

ATTACHMENT C:

**FCPS FY 2018 STAFF RECOMMENDED BUDGET
REVIEW AND APPROPRIATION RESOLUTIONS**

**(This attachment reflects staff's recommendations to
the School Board on July 12, 2018.)**

Subject: FY 2018 Final Budget Review

Staff Contact: Leigh Burden, assistant superintendent, Department of Financial Services

Other Staff Present: Alice Wigington, director, Office of Budget Services

Meeting Category: July 26, 2018 – Regular Meeting

Ignite Link: Resource Stewardship

Summary/Background:

All of the FY18 accounts have been closed subject to the annual audit. A summary of the revenue and expenditure variances is provided for each of the nine funds. All comparisons are against the FY18 Third Quarter Budget Review.

In the School Operating Fund, after accounting for the revenue variance and the FY19 budgeted beginning balance, the flexibility reserve, fuel contingency, textbook reserve, and other commitments, the FY18 funds available total \$31.7 million.

Revenue variances begin on page 1 of the agenda attachment, and FY18 actual total funds available are \$5.8 million less, or 0.2 percent, of the FY18 Third Quarter Budget Review projection. State Aid for FY18 totals \$437.9 million, which is \$0.8 million less than budgeted, and sales tax receipts total \$196.9 million, \$0.2 million more than budgeted. Federal revenue totals \$45.8 million, which is \$5.8 million less than budgeted primarily as a net result of unspent multiyear grant awards that will be carried forward and re-appropriated in FY19. Other revenue receipts, including tuition, fees, other service charges, and miscellaneous revenue, are \$0.6 million more than the third quarter estimate.

Expenditure variances on page 2 of the agenda attachment, total \$37.5 million. The total expenditure variance of \$37.5 million is 1.3 percent of the FY18 Third Quarter Budget and is largely attributed to unanticipated lapse and turnover of \$18.4 million from salaries, and \$11.3 million from employee benefits. Additionally, \$2.2 million from other accounts was unexpended. Multiyear unspent federal grant funds of \$5.6 million is carried forward and re-appropriated for FY19.

As a result of the revenue and expenditure variances, the total funding available from FY18 totals \$31.7 million. This agenda item includes recommendations for FY19 expenditure adjustments. Items identified as part of the FY19 Approved Budget include placeholder funding of \$1.1 million for a one-year step increase for grandfathered teachers on the BA lanes and classroom instructional support employees as well as \$0.8 million for a bonus for employees who did not receive a salary increase in FY19. Prior committed priorities and requirements include \$3.6 million to continue FCPS' annual commitment to allocate funding from year-end to major maintenance projects; and \$40,338 to address a shortfall in Adult and Community Education (ACE). Other funding to support the online campus program is included at \$0.6 million.

On June 18, 2018, staff provided the results of an internal security review and made recommendations to the School Board for opportunities for improvement. FY18 non-recurring, year-end funds of \$1.0 million were recommended for the replacement of classroom locks as well as 8.0 positions to provide greater school-based training and increased frequency of training. Additionally, \$2.2 million was recommended to fund 18.0 positions for mental health support and threat assessment follow-up. The positions recommended for safety and security are recurring and funded with additional state revenue.

All of the remaining funding available, \$24.6 million, is recommended to be set aside for the FY20 budgeted beginning balance. The FY19 beginning balance is \$24.2 million.

Changes to other School Board funds are detailed in the attachment.

Recommendation:

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

Proposed Board Member Amendments

1. I move to amend the main motion by:

- a) Allocating up to \$80,000 for the Parent Advocacy Handbook;
- b) Reducing the budgeted Beginning Balance for FY20 by \$80,000; and,
- c) The Superintendent is directed to work with Minority Student Achievement Oversight Committee to produce the Parent Advocacy Handbook. **(Moon)**

Attachment:

FY18 Final Budget Review
FY18 School Operating Fund Summary

School Operating Fund Statement Summary and Balance Available*			
(\$ in millions)			
	FY 2018	FY 2018	Variance
	Third Quarter	Actual	
Beginning Balance, July 1	\$101.00	\$101.00	\$0.00
Reserves	45.83	45.83	0.00
Receipts	757.20	751.43	(5.76)
Transfers In	1,967.79	1,967.79	0.00
Total Available	\$2,871.82	\$2,866.06	(\$5.76)
Expenditures	\$2,802.77	\$2,694.57	(\$108.20)
Transfers Out	35.56	35.56	0.00
Total Disbursements	\$2,838.33	\$2,730.13	(\$108.20)
Ending Balance, June 30	\$33.50	\$135.93	\$102.44
FY 2019 Beginning Balance Requirements**	\$24.16	\$24.16	
School Board Flexibility Reserve	0.00	8.00	
Fuel Contingency	0.00	2.00	
Centralized Instructional Resources Reserve	9.34	9.34	
Commitments and Carryover:			
Outstanding Encumbered Obligations	0.00	21.49	
School and Projects Carryover	0.00	32.83	
Department Critical Needs Carryover	0.00	6.39	
Balance after Commitments	\$0.00	\$31.73	
FY 2018 Administrative Adjustments (Investments/Identified Needs)			
<i>Identified as Part of the FY 2019 Approved Budget</i>			
Step for Grandfathered BA and CIS employees		\$1.15	
Employee Bonus Placeholder		0.77	
<i>Prior Committed Priorities and Requirements</i>			
Major Maintenance		3.55	
Transfer to Adult and Community Education Fund		0.04	
<i>Strategic Plan Investments</i>			
Online Campus		0.60	
Safety and Security Replacement Locks		1.00	
Parent Advocacy Handbook		0.08	
Set Aside for FY 2020 Beginning Balance		24.53	
Available Ending Balance	\$0.00	\$0.00	

*Does not add due to rounding.

**Funding set aside as part of the FY 2017 Final Budget Review.

FY 2019 Adjustments Summary		
	Amount	Positions
(\$ in millions)		
Revenue Adjustments		
Impact of Final State Budget	\$3.33	
Recommended Expenditure Adjustments		
Safety and Security Mental Health Support	\$2.16	18.0
Safety and Security Training	0.8	8.0
Staffing Contingency	0.4	4.5
Total Expenditure and Position Adjustments	\$3.33	30.5

AMOUNT

I. FY 2018 ACTUAL REVENUE

(as compared to the FY 2018 Third Quarter Budget Review)

A. Sales Tax

\$237,000

Revenue from sales tax is projected to be \$0.2 million more than the FY 2018 Third Quarter Budget Review. The final sales tax payment for FY 2018 will not be received until July, after the fiscal year ends.

B. State Aid

(821,179)

As compared to FCPS' projection in the FY 2018 Third Quarter Budget Review, State Aid reflects a net decrease of \$0.8 million. The State's final payment calculations are based on the actual March 31 average daily membership (ADM). The actual ADM was slightly lower than FCPS projected, resulting in less revenue in Basic Aid, the primary component of State Aid.

Federal Revenue

(5,817,669)

As compared to the FY 2018 Third Quarter Budget Review, federal revenue reflects a decrease of \$5.8 million due primarily to:

1. Unspent, multiyear grant awards (item II.B.) that will be carried forward and re-appropriated for FY 2019 (items III.D. and IV.A.) totaling \$5.6 million, primarily from the Individuals with Disabilities Education Act (IDEA) and the Perkins grant.
2. Actual e-Rate revenue received is \$0.2 million less than budgeted.

C. Tuition, Fees, and Other

638,221

Based on actual receipts, other categories of revenue, including fees and miscellaneous revenue, exceed projections by \$0.6 million.

