



ALVAREZ & MARSAL

SOUTH CAROLINA DEPARTMENT OF EDUCATION
SCHOOL DISTRICT EFFICIENCY REVIEW

Darlington

District Report

6/16/2017





OUTLINE

- I. Executive Summary
- II. District Overview and Overhead
- III. Financial Management
- IV. Human Resources
- V. Procurement
- VI. Transportation

EXECUTIVE SUMMARY

DARLINGTON

PROJECT OVERVIEW

- This document contains observations and recommendations completed in conjunction with the School Efficiency Review conducted for the South Carolina Department of Education and pursuant to Part 1B Section 1 Proviso 1.92 of the FY2016-17 General Appropriations Act.
- The scope of the District Efficiency Review focused on the following central operations: **(1) Finance; (2) Human Resources; (3) Procurement; (4) Transportation; and (5) Overhead.**
 - Instruction, Food, Facilities and Technology functions were outside the scope of this efficiency review.
 - Facilities and Technology Assessments were completed in accordance with Part 1B of Proviso 1.92 and are separate from this report.
- A&M's review focused on identifying opportunities across the operational areas noted above that would yield:
 - 1. Increased Effectiveness and Efficiency**
 - Improved processes that would enable increased levels of service to the District's students and teachers and enhance financial controls and financial stewardship of the District's funds and assets.
 - A&M considered potential opportunities that could be realized both in the current state and in a situation where the District chooses to collaborate with other nearby or like-minded districts.
 - 2. Cost Avoidance and / or Cost Savings**
 - Enhanced processes and structures that would enable the District to realize savings and/or avoid potential costs in the future, including consideration of potential investments required to mitigate ongoing cost exposure.

EXECUTIVE SUMMARY

DARLINGTON

PROJECT OVERVIEW (CONTINUED)

- A&M conducted School Efficiency Reviews of 79 of the 82 school districts in the State across two phases, each of which approximated nine weeks. Phase 1 included 32 districts (all Plaintiff districts) and Phase 2 included 47 districts. Three districts did not participate due to previously completed efficiency reports: Clarendon 1 (Plaintiff), Lexington 4 (Plaintiff) and Dorchester Two.
- The review conducted by A&M included 2 partial day site visits in order to meet with district personnel to understand their organizations, processes and approaches.
- The report identifies two themes that will help drive greater efficiency and effectiveness in school districts:
 1. **Modernize:** A series of one-time investments in technology that must be made in order to enhance processes and drive operational efficiency.
 2. **Collaborate:** Small districts must perform and support a fixed, minimum cost structure that does not allow them to benefit from economies of scale available to larger districts. There are a range of opportunities for cross-district collaboration that will realize efficiencies and generate the highest level of savings. Efficiencies and effectiveness will increase as the number of districts collaborating increases.
- This analysis presents two types of estimates:
 1. **Investments** in school district modernization necessary to drive future cost savings; and
 2. **Net savings** from implementation of a shared services model for functions within the scope of this study.

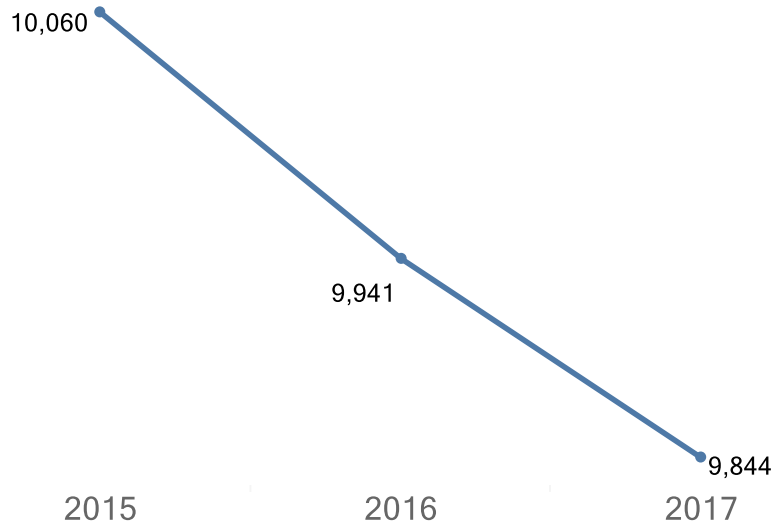
SUMMARY OF OBSERVATIONS AND RECOMMENDATIONS

	Limitations of Data
Sources of Data for Darlington	Availability of Data - For nearly all of the districts included in the South Carolina School Efficiency Review, A&M based the recommendations included in this report on data received from both the State and the District. - State provided data: FY15-16 revenue and expenditure data submitted by districts to the State, 3-year historical enrollment/average daily membership data, FY15-16 school transportation routes by district - District provided data: FY16-17 personnel rosters, FY15-16 disbursements by vendor, vendor contracts and invoices, and various operational and financial metrics tracked and maintained by the districts. - Darlington was differed from other districts in the state because their FY15-16 audit was not complete in time to submit audited revenue, expenditure and balance sheet data to the state by the state's requested deadline. As a result, analysis of key financial metrics and benchmarking is not reflected in the graphs and charts included in this report. Manual calculations were performed in instances where data was provided during District interviews. These calculations are estimates. It is possible that applicable expenditures were incorrectly included / excluded from these manual calculations. These metrics are referenced in the observations and recommendations sections of each functional area. - Due to the lack of financial information, savings for Darlington could not be estimated at this time.

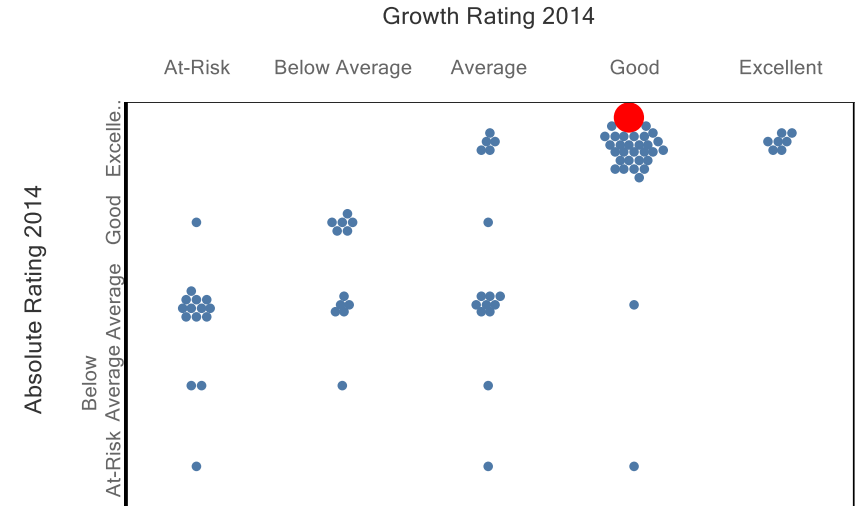
EXECUTIVE SUMMARY

DARLINGTON

Average Daily Membership^[2]



Student Achievement^[1]



General Info

Number of Schools ^[2]	21
% Poverty ^[1]	74.8%
% Disability ^[1]	12.8%

Administration

Students Per Instructional Services FTE ^{[2],[4]}	9.1
Students Per Overhead FTE ^{[2],[4]}	230.1
Students Per School Support FTE ^{[2],[4]}	23.3
Students to Total FTE ^{[2],[4]}	6.4

EXECUTIVE SUMMARY

DARLINGTON

GOALS, CHALLENGES & ACHIEVEMENTS

District Goals

Mission: Excellence in teaching and learning for all.

- **Academic Achievement:** Increase the graduation rate to greater 95% and improve all standardized test scores by at least 2% per school.
- **Student Behavior:** Lower the dropout rate to 0.03% and lower the number of out-of-school suspensions by at least 20% district-wide.
- **College & Career Readiness:** Increase both the number of students graduating with at least one year's worth of college credit and increase the number of Advanced Placement offerings, as well as the number of students participating in them, by 10%.
- **Technology:** Deploy 1:1 technology in all of the District's schools and train teachers to use devices effectively in the classroom.

Achievements

- **Academic Programs:** The District offers magnet programs in addition to regular classes in the arts, sciences, mathematics, and technology. In addition, the District offers alternative computer-based programs to evaluate and differentiate instruction.
- **Student Achievement:** The District had the number four-year graduation rate for the state in FY16.
- **School Efficiencies:** The District is consolidating 6 schools into 3 to centralize capital improvement spend and capture efficiencies gained by larger schools.

Challenges

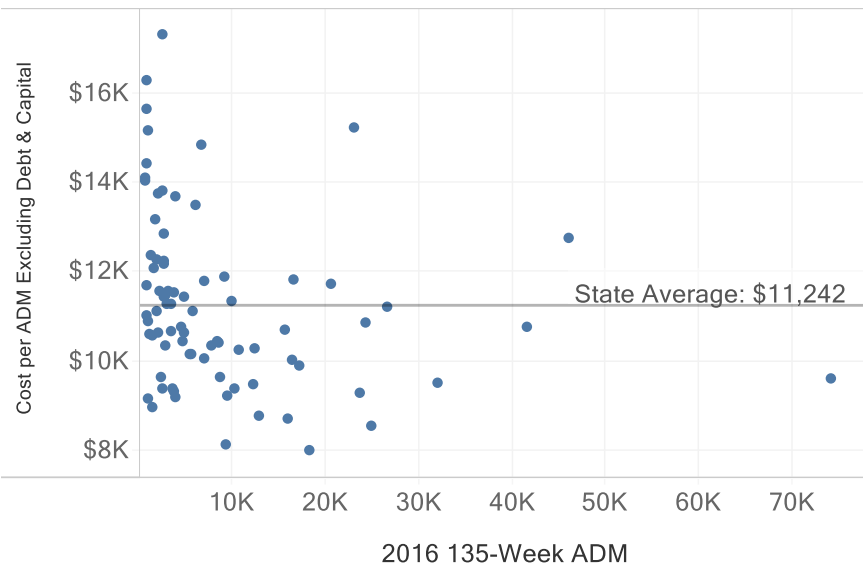
- **Facilities:** Alike others in the state, the District has challenges with aging infrastructure and has several capital improvement needs.
- **Recruiting & Retention:** The District has a hard time recruiting and retaining teachers due to neighboring districts both in and out of state. The issue has led to several mid-year vacancies.

EXECUTIVE SUMMARY

DARLINGTON

KEY OBSERVATIONS

Per Pupil vs. Enrollment



District Size and Minimum Costs

Minimum Cost Base:

The District must perform and support a fixed, minimum cost structure and does not benefit from economies of scale available to larger districts.

Resource Utilization:

Resource Utilization: The small size of the District requires resources to be leveraged within and across functional areas and often resources wear multiple hats in order to complete key processes.

Opportunities for Improvement

Modernize / Process Improvements:

The District has the opportunity to implement new technologies and streamline processes in order to enhance overall effectiveness of support functions.

