



MOORE COUNTY SCHOOLS
CENTRAL ADMINISTRATIVE OFFICES
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MEETING DATE: July 13, 2015 – School Board Regular Business Meeting

BOARD ACTION

AGENDA ITEM TITLE	Amended 2014-15 Budget Resolution
STAFF CONTACT(S)	Michael C. Griffin, Chief Officer for Budget and Finance

EXECUTIVE SUMMARY

Amended 2014/15 Budget: Finance is presenting a recommended Amended Budget Resolution for the 2014/15 year, to be approved retroactive to June 2015. The recommendation will be based on the most recent June Financials for 2014/15 plus estimates of 2014/15 costs that are paid in July/August (primarily utility costs for services in June, but billed after July 1); the amended resolution includes all necessary adjustments related to June payroll as well as maximization of State funds. We shift costs to State funds throughout the year, and complete final cost-shifting in June in order to drive any vacancy and efficiency savings to our Local funds.

As part of annual closeout and maximization of State funding and Local savings, the amended ordinance includes strategic shifts between Instructional Services and Support Services. This shift applies primarily to our State and Local funds.

The 2015/16 Original Budget Resolution will be presented (most likely September/October) once we receive our original State budget for 2015/16. We have previously adopted a Continuation Budget for 2015/16, so that we can continue operations into the new fiscal year.

Amended Budget Resolution for Fiscal Year 2014-15: net increases/decreases by fund since last resolution, are as follows:

State Public School Fund = increase of \$1,737,978:

- \$1,568,000 to reflect the full Classroom Teacher allotment in PRC 001. Our original ordinance reduced the allotment by this amount, to reflect the true anticipated revenues. Prior to 2013, we were able to convert any average teacher salary savings to additional funds for teaching positions. This conversion was eliminated in 2013, with all related savings now reverting back to the State. We adjust the ordinance at year-end to clearly reflect 1) the total revenues appropriated by the State and 2) the amount we revert back to the State. The total reversion for 14/15 is approximately \$1.5 million.
- \$102,065 in Read to Achieve funds for Summer Reading Camps.
- \$67,913 in additional funding for 1) Transportation - \$59,650 for repair contingency funds; and 2) other changes of \$8,263 (Exceptional Children, Non-instructional Support and Technology).

- **Continued on next page**

Local Current Fund = no change overall:

- Our previous ordinance included \$760,000 in flow-thru funding for Charter Schools; the Charters we fund (primarily STARS and Academy of Moore) have increased Moore County student enrollment by approximately 20%. (120 students have transferred from MCS to charters over the past 3 years.) This increase requires an amendment to our Local Current Fund, as we are required by law to provide charter schools a per pupil share of County Commissioner current expense funding and Clerk of Court fines and forfeitures. This increase requires an adjustment of \$120,000, and is included in the Amended Resolution.

Federal Program Fund = increase of \$8,484, for minor increase in Title I and Exceptional Children funding.

Local Capital Fund = increase of \$90,003 to reflect State funding for one potential school bus replacement. We are required to reflect the potential replacement; however, we did not receive by June 30. We will include the replacement in our 2015/16 budget.

School Nutrition Fund = no change.

Local Operations Fund = no change.

Digital Learning Fund (maintained by the County) = \$770,059 budget, and \$465,978 spent to date (lease payment #2 on FY 2014 Chromebooks; plus costs for Chromebook pilot projects; Google licenses and protective bags; and lease payment #1 on our FY 2015 Chromebooks) leaving a balance of \$304,081. We have requested that these funds be carried forward to 2015/16. (We generated carry over based on shifting of costs to a Federal Technology Grant; strategic allocation of resources = use Local funds last, as we have the ability to carry those funds to future years.)

ESTIMATED COST (if applicable)	Total Amended Budget = \$118,112,611; = increase of \$1,836,465 Plus \$770,059 in Digital Learning Fund
POLICY OR STATUTORY REFERENCE (if applicable)	Board Policy 1010; 2000 – School Board Authority and Duties; Fiscal Management
STRATEGIC PLAN REFERENCE (if applicable)	All Pathways drive and impact the Budget
SUPERINTENDENT'S RECOMMENDATION (if applicable)	APPROVE AMENDED BUDGET RESOLUTION AS PRESENTED

Document(s) related to the Board's discussion of the Amended Budget Resolution follow(s).

- Amended Budget Resolution

MOORE COUNTY BOARD OF EDUCATION BUDGET RESOLUTION FOR 2014 - 2015 FISCAL YEAR

BE IT RESOLVED by the Board of Education of the Moore County School Administrative Unit;

Section 1 The following revenues are estimated to be available to the respective fund. The following expenditure amounts are hereby appropriated at the purpose level for the operation of the school administrative unit in the respective fund for the fiscal year so stated.

State Public School Fund – Fund 1

	<u>Original</u>	<u>November</u>	<u>February</u>	<u>May</u>	<u>June</u>
State Revenues	68,196,978	68,404,973	68,490,100	68,444,526	70,182,504

Expenditures

Instructional Svces	60,019,703	60,174,880	60,097,402	59,736,913	61,374,077
Support Services	8,177,275	8,230,093	8,392,698	8,707,613	8,808,427

Local Current Fund – Fund 2

	<u>Original</u>	<u>November</u>	<u>February</u>	<u>May</u>	<u>June</u>
<u>Revenues</u>					
County Funding	24,555,140	24,555,140	24,555,140	24,555,140	24,435,140
Charter Schools	760,000	760,000	760,000	760,000	880,000
Fines/Forfeitures					
Interest	<u>500,860</u>	<u>500,860</u>	<u>500,860</u>	<u>500,860</u>	<u>500,860</u>
Total	25,816,000	25,816,000	25,816,000	25,816,000	25,816,000

Expenditures

Instructional Svces	16,121,000	16,115,000	16,077,000	16,045,000	15,761,000
Support Services	11,735,000	11,741,000	11,779,000	11,811,000	11,975,000
Charter Schools	760,000	760,000	760,000	760,000	880,000

Fund Balance

Appropriated	2,800,000	2,800,000	2,800,000	2,800,000	2,800,000
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Per N.C. General Statute 115C-426(c), the appropriation or use of fund balance shall not be construed as a local current expense appropriation.

