



**Annual operating budget for  
Scotland County Board of Education  
for fiscal year**

**July 1, 2016—June 30, 2017**

**Laurinburg, North Carolina 28352**

**[www.scotland.k12.nc.us](http://www.scotland.k12.nc.us)**

**SCOTLAND COUNTY BOARD OF EDUCATION  
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**December 20, 2016**

**To the members of the Scotland County Board of Education and Citizens of Scotland County, North Carolina:**

We present to you the 2016-17 budget resolution for Scotland County Schools, which received final adoption on September 12, 2016. The adopted 2016-17 budget totals \$63,843,202. This document completes the fiscal year 2016-17 budget development process, which included input from the Superintendent's Leadership Cabinet and all organizational levels of the school system.

The official budget is developed within the guidelines set forth by the North Carolina Department of Public Instruction and is representative of the District's continuing commitment to provide meaningful financial information to the citizens of the County.

This document has been divided into four main sections:

The Introductory Section: includes an executive summary, combined budget statements, and graphs, and a list of the principal officials.

The Organizational Section: includes the organization of the District, the District entity, the Strategic Plan, budget and administrative policies, budget development and an executive summary of educational improvements.

The Financial Section: includes the financial structure, the individual funds' budget summary, and supporting schedules for all governmental, proprietary, and fiduciary fund types.

The Informational Section: includes selective historical, financial, economic, and demographic information generally presented on a multi-year basis for comparative purposes as well as forecasts for individual fund budgets and student enrollments. This section also includes a glossary, which provides an alphabetical listing of terms with definition to facilitate the user's understanding of data contained within the document.

The 2016-17 fiscal year budget resolution focuses on students, their teachers, and the services that are vital to the continuation of improvements in their educational process. Major highlights of this budget, which address several priorities of the Scotland County Board of Education, include:

- Delivery of sound instructional programs to students;
- Support of initiatives designed to increase student achievement as measured by various assessments;
- Funds to implement individual school plans adopted by the local staff and communities;
- Implementation of specialized programs for gifted/talented, at-risk, or exceptional students; and
- Provision of alternative education programs to serve students in every area of the district.

### **BUDGET AWARD**

The Association of School Business Officials (ASBO) awarded the Meritorious Budget Award to the Board for its budget resolution for the year ended June 30, 2016. In order to be awarded the Meritorious Budget Award, the Board published an easily readable and efficiently organized budget resolution. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

# Letter of Transmittal *(continued)*

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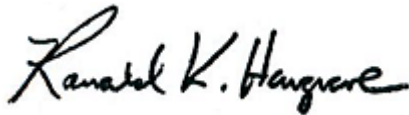
A Meritorious Budget Award is valid for a period of one year only. We believe that our current budget resolution continues to meet the Meritorious Budget Award Program's requirements and we are submitting it to the ASBO to determine its eligibility for another award. We will also submit our current budget to the Government Finance Officers Association of the United States and Canada (GFOA) to determine eligibility for the Distinguished Budget Presentation Award.

## **ACKNOWLEDGEMENTS**

The 2016-17 adopted budget is a prudent plan that balances the many needs of our students with the economic realities of our community. With final adoption of the budget, we wish to express our appreciation to the members of the Board of Education whose guidance provided us direction.

The preparation of the budget in a timely manner could not have been accomplished without the efforts and dedication of the Superintendent's staff and Finance Department. We would like to express appreciation to all staff members who assisted in the preparation of the budget. A copy of this report will be made available for public inspection in the Superintendent's office and on our website at [www.scotland.k12.nc.us](http://www.scotland.k12.nc.us).

Respectfully submitted,



Dr. Ronald K. Hargrave  
Superintendent



Jay C. Toland  
Chief Financial Officer



ASSOCIATION OF  
SCHOOL BUSINESS OFFICIALS  
INTERNATIONAL

This Meritorious Budget Award is presented to

# SCOTLAND COUNTY BOARD OF EDUCATION

for excellence in the preparation and issuance of its budget  
for the Fiscal Year 2015-2016.

The budget adheres to the principles and standards  
of ASBO International's Meritorious Budget Award criteria.



*Brenda Burkett*

Brenda R. Burkett, CPA, CSBA, SFO  
President

*John D. Musso*

John D. Musso, CAE, RSBA  
Executive Director





# Introductory Section



## **SCOTLAND COUNTY BOARD OF EDUCATION EXECUTIVE SUMMARY**

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The Executive Summary is designed to provide a comprehensive overview of Scotland County Schools' 2016-2017 budgets for all Governmental and Proprietary Funds presented in numerical, narrative, and graphical form. This "lifttable" Executive Summary includes a brief summary of the budget development process and selective financial data.

### **HIGHLIGHTS:**

- Expenditures/expenses per the 2016-2017 Budget Resolution total \$63.8 million, an increase of \$1.1 million compared with the 2015-2016 final audited actual amounts. As discussed in more detail later in this executive summary, the increase from the prior year is primarily attributable to allotments in the State Public School Fund and Federal Grants Fund that the district does not receive prior to the resolution being adopted. The district will amend the budget for these allotments when the State and federal governments release the funds to the district. Overall, the district does not anticipate a significant variance in the final amended budgeted expenditures/expenses compared with the previous year.
- 2016-2017 projected enrollment is 5,814, a decrease of less than .1% compared with the 2015-2016 final ADM.
- Funding from the State of North Carolina and the Federal government account for 81% of the total budgeted revenues.
- Salary and benefit costs account for 82.8% of the total budgeted expenditures.
- Scotland County Schools is the county's largest employer, with 800 teachers and support personnel serving approximately 5,800 students.
- Scotland County Schools has been showing substantial growth. The district has the highest graduation rate in its history at 82.5%. Scotland County Schools has also met 97.0% (65 out of 67) of its AMO targets. In recognition of the importance of graduating students career and college ready, Scotland County Schools has focused on advance placement classes/tests and this is reflected by the number of students taking AP Exams, which increased for the second straight year. Also, the number of AP Exams taken by students continued to increase for the second straight year.

**SCOTLAND COUNTY BOARD OF EDUCATION  
EXECUTIVE SUMMARY NARRATIVE**

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**SUMMARY OF THE 2016-2017 BUDGET**

The 2016-2017 budget incorporates the following priorities established by the Board of Education:

1. The district will comply with all applicable State and Federal laws and regulations.
2. Resources will support the district's vision to be a premier school system in which every student acquires an excellent education.
3. The district will provide the curriculum programs and instructional support, which have been proven to be effective for students, with a primary emphasis on literacy.
4. The district must provide the instructional support essential to meet the State and Local accountability goals.
5. The district must provide resources for unfunded mandates.
6. The support services and operational aspects of the district will be maintained such that the essential services provided to students and staff will be continued.
7. The district will identify funding sources for new programs and/or initiatives.

The district expects to serve approximately 4 less students during the 2016-2017 school year. Funding is included in the budget to accommodate our existing students as well as to provide services to newly identified special needs, gifted, and non-English speaking students.

The district will incur additional operating expenses for the 2016-2017 fiscal year. These include increases in retirement, health insurance, and other fixed costs. Additionally, the 2016-2017 funding plan is projecting a 2% salary increase for all staff.

The 2016-17 funding plan also includes the third year of the Read to Achieve summer camps. The initiative ensures that third-grade students receive extra attention in North Carolina because of the State's Read to Achieve legislative initiative, a part of the Excellent Public Schools Act. Under this State law, third-grade students who are not reading at grade level by the end of third grade will receive special help, including summer reading camp and other interventions to make sure that they can read well enough to be able to do fourth-grade work.

Although there is always a great deal of uncertainty regarding State funding, the General Assembly held funding for teacher assistants steady, raised teachers' salaries an average of 4.7%, raised school administrator and non-certified personnel salaries 1.5%, gives all employees a one-time bonus of 0.5%, and continues to fund driver's education.

Scotland County Schools is the only school district in the state of North Carolina with a mandated funding formula between the County and school district. A timeline, listed below, gives insight into the funding formula and its changes over time:

- 1933 – Citing deteriorating economic conditions from the Great Depression, the Scotland County and Laurinburg City Schools merge.
- 1939 – Citing a lack of financial support from the County, Laurinburg petitions, and is granted, the authority to resume its own school system, separate from Scotland County.

**SCOTLAND COUNTY BOARD OF EDUCATION  
EXECUTIVE SUMMARY NARRATIVE**

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- 1939-1964 – City of Laurinburg and Scotland County each operate their own schools.
- June 5, 1963 – The North Carolina General Assembly approves S.L. 1963-707, same as House Bill 1017, providing for the merger of the Scotland County Schools Administrative Unit and the Laurinburg City Schools Administrative Unit.
- March 1964 – Scotland County voters approve the merger. Included, as provisions of the merger, are a bond measure to create a consolidated high school to serve the entire county and a measure that mandated the county fund the schools locally at the per-pupil state average.
- October 1, 1964 – Laurinburg Scotland County Schools as a singular, countywide school district is created.
- 1973 – House Bill 660 revises the method of electing Laurinburg Scotland County Board of Education members and changed the name to Scotland County Schools. "Five members shall be residents of Stewartville Township and three of the members shall be residents of the remaining three townships."
- January 5, 1981 – The Scotland County Board of Commissioners passes a resolution requesting state legislators to introduce legislation enabling a referendum to repeal funding provisions of the 1963 merger law.
- January 12, 1981 - The Scotland County Board of Education passes a resolution, requesting the legislative delegation not introduce legislation allowing for a referendum in Scotland County on the school funding law. Ultimately, no action is taken.
- July 8, 1988 - Scotland County Schools seeks to dispute the resolution through the Clerk of Superior Court, as stipulated in then GS 115C-431, to resolve the dispute created by the county appropriating no Capital Outlay funds for the fiscal year 1988-1989.
- July 18, 1988 - The Board of Commissioners appropriates \$100,000 for Scotland County Schools Capital Outlay budget for fiscal year 1988-1989.
- 2002 - In the midst of a recession and the loss of Abbott Laboratories, the County Commissioners and Board of Education agree to a revision of the funding provision of the original merger law. Session Law 2002-66, passed on August 8 by the General Assembly, amends the original funding provision, and creates a funding formula that ties the schools' local current expense funding to the average increase or decrease of North Carolina's low-wealth counties. For fiscal year 2002-2003, Scotland County Schools received \$8.7 million in local funding instead of the \$9.7 million the schools would have been due under the 1963 funding law.
- February 7, 2003 - The Scotland County Board of Commissioners approves a resolution asking the legislative delegation for a referendum to allow Scotland County voters to vote on the newly revised school funding law. The Board of Education opposes this resolution and no action is taken.
- August 17, 2004 - The General Assembly approves a technical correction to S.L. 2002-66 to account for the changes in the number of counties designated as low-wealth from year-to-year.

## **SCOTLAND COUNTY BOARD OF EDUCATION EXECUTIVE SUMMARY NARRATIVE**

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- May 10, 2005 - The Scotland County Board of Commissioners passes a resolution requesting that the Scotland County Board of Education agree to a deviation from the funding level of expenditures from local funds for fiscal year 2005-2006, from \$9,386,584 to \$9,050,584.
- May 16, 2005 - Scotland County Board of Education passes a resolution, which declines the Commissioners' request of May 10.
- May 25, 2005 - The Board of Commissioners requests that the Board of Education forgo acceptance of the \$178,287 current expense increase for fiscal year 2005-2006.
- May 26, 2005 - The Scotland County Board of Education declines the Board of Commissioners request to forgo the \$178,287 current expense increase and requests a complete accounting of the interest earned by the County upon Article 40 and Article 42 restricted use sales tax proceeds. The Board of Education also asks the County to identify the fund source(s) for the County's required match for the ADM capital fund.
- June 2005 - After the final county budget appropriates no dollars for school capital outlay, the Scotland County Board of Education begins the new dispute resolution process under GS 155C-431, and a Superior Court Judge appoints a mediator. The Board of Education and Board of Commissioners meet with the mediator at St. Andrews Presbyterian College for mediation regarding school capital outlay fund and Article 40 and 42 restricted use sales tax. The boards agree to settle the issue of the interest upon the Article 40 and Article 42 restricted use sales tax. The boards agree to set the school capital outlay account at \$1.9 million dollars and spell out how capital funding will be disbursed in the future in an agreement filed with the court. The school system drops its request for an external audit of the interest previously accrued upon the capital outlay fund. The capital outlay fund is to be kept in a separate cash account open for inspection by the Board of Education.
- March-June 2009 - The Board of Education approves its local budget for fiscal year 2009-2010, including a request from the Board of Commissioners that the schools forgo approximately \$340,000 in local current expense funding, provided that the County reduce the property tax rate accordingly. The county subsequently approves its budget with the \$340,000 reduction for schools, but does not lower the tax rate. The boards hold a joint meeting, and the Board of Education ultimately accepts the current expense reduction, and the commissioners support the Wagram expansion project.
- March-June 2011 - The County Commissioners continue to face mounting pressures on their fund balance. In an attempt to save funds, the County Commissioners allocate no capital outlay funds to Scotland County Schools.
- May-June 2014 - The funding formula produces a larger than normal increase to the school system (approximately \$890k). The County Commissioners allocated a flat amount, from the previous year, in their legal budget document. That event leads to the school board and the County Commissioners to enter into mediation, under GS 155C-431. That mediation produces an agreement that locks in funding for the next two fiscal years (an increase of \$450k in fiscal year 2014-2015 and an additional increase of approximately \$211,000 in fiscal year 2015-2016) and creates a committee to look at the funding formula in future years.
- July 2015 - the County Commissioners and School Board agree on funding up to the 2017-2018 school year. The agreement decreases the current expense fund by 2.25% in fiscal years 2016-2017 and 2017-2018 and holds capital outlay flat at \$300,000 per year.

**SCOTLAND COUNTY BOARD OF EDUCATION  
EXECUTIVE SUMMARY NARRATIVE**

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The district administration is pleased to provide to the Board of Education the proposed budget for 2016-2017. The 2016-2017 General Fund budget proposes to utilize \$380,872 of fund balance. The projected fund balance at June 30, 2017 for the General Fund is expected to be \$3.3 million.

This budget allows the district to continue the progress in academic achievement and addresses the instructional and operational needs of the student population.

**BUDGET OVERVIEW**

**Prior Year Actual vs. Current Year Budget**

	<b>2015-2016 Audited Actual</b>	<b>2016-2017 Budget Resolution</b>	<b>Change</b>
State Public School Fund	\$ 39,405,494	\$ 40,617,251	\$ 1,211,757
Federal Grants Fund	5,467,268	5,444,448	(22,820)
General Fund	13,007,333	13,315,203	307,870
Capital Outlay Fund	1,038,639	863,500	(175,139)
School Food Service Fund	<u>3,811,558</u>	<u>3,602,800</u>	<u>(208,758)</u>
<b>Total Budget</b>	<b><u>\$ 62,730,292</u></b>	<b><u>\$ 63,843,202</u></b>	<b><u>\$ 1,112,910</u></b>
Student Enrollment	5,818	5,814	(4)

**ORGANIZATION**

**Our Vision:**

Scotland County Schools will graduate all students college and career ready.

**Our Mission:**

It is the mission of Scotland County Schools to develop responsible, productive citizens by providing excellent education for its children through engaging instruction. Partnering with families and the community will ensure every child’s academic, social, emotional, and physical needs are met in a safe, nurturing environment.

**Our Values:**

- Professionalism and Leadership — demonstrate professionalism and leadership by caring enough to be honest
- Integrity — actions speak louder than words
- Diversity — value diversity and integrate its importance into programs, policies, and procedures
- Responsibility — holding yourself to the highest level of accountability
- Respect — all individuals deserve to be treated fairly

**SCOTLAND COUNTY BOARD OF EDUCATION  
EXECUTIVE SUMMARY NARRATIVE**

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**Our Strategic Plan:**

**Goal 1: High Performance Students**

**By 2020, 91% of Scotland County students will graduate from high school career and college ready.**

- Design, deploy, and monitor curricula practices in every academic discipline that prepares all students to be college and career ready as measured by a 5% increase per year in district performance on state assessments.
- Continue implementation and monitoring of K–12 Literacy Plan to ensure that students are performing at or above grade level as measured by increases in district grade level MClass and EOG reading assessment and English II performances.
- Design, deploy, and monitor a data analysis system that will enable effective benchmarking and analyzing of student performance as measured by quarterly benchmark results, yearly EVAAS data, and EOG/EOC results.
- Design, deploy, and monitor an instructional technology plan that enables teachers to meet the individual needs of each learner in SCS with the goal of creating digital citizens and aiding in the preparation of college and career readiness, as measured by the increase in 8th grade EXPLORE, 10th grade PLAN, 11th grade ACT scores, and 12th grade WorkKeys.

**Goal 2: High Performance Staff**

**100% of Scotland County Schools' staff will be highly effective within the school community, based on evaluation instruments and a collection of various data methods. All staff will be able to show evidence of ethical and professional conduct and use research based best practices.**

- By 2020, 74% of the staff will be above proficient on Standard 4 on the NC Educator Effectiveness Instrument.
- Build a highly qualified instructional support staff measured by end-of-the-year evaluations enabling 100% of classified personnel to be proficient or higher.
- By 2020, SCS will reduce the Teacher Turnover Rate to 13.9%.
- By 2020, 75% of the staff will be above proficient on Standard 1 on the NC Educator Effectiveness Instrument.

**Goal 3: High Performance Learning Environments**

**By 2020, Scotland County Schools will graduate 91% of students college and career ready by reducing out-of-school suspensions, decreasing the dropout rate, eliminating the office referral ethnic, racial, gender and economic gap, and increasing the graduation rate for each subgroup to 91%.**

- A comprehensive continuum of behavior interventions throughout Scotland County Schools that results in discipline data, drop out data and an increase in cohort graduation rate.
- Well maintained and safe facilities creating successful learning environments for students and staff.

## **SCOTLAND COUNTY BOARD OF EDUCATION EXECUTIVE SUMMARY NARRATIVE**

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- Design, deploy, and monitor the effectiveness of the Presidential Fitness Program as measured in grades 5, 8, and 9.

### **Goal 4: High Performance Communication**

**Design, develop, and monitor a communication plan and process that reaches 100% of our stakeholders by using varied and strategic communication methods.**

- Design, deploy, and monitor a process for measuring communication effectiveness to ensure high performance communication throughout the district.
- Create strong relationships and partnerships with local and regional communities that yield mutually beneficial results.

### **Celebrations:**

- Excellence in Management in the Public School Fund of North Carolina 2012-2014
- The Association of School Business Officials International Meritorious award for Excellence in Financial Reporting.
- The Government Finance Officers of the United States and Canada (GFOA) award of Financial Reporting and Achievement.
- A in Transparency from the John Locke Foundation.
- Scotland County Schools' graduation reached an all-time high of 81.8% in 2014-15.
- At 84th out of 934 graded institutions, Scotland Early College High School ranked in the top 10 percent of high schools in Niche Rankings' 2015 Best Public High Schools in North Carolina rating.
- Scotland County Schools was one of only six counties in four states be selected for the Rural Innovative Schools initiative. This initiative aims to deliver customized professional learning for teachers and administrators, provide design and planning support for districts, and offer statewide capacity-building efforts for greater implementation of proven college readiness strategies with the goal of increasing opportunities for students and increasing the graduation rate.
- Scotland County Schools' seniors earned almost 2 million dollars in scholarships in 2014-15.
- Covington Street Elementary School earned 'exemplar status' in 2014-15 for their implementation of the North Carolina Positive Behavior Intervention and Support (PBIS) initiative.
- Three of our elementary schools inducted their inaugural members this year ensuring all of our schools have a Beta Club that celebrate students' academic success.
- Cross country and golf were added to the middle school sports roster during the 2015-16 school year.
- The STEM (Science Technology Engineering and Math) Academy was started at Carver Middle School in the 2015-16 school year.
- Chef Steve Dibble, Chef Sam Richardson, and the Culinary Arts students from The Bagpiper restaurant at Scotland High School won the 'Best Entree' award at the 2014 and 2015 Taste of the Town fundraiser for the Scotland County Literacy Council.

An eight-member Board governs Scotland County Schools — all eight-members are elected for four-year terms. There are four members from the Stewartsville district and four at-large seats. The Board elects a chairperson and vice-chairperson for a one-year term from the eight members who are elected. The Board of Education has legal authority for all public schools in Scotland County within the framework set by the State Legislature and the State Board of Education. The Board acts to interpret the educational needs of the county and then meets those needs with policies and facilities that stimulate the student and the learning process. The Superintendent of Schools is appointed by the Board to serve as the chief executive officer for the school district. The Superintendent advises the Board on matters concerning management of the schools, as well as administering laws, regulations and policies adopted by the Board.

## **SCOTLAND COUNTY BOARD OF EDUCATION EXECUTIVE SUMMARY NARRATIVE**

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Below are our Board Members and Principal Officers for the 2016-2017 school year:

### **Board Members**

- Dr. Jeff Byrd, *Chairman*
- Darell "B.J." Gibson, *Vice-Chairman*
- Pat Gates
- Charles Brown
- Jamie Sutherland
- Wayne Cromartie
- Dr. Summer Gainey
- Raymond Hyatt

### **Principal Officers**

- Dr. Ron Hargrave, *Superintendent*
- Larry Johnson, *Assistant Superintendent of Administrative Services*
- Dr. Valerie Williams, *Assistant Superintendent of Instructional Services*
- Cory Satterfield, *Assistant Superintendent of Human Resources & Athletics*
- Jay Toland, *Chief Financial Officer*
- Meredith Bounds, *Public Information Officer*
- Nick Sojka, *General Counsel*

## **DISTRICT GROWTH**

The financial health of the Scotland County Board of Education is largely dependent upon the economic prospects of the State of North Carolina and of the County of Scotland. The State of North Carolina has felt the effects of the nationwide financial crisis since the second half of 2008. Scotland County has a population of approximately 36,000 with very little growth experienced over the past ten years. Over the past decade, Scotland County has lost numerous manufacturing jobs. Several of the largest employers, including State of North Carolina, The Mega Force Staffing Group, and WestPoint Stevens – combined amounting to approximately 3,000 jobs – have ceased operations in Scotland County within the last ten years. Currently, Scotland County Schools and Scotland Memorial Hospital are the two largest employers in the county. Scotland County Board of Education has experienced a steady decline in student enrollment of approximately 1% per year over the past five years. Due to the economic issues facing Scotland County and lack of growth, the Board expects this trend to continue for the foreseeable future. According to the U.S. Census Bureau, Scotland County has a permanent population projection of 35,509 for 2015. Since 2010, this represents a drop of 1.8% or 648 residents.

Due to County funding being a major source of income for the school district, the County's economic outlook directly affects that of the school district. Scotland County's economy remains vested in industrial manufacturing. Along with the national and State economy, our local economy has felt the impact of the recent recession. The following factors affect the current economic outlook of Scotland County and the Board of Education:



**SCOTLAND COUNTY BOARD OF EDUCATION  
EXECUTIVE SUMMARY NARRATIVE**

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- Scotland County's unemployment rate continues to be higher than the national and State averages.
- The County Commissioners work diligently to attract manufacturing companies through various incentive programs that are run through the Scotland County Economic Development Program along with the Chamber of Commerce. The focus has been on building an inventory of acreage with the proper sewer, water, and fiber capacities that can attract large industrial companies.
- In June of 2015, the Scotland County Board of Education and the Scotland County Board of Commissioners agreed on a three-year agreement that deviated from the General Statute mandated funding formula (only binding funding formula in the State of North Carolina) that has been in place since the 1960's. Simply put, the agreement has a 2.25% reduction per year, and a stipulation that neither the Board of Education nor the Board of County Commissioners can seek a new general statute to remove the underlying funding formula. In addition, for the next three years a funding agreement of \$300,000 per year has been set for capital outlay. An additional list of needs outside of the \$300,000 allotment has been sent to the County Manager from the Superintendent.
- The aforementioned 2.25% cut from local/general funds and declining ADM has led the Board to use fund balance to balance the budget.
- The Board has an approved strategic plan that has many goals, with the focal points being: high performance students, staff, learning environments and communication. These goals are what the budget will be built upon. The Board realizes the importance of aligning the budget to the strategic plan so that the funds are being spent to realize the goals of the plan.

