

# **School District of Edgefield County**

*Report on Financial Statements*

*For the fiscal year ended June 30, 2018*

---

# School District of Edgefield County

## *Members of the Board of Trustees*

---

### DR. ROBERT MADDOX, SUPERINTENDENT

<u>Name</u>	<u>Term of office</u>	
	<u>From</u>	<u>To</u>
Mr. Chris Hoffman, Chairperson	2015	2018
Mrs. Robin Ball, Vice-Chairperson	2017	2020
Mr. Willie Campbell, Secretary	2015	2018
Dr. John Carrol Wates	2015	2018
Mrs. Blair Massey	2017	2020
Mr. Johnny Peterson	2017	2020
Mrs. Deidra Young	2017	2020

# School District of Edgefield County

## Contents

	<u>Page</u>
<b>Independent Auditor's Report</b> .....	1-2
<b>Management's Discussion and Analysis</b> .....	3-8
<b>Basic Financial Statements</b>	<b><u>Exhibit</u></b>
Government-wide Financial Statements	
Statement of Net Position.....	1      9
Statement of Activities.....	2      10
Fund Financial Statements	
Balance Sheet - Governmental Funds.....	3      11
Reconciliation of Balance Sheet of Governmental Funds to the Statement of Net Position.....	4      12
Statement of Revenues, Expenditures and Changes in Fund Balance - Governmental Funds.....	5      13
Reconciliation of Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities.....	6      14
Statement of Net Position - Proprietary Fund.....	7      15
Statement of Revenues, Expenses and Changes in Net Position - Proprietary Fund.....	8      16
Statement of Cash Flows - Proprietary Fund.....	9      17
Statement of Fiduciary Assets and Liabilities - Agency Fund.....	10     18
Notes to Financial Statements.....	19-49
<b>Required Supplementary Information</b>	<b><u>Schedule</u></b>
Budgetary Comparison Schedule	
General Fund.....	1      50-58
Schedule of Changes in Net OPEB Liability and Related Ratios Multiyear.....	2      59
Schedule of the District's Proportionate Share of the Net Pension Liability.....	3      60
Schedule of the District's Contributions.....	4      61
<b>Supplementary Information</b>	
Governmental Funds	
Special Revenue Fund	
Combining Schedule of Revenues, Expenditures and Changes in Fund Balance.....	A-1     62-66

# School District of Edgefield County

## Contents, Continued

<b>Supplementary Information, Continued</b>	<b>Schedule</b>	<b>Page</b>
Summary Schedule for Designated Restricted State Grants.....	A-2	67
EIA Combined Schedule of Revenues, Expenditures and Changes in Fund Balance.....	A-3	68-72
EIA Summary Schedule by Program.....	A-4	73
School Building Fund		
Schedule of Revenues, Expenditures and Changes in Fund Balance.....	B	74
Debt Service Fund		
Schedule of Revenues, Expenditures and Changes in Fund Balance.....	C	75
Proprietary Fund		
Food Service Fund		
Schedule of Revenues, Expenses and Changes in Net Position.....	D	76
Agency Fund - Student Activities		
Schedule of Receipts, Disbursements and Changes in Due to Student Organizations.....	E	77
Schedule of Receipts, Disbursements, and Changes in Due to Student Organizations by Schools.....	F	78
Detailed Schedule of Due to State Department of Education/ Federal Government.....	G	79
Location Reconciliation Schedule.....	H	80
<b>Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With Government Auditing Standards.....</b>		<b>81-82</b>
<b>Independent Auditor's Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance Required by the Uniform Guidance.....</b>		<b>83-84</b>
Schedule of Expenditures of Federal Awards.....		85
Notes to Schedule of Expenditures of Federal Awards.....		86
Schedule of Findings and Questioned Costs.....		87-89
Summary Schedule of Prior Audit Findings.....		90-91



## Independent Auditor's Report

Board of Trustees  
School District of Edgefield County  
Edgefield, South Carolina

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the School District of Edgefield County (the District) as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditor's Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the District as of June 30, 2018, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Implementation of New Accounting Standard***

As discussed in Note 16 to the financial statements, the District adopted the provisions of Governmental Accounting Standards Board Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, effective July 1, 2017. Our opinion is not modified with respect to this matter.

