BUDGETS FOR FISCAL YEAR 2013

TO THE CITIZENS OF RICHLAND COUNTY SCHOOL DISTRICT ONE

The Board of School Commissioners and the Administration of Richland County School District One welcomes the opportunity to present the FY 2012-2013 budgets of the District. These budgets represent the educational plan the employees of the District will follow to provide comprehensive educational services for more than 23,000 students and adults. The educational services range from kindergarten to a full program of continuing education for adults.

The District has 44 schools, two special education centers, one alternative school, and one vocational center. Each District school is fully accredited by the South Carolina State Department of Education and the Southern Association of Colleges and Schools. Accreditation from these institutions is the highest recognition of quality for a public school in South Carolina.

The FY 2012-2013 budgets were developed using, as a foundation, the District's Mission Statement and Objectives as formulated by the citizens and personnel of Richland One.

OUR MISSION

Richland One will prepare every student to be a successful, contributing citizen in a global society by providing an effective and high quality education.

OUR VISION

Richland School District One, in collaboration with an engaged community, is committed to ensuring each learner achieves his/her potential in a safe, caring, academically challenging and diverse learning environment that will develop productive citizens for a changing world.

OUR BELIEFS

- Everyone learns.
- Each person has immeasurable worth and needs to be valued.
- Every person is responsible for his/her choices and actions.
- Integrity governs our behavior.
- People are interdependent.
- Change provides opportunity for growth.
- Excellence is attainable.

STRATEGIC OBJECTIVES

Students will reach their optimal literacy potential.

Students will demonstrate the skills, attitude and character necessary to be successful, contributing citizens.

Students will be life-long learners prepared to explore their interests and passions.

STRATEGIES

STRATEGY 1:
Ensure focus, consistency and alignment of our curriculum, instructional strategies and assessments.

STRATEGY 2:
Ensure that our communications are honest, accurate, thorough and accessible to the public.

STRATEGY 3:
Engage and involve parents in their children's education.

STRATEGY 4:
Ensure that our faculty and staff have the skills and capacity to achieve our mission.

STRATEGY 5:
Cultivate community, business, higher education and faith-based partnerships.

STRATEGY 6:
Influence public policy in collaboration with our Board and community to support our mission.

STRATEGY 7:
Identify and pursue a variety of funding opportunities to achieve our goals.

STRATEGY 8:
Ensure that our facilities and infrastructure support and enhance student learning.

Each year, more than 3,500 parents, business partners and community members volunteer in one of our 50 schools and programs. The purpose of the Richland One Volunteer Program is to establish nurturing relationships between students and adults in order to enhance self-concept, decrease discipline referrals, reduce absenteeism and to motivate students to improve academic performance, and to build a constituency for public education and child advocacy.

The Richland One Volunteer Program has served students for more than 20 years. This program matches caring adults with students in need of extra attention. The program has been established on "best practice" standards and is one of the longest, continuously running volunteer programs in the state. Volunteers must pass a background check and are required to give a minimum time commitment depending upon the program in which they will participate.

Volunteer Opportunities
Mentors help a student to broaden his/her vision of opportunities, understand the value of education and accomplish academic and personal goals. Volunteers must commit to one hour a week for one school year for this school-based mentoring program.

Lunch Buddies (typically workplace groups of 15 or more) are volunteers that are matched one-on-one with students to share lunch, fun and friendship twice a month throughout the school year.

Tutors work under the direction of a teacher with students one-on-one or in small groups who need additional academic support. Tutors typically commit between two and four hours a month throughout the school year.

Partnerships include businesses, faith-based organizations, civic organizations and institutions of higher learning working in partnership with schools to help improve academic achievement.

Classroom Volunteers provide support to the classroom teacher and work under his/her supervision to reinforce the basic skills with individual students or small groups. Classroom volunteers may read with students, work with arts, crafts or music classes, participate in physical education activities or assist in the media center.

School Support Volunteers give support for non-instructional programs and activities. School support volunteers may chaperone field trips, provide clerical support, serve on a committee, do special projects or monitor hallways.

Educational Representative (Surrogate Parent)

An educational representative (surrogate parent) works with district special education staff on behalf of students with disabilities enrolled in Richland One who are Wards of the state; or otherwise without adults to represent them in educational planning. A surrogate parent is a caring adult whose primary duty is to represent the student and assist in the determination of what is in the best interest educationally for a student

With this school-based program, children have shown improvement in the areas of behavior, self-esteem, relationships and academic achievement. During the 2011-2012 school year, Richland One volunteers provided more than 197,185 hours of service valued at $4,296,349.

Another exciting addition to the local community is the Richland County School District One Hall of Fame. Since its founding in 1881, Richland County School District One has produced scores of alumni who have distinguished themselves at the local, state, national and international levels.

The Richland One Hall of Fame will pay tribute to these illustrious alumni and other individuals who have made significant contributions to the district, to their communities and to society as a whole. The Richland One Hall of Fame is housed in the Columbia Metropolitan Convention Center, which opened in September, 2004. The Richland One Hall of Fame Room includes meeting space and display space for memorabilia.

Persons, living or deceased, who have made significant contributions to Richland County School District One, to their communities or to society as a whole are eligible for induction into the Richland One Hall of Fame. Nominees may be alumni of Richland One schools or persons who did not attend Richland One schools. Eligible persons may include former students, former employees (i.e. former teachers, former principals, former district administrators, former support staff); former school board members; public officials and community leaders; parents of former Richland One students; or any other persons who have made the kinds of contributions which qualify for recognition in the Richland One Hall of Fame.

Honorees in the Richland One Hall of Fame are persons whose interests and activities, whether professional, vocational or voluntary, resulted in significant contributions to the betterment of their communities, their states or our country. Such persons may have:

1. Shared an inspiring vision for the education of the district's students;
2. Made notable contributions to the district's educational policies or programs; and/or
3. Made a significant contribution to society at large as a consequence of their education in the district's schools.

The achievements of Richland One Hall of Fame inductees will have reflected honor on the district. Inductees will be persons whose personal qualities reflect the values of good character that Richland One seeks to promote in its students: respect, fairness, kindness, cooperation, honesty, dependability, responsibility, good citizenship, caring and self-discipline.

