



To: Dr. John Kopicki, Superintendent
Members of the Board of Education

From: Phillip Penn, Chief Financial Officer

Date: January 30, 2025

Re: Monthly Financial Position Summary

As we previewed in our last monthly report, the Finance team recently completed a detailed forecast of our full-year 2024-25 financial results. The outcome of that work confirmed several challenges we are facing in the current fiscal year, the majority of which we've shared at various points over the past six months. Although we'll be required to address all of these, it's worth noting that several of the challenges have arisen from factors outside of our direct control. For the sake of clarity, we've separated the revenue and expense items as follows:

Revenues:

- The SRO grant for the 2024-25 declined by \$200,000 compared with the awarded grant for the 2023-24 year, largely because of the increased competitive nature of the state grant. In effect, we will be subsidizing the cost of our SROs with approximately \$500,000 in local funds.
- We have not received any of the quarterly Medicaid payments owed to us for the 2023-24 year and have been advised the annual administrative cost payment for that year may not be received until at least July. That would be a shortfall of about \$500,000 in Medicaid revenue compared with budget. We've been advised by our Medicaid claim consultant that the slowdown in payments reflects a shortage in state auditing personnel.
- We have now been advised by the State Department of Public Instruction (DPI) that the \$1,160,000 we received for ADM growth is the total amount we will receive for this fiscal year. Previously we had projected that funding to be in the range of \$2-3 million, which would have been more reflective of the 350+ more students we are serving this year.
- We have received \$557,000 in fines and forfeiture funds from the County, versus a full-year budget of \$2.2 million. The \$2.2 million budget was based on guidance given to us by the County, and for comparison purposes we received over \$1.7 million in fines and forfeiture funds from the County last year.

Expenses:

- We are continuing to track legal expenses as being over budget by \$200,000 for the full year, although the \$45,000 spent in December was the lowest monthly total of this fiscal year.
- EC related expenditures are estimated to be \$3.3 million over budget, largely due to increased needs and contracted services we have been required to use because of internal staffing vacancies. We are currently serving an EC population of 4,455 students, 223 more than we served just 13

months ago, at an average cost of \$8,700 per student. The state allotment process for EC student funding is a persistent budget problem that we recently raised with state representatives Almond and Echevarria.

- The final cost to implement the classified salary study was approximately \$3.6 million higher than expected. The higher costs are a function of ensuring that every classified staff member was treated equitably, and that salary step placement accurately reflected prior work experience.
- We initially allotted teacher positions to schools based on expected growth of about 600 students compared with the 2023-24 year. You may recall that roughly one month into the school year, we tried to realign the allotments to reflect our actual growth, but for a variety of reasons that didn't fully reduce the allotted positions back to what the state awarded to us. In addition, our allotment model is continuing to evolve to ensure we are more conservatively allotting positions, including adjustments for our international teachers, the needs of Cabarrus Virtual Academy, and the number of teacher sections with low student participation. Although the evolution of the model will be reflected in the 2025-26 allotment process, the overall impact to the current year is approximately \$3.2 million.

As you may recall, we faced similar budget challenges last year and were able to resolve the problem by year end. We have started to deploy a set of expense controls that are very similar to the ones we utilized last year and will continue to provide updates on our progress in our future monthly reports.

BUDGET SUMMARY & BOARD REPORT

Date Range 07/01/2024 to 01/21/2025

Fund	1 digit Purpose Code	Purpose Code Description	Beginning Balance	Budget Adjustments	Current Budget Balance	Year-to-Date Expense	PO's & Encumbrances Outstanding	Unencumbered Balance	% Unencumbered
1		STATE PUBLIC SCHOOL FUND							
1	Total		254,327,955	4,359,964	258,687,919	134,397,330	2,838,058	121,452,531	46.9%
2		LOCAL CURRENT EXPENSE FUND							
2	Total		101,760,165	1,300,000	103,060,165	57,489,037	6,030,522	39,540,607	38.4%
3		FEDERAL GRANTS FUND							
3	Total		16,865,214	66,691	16,931,905	8,830,100	221,784	7,880,020	46.5%
4		CAPITAL OUTLAY FUND							
4	Total		60,619,565	65,950,415	126,569,980	12,908,734	22,651,517	91,009,729	71.9%
5		CHILD NUTRITION FUND							
5	Total		20,839,000	-	20,839,000	10,319,682	878,014	9,641,304	46.3%
6		TRUST & AGENCY FUND							
6	Total		86,285	-	86,285	16,817	400	69,068	80.0%
7		KIDS PLUS FUND							
7	Total		3,705,370	203,738	3,909,108	1,935,910	62,991	1,910,206	48.9%
8		LOCAL SPECIAL REVENUE FUND							
8	Total		9,754,902	187,709	9,942,611	5,627,566	298,593	4,016,451	40.4%
Grant Total			467,958,456	72,068,517	540,026,973	231,525,177	32,981,880	275,519,916	

