



ARLINGTON COUNTY, VIRGINIA

County Board Agenda Item Meeting of November 15, 2008

DATE: November 10, 2008

SUBJECT: Fiscal Year (FY) 2008 Closeout and Reappropriation into FY 2009

C. M. RECOMMENDATIONS:

1. Adopt the revised FY 2008 County government appropriation resolution shown on Attachment 1.
2. Allocate from the FY 2008 General Fund balance \$8,062,821 to establish a Non-Departmental (101.91102) Economic Transition Fund in FY 2009. In addition, allocate and appropriate \$1,238,906 to the Economic Transition Fund from FY 2009 fund balance created by the County Board's September 2008 reduction of General Fund departmental appropriations due to State budget reductions. The resulting total for the Economic Transition Fund is \$9,301,727.
3. Allocate from the FY 2008 General Fund Balance the following:
 - a. \$1,856,811 as a reserve for capital and emergency infrastructure and appropriate to capital (fund 313) and increase the General Fund transfer to capital (101.91107). Consistent with prior Board policy this total includes bond premiums and dedicated portions of the Commercial Utility tax;
 - b. \$16,827,839 for the FY 2009 budget, already appropriated in April 2008 as part of the FY 2009 adopted budget;
 - c. \$1,576,838 to the General Fund Operating Reserve to maintain the reserve at three percent of the General Fund budget as previously approved by the County Board;
 - d. \$5,211,505 to the Retiree Health Reserve (for Other Post Employment Benefits (OPEB)) reflecting funding appropriated in the FY 2008 budget and one-time funding from the CY 2008 tax rate increase approved in April 2008, and accrued interest earnings;
 - e. \$18,289,702 to affordable housing programs from unexpended FY 2008 Affordable Housing Investment Fund allocations and loan repayments, and appropriate to Non-Departmental (101.91102);
 - f. \$1,011,596 to the FreshAIRE program from unexpended FY 2008 appropriations for FreshAIRE, and appropriate to the Department of Environmental Services (101.40002). These funds are derived from revenues

County Manager: _____

Staff: Mark Schwartz, Director, Department of Management and Finance
Richard Stephenson, Budget Director, Department of Management and Finance
Jon Altshul, Revenue Analyst, Department of Management & Finance

- (residential utility tax) previously set aside by County Board policy for the FreshAIRE program;
- g. \$2,881,512 to the CPHD Development Fund from FY 2008 revenues in excess of expenditures in the Development Fund programs, and appropriate to the Development Fund (570.72000);
 - h. \$3,880,000 as a reserve for FY 2010 retirement expenses, as set aside by the County Board in April 2008 as a result of the CY 2008 tax rate increase.
4. Amend the FY 2009 County Budget by approving the appropriations in Attachment 2. This attachment includes an encumbrance carryover of \$811,860 and a net carryover (expense minus revenue) of \$2,985,308 for incomplete projects.
 5. Allocate \$17,012,353 from the FY 2008 General Fund Balance to the Schools for unspent expenditure appropriations and revenue increases based on the FY 2008 revenue sharing agreement.

ISSUE: How should funds available from FY 2008 be used?

SUMMARY: Arlington County ended FY 2008 with a balanced budget. Final tax revenues were within approximately 0.65% of the projections that were provided to the County Board in the spring. Overall, the County had \$72.4 million in under-expenditures and excess revenue. By established County Board policy, \$17.0 million of these funds (School expenditure savings and School's share of excess tax revenue) are provided to the Schools, \$50.5 million are provided to fund prior commitments (AHIF balances, retirement, OPEB), \$2.2 million in restricted revenue, \$0.7 million to incomplete projects, and \$1.9 million in excess revenue typically earmarked to capital for an emergency infrastructure fund. The remaining balance of \$8.1 million is to be allocated to an Economic Transition Fund.

In this report the Manager also recommends that an additional \$1.2 million in FY 2009 funds from expenditure reductions made in September by the County Board (due to the State budget cuts imposed on Arlington County) be added to the Economic Transition fund – bringing that Transition Fund to a total of \$9.3 million.

As described in the October update to the County Board and the community, we face unprecedented economic uncertainty. With a difficult real estate market and unsure revenues we currently face a shortfall in the 2009 operating budget in excess of \$14 million. This uncertainty and depressed revenue projection will likely extend through FY 2010 and beyond. Current FY 2009 revised estimates assume a 2% drop in real estate revenue totals. However, a drop of anywhere from zero percent to 5% is possible given the current data. Facing this uncertainty and the possible scenario that the current FY 2009 gap of \$14 million could widen, it is imperative to set aside funds to provide the County Board flexibility it will need to deal with the economic dislocation created by the current financial situation and to deal with the requirement that the County end the current fiscal year with a balanced budget.

By creating an Economic Transition Fund the Board will have resources to address an uncertain economic future. In previous years, these funds would typically have been allocated to meet one-time pay-as-you-go capital costs. If economic conditions improve we would hope to use the funds for that purpose. However, if conditions do not improve or deteriorate, the Fund

demonstrates our often stated commitment to the bond rating agencies to reallocate resources, as needed, to address fiscal necessities. These funds would be available, if needed, to transition to lower operating budgets for departments and could be used to fund one-time severance payments to County employees.

Finally, the annual closeout report outlines actions in two major areas (in addition to technical matters necessary for proper accounting). One is the appropriation of funds for obligations made in the prior year that are not yet paid due to commitments that overlap fiscal years. The second area is the appropriation of one-time funds. The recommended use for the discretionary one-time funds are outlined in the first two pages of this report, in the attachments of this report and discussed below.

DISCUSSION: Each fall a fiscal status report is prepared summarizing the results of County and School finances for the previous fiscal year. The report highlights actual revenue and expenditure results compared to the revised budget plan. Revenues, expenditures and recommended actions are discussed below.