Collaboration / Maximizing Efficiencies:

Given the small size and spending base of the District, there are a range of collaboration opportunities for cross-district collaboration that will provide the greatest ability to realize efficiencies and generate the highest level of savings. The greater the number of districts collaborating, the greater the efficiencies and effectiveness.

EXECUTIVE SUMMARY

DARLINGTON

OBSERVATIONS: INDIVIDUAL SCOPE AREAS

	Current State
Finance	• Staffing and Organization: The Finance organization is adequately staffed to support the scope of its roles and responsibilities over accounting, payroll, accounts payable, budget, procurement and financial reporting • Manual Processes: Under-investment and under-utilization of technology present the District with the opportunity to further improve operational efficiency.
Human Resources	• Staffing and Organization: The Human Resources function is adequately staffed with the positions required to support recruiting, retention, personnel relations, and benefits. • Recruiting and Retention: The District faces the challenge that other districts report in recruiting teachers to fill annual vacancies. The District currently contracts with EPI through the state contract to place international teachers.
Transportation	• Transportation Management: The State pays directly for costs of bus purchasing, maintenance, fuel and a portion of driver salaries. The majority of districts are grappling with a shortage of drivers. • Manual Routing: Districts generally do not have routing software that can be used to help drive routing efficiencies.
Procurement	• Staffing and Organization: The District has 1 resource dedicated to procurement within the finance department and is planning to hire 2 additional FTEs in FY 17-18. • Strategic sourcing: The District utilizes the state contract vehicle and engages in cooperative purchasing with other districts.
Overhead	• Staffing and Organization: The Office of the Superintendent includes the Superintendent and Secretary to the Superintendent. Student to General Administrative FTE ratio is favorable compared to district enrollment peers. • Collaboration: The District collaborates through the PeeDee Consortium, SCASA, SCABSBO, as well as Project Share for Special Education.

RECOMMENDATIONS

School Districts efficiencies identified during the review can be best be summarized into two key categories: Modernize and Collaborate

Modernize School District Operations

- Invest in technology
 - New state-wide bus routing software
 - Purchase new or expand existing technologies to minimize “paper-pushing”
 - Drive data quality improvements across district financial and personnel systems
- Streamline people and processes around new technology

Collaborate Across Districts

- Districts can achieve greater economies of scale in administrative (Finance and HR) and procurement functions.
 - Regional shared service model that includes Finance, HR and procurement (at a minimum)
 - Strengthened purchasing collaboration through dedicated volume
- Collaboration will not only drive cost savings, but will increase the effectiveness of the services.

EXECUTIVE SUMMARY

DARLINGTON

MODERNIZATION RECOMMENDATIONS

District investment in modernization will help improve the effectiveness of the district's overall processes and operations on a stand-alone basis.

MODERNIZATION RECOMMENDATIONS			
FINANCE	HUMAN RESOURCES	PROCUREMENT	TRANSPORTATION
System Enhancements: Update software versions and / or add modules to financial systems to facilitate automated and purchase to payments processes, integrated timekeeping and payroll and position control functionality. Process Improvements: Modernize processes to limit manual activities and strengthen internal controls. Staffing/Organization: Train/cross-train personnel on key financial functions to increase the capabilities and effectiveness of the teams.	System Enhancements: Implement new technologies to automate HR processes such as integrated applicant sourcing, tracking and on-boarding. Process Improvements: Formalize plans to implement and enhance incentive programs to help navigate teaching shortages and increase recruitment and retention rates. Staffing and Organization: Train/cross-train personnel on recruiting, talent management and professional development strategies.	Process Improvements: Leverage state contracts and group purchasing organizations to optimize spend. Enable other districts to purchase off individually negotiated contracts. Negotiate discounts / rebates for tiered levels of spending. Monitor compliance with major contracts and analyze spending distribution on an ongoing basis to identify opportunities for potential savings.	System Enhancements: Implement new routing software, GPS and security cameras on all buses. Process Improvements: Staggered Bell Times: Complete analysis (in conjunction with use of routing software) to evaluate potential financial benefits of expanding staggered bell times. Staffing / Organization: Create dual employment opportunities to help address bus driver shortages.

EXECUTIVE SUMMARY

DARLINGTON

COLLABORATION RECOMMENDATIONS

Organizational effectiveness and cost savings opportunities can increase through formal collaboration efforts between districts.

REGIONAL COLLABORATION OPPORTUNITIES			
FINANCE	HUMAN RESOURCES	PROCUREMENT	OTHER AREAS
Accounts Payable and Payroll: Shared Processing; Standardized and automated workflow on approvals Potential to add in: - Accounting Entries - Financial Reporting - General Oversight - ERP Systems - Grant Compliance and Claiming	Benefits Coordination: Shared Processing and Support Potential to add in: - Intl. Recruiting: H1B Process or collaborative - System Licenses for Recruiting, Substitute Management, and on-boarding - Sharing of instructional resources across varying classroom models	Purchasing Coordination: Collaborate on market intelligence, pricing opportunities, RFP management, contract negotiations, contract management and minimum buying commitments Capitalize on volume discounts and rebates Shared analysis of spending, monitoring and optimization of pricing	Transportation: Shared administrative resources Facilities/ Maintenance: Shared staffing of key maintenance positions across districts (e.g, HVAC, Electrician, Plumbing) Technology: Shared oversight and support functions Curriculum: Shared research and development functions

Governance structures, service level agreements and implementation plans will vary based upon the range of services included and the districts participating in a collaborative model.

EXECUTIVE SUMMARY

DARLINGTON

APPROACH TO SAVINGS

GENERAL APPROACH TO ESTIMATING INVESTMENTS AND SAVINGS

- Investments and cost savings were estimated based on interviews with District personnel across each functional area, using financial and operational data received from both the state and each district.
- Data provided was benchmarked and analyzed to understand costs, productivity and utilization.
- For more detail on methodology, see Appendix A. Actual savings may vary based on implementation decisions.

FINANCE AND HUMAN RESOURCES

- A&M conducted interviews and analyzed personnel rosters and expenses to understand the intersection of people, process and technology within each district.
- A&M estimated a range of potential synergies from district collaboration based on average district spend in key finance and HR functional areas. Synergies will be realized when participating district resources are pooled in a Shared Service Center. For purposes of this analysis, A&M calculated the District level savings by estimating the level of resources that would be required to support two average sized smaller districts at the low end and five districts of varying sizes at the high end.

PROCUREMENT

- A&M reviewed the District disbursement register and reviewed a limited sampling of vendor invoices to gain an understanding of the District's procurement spend.
- On a limited basis, A&M reviewed rates paid to individual vendors by multiple districts.
- In order to estimate savings, A&M leveraged the information gathered above and then applied potential savings rates to key spend categories. Savings rates were based upon past experience that our clients have achieved by partnering with A&M on strategic sourcing.

TRANSPORTATION

- A&M used data provided by the State to analyze district route mileage, frequency, timing, and volume to estimate potential efficiencies available through the implementation of routing software and staggered bell times.
- Benchmarks were established based on districts currently using routing software and staggered bell times.
- Savings were estimated based on a target benchmark for the District that took into consideration the location, population and rural profile of the each district.
- Estimates include savings for bus drivers, fuel, maintenance and buses.

Due to the lack of financial information, savings for Darlington could not be estimated at this time. Estimated savings for similar size districts averaged between \$150K and \$500K.



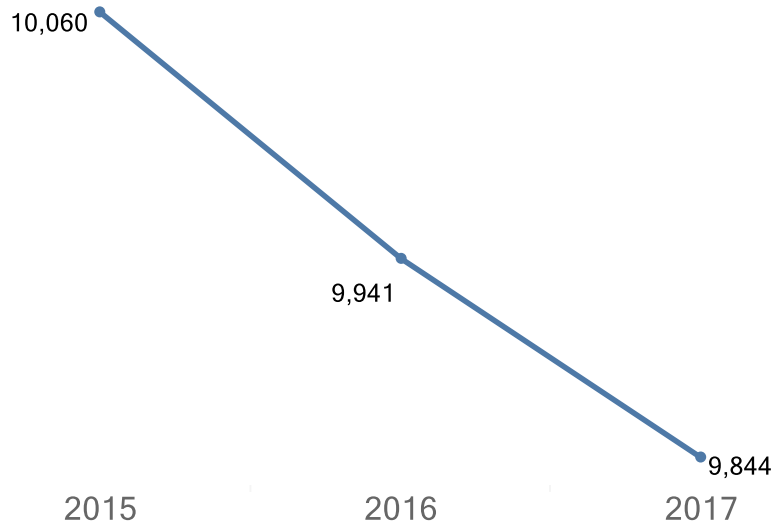
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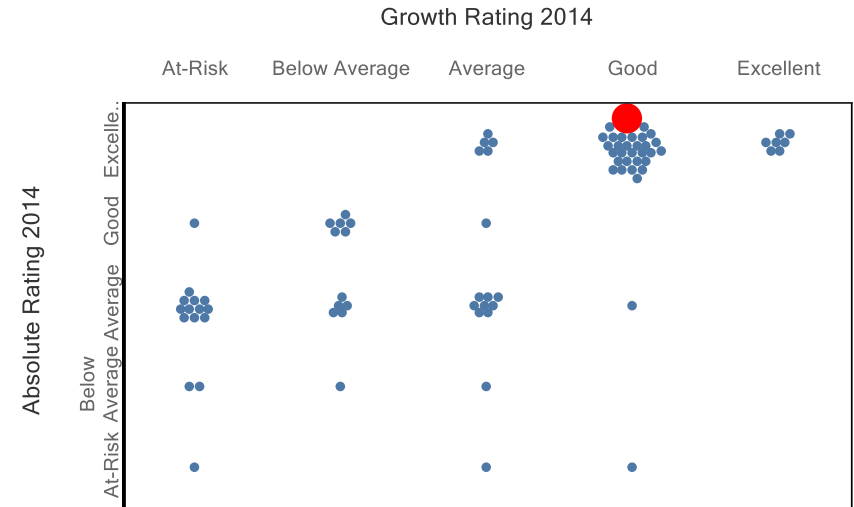
DISTRICT ADMINISTRATION AND PERFORMANCE

DARLINGTON

Average Daily Membership^[2]



Student Achievement^[1]



General Info

Number of Schools ^[2]	21
% Poverty ^[1]	74.8%
% Disability ^[1]	12.8%

Administration

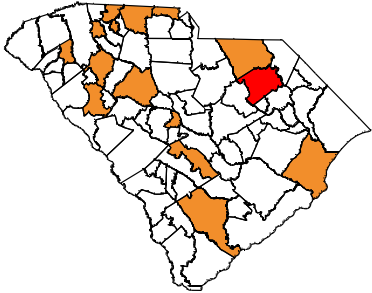
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Students Per Overhead FTE ^{[2],[4]}	230.1
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DISTRICT BENCHMARKING