CHANGES FOR SCHOOL BUDGETS

For FY 2010-2011, school budgets were reduced by ten percent at the beginning of the year. Shortly after the year started, half of all travel budgets for schools and departments were frozen. Some other reductions for FY 2010-11 included increasing class size by one which reduced the number of teachers and the number of custodial staff. There were no step increases or cost of living increases included in this budget.

For FY 2011-2012, stimulus funding that was available for the prior two fiscal years is no longer available. Expenditures that were paid by the stimulus will have to be paid by other funding sources for FY 2012 or cut. Some of the expenditures included are some staff, fringe benefits and some technology. Other increases for FY 2012 were increases to health and retirement costs, utilities and estimated gas and diesel costs. The state gave districts the option to give the teachers their required step increase for this fiscal year. Since there were no step or cost of living increases given last year, the board approved a step increase or 2.5% for teachers and a 2.5% increase for non-teachers. There were some reductions of staff made at both the schools and the central office. The budget was also reduced for an estimated cost savings in utilities due to energy management systems being installed in ten buildings during the previous fiscal year.

CHANGES FOR SCHOOL DISTRICT FUNDING

In June 2006, the legislature passed a law that changed the way school operations will be funded in future years. For FY 07 and prior, school operations are mostly funded through property taxes with a minimum amount required to be funded. This District can request, and has requested, amounts above the required local effort. The County Council has usually approved at least a portion, if not all, of the request above required local effort. Starting with fiscal year 2008, school operations were replaced on owner occupied homes by a one cent sales tax. Additionally, a cap on the remaining property tax was limited to CPI and population growth of the District.

In Richland County School District One, the *County Council* is authorized by South Carolina law to levy school taxes. The *County Council* can only increase millage above the rate imposed for the prior tax year by the percentage increase in the consumer price index over the previous calendar year plus the percentage increase in the previous year in the population of the school district as determined by the State Budget and Control Board.

The millage rate limitation may be suspended and the millage rate may be increased upon a two-thirds vote of the membership of the *County Council* for any of the following statutory purposes:

- deficiency of the preceding year
- any catastrophic event outside the control of the governing body such as a natural disaster, severe weather event, act of God, or act of terrorism, fire, war or riot
- compliance with a court order or decree
- taxpayer closure due to circumstances outside the control of the governing body that decrease by 10 percent or more the amount of revenue payable to the taxing jurisdiction in the preceding year
- compliance with a regulation promulgated or statute enacted by the federal or state government after June 7, 2006, for which an appropriation or a method for obtaining an appropriation is not provided by the federal or state government

A millage rate increase imposed under any of the above reasons will appear separately on the tax bill as a separate surcharge with an explanation and not included in the millage subject to the CPI plus population growth factor. The surcharge will only continue for the years necessary to pay for the reason imposed.

In addition, the millage limitation does not apply to millage levied to pay bonded indebtedness or real property lease-purchase payments.

The cap is proving to be a challenge for the district. With the cap it does not allow for additional funding which in previous years the County had approved for some new programs or needs. The cap does not seem to allow for normal salary and utility increases that will occur in most years.

For FY 2011-2012, County Council approved the millage cap which was 1.64% for CPI and no growth. This allowed for a 3.8 mill increase in the cap over FY 2010-2011. Unfortunately, there was a decrease in assessed value that only gave the district a slight increase in actual dollars for FY 2012.

BOND REFERENDUM FOR CAPITAL PROJECTS

The District has a total of 226 buildings. The District has 4,500 HVAC units, 4,700,000 square feet of floor space and 83 acres of roofing. The average age of our schools was 45 years when the first Bond Referendum began.

Replacement cycles for some of the larger components of the District's infrastructure are:

• Floors	7 – 10 years
• Painting	7 years
• Window Replacement	25 years
• Boiler Replacement	30 years
• HVAC Replacement	10 – 15 years
• Lighting Replacement	15 years
• Classroom Furniture	10 – 15 years
• Roofing Repair/Replacement	20 years

This means that, on the average, a roof needs either major repairs or complete replacement every 20 years. In order to keep the 83 acres of roofing and the other seven items listed above and the many "minor" infrastructure items in good working order, annual repair or replacement is required on some components in each major and minor category. This annual work, to keep just the current infrastructure in proper working order, is estimated to cost approximately $9 million.

As stated above, the average age of District schools was 45 years. The schools were built in line with the current technology used in the classrooms at that time. As an example, most classrooms were built with only two electrical outlets, which suited the current instructional methods. Classrooms for the Twenty-First Century could have a television, DVD/VCR, computer(s), printer(s), etc. Therefore, the existing classrooms did not have the required electrical wiring to support instructional technology of the future.

Many of our schools needed extensive renovations or additions due to changes in federal regulations (i.e., airflow, mainstreaming of disabled students to local schools, etc.) and updating of fire codes.

Due to the compounding of the above factors, the need for a bond referendum was becoming critical. The average citizen may ask, what is a bond referendum. A bond referendum is an election in which citizens of a school district vote to give the district the authority to borrow money to expand and renovate school buildings or build new schools.

In the spring of 1994, the District's Board of School Commissioners instructed the administration to determine what work was necessary to the schools' infrastructure to address the educational needs. The focus was on each facility's ability to support the core curriculum. The District hired educational, mechanical, and electrical consulting firms to help identify the work required. But most importantly, the District and the external consultants held over 70 meetings with the community and District personnel to receive their ideas.

The results of these meetings produced a document detailing, for each school, the needed educational, mechanical, and electrical work. When put to fiscal terms, the proposed work totaled approximately $355 million. Realizing the magnitude of the proposed work, the related dollars, and after assessing the communities' fiscal capacity, the District decided on a two-phase approach. The first phase would focus primarily on elementary schools but also address the technology needs for all schools. The second phase would address middle and high schools. The cost of the first phase was $184,235,000.

