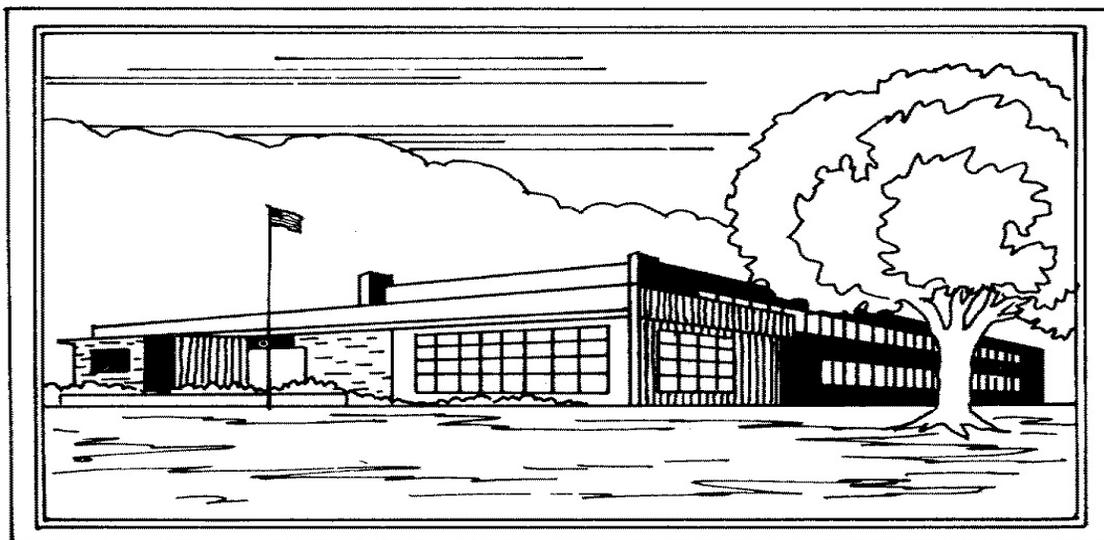


SCHOOL DIVISION FUNDS

General Operating	\$100,313,118
Debt Service – Capital	<u>\$10,094,705</u>
Total Operating Fund	\$110,407,823
School Textbook Fund	\$750,000
School Nutrition Program Fund	<u>\$3,756,094</u>
Total Schools	\$114,913,917



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 support of education in Fiscal Year 2006, the Board of Supervisors continued the revenue sharing program that provides 60 percent of new general fund revenue to the School Division. The County will provide the Schools a lump-sum amount of \$72,700,491 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 2006 the Board of Supervisors also appropriated \$3,756,094 for the School Division's Food Nutrition enterprise fund and \$750,000 for the School Division's Textbook fund.

STATEMENT OF PHILOSOPHY- FAUQUIER COUNTY PUBLIC SCHOOLS

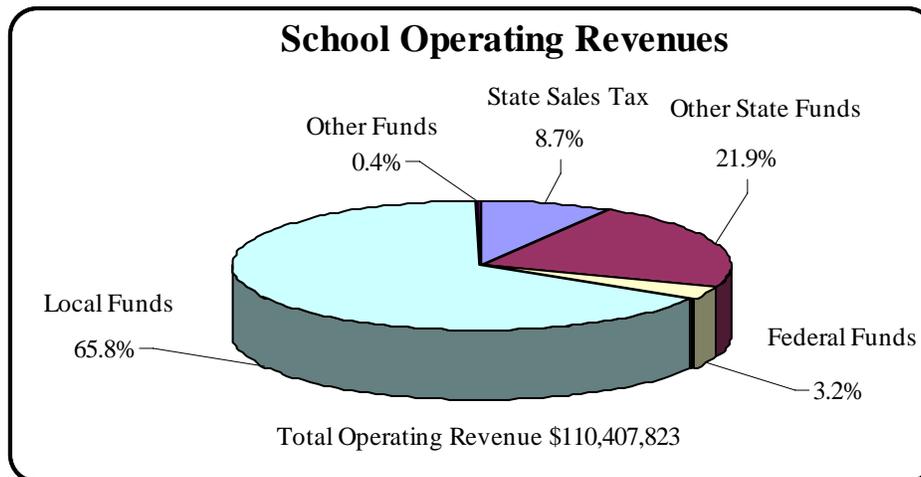
The Fauquier County Public School Division is committed to excellence in education and accepts with the home, responsibility for the educational development of students as individuals and as members of society.