DARLINGTON

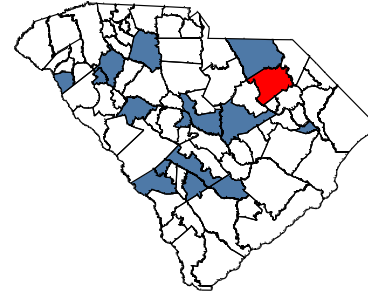
Enrollment (5,000 - 10,000)

Anderson 01	Orangeburg 05
Cherokee	Spartanburg 02
Chesterfield	Spartanburg 05
Colleton	Spartanburg 07
Darlington	York 02
Georgetown	
Greenwood 50	
Laurens 55	
Lexington 02	
Newberry	



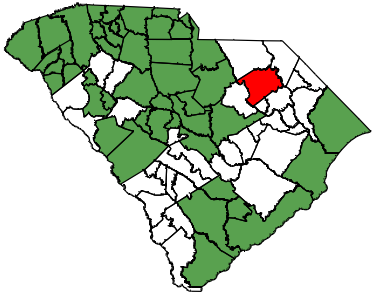
Poverty (70% - 75%)

Anderson 03	Laurens 55
Bamberg 01	Lexington 02
Barnwell 29	Orangeburg 04
Barnwell 45	Richland 01
Chesterfield	Saluda
Darlington	Sumter
Dorchester 04	Union
Florence 05	
Greenwood 51	



Phase 1 (No)

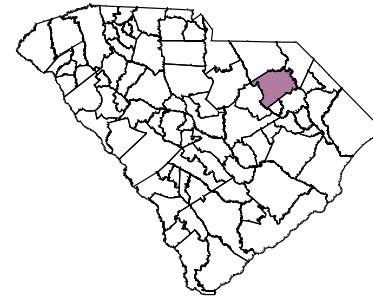
Aiken	Greenwood 52
Anderson 01	Horry
Anderson 02	Kershaw
Anderson 03	Lancaster
Anderson 04	Lexington 01
Anderson 05	Lexington 02
Beaufort	Lexington 03
Calhoun	Lexington/Richland 05
Charleston	Newberry
Cherokee	Oconee
Chester	Pickens
Colleton	Richland 01
Darlington	Richland 02
Dorchester 02	Spartanburg 01
Dorchester 04	Spartanburg 02
Edgefield	Spartanburg 03
Fairfield	Spartanburg 04
Georgetown	Spartanburg 05
Greenville	Spartanburg 06
Greenwood 50	Spartanburg 07
Greenwood 51	



Sumter
Union
York 01
York 02
York 03
York 04

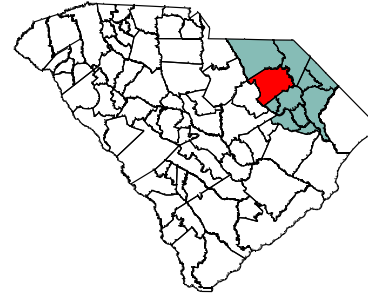
County (Darlington)

Darlington



Region (Pee Dee)

Chesterfield	Marlboro
Darlington	
Dillon 03	
Dillon 04	
Florence 01	
Florence 02	
Florence 03	
Florence 04	
Florence 05	
Marion 10	



DISTRICT OVERVIEW

DARLINGTON

KEY PERFORMANCE INDICATORS: KEY DISTRICT RATIOS

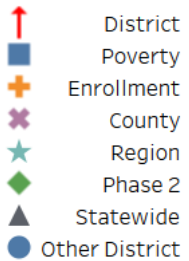
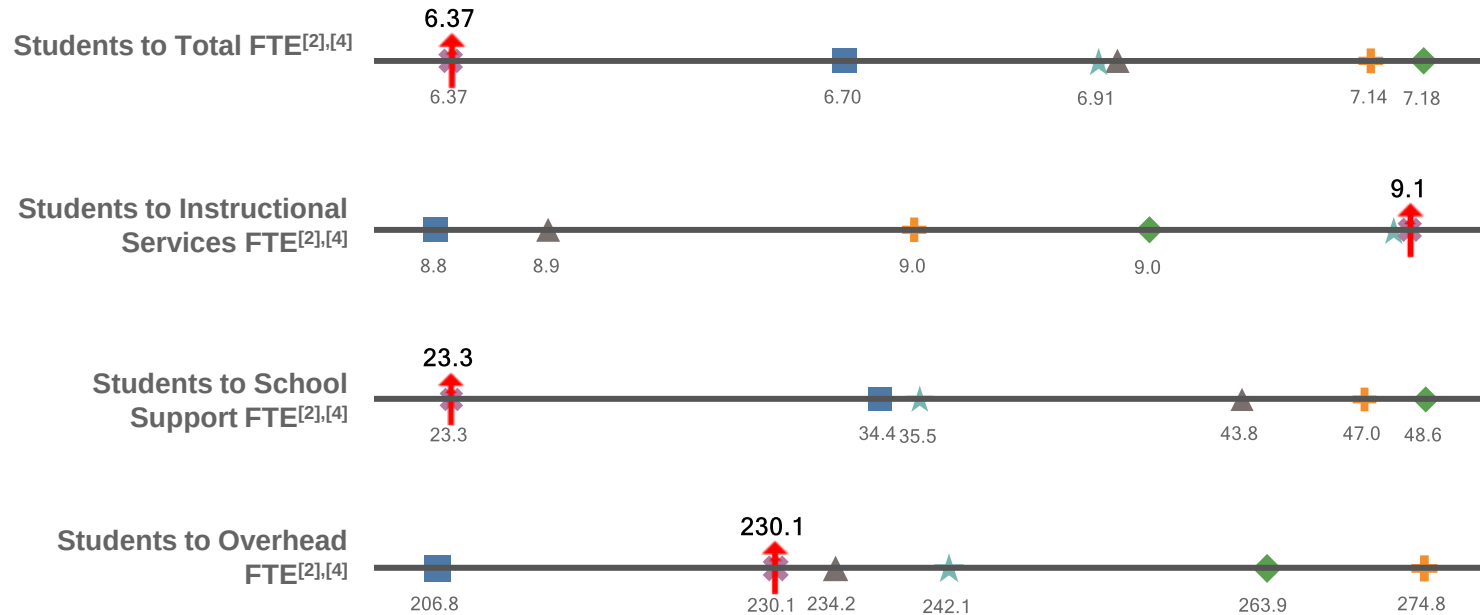
The metrics below show how the District compares to other district peer groups based on: (a) statewide averages, (b) similar enrollment levels, (c) similar poverty levels, (d) county peers, (e) regional peers, (f) Phase 2 and (g) other districts.



DISTRICT OVERVIEW

DARLINGTON

KEY PERFORMANCE INDICATORS: KEY STAFFING RATIOS



DISTRICT OVERVIEW AND OVERHEAD DARLINGTON

SUMMARY OF OBSERVATIONS AND RECOMMENDATIONS

	Observations	Recommendations
Enrollment Trends	• 3-year Enrollment Trend: The District's enrollment has decreased by 216, or 2.16%, over the past 3 years. • Student Demographics: The District's level of poverty is higher than the statewide and enrollment band averages, but lower than the regional average. While the District's disability percentage is higher than state, regional, and enrollment band averages. • Competition: Charter and private schools do not present significant competition for the District. • Other Demographic: Due to decline in enrollment and increasing capital needs, the District is moving forward with the consolidation of 6 (of 21) schools into 3.	• Given the recent trends in enrollment, the District should develop a long-term enrollment forecast to anticipate and better plan for enrollment changes, ensuring long term financial stability. • Implement a change management plan for the consolidation of schools to ensure that schools are properly integrated and clear/consistent stakeholder communications are maintained.
District Funding and Resource Allocation	• Unrestricted Fund Balance: The District has an FY16 unrestricted fund balance that is 13.8% of general fund revenues. The fund balance is below the statewide average of 18.6% and enrollment band average of 17%.	

DISTRICT OVERVIEW AND OVERHEAD DARLINGTON

SUMMARY OF OBSERVATIONS AND RECOMMENDATIONS

	Observations	Recommendations
District Funding and Resource Allocation (cont'd)	• Student to FTE: The District's Student to Total FTEs of 6.37 the District is lower than the statewide and enrollment band averages. • Student to Instructional Services FTE: The Student to Instruction ratio of 9.1 is on par with the statewide and enrollment band averages. • Student to Support Services FTE: The Student to Support Services ratio of 23.3 is much lower than the statewide and enrollment band averages. • Student to Overhead FTE: The Student to Overhead Ratio of 230 is on par with the statewide average, but lower than the enrollment band average.	• As the District moves forward with consolidation of schools look to streamline and reallocate school support services staff for the most efficient and effective use of resources. In addition, consider designing a resource allocation model so that equity of resources are maintained when budgeting for the merged schools.
Staffing / Organization	• Organization: The Superintendent has 7 direct administrative reports that include: senior leaders and administrative staff. In addition, the Superintendent oversees all 23 principals. • Communications Function: The District has a Communications Director and two additional resources within the department to foster communications with internal and external stakeholders.	• The District should evaluate streamlining the number direct reports to the Superintendent to enhance governance and organization performance.

DISTRICT OVERVIEW AND OVERHEAD DARLINGTON

SUMMARY OF OBSERVATIONS AND RECOMMENDATIONS

	Observations	Recommendations
Staffing / Organization (cont'd)	• Legal: District has no legal department. If legal advice is required, District utilizes an outside counsel to provide support. • Turnover: Superintendent has overseen the District for the past 4 years.	• The District should develop formal succession plans for the Superintendent and each of the senior leaders who oversee functional areas to ensure progress is embedded in the organization long-term.
Board of Directors	• Board Pay: The Board Members of the District are paid \$7,000 annually in addition to travel stipends for conferences. • Board Compensation: The Board is made up of 8 board, including 3 overseeing officers, each elected to four year terms by single-member areas within the District. • Training: Board members attend training and are encouraged to attend additional conferences.	
Philanthropy and Business Engagement	• Does the District maintains some informal partnerships with area businesses and philanthropies. The District relies on principals to develop and maintain business relationships and sponsorships.	• Work with the School Board to seek greater partnerships with foundations and local business for donations of money, food, goods, time etc.

DISTRICT OVERVIEW AND OVERHEAD

DARLINGTON

SUMMARY OF OBSERVATIONS AND RECOMMENDATIONS

	Observations	Recommendations
Collaboration	• Collaboration: The District participates in the Pee Dee Consortium for teacher evaluation training and mentor training. In addition, they collaborate informally with other districts for specific subject matter needs. • Career Center: The District does not have a shared career center. • Special Education: The District serves as a host school for Project SHARE which serves low incidence disabled students within the Pee Dee region. Students qualifying for the offered services are bussed in by their home districts. • Headcount: The District does not share certain FTEs with area districts.	• Consider implementing a regional shared service model that allows for sharing of resources and systems that 1) require specialized skills or 2) are highly transactional. • Consider shared Chief Development Officer across districts.