Revenues

Actual General Fund revenues were \$912.7 million for FY 2008, reflecting local tax revenues that were roughly 0.65% higher than 3rd quarter projections (factoring in the tax rate change) presented to the board in April, as part of the FY 2009 budget adoption process.

Comparing the estimated revenue from real estate taxes – the County’s largest source of funds – year-end tax revenue receipts were within 0.41% of estimates. The net difference in mid-year/3rd quarter projections—which accounted for the increase in the tax rate and tax base—and actual receipts for real estate tax revenue was \$1.9 million. The total fiscal year 2008 real estate tax revenue was approximately \$11.7 million over the original adopted budgeted level. This difference is attributable to the 2 cent increase in the calendar year 2008 real estate rate reserved for retiree health care liabilities and a higher than expected increase in calendar year 2008 assessments.

Some other tax revenues finished the year considerably higher than had been previously forecast. In particular, Business, Professional and Occupational License tax was \$3.0 million over the 3rd quarter projections, reflecting a strong growth in businesses’ gross receipts. In addition, car rental tax (\$0.7 million over the 3rd quarter projection), commercial utility tax (\$0.7 million over the 3rd quarter projection) and communications tax (\$0.3 million over the 3rd quarter projection) all ended the year strongly. By contrast, personal property tax revenue ended the year \$1.6 million under the 3rd quarter projection, which reflected fewer than expected early business tangible tax payments at the end of FY 2008. The table on the following page compares 3rd quarter revenue projections to actual tax revenues receipts.

FY 2008 3rd Quarter Projections to Actual Tax Revenues

	3rd Quarter Projection	Actuals	Variance
Real Estate	\$458,322,463	\$460,201,111	\$1,878,648
Personal Property	95,500,000	93,870,189	(1,629,811)
BPOL	54,300,000	57,266,956	2,966,956
Sales	35,600,000	35,299,283	(300,717)
Transient	20,900,000	21,065,573	165,573
Meals Tax	28,590,618	28,470,325	(120,293)
Other taxes	36,455,000	38,212,556	1,757,556
Totals	\$729,668,081	\$734,385,993	\$4,717,912

Among other revenues, some fall short of budget amounts while others exceed budget projections, as is always the case. In some cases, revenue planned in FY 2008 (such as grants) will not actually be received until FY 2009; this revenue is included in the Incomplete Project list shown on attachment 2D. Some revenues exceed budgeted amounts, but are restricted as to use, such as Affordable Housing Investment Fund loan repayments, incremental recordation tax earmarked for affordable housing, and seized asset forfeitures.

In approving the FY 2009 budget, the County Board anticipated additional revenues in FY 2008 and included their carry-over in FY 2009 projections in the amounts of \$6,683,373 for the County and \$2,753,617 for the Schools.

Last year as part of FY 2007 closeout, the County Board made a commitment to increase the operating reserve 3.0 percent of the General Fund budget. Maintaining the reserve at this level, which is critical to protect our AAA credit rating, will require an additional \$1.6 million allocation at year-end to keep pace with budget growth for FY 2009.

Expenditures

General Fund FY 2008 expenditures, including transfers to other funds, totaled \$910.5 million. Many departments saw budget savings due to position vacancies. Several departments also have grants that carry across fiscal years included in their FY 2008 appropriations, which were not expended. Additionally, not all planned and budgeted projects are completed within the fiscal year in which they are originally funded. These unfinished projects and previously expressed County Board priorities are the basis for the requested funding for incomplete projects included in this report. The incomplete projects consist of grants and other planned items which were not completed during the prior fiscal year. This is a usual occurrence. Fiscal years form an arbitrary construct for accounting purposes. County services, however, operate continuously and funding for a significant number of activities will transcend fiscal years. The incomplete projects are listed on attachment 2D.

All departments ended the year with expenditure savings except for Sheriff, Electoral Board, Treasurer and the County Attorney. The major, unbudgeted expenses that occurred during FY 2008 included Sheriff overtime costs (\$1.2 million) and County Attorney outside legal fees

(\$0.5 million). The appropriation resolution in Recommendation #1 approves the revised appropriations based on actual results for FY 2008.

Total gross County General Fund expenditures and encumbrances were \$62.2 million less than budgeted amounts. After setting aside balances for grants and other restricted projects (AHIF, seized assets, Schools, e.g.), the resulting balance, together with additional revenue, provide for approximately \$10 million available for allocation by the County Board.

Allocation of Funds Available

It is only after all the restricted revenues, set-asides and revenue reappropriations are determined, and after similar restrictions, set-asides and previous commitments on the expense side are determined, that the actual fund balance available for discretionary funding by the County Board can be determined.

For FY 2008, the discretionary fund balance recommended for allocation totals only \$10 million. As illustrated on the first page of this report and on attachment 2, the majority of the year end fund balance available is dedicated or set-aside for specific planned purposes prior to the end of the fiscal year. The \$10 million in discretionary funding being recommended is for the following purposes:

\$1.9 million as a reserve for FY 2009 emergency infrastructure (capital projects). This reserve for capital improvements is made up of revenue received in FY 2008 that is typically designated for one-time capital needs the following year: approximately \$1.6 million in bond premiums received from the May 2008 sale of County bonds and \$0.3 million in additional commercial utility tax revenue reserved for capital projects. These emergency infrastructure funds will be used to meet pressing capital needs for County projects.

\$8.1 million reserved as an economic transition fund in FY 2009. This amount will be set-aside in FY 2009 to offset unexpected revenue shortfalls or emergency expenditure needs due to the chaotic economic environment that currently exists. These funds would typically be allocated to pay-as-you-go capital. If the funds are not needed in order to end the fiscal year with a balanced budget, they can be appropriated at a later date to capital.