These factors were considered in preparing the Board's budget for the new fiscal year. The Board's budget was created with a focus on protecting instructional program allocations and certified personnel.

According to the U. S. Census Bureau, Scotland County's population in 2010 was approximately 46.4% White, 39.2% African-American, 11.4% American Indian and Alaska native, and 3% other race. For 2016, the SCS student population consisted of 46% African-American, 30% White, 16% American Indian, and 8% other race. According to the U.S. Census Bureau, the median household income in Scotland County was \$35,359, compared to the U.S. median of \$55,775. Estimate of per capita income in 2014 for Scotland County was \$29,039, compared to the U.S. per capita income estimate of \$46,414.

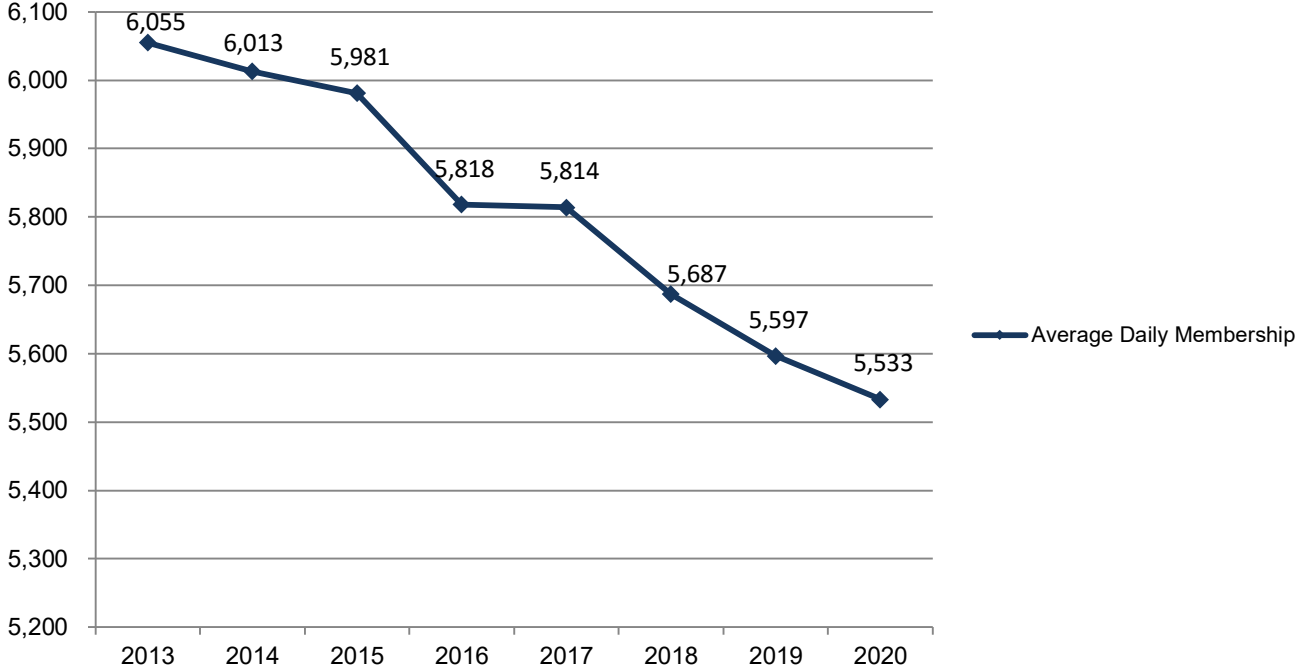
**SCOTLAND COUNTY BOARD OF EDUCATION  
EXECUTIVE SUMMARY NARRATIVE**

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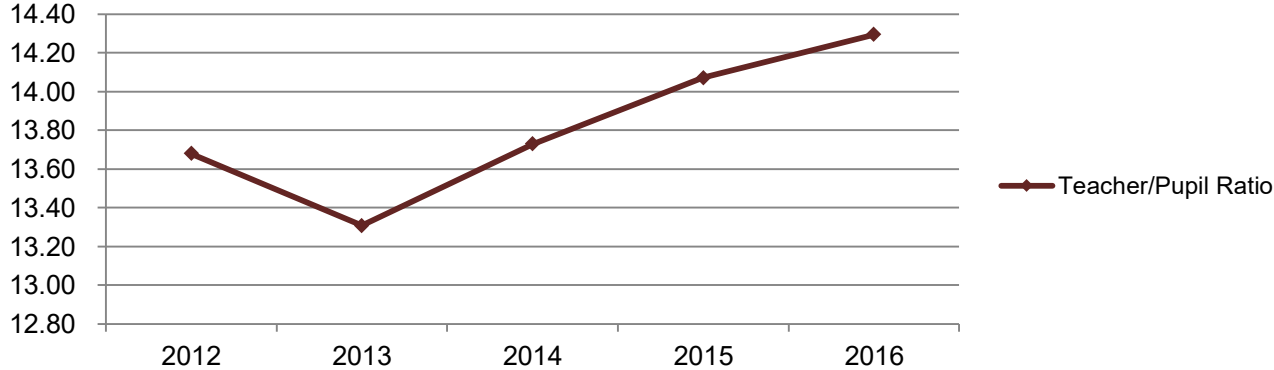
**Enrollment**

In the last ten years, Scotland County Schools' enrollment has dropped by 915 students. Looking to the future, the district still anticipates experiencing a decline of approximately 2% per year beyond the 2016-2017 fiscal year. The 2% estimated decline is based on the average actual annual decline over the past five years. As the graph indicates, the projected enrollment is expected to decrease from 5,818 students for fiscal year 2015-2016 to 5,533 students in fiscal year 2019-2020.

**Average Daily Membership**

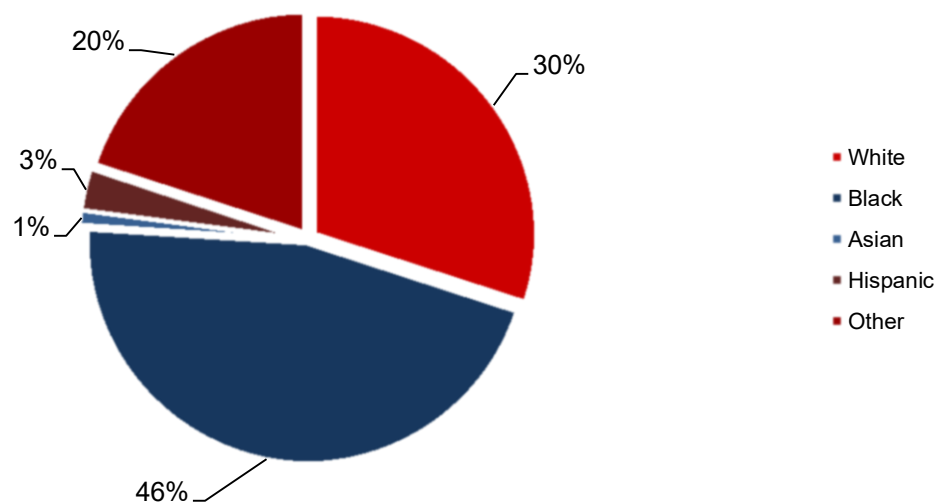


**Teacher/Pupil Ratio**



**SCOTLAND COUNTY BOARD OF EDUCATION  
EXECUTIVE SUMMARY NARRATIVE**

**ETHNIC DISTRIBUTION OF STUDENTS**



**PERSONNEL SUMMARY**

The information below is a summary of the total full-time equivalent employees by function included in the 2016-2017 budget and for the four preceding fiscal years:

<b>Year Ended June 30</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>
Officials, admins, mgrs	19	17	15	14	12
Principals	14	17	14	12	12
Asst. Principals, non-teaching	13	16	18	16	14
<b>Total administrators</b>	<b>46</b>	<b>50</b>	<b>47</b>	<b>42</b>	<b>38</b>
Elementary teachers	328	319	306	290	291
Secondary teachers	123	114	110	113	116
Other teachers	4	5	5	4	3
<b>Total teachers</b>	<b>455</b>	<b>438</b>	<b>421</b>	<b>407</b>	<b>410</b>
Guidance	17	17	17	15	14
Psychological	5	5	5	5	5
Librarian, audiovisual	12	12	12	10	10
Consultant, supervisor	22	15	14	17	15
Other professionals	37	39	35	39	39
<b>Total professionals</b>	<b>594</b>	<b>576</b>	<b>551</b>	<b>535</b>	<b>531</b>
Teacher Assistants	151	97	108	108	117
Technicians	5	7	6	6	6
Clerical, secretarial	55	52	49	48	50
Service workers	87	77	76	88	86
Skilled crafts	8	9	9	9	8
Laborers, Unskilled	16	15	11	6	6
<b>Total employees</b>	<b>916</b>	<b>833</b>	<b>810</b>	<b>800</b>	<b>804</b>

**SCOTLAND COUNTY BOARD OF EDUCATION  
EXECUTIVE SUMMARY NARRATIVE**

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**BUDGET DEVELOPMENT PROCESS**

The budget process starts with the strategic plan, school improvement plans, principals, and the budget directors, and ends with the approval of elected officials. The strategic plan was crafted from a wide range of stakeholders (employees, parents, community members, and district leaders). Through the school improvement teams, the school improvement plan is developed with representation from all employee groups. These plans represent the hard work and input from the most important stakeholders of the district. Furthermore, it is imperative that the budget matches the goals of the strategic plan because the strategic plan is the road map for success for Scotland County Schools. The budget serves as the vehicle for the road map, by matching planned expenditures to the road map for success.

During budget season (late winter), every principal and budget manager meets with the Executive Cabinet to discuss their school/department's needs. Before the meetings are scheduled, baseline forecasts are distributed. During these budget meetings, the principals/budget managers present the initial budget from the baseline forecasts. At the end of the meeting, the principal/directors present any additional needs they may foresee for the upcoming budget year. The Executive Cabinet takes in to account all requests, reconciles it against the strategic plan, and finally decides on a final recommendation for the Board of Education. Once the recommendations are compiled, the final budget document is prepared and presented to the board of education.

**Budget Development Timeline**

January 2016	Chief Financial Officer to begin budget planning, manual revisions and establish the budget calendar
February 1, 2016	Budget Preparation Manual and budget information distributed to Budget Managers/Principals – Admin Team Meeting
February 2016	Finance Officer will meet individually with Budget Managers and Principals.
March 7, 2016	Deadline for budgets to be submitted to Chief Financial Officer by Budget Managers/Principals
March 14-25, 2016	Initial budget compiled from requests made by Budget Managers/Principals – Presentation to Ex. Cabinet
April 1-8, 2016	Chief Financial Officer and Superintendent make final changes before presentation to the Board.
April 18, 2016	Initial budget (local current expense) proposal presented to Board of Education (must sit for 30 days)
May 9, 2016	Budget presented to Board of Education for approval
May 2016	Budget presented to Scotland County
June 13, 2016	Interim Budget approved at regular Board of Education meeting
September 12, 2016	Budget resolution approved at regular Board of Education meeting.

**SCOTLAND COUNTY BOARD OF EDUCATION  
EXECUTIVE SUMMARY NARRATIVE**

**STATE PUBLIC SCHOOL FUND**

The State Public School Fund includes appropriations from the N.C. Department of Public Instruction (DPI) for the current operating expenditures of the public school system. For fiscal year 2016-2017, the proposed budget for the State Public School Fund is \$40,617,251. All of the revenue to support this fund is generated from the State of North Carolina and its taxing authority. It comprises 64.0% of the overall budget and its budgeted expenditures consist of 87.7% instructional services, 12.2% system-wide support services, and 0.1% ancillary services.

	2015-2016 Audited Actual	2016-2017 Budget Resolution	<u>2015-2016 to 2016-2017</u> Increase / (Decrease)      Percent Change	
Revenues:				
State of North Carolina	\$ 39,405,494	\$ 40,617,251	\$ 1,211,757	3.08%

Comparative prior year actual and 2016-2017 budgeted expenditures for the State Public School Fund are:

	2015-2016 Audited Actual	2016-2017 Budget Resolution	<u>2015-2016 to 2016-2017</u> Increase / (Decrease)      Percent Change	
Expenditures:				
Instructional services	\$ 33,849,002	\$ 35,612,001	\$ 1,762,999	5.21%
System-wide support services	5,510,531	4,959,091	(551,440)	-10.01%
Ancillary services	961	46,159	45,198	4703.23%
Total expenditures	<u>39,360,494</u>	<u>40,617,251</u>	<u>1,256,757</u>	<u>3.19%</u>
Other financing uses:				
Transfers to other funds	45,000	-	(45,000)	-
Total expenditures and other financing uses	<u>\$ 39,405,494</u>	<u>\$ 40,617,251</u>	<u>\$ 1,211,757</u>	<u>3.08%</u>

Numerous budget adjustments will be made throughout the fiscal year which will affect the adopted budget resolution, some of which are described below:

- PRC 001 – Classroom Teachers - \$17,784,261 included in the current year budget resolution. However, the audited actual amount from the prior year was \$16,090,937. This is used to pay classroom teachers of those coded to position allotments. Therefore, the Board’s expenditures for these teachers are unknown at the time the budget is adopted. The Board anticipates these expenditures will increase over the prior year actual expenditures due to the increase in teacher pay in the current year, which is an average increase of 4.7%.

**SCOTLAND COUNTY BOARD OF EDUCATION  
EXECUTIVE SUMMARY NARRATIVE**

- PRC 009 – Non-Contributory Employee Benefits – \$1,500,000 included in the current year budget resolution. However, the audited actual amount from the prior year was \$509,079. This is used to pay all employer-matching benefits of employee salary expenditures coded to position allotments. The Board’s portion of health insurance and retirement costs are unknown at the time the budget is adopted. Therefore, actual expenditures for the year may differ significantly from the amount budgeted.

**GENERAL FUND**

The General Fund is the general operating fund of the Board. The General Fund accounts for all financial resources except those that are required to be accounted for in another fund. This fund is the “Local Current Expense Fund,” which is mandated by State law [G.S. 115C-426]. For fiscal year 2016-2017, the proposed budget for the General Fund of the school district is \$12,934,331. Approximately 79.5% of the revenue to support this fund is generated locally through the County and its taxing authority. Other revenues include Medicaid reimbursements, State and federal flow-through grants, locally awarded grants, other local revenue, and federal revenue in the form of JROTC reimbursements. It comprises 20.4% of the overall budget and its budgeted expenditures consist of 60.1% instructional services, 39.8% system-wide support services, and 0.1% non-programmed charges.

	2015-2016 Audited Actual	2016-2017 Budget Resolution	2015-2016 to 2016-2017	
			Increase / (Decrease)	Percent Change
Revenues:				
U.S. Government	\$ 598,136	\$ 306,777	\$ (291,359)	-48.71%
State of North Carolina	1,208,620	1,292,612	83,992	6.95%
Scotland County	10,826,612	10,583,014	(243,598)	-2.25%
Other	1,246,620	751,928	(494,692)	-39.68%
Fund balance appropriated	-	380,872	380,872	
Total revenues and fund balance appropriated	<u>\$ 13,879,988</u>	<u>\$ 13,315,203</u>	<u>\$ (564,785)</u>	<u>-4.07%</u>

Comparative prior year actual and 2016-2017 budgeted expenditures for the General Fund are:

	2015-2016 Audited Actual	2016-2017 Budget Resolution	2015-2016 to 2016-2017	
			Increase / (Decrease)	Percent Change
Expenditures:				
Instructional services	\$ 6,547,173	\$ 8,007,779	\$ 1,460,606	22.31%
System-wide support services	6,431,155	5,300,908	(1,130,247)	-17.57%
Ancillary services	2,414	-	(2,414)	-100.00%
Non-programmed charges	26,591	6,516	(20,075)	-75.50%
Total expenditures	<u>\$ 13,007,333</u>	<u>\$ 13,315,203</u>	<u>\$ 307,870</u>	<u>2.37%</u>

**SCOTLAND COUNTY BOARD OF EDUCATION  
EXECUTIVE SUMMARY NARRATIVE**

Overall, budgeted General Fund revenues and expenditures are relatively consistent with the prior year actual. The Board is expecting a decrease in county appropriations of approximately \$244,000 from the prior year. Also, a \$564,000 decrease was budgeted that resulted from fluctuations in Medicaid reimbursements and the Gear Up NC, Workforce Investment Act (WIA), and ROTC grants. These decreases in funding necessitated that the Board budget to spend \$380,872 in fund balance in order to continue to provide comparable services to the prior year.

**FEDERAL GRANTS FUND**

The Federal Grants Fund includes appropriations from the U.S. Government for the current operating expenditures of the public school system. It comprises 8.6% of the overall budget and its budgeted expenditures consist of 70.5% instructional services, 18.8% system-wide support services, and 10.7% non-programmed charges.

	2015-2016 Audited Actual	2016-2017 Budget Resolution	<u>2015-2016 to 2016-2017</u>	
			Increase / (Decrease)	Percent Change
Revenues:				
U.S. Government	\$ 5,467,268	\$ 5,444,448	\$ (22,820)	-0.42%

Comparative prior year actual and 2016-2017 budgeted expenditures for the Federal Grants Fund are:

	2015-2016 Audited Actual	2016-2017 Budget Resolution	<u>2015-2016 to 2016-2017</u>	
			Increase / (Decrease)	Percent Change
Expenditures:				
Instructional services	\$ 4,078,817	\$ 3,836,519	\$ (242,298)	-5.94%
System-wide support services	1,226,195	1,022,419	(203,776)	-16.62%
Ancillary services	8,897	-	(8,897)	-100.00%
Non-programmed charges	153,359	585,510	432,151	281.79%
 Total expenditures	 \$ 5,467,268	 \$ 5,444,448	 \$ (22,820)	 -0.42%

Overall, budgeted Federal Grants Fund revenues and expenditures remained relatively flat. Only minor fluctuations in funding for the various federal programs offered by the Board are expected.

**SCOTLAND COUNTY BOARD OF EDUCATION  
EXECUTIVE SUMMARY NARRATIVE**

**CAPITAL OUTLAY FUND**

The Capital Outlay Fund accounts for financial resources to be used for the acquisition and construction of major capital facilities (other than those financed by proprietary funds and trust funds). It is mandated by State law [G.S.115C-426]. Scotland County appropriations, restricted sales tax moneys, proceeds of county debt issued for public school construction, lottery proceeds, as well as certain State assistance fund capital projects. The Capital Outlay Fund has budgeted revenues totaling \$863,500.

	2015-2016 Audited Actual	2016-2017 Budget Resolution	<u>2015-2016 to 2016-2017</u> Increase / (Decrease)      Percent Change	
Revenues:				
State of North Carolina	\$ 122,591	\$ 375,000	\$ 252,409	205.90%
Scotland County	534,755	300,000	(234,755)	-43.90%
Other	340,753	188,500	(152,253)	-44.68%
Other financing sources	84,068	-	(84,068)	-100.00%
 Total revenues and other financing sources	<u>\$ 1,082,167</u>	<u>\$ 863,500</u>	<u>\$ (218,667)</u>	<u>-20.21%</u>

Comparative prior year actual and 2016-2017 budgeted expenditures for the Capital Outlay Fund are:

	2015-2016 Audited Actual	2016-2017 Budget Resolution	<u>2015-2016 to 2016-2017</u> Increase / (Decrease)      Percent Change	
Expenditures:				
Capital outlay	\$ 1,017,622	\$ 563,500	\$ (454,122)	-44.63%
Debt service	21,017	300,000	278,983	1327.42%
 Total expenditures	<u>\$ 1,038,639</u>	<u>\$ 863,500</u>	<u>\$ (175,139)</u>	<u>-16.86%</u>

In the State of North Carolina, yellow buses are purchased by school districts through installment purchase agreements entered into between the school districts and the financing entity. DPI makes the debt service payments on behalf of the school districts for the yellow buses. The school district makes various accounting entries throughout the year as DPI makes these debt service payments and as new installment purchase agreements are entered into. All of these entries are due to noncash transactions. The bus entries will be made during the year upon notification from DPI of the appropriate amounts. There is also additional revenue generated by programs using the district's activity buses and reimbursing the district for fuel costs that will be adjusted throughout the year.

The Board's capital outlay fund balance has dropped 94%, or \$712,597, in the past ten years. This remains a concern due to the lack of visibility the board has in potential building failure and an aging activity bus fleet. The board's average age of building is 45 years old.

In recent years, the capital outlay appropriation has remained largely flat, with only small increases or decreases annually. The capital outlay appropriation has enabled us to address only the most urgent needs through repair or replacement. Consequently, our list of capital needs requiring immediate



**SCOTLAND COUNTY BOARD OF EDUCATION  
EXECUTIVE SUMMARY NARRATIVE**

attention has continued to grow. We have been, and we will continue to be, fiscally conservative because we fully appreciate our responsibility to be excellent stewards of public resources directed to our schools. However, during this recent cycle of essentially flat capital outlay funding, the cost of maintaining core services and providing necessary materials and supplies has continued to grow. Currently, our capital outlay expense fund balance is insufficient to address the needs reflected in our Budget Resolution.

**SCHOOL FOOD SERVICE FUND**

The School Food Service Fund is used to account for the food service program within the school system. The Food Service Budget is housed in a completely separate fund and is totally self-sufficient. Revenue is generated from mostly federal reimbursements since the district participates 100% in the Community Eligibility Provision.

For fiscal year 2016-2017, the budgeted revenues for the School Food Service Fund are \$3,602,800.

	2015-2016 Audited Actual	2016-2017 Budget Resolution	<u>2015-2016 to 2016-2017</u>	
			Increase / (Decrease)	Percent Change
Revenues:				
Food sales	\$ 266,872	\$ 228,000	\$ (38,872)	-14.57%
U.S. Government	3,652,138	3,372,000	(280,138)	-7.67%
Other	10,055	2,800	(7,255)	-72.15%
	<u>\$ 3,929,065</u>	<u>\$ 3,602,800</u>	<u>\$ (326,265)</u>	<u>-8.30%</u>

Comparative prior year actual and 2016-2017 budgeted expenses for the School Food Service Fund are:

	2015-2016 Audited Actual	2016-2017 Budget Resolution	<u>2015-2016 to 2016-2017</u>	
			Increase / (Decrease)	Percent Change
Expenses:				
Business support services	<u>\$ 3,811,558</u>	<u>\$ 3,602,800</u>	<u>\$ (208,758)</u>	<u>-5.48%</u>

Entering the third year of the Community Eligibility Provision, which provides free breakfast and lunch to all students, a conservative budget was used due to the reimbursements being tied so closely to participation. Appropriate entries will be made during the year to adjust the budget higher or lower based on actual participation levels and anticipated expenditures.