TOTAL FY 2018 REVENUE VARIANCE

(\$5,763,627)

	<u>AMOUNT</u>	<u>POSITION</u>
II. FY 2018 ACTUAL EXPENDITURES (as compared to the FY 2018 Third Quarter Budget Review)		
A. Total Expenditures	(\$31,918,783)	(0.0)
<p>Expenditures, excluding unspent multiyear grant awards (item II.B.), are \$31.9 million less than projected after funding:</p> <ol style="list-style-type: none"> 1. School Board Flexibility Reserve \$8.0 million 2. Fuel Contingency \$2.0 million 3. Outstanding Encumbered Obligations \$21.5 million 4. School/Projects Carryover \$32.8 million 5. Department Critical Needs Carryover \$6.4 million <p>The expenditure variance totals 1.1 percent of the revised budget and is comprised of the following:</p> <ol style="list-style-type: none"> 6. Salaries \$18.4 million 7. Employee Benefits \$11.3 million 8. Other Expenditures \$2.2 million <p>The \$18.4 million in salary variance is mainly attributed to regular contracted salary accounts and is primarily due to higher than expected turnover which was already incorporated into the development of the FY 2019 budget.</p>		
B. Multiyear Grant Funding	(5,572,629)	(0.0)
<p>The total expenditure variance also includes federal multiyear unspent grant award expenditures totaling \$5.6 million. As a result of lower expenditures in the FY 2018 grant year, the corresponding revenue decrease is reflected in item I.C. This multiyear available grant funding (items III.D. and IV. A.) is carried forward and re-appropriated to FY 2019.</p>		
TOTAL FY 2018 ACTUAL EXPENDITURE VARIANCE	(\$37,491,412)	(0.0)
FY 2018 TOTAL FUNDS AVAILABLE	<u>\$31,727,785</u>	

AMOUNT

III. FY 2019 REVENUE AND BEGINNING BALANCE ADJUSTMENTS

X	A. Beginning Balance		\$77,824,462 \$77,904,462
		As a result of the adjustments resulting from FY 2018, including the impact of commitments and carryover, the beginning balance for FY 2019 is increased by \$77.9 million due to:	
		1. School Board Flexibility Reserve	\$8.0 million
		2. Fuel Contingency	\$2.0 million
		3. Step for Grandfathered BA lane and CIS employees	\$1.1 million
		4. Employee Bonus Placeholder	\$0.8 million
		5. Outstanding encumbered obligations	\$21.5 million
		6. School/Multiyear projects carryover	\$32.8 million
		7. Department critical needs carryover	\$6.4 million
		8. Prior committed priorities/requirements	\$3.6 million
		9. Strategic Plan Investments	\$1.7 million
X	B. Set Aside for FY 2020 Beginning Balance		24,614,408 24,534,408
		All of the remaining funding available, \$24.5 million, is recommended to be set aside for the FY 2020 beginning balance. This results in an increase of \$0.4 million as compared to the beginning balance included in the FY 2019 Approved Budget.	
√	C. State Aid		3,334,089
		As compared to FCPS' FY 2019 Approved Budget, State Aid reflects a net increase of \$3.3 million based on the General Assembly's adoption of the State biennium budget on May 30, 2018. The increase is primarily due to the increased funding in the Supplement Lottery Per Pupil Amount.	
X	D. Multiyear Federal Grants		5,572,629
		Unspent multiyear federal grant awards from FY 2018 are carried forward to FY 2019 (Revenue adjustment is offset by corresponding expenditure adjustment in IV.A.).	
FY 2019 REVENUE AND BEGINNING BALANCE ADJUSTMENTS			<u>\$111,345,588</u>

√-Recurring
X-Nonrecurring

		<u>AMOUNT</u>	<u>POSITION</u>
IV.	FY 2019 RECOMMENDED EXPENDITURE ADJUSTMENTS		
X	A. Multiyear Federal Grants	\$5,572,629	0.0
	Unspent multiyear federal grant awards from FY 2018 totaling \$5.6 million are carried forward and re-appropriated for FY 2019. (Expenditure adjustment is offset by corresponding revenue adjustments in III.D.)		
X	B. Commitments and Carryover	60,711,085	0.0
	Outstanding encumbered obligations, school and multiyear projects carryover, and department critical needs carryover are re-appropriated in FY 2019:		
	1. Outstanding Encumbered Obligations	\$21.5 million	
	2. School/Projects Carryover	\$32.8 million	
	3. Department Critical Needs Carryover	\$6.4 million	
X	C. School Board Flexibility Reserve	8,000,000	0.0
	Funding of \$8.0 million is maintained for the School Board Flexibility Reserve to meet unforeseen circumstances that occur during the fiscal year. This funding is carried forward to the next fiscal year with School Board approval.		
X	D. Fuel Contingency	2,000,000	0.0
	To align with the County and to address fluctuations in rates, FCPS created a fuel reserve with one-time funding at the FY 2016 Final Budget Review. Funding of \$2.0 million is maintained in the fuel reserve to mitigate rate fluctuations. This is consistent with Fairfax County Government's budgeting process for fuel.		
X	E. Step for Grandfathered BA Lane and CIS Employees	1,147,211	0.0
	Funding of \$1.1 million is included to provide a one-year step increase for teachers on the BA Lanes and Classroom Instructional Support employees whose salaries are above the market and the top of the scale with the implementation of the FY 2018 scales. At an October work session, the Superintendent will provide potential BA Lane salary scale options and engage the teacher associations while developing options. The School Board is expected to make decisions by the end of October 2018 so that funding for any adopted option could be included in the FY 2020 Proposed Budget.		

√-Recurring
X-Nonrecurring

		<u>AMOUNT</u>	<u>POSITION</u>
X	<p>F. Employee Bonus Placeholder</p> <p>As part of the FY 2019 Approved Budget adoption, a follow-on motion was approved to present options for a one-time bonus for employees who would not receive a salary increase as a result of the compensation adjustments included in the FY 2019 Approved Budget. Funding of \$0.8 million provides a 1.0 percent bonus for 900 employees. This includes 704 teacher and CIS employees who have reached the maximum of their respective scales and 196 teacher and CIS employees who have stepped into a hold step in FY 2019.</p>	774,858	0.0
√	<p>G. Safety and Security Training</p> <p>A recent security review indicated that the Office of Safety and Security’s training presence should increase to improve lockdown drills, reinforce proper electronic door access, conduct tabletop exercises annually, require annual safety and security training, require principals to include a safety and security briefing, review and evaluate the school-based threat assessment, continue compliance and required drills, increase communication and collaboration with principals, and increase communication with school communities. Funding of \$0.8 million is recommended to add 8.0 positions to improve safety and security training. This includes 3.0 positions for a comprehensive safety and security training program, including 2.0 security planning and assessment specialists and 1.0 inspection technical specialist. In addition, 5.0 security planning and assessment specialist positions will be added to support increased frequency of tabletop exercises.</p>	780,952	8.0
√	<p>H. Safety and Security Mental Health Support</p> <p>The Office of Safety and Security ensures that proper safety measures are in place. Initiatives have been started to increase access to mental health care. Strengthening mental health support to students is a necessary component of ensuring school security. Funding of \$2.2 million, including 18.0 positions (psychologist and social workers), will support enhanced mental health support for students as well as the necessary follow up work for threat assessments.</p>	2,155,567	18.0
X	<p>I. Safety and Security Replacement Classroom Locks</p> <p>The Office of Safety and Security ensures that proper safety measures are in place. The recent internal security report recommended replacing outdated dual-keyed door locks. Funding of \$1.0 million is included to replace approximately 1,880 dual key interior classroom door locks with push button locks which allows for swift lockdown protocol.</p>	1,000,000	0.0

√-Recurring
X-Nonrecurring

	<u>AMOUNT</u>	<u>POSITION</u>
<p>√ J. Substance Abuse Prevention (SAP) Program</p> <p>As part of the response to the Opioid Task Force recommendation, the County Board of Supervisors included funding for a Substance Abuse Prevention (SAP) program in FCPS to address the growing concern in the community about the rising number of opioid related deaths in Fairfax County. The plan includes 6.5 new substance abuse prevention specialist positions, funded by the County, focusing on substance abuse prevention and intervention.</p>	0	6.5
<p>√ K. Staffing Reserve</p> <p>Funding of \$0.4 million, including 4.5 positions, will be added to the staffing reserve to provide schools with additional support as needed. The FY19 staffing reserve includes 441 reserve positions to be used when actual school enrollment varies from the projection, class sizes fall outside of the established guidelines or extenuating circumstances exist.</p> <p>Through July 20, 2018, 302.26 positions have been allocated from the staffing reserve, leaving a balance of 138.74 positions.</p> <p>With this additional allocation of 4.5 positions, the staffing reserve balance is 143.24 FTEs.</p>	397,570	4.5
<p>√ L. Online Campus</p> <p>The Online Campus program has shown continued growth in the number of students served. In the spring of 2017, the Office of Auditor General issued an internal audit report, recommending a budget review and changes. To better serve the needs of students in online education, it is recommended that an additional \$0.6 million be allocated to the program.</p>	600,000	0.0
<p>X M. Parent Advocacy Handbook</p> <p>Funding of \$80,000 is allocated for the Parent Advocacy Handbook to support equity-related work. The superintendent is directed to work with Minority Student Achievement Oversight Committee to produce the Parent Advocacy Handbook.</p>	80,000	0.0
FY 2019 EXPENDITURE ADJUSTMENTS	<u>\$83,139,872</u>	<u>37.0</u>
	<u>\$83,219,872</u>	

