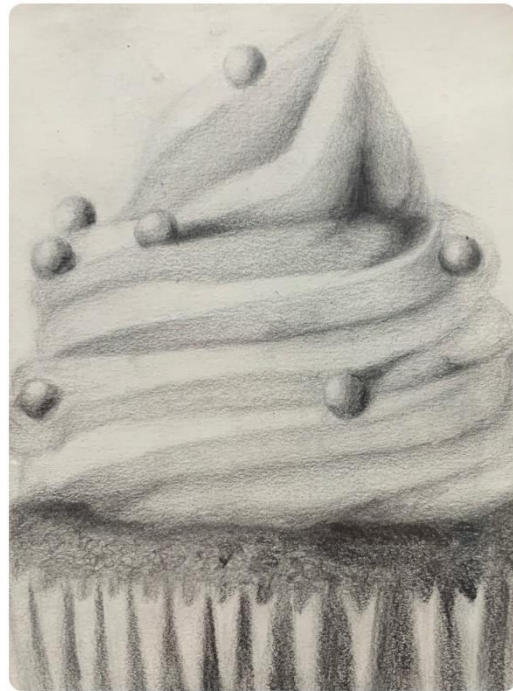
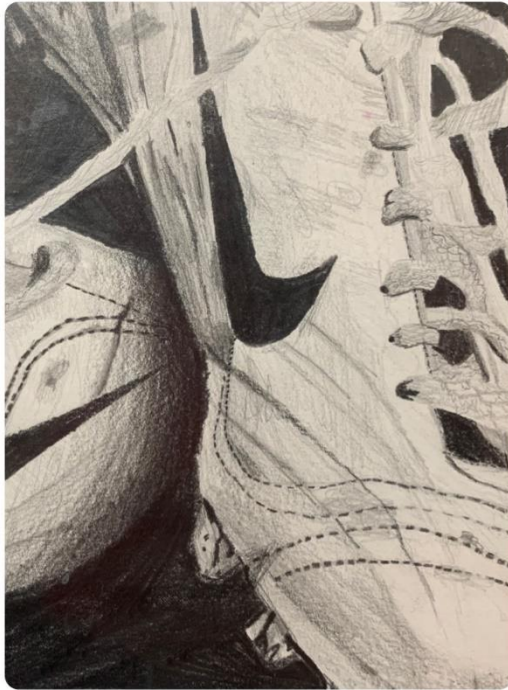


# Montgomery County Public Schools

School Board's Funding Request

Fiscal Year 2022-2023



**Engage! Encourage! Empower!**

Approved by the Montgomery County School Board on February 15, 2022

750 Imperial Street, SE | Christiansburg, Virginia 24073 | [www.mcps.org](http://www.mcps.org) | 540-382-5100

Cover Art Work by Students at BMS  
Other Art Work: By Students in MCPS

#### Equal Employment Opportunity

The Montgomery County School Board is an equal opportunity employer, committed to nondiscrimination in recruitment, selection, hiring, pay, promotion, retention, or other personnel action affecting employees or candidates for employment.

Therefore, discrimination in employment against any person on the basis of race, color, religion, national origin, sexual orientation, political affiliation, gender, pregnancy, child birth or related medical condition, age, marital status, disability or status as a special disabled veteran is prohibited. Personnel decisions shall be based on merit and the ability to perform the essential functions of the job, with or without reasonable accommodation, when necessary.

The following persons have been designated to handle inquiries regarding non-discrimination policies:

Director of Human Resources and Assistant Director of Human Resources  
750 Imperial Street SE, Christiansburg, VA 24073 (540) 382-5100

# Montgomery County Public Schools

(A Component Unit of the County of Montgomery, Virginia)

## School Board's Funding Request

Fiscal Year 2022-2023



Montgomery County  
Public Schools

Engage! Encourage! Empower!

Prepared by the Finance Department

Thomas E. Kranz, CPA, CGMA – Assistant Superintendent of Operations

Katherine C. Miano, CPA, SFO – Director of Finance

Marc A. Evans – Budget Analyst/Finance Manager

## BUDGET AWARD

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

ASBO International awarded the Meritorious Budget Award (MBA) to the Montgomery County School Division for its annual budget for the fiscal year beginning July 1, 2020.

ASBO International developed the MBA program to recognize school systems for achieving excellence in their school system budget presentation. The program's foundation is a set of criteria developed by ASBO International and school business officials throughout the United States and Canada.

The criteria are designed to: provide clear budget presentation guidelines, define state-of-the-art budget practices, promote short and long-range budget goals, encourage sound fiscal management practices, and promote effective use of school resources.

The award is valid for only one year. We believe our FY 2021-2022 budget continues to meet the MBA program requirements, and we have submitted it to ASBO International to determine its eligibility for another award.

The School Board's Funding Request is one step in the development of the FY 2022-23 budget. This budget is projected to be final in May 2022. We will submit the FY 2022-2023 annual budget after approval in May to ASBO International to determine its eligibility for another award.

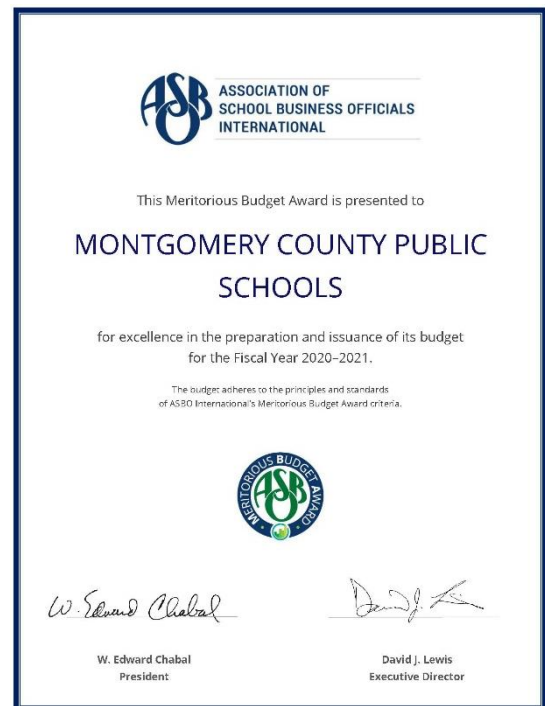
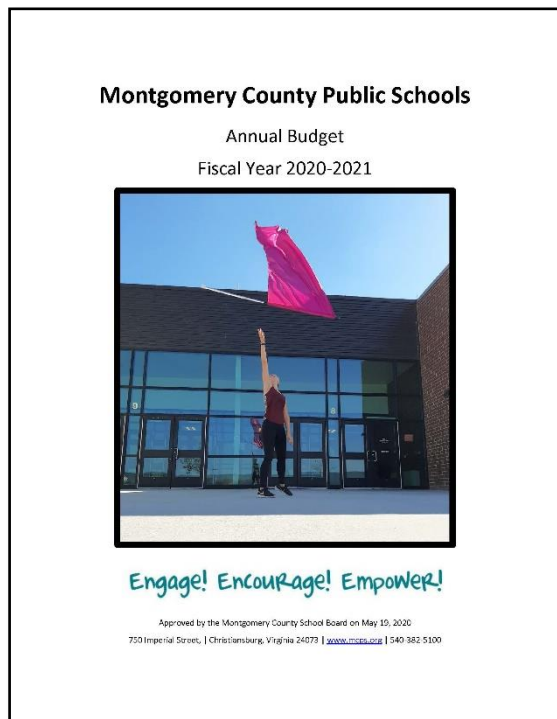


TABLE OF CONTENTS

**SCHOOL BOARD’S FUNDING REQUEST ..... 1**

MESSAGE FROM THE SCHOOL BOARD ..... 3

ORGANIZATIONAL SECTION ..... 5

*Motto* ..... 5

*Mission* ..... 5

*Beliefs* ..... 5

*Objectives* ..... 5

*Board Goals* ..... 5

*Strategic Plan* ..... 6

*Budget Process and Calendar* ..... 8

*School Board* ..... 10

*School Administration* ..... 11

FINANCIAL SECTION ..... 13

*Budget Comparison for All Funds* ..... 13

*Summary of Revenues and Expenditures for All Funds* ..... 14

*School Operating Fund (General Operating Fund)* ..... 18

*School Nutrition Fund Highlights* ..... 29

INFORMATIONAL SECTION ..... 37

*Per Pupil Expenditures* ..... 37

*Student Enrollment* ..... 37

*Composite Index* ..... 38

*Allocation of Personnel Resources* ..... 39

*Changes in Debt* ..... 40

*Local Taxes* ..... 40

*School & Facility Information* ..... 41

*Fast Facts* ..... 42

*Statement of Inclusivity* ..... 43

*Overview and Other Information* ..... 44

*Glossary of Acronyms* ..... 45

*Glossary of Terms* ..... 47

SCHOOL BOARD’S FUNDING REQUEST





## MESSAGE FROM THE SCHOOL BOARD

Dear Members of the Montgomery County Board of Supervisors,

In these pages, we present our Funding Request for the 2022-2023 fiscal year in the amount of \$133,811,711. This represents an increase of 5.34% or \$6.78 million more than the fiscal year 2021-2022 Approved Budget.

This spending plan reflects the expense necessary to continue the mission of Montgomery County Public Schools – to be an innovative educational community that provides a safe learning environment and intentional exposure to positive social, emotional and academic experiences. The plan was created using the Board’s Strategic Plan, school improvement process, and from stakeholders throughout the year to identify the areas where we should focus our limited financial resources. The pandemic has created many unique challenges, such as being able to determine the number of students in the district; which determines ADM revenue not only for 2022-2023, but also going forward.

We are leading the way for education in Virginia. We have created an Alternative Model for Professional Studies (“AMPS”) to address the instructional needs of our School District. Over a thirty month period, this innovative program will provide the participants with high-quality training and ongoing support to help them earn a renewable teaching license, while launching a successful and rewarding career as a teacher in Montgomery County Public Schools. Our graduation rate and SOL Scores, even during the pandemic, continue to outperform the state averages. In addition, we have been able to increase our employee pay, especially our teacher pay. These increases have allowed us to be more competitive in attracting first class teachers to instruct the students of Montgomery County.

These types of achievements do not happen without a continued focus on how our budget can best meet the needs of students. In preparing for this year’s budget, we have looked at the following key focus areas:

- Quality Education Programs – Offering a quality education program is the very essence of Montgomery County Public Schools. We are continuously evaluating our curriculum to determine how we can improve the programs to ensure the needs of our students are met at all levels. This includes adjusting course offerings to meet student needs, providing quality professional development, and working with our teachers to determine where we can provide additional programs.
- Continue to Improve Teacher Pay – If we wish to continue recruiting the best teachers in the area, their pay must reflect to our teachers that they are the best. We have made huge strides over the past few years, as evidenced by our ranking compared to surrounding districts has risen from seventh to second in starting teacher pay. With this year’s budget we are working to address the compensation for our veteran teachers while still staying competitive in starting salary, as well as offering a percentage increase in line with the recommendation of the Governor in his budget.
- Work on increasing non-instructional pay in order to remain competitive in the marketplace in order to retain and attract the most qualified individuals.
- Work on providing operating funds to cover needed positions funded through state and federal COVID dollars, so that when these funds are no longer available, the cost of these positions will have been absorbed in the operating budget.

- Maintain Employee Cost for Healthcare – Maintaining our current benefits package is a benefit in retaining our full-time employees, as well as attracting new employees. A focus on improving teacher pay means that we also need to maintain the benefits package that employees receive so that the increase is visible in their take-home pay.
- Continue to update the transportation fleet with the purchase of eight buses per year; ensuring that the average age of the fleet is not higher than the manufacturer’s recommended life of a bus.

This Funding Request reflects a focus on each of these areas.

Thank you for your dedication to education in Montgomery County.

Sincerely,



Susan J. Kass  
Board Chair, Montgomery County School Board



## ORGANIZATIONAL SECTION

The following is a high-level summary of the information contained in the Organizational Section of the Annual Budget.

### MOTTO

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Engage, Encourage, Empower

### MISSION

---

MCPS is an innovative educational community. We value diversity, and we are committed to equity and inclusion. MCPS empowers learners to realize success in an ever-changing global society through collaboration with communities, families, staff, and students. MCPS provides a safe, engaging learning environment and intentional exposure to positive social, emotional, and academic experiences.

### BELIEFS

---

- ✓ All students can learn in order to pursue their dreams.
- ✓ Schools are safe places of joy, wonder, and creativity.
- ✓ Every person deserves to be loved, valued, and respected.
- ✓ Kindness is an essential skill of a responsible, productive community member.
- ✓ The diversity of our community is one of our greatest strengths.
- ✓ All people deserve equitable access to opportunities and resources.
- ✓ Every child deserves an advocate.
- ✓ Honoring the voices of students and other stakeholders strengthens the school community.
- ✓ Open communication and feedback are vital to our growth.
- ✓ Learning and teaching are collective efforts that begin at birth and involve the entire community.
- ✓ Relationship building and high expectations are foundational to student success.

### OBJECTIVES

---

- Instruction – Each student will have access to exemplary and meaningful learning opportunities that engage them in collaboration, communication, critical thinking, developing creativity, and building connections.
- Learning Environments – Each student will have access to safe and vibrant learning environments that facilitate instruction, learning, and collaboration and promote physical, mental, emotional, and social well-being.
- Poverty – Each student will be provided with resources to address their physiological, social, emotional, and cognitive needs.
- Equity – Each student will have equitable access to resources, programs, opportunities, and learning experiences regardless of barriers.
- Mental Health – Each student will learn resilience and life skills in a safe and supportive environment that promotes social, emotional, mental, and physical well-being.

### BOARD GOALS

---

The board approved the strategic plan on December 1, 2020 and the Boards' goal is to begin the implementation of the strategic plan for 2021 through 2026.

## STRATEGIC PLAN

The Montgomery County Public Schools comprehensive continuous improvement process includes the following strategic areas:

1. Instruction, 2. Learning Environments, 3. Poverty, 4. Equity, and 5. Mental Health

### **Strategy Instruction**

Provide each student with access to exemplary and meaningful learning opportunities that engage them in collaboration, communication, critical thinking, developing creativity, and building connections.

Actions:

- Provide meaningful professional development which ensures educators are prepared to engage students in collaboration, communication, critical thinking, developing creativity, and building connections
- Be intentional in strategic lesson planning which ensures instruction, feedback, and assessment are in alignment with student needs and division goals
- Engage students in rigorous and meaningful learning during the school day which respects their time and allows them to maintain wellness and balance in their lives outside of school
- Recruit and retain exemplary faculty, staff, and leaders who support the beliefs and mission of the school division

### **Strategy Learning Environments**

Provide each student access to a safe and vibrant learning environment to facilitate instruction, learning, and collaboration, and promote physical, mental, emotional, and social well-being.

Actions:

- Continuously strengthen the safety and security of all MCPS facilities
- Continuously enhance the quality of all MCPS learning environments to facilitate instruction, learning, and collaboration, promoting physical, mental, emotional, and social well being
- Design schools to make sure appropriate areas are easily accessible by the community and outside organizations

### **Strategy Poverty**

Develop and provide each student with resources to address their physiological, social, emotional, and cognitive needs.

Actions:

- Engage and collaborate with community resources to concentrate efforts on supporting students' needs from birth to graduation
- Develop engaging instructional strategies that emphasize relationship building, high expectations, engagement, and cultural proficiency
- Ensure access to high quality before and after school opportunities from birth to graduation
- Provide access to early childhood education classrooms to ensure equity and establish school readiness

### Strategy Equity

Provide each student with equitable access to resources, programs, opportunities, and learning experiences.

Actions:

- Establish a system-wide approach that intentionally embeds cultural proficiency to identify and address biases that are intentional, automatic, unintentional, deeply ingrained, universal, and able to influence behavior
- Develop a means to afford all students access to all courses offered by MCPS
- Partner with community organizations to meet the basic needs of families which are necessary for students to be ready to learn
- Partner with local, state, community and governmental organizations to ensure that all children will start school kindergarten ready
- Develop a clear and structured plan to manage behavior that is accessible and easily understood by administrators, teachers, students, and parents
- Use and promote an equity statement and principles

### Strategy Mental Health

Provide training and awareness for students and staff to learn resilience and life skills in a safe and supportive environment that promotes social, emotional, mental, and physical well-being.

