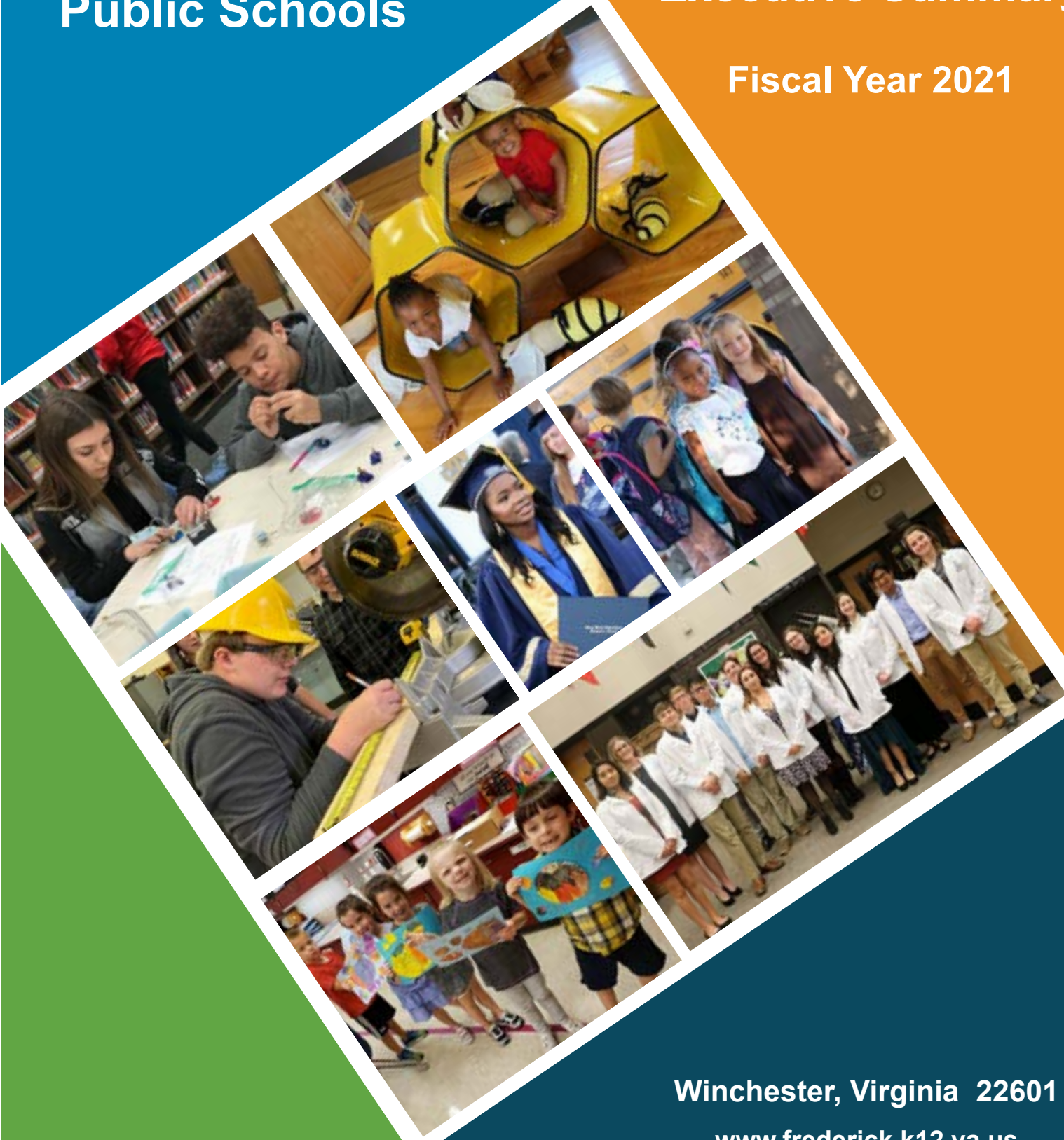


Frederick County Public Schools

Approved Budget Executive Summary

Fiscal Year 2021



Winchester, Virginia 22601

www.frederick.k12.va.us

NOTICE OF NON-DISCRIMINATION

In compliance with the Executive Order 11246; Title II of the Education Amendments of 1976; Title VI of the Civil Rights Act of 1972; Title IX Regulation Implementing Education Amendments of 1972; Section 504 of the Rehabilitation Act of 1973; and all other Federal and State laws and school policies and regulations, Frederick County Public Schools does not discriminate on the basis of race, color, national origin, religion, sex, age, political affiliation, disability, or veteran status in the education program and activities, or employment and provides equal access to the Boy Scouts and other designated youth groups.

It is the intent of Frederick County Public Schools to comply with both the letter and spirit of the law in making certain that discrimination does not exist in its policies, regulations, and operations. Grievance procedures, for Title IX and Section 504, have been established for students, their parents, and employees who feel discrimination has been shown by the school division.

All students attending Frederick County Public Schools may participate in education programs and activities, including but not limited to health and physical education, music, career and technical education. Educational programs and services will be designed to meet the varying needs of all students and will not discriminate against any individual for reasons of race, color, national origin, sex, religion, age, political affiliation, disability, or veteran status.

Questions concerning the application of this non-discrimination policy may be made to:

Title IX Coordinator (Adult Matters)

Jennifer Rydholm
Executive Director of Human Resources
1415 Amherst Street
Winchester, VA 22601
540-662-3888

Title IX Coordinator (Student Matters)

Section 504 Coordinator

Teresa Ritenour
Director of Student Support Services
1415 Amherst Street
Winchester, VA 22601
540-662-3888



This Meritorious Budget Award is presented to

FREDERICK COUNTY PUBLIC SCHOOLS

for excellence in the preparation and issuance of its budget
for the Fiscal Year 2019–2020.

The budget adheres to the principles and standards
of ASBO International's Meritorious Budget Award criteria.



A handwritten signature in black ink, appearing to read 'T E Wohlleber', written over a horizontal line.

Thomas E. Wohlleber, CSRM
President

A handwritten signature in black ink, appearing to read 'David J. Lewis', written over a horizontal line.

David J. Lewis
Executive Director

The Meritorious Budget Award through the Association of School Business Officials International recognizes school districts that demonstrate excellence in school budget presentation, setting a high standard for transparent budget development.

Organization of the Budget Document

The Approved Budget document's format presents the school division's budget and pertinent information in an organized and comprehensive document to facilitate the reader's knowledge of the school division's budget development, management, and processes. It includes financial information for the current budget year and financial information from previous fiscal years.

The document's format follows the standards set forth by the Association of School Business Officials International Meritorious Budget Award Program. The purpose of this budget document is to provide policy information, serve as an operational guide and financial plan, and serve as a comprehensive communication tool for the school division's stakeholders: students, parents, staff, constituents, and elected officials.

The document contains four major sections as listed and defined below.

The **Executive Summary** contains an overview of the Approved Budget and highlights changes planned compared to the prior fiscal year.

The **Organizational Section** includes the direction, organizational and management structure, strategic plans, and the budget development process of the school division.

The **Financial Section** includes budget data by summary and detail for all financial funds managed by the school division. It begins with a financial representation of revenue and expenses of all funds combined and then represents each fund individually from general funds (operating, debt service, capital projects, and special revenue) to other funds (fiduciary and proprietary). Description of revenue sources and expenditure needs are described within each financial fund.

The **Informational Section** includes information of interest to school division employees and the community at large.

Approved Budget Executive Summary

Fiscal Year 2021

School Board

Mr. Jay W. Foreman, Chairman
Shawnee District

Mr. Michael A. Lake, Vice Chairman
Gainesboro District

Mr. Brandon H. Monk
Back Creek District

Mr. Brian J. Hester
Member at Large

Mr. Bradley A. Comstock
Opequon District

Mrs. Shontyá C. Washington
Redbud District

Mr. Frank E. Wright
Stonewall District

Administration

Dr. David T. Sovine
Superintendent

Dr. Albert L. Orndorff
Assistant Superintendent for Administration

Dr. James F. Angelo
Assistant Superintendent for Instruction

Mrs. Patty D. Camery
Executive Director of Finance

Mrs. Jennifer W. Rydholm
Executive Director of Human Resources

Mr. Steve E. Edwards
Coordinator of Policy and Communications

Mrs. Kristen D. Anderson
Assistant Director of Finance

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Executive Summary	1
A Message from the Superintendent	3
Organizational	4
2019-2025 Strategic Plan	4
Vision	4
Mission	4
School Board Members	5
School Board Budget Priorities	5
Superintendent’s Leadership Team	5
The Planning Process	6
Division Strategic Plan Priorities	6
The Budget Process	7
Allocation of Human and Financial Resources	9
Financial	10
FY 2021 Budget Highlights	11
Approved Revenue Summary of All Funds	12
Approved Expenditure Summary of All Funds	15
Individual Fund Summaries	17
Linking Budget Dollars to Student Achievement	23
Financial Forecasts	24
Informational	25
Student Enrollment Trends and Forecasts	25
Local Taxes	27
Personnel Changes	28
Benchmark Data	29
Changes in Debt	31

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Executive Summary

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A Message from the Superintendent

It is my pleasure to present the Frederick County Public Schools Approved Budget for Fiscal Year 2021. The budget was developed to address priorities established by the School Board and to help fulfill the school division's mission to nurture all learners to realize their dreams and aspirations through:



- meaningful and engaging learning experiences
- a collective responsibility for continuous growth
- embracing a culture of diversity and inclusiveness
- fostering and supporting innovative ideas that challenge conventional thinking
- a commitment to forward-thinking learning environments

At the time the School Board adopted this budget, the COVID-19 pandemic had forced schools to close for the remainder of the 2019-20 school year and was having a dramatic impact on the economy at the local, state, and national levels. As a result, state revenues for Fiscal Year 2021 were reduced and a planned salary increase for all FCPS employees that was included in the budget adopted by the School Board was eliminated. Although a salary increase to help attract and retain high-quality staff will not be available for the 2020-21 school year, the budget does include the funding needed to open Jordan Springs Elementary School as planned, fund a small percentage of the preventative maintenance projects included in my proposed budget, and add five new teaching positions to help address enrollment growth.

When schools open for the 2020-21 academic year, guidelines provided by the Virginia Department of Education, the Centers for Disease Control and Prevention, the Virginia Department of Health, local health agencies, and the Governor's office will likely result in many changes to our operations including student transportation, cleaning regimens, and instructional delivery. Utilizing technology will be critically important as distance learning and telework are very likely to be a part of our continued response to the pandemic. These changes will result in the need for additional expenditures while revenues likely decrease as a result of COVID-19. Regardless, we are committed to serving our community well and achieving our vision of being an innovative community where caring relationships and authentic learning inspire all students.

This document provides detailed information about Frederick County Public Schools, our operations, and the funds managed to operate the school division. Its publication is part of our effort to be transparent and help Frederick County's taxpayers better understand how their investment in education is utilized to prepare the community's children to be successful, engaged citizens. The document is organized into four sections:

- an executive summary highlighting the organization and its finances,
- an organizational section detailing the school division's short-term and long-term goals,
- a financial section providing details on the sources and uses of school division funds,
- an informational section providing details on staffing, student achievement, and demographics.

