

**ORANGE COUNTY
BOARD OF EDUCATION**

AGENDA ITEM ABSTRACT

Meeting Date: April 22, 2013

AGENDA ITEM No. 13-04-(2)-08

ACTION ITEM: (Y/N) Y

SUBJECT: 2013-2014 Local Current Expense Budget Adoption

INFO. CONTACT: G. Patrick Rhodes / Donna Brinkley **PHONE:** 919-732-8126

ATTACHMENTS:

1. Budget Drivers (revised 3/27/2013).
2. Recommended Local Budget Summary (revised 3/27/2013).
3. Requests for Additional County Appropriation Options (revised 4/17/2013).
4. Local Current Expense Budget Options by Program Report Code (PRC).
5. Local Current Expense Fund Revenue Projections.
6. Local Operating Budget Revenues and Expenditures.
7. Local Operating Budget Summary by Purpose Code.
8. Local Fund Balance History and Projections.
9. Local Current Expense Fund Balance Policy #8101.
10. Potential Uses for Fund Balance.
11. Superintendent's Budget Message 2013-2014 (revised 3/27/13).
12. Full-Time Employees.
13. Student Statistics.
14. Financial Impact of Reducing Teacher Assistant Days of Employment.

PURPOSE: The purpose of this item is to provide the Board of Education the opportunity to approve the 2013-2014 local current expense budget.

BACKGROUND: On March 11, 2013, the superintendent presented a recommended budget for Board of Education consideration. The superintendent's recommended local budget requests the same per pupil appropriation of \$3,167. Based on a county projected enrollment of 7,501 students, the total requested appropriation is \$24,278,222. With increased enrollment of 81 students and adjustments for out-of-district and charter school students, the overall appropriation will increase by \$256,527.

On March 25, board members participated in a budget work session. Topics discussed included the governor's proposed budget and its potential impact on Orange County Schools' staff and programs. Discussion focused on the impact of the governor's budget and his proposed funding cut for teacher assistants in grades 2 & 3. If approved as is, the governor's budget would cut \$879,213, or 27 positions, from the OCS teacher assistant appropriations. The board directed staff to develop a funding plan to prevent the loss of teacher assistants. Staff recommended the board appropriate fund balance reserves to offset cuts in teacher assistant funding.

On April 8, 2013, the board conducted a budget work session. Much of the discussion focused on the use of fund balance for recurring costs. The fund balance policy discourages use of fund balance for recurring purposes. As a result of this discussion, staff was directed to develop options for additional funding requests.

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Option 1 would provide sufficient dollars to offset state cuts to teacher assistant funds and requests an increase of \$115 per pupil in the county appropriation.

Option 2 requests an additional \$181 in the county's per pupil appropriation. This option would provide funding for the teacher assistant cuts and the recommended expansion requests.

Option 3 requests an increase of \$291 in the per pupil appropriation. This option provides funding for recurring costs, teacher assistant funding cuts and expansion requests.

A more detailed breakdown of each option can be found in the attached background information.

Staff has developed budgets for each of the three options for board consideration and subsequent approval. Staff has also developed a list of non-recurring one time needs for possible fund balance appropriation. These capital-related items are described in the attached background information.

At the time of abstract preparation, neither the N.C. House nor the Senate had released their budget proposals. The Department of Public Instruction has not provided any revised budget updates. The budget is scheduled to be presented to the Board of County Commissioners April 25, 2013.

A two-year projection of school system fund balance reserves is attached.

FINANCIAL IMPACT: The financial impact of this agenda item will depend upon option selection by the Board of Education.

RECOMMENDATION: The Superintendent recommends the Board of Education discuss and approve the 2013-2014 local current expense budget requests.

2013-14 Budget Drivers

(Revised 3/27/2013)

REVENUE DECLINES/FIXED COST INCREASES:

Federal

\$	175,000	Sequestration @ 5.3% *
\$	175,000	

State

\$	879,213	Reduction in Teacher Assistant funding in Governor's proposed budget (27 Teacher Assistants)
\$	80,337	Additional State Budget Reversion (Total projected reversion equals \$1,868,435)
\$	959,550	

Local

\$	158,000	1% Salary Increase for All Employees
\$	60,000	Employee benefit cost increase - Hospitalization Cost (5% Increase from \$5,192 to \$5,452 or \$260 per year per employee)
\$	46,000	Employee benefit cost increase – Retirement Cost (.36% increase, 14.23% to 14.59%)
	79,000	Utility Rate increases
\$	343,000	

<u>\$</u>	<u>1,477,550</u>	PROJECTED TOTAL
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ENROLLMENT INCREASES:

State Projection: 7,501 Students

Represents an increase of : 81 Students

County Projection includes Charter School students less out-of-district students:

State Student Projection	7,501	
Charter School Students	254	**
Out-of-District Students	(89)	**
	7,666	

County Projection	7,666	
County Per Pupil Amt. x	\$ 3,167	
	\$ 24,278,222	2013-14 County Appropriation
	\$ 24,021,695	2012-13 County Appropriation
	\$ 256,527	Increase in County Appropriation

* The failure of the Joint Select Committee on Deficit Reduction (Super Committee) to produce a bill identifying budgetary savings of at least \$1.2 trillion over ten years had triggered an automatic spending reduction process (called sequestration) to take effect on January 2, 2013, currently postponed to March 1. For FY13, these cuts will be applied to most programs, including all discretionary education programs, except Federal Pell Grants. The depth of the cuts is estimated to be 5.3%, which would reduce funding for the US Education Department by billions of dollars. These cuts would affect millions of students and lead to potentially significant job losses and program eliminations for the nation's schools, the educators who run them, and the students they educate.

** Totals used in County allocation for the 2012-13 Budget

Orange County Schools

2013-14 Recommended Local Budget Summary

(Revised 3/27/2013)

BASED ON SUPERINTENDENT'S RECOMMENDED LOCAL CURRENT EXPENSE BUDGET

Student Enrollment Projections

2013-14 State Enrollment Projection	7,501
2012-13 State Enrollment Projection	7,420
Projected Enrollment Growth	81

Local Current Expense Fund Revenue

Total New Revenue	\$ 256,527
(Based on the same per pupil appropriation of \$3,167)	

Local Current Expense Fund Expenses

1% Salary Increase for All Employees	\$ 158,000 *
Projected Increase in Employee Health Insurance	60,000
Increase in Employer Retirement Contributions	46,000
Projected Utility Cost Increase 5%	79,000
Fixed Cost Increase	\$ 343,000

Recurring/Continuation Requests

Loss of Stimulus Funding (maintain School-level positions)	\$ 245,000
Internal Auditor	80,000
Additional Audit Functions	15,000
Assistant Principals extra month of employment	32,643
Exceptional Children Program Support	110,000
H.R. Recognition & Contracted Services	14,000
Legal Expenses Increase	50,000
Testing Program Support	40,000
Employee Wellness Support	10,000
STEM Initiative Support	50,000
AIG/Rigor Support	40,000
Teacher Assistants (27 cut in Governor's Budget Proposal)	879,213 **

Total Recurring/Continuation Requests \$ 1,565,856 *

Expansion Requests

School Safety Contingency Appropriation	\$ 220,000
Pre-K Exceptional Children's Teacher	55,000
Reading Teacher - Central	55,000
Technicians (3) - Elementary Tech Support	135,000
Part-time Athletic Director	40,000

Total Expansion Requests \$ 505,000 *

***Total Recommended Fund Balance Appropriation \$ 2,228,856**

****Additional fund balance appropriation necessary to cover potential Teacher Assistant reduction.**

Audited Unassigned Fund Balance as of June 30, 2012: \$ 4,207,417

Request for Additional County Appropriation
(Option 1)
(Teacher Assistant Funding Loss)