The Board of School Commissioners gave approval for the Administration to call for a bond referendum to fund phase one. The bond referendum was held on September 7, 1996, with the District seeking approval to borrow, through the issuance of general obligation bonds, $184,235,000. The citizens of Richland County School District One voted 59% for and 41% against the referendum. This referendum was the largest requested, and the largest ever approved, in the State of South Carolina at that time.

During the summer of 2002, the Board approved a resolution to put Phase II on the ballot for the November election. The District was seeking approval to borrow, through the issuance of general obligation bonds, $381 million. Also on the ballot was a penny sales tax issue to be used to reduce the property tax burden of the bond issue. The Bond Referendum passed with 66% approval which was the largest approved in the State of South Carolina at that time. Although Richland One voters passed the penny sales tax, it did not pass County wide.

WHAT PHASE ONE FUNDED

- All Schools Received:

  Two additional computers per classroom
  Fifteen additional computers in each media center
  Network wiring
  Connectivity to administrative buildings
  Access to the Internet
  File service upgrade
  Hazardous materials removal
  Roofing work, as needed

- All Elementary Schools Were Brought Up To District Standards, Including:

  Science and computer labs
  Art, music and physical education space
  Student support space
  (Guidance counselor, nurse, social worker, psychologist, speech therapist)

  New Schools

  - Middle School in the Lower Richland zone with classrooms for disabled students
  - Elementary school to relieve Sandel Elementary
  - Replacement elementary schools for Burton/Pack, Lyon Street/Carver, Watkins/Sarah Nance, Denny Terrace/Crane Creek, Webber and McCants

IMPACT

- Eight elementary schools were taken off-line for student purposes
- Four new elementary schools built
- Operating savings approaching one million dollars per year

Phase One consisted of 33 projects. A project may have affected just one school or it may have affected all schools, such as the updating of technology in the schools.

WHAT PHASE TWO FUNDED

Two New Middle Schools
Two New High Schools
Six Middle School Renovations
Five High School Renovations
Renovation of Heyward Career and Technology Center
Renovation of Athletic Facilities

Richland One's school board announced the establishment of a 30-member Blue Ribbon Committee, a citizens' advisory group to provide advice and oversight for the middle and high schools' facility construction program approved in the November 8, 2002, bond referendum.

The Blue Ribbon Committee was composed of a diverse group of community leaders who were knowledgeable about the district and have made a commitment to serve throughout the multi-year construction process. Like the committee formed in 1996 to oversee the previous bond referendum, this committee met at least quarterly and served as a liaison among the seven school clusters and as community representatives to the school board. The committee received administrative briefings, reviewed the facility construction program and advised the board.

All projects were completed by the end of fiscal year 2010 and final rededication ceremonies were held.

FY 2012-2013 BUDGETS

The budget process for FY 2013 general fund had to balance the impact of student needs with the reduction of stimulus funds and State allocations that are at 2001 levels along with millage cap restrictions. The final budget was completed with an overall 5.16% increase. There was no salary increases included in the budget for certified or non-certified staff in FY 2011. The board did approve a 2.5% step increase for teachers and a 2.5% increase for non-teachers in FY 2012. For FY 2013, teachers received a step plus 2% cost of living while the non-teachers received a step plus 1% cost of living.

Additional expenditures budgeted for that increased the budget over FY 2012 were employer portions of health insurance and retirement, technology funding funded by stimulus funds in prior years, vehicle replacement, increase in musical instrument and equipment replacement, increase in school library book funding, increases to READ 180 and E2020 programs, and funding for a new medical magnet program at CA Johnson High School.

Special Revenue funds will remain about the same for FY 2012-2013. Funding of the Base Student Cost was increased from $1,880 to $2,012. The District expects the other special revenue allocations and grants to remain at the same level with some adjustments due to student counts.

Debt service is expected to remain the same for FY 2012-2013. There will be no change in revenue expected for debt service and the millage will be at the same level as last fiscal year.

Capital project budgets have decreased since the bond referendum projects were completed last fiscal year. With limited funding available for capital needs, new projects are few for FY 2013 to be funded by $5 million from 8% debt.

The enterprise fund and internal service funds are budgeted at the same level as FY 2010-2011 with the only change to cover salary increases.

The instructional needs identified by the citizens, parents, teachers, administrators and the Board of School Commissioners, when translated to fiscal terms, total $376,766,849. This consists of the budgets in the following funds:

General Fund	$245,639,756
Special Revenue Funds	49,473,212
Debt Service Fund	54,500,000
Capital Projects Fund	13,300,000
Enterprise Fund	11,486,414
Internal Service Funds	2,367,467

For the above funds, the following two schedules present, in summary, the revenue and expenditure budgets. The schedules are presented in accordance with Generally Accepted Accounting Principles (GAAP). Additional detailed information concerning the funds is provided in the following chapters.

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
ALL GOVERNMENT FUND TYPES FOR THE BUDGET YEAR ENDING JUNE 30, 2013

	General	Special Revenue	Debt Service	Capital Projects	Totals (Memorandum Only)
Revenues:					
Local Sources	$170,000	$2,400,000	$250,000	$0	$2,820,000
County Sources	186,309,025	0	43,136,000	0	229,445,025
State Sources	67,378,247	25,000,000	0	0	92,378,247
Federal Sources	10,000	25,500,000	0	0	25,510,000
Total Revenue	253,867,272	52,900,000	43,386,000	0	350,153,272
Expenditures:					
Current:					
Instructional Services	147,134,853	33,500,000	0	0	180,634,853
Support Services	97,362,024	13,008,212	0	4,800,000	115,170,236
Community Services	303,152	215,000	0	0	518,152
Capital Outlay	839,727	2,400,000	0	8,500,000	11,739,727
Intergovernmental	0	350,000	0	0	350,000
Debt Service:					
Principal on General Obligation Bonds	0	0	16,500,000	0	16,500,000
Interest on Bonds, Notes and Fiscal Charges	0	0	38,000,000	0	38,000,000
Total Expenditures	245,639,756	49,473,212	54,500,000	13,300,000	362,912,968
Excess (Deficiency) of Revenues Over Expenditures	8,227,516	3,426,788	(11,114,000)	(13,300,000)	(12,759,696)
Other Financing Sources (Uses):					
Operating Transfers In	1,042,200	1,900,000	0	2,500,000	5,442,200
Operating Transfers Out	(12,479,518)	(5,326,788)	0	0	(17,806,306)
Proceeds of General Obligation Bonds	0	0	0	5,000,000	5,000,000
Total Other Financing Sources (Uses)	(11,437,318)	(3,426,788)	0	7,500,000	(7,364,106)
Excess (Deficiency) of Revenues Over Expenditures and Other Financing Sources (Uses)	(3,209,802)	0	(11,114,000)	(5,800,000)	(20,123,802)
Fund Balance, Beginning of Year	53,481,958	0	17,543,815	31,015,999	102,041,772
Fund Balance, End of Year	$50,272,156	$0	$6,429,815	$25,215,999	$81,917,970