Actions:

- Develop and train to create an empathetic and nurturing school community that is sensitive and supportive of the needs of all children and families
- Develop, maintain and communicate a network of partnerships and resources that are available to our community
- Educate and raise awareness of issues facing our community

 <h4>Instruction</h4> <p>Each student will have access to exemplary and meaningful learning opportunities that engage them in collaboration, communication, critical thinking, developing creativity, and building connections.</p>	 <h4>Learning Environments</h4> <p>Each student will have access to safe and vibrant learning environments that facilitate instruction, learning, and collaboration and promote physical, mental, emotional, and social well-being.</p>	 <h4>Poverty</h4> <p>Each student will be provided with resources to address their physiological, social, emotional, and cognitive needs.</p>
<h3>MISSION</h3> <p>MCPS is an <b>innovative</b> educational community. We value diversity, and we are committed to <b>equity</b> and <b>inclusion</b>. MCPS <b>empowers</b> learners to realize success in an ever-changing global society through <b>collaboration</b> with communities, families, staff, and students. MCPS provides a <b>safe, engaging</b> learning environment and intentional exposure to positive social, emotional, and academic experiences.</p>		
 <h4>Equity</h4> <p>Each student will have equitable access to resources, programs, opportunities, and learning experiences regardless of barriers.</p>	 <p>Montgomery County Public Schools</p>	 <h4>Mental Health</h4> <p>Each student will learn resilience and life skills in a safe and supportive environment that promotes social, emotional, mental, and physical well-being.</p>

## BUDGET PROCESS AND CALENDAR

The 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 money needed for public schools as well as public notice of per pupil costs. Virginia State Code 22.1-91 sets limitations on expenditures equal to or less than funds available for school purposes within a fiscal year.

The budget process is a year-round activity beginning with planning, preparing, and adopting, then evolving to reporting, monitoring, and adjusting the financial plan. Virginia code requires the School Board to prepare and submit an estimate of the funds needed during the ensuing fiscal year to the governing body, the Montgomery County Board of Supervisors. By May 1<sup>st</sup> of each year, the governing body must prepare and approve a budget for informative and fiscal planning purposes.



### Superintendent’s Statement of Needs

The budget planning process begins in the fall of the preceding year with the development of the budget calendar. The calendar identifies all deadlines for the annual budget process. The calendar includes important activities in the budget process and the dates on which important decisions are scheduled. The School Board includes at least one work session for reviewing the budget and at least one public hearing for comment on the budget. The public hearing time and location are published at least ten days in advance in a newspaper having general circulation with the school division.

The superintendent, with assistance from staff, prepares a preliminary budget. Many factors influence the statement of needs and include, but are not limited to: economic conditions, enrollment growth, staffing needs based on program enrollment, instructional and operational goals outlined in the Division Strategic Plan, technology and school bus replacement schedules, public input, and other initiatives that support MCPS’ mission and goals. The Superintendent’s Statement of Needs is presented to the School Board in January. It is supported by state revenue estimates as proposed by the Governor of Virginia and by the continuation of prior year funding levels as provided by the Montgomery County Board of Supervisors. All other sources of revenue (federal and other) are based on historical trends and current available information. The expenditure component of the Superintendent’s Statement of Needs includes division-wide staffing, contracted services, materials, supplies, replacement equipment, utilities, vehicle fuel, and other operational expenses. Staffing costs are based on current staff actual salaries and benefits

### School Board’s Funding Request

The School Board hears from employee groups through presentations at school board work sessions in January. Based on these work sessions, the School Board determines if modifications are needed to the Superintendent’s Statement of Needs. The School Board’s funding request is forwarded to the Montgomery County Board of Supervisors in early February.



## Approved Budget

The Montgomery County Board of Supervisors holds budget work sessions and public hearings, then appropriate 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 Montgomery County, the school division budget is approved by category totals. 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 prepared, published, and distributed.

## Budget Implementation

Once the budget is adopted by the School Board and the Montgomery County Board of Supervisors, 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 unique account code. Budget account holders may not expend or encumber more than the approved and appropriated budget amounts. Fiscal monitoring of department and school activities occurs throughout the year to ensure compliance. An amendment to the amount of any category requires approval of a resolution from the Montgomery County Board of Supervisors. Budget adjustments within category totals do not require a resolution.

This budget document is intended as a working reference document for administrators and other school personnel. The document is organized with introductory (executive summary), organizational, financial, and informational sections to describe the financial framework, division statistics and achievements, and organization detail of the day-to-day operations of Montgomery County Public Schools.



## Significant Changes during the FY 2023 Budget Process

There were no significant changes to the budget process for FY 2022-23.

SCHOOL BOARD

Linwood Hudson, District A



Penny J. Franklin, District B



Dana M. Partin, District C



Jamie M. Bond, District D



Marti Graham, District E



Susan J. Kass, District F



Mark F. Cherbaka, District G



## SCHOOL ADMINISTRATION

Annie Whitaker, Ed.D., Interim Superintendent

Dr. Annie Whitaker began her tenure as the interim superintendent in MCPS on March 17, 2022.

Dr. Whitaker previously served as the MCPS Deputy Superintendent and the Director of Human Resources. She has also served as Assistant Superintendent, Director of Curriculum and Instruction, Assistant Principal, and Language Arts Teacher.

Dr. Whitaker earned a bachelor's degree in English from Radford University. She has dual master's degrees - one in curriculum and instruction and one in educational leadership.

### Instructional Leadership Team

Deputy Superintendent.....	Annie Whitaker, Ed.D.
Director of Communications and Community Relations.....	Brenda Drake
Director of CTE and Virtual Learning.....	Mark Husband
Director of Elementary Education.....	Barbara Wickham, Ed. D.
Director of Human Resources.....	Danny Knott
Director of Secondary Education.....	Carl Pauli
Director of Student Intervention Services and School Safety.....	Jason Garretson
Director of Equity, Diversity, and Tiered Intervention.....	Guylene Wood-Setzer
Director of Special Education.....	Anthony Walker, Ed. D.
Director of Technology.....	Doug Wickham
Division Dean of Students.....	Robert Johnson, Ed. D.

### Operational Leadership Team

Assistant Superintendent for Operations.....	Thomas E. Kranz, CPA, CGMA
Assistant Director of Human Resources.....	Amanda Weidner
Custodial Manager.....	Robbie Jones
Director of Finance.....	Katherine C. Miano, CPA, SFO
Director of Transportation.....	Edward Walters
Supervisor of Facilities.....	John Sutton
Supervisor of Purchasing.....	Angela Bland
Supervisor of School Nutrition Programs.....	Jennifer Loflin







**FINANCIAL SECTION**

The following is a high-level summary of information contained in the Financial Section of the Annual Budget.

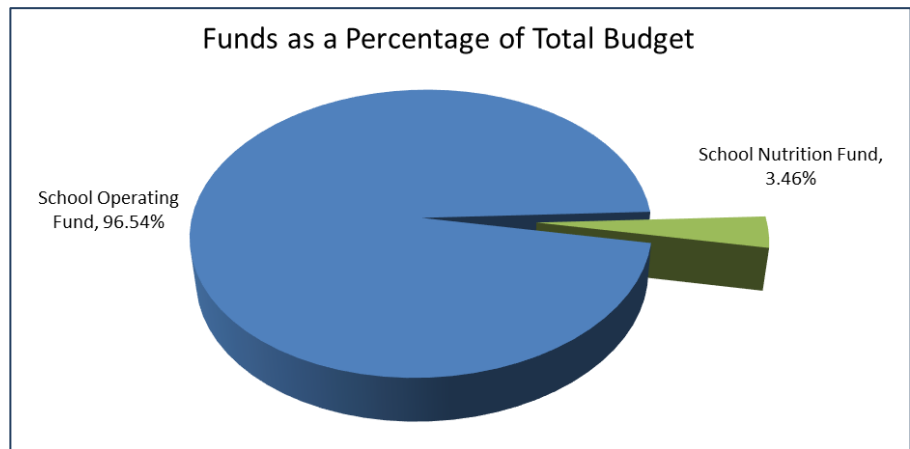
A balanced budget is a budget with total expenditures not exceeding total revenues and all monies available in the fund balance within an individual fund. This definition is applied over the long-term, not just during the current period. As required by law, all fund budgets presented in the budget document are balanced.

*Please note: The financial and statistical tables within this budget document use rounding, which may result in what appear to be insignificant mathematical inconsistencies.*

**BUDGET COMPARISON FOR ALL FUNDS**

The following budgets are included in the School Board Annual Budget: School Operating Fund and School Nutrition Fund. The School Operating fund is intended to finance instructional programs and day-to-day operations of the school division and includes the division’s primary revenue sources from the Commonwealth of Virginia and the County of Montgomery. The School Nutrition fund accounts for the cafeteria operations and administrative costs, primarily from breakfast and lunch sales and federal revenue. The School Division budgets for two funds, one general fund and one special revenue fund. The general fund consists of the School Operating Fund and the special revenue fund consists of the School Nutrition Program Fund. A summary of the revenues and expenditure budgets for each fund follows.

The following schedule presents a summary comparison of the funds included in this budget. The School Board’s Funding Request for FY 2022-2023 reflects an increase of \$6,784,836, or 5.54% over the FY 2021-2022 operating budget. The School Nutrition fund reflects no change over the FY 2021-2022 budget.



Description	FY 2021-22 Approved Budget	FY 2022-23 Proposed Budget	Increase (Decrease)	% Chg	% of Budget
School Operating Fund	\$ 122,393,401	\$ 129,178,237	\$ 6,784,836	5.54%	96.54%
School Nutrition Fund	4,633,474	4,633,474	-	0.00%	3.46%
<b>Sub-Total</b>	<b>\$ 127,026,875</b>	<b>\$ 133,811,711</b>	<b>\$ 6,784,836</b>	<b>5.34%</b>	<b>100.00%</b>

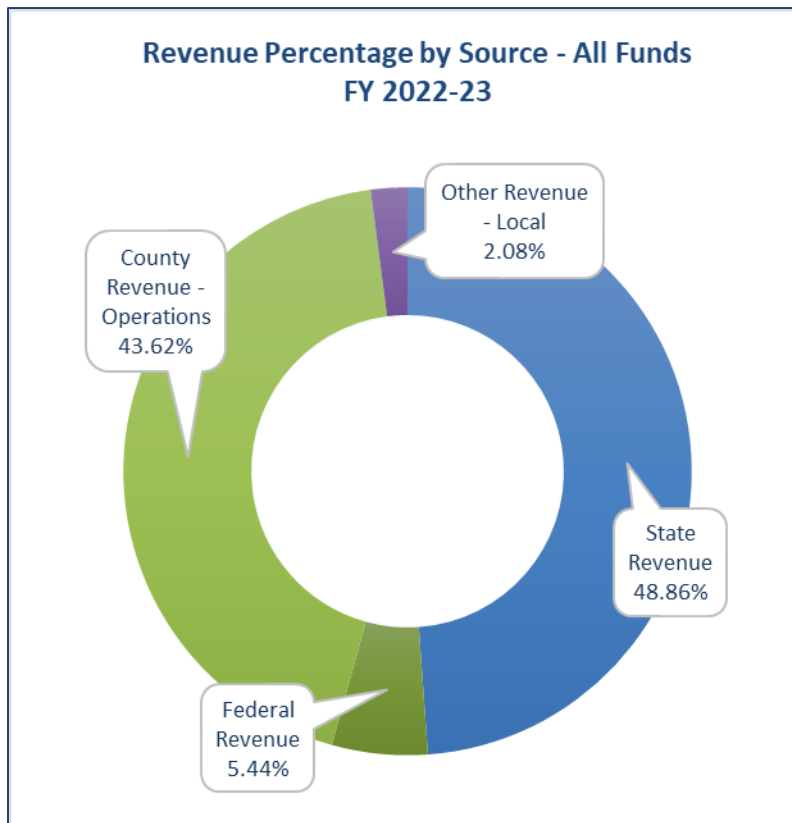
The School Board’s Funding Request FY 2022-23 reflects an overall increase of 5.34% over the prior year with the School Operating fund representing the only increase. Further discussion of the budget variances by fund follows this section.

**SUMMARY OF REVENUES AND EXPENDITURES FOR ALL FUNDS**

Montgomery County Public Schools is not a taxing authority. As a result, the division must depend on both the state and the county government to provide the revenue needed to fulfill our mission and deliver quality educational opportunities to students in Montgomery County.

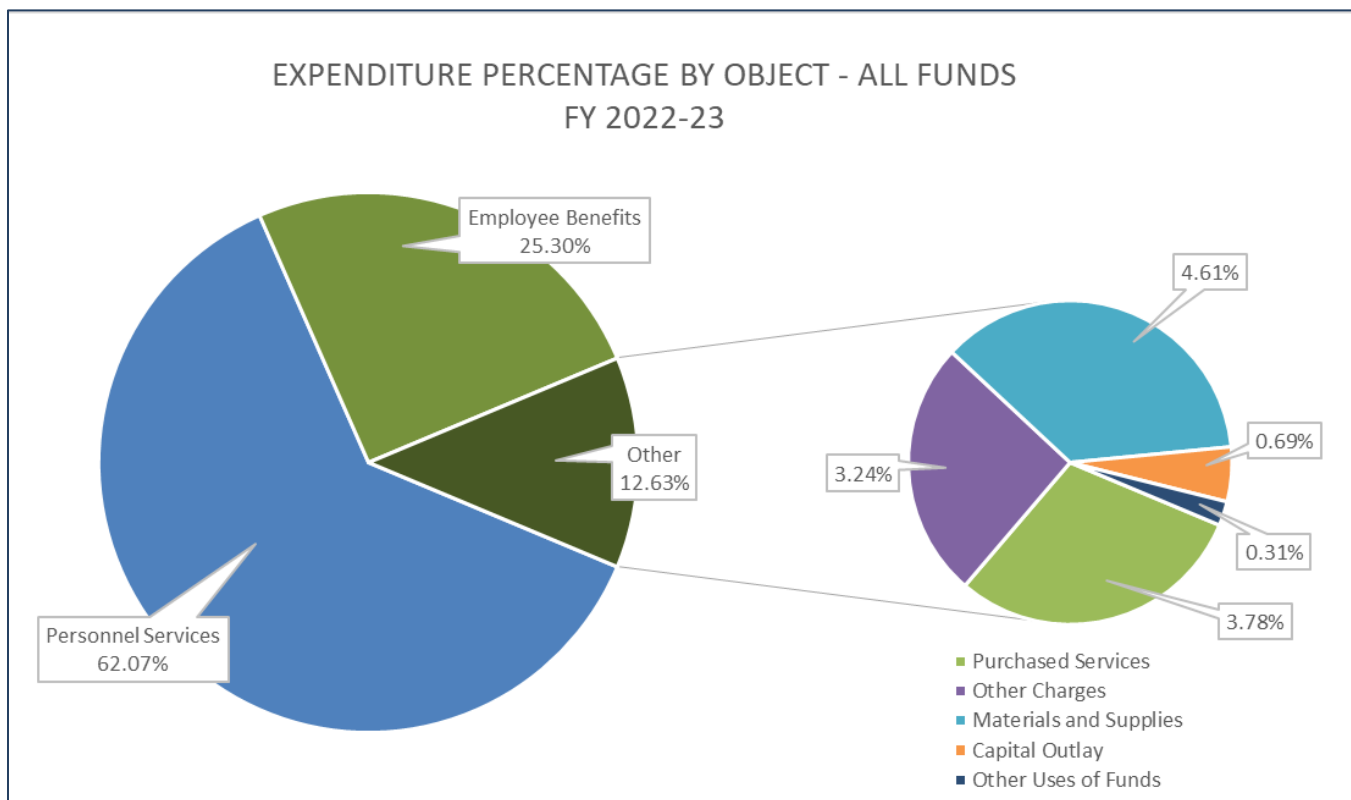
Revenues are classified based on sources. MCPS has four major funding sources - state, federal, county and local. Revenue projections for all funds by source are as follows:

Summary of All Funds Revenue by Source								
Description	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23	Increase / (Decrease)	%	% of
	Actual	Actual	Actual	Approved Budget	Proposed Budget		Chg	Budget
<b>All Funds</b>								
State Revenue	\$ 57,473,599	\$ 59,913,637	\$ 62,574,899	\$ 63,083,948	\$ 65,379,251	\$ 2,295,303	3.64%	48.86%
Federal Revenue	6,876,747	8,264,922	12,192,103	7,276,285	7,276,285	-	0.00%	5.44%
County Revenue - Operations	48,916,075	52,164,720	53,878,134	53,877,273	58,366,806	4,489,533	8.33%	43.62%
Other Revenue - Local	3,357,973	3,568,983	2,383,054	2,789,369	2,789,369	-	0.00%	2.08%
<b>Total Funds Available - All Funds</b>	<b>\$ 116,624,394</b>	<b>\$ 123,912,262</b>	<b>\$ 131,028,190</b>	<b>\$ 127,026,875</b>	<b>\$ 133,811,711</b>	<b>\$ 6,784,836</b>	<b>5.34%</b>	<b>100.00%</b>