Reduction in Teacher Assistant state funding in Governor's proposed budget (Loss of 27 Teacher Assistants)	\$ 879,213
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Total	<u><u>\$ 879,213</u></u>
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2013-14 enrollment projections per county calculations	\$ 7,666 *
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Per Pupil increase in County Appropriation needed to offset loss of Teacher Assistant funding	\$ 115
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* County Projection includes Charter School students less out-of-district students:

State Student Projection	7,501	
Charter School Students	254	**
Out-of-District Students	(89)	**
	<u>7,666</u>	

**Totals used in County allocation for the 2012-13 Budget

Total 2013-2014 requested County Appropriation: (\$3,282 per pupil x 7666 students)	\$ 25,159,812
2012-2013 County Appropriation:	\$ 24,021,695

Projected Fund Balance as of 6/30/13	\$ 4,957,417
Less: Fund Balance used in 2013-14 for Option 1	\$ 1,349,643
Projected Fund Balance 6/30/14	\$ 3,607,774

Request for Additional County Appropriation
(Option 2)
(TA Funding Loss and Expansion Items)

1. Reduction in Teacher Assistant funding in Governor's proposed budget (Loss of 27 Teacher Assistants)	\$ 879,213
2. School Safety Contingency Appropriation	\$ 220,000
3. Pre-K Exceptional Children's Teacher	\$ 55,000
4. Reading Teacher - Central Elementary	\$ 55,000
5. Technicians (3) - Elementary Tech. Support (Restores positions cut in 2008-2009)	\$ 135,000
6. Part-time Athletic Director	\$ 40,000

Total	<u>\$ 1,384,213</u>
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2013-14 enrollment projections per county calculations	\$ 7,666 *
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Per Pupil increase in County Appropriation needed to offset loss of Teacher Assistant state funding and to fund expansion items	\$ 181
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* County Projection includes Charter School students less out-of-district students:

State Student Projection	7,501
Charter School Students	254 **
Out-of-District Students	(89) **
	<u>7,666</u>

**Totals used in County allocation for the 2012-13 Budget

Total 2013-2014 requested County Appropriation: (\$3,348 per pupil X 7666 students)	\$ 25,665,768
2012-2013 County Appropriation:	\$ 24,021,695

Projected Fund Balance as of 6/30/13	\$ 4,957,417
Less: Fund Balance used in 2013-14 for Option 2	\$ 844,643
Projected Fund Balance 6/30/14	\$ 4,112,774

Request for Additional County Appropriation
(Option 3)
(Total Funding Request)

Recurring/Continuation Requests

1. Loss of Stimulus Funding (maintain School-level positions)	\$ 245,000
2. Internal Auditor	\$ 80,000
3. Additional Audit Functions	\$ 15,000
4. Assistant Principals extra month of employment	\$ 32,643
5. Exceptional Children's Program Support	\$ 110,000
6. H.R. Recognition & Contracted Services	\$ 14,000
7. Legal Expenses Increase	\$ 50,000
8. Testing Program Support	\$ 40,000
9. Employee Wellness Support	\$ 10,000
10. STEM Initiative Support	\$ 50,000
11. AIG/Rigor Support	\$ 40,000
	<u>\$ 686,643</u>

Expansion Requests

12. School Safety Contingency Appropriation	\$ 220,000
13. Pre-K Exceptional Children's Teacher	\$ 55,000
14. Reading Teacher - Central Elementary	\$ 55,000
15. Part-time Athletic Director	\$ 40,000
16. Technicians (3) - Elementary Tech. Support (Restores positions cut in 2008-2009)	\$ 135,000
	<u>\$ 505,000</u>

State Funding Loss/Mandates

17. Reduction in Teacher Assistant funding in Governor's proposed budget (Loss of 27 Teacher Assistants)	\$ 879,213
18. 1% Salary Increase for all employees (Governor's Proposed Budget)	\$ 158,000
	<u>\$ 1,037,213</u>

Total Funding Request

\$ 2,228,856

2013-14 enrollment projections per county calculations \$ 7,666 *

**Per Pupil increase in County Appropriation needed
to balance the 2013-14 budget** **\$ 291**

Total 2013-2014 requested County Appropriation: (\$3,458 per pupil x 7666 students)	\$ 26,509,028
2012-2013 County Appropriation:	\$ 24,021,695

Projected Fund Balance as of 6/30/13	\$ 4,957,417
Less: Fund Balance used in 2013-14 for Option 3	\$ -
Projected Fund Balance 6/30/14	\$ 4,957,417

* County Projection includes Charter School students less out-of-district students:

State Student Projection	7,501
Charter School Students	254 **
Out-of-District Students	<u>(89) **</u>
	<u>7,666</u>

**Totals used in County allocation for the 2012-13 Budget

ORANGE COUNTY SCHOOLS

2013-2014 Local Current Expense Budget Options

		2012-2013 Budget	Superintendent's Recommended 2013-2014 Budget (7666 X \$3,167)	2013-2014 Local Current Expense Budget With \$115 Incr. (7666 X \$3,282)	2013-2014 Local Current Expense Budget With \$181 Incr. (7666 X \$3,348)	2013-2014 Local Current Expense Budget With \$291 Incr. (7666 X \$3,458)
REVENUES						
2.4110	County Appropriation	\$ 24,021,695	\$ 24,278,222	\$ 25,159,812	\$ 25,665,768	\$ 26,509,028
2.4110.007	County Appropriation - Health	494,000	494,000	494,000	494,000	494,000
2.4410	Fines & Forfeitures	202,500	202,500	202,500	202,500	202,500
2.4450	Interest	70,000	70,000	70,000	70,000	70,000
2.4910	Fund Balance Appropriated	2,850,000	2,228,856	1,382,801	897,239	87,969 (1)
TOTAL REVENUES		<u>\$ 27,638,195</u>	<u>\$ 27,273,578</u>	<u>\$ 27,309,113</u>	<u>\$ 27,329,507</u>	<u>\$ 27,363,497</u>
		2012-2013 Budget	Superintendent's Recommended 2013-2014 Budget	2013-2014 Local Current Expense Budget With \$115 Incr.	2013-2014 Local Current Expense Budget With \$181 Incr.	2013-2014 Local Current Expense Budget With \$291 Incr.
EXPENDITURES						
PRC 001	REGULAR CLASSROOM TEACHERS (Salaries, Supplements, Benefits, Matching Funds, 6th & 9th Grade Academies and Vocational Rehabilitation Match)	\$ 9,185,066	\$ 8,699,271 (2)	\$ 8,699,271 (2)	\$ 8,699,271 (2)	\$ 8,699,271 (2)
PRC 002	CENTRAL OFFICE ADMINISTRATION (Salaries, Supplements and Benefits)	\$ 1,202,513	\$ 1,202,513	\$ 1,202,513	\$ 1,202,513	\$ 1,202,513
PRC 003	NON-INSTRUCTIONAL SUPPORT (Custodial, Clerical, Substitute Salaries, Benefits and Custodial Contracted Services)	\$ 4,328,840	\$ 4,168,545 (3)	\$ 4,168,545 (3)	\$ 4,168,545 (3)	\$ 4,168,545 (3)
PRC 005	SCHOOL BUILDING ADMINISTRATION (Principal and Assistant Principal Salaries, Supplements, Benefits and Travel)	\$ 888,825	\$ 896,240	\$ 896,240	\$ 896,240	\$ 896,240

