

Revised July 26, 2002

**SCHOOL BOARD AGENDA ITEM**

**Agenda Item No.** \_\_\_\_\_

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**Prepared:** July 10, 2002

**New Business:** July 11, 2002

**ACTION:** July 25, 2002

**Staff Contact:** Charles Woodruff, Chief Financial Officer, Financial Services

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**SUBJECT:** FY 2002 Final Budget Review

**RECOMMENDATION:**

That the School Board approve revenue and expenditure adjustments as detailed in the agenda item.

**EXPLANATION:**

All FY 2002 accounts have been closed, subject to the annual independent audit. A summary of revenue and expenditure variances is provided for each of the funds under the control of the School Board. All comparisons are against the FY 2002 estimate.

If the School Board approves the FY 2003 recommended expenditure adjustments totaling \$12.3 million, \$4.0 million will be allocated as the beginning balance for FY 2004 or used to offset any potential shortfall in FY 2003.

The School Board approved reallocating \$250,000 from the \$8.0 million flexibility reserve to provide placeholder funding for a school system audit. Other changes include funding for Focus School programs at Glasgow Middle School and Crestwood Elementary School. The FY 2004 beginning balance will be reduced by \$30,000 to fund these programs.

Attachments

**I. FY 2002 ACTUAL** **AMOUNT**

**A. Revenue** **\$170,763**

Actual revenue for FY 2002 was \$4.2 million above the estimate as follows:

1. Additional state aid of \$1.4 million was primarily due to higher than projected average daily membership for Standards of Quality (SOQ) accounts and additional English for speakers of other languages (ESOL) categorical aid.
2. Additional federal aid of \$1.2 million was primarily from impact aid receipts and E-rate rebates.
3. Other additional revenue of \$1.6 million was primarily due to out-of-county tuition and facilities use receipts.

The above increases in revenue were offset by a decrease in federal grant revenues of \$4.0 million, primarily from unspent grant awards that will be carried forward and appropriated again in FY 2003.

**B. Expenditures** **11,906,962**

The net variance in expenditure accounts was \$11.9 million. Variances include the following items:

1. Salaries and Benefits: The compensation budget, including bus driver salaries, hourly, and substitute accounts ended the year with a \$10.6 million ending balance. The actual expenditure total is within 99.2 percent of the estimate.
2. Logistic Accounts: Logistic accounts ended the year with a balance of \$1.3 million. This is due primarily to a continuing decline in fuel prices and lower-than-anticipated costs in bus and vehicle repair and labor. The FY 2002 Third-Quarter Budget Review included a \$0.5 million reduction in this account.

**FY 2002 AVAILABLE BALANCE** **\$12,077,725**

- 0 - Recurring
- 1 - Nonrecurring

<b>II.</b>	<b>FY 2003 REVENUE ADJUSTMENTS</b>	<b><u>AMOUNT</u></b>	
	<b>A. Fairfax City Equipment</b>	<b>\$210,322</b>	
	<p>This represents funding from Fairfax City to purchase technology equipment for Daniels Run Elementary School. An offsetting expenditure increase is included in expenditure section III., item G.</p>		
	<b>TOTAL REVENUE ADJUSTMENTS</b>	<b>\$210,322</b>	
<b>III.</b>	<b>FY 2003 EXPENDITURE ADJUSTMENTS</b>	<b><u>AMOUNT</u></b>	<b><u>POSITIONS</u></b>
ö	<b>A. Membership Fees – Virginia School Boards Association</b>	<b>\$10,359</b>	<b>0.0</b>
	<p>On June 20, 2002, the School Board voted to rejoin the Virginia School Boards Association (VSBA) effective July 1, 2002. This cost is for membership for FY 2003.</p>		
ö	<b>B. Membership Fees – National School Boards Association</b>	<b>6,250</b>	<b>0.0</b>
	<p>This cost is for the School Board to rejoin the National School Boards Association for FY 2003.</p>		
ö	<b>C. Educational Employees' Supplementary Retirement System of Fairfax County (ERFC)</b>	<b>2,580,726</b>	<b>0.0</b>
	<p>When the School Board adopted the FY 2003 budget, funding to increase the employer contribution from 3.69 percent to 4.0 percent was eliminated. FY 2002 ending balance is available to reinstate the employer contribution increase. This action will help reduce the projected FY 2004 deficit.</p>		
×	<b>D. Building Maintenance</b>	<b>464,072</b>	<b>0.0</b>
	<p>This will partially restore the building maintenance budget, which was \$ 9.0 million at the advertised budget and reduced to \$6.0 million to balance the FY 2003 approved budget. With this additional funding, the FY 2003 building maintenance budget will be \$6.5 million.</p>		
×	<b>E. Replacement Equipment</b>	<b>200,000</b>	<b>0.0</b>
	<p>This will partially restore the replacement equipment budget, which was totally eliminated when the School Board adopted the FY 2003 budget. This funding is used to meet critical and/or safety-related replacement equipment needs divisionwide.</p>		