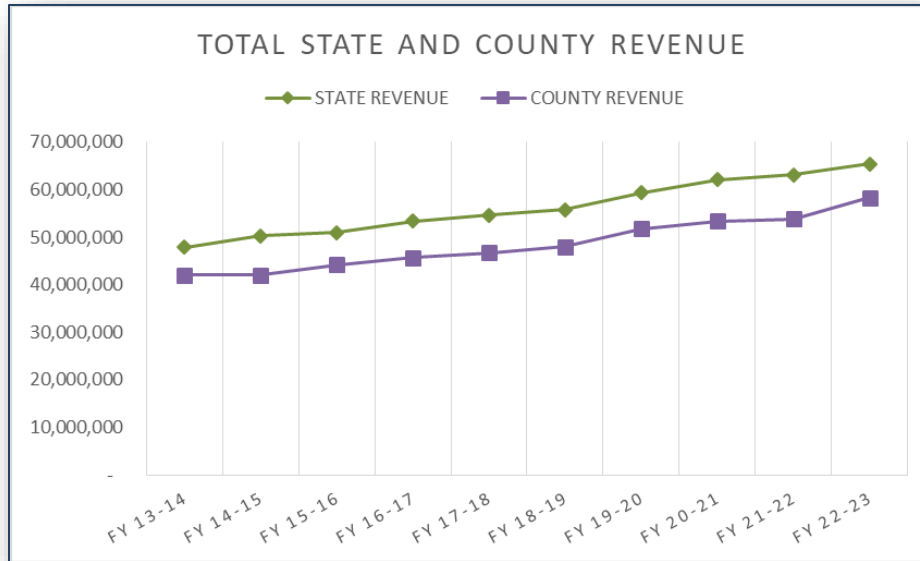
Expenditures are classified by fund, cost center, sub-function, level, and object. MCPS has seven major object code classifications – personnel services, employee benefits, purchased services, other charges, materials and supplies, capital outlay, and other uses of funds. Expenditures for all funds by object are as follows:

Summary of All Funds Expenditures by Major Object						
Description	FY 2018-19 Actual	FY 2019-20 Actual	FY 2020-21 Actual	FY 2021-22 Approved Budget	FY 2022-23 Proposed Budget	Increase / (Decrease)
<b>All Funds</b>						
Personnel Services	\$ 69,605,784	\$ 73,471,311	\$ 78,231,744	\$ 77,601,484	\$ 83,055,410	\$ 5,453,926
Employee Benefits	26,481,878	28,475,202	30,305,629	33,890,655	33,855,525	(35,130)
Purchased Services	3,242,938	5,497,677	5,437,473	4,615,228	5,061,268	446,040
Other Charges	4,289,280	4,305,683	4,188,968	4,340,511	4,340,511	-
Materials and Supplies	8,714,841	7,650,251	12,079,667	6,170,337	6,170,337	-
Capital Outlay	2,375,064	3,888,888	1,755,648	-	920,000	920,000
Other Uses of Funds	408,660	408,660	955,755	408,660	408,660	-
<b>Total Funds Available - All Funds</b>	<b>\$ 115,118,445</b>	<b>\$ 123,697,672</b>	<b>\$ 132,954,884</b>	<b>\$ 127,026,875</b>	<b>\$ 133,811,711</b>	<b>\$ 6,784,836</b>

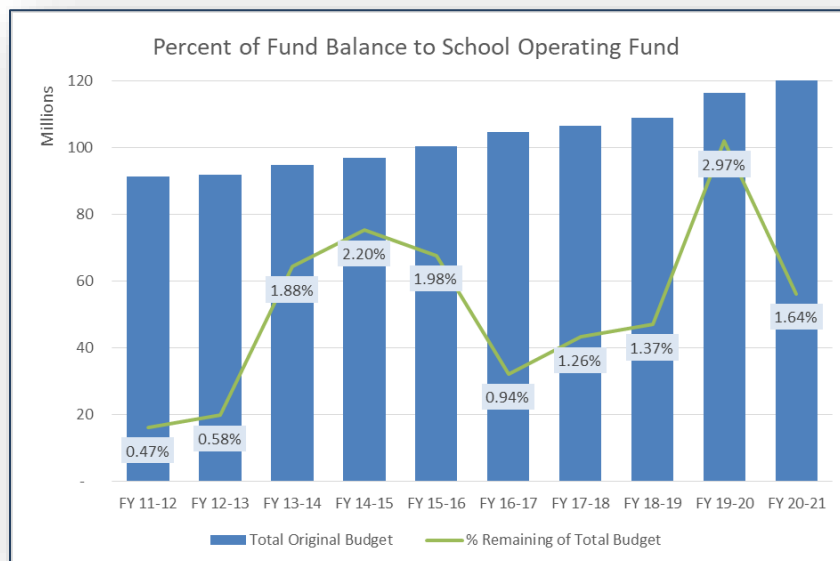


**SIGNIFICANT TRENDS**

Revenue - The majority of the School Division funding is received from the State and County Government. Below is the trend analysis for the previous 10 years.



Year End Balance –The school division monitors federal and state revenue trends closely as a result of sound management practices. The chart below is the percent of fund balance remaining in the school operating fund as compared to the total original operating budget.





## KEY FACTORS THAT AFFECTED THE CURRENT YEAR BUDGET DEVELOPMENT

### REVENUE

#### Composite Index Change

- The composite index, also referred to as the local composite index, (LCI) is a factor used in the Virginia Basic Aid formula, (derived from true values of property, ADM, population, retail sales, adjusted gross income, etc.) to determine local and state share of basic appropriation. MCPS's composite index for the 2022-2024 biennium budget, as presented in the Governor's introduced budget is 0.4214, which is an increase of 0.0235. Additional information on LCI can be found in the informational section of the annual budget document.

#### Student Enrollment

- The ADM projection for fiscal year 2022-2023 of 9,552 students is a decrease in ADM of 13 students. This decrease is minimal; however, it shows the continued effects of the COVID-19 pandemic. This is the same estimate provided by the state.

#### Governor's Proposed Budget / State Revenue

- The Governor's proposed budget no longer includes no loss funding for school divisions whose ADM had decreased due to the global pandemic. His budget does, however, include some hold harmless funds for re-benchmarking and the proposed elimination of the grocery tax.

#### Federal Revenue

- Title grants fall under the Elementary and Secondary Education Act (ESEA). These grants are approved after the start of the fiscal year 2022-2023 therefore, the projections are based on the approved grant amounts for the federal fiscal year 2021-2022. Federal funding is projected to stay level for FY 2022-2023.

#### County Allocation

- The School Board's funding request would require an increase in the County allocation in the amount of \$4,489,533 or 8.33%.

### EXPENDITURES

#### Salary Enhancements

- Compensation and benefits have continued to be a priority for the school division. In order to be competitive with surrounding districts, the School Board funding request includes an average of a 5.0% raise which will continue the efforts to provide our teachers a fair and competitive salary.

#### Sustainment Plan

- This funding request for FY 2022-23 sustains the program enhancement and targeted restoration we were able to implement in previous budgets.

#### Capital Projects

- The School Board maintains a Capital Improvement Program which reflects school capital needs up to ten subsequent years. The plan is included in the informational section of the annual budget book and includes two sections: capital improvement planning and capital maintenance projects.

## SCHOOL OPERATING FUND (GENERAL OPERATING FUND)

The School Operating Fund is utilized by the school division to account for revenues and expenditures necessary for the day-to-day operations of the school division. Revenues are received from state, federal, local, and county sources. Expenditures are tracked by state category, program, and object code.

The fund statement for the School Operating Fund details the funding sources, expenditures, and balances for prior years 2019, 2020, and 2021. The FY 2021-22 and FY 2022-23 approved budget amounts are shown since the school division budgets from approved budget year to the next.

School Operating Fund - Financial Statement						
Description	FY 2018-19 Actual	FY 2019-20 Actual	FY 2020-21 Actual	FY 2021-22 Approved Budget	FY 2022-23 Proposed Budget	Increase / (Decrease)
<b>Operating Fund</b>						
<b>Revenue</b>						
State Revenue	\$ 57,413,175	\$ 59,846,534	\$ 62,529,756	\$ 63,017,405	\$ 65,312,708	\$ 2,295,303
Federal Revenue	4,758,247	5,217,875	8,943,617	4,766,285	4,766,285	-
County Revenue - Operations	48,916,075	52,164,720	53,878,134	53,877,273	58,366,806	4,489,533
Other Revenue - Local	1,582,038	1,613,792	2,131,203	732,438	732,438	-
<b>Sub-Total</b>	<b>\$ 112,669,535</b>	<b>\$ 118,842,921</b>	<b>\$ 127,482,710</b>	<b>\$ 122,393,401</b>	<b>\$ 129,178,237</b>	<b>\$ 6,784,836</b>
<b>Expenditures</b>						
Instruction	\$ 84,724,744	\$ 90,089,192	\$ 96,332,598	\$ 93,590,248	\$ 96,458,616	\$ 2,868,368
Admin, Attend, & Health	4,476,401	5,155,773	5,404,415	5,630,523	5,969,748	339,225
Transportation	4,833,020	4,671,254	5,524,085	5,469,766	7,404,786	1,935,020
Operations & Maintenance	16,087,480	17,967,123	19,887,740	16,974,170	18,616,393	1,642,223
Non-Instructional	428,595	338,876	249,795	320,034	320,034	-
Other Uses of Funds	408,660	408,660	955,755	408,660	408,660	-
<b>Sub-Total</b>	<b>\$ 110,958,900</b>	<b>\$ 118,630,878</b>	<b>\$ 128,354,388</b>	<b>\$ 122,393,401</b>	<b>\$ 129,178,237</b>	<b>\$ 6,784,836</b>
Excess (deficiency ) of Revenues over (under) Expenditures	\$ 1,710,635	\$ 212,043	\$ (871,678)	\$ -	\$ -	\$ -
Beginning Fund Balance	4,039,835	5,750,470	5,962,513	-	-	-
<b>Ending Fund Balance</b>	<b>\$ 5,750,470</b>	<b>\$ 5,962,513</b>	<b>\$ 5,090,835</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

## SCHOOL OPERATING FUND – ESTIMATED REVENUES

Montgomery County Public Schools receives funds from state, federal, county, and local sources. In FY 2022-23, all sources of the School Operating Fund revenue are expected to increase by \$6,784,836 or 5.54% compared to the FY 2021-22 approved budget.

### State Revenue

State revenues (including sales tax) estimates total \$65,312,708, an increase of \$2,295,303 or 3.64%. The increase is primarily due to sales tax estimate and a compensation supplement. State revenue accounts for 50.56 percent of total operating fund revenues. State revenue is based on the Governor's Introduced 2022-2024 biennium budget released on December 17, 2021. The Virginia General Assembly does not approve the state budget until after the school Board has already forwarded their funding request to the Board of Supervisors.

### Federal Revenue

Federal revenue estimates for FY 2022-23 total \$4,766,285, the same amount when compared to the FY 2021-2022 approved budget. This is due primarily from Elementary & Secondary Education Act grants and Individuals with Disabilities Education Act. Federal revenues account for 3.69% of total operating fund revenues.

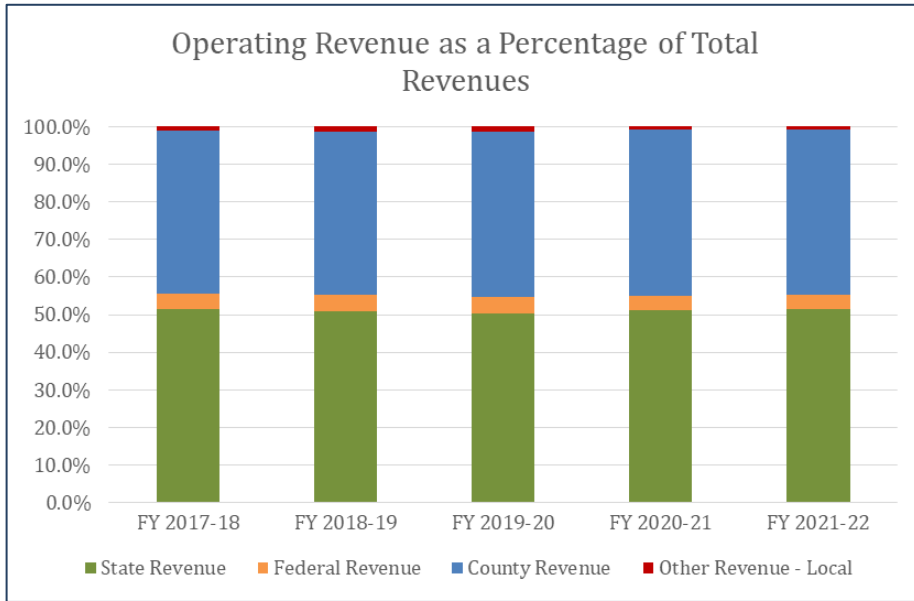
### Other Revenue

Local revenue estimates total \$732,438 and is a constant when compared to the FY 2021-2022 approved budget. Local revenue, includes rental of school property, rebates and refunds, Universal Services Discount (E-Rate), accounts for 0.57% of total School Operating Fund revenues.

### County Allocation

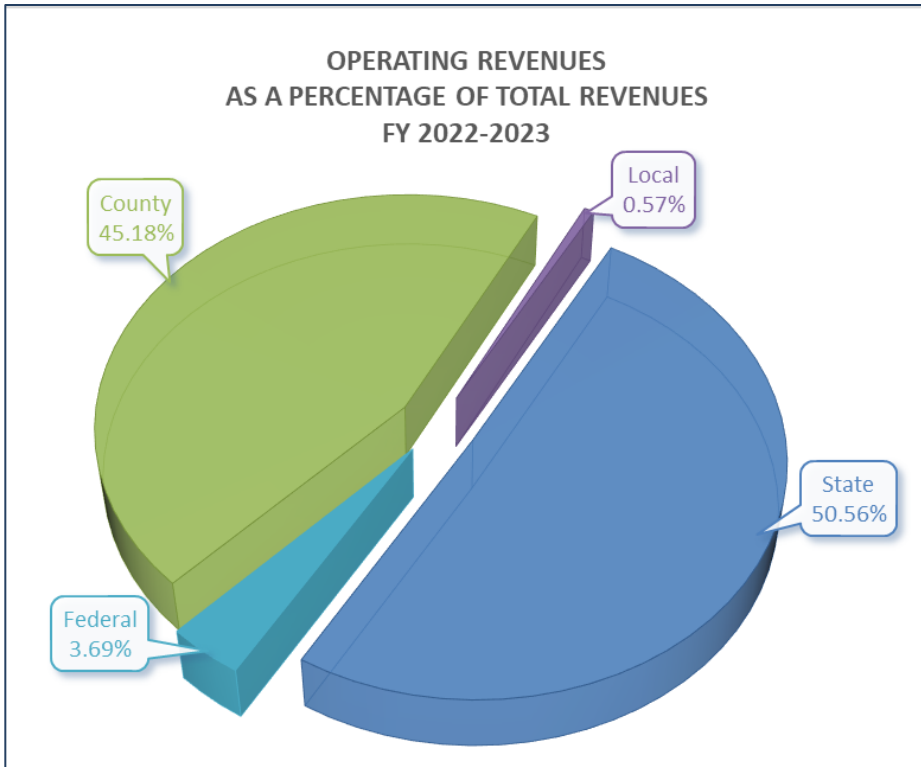
Montgomery County provides financial support for Montgomery County Public Schools, funding approximately 45.18% of the school division's operating budget. County revenue is derived from real estate and personal property taxes assessed by the County for all services provided to the citizens of Montgomery County. For FY 2022-2023, the School Board's Funding Request includes an estimated appropriation by the County Board of Supervisors in the amount of \$58,366,806 to the operating budget. This is an increase of 8.33% or \$4,489,533 from the prior fiscal year.

