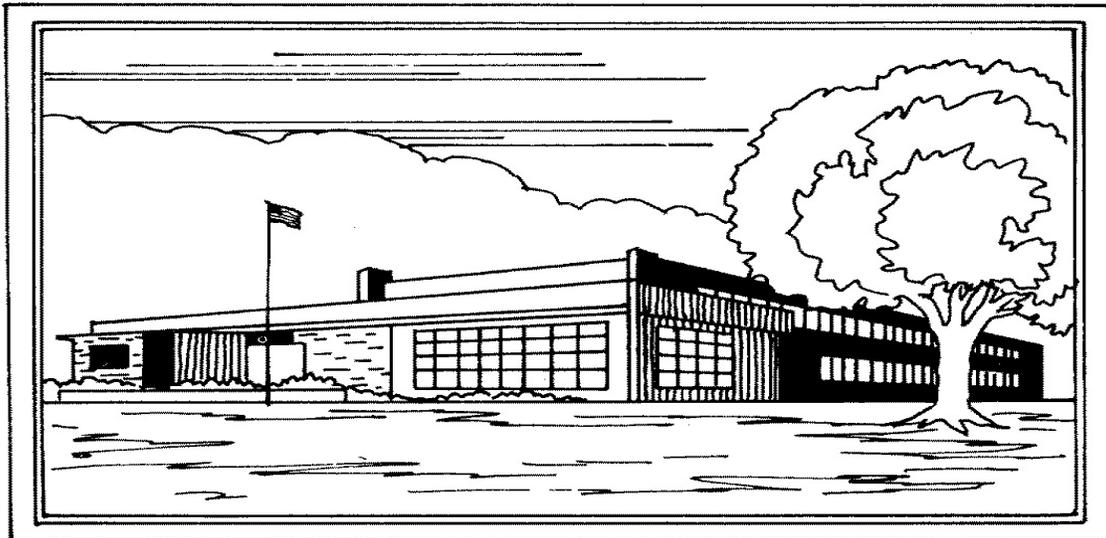


SCHOOL DIVISION FUNDS

General Operating	\$91,526,174
Debt Service – Capital	<u>\$9,479,851</u>
Total Operating Fund	\$101,006,025
School Textbook Fund	\$658,531
School Nutrition Program Fund	<u>\$3,600,774</u>
Total Schools	\$105,265,330



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 by

SCHOOL DIVISION FUND

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 2004, the Board of Supervisors initiated a revenue sharing program that provided 60 percent of new general fund revenue to the School Division. For Fiscal Year 2005, due to the special needs of the School Division, the Board of Supervisors increased the amount of funding above the prior year informal agreement. This action was taken primarily due to the needs of opening a new middle school in FY 2005. The County will provide the Schools a lump-sum amount of \$68,766,968 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 2005 the Board of Supervisors also appropriated \$3, 600,774 for the School Division's Food Nutrition enterprise fund and \$658,531 for the School Division's Textbook fund.

STATEMENT OF PHILOSOPHY- FAUQUIER COUNTY PUBLIC SCHOOLS

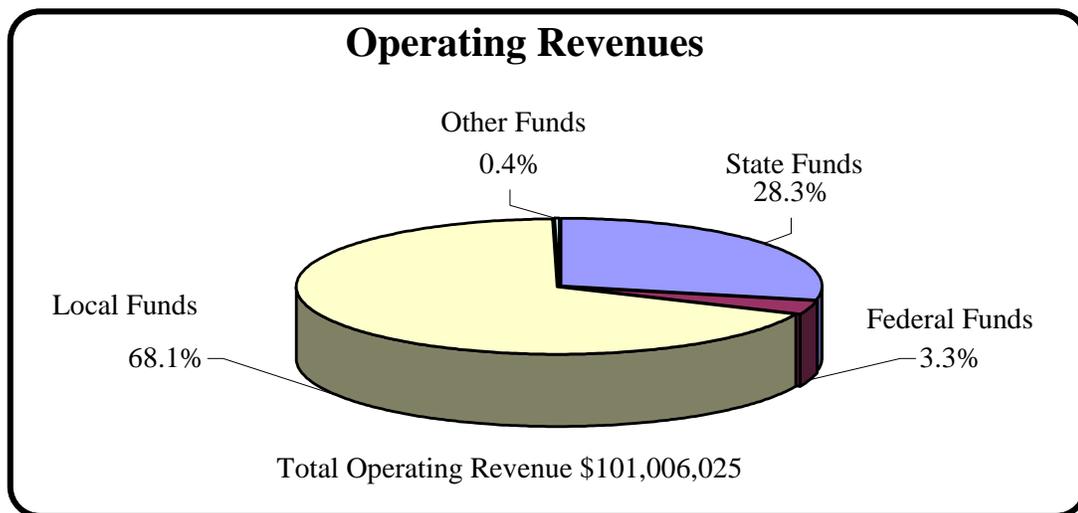
The Fauquier County Public School Division is committed to excellence in education and accepts with the home, responsibility for the educational development of students as individuals and as members of society.