COMBINED STATEMENT OF REVENUES, EXPENSES AND CHANGES IN RETAINED EARNINGS - PROPRIETARY FUND TYPE FOR THE BUDGET YEAR ENDING June 30, 2013

	ENTERPRISE	INTERNAL SERVICE	Totals (Memorandum Only)
Operating Revenues:			
Food Sales	$1,728,651	$0	$1,728,651
Charges for Services	0	2,373,967	2,373,967
Total Operating Revenues:	1,728,651	2,373,967	4,102,618
Operating Expenses:			
Food Costs:			
Purchased Food	4,590,955	0	4,590,955
Donated Commodities	795,000	0	795,000
Salaries	3,800,000	346,323	4,146,323
Employee Benefits	900,000	107,960	1,007,960
Purchased Services	483,900	29,340	513,240
Supplies and Materials	556,200	1,879,844	2,436,044
Depreciation	270,000	0	270,000
Capital Purchases	75,000	4,000	79,000
Other	15,359	0	15,359
Total Operating Expenses:	11,486,414	2,367,467	13,853,881
Operating (Loss)	(9,757,763)	6,500	(9,751,263)
Non-Operating Revenues:			
U.S. Government Reimbursements	8,693,763	0	8,693,763
U.S. Government Commodities	764,000	0	764,000
State Reimbursements	900,000	0	900,000
Local Sources	50,000	0	50,000
Total Non-Operating Revenues	10,407,763	0	10,407,763
Income Before Operating Transfers	650,000	6,500	656,500
Operating Transfers:			
Operating Transfers In	200,000	0	200,000
Operating Transfers Out	(650,000)	(6,500)	(656,500)
Net Income (Loss)	200,000	0	200,000
Retained Earnings, Beginning of Year, July 1	5,004,645	0	5,004,645
Retained Earnings, End of Year, June 30	$5,204,645	$0	$5,204,645

The Board of School Commissioners, the administration and staff of Richland One believe your past investments in the educational process of Richland County School District One have reaped many rewards and benefits. The District also believes that, with your continued support, the beneficiaries will be the students and the community of Richland County School District One.

In closing, we wish to recognize and thank the members of the Board of School Commissioners. Their leadership and support is an integral part of the instructional and financial success of Richland County School District One.

BOARD OF SCHOOL COMMISSIONERS
FY 2012-2013

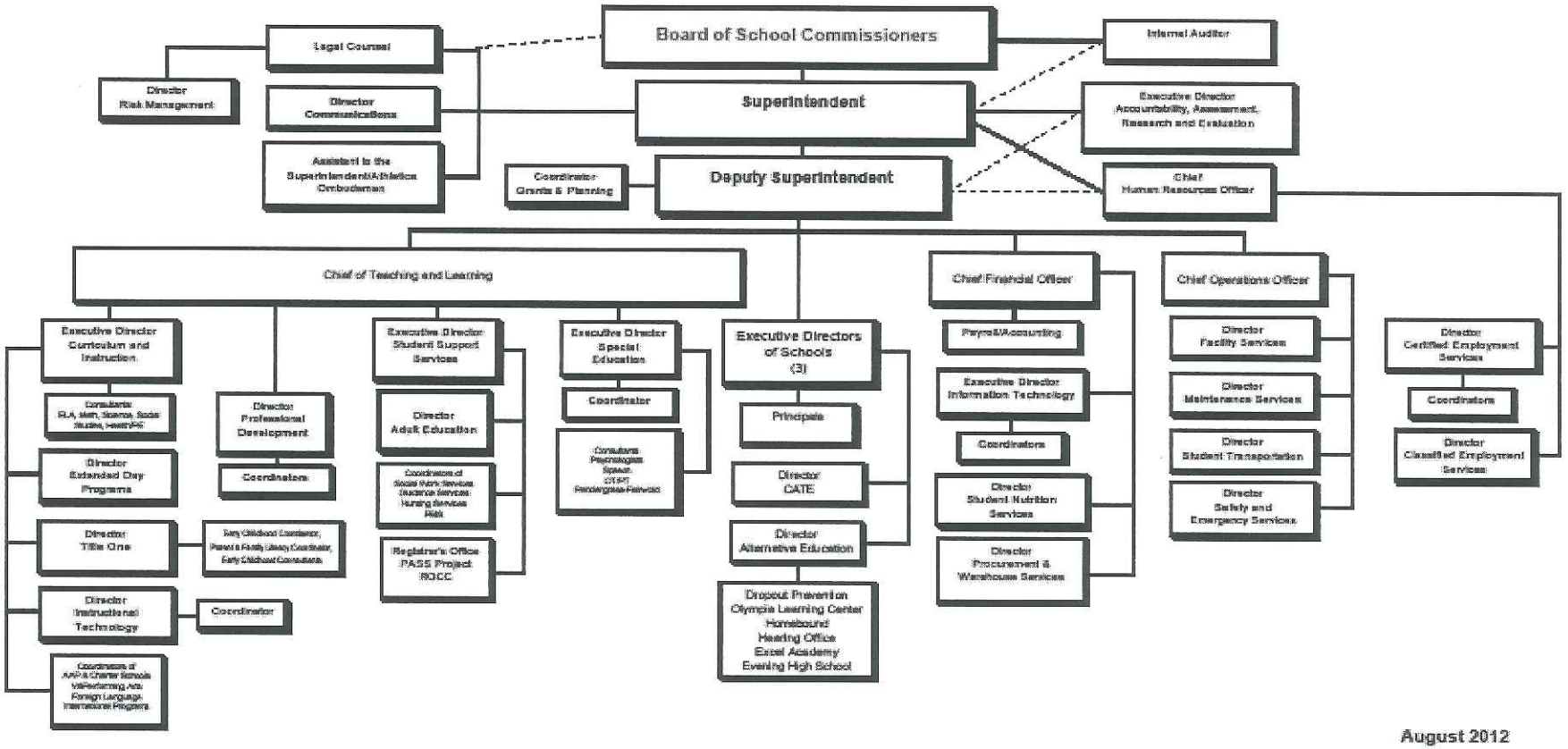
Board of School Commissioners	Length of Service	Term Expires
Chairman Mr. Dwayne Smiling	12 years	2012
Vice Chairman Mr. Aaron Bishop	2 years	2014
Secretary-Treasurer Mrs. Susie Dibble	4 year	2014
Parliamentarian Mr. Jamie Devine	4 years	2012
Members Mr. Vince Ford Mrs. Barbara Scott Mrs. Beatrice King *	 20 years 4 years	 2012 2012 2014

