



Bertie County Schools

Budget Facts & Projections

as of

March 3, 2017

Bertie County Schools: Overview

- 2,316 Average Daily Membership (ADM) of Students
 - Enrollment Increased During the Second Semester of the Current Year
- 576 Employees
- 2nd Largest Bertie Employer and of Bertie County Citizens

Bertie County Schools: ADM & County Population

| <u>School Year</u> | <u>Allotted ADM</u> | <u>Bertie County Population (July Before Start of School Year)*</u> |
|--------------------|---------------------|---|
| 2010-2011 | 2,861 | 21,262 |
| 2011-2012 | 2,762 | 20,982 |
| 2012-2013 | 2,696 | 20,601 |
| 2013-2014 | 2,613 | 20,433 |
| 2014-2015 | 2,645 | 20,433 |
| 2015-2016 | 2,453 | 20,106 |

**Population data from U.S. Census Bureau.*

Note: Current ADM: 2,316

Bertie County Schools: Employs 2nd Largest Population of Employees

| <u>Employer</u> | <u>Total Employees</u> | <u>Employees who are Bertie County Residents</u> |
|---------------------------------|------------------------|--|
| Bertie County Schools | 576 | 396 |
| Perdue Farms, Incorporated | 1,000 (approximately) | 559 |
| Bertie Correctional Institution | 480 | 108 |

Bertie County Schools: Audit Findings

- 29 Findings with 27 Auditor suggested processes
 - Handout

Bertie County Schools: 2015-16 Audit Numbers, ASW Certified Public Accountants

| | |
|--|------------------|
| • Revenue / Money Received (Local/State/Federal) | 3,094,021 |
| • Fund Balance Reported | 643,139 |
| • Auditor's Adjustment to Fund Balance | <u>(329,423)</u> |
| • Actual Fund Balance | <u>313,716</u> |
| • Sub-Total of Revenue Plus Fund Balance | 3,407,737 |
| | |
| • Expenditures / Money Used for Operational Expenses | 3,922,400 |
| • Restricted Grant Funds | <u>190,332</u> |
| • Sub-Total of Expenditures Plus Restricted Grant Funds | <u>4,112,732</u> |
| • Total | (704,995) |

Bertie County Schools: Response to Audit Processes

- Employ a fulltime, qualified finance officer
- Implement sustained responses to each auditor identified improvement process
- Establish bi-weekly administrative meetings to ensure all BCS employees understand and follow financial control processes
- Submit appropriate monthly financial reports to the BCS Board and Pathfinders Committee

Bertie County Schools: 2015-16 Budget Numbers Fix

Sources of Funding to address Over Spending for 2015-16

- In-Direct Cost from Federal Programs - 65,000
 - In- Direct Cost from Child Nutrition - 125,000
 - Textbook Carryover - 75,000
 - Move Maintenance Staff out of Local to State PRC 019- 65,000
 - Prior Year Sales Tax Refund 190,000
 - Waste payments- 54,000
 - Rental proceeds- 114,000
 - Reduce Contracted Services - 17,000
- Satisfies 704,995 Overage

Bertie County Schools: 2016-18 Projections

| | |
|--|------------------|
| • 2016-17 Anderson, Smith & Wike PLLC | 828,379 |
| • 2017-18 NC Department of Instruction - <i>reduction in state funds</i> | 1,425,000 |
| • Annual average charter School Payout | <u>300,000</u> |
| | <u>1,725,000</u> |

Focus on Accountability & Budget

| | |
|-----------|-----------|
| • 2015-16 | 704,995 |
| • 2016-17 | 828,379 |
| • 2017-18 | 1,725,000 |

• 2017-18 **1,725,000**

Bertie County Schools: Reduction In Force

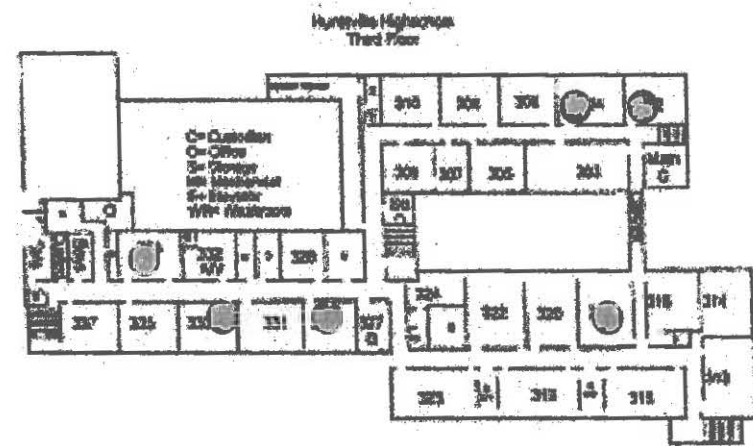
Mitigating Factors Prior to Decision:

- 75% of BCS Budget is Salaries (Service Industry)
- The development of four school systems in a large rural county with small population detrimental to budget
- Total teacher allotment alignment refused due to student programs
- Random student departure detrimental to teacher : student ratio

* 16 teachers over state allotment

Random Disruption of Students Not a Savings

- Students are pulled at random
- Student / Teacher Ratios not equally disrupted
(5.5 Students = Teacher Position)
- Same amount of teachers needed at school sites



BCS: Reduction in Force

School & Central Office-Based Admin/Licensed Instructional Support
Classroom Teachers
Classified Employees