**SCOTLAND COUNTY BOARD OF EDUCATION  
EXECUTIVE SUMMARY NARRATIVE**

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**BUDGET FORECASTS THRU 2019-2020**

**State Public School Fund**

	2016-2017 Budget Resolution	2017-2018 Forecasted Budget	2018-2019 Forecasted Budget	2019-2020 Forecasted Budget
Revenues:				
State of North Carolina	\$ 40,617,251	\$ 41,348,757	\$ 42,096,511	\$ 42,860,803
Expenditures:				
Instructional services	35,612,001	36,256,809	36,915,862	37,589,416
System-wide support services	4,959,091	5,044,866	5,132,625	5,222,403
Ancillary services	46,159	47,082	48,024	48,984
Total expenditures	40,617,251	41,348,757	42,096,511	42,860,803
Net change in fund balance	-	-	-	-
Fund balance, beginning of year	-	-	-	-
Fund balance, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**SCOTLAND COUNTY BOARD OF EDUCATION  
EXECUTIVE SUMMARY NARRATIVE**

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**General Fund**

	2016-2017 Budget Resolution	2017-2018 Forecasted Budget	2018-2019 Forecasted Budget	2019-2020 Forecasted Budget
Revenues:				
U.S. Government	\$ 306,777	\$ 652,833	\$ 652,832	\$ 613,380
State of North Carolina	1,292,612	1,275,444	1,275,444	1,275,444
Scotland County	10,583,014	10,344,895	10,112,135	10,112,135
Other	751,928	455,885	454,047	433,304
<b>Total revenues</b>	<b>12,934,331</b>	<b>12,729,057</b>	<b>12,494,458</b>	<b>12,434,263</b>
Expenditures:				
Instructional services	8,007,779	7,805,604	7,889,448	7,698,038
System-wide support services	5,300,908	5,120,685	5,022,572	4,855,042
Non-programmed charges	6,516	6,255	6,005	5,765
<b>Total expenditures</b>	<b>13,315,203</b>	<b>12,932,544</b>	<b>12,918,025</b>	<b>12,558,845</b>
Net change in fund balance	(380,872)	(203,487)	(423,567)	(124,582)
Fund balance, beginning of year	3,717,292	3,336,420	3,132,933	2,709,366
Fund balance, end of year	<u>\$ 3,336,420</u>	<u>\$ 3,132,933</u>	<u>\$ 2,709,366</u>	<u>\$ 2,584,784</u>

**SCOTLAND COUNTY BOARD OF EDUCATION  
EXECUTIVE SUMMARY NARRATIVE**

**Federal Grants Fund**

	2016-2017 Budget Resolution	2017-2018 Forecasted Budget	2018-2019 Forecasted Budget	2019-2020 Forecasted Budget
Revenues:				
U.S. Government	\$ 5,444,448	\$ 5,502,011	\$ 5,561,985	\$ 5,624,401
Expenditures:				
Instructional services	3,836,519	3,885,858	3,936,914	3,989,711
System-wide support services	1,022,419	1,042,353	1,062,747	1,083,612
Non-programmed charges	585,510	573,800	562,324	551,078
Total expenditures	<u>5,444,448</u>	<u>5,502,011</u>	<u>5,561,985</u>	<u>5,624,401</u>
Net change in fund balance	-	-	-	-
Fund balance, beginning of year	-	-	-	-
Fund balance, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**Capital Outlay Fund**

	2016-2017 Budget Resolution	2017-2018 Forecasted Budget	2018-2019 Forecasted Budget	2019-2020 Forecasted Budget
Revenues:				
State of North Carolina	\$ 375,000	\$ 400,000	\$ 400,000	\$ 400,000
Scotland County	300,000	300,000	300,000	300,000
Other revenues	188,500	160,000	160,000	165,000
Total revenues	<u>863,500</u>	<u>860,000</u>	<u>860,000</u>	<u>865,000</u>
Expenditures:				
Capital outlay	563,500	560,000	560,000	565,000
Debt service	300,000	300,000	300,000	300,000
Total expenditures	<u>863,500</u>	<u>860,000</u>	<u>860,000</u>	<u>865,000</u>
Net change in fund balance	-	-	-	-
Fund balance, beginning of year	45,054	45,054	45,054	45,054
Fund balance, end of year	<u>\$ 45,054</u>	<u>\$ 45,054</u>	<u>\$ 45,054</u>	<u>\$ 45,054</u>

**SCOTLAND COUNTY BOARD OF EDUCATION  
EXECUTIVE SUMMARY NARRATIVE**

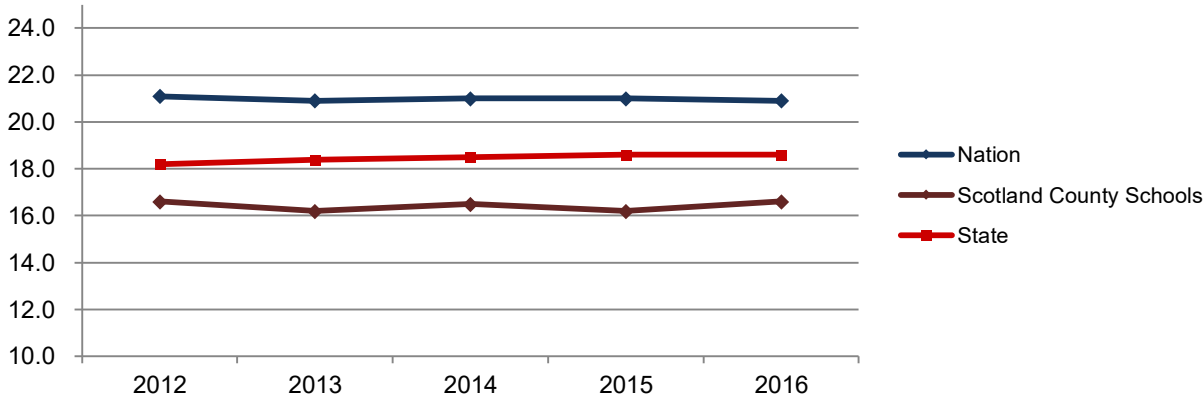
**School Food Service Fund**

	2016-2017 Budget Resolution	2017-2018 Forecasted Budget	2018-2019 Forecasted Budget	2019-2020 Forecasted Budget
<b>Revenues:</b>				
Food sales	\$ 228,000	\$ 229,258	\$ 230,574	\$ 231,950
U.S. Government	3,372,000	3,390,603	3,410,068	3,430,406
Other	2,800	2,816	2,832	2,848
<b>Total revenues</b>	<b>3,602,800</b>	<b>3,622,677</b>	<b>3,643,474</b>	<b>3,665,204</b>
<b>Expenses:</b>				
Business support services	3,602,800	3,622,677	3,643,474	3,665,204
Change in net position	-	-	-	-
Net position, beginning of year	1,214,002	1,214,002	1,214,002	1,214,002
Net position, end of year	<u>\$ 1,214,002</u>	<u>\$ 1,214,002</u>	<u>\$ 1,214,002</u>	<u>\$ 1,214,002</u>

**AMERICAN COLLEGE TESTING (ACT) SCORES**

Scotland County Schools' average composite score is 16.6, which is 2.0 points below the state average of 18.6 and 4.3 points below the national average of 20.9. Scotland Early College High had the highest composite score in the district with an average score of 19.6. Scotland High School had a composite score of 16.2.

**ACT Composite Scores**



**SCOTLAND COUNTY BOARD OF EDUCATION  
EXECUTIVE SUMMARY NARRATIVE**

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Strategies used to improve student performance on the ACT are focused in two areas. The first area is instruction directly to the student; this is accomplished through ACT review courses and supplemental materials. The second is training a core group of teachers in methods that have been proven to accelerate growth on the ACT. Once this core group of teachers have this professional development they then give personalized meetings with students to form specific goals for the ACT.

**American College Testing (ACT) Composite Score Comparison**

	<b>Composite</b>				
	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
<b>Nation</b>	<b>21.1</b>	<b>20.9</b>	<b>21.0</b>	<b>21.0</b>	<b>20.9</b>
<b>North Carolina</b>	<b>18.2</b>	<b>18.4</b>	<b>18.5</b>	<b>18.6</b>	<b>18.6</b>
<b>Scotland County Schools</b>	<b>16.6</b>	<b>16.2</b>	<b>16.5</b>	<b>16.2</b>	<b>16.6</b>
Shaw Academy	12.3	13.0	13.3	14.1	N/A
Scotland High School	16.6	16.1	16.1	15.7	16.2
SEARCH	17.1	19.0	20.1	19.4	19.6



# Organizational Section

**SCOTLAND COUNTY BOARD OF EDUCATION  
ORGANIZATION OF THE DISTRICT**

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**BOARD OF EDUCATION**

Chairman ..... Dr. Jeff Byrd  
Vice-Chairman..... Darrell “B.J.” Gibson  
Board Member..... Charles Brown  
Board Member.....Pat Gates  
Board Member..... Jamie Sutherland  
Board Member..... Wayne Cromartie  
Board Member..... Dr. Summer Gainey  
Board Member..... Raymond Hyatt

**ADMINISTRATIVE OFFICIALS**

Superintendent..... Dr. Ron Hargrave  
Assistant Superintendent of Auxiliary Services & Drivers Education ..... Larry Johnson  
Assistant Superintendent of Instructional Services ..... Dr. Valerie Williams  
Assistant Superintendent of Human Resources & Athletics ..... Cory Satterfield  
Chief Financial Officer ..... Jay Toland  
Public Information Officer..... Meredith Bounds  
General Counsel ..... Nick Sojka

**WEBSITE**

Scotland County Schools..... [www.scotland.k12.nc.us](http://www.scotland.k12.nc.us)



## **SCOTLAND COUNTY BOARD OF EDUCATION ORGANIZATION OF THE DISTRICT**

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### **BOARD OF EDUCATION**

The Scotland County Board of Education (Board), elected by the citizens of Scotland County, is the level of government having oversight responsibility and control over activities related to the public schools in Scotland County, North Carolina. N.C. General Statutes empower the Scotland County Board of Education with general control and supervision of all matters pertaining to the schools in the system. For the 2015-2016 fiscal year, the school system served approximately 5,800 students from kindergarten through 12th grade in 8 elementary schools, 2 middle schools, 1 high school and 1 early college. The school system provides general, special, and vocational education services.

The Board consists of eight members elected for staggered terms of four years. The Chair and Vice Chair are elected by a majority vote of the Board each year. The Superintendent serves as secretary to the Board.

The Board of Education meets in regularly scheduled meetings on the second Monday of each month at 7:00 p.m. Meetings are generally held in the Board Room located at the Central Office. If there are changes in meeting place, date, or if additional meetings are called, notice is given through the news media.

The Board complies with the open meeting law, including notice of meetings.

### **ADMINISTRATIVE OFFICIALS**

The Superintendent is appointed by the Board to serve as the chief executive officer of the school district. The Superintendent is employed to advise the Board on all matters concerning management of the schools, as well as administering regulations and policies adopted by the Board. The Superintendent and his administration team are responsible for the execution of those policies and the day-to-day operation of the schools and the district.

As the leader for teaching and learning for Scotland County Schools, the Superintendent is responsible for guiding the development of the curriculum and educational programs that address the needs of students as well as providing leadership and advocacy for education. The Superintendent is accountable for the fiscal management of the district, guiding the direction of employees and ensuring their ongoing professional development. Dr. Ron Hargrave, Superintendent, was appointed by the Board of Education on June 1, 2014. Prior to his appointment as Superintendent, Dr. Hargrave had 24 years of experience in public education which includes serving as a teacher, dean of students, principal, executive director, assistant superintendent, and deputy superintendent within various school systems. Prior to coming to Scotland County Schools, Dr. Hargrave was the Deputy Superintendent of Iredell-Statesville Schools in Iredell County for five years. He graduated from Gardner-Webb University with a Bachelor of Science degree in 1985 and a Master of Arts degree in 2003. Dr. Hargrave also earned a Doctor of Education in Educational Leadership from Gardner-Webb University in 2006. Dr. Hargrave is a veteran, having achieved the rank of Sergeant First Class in the United States Army Reserve.

The Chief Financial Officer of the district, Mr. Jay Toland, is responsible to the Board and Administration for all financial operations. Mr. Toland has been employed with the school district since March 2012. Prior to coming to Scotland County Schools, Mr. Toland served as the Assistant Finance Officer for Hoke County Schools. He graduated from the University of North Carolina at Wilmington with a Bachelor of Science in Business Administration degree in 2002. Mr. Toland later earned a Masters of Business Administration from the University of North Carolina at Pembroke in 2007. Mr. Toland also earned the designations of Certified Administrator of School Finance and Operations from the Association of School Business Officials in 2014 and Certified Management Accountant from the Institute of Management Accountants in 2014.

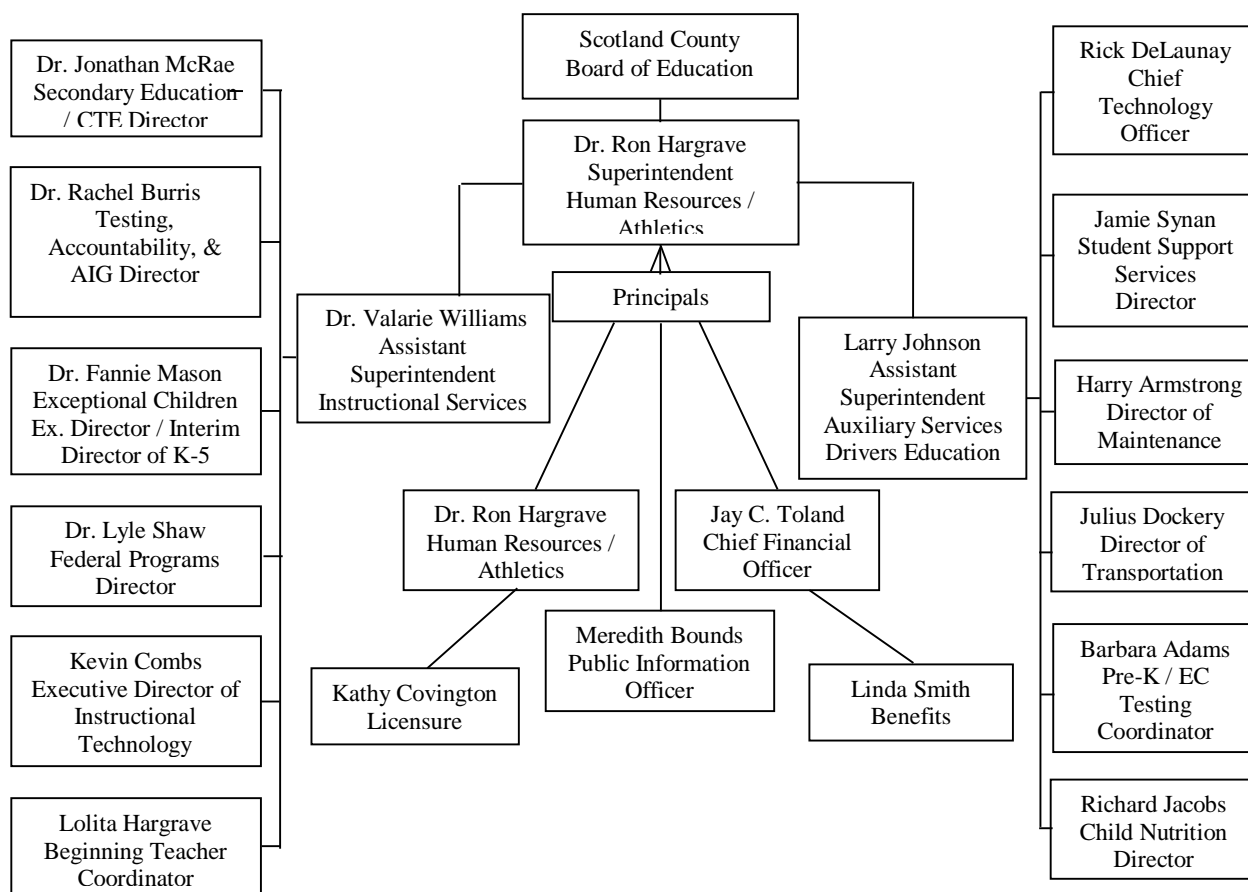
**SCOTLAND COUNTY BOARD OF EDUCATION  
ORGANIZATION OF THE DISTRICT**

All district employees are responsible to the Superintendent and are employed by the Board upon the recommendation of the Superintendent.

The school district is organized such that three Assistant Superintendents and two Officers are employed: Assistant Superintendent of Auxiliary Services & Drivers Education, Assistant Superintendent of Instructional Services, Assistant Superintendent of Human Resources & Athletics, Chief Financial Officer, and Public Information Officer. These five positions report directly to the Superintendent.

**ORGANIZATIONAL CHART**

The traditional organizational chart below is presented to identify the scope of responsibility within the organization and organizational structure.



**SCOTLAND COUNTY BOARD OF EDUCATION  
THE DISTRICT ENTITY**

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**LEGAL AUTONOMY**

The legal name of the district is Scotland County Board of Education. To distinguish the district entity from the legislative body, which governs the district, the name Scotland County Schools is used to describe the district entity.

The boundaries of the district are coterminous with the boundaries of Scotland County, North Carolina; however, the school district is an independent entity. The present boundaries of the school district and authority of its Board were established in 1963 by House Bill 1017 of the General Assembly of North Carolina, which established a countywide school district.

**FISCAL DEPENDENCE**

The school system receives local, State, and federal government funding and must comply with the legal requirements of each funding source entity. While the Board does receive county funding, the county is not entitled to share in any surplus nor is it required to finance any deficits. The Board has no tax levying or borrowing authority and is required to maintain accounting records according to a Uniform State format.

**DISTRICT SIZE AND SCOPE**

In 2015, the total population for Scotland County was 35,509 persons. This reflects a 1.8% decrease in population from 2010, when the population was 36,157 persons. During this same time, North Carolina experienced a 5.1% population growth rate.

The school district consists of 12 total schools; eight elementary, two middle, one high, and one early college.

All schools in the district, and the district itself, are fully accredited by the North Carolina Department of Public Instruction and Scotland High School is accredited through the Southern Association of Colleges and Schools. Scotland County Schools is the sixty-first (61<sup>st</sup>) largest of the state's one hundred and fifteen (115) school districts. For fiscal year 2016-2017, the student enrollment is projected to be 5,814, while the state's average school district size is 12,457 students.

The district provides a full range of programs and services for its students. These include elementary and secondary course offerings at the general, vocational and college preparatory levels. A broad range of co-curricular and extra-curricular activities to complement the students' curricular programs is also offered.

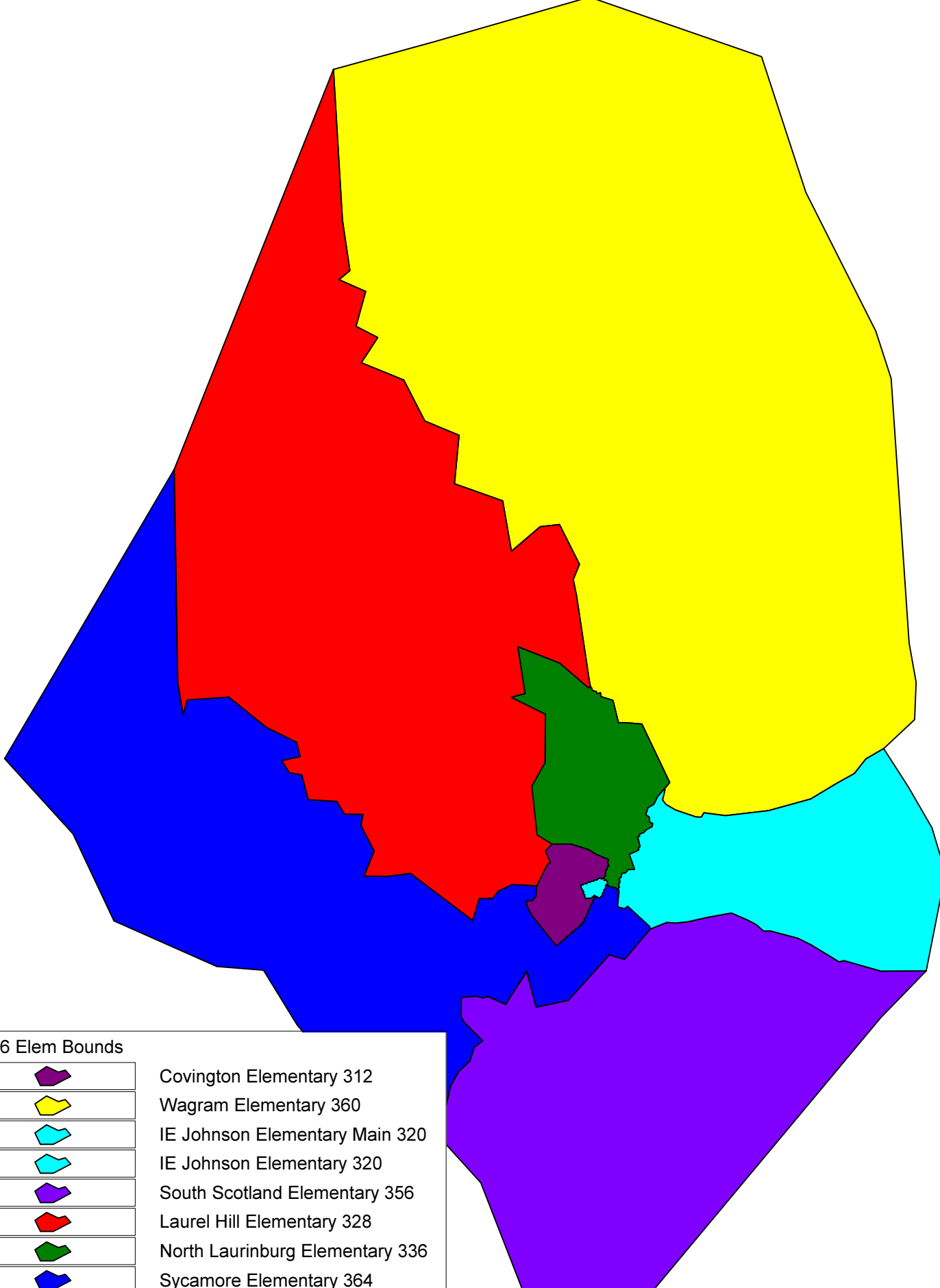
**SCOTLAND COUNTY BOARD OF EDUCATION**  
**THE DISTRICT ENTITY**

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
The school district has seven elementary school attendance areas: Covington, IE Johnson, Laurel Hill, North Laurinburg, South Scotland, Wagram, and Washington Park. Each area consists of an elementary school.

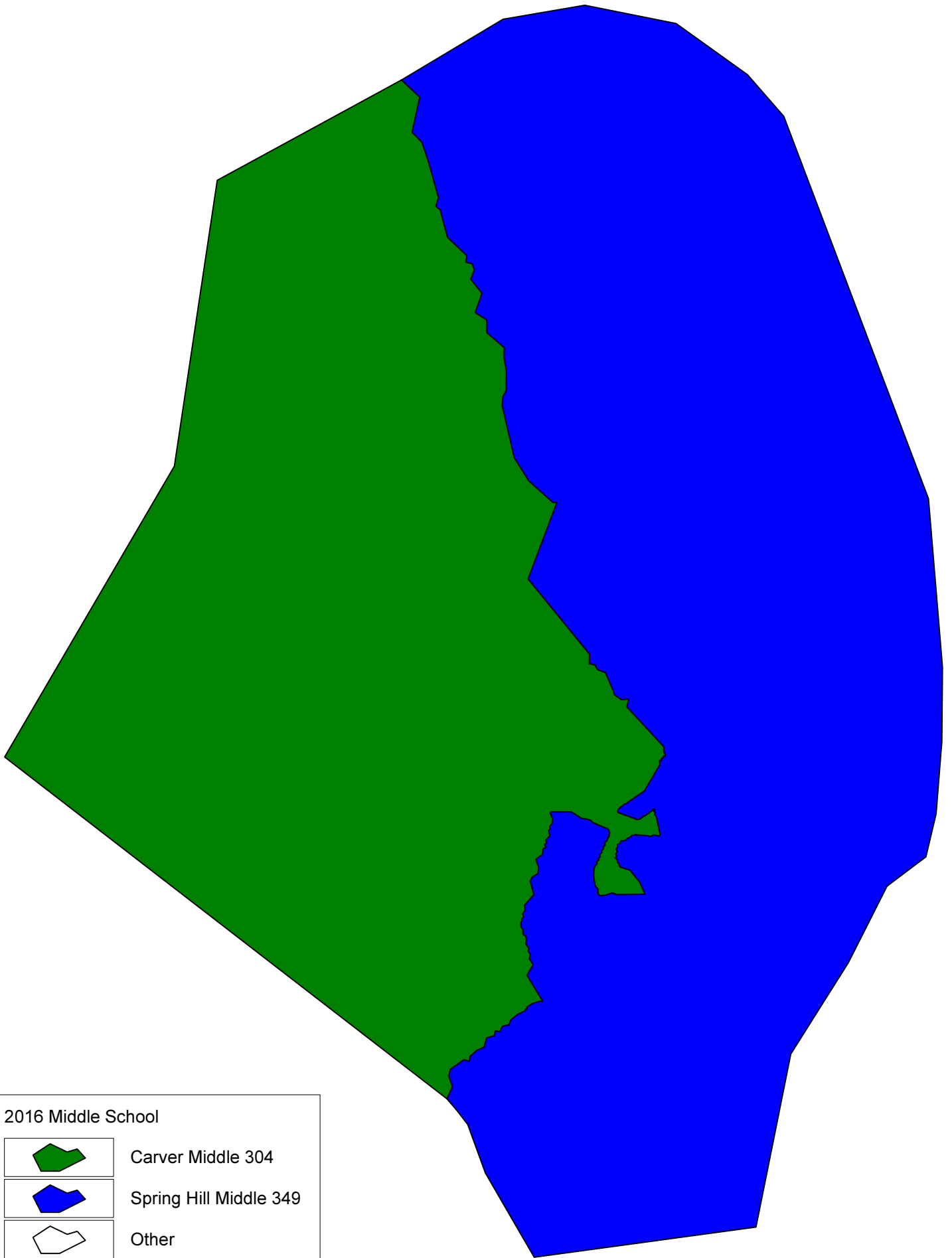
The school district has two middle school attendance areas: Carver and Spring Hill. Each area consists of a middle school.