√-Recurring
X-Nonrecurring

	<u>AMOUNT</u>	<u>POSITION</u>						
V. FY 2019 RECOMMENDED TRANSFERS OUT ADJUSTMENTS								
X A. Major Maintenance	\$3,550,970	0.0						
<p>Funding is requested to continue to address the backlog of major maintenance using one-time funding. Funding totaling \$3.6 million was eliminated during the adoption of the FY 2014 Approved Budget. At that time, FCPS adopted a process of restoring the funding for major maintenance at the FY 2013 level using funding available annually at year-end. This recommendation represents the fifth consecutive time that year-end funding has been utilized to supplement major maintenance. Funding major infrastructure maintenance will help prevent the failure of critical systems, deterioration of major capital investments, and significant health and safety hazards. Due to budget constraints, infrastructure maintenance has been limited, and there is a substantial backlog of infrastructure that has surpassed its useful life.</p>								
X B. Transfer to Adult and Community Education Fund	40,338	0.0						
<p>The Adult and Community Education (ACE) Fund ended FY 2018 with a shortfall of \$40,338, primarily due to lower than projected tuition revenue. To support ACE, a transfer of \$40,338 is recommended.</p>								
FY 2019 TRANSFERS OUT ADJUSTMENTS	\$3,591,308	0.0						
<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 60%;">FY 2019 TOTAL DISBURSEMENT ADJUSTMENTS</td> <td style="text-align: right; width: 20%;"><u>\$86,731,180</u></td> <td style="text-align: right; width: 20%;"><u>37.0</u></td> </tr> <tr> <td></td> <td style="text-align: right;"><u>\$86,811,180</u></td> <td></td> </tr> </table>			FY 2019 TOTAL DISBURSEMENT ADJUSTMENTS	<u>\$86,731,180</u>	<u>37.0</u>		<u>\$86,811,180</u>	
FY 2019 TOTAL DISBURSEMENT ADJUSTMENTS	<u>\$86,731,180</u>	<u>37.0</u>						
	<u>\$86,811,180</u>							

√-Recurring
X-Nonrecurring

VI. FY 2020 BEGINNING BALANCE AMOUNT POSITION

X	A. Beginning Balance	\$24,614,408	0.0
		\$24,534,408	
All of the remaining funding available, \$24.5 million, is recommended to be set aside for the FY 2020 beginning balance. This results in an increase of \$0.4 million as compared to the beginning balance included in the FY 2019 Approved Budget.			

FY 2019 TOTAL FUNDS AVAILABLE **\$0**

√-Recurring
 X-Nonrecurring

VII. AGENDA SUMMARY

FY 2018 ACTUAL REVENUE VARIANCE	(\$5,763,627)
FY 2018 ACTUAL EXPENDITURE VARIANCE (After School Board Flexibility Reserve and commitments and carryover)	(\$37,491,412)
TOTAL FUNDS AVAILABLE	<u>\$31,727,785</u>
LESS IDENTIFIED AS PART OF THE FY 2019 APPROVED BUDGET	
Step for Grandfathered BA and CIS employees	\$1,147,211
Employee Bonus Placeholder	774,858
LESS PRIOR COMMITTED PRIORITIES AND REQUIREMENTS	
Major Maintenance	3,550,970
Transfer to Adult and Community Education Fund	40,338
LESS RECOMMENDED INVESTMENTS	
Safety and Security replacement locks	1,000,000
Online Campus	600,000
Parent Advocacy Handbook	80,000
LESS FY 2020 BEGINNING BALANCE SET ASIDE	<u>24,644,408</u>
	<u>24,534,408</u>
AVAILABLE ENDING BALANCE	<u>\$0</u>

VIII. OTHER FUNDS

SCHOOL CONSTRUCTION FUND

The FY 2018 actual receipts are \$2.1 million more than the budgeted amount. This is primarily due to \$1.9 million in miscellaneous revenue received above the budgeted amount which includes County proffers; boosters, youth associations, and community support of turf fields; and funding received for schools' work orders; and \$73,154 more than budgeted capital cost recovery from Thomas Jefferson High School tuition. Transfers in are \$2.4 million more than the budgeted amount due to \$1.8 million in County transfers above the budgeted amount to support turf field replacements at Sandburg MS, Bryant Alternative HS, Hutchison ES and Marshall HS; \$0.3 million for salt storage; and \$0.3 million more than budgeted to support field lighting.

Actual expenditures total \$180.5 million which is \$34.1 million lower than the estimate at FY 2018 Third Quarter Budget Review. Total costs for multi-year construction projects are allocated when the jobs are contracted, actual project expenditures are recognized as incurred, and unspent balances are carried forward into future years until the projects are complete.

The actual FY 2018 turf field replacement ending balance of \$1.8 million reflects a \$0.2 million increase compared to the third quarter estimate due to variance between budgeted and actual revenues and expenditures. This turf field funding is being held in reserve pending future replacement needs.

The FY 2019 Revised Budget includes additional projects loaded from 2017 bond referenda. Projects include: new construction of North West County ES; renovation construction of Silverbrook ES and Hughes MS; and planning for additions at West Potomac HS and Justice HS, as well as renovation planning for Washington Mill ES, Braddock ES, Fox Mill ES and Oak Hill ES. In addition, the FY 2019 Revised Budget includes funding of \$3.6 million in continued support for addressing the backlog with major infrastructure maintenance.

FOOD AND NUTRITION SERVICES FUND

Excluding the beginning balance, revenue in the Food and Nutrition Services Fund (FNS) totals \$80.2 million and is \$3.5 million less than the FY 2018 Third Quarter Budget Review primarily due to a \$4.2 million, or 5.1 percent, decrease in federal aid and food sales offset by an increase of \$0.6 million in other revenue and \$0.1 million in state aid.

Actual expenditures total \$77.8 million which is a decrease of \$6.2 million, as compared to the FY 2018 Third Quarter Budget Review. The decrease is due to lower expenditures of \$4.5 million in employee salaries and benefits, \$1.9 million in food costs, offset by an increase of \$0.1 million in capital outlay.

The FY 2019 Revised Budget is adjusted to reflect an additional \$2.6 million available for beginning balance as compared to the projection in the FY 2019 Approved Budget. The adjustments result in an increase of \$2.6 million to the FNS' reserve, as compared to the projection included in the FY 2019 Approved Budget, bringing the reserve total to \$19.2 million in FY 2019. This reserve enables FNS to meet the state guidelines of approximately three months of operating costs in reserve as well as mitigating the impact of expenditure and revenue fluctuations, and enables FNS to fund equipment replacement plans, and training.

ADULT AND COMMUNITY EDUCATION FUND

The FY 2018 ending balance for the Adult and Community Education (ACE) Fund is a deficit of \$40,338. This is significantly lower than the \$0.6 million FY 2017 deficit. The FY 2018 deficit is due to lower overall course enrollment and rising salary and compensation costs. The ACE fund position was improved in FY 2018 through increased tuition rates, higher than anticipated state funding, and the implementation of program efficiencies including location consolidations, class size adjustments, instructor pay evaluations, and administrative costs reductions.

Total receipts and transfers total \$9.3 million, which is \$0.7 million, or 6.6 percent, lower than the \$10.0 million in the FY 2018 Third Quarter Budget Review. This revenue variance is due to several factors including lower overall course enrollments; which were partly offset by higher tuition rates, greater than anticipated state and federal funds for Career and Technical education as well as Behind the Wheel Driver Education.

Actual expenditures total \$8.8 million, which is \$0.6 million, or 6.5 percent lower than the FY 2018 Third Quarter Budget Review. These expenses include costs to run the course offerings such as instructor costs and classroom supplies, in addition to oversight and management costs.

The FY 2019 Revised Budget totals \$9.6 million. An increase of \$40,338 in the transfer from the School Operating Fund is included in the FY 2019 Revised Budget to address the deficit. Plans are underway to secure the financial stability of this fund following the recommendations associated with the recent internal audit.

