

Fund 090

Public School Operating

Board of Supervisors' Adjustments

The following funding adjustments reflect all changes to the FY 2006 Advertised Budget Plan, as approved by the Board of Supervisors on April 25, 2005:

- ◆ The Board of Supervisors made no adjustments to this fund.

Focus

Expenditures required for operating, maintaining and supporting the instructional program of Fairfax County Public Schools (FCPS) are recorded in Fund 090, Public School Operating. 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, as well as other fees and transfers.

It should be noted that the fund statement presented in the FY 2006 Advertised Budget Plan reflected the FY 2006 Fairfax County Public Schools Superintendent's Proposed Budget, which was released on January 13, 2005 and included a 9.7 percent increase to the General Fund transfer. Adjustments to the Superintendent's Proposed Budget were approved by the School Board on February 10, 2005 and discussed in the Overview Volume of the County's FY 2006 Advertised Budget Plan. The School Board revised the Superintendent's Proposed Budget by reflecting a net decrease of \$6.75 million. The School Board adjustments required a 9.2 percent increase to the County General Fund transfer. This amount is reflected in the following fund statement. However, all County financial schedules included in the FY 2006 Advertised Budget Plan reflected the funding level commensurate with an 8.24 percent increase in the General Fund transfer to the Fairfax County Public Schools. This was consistent with the County's FY 2006 Advertised increase in General Fund revenues.

On April 5, 2005, the Superintendent and School Board proposed to further reduce their request by \$12,556,663, resulting in an 8.24 percent increase to the General Fund. The Board of Supervisors made no change to the FY 2006 Advertised Budget Plan transfer for school operations and adopted a transfer of \$1,431,337,820, an increase of \$108,963,633 or 8.24 percent, over the *FY 2005 Revised Budget Plan* transfer of \$1,322,374,187. Of this amount, \$1,621,364 represents the last 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 was 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 2006 payment will be the last year of the School Board's ten-year plan, and will eliminate the outstanding liability balance.

Fund 090 Public School Operating

FUND STATEMENT

Fund Type G10, Special Revenue Funds

Fund 090, Public School Operating Fund

	FY 2004 Actual ¹	FY 2005 Adopted Budget Plan	FY 2005 Revised Budget Plan ²	FY 2006 School Board Advertised ³	FY 2006 Adopted Budget Plan ³
Beginning Balance	\$110,747,182	\$34,804,721	\$113,382,753	\$20,000,000	\$20,000,000
Revenue:					
Sales Tax	\$120,800,001	\$121,824,557	\$141,483,579	\$150,487,943	\$150,487,943
State Aid	194,278,028	210,813,700	223,658,255	228,779,051	228,779,051
Federal Aid	36,872,769	37,475,166	45,400,588	42,840,662	42,840,662
City of Fairfax Tuition	27,069,379	29,138,289	28,544,499	30,688,274	30,688,274
Tuition, Fees, and Other	12,849,520	9,459,801	9,065,806	10,359,974	10,359,974
Total Revenue	\$391,869,697	\$408,711,513	\$448,152,727	\$463,155,904	\$463,155,904
Transfers In:					
County General Fund (001)	\$1,240,850,321	\$1,322,374,187	\$1,322,374,187	\$1,443,894,483	\$1,431,337,820
Total Transfers In	\$1,240,850,321	\$1,322,374,187	\$1,322,374,187	\$1,443,894,483	\$1,431,337,820
Total Available	\$1,743,467,200	\$1,765,890,421	\$1,883,909,667	\$1,927,050,387	\$1,914,493,724
Total Expenditures ⁴	\$1,598,320,237	\$1,736,252,502	\$1,853,131,919	\$1,891,694,075	\$1,879,137,412
Transfers Out:					
School Construction Fund (390)	\$11,152,388	\$12,858,000	\$13,412,549	\$13,391,022	\$13,391,022
School Grants & Self-Supporting Fund (192)	19,071,530	15,313,543	15,798,823	20,359,490	20,359,490
School Adult & Community Education Fund (193)	1,200,131	1,100,131	1,200,131	1,200,131	1,200,131
School Health & Flexible Benefits Fund (591)	340,161	366,245	366,245	405,669	405,669
Total Transfers Out	\$31,764,210	\$29,637,919	\$30,777,748	\$35,356,312	\$35,356,312
Total Disbursements	\$1,630,084,447	\$1,765,890,421	\$1,883,909,667	\$1,927,050,387	\$1,914,493,724
Ending Balance	\$113,382,753	\$0	\$0	\$0	\$0

¹ In order to account for revenues and expenditures in the proper fiscal year, audit adjustments in the amount of \$181,940 have been reflected as increases to FY 2004 revenues and audit adjustments of \$773,586 have been reflected as increases to FY 2004 expenditures to properly record revenue and payroll accruals. The audit adjustments have been included in the FY 2004 Comprehensive Annual Financial Report (CAFR). Final details of the FY 2004 audit adjustments were included in the *FY 2005 Third Quarter Review*.

² The *FY 2005 Revised Budget Plan* reflects adjustments adopted by the Fairfax County School Board on March 31, 2005, during their *FY 2005 Third Quarter Review*. The Fairfax County School Board adjustments were officially reflected in the County's *FY 2005 Third Quarter Review* and approved by the Board of Supervisors on April 18, 2005. It should be noted that some funds reflect minor adjustments to balance and/or revenue to reflect reconciliation adjustments approved by the auditor.

³ Reflects the *FY 2006 School Board Advertised Budget* for all categories except for the County General Fund transfer. The *FY 2006 School Board Adopted Budget* amounts will be reflected in the County's *FY 2005 Carryover Review*. Also reflects \$20.0 million in projected FY 2005 ending balance to be carried over to fund the FY 2006 budget.

⁴ It should be noted that as part of the *FY 2006 Adopted Budget Plan*, Fund 200, County Debt Service reflected a transfer in from Public School Operating in the amount of \$1,958,711 associated with the debt service payment from Fund 090, Fairfax County Public Schools Operating Fund for the School Administration Building bond sale conducted on January 19, 2005. Action to adjust the transfer out from this fund will be taken by the School Board during their adoption of the budget on May 26, 2005. As a result, the transfer amount is not currently reflected and will be included as part of the *FY 2005 Carryover Review* fund statement.