### ***Other Matters***

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the budgetary comparison schedule – general fund, schedule of changes in net OPEB liability and related ratios multiyear, the schedule of the District's proportionate share of the net pension liability, and the schedule of the District's contributions, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The combining and individual fund financial schedules and other supplementary information, including the schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial schedules and other supplementary information, including the schedule of expenditures of federal awards, are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

### ***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated November 30, 2018 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

*Manley Gawin, LLC*

Greenwood, South Carolina  
November 30, 2018

# School District of Edgefield County

## Management's Discussion and Analysis (MD&A)

Fiscal Year ended June 30, 2018

---

### INTRODUCTION

This discussion and analysis of the District's financial performance provides an overview of the District's financial activities for the fiscal year ended June 30, 2018.

### FINANCIAL HIGHLIGHTS

The Base Student Cost (BSC), is the main source of state funding. The District's 2017-2018 general fund budget was built based on a BSC of \$2,425. This was an increase from \$2,350 in 2016-2017. However, the BSC was capped at \$2,415 in January of 2018. Although the maximum allowed millage increase was 9.71 mills (7.11 banked from the prior years and 2.60 mills for 17-18), the Board only raised the millage by 1.34 mills for the 2017-2018 school year. No dollars from the District's reserves were used as a funding source to balance the budget. The District's net position decreased approximately \$760,000 during the fiscal year. The District's liabilities exceeded its assets at June 30, 2018 by approximately \$57.5 million.

The budget increased from \$ 29,265,404 in 2016-17 to \$30,510,220 in 2017-18 primarily because of a step increase for all employees, and a \$1,000 increase to the local supplement on the teacher salary schedule. The State Health Plan employer cost increased 0.8% and retirement increased 2%. Another increase came from a transfer of \$140,000 in salaries and benefits into the general fund for instructional coaches due to the end of the TAP grant. The District's general fund budget increased by \$90,000 due to an increase in substitute expenses and due to an increase in the daily rate for substitutes to align with neighboring districts. Despite conservation of general funds, the District was able to continue to deliver quality educational services to all students and maintain favorable student to teacher ratios in the current year.

### OVERVIEW OF FINANCIAL STATEMENTS

This annual report consists of a series of financial statements and accompanying notes. These statements are organized so the reader can understand the District as a financial whole, or as an entire operating entity.

The statement of net position and statement of activities provide information about the activities of the whole school district, presenting both an aggregate view and a longer-term view of our finances. Fund financial statements provide the next level of detail. For government funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the District's most significant funds with all other non-major funds presented in total in a single column.

**Statement of Net Position and Statement of Activities** - One of the most important questions asked about the District's finances is, "is the District better or worse off as a result of the year's activities?" The Statement of Net Position and the Statement of Activities report information about the District as a whole and about its activities in a manner that helps to answer this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by the private sector. All of the current year's revenues and expenses are taken into consideration, regardless of when cash is received or paid.

These two statements report the District's net position and changes in them. The change in net position provides the reader a tool to assist in determining whether the District's health is improving or deteriorating. The reader will need to consider property tax laws, funding issues, student enrollment growth or decline, facility conditions and other economic factors in arriving at their conclusion regarding the overall health of the District.

---

## School District of Edgefield County

### *Management's Discussion and Analysis (MD&A)*

*Fiscal Year ended June 30, 2018*

---

**Fund Financial Statements** - The fund financial statements provide detailed information about the most significant funds, not the District as a whole. Some funds are required to be established by State or Federal statute, while many other funds are established by the District to help manage money for particular purposes and compliance with various grant provisions. The District's three types of funds, governmental, fiduciary and proprietary, use different accounting approaches as further described in the notes to the financial statements.

**Governmental Funds** - Most of the District's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in future periods. These funds are reported using an accounting method called modified accrual accounting which measures cash and other financial assets that can readily be converted to cash. The governmental fund statements provide for a short-term view of the District's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or less financial resources available to spend in the near future to finance the District's programs. The relationship (or differences) between the governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is reconciled in the basic financial statements.

**Fiduciary Funds** - The District is the trustee, or fiduciary, for its scholarship program and the other items listed as private purpose trusts. It is also responsible for other assets that, due to a trust agreement, can be used only for the trust beneficiaries. All of the District's fiduciary activities are reported in separate Statements of Fiduciary Net Position. We exclude these activities from the District's other financial statements because the assets cannot be utilized by the District to finance its operations.

**Proprietary Funds** - Proprietary Funds are used to present financial information about the activities within the organization that operate those funds like a business such as the Food Service program.