ORANGE COUNTY SCHOOLS

2013-2014 Local Current Expense Budget Options

		2012-2013 Budget	Superintendent's Recommended 2013-2014 Budget	2013-2014 Local Current Expense Budget With \$115 Incr.	2013-2014 Local Current Expense Budget With \$181 Incr.	2013-2014 Local Current Expense Budget With \$291 Incr.
PRC 007	INSTRUCTIONAL SUPPORT (Psychologists, Social Workers, Media Specialists, Guidance Counselors, Nurses, and Literacy Coaches Salaries and Benefits)	\$ 978,331	\$ 938,653 (4)	\$ 938,653 (4)	\$ 938,653 (4)	\$ 938,653 (4)
PRC 009	NON-CONTRIBUTORY BENEFITS (Longevity, Bonus Leave Payout, Annual Leave Payout and Benefits, Unemployment Insurance, Worker's Comp. Insurance and Life Ins.)	\$ 391,577	\$ 386,529	\$ 386,529	\$ 386,529	\$ 386,529
PRC 012	DRIVER'S EDUCATION (Vehicle Purchase)	\$ 25,000	\$ - (5)	\$ - (5)	\$ - (5)	\$ - (5)
PRC 013	CAREER AND TECHNICAL EDUCATION (Voc Ed, Network Certification Tests, Workshops and Student and Employee Travel)	\$ 4,248	\$ 4,248	\$ 4,248	\$ 4,248	\$ 4,248
PRC 015	TECHNOLOGY (Contracted Repairs and Maintenance, Travel, Computer Software and Supplies, and Computer Equipment)	\$ 27,000	\$ 27,000	\$ 27,000	\$ 27,000	\$ 27,000
PRC 027	TEACHER ASSISTANTS K-3 (Salaries, Substitute Pay and Benefits)	\$ 499,346	\$ 503,704	\$ 503,704	\$ 503,704	\$ 503,704
PRC 032	EXCEPTIONAL CHILDREN (Salaries, Benefits, Contracted Services, Staff Development, Travel, Supplies & Materials and Furniture & Equipment)	\$ 534,242	\$ 535,709	\$ 535,709	\$ 535,709	\$ 535,709
PRC 034	ACADEMICALLY GIFTED PROGRAM (Teachers, Substitutes, Benefits, Staff Development, and Supplies and Materials)	\$ 329,984	\$ 329,984	\$ 329,984	\$ 329,984	\$ 329,984
PRC 036	TRANSFER TO CHARTER SCHOOLS (Per Pupil Allotment Sent to Charter Schools)	\$ 970,737	\$ 978,603	\$ 1,014,138	\$ 1,034,532	\$ 1,068,522
PRC 054	ENGLISH AS A SECOND LANGUAGE (Teachers, Substitutes, Benefits, Travel and Supplies & Materials)	\$ 279,688	\$ 279,688	\$ 279,688	\$ 279,688	\$ 279,688

ORANGE COUNTY SCHOOLS

2013-2014 Local Current Expense Budget Options

		2012-2013 Budget	Superintendent's Recommended 2013-2014 Budget	2013-2014 Local Current Expense Budget With \$115 Incr.	2013-2014 Local Current Expense Budget With \$181 Incr.	2013-2014 Local Current Expense Budget With \$291 Incr.
PRC 056	TRANSPORTATION (Salaries, Supplements, Benefits, Repair Parts & Materials, Fuel, Tires & Tubes and Equipment)	\$ 875,110	\$ 875,110	\$ 875,110	\$ 875,110	\$ 875,110
PRC 061	INSTRUCTIONAL SUPPLIES (IB Exam Fees, Supplies & Materials and Library Books)	\$ 171,392	\$ 171,392	\$ 171,392	\$ 171,392	\$ 171,392
PRC 069	AT RISK STUDENT SERVICES (Salaries, Benefits, Contracted Services, Staff Development, Travel and Supplies & Materials)	\$ 200,000	\$ 200,000	\$ 200,000	\$ 200,000	\$ 200,000
PRC 103	LITERACY SUPPORT (Salary, Supplement and Benefits)	\$ 45,017	\$ 45,017	\$ 45,017	\$ 45,017	\$ 45,017
PRC 701	AFTER SCHOOL PROGRAM (Middle School After School)	\$ 125,000	\$ 125,000	\$ 125,000	\$ 125,000	\$ 125,000
PRC 706	NON-YELLOW BUS (Activity Buses and Bus Driver Supplements)	\$ 51,198	\$ 51,198	\$ 51,198	\$ 51,198	\$ 51,198
PRC 801	CURRICULAR SERVICES (Salaries, Benefits, Contracted Services, Printing, Fieldtrips, Travel, Memberships, Supplies & Materials and Science Program Enhancements)	\$ 776,727	\$ 703,373 (6)	\$ 703,373 (6)	\$ 703,373 (6)	\$ 703,373 (6)
PRC 802	OPERATION OF PLANT (Maintenance Salaries, Benefits, District Wide Utilities, Resource Officers, Contracted Services, Security Monitoring, Maintenance Projects, Supplies & Materials and Gas & Oil)	\$ 3,579,130	\$ 3,888,518 (7)	\$ 3,888,518 (7)	\$ 3,888,518 (7)	\$ 3,888,518 (7)
PRC 803	HUMAN RESOURCES (Criminal Records Check, Staff Development, Printing, Duke Employee Assistance Program, Travel, HRMS Fees, Supplies, SubFinder, Scanning, Recruitment Travel and Recruitment Materials)	\$ 119,252	\$ 119,252	\$ 119,252	\$ 119,252	\$ 119,252

ORANGE COUNTY SCHOOLS

2013-2014 Local Current Expense Budget Options

		2012-2013 Budget	Superintendent's Recommended 2013-2014 Budget	2013-2014 Local Current Expense Budget With \$115 Incr.	2013-2014 Local Current Expense Budget With \$181 Incr.	2013-2014 Local Current Expense Budget With \$291 Incr.
PRC 804	FINANCIAL SERVICES (Copier Costs, Contracted Services, Staff Development, Printing, Travel, Liability, Vehicle & Property Insurance, Student Accident & Boiler Ins., Office Supplies, Fidelity Bond, and Memberships)	\$ 406,051	\$ 408,840	\$ 408,840	\$ 408,840	\$ 408,840
PRC 805	SUPPORT SERVICES (Contracted Services and Supplies and Materials)	\$ 17,205	\$ 17,205	\$ 17,205	\$ 17,205	\$ 17,205
PRC 806	STUDENT DISCIPLINE (Staff Development, Travel, Mobile Communications and Supplies and Materials)	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000
PRC 840	DSS FAMILY SOCIAL WORKERS (Orange County Funding for School Social Workers' Salaries & Benefits)	\$ 360,349	\$ 360,349	\$ 360,349	\$ 360,349	\$ 360,349
PRC 850	PROJECT GRADUATION (Contracted Services and Supplies & Materials)	\$ 12,000	\$ 12,000	\$ 12,000	\$ 12,000	\$ 12,000
PRC 851	CULTURAL ARTS (Supplements, Benefits, Contracted Services and Supplies & Materials)	\$ 86,565	\$ 86,565	\$ 86,565	\$ 86,565	\$ 86,565
PRC 854	BAND (Band Instrument Repair and Band Grants to Schools)	\$ 63,940	\$ 63,940	\$ 63,940	\$ 63,940	\$ 63,940
PRC 860	ATHLETICS (Supplements, Benefits, Catastrophic Insurance and Athletic Grants to Schools)	\$ 624,053	\$ 664,053	\$ 664,053 (8)	\$ 664,053 (8)	\$ 664,053 (8)
PRC 861	CO-CURRICULAR CLUBS (Supplements, Benefits and Supplies and Materials)	\$ 49,381	\$ 49,491	\$ 49,491	\$ 49,491	\$ 49,491
PRC 890	BOARD OF EDUCATION (Salaries, Benefits, Contracted Services, Workshops, Travel and Supplies)	\$ 50,032	\$ 50,035	\$ 50,035	\$ 50,035	\$ 50,035

