

PUBLIC SCHOOLS OF NORTH CAROLINA

STATE BOARD OF EDUCATION William W. Cobey Jr., Chairman
DEPARTMENT OF PUBLIC INSTRUCTION Mark Johnson, Superintendent of Public Instruction
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May 15, 2017

Dr. Steven Hill, Superintendent Bertie County Schools (080) P.O. Box 10, 715 US Highway 13 North Windsor, NC 27983

Dear Dr. Hill:

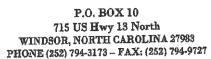
At its May meeting, the State Board of Education discussed the Bertie County Schools (BCS) financial recovery plan which was submitted to the Division of School Business on April 13, 2017. The plan outlines the corrective actions that BCS has taken to bring the district in to compliance, and presented a five-year recovery period to resolve the financial deficit. There was limited discussion by the State Board members with no apparent concerns. One member questioned the need for a full five-year recovery period, but no other member appeared to share the concern.

The item will be presented at the June State Board of Education meeting, during which the members will vote whether to approve the plan.

Sincerely,

Alevie Schause







Dr. Steven Hill Superintendent Mrs. Sandra Hardy **Assistant Superintendent**

BOARD MEMBERS BOBBY OCCENA, Chair BARRY MCGLONE, Vice-Chairman TARSHA DUDLEY JO DAVIS JOHNSON EMMA JOHNSON

April 13, 2017

Alexis Schauss, Director 6326 Mail Service Center Raleigh, North Carolina 27699-6326

Dear Alexis,

The following areas will be used to reduce the General Fund Balance Deficit /Special Restricted Fund Balance Deficit/ Negative Net position. The general fund balance deficit of \$ 704,995 from the 2015-2016 school year we are planning to address with reduction in cost and maximization of funding sources, and receiving un-recognized revenue such as prior year sales tax refunds, and indirect cost. The remaining deficits for current year and special restricted funds we are requesting the approval of a five year plan to strategically reduce our general fund deficit by \$165,676 00 each year.

Deficit Reduction Plan Dollars

Deficit Reduction Plates School Year	17-18	18-19	19-20	20-21	21-22	22-23
SY 16-17 Deficit	828,379					
Carryover						
Projected Savings	Recovery of all unrecognized revenue submitted to 15-16 deficit carryover					
Remaining deficit Carryover/Balance	828,379	165,676 662,703	165,676 497,027	165,676 331,351	165,676 165,675	165,675 0

2016-2017 School Year - Deficit Reduction Plan

- 1. Collect all sources of unrecognized revenue, which include prior- year sales tax refunds, indirect cost from Child Nutrition/ Federal Programs, and Blue Cross Blue Shield refund.
- Expected completion by June 30, 2017. 2. Request to transfer capital outlay funds of 100,000 to general fund for use in reduction of General Fund Deficit.

Expected completion by June 30, 2017

- 3. Implemented spending and hiring freeze as of November 2016 until June 30, 2017.
- 4. Reduction in Force -Bertie County Schools is implementing a reduction in force for the 2017-2018 school year. The reduction in force will reduce staff by 6 percent of our current full time employees with a focus on minimal impact to instruction. Board Approval Date - March 7, 2017

5. Detailed reconciliation of State/Federal/ Child Nutrition /Local bank accounts to ensure accurate expense and cash entries have been processed.

Expected completion by June 30, 2017

- Review and correct Salary exceptions. Expected completion by June 30, 2017
- 7. Continue to monitor Allotment balances to ensure the maximization of funding sources to ensure past penalties are not repeated.

Ongoing process with completion by the end of May 2017.

- 8. Extensive reconciliation of Blue Cross Blue Shield payments versus employee deductions Expected completion May 31,2017
- Escheating check process will be done for all bank accounts.

Ongoing process

10. Check writing procedures have been established to assist with internal control weaknesses.

Ongoing process 11. Child Nutrition has already purchased inventory management software to address management of inventory.

Implemented by July 2017

2017-2018 School Year - Deficit Reduction Plan

- 1. Establish Financial Procedures for daily, weekly, monthly, and annual task.
 - a. Bank Statements reconciliation monthly to ensure accurate Cash Management process.
 - b. General Ledger reconciliation
 - c. Budget Analysis

Completed by July 2017

- 2. Finance Checklist will be implemented to ensure that all annual processes are performed to achieve recognizing all areas of revenue such as Sales Tax Refunds and Indirect Cost.
- Completed by June 30, 2017 3. Fiscal and Financial monitoring on a monthly basis. All Bank and General ledger accounts will be reconciled on a monthly basis and reviewed by Finance Officer.

Completed as part of Month end process.

4. Allotments and funding sources will be carefully reviewed at the beginning of the year and reviewed on a quarterly basis.

Beginning of Year and quarterly process.

5. DPI reports will be reviewed and reconciled to general ledger.

Completed as part of Month End Process

- 6. Separate Bank Accounts will be established for Child Nutrition and Capital Outlay Pending positive cash flow and ability- expected to be done no later than September 2017
- 7. Procedures for School Accounts will be identified and audit schedule will be developed to ensure at least one internal audit of school accounts per school year.

Procedures developed by May 2017 with Annual audit.

8. Reduce expenditures to ensure deficit reduction for the current year.

Ongoing

2018-2023 School Year - Deficit Reduction Plan

We will continue to use the processes from above to ensure the fiscal management of our school system ongoing.

We appreciate all of the assistance thus far from you and your department and look forward to an ongoing dialogue. Please let me know if there are further details needed for consideration of our request.

Steven Hill Superintendent

Bertie County Schools