



Memo To: Dr. Aaron Spence, Superintendent
From: Michael C. Griffin, Chief Finance Officer
Date: July 8, 2013
Re: Final Budget Resolution for 2012 - 2013

Please see attached the proposed final budget resolution for 2012 – 2013.

- State Fund - \$510,675 increase, which includes:
 - o \$5,747 in Exceptional Children (EC) funding;
 - o \$41,126 in Transportation funding, representing an additional fuel allotment;
 - o \$350,000 in Textbook funding – primarily for Journeys (this \$350K is not new funding, but carryover funding due to unspent allotments from prior years);
 - o \$110,000 in Employee Benefit payouts due to retirements (primarily annual leave);
 - o \$3,802 - The remainder is the sum of small increases in Technology funding and Non-instructional support.

- Local Current Fund – per clarification from NC State Treasurer, NC Department of Public Instruction, and our audit firm – Dixon Hughes Goodman – we have shifted all fund balance appropriated from Fund 8 – Local Operations, to Fund 2 – Local Current Expense. As now stated in Section 1 of our Budget Ordinance, under Local Current Fund:

“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.”

This change represents an increase of \$4 million in Local Current, and a corresponding decrease of \$4 million in Local Operations. In 2010/11, we decided to shift all Fund Balance to our Local Operations Fund, until we received confirmation from the State that any Fund Balance we may use in subsequent years would not be classified as revenue.

- Federal Fund* - \$1,272,194 increase, which includes:
 - o \$1,265,903 in Title I funding, representing carry forward to subsequent years (bringing our estimated carry forward to approximately \$1.9 million);
 - o \$6,291 in additional funding for EC.

*The Federal Fund includes approximately \$4.1 million in Race to the Top (RttT) grants for the Sandhills Leadership Academy. This program is managed by the Sandhills Regional Education Consortium, and supports all school systems in our region. Moore County Schools is the fiscal agent; therefore, we include this RttT grant in our budget ordinance.

- Local Capital Fund – no change to budget ordinance.

- Child Nutrition Fund – increase of \$381,000; our revenues increased in 2012/13; however, food and labor costs were both up due to increased federal regulations for breakfast and lunch. We incurred a net loss of \$38,000 (unaudited) this year and were not able to shift indirect costs back to our Local Operations Fund. We will follow up with a separate report on 2012/13 participation and net revenues; our experience is similar to many Child Nutrition departments across the state and the nation. An article regarding the new regulations is provided as a separate link.
- Local Operations Fund – decrease of \$4,000,000 in Appropriated Fund Balance, shifted to our Local Current Fund as explained above.

Our undesignated fund balance is currently at 3.8%, compared to Local and State funding. We do not include Federal funding in this calculation, as the Federal budgets allow carryover.

The Finance Office recommends approval of the budget resolution as presented. Please let me know if you need additional information, as detailed documentation is available. Thank you.

**MOORE COUNTY BOARD OF EDUCATION
BUDGET RESOLUTION
2012 - 2013 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	64,214,671	64,997,562	66,017,018	66,436,898	66,947,573
<u>Expenditures</u>					
Instructional Svces	57,457,777	57,929,444	58,060,547	58,344,173	58,569,969
Support Services	6,756,894	7,068,118	7,956,471	8,092,725	8,377,604

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	25,540,140	25,540,140	25,540,140	25,540,140	25,540,140
Fines/Forfeitures	<u>720,860</u>	<u>720,860</u>	<u>720,860</u>	<u>720,860</u>	<u>720,860</u>
Total	26,261,000	26,261,000	26,261,000	26,261,000	26,261,000
<u>Expenditures</u>					
Instructional Svces	16,162,000	16,149,000	16,149,000	16,149,000	17,652,000
Support Services	9,429,000	9,442,000	9,442,000	9,442,000	11,929,000
Charter Schools	670,000	670,000	670,000	670,000	680,000
Fund Balance					
Appropriated	-0-	-0-	-0-	-0-	4,000,000

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.

