

Other Funds

- ERFC
- Health & Flexible Benefits Fund
- Food & Nutrition Services Fund
- School Insurance Fund
- School Debt Service Fund
- Central Procurement Fund
- Grants & Self-Supporting Programs Fund
- Adult & Community Education Fund

ERFC

The Educational Employees' Supplementary Retirement System of Fairfax County (ERFC) was established on July 1, 1973. It serves all full-time, monthly paid instructional and noninstructional personnel. The responsibility for general administration and operation of the fund is vested in a Board of Trustees. In addition, the executive director and 33.8 employees are responsible for the daily administration of the system.

ERFC utilizes the investment services of several firms recognized in the field of investment management. Due to the diversity of these services, the fund fared relatively well in FY 2001 with a slightly negative return on assets of -0.3 percent. This was at a time when fluctuations in the stock market created losses for many investors. However, the retirement fund's actuary and the Board of Trustees have recommended and passed a rate increase for FY 2003 to the employer portion of the contribution. The rate will rise from 3.69 percent to 4.0 percent, an increase of 8.4 percent. The employee contribution rate remains at 2 percent.

Fiscal year 2001 was a year of significant change for the ERFC. It included the relocation of the ERFC's offices to a new facility, the addition of a newly appointed executive director, and the implementation of several plan changes. These changes included the option to continue working and begin receiving retirement benefits for those who are eligible. In addition, employees hired on or after July 1, 2001, are enrolled in the new ERFC 2001. This new plan incorporates a revised retirement calculation and allows vested (after five years) employees to have a one-time, irrevocable option of transferring to the new Defined Contribution (DC) plan. The details of the new plan are still being developed and will be forthcoming at the earliest possible convenience.

Goals

1. To provide enhanced service for active members by automating the retirement estimate process to reduce the time employees wait for retirement estimates.
2. To increase member understanding. With the recent implementation of ERFC 2001 and the pending implementation of the DC plan, the communication of these efforts to members is and will continue to be critical. This will include the revision of the member handbook, updating the web site, doing more preretirement presentations, and revising the contribution profile statement.
3. To reduce the cost for custodial banking services. This contract will be rebid in FY 2002 and based on comparative data, it is anticipated that these costs can be reduced fairly significantly.
4. To develop the details surrounding the DC plan. As addressed above, employees enrolled in ERFC 2001 will be provided the option of enrolling in the DC plan beginning on July 1, 2006.

Receipts

Total receipts projected in FY 2003 are \$168.1 million. The sources include employee and employer contributions of \$56.0 million and earnings from investments of \$112.1 million. The projected earnings from investments are based on a 7.5 percent rate that is consistent with the investment return assumption used by the plan's actuary. The employer's contribution is projected to be \$35.6 million in FY 2003 and is budgeted as an expenditure from the other School Board funds because it is paid directly to the retirement trust fund.

Expenditures

The FY 2003 expenditure budget totals \$129.9 million. Major components are: payments to retirees of \$100.0 million; investment costs of \$8.0 million; refunds to members leaving FCPS before retirement of \$2.4 million; Option D payments of \$10.0 million (payments to retirees who elect to receive a lump sum payment and a reduced monthly benefit); and personnel and other administrative expenses of \$4.8 million.

Accounting Basis

The ERFC Fund is a pension trust fund and follows the accrual basis of accounting. Under this method, revenues are recognized when earned and expenses are recognized when incurred.

Educational Employees' Supplementary Retirement System of Fairfax County (\$ in millions)

	Amount	Positions
FY 2003	\$ 129.9	34.8
FY 2002	<u>114.7</u>	<u>34.8</u>
Change	\$ 15.2	0.0

Educational Employees' Supplementary Retirement System of Fairfax County Fund Statement

	FY 2001 Actual	FY 2002 Estimate	FY 2003 Proposed
BEGINNING BALANCE, July 1	\$ 1,534,986,941	\$ 1,488,765,047	\$ 1,558,437,094
RECEIPTS:			
Contributions	47,151,856	52,230,095	56,009,450
Investment Income	2,666,585	132,103,034	112,100,000
Total Receipts	<u>49,818,441</u>	<u>184,333,129</u>	<u>168,109,450</u>
Total Funds Available	1,584,805,382	1,673,098,176	1,726,546,544
EXPENDITURES	96,040,700	114,661,082	129,944,215
ENDING BALANCE, June 30	<u>\$ 1,488,764,682</u>	<u>\$ 1,558,437,094</u>	<u>\$ 1,596,602,329</u>

Health & Flexible Benefits Fund

The Health and Flexible Benefits Fund provides for the administration of health care and dental care benefit plans for employees and retirees. In addition, the fund provides for the payment of eligible health care and dependent care expenses for employees enrolled in the flexible spending account program.