*Elected November 6, 2012 to fill vacant seat.

SUPERINTENDENT'S CABINET
FY 2012-2013

SUPERINTENDENT	Dr. Percy A. Mack
DEPUTY SUPERINTENDENT	Dr. Debra Brathwaite
CHIEF OPERATIONS OFFICER	Mr. Edward Carlon
CHIEF FINANCIAL OFFICER	Ms. Sherri Mathews-Hazel
CHIEF HUMAN RESOURCE OFFICER	Mr. Otha R. Dillihay, Sr.
CHIEF TEACHING & LEARNING OFFICER	Dr. Regina Thompson
EXECUTIVE DIRECTOR OF SCHOOL ADMINISTRATION	Mr. Willie McGrady
EXECUTIVE DIRECTOR OF SCHOOLS	Mr. Ernest Dupree
EXECUTIVE DIRECTOR OF SCHOOLS	Ms. Jeannetta Scott
COORDINATOR OF LEGAL SERVICES	Ms. Susan Williams
ASSISTANT TO THE SUPERINTENDENT/ OMBUDSMAN/ATHLETIC DIRECTOR	Dr. Carlos L. Smith
DIRECTOR OF COMMUNICATIONS	Ms. Karen York
EXECUTIVE DIRECTOR OF ACCOUNTABILITY, ASSESSEMENT, RESEARCH & EVALUATION	Dr. Jennifer Coleman
EXECUTIVE DIRECTOR INFORMATION TECHNOLOGY	Mr. Luke Fox

RICHLAND COUNTY SCHOOL DISTRICT ONE ORGANIZATIONAL CHART



August 2012

FISCAL MANAGEMENT GOALS/PRIORITY OBJECTIVES/
FINANCIAL POLICIES

The following are the more significant District policies for accounting and budgeting. They are reviewed and updated on a regular basis. Some are currently in the process of being reviewed.

Policy BA School Board Operational Goals

Purpose: To establish the basic structure for Board operations.

The Board is responsible for the establishment and maintenance of a high quality system of free public schools for all children residing in the school district. The Board may make all necessary policies and procedures for the government and conduct of schools consistent with the laws of the state and federal governments.

The Board views its role as falling into four major categories:

Vision

The Board sets the long-range vision for the school district. Examples include strategic planning, budget planning, other planning procedures such as facilities planning or curriculum audit, inclusion of all community groups, and taking a proactive stance for education.

Basic structure

The Board establishes the basic structure for governance and operation of the district in order to fulfill its vision. Examples include personnel, quality of staffing and staffing patterns, budget development, curriculum and instruction, appropriate environment such as facilities and behaviors, and district operations.

Accountability

The Board ensures accountability for itself and all district operations in order to realize its vision. Examples include budget; legal requirements; student performance; community/parental involvement; community/parental support; dealing with pressure groups; recognizing the difference between private citizen and public official role/responsibility; working together as an effective team; and evaluating all aspects of the district including the board, superintendent, staff, students and community.

Advocacy

The Board is an advocate for its vision. Examples include working with elected and appointed officials; cooperating with agencies serving children; being advocates for children; and promoting the value of public education with business, retired persons and other groups.

Policy CA Administrative Goals/Priority Objectives

Purpose: To establish the Board's vision for administrative goals and objectives.

The administration of this school system is responsible, within the guidelines established by Board policy, for the direction and coordination of students and staff in their efforts to reach educational goals adopted by the Board.

The Board is devoted to and legally charged with the responsibility for providing an instructional program for the children within the community it serves. The district is organized to accomplish this purpose through an elected

board and professional staff members who are employed by the Board. The Board and the professional staff each have unique responsibilities within this institution.

The Board will rely on its chief executive officer, the superintendent of schools, to provide professional administrative leadership. The superintendent is responsible for executing the professional staff responsibilities through the design of an administrative organization that will meet the needs of the school system and most efficiently and effectively use its resources.

All schools will be subject to Board policies which are implemented through the superintendent. Within the framework of district policies and regulations, principals will be responsible and accountable for the administration of their respective schools through the implementation of school regulations and procedures.

The function of administration is to plan for, control, coordinate, supervise and direct the district in accordance with the purposes, policies, plans, procedures and programs authorized by the Board.

The Board expects the administration to specialize in the following:

- the processes of decision making and communication
- the planning, organization, implementation and evaluation of educational programs and services
- the coordination of various centers of power within the school system and the community so as to enable people to do things together for education that they might never be able to do separately
- the demonstration of leadership
- the development and maintenance of close working relationships and channels of communication within the school system and community
- the prevention of misunderstanding and development of cooperation toward attaining the educational goals adopted by the board

Policy DA Fiscal Management Goals/Priority Objectives

Purpose: To establish the Board's vision for the sound fiscal management of the district.