Summary of All Funds Revenue by Source							
Description	FY 2018-19 Actual	FY 2019-20 Actual	FY 2020-21 Actual	FY 2021-22 Approved Budget	FY 2022-23 Proposed Budget	Increase / (Decrease)	% Chg
<b>All Funds</b>							
State Revenue	\$ 57,473,599	\$ 59,913,637	\$ 62,574,899	\$ 63,083,948	\$ 65,379,251	\$ 2,295,303	3.64%
Federal Revenue	6,876,747	8,264,922	12,192,103	7,276,285	7,276,285	-	0.00%
County Revenue - Operations	48,916,075	52,164,720	53,878,134	53,877,273	58,366,806	4,489,533	8.33%
Other Revenue - Local	3,357,973	3,568,983	2,383,054	2,789,369	2,789,369	-	0.00%
<b>Total Funds Available - All Funds</b>	<b>\$ 116,624,394</b>	<b>\$ 123,912,262</b>	<b>\$ 131,028,190</b>	<b>\$ 127,026,875</b>	<b>\$ 133,811,711</b>	<b>\$ 6,784,836</b>	<b>5.34%</b>



**School Operating Fund - Trends as Percent of Revenue Sources**

Description	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23
	Actual	Actual	Actual	Approved Budget	Proposed Budget
State Revenue	51.0%	50.4%	49.0%	51.5%	50.6%
Federal Revenue	4.2%	4.4%	7.0%	3.9%	3.7%
County Revenue	43.4%	43.9%	42.3%	44.0%	45.2%
Other Revenue - Local	1.4%	1.4%	1.7%	0.6%	0.6%



## SCHOOL OPERATING FUND – STATE REVENUE

School Operating Fund - State Revenues						
Description	FY 2018-19 Actual	FY 2019-20 Actual	FY 2020-21 Actual	FY 2021-22 Approved Budget	FY 2022-23 Proposed Budget	Increase / (Decrease)
<b>Standards of Quality</b>						
Sales Tax Receipts	\$ 11,967,922	\$ 12,320,605	\$ 13,562,327	\$ 12,075,291	\$ 14,780,604	\$ 2,705,313
Basic Aid	27,329,155	27,316,246	28,095,673	29,109,860	26,859,424	(2,250,436)
Remedial Summer School	-	-	-	21,986	-	(21,986)
Vocational Education	737,398	741,838	752,801	760,084	348,169	(411,915)
Gifted Education	289,060	290,800	296,558	299,427	303,957	4,530
Special Education	3,421,528	3,442,126	3,364,792	3,397,346	3,277,213	(120,133)
Prevention, Intervention, and Remediation	730,047	730,566	755,812	742,810	768,183	25,373
Teacher Retirement Instructional	3,716,488	3,744,796	4,003,532	4,065,299	4,039,870	(25,429)
Textbooks (SOQ)	593,989	597,565	612,905	618,835	731,598	112,763
Social Security Instructional	1,681,268	1,697,324	1,716,614	1,744,739	1,729,794	(14,945)
Group Life Insurance Instructional	112,085	112,759	119,764	120,922	121,583	661
ESL	226,198	261,375	320,029	292,069	344,744	52,675
<b>Standard of Quality Sub-Total</b>	<b>\$ 50,805,138</b>	<b>\$ 51,256,000</b>	<b>\$ 53,600,807</b>	<b>\$ 53,248,668</b>	<b>\$ 53,305,139</b>	<b>\$ 56,471</b>
<b>Incentive Based Funds</b>						
Compensation Supplement	\$ -	\$ 1,696,803	\$ -	\$ -	\$ 1,909,570	\$ 1,909,570
At-Risk	-	-	811,911	639,919	1,610,872	970,953
Virginia Preschool Initiative	-	-	688,343	792,761	846,391	53,630
VPSA Technology Grants	570,000	570,000	581,870	570,000	570,000	-
No Loss Funding	-	-	1,400,701	2,054,001	-	(2,054,001)
Learning Loss PPA	-	-	275,124	-	-	-
Community Provider Add-ons Funds	-	-	-	62,500	-	(62,500)
Rebenchmarking Hold Harmless	-	-	-	-	982,127	982,127
Early Reading Specialists Initiative	-	-	-	-	44,910	44,910
Grocery Tax Hold Harmless	-	-	-	-	368,384	368,384
Bonus Payment	-	-	-	650,761	-	(650,761)
<b>Incentive Based Funds Sub-Total</b>	<b>\$ 570,000</b>	<b>\$ 2,266,803</b>	<b>\$ 3,757,949</b>	<b>\$ 4,769,942</b>	<b>\$ 6,332,254</b>	<b>\$ 1,562,312</b>
<b>Categorical Funds</b>						
State Operated Programs - Detention Home	\$ 479,130	\$ 495,444	\$ 514,049	\$ 456,548	\$ 571,252	\$ 114,704
Special Education - Homebound	50,460	42,393	21,017	21,228	20,399	(829)
<b>Categorical Funds Subtotal</b>	<b>\$ 529,590</b>	<b>\$ 537,837</b>	<b>\$ 535,066</b>	<b>\$ 477,776</b>	<b>\$ 591,651</b>	<b>\$ 113,875</b>
<b>Lottery Funds</b>						
GED Prep Program - ISAEF	\$ 16,710	\$ 16,773	\$ 16,773	\$ 16,772	\$ 16,465	\$ (307)
Regular & Special Education Foster Care	122,377	92,500	161,256	118,178	173,233	55,055
Early Reading Intervention	197,133	223,553	216,187	218,327	531,880	313,553
Career and Technical Education	-	-	-	-	-	-
Equipment & Occupational Prep Programs	179,910	154,527	169,464	98,217	161,538	63,321
At-Risk	543,147	462,943	-	468,100	511,448	43,348
Alternative Education	304,529	327,188	320,651	164,265	177,535	13,270
K-3 Primary Class Size	887,232	872,446	894,146	903,089	891,579	(11,510)
Virginia Preschool Initiative	765,370	922,229	-	-	-	-
Mentor Teacher Program	5,984	6,530	10,356	10,356	7,209	(3,147)
Special Education - Regional Tuition	-	128,786	199,687	164,325	255,849	91,524
Project Graduation/Senior Year	11,249	13,171	9,999	9,999	12,936	2,937
Supplemental Lottery Per Pupil Allocation	2,148,189	2,172,160	2,378,271	-	-	-
SOL Algebra Readiness	90,664	96,134	103,883	106,000	103,175	(2,825)
Infrastructure and Operations Per Pupil	-	-	-	2,243,391	2,240,817	(2,574)
National Board Certified Bonus	45,000	47,500	40,000	-	-	-
Other State Funds	190,953	249,454	115,261	-	-	-
<b>Lottery Funds Subtotal</b>	<b>\$ 5,508,447</b>	<b>\$ 5,785,894</b>	<b>\$ 4,635,934</b>	<b>\$ 4,521,019</b>	<b>\$ 5,083,664</b>	<b>\$ 562,645</b>
<b>TOTAL STATE REVENUE</b>	<b>\$ 57,413,175</b>	<b>\$ 59,846,534</b>	<b>\$ 62,529,756</b>	<b>\$ 63,017,405</b>	<b>\$ 65,312,708</b>	<b>\$ 2,295,303</b>



## SCHOOL OPERATING FUND – FEDERAL REVENUE

School Operating Fund - Federal Revenues						
Description	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23	Increase / (Decrease)
	Actual	Actual	Actual	Approved Budget	Proposed Budget	
<b>Elementary &amp; Secondary Education Act (ESEA)</b>						
Title I, Part A - Improving Basic Programs	\$ 1,581,663	\$ 1,901,467	\$ 1,957,562	\$ 1,805,325	\$ 1,805,325	\$ -
Title I, Part D - Neglected and Delinquent Children	1,204	262	-	-	-	-
Title II, Part A - Improving Teacher Quality	317,850	283,792	315,776	299,804	299,804	-
Title III, Part A - Language Acquisitions	29,328	20,217	72,534	41,931	41,931	-
Title IV, Part A - Student Support and Academic Enrichment	38,189	93,970	100,334	111,974	111,974	-
1003 G School Improvement Grant	-	-	23,999	-	-	-
<b>ESEA Sub-Total</b>	<b>\$ 1,968,234</b>	<b>\$ 2,299,708</b>	<b>\$ 2,470,205</b>	<b>\$ 2,259,034</b>	<b>\$ 2,259,034</b>	<b>\$ -</b>
<b>Individuals with Disabilities Education Act (IDEA)</b>						
IDEA, Title VI-B - Special Education Grant	\$ 1,707,711	\$ 2,065,980	\$ 2,275,924	\$ 2,076,833	\$ 2,076,833	\$ -
IDEA, Title VI-B, 619 - Preschool Grants	59,169	44,120	60,184	53,967	53,967	-
<b>IDEA, Special Education Sub-Total</b>	<b>\$ 1,766,880</b>	<b>\$ 2,110,100</b>	<b>\$ 2,336,108</b>	<b>\$ 2,130,800</b>	<b>\$ 2,130,800</b>	<b>\$ -</b>
<b>Other Federal Funds</b>						
Federal Land Use	\$ 22,293	\$ 20,812	\$ 19,318	\$ 2,500	\$ 2,500	\$ -
Vocational Education Basic Grants to States (Carl D. Perkins - Title I)	127,289	243,754	168,867	169,951	169,951	-
Medicaid Reimbursement	447,187	490,791	493,913	160,000	160,000	-
Homeless Grant	48,813	52,710	55,333	44,000	44,000	-
Project AWARE and YMHFA	375,551	-	-	-	-	-
CARES Act Funding	-	-	3,399,873	-	-	-
Other Federal Funds	2,000	-	-	-	-	-
<b>Other Federal Funds Sub-Total</b>	<b>\$ 1,023,133</b>	<b>\$ 808,067</b>	<b>\$ 4,137,304</b>	<b>\$ 376,451</b>	<b>\$ 376,451</b>	<b>\$ -</b>
<b>TOTAL FEDERAL REVENUE</b>	<b>\$ 4,758,247</b>	<b>\$ 5,217,875</b>	<b>\$ 8,943,617</b>	<b>\$ 4,766,285</b>	<b>\$ 4,766,285</b>	<b>\$ -</b>

## SCHOOL OPERATING FUND – LOCAL REVENUE

School Operating Fund - Local Revenues						
Description	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23	Increase / (Decrease)
	Actual	Actual	Actual	Approved Budget	Proposed Budget	
Rents	\$ 115,163	\$ 64,452	\$ 37,817	\$ 50,000	\$ 50,000	\$ -
Special Fees	37,600	-	-	-	-	-
Transportation of Students	26,476	30,289	14,498	25,000	25,000	-
Reimbursement - After School Program	420,462	335,351	183,477	300,000	300,000	-
Other Rebates and Refunds	106,930	78,261	51,850	50,000	50,000	-
Donations and Special Grants	11,305	371,250	52,500	-	-	-
Sale of Supplies	8,526	10,807	9,274	5,000	5,000	-
Sale of School Buses	9,768	15,885	10,095	5,000	5,000	-
Sale of Other Equipment	-	1,500	-	-	-	-
Insurance Adjustments	281,926	82,011	8,079	-	-	-
Other funds	875	2,400	1,003,035	-	-	-
Miscellaneous	-	-	-	3,500	3,500	-
E-Rate (Universal Service Fund)	411,664	416,041	622,067	158,938	158,938	-
Recovered Costs	66,495	71,471	48,730	55,000	55,000	-
Restitution	2,824	4,215	889	-	-	-
Reimbursement - Human Resources	10,182	9,957	10,367	5,000	5,000	-
Reimbursement - Payroll	66,006	118,627	78,375	75,000	75,000	-
Reimbursement - Other	1,036	1,275	150	-	-	-
Benefits Other State Agencies	4,800	-	-	-	-	-
<b>TOTAL OTHER FUNDS, LOCAL</b>	<b>\$ 1,582,038</b>	<b>\$ 1,613,792</b>	<b>\$ 2,131,203</b>	<b>\$ 732,438</b>	<b>\$ 732,438</b>	<b>\$ -</b>

## SCHOOL OPERATING FUND – COUNTY REVENUE

School Operating Fund - County Revenues						
	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23	Increase /
Description	Actual	Actual	Actual	Approved Budget	Proposed Budget	(Decrease)
County General Fund Transfer	\$ 48,624,764	\$ 51,827,273	\$ 53,878,134	\$ 53,877,273	\$ 58,366,806	\$ 4,489,533
Recordation Tax	291,311	337,447	-	-	-	-
Outstanding Encumbrances	2,695,550	4,253,349	2,498,553	-	-	-
Beginning Balance	1,344,285	1,497,121	3,463,960	-	-	-
<b>TOTAL COUNTY REVENUE</b>	<b>\$ 52,955,910</b>	<b>\$ 57,915,190</b>	<b>\$ 59,840,647</b>	<b>\$ 53,877,273</b>	<b>\$ 58,366,806</b>	<b>\$ 4,489,533</b>

## SCHOOL OPERATING FUND – COUNTY REVENUE NARRATIVE

The primary revenue sources for Montgomery County, Virginia, are real property, personal property, and local sales tax dollars. The Montgomery County Board of Supervisors appropriates a transfer of revenues to Montgomery County Public Schools (MCPS) to finance the School Operating Fund.

## COUNTY TRANSFER

The School Board's funding request includes a transfer from the Board of Supervisors from the county general fund in the amount of \$58,366,806, which is an increase of \$4,489,533 compared to the FY 2021-2022 budget. Revenues from the county transfer account for 45.18 percent of all revenues received to finance the School Operating fund.

### Beginning Balance and Outstanding Encumbrances

Undesignated and/or unrestricted surplus funds available at the end of the previous year are subject to Montgomery County Board of Supervisors approval to be carried forward to the next fiscal year. Beginning balance funds in fiscal years 2019, 2020, and 2021 are funds for unspent appropriation allocation remaining at the end of the prior fiscal year.

## ALL FUNDS – EXPENDITURES BY STATE CATEGORIES

The General Fund is presented in two ways for budget management purposes and for state reporting purposes. The budget by department reflects the areas of budget oversight and the budget by function reflects the state approved categories for annual reporting purposes. State law requires that the school division report expenditures by categories (function) determined by the Virginia Board of Education. These categories allow the state a common basis for comparisons of expenditures among all school divisions within Virginia. The current nine expenditure state categories are as follows:

**Instruction (61000)** – Instruction includes the activities that deal directly with the interaction between teachers, aides, or classroom assistants and students. Instruction may be provided for students in a school classroom, in another location such as a home, or in other learning situations such as those involving co-curricular activities. Instruction may also be provided through another approved medium such as internet or television.

**Administration, Attendance and Health (62000)** – Activities concerned with establishing and administering policy for operating the local education agency and activities whose primary purpose is the promotion and improvement of children’s attendance at school. This consists of various activities in the field of physical and mental health, such as medicine, dentistry, psychology, psychiatry, and nursing services, as well as activities in student attendance services.

**Pupil Transportation (63000)** – Activities concerned with transporting students to and from school as provided by state and federal law. This includes trips between home and school, and trips to and from school activities.

**Operation and Maintenance (64000)** – Activities concerned with keeping the physical plant open, comfortable, and safe for use, and keeping the grounds, buildings and equipment in effective working condition. This includes the activities of maintaining safety in buildings, on the grounds, and in the vicinity of schools.

**School Food Service and Other Non-Instructional Programs (65000)** – Activities concerned with providing non-instructional services to students, staff, or the community. Activities concerned with providing nutritious meals to students and staff in a school or LEA. Including preparing and serving regular and incidental meals, lunches, or snacks in connection with school activities and food delivery.

**Facilities (66000)** – Activities concerned with acquiring land and buildings, remodeling buildings, constructing buildings and additions to buildings, installing or extending service systems and other built-in equipment and improving sites.

**Debt Service and Fund Transfer (67000)** – A number of outlays of governmental funds are not properly classified as expenditures but still require budgetary or accounting control. These include debt service payments (principal and interest) and certain transfers of monies from one fund to another.

**Technology (68000)** – This function captures technology-related expenditures as required by the General Assembly. Activities concerned with providing and maintaining the infrastructure and related materials and equipment to support the use of technology for instructional and operational/managerial purposes. For fiscal year 2021-2022, the County Board of Supervisors did not allocate funds to this category. The Board of Supervisors appropriation for technology is allocated to Instruction and Operations and Maintenance.

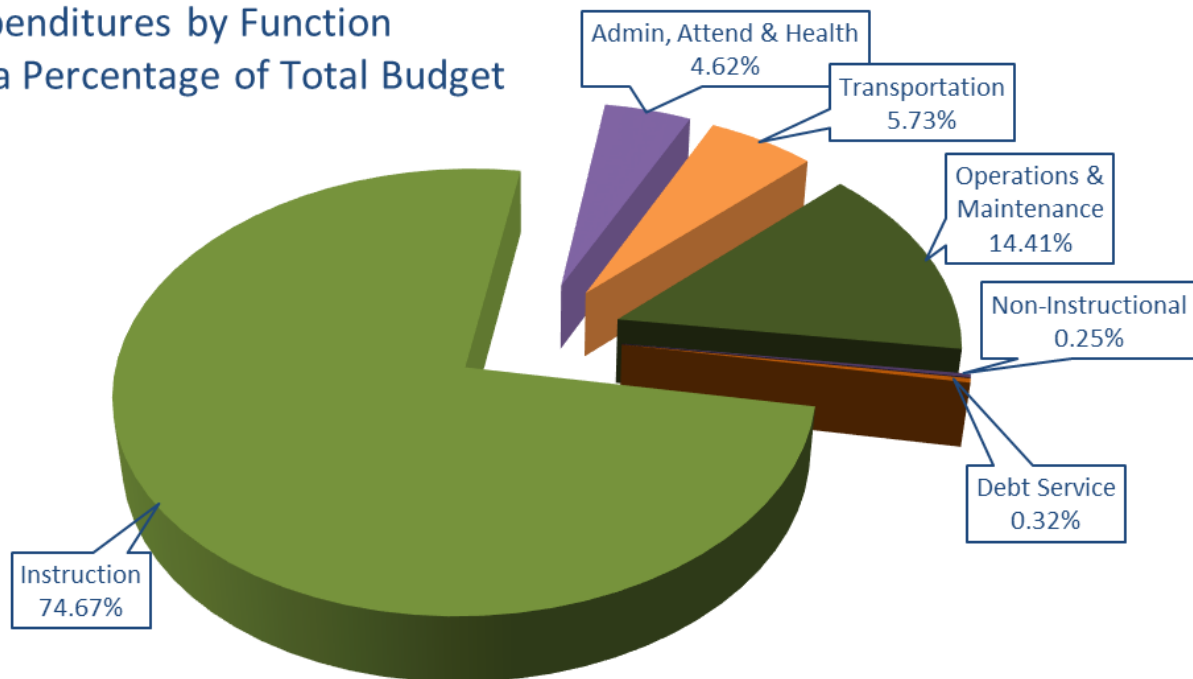
**Contingency Reserves (69000)** – All contingency reserve expenditures should be reported under this function and categorized by the functions defined above.

