

**Beaufort County Board of Education
Beaufort, South Carolina**

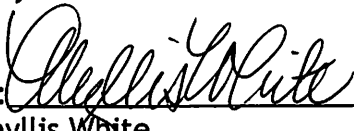
**Performance Expectations
PE 4.7 Monitoring
(includes PE 3.B.1 and PE 4.1)**

**FY 2016 Fourth Quarter Financial Statements
For Period Ending June 30, 2016**

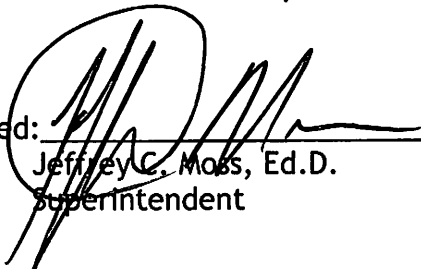
Date: September 8, 2016

I hereby present the FY2016 Fourth Quarter Financial Statements monitoring report for Performance Expectations 3:B.1, 4.1 and 4.7 according to the schedule set by the Beaufort County Board of Education. I certify the information contained in this report is true.

Date: 9/6/16

Signed: 
Phyllis White
Chief Finance and Operations Officer *jk*

Accepted:
Date: 9-6-16

Signed: 
Jeffrey C. Moss, Ed.D.
Superintendent

Accepted:
Date: _____

Signed: _____
Mary Cordray
Board Chair

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- 4.7 Provide the Board with quarterly financial reports for operations, referendum projects, and 8% projects.**
- Report to the Board on a quarterly basis the current financial status of the District's operations and ongoing referendum and 8% capital projections

Statement of Compliance
The District is in compliance with PE 4.7.

Evidence of Compliance

Attached are the FY 2016 fourth quarter financial statements as well as a narrative describing the District's financial condition as of June 30, 2016.

3.B.1 Expend only those funds received in the fiscal year unless revenues are made available through other legal means, including the use of fund balances, the authorized transfer of funds from reserve funds, and tax anticipation notes.

Superintendent's interpretation

- Monitor the District's receipt of revenue vs. its expenditures
- Advise the Board of the status of revenues vs. expenditures
- Request Board authorization, as necessary, to utilize alternative revenue sources to satisfy expenses

Statement of Compliance

The District is in compliance with PE 3:B.1.

Evidence of Status of Compliance

Attached are the FY 2016 fourth quarter financial statements as well as a narrative describing the District's financial condition as of June 30, 2016.

4.1 Allocate resources based on the Board-adopted budget.

Superintendent's interpretation

- Work closely with others responsible to align department budgets with the Board's Policies and the District's Strategic plan before presenting the proposed budget for approval; and
- Monitor regularly department expenditures to ensure conformance with approved departmental budgets

Statement of Compliance

The District is in compliance with PE 4.1.

Evidence of Compliance

Attached are the FY 2016 fourth quarter financial statements as well as a narrative describing the District's financial condition as of June 30, 2016.



Beaufort County School District
4th Quarter FY 16 Financial Summary
September 8, 2016
(Unaudited)

A summary of the unaudited financial reports for the School District funds for the twelve months ended June 30, 2016 is attached. This summary is provided to the public and board members on a quarterly basis to keep them informed of the District's current financial condition. This report demonstrates the revenues and expenditures in a condensed format. Since these statements are prepared prior to our external audit, changes may occur.

The attached report is divided into the following areas:

1. **Schedule A: General Fund Revenue Summary**
2. **Schedule B: General Fund Revenue and Expenditure Summary**
3. **Schedule C: All Funds Summary**

General Fund Revenues- Schedule A

Total General Fund revenues received are estimated at 97.2% (FY15 revenue collections were 101.9%):

Local Revenues

- At the time of this report, the delinquent tax revenue for August was not available from the County. Without this revenue, there is a shortfall of local property tax collections of \$4.1M which is a 96.8% collection rate. Based on historical information, we are estimating \$600K in delinquent taxes for August. This would bring our estimated collections to \$123.2M; a shortfall of \$3.5M with a collection rate of 97.2%. Shortfalls continue to occur due to the shift of 6% property owners to 4%.
- Total estimated tax revenues are \$5.2M higher than in FY 2015. This is due to an increased value of the mil, despite holding the millage rate the same as the prior year. County officials estimated this increase based on growth in the County tax base.