Funding is provided for the following positions:

7.0	Business Specialists
3.0	Accounting Technicians
<u>3.0</u>	Technical Assistants
13.0	Positions

On July 26, 2001, the School Board adopted the proposed changes to the health and dental plans as follows:

- Eliminate the discount dental and network dental coverage from the medical plans
- Add two Aetna dental options: dental preferred provider organization (DPPO) and dental maintenance organization (DMO)
- Provide employer contribution to the dental plans derived from savings in changes to plan design
- Amend the existing HealthChoice (POS) plan to eliminate the use of the Trigon network, changing the program to a single network option calling it the BlueChoice POS;
- Add the BlueCard preferred provider organization (PPO) as a national network option.
- The Kaiser Permanente (HMO) plan and the Aetna (EPO) plan would remain

Premium rate increases and higher enrollment will increase the employer, employee and retiree contributions by \$27.3 million from the FY 2002 estimate. Flexible spending account withholdings are expected to increase \$0.3 million.

Health claims and premiums paid are expected to increase by \$19.0 million over the FY 2002 estimate. Claims incurred but not reported (IBNR) are expected to increase by \$1.6 million. Administrative expenditures are expected to increase by \$0.9 million.

As a result of changes in the Health plan design, changes in contributions, claims and administrative expenses, the claims stabilization reserve is expected to increase by \$2.2 million from the FY 2002 estimate.

Accounting Basis

The Health and Flexible Benefits Fund is an internal service fund and follows the accrual basis of accounting. Under this method, revenues are recognized when earned and expenses are recognized when incurred.

	Amount	Positions
FY 2003	\$ 147.2	13.0
FY 2002	<u>123.4</u>	<u>13.0</u>
Change	\$ 23.8	0.0

Health & Flexible Benefits Fund

Health and Flexible Benefits Fund Statement

	FY 2001 Actual	FY 2002 Estimate	FY 2003 Proposed
BEGINNING BALANCE, July 1	\$ 11,362,077	\$ 8,279,428	\$ 4,464,235
RECEIPTS:			
Employer Contributions	60,330,565	78,580,296	97,803,804
Employee Contributions	17,896,747	20,354,503	25,931,490
Retiree/Other Contributions	12,393,527	11,824,421	14,348,286
Aetna Stop-Loss Refund	2,997,637	-	-
Interest Income	1,253,812	560,000	560,000
Subtotal	94,872,288	111,319,220	138,643,580
Flexible Accounts Withholdings	3,351,947	3,515,115	3,833,233
Total Receipts	98,224,235	114,834,335	142,476,813
TRANSFERS IN:			
School Operating Fund	254,121	268,906	293,242
Total Receipts and Transfers	98,478,356	115,103,241	142,770,055
Total Funds Available	109,840,433	123,382,669	147,234,290
EXPENDITURES/PAYMENTS:			
Health Benefits Paid	61,157,575	73,982,301	95,182,382
Premiums Paid	27,919,098	32,764,344	30,535,665
Claims Incurred but not Reported (IBNR)	9,000,000	11,000,000	14,063,112
IBNR Prior Year Credit	(6,600,000)	(9,000,000)	(10,536,009)
Health Administrative Expenses	6,690,092	6,596,327	7,511,775
Subtotal	98,166,765	115,342,972	136,756,925
Flexible Accounts Reimbursement	3,315,075	3,479,964	3,769,883
FSA Administrative Expenses	72,316	95,498	116,594
Subtotal	3,387,391	3,575,462	3,886,477
Claims Stabilization Reserve	-	4,464,235	6,590,888
Total Disbursements	101,561,005	123,382,669	147,234,290
ENDING BALANCE, June 30	\$ 8,279,428	\$ -	\$ -

Food & Nutrition Services Fund

The Food and Nutrition Services Fund budget totals \$49.6 million for all Food Services' operational and administrative costs. This fund is totally self-supporting. The FY 2003 expenditure decrease of \$2.0 million from FY 2002 is due to nonrecurring technology and capital outlays.