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 2004 Actual	FY 2005 Adopted	FY 2006 Adopted Budget	Change	
				FY 2005 Adopted to	FY 2006 Adopted
State Sales Tax	\$7,685,081	\$7,233,542	\$9,638,295	\$2,404,753	33.2%
State	\$21,129,147	\$21,442,071	\$24,127,453	\$2,685,382	12.5%
Federal	\$3,047,267	\$3,202,146	\$3,530,084	\$327,938	10.2%
Local - Operating	\$53,979,324	\$68,766,968	\$72,700,491	\$3,933,523	5.7%
Other Funds	\$643,819	\$361,298	\$411,500	\$50,202	13.9%
Total	\$86,484,638	\$101,006,025	\$110,407,823	\$9,401,798	9.3%

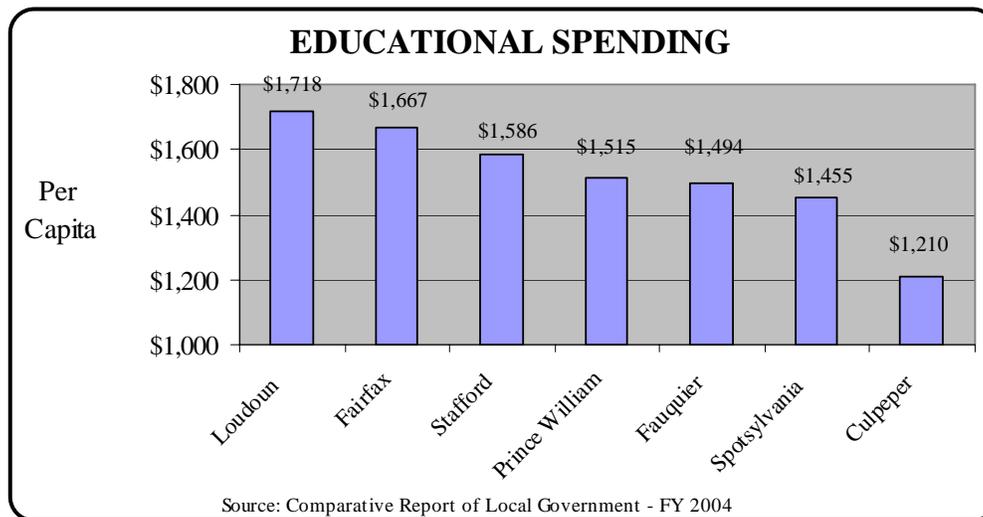
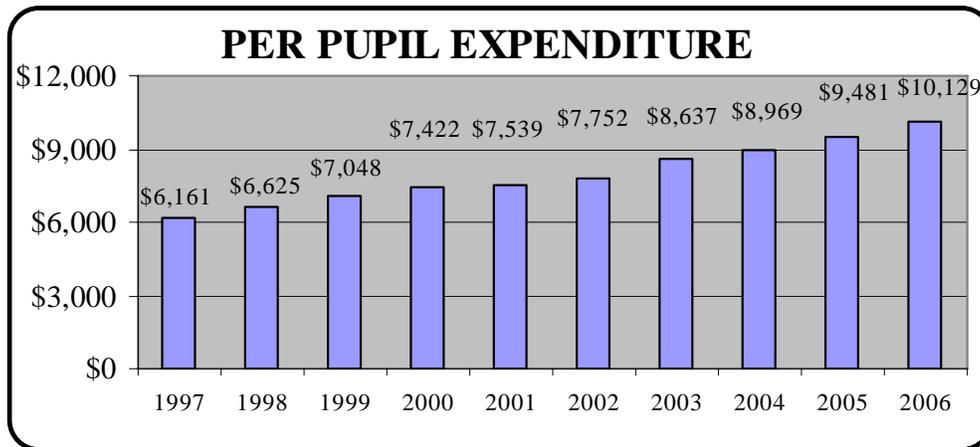


Summary: The General Assembly's education priorities and the regions improving economic conditions have resulted in a overall 17.3 percent increase in State funding. This is the largest increase in State revenue in a number of years. School funding is based primarily on a funding formula approved by 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 District's ADM. The Federal funding increase is to support specific at-risk student needs.

