

Financial Review of Currituck County Schools

FINAL REPORT



Evergreen Solutions, LLC

February 8, 2018

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Submitted by:



Evergreen Solutions, LLC
2852 Remington Green Circle, Suite 101
Tallahassee, Florida 32308

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***CHAPTER 1:
INTRODUCTION***



1.0 INTRODUCTION

In October 2017, the Currituck County Board of Commissioners engaged Evergreen Solutions, LLC, to conduct a financial review of Currituck County Schools (CCS). Findings and recommendations were presented to the Board on February 8, 2018. The overriding objective of this study was to assist Currituck County Schools in continuing to succeed and improve in its primary mission—the education of all students.

According to statistics provided by Currituck County Schools, approximately 4,055 students in 10 schools were educated in CCS in the 2017-18 school year. In 2016-17, the district employed 459 full-time staff, including 252 teachers. CCS reported total per pupil expenditures of \$9,639.16, which represents a state rank of 47 out of 115 school districts. In terms of local funding, CCS ranks 15 out of 115 and is in the upper 87 percent statewide.

1.1 SCOPE OF STUDY

To fulfill the requirements of the contract with Currituck County for the financial review of Currituck County Schools, Evergreen Solutions:

- developed a detailed set of information about the status of each district fund source;
- developed a summary report of the status of district financial resources by fund source (federal, state, and local dollars);
- analyzed the status of Currituck County funding of Currituck County Schools and the processes involved; and
- utilized findings to recommend strategies for improvements in the use of funds in Currituck County Schools.

1.2 METHODOLOGY

Evergreen’s approach methodology for conducting this study included the following components:

- reviewing existing reports and data sources, including independent financial audits, annual budget and expenditure reports, budget guidelines and procedures, accounting procedures, salary schedules, organizational charts, staffing ratios, board policies, strategic plan, technology plan, and annual performance reports;
- conducting a diagnostic review and interviews with the Superintendent of Schools, Board of Education members, County Commissioners, Currituck County Manager and senior staff, and CCS administrators and staff;
- collecting additional reports and data from sources outside the district;
- benchmarking Currituck County Schools against peer school districts;



- conducting the formal onsite review with a team of three consultants; and
- preparing draft and final reports.

Together, these steps allowed Evergreen to capture and present a snapshot of the entire operation of Currituck County Schools as well as make data supported recommendations for improvements in all areas of the district.

Onsite Review

A team of three consultants conducted the formal onsite review of Currituck County Schools during the week of November 27, 2017. Prior to conducting the onsite review, each team member was provided with an extensive set of information about CCS operations. During the onsite work, team members conducted a detailed review of the structure and financial operations in their assigned functional areas.

Benchmarking

Comparing CCS operations to that of peer school districts provides an instrument to measure efficiency and effectiveness in the district. Throughout the report, Evergreen has made relevant comparisons between Currituck County Schools and two other North Carolina peer school districts identified by CCS and the County. The two peer school districts are:

- Dare County Schools
- Pasquotank County Schools

Exhibit 1-1 provides a brief comparison of the peer school districts. The comparisons and corresponding verbiage below are not exhaustive, and are meant to provide an example of the benchmarking processes conducted throughout the report. In the following chapters, the most current year's data are provided in all exhibits.

Exhibit 1-1 Overview of Peer School Districts 2016-17 School Year

School District	ADM	Total Number of Schools*	Total Staff**	Students Per Staff	Students Per School
Currituck County Schools	3,969	10	459	8.65	413
Dare County Schools	4,989	11	706	7.07	450
Pasquotank County Schools	5,606	12	705	7.95	464
Average	4,855	11	623	7.89	442

Source: North Carolina School Report Cards (<https://ncreportcards.ondemand.sas.com/src>),2017.

Source: North Carolina Department of Public Instruction ([http://apps.schools.nc.gov/ords/f?p=145:109:::NO:::~](http://apps.schools.nc.gov/ords/f?p=145:109:::NO:::)),2017.

*Includes Combined Schools

**Full-time positions only



1.3 OVERVIEW OF THE REPORT

The final report for this study consists of the following chapters:

- Chapter 2.0: Review of Financial Operations and Management
- Chapter 3.0: Review of Non-Financial Management and Operations
- Chapter 4.0: Costs and Savings Summary

Chapter 2 and **Chapter 3** contain findings, commendations, and recommendations for specific operational areas, provided in the following sequence:

- a description of the operation in Currituck County Schools;
- a summary of our study findings;
- a commendation or recommendation for each finding; and
- estimated costs or cost savings over a five-year period which are stated in 2018 dollars.



**CHAPTER 2:
FINANCIAL OPERATIONS**



2.0 FINANCIAL OPERATIONS

This chapter of Evergreen's report addresses the finance-related activities Currituck County Schools (CCS). For purposes of this report, information regarding the financial operations of the district is presented in the following six broad areas:

- 2.1 Financial Organization and Management
- 2.2 Accounting and Budgeting
- 2.3 Cash Handling
- 2.4 Purchasing and Accounts Payable
- 2.5 Payroll and Benefits
- 2.6 Asset and Risk Management

Currituck County Schools receives funds from state, federal and local sources, and expends those funds based on the designated use of those funds for the management and operation of the school district. **Exhibit 2-1** provides a five-year examination at the audited revenues, expenditures and changes in fund balance. As noted, the Fiscal Year (FY) 2017 numbers are in the process of being audited, but had not been approved by the Board at the time of this writing.

Exhibit 2-2 provides a summary of basic budgeted allotments by source for the last five years with a calculation of the per-pupil funding based on the students in average daily membership (ADM) as used by the State in its funding calculations. It should be noted that different funding sources use the ADM from counts made at different time of the year, as will be noted throughout this report.

Exhibits 2-3 through 2-5 detail the local, state and federal funding allotments respectively. Federal and state revenues since 2008-09 are provided for historical reference later in this chapter.

As shown, the County's formula is driven by the projected ADM for the coming year with inflationary adjustments (Consumer Price Index inflation rate) made to the prior years per pupil allotment. ADM is reduced by the number of students attending CCS but living out of Currituck County, and increased by the projected 7th-12th grade Corolla students attending CCS schools.

Unlike state and local revenues, federal funding can, in most cases, carry over from year to year so that programs that run year-round and those requiring testing and other activities prior to the beginning or after the end of a school year, will have sufficient carryover to cover those expenses. Therefore, the grant year is provided to show that some of the grant money is for the current year and some has carried forward.

Exhibit 2-1
Audited Statement of Revenues, Expenditures and Changes in Fund Balance
Governmental Funds
Fiscal Years 2013 to 2017

REVENUES	6/30/2017 (Unaudited)	6/30/2016	6/30/2015	6/30/2014	6/30/2013	% Change
State of North Carolina	\$24,511,574	\$22,779,343	\$22,228,512	\$20,887,041	\$20,831,648	17.7%
U S Government	\$1,918,148	\$762,784	\$920,891	\$1,502,547	\$1,520,167	26.2%
Currituck County	\$9,773,759	\$9,755,585	\$9,588,935	\$9,280,043	\$9,307,411	5.0%
Capital Outlay	\$1,000,000	\$1,434,846	\$1,221,233	\$1,502,897	\$1,513,947	-33.9%
Other	\$1,212,995	\$2,421,920	\$2,199,198	\$1,811,879	\$1,983,918	-38.9%
TOTAL REVENUES	\$38,416,476	\$37,154,478	\$36,158,769	\$34,984,407	\$35,157,091	9.3%
EXPENDITURES	6/30/2017 (Unaudited)	6/30/2016	6/30/2015	6/30/2014	6/30/2013	% Change
Current						
Instructional Services						
Regular	\$16,984,829	\$15,497,569	\$15,574,876	\$14,820,925	\$15,516,794	9.5%
Special populations	\$3,577,148	\$3,433,978	\$3,144,581	\$2,921,943	\$2,880,268	24.2%
Alternative programs	\$1,932,148	\$1,954,118	\$1,815,716	\$2,220,806	\$1,681,215	14.9%
School leadership	\$2,583,527	\$2,510,142	\$2,374,568	\$2,236,876	\$1,887,932	36.8%
Co-curricular	\$1,091,237	\$1,038,638	\$995,459	\$962,002	\$924,647	18.0%
School based support	\$2,296,475	\$2,154,032	\$2,208,286	\$2,095,300	\$2,054,730	11.8%
System-wide Support Services						
Support and Development	\$269,845	\$261,555	\$292,063	\$261,052	\$301,548	-10.5%
Special populations	\$174,161	\$178,453	\$172,390	\$133,773	\$141,572	23.0%
Alternative programs	\$0	\$16,899	\$33,191	\$86,398	\$129,258	-100.0%
Technology support	\$763,421	\$934,475	\$668,811	\$594,327	\$643,153	18.7%
Operational support	\$6,301,920	\$6,240,214	\$6,047,266	\$5,917,620	\$5,808,170	8.5%
EXPENDITURES	6/30/2017 (Unaudited)	6/30/2016	6/30/2015	6/30/2014	6/30/2013	% Change
Financial and Human services	\$942,066	\$944,227	\$895,298	\$953,974	\$975,917	-3.5%
Accountability	\$31,888	\$30,881	\$31,084	\$44,801	\$38,195	-16.5%
System wide pupil support	\$53,695	\$51,188	\$52,118	\$56,772	\$55,064	-2.5%
Policy, leadership and public relations	\$622,020	\$669,533	\$590,341	\$594,240	\$734,841	-15.4%
Ancillary services	\$24,053	\$26,964	\$39,181	\$45,933	\$44,257	-45.7%
Non-programmed charges	\$154,159	\$130,104	\$97,443	\$167,079	\$106,049	45.4%
Debt Service						
Principal	\$66,022	\$45,289	\$119,580	\$119,580	\$335,585	-80.3%
Capital Outlay						
Buildings and improvements	\$567,013	\$714,091	\$447,540	\$683,478	\$582,745	-2.7%
Furniture and fixtures	\$472,242	\$667,018	\$554,794	\$737,269	\$716,684	-34.1%
Motor vehicles	\$257,409	\$210,547	\$0	\$36,936	\$624,737	-58.8%
TOTAL EXPENDITURES	\$39,165,278	\$37,709,915	\$36,154,586	\$35,691,084	\$36,183,361	8.2%
Excess of revenues over (under) expenditures	-\$748,802	-\$555,437	\$4,183	-\$706,677	-\$1,026,270	-27.0%

Source: CCS Comprehensive Audited Financial Statements, Audit Exhibit 4- Statement of Revenues, Expenditures and Changes in Fund Balance - Governmental Funds.



Exhibit 2-2
Allotted Funding by Source
2013-14 thru 2017-18

Funding Source	2013-14	2014-15	2015-16	2016-17	2017-18	Change	% Change
State Public School Fund	\$21,859,948	\$20,692,302	\$22,504,827	\$23,877,165	\$23,802,788	\$1,942,840	8.9%
State: Other Programs	\$203,588	\$224,394	\$190,874	\$111,188	\$252,289	\$48,701	23.9%
Federal	\$1,423,757	\$1,767,743	\$1,491,953	\$1,440,251	\$1,450,000*	\$26,243*	1.8%*
Local	\$9,000,218	\$9,353,526	\$9,503,189	\$9,773,759	\$9,976,717	\$976,499	10.8%
Total Revenue	\$32,487,511	\$32,037,965	\$33,690,843	\$35,202,363	\$35,481,794	\$2,994,283	9.2%
ADM (State Use)	3,842	3,922	3,933	4,034	4,036	194	5.0%
Per Pupil Revenues	\$8,455	\$8,168	\$8,566	\$8,726	\$8,791	\$335	4.0%

Source: Compiled based on data from the North Carolina Department of Public Instruction, County Offices and School Administrators, December 2017.

* The 2017-18 federal amount of \$703,284 is a year-to date figure only; an estimated is used based on the 2016-17.

Exhibit 2-3
Local County Funding Allotments
2013-14 through 2017-18

	2017-18	2016-17	2015-16	2014-15	2013-14
Prior Year County Funding Per ADM (PPA)	\$2,439.78	\$2,437.34	\$2,398.96	\$2,363.50	\$2,314.89
U.S. Department of Labor Total Consumers' Price Index (CPI) for Prior Year	2.00%	0.10%	1.60%	1.50%	2.10%
Current Year Projected County Funding Per ADM (PPA)	\$2,488.58	\$2,439.78	\$2,437.34	\$2,398.96	\$2,363.50
Planning Allotment by ADM per NC Dept. of Public Instruction	4,062	4,056	3,945	3,934	3,842
Projected 7th-12th Grade Corolla Students Attending Out of County Schools	6	6	3	5	1
Projected Non-Currituck Students Attending Currituck County Schools *	-59	-56	-49	-40	-35
Total Projected ADM Funded By County Appropriation	4,009	4,006	3,899	3,899	3,808
Total Projected ADM Funded By County Appropriation	4,009	4,006	3,899	3,899	3,808
Projected County Funding per ADM (PPA)	\$2,488.58	\$2,439.78	\$2,437.34	\$2,398.96	\$2,363.50
Projected County Funding per County ADM	\$9,976,717	\$9,773,759	\$9,503,189	\$9,353,526	\$9,000,218
Total Projected County Appropriations for Current Year	\$9,976,717	\$9,773,759	\$9,503,189	\$9,353,526	\$9,000,218
Total County Appropriations Approved for Prior Year	\$9,773,759	\$9,503,189	\$9,353,526	\$9,000,218	\$9,025,754
Total Projected County Appropriations for Current Year	\$9,976,717	\$9,773,759	\$9,503,189	\$9,353,526	\$9,000,218
Total Dollar Increase for the Fiscal Year	\$202,958	\$270,570	\$149,663	\$353,308	-\$25,536
Percentage Change in County Funding	2.08%	2.85%	1.60%	3.93%	-0.28%
Net Percentage Increase in County Funding without Cost of Living Adjustment	0.07%	2.74%	0.00%	2.39%	-2.33%
ADM Funding Level for Prior Year	4,006	3,899	3,899	3,808	3,899
ADM Projected Funding Level for the Fiscal Year (Based on State Planning Allotment)	4,009	4,006	3,899	3,899	3,808
Student Increase (Decrease)	3	107	0	91	-91
Percentage Increase in Student Average Daily Membership (ADM)	0.07%	2.74%	0.00%	2.39%	-2.33%

Source: Currituck County, December 2017.



**Exhibit 2-4
Year-to-date State Allocations
FY 2009 thru 2018**

PRC	PRC Description	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	Change	% Change
STATE PUBLIC SCHOOL FUND													
1	Classroom Teachers	\$10,395,221	\$8,389,367	\$8,380,051	\$8,834,914	\$9,894,130	\$10,523,298	\$9,622,251	\$10,744,038	\$11,485,519	\$11,932,053	\$1,536,832	14.8%
2	Central Office Administration	\$661,095	\$619,477	\$608,351	\$536,464	\$550,392	\$547,222	\$554,764	\$549,070	\$542,745	\$521,174	(\$139,921)	-21.2%
3	Non-Instructional Support Personnel	\$1,140,629	\$1,409,095	\$1,295,798	\$901,784	\$920,869	\$942,020	\$905,562	\$942,581	\$1,044,237	\$1,030,657	(\$109,972)	-9.6%
5	School Building Administration	\$1,210,123	\$825,570	\$675,080	\$1,000,192	\$1,098,967	\$1,108,650	\$1,077,666	\$1,083,470	\$1,091,381	\$1,132,880	(\$77,243)	-6.4%
7	Instructional Support	\$1,279,761	\$1,266,520	\$1,292,720	\$884,750	\$1,280,258	\$1,251,648	\$1,198,710	\$1,353,940	\$1,457,063	\$1,491,576	\$211,815	16.6%
8	Total Dollars For K-3 Teachers	\$40,072			\$1,297,048	\$291,000						(\$40,072)	-100.0%
10	SB2-Waivers To Dollars For Certified Pers.		\$273,300	\$116,000				\$174,647				\$0	N/A
13	Career And Technical Edu-Months Of Employ	\$1,217,501	\$1,212,689	\$1,189,215	\$1,040,702	\$1,083,007	\$1,282,236	\$1,194,200	\$1,287,208	\$1,390,468	\$1,418,234	\$200,733	16.5%
14	Career And Technical Edu-Program Support	\$140,604	\$130,956	\$57,737	\$162,576	\$61,445	\$107,429	\$144,549	\$194,105	\$220,098	\$143,516	\$2,912	2.1%
16	Summer Reading Camps						\$89,012	\$51,670	\$144,102	\$133,294	\$82,521	\$82,521	100.0%
19	Small County Supplemental Funding	\$1,493,450										(\$1,493,450)	-100.0%
22	Mentor Positions (Dollar Allotment)	\$20,607	\$20,021									(\$20,607)	-100.0%
24	Disadvantaged Students Supplemental Funding	\$117,853	\$129,413	\$129,363	\$129,855	\$130,289	\$136,017	\$126,089	\$138,827	\$148,727	\$153,912	\$36,059	30.6%
25	Indian Gaming Fund					\$3,570	\$6,552	\$6,552				\$0	N/A
27	Teacher Assistants	\$1,286,465	\$1,011,915	\$1,191,769	\$671,664	\$1,064,994	\$914,132	\$908,925	\$893,777	\$873,202	\$999,885	(\$286,580)	-22.3%
28	Staff Development	\$50,185										(\$50,185)	-100.0%
29	Behavioral Support (Willie M.)	\$50,909	\$55,474	\$50,958	\$54,000	\$58,801	\$76,626	\$62,000	\$79,000	\$80,000	\$90,000	\$39,091	76.8%
30	Digital Learning						\$47,049	\$142,189				\$0	N/A



Exhibit 2-4 (Continued)
Year-to-date State Allocations
FY 2009 thru 2018

PRC	PRC Description	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	Change	% Change
STATE PUBLIC SCHOOL FUND													
32	Children With Special Needs	\$1,719,398	\$1,457,809	\$1,326,124	\$1,358,967	\$1,439,931	\$1,640,353	\$1,559,880	\$1,874,663	\$1,919,153	\$2,084,589	\$365,191	21.2%
33	Incentive Award	\$302,000								\$60,754		(\$302,000)	-100.0%
34	Academically & Intellectually Gifted	\$189,580	\$200,315	\$184,906	\$190,203	\$193,325	\$201,081	\$190,542	\$0	\$0	\$212,359	\$22,779	12.0%
41	Panic Alarms						\$4,457					\$0	N/A
46	Test Result Bonus (3rd Grade Reading, AP/IB, CTE)									\$23,130		\$0	N/A
48	Test Result Bonus - (AP/IB, CTE, Principal Performance Bonus)										\$5,922	\$5,922	N/A
54	Limited English (LEP)	\$31,114	\$36,285	\$40,367	\$41,371	\$42,866	\$43,669	\$39,412	\$0	\$0	\$49,457	\$18,343	59.0%
55	High School Learn & Earn	\$245,000	\$256,752	\$281,746	\$250,000	\$250,000	\$250,000	\$250,000	\$250,000	\$250,000	\$200,000	(\$45,000)	-18.4%
56	Transportation	\$1,319,317	\$1,289,092	\$1,319,624	\$1,273,160	\$1,504,556	\$1,705,789	\$1,591,619	\$1,672,075	\$1,684,992	\$1,381,562	\$62,245	4.7%
61	Classroom Material, Instr Supplies, Equipment	\$283,871	\$424,267	\$402,016	\$152,499	\$137,482	\$202,305	\$199,731	\$203,066	\$392,866	\$150,377	(\$133,494)	-47.0%
62	Student Diagnostic & Intervention Initiative			\$12,000								\$0	N/A
63	Special Program Funds - EC	\$30,164	\$30,123			\$43,532	\$37,425	\$24,891	\$84,888	\$49,106		(\$30,164)	-100.0%
66	Assistant Principal Interns				\$16,287				\$16,832			\$0	N/A
69	At-Risk Student Ser/Alternative Schools	\$557,887	\$686,479	\$567,965	\$994,652	\$657,673	\$723,277	\$633,951	\$946,807	\$968,170	\$661,854	\$103,967	18.6%

Exhibit 2-4 (Continued)
Year-to-date State Allocations
FY 2009 thru 2018

PRC	PRC Description	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	Change	% Change
STATE PUBLIC SCHOOL FUND													
72	Improving Student Accountability	\$85,623										(\$85,623)	-100.0%
73	School Connectivity	\$76,960	\$76,304	\$68,846	\$65,568	\$68,847	\$19,701	\$19,702	\$46,378	\$49,460	\$49,460	(\$27,500)	-35.7%
85	MCLASS Reading 3D					\$11,200		\$12,800		\$12,800	\$10,800	\$10,800	100.0%
95	Special Dollar Allotment			\$277,593								\$0	N/A
Total State Public Schools		\$23,945,389	\$19,801,223	\$19,468,229	\$19,856,656	\$20,787,134	\$21,859,948	\$20,692,302	\$22,504,827	\$23,877,165	\$23,802,788	(\$142,601)	-0.6%
STATE: OTHER PROGRAMS													
12	Driver Training	\$76,198	\$88,788	\$87,554	\$70,679	\$63,264	\$64,016	\$71,628	\$60,138	\$65,494	\$61,888	(\$14,310)	-18.8%
15	School Technology Fund	\$78,597	\$90,118	\$58,879	\$48,264	\$47,839	\$53,327	\$64,093	\$45,960	\$122,484	\$46,823	(\$31,774)	-40.4%
120	Lea Financed Purchase Of School Buses	\$472,007	\$233,211	\$298,347	\$96,425	\$335,585	\$119,580	\$119,580	\$45,289	\$66,022	\$0	(\$472,007)	-100.0%
130	Textbooks	\$157,558	\$163,834	(\$43,034)	\$36,166	\$49,857	(\$33,335)	(\$30,907)	\$39,487	(\$142,812)	\$143,578	(\$13,980)	-8.9%
Total Other Programs		\$784,360	\$575,951	\$401,746	\$251,534	\$496,545	\$203,588	\$224,394	\$190,874	\$111,188	\$252,289	(\$532,071)	-67.8%

Source: North Carolina Department of Instruction, <http://apps.schools.nc.gov/ords/f?p=110:91:0::NO>, December 2017.



**Exhibit 2-5
Year-to-date Federal Allocations
FY 2009 thru 2018**

PRC	PRC Description	2008-09		2009-10		2010-11		2011-12		2012-13		2013-14		2014-15		2015-16		2016-17		2017-18	
		Grant Year	Amount	Grant Year	Amount	Grant Year	Amount	Grant Year	Amount	Grant Year	Amount	Grant Year	Amount	Grant Year	Amount	Grant Year	Amount	Grant Year	Amount	Grant Year	Amount
17	Career & Technical Edu-Program Improvement	2008	\$393	2009	\$502	2010	\$588	2011	\$444	2012	\$226	2013	\$187	2014	\$385	2015	\$397	2016	\$276	2017	\$523
		2009	\$41,506	2010	\$42,751	2011	\$39,313	2012	\$40,870	2013	\$38,125	2014	\$33,552	2015	\$37,673	2016	\$37,864	2017	\$38,095	2018	\$39,919
23	Career & Technical Edu. Tech Prep							2011	\$221	2011	(\$2)										
26	Homeless Grant			2009	\$5,000	2009	(\$4,815)													2018	\$15,000
44	IDEA VI-B Capacity Bldg. & Improv.	2009	\$7,504	2008	\$0	2010	\$16,217			2011	(\$0)										
				2010	\$6,849	2011	\$5,521														
48	Drug Free-Federal	2009	\$9,990	2010	\$9,518	2010	\$150														
49	IDEA Preschool	2009	\$21,857	2009	\$5,860	2011	\$19,244	2012	\$20,477	2012	\$4,205	2013	\$808	2015	\$18,477	2015	\$1	2017	\$18,683	2018	\$18,666
				2010	\$12,157					2013	\$17,927	2014	\$17,917			2016	\$17,922				
50	IASA Title 1-Basic Programs	2009	\$480,593	2010	\$459,153	2011	\$464,017	2012	\$491,108	2013	\$550,288	2014	\$525,234	2015	\$569,400	2015	\$308	2016	(\$78,732)	2017	\$2,330
															2016	\$564,562	2017	\$553,116	2018	\$434,774	
57	Abstinence Until Marriage	2008	\$1,158	2008	(\$25)																
58	CTE Capacity Building											2014	\$3,000								
60	IDEA VI-B Handicapped	2009	\$716,142	2008	(\$79)	2011	\$746,228	2011	\$57,002	2012	\$46,207	2013	\$22,513	2014	\$13,175	2015	\$46,634	2017	\$746,447	2017	\$5,072
				2010	\$742,589			2012	\$730,970	2013	\$727,099	2014	\$684,429	2015	\$715,901	2016	\$708,286			2018	\$165,839
82	IDEA-VI-B State Improvement									2012	\$2,565	2013	\$3,058	2015	\$10,000						
										2013	\$7,435	2014	\$6,942								
103	Improving Teacher Quality	2009	\$143,283	2010	\$144,247	2011	\$145,966	2012	\$119,953	2013	\$118,152	2014	\$110,417	2015	\$109,216	2016	\$108,552	2017	\$104,809	2017	\$462
																				2018	\$13,699
107	Educational Technology (Formula)	2009	\$4,528	2010	\$3,223																
114	Children With Special Needs - Risk Pool	2008	\$19,188	2009	\$20,792	2010	\$39,414	2012	\$18,692					2014	\$7,657			2016	\$49,290		
		2009	\$34,128	2010	\$36,283										2015	\$24,039			2017	\$0	

**Exhibit 2-5 (Continued)
Year-to-date Federal Allocations
FY 2009 thru 2018**

PRC	PRC Description	2008-09		2009-10		2010-11		2011-12		2012-13		2013-14		2014-15		2015-16		2016-17		2017-18	
		Grant Year	Amount	Grant Year	Amount	Grant Year	Amount	Grant Year	Amount	Grant Year	Amount	Grant Year	Amount	Grant Year	Amount	Grant Year	Amount	Grant Year	Amount	Grant Year	Amount
118	IDEA VIB-Special Needs Targeted Assistance					2010	\$10,000	2011	\$10,640	2013	\$20,000	2014	\$13,000	2014	\$3,863	2015	\$4,504	2016	\$4,129	2017	\$135
						2011	\$10,000	2012	\$9,360					2015	\$12,937	2016	\$944	2017	\$2,171	2018	\$3,865
119	IDEA Targeted Assistance For Preschool					2010	\$10,000	2010	(\$497)	2012	\$1,320	2013	\$1,181	2014	\$651	2014	\$364	2015	(\$33)	2018	\$3,000
								2011	\$1,320			2014	\$1,519	2015	\$1,349	2015	\$1,636	2016	\$611		
																		2017	\$1,389		
140	ARRA - Education Stabilization			2010	\$1,104,563	2010	\$1,125,256														
141	ARRA-Title I	2009	\$136,176	2010	\$136,171																
144	ARRA - IDEA VIB	2009	\$382,052	2010	\$382,054			2010	(\$1)												
145	ARRA - IDEA Pre School	2009	\$15,035	2010	\$15,038																
146	ARRA - Education Technology - Formula			2010	\$7,654					2010	(\$1)										
149	Child Nutrition Equipment	2009	\$28,427																		
154	RTTT - Governor's Teacher Network													2014	\$4,914						
154	RTTT - Governor's Teacher Network													2015	\$44,230						
155	Education Jobs Fund					2011	\$839,039	2011	\$12,457												
156	ARRA - Race To The Top					2011	\$202,332									2011	(\$21)				
160	RTTT Wireless Infrastructure													2015	\$193,876						
Total Federal Allotment		\$2,041,960		\$3,134,300		\$3,668,470		\$1,513,016		\$1,533,546		\$1,423,757		\$1,767,743		\$1,491,953		\$1,440,251		\$703,284*	

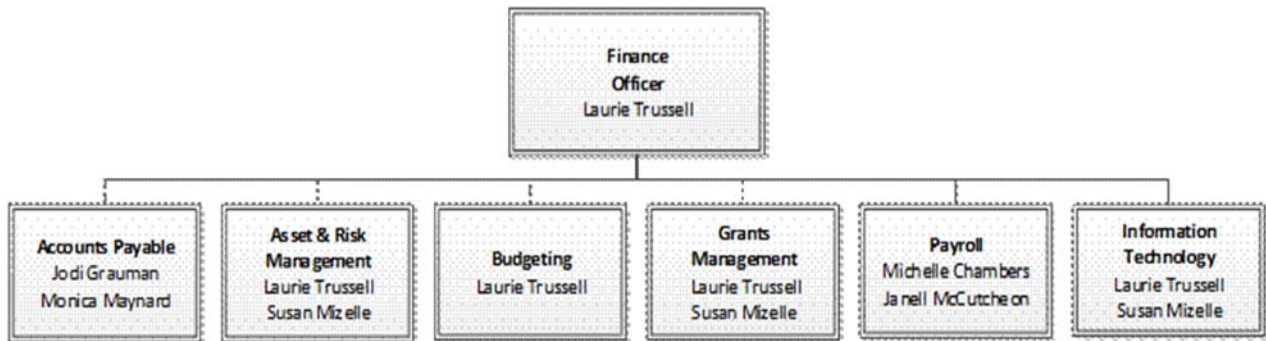
Source: North Carolina Department of Instruction, <http://apps.schools.nc.gov/ords/f?p=110:91:0::NO>, December 2017.

*2017-18 is a year-to-date number that does not yet reflect the full amount of program dollars for the year.

2.1 FINANCIAL ORGANIZATION AND MANAGEMENT

The Finance Department of Currituck County Schools (CCS) is staffed by six full-time staff including the Finance Officer. Each of the positions within the department performs multiple functions, as shown in the functional organization chart in **Exhibit 2-6**.

**Exhibit 2-6
Finance Department Functional Organization
FY 2017-18**



Source: Finance Department, November 2017.

FINDING

The Finance Department has experienced significant turnover in the last few years, making it necessary to train and retrain staff on each of the functions carried out by the department. In March 2012, the administration brought in a consulting firm expressly for the purpose of assisting the Finance staff with year-end close-out processes in the absence of the Finance Officer. The consultant also provided guidance and recommendations for addressing weaknesses in CCS financial operations. One of the major findings in the report stated:

There are limited processes and written guidelines in place to allow the Finance Department to operate effectively and efficiently...The accounting staff needs to be assigned duties, trained promptly and properly, and then be allowed to carry out the assigned tasks.

A letter issued after a follow-up visit in July 2012 congratulated the staff on their efforts to date, but continued to encourage additional training and cross-training to ensure that key functions and processes were occurring in a timely and accurate manner.

During interviews, staff produced numerous written instructions and forms that assist Finance staff as well as departments and schools in understanding and performing various functions efficiently and in compliance with local and state guidelines.

The current Finance Officer, who arrived in CCS in July 2012, indicated cross-training has been a priority since her arrival. Following the departure of the individual that handled payroll, the Finance Officer and her staff stated they had to start from scratch to learn the system before

running the payroll. Today, the processes are documented and efforts are underway to cross train the individual responsible for benefits on the payroll process.

Likewise in Accounts Payable, the newest individual said she came in with outside experience, but was trained by the senior accounts payable person on the policies and procedures used by the department. During the training process, the senior staff person drafted guidelines that the newer person said she regularly refers to as she carries out her functions.

While these procedures are not formally compiled in a single book, each of the individuals interviewed was able to easily retrieve the documentation for reference purposes. Protecting the institutional knowledge of the current staff will continue to be important in the future as at least two of the current staff have indicated that they intend to retire within the next few years.

COMMENDATION

Efforts are underway by Finance staff to document procedures in order to protect institutional knowledge.

FINDING

Finance staff compiled a Manual for school bookkeepers that provides answers to frequently asked questions, step-by-step instructions on how to perform key financial transactions, copies of pertinent local policies, and copies of required forms. Subjects addressed in the Manual include:

- Handling of Cash Receipts
- Budget Control and Purchasing Procedures
- Internal Audit Requirements
- Handling of Athletics & Other Charge Events
- Fundraising Procedures
- Payroll Procedures
- AESOP (Substitute Placement and Management System) Procedures
- Field Trip Processes and Procedures
- Handling of Employee Injury
- Use of Purchase Orders
- Use of the School Funds Online (SFO) System
- Processes for Purchasing Professional Development and Travel Reimbursement
- Use of Visa and Gift Cards
- End of Year Closeout Procedures

The Manual also contains contact information for each of the Finance staff with a list of their primary duties—giving bookkeepers ready access to the right person in Finance Office to call with specific questions.