ORANGE COUNTY SCHOOLS

2013-2014 Local Current Expense Budget Options

		2012-2013 Budget	Superintendent's Recommended 2013-2014 Budget	2013-2014 Local Current Expense Budget With \$115 Incr.	2013-2014 Local Current Expense Budget With \$181 Incr.	2013-2014 Local Current Expense Budget With \$291 Incr.
PRC 891	EXECUTIVE ADMINISTRATION (Awards & Recognitions, Office Postage and Supplies and Materials)	\$ 26,000	\$ 26,000	\$ 26,000	\$ 26,000	\$ 26,000
PRC 892	BOARD AND ADMINISTRATION SUPPORT (Memberships & Fees, Legal Fees, Internal Auditor's Salary and Benefits, and External Audit Costs)	\$ 265,772	\$ 315,772 (9)	\$ 315,772 (9)	\$ 315,772 (9)	\$ 315,772 (9)
PRC 900	PUBLIC RELATIONS (Salary, Benefits, Printing/Promotional Materials, Supplies, and Membership Fees)	\$ 78,624	\$ 79,781	\$ 79,781	\$ 79,781	\$ 79,781
	TOTAL EXPENSES	<u>\$ 27,638,195</u>	<u>\$ 27,273,578</u>	<u>\$ 27,309,113</u>	<u>\$ 27,329,507</u>	<u>\$ 27,363,497</u>

- (1) Fund balance appropriation for increase in charter school payout as a result of additional county appropriation.
- (2) PRC 001 (Classroom Teachers) reduction due to \$500 one-time bonus in 2012-2013.
- (3) PRC 003 (Non-Instructional Support) reduction due to \$500 one-time bonus in 2012-2013.
- (4) PRC 007 (Instructional Support) reduction due to one additional position in state planning allotments.
- (5) PRC 012 (Driver's Education) reduction due to one time vehicle purchase in 2012-2013.
- (6) PRC 801 (Curricular Services) reduction due to (1) \$10,000 reduction to AIG/Rigor Support (2) \$10,000 reduction to STEM Initiative Support (3) \$5,000 reduction to Testing Program Support and (4) \$42,529 reduction to Efland Cheeks Refocus Initiative, 2nd year support of \$12,509 to be absorbed into AIG/Rigor Support.
- (7) PRC 802 (Operation of Plant) increased due to \$79,000 for projected utility cost increases and \$220,000 for a School Safety Contingency.
- (8) PRC 860 (Athletics) increased due to the addition of a part-time athletic director.
- (9) PRC 892 (Board and Administration Support) increased as a result of (1) \$5,000 for additional audit services (2) \$30,000 to increase the legal expense budget and (3) \$15,000 to increase the internal auditor budget for salary and benefits.

2013-2014 Local Current Expense Fund Revenue Projections

Projected Student Enrollment	2011-2012	2011-2012	2012-2013	2012-2013	2013-2014	2013-2014	2013-2014	2013-2014
	Budget	Actual	Budget	Estimate	Recommended	With \$115 Incr.	With \$181 Incr.	With \$291 Incr.
State Projection of Students	7,272	7,272	7,420	7,420	7,501	7,501	7,501	7,501
Less: Out-of-County Tuition Paid	89	70	89	70	89	89	89	89
Existing Charter School Students	254	289	254	289	254	254	254	254
Total County Resident Students	7,437	7,491	7,585	7,639	7,666	7,666	7,666	7,666

County Appropriation	\$ 3,102	\$ 3,102	\$ 3,167	\$ 3,167	\$ 3,167	\$ 3,282	\$ 3,348	\$ 3,458
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Local Revenues	2011-2012	2011-2012	2012-2013	2012-2013	2013-2014	2013-2014	2013-2014	2013-2014
	Budget	Actual	Budget	Estimate	Recommended	With \$115 Incr.	With \$181 Incr.	With \$291 Incr.
County Appropriation	\$ 23,069,574	\$ 23,069,574	\$ 24,021,695	\$ 24,021,695	\$ 24,278,222	\$ 25,159,812	\$ 25,665,768	\$ 26,509,028
Special District Tax (CHCCS only)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Prior Year Special District Tax	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Fair Funding	494,000	494,000	494,000	494,000	494,000	494,000	494,000	494,000
Fines and Forfeitures	222,399	216,856	202,500	198,500	202,500	202,500	202,500	202,500
Interest Income on Investments	33,300	72,750	70,000	74,000	70,000	70,000	70,000	70,000
Appropriated Fund Balance	-	-	2,850,000	2,100,000	2,228,856	1,382,801	897,239	87,969
Fund Balance - Carry Over	170,582	-						
Total Local Revenues	\$ 23,989,855	\$ 23,853,180	\$ 27,638,195	\$ 26,888,195	\$ 27,273,578	\$ 27,309,113	\$ 27,329,507	\$ 27,363,497

ORANGE COUNTY SCHOOLS

Local Operating Budget Revenues and Expenditures

	2011-2012	2011-2012	2012-2013	2012-2013	2013-2014	2013-2014	2013-2014	2013-2014
Revenues	BUDGET	ACTUAL	BUDGET	ESTIMATE	RECOMMENDED	WITH \$115 INCR.	WITH \$181 INCR.	WITH \$291 INCR.
Total Local Revenues	\$ 23,989,855	\$ 23,853,180	\$ 27,638,195	\$ 26,888,195	\$ 27,273,578	\$ 27,309,113	\$ 27,329,507	\$ 27,363,497

Allocations

	2011-2012	2011-2012	2012-2013	2012-2013	2013-2014	2013-2014	2013-2014	2013-2014
Instructional Programs	BUDGET	ACTUAL	BUDGET	ESTIMATE	RECOMMENDED	WITH \$115 INCR.	WITH \$181 INCR.	WITH \$291 INCR.
Regular Instructional Services	\$ 7,525,567	\$ 6,420,578	\$ 9,879,777	\$ 9,611,030	\$ 9,343,221	\$ 9,343,221	\$ 9,343,221	\$ 9,343,221
Special Populations Services	962,129	1,143,207	1,769,343	1,721,394	1,678,031	1,678,031	1,678,031	1,678,031
Alternative Programs and Services	702,344	744,153	627,843	610,828	604,723	604,723	604,723	604,723
School Leadership Services	1,651,026	1,108,220	1,786,543	1,738,128	1,776,670	1,776,670	1,776,670	1,776,670
Co-Curricular Services	896,335	889,662	926,899	901,780	966,200	966,200	966,200	966,200
School-Based Support Services	1,144,220	1,974,020	1,572,480	1,529,866	1,772,275	1,772,275	1,772,275	1,772,275
Total Instructional Programs	\$ 12,881,621.00	\$ 12,279,840.00	\$ 16,562,885.00	\$ 16,113,026.00	\$ 16,141,120.00	\$ 16,141,120.00	\$ 16,141,120.00	\$ 16,141,120.00

	2011-2012	2011-2012	2012-2013	2012-2013	2013-2014	2013-2014	2013-2014	2013-2014
Support Services	BUDGET	ACTUAL	BUDGET	ESTIMATE	RECOMMENDED	WITH \$115 INCR.	WITH \$181 INCR.	WITH \$291 INCR.
Support and Development Services	\$ 1,508,348	\$ 1,434,792	\$ 1,744,512	\$ 1,697,236	\$ 1,737,210	\$ 1,737,210	\$ 1,737,210	\$ 1,737,210
Special Populations Support and Dev.	95,728	125,460	109,420	106,455	107,134	107,134	107,134	107,134
Alternative Programs and Services	14	22	1,283	1,248	22	22	22	22
Technology Support Services	404,387	431,169	626,344	609,370	627,787	627,787	627,787	627,787
Operational Support Services	6,665,442	5,043,833	5,455,667	5,307,818	5,475,287	5,475,287	5,475,287	5,475,287
Financial and Human Resource Serv.	728,015	702,999	1,113,497	1,083,321	1,139,143	1,139,143	1,139,143	1,139,143
Accountability Services	113,357	145,490	219,009	213,074	217,846	217,846	217,846	217,846
System-Wide Pupil Support Services	14,101	13,514	12,000	11,675	12,000	12,000	12,000	12,000
Policy, Leadership & Public Relations	702,798	662,375	768,276	747,456	816,807	816,807	816,807	816,807
Total Support Services	\$ 10,232,190.00	\$ 8,559,654.00	\$ 10,050,008.00	\$ 9,777,653.00	\$ 10,133,236.00	\$ 10,133,236.00	\$ 10,133,236.00	\$ 10,133,236.00