Schools Reconciliation

The Schools carryover amounts are derived from unspent funds, revenues projected to be carried over as part of the FY 2008 budget process, and a reconciliation of local taxes actually received. The unspent expenditure funds, together with additional School revenue, resulted in \$17,012,353 in FY 2008. Most of the unspent funds came from planned but unobligated capital projects funding (\$8,832,886). These unspent funds are retained by the Schools pursuant to the revenue sharing agreement. The overall amount of unspent funds, exclusive of the capital funds total \$3,599,421. The Schools had planned on \$2,500,000 in non-capital savings and included this amount in the FY 2009 budget, leaving \$1,099,421 in unappropriated funds. County local tax revenues are also shared with the Schools pursuant to the agreement. The final revenue allocation will provide a net addition to the schools of \$1,778,631 above the \$2,801,416 previously included in the FY 2008 projections. This results in a total school revenue share adjustment of \$4,580,048.

The School Board is expected to act on use of these funds at its December meeting. The County Board would then formally ratify the revised School appropriations at the January meeting.

Other County Funds

Most other County funds were within budget, with three exceptions.

The Section 8 Fund's revenues and expenditures were about \$300,000 over budget due to higher than expected housing assistance payments. These housing assistance payments are fully funded by the Federal Department of Housing and Urban Development.

The Jail Industries fund expenditures exceeded budget by \$28,000 due to lower than anticipated billings for services performed for other County departments. This will reduce the available fund balance.

The Printing Fund expenses were \$108,000 higher than budgeted, due to equipment purchases to support customer needs in FY 2009. Fund balance provided the reserve funding needed.

The Utilities Fund's revenues were higher than expected, which led to a \$6.4 million increase in fund balance. Most of the higher-than-budgeted revenues were attributable to water and sewer revenues and revenues from Inter-jurisdictional Partners. Expenditures at the end of FY 2008 were approximately \$500,000 less than budgeted.

FISCAL IMPACT: Approving the recommendations in this report will ratify final appropriations for FY 2008 fulfilling all County obligations and use one-time funds to meet critical priorities.

FY 2008 APPROPRIATION RESOLUTION

BE IT RESOLVED BY THE COUNTY BOARD OF ARLINGTON COUNTY, VIRGINIA, THAT THE FOLLOWING APPROPRIATIONS ARE HEREBY ADOPTED FOR THE FISCAL YEAR 2008 AND THAT ANY SURPLUS FOR GENERAL COUNTY PURPOSES REMAINING AT THE END OF THE FISCAL YEAR SHALL RETURN TO THE GENERAL FUND OF THE COUNTY.

GENERAL FUND:

COUNTY BOARD.....	912,121
COUNTY MANAGER.....	4,089,436
MANAGEMENT AND FINANCE.....	5,184,184
CIVIL SERVICE COMMISSION.....	713
HUMAN RESOURCES.....	6,914,063
DEPARTMENT OF TECHNOLOGY SERVICES.....	14,007,131
COUNTY ATTORNEY.....	2,326,291
CIRCUIT COURT.....	3,049,155
DISTRICT COURT.....	272,726
JUVENILE AND DOMESTIC RELATIONS COURT.....	5,090,122
COMMONWEALTH'S ATTORNEY.....	3,576,026
SHERIFF.....	35,147,846
COMMISSIONER OF REVENUE.....	4,800,622
TREASURER.....	5,931,498
ELECTORAL BOARD.....	906,140
POLICE.....	53,969,926
EMERGENCY MANAGEMENT.....	7,894,564
FIRE.....	43,948,496
ENVIRONMENTAL SERVICES.....	62,565,708
HUMAN SERVICES.....	101,896,208
LIBRARIES.....	13,062,000
ECONOMIC DEVELOPMENT.....	4,122,736
COMMUNITY PLANNING, HOUSING & DEV.....	15,297,290
PARKS, RECREATION AND CULTURAL RES.....	33,656,140
NON-DEPARTMENTAL.....	45,290,374
DEBT SERVICE.....	47,380,828
REGIONAL CONTRIBUTIONS.....	7,755,108
METRO.....	17,400,000
TOTAL GENERAL GOVERNMENT APPROPRIATION.....	\$546,447,451

OTHER OPERATING FUNDS:

TRAVEL, TOURISM & PROMOTION.....	1,344,069
UTILITIES.....	69,615,560
ROSSLYN BUSINESS IMPROVEMENT DIST.....	2,573,474
CRYSTAL CITY BUSINESS IMPROVEMENT DIST.....	2,220,653
COMMUNITY DEVELOPMENT.....	3,014,824
SECTION 8.....	15,689,253
AUTOMOTIVE EQUIPMENT.....	(283,653)
PRINTING.....	257,660
JAIL INDUSTRIES.....	27,652
BALLSTON GARAGE.....	7,135,634
BALLSTON GARAGE - 8TH LEVEL.....	35,947
TOTAL OTHER OPERATING FUNDS.....	\$101,631,071

