



Tony Baldwin, Ed.D., Superintendent

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MEMORANDUM

TO: Dr. Wanda Greene, County Manager
County of Buncombe

FROM: Tony Baldwin, Ed.D, Superintendent *T. Baldwin*
Buncombe County Public Schools

DATE: May 9, 2011

RE: Preliminary Budget Estimate for Fiscal Year 2011/12

At the May 5, 2011 meeting, our Board of Education approved the funding requests for the 2011/12 fiscal year as specified on the attached Preliminary Budget Estimate for Fiscal Year 2011/12. Per the requirement of State Statutes that we furnish a budget estimate for all funds to the Commissioners, I am submitting these requests for approval at your May 17, 2011 meeting.

Please let me know if you should have any questions. Thank you.

/clj

Attachment

Superintendent's Preliminary Operating Budgets for 2011-12



Tony Baldwin, Ed.D., Superintendent

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April 27, 2011

Chairman and Members of the Buncombe County Board of Education,

My recommendation for our funding requests to the Commissioners of the County of Buncombe for the 2011-12 fiscal year are detailed below. In addition, a preliminary estimate of our budget for all funds for the 2011-12 fiscal year is attached. Even though the State of North Carolina is perhaps months away from having an approved budget for fiscal year 2011-12, and although we face an even longer interval before the Department of Public Instruction provides us with actual State allotments for the 2011-12 fiscal year, State Statutes required us to furnish a budget estimate for all funds to the Commissioners at the time we request funding from them.

The 2011-12 fiscal year is the fourth consecutive year in which Buncombe County Schools has suffered significant State reductions in support for our current operations. Cumulative cuts in State operating allotments now total over \$30 million dollars.

The national economic downturn has impacted the County of Buncombe's budget as well as the State's budget, and the 2010-11 current expense appropriation from the Commissioners is \$600 thousand less than in 2008-09.

During this same period, although employees' pay has been frozen, benefit costs have continued to rise as have other operational expenditures.

In order to balance our budgets over the 2009-11 biennium, we have eliminated a total of 136.5 full-time equivalent (FTE) positions. The preliminary budget estimates for 2011-12 would result in the elimination of over 100 FTE additional positions.

Our 2011-12 request to the Commissioners represents the minimal increase in funding that we must receive in order to avoid even deeper reductions in our instructional program.

As in past years, we are making three separate requests from the Commissioners:

- Current Expense Appropriation
- Special Appropriation for the Community High School
- Capital Outlay Appropriation

Current Expense Appropriation

The Commissioner's current expense appropriation to Buncombe County Schools for the present 2010-11 fiscal year is \$46,175,702.

We are requesting a \$2,607,295 increase in this appropriation to allow us to open the Joe P. Eblen and Charles T. Koontz Intermediate Schools. **The total current expense appropriation requested for 2011-12 is therefore \$48,782,997.**

Superintendent's Preliminary Operating Budgets for 2011-12

For several years, we have advised the Commissioners of the need to increase our operational funding on a **continuing basis** for these two new schools. We believe that the Commissioners have included this \$2.6 million on-going increase in their strategic financial planning.

The increase to cover the net operating costs associated with opening the new two intermediate schools is the **only** additional current expense funding that we are requesting for 2011-12. In recognition of the County of Buncombe's own financial situation, we are planning to absorb all other costs increases as well as the impact of State budget cuts.

An example of increased costs that we plan to absorb are State-mandated increases in the employer retirement contribution and for employer-paid health care that apply to locally-paid employees as well as State-paid workers. Although we know that we will have to pay more for the employer's retirement contribution and employer-paid health insurance during for 2011-12 for our locally-paid employees, the precise amount of additional expense is uncertain. In her budget, the Governor proposed increasing the retirement contribution from 10.51% to 11.62% and increasing the employer-paid portion of health insurance from \$4,929/year to \$5,161/year: those rates would increase the expense for locally-paid employees by **\$363,815**. The current proposal contained in the draft budget under consideration by the House is a 2011-12 employer retirement contribution of 13.62% and a 2011-12 health insurance rate of \$4,962/year: those rates would increase the expense for locally-paid employees by **\$762,772**.

Special Appropriation for the Community High School

We request continuation of the special appropriation of \$276,116 for the Community High School. This special appropriation allows us to have the small class sizes necessary to get the students who are referred to the Community High School back on track in academics and to help them develop inter-personal skills necessary to allow them to be reintegrated into the learning community.