The school district has only one high school attendance zone, for Scotland High School.



2016 Elem Bounds

	Covington Elementary 312
	Wagram Elementary 360
	IE Johnson Elementary Main 320
	IE Johnson Elementary 320
	South Scotland Elementary 356
	Laurel Hill Elementary 328
	North Laurinburg Elementary 336
	Sycamore Elementary 364
	Other



2016 Middle School	
	Carver Middle 304
	Spring Hill Middle 349
	Other

## **SCOTLAND COUNTY BOARD OF EDUCATION MISSION AND STRATEGIC PLAN PERFORMANCE GOALS**

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### **Our Vision:**

Scotland County Schools will graduate all students, college, and career ready.

### **Our Mission:**

It is the mission of Scotland County Schools to develop responsible, productive citizens by providing excellent education for its children through engaging instruction. Partnering with families and the community will ensure every child's academic, social, emotional, and physical needs are met in a safe, nurturing environment.

### **Our Values:**

- Professionalism and Leadership — demonstrate professionalism and leadership by caring enough to be honest
- Integrity — actions speak louder than words
- Diversity — value diversity and integrate its importance into programs, policies, and procedures
- Responsibility — holding yourself to the highest level of accountability
- Respect — all individuals deserve to be treated fairly

### **Our Strategic Plan:**

#### **Goal 1: High Performance Students**

**By 2020, 91% of Scotland County students will graduate from high school career and college ready.**

- Design, deploy, and monitor curricula practices in every academic discipline that prepares all students to be college and career ready as measured by a 5% increase per year in district performance on state assessments.
- Continue implementation and monitoring of K–12 Literacy Plan to ensure that students are performing at or above grade level as measured by increases in district grade level MClass and EOG reading assessment and English II performances.
- Design, deploy, and monitor a data analysis system that will enable effective benchmarking and analyzing of student performance as measured by quarterly benchmark results, yearly EVAAS data, and EOG/EOC results.
- Design, deploy, and monitor an instructional technology plan that enables teachers to meet the individual needs of each learner in SCS with the goal of creating digital citizens and aiding in the preparation of college and career readiness, as measured by the increase in 8th grade EXPLORE, 10th grade PLAN, 11th grade ACT scores, and 12th grade WorkKeys.

#### **Goal 2: High Performance Staff**

**100% of Scotland County Schools staff will be highly effective within the school community, based on evaluation instruments and a collection of various data methods. All staff will be able to show evidence of ethical and professional conduct and use research based best practices.**

- By 2020, 74% of the staff will be above proficient on Standard 4 on the NC Educator Effectiveness Instrument.
- Build a highly qualified instructional support staff measured by end-of-the-year evaluations enabling 100% of classified personnel to be proficient or higher.

**SCOTLAND COUNTY BOARD OF EDUCATION  
MISSION AND STRATEGIC PLAN PERFORMANCE GOALS**

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- By 2020, SCS will reduce the Teacher Turnover Rate to 13.9%.
- By 2020, 75% of the staff will be above proficient on Standard 1 on the NC Educator Effectiveness Instrument.

**Goal 3: High Performance Learning Environments**

**By 2020, Scotland County Schools will graduate 91% of students college and career ready by reducing out-of-school suspensions, decreasing the dropout rate, eliminating the office referral ethnic, racial, gender and economic gap, and increasing the graduation rate for each subgroup to 91%.**

- A comprehensive continuum of behavior interventions throughout Scotland County Schools that results in discipline data, drop out data and an increase in cohort graduation rate.
- Well maintained and safe facilities creating successful learning environments for students and staff.
- Design, deploy, and monitor the effectiveness of the Presidential Fitness Program as measured in grades 5, 8, and 9.

**Goal 4: High Performance Communication**

**Design, develop, and monitor a communication plan and process that reaches 100% of our stakeholders by using varied and strategic communication methods.**

- Design, deploy, and monitor a process for measuring communication effectiveness to ensure high performance communication throughout the district.
- Create strong relationships and partnerships with local and regional communities that yield mutually beneficial results.



## **SCOTLAND COUNTY BOARD OF EDUCATION BUDGET AND ADMINISTRATIVE POLICIES**

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### **POLICIES AND REGULATIONS OVER THE BUDGET**

The Scotland County Board of Education (Board) is a Local Education Agency empowered by State law [Chapter 115C of the North Carolina General Statutes] with the responsibility to oversee and control all activities related to public school education in Scotland County, North Carolina. The Board receives State, local, and federal government funding and must adhere to the legal requirements of each funding entity. The Board has no component units.

The Board's budgets are adopted as required by the North Carolina General Statutes. Annual budgets are adopted for all funds, except for the administrative fiduciary fund and the individual schools special revenue funds, as required by the North Carolina General Statutes. No budget is required by State law for individual school funds. All appropriations lapse at the fiscal year-end. All budgets are prepared using the modified accrual basis of accounting. Expenditures may not legally exceed appropriations at the purpose level for all annually budgeted funds. The Board has authorized the Superintendent to transfer amounts within a purpose code within a fund with proper justification. The Superintendent may not transfer any amounts between funds or from any contingency appropriation within a fund. Amendments are required for any revisions that alter total expenditures of any fund or that change purpose appropriations. All amendments must be approved by the governing board. During the year, several amendments to the original budget were necessary. The budget ordinance must be adopted by July 1 of the fiscal year or the governing board must adopt an interim budget that covers that time until the annual ordinance can be adopted.

Scotland County Schools is the only school district in the State of North Carolina with a mandated funding formula between the County and school district. In July 2015, the County Commissioners and School Board agreed on funding up to the 2017-2018 school year. The agreement decreases the current expense fund by 2.25% in fiscal years 2016-2017 and 2017-2018 and holds capital outlay flat at \$300,000 per year.

#### **Fund Types and Titles**

The Board adopts budgets in the following governmental funds:

*State Public School Fund.* The State Public School Fund includes appropriations from the Department of Public Instruction for the current operating expenditures of the public school system.

*General Fund.* The General Fund is the general operating fund of the Board. The General Fund accounts for all financial resources except those that are required to be accounted for in another fund. This fund is the "Local Current Expense Fund," which is mandated by State law [G.S. 115C-426].

*Federal Grants Fund.* The Federal Grants Fund includes appropriations from the U.S. Government for the current operating expenditures of the public school system.

*Capital Outlay Fund.* The Capital Outlay Fund accounts for financial resources to be used for the acquisition and construction of major capital facilities (other than those financed by proprietary funds and trust funds). It is mandated by State law [G.S.115C-426]. Capital projects are funded by Scotland County appropriations, restricted sales tax moneys, proceeds of county debt issued for public school construction, lottery proceeds, as well as certain State assistance.

The Board adopts a budget in the following enterprise fund:

*School Food Service Fund.* The School Food Service Fund is used to account for the food service program within the school system.

## **SCOTLAND COUNTY BOARD OF EDUCATION BUDGET AND ADMINISTRATIVE POLICIES**

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### **Basis of Accounting for Financial Reporting**

*Government-wide, Proprietary and Fiduciary Fund Financial Statements.* The government-wide, proprietary, and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Non-exchange transactions, in which the Board gives (or receives) value without directly receiving (or giving) equal value in exchange, include grants and donations. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

*Governmental Fund Financial Statements.* Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The Board considers all revenues reported in the governmental funds to be available if the revenues are collected within sixty days after year-end. These could include federal, State, and county grants, and some charges for services. Expenditures are recorded when the related fund liability is incurred, except for claims and judgments and compensated absences which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Acquisitions under capital leases are reported as other financing sources.

Under the terms of grant agreements, the Board funds certain programs by a combination of specific cost-reimbursement grants and general revenues. Thus, when program expenses are incurred, there is both restricted and unrestricted net position available to finance the program. It is the Board's policy to first apply cost-reimbursement grant resources to such programs and then general revenues.

### **System of Classifying Revenue and Expenditures/Expenses**

Revenues of the district are classified by fund and source. Revenues are grouped primarily into three sources: *Federal, State, and Local*. Examples of major revenue sources in each source are: *Federal* – various Federal grants flowing through DPI to the district and those received directly from the Federal government, and USDA reimbursements; *State* – State Public School Fund and textbooks revenues; and *Local* – County appropriations and fines and forfeitures.

Expenditures/expenses are classified by fund, purpose, and object. The purpose means the reason for which something exists or is used. Purpose includes the activities or actions that are performed to accomplish the objectives of a local school administrative unit. For budgeting and accounting purposes, expenditures/expenses of a local school administrative unit are classified into purposes, as follows: Instructional Services, System-Wide Support Services, Ancillary Services, Non-Programmed Charges, Debt Service and Capital Outlay.

*Instructional Services* include the costs of activities dealing directly with the interaction between teachers and students. Included here are the costs of salaries and benefits for teachers, instructional assistants, instructional leadership and support staff, as well as contracted instructional services, instructional supplies, materials, equipment, professional development, and any other cost related to direct instruction of students. Costs of activities involved in evaluating, selecting, and implementing textbooks and other instructional tools and strategies, curriculum development, demonstration teaching, and delivering staff development are also included here.

*System-Wide Support Services* include the costs of activities providing system-wide support for school-based programs, regardless of where these supporting services are based or housed. These services provide administrative, technical, personal, and logistical support to facilitate, sustain, and enhance instruction. Included here are the costs of salaries and benefits for program leadership, support and development and associated support staff, contracted support services, supplies, materials and

## **SCOTLAND COUNTY BOARD OF EDUCATION BUDGET AND ADMINISTRATIVE POLICIES**

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equipment, professional development, and any other cost related to the system-wide support for the school-based programs of the school system. Costs of activities involved in developing/administering budgets, authorizing expenditures of funds, evaluating the performance of subordinates, developing policies and/or regulations for the district as a whole are included here.

*Ancillary Services* are activities that are not directly related to the provision of education for pupils in a local school administrative unit. These include community services, nutrition services (business support services), and adult services provided by the school system.

*Non-Programmed Charges* are conduit-type (outgoing transfers) payments to other LEAs or other administrative units in the state or in another state, transfers from one fund to another fund in the LEA, appropriated but unbudgeted funds, debt service payments, scholarship payments, payments on behalf of educational foundations, contingency funds, and other payments that are not attributable to a program.

*Debt Service* expenditures are those for debt service principal and interest payments for lease purchases or installment contracts.

*Capital Outlay* expenditures are those for acquiring fixed assets, including land or existing buildings, improvements of grounds, initial equipment, additional equipment, and replacement of equipment.

### **Budget Presentation**

A presentation of the budgets for all funds of the school district for which a budget is adopted uses the pyramid approach, which first presents in summary form the budget for each respective fund. The revenue projections presented in the Budget Summary are then detailed and described by revenue source. The budgeted expenditures/expenses are presented by fund, purpose, and object. The objects are classified by salaries and benefits, materials and supplies, utilities, repairs and maintenance, rentals/leases, contracted services, insurance, buildings and improvements, furnishings and equipment, buses and motor vehicles, purchase of food, donated commodities, indirect cost and other.

An eight-year comparison of fiscal year 2012-2013 thru 2015-2016 Audited Actual, 2016-2017 Budget Resolution, and fiscal year 2017-2018 thru 2019-2020 Forecasted Budgets are presented to assist the reader in understanding significant trends within the district's revenues and expenditures/expenses. Net increases or decreases by amount and percentage are presented for the 2015-2016 Audited Actual and the 2016-2017 Budget Resolution for comparative purposes. Explanations are provided to assist the reader in understanding the budget on a less complex and technical basis.

**SCOTLAND COUNTY BOARD OF EDUCATION  
BUDGET DEVELOPMENT**

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The budget process starts with the strategic plan, school improvement plans, principals, and the budget directors, and ends with the approval of elected officials. The strategic plan was crafted from a wide range of stakeholders (employees, parents, community members, and district leaders). Through the school improvement teams, the school improvement plan is developed with representation from all employee groups. These plans represent the hard work and input from the most important stakeholders of the district. Furthermore, it is imperative that the budget matches the goals of the strategic plan because the strategic plan is the road map for success for Scotland County Schools. The budget serves as the vehicle for the road map, by matching planned expenditures to the road map for success.

During budget season (late winter), every principal and budget manager meets with the Executive Cabinet to discuss their school/department's needs. Before the meetings are scheduled, baseline forecasts are distributed. During these budget meetings, the principals/budget managers present the initial budget from the baseline forecasts. At the end of the meeting, the principal/directors present any additional needs they may foresee for the upcoming budget year. The Executive Cabinet takes into account all requests, reconciles it against the strategic plan, and finally decides on a final recommendation for the Board of Education. Once the recommendations are compiled, the final budget document is prepared and presented to the board of education.

**Budget Development Timeline**

January 2016	Chief Financial Officer to begin budget planning, manual revisions and establish the budget calendar
February 1, 2016	Budget Preparation Manual and budget information distributed to Budget Managers/Principals – Admin Team Meeting
February 2016	Finance Officer will meet individually with Budget Managers and Principals.
March 7, 2016	Deadline for budgets to be submitted to Chief Financial Officer by Budget Managers/Principals
March 14-25, 2016	Initial budget compiled from requests made by Budget Managers/Principals – Presentation to Ex. Cabinet
April 1-8, 2016	Chief Financial Officer and Superintendent make final changes before presentation to the Board.
April 18, 2016	Initial budget (local current expense) proposal presented to Board of Education (must sit for 30 days)
May 9, 2016	Budget presented to Board of Education for approval
May 2016	Budget presented to Scotland County
June 13, 2016	Interim Budget approved at regular Board of Education meeting
September 12, 2016	Budget resolution approved at regular Board of Education meeting.

## **SCOTLAND COUNTY BOARD OF EDUCATION BUDGET DEVELOPMENT**

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### **Key Factors Affecting the Budget**

The financial health of the Scotland County Board of Education is largely dependent upon the economic prospects of the State of North Carolina and of the County of Scotland. The State of North Carolina has felt the effects of the nationwide financial crisis since the second half of 2008. Scotland County has a population of approximately 36,000 with very little growth experienced over the past ten years. Over the past decade, Scotland County has lost numerous manufacturing jobs. Several of the largest employers, including State of North Carolina, The Mega Force Staffing Group, and WestPoint Stevens – combined amounting to approximately 3,000 jobs – have ceased operations in Scotland County within the last ten years. Currently, Scotland County Schools and Scotland Memorial Hospital are the two largest employers in the county. Scotland County Board of Education has experienced a steady decline in student enrollment of approximately 1% per year over the past five years. Due to the economic issues facing Scotland County and lack of growth, the Board expects this trend to continue for the foreseeable future. According to the U.S. Census Bureau, Scotland County has a permanent population projection of 35,509 for 2015. Since 2010, this represents a drop of 1.8% or 648 residents.

Due to County funding being a major source of income for the school district, the County's economic outlook directly affects that of the school district. Scotland County's economy remains vested in industrial manufacturing. Along with the national and State economy, our local economy has felt the impact of the recent recession. The following factors affect the current economic outlook of Scotland County and the Board of Education:

- Scotland County's unemployment rate continues to be higher than the national and State averages.
- The County Commissioners work diligently to attract manufacturing companies through various incentive programs that are run through the Scotland County Economic Development Program along with the Chamber of Commerce. The focus has been on building an inventory of acreage with the proper sewer, water, and fiber capacities that can attract large industrial companies.
- In June of 2015, the Scotland County Board of Education and the Scotland County Board of Commissioners agreed on a three-year agreement that deviated from the General Statute mandated funding formula (only binding funding formula in the State of North Carolina) that has been in place since the 1960's. Simply put, the agreement has a 2.25% reduction per year, and a stipulation that neither the Board of Education nor the Board of County Commissioners can seek a new general statute to remove the underlying funding formula. In addition, for the next three years a funding agreement of \$300,000 per year has been set for capital outlay. An additional list of needs outside of the \$300,000 allotment has been sent to the County Manager from the Superintendent.
- The aforementioned 2.25% cut from local/general funds and declining ADM has led the board to use fund balance to balance the budget.
- The Board has an approved strategic plan that has many goals, with the focal points being: high performance students, staff, learning environments and communication. These goals are what the budget will be built upon. The Board realizes the importance of aligning the budget to the strategic plan so that the funds are being spent to realize the goals of the plan.

These factors were considered in preparing the Board's budget for the new fiscal year. The Board's budget was created with a focus on protecting instructional program allocations and certified personnel. The Board of Education is maintaining a 5% unrestricted fund balance on all funds and 24% on local funds. The board monitors fund balance closely maintaining a balance of this year's money for this year's children while staying on a track to avoid insolvency.

## **SCOTLAND COUNTY BOARD OF EDUCATION BUDGET DEVELOPMENT**

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### **BUDGET PROCESS BY FUND**

#### **State Public School Fund**

The State Public School Fund includes appropriations from the N.C. Department of Public Instruction (DPI) for the current operating expenditures of the public school system. For fiscal year 2016-2017, the proposed budget for the State Public School Fund is \$40,617,251. All of the revenue to support this fund is generated from the State of North Carolina and its taxing authority. It comprises 64.0% of the overall budget and its budgeted expenditures consist of 87.7% instructional services, 12.2% system-wide support services, and 0.1% transfers to other funds.

Numerous budget adjustments will be made throughout the fiscal year which will affect the adopted budget resolution, some of which are described below:

- PRC 001 – Classroom Teachers - \$17,784,261 included in the current year budget resolution. However, the audited actual amount from the prior year was \$16,090,937. This is used to pay classroom teachers of those coded to position allotments. Therefore, the Board's expenditures for these teachers are unknown at the time the budget is adopted. The Board anticipates these expenditures will increase over the prior year actual expenditures due to the increase in teacher pay in the current year, which is an average increase of 4.7%.
- PRC 009 – Non-Contributory Employee Benefits – \$1,500,000 included in the current year budget resolution. However, the audited actual amount from the prior year was \$509,079. This is used to pay all employer-matching benefits of employee salary expenditures coded to position allotments. The Board's portion of health insurance and retirement costs are unknown at the time the budget is adopted. Therefore, actual expenditures for the year may differ significantly from the amount budgeted.

#### **General Fund**

The General Fund is the general operating fund of the Board. The General Fund accounts for all financial resources except those that are required to be accounted for in another fund. This fund is the "Local Current Expense Fund," which is mandated by State law [G.S. 115C-426]. For fiscal year 2016-2017, the proposed budget for the General Fund of the school district is \$12,934,331. Approximately 79.5% of the revenue to support this fund is generated locally through the County and its taxing authority. Other revenues include Medicaid reimbursements, State and federal flow-through grants, locally awarded grants, other local revenue, and federal revenue in the form of JROTC reimbursements. It comprises 20.4% of the overall budget and its budgeted expenditures consist of 60.1% instructional services, 39.8% system-wide support services, and 0.1% non-programmed charges.

Overall, budgeted General Fund revenues and expenditures are relatively consistent with the prior year actual. The Board is expecting a decrease in county appropriations of approximately \$244,000 from the prior year. Also, a \$564,000 decrease was budgeted that resulted from fluctuations in Medicaid reimbursements and the Gear Up NC, Workforce Investment Act (WIA), and ROTC grants. These decreases in funding necessitated that the Board budget to spend \$380,872 in fund balance in order to continue to provide comparable services to the prior year.

**SCOTLAND COUNTY BOARD OF EDUCATION  
BUDGET DEVELOPMENT**

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The General Fund's fund balance at the beginning of the 2016-2017 fiscal year of \$3,717,292 consists of the following classifications:

Restricted:	
Stabilization by State statute - <i>portion of fund balance that is restricted by State law [G.S. 115c-425(a)] for amounts owed to the Board.</i>	\$ 276,767
Assigned:	
Subsequent year's expenditures - <i>portion of fund balance that is appropriated in the next year's budget that is not already classified as restricted.</i>	380,872
Unassigned - <i>the portion of fund balance that has not been restricted, committed, or assigned to specific purposes or other funds.</i>	<u>3,059,653</u>
	<u><u>\$ 3,717,292</u></u>

**Federal Grants Fund**

The Federal Grants Fund includes appropriations from the U.S. Government for the current operating expenditures of the public school system. It comprises 8.6% of the overall budget and its budgeted expenditures consist of 70.5% instructional services, 18.8% system-wide support services, and 10.7% non-programmed charges.

Overall, budgeted Federal Grants Fund revenues and expenditures remained relatively flat. Only minor fluctuations in funding for the various federal programs offered by the Board are expected.

**Capital Outlay Fund**

The Capital Outlay Fund accounts for financial resources to be used for the acquisition and construction of major capital facilities (other than those financed by proprietary funds and trust funds). It is mandated by State law [G.S.115C-426]. Scotland County appropriations, restricted sales tax moneys, proceeds of county debt issued for public school construction, lottery proceeds, as well as certain State assistance fund capital projects.

In the State of North Carolina, yellow buses are purchased by school districts through installment purchase agreements entered into between the school districts and the financing entity. DPI makes the debt service payments on behalf of the school districts for the yellow buses. The school district makes various accounting entries throughout the year as DPI makes these debt service payments and as new installment purchase agreements are entered into. All of these entries are due to noncash transactions. The bus entries will be made during the year upon notification from DPI of the appropriate amounts. There is also additional revenue generated by programs using the district's activity buses and reimbursing the district for fuel costs that will be adjusted throughout the year.

The Board's capital outlay fund balance has dropped 94%, or \$712,597, in the past ten years. This remains a concern due to the lack of visibility the board has in potential building failure and an aging activity bus fleet. The board's average age of building is 45 years old.

## **SCOTLAND COUNTY BOARD OF EDUCATION BUDGET DEVELOPMENT**

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In recent years, the capital outlay appropriation has remained largely flat, with only small increases or decreases annually. The capital outlay appropriation has enabled us to address only the most urgent needs through repair or replacement. Consequently, our list of capital needs requiring immediate attention has continued to grow. We have been, and we will continue to be, fiscally conservative because we fully appreciate our responsibility to be excellent stewards of public resources directed to our schools. However, during this recent cycle of essentially flat capital outlay funding, the cost of maintaining core services and providing necessary materials and supplies has continued to grow. Currently, our capital outlay expense fund balance is insufficient to address the needs reflected in our Budget Resolution.

### **School Food Service Fund**

The School Food Service Fund is used to account for the food service program within the school system. The Food Service Budget is housed in a completely separate fund and is totally self-sufficient. Revenue is generated from mostly federal reimbursements since the district participates 100% in the Community Eligibility Provision.