The quantity and quality of learning programs are directly dependent on the funding provided and the effective, efficient management of those funds. It follows that achievement of the district's purposes can best be achieved through excellent fiscal management. Further, the Board recognizes the important trust it has been given with the responsibility of managing a large amount of public resources. As trustee of local, state and federal funds allocated for use in public education, the Board will be vigilant in fulfilling its responsibility to see that these funds are used wisely for achievement of the purposes to which they are allocated.

Because of resource limitations, there is sometimes a temptation to operate so that fiscal concerns overshadow the educational program. Recognizing this, it is essential that the district take specific action to make sure education remains central. Fiscal matters are ancillary and contribute to the educational program. This concept will be incorporated into Board operations and into all aspects of district management and operation.

In the district's fiscal management, the Board seeks to achieve the following goals and objectives:

- Engage in thorough advance planning, with broad-based staff and community involvement, in order to develop budgets and to guide expenditures.
- To efficiently utilize funds in order to achieve the greatest returns and contributions to the educational program.
- To establish levels of funding which will provide high quality education for the students of the district.
- To use the best available techniques for budget development and management.
- To provide timely and appropriate information to the Board and all staff with fiscal management responsibilities.

- To establish maximum efficiency procedures for accounting, reporting, business, purchasing and delivery, payroll, payment of vendors and contractors, and all other areas of fiscal management.

Therefore, the major purpose of budgeting of this Board is to express in financial terms the programs and activities of the District and pledge itself to be organized to meet these stated goals and objectives.

Policy DBK Budget Transfers and Modifications

Purpose: To establish the approval parameters for budget transfers.

To ensure that budget transfers, which materially affect the operating budgets of the district, have the necessary approvals. The superintendent or superintendent's designee will establish the approval parameters for budget transfers. Under state law proceeds of bonds authorized and issued may be transferred only as authorized in such bond issues.

Policy DC/DCA Annual Operating Budget

Purpose: To establish the basic structure for the budget, including but not limited to the general fund, special revenue, capital project and bond project budget preparation procedures, its goals and objectives and administering the budget.

The superintendent or superintendent's designee will develop budget fund preparation and monitoring procedures to ensure:

- Community, student, staff and board participation in developing the budget.
- The approved budget addresses the district strategic goals and objectives.
- The budget is approved by the Board and properly administered.

Policy DD Funding Proposals, Grants and Special Projects

Purpose: To establish the basic structure for seeking additional sources of revenue for the district.

In order to offer the best educational opportunities possible for students of the district, the Board will seek as many sources of revenue as possible to supplement the funds provided through local taxation and the basic aid offered by the state.

The superintendent will notify the Board of all funding proposals that are accepted.

The Board expects that management of specially funded programs will adhere to all laws, policies, and regulations governing other district programs.

A set of administrative procedures for grant and special project development and management will be prepared and maintained by the superintendent or the superintendent's designee.

Grants from private sources

The district will seek grants of money, securities, property, etc. from private sources for scholarships, staff development and other educational improvement purposes.

Such gifts will be approved by the Board, administered by the superintendent or the superintendent's designee and used in keeping with the terms of the gift or bequest.

The Board will not accept bequests, endowments or other gifts if the condition of the gift removes any portion of the public schools from control of the board.

Policy DFL Investment Earnings

Purpose: To establish the basic structure for the investing of district funds.

The superintendent or the superintendent's designee will be responsible for the investment of district funds. An investment program will be established that will secure a maximum yield of interest revenue to supplement other district revenues for the support of the district's educational programs.

The investing of funds will follow the guidelines as outlined in the district's administrative investment procedures.

Policy DI Accounting and Reporting of Funds Financial Statements and Reports

Purpose: To establish the basic structure for accounting and reporting of the district's financial resources.

The Board's policy will be to use accepted accounting procedures and to require financial statements, reports and records sufficient in detail to give a clear and accurate account of all district finances. The district's accounting system will provide an accurate record of financial transactions in accordance with the Financial Accounting Handbook developed by the South Carolina State Department of Education and in accordance with Governmental Accounting Standards Board.

The superintendent or the superintendent's designee will submit a financial statement to the Board monthly and at such other times as directed.

Policy DIE Audits/Financial Monitoring

Purpose: To establish the basic structure for auditing and monitoring the district's financial activities.

In accordance with state law and regulation, all district financial records will be audited following the close of each fiscal year.

The Board will employ a certified pubic accountant to conduct the annual audit to include all funds. The Certified Public Accountant will not be permitted to serve more than three consecutive years as the District's auditor. The district will forward a copy of appropriate audits to the state department as required by applicable state law or regulations.

Policy DJ Expenditure of Funds

Purpose: To establish the basic structure for expenditure of funds.

The policy of the Board will be to require all invoices for goods and services purchased by the district to be received directly by the Financial Services Department's accounts payable section.

The superintendent or superintendent's designee will be accountable to ensure that vendor obligations are met, before expenditure of funds is approved in payment of an invoice. However, the requesting department still has the ultimate responsibility for ensuring that the district receives all goods and services ordered. To fulfill this responsibility, appropriate documents of receipt must be provided to the Office of the Executive Director of Financial Services within five working days in order to ensure timely payment to vendors.

The district will make all payments for goods and services only under these conditions:

- Against invoices, properly supported by authorized purchase orders and the receiving department or school has signed as to receipt of goods or services and authorization of payment of such goods and services by appropriate personnel as designated by the superintendent or superintendent's designee.
- Against properly submitted expenditure requests covering authorized expenses and authorization of payment of such expenses by appropriate personnel as designated by the superintendent or superintendent's designee.
- Against properly submitted reimbursement requests covering authorized expenses and authorization of payment of such expenses by individual's supervisor or the superintendent or superintendent's designee. No reimbursement will be made without supervisor's authorization with the exception of the superintendent.
- In accordance with salary schedules or salaries set by the board.
- In accordance with programs that are consistent with the strategic plan.
- In accordance with any other procedures set forth by the superintendent or superintendent's designee.

AR DJ-R Expenditure of Funds

Printed instructions will be on all district purchase orders and contracts, directing vendors to send invoices to Richland County School District One, PO Box 11615, Columbia, SC 29211.

