

FUND 090

PUBLIC SCHOOL OPERATING

Board of Supervisors' Adjustments

The following funding adjustments reflect all changes to the FY 2003 Advertised Budget Plan, as approved by the Board of Supervisors on April 29, 2002:

- ◆ The Board of Supervisors approved \$28.8 million in Reductions to County Agencies and Funds to allow for a two-cent real estate tax rate reduction and to provide additional funding for the Fairfax County Public School system.
- ◆ The Board of Supervisors increased the General Fund Transfer to the School Operating Fund by \$11,600,000. The FY 2003 General Fund Transfer for school operations totals \$1,167,861,517, an increase of \$87,949,761, or 8.1 percent over the *FY 2002 Revised Budget Plan* transfer of \$1,079,911,756. In addition, the Board of Supervisors assumed the FY 2003 School Debt Service payment of \$5.7 million which had been funded from the FY 2003 School Operating Fund. In total, the Board of Supervisors provided \$93.6 million more in funding for school operations over the *FY 2002 Revised Budget Plan* transfer.
- ◆ Final action on the Fairfax County School Board's FY 2003 Approved Budget was taken on May 23, 2002 and will be incorporated in the *FY 2002 Carryover Review*.

The following funding adjustments reflect all approved changes to the FY 2002 Revised Budget Plan from January 1, 2002 through April 22, 2002. Included are all adjustments made as part of the FY 2002 Third Quarter Review:

- ◆ The Board of Supervisors approved the School Board's *FY 2002 Third Quarter Budget Review* request decreasing expenditures by \$1,863,664, increasing the transfer out to the School Grants and Self-Supporting Fund 192 by \$310,635, and decreasing the transfer out to the School Construction Fund 390 by \$379,393.

County Executive Proposed FY 2003 Advertised Budget Plan

Purpose

Expenditures required to operate, maintain, and support the instructional program of Fairfax County Public Schools are recorded in the Public School Operating Fund. These expenditures include the costs for salaries and related employee benefits, materials, equipment, and services to continue current programs as well as costs for projected changes in membership and inflation. Revenue to support these expenditures is provided by a transfer from the County General Fund, State, and Federal aid, tuition payments from the City of Fairfax, and other fees and transfers.

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It should be noted that the following fund statement reflects the FY 2003 Fairfax County School Board's Advertised Budget. Adjustments to this fund, adopted by the Fairfax County School Board on February 7, 2002, will be discussed in the Overview Volume of the FY 2003 Advertised Budget Plan. However, all financial schedules included in the FY 2003 Advertised Budget Plan have been adjusted to reflect the funding level commensurate to a 7.07 percent increase in the General Fund transfer to Fairfax Public Schools. This is consistent with the Board of Supervisors' guidelines, which holds the rate of increase in the School Operating Fund transfer to the projected increase in County General Fund revenue. The proposed County General Fund transfer for school operations in FY 2003 totals \$1,156,261,517, an increase of \$76,349,761, or 7.07 percent, over the *FY 2002 Revised Budget Plan* transfer of \$1,079,911,756. Of this amount, \$1,621,364 represents the seventh year of a ten-year program to eliminate the County's outstanding unfunded teachers' liability.

Teachers' salaries are paid by contract over a twelve-month period ending in August. Consequently, in order to reflect the total teachers' salaries in the year that services are rendered, an accrual is made at the end of the fiscal year for the payroll liability arising from those teachers' salaries to be paid in the first two months of the succeeding year. Therefore, expenditures for July and August are recorded in the fiscal year in which they are earned and budgeted. However, prior to FY 1984, salaries for the month of July and August were paid and recorded in the next fiscal year. The result is an unfunded liability.

In FY 1984, the County began a program to eliminate the unpaid liability for educational employees' salaries and benefits over a ten-year period, which was to begin in FY 1984 and to continue through FY 1994. However, due to the 1990 recession, FY 1990 was the seventh and last year that the teachers' unfunded liability payment was funded. At that time the County's remaining outstanding liability was \$16,213,640. In FY 1997, the County resumed funding the teachers' liability payment with a new ten-year plan with scheduled payments of \$1,621,364 per year. The scheduled FY 2003 payment will be the seventh year of the School Board's Advertised new ten-year plan, and will reduce the outstanding liability balance to \$4,864,092.

