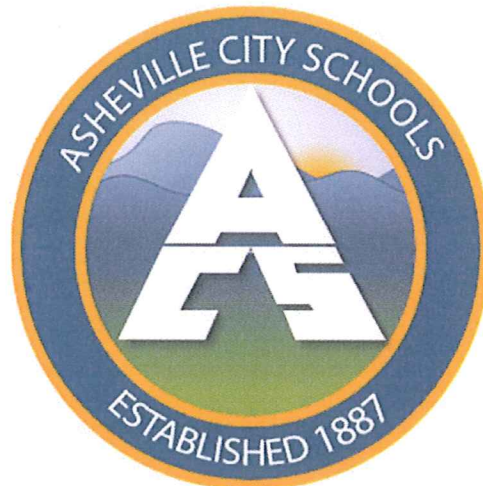


Asheville City Schools

Local Budget Request to the Buncombe County Board of Commissioners

**Fiscal Year Ending
June 30, 2015**



May 2014

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Asheville City Schools

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

May 7, 2014

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 2014-15 as adopted by the Asheville City Board of Education on April 28, 2014:

Local Current Expense Fund

Buncombe County General Appropriation (projected at 14.89% of ADM)	<u>\$ 9,066,244</u>
Projected Pass-Through Revenues:	
Asheville District Supplemental Tax (as collected; rate remains at 15¢)	8,009,775
Fines and forfeitures (as collected)	<u>105,000</u>
Total Pass-Through Revenues	<u>8,114,775</u>
Total Local Current Expense Fund Appropriation and Pass-Through Revenues	<u>\$17,181,019</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>\$ 2,531,960</u>
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Capital Outlay Fund

Buncombe County Capital Outlay Appropriation (projected at 14.41% of Article 40/42 sales tax, as collected)	<u>\$ 1,577,426</u>
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Buncombe County Board of Commissioners
May 7, 2014
Page 2

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 2015 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 2015, excluding the continuing construction projects to replace Asheville Middle School and Isaac Dickson Elementary School. We are grateful to the Commissioners, the County Manager and the Finance Office for securing the financing for those two projects during fiscal year 2014. Both projects are underway and will be included in next year's Capital Outlay Fund budget based on the remaining project balance as of June 30, 2014.

During fiscal year 2014 the Board performed a comprehensive system-wide facilities study. Included on page C-2 is our five-year plan for facilities repairs and renovations based on the results of that study. The Board should be able to address most of the items listed on the five-year plan using funding available through its share of Article 40/42 sales taxes. Other more costly repairs and renovations noted in the facilities study, like window replacement needed at multiple sites and repointing the stone veneer on the historic Asheville High School main building, will be scheduled within plans starting in fiscal year 2020 when funding available through the School Capital Commission Fund should be sufficient to fund some of the more costly items noted in the study.

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



Dr. Bobbie Short, Interim Superintendent

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

The 2013-14 school year has been one of the most significant and memorable in the Asheville City Schools storied 127-year history. First and foremost, district students performed approximately twelve percentage points higher than their state counterparts on new and rigorous proficiency testing. In a similar vein, Asheville High School and SILSA seniors achieved the third highest SAT scores in North Carolina, continuing a fifteen-year trend of performance that far exceeds both the state and nation. The district's 82% graduation rate represents a fourteen percentage point increase over the past six years. We are also pleased to report that our enrollment has continued an upward trend. Asheville City Schools' membership has now increased by nearly 17% over the past four years and the district remains the most diverse in Western North Carolina. With growth comes the need for facility upgrades and the district's families and staff have enthusiastically received the news that the Buncombe County Commission is providing funding for two replacement schools: Isaac Dickson Elementary School, with a scheduled completion date of July 2015; and Asheville Middle School, which will break ground this July and be open for students in August 2016. The 700 dedicated teachers and support personnel and the families and children we serve are indeed blessed.

Asheville City Schools continues to place a high priority on increasing academic achievement for all students and on decreasing what is a significant and persistent achievement gap. We began the year with a focus on reading skills in early grades, a focus supported by the generous local funding provided by the County Commissioners that allowed us to preserve teacher assistants in every second grade classroom following deep budget cuts to teacher assistant funding by the state. The district presented a thirteen-point plan to attack the achievement gap this past winter which also pointed to the importance of providing teacher assistants at early grade levels. Hall Fletcher Elementary School in West Asheville will convert to a balanced calendar in July, as a pilot designed to reduce the amount of 'summer loss' many disadvantaged students often experience. Asheville City Schools has also initiated an innovative parent/family program called Parent U that is designed to help provide all parents with additional resources to support their children. Parent U has already secured partnerships with seven community organizations including UNC Asheville, The Human Relations Council, the YMCA and A-B Tech Community College. Finally, after an extensive nationwide search, the Asheville City Board of Education has chosen Dr. Pamela Baldwin to lead our urban school district during the coming years. Her passion and experience in serving all students seems to be the perfect fit as we commence our 128th year of serving Asheville's children. "I am pleased to assume a leadership role in a school district that matches my beliefs and values," Baldwin says.