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

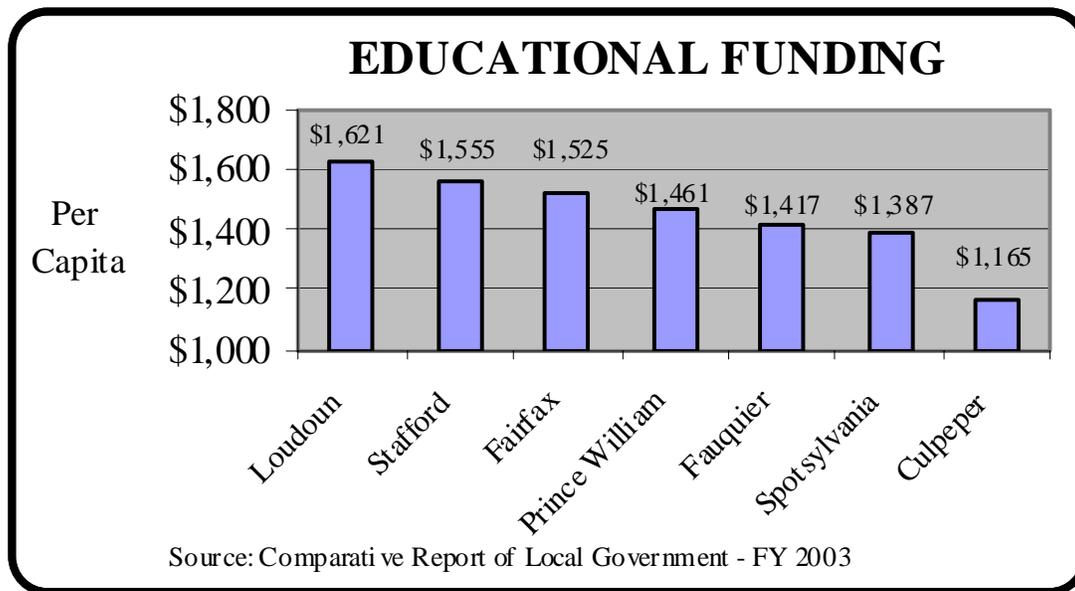
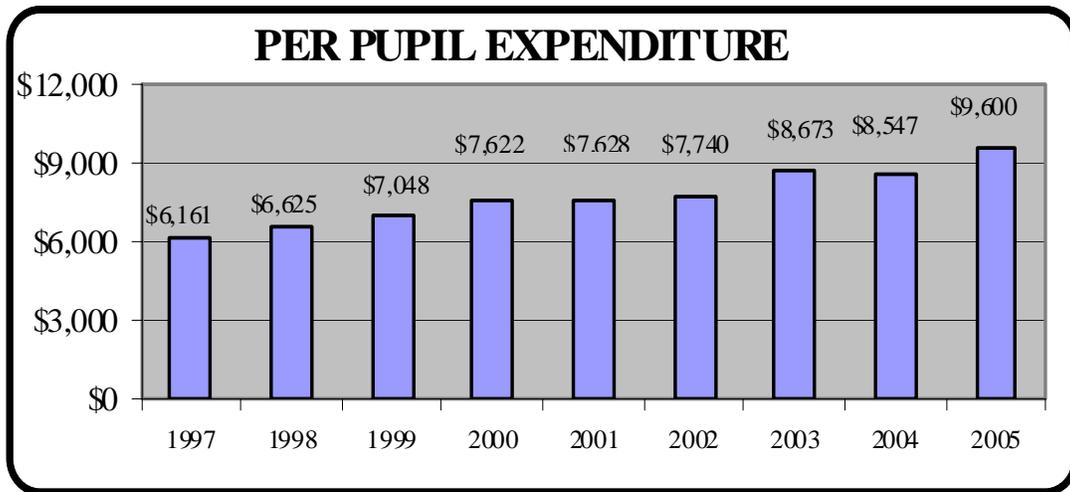
Source of Funds	FY 2003 Actual	FY 2004 Adopted	FY 2005 Adopted Budget	Change	
				2004 Adopted to	2005 Adopted
State Sales Tax	\$5,831,127	\$6,980,880	\$7,233,542	\$252,662	3.6%
State	\$19,878,964	\$21,030,917	\$21,442,071	\$411,154	2.0%
Federal	\$1,906,693	\$2,710,801	\$3,202,146	\$491,345	18.1%
Local - Operating	\$58,996,292	\$61,326,661	\$68,766,968	\$7,440,307	12.1%
Other Funds	\$570,964	\$265,298	\$361,298	\$96,000	36.2%
Total	\$87,184,040	\$92,314,557	\$101,006,025	\$8,691,468	9.4%