I look forward to continuing to work with the School Board, Board of Supervisors, and our many stakeholders to move Frederick County Public Schools forward and build upon the outstanding reputation the division enjoys at both the state and national levels.

A handwritten signature in cursive script that reads "David T. Sovine".

David T. Sovine, Ed.D.
Superintendent of Schools
July 2020

Organizational

Frederick County Public Schools (FCPS) is structured to meet instructional needs of 14,158 projected students for the fiscal year 2021 (July 1, 2020, through June 30, 2021) and to effectively manage 24 sites. In addition to the administration building, transportation center, and facilities services center, the school system comprises twelve elementary schools, four middle schools, three high schools, one career and technical/alternative learning center, and is fiscal agent for Northwestern Regional Educational Programs (NREP). FCPS is also a partner in Mountain Vista Regional Governor's School for Science, Math, and Technology.

FCPS is the 20th largest of 132 school divisions in the state of Virginia. FCPS is regulated by Virginia statutes and is governed by the Constitution of Virginia. The Standards of Quality (SOQ), Standards of Learning (SOL), and Standards of Accreditation (SOA) are Virginia statutes and regulations that FCPS follows to provide students a free and appropriate public school education.

Seven elected School Board members serving staggered four-year terms set local policies and establish guidelines and procedures to ensure proper administration of FCPS. The superintendent, along with two assistant superintendents and other members of the leadership team, works closely to oversee the daily operations of the schools and support centers.

The role of the seven elected Board of Supervisors members is to provide funding to meet the needs of the division.

2019-2025 Strategic Plan

The Frederick County School Board adopted the 2019-2025 Strategic Plan "Inspire 2025: A Promise for Progress" in May of 2019. The plan includes a Vision and Mission for Frederick County Public Schools.

Vision

An innovative community where caring relationships and authentic learning inspire all students.

Mission

The FCPS community nurtures all learners to realize their dreams and aspirations through:

- Meaningful and engaging learning experiences
- A collective responsibility for continuous growth
- Embracing a culture of diversity and inclusiveness
- Fostering and supporting innovative ideas that challenge conventional thinking
- A commitment to forward-thinking learning environments



School Board Members

Seven School Board members serve staggered four-year terms. One member represents each of the county's six magisterial districts, and one member serves in an at-large capacity.

- Mr. Jay W. Foreman, Chairman, Shawnee District—term through 2021
- Mr. Michael A. Lake, Vice Chairman, Gainesboro District—term through 2023
- Mr. Brandon H. Monk, Back Creek District—term through 2023
- Mr. Brian J. Hester, Member at Large—term through 2023
- Mr. Bradley A. Comstock, Opequon District—term through 2023
- Mrs. Shontyá C. Washington, Redbud District—term through 2021
- Mr. Frank E. Wright, Stonewall District—term through 2021



School Board Budget Priorities

The School Board approved the budget priorities shown below for fiscal year 2021, which support the Division Strategic Plan.

- Instructional initiatives and professional learning to address increased accountability, improve student achievement, address student needs, and reflect student voice.
- Compensation packages (salaries, benefits, and professional learning) that enable the recruitment and retention of high quality staff.
- Operational funding to address preservation of assets (facility maintenance), replacement school buses, safety and environmental enhancements, and aging infrastructure/systems.



Superintendent's Leadership Team

The leadership of Frederick County Public Schools works daily with principals and support departments.

- Dr. David T. Sovine, Superintendent
- Dr. Albert L. Orndorff, Assistant Superintendent for Administration
- Dr. James F. Angelo, Assistant Superintendent for Instruction
- Mrs. Patty D. Camery, Executive Director of Finance
- Mrs. Jennifer W. Rydholm, Executive Director of Human Resources
- Mr. Steve E. Edwards, Coordinator of Policy and Communications and Clerk of the Frederick County School Board

The Planning Process

The staff of FCPS continuously plans the division's programs initiated through collaborative meetings, studies of best practices, reflective evaluations, and changes in circumstances.

Organizational planning is guided by the School Board Vision and Mission, the Division Strategic Plan, the Educational Technology Plan, the Capital Improvement Plan, the Capital Asset Plan, and the Annual Operating Budget. These planning documents serve as guiding tools for fostering an innovative community where caring relationships and authentic learning inspire all students of Frederick County. They are reviewed periodically and are influenced by actions of the Virginia General Assembly, the Virginia Department of Education, and local governing body funding levels.

Frederick County Public Schools strives to be a learning organization; one in which students experience purposeful engagement for learning and where leadership is relentlessly focused on student learning through evidence-based teaching. Teachers and staff receive intentional and targeted professional development on research-based instructional strategies that meet the needs of all learners and enable students to attain their goals.

Division Strategic Plan Priorities

School Board priorities are outlined in the Division Strategic Plan. The Strategic Plan includes the following components: student success, culture, strategic partnerships, and high quality staff. To guide student success, FCPS partnered with parents, students, business/community leaders, and school staff to develop the FCPS Portrait of a Graduate. FCPS Portrait of a Graduate represents competencies needed for students to be successful and "life ready" regardless of what they choose to pursue after earning their high school diploma. Planned strategic priorities are listed below.



Student Success:

- FCPS will create a Learning Framework that articulates a Portrait of a Graduate from Pre-K through 12th grade by the fall of 2020.
- FCPS will design and establish a Pre-K–12 system to access the Portrait of a Graduate competencies by the fall of 2022.
- FCPS will implement instruction that integrates the vital components of the FCPS Learning Framework in curriculum for meaningful, purposeful educational experiences by 2022.

Culture:

- All staff will have regular opportunities to collaborate with both their job-alike peers and interdisciplinary peers by the fall of 2020.
- FCPS will nurture a culture of continuous professional learning to refine and expand professional practice and support student growth and development by 2022.
- FCPS will promote an engaged learning community characterized by trust and belonging, valuing diverse perspectives and encouraging individual voice and choice by 2020.
- FCPS will collect and analyze data across our education system to monitor progress on the goals of Inspire 2025 and adjust as needed.

Strategic Partnerships:

- FCPS will establish a plan to develop, sustain, and grow strategic and purposeful partnerships by the fall of 2021.
- FCPS will engage all students through academic and social-emotional learning experiences supported by partnerships by the fall of 2021.
- FCPS will connect with all families by strengthening two-way communications, relationships, and family engagement.

High Quality Staff:

- FCPS will create the Portrait of an FCPS Talent Contributor by 2020.
- FCPS will enhance recruiting efforts by defining and effectively sharing the FCPS brand by 2020.
- FCPS will complete a comprehensive plan for rewards and recognition that includes a total rewards study with goals and targets for the next five years by the fall of 2020.
- FCPS Human Resources Department (HR) will create a departmental strategic plan that will include an internal review of current policies, practices, and goals that align with division goals by the fall of 2020.

The Budget Process

A budget process exists to meet state code requirements; provide a means to align School Board vision, strategic plans, and allocation of resources; and represents fiduciary responsibility as good stewards of public funds. Virginia State Code 22.1-92 requires school divisions to estimate monies needed for public schools as well as public notice of costs to be distributed. Virginia State Code 22.1-91 sets limitation on expenditures equal to or less than funds available for school purposes within a fiscal year.

Budget planning is a year-round activity with stages of development, deliberation, adoption, reporting, monitoring, and adjustment to the financial plan. The role of the School Board is to develop a budget that reflects the needs of the school division. The Board of Supervisors is tasked with allocating funds for the school division and setting the tax rate. Virginia code requires the School Board to prepare and submit to the governing body, Frederick County Board of Supervisors, an estimate of the amount of money needed during the ensuing fiscal year. By May 15 of each year, the governing body must prepare and approve a budget for informative and fiscal planning purposes. The budget contains a complete itemized and classified plan of expected expenditures and all estimated revenues and borrowings for Frederick County government and Frederick County Public Schools for the ensuing year. The budget must be approved and a tax rate fixed no later than the date on which the fiscal year begins. The approved budget is available on the locality's website or by hard copy for citizens.

Superintendent's Proposed Budget

The annual budget process begins in the fall of the preceding year. The budget calendar is developed including public work sessions, public hearings, and adoption dates. The superintendent, with assistance from staff, prepares a needs-based budget. Many factors influence the proposed budget—economic conditions, enrollment growth, staffing needs based on student enrollment, instructional and operational goals outlined in the Division Strategic Plan, technology, facilities and school bus replacement schedules, public input, and other initiatives that support FCPS' mission and goals.

The Superintendent's Proposed Budget is presented to the School Board and shared with the Frederick County Board of Supervisors in February. It is supported by state revenue estimates proposed by the Governor of Virginia and a funding request of the Frederick County Board of Supervisors. Federal and other sources of revenue are based on historical trends and current available information.

The expenditure component of the Superintendent's Proposed Budget includes salaries, employee benefits, contracted services, materials, supplies, capital outlays for replacement and new equipment, utilities, vehicle fuel, and other operational expenses. Costs to continue operations are projected based on existing staff salaries and benefit offerings, restricted program requirements, and inflationary estimates on services, utilities, and supplies. New staffing needs are projected by the central office based on projected student enrollments, pupil teacher ratios as mandated in Standards of Quality and School Board objectives, and support services for the division. Schools and support departments are allocated funds for budgeting their fixed operational costs for services, materials, and supplies.

Project costs for constructing new schools or renovating older schools are planned and accounted for in the School Construction Fund. Annually, construction costs are determined and developed

through the Capital Improvement Plan. Financing for approved construction projects is included in the Superintendent’s Proposed Budget through the School Debt Service Fund. As revenues are available, other non-recurring capital needs costing \$50,000 or more are proposed under the Capital Projects Fund.

School Board’s Advertised Budget

The School Board meets with the superintendent and leadership staff during work sessions in February and March. Based on these work sessions, the School Board determines if modifications are needed to the Superintendent’s Proposed Budget for advertisement. As required by Virginia law, a public hearing is conducted to obtain comments and recommendations from the public prior to April 1.

Approved Budget

The Frederick County Board of Supervisors holds budget work sessions and public hearings then appropriates funds for the school division by the middle of April. In Virginia, the governing body may appropriate funds by fund total or by state determined categories. In Frederick County, the school division budget is approved by fund total. The School Board then amends its budget based on county funding levels. Funding levels are then allocated to schools and support departments. Teacher employment contracts are produced and distributed based on approved funding levels. An approved School Board budget document for the fiscal year is then published.

Budget Implementation

Once the budget is adopted by the Frederick County School Board, it becomes the financial base for programs of each school and department during the fiscal year that begins on July 1. Fiscal accountability is by individual account code. Budget account holders may not expend or encumber more than the approved budget amounts. Financial monitoring of department and school activities occurs throughout the year to ensure compliance. An amendment to total funding level for operations, capital outlay, and debt service requires approval of a resolution from the Frederick County Board of Supervisors. Budget adjustments within individual funds do not require a resolution.