Entering the third year of the Community Eligibility Provision, which provides free breakfast and lunch to all students, a conservative budget was used due to the reimbursements being tied so closely to participation. Appropriate entries will be made during the year to adjust the budget higher or lower based on actual participation levels and anticipated expenditures.

### **Budget Administration and Management Process**

It is a major goal of the finance department to have accurate budget figures for the budget managers and principals to base their strategic spending decisions on. Therefore, there is a constant reconciliation of the budget to all funding sources whenever an allotment revision affects the general ledger.

In the initial budget resolution there are set dates that budget amendments are required to be presented to the Scotland County Board of Education. Every other week, DPI releases to every LEA in the state of North Carolina, allotment revisions which require budget entries to the general ledger. These entries are posted to the general ledger the week after the allotment revision is received from DPI. The allotment revisions cover all state and federal funds received through the State Public School Fund and Federal Grants Fund. If the adjustments are material in nature, they are presented to the Board of Education at the next appropriate meeting, regardless of whether or not that specific date is set in the initial resolution. The General and Capital Outlay Fund budgets are amended whenever there are definite changes in revenue or expenditure expectations, including expenditures that must be paid from fund balance to cover unexpected costs. Furthermore, with the unique funding law in place in Scotland County, it makes the General and Capital Outlay Fund budgets more stable because of the general statute that supports the funding formula.

Encumbrances – The district maintains an encumbrance accounting system as one technique of accomplishing budgetary control. Encumbered amounts at year-end lapse and are re-appropriated. There is no reserve against fund balance for encumbrances.

Budget Management – There are instances when a budget transfer must be completed to transfer appropriations. A budget transfer would be required if a budget manager wished to change the approved spending or if a budget manager wished to adjust appropriations between departments. Initiating a budget transfer is the responsibility of each budget manager/designee. The budget transfer must be issued for approval as soon as the administrator becomes aware of a situation that will change the annual total of the approved appropriation. Deficit appropriations are not permitted. In addition, strict requirements necessitate timely budget transfers to permit account expenditure monitoring. All financial



**SCOTLAND COUNTY BOARD OF EDUCATION  
BUDGET DEVELOPMENT**

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commitments must have approved budgets prior to the issuance of purchase orders, contracts, etc. If an item requires a budget transfer, the budget transfer must be approved before the financial commitment can be issued. All budget transfers must be approved by the appropriate central office contact and/or the finance officer prior to posting in the general ledger. Written justification must be complete and supporting documentation attached before a budget transfer is approved.

*Procedures Recap by Responsibility*

*Initiator/Finance Specialists*

- Determine need for budget appropriation adjustment
- Prepare transfer using budget transfer form from the finance department's website
- Attach all supporting documentation to transfer form
- Email or send via inter-office mail for appropriate central office approval and final approval by the finance officer for processing.

*Finance Officer*

- Reviews for compliance with procedures and verifies accuracy of data.
- Processes, if approved, which posts the entry into K-12 Enterprise/general ledger.



# Financial Section

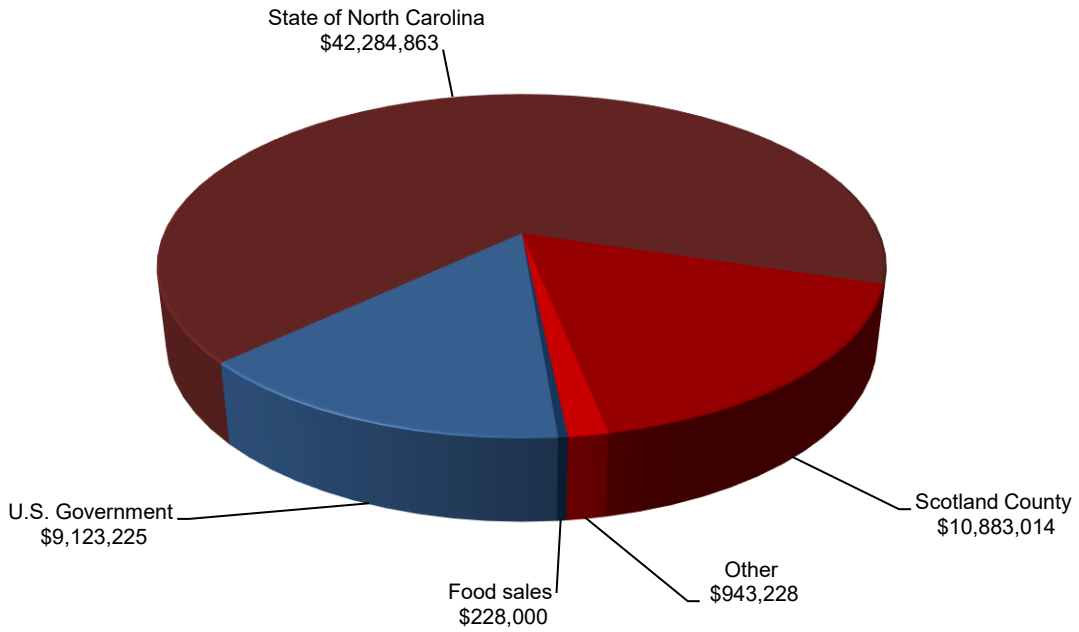
**SCOTLAND COUNTY BOARD OF EDUCATION  
BUDGET RESOLUTION - ALL FUNDS  
2016-2017 FISCAL YEAR**

	Governmental Funds	Business-type Funds	Total All Funds
Revenues:			
Food sales	\$ -	\$ 228,000	\$ 228,000
U.S. Government	5,751,225	3,372,000	9,123,225
State of North Carolina	42,284,863	-	42,284,863
Scotland County	10,883,014	-	10,883,014
Other	940,428	2,800	943,228
	<u>59,859,530</u>	<u>3,602,800</u>	<u>63,462,330</u>
Total revenues			
Expenditures/expenses:			
Instructional services	47,456,299	-	47,456,299
System-wide support services	11,282,418	-	11,282,418
Ancillary services	46,159	-	46,159
Non-programmed charges	592,026	-	592,026
Capital outlay	563,500	-	563,500
Debt service	300,000	-	300,000
Business support services	-	3,602,800	3,602,800
	<u>60,240,402</u>	<u>3,602,800</u>	<u>63,843,202</u>
Total expenditures/expenses			
Net change in fund balance/net position	(380,872)	-	(380,872)
Fund balance/net position, beginning of year	<u>3,762,346</u>	<u>1,214,002</u>	<u>4,976,348</u>
Fund balance/net position, end of year	<u>\$ 3,381,474</u>	<u>\$ 1,214,002</u>	<u>\$ 4,595,476</u>

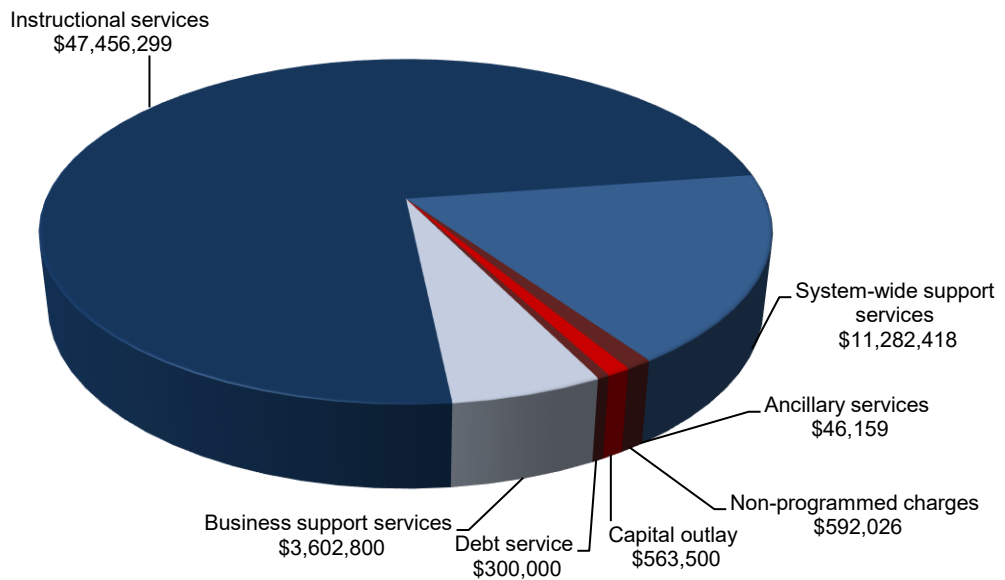
**SCOTLAND COUNTY BOARD OF EDUCATION  
 BUDGET RESOLUTION - ALL FUNDS GRAPH  
 2016-2017 FISCAL YEAR**

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### Revenues



### Expenditures / Expenses



**SCOTLAND COUNTY BOARD OF EDUCATION  
BUDGET RESOLUTION - GOVERNMENTAL FUNDS  
2016-2017 FISCAL YEAR**

	State Public School Fund	General Fund	Federal Grants Fund	Capital Outlay Fund	Total Governmental Funds
<b>Revenues:</b>					
U.S. Government	\$ -	\$ 306,777	\$ 5,444,448	\$ -	\$ 5,751,225
State of North Carolina	40,617,251	1,292,612	-	375,000	42,284,863
Scotland County	-	10,583,014	-	300,000	10,883,014
Other	-	751,928	-	188,500	940,428
<b>Total revenues</b>	<b>40,617,251</b>	<b>12,934,331</b>	<b>5,444,448</b>	<b>863,500</b>	<b>59,859,530</b>
<b>Expenditures:</b>					
Instructional services	35,612,001	8,007,779	3,836,519	-	47,456,299
System-wide support services	4,959,091	5,300,908	1,022,419	-	11,282,418
Ancillary services	46,159	-	-	-	46,159
Non-programmed charges	-	6,516	585,510	-	592,026
Capital outlay	-	-	-	563,500	563,500
Debt service	-	-	-	300,000	300,000
<b>Total expenditures</b>	<b>40,617,251</b>	<b>13,315,203</b>	<b>5,444,448</b>	<b>863,500</b>	<b>60,240,402</b>
Net change in fund balance	-	(380,872)	-	-	(380,872)
Fund balance, beginning of year	-	3,717,292	-	45,054	3,762,346
Fund balance, end of year	\$ -	\$ 3,336,420	\$ -	\$ 45,054	\$ 3,381,474

**SCOTLAND COUNTY BOARD OF EDUCATION  
BUDGET RESOLUTION - BUSINESS-TYPE FUNDS  
2016-2017 FISCAL YEAR**

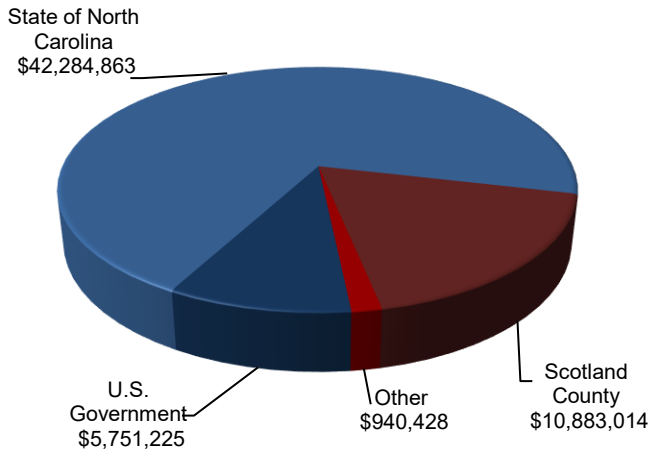
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	<u>School Food Service Fund</u>
Revenues:	
Food sales	\$ 228,000
U.S. Government	3,372,000
Other	<u>2,800</u>
Total revenues	<u>3,602,800</u>
Expenses:	
Business support services	<u>3,602,800</u>
Change in net position	-
Net position, beginning of year	<u>1,214,002</u>
Net position, end of year	<u><u>\$ 1,214,002</u></u>

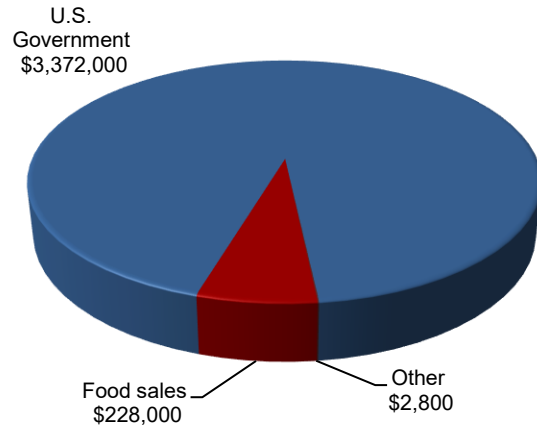
**SCOTLAND COUNTY BOARD OF EDUCATION  
 BUDGET RESOLUTION - GOVERNMENTAL AND BUSINESS-TYPE FUNDS GRAPH  
 2016-2017 FISCAL YEAR**

**REVENUES**

**Governmental Funds**

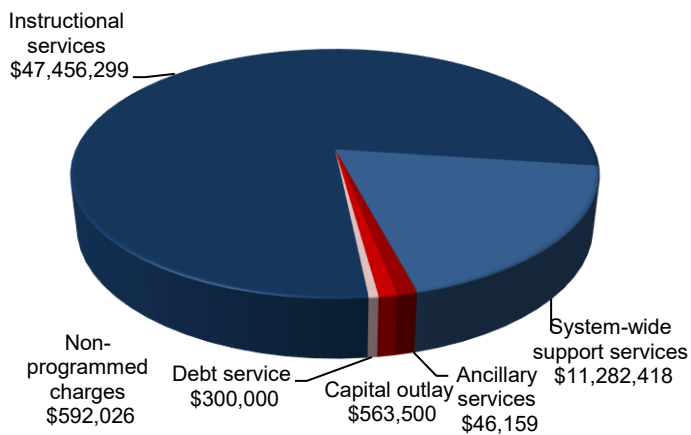


**Business-Type Funds**

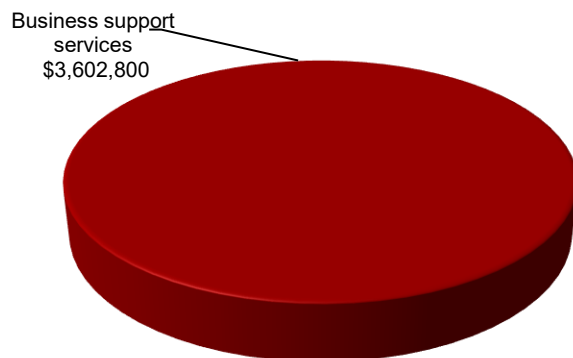


**EXPENDITURES / EXPENSES**

**Governmental Funds**



**Business-Type Funds**



**SCOTLAND COUNTY BOARD OF EDUCATION  
BUDGET SUMMARY - ALL FUNDS  
EIGHT-YEAR COMPARISON**

	2012-2013	2013-2014	2014-2015	2015-2016	2016-2017	2017-2018	2018-2019	2019-2020
	Audited Actual	Audited Actual	Audited Actual	Audited Actual	Budget Resolution	Forecasted Budget	Forecasted Budget	Forecasted Budget
<b>Revenues:</b>								
Food sales	\$ 584,341	\$ 538,734	\$ 252,184	\$ 266,872	\$ 228,000	\$ 229,258	\$ 230,574	\$ 231,950
U.S. Government	10,154,741	9,010,032	9,120,458	9,717,542	9,123,225	9,545,447	9,624,885	9,668,187
State of North Carolina	41,437,144	40,526,309	41,552,998	40,736,705	42,284,863	43,024,201	43,771,955	44,536,247
Scotland County	10,335,654	10,337,325	10,914,325	11,361,367	10,883,014	10,644,895	10,412,135	10,412,135
Other	1,427,639	1,456,595	1,415,572	1,597,428	943,228	618,701	616,879	601,152
<b>Total revenues</b>	<b>63,939,519</b>	<b>61,868,995</b>	<b>63,255,537</b>	<b>63,679,914</b>	<b>63,462,330</b>	<b>64,062,502</b>	<b>64,656,428</b>	<b>65,449,671</b>
<b>Expenditures/Expenses:</b>								
Instructional services	47,625,635	44,221,229	45,228,448	44,474,992	47,456,299	47,948,271	48,742,224	49,277,165
System-wide support services	12,622,440	12,660,195	12,593,019	13,167,881	11,282,418	11,207,904	11,217,944	11,161,057
Ancillary services	41,819	38,127	-	12,272	46,159	47,082	48,024	48,984
Non-programmed charges	196,355	133,883	107,294	179,950	592,026	580,055	568,329	556,843
Capital outlay	1,565,091	1,089,500	902,012	1,017,622	563,500	560,000	560,000	565,000
Debt service	570,948	185,985	185,986	21,017	300,000	300,000	300,000	300,000
Business support services	3,824,003	3,480,542	3,730,859	3,811,558	3,602,800	3,622,677	3,643,474	3,665,204
<b>Total expenditures/expenses</b>	<b>66,446,291</b>	<b>61,809,461</b>	<b>62,747,618</b>	<b>62,685,292</b>	<b>63,843,202</b>	<b>64,265,989</b>	<b>65,079,995</b>	<b>65,574,253</b>
<b>Excess of revenues over (under) expenditures/expenses</b>	<b>(2,506,772)</b>	<b>59,534</b>	<b>507,919</b>	<b>994,622</b>	<b>(380,872)</b>	<b>(203,487)</b>	<b>(423,567)</b>	<b>(124,582)</b>
<b>Other financing sources (uses):</b>								
Installment purchase obligations issued	743,941	-	-	84,068	-	-	-	-
Transfers to other funds	(45,000)	(45,001)	(45,001)	(45,000)	-	-	-	-
Transfers from other funds	45,000	45,001	45,001	45,000	-	-	-	-
<b>Net change in fund balance/net position</b>	<b>(1,762,831)</b>	<b>59,534</b>	<b>507,919</b>	<b>1,078,690</b>	<b>(380,872)</b>	<b>(203,487)</b>	<b>(423,567)</b>	<b>(124,582)</b>
<b>Fund balance/net position, beginning of year</b>	<b>5,505,964</b>	<b>3,743,133</b>	<b>3,389,739</b>	<b>3,897,658</b>	<b>4,976,348</b>	<b>4,595,476</b>	<b>4,391,989</b>	<b>3,968,422</b>
<b>Fund balance/net position, end of year</b>	<b>\$ 3,743,133</b>	<b>\$ 3,802,667</b>	<b>\$ 3,897,658</b>	<b>\$ 4,976,348</b>	<b>\$ 4,595,476</b>	<b>\$ 4,391,989</b>	<b>\$ 3,968,422</b>	<b>\$ 3,843,840</b>



**SCOTLAND COUNTY BOARD OF EDUCATION  
BUDGET SUMMARY - GOVERNMENTAL FUNDS  
EIGHT-YEAR COMPARISON**

	2012-2013 Audited Actual	2013-2014 Audited Actual	2014-2015 Audited Actual	2015-2016 Audited Actual	2016-2017 Budget Resolution	2017-2018 Forecasted Budget	2018-2019 Forecasted Budget	2019-2020 Forecasted Budget
<b>Revenues:</b>								
U.S. Government	\$ 6,898,683	\$ 5,985,094	\$ 5,508,739	\$ 6,065,404	\$ 5,751,225	\$ 6,154,844	\$ 6,214,817	\$ 6,237,781
State of North Carolina	41,431,153	40,521,138	41,552,998	40,736,705	42,284,863	43,024,201	43,771,955	44,536,247
Scotland County	10,335,654	10,337,325	10,914,325	11,361,367	10,883,014	10,644,895	10,412,135	10,412,135
Other	1,425,667	1,453,181	1,409,959	1,587,373	940,428	615,885	614,047	598,304
<b>Total revenues</b>	<b>60,091,157</b>	<b>58,296,738</b>	<b>59,386,021</b>	<b>59,750,849</b>	<b>59,859,530</b>	<b>60,439,825</b>	<b>61,012,954</b>	<b>61,784,467</b>
<b>Expenditures:</b>								
Instructional services	47,625,635	44,221,229	45,228,448	44,474,992	47,456,299	47,948,271	48,742,224	49,277,165
System-wide support services	12,622,440	12,660,195	12,593,019	13,167,881	11,282,418	11,207,904	11,217,944	11,161,057
Ancillary services	41,819	38,127	-	12,272	46,159	47,082	48,024	48,984
Non-programmed charges	196,355	133,883	107,294	179,950	592,026	580,055	568,329	556,843
Capital outlay	1,565,091	1,089,500	902,012	1,017,622	563,500	560,000	560,000	565,000
Debt service	570,948	185,985	185,986	21,017	300,000	300,000	300,000	300,000
<b>Total expenditures</b>	<b>62,622,288</b>	<b>58,328,919</b>	<b>59,016,759</b>	<b>58,873,734</b>	<b>60,240,402</b>	<b>60,643,312</b>	<b>61,436,521</b>	<b>61,909,049</b>
<b>Revenues over (under) expenditures</b>	<b>(2,531,131)</b>	<b>(32,181)</b>	<b>369,262</b>	<b>877,115</b>	<b>(380,872)</b>	<b>(203,487)</b>	<b>(423,567)</b>	<b>(124,582)</b>
<b>Other financing sources (uses):</b>								
Installment purchase obligations issued	743,941	-	-	84,068	-	-	-	-
Transfers to other funds	(45,000)	(45,001)	(45,001)	(45,000)	-	-	-	-
<b>Net change in fund balance</b>	<b>(1,832,190)</b>	<b>(77,182)</b>	<b>324,261</b>	<b>916,183</b>	<b>(380,872)</b>	<b>(203,487)</b>	<b>(423,567)</b>	<b>(124,582)</b>
<b>Fund balance, beginning of year</b>	<b>4,431,274</b>	<b>2,599,084</b>	<b>2,521,902</b>	<b>2,846,163</b>	<b>3,762,346</b>	<b>3,381,474</b>	<b>3,177,987</b>	<b>2,754,420</b>
<b>Fund balance, end of year</b>	<b>\$ 2,599,084</b>	<b>\$ 2,521,902</b>	<b>\$ 2,846,163</b>	<b>\$ 3,762,346</b>	<b>\$ 3,381,474</b>	<b>\$ 3,177,987</b>	<b>\$ 2,754,420</b>	<b>\$ 2,629,838</b>

**SCOTLAND COUNTY BOARD OF EDUCATION  
BUDGET SUMMARY - BUSINESS-TYPE FUNDS  
EIGHT-YEAR COMPARISON**

	2012-2013	2013-2014	2014-2015	2015-2016	2016-2017	2017-2018	2018-2019	2019-2020
	Audited Actual	Audited Actual	Audited Actual	Audited Actual	Budget Resolution	Forecasted Budget	Forecasted Budget	Forecasted Budget
<b>Revenues:</b>								
Food sales	\$ 584,341	\$ 538,734	\$ 252,184	\$ 266,872	\$ 228,000	\$ 229,258	\$ 230,574	\$ 231,950
U.S. Government	3,256,058	3,024,938	3,611,719	3,652,138	3,372,000	3,390,603	3,410,068	3,430,406
State of North Carolina	5,991	5,171	-	-	-	-	-	-
Other revenues	1,972	3,414	5,613	10,055	2,800	2,816	2,832	2,848
<b>Total revenues</b>	<b>3,848,362</b>	<b>3,572,257</b>	<b>3,869,516</b>	<b>3,929,065</b>	<b>3,602,800</b>	<b>3,622,677</b>	<b>3,643,474</b>	<b>3,665,204</b>
<b>Expenses:</b>								
Business support services	3,824,003	3,480,542	3,730,859	3,811,558	3,602,800	3,622,677	3,643,474	3,665,204
Income before transfers	24,359	91,715	138,657	117,507	-	-	-	-
Transfers from other funds	45,000	45,001	45,001	45,000	-	-	-	-
Change in net position	69,359	136,716	183,658	162,507	-	-	-	-
Net position, beginning of year	1,074,690	1,144,049	867,837	1,051,495	1,214,002	1,214,002	1,214,002	1,214,002
Net position, end of year	\$ 1,144,049	\$ 1,280,765	\$ 1,051,495	\$ 1,214,002	\$ 1,214,002	\$ 1,214,002	\$ 1,214,002	\$ 1,214,002

**SCOTLAND COUNTY BOARD OF EDUCATION  
STATE PUBLIC SCHOOL FUND BUDGET**

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**2016-2017 STATE PUBLIC SCHOOL FUND BUDGET HIGHLIGHTS**

The State Public School Fund includes appropriations from the N.C. Department of Public Instruction (DPI) for the current operating expenditures of the public school system. For fiscal year 2016-2017, the proposed budget for the State Public School Fund is \$40,617,251. All of the revenue to support this fund is generated from the State of North Carolina and its taxing authority. It comprises 64.0% of the overall budget and its budgeted expenditures consist of 87.7% instructional services, 12.2% system-wide support services, and 0.1% transfers to other funds.