State, Federal and Other Revenues

- State revenues are estimated at 97.8% of the final budget at the end of June; prior year collections were 101.6%.
 - The largest difference was in the area of EFA Transition funds. During the FY 2016 budget process, the State provided a budget allocation of \$1.1M in transition funds to offset the reduction from moving EIA At-Risk funds into the general fund EFA formula. Recently we were informed the funds would not be \$1.1M and would

not be allocated in the general fund. The funds would be \$757K and would be allocated into EIA with no opportunity to transfer the funds back into the general funds. The \$757K will be carried over into FY 2017 with the majority used to offset the cost of extended year during June of 2017.

- In addition to the transition funds shortfall, state Retiree Insurance funds feel short of the budget by \$430K due to state reductions late in the budget process.
- Federal revenue collections finished at 77.5% of the FY 2016 budget. Revenues fluctuate due to the timing of E-Rate reimbursements from the federal government.

General Fund Expenditures-Schedule B

- Total spending is reported at 99.1% of the \$203.5M budget, prior year spending was 99.7%. This represents under spending of \$1,887,524 (0.9% of budget).
 - By the end of the fourth quarter, **instructional** spending in the General Fund amounted to 98.3% of the annual budget. Prior year spending was 99.6%.
 - **Support** programs and intergovernmental transfers reported spending of 100% and 102.6%, respectively, of the annual budget. Charter School payments are categorized as intergovernmental transfers and exceeded the budget due to state revisions of charter school allocations. New EFA weightings were established by the state department, shifting revenues from EIA funds to the General Fund. Prior year spending was 99.8%.
 - The school district realized a savings in interest costs on the Tax Anticipation Note of \$15K.

Chart A listed below summarizes the FY 2015-16 activities of the General Fund.

CHART A

	FY 2015-16 Final Budget	FY 2015-16 Projected Actual*	FY 2015-16 Unaudited Actual	Amount Variance	Percent Variance
Total Revenues	\$ 203,503,617	\$ 197,914,176	\$ 197,902,509	\$ 5,601,108	2.8%
Total Expenditures	\$ 203,513,932	\$ 201,513,932	\$ 201,626,338	\$ 1,887,524	0.9%
Incr/(Decr) in Fund Balance	\$ (10,315)	\$ (3,599,756)	\$ (3,723,829)	\$ 3,713,584	
% of Next Year's Budget	14.7%	13.0%	13.0%		

*Projections presented on 5/17/16

Fund Balance

Audited FY 2015	Budget FY 2016	Unaudited FY 2016
\$31,686,015	\$31,675,770	\$27,962,186

The FY 2015-16 approved budget had a planned fund balance decrease of \$10,315. The expected shortfall in local tax revenue of \$3.5M, shortfalls in state revenues of \$1.5M and under spending of \$1.9M will result in a decrease of fund balance of \$3.7M. As noted in Chart A, the ending fund balance is expected to be 13.0% of next year's budget expenditures of \$215.5M. Had the District not experienced the significant vacancies as well as planned vacancies, our fund balance could have dropped \$5.6M causing our fund balance to drop to 12.1%.

Government Finance Officers Association best practices recommends 60 days of expenditures on hand. The unaudited results reflect 47 days, a reduction from 57 days in the prior year. As a result in the reduction in fund balance, the Beaufort County School District has worked cooperatively with Beaufort County to increase the mill rate in FY 2017 by 8 mills and as a result, offset the shortfalls that are anticipated at the current year end.

All Funds- See Schedule C attached.

**BEAUFORT COUNTY SCHOOL DISTRICT
BEAUFORT, SOUTH CAROLINA
GENERAL FUND REVENUE DETAIL
YEAR ENDED JUNE 30, 2016
UNAUDITED**

