

Franklin County Schools

Fiscal Year End Budget Overview 2022-2023

Budget Amendments 2022-2023

Continuation Budget Resolution 2023-2024

Current Incentive Payments

Presented to Franklin County Board of Education
June 29, 2023

Fiscal Year End Close Out Process

What does it mean to maximize your state allotments during FYE close?

- Staff turnover-transfers within dollar and position based allotments
- Final balances within state prc's refunded back to local for qualifying expenses
All unused balances revert back to the state after midnight 6/30/2023.
- All transfers and refunds must follow the rules within the state allotment policy manual and chart of accounts.

This is a process that occurs each year. Due to the fluctuation and unpredictability in operational costs, enrollment impacts from charters, etc. we can't guarantee any savings during this process that could positively impact our fund balance, but we continue to maximize the use of our state funds to reduce the required use of fund balance each year.

Financial Stability During Unstable Times: FYE 2022-23

FUND	FISCAL YEAR END PROCESS (strategies used to maximize funding)	IMPACTS TO FUNDING (pending final audit outcomes in Nov/Dec)
State Public School Funds	<p>Exhausted all possible areas of funding (technology purchases, position based allotments, adjustments to local budget areas)</p> <p>The initial allotment for 2022-2023 was significantly reduced because of the new charter school as discussed in December. As a result, very little opportunity to find savings when funds are already significantly cut by over \$1.8M.</p> <p>Unused funds will revert to the state after 6/30/23.</p>	<p>Provided the ability to reduce projected use of Local Fund Balance in previous years, but this option changed in 2022-2023. Other notes about state:</p> <ul style="list-style-type: none"> • Technology funds may carryover for use in next fiscal year (\$65,503) • A copy of the ytd allotment revision report is included in your hand-out. \$0 will revert!
Local Current Expense Funds	<p>Identified budgetary needs sorting through items that are eligible for expenditure through pandemic funds. This budget area supports the maintenance of operations in addition to teacher supplement pay, central office staff as well as school level support compensation as examples. June receipts for expenditure reimbursements has helped reduce some of the planned spending of fund balance.</p>	<p>Close out projections show that we will use \$2,684,376 of the \$2,934,814 assigned fund balance for current year. (the amount was closer to \$3.8M before fiscal year end close out transfers and recent incoming reimbursements for insurance claims/repairs.)</p>
Federal Grant Funds	<p>Federal ESSER I, II & III Funds have supported major “nontraditional” needs for the district as a result of impacts from the pandemic.</p> <p>On July 26th, a conference hosted by the Office of Federal Programs will include a panel discussion that highlights the successful and effective coordination of efforts between the Superintendent, Finance Office and Federal Programs Office. Because they believe Franklin County has been exemplar in this area, we have been invited to share our processes and experiences. Great Job Franklin County Schools!</p>	<p>Carryover amounts allowed for starting new year (examples below, but binder includes details)</p> <ul style="list-style-type: none"> • Federal EC • Federal Title I • ESSER I (exp. 9/30/22) • ESSER II (exp. 9/30/23) • ESSER III (exp. 9/30/24)
Capital Outlay Funds	<p>Continuation of projects throughout the school year.</p> <ul style="list-style-type: none"> • Long Range Plan Study project (allocation of \$80,000 FB for 2022-23) 	<p>Will use \$44,541 of the \$80,000 fund balance as assigned for 2022-2023 due to reimbursements received this past week for insurance claims/repairs.</p>

Financial Stability During Unstable Times:

FUND	FISCAL YEAR END PROCESS (strategies used to maximize funding)	IMPACTS TO FUNDING (projections pending final audit)
Child Nutrition Funds	CN continues to reduce expenses associated with waste, product selection, reduction of labor cost, etc. to maximize revenues to support feeding children.	Potential net increase \$265,038 pending final audit results.
Before and After Care Funds	Efforts to increase student enrollment continues to provide additional revenues to sustain the operations of the Before and After Program.	Self sustaining program for the past two years. The program produced a \$44,579 net profit for 2022-23 pending final audit results.
Special Grants Reserved Funds	Miscellaneous revenues such as some sales tax refunds, indirect cost revenues, etc. help maintain financial stability for district initiatives such as 1:1 Technology, NC PreK, Nurse grant shortfall, JROTC EC Teacher Stipends, etc as examples. Some programs may experience financial uncertainty as we transition from ESSER funding in the next couple of years. Other revenues such as the Medicaid reimbursements and specific granted funds are strictly prohibited for use outside of its intended purpose.	Potential net increase \$287,955 to support mainly EC Legal Fees and Provider Service Contracts. Technology Sustainability for 1:1 profits \$28,439 All pending final audit results and FYE closeout for payables.

Current Expense Fund Balance Overview

- Adjustments to allotments and changes in environment/cost may cause you to end up in a worse place than you originally planned so **it's important to have the flexibility within fund balance**.
- **Maximization of state allotted funds** through position based allotment transfers is where we are able to defer some of the locally budgeted expenditures versus fund balance. We are able to do this only after all the final June expenditures and outstanding payables have been posted during the fiscal year end close out process.
- **We are transparent with +/- to fund balance and do not use this account as an area for gaining surplus.** We try to meet a balance each year by **not allowing recurring expenditures within fund balance, keeping operations consistent regardless of the level of funding or resources for funding.**

\$6,668,510 June 30, 2022 (Final Audited Fund Balance)
(\$2,684,376) Minus Assigned Fund Balance FYE June 30, 2023
\$3,984,134 Projected balance June 30, 2023 pending final audit in September 2023
(Final Audit results will be presented to the BOE upon completion)

\$4M has been the “safe” level of fund balance reserves discussed with our auditors for a district of our size and the current environment of inflationary cost.

Local Current Expense Budget-Revenue Resources

(Preliminary projections for continuation resolution only. Final Budget Resolution pending)

Revenue Description	2022-2023 (current year)	Increase/Decrease	2023-2024 Proposed Budget (TBD once state budget passed)
County Appropriation	\$21,910,978	+\$3,417,214	\$25,328,192
Includes transfers to charters	\$5,380,358	*\$1,312,442	\$6,692,800 transfer to charters Preliminary projection only. Actual is based on PMR1 or PMR2 for 2023-24 and will be shared with Budget Resolution in Nov/Dec.
Fines and Forfeitures	\$290,000	+\$50,000	\$340,000
Miscellaneous Revenues	\$16,420	-\$16,420	\$0 Final TBD pending state budget
Fund Balance Appropriated	\$2,684,376	-\$2,684,376	\$0 Final TBD pending state budget
Total Revenue Resources	\$24,901,774	\$766,418	\$25,668,192

Capital Outlay Budget Details

Capital Outlay-Post Reduction Recurring Budget Items 2023-2024

Recurring	Project	Budget	Notes
Lic/Title Fees	ongoing	\$10,000.00	New buses and other vehicles will have licensing fees
Bus Camera, parking lot lights, fire ext	ongoing	\$40,000.00	Annual parking lot light repairs, annual fire extinguisher inspection, bus cameras
2-3-seven passenger vans	ongoing	\$0.00	Vans to supplement activity bus fleet (use for small groups like golf, all district band etc)
Safety Security/Access	ongoing	\$100,000.00	Doors, hardware, access control, misc. security improvements
Safety Security/Cameras	ongoing	\$85,000.00	Various camera upgrades, repairs and replacements district wide
HVAC Maintenance	ongoing	\$225,000.00	System wide as needed
HVAC Upgrade (ESSER supplemental)	ongoing	\$107,082.00	BHS ESSER project completion
Painting	ongoing	\$50,000.00	Ongoing paint upgrade system wide
Athletics (to Schools)	ongoing	\$30,000.00	Assist with school-based equipment
Band (to Schools)	ongoing	\$30,000.00	Assist with school-based equipment
Technology (inventory)	ongoing	\$150,000.00	Replace and upgrade tech equipment as needed
Capital Improvements to existing sites	ongoing	\$100,000.00	Misc. and ongoing improvements system wide
Energy Projects	ongoing	\$107,918.00	Annual Energy projects

