



NORTH CAROLINA BOARD OF BARBER EXAMINERS

Memo

TO: Board members

FROM: Dennis Seavers

DATE: August 11, 2020

SUBJECT: Executive director's report

Below is the executive director's report for the board's August 18, 2020 meeting. If there are other areas of finances or operations that the board is interested in, or if board members have questions about this report, please feel free to contact me.

FISCAL YEAR 2020 BUDGET REPORT

Attachment A shows the board's expenditures and revenues for fiscal year (FY) 2020 on an accrual basis. Expenditures were under budget—80.51% of the expenditures budgeted for the fiscal year. The highlighted lines show budget accounts where revenues and expenditures departed from the budgeted or projected amount. (Some expenditure discrepancies that aren't highlighted were addressed at previous meetings.) Expenses that were over budget were covered with other line items.

Below is an explanation of each of those highlighted lines:

- *Total income.* The board enacted emergency rules to delay the renewal date from May 31 to July 31. As a result, some revenues were displaced into the next FY.
- *532110 – legal services.* The increase is due to two factors. First, there was a minor increase in expenses for attorney fees because there were additional board meetings during the pandemic and there were covid-related legal issues that arose in the fourth quarter. Second, due to the covid-related shutdown, there were fewer violations issued and payments received for civil penalties this year.
- *532199 – miscellaneous contract services.* The expenditures in this budget category were lower primarily because we didn't use a contract examiner for exams during the FY. In addition, due to the delay in the renewal deadline, there was a decrease in merchant fees.

- *532430 – maintenance agreement – equipment.* These expenditures were budgeted under account 532524 (general office equipment). The staff determined that these expenditures were better recorded under 532430.
- *532732 – board/non-employee subsistence.* Since the board held several meetings during the FY by teleconference, there were fewer reimbursements for lodging and meal costs.
- *532840 – postage and delivery / 532840003 – postage/postal meter charges.* Postage costs were lower than expected for two reasons. First, due to the pandemic, there were fewer mailings, especially during the shutdown and cancellation of exams. Second, the board had budgeted a mailing to all barbers in case that was necessary, but there was no need this year.
- *532850 – printing, binding, duplicating.* The board budgeted a higher amount in case additional print jobs were necessary, but there wasn't a need this FY.
- *532911 – insurance – property.* The board budgeted for data breach insurance, but I expect to purchase the insurance in FY 2021 instead of the FY 2020.
- *533110 – general office supply.* Due to the shutdown, we needed fewer office supplies this FY.
- *533120 – data process supplies.* The board changed how it handles accounts payable this year, using staff members rather than contract accountants. We were able to make this change earlier in the FY than expected, which led to lower costs.
- *538030 – fine/penalty transfer.* See the discussion under 532110 above.

Attachment B shows the board's fund balance over the past few years.

RENEWAL-BASED REVENUES

Since the board delayed the renewal date to July 31, it was unclear at the last meeting whether revenues were down because licensees were waiting to renew, because the pandemic had affected the industry significantly in a way that would translate to lost revenues, or because of a combination of the two.

Considering the revenues received through July 31, there wasn't a significant change in revenues for most license fees. However, there was a notable change (around \$30,000) in apprentice license fees and various exam fees. These changes are undoubtedly due to the cancellation of exams and greater flexibility for exam-retake fees. Nonetheless, the board's fund balance at the end of July was a little higher than the project end-of-FY fund balance when the board originally adopted the FY 2020 budget.

Overall, it appears that the decline in revenues is temporary rather than permanent, but the board should continue to review revenue reports to make sure that revenues don't decline on a long-term basis.

STRATEGIC PLAN

Since the staff has been focused on pandemic response, there has been no progress toward the strategic plan beyond what was reported at April meeting.

BARBER EXAMS

The exams that would have occurred in April, May, and June were cancelled due to the pandemic. There has been no update to exam data since the executive director's report for the April 21, 2020 meeting.

