

May 9, 2012

Dr. Wanda Greene, County Manager
County of Buncombe
205 College Street
Asheville, NC. 28801

Dear Dr. Greene,

On behalf of the Buncombe County Board of Education, I want to thank you and the Commissioners of the County of Buncombe for the high priority that you have continued to give K-12 Education in the County of Buncombe annual budgets during these tough economic times.

As we have explained in numerous community meetings with our stakeholders throughout the 2012-13 budget process, our goal has been to maintain a "new normal" in terms of programs and personnel despite scheduled 2012-13 additional reductions in State funding and lower availability of Federal funds. Toward this end, early on in the financial crises, we developed a multi-year financing plan that did not rely on an increase in funding from the County Commissioners to cover any 2012-13 increased costs, but that only relied on continuation of the 2011-12 total current expense appropriation for both school districts operating within the County.

Recognizing that the economic downturn was more than a one or two year phenomenon, we made deeper cuts earlier than many other school districts, with the result that we have arrived at a reduced, but stable workforce level before many other school districts. Our cuts were strategic, and while they have pushed the capabilities of individuals and the organization itself to the very limit, they have made us a stronger, more efficient, and more effective organization.

In recognition of the Commissioners' already strong support of the schools, as mentioned above, we are not requesting an increase in the County current expense appropriation for fiscal year 2012-13, but are instead requesting only that the same total provided during 2011-12 (\$56,125,793) be again funded, with the distribution between Buncombe County Schools and Asheville City Schools being adjusted to reflect the current ADM distribution between the two systems. As specified by law, both school districts will share this revenue with those charter schools that draw students from our respective attendance areas on an equal per student basis.

In addition, we are requesting a continuation of the special appropriation to Buncombe County Schools of \$276,116 for the Community High School that serves both districts, as well as of a capital outlay appropriation based upon the current estimate of dedicated sales tax receipts and prorated between Buncombe County Schools and Asheville City Schools according to ADM.

State Statutes require that school districts submit a request for the county appropriation each year no later than May 15th. The statute also mentions that an estimate of the entire budget for the school district should accompany the request for funding from the County Commissioners. This requirement has always been problematical inasmuch as insufficient information exists at this time of year to produce a detailed budget for the ensuing fiscal year. Among the items of crucial information that are not yet available are the General Assembly's action on salary and/or benefit increases, actual federal grant awards and carry-over, and final funding formulas for State funds.

At this time, we are aware of proposed increases in the employer's retirement contribution and the employer-paid health insurance rates. The employer's retirement contribution is proposed to rise from the current 13.12% to 14.31%: the impact of that increase on the Local Current Expense Fund would be approximately \$288,000. We anticipate that turnover and other savings will allow this cost to be absorbed by the Local Current Expense Fund and other operating funds. The cost of employer-paid health insurance is proposed to increase from the current \$4,931 annual premium to \$5,192: the impact of that cost on the Local Current Expense Funds would be approximately \$112,000. We again anticipate that turnover and other savings will allow this cost to be absorbed by the Local Current Expense Fund and the other operating funds.

The General Assembly may increase pay for teachers, and perhaps other public school employees as well, but that is far less certain. The most likely scenario is a one-time payment of 1.5% - 2.0% made in October. A one-time payment would not increase the local supplement cost and therefore has much less impact on the Local Current Expense Fund than a permanent increase in base salary would. As was the case with the benefit increases, our plan is to absorb this cost.

The Local Current Expense Fund budget will maintain the programs and personnel previously supported by the last of the stabilization funds (approximately \$1.3 million used in the fall of 2011) as well as the programs and personnel previously supported by State funds that will be decreased by the additional reversion of \$1,217,412. Fund balance levels are sufficient to appropriate the additional \$2.5 million needed to maintain programs and personnel by shifting the funding for them over to the Local Current Expense Fund.

The chart below recaps fund totals in the attached draft 2012-13 budget resolution and compares them with the initial 2011-12 budget. As it illustrates, we are using the Local Current Expense Fund's fund balance to offset reductions in State funding and in the availability of Federal funds.

Fund	2011-12 Base Budget	Fund Shift	Budget Resolution
State Public School Fund - Fund 1	\$131,732,820	(\$1,217,412)	\$130,515,408
Local Current Expense Fund - Fund 2	\$49,238,907	\$2,517,412	\$51,756,319
Federal Grants Fund - Fund 3	\$30,761,251	(\$1,300,000)	\$29,461,251
Capital Outlay Fund - Fund 4	\$20,170,362	\$0	\$8,555,142
Child Nutrition Fund - Fund 5	\$13,304,831	\$0	\$14,108,738
Other Specific Revenue Fund - Fund 8	\$5,043,690	\$0	\$5,043,690
Total	\$250,251,861	\$0	\$239,440,548
Less Capital Outlay Fund	\$20,170,362		\$8,555,142
Operating Funds - Total	\$230,081,499		\$230,885,406
Less Unbudgeted and Interfunds	\$12,016,447		\$12,016,447
Appropriations for Programs	\$218,065,052		\$218,868,959
Less Enterprise Fund (Child Nutrition)	\$13,304,831		\$13,304,831
Total Governmental Funds			
Appropriations for Programs	\$204,760,221		\$204,760,221

The draft budget also maintains the local supplement schedule shown below:

	Licensed Staff		Non-licensed staff
0 - 4 years	6.3%	20-24 years	10.6%
5 - 9 years	6.4%	25-29 years	10.9%
10 -14 years	8.2%	30 or more	11.7%
15-19 years	8.4%		
			<u>10.77%</u>

Respectfully Submitted,



Tony Baldwin, Superintendent

cc: Members of the Buncombe County Board of Education

Request to Commissioners

**BUDGET RESOLUTION FOR FISCAL YEAR 2012-13
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, 2012 and ending June 30, 2013.