Capital Outlay Appropriation

The proposed capital outlay budget requires a Capital Outlay appropriation from the Commissioners of \$7,927,968. This reflects the amount of receipts from the article 40/42 restricted sales tax and interest earnings estimated by the County of Buncombe finance department staff.

Explanation of Fund Budget Estimates

The 2011-12 **State Public School Fund** budget estimate of \$115,092,261 represents an \$11,179,293 reduction from the current 2010-11 State Public School Fund budget of \$126,271,554. That reduction reflects Buncombe County Schools' finance staff estimates of the impact of the House subcommittee reduction in funding to the public schools on the 2011-12 allotments to Buncombe County Schools.

The 2011-12 **Local Current Expense** budget estimate of \$52,274,898 reflects the anticipated \$2,607,295 increase in the Commissioner's current expense appropriation for the two new intermediate schools (from \$46,175,702 to \$48,782,997) as well as an increase in the amount of fund balance appropriated to balance the budget. There is also a slight shifting of expenditures from the Support Services purpose (6XXX series) to the Instructional Services purpose (5XXX series) as support services expenditures previously paid from the Local Current Expense Fund (such as for Maintenance operations) are proposed to be reduced in order to free up funding to cover high-priority instructional areas (such as grades 2 & 3 instructional assistants) that are being de-funded by the State.

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We have not yet received a Federal Planning allotment for 2011-12 from the Department of Public Instruction. The best preliminary estimate of the **Federal Grants Fund** budget for 2011-12 that can therefore be made at the present time is based on the 2010-11 planning allotment, less American Recovery and Reinvestment Act Funding allotments that were made for 2010-11 that are not repeated in 2011-12, but plus the Education Jobs Bill funding that we have reserved to use in 2011-12. The \$18,497,986 budget estimate reflects the reduction of \$9,269,419 in stimulus funding compared to the 2010-11 budget.

The **Capital Outlay Fund** budget reflects the requested \$7,927,968 capital outlay appropriation from the Commissioners plus a few other revenue sources, such as interest income, to support total appropriations of \$8,139,778.

For the time being, the 2011-12 **Child Nutrition Fund** budget reflects 2010-11 levels of revenue and expenditures while we await further information on new federal requirements.

No budget is proposed for the **Before/After School Care Fund** because it is anticipated that the program will not be operating as an independent entity at Black Mountain Primary in 2011-12. The program is ran at a deficit in 2009-10 and was not able to pay full indirect costs, and the situation has not improved in 2010-11.

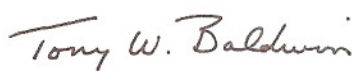
The 2011-12 **Other Specific Revenue Fund** budget also reflects 2010-11 levels of revenue and expenditures, less the \$175,000 dropout prevention grant that the House budget proposes to eliminate. Most other grant and reimbursement programs are anticipated to continue at their current levels.

The management team will continue to monitor budgetary developments at the State level and will develop additional strategies if necessary to maintain funding for our core services, stated below:

- To ensure high school students meet graduation requirements
- To provide elementary students with a sound K-3 foundation of balanced literacy
- To work toward equity in curriculum across all districts
- To continue to reduce the dropout rate
- To prepare students to succeed in a 21st century global economy

We are pleased that we have been able to craft a budget that preserves 2010-11 levels of staffing for classroom teachers, K-3 classroom instructional assistants, and instructional support personnel despite reductions in State and federal funding that total over \$22 million dollars compared to 2010-11 funding levels. This budget plan is a testament to the excellent work of a group of dedicated and creative central office professionals who work together to fund the system's highest priorities and to mitigate the impact of reductions when they are necessary.

Respectfully submitted:



Tony Baldwin, Superintendent

Superintendent's Preliminary Operating Budgets for 2011-12

**PRELIMINARY BUDGET ESTIMATE FOR FISCAL YEAR 2011-12
BUNCOMBE COUNTY BOARD OF EDUCATION**

SECTION 1 - The following amounts are estimated to be available to support operation of the school administrative unit in the **State Public School Fund** for the fiscal year beginning July 1, 2011 and ending June 30, 2012.