Attachment A
FY 2020 budget vs. actuals
 July 2019 - June 2020

	Total			
	Actual	Budget	Over Budget	% of Budget
Income				
433 - investment income				
433121 - STIF interest income	\$ 12,782.53	\$ 5,100.00	\$ 7,682.53	250.64%
Total 433 - investment income	\$ 12,782.53	\$ 5,100.00	\$ 7,682.53	250.64%
435 - fees, licenses, and fines				
435100 - business license fees				
435100059 - duplicate license	\$ 470.00	\$ 982.00	\$ (512.00)	47.86%
435100060 - individual license	\$ 210,750.07	\$ 324,366.00	\$ (113,615.93)	64.97%
435100061 - school permit	\$ 3,380.00	\$ 5,590.00	\$ (2,210.00)	60.47%
435100062 - bus/shop permit	\$ 93,376.03	\$ 139,779.00	\$ (46,402.97)	66.80%
435100063 - student permit	\$ 23,775.06	\$ 25,850.00	\$ (2,074.94)	91.97%
435100064 - renewal-individual	\$ 53,425.78	\$ 66,550.00	\$ (13,124.22)	80.28%
Total 435100 - business license fees	\$ 385,176.94	\$ 485,084.00	\$ (99,907.06)	79.40%
435300 - certification fees				
435300016 - instructor exam fee	\$ 7,755.00	\$ 8,415.00	\$ (660.00)	92.16%
435300017 - registered exam fee	\$ 29,805.01	\$ 38,660.00	\$ (8,854.99)	77.10%
435300018 - apprentice exam fee	\$ 102,845.01	\$ 132,025.00	\$ (29,179.99)	77.90%
435300019 - apprentice certific	\$ 21,515.00	\$ 39,915.00	\$ (18,400.00)	53.90%
435300020 - instructor certific	\$ 9,180.00	\$ 14,960.00	\$ (5,780.00)	61.36%
Total 435300 - certification fees	\$ 171,100.02	\$ 233,975.00	\$ (62,874.98)	73.13%
435400 - inspection/exam fees	\$ 33,541.00	\$ 41,460.00	\$ (7,919.00)	80.90%
435500 - fines, pen, assess fee	\$ 4,746.00	\$ 10,269.00	\$ (5,523.00)	46.22%
435800 - tuition and fees				
435830 - other fees	\$ 660.00	\$ 870.00	\$ (210.00)	75.86%
Total 435800 - tuition and fees	\$ 660.00	\$ 870.00	\$ (210.00)	75.86%
Total 435 - fees, licenses, and fines	\$ 595,223.96	\$ 771,658.00	\$ (176,434.04)	77.14%
437 - miscellaneous				
437127 - procuremnt card rebate	\$ 277.47	\$ 151.00	\$ 126.47	183.75%
437990 - other misc revenue	\$ (411.11)	\$ 647.00	\$ (1,058.11)	-63.54%
Total 437 - miscellaneous	\$ (133.64)	\$ 798.00	\$ (931.64)	-16.75%
Total Income	\$ 607,872.85	\$ 777,556.00	\$ (169,683.15)	78.18%
Gross Profit	\$ 607,872.85	\$ 777,556.00	\$ (169,683.15)	78.18%
Expenses				
531 - personal services				
531112 - EPA regular salaries	\$ 260,661.23	\$ 269,279.40	\$ (8,618.17)	96.80%
531462 - longevity - receipts	\$ 5,592.00	\$ 7,791.14	\$ (2,199.14)	71.77%
531512 - Social Security	\$ 18,718.77	\$ 21,542.40	\$ (2,823.63)	86.89%
531522 - regular retirement	\$ 288.09	\$ 51,010.32	\$ (50,722.23)	0.56%
531562 - medical insurance	\$ 30,492.72	\$ 34,402.93	\$ (3,910.21)	88.63%
531576 - flexible spending acct	\$ 489.36	\$ 650.00	\$ (160.64)	75.29%
531651 - comp to board members	\$ 2,000.00	\$ 3,000.00	\$ (1,000.00)	66.67%
Total 531 - personal services	\$ 318,242.17	\$ 387,676.19	\$ (69,434.02)	82.09%
532 - purchased services				
532110 - legal services	\$ 11,132.39	\$ 9,054.96	\$ 2,077.43	122.94%
532120 - financial/audit svcs	\$ 11,700.00	\$ 11,700.00	\$ -	100.00%
532145 - managed server support	\$ 44,467.35	\$ 46,999.88	\$ (2,532.53)	94.61%
532170001 - prof testing serv	\$ 7,182.00	\$ 11,000.00	\$ (3,818.00)	65.29%
532184 - janitorial services	\$ 3,150.00	\$ 4,200.00	\$ (1,050.00)	75.00%
532186 - security services	\$ 4,273.50	\$ 7,500.00	\$ (3,226.50)	56.98%
532186001 - security - surveillance services	\$ 1,201.90	\$ 444.00	\$ 757.90	270.70%
532199 - misc contract services	\$ 8,084.86	\$ 35,697.00	\$ (27,612.14)	22.65%
532210 - electrical service	\$ 6,791.30	\$ 7,900.00	\$ (1,108.70)	85.97%