SCHOOL DIVISION FUND

	FY 2001 Actual	FY 2002 Actual	FY 2003 Actual	FY 2004 Actual	2005 Adopted	FY 2006 Adopted
Operating	\$ 66,037,709	\$ 71,887,704	\$ 77,035,558	\$ 86,456,638	91,526,174	100,313,118
Debt and Capital	6,732,027	5,722,203	9,800,816	5,882,296	9,479,851	10,094,705
Total	72,769,736	77,609,907	86,836,374	92,338,934	101,006,025	110,407,823

Enrollment	9,652	10,012	10,054	10,295	10,654	10,900
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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 2006 is projected to be 10,900 students, an increase of 246 or 2.3 percent from FY 2005. 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 2006 were:

- The starting teacher pay scale was increased by \$2,750 changing the starting pay from \$32,000 to \$34,750. The average teacher's increase was 6.7 percent.
- The teacher scale was further adjusted by increasing all teacher salaries by \$3,000.
- The administrative pay scale was adjusted by 2.5 percent. Combined with a 2.5 percent longevity step increase the average administrator's increase was 5 percent.
- The pay scale for other employee groups was adjusted by 2.5 percent. Combined with a 2.5 percent longevity step increase the average increase was 5 percent.

Benefits – For FY 2006 the employer will absorb the projected growth in health care costs for all full time employees.

➤ **Staffing:**

Staffing increases included adding the staff for the new middle school, 23 teaching and one instructional aid position for increased enrollment, 4 instructional technology resource teachers, and a part-time custodian.

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. The Capital Fund Projects approved for FY 2006 are:

The Capital Fund projects approved for FY 2005 include:

New High School	\$19,806,000*
Cedar Lee Middle School Renovations	2,720,000
Classroom Modular Units	242,000
Roof Replacements	1,114,890
HVAC Replacements	308,400
School Buses	<u>596,244</u>
	\$24,787,534

* First of two borrowing totaling \$39.6 million, \$11.0 million of the \$50.6 million total cost of the project is intended to be cash funded.

➤ **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 2006 joint service support for the School Division is approximately \$5.4 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 2006 BUDGET HIGHLIGHTS

- All student lunch prices remain unchanged for FY 2006.
- All adult lunch prices remain unchanged.
- 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 2006 will be enhanced training in sanitation and nutrition education for all staff members.

SCHOOL NUTRITION PROGRAM FUND

EXPENDITURES

(BY CATEGORY)

	Actual FY 2003	Actual FY 2004	Adopted FY 2005	Adopted FY 2006	Percent
SALARIES	\$1,296,497	\$1,339,698	\$1,378,704	\$1,434,388	4.0%
EMPLOYEE BENEFITS	\$352,676	\$361,437	\$434,872	\$479,831	10.3%
PURCHASED SERVICES	\$23,676	\$37,165	\$40,000	\$40,000	0.0%
OTHER CHARGES	\$11,842	\$7,866	\$13,000	\$15,000	15.4%
MATERIALS & FOOD SUPPLIES	\$1,340,846	\$1,587,942	\$1,656,359	\$1,708,036	3.1%
CAPITAL OUTLAY	\$0	\$72,117	\$77,839	\$78,834	1.3%
Total	\$3,025,537	\$3,406,225	\$3,600,774	\$3,756,094	4.3%

REVENUE

SOURCE	ACTUAL FY 2003	ACTUAL FY 2004	ADOPTED FY 2005	ADOPTED FY 2006	ADJUSTMENT	PERCENT
STATE	\$46,282	\$48,076	\$48,000	\$52,245	\$4,245	8.8%
FEDERAL	\$636,952	\$731,029	\$734,842	\$770,534	\$35,692	4.9%
LOCAL	\$2,360,021	\$2,709,649	\$2,817,932	\$2,933,315	\$115,383	4.1%
TOTALS	\$3,043,255	\$3,488,754	\$3,600,774	\$3,756,094	\$155,320	4.3%