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FINANCIAL MANAGEMENT DARLINGTON

KEY PERFORMANCE INDICATORS: FINANCIAL MANAGEMENT

The metrics below show how the District compares to other district peer groups based on: (a) statewide averages, (b) similar enrollment levels, (c) similar poverty levels, (d) county peers, (e) regional peers, (f) Phase 2 and (g) other districts.

Unrestricted Fund Balance as
% of General Fund^{[5],[7]}



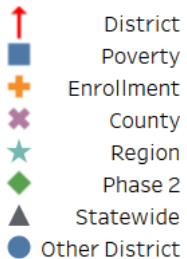
Days Cash on Hand^{[3],[7]}



Days Grants Receivable
Outstanding^{[5],[7]}

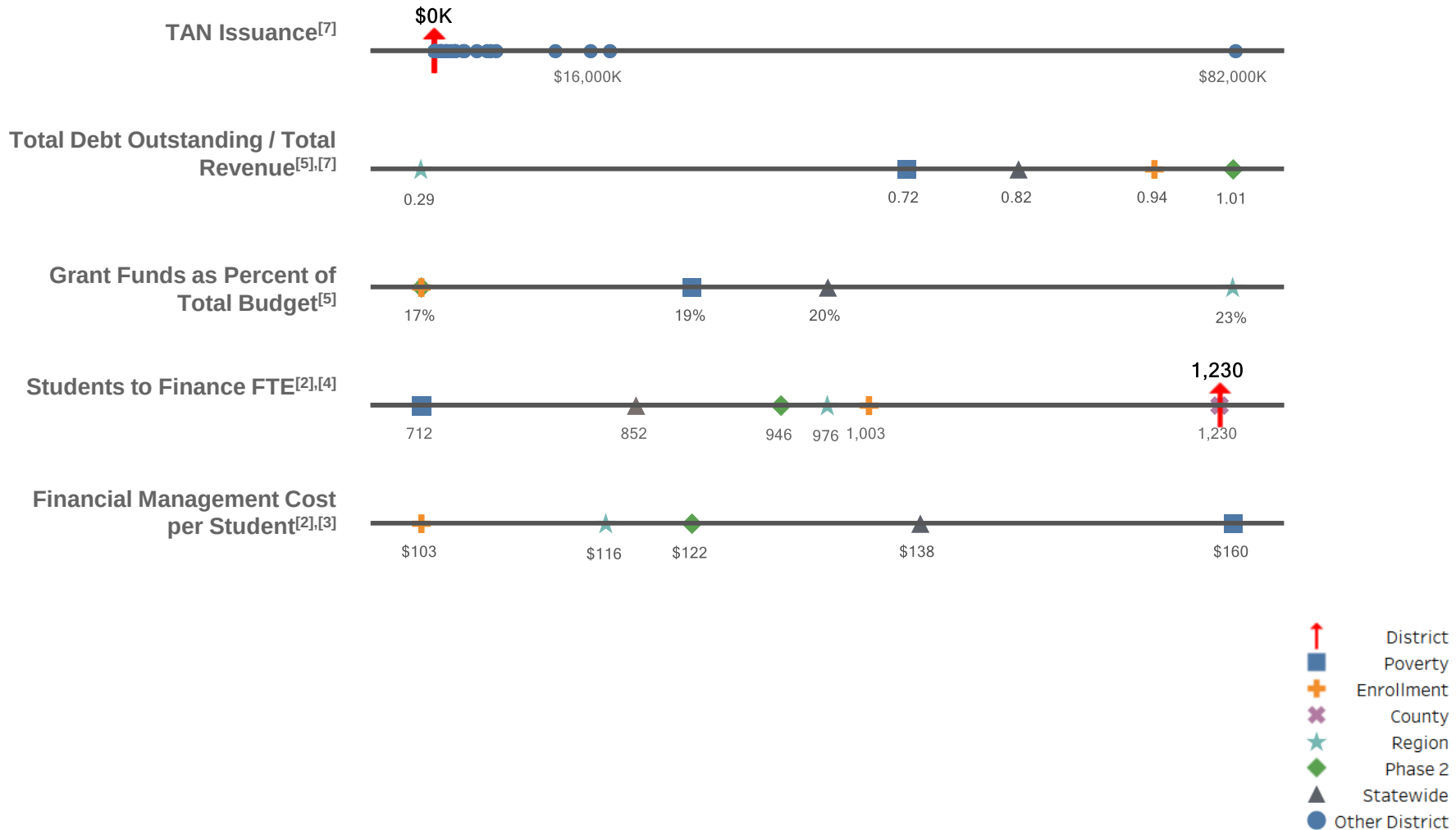


Days Payables
Outstanding^{[3],[7]}



FINANCIAL MANAGEMENT DARLINGTON

KEY PERFORMANCE INDICATORS: FINANCIAL MANAGEMENT



FINANCIAL MANAGEMENT DARLINGTON

SUMMARY OF OBSERVATIONS AND RECOMMENDATIONS

	Observations	Recommendations
Staffing / Organization	- The Finance organization is adequately staffed to support the scope of its roles and responsibilities over accounting, payroll, accounts payable, budget, procurement and financial reporting. - Two additional resources were recently approved for procurement support starting in FY17-18 to help with upcoming construction projects. Turnover: The Chief Financial Officer is in her first full year at the District. Finance Cost per Pupil: The Finance cost per pupil for the District of \$81.83** is lower than the statewide and enrollment band averages. Students per Finance FTE: The student to financial management FTE ratio of 1,230 is high relative to the statewide and enrollment band averages.	- Review staff capabilities on an annual basis and ensure individuals are provided with training on systems and processes and cross-train individuals to be able to do multiple functions. - Ensure any new personnel are given standard training on the District's financial management policies and processes.

FINANCIAL MANAGEMENT

DARLINGTON

SUMMARY OF OBSERVATIONS AND RECOMMENDATIONS

	Observations	Recommendations
Payroll and Accounts Payable	• Payroll: The District currently runs payroll on a semi-monthly basis. • 94% of the District's employees receive payroll through direct deposit. The remaining 6% are hourly employees. • The District does not use a self service payroll platform, therefore employee initiated payroll changes are all processed manually. In addition, check pay stubs are printed manually and delivered to schools / employees directly. • Timekeeping: Time tracking for hourly employees is currently managed using timeclocks that integrate with the financial system. • Purchasing: The District uses a centralized purchase order system for approvals, but approval remains manual. • The District utilizes a P-card program but did not meet the spend threshold in order to maximize rebate potential in FY15-16. • Inventory: The District annually conducts manual inventory of technology, furniture or textbooks. • Risk Management: The District hired a Safety, Security and Risk Management Technician in FY16 to help with the development of risk management policies.	• Require all employees to receive payroll via direct deposit. In addition, eliminate the physical mailing of check stubs to employees and leverage employee self-service functionality available within the Harris SmartFusion system. • Leverage automated purchase order work flow systems that can be integrated with the financial systems in order to automate the purchasing approval process. • Implement standard policies and procedures around managing physical inventory and ensure that the District Finance organization is part of the overall process. • Find ways to increase P-card utilization for expenses in areas such as utilities etc., in order to maximize rebate potential to the full 1.5% of spend.

FINANCIAL MANAGEMENT DARLINGTON

SUMMARY OF OBSERVATIONS AND RECOMMENDATIONS

	Observations	Recommendations
Grants Management	• Grants Revenue %: Grant revenues provide 23%** of revenue for the District making them more reliant on grant funds than peers. • Federal Funds: Federal program coordinators (outside of Finance) are primarily responsible for ensuring that special funds are used in compliance with regulations prior to payments being processed. The finance department collaborates closely with grants administrators to ensure that claims are made on a timely manner in order to maximize cash flow. • Indirect Costs: The District charges indirect costs against federal grants at the state negotiated rate. • Grants Monitoring: Review of expenditures against grant requirements is conducted by resources in the finance department and circulated to program leaders on a regular basis.	• Require finance to provide for a secondary review process before paying for grant funded activities or submitting claims for reimbursement on grants. • Consider hiring a grant writer that can be shared with other nearby districts to help drive applications for competitive grant opportunities.

FINANCIAL MANAGEMENT DARLINGTON

SUMMARY OF OBSERVATIONS AND RECOMMENDATIONS

	Observations	Recommendations
Internal Controls	• F/S Audit: The District was found to have material weaknesses in its latest audited financial statements relating to improper accrual of vacation and sick leave. • Position Control: The District does not have position control. Lack of position control can lead to over-hiring / spending and ultimately to an unanticipated deficit.	• Implement processes to ensure that identified internal control weaknesses are mitigated. • Implement budget position control to ensure controls around hiring of individuals.
Cash Management	• Days Cash on Hand: The District has a strong cash balance with 191 days cash on hand. • The District does not have a formalized weekly cash flow forecasting process. • Grants Receivable Outstanding: The District's Days Grants Receivable Outstanding of 118** days is higher than the statewide average of 65.4. • Cash: The District does invest excess cash balances in State local investment pool. • Debt: The District's Debt to Revenue ratio of 0.15** is low relative to the statewide average. • The District does not utilize SCAGO to assist with bond issuance efforts. • TAN: The District did not issue TANs this past year to assist with liquidity needs during cash low point.	• Implement cash flow forecast to monitor weekly receipts and disbursements to help maximize investments earnings and minimize draw on TANs. • Implement processes to file for grant (state and federal) reimbursements on a monthly basis in order to maximize cash flow and ensure grant funds are optimized and spent in accordance with appropriate guidelines. • Invest excess cash balances in Local Investment Pool to maximize earnings at times when cash balances are at peak. • Leverage SCAGO to assist with issuance of TAN and other bond offerings.

FINANCIAL MANAGEMENT

DARLINGTON

SUMMARY OF OBSERVATIONS AND RECOMMENDATIONS

	Observations	Recommendations
Budget	• Budget Planning: The annual budget process begins with a roll-forward of the prior year expenses. The budget team works extensively with department heads to assess any new needs that are anticipated for the new fiscal year. • Fiscal Monitoring: The District does not perform monthly or quarterly closes. However, financial reports comparing budget to actual are shared monthly / quarterly with key leaders	• Prepare zero-based and / or performance based budget annually to ensure resources are aligned with strategic priorities and expenses are anticipated and planned for. • Prepare monthly financial reports and variance analysis. Reports should be shared with District leadership and each department head on monthly basis.
Technology	• ERP: The District currently uses Harris SmartFusion for general accounting, payroll and accounts payable. It also uses Harris SmartFusion to facilitate employee self service for payroll matters. The district has been able to successfully transition to automated work processing in much of its processes. • In addition, the District uses Kronos for hourly employee timekeeping.	• Explore opportunities to better utilize the existing SmartFusion accounting software and / or upgrade to enhanced functionality that provides automated workflow and approval of purchase orders.
Regional Collaboration	• The District does not coordinate with others in the region on any transaction processing or finance related activities. • The District is part of the Pee Dee Consortium in which the finance directors of individual districts meet quarterly to discuss various topics.	• Consider implementing a collaboration model that allows for sharing of resources and systems that require transactional activities with other districts within the region. This could include the following: (a) accounts payable (including purchasing workflow and approval); (b) payroll processing and (c) financial system licenses (potential for volume discounts).