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Federal Program Fund – Fund 3

	<u>Original</u>	<u>November</u>	<u>February</u>	<u>May</u>	<u>June</u>
Federal Revenues	6,320,526	9,995,434	10,574,285	10,576,505	10,584,989
<u>Expenditures</u>					
Instructional Svces	5,554,704	7,821,976	8,606,819	8,822,764	9,058,384
Support Services	10,207	382,376	396,782	407,535	419,927
Non-program Costs	755,615	1,791,082	1,570,684	1,346,206	1,106,678

Local Capital Fund – Fund 4

	<u>Original</u>	<u>November</u>	<u>February</u>	<u>May</u>	<u>June</u>
Capital Outlay	1,202,000	1,202,000	1,202,000	1,342,115	1,432,118

School Nutrition Fund – Fund 5

	<u>Original</u>	<u>November</u>	<u>February</u>	<u>May</u>	<u>June</u>
School Nutrition	5,422,000	5,422,000	5,422,000	5,422,000	5,422,000

Local Operations Fund – Fund 8

	<u>Original</u>	<u>November</u>	<u>February</u>	<u>May</u>	<u>June</u>
<u>Revenues</u>					
Grants/Fees	1,681,000	1,792,000	1,792,000	1,875,000	1,875,000
<u>Expenditures</u>					
Instructional Svces	1,421,000	1,519,000	1,479,000	1,556,000	1,563,000
Support Services	260,000	273,000	313,000	319,000	312,000

Section 2 The Sandhills Regional Education Consortium (SREC) will be accounted for as an agency fund – Fund 6, in the accounting records of the Moore County Board of Education.

Section 3 Revenues of \$750,000 are budgeted for the Child Care Fund – Fund 7, to cover expenses for school-day and after-school daycare programs at respective schools. Any net revenues will be earned and held by the individual schools.

Section 4 Revenues and expenditures for public school construction/projects through the School Special Revenue fund, including State Facility Funds, State Lottery Funds and Local School Bond Funds, will be accounted for in the accounting records of the County of Moore. In addition, the County maintains a Digital Learning Fund on behalf of Moore County Schools; the budget for this fund is \$770,059 for this fiscal year (including \$170,059 in carryover funding).

Section 5 Any additional fund balance in excess of the designated appropriation in the Local Current Fund, Local Capital Fund and Local Operations Fund will become contingency funds, once the Annual Financial (Audit) Report has been presented to the Board of Education.

Section 6 The Superintendent and Finance Office are hereby authorized to transfer appropriations within a purpose code within a fund as contained herein under the following conditions:

- a. They may transfer amounts within a purpose code within a fund with proper justification.
- b. They may not transfer amounts from contingency without Board of Education approval.
- c. They may not transfer any amounts between Local Current appropriation and Local Capital appropriation without the approval of the Board of Education and the County Commissioners.

Section 7 Copies of the Budget Resolution shall be furnished to the Office of the Superintendent and the Finance Office for direction in carrying out their duties.

Approval of budget resolution

Approved by the Moore County Board of Education on July 13, 2015 retroactive to June 2015.