ö - Recurring  
 × - Nonrecurring

		<u>AMOUNT</u>	<u>POSITIONS</u>
´	<b>F. Position Transfer to Insurance Fund</b>	<b>(182,206)</b>	<b>(2.0)</b>
	<p>The Insurance Fund will provide the funding for 2.0 positions currently in the Operating Fund. These positions are fully dedicated to managing and monitoring the Insurance Fund. The change results in a savings in the Operating Fund of 2.0 positions valued at \$182,206 including benefits (\$144,608 salaries, \$37,598 benefits).</p>		
´	<b>G. Fairfax City Equipment</b>	<b>210,322</b>	<b>0.0</b>
	<p>This funding will provide technology equipment for Daniels Run Elementary School. This item has a corresponding revenue increase narrated in section II., item A.</p>		
ö	<b>H. Head Start Transportation</b>	<b>1,437,308</b>	<b>0.0</b>
	<p>Placeholder funds are required for bus attendants and safety restraint equipment to comply with the new Head Start Transportation regulation that is effective January 20, 2004. Additional funding will also be required in FY 2004. FCPS must begin recruitment and training efforts now in order to meet the effective date.</p>		
ö	<b>I. Staffing Reserve</b>	<b>1,011,216</b>	<b>24.0</b>
	<p>Due to the impact of membership changes and the variability of school staffing, 24.0 additional positions (16.0 teachers and 8.0 instructional assistants) will be added to the staffing reserve. This will increase the reserve from 170.0 to 194.0 positions. An analysis of the staffing reserve will be made prior to the FY 2003 Third-Quarter Budget Review. If the additional staffing reserve positions are not used, the funds and the position authorization will be available to the School Board for reallocation.</p>		
ö	<b>J. No Child Left Behind</b>	<b>750,000</b>	<b>3.0</b>
	<p>Placeholder funding will be set aside to begin implementation of No Child Left Behind federal mandates in FY 2003. The full impact of the program is not known but it appears that compliance will require FCPS to begin to collect data and establish reports in FY 2003. The placeholder includes funding for 2.0 positions in the Department of Human Resources and 1.0 position in the Department of Information Technology.</p>		

ö - Recurring  
´ - Nonrecurring

	<u>AMOUNT</u>	<u>POSITIONS</u>
<p><b>K. Beginning Balance</b></p> <p>The fiscal forecast included a \$5.0 million beginning balance in FY 2004. This item will increase the FY 2004 beginning balance to <u>nearly</u> \$9.0 million.</p>	<p><b>4,000,000</b> <b><u>3,970,000</u></b></p>	<p><b>0.0</b></p>
<p><b>L. Gifted and Talented</b></p> <p>These funds will be placed in a placeholder account to pay for the transportation and facilities related costs associated with the additional students identified for the Gifted and Talented Program for the FY 2003 school year.</p>	<p><b>800,000</b></p>	<p><b>0.0</b></p>
<p><b>M. Buses</b></p> <p>Funding will be set aside for the replacement of 61 buses to reduce the FY 2004 replacement requirement. The decision to lease/purchase the buses will not be finalized until the third-quarter budget review is conducted and the projected outcome of the FY 2003 budget is known as well as using information available at that time regarding FY 2004 financial needs.</p>	<p><b>1,000,000</b></p>	<p><b>0.0</b></p>
<p><b>N. Focus School – Crestwood Elementary School</b></p> <p>This funding will be used to establish Crestwood Elementary School as a focus school. The program will utilize Open Court and Saxon Math and will include an evaluation piece to determine their effectiveness.</p>	<p><b>20,000</b></p>	<p><b>0.0</b></p>
<p><b>O. Focus School – Glasgow Middle School</b></p> <p>This funding will be used to initiate planning to establish Glasgow Middle School as an International Magnet School.</p>	<p><b>10,000</b></p>	<p><b>0.0</b></p>
<p><b>P. School System Audit</b></p> <p>Placeholder funding will be set aside to fund a school system audit, with the details to be determined by a vote of the School Board.</p>	<p><b>250,000</b></p>	<p><b>0.0</b></p>
<p><b>Q. Flexibility Reserve Reduction</b></p> <p>The School Board approved reallocating \$250,000 from the flexibility reserve to provide funding for a school system audit. This funding will be restored at the next budget review where funds are available.</p>	<p><b>(250,000)</b></p>	<p><b>0.0</b></p>
<p><b>TOTAL FY 2003 EXPENDITURE ADJUSTMENTS</b></p>	<p><b><u>\$12,288,047</u></b></p>	<p><b><u>25.0</u></b></p>

0 - Recurring  
^ - Nonrecurring

**SUMMARY**

	<u>AMOUNT</u>	<u>POSITIONS</u>
I. <b>FY 2002 Available Balance</b>	<b>\$12,077,725</b>	
II. <b>FY 2003 Revenue Adjustments</b>	<u>210,322</u>	
<b>Total Available Revenue</b>	<b><u>\$12,288,047</u></b>	
III. <b>Total FY 2003 Expenditure Adjustments</b>	<b><u>\$12,288,047</u></b>	<b><u>25.0</u></b>

#### **IV. OTHER FUNDS**

##### **FOOD AND NUTRITION SERVICES FUND**

The Food and Nutrition Services Fund ending balance for FY 2002 is \$9.7 million which is reduced to \$7.8 million when undelivered orders of \$0.6 million and inventory of \$1.4 million are deducted.

##### **GRANTS AND SELF-SUPPORTING PROGRAMS FUND**

###### **Grants Subfund:**

Appropriations in the Grants Subfund are increasing \$5.6 million due to the carryover of FY 2002 unspent grant awards of \$5.4 million and a transfer of \$135,539 for two self-supporting programs moving from the Operating Fund. Position changes are due to the recognition of 4.0 positions for the Institute for Student Achievement grant.

###### **Summer School Subfund:**

The FY 2002 ending balance of the Summer School Subfund is \$2.4 million. After deducting the undelivered orders of \$85,981, the ending balance is \$2.3 million reserved as follows:

- \$1.3 million for increased and unplanned membership growth
- \$0.8 million for Phase 2 of the replacement registration system for summer school
- \$0.1 million for summer school scholarship reserve
- \$0.1 million for increased summer school warehouse costs

##### **ADULT AND COMMUNITY EDUCATION FUND**

The FY 2002 ending balance of the Adult and Community Education (ACE) Fund is \$2.6 million. Of this amount, \$0.2 million is designated for the completion of the ACE registration system project and \$0.8 million is for undelivered orders including the ongoing contract for the registration system. After deducting these items, the ending balance is \$1.6 million reserved as follows:

- \$0.7 million for Phase 3 of the replacement registration system for web-based registration
- \$0.6 million for replacement of equipment and maintenance of instructional facilities
- \$0.2 million for step increases in FY 2004 without significant tuition increases in a highly competitive market
- \$0.1 million for business tuition operating reserve

FY 2002 revenue and expenditures are increased by \$0.2 million due to new and continuing grant awards to ACE.