OUTLINE

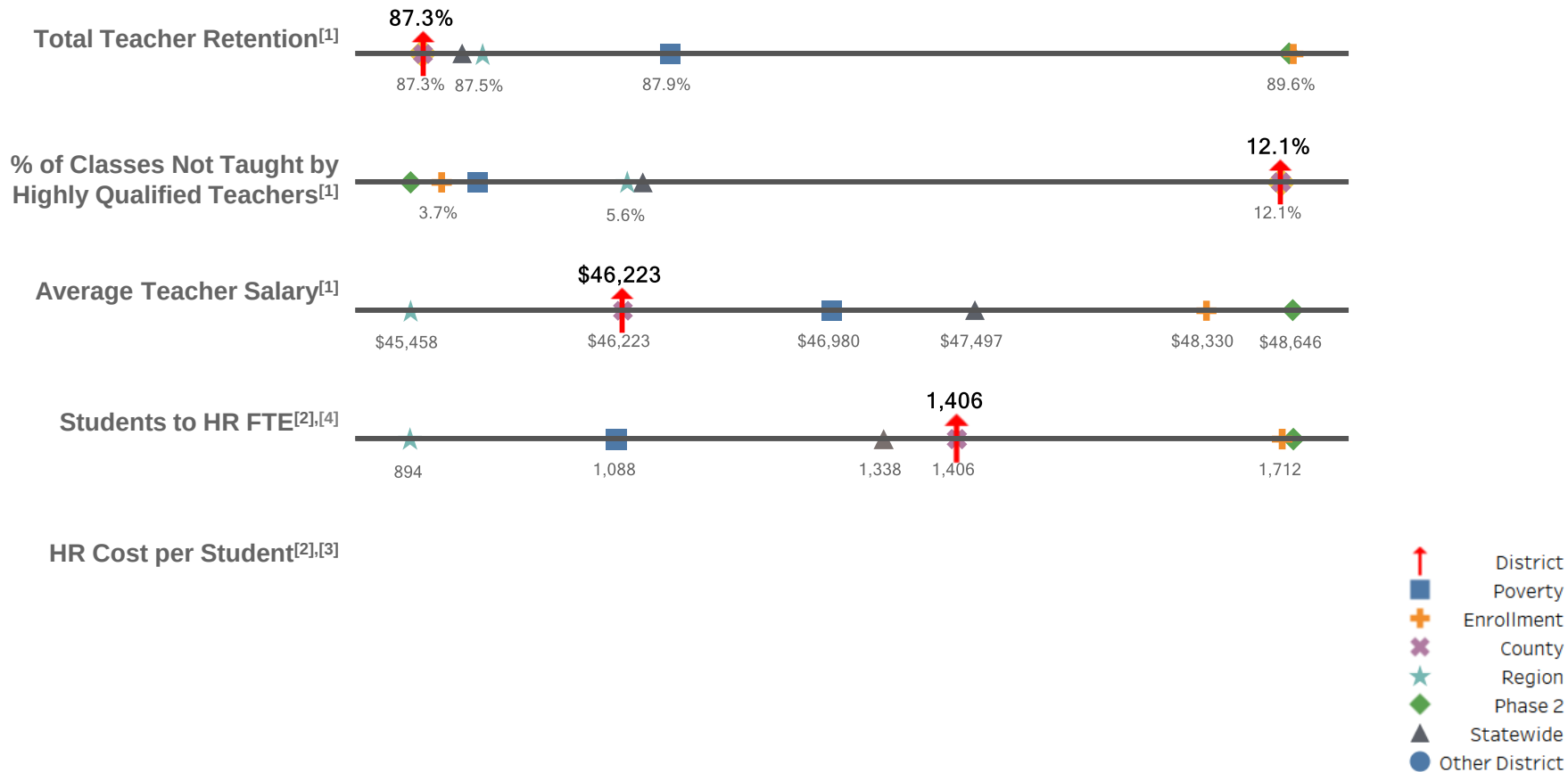
- I. Executive Summary
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HUMAN RESOURCES

DARLINGTON

KEY PERFORMANCE INDICATORS: HUMAN RESOURCES

The metrics below show how the District compares to other district peer groups based on: (a) statewide averages, (b) similar enrollment levels, (c) similar poverty levels, (d) county peers, (e) regional peers, (f) Phase 2 and (g) other districts.



HUMAN RESOURCES

DARLINGTON

SUMMARY OF OBSERVATIONS AND RECOMMENDATIONS

	Observations	Recommendations
Staffing / Organization	- The Human Resources function is adequately staffed with the positions required to support recruiting, retention, personnel relations, and benefits. Human Resources Cost Per Pupil: The HR cost per pupil of \$52** for the District is lower than the statewide average, but higher than the enrollment band average. Student per Human Resources FTE: The Student to HR FTE ratio of 1,406 is high relative to the statewide average, but lower than the average of districts with similar enrollment levels.	Review staff capabilities on an annual basis and ensure individuals are provided with training on systems and processes and cross-train individuals to be able to do multiple functions.
Recruiting and Retention	- Similar to other school districts in the State, recruiting teachers into the District is challenging. The District currently employs 5 international teachers leveraging the agency Educational Partners International to provide these positions. In addition, the District leverages Teach For America to fill remaining gaps. - The average teacher salary is \$1,400 less than the statewide average, making it more difficult for the district to recruit and retain teachers. - The teachers shortage continues during the school year with 19 teacher vacancies at the start of the year.	- Consider compensation study and / or implementation of incentive programs to recruit and retain teachers that could include: (a) signing bonuses that vest over a period of time to encourage retention; (b) housing incentive signing; (c) tuition reimbursement; (d) differentiated salaries for hard to staff positions; (e) innovative professional development programs. - Conduct exit interviews to gather information on the causes of employee attrition, and use the results of the process to formulate an effective teacher retention plan.
Technology	- The District does not leverage technology support systems for recruiting and application processing. - The District uses the AESOP absence management system for leave tracking and substitute management.	Implement technology to help enhance and automate recruiting and on-boarding.

HUMAN RESOURCES

DARLINGTON

SUMMARY OF OBSERVATIONS AND RECOMMENDATIONS

	Observations	Recommendations
Benefits	• Benefits administration is handled by the Benefits Coordinator, but the process is largely automated through employee self service.	
Collaboration	• The District does not collaborate with other nearby school districts on recruiting, human resource system licenses, or arrangements with international or local staffing agencies.	• Consider implementing a collaboration model that allows for sharing of resources and systems that require transactional activities with other Districts within the Region. This could include: - Benefits Coordination - Human Resources System Licenses (Frontline) - H1B Process for International Teachers • Consider creating a regional recruitment and training center focused on teacher recruitment across regional group of districts.



OUTLINE

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ESTIMATED PROCUREMENT SAVINGS

The FY16 expense totals (shown on the previous page), in conjunction with review of the District's disbursement register, conversations with the District and A&M past experience help form the basis for savings potential estimated by A&M.

Range of Savings Based A&M Strategic Sourcing Experience ^[8]		
	Low	High
Building Services	2.6%	5.8%
Non-Instructional Supplies	2.0%	4.4%
Instructional Supplies	2.0%	4.4%
Instructional Services	4.8%	8.0%
Support Services	2.1%	5.0%
Technology	2.7%	5.0%
Other	3.0%	5.8%
Overhead Services	2.7%	5.4%
Transportation Services	2.2%	6.8%

■ High Savings Estimate
■ Low Savings Estimate

PROCUREMENT DARLINGTON

SUMMARY OF OBSERVATIONS AND RECOMMENDATIONS

	Observations	Recommendations
Organization / Staffing	The District has 1 resource dedicated to procurement within the finance department and is planning to hire 2 additional FTEs in FY 17-18.	Leverage additional resources to better optimize procurement functions. See General Collaboration and Regional Collaboration below.
Spending by Vendor	80% of spend is concentrated among fewer than 10 vendors. - Vendors for Food and Dairy (US Foods and Pet Dairy) selected through group purchasing cooperative. - Vendors for other categories of supplies are selected through the state contract with the exception of non-instructional supplies such as paper and copier leasing (Xerox).	- Standardize requirements and specifications for commonly purchased goods in order to streamline the number of vendors used, aggregate buying power within the District and enable volume pricing discounts. Contract options may take the form of: (a) state contracts; (b) stand-alone negotiated contracts; (c) negotiated contracts done in collaboration with surrounding districts. - Standardize time frames for major recurring purchases (instructional software, hardware, etc.) to capitalize on bulk ordering discounts with neighboring districts. - Consider use of commitments of minimum buying levels to facilitate negotiations of discounts and rebates over specified buying thresholds. Add provisions that include tiering and volume discounts/rebates in all new contracts

SUMMARY OF OBSERVATIONS AND RECOMMENDATIONS

	Observations	Recommendations
Spending by Category	• Building and Maintenance: The District utilizes several local vendors for facilities contracting. • Food Services: The District does not collaborate with other districts for the purchase of dairy or bread. • Instructional Support Services and Supplies - Procurement Exemptions: The District does not require procurement of instructional support software [and services] to be placed out to bid. • Technology – Standardization: The District is expanding its one to one initiative and is leveraging a state contract with a reseller, Applied Data Technologies to make its purchases. • The District does not coordinate technology purchases with other nearby districts and purchases from several vendors. • Non-instructional Supplies - Contracting Vehicles: The District purchases the majority of its non-instructional supplies outside of available state contracting vehicles (Quill) under the belief that it can receive comparable, if not better pricing.	• Require instructional software purchases to conform to standard procurement guidelines for bids and proposals in order to enable to best pricing. Coordinate purchasing of instructional software with surrounding districts to maximize potential for volume discounts. • Standardization of Technology: The greatest saving potential can be realized through rollout of low cost/high quality technology options, that are standardized across a geographic region. Standardize recommended technology options with nearby districts in order to leverage benefits of coordinated purchasing and volume discounts. Decisions made by individual districts regarding roll-out of 1:1 initiatives vary greatly in cost per device and total cost of ownership - from [\$X - \$Y]. Sized across a geographic region. • Coordinate purchasing of instructional services with surrounding districts to maximize the potential for volume discounts. • Consider establishing fixed rate contract for natural gas • Coordinate purchasing of facilities services such as HVAC, electrical and plumbers with surrounding districts to maximize the potential for volume discounts.