GRANTS AND SELF-SUPPORTING PROGRAMS FUND

The FY 2018 ending balance for the Grants and Self-Supporting Programs Fund totals \$21.2 million. The ending balance is comprised of \$6.2 million for summer school and \$15.1 million in grant revenues not yet expended. The FY 2019 budget is increasing by \$29.4 million due to new and revised grant awards and the re-appropriation of the ending balance and multiyear grant awards.

Grants Subfund:

The FY 2018 ending balance for the Grants Subfund totals \$15.1 million and primarily represents grant revenues not yet expended for Cable Communications, Medicaid, Family and Early Childhood Education Program, and Title IV Part A.

The FY 2018 budget for the Grants Subfund reflects a net increase of \$23.7 million due to revised grants awards and the re-appropriation of the ending balance and multiyear grant awards. Of this amount, \$15.1 million represents the ending balance and \$8.6 million results from the re-appropriation of multiyear grants awards primarily for entitlement grants such as Title I and Title II; and other grants such as 21st Century Community Learning Center; Department of Defense Education Activity; Project Aware; VPI Plus and State Technology Plan.

The Virginia Department of Education requires that Fairfax County Public Schools' School Board authorize the Division Superintendent and the School Board Chairman to sign and file the 2018-2019 Elementary Secondary Education Act of 1965 (ESEA), as amended by the Every Student Succeeds Act of 2015 (ESSA) entitlement applications. To comply with this requirement, the adoption of the FY 2018 Year End Agenda grants this authority.

Summer School Subfund:

The FY 2018 ending balance in the Summer School Subfund is \$6.2 million, primarily due to lower than budgeted expenditures of \$3.0 million combined with \$2.8 million in reserve funding. In addition, funding from the County was provided to support the Bridges to Kindergarten program. Revenue receipts were \$0.4 million higher than estimated due primarily to higher state revenue for remediation and an increase in tuition receipts. The FY 2018 ending balance will be carried over to FY 2019 allowing FCPS to maintain summer programs such as Bridges to Kindergarten, Young Scholars, Curious Minds, high school programs, and Extended School Year (ESY).

SCHOOL INSURANCE FUND

Total FY 2018 School Insurance Fund receipts of \$13.2 million are \$0.1 million higher than the FY 2018 Third Quarter Estimate due to additional revenue of \$0.1 million received in the Other Insurance subfund from restitution, liable third parties, and rebates.

Total FY 2018 expenditures of \$16.2 million are \$1.2 million lower than the FY 2018 estimate of \$17.4 million (excluding the budget of \$4.2 million for the allocated reserve). This is a result of lower than projected liability claims experienced and lower administration costs due to turnover and vacancies offset by higher claims management expenditures. FCPS self-insures the Workers' Compensation Program as well as other liabilities; accordingly, FCPS has to maintain sufficient funds available on reserve to settle claims as needed. Accrued liabilities in the Workers' Compensation subfund decreased \$1.2 million and the Other Insurance subfund decreased \$0.6 million, for a total decrease of \$1.8 million due to payments on claims from prior years resulting in lower required case reserves. This net change in accrued liabilities is accounted for in the fund's restricted reserves.

As compared to the FY 2019 Approved Budget, the FY 2019 Revised Budget reflects a \$1.3 million increase in the beginning balance due to a combination of the decrease in the accrued liabilities and lower expenditures incurred as of FY 2018 year-end. In addition, as compared to the FY 2019 approved, the revised budget includes a \$3.2 million increase in the allocated reserve and a \$1.8 million decrease in restricted reserves.

SCHOOL HEALTH AND FLEXIBLE BENEFITS FUND

The Premium Stabilization Reserve (PSR) FY 2018 year-end balance totals \$71.3 million, which is a \$19.6 million increase over the FY 2018 Third Quarter estimate. Total School Health and Flexible Benefits Fund FY 2018 revenue of \$407.4 million is \$1.0 million, or 0.3 percent, higher than the FY 2018 Third Quarter Estimate. The increase was due to higher revenue from federal and manufacturer drug subsidies and rebates of \$4.3 million, an increase in interest income of \$0.6 million and higher than projected Flexible Account Withholdings of \$1.2 million offset by lower net contributions (employer, employee, and retiree contributions combined) of \$4.9 million.

School Health and Flexible Benefits Fund FY 2018 expenditures total \$390.8 million, which is a net decrease of \$18.5 million, or 4.5 percent, as compared to the FY 2018 Third Quarter Estimate. The decrease is primarily due to net effect of lower claims and premiums paid than projected of \$18.4 million. Projections for claims paid were based on the national average growth rate of approximately 7 percent while FCPS experienced a growth in claims of 1.1 percent over FY 2017. In addition, claims incurred but not yet reported (IBNR) was \$0.6 million lower and administrative expenses were \$0.3 million lower than the estimate. These decreases were offset by higher Flexible Account reimbursements and fees of \$0.8 million. A certified IBNR estimate will not be available until after FCPS' year-end close. Any required adjustments resulting from the certified IBNR will be incorporated in the FY 2019 Midyear Budget Review. Outstanding encumbered obligations totaling \$2,692 at FY 2018 year-end are reflected in projected expenditures in the FY 2019 Revised Budget.

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

The FY 2018 ending balance for the Educational Employees' Retirement System of Fairfax County (ERFC) Fund is \$2.5 billion, which is \$4.2 million, or 0.2 percent, lower than the FY 2018 Third Quarter Estimate. FY 2018 receipts total \$361.7 million which is a decrease of \$10.3 million from the estimate due to lower revenue from investments of \$10.2 million and lower contribution revenue of \$68,100.

ERFC expenditures for FY 2018 total \$198.7 million, which is \$6.1 million lower than the FY 2018 Third Quarter Estimate due to lower than projected retirement benefits payments and refunds disbursements and administrative expenses, offset by higher investment services expenditures. Due to the timing of the FY 2018 Final Budget Review, final transactions from investment activities, including actual returns from June, and the impact of employee retirements occurring at year-end on expenditures will be incorporated in the FY 2019 Midyear Budget Review. The FY 2019 beginning balance includes a decrease of \$4.2 million as a result of FY 2018 revenue and expenditures. Outstanding encumbered obligations totaling \$390 at FY 2018 year-end are reflected in projected expenditures for the FY 2019 Revised Budget.

SCHOOL OTHER POST-EMPLOYMENT BENEFITS (OPEB) TRUST FUND

The FY 2018 ending balance for the OPEB Trust Fund is \$135.1 million, which is \$6.4 million, or 4.9 percent, higher than the FY 2018 Third Quarter Budget Review estimate, due to favorable investment returns as compared to the estimate. As a result of the timing of the FY 2018 Final Budget Review, final transactions from investment activities, including actual returns from June, will be incorporated in the FY 2019 Midyear Budget Review. Total FY 2018 revenue of \$36.0 million is \$3.7 million, or 11.4 percent, higher than the FY 2018 Third Quarter Budget Review estimate due to the increase in investment returns.

FY 2018 expenditures totaling \$19.6 million are \$2.7 million lower than the FY 2018 Third Quarter Budget Review due primarily to less benefits paid. The FY 2019 Revised Budget includes a \$6.4 million increase in the beginning balance as a result of the higher funding available at FY 2018 year-end.