Federal Program Fund – Fund 3

	<u>Original</u>	<u>November</u>	<u>February</u>	<u>May</u>	<u>June</u>
Federal Revenues	12,054,124	12,452,976	13,138,503	13,202,642	14,474,836
<u>Expenditures</u>					
Instructional Svces	9,333,735	9,723,236	9,886,293	9,938,170	10,084,037
Support Services	121,436	130,308	135,529	136,028	142,544
Non-program Costs	2,598,953	2,599,432	3,116,681	3,128,444	4,248,255

Local Capital Fund – Fund 4

	<u>Original</u>	<u>November</u>	<u>February</u>	<u>May</u>	<u>June</u>
Capital Outlay	878,000	1,648,197	1,988,038	1,986,038	1,986,038

Child Nutrition Fund – Fund 5

	<u>Original</u>	<u>November</u>	<u>February</u>	<u>May</u>	<u>June</u>
Child Nutrition	5,100,000	5,100,000	5,100,000	5,100,000	5,481,000

Local Operations Fund – Fund 8

	<u>Original</u>	<u>November</u>	<u>February</u>	<u>May</u>	<u>June</u>
<u>Revenues</u>					
Interest/Grants/Fees	1,834,000	2,124,000	2,124,000	2,165,000	2,165,000
<u>Expenditures</u>					
Instructional Svces	3,325,000	3,582,189	3,582,189	3,508,189	1,500,189
Support Services	2,509,000	2,541,811	2,541,811	2,656,811	664,811

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.

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 Officer 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 Superintendent and the Finance Officer for direction in carrying out their duties.

Approval of budget resolution

Approved by the Moore County Board of Education retroactively to June 30, 2013

Chairman

Date

Superintendent

Date

Signed copy distributed to Finance Officer and maintained in Finance Office

Moore County Schools
Unaudited Financial Report for Year Ending June 30, 2013

By Fund

Fund	Fund Desc	Current Budget	Year-to-Date Exp/Rev	PO's & Encumbrances Outstanding	Escrow	Balance Remaining	Percent Spent
1	State Public School Fund	\$66,947,573.00	\$65,565,057.18	\$0.00	\$0.00	\$1,382,515.82	97.93%
2	Local Current Fund	\$30,261,000.00	\$28,274,455.87	\$0.00	\$0.00	\$1,986,544.13	93.44%
3	Federal Program Fund	\$14,474,835.39	\$9,142,747.28	\$0.00	\$0.00	\$5,332,088.11	63.16%
4	Capital Outlay Fund	\$1,986,038.00	\$1,696,243.82	\$0.00	\$0.00	\$289,794.18	85.41%
5	Child Nutrition Fund*	\$5,481,000.00	\$5,296,794.54	\$0.00	\$0.00	\$184,205.46	96.64%
8	Local Operations Fund	\$2,165,000.00	\$1,857,165.63	\$0.00	\$0.00	\$307,834.37	85.78%
Grand Total		\$121,315,446.39	\$111,832,464.32	\$0.00	\$0.00	\$9,482,982.07	92.18%

By Purpose

1-Purpose	Purp Desc	Current Budget	Year-to-Date Exp/Rev	PO's & Encumbrances Outstanding	Escrow	Balance Remaining	Percent Spent
5XXX	Instructional Services	\$87,806,194.76	\$84,174,356.73	\$0.00	\$0.00	\$3,631,838.03	95.86%
6XXX	System-Wide Support Services	\$21,505,480.00	\$20,338,641.89	\$0.00	\$0.00	\$1,166,838.11	94.57%
7XXX	Ancillary Services*	\$5,217,517.00	\$5,019,092.14	\$0.00	\$0.00	\$198,424.86	96.20%
8XXX	Non-Programmed Charges**	\$5,260,254.63	\$1,064,167.74	\$0.00	\$0.00	\$4,196,086.89	20.23%
9XXX	Capital Outlay	\$1,526,000.00	\$1,236,205.82	\$0.00	\$0.00	\$289,794.18	81.01%
Grand Total		\$121,315,446.39	\$111,832,464.32	\$0.00	\$0.00	\$9,482,982.07	92.18%

*Child Nutrition Encumbrances include full year purchase orders (food, etc.) that will be closed in June.

**Charter Schools, Indirect Costs, Unbudgeted Federal, Debt Service

By Object

1 digit Obj	1 digit Obj Desc	Current Budget	Year-to-Date Exp/Rev	PO's & Encumbrances Outstanding	Escrow	Balance Remaining	Percent Spent
1XX	Salaries	\$70,133,763.00	\$68,426,661.64	\$0.00	\$0.00	\$1,707,101.36	97.57%
2XX	Employer Provided Benefits	\$23,078,447.80	\$22,372,423.54	\$0.00	\$0.00	\$706,024.26	96.94%
3XX	Purchased Services	\$13,664,252.59	\$7,842,576.16	\$0.00	\$0.00	\$5,821,676.43	57.39%
4XX	Supplies and Materials	\$11,378,905.00	\$10,616,222.10	\$0.00	\$0.00	\$762,682.90	93.30%
5XX	Capital Outlay	\$2,380,078.00	\$1,956,461.68	\$0.00	\$0.00	\$423,616.32	82.20%
7XX	Transfers	\$680,000.00	\$618,119.20	\$0.00	\$0.00	\$61,880.80	90.90%
Grand Total		\$121,315,446.39	\$111,832,464.32	\$0.00	\$0.00	\$9,482,982.07	92.18%