SUMMARY OF OBSERVATIONS AND RECOMMENDATIONS

	Observations	Recommendations
Regional Collaboration	The District partners with other districts whose annual expenditures exceed \$75M on cooperative contracts.	- Consider combining resources to create a regional procurement function across districts that is charged with reviewing and optimizing spending through ongoing market intelligence on pricing opportunities, contract RFP management, contract negotiations, contract management. - A regional collaboration model would allow for districts to further capitalize on volume discounts and rebates on areas of spend that would include: - Technology - Instructional Software and Services - Instructional Staffing - Supplies



OUTLINE

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TRANSPORTATION DARLINGTON

TRANSPORTATION OVERVIEW: STATE VS. DISTRICT

Responsibility for school transportation operations is uniquely shared by the State and the District. The cooperative relationship allows school transportation to maximize operational efficiencies by leveraging economies of scale and regionalizing bus operations across small districts.

Transportation Operations	State Responsibility	District Responsibility
Bus Purchases	Provides buses for regular, special needs and other routes. Statute requires buses be replaced every 15 years.	Activity buses and any incremental buses for routing
Daily Administration	None	Student transportation enrollment; daily administration
Bus Drivers	Base pay, certification standards and training	Hiring
Routing	Routing software for districts	Determination of routes
Maintenance	Regional maintenance shops for State-owned buses	Responsible for maintaining district purchased buses
Fuel	Fuel provided for State-owned buses	- Fuel must be purchased for district-owned bus - District must pay for "hazard" routes
Safety Cameras	None	District must purchase
GPS / Bus Tracking	None	District must purchase
Stop-arm cameras	None	District must purchase
Radios / cell	None	District must purchase

TRANSPORTATION DARLINGTON

TRANSPORTATION OVERVIEW

The District is responsible for the administration of student transportation which includes bus routing, hiring of bus drivers and daily coordination of student transportation.

13 Years

Avg. Age of State Provided Bus Fleet^[9]

\$ per Student

Cost of District incurred transportation related expenses. State related expenses are excluded ^{[2],[3]}

Key statistics for metrics

Transportation FTEs ^[4]	134.0
Personnel Expense ^[3]	\$
Non-Personnel Expense ^[3]	\$
Total Transportation Expense ^[3]	\$

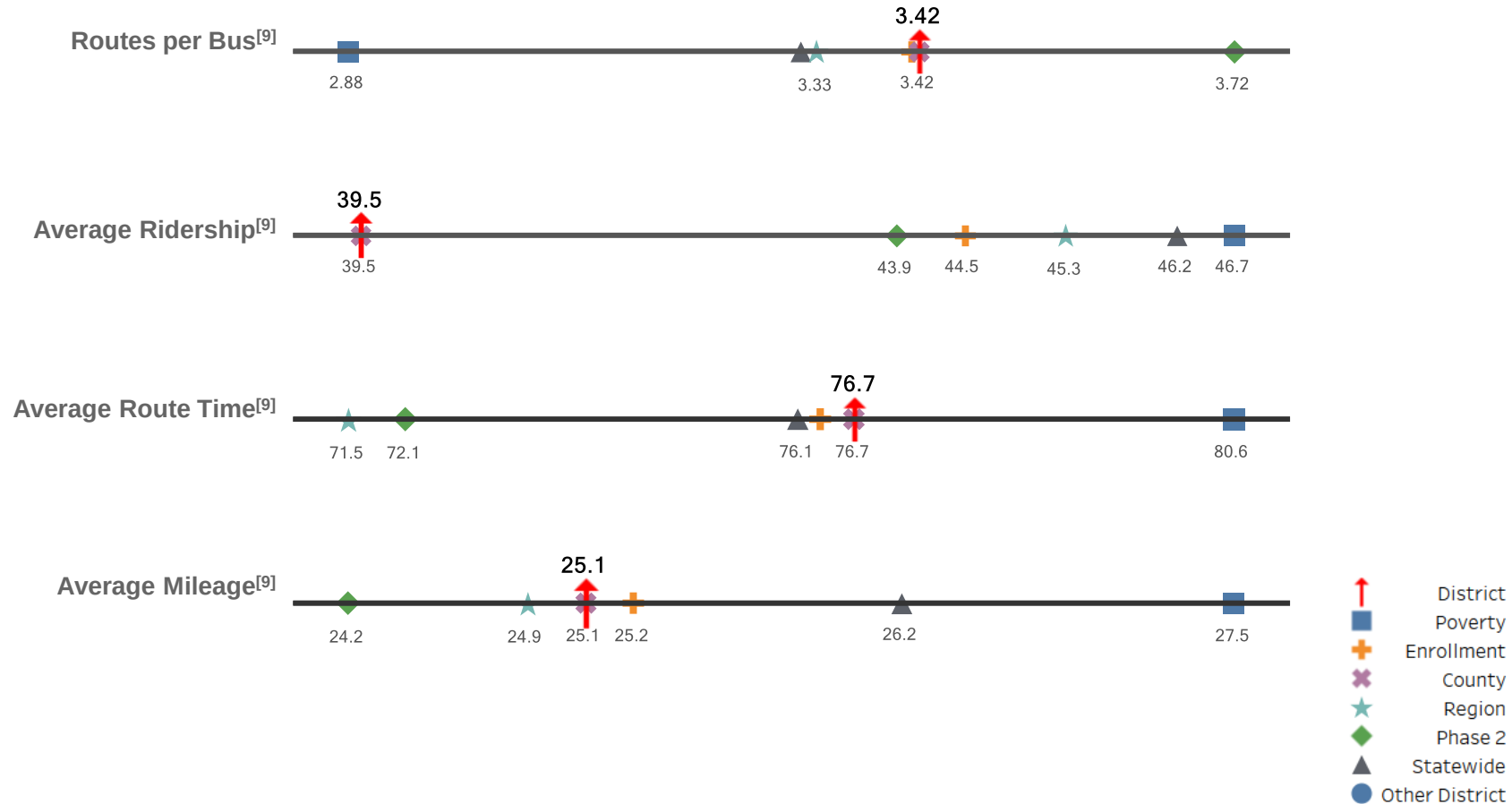
NOTE: FTEs reflected in table above may not reflect dually employed bus drivers.

Key statistics for State Routes	# Buses ^[9]	# Routes ^[9]	Routes per Bus ^[9]	Ridership ^[9]	Avg Ridership ^[9]	Avg Route Time (including dead time) ^[9]	Avg Mileage per Bus ^[9]
Regular	72.2	247	3.4	9,746	39	77	25
Special Needs	13.8	38	2.8	455	12	Not-Available	45
Other	8.0	31	3.9	635	20	Not-Available	22
Total	94.0	316	3.4	10,836	N/A	N/A	N/A

TRANSPORTATION DARLINGTON

KEY PERFORMANCE INDICATORS: REGULAR ROUTES ONLY

The metrics below show how the District compares to other districts for key operating metrics on transportation routing for general education students.



TRANSPORTATION DARLINGTON

SUMMARY OF OBSERVATIONS AND RECOMMENDATIONS

	Observations	Recommendations
Staffing / Organization	• The transportation department is led by a director and 3 area supervisors. • The District has a difficult time recruiting bus drivers. The District currently has 26 vacancies. The District offers dual-employment opportunities to incentivize recruiting. 4 employees currently take advantage of this. • The District does not have a pool of substitute drivers, therefore, routes are frequently adjusted daily to deal with the shortage • Option 1: Bus Drivers are frequently employed as aides, food workers or custodians to offer full employment opportunities at the District • The District runs staggered bus routes. • Bus drivers are currently paid a starting rate of \$10.97, approximately \$3.00 above state reimbursement levels.	

TRANSPORTATION DARLINGTON

SUMMARY OF OBSERVATIONS AND RECOMMENDATIONS

	Observations	Recommendations
Routing and Bus Management	- The district does not utilize routing software (with the exception of the state-required route entry software). - The district does not have GPS tracking on its buses. - The district provides radios to drivers to contact drivers while on routes. - The district has security cameras on the majority of buses. - The district does not have stop-arm cameras on buses. - Activity Buses: The District does not use the State fuel for activity buses.	- Implementation of staggered bell times will allow for 1) a reduction in the number of drivers needed, 2) eliminate the need for double bus runs, 3) Reduce the number of buses needed, 4) allow students to ride with peers of their own age, and 5) shorten ride times for students - Implement routing software to ensure most efficient routes - Install GPS on buses to monitor bus routes and ensure most efficient route - Install stop-arm cameras to assess tickets to drivers passing buses.
Collaboration	The District collaborates with surrounding districts for Special Education routing as well as providing support in the case of buses breaking down.	Leverage the State maintenance hubs for activity buses.

APPENDIX A: SAVINGS METHODOLOGY



APPENDIX A: SAVINGS METHODOLOGY

DARLINGTON

APPROACH TO SAVINGS

GENERAL APPROACH TO ESTIMATING INVESTMENTS AND SAVINGS

- Investments and cost savings were estimated based on interviews with District personnel across each functional area and using financial and operational data received from both the State and each district.
- Data provided was benchmarked and analyzed to understand costs, productivity and utilization.
- For more detail on methodology, see Appendix A.

FINANCE AND HUMAN RESOURCES

- A&M conducted interviews and analyzed personnel rosters and expenses to understand the intersection of people, process and technology within each district.
- A&M estimated a range of potential synergies from district collaboration based on average district spend in key finance and HR functional areas. Synergies will be realized when participating district resources are pooled in a Shared Service Center. For purposes of this analysis, A&M calculated the District level savings by estimating the level of resources that would be required to support two average sized smaller districts at the low end and five districts of varying sizes at the high end.

PROCUREMENT

- A&M reviewed the District disbursement register and reviewed a limited sampling of vendor invoices to gain an understanding of the District's procurement spend.
- On a limited basis, A&M reviewed rates paid to individual vendors by multiple districts.
- In order to estimate savings, A&M leveraged the information gathered above and then applied potential savings rates to key spend categories. Savings rates were based upon past experience that our clients have achieved by partnering with A&M on strategic sourcing.

TRANSPORTATION

- A&M used data provided by the State to analyze the District route mileage, frequency, timing, and volume to estimate potential efficiencies available through the implementation of routing software and staggered bell times.
- Benchmarks were established based on districts currently using routing software and staggered bell times.
- Savings were estimated based on a target benchmark for the District that took into consideration the location, population and rural profile of the each district.
- Estimates include savings for bus drivers, fuel, maintenance and buses.

APPENDIX A: SAVINGS METHODOLOGY

DARLINGTON

APPROACH TO SAVINGS: OTHER CONSIDERATIONS

➤ **State-wide Benchmarking Data:**

- A&M has compiled a robust set of benchmarks and metrics to compare staffing and spending levels at each district. A&M has provided the State Education Department with access to a live database and analytics dashboard to enable cross-district analytics and gain further insights into the rationale behind A&M's observations and recommendations.

➤ **Implementation:**

- Implementation of certain recommendations included in this report will require one-time investments in order to achieve savings. A&M has developed preliminary estimates for these costs that will likely need to be refined as additional information regarding decisions on implementation plans and approach become available.

