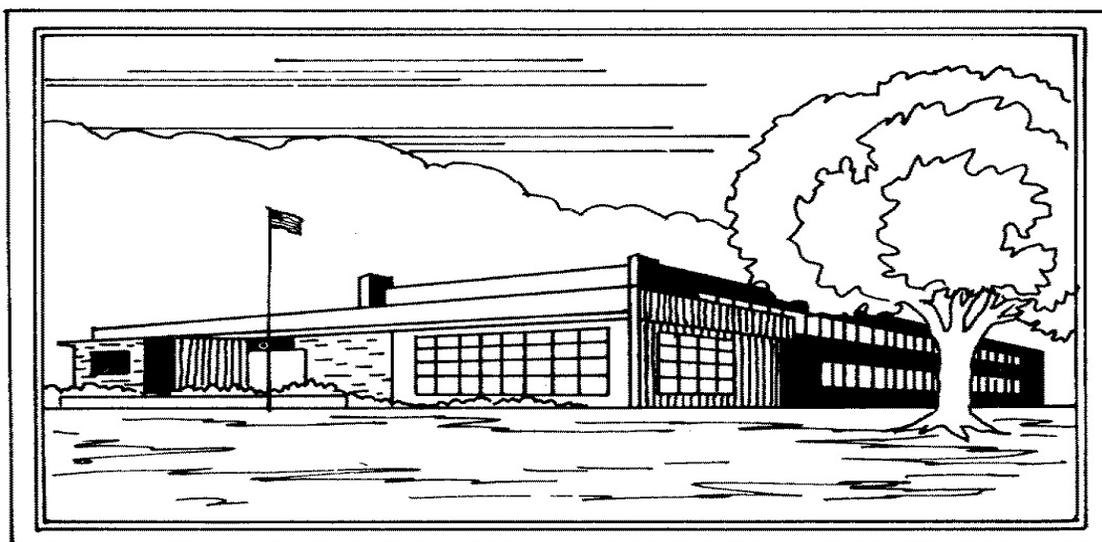


SCHOOL DIVISION FUNDS

General Operating	\$119,419,092
Debt Service – Capital	<u>\$10,860,058</u>
Total Operating Fund	\$130,279,150
School Textbook Fund	\$750,000
School Nutrition Program Fund	<u>\$4,563,024</u>
Total Schools	\$135,592,174



SCHOOL BUDGET BACKGROUND

The School Fund consists of three major funds: School Operating Fund, School Textbooks Fund and School Nutrition Program Fund. The School Operating Fund, a governmental fund, accounts for the operations of Fauquier County’s public school system. The School Textbooks Fund also a governmental fund, accounts for the revenues and expenditures associated with the purchase of textbooks. The School Nutrition Program Fund, a proprietary enterprise fund, accounts for the revenues and expenditures associated with the provisions of food service within the public school system.

It is the duty of the Division Superintendent of Schools, with the approval of the School Board, to prepare the public education budget estimates. These estimates must be approved by the School Board and submitted to the governing body. The estimate for public education submitted to the Board of Supervisors must show the amount of money deemed to be needed during the next fiscal year to support the public schools, including instruction, operating and maintenance and other costs. The Board of Supervisors can appropriate funds by individual categories or

SCHOOL DIVISION FUND

by lump sum. In adjusting the school budget, the governing body may make changes only in the total amount or in the amounts of major categories established by the State Board of Education. The Board of Supervisors may not adjust individual line items. The Board of Supervisors must adopt the School budget no later than May 1st.

For Fiscal Year 2008, the Schools Budget was increased \$7.9 million or 6.5 percent over the FY 2007 budget amount. The Board of Supervisors continued its emphasis on education by increasing support to education by \$ 6.8 million or 8.5 percent. This is noteworthy considering the total increase in new County revenue was just over \$1.0 million. To accomplish the level of support provided over 38 percent of the County departments and agencies received reductions or no additional funding for FY 2008. The County will provide the Schools a lump-sum amount of \$86.8 million in FY 2008 for operations, capital and debt service costs. The lump-sum appropriation option was approved to provide the School Division greater flexibility in budget management.

For FY 2008 the Board of Supervisors also appropriated \$4,563,024 for the School Division's Food Nutrition enterprise fund and \$750,000 for the School Division's Textbook fund.

This narrative on the School Division's budget is general in nature. Specific details can be obtained by accessing the School's computer web site at <http://www.fcps1.org/>.