### **GOVERNMENT-WIDE FINANCIAL ANALYSIS**

The District's net position decreased approximately \$760 thousand during the fiscal year. The District's liabilities exceeded its assets at June 30, 2018, by approximately \$57.5 million.

By far the largest portion of the District's total assets reflects its investment in capital assets (e.g., land, buildings and improvements, vehicles, furniture and equipment). The District uses these capital assets to provide services to its students; consequently, these assets are not available for future spending. Although the District's net position invested in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

The District's financial position is the product of several financial transactions including the net results of operating activities, the acquisition and payment of debt and the acquisition and disposal of capital assets.



**School District of Edgefield County**  
**Management's Discussion and Analysis (MD&A)**  
**Fiscal Year ended June 30, 2018**

The following table presents a comparative summary of the District's net position for the fiscal year ended June 30, 2018 and 2017.

	<b>Governmental Activities</b>		<b>Business-type Activities</b>	
	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
<b>Assets and Deferred Outflows of Resources:</b>				
Current assets	\$ 11,515,172	\$ 11,181,847	\$ 46,360	\$ 60,262
Capital assets, net	19,298,808	20,364,502	138,711	144,592
Deferred outflows of resources	<u>10,096,840</u>	<u>6,351,270</u>	<u>589,865</u>	<u>371,056</u>
Total assets and deferred outflows of resources	<u>40,910,820</u>	<u>37,897,619</u>	<u>774,936</u>	<u>575,910</u>
<b>Liabilities and Deferred Inflows of Resources:</b>				
Current liabilities	6,714,066	7,501,436	59,363	(118,955)
Long-term liabilities	80,127,868	48,048,485	4,450,609	2,518,379
Deferred inflows of resources	<u>7,394,854</u>	<u>1,760,063</u>	<u>432,001</u>	<u>102,827</u>
Total liabilities and deferred inflows of resources	<u>94,236,788</u>	<u>57,309,984</u>	<u>4,941,973</u>	<u>2,502,251</u>
<b>Net Position:</b>				
Net investment in capital assets	15,184,586	14,419,502	138,711	144,592
Restricted	597,243	857,394	-	-
Unrestricted	<u>(69,107,797)</u>	<u>(34,689,261)</u>	<u>(4,305,748)</u>	<u>(2,070,933)</u>
Total net position	<u>(53,325,968)</u>	<u>(19,412,365)</u>	<u>(4,167,037)</u>	<u>(1,926,341)</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 40,910,820</u>	<u>\$ 37,897,619</u>	<u>\$ 774,936</u>	<u>\$ 575,910</u>

Comparative information for 2018 and 2017 Statement of Activities is presented in the chart below. The chart shows that in spite of the suppressed funding levels in 2017-2018, the primary mission of the school district was preserved (classroom instruction). 58.7% of District resources went directly into classrooms at our schools (not including instructional support functions).

	<b>Governmental Activities</b>		<b>Business-type Activities</b>	
	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
<b>Revenues:</b>				
<b>Program revenues:</b>				
Charges for services	\$ 620	\$ 1,220	\$ 462,712	\$ 453,139
Operating grants and contributions	20,729,472	19,916,141	1,529,031	1,555,126
<b>General revenues:</b>				
Property taxes	11,584,897	11,410,977	-	-
Intergovernmental	6,103,790	5,794,941	-	-
Miscellaneous and transfers	<u>248,113</u>	<u>219,886</u>	<u>234,482</u>	<u>126,234</u>
Total revenues	<u>38,666,892</u>	<u>37,343,165</u>	<u>2,226,225</u>	<u>2,134,499</u>
<b>Expenses:</b>				
Instruction	22,987,855	21,731,046	-	-
Support services	15,916,280	15,419,518	2,513,242	2,320,719
Community services	-	48	-	-
Intergovernmental	94,842	79,671	-	-
Interest and other charges	<u>140,793</u>	<u>157,377</u>	<u>-</u>	<u>-</u>
Total expenses	<u>39,139,770</u>	<u>37,387,660</u>	<u>2,513,242</u>	<u>2,320,719</u>
Increase (decrease) in net position	<u>\$ (472,878)</u>	<u>\$ (44,495)</u>	<u>\$ (287,017)</u>	<u>\$ (186,220)</u>

**School District of Edgefield County**  
**Management's Discussion and Analysis (MD&A)**  
**Fiscal Year ended June 30, 2018**

**FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS**

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements and such information is useful in assessing the District's financing requirements. In particular, unreserved fund balance may serve as a useful measure of the District's net resources available for spending at the end of the fiscal year.

