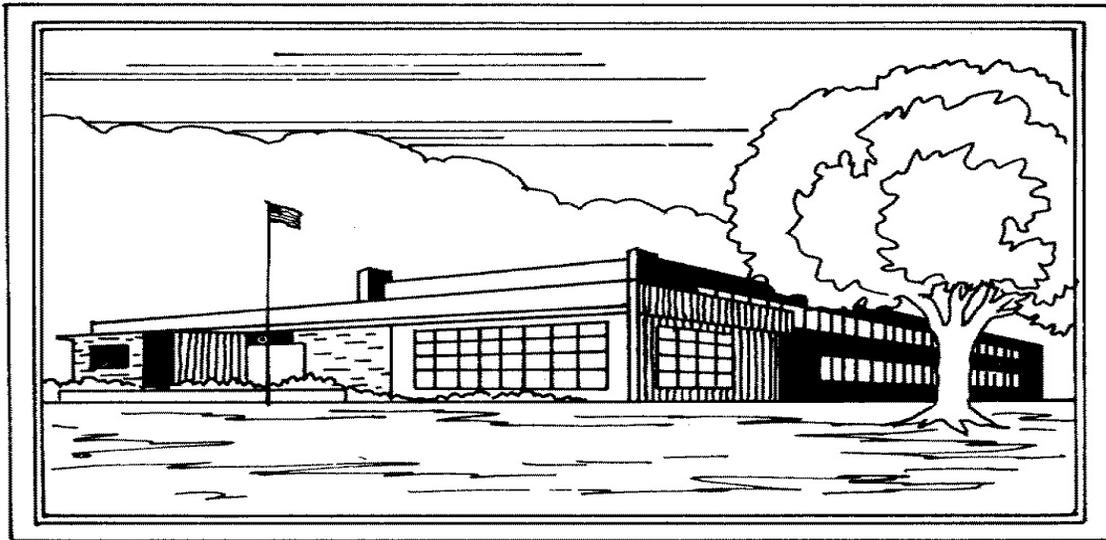


SCHOOL DIVISION FUNDS

| | |
|-------------------------------|--------------------|
| General Operating | \$114,818,274 |
| Debt Service – Capital | <u>\$7,539,085</u> |
| Total Operating Fund | \$122,357,359 |
| | |
| School Textbook Fund | \$750,000 |
| School Nutrition Program Fund | <u>\$4,089,870</u> |
| Total Schools | \$127,197,229 |



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 2007, the Board of Supervisors continued its emphasis on education by increasing support to education by \$4.6 million (10.1 percent) over the FY 2006 budget amount. An additional \$4.4 million was appropriated to a reserve account to serve in FY 2007 as cash funding support for the third high school and in FY 2008 and out years as partial funding of the high school's debt service. The County will provide the Schools a lump-sum amount of \$80,036,078 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 2007 the Board of Supervisors also appropriated \$4,089,870 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

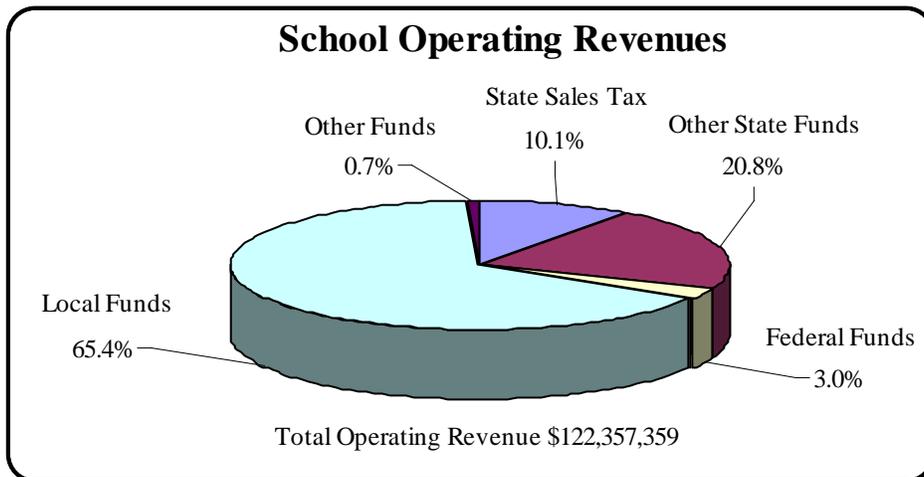
The Fauquier County Public School Division is committed to excellence in education and accepts with the home, responsibility for the educational development of students as individuals and as members of society.