GENERAL CAPITAL PROJECTS FUND:	
CABLE TV.....	1,381,749
TECHNOLOGY SERVICES.....	13,358,617
ENVIRONMENTAL SERVICES:	
Government Facilities.....	13,790,036
Facilities Maintenance.....	6,950,353
Transportation.....	24,083,828
Environmental Planning.....	1,492,544
ELECTORAL BOARD.....	884,744
PUBLIC SAFETY.....	116,880
HUMAN SERVICES.....	188,593
ECONOMIC DEVELOPMENT.....	554,265
COLUMBIA PIKE REDEVELOPMENT.....	4,019,698
PARKS, RECREATION & CULTURAL RESOURCES.....	8,247,855
COMMUNITY PLANNING, HSG & DEVELOPMENT.....	1,397,295
REGIONAL CONTRIBUTIONS.....	6,239,589
TOTAL GENERAL CAPITAL PROJECTS FUND.....	\$82,706,046
NON-GENERAL FUND CAPITAL FUNDS:	
STREET AND HIGHWAY BOND.....	21,622,004
NEIGHBORHOOD CONSERVATION BOND.....	19,325,786
PUBLIC RECREATION FACILITIES BOND.....	49,013,845
FIRE STATION BOND.....	16,084,102
STORMWATER FUND.....	2,881,938
TRANSPORTATION INVESTMENT FUND.....	10,418,820
LIBRARIES BOND.....	7,785,188
TRANSIT FACILITIES BOND.....	22,404,024
GOVERNMENT FACILITY.....	1,271,471
UTILITIES CONSTRUCTION.....	269,402,547
WATER DISTRIBUTION BOND.....	10,444,726
SANITARY SEWER BOND.....	16,000,000
WASTE TREATMENT BOND.....	75,908,000
TRADES CENTER BOND.....	83,515
EMERGENCY COMMUNICATIONS CENTER BOND.....	17,313,052
TOTAL NON-GENERAL FUND CAPITAL.....	539,959,018
TOTAL CAPITAL FUNDS.....	622,665,064

FY 2009 County Budget Appropriations

FY 2008 CLOSEOUT ADJUSTMENTS AFFECTING FY 2009 APPROPRIATION LEVELS

- A. **RECOMMENDATION:** Reappropriate in FY 2009 County purchase orders, incomplete projects, carryover capital and operating projects, and revenues to be received from federal, state and other sources as summarized in Attachments 2A, 2B, 2C, and 2D.

EXPLANATION: The purchase orders summarized in Attachments 2A, 2B, and 2C were placed in FY 2008 or earlier fiscal years, but the goods and services had not been delivered by the end of the year, or they had been delivered but invoices were not received in time for processing in FY 2008. Attachments 2A, 2B, 2C, and 2D also summarize and detail appropriations, expenditures, incomplete projects and other projects or programs recommended for funding in FY 2009. This action also identifies those appropriations of federal, state and other revenues approved by the County Board in FY 2008 that had not been received or expended as of the close of FY 2008. Incomplete projects were, for the most part, funded in FY 2008 but unable to be completed by the close of the fiscal year.

- B. **RECOMMENDATION:** Increase the FY 2009 General Capital Projects Fund (313) appropriation by \$4,427,455 to reflect revenues received during FY 2008 but not previously appropriated (Attachment 2C).

EXPLANATION: During FY 2008, revenues of \$4,427,455 was received for various projects where the County was eligible for reimbursement by developers and other public or private parties as listed below. State revenues include \$1,172,243 from VDOT for Columbia Pike projects, \$1,122,417 from NVTC state transportation aid, \$135,367 for traffic signal communications network, \$365,719 of reimbursement of a security upgrade to the Northern Virginia Juvenile Detention Home, \$6,082 for State Water Quality Improvement and \$117,278 in various other transportation related projects. Developer contributions include \$250,000 for the Ballston Metro Entrance site plan and \$52,604 for the Neighborhood Traffic Calming (NTC) site plan and \$242,102 for various transit projects. The lease payment of \$385,000 is a reimbursement from the Water Pollution Control Plant (WPCP) for leasing temporary space at a County facility.

State & Federal Revenue	\$2,919,106
Developer Contributions	544,706
Cable Franchise TV	518,776
Lease Payments	385,000
Project Receipts & Fines	59,867
Total	<u>\$4,427,455</u>

- C. **RECOMMENDATION:** Increase the FY 2009 Utilities Construction Fund (519) appropriation by \$26,329,832 to reflect revenue and additional grant funding authority received during FY 2008 but not previously appropriated (Attachment 2C).

EXPLANATION: During FY 2008 the County Utility Pay-As-You-Go Construction Fund (519) received \$26,329,832. Included is revenue received from inter-jurisdictional partners based on sewage processed for neighboring jurisdictions, interest revenue earned on utility fund cash balances and developers' contributions. In addition, the agreement with the Water Quality Improvement Fund added an additional \$3 million to the County's revenue budget. FY 2008 revenue related to Utility (PAYG) Capital projects is broken out as follows:

Inter-jurisdictional Sewage Processing Revenue	\$21,664,139
Interest Revenue	\$4,607,983
Developer Contributions	\$57,710
Total	<u>\$26,329,832</u>

- D. **RECOMMENDATION:** Increase the FY 2009 Stormwater Management Fund (321) appropriation by \$12,997 to reflect sanitary district tax revenue received during FY 2008 but not previously appropriated (Attachment 2C).

EXPLANATION: Additional dedicated revenue was received for the Stormwater Fund in FY 2008 above that included in the revised budget. This action appropriates to the Fund the balance of dedicated revenue received.

- E. **RECOMMENDATION:** Appropriate \$2,102,439 from FY 2008 General Fund fund balance to Non-Departmental (101.91103) for the telephone system refresh and other master lease commitments.

EXPLANATION: The current telephone and network electronics have reached the end of their life, parts to replace critical elements are only available on the secondary market, and reliability of the systems is becoming problematic. To address both issues the County will be working on refreshing both systems by deploying a Voice Over Internet Protocol (VoIP) solution to integrate the

network and telephone systems. At the October 2008 meeting, the County Board already approved new master lease funding for this project. The project plan already assumes this \$1.74 million in supplemental one-time project funding from FY 2008 master lease balances. An additional \$0.36 million is also reappropriated here to provide cash financing for other capital projects normally funded by the master lease such as PC replacement.

**MISCELLANEOUS FY 2009 SUPPLEMENTAL BUDGET
ADJUSTMENTS:
GRANT FUNDING**

- F. RECOMMENDATION:** Appropriate \$16,146 from the Virginia Department of Fire Programs (101.364300) to the Fire Department (101.34301) for training.