Budget Development Calendar

Frederick County Public Schools Fiscal Year 2021 Budget Development Calendar	
<p><u>Fall 2019</u></p> <ul style="list-style-type: none"> • School Board work session on budget goals • Enrollment projections shared with school board members • Preliminary Preparation <p><u>December 2019</u></p> <ul style="list-style-type: none"> • 12/3–Regular School Board work session • 12/17–Governor’s 2020-2022 biennium budget proposal • 12/17–Regular School Board meeting <p><u>January 2020</u></p> <ul style="list-style-type: none"> • 1/7–Regular School Board work session • 1/8–General Assembly convenes for 2020 session • 1/21–Regular School Board meeting <p><u>February 2020</u></p> <ul style="list-style-type: none"> • 2/4–Regular School Board work session • 2/18–Superintendent’s proposed FY 2021 budget • 2/26–Joint School Board/Board of Supervisor budget work session 	<p><u>March 2020</u></p> <ul style="list-style-type: none"> • 3/3–Regular School Board budget work session and budget public hearing • 3/7–General Assembly concludes 60 day session • 3/17–Regular School Board meeting • 3/25–Board of Supervisors meeting and budget public hearing <p><u>April 2020</u></p> <ul style="list-style-type: none"> • 4/7–Regular School Board work session • 4/8–Board of Supervisors approval of the FY 2021 budget • 4/20–FCPS Finance Committee meeting • 4/21–School Board approval of the FY 2021 budget <p><u>May 2020</u></p> <ul style="list-style-type: none"> • Distribution of budget allocations and publish salary scales • Issue contracts and assignment letters <p><u>July 2020</u></p> <ul style="list-style-type: none"> • 7/1–Fiscal year 2021 begins

Significant Changes During the FY 2021 Budget Process

As the FY 2021 budget was being developed for the 2020-21 school year, the world was experiencing "stay at home" orders due to the spread of COVID-19. The stay at home orders affected the economy through unemployment, reduced sales, and lottery purchases. Economic activity declines resulted in less sales tax and lottery proceeds collected by Virginia and necessitated a state revenue budget reduction shortly after the school division's budget was approved by local government. The state budget reduction equated to \$1.8 million for FCPS. These funds are reserved in the budget as excess appropriation without cash forthcoming; therefore, salary increases and improvements to at-risk programs will not be realized.

Allocation of Human and Financial Resources

Human and financial resources are proposed for consideration based upon student enrollment projections and estimated funding levels. Projections for September student membership are forecasted by the Office of Planning and Development. The forecasting methodology used to predict the number of students who will enroll in Frederick County Public Schools (FCPS) is a combination of cohort migration and live birth trend analysis. Attendance boundary analysis is also used for allocating staff among schools.

FCPS receives funds through a variety of sources including federal, state, county, and local (miscellaneous) sources. In the fall of each year, the amount of revenue from all sources is projected for the next fiscal year. From these estimates, the total proposed funding level is submitted. The proposed budget is based on the School Board's budget goals as aligned to the Division Strategic Plan.

Funds for staffing are based on required minimum staffing ratios determined by the Virginia Board of Education and the current instructional priorities of the School Board. The School Board has established recommended division average pupil teacher ratios as reflected in the following table. Also included in the following table are state and local funded average pupil teacher ratios for FY 2021.

Pupil Teacher Ratios		
Grades	Recommended	Funded
Kindergarten	18:1	19:1
1 - 3	18:1	19:1
4 - 5	22:1	23:1
6 - 8	24:1	23:1
9 - 12	24:1	22:1

Some special situations either require or encourage a smaller class size. For example, special education class sizes are limited based on student disability. Additionally, students who may be at risk academically show more success when placed in low class-size enrollments. Funds for the cost of staffing are allocated to programs, schools, and departments based on actual salaries and benefits.



Financial

The budgeting and accounting systems of Frederick County Public Schools are organized and operated on the basis of accounts comprised of assets, liabilities, fund balances, revenues, and expenditures as appropriate. School division resources are allocated to and accounted for in individual funds based on the purpose for which they are intended to be spent or for which they are restricted. The division has three major types of funds—governmental, fiduciary, and proprietary.

Fund Classification	Fund Type	Description	School Board Fund
Governmental Funds, account for operating and special activities	Operating	The School Operating Fund is FCPS' primary fund and is used to account for revenue and expenditures necessary for the day-to-day operations of FCPS.	School Operating Fund
	Debt	The Debt Service Fund is used to account for the transfers of funds, primarily from the county's general fund, for the payment of general long-term debt principal and interest.	Debt Service Fund
	Capital Projects	The Construction Fund is used to account for restricted or assigned financial resources to be used for the acquisition, construction, or repair of FCPS major capital facilities.	Construction Fund
	Capital Projects	The Capital Projects Fund provides for major maintenance projects not supported by the Operating Fund and are not considered construction projects.	Capital Projects Fund
	Special Revenue	Special Revenue Funds are used to account for proceeds of specific revenue sources, other than major capital projects, in which expenditures are restricted for a specified purpose.	Textbook Fund, School Nutrition Fund, Special Grants Fund
Fiduciary Funds, account for resources held for others by FCPS as an agent or trustee	Trust	Fiduciary Funds are custodial in nature and do not involve measurement of results of operations.	NREP Operating Fund, NREP Textbook Fund, Private Purpose Funds
Proprietary Funds, account for business type activities	Internal Service	Internal Service Funds are used to report an activity that provides goods or services to other funds, departments, or agencies of primary government, or other governments on a cost-reimbursement basis.	Consolidated Services Fund, Health Insurance Reserve Fund

FY 2021 Budget Highlights

FISCAL YEAR 2021 APPROVED BUDGET – ALL FUNDS		
	FUND TOTALS	FULL-TIME EQUIVALENT POSITIONS (FTE)
School Operating Fund	\$ 181,760,421	2,150.7
School Debt Service Fund	\$ 17,957,232	-
School Capital Project Fund	\$ 4,415,900	-
School Construction Fund	\$ -	3.0
School Textbook Fund	\$ 2,871,240	0.5
School Nutrition Services Fund	\$ 7,581,744	94.4
Special Grants Fund	\$ -	-
Northwestern Regional Educational Program (NREP)	\$ 6,251,913	77.8
NREP Textbook Fund	\$ 20,000	-
Private Purpose Funds	\$ 500,000	1.0
Consolidated Services Fund	\$ 3,600,000	14.0
Total FY 2021 - All Funds	\$ 224,958,450	2,341.3

*Numbers may not add correctly due to rounding.
School Construction, Health Insurance Reserve, and Special Grants funds are appropriated in a different manner.*

All Funds Revenue

- Total revenue increases by about \$6.5 million or 2.9 percent.
- County revenue increases by \$2.4 million or 2.3 percent due to increasing tax collections on real estate and personal property.
- \$3.7 million in county proffer funds are allocated for nonrecurring capital items.
- State revenue is approximately \$4.1 million more than FY 2020—a 4.9 percent increase.
- State lottery proceeds provide about \$6.4 million in state funding for FCPS. (Shortly after budget adoption, this amount was reduced by \$1.8 million.)
- Federal revenue is approximately \$0.5 million more than FY 2020.

All Funds Expenditures

- Projects student enrollment of 14,158 reflecting 243 more students than the prior school year.
- A salary increase is not provided for staff.
- Opens Jordan Springs Elementary School, the county's 12th elementary school.
- Supports 2,341.3 full time equivalent (FTE) employee positions.
- Allocates funds for professional learning focused on student mental health.
- Supports student enrollment growth through more teachers.
- Invests in safe and secure schools through enhancing school entrances.
- Invests in infrastructure by replacing critical facility capital assets.
- Provides funding for new science textbooks for all levels and high school English textbooks.

Approved Revenue Summary of All Funds

FCPS receives revenue to support its programs from three primary sources: the Frederick County Board of Supervisors, the Commonwealth of Virginia, and the United States Federal Government.

The approved revenue budget was developed based on the Virginia General Assembly adopted state budget. County funding revenues were based on a funding scenario approved by the County Board of Supervisors allocating 57 percent of the projected increase in local tax revenues to schools, which are accounted for in the School Operating Fund, School Capital Projects Fund, and School Debt Service Fund. Federal and other revenues were based on the latest revenue estimates. At the time federal revenues were estimated, the impact of the Coronavirus Aid, Relief, and Economic Security (CARES) Act was not known to FCPS; therefore, it is not included in the FY 2021 adopted budget.

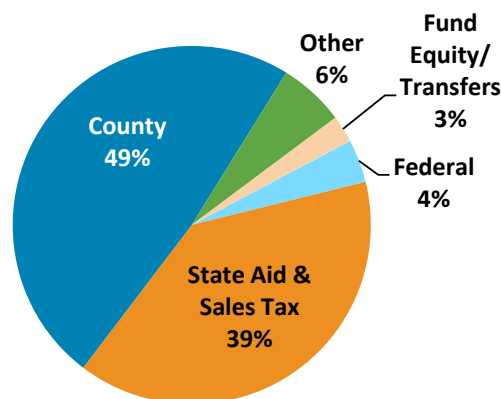
Money is also received from local sources including tuition, fees, rental of school property, and donations. Additional revenues may be available to the school division through grants and bond sales. The School Board is limited in the amount of revenue provided to the division. The School Board is not a taxing authority and must rely on the governing body, the Frederick County Board of Supervisors, for most of its funding.

In addition to the School Operating Fund, School Capital Projects Funds, and School Debt Service Fund, other funds including construction, school textbook, NREP, school nutrition services, consolidated services, health insurance, private purpose funds, and special grant revenues are also explained in this section under the appropriate revenue source.

The table below and the following discussion of significant changes illustrate a consolidated overview of revenues received and expected by all funds.

ALL FUNDS REVENUE FISCAL YEAR 2021				
REVENUE SOURCE	APPROVED 2020	APPROVED 2021	FY 2021 CHANGE OVER FY 2020	PERCENT CHANGE
Federal	8,231,678	8,758,224	526,546	6.4%
State	84,135,340	88,255,559	4,120,219	4.9%
County	106,693,465	109,109,365	2,415,900	2.3%
Other	13,485,725	13,355,078	(130,647)	-1.0%
Fund Equity/Transfers	5,892,356	5,480,224	(412,132)	-7.0%
Total	218,438,564	224,958,450	6,519,886	3.0%

Funding is mostly provided by the County



Federal Revenue – \$8.7 Million

Federal aid is received for various entitlement federal programs and specific grants. Federal revenues are restricted for specific purposes. Federal funds support instructional services for career and technical education, special education for students with disabilities, adult education, students who are economically or educationally disadvantaged, and the national school lunch program. For FY 2021, FCPS is projected to receive \$8.7 million from the federal government—a 6.4 percent increase compared to FY 2020.

Of the \$8.7 million anticipated federal revenue, \$5.0 million will be used for supplementing instruction for students disabled or intellectually/economically disadvantaged under Individuals with Disabilities Education Act (IDEA) and Every Student Succeeds Act (ESSA). Additionally, \$3.0 million in federal aid is projected to be received for the School Nutrition Services Fund to subsidize lunches and breakfasts provided to eligible students, either free or at a reduced cost. Federal funds through the Virginia Preschool Initiative Plus grant funds are discontinued for FY 2021. Other federal funds of \$0.7 million primarily consist of School Debt Service Funds to offset the interest cost associated with the Qualified School Construction Bond loan, making it a near zero interest loan, and other federal funds for specific purposes designated by the grant.