Purpose

The Food and Nutrition Services program, an extension of the educational program, is operated under the federally-funded National School Lunch and Child Nutrition Acts. Program objectives include improving the health of students and promoting nutrition knowledge. In meeting these objectives, the program provides appealing, nutritious, high quality, safe food at minimum cost in accordance with federal law, state regulation, and local policy.

Functions

The Food and Nutrition Services program:

- Procures, prepares, and serves lunches and a la carte items to over 135,000 customers daily
- Offers breakfasts in 163 schools and centers
- Contracts meals to day care, Family and Early Childhood Education Program (FECEP) centers and private schools, and snacks to all school-age child care programs
- Provides meals and dietetic consultation at senior nutrition sites and Meals on Wheels programs
- Delivers summer meals to children from low-income families in a variety of settings such as community centers and apartments

Menus for all programs are planned by registered dietitians to implement the Dietary Guidelines for Americans developed by the United States Department of Agriculture and the Department of Health and Human Resources.

This has resulted in the preparation and service of meals that contain reduced fat, sodium, and sugar. To assist parents and students with special eating needs and cultural restrictions, registered dietitians annually complete nutrient analysis of all menus, ingredient lists for all foods purchased, and incorporate modified additive-free and preservative-free foods into the school menus. Special emphasis is placed on creating a positive image of food at school through an established marketing program and involvement of students in food selection and menu planning. A variety of salads and lunch options are available in all elementary, middle, and high schools.

Cost Efficiencies

The following efficiencies have either saved money, brought in additional revenue, or enhanced the quality of the Office of Food and Nutrition Services operation:

- Eight large central distribution kitchens, one central vending site, and two secondary schools operate full production kitchens. All special education centers, elementary, middle, and high schools operate as finishing kitchens. Through current operations, efficiencies in personnel distribution, extensive training, food preparation, and food transportation savings are being realized.
- A vending operation supplements the school food and nutrition program. Vending machines at most schools, offices, and recreation centers are now operated by the Office of Food and Nutrition Services. Profits from the vending program are divided equally between the Office of

Food & Nutrition Services Fund

- Food and Nutrition Services and participating schools, offices and recreation centers.
- A bar code system and personal identification number (PIN) allow students to prepay for meals. The amount prepaid is stored in a computer database and debited when a student selects meals. Its benefits include faster service, improved accuracy of meal counts reported to the state, and an excellent audit trail.
 - Since September 1994, all polystyrene items are being picked up with regular waste and processed into post-energy recovery at the Ogden-Martin facility in Lorton, Virginia.

Central Distribution

The Food Services Center is located in the Woodson High School complex. The staff is comprised of a supervisor, foreman, storekeeper, and seven truck drivers. Approximately 60 percent of all purchases and federal commodities are delivered to the center and distributed by food service trucks to school kitchens. The center has facilities to store dry, refrigerated, and frozen foods. To reduce food costs, procurement methods have changed to permit truckload purchases of various high volume food items. Operational and handling costs incurred are more than offset by reduced food costs.

Revenue

The two major sources of revenue for this fund are food sales and federal revenue.

Federal aid is based on cash reimbursements and commodities. The reimbursement rate is determined annually by the federal government under the National School Lunch and Child Nutrition Acts. The current subsidy is 19 cents in cash and 15 cents in commodities.

In addition, the continuing trend of more students becoming eligible for free and reduced lunches will provide additional federal revenue in FY 2003, however, a reduction of United States Department of Agriculture commodities is expected.

Prices

Breakfast pricing will increase 20 cents due to rising food and labor costs. This is the first increase since FY 1996 and will reflect breakfast prices in the local jurisdictions.

Breakfast

Students, Grades K-12 — \$1.00
Reduced price for qualifying students — \$.10
Adults — \$1.30

Lunch

Elementary School — \$1.60
Middle School — \$ 1.70
Secondary and High School — \$ 1.70
Reduced price lunch for qualifying students — \$.20
Adults — \$ 2.30

Kindergarten Snacks

Milk or fruit juice — \$.40
Milk or juice and snack — \$0.75

Food & Nutrition Services Fund

Accounting Basis

The Food and Nutrition Services Fund is a special revenue fund and follows the modified accrual basis of accounting. Under this method, revenues are recognized when they become measurable and available and expenditures are generally recognized when the liability is incurred.

