STATEMENT FROM KAY CARROLL
Issued 1/30/2020

Information on the Johnston County Schools Fund Balance and Financial Crisis
This information was received via our public records request and information available on the Johnston County Board of Education's website.

- The school system's financial records are audited every year as of June 30. The audit reports from 2009-2018 are currently on the school system's website.

- Although, school systems are not required to keep a specified percentage of money in the fund balance (or savings account), that account is critical in keeping the system afloat if county, state, or federal allocations are late in arriving for teacher payroll in the fall, as is often the case. It is also imperative for big ticket items that suddenly need repair or replacement like roofs, boilers, chillers, or damage during severe storms.

- Based on the information I have received from the Johnston County School System in the past day or two, I offer the citizens a brief a timeline as to the loss of their tax money

Following is the Fund Balance or Savings Account Data from the official audits:

Year Audited	Beg. Fund BAL.	Deduct/Add Year	Final BAL.	Supt. / Bd. Chair
2009	$19,231,068	+ $4,927,852	$ 24,158,920	Parker/Carroll
2010	$24,158,920	- $ 1.934, 345	$ 22,224,575	Croom/Strickland
2011	$22,224,575	- $11,639,232*	$ 9,980,373	Croom/Strickland
2012	$ 9,980,373	+$ 2,562,479	$ 12,542,852	Croom/Strickland
2013	$12,542,852	+$ 679,569	$ 13,222,421	Croom/Strickland
2014	$13,222,421	- $ 1,667,689	$ 11,554,732	Croom/Strickland
2015	$11,554,732	- $ 1,041,106	$ 10,513,626	Croom/Strickland
2016	$10,513,626	-$ 404,010	$ 10,109,616	Croom/Strickland
2017	$10,109,616	-$ 803,891	$ 9,305,725	Renfrow/Wooten
2018	$ 9,305,725	- $ 2,494,879	$ 6,810,846	Renfrow/Wooten
2019	$6,810,846	- $ 5,922,011	$ 888,835	Renfrow/Wooten

*Part of this $11M dollar withdrawal is tied up in the $20 M+ that was transferred to the commissioners from 2010 to 2013. Through our public records request, we have not been given any emails or copies of any correspondence between the Board and the Commissioners related to this $20M+ transfer.

(Prior to this last audit, Renfrow asked and received an additional $1.5 million dollars to finish paying expenses for last school year, but it is apparent that the financial collapse began long before he took the job.)

Our savings that were built up over decades are now gone.
Where were the warnings? Did anyone actually read the audits? What happened to our money?

This week I received a series of emails as a result of my public records request that were sent from Art Stanley (the school system's finance officer) to Superintendent Ross Renfrow in January of 2019. In the excerpt from one of them, Mr. Stanley appears to be desperate for direction.

> *Date: 1/2/2019 4:35:03 PM From: "Arthur Stanley" To: "David Renfrow"*
> *I want to follow up on your conversation with the Board in December's meeting to see if they provided you any direction on how to address this situation. If [you] were unable to speak with the Board, could you do so at the January 2019 Board meeting? We could be in violation of General Statute 115(c)-441, which deals with budgetary accounting issues in particular incurring obligations and 115(c)-425 which deals with a balanced budget. We probably need to get Jimmy's opinion on both statutes.*
> *It appears our options could be limited. We can ask the Commissioners for the additional funding which is about 3 million or decrease the local supplements that teachers and assistant principals would receive in June. Please keep in mind that the state has to get their funds back before anything else can take place. We need a plan in place to take care of this situation. I do not feel comfortable approving anything for payment until we have a plan. In statute 115(c)-441, I could be held responsible if I give a false certification on payment*
> Mr. Renfrow's response was*: Think it best if y'all meet with Jimmy this week. Schedule him in with you, Art, Tabitha...I am away at a meeting on Thursday and Friday. I can meet Tuesday morning...*

And then there is an excerpt from a letter sent from the auditors, dated Oct. 4, 2019 addressed to the Board of Education.

> *The Board's General Fund has experienced a significant decline in financial condition over the past two years. The General Fund reported losses of ($2,494,879) and ($5,922,011) for the years ended June 30, 2018 and 2019, respectively, and has a fund balance of only $888,835 at June 30, 2019. In addition, the Board's General Fund must provide cash flow support for the School Food Service Fund in order to ensure expenditures of the School Food Service fund are paid in a timely manner. The Board's School Food Service Fund has experienced a significant decline in financial condition over the past three years. The Fund experienced cash declines of ($891,036), ($161,917) and ($52,198) for the years ended June 30, 2017, 2018 and 2019, respectively, and has a cash balance of only $131,961 at June 30, 2019. We recommend that the Board closely monitor these situations and take steps to increase cash reserves and fund balance in its General Fund and School Food Service Fund.*

In addition, in the videos of the Board of Education meetings (on their website) from Nov. 2017 (Dept. B, minute 17) and November 2018 (at the 36 minute mark), *the finance officer reviews the latest audit issues with the fund balance. There are questions and remarks about needing more state and local funding, but no one asks how they can amend the current budget to make it more in line with the money they have.*

And finally, let me close with three things:

1. There is a whole other story woven into this budget problem having to do with Cenergistic, a company that touts itself as saving energy but, in fact has cost us greatly on many different levels. I will give details soon about this issue in a separate article.
2. Besides catastrophic financial decisions that have been made over the past 10 years that have led us into virtual bankruptcy, there is an even greater issue with the failure, over the same ten year period, to adequately oversee the education of our children. I will also address this issue very soon.

3. If, on this Monday, February 3, 2020, the commissioners agree to give the school board the $8M they are asking for, what happens for next year's budget, because if the school system asked for an additional $1.5M in June, cut out $3M in July, let Dr.Causby cut out $7M when he got here, and they still need $8M to get through the next four months, there was really a $19M shortfall in one year!!!!

Are the commissioners going to fund that much additional money in their allotment to the schools for next year? What is the BOE Finance Committee doing with the audit information? Will the BOE be forced to cut 400+ positions as Dr. Causby warned? What is anyone doing about the problem other than throwing money at it? Apparently, the current Board of Education is clueless as to how to manage funds or even read an audit. In a recent article in the *Johnstonian News*, Sutton called on the board "to focus on the school system's budget, its dire financial straits . . ." It seems that neither the BOE or County Commissioners are taking this seriously, or the audit would already be under way. So, what are they doing? Wasting time!

In this crisis, we do not need another cursory audit, but a comprehensive, line by line wellness audit where funding and expenditures are TRACKED back 10 years. We need to know who had the authority to commit funds, who had the responsibility to track them, and what caused 8 out of the last 11 budgets to exceed the funds they had been allocated. The taxpayers in this county deserve to know WHAT WENT WRONG, WHEN IT WENT WRONG, WHERE IT WENT WRONG, AND HOW TO CORRECT IT!!!

Our public schools are not owned by the Board of Education. They are owned by the citizens of Johnston County who want answers, not a cover-up.