##### **SCHOOL CONSTRUCTION FUND**

An increase of \$229.3 million in the School Construction Fund is due to project balances being carried forward and reallocated in FY 2003 and to an increase in the transfer from the School Operating Fund. Total project costs for multiyear construction projects are allocated when the jobs are contracted and unspent balances are carried forward into future fiscal years until the projects are completed.

##### **SCHOOL INSURANCE FUND**

Working together with the former and current Third Party Administrator (TPA) the Workers' Compensation Program has seen expenditures and claims decrease. Since FY 1996 administrative costs have been reduced by \$2.0 million and future estimated liability has been reduced by \$5.6 million. During FY 2002 an analysis of outstanding cases was conducted and a recommendation to close and decrease reserves for cases was applied, resulting in a one-year reduction in estimated liability of \$3.2 million.

**(School Insurance Fund continued)**

The Insurance Fund has been revised to reflect actual FY 2002 expenditures. The primary adjustment is a decrease in the net change in liability due to a reduction of the actuarial projection for the Insurance Fund. The FY 2003 budget for other insurance is increased \$1.1 million based on the actual costs incurred in FY 2002 and projected cost increases, \$0.2 million to allocate funds for property losses incurred but not yet expended and for continuing training programs in progress, and \$0.1 million to support position changes identified below.

Position authorization is requested for four positions in the Insurance Fund to manage and monitor the fund. Two of the positions, a coordinator and a specialist, are currently in the Operating Fund, but are fully dedicated to the Insurance Fund. Two additional positions are requested to analyze actual and potential risks, manage liability claims, and provide clerical support. The cost of the two additional positions, including benefits, is \$117,026. The cost of the four positions is partially offset by eliminating the need for contracted claims services and hourly clerical support. The total cost to the Insurance Fund to make these changes is \$129,529.

**HEALTH AND FLEXIBLE BENEFITS FUND**

The Health and Flexible Benefits Fund has been revised to reflect actual FY 2002 revenue and expenditures. Actual receipts were \$0.6 million above FY 2002 estimates primarily due to stop loss recovery for health claims from Aetna for calendar year 2000. Flexible accounts withholdings increased \$0.4 million. Total expenditures were \$4.2 million below the FY 2002 estimates due to a \$0.9 million increase in health benefits paid, a \$3.9 million decrease in premiums paid, \$0.6 million decrease in claims incurred but not reported, and a \$0.7 million decrease in health administrative expenses. Flexible accounts reimbursements increased \$0.3 million. These adjustments resulted in an increase to the beginning balance of \$1.1 million from the FY 2002 estimate to the FY 2003 revised estimate. The revised beginning balance for FY 2003 is \$9,386,320.

**CENTRAL PROCUREMENT FUND**

The Central Procurement Fund ending balance for FY 2002 is \$1.3 million which is reduced to \$0.7 million when undelivered orders are deducted.

**EDUCATIONAL EMPLOYEES' SUPPLEMENTARY RETIREMENT SYSTEM  
OF FAIRFAX COUNTY FUND**

The FY 2002 ending balance for the Educational Employees' Supplementary Retirement System of Fairfax County is \$1.36 billion. This reflects the fund's total asset value through May 31, 2002, and estimated asset values for June 2002.

FY 2002 revenues from contributions totaled \$49.3 million. This was slightly less than the fiscal year estimate of \$52.2 million. Investment income growth for the fund has historically been budgeted at the actuarially assumed rate of 7.5 percent. Due to the continued weakness in the equity markets, investments resulted in a loss of 4.4 percent of asset value, or \$65.9 million. Expenditures for FY 2002 totaled \$107.7 million, which was \$6.95 million less than the FY 2002 estimate. Expenses for benefit payments and manager fees were less than projected.

The employer contribution rate will increase in FY 2003 from 3.69 percent to 4.00 percent. The increase in the employer contribution associated with the rate increase is \$2.6 million.