Finance staff holds training for bookkeepers each school year, and individual training is provided to new hires during the middle of the year. During interviews, at least one bookkeeper stated she had an opportunity to meet with teachers prior to the beginning of the school year to pass along



the processes and procedures for cash handling and purchasing. The Manual was used as the basis for this presentation, and the bookkeeper indicated that many of the teachers told her they appreciated learning more about the processes and why certain forms or processes were required.

The Finance Officer noted that when new mandates come down from the State, or when major system or process changes are made internally, updates are sent out to the bookkeepers and are added to the Manual.

COMMENDATION

A Manual outlining the processes and procedures used by campus bookkeepers provides detailed information on financial processes and is continually updated and used for annual training.

2.2 ACCOUNTING AND BUDGETING

The accounting and budgeting functions are controlled and carried out primarily by Finance Department staff with input and guidance provided by the Superintendent, campus leaders, and ultimately the School Board. Board Policy #8100, Budget Planning and Adoption, reads as follows:

Budget planning and preparation are critical to the development of a budget likely to further the educational goals of the Currituck County Board of Education and the State and to provide for the smooth operation of the school system.

A. ELEMENTS OF BUDGET PLANNING

The budget planning for the board and administration will include:

- 1. establishing the priorities of the school system, recognizing that providing students the opportunity to receive a sound basic education and improving student success will always be of paramount concern;*
- 2. considering long-range facilities plans, goals and objectives as established by the board and school system staff when assessing the needs of the school system;*
- 3. integrating budget planning into program planning so that the budget may effectively support and implement all programs and activities of the school system;*
- 4. seeking opportunities to communicate with the county commissioners about needs on a regular basis, especially with regard to capital outlay;*
- 5. seeking broad participation by administrators, teachers and other school system personnel and citizens;*
- 6. exploring all practical and legal sources of income;*
- 7. continually assessing the needs, revenues and expenses of the school system; and*



8. *identifying the most cost-effective means of meeting the school system's needs.*

B. PROCESS

By January 31 of each year, the superintendent shall submit to the board a calendar outlining the steps to be followed and the target dates for development of the budget for the next fiscal year. The superintendent shall prepare a proposed annual budget and submit it with his or her budget message to the board no later than May 1.

On the same day that the proposed budget is submitted to the board, the superintendent shall file a copy of it in his or her office, where it will remain available for public inspection until the budget resolution is adopted.

The board may hold at least one public hearing on the proposed budget prior to final action.

The board will consider the proposed budget and make such changes therein as it deems advisable. The board will submit the entire budget as approved by the board to the board of county commissioners no later than May 15, or such later date as may be fixed by the board of county commissioners.

The Board shall strive to maintain a final balance sufficient to meet exigencies, allow for sound financial planning and provide approximately three months operating expenses as determined by the finance officer.

CCS uses the AS400 for processing and capturing finance-related information. Using the Sartox financial software, schools and departments have the ability to monitor budgets, key requisitions, generate printouts, and look up purchase order and account code details.

FINDING

When the current Finance Officer came to the district, she initiated a number of changes and implemented a number of controls to improve the management and operations of the financial operations—including a realignment of the local accounting codes with state standards.

The Finance Officer stated that, in 2012, there were many local codes and those codes were a hodge-podge of numbers that did not appear logical or appropriately grouped. While the state chart of accounts must be strictly adhered to by school districts for state accounting purposes, some leeway is given for the accounting codes used for local accounting.

The Association of School Business Officials (ASBO) and other organizations highly recommend that all accounting codes be aligned logically. The Finance Officer created a new chart of accounts for the district based on ASBO standards and aligned logically with the structure of the State's coding structure. The process of implementing, training and retraining the schools and departments on the new coding system took quite some time. The Finance Officer said she used the current coding structure for the first budget documents prepared after her arrival as a way of ensuring that the budgets would conform from that point forward.



COMMENDATION

The Finance Office has streamlined and aligned accounting codes and implemented a uniform chart of accounts.

FINDING

CCS uses centralized accounting for school-level purchasing—meaning that all purchases made by school sponsored organizations must come through the same accounting system as regular district purchases.

In some school districts, individual clubs or organizations conduct their own fundraising and maintain separate checking accounts from which purchases for the organization are made. Some of the most egregious examples of embezzlement reported by the news in recent years have resulted when an officer for a club or organization used student funds to purchase personal items.

The district's current system deters embezzlement and other abuses because all money is deposited into the district's accounts. Further, purchases from those accounts are controlled through the same requisitioning and purchase order system as all other district purchases.

Board Policy #8410: Individual School Accounts, states:

The Currituck County Board of Education authorizes the maintenance of appropriate individual school accounts.

All employees and volunteers who handle checks, receipts, deposits, money, or financial records related to the individual school accounts are expected to be familiar with applicable laws and board policies.

The principal is responsible for the proper administration of financial activities of the school in accordance with provisions of law and appropriate accounting practices and procedures.

The school treasurer shall perform duties as provided in board policy 8520, School Treasurer.

All funds for school-related organizations, including yearbooks, student newspapers, student organizations, and other organizations that operate under the supervision of the principal or other school officials, shall be deposited with the school secretary and held in the school's general financial account, with disbursement made upon the direction of the organization's sponsor or the principal. The finance officer and Superintendent shall sign all checks.

The finance officer shall establish any procedures necessary to help ensure that all funds are handled in accordance with law, board policy, and standards for accounting.

All accounts are subject to audit at any time by the superintendent or finance officer.



While centralized accounting adds to the workload of the school bookkeepers, as well as the Finance Department staff, the benefits of a strong system of internal controls far outweigh the cost of conducting business in this manner.

COMMENDATION

Currituck County Schools uses centralized accounting for school-level purchasing, which deters embezzlement and ensures that purchases are made within state purchasing districts.

FINDING

Per-pupil funding from federal sources is low in comparison to other North Carolina school districts.

Funding from state, federal and local sources are changing, as are state and federal mandates. As a result, school districts across the nation are being asked to do more with less, and local governments are being asked to make up the difference. Funding from federal, local and state sources for the last three years are presented in **Exhibit 2-7**.

Exhibit 2-7
Per Pupil by Funding Source
2014-15 thru 2016-17 School Years

Type	Source	2016-17	2015-16	2014-15	Change	% Change
District	Federal	\$645.47	\$666.30	\$638.70	\$6.77	1.1%
	Local	\$2,898.68	\$2,767.53	\$2,782.17	\$116.51	4.2%
	State	\$6,095.01	\$5,773.92	\$5,819.97	\$275.04	4.7%
State Average	Federal	\$973.02	\$967.75	\$978.59	(\$5.57)	-0.6%
	Local	\$2,231.65	\$2,172.86	\$2,144.66	\$86.99	4.1%
	State	\$5,944.43	\$5,718.43	\$5,628.91	\$315.52	5.6%
CCS versus State Average	Federal	(\$327.55)	(\$301.45)	(\$339.89)	\$12.34	-3.6%
	% Diff from Avg	-33.7%	-31.1%	-34.7%		
	Local	\$667.03	\$594.67	\$637.51		
	% Diff from Avg	29.9%	27.4%	29.7%		
	State	\$150.58	\$55.49	\$191.06		
	% Diff from Avg	2.5%	1.0%	3.4%		

Source: North Carolina Department of Public Instruction, https://ncreportcards.ondemand.sas.com/src/#/?_k=mpdibp

As shown, CCS has more state and local funding per pupil than the statewide averages, but receives considerably less in federal dollars per pupil than the statewide averages. According to data provided by the State, CCS ranks number 47 out of the state's 115 Local Education Agencies (LEAs) in terms of total funding (upper 59 percent of LEAs). In terms of funding from local sources, CCS ranks 15 out of 115 and is in the upper 87 percent statewide.

The one category where CCS is well below average is in federal funding, ranking 108 of 115 LEAs, or the lower 6 percent statewide. Much of federal funding is driven by need, therefore,



the lower than average federal funding in CCS is directly tied to the fact that the district has fewer identified economically disadvantaged students—with only 37.2 percent of students being eligible for free or reduced-price meals (the determinant used to qualify students as economically disadvantaged) compared to 52.5 percent statewide.

In **Exhibit 2-8**, the percent of students identified as eligible for free or reduced-price meals has declined steadily over the last three years. While some fluctuation in numbers and percentages is expected, the drop in numbers and percentages for Central Elementary School between 2015-16 and 2016-17 was significant.

Exhibit 2-8
Percent of Students Identified as Eligible for Free/ Reduced Price Meals
2014-15 to 2016-17 School Years

	2016-17				2015-16				2014-15			
	ADM	Free	Reduced	% EDS	ADM	Free	Reduced	% EDS	ADM	Free	Reduced	% EDS
Central Elementary	169	87	< 20	50% to 55%	172	111	26	70% to 75%	166	100	< 20	60% to 65%
Currituck County High	990	227	55	20% to 25%	1,005	230	54	20% to 25%	954	229	57	20% to 25%
Currituck County Middle	367	142	27	40% to 45%	362	137	29	40% to 45%	342	121	27	35% to 40%
Jarvisburg Elementary	267	129	< 20	45% to 50%	265	127	21	50% to 55%	243	127	23	55% to 60%
Shawboro Elementary	533	182	30	30% to 35%	542	191	43	35% to 40%	536	204	36	35% to 40%
Knapp Early College	290	54	< 20	15% to 20%	266	44	< 20	15% to 20%	254	41	20	15% to 20%
Knotts Island Elementary	72	29	< 20	50% to 55%	77	37	< 20	50% to 55%	79	31	< 20	45% to 50%
Moyock Elementary	486	98	< 20	15% to 20%	475	92	< 20	15% to 20%	482	93	< 20	15% to 20%
Moyock Middle	543	133	< 20	20% to 25%	557	127	33	20% to 25%	561	132	33	20% to 25%
W T Griggs Elementary	252	126	22	50% to 55%	245	114	< 20	45% to 50%	236	114	21	50% to 55%
Currituck County Schools	3,969	1,207	214	35.80%	3,966	1,210	266	37.22%	3,853	1,192	259	37.66%
Statewide				59.82%				52.48%				52.83%

Source: North Carolina Department of Public Instruction, Free & Reduced Meals Application Data by year, <http://www.ncpublicschools.org/fbs/resources/data/>.

Eligibility for free or reduced-price meals is made primarily based on an application process generally initiated by Child Nutrition. There are also state and federal prequalifying methods that can be used to assist the district in this process, since it is often difficult to obtain completed applications from all families.

In CCS, Child Nutrition sends out packets with the Application forms for the Free and Reduced price meal program to all students, and administrators stated they encourage parents and students to complete those forms. However, in some school districts, the central administration places a great deal of emphasis on the process, understanding the linkages between those applications and the associated federal funding for at-risk programs.

At-risk students, many of whom are from economically disadvantaged families, require additional services to be successful. The district will be required to provide those services whether or not federal funds are available, meaning local allotments will be used. Making a



concerted effort at the beginning of each year, and as new students enroll, could improve the level of federal funds needed, and reduce reliance on local dollars.

RECOMMENDATION

Recommendation 2-1:

Fully engage CCS administrators in the identification of students and families that are eligible for free and reduced price meals.

This recommendation has little to do with students actually eating meals in the cafeteria. When school districts understand the linkages between federal funding for programs such as Title I—which is a major source of federal funds for the district—the exercise of identifying each and every child that is eligible is a matter of maximizing financial resources.

FISCAL IMPACT

The actual amount of federal funds that might be involved is solely dependent on whether there are additional eligible students to be identified. For very conservative and high-level estimating purposes, the assumption is that if ten (10) additional students can be identified, approximately \$2,000 in additional Title I or other federal monies will follow—resulting in additional revenues of \$20,000 each year.

Recommendation	2018-19	2019-20	2020-21	2021-22	2022-23
Fully Engage Leadership in the Identification of Economically Disadvantaged Students	\$20,000	\$20,000	\$20,000	\$20,000	\$20,000

FINDING

The reasons for the depletion of the school’s fund balance to below optimum levels are varied and the result of a number of events and circumstances that have occurred over the years. Thus, the recovery from the current fiscal crisis will require a multi-pronged approach.

As noted above, Board Policy #8100 Budget Planning and Adoption, states that the “Board shall strive to maintain a final balance sufficient to meet exigencies, allow for sound financial planning and provide approximately *three months operating expenses* as determined by the finance officer.” Assuming the operating budget refers only to the local budget, the optimum fund balance for last year would have been in the \$2.5 to \$2.7 million range.

Exhibit 2-9 provides a history of the ending fund balance for the last ten fiscal years, showing that the ending fund balance dipped below the optimum range in FY 2016 and is projected to continue to decline in 2017-18.

Exhibit 2-9
Currituck County Schools
Ten-Year Fund Balance History

Fiscal Year	Ending Fund Balance	Fund Balance Increase (Decrease) from Prior Year
2007	\$4,238,223	\$439,536
2008	\$4,610,758	\$372,535
2009	\$4,391,977	(\$218,781)
2010	\$3,889,080	(\$502,897)
2011	\$3,411,127	(\$477,953)
2012	\$4,716,279	\$1,305,152
2013	\$4,164,915	(\$551,364)
2014	\$3,139,778	(\$1,025,137)
2015	\$2,819,284	(\$320,494)
2016	\$2,452,877	(\$366,407)
2017*	\$1,652,877	(\$800,000)

Source: Finance Officer, December 2017.

* Estimated

During nearly every interview, CCS and Currituck County leaders pointed to the loss of “Small Schools Funding” as the catalyst or reason being cited for the current depletion of the school’s fund balance. Upon investigation, the following are some facts about this funding source and the loss of those funds:

- First, the allotment was not for ‘Small Schools’; the allotment is actually called Small County Supplemental Funding.
- North Carolina gives Small County Supplemental Funding to “County LEAs with less than 3,239 ADM. Also entitled are County LEAs with ADM between 3,239 and 4,080 whose adjusted property tax base per student *is below the state average adjusted property tax base per student.*”
- Currituck’s ADM has, for most years, remained within the range of 3,239 to 4,080 students, but the adjusted property tax base has not been below the state’s average adjusted property tax base per student for some time.
- There is, however, a hold harmless provision in state law: “If a local school administrative unit becomes ineligible for funding under this formula because of (1) an increase in the population of the county in which the local school administrative unit is located or (2) an increase in the county-adjusted property tax base per student of the county in which the local school administrative unit is located, funding for that unit shall be continued *for seven years* after the unit becomes ineligible.”
- Therefore, when this funding source was eliminated after 2008-09, DPI representatives stated it was done with *seven years of advance warning* that this funding would end.



- In 2009-10 and 2010-11, the impact of the loss of approximately \$1.4 million in Small County Supplemental Funding was masked for two additional years by \$1.1 million in Federal ARRA – Education Stabilization monies in 2009-10 and 2010-11. Although this money came with few strings attached, the federal government warned school districts to use this money for one-time program enhancements, rather than ongoing operational costs because it was one-time money.
- The loss of the Small County Supplemental Funding is **not** the primary reason for the depletion of the fund balance today. The failure to recognize the problem early-on and address it in a meaningful way for more than 10 years is, however, continuing to have a trickle-down impact when coupled with current state and federal mandates and funding issues.

State funding has experienced significant fluctuations since the economic downturn that peaked in 2008-09. As can be seen in **Exhibit 2-4**, state funding has only begun to gain strength in the last three to four years. Beneath those increases in funding, however, are increases in employee benefit costs that impact all employees—whether the positions are paid for by state funds or from local budgets.

Exhibit 2-10 provides a 10-year history of the changes in hospitalization and retirement costs and minimum teacher salaries as assessed by the State.

Exhibit 2-10
10-Year Analysis of State Assessed Salary and Benefit Rates

Fiscal Year	Hospitalization Rate	Hospitalization Rate Change from Prior Year	Retirement Rate	Retirement Rate Change from Prior Year	Minimum Teacher Salary (10 Month)	Teacher Salary Change from Prior Year
2008	\$4,097	n/a	7.83%	n/a	\$29,750	n/a
2009	\$4,157	1.5%	8.14%	4.0%	\$30,430	2.3%
2010	\$4,527	8.9%	8.75%	7.5%	\$30,430	0.0%
2011	\$4,929	8.9%	10.51%	20.1%	\$30,430	0.0%
2012	\$4,931	0.0%	12.12%	15.3%	\$30,430	0.0%
2013	\$5,192	5.3%	14.23%	17.4%	\$30,800	1.2%
2014	\$5,285	1.8%	14.69%	3.2%	\$30,800	0.0%
2015	\$5,378	1.8%	15.21%	3.5%	\$33,000	7.1%
2016	\$5,471	1.7%	15.32%	0.7%	\$35,000	6.1%
2017	\$5,659	3.4%	16.33%	6.6%	\$35,000	0.0%
2018	\$5,869	3.7%	17.13%	4.9%	\$35,000	0.0%
10-Year Change		43.3%		118.8%		17.6%

Source: Finance Department and North Carolina Department of Education, December 2017.

Since salaries and benefits comprise more than 80 percent of the federal, state and local budgets, these increases are major budget cost drivers. The state’s funding for teacher pay or benefit increases does not, however, cover the associated changes that flow through to the local side of the budget. For example, pay increases for teachers applies to all teachers whether they are paid with state, federal, or local funds. Further, since the CCS supplemental pay is expressed as a

percentage, local supplements also increase incrementally (**Note:** Supplements are discussed further in the Payroll and Benefits Section of this chapter.)

It should be noted that the district has made attempts to control costs. Although **Exhibit 2-1** shows that school district expenditures have increased by more than 8 percent since 2012-13, administrators provided data showing that the school district has cut staff positions by approximately \$1.6 million per year. It should also be noted that the district opened three new schools at cost approximately \$300,000 per school.

According to state reports, CCS staffing levels were relatively stable from FY 2012-13 to 2015-16, but were reduced by approximately 15 positions in 2015-16. However, as shown in **Exhibit 2-11**, the shifting of some state or federal positions into the locally-funded budgets is impacting the budget. Since FY 2013, adding campus administrative and shifting previously state-funded positions to local budgets appears to add over \$300,000 more in local expense per year.

Exhibit 2-11
Local Budget for Campus-Level Administrative Staffing

School	2012-13		2013-14		2014-15		2015-16		2016-17		% Change	
	All	Local	All	Local	All	Local	All	Local	All	Local	All	Local
Knotts Island Elementary	1	0	1	0	1	0	1	0	1	1	0.0%	100.0%
Moyock Elementary	2	1	2	1	2	1	2	1	2	0.5	0.0%	-50.0%
Shawboro Elementary	2	1	2	1	2	0	2	0	2	0	0.0%	-100.0%
Central Elementary	1.5	0	1.5	0.5	1.5	0.5	1.5	1.5	1.5	1.5	0.0%	100.0%
Griggs Elementary	1.5	0	1.5	0.5	1.5	1.5	1.5	1	1.5	1.5	0.0%	100.0%
Jarvisburg Elementary	1	0	1.5	0	1.5	0	2	0	2	0	100.0%	0.0%
Moyock Middle	2	0	2.5	1	2.5	1	2	1	2	1	0.0%	100.0%
Currituck Middle	2	0	2	0	2	0	2	0	2	0	0.0%	0.0%
JP Knapp Early College	2	0	2	0	2	0	2	0	2	0	0.0%	0.0%
Currituck High *	3	2	3.5	2	4	2	5	3	5	1	66.7%	-50.0%
Total	18	4	19.5	6	20	6	21	7.5	21	6.5	16.7%	62.5%
Cost of Local Positions	\$267,671		\$411,493		\$442,622		\$554,863		\$568,826		112.5%	

Source: Document sent to County Commissioners by CCS Administration, April 2017.

* In 2015-16 and 2016-17 one assistant principal was assigned to one Alternative Learning Center to replace a "director."

As shown, the loss of funds, failure to plan for an adjust to the loss of funds in a timely manner, new state mandates, increases to salaries and benefits, and many other issues contributed to the declining fund balance. This report attempts to address the identified concerns individually, with specific recommendations related to each.

Of primary concern, however, is the breakdown in communication and cooperation between and among the School Board and administration, and the County. Currently, school districts in North Carolina are bracing for implementation of smaller K-3 class sizes. While legislation and the State’s implementation strategies remain pending at the time of this writing, the worst case scenario is that the State will allow no waivers and the local school districts will bear a significant portion of the cost of implementation. Depending on the State’s final decisions, and the timing of those decisions, CCS and the County must openly consider their various options and plan accordingly.

Over the last few years, County officials stated that CCS has experienced repeated delays in bringing forward its budget to the Commissioners in a timely manner. CCS officials indicated they had submitted interim budgets by May 15th, but noted that the State's delays in providing final funding data—as well as last minute changes to salaries and benefit rates—contributed to their ability to provide some data earlier in the process.

The Commissioners need the most accurate preliminary budget data from the schools in a timely manner, and need to be kept informed about the reasons behind delays by the school district. A review of the emails and other correspondence between and among the County, CCS and the administration during the budget development process are evidence of the deteriorating lines of communication and cooperation. Reconciling the differences, opening new lines of constructive communication, and working more collaboratively are necessary, particularly when the schools are unable to provide more definitive data until State officials provide their final instructions.

RECOMMENDATION

Recommendation 2-2:

Until such time that the fund balance is sufficient to cover three months of operating expenditures, adopt balanced budgets with some surplus to replenish the fund balance.

This report contains a number of recommendations that could assist CCS in achieving this goal. Making the hard choices that are required to ensure that the schools are providing for the needs of its students, while maintaining fiscal responsibility, will require cooperation and more open communication between and among the School Board, school administration and the County Commissioners. Timely and accurate communication and cooperation will be vital (**also see Recommendation 3-14**).

FINDING

The County's funding formula used to make revenue allocations to the schools has been controversial in recent years. The question regarding the need for changes to the formulas or the creation of a whole new budget allocation process was one of the primary drivers for Evergreen's financial review. The formula itself has been in place for many years, and only recently has been the focus of attention as the school district's fund balance has been dwindling.

In addition to looking at the reasons behind the depletion of the fund balance, Evergreen looked closely at the formula and its component parts. In all, Evergreen found the formula to be simple to understand and generally based on sound logic. The number of students in average daily membership (ADM) and the inflationary factor are the only two variables in the formula as highlighted in **Exhibit 2-12**.

Prior to 2017-18, the inflationary factor was set strictly on the changes in the Consumer Price Index over the last year. Beginning in 2017-18, the County revised the factor to be a minimum of 2 percent *or* the inflationary rate—whichever is higher. This change appears to have addressed the concerns that arose in 2016-17 when the inflationary rate was .10 percent; the rate in 2017-18 was .15 percent. This does not, however, take into account mandated pay raises and benefit increases passed down by the State.

**Exhibit 2-12
County’s School Funding Formula**

Prior Year County Funding Per ADM (PPA)	<u>2017-18</u> \$2,439.78
U.S. Department of Labor Total Consumers' Price Index (CPI) for Prior Year	<u>2.00%</u>
Current Year Projected County Funding Per ADM (PPA)	\$2,488.58
Planning Allotment by ADM per NC Dept. of Public Instruction	4,062
Projected 7th-12th Grade Corolla Students Attending Out of County Schools	6
Projected Non-Currituck Students Attending Currituck County Schools *	<u>-59</u>
Total Projected ADM Funded By County Appropriation	4,009
Total Projected ADM Funded By County Appropriation	4,009
Projected County Funding per ADM (PPA)	<u>\$2,488.58</u>
Projected County Funding per County ADM	\$9,976,717
Total Projected County Appropriations for Current Year	\$9,976,717

Source: County Manager, December 2017.

The ADM numbers are projected using the numbers projected by the State. The additions and deletions are projected by the Finance Officer based on past experience. As shown, the County does not fund out-of-district students attending CCS schools. The reasoning appears to be that the families do not live in the County or pay taxes; therefore the County should not be responsible for funding their education. This assumes that any out-of-county students would be required to pay tuition which would allow CCS to recoup the cost of educating these students.

In reality, only three of the out-of-county students for 2017-18 are paying tuition. The remainder are the children of CCS employees who live out of County. As an enticement to work in the district, out-of-county employees are allowed to enroll their children in the school district. According to staff members who were interviewed, this recruitment tool has allowed CCS to hire and retain some highly qualified staff, and it appears to anecdotally improve the overall attendance rate for both the employees and the students. One parent/employee stated that, while they do not pay property taxes to the County, they use local day cares and often buy groceries, gas and other items in the County on their way to and from work—all of which contributes to the local economy. Providing this benefit as a recruitment and retention tool, however, is costing CCS more than \$100,000 per year in County funding.

RECOMMENDATION

Recommendation 2-3:

Consider modifying the manner in which ADM is adjusted and the manner in which the inflationary rates are established in the County funding formula.

Recognizing that the children of employees attending school in the district is a recruitment and retention tool for CCS, the County may consider revising the formula to eliminate the reduction in ADM for the children of employees. For example:

Planning Allotment by ADM per NC Dept. of Public Instruction	4,062
Projected 7th-12th Grade Corolla Students Attending Out of County Schools	6
Projected Non-Currituck Students Attending Currituck County Schools (Excluding the children of current CCS employees)	<u>-3</u>
Total Projected ADM Funded By County Appropriation	4,065

Another option would be to share the cost of educating children of out-of-county employees by reducing the ADM by 50 percent of the ADM for non-Currituck students. For this year, the reduction would be recognized as being 28 of the 56 children of out-of-county employees.

Inflationary rates impact salaries as well as operational costs, and are thus a solid indicator of what the school district may experience in terms of purchasing power. The rate of inflation, however, may or may not accurately reflect state or federal legislative actions, mandates, and benefit increases. Therefore, the school district should be asked to calculate the total cost for addressing the known or reasonably projected state and federal MANDATED increases (fully justified and validated) *divided* by the ending government funds budget for the previous year to arrive at a percentage increase projected for the current year without regard for inflation.

The number used as the inflationary factor in the County’s formula should then be the higher of the following:

- the calculated percentage for MANDATED increases;
- the Consumer Price Index inflationary rate; and
- the County-established base of 2 percent.

For example:

- 1) **CCS calculated percent for MANDATED increases** = 2.8 percent (\$400,000 salary/benefit increases + \$500,000 class size reductions = \$900,000/ a prior year budget of \$32 million)
- 2) **Consumer Price Index inflationary Rate** = 1.2 percent
- 3) **Minimum set by County** = 2 percent

Using this example, the inflationary rate for the year would be **2.8 percent**.

FISCAL IMPACT

This recommendation will impact future budgets, but agreeing to modify the basic formula can be accomplished with existing resources.

FINDING

While the County's funding formula is intended to cover operational expenditures, the formulas are not intended to cover capital expenditures. The County has separate funding streams to cover capital needs, and the school's access to these funds is based on need and the justification for such needs during the budget process.

According to department heads and other administrators, capital needs are discussed during the normal budget process. In general, all indicated that the County provides \$1 million in capital funds each year. Capital needs are reviewed at the Cabinet level and prioritized, with those items making the priority list being brought to the School Board and finally the County for review and approval.

The Maintenance Department has developed a five-year plan for the replacement of roofs and HVAC equipment and the County has approved the cyclical replacement of those items as a long-term capital need. In the last year, capital funds were also allocated for the replacement of some equipment and a truck.

The Transportation Department, however, has white activity buses that are more than 20 years old, and staff indicated that they have reached a point where the cost of fuel and repairs are draining resources from the transportation operations budget. Local budgets pay for the purchase and operation of white buses, yet no replacement schedule has been created or presented for consideration as a capital need. Other vehicles have been replaced with capital funds, but a cyclical replacement schedule is not in place for all CCS-owned vehicles.

Information Technology also indicated that each year they present a list of replacement needs, and regularly take forward requests for some, but not all of those needs, based on the \$1 million in capital outlay that is available from the County.

Several department heads and principals said they did not bring forward capital needs, because they did not believe the items would be considered a priority within the \$1 million limit for capital expenditures placed on the schools by the County.

The County Manager and some Commissioners said that they were unaware of any unmet capital needs by the schools. The \$1 million number is not a limit, in their opinion, but rather is money that is available to the school district each year unless there are additional needs identified for consideration. Since capital outlay dollars and general operations dollars come from separate funding sources, the County stated they have a great deal more flexibility in making capital purchases. Yet, there is some evidence that the school district is using operating cash to pay for some items that would normally be classified as capital expenditures, because of the misunderstanding about the \$1 million limitation.

RECOMMENDATION**Recommendation 2-4:**

Identify capital needs and ensure that capital expenditures are not being made with general operating funds.



Under no circumstances should capital purchases be made from operating funds, particularly when scarce fund balance money is being used to cover some of those purchases.

Capital budgets and needs should immediately be discussed in great detail with County officials. Once an open dialog is established, each school and department should bring forward a comprehensive list of capital needs to the County—particularly those items that could have an immediate impact on the operating budgets within each department. Justifications for the purchases should be made following the capitalization guidelines set forth by the County. Obviously, each request must be based on needs, and those needs should be regularly projected out over five or more years—so that the cyclical replacement of locally-owned vehicles and buses, computers, machinery and equipment are included in the overall plan. To the extent possible, all past capital purchases made with operating monies should be identified, and plans made to include those in capital budgets for future reference.

FISCAL IMPACT

Identifying the capital needs and establishing a plan in cooperation with the County for addressing those needs could potentially decrease the CCS operating budget. While the actual savings to the school’s operating budget cannot be determined until past and future capital needs are thoroughly researched and identified, this recommendation conservatively assumes that a minimum of \$25,000 per year can be cut from the operating budget based on a cursory examination of the maintenance, transportation, and information technology budgets, and the potential for operating efficiencies once aging vehicles and equipment are replaced.

Recommendation	2018-19	2019-20	2020-21	2021-22	2022-23
Ensure that Capital Expenditures are not made with General Operating Funds	\$25,000	\$25,000	\$25,000	\$25,000	\$25,000

FINDING

Campus budgets for supplies and other expenses are loosely linked to campus needs, but formulas and the actual dollar amount of need by grade level have not been thoroughly reviewed in a number of years. Based on interviews, the 2017-18 campus-level allocations began by following the basic formulas used in past years. When additional cuts were sought, all campus allocations were cut by 25 percent across the board. After reviewing the results, the Finance Officer made some adjustments to the allocations of the smaller schools.

Exhibit 2-13 shows campus-level allocations for 2017-18 following the reduction and **Exhibit 2-14** provides the allocations that had been in place for a number of years—with only minor adjustments and ADM changes at the campus level.