Based upon the budget information available at this time, Asheville City Schools has prepared an estimated Local Current Expense Fund budget for fiscal year 2015 totaling \$18,451,019 compared to \$17,673,719 for the current year. An important component of the fiscal year 2015 budget is the request that the county-wide level of education funding be increased from \$57,265,318 to \$60,888,140. Such an increase would result in \$539,438 additional funding provided to Asheville City Schools through the County General

Appropriation if the per capita distribution of local funds between Asheville City Schools and Buncombe County Schools remains unchanged for next fiscal year.

Another key component of our proposed fiscal year 2015 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 decrease by \$325,223 compared to the budgeted amount for fiscal 2014. However, all supplemental tax collections are projected to be used within the Local Current Expense Fund for fiscal year 2015 resulting in a net increase of \$294,277 in supplemental tax revenues within that fund. As shown on page L-3, this projected net 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. Other funding needs include adding classroom teachers at the secondary level due to a new United States history requirement for graduation and the need to maintain instructional support positions that have been funded for the past three years through expiring federal Race to the Top funding.

The funding that is being requested from the Buncombe County Board of Commissioners for 2014-15 includes the following:

Local Current Expense Fund:

Buncombe County General Appropriation	\$ 9,066,244
Asheville City School District Supplemental Tax	8,009,775
Fines/forfeitures	<u>105,000</u>
Total	\$ 17,181,019

Other Specific Revenue Fund:

Sales tax revenues	\$ 2,531,960
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Capital Outlay Fund:

Buncombe County Capital Outlay Appropriation	\$ 1,577,426
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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 are especially grateful for the opportunities provided to our school system to build two new schools and to carry on the initiatives we have in place to provide quality education to all of our constituents.



Dr. Bobbie Short
Interim Superintendent
Asheville City Schools

May 7, 2014

ASSUMPTIONS USED TO PREPARE THE PRELIMINARY LOCAL CURRENT EXPENSE FUND AND OTHER SPECIFIC REVENUE FUND BUDGETS FOR 2014-15

The following assumptions were used in developing the preliminary Local Current Expense Fund and Other Specific Revenue Fund budgets for 2014-15:

REVENUES

- The Per Capita Distribution of Local Funds for 2015 will remain at 14.89% (including charter schools).
- Buncombe County will increase the total County General Appropriation for Buncombe County Schools and Asheville City Schools from \$57,265,318 to \$60,888,140 (6.3%). Accordingly, the total County General Appropriation for Asheville City Schools will increase from \$8,526,806 to \$9,066,244.
- The Asheville City Schools Supplemental tax rate will remain at 15¢. Based on projections received from the Buncombe County Finance Office, each cent is estimated to yield \$533,985 based on a 99.412% collection rate.
- Based on projections received from the Buncombe County Finance Office, budgeted sales tax collections will total \$2,531,960. 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.
- Appropriated fund balance for the Local Current Expense Fund will decrease from \$1,301,415 to \$1,250,000.
- Appropriated fund balance for the Other Specific Revenue Fund will decrease from \$20,370 to \$5,000.

EXPENDITURES

- Per action by the North Carolina General Assembly, the salary for all certified employees with zero to seven years teaching experience will be increased to \$33,000, a 7.14% increase for most within that salary range. Advanced degree and National Board Certification supplements will be added to the new \$33,000 base salary for eligible employees. All other permanent employees will receive a 3% 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 14.69% to 14.91%. Annual employer provided hospitalization premiums as determined by the North Carolina General Assembly will increase from \$5,285 to \$5,435, per employee.

- 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, 2014:

<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 provide funding through the State Public School Fund at the funding formula levels approved as part of the 2013-2015 biennial budget.
- Approximately 150 students domiciled within the Asheville City Schools district boundaries will attend one of two new charter schools approved to operate within Buncombe County beginning with school year 2014-15. Neither of the two new charter schools will be located within the Asheville City Schools district boundaries. The number of Asheville City Schools' students attending existing charter schools will remain approximately the same.

**Asheville City Schools
Local Current Expense Fund
Significant Components of the Proposed Budget Change
From 2013-14 to 2014-15**

Revenues

Total 2013-14 Revenue Budget as of April 28, 2014	\$ 17,673,719
Increases (Decreases) in Projected Revenues:	
County General Appropriation:	
Projected 6.3% increase in County-wide general appropriation	539,438
Supplemental tax:	
Revaluation adjustment per County estimates	(325,223)
Redirect supplemental tax from Capital Outlay Fund	619,500
Fines & forfeitures	(5,000)
Appropriated fund balance	(51,415)
	<hr/>
Total Proposed 2014-15 Revenue Budget	\$ 18,451,019