Other Services	2011-2012	2011-2012	2012-2013	2012-2013	2013-2014	2013-2014	2013-2014	2013-2014
	BUDGET	ACTUAL	BUDGET	ESTIMATE	RECOMMENDED	WITH \$115 INCR.	WITH \$181 INCR.	WITH \$291 INCR.
Community Services	\$ 11,661	\$ 11,667	\$ 15,694	\$ 15,269	\$ 11,913	\$ 11,913	\$ 11,913	\$ 11,913
Nutrition Services	14,383	11,001	38,871	37,818	8,706	8,706	8,706	8,706
Charter Schools	850,000	987,746	970,737	944,429	978,603	1,014,138	1,034,532	1,068,522
Debt Services	-	-	-	-	-	-	-	-
Interfund Transfers	-	-	-	-	-	-	-	-
Total Other Services	\$ 876,044	\$ 1,010,414	\$ 1,025,302	\$ 997,516	\$ 999,222	\$ 1,034,757	\$ 1,055,151	\$ 1,089,141
TOTAL LOCAL OPERATING EXPENSES	\$ 23,989,855	\$ 21,849,908	\$ 27,638,195	\$ 26,888,195	\$ 27,273,578	\$ 27,309,113	\$ 27,329,507	\$ 27,363,497
Per Pupil Expenditures	\$ 3,102	\$ 3,102	\$ 3,167	\$ 3,167	\$ 3,167	\$ 3,282	\$ 3,348	\$ 3,458

ORANGE COUNTY SCHOOLS

Local Operating Budget Summary Summary by Purpose Code

Instructional Services	2011-2012	2011-2012	2012-2013	2012-2013	2013-2014	2013-2014	2013-2014	2013-2014
	BUDGET	ACTUAL	BUDGET	ESTIMATE	RECOMMENDED	WITH \$115 INCR.	WITH \$181 INCR.	WITH \$291 INCR.
5110 Regular Instructional Services	\$ 4,628,306	\$ 3,437,283	\$ 6,466,647	\$ 6,290,396	\$ 6,032,791	\$ 6,032,791	\$ 6,032,791	\$ 6,032,791
5111 Supplement - Tenured Teacher	1,283,988	1,343,592	1,281,691	1,246,957	1,173,504	1,173,504	1,173,504	1,173,504
5112 Cultural Arts	1,403,821	1,536,466	1,487,891	1,447,569	1,482,841	1,482,841	1,482,841	1,482,841
5113 Physical Education	204,941	85,075	424,521	413,016	431,382	431,382	431,382	431,382
5114 Foreign Language	-	643	171,453	166,807	174,451	174,451	174,451	174,451
5115 Technology	-	15,082	43,062	41,895	43,740	43,740	43,740	43,740
5120 CTE	4,512	2,437	4,512	4,390	4,512	4,512	4,512	4,512
5210 Children With Disabilities	520,225	672,692	1,140,536	1,109,627	1,054,224	1,054,224	1,054,224	1,054,224
5220 Special Populations CTE	-	23	-	-	-	-	-	-
5230 Pre-K Children With Disabilities	-	713	650	632	650	650	650	650
5240 Speech and Language Pathology Services	-	50	-	-	-	-	-	-
5260 Academically/Intellectually Gifted	326,393	342,553	348,469	339,025	343,469	343,469	343,469	343,469
5270 Limited English Proficiency	115,511	127,176	279,688	272,108	279,688	279,688	279,688	279,688
5310 Alternative Instructional Services	-	669	64,291	62,549	50,089	50,089	50,089	50,089
5320 Attendance/Social Work Services	412,555	534,867	360,349	350,584	360,349	360,349	360,349	360,349
5330 Remedial and Supplemental Services	186,000	204,619	200,000	194,580	194,285	194,285	194,285	194,285
5340 Pre-K Readiness/Remedial & Supp. Services	1,166	98	3,203	3,116	-	-	-	-
5350 Extended Day/Year Instructional Services	-	3,900	-	-	-	-	-	-
5353 Summer School Instructional Services	102,623	-	-	-	-	-	-	-
5400 School Leadership Services	67,150	41,557	84,290	82,006	-	-	-	-
5401 School Principal	241,481	250,610	281,055	273,438	284,611	284,611	284,611	284,611
5402 School Assistant Principal	827,110	352,201	600,270	584,003	604,129	604,129	604,129	604,129
5403 School Treasurer	306,455	220,878	420,324	408,933	454,620	454,620	454,620	454,620
5404 School Clerical Support	208,829	242,974	400,604	389,748	433,310	433,310	433,310	433,310
5500 Co-Curricular Services	48,579	44,656	49,381	48,043	49,491	49,491	49,491	49,491
5501 Athletics	611,013	576,774	624,053	607,141	664,053	664,053	664,053	664,053
5502 Cultural Arts	111,743	121,191	121,538	118,244	121,538	121,538	121,538	121,538
5503 School Clubs & Other Student Organizations	-	6,863	6,927	6,739	6,118	6,118	6,118	6,118
5504 Before/After School Care	125,000	140,178	125,000	121,613	125,000	125,000	125,000	125,000
5810 Education Media Services	228,855	423,156	475,069	462,195	449,033	449,033	449,033	449,033
5820 Student Accounting	254,757	251,067	482,466	469,391	484,015	484,015	484,015	484,015
5830 Guidance Services	540,425	956,411	404,665	393,699	413,321	413,321	413,321	413,321
5840 Health Support Services	8,653	228,005	78,081	75,965	73,490	73,490	73,490	73,490
5850 Safety and Security Support Services	111,530	115,381	115,380	112,253	335,380	335,380	335,380	335,380
5860 Instructional Technology Services	-	-	16,819	16,363	17,036	17,036	17,036	17,036
5000 Total Instructional Services	\$ 12,881,621	\$ 12,279,840	\$ 16,562,885	\$ 16,113,026	\$ 16,141,120	\$ 16,141,120	\$ 16,141,120	\$ 16,141,120