**Exhibit 2-13
Campus Based Budget Allocations - 2017-18**

School	ADM *	Basic Supplies & Materials Allotment	Local Instruction Supply Allotment	Total Basic Allotment	75% of Total	Library	Field Trip	Staff Dev.	Drama	Academic Comp.	Band Chorus	Athletics	Total of All Allotments	Per Pupil Allotment
Currituck High	1014	\$3,000	\$58,793	\$61,793	\$46,345	\$5,074	\$1,522	\$5,074	\$6,200	\$4,000	\$9,500	\$19,960	\$97,675	\$96.33
JP Knapp Early College	294	\$3,000	\$17,046	\$20,046	\$15,035	\$1,471	\$441	\$1,471		\$1,000			\$19,418	\$66.05
Currituck Middle	365	\$3,000	\$21,163	\$24,163	\$18,122	\$1,826	\$548	\$1,826		\$2,000	\$2,500	\$9,200	\$36,022	\$98.69
Moyock Middle	546	\$3,000	\$31,658	\$34,658	\$25,993	\$2,732	\$820	\$2,732		\$2,000	\$2,500	\$9,200	\$45,977	\$84.21
Central Elementary	169	\$3,000	\$9,799	\$12,799	\$9,599	\$846	\$254	\$846					\$11,545	\$68.31
Jarvisburg Elementary	263	\$3,000	\$15,249	\$18,249	\$13,687	\$1,316	\$395	\$1,316					\$16,714	\$63.55
Shawboro Elementary	530	\$3,000	\$30,730	\$33,730	\$25,297	\$2,652	\$796	\$2,652					\$31,397	\$59.24
Knotts Island Elementary	72	\$3,000	\$4,175	\$7,175	\$5,381	\$360	\$108	\$360					\$6,209	\$86.24
Moyock Elementary	492	\$3,000	\$28,527	\$31,527	\$23,645	\$2,462	\$739	\$2,462					\$29,308	\$59.57
Griggs Elementary	252	\$3,000	\$14,611	\$17,611	\$13,208	\$1,261	\$378	\$1,261					\$16,108	\$63.92
Totals	3997	\$30,000	\$231,751	\$261,751	\$196,312	\$20,000	\$6,001	\$20,000	\$6,200	\$9,000	\$14,500	\$38,360	\$310,373	\$77.65

Source: CCS Finance Officer, December 2017. * ADM as of Prior Year Month 2

**Exhibit 2-14
Campus Based Budget Allocations – 2016-17**

School	ADM*	Local Instruction Supply Allotment	Art	Music Choral	Total Basic Allotment	Library	Field Trip	Staff Dev.	Drama	Academic Comp.	Band Chorus	Athletics	Total of All Allotments	Per Pupil Allotment
Currituck High	1021	\$64,133	\$1,860	\$1,154	\$67,147	\$5,131	\$3,078	\$5,131	\$6,200	\$4,000	\$9,500	\$22,921	\$123,108	\$120.58
JP Knapp Early College	268	\$16,834	\$488	\$303	\$17,625	\$1,347	\$808	\$1,347		\$1,000			\$22,127	\$82.56
Currituck Middle	358	\$22,487	\$652	\$405	\$23,544	\$1,799	\$1,079	\$1,799		\$2,000	\$2,500	\$9,900	\$42,621	\$119.05
Moyock Middle	562	\$35,302	\$1,024	\$635	\$36,961	\$2,824	\$1,694	\$2,824		\$2,000	\$2,500	\$9,900	\$58,703	\$104.45
Central Elementary	174	\$10,930	\$317	\$197	\$11,444	\$874	\$525	\$874					\$13,717	\$78.83
Jarvisburg Elementary	265	\$16,646	\$483	\$300	\$17,429	\$1,332	\$799	\$1,332					\$20,892	\$78.84
Shawboro Elementary	540	\$33,920	\$984	\$611	\$35,515	\$2,714	\$1,628	\$2,714					\$42,571	\$78.84
Knotts Island Elementary	77	\$4,837	\$140	\$87	\$5,064	\$387	\$232	\$387					\$6,070	\$78.83
Moyock Elementary	473	\$29,711	\$862	\$535	\$31,108	\$2,377	\$1,426	\$2,377					\$37,288	\$78.83
Griggs Elementary	242	\$15,201	\$441	\$274	\$15,916	\$1,216	\$730	\$1,216					\$19,078	\$78.83
Totals	3980	\$250,001	\$7,251	\$4,501	\$261,753	\$20,001	\$11,999	\$20,001	\$6,200	\$9,000	\$14,500	\$42,721	\$386,175	\$97.03

Source: CCS Finance Officer, December 2017.

* ADM as of Prior Year Month 2

RECOMMENDATION

Recommendation 2-5:

Revisit campus-level allocation formulas used in prior years and determine if the current formulas and funding types are relevant, sufficient, and appropriate.

This recommendation does not suggest increasing or decreasing the allotments. Rather there is a need to determine, in collaboration with campus leaders, whether each of the categories within the formulas remain relevant or whether there is a need at some schools for different amounts or categories, etc.

FINDING

With the exception of athletics, the School Board has determined that academic and other extra-curricular travel costs for mileage are charged back to the school. The mileage cost of athletic travel is born by the Transportation Department as a local expense.

If the trip is considered a regular field trip or the bus or other vehicle is transporting bands, cheerleaders, or other groups, the schools are charged \$1.00 per mile driven by a bus, which reflects the actual cost as determined each year by the State Department of Instruction. In prior years, the dollar amount per mile was set by the State at \$1.27 per mile—based on higher gasoline prices and the like.

Exhibits 2-15 and 2-16 provide a rough estimate of the costs incurred for athletic travel over the last two years. As shown, the estimated travel costs for athletic trips were \$33,558 and \$34,424 for 2015-16 and 2016-17, respectively. Trips at the high school level dropped in 2016-17 while trips at the middle school level increased. Because these costs are annually absorbed in the Transportation Department’s budget, rather than being recognized as a school expense, the currently reported costs for the various sports is understated by the amount of mileage costs incurred.

Most individuals interviewed said the zero cost for athletic trips has been in place for many years, but an actual date when this decision was made could not be found. Further, no policies or administrative rules could be located that support this price differential.

RECOMMENDATION

Recommendation 2-6:

Immediately begin charging the full mileage costs for athletic trips to the appropriate school and program code to accurately account for the actual cost of providing these services.

Rather than burying some of the cost of the athletic trips within the Transportation’s operational budget, costs should be recognized by the program using the services. Students, parents or other supporters should be asked to supplement all or part of the costs. Should the Board wish to continue to supplement some or all of the costs, the supplement should be added to the campus-based supplements already in place so there is no question about what is being paid from the local budget for these services.

**Exhibit 2-15
Athletic Travel Costs
FY 2016-17**

Athletic Type	# of Trips	Total Miles Driven	Mileage Cost @ \$1 per mile
CURRITUCK HIGH SCHOOL			
Boys Basketball	3	755.76	\$755.76
Boys Soccer	17	2,447.85	\$2,447.85
Boys Tennis	5	357.73	\$357.73
Cheerleading	9	1,203.00	\$1,203.00
Cross Country	9	843.93	\$843.93
Girls Basketball	26	2,924.72	\$2,924.72
Girls Soccer	9	973.84	\$973.84
Girls Tennis	14	1,771.96	\$1,771.96
Girls Volleyball	14	1,811.57	\$1,811.57
Indoor Track	6	1,141.62	\$1,141.62
JV Baseball	10	1,069.70	\$1,069.70
JV Basketball	1	214.56	\$214.56
JV Football	10	724.40	\$724.40
JV Soccer	1	46.88	\$46.88
JV Softball	3	502.21	\$502.21
Men's Golf	4	360.05	\$360.05
Swimming	1	386.32	\$386.32
Track	12	987.77	\$987.77
Varsity Baseball	12	1,584.90	\$1,584.90
Varsity Cheerleading	1	459.98	\$459.98
Varsity Football	18	2,344.57	\$2,344.57
Varsity Softball	3	782.13	\$782.13
Wrestling	14	2,466.61	\$2,466.61
High School Total	202	26,162.06	\$26,162.06
MOYOCK MIDDLE SCHOOL			
Girls Volleyball	5	329.08	\$329.08
Middle School Cheerleading	10	705.11	\$705.11
Middle School Baseball	9	808.77	\$808.77
Middle School Basketball	11	819.43	\$819.43
Middle School Soccer	3	251.01	\$251.01
Middle School Track	22	716.28	\$716.28
Wrestling	7	487.74	\$487.74
MMS Total	67	4,117.42	\$4,117.42
CURRITUCK COUNTY MIDDLE SCHOOL			
Boys Soccer	1	99.00	\$99.00
Cheerleading	2	142.28	\$142.28
JV Baseball	2	110.68	\$110.68
Middle School Cheerleading	1	84.86	\$84.86
Middle School Baseball	5	199.87	\$199.87
Middle School Basketball	11	491.46	\$491.46
Middle School Football	18	834.00	\$834.00
Middle School Soccer	13	741.94	\$741.94
Middle School Track	1	48.35	\$48.35
Track	3	134.96	\$134.96
Wrestling	6	391.65	\$391.65
CCMS Total	63	3,279.05	\$3,279.05
Estimated Districtwide Totals	332	33,558.53	\$33,558.53

Source: Currituck Transportation Office, November 2017



Exhibit 2-16
Athletic Travel Costs
FY 2015-16

Athletic Type	# of Trips	Total Miles Driven	Mileage Cost @ \$1 per mile
CURRITUCK HIGH SCHOOL			
[Boys Basketball, Cheerleading, Girls Basketball, JV Basketball]	19	1441.77	\$1,441.77
[Boys Basketball, Girls Basketball]	3	300.86	\$300.86
[JV Baseball, Varsity Baseball, Varsity Softball]	12	1147.22	\$1,147.22
[JV Softball, Varsity Softball]	2	466.94	\$466.94
[Varsity Baseball, Varsity Softball]	3	261.4	\$261.40
[Varsity Cheerleading, Varsity Football]	14	1018.66	\$1,018.66
Boys Basketball	4	642.74	\$642.74
Boys Soccer	11	1606.76	\$1,606.76
Boys Tennis	10	1021.31	\$1,021.31
Cross Country	9	1433.83	\$1,433.83
Girls Basketball	7	764.36	\$764.36
Girls Soccer	16	2587.69	\$2,587.69
Girls Tennis	12	1403.94	\$1,403.94
Girls Volleyball	14	1747.03	\$1,747.03
Indoor Track	7	1068.64	\$1,068.64
JV Baseball	5	368.93	\$368.93
JV Basketball	1	66.57	\$66.57
JV Football	11	1164.1	\$1,164.10
JV Softball	2	327.98	\$327.98
Men's Golf	1	503.02	\$503.02
Swimming	15	1664.94	\$1,664.94
Track	11	1325.36	\$1,325.36
Varsity Baseball	7	1081.93	\$1,081.93
Varsity Cheerleading	2	364.66	\$364.66
Varsity Football	2	455.62	\$455.62
Varsity Softball	1	233.47	\$233.47
Women's Golf	2	652.74	\$652.74
Wrestling	18	3184.17	\$3,184.17
High School Total	221	28,306.64	\$28,306.64
MOYOCK MIDDLE SCHOOL			
[Cheerleading, Middle School Football]	10	485.9	\$485.90
[Girls Volleyball, Middle School Soccer]	3	254.36	\$254.36
[Middle School Baseball, Middle School Softball]	7	595.61	\$595.61
Cheerleading	1	46.38	\$46.38
Girls Volleyball	2	258.1	\$258.10
Middle School Basketball	9	603.05	\$603.05
Middle School Soccer	3	360.09	\$360.09
Middle School Track	7	231.3	\$231.30
Wrestling	7	489.14	\$489.14
MMS Total	49	3,323.93	\$3,323.93
CURRITUCK COUNTY MIDDLE SCHOOL			
[Middle School Baseball, Wrestling]	1	39.64	\$39.64
[Middle School Basketball, Track]	1	97.19	\$97.19
Girls Volleyball	1	31.29	\$31.29
Middle School Baseball	10	425.12	\$425.12
Middle School Basketball	12	474.1	\$474.10
Middle School Football	8	486.28	\$486.28
Middle School Soccer	15	766.26	\$766.26
Middle School Track	2	87.43	\$87.43
Wrestling	6	386.14	\$386.14
CCMS Total	56	2,793.45	\$2,793.45
Estimated Districtwide Totals	326	34,424.02	\$34,424.02

Source: Currituck Transportation Office, November 2017



FISCAL IMPACT

Moving the full cost of athletic travel from the transportation budget to the campus-based budgets will have no fiscal impact. Requiring the students, parents or supporters to pay for travel in the same manner as academic and other field trips could result in average saving of approximately \$30,000 per year based on the estimates shown above—thereby placing athletics on par with academic field trips, band and chorus trips and all other programs.

Recommendation	2018-19	2019-20	2020-21	2021-22	2022-23
Charge the Full Cost of Athletic Trips to the Appropriate School and Program Code	\$30,000	\$30,000	\$30,000	\$30,000	\$30,000

2.3 CASH HANDLING

Cash handling is a broad topic that includes the acceptance and depositing of and accounting for cash, checks and electronic funds transfers. Maintaining a strong system of internal controls over cash handling is necessary to protect the district’s assets and prevent fraud and abuse.

CCS currently maintains six depository accounts: one with the North Carolina Capital Management Trust, two through the North Carolina State Treasurer, and three through TowneBank. All depository accounts are reconciled regularly and access to those accounts is controlled following state and local guidelines.

FINDING

The Finance Department has implemented a number of internal controls, systems and internal audit activities to improve cash handling in the schools.

Since 2012-13, the CCS Comprehensive Audited Financial Statements have contained a Significant Deficiency Finding related to cash handling by school personnel. The finding and response in each audit basically reads as follows:

SIGNIFICANT DEFICIENCY

Criteria: In accordance with North Carolina General Statutes 115C-445, all moneys collected or received shall be deposited daily, unless the Board of Education gives its approval to require deposits only when moneys on hand reach a specific amount up to a maximum of \$250. The Board's policy is to require deposits when moneys on hand amount to \$250.

Condition: Of the XX [number varies from year to year] transactions of the individual schools examined, XX transactions had not been timely deposited in accordance with North Carolina General Statutes 115C-445 and Board policy.

Cause: The individual school bookkeeper makes the bank deposits. It appeared that in some instances moneys collected at the individual schools were not given to the bookkeeper on the day of collection and, in other instances, it appeared that the bookkeeper did not make the deposit on the day they received the moneys.

Effect: Some deposits of the individual schools were not made in accordance with State law and Board policy.

Recommendation: Management should meet with all of the school's principals and bookkeepers to discuss the deposit requirements, and should institute procedures to monitor the timeliness of individual school bank deposits.

Views of responsible officials and planned corrective actions: Management agrees with this finding. Management has met with individual school principals, and bookkeepers to discuss the deposit requirements. New deposit receipting software is in place at the schools to assist bookkeepers with the cash receipt process. The new software allows management to monitor individual school deposits online. Further monitoring of the individual schools cash receipting process is also being conducted.

As a result of the repeat finding, CCS implemented the School Funds Online (SFO) system which is used by bookkeepers to record and track deposits. Finance staff also have the ability to track and monitor deposits through the same system.

In addition, the Finance Department implemented an internal audit process whereby Finance staff visit and audit each school at least once per year. As shown in **Exhibit 2-17**, the process used by Finance staff is similar to the process used by the external auditors and, in many cases, is identifying and potentially correcting the problems in advance of the external audit.

A review of letters issued to the schools following the internal audits shows that the number and severity of the findings relating to cash handling have diminished over time.

An overall process flow showing campus-based cash handling procedures is provided in **Exhibit 2-18**, and a description of the process for handling gate receipts for sports and other ticketed events is provided in **Exhibit 2-19**.

COMMENDATION

The CCS Finance Office has tightened controls on cash handling at the campus level and has implemented an internal audit of cash handling activities that is beginning to have an impact on the number and type of external audit citations.

FINDING

A random group of campus and central office staff are taking time out of their work days to make bank deposits and deliver or pick up mail. Some are using personal vehicles and are dropping off or delivering mail or other finance-related documents on their way to or from the schools.



Exhibit 2-17 Currituck County Schools School Internal Audit Checklist

Date: _____

School: _____

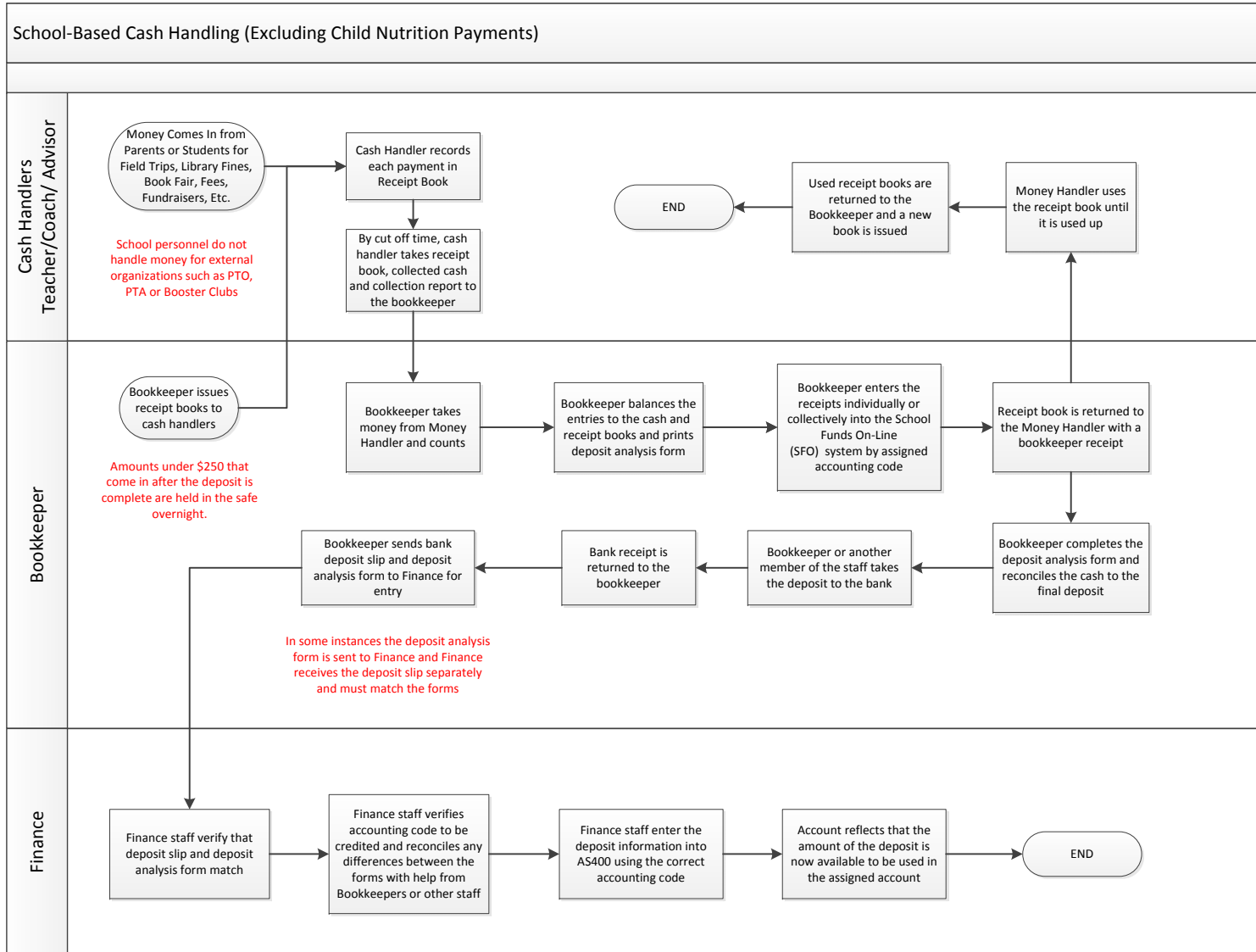
Months Used: _____

Receipts		
Treasurer		Performed By:
1	Run tape on treasurer's receipts and compare to deposits	
2	Any void receipts should be stapled in the book	
3	Deposit number, date and amount should be noted in the receipt book	
4	Teachers Receipts numbers/range should be recorded on receipt	
5	Ensure Receipts clearly indicate cash versus checks	
6	Deposit slips completed in ink and duplicate	
7	Verify receipt book log of all books issued	
8	Verify receipt book log of all books returned to bookkeeper's office; verify all receipt books have been accounted for when returned.	
9	Receipts in sequential order	
Teachers		Performed By:
1	Verify monies collected daily turned into treasurer daily	
2	Verify receipts written for all monies over \$1.00; under \$1.00, verify list of students attached to receipt and receipted to "see attached list"	
3	All supporting documentation completed and included: <i>Collection Reports</i> <i>Ticket Sales Reports</i> <i>Concession Stand Reports</i>	
4	Original and copy of any void receipt should be stapled in the book	
5	Copy of treasurer's receipt should be attached to the teacher's receipt book indicating which receipts were turned in to the office	
6	Determine how often money is turned in to the office	

Deposits:		Performed By:
1	Choose two months	
2	Verify deposits to treasurer's receipt book	
3	Verify date of deposit	
4	Verify deposits to determine if individual checks are listed	
5	Verify School Receipts reports attached with deposit to trace account accuracy with collection report	
6	Verify that deposits are made when receipts reach \$250 and any monies on hand must be deposited by the last day of the month	
Purchase Orders:		Performed By:
1	Verify that purchase orders are accounted for	
2	Verify Principal's signature authorizing Purchase Orders	
3	Verify Purchase Orders are in consecutive, then date order	
4	Verify Purchase Orders completed prior to ordering	
Payroll:		Performed By:
1	Verify all payroll reports are accounted for	
2	Verify teacher absence on edit report ties to Aesop and/or leave sheet	
3	Verify non-certified staff absences on edit report ties to leave sheet	
4	Verify times on time exception sheets were accurately keyed.	

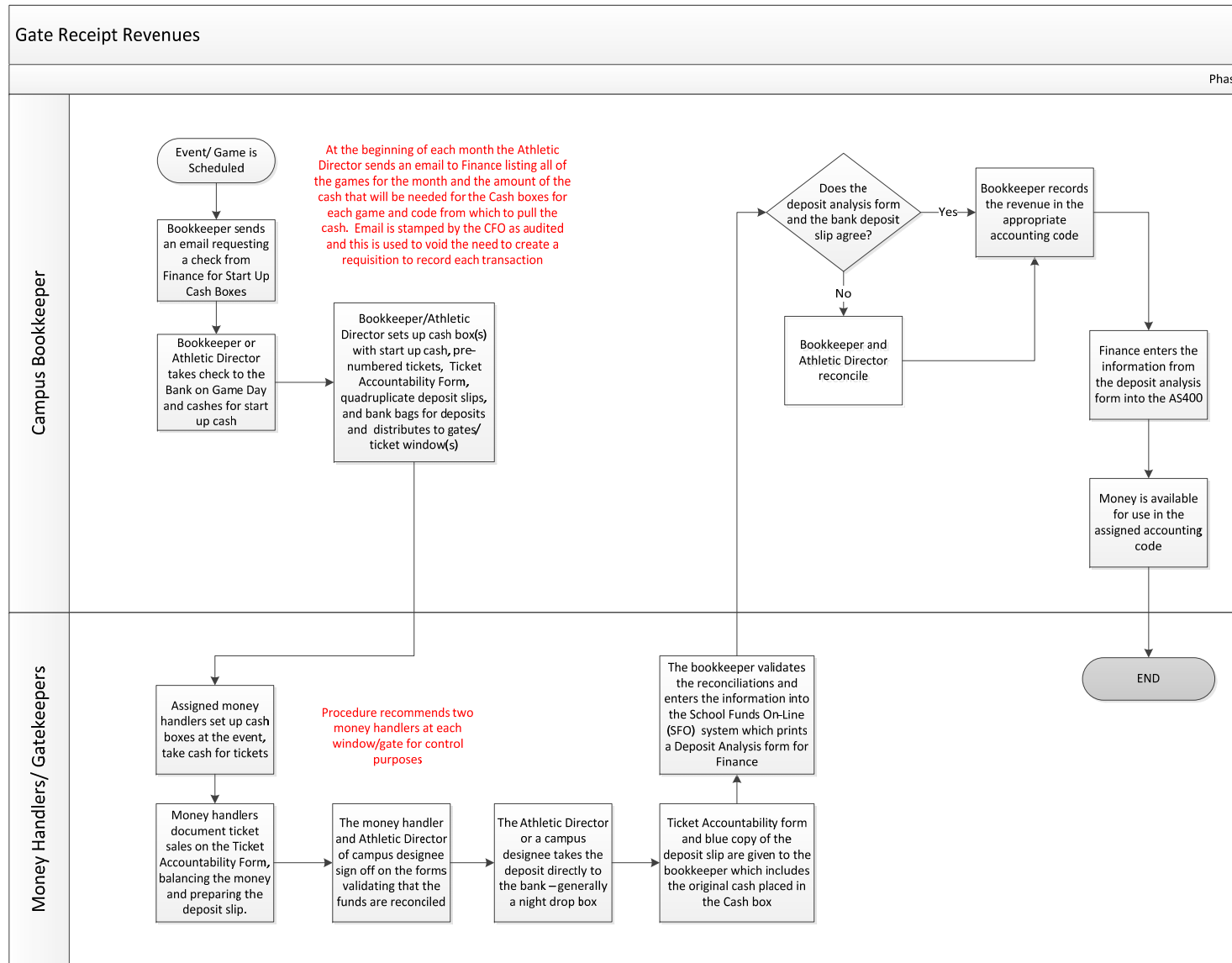
Source: CCS Finance Office, November 2017.

Exhibit 2-18 School-Based Cash Handling Process Flows



Source: Created by Evergreen based on staff interviews, November 2017.

Exhibit 2-19 Gate Receipt Cash Handling Process Flows



Source: Created by Evergreen based on staff interviews, November 2017.

Child Nutrition has two schools that make their own deposits, while a runner picks up and make deposits for the other cafeterias. The Child Nutrition Department has volunteered their runner to pick up and make regular campus deposits when they make their own deposits; however, bookkeepers indicated that Child Nutrition workers often leave before they have completed their deposits for the day.

In addition to deposits, paper requisitions are mailed to the Finance Office and the resulting purchase orders are placed in interoffice mail back to the campuses; therefore, the daily pickup and delivery of mail is often handled by anyone traveling from the campuses to the central office. Mail for the Knotts Island Elementary School is delivered and picked up by a Maintenance worker who routinely visits the school several times each week.

During interviews, both campus staff and central office administrators said they have made special trips to central office to retrieve these paper documents. Some or many of these paper documents could be transmitted to and from the campuses electronically, but some of these paper documents still require interoffice mail—such as receiving documents and vendor invoices that are then matched to purchase orders.

In the past, Finance staff was assigned to pick up and make bank deposits for the campuses on a rotating basis. One staff member said the process took several hours each day to accomplish although they did not pick up deposits from the Knotts Island Elementary School, as the principal lives in town and makes the deposits on her way home. That practice was discontinued and campuses were instructed to assign people to handle deposits and mail pickup and delivery.

While it may appear to be efficient to have existing staff make these runs, staff productivity is impacted. Bookkeepers said they are now required to clock out and back in when they leave the campus to make a deposit, pick up mail or for any other reason, presumably as a way to ensure that the time used is reasonable and appropriate for the task being performed.

Many school districts have a designated driver to make daily runs between and among the campuses and departments.

RECOMMENDATION

Recommendation 2-7:

Hire or designate a part-time courier to deliver mail, and pick up and make bank deposits on a daily basis.

The courier would be responsible for sorting and bagging mail for distribution prior to beginning the run, making a single round trip to all of the schools with the exception of the Knotts Island Elementary School, placing all of the deposits (including Child Nutrition) in a night depository, and returning with the mail from the campuses to the central office. Based on the estimates given by Finance staff, the process would take approximately three hours per day, including one hour for the sorting and bagging of mail and two hours for the round trip run. Since deposits are not ready until the end of the day, the courier should begin their work day around 2:00 - 2:30 PM and conclude the run by 5:30 PM.



To speed the process for revenue recognition in CCS and ensure controls are maintained, campus staff should be asked to email deposit analysis forms to Finance to be matched to the bank deposit slips each day.

FISCAL IMPACT

The cost to CCS for hiring a part-time courier would be approximately \$12,200 per year, assuming that the courier works 15 hours per week, year-round, at the hourly bus driver rate of \$14.48, plus Social Security of 7.65 percent. A significant productivity savings is possible, given the number of people making trips throughout the day.

Recommendation	2018-19	2019-20	2020-21	2021-22	2022-23
Hire a Part-Time Courier	(\$12,200)	(\$12,200)	(\$12,200)	(\$12,200)	(\$12,200)

FINDING

CCS Finance staff are using an electronic scanner to make check deposits without the need to physically take checks to the bank for deposit. The process for handling payments that come through the central offices is described in **Exhibit 2-20**. Most of the departments in the central office complex of buildings bring any payments received in their departments to the Finance Office for handling.

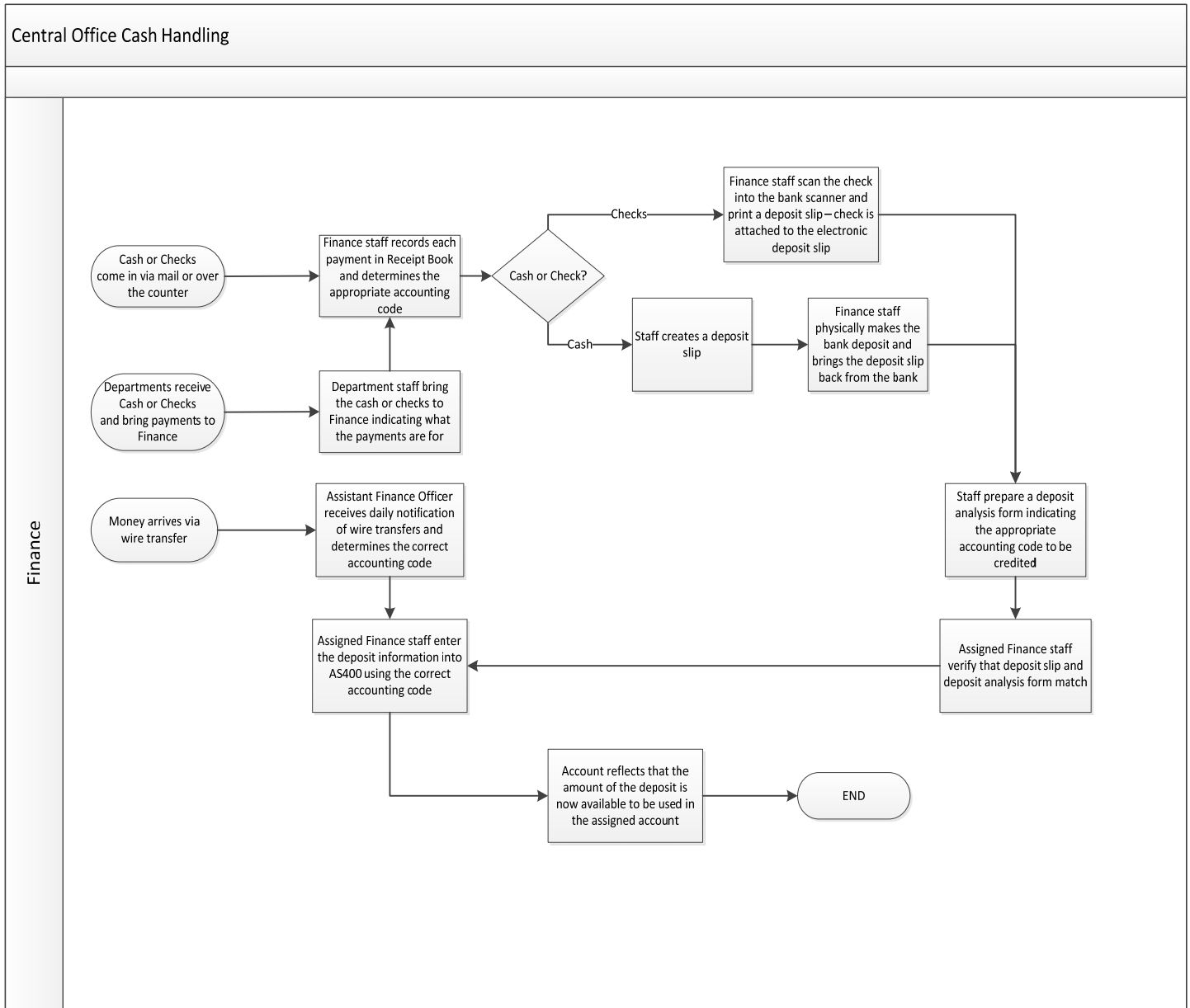
In addition, the Finance Office receives electronic wire transfers as well as large checks from various entities, including other school districts. Unlike some of the smaller campuses, the Finance Office normally receives more than the \$250 in cash or checks, meaning staff would need to physically make a bank deposits nearly every day. Much of the money coming into the central office, however, comes via checks. Using the check scanning system for making those deposits not only reduces the need for someone to physically make a bank deposit, the funds are secure and available in the district’s depository accounts nearly immediately.

The scanner prints a deposit slip that can then be attached to the canceled check and filed for future reference as needed.

COMMENDATION

Check deposits are made electronically using a scanner linked directly to the bank, which speeds deposits and eliminates the need for staff to physically make a bank deposit.

Exhibit 2-20 Cash Handling by Central Office



Source: Created by Evergreen based on staff interviews, November 2017.

2.4 PURCHASING AND ACCOUNTS PAYABLE

An effective purchasing system allows a school district to provide quality materials, supplies, and equipment in the right quantity in a timely, cost-effective manner.

