

# **Asheville City Schools**

## **Local Budget Request to the Buncombe County Board of Commissioners**

**Fiscal Year Ending  
June 30, 2014**



***May 2013***

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# Asheville City Schools

Administrative Offices • PO Box 7347 • 85 Mountain Street • Asheville, North Carolina 28802

May 14, 2013

## ELECTRONICALLY TRANSMITTED

Buncombe County Board of Commissioners  
County Manager, Finance Director, and Budget Director  
Asheville, North Carolina

Contained herein is the local budget request of the Asheville City Schools for 2013-14 as adopted by the Asheville City Board of Education on April 29, 2013:

### Local Current Expense Fund

Buncombe County General Appropriation (projected at 14.81% of ADM)	<u>\$ 8,498,769</u>
Projected Pass-Through Revenues:	
Asheville District Supplemental Tax (as collected; rate remains at 15¢)	8,334,998
Fines and forfeitures (as collected)	<u>110,000</u>
Total Pass-Through Revenues	<u>8,444,998</u>
Total Local Current Expense Fund Appropriation and Pass-Through Revenues	<u>\$16,943,767</u>

*It is requested that the Buncombe County Board of Commissioners apportion the general appropriation and fines and forfeitures between the Asheville City Schools and the Buncombe County Schools on a per-pupil basis, as required by N.C. General Statute §115C-430, taking into account charter school pupils.*

### Other Specific Revenue Fund

Projected Pass-Through Revenues – Sales tax revenue (as collected)	<u>\$ 2,361,149</u>
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### Capital Outlay Fund

Buncombe County Capital Outlay Appropriation (14.41% of Article 40/42 sales tax, as collected)	<u>\$ 1,455,349</u>
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Funding to replace Isaac Dickson Elementary School – project cost estimate reviewed by construction manager at risk expected before June 4, 2013	<u>TO BE PROVIDED</u>
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Funding to replace Asheville Middle School – project cost estimate reviewed by construction manager at risk expected before June 4, 2013	<u>TO BE PROVIDED</u>
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*It is requested that the Buncombe County Board of Commissioners continue to work with the Asheville City Board of Education to identify and provide funding resources necessary for the replacement of Asheville Middle School and Isaac Dickson Elementary School.*



The Superintendent's Budget Message begins on page B-1 and provides additional discussion and analysis.

#### LOCAL CURRENT EXPENSE FUND AND OTHER SPECIFIC REVENUE FUND

The Board of Education reviewed the recommendations of the Superintendent and adopted the budget proposal herein requested. A list of the assumptions used in preparing both the Local Current Expense Fund and Other Specific Revenue Fund budgets begins on Page L-1. Page L-3 shows the significant estimated changes to the Local Current Expense Fund budget for fiscal year 2014 based on the assumptions listed. Page L-4 shows the significant estimated changes to the Other Specific Revenue Fund.

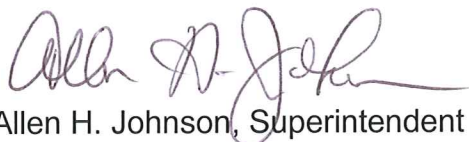
#### CAPITAL OUTLAY FUND

Page C-1 presents the proposed Capital Outlay Fund budget for fiscal year 2014. We are grateful that the Commissioners, the County Manager and the Finance Office have been willing to work with us to investigate means to replace Asheville Middle School and Isaac Dickson Elementary School. The needed revenues and anticipated expenditures to replace those two schools are currently shown as TBD (to be determined) on page C-1 since neither the project budgets nor the total project expenditures incurred during fiscal year 2013 are available at this time. Updated project cost estimates are expected in the near future as reviews are now underway by a construction manager at risk for each project.

We look forward to discussing our budgetary needs with you as you may request. We will attempt to provide you with any additional information needed. We greatly appreciate the support you have given us in the past and the excellent working relationship we have enjoyed. We are confident that you will provide the highest level of financial support possible to meet the educational needs of our students.

Respectfully yours,

**THE ASHEVILLE CITY BOARD OF EDUCATION**

A handwritten signature in dark ink, appearing to read "Allen H. Johnson", is written over the printed name.