The financial performance of the District as a whole is reflected in its governmental funds. As the District completed the year, its governmental funds reported a combined fund balance of \$5,480,118 an increase of \$578,322. 100% of general fund balance constitutes unassigned fund balance, which is available for spending at the District's discretion. The administration intends to maintain this balance in order to be assured District operations continue to run smoothly despite unexpected budget cuts and the State Department of Education's failure to make payments in a timely manner, both serious issues in recent years.

The remaining fund balance is nonspendable, restricted, or committed, which indicates that it is not available for spending because it has already been restricted/committed as follows:

- Restricted for debt service - \$531,070

The general fund is the principal operating fund of the District. As the table below illustrates, the largest portions of the general fund expenditures each year are for salary and fringe benefits. 85.33% of the 2017-2018 budget (and portions of other fund transfers accounted for here under miscellaneous) was expended for staffing in the District.

	<u>Fiscal Year</u> <u>2018</u>	<u>2018 % of</u> <u>Actual</u>	<u>Fiscal Year</u> <u>2017</u>
<b>Expenditures by Object</b>			
Salaries and Wages	\$ 18,297,575	61.34%	\$ 18,075,631
Fringe Benefits	7,153,675	23.98%	6,831,288
Purchased Services	2,143,396	7.19%	1,899,683
Supplies	1,846,346	6.19%	1,805,477
Capital Outlay	156,652	.53%	1,021,464
Miscellaneous	<u>229,907</u>	<u>.77%</u>	<u>245,314</u>
	<u>\$ 29,827,551</u>	<u>100.00%</u>	<u>\$ 29,878,857</u>

Fiduciary funds are used to account for operations that are financial and operated in as a trust. The pupil activity fund is the only fiduciary fund. This fund had expenditures in excess of revenues of \$23,053 and assets totaling \$803,836.

Proprietary funds are used to account for funds that the District operates like a business. The Food Service operation is the only proprietary fund that the District operates. The fund had an end of year net deficit of \$4,167,037.

**School District of Edgefield County**  
**Management's Discussion and Analysis (MD&A)**  
**Fiscal Year ended June 30, 2018**

**BUDGETARY HIGHLIGHTS**

Over the course of the year, the District's General Fund expenditure and revenue budgets both traditionally increase slightly over the prior year operations, all things constant, if for no other reason than mandated salary and benefit increases. The District continues to employ strict cost control measures and takes a conservative approach to budgeted revenues in order to combat state funding levels that are comparable to the late 1990s.

A schedule showing the original and final budget amounts compared to the District's actual financial activity for the General Fund is provided in the fund financial statements of this report.

**CAPITAL ASSETS**

As of June 30, 2018, the District had invested a net amount of \$19,298,808 in governmental capital assets, including school buildings, athletic facilities, buses, vehicles, computers and other equipment. Total depreciation expense for the year was \$1,426,551. Accumulated depreciation is \$28,729,646.

The detailed schedule for 2018 and more information can be located in Note 4 of the notes to the financial statements.

**DEBT ADMINISTRATION**

At year-end, the District had \$5,104,973 in general obligation bonds and other long-term obligations outstanding, of which \$1,157,265 is due within one year. The following table presents a summary of the District's outstanding long-term debt for the fiscal year ended June 30, 2018.

	Principal outstanding June 30, 2017	<u>Additions</u>	<u>Reductions</u>	Principal outstanding June 30, 2018	Amounts due in one year
<b>Governmental activities</b>					
General obligation bonds					
February 1, 2008	\$ 1,620,000	\$ -	\$ 1,620,000	\$ -	\$ -
August 14, 2012	<u>4,325,000</u>	-	<u>135,000</u>	<u>4,190,000</u>	<u>1,025,000</u>
Total bonds payable	5,945,000	-	1,755,000	4,190,000	1,025,000
Note payable	534,077	89,013	-	623,090	73,888
Unearned bond premiums	11,582	-	11,582	-	-
Accrued compensated absences	<u>272,411</u>	<u>19,472</u>	-	<u>291,883</u>	<u>58,377</u>
Total governmental activities general long-term debt	<u>\$ 6,763,070</u>	<u>\$ 108,485</u>	<u>\$ 1,766,582</u>	<u>\$ 5,104,973</u>	<u>\$ 1,157,265</u>

State statutes currently limit the amount of general obligation debt a District may issue to 8% of its total assessed valuation. The current remaining debt limitation for the District is approximately \$1,885,000. Additional information on the District's long-term debt can be found in Note 5 of this report.