FEDERAL REVENUE (\$ IN MILLIONS)	APPROVED FY 2020	APPROVED FY 2021
IDEA	\$ 2.7	\$ 2.9
ESSA	\$ 2.1	\$ 2.1
Child Nutrition Act	\$ 2.8	\$ 3.0
Other Federal Funds	\$ 0.6	\$ 0.7
Total	\$ 8.2	\$ 8.7
<i>Every Student Succeeds Act (ESSA)</i>		
<i>Individuals with Disabilities Education Act (IDEA)</i>		

State Revenue – \$88.2 Million

State revenue is received in two forms: state aid and sales tax. State aid includes funding for basic aid to support the Standards of Quality (SOQ) and categorical aid, incentive programs, and lottery funds for special programs and initiatives. Virginia operates under a biennial budget; therefore, state aid is budgeted for a two-year period. Adjustments are subject to student membership, economic conditions, and changes made by the General Assembly. Significant state funding changes usually occur in the first year of the biennial budget due to updating SOQ amounts to reflect the prevailing costs of providing educational services. The second year usually contains minimal changes in funding due to changes in student enrollment and economic conditions.

A locality’s state aid is determined by its ability to pay for education. Virginia recognizes that some localities are wealthier than others. The state attempts to equitably distribute funding for education among localities by applying a factor to adjust a locality’s state aid based on the locality wealth factor—the Local Composite Index (LCI). The LCI includes wealth capacity indicators of assessed value of real property, adjusted gross income, and taxable retail sales within a locality as compared to the state totals. School divisions with a low composite index receive more state aid per pupil, and localities with a high composite index receive less state aid. For FY 2021, Frederick County’s composite index is 0.4120. The state will fund 58.8 percent, and Frederick County is minimally required to pay 41.2 percent of the cost of

the educational program set by the state SOQ. In FY 2021, FCPS is projected to receive \$88.2 million from the state. State funding to support the Standards of Quality and funding from sales tax revenues are the largest sources of state funds for FCPS.

STATE REVENUE (\$ IN MILLIONS)	APPROVED FY 2020	APPROVED FY 2021
Standards of Quality	\$ 56.4	\$ 59.5
Sales Tax	\$ 16.0	\$ 16.9
Incentive Programs	\$ 4.6	\$ 1.9
Categorical Programs	\$ 0.9	\$ 0.9
Lottery Proceeds	\$ 5.3	\$ 6.4
Other State Funds	\$ 0.9	\$ 2.6
Total	\$ 84.1	\$ 88.2

County Transfer of Revenue – \$109.1 Million

Real property, personal property, and local sales taxes are the primary revenue sources for Frederick County. The Frederick County Board of Supervisors appropriates (approves) a transfer of revenue to the Frederick County School Board to fund the School Operating, Debt Service, and Capital Projects Funds. For FY 2021, the school division will receive about \$109.1 million in county funds representing a \$2.4 million or 2.3 percent increase compared to the FY 2020 approved budget.

Estimated Required Local Effort

Per Virginia Code §22.1-94, the local required match/effort are funds to be provided by the county to fund schools' cost of maintaining an educational program meeting the prescribed Standards of Quality and certain incentive programs. The total cost is apportioned between the state and the local government.

Estimated Required Local Effort for FY 2021 is \$41,970,295 and represents the minimum operating funding required.

Other Revenue – \$13.4 Million

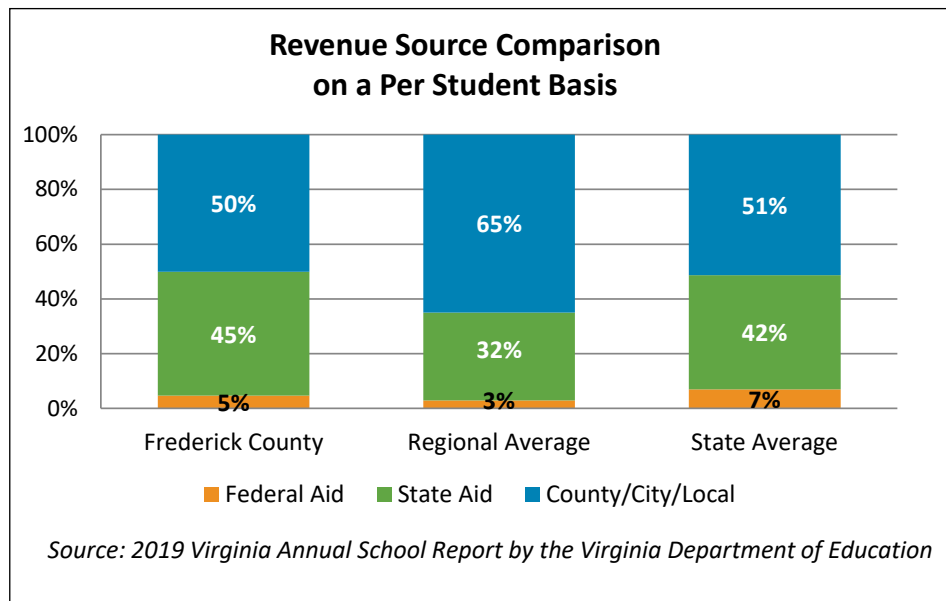
About \$13.4 million in revenues from various sources are projected to be available in FY 2021. These miscellaneous revenue sources include rental of school property, donations/grants, Northwestern Regional Educational Programs (NREP) locality billings, driver education fees, tuition for various programs, school breakfast and lunch sales, parking fees, and vehicle maintenance services provided to FCPS and other government agencies. Other funds, including textbook, private purpose, insurance reserve, NREP funds, and special grants, are supported by interest earnings, billings, or individual receipts.

Fund Equity/Transfers – \$5.5 Million

Fund equity (carry-forward/beginning balances) of textbook, school nutrition services, NREP, and debt service funds and transfers between funds account for \$5.5 million of the \$224.9 million total revenue for School Board funds.

Revenue Comparison

The following chart compares revenue on a per student basis received by all Virginia schools. The data is from the Virginia Annual School Report compiled by the Virginia Department of Education and is for the year ending June 30, 2019—the most current comparable information available. Revenues for operating, capital projects, textbooks, and school nutrition are compared.



Approved Expenditure Summary of All Funds

This summary provides a consolidated overview of the expenditures in all funds by expenditure type. Summary expenditure information on each fund and the budget changes from FY 2020 to FY 2021 are also included in this executive summary. The approved expenditure budget was developed using a zero-based approach for 98 percent of the accounts reflecting current estimates for actual expenditures.

ALL FUNDS EXPENDITURES FISCAL YEAR 2021					
EXPENSE TYPE	APPROVED FY 2020	APPROVED FY 2021	FY 2021 CHANGE OVER FY 2020	PERCENT CHANGE	PERCENT OF TOTAL
Personnel	160,607,680	163,140,108	2,532,429	1.6%	72.5%
Operating	28,672,164	32,211,978	3,539,814	12.3%	14.3%
Capital Outlay	7,486,630	5,825,341	(1,661,289)	-22.2%	2.6%
Debt Service	16,726,869	17,957,232	1,230,363	7.4%	8.0%
Pmts to Regional Programs	4,096,515	4,196,427	99,912	2.4%	1.9%
Transfers	548,707	1,127,364	578,657	105.5%	0.5%
Private Purpose	300,000	500,000	200,000	66.7%	0.2%
Total	\$ 218,438,564	\$ 224,958,450	\$ 6,519,886	3.0%	100.0%

Personnel – \$163.1 Million

Personnel includes all salaries, wages, employee benefits such as retirement through the Virginia Retirement System, health and life insurance, payroll taxes, and workers' compensation. Personnel expense increased by \$2.5 million or 1.6 percent due to the addition of 48.4 full-time equivalent positions.

Operating – \$32.2 Million

Operating expense includes contracted services for instruction such as speech, occupational and physical therapy, and interpreting as well as contracted services for grounds maintenance. Also included in operating are utilities, vehicle and bus fuel, food, materials, and supplies.

Capital Outlay – \$5.8 Million

Capital outlay includes the purchase of new and/or replacement fixed assets costing \$5,000 or more. Included here are machinery, equipment, furniture, fixtures, communications equipment, motor vehicles, school buses, technology software, hardware, and infrastructure. Construction projects are also included.

Debt Service – \$18.0 Million

Debt service includes principal and interest payments on bonds and other borrowings for school construction amortized over a twenty-year period.

Payments to Regional Programs – \$4.2 Million

Payments to regional programs include Northwestern Regional Educational Programs (NREP) and Mountain Vista Regional Governor's School (MVRGS). These payments include FCPS' share of program costs for students with special educational needs at NREP and gifted educational needs at MVRGS.

Transfers – \$1.1 Million

Operating funds are transferred to the Textbook Fund to support the local required match to provide textbooks free of charge to students and to the School Nutrition Fund to support uncollectible student meal accounts. The significant increase is due to the timing of the textbook adoption schedule.

Private Purpose – \$0.5 Million

Private purpose funds are restricted for purposes in which donations or grant funds are received by FCPS. Bright Futures activities are recorded here and do not affect the results of school operations.

As indicated in the following table, the approved total for all funds budgeted expenditures increased by \$6.5 million in FY 2021 based on available revenues of \$224.9 million. Estimates for School Construction, Health Insurance Reserve, and Special Grants are excluded from the approved budget columns in the following table as they are appropriated differently. Estimates for these funds are included under Financial Forecasts.

Individual Fund Summaries

The following pages provide an overview of the revenues and expenses projected for each fund.

School Operating Fund

\$181.8 Million, 2,150.7 positions

Revenue Changes by Source

The School Operating Fund provides for the daily operations of the school division. It is funded by state, county, federal, and other miscellaneous local funds. For this fund, revenues are increased by \$5.8 million or 3.3 percent in FY 2021 to a total of \$181.8 million.

SCHOOL OPERATING FUND REVENUE					
FISCAL YEAR 2021					
REVENUE SOURCE	APPROVED FY 2020	APPROVED FY 2021	FY 2021 CHANGE OVER FY 2020	PERCENT CHANGE	PERCENT OF TOTAL
Revenue					
Sales Tax	16,045,216	16,867,866	822,650	5.1%	9.3%
State Aid	66,947,141	70,064,503	3,117,362	4.7%	38.5%
Federal Aid	5,113,311	5,439,792	326,481	6.4%	3.0%
Tuition, Fees & Other	1,430,716	1,080,326	(350,390)	-24.5%	0.6%
Sub-total Receipts	89,536,384	93,452,487	3,916,103	4.4%	51.4%
County Transfer	86,445,165	88,307,934	1,862,769	2.2%	48.6%
Fund Equity/Transfers	-	-	-	0.0%	0.0%
Total	\$ 175,981,549	\$ 181,760,421	\$ 5,778,872	3.3%	100.0%

Sales Tax and State Aid Revenue – \$3.9 Million Increase

State revenues received by FCPS (including sales tax and lottery proceeds) are estimated at \$86.9 million and reflect an increase of \$3.9 million due to more sales tax revenue and rebenchmarking the Standards of Quality costs. Shortly after budget adoption, state revenues were reduced by \$1.8 million due to the COVID-19 pandemic.

Federal Revenue – \$0.3 Million Increase

Federal revenues of \$5.4 million reflect a \$0.3 million increase for the School Operating Fund. The increase is to support students with special education needs.

Tuition, Fees, and Other Miscellaneous Local Revenues – \$0.4 Million Decrease

Local revenues include such items as tuition and fees from students, charges from the use of facilities, program rebates, and the sale of surplus property. The decrease reflects activity through the E-Rate program.

