 2018 budget estimates $1.71 per gallon for unleaded and $1.80 per gallon for diesel. These rates reflect an average decrease of $0.21 from the FY 2017 level and are based on the price of fuel in recent months.

• **DPWES Cost Realignment**

Savings of $0.64 million are based on a comprehensive analysis of past experience and actual costs related to the cost recovery efforts of select personnel and management costs from Department of Public Works and Environmental Services (DPWES) enterprise funds.

Reserve Requirements ($10.23 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 2018 Advertised Budget Plan are set aside in the County's Revenue Stabilization and Managed Reserves. Based on the smaller growth included in the FY 2018 Advertised budget (overall disbursement increase of 2.26 percent over the FY 2017 Adopted Budget Plan) than the growth in FY 2017 (5.05 percent over the FY 2016 Adopted Budget Plan), reserve requirements are lower than last year, resulting in a $10.23 million savings to the General Fund.

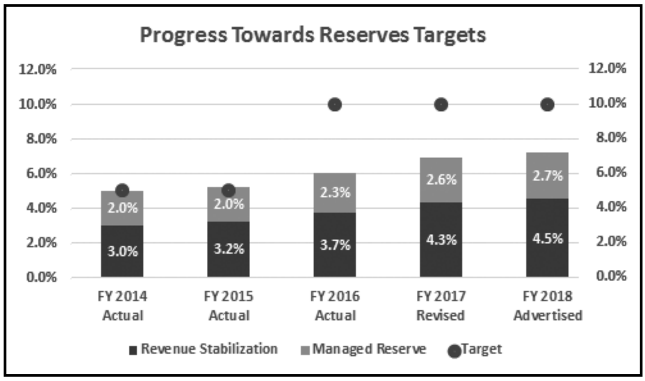
General Fund Disbursements are increased $90.66 million over the FY 2017 Adopted Budget Plan. As a result, $9.07 million – or 10 percent of this increase – is included as contributions to reserves.

• **Revenue Stabilization Reserve**

A contribution of $5.03 million is included as a transfer from the General Fund to Fund 10010, Revenue Stabilization. This contribution is a decrease of $5.68 million from the FY 2017 Adopted Budget Plan transfer. It should also be noted that a transfer of $0.80 million from Fund 20000, Debt Service, is included as a result of savings generated from refunding bond sales based on the new reserve policy. The Revenue Stabilization Reserve is targeted to be 5 percent of General Fund Disbursements.

- **Managed Reserve**

A contribution of $4.03 million is included and held in balance in the General Fund. This contribution is a decrease of $4.55 million from the FY 2017 Adopted Budget Plan contribution. The Managed Reserve is targeted to be 4 percent of General Fund Disbursements.



Totals in the Revenue Stabilization Reserve and Managed Reserve have increased from 5 percent in FY 2014 to over 7 percent in FY 2018. 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 2018 BUDGET: ALL FUNDS

While the County focus is on the General Fund and its impact on residents and businesses, it is important to recognize that there are other funds through which important services are provided to the community. All appropriated fund revenues in the FY 2018 Advertised Budget Plan total $7.99 billion. This County revenue total is an increase of $30.96 million, or 0.39 percent, over the FY 2017 Adopted Budget Plan. On the expenditure side, the FY 2018 Advertised Budget Plan for all appropriated funds totals $7.59 billion and reflects an increase of $118.72 million, or 1.59 percent, over the FY 2017 Adopted Budget Plan.

Additional detail concerning non-General Fund revenues, expenditures, and positions for appropriated funds is 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.

LOOKING FORWARD

While most of the discussion over the next few months will be specifically focused on funding needs in FY 2018, it is imperative to also look forward, as there are significant challenges that lie ahead.

FY 2019 Fiscal Forecast

For FY 2019, based on current estimates including another year of modest growth in real estate values, General Fund revenue is projected to increase $81 million, or 1.98 percent. This level of growth is only slightly higher than the 1.92 percent growth rate at the current Real Estate tax rate of $1.13 per $100 of assessed value – over the *FY 2017 Revised Budget Plan* – seen in FY 2018. Between this estimated increase in revenues and a small savings as a result of reserve adjustments, available resources would allow both County disbursements and County support for the Fairfax County Public Schools to increase by approximately 2 percent. After adjustments for debt service requirements, $31.04 million would be available for County funding priorities and the transfer for School operations would increase $36.31 million.

