

FY 2026 CARRYOVER REVIEW

Budget Committee Meeting
September 1, 2026

Carryover Balances ($ in millions)

Fiscal Year	Revenue Balance	% of Revised Budget	Disbursement Balance[1]	% of Revised Budget	Total
2017	$32.13	0.87%	$70.13	1.71%	$105.26
2018	$27.54	0.67%	$78.43	1.86%	$105.97
2019	$16.31	0.38%	$82.57	1.88%	$98.88
2020	($14.70)	(0.31%)	$126.37	2.78%	$111.67
2021	$40.77	0.89%	$136.70	2.91%	$177.47
2022	$68.52	1.50%	$131.09	2.75%	$199.61
2023	$71.63	1.46%	$131.50	2.57%	$203.14
2024	$71.66	1.39%	$109.72	2.05%	$181.38
2025	$26.41	0.48%	$97.84	1.72%	$124.25
2026	**$63.53**	**1.10%**	**$107.09**	**1.82%**	**$170.62**

[1] Disbursement balances include unspent appropriated reserves and encumbrances. In FY 2026, the $24.14 million balance of the Reserve for Economic Uncertainty and encumbrances of $39.11 million are included.

Carryover Summary ($ in millions)

	General Fund	ARPA Coronavirus State and Local Fiscal Recovery Funds
Available Balances[1]	**$171.05**	**$1.50**
FY 2026 Carryover Adjustments		
FY 2026 Commitments	($65.08)	-
Critical Requirements	($10.62)	-
Allocation to Capital Sinking Fund	($29.75)	-
Other Requirements[2]	($63.98)	($1.50)
Total Carryover General Fund Adjustments	**($169.43)**	**($1.50)**
Net General Fund Balance	**$1.62**	**$0.00**

[1] General Fund Available Balance includes $1.93 million set aside in the Reserve for Loss of UASI Funding as part of the FY 2027 Adopted Budget Plan

[2] Expenditure requirements are partially offset by a one-time Transfer In of $6.5 million from Fund 40040, Fairfax-Falls Church Community Services Board, due to higher than anticipated year-end balances

Revenue and Economic Update

- $63.53 million (1.10%) over the *FY 2026 Revised Budget Plan* estimate
  - Primarily the result of higher than-expected Personal Property Taxes, Other Local Taxes, and Investment Interest
- Initial six-month receipts from the newly implemented Food and Beverage Tax met expectations, slightly outperforming half-year projections
- Ongoing impact of the conflict in the Middle East and broader economic uncertainty
  - Monitor economically sensitive Other Local Taxes such as Sales, Food and Beverage, Business, Professional and Occupational License (BPOL), and Transient Occupancy taxes
- No revenue adjustments are recommended as part of this package

Reserve Allocations – Proposed Reserve Policy Realignment

- Budget Guidance: *Staff is directed to develop and return to the Board with a strategy to transition the EOR into a more flexible tool for supporting economic development while ensuring that the County's reserve posture stays strong*
- The *FY 2026 Carryover Review* proposes to remove the Economic Opportunity Reserve from the County's core 10% reserve policy by shifting its unallocated balance to the Revenue Stabilization Fund

	Current	Revised
Revenue Stabilization Fund	5%	**6%**
Managed Reserve	4%	4%
Economic Opportunity Reserve	1%	**0%**
Total Core Reserves	**10%**	**10%**

- Updates to the Ten Principles of Sound Financial Management will be proposed in the FY 2028 Advertised Budget Plan to formally adopt revisions to reserve targets
  - Consolidation of the 10% target is anticipated to be viewed favorably by the bond rating agencies

Reserve Allocations – Proposed Reserve Policy Realignment

- Economic Opportunity Reserve – new funding and policy structure
  - As the reserve balance will no longer be tied to the core 10% reserve target, its use will no longer mandate the identification of replacement funding at fiscal year end
  - A one-time transfer in of $15.00 million from the Reserve for Economic Uncertainty is proposed to provide funding for newly identified projects
  - Future replenishment will be managed with discretion during quarterly budget reviews
- Staff to propose revised EOR policies and approval processes at the Economic Initiatives Committee on September 22, 2026

Critical Requirements

- $2.76 million for the replacement of three underground fuel storage tanks
- $2.25 million to support the next phase of the Access Control Systems replacement at County facilities
- $2.00 million to replenish the Hiring Incentive Bonus Reserve
- $1.93 million to continue emergency preparedness and disaster response programs and activities that were previously funded through Urban Areas Security Initiatives (UASI) grants, supported by funding set aside for this purpose as part of the FY 2027 Adopted Budget Plan
- $0.75 million to support the August 2026 Primary Election
- $0.30 million to support clean-up efforts at Royal Lake Park in response to the June 2026 storm
- $0.22 million to replace the Public Safety and Transportation Operations Center (PSTOC) Distributed Antenna System

Allocation to Capital Sinking Fund

- $28.60 million, or 30% of the balance, is allocated to the Capital Sinking Fund to address outstanding requirements
  - $12.87 million for Facilities Management Department
  - $7.15 million for FCPS
  - $4.29 million for Parks
  - $2.00 million for walkways
  - $1.43 million for County-owned roads
  - $0.86 million for revitalization

