

MEMORANDUM

DATE: September 26, 2000
TO: The Board of Supervisors
FROM: John E. McDonald, Manager of Financial and Management Services
SUBJECT: Budget Adjustment for Schools - Prior Year

The following resolution amends the budget for the year that ended June 30, 2000, in the amount of money due to the Williamsburg/James City County Schools.

The State Sales Tax for Education is included each year in the County's budget as revenue and shown again as part of the total contribution to the operating budget of the Schools. When the School contract was last amended, a provision was added to define the annual contribution to the Schools. That contribution should consist of a fixed local share and whatever funds the County collects in proceeds from the State Sales Tax for Education. Legally, the County could keep the State Sales Tax and use it for any school purpose, including debt service, but the State considers it as an element of State support to the operating budget of the Schools. If State Sales Taxes for Education come in higher than is originally estimated, then State Basic Aid is reduced, keeping the total State budget contribution at a set dollar total.

When the FY 2000 budget was prepared, the estimate of State Sales Taxes for Education was set at \$4,464,007, consistent with the estimates provided by the State Tax Department. In August 1999, the Schools conducted a census of school age children that resulted in an increased share of the total State revenue for James City County. That, and a surge in sales tax revenues Statewide, resulted in a total FY 2000 collection of \$5,018,568. The additional \$554,561 that the County received, by the terms of the City/County contract, goes to the Schools.

The attached resolution corrects the revenue and transfer to the schools for the correct sales tax figure for the fiscal year that just ended. The Schools will not realize a windfall, however, because other State revenue will be correspondingly reduced. Staff recommends adoption of the attached resolution.

John E. McDonald

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Attachment