Allen H. Johnson, Superintendent

**BUDGET MESSAGE TO THE ASHEVILLE CITY BOARD OF EDUCATION  
BUNCOMBE COUNTY BOARD OF COMMISSIONERS  
CITIZENS OF ASHEVILLE AND BUNCOMBE COUNTY**

During this past year Asheville City Schools has celebrated our 125<sup>th</sup> year of serving local children and families with high quality public education. The celebration included the Southern Association of Colleges and Schools Council on Accreditation and School Improvement issuing accreditation status to Asheville City Schools through June 2018, following a comprehensive visit/review last fall. The 2012-13 school year also brought continued growth in our urban district – up nearly 10% over the past four years – and a renewed commitment to excellence through the collaborative development of a comprehensive new strategic plan. Our students continue to perform well, meeting or exceeding the state's rigorous academic standards for the third consecutive year at every district school. Most important, we employ a staff of nearly 700 dedicated teachers and support personnel, each committed to the success of every single child we serve.

Asheville City Schools continues to place a high priority on increasing student achievement for all students. Last year the class of 2012 achieved an 86% graduation rate, the highest ever for our district! Our students who took the SAT in 2012 far outpaced the state and nation for the 15<sup>th</sup> consecutive year. Our SAT participation rate, by the way, ranks among the highest in the state. At the same time, Asheville City Schools posted the lowest dropout number (37 students) in recent memory. We continue to integrate 21<sup>st</sup> Century technology into every facet of our curriculum, including the creative use of iPads in elementary classrooms. A majority of our schools were recognized during the past year as Positive Behavior Intervention and Support (PBIS) model schools for North Carolina. PBIS utilizes practices, outcomes, systems and data to increase academic performance and decrease challenging behavior.

Based upon the budget information available at this time, Asheville City Schools has prepared an estimated Local Current Expense Fund budget for fiscal year 2014 totaling \$17,628,767, compared to \$16,857,889 for the current year. An important component of the fiscal year 2014 budget is the request that the county-wide level of education funding be increased from \$56,125,793 to \$57,385,339. Such an increase, along with the estimated increase to Asheville City Schools' per capita distribution of local funds from 14.46% to 14.81% (including charter school students), would result in \$382,979 additional funding provided to Asheville City Schools through the County General Appropriation.

Another key component of our proposed fiscal year 2014 local budget is the Asheville District Supplemental Tax. We ask that the Commissioners approve maintaining the tax rate at 15 cents. Based on County estimates, collections of the Asheville District Supplemental Tax at this rate are projected to increase by \$357,899. As shown on page L-3, this projected increase, combined with the requested increase in the County General Appropriation, is needed for estimated mandated salary and benefit increases for our locally paid employees. Additionally, the projected increases to the County General Appropriation and the Asheville District Supplemental Tax are also required to provide essential funding for an additional School Resource Officer, to continue our emphasis on literacy and family and parent engagement in an effort to reduce our achievement gap and to allow for the lease of a facility to house our alternative program beginning next school year.



Leasing a facility to house our alternative program next school year is related to one of our most pressing needs – the replacement of Isaac Dickson Elementary School (IDES), originally built in 1953. Additionally, Asheville Middle School (AMS), built in 1965, also needs to be replaced. The Buncombe County Commissioners have demonstrated their support for these projects throughout the year by taking the time to visit and tour each of these aging facilities, by inviting Asheville City Schools to present our proposed replacement plans to the Commissioners on March 5, 2013, and by advancing funding to our district for architect design and other preconstruction costs.

We ask that the County Commissioners sustain these initial investments by continuing to work with the Asheville City Board of Education to identify and provide the funding resources necessary for the replacement of these two schools. Following review by the construction manager at risk contracted for each project, Asheville City Schools plans to provide updated IDES (construction documents phase) and AMS (schematic design phase) project cost estimates to the County Commissioners before June 4, 2013.

The funding that is being requested from the Buncombe County Board of Commissioners for 2013-14 includes the following:

Local Current Expense Fund:

Buncombe County General Appropriation	\$ 8,498,769
Asheville City School District Supplemental Tax	8,334,998
Fines/forfeitures	<u>110,000</u>
Total	\$ 16,943,767

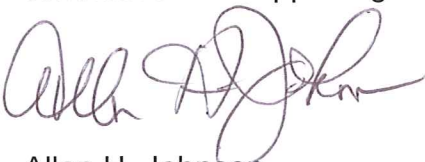
Other Specific Revenue Fund:

Sales tax revenues	\$ 2,361,149
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Capital Outlay Fund:

Buncombe County Capital Outlay Appropriation	\$ 1,455,349
Funding for the replacement of Asheville Middle School	TO BE PROVIDED
Funding for the replacement of Isaac Dickson Elementary School	TO BE PROVIDED

The citizens of Asheville and particularly the Buncombe County Commissioners continue to demonstrate their commitment of quality education by the support and funding provided to Asheville City Schools. We appreciate the vision and dedication from the Commissioners, a positive working relationship with the Buncombe County Manager and, most importantly, the commitment in supporting educational programs in Asheville City Schools.