APPENDIX A: SAVINGS METHODOLOGY

DARLINGTON

SAVINGS ANALYSIS BY FUNCTIONAL COMPONENT

PEOPLE

Estimates were developed by function and by sub-function to determine staffing levels on a stand-alone basis and post-implementation of a regional shared services model.

TECHNOLOGY

Technology investments were identified based on the need to automate processes for each function and determination of shared costs by school district.

Functional Review Operating Model Components



PROCESS

Assessment of the degree of manual processes used by each function, identification of improvements to those functions, and new operating models (such as staggered bell times) were recommended.

ORGANIZATION

An analysis of each organization's staffing levels on an As-Is Basis, against peer benchmarks, and in a regional collaborative model were conducted to assess overall efficiency and effectiveness.

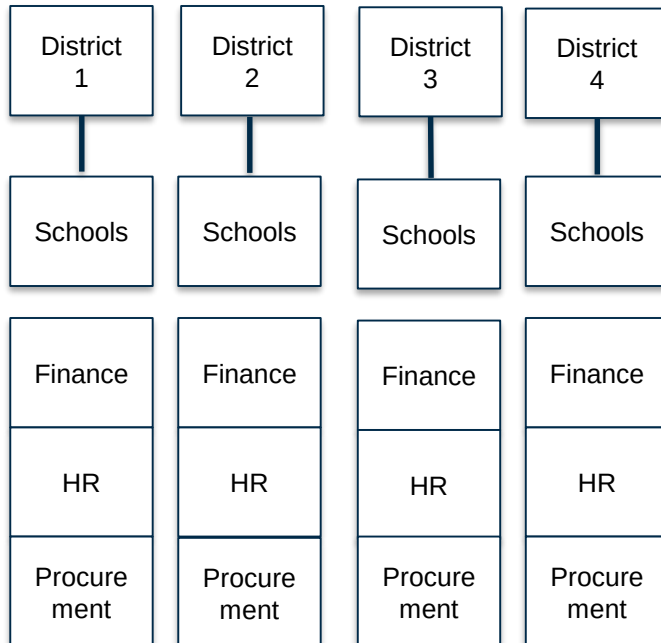
APPENDIX A: SAVINGS METHODOLOGY DARLINGTON

COLLABORATION: SHARED SERVICE MODELS

Given the limited spending across the different areas within scope and the fixed cost requirements of these functions, it is necessary to consider collaboration alternatives when looking for ways to optimize efficiency.

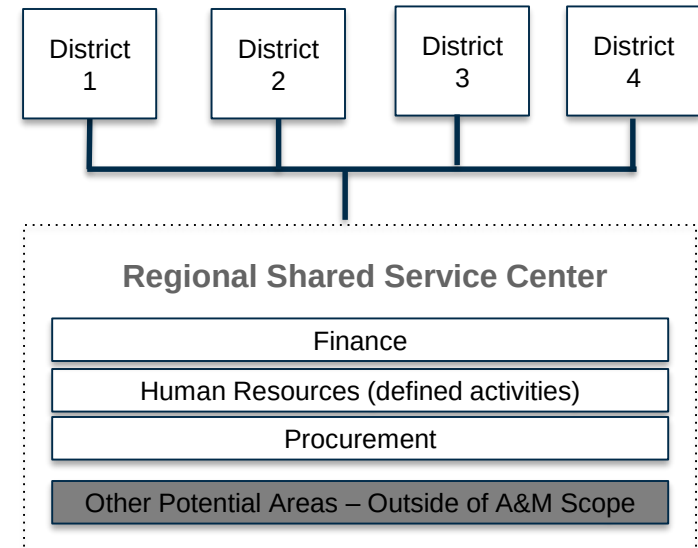
CURRENT STATE: STAND ALONE DISTRICT

Infrastructure for transactional processes repeated in individual districts; limited economies of scale



COLLABORATION ALTERNATIVE

Shared expertise and improved controls leverages scale to reduce aggregate costs and enhance efficiency



Collaboration provides a pathway to optimizing effectiveness and efficiencies across processes, capturing economies of scale, increasing standardization and addressing common challenges faced by all districts.

APPENDIX A: SAVINGS METHODOLOGY DARLINGTON

SHARED SERVICES MODEL: SAVINGS APPROACH

Cost savings potential from a Shared Services Model will vary greatly depending upon: (1) the number of districts; (2) the sizes of districts opting to work together and (3) the services functions that are included in the shared services center.

In order to develop a range of savings that a collaboration model would yield, A&M considered collaborations of multiple types and amounts of districts. An example of the range of options considered for financial management collaboration is shown below.

	Financial Management Collaboration: Two Districts [Both Small]		
	Current State	Collaboration Model	Savings
# of Districts	2	2	NA
Total ADM	2,500	2,500	NA
Total FTEs ⁽¹⁾	4.75	4.00	0.75
Total Spend ⁽¹⁾	\$468,856	\$427,128	\$41,728
Savings %			8.9%

(1) Total FTEs and Total Spend based upon average FTEs of average spend of two small districts (less than 2,500 enrollment). Actual results may vary depending upon districts opting to collaborate.

	Financial Management Collaboration: Five Districts [1 Large, 1 Med, 3 Small]		
	Current State	Collaboration Model	Savings
# of Districts	5	5	NA
Total ADM	21,000	21,000	NA
Total FTEs ⁽²⁾	18.9	13.0	6.0
Total Spend ⁽²⁾	\$2,409,840	\$1,684,478	\$725,326
Savings %			30.1%

(2) Total FTEs and Total Spend based upon average FTEs and average spend of one large district (>10,000 ADM), one medium district (between 5,000 and 10,000 ADM) and 3 small districts (less than 2,500 enrollment).

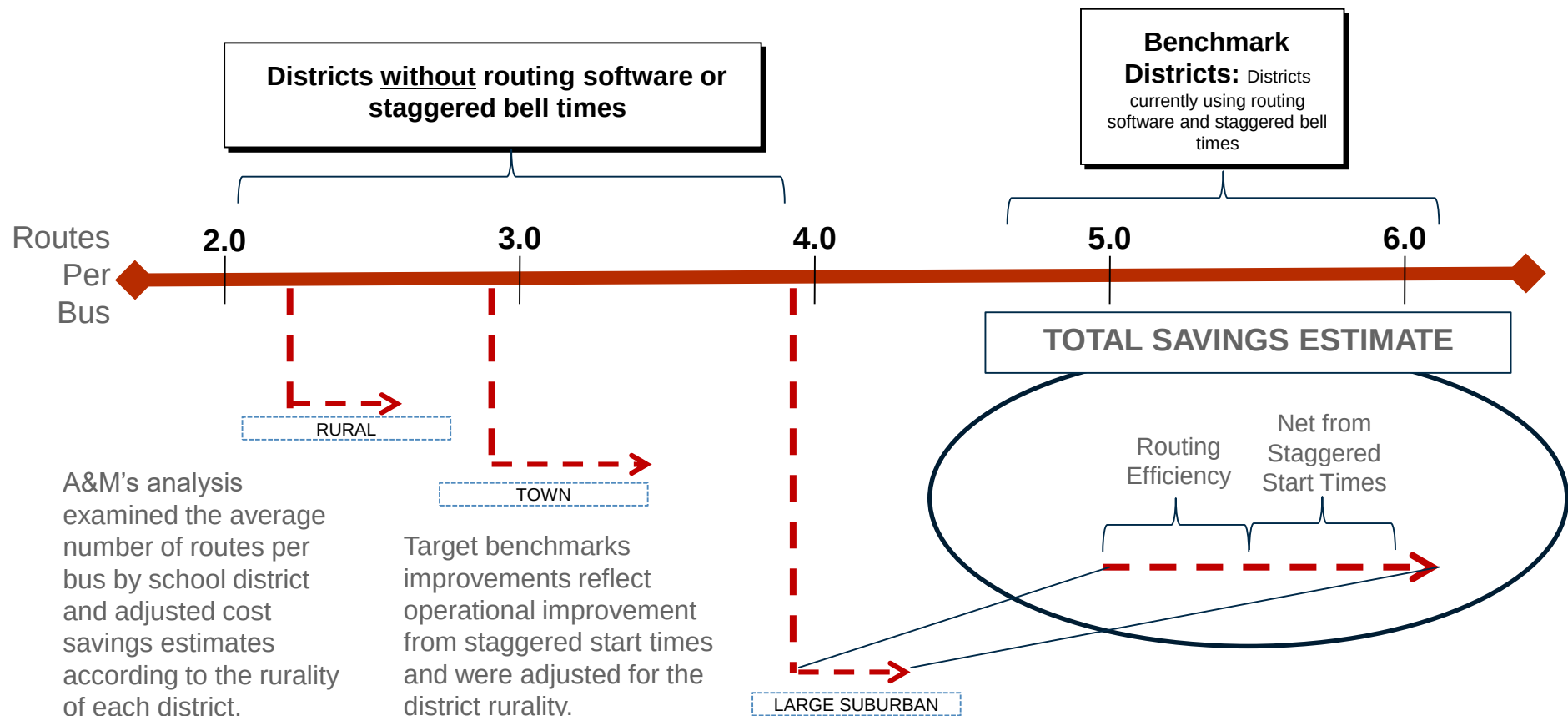
Preliminary estimates, excluding costs of one-time investments related to technology and organizational changes, of potential savings from collaboration of financial management functions across districts range from 8.9% to 30.1%.

APPENDIX A: SAVINGS METHODOLOGY

DARLINGTON

TRANSPORTATION ROUTING: SAVINGS APPROACH

Implementation of new routing software can help districts optimize existing routes and evaluate alternative routing strategies, such as staggered bell times.



APPENDIX A: SAVINGS METHODOLOGY DARLINGTON

TRANSPORTATION ROUTING: SAVINGS APPROACH (CONTINUED)

Savings from Routing Efficiencies

A&M analyzed districts' route mileage, frequency, timing and volume to estimate potential efficiencies available through the implementation of routing software.

This analysis separates the district and state portions of estimated cost savings according to the amount of reimbursement the state provides to each district.

Fuel and maintenance savings are based on state cost per vehicle mile.

The reduction in buses is the result of a reduction in the need to purchase new buses per year across the plaintiff districts.

DISTRICT EXAMPLE OF COST SAVINGS OPPORTUNITIES FROM ROUTING SOFTWARE

DISTRICT A	VOLUME	UNIT	DISTRICT	STATE
DRIVERS	5.0	\$ 19,390	\$ 55,051	\$ 37,238
FUEL	43,560	\$ 0.15	\$ -	\$ 6,749
MAINTENANCE	43,560	\$ 0.34	\$ -	\$ 14,595
BUSES (COST AVOIDANCE)	1.0	\$ 60,000	\$ -	\$ 60,000
TOTAL			\$ 55,051	\$ 118,582

Cost savings from more efficient routing are significant, with savings shared between the districts and the State.