		2011-12 Preliminary Budget
5000	Instructional Services	\$101,452,539
6000	System-wide Support Services	\$13,557,822
7000	Ancillary Services	\$0
8000	Non-Programmed Charges	\$81,900
TOTAL		\$115,092,261

SECTION 2 - The following revenues estimated to be available for the **State Public School Fund** for the fiscal year beginning July 1, 2011 and ending June 30, 2012.

		2011-12 Preliminary Budget
3100	State Public School Fund	\$115,092,261

SECTION 3 - The following amounts are estimated to be available to support operation of the school administrative unit in the **Local Current Expense** for the fiscal year beginning July 1, 2011 and ending June 30, 2012.

		2011-12 Preliminary Budget
Purpose/Function		
5000	Instructional Services	\$28,601,385
6000	System-Wide Support Services	\$21,163,296
7000	Ancillary Services	\$0
8000	Non-Programmed Charges	\$2,510,217
TOTAL		\$52,274,898

SECTION 4 - The following revenues are estimated to be available to the **Local Current Expense** for the fiscal year beginning July 1, 2011 and ending June 30, 2012.

		2011-12 Preliminary Budget
3200	State Revenue	\$0
3600 -		
3800	Federal Revenue	\$0
4120 -	Local Revenue other than	
4899	the County Appropriation	\$921,236
4110	County Appropriation	\$48,782,997
TOTAL OPERATING REVENUE		\$49,704,233
4910	Other Financing Sources	\$2,570,665
TOTAL REVENUE		\$52,274,898

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SECTION 5 – The Chief Financial Officer is hereby directed to record all restricted revenue that was not expended for its intended purpose as either deferred revenue or designated fund balance (as appropriate) within the Financial Statements. The restricted revenue sources include, but are not limited to, Medicaid reimbursements, reimbursements for services rendered to exceptional children, grant advances, and Pisgah Forest reserve payments.

SECTION 6 - The Chief Financial Officer is hereby directed to record all cash being invested for the individual schools as restricted cash upon the body of the Financial Statements so that the Board of Education's intent to keep these sums separate and apart can be clearly demonstrated. This action will also demonstrate the Board's intent that the Buncombe County Schools not draw upon these moneys to satisfy its overall cash flow needs.

SECTION 7 - The Chief Financial Officer is hereby directed to record the fund balance of the Enka Consolidated Special Tax District Program as a designated fund balance within the General Fund for Financial Statement purposes. This action will show the Board of Education's intent that these funds remain at the disposal of the individual schools within the Enka District and that these resources not be used outside the Enka District.

SECTION 8 - The Chief Financial Officer is hereby directed to record all cash belonging to the Enka Consolidated Special Tax District Program as restricted cash within the General Fund for Financial Statement purposes. This action will demonstrate the Board's intent that Buncombe County Schools not draw upon these moneys to satisfy its overall cash flow needs.

SECTION 9 - The following amounts are estimated to be available to support operation of the school administrative unit in the **Federal Grants Fund** for the fiscal year beginning July 1, 2011 and ending June 30, 2012.

Purpose/Function	2011-12 Preliminary Budget
5000 Instructional Services	\$16,539,561
6000 System-Wide Support Services	\$680,500
7000 Ancillary Services	\$8,400
8000 Non-Programmed Charges	\$1,269,525
TOTAL	\$18,497,986

SECTION 10 - The following revenues are estimated to be available to the **Federal Grants Fund** for the fiscal year beginning July 1, 2011 and ending June 30, 2012.

	2011-12 Preliminary Budget
3600 Federal Revenue	\$18,497,986

Superintendent's Preliminary Operating Budgets for 2011-12

SECTION 11 – The following amounts are estimated to be available to support operation of the school administrative unit in the **Capital Outlay Fund** for the fiscal year beginning July 1, 2011 and ending June 30, 2012.

Purpose/Function	2011-12 Preliminary Budget
5000 Instructional Services	\$2,675,000
6000 System-Wide Support Services	\$522,652
7000 Ancillary Services	\$0
8000 Non-Programmed Charges	\$290,963
9000 General Capital Projects	\$4,651,163
TOTAL	\$8,139,778

SECTION 12 – The following revenues are estimated to be available to the **Capital Outlay Fund** for the fiscal year beginning July 1, 2011 and ending June 30, 2012.

