

Response to Questions on the FY 2015 Budget

Request By: Supervisor Herrity

Question: Please provide a breakdown of all restricted and unrestricted reserves (as defined by GASB 54) available to FCPS and their historical balances.

Response: The following response was prepared by Fairfax County Public Schools (FCPS):

The Comprehensive Annual Financial Report (CAFR) provides an overview of FCPS' financial position and result of operations as of June 30th each year. The CAFR is prepared in accordance with generally accepted accounting principles (GAAP) and the fund balance categories are defined by the Governmental Accounting Standards Board (GASB) No. 54.

	General Fund	Capital Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
FUND BALANCES:				
Nonspendable:				
Prepaid Items	\$ 259,266	\$ -	\$ 26,010	\$ 285,276
Inventories	-	-	1,439,480	1,439,480
Restricted:				
Capital Projects	-	108,385,281	-	108,385,281
Adult and Community Education	-	-	584,155	584,155
Food Service	-	-	14,223,643	14,223,643
Grant Programs, Summer Fund and Remediation	-	-	14,781,072	14,781,072
Committed:				
Flexibility Reserve	8,000,000	-	-	8,000,000
Subsequent Fiscal Year's Budget	65,740,509	-	-	65,740,509
VRS Reserve	16,910,502	-	-	16,910,502
Assigned:				
Other Schools Operations	63,244,323	-	-	63,244,323
Set Aside for FY 2015 Budget	45,029,032	-	-	45,029,032
Major Maintenance	3,550,970	-	-	3,550,970
Bus Replacement - Purchase	3,000,000	-	-	3,000,000
Set Aside for FY 2014 Initiatives	4,982,156	-	-	4,982,156
Unassigned	3,271,563	-	-	3,271,563
Total Fund Balance	<u>\$ 213,988,321</u>	<u>\$ 108,385,281</u>	<u>\$ 31,054,360</u>	<u>\$ 353,427,962</u>

The chart above is included as part of the Financial Section in the FY 2013 CAFR, <http://www.fcps.edu/fs/comptroller/docs/reports/cafr2013.pdf>, and is provided to enhance user understanding regarding the information presented in financial statements. Governmental fund balances are reported in classifications that comprise a hierarchy based primarily on the extent to which the FCPS School Board is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. As required by GASB 54, fund balances in the CAFR are presented in the following five reporting categories:

- **Nonspendable:** Fund balances that cannot be spent as they are not expected to be converted to cash or they are legally or contractually required to remain intact. This classification includes prepaid items and inventories.

- Restricted: Fund balances that are constrained by external parties, constitutional provisions, or enabling legislation. Included in this classification are funds from Food and Nutrition Services, Grants and Self-Supporting Programs, Adult and Community Education Programs, and School Construction. These fund balances have been primarily accumulated from external sources, including bond proceeds, and their use is restricted to these programs.
- Committed: Fund balances that impose constraints by the action of the School Board. The items represented in this category (the flexibility reserve, VRS reserve, and FY 2014 budgeted beginning balance) had been approved by the Board as part of the FY 2012 Final Budget Review, FY 2013 Midyear Budget Review, and the FY 2013 Third Quarter Review.
- Assigned: Fund balances that are resources set aside for particular purposes, but are neither restricted nor committed. Included in this category are the actions taken as part of the FY 2013 Final Budget Review which allocated funding for major maintenance, bus replacement, other school operations, and FY 2014 initiatives.
- Unassigned: Fund balance that is not constrained for any particular purpose. Included in this category are the audit adjustments recognized after the FY 2013 Final Budget Review and available to the School Board for future budget development.

The budgetary fund statement presents available fund balances by their intended functional purpose as approved by the School Board. The chart below provides the reconciliation of the School Operating fund statement ending balance to the CAFR fund balance.

Fund Balance Reconciliation			
Category	Item	CAFR FY 2013 Amount	FY 2013 Final Budget Review Amount
Committed	VRS Reserve	\$16,910,502	\$16,910,502
	FY 2014 Budgeted Beginning Balance	65,740,509	65,740,509
	School Board Flexibility Reserve	8,000,000	8,000,000
Assigned	Undelivered Orders	36,083,968	36,083,968
	Textbook Replacement Fund	906,531	906,531
	Schools/Projects Carryover	22,281,755	22,281,755
	Department Carryover	4,878,600	4,878,600
	Preventive Maintenance	1,200,000	1,200,000
	Bus Replacement Purchase	3,000,000	3,000,000
	Working Conditions Standards	235,000	235,000
	Division Counsel	490,625	490,625
	Music Program Assessments Costs	300,000	300,000
	Licensure Requirements	350,000	350,000
	Major Maintenance	3,550,970	3,550,970
	Join BOS/SB Synthetic Turf Initiative	1,500,000	1,500,000
	FY 2015 Budget Beginning Balance	45,029,032	45,029,032
Nonspendable and Unassigned	Year End Audit Adjustments - Prepaid Items	259,266	*
	Year End Audit Adjustments	3,244,587	*
	ER Daniels Trust and the Gift Fund	26,976	**
Ending Balance, June 30		\$213,988,321	\$210,457,492

* Due to the timing of the FY 2013 Final Budget Review, audit adjustments including prepaid items totaling \$3,503,853 were recognized at the FY 2014 Midyear Budget Review.

** ER Daniels Trust and the Gift Fund are not reflected in budget statements.