Capital Outlay-Post Reduction Projects 2023-2024 (p. 1)

New Projects			
Facility	Project	Cost Estimate	Notes
BES	Add sidewalk behind gym	\$0.00	safety
BES	Carpet 4 rooms	\$18,500.00	age/condition
BHS	Media center roof replacement (tpo)	\$125,450.00	age/condition
BHS	Repair track	\$0.00	May need total replacement-\$300k-\$1.2 million-getting second opinion quotes
BHS	CTE Kitchen upfit	\$0.00	age/condition
BHS	Carpet replacement in room 303	\$4,700.00	age/condition
BHS	New bleachers for gym.	\$0.00	age/condition
BMS	Bleachers (2- SETS)	\$0.00	age/condition
BMS	Replace Bleachers	\$0.00	age/condition
BMS	Re-roof mobile	\$0.00	age/condition
BMS	Crack seal and repaint parking lot	\$38,652.00	Parking Lot and Carpool Lane age/condition
CCMS	Bleachers for spectators, bleachers for home and away teams	\$0.00	Soccer field
CCMS	Re-roof mobile	\$0.00	age/condition
EBES	Add Canopy to carpool area	\$0.00	New project long needed
FCS	VOIP Phone System	\$0.00	system wide
FCS	System Wide Bell and Paging System Upgrades	\$0.00	To ensure compatibility with new VOIP system
FCS	Technology Infrastructure Upgrades (year 1 of 3)	\$0.00	System wide
FES	Carpet for 4 rooms	\$18,500.00	age/condition
FES	Playground equipment replacement	\$50,033.73	Playground
FHS	Upgrade bleachers	\$0.00	seats are breaking
FHS	Upgrade and repair track	\$28,000.00	age/condition
FHS	Paint Tennis Court	\$0.00	age/condition
FHS	Lights - Poles added to provide lighting for evening practices and band.	\$0.00	Practice Soccer Field

Capital Outlay-Post Reduction Projects 2023-2024 (p. 2)

FMS	Security Lighting for Courtyard	\$4,000.00	Interior court yard	
LES	Playground equipment repair/replace	\$50,033.73	age/condition	
LHS	Replace floor in weigh room	\$18,195.00	Weight Room	
LHS	Repair gym bleachers	\$28,554.56	Seats and structure are breaking	
RES	Repair floor	\$13,200.00	Gymnasium	
RES	New Carpet-office area	\$0.00	Front lobby, front office, media center, room 309, room 209	
RES	Repair floors on yellow hall	\$22,303.98	Yellow Hall	
YES	Repair fencing	\$26,377.00	Baseball field	
YES	carpet for 4 rooms	\$18,500.00	age/condition	
		\$465,000.00		\$465,000.00
				\$1,500,000.00
Additional HVAC funds	Moved from Maintenance budget	\$100,000.00	Fund Balance	\$100,000.00
Other Priorities (Not funded)				
FCS	Voip phone system	\$260,000.00	County?	
FCS	System Wide Bell and Paging System Upgrades	\$100,000.00	County?	
FCS	unexpected HVAC expenses	\$250,000.00	Fund Balance	
Restore Tech infrastructure from COFB	year 1 of 3	\$75,000.00	Fund Balance	
Appropriation From County BOC				

Capital Outlay Fund Balance Overview

FISCAL PERIOD	BEGINNING Fund Balance	Increase/Decrease Audited Results	ENDING Fund Balance
7/1/16 - 6/30/17	\$972,779	\$392,197	\$1,364,976
7/1/17 - 6/30/18	\$1,364,976	\$38,060	\$1,403,036
7/1/18 - 6/30/19	\$1,403,036	\$587,578	\$1,990,614
7/1/19 - 6/30/20	\$1,990,614	\$308,541	\$2,299,155
7/1/20 - 6/30/21	\$2,299,155	-\$555,545	\$1,743,610
7/1/21 - 6/30/22	\$1,743,610	-\$48,295	\$1,695,315
7/1/22 - 6/30/23	\$1,695,315	-\$44,541	\$1,650,774**
7/1/23 - 6/30/24	(see details below)		