Numerous budget adjustments will be made throughout the fiscal year which will affect the adopted budget resolution, some of which are described below:

- PRC 001 – Classroom Teachers - \$17,784,261 included in the current year budget resolution. However, the audited actual amount from the prior year was \$16,090,937. This is used to pay classroom teachers of those coded to position allotments. Therefore, the Board's expenditures for these teachers are unknown at the time the budget is adopted. The Board anticipates these expenditures will increase over the prior year actual expenditures due to the increase in teacher pay in the current year, which is an average increase of 4.7%.
- PRC 009 – Non-Contributory Employee Benefits – \$1,500,000 included in the current year budget resolution. However, the audited actual amount from the prior year was \$509,079. This is used to pay all employer-matching benefits of employee salary expenditures coded to position allotments. The Board's portion of health insurance and retirement costs are unknown at the time the budget is adopted. Therefore, actual expenditures for the year may differ significantly from the amount budgeted.

**SCOTLAND COUNTY BOARD OF EDUCATION  
STATE PUBLIC SCHOOL FUND BUDGET SUMMARY  
EIGHT-YEAR COMPARISON**

	2012-2013	2013-2014	2014-2015	2015-2016	2016-2017	2017-2018	2018-2019	2019-2020
	Audited Actual	Audited Actual	Audited Actual	Audited Actual	Budget Resolution	Forecasted Budget	Forecasted Budget	Forecasted Budget
Revenues:								
State of North Carolina	\$ 39,327,151	\$ 38,767,917	\$ 39,958,756	\$ 39,405,494	\$ 40,617,251	\$ 41,348,757	\$ 42,096,511	\$ 42,860,803
Expenditures:								
Instructional services	33,910,619	33,155,016	34,285,202	33,849,002	35,612,001	36,256,809	36,915,862	37,589,416
System-wide support services	5,355,426	5,556,727	5,628,553	5,510,531	4,959,091	5,044,866	5,132,625	5,222,403
Ancillary services	16,106	11,173	-	961	46,159	47,082	48,024	48,984
Total expenditures	39,282,151	38,722,916	39,913,755	39,360,494	40,617,251	41,348,757	42,096,511	42,860,803
Revenues over expenditures	45,000	45,001	45,001	45,000	-	-	-	-
Other financing uses:								
Transfers to other funds	(45,000)	(45,001)	(45,001)	(45,000)	-	-	-	-
Net change in fund balance	-	-	-	-	-	-	-	-
Fund balance, beginning of year	-	-	-	-	-	-	-	-
Fund balance, end of year	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

**SCOTLAND COUNTY BOARD OF EDUCATION  
STATE PUBLIC SCHOOL FUND REVENUES  
EIGHT-YEAR COMPARISON**

	2012-2013	2013-2014	2014-2015	2015-2016	2016-2017	2017-2018	2018-2019	2019-2020
State of North Carolina:								
State Public School Fund	Audited Actual	Audited Actual	Audited Actual	Audited Actual	Budget Resolution	Forecasted Budget	Forecasted Budget	Forecasted Budget
Textbooks	\$ 39,314,361 12,790	\$ 38,767,917	\$ 39,958,756	\$ 39,405,494	\$ 40,617,251	\$ 41,348,757	\$ 42,096,511	\$ 42,860,803
Total State of North Carolina	39,327,151	38,767,917	39,958,756	39,405,494	40,617,251	41,348,757	42,096,511	42,860,803
Total State Public School Fund revenues	<u>\$ 39,327,151</u>	<u>\$ 38,767,917</u>	<u>\$ 39,958,756</u>	<u>\$ 39,405,494</u>	<u>\$ 40,617,251</u>	<u>\$ 41,348,757</u>	<u>\$ 42,096,511</u>	<u>\$ 42,860,803</u>

**SCOTLAND COUNTY BOARD OF EDUCATION  
STATE PUBLIC SCHOOL FUND EXPENDITURES BY OBJECT AND OTHER FINANCING USES  
EIGHT-YEAR COMPARISON**

	2012-2013 Audited Actual	2013-2014 Audited Actual	2014-2015 Audited Actual	2015-2016 Audited Actual	2016-2017 Budget Resolution	2017-2018 Forecasted Budget	2018-2019 Forecasted Budget	2019-2020 Forecasted Budget
<b>Expenditures:</b>								
<b>Instructional services:</b>								
Salaries and benefits	\$ 31,994,984	\$ 31,514,859	\$ 32,210,896	\$ 31,741,989	\$ 33,926,197	\$ 34,604,721	\$ 35,296,816	\$ 36,002,751
Materials and supplies	897,769	795,176	852,706	875,580	731,515	716,885	702,547	688,496
Repairs and maintenance	12,149	10,845	10,049	8,133	9,037	8,856	8,679	8,505
Equipment	531,904	300,385	369,155	377,399	354,935	347,836	340,879	334,061
Contracted services	400,264	429,167	786,015	788,202	494,918	485,020	475,320	465,814
Insurance	712	826	-	998	6,056	5,935	5,816	5,700
Other	72,837	103,758	56,381	56,701	89,343	87,556	85,805	84,089
<b>Total instructional services</b>	<b>33,910,619</b>	<b>33,155,016</b>	<b>34,285,202</b>	<b>33,849,002</b>	<b>35,612,001</b>	<b>36,256,809</b>	<b>36,915,862</b>	<b>37,589,416</b>
<b>System-wide support services:</b>								
Salaries and benefits	4,653,612	4,316,501	4,474,647	4,303,275	4,623,928	4,716,407	4,810,735	4,906,950
Materials and supplies	4,286	9,573	20,282	13,788	18,229	17,864	17,507	17,157
Repairs and maintenance	602,219	615,836	531,322	376,654	284,387	278,699	273,125	267,663
Equipment	87,006	36,826	36,222	14,001	18,354	17,987	17,627	17,274
Contracted services	6,732	576,019	565,032	802,417	13,493	13,223	12,959	12,700
Other	1,571	1,972	1,048	396	700	686	672	659
<b>Total system-wide support services</b>	<b>5,355,426</b>	<b>5,556,727</b>	<b>5,628,553</b>	<b>5,510,531</b>	<b>4,959,091</b>	<b>5,044,866</b>	<b>5,132,625</b>	<b>5,222,403</b>
<b>Ancillary services</b>								
Salaries and benefits	16,106	11,173	-	961	46,159	47,082	48,024	48,984
<b>Other financing uses:</b>								
Transfers to other funds	45,000	45,001	45,001	45,000	-	-	-	-
<b>Total State Public School Fund expenditures and other financing uses</b>	<b>\$ 39,327,151</b>	<b>\$ 38,767,917</b>	<b>\$ 39,958,756</b>	<b>\$ 39,405,494</b>	<b>\$ 40,617,251</b>	<b>\$ 41,348,757</b>	<b>\$ 42,096,511</b>	<b>\$ 42,860,803</b>

**SCOTLAND COUNTY BOARD OF EDUCATION  
GENERAL FUND BUDGET**

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**2016-2017 GENERAL FUND BUDGET HIGHLIGHTS**

The General Fund is the general operating fund of the Board. The General Fund accounts for all financial resources except those that are required to be accounted for in another fund. This fund is the "Local Current Expense Fund," which is mandated by State law [G.S. 115C-426]. For fiscal year 2016-2017, the proposed budget for the General Fund of the school district is \$12,934,331. Approximately 79.5% of the revenue to support this fund is generated locally through the County and its taxing authority. Other revenues include Medicaid reimbursements, State and federal flow-through grants, locally awarded grants, other local revenue, and federal revenue in the form of JROTC reimbursements. It comprises 20.4% of the overall budget and its budgeted expenditures consist of 60.1% instructional services, 39.8% system-wide support services, and 0.1% non-programmed charges.

Overall, budgeted General Fund revenues and expenditures are relatively consistent with the prior year actual. The Board is expecting a decrease in county appropriations of approximately \$244,000 from the prior year. Also, a \$564,000 decrease was budgeted that resulted from fluctuations in Medicaid reimbursements and the Gear Up NC, Workforce Investment Act (WIA), and ROTC grants. These decreases in funding necessitated that the Board budget to spend \$380,872 in fund balance in order to continue to provide comparable services to the prior year.

The General Fund's fund balance at the beginning of the 2016-2017 fiscal year of \$3,717,292 consists of the following classifications:

Restricted:	
Stabilization by State statute - <i>portion of fund balance that is restricted by State law [G.S. 115c-425(a)] for amounts owed to the Board.</i>	\$ 276,767
Assigned:	
Subsequent year's expenditures - <i>portion of fund balance that is appropriated in the next year's budget that is not already classified as restricted.</i>	380,872
Unassigned - <i>the portion of fund balance that has not been restricted, committed, or assigned to specific purposes or other funds.</i>	<u>3,059,653</u>
	<u><u>\$ 3,717,292</u></u>

**SCOTLAND COUNTY BOARD OF EDUCATION  
GENERAL FUND BUDGET SUMMARY  
EIGHT-YEAR COMPARISON**

	2012-2013	2013-2014	2014-2015	2015-2016	2016-2017	2017-2018	2018-2019	2019-2020
	Audited Actual	Audited Actual	Audited Actual	Audited Actual	Budget Resolution	Forecasted Budget	Forecasted Budget	Forecasted Budget
Revenues:								
U.S. Government	\$ 587,925	\$ 661,712	\$ 597,901	\$ 598,136	\$ 306,777	\$ 652,833	\$ 652,832	\$ 613,380
State of North Carolina	1,356,829	1,194,236	1,260,957	1,208,620	1,292,612	1,275,444	1,275,444	1,275,444
Scotland County	10,075,654	10,139,325	10,614,325	10,826,612	10,583,014	10,344,895	10,112,135	10,112,135
Other	1,201,921	1,131,958	1,013,038	1,246,620	751,928	455,885	454,047	433,304
Total revenues	13,222,329	13,127,231	13,486,221	13,879,988	12,934,331	12,729,057	12,494,458	12,434,263
Expenditures:								
Instructional services	8,732,996	7,091,050	7,402,158	6,547,173	8,007,779	7,805,604	7,889,448	7,698,038
System-wide support services	6,123,941	5,877,396	5,692,039	6,431,155	5,300,908	5,120,685	5,022,572	4,855,042
Ancillary services	25,713	26,954	-	2,414	-	-	-	-
Non-programmed charges	10,690	11,736	9,971	26,591	6,516	6,255	6,005	5,765
Total expenditures	14,893,340	13,007,136	13,104,168	13,007,333	13,315,203	12,932,544	12,918,025	12,558,845
Revenues over (under) expenditures	(1,671,011)	120,095	382,053	872,655	(380,872)	(203,487)	(423,567)	(124,582)
Fund balance, beginning of year	4,013,500	2,342,489	2,462,584	2,844,637	3,717,292	3,336,420	3,132,933	2,709,366
Fund balance, end of year	\$ 2,342,489	\$ 2,462,584	\$ 2,844,637	\$ 3,717,292	\$ 3,336,420	\$ 3,132,933	\$ 2,709,366	\$ 2,584,784



**SCOTLAND COUNTY BOARD OF EDUCATION  
GENERAL FUND REVENUES AND FUND BALANCE APPROPRIATED  
EIGHT-YEAR COMPARISON**

	2012-2013 Audited Actual	2013-2014 Audited Actual	2014-2015 Audited Actual	2015-2016 Audited Actual	2016-2017 Budget Resolution	2017-2018 Forecasted Budget	2018-2019 Forecasted Budget	2019-2020 Forecasted Budget
U.S. Government:								
Indian Education	\$ 180,496	\$ 174,194	\$ 179,305	\$ 194,145	\$ 224,601	\$ 477,959	\$ 477,958	\$ 449,074
Workforce Investment Act	175,123	180,312	189,368	166,929	82,176	174,874	174,874	164,306
ROTC	67,214	73,525	59,265	43,597	-	-	-	-
Gear Up NC Grant	165,092	233,681	169,963	193,465	-	-	-	-
<b>Total U.S. Government</b>	<b>587,925</b>	<b>661,712</b>	<b>597,901</b>	<b>598,136</b>	<b>306,777</b>	<b>652,833</b>	<b>652,832</b>	<b>613,380</b>
State of North Carolina:								
NC Pre-Kindergarten Program	1,356,829	1,194,236	1,260,957	1,208,620	1,292,612	1,275,444	1,275,444	1,275,444
<b>Scotland County:</b>	<b>10,075,654</b>	<b>10,139,325</b>	<b>10,614,325</b>	<b>10,826,612</b>	<b>10,583,014</b>	<b>10,344,895</b>	<b>10,112,135</b>	<b>10,112,135</b>
County appropriations								
Other:								
Private grants and programs	94,502	113,766	2,000	2,250	-	-	-	-
Fines and forfeitures	96,892	10,016	33,132	-	-	-	-	-
Other refunds and reimbursements	-	-	-	-	25,000	15,157	15,096	14,406
Medicaid reimbursement program	421,742	513,822	586,305	692,029	406,553	246,488	245,494	234,279
Rental of school property	10,419	6,837	8,355	7,331	8,000	4,850	4,830	4,609
Interest earned on investment	13,791	5,880	4,542	6,279	15,000	9,094	9,057	8,643
Indirect costs allocated	447,512	342,125	332,489	403,307	250,000	151,572	150,961	144,064
Miscellaneous	117,063	139,512	46,215	135,424	47,375	28,724	28,609	27,303
<b>Total other</b>	<b>1,201,921</b>	<b>1,131,958</b>	<b>1,013,038</b>	<b>1,246,620</b>	<b>751,928</b>	<b>455,885</b>	<b>454,047</b>	<b>433,304</b>
Fund balance appropriated	-	-	-	-	380,872	203,487	423,567	124,582
<b>Total General Fund revenues and fund balance appropriated</b>	<b>\$ 13,222,329</b>	<b>\$ 13,127,231</b>	<b>\$ 13,486,221</b>	<b>\$ 13,879,988</b>	<b>\$ 13,315,203</b>	<b>\$ 12,932,544</b>	<b>\$ 12,918,025</b>	<b>\$ 12,558,845</b>

**SCOTLAND COUNTY BOARD OF EDUCATION  
GENERAL FUND EXPENDITURES BY OBJECT  
EIGHT-YEAR COMPARISON**

	2012-2013 Audited Actual	2013-2014 Audited Actual	2014-2015 Audited Actual	2015-2016 Audited Actual	2016-2017 Budget Resolution	2017-2018 Forecasted Budget	2018-2019 Forecasted Budget	2019-2020 Forecasted Budget
<b>Expenditures:</b>								
<b>Instructional services:</b>								
Salaries and benefits	\$ 7,192,074	\$ 5,235,808	\$ 5,884,941	\$ 4,662,855	\$ 6,590,125	\$ 6,444,657	\$ 6,582,938	\$ 6,443,789
Materials and supplies	504,689	966,297	546,176	834,698	400,416	384,399	369,023	354,262
Repairs and maintenance	36,592	39,519	36,328	32,062	42,000	40,320	38,707	37,159
Equipment	60,632	159,876	105,298	140,375	81,080	77,837	74,724	71,735
Contracted services	812,546	576,762	702,902	736,989	719,715	690,926	663,289	636,757
Insurance	1,779	3,069	1,913	1,402	680	653	627	602
Other	124,684	109,719	124,600	138,792	173,763	166,812	160,140	153,734
<b>Total instructional services</b>	<b>8,732,996</b>	<b>7,091,050</b>	<b>7,402,158</b>	<b>6,547,173</b>	<b>8,007,779</b>	<b>7,805,604</b>	<b>7,889,448</b>	<b>7,698,038</b>
<b>System-wide support services:</b>								
Salaries and benefits	1,820,452	2,008,125	1,975,102	2,499,149	1,777,298	1,738,020	1,775,214	1,737,579
Materials and supplies	187,756	117,178	50,495	83,791	83,078	79,755	76,565	73,502
Utilities	1,642,567	1,571,621	1,763,796	1,690,241	1,580,393	1,517,177	1,456,490	1,398,230
Repairs and maintenance	716,678	701,052	822,692	925,408	783,380	752,045	721,963	693,084
Rentals/Leases	10,025	10,275	12,592	12,403	43,500	41,760	40,090	38,486
Equipment	13,968	-	11,557	3,058	12,000	11,520	11,059	10,617
Contracted services	1,169,062	1,090,154	775,270	653,135	705,796	677,564	650,461	624,443
Insurance	205,187	107,446	165,369	219,289	179,963	172,764	165,853	159,219
Other	358,246	271,545	115,166	344,681	135,500	130,080	124,877	119,882
<b>Total system-wide support services</b>	<b>6,123,941</b>	<b>5,877,396</b>	<b>5,692,039</b>	<b>6,431,155</b>	<b>5,300,908</b>	<b>5,120,685</b>	<b>5,022,572</b>	<b>4,855,042</b>
<b>Ancillary services</b>								
Salaries and benefits	1,450	-	-	2,414	-	-	-	-
Materials and supplies	24,263	26,954	-	-	-	-	-	-
<b>Total ancillary services</b>	<b>25,713</b>	<b>26,954</b>	<b>-</b>	<b>2,414</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Non-programmed charges:</b>								
Indirect cost	10,690	8,882	3,266	8,373	6,516	6,255	6,005	5,765
Transfers to charter schools	-	2,854	6,705	18,218	-	-	-	-
<b>Total non-programmed charges</b>	<b>10,690</b>	<b>11,736</b>	<b>9,971</b>	<b>26,591</b>	<b>6,516</b>	<b>6,255</b>	<b>6,005</b>	<b>5,765</b>
<b>Total General Fund expenditures</b>	<b>\$14,893,340</b>	<b>\$13,007,136</b>	<b>\$13,104,168</b>	<b>\$13,007,333</b>	<b>\$13,315,203</b>	<b>\$12,932,544</b>	<b>\$12,918,025</b>	<b>\$12,558,845</b>

**SCOTLAND COUNTY BOARD OF EDUCATION  
FEDERAL GRANTS FUND BUDGET**

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**2016-2017 FEDERAL GRANTS FUND BUDGET HIGHLIGHTS**

The Federal Grants Fund includes appropriations from the U.S. Government for the current operating expenditures of the public school system. It comprises 8.6% of the overall budget and its budgeted expenditures consist of 70.5% instructional services, 18.8% system-wide support services, and 10.7% non-programmed charges.

Overall, budgeted Federal Grants Fund revenues and expenditures remained relatively flat. Only minor fluctuations in funding for the various federal programs offered by the Board are expected.

**SCOTLAND COUNTY BOARD OF EDUCATION  
FEDERAL GRANTS FUND BUDGET SUMMARY  
EIGHT-YEAR COMPARISON**

	2012-2013	2013-2014	2014-2015	2015-2016	2016-2017	2017-2018	2018-2019	2019-2020
	Audited Actual	Audited Actual	Audited Actual	Audited Actual	Budget Resolution	Forecasted Budget	Forecasted Budget	Forecasted Budget
<b>Revenues:</b>								
U.S. Government	\$ 6,310,758	\$ 5,323,382	\$ 4,910,838	\$ 5,467,268	\$ 5,444,448	\$ 5,502,011	\$ 5,561,985	\$ 5,624,401
<b>Expenditures:</b>								
Instructional services	4,982,020	3,975,163	3,541,088	4,078,817	3,836,519	3,885,858	3,936,914	3,989,711
System-wide support services	1,143,073	1,226,072	1,272,427	1,226,195	1,022,419	1,042,353	1,062,747	1,083,612
Ancillary services	-	-	-	8,897	-	-	-	-
Non-programmed charges	185,665	122,147	97,323	153,359	585,510	573,800	562,324	551,078
<b>Total expenditures</b>	<b>6,310,758</b>	<b>5,323,382</b>	<b>4,910,838</b>	<b>5,467,268</b>	<b>5,444,448</b>	<b>5,502,011</b>	<b>5,561,985</b>	<b>5,624,401</b>
Net change in fund balance	-	-	-	-	-	-	-	-
Fund balance, beginning of year	-	-	-	-	-	-	-	-
Fund balance, end of year	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

**SCOTLAND COUNTY BOARD OF EDUCATION  
FEDERAL GRANTS FUND REVENUES BY PRC  
EIGHT-YEAR COMPARISON**

	2012-2013 Audited Actual	2013-2014 Audited Actual	2014-2015 Audited Actual	2015-2016 Audited Actual	2016-2017 Budget Resolution	2017-2018 Forecasted Budget	2018-2019 Forecasted Budget	2019-2020 Forecasted Budget
U.S. Government:								
Vocational Education - Program Development	\$ 102,998	\$ 101,904	\$ 108,749	\$ 104,913	\$ 99,736	\$ 100,790	\$ 101,889	\$ 103,032
Education for Homeless Children and Youth	13,705	-	10,785	2,424	16,791	16,969	17,154	17,347
Special Education Cluster	1,835,143	1,383,090	1,632,978	1,935,426	1,733,179	1,751,504	1,770,596	1,790,465
Title I, Grants to Local Educational Agencies	3,010,522	2,513,720	2,679,963	2,967,106	3,014,979	3,046,856	3,080,068	3,114,631
Child Nutrition Discretionary Funds	-	-	-	8,897	-	-	-	-
Vocational Education - Capacity Building Grants	-	-	2,640	-	-	-	-	-
Title VI-B, Education of the Handicapped	15,902	22,042	5,208	18,320	1,368	1,382	1,397	1,413
Reward School Mini Grant (Title I of ESEA)	42,425	5,030	6,571	-	-	-	-	-
Abstinence Education	2,021	8,279	9,108	22,786	12,006	12,133	12,265	12,403
Improving Teacher Quality	375,233	320,495	325,834	330,317	362,827	366,663	370,660	374,820
Rural and Low Income Schools	125,340	114,129	97,087	77,079	203,562	205,714	207,956	210,290
Twenty-first Century Community Learning Centers	320,000	225,122	-	-	-	-	-	-
Title II, Math and Science Partnership	173,989	119,900	-	-	-	-	-	-
Race to the Top - ARRA	293,480	509,671	31,915	-	-	-	-	-
<b>Total U.S. Government</b>	<b>6,310,758</b>	<b>5,323,382</b>	<b>4,910,838</b>	<b>5,467,268</b>	<b>5,444,448</b>	<b>5,502,011</b>	<b>5,561,985</b>	<b>5,624,401</b>
<b>Total Federal Grants Fund revenues</b>	<b>\$ 6,310,758</b>	<b>\$ 5,323,382</b>	<b>\$ 4,910,838</b>	<b>\$ 5,467,268</b>	<b>\$ 5,444,448</b>	<b>\$ 5,502,011</b>	<b>\$ 5,561,985</b>	<b>\$ 5,624,401</b>

**SCOTLAND COUNTY BOARD OF EDUCATION  
FEDERAL GRANTS FUND EXPENDITURES BY OBJECT  
EIGHT-YEAR COMPARISON**

	2012-2013	2013-2014	2014-2015	2015-2016	2016-2017	2017-2018	2018-2019	2019-2020
	Audited	Audited	Audited	Audited	Budget	Forecasted	Forecasted	Forecasted
Expenditures:	Actual	Actual	Actual	Actual	Resolution	Budget	Budget	Budget
Instructional services:								
Salaries and benefits	\$ 3,713,144	\$ 3,581,645	\$ 2,556,672	\$ 3,206,111	\$ 3,053,213	\$ 3,118,219	\$ 3,184,628	\$ 3,252,470
Materials and supplies	603,661	472,284	642,571	403,252	354,331	347,244	340,299	333,493
Repairs and maintenance	1,639	-	467	5,788	10,953	10,734	10,519	10,309
Equipment	479,713	412,628	291,614	281,978	134,749	132,054	129,413	126,825
Contracted services	70,654	92,670	420	11,245	4,829	4,732	4,637	4,544
Other	113,209	(584,064)	49,344	170,443	278,444	272,875	267,418	262,070
Total instructional services	4,982,020	3,975,163	3,541,088	4,078,817	3,836,519	3,885,858	3,936,914	3,989,711
System-wide support services:								
Salaries and benefits	979,099	1,049,469	1,110,803	1,177,511	977,770	998,597	1,019,867	1,041,590
Materials and supplies	18,024	41,679	85,893	1,916	500	490	480	470
Equipment	59,999	65,842	8,754	-	1,000	980	960	941
Contracted services	54,574	48,879	26,104	21,557	20,301	19,895	19,497	19,107
Other	31,377	20,203	40,873	25,211	22,848	22,391	21,943	21,504
Total system-wide support services	1,143,073	1,226,072	1,272,427	1,226,195	1,022,419	1,042,353	1,062,747	1,083,612
Ancillary services								
Equipment	-	-	-	8,897	-	-	-	-
Non-programmed charges:								
Indirect cost	185,665	122,147	97,323	153,359	114,508	112,218	109,974	107,775
Unbudgeted funds	-	-	-	-	471,002	461,582	452,350	443,303
Total non-programmed charges	185,665	122,147	97,323	153,359	585,510	573,800	562,324	551,078
Total Federal Grants Fund expenditures	\$ 6,310,758	\$ 5,323,382	\$ 4,910,838	\$ 5,467,268	\$ 5,444,448	\$ 5,502,011	\$ 5,561,985	\$ 5,624,401

**SCOTLAND COUNTY BOARD OF EDUCATION  
CAPITAL OUTLAY FUND BUDGET**

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**2016-2017 CAPITAL OUTLAY FUND BUDGET HIGHLIGHTS**

The Capital Outlay Fund accounts for financial resources to be used for the acquisition and construction of major capital facilities (other than those financed by proprietary funds and trust funds). It is mandated by State law [G.S.115C-426]. Scotland County appropriations, restricted sales tax moneys, proceeds of county debt issued for public school construction, lottery proceeds, as well as certain State assistance fund capital projects. The Capital Outlay Fund has budgeted revenues totaling \$863,500.