	Budgeted Amounts		Unaudited Actual	Variance with Final Budget	
	Original	Final			
LOCAL					
Taxes-Including Delinquent*	\$ 126,674,710	\$ 126,674,710	\$ 123,161,750	\$ (3,512,960)	97.2%
Penalties and Interest	\$ 800,000	\$ 800,000	\$ 639,650	\$ (160,350)	
Other	\$ 663,500	\$ 663,500	\$ 264,673	\$ (398,827)	
Total Local Revenues	\$ 128,138,210	\$ 128,138,210	\$ 124,066,073	\$ (4,072,137)	
STATE					
Retiree Insurance	\$ 4,392,098	\$ 4,392,098	\$ 3,962,429	\$ (429,669)	
Fringe Benefits Employer Contribution	\$ 2,878,367	\$ 2,878,367	\$ 2,879,549	\$ 1,182	
Reimb. For Local Property Taxes	\$ 43,960,281	\$ 43,960,281	\$ 43,955,625	\$ (4,656)	
Education Finance Act (EFA)	\$ 6,966,509	\$ 6,966,509	\$ 7,214,836	\$ 248,327	
School Bus Driver Salary	\$ 645,699	\$ 645,699	\$ 930,793	\$ 285,094	
Reimbursement Local Property Tax Relief	\$ 7,036,261	\$ 7,036,261	\$ 7,036,261	\$ -	
Merchant's Inventory Tax	\$ 332,079	\$ 332,079	\$ 249,060	\$ (83,019)	
Homestead Exemption	\$ 2,000,000	\$ 2,000,000	\$ 2,045,867	\$ 45,867	
Transition Funds**	\$ 1,095,609	\$ 1,095,609	\$ -	\$ (1,095,609)	
Other State Sources	\$ 664,479	\$ 664,479	\$ 190,393	\$ (474,086)	
Total State Revenues	\$ 69,971,382	\$ 69,971,382	\$ 68,464,813	\$ (1,506,569)	97.8%
FEDERAL	\$ 900,000	\$ 900,000	\$ 697,256	\$ (202,744)	77.5%
Transfers In	4,494,025	4,494,025	4,674,367	180,342	
TOTAL REVENUE	\$ 203,503,617	\$ 203,503,617	\$ 197,902,509	\$ (5,601,108)	97.2%

* August 2016 delinquent tax revenues of \$600,000 are estimated based on historical collections.

** Transitions Funds were allocated in EIA Funds.

**BEAUFORT COUNTY SCHOOL DISTRICT
BEAUFORT, SOUTH CAROLINA
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
YEAR ENDED JUNE 30, 2016**

	Budgeted Amounts		Actual	Variance with Final Budget	
	Original	Final			
REVENUES					
Local	\$ 128,138,210	\$ 128,138,210	\$ 124,066,073	\$ (4,072,137)	
State	\$ 69,971,382	\$ 69,971,382	\$ 68,464,813	\$ (1,506,569)	
Federal	\$ 900,000	\$ 900,000	\$ 697,256	\$ (202,744)	
Total Revenues	\$ 199,009,592	\$ 199,009,592	\$ 193,228,142	\$ (5,781,450)	97.1%
EXPENDITURES					
Current					
Instruction	\$ 118,936,285	\$ 119,024,389	\$ 117,044,109	\$ 1,980,280	98.3%
Support services	\$ 79,260,965	\$ 79,172,861	\$ 79,178,538	\$ (5,677)	
Payments to other governmental units	\$ 4,501,682	\$ 4,501,682	\$ 4,620,593	\$ (118,911)	
Debt service-interest	\$ 55,000	\$ 55,000	\$ 39,964	\$ 15,036	
Total Expenditures	\$ 202,753,932	\$ 202,753,932	\$ 200,883,204	\$ 1,870,728	99.1%
Excess (deficiency) of revenues over (under) expenditures	\$ (3,744,340)	\$ (3,744,340)	\$ (7,655,062)	\$ (3,910,722)	
OTHER FINANCING SOURCES (USES)					
Transfers in	4,494,025	4,494,025	4,674,367	180,342	
Transfers out	(760,000)	(760,000)	(743,134)	16,866	
Total other financing sources (uses)	3,734,025	3,734,025	3,931,233	197,208	
Net change in fund balances	(10,315)	(10,315)	(3,723,829)	(3,713,514)	
FUND BALANCES, BEGINNING OF YEAR	31,686,015	31,686,015	31,686,015	-	
FUND BALANCES, END OF YEAR	\$ 31,675,700	\$ 31,675,700	\$ 27,962,186	\$ (3,713,514)	
Total Expenditures	\$ 203,513,932	\$ 203,513,932	\$ 201,626,338	\$ 1,887,594	99.1%
Next Year's Budgeted Expenditures			\$ 215,451,995		
Percentage of Next Year's Budgeted Expenditures			13.0%		