\$1,695,315

-\$44,541

\$1,650,774**

-\$100,000

\$1,550,774

June 30, 2022 (Audited Fund Balance)

(Assigned FB w/credits for insurance claim reimbursements)

Fund Balance pending audit FYE 6/30/23

Fund Balance Assigned for HVAC needs in 23/24

Projected balance June 30, 2024

(Final Audit results will be presented to the BOE upon completion)

COUNTY COMMISSIONERS APPROVED PARTIAL FUNDING FOR REQUESTS

\$25,328,192 (County Appropriation- Current Funding Level 100% of request funded)

\$1,500,000 (County Appropriation- Capital Outlay Budget 50% of request funded)

Total Local Current Expense Fund Appropriation Budget Approved:

\$25,328,192

- **\$18,635,392 for district use (ADM projection 7,802 + 130 PreK = 7,932+/-)**
- **\$6,692,800 to charter schools (pass-through) (ADM projection = 2,848+)**

Total combined ADM 10,780+/-

**All details subject to change pending final PMR data results*

Impacts Pending “Unknown”

1. The use of fund balance this year versus our abilities for the past two fiscal years to increase fund balance is a clear indication of what’s to come. We must continue to monitor operational costs, human capital costs, impacts from charter schools, reductions in funding and changes within state allotment policies or funding formulas.
2. Legislative developments include increases and bonuses for all categories of school staff, but nothing confirmed. Funds were secured within current level of funding to cover the 1.5% increase built within the classified pay tables. Matching benefit rates continue to increase so this will impact local funding as well. County/Local funding will be needed to support the future of the classified pay tables. Final details will be shared after the state budget passes.
3. ESSER III funds will supplement district needs for the 2023-24 fiscal year, but all known funding options will expire on 9-30-2024. (Supplement, not Supplant)

More details will be forthcoming during the finalization of the Budget Resolution for 2023-2024

Budget Amendment(s)

Now let's review the amendment documents for BOE approval

1. State Allotment Revisions
2. Local transfers to maximize state expiring funds and cover major purpose areas
3. Federal Allotment Revisions
4. Capital Outlay-Leased Bus Purchases for balance sheet reporting
5. Child Nutrition-Reduction of budget & expenses to balance to fiscal year end transactions
6. Before and After Care-Budget revenues to cover expenses
7. Special Reserved Funds-Revenues budgeted to cover EC, PreK and Driver's Ed expenses

Request for approval of
amended budgets if there
are no questions....

Continuation Budget Resolution for 2023-2024

1. Amounts were updated to reflect current year 2022-2023 amended details.
2. Request for Board of Education to approve the 2023-2024 Continuation Budget Resolution within the same level of spending as the finalized 2022-2023 budget pending final legislative approval of state budget.
3. I will return mid November-December with finalized details for approval of the Final Budget Resolution for 2023-2024.

Request for Motion to Continue Incentives

Most of the Incentives have been formally approved by the Board of Education in previous board meetings or were required from the state level (DPI). There are a few items that were approved for the school year 2021-2022, but will require BOE approval to continue for 2023-2024.

(ESSER funding expiration 9-30-24)

- **Bus Drivers:** \$1,000 supplement to drivers with assigned route
- **Teachers:** Additional duty pay for giving up planning periods to cover classes. \$25 for 45 minutes/\$50 for an entire secondary block
- **Teachers:** Additional duty pay for teaching an additional class. \$150 for one class and an additional \$100 for every additional 30 students.
- **Substitute Teachers:** Without the premium pay (\$20 extra per day and extra day per month), daily rates are below the \$15/hr minimum. Request to bring up to \$15/hr non-certified and \$17.76/hr certified (subject to change pending legislative outcomes related to teacher pay)

Thank you for your support...

ANY QUESTIONS?