County expenditure requirements, on the other hand, are estimated to increase by $126.39 million. This includes full funding for the compensation plan, including an assumed 1.5 percent market rate adjustment, as well as funding and positions to continue the multi-year implementation of the Public Safety Staffing Plan, the next phase of the School Readiness initiative, the next tranche of positions for the South County Police station, and the second full-year of Diversion First. In total, 156 additional positions are included in the FY 2019 forecast.

Based on available resources and projected requirements, the FY 2019 projected County budgetary shortfall is $95.85 million, indicating that FY 2019 will be another challenging budget year. Based on these preliminary estimates, the funding available to the County of just over $31 million would not be sufficient to cover the County's base compensation plan which totals over $40 million excluding the impact of any adjustments resulting from market studies. In fall 2017, an updated forecast will be provided to the Board of Supervisors and the School Board in order to set the stage for the development of the FY 2019 budget. In the meantime, however, County staff will continue to update the Board on specific issues that may impact the FY 2019 budget, such as Metro discussed earlier. Additionally, impacts resulting from LOBs Phase 2 projects may also impact projections for next year.

Budget Drivers

The Countywide dashboard below provides a list of key budget drivers that also provide context for future planning and decisions. The figures cited in the overall County dashboard, and the individual agency dashboards, are a combination of key outputs, indicators or statistics. Drivers will naturally change over time and these drivers will be built into the annual budget process and into needs discussions with the community. This visual representation of what is driving the County's budget will improve the communications with the community and the Board as it relates to specific budget requests.

COUNTYWIDE DASHBOARD

Key Data	FY 2017	FY 2018	FY 2019
1. Residential Real Estate Equalization	1.64 percent	0.68 percent	1.00 percent
2. Commercial Real Estate Equalization	2.87 percent	1.85 percent	1.00 percent
3. Office Vacancy Rates - Direct/with Sublets	16.2% / 17.2%[1]	16.5% / 17.4%[2]	16.5% / 17.4%[2]
4. Projections for School Enrollment Growth/ Cost of Growth and Demographic Changes	(1,703) / ($6.7) million	1,932 / $10.0 million	627 / $5.8 million
5. Increases in Employee Pay	$36.53 million	$28.52 million[3]	$43.40 million

[1] Year-end 2015 vacancy rates

[2] Mid-year 2016 vacancy rates

[3] Includes costs associated with Pay Scale Leveling for uniformed Police and Sheriff and FLSA overtime for uniformed Fire and Rescue.

FY 2018 AND FY 2019 MULTI-YEAR BUDGET PLAN: TAX AND FEE FACTS

Type	*Unit*	*FY 2016 Actual Rate*	*FY 2017 Actual Rate*	*FY 2018 Recommended Rate*	*FY 2019 Planned Rate*
GENERAL FUND TAX RATES					
Real Estate	$100/Assessed Value	$1.09	$1.13	$1.13	$1.13
Personal Property	$100/Assessed Value	$4.57	$4.57	$4.57	$4.57
NON-GENERAL FUND TAX RATES					
REFUSE RATES					
Refuse Collection (per unit)	Household	$345	$345	$345	$345
Refuse Disposal (per ton)	Ton	$62	$62	$64	$64
Leaf Collection	$100/Assessed Value	$0.015	$0.015	$0.013	$0.013
SEWER CHARGES					
Sewer Base Charge	Quarterly	$20.15	$24.68	$27.62	$30.38
Sewer Availability Charge	Residential	$7,750	$7,750	$8,100	$8,100
Sewer Service Charge	Per 1,000 Gallons	$6.65	$6.68	$6.75	$7.00
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					
Stormwater Services District	$100/Assessed Value	$0.0250	$0.0275	$0.0300	$0.0325
Route 28 Corridor	$100/Assessed Value	$0.18	$0.18	$0.18	$0.18
Dulles Rail Phase I	$100/Assessed Value	$0.19	$0.17	$0.17	$0.17
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	$0.06	$0.06
Reston Service District	$100/Assessed Value	--	--	$0.021	$0.021