Food and Nutrition Services Fund		
(\$ in millions)		
	Amount	Positions
FY 2003	\$ 49.6	40.5
FY 2002	<u>51.6</u>	<u>40.5</u>
Change	\$ (2.0)	0.0

Food & Nutrition Services Fund

Food and Nutrition Services Fund Statement

	FY 2001 Actual	FY 2002 Estimate	FY 2003 Proposed
BEGINNING BALANCE, July 1	\$ 12,438,224	\$ 10,395,824	\$ 7,273,093
RECEIPTS:			
Food Sales	33,499,535	33,872,592	34,885,094
Federal Aid	13,802,345	13,351,175	13,401,414
State Aid	763,948	765,750	765,749
Other Revenue	608,506	510,000	505,000
Total Receipts	48,674,334	48,499,517	49,557,257
Total Funds Available	61,112,558	58,895,341	56,830,350
EXPENDITURES	51,097,564	51,622,248	49,557,257
Change in Inventory	380,830	-	-
ENDING BALANCE, June 30	\$ 10,395,824	\$ 7,273,093	\$ 7,273,093

School Insurance Fund

The School Insurance Fund is a self-insurance fund that provides for the administration of workers' compensation accounts, the centralization of self-insurance accounts for automobiles, general liability, and commercial insurance for other liabilities. Funding is provided for the following positions:

1.0	Branch Manager
1.3	Financial Analysts
<u>4.0</u>	Technical Assistants
6.3	Positions

The Office of Benefit Services, Department of Human Resources, administers the workers' compensation program in conjunction with an independent claims service company. The Office of Security and Risk Management Services, Department of General Services, provides administration of the insurance programs, other than workers' compensation.

A net decrease of \$1.1 million in FY 2003 is due to an increase in expenditures of \$0.4 million related to industry wide insurance cost increases, offset by a reduction of \$1.5 million in transfers-out to the Operating Fund. The FY 2002 approved budget included a one-time transfer of \$1.5 million in Insurance Fund reserves to the Operating Fund to help balance the operating budget. A sufficient reserve remains in this fund to cover anticipated claims.

Accounting Basis

The School Insurance Fund is an internal service fund and follows the accrual basis of accounting. Under this method, revenues are recognized when earned and expenses are recognized when incurred.

	Amount	Positions
FY 2003	\$ 9.1	6.3
FY 2002	<u>10.2</u>	<u>6.3</u>
Change	\$ (1.1)	0.0

School Insurance Fund

School Insurance Fund Statement

	FY 2001 Actual	FY 2002 Estimate	FY 2003 Proposed
BEGINNING BALANCE, July 1	\$ 6,067,342	\$ 5,345,848	\$ (1,268,686)
RECEIPTS:			
Workers' Compensation			
School Operating Fund	3,275,116	2,975,116	2,975,116
School Food & Nutrition Serv. Fund	218,124	218,124	218,124
Other Insurance	1,920,624	400,000	2,600,000
Total Receipts	5,413,864	3,593,240	5,793,240
Total Funds Available	11,481,206	8,939,088	4,524,554
EXPENDITURES:			
Workers' Compensation			
Workers' Compensation	2,943,126	3,224,600	3,224,000
Administration	310,586	378,695	390,097
Claims Management	723,799	542,896	542,896
Net Change in Accrued Liability	(718,218)	336,717	403,032
Other Insurance	2,876,065	4,207,919	4,503,539
Total Expenditures	6,135,358	8,690,827	9,063,564
TRANSFERS OUT:			
School Operating Fund	-	1,516,947	-
Total Disbursements	6,135,358	10,207,774	9,063,564
ENDING BALANCE, June 30	\$ 5,345,848	\$ (1,268,686)	\$ (4,539,010)

School Debt Service Fund

This budget contains an expenditure level of \$116.1 million for the payment of interest and retirement of principal on general obligation debt and Literary Fund loans and for fiscal agent fees. Debt service will increase by \$8.3 million, or 7.6 percent, due to more debt currently being incurred than is being retired. More FCPS construction is being undertaken now than ever before. Funding for debt service is primarily transferred from the County General Fund.