**Revised July 26, 2002**

**SCHOOL OPERATING FUND STATEMENT**

	FY 2002 Estimate	FY 2002 Actual	Variance	FY 2003 Approved	FY 2003 Revised	Variance
<b>BEGINNING BALANCE, July 1:</b>						
Budgeted Beginning Balance	\$5,000,000	\$5,000,000	\$0	\$19,801,914	\$19,801,914	\$0
Flexibility Reserve	6,396,331	6,396,331	-	-	8,000,000	8,000,000
Undelivered Orders	19,123,496	19,123,496	-	-	12,067,836	12,067,836
Automatic Carryover	6,890,004	6,890,004	-	-	7,603,883	7,603,883
Unencumbered Carryover	5,782,818	5,782,818	-	-	13,890,347	13,890,347
Grants Carryover	198,617	198,617	-	-	34,282	34,282
Available Balance	<u>6,809,924</u>	<u>6,809,924</u>	<u>-</u>	<u>-</u>	<u>12,077,725</u>	<u>12,077,725</u>
<b>Total Beginning Balance</b>	<b>\$50,201,190</b>	<b>\$50,201,190</b>	<b>\$0</b>	<b>\$19,801,914</b>	<b>\$73,475,987</b>	<b>\$53,674,073</b>
<b>RECEIPTS:</b>						
Sales Tax	\$104,051,679	\$104,051,679	\$0	\$107,173,229	\$107,173,229	\$0
State Aid	213,745,418	215,098,818	1,353,400	191,203,799	191,203,799	-
Federal Aid	34,273,103	31,460,668	(2,812,435)	32,307,253	35,695,268	3,388,015
City of Fairfax Tuition	25,950,550	25,950,550	-	27,350,000	27,350,000	-
Tuition, Fees, and Other	<u>9,385,987</u>	<u>11,015,785</u>	<u>1,629,798</u>	<u>9,459,801</u>	<u>9,670,123</u>	<u>210,322</u>
<b>Total Receipts</b>	<b>\$387,406,737</b>	<b>\$387,577,500</b>	<b>\$170,763</b>	<b>\$367,494,082</b>	<b>\$371,092,419</b>	<b>\$3,598,337</b>
<b>TRANSFERS IN:</b>						
County General Fund:						
Approved Operating Transfer	\$1,078,290,392	\$1,078,290,392	\$0	\$1,166,240,153	\$1,166,240,153	\$0
Teacher Liability Payment	1,621,364	1,621,364	-	1,621,364	1,621,364	-
School Insurance Fund	<u>1,516,947</u>	<u>1,516,947</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total Transfers In</b>	<b>\$1,081,428,703</b>	<b>\$1,081,428,703</b>	<b>\$0</b>	<b>\$1,167,861,517</b>	<b>\$1,167,861,517</b>	<b>\$0</b>
<b>Total Receipts &amp; Transfers</b>	<b>\$1,468,835,440</b>	<b>\$1,469,006,203</b>	<b>\$170,763</b>	<b>\$1,535,355,599</b>	<b>\$1,538,953,936</b>	<b>\$3,598,337</b>
<b>Total Funds Available</b>	<b>\$1,519,036,630</b>	<b>\$1,519,207,393</b>	<b>\$170,763</b>	<b>\$1,555,157,513</b>	<b>\$1,612,429,923</b>	<b>\$57,272,410</b>
<b>EXPENDITURES</b>						
School Board Reserve	\$1,463,511,508	\$1,418,008,198	(\$45,503,310)	\$1,526,439,652	\$1,575,131,007	\$48,691,355
School Board Reserve	8,000,000	-	(8,000,000)	-	7,750,000	7,750,000
Teacher Liability Payment	<u>1,621,364</u>	<u>1,621,364</u>	<u>-</u>	<u>1,621,364</u>	<u>1,621,364</u>	<u>-</u>
<b>Total Expenditures</b>	<b>\$1,473,132,872</b>	<b>\$1,419,629,562</b>	<b>(\$53,503,310)</b>	<b>\$1,528,061,016</b>	<b>\$1,584,502,371</b>	<b>\$56,441,355</b>
<b>TRANSFERS OUT:</b>						
School Construction Fund	\$13,350,351	\$13,350,351	\$0	\$11,540,709	\$12,236,225	\$695,516
Grants & Self-Supporting Fund	11,382,456	11,382,456	-	14,162,415	14,297,954	135,539
Adult & Community Education Fund	1,100,131	1,100,131	-	1,100,131	1,100,131	-
Health and Flexible Benefits Fund	<u>268,906</u>	<u>268,906</u>	<u>-</u>	<u>293,242</u>	<u>293,242</u>	<u>-</u>
<b>Total Transfers Out</b>	<b>\$26,101,844</b>	<b>\$26,101,844</b>	<b>\$0</b>	<b>\$27,096,497</b>	<b>\$27,927,552</b>	<b>\$831,055</b>
<b>Total Disbursements</b>	<b>\$1,499,234,716</b>	<b>\$1,445,731,406</b>	<b>(\$53,503,310)</b>	<b>\$1,555,157,513</b>	<b>\$1,612,429,923</b>	<b>\$57,272,410</b>
<b>ENDING BALANCE, June 30:</b>	<b>\$19,801,914</b>	<b>\$73,475,987</b>	<b>\$53,674,073</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>Less:</b>						
Budgeted Ending Balance	\$19,801,914	\$19,801,914	\$0	\$0	\$0	\$0
Flexibility Reserve	-	8,000,000	8,000,000	-	-	-
Other Commitments	<u>-</u>	<u>33,596,348</u>	<u>33,596,348</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Available Ending Balance</b>	<b>\$0</b>	<b>\$12,077,725</b>	<b>\$12,077,725</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

## FOOD AND NUTRITION SERVICES FUND STATEMENT

	<u>FY 2002</u> <u>Estimate</u>	<u>FY 2002</u> <u>Actual</u>	<u>Variance</u>	<u>FY 2003</u> <u>Approved</u>	<u>FY 2003</u> <u>Revised</u>	<u>Variance</u>
<b>BEGINNING BALANCE, JULY 1</b>	<b>\$10,395,824</b>	<b>\$10,395,824</b>	<b>\$0</b>	<b>\$7,273,093</b>	<b>\$9,729,559</b>	<b>\$2,456,466</b>
<b>RECEIPTS:</b>						
Food Sales	\$33,872,592	\$35,142,395	\$1,269,803	\$34,885,094	\$34,885,094	\$0
Federal Aid	13,351,175	14,254,508	903,333	13,401,414	13,401,414	0
State Aid	765,750	776,707	10,957	714,489	714,489	0
Other Revenue	510,000	206,804	(303,196)	505,000	505,000	0
<b>Total Receipts</b>	<b>\$48,499,517</b>	<b>\$50,380,414</b>	<b>\$1,880,897</b>	<b>\$49,505,997</b>	<b>\$49,505,997</b>	<b>\$0</b>
<b>Total Funds Available</b>	<b>\$58,895,341</b>	<b>\$60,776,238</b>	<b>\$1,880,897</b>	<b>\$56,779,090</b>	<b>\$59,235,556</b>	<b>\$2,456,466</b>
<b>EXPENDITURES</b>	<b>\$51,622,248</b>	<b>\$50,900,675</b>	<b>(\$721,573)</b>	<b>\$49,557,257</b>	<b>\$50,169,227</b>	<b>\$611,970</b>
Change in Inventory	\$0	(\$146,004)	(\$146,004)	\$0	\$0	\$0
<b>ENDING BALANCE, JUNE 30</b>	<b>\$7,273,093</b>	<b>\$9,729,559</b>	<b>\$2,456,466</b>	<b>\$7,221,833</b>	<b>\$9,066,329</b>	<b>\$1,844,496</b>
<b>Less:</b>						
Undelivered Orders	0	611,970	611,970	0	0	0
Inventory	0	1,357,111	1,357,111	0	0	0
<b>Available Ending Balance</b>	<b>\$7,273,093</b>	<b>\$7,760,478</b>	<b>\$487,385</b>	<b>\$7,221,833</b>	<b>\$9,066,329</b>	<b>\$1,844,496</b>