STATEMENT OF PHILOSOPHY- FAUQUIER COUNTY PUBLIC SCHOOLS

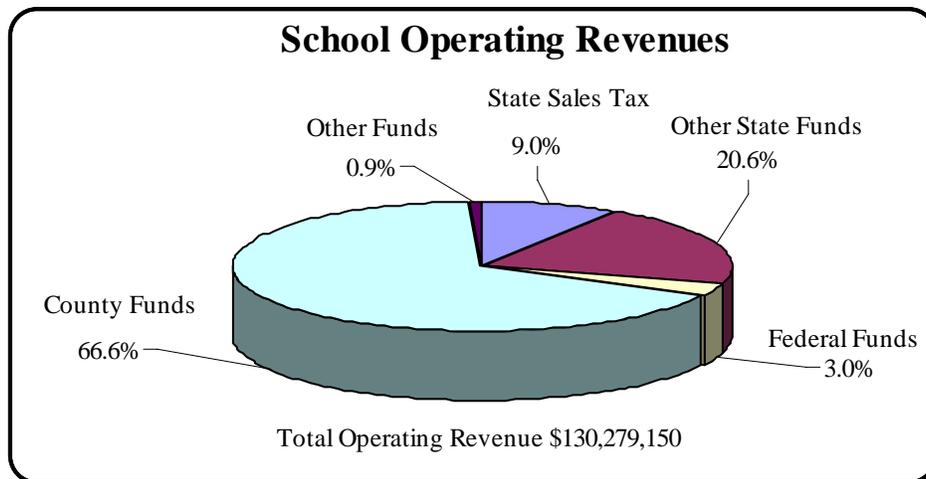
The Fauquier County Public School Division is committed to excellence in education and accepts with the home, responsibility for the educational development of students as individuals and as members of society.

The basic purpose of the school system is to educate students in the knowledge, skills and values necessary to become self-sustaining and productive members of a democracy. The Fauquier County Public System will provide opportunities and resources to help individual students attain the level of achievement of which they are capable.



SCHOOL DIVISION FUND

Source of Funds	FY 2006 Actual	FY 2007 Adopted Budget	FY 2008 Adopted Budget	Change	
				FY 2007 Adopted to	FY 2008 Adopted
State Sales Tax	\$10,477,364	\$12,396,391	\$11,733,141	(\$663,250)	-5.4%
State	\$23,192,490	\$25,411,113	\$26,775,354	\$1,364,241	5.4%
Federal	\$3,875,671	\$3,661,924	\$3,844,016	\$182,092	5.0%
County Support	\$74,005,414	\$80,036,078	\$86,801,214	\$6,765,136	8.5%
Other Funds	\$626,586	\$851,853	\$1,125,425	\$273,572	32.1%
Total	\$112,177,525	\$122,357,359	\$130,279,150	\$7,921,791	6.5%



Summary:

State Funding: The General Assembly's increase support to education of 1.9 percent was reduced significantly from prior years. Funding from the Commonwealth had increased over 41 percent in the last three years. This drop is due to the slowing economy and from an adjustment made to correct a previous overstatement of sales tax revenue. School funding is based primarily on a funding formula approved by the State General Assembly. This methodology includes student Average Daily Membership (ADM) in determining the bulk of State school funding. All State school funding is estimated by the State. Locally the only significant factor to consider is the accuracy of the State's estimated local School Districts ADM.

Federal Funding: Money for federal aid to education is appropriated by the U.S. Congress and distributed by the U.S. Department of Education. These Federal funds are largely received on a cost-reimbursement basis for support of children at risk. For FY 2008 the increase funding is primarily due to the escalating cost of providing these programs.