EXPLANATION: The Fire Department includes Fire Programs grant funding in the base budget each year. This \$16,146 is in addition to the \$499,416 already included in the FY 2009 budget. Fire Programs grant funds are to be used solely for fire service purposes to pay for training, fire fighting equipment, protective clothing and prevention. These additional funds will be used for training.

- G. RECOMMENDATION:** Appropriate \$13,152 from the Department of Juvenile Justice (101.363403) to the Juvenile and Domestic Relations Court (101.20403) for salary expenses.

EXPLANATION: The Department of Juvenile Justice approved \$13,152 to the Juvenile and Domestic Relations Court in addition to the \$623,673 that was adopted in the County's FY 2009 budget. This funding will be used to cover some of the personnel expenses of the Probation Counselors.

- H. RECOMMENDATION:** Appropriate \$7,500 from Purdue Pharma (101.364900) to the Arlington County Police Department (ACPD) (101.31202) for training and equipment needed for enforcement of prescription drug abuse.

EXPLANATION: The National Association of Drug Diversion Investigators awarded a grant which is funded by Purdue Pharma, L.P. to ACPD. The grant is part of an initiative to make more resources available to local law enforcement for the purpose of fighting prescription drug abuse. The grant funds will be used to cover the cost of drug diversion training and the purchase of equipment used to identify and collect evidence of prescription drug abuse.

- I. RECOMMENDATION:** Appropriate \$3,000 from Target Corporation (101.350900) to the Arlington County Police Department (101.31202) for bike safety equipment.

EXPLANATION: The Target Corporation provides grants to various law enforcement agencies to fund equipment, training and programs that enhance community safety. ACPD has been awarded \$3,000 to purchase lighting equipment for the Auxiliary Police bicycles, child safety seat brochures and marketing supplies.

- J. RECOMMENDATION:** Appropriate \$27,889 from Virginia Department of Environmental Quality (DEQ) State Litter Prevention and Recycling grant funds (101.364903) to the Department of Environmental Services (101.44020)

EXPLANATION: DEQ provides annual non-competitive State Litter Prevention and Recycling Grants to support local programs. Grants are funded by a tax on the distribution of beverage containers and distributed based on a formula that includes road mileage and population. The grant will be used in support of Arlingtonians for a Clean Environment and other litter prevention and recycling efforts such as the purchase of litter collection and recycling containers and the preparation and distribution of education and outreach materials.

- K. RECOMMENDATION:** Appropriate \$93,530 from the Department of Justice COPS Technology Program grant funds (101.374900) to the Department of Technology Services (101.13011).

EXPLANATION: Department of Justice COPS Technology Program Office provides funds to support the County in developing a mobile technology infrastructure to assist public safety units. This mobile infrastructure would serve as a platform to include: Internet connection, communication to mission critical Arlington County data, connection with the mobile command units for Fire and Police, and a place for technical staff to operate from in a 24x7 role.

- L. RECOMMENDATION:** Appropriate \$490,729 from State Transportation TEIF funds (101.364002) and \$116,736 in State Transportation CMAQ funds (101.364004) to the Department of Environmental Services (101.41150) for board approved grant projects.

EXPLANATION: These state funded projects for the Commuter Services Program have been approved by prior County Board action, and are reimbursable upon their completion. The \$607,465 represents projects for bikesharing, design and engineering for the Ballston Commuter Store, and ongoing support for the Commuter Services program.

**MISCELLANEOUS FY 2009 SUPPLEMENTAL BUDGET
ADJUSTMENTS:
INTERDEPARTMENTAL ADJUSTMENTS, DEAPPROPRIATIONS,
AND DEOBLIGATIONS**

- M. RECOMMENDATION:** Reduce the Non-Departmental budget (101.434000.91102) by \$254,442 and increase the following departments' General Fund budgets to reflect allocation of FY 2009 living wage funding to affected departments: Department of Parks, Recreation and Cultural Resources, \$90,870; Department of Human Services, \$106,257; Department of Environmental Services, \$41,496; Libraries, \$15,819.

EXPLANATION: As part of the FY 2009 budget, the County's living wage rate was increased from \$11.80 to \$12.75 per hour. Funding was appropriated as part of the Non-Departmental portion of the budget to cover the projected cost impact to County departments for increased employee salaries and/or contractual cost increases resulting from the rate increase. Four departments have calculated their budget impacts and funds are being transferred accordingly.

- N. RECOMMENDATION:** De-appropriate \$599,640 from the Affordable Housing Investment Fund (AHIF) (101.495130.91102).

EXPLANATION: This action reduces AHIF by the amount of incremental recordation tax appropriated as part of the FY 2009 budget which current projections indicate will not be received due to the slowdown in the Arlington housing market.

- O. RECOMMENDATION:** Reprogram \$94,635 of Community Development Block Grant (CDBG) funding previously allocated to Arlington Partnership for Affordable Housing (APAH) for construction of a parking lot at its Columbia Grove property to the unprogrammed housing development account.

EXPLANATION: Using CDBG funds for the parking lot project would have necessitated compliance with several federal requirements that would likely be costly and time consuming. The project has been canceled.