Expenditures

Total 2013-14 Expenditure Budget as of April 28, 2014	\$ 17,673,719
Increases (Decreases) in Projected Expenditures:	
Increase salaries per action of General Assembly (base salary, longevity, benefits)	399,665
Increase projected matching retirement rate from 14.69% to 14.91%	18,441
Increase projected employer hospitalization cost \$150 per employee	33,094
Add 2.75 secondary classroom teachers, including benefits	118,155
Transfer net 5.0 classroom teachers, including benefits, from state funding due to projected impact of two additional charter schools within Buncombe County	220,481
Transfer net 3.535 instructional support positions, including benefits, from expiring Race to the Top federal funding	170,159
Increase projected transfer to charter schools due to two new charter schools	283,650
Decrease contracted services, rentals, staff development and travel, net	(339,638)
Transfer partial funding of school-based literacy coaches to Title I	(92,500)
Eliminate 1.5 custodial positions, including benefits	(49,971)
Other items (net)	15,764
	<hr/>
Total Proposed 2014-15 Expenditure Budget	\$ 18,451,019

**Asheville City Schools
Other Specific Revenue Fund
Significant Components of the Proposed Budget Change
From 2013-14 to 2014-15**

Revenues

Total 2013-14 Revenue Budget as of April 28, 2014	\$ 5,761,717
Increases (Decreases) in Projected Revenues:	
Revenues where budgeted revenues and expenditures are equal:	
Sisters of Mercy Foundation Grant	(25,000)
Z Smith Reynolds Grant	(15,000)
AHS daycare fees	331
	<u>(39,669)</u>
Sales tax per County estimates	170,811
Interest income	1,000
Federal Impact Aid	(10,000)
Appropriated fund balance	<u>(15,370)</u>
Total Proposed 2014-15 Revenue Budget	<u>\$ 5,868,489</u>

Expenditures

Total 2013-14 Expenditure Budget as of April 28, 2014	\$ 5,761,717
Increases (Decreases) in Projected Expenditures:	
Expenditures where budgeted revenues and expenditures are equal, per above	
Local salary supplement	91,966
Balanced calendar Bonus Learning Time	76,500
Other items - net	<u>(22,025)</u>
Total Proposed 2014-15 Expenditure Budget	<u>\$ 5,868,489</u>

**ASHEVILLE CITY SCHOOLS
Capital Outlay Fund
Proposed Budget for Fiscal Year 2015**

<u>Revenue Sources</u>	<u>Proposed 2014-15</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	\$ 1,577,426
OTHER FUNDING SOURCES	
▶ Sales tax refund, interest income and other	35,000
▶ Appropriated fund balance	250,000
TOTAL	<u>\$ 1,862,426</u>
 <u>Expenditures</u>	
▶ Boiler replacement at Central Office, Hall Fletcher Elementary School and Jones Elementary School	340,000
▶ Other renovation/repair projects	610,000
▶ Technology funding to maintain network, laptop 1:1 replacement and other needs	574,000
▶ Furniture and equipment including allotments to schools, band, media, MIS, safety/security, custodial, maintenance and child nutrition	338,426
TOTAL	<u>\$ 1,862,426</u>

Note regarding Isaac Dickson Elementary School and Asheville Middle School project budgets:
The multi-year construction budgets for Isaac Dickson Elementary School and Asheville Middle School will be added to the above budgeted revenues and expenditures based on the actual remaining project funds as of June 30, 2014.

ASHEVILLE CITY SCHOOLS
Five-Year Facilities Repair & Renovation Plan

Site	Project	Project Fiscal Year and Estimated Cost				
		2014-2015	2015-2016	2016-2017	2017-2018	2018-2019
Hall Fletcher	Boiler replacement including asbestos abatement	130,500				
Jones	Boiler replacement including asbestos abatement	130,500				
Central Office	Boiler replacement including asbestos abatement	79,000				
Montford	Replace deteriorated galvanized plumbing	145,000				
Claxton	Repair/replace front concrete steps	25,000				
Montford	Replace sanitary sewer line	35,000				
AHS	Repair/replace existing interior downspout leaders	75,000	25,000	25,000	25,000	
AHS	Repair football field turf	75,000				
AHS	Bleacher Repairs	17,000				
System-wide	Other	88,000	75,000	75,000	75,000	75,000
Jones	Chiller replacement		60,000			
Vance	Chiller replacement		65,000			
Claxton	Burner replacement		30,000			
AHS	Resurface tennis courts		220,000			
Central Office	Repair deteriorated front and rear exterior stairs		210,000			
AHS	Chiller replacement			180,000		
Claxton	Brick repair and repaint			120,000		
Montford	Renovate restrooms			270,000		
Montford	Replace/recondition existing roofs				550,000	
Montford	Replace all door hardware					65,000
AHS	Replace/recondition existing roofs					67,500
AHS	Replace football field turf					500,000
AHS	Study to address repointing existing stone veneer					TBD
Subtotal		800,000	685,000	670,000	650,000	707,500
Elementary	Playground replacement/updates					
System-wide	Door replacement	25,000	25,000	25,000	25,000	25,000
System-wide	Carpet replacement	37,500	37,500	37,500	37,500	37,500
System-wide	Roof repairs	50,000	50,000	50,000	50,000	50,000
		37,500	37,500	37,500	37,500	37,500
		150,000	150,000	150,000	150,000	150,000