Purpose	Description	Initial Budget
5000	Instructional Services	\$116,681,064
6000	System-wide Support Services	\$13,665,372
7000	Ancillary Services	\$85,371
8000	Non-Programmed Charges	\$83,601
TOTAL		\$130,515,408

SECTION 2 - The following revenues estimated to be available for the **State Public School Fund** for the fiscal year beginning July 1, 2012 and ending June 30, 2013.

Funding Source	Description	Initial Budget
3100	State Public School Fund Revenue	\$130,515,408
TOTAL		\$130,515,408

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, 2012 and ending June 30, 2013.

Purpose	Description	Initial Budget
5000	Instructional Services	\$28,882,011
6000	System-wide Support Services	\$21,075,653
8000	Non-Programmed Charges	\$1,798,655
TOTAL		\$51,756,319

SECTION 4 - The following revenues are estimated to be available to the **Local Current Expense** for the fiscal year beginning July 1, 2012 and ending June 30, 2013.

Funding Source	Description	Initial Budget
	Local other than County	
4120-4800	Appropriation	\$892,149
4110	County Appropriation	\$48,346,758
TOTAL OPERATING REVENUE		\$49,238,907
4900	Other Financing Sources	\$2,517,412
TOTAL		\$51,756,319

SECTION 5 - 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, 2012 and ending June 30, 2013.

Purpose	Description	Initial Budget
5000	Instructional Services	\$18,296,187
6000	System-wide Support Services	\$2,150,275
8000	Non-Programmed Charges	\$9,014,789
TOTAL		\$29,461,251

SECTION 6 - The following revenues are estimated to be available to the **Federal Grants Fund** for the fiscal year beginning July 1, 2012 and ending June 30, 2013.

Funding Source	Description	Initial Budget
	Federal Grants Allotted through	
3600	NCDPI	\$29,461,251
TOTAL		\$29,461,251

SECTION 7 – 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, 2012 and ending June 30, 2013.

Purpose	Description	Initial Budget
5000	Instructional Services	\$3,049,800
6000	System-wide Support Services	\$498,602
8000	Non-Programmed Charges	\$190,240
9000	General Capital Projects	\$4,816,500
TOTAL		\$8,555,142

SECTION 8 – The following revenues are estimated to be available to the **Capital Outlay Fund** for the fiscal year beginning July 1, 2012 and ending June 30, 2013.

Funding Source	Description	Initial Budget
3200	State - Not Allotted through NCDPI	\$204,532
	Federal - Not Allotted through	
3700	NCDPI	\$0
4100-4800	Local Revenue	\$8,350,610
TOTAL OPERATING REVENUE		\$8,555,142
4900	Other Financing Sources	\$0
TOTAL		\$8,555,142

SECTION 9 – In addition, authorization is hereby granted to continue both regular and building program projects uncompleted at June 30, 2012 per prior budget authorization.

SECTION 10 - - 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, 2012 and ending June 30, 2013.

Purpose	Description	Initial Budget
7000	Ancillary Services	\$13,228,557
8000	Non-Programmed Charges	\$880,181
TOTAL		\$14,108,738

SECTION 11 - The following revenues are estimated to be available to the **Child Nutrition Fund** for the fiscal year beginning July 1, 2012 and ending June 30, 2013.

Funding Source	Description	Initial Budget
3200	State Revenue	\$0
3800	Federal Revenue	\$8,545,558
4100-4800	Local Revenue	\$5,437,970
TOTAL OPERATING REVENUE		\$13,983,528
4900	Other Financing Sources	\$125,210
TOTAL		\$14,108,738

SECTION 12 - - 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, 2012 and ending June 30, 2013.

Purpose	Description	Initial Budget
5000	Instructional Services	\$3,655,187
6000	System-wide Support Services	\$1,168,403
7000	Ancillary Services	\$100,595
8000	Non-Programmed Charges	\$119,505
TOTAL		\$5,043,690

SECTION 13 - The following revenues are estimated to be available to the **Other Specific Revenue Fund** for the fiscal year beginning July 1, 2012 and ending June 30, 2013.

Funding Source	Description	Initial Budget
3200	State - Not Allotted through NCDPI Federal - Not Allotted through	\$433,382
3800	NCDPI	\$721,999
4100-4800	Local Revenue	\$2,525,256
TOTAL OPERATING REVENUE		\$3,680,637
4900	Other Financing Sources	\$1,363,053
TOTAL		\$5,043,690

SECTION 14 – Within the overall budget, all appropriations shall firstly be paid from revenues restricted as to use and secondly from general unrestricted revenues.

SECTION 15 – The Chief Financial Officer is hereby directed to record all restricted revenue that was not expended for its intended purpose as either deferred revenue, restricted fund balance, committed fund balance or assigned 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, Enka Consolidated Special Tax District unexpended proceeds, and Pisgah Forest reserve payments.

SECTION 16 - 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 17 - The Superintendent is authorized to administer the budget as outlined in Section 501 of the adopted Buncombe County Public Schools Policy Manual.

SECTION 18 - 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 THIS THIRD DAY OF MAY 2012 FOR THE PURPOSE OF SUBMITTING AN ESTIMATE OF THE ENTIRE BUDGET TO THE COUNTY COMMISSIONERS IN SUPPORT OF OUR REQUESTS FOR BOTH A CURRENT EXPENSE AND A CAPITAL OUTLAY APPROPRIATION.

Chairman, Board of Education

Secretary, Board of Education