FY 2008 GENERAL FUND SUMMARY - EXPENDITURES, ENCUMBRANCES & REVISED APPROPRIATION					
GENERAL FUND OPERATING (101)	REVISED		ENCUMBRANCES (Pos)	FINAL	
	APPROPRIATION	EXPENDITURES		APPROPRIATION	APPROPRIATION
County Board	1,001,157	912,121	-	-	912,121
County Manager	4,464,693	4,075,759	13,677	13,677	4,089,436
Management and Finance	5,494,684	5,166,184	18,000	18,000	5,184,184
Civil Service Comm.	19,991	713	-	-	713
Human Resources	7,316,117	6,869,827	44,236	44,236	6,914,063
Technology Services	14,599,361	13,746,103	261,028	261,028	14,007,131
County Attorney	1,943,574	2,326,291	-	-	2,326,291
Circuit Court	3,101,311	3,049,155	-	-	3,049,155
Gen. District Court	350,338	272,726	-	-	272,726
Juvenile & Domestic Relations Court	5,378,865	5,090,122	-	-	5,090,122
Commonwealth Attorney	3,768,497	3,576,026	-	-	3,576,026
Sheriff	34,459,927	35,147,846	-	-	35,147,846
Comm. of Revenue	4,887,188	4,800,622	-	-	4,800,622
Treasurer	5,782,881	5,931,498	-	-	5,931,498
Electoral Board	751,288	906,140	-	-	906,140
Police	55,930,764	53,917,268	52,658	52,658	53,969,926
Office of Emergency Management	9,162,454	7,894,564	-	-	7,894,564
Fire	44,400,650	43,948,496	-	-	43,948,496
Environmental Services	67,364,223	62,420,185	145,523	145,523	62,565,708
Human Services	106,843,171	101,695,722	200,486	200,486	101,896,208
Libraries	13,218,762	13,062,000	-	-	13,062,000
Economic Development	4,093,487	4,049,836	72,900	72,900	4,122,736
Community Planning, Housing & Development	21,841,158	15,293,938	3,352	3,352	15,297,290
Parks, Recreation & Cultural Resources	33,918,067	33,656,140	-	-	33,656,140
Non-Departmental	73,312,370	45,290,374	-	-	45,290,374
Debt Service	47,663,203	47,380,828	-	-	47,380,828
Regionals	7,726,371	7,755,108	-	-	7,755,108
Metro	17,400,000	17,400,000	-	-	17,400,000
Total General Government	596,194,552	545,635,591	811,860	811,860	546,447,451
GENERAL FUND TRANSFERS:					
Travel and Tourism Promotion (202)	247,000	247,000	-	-	247,000
Automotive Equipment (609)	222,107	222,107	-	-	222,107
Printing (611)	200,838	200,838	-	-	200,838
General Capital Projects (313)	24,067,996	24,067,996	-	-	24,067,996
Schools Operating (880)	304,619,826	281,930,053	-	-	281,930,053
School Cafeteria (881)	-	1,178,822	-	-	1,178,822
Schools Community Activities (882)	9,164,221	8,337,581	-	-	8,337,581
Schools Construction (886)	9,290,358	18,199,428	-	-	18,199,428
Schools Debt Service Fund (888)	27,670,948	28,857,974	-	-	28,857,974
Schools Comprehensive Services Act Fund (889)	1,807,500	1,616,690	-	-	1,616,690
Total Interfund Transfers	377,290,794	364,858,489	-	-	364,858,489
Total General Fund Exp and Interfund Trans	973,485,346	910,494,080	811,860	811,860	911,305,940

FY 2008 OTHER OPERATING FUNDS - EXPENDITURES/TRANSFERS, ENCUMBRANCES & REVISED APPROPRIATION

	REVISED APPROPRIATION	EXPENDITURES/ TRANSFERS	PO ENCUMBRANCES	FINAL APPROPRIATION
TRAVEL, TOUR AND PROMO FUND (202)	1,385,914	1,344,069	-	1,344,069
ROSSLYN BUSINESS IMPROVEMENT DISTRICT (204)	2,573,091	2,573,474	-	2,573,474
CRYSTAL CITY BUSINESS IMPROVEMENT DIST. (205)	2,271,509	2,220,653	-	2,220,653
COMMUNITY DEVELOPMENT FUND (206)	4,395,945	3,014,824	-	3,014,824
SECTION 8 (208)	15,381,136	15,689,253	-	15,689,253
UTILITIES OPERATING FUND (503)	68,979,379	68,674,208	941,352	69,615,560
BALLSTON GARAGE (540)	9,296,315	7,135,634	-	7,135,634
BALLSTON GARAGE - 8th LEVEL (548)	40,000	35,947	-	35,947
AUTOMOTIVE EQUIPMENT FUND (609)	631,190	(283,653)	-	(283,653)
PRINTING (611)	149,411	257,660	-	257,660
JAIL INDUSTRIES (612)	-	27,652	-	27,652
TOTAL OTHER FUNDS	105,103,890	100,689,719	941,352	101,631,071

EXPENDITURES FOR FISCAL YEAR ENDING JUNE 30, 2008
Pre-Audit

GENERAL CAPITAL PROGRAM (FUND 313)	REVISED APPROPRIATION	UNAPPROPRIATED REVENUES	FINAL APPROPRIATIONS	EXPENDITURES	ENCUMBRANCES	PO PROJECTS	INCOMPLETE PROJECTS	TOTAL CARRYOVER
CABLE TV (13002)	862,973	518,776	1,381,749	326,820			1,054,929	1,054,929
DTS (13003)	13,358,617	-	13,358,617	3,494,770	133,219		9,730,628	9,863,847
Electoral Board (14401)	884,744		884,744	0	757,584		127,160	884,744
Public Safety (31202)	116,880		116,880	116,880			0	0
DES - Transportation (43501, 11-27)	20,931,950	3,151,878	24,083,828	9,879,140	8,575,540		5,629,148	14,204,688
DES - Government Facilities (43563)	15,640,074	6,082	15,646,156	8,652,427	2,823,418		4,170,311	6,993,729
Internal Financing (43563.0000)	(1,856,120)	-	(1,856,120)	-			(1,856,120)	(1,856,120)
DES - Facilities Maintenance (43564)	6,950,353	-	6,950,353	2,088,354	1,589,608		3,272,391	4,861,999
DES - Environmental Planning (44001)	1,492,544	-	1,492,544	0	13,681		1,478,863	1,492,544
DHS - Information Services Bureau (54105)	188,593		188,593	0			188,593	188,593
AED - Real Estate Development (71004)	554,265	-	554,265	70,573	39,962		443,730	483,692
CPHD - Columbia Pike (72106)	4,019,698	-	4,019,698	1,409,619	422,808		2,187,271	2,610,079
CPHD - Neighborhood Conservation (72301, 4)	1,397,295	-	1,397,295	1,038,862	0		358,433	358,433
PRCR (80001, 82002)	7,862,855	385,000	8,247,855	831,548	568,715		6,847,592	7,416,307
REGIONALS (91105)	5,873,870	365,719	6,239,589	854,967			5,384,622	5,384,622
TOTAL GENERAL CAPITAL PROGRAM	78,278,591	4,427,455	82,706,046	28,763,960	14,924,535		39,017,551	53,942,086