BEAUFORT COUNTY SCHOOL DISTRICT
BEAUFORT, SOUTH CAROLINA

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCES

	General Fund	Special Projects Funds	EIA	Capital Projects	Debt Service Fund	Internal Service Fund	Food Service Fund	Student Activity Fund	Total
REVENUES									
Local									
Property Taxes	123,801,400	-	-	-	54,304,904	-	-	-	178,106,304
Interest	25,164	-	-	302,998	70,254	-	5,841	4,823	409,080
Insurance Proceeds	39,349	-	-	-	-	115,447	-	-	154,796
Other	200,160	1,077,421	-	1,620,148	-	1,047,977	1,865,678	2,810,605	8,621,989
Total Local	124,066,073	1,077,421	-	1,923,146	54,375,158	1,163,424	1,871,519	2,815,428	187,292,169
State	68,464,813	3,067,032	11,159,353	1,823	1,228,821	-	733	-	83,922,575
Federal	697,256	11,389,597	-	4,688	-	-	8,162,128	-	20,253,669
Total Revenues	193,228,142	15,534,050	11,159,353	1,929,657	55,603,979	1,163,424	10,034,380	2,815,428	291,468,413

	General Fund	Special Projects Funds	EIA	Capital Projects	Debt Service Fund	Internal Service Fund	Food Service Fund	Student Activity Fund	Total
EXPENDITURES									
Current									
Instruction	117,044,109	10,990,152	5,562,660	-	-	764,666	-	271,493	134,633,080
Support services	79,178,538	4,378,235	1,255,319	65,369,369	-	699,281	10,045,909	2,474,690	163,401,341
Community services	-	306,369	2,153	-	-	-	-	-	308,542
Intergovernmental services	4,620,593	208,524	68,718	-	-	-	92,533	-	4,990,368
Debt service	-	-	-	-	49,950,000	-	-	-	49,950,000
Principal Interest	39,964	-	-	-	14,439,236	-	-	-	14,479,200
Total Expenditures	200,883,204	15,883,300	6,888,850	65,369,369	64,604,915	1,463,947	10,138,442	2,746,183	367,978,210

Excess (deficiency) of revenues over (under) expenditures	(7,655,062)	(349,250)	4,270,503	(63,439,712)	(9,000,936)	(300,523)	(104,062)	69,245	(76,509,797)
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	General Fund	Special Projects Funds	EIA	Capital Projects	Debt Service Fund	Internal Service Fund	Food Service Fund	Student Activity Fund	Total
OTHER FINANCING SOURCES (USES)									
Transfers in	4,674,367	633,134	-	-	-	-	110,000	-	5,417,501
Transfers out	(743,134)	(283,884)	(4,270,503)	-	-	-	(119,980)	-	(5,417,501)
Sale of capital assets	-	-	-	15,525	-	-	2,101	-	17,626
Premium on general obligations bonds	-	-	-	-	5,964,596	-	-	-	5,964,596
Proceeds of Gen Obligation Bonds	-	-	-	22,055,000	2,604,000	-	-	-	24,659,000
Proceeds from Refunding Debt	-	-	-	-	28,090,000	-	-	-	28,090,000
Payment to Refunded Debt Escrow Agent	-	-	-	-	(33,860,042)	-	-	-	(33,860,042)
TOAL OTHER FINANCING SOURCES (USES)	3,931,233	349,250	(4,270,503)	22,070,525	2,798,554	-	(117,879)	-	24,761,180

Net change in fund balances	(3,723,829)	-	-	(41,369,187)	(6,202,382)	(300,523)	(221,941)	69,245	(51,748,617)
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FUND BALANCE JULY 1, 2015	31,686,015	-	-	75,625,873	22,201,715	718,561	2,191,263	1,304,607	133,728,034
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FUND BALANCE AT JUNE 30, 2016	\$ 27,962,186	\$ -	\$ -	\$ 34,256,686	\$ 15,999,333	\$ 418,038	\$ 1,969,322	\$ 1,373,852	\$ 81,979,417
Percentage of Next Year's Budget	13.0%								