Allen H. Johnson  
Superintendent  
Asheville City Schools

May 14, 2013

## **ASSUMPTIONS USED TO PREPARE THE PRELIMINARY LOCAL CURRENT EXPENSE FUND AND OTHER SPECIFIC REVENUE FUND BUDGETS FOR 2013-14**

The following assumptions were used in developing the preliminary Local Current Expense Fund and Other Specific Revenue Fund budgets for 2013-14:

### **REVENUES**

- Per Capita Distribution of Local Funds for 2013-14 will increase from 14.46% to 14.81% (including charter schools). [The State allotment ADM for per capita distribution of local funds, excluding charter schools, is 4,156 (14.04%) for 2012-13 and 4,317 (14.41%) for 2013-14.]
- Buncombe County will increase the total County General Appropriation for Buncombe County Schools and Asheville City Schools from \$56,125,793 to \$57,385,339 (2.24%). Accordingly, the total County General Appropriation for Asheville City Schools will increase from \$8,115,790 to \$8,498,769, due to both the increase in overall county funding and the increase in Asheville City Schools' per capita share of the total county funding.
- The Asheville City Schools Supplemental tax rate will remain at 15¢. Each cent is estimated to yield \$555,667 based on a 99.08% collection rate.
- Based on projections received from the Buncombe County Finance Office, budgeted sales tax collections will total \$2,361,149. Sales tax collections, along with all other revenues currently included in the fund definition for the Other Specific Revenue Fund will continue to be properly recorded in the Other Specific Revenue Fund.
- Asheville City Schools will continue to participate in the NC Pre-K program and will be allotted at least 60 slots for eligible at-risk children. The ability of Asheville City Schools to fill allocated slots will not be negatively impacted by changes, if any, to eligibility criteria for at-risk children.
- The federal Early Head Start program funding will be reduced \$51,988 (5%), due to federal sequestration.
- Appropriated fund balance for the Local Current Expense Fund will increase to \$665,000.
- Appropriated fund balance for the Other Specific Revenue Fund will decrease from \$35,000 to \$21,458.

### **EXPENDITURES**

- Per action by the North Carolina General Assembly, all permanent employees will receive a 2% salary increase.
- There will be no increase in the social security matching rate. The retirement matching rate set by the North Carolina General Assembly will increase from 14.23% to 14.59%. Annual employer provided hospitalization premiums as determined by the North Carolina General Assembly will increase from \$5,192 to \$5,426, per employee.

● Beginning with fiscal year 2014, a new unemployment tax computed as 1% of taxable wages up to \$20,900, per employee, will be added as an additional employer payroll cost. It is assumed that funding will be added to the State Public School Fund to absorb this added cost for employees paid from that funding source. Additionally, all federal grants and special programs will be expected to absorb this added cost for employees paid from such grants or programs.

● The local salary supplement paid to all permanent employees will remain as follows based on North Carolina years of service accumulated as of July 1, 2013:

<u>Years of Service</u>	<u>Supplement Rate</u>
0 – 4	8.5%
5 – 9	9.0%
10 – 19	9.5%
20+	10.0%

● The General Assembly will continue to provide funding through the State Public School Fund at or above the funding formula levels in effect for the fiscal year 2013 budget.

● Funding Asheville City Schools is required to share with all charter schools will not be negatively impacted by any legislation considered by the General Assembly during the 2013 session.

● The Local Current Expense Fund will not absorb the impact, if any, that federal sequestration may have on any of the federal grants received by Asheville City Schools.



**Asheville City Schools  
Local Current Expense Fund  
Significant Components of the Proposed Budget Change  
From 2012-13 to 2013-14**

**Revenues**

Total 2012-13 Revenue Budget as of April 29, 2013	\$ 16,857,889
Increases (Decreases) in Projected Revenues:	
County General Appropriation:	
ADM adjustment from 14.46% to 14.81%	200,849
Projected 2.24% increase in County-wide general appropriation	182,130
Supplemental tax - projected 4.5% growth per County estimates	357,899
Fines & forfeitures	(10,000)
Appropriated fund balance	40,000
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Total Proposed 2013-14 Revenue Budget	<u>\$ 17,628,767</u>