State law permits the county’s appropriating body, the Montgomery County Board of Supervisors, to approve the school division’s budget either by state category or in lump-sum total. Historically, the Board of Supervisors approves the school division’s budget by state category.

Budgeted expenditures in the School Operating Fund by function are:

School Operating Fund by Function							
Description	Instructional	Administration, Attendance, & Health	Pupil Transportation	Operations & Maintenance	Non-Instructional	Debt Service	
<b>FY 2021-2022 Operating Budget</b>	\$ 93,590,248	\$ 5,630,523	\$ 5,469,766	\$ 16,974,170	\$ 320,034	\$ 408,660	\$ 122,393,401
<b>OPERATING INCREASES:</b>							
Salary Enhancements, average increase of 5%	2,542,632	299,225	1,015,020	1,642,223	-	-	5,499,100
Salary Enhancement to sustain raise to \$15/hr.	75,736	-	-	-	-	-	75,736
Fund CRSSA positions	250,000	-	-	-	-	-	250,000
School Bus Replacement (8)	-	-	920,000	-	-	-	920,000
RFP for Stakeholder Feedback	-	40,000	-	-	-	-	40,000
<b>Total Changes</b>	\$ 2,868,368	\$ 339,225	\$ 1,935,020	\$ 1,642,223	\$ -	\$ -	\$ 6,784,836
<b>TOTAL PROPOSED BUDGET FY 2022-2023</b>	\$ 96,458,616	\$ 5,969,748	\$ 7,404,786	\$ 18,616,393	\$ 320,034	\$ 408,660	\$ 129,178,237

Expenditures by Function as a Percentage of Total Budget



## SCHOOL OPERATING EXPENDITURES BY OBJECT

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Expenditures are classified by fund, cost center, sub-function, level, and object or another way to report expenditures is by object (i.e., employee salaries, benefits, purchased services, other charges, materials and supplies, transfers, debt, and capital outlay). Objects are the lowest level of budgetary detail and are summarized into the following areas:

**Personnel Services (1000)** – Personnel services includes all compensation paid for the direct labor of persons in the employment of local government. Salaries and wages paid to employees for full- and part-time work, including overtime and similar compensation.

**Employee Benefits (2000)** – Employee benefits includes job-related benefits provided to employees as part of their total compensation. Fringe benefits include the employer’s portion of FICA, pensions, and insurance (life, health, & disability).

**Purchased Services (3000)** – Purchased services includes payments for services acquired from outside sources (e.g., training and lease/rentals, etc.) on a fee basis or fixed-time contract basis.

**Internal Services (4000)** – Internal services includes charges from an internal service fund to other activities/elements of the local government.

**Other Charges (5000)** – Other charges includes expenditures that support the use of technology applications and programs (e.g., utilities, travel, insurance, phone charges, etc.).

**Materials and Supplies (6000)** – Materials and supplies includes articles and commodities that are consumed or materially altered when used and minor equipment that is not capitalized.

**Payment to Joint Operations (7000)** – Payment to joint operations includes tuition payments to fiscal agent for operations that are jointly operated by two or more local governments.

**Capital Outlay (8000)** – Capital outlay includes expenditures for outlays that result in the acquisition of or addition to fixed assets in excess of a unit cost of \$5,000. Capital outlay includes the purchase of fixed assets, both new and replacements.

**Other Uses of Funds (9000)** – Other uses of funds is used to classify transactions that are not properly recorded as expenditures to the school division but require budgetary or accounting control (e.g., redemption of principal and interest on long-term debt, and fund transfers).



Another way of looking at all operating expenditures is to categorize expenditures by objects. The FY 2022-23 School Board's funding request proposes an expenditure budget for the School Operating Fund of \$129,178,237 – an increase of \$6,784,836 or 5.54 percent over the approved FY 2021-2022 budget. The School Operating Fund provides for the daily operations of the school division and supports 1,600.52 full-time equivalent (FTE) positions.

Summary of School Operating Fund - Expenditures by Object				
Description	FY 2020-21 Approved Budget	FY 2021-22 Approved Budget	FY 2022-23 Proposed Budget	Increase / (Decrease)
<b>Personnel Services:</b>				
All salaries, wages, & benefits	\$ 108,233,908	\$ 109,547,896	\$ 109,547,896	\$ -
<i>Salary Enhancements, average increase of 5%</i>	-	-	5,499,100	5,499,100
<i>Salary Enhancement to sustain raise to \$15/hr.</i>	-	-	75,736	75,736
<i>Fund CRSSA positions</i>	-	-	250,000	250,000
<b>Total Personnel Services</b>	\$ 108,233,908	\$ 109,547,896	\$ 115,372,732	\$ 5,824,836
<b>Utilities and Fixed Charges:</b>				
Utilities (electric, heating, water, sewage, garbage)	\$ 3,037,418	\$ 3,037,418	\$ 3,037,418	\$ -
Postal Services	55,000	55,000	55,000	-
Telecommunications	640,748	640,748	640,748	-
Insurance (property, liability, & vehicles)	317,308	317,308	317,308	-
Vehicle Fuels	826,208	826,208	826,208	-
<b>Total Utilities and Fixed Charges</b>	\$ 4,876,682	\$ 4,876,682	\$ 4,876,682	\$ -
<b>Services, Supplies, Materials, &amp; Equipment</b>				
Textbooks	\$ 712,827	\$ 712,827	\$ 712,827	\$ -
Instructional Supplies	1,122,250	1,122,250	1,122,250	-
Equipment	504,222	504,222	504,222	-
Purchased Services	1,323,874	1,323,874	1,363,874	40,000
Maintenance Contracts	587,004	587,004	587,004	-
Tuition	76,194	76,194	76,194	-
Travel	187,659	187,659	187,659	-
Miscellaneous	93,196	93,196	93,196	-
Custodial Supplies	140,857	140,857	140,857	-
Office and Other Supplies	220,681	220,681	220,681	-
Building Maintenance Supplies	394,646	394,646	394,646	-
Vehicle Maintenance Supplies	182,057	182,057	182,057	-
Furniture Replacement	17,469	17,469	17,469	-
Technology Software	290,986	290,986	290,986	-
Technology Equipment	1,706,241	1,706,241	1,706,241	-
<b>Total Services, Supplies, Materials, &amp; Equipment</b>	\$ 7,560,163	\$ 7,560,163	\$ 7,600,163	\$ 40,000
<b>Capital</b>				
School Bus Replacement (8)	\$ -	\$ -	\$ 920,000	\$ 920,000
<b>Total Capital</b>	\$ -	\$ -	\$ 920,000	\$ 920,000
<b>Debt</b>				
Principal & Interest Payments	\$ 408,660	\$ 408,660	\$ 408,660	\$ -
<b>Total Debt</b>	\$ 408,660	\$ 408,660	\$ 408,660	\$ -
<b>Grand Total, Expenditures</b>	\$ 121,079,413	\$ 122,393,401	\$ 129,178,237	\$ 6,784,836

## SCHOOL OPERATING EXPENDITURE HIGHLIGHTS

The total changes represent a 5.54% increase from the 2021-2022 approved budget. Below is a summary of the additions (increases) and reductions to the School Operating Fund budget. The detail of these follows.

FY 2021-2022 Approved Budget	\$	122,393,401
Add: Total Additions		6,784,836
Less: Total Reductions		<u>0</u>
Total FY 2022-2023 Proposed Budget	\$	<u>129,178,237</u>

The following priority increases were funded in the FY 2022-23 School Operating budget:

*Salary Enhancements* \$5,574,836

This includes salary and benefits for an average of a 5% increase for employees. The Governor's introduced budget includes a compensation supplement for SOQ positions with a total salary increase of 10.0% over the 2022-2024 biennium, 5% each year. The Governor's introduced budget does not provide additional state funds if less than 2.5 percent is given in either year. This funding request includes the entire first year increase of 5%. This amount also includes the \$75,736 to sustain the mid-year raise given to instructional aides.

*CARES/ESSER Positions* \$250,000

The division has added positions in key target areas using one-time funding from the Federal Elementary and Secondary School Emergency Relief Funds (ESSER), part of the Coronavirus Aid, Relief, and Economic Security Act (CARES). To lessen the impact of lost funding in September, 2023, the division will add funding to the operating budget each fiscal year in an effort to fully absorb the positions by the spending deadline. This amount adds 2.92 teacher FTEs to the operating budget.

*Bus Replacement* \$920,000

This funding will continue to update the transportation fleet with the purchase of eight (8) buses per year; ensuring that the average age of the fleet is not higher than the manufacturer's recommended life of a bus.

*RFP for Stakeholder Feedback* \$40,000

This amount is to award a term contract with a third party vendor to design custom content to collect meaningful teacher, student, staff, parents, and community survey data for decision-making purposes.

**SCHOOL NUTRITION FUND HIGHLIGHTS**

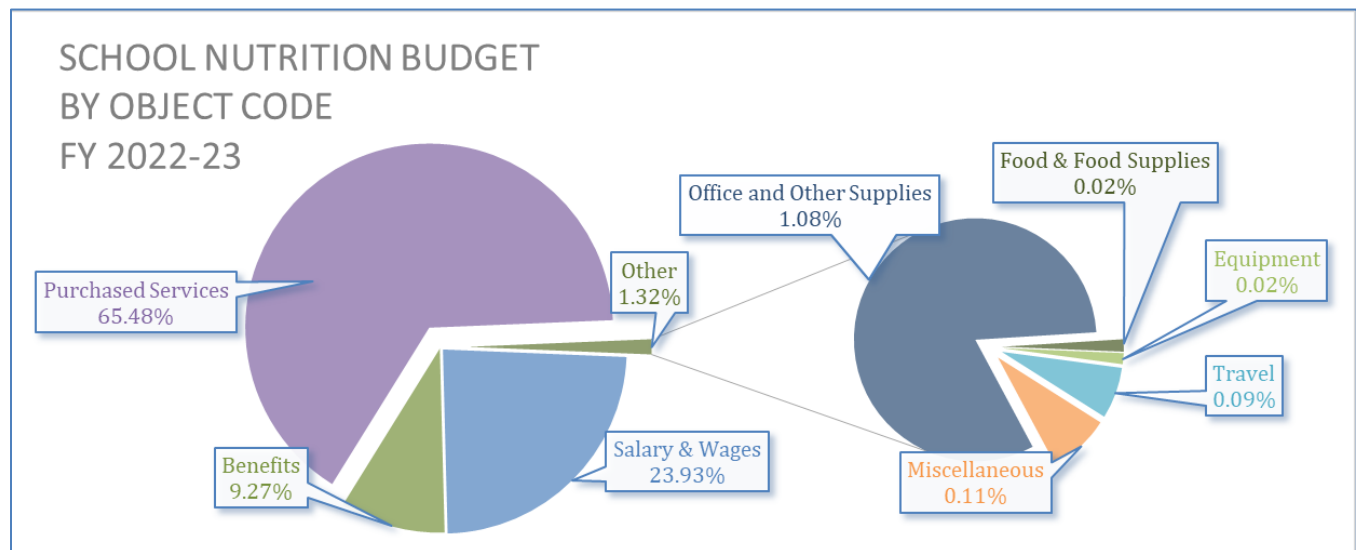
The School Nutrition fund accounts for cafeteria operations within the school division including the procurement, preparation and serving of student breakfast and lunches.

- The revenue projection for FY 2022-23 in the School Nutrition fund is flat, showing no increase or decrease.
- The expenditure projection for FY 2022-23 will continue to reflect the shift from salary, wages, and benefits to purchased services. There is a shift of \$406,040 from salary, wages, and benefits to the purchased services object code. This is a direct correlation to the privatization of school nutrition services in the FY 2019-20 budget cycle.

Budgeted revenues and expenditures in the School Nutrition Fund are:

Summary of School Nutrition Fund - Revenue by Source			
Description	FY 2020-21 Approved Budget	FY 2021-22 Approved Budget	FY 2022-23 Proposed Budget
<b>Revenue</b>			
Local Income	\$ 2,335,046	\$ 2,056,931	\$ 2,056,931
Federal Funding	2,785,485	2,510,000	2,510,000
State Funding	107,473	66,543	66,543
<b>TOTAL</b>	<b>\$ 5,228,004</b>	<b>\$ 4,633,474</b>	<b>\$ 4,633,474</b>

Summary of School Nutrition Fund - Expenditure by Object			
Description	FY 2020-21 Approved Budget	FY 2021-22 Approved Budget	FY 2022-23 Proposed Budget
<b>Expenditures</b>			
Salary & Wages	\$ 1,792,145	\$ 1,479,749	\$ 1,108,839
Benefits	529,711	464,494	429,364
Equipment	893	893	893
Purchased Services	2,845,073	2,628,156	3,034,196
Travel	4,182	4,182	4,182
Miscellaneous	5,000	5,000	5,000
Office and Other Supplies	50,000	50,000	50,000
Food & Food Supplies	1,000	1,000	1,000
<b>TOTAL</b>	<b>\$ 5,228,004</b>	<b>\$ 4,633,474</b>	<b>\$ 4,633,474</b>



**SCHOOL NUTRITION FUND (SPECIAL REVENUE FUND)**

The School Nutrition Services Fund is a governmental special revenue fund. The School Nutrition Services Program serves about 1.6 million meals annually including breakfasts, lunches, and à la carte items. Montgomery County Public Schools is a participant in the National School Lunch Program which provides federal subsidy funding for eligible students with certain financial needs. The School Nutrition Services Fund follows the modified accrual basis of accounting.

Menus for all programs are planned and implemented according to U.S. Department of Agriculture (USDA) requirements and Dietary Guidelines for Americans. This results in the preparation and serving of meals that contain reduced fat, sodium, and sugar. Nutrient analysis of menus and ingredient lists for all foods purchased are available to assist parents and students with special needs and cultural restrictions.

The School Nutrition Services Program realizes efficiencies through online ordering and warehousing USDA commodities. The federal Healthy, Hunger Free Act (Child Nutrition Act) was reauthorized in 2010. Under this new act more fresh fruits and vegetables and whole grain foods are served.

**SCHOOL NUTRITION FUND REVENUE**

The two major sources of revenue for the School Nutrition Services Fund are food sales to students and staff, and federal aid. Food sales are projected to be \$2,056,931 or about 44.39 percent of the revenue for FY 2023. Federal aid is based on cash reimbursements and USDA commodities. Cash reimbursements are based on the number of meals served to students. Federal revenues are projected to be \$2,510,000 (or 54.17 percent) for free, reduced and full-priced meal reimbursements. Lunch sales to students and federal reimbursements estimates are based on the assumption that 48 percent of student enrollment will participate in the food service program and almost half will be eligible for free and/or reduced-price lunch. In May of 2021, the USDA issued twelve waivers for school year 2021-2022. The state accepted these waivers,

of these, the most impactful is the universal feeding of students regardless of their free/reduced meal eligibility. These waivers will expire for school year 2022-2023. State revenue for the food service program is provided by categorical and lottery-funded programs. State revenues are received to meet maintenance of effort and match requirements for federal funds received for lunch and breakfast programs. Projected state revenues for FY 2023 are \$66,543 or 1.44 percent of food service revenues.

Meal Rates				
Description	FY 2021-22		FY 2022-23	
	Approved	Proposed	Increase	
<b>Breakfast:</b>				
Full Price Student	\$ 1.95	\$ 1.95	\$ -	
Reduced Price	\$ 0.30	\$ 0.30	\$ -	
Full Price Adult	Alacarte	Alacarte		
<b>Lunch:</b>				
Full Price Student- Elementary	\$ 2.95	\$ 2.95	\$ -	
Full Price Student- Secondary	\$ 3.05	\$ 3.05	\$ -	
Reduced Price	\$ 0.40	\$ 0.40	\$ -	
Full Price Adult	\$ 3.95	\$ 3.95	\$ -	
<b>Milk:</b>				
1/2 pint	\$ 0.50	\$ 0.50	\$ -	

**SCHOOL NUTRITION STAFFING INFORMATION**

The chart to the right reflects MCPS employees. MCPS will no longer hire School Nutrition employees, through attrition, employees will transition to TNG.