532220 - natural gas/propane	\$	750.24	\$	1,050.00	\$	(299.76)	71.45%
532430 - maint agrmnt - equip	\$	1,700.96	\$		\$	1,700.96	
532490 - maint agreemnt - other	\$	112.70	\$		\$	112.70	
532512 - rental of bldg/prop	\$	60,886.80	\$	60,962.11	\$	(75.31)	99.88%
532524 - general office equip	\$		\$	1,917.00	\$	(1,917.00)	0.00%
532714 - ground trans in-state	\$	11,494.46	\$	15,000.00	\$	(3,505.54)	76.63%
532721 - lodging in-state	\$	17,920.95	\$	12,000.00	\$	5,920.95	149.34%
532724 - meals in-state	\$	7,558.00	\$	8,500.00	\$	(942.00)	88.92%
532731 - board/non-emp transpor	\$	902.85	\$	1,860.00	\$	(957.15)	48.54%
532732 - board/non-emp subst	\$	1,055.56	\$	2,900.00	\$	(1,844.44)	36.40%
532811 - telephone service	\$	2,082.88	\$	2,400.00	\$	(317.12)	86.79%
532814 - cellular phone service	\$	4,323.81	\$		\$	4,323.81	
532815 - email and calendaring	\$	25.52	\$	3,600.00	\$	(3,574.48)	0.71%
532822 - managed LAN svc charge	\$	3,164.09	\$	3,544.00	\$	(379.91)	89.28%
532825 - managed WAN service	\$	9,631.72	\$	12,380.76	\$	(2,749.04)	77.80%
532826 - software subscriptions	\$	4,749.56	\$	2,417.32	\$	2,332.24	196.48%
532828 - managed desktop svcs	\$	3,281.40	\$	4,907.52	\$	(1,626.12)	66.86%
532840 - postage & delivery	\$	1,076.38	\$	18,200.00	\$	(17,123.62)	5.91%
532840003 - postage/postal meter charges	\$	7,742.63	\$		\$	7,742.63	
532850 - printing, binding, dup	\$	4,707.11	\$	9,000.00	\$	(4,292.89)	52.30%
532911 - insurance - property	\$	17,593.00	\$	25,000.00	\$	(7,407.00)	70.37%
532942 - other emp trng expense	\$		\$	100.00	\$	(100.00)	0.00%
Total 532 - purchased services	\$	258,743.92	\$	320,234.55	\$	(61,490.63)	80.80%
533 - Supplies							
533110 - general office supply	\$	5,613.20	\$	8,000.00	\$	(2,386.80)	70.17%
533120 - data process supplies	\$	2,250.00	\$	4,500.00	\$	(2,250.00)	50.00%
Total 533 - Supplies	\$	7,863.20	\$	12,500.00	\$	(4,636.80)	62.91%
534 - property, plant, & equip							
534534 - PC and printer purch	\$	2,603.03	\$	3,188.00	\$	(584.97)	81.65%
Total 534 - property, plant, & equip	\$	2,603.03	\$	3,188.00	\$	(584.97)	81.65%
535 - other expenses and adjust							
535830 - member dues & subcript	\$	360.00	\$	270.00	\$	90.00	133.33%
535840 - service & other awards	\$	356.52	\$		\$	356.52	
535900 - other expenses	\$	87.74	\$	100.00	\$	(12.26)	87.74%
Total 535 - other expenses and adjust	\$	804.26	\$	370.00	\$	434.26	217.37%
538 - intragovernmental transac							
538030 - fine/penalty transfer	\$	5,050.00	\$	13,000.00	\$	(7,950.00)	38.85%
Total 538 - intragovernmental transac	\$	5,050.00	\$	13,000.00	\$	(7,950.00)	38.85%
Total Expenses	\$	593,306.58	\$	736,968.74	\$	(143,662.16)	80.51%
Net Operating Income	\$	14,566.27	\$	40,587.26	\$	(26,020.99)	35.89%
Net Income	\$	14,566.27	\$	40,587.26	\$	(26,020.99)	35.89%

Attachment B. Fund balance