The Board is limited by State law [G.S. 115C-528] with regards to the types of debt it can issue and for what purpose that debt can be used. Under this statute, the Board is generally only allowed to issue debt for allowable equipment, vehicles and mobile classrooms. The County would be required to issue debt for school capital construction. The debt service expenditures included in the following budget summary are related to installment purchases of yellow buses for which the NC Department of Public Instruction (DPI) makes the debt service payment on behalf of the Board. Under the terms of the arrangement with DPI, the Board is only responsible for the principal payment and DPI makes the interest payments. Therefore, all debt service expenditures reflected in the budget summary are for principal only.

In the State of North Carolina, yellow buses are purchased by school districts through installment purchase agreements entered into between the school districts and the financing entity. DPI makes the debt service payments on behalf of the school districts for the yellow buses. The school district makes various accounting entries throughout the year as DPI makes these debt service payments and as new installment purchase agreements are entered into. All of these entries are due to noncash transactions. The bus entries will be made during the year upon notification from DPI of the appropriate amounts. There is also additional revenue generated by programs using the district's activity buses and reimbursing the district for fuel costs that will be adjusted throughout the year.

The Board's capital outlay fund balance has dropped 94% or \$712,597 in the past ten years. This remains a concern due to the lack of visibility the board has in potential building failure and an aging activity bus fleet. The board's average age of building is 45 years old.

In recent years, the capital outlay appropriation has remained largely flat, with only small increases or decreases annually. The capital outlay appropriation has enabled us to address only the most urgent needs through repair or replacement. Consequently, our list of capital needs requiring immediate attention has continued to grow. We have been, and we will continue to be, fiscally conservative because we fully appreciate our responsibility to be excellent stewards of public resources directed to our schools. However, during this recent cycle of essentially flat capital outlay funding, the cost of maintaining core services and providing necessary materials and supplies has continued to grow. Currently, our capital outlay expense fund balance is insufficient to address the needs reflected in our Budget Resolution.

The Capital Outlay Fund's fund balance at the beginning of the 2016-2017 fiscal year of \$45,054 is all classified as Restricted – *portion of fund balance that can only be used for school capital outlay by State law [G.S. 159-18 through 22]*.

**SCOTLAND COUNTY BOARD OF EDUCATION  
CAPITAL OUTLAY FUND BUDGET SUMMARY  
EIGHT-YEAR COMPARISON**

	2012-2013	2013-2014	2014-2015	2015-2016	2016-2017	2017-2018	2018-2019	2019-2020
	Audited Actual	Audited Actual	Audited Actual	Audited Actual	Budget Resolution	Forecasted Budget	Forecasted Budget	Forecasted Budget
Revenues:								
State of North Carolina	\$ 747,173	\$ 558,985	\$ 333,285	\$ 122,591	\$ 375,000	\$ 400,000	\$ 400,000	\$ 400,000
Scotland County	260,000	198,000	300,000	534,755	300,000	300,000	300,000	300,000
Other	223,746	321,223	396,921	340,753	188,500	160,000	160,000	165,000
Total revenues	1,230,919	1,078,208	1,030,206	998,099	863,500	860,000	860,000	865,000
Expenditures:								
Capital outlay	1,565,091	1,089,500	902,012	1,017,622	563,500	560,000	560,000	565,000
Debt service	570,948	185,985	185,986	21,017	300,000	300,000	300,000	300,000
Total expenditures	2,136,039	1,275,485	1,087,998	1,038,639	863,500	860,000	860,000	865,000
Revenues under expenditures	(905,120)	(197,277)	(57,792)	(40,540)	-	-	-	-
Other financing sources:								
Installment purchase obligations issued	743,941	-	-	84,068	-	-	-	-
Net change in fund balance	(161,179)	(197,277)	(57,792)	43,528	-	-	-	-
Fund balance, beginning of year	417,774	256,595	59,318	1,526	45,054	45,054	45,054	45,054
Fund balance, end of year	\$ 256,595	\$ 59,318	\$ 1,526	\$ 45,054	\$ 45,054	\$ 45,054	\$ 45,054	\$ 45,054



**SCOTLAND COUNTY BOARD OF EDUCATION  
CAPITAL OUTLAY FUND REVENUES AND OTHER FINANCING SOURCES  
EIGHT-YEAR COMPARISON**

	2012-2013	2013-2014	2014-2015	2015-2016	2016-2017	2017-2018	2018-2019	2019-2020
	Audited Actual	Audited Actual	Audited Actual	Audited Actual	Budget Resolution	Forecasted Budget	Forecasted Budget	Forecasted Budget
State of North Carolina:								
Public school capital fund - lottery	\$ 176,225	\$ 373,000	\$ 147,300	\$ 101,574	\$ 375,000	\$ 400,000	\$ 400,000	\$ 400,000
State appropriations - buses	570,948	185,985	185,985	21,017	-	-	-	-
Total State of North Carolina	747,173	558,985	333,285	122,591	375,000	400,000	400,000	400,000
Scotland County:								
County appropriations	260,000	198,000	300,000	534,755	300,000	300,000	300,000	300,000
Other:								
Fines and forfeitures	190,400	209,461	172,473	183,732	188,500	160,000	160,000	165,000
Miscellaneous revenues	33,346	111,762	224,448	157,021	-	-	-	-
Total other	223,746	321,223	396,921	340,753	188,500	160,000	160,000	165,000
Other financing sources:								
Installment purchase obligations issued	743,941	-	-	84,068	-	-	-	-
Total Capital Outlay Fund revenues and other financing sources	<u>\$ 1,974,860</u>	<u>\$ 1,078,208</u>	<u>\$ 1,030,206</u>	<u>\$ 1,082,167</u>	<u>\$ 863,500</u>	<u>\$ 860,000</u>	<u>\$ 860,000</u>	<u>\$ 865,000</u>

**SCOTLAND COUNTY BOARD OF EDUCATION  
CAPITAL OUTLAY FUND EXPENDITURES  
EIGHT-YEAR COMPARISON**

	2012-2013	2013-2014	2014-2015	2015-2016	2016-2017	2017-2018	2018-2019	2019-2020
	Audited Actual	Audited Actual	Audited Actual	Audited Actual	Budget Resolution	Forecasted Budget	Forecasted Budget	Forecasted Budget
Capital outlay:								
Buildings and improvements	\$ 750,438	\$ 958,408	\$ 767,129	\$ 886,862	\$ 518,000	\$ 485,000	\$ 485,000	\$ 520,000
Furnishings and equipment	70,712	131,092	46,956	46,692	45,500	75,000	75,000	45,000
Buses and motor vehicles	743,941	-	87,927	84,068	-	-	-	-
Total capital outlay	1,565,091	1,089,500	902,012	1,017,622	563,500	560,000	560,000	565,000
Debt service	570,948	185,985	185,986	21,017	300,000	300,000	300,000	300,000
Total Capital Outlay Fund expenditures	\$ 2,136,039	\$ 1,275,485	\$ 1,087,998	\$ 1,038,639	\$ 863,500	\$ 860,000	\$ 860,000	\$ 865,000

**SCOTLAND COUNTY BOARD OF EDUCATION  
SCHOOL FOOD SERVICE FUND BUDGET**

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**2016-2017 SCHOOL FOOD SERVICE FUND BUDGET HIGHLIGHTS**

The School Food Service Fund is used to account for the food service program within the school system. The Food Service Budget is housed in a completely separate fund and is totally self-sufficient. Revenue is generated from mostly federal reimbursements since the district participates 100% in the Community Eligibility Provision.

Entering the third year of the Community Eligibility Provision, which provides free breakfast and lunch to all students, a conservative budget was used due to the reimbursements being tied so closely to participation. Appropriate entries will be made during the year to adjust the budget higher or lower based on actual participation levels and anticipated expenditures.

**SCOTLAND COUNTY BOARD OF EDUCATION  
SCHOOL FOOD SERVICE FUND BUDGET SUMMARY  
EIGHT-YEAR COMPARISON**

	2012-2013	2013-2014	2014-2015	2015-2016	2016-2017	2017-2018	2018-2019	2019-2020
	Audited Actual	Audited Actual	Audited Actual	Audited Actual	Budget Resolution	Forecasted Budget	Forecasted Budget	Forecasted Budget
<b>Revenues:</b>								
Food sales	\$ 584,341	\$ 538,734	\$ 252,184	\$ 266,872	\$ 228,000	\$ 229,258	\$ 230,574	\$ 231,950
U.S. Government	3,256,058	3,024,938	3,611,719	3,652,138	3,372,000	3,390,603	3,410,068	3,430,406
State of North Carolina	5,991	5,171	-	-	-	-	-	-
Other	1,972	3,414	5,613	10,055	2,800	2,816	2,832	2,848
<b>Total revenues</b>	<b>3,848,362</b>	<b>3,572,257</b>	<b>3,869,516</b>	<b>3,929,065</b>	<b>3,602,800</b>	<b>3,622,677</b>	<b>3,643,474</b>	<b>3,665,204</b>
<b>Expenses:</b>								
Business support services	3,824,003	3,480,542	3,730,859	3,811,558	3,602,800	3,622,677	3,643,474	3,665,204
Income before transfers	24,359	91,715	138,657	117,507	-	-	-	-
Transfers from other funds	45,000	45,001	45,001	45,000	-	-	-	-
Change in net position	69,359	136,716	183,658	162,507	-	-	-	-
Net position, beginning of year	1,074,690	1,144,049	867,837	1,051,495	1,214,002	1,214,002	1,214,002	1,214,002
Net position, end of year	<u>\$ 1,144,049</u>	<u>\$ 1,280,765</u>	<u>\$ 1,051,495</u>	<u>\$ 1,214,002</u>	<u>\$ 1,214,002</u>	<u>\$ 1,214,002</u>	<u>\$ 1,214,002</u>	<u>\$ 1,214,002</u>

Note: Beginning net position for the 2014-2015 year was restated and reduced by \$412,928 for the implementation of GASB 68. The standard requires the district to record its proportionate share of the net pension liability associated with its participation in the statewide Teachers' and State Employees' Retirement System (TSERS).

**SCOTLAND COUNTY BOARD OF EDUCATION  
SCHOOL FOOD SERVICE FUND REVENUES  
EIGHT-YEAR COMPARISON**

	2012-2013	2013-2014	2014-2015	2015-2016	2016-2017	2017-2018	2018-2019	2019-2020
	Audited Actual	Audited Actual	Audited Actual	Audited Actual	Budget Resolution	Forecasted Budget	Forecasted Budget	Forecasted Budget
<b>Food sales:</b>								
Lunch sales	\$ 282,015	\$ 248,768	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Breakfast sales	22,422	22,378	-	-	-	-	-	-
Supplemental sales	209,885	181,395	176,483	177,380	152,000	152,839	153,716	154,633
Catered supplements	15,294	15,372	22,840	28,503	22,000	22,121	22,248	22,381
Other sales	54,725	70,821	52,861	60,989	54,000	54,298	54,610	54,936
<b>Total food sales</b>	<b>584,341</b>	<b>538,734</b>	<b>252,184</b>	<b>266,872</b>	<b>228,000</b>	<b>229,258</b>	<b>230,574</b>	<b>231,950</b>
<b>U.S. Government:</b>								
USDA reimbursements	2,982,512	2,691,887	3,332,530	3,358,398	3,087,000	3,104,031	3,121,851	3,140,470
USDA commodities	236,120	268,486	241,764	256,173	250,000	251,379	252,822	254,330
Summer feeding program	37,426	64,565	37,425	37,567	35,000	35,193	35,395	35,606
<b>Total U.S. Government</b>	<b>3,256,058</b>	<b>3,024,938</b>	<b>3,611,719</b>	<b>3,652,138</b>	<b>3,372,000</b>	<b>3,390,603</b>	<b>3,410,068</b>	<b>3,430,406</b>
<b>State of North Carolina:</b>								
State reimbursements	5,991	5,171	-	-	-	-	-	-
<b>Other:</b>								
Interest	1,972	1,562	2,245	3,852	2,500	2,514	2,528	2,543
Miscellaneous revenues	-	1,852	3,368	6,203	300	302	304	305
<b>Total other</b>	<b>1,972</b>	<b>3,414</b>	<b>5,613</b>	<b>10,055</b>	<b>2,800</b>	<b>2,816</b>	<b>2,832</b>	<b>2,848</b>
<b>Total School Food Service Fund revenues</b>	<b>\$ 3,842,371</b>	<b>\$ 3,567,086</b>	<b>\$ 3,869,516</b>	<b>\$ 3,929,065</b>	<b>\$ 3,602,800</b>	<b>\$ 3,622,677</b>	<b>\$ 3,643,474</b>	<b>\$ 3,665,204</b>

**SCOTLAND COUNTY BOARD OF EDUCATION  
SCHOOL FOOD SERVICE FUND EXPENSES  
EIGHT-YEAR COMPARISON**

	2012-2013	2013-2014	2014-2015	2015-2016	2016-2017	2017-2018	2018-2019	2019-2020
	Audited Actual	Audited Actual	Audited Actual	Audited Actual	Budget Resolution	Forecasted Budget	Forecasted Budget	Forecasted Budget
Business support services:								
Purchase of food	\$ 1,207,803	\$ 1,024,728	\$ 1,163,000	\$ 1,121,921	\$ 987,500	\$ 977,625	\$ 967,849	\$ 958,171
Donated commodities	236,120	268,486	241,764	256,173	250,000	247,500	245,025	242,575
Salaries and benefits	1,881,882	1,742,067	1,855,103	1,845,258	1,863,500	1,900,770	1,938,785	1,977,561
Materials and supplies	134,423	105,118	120,171	132,550	130,000	128,700	127,413	126,139
Repairs and maintenance	32,132	33,518	33,823	30,066	26,000	25,740	25,483	25,228
Equipment expenses	39,771	47,695	57,950	97,393	75,000	74,250	73,508	72,773
Contracted services	9,279	13,652	6,355	66,409	16,000	15,840	15,682	15,525
Indirect cost	251,156	211,095	228,149	241,575	240,000	237,600	235,224	232,872
Other	31,437	34,183	24,544	20,213	14,800	14,652	14,505	14,360
Total business support services	3,824,003	3,480,542	3,730,859	3,811,558	3,602,800	3,622,677	3,643,474	3,665,204
Total School Food Service Fund expenses	\$ 3,824,003	\$ 3,480,542	\$ 3,730,859	\$ 3,811,558	\$ 3,602,800	\$ 3,622,677	\$ 3,643,474	\$ 3,665,204

**SCOTLAND COUNTY BOARD OF EDUCATION  
SCHEDULE OF THE BOARD'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY  
TEACHERS' AND STATE EMPLOYEES' RETIREMENT SYSTEM  
LAST THREE FISCAL YEARS\***

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	<u>2016</u>	<u>2015</u>	<u>2014</u>
Board's proportion of the net pension liability (asset)	0.252%	0.253%	0.272%
Board's proportionate share of the net pension liability (asset)	\$ 9,298,860	\$ 2,968,687	\$ 16,494,959
Board's covered-employee payroll	\$ 35,063,051	\$ 33,761,157	\$ 36,618,454
Board's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	26.52%	8.79%	45.05%
Plan fiduciary net position as a percentage of the total pension liability	94.64%	98.24%	90.60%

\* The amounts presented for each fiscal year were determined as of the prior fiscal year ending June 30.

Note: This is an eight year schedule. However, GASB 68 was not adopted until the fiscal year ended June 30, 2015. Therefore, there are only three years of data presented.

**SCOTLAND COUNTY BOARD OF EDUCATION  
SCHEDULE OF BOARD CONTRIBUTIONS  
TEACHERS' AND STATE EMPLOYEES' RETIREMENT SYSTEM  
LAST THREE FISCAL YEARS**

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	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 3,093,613	\$ 3,208,269	\$ 2,933,845
Contributions in relation to the contractually required contribution	<u>3,093,613</u>	<u>3,208,269</u>	<u>2,933,845</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Board's covered-employee payroll	\$ 33,809,978	\$ 35,063,051	\$ 33,761,157
Contributions as a percentage of covered-employee payroll	9.15%	9.15%	8.69%

Note: This is an eight year schedule. However, GASB 68 was not adopted until the fiscal year ended June 30, 2015. Therefore, there are only three years of data presented.





# Informational Section

**SCOTLAND COUNTY BOARD OF EDUCATION**  
**INFORMATIONAL SECTION OVERVIEW**

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The Informational Section of this budget consists of graphs and schedules that are intended to present a picture of where the district has been, where it is, and where it may be going. This section is organized into the following subsections:

- I. Enrollment History/Forecasts
- II. Personnel Summary
- III. Performance Measures

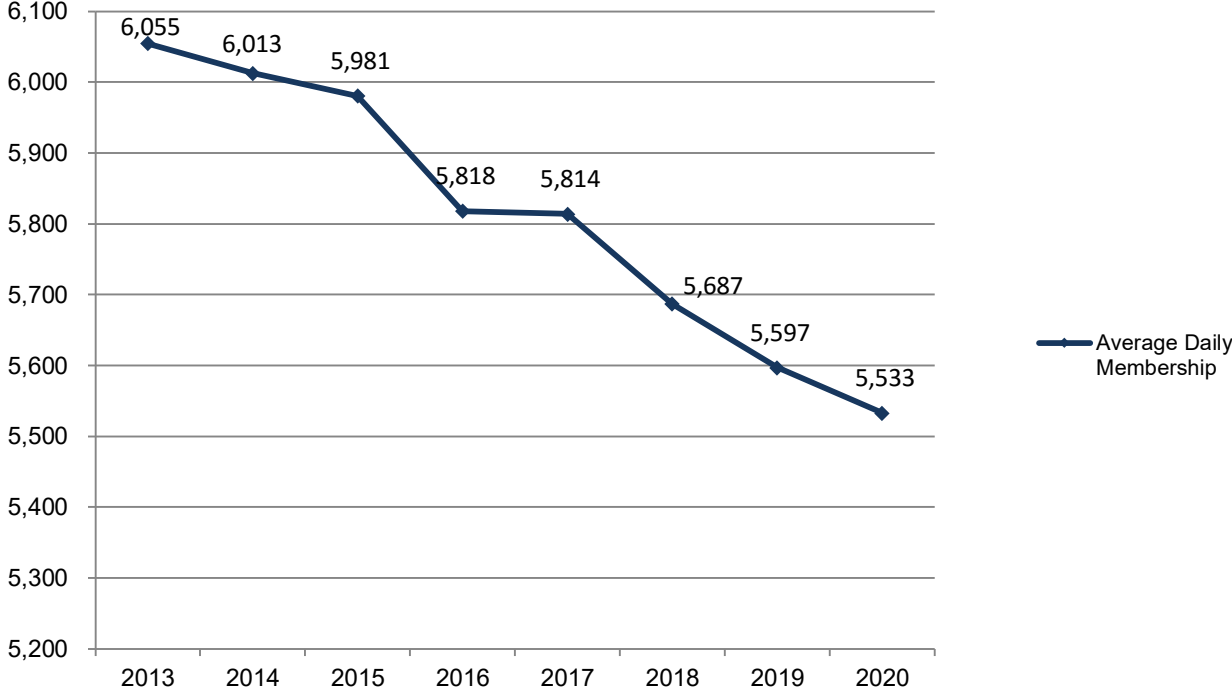
Prior year comparisons are shown to provide the reader with an analysis of trends. Information was compiled using various sources and each presentation of the data used the most current information available from the respective source. Many factors must be taken into consideration when assessing the quality of education within a district. This information attempts to link the past and present to the future and assist in making decisions today.

**SCOTLAND COUNTY BOARD OF EDUCATION  
ENROLLMENT HISTORY/FORECASTS**

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In the last ten years, Scotland County Schools' enrollment has dropped by 915 students. Looking to the future, the district still anticipates experiencing a decline of approximately 2% per year beyond the 2016-2017 fiscal year. The 2% estimated decline is based on the average actual annual decline over the past five years. As the graph indicates, the projected enrollment is expected to decrease from 5,818 students for fiscal year 2015-2016 to 5,533 students in fiscal year 2019-2020.