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 2005 Actual | FY 2006 Adopted | FY 2007 Adopted Budget | Change | |
|-------------------|----------------------|----------------------|------------------------------|-----------------------|--------------------|
| | | | | FY 2006 Adopted to | FY 2007 Adopted |
| State Sales Tax | \$9,037,239 | \$9,638,295 | \$12,396,391 | \$2,758,096 | 28.6% |
| State | \$22,304,846 | \$24,127,453 | \$25,411,113 | \$1,283,660 | 5.3% |
| Federal | \$3,682,436 | \$3,530,084 | \$3,661,924 | \$131,840 | 3.7% |
| Local - Operating | \$68,788,197 | \$72,700,491 | \$80,036,078 | \$7,335,587 | 10.1% |
| Other Funds | \$425,978 | \$411,500 | \$851,853 | \$440,353 | 107.0% |
| Total | \$104,238,696 | \$110,407,823 | \$122,357,359 | \$11,949,536 | 10.8% |



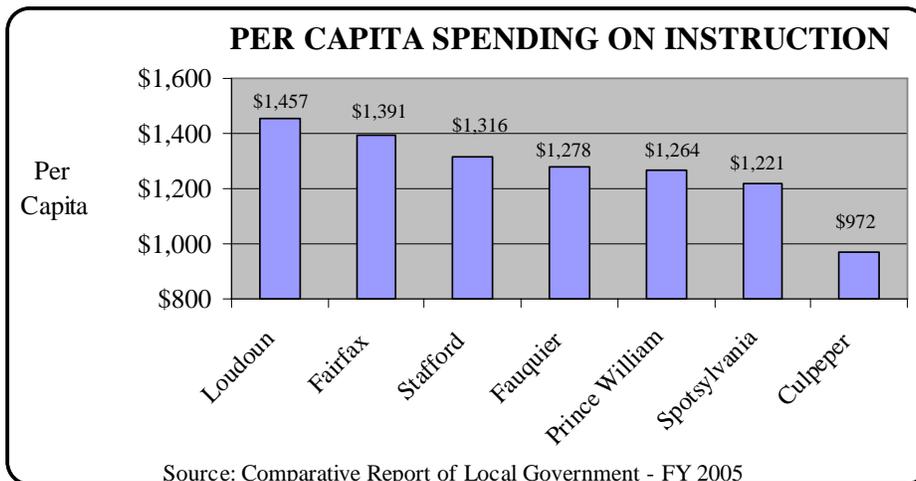
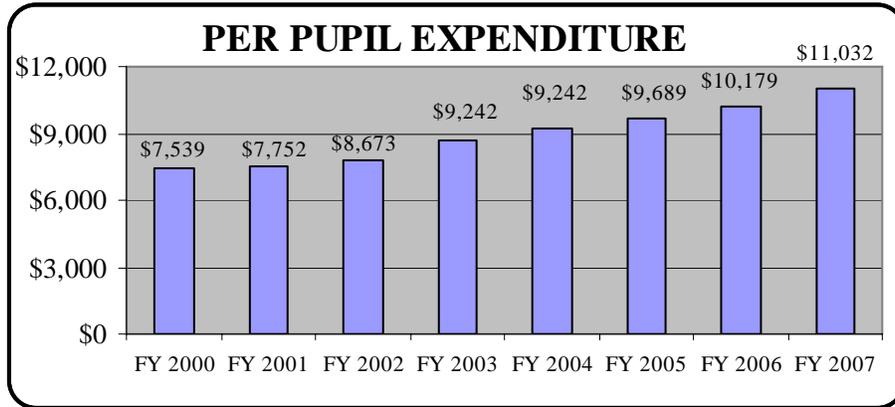
Summary: The General Assembly's education priorities and the regions improving economic conditions have resulted in an overall 12.0 percent increase in State funding. Funding from the Commonwealth has increased over 29 percent in the last two years. School funding is based primarily on a funding formula 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. The Federal funding increase is to support specific at-risk student needs.

SCHOOL DIVISION FUND

SCHOOL DIVISION FUND - EXPENDITURES

| | FY 2003 Actual | FY 2004 Actual | FY 2005 Actual | 2006 Adopted | FY 2007 Adopted |
|-----------------------------|-------------------|-------------------|--------------------|--------------------|--------------------|
| Instruction | \$ 63,081,528 | \$ 69,863,399 | \$ 76,519,955 | \$ 90,474,841 | \$ 99,523,261 |
| Administration | 3,774,970 | 3,211,570 | 3,406,897 | 2,649,868 | 3,037,184 |
| Transportation | 4,257,260 | 4,844,975 | 5,605,914 | 5,420,282 | 6,659,154 |
| Maintenance | 5,831,495 | 7,112,554 | 7,693,331 | 2,797,820 | 4,848,675 |
| Facilities | 0 | 183,109 | 1,422,277 | 0 | 0 |
| Debt & Transfers | 10,053,853 | 11,035,769 | 9,532,222 | 9,065,012 | 8,289,085 |
| Total | 86,999,106 | 96,251,376 | 104,180,596 | 110,407,823 | 122,357,359 |

| Enrollment | 10,031 | 10,414 | 10,752 | 10,847 | 11,091 |
|------------|--------|--------|--------|--------|--------|
|------------|--------|--------|--------|--------|--------|