Chairman

Superintendent

Signed copy distributed to Finance Office

Moore County Schools

2014-15

Amended Budget Resolution

June 2015

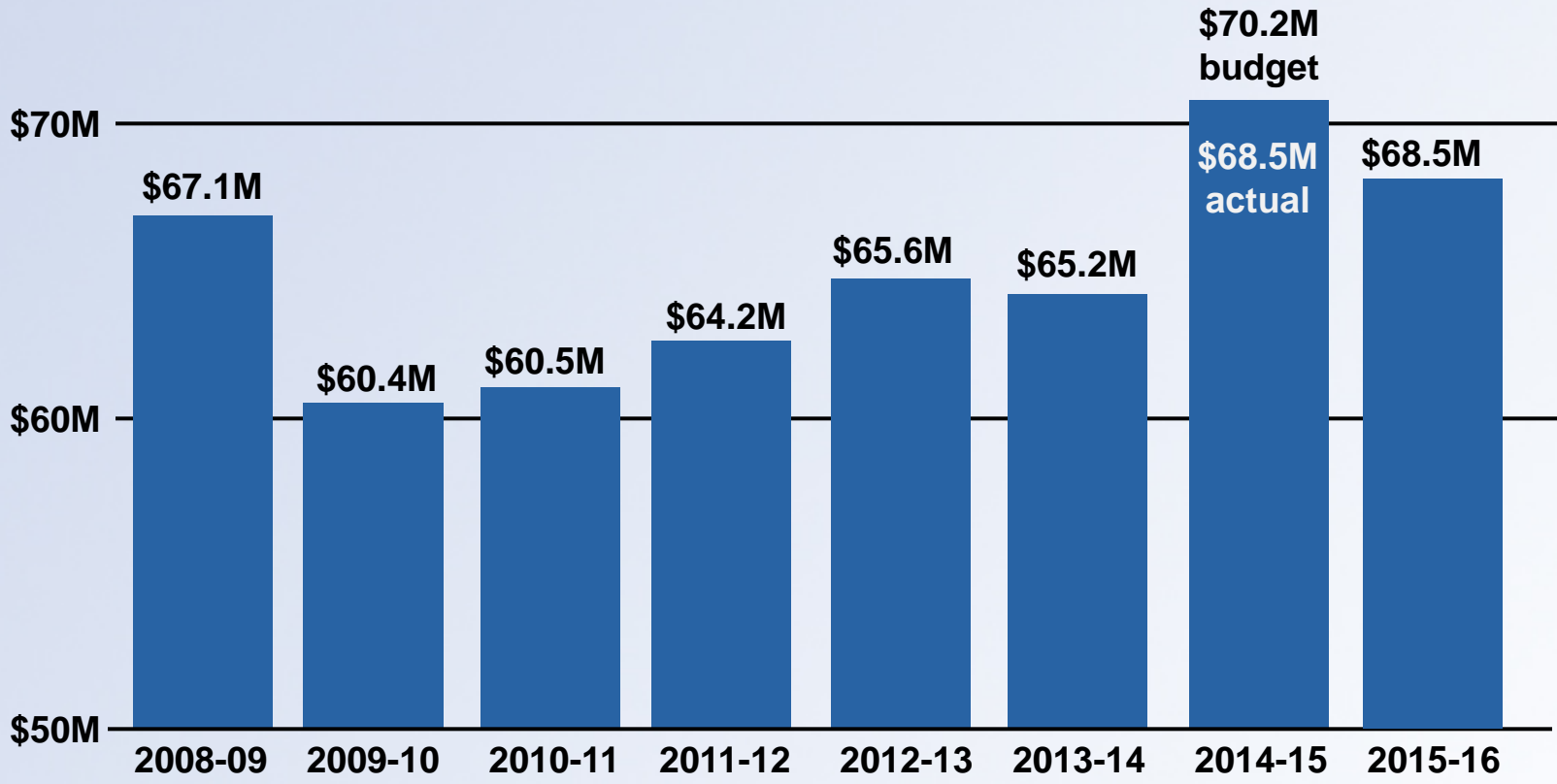


State Fund

- Original budget of \$68.2 million
- November budget of \$68.4 million
- February budget of \$68.5 million
- May budget of \$68.4 million
- June budget of \$70.2 million
 - Reflects \$1.5 million in Teacher funds reverted back to the State