FY 2018 ADVERTISED SUMMARY GENERAL FUND STATEMENT
(IN MILLIONS)

	FY 2016 Actual	FY 2017 Adopted Budget Plan	FY 2017 Revised Budget Plan[1]	FY 2018 Advertised Budget Plan	Inc / (Dec) Over Adopted	% Inc / (Dec) Over Adopted
BEGINNING BALANCE	$164.92	$88.59	$166.09	$105.74	$17.15	19.36%
REVENUE[2]	$3,849.96	$4,010.96	$4,022.00	$4,099.16	$88.21	2.20%
TRANSFERS IN	$9.83	$10.17	$10.17	$10.07	($0.10)	(0.98%)
TOTAL AVAILABLE	$4,024.71	$4,109.72	$4,198.25	$4,214.97	$105.25	2.56%
SCHOOL DISBURSEMENTS						
Transfers Out						
School Operating[3]	$1,825.15	$1,913.52	$1,913.52	$1,965.21	$51.69	2.70%
School Construction	13.10	13.10	13.10	13.10	0.00	0.00%
School Debt Service	187.16	189.87	189.87	189.13	(0.74)	(0.39%)
SUBTOTAL SCHOOLS	$2,025.41	$2,116.49	$2,116.49	$2,167.44	$50.95	2.41%
COUNTY DISBURSEMENTS						
Direct Expenditures[2]	$1,401.67	$1,474.56	$1,516.59	$1,512.27	$37.71	2.56%
Transfers Out						
Contributory Fund	$14.89	$13.16	$13.30	$13.47	$0.31	2.36%
Information Technology	2.70	4.77	4.77	4.77	0.00	0.00%
County Debt Service	127.79	136.75	136.75	146.04	9.29	6.79%
County Transit	33.41	34.93	34.93	34.58	(0.35)	(1.00%)
Community Services Board	116.24	124.88	126.08	129.33	4.45	3.56%
County Insurance	25.82	24.16	24.16	24.18	0.02	0.08%
Capital Program	42.32	19.54	28.95	19.44	(0.10)	(0.51%)
Other Post-Employment Benefits	21.00	16.00	16.00	10.49	(5.51)	(34.44%)
Other Transfers	31.98	36.59	36.59	36.16	(0.43)	(1.18%)
Subtotal County Transfers Out	**$431.54**	**$421.49**	**$442.94**	**$423.48**	**$1.99**	**0.47%**
SUBTOTAL COUNTY	**$1,817.82**	**$1,885.34**	**$1,938.12**	**$1,930.73**	**$45.39**	**2.41%**
RESERVE DISBURSEMENTS						
Transfers Out						
Revenue Stabilization[4]	$15.38	$10.71	$21.41	$5.03	($5.68)	(53.03%)
Total Disbursements	**$3,858.62**	**$4,012.54**	**$4,076.02**	**$4,103.20**	**$90.66**	**2.26%**
Total Ending Balance	**$166.09**	**$97.18**	**$122.23**	**$111.77**	**$14.59**	**15.01%**
Less:						
Managed Reserve[5]	$88.59	$97.18	$105.74	$109.78	$12.60	12.97%
Reserve for Potential FY 2017 One-Time Requirements[6]			5.46			-
FY 2016 Audit Adjustments[2]			0.68			-
FY 2017 Mid-Year Revenue Adjustments[1]			10.35			-
Reserve for Board Adjustments[7]				1.99	1.99	-
Total Available	**$77.50**	**$0.00**	**$0.00**	**$0.00**	**$0.00**	**-**

[1] *FY 2017 Revised Budget Plan* revenues reflect a net increase of $10,351,830 based on revised revenue estimates as of fall 2016. The *FY 2017 Third Quarter Review* will contain a detailed explanation of these changes. This amount has been held in reserve for one-time FY 2017 requirements and is not carried forward into FY 2018.