Purchasing includes those activities involved in the identification and purchase of supplies, equipment and services needed by the district, as well as the storage and distribution of goods. Goods and services must be obtained according to the specifications of the users; at the lowest possible cost; and within state laws and regulations and School Board Policy. **Exhibit 2-21** illustrates the competitive procurement processes for CCS.

This section focuses on the overall purchasing system, including requisitioning procedures, competitive procurement practices, receiving and payment of invoices.

FINDING

The requisitioning and purchasing processes are controlled centrally; a series of internal controls is ensuring that staff members are obtaining approval in advance of making purchases. **Exhibit 2-22** shows the basic requisitioning and purchasing processes that are used to control purchases and ensure that sufficient budgeted funds are available within the appropriate account before purchases are authorized.

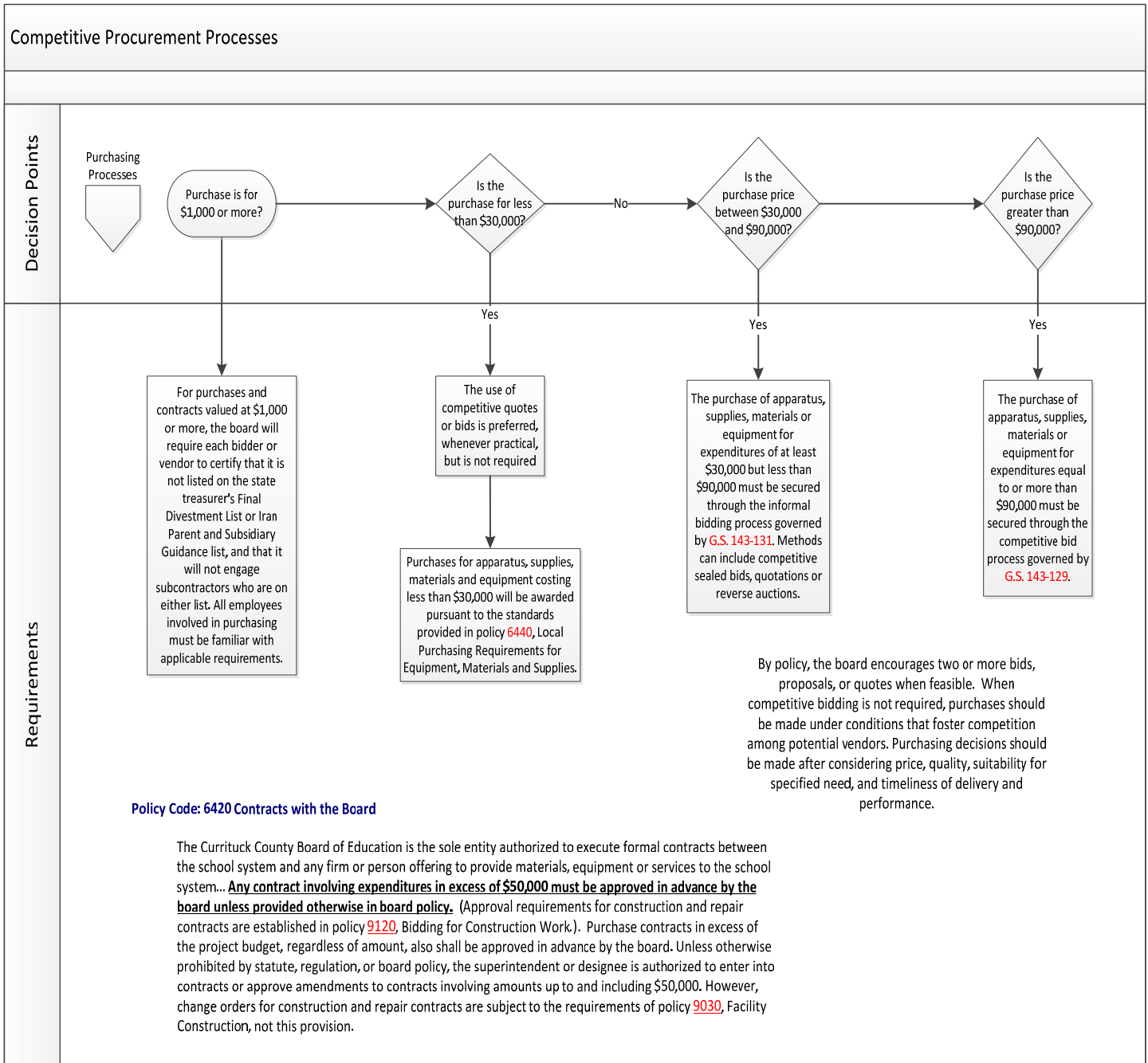
Although the accounting system has internal controls and approval points that will identify and prevent over budget purchases, in the past, employees were being allowed to make purchases and then request reimbursement for the purchases after the fact. In essence, the internal controls were being bypassed, and in some instances, after-the-fact budget transfers were required to cover the transactions.

The current administration discontinued all retroactive reimbursements, requiring employees to enter a purchase requisitions and obtain prior approval before purchases can be made. A number of mechanisms are in place to allow employees to make last minutes purchases—such as the use of blanket purchase orders for stores like Walmart or Home Depot—where many last minutes purchases can be made. Also, each school and department has access to a Visa credit card which can also be used to make purchases as needed.

In addition, schools and departments use Amazon to order supplies and materials. Finance staff indicated that they were having difficulty reconciling the Amazon bill to the purchase orders. Staff called Amazon and negotiated a change to the order screen that requires the purchaser to enter a purchase order number into the Amazon system before the purchase will be accepted. Once the campus or department has completed the order and entered the purchase order into the Amazon system, a message is sent to the Finance Office that an order is pending. The assigned Finance staff member verifies the order and purchase order number in the system, verifies that the item being purchased is allowable from the designated account (i.e., restricted grant funds can only be used for a designated purpose), and gives final authorization to the order. Then and only then does Amazon fill the order. Finance employees maintain copies in file—thereby simplifying the task of reconciling the Amazon bill when it arrives.



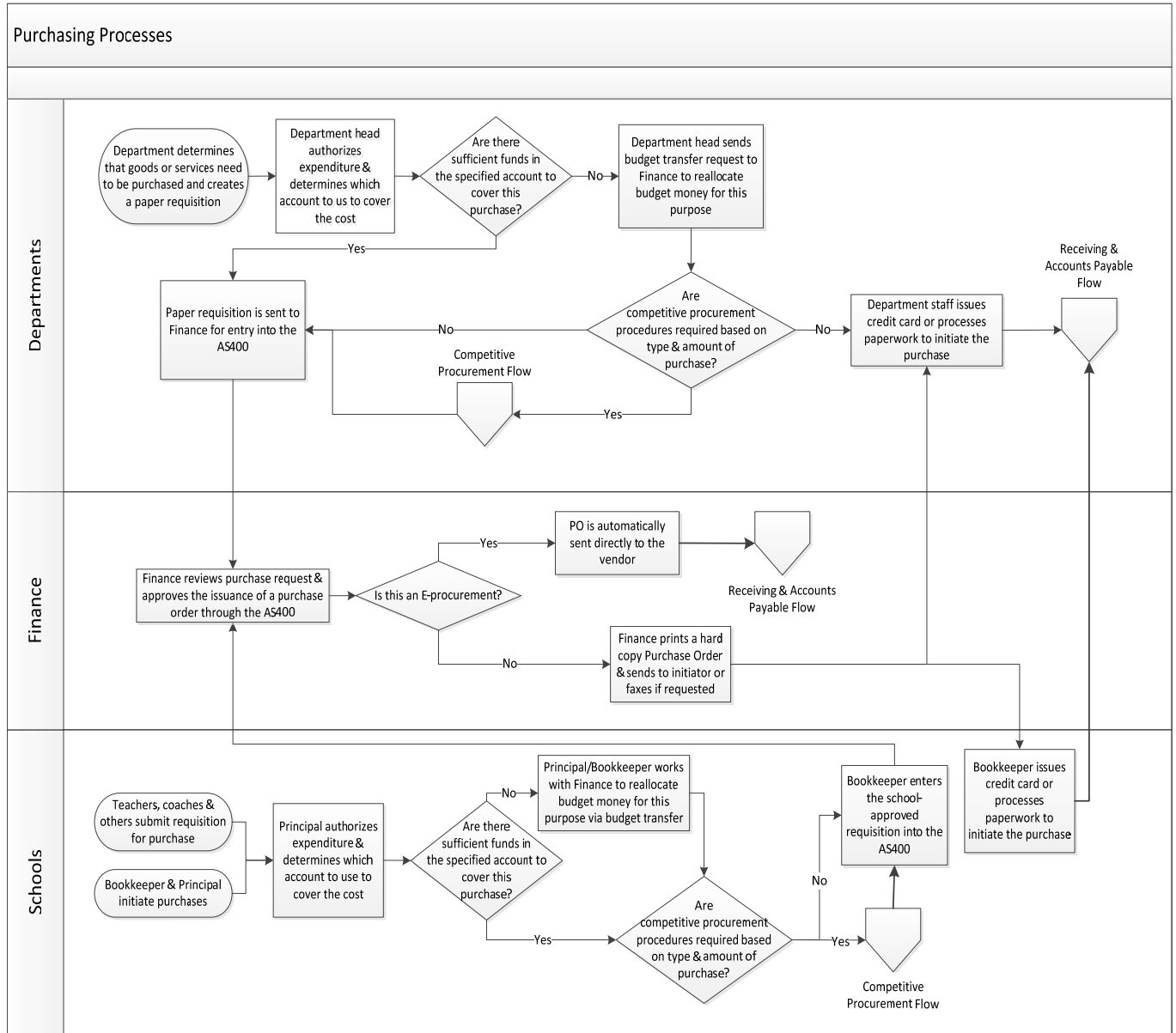
Exhibit 2-21 Competitive Procurement Processes



Source: Created by Evergreen based on staff interviews, November 2017.



Exhibit 2-22 Purchasing Processes



Source: Created by Evergreen based on staff interviews, November 2017.

Finance staff also stated that some paper purchase requisition and purchase orders are sent to them with inaccurate or incomplete information. In the past, the Finance Office attempted to gather the required information—which in some instances was very time consuming. The department now uses a standard form printed on pink paper (the Pink Slip) that lists the most common errors as well as a space for describing less common issues. Since beginning to send back incomplete or inaccurate paperwork with the “Pink Slip”, staff said the bookkeepers and department staff are doing all they can to avoid getting their paperwork returned.

COMMENDATION

The Finance Office has implemented controls to ensure that purchases are made within budget and staff are following purchasing guidelines.

FINDING

Although the current accounting and purchasing software has the capability to allow departments and campuses to enter requisitions directly, most of the department purchase requests and some campus requests are sent to the Finance Office for entry into the system. As shown in **Exhibit 2-23**, in the last year, Finance staff entered nearly 40 percent of all requisitions/purchase orders for the district.

Exhibit 2-23
Requisition/Purchase Order Workload
2016-17 School Year

Location	Quantity	Dollar Amount
Finance	1,301	\$4,694,263.32
Exceptional Children	125	\$139,720.48
Central Elementary School	75	\$10,448.02
Currituck County High School	779	\$383,506.16
Currituck County Middle School	208	\$96,462.52
Jarvisburg Elementary School	73	\$27,194.66
Shawboro Elementary School	94	\$42,265.64
JP Knapp Early College High School	170	\$56,303.76
Knotts Island Elementary School	52	\$12,011.60
Moyock Elementary School	92	\$48,996.18
Moyock Middle School	259	\$123,056.23
Griggs Elementary School	110	\$38,837.21
Total	3,338	\$5,673,065.78

Source: Finance Office, December 2017.

The process for requisition approval is partially paper-based and partially electronic, with the Finance Officer approving all requisitions before authorizing the issuance of a Purchase Order. Campus bookkeepers enter their own purchase order, for the most part, while the Finance Office enters requisitions for most departments.

The requisitions that are entered remotely can be reviewed online, and if accounting codes or pieces of information on the original requisition need to be changed, staff can make online changes. Further, if an emergency purchase needs to be made, the campus can enter the requisition online, call Finance and obtain an electronic approval within a matter of an hour. The movement of paper requisitions and purchases orders between the campuses and the Finance Office can take days.



The Finance Officer stated that maintaining tight controls over purchasing was needed to ensure that employees did not continue to circumvent the control system as they had in the past and to ensure that the correct accounting codes were being used.

RECOMMENDATION

Recommendation 2-8:

Discontinue the practice of having Finance staff enter requisitions for departments or campuses, and require all departments to do their own data entry.

The accounting system is capable of handling remote entry of requisitions, and has sufficient controls in place to ensure that campus and departmental staff are following guidelines. Training will be required; however, the workload for Finance staff should be significantly reduced when their primary job will be verification and approval—rather than data entry. Once implemented, CCS may want to establish thresholds within the computer system for approvals where approval of lower dollar purchase requisitions can be done by Finance staff, with larger dollar amounts requiring the approval of more senior staff or the Finance Officer.

FINDING

As shown in **Exhibit 2-22**, when a purchase requisition other than an e-Procurement, is approved, a paper copy of the purchase order is printed and mailed back to the requestor for handling—causing some inherent purchasing delays.

The designated Finance employee receives the Finance Officer’s approval on purchase requisitions, makes the entry into the system and prints a copy of the purchase order. The paper copies are sorted and placed in a mailing envelope for distribution.

In the absence of a courier service, campus and department employees pick up and deliver interoffice mail at varying intervals. Mail containing an approved purchase order may sit for several days before arriving at a campus. During training, the Finance staff authorized campus bookkeepers to proceed with an “emergency” purchases when the system indicator shows the purchase order is approved.

Finance staff stated that they could send a scanned copy of the purchase order via email if they had more ready access to a scanner, which would reduce many of the inquiries received on a daily basis. The department has a scanner/copier that is larger and often in use. Scanning could also be accomplished with a standard printer; however, the current printers do not have that capability.

RECOMMENDATION

Recommendation 2-9:

Discontinue the practice of mailing Purchase Orders back to the requestor, and instead scan and email the purchase orders to reduce delays in ordering and purchasing goods.

The efficiencies to be gained from implementing this recommendation cannot be estimated, but should speed the purchasing process, and reduce the frequency of inquiries fielded by Finance staff each day.

FINDING

Finance employees issue checks to vendors multiple times per week, on an as-needed basis, which is time consuming.

During interviews, Finance staff stated that running checks as they are needed is absolutely necessary since the district operates under the centralized accounting system discussed above. As campus teachers or clubs need money for a field trip or immediate purchase, Finance staff process the checks for payment. One example was given of a teacher that consistently waits to the last minute to request a check for a field trip. Finance staff said they stop what they were doing and get that teacher a check immediately. If they did not respond immediately, they would be publicly held them accountable for a group of children not being able attend the planned field trip. Clearly, the principals, teachers and bookkeepers know in advance when a field trip is planned. Poor communication and planning by the campus staff should not constitute an emergency for the Finance Office. Other examples were provided of certain local vendors who expect checks to be cut as soon as they send in an invoice. One vendor comes to the office to pick up the check rather than waiting for the check to be mailed.

Some of the urgency in cutting checks timely also appears to go back to a time before the current Finance Officer came to the district when vendors were not always paid timely, which according to staff, resulted in some vendors refusing to continue to do business with the district. The current practice appears to result in few, if any, late payments to vendors.

Clearly, the Finance Office has set an expectation with the campuses and some vendors for immediate payment. Many districts in North and South Carolina and across the nation use some form of centralized accounting, but most have planned check runs on a weekly, bi-weekly or monthly basis.

RECOMMENDATION

Recommendation 2-10:

Begin paying invoices and issuing campus checks on a scheduled weekly basis— rather than multiple times per week.

It may be possible to stagger pay dates so that utilities and various credit cards are paid on staggered weeks (meaning checks are cut for a group of vendors every other week rather than weekly). Regardless of the schedule for check runs, the schedule should be published and distributed to vendors and campuses, and also posted on the website to ensure that everyone understands the new expectations. If a true emergency arises that requires a special check to be cut outside of the scheduled runs, the superintendent's approval should be required to ensure that the emergency is real and justified.



2.5 PAYROLL AND BENEFITS

Regular payroll in CCS is run monthly, with most regular payroll directly deposited into the employee's bank account. As shown in **Exhibit 2-24**, full- and part-time CCS employees have access to a substantial package of benefits—some of which are paid for all or in part by the district and others that the employee can pay for with a payroll deduction.

Exhibit 2-24
Summary of Benefits

Benefit	Eligible Employees	Description	Costs
North Carolina State Health Plan	Full-time employees	Choice of three (3) Preferred Provider Organization (PPO) plans through Blue Cross and Blue Shield of North Carolina (BCBSNC)	Employee pays a state premium of between \$25 and \$1,156 per month based on the plan election and dependent coverage elected.
Flexible Benefit Plan	All permanent full-time and permanent part-time employees	Allows the employee to establish spending accounts for unreimbursed medical expenses and dependent care expenses.	Employee stipulates the amount deducted each month.
Colonial Life Term Life Insurance	All permanent full-time and permanent part-time employees	Employees receive \$5,000 free group term life insurance. Additional insurance can be purchased up to \$150,000 for the employee; \$50,000 for spouse; and \$10,000 for children	CCS pays for \$5,000 of group term life for all employees. Employee pays premiums for additional coverages.
AlwaysCare Dental Insurance	All permanent full-time and permanent part-time employees	Dental coverage is available for the employee, employee plus spouse or dependents and family	Employee pays full premium.
Superior Vision Insurance	All permanent full-time and permanent part-time employees	Vision coverage is available for the employee, employee plus dependent and family	Employee pays full premium.
State Retirement	Permanent full-time employees	Retirement benefits and pensions are paid at time of retirement based on state guidelines.	CCS pays a match. Employees pay 6 percent of salary.
401(k), 403(b), and 457 plans	All permanent full-time and permanent part-time employees	Employees may elect to contribute to one or more investment accounts	Employee contributes at an amount they select.

Source: CCS New Hire Benefit Packet, November 2017.

FINDING

CCS has developed salary schedules for all positions, has slotted current employees into the applicable pay ranges, and has implemented a process for ensuring that new employees are placed on the correct schedule and step—based on established criteria.

In 2012, a consulting firm made the following observation and recommendation:

Develop Pay Scales for Jobs. Few documented pay scales currently exist but are needed for all job classifications. There presently seems to be some issue with who determines salaries for employees: Human Resources (HR-Personnel) or Finance. Defined pay scales will eliminate these issues. In most districts, our experience is that this information is normally provided to the employee (s) in the Finance Department, not the HR department. This recommendation is a very important step to prevent possible employee litigation. We recommend these pay schedules be approved by the Board of Education as soon as possible.

CCS now follows the state's pay grade tables for each job classification, and has adopted a salary schedule for each grade which includes steps based on years of experience and education.

COMMENDATION

Salary scales have been adjusted to ensure that CCS staff are hired and paid equitably based on experience, education and type of work being performed.

FINDING

Bus drivers and classified staff are no longer paid supplements above the state's pay scales in order to make their pay competitive in the area. Rather, CCS eliminated the supplements for these classifications and adjusted the base salary on the salary scale to the appropriate level. While there were some concerns voiced during the initial conversion, a small increase in the overall salaries resulted in most employees being paid at or above their current rate. Eliminating the supplements and adjusting the base pay have eliminated much paperwork associated with the supplements and has clarified to salary ranges for these positions. Further, in moving forward, this change will help CCS control the payroll costs more effectively.

COMMENDATION

Supplements for bus drivers and classified staff have been eliminated and salaries adjusted accordingly to reduce paperwork, to clarify actual pay rates, and to ensure that salaries remain competitive in the marketplace.

FINDING

CCS is in the process of implementing an upgrade to the TACS (Time and Attendance Collection System) system that will eliminate a majority of the paper that is currently inherent in the timekeeping and payroll system.

TACS currently interfaces with the CCS financial management software but today, the timekeeping process is paper intensive, with time sheets being printed and physically signed off on and moved from departments and campuses to the Finance Office for processing.



With the new upgrades that will be implemented in early 2018, employees can verify their time online, supervisors can electronically sign off on the time as entered, and electronically notify the Finance Office that the sheets are ready for processing. This is a major accomplishment for the CCS Finance Department.

COMMENDATION

The CCS Finance Department has recognized the need for a more streamlined process for timekeeping and payroll, and has taken action to implement an electronic solution.

FINDING

The district's current practice of paying local supplements to certain employee classifications as a percent of total salary rather than as a hard dollar amount is resulting in additional costs to the district when state-mandated salary increases occur. Supplements are a local expense, regardless of the fund from which the employee is paid.

Supplements are amounts paid above the state salary scale to attract and retain highly qualified staff by remaining competitive in the local marketplace, and are a local expense—regardless of the fund from which the employee is paid. In other words, if neighboring school districts are paying above the state salary scales, CCS must pay a competitive rate to attract and retain employees. Because the CCS supplements are expressed as a percent of base, the local supplements automatically increase as a percent of salary each time there is a change in the state salary scales.

Exhibit 2-25 provides a summary of the supplement amounts and expenses for the last four years.

**Exhibit 2-25
Local Supplements
FY 2013 through FY 2017**

Supplement Percent	Classification	2016-17	2015-16	2014-15	2013-14	% Change
Principals						
24%	HS/ EC	\$28,409.88	\$27,347.40	\$27,046.37	\$30,867.36	-8.0%
19%	Middle	\$25,252.26	\$21,818.68	\$21,541.06	\$23,458.92	7.6%
12%	Elementary	\$53,007.84	\$43,960.65	\$45,780.29	\$44,313.12	19.6%
Assistant Principals						
19%	HS/ EC	\$42,275.58	\$38,521.98	\$29,905.12	\$30,214.42	39.9%
12%	Middle	\$12,863.88	\$12,489.84	\$12,372.36	\$11,579.04	11.1%
9%	Elementary	\$18,625.86	\$19,599.80	\$19,847.07	\$13,302.36	40.0%
Other						
8%	Teachers	\$1,133,485.19	\$1,035,002.82	\$1,045,338.87	\$966,361.14	17.3%
4%	Admin	\$28,320.64	\$47,109.60	\$32,566.80	\$52,474.05	-46.0%
4%	Classified	\$153,344.91	\$156,290.80	\$152,632.71	\$129,763.57	18.2%
4%	Hourly	-	-	\$18,285.16	\$22,500.58	-100.0%
	Total	\$1,495,586.04	\$1,402,141.57	\$1,405,315.81	\$1,324,834.56	12.9%

Source: CCS Finance Office, December 2017.



The expenses shown in the chart do not include the additional cost of Social Security that is also paid out of local budgets. As can be seen, in 2013-14 and again in 2016-17, when the State’s base salary schedules increased, the CCS local budget had to absorb \$80,000 to \$90,000 in additional supplement costs.

Many school districts have hard dollar supplements that are not changed when the State changes the base salary schedules. For example, some districts will adopt a policy that states that all teachers will be paid \$2,000 above the state base. In some instances the supplement is banded based on experience ranges (i.e., 1-5 years = \$2,000; 6-10 years = \$3,000, etc.). A fixed dollar amount of supplements helps to stabilize the local budget while still ensuring that salaries remain competitive in the local marketplace.

RECOMMENDATION

Recommendation 2-11:

Replace the current system of paying supplements based on a percent of current salary with a system where supplements are expressed in terms of hard dollars.

During the conversion, it is important to establish supplements that are at or near the dollar amounts that the employees are currently receiving, but every effort should be made to keep the total costs during conversion at or near the total supplement budget as it exists today.

FISCAL IMPACT

Although the initial conversion should have virtually no cost or savings, CCS will realize significant savings in those years when state salary schedules are increased. Assuming that the State generally makes adjustments to the salary schedules every two to three years, past experience would indicate that a minimum of \$80,000 plus 7.65 percent for Social Security and Retirement (\$86,120) would be saved in those years—since hard dollar supplements would remain constant.

Recommendation	2018-19	2019-20	2020-21	2021-22	2022-23
Convert Supplements from Percentages to Hard Dollar Amounts	\$0	\$86,120	\$0	\$0	\$86,120

FINDING

There are 12 dual employees or employees that work part-time for two separate departments. Each of these positions work 40 hours between the two positions and receive full benefits.

The practice of employing dual employees helps to fill part-time positions in Child Nutrition, Transportation, and Maintenance (Custodians), reduces turnover, and makes recruitment less difficult since the employee is guaranteed 40 hours per week with full benefits.

The negatives of maintaining dual positions are as follows:

- Although the employee is only working part-time for a department, the position costs the department approximately 40 percent more than other part-time positions because the department must pay a portion of the cost for health insurance and retirement.
- Each department completes a timesheet for the employee, meaning that timekeeping and leave accounting require double effort.
- When an employee works more than 40 hours in total both departments are charged for a weighted portion of the employee’s overtime—despite the fact that the additional hours were needed by only one of the departments.
- Any additional hours worked in a week are considered overtime, whereas other part-time employees can be asked to work additional hours at their normal rate of pay.

While there are recruiting and retention reasons for having dual employees, it appears that the cost far outweighs the benefits in most instances.

RECOMMENDATION

Recommendation 2-12:

Phase out the use of dual employees.

Over the coming years, attempts should be made to place current dual employees in vacant full-time positions for which they are qualified, thereby opening up two part-time positions in the departments previously served. As vacancies occur in dual employment positions, the position should be replaced with part-time positions in each department previously served.

FISCAL IMPACT

Assuming that the salaries for the dual employment positions would continue after the positions are split into two part-time positions, there would be no appreciable change in salaries. The benefit savings would be approximately \$10,151 per employee per year based on \$4,282 for retirement (estimated annual salary of \$25,000 X 17.13 percent in FY 2018) and the current annual cost of health insurance of \$5,869. Further assuming that a minimum of three positions will be converted to part time each year, the savings in year one would be approximately \$30,454, year two would be double that amount, and so forth, with all positions being converted by year four.

Recommendation	2018-19	2019-20	2020-21	2021-22	2022-23
Phase Out the Use of Dual Employees	\$30,454	\$60,909	\$91,364	\$121,818	\$121,818



2.6 ASSET AND RISK MANAGEMENT

An effective asset and risk management program aims to control costs by ensuring that the district is adequately protected against all significant losses, and the property and equipment of the district properly accounted for and controlled.

Exhibit 2-26 provides a list of the insurance coverages maintained by Currituck County Schools.

Exhibit 2-26 Insurance Coverages and Costs

Type of Coverage	Provider	Annual Cost
Workers' Compensation	EMC Insurance	\$52,617
Flood (3 schools)	Southern Farm Bureau Life Ins.	\$4,130
School Property	North Carolina Department of Public Instruction	\$134,244
Volunteer Accident	NC School Board Association (Hartford)	\$400
General Liability/ Errors & Omissions	NC School Board Trust	\$11,209
Automobile Liability	Inland Marine EMC Insurance	\$19,062
Bus Garage	EMC Insurance	\$500
Students (All School and Athletics)	Athletic American Advantage	\$10,451
Finance Officer Bond	Surry Insurance	\$175
Public Employee Bond	Old Republic Surety Group	\$678
Health Insurance	NC State Health Plan/BCBS	\$2,585,468 (16/17 actual)
Free Employee Life	Colonial Group Term Life	\$3,021 (16/17 actual)
Work Based Learning	The Travelers Indemnity Co	\$96
Catastrophic Coverage for Student Athletes	NC High School Athletics Association	\$1,519

Source: CCS Finance Office, November 2017.

An examination of the policies showed that the coverages appeared to meet state requirements as appropriate, and sufficient to adequately protect the district from loss.

FINDING

The Technology Department maintains an inventory of computers and technology equipment—such as laptops, desktops, chrome books and almost any other technology throughout the district. The Technology Department receives the vast majority of technology-related purchases, places inventory stickers on the items, and immediately logs the computers or equipment into their inventory system. While most of the computers and other equipment do not meet the threshold of \$5,000 to be considered fixed assets, the Department has a need to maintain the inventory because they are responsible for maintaining and supporting the equipment. The Technology Department also needs this information as they must report the number of computers and related equipment to the state.



The Chief Information Officer (CIO) indicated that at the end of each year, and as breakages occur, items are identified for disposal. The Department collects surplus property at the technology center or at the Griggs facility. A vendor, Power House Recycling, picks up the items and gives the district a “certificate of secure disposal”—meaning that the company is responsible for “wiping” the memories of all data. In the past, efforts were made to donate surplus equipment to non-profits. However, the staff time required to wipe the memories of the equipment and prepare the equipment for donation exceeded the benefits of making the donations. In addition, when equipment did not work as intended, the Department was often called and asked to repair the equipment. Using an outside vendor significantly reduced the time and energy required to dispose of the goods.

The vendor pays or charges CCS for the items they pick up for recycling based on a price list—charges are for the disposal of very old or outdated equipment. In most cases, the CIO said the result is positive, with the district typically netting \$400 to \$500 from the vendor each time they retrieve equipment—which is usually once or twice a year.

COMMENDATION

The Technology Department has an asset tracking system and a process for the disposal of assets that insures that technology is cleaned and recycled.

FINDING

While CCS maintains an extensive list of fixed assets, the fixed asset monitoring process does not include an annual physical inventory.

Board policy defines fixed assets as:

...items of tangible property, both real and personal, having a value of \$5,000 or more and an estimated useful life of two years or more. Fixed assets are distinguishable from intangible property, such as money or securities, and consumable tangible property, such as office supplies.

Categories of assets include:

Land: Real property owned in fee simple, easements, rights-of-ways and leases and other interests in land.

Land Improvements: Permanent improvements (excluding buildings as defined in Section 3 below) that add value to the land or improve the use of land, such as sidewalks, parking lots, driveways, fences and drainage systems.

Buildings: Any permanent or portable, man-made structure owned by the board of education and used to house or shelter persons or property, including schools, offices, warehouses, garages, sheds and similar structures.



Equipment: Any portable, tangible personal property not permanently affixed to real property that is owned, leased or used by the school system, including such items as machinery, tools, furniture, computers and motor vehicles.

The assigned Finance staff member monitors all purchases for the district, and as new fixed assets are identified, she enters the new items into the fixed asset log. When she is notified that an asset is being disposed of, she removes the asset from the list. Annually, the staff member sends a list of fixed assets to the schools and departments, and asks them to make any necessary updates. No physical inventory is undertaken. This type of perpetual inventory system is generally accurate; however, errors can occur over time unless physical inventories are periodically taken.

While land, land improvements, and buildings are not generally subject to inventories, cyclical annual inventories of equipment—including machinery, tools, furniture, computers and motor vehicles—are done at the end of each fiscal year both as a control mechanism, and also as a method for assessing the condition of the equipment and replacement values for insurance purposes.

RECOMMENDATION

Recommendation 2-13:

Conduct a physical inventory of equipment at the end of each fiscal year.

A full inventory or a cyclical inventory, where the assets in targeted departments or schools are performed on a rotating basis, could provide a system of checks and balances for assessing asset conditions and identifying any errors, while reducing the demands on staff that come with such inventories.

FINDING

CCS rebid the Workers' Compensation insurance this year and chose a new company for the coming year. Although CCS has not had a formal risk management program, the previous provider had periodically provided safety training and occasionally performed inspections to assist the district in identifying potential safety hazards.

Finance staff stated that they had not yet contacted the new provider to determine what they might offer in terms of training, inspections, and setting up a more robust risk management structure in an effort to reduce the number of accidents and thereby the cost of coverage.

RECOMMENDATION

Recommendation 2-14:

Work with the new Workers' Compensation provider to establish a more robust risk management program to include a schedule of inspections and safety training sessions for staff and supervisors.



While savings may not be immediate, getting employees involved in safety awareness programs has proven a positive way to reduce the occurrence of accidents and control costs.

FINDING

While the Workers' Compensation coverage was rebid during the last year, Finance indicated that they do not have a schedule or timeline for the periodic rebidding or assessment of insurance needs.

Not only is this practice a tool for controlling insurance costs, but during the process, it gives the district an opportunity to reassess its needs and ensure that all properties—as well as assets such as furniture and equipment—are adequately covered.

RECOMMENDATION

Recommendation 2-15:

Rebid and/or reassess insurance coverages on a five-year rotating cycle.

Some of the coverages currently carried by CCS are through cooperatives or professional organizations, and therefore changing the provider may not be practical, but the need to periodically reassess the amount and type of coverage remains a viable need.