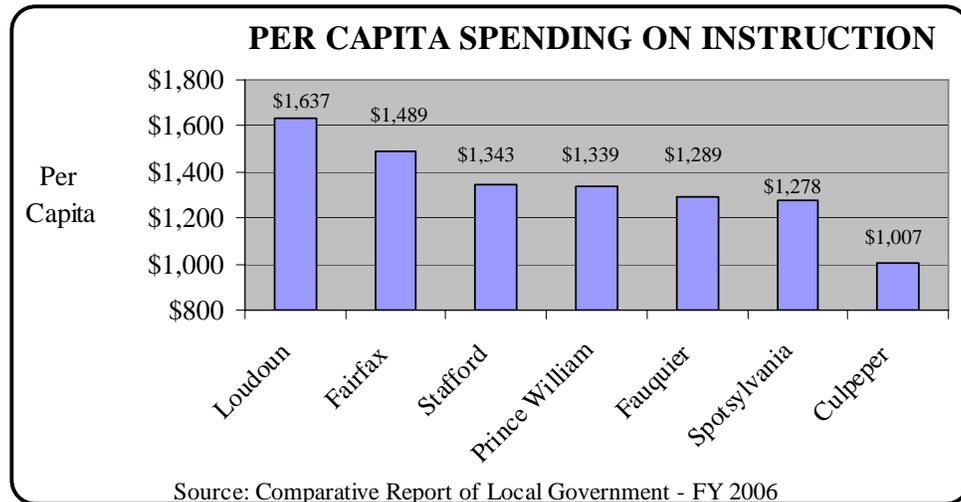
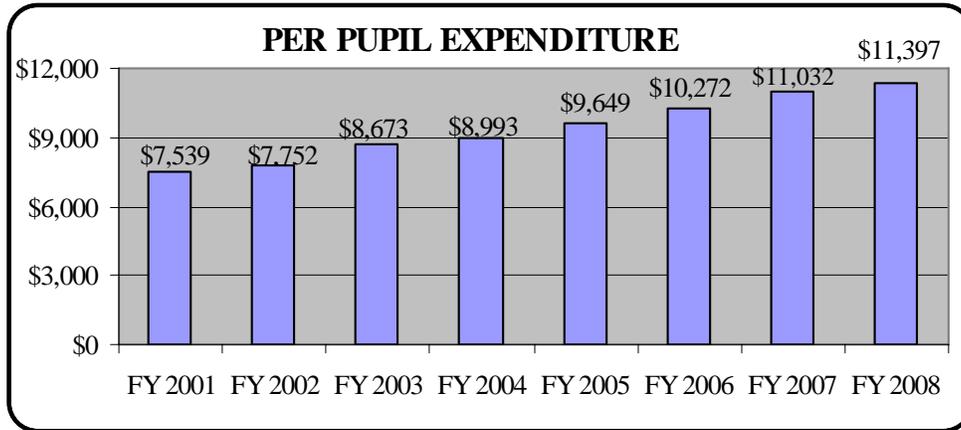
Other Local Funds: These revenues include monies received from E-Rate reimbursements, tuitions, and funds received from participating school divisions in the newly formed Governor's School. The increase in this element is primarily for the funding related to the Governor's School.

SCHOOL DIVISION FUND

SCHOOL DIVISION FUND - EXPENDITURES

	FY 2004 Actual	FY 2005 Actual	FY 2006 Actual	2007 Adopted	FY 2008 Adopted
Instruction	\$ 69,863,399	\$ 76,519,955	\$ 83,123,508	\$ 99,523,261	\$ 103,806,596
Administration	3,211,570	3,406,897	3,506,746	3,037,184	2,706,948
Transportation	4,844,975	5,605,914	7,022,917	6,659,154	7,242,196
Maintenance	7,112,554	7,693,331	9,047,080	4,848,675	4,913,104
Facilities	183,109	1,422,277	0	0	0
Debt & Transfers	7,151,327	8,154,192	8,718,660	8,289,085	11,610,306
Total	92,366,934	102,802,566	111,418,911	122,357,359	130,279,150

Enrollment	10,271	10,654	10,847	11,091	11,431
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These costs have not been adjusted for unified department expenditures supporting school operations.

SCHOOL DIVISION FUND

GENERAL INFORMATION

Fauquier County Public Schools is the largest employer in the County with over 1,600 employees. Fauquier County has two high schools (grades 9-12), five middle schools (grades 6 – 8), ten elementary schools and an alternative education center. Student enrollment for FY 2008 is projected to be 11,431 students, an increase of 233 (2.08 percent) from FY 2007. Five elected School Board members govern the school system. The members are elected for four-year terms, one member representing each of the County's magisterial districts. The School Board is charged by Virginia law and the regulations of the Virginia Board of Education to establish guidelines and rules that will ensure the proper administration of the County's school programs.

GENERAL BUDGET HIGHLIGHTS

➤ **Compensation Issues:**

Salaries – In order to remain competitive in attracting and retaining high quality staff, one of the School Division's goals, compensation issues are always of major consideration. Included for FY 2008 were:

- The starting teacher pay scale was increased by \$1,250 changing the starting amount from \$ 37,500 to \$38,750.
- The teacher scale was further adjusted by increasing all teacher salaries by \$1,500. The School Board scaled back its second year of a three year program to increase teacher salaries by \$3,000 annually due to the limited growth in new revenue for FY 2008.
- The average teacher's salary increase was 2.5 percent.
- The administrative pay scale was adjusted by 3.3 percent. This program was also scaled back in its goal to move administrative salaries to the mid range of other school districts in the area.
- The pay scale for other employee groups ranged from 3.3 percent to 6.6 percent.