Each invoice will be compared to the applicable purchase order and receiving documents, to ensure that funds encumbered were not exceeded and goods/services were properly received (quantity and price). A tolerance of five percent or $50 (whichever is greater) above the original total of the purchase order will be allowed, in the interest of processing the invoice expeditiously without incurring the added expense of superfluous handling. When discrepancies are identified, officials within the purchasing, warehousing or encumbering activities must be contacted, and resolution of the difference documented.

This will assure the Executive Director of Financial Services necessary control and authority to determine if vendors are meeting specifications of the order, prior to expenditure approval of funds in payment.

Policy DJE/DJEA/DJEB/DJEBA/DJECC/DJED Purchasing, Purchasing Authority, Quality Control, Specifications, Cooperative Purchasing, Bids and Quotations

It will be the policy of the Board to conduct all matters involving purchasing in accordance with the District's Procurement Code and Regulations, which is substantially similar to the South Carolina Consolidated Procurement Code. This Code was adopted by the Board July 1, 2001. It is published as a separate document, and although it is not included in this Policy Manual, it carries all the force of Board policy.

The Board intends to seek maximum educational value for each dollar spent and to purchase competitively, without prejudice. The District's purchasing procedures shall conform to all applicable Federal and State laws and regulations of the State Department of Education.

This Policy and the District's Procurement Code and Regulations repeal all previously issued Policies, Rules and Regulations or parts thereof concerning district procurement, unless they concern matters not covered by the Procurement Code and Regulation.

Policy DK Accounting for Non-Appropriated Funds

Purpose: To establish the basic structure for accounting for non-appropriated funds.

The Board recognizes the basic purpose of raising and expending money by a student body, student activity, student organization or school event is to promote the general welfare, morale, and educational experiences of the student body.

The Superintendent or the Superintendent's designee will be responsible for monitoring the bookkeeping functions at the Central Office. However, each principal has the responsibility for ensuring bookkeeping functions are implemented and properly adhered to as established by the administrative procedures detailed in the Non-Appropriated Fund Procedures Manual.

The Non-Appropriated Funds must be managed in accordance with regulations issued by the Superintendent or the Superintendent's designee.

Policy DM Operating Reserve Fund

Purpose: To establish the basic structure for an operating reserve fund.

The Board is committed to providing sound, fiscal management for the district. To that end, the board desires stability for the district, while considering instructional needs and the financial burden placed upon the taxpayers.

To provide sound, fiscal management and stability, the Board believes that an operating reserve fund is necessary for the general fund budget each year.

The operating reserve will equal 7 percent of the subsequent year general fund. The increase will be phased in as follows:

Fiscal Year	Operating Reserve Fund Percent
2000 – 2001	5.75%
2001 – 2002	6.25%
2002 – 2003	7.00%

No portion of the general funds operating reserve funds will be spent without first receiving approval from the Board.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The general purpose financial statements of Richland County School District One (the District) are prepared in conformity with Generally Accepted Accounting Principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the government's accounting policies are described below:

Reporting Entity

Richland County School District One is the lowest level of government, which has financial accountability of control over all activities related to public school education in the District. The District receives funding from federal, state, and local government sources and must comply with the concomitant requirements for each entity. The members of the Board of School Commissioners are elected by the public, have decision making authority, the power to designate management, the ability to significantly influence operation and have primary accountability for fiscal matters. Therefore, the District is not included in any other governmental "reporting entity" as defined in GASB Statement Number 14.

All activities for which the Board of School Commissioners exercise financial accountability have been incorporated into the general purpose financial statements to form the reporting entity. GASB Statement No. 14 defines the reporting entity as "a) the primary government, b) organizations for which the primary government is financially accountable, and c) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete." Activities meeting the above criteria include, but are not limited to, the general operations and support services of the District, Capital Projects Funds and Student Nutrition Services.

BASIS OF PRESENTATION – FUND ACCOUNTING

The accounts of the District are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures, as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. In the accompanying budget presentations, the various funds are grouped into six generic fund types and two broad fund categories as follows:

GOVERNMENTAL FUND TYPES

General Fund

The General Fund of the District is used to account for all financial resources except those required to be accounted for in another fund. All property taxes, intergovernmental revenues, charges for services, education finance act revenues, and miscellaneous revenues are recorded in this fund except amounts which are specifically collected to service debt or for which the District collects funds in a fiduciary capacity. Operational expenditures for general instruction, support services, general administration and other departments of the District are paid through the General Fund.

Special Revenue Fund

The Special Revenue Fund accounts for financial transactions of the various special projects in which the District participates. All special projects supported in whole or in part with federal, state and local resources are accounted for in this Fund. The Education Improvement Act (EIA) of 1984 required a new addition to the Special Revenue Fund. The purpose of the EIA, in general, is to provide additional funding to local school districts for the purpose of raising academic standards by providing for, among other special purposes, basic skills remediation, teacher salary increases, modernization of vocational equipment and instructional facilities.

Debt Service Fund

The Debt Service Fund is used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest and related costs on bonded indebtedness of the District. The primary financing source for the Fund is county property taxes.

Capital Projects Fund

The Capital Projects Fund is used to account for financial transactions relating to the construction, renovation or improvement of buildings and facilities, the purchase and installation of related equipment, and the acquisition of land except for those financed in the enterprise fund. These activities are generally financed through the issuance of general obligation bonds.

PROPRIETARY FUND TYPES

The Proprietary Fund Type is used to account for the District's ongoing activities which are similar to those often found in the private sector. The measurement focus is upon capital maintenance and the determination of net income.

Enterprise Fund

The Enterprise Fund is used to account for operations (a) that are financed and operated in a manner similar to private business enterprises – where the intent of the District is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through use charges; or (b) where the District has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes. The Student Nutrition Services Fund is the District's only enterprise fund and is used to account for the USDA approved school breakfast and lunch programs.

Internal Service Fund

The Internal Service Fund is used to account for the financing of goods and services provided by one department or agency to other departments or agencies of the District. When services are rendered, charges are made to the users and revenue is accumulated in the Internal Service Fund to cover cost of operations. The District has three such funds: Warehouse Services, Motor Pool Services, and Printing Services. These funds account for the financing of goods and services provided by one department to other departments on a cost reimbursement basis.