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGET**

The School District is coextensive with the area and boundaries of Edgefield County, which is located in the southwestern section of South Carolina. It has a land area of 481 square miles and is bordered to the north by Greenwood County, to the northeast by Saluda County, to the south by Aiken County and to the west by McCormick County. The population of Edgefield County, according to the 2010 Census, is 26,985.

---

## School District of Edgefield County

### *Management's Discussion and Analysis (MD&A)*

*Fiscal Year ended June 30, 2018*

---

In the 2017-2018 school year, the District operated four elementary schools, two middle schools, one high school, and one career center. Kindergarten classes were available for all five-year-olds within the District. Enrollment for the 2017-2018 school year was 3,364 average daily membership. For fiscal year 2017-2018, the District employed approximately 245 certified staff and 250 other employees. Assessment rates show a stagnated growth pattern, but the local manufacturing economy has decreased as businesses have left the area. It is predicted that the population of the County will grow as the cyber security center is built at Fort Gordon in Augusta, GA. In addition, vehicle sales remain strong in the County. The unemployment rate compares favorably with the state's rate and the county's top employers and taxpayers have shown stable operations.

Factors under consideration by the District's administration during the process of developing the fiscal year 2018-2019 budget were to address continued suppressed EFA Base Student Cost funding levels that compare to the mid 2000s, balance the budget without using money in the reserve fund, increase the fund balance due to new fiscal accountability laws, improve academic achievement and efforts to recruit and retain the most highly qualified instructional staff. Although state projections are at or above expectations, potential salary increases, increased health costs, increased retirement costs and continued cuts to Federal and State funds will continue to create a challenging budget outlook in 2018-2019.

The District's primary goal is to have a well-run instructional program in a financially sound environment. Conservative budgeting has permitted the District to manage uncertain revenue sources in prior years without negatively impacting programs. Flexibility legislation and a sound fund balance have also eased the impact of unstable funding in prior years on the District. However, there is no doubt the state implementation of Act 388, the overall state of the economy and increased health costs and state infrastructure needs, which compete with education funding, are to blame for the suppressed Base Student Cost funding levels. The majority of state revenues are now dependent upon sales tax collections as opposed to the more stable prior model of dependence on real estate taxes.

All the factors above were considered when adopting the budget for fiscal year 2018-2019. Anticipated budgeted expenditures in the General Fund for fiscal year 2018-2019 will be \$31,461,635. The maximum allowed millage increase was 13.68 mills (8.37 from the prior years that were banked plus 5.31 mills for the current year). The Board raised millage 5.1 mills and approved this budget with 213.32 mills. Balancing the budget without dipping into the reserve fund and increasing the fund balance because of new fiscal accountability laws were two major considerations when the 2018-19 budget was created.

### **CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the resources it receives. If you have questions about this report or need additional information, contact the Financial Services Office, Edgefield County School District, 425 Lee Street, Johnston, South Carolina 29832, (Telephone # 803-275-1122).