	2011-12 Preliminary Budget
3000 State Revenue	\$150,810
Local Revenue Other than	
4000 County Appropriation	\$61,000
4000 County Appropriation	\$7,927,968
TOTAL	\$8,139,778

In addition, authorization is hereby granted to continue both regular and building program projects uncompleted at June 30, 2011 per prior budget authorization.

SECTION 13 - - The following amounts are estimated to be available to support operation of the school administrative unit in the **Child Nutrition Fund** for the fiscal year beginning July 1, 2011 and ending June 30, 2012.

Purpose/Function	2011-12 Preliminary Budget
7000 Ancillary Services	\$12,318,196
8000 Non-programmed Charges	\$831,956
TOTAL	\$13,150,152

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SECTION 14 - The following revenues are estimated to be available to the **Child Nutrition Fund** for the fiscal year beginning July 1, 2011 and ending June 30, 2012.

	2011-12 Preliminary Budget
3200 State Revenue	\$7,720
3800 Federal Revenue	\$7,661,203
4110 -	
4899 Local Revenue	\$5,481,229
4900 Other Financing Sources	\$0
TOTAL REVENUE	\$13,150,152

SECTION 15 – Reserved for future use.

SECTION 16 – The following amounts are estimated to be available for the operation of the school administrative unit in the **Before/After School Care Fund** for the fiscal year beginning July 1, 2011 and ending June 30, 2012.

Purpose/Function	2011-12 Preliminary Budget
6000 System-Wide Support Services	\$0
7000 Ancillary Services	\$0
8000 Non-Programmed Charges	\$0
TOTAL	\$0

SECTION 17 - The following revenues are estimated to be available to the **Before/After School Care Fund** for the fiscal year beginning July 1, 2011 and ending June 30, 2012.

	2011-12 Preliminary Budget
4110 -	
4899 Local Revenue	\$0
TOTAL REVENUE	\$0

SECTION 18 - The Chief Financial Officer is hereby directed to review the adjusted trial balance prepared for the Before/After School Care Fund by the external auditors, at such time as it is available, to determine if this shows a profit for the Before/After School Care Fund for the year ending June 30, 2012. The Chief Financial Officer is further directed to increase the amount of indirect costs paid by the Before/After School Care Fund to the Local Current Expense Fund by the amount of profit shown on the adjusted trial balance, so long as it does not cause more indirect costs to be paid than were calculated as being incurred. In any year in which net income would otherwise be generated by the Before/After School Care Fund, it is the intention of the Buncombe County Board of Education that the Before/After School Care Fund pay a higher percentage of the incurred indirect costs rather than increasing its own net assets.

SECTION 19 - All appropriations shall firstly be paid from revenues restricted as to use and secondly from general unrestricted revenues.

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SECTION 20 - - The following amounts are estimated to be available to support operation of the school administrative unit in the **Other Specific Revenue Fund** for the fiscal year beginning July 1, 2011 and ending June 30, 2012.

Purpose/Function	2011-12 Preliminary Budget
5000 Instructional Services	\$3,360,580
6000 System-Wide Support Services	\$2,111,721
7000 Ancillary Services	\$29,850
8000 Non-Programmed Charges	\$134,982
TOTAL	\$5,637,133


SECTION 21 - The following revenues are estimated to be available to the **Other Specific Revenue Fund** for the fiscal year beginning July 1, 2011 and ending June 30, 2012.


	2011-12 Preliminary Budget
3200 State Revenue	\$610,486
3600-	
3700 Federal Revenue	\$764,674
4110 County Appropriation	\$276,116
4120 - Local Revenue Other than County	
4899 Appropriation	\$2,705,567
4900 Other Financing Sources	\$1,280,290
TOTAL REVENUE	\$5,637,133

SECTION 24 - The Superintendent is authorized to administer the budget as outlined in Section 501 of the adopted Buncombe County Public Schools Policy Manual.

SECTION 25 - Copies of the Budget Resolution shall be immediately furnished to the Superintendent and the Chief Financial Officer for direction in carrying out their duties.

READ AND APPROVED AS AN ESTIMATE TO BE SUBMITTED TO THE COMMISSIONERS OF THE COUNTY OF BUNCOMBE FOR CONSIDERATION IN THEIR BUDGET PROCESS THIS FIFTH DAY OF MAY 2011.


Chairman, Board of Education


Secretary, Board of Education