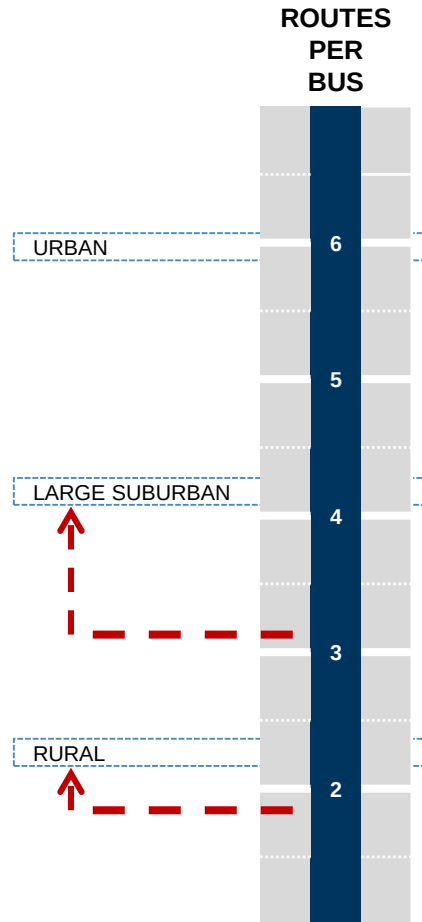
APPENDIX A: SAVINGS METHODOLOGY DARLINGTON

TRANSPORTATION ROUTING: SAVINGS APPROACH (CONTINUED)

Savings from Increased Utilization:

A&M's analysis examined the average number of routes per bus by school district and adjusted cost savings estimates according to the rurality of each district.

Target benchmarks improvements are shown in the graphic to the right reflecting operational improvement and adjusting for the district rurality.



DISTRICT EXAMPLE COST SAVINGS OPPORTUNITIES FROM STAGGERED SCHOOL START TIMES

DISTRICT A	VOLUME	UNIT	DISTRICT	STATE
DRIVERS	2.0	\$ 19,390	\$ 23,133	\$ 15,647
FUEL	-	\$ 0.15	\$ -	\$ -
MAINTENANCE	2.0	\$ 4,138	\$ -	\$ 8,276
BUSES (COST AVOIDANCE)	-	\$ 60,000	\$ -	\$ -
TOTAL			\$ 23,133	\$ 23,923

Staggered bell times would help reduce routes and the number of buses required.

APPENDIX A: SAVINGS METHODOLOGY

DARLINGTON

COLLABORATION: PURCHASING COORDINATION AND AGGREGATION

Given the size of many of the individual districts, there is little leverage to negotiate best pricing or invest in resources needed to develop or implement a defined procurement strategy. These districts would benefit from greater purchasing coordination, aggregation of buying power and minimum commitments in order to improve overall pricing.

EXAMPLES OF STATE-WIDE PROCUREMENT OPPORTUNITIES

Example 1: Differentiated Pricing in Professional Services

District	Labor Rate Mark-up for Temporary Staff
District A	0.43 to 0.49
State Contract	0.40
District B	0.39

- At a minimum, many districts could benefit from leveraging State contracts. Districts could additionally benefit from favorable pricing negotiated by other districts.

Example 2: Volume Discounts and Rebates with a Technology Vendor

Minimum \$ Value	Discount
\$50,000	1%
\$100,000	2%
\$200,000	4%
\$500,000	6%
\$1,000,000	8%

- Nearly all districts could benefit from additional discounts by aggregating spend statewide.

APPENDIX A: SAVINGS METHODOLOGY DARLINGTON

PURCHASING COORDINATION AND AGGREGATION: SAVINGS APPROACH

In order to develop a range of savings that a purchasing consortium would yield, A&M estimated savings based on current district spend and applied savings ranges based on the experience that our clients have achieved by partnering with A&M on strategic sourcing.

To determine actual savings amounts by District, A&M applied the savings ranges to FY16 expenditure data from the State. The expenditure data from the State is summarized at function and major object codes.

Given the approach to estimate savings was a top-down approach rather than a bottom-up approach of savings by vendor, the estimates of savings achieved through purchasing coordination are high-level estimates.

	Range of Savings: A&M Strategic Sourcing Experience	
	Low	High
Building Services	3.2%	7.2%
Non-Instructional Supplies	2.5%	5.5%
Instructional Supplies	2.5%	5.5%
Instructional Services	6.0%	10.0%
Support Services	2.6%	6.2%
Technology	3.4%	6.3%
Other	3.7%	7.3%
Overhead Services	3.4%	6.7%
Transportation Services	2.8%	8.5%

Preliminary estimates of potential savings from increased collaboration of purchasing across districts range from 2.0% to 5.1%.

APPENDIX B: DATA SOURCES



APPENDIX B: DATA SOURCES

DARLINGTON

[1] FY 16 District Report Card

[2] State-provided enrollment numbers:

- **FY 15 135-Day ADM:** The only use of the FY 15 enrollment numbers is for the enrollment trend
- **FY 16 135-Day ADM:** All calculations made using FY 16 expense data and enrollment data rely on the FY 16 135-Day ADM
- **FY 17 45-Day ADM:** All calculations made using FY 17 personnel data and enrollment data rely on the FY 17 135-Day ADM

*Number of schools calculated using state ADM files

[3] State-provided FY 16 district expenses

*In-scope procurement and categorization is determined by a mapping completed by A&M based on expense function & object codes. These values exclude all expenses where fund code = 400, 500, or 700 (Debt, Capital, and Pupil Activity funds respectively).

[4] District-provided FY 17 personnel rosters

[5] State-provided FY 16 district revenue

[6] A&M Functional Area Mapping

If "Function Code" begins with 1## Then "Instruction"

If "Function Code" = 252, 257, or 259 Then "Financial Management"

If "Function Code" = 264 Then "Human Resources"

If "Function Code" = 231, 232, 261, 262, or 265 Then "Overhead"

If "Function Code" = 251 or 255 Then "Transportation"

If "Function Code" begins with 2## and not in lists above Then "Support Services"

If "Function Code" begins with 3## Then "Community Services"

If "Function Code" begins with 4## Then "Other"

If "Function Code" begins with 5## Then "Debt"

[7] FY 16 Comprehensive Annual Financial Report (CAFR)

[8] Historical A&M Procurement Savings and assumption of district collaboration in the procurement function

[9] FY 16 State-provided transportation data

APPENDIX B: FORMULAS DEFINED

DARLINGTON

Sources [2],[3]

- $\$ \text{ Per Student} = \text{Total Cost}^{[3]} / \text{FY 16 135-Day ADM}^{[2]}$
- $\$ \text{ Per Student Excluding Debt \& Capital} = \text{Total Cost}^{[3]} / \text{FY 16 135-Day ADM}^{[2]}$ (Where Fund Name $\neq$ "Capital Projects Fund" or "Debt Service Fund")
- $\text{Financial Management Cost per Student} = \text{Total Cost}^{[3]}$ (Where A&M Functional Group = "Financial Management" and Fund Name $\neq$ "Capital Projects Fund" or "Debt Service Fund") / $\text{FY 16 135-Day ADM}^{[2]}$
- $\text{HR Cost / Student} = \text{Total Cost}^{[3]}$ (Where Function Code = "Human Resources") / $\text{FY 16 135-Day ADM}^{[2]}$
- $\text{Transportation Cost / Student} = \text{Total Cost}^{[3]}$ (Where A&M Functional Group = "Transportation") / $\text{FY 16 135-Day ADM}^{[2]}$

Sources [2],[4]

- $\text{Students Per Instructional Services FTE} = \text{FY 17 45-Day ADM}^{[2]} / \text{FTE}^{[4]}$ (Where Category Description = "Instruction," "Instructional Staff Services," "School Administration," or "Pupil Services")
- $\text{Students Per Overhead FTE} = \text{FY 17 45-Day ADM}^{[2]} / \text{FTE}^{[4]}$ (Where Category Description = "Gen Admin," "Finance," "Technology," "Central Services," or "Human Resources")
- $\text{Students Per School Support FTE} = \text{FY 17 45-Day ADM}^{[2]} / \text{FTE}^{[4]}$ (Where Category Description = "Food Services," "Facilities," "Transportation," "Support Services" or "Community Services")
- $\text{Students to All Positions} = \text{FY 17 45-Day ADM}^{[2]} / \text{FTE}^{[4]}$
- $\text{Students To Total FTE} = \text{FY 17 45-Day ADM}^{[2]} / \text{FTE}^{[4]}$
- $\text{ADM to Financial FTE} = \text{FY 17 45-Day ADM}^{[2]} / \text{FTE}^{[4]}$ (Where Category Description = "Finance")
- $\text{ADM to HR FTE} = \text{FY 17 45-Day ADM}^{[2]} / \text{FTE}^{[4]}$ (Where Category Description = "Human Resources")

APPENDIX B: FORMULAS DEFINED

DARLINGTON

Source [5]

- Grant Funds as Percent of Total Budget = $((\text{Total Special}^{[5]} + \text{Special EIA Revenue}^{[5]}) / \text{Total Revenue Excluding})$ Where Fund Name $\neq$ “Capital Projects Fund” or “Debt Service Fund”
 - * Special Revenue = Fund Code 200
 - * Special EIA Revenue = Fund Code 300
 - * Debt & Capital = Fund Code 400 & 500

Source [3],[7]

- Days Cash on Hand = $(\text{Cash: Unrestricted, general fund}^{[7]} + \text{Investments: general fund}^{[7]} + \text{AR: County}^{[7]}) / (\text{General Fund Expenditures}^{[3]} / 365)$
 - *General Fund Expenditures = expenses where fund code = 100
- Days Payable Outstanding = $(\text{Accounts Payable: General Fund}^{[7]} / (\text{Non-Personnel Expenditures}^{[3]} / 365))$
 - *Non-Personal Expenditures = expenses where Object Code between 300 – 700

Source [5],[7]

- Unrestricted Fund Balance as % of General Fund = $\text{Fund balance} - \text{unrestricted}^{[7]} / \text{General Fund Revenue}^{[5]}$
- Grants Receivables Days Outstanding = $(\text{Grants Receivable from State}^{[7]} + \text{Grants Receivable from Federal}^{[7]}) / (\text{total grant funds from statewide revenues}^{[5]}/365)$
 - *Total Grant Fund From Statewide Revenue is revenue where fund code = 200 & 300
- Total Debt Outstanding/Total Revenue = $\text{Total Debt Outstanding}^{[7]} / \text{Revenue}^{[5]}$ (Where Fund Name $\neq$ “Capital Projects Fund” or “Debt Service Fund”)

Source [9]

- Routes Per Bus = $\text{Number of Routes}^{[9]} / \text{Number of Buses}^{[9]}$
- Average Ridership = $\text{Total Ridership}^{[9]} / \text{Number of Routes}^{[9]}$
- Average Route Time = $\text{Total Route Minutes}^{[9]} / \text{Number of Routes}^{[9]}$
- Average Mileage Per Bus = $\text{Total Route Miles}^{[9]} / \text{Number of Buses}^{[9]}$

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