In recent years, bonds for school purposes have been sold at interest rates below market rates reflecting the excellent financial condition of Fairfax County which has been awarded the AAA rating by Standard and Poor's Corporation, Aaa rating by Moody's Investors Service, Inc., and AAA rating by Fitch Investors' Services. Fairfax County is one of only 18 of 3,107 counties in the nation to hold a triple "A" rating from all three major rating agencies.

Actual bond sales are based on cash flow estimates prepared immediately prior to each sale and the condition of the bond market.

Debt Level and Future Impact

The Fairfax County School Board does not have taxing authority and is therefore fiscally dependent upon Fairfax County government. The Fairfax County Board of Supervisors establishes debt ceilings and controls the degree to which FCPS can implement its Capital Improvement Program each year. The County's debt indicators state that the county's debt ratios shall be maintained at the following levels:

- Net debt as a percentage of estimated market value should always remain less than 3 percent
- The ratio of debt service expenditures as a percentage of Combined General Fund disbursements should remain under 10 percent.

The FY 2003 debt service budget has been prepared on the basis of the construction and bond sale limitations set in place by the Board of Supervisors.

The following are ratios and annual sales reflecting debt indicators for FY 1999 – 2003:

Net Debt as a Percentage of Market Value of Taxable Property (\$ in billions)			
Fiscal Year	Net Bonded Indebtedness	Estimated Market Value	Percent
1999	\$1.3	\$87.1	1.49%
2000	\$1.4	\$92.7	1.51%
2001	\$1.4	\$101.8	1.38%
2002 (est) ¹	\$1.5	\$113.6	1.32%
2003 (est)	\$1.6	\$125.4	1.28%

¹ For projection purposes, a sale of \$175.0 million has been included for FY 2002 and \$192.2 million for FY 2003.

School Debt Service Fund

School Debt Service Fund Statement

	FY 2001 Actual ¹	FY 2002 Estimate	FY 2003 Proposed
BEGINNING BALANCE, July 1	\$ 3,812,337	2,555,156	43,137
REVENUES:			
Bond Proceeds ²	326,924	-	200,000
Total Revenues	326,924	-	200,000
TRANSFER IN:			
County General Fund	95,250,687	105,528,408	110,306,798
School Operating Fund	833,926	-	5,738,250
Total Receipts and Transfers	96,084,613	105,528,408	116,045,048
Total Receipts and Transfers	96,411,537	105,528,408	116,245,048
Total Funds Available	100,223,874	108,083,564	116,288,185
EXPENDITURES:			
Principal:			
Bonds	58,021,499	64,139,575	63,644,953
Literary Loans	88,925	88,925	88,925
Subtotal Principal	58,110,424	64,228,500	63,733,878
Interest:			
Bonds	39,811,882	40,704,412	37,463,208
Literary Loans	17,051	14,075	11,099
Subtotal Interest	39,828,933	40,718,487	37,474,307
Debt Service on Projected Sale:	-	2,593,440	14,875,000
Other Debt Costs:			
Advance Refunding Escrow	-	-	-
Bond Issue Costs	-	495,000	200,000
Credit for Accrued Interest	(271,121)	-	-
Fiscal Agent Fees	482	5,000	5,000
Subtotal Refunding	(270,639)	500,000	205,000
Total Expenditures	97,668,718	108,040,427	116,288,185
ENDING BALANCE, June 30	\$ 2,555,156	\$ 43,137	\$ -

¹ FY 2001 Revenues and Expenditures have been updated to reflect all FY 2001 audit adjustments.

² Beginning with the 2001 A General Obligation Bond Sale, the Bond Premium received by the County will be reflected in the Debt Service Fund and used to offset the appropriation of Bond Sale Cost of Issuance.

Central Procurement Fund

The Central Procurement Fund is the primary means by which items for warehouse inventory are replenished. A volume inventory purchasing method assures better pricing and ensures the items are readily available to schools and offices within Fairfax County Public Schools (FCPS). The Office of Supply Operations places large bulk orders with contract vendors to maintain warehouse stock.

Schools, centers, and offices place orders for warehouse stock items through the procurement system (CASPS). The Office of Supply Operations receives and fills the orders, then delivers the items to the ordering locations. Individual schools, centers, and offices are charged for their items when the orders are filled, then the Central Procurement Fund is replenished.