**Average Daily Membership**



**SCOTLAND COUNTY BOARD OF EDUCATION  
PERSONNEL SUMMARY**

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The information below is a summary of the total full-time equivalent employees by function included in the 2016-2017 budget and for the four preceding fiscal years:

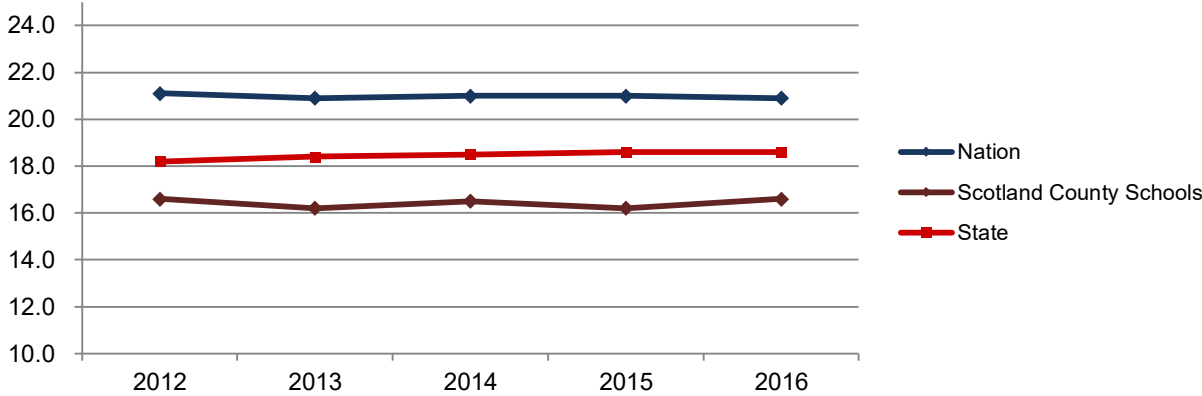
<b>Year Ended June 30</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>
Officials, admins, mgrs	19	17	15	14	12
Principals	14	17	14	12	12
Asst. Principals, non-teaching	13	16	18	16	14
Total administrators	46	50	47	42	38
Elementary teachers	328	319	306	290	291
Secondary teachers	123	114	110	113	116
Other teachers	4	5	5	4	3
Total teachers	455	438	421	407	410
Guidance	17	17	17	15	14
Psychological	5	5	5	5	5
Librarian, audiovisual	12	12	12	10	10
Consultant, supervisor	22	15	14	17	15
Other professionals	37	39	35	39	39
Total professionals	594	576	551	535	531
Teacher Assistants	151	97	108	108	117
Technicians	5	7	6	6	6
Clerical, secretarial	55	52	49	48	50
Service workers	87	77	76	88	86
Skilled crafts	8	9	9	9	8
Laborers, Unskilled	16	15	11	6	6
Total employees	916	833	810	800	804

**SCOTLAND COUNTY BOARD OF EDUCATION  
PERFORMANCE MEASURES**

**AMERICAN COLLEGE TESTING (ACT) SCORES**

Scotland County Schools' average composite score is 16.6, which is 2.0 points below the state average of 18.6 and 4.3 points below the national average of 20.9. Scotland Early College High had the highest composite score in the district with an average score of 19.6. Scotland High School had a composite score of 16.2.

**ACT Composite Scores**



Strategies used to improve student performance on the ACT are focused in two areas. The first area is instruction directly to the student; this is accomplished through ACT review courses and supplemental materials. The second is training a core group of teachers in methods that have been proven to accelerate growth on the ACT. Once this core group of teachers have this professional development they then give personalized meetings with students to form specific goals for the ACT.

**American College Testing (ACT) Composite Score Comparison**

	<b>Composite</b>				
	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
<b>Nation</b>	<b>21.1</b>	<b>20.9</b>	<b>21.0</b>	<b>21.0</b>	<b>20.9</b>
<b>North Carolina</b>	<b>18.2</b>	<b>18.4</b>	<b>18.5</b>	<b>18.6</b>	<b>18.6</b>
<b>Scotland County Schools</b>	<b>16.6</b>	<b>16.2</b>	<b>16.5</b>	<b>16.2</b>	<b>16.6</b>
Shaw Academy	12.3	13.0	13.3	14.1	N/A
Scotland High School	16.6	16.1	16.1	15.7	16.2
SEARCH	17.1	19.0	20.1	19.4	19.6

**SCOTLAND COUNTY BOARD OF EDUCATION  
PERFORMANCE MEASURES**

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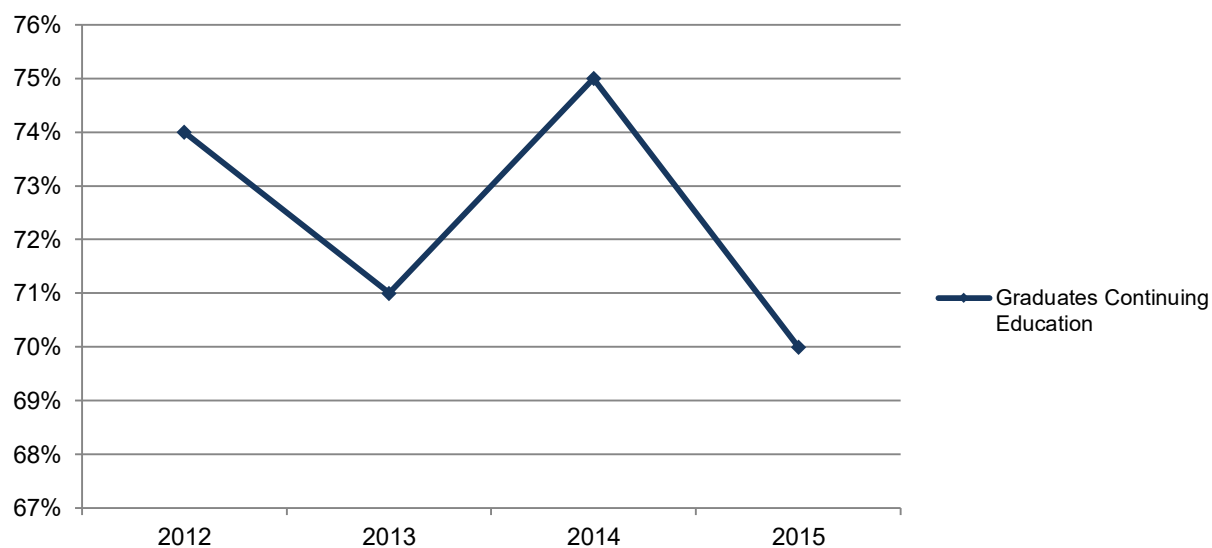
**GRADUATE DATA**

<b>Year Ended June 30</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>
Number of Graduates	411	378	387	387	N/A
Percentage of Graduates Continuing Education	74%	71%	75%	70%	N/A

N/A = Not Available

Note: Graduate and attendance data for the year ended June 30, 2016 could not be obtained from the North Carolina Department of Public Instruction prior to this report being issued. Therefore, there are only four years of comparative data noted above.

**Graduates Continuing Education**



**SCOTLAND COUNTY BOARD OF EDUCATION  
PERFORMANCE MEASURES**

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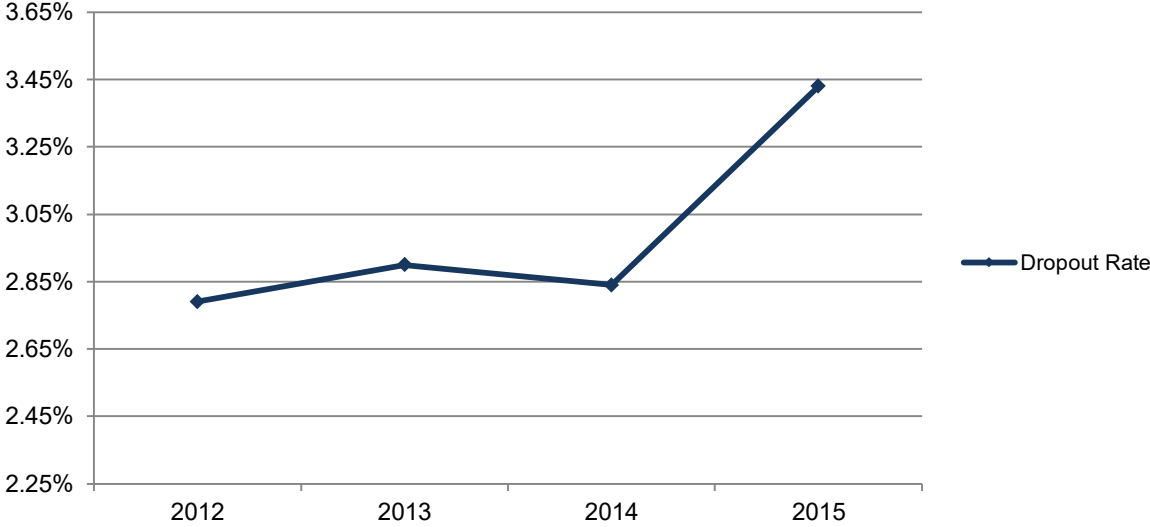
**DROPOUT DATA**

<b>Year Ended June 30</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>
Number of Dropouts	82	85	81	97	48
Dropout Rate	2.79%	2.90%	2.84%	3.43%	N/A

N/A = Not Available

Note: Dropout rate for the year ended June 30, 2016 had not been calculated prior to this report being issued. Therefore, there are only four years of comparative data noted above.

**Dropout Rate**



**SCOTLAND COUNTY BOARD OF EDUCATION  
PERFORMANCE MEASURES**

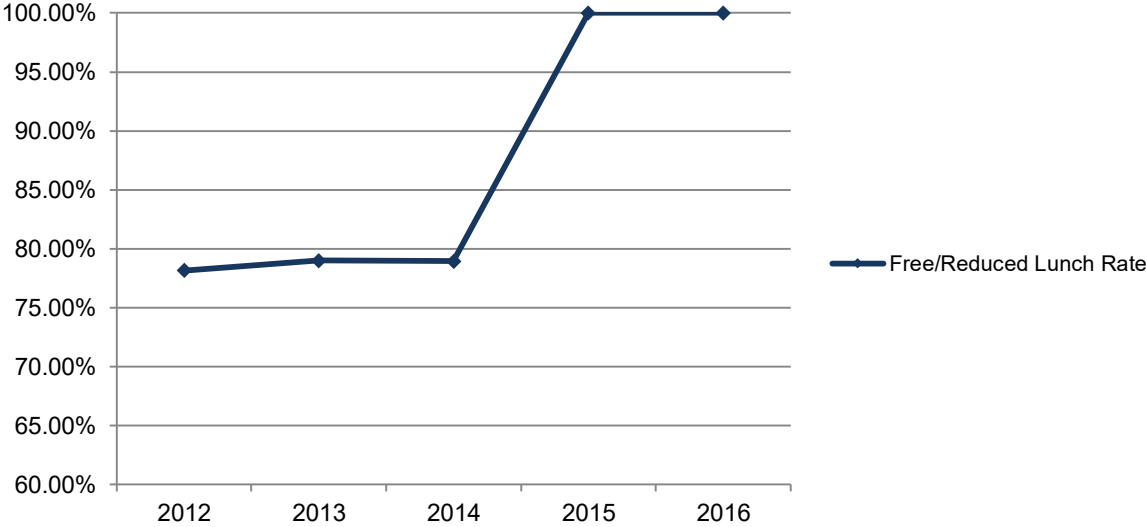
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**FREE/REDUCED LUNCH PERCENTAGES**

<b>Year Ended June 30</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>
Percentage of Students Receiving Free/Reduced Lunch	78.16%	79.00%	78.94%	100.00%	100.00%

Note: Percentage of students receiving free/reduced lunch for 2014 and before are not comparable to 2015 (and after) due to the implementation of the Community Eligibility Provision, which provides free lunch to all students.

**Free/Reduced Lunch Rate**





**SCOTLAND COUNTY BOARD OF EDUCATION  
PERFORMANCE MEASURES**

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**ANNUAL MEASURABLE OBJECTIVE (AMO) TARGETS 2015-2016**

	<u>TARGETS METS</u>	<u>TARGETS ASSIGNED</u>	<u>PERCENT MET</u>
Reading Grades 3 - 8	9	9	100.00%
Mathmatmatics Grades 3-8	9	9	100.00%
Reading Grade 10	7	7	100.00%
Mathmatics Grade 10	7	7	100.00%
Science Grades 5 and 8	8	8	100.00%
Science Grade 11	7	7	100.00%
Current Year EOC	9	9	100.00%
The ACT	7	7	100.00%
ACT Workkeys	<u>2</u>	<u>4</u>	<u>50.00%</u>
<b>Total Targets</b>	<b><u>65</u></b>	<b><u>67</u></b>	<b><u>97.01%</u></b>

**Regional AMO**

Cumberland	95.90%
Hoke	92.40%
Harnett	97.60%
Lee	96.20%
Montgomery	95.50%
Moore	97.30%
Richmond	91.80%
Robeson	91.00%

**SCHOOL PERFORMANCE GRADES**

	<u>GRADE</u>	<u>SCORE</u>	<u>GROWTH STATUS</u>
Carver	D	52	Did not Meet
Covington Elem	C	64	Met
I E Johnson Elem	D	40	Met
Laurel Hill	B	76	Met
North Laurinburg	C	57	Met
Scotland Early College	A	95	Exceeded
Scotland High School	C	59	Did not Meet
South	B	66	Met
Spring Hill	C	57	Met
Wagram	C	51	Met

## **SCOTLAND COUNTY BOARD OF EDUCATION GLOSSARY OF TERMS**

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This Glossary contains definitions of terms used in this guide and such additional terms as seem necessary to common understandings concerning financial accounting procedures for schools. Several terms which are not primarily financial accounting terms have been included because of their significance for school financial accounting. The glossary is arranged alphabetically with appropriate cross - referencing where necessary.

**Accounting System** – The total structure of records and procedures which discover, record, classify, and report information on the financial position and operations of a school district or any of its funds, balanced account groups and organizational components.

**Accrual Basis** – The basis of accounting under which revenues are recorded when earned or due, and expenditures are recorded as soon as they result in liabilities, regardless of when the revenue is actually received or the payment is actually made.

**Accrue** – To record revenues when earned and to record expenditures as soon as they result in liabilities, regardless of when the revenue is actually received or the payment is actually made.

**Appropriation** – A legal authorization to incur obligations and make expenditures for specific purposes.

**Average Daily Membership (ADM)** – The number of days a student is in membership at a school divided by the number of days in a school month or school year.

**Balanced Budget** – A balanced budget occurs when the total sum of money an entity collects in a year is equal to the amount it spends on goods, services, and debt interest.

**Board of Education** – The elected body that has been created according to State law and vested with responsibilities for educational activities in a given geographical area. These bodies are sometimes called school boards, governing boards, boards of directors, school committees, school trustees, etc. This definition relates to the general term and covers State boards, intermediate administrative unit boards, and local basic administrative unit boards.

**Budget** – The planning document for each department and school providing management control over expenditures in state public school fund, general fund, federal grants fund, capital outlay fund, and school food service fund.

**Budget Adjustments** – An administrative procedure used to revise a budgeted amount after the Annual Budget has been adopted by the Board of Education and approved by the State Board of Education.

**Budget Calendar** – The schedule of key dates used in the preparation and adoption of the Annual Budget.

**Budgetary Control** – The control or management of a governmental unit or enterprise in accordance with an approved budget for the purpose of keeping expenditures within the limitations of available appropriations and available revenues.

**Appropriated Fund Balance** – Money budgeted from previous year's fund balance.

**Buildings** – A fixed asset account that reflects the acquisition value of permanent structures used to house persons and property owned by the local education agency. If buildings are purchased or constructed, this amount includes the purchase or contract price of all permanent buildings and fixtures attached to and forming a permanent part of such buildings. If buildings are acquired by gift, the account reflects their appraised value at time of acquisition.

## **SCOTLAND COUNTY BOARD OF EDUCATION GLOSSARY OF TERMS**

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**Capital Expenditures** – Money spent to add or expand property, plant, and equipment assets, with the expectation that they will benefit the company over a long period (more than one year).

**Capital Improvements Plan** – A plan of proposed capital expenditures and the means of financing them. Items in the capital budget are usually construction projects designed to improve the value of the government assets. The capital budget is usually enacted as part of the complete annual budget, which includes both operating and capital outlays.

**Capital Outlay Fund** - Fund used to account for financial resources to be used for the acquisition or construction of major capital facilities.

**Cash Management** – The management of cash necessary to pay for government services while investing temporary cash excesses in order to earn interest revenue. Cash management refers to the activities of forecasting the inflows and outflows of cash, mobilizing cash to improve its availability for investment, establishing and maintaining banking relationships, and investing funds in order to achieve the highest interest and return available for temporary cash balances without jeopardizing principal.

**Chart of Accounts** – A list of accounts systematically arranged, applicable to a specific concern, giving account names and numbers, if any. A chart of accounts, accompanied by descriptions of their use and of the general operation of the books of account, becomes a classification or manual of accounts: a leading feature of a system of accounts.

**Classification, Object** – As applied to expenditures, this term has reference to an article or service received; for example, salaries, employee benefits, or supplies.

**Coding** – A system of numbering, or otherwise designating, accounts, entries, invoices, vouchers, etc. in such a manner that the symbol used reveals quickly certain required information.

**Contracted Services** – Amounts paid for non-payroll professional and technical services performed under contract, excluding Workshop Expenses. Services include amounts paid for non-payroll services performed by a qualified attorney to assist the local school administrative unit in specialized legal matters, services performed by an independent auditor concerned with examining, verifying, and reporting on the accounting records of the local school administrative unit, copier contracts as well as for other professional and technical services in the school system.

**Debt** – An obligation resulting from the borrowing of money or from the purchase of goods and services. Debts of local education agencies include bonds, warrants and notes, etc.

**Debt Service** – Expenditures for repayment of bonds, notes, leases and other debt.

**Department** – A major administrative division of the school district that indicates overall management responsibility for an operation or a group of related operations within a functional area.

**Depreciation** – The process of estimating and recording the lost usefulness, expired useful life or diminution of service from a fixed asset that cannot or will not be restored by repair and will be replaced. The cost to reserve funds necessary to replace the item at the end of its useful life.

**Dropout** – A student who leaves school for any reason, other than death, before graduation or completion of a program of studies and without transferring to another school or institution.

**Dropout Rate** – The proportion of students who, during a single year, leave high school without completion of a program of studies and without transferring to another school or institution.

**SCOTLAND COUNTY BOARD OF EDUCATION  
GLOSSARY OF TERMS**

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**Employee Benefits** – Amounts paid by the school system in behalf of employees; these amounts are not included in the gross salary, but are over and above. Such payments are, in a sense, overhead payments. They are fringe benefit payments, and while not paid directly to employees, are part of the cost of salaries and benefits. Examples are: (a) group health or life insurance, (b) contribution to employee retirement, (c) Social Security, and (d) Worker's Compensation.

**Encumbrance** – The commitment of budgeted funds to purchase an item or service. To encumber funds means to set aside or commit funds for a future expenditure.

**Equipment** – Fixed assets that have a value of \$5,000 or more for governmental activities and \$500 or more for business-type activities and have a useful economic life of more than one year.

**Ethnicity** – The classification of large groups of people according to common racial, national, or cultural origin or background.

**Expenditure** – Decreases in net financial resources. Expenditures include current operating expenses requiring the present or future use of net current assets, debt service, capital outlay, grants, entitlements, and shared revenue.

**Federal Revenue** – Revenue provided by the federal government. Expenditures made with this revenue are identifiable as federally supported expenditures.

**Fiscal Policy** – A government's policies with respect to revenues, spending and debt management as these relate to government services, programs and capital investment.

**Fiscal Year (FY)** - Scotland County Schools begins and ends its fiscal year July 1 - June 30.

**Fixed Assets** – Assets of long-term character that are intended to continue to be held or used, such as land, buildings, machinery, furniture, and other equipment.

**Full-time Equivalence Employee (FTE)** – The amount of employed time required in a part-time position expressed in proportion to that required in a fulltime position, with 1.000 representing one full-time position. It is derived by dividing the amount of employed time in the part time position by the amount of employed time required in a corresponding full-time position.

**Function** – A group of related activities aimed at accomplishing a major service or program.

**Fund** - An accounting entity that has a set of self-balancing accounts that record all financial transactions for specific activities or government functions. Eight commonly used funds in public accounting are: general fund, special revenue funds, debt service funds, school building funds, enterprise funds, trust and agency funds, internal service funds, and special assessment funds.

**Fund Balance** – The excess of assets of a fund over its liabilities and reserves. During the fiscal year prior to closing, it represents the excess of the fund's assets and estimated revenues for the period over its liabilities, reserves, and appropriations for the period.

**General Fund** – Fund used to account for all financial resources except those required to be accounted for in other funds.

**General Obligation Bonds** – Bonds issued to finance major projects with resources from tax collection to repay debt. This type of bond is backed by the full faith, credit, and taxing power of the government.

**SCOTLAND COUNTY BOARD OF EDUCATION  
GLOSSARY OF TERMS**

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**Generally Accepted Accounting Principles (GAAP)** – Uniform minimum standards for financial accounting and recording, encompassing the conventions, rules, and procedures that define generally accepted accounting principles.

**Goal** – A statement of broad direction, purpose or intent based on the needs of the community. A goal is general and timeless.

**Grants** – Contributions or gifts of cash or other assets from another government to be used or expended for a specific purpose, activity, or facility.

**Instruction** – The activities dealing directly with the teaching of students or improving the quality of teaching.

**Instructional Supplies and Materials** – An object of expenditure related to amounts paid for the acquisition of devices, content materials, methods or experiences used for teaching and learning purposes. These include printed and non-printed sensory materials.

**Inter-Fund Transfers** – Amounts transferred from one fund to another fund.

**Line Item Budget** – A detailed expense or expenditure budget generally classified by object of expenditure within each organizational unit.

**Long-term Debt** – Debt with a maturity of more than one year after the date of issuance.

**Materials and Supplies** – Expendable materials and operating supplies necessary to conduct departmental operations.

**Modified Accrual Basis** – The accrual basis of accounting adapted to the governmental fund-type measurement focus. Under it, revenues and other financial resource increments are recognized when they become susceptible to accrual that is when they become both “measurable” and “available to finance expenditures of the current period.” “Available” means collectible in the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures are recognized when the fund liability is incurred except for (1) inventories of materials and supplies that may be considered expenditures either when purchased or when used, and (2) prepaid insurance and similar items that may be considered expenditures either when paid for or when consumed. All governmental funds are accounted for using the modified accrual basis of accounting.

**Objective** – Something to be accomplished in specific, well-defined, and measurable terms and that is achievable within a specific period.

**Operating Expenses** – The cost for personnel, materials and equipment required for a department to function.

**Operating Revenue** – Funds that the government receives as income to pay for ongoing operations.

**Personnel Services** – Expenditures for personnel cost, salaries, fringe benefits, etc.

**Program** – The definition of an effort to accomplish a specific objective or objectives consistent with funds or resources available. Budgets and actual revenue and expenditure records may be maintained per program.

**SCOTLAND COUNTY BOARD OF EDUCATION  
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**Program Budget** – A budget wherein expenditures are based primarily on programs of work and secondarily on character and object. A program budget further defines function to subject area when necessary.

**Pupil** – A resident child of the State who is at least four years old as of August 31 and not more than twenty-one years old. When a pupil is in the graduating class and becomes twenty-one years of age, he will be permitted to complete the term.

**Receipts, Revenue** – Additions to assets which do not incur an obligation that must be met at some future date and do not represent exchanges of property for money.

**Reserve for Encumbrances** – A reserve representing the designation of a portion of a fund balance to provide for unliquidated encumbrances. Separate accounts may be maintained for current and prior-year encumbrances.

**Repairs and Maintenance** – Those activities which are concerned with keeping the grounds, buildings, and equipment at their original condition of completeness or efficiency, either through repairs or by replacements of property (anything less than replacement of a total building).

**Revenue** – (1) Increases in the net current assets of a governmental fund type from other than expenditure refunds and residual equity transfers. Also, general long-term debt proceeds and operating transfers in are classified as “other financing sources” rather than as revenues (2) Increases in the net total assets of a proprietary fund type from other than expense refunds, capital contributions and residual equity transfers. Also, operating transfers in are classified separately from revenues.

**School District** – The terms refers to any area or territory comprising a legal entity, whose sole purpose is that of providing free school education whose boundary lines are a matter of public record, and the area of which constitutes a complete tax unit.

**School Site** – The land and all improvements to the site, other than structures, such as grading, drainage, drives, parking areas, walks, plantings and playgrounds, and playfields.

**Special Education** – Consists of direct instructional activities designed to deal with the following pupil exceptionalities: (1) physically handicapped, (2) emotionally and/or socially handicapped, (3) culturally handicapped including compensatory education, (4) mentally retarded, and (5) mentally gifted and talented.

**Teacher** – A “teacher” is defined as any person who is employed either full-time or part-time by any school district whether to teach or to supervise teaching.

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