Support Services	2011-2012	2011-2012	2012-2013	2012-2013	2013-2014	2013-2014	2013-2014	2013-2014
	BUDGET	ACTUAL	BUDGET	ESTIMATE	RECOMMENDED	WITH \$115 INCR.	WITH \$181 INCR.	WITH \$291 INCR.
6110 Regular Curricular Support and Development	\$ 1,410,816	\$ 1,330,845	\$ 1,642,035	\$ 1,597,536	\$ 1,737,210	\$ 1,737,210	\$ 1,737,210	\$ 1,737,210
6113 Physical Education Curricular Supp. & Dev.	-	2,718.00	2,718.00	2,644.34	-	-	-	-
6120 CTE Curricular Support and Development	97,532	101,229	99,759	97,056	-	-	-	-
6200 Special Populations Support & Development	95,728	125,460	109,420	106,455	107,134	107,134	107,134	107,134
6300 Alternative Programs & Services Supp. & Dev.	14	22	1,283	1,248	22	22	22	22
6400 Technology Support Services	153,017	180,816	216,911	211,033	211,305	211,305	211,305	211,305
6401 Technology Services	251,371	250,353	409,433	398,337	416,482	416,482	416,482	416,482
6510 Communication Services	108,974	101,094	104,330	101,503	101,503	101,503	101,503	101,503
6520 Printing and Copying Services	246,858	250,112	247,913	241,195	248,728	248,728	248,728	248,728
6530 Public Utility and Energy Services	1,955,046	1,825,906	1,906,043	1,854,389	1,933,389	1,933,389	1,933,389	1,933,389
6540 Custodial/Housekeeping Services	2,053,381	927,564	914,850	890,058	914,850	914,850	914,850	914,850
6550 Transportation Services	966,881	625,051	955,209	929,323	955,209	955,209	955,209	955,209
6551 Non - Yellow Bus	10,000	12,813	10,000	9,729	10,000	10,000	10,000	10,000
6560 Warehouse and Delivery Services	29,035	17,808	26,972	26,241	27,174	27,174	27,174	27,174
6580 Maintenance Services	1,295,267	1,283,485	1,290,350	1,255,382	1,284,434	1,284,434	1,284,434	1,284,434
6610 Financial Services	96,400	266,863	327,686	318,806	330,509	330,509	330,509	330,509
6613 Risk Management Services	357,639	252,467	352,848	343,286	372,848	372,848	372,848	372,848
6620 Human Resource Services	249,596	157,075	394,583	383,890	397,406	397,406	397,406	397,406
6621 Human Resource Management	8,280	6,607	8,280	8,056	8,280	8,280	8,280	8,280
6622 Recruitment Services	16,100	18,987	20,100	19,555	20,100	20,100	20,100	20,100
6623 Staff Development Services	-	1,000	5,000	4,865	5,000	5,000	5,000	5,000
6624 Salary and Benefits Services	-	-	5,000	4,865	5,000	5,000	5,000	5,000
6710 Student Testing Services	113,357	145,490	219,009	213,074	217,846	217,846	217,846	217,846
6840 Health Support Services	2,101	1,213	-	-	-	-	-	-
6850 Safety and Security Support Services	12,000	12,301	12,000	11,675	12,000	12,000	12,000	12,000
6910 Board of Education	87,901	76,721	89,697	87,266	89,697	89,697	89,697	89,697
6920 Legal Services	98,000	132,739	118,000	114,802	148,000	148,000	148,000	148,000
6930 Audit Services	36,000	45,851	46,000	44,753	51,000	51,000	51,000	51,000
6931 Internal Audit Services	-	-	65,000	63,239	80,000	80,000	80,000	80,000
6940 Leadership Services	175,885	104,102	129,256	125,753	129,256	129,256	129,256	129,256
6941 Office of the Superintendent	101,015	106,035	104,624	101,789	104,624	104,624	104,624	104,624
6942 Deputy, Associate, and Assistants	119,300	113,065	128,777	125,287	127,308	127,308	127,308	127,308
6950 Public Relations and Marketing Services	84,696	83,862	86,922	84,566	86,922	86,922	86,922	86,922
6000 Total Support Services	\$ 10,232,190	\$ 8,559,654	\$ 10,050,008	\$ 9,777,653	\$ 10,133,236	\$ 10,133,236	\$ 10,133,236	\$ 10,133,236

	2011-2012	2011-2012	2012-2013	2012-2013	2013-2014	2013-2014	2013-2014	2013-2014
Other Services	BUDGET	ACTUAL	BUDGET	ESTIMATE	RECOMMENDED	WITH \$115 INCR.	WITH \$181 INCR.	WITH \$291 INCR.
7100 Community Services	\$ 11,661	\$ 11,667	\$ 15,694	\$ 15,269	\$ 11,913	\$ 11,913	\$ 11,913	\$ 11,913
7200 Nutrition Services	14,383	11,001	38,871	37,818	8,706	8,706	8,706	8,706
8100 Pay. to Other Gov. Units/Charter Schools	850,000	987,746	970,737	944,430	978,603	1,014,138	1,034,532	1,068,522
8300 Debt Services	-	-	-	-	-	-	-	-
8400 Interfund Transfers	-	-	-	-	-	-	-	-
Total Other Services	\$ 876,044	\$ 1,010,414	\$ 1,025,302	\$ 997,516	\$ 999,222	\$ 1,034,757	\$ 1,055,151	\$ 1,089,141
TOTAL LOCAL OPERATING EXPENSES	\$ 23,989,855	\$ 21,849,908	\$ 27,638,195	\$ 26,888,195	\$ 27,273,578	\$ 27,309,113	\$ 27,329,507	\$ 27,363,497
Per Pupil Expenditures	\$ 3,102	\$ 3,102	\$ 3,167	\$ 3,167	\$ 3,167	\$ 3,282	\$ 3,348	\$ 3,458

Note: Large year-to-year increases and decreases in some expenditure lines from 2011-12 to 2012-13 are due to State Board approved funding flexibility rules. Prior to 2012-13 these rules allowed local school districts to convert certain state position allotments to dollar allotments, thus maximizing state funding which reduced local expenditures. BOE approved budget amendments reflecting these transfers can be obtained through the OCS Finance Office.

Orange County Schools
Local Fund Balance History and Projections
Based on Superintendent's Recommended Local Current Expense Budget

A	B	C	D	E	F	G	H	I	J	K	L
		Actual 2006-07 (1)	Actual 2007-08 (1)	Actual 2008-09 (1)	Actual 2009-10 (1) (6)	Actual 2010-11 (1) (6)	Actual 2011-12 (1) (6)	Estimated 2012-13 (2) (6)	Projected 2013-14 (3) (6)	Projected 2014-15 (3) (6)	
1	Total Revenues	\$23,244,926	\$23,900,496	\$25,547,610	\$24,394,063	\$24,834,942	\$25,297,287	\$26,034,970	\$25,044,722	\$25,044,722	(7)(9)
2	Total Expenditures	\$23,994,714	\$25,680,826	\$24,463,223	\$23,445,101	\$23,333,026	\$23,068,634	\$28,134,970	\$27,273,578	\$27,273,578	
3	Revenues Less Expenditures (Row 1 minus Row 2)	(\$749,788)	(\$1,780,330)	\$1,084,387	\$948,962	\$1,501,916	\$2,228,653	(\$2,100,000)	(\$1,728,856)	(\$1,728,856)	(8)
4	Prior Year's Fund Balance	\$4,182,038	\$3,272,250	\$1,727,828	\$2,756,877	\$3,687,208	\$5,169,626	\$7,389,691	\$5,269,691	\$3,520,835	
5	Less Operating Transfers	(\$160,000)	(\$288,386)	(\$55,338)	(\$18,631)	(\$19,498)	(\$8,588)	(\$20,000)	(\$20,000)	(\$20,000)	
6	Less Capital Lease Obligations Issued	\$0	\$524,294	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
7	Ending Fund Balance Total (Row 4 minus Rows 5 & 6)	\$3,272,250	\$1,727,828	\$2,756,877	\$3,687,208	\$5,169,626	\$7,389,691	\$5,269,691	\$3,520,835	\$1,771,979	
8	Fund Balance Reserved ⁽⁴⁾	\$205,964	\$338,976	\$283,772	\$105,890	\$123,799	\$286,615	\$125,000	\$125,000	\$125,000	
9	Fund Balance Assigned to Next Year Budget	\$2,137,164	\$339,855	\$464,308	\$297,722	\$170,582	\$2,895,660	\$2,228,856	\$2,228,856	\$0	
10	Unassigned Fund Balance (Row 7 minus Rows 8 & 9)	\$929,122	\$1,048,997	\$2,008,797	\$3,283,596	\$4,875,245	\$4,207,416	\$2,915,835	\$1,166,979	\$1,646,979	
11	Unassigned Fund Balance % of Local Budget (Row 10 divided by Row 2)	3.87%	4.08%	8.21%	14.01%	20.89%	18.24%	10.36%	4.28%	6.04%	
12	Unassigned Fund Balance Target 3% (Row 2 multiplied by 3%) ⁽⁵⁾	\$719,841	\$770,425	\$733,897	\$703,353	\$699,991	\$692,059	\$844,049	\$818,207	\$818,207	

(1) Per year-end audit

(2) Unaudited

(3) Projected based on Board approved appropriations during fiscal year

(4) Receivables collected after June 30th are reserved by State statute

(5) Per Board Policy #8101, a joint fiscal policy developed by Orange County Local Government, CHCCS and OCS, "the targeted level of unassigned fund balance for cash flow purposes will be at a minimum of 3% of budgeted expenditures". As a point of reference, 1 month of OCS payroll liability totals \$5.3M.

