



# KING GEORGE COUNTY

**FY2023-2024**

**Budget Work Session**

**May 5, 2023**

# Agenda

1. Call to Order
  - a. Invocation
  - b. Pledge of Allegiance
2. Public Comment
3. Budget Discussions
  - a. Schools Information
  - b. Revenue Projections for County and Schools
  - c. Expenditure Summary by Major Category
  - d. Discuss Possible Cuts and/or other Funding Options
  - e. Proposed Public Safety Step Increases – currently not in the Expenditure Summary
4. Next Steps
5. Adjourn

# Composite Index

The Composite Index determines a school division's ability to pay education costs fundamental to the Commonwealths Standards of Quality (SOQ) with local funds. The Composite Index is calculated using three indicators of a locality's ability to pay:

- a. True Value of Real Property (weighted 50 percent)
- b. Adjusted Gross Income (weighted 40 percent)
- c. Taxable Retail Sales (weighted 10 percent)

King George County's Composite Index 38.05%

## Budget Priorities & Associated Cost

<u>Initiative</u>	<u>Cost</u>	<u>Total Cost</u>
<b>Compensation Increase (w/o New Positions)</b>	\$1,243,046	\$1,243,046
<b>Increases in Associated Budget Cost not in salaries or in budget builder</b>	\$62,428	\$1,305,474
<b>Health Insurance Difference in increase (w/o New Positions)</b>	\$364,695	\$1,670,169
<b>Budget Builder Necessities</b>	\$512,869	\$2,183,038*
<b>Teachers 5% Staff Compensation Increase if State provides 7% (w/o New Positions)</b>	\$111,368	\$2,294,406
<b>Essential New Positions (w/Benefits)</b> Based Learning and CTE Specialist Social Worker Assistant (Split between MS/HS) Social Worker S & KGMS ITL position 11 month Technician / Mechanic S Teacher - English, Art, CTE, Alt. Ed Station Teacher-PE Preschool Paraprofessional S Security Officer .3805%	\$758,927	3,053,333



# King George County School Proposed Revenues FY2023-2024

Revenue Source	Adopted 22/23	Proposed 23/24
County Transfers	\$21,100,000* <b>Not in Total</b>	\$22,187,654* <b>Based on Composite Index – not in total</b> \$23,283,038 * <b>Amount requested by the Schools</b>
Miscellaneous Revenue	\$212,000	\$212,000
Charge for Services	\$721,000	\$721,000
State	\$33,100,565	\$34,468,798
Federal	\$3,113,638	\$3,174,563
<b>TOTAL REVENUES</b>	<b>\$ 37,147,203</b>	<b>\$38,576,361</b>



# King George County

## Proposed Revenues FY2023-2024

Revenue Source	Adopted 22/23	Proposed 23/24
General Property Taxes	\$39,489,798	\$40,259,232
Other Local Taxes	\$10,645,272	\$11,797,000
Licenses, Permits, Fees	\$9,089,828	\$8,892,284
Other Local Revenue	\$2,306,549	\$2,696,894
State	\$8,115,744	\$7,994,510
Federal	\$1,533,080	\$1,603,599
Non-Revenue Receipts	\$30,465	\$30,465
<b>TOTAL REVENUES</b>	<b>\$ 71,210,736</b>	<b>\$73,273,984</b>

# Total Requested Expenditures FY2023-2024

<u>EXPENDITURES</u>	<u>ADOPTED 22/23</u>	<u>PROPOSED 23/24</u>
School Operating Fund (with Fed. Grants, and Cafeteria):	\$58,247,203	\$61,956,375
School Debt Service	\$4,526,579	\$4,508,316
Public Safety:	\$16,256,758	\$17,971,183
County Debt Service Fund:	\$2,776,940	\$3,470,969
Department of Social Services:	\$6,590,561	\$6,213,133
General Government:	\$5,987,754	\$7,028,893
Constitutional Officers:	\$2,938,635	\$3,085,790
Public Works:	\$3,134,033	\$3,346,260
Institutions:	\$1,222,626	\$1,546,278
Capital Improvement Fund:	\$4,177,480	\$2,568,863
Smoot Library:	\$733,690	\$809,108
Tourism Fund:	\$117,000	\$154,295
Health Department:	\$317,667	\$333,550
Parks and Rec:	\$1,331,012	\$1,775,548
<b>Total Expenditures:</b>	<b>\$108,357,939</b>	<b>\$114,768,561</b>