**CHAPTER 3:
REVIEW OF NON-FINANCIAL
MANAGEMENT AND OPERATIONS**



3.0 REVIEW OF NON-FINANCIAL MANAGEMENT AND OPERATIONS

This chapter reviews non-financial administrative and operational services in Currituck County Schools and is divided into the following six sections:

- 3.1 Central Office and School Administration
- 3.2 Transportation
- 3.3 Child Nutrition
- 3.4 Facilities
- 3.5 Technology
- 3.6 Communications with the County

3.1 CENTRAL OFFICE AND SCHOOL ADMINISTRATION

The heart of a school district is its overall organization and management. The health of the local education agency can be ascertained in a number of ways, including reviewing the organizational structure and its management. A school district functioning at a best practices level has these characteristics:

- defines itself as a system, and the organization’s stakeholders include its owners and staff, its suppliers, intermediate customers, the ultimate customers of the product or service, and the communities in which the organization operates;
- has a strong sensing system for receiving current information on all parts of the system and their interactions (system dynamics thinking);
- possesses a strong sense of purpose;
- operates in a “form follows function” mode—work determines the structures and mechanisms to do it and consequently it uses multiple structures, including formal pyramidal structures, horizontal structures and teams, project structures, and temporary structures as necessary;
- respects customer service both to outside customers and to others within the organization;
- is information driven and shares information across functions and organization levels;
- has communication systems which are relatively open throughout the organization;
- encourages and allows decisions to be made at the level closest to the customer, where all the necessary information is available;
- has reward systems that support team and individual development—managers, supervisors, and teams are appraised against both performance and improvement goals;



- operates in a learning mode and identifies learning points as part of the process of all decision making;
- makes explicit recognition for innovation and creativity, and has a high tolerance for different styles of thinking and for ambiguity;
- has policies which reflect respect for the tensions between work and family demands;
- keeps an explicit social agenda;
- gives sufficient attention to efficient work, quality, and safety awareness in operations, and identifying and managing change; and
- is generally guided by a strong manager employing a variety of work groups composed of individuals possessing appropriate skills and complementary traits.

3.1.1 Central Office Staffing

FINDING

The current organizational hierarchy of Currituck County Schools is strictly horizontal with all manager-level positions essentially reporting to the Superintendent. Interviews revealed that the structure is a product of the actions of a number of Superintendents in the past and has not been changed to a great extent, when compared to previous organizational charts provided to the Evergreen Team.

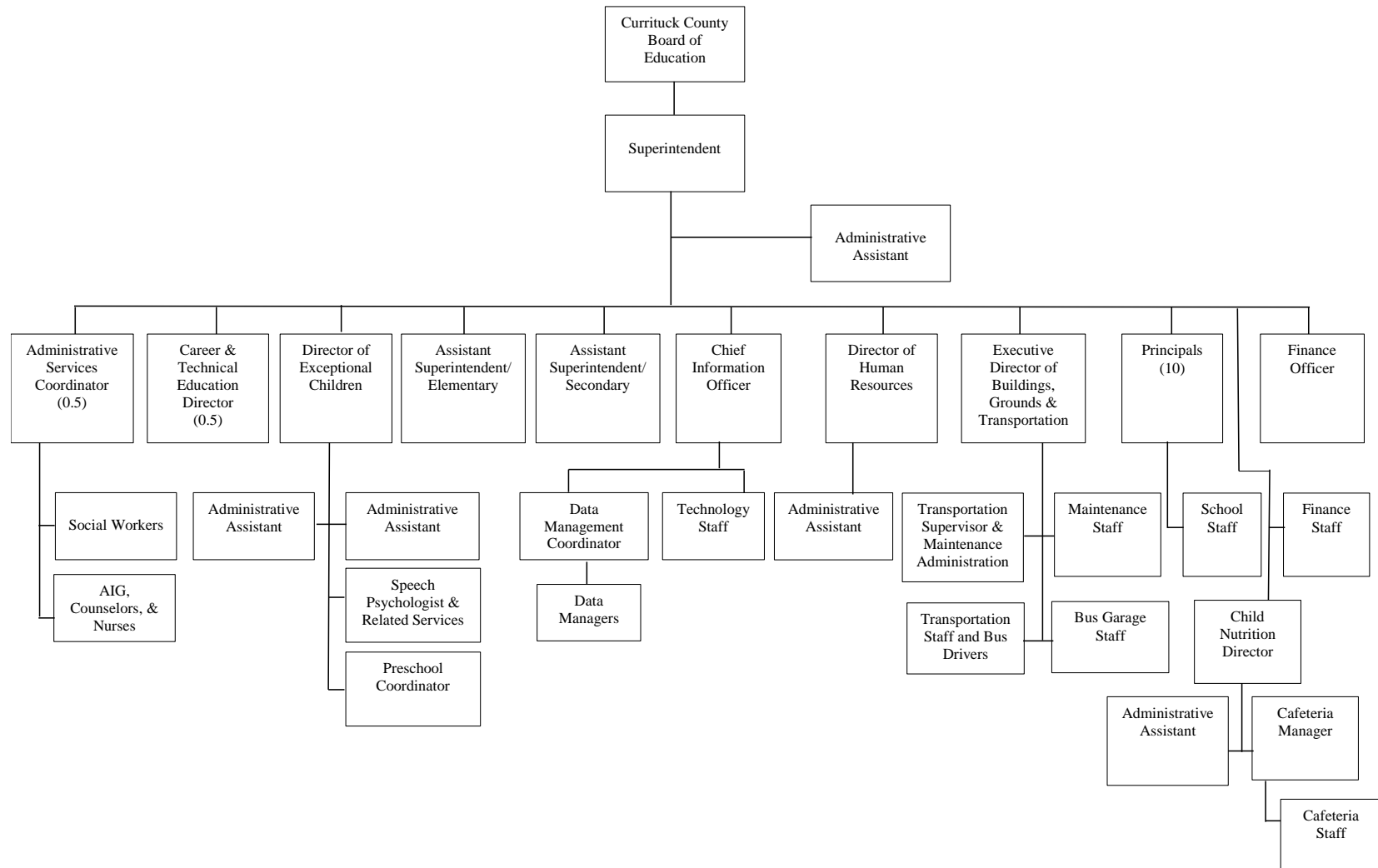
As shown, the Superintendent currently has 21 direct reports. This reporting structure includes all district administrators and principals. It also includes staff who, in other districts, would report to one of the other central office administrators. This span of control is too large for a CEO to be able to focus on key district responsibilities as well as Board and community relations. With this structure, there is no division of functions within the central office structure to facilitate coordination, communications, and planning.

Exhibit 3-1 shows the current high-level organizational structure for the CCS central office. For simplicity, support positions below the lead central office administrators are not shown. The 21 direct reports consist of:

- Assistant Superintendents (2)
- Executive Director (1)
- Directors (3.5)
- Chief Information Officer (1)
- Finance Officer (1)
- Coordinator (.5)
- Administrative Assistant (1)
- Principals (10)



Exhibit 3-1 Current Organizational Chart for Currituck County Schools



Source: CCS Superintendent's Office, 2017.



RECOMMENDATION

Recommendation 3-1:

Reduce the span of control of the Superintendent.

With the creation of the two administrative positions over elementary and secondary schools, the Superintendent should give these administrators direct supervision of principals and they should hold principals accountable for school performance.

FINDING

An examination of peer district central office staffing, shows that CCS is sufficiently at the central office.

Some titles do not reflect actual job responsibilities. And, some of the organization has resulted from the skills and talents of individuals, rather than a thoughtful approach to creating a structure that represents district needs.

Some job descriptions of CCS positions are not descriptive of actual roles. For example, the titles and responsibilities of the two new Assistant Superintendents do not reflect traditional roles performed by staff in these positions in other divisions. In fact, the major focus of these two positions is on curriculum/instruction and student performance—positions normally held by directors or executive directors in other school districts. In fact, Dare County Schools, a school district that CCS prefers to be compared to has no assistant superintendent positions.

Exhibit 3-2 shows a comparison of central office positions in CCS with the peer school districts. Evergreen cautions that comparing district positions by title can potentially not offer a true picture of comparison positions, although staffing numbers are informative. As can be seen in **Exhibit 3-2**, CCS has more senior administrators than the other two school districts when only senior administrators are included (i.e., directors are not in the senior administrator count).

**Exhibit 3-2
Central Office Staffing Comparisons
Currituck County Schools and Peer School Districts
2017-18 School Year**

School District	Assistant Superintendent	Executive Director/ CIO/CAO/ CFO	Director/ Coordinator	TOTAL Central Office Administrators	Student Enrollment	Students per Administrator
Currituck County Schools	2	3	4	9	4,055	450.56
Dare County Schools	0	4	10	14	5,100	364.29
Pasquotank County Schools	1	2	9	12	5,900	491.67

Source: Currituck County Schools <https://www.currituck.k12.nc.us/Page/3634>, 2017.

Source Dare County Schools (http://dare.ss4.sharpschool.com/contract_school/cenral_office_personnel), 2017.

Source: ECPPS (<http://www.ecpps.k12.nc.us/departments>), 2017.



Until Fall 2017, Currituck had one Assistant Superintendent. In 2017, that individual resigned and the Superintendent, with the Board’s approval, created two Assistant Superintendent positions. The job descriptions for these new positions are shown in **Exhibit 3-3**. When compared to **Exhibit 3-4**, which shows a typical assistant superintendent’s job description, the descriptions in CCS are clearly at a lower level. Also, between the two Assistant Superintendents, one position is for high schools (because of the experience of the person in the position as a high school principal) and the other is for PreK-8 (because of his expertise in middle schools).

Best practices in school district administration does not identify the need for two senior assistant superintendent positions in a school district of only 4,000 students. Moreover, the job descriptions of the two are much more inline and commensurable with the positions of Director of Elementary Education and Director of Secondary Education. Compounding the creation of the two positions is that two high-level administrative positions were recommended to and approved by the Board at a time when the School Board was asking the Board of County Commissioners for additional local resources. While the total allocation for these positions was only about \$10,000 each because of restructuring, the need for two assistant superintendents has not been substantiated.

The need for another top administrative position is questionable and has caused concerns among elected officials in the County.

RECOMMENDATION

Recommendation 3-2:

Reclassify the Assistant Superintendent positions as Directors.

The two Assistant Superintendent positions should be reclassified as director or executive director positions and focus on curriculum and instruction. Currently, one new assistant superintendent focuses on high school while the other assistant superintendents responsible for pre-K through Grade 8. With only one regular high school and one Early College School, it makes little sense for one senior administrator to be limited to the high school level only.

FISCAL IMPACT

The fiscal impact of this recommendation is minimal and no more than \$20,000 annually which is the combined increase given to both Assistant Superintendents.

Recommendation	2018-19	2019-20	2020-21	2021-22	2022-23
Reclassify the Assistant Superintendent Positions as Directors	\$20,000	\$20,000	\$20,000	\$20,000	\$20,000



Exhibit 3-3
Job Descriptions for the Assistant Superintendent Position
in Currituck County Schools

Assistant Superintendents for Instruction

The Assistant Superintendents for Instruction set the direction for curriculum and instruction in the district, monitor instructional plans, submit compliance requirements to the Department of Public Instruction and assist to allocate and supervise other funding. The Assistant Superintendents also assist in staffing the schools and departments, make transportation recommendations, and help to create the current expense budget.

The Assistant Superintendent is responsible for the following processes:

- Lead teaching and learning in grades K-12
- Facilitate curriculum mapping
- Represent the Instructional Services Department at all regional and state instructional meetings
- Lead and facilitate all Curriculum and Instruction meetings
- Monitor and facilitate the development of assessments K-12 (K-2 writing)
- Serve as the School Report Card contact
- Assign personnel allotments (teachers and teacher assistants) for all schools
- Conduct program evaluations
- Lead and facilitate all district sponsored professional development
- Develop and monitor Title I, DSSF, and other instructional plans for the Department of Public Instruction
- Monitor class size for the system in grades K-5
- Facilitate all remediation and tutoring programs throughout the district
- Monitor compliance with all Board of Education policy related to instruction
- Develop and recommend policy for the Board of Education based on research and current legislation
- Facilitate strategic planning and school improvement for the district and schools
- Assist to develop plans for redistricting when needed

Source: Office of the Superintendent, Currituck County Schools, 2017.



Exhibit 3-4
Excerpt from a Typical Assistant Superintendent
Job Description

JOB SUMMARY

Position is responsible for the supervision of school leaders, continuous improvement of schools and ensuring student achievement gains at the school level. Other important functions of this position include oversight of the delivery of an effective, innovative, equitable, instructional program and assurance that an optimum climate for learning exists in every assigned school. This position reports directly to the superintendent and serves as a senior member of staff.

DUTIES AND RESPONSIBILITIES

- Lead a rigorous school improvement process that results in improved student achievement
- Ensure the alignment between the division strategic plan and schools
- Work with school leaders to monitor school improvement and make adjustments and provide resources based on need
- Provide coaching for school leaders in the areas of school improvement planning, general administration of schools, and evaluation of teachers
- Evaluate the performance of assigned staff
- Support school leaders in implementation of school improvement initiatives that positively impact school culture, standards, assessment, and instruction
- Lead the implementation and integration of evidence-based instructional and leadership strategies to ensure the growth and success of all schools
- Allocate and monitor mentoring, coaching, and instructional resources to provide differentiated support to schools as needed
- Oversee school budgets and school staffing allocations
- Create a collaborative culture and establish effective communication channels between central office staff and school administrators
- Collaborate with central office instructional and student services staff to evaluate programs, services, and practices
- Collaborate with other senior staff to provide differentiated professional learning for school leaders and teachers
- Partner with Human Resources staff to provide support in recruiting, identifying, and promoting excellent teachers and administrators
- Establish and maintain clear, consistent communication channels with families and community partners to receive input and feedback on the effectiveness of schools and to resolve concerns
- Stay personally informed about current educational trends, practices, and proposed legislation that impact schools, and share important information with direct reports
- Inform the superintendent regularly of progress, changes, and concerns and as needed in special circumstances
- Models the WJCC Strategic Plan Values: Individualism, Integrity, Innovation, Accountability and Collaboration.
- Performs other duties as assigned.
-

Source: Williamsburg-James City County School Public Schools, 2017.



3.1.2 School Staffing

In order for a school district to fulfill its educational responsibilities to its students, parents, staff, and community, it must be properly staffed. Proper staffing means:

- providing sufficient personnel to enable the district to educate its students;
- ensuring that teachers and administrators have the capacity to meet the needs of all sectors of schools students and the individual needs of specific students;
- ensuring that administrators are strong instructional leaders who grow continuously in their jobs and foster growth in others;
- providing sufficient support staff to focus on the roles and responsibilities for which they were hired; and
- ensuring that staff is equitably distributed in the positions so all students are receiving similar levels of support for their educations.

An effective way of viewing the efficiency of a school district is by benchmarking total staffing ratios. The intent of an efficient school district is to provide as much direct classroom instruction to students as possible, while keeping the overall ratios of administrators to students within an acceptable range. The level of effectiveness in reaching this goal can be determined, in a large part, by comparing the percentages of total administrators and instructional staff in the system of interest to other peer school districts. A school district compares favorably by exhibiting a higher percentage of instructional staff and a lower percentage of administrative staff.

FINDING

Currituck County Schools is not adhering to best practices in assigning the number of assistant principals to schools. **Exhibit 3-5** shows a comparison of numbers and funding sources of CCS assistant principals with peer school districts. Of the 10 assistant principal positions assigned for the 2016-17 school year, as many as four are above best practices standards, and four are paid out of local funds.

Exhibit 3-5
Number of Assistant Principals in
Peer School Districts by Fund Source
2016-17 School Year*

School District	State	Federal	Local	Total
Currituck County Schools	6	0	4	10
Dare County Schools	5	0	5	10
Pasquotank County Schools	8	1	1	10

Source: North Carolina Department of Public Instruction, December 2017

*CCS indicated that the number of assistant principals was reduced in the current school year.



The above state data show that CCS has as many assistant principals as it peers, yet CCS has over 1,000 fewer students. School sizes in CCS range from 72 to 514 at the elementary level, 392 and 568 in middle schools, and 938 and 305 at the high schools.

Best practice staffing formulas for assistant principals generally include:

- **Elementary** – one assistant principal for membership over 300 to 350, and two assistant principals for an enrollment over 600 to 700 students.
- **Middle** – one assistant principal with a student population of less than 400 students, and one full-time additional assistant principal for each 600 students.
- **High** – two assistant principals with a student population of less than 1,000, three assistant principals with a student population of greater than 1,000, and four assistant principals with a student population of greater than 2,000.

Exhibit 3-6 shows the number of assistant principals and enrollment by school in Currituck County Schools as well as best practice standard.

Exhibit 3-6
Number of Assistant Principals and
Student Enrollment by School
2017-18 School Year

School	Student Enrollment (8/30/17)	Number of Assistant Principals	Students per Assistant Principal	Best Practice Number
Central Elementary	221	0	221	0
Currituck County High	938	3	312.7	2
Currituck County Middle	392	.5	392	1
Griggs Elementary	270	.5	135	0
J P Knapp	305*	1	305	0
Jarvisburg Elementary	251	.5	125.5	0
Knotts Island Elementary	72	0	--	0
Moyock Elementary	514	1	514	1
Moyock Middle	568	1	568	1
Shawboro Elementary	524	1	524	1
Total	4,055	8.5	405.5	6

Source: Currituck County Schools, Technology Office, 2017.

*Students on college campus for much of the day.

RECOMMENDATION

Recommendation 3-3:

Eliminate 2.5 assistant principals, create a best practices staffing formula for CCS at the school level, and include this formula in the district's staffing plan.

The implementation of this recommendation will result in a net decrease of 2.5 assistant principals.



FISCAL IMPACT

The average salary of an assistant principal is calculated at \$67,140 plus 13 percent in local supplement without benefits. Adding 36 percent benefits to the salary equals \$103,180. The decrease of 2.5 assistant principals would total about \$257,952 annually. The recommendation should be implemented in Fall 2018.

Recommendation	2018-19	2019-20	2020-21	2021-22	2022-23
Eliminate 2.5 Assistant Principals	\$257,952	\$257,952	\$257,952	\$257,952	\$257,952

3.1.3 Strategic Planning

Strategic planning is a proactive process of identifying the critical issues that a school district must address to efficiently continue providing value. A good strategic plan serves as a map for the Board, senior leaders, and staff to guide direct business actions towards meeting district goals. In addition, such a plan moves a district from a reactionary mode to a proactive operating mode by establishing and linking goals, strategies, performance measures, and action plans to the budget. School districts that link these elements through the planning process realize high success rates in achieving identified goals.

A strong Strategic Plan addresses four general questions:

- Where is the school district now?
- Where does the school district want to be?
- How is the school district going to get there?
- How will the school district measure progress and success?

A strategic plan can act as a filter through which a school district can view its decision-making process; every decision can be weighed against its impact on or correlation to the district's strategic plan. Without a strategic plan, or with a strategic plan that is not supported, district goals may not be met, various projects may go unfinished, and certain functions may lack input from stakeholders.

Having a strategic plan makes a school district less reliant upon any one individual. If the strategic plan is done properly, board members, superintendents, principals, and other staff members may come and go but the plan for the district remains viable. Not only is the district still able to function when individuals leave, it should be able to continue making advancements toward goal achievement.

An overview of critical elements of a strategic planning process is outlined in **Exhibit 3-7**.

FINDING

District staff provided Evergreen a copy of a three-year strategic plan for Currituck County Schools that was dated 2016-19. This plan is the initiative of the current Superintendent.



**Exhibit 3-7
Overview of the Strategic Planning Process**

Area of Review	Component of the Plan	Specific Focus of the Review
<i>Where are we now?</i>	Internal/External Assessment	<ul style="list-style-type: none"> • Situation Inventory/Environmental Scan • Customer Analysis • Quality Assessment and Benchmarking • Strategic Issues
	Mission	<ul style="list-style-type: none"> • Broad Comprehensive Statement of the School District's Purpose • Core values and Actions to Achieve Mission • Employees and Management Involvement
<i>Where do we want to be?</i>	Vision	<ul style="list-style-type: none"> • Identifies the School District's Uniqueness when combined with the Mission and Principles • A Compelling Image of the Desired Future
	Goals and Objectives	<ul style="list-style-type: none"> • The Desired Result After Three or More Years • Specific and Measurable Targets for Accomplishment • Leads to Quality Initiatives, Goals, and Objectives
<i>How do we get there?</i>	Action Plan	<ul style="list-style-type: none"> • Activities to Accomplish Goals and Objectives • Detailed Action Plans • Leads to Resource Allocation
<i>How do we measure our progress?</i>	Performance Measures	<ul style="list-style-type: none"> • Ensures Accountability and Continuous Improvement-linked to Performance Targets
	Monitoring and Tracking	<ul style="list-style-type: none"> • Methods to Measure Results • Systems to Monitor Progress • Compilation of Management Information • Maintains Plan on Track Toward Goals

Source: Created by Evergreen Solutions, 2014.



Initiatives and measurable goals set for 2016-17 are shown in **Exhibit 3-8**.

COMMENDATION

Currituck County Schools is commended for its compressive strategic plan.

FINDING

District staff were unclear as to whether the goals set for 2016-17 were either achieved or had been measured; moreover, examples were not provided to the Evergreen Consultant Team. Testimony was not clear regarding how embedded the strategic plan was in the operations and guidance of the school district.

The National Association for School Boards (NSBA) Strategic Planning Toolkit states that, once a district has a mission and vision in place, it should “conduct an environmental scan.” The purpose of the scan is “to collect data to answer questions about the present and future of the school district:

- An environmental scan develops a common perception.
- An environmental scan identifies strengths, weaknesses, trends and conditions.
- An environmental scan draws on internal and external information.
- An environmental scan is a key ongoing process for internal and external honesty and openness to changing conditions.”

Tools the NSBA cites for use in scanning the environment and soliciting public input include:

- surveys;
- questionnaires;
- focus groups; and
- open forums.

NSBA further states that using the tools of politics, marketing and communications, education reformers can build the public support needed to sustain their efforts to improve public education. These tools include:

- polls and focus groups to listen to the public—the customer;
- brochures, newsletters, videos, radio and TV spots, web-pages and other mechanisms to publicize messages;
- community organizations for involving parents and other community members;
- public relations and media relations (though districts often mistake these relatively limited tools as the whole tool kit);
- strategic planning—to ensure all activities work well together and support priorities; and
- constant measurement and feedback to make sure your efforts are getting results.



Exhibit 3-8

Measurable Initiatives in the Currituck County Schools Strategic Plan

Initiative 1: Implement MTSS processes for defining and delivering effective core instruction, analyzing common assessment data to provide differentiated instructional opportunities and problem solving for interventions needed for student's academic and behavioral success.

- *Reduce the number of data points falling below the 60 percent mark (collected from district and school accountability results) by 80%; with no data points falling below 50 percent.*
- *School performance on achievement and growth components of the school performance grade will increase by 5-8 percent.*

Initiative 2: Strengthen teacher effectiveness through high quality professional development opportunities and provide sustained support in implementing teaching/learning strategies aligned with district goals.

- *Teachers will apply knowledge gained through professional development offerings into classroom instruction, as evidenced through the teacher evaluation process (professional growth plan) and NCEES instrument.*
- *All school level PLCs will develop and implement plans detailing instructional strategies to address needs identified through the data analysis process, evaluating plans throughout the year and modifying strategies as part of a continuous improvement cycle.*
- *Increase the number of AIG certified/locally endorsed teachers by 10 percent.*
- *Increase the number of Nationally Board Certified Teachers by 5 percent.*
- *School performance on achievement and growth components of the school performance grade will increase by 5-8 percent.*

Initiative 3: Align and allocate resources to goals and needs based on data. Effective school districts ensure that the necessary resources, including time, money, personnel and materials are allocated and aligned to accomplish the district's goals. Once these resources are allocated, their use is monitored and evaluated to determine their impact on student achievement.

- *Evaluate all resources (fiscal, time, personnel) based on data, to include team meetings to review programs, products, or positions as opening occur throughout the year.*
- *Evaluate budget savings and reallocate resources to support goals as changes occur in the current budget cycle.*
- *Conduct internal audits to reduce the financial processing errors.*
- *Investigate and implement processes and/or tools to reduce local expenses (school nutrition charges).*
- *School performance on achievement and growth components of the school performance grade will increase by 5-8 percent.*



As a means of building public confidence, NSBA advises that, in reaching out to the surrounding community for help in planning the future directions of the district, a school district should “do three things:

- connect with all community members;
- gather community perceptions about district issues; and
- use collected data to reexamine their long-term goals and strategic plans.”

In Strategic Planning: ERIC Digest Series No. EA 41, David Peterson states:

Authorities agree that everyone concerned with public education should participate in the planning process....A variety of formats encourages a variety of groups to take part. Board members might participate in the planning during a retreat, teachers during an in-service day, and students through a congress (Thomas E. Hart, author of Long-Range Planning: School Districts Prepare For the Future).

The general public can articulate its concerns through public meetings and surveys. Some districts insist that community members constitute the majority of their planning committees to keep educators from dominating the planning process. Yet, as the American Association for School Administrators points out: "Educators have responsibility to lead the community toward desirable educational goals, not just to cater completely to community desires."

William J. Cook, author of *Bill Cook's Strategic Planning for America's Schools*, asserts that “the planning team should consist of one-third to one-half administrators, with its remaining members drawn from a broad section of the school community.”

Regular, formal solicitation of input from all stakeholders, including community representatives and district employees, into the strategic planning process serves numerous potential benefits to a school district. People in varied roles in the schools and the community have different perspectives on district decisions, priorities, and needs. They also abide in varied positions to be able to assess the impact of decisions and district priorities, providing the district a broader and richer variety of perspectives from which to identify and refine annual and long-range goals. When people in the community are involved in decision making and have their thoughts sought, they better understand factors impacting district needs and decisions. These stakeholders then become ambassadors to others in the community, broadening the segment of the community who are well-informed of district needs and challenges. That communication role they play serves to create a greater sense of commitment to the district school system. When the public better understands decisions, needs and challenges, there is greater support for education, in general, and local schools, specifically. This translates into heightened public support for levies the schools seek.

In order to ensure that the district’s organizational structure is well-aligned with its identified goals and objectives, annual strategic plan updates should include organizational effectiveness. In that way, district human resources are deployed so that it is appropriately staffed and tasked to efficiently and effectively address and achieve district goals. In that way, the district’s organizational structure has no overlaps, and divides responsibility and workloads equitably with balanced spans of control.



RECOMMENDATION

Recommendation 3-4:

Revitalize the CCS Strategic Plan and develop ongoing processes for monitoring the district's progress in achieving the plan's goals and objectives.

The Superintendent should form a districtwide committee to examine the existing plan and develop a structure and plan to update it. The renewed process should be inclusive with community representatives and a cross-section of central office and school staff members. Progress and involvement should be regularly reported on the district's website as planning moves forward.

This process would verify a continuous focus on priorities and funding related to student achievement. This action is especially needed since the District is asking for additional resources from the Currituck County. Currently, the data on the District's website are outdated—as 2014-15 data are included on its website—well before the creation of the current strategic plan.

FINDING

As in many other school districts, Evergreen found no evidence of systematic program or process evaluation to ensure that the programs and practices being used in CCS are those that have been deemed most effective. Nor does CCS uniformly use data analysis as a component of its decision-making processes to sharpen its focus on activities and programs that are most likely to improve student performance. The district does have Board Policy #3140 that reflects recognition of the important role program evaluation plays in continuous improvement and the variety of sources to inform decisions (see **Exhibit 3-9**). Although many staff members reported the use of data, it was varied and clearly not a districtwide, classroom-deep practice.

While CCS practices reflect awareness of the importance of data in thoughtfully improving teaching and learning, testimony regarding the use of evaluation as a basis for decision making about programs and processes revealed that CCS resources are not routinely used to provide leaders evaluative information they can use to make decisions about the effectiveness of programs or procedures.

Research and program evaluation are critical to creating high-performance schools, and a central office organized by principles of high-performance management. One aspect of evaluation is the need to identify the match between programs being considered for CCS students and their academic needs and demographics. Additionally, just as the district uses formative data for instructional purposes, the programs CCS uses should have formative evaluations conducted to determine the need for change and refine strategies for effectiveness. Without having a system of identifying programs to be regularly evaluated, CCS puts itself in the position of funding programs that are not meeting the intent behind their adoption and/or spending time and dollars on ineffective programs. This may prevent the district from implementing programs that are proven effective specifically for CCS students. Use of an ongoing systemic means of continuous program improvement keeps many factors that affect student



Exhibit 3-9 Evaluation of Instructional Programs

Policy Code: 3140 Evaluation of Instructional Programs

The Currituck County Board of Education recognizes the importance of having a systematic process for evaluating instructional programs. An evaluation process should identify any need for modifications to the instructional program in order to meet the educational goals of the board and state standards for student achievement.

An effective evaluation process should focus on the educational process as well as the outcomes of instructional programs by including techniques such as the following:

1. testing programs, such as nationally standardized general achievement tests, national standardized tests and criteria reference tests in specific subject areas, and tests administered by other agencies;
2. observations, surveys, interviews, anthologies and portfolios;
3. student records, including school achievement records and dropout records of students;
4. periodic surveys of staff, parents, students and community members; and
5. review by outside professionals such as U.S. Department of Education specialists and specialists from other agencies.

The superintendent is responsible for ensuring that periodic evaluations are taking place and for reporting the results with recommendations to the board of education. Any student surveys used for evaluating the programs must be approved in advance by the superintendent. Instructional programs also may be evaluated and changes implemented as a part of a school's improvement plan, so long as the school continues to comply with all related board policies. The board encourages professional development for teachers and administrators so that changes in the instructional program may be implemented as effectively as possible.

Legal References: [G.S. 115C-36](#), [-47](#), [-276](#)

Cross References: Goals and Objectives of the Educational Program (policy [3000](#)), Testing and Assessment Program (policy [3410](#)), School Improvement Plan (policy [3430](#))

Adopted: February 8, 2012

Source: Currituck County Board of Education Policy Manual, 2017.



achievement at the forefront of staff’s minds, and focuses resources and training in areas where they are most needed. An ongoing evaluation program would guide the district in choosing, keeping, revising, or eliminating programs that are proven effective for its students.

Currituck County Schools is not alone in having little systematic program or process evaluation to ensure that the programs and practices being used are those that have been deemed most effective. Just as with its strategic plan, analysis of readily available data sources could shed light on the effectiveness of program elements, but are not routinely tracked for making determinations that could guide modifications. The purpose behind a comprehensive evaluation of all aspects of a program is to glean quantitative, qualitative and anecdotal information to inform decisions about additions, deletions, or revisions to the program, as well as about the effectiveness of the program as a whole and its individual elements. Such information is essential to aligning scarce district resources (including local resources) with effective practices.

RECOMMENDATION

Recommendation 3-5:

Make program evaluation a core underpinning of CCS actions and determination of program effectiveness.

Embedding program and process evaluation into the CCS way of work is essential for continually improving teaching and learning. To implement this recommendation, Currituck County Schools should identify one or two programs that appear to be effective, evaluate them, identify factors that were likely or can be proven to have led to that effectiveness, and put strategies and monitoring in place to replicate.

3.2 TRANSPORTATION

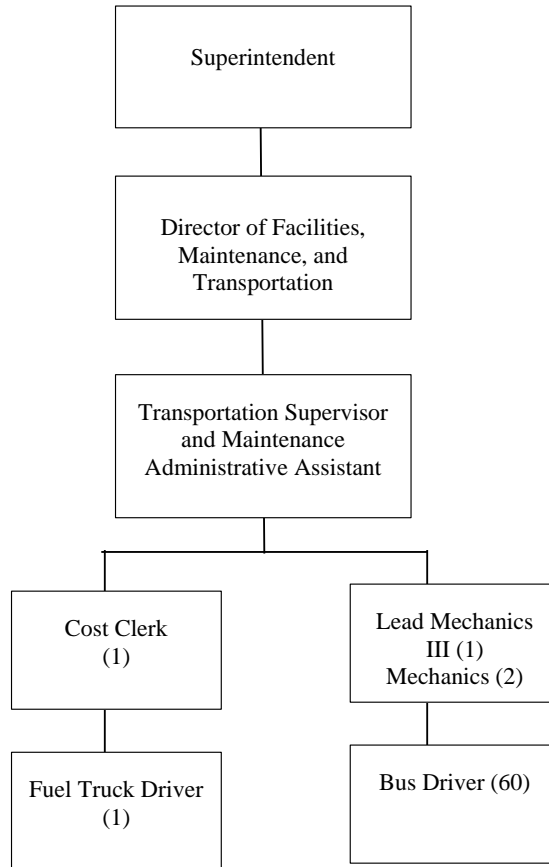
Transportation is a vital support service that demands sound management due to the large capital investment in bus fleets and annual expenditures required for maintenance and operation. The goal of any school transportation operation is to timely transport students safely to and from school and other school-related activities. Although numerous state regulations govern transportation services, school districts have the flexibility of establishing procedures that can enhance operations such as setting bell schedules, designing efficient routes, and establishing sound maintenance procedures.