Summary: Initially in the budget process it was projected that State revenues would increase only marginally over the FY 2004 level. However, support for education remained a high budget priority for State legislators in FY 2005. In one of the longest General Assembly sessions ever held, compromise was reached between the need to fund education and to minimize any tax increase. The compromise included an additional 1/2-cent on the State sales tax, half of which is slated for education. Approximately \$2.0 million in additional State funding was identified for the Fauquier County School Division. As the State adopted its budget subsequent to the County's adoption these additional funds will be appropriated at the earliest opportunity.

SCHOOL DIVISION FUND

	FY 2000 Actual	FY 2001 Actual	FY 2002 Actual	FY 2003 Actual	FY 2004 Adopted	2005 Adopted
Operating	\$ 65,633,897	\$ 66,037,709	\$ 71,887,704	\$ 77,035,558	82,423,001	91,526,174
Debt and Capital	5,691,014	6,732,027	5,722,203	9,800,816	9,891,556	9,479,851
Total	71,324,911	72,769,736	77,609,907	86,836,374	92,314,557	101,006,025



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 2005 is projected to be 10,522 students, an increase of 252 or 2.5 percent from FY 2004. 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 2005 were:

- The teacher pay scale was increased by \$1,00 changing the starting pay from \$31,000 to \$32,000. Combined with a 2.5 percent longevity step increase, the average teacher's increase was 5.71 percent.
- The teacher scale was further adjusted by increasing the BA+15 category from 22 steps to 23 steps.
- The administrative pay scale was adjusted by 1 percent. Combined with a 2.5 percent longevity step increase the average administrator's increase was 3.5 percent.
- The pay scale for other employee groups was adjusted by 1 percent. Combined with a 2.5 percent longevity step increase the average increase was 3.5 percent.
- The bus driver and bus aid pay scale was changed from a daily scale to an hourly scale with an average increase over 14 percent.

Benefits – For FY 2005 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 remaining items are reflected below.

The Capital Fund projects approved for FY 2005 include:

C.M. Thompson Elementary – Renovations*	\$1,572,000
Liberty High School. HVAC Replacement**	\$ 395,540
School Roof Replacements	\$ 927,750
HVAC Replacements	\$ 100,000
School Buses	\$ 419,408
	<u>\$ 3,414,698</u>

* *Second and final borrowing for this \$3.1 million project.*

** *The School Board is seeking FY 2004 Board of Supervisors funding support of an additional \$4.0 million to support the replacement of the HVAC mechanical systems.*

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 2005 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 2005 BUDGET HIGHLIGHTS

- All student lunch prices remain unchanged for FY 2005.
- An increase of \$1.00 in adult lunch prices over FY 2004.
- Contract services increased due to feeding more students in the before and after school care program and due to the opening of Auburn Middle School.
- 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 2005 will be enhanced training in sanitation and nutrition education for all staff members.

SCHOOL NUTRITION PROGRAM FUND

EXPENDITURES (BY CATEGORY)

	Actual FY 2002	Actual FY 2003	Adopted FY 2004	Adopted FY 2005	Percent
SALARIES	\$1,128,140	\$1,296,497	\$1,322,362	\$1,378,704	4.3%
EMPLOYEE BENEFITS	\$300,019	\$352,676	\$377,096	\$434,872	15.3%
PURCHASED SERVICES	\$40,825	\$23,676	\$34,500	\$40,000	15.9%
OTHER CHARGES	\$13,659	\$11,842	\$11,000	\$13,000	18.2%
MATERIALS & FOOD SUPPLIES	\$1,299,691	\$1,340,846	\$1,423,235	\$1,656,359	16.4%
CAPITAL OUTLAY	\$17,592	\$0	\$30,000	\$77,839	159.5%
Total	\$2,799,926	\$3,025,537	\$3,198,193	\$3,600,774	12.6%

REVENUE

SOURCE	ACTUAL FY 2002	ACTUAL FY 2003	ADOPTED FY 2004	ADOPTED FY 2005	ADJUSTMENT	PERCENT
STATE	\$44,173	\$46,282	\$46,500	\$48,000	\$1,500	3.2%
FEDERAL	\$608,634	\$636,952	\$635,486	\$734,842	\$99,356	15.6%
LOCAL	\$2,324,000	\$2,360,021	\$2,516,207	\$2,817,932	\$301,725	12.0%
TOTALS	\$2,976,815	\$3,043,255	\$3,198,193	\$3,600,774	\$402,581	12.6%