BASIS OF ACCOUNTING

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. For the District, a balanced budget is revenues plus other sources equals expenditures plus other sources. The basis of budgeting is the same as the basis of accounting used in the entity's audited financial statements.

All governmental funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Governmental operating statements of these funds present increases (i.e., revenues and other financial sources) and decreases (i.e., expenditures and other financing uses) in net current assets. The modified accrual basis of accounting is used by all governmental fund types. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual (i.e., when they become both measurable and available).

"Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Property taxes are considered "measurable" and "available" if collected within 60 days after year-end. Other major revenues that are determined to be susceptible to accrual include state and federal grants earned. Funds received and not yet earned are reflected as deferred revenues.

Expenditures are recognized in the accounting period in which the fund liability is incurred, if measurable, except for unmatured interest on general long-term debt, which is recognized when due. Expenditures applicable to the following school year are considered prepaid expenditures.

The proprietary fund type is accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the balance sheet. Fund equity (i.e., net total assets) is segregated into contributed capital and retained earnings components. Proprietary fund-type operating statements present increases (i.e., revenues) and decreases (i.e., expenses) in net total assets.

Proprietary funds are accounted for using the accrual basis of accounting. Their revenues are recognized when they are earned, and their expenses are recognized when they are incurred.

BUDGETS AND BUDGETARY ACCOUNTING

Budgeting Controls

Richland County School District One utilizes budgetary controls. The aim of budgetary controls is to insure compliance with the legal provisions of the annual budget approved by the Board of School Commissioners. The annual appropriated budget includes activities of the General and Special Revenue Funds. The Board controls Capital Projects Fund activity with approval of project-length financial plans. When the Board of School Commissioners adopts and amends the actual budgets, it is done at the summarized legal level of budgetary control. The General Fund level of budgetary control by management, (that is, the level at which payments cannot exceed the appropriated amount) is set at the unit. A unit is a set of accounts under the responsibility of an appointed official. An official may overspend an individual line item within a unit. However, the total budget for that unit may not be overspent.

The level of budgetary control of Special Revenue is set at the function level. A function is defined as the purpose for which the budget is established. An individual may overspend individual line items within a budget but may not exceed the total budget.

The District does not release purchase orders that exceed a unit's budget until the responsible official provides additional funds. This additional control insures sufficient funds are available to pay for requested goods or services before the order is placed.

APPROVAL OF BUDGET TRANSFERS

Initial approval by the respective Chief Executive Officer. Final approval as follows:

Amount of Transfer	Final Approval By
$ 1-25,000	Budget Director
25,001-49,999	Chief Operations Officer
50,000-99,999	Superintendent
100,000-above	Board of School Commissioners

The General Fund Budgets and Special Revenue Fund Budgets are prepared on a basis consistent with generally accepted accounting principles. The District has adopted project-length budgets for their capital projects. Proprietary fund budgets are prepared on a basis consistent with generally accepted accounting principles. A budget for Debt Service is guided by provisions of the bond indentures.

Encumbrances

The accounting records of the District are maintained reflecting encumbrances in accordance with governmental accounting procedures for encumbrances. (For budgetary purposes, appropriations lapse at fiscal year end.) Encumbrances are not liabilities and therefore are not recorded as expenditures until receipt of material or service. Encumbrances outstanding at year end are reported as reservations of fund balances and do not constitute expenditures or liabilities because the commitments will be honored during the subsequent year.

INTERNAL CONTROLS

Richland County School District One administration is responsible for setting up and maintaining an internal control structure. These controls are to protect assets from loss, theft or misuse. The controls are also to be sure accounting data is compiled so financial and budget presentations can be prepared in conformity with accepted accounting principles.

An internal control structure has been designed to provide reasonable assurance of meeting these goals. Reasonable assurance recognizes that the cost of a control should not exceed the expected benefits of that control. However, it also recognizes that the valuation of costs and benefits requires estimates and judgments by management.

The District's accounting system uses a strong foundation of controls to be sure that financial information generated is both accurate and reliable. With this goal, Internal Auditing continuously monitors improvement of the District's accounting controls. The result of internal audit confirm that the system of controls safeguard assets and provide the proper recording of transactions.

FUND BALANCE

Accounting for governmental funds concentrates on working capital – inflows (revenue) and outflows (expenditures) of current assets. The difference between the total inflows (revenue) and outflows (expenditures) is called "Fund Balance," which represents available, spendable resources.

The Board of School Commissioners is committed to providing sound, fiscal management for the District. To provide sound, fiscal management and stability, the Board believes that an operating reserve fund is necessary for the general fund budget. During FY 01, the administration, recognizing the increasing amount of the annual general fund budgets, drafted and the Board approved a revision to the policy requiring an operating reserve. The revised policy requires an operating reserve of seven percent of the total approved general fund budget. This policy was phased-in as follows: FY 02 5.75%, FY 03 6.25% and FY 04 7.00%. For FY 10-11, the operating reserve fund balance is required to be $16,470,064. This is 7.00% of the FY 10-11 general fund budget. This will increase or decrease based on the current year Budget.

A review of the general fund "Schedule of Revenues, Expenditures and Changes in Fund Balances" shows a projected decline in the fund balance. This would happen if the District spent the entire general fund expenditure budget and if all revenue sources produced the exact projected amount.

Due to budgetary controls that have been in place and strengthened during the past fourteen years, and the conservative approach used in projecting revenue, we feel confident the annual fund balance will be sufficient to meet the Board's revised policy and provide funds for future general funds. A review of actual general fund expenditures show, for the past five years, the District spent on average 96.17% of the general fund expenditure budget. During the past fourteen years the District had to actually use the designated fund balance as a revenue source only twice. In both cases less than $500,000 of the designated amount was used.

The projected fund balance for FY 09-10 is expected to decrease. This is due to the allocation of fund balance for local revenues due to Act 388 millage cap and to replace state funding reductions throughout the fiscal year.