School bus transportation in North Carolina is a function of the local education agency (LEA). The board of education in each county or city school system is responsible for most of the policies associated with a child’s school bus ride to and from school. Local boards of education develop, implement, and enforce most of these policies. North Carolina General Statutes regarding school transportation are found in Article 17 of Chapter 115C, Sections 239-262.

CCS operates a decentralized transportation system—a central coordination office and campus-based coordinators and drivers. A central organization coordinates and performs all fleet management functions, establishes routes, and maintains all records and reports required by the state. The structure of the Transportation Department is shown in **Exhibit 3-10**.



**Exhibit 3-10
CCS Transportation Department
Organizational Chart
2017-18 School Year**



Source: Currituck County Transportation Director, November, 2017.

CCS procedurally requires that teacher assistants and custodial staff be certified to drive a bus. Therefore, some schools have teacher assistants, cafeteria workers, and custodial staff that can drive a bus; however, not all of these individuals are assigned to regularly drive a bus. On most campuses, there are individuals who are assigned to drive a morning and/or afternoon route, while others may be designated as substitutes or drivers for field trips and other extracurricular events.

Assistant principals at each campus typically serve as the school’s Transportation Coordinator. Their primary responsibilities are to address student discipline issues; parent complaints; and work closely with the Transportation Department on routes, bus needs, and adding or deleting student riders from the system.

Exhibit 3-11 shows the list of buses, drivers, and transportation coordinators by campus or other location. As shown, there are less drivers than buses, as different drivers may be used to drive morning and afternoon runs.



Exhibit 3-11
Campus-based Buses, Drivers, and Coordinators

Campus/Location	Number of Buses at Location	Number of Buses Used to Complete the Bus Runs for that School	Number of Drivers	Number of Transportation Coordinators
Central Elementary	0 buses	4 Buses	4 Drivers	1 Principal
Currituck County High	0 School Buses 3 Activity Buses	19 Buses	19 Drivers	1 Assistant Principal
Currituck County Middle	3 School Buses	11 Buses	11 Drivers	1 Assistant Principal
Jarvisburg Elementary	7 School Buses 1 Spare Bus	4 Buses	4 Drivers	1 Assistant Principal
Shawboro Elementary	6 School Buses	7 Buses	7 Drivers	1 Assistant Principal
JP Knapp Early College	8 School Buses	17 Buses	17 Drivers	1 Principal
Knott Island Elementary	3 School Buses 1 Spare Bus	1 Bus	1 Driver	1 Principal
Moyock Elementary	4 School Buses 1 Spare Bus	7 Buses	7 Drivers	1 Assistant Principal
Moyock Middle School	8 School Buses 1 Activity Bus	14 Buses	14 Drivers	1 Assistant Principal
Griggs Elementary	5 School Buses	5 Buses	5 Drivers	1 Assistant Principal
Bus Barn	3 - Spare buses 6 - Activity buses			
Total	*10 Activity Buses 44 School Buses 6 Spare Buses	89 Bus Routes	47**	N/A

Source: Currituck County Transportation Department, November 2017.

* These totals are the actual number of buses on the road.

** There are only 47 school bus drivers total and the reason why there is 47 instead of 44 is because 3 buses have 1 driver for the AM and another for the PM.

Activity buses are locally-purchased and owned, but the State allows each LEA to have a spare regular bus inventory equal to 10 percent of the total fleet of regular buses. During the summer months, all buses are parked at the Bus Barn where they are thoroughly cleaned and repaired/refurbished, as necessary, so that buses are ready for the next school year.

The Transportation Information Management System (TIMS), a systems initiative of the North Carolina Department of Public Instruction, provides an LEA with a digital, geographic planning tool for student transportation. TIMS features important optimization tools that can be used to improve the efficiency of transportation services. The use of TIMS (or another approved system) is required of all LEAs by G.S. 115C-240(d).

In addition to the benefit derived from the optimization tools, the uniform use of TIMS makes possible the production of district and statewide data. Reports containing operational data for all LEAs have been disseminated since fiscal year 1992. There have been changes in the reports over time. **Exhibit 3-12** provides a compilation of the available data for years 2014 through 2017.



Exhibit 3-12
TIMS Service Indicators
State Average and Currituck County Schools
FY 2014 and 2017

Category	2013-14	2014-15	2015-16	2016-17
Average Student Ride Time, AM (Minutes)				
State Average	23	23	24	24
Currituck County Schools	45	38-	36-	37+
Average Distance to School, Riders (Miles)				
State Average	4.27-	4.31	4.30-	4.27
Currituck County Schools	7.89-	8.04	7.90-	7.41-
Average Distance to School, All Students (Miles)				
State Average	4.38	4.35-	4.25-	4.31
Currituck County Schools	8.08	8.10	8.14	7.55-
Average of Longest 5% of Student Ride Times (Minutes)				
State Average	66	68	79	87
Currituck County Schools	120+	103-	98-	99+
Average Distance for Longest 5% of Ride Times (Miles)				
State Average	8.15	8.3-	8.83	8.81
Currituck County Schools	15.37-	16.64	15.18-	12.81-
Average of Student-to-Stop Distances < 1 Mile (Feet)				
State Average	487-	474-	478	432-
Currituck County Schools	267-	256-	253-	241-
% of Stop Distances > .5 & < 1 Mile				
State Average	1.25-	1.27	1.18-	.67-
Currituck County Schools	.73+	.58	.59	.11-
% of Stop Distances < 1 Mile = 0				
State Average	27.20	27.73	28	33.6
Currituck County Schools	52.34+	55.63-	57.57	55.64
Earliest Morning Pickup Time				
State Average	5:46 AM	5:48 AM	5:43 AM	5:27 AM
Currituck County Schools	4:42 AM	5:40 AM	5:36 AM	5:27 AM
Arrival Time				
State Average	n/a	n/a	n/a	n/a
Currituck County Schools	8:42 AM	7:48 AM	7:30 AM	8:30 AM
Operations Choices Affecting Service				
State Average	7:45 AM	8:30 AM	7:39 AM	7:40 AM
Currituck County Schools	7:30 AM	8:00 AM	8:00 AM	8:00 AM
School Start Times (Last)				
State Average	8:30 AM	8:30 AM	8:33 AM	8:33 AM
Currituck County Schools	8:30 AM	9:00 AM	9:00 AM	9:00 AM
Range of School Start Times (Minutes)				
State Average	55	53-	54	52-
Currituck County Schools	60	60	60	60
Average Number of Runs per Rte, PM				
State Average	1.73	1.73	1.43-	1.45+
Currituck County Schools	1.32-	1.30-	1.36	1.31-
Percentage of Routes with More than One Run, PM				
State Average	50.07+	51.17	34.0-	34.0
Currituck County Schools	31.91-	30.43-	36.0	31.0-

Source: Transportation Service Indicators Reports, 2013-14, 2014-15, 2015-16, 2016-17

*For Earliest Morning Pickup Time and Arrival Time, the statewide values are the median.



The state website also provides pupil transportation data, which are compiled from the State Public School Fund, the Federal Grant Fund, the Annual Financial Report, and the Division of School Support records. **Exhibit 3-13** provides a comparison of transportation data compiled for CCS and its peers using the latest available data from the State. It should be noted that items, such as contract transportation that are allocated directly to each LEA, are excluded from the proration. Costs of bus replacement are included in transportation figures.

Exhibit 3-13
Comparison of District Transportation Data
2015-16 School Year

School District	Buses	Pupils	Miles	Cost	Cost Per Bus	Cost Per Pupil	Cost Per Mile
Currituck	45	2,240	858,518	\$1,672,075	\$37,157.22	\$746.46	\$1.95
Dare	40	1,948	365,998	\$1,121,722	\$28,043.05	\$575.71	\$3.06
Pasquotank	69	3,292	787,231	\$1,899,048	\$27,522.43	\$576.87	\$2.41
Average	51	2,493	670,582	\$1,564,282	\$30,907.7	\$633.01	\$2.47

Source: Public Schools of North Carolina, Department of Public Instruction
(http://www.ncpublicschools.org/docs/fbs/resources/data/statisticalprofile/2016_profile.pdf), 2017.

As shown, CCS is below the peer average for buses and pupils transported. **Exhibit 3-14** shows the same information, but is spread to show the CCS performance trends.

Exhibit 3-14
Student Transportation Statistics for Currituck County Schools
2013-14 through 2016-17 School Years

Category	2013-14	2014-15	2015-16	Change 2015 to 2016
Buses	46	47	45	2
Pupils	2,289	2,347	2,240	369
Miles	859,097	925,100	858,518	142,253
Cost	\$2,231,132	\$2,410,459	\$1,672,075	\$722,686
Cost Per Bus	48,522.86	\$51,286.37	\$37,157.22	\$7,863.37
Cost Per Pupil	\$974.72	\$1,027	\$746.46	\$169.25
Cost Per Mile	\$2.60	\$2.61	\$1.95	\$0.63

Source: North Carolina Department of Public Instruction, Statistical Profiles, 2013-14 through 2015-16 School Years (<http://apps.schools.nc.gov/pls/apex/f?p=1:45:3316734451223581::NO:::>)

As shown, the total number of buses decreased by two when comparing 2014-15 to 2015-16. Since 2008, however, the fleet has grown to 60 buses.

FINDING

The CCS Transportation Department is responsible for performing all fleet maintenance for a total of over 100 school buses, vehicles, mowers, and other mechanical equipment. The main building on the Transportation lot—referred to as the Bus Barn—houses the administrative offices, a small parts room, and two bays where buses are serviced.



In addition to performing standard maintenance, the Transportation Department has received authorization to perform warranty repairs on buses purchased from Carolina Thomas and Whites International. Without this authorization, the buses would have to be driven to Greensboro, Highpoint, Fayetteville, or parts of Virginia, which would be costly in terms of fuel, and would take the buses out of service for longer periods.

CCS has fleet management software (BSIP) that tracks all vehicles and other equipment. Vehicles are serviced based on miles, and other equipment is serviced based on hours of use.

For school buses, the odometer readings are used to trigger preventive maintenance work. Typically, a mechanic will drive to the school and pick up the bus after the last morning run, perform the preventive maintenance, and return the bus to the school in time for the afternoon runs. If more time is needed, a spare bus is traded and returned when the preventive maintenance is complete. When performing preventive maintenance, the mechanic uses a check list to record what was done for each vehicle and the parts used, and then signs off on the work. This information is given to the Cost Clerk who records the information for both maintenance and inventory purposes.

For other vehicles and equipment, the director or a staff member monitors the odometer readings or hours since the last service, and calls the school or department to let them know that preventive maintenance is due. A time is scheduled for the school or department to drop off the vehicle or equipment. The work is typically completed within one day, and the vehicle or equipment is picked up when the work is complete.

Mechanics rotate being on-call after hours to respond to calls related to extracurricular buses that may require service. These individuals are not paid extra for responding to these calls, but instead stagger their hours so that they are available to respond and are given time off for time worked, as appropriate. According to the Transportation Director, staff understands that keeping the children safe and the buses running is their job, and they are proud of their contribution to the overall program.

The State requires every bus to be inspected every 30 days by a certified inspector. Two people can do the inspection, but at least one of them must be certified. To become certified to inspect, there is classroom time and testing. Today, three CCS mechanics are certified to inspect buses.

The Transportation Department's process of providing in-house warranty repairs on buses not only saves wear and tear on the vehicles, it generates savings in fuel, tires and repair, and provides a more efficient use of staff time.

COMMENDATION

The CCS initiative to secure authorization to perform warranty repair on buses represents a cost saving to the district.



FINDING

The CCS bell time schedules and related policy decisions do not allow for optimizing use of buses to run multiple routes, and consequently the district is not receiving the maximum amount of available state funding.

School bus transportation in CCS is funded through a combination of federal, state, and local funds. State law requires the County to fund the bus maintenance garage and the equipment it contains. The vast majority of transportation funds come from the State. The North Carolina Department of Instruction (NCDPI) administers an allotment each year to the school districts in the State for the operation of student transportation programs. NCDPI also pays for replacement buses when route school buses reach age (20 years) or mileage limits (200,000).

The funding process used by NCDPI assigns each school district an efficiency rating. This rating is then translated to a budget formula used to determine the transportation allotment. Ratings include:

- **Budget Rating 1 – Simulator Rating:** This rating is based on transportation expenditures and buses operated, as well as students transported. These data are calculated for each North Carolina school district using the NCDPI operational simulation formula.
- **Budget Rating 2 – Model Run:** NCDPI determines this measure by comparing each county with all other counties in terms of cost and buses per adjusted student. This factor focuses on the efficiency of transportation operations in relation to all other school districts in the State.

To determine each school district’s cost efficiency and bus efficiency ratings, each school district is compared to the minimum statewide cost per student and the minimum statewide buses per 100 students. Ratings are developed with adjustments for differences in environmental characteristics including:

- student population density;
- median family income;
- average distance to school;
- average number of seats per bus;
- percent of special education students transported;
- roadway density; and
- circuitry, which is a measure of how well streets are connected.

Once each school district has been assigned its efficiency ratings, a buffer amount of 10 percent is added— not to exceed 100 percent. This buffer is designed to account for any undetected flaws in the system. Achieving anything less than a 100 percent budget rating is essentially “leaving money on the table,” and using local funds to supplement—because state transportation funding is reduced for efficiency scores of less than 100 percent.

Exhibit 3-15 provides a side-by-side comparison of the state funding for the last two school years.



Exhibit 3-15
Currituck County Schools Transportation Funding
2014-15 to 2016-17 School Years

Category	2014-15	2015-16	2016-17	Change from 2015 to 2017	% Change from FY 2015 to FY 2017
LEA Funding DATA - (City/county Separated)					
Base Data:					
(1a) Eligible State Expenditures:	\$1,545,488	\$1,620,426	\$1,623,038	\$77,550	5.0%
(1b) Eligible Local Expenditures. Allowing for total increased expenditures corresponding to growth in ADM and legislated increases plus an additional amount up to \$300,000.	\$116,324	\$54,838	\$11,707	-\$104,617	-89.9%
(1) Total Eligible Expenditures (1a +1b)	\$1,661,812	\$1,675,264	\$1,634,745	-\$27,067	-1.6%
(2) Total Number of Buses	46	47	45	-\$1	-2.2%
(3) September Student Count	2,289	2,347	2,240	-\$49	-2.1%
(4) Budget Rating 1 (existing formula, simulator)	91.86%	100%	94.85%		
(5) Transportation Simulator Funding (1) x (4)	\$1,526,541	\$1,675,264	\$1,550,556	\$24,015	1.6%
(6) Budget Rating 2 (Model Rating)	100%	97.74%	95.20%		
(7) Model Run Funding (1) x (6)	\$1,661,812	\$1,637,403	\$1,556,277	-\$105,535	-6.4%
(8) GREATER OF - BASE FUNDING FOR YEAR	\$1,661,812	\$1,675,264	\$1,556,277	-\$105,535	-6.4%
(9) Growth Adjustment (Based on ADM growth) (Allotted Growth Increase 15-16 .28%; 16-17 2.56%)	\$0	\$4,691	\$39,841	\$39,841	100.0%
(10) Legislative Adjustments					
Increase - Retirement	\$3,256	\$755	\$5,789	\$2,533	77.8%
Increase - Hospitalization	\$2,375	\$2,374	\$0.00	-\$2,375	-100.0%
Increase - Salary Increase	\$27,989		\$16,470	-\$11,519	-41.2%
(11) Fuel Reduction -Appropriation for Fuel (a) REDUCTION - Decrease (3.13/gal. for 2013-2014 adjusted down to 10/31/2014 actual \$2.87)	(\$33,586)	(\$57,009)	\$32,449	\$66,035	-196.6%
(12) Legislative Reduction	1% across the board-included in fuel reduction above	\$25 million Statewide	n/a	n/a	n/a
Total Funding for Year (8)+(9)+(10)+(11)+(12)	\$1,661,846	\$1,626,074	\$1,650,826	-\$11,020	-0.7%
* Funds returned to the state as part of the legislated discretionary reduction	n/a	n/a	\$0	n/a	n/a
Funds diverted to Charter Schools (<i>Note: Funds for existing charter schools have already been removed from the pupil transportation budget; reduction shown is only for new Charter School Students.</i>)	0	-867	(\$3,731)	n/a	n/a
Net Allotment less Charter School/ Discretionary Adjustment	\$1,661,846	\$1,625,207	\$1,647,095	-\$14,751	-0.9%



One of the factors that can impact efficiency ratings is the number of students being transported. Lower student counts without reducing costs or buses means a lower budget rating. As shown, CCS had lower counts in 2014-15 and 2016-17 and kept the same number of buses. This single factor alone may not have impacted the ratings; however, future reductions in student counts could be detrimental.

For efficiencies to be gained, CCS will need to look for ways to use fewer buses to pick up the same number of students, which would require a single bus to run multiple routes. As shown by this excerpt from the TIMS data found in **Exhibit 3-16**, although some improvement is noted in 2015-16, CCS remains well below the state average for ‘Average Number of Runs Per Route’ and in general ‘Percentage of Routes with More than One Run.’

Exhibit 3-16
Excerpt from TIMS Service Indicators
State Average vs Currituck County Schools
2014-15 through 2016-17 School Years

Category	2014-15	2015-16	2016-17	Change**
Average Number of Runs per Rte, PM				
State Average	1.73	1.73	1.45	0.06
Currituck County Schools	1.30	1.36	1.31	0.07
Percentage of Routes with More than One Run, PM				
State Average	51.7	34	34	0.43
Currituck County Schools	30.43	36	31	3.9

Source: Transportation Service Indicators Reports, 2014-15, 2015-16, 2016-17.

CCS runs two multiple routes. For example, Moyock Elementary School students are delivered at 7:30 a.m., and the same bus goes to Moyock Middle School and drops children off at 8:25 a.m.

As shown in **Exhibit 3-17**, CCS middle schools start at 7:40 AM (earliest start time), elementary schools start at 7:30 AM, and the high school starts at 7:45 AM (latest start time). Therefore, most bell times are staggered, but typically less than 30 minutes. When bell times for each school level are staggered by approximately 45 minutes, it is possible to use a single bus and driver to run multiple routes.

Although the total number of buses used can typically be significantly reduced by staggering the bell times so that the same bus can make multiple runs, operational efficiency may not be significant as the miles driven and the time paid for driver time is the same. The savings from this approach is in the number of buses needed to make these runs. For example, in the Cabarrus County Schools in North Carolina, implementation of a three-tiered staggered bell schedule allowed the district to reduce its bus fleet by 53 buses, from 233 buses to 180 buses. Arguably, putting the additional miles on a single bus will result in more wear and tear, thereby forcing the buses to be replaced more frequently. Yet, Cabarrus County Schools in North Carolina noted that “the successful staggering of bell times and pairing of runs and routes also reduced student ride time. The average total ride time decreased three minutes each day per student, while the longest ride times decreased an average of 12 minutes per student. Currituck County Schools uses a two-tier staggered bell schedule for several routes only.



Exhibit 3-17
Currituck County Schools Bell and Bus Times
2016-17 School Year

School	Bus Load and Unload Bell Times	Early Release Weekly	Estimated Bus Arrival and Leave Times
Central Elementary	8:00 a.m. – 3:00 p.m.	12:30 p.m.	Arrives 7:55 a.m.; leaves at 2:55 p.m.
Griggs Elementary	7:30 a.m. – 2:30 p.m.	11:30 a.m.	Arrives 7:25 a.m.; leaves at 2:40 p.m.
Jarvisburg Elementary	8:30 a.m. – 3:30 p.m.	12:30 p.m.	Arrives 8:30 a.m.; leaves at 3:40 p.m.
Knotts Island Elementary	8:00 a.m. – 3:00 p.m.	12:00 p.m.	Arrives 7:55 a.m.; leaves at 3:05 p.m.
Moyock Elementary	7:30 a.m. – 2:30 p.m.	11:30 a.m.	Arrives 7:25 a.m.; leaves at 2:35 p.m.
Shawboro Elementary	7:30 a.m. – 2:30 p.m.	11:30 a.m.	Arrives 7:25 a.m.; leaves at 2:40 p.m.
Currituck County Middle	7:40 a.m. – 3:00 p.m.	12:15 p.m.	Arrives 7:35 a.m.; leaves at 3:10 p.m.
Moyock Middle	8:25 a.m. – 3:35 p.m.	12:30 p.m.	Arrives 8:25 a.m.; leaves at 3:45 p.m.
JP Knapp Early College	7:45 a.m. – 8:05 a.m.	12:30 p.m.	Arrives 7:45 a.m.; leaves at 3:30 p.m.
Currituck County High	7:45 a.m. – 3:05 p.m.	12:30 p.m.	Arrives 7:45 a.m.; leaves at 3:10 p.m.
Currituck County Learning Center	7:45 a.m. – 3:05 p.m.	12:30 p.m.	Arrives 7:45 a.m.; leaves at 3:10 p.m.

Source: Currituck County School, Transportation Department, November 2017.

Other advantages include:

- an increased efficiency rating – thereby maximizing state funding; and
- the savings on capital investments in new buses as unused buses could be parked until needed or turned in for credit against the purchase of buses in the future.

Under the current system, the area elementary and middle school as well as the high school will each send a bus through a single neighborhood or route to pick up the students for that school. Consequently, the community sees three buses stopping at or near the same locations each day.

In a county like Currituck, where the schools and routes are geographically dispersed, implementing a system for picking-up some multi-age students on a single route and delivering them to their respective schools could achieve some of the same results as a staggered bell system, and actually reduce the total number of miles driven.

RECOMMENDATION

Recommendation 3-6:

Increase the CCS overall transportation efficiency rating by implementing a broader range of schools on a staggered bell system and/or multi-age ridership in local communities to reduce the number of buses needed to transport the same number of students.

The overall goal should maintain student safety, the effectiveness of the transportation program, and achieve 100 percent efficiency rating. Decisions regarding how best to address these efficiency issues should be made in collaboration with parents and campus leaders so that neither academics nor student ridership is adversely impacted.



FISCAL IMPACT

If CCS had an efficiency rating in 2016-17 of 100 percent rather than 94.85 percent in Line (4) or 95.20 percent in Line (6) of **Exhibit 3-15**, the Base Funding for the Year shown in Line (8) would have been \$1,634,745 as opposed to \$1,556,277, or a difference of \$78,468. The adjustments would have remained unchanged from that point forward in the funding chart, therefore \$78,468 more would have been paid by the state for the year. Instead, the local CCS budget was required to pay the difference. If CCS can increase the efficiency rating to 100 percent in either rating category in the future, the local budget would no longer have to pick up that difference.

Because of the lag time in the assessments, additional revenues as a result of improved efficiencies will not be realized immediately.

Recommendation	2018-19	2019-20	2020-21	2021-22	2022-23
Increase the CCS Overall Transportation Efficiency Rating	\$0	\$78,468	\$78,468	\$78,468	\$78,468

3.3 CHILD NUTRITION

School meal programs began when the Child Nutrition Act of 1946 authorized the National School Lunch Program to “safeguard the health and well-being of the nation’s children.” The program, administered by the United States Department of Agriculture (USDA), is open to all public and nonprofit private schools and all residential childcare institutions.

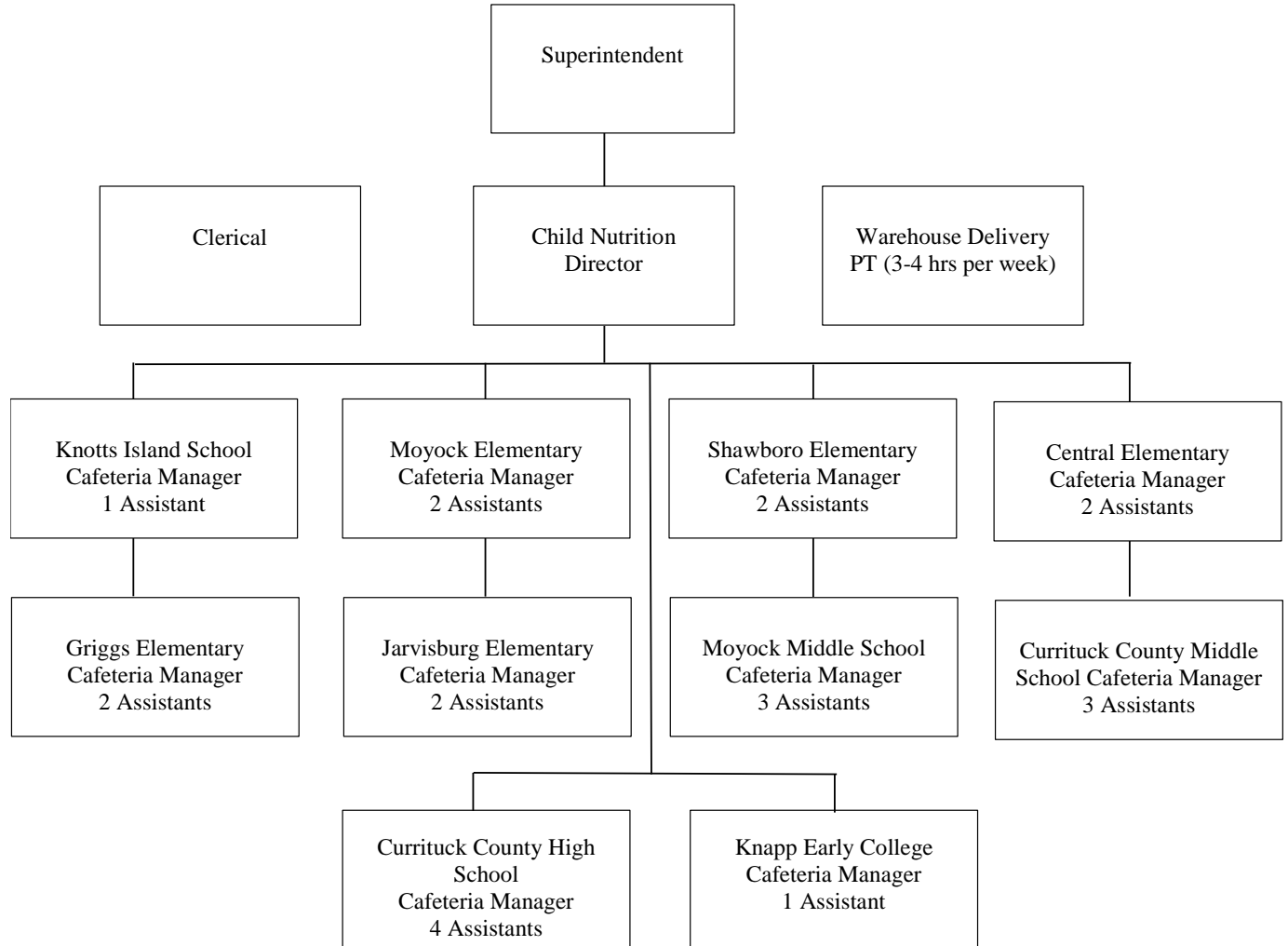
Currituck County Schools participates in the National School Lunch Program (NSLP) and the School Breakfast Program (SBP). School districts that participate in these federal programs receive cash subsidies and donated commodities from the United States Department of Agriculture (USDA) for each eligible meal they serve. In return, the district must serve its students meals that meet federal guidelines for nutritional value and offer free or reduced-price meals to eligible students.

As shown in **Exhibit 3-18**, the CCS Child Nutrition staff consists of the Child Nutrition Director, an administrative assistant, plus 10 cafeteria managers, and approximately 22 School Nutrition Assistants working from 3 to 6.5 hours per day. Four of the School Nutrition Assistants share time as a bus driver while two others are shared among multiple sites.

The CCS Child Nutrition Department operates 10 school kitchens. In 2016-17 the school kitchens served approximately 361,345 breakfast and lunch meals.



**Exhibit 3-18
CCS Child Nutrition Department
Organizational Chart
2017-18**



Source: CCS Food and Nutrition Office, 2017.

Federal support comes in the form of a cash reimbursement for each meal served—depending on the economic status of the student. The poorest students qualify for free lunches, while others qualify for reduced price lunches. All meals served according to federal guidelines receive some level of reimbursement, including those served to students who pay full price. In 2016-17, 34.5 percent of CCS students qualified for free and reduced meals (**Exhibit 3-19**).



Exhibit 3-19
Free and Reduced Application Data by Site
Year-to-Date Data
2014-2017 School Years

School	Year			Percentage Point Change Since 2015*
	2014-15	2015-16	2016-17	
Central Elementary	63.25%	79.65%	54.44%	-8.81%
Currituck County High	29.98%	28.26%	28.48%	-1.50%
Currituck County Middle	43.27%	45.86%	46.05%	2.78%
Jarvisburg Elementary	54.32%	55.85%	50.19%	-4.13%
Shawboro Elementary	44.78%	43.17%	39.77%	-5.01%
JP Knapp Early College	18.11%	18.42%	20.34%	2.23%
Knott Island Elementary	45.57%	54.55%	47.22%	1.65%
Moyock Elementary	20.33%	20.42%	21.19%	0.86%
Moyock Middle	24.42%	28.73%	25.41%	0.99%
Griggs Elementary	50.42%	48.57%	58.73%	8.31%
Totals	34.96%	36.21%	34.54%	-0.42%

Source: North Carolina Department of Public Instruction, Child Nutrition Services;
<http://www.dpi.state.nc.us/fbs/resources/data/>, 2017.

The federal reimbursement rates for the 2015-16 through 2017-18 school years are shown in **Exhibit 3-20**.

Exhibit 3-20
National School Breakfast and Lunch Reimbursement Rates
2015-16 to 2017-18 School Years

Program	Breakfast			Lunch		
	2015-16	2016-17	2017-18	2015-16	2016-17	2017-18
Free Meal	1.66	1.71	1.75	3.13	3.24	3.29
Reduced Price Meal	1.36	1.41	1.45	2.75	2.84	2.89
Paid Meal	.2900	.2900	.30	.3500	.3800	.3700

Source: United States Department of Agriculture, <https://www.fns.usda.gov/school-meals/rates-reimbursement>, 2017.

FINDING

The development of policies and procedures constitutes how the department communicates its expectations and ensures consistent operations across a number of physical locations. Effective policies and procedures that are widely understood are critical in a food service operation.

The following policies are related to the Child Nutrition Program in the district:

- 6600 Child Nutrition Program
- 6605 Student Wellness Policy
- 6610 Child Nutrition Director
- 6620 Free and Reduced-price Meals



- 6630 Food Preparation and Sales
- 6640 School Food Service Purchasing

Federal law required each school food program to establish a local school wellness policy no later than July 2006. CCS exceeds the minimum requirements with its School Board Policy #6605. The CCS Food Service Program supports the Wellness Policy and has taken steps to support healthy student habits within its Wellness Program.

In Wellness Policy #6605, the CCS Board recognizes the link between student health and learning and desires to provide a comprehensive program promoting healthy eating and physical activity in its students. The policy encompasses several key areas including:

- school health advisory council;
- nutrition education;
- physical education;
- nutrition guidelines; and
- activities to promote wellness.

One outcome from implementing the Wellness Policy has been changes in the types of food offered to students through the cafeterias. In addition, physical education and activity have been incorporated in each school instructional program.

COMMENDATION

Currituck County Schools is taking steps to improve student wellness through its adoption and practice of its Wellness Policy.

FINDING

The ServSafe Food Safety Program was developed by the National Restaurant Association Educational Foundation (NRAEF). It is accredited by the American National Standards Institute (ANSI) and Conference for Food Protection (CFP). Requirements vary by state, but most require that the onsite manager in a food preparation facility be ServSafe certified or a similar recognized certification program. ServSafe is one branded option offered to CCS Child Nutrition staff for certification.