SCHOOL OPERATING FUND STATEMENT

	FY 2018 Third Quarter	FY 2018 Actual	Variance	FY 2019 Approved	FY 2019 Revised	Variance
BEGINNING BALANCE, July 1:						
Budgeted Beginning Balance	\$ 37,310,739	\$ 37,310,739	\$ -	\$ 24,156,060	\$ 24,156,060	\$ -
Outstanding Encumbered Obligations	24,230,972	24,230,972	-	-	21,488,678	21,488,678
Schools/Projects Carryover	24,763,691	24,763,691	-	-	32,829,150	32,829,150
Department Critical Needs Carryover	4,948,000	4,948,000	-	-	6,393,257	6,393,257
Identified as Part of the Approved Budget	4,864,683	4,864,683	-	-	1,922,069	1,922,069
Prior Committed Priorities and Requirements	4,375,171	4,375,171	-	-	3,591,308	3,591,308
Strategic Plan Investments	511,338	511,338	-	-	1,680,000	1,680,000
Total Beginning Balance	\$ 101,004,594	\$ 101,004,594	\$ -	\$ 24,156,060	\$ 92,060,522	\$ 67,904,462
Future Year Beginning Balance	\$ 24,156,060	\$ 24,156,060	\$ -	\$ -	\$ 24,534,408	\$ 24,534,408
School Board Flexibility Reserve	8,000,000	8,000,000	-	-	8,000,000	8,000,000
Fuel Contingency	2,000,000	2,000,000	-	-	2,000,000	2,000,000
Centralized Instructional Resources Reserve	11,671,466	11,671,466	-	9,339,368	9,339,368	-
Total Reserves	\$ 45,827,526	\$ 45,827,526	\$ -	\$ 9,339,368	\$ 43,873,776	\$ 34,534,408
RECEIPTS:						
Sales Tax	\$ 196,644,363	\$ 196,881,363	\$ 237,000	\$ 205,551,309	\$ 205,551,309	\$ -
State Aid	438,675,787	437,854,608	(821,179)	470,212,310	473,546,399	3,334,089
Federal Aid	51,647,671	45,830,002	(5,817,669)	43,820,479	49,393,108	5,572,629
City of Fairfax Tuition	46,159,417	45,603,406	(556,011)	46,874,813	46,874,813	-
Tuition, Fees, and Other	24,070,738	25,264,970	1,194,232	23,111,765	23,111,765	-
Total Receipts	\$ 757,197,976	\$ 751,434,349	\$ (5,763,627)	\$ 789,570,676	\$ 798,477,394	\$ 8,906,718
TRANSFERS IN:						
Combined County General Fund	\$ 1,966,919,600	\$ 1,966,919,600	\$ -	\$ 2,051,659,207	\$ 2,051,659,207	\$ -
County Transfer - Cable Communications	875,000	875,000	-	875,000	875,000	-
Total Transfers In	\$ 1,967,794,600	\$ 1,967,794,600	\$ -	\$ 2,052,534,207	\$ 2,052,534,207	\$ -
Total Receipts & Transfers	\$ 2,724,992,576	\$ 2,719,228,949	\$ (5,763,627)	\$ 2,842,104,883	\$ 2,851,011,601	\$ 8,906,718
Total Funds Available	\$ 2,871,824,695	\$ 2,866,061,068	\$ (5,763,627)	\$ 2,875,600,311	\$ 2,986,945,899	\$ 111,345,588
EXPENDITURES:						
School Board Flexibility Reserve	\$ 2,794,767,751	\$ 2,694,565,254	\$ (100,202,497)	\$ 2,841,339,670	\$ 2,916,559,542	\$ 75,219,872
	8,000,000	-	(8,000,000)	-	8,000,000	8,000,000
Total Expenditures	\$ 2,802,767,751	\$ 2,694,565,254	\$ (108,202,497)	\$ 2,841,339,670	\$ 2,924,559,542	\$ 83,219,872
TRANSFERS OUT:						
School Construction Fund	\$ 13,534,317	\$ 13,534,317	\$ -	\$ 8,595,102	\$ 12,146,072	\$ 3,550,970
Grants & Self-Supporting Fund	17,711,506	17,711,506	-	18,209,261	18,209,261	-
Adult & Community Education Fund	844,593	844,593	-	235,000	275,338	40,338
Consolidated County & School Debt Fund	3,471,100	3,471,100	-	3,471,100	3,471,100	-
Total Transfers Out	\$ 35,561,516	\$ 35,561,516	\$ -	\$ 30,510,463	\$ 34,101,771	\$ 3,591,308
Total Disbursements	\$ 2,838,329,267	\$ 2,730,126,770	\$ (108,202,497)	\$ 2,871,850,133	\$ 2,958,661,313	\$ 86,811,180
ENDING BALANCE, JUNE 30	\$ 33,495,428	\$ 135,934,298	\$ 102,438,870	\$ 3,750,178	\$ 28,284,586	\$ 24,534,408
Less:						
BEGINNING BALANCE REQUIREMENTS:						
Budgeted Beginning Balance from FY 2019 Approved	\$ 24,156,060	\$ 24,156,060	\$ -	\$ -	\$ -	\$ -
RESERVES:						
School Board Flexibility Reserve	\$ -	\$ 8,000,000	\$ 8,000,000	\$ -	\$ -	\$ -
Fuel Contingency	-	2,000,000	2,000,000	-	-	-
Centralized Instructional Resources Reserve	9,339,368	9,339,368	-	3,750,178	3,750,178	-
Total Reserves	\$ 9,339,368	\$ 19,339,368	\$ 10,000,000	\$ 3,750,178	\$ 3,750,178	\$ -
COMMITMENTS AND CARRYOVER:						
Outstanding Encumbered Obligations	\$ -	\$ 21,488,678	\$ 21,488,678	\$ -	\$ -	\$ -
Schools/Projects Carryover	-	32,829,150	32,829,150	-	-	-
Department Critical Needs Carryover	-	6,393,257	6,393,257	-	-	-
Total Commitments and Carryover	\$ -	\$ 60,711,085	\$ 60,711,085	\$ -	\$ -	\$ -
TOTAL FUNDS AVAILABLE, JUNE 30	\$ -	\$ 31,727,785	\$ 31,727,785	\$ -	\$ 24,534,408	\$ 24,534,408
FUTURE YEAR BEGINNING BALANCE						
Set-Aside for FY 2020 Beginning Balance	\$ -	\$ -	\$ -	\$ -	\$ 24,534,408	\$ 24,534,408
ADMINISTRATIVE ADJUSTMENTS:						
<i>Identified as Part of the FY 2019 Budget</i>						
Step for Grandfathered BA and CIS employees	\$ -	\$ 1,147,211	\$ 1,147,211	\$ -	\$ -	\$ -
Employee Bonus Placeholder	-	774,858	774,858	-	-	-
<i>Prior Committed Priorities and Requirements</i>						
Major Maintenance	-	3,550,970	3,550,970	-	-	-
Transfer to ACE Fund	-	40,338	40,338	-	-	-
Strategic Plan Investments						
Online Campus	-	600,000	600,000	-	-	-
Safety and Security Replacement Locks	-	1,000,000	1,000,000	-	-	-
Parent Advocacy Handbook	-	80,000	80,000	-	-	-
Set Aside for FY 2020 Beginning Balance	-	24,534,408	24,534,408	-	-	-
Total Administrative Adjustments	\$ -	\$ 31,727,785	\$ 31,727,785	\$ -	\$ -	\$ -
Available Ending Balance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