## GRANTS & SELF-SUPPORTING PROGRAMS FUND STATEMENT

	FY 2002 Estimate	FY 2002 Actual	Variance	FY 2003 Approved	FY 2003 Revised	Variance
<b>BEGINNING BALANCE, JULY 1</b>	<b>\$3,751,539</b>	<b>\$3,751,539</b>	<b>\$0</b>	<b>\$0</b>	<b>\$3,818,681</b>	<b>\$3,818,681</b>
<b>RECEIPTS:</b>						
State Aid	\$10,594,219	\$8,150,418	(\$2,443,801)	\$9,440,783	\$9,552,785	\$112,002
Federal Aid	18,822,676	11,718,825	(7,103,851)	16,751,268	20,453,239	3,701,971
Tuition	2,824,803	3,150,056	325,253	2,798,913	2,798,913	0
Industry, Foundation, Other	1,820,609	1,638,505	(182,104)	463,306	673,130	209,824
<b>Total Receipts</b>	<b>\$34,062,307</b>	<b>\$24,657,804</b>	<b>(\$9,404,503)</b>	<b>\$29,454,270</b>	<b>\$33,478,067</b>	<b>\$4,023,797</b>
<b>TRANSFERS IN:</b>						
School Operating Fund (Grants)	\$0	\$0	\$0	\$0	\$135,539	\$135,539
School Operating Fund (Summer School)	11,382,456	11,382,456	0	14,162,415	14,162,415	0
Cable Communications Fund	1,640,935	1,640,935	0	1,624,576	1,624,576	0
<b>Total Transfers In</b>	<b>\$13,023,391</b>	<b>\$13,023,391</b>	<b>\$0</b>	<b>\$15,786,991</b>	<b>\$15,922,530</b>	<b>\$135,539</b>
<b>Total Funds Available</b>	<b>\$50,837,237</b>	<b>\$41,432,734</b>	<b>(\$9,404,503)</b>	<b>\$45,241,261</b>	<b>\$53,219,278</b>	<b>\$7,978,017</b>
<b>EXPENDITURES</b>	<b>\$50,837,237</b>	<b>\$37,614,053</b>	<b>(\$13,223,184)</b>	<b>\$45,241,261</b>	<b>\$53,219,278</b>	<b>\$7,978,017</b>
<b>ENDING BALANCE, JUNE 30</b>	<b>\$0</b>	<b>\$3,818,681</b>	<b>\$3,818,681</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>Less:</b>						
Undelivered Orders	0	640,861	640,861	0	0	0
<b>Available Ending Balance</b>	<b>\$0</b>	<b>\$3,177,820</b>	<b>\$3,177,820</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

## ADULT & COMMUNITY EDUCATION FUND STATEMENT

	FY 2002 Estimate	FY 2002 Actual	Variance	FY 2003 Approved	FY 2003 Revised	Variance
<b>BEGINNING BALANCE, JULY 1</b>	<b>\$3,782,283</b>	<b>\$3,782,283</b>	<b>\$0</b>	<b>\$0</b>	<b>\$2,611,717</b>	<b>\$2,611,717</b>
<b>RECEIPTS:</b>						
State Aid	\$1,371,176	\$871,024	(\$500,152)	\$756,039	\$756,039	\$0
Federal Aid	449,329	673,768	224,439	759,815	965,238	205,423
Tuition and Fees	7,070,285	6,804,260	(266,025)	6,692,983	6,692,983	0
Other	141,871	108,132	(33,739)	162,447	165,536	3,089
<b>Total Receipts</b>	<b>\$9,032,661</b>	<b>\$8,457,184</b>	<b>(\$575,477)</b>	<b>\$8,371,284</b>	<b>\$8,579,796</b>	<b>\$208,512</b>
<b>TRANSFERS IN:</b>						
School Operating Fund	\$1,100,131	\$1,100,131	\$0	\$1,100,131	\$1,100,131	\$0
<b>Total Transfers In</b>	<b>\$1,100,131</b>	<b>\$1,100,131</b>	<b>\$0</b>	<b>\$1,100,131</b>	<b>\$1,100,131</b>	<b>\$0</b>
<b>Total Funds Available</b>	<b>\$13,915,075</b>	<b>\$13,339,598</b>	<b>(\$575,477)</b>	<b>\$9,471,415</b>	<b>\$12,291,644</b>	<b>\$2,820,229</b>
<b>EXPENDITURES</b>	<b>\$13,915,075</b>	<b>\$10,727,881</b>	<b>(\$3,187,194)</b>	<b>\$9,471,415</b>	<b>\$12,291,644</b>	<b>\$2,820,229</b>
<b>ENDING BALANCE, JUNE 30</b>	<b>\$0</b>	<b>\$2,611,717</b>	<b>\$2,611,717</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>Less:</b>						
Undelivered Orders	0	777,017	777,017	0	0	0
<b>Available Ending Balance</b>	<b>\$0</b>	<b>\$1,834,700</b>	<b>\$1,834,700</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