Revenues



State Funding

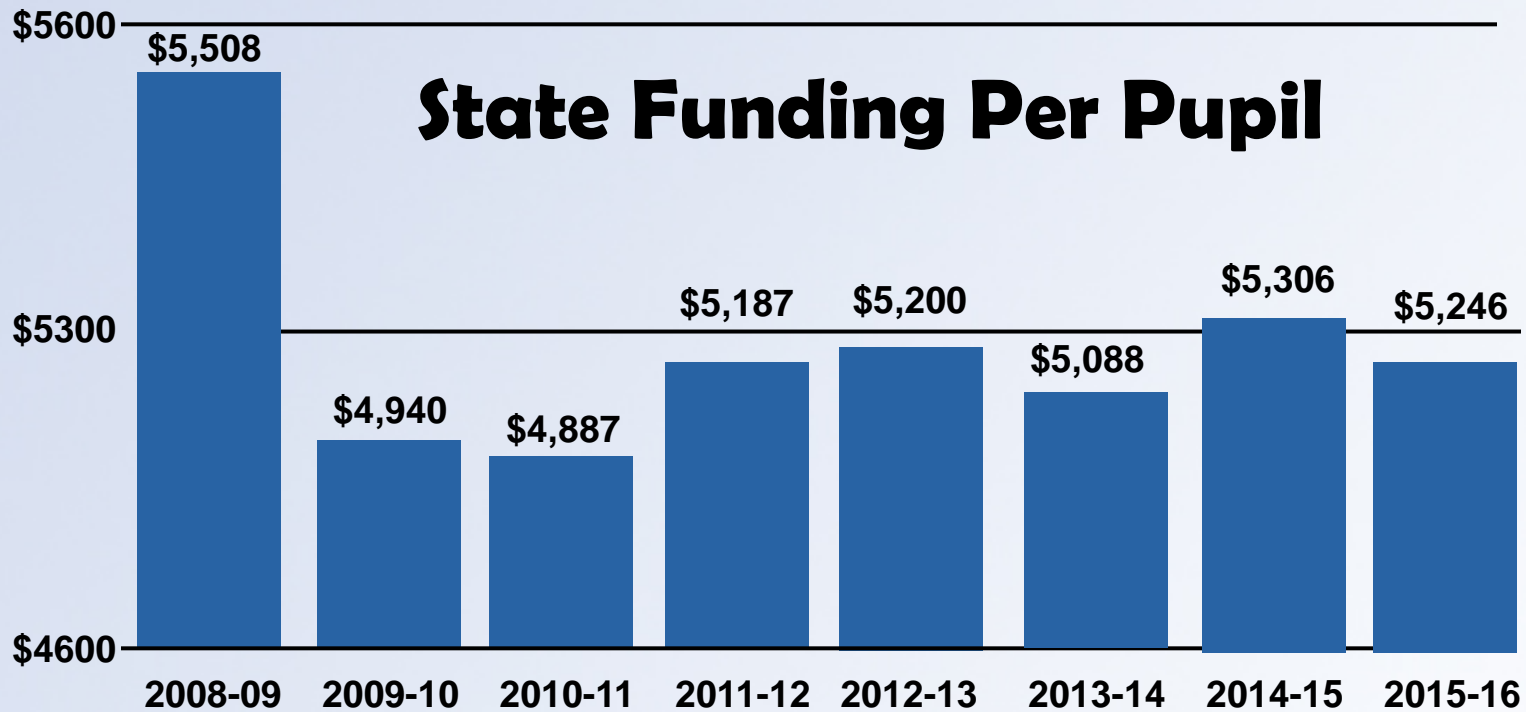


Challenges – State Budget

State Funding Per Pupil



Challenges – State Budget



Impact = \$3.4 Million



Challenges – State Budget

State Funding Per Pupil
- \$3.4 Million

Increase in State Retirement Rate



Challenges – State Budget

Increase in State Retirement Rate

- 2008-09 = 8.14%
- 2014-15 = 15.21%
- Each % increase costs over \$600,000

Impact = \$4.5 Million



Challenges – State Budget

State Funding Per Pupil

- \$3.4 Million

Increase in State Retirement Rate

- \$4.5 Million

Teacher Raises

- \$3.0 Million



Challenges – State Budget

State Funding Per Pupil

- \$3.4 Million

Increase in State Retirement Rate

- \$4.5 Million

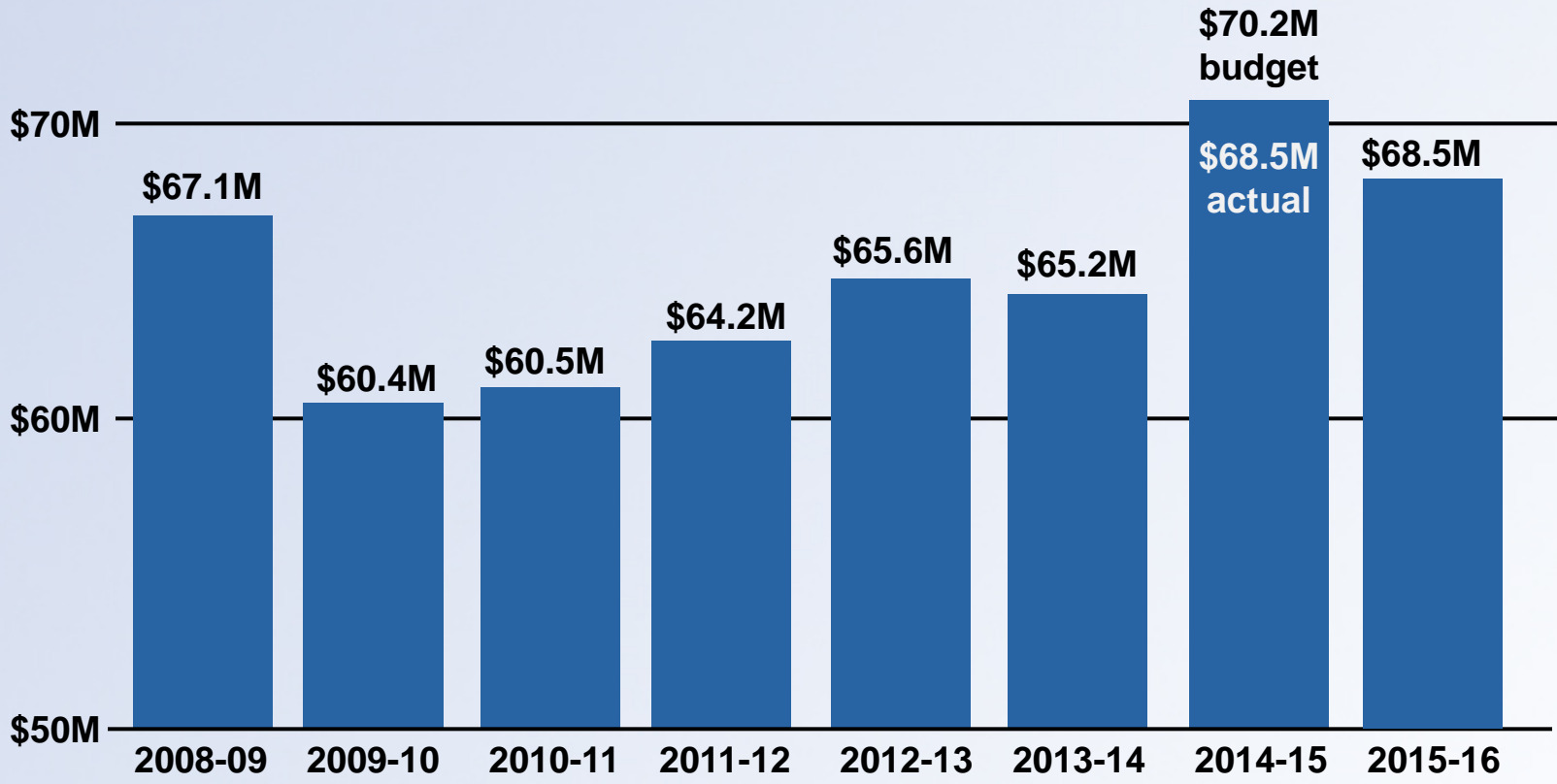
Teacher Raises

- \$3.0 Million

Impact = \$10.9 Million



Revenues



State Funding



Challenges – State Budget

Classroom Teacher Reductions

- Allotment Formula – 7% Decrease
- Elimination of Salary Conversion

***Impact = 56 Teachers;
Increased Class Size in
Grades 4 -12***



Challenges – State Budget

Teacher Assistant Reductions

- Grades 2 and 3 – eliminated
- Supplemental (Title I) - eliminated
- Grade 1 – half eliminated

Impact = 156 Teacher Assistants;

Fewer adults in Grades K-3;

Potential for further cuts



Challenges – State Budget

Assistant Principals
Instructional Support
Non-instructional Support
Central Office Reductions