The Central Procurement Fund warehouse operation also provides the ability to consolidate individual orders for delivery to schools, centers, and offices within FCPS. Locations place CASPS orders for a variety of goods at various times; when orders are picked for delivery, they are consolidated by delivery location. This process reduces the paperwork and administrative burden associated with ordering hundreds of thousands of items annually and enables schools to take advantage of vendor discounts for large orders. For items that cannot be purchased centrally through the Central Procurement Fund, direct purchases are made.

To support operating costs the fund generates revenue through a four-percent markup of all items sold. The Central Procurement Fund supports the purchase of over 1,100 line items of inventory, with a goal to turnover inventory four to six times annually through sales to FCPS customers.

The Office of Supply Operations manages the Central Procurement Fund. One technician position provides oversight of this fund under direct supervision.

Accounting Basis

The Central Procurement Fund is an internal service fund and follows the accrual basis of accounting. Under this method, revenues are recognized when earned and expenses are recognized when incurred.



Central Procurement Fund		
(\$ in millions)		
	Amount	Positions
FY 2003	\$ 14.0	1.0
FY 2002	14.0	1.0
Change	\$ 0.0	0.0

Central Procurement Fund

Central Procurement Fund Statement

	FY 2001 Actual	FY 2002 Estimate	FY 2003 Proposed
BEGINNING BALANCE, July 1	\$ 1,823,366	\$ 1,591,243	\$ 1,591,243
RECEIPTS:			
Sales to Schools/Departments	<u>10,218,843</u>	<u>14,000,000</u>	<u>14,000,000</u>
Total Funds Available	12,042,209	15,591,243	15,591,243
EXPENDITURES:			
Purchase for Resale	<u>10,450,966</u>	<u>14,000,000</u>	<u>14,000,000</u>
Total Disbursements	10,450,966	14,000,000	14,000,000
Change in inventory	-		
ENDING BALANCE, June 30	<u>\$ 1,591,243</u>	<u>\$ 1,591,243</u>	<u>\$ 1,591,243</u>

Grants & Self-Supporting Programs Fund

The Grants and Self-Supporting Programs Fund consists of the Grants Subfund, and the Summer School Subfund. The FY 2003 budget is decreasing \$3.8 million and 12.2 positions from FY 2002, primarily due to expirations of various grant programs for which FY 2003 award renewals are not currently known.

Grants Subfund

Federal, state, nonprofit, private industry, and self-supporting programs total approximately \$25.8 million and 222.5 positions. Programs include:

• Title I	\$8,510,508
• State Technology Plan	\$4,964,000
• Cox Communications Channels 21 and 39	\$1,624,576
• Juvenile Detention Center and Northern Virginia Mental Health Center	\$1,118,273
• Title VI	\$660,446
• Title II	\$598,092
• Safe and Drug-Free Youth	\$552,335
• Glasgow Gear-Up	\$547,068
• Fairfax Network	\$200,000

Grant subfund is decreasing by 12.2 positions due to the expiration of prior years grants.

Summer School and SOL Remediation Subfund

Summer school and SOL remediation operations total approximately \$19.7 million, which is partially offset by state aid and tuition revenue of \$3.2 million. The summer school and SOL remediation program receives Operating Fund support of \$16.5 million.

Accounting Basis

The Grants and Self-Supporting Programs Fund is a special revenue fund and follows the modified accrual basis of accounting. Under this method, revenues are recognized when they become measurable and available and expenditures are generally recognized when the liability is incurred.

Grants and Self-Supporting Programs Fund (\$ in millions)

	Amount	Positions
FY 2003	\$ 45.5	238.4
FY 2002	49.3	250.6
Change	\$ (3.8)	(12.2)

Grants & Self-Supporting Programs Fund

Grants and Self-Supporting Programs Fund Statement

	FY 2001 Actual	FY 2002 Estimate	FY 2003 Proposed
BEGINNING BALANCE, July 1	\$ 4,828,878	\$ 3,751,539	\$ -
RECEIPTS:			
State Aid	8,908,394	10,412,413	9,552,800
Federal Aid	10,756,651	18,395,125	14,705,752
Tuition	2,610,530	2,824,803	2,747,907
Industry, Foundation, Other	516,579	907,088	300,000
Total Receipts	22,792,154	32,539,429	27,306,459
TRANSFERS IN:			
School Operating Fund (Grants)	-	-	-
School Operating Fund (Summer School)	8,413,430	11,382,456	16,529,685
Cable Communication Fund	1,793,500	1,640,935	1,624,576
Total Transfers In	10,206,930	13,023,391	18,154,261
Total Receipts & Transfers	32,999,084	45,562,820	45,460,720
Total Funds Available	37,827,962	49,314,359	45,460,720
EXPENDITURES	34,076,423	49,314,359	45,460,720
ENDING BALANCE, June 30	\$ 3,751,539	\$ -	\$ -