(6) Includes the Other Restricted Fund

(7) Fund Balance appropriated is not included

(8) Assumes that \$750,000 will be returned to fund balance in 2012-13 and that \$500,000 will be returned to fund balance in 2013-14 and 2014-15

(9) Based on Superintendent's Recommended Local Current Expense Budget

LOCAL CURRENT EXPENSE FUND BALANCE

Date Reviewed/Approved: 10/08/2012 *Policy Number:* 8101

Rescinds Policy Number:

Issued: 11/17/2008

1. Guidelines

The School Budget and Fiscal Control Act (SBFCA) establishes accounting, budgetary and fiscal control guidelines for School Systems. The SBFCA is codified in G.S. Chapter 115C, Article 31, beginning at G.S. 115C-422. This act parallels the statutes established for Local Government with a few exceptions.

2. Definitions

2.1. Total Fund Balance – The difference between a school system's total assets and its total liabilities at the end of the fiscal year.

2.2. Fund Balance Available for Appropriation – The sum of a school system's assets held in cash and investments minus the sum of the school system's liabilities and encumbrances at the end of the fiscal year as outlined in G.S. 115C-425 of the SBFCA.

2.3. Assigned Fund Balance – The amount of the available fund balance that has been appropriated for the budget year through budgetary action of the School Board.

2.4. Unassigned Fund Balance - The difference between Fund Balance Available for Appropriation and Assigned Fund Balance.

3. Policy

3.1. Fund Balance for Cash Flow Purposes – Each school district will make a good faith effort to maintain a level of unassigned fund balance that will ensure sufficient funds are available to address its cash flow needs. The following levels are to be maintained for cash flow purposes only:

3.1.1. Chapel Hill Carrboro City Schools - The targeted level of unassigned fund balance for cash flow purposes will be at a minimum of 5.5 percent of budgeted expenditures.

3.1.2. Orange County Schools – The targeted level of unassigned fund balance for cash flow purposes will be at a minimum of 3 percent of budgeted expenditures.

3.2. Accumulated Fund Balance Above Cash Flow Purposes - In the event that either school district accumulates more than the percentage amounts allowed for cash flow purposes, the respective Boards of Education will develop a plan in place for spending the accumulated fund balance surplus for non-recurring purposes. The Board of Education will share that plan with the Board of County Commissioners.

3.3. Fund Balance Appropriation Occurring Outside the Normal Annual Budgeting Process – Appropriation of fund balance is a budgetary action that rests with elected bodies of each school system. It is highly desired that fund balance appropriations be limited to non-recurring expenses. Both school districts have historically appropriated fund balance as a part of their normal budgeting process, and this practice will remain until additional revenue is available to eliminate the use of fund balance. The Board of Education should note and explain significant deviations in the normal budgetary appropriation as a part of the budget narrative accompanying the recommended and adopted budgets. If the Board of Education finds it necessary to appropriate fund balance, outside the normal annual budgeting process, the Board of Education shall highlight the appropriation in their next fiscal year's budget request.

The County Commissioners are not obligated to increase local current expense in order to fund recurring items for which the Board of Education appropriates fund balance outside of the normal budgeting process.

4. Unassigned Fund Balance

Unassigned fund balance may be allowed to accumulate above the cash flow percentages under certain circumstances. School Boards will develop a detailed plan for future use of accumulated fund balance. Boards of Education are to use unassigned fund balance to address unforeseen events or opportunities. In these instances, it is the responsibility of the Board of Commissioners to work with the School Boards to address the extraordinary issues.

5. Extraordinary Emergency Needs

There may arise a time in the future when one or both school district(s) experience(s) an unforeseen extraordinary uninsured event that greatly compromises how the district(s) serve(s) children. In such instances, there may be a need for the school district(s) to use some or all of its fund balance. In such instances, the Board(s) of Education is(are) to take appropriate action to correct the problem, and following necessary budgetary action by the Board of County Commissioners, the County will reimburse the School Board(s) for the necessary expenditures.

6. Policy Review

The School/County Collaboration Work Group shall review this policy every 18 months to determine if changes to the policy are necessary.

**POTENTIAL USES FOR FUND BALANCE
FY 2014**

DESCRIPTION	EST COST	JUSTIFICATION
ORANGE HIGH SCHOOL STEAM LINE REPLACEMENT	\$1,000,000	THE BOE'S RECOMMENDED CIP INCLUDES FUNDING FOR PLANNING THIS WORK AS OF JULY 1, 2013. FUNDS TO CARRY OUT THE WORK ARE REQUESTED FOR FUNDING IN FY 2015 OF THE CAPITAL INVESTMENT PLAN. DUE TO THE SIZE OF THE EXPENSE AND THE CRITICAL NATURE OF A FAILURE OF THIS SYSTEM, RESERVING FUND BALANCE FOR THIS PURPOSE MAY BE ADVISABLE.
SAFETY AND SECURITY		
1.) Initial implementation of security study recommendations	\$500,000	INCLUDES SUCH ITEMS AS PROXIMITY CARD SYSTEMS; MINOR ARCHITECTURAL CHANGES
2.) Security Camera System replacement	\$850,000	CURRENT CAMERA SYSTEM NO LONGER SUPPORTED
ACTIVITY BUS REPLACEMENT	\$465,000	FIVE 72-PASSENGER ACTIVITY BUSES. COST INCLUDES TAXES, TITLE, LICENSE; COMPLETES FLEET REPLACEMENT
PHONE SYSTEM UPDATE	\$386,000	2002 VINTAGE PHONE SYSTEM IS NO LONGER SUPPORTED BY MANUFACTURER. (NO HANDSET REPLACEMENT)
TOTAL ESTIMATED PROJECT EXPENSE	\$3,201,000	

Superintendent's Budget Message 2013-2014

Revised 3/27/2013

Reductions in appropriations continue to shape school budgetary planning. The Orange County School system operates on revenues received from federal, state, and local sources. The 2013-14 operating budget will continue to be squeezed by shrinking federal allotments and the projected increase in the state discretionary reversion. North Carolina's per pupil funding remains among the lowest in the nation and significant increases in state appropriations are not anticipated. Fortunately, the Orange County Commissioners have continued to provide the schools much needed operational revenue to help offset state and federal funding cuts and to support cost increases associated with continued enrollment growth.

There are a number of factors that will have an impact on the 2013-2014 funding available for Orange County Schools' operations. These factors include enrollment growth, charter school payments, federal sequestration, smaller fund balance reserves, state funding, rising employee benefit costs, recurring costs, the governor's proposed 1% pay raise and local county appropriations. All of these variables must be considered in the development of next year's operating budget.

Student Enrollment Growth

Our school system receives appropriations based on the number of children we serve. Growth in student enrollment continues this year and the Department of Public Instruction is projecting an increase of 81 students for a total enrollment of 7,501. Based on the formulas used by Orange County Government and a per-pupil appropriation of \$3,167, the county appropriation will increase by \$256,527 for a total of \$24,278,222.

Charter School Appropriations

For the current fiscal year, the OCS budget includes \$970,737 to pay for 309 students attending different charter schools. Next year's charter appropriation is projected to increase by \$7,866. This amount could change significantly if legislation permitting the establishment of Virtual Charter Schools is enacted.