Challenges – State Budget

Instructional Supplies

Textbooks

Technology

Drivers Education

Minimal Raises for Employees

Pressure on Stabilization Fund



Challenges – State Budget

State Funding Per Pupil

- \$3.4 Million

Increase in State Retirement Rate

- \$4.5 Million

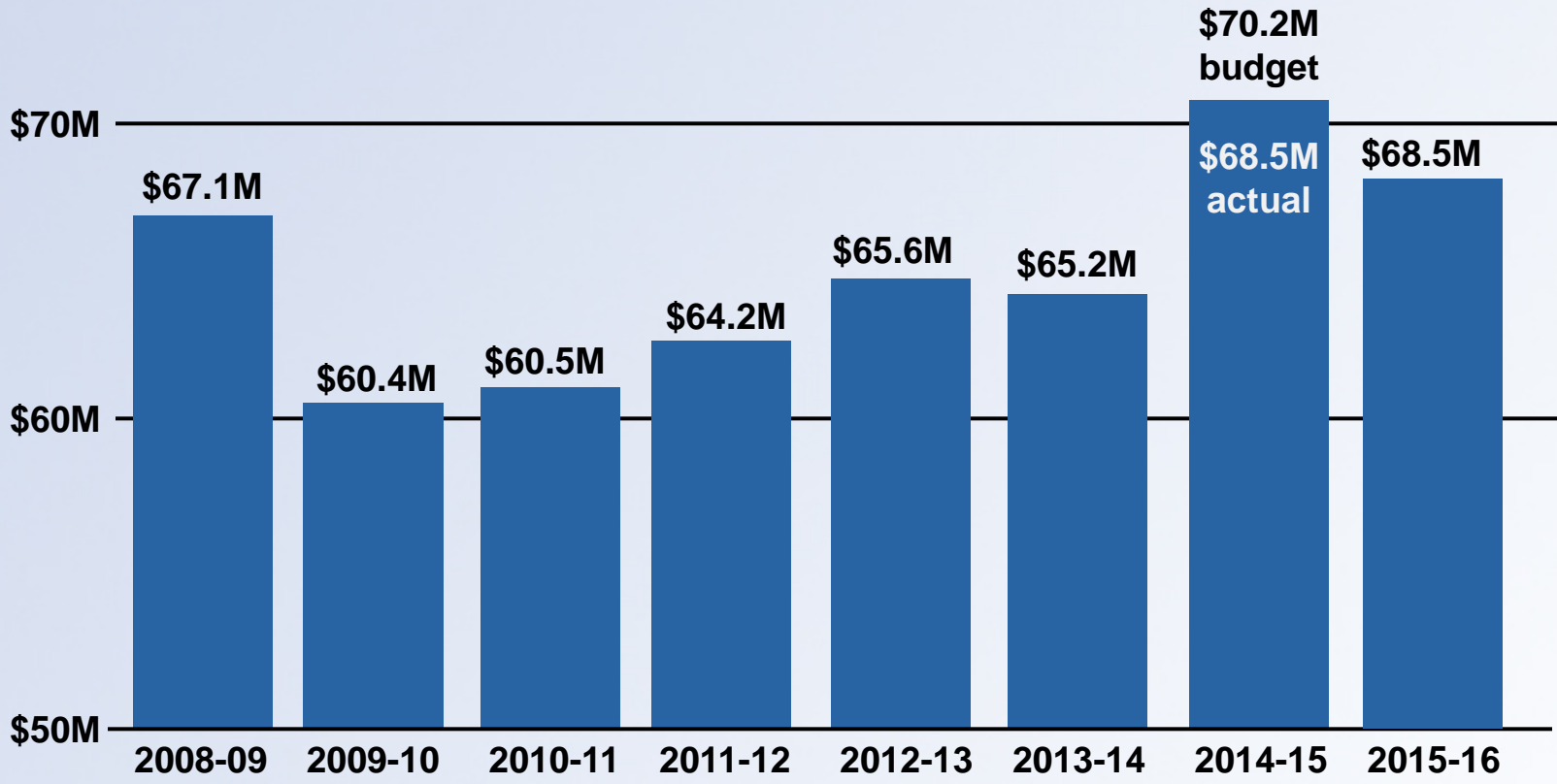
Teacher Raises

- \$3.0 Million

Impact = \$10.9 Million



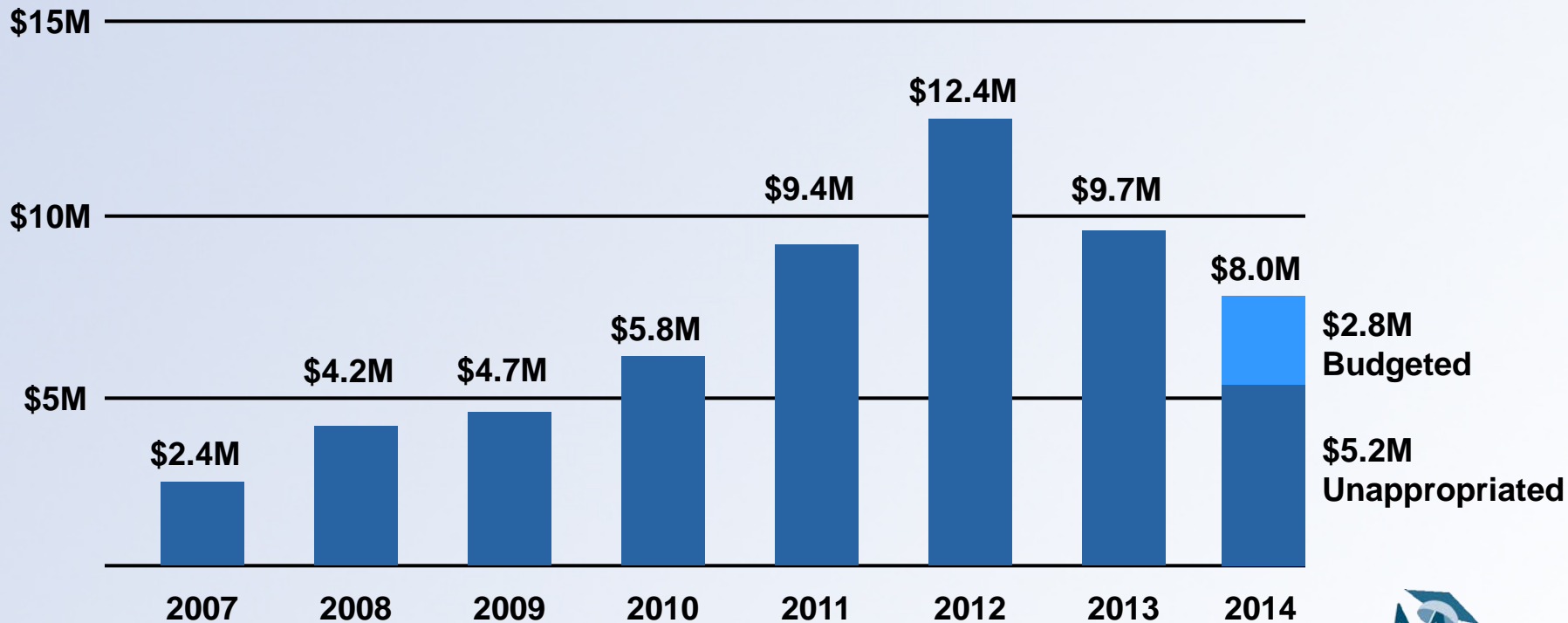