Not 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 2007 is projected to be 11,091 students, an increase of 191 (1.75 percent) from FY 2006. 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 2007 were:

- The starting teacher pay scale was increased by \$2,750 changing the starting pay from \$34,750 to \$37,500.
- The teacher scale was further adjusted by increasing all teacher salaries by \$3,000.
- The average teacher's increase was 7.4 percent.
- The administrative pay scale was adjusted by 9.0 percent based on a market study conducted by the Human Resource Office. The School Board began a three year phase in to improve administrative salaries to the mid point of the current market pay scale range.
- The pay scale other employee groups was adjusted by 5.0 percent. Combined with a 2.5 percent longevity step increase the average increase was 7.5 percent.
- Bus Drivers were added to the Virginia Retirement System.

Benefits – For FY 2007 the employer will absorb the projected growth in health care costs for all full time employees.

➤ **Staffing:**

Based on current enrollment projections and other operational requirements the following positions were added:

- 24.5 Teachers and 2 Instructional Aides.
- 2 Therapists.
- 4 Bus Drivers and a Transportation Supervisor.
- 2 Project Managers (Facilities, Construction).
- Energy Manger.
- 1.5 Custodians.

SCHOOL DIVISION FUND

OTHER FUNDING INFORMATION

➤ Capital Fund

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. For FY 2007 the School Division transferred its cash funded projects to its operating budget. These cash projects are as follows:

| | |
|--|------------------|
| • Modular Classrooms | \$706,355 |
| • Roof Replacements | \$622,433 |
| • Exterior Lighting | \$398,500 |
| • Green House Renovation, Fauquier High School | <u>\$160,000</u> |
| Total | \$1,887,288 |

Bond supported projects approved for FY 2007 in The Capital Fund Projects are as follows:

| | |
|---------------------------------|-----------------------|
| • New High School | \$36,694,000* |
| • New Elementary School-Central | <u>\$ 9,000,000**</u> |
| Total | \$45,694,000 |

*Second of two appropriations to support \$67.5 million to construct the County's third high school. ** The first of two appropriations totaling \$17.5 million to construct an elementary school in the County's central region.

In addition, \$1,760,888 was appropriated to cash fund land purchase to construct a \$19.2 million new elementary school in the County's southern region.

➤ Other information

In addition to the General Operating Fund, the School Division receives significant indirectly support from the joint service Departments of Human Resource, Finance, General Services, and the Office of Comprehensive Services Act. For FY 2007 joint service support for the School Division is approximately \$6.1 million.

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 2007 BUDGET HIGHLIGHTS

- All student lunch prices increased by \$0.10 per meal.
- All adult lunch prices increased by \$0.25 per meal.
- 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 2007 will be enhanced training in sanitation and nutrition education for all staff members.

SCHOOL NUTRITION PROGRAM FUND

EXPENDITURES

(BY CATEGORY)

| | Actual FY 2004 | Actual FY 2005 | Adopted FY 2006 | Adopted FY 2007 | Percent |
|---------------------------|--------------------|--------------------|--------------------|--------------------|-------------|
| SALARIES | \$1,339,698 | \$1,391,747 | \$1,434,388 | \$1,492,100 | 4.0% |
| EMPLOYEE BENEFITS | \$361,437 | \$405,133 | \$479,831 | \$566,870 | 18.1% |
| PURCHASED SERVICES | \$37,165 | \$57,293 | \$40,000 | \$60,000 | 50.0% |
| OTHER CHARGES | \$7,866 | \$10,672 | \$15,000 | \$10,000 | -33.3% |
| MATERIALS & FOOD SUPPLIES | \$1,587,942 | \$1,688,135 | \$1,759,801 | \$1,904,900 | 8.2% |
| CAPITAL OUTLAY | \$72,117 | \$39,181 | \$27,074 | \$56,000 | 106.8% |
| Total | \$3,406,225 | \$3,592,161 | \$3,756,094 | \$4,089,870 | 8.9% |

REVENUE

| SOURCE | ACTUAL FY 2004 | ACTUAL FY 2005 | ADOPTED FY 2006 | ADOPTED FY 2007 | ADJUSTMENT | PERCENT |
|---------------|--------------------|--------------------|--------------------|--------------------|-----------------|-------------|
| STATE | \$48,076 | \$52,245 | \$52,245 | \$58,771 | \$6,526 | 12.5% |
| FEDERAL | \$731,029 | \$804,586 | \$770,534 | \$842,573 | \$72,039 | 9.3% |
| LOCAL | \$2,709,649 | \$2,826,058 | \$2,933,315 | \$2,889,343 | (\$43,972) | -1.5% |
| TOTALS | \$3,488,754 | \$3,682,889 | \$3,756,094 | \$3,790,687 | \$34,593 | 0.9% |