	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23
	Approved	Approved	Approved	Approved	Proposed
Director	1.00	1.00	0.00	0.00	0.00
Supervisor	0.00	0.00	1.00	1.00	1.00
Field Manager	1.00	1.00	0.00	0.00	0.00
Admin Assistant	1.00	1.00	2.00	2.00	2.00
Dietitian	0.50	0.00	0.00	0.00	0.00
Managers	21.00	21.00	19.00	19.00	18.00
Workers	76.00	76.00	50.00	37.00	34.00

## SCHOOL NUTRITION SERVICES EXPENDITURES BY OBJECT

**Salaries and Wages** – \$1.1 Million – For FY 2023, regular, part-time, overtime, and substitute salaries and wages accounts total \$1,108,839 or 23.93 percent. 55 full-time equivalent (FTE) employees are expensed to the School Nutrition Services Fund.

**Employee Benefits** – \$0.4 Million – Benefits for school nutrition employees total \$429,364 or 9.27 percent of the School Nutrition Services Fund expenditure budget.

**Purchased Services** – \$3.0 Million – The contract with The Nutrition Group renews annually and was renewed for the 2023 fiscal year. The estimated cost for this contract year is \$3,034,196 or 65.48 percent of the FY 2023 food service expenditure budget.

**All Other Expenditures** – \$0.06 Million – All other expenditures including food & food supplies, travel, and capital equipment equate to \$61,075 or 1.32 percent of the FY 2023 food service expenditure budget.

### Analysis of the Fund

In FY 2019-20 the School Nutrition program services were contracted with a third party. The contract with The Nutrition Group (TNG) is an annual contract and must be renewed every year. These services were contracted to help mitigate the downward trend in fund balance for the School Nutrition Services Fund. This contract started on July 1, 2019. As part of the contract with TNG, MCPS will no longer hire School Nutrition employees, through attrition, employees will transition to TNG. So, there will continue to be a shift from the personnel & benefits object codes to the purchased services object code.

School Nutrition Fund - Revenue and Expenditures						
Description	FY 2018-19 Actual	FY 2019-20 Actual	FY 2020-21 Actual	FY 2021-22 Approved Budget	FY 2022-23 Proposed Budget	Increase / (Decrease)
<b>School Nutrition Fund</b>						
<b>Revenue</b>						
Interest	\$ 16	\$ 16	\$ 2	\$ -	\$ -	\$ -
Breakfast & Lunch Receipts	1,775,919	1,955,175	251,849	2,056,931	2,056,931	-
State Revenue	60,424	67,103	45,143	66,543	66,543	-
Federal Revenue	2,118,500	3,047,047	3,248,486	2,510,000	2,510,000	-
<b>Total Revenue</b>	<b>\$ 3,954,859</b>	<b>\$ 5,069,341</b>	<b>\$ 3,545,480</b>	<b>\$ 4,633,474</b>	<b>\$ 4,633,474</b>	<b>\$ -</b>
<b>Personnel Services</b>						
All salaries and wages	\$ 1,749,126	\$ 1,634,758	\$ 1,464,201	\$ 1,479,749	\$ 1,108,839	\$ (370,910)
<b>Employee Benefits</b>						
FICA	128,187	120,500	108,704	113,201	87,199	(26,002)
VRS	130,308	137,268	124,675	100,325	117,070	16,745
Insurance	287,597	271,172	234,917	247,776	221,067	(26,709)
Other Benefits	3,585	3,663	3,197	3,192	4,028	836
<b>Total Personnel &amp; Benefits</b>	<b>\$ 2,298,803</b>	<b>\$ 2,167,361</b>	<b>\$ 1,935,694</b>	<b>\$ 1,944,243</b>	<b>\$ 1,538,203</b>	<b>\$ (406,040)</b>
<b>Non-Personnel Expenditures</b>						
Equipment	\$ 3,844	\$ -	\$ -	\$ 893	\$ 893	\$ -
Purchased Services	91,464	2,849,177	2,618,511	2,628,156	3,034,196	406,040
Travel	3,378	2,901	39	4,182	4,182	-
Miscellaneous	8,837	5,302	9,068	5,000	5,000	-
Office and Other Supplies	218,607	41,361	37,184	50,000	50,000	-
Food & Food Supplies	1,534,612	692	-	1,000	1,000	-
<b>Total Non-Personnel Expenditures</b>	<b>\$ 1,860,742</b>	<b>\$ 2,899,433</b>	<b>\$ 2,664,802</b>	<b>\$ 2,689,231</b>	<b>\$ 3,095,271</b>	<b>\$ 406,040</b>
<b>Total Expenditures</b>	<b>\$ 4,159,545</b>	<b>\$ 5,066,794</b>	<b>\$ 4,600,496</b>	<b>\$ 4,633,474</b>	<b>\$ 4,633,474</b>	<b>\$ -</b>
Excess (deficiency) of Revenues						
over (under) Expenditures	\$ (204,686)	\$ 2,547	\$ (1,055,016)	\$ -	\$ -	
Beginning Fund Balance	326,647	121,961	124,508	-	-	
<b>Ending Fund Balance</b>	<b>\$ 121,961</b>	<b>\$ 124,508</b>	<b>\$ (930,508)</b>	<b>\$ -</b>	<b>\$ -</b>	



## DEBT SERVICE

State law prohibits school divisions from entering into debt that extends beyond the current fiscal year without approval by the local governing body. The governing body in Montgomery County is the Board of Supervisors. If the Board of Supervisors approves a debt issue it is listed in the name of the County of Montgomery, not the school division. The Board of Supervisors also maintains the budget and administers all payments related to the debt service fund. The school division is currently transferring funds for the purposes of debt payments, principal and interest, to the Montgomery County Board of Supervisors. This payment is budgeted and paid from the School Operating Fund and not accounted for in a separate debt service fund, but as a line for debt service in the operating budget. The amortization schedule for the school transfer portion of this general obligation bond is shown below. For additional information on debt services, see the debt capacity section of the informational tab.

Fiscal Year	Payment Due Date	Amount Due
2023	6/15/2023	408,660
2024	6/15/2024	408,660
2025	6/15/2025	408,660
2026	6/15/2026	408,660
2027	6/15/2027	408,660



## CAPITAL PROJECTS

### Capital Improvement Program

In addition to the operating budget for the school division, the School Board maintains a Capital Improvement Program which reflects school capital. The plan is included in the Informational Section and includes two sections: Capital Improvement Plan and Capital Maintenance Projects. The School Board receives updates on capital related items, improvements & maintenance projects, at regularly scheduled school board meetings.

Historically, the Facilities Department prepares a list of capital projects based on their experience with the school buildings. This list is then reviewed by the School District Administration, the School Board, and the County Board of Supervisors for approval and determination of the applicable funding source, capital improvement plan and/or the capital maintenance projects.

In order to ensure a greater input from all stakeholders, the School District as part of its Strategic Plan is developing a Master Facilities Plan. The intent of this plan is to develop a plan identifying the facility needs over a ten year period of time and then to prioritize the projects to ensure that the limited capital funds are spent in a manner that maximizes the needs of the School District. A major focus of the plan is to ensure that the limited financial resources of the School District are spent on the greatest facility needs of the School District. Annually, the Master Facilities Plan will be updated and presented to the School Board and County Board of Supervisors for approval each year during the budget development and review process.

The Master Facility Plan is projected to include the following sections:

- I. Letter covering the following:
  - a. Thanking the committee for their efforts in putting this plan together.
  - b. Overview of the process followed in the development of the Plan.
  - c. Overview of the results.
- II. Projected Enrollment
  - a. By school and strand. The reports in this section will include actual enrollment and projected enrollment. The projected enrollment will cover a ten year period of time.
  - b. The report from a third party forecaster will be included.
- III. Report on the results of conversations with the planning and development department for the Town of Christiansburg, Town of Blacksburg, and the Montgomery County Government.
  - a. Detail memo and applicable supporting documentation of the development plans over the next five, ten, and twenty years for each governmental entity.
  - b. Computation of projected enrollment by school broken down between elementary and secondary from each proposed development.
  - c. Summary report reflecting the projected enrollment from the new developments, along with the third party projected enrollment.
- IV. Capacity computation of each individual school today and what the future reflects on the projected enrollment today, including the growth from new developments.
- V. Report on the current state of the existing school buildings from a maintenance and repair standpoint. This section will identify the needs of each school, projected costs, and timeline when the work would ideally be done.

- VI. Plan of action scenarios identified and reviewed by the master facility plan committee. This committee shall consist of the School District Central Office and school personnel, outside professional personnel other stakeholders.
- VII. Recommended plan of action and/or multiple plan of action scenarios.

The Capital Improvement Plan (CIP) generally includes projects expected to individually cost in excess of \$250,000 each and have a useful life of twenty years or more, unless funded by a bond issue, in which case the useful life must equal or exceed the length of the bond. In order to fund the CIP, the County Board of Supervisors has earmarked 2½ cents of the real estate tax rate for future school capital needs. These funds are held in a school capital fund, separate from the School Operating Fund, by the Board of Supervisors for future school capital needs.

The following provides detail of the school capital funds held by the Board of Supervisors for major school capital projects.

Capital Projects Fund - Revenue and Expenditures							
Description	FY 2018-19 Actual	FY 2019-20 Actual	FY 2020-21 Actual	FY 2021-22 Approved Budget	FY 2022-23 Proposed Budget	Increase / (Decrease)	
<b>Revenue</b>							
Interest	\$ 26,471	\$ 308,619	\$ 52,524	\$ -	\$ -	\$ -	-
Bond Issuance	-	30,268,680	-	-	-	-	-
<b>Total Revenue</b>	<b>\$ 26,471</b>	<b>\$ 30,577,299</b>	<b>\$ 52,524</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>-</b>
<b>Expenditures - Capital Outlay</b>							
Belview Elementary School	\$ -	\$ 172,639	\$ 1,898,685	\$ -	\$ -	\$ -	-
Blacksburg High School	-	-	-	-	-	-	-
Christiansburg Elementary School	-	407,636	3,089,928	-	-	-	-
Christiansburg High School (Athletics)	3,399,521	1,895,856	281,180	-	-	-	-
Christiansburg Primary School	-	652,299	3,795,292	-	-	-	-
Falling Branch Elementary School	1,879,117	162,999	-	-	-	-	-
Other Capital Projects	-	261,475	-	2,195,645	2,259,973	64,328	64,328
Christiansburg High School (Renovations)	-	-	180,218	-	-	-	-
<b>Total Expenditures</b>	<b>\$ 5,278,638</b>	<b>\$ 3,552,904</b>	<b>\$ 9,245,303</b>	<b>\$ 2,195,645</b>	<b>\$ 2,259,973</b>	<b>\$ 64,328</b>	<b>64,328</b>
<b>Other Uses of Funds</b>							
Transfer In / (Out)	\$ 2,286,955	\$ 7,111,523	\$ 2,146,173	\$ 2,195,645	\$ 2,259,973	\$ 64,328	64,328
<b>Total Other Uses of Funds</b>	<b>\$ 2,286,955</b>	<b>\$ 7,111,523</b>	<b>\$ 2,146,173</b>	<b>\$ 2,195,645</b>	<b>\$ 2,259,973</b>	<b>\$ 64,328</b>	<b>64,328</b>
Excess (deficiency) of Revenues							
over (under) Expenditures	\$ (2,965,212)	\$ 34,135,918	\$ (7,046,606)	\$ -	\$ -	\$ -	-
Beginning Fund Balance	7,821,663	4,856,451	38,992,369	-	-	-	-
<b>Ending Fund Balance</b>	<b>\$ 4,856,451</b>	<b>\$ 38,992,369</b>	<b>\$ 31,945,763</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>-</b>

The Capital Maintenance Projects list is an ongoing list of improvements needed at all of our facilities. Items on the maintenance list cost more than \$5,000 and have a life expectancy of more than one year. The current projects depicted on this list are detailed starting on page 151 of the FY 2021-2022 Annual Budget. This does not include any building system upgrades at this time. These systems are continuously monitored for routine maintenance and repairs.

Current major capital projects include school renovations, additions, upgrades, and improvements. Christiansburg High School is in the final stages of design and finalization of projected costs. The goal is to begin construction in the Summer of 2022 and to have the project completed in 2024. Attendance zones were redrawn to increase the



number of students at FBE after the previous renovation. Belview Elementary, Christiansburg Elementary, and Christiansburg Primary Schools are in the midst of their addition and renovation projects. This project will upgrade the facilities to meet today's standards and to meet the projected growth in student enrollment. All phases of this work are projected to be completed in 2022.

In order to meet the needs of the School District, Technology Transportation, School Nutrition, and the Facility department facility needs, the School District is converting a former middle school into an operations center. The Technology, Facility, and School Nutrition Department areas have been renovated and staff have been moved. The conversion of the former school's gym into a bus garage and conversion of the former football field into a bus parking facility are projected to be completed in the latter part of 2022.







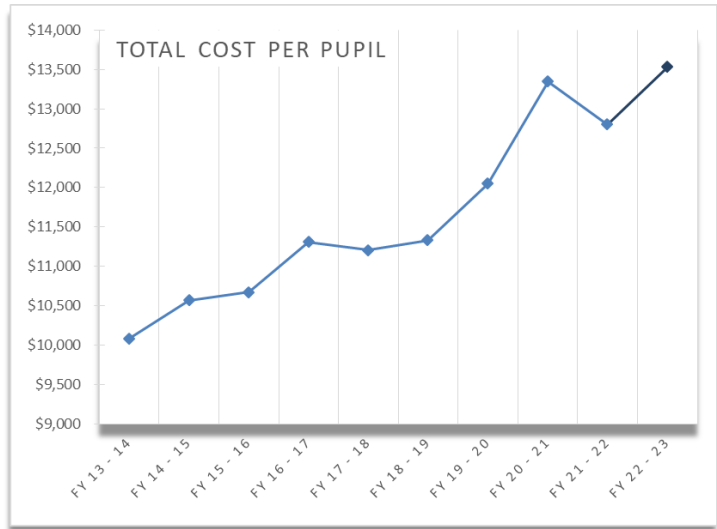


**INFORMATIONAL SECTION**

The following is a high-level summary of the information contained in the Informational Section of the Annual Budget.

**PER PUPIL EXPENDITURES**

The Virginia Department of Education defines “Operations” to include regular day school, summer school, adult education, and other education, but does not include pre-kindergarten, non-regular day school programs, non-local education programs, debt service, or capital outlay additions. Figures to the right for FY 2014 through FY 2020 were taken from Table 15 of the Superintendent’s Annual Report for Virginia for the respective years. FY 2021 cost per pupil is a preliminary estimate based on the FY 2021 Annual School Report submitted to the State of Virginia on September 30<sup>th</sup>. The FY 2022 cost per pupil is an estimate based on data included in the FY 2022 annual budget book. The FY 2023 cost per pupil is an estimate based on data included in this School Board’s funding request.



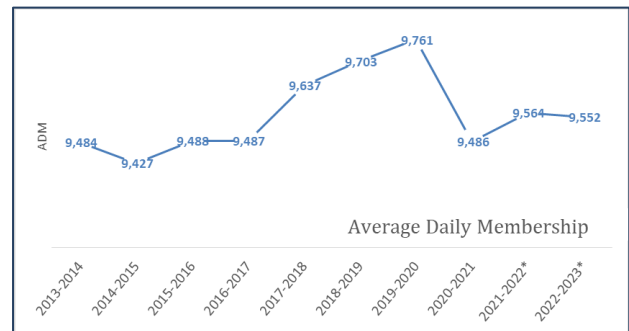
**STUDENT ENROLLMENT**

The annual average daily membership (ADM) projections are critical to the budgeting process as overestimating the number of students could result in overestimating revenues causing a budget shortfall. On the other hand, underestimating the ADM will result in underestimated state revenues causing an unexpected fund balance at year-end. Neither outcome is desirable due to the fiscal impact and the planning of expenditures to meet instructional and operational goals. Researching trends in population growth, student attrition, and other pertinent information is useful in developing accurate ADM estimates.

Since about 51% of the school division’s revenue is based on student enrollment projections it is a primary focus when developing the budget. Enrollment is also significant because it drives the number of instructional and support staff needed to provide educational support services to students.

The FY 2022-23 budget was built on an ADM of 9,552. A combination of attrition, third-party enrollment forecasts and County birth rates were used to support this figure.

The chart to the right reflects the trend analysis from FY 2013-2014 through the budget years (\*) of FY 2021-2022 and 2022-2023.