Adult & Community Education Fund

The Office of Adult and Community Education (ACE) provides lifelong literacy and educational opportunities for all residents, prekindergarten through life, through creative use of facilities and implementation of best academic and business practices. The office is responsible for adult programs and services in the areas of high school completion, apprenticeship instruction, English for speakers of other languages (ESOL), career planning and retraining, life enrichment, and volunteer tutoring. The office is also responsible for prekindergarten through grade 12 support programs, including behind-the-wheel driver education, SAT preparation, summer school and extended day registration, after-school enrichment activities, and remediation support.

The Adult and Community Education Fund budget totals \$9.5 million for all operational and administrative costs. Funding for the FY 2003 Adult and Community Education Fund is generated primarily through registrant tuition, along with federal, state, and local support. Support for the adult ESOL programs of \$1.1 million will be transferred from the Operating Fund.

The current ACE plan focuses on testing and piloting the replacement of the ACE registration system, creation of a single ACE website, increasing customer service to schools and parents for registration and operations related to adult and pre K-12 summer school and remediation programs, responding to the federal and state changes in workforce development funding impacting adult students, and proactive planning to provide adult programs as pre K-12 space demands increase. Indicators of success include:

- Plans were completed in October 2001 for the registration system testing, pilot launch, and staff training components
- New ACE website completed December 2001 and incorporates former sites and includes new Instructional Services image
- Increase of adult student enrollment in high school completion programs of 5 percent, or 358 students, and in ESOL of 3 percent, or 331 students, following improved intake, registration operations, and increased community awareness of programs
- Registration of 22,000 pre K-12 students for summer programs, with a reduction in waiting time from one hour to 20 minutes in the last two weeks of summer registration
- Certification of 38 ACE career training programs by the Virginia Workforce Council and six ACE technology and medical training programs certified by the Veterans Administration
- Doubled educational and career transition assistance service to provide support to 2,470 individuals by redesigning delivery method
- Worked with school, county, and town officials to plan for refurbishing of Willston Multicultural Center, partially renovate Bryant Adult Center, lease learning center space in Herndon, and identify potential trade lab space in the county
- Secured new grant funding of \$100,000 for English Literacy/Civics instruction
- Established nine new career development and life enrichment partnerships to maintain self sufficiency and expand efficiency of operations
- Achieved a 90 percent pass rate on GED test while providing high school/GED courses to 608 inmates at the Adult Detention Center

Adult & Community Education Fund

Accounting Basis

The Adult and Community Education Fund is a special revenue fund and follows the modified accrual basis of accounting. Under this method revenues are recognized when they become measurable and available and expenditures are generally recognized when the liability is incurred.

	Amount	Positions
FY 2003	\$ 9.5	91.9
FY 2002	13.7	87.4
Change	\$ (4.2)	4.5

Adult and Community Education Fund Statement

	FY 2001 Actual	FY 2002 Estimate	FY 2003 Proposed
BEGINNING BALANCE, July 1	\$ 1,703,109	\$ 3,782,283	\$ -
RECEIPTS:			
State Aid	1,290,301	1,432,650	1,293,579
Federal Aid	210,039	299,640	222,275
Tuition	6,118,382	7,041,799	6,855,430
Industry, Foundation, Other	203,833	-	-
Total Receipts	7,822,555	8,774,089	8,371,284
TRANSFERS IN:			
School Operating Fund	3,683,218	1,100,131	1,100,131
Total Transfers In	3,683,218	1,100,131	1,100,131
Total Receipts & Transfers	11,505,773	9,874,220	9,471,415
Total Funds Available	13,208,882	13,656,503	9,471,415
EXPENDITURES	9,426,599	13,656,503	9,471,415
ENDING BALANCE, June 30	\$ 3,782,283	\$ -	\$ -