## SCHOOL CONSTRUCTION FUND STATEMENT

	FY 2002 Estimate	FY 2002 Actual	Variance	FY 2003 Approved	FY 2003 Revised	Variance
<b>BEGINNING BALANCE, JULY 1</b>	\$45,690,515	\$45,690,515	\$0	\$0	\$1,153,427	\$1,153,427
<b>RECEIPTS:</b>						
Bond Sales	\$130,000,000	\$130,000,000	\$0	\$136,400,000	\$136,400,000	\$0
State Construction Grant	2,099,552	2,091,745	(7,807)	932,374	932,374	0
PTA/PTO Receipts	150,000	665,564	515,564	150,000	150,000	0
City of Fairfax	150,000	1,078,366	928,366	150,000	150,000	0
Other Revenue	7,165,433	5,963,109	(1,202,324)	136,000	136,000	0
<b>Total Receipts</b>	<b>\$139,564,985</b>	<b>\$139,798,784</b>	<b>\$233,799</b>	<b>\$137,768,374</b>	<b>\$137,768,374</b>	<b>\$0</b>
<b>AUTHORIZED BUT UNISSUED BONDS</b>						
<b>Total Referendums</b>	<b>\$224,981,670</b>	<b>\$0</b>	<b>(\$224,981,670)</b>	<b>0</b>	<b>227,467,590</b>	<b>227,467,590</b>
<b>TRANSFERS IN:</b>						
<b>School Operating Fund</b>						
Building Maintenance	\$8,500,000	\$8,500,000	\$0	\$6,000,000	\$6,464,072	\$464,072
Classroom Equipment	3,456,550	3,456,550	0	4,871,209	4,871,209	0
Facility Modifications	1,393,801	1,393,801	0	669,500	900,944	231,444
<b>Total Transfers In</b>	<b>\$13,350,351</b>	<b>\$13,350,351</b>	<b>\$0</b>	<b>\$11,540,709</b>	<b>\$12,236,225</b>	<b>\$695,516</b>
<b>Total Receipts and Transfers</b>	<b>\$377,897,006</b>	<b>\$153,149,135</b>	<b>(\$224,747,871)</b>	<b>\$149,309,083</b>	<b>\$377,472,189</b>	<b>\$228,163,106</b>
<b>Total Funds Available</b>	<b>\$423,587,521</b>	<b>\$198,839,650</b>	<b>(\$224,747,871)</b>	<b>\$149,309,083</b>	<b>\$378,625,616</b>	<b>\$229,316,533</b>
<b>EXPENDITURES AND COMMITMENTS:</b>						
Expenditures	\$198,605,851	\$197,686,223	(\$919,628)	\$149,309,083	\$151,158,026	\$1,848,943
Additional Contractual Commitments	224,981,670	0	(224,981,670)	0	227,467,590	227,467,590
<b>Total Disbursements</b>	<b>\$423,587,521</b>	<b>\$197,686,223</b>	<b>(\$225,901,298)</b>	<b>\$149,309,083</b>	<b>\$378,625,616</b>	<b>\$229,316,533</b>
<b>ENDING BALANCE, JUNE 30</b>	<b>\$0</b>	<b>\$1,153,427</b>	<b>\$1,153,427</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

### SCHOOL INSURANCE FUND STATEMENT

	FY 2002 Estimate	FY 2002 Actual	Variance	FY 2003 Approved	FY 2003 Revised	Variance
<b>BEGINNING BALANCE, JULY 1</b>	<b>\$5,345,848</b>	<b>\$5,345,848</b>	<b>\$0</b>	<b>\$1,686,785</b>	<b>\$3,508,197</b>	<b>\$1,821,412</b>
<b>RECEIPTS:</b>						
Workers' Compensation						
School Operating Fund	\$2,975,116	\$2,975,116	\$0	\$2,975,116	\$2,975,116	\$0
School Food & Nutrition Serv. Fund	218,124	218,124	0	218,124	218,124	0
Other Insurance	333,896	333,896	0	2,680,000	2,680,000	0
<b>Total Receipts</b>	<b>\$3,527,136</b>	<b>\$3,527,136</b>	<b>\$0</b>	<b>\$5,873,240</b>	<b>\$5,873,240</b>	<b>\$0</b>
<b>Total Funds Available</b>	<b>\$8,872,984</b>	<b>\$8,872,984</b>	<b>\$0</b>	<b>\$7,560,025</b>	<b>\$9,381,437</b>	<b>\$1,821,412</b>
<b>EXPENDITURES:</b>						
Workers' Compensation						
Workers' Compensation	\$3,224,600	\$2,184,195	(\$1,040,405)	\$3,224,000	\$3,224,000	\$0
Administration	378,695	351,654	(27,041)	390,097	390,097	0
Claims Management	542,896	707,427	164,531	542,896	542,896	0
Net Change in Accrued Liability	336,717	(3,206,313)	(3,543,030)	403,032	403,032	0
Other Insurance	2,873,129	3,810,877	937,748	3,000,000	4,391,518	1,391,518
<b>Total Expenditures</b>	<b>\$7,356,037</b>	<b>\$3,847,840</b>	<b>(\$3,508,197)</b>	<b>\$7,560,025</b>	<b>\$8,951,543</b>	<b>\$1,391,518</b>
<b>TRANSFERS OUT:</b>						
School Operating Fund	\$1,516,947	\$1,516,947	\$0	\$0	\$0	0
<b>Total Disbursements</b>	<b>\$8,872,984</b>	<b>\$5,364,787</b>	<b>(\$3,508,197)</b>	<b>\$7,560,025</b>	<b>\$8,951,543</b>	<b>\$1,391,518</b>
<b>ENDING BALANCE, JUNE 30</b>	<b>\$0</b>	<b>\$3,508,197</b>	<b>\$3,508,197</b>	<b>\$0</b>	<b>\$429,894</b>	<b>\$429,894</b>