SCHOOL CONSTRUCTION FUND STATEMENT

	<u>FY 2018 Third Quarter</u>	<u>FY 2018 Actual</u>	<u>Variance</u>	<u>FY 2019 Approved</u>	<u>FY 2019 Revised</u>	<u>Variance</u>
BEGINNING BALANCE, JULY 1	\$ 30,754,380	\$ 30,754,380	\$ -	\$ -	\$ 38,437,540	\$ 38,437,540
RESERVES:						
Reserve For Turf Replacement	\$ 1,489,621	\$ 1,489,621	\$ -	\$ 1,599,091	\$ 1,831,187	\$ 232,096
Total Reserve	\$ 1,489,621	\$ 1,489,621	\$ -	\$ 1,599,091	\$ 1,831,187	\$ 232,096
RECEIPTS:						
General Obligation Bonds	\$ 155,000,000	\$ 155,000,000	\$ -	\$ 180,000,000	\$ 180,000,000	\$ -
Federal Grant - DOD Ft. Belvoir	870,539	870,539	-	-	-	-
City of Fairfax	20,000	15,000	(5,000)	20,000	20,000	-
TJHSST Tuition - Capital Costs	800,000	873,154	73,154	800,000	800,000	-
Miscellaneous Revenue	286,000	2,178,675	1,892,675	286,000	286,000	-
Turf Field Replacement Revenue	345,520	495,400	149,880	358,441	358,441	-
Total Receipts	\$ 157,322,059	\$ 159,432,767	\$ 2,110,708	\$ 181,464,441	\$ 181,464,441	\$ -
AUTHORIZED BUT UNISSUED BONDS	\$ 376,539,472	\$ -	\$ (376,539,472)	\$ -	\$ 359,326,597	\$ 359,326,597
Total Referendums	\$ 376,539,472	\$ -	\$ (376,539,472)	\$ -	\$ 359,326,597	\$ 359,326,597
TRANSFERS IN:						
School Operating Fund						
Building Maintenance	\$ 10,000,000	\$ 10,000,000	\$ -	\$ 6,449,030	\$ 10,000,000	\$ 3,550,970
Classroom Equipment	1,951,233	1,951,233	-	562,988	562,988	-
Facility Modifications	600,000	600,000	-	600,000	600,000	-
Synthetic Turf Field Replacement	983,084	983,084	-	983,084	983,084	-
County General Construction and Contributions Fund						
Joint BOS/SB Infrastructure Sinking Reserve	13,100,000	13,100,000	-	15,600,000	15,600,000	-
Synthetic Turf Field Replacement	-	1,777,290	1,777,290	-	-	-
Other Contributions	-	668,130	668,130	-	-	-
Total Transfers In	\$ 26,634,317	\$ 29,079,737	\$ 2,445,420	\$ 24,195,102	\$ 27,746,072	\$ 3,550,970
Total Receipts and Transfers	\$ 560,495,847	\$ 188,512,504	\$ (371,983,343)	\$ 205,659,543	\$ 568,537,110	\$ 362,877,567
Total Funds Available	\$ 592,739,848	\$ 220,756,505	\$ (371,983,343)	\$ 207,258,635	\$ 608,805,838	\$ 401,547,203
EXPENDITURES AND COMMITMENTS:						
Expenditures	\$ 214,601,285	\$ 180,487,778	\$ (34,113,507)	\$ 204,828,018	\$ 246,966,528	\$ 42,138,510
Additional Contractual Commitments	376,539,472	-	(376,539,472)	-	359,326,597	359,326,597
Total Disbursements	\$ 591,140,757	\$ 180,487,778	\$ (410,652,979)	\$ 204,828,018	\$ 606,293,125	\$ 401,465,107
ENDING BALANCE, JUNE 30	\$ 1,599,091	\$ 40,268,727	\$ 38,669,636	\$ 2,430,617	\$ 2,512,713	\$ 82,096
Less:						
Reserve For Turf Replacement	\$ 1,599,091	\$ 1,831,187	\$ 232,096	\$ 2,430,617	\$ 2,512,713	\$ 82,096
Available Ending Balance	\$ -	\$ 38,437,540	\$ 38,437,540	\$ -	\$ -	\$ -

FOOD AND NUTRITION SERVICES FUND STATEMENT

	<u>FY 2018 Third Quarter</u>	<u>FY 2018 Actual</u>	<u>Variance</u>	<u>FY 2019 Approved</u>	<u>FY 2019 Revised</u>	<u>Variance</u>
BEGINNING BALANCE, JULY 1	\$ 16,896,056	\$ 16,896,056	\$ -	\$ 16,616,696	\$ 19,228,136	\$ 2,611,439
RECEIPTS:						
State Aid	\$ 1,217,890	\$ 1,320,259	\$ 102,369	\$ 1,252,382	\$ 1,252,382	\$ -
Federal Aid	39,840,792	38,841,933	(998,859)	39,757,378	39,757,378	-
Food Sales	42,487,480	39,301,509	(3,185,971)	44,288,020	44,288,020	-
Other Revenue	160,389	735,848	575,459	53,248	53,248	-
Total Receipts	\$ 83,706,551	\$ 80,199,549	\$ (3,507,002)	\$ 85,351,028	\$ 85,351,028	\$ -
Total Funds Available	\$ 100,602,607	\$ 97,095,605	\$ (3,507,002)	\$ 101,967,724	\$ 104,579,164	\$ 2,611,439
EXPENDITURES:						
Food and Nutrition Services General Reserve	\$ 16,616,696	\$ -	\$ (16,616,696)	\$ 16,616,696	\$ 19,181,369	\$ 2,564,673
Total Disbursements	\$ 100,602,607	\$ 77,810,352	\$ (22,792,255)	\$ 101,967,724	\$ 104,579,164	\$ 2,611,439
Change in Inventory	\$ -	\$ 57,118	\$ 57,118	\$ -	\$ -	\$ -
ENDING BALANCE, JUNE 30	\$ -	\$ 19,228,136	\$ 19,228,136	\$ -	\$ -	\$ -
Less:						
Outstanding Encumbered Obligations	\$ -	\$ 33,757	\$ 33,757	\$ -	\$ -	\$ -
Inventory	-	1,133,347	1,133,347	-	-	-
Available Ending Balance	\$ -	\$ 18,061,032	\$ 18,061,032	\$ -	\$ -	\$ -

ADULT & COMMUNITY EDUCATION FUND STATEMENT

	<u>FY 2018 Third Quarter</u>	<u>FY 2018 Actual</u>	<u>Variance</u>	<u>FY 2019 Approved</u>	<u>FY 2019 Revised</u>	<u>Variance</u>
BEGINNING BALANCE, JULY 1	\$ (553,238)	\$ (553,238)	\$ -	\$ -	\$ (40,338)	\$ (40,338)
RECEIPTS:						
State Aid	\$ 893,012	\$ 1,140,519	\$ 247,507	\$ 892,142	\$ 892,142	\$ -
Federal Aid	2,023,611	2,038,376	14,766	1,666,438	1,666,438	-
Tuition and Fees	5,884,379	5,190,050	(694,329)	6,532,878	6,532,878	-
Other	348,670	125,789	(222,881)	226,250	226,250	-
Total Receipts	\$ 9,149,671	\$ 8,494,734	\$ (654,937)	\$ 9,317,708	\$ 9,317,708	\$ -
TRANSFERS IN:						
School Operating Fund	\$ 844,593	\$ 844,593	\$ -	\$ 235,000	\$ 275,338	\$ 40,338
Total Transfers In	\$ 844,593	\$ 844,593	\$ -	\$ 235,000	\$ 275,338	\$ 40,338
Total Receipts and Transfers	\$ 9,994,264	\$ 9,339,327	\$ (654,937)	\$ 9,552,708	\$ 9,593,046	\$ 40,338
Total Funds Available	\$ 9,441,026	\$ 8,786,089	\$ (654,937)	\$ 9,552,708	\$ 9,552,708	\$ -
EXPENDITURES:						
	\$ 9,441,026	\$ 8,826,427	\$ (614,599)	\$ 9,552,708	\$ 9,552,708	\$ -
ENDING BALANCE, JUNE 30	\$ -	\$ (40,338)	\$ (40,338)	\$ -	\$ -	\$ -
Less:						
Outstanding Encumbered Obligations	\$ -	\$ 1,027	\$ 1,027	\$ -	\$ -	\$ -
Available Ending Balance	\$ -	\$ (41,365)	\$ (41,365)	\$ -	\$ -	\$ -