# Budget Discussion - Cuts and Other Funding Solutions

- After receiving the revised numbers from the schools, the total Estimated Revenues equal **\$111,800,345**. The Requested Expenditures after revised numbers from the schools and cutting the Zoning Enforcement Officer, the 2 Bailiffs, and converting the 2 Proration Clerk positions to part time total **\$114,768,561**. This leaves a shortfall of **\$2,968,216**.
- Possibly fund the 7 replacement vehicles and the 1 new vehicle request from ARP funds or General Fund Balance. This would free **\$464,000** in operating fund request.
- Use of General Fund Balance for additional 1-time expenses: \$21,000 Sign Trailer SO, \$45,000 Meraki Equipment IT – Total **\$66,000**
- Suggested cuts from Board Members \$39,000 Infield Groomer P&R, \$13,799 Weather P&R, \$10,000 Doors Citizen Center – Total **\$62,799**



# Budget Discussion - Cuts and Other Funding Solutions

- The total amount for these suggestions is **\$592,799** and would result in a new shortfall of **\$2,375,417**.
- The schools are requesting a total of **\$2,183,038** in new funding for FY24.
- Using the Composite Index of 38.05% for the School's General Fund budget request the result in new funding would be **\$1,087,654**.
- The request from the schools is **\$1,095,384** greater than the Composite Index Ability to pay for King George County.
- If the will of the board was to provide the additional funding in the amount based on the Composite Index, the shortfall would then be **\$1,208,033**.
- General Fund, Fund Balance could be used to help bridge this gap without raising taxes.

# Additional Consideration

- In previous sessions, employee pay increases were discussed that did not include Public Safety because they are on a step plan.
- Consideration is requested to provide an additional 2% to the current steps for Public Safety to match the increases of other staff
- The funds, including fringes, that would be required to accomplish this total \$213,697, thus bringing the shortfall to \$1,421,730. The breakdown is as follows:
  - \$132,245 for the Sheriff's Office, E911, and Animal Control
  - \$81,452 for Fire and Rescue

# Additional Consideration

- One additional consideration - if the state passes an additional 2% for the SOQ positions in June, the county may need to provide additional funds for their budget. This will need to be addressed by amending the budget after the State approves a budget.

# Next Steps

- Board Direction

## REVENUES

Revenue to support the School Division's operating budget comes from the State of Virginia, the Federal Government, and King George County. There is one additional minor source referred to as other revenue.

### **State Revenue - \$34,318,798**

Projected state revenue is based on the School Division's composite index and the average daily membership (ADM) of students in the School Division as of December 16, 2022. The composite index, based on a state formula, determines the ability of the county to fund the expenses of the School Division. King George County's composite index for 2022-2023 is 0.3805 indicating that the state must provide 61.95% and the county must provide 38.05% of the minimum state required funds to pay the expenses of the School Division. Once the ratio of state to local funds is determined by the composite index, the ADM of students from September through March 31<sup>st</sup> determines the actual funds that will be received from the state by the School Division. The state projected ADM for King George County for the 2023-2024 school year is 4537. Based on the composite index of 0.3805, the state projected ADM of 4537 and Amendments Introduced to the 2022-2024 Biennial Budget; state revenue will be \$34,318,798. This reflects an increase of \$1,391,233 when compared to the \$32,927,565 currently appropriated for 2022-2023. The currently projected state revenue for 2023-2024 may change based on review and final adoption by the General Assembly.

State revenue is divided into four categories: Standards of Quality Program Funds, Incentive Program Funds, Categorical Program Funds and Lottery Funded Programs.

- **Standards of Quality (SOQ) Program Funds**

All SOQ program funds, other than sales tax revenue, are distributed to school divisions based on an equalized formula that uses the composite index. This is to ensure an equitable distribution of state funds to all school districts. As King George County's composite index is 0.3805, the state will provide 61.95% of the funds necessary to meet the estimated SOQ costs. For each SOQ item, the state has established a per pupil cost for each school division. That cost is based on the state's staffing standards and the school division's historical costs. State revenue for each item is then determined by multiplying the number of students in average daily membership as of December 16th by the per pupil amount and then by the composite index. The projected 2023-2024 SOQ program state revenue, excluding sales tax revenue, is \$20,866,422.

Sales tax revenue, although listed with SOQ program funds, is not distributed according to the formula used to fund the other SOQ items. Revenue from sales tax is based on the one cent portion of the state sales tax returned to localities that is designated for public schools and is based on the locality's school age population. The projected 2023-2024 sales tax revenue is \$6,762,387.

- **Incentive Program Funds**

For 2023-2024 the School Division will receive \$180,000 in Technology VPSA (Virginia Public School Authority) funds under this category. This money comes from bond proceeds and is made to school divisions on a reimbursement basis after each bond sale. The required local match is \$36,000. The At-Risk Program has been split for 2023-24 between the Incentive Programs and Lottery Funded Programs. The state share in the Incentive Program for At-Risk is \$330,187 with the required local match being \$202,803. The state share in the Lottery Funded Program for is \$232,563 with a local match of \$142,841.

- **School Division Construction Grants**

The introduced budgets include 2,051,733 for school construction, with no local match. Eligible expenditures under this program shall be nonrecurring in nature and may include school construction, additions, infrastructure, site acquisition, renovations, technology, and other expenditures related to modernizing classroom equipment, school safety equipment or school safety renovations, and debt service payments on school projects completed within the last ten years. Unspent funds as June 30, 2023 and June 30, 2024, shall be appropriated to school divisions the following year.