County Transfer of Revenue – \$1.9 Million Increase

County transfer of revenues is projected to be \$88.3 million for the School Operating Fund—an increase of \$1.9 million or 2.2 percent compared to FY 2020. The increase reflects rising property values within the county.

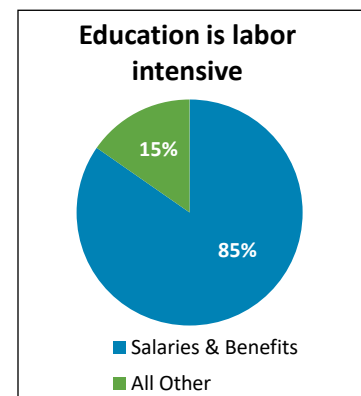
Operating Expenditure Changes by Object

The School Operating Fund expenditures are increased by about \$5.8 million or 3.3 percent in FY 2021 compared to FY 2020 to a total of \$181.8 million.

SCHOOL OPERATING FUND EXPENDITURES					
FISCAL YEAR 2021					
EXPENSE BY OBJECT	APPROVED FY 2020	APPROVED FY 2021	FY 2021 CHANGE OVER FY 2020	PERCENT CHANGE	PERCENT OF TOTAL
Salaries	107,727,443	108,763,823	1,036,380	1.0%	59.8%
Benefits	43,557,254	45,145,244	1,587,990	3.6%	24.8%
Sub-total Personnel	151,284,697	153,909,066	2,624,369	1.7%	84.7%
Purchased Services	6,243,098	8,167,852	1,924,754	30.8%	4.5%
Other Charges	5,872,958	6,103,450	230,492	3.9%	3.4%
Materials & Supplies	6,830,454	7,371,597	541,143	7.9%	4.1%
Sub-total Operating	18,946,510	21,642,898	2,696,388	14.2%	11.9%
Capital Outlay	1,105,120	884,666	(220,454)	-19.9%	0.5%
Pmts to Regional Prgms	4,096,515	4,196,427	99,912	2.4%	2.3%
Transfers	548,707	1,127,364	578,657	105.5%	0.6%
Total	\$ 175,981,549	\$ 181,760,421	\$ 5,778,872	3.3%	100.0%

Personnel – \$2.6 Million Increase

Eighty-five percent of School Operating revenues fund personnel expense—salary costs for regular personnel positions, overtime, temporary employees, substitutes, and supplemental pay. Health insurance, retirement plans, Social Security, life insurance, and worker’s compensation are included here. The \$2.6 million increase supports the addition of 45.6 full-time equivalent positions to open Jordan Springs Elementary School and support student enrollment growth. These positions are directly serving students and are supported by the School Operating Fund.



Operating – \$2.7 Million Increase

Twelve percent of School Operating revenues fund operating expenses including purchased services (legal, repairs and maintenance, occupational and physical therapy, and other services not performed by FCPS employees), other charges (utilities, insurance, travel, memberships, lease/rent of equipment, etc.), and materials and supplies for instruction and support operations. The \$2.7 million increase to operating is primarily due to appropriation reserve of \$1.8 million reflecting a state revenue reduction shortly after the budget was adopted.

Capital Outlay, Payments to Regional Programs, and Transfers – \$0.5 Million Increase

Capital outlay includes replacement and new computer hardware, vehicles, and heavy equipment. Payments to Northwestern Regional Education Program and Mountain Vista Regional Governor’s School include FCPS’ cost share for FCPS school-age students projected to be enrolled in those programs. Transfers include a transfer of local required and subsidy funds to the School Textbook Fund to purchase textbooks for students free of charge. The increase in transfers is to support the textbook adoption schedule. Payments to regional programs increased due to additional student enrollment in the special education program at NREP. Transfers also include \$30,000 for the School Nutrition Fund to support uncollectible student meal accounts.

Operating Fund Expenditure Adjustments

FY 2021 adjustments in School Operating Fund expenditures are listed in the following chart and are explained in the following text. Spending adjustments are \$5.8 million more than FY 2020.

SCHOOL OPERATING FUND FY 2021 EXPENDITURE ADJUSTMENTS OVER FY 2020		
Baseline Adjustments		\$ 235,144
Net adjustments in all grants/restricted programs	\$ 266,829	
Market conditions on selected accounts (payroll, fuel, utilities, services, etc.)	\$ (1,175,128)	
Virginia Retirement System rate increase	\$ 943,369	
NREP & MTN Vista Governor's School operating changes (FCPS share)	\$ 99,912	
Transfers for textbook required local effort and school nutrition bad debt	\$ 100,162	
Goal: Improve student achievement		\$ 3,722,881
New staffing for student growth and special needs	\$ 432,000	
New staffing to open Jordan Springs Elementary School	\$ 2,475,331	
Operational items to open Jordan Springs Elementary School (utilities, bus, supplies, etc.)	\$ 337,055	
Additional transfer for new science textbooks at all levels	\$ 478,495	
Goal: Asset preservation and operations		\$ 39,341
Facilities preventive maintenance	\$ 39,341	
Appropriation reserve due to budget adoption timing		\$ 1,781,506
State funding reduction due to COVID-19 pandemic's effect on the economy	\$ 1,781,506	
Totals		\$ 5,778,872

Baseline Adjustments – \$0.2 Million Increase

Baseline adjustments include costs for personnel, materials, supplies, equipment, vehicle fuel, utilities, and other services to continue current operations of the school division. This includes inflationary increases for selected accounts, adjustments in other accounts to reflect the increased cost of doing business, reductions to costs from the previous budget year, and changes to restricted grant programs.

Improve Student Achievement – \$3.7 Million Increase

The budget supports 45.6 new full-time equivalent positions directly serving students—classroom teachers and support positions to open Jordan Springs Elementary School including instructional assistants, nurse, psychologist, guidance counselor, instructional coaches, bus driver, and maintenance technician. Additionally, five new classroom teacher positions are added to support student enrollment growth and students with special educational needs. Instructional assistants supporting elementary students in phonological awareness contracts are extended to a seven hour day.

Asset Preservation and Operations – \$39,341 Increase

To support facilities maintenance, the budget includes additional funds for capital asset maintenance software for the facilities services department. This software will provide data for planning the scope, timing, and cost of the Capital Asset Preservation Plan to maintain facilities.

Appropriation Reserve Due to Budget Adoption Timing – \$1.8 Million Increase

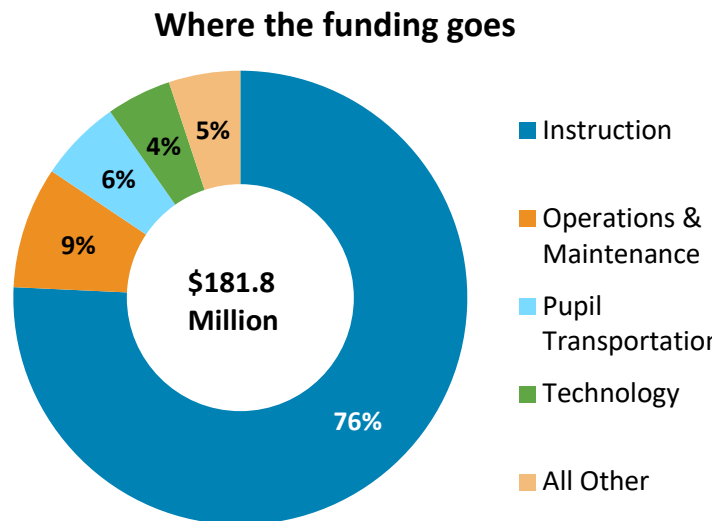
After the operating budget was approved by the County Board of Supervisors, the Governor of Virginia reduced state funds by \$1.8 million for FCPS. These funds were intended for the state's share of a two percent salary increase and additional funds for at-risk and early childhood programs. Those costs were not allocated in the budget due to the funding reduction.

Operating Fund Expenditures by Program and Function

Another way to review School Operating Fund expenditures is by program and function. This fund is divided into nine instructional programs and nine support functions as shown in the chart below. Each program budget includes costs for salaries, benefits, services, materials, and equipment specific to that program.

OPERATING EXPENDITURES BY PROGRAM			
FY 2021			
	APPROVED FY 2020	APPROVED FY 2021	FY 2021 CHANGE OVER FY 2020
Instructional Programs			
Regular Education	\$ 95,172,520	\$ 96,804,087	\$ 1,631,567
Special Education	\$ 24,889,902	\$ 25,598,650	\$ 708,748
Career & Technical Education	\$ 8,656,908	\$ 8,725,671	\$ 68,763
Gifted and Talented	\$ 1,017,693	\$ 1,144,889	\$ 127,196
Other	\$ 2,091,190	\$ 3,986,848	\$ 1,895,658
Summer	\$ 171,550	\$ 171,550	\$ -
Adult Division	\$ 16,958	\$ 17,200	\$ 242
Preschool	\$ 450,000	\$ 452,906	\$ 2,906
Community Services	\$ 721,000	\$ 757,841	\$ 36,841
Subtotal	\$ 133,187,721	\$ 137,659,642	\$ 4,471,921
Instructional Programs			
Support Programs			
Administration	\$ 4,859,149	\$ 4,743,587	\$ (115,563)
Attendance and Health	\$ 2,897,008	\$ 2,948,001	\$ 50,993
Pupil Transportation	\$ 10,397,470	\$ 10,689,528	\$ 292,058
Operations and Maintenance	\$ 15,190,223	\$ 15,746,640	\$ 556,417
School Nutrition Preschool	\$ 5,000	\$ 8,000	\$ 3,000
Facilities	\$ 395,324	\$ 432,279	\$ 36,955
Fund Transfers	\$ 548,707	\$ 1,127,364	\$ 578,657
Technology	\$ 8,500,947	\$ 8,405,381	\$ (95,566)
Contingency Reserve	\$ -	\$ -	\$ -
Subtotal	\$ 42,793,828	\$ 44,100,779	\$ 1,306,951
Support Programs			
Total	\$ 175,981,549	\$ 181,760,421	\$ 5,778,872

As illustrated below, seventy-six percent of school operating funds support the instructional programs.



Other Funds

Debt Service Fund

\$17,957,232

This fund pays the principal and interest to finance school construction. County transfer of funds is the primary revenue source for this fund. FCPS participates in the Qualified School Construction Bond (QSCB) federal program, which provided a near interest free loan for the construction of the new transportation facility. The debt service level increased due to two active construction projects—Jordan Springs Elementary School and the replacement Robert E. Aylor Middle School.