Reserve for Economic Uncertainty

- Established by the Board of Supervisors to respond to negative impacts on the County from economic conditions and to increases in demand for County services
- Reserve for Economic Uncertainty as of year-end totals $31.36 million, including:
  - $7.22 million in recurring funding
  - $24.14 million in one-time funding
- $22.08 million recommended to be utilized as part of the *FY 2026 Carryover Review*
  - Largest allocation is $15.00 million one-time transfer to the Economic Opportunity Reserve
  - Other baseline adjustments are associated with rising utility rates, increased facility costs, human service needs, and state salary supplements
- $9.28 million remains available in the Reserve for Economic Uncertainty in FY 2027

Other Adjustments – Environment and Energy

- $8.10 million for continued support of the County's environmental and energy strategies
  - $5.85 million to support continued building energy improvements performed by Energy Service Companies (ESCOs), with $3.45 million allocated to County facilities and $2.40 million to Park Authority facilities
  - $2.10 million to support the continued installation of Electric Vehicle (EV) charging stations at County properties
  - $0.15 million to support programming for the Energy Conservation Assistance Program (ECAP), which provides grants and expert guidance to organizations implementing energy efficiency updates

Other Adjustments – Facility and Infrastructure

- $8.94 million to support investments in pedestrian and bicycle infrastructure, funding half of the remaining amount required to reach the $100 million target
- $6.00 million to support emergency systems failures at aging County facilities
- $5.59 million to support infrastructure replacement and upgrades at County facilities
- $5.00 million to support renewal and repairs at Park Authority Rec Centers
- $4.00 million for facility optimization and reconfiguration projects at the Government Center complex and throughout the County
- $3.20 million for work at the Courthouse campus
- $3.10 million for the Workhouse Campus for stabilization and repairs at the remaining unfinished buildings

Other Adjustments – IT Investments

- $11.59 million for IT Projects, major initiatives include:
  - Upgrading the FOCUS SAP cloud-based platform for both the County and Fairfax County Public Schools
  - Continued support for the modernization of payment systems for the Department of Tax Administration
  - Upgrading the County's telecommunications and network infrastructure
- $0.25 million for the E-Summons program, which enables police officers to issue traffic citations more safely, efficiently, and accurately

Other Adjustments – Vehicle and Equipment Needs, Library Collections

- $8.90 million for Vehicle and Equipment Needs
  - $5.00 million for the Fire and Rescue Department's large apparatus and ambulance replacement reserves
  - $3.90 million for the vehicle replacement reserve
- $1.0 million to enhance the Fairfax County Public Library's collection development activities
- $0.45 million for replacement of Park Authority capital equipment

Positions Adjustments – 26 positions with no General Fund Impact

- Funded through program revenue, state/federal support, pre-established reserves, and dedicated housing funds

Department	Positions	Description	Cost Offset	Net General Fund Impact
Neighborhood & Community Services	18	Beyond the Bell – position conversion	Additional fees via child participants	$0
Department of Family Services	5	Convert benefits-eligible positions to merit positions due to new federal/state mandates in the Income Payment Program and the Low-Income Home Energy Assistance Program	State and Federal Revenue	$0
Department of Emergency Management and Security	2	Shift merit grant positions to support National Capital Regional Preparedness System	Reserve for Loss of UASI Funding (previously set aside)	$0
Housing & Community Development	1	New position to manage increased Affordable Housing developments	Charge to Fund 30300, AHDI	$0

Positions Adjustments – 4 Positions with Future Return on Investment

- Recommendations stemming from the Economic Competitiveness and Housing Task Forces presentation at the Joint Economic Initiatives Committee and Land Use Policy Committee on May 12, 2026
- Over time, expected to generate a positive return on investment that would result in higher Real Estate assessments and additional General Fund real estate tax revenues, offsetting the cost in future fiscal years

Department	Positions	Description	Net General Fund Impact
Office of the County Executive	1	• Coordinate countywide housing & economic competitiveness initiatives • Report on the implementation of recommendations	$0.18 million
Department of Economic Initiatives	3	• Implement workforce competitiveness and career pathways through shared cross-agency strategy (1 position) • Enhance the operations of the Real Estate Opportunities Team. Accelerate high-impact commercial redevelopment and housing growth projects (2 positions)	$0.32 million

Consideration Items

- $900,000 for design, permitting, and bid administration for the Chantilly Arts Hub (Smith)
- $400,000 as a placeholder for High School Crossing Guards (Herrity/Lusk/Alcorn)
- $45,000 for ballot drop boxes at Mount Vernon Governmental Center and North County Governmental Center (Storck)
- $20,000 for an intern in the Office of the Financial and Program Auditor (Storck/Bierman/Herrity/Jimenez)

FY 2028 Budget Development

- Budget Guidance for FY 2027 and FY 2028 focused on affordability for residents
- FY 2028 approach emphasizes structural changes and long-term sustainability
  - Consolidating or eliminating programs and services
  - Closing facilities and consolidating leases
  - Identifying efficiencies through contracting out
  - Reviewing mandated service levels
- Review of potential savings includes General Fund agencies as well as Self-Supporting agencies
- Financial forecast will be presented at the Budget Committee Joint Meeting with the School Board on December 1, 2026

Budget Calendar

- FY 2027 Quarterly Reviews
  - September 15, 2026 – Public hearing and action on the *FY 2026 Carryover Review*
  - March 30, 2027 – *FY 2027 Third Quarter Review* presented to the Board of Supervisors
- FY 2028 Budget Development
  - December 1, 2026 – FY 2028 Forecast presented to the Board of Supervisors and School Board
  - March 2, 2027 – FY 2028 Advertised Budget Plan presented to the Board of Supervisors