It should be noted that the Fairfax County School Board's Advertised Budget reflects a General Fund transfer of \$1,217,919,664, an increase of \$138,007,908, or 12.78 percent, over the FY 2002 transfer level. In order to fully fund the \$61.7 million increase above the budget guidelines, additional resources would need to be considered by the Board of Supervisors.

FUND 090 PUBLIC SCHOOL OPERATING

FUND STATEMENT

Fund Type G10, Special Revenue Funds Fund 090, Public School Operating Fund

	FY 2001 Actual ¹	FY 2002 Adopted Budget Plan	FY 2002 Revised Budget Plan ²	FY 2003 School Board's Advertised ³	FY 2003 Adopted Budget Plan ³
Beginning Balance	\$56,768,845	\$10,000,000	\$50,201,190	\$10,000,000	\$10,000,000
Revenue:					
Sales Tax	\$103,934,411	\$111,882,889	\$104,051,679	\$107,173,229	\$107,173,229
State Aid	213,020,263	213,331,089	213,745,418	205,584,896	205,584,896
Federal Aid	28,201,017	23,277,574	34,273,103	31,025,538	31,025,538
City of Fairfax Tuition	23,903,048	25,800,000	25,950,550	27,350,000	27,350,000
Tuition, Fees, and Other	12,680,991	7,812,283	9,385,987	8,724,876	8,724,876
Total Revenue	\$381,739,730	\$382,103,835	\$387,406,737	\$379,858,539	\$379,858,539
Transfers In:					
County General Fund (001)	\$988,000,908	\$1,078,090,014	\$1,079,911,756	\$1,217,919,664	\$1,167,861,517
School Insurance Fund (590)	0	0	1,516,947	0	0
Total Transfers In	\$988,000,908	\$1,078,090,014	\$1,081,428,703	\$1,217,919,664	\$1,167,861,517
Total Available	\$1,426,509,483	\$1,470,193,849	\$1,519,036,630	\$1,607,778,203	\$1,557,720,056
Total Expenditures ⁴	\$1,353,943,743	\$1,443,646,441	\$1,492,934,786	\$1,569,576,186	\$1,525,256,289
Transfers Out:					
School Construction Fund (390)	\$9,179,857	\$14,106,550	\$13,350,351	\$14,540,709	\$14,540,709
School Grants & Self- Supporting Fund (192)	8,413,428	11,071,821	11,382,456	16,529,685	16,529,685
School Adult & Community Education Fund (193)	3,683,218	1,100,131	1,100,131	1,100,131	1,100,131
School Debt Service Fund (201) ⁴	833,926	0	0	5,738,250	0
School Health & Flexible Benefits Fund (591)	254,121	268,906	268,906	293,242	293,242
Total Transfers Out	\$22,364,550	\$26,547,408	\$26,101,844	\$38,202,017	\$32,463,767
Total Disbursements	\$1,376,308,293	\$1,470,193,849	\$1,519,036,630	\$1,607,778,203	\$1,557,720,056
Ending Balance	\$50,201,190	\$0	\$0	\$0	\$0

¹ FY 2001 Actuals reflect audit adjustments included in the FY 2001 Comprehensive Annual Financial Report (CAFR). The FY 2001 Audit Package detailing all of these changes were included in the *FY 2002 Third Quarter Review*.

² The *FY 2002 Revised Budget Plan* reflects adjustments adopted by the Fairfax County School Board on March 21, 2002, during their *FY 2002 Third Quarter Review*. The Fairfax County School Board adjustments were officially reflected in the County's *FY 2002 Third Quarter Review*, and approved by the Board of Supervisors on April 22, 2002.

³ Assumes an additional \$10.0 million in FY 2002 Ending Balance to be carried over to balance the FY 2003 budget.

⁴ The County will assume the FY 2003 debt service requirements. This action will free up \$5.7 million in existing School funding for School Operating Fund expenditures.