[2] In order to appropriately reflect actual revenues and expenditures in the proper fiscal year, FY 2016 revenues are increased $800,205 and FY 2016 expenditures are increased $123,112 to reflect audit adjustments as included in the *FY 2016 Comprehensive Annual Financial Report* (CAFR). As a result, the *FY 2017 Revised Budget Plan* Beginning Balance reflects a net increase of $677,093. Details of the FY 2016 audit adjustments will be included in the *FY 2017 Third Quarter* package. This one-time funding is expected to be utilized as part of the *FY 2017 Third Quarter Review* and, as a result, is not carried forward into FY 2018.

[3] The proposed County General Fund transfer for school operations in FY 2018 totals $1,965,211,830, an increase of $51,692,928, or 2.7 percent, over the FY 2017 Adopted Budget Plan. It should be noted that the Fairfax County Public Schools Superintendent's Proposed Budget reflects a General Fund transfer increase of $108,184,674, or 5.7 percent, over the FY 2017 Adopted Budget Plan. In their action on the Superintendent's Proposed Budget on February 9, 2017, the School Board increased the transfer request by $4,360,000 to $112,544,674, an incrrease of 5.9 percent over the FY 2017 Adopted Budget Plan.

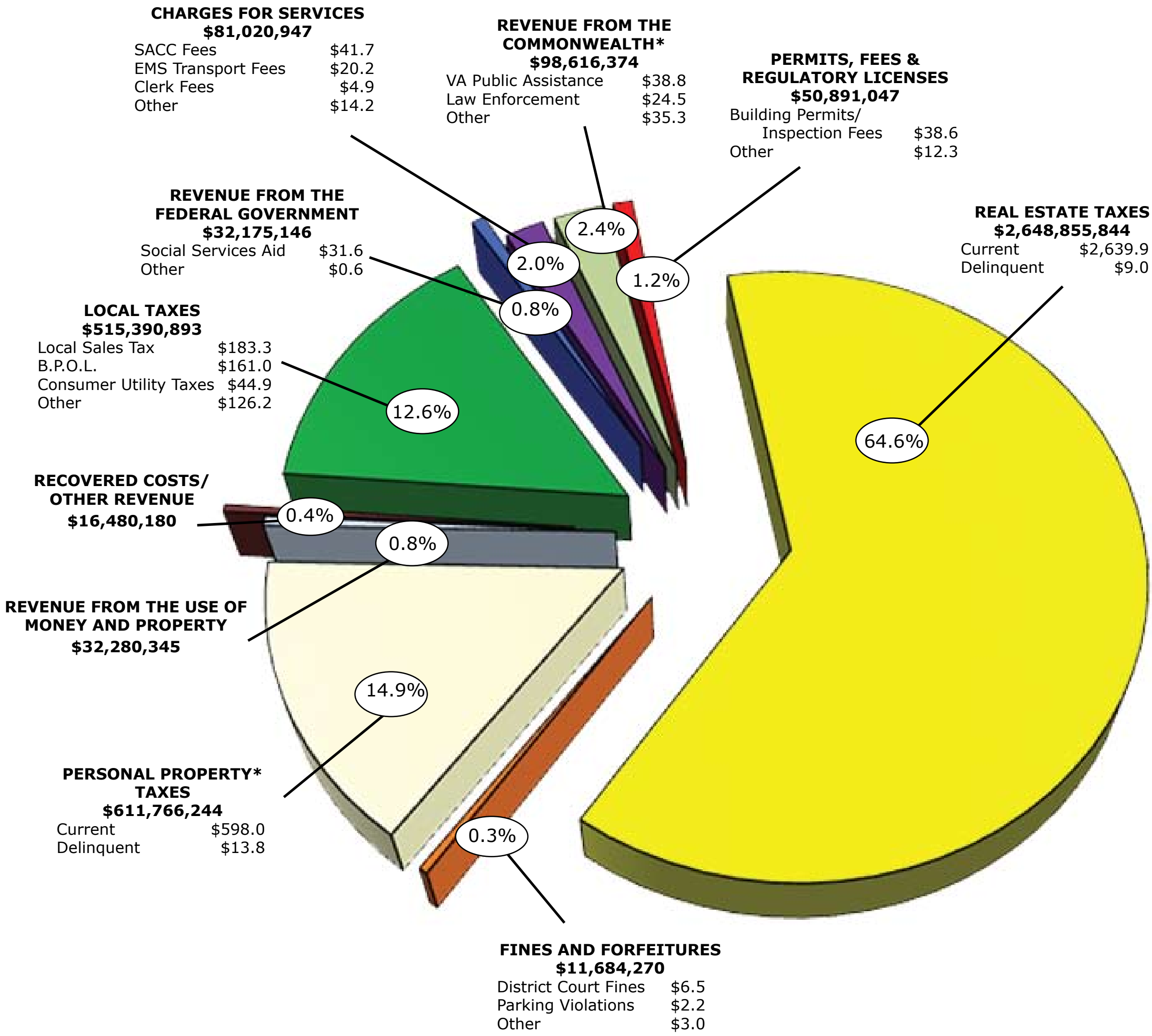
[4] Target funding for the Revenue Stabilization Fund is 5.00 percent of total General Fund disbursements, consistent with the County's Ten Principles of Sound Financial Management as updated by the Board of Supervisors on April 21, 2015. As a result of reserve adjustments included in the FY 2018 Advertised Budget Plan, the FY 2018 projected balance in the Revenue Stabilization Fund is $183.94 million, or 4.48 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 2018 Advertised Budget Plan, the FY 2018 projected balance in the Managed Reserve is $109.78 million, or 2.68 percent of total General Fund disbursements.