**SCHOOL HEALTH AND FLEXIBLE BENEFITS FUND STATEMENT**

	<b>FY 2002 Estimate</b>	<b>FY 2002 Actual</b>	<b>Variance</b>	<b>FY 2003 Approved</b>	<b>FY 2003 Revised</b>	<b>Variance</b>
<b>BEGINNING BALANCE, JULY 1</b>	<b>\$8,279,428</b>	<b>\$8,279,428</b>	<b>\$0</b>	<b>\$4,464,235</b>	<b>\$9,386,320</b>	<b>\$4,922,085</b>
<b>RECEIPTS:</b>						
Employer Contributions	\$73,354,596	\$73,267,589	(\$87,007)	\$97,803,804	\$97,803,804	\$0
Employee Contributions	20,354,503	21,583,753	1,229,250	25,931,490	25,931,490	0
Retiree/Other Contributions	17,050,121	15,782,035	(1,268,086)	14,348,286	14,348,286	0
Aetna Stop-Loss Refund	0	939,172	939,172	0	0	0
Interest Income	560,000	336,282	(223,718)	560,000	560,000	0
<b>Subtotal</b>	<b>\$111,319,220</b>	<b>\$111,908,831</b>	<b>\$589,611</b>	<b>\$138,643,580</b>	<b>\$138,643,580</b>	<b>\$0</b>
Flexible Accounts Withholdings	\$3,515,115	\$3,903,593	\$388,478	\$3,833,233	\$3,833,233	\$0
<b>Total Receipts</b>	<b>\$114,834,335</b>	<b>\$115,812,424</b>	<b>\$978,089</b>	<b>\$142,476,813</b>	<b>\$142,476,813</b>	<b>\$0</b>
<b>TRANSFERS IN:</b>						
School Operating Fund	268,906	268,906	0	293,242	293,242	0
<b>Total Receipts and Transfers</b>	<b>\$115,103,241</b>	<b>\$116,081,330</b>	<b>\$978,089</b>	<b>\$142,770,055</b>	<b>\$142,770,055</b>	<b>\$0</b>
<b>Total Funds Available</b>	<b>\$123,382,669</b>	<b>\$124,360,758</b>	<b>\$978,089</b>	<b>\$147,234,290</b>	<b>\$152,156,375</b>	<b>\$4,922,085</b>
<b>EXPENDITURES/PAYMENTS:</b>						
Health Benefits Paid	\$73,982,301	\$74,931,037	\$948,736	\$95,182,382	\$95,182,382	\$0
Premiums Paid	32,764,344	28,893,144	(3,871,200)	30,535,665	30,535,665	0
Claims Incurred but not Reported (IBNR)	11,000,000	10,400,000	(600,000)	14,063,112	14,063,112	0
IBNR Prior Year Credit	(9,000,000)	(9,000,000)	0	(10,536,009)	(10,536,009)	0
Health Administrative Expenses	6,596,327	5,915,569	(680,758)	7,511,775	7,511,775	0
<b>Subtotal</b>	<b>\$115,342,972</b>	<b>\$111,139,750</b>	<b>(\$4,203,222)</b>	<b>\$136,756,925</b>	<b>\$136,756,925</b>	<b>\$0</b>
Flexible Accounts Reimbursement	\$3,479,964	\$3,735,886	\$255,922	\$3,769,883	\$3,769,883	\$0
FSA Administrative Expenses	95,498	98,802	3,304	116,594	116,594	0
<b>Subtotal</b>	<b>\$3,575,462</b>	<b>\$3,834,688</b>	<b>\$259,226</b>	<b>\$3,886,477</b>	<b>\$3,886,477</b>	<b>\$0</b>
Claims Stabilization Reserve	\$4,464,235	\$0	(\$4,464,235)	\$6,590,888	\$11,512,973	\$4,922,085
<b>Total Disbursements</b>	<b>\$123,382,669</b>	<b>\$114,974,438</b>	<b>(\$8,408,231)</b>	<b>\$147,234,290</b>	<b>\$152,156,375</b>	<b>\$4,922,085</b>
<b>ENDING BALANCE, JUNE 30</b>	<b>\$0</b>	<b>\$9,386,320</b>	<b>\$9,386,320</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

## SCHOOL CENTRAL PROCUREMENT FUND STATEMENT

	<u>FY 2002 Estimate</u>	<u>FY 2002 Actual</u>	<u>Variance</u>	<u>FY 2003 Approved</u>	<u>FY 2003 Revised</u>	<u>Variance</u>
<b>BEGINNING BALANCE, JULY 1</b>	\$1,591,243	\$1,591,243	\$0	\$1,591,243	\$1,272,887	(\$318,356)
<b>RECEIPTS:</b>						
Sales to Schools/Departments	14,000,000	11,220,582	(2,779,418)	14,000,000	14,000,000	-
<b>Total Funds Available</b>	<u>\$15,591,243</u>	<u>\$12,811,825</u>	<u>(\$2,779,418)</u>	<u>\$15,591,243</u>	<u>\$15,272,887</u>	<u>(\$318,356)</u>
<b>EXPENDITURES:</b>						
Purchase for Resale	14,000,000	11,012,721	(2,987,279)	14,000,000	14,000,000	0
<b>Total Disbursements</b>	<u>\$14,000,000</u>	<u>\$11,012,721</u>	<u>(\$2,987,279)</u>	<u>\$14,000,000</u>	<u>\$14,000,000</u>	<u>\$0</u>
Change in Inventory	\$0	(\$526,217)	(\$526,217)	\$0	\$0	\$0
<b>ENDING BALANCE, JUNE 30</b>	<b>\$1,591,243</b>	<b>\$1,272,887</b>	<b>(\$318,356)</b>	<b>\$1,591,243</b>	<b>\$1,272,887</b>	<b>(\$318,356)</b>
<b>Less:</b>						
Undelivered Orders	0	594,481	594,481	0	0	0
<b>Available Ending Balance</b>	<u><u>\$1,591,243</u></u>	<u><u>\$678,406</u></u>	<u><u>(\$912,837)</u></u>	<u><u>\$1,591,243</u></u>	<u><u>\$1,272,887</u></u>	<u><u>(\$318,356)</u></u>