Benefits – For FY 2008 the employer will absorb the projected growth in health care costs for all full time employees.

➤ **Staffing:**

Only three new positions were added for FY 2008 due to limited funding. Considering the School Division has been adding 20 to 30 positions annually this limited staffing is significant.

- 2 Elementary Teachers
- 1 Special Education Teacher

SCHOOL DIVISION FUND

OTHER FUNDING INFORMATION

➤ Capital Projects

Beginning in FY 2004 a number of reoccurring projects included in the Capital Fund were moved to the Schools operating budget. These include personal computer and small equipment replacement and comprehensive maintenance funding. Beginning in FY 2007 the School Division transferred its cash funded projects to its operating budget. Cash projects for FY 2008 are as follows:

• Steam Boilers – Fauquier High School	\$200,000
• Fire Alarm Systems –Ritchie, Miller, Bradley, Mary Walter and P.B. Smith Elementary Schools	\$625,000
• Bus Canopy – Fauquier High School	\$ 17,000
• Closed Circuit Television – Warrenton Middle School	\$ 35,300
• Emergency Power/Lighting – Warrenton Middle School	\$104,000
• Modular Classrooms – Various Locations	\$200,000
• Parking Lot Refurbishment	\$200,000
• School Bus Replacement	<u>\$505,988</u>
Total	\$1,887,288

Bond supported projects approved for FY 2008 in The Capital Fund Program are as follows:

• New Elementary School #11 The second of two appropriations totaling \$16.9 million to construct an elementary school adjacent to the new Kettle Run High School. Both schools are being built in the Vint Hill Farms area.	\$6,918,000
• Second Entrance to Kettle Run High School A second entrance is being constructed for improved traffic flow and safety.	\$3,100,000
Total	\$10,018,000

