



ARLINGTON COUNTY, VIRGINIA

**County Board Agenda Item
Meeting of June 16, 2012**

DATE: June 5, 2012

SUBJECT: Appropriation of funding set aside at FY 2013 budget adoption for Arlington Public Schools to address the impact of recent General Assembly changes to the Virginia Retirement System (VRS) on Schools' employees.

C. M. RECOMMENDATION:

Reallocate \$1,456,088 from the General Fund Non-Departmental VRS contingent account to the Schools transfer account to provide Schools additional funding to offset impacts of changes by the General Assembly to the Virginia Retirement System (VRS) and adopt the revised budget (attachment I) and appropriation (attachment II) resolutions.

ISSUES: Funds were set-aside by the County Board when the FY 2013 budget was adopted in April 2012. No issues have been identified.

SUMMARY: The recommended change will ensure that Schools' employees will receive the net effect of a 2% cost of living adjustment funded in the School budget and an additional .68% to meet costs associated with the changes to the VRS system.

BACKGROUND: In adopting the FY 2013 budget last month, the County Board directed as follows:

“...[G]iven a significant change in the Virginia Retirement System which covers all school employees, the County Board has established a County-held contingent to address the impacts. This contingent will be released upon completion of a comparative analysis (collaboratively done by county and schools staff) on how other Northern Virginia school systems are addressing the VRS changes and addressing the financial impact on their employees to determine if APS employees are at a competitive disadvantage on the implementation of the full 5%. The intention of the County Board is to ensure the net effect of a 2% increase for schools' employees independent of all other changes. This analysis should be completed, if possible, for consideration by the County Board in May.

County Manager:

BMD/mjs

County Attorney:

[Signature]

Staff: Richard Stephenson, DMF

After additional information was provided by Schools and further analysis by staff, a transfer of \$1.45 million is required to implement the Board's direction. The revised County transfer to the Schools is \$406,574,636 -- \$1,456,088 higher than the transfer amount adopted on April 21, 2012.

An additional 0.68% COLA adjustment is required to cover FICA costs on the adjusted salary mandated for the VRS changes. This additional COLA funding ensures that School employees remain "whole", as directed by the Board in their guidance in April 2012. A 2.68% COLA is very competitive in the region and with the full 5% VRS adjustment it is the highest increase of any Northern Virginia system.

FISCAL IMPACT: There is no additional fiscal impact to the County's General Fund. The County Board increased the real estate tax rate \$0.003 per \$100 of assessed value to fund the estimated cost of implementing the General Assembly changes to the Virginia Retirement System. The funding set aside in the General Fund will be transferred to the Schools in FY 2013 to fund, in part, the additional cost burdens imposed by the state. The total set aside had been \$1.9 million. The balance of \$443,912 will remain in the County contingent account.

FISCAL YEAR 2013 COUNTY BUDGET RESOLUTION

Be it resolved by the County Board of Arlington County, Virginia, that the following Budget is hereby adopted for the Fiscal Year 2013 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	1,059,742	
County Manager	5,264,492	
Management and Finance	6,285,795	
Technology Services	16,504,675	
Human Resources	8,105,565	
County Attorney	2,530,359	
Circuit Court	4,180,133	
General District Court	247,367	
Juvenile and Domestic Relations Court	5,810,766	
Commonwealth's Attorney	3,880,638	
Office of the Magistrate	58,361	
Sheriff	35,689,536	
Commissioner of the Revenue	5,153,477	
Treasurer	5,920,954	
Electoral Board	1,564,695	
Office of Emergency Management	10,237,948	
Police	59,909,398	
Fire	49,497,458	
Environmental Services	76,374,940	
Human Services	121,402,920	
Libraries	12,429,434	
Economic Development	9,689,804	
Community Planning, Housing & Development	10,376,806	
Parks and Recreation	32,681,720	
Non-Departmental	58,674,611	57,218,523
Debt Service	57,318,896	
Regionals / Contributions	8,230,357	
METRO	25,475,000	
TOTAL GENERAL FUND BUDGET:	\$634,555,847	\$633,099,759

OTHER FUNDS:

Ballston Business Improvement District	1,482,632
Rosslyn Business Improvement District	3,536,514
Crystal City Business Improvement Dist.	2,606,340
Community Development	1,243,325
Section 8 Housing Assistance	17,883,678
General Capital PAYG	12,263,133
Stormwater Management	8,000,000
Transportation	24,000,000
Crystal City Tax Increment Financing	3,550,600
Utilities	87,808,725
Utilities Capital	14,395,834
Ballston Public Parking Garage	7,097,349
Ballston Public Parking Garage - 8th Level	67,879
CPHD Development	13,807,300
Automotive Equipment	16,103,629
Printing	1,593,071
TOTAL OTHER OPERATING FUNDS BUDGET:	\$215,440,009

TOTAL COUNTY GOVERNMENT BUDGET: ~~\$849,995,856~~ **\$848,539,768**

For the operation and maintenance of Public Schools and Community Activities
Facilities to be expended on order of the School Board

School Operating Fund	\$408,528,783	\$409,984,871
School Comprehensive Services Act Fund	3,650,000	
School Capital Projects Fund	7,492,434	
School Debt Service Fund	41,931,618	
School Food Services Fund	6,943,476	
School Grants & Restricted Programs Fund	<u>15,057,910</u>	
Total School and other funds appropriations	\$483,604,221	\$485,060,309
Total Community Activities Fund	\$15,652,167	
TOTAL BUDGET FOR COUNTY	\$1,349,252,244	
GENERAL FUND REVENUES:		
Real Estate Tax	581,557,977	
Personal Property Tax	99,152,359	
Business License Tax	61,520,000	
Other Local Taxes	131,088,000	
Licenses, Permits and Fees	9,990,755	
Fines	10,102,548	
Interest, Rents	7,371,377	
Charges for Services	48,774,567	
Miscellaneous	1,709,190	
State Revenue	63,671,218	
Federal Revenue	16,828,997	
Other Transfers In	2,735,755	
Prior Year Balance (Revenue & County Exp. Savings)	<u>17,606,988</u>	
TOTAL GENERAL FUND REVENUES:	\$1,052,109,731	
Total Other Operating Fund Revenues	\$293,642,513	
Total Prior Year Schools Balance (Expense Savings)	\$3,500,000	
TOTAL REVENUES FOR COUNTY	\$1,349,252,244	

FISCAL YEAR 2013 COUNTY APPROPRIATIONS RESOLUTION

Be it resolved by the County Board of Arlington County, Virginia, that the following appropriations are hereby made for the Fiscal Year 2013, 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.

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