At CCS, the expectation is that all cafeteria managers at a minimum obtain a Managers Food Safety Certification. Currently all managers at CCS are properly certified in addition to several other staff. Copies of cafeteria manager certificates are maintained as official records at the Director's office.

The certification process training incorporates some of the following areas of proper food handling:

- How to Provide Safe Food
- The Microworld



- Contamination, Food Allergens, and Foodborne Illness
- The Safe Food Handler
- The Flow of Food through the Operation
- Purchasing and Receiving
- Storage
- Preparation
- Service
- Food Safety Management Systems
- Sanitary Facilities and Pest Management
- Food Safety Regulation and Standards

COMMENDATION

The CCS Child Nutrition Department is providing cafeteria managers and staff with important training and certification on food service safety activities.

FINDING

As part of the ServSafe or related certification training, instruction is also provided in Hazard Analysis and Critical Control Point or HACCP. HACCP is a program through the USDA and provides guidance for juice, meat, poultry, and seafood processing in order to prevent foodborne illness.

All school districts in North Carolina are required to maintain at a minimum the required HACCP guidelines created by the NC Department of Public Instruction. CCS provides the state sponsored plan reflected on the website <https://childnutrition.ncpublicschools.gov/information-resources/local-wellness-policies/information-resources/haccp-food-safety>.

COMMENDATION

The CCS Child Nutrition Department maintains necessary food safety training, certification, and foodborne illness prevention guidelines for all cafeteria staff.

FINDING

Breakfast participation at Currituck County Schools has continued to decline from fiscal year 2014-15 to 2016-17 by approximately 13.59 percent as reflected in **Exhibit 3-21**. A similar comparison of lunches served over the same time indicate the CCS has gone from 287,589 lunches served in 2014-15 to 249,084 in 2016-17 for approximately a 13.4 percent decrease. The school district appears to have an ongoing negative participation problem which affects the profitability of the Child Nutrition Program in the district and potentially the academic performance of the affected students.

Exhibit 3-21 shows the breakfast and lunch participation for the last three full school years.



Exhibit 3-21
Breakfasts and Lunches Served
2014-15 through 2016-17 School Years

School	2014-15		2015-16		2016-17		Change from SY 2015 to 2017	
	Number of Breakfasts Served	Number of Lunch Served	Number of Breakfasts Served	Number of Lunch Served	Number of Breakfasts Served	Number of Lunch Served	Number of Breakfasts Served	Number of Lunch Served
Central Elementary	16,580	21,307	16,593	21,288	14,826	17,584	-11.8%	-21.2%
Currituck County High	12,569	49,682	15,499	47,664	13,673	41,957	8.1%	-18.4%
Currituck County Middle	9,937	32,053	11,017	31,693	8,266	29,922	-20.2%	-7.1%
Jarvisburg Elementary	13,446	23,044	14,834	23,700	14,111	22,342	4.7%	-3.1%
Shawboro Elementary	29,804	45,767	24,234	42,280	22,092	39,067	-34.9%	-17.2%
JP Knapp Early College	4,048	15,756	2,403	15,578	3,475	12,842	-16.5%	-22.7%
Knott Island Elementary	3,668	8,001	3,286	8,406	3,556	6,752	-3.1%	-18.5%
Moyock Elementary	11,498	29,815	12,563	27,125	15,273	26,828	24.7%	-11.1%
Moyock Middle	8,675	36,788	8,917	33,279	6,054	28,146	-43.3%	-30.7%
Griggs Elementary	19,698	25,376	16,384	23,235	10,935	23,644	-80.1%	-7.3%
Total	129,923	287,589	125,730	274,248	112,261	249,084	-15.7%	-15.5%

Source: North Carolina Department of Instruction Unit Summary of Schools Monthly Meal Participation Report, Year-to-Date Month Ending June 2015, June 2016, June 2017, November 2017.

As shown in **Exhibit 3-21**, breakfast participation at each school declined over the three-year comparison (with the exception of the high school, Jarvisburg Elementary, and Moyock Elementary). Lunch participation rates declined in all schools during the same time period.

Lower breakfast participation may, in some cases, be due to late-arriving buses, length of the breakfast period, or lack of staff availability to allow children in school with enough time to participate in the breakfast program.

During onsite interviews, staff indicated there are instances when school buses arrive on school campuses in the morning before school staff are available to open the school buildings. Having children waiting on buses without school sites being accessible is an unusual situation and by no means a typical situation. This circumstance appears to be a contributing factor to reduced breakfast participation by students who only have enough time to get to their first class. CCS should consider staggering the work hours of school staff to provide access to the buildings when buses arrive on campus. Another alternative may be to reconsider the bell schedule which has more operational ramifications creating a domino effect impacting other areas of the district as well as the start time for students from home.

According to the Food Research and Action Center, a national non-profit working to eradicate hunger and under-nutrition in the United States:

Expanded availability, accessibility, and participation in school breakfast is one of the best ways to support the health and educational potential of children, particularly low-income children. Adequate nutrition and freedom from hunger are essential for good health and academic achievement, and yet these goals are not always achievable for families who are struggling to make ends meet. Federally-funded school breakfast programs make critical nutritional contributions to children's health and education.



As such, every effort should be made to continually look for ways to increase breakfast participation—particularly in those schools where it is likely that children may be coming to school without breakfast.

Although late buses do not occur often, when it happens, the cafeterias are left with a great deal of prepared food that, in many cases, must be discarded. Breakfast carts have been used in other school districts at the elementary and middle school levels to ensure that every child has an opportunity to eat, even if they arrive late.

In some school districts, free breakfasts are served to the area schools with the highest percent of economically disadvantaged children—this typically becomes a break even proposition when a school has more than 75 percent of the students identified as eligible for a free or reduced price meal. As such, currently no school meets this threshold.

An analysis of the months of September - December 2016 are indicative of the typical months of a school year when child nutrition participation is at its most predictive due to the levels of actual participation. **Exhibits 3-22** through **3-25** present district provided monthly claim report worksheets that capture key data elements of the actual levels of breakfasts and lunches being served by school campuses.

RECOMMENDATION

Recommendation 3-7:

Increase breakfast and lunch participation rates.

CCS needs to explore ways to increase breakfast and lunch participation. The Food and Nutrition Service Division of the USDA reports that research proves that students who eat breakfast at school have increased standardized achievement test scores, improved attendance, and reduced tardiness. Other research shows that students who eat breakfast have improved academic, behavioral, and emotional functioning.

School districts throughout the country engage in various strategies to improve their school nutrition participation. CCS might want to consider some of the following strategies to increase breakfast and lunch participation rates.

- Offer a grab and go option to students. This will allow students who are late to have a breakfast in hand.
- Offer a variety of choices daily. For example, adding salad bar and a sandwich station.
- Offer incentives /promotions at the schools and involving the students and staff. For example, create a lucky tray day or cookie give away day and offer prizes.
- Offer scheduled events at the schools that creates a buzz about the meal program. For example, offer an international week with cuisines featured from around the world. A poster could be strategically displayed at the entrance of the cafeteria to get kids excited about the special event.



**Exhibit 3-22
Monthly Claim Report
September 2016**

SITE ID	CES 304	CCHS 306	CCMS 308	JES 309	SES 310	JPK 311	KIES 312	MES 316	MMS 318	GES 320	TOTALS
AVERAGE DAILY MEMBERSHIP	199	963	366	261	533	294	75	499	550	267	4007
AVERAGE DAILY ATTENDANCE	190	904	355	250	516	288	72	484	529	254	3842
G1. Number of Children Approved for Free Meals:	104	259	160	123	198	55	31	117	136	127	1310
G2. Number of Children Approved for Reduced Price Meals:	<20	82	36	22	44	<20	<20	22	32	28	310
G3. Number of Enrolled Children:	199	963	366	261	533	294	75	499	550	267	4007
National School Lunch Program											
L1. Authorized Sites Participating:	1	1	1	1	1	1	1	1	1	1	10
L2. Total Monthly Attendance:	3420	16272	6390	4500	9288	5184	1296	8712	9522	4572	69156
L3. Number Operating Days:	18	18	18	18	18	18	18	18	18	18	18
L4. Reimbursable Lunches Served											
a. Free Lunches Served:	1007	1994	1795	1318	2146	521	331	1132	1282	1512	13038
b. Reduced Price Lunches Served:	179	670	344	198	365	135	113	124	293	255	2676
c. Paid Lunches Served:	554	1985	1064	404	1228	805	198	1258	392	590	8478
d. Total Lunches Served (a + b + c):	1740	4649	3203	1920	3739	1461	642	2514	2967	2357	25192
School Breakfast Program											
N1. Authorized Sites Participating:	1	1	1	1	1	1	1	1	1	1	10
N2. Total Monthly Attendance:	3420	16272	6390	4500	9288	5184	1296	8712	9522	4572	69156
N3. Number Operating Days:	18	18	18	18	18	18	18	18	18	18	18
N4. Reimbursable Breakfasts Served											
a. Free Breakfasts Served:	825	779	674	1107	1477	176	213	866	402	983	7502
b. Reduced Price Breakfasts Served:	150	277	143	147	261	64	81	53	70	164	1410
c. Paid Breakfasts Served:	517	172	88	208	585	74	90	600	113	236	2683
d. Total Breakfasts Served (a + b + c):	1492	1228	905	1462	2323	314	384	1519	585	1383	11595
Free/Reduced Percentage	61.8%	35.4%	53.6%	55.6%	45.4%	23.8%	54.7%	27.9%	30.5%	58.1%	40.4%
Total Breakfast Participation	43.6%	7.5%	14.2%	32.5%	25.0%	6.1%	29.6%	17.4%	6.1%	30.2%	16.8%
Total Lunch Participation	50.9%	28.6%	50.1%	42.7%	40.3%	28.2%	49.5%	28.9%	31.2%	51.6%	36.4%

Source: Currituck Child Nutrition Director, November, 2017.

Exhibit 3-23
Monthly Claim Report
October 2016

SITE ID	CES 304	CCHS 306	CCMS 308	JES 309	SES 310	JPK 311	KIES 312	MES 316	MMS 318	GES 320	TOTALS
AVERAGE DAILY MEMBERSHIP	201	1017	365	262	532	292	74	497	549	267	4056
AVERAGE DAILY ATTENDANCE	191	940	348	250	512	287	71	473	521	252	3845
G1. Number of Children Approved for Free Meals:	104	261	156	121	198	51	28	117	135	127	1298
G2. Number of Children Approved for Reduced Price Meals:	<20	76	35	23	44	<20	<20	21	28	30	292
G3. Number of Enrolled Children:	201	1017	365	262	532	292	74	497	549	267	4056
National School Lunch Program											
L1. Authorized Sites Participating:	1	1	1	1	1	1	1	1	1	1	10
L2. Total Monthly Attendance:	3438	16920	6264	4500	9216	5166	1278	8514	9378	4536	69210
L3. Number Operating Days:	18	18	18	18	18	18	18	18	18	18	18
L4. Reimbursable Lunches Served											
a. Free Lunches Served:	1031	1830	1687	1329	2153	541	318	1119	1296	1442	12746
b. Reduced Price Lunches Served:	161	572	356	201	389	99	102	101	245	301	2527
c. Paid Lunches Served:	626	2352	1165	569	1433	790	328	1623	1601	765	11252
d. Total Lunches Served (a + b + c):	1818	4754	3208	2099	3975	1430	748	2843	3142	2508	26525
School Breakfast Program											
N1. Authorized Sites Participating:	1	1	1	1	1	1	1	1	1	1	10
N2. Total Monthly Attendance:	3438	16920	6264	4500	9216	5166	1278	8514	9378	4536	69210
N3. Number Operating Days:	18	18	18	18	18	18	18	18	18	18	18
N4. Reimbursable Breakfasts Served											
a. Free Breakfasts Served:	827	742	707	1032	1436	221	187	798	435	886	7271
b. Reduced Price Breakfasts Served:	150	225	145	120	271	50	73	58	69	138	1299
c. Paid Breakfasts Served:	659	322	167	258	588	91	146	838	162	238	3469
d. Total Breakfasts Served (a + b + c):	1636	1289	1019	1410	2295	362	406	1690	666	1262	12035
Free/Reduced Percentage	59.7%	33.1%	52.3%	55.0%	45.5%	21.2%	48.6%	27.8%	29.7%	58.8%	39.2%
Total Breakfast Participation	47.6%	7.6%	16.3%	31.3%	24.9%	7.0%	31.8%	19.8%	7.1%	27.8%	17.4%
Total Lunch Participation	52.9%	28.1%	51.2%	46.6%	43.1%	27.7%	58.5%	33.4%	33.5%	55.3%	38.3%

Source: Currituck Child Nutrition Director, November, 2017.



**Exhibit 3-24
Monthly Claim Report
November 2016**

SITE ID	CES 304	CCHS 306	CCMS 308	JES 309	SES 310	JPK 311	KIES 312	MES 316	MMS 318	GES 320	TOTALS
AVERAGE DAILY MEMBERSHIP	203	1014	367	263	535	292	72	493	550	269	4058
AVERAGE DAILY ATTENDANCE	189	930	345	249	505	283	68	467	511	252	3799
G1. Number of Children Approved for Free Meals:	91	211	135	111	179	52	24	94	122	120	1139
G2. Number of Children Approved for Reduced Price Meals:	<20	64	28	<20	34	<20	<20	<20	21	30	242
G3. Number of Enrolled Children:	203	1014	367	263	535	292	72	493	550	269	4058
National School Lunch Program											
L1. Authorized Sites Participating:	1	1	1	1	1	1	1	1	1	1	10
L2. Total Monthly Attendance:	3402	16740	6210	4482	9090	5094	1224	8406	9198	4536	68382
L3. Number Operating Days:	18	18	18	18	18	18	18	18	18	18	18
L4. Reimbursable Lunches Served											
a. Free Lunches Served:	1112	1891	1681	1468	2251	542	310	1180	1394	1499	13328
b. Reduced Price Lunches Served:	157	583	363	217	406	96	88	105	215	295	2525
c. Paid Lunches Served:	576	2068	1074	570	1417	819	268	1601	1387	734	10514
d. Total Lunches Served (a + b + c):	1845	4542	3118	2255	4074	1457	666	2886	2996	2528	26367
School Breakfast Program											
N1. Authorized Sites Participating:	1	1	1	1	1	1	1	1	1	1	10
N2. Total Monthly Attendance:	3402	16740	6210	4482	9090	5094	1224	8406	9198	4536	68382
N3. Number Operating Days:	18	18	18	18	18	18	18	18	18	18	18
N4. Reimbursable Breakfasts Served											
a. Free Breakfasts Served:	864	852	690	1037	1525	208	193	805	465	842	7481
b. Reduced Price Breakfasts Served:	132	200	129	122	273	63	68	61	45	160	1253
c. Paid Breakfasts Served:	572	352	135	201	584	120	116	926	144	285	3435
d. Total Breakfasts Served (a + b + c):	1568	1404	954	1360	2382	391	377	1792	654	1287	12169
Free/Reduced Percentage	52.2%	27.1%	44.4%	49.4%	39.8%	21.6%	41.7%	21.9%	26.0%	55.8%	34.0%
Total Breakfast Participation	46.1%	8.4%	15.4%	30.3%	26.2%	7.7%	30.8%	21.3%	7.1%	28.4%	17.8%
Total Lunch Participation	54.2%	27.1%	50.2%	50.3%	44.8%	28.6%	54.4%	34.3%	32.6%	55.7%	38.6%

Source: Currituck Child Nutrition Director, November, 2017.



**Exhibit 3-25
Monthly Claim Report
December 2016**

SITE ID	CES 304	CCHS 306	CCMS 308	JES 309	SES 310	JPK 311	KIES 312	MES 316	MMS 318	GES 320	TOTALS
AVERAGE DAILY MEMBERSHIP	206	1011	369	265	535	292	71	495	550	271	4065
AVERAGE DAILY ATTENDANCE	193	918	341	246	498	288	67	462	510	251	3774
G1. Number of Children Approved for Free Meals:	96	238	146	120	185	54	24	99	129	128	1219
G2. Number of Children Approved for Reduced Price Meals:	<20	62	29	<20	34	<20	<20	<20	20	28	237
G3. Number of Enrolled Children:	206	1011	369	265	535	292	71	495	550	271	4065
National School Lunch Program											
L1. Authorized Sites Participating:	1	1	1	1	1	1	1	1	1	1	10
L2. Total Monthly Attendance:	2702	12852	4774	3444	6972	3456	938	6468	7140	3514	52260
L3. Number Operating Days:	14	14	14	14	14	14	14	14	14	14	14
L4. Reimbursable Lunches Served											
a. Free Lunches Served:	894	1670	1340	1207	1825	289	239	986	1069	1219	10738
b. Reduced Price Lunches Served:	130	460	273	167	316	54	72	81	164	215	1932
c. Paid Lunches Served:	451	1559	777	464	1174	463	229	1215	1088	569	7989
d. Total Lunches Served (a + b + c):	1475	3689	2390	1838	3315	806	540	2282	2321	2003	20659
School Breakfast Program											
N1. Authorized Sites Participating:	1	1	1	1	1	1	1	1	1	1	10
N2. Total Monthly Attendance:	2702	12852	4774	3444	6972	3456	938	6468	7140	3514	52260
N3. Number Operating Days:	14	14	14	14	14	14	14	14	14	14	14
N4. Reimbursable Breakfasts Served											
a. Free Breakfasts Served:	708	761	559	801	1199	122	144	558	338	608	5798
b. Reduced Price Breakfasts Served:	109	173	79	94	177	31	47	28	30	100	868
c. Paid Breakfasts Served:	369	246	54	133	408	67	76	632	112	189	2286
d. Total Breakfasts Served (a + b + c):	1186	1180	692	1028	1784	220	267	1218	480	897	8952
Free/Reduced Percentage	53.9%	29.7%	47.4%	51.7%	40.9%	22.6%	42.3%	22.8%	27.1%	57.6%	35.8%
Total Breakfast Participation	43.9%	9.2%	14.5%	29.8%	25.6%	6.4%	28.5%	18.8%	6.7%	25.5%	17.1%
Total Lunch Participation	54.6%	28.7%	50.1%	53.4%	47.5%	23.3%	57.6%	35.3%	32.5%	57.0%	39.5%

Source: Currituck Child Nutrition Director, November, 2017.



- Initiate a “Health Patrol” with the student body. These selected students can assist in polling other students to inquire what healthy meal option they would like to see served. They could also hand out the taste samples during the lunch period for possible inclusion on the menu.
- Partner with local farmers or, if possible, take a field trip to a local farm to view how the food is grown and have each student choose a fruit or vegetable they would like to see served in the cafeteria. If students are asked what they like, they will be more apt to try it.

Increasing the breakfast and lunch participation rates should be viewed as an effort to provide students the nutrition they need to be successful academically. Because whatever programs or methods are used to address the participation issue will require the support of campus leaders, it is important that all programs be discussed and collaboratively developed by Child Nutrition Managers and the campus leaders, and supported by central administration.

FISCAL IMPACT

If all of the schools were to increase breakfast participation to at least their 2014-15 levels, an additional 17,662 breakfasts would be served each year. Similarly, if the school lunch participation was increased to the 2014-15 level, an additional 38,505 lunches would be served each year. Assuming that approximately 40 percent of the meal price is used to pay for the cost of food, and assuming that 30 percent of the increased meals would be served to students in the free category and 70 percent of meals would be served to students paying the district’s current meal prices, the following savings are possible.

Breakfast	Increase in Participation	Rate per Meal	Total
35% Receiving Free Breakfast	6,182	\$1.75	\$10,817.98
65% Paying Full Price	11,480	\$1.25	\$14,350.38
Total Increase	17,662		\$25,168.35
Less 40% for cost of food			(\$10,067.34)
Net Increase in Revenues			\$15,101.01
Lunch	Increase in Participation	Rate per Meal	Total
35% Receiving Free Lunch	13,477	\$3.29	\$44,338.51
65% Paying Full Price	25,028	\$2.60*	\$65,073.45
Total Increase	38,505		\$109,411.96
Less 40% for cost of food			(\$43,764.78)
Net Increase in Revenues			\$65,647.17

Using the K-5 Paid Meal Price.

These additional revenues would be attributed to the Child Nutrition Fund, but would negate the need for the district to supplement the fund through additional contributions from the Local Current Expense Fund. Profitability can continue to improve allowing the Child Nutrition Fund to pay its Indirect Cost Rate assumed as a loss by the school district Local Current Expense Fund.



Recommendation	2018-19	2019-20	2020-21	2021-22	2022-23
Increase Breakfast Participation Rates	\$15,101	\$15,101	\$15,101	\$15,101	\$15,101
Increase Lunch Participation Rates	\$65,647	\$65,647	\$65,647	\$65,647	\$65,647
Total	\$80,748	\$80,748	\$80,748	\$80,748	\$80,748

FINDING

CCS meal prices are below the federal reimbursement rates, and may not fully recover the cost of meals (**Exhibit 3-26**). The last price increase for breakfast and lunches was approved by the School Board in 2016-17).

**Exhibit 3-26
Comparison of Full Price Meals to Federal Reimbursement Rate
2017-18 School Year**

	Highest CCS Meal Price	Federal Reimbursement Rate for Free Meals
Breakfast	\$1.25	\$1.75
Lunch - Elementary	\$2.60	\$3.29
Lunch - Middle & High	\$2.85	\$3.29

Source: Currituck County Food Service Director, 2018; United States Department of Agriculture, 2018.

Exhibit 3-27 compares CCS highest meal prices (high school/ secondary rates) to the 2017-18 federal reimbursement rates for breakfast and lunch.

**Exhibit 3-27
CCS Meal Prices
2017-18 School Year**

Breakfast	Full Price Meals	Reduced Price Meals
PreK-Middle School	\$1.25	\$.00
High School	\$1.25	\$.00
Lunch		
Pre-K	\$2.60	\$.40
K-5	\$2.60	\$.40
Secondary	\$2.85	\$.40

Source: Currituck County Food Service Director, 2017.

The federal reimbursement rates for free meals are established by the federal government to match the estimated meal costs—including the cost of food, food preparation, clean-up and the like, and adjustments are made annually, as needed.

In addition to the federally-mandated nutrition requirements, North Carolina has adopted more rigorous nutrition standards, which require the purchase of more fresh, high nutrition foods.



North Carolina General Statutes § 115C-264.4 Child Nutrition Program Standards, read as follows:

The State Board of Education, in direct consultation with a cross section of local directors of child nutrition services, shall establish statewide nutrition standards for school meals, a la carte foods and beverages, and items served in the After-School Snack Program administered by the Department of Public Instruction and child nutrition programs of local school administrative units. The nutrition standards will promote gradual changes to increase fruits and vegetables, increase whole grain products, and decrease foods high in total fat, trans fat, saturated fat, and sugar. The nutrition standards adopted by the State Board of Education shall be implemented initially in elementary schools. All elementary schools shall achieve a basic level by the end of the 2009-10 school year, followed by middle schools and then high schools. (2005-457, s. 1; 2007-323, s. 7.36A(a); 2008-107, s. 7.25(a).)

Although adjustments in the federal reimbursement rates are made to account for the additional cost of federally-mandated nutrition education and nutrition guidelines, they do not account for the additional cost associated with the state standards. Some North Carolina child nutrition experts estimate the cost of food and meal preparation under these standards could be as high as \$3.00 per lunch served.

Revenues from full and reduced price meal sales and the federal reimbursements create the pool of money from which the kitchens can operate. Setting the full-priced meal rates below the federal reimbursement rate reduces a school district’s ability to comply with federal and state mandates and provide quality nutrition education.

A review of the Child Nutrition financial status for the past three fiscal years reflects that the operation is not supporting itself without direct or indirect support from local district resources. **Exhibit 3-28** shows the revenue and expenditures by fiscal year and the resulting balances. For the three years the food service operation has spent more than the revenue it is generating with an annual increase in net negative balance. Given this continuing situation it is important that CCS undertake prudent operational changes to increase its revenue and/or reduce its expenditures to become fiscally solvent. Increasing the cost of breakfast and lunch meals as well as increasing the overall level of participation are just two opportunities worth exploring.

**Exhibit 3-28
CCS Child Nutrition Program
Revenue and Expense Analysis**

Operating Revenues	Year		
	2014-15	2015-16	2016-17
Food Sales	\$531,071	\$516,753	\$462,859
Federal Reimbursement	\$855,622	\$900,513	\$832,453
Operating Expenses	\$1,609,901	\$1,641,762	\$1,573,967
Operating Income (Loss)	(\$223,208)	(\$224,496)	(\$278,655)

Source: Currituck District Finance Office, 2017.

It is important to note that child nutrition funding must break even; losses must be taken out of local revenues.



RECOMMENDATION**Recommendation 3-8:****Increase full-priced meal prices to be at or near the federal reimbursement rate.**

Create and implement a practice of increasing full priced meal rates by a minimum of \$.20 per meal each year until the meal prices are more closely aligned with the federal reimbursement rates.

Should some families find that they are not able to afford the price increases, CCS should provide them an application for the free or reduced price meal program. If they qualify, not only will CCS receive offsetting federal reimbursements, but by fully identifying all children eligible for the program, additional federal and state academic funds may become available.

FISCAL IMPACT

Assuming the number of paid meals served remains at the 2016-17 levels, when 126,926 paid meals (29,783 paid breakfasts and 97,143 paid lunches) were served, additional revenues would result as follows:

	2018-19	2019-20	2020-21	2021-22	2022-23
Paid Breakfast	29,783	29,783	29,783	29,783	29,783
Breakfast Price	\$1.45	\$1.65	\$1.75	\$1.75	\$1.75
Change from 2018 Price	\$0.20	\$0.40	\$0.50	\$0.50	\$0.50
New Breakfast Revenue	\$5,956.60	\$11,913.20	\$14,891.50	\$14,891.50	\$14,891.50
Paid Lunch Price	97,143	97,143	97,143	97,143	97,143
Lunch - K-5	\$2.80	\$3.00	\$3.00	\$3.00	\$3.00
Lunch - Secondary	\$3.05	\$3.25	\$3.25	\$3.25	\$3.25
Change from 2018 Price	\$0.20	\$0.40	\$0.40	\$0.40	\$0.40
New Lunch Revenue	\$19,428.60	\$38,857.20	\$38,857.20	\$38,857.20	\$38,857.20
Total New Revenue	\$25,385.20	\$50,770.40	\$53,748.70	\$53,748.70	\$53,748.70

These additional revenues would be attributed to the Child Nutrition Fund, but would negate the need for the district to supplement the fund through additional contributions from the Local Current Expense Fund for operational expenses.

Recommendation	2018-19	2019-20	2020-21	2021-22	2022-23
Maintain Full-Priced Meal Rates at or near Federal Reimbursement Rates	\$25,385	\$50,770	\$53,748	\$53,748	\$53,748

FINDING

Historically, in food service operations, the practice of paying for school meals becomes a revenue collection issue created by parents failing to pay student incurred meals during a fiscal year. CCS has an ongoing issue with unpaid student meals as reflected in **Exhibit 3-29**.



Exhibit 3-29
Delinquent Student Meal Payments

Fiscal Year	Delinquent Amount	Total # of Students/Parents
2016-2017	\$10,849.68	652
2015-2016	\$19,951.82	Not Available
2014-2015	\$12,097.46	Not Available
2013-2014	\$13,716.33	Not Available
2012-2013	\$11,872.28	Not Available
Average	\$13,697.51	

Source: Currituck County Food Service Director, 2017

Outstanding student meals requires an ongoing process of stakeholder communication, effective payment processes, informative marketing related to managing student meal accounts, and a formal process for tracking, notification, and potential collection efforts.

CCS has a user friendly district website for parent access to get information about lunch applications; menu options provided/required for students; cost of breakfast and lunch meals for paid and reduced; use of *K12PaymentCenter.com* to establish a cafeteria spending account for student fees; and for important notifications to parents.

The K-12 Payment Center cafeteria management software provides parents with options to see what their child is eating; to establish a weekly or monthly recurring payment account; to check on each student's cafeteria balance; to make a debit/credit card payment; to set up mobile and e-mail notifications about student account balances; and to include payments for other school related fees such as supplies, yearbooks, parking fees, tickets, merchandise, apparel, and other items.

CCS utilizes Envision Payment Solutions to serve as their check service provider to handle returned checks and other relevant and necessary activities. According to North Carolina General Statute 25-3-506 the authorized service fee for a returned check is \$25.

In July 2017, CCS contracted with Tranword Systems Profit Recovery for collection activity for a commission rate of 50 percent of accounts assigned to the firm.

RECOMMENDATION

Recommendation 3-9:

Improve the collection process of delinquent meal fees.

As of July 2017, Currituck County Schools makes use of a collection agency trained in proper techniques of collecting outstanding funds. CCS contracted with the collection agency to start a process of attempting to reduce the outstanding balances owed to the Child Nutrition operation. Based on the **Exhibit 3-29**, the current outstanding balance is approximately \$10,850.



FISCAL IMPACT

There is an unaudited fiscal impact for addressing and improving current methods of collection on delinquent meal fees given the school district currently has just recently established a collection agency agreement. The result of this collection strategy should increase the current lost revenue increasing cash flow back into the operation.

Based on the contract for collections, it is anticipated that CCS should expect at least a return of approximately 50 percent of its adjusted outstanding balances based on successful collection results. Without specific historical collection activity results, it is realistic to assume the firm may have a 65 percent success rate in the total outstanding balances. Using those conclusions, the total anticipated to be collected would be slightly over \$7,052 with the district receiving 50 percent of the total or a net of approximately \$3,526. For purposes of this analysis we have spread the collection over a two-year period and are reflecting only the amount returned to CCS of \$3,526.

Future years collection activity results are difficult to calculate without history of results; and considering once the process is in place, the amount of delinquent accounts should reduce due to more timely and effective collection efforts. A minimal net collection of \$4,449 per year was considered feasible for the last three years based on the five-year average, a 65 percent success rate and the district receiving 50 percent of that total ($\$13,698 \times 65\% \times 50\% = \$4,449$).

Recommendation	2018-19	2019-20	2020-21	2021-22	2022-23
Collect Student Meal Money	\$1,763	\$1,763	\$4,449	\$4,449	\$4,449

3.4 FACILITIES

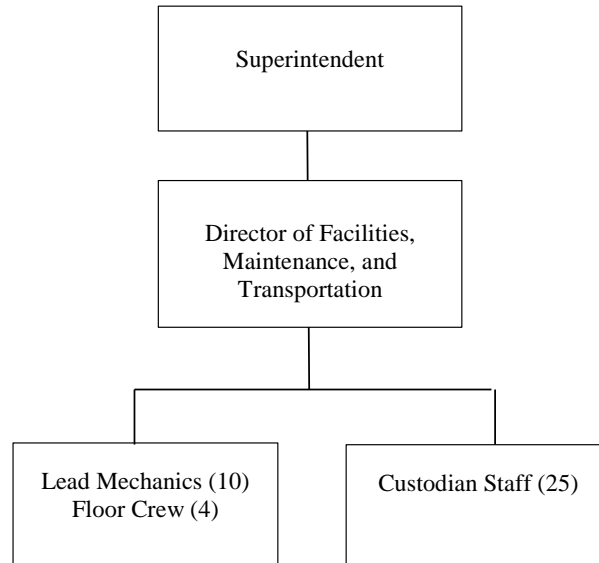
The way a school district manages its facilities can have a significant effect on other school functions. Useful, well-maintained, up-to-date, and cheerful learning environments can help reinforce positive attitudes and performance by students, teachers, and administrators. For example, high indoor air quality and thermal comfort have been shown to improve concentration and learning. Facilities that are neither overcrowded nor underutilized create an educational community where teamwork, cooperation, and other positive attributes can be practiced.

The organizational chart of CCS Facilities Department is shown in **Exhibit 3-30**. As shown, the Director of Facilities also manages Maintenance and Transportation.

Effective facilities maintenance ensures the health and safety of our children and supports the educational performance of the school district by enabling teachers to meet the needs of 21st century learners. Facilities maintenance affects the physical, educational, and financial foundation of the school organization and must be the focus of day-to-day operations and long-range priorities.



