



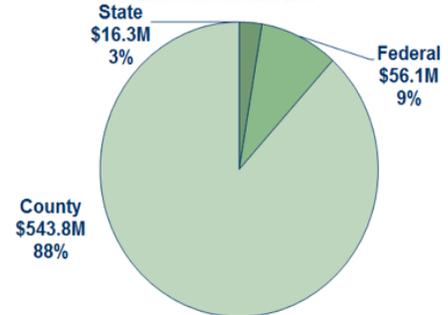
Public School Financing in the State of North Carolina

Funding for public education in the State of North Carolina has changed over the past several years. The trend of counties funding current expense has grown and federal funds have been substituted for state funds over time. Below is information from the North Carolina Center for County Research that explains these trends from a state-wide perspective regarding funding for public education. Following that information is Iredell County's specific data regarding funding and trends for the public school systems, which include Iredell/Statesville Schools, Mooresville Graded School District and Mitchell Community College.

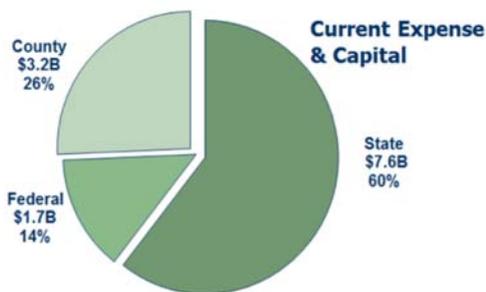
County Funding of School Capital Needs

- County appropriations for school capital projects are usually project-specific.
- As local taxing authority, counties issue debt for school construction and renovation projects. The school facility asset reverts to the school board's ownership while the liability remains with the county.
- School districts must report school capital needs per a statewide 5-year survey.
- Based on the most recent survey, school systems report nearly \$8.2 billion in school construction and renovation needs.
- Counties are required to set aside a portion of county-levied sales taxes for school capital needs, 45% of one penny tax levy or roughly \$350 million in 2013.
- Property tax revenues are also an important source of county funding for school facilities. Counties are increasingly relying on property taxes as state-shared sources of revenue, such as corporate tax (ADM Fund) and lottery proceeds, dry up.
- During the recession, counties sacrificed school capital investments to maintain classroom operations support. Between 2008 and 2012, county school capital investment plummeted from \$1.4 billion in 2008 to \$545 million in 2012.

Total Public School Capital Funding by Source, \$616M 2011-12



Total Public School Funding by Source, \$12.5B 2011-12



County Funding of Current Expense (School Operating)

- NC counties fund \$3.2 billion to support 26% of public schools' total spending.
- Counties spend over \$2.5 billion to augment state school operating dollars.
- State surplus school funds revert back to the state at the close of each fiscal year while county surplus funds remain in the school districts' fund balance under the control of the Board of Education.
- Each school district must share its county current expense funds, but not capital funds, with charter schools based on per pupil allocation for each charter school student whose home residency is in the county. County school funding for charter schools follows the student, including those students who attend charter schools outside the county.
- Counties allocate funds directly to the Board of Education and the school board allocates those local funds to the individual schools.

Iredell County School Funding

- Iredell County funds three separate educational systems: Iredell/Statesville Schools, Mooresville Graded School District and Mitchell Community College.
- The County provides current expense dollars (based on ADM for ISS and MGS), capital outlay, lottery funds and debt service payments for larger capital projects.
- For Iredell/Statesville Schools and Mooresville Graded School District the County funds debt service on large capital projects based on a formula which includes 10.2 cents of property taxes (ad valorem) paid in Iredell County and a percentage of sales tax collected.
- Of 100 counties in North Carolina, Iredell County ranks 9th highest in the total amount paid towards debt service for large school capital needs.
- Since 2002, Iredell County has spent \$129,510,089 on elementary school needs, \$61,594,734 on middle school needs, \$70,091,346 on high school needs and \$11,250,395 on community college needs.



Iredell County's Financing of Public Schools

Fiscal Year 2009-2010 School Funding	Total	Iredell Statesville	MGSD	MCC
Current Expense	40,704,498	30,600,625	7,598,250	2,505,623
Capital Outlay	9,780,331	9,141,949	75,000	563,382
Debt	23,237,023	17,352,730	5,161,719	722,574
Total	73,721,852	57,095,304	12,834,969	3,791,579

Per Pupil Rate \$1,375
44% of the total general fund budget

Fiscal Year 2010-2011 School Funding	Total	Iredell Statesville	MGSD	MCC
Current Expense	39,072,061	29,292,915	7,324,845	2,454,301
Capital Outlay	4,242,493	3,784,067	0	458,426
Debt	25,927,735	19,812,534	5,050,378	1,064,823
Total	69,242,289	52,889,516	12,375,223	3,977,550

Per Pupil Rate \$1,375
44% of the total general fund budget

Fiscal Year 2011-2012 School Funding	Total	Iredell Statesville	MGSD	MCC
Current Expense	40,802,984	30,456,894	7,519,560	2,826,530
Capital Outlay	4,058,476	3,672,885	0	385,591
Debt	24,968,479	18,992,408	4,943,799	1,032,272
Total	69,829,939	53,122,187	12,463,359	4,244,393

Per Pupil Rate \$1,338
44% of the total general fund budget

Fiscal Year 2012-2013 School Funding	Total	Iredell Statesville	MGSD	MCC
Current Expense	42,114,961	31,254,418	8,025,472	2,835,071
Capital Outlay	3,981,776	3,263,994	0	717,782
Debt	27,120,795	20,389,126	5,727,041	1,004,628
Total	73,217,532	54,907,538	13,752,513	4,557,481

Per Pupil Rate \$1,378
45% of the total general fund budget

Fiscal Year 2013-2014 School Funding (Budgeted)	Total	Iredell Statesville	MGSD	MCC
Current Expense	42,626,983	31,230,992	8,460,920	2,935,071
Capital Outlay	4,369,406	3,542,972	4,775	821,659
Debt	26,429,893	19,861,888	5,592,557	975,448
Total	72,725,187	54,635,852	14,058,525	4,732,178

Per Pupil Rate \$1,378
44% of the total general fund budget

5 Year Funding Level for Iredell County Public Schools

- Lottery proceeds are used to assist in funding smaller capital projects or debt service (MGSD), is included in the capital outlay category and offsets other appropriations.
- The school systems receive current expense funds based on ADM, which can equate to a significant increase or decrease based on enrollment.