GRANTS & SELF-SUPPORTING PROGRAMS FUND STATEMENT

	<u>FY 2018 Third Quarter</u>	<u>FY 2018 Actual</u>	<u>Variance</u>	<u>FY 2019 Approved</u>	<u>FY 2019 Revised</u>	<u>Variance</u>
BEGINNING BALANCE, JULY 1						
Grants	\$ 10,769,745	\$ 10,769,745	\$ -	\$ -	\$ 15,063,264	\$ 15,063,264
Summer School	5,749,162	5,749,162	-	485,194	6,170,806	5,685,612
Total Beginning Balance	\$ 16,518,907	\$ 16,518,907	\$ -	\$ 485,194	\$ 21,234,070	\$ 20,748,876
RECEIPTS:						
Grants						
State Aid	\$ 10,571,257	\$ 10,293,837	\$ (277,421)	\$ 7,873,456	\$ 9,057,365	\$ 1,183,909
Federal Aid	45,463,549	42,514,422	(2,949,127)	33,686,116	41,039,813	7,353,697
Industry, Foundation, Other	1,107,888	1,251,860	143,972	-	80,992	80,992
Unallocated Grants	6,000,000	-	(6,000,000)	6,000,000	6,000,000	-
Summer School						
State Aid	984,744	1,056,370	71,626	984,744	984,744	-
Tuition	2,275,990	2,503,788	227,798	2,646,625	2,646,625	-
Industry, Foundation, Other	-	71,921	71,921	-	-	-
Total Receipts	\$ 66,403,428	\$ 57,692,197	\$ (8,711,231)	\$ 51,190,940	\$ 59,809,538	\$ 8,618,598
TRANSFERS IN:						
School Operating Fund (Grants)	\$ 9,955,108	\$ 9,955,108	\$ -	\$ 10,452,863	\$ 10,452,863	\$ -
School Operating Fund (Summer School)	7,756,398	7,756,398	-	7,756,398	7,756,398	-
Cable Communications Fund (Grants)	3,247,651	3,247,651	-	3,352,319	3,352,319	-
Total Transfers In	\$ 20,959,157	\$ 20,959,157	\$ -	\$ 21,561,580	\$ 21,561,580	\$ -
Total Funds Available	\$ 103,881,493	\$ 95,170,261	\$ (8,711,231)	\$ 73,237,714	\$ 102,605,188	\$ 29,367,473
EXPENDITURES:						
Grants	\$ 81,115,199	\$ 62,969,359	\$ (18,145,840)	\$ 55,364,753	\$ 79,046,615	\$ 23,681,861
Unallocated Grants	6,000,000	-	(6,000,000)	6,000,000	6,000,000	-
Summer School	14,006,870	10,966,833	(3,040,038)	11,872,961	14,142,073	2,269,112
Total Expenditures	\$ 101,122,069	\$ 73,936,191	\$ (27,185,878)	\$ 73,237,714	\$ 99,188,688	\$ 25,950,974
RESERVES:						
Summer School Reserve	\$ 2,759,424	\$ -	\$ (2,759,424)	\$ -	\$ 3,416,500	\$ 3,416,500
Total Reserves	\$ 2,759,424	\$ -	\$ (2,759,424)	\$ -	\$ 3,416,500	\$ 3,416,500
Total Disbursements	\$ 103,881,493	\$ 73,936,191	\$ (29,945,301)	\$ 73,237,714	\$ 102,605,188	\$ 29,367,473
ENDING BALANCE, JUNE 30	\$ -	\$ 21,234,070	\$ 21,234,070	\$ -	\$ -	\$ -
Less:						
Outstanding Encumbered Obligations	\$ -	\$ 1,849,427	\$ 1,849,427	\$ -	\$ -	\$ -
Available Ending Balance	\$ -	\$ 19,384,643	\$ 19,384,643	\$ -	\$ -	\$ -

SCHOOL INSURANCE FUND STATEMENT

	<u>FY 2018 Third Quarter</u>	<u>FY 2018 Actual</u>	<u>Variance</u>	<u>FY 2019 Approved</u>	<u>FY 2019 Revised</u>	<u>Variance</u>
Workers' Compensation Accrued Liability	\$ 38,486,733	\$ 38,486,733	\$ -	\$ 38,486,733	\$ 37,291,893	\$ (1,194,840)
Other Insurance Accrued Liability	7,151,282	7,151,282	-	7,151,282	6,505,819	(645,463)
Allocated Reserves	8,541,630	8,541,630	-	4,213,433	7,375,857	3,162,423
BEGINNING BALANCE, JULY 1	\$ 54,179,645	\$ 54,179,645	\$ -	\$ 49,851,448	\$ 51,173,569	\$ 1,322,120
RECEIPTS:						
Workers' Compensation						
School Operating Fund	\$ 8,238,928	\$ 8,238,928	\$ -	\$ 8,238,928	\$ 8,238,928	\$ -
School Food & Nutrition Serv. Fund	324,284	324,284	-	324,284	324,284	-
Other Insurance						
School Operating Fund	4,468,127	4,468,127	-	4,468,127	4,468,127	-
Insurance Proceeds/ Rebates	50,000	166,019	116,019	200,000	200,000	-
Total Receipts	\$ 13,081,339	\$ 13,197,358	\$ 116,019	\$ 13,231,339	\$ 13,231,339	\$ -
Total Funds Available	\$ 67,260,984	\$ 67,377,003	\$ 116,019	\$ 63,082,787	\$ 64,404,908	\$ 1,322,120
EXPENDITURES:						
Workers' Compensation Administration	\$ 715,666	\$ 432,443	\$ (283,223)	\$ 678,651	\$ 678,651	\$ -
Workers' Compensation Claims Paid	9,171,000	9,038,584	(132,416)	9,171,000	9,171,000	-
Workers' Compensation Claims Management	1,000,000	1,095,947	95,947	1,000,000	1,000,000	-
Other Insurance	6,522,870	5,636,460	(886,410)	6,526,523	6,526,523	-
General Reserves	4,213,433	-	(4,213,433)	68,598	3,231,021	3,162,423
Total Expenditures	\$ 21,622,969	\$ 16,203,434	\$ (5,419,535)	\$ 17,444,772	\$ 20,607,196	\$ 3,162,423
Net change in accrued liabilities-Workers' Comp	\$ -	\$ (1,194,840)	\$ (1,194,840)	\$ -	\$ -	\$ -
Net change in accrued liabilities-Other Insurance	-	(645,463)	(645,463)	-	-	-
Net Change in Accrued Liability	\$ -	\$ (1,840,303)	\$ (1,840,303)	\$ -	\$ -	\$ -
ENDING BALANCE, June 30	\$ 45,638,015	\$ 51,173,569	\$ 5,535,554	\$ 45,638,015	\$ 43,797,712	\$ (1,840,303)
Less:						
Outstanding Encumbered Obligations	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Available Ending Balance	\$ 45,638,015	\$ 51,173,569	\$ 5,535,554	\$ 45,638,015	\$ 43,797,712	\$ (1,840,303)
Restricted Reserves						
Workers' Compensation Accrued Liability	\$ 38,486,733	\$ 37,291,893	\$ (1,194,840)	\$ 38,486,733	\$ 37,291,893	\$ (1,194,840)
Other Insurance Accrued Liability	7,151,282	6,505,819	(645,463)	7,151,282	6,505,819	(645,463)
Allocated Reserves	-	7,375,857	7,375,857	-	-	-
Total Reserves	\$ 45,638,015	\$ 51,173,569	\$ 5,535,554	\$ 45,638,015	\$ 43,797,712	\$ (1,840,303)

SCHOOL HEALTH AND FLEXIBLE BENEFITS FUND STATEMENT

	<u>FY 2018 Third Quarter</u>	<u>FY 2018 Actual</u>	<u>Variance</u>	<u>FY 2019 Approved</u>	<u>FY 2019 Revised</u>	<u>Variance</u>
BEGINNING BALANCE, JULY 1	\$ 54,658,784	\$ 54,658,784	\$ -	\$ 51,716,932	\$ 71,278,629	\$ 19,561,697
RECEIPTS:						
Employer Contributions	\$ 243,454,627	\$ 243,040,448	\$ (414,178)	\$ 257,936,651	\$ 257,936,651	\$ -
Employee Contributions	72,354,663	72,440,218	85,555	76,608,172	76,608,172	-
Retiree/Other Contributions	59,034,774	54,419,060	(4,615,714)	61,939,202	61,939,202	-
Interest Income	100,000	662,437	562,437	100,000	100,000	-
Rebates and Subsidies	22,297,000	26,562,820	4,265,820	25,078,556	25,078,556	-
Subtotal	\$ 397,241,064	\$ 397,124,984	\$ (116,080)	\$ 421,662,581	\$ 421,662,581	\$ -
Flexible Accounts Withholdings	\$ 9,160,000	\$ 10,320,797	\$ 1,160,797	\$ 9,160,000	\$ 9,160,000	\$ -
Total Receipts	\$ 406,401,064	\$ 407,445,781	\$ 1,044,717	\$ 430,822,581	\$ 430,822,581	\$ -
Total Funds Available	\$ 461,059,848	\$ 462,104,565	\$ 1,044,717	\$ 482,539,513	\$ 502,101,210	\$ 19,561,697
EXPENDITURES/PAYMENTS:						
Health Benefits Paid	\$ 322,375,983	\$ 302,549,617	\$ (19,826,367)	\$ 337,484,877	\$ 337,484,877	\$ -
Premiums Paid	61,952,110	63,372,556	1,420,446	70,721,565	70,721,565	-
Claims Incurred but not Reported (IBNR)	21,620,500	21,000,000	(620,500)	22,701,525	22,081,025	(620,500)
IBNR Prior Year Credit	(19,655,000)	(19,655,000)	-	(21,620,500)	(21,000,000)	620,500
Health Administrative Expenses	13,889,323	13,574,928	(314,395)	13,292,034	13,294,726	2,692
Subtotal	\$ 400,182,916	\$ 380,842,100	\$ (19,340,816)	\$ 422,579,502	\$ 422,582,193	\$ 2,692
Flexible Accounts Reimbursement	\$ 9,000,000	\$ 9,816,027	\$ 816,027	\$ 9,000,000	\$ 9,000,000	\$ -
FSA Administrative Expenses	160,000	167,809	7,809	160,000	160,000	-
Subtotal	\$ 9,160,000	\$ 9,983,836	\$ 823,836	\$ 9,160,000	\$ 9,160,000	\$ -
Total Expenditures	\$ 409,342,916	\$ 390,825,936	\$ (18,516,980)	\$ 431,739,502	\$ 431,742,193	\$ 2,692
ENDING BALANCE, JUNE 30	\$ 51,716,932	\$ 71,278,629	\$ 19,561,697	\$ 50,800,011	\$ 70,359,017	\$ 19,559,005
Less:						
Outstanding Encumbered Obligations	\$ -	\$ 2,692	\$ 2,692	\$ -	\$ -	\$ -
Premium Stabilization Reserve	51,716,932	71,275,937	19,559,005	50,800,011	70,359,017	19,559,005
Available Ending Balance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