BUDGET SUMMARY & BOARD REPORT

Date Range 07/01/2024 to 01/21/2025

Fund	1 digit Purpose Code	Purpose Code Description	Beginning Balance	Budget Adjustments	Current Budget Balance	Year-to-Date Expense	PO's & Encumbrances Outstanding	Unencumbered Balance	% Unencumbered
1 STATE PUBLIC SCHOOL FUND									
	5XXX	Instructional Services (5000):	220,666,552	4,980,930	225,647,482	114,236,147	2,588,295	108,823,039	48.2%
	6XXX	System-Wide Support Services (6000):	33,616,403	(620,966)	32,995,437	20,161,183	249,763	12,584,491	38.1%
	7XXX	Ancillary Services (7000):	-	-	-	-	-	-	0.0%
	8XXX	Non-Programmed Charges (8000):	45,000	-	45,000	-	-	45,000	100.0%
	9XXX	Capital Outlay (9000):	-	-	-	-	-	-	0.0%
1 Total			254,327,955	4,359,964	258,687,919	134,397,330	2,838,058	121,452,531	46.9%
2 LOCAL CURRENT EXPENSE FUND									
	5XXX	Instructional Services (5000):	51,450,821	29,345	51,480,166	28,386,156	1,136,427	21,957,582	42.7%
	6XXX	System-Wide Support Services (6000):	43,753,338	1,270,655	45,023,993	26,402,344	4,894,095	13,727,555	30.5%
	7XXX	Ancillary Services (7000):	84,405	-	84,405	49,722	-	34,683	41.1%
	8XXX	Non-Programmed Charges (8000):	6,471,601	-	6,471,601	2,650,814	-	3,820,787	59.0%
	9XXX	Capital Outlay (9000):	-	-	-	-	-	-	0.0%
2 Total			101,760,165	1,300,000	103,060,165	57,489,037	6,030,522	39,540,607	38.4%
3 FEDERAL GRANTS FUND									
	5XXX	Instructional Services (5000):	15,267,190	59,511	15,326,701	8,273,174	163,316	6,890,211	45.0%
	6XXX	System-Wide Support Services (6000):	797,934	6,969	804,903	442,846	20,677	341,380	42.4%
	7XXX	Ancillary Services (7000):	39,116	-	39,116	39,116	-	(0)	0.0%
	8XXX	Non-Programmed Charges (8000):	760,974	211	761,185	74,964	37,792	648,429	85.2%
3 Total			16,865,214	66,691	16,931,905	8,830,100	221,784	7,880,020	46.5%
4 CAPITAL OUTLAY FUND									
	5XXX	Instructional Services (5000):	512,430	-	512,430	378,365	2,861	131,203	25.6%
	6XXX	System-Wide Support Services (6000):	1,815,692	3,558,300	5,373,992	1,664,491	1,346,980	2,362,521	44.0%
	8XXX	Non-Programmed Charges (8000):	1,658,489	4,151	1,662,640	1,662,640	-	-	0.0%
	9XXX	Capital Outlay (9000):	56,632,954	62,387,964	119,020,918	9,203,238	21,301,675	88,516,005	74.4%
4 Total			60,619,565	65,950,415	126,569,980	12,908,734	22,651,517	91,009,729	71.9%
5 CHILD NUTRITION FUND									
	5XXX	Instructional Services (5000):	-	-	-	-	-	-	0.0%
	6XXX	System-Wide Support Services (6000):	-	-	-	-	-	-	0.0%
	7XXX	Ancillary Services (7000):	20,139,000	-	20,139,000	9,899,682	598,014	9,641,304	47.9%
	8XXX	Non-Programmed Charges (8000):	700,000	-	700,000	420,000	280,000	-	0.0%
5 Total			20,839,000	-	20,839,000	10,319,682	878,014	9,641,304	46.3%
6 TRUST & AGENCY FUND									
	5XXX	Instructional Services (5000):	86,285	-	86,285	5,000	-	81,285	94.2%
	6XXX	System-Wide Support Services (6000):	-	-	-	11,817	400	(12,217)	0.0%
6 Total			86,285	-	86,285	16,817	400	69,068	80.0%
7 KIDS PLUS FUND									
	7XXX	Ancillary Services (7000):	3,705,370	203,738	3,909,108	1,935,910	62,991	1,910,206	48.9%
7 Total			3,705,370	203,738	3,909,108	1,935,910	62,991	1,910,206	48.9%
8 LOCAL SPECIAL REVENUE FUND									
	5XXX	Instructional Services (5000):	5,260,753	42,750	5,303,503	3,613,274	219,327	1,470,902	27.7%
	6XXX	System-Wide Support Services (6000):	4,391,778	144,959	4,536,737	1,932,992	63,771	2,539,974	56.0%
	7XXX	Ancillary Services (7000):	102,371	-	102,371	81,300	15,495	5,575	5.4%
	8XXX	Non-Programmed Charges (8000):	-	-	-	-	-	-	0.0%
	9XXX	Capital Outlay (9000):	-	-	-	-	-	-	0.0%
8 Total			9,754,902	187,709	9,942,611	5,627,566	298,593	4,016,451	40.4%
Grant Total			467,958,456	72,068,517	540,026,973	231,525,177	32,981,880	275,519,916	