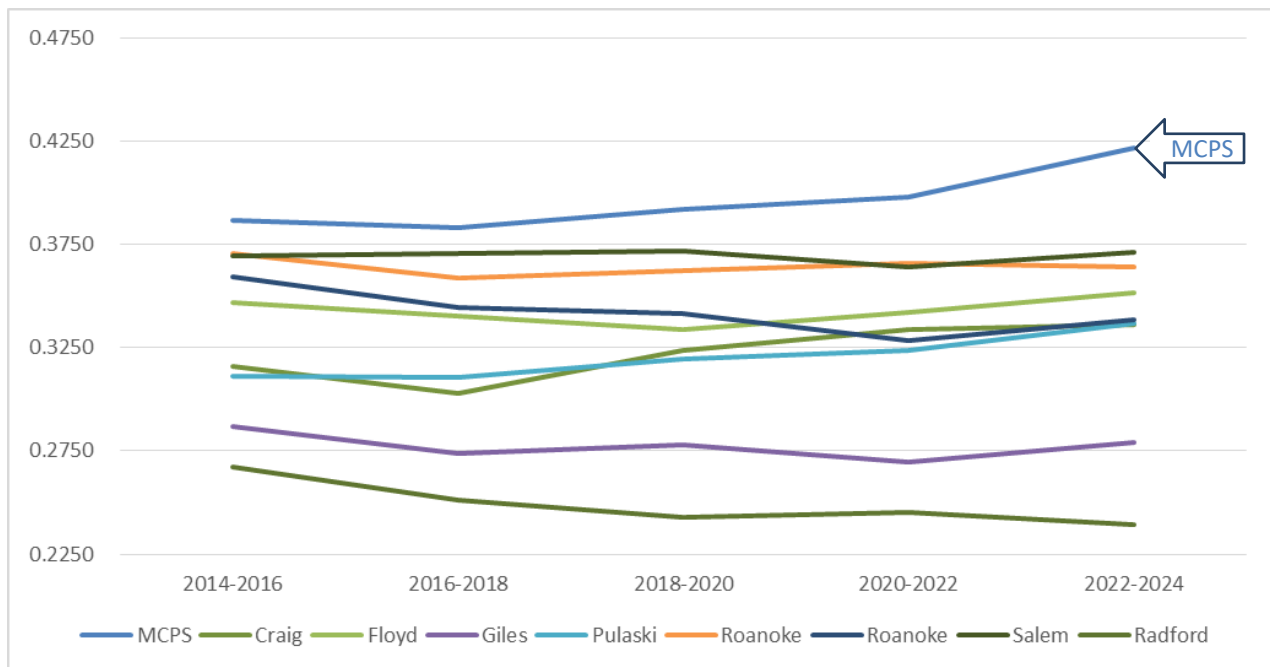


COMPOSITE INDEX

The Composite Index of Local Ability to Pay determines a school division’s ability to pay education costs fundamental to the commonwealth’s Standards of Quality (SOQ). For FY23 and FY24, MCPS’s local composite index (LCI) is 0.4214. This means the state will fund 57.86 percent and Montgomery County is required to pay 42.14 percent of the minimum educational program set by the state Standards of Quality. It is calculated using three indicators of a locality’s ability-to-pay: true value of real property (weighted 50%), adjusted gross income (weighted 40%), and taxable retail sales (weighted 10%). Each locality’s index is adjusted to maintain an overall statewide local share of 45 percent and an overall state share of 55 percent. The index is recalculated every two years. As a locality’s index increases, the state’s share of its funding decreases and the amount the locality should be able to pay increases. The chart below compares the LCI among the surrounding school divisions.

Biennium	MCPS	Craig County	Floyd County	Giles County	Pulaski County	Roanoke County	Radford City	Roanoke City	Salem City
2014-2016	0.3866	0.3157	0.3470	0.2867	0.3113	0.3704	0.2675	0.3592	0.3695
2016-2018	0.3832	0.3026	0.3402	0.2740	0.3105	0.3587	0.2512	0.3443	0.3704
2018-2020	0.3920	0.3235	0.3337	0.2779	0.3192	0.3620	0.2429	0.3416	0.3715
2020-2022	0.3979	0.3336	0.3418	0.2695	0.3235	0.3660	0.2452	0.3284	0.3641
2022-2024	0.4214	0.3362	0.3513	0.2791	0.3366	0.3643	0.2395	0.3387	0.3713

Source: Budget Office, Virginia Department of Education

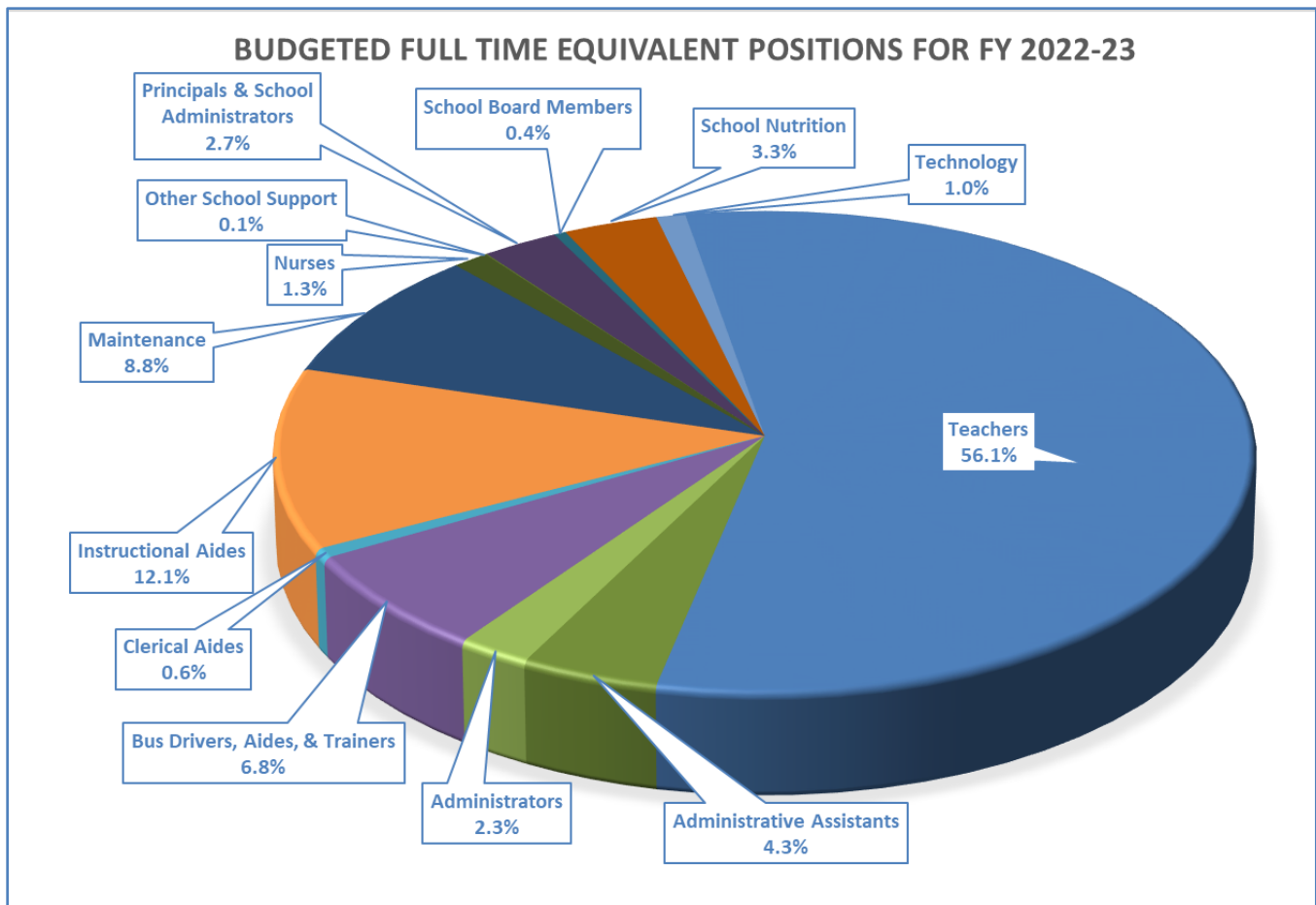


ALLOCATION OF PERSONNEL RESOURCES

As part of the annual budget process, requests for additional staffing are evaluated for funding. The information to the right is a summary by position of personnel resource changes included in the FY 2022-2023 budget as compared to the FY 2021-2022 budget. The total number of full time equivalent positions decreased due to the transition of School Nutrition employees to the third party provider. The school operating budget increased by 2.92 teaching position FTEs for FY 2022-2023 for the transition of ESSER positions to the operating budget.

	FY 2021-22 Approved	FY 2022-23 Proposed	Difference
Teachers	926.31	929.23	2.92
Administrative Assistants	71.50	71.50	-
Administrators	38.00	38.00	-
Bus Drivers, Aides, & Trainers	113.00	113.00	-
Clerical Aides	10.64	10.64	-
Instructional Aides	201.05	201.05	-
Maintenance	146.50	146.50	-
Nurses	21.00	21.00	-
Other School Support	1.00	1.00	-
Principals & School Administrators	44.60	44.60	-
School Board Members	7.00	7.00	-
School Nutrition	59.00	55.00	(4.00)
Technology	17.00	17.00	-
<b>Total</b>	<b>1,656.60</b>	<b>1,655.52</b>	<b>(1.08)</b>

Locations and grades for teachers and instructional assistants vary from year to year based on enrollment by school and by grade.



**CHANGES IN DEBT**

Debt provides the current 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 become limited for day-to-day operating costs accounted for in the School Operating Fund. 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, MCPS submits requests to the Montgomery County Board of Supervisors who approves the amount of funds available for the construction of new schools. The school division did seek funding from the Board of Supervisors for school renovations. Additional details on this can be found in the informational section of this budget book. On October 8, 2019, the County issued bonds with a par amount of \$27,315,000 and a net premium of \$2,977,889 through the Virginia Public School Authority at a total interest cost of 2.3%. The proceeds will be used to renovate the primary and elementary schools in the Christiansburg strand.

**LOCAL TAXES**

School divisions in Virginia do not have taxing authority and are fiscally dependent on the local government. Montgomery County government collects taxes on real estate, personal property, and other sources and transfers a percentage of those revenues to MCPS for operations. These revenues make up the County’s undesignated revenue, which may be used in

the budget at the Board of Supervisor’s discretion. There is no formal agreement on the percentage of collected revenues that are transferred to MCPS. Historically, the County has allocated between 43.36% and 44.80%. The requested transfer for FY 2022-23 is 44.8% of the County’s undesignated revenue. Tax rates presented in the chart are per \$100 of assessed value.

Property Tax Rates						
Calendar Year	Real Estate	Personal Property	Machinery and Tools	Merchants Capital	Total Direct Rate	
2021	0.89	2.55	1.82	3.05	8.31	
2020	0.89	2.55	1.82	3.05	8.31	
2019	0.89	2.55	1.82	3.05	8.31	
2018	0.89	2.55	1.82	3.05	8.31	
2017	0.89	2.55	1.82	3.05	8.31	
2016	0.89	2.55	1.82	3.05	8.31	
2015	0.89	2.55	1.82	3.05	8.31	
2014	0.89	2.55	1.82	3.05	8.31	
2013	0.89	2.55	1.82	3.05	8.31	
2012	0.87	2.45	1.82	3.05	8.19	

## SCHOOL &amp; FACILITY INFORMATION

School Information						
School	Grade Levels	Enrollment	PTR	Disadvantaged	Students with Disabilities	Accreditation
<b>Primary Schools</b>						
Christiansburg Primary	PK-2	437	18:1	39.4%	11%	Accreditation Waived
<b>Elementary Schools</b>						
Auburn Elementary	PK-5	550	18:1	47.7%	9%	Accreditation Waived
Belview Elementary	PK-5	273	17:1	49.3%	14%	Accreditation Waived
Christiansburg Elementary	3-5	390	19:1	36.3%	8%	Accreditation Waived
Eastern Montgomery Elementary	PK-5	401	16:1	67.2%	16%	Accreditation Waived
Falling Branch Elementary	PK-5	562	18:1	44.3%	12%	Accreditation Waived
Gilbert Linkous Elementary	PK-5	319	18:1	19.7%	10%	Accreditation Waived
Harding Avenue Elementary	K-5	272	16:1	14.7%	10%	Accreditation Waived
Kipps Elementary	K-5	376	18:1	22.1%	11%	Accreditation Waived
Margaret Beeks Elementary	PK-5	362	16:1	32.5%	10%	Accreditation Waived
Price's Fork Elementary	PK-5	443	19:1	51.5%	14%	Accreditation Waived
<b>Middle Schools</b>						
Auburn Middle	6-8	288	13:1	47.9%	16%	Accreditation Waived
Blacksburg Middle	6-8	932	16:1	28.1%	12%	Accreditation Waived
Christiansburg Middle	6-8	793	15:1	40.3%	14%	Accreditation Waived
Shawsville Middle School	6-8	215	11:1	62.6%	15%	Accreditation Waived
<b>High Schools</b>						
Auburn High School	9-12	371	14:1	38.1%	15%	Accreditation Waived
Blacksburg High School	9-12	1322	18:1	20.5%	8%	Accreditation Waived
Christiansburg High School	9-12	1077	16:1	36.9%	11%	Accreditation Waived
Eastern Montgomery High School	9-12	291	15:1	56.0%	15%	Accreditation Waived

Facility Information						
School	YR opened	Capacity	Square Feet	Mobile units	acreage	
<b>Primary Schools</b>						
Christiansburg Primary	1973	342*	52,475	5	22.30	
<b>Elementary Schools</b>						
Auburn Elementary	1998	560	81,104	1	14.70	
Belview Elementary	1953	222*	37,981	0	10.00	
Christiansburg Elementary	1963	266*	40,363	4	15.40	
Eastern Montgomery Elementary	2010	650	111,000	0	20.00	
Falling Branch Elementary	1992	740*	89,363	0	21.60	
Gilbert Linkous Elementary	1964	354	41,071	0	12.96	
Harding Avenue Elementary	1973	242	43,436	4	7.90	
Kipps Elementary	1994	450	64,954	0	28.30	
Margaret Beeks Elementary	1963	390	50,209	0	14.00	
Price's Fork Elementary	2011	650	111,000	0	20.00	
<b>Middle Schools</b>						
Auburn Middle	2015	480	126,338	0	13.50	
Blacksburg Middle	2002	1,200	190,478	0	55.20	
Christiansburg Middle	2003	1,200	190,478	0	32.00	
Shawsville Middle School	1935	240	68,645	0	16.50	
<b>High Schools</b>						
Auburn High School	2013	600	182,944	0	37.10	
Blacksburg High School	2013	1,400	295,302	0	76.50	
Christiansburg High School	1974	866*	222,902	4	43.60	
Eastern Montgomery High School	2000	561	109,350	0	35.39	

\* Program Capacity

FAST FACTS

**SCHOOL BUILDINGS**

Primary School	1
Elementary Schools	10
Middle Schools	4
High Schools	4
Alternative Education	1
<b>Total</b>	<b>20</b>

**TEACHING STAFF**

<b>Salaries</b>	
Minimum	\$ 44,500
Maximum	\$ 70,394
MCPS Average	\$ 52,231
Number of classroom teachers with Master's degrees or above	471
Average years experience (overall)	14.4
Turnover rate	11.98%

**STUDENT INFORMATION**

<b>Average Daily Membership (3/31/21)</b>	
Elementary	4,221
Middle	2,274
High	2,977
<b>Total</b>	<b>9,472</b>
<b>Cost per Student (preliminary FY 2021)</b>	
State	\$ 5,326
State Sales Tax	\$ 1,263
Federal	\$ 498
Local	\$ 5,710
<b>Total</b>	<b>\$ 12,797</b>
% of Free & Reduced Lunch	36.76%
<b>Scholastic Assessment Test Scores</b>	
<b>Math</b>	
MCPS	624
<b>Critical Reading</b>	
MCPS	614
<b>Combined</b>	
MCPS	1,238
State	1,151
Nation	1,061
Number of Seniors taking SAT	231
Number of AP Examinations	893

**DEMOGRAPHICS**

Total Fall Membership (K-12)	9,507
<b>Subgroup:</b>	
Asian	4.17%
Black	4.52%
Hawaiian (Pacific Islander)	0.14%
Hispanic	3.86%
Multi-Race	5.22%
Native American	0.38%
White	81.64%
Economically Disadvantaged	36.76%
Limited English Proficient	5.06%
Special Education	15.41%

*Note: The demographic information presented above is an appropriate "snapshot" of our student demographic data taken in November. This snapshot includes all students (full and part-time, preschools, GED, special programs, etc.) and may differ from other reports, depending on which day the data was recorded.*



## STATEMENT OF INCLUSIVITY

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The Montgomery County School Board, in accordance with its Core Values, strives to support our students and staff in their pursuit of excellence. The School Board governs budgets and policies used daily in our school in support of the school system's core values of cultural diversity, physical safety and emotional well-being, mutual trust and respect, open communication, accountability, engagement and lifelong learning for each member of our school community.