DEBT SERVICE FUND REVENUE AND EXPENDITURES			
	APPROVED FY 2020	APPROVED FY 2021	FY 2021 CHANGE OVER FY 2020
BEGINNING BALANCE	23,282	297,059	273,777
REVENUES:			
State Lottery Proceeds	-		-
School Construction	-		-
VPSA Credits	179,505	298,860	119,355
Federal Govt. (QSCB)	275,782	275,782	-
County General Fund Transfer	16,248,300	17,085,531	837,231
Total Funds Available	\$ 16,726,869	\$ 17,957,232	\$ 1,230,363
EXPENDITURES:			
Payment of Principal	11,195,047	12,078,540	883,493
Payment of Interest	5,506,822	5,853,692	346,870
Miscellaneous Charges	25,000	25,000	-
Transfer to School Operating Fund	-	-	-
Reserve for Future Debt	-	-	-
Total Disbursements	\$ 16,726,869	\$ 17,957,232	\$ 1,230,363
FUND BALANCE	-		

Capital Projects Fund

\$4,415,900

This capital projects fund provides for major maintenance projects that are not supported by the School Operating Fund and are not considered major construction projects. County general fund monies, proffers, and/or the school division's carryforward funds from previous years are typically the sources of revenue for this fund. For FY 2021, the county is providing \$3.7 million for facility asset replacement projects at Apple Pie Ridge Elementary, Dowell J. Howard Center, James Wood Middle School, Middletown Elementary, Orchard View Elementary, and Sherando High School. A prior year carryforward amount of \$700,000 to support projects begun in the prior year but not completed make up the balance of this fund.

Construction Fund

This capital projects fund provides for all new facilities and most facility renovations and expansions. Projects are approved through the Capital Improvement Plan process and are then approved for funding by the County Board of Supervisors. Funding for the projects is provided primarily through the sale of Virginia Public School Authority bonds. Virginia Literary Fund monies are available under certain circumstances, and local funding also can be used in lieu of incurring debt. The Capital Improvement Plan lists the following construction projects as top priorities: construction of the fourth high school, James Wood High School renovations and addition, Arnel Elementary School addition and renovation,

Indian Hollow Elementary renovation, School Board Office renovation and expansion, and Sherando High School renovations and addition. The Capital Improvement Plan has not been funded by the Board of Supervisors. Without funding approval, the plan is stalled. Appropriation for this fund includes active projects approved after the close of FY 2020 and is based on the amount that equals the approved original project cost less expenditures and encumbrances through June 30, 2020. Financial estimates for this fund are included in the Financial Forecasts.

School Textbook Fund

\$2,871,240, 0.5 positions

This special revenue fund provides for the purchase of adopted textbooks to support the curriculum of Frederick County Public Schools (FCPS). It is funded by state revenues and a transfer of county revenues from the School Operating Fund. Miscellaneous revenue from interest and fees for lost or damaged textbooks is also received. Disbursements for textbooks are determined by an adoption schedule set by the Virginia Department of Education. Textbooks planned for adoption in FY 2021 are science at all levels and high school English. The fund also supports a part-time clerical position to coordinate the division's textbook inventory.

School Nutrition Services Fund

\$7,581,744, 94.4 positions

This special revenue fund provides for all school nutrition services operating and administrative costs. The fund is supported primarily by food sales and federal and state subsidies for the school lunch and breakfast programs. Meal prices remain level with the prior school year. About 50 percent of all students are expected to participate in the school lunch program. Almost 36 percent of all students are eligible for free/reduced priced meals. About 1.6 million meals are served a year in FCPS' 20 school cafeterias—equating to almost 9,000 meals per day.

Special Grants Fund

This special revenue fund accounts for revenue received from designated sources for specified purposes and for which FCPS is fiscal agent. Occasionally, a multi-year or multi-jurisdictional grant will be awarded and will need to be accounted for separately from the Operating Fund. Appropriation for this fund is equal to the fund balance plus any receipts during the fiscal year.

NREP Operating and Textbook Funds

\$6,271,913, 77.8 positions

These fiduciary funds provide for the operation of the Northwestern Regional Educational Programs (NREP), jointly operated and supported by Frederick County, Winchester City, and Clarke County Schools. The program provides an intensive level of special education services to certain students. Billings to the participating localities based on projected student enrollment are the primary revenue sources for this fund. A separate fund is used to account for NREP's textbooks.

Private Purpose Funds

\$500,000, 1.0 position

These fiduciary funds include two funds—Private Purpose Trust Income Fund and Private Purpose Endowed Trust Fund. These funds account for non-expendable funds provided through private grantors or donors and are restricted for special purposes. Private purpose gifts and donations to the school division, such as the Bright Futures program, are recorded here.

Consolidated Services Fund

\$3,600,000, 14.0 positions

This proprietary, enterprise fund captures maintenance services provided by FCPS facilities services staff to the Frederick County government and to the regional library. This fund also captures financial activities of the vehicle maintenance operation and fueling at the transportation facility located on Route 522 South close to Armel Elementary School. Revenue for this fund is provided by billings to the school division, volunteer fire stations, and other county agencies utilizing the service.

Health Insurance Reserve Fund

This proprietary fund accounts for all activity associated with employee health insurance costs and premiums. Under a self-insured program, the insured group pays for all medical and dental costs. Premiums are set based on anticipated claims for the upcoming plan year. If claims exceed premium contributions, the fund balance can be used to offset the deficit. Medical and dental claims for FY 2021 are anticipated to be about \$21.0 million. There is no premium increase for the employer or employee. Beginning in FY 2021, FCPS has partnered with CareTeam to provide an on-site health clinic for FCPS employees and their dependents participating in the group health insurance plan. Through this partnership, the division can offer employees and their dependents quality care at a reduced cost to the employee and the school division. Appropriation for this fund is equal to the fund balance plus any receipts during the fiscal year. Financial estimates for this fund are included in the Financial Section.

Linking Budget Dollars to Student Achievement

FCPS continues to connect the budget with new instructional initiatives that improve student achievement, engagement, and accountability. New initiatives include:

- opening a new Jordan Springs Elementary to reduce class size and provide instruction in a modern, collaborative learning facility—\$2.8 million
- more classroom teachers to address class sizes and student enrollment growth—\$0.7 million
- continued professional learning to address student mental health—\$0.1 million



Financial Forecasts

Financial forecasts are calculated for all funds classified as general and are based on future needs for operations and capital planning financing. Expenditure amounts represented are a financial translation of long term plans and needs of the school division. The following table combines financial forecasts for the School Operating, School Debt Service, School Capital Projects, School Construction, School Textbook, and School Nutrition Services Funds.

Forecasted expenses by fund are based on needs and limited assumptions. Forecasted increases for School Operating, School Textbook, and School Nutrition Services Funds include a 3.0 percent salary increase for staff, staffing increases to support student enrollment growth projections, additional funds for replacement technology equipment and school buses, and standard inflationary increases for materials, services, and supplies. School Construction Fund estimates construction for the replacement Robert E. Aylor Middle School will be completed June 30, 2021. The Capital Improvement Plan (CIP) as of June 2020 is not approved or funded by the County Board of Supervisors.

Forecasted revenues by source are adjusted to accommodate forecasted expense pressures. State revenues are forecasted based on projected student enrollment growth and SOQ rebenchmarking in fiscal year 2023. County revenues are forecasted upward to support the forecasted increases in the School Operating Fund, Capital Asset Preservation Plan under the School Capital Projects Fund, and provide support to the School Textbook Fund based on adoption schedules. Bond proceeds revenues fluctuate based on the Capital Improvement Plan funded construction timeline.

GOVERNMENTAL FUNDS – FINANCIAL FORECASTS				
	FY 2021			
	APPROVED/ ESTIMATED	FY 2022 FORECAST*	FY 2023 FORECAST*	FY 2024 FORECAST*
School Operating	\$ 181,760,421	\$ 188,071,440	\$ 193,635,671	\$ 200,188,017
School Debt Service	\$ 17,957,232	\$ 18,989,718	\$ 17,430,688	\$ 16,062,772
School Textbook	\$ 2,871,240	\$ 2,261,103	\$ 1,528,609	\$ 2,151,221
School Nutrition Services	\$ 7,581,744	\$ 7,757,858	\$ 7,936,586	\$ 8,120,677
School Capital Projects	\$ 4,415,900	\$ 9,008,700	\$ 7,842,000	\$ 8,724,000
School Construction Fund**	\$ 43,378,879	\$ -	\$ -	\$ -
General Fund Expenditures Total	\$ 257,965,416	\$ 226,088,819	\$ 228,373,554	\$ 235,246,687
Federal	\$ 8,758,224	\$ 8,849,504	\$ 8,943,521	\$ 9,040,360
State	\$ 88,229,559	\$ 90,849,718	\$ 95,257,956	\$ 98,056,864
County	\$ 109,109,365	\$ 119,422,570	\$ 117,852,833	\$ 121,120,355
Other	\$ 3,925,602	\$ 4,010,436	\$ 4,095,147	\$ 4,182,399
Bond Proceeds	\$ 16,400,000	\$ -	\$ -	\$ -
Fund Equity/Transfers	\$ 31,542,666	\$ 2,956,591	\$ 2,224,097	\$ 2,846,709
General Fund Revenues Total	\$ 257,965,416	\$ 226,088,819	\$ 228,373,554	\$ 235,246,687
<p><i>*Standard methodologies were used to project FY22 through FY24. Economic conditions and enrollment changes could cause significant variances from the projection.</i></p> <p><i>**FY21 through FY24 School Construction Fund is a projection based on the close of the 2020 fiscal year. These estimates are not included in the FY21 appropriated amounts.</i></p> <p><i>As of the date of this publication, the Board of Supervisors have not approved funding to support the Capital Improvement Plan accounted for in the School Construction Fund. The top capital project is fourth high school construction.</i></p>				

Informational

Student Enrollment Trends and Forecasts

Enrollment Changes

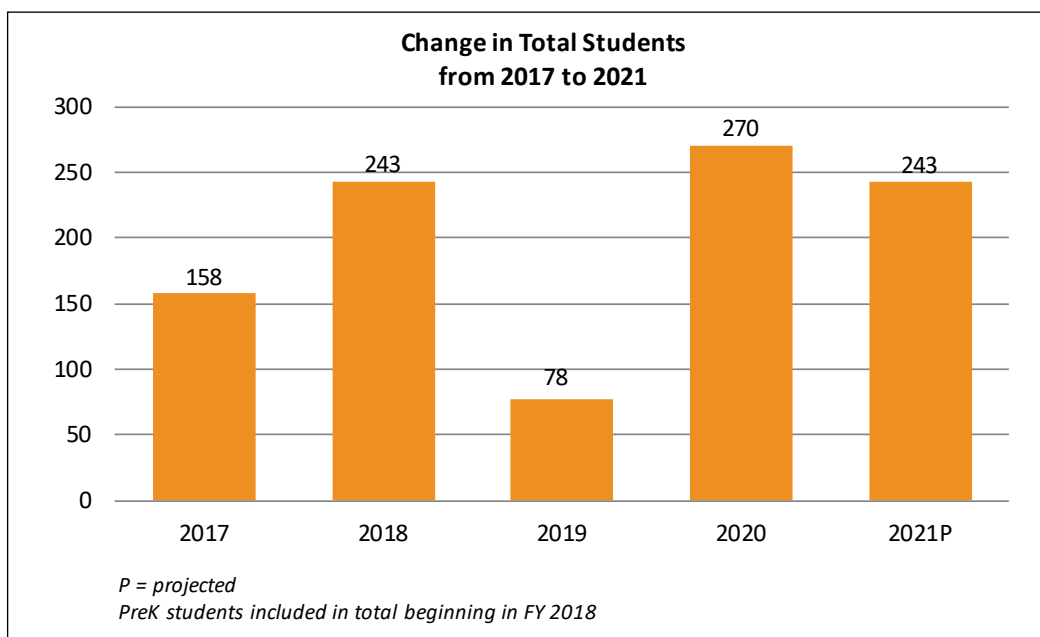
The single greatest determinant of funding and resource needs for any school division is the size of its student enrollment. Spending on salaries and benefits, materials and supplies, and capital infrastructure is often derived directly or indirectly from student population.