Exhibit 3-30
Facilities, Maintenance and Transportation
Organizational Chart
2017-18 School Year



Source: Currituck Director Facilities, Maintenance, & Transportation, December, 2017

Effective facility maintenance activities can:

- reduce operational costs and life cycle cost of a building;
- increase energy efficiency and help the school environment;
- extend the useful life of the buildings;
- help staff deal with limited resources by being proactive and not reactive;
- contribute to the school district's instructional effectiveness and financial well-being; and
- improve the cleanliness, orderliness, and safety of the organization's facilities.

It is important for the school district to establish expectations for custodial efforts as a first step towards establishing an effective facilities maintenance custodial program. Using the North Carolina Department of Public Instruction detailed custodial allocation formula, it was determined that CCS has a formula allocation of approximately 30 custodians while the current number of custodians provided by CCS reflected approximately 25.

The CCS Maintenance Department is responsible for facilities planning, and the operation and maintenance of 10 schools, and several related facilities including the central administration offices, the school bus garage, and the maintenance facility. In all, the buildings comprise about 800,000 gross square feet—including portables and other ancillary structures.

The individual gross square footage of each facility is shown in **Exhibit 3-31**.



Exhibit 3-31
CCS School Facilities
Gross Square Footage

Building	Gross Floor Area (including Portables and Other Ancillary Buildings)	Number of Portables
Currituck Elementary School	54,735	
Currituck County High School	169,398	2
Currituck County Middle School	95,085	8
Jarvisburg Elementary School	69,607	
Shawboro Elementary School	93,708	
JP Knapp Early College High School	54,884	2
Knotts Island Elementary	45,504	
Moyock Elementary School	77,146	4
Moyock Middle School	90,565	1
W.T. Greggs Elementary School	75,965	1
Central Administration, Bus Garage	21,779	1
TOTALS	769,902	19

Source: CCD Facilities Department, November 2017.

FINDING

Currituck County Schools has placed a considerable number of portable classroom units at some of its school sites. According to information provided by Currituck County Schools, the district has placed approximately 19 portable classroom units at some of its school sites. **Exhibit 3-32** shows mobile and modular portables as of fiscal year 2015. Each portable indicates its square footage, value, site location, and portable usage. It appears that less than five of the CCS owned portables are being used for classroom—with most of the portables used for storage or office space.

Typically, until additional permanent schools and classrooms can be built, portables are usually needed to serve temporarily as classrooms to house students that exceed the capacity of existing schools. In addition, portables serve as temporary classrooms when existing schools need to be vacated completely or partially for additions and renovations to be completed.

Unfortunately, typical portable units are an undesirable element of any school district's facilities inventory. According to an article, *Beware Temporary Classrooms*, http://www.njea.org/pdfs/HS_TempClassrooms_10-09.pdf, the following problems are usually associated with portable units:

- poorly functioning heating, ventilation, air-conditioning (HVAC) systems that provide insufficient ventilation with outside air;
- poor acoustics from loud ventilation systems;
- chemical, formaldehyde, and other toxic materials from pressed wood and other high-emission materials; and
- water entry and mold growth.

In addition, portables tend to be less energy-efficient, and more costly to maintain and clean than permanent buildings.



Exhibit 3-32
Mobile/Modular List
2015 School Year

Modular Number	MFR Serial Number	DOI Insp. Number	Unit Square Footage	Structure Value	Contents Value	Site Location
T270-64-5	n/a	n/a (Mobile)	600	\$24,000	\$2,500	300 BoE (Records Storage)
T270-73-21	(UL 61194)	n/a (Mobile)	600	\$24,000	\$2,500	311 Knapp EC (T3-Storage)
T270-73-22	(UL 61193)	n/a (Mobile)	600	\$24,000	\$2,500	311 Knapp EC (T1-Storage)
T270-73-23	(UL 60640)	n/a (Mobile)	600	\$24,000	\$5,000	308 Cur MS (Storage)
T270-73-25	n/a	n/a (Mobile)	600	\$24,000	\$7,500	300 BoE (Bus Trans. Ofc.)
T270-73-26	(UL 61196)	n/a (Mobile)	600	\$24,000	\$2,500	308 Cur MS (Ath. Lkrm.)
T270-73-30	(UL 61192)	n/a (Mobile)	600	\$24,000	\$2,500	308 Cur MS (Ath. Ofc.)
T270-73-31	n/a	n/a (Mobile)	600	\$24,000	\$2,500	320 Grgs ES (Storage)
T270-73-38	(230030A)	n/a (Mobile)	600	\$24,000	\$2,500	316 Moy ES (Custodian)
T270-73-39	(UL 230030)	n/a (Mobile)	600	\$24,000	\$2,500	316 Moy ES (Guidance)
T270-74-33	(UL 231052)	n/a (Mobile)	600	\$24,000	\$2,500	311 Knapp EC (T2-Storage)
T270-74-34	(UL 230899)	n/a (Mobile)	600	\$24,000	\$2,500	316 Moy ES (Read. Rec.)
T270-74-35	(UL 230900)	n/a (Mobile)	600	\$24,000	\$2,500	308 Cur MS (Storage)
T270-74-36	(UL 231053)	n/a (Mobile)	600	\$24,000	\$2,500	316 Moy ES (PTA)
270-89-1	n/a	n/a	1,536	\$61,440	\$15,000	308 Cur MS (Band)
270-89-2	n/a	n/a	1,536	\$61,440	\$2,500	308 Cur MS (Storage)
270-05-61	K040531306 A-	86373	3600	\$144,000	\$20,000	306 Cur HS (Eng)
270-06-62	K010632055	92520	864	\$34,560	\$7,500	318 Moy MS (Chorus)
270-06-63	K010632056	92522	864	\$34,560	\$15,000	318 Moy MS (IT)
270-06-64	K010632057 A-	93146	3,600	\$144,000	\$20,000	306 Cur HS (CLCC)
6 units scheduled			12,000	\$480,000	\$80,000	

Source: Director of Facilities Maintenance & Transportation, November 2017.

RECOMMENDATION

Recommendation 3-10:

Reduce the number of portables valued at more than \$10,000 and not being used as classrooms.

The National Clearinghouse for Educational Facilities (NCEF) offers a resource list on portable classroom facilities (<http://www.edfacilities.org/rl/portable.cfm>). Many references to higher quality portable units that are better learning environments, use up to 75 percent less energy, and are affordable, can be found here.

Examples can also be found on the following sites:

- <http://www.greenbuildingpro.com/articles/57-features/2028-green-modular-classrooms-gaining-momentum>
- <http://thejournal.com/articles/2010/04/01/mod-genius.aspx>
- <http://www.greenbiz.com/news/2008/11/25/project-frog-becomes-cinderella-story-modular-construction>



CCS should be reviewing the return on investment for maintaining portables on school sites that are not supportive of classroom instruction.

FISCAL IMPACT

Although the fiscal impact cannot be estimated precisely, an attempt can be made to project income from potential sale of the units.

According to brokerage websites, used mobile classroom units in good condition are offered in the range of \$15,000 to \$20,000 per unit, with the purchaser paying for moving costs (<http://schoolportable.com/>).

The following assumptions are made in calculating the potential income from the sale of mobile units discarded by CCS:

- At least seven of the units are being used for storage.
- Approximately seven percent of the eventual sale price will be paid in brokerage fees on each saleable unit.
- Any unsaleable remaining units should be removed by a contractor for salvage value at no direct cost to CCS.
- The saleable units should be purchased for an average of \$12,000 (low estimate), yielding a net income after fees to CCS of about \$11,160 per unit—or a total of \$78,120.

The overall fiscal impact for **Recommendation 3-10** is estimated to occur over a two-year period allowing for processing time.

Recommendation	2018-19	2019-20	2020-21	2021-22	2022-23
Remove Portables Used for Storage	\$22,320	\$59,800	\$0	\$0	\$0

FINDING

Public school facilities—especially auditoriums, athletic fields, cafeterias and meeting/seminar rooms—are significant assets in any community. The facilities of Currituck County Schools are frequently rented by the community for events ranging from after-hours to weekend civic organization meetings, fundraisers, athletic leagues, picnics, and other events.

CCS has a comprehensive policy for the use of its school facilities. School Board Policy #2010 defines the process for the use of faculties. **Exhibit 3-33** shows the Facility Rental Fee Structure in keeping with this policy. Each school has variations in the facility rental fees charged to the community. School sites also vary as to what areas of the school campus are available to be rented.



**Exhibit 3-33
Facilities Rental Fees**

Space Type	Fee	Rental Level		
		Level 1/2	Level 3	Level 4
Cafeteria Dining Room	Deposit/Event	\$0	\$0	\$100
	Facility/Event/Day	\$0	\$25	\$50
	Personnel/Hour	\$0/\$20	\$20	\$20
	Kitchen/Hour*	\$0/\$20	\$20	\$20
	Sound/Hour**	\$0/10	\$10	\$10
	Utility/Hour***	\$0/\$0	\$5-\$33	\$5-\$33
Gymnasium	Deposit/Event	\$0	\$0	\$100
	Facility/Event/Day	\$0	\$25	\$50
	Personnel/Hour	\$0/\$20	\$20	\$20
	Sound/Hour**	\$0/10	\$10	\$10
	Utility/Hour**	\$0/\$0	\$6-\$33	\$6-\$33
Auditorium	Deposit/Event	\$0	\$0	\$100
	Facility/Event/Day	\$0	\$25	\$50
	Personnel/Hour	\$0/\$20	\$20	\$20
	Sound/Hour**	\$0/10	\$10	\$10
	Utility/Hour	\$0/\$0	\$16-\$33	\$16-\$29
Athletic Field	Deposit/Event	\$0	\$0	\$100
	Facility/Event/Day	\$0	\$25	\$50
	Personnel/Hour	\$0/\$20	\$20	\$20

Source: <https://www.currituck.k12.nc.us/site/Default.aspx?PageID=205>

*Use of cafeteria kitchen must be supervised at all times by a Child Nutrition employee. Charges applies only when kitchen is requested.

**Only authorized personnel shall operate school system sound equipment. Charge applies only when sound equipment is requested.

*** Utility fees are based on the space type and the square footage on the facilities.

Note: Field lights are seasonally available and can only be use at designated sites.

Late fees after 30 days: \$35 or 10% of total bill, whichever is greater.

Cancellation policy: Full facility/event fee is due if not cancelled 10 business days prior to event date.

Other charges will not apply.

COMMENDATION

Currituck County Schools is commended for the development and implementation of a policy to regulate and facilitate the use of school facilities by various groups and organizations in the community.

FINDING

Currituck County Schools shows the following fee income from community use of its facilities:

- FY 2016-17 - \$3,857
- FY 2015-16 - \$3,651



Exhibit 3-33 reflects the existing facility rental fees being used by the school district. It should be noted that each school has its own adjustments to the district’s standard fees. The review of rental agreements in relation to collections reflected that not all billed rental fees are being collected. The facilities rental fees in **Exhibit 3-33** show the various levels of rentals discussed in the Board Policy #2010. It appears that, because Levels 1 and Level 2 provide more exemptions from fee charges, the majority of renters end up classified in these categories.

Exhibit 3-34 represents a review of three years of Facility Use Applications as provided by the school district. CCS estimated rentals to be collected, as indicated on the forms, was approximately \$8,439. The actual amount collected by the district was \$7,708.

Exhibit 3-34
Community Use of Facilities Income/Collections
2016-2018

Fiscal Year	Facility Use Income
2016	\$3,651
2017	\$3,857
2018*	\$200
Total	\$7,708

Source: Currituck County School, November 2017.
 *to date

The CCS website provides Facilities Use and Rental/Information for stakeholder access. The information includes the Policy, the Facilities Use Application Form, and the individual school site facility to be charged. Also included is a community school partnership application to be submitted annually to reserve what the district considers a Level 2 rental fee consideration. A Level 2 renter typically pays no deposit, no facility use fee, and no utility hourly fee except for athletic fields.

The CCS also has a joint use agreement with Currituck County allowing the Parks and Recreation Department to lease the outdoor and indoor facilities—as needed and when appropriate. The agreement allows the Parks and Recreation to lease the facilities at no cost. CCS is responsible for all overhead cost associated with this lease. Given both organizations are public, non-profit institutions, it is unrealistic to have CCS waive its fixed cost.

RECOMMENDATION

Recommendation 3-11:

Implement existing facilities use fee schedules to charge for CCS overhead cost and annually review the existing policy for potential changes.

As evidenced by the review of the three years of rental documents (127 applications), the implementation of the policy is inconsistently applied and billable fees are not always collected. CCS should assign a district-level manager to be accountable for oversight and management of the process. Individual site managers must also be held accountable for accurate and consistent rental charges. CCS should strongly consider billing all rental levels for an hourly utility fee.



FISCAL IMPACT

Exhibit 3-35 reflects the income to the District if CCS were to charge for the use of facilities for only the overhead cost of the facilities currently assumed by the district.

**Exhibit 3-35
Use of Facilities Applications
2016-2018**

Billing	Revenue Collections	Proposed Future Collections
\$8,439	\$7,708	\$34,014

Source: Currituck County School Director of Facilities, Maintenance & Custodial, December 2017.

If CCS were to modify the agreement, and increase oversight on the collections of the Use of Facilities, using the past three years of requests, the district would collect approximately \$34,014. These charges include the rental of the facility, the cost a custodian if needed, and the utilities hourly fee.

Two situations impact the facility use process. The application forms are not always billing according to Policy. Items that are billed are not always paid and/or sent to the central office. Consideration should be given to setting a minimum to always bill every organization to cover the fixed costs incurred by the District.

The \$8,525 is derived from the calculation of \$34,014 for the past three years—had items been billed as recommended—less the actual amount billed for the past three years of \$8,439. This leaves an estimated amount that could have been collected over the past three years of \$25,575 Divided by 3 to obtain an annual amount of \$8,525. This amount could have been collected as revenue to the district. These estimates establish the annual amount to be billed for future rentals.

Recommendation	2018-19	2019-20	2020-21	2021-22	2022-23
Increase Charges for Facilities Use	\$8,525	\$8,525	\$8,525	\$8,525	\$8,525

3.5 TECHNOLOGY

Two decades ago, technology was viewed as an accessory to successful public education, and even for many private businesses. Now, however, technology has evolved into a critical component of every school district providing services in the public and private sector. Effectively implemented, technology drives the analysis and evaluation of efficiencies and processes, and allows school district leaders and teachers to make data-driven decisions that positively impact the educational services provided to students and employees alike. Rarely can a school district become as effective and efficient as the potential of its employees would allow



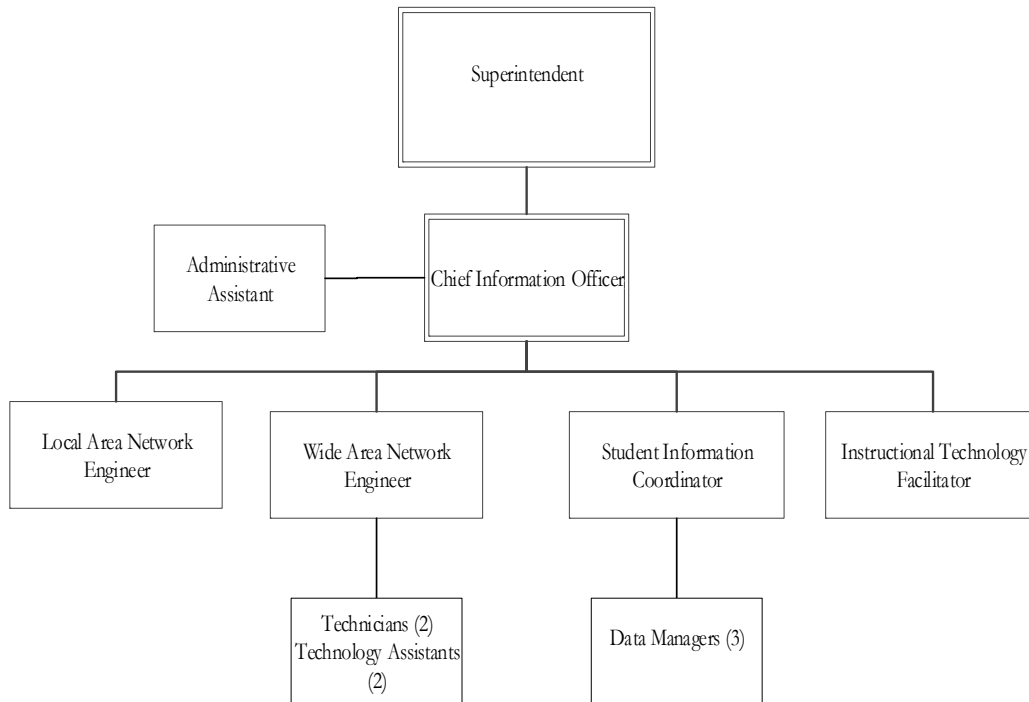
without many of their processes being automated and bringing technology to the forefront within the organization.

The Technology Department in Currituck County Schools has experienced steady growth in the implementation of technology. The present Chief Information Officer has made great strides in infrastructure, planning, and implementation of both administrative and instructional technology assets. With that being said, there are still a number of opportunities for improvement in these areas.

Exhibit 3-36 shows the organizational structure of the Technology Department. The Department is comprised of:

- chief information officer;
- administrative assistant;
- a local area network engineer;
- a wide area network engineer who manages 2 technicians and 2 technology assistants;
- a student information coordinator who manages 3 data managers; and
- an instructional technology facilitator.

Exhibit 3-36
Technology Department Organizational Chart
Currituck County Schools
2017-18 School Year



Source: Currituck County School Chief Information Officer, November 2017

Note: Each school has a Technology Assistant.



According to interview records, the data manager positions resulted from consolidating 10 previous similar positions in the registration operation.

CCS has been very effective in securing e-rate reimbursements for allowable expenditures over the past few years. **Exhibit 3-37** displays the total amount of e-rate dollars received since 2014-15. Applying for e-rate reimbursements is a time-consuming process and there is never a guarantee that because the district submits a reimbursement request that funds or credits will be received. In many instances, e-rate reimbursements are reflected in reduced energy related bills as opposed to actual receipt of funds.

Exhibit 3-37
E-Rate Funding in Currituck County Schools
2014-15 to 2016-17 School Years

Fiscal Year	Funding Received
2014-15	\$288,411
2015-16	\$738,633
2016-17	\$258,917

Source: Currituck County School Chief Technology Officer, November 2017.

Technology workload activity is typically measured for effectiveness in work orders received and closed in a year. When teachers returned in August 2017, the operation received approximately 2,376 work orders. As of December 2017, the department has closed approximately 2,357 work orders.

According to information received from the Technology Department, the total number of student computers in schools is approximately 6,917. The approximate number of staff computers in schools is 612. The school district's 1:1 Chromebook deployment is completed for Grades 5-12 and IT staff are currently deploying technology in Grade 4. Knapp Early College already has its 1:1 technology with Windows laptops and not Chromebooks.

The operation of the technology requirements within the district are supported by school technology assistants who are individuals selected to interact on behalf of the school and in conjunction with the IT operation. Individuals identified to serve in this role receive \$180 per month supplement as an incentive for carrying out these responsibilities.

According to information provided by the Technology Department, the technology infrastructure is comprised of the following elements:

- AS400 - for Finance and Schools
- Sartox - financial software
- BUD system - to transmit AJEs to DPI for state and federal activity
- LBAAS - for federal budgeting
- TACS - time keeping system that interfaces with Sartox
- Synovia - GPS and time keeping system on buses interfacing with Sartox
- TRA School Funds Online - student activity software for student accounts



- Cook Spreadsheets
- E-Procurement
- Deposit - Wizard-check scanner for deposits to Towne Bank (handles local banking activity)
- Gmail
- Google Docs
- AESOP- automated substitute system
- Employee Portal - online payroll check/W2 activity for employees
- Travel Tracker - for Transportation
- Power School - provided by the State
- Spiceworks - provided as a free service
- Go Guardian - paid for by the district operations

FINDING

The Technology Department has taken the initiative to pursue cost saving activities possible within the operation of the department on behalf of the district. One such example is the selling of recycling technology-related material. From September 2015 through November 2017, the operation has sold approximately 34,000 pounds, equating to approximately \$3,400 in extra revenue generated to the support activities of the district.

In addition, the Technology Department has conducted the following activities generating an additional almost \$60,000:

- adopted Google Mail to save on server and archiving costs;
- moved personal and shared drives to Google;
- purchased refurbished computers rather than new when possible;
- renegotiated VOIP contract to reduce costs;
- changed Chromebook insurance provider to reduce costs;
- purchased refurbished network equipment when possible;
- opted-in to the state's free firewall and filtering service;
- negotiated multi-year agreements for Renaissance and ScootPad for significant savings; and
- worked in partnership with Maintenance Department replacing Smart Board projectors versus hiring contractors.

COMMENDATION

The Technology Department has initiated several actions to generate cost savings or miscellaneous revenue for Currituck County Schools.

FINDING

The CCS Technology Plan expired in 2016. Given the NCDPI no longer requires an approved Technology Plan, and the current e-rate program also does not require a Technology Plan, the



District has decided to discontinue producing a standalone Technology Plan and focus its attention at incorporating the issues within the district’s Strategic Plan (2016-2019).

The expired Technology Plan had indicated the intent to utilize an e-rate consultant. According to staff, they had been using an e-rate consultant for the past four years and have recently discontinued the consultant services as a basis for saving additional dollars and taking over the responsibility in house. The Technology Plan also alluded to the use and need of Instructional Technology Facilitators to work with teachers on the effective integration of technology into the instructional program at school sites. It was noted that the request for an additional Instructional Technology Facilitator was unfunded.

It is common practice in school districts to develop and implement a formal Technology Plan—regardless of whether it is a state requirement. Establishing a plan of action which incorporate the specifics of one of the major ongoing expenditures of a school district operation is beneficial for the district and its stakeholders. The continued growing significant role of technology in operations warrants maintaining an individual Technology Plan. The district’s plan to incorporate IT goals and objectives within a broader Strategic Plan risks the important elements of a plan being filtered and diminished in carrying out the key elements of a Strategic Plan. Placing Technology as a key strategy within the Strategic Plan is an important step but not at the expense of forgoing having a standalone Technology Plan.

The expired Technology Plan noted that the District applied for Priority 2 e-rate funding which again would require a Technology Plan. In addition, the current Strategic Plan lists one of the Tools of the Transforming Initiative 3 as having a District Technology Plan. These facts seem to contradict the decision to eliminate developing a current Technology Plan. The Technology Plan typically has more specifics and details for the district’s stakeholders to understand and support.

The expired Technology Plan incorporated elements such as:

- a shared services model provided by the State;
- universal access to personal teaching and learning devices;
- access to digital teaching and learning resources including digital textbooks;
- model of technology for enabled professional development; and
- 21st Century leadership for the LEA.

RECOMMENDATION

Recommendation 3-12:

Develop and maintain a comprehensive District Technology Plan.

In today’s environment of rapidly increasing technology changes and the need to consistently incorporate technology in the teaching and learning process, it is even more important to have a well-documented Technology Plan to support all technology initiatives.



FINDING

When an organization the size of Currituck County Schools invests heavily in technology, security and damage prevention from unpredictable software based threats is critical. Most modern technology operators are aware of the possibility of lost productivity from damaged data. Hard drives fail, power supplies surge, and data storage mechanisms can be damaged—thus, most organizations have sophisticated backup routines. Currituck County Schools is no exception. The recent events in Texas, Florida, and the East Coast have reinforced the need for an effective disaster recovery plan.

Currituck County Schools has no comprehensive Disaster Recovery Plan. A Disaster Recovery Plan would enable the District to continue or restart operations with limited disruption after major damage to hardware systems caused by weather or other peril. As previously mentioned, data are backed up using a variety of methods; however, it is likely that in the event of a major disaster from a tornado, hurricane, or damaging ice storm that much of the critical data would simply be lost. In order to ensure maximum return on investment and protection for the valuable data the hardware manages and stores, the backup and disaster recovery functions should be centrally coordinated and formally planned.

RECOMMENDATION

Recommendation 3-13:

Develop a detailed Disaster Recovery Plan.

A comprehensive Disaster Recovery Plan will help CCS restart or continue its technology operations with as little downtime as possible should a disaster occur. Much like its neighbors in the Currituck County Government, the schools have invested significantly in the area of technology and in order to protect this asset from all possible threats, effective planning for disasters is essential.

The essential elements of a Disaster Recovery Plan include the creation of a disaster recovery team; a list of persons to contact after a disaster; and an assessment of critical district functions, essential equipment and staffing levels needed to immediately recover from such a disaster. A sample of key disaster recovery plan elements is displayed in **Exhibit 3-38**.

The National Institute of Standards and Technology Special Publication 800-34 provides ideal elements for an IT Disaster Recovery Plan which might also be helpful to Currituck County Schools.



Exhibit 3-38
Summary of Key Disaster Recovery Plan Elements

Step	Details
Build the disaster recovery team	<ul style="list-style-type: none"> • Select a disaster recovery team that includes key school leaders, building management, end-users, key outside contractors, and IT staff.
Obtain and/or approximate key information	<ul style="list-style-type: none"> • Develop an exhaustive list of critical activities performed within the Schools. • Develop an estimate of the minimum physical space and equipment necessary for restoring essential operations. • Develop a timeframe for starting initial operations after a security or weather event. • Develop a list of key personnel and their responsibilities.
Perform and/or delegate key duties	<ul style="list-style-type: none"> • Develop an inventory of all assets including data, software, hardware, documentation and supplies. • Set up a reciprocal agreement with comparable organizations to share each other's equipment or lease backup equipment to allow the district to operate critical functions in the event of a disaster. • Make plans to procure hardware, software and other equipment as necessary to ensure that critical operations are resumed as soon as possible. • Establish procedures for obtaining off-site backup records. • Locate support resources that might be needed (e.g., equipment repair, trucking, and cleaning companies). • Arrange with vendors to provide priority delivery for emergency orders. • Identify data recovery specialists and establish emergency agreements.
Specify details within the plan	<ul style="list-style-type: none"> • Identify individual roles and responsibilities by name and job title so that everyone knows exactly what needs to be done. • Define actions to be taken in advance of an occurrence or undesirable event. • Define actions to be taken at the onset of an undesirable event to limit damage, loss, and compromised data integrity. • Identify actions to be taken to restore critical functions. • Define actions to be taken to reestablish normal operations.
Test the plan	<ul style="list-style-type: none"> • Test the plan frequently and completely. • Analyze the results to improve the plan and identify further needs.
Deal with damage appropriately	<ul style="list-style-type: none"> • If a disaster actually occurs, document all expenses and videotape the damage. • Be prepared to overcome downtime on your own; insurance settlements can take time to resolve.
Consider other significant issues.	<ul style="list-style-type: none"> • Do not make a plan unnecessarily complicated. • Make one individual responsible for maintaining the plan, but have it structured so that others are authorized and prepared to implement it if needed. • Update the plan regularly and whenever changes are made to your system.

Source: Adapted by Evergreen Solutions from the Technology and Security Task Force, "Safeguarding your Technology, 2015.



3.6 COMMUNICATIONS WITH THE COUNTY

As stated in this report previously, communication between the School Board and Board of County Commissioners was strained at the time this study was conducted. In North Carolina, where the local dollars are provided by the County, and the School Board is dependent of the County for local funding (as opposed to being independent as in states like Florida and Texas), it is critical for communication to be clear, regular, and positive.

FINDING

Although the Superintendent and County Manager meet monthly, no regular meetings occur with both Boards, nor do the Board Chairs meet on any scheduled basis.

RECOMMENDATION

Recommendation 3-14:

Establish jointly quarterly meetings for both Boards.

An agenda should be set for each quarterly meeting with meeting guidelines. Members of both Boards should strive to make joint decisions based on the well-being of the citizens of Currituck County.



**CHAPTER 4:
COSTS AND SAVINGS SUMMARY**



4.0 COSTS AND SAVINGS SUMMARY

The Evergreen Team has developed 29 recommendations in this report. Fourteen (14) of the recommendations have fiscal implications. **Exhibit 4-1** shows the total costs and savings for study recommendations that have a fiscal impact. As can be seen, the total net savings is approximately \$3.4 million over five years for efficiencies in both financial and non-financial operations in Currituck County Schools. It is important to keep in mind that the identified savings and costs are incremental and cumulative.

**Exhibit 4-1
Summary of Annual Costs and Savings by Year
Over Five Years for Report Recommendations**

Costs and Savings	Years					Total 5-Year (Costs) or Savings
	2018-19	2019-20	2020-21	2021-22	2022-23	
TOTAL COSTS	(\$12,200)	(\$12,200)	(\$12,200)	(\$12,200)	(\$12,200)	(\$61,000)
TOTAL SAVINGS	\$522,147	\$780,055	\$670,254	\$700,708	\$786,828	\$3,459,992
TOTAL NET SAVINGS	\$509,947	\$767,855	\$658,054	\$688,508	\$774,628	\$3,398,992

Exhibit 4-2 shows costs and savings by chapter for recommendations in **Chapter 2** and **Chapter 3**.

There are 15 additional recommendations in this report that do not have a fiscal impact. These recommendations are included in Chapters 2 and 3 of the full report.



**Exhibit 4-2
Summary of Annual Costs and Savings by Year**

Chapter/Recommendation		Estimated (Costs)/Savings					Total 5-Year (Costs) or Savings
		2018-19	2019-20	2020-21	2021-22	2022-23	
CHAPTER 2: FINANCIAL OPERATIONS							
2-1	Fully Engage Leadership in the Identification of Economically Disadvantaged Students	\$20,000	\$20,000	\$20,000	\$20,000	\$20,000	\$100,000
2-4	Ensure that Capital Expenditures are not made with General Operating Funds	\$25,000	\$25,000	\$25,000	\$25,000	\$25,000	\$125,000
2-6	Charge the Full Cost of Athletic Trips to the Appropriate School and Program Code	\$30,000	\$30,000	\$30,000	\$30,000	\$30,000	\$150,000
2-7	Hire a Part-Time Courier	(\$12,200)	(\$12,200)	(\$12,200)	(\$12,200)	(\$12,200)	(\$61,000)
2-11	Convert Supplements from Percentages to Hard Dollar Amounts	\$0	\$86,120	\$0	\$0	\$86,120	\$172,240
2-12	Phase Out the Use of Dual Employees	\$30,454	\$60,909	\$91,364	\$121,818	\$121,818	\$426,363
Chapter 2 Subtotal		\$93,254	\$209,829	\$154,164	\$184,618	\$270,738	\$912,603
CHAPTER 3: REVIEW OF NON-FINANCIAL MANAGEMENT AND OPERATIONS							
3-2	Reclassify the Assistant Superintendent Positions as Directors	\$20,000	\$20,000	\$20,000	\$20,000	\$20,000	\$100,000
3-3	Eliminate 2.5 Assistant Principals	\$257,952	\$257,952	\$257,952	\$257,952	\$257,952	\$1,289,760
3-6	Increase the CCS Overall Transportation Efficiency Rating	\$0	\$78,468	\$78,468	\$78,468	\$78,468	\$313,872
3-7	Increase Breakfast and Lunch Participation Rates	\$80,748	\$80,748	\$80,748	\$80,748	\$80,748	\$403,740
3-8	Maintain Full-Priced Meal Rates at or near Federal Reimbursement Rates	\$25,385	\$50,770	\$53,748	\$53,748	\$53,748	\$237,399
3-9	Collect Student Meal Money	\$1,763	\$1,763	\$4,449	\$4,449	\$4,449	\$16,873
3-10	Remove Portables Used for Storage	\$22,320	\$59,800	\$0	\$0	\$0	\$82,120
3-11	Increase Charges to Facilities Use	\$8,525	\$8,525	\$8,525	\$8,525	\$8,525	\$42,625
Chapter 3 Subtotal		\$416,693	\$558,026	\$503,890	\$503,890	\$503,890	\$2,486,389
TOTAL COSTS		(\$12,200)	(\$12,200)	(\$12,200)	(\$12,200)	(\$12,200)	(\$61,000)
TOTAL SAVINGS		\$522,147	\$780,055	\$670,254	\$700,708	\$786,828	\$3,459,992
TOTAL NET SAVINGS		\$509,947	\$767,855	\$658,054	\$688,508	\$774,628	\$3,398,992