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

	<u>FY 2018 Third Quarter</u>	<u>FY 2018 Actual</u>	<u>Variance</u>	<u>FY 2019 Approved</u>	<u>FY 2019 Revised</u>	<u>Variance</u>
BEGINNING BALANCE, JULY 1	\$ 2,304,258,096	\$ 2,304,258,096	\$ -	\$ 2,471,479,998	\$ 2,467,255,650	\$ (4,224,348)
RECEIPTS:						
Contributions	\$ 135,942,077	\$ 135,873,977	\$ (68,100)	\$ 140,158,220	\$ 140,158,220	\$ -
Investment Income	236,056,000	225,818,665	(10,237,335)	253,356,000	253,356,000	-
Total Receipts	<u>\$ 371,998,077</u>	<u>\$ 361,692,642</u>	<u>\$ (10,305,435)</u>	<u>\$ 393,514,220</u>	<u>\$ 393,514,220</u>	<u>\$ -</u>
Total Funds Available	\$ 2,676,256,173	\$ 2,665,950,738	\$ (10,305,435)	\$ 2,864,994,218	\$ 2,860,769,870	\$ (4,224,348)
EXPENDITURES	\$ 204,776,175	\$ 198,695,088	\$ (6,081,087)	\$ 214,154,663	\$ 214,155,053	\$ 390
ENDING BALANCE, JUNE 30	\$ 2,471,479,998	\$ 2,467,255,650	\$ (4,224,348)	\$ 2,650,839,555	\$ 2,646,614,817	\$ (4,224,738)
Less:						
Outstanding Encumbered Obligations	\$ -	\$ 390	\$ 390	\$ -	\$ -	\$ -
AVAILABLE ENDING BALANCE	<u>\$ 2,471,479,998</u>	<u>\$ 2,467,255,260</u>	<u>\$ (4,224,738)</u>	<u>\$ 2,650,839,555</u>	<u>\$ 2,646,614,817</u>	<u>\$ (4,224,738)</u>

SCHOOL OTHER POST-EMPLOYMENT BENEFITS (OPEB) TRUST FUND STATEMENT

	<u>FY 2018 Third Quarter</u>	<u>FY 2018 Actual</u>	<u>Variance</u>	<u>FY 2019 Approved</u>	<u>FY 2019 Revised</u>	<u>Variance</u>
BEGINNING BALANCE, JULY 1	\$ 118,697,379	\$ 118,697,379	\$ -	\$ 128,738,891	\$ 135,102,537	\$ 6,363,646
REVENUE:						
Employer Contributions	\$ 27,163,000	\$ 24,512,000	\$ (2,651,000)	\$ 28,095,000	\$ 28,095,000	\$ -
Net Investment Income	<u>5,142,012</u>	<u>11,491,708</u>	<u>6,349,696</u>	<u>5,142,012</u>	<u>5,142,012</u>	<u>-</u>
Total Revenue	\$ 32,305,012	\$ 36,003,708	\$ 3,698,696	\$ 33,237,012	\$ 33,237,012	\$ -
TOTAL FUNDS AVAILABLE	\$ 151,002,391	\$ 154,701,088	\$ 3,698,696	\$ 161,975,903	\$ 168,339,549	\$ 6,363,646
EXPENDITURES:						
Benefits Paid	\$ 22,163,000	\$ 19,512,000	\$ (2,651,000)	\$ 23,095,000	\$ 23,095,000	\$ -
Administrative Expenses	<u>100,500</u>	<u>86,550</u>	<u>(13,950)</u>	<u>100,500</u>	<u>100,500</u>	<u>-</u>
Total Expenditures	\$ 22,263,500	\$ 19,598,550	\$ (2,664,950)	\$ 23,195,500	\$ 23,195,500	\$ -
ENDING BALANCE, JUNE 30	<u>\$ 128,738,891</u>	<u>\$ 135,102,537</u>	<u>\$ 6,363,646</u>	<u>\$ 138,780,403</u>	<u>\$ 145,144,049</u>	<u>\$ 6,363,646</u>

**SUPPLEMENTAL APPROPRIATION RESOLUTION
FY 2019**

BE IT RESOLVED that the Fairfax County School Board requests the County Board of Supervisors to amend the FY 2019 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>
S10000	Public Schools Operating Operating Expenditures	\$2,827,625,720	\$2,924,559,542	\$96,933,822
S31000	School Construction Operating Expenditures	\$179,282,018	\$606,293,125	\$427,011,107
S40000	School Food & Nutrition Services Operating Expenditures	\$101,967,724	\$104,579,164	\$2,611,440
S43000	School Adult & Community Education Operating Expenditures	\$9,552,708	\$9,552,708	\$0
S50000	School Grants & Self-Supporting Operating Expenditures	\$72,565,197	\$102,605,188	\$30,039,991
S60000	Public Schools Insurance Fund Operating Expenditures	\$17,444,772	\$20,607,196	\$3,162,424
S62000	School Health and Flexible Benefits Trust Fund Operating Expenditures	\$482,539,513	\$502,101,210	\$19,561,697
S71000	School Educational Employees' Supplementary Retirement Trust Fund Operating Expenditures	\$214,154,663	\$214,155,053	\$390
S71100	School Other Post Employment Benefits Trust Fund Operating Expenditures	\$23,195,500	\$23,195,500	\$0

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 2018 Final Budget Review, at a regular meeting held on July 26, 2018, at Luther Jackson Middle School, Falls Church, Virginia.

_____ Date

Ilene Muhlberg, Clerk
County School Board of
Fairfax County, Virginia

**FISCAL PLANNING RESOLUTION
FY 2019**

BE IT RESOLVED that the Fairfax County School Board requests the County Board of Supervisors to amend the FY 2019 Fiscal Planning Resolution for the following School Board funds:

<u>Fund</u>	<u>Fund Name</u>	<u>Fund</u>	<u>Transfer To</u>	<u>From</u>	<u>To</u>	<u>Change</u>
S10000	Public Schools Operating					
		S31000	School Construction	\$8,595,102	\$12,146,072	\$3,550,970
		S43000	School Adult & Community Education	\$235,000	\$275,338	\$40,338
		S50000	School Grants & Self Supporting	\$18,209,261	\$18,209,261	\$0
		C20000	Consolidated Debt Service	\$3,471,100	\$3,471,100	\$0

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 2018 Final Budget Review, at a regular meeting held on July 26, 2018, at Luther Jackson Middle School, Falls Church, Virginia.

Date

Ilene Muhlberg, Clerk
County School Board of
Fairfax County, Virginia

**Grants Development Section
Office of Budget Services**

**Quarterly Report – FY 2018
Date: June 30, 2018**

Update for FY 2018 Grants*

The current status of competitive grant applications is as follows:

- Competitive grants submitted: \$8.5 million (53 grants)
- Competitive grants awarded: \$2.6 million (33 grants)
- Competitive grants denied: \$0.1 million (5 grants)
- Competitive grants pending: \$5.6 million (15 grants)

The current status of entitlement grant applications* is as follows:

- Entitlement grants submitted: \$69.6 million (10 grants)
- Entitlement grants awarded: \$29.3 million (8 grants)
- Entitlement grants pending: \$37.4 million (2 grants)

**The total amount of entitlement grants and competitive grants submitted does not equal the total of grants awarded and pending since the amount awarded may differ from the amount requested.*