The number of students by grade level and by year is analyzed for migration and attrition statistics. Projections are prepared using historical data applied to the trends. Other factors that drive enrollment projections include live birth rate information and population growth in the county.

Student enrollment at all levels is projected to change over the next few years. Growth at the high school level and current capacity concerns will impact funding requests and the timing of constructing the fourth high school.

FCPS STUDENT MEMBERSHIP							
Fiscal Year	PS, P3, and P4	PK	Grades K-5	Grades 6-8	Grades 9-12	Total	Change in Total Students
2017	78		5,934	3,109	4,203	13,324	158
2018	69	54	5,951	3,199	4,294	13,567	243
2019	76	54	5,972	3,249	4,294	13,645	78
2020	83	54	6,085	3,354	4,338	13,915	270
2021P	85	54	6,161	3,430	4,427	14,158	243
2022P	87	54	6,314	3,371	4,562	14,388	230
2023P	90	54	6,418	3,356	4,659	14,577	189
2024P	92	54	6,474	3,378	4,782	14,780	203
2025P	94	54	6,476	3,519	4,809	14,952	172

P = projected enrollment
Totals may not add correctly due to rounding.

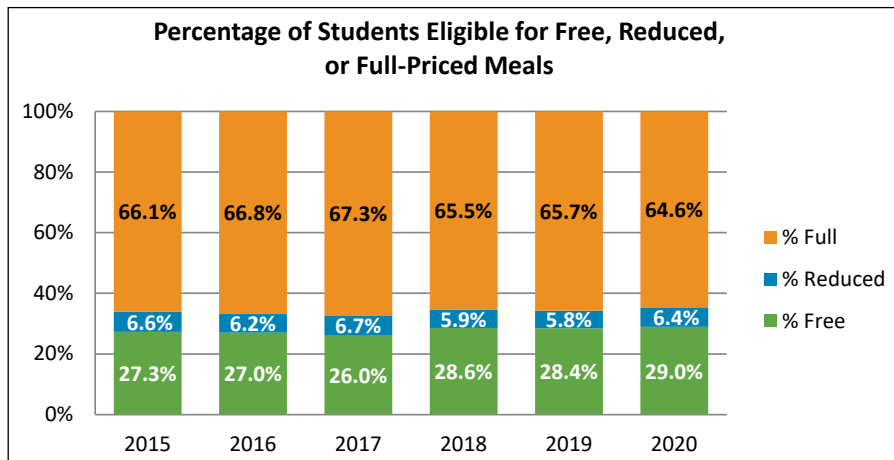


Student Demographics

Changes in student enrollment, especially when they are rapid changes, create challenges for school divisions. In the past five years, the overall FCPS student population has grown by over six percent while during the same period the state student population has grown by just 1.4 percent. County-wide projections for population and housing growth indicate robust increases in student population within the next decade. Additionally, significant variations in specific populations continue to occur, which generate the need for reallocation of existing or request for new resources to accommodate the service needs of those students.

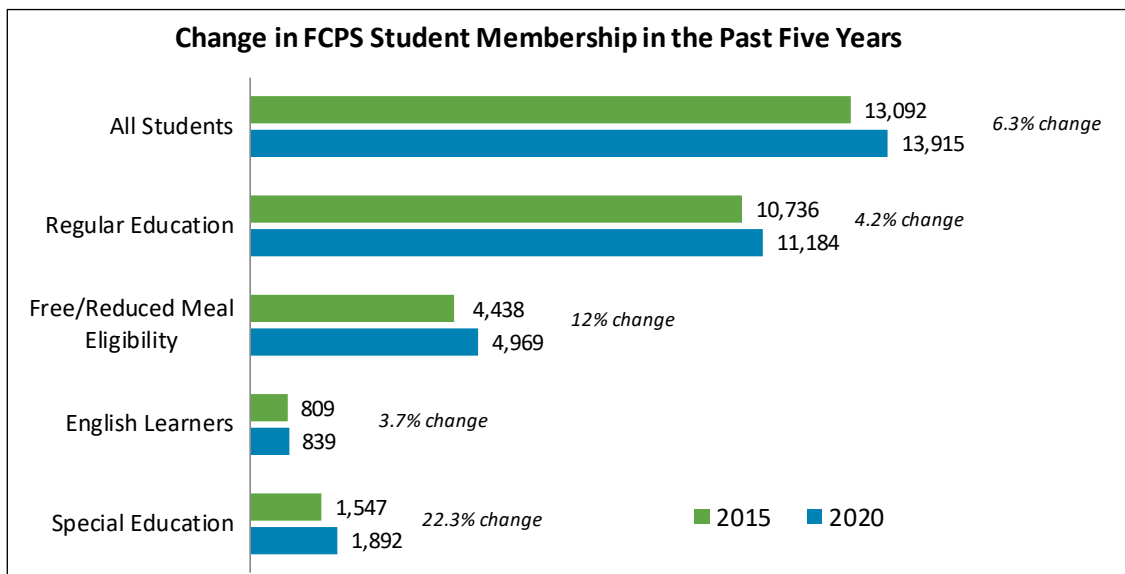
Economically Disadvantaged

The number of students eligible for free or reduced-priced lunch programs (economically disadvantaged students) has increased by about 12.0 percent during the last five years. About 4,900 students are expected to be eligible for free or reduced-priced meals in FY 2021.



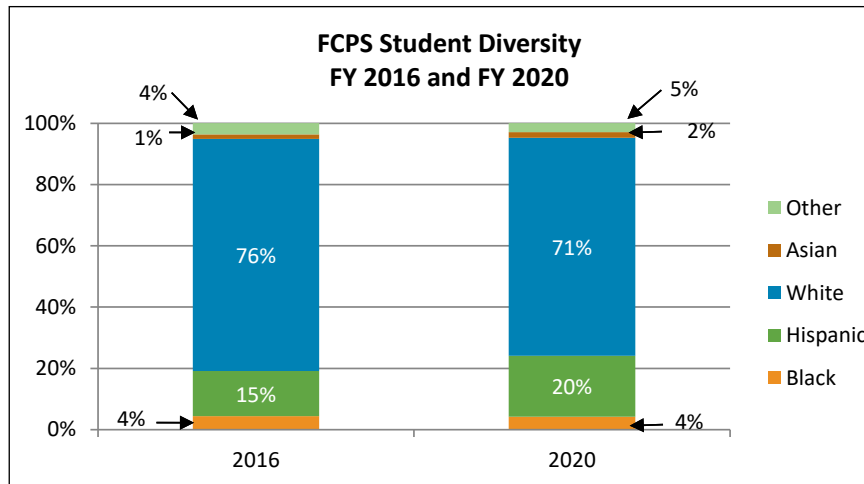
Student Subgroups

While the total number of students grew by 6.3 percent in the past five years, those receiving language instruction for English language learners and immigrant students grew by 3.7 percent. A total of 839 students received these services in FY 2020. This group requires more complex services and additional staffing, space, and funding. The percentage of students receiving special education services is growing. FCPS served 1,892 special education students in FY 2020, an increase of 22.3 percent compared to five years ago.



Student Diversity

The chart below illustrates changes in FCPS' student diversity since 2016.



Local Taxes

School divisions in Virginia do not have taxing authority and are fiscally dependent on the local government. Frederick County government collects taxes on real estate, personal property, and other sources and transfers a percentage of those revenues to FCPS for operations and debt service. There is no formal agreement on the percentage of collected revenues that are transferred to FCPS. Historically and currently, 57 percent of new local tax revenues are transferred to schools.

Real estate taxes are one of the largest revenue generators for Frederick County. The following table lists ten years of real estate tax rates and the impact of the rate on the average residential home in Frederick County.

TAX YEAR	FISCAL YEAR	PROPERTY TAX RATE, DOLLARS PER \$100 VALUE	MEAN ASSESSED VALUE OF PROPERTY	MEAN TAX BILL	% INCREASE OR DECREASE ASSESSED VALUE	% INCREASE OR DECREASE TAX BILL
2009	2010	\$ 0.510	\$ 171,500	\$ 875	-11%	-11.3%
2010	2011	\$ 0.545	\$ 178,000	\$ 970	4%	10.9%
2011	2012	\$ 0.585	\$ 183,000	\$ 1,071	3%	10.4%
2012	2013	\$ 0.585	\$ 197,000	\$ 1,152	8%	7.7%
2013	2014	\$ 0.585	\$ 207,600	\$ 1,214	5%	5.4%
2014	2015	\$ 0.560	\$ 220,500	\$ 1,235	6%	1.7%
2015	2016	\$ 0.600	\$ 225,961	\$ 1,356	2%	9.8%
2016	2017	\$ 0.600	\$ 247,417	\$ 1,485	9%	9.5%
2017	2018	\$ 0.610	\$ 248,084	\$ 1,513	0.3%	1.9%
2018	2019	\$ 0.610	\$ 264,112	\$ 1,611	6.5%	6.5%

For FY 2021, the Frederick County Board of Supervisors approved a budget based on a real estate tax rate at \$0.61 per \$100 of assessed value and a personal property tax rate at \$4.86 per \$100 of assessed value.

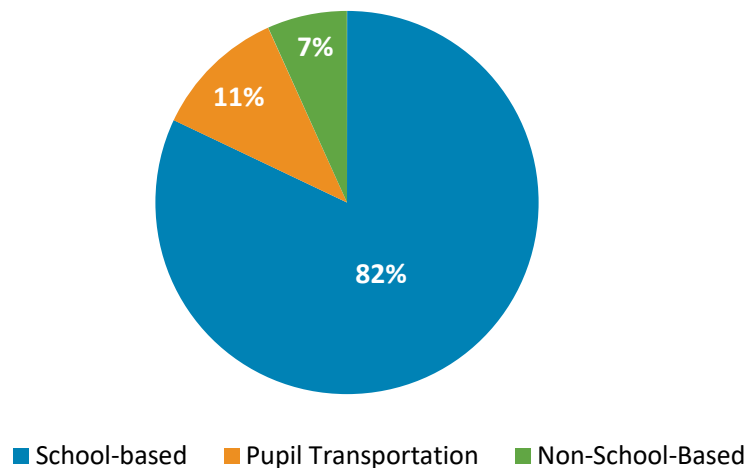
Personnel Changes

As the largest employer in Frederick County, FCPS plans to employ 2,341.3 full-time equivalent (FTE) employees in FY 2021. Over two-thirds of these employees reside in the Winchester-Frederick County area.

Eighty-two percent of all staff are school-based teachers and support positions. The number of school-based instructional and support positions is increasing due to student enrollment growth and opening Jordan Springs Elementary School. Those new positions include classroom teachers, instructional assistants, nurse, counselor, instructional coaches, assistant principal, clerical, custodians, psychologist, and school nutrition workers. Pupil transportation positions include bus drivers, bus aides, mechanics, and transportation administration. Pupil transportation positions are increased by one new bus driver. Non-school-based positions include the superintendent, assistant superintendents, instructional and administrative directors and supervisors, specialists, analysts, information technology, maintenance technicians, and clerical support. Non-school-based positions are increased by a maintenance technician.