**EDUCATIONAL EMPLOYEES' SUPPLEMENTARY RETIREMENT SYSTEM  
OF FAIRFAX COUNTY FUND STATEMENT**

	<u>FY 2002 Estimate</u>	<u>FY 2002 Actual</u>	<u>Variance</u>	<u>FY 2003 Approved</u>	<u>FY 2003 Revised</u>	<u>Variance</u>
<b>BEGINNING BALANCE, JULY 1</b>	\$1,488,764,682	\$1,488,764,682	\$0	\$1,558,436,729	\$1,364,431,016	(\$194,005,713)
<b>RECEIPTS:</b>						
Contributions	\$52,230,095	\$49,321,779	(\$2,908,316)	\$53,428,724	\$56,009,450	\$2,580,726
Investment Income	132,103,034	(65,945,921)	(198,048,955)	112,100,000	112,100,000	0
<b>Total Receipts</b>	<u>\$184,333,129</u>	<u>(\$16,624,142)</u>	<u>(\$200,957,271)</u>	<u>\$165,528,724</u>	<u>\$168,109,450</u>	<u>\$2,580,726</u>
<b>Total Funds Available</b>	\$1,673,097,811	\$1,472,140,540	(\$200,957,271)	\$1,723,965,453	\$1,532,540,466	(\$191,424,987)
<b>EXPENDITURES</b>	\$114,661,082	\$107,709,524	(\$6,951,558)	\$129,964,215	\$129,964,215	\$0
<b>ENDING BALANCE, JUNE 30</b>	<u>\$1,558,436,729</u>	<u>\$1,364,431,016</u>	<u>(\$194,005,713)</u>	<u>\$1,594,001,238</u>	<u>\$1,402,576,251</u>	<u>(\$191,424,987)</u>

**SUPPLEMENTAL APPROPRIATION RESOLUTION  
FY 2003**

**BE IT RESOLVED** that the Fairfax County School Board requests the county Board of Supervisors to amend the FY 2003 Appropriation Resolution for the following School Board funds:

**Appropriate to:**

**County Schools**

<u>Fund</u>	<u>Fund Name</u>	<u>From</u>	<u>To</u>	<u>Change</u>
090	Public Schools Operating Operating Expenditures	\$1,525,256,289	\$1,584,502,371	\$59,246,082
191	School Food & Nutrition Services Operating Expenditures	\$49,557,257	\$50,169,227	\$611,970
192	School Grants & Self-Supporting Operating Expenditures	\$45,460,720	\$53,219,278	\$7,758,558
193	School Adult & Community Education Operating Expenditures	\$9,471,415	\$12,291,644	\$2,820,229
390	School Construction Operating Expenditures	\$153,476,261	\$378,625,616	\$225,149,355
590	Public Schools Insurance Fund Operating Expenditures	\$5,793,240	\$8,951,543	\$3,158,303
591	School Health Benefits Trust Fund Operating Expenditures	\$147,234,290	\$152,156,375	\$4,922,085
691	School Educational Employees' Supplementary Retirement Fund Operating Expenditures	\$129,944,215	\$129,964,215	\$20,000

I certify the above is a true and correct copy of a resolution adopted by the School Board of Fairfax County, Virginia, as part of the FY 2002 Final Budget Review, at a regular meeting held on July 25, 2002, at Luther Jackson Middle School, Falls Church, Virginia.

\_\_\_\_\_  
Date

\_\_\_\_\_  
Pamela Goddard, Clerk  
County School Board of  
Fairfax County, Virginia

**FISCAL PLANNING RESOLUTION  
FY 2003**

**BE IT RESOLVED** that the Fairfax County School Board requests the county Board of Supervisors to amend the FY 2003 Appropriation Resolution for the following School Board funds:

<u>Fund</u>	<u>Fund Name</u>	<u>Transfer To</u>	<u>From</u>	<u>To</u>	<u>Change</u>
090	Public Schools Operating	390 School Construction	\$14,540,709	\$12,236,225	(\$2,304,484)
		192 School Grants & Self-Supporting	\$16,529,685	\$14,297,954	(\$2,231,731)

I certify the above is a true and correct copy of a resolution adopted by the School Board of Fairfax County, Virginia, as part of the FY 2002 Final Budget Review, at a regular meeting held on July 25, 2002, at Luther Jackson Middle School, Falls Church, Virginia.

\_\_\_\_\_  
Date

\_\_\_\_\_  
Pamela Goddard, Clerk  
County School Board of  
Fairfax County, Virginia

## **Grants Development**

### **Quarterly Report – Summary of FY 2002**

**Date: June 21, 2002**

This report provides the status of competitive grants for FY 2002

- FY 2002 competitive grants submitted: \$8.1 million (51 grants)
- FY 2002 competitive grants received: \$3.4 million (23 grants)
- FY 2002 competitive grants denied: \$0.6 million (5 grants)
- FY 2002 competitive grants pending: \$3.8 million (23 grants)

#### **Win Ratios for Grants**

Win ratios are computed using two methods: (1) dollar wins, and (2) number-of-application wins. Because some grants are large (over \$100,000) and some grants are small (under \$100,000), the dollar ratio reflects our ability to win large grants. Because most grants are small, the number-of-application ratio reflects the frequency of awards. For FY 2002 competitive grants to date:

There are 51 competitive grants to date for \$8.1 million, as follows:

- FCPS has won \$4.20 out of every \$10 submitted – or 42%
- FCPS has won 4.5 applications out of every 10 submitted – or 45% to date
- The national win ratio is 1 out of every 10 – or 10%

In addition to the 51 competitive grants, a combined total of 70 competitive and entitlement grants for \$22.9 million have been submitted to date for FY 2002.