# School District of Edgefield County

## Exhibit 1 - Statement of Net Position

June 30, 2018

	Primary Government		
	Governmental Activities	Business-type Activities	Total
<b>Assets</b>			
<b>Current assets</b>			
Cash and investments	\$ 8,415,195	\$ 175	\$ 8,415,370
Deposits with Edgefield County Treasurer	1,164,897	-	1,164,897
Accounts receivable	122,488	-	122,488
Property taxes receivable, net	508,549	-	508,549
Due from other governmental units	1,304,043	9,152	1,313,195
Inventories	-	37,033	37,033
Total current assets	<u>11,515,172</u>	<u>46,360</u>	<u>11,561,532</u>
<b>Non-current assets</b>			
Non-depreciable capital assets	420,724	-	420,724
Depreciable capital assets, net of accumulated depreciation	18,878,084	138,711	19,016,795
Total non-current assets	<u>19,298,808</u>	<u>138,711</u>	<u>19,437,519</u>
Total assets	<u>30,813,980</u>	<u>185,071</u>	<u>30,999,051</u>
<b>Deferred Outflows of Resources</b>			
Deferred outflows - pension	8,930,274	521,711	9,451,985
Deferred outflows - OPEB	1,166,566	68,154	1,234,720
Total deferred outflows of resources	<u>10,096,840</u>	<u>589,865</u>	<u>10,686,705</u>
<b>Total Assets and Deferred Outflows of Resources</b>	<u>\$ 40,910,820</u>	<u>\$ 774,936</u>	<u>\$ 41,685,756</u>
<b>Liabilities, Deferred Inflows of Resources and Net Position</b>			
<b>Current liabilities</b>			
Accounts payable and accrued expenses	\$ 931,317	\$ -	\$ 931,317
Unearned revenue	820,476	-	820,476
Accrued salaries and benefits	3,834,075	-	3,834,075
Internal balances	(59,363)	59,363	-
Accrued interest	30,296	-	30,296
Current portion of non-current liabilities:			
Bonds payable	1,025,000	-	1,025,000
Notes payable	73,888	-	73,888
Compensated absences	58,377	-	58,377
Total current liabilities	<u>6,714,066</u>	<u>59,363</u>	<u>6,773,429</u>
<b>Non-current liabilities</b>			
Bonds payable	3,165,000	-	3,165,000
Notes payable	549,202	-	549,202
Compensated absences	233,506	-	233,506
Net pension liability	43,957,972	2,568,118	46,526,090
Net OPEB liability	32,222,188	1,882,491	34,104,679
Total non-current liabilities	<u>80,127,868</u>	<u>4,450,609</u>	<u>84,578,477</u>
Total liabilities	<u>86,841,934</u>	<u>4,509,972</u>	<u>91,351,906</u>
<b>Deferred Inflows of Resources</b>			
Deferred inflows - pension	4,348,449	254,023	4,602,472
Deferred inflows - OPEB	3,046,405	177,978	3,224,383
Total deferred inflows of resources	<u>7,394,854</u>	<u>432,001</u>	<u>7,826,855</u>
<b>Net position (deficit)</b>			
Net investment in capital assets	15,184,586	138,711	15,323,297
Restricted for:			
Debt service	597,243	-	597,243
Unrestricted	(69,107,797)	(4,305,748)	(73,413,545)
Total net position	<u>(53,325,968)</u>	<u>(4,167,037)</u>	<u>(57,493,005)</u>
<b>Total Liabilities, Deferred Inflows of Resources, and Net Position</b>	<u>\$ 40,910,820</u>	<u>\$ 774,936</u>	<u>\$ 41,685,756</u>

See Notes to Financial Statements

**School District of Edgefield County**

*Exhibit 2 - Statement of Activities*

*For the fiscal year ended June 30, 2018*

Functions and Programs	Program revenues			Net revenue (expense) and changes in net position		
	Expenses	Charges for Sales and Service	Operating Grants and Contributions	Primary Government		Total
				Governmental Activities	Business-Type Activities	
<b>Primary Government</b>						
Governmental activities:						
Instruction	\$ 22,987,855	\$ 366	\$ 12,248,726	\$ (10,738,763)		\$ (10,738,763)
Support services	15,916,280	254	8,480,746	(7,435,280)		(7,435,280)
Intergovernmental	94,842	-	-	(94,842)		(94,842)
Interest and other charges	140,793	-	-	(140,793)		(140,793)
Total governmental activities	<u>39,139,770</u>	<u>620</u>	<u>20,729,472</u>	<u>(18,409,678)</u>		<u>(18,409,678)</u>
Business-type activities:						
Food service	2,513,242	462,712	1,529,031		\$ (521,499)	(521,499)
Total business-type activities	<u>2,513,242</u>	<u>462,712</u>	<u>1,529,031</u>		<u>(521,499)</u>	<u>(521,499)</u>
Total primary government	<u>\$ 41,653,012</u>	<u>\$ 463,332</u>	<u>\$ 22,258,503</u>	<u>(18,409,678)</u>	<u>(521,499)</u>	<u>(18,931,177)</u>
General revenues:						
Property taxes levied for:						
General purposes				9,567,917	-	9,567,917
Debt service				2,016,980	-	2,016,980
Federal and state aid not restricted for specific purpose				6,103,790	-	6,103,790
Unrestricted investment earnings				42,986	-	42,986
Miscellaneous				439