**Expenditures**

Total 2012-13 Expenditure Budget as of April 29, 2013	\$ 16,857,889
Increases (Decreases) in Projected Expenditures:	
Projected 2% salary increase (base salary, longevity, FICA & retirement)	161,962
Increase in projected matching retirement rate from 14.23% to 14.59%	27,668
Increase in projected employer hospitalization cost of \$234 per employee	45,930
Add 1% unemployment tax for locally paid employees	45,000
Provide support for full time literacy coach at each elementary school	92,568
Allow for lease of WRS facility during Issac Dickson construction project	250,000
Add one additional school resource officer	65,000
Add parent and family engagement program including coordinator position	88,770
Other items (net)	(6,020)
	<hr/>
Total Proposed 2013-14 Expenditure Budget	<u>\$ 17,628,767</u>

**Asheville City Schools  
Other Specific Revenue Fund  
Significant Components of the Proposed Budget Change  
From 2012-13 to 2013-14**

**Revenues**

Total 2012-13 Revenue Budget as of April 29, 2013	\$ 5,297,258
Increases (Decreases) in Projected Revenues:	
Revenues where budgeted revenues and expenditures are equal:	
NC Pre-K	(68,090)
Smart Start Sustaining Facility Quality	(2,400)
Head Start	24,644
Early Head Start	(51,988)
Asheville City Schools Foundation grants	(17,080)
BWF Prism grant	(3,000)
AHS daycare fees	434
Rental of school property	5,000
	<hr/> (112,480)
Sales tax per County estimates	133,285
Marine JROTC program	30,000
Indirect cost charged to federal programs	(14,531)
Federal Impact Aid	(10,000)
Appropriated fund balance	(13,542)
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Total Proposed 2013-14 Revenue Budget	<u>\$ 5,309,990</u>

**Expenditures**

Total 2012-13 Expenditure Budget as of April 29, 2013	\$ 5,297,258
Increases (Decreases) in Projected Expenditures:	
Expenditures where budgeted revenues and expenditures are equal, per above	
Local salary supplement	(112,480)
Marine JROTC program	84,975
Channel 16	25,237
	15,000
	<hr/>
Total Proposed 2013-14 Expenditure Budget	<u>\$ 5,309,990</u>

**ASHEVILLE CITY SCHOOLS**  
**Capital Outlay Fund**  
**Proposed Budget for Fiscal Year 2014**

<u>Revenue Sources</u>	<u>Proposed 2013-14</u>
GENERAL APPROPRIATION	
▶ Buncombe County General Appropriation for Capital Outlay as estimated by Buncombe County Finance Department - 14.41% of Article 40/42 sales tax	\$ 1,455,349
OTHER FUNDING SOURCES	
▶ Qualified Zone Academy Bonds (QZAB) - Asheville High School science lab renovations - will be adjusted to 6/30/13 remaining balance pending project completion	TBD
▶ Funding to replace Isaac Dickson Elementary School - see note below	TBD
▶ Funding to replace Asheville Middle School - see note below	TBD
▶ School Capital Fund Commission - Hall Fletcher roofing project	250,000
▶ Sales tax refund, interest income and other	30,000
▶ Appropriated fund balance	500,000
TOTAL	<u><u>\$ 2,235,349</u></u>
<u>Expenditures</u>	
▶ Complete Asheville High School QZAB science lab renovations - will be adjusted to 6/30/13 remaining balance pending project completion	TBD
▶ Replace Isaac Dickson Elementary School - see note below	TBD
▶ Replace Asheville Middle School - see note below	TBD
▶ Hall Fletcher roofing project	\$ 650,000
▶ Minor renovation/repair projects	658,849
▶ Technology funding to maintain network, laptop 1:1 replacement and other needs	574,000
▶ Furniture and equipment including allotments to schools, media, CTE, MIS, safety/security, custodial, maintenance and Child Nutrition	352,500
TOTAL	<u><u>\$ 2,235,349</u></u>

Note regarding Isaac Dickson Elementary School and Asheville Middle School project budgets:

During fiscal year 2013, Buncombe County approved loans totalling \$1,828,000 for architect and other upfront costs related to replacing Isaac Dickson Elementary School and Asheville Middle School. Draws against the approved loan balances have been made during fiscal year 2013 as such costs were paid by Asheville City Schools. It is the intention of the Asheville City Board of Education to continue to work with the Buncombe County Board of Commissioners to secure full funding to replace both Isaac Dickson Elementary School and Asheville Middle School. The funding secured will need to be inclusive of the amounts loaned and spent during fiscal year 2013 so that those funds may either be repaid to Buncombe County or reclassified as not being a loan. Consequently, the amount to be budgeted for these two projects in fiscal year 2014 will be determined at a later date and should be equal to the total approved project budget less the architect and other preconstruction costs paid during fiscal year 2013.