On behalf of the students and families in MCPS and all the citizens of Montgomery County, the Montgomery County School Board affirms (Code of Ethics):

- Its policies on non-discrimination and anti-harassment to nurture an environment of inclusiveness and prohibit discrimination on the basis of race, color, religion, national origin, sexual orientation, political affiliation, gender, pregnancy, childbirth or related medical condition, age, marital status, disability or status as a special disabled veteran. (5-1.2)
- A commitment to ensure that all students and school system personnel, including all immigrants, are treated with dignity and respect. (6-1.8)
- Support of MCPS efforts to build bridges of understanding and mutual respect among all the diverse members of our community. (6-1.8)
- Our vow to oppose any intolerance or fear that might threaten the diversity, safety, or academic excellence of our schools; and (5-1.2)
- Our pledge to ensure that all students and school personnel within Montgomery County are accorded equal protection under the law. (5-1.1 and 7-1.1)

Universal public education available to all is a civil right as well as the defining promise of American democracy. The members of the School Board took an oath to uphold the United States Constitution in our work for the Commonwealth of Virginia. As an extension of our oath, we encourage our students, staff, and members of the community to celebrate the inclusiveness and diversity that contributes to the growth, success, safety, and quality of life for everyone at MCPS. (1-1.1 through 1-1.7)

## OVERVIEW AND OTHER INFORMATION

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### OVERVIEW

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Montgomery County is located in the New River Valley in the Appalachian region of Southwest Virginia. The county covers an area of 389 square miles and is home to a population of approximately 100,000. Of these residents, 86% are white, 7% Asian, 5% African American, and 3% other races. Montgomery County's largest population centers are the towns of Christiansburg (the county seat and retail center) and Blacksburg (home to Virginia Tech, the state's second largest public university). In addition, Montgomery County includes numerous unincorporated rural communities. The largest of these are Riner to the south and Shawsville and Elliston to the east. The county's largest employers include Virginia Tech, Montgomery County Public Schools, several manufacturing plants and calling centers, and two hospitals. The Montgomery County Public School division (MCPS) serves almost 10,000 students in grades PK-12. There are 20 schools in the county's four attendance areas, including one primary, ten elementary, four middle, four high, and one secondary alternative program.

### COMMUNITY INVOLVEMENT

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MCPS continues to be an integral part of the Montgomery County community. The division works to achieve its goals with collaboration from many community organizations including Virginia Tech, Radford University, New River Community College, New River Valley Community Services, local law enforcement and government agencies, the medical community, and many other organizations. Many local businesses partner with MCPS to help us achieve division goals for student success. Parents and other community volunteers donate thousands of hours per year to support schools by mentoring, tutoring, helping with special projects, fundraising, and reading to students.

In addition to MCPS students, many local groups, use the interior facilities and athletic fields of our public schools. These include PTAs and PTOs, youth and adult sports leagues, the YMCA, 4-H, after-school programs and clubs, civic organizations, and the Boy Scouts and Girl Scouts. During the 2020-2021 school year, MCPS school facilities were unavailable for use, due to the ongoing COVID-19 pandemic. Typically, facilities are used for recreational sports practices and games, club meetings, worship services, and numerous other events.

### REQUESTS FOR INFORMATION

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This budget document is designed to provide our citizens, taxpayers, and other stakeholders with a general overview of the school system's budget and to demonstrate the School Division's accountability for the money it receives. Questions concerning this report or requests for additional financial information should be directed to: Katherine C. Miano, CPA, SFO Director of Finance, Montgomery County Public Schools, 750 Imperial Street, SE, Christiansburg, VA 24073, telephone (540) 382-5100 or visit the school division's website at [www.mcps.org](http://www.mcps.org).

## GLOSSARY OF ACRONYMS

**A**

**AA** – Administrative Assistant  
**ACCE** – Access to Community College Education  
**ADM** – Average Daily Membership  
**AES** – Auburn Elementary School  
**AHS** – Auburn High School  
**AMS** – Auburn Middle School  
**AP** – Advanced Placement  
**ASBO** – Association of School Business Officials.

**B**

**BEL/BES** – Belview Elementary School  
**BHS** – Blacksburg High School  
**BMS** – Blacksburg Middle School  
**BOS** – Board of Supervisors

**C**

**CARES** – Coronavirus Aid, Relief, and Economic Security Act  
**CES** – Christiansburg Elementary School  
**CHS** – Christiansburg High School  
**CIP** – Capital Improvement Plan  
**CMS** – Christiansburg Middle School  
**CMP** – Capital Maintenance Plan  
**CPS** – Christiansburg Primary School  
**CTE** – Career and Technical Education

**D**

**DE** – Dual Enrollment  
**DMAS** – Department of Medical Assistance Services  
**DMV** – Department of Motor Vehicles

**E**

**ECNCA** – Early Childhood Network of Childhood Agencies  
**EL** – English Learners  
**EME** – Eastern Montgomery Elementary School  
**EMH** – Eastern Montgomery High School  
**ESEA** – Elementary Secondary Educational Act  
**ESL** – English as a Second Language  
**ESSA** – Every Student Succeeds Act  
**ESSER** – Elementary and Secondary School Emergency Relief Fund

**F**

**FBE** – Falling Branch Elementary School  
**FICA** – Federal Insurance Contribution Act  
**FRC** – Family Resource Center  
**FTE** – Full Time Equivalent  
**FY** – Fiscal Year

**G**

**GAAP** – General Accepted Accounting Principals  
**GASB** – Government Accounting Standards Board  
**GB** – Gigabyte  
**GED** – General Education Development  
**GLE** – Glibert Linkous Elementary School  
**GRT** – Gifted Resource Teacher

**H**

**HAE** – Harding Avenue Elementary School

**I**

**IDEA** – Individuals with Disabilities Act  
**IEP** – Individual Education Plan  
**ISAEP** – Individual Student Alternative Education Plan  
**ISS** – In School Suspension  
**ITRT** – Information Technology Resource

**K**

**KES** – Kipps Elementary School

**L**

**LCI** – Local Composite Index  
**LEA** – Local Education Agency  
**LEP** – Limited English Proficient

**M**

**MBA** – Meritorious Budget Award  
**MBE** – Margaret Beeks Elementary School  
**MC** – Montgomery Central  
**MCEF** – Montgomery County Education Foundation  
**MCPS** – Montgomery County Public Schools  
**MPBS** – Megabits per Second

**N**


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**NSLP** – National School Lunch Program

**O**


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**OPEB** – Other Postemployment Benefits

**P**


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**PALS** – Phonological Awareness Literacy Screening

**PBIS** – Positive Behavior Interventions & Supports

**PD** – Professional Development

**PE** – Physical Education

**PFE** – Price’s Fork Elementary School

**PIO** – Public Information Officer

**PLE** – Paid Lunch Equity

**PPA** – Per Pupil Amount

**PTA** – Parent Teacher Association

**PTO** – Parent Teacher Organization

**PTR** – Pupil Teacher Ratio

**R**


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**RU** – Radford University

**S**


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**SAP** – Student Assistance Program

**SAT** – Scholastic Aptitude Test

**SBP** – School Breakfast Program

**SMS** – Shawsville Middle School

**SNP** – School Nutrition Program

**SOLO** – Structure of Observed Learning Outcomes

**SOL** – Standards of Learning

**SOQ** – Standards of Quality

**STEM** – Science, Technology, Engineering, &  
Mathematics

**T**


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**TNG** – The Nutrition Group

**U**


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**UAAL** – Unfunded Accrued Actuarial Liability

**USDA** – United States Department of Agriculture

**V**


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**VDOE** – Virginia Department of Education

**VIP** – Virginia Index of Performance

**VPI** – Virginia Preschool Initiative

**VPI&SU** – Virginia Polytechnic Institute and State  
University

**VPASA** – Virginia Public School Authority

**VRS** – Virginia Retirement System

**Y**


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**YMHFA** – Youth Mental Health First Aid

## GLOSSARY OF TERMS

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This glossary includes definitions of terms used in this budget document and other terms as seem necessary for an understanding of financial accounting procedures for Montgomery County Public Schools.

### A

**Accrual Basis of Accounting** – The basis of accounting which indicates revenues are recorded when they are earned (whether or not cash is received at the time) and expenditures are recorded when goods and services are received (whether cash disbursements are made at the time or not).

**Advanced Placement (AP) Exams** – A requirement of all students enrolled in AP courses and offered through the Educational Testing Service at a fee to the student.

**Allocation** – The amount of funding appropriated to an agency. Types of allocations include per-pupil allocations, fixed allocations, and replacement equipment allocations.

**Appropriation** – An authorization granted by a legislative body to make expenditures and to incur obligations for specific purposes.

**Audit** – The examination of documents and procedure to ascertain that school operations have been handled accurately, legally, and responsibly.

**Average Daily Membership (ADM)** – The average daily membership for grades K-12 is the enrollment figure used to distribute state per pupil funding. It includes students with disabilities ages five to 21 and students whom English is a second language who entered school for the first time after reaching their 12th birthday and who have not reached their 22nd birthday. Preschool and post-graduate students are not included in the ADM.

### B

**Bonds** – A written promise to pay a specific amount of money (face value) and interest over a specific period of time. Bonds for school purposes are either General Obligation Bonds or Virginia Public School Authority Bonds (VPSA).

**Budget** – A financial plan for a given period, usually a fiscal year, containing an estimate of proposed expenditures and a proposed means of financing them.

**Budget Calendar** – A schedule of activities, responsibilities, and deadlines related to budget development and adoption.

**Budgetary Control** – The internal control procedures designed to control or manage expenditures in accordance with the authorized budget.

### C

**Capital Expenditures** – Expenditures for land, improvements to land, easements, buildings, building improvements, vehicles, machinery, equipment, infrastructure, and all other tangible and intangible assets that are used in operations and have initial useful lives greater than one year and have a cost of \$5,000 or more.

**Capital Improvement Plan** – The five-year plan for school division construction projects.

**Capital Projects Budget** – A plan of proposed capital outlays and the means of financing them for the current fiscal period.

**Cash Basis** – The basis of accounting, which indicates transactions are recognized only when cash is increased or decreased.

**Category, Administration, Attendance, and Health** – The activities concerned with establishing and administering policy for the school division. These include Board Services, Executive Services, Human Resources, Fiscal Services, and Health Services.

**Category, Instruction** – The programs and services dealing directly with the interaction between teachers and students. Also, included in this category are the activities associated with curriculum development and instructional staff training.

**Category, Operations and Maintenance** – The activities concerned with keeping buildings open, comfortable, and safe for use. This includes heating, lighting, ventilating systems, repair of facilities, and replacement of facility equipment.

**Category, Pupil Transportation** – The activities associated with transporting students to and from school and on other trips related to school activities.

**Category, Technology** – This program provides classroom technology support to include hardware, software, and personal services for elementary, middle, and high schools.

**Chart of Accounts** – A list of all accounts in an accounting system.

**Composite Index** – Is a factor used in the Virginia Basic Aid formula, (derived from true values of property, ADM, population, retail sales, adjusted gross income, etc.) to determine local and state share of basic appropriation. Sometimes referred to as Local Composite Index.

## D

**Direct Aid** – Funding appropriated for the operation of the Commonwealth’s public schools that is generally divided among categorical payments, funding for school employee benefits, funding of the Standards of Quality, incentive-based programs, allotment of sales tax and lottery revenues, and specific appropriations for programs such as Governor’s Schools and adult literacy initiatives. Both state and federal funds are appropriated in direct aid. All lottery proceeds are earmarked for public education.

## E

**Employee Benefits** – Job-related benefits provided employees as part of their total compensation. Fringe benefits include the employer’s portion of FICA, pensions, insurance (life, health, disability income, worker’s compensation, etc.), Virginia unemployment taxes, and employee allowances.

**Encumbrances** – Obligations in the form of purchase orders, contracts, salaries, or other commitments which are chargeable to an appropriation and for which a part of the appropriation is reserved.



**F**

**Fiscal Year** – Any twelve-month period concluded by determination of financial conditions and closing of financial records. Montgomery County Public Schools has a fiscal year of July 1 to June 30.

**Fiscally Dependent School Division** – A fiscally dependent school division is one that is dependent on a unit of general government for financial support. Typically, fiscally dependent school divisions do not have taxing or bonding authority.

**Food Service Budget** – This fund accounts for all of the cafeteria operations within the school division, including the preparation and serving of school breakfast and lunch. The primary funding source for this independent financial operation is the fees charged for meals.

**Full Time Equivalent (FTE)** – A measurement equal to one staff person working a full-time work schedule for the specific position for one fiscal year.

**Function** – Expenditure classification or category as defined by the Virginia Department of Education.

**Fund** – A fiscal and accounting entity with a self-balancing set of accounts recording assets and liabilities for specific activities of the school division.

**Fund Balance** – The excess of assets of a fund over its liabilities and reserves.

**Fund Statement** – A financial accounting statement that shows all the financial sources available and uses with beginning and ending balances within a fund for a given fiscal year.

**L**

**Literary Fund** – A permanent and perpetual fund established in the Constitution of Virginia (Article VIII, Section 8). The Literary Fund provides low-interest loans to school divisions for capital expenditures, such as construction of new buildings or remodeling of existing buildings.

**Local Composite Index** – Is a factor used in the Virginia Basic Aid formula, (derived from true values of property, ADM, population, retail sales, adjusted gross income, etc.) to determine local and state share of basic appropriation. Also referred to as Local Composite Index.

**M**

**Materials and Supplies** – Includes articles and commodities that are consumed or materially altered when used and minor equipment that is not capitalized. This category includes bus and vehicle fuels, textbooks, vehicle and powered equipment supplies, instructional materials, and technology software.

**Modified Accrual Basis** – Basis of accounting that is followed by Governmental Funds and Agency Funds. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual, i.e., both measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures, other than interest and principal on long-term debt which is recorded when due, are recorded when the fund liability is incurred, if measurable.

## O

**Object Code** – The line item description that denotes the purpose of expenditure. The seven major object categories are Personal Services; Employee Benefits; Purchased Services; Other Charges; Material/Supplies; Capital Expenditures; and Transfers.

**Operating Fund** – The operating fund provides for the day-to-day operations and maintenance of the schools and is funded primarily through county, state, and federal funds.

**Other Charges** – Included are travel and staff development costs, dues, subscriptions and miscellaneous purchases. This category includes telecommunications, utilities (including electric, water, heat, etc.), postage, division insurance costs, and travel.

## P

**Personal Services** – All compensation for the direct labor of persons in the employment of the division. Salaries and wages paid to employees for full and part-time work, including overtime. Also includes payments for time not worked, including sick leave, vacation, holidays, jury duty, military leave, and other paid absences that are earned during the period.

**Purchase Order** – A document submitted to a vendor which requests materials or services at a price indicated on the purchase order. The issuance of a purchase order establishes an encumbrance in the accounting system.

**Purchased Services** – Services acquired from outside sources (i.e., private vendors, public authorities, or other governmental entities, including payments to state mental health/mental retardation institutions for the education of students with disabilities and/or tuition payments to the School for the Deaf and the Blind at Staunton that are made by the Virginia Department of Education on behalf of the school division). Purchase of the service is on a fee basis or fixed time contract basis. Payments for rentals and utilities are not included in this account description.

## S

**Standards of Learning (SOL)** – The minimum grade level and subject matter educational objectives that students are expected to meet in Virginia public schools as specified by the SOQ (Sections 22.1-253.13:1 of the Code of Virginia). The educational objectives describe the knowledge and skills “necessary for success in school and for preparation for life.”

**Standards of Quality (SOQ)** – Article VIII, § 2 of the Constitution of Virginia requires the Board of Education to determine and prescribe from time to time, subject to revision by the General Assembly, Standards of Quality for the public schools in Virginia. The General Assembly shall determine the manner in which funds are to be provided for the cost of maintaining an educational program meeting the prescribed standards of quality, and shall provide for the apportionment of the cost of such program between the Commonwealth and the local units of government comprising such school divisions. The Code of Virginia (Section 22.1-18.01) requires the Board of Education to review the Standards of Quality every two years.

**State Category** – The broad expenditure categories for school divisions determined by the State Board of Education. Current state categories are as follows: Administration, Health, and Attendance; Instruction; Debt Service; Maintenance and Operations; Pupil Transportation; Technology, Food Services and Other Non-Instructional Operations; and Facilities.

**State Standards of Accreditation** – The standards for the accreditation of public schools in Virginia are designated to ensure that an effective educational program is established and maintained in Virginia’s public schools. The Code of Virginia requires the Virginia Board of Education to promulgate regulations establishing standards for accreditation of public elementary and secondary schools. A school can be assigned one of the following ratings: (1) Fully Accredited (2) Accredited with Warning (3) Conditionally Accredited.

## V

**Virginia Retirement System (VRS)** – The Virginia Retirement System, an independent state agency based in Richmond, delivers retirement and other benefits to covered Virginia public sector employees through sound financial stewardship and superior customer service. VRS ranks as the 17<sup>th</sup> largest public or private pension fund in the U.S. and the 46<sup>th</sup> largest in the world, serving more than 750,000 active and inactive members, retirees and beneficiaries. Members include public school teachers, political subdivision employees (cities, towns, special authorities and commissions), state agency employees, public college and university personnel, state police, Virginia law officers and the judiciary. Approximately 835 employers have elected to participate in VRS.