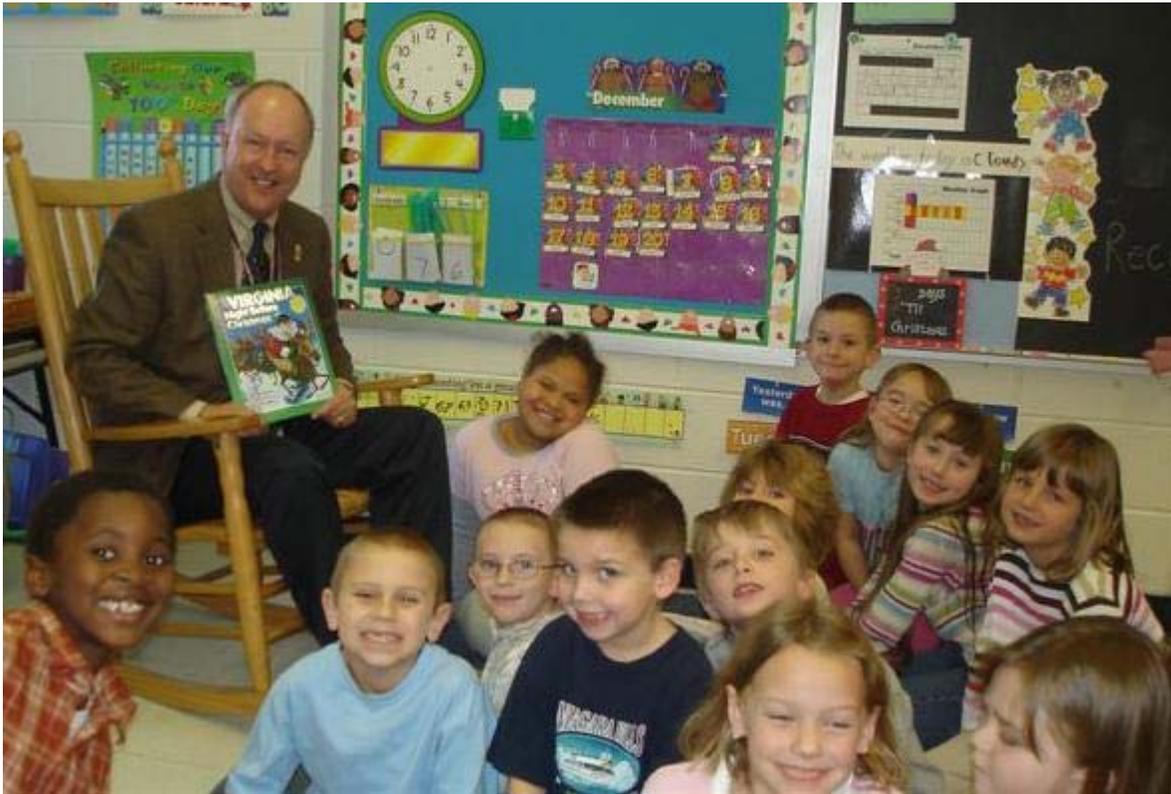
➤ Other information

In addition to the General Operating Fund, the School Division receives significant indirectly support from the joint service Departments of Human Resources, Finance, General Services, and the Office of Comprehensive Services Act. For FY 2008 joint service support for the School Division is approximately \$ 6.6 million, an increase of 6.8 percent from the FY 2007 amount.

SCHOOL DIVISION FUND

➤ Future

FY 2009 will be a challenging year for both the County and the School Division. With the planned opening of Kettle Run High School and Elementary School #11, debt service and related operational costs are expected to be approximately \$10.0 million. It is highly probable that the impact of these costs will result in a measurable increase in the County real estate tax rate.



The Superintendent of Schools, Dr. J. David Martin, reads to some of his many students.

SCHOOL NUTRITION PROGRAM FUND

FAUQUIER COUNTY SCHOOL NUTRITION PROGRAM

MISSION STATEMENT

The School Nutrition Program and its affiliated employees are dedicated to promoting safe, nutritious, and enjoyable meals with friendly service in a pleasant environment to all students and school personnel.

PHILOSOPHY

The School Nutrition Program, an extension of the school system's education curriculum, and its related services are operated under the federally funded National School Lunch Act and Child Nutrition Act of 1966, as amended. Federal laws regulating school nutrition programs are administered by the United States Department of Education. The program's objectives are to advocate optimal health and to improve nutritional status of all students by providing palatable, nutritious foods and promoting nutrition education while operating under sound financial status and accountability procedures.

All Fauquier County Public Schools participate in the National School Breakfast and Lunch Programs. A written agreement is finalized between the School Superintendent and the Virginia Department of Education for each individual federal lunch program and federal breakfast program. These agreements with the state agency ensure that all programs are in compliance with the regulations and qualify for the federal cash reimbursements as well as donated commodity foods.

FY 2008 BUDGET HIGHLIGHTS

- Lunch prices for students and children remain unchanged for FY 2008.
- All staff received a 3.33 percent salary increase.
- Budget uses 175 days a year for revenue purposes. This allows for early dismissal days where revenue based on meal counts are dramatically reduced.
- Emphasis for FY 2008 will be enhanced training in sanitation and nutrition education for all staff members.



SCHOOL NUTRITION PROGRAM FUND

EXPENDITURES

(BY CATEGORY)

	Actual FY 2005	Actual FY 2006	Adopted FY 2007	Adopted FY 2008	Percent
SALARIES	\$1,391,747	\$1,405,655	\$1,492,100	\$1,542,655	3.4%
EMPLOYEE BENEFITS	\$405,133	\$433,297	\$566,870	\$658,254	16.1%
PURCHASED SERVICES	\$57,293	\$69,185	\$60,000	\$77,000	28.3%
OTHER CHARGES	\$10,672	\$7,511	\$10,000	\$10,000	0.0%
MATERIALS & FOOD SUPPLIES	\$1,688,135	\$1,682,640	\$1,904,900	\$1,997,618	4.9%
CAPITAL OUTLAY	\$39,181	\$57,047	\$56,000	\$70,000	25.0%
Total	\$3,592,161	\$3,655,335	\$4,089,870	\$4,355,527	6.5%

REVENUE

SOURCE	ACTUAL FY 2005	ACTUAL FY 2006	ADOPTED FY 2007	ADOPTED FY 2008	ADJUSTMENT	PERCENT
STATE	\$52,245	\$58,419	\$58,771	\$64,000	\$5,229	8.9%
FEDERAL	\$804,586	\$864,409	\$842,573	\$955,288	\$112,715	13.4%
LOCAL	\$2,826,058	\$2,910,739	\$3,188,526	\$3,336,239	\$147,713	4.6%
TOTALS	\$3,682,889	\$3,833,567	\$4,089,870	\$4,355,527	\$265,657	6.5%