COUNTY BOND, IDA AND UTILITY FUND CAPITAL PROJECTS (FUND 314-333, 519, 543-546)	MODIFIED APPROPRIATION	UNAPPROPRIATED REVENUES	REVISED APPROPRIATIONS	EXPENSES	ENCUMBRANCES	PO PROJECTS	INCOMPLETE PROJECTS	TOTAL CARRYOVER
STREET AND HIGHWAY (FUND 314)	21,622,004	-	21,622,004	5,891,513	733,320		14,997,171	15,730,491
NEIGHBORHOOD CONSERVATION (FUND 316)								
CPHD	10,616,073	-	10,616,073	3,861,214	1,403,471		5,351,388	6,754,859
DES	8,709,713	-	8,709,713	521,320	189,033		7,999,360	8,188,393
Fund 316 Total	19,325,786	-	19,325,786	4,382,534	1,592,504		13,350,748	14,943,252
UTILITIES - CONSTRUCTION (FUND 317)	1,271,471	-	1,271,471	192,872	17,508		1,061,091	1,078,599
DES Water & Sewer Non-Expansion - 43542	23,970,185	3,568,089	27,538,274	14,558,497	523,800		12,455,977	12,979,777
DES Water & Sewer Expansion - 43543 & 43544	25,528,547	1,097,604	26,626,151	2,805,109	1,426,442		22,394,600	23,821,042
DES WPCP Expansion - 43541	187,359,659	21,664,139	209,023,798	153,640,751	77,743,638		(22,360,590)	55,383,047
DES WPCP Non-Expansion - 43545	6,214,324		6,214,324	1,926,910	600,409		3,687,005	4,287,414
Fund 519 Total	243,072,715	26,329,832	269,402,547	172,931,266	80,294,288		16,176,992	96,471,281
STORMWATER MANAGEMENT FUND (FUND 321)	2,868,941	12,997	2,881,938	80,951	-		2,800,987	2,800,987
PARKS AND RECREATION (FUND 324)	49,013,845	-	49,013,845	9,898,571	3,889,570		35,225,704	39,115,274
FIRE STATION BOND (FUND 326)	16,084,102	-	16,084,102	869,868	598,717		14,615,517	15,214,234
LIBRARY BOND (FUND 329)	7,785,188	-	7,785,188	721,895	4,503,333		2,559,960	7,063,293
TRANSPORTATION INVESTMENT FUND (FUND 331)	10,418,820	-	10,418,820	-	-		10,418,820	10,418,820
TRANSIT FACILITIES (FUND 333)	22,404,024	-	22,404,024	8,950,660	-		13,453,364	13,453,364
WATER DISTRIBUTION (FUND 525)	10,444,726	-	10,444,726	9,000,000	-		1,444,726	1,444,726
SANITARY SEWER BOND (FUND 528)	16,000,000	-	16,000,000	-	-		16,000,000	16,000,000
WASTE TREATMENT PLANT (FUND 530)	75,908,000	-	75,908,000	5,392,625	-		70,515,375	70,515,375
TRADES CENTER (FUND 543)	83,515	-	83,515	21,922	-		51,398	61,593
EMERGENCY COMMUNICATIONS CENTER (546)	17,313,052	-	17,313,052	6,276,716	2,091,345		8,944,991	11,036,336
TOTAL COUNTY BOND, IDA & UTILITIES CAPITAL	513,616,189	26,342,829	539,959,018	224,611,393	93,730,780		221,616,844	315,347,625

NOTES:
 1 Internal Financing expenditures could include fund transfers, paygo and expenditure credits.
 (1) Modified appropriation is current year budget (Paygo) +carryover from previous fiscal year+supplemental appropriation (such as bond sale) made during the year
 (2) Unappropriated revenues recommendation included in close-out board report.
 (3) Incomplete projects is the total of the revised appropriation minus expenditures and encumbrances.
 Reference: Financial Reports Pre-Audit