Federal Sequestration

Cuts to federal agencies, including the Department of Education, will reduce funding appropriations to OCS by \$170,314 or 5.3% of the federal appropriations to the district. Staff recommends absorbing these cuts through reductions in materials, supplies, training, and the use of IDEA carryover funding.

Fund Balance Reserves

There will be less reserve funding available for use in the 2013-2014 budget. For the past five years, the Board of Education has successfully cut costs and improved operational efficiencies which have resulted in increased fund reserves. Last year, due to large federal budget cuts, the Board of Education appropriated \$2.85 million of its reserves for district operations. This appropriation helped offset the loss of federal funding and reduced the negative impact of the state discretionary reduction. As a result, the Board of Education was able to avoid further staffing cuts, maintain class sizes, and prevent program elimination. Projected increases to fund balance are declining and the audited fund balance reserve on June 30, 2012 was \$4,207,417. The 2013-2014 budget includes a recommendation to appropriate \$1.35 million of fund balance to pay for recurring costs and several expansion items.

State Funding Appropriations

The Department of Public Instruction has issued financial planning allotments to school systems across the state. This year's planning allotment includes 3.5 additional teaching positions, an instructional support position, and \$195,195 more in instructional supplies. Of note is the increased appropriation in textbook funding of \$491,317, which is an increase of \$385,806 over last year's funding. Overall state funding is projected to increase by \$1,156,868. Unfortunately, next year's projected state reversion (discretionary reduction) is \$1.87 million. There

is discussion in the legislature of changing the way funds are allotted to schools by eliminating categorical funding and replacing it with block grants. This formula for funding schools could result in fewer dollars from state sources.

For the 2013-2014 budget year there will be additional operating expenses associated with higher employee benefit costs, recurring personnel and program support costs, and several expansion requests.

Rising Benefit and Utility Costs

Employee benefit costs are projected to go up and these mandated expenses will have an effect on the school system's finances. The projected 5% increase in health insurance (\$260 per employee) will require an additional \$60,000 from the local appropriation. Additionally, mandated increases in the retirement contribution rates will require an additional \$46,000 appropriation from local funds. Total projected benefit increases are \$106,000. A 5% increase in utility rates will add \$79,000 to the budget.

Governor's Proposed Budget

Governor McCrory has proposed a 1% salary increase for all teachers and state employees. This will result in the district paying an additional \$158,000 for locally funded positions. The Governor's budget also cuts teacher assistant funding for second and third grade classrooms. This would result in the loss of 27 critically important teacher assistant positions. It is recommended that the Board appropriate \$879,213 from fund balance to maintain these positions.

Recurring Costs

Last year's Board of Education appropriation of fund balance included several categories of recurring costs. These recurring costs include providing needed positions and the continuation of important Board of Education initiatives. The superintendent's 2013-2014 budget recommendations include continued funding for these programs and personnel-related costs. Total projected recurring costs amount to \$686,643.

Expansion Requests

Next year's budget recommendations include several expansion requests. The superintendent recommends establishing a school safety contingency fund of \$220,000 for the purpose of fulfilling future safety-related recommendations. The Board of Education has already budgeted for a comprehensive safety study and physical improvements, and their Safer Schools Committee may identify additional capital and/or human resource-related security enhancements. Specific personnel needs include two additional teaching positions, three technicians to support the elementary digital conversion, and a part-time district-level athletic director. The projected cost of these additional positions is \$285,000 for a total of \$505,000 in expansion requests.

Summary

In order to maintain our current programs and personnel it is recommended that the Board of Education request the same per-pupil appropriation as the county provided last year. Due to enrollment increases, this will provide an additional \$256,527 for a total county appropriation of \$24,278,222 for fiscal year 2013-2014. Additionally, it is recommended that the Board of Education appropriate \$2,228,856 of its fund balance reserves to balance the budget, keep existing programs intact, prevent teacher assistant job loss, and fund \$505,000 in expansion requests.

Over the past five years, the Board of Education has placed emphasis on cost containment, lowering administrative costs, and reorganizing for overall operational efficiency. These efforts have prevented teacher job loss, maintained class sizes, allowed innovative programs to thrive, and otherwise mitigate many of the negative effects of huge budget cuts. Orange County Schools continues to provide an excellent return on taxpayer investment. This is demonstrated through higher levels of achievement, innovative instructional programming, and well prepared graduates. This recommended budget keeps classroom needs at the forefront, supports the Board of Education's goals and initiatives, and focuses on providing the best possible educational experience for the youth in our county.

ORANGE COUNTY BOARD OF EDUCATION

Full-Time Employees

Last Ten Fiscal Years

Year ended June 30	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Officials, Admins, Mgrs	18	19	20	20	18	19	19	19	18	17
Principals	11	11	12	13	13	13	13	13	13	13
Asst. Principals, Teaching										
Asst. Principals, Non-Teaching*	15	15	15	16	16	16	14	16	15	16
Total Administrators	44	45	47	49	47	48	46	48	46	46
Elementary Teachers	228	234	236	231	251	255	247	257	259	262
Secondary Teachers	87	95	96	103	104	109	107	103	106	107
Other Teachers	152	150	140	152	160	153	161	164	162	177
Total Teachers	467	479	472	486	515	517	515	524	527	546
Guidance	18	18	17	20	24	24	23	24	25	25
Psychological	4	4	4	5	6	5	5	5	5	5
Librarian, Audio Visual	11	11	11	12	12	12	12	12	12	12
Consultant, Supervisor of Instruction	3	5	4	6	7	8	9	8	5	4
Other Professionals (Social workers, physical therapists, etc.)	35	48	45	47	34	32	30	32	31	36
Total Professionals	582	610	600	625	645	646	640	653	651	674
Teacher Assistants	157	160	157	157	151	139	125	126	123	120
Technicians	5	5	5	5	4	6	3	5	6	10
Clerical, Secretarial	64	62	65	70	69	67	68	67	69	68
Service Workers (custodians, child nutrition assistants, etc.)	125	117	112	111	113	107	105	98	96	98
Skilled Crafts (mechanics, electricians, etc.)	19	19	20	20	20	20	21	19	20	18
Laborers, Unskilled (Groundskeepers, etc.)	2	2	2	2	2	1	2	2	2	2
Totals	954	975	961	990	1004	986	964	970	967	990

Source: North Carolina Public Schools Statistical Profile

*Reduced overall by 1; reduced all others from 11- or 12-month contracts to 10-month contracts.

ORANGE COUNTY BOARD OF EDUCATION

Student Statistics Last Eight Fiscal Years

Year Ended June 30	Teaching Staff	Students	Pupil/ Teacher Ratio	Student Attendance Percentage	Students Receiving Free/ Reduced Lunch Percentage
2012	527	7,463	14	95.00%	40.08%
2011	524	7,132	14	94.42%	39.82%
2010	515	7,030	14	94.47%	38.99%
2009	517	6,971	13	94.68%	35.33%
2008	515	6,903	13	95.10%	31.90%
2007	486	6,782	14	95.11%	32.60%
2006	472	6,668	14	95.26%	30.54% *
2005	479	6,619	14	95.56%	31.37% *

Source: North Carolina Statistical Profile

* OCS Child Nutrition

Financial Impact of Reducing Teacher Assistant Days of Employment

Currently teacher assistants are paid for 215 days. This includes:

180 Student Days
15 Teacher Work Days
10 Holidays
10 Annual Leave Days
<u>215 Total Days Paid</u>

This could be reduced to 200 days by having them not work on teacher work days. They would be paid as follows:

180 Student Days
10 Holidays
10 Annual Leave Days
<u>200 Total Days Paid</u>

This would reduce the teacher assistant appropriation by \$190,000. This is the equivalent of 6 teacher assistant positions.