DIVISION STAFFING – ALL FUNDS	ADJUSTED FY 2020		APPROVED FY 2021		CHANGE FY20 To FY21	
	AMOUNT	PERCENT	AMOUNT	PERCENT	AMOUNT	PERCENT
School-Based	1,875.9	81.8%	1,922.3	82.1%	45.4	2.4%
Pupil Transportation	261.0	11.4%	262.0	11.2%	1.0	0.4%
Non-School-Based	156.0	6.8%	157.0	6.7%	1.0	0.6%
Total Positions	2,292.9	100.0%	2,341.3	100.0%	47.4	2.0%

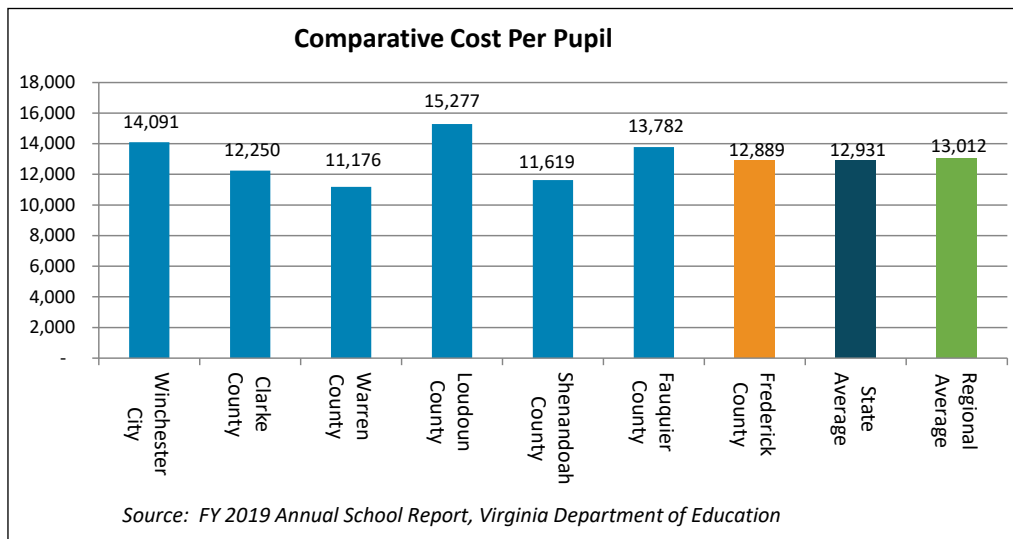
All Positions - FY 2021



Benchmark Data

Per-pupil Expenditure

Frederick County Public Schools' per pupil expense continues to be lower than the regional and state averages as illustrated in the following graph. Preliminary projections show an FCPS per pupil expense of \$13,597 for FY 2021 compared to a projected \$13,329 for FY 2020. The per pupil expenditure calculation is based on Virginia Department of Education's definition of operations. All school divisions report expenditures in a standardized format, and division comparative information is provided in the Virginia Superintendent's Annual School Report. Operations include regular day school, food services, summer school, adult education, and other educational programs. Operations in this calculation do not include the cost of facilities, debt service, and capital outlay for additions



Student to Teacher Ratio

The chart below compares the student to teacher ratio for FCPS and surrounding school divisions. All school divisions report the number of teachers and student membership to the Virginia Department of Education in a standardized format. The Virginia Department of Education consolidates elementary, middle, and high school data into two categories: elementary for kindergarten through seventh grades and secondary for eighth through twelfth grades.

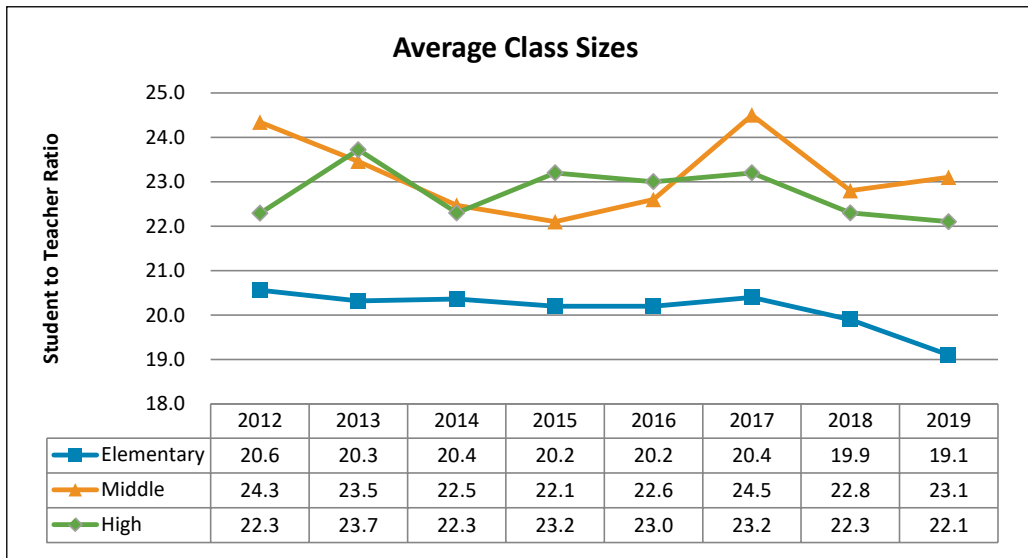
	STUDENT TO TEACHER RATIO	
	ELEMENTARY GRADES k-7	SECONDARY GRADES 8-12
Winchester City	12.7	9.5
Clarke County	12.3	11.9
Warren County	13.2	11.7
Loudoun County	13.3	12.2
Shenandoah County	10.9	12.9
Fauquier County	12.3	10.7
Frederick County	13.9	12.1
Regional Average	12.7	11.6
State Average	13.0	12.5

Source: FY 2019 Annual School Report, Virginia Department of Education

The student teacher ratio is calculated based on the number of classroom, homebound, media, and technology resource teachers. Librarians and guidance counselors are not included in the ratio.

Average Class Size

The following chart illustrates FCPS average class sizes by elementary grades K-5, middle grades 6-8, and high grades 9-12 since the fall of 2012.



FCPS Ranked 34th in Virginia

The 2020 Best School Districts ranking by Niche is based on academic and student life data from the U.S. Department of Education along with test scores, college data, and ratings collected from Niche users including parents and students. FCPS is ranked number 10 of 132 districts with the best teachers and 18 of 132 for the best place to teach.

NICHE SCHOOL DISTRICT RANKING 2020												
School District	State Ranking	Overall Niche Grade	Academics	Teachers	Clubs & Activities	Diversity	College Prep	Health & Safety	Administration	Food	Sports	Resources & Facilities
Loudoun County	4	A	A	A	A	A-	A+	A-	B+	C+	A+	B+
Fauquier County	30	B+	B+	B	B+	B	A-	B+	B-	C+	A-	B-
Frederick County	34	B	B	A-	B	B	A-	B-	B	C+	A	B-
Winchester City	35	B	B	B-	A	A	A	A-	C+	C	A	B+
Clarke County	50	B	B	C+	B	B-	B+	A-	C	B-	A	B
Shenandoah County*		C+	B-	C+	B-	B	B	C	C	C+	A-	B-
Warren County*		C	C+	C-	B-	B	B	C+	B	C	B-	B-

*State ranking not provided

Source: Niche 2020 School and District Rankings (niche.com)

Changes in Debt

Debt provides the resources to build new schools and renovate or expand current school buildings. These financial resources must be repaid with interest in the future. This debt commits future county funds to pay the principal and interest on school mortgages. As debt to finance school construction increases, county funds are more limited for day-to-day operating costs accounted for in the School Operating Fund.

Planning and Accounting of Debt

The Capital Improvement Plan (CIP) is the management tool used for planning the capital improvement projects needed to instruct students adequately. The School Construction Fund is used to account for the resources used for the acquisition and construction of major capital facilities. The School Construction Fund is funded primarily by the sale of bonds. Financing of these bonds—principal and interest—is accounted for under the School Debt Service Fund.

Changes in Debt Service

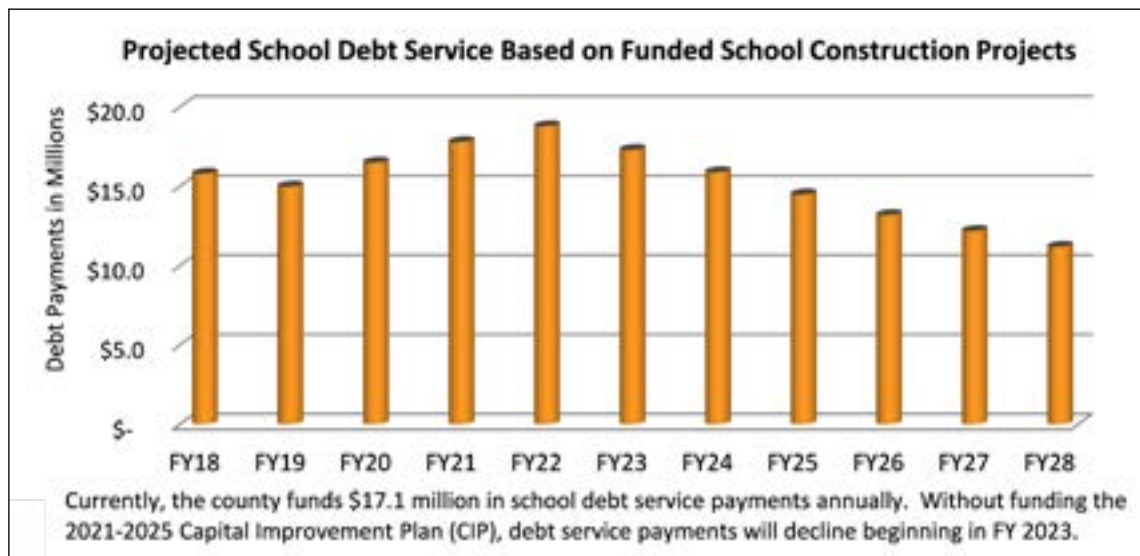
Most debt service payments made by FCPS are structured over twenty years with level principal payments, thereby reducing the debt service for existing bonds annually. Significant changes in the debt service for any given fiscal year is driven by the sale of new bonds requiring additional interest and principal payments or by the retirement (pay-off) of any existing bonds. To increase debt spending, FCPS submits requests to the Frederick County Board of Supervisors who approves the amount of funds available for the construction of new schools each fiscal year.

Debt Management Policy and Existing Debt

Virginia does not impose a debt limitation on Frederick County. However, Frederick County adopted key debt ratio guidelines including debt to assessed value should not exceed 0.75–1.75%. At the close of FY 2019, the county's ratio of debt to assessed value was 1.31%. Where approved justification is provided, debt for capital construction and improvements are repaid over the expected useful life of the project, and long-term debt is not used for current operations. Total existing debt prior to FY 2021 for the school division was \$135.4 million.

Future Debt and Trends

To finance existing debt and active school construction projects, debt service payments will peak in FY 2022 and decline beginning in FY 2023. This includes final borrowings to construct the replacement Robert E. Aylor Middle School. Debt service for new projects as listed on the Capital Improvements Plan for 2021-2025 are not included in the forecast because the plan is not funded by the Board of Supervisors. Future construction projects listed on the CIP are stalled without funding approval anticipated.





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