Projected Total Staff Reduction: 28.5 Positions or 6.16%

Projected RIF Budget Effect: 1,362,475

BCS: RIF and Budget Fix

| | |
|------------------------------------|------------------|
| Projected RIF Budget Savings: | 1,362,475 |
| Projected Findings: | <u>265,000</u> |
| Total Projected Budget Savings: | 1,627,475 |
| | |
| NCDPI Planning Budget Cut/Charter: | <u>1,725,000</u> |
| Total Remaining Deficit 17-18: | (97,525) |
| Total Projected Deficit 16-17: | <u>(828,379)</u> |
| Total Local Gov. Loan Suggested: | 925,904 |

| School Year | 17-18 | 18-19 | 19-20 | 20-21 | Positive Cash Flow |
|---|-----------|--|--|--|--------------------|
| SY 16-17 Deficit Carry Over | 828,379 | | | | |
| SY 17-18 Projected Deficit | 1,725,000 | | | | |
| Projected RIF & Findings Reduction in Savings | 1,627,475 | Projected Findings 600,000 (308,635) 291,365 | Projected Findings 600,000 (308,635) 291,365 | Projected Findings 600,000 (308,635) 291,365 | 874,095 |
| Remaining Deficit | 925,904 | | | | |

Influencing Budget Factors

Projected Positive Cash Flow Business Model

BCS Progressive Business Model

- Continue to advance student achievement (following slide)
- Marketing approach to students/families: 69 students returned or enrolled since start of the year
 - Oct – Feb: 14 (159,600 PPE Cut from BCS Budget)
 - Returned students projected to need additional services:
 - 56 evaluated – 5 efficient in ELA / 1 efficient in Math / 0 efficient in Both
- Projecting a continued increase of returning students for 2017-18
- Expand Pathways education/college/career model offering more choices to students & families
- Increase Employer and Local Government participation in program development

Bertie County Schools: Highest Performing Public School System

- Three Schools Exceeded Growth in the 2015-2016 School Year
- BECHS received a School Report Card Grade of “A” and had a Graduation Rate of 90.9%
- BSHS had a 100% Graduation Rate for the Second Year in a Row
- The College/Career Ready (CCR) Performance Composite was Higher in BCS than in 5 of the 6 Surrounding Counties
- Eleven Students at BMS earned 3 High School Credits Each in 2016

BCS: Buildings Actual Cost to Operate

| Site | Electrical | Natural Gas | Water | Sub Total | | Salaries x Position | Supplement | Total |
|-------------|-------------|-------------|------------|-------------|---|---------------------|--------------|--------------|
| Maintenance | \$12,584.81 | N/A | \$238.10 | \$12,822.91 | | | | |
| APK | \$13,759.61 | N/A | \$2,479.15 | \$16,238.76 | ↑ | \$53,230.44 | \$110,994.00 | \$186,038.20 |
| BECHS | \$76,669.15 | N/A | \$2,698.12 | \$79,367.27 | ↓ | \$102,945.97 | | \$181,413.24 |

APK: 1,841,404

Bertie County Tax Department

Consider Steps for Continued Successful Budgets as a Partnership

- Continued partnership in Pathfinders Committee.
- Memorandum of understanding to maintain current County allocation for budget planning purposes - with consideration of annual adjustments for ADM and inflation.
- Retainage of budget surplus based on FY 16-17 district staff reductions.



Bertie County Schools

Questions

BERTIE COUNTY SCHOOLS

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Superintendent

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3/7/17

Mr. John Trent
Chairman Bertie County Commissioners
Post Office Box 609
Lewiston-Woodville, NC 27849

Re: Response to posted letter "Concerns about Bertie County Board of Education Budget
P&B File: 16-MS-303"

Dear Mr. Trent:

This letter is in response to the recent review of financial statements for the Bertie County Board of Education dated March 6, 2017. We appreciate your efforts to vet the auditor information we previously provided to the county manager and finance officer. As we review statements from Pritchett & Burch, PLLC it is clear that their letter was written prior to our meeting. During our requested meeting, March 6, 2017, with you and the Vice Chair, Board of Education Chair/Vice Chair, County Manager, Auditor, financial consultant and other pertinent BCS Staff, we reviewed the audit, responded to each noted item, and also answered all questions presented by government staff. The goals for this meeting included the following:

- Develop a collaborative committee for the Chairs and Vice Chairs to continuously meet for the improvement of services to Bertie County citizens
- Communicate a transparent extensive audit report, with the auditor present, and explain each detail, the fact that there was no illegal intent and a plan of action is possible
- Describe the level of expertise involved in reviewing and creating steps toward budget reconciliation
- Provide a plan of action to eliminate each found infraction and provide a positive cash flow for Bertie County Schools

Acknowledging that budget issues have become a frequent occurrence in local school systems across the country, we make no excuses for past fiscal mismanagement. During the meeting, we believe most, if not all, of the questions presented in the attorney's letter were addressed or covered in some way. We look forward to providing any follow-up information from this proactive meeting, as well as future presentations for the entire Board of Commissioners.

The budget reductions beyond this point will be challenging for all of us, but we have communicated a clear plan of action to eliminate debt and establish positive cash flow for Bertie County Schools. More importantly, this fiscally responsible plan does not include additional burdens to Bertie County Taxpayers. As stated during our recent committee meeting, the Bertie County Government and Bertie County Schools working together can move this area to the forefront of education and economic development.

Again, please contact us at any time to discuss proactive steps or share ideas. We look forward to our collaborative meetings and shared commitment to the children and citizens of Bertie County.

Best regards,



Dr. Steven Hill
Superintendent
Bertie County Schools