[6] As part of the *FY 2016 Carryover Review*, an amount of $5,463,153 was set aside in reserve to address potential FY 2017 one-time requirements. This one-time funding is expected to be utilized as part of the *FY 2017 Third Quarter Review* and, as a result, is not carried forward into FY 2018.

[7] As part of the FY 2018 Advertised Budget Plan, an amount of $1,990,557 is available for the consideration of the Board of Supervisors during deliberations on the FY 2018 budget.

FY 2018 ADVERTISED BUDGET PLAN
GENERAL FUND RECEIPTS
("WHERE IT COMES FROM")
(Subcategories in millions)

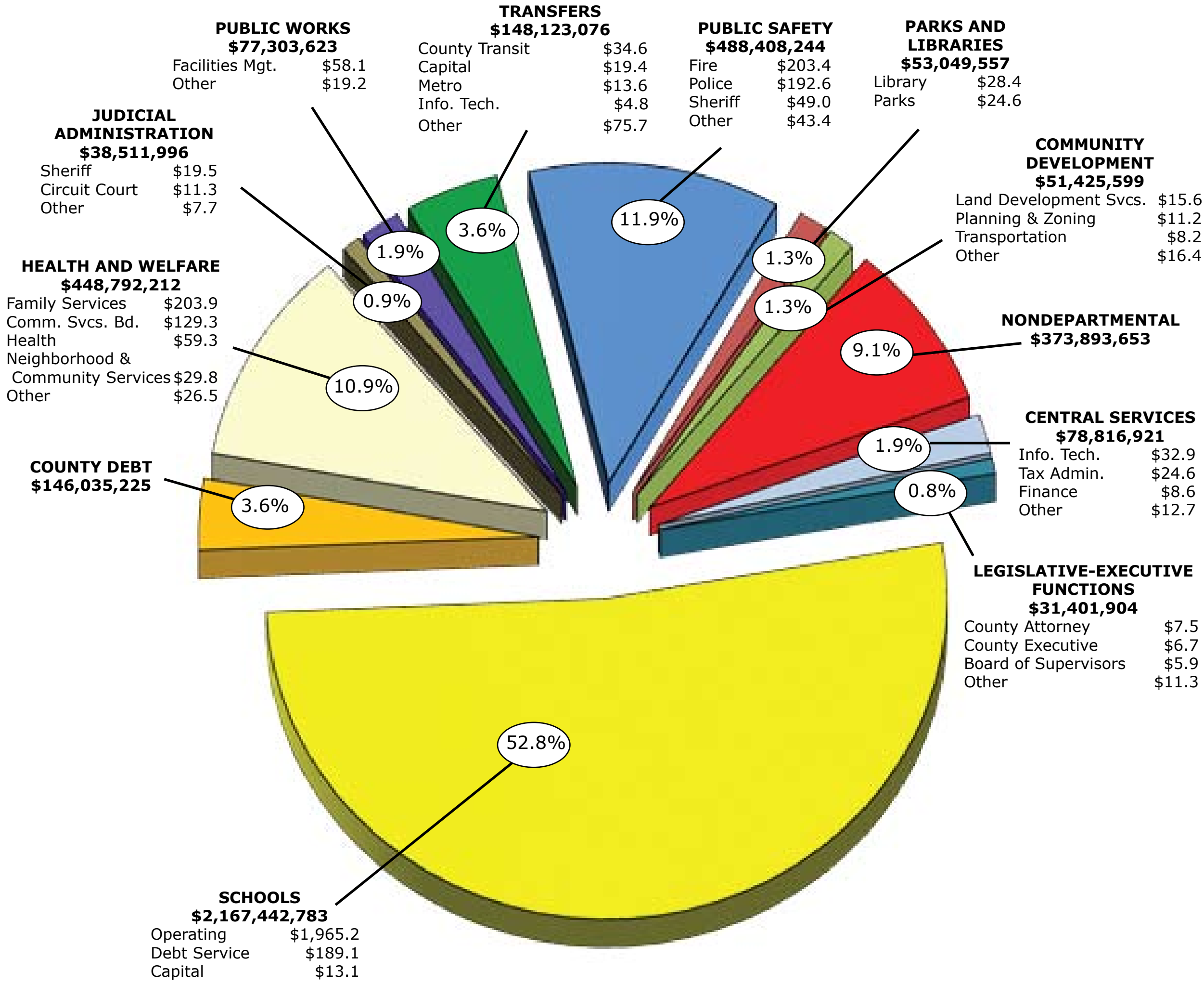


FY 2018 GENERAL FUND RECEIPTS = $4,099,161,290** **

* 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 2018 ADVERTISED BUDGET PLAN
GENERAL FUND DISBURSEMENTS
("WHERE IT GOES")
(Subcategories in millions)



FY 2018 GENERAL FUND DISBURSEMENTS = $4,103,204,793 *

* In addition to FY 2018 revenues, available balances and transfers in are also utilized to support disbursement requirements.

Public Hearings on the FY 2018 Budget

Public Hearings on the FY 2018 Advertised Budget Plan, and the FY 2018 - FY 2022 Advertised Capital Improvement Program (With Future Years to 2027) will be held in the Board Room of the Fairfax County Government Center on the following dates and times:

Date	*Time*
April 4, 2017	4:00 p.m.
April 5, 2017	1:00 p.m.
April 6, 2017	1:00 p.m.

To sign up to speak at one of the public hearings, call the Clerk to the Board's Office at 703-324-3151 or 703-324-2391 (TTY 711) or to access the form to sign up to speak, go to **https://www.fairfaxcounty.gov/bosclerk/speaker_bos.htm**

The public can send written testimony or communicate generally with the Clerk to the Board's Office by e-mail at:

clerktothebos@fairfaxcounty.gov

FY 2018 Advertised Budget Plan is Available:

On the Fairfax County website at: http://www.fairfaxcounty.gov/budget

Prepared by the
Fairfax County Department of Management and Budget
12000 Government Center Parkway, Suite 561
Fairfax, VA 22035

703-324-2391

Send feedback on the FY 2018 Advertised Budget Plan at:
http://www.fairfaxcounty.gov/dmb/fy18advertisedbudgetinput.htm

The County of Fairfax is committed to a policy of nondiscrimination in all County programs, services and activities and will provide reasonable accommodations upon request. To request special accommodations, call 703-324-2391, TTY 711. Special accommodations/alternative information formats will be provided upon request. Please allow five working days in advance of events in order to make the necessary arrangements.