Moore County Schools

2012-2013
Budget Update
June 2013



State Fund

- Original budget of \$64.2 million
- November budget of just under \$65.0 million
- February budget of just over \$66.0 million
- May budget of just over \$66.4 million
- May/June increases of approximately \$511,000



State Fund

- Increases of approximately \$511,000
 - Textbooks (Journeys) = \$350K
 - Carry forward funding from 2009
 - Annual leave payouts = \$110k
 - Other, including bus fuel = \$51k

Final State Budget = \$66.9 million



Local Current Fund

- Original budget of \$26.3 million
- June budget of \$30.3 million
 - Shifting all fund balance appropriated - \$4 million from Fund 8 back to Fund 2



Local Operations Fund

- Original budget of \$5,834,000
- November budget of \$6,124,000
- February budget of \$6,124,000
- May budget of \$6,165,000
- June budget of \$2,165,000
 - Shifting \$4 million in fund balance appropriated back to Fund 2



Federal Fund

- Original budget of \$12.1 million
- November budget of \$12.5 million
- February budget of \$13.1 million
- May budget of \$13.2 million
- June budget of \$14.5 million
- Increase of approximately \$1,300,000
 - Confirmation of Title I carryover



Capital and Nutrition Funds

- Capital Outlay - \$1,986,038
- Child Nutrition - \$5,100,000
 - Adjusted to \$5,481,000
 - Increased revenues and increased costs



Financial Report

- State expenditures = 98%
- Local current expenditures = 93%
- Local operations expenditures = 86%
- Federal expenditures = 63%
- Capital fund expenditures = 85%
- Child nutrition expenditures = 97%
- Net loss = \$38,000



Financial Report

- *State expenditures* = 98%
- Should have been = **100%**
- *Local current expenditures* = 93%
- Should have been = **89%**



Impact on Fund Balance

- State expenditures = 98%
- Loss of flexibility – teaching positions
- PRC 001 Classroom teachers
 - \$31.6 million available
 - \$30.2 million used
 - Funding loss for Moore County Schools =

\$1,441,000



Impact on Fund Balance

- PRC 001 Classroom teachers
- 2011/12
 - \$30.4 million available
 - \$30.4 million used
- 2012/13
 - \$31.6 million available
 - \$1.2 million more in revenue; however
 - \$30.2 million used =
 - \$200,000 less than 2011/12



Impact on Fund Balance

- Funding loss for Moore County Schools =

\$1,441,000



Impact on Fund Balance

- 2012/13 budget – bring expenditures up to State funding levels
- Loss of flexibility not expected – impacted local fund balance by \$1,441,000
- Loss of fines and forfeitures = revenues down \$150,000
- Child Nutrition net loss = (\$38,000)
 - Loss of \$200,000 in indirect cost revenues



Impact on Fund Balance

- 2012/13 Initiatives
 - Close the achievement gap
 - Focus on literacy
 - Ensure student are future ready



Impact on Fund Balance

- Eliminate combination classes in early grades
- Reading intervention
 - Teaching positions
 - Programs – Read 180; Reading Counts
 - Instructional Coaches
- Digital Learning Initiative – Phase I
 - Positions
 - Devices and bandwidth



2013/14 Challenges

- Fund balance will decrease by \$2.0 to \$2.2 million in 2012/13
 - Current fund balance = \$9.5 million (estimate)
- Additional State cuts - ?
- Sequestration – cuts to Federal funding
 - Title I, II reduction = \$170,000
 - EC reduction = \$250,000
- Increased demand for EC services
 - # of students/cost of services



2013/14 Budget

- Elimination of 18 vacant teaching positions
- Elimination of 14 vacant teacher assistant positions
- Shift of 14 teacher assistant positions to Title I funding (one year only); use attrition to eliminate remaining positions



2013/14 Budget

- Digital Learning Initiative – Phase II
 - 3 new facilitator positions
 - 2 new technology positions (future consideration)
- New teaching positions
 - Focus on AIG/AP expansion and support
 - Includes Moore Success
 - West End Elementary – Spanish Immersion



2013/14 Budget

- Focus on literacy
 - New instructional coaching positions (Title I)
 - Reorganization of reading intervention
- Maintain strong fund balance
 - Provides ability to withstand funding reductions without drastic and immediate cuts
 - Provides ability to implement new initiatives





MOORE COUNTY SCHOOLS

Growing to Greatness