- **Categorical Program Funds**

Categorical program funds are not subjected to an equalized formula based on a composite index nor do they require a local match. These funds are based on the level of service provided by the school division and the expenditures related to that service. Excluding school lunch revenue, King George County Schools only receive categorical program funds for Special Education Homebound Instruction. The projected 2023-2024 categorical program revenue is \$22,437. Final reimbursement for this service is based on actual expenditures, up to the projected state payment, and subject to the availability of funds.

- **Lottery Funded Programs**

Lottery funded programs consist of a combination of programs some of which require a local match and others that do not require a local match. Excluding school breakfast the projected 2023-2024 lottery program state revenue is \$2,117,474.

**Federal Grant Revenue – Fund 252 - \$1,621,334** Federal grant funds are projected based on receipt of funds in the prior year and are available from the federal government through the state. This revenue includes the allotments under Every Student Succeeds Act, Special Education VIB, Special Education Preschool 619, and Carl Perkins. The grant amounts are based on various criteria: student enrollment, free and reduced lunch participation, test scores, number of special education students and/or the county’s poverty index. To obtain these funds, the School Division must complete grant applications that are generated by the state. Each grant has a separate submission and approval date and the funds must be spent according to the federal fiscal year, which is October 1<sup>st</sup> through September 30<sup>th</sup>. Actual revenue is received after funds are expended and reimbursement requests are processed. The federal grant revenue is included in a statement sent electronically from the state to the county treasurer. The anticipated 2023-2024 revenue from these federal grants is \$1,621,334. This is an increase of \$33,927 from the currently appropriated amount for Fund 252. Notification of actual grant amounts will not be received until fall, 2023.

**Local Required Effort Revenue - \$16,046,292**

Based on the composite index of 0.3805, an ADM of 4537 and Governor’s Introduced Amendments to the 2022-2024 Biennial Budget, the required local effort from King George County to support the minimum expenditures of the School Division is \$16,046,292. However, the final amount of the 2023-2024 required local effort can not be determined until the Governor’s Budget is adopted and the actual March 31, 2023 ADM has been calculated.

**Federal Miscellaneous Revenue - \$300,000**

Annually, the School Division receives small amounts of revenue from a variety of Federal sources. These include: Impact Aid, E-Rate and NJROTC. This revenue is projected based on prior year information.

**State Miscellaneous Revenue - \$150,000**

Annually, the School Division receives revenue from the State that is not shown on the template from DOE. This revenue is from Medicaid and is being projected based on prior year information.

**Other Miscellaneous Revenue - \$260,000** Annually, the School Division receives small amounts of revenue from a variety of sources. Among other things this revenue includes: facility rental fees, fieldtrip costs, recovered costs and refunds. This revenue is projected based on prior year information.

Table 2 shows the projected operating 2023-2024 School Division revenue, by revenue source, to fund a \$60,073,703 operating budget as compared to the revenue appropriated as of December 16, 2022 by the Governor’s Introduced Amendments to the 2022-2024 Biennial operating budget.

**TABLE 2  
PROJECTED OPERATING REVENUE COMPARISONS  
2022-2023 APPROPRIATED REVENUE TO 2023-2024 PROJECTED REVENUE**

<u>Revenue Source</u>	<u>2022-2023 Revenue</u>	<u>Projected For 2023-2024 Revenue</u>	<u>\$ Increase (Decrease)</u>
State Revenue	32,927,565	34,318,798	1,391,233
Federal Grant Revenue-Fund 252	1,587,407	1,621,334	33,927
Federal Miscellaneous Revenue	300,000	300,000	0
State Miscellaneous Revenue	150,000	150,000	0
Other Miscellaneous Revenue	260,000	260,000	0
Local Revenue	<u>21,100,000</u>	<u>23,423,571</u>	<u>2,323,571</u>
<b>Total Operating Revenue</b>	<b>56,324,972</b>	<b>60,073,703</b>	<b>3,748,731</b>

Two additional sources of revenue are part of the total school budget but can not be spent on operating expenses.

**Debt Service Revenue - \$4,508,316**

Debt service revenue is transferred from the County Budget to the School Division Budget to show the amount of money that is required to pay for the remaining debt due to the construction of schools and school related capital improvements. This is a “wash” account in that the amount of money transferred into the School Division Budget is equal to the debt service payment. This money is not part of the operating budget and can not be used by the School Division.

**Food Service Revenue - \$2,023,205**

Food service revenue comes from food sales and federal and state reimbursements. The food service program is intended to be self-supporting and should not require additional local funding. Revenue projected to be generated by the food service program for 2023-2024 is \$2,023,205

1st draft - Skinny  
5/3/23