FY 2008 INCOMPLETE PROJECTS REQUEST LIST

FUND / DEPARTMENT / PROJECT	EXPENDITURES	REVENUES	NET CARRY
GENERAL FUND:			
Commonwealth Attorney's Office			
Seized Assets	20,054		20,054
Subtotal	20,054	-	20,054
Police Department			
2008 DMV Grant	9,659	9,659	-
2008 DCJS Byrne Grant	8,605	8,605	-
2007 Justice Assistance Grant	9,588	9,588	-
2006 Justice Assistance Grant	2,197	2,197	-
Seized Assets	2,209,842		2,209,842
Subtotal	2,239,891	30,049	2,209,842
Office of Emergency Management			
Urban Area Security Initiative - Family Assistance Grant	408,410	408,410	-
Urban Area Security Initiative - 2006 5D public health grant	6,836	6,836	-
Urban Area Security Initiative - 2006 Exercise and Training	17,357	17,357	-
Urban Area Security Initiative - 2007 National Incident Management System	20,222	20,222	-
Urban Area Security Initiative - 2007 Regional Planner	223,707	223,707	-
Metropolitan Medical Response System - 2006 GRANT	153,411	153,411	-
Metropolitan Medical Response System - 2007 GRANT	73,748	73,748	-
Citizen Corps Project	18,315	18,315	-
Subtotal	922,006	922,006	-
Fire Department			
"Get alarmed Virginia", FY 08 grant balance	18,557	18,557	-
Subtotal	18,557	18,557	-
Sheriff's Office			
SCAAP funds for kitchen equipment, uniforms and ID system	200,951	200,951	-
Trust and Agency account funding for computer licenses, kitchen equip, security doors	161,006	161,006	-
Subtotal	361,957	361,957	-
Department of Environmental Services			
STAR Office Move	100,000		100,000
Subtotal	100,000	-	100,000
Department of Human Services			
Dental Grants	1,427	1,427	-
Part C funds	78,475	78,475	-
Pan Flu Grant	64,862	64,862	-
UASI Grant	83,333	83,333	-

FY 2008 INCOMPLETE PROJECTS REQUEST LIST

FUND / DEPARTMENT / PROJECT	EXPENDITURES	REVENUES	NET CARRY
Cities Readiness Initiative Funds	8,315	8,315	-
Pharmacy Connect - Cherrydale one-time only funds.	93,891	93,891	-
Door Through Door - Federal New Freedom Regional Older Adult Facilities Mental Health Support Program (RAFT)	144,000	144,000	-
Forensic Carryover Funds	706,400	706,400	-
Forensic Carryover Funds (2)	18,810	18,810	-
Regional Discharge Assistance Program (NGRI) Client-Specific	18,107	18,107	-
Regional Discharge Assistance Program Client-Specific	27,668	27,668	-
Discharge Assistance Program Client-Specific	10,500	10,500	-
Substance Abuse - Federal Block Grant	49,318	49,318	-
Substance Abuse - Federal Co-Occurring Grant	38,032	38,032	-
Mental Health State Gen Funds (\$15,000 - COLA and \$16,000 - Non COLA): Youth Transition Support Services	19,999	19,999	-
Drewry Facility Improvements	31,000	31,000	-
Recovery Project: Wellness Center	95,496	95,496	-
Recovery Project: Consumer Education	53,739	53,739	-
Recovery Project: Clarendon House Active Life	2,057	2,057	-
Employment Services Project	2,151	2,151	-
Subtotal	1,556,286	1,556,286	-
Economic Development			
Base Realignment and Closure (BRAC) Grant (includes 1.0 FTE)	4,998	4,998	-
Virginia National Defense Industrial Authority (VNDIA) Un-spent Grant Funds	33,980	33,980	-
Subtotal	38,978	38,978	-
Dept. of Community Planning, Housing & Dev.			
Crystal City Planning	322,000		322,000
Community Services Block Grant	58,367	58,367	-
Economic Development Initiative	89,415	89,415	-
Subtotal	469,782	147,782	322,000
Non-Departmental			
Technology and consultant contingent	333,412	-	333,412
Subtotal	333,412	-	333,412
GENERAL FUND TOTAL:	6,060,923	3,075,615	2,985,308

 FY 2008 INCOMPLETE PROJECTS REQUEST LIST

FUND / DEPARTMENT / PROJECT	EXPENDITURES	REVENUES	NET CARRY
COMMUNITY DEVELOPMENT FUND:			
Community Development Block Grant carryover	1,419,288	1,419,288	-
CDBG FUND TOTAL:	1,419,288	1,419,288	-
AUTOMOTIVE EQUIPMENT FUND:			
Aerial Bucket - hybrid option	107,712		107,712
Leaf Collector	136,172		136,172
Roller for dirt and concrete crushing	60,973		60,973
Uniloader	35,843		35,843
AUTOMOTIVE EQUIPMENT FUND TOTAL:	340,700	-	340,700
BALLSTON GARAGE			
Eighth Floor Parking Contractor	1,508		1,508
Floors 1-7 Parking Contractor	353,497		353,497
Floors 1-7 Reconstruction	200,363		200,363
BALLSTON GARAGE	555,368	-	555,368
TOTAL OTHER FUNDS:	2,315,356	1,419,288	896,068
GRAND TOTAL ALL FUNDS:	8,376,279	4,494,903	3,881,376

**ARLINGTON COUNTY, VIRGINIA
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
(Unaudited)**

Revenues	912,700,854	
Expenditures	910,496,174	
Excess of revenues and other financing sources over expenditures and transfers out		2,204,680
Fund Balance July 1, 2007		115,491,231
Fund Balance June 30, 2008		
Reserve for Encumbrances	811,860	
Reserve for Self Insurance	3,500,000	
Designated for Operating Reserve	28,262,153	
Designated for Other Post Employment Benefits	10,211,505	
Designated for FY 2010 Retirement	3,880,000	
Designated for FY 2009 School Budget	17,012,353	
Designated for 4-mile Run in FY 2009	500,000	
Designated for FY 2009 Adopted Budget	3,978,340	
Designated for Incomplete Projects	2,985,308	
Designated for Affordable Housing	18,289,702	
Designated for FreshAIRE	1,011,596	
Designated for Supplemental Appropriation from Fund Balance	2,102,439	
Designated for Development Fund (CPHD)	2,881,512	
Designated for FY 2009 Capital (PAYG)	12,349,499	
Designated for Emergency Infrastructure (PAYG)	1,856,811	
Establish Economic Transition Fund	8,062,821	
Fund Balance June 30, 2008		<u>117,695,899</u>