Revenues



State Funding



Challenges – Local Budget



Pressure on Stabilization Fund

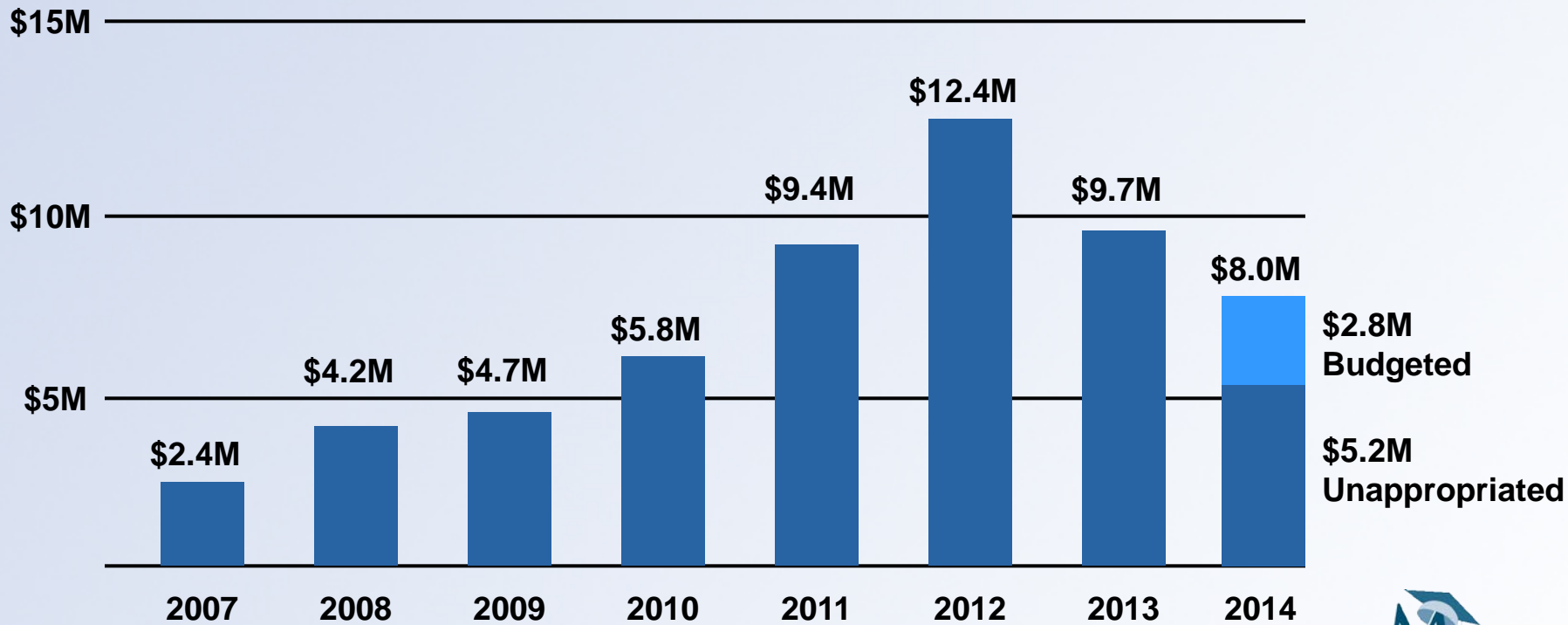


Local Current Fund

- Original budget of \$28.6 million
- November budget – no change
- February budget – no change
- May budget – no change
- June budget – Charter school funding up \$120,000
- Stabilization Fund
 - \$2.8 million budgeted
 - \$1.5 million used



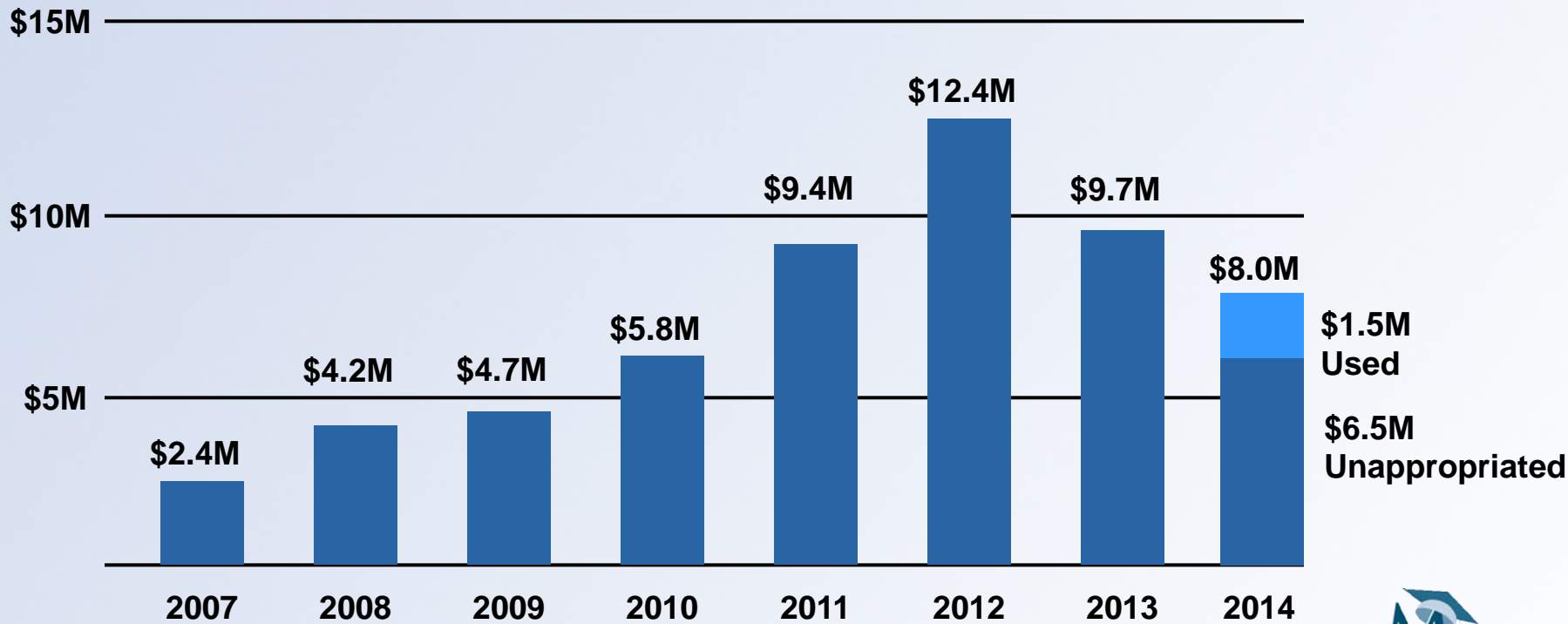
Challenges – Local Budget



Pressure on Stabilization Fund



Challenges – Local Budget

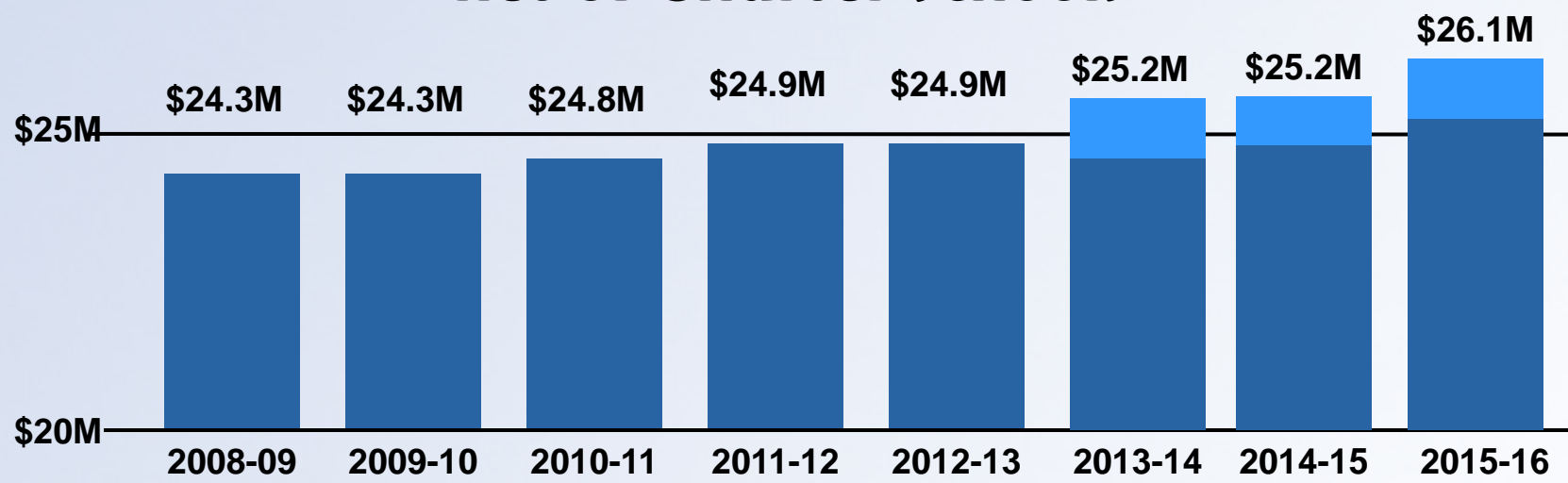


Pressure on Stabilization Fund



Revenues

County Funding (Current; Digital Learning) - net of Charter Schools



Digital Learning
\$750,000 2013-14
\$600,000 2014-15
\$750,000 2015-16



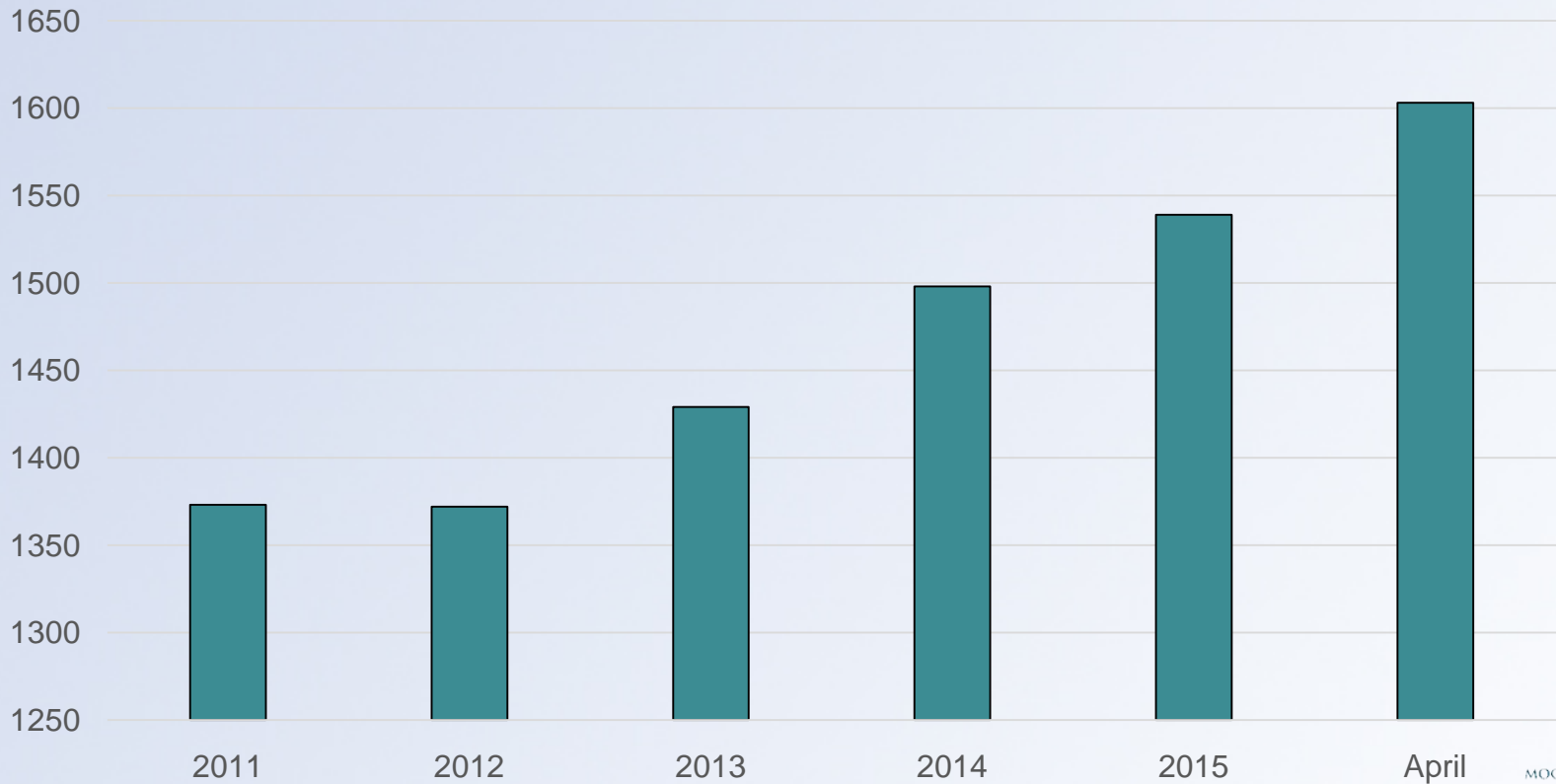
Federal Fund

- Original budget of \$6.3 million
- November budget of \$10.0 million
- February budget of \$10.6 million
- May budget of \$10.6 million
- June budget of \$10.6 million
- Challenges = EC funding deficit



Federal Fund – EC Headcount

230 add'l students – 17% increase

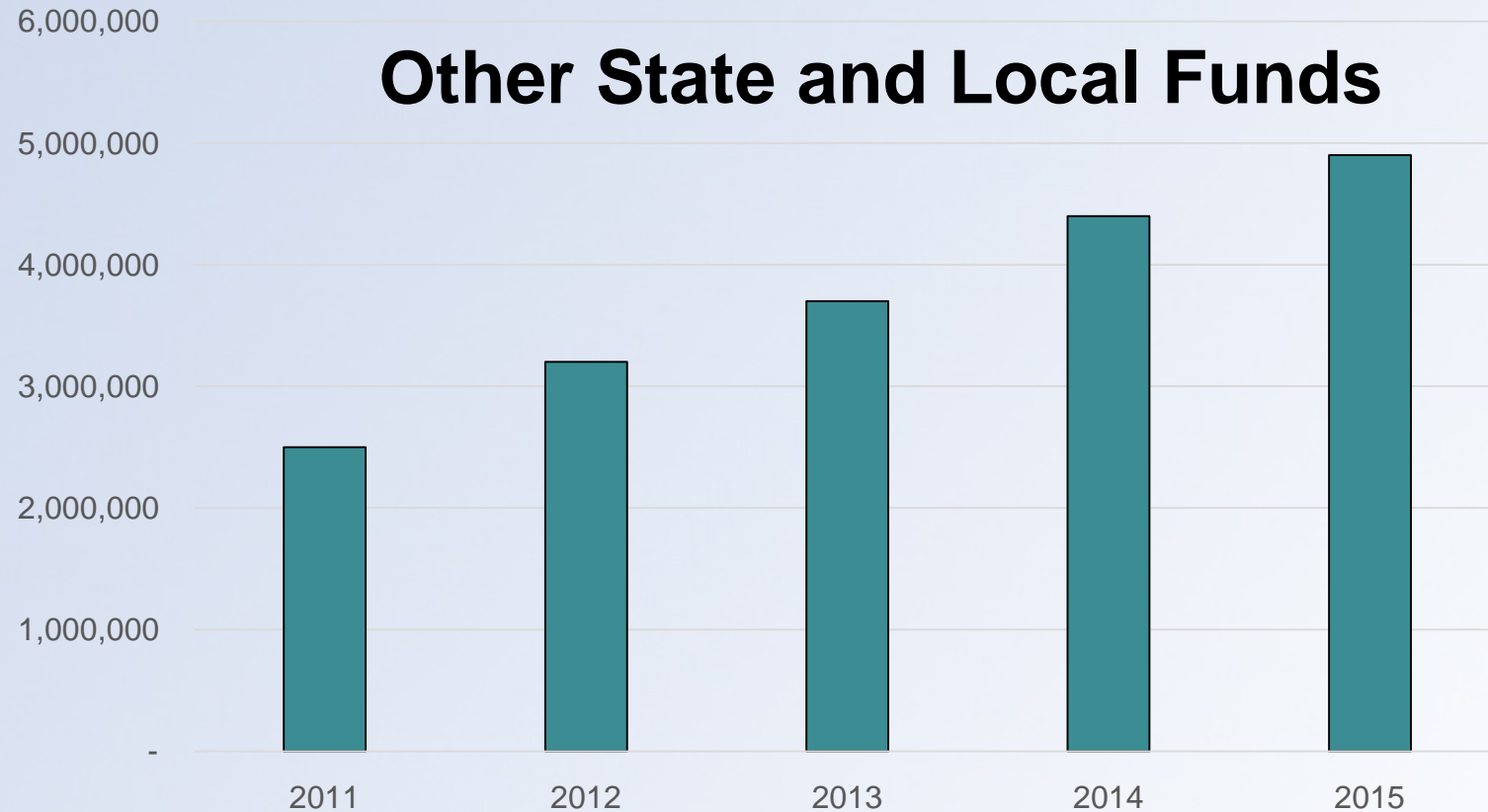


Federal Fund – EC Funding

- IDEA designed to fund 40% of total costs
- 2015 total costs = \$14 Million
- 40% of \$14 Million = \$5.6 Million annually
- 2015/16 = \$2.4 Million
- 2011 to 2015 = \$2.4 Million to \$2.6 Million
- 17% Increase in EC Students (230)
- Zero Increase in Federal Funding
- = EC Funding Deficit



Federal Fund – EC Deficit



Capital Fund

- Capital – Original budget of \$1.2 million
 - No changes thru March
- April/May budget of \$1.34 million
 - State debt service on bus replacement - \$140k
- June budget of \$1.43 million
 - State funding for bus replacement - \$90K
- \$540K added to Capital Fund Balance
 - Sale of Academy Heights
 - Unspent Technology funds



School Nutrition Fund

- School Nutrition - \$5.4 million
 - No changes thru June
- School Nutrition – \$230K loss for 2014/15
 - ½ is Depreciation
 - ½ is Cash-flow
 - Drop in participation (new meal regulations)
- School Nutrition - \$1.5M in available cash
 - 3 months of operating cash = best practice



Local Operations – Fund 8

- Original budget of \$1.7 million
- November budget of \$1.8 million
- February budget of \$1.8 million
- May/June budget of \$1.9 million
- Pre-K; ROTC/AYPYN/DODEA/Impact Aid
- Medicaid fees/Medicaid outreach
- Mebane Foundation – STEM grant
- Drivers Education



Digital Learning Fund

- Total budget of \$770,059
- Moore County manages fund on our behalf
- Phase III devices – 3,400 Chromebooks
- Costs to date for 2014/15= \$466K
 - \$304K unspent
 - Unspent funds carry forward to 2015/16



Financial Report (Unaudited)

- State fund = 98%
- Local current fund = 94%
- Federal fund = 74%
- Local capital fund = 76%
- School nutrition fund = 93%
- Local operations fund = 85%
- Digital learning fund = 61%



Pressure Points

- Drivers Education – State funding dropped
- Nutrition Fund – Federal meal regulations = decrease in meals served
- EC Funding – Students numbers increasing; costs increasing; Federal funding not keeping pace
- Stabilization Fund – decreasing each year
- State Funding challenges



2014-15 Budget Resolution

- State fund = \$70,182,504
- Local current fund = \$28,616,000
- Federal fund = \$10,584,989
- Local capital fund = \$ 1,432,118
- School nutrition fund = \$ 5,422,000
- Local operations fund = \$ 1,875,000
- Total = \$118,112,611
- Plus Digital learning fund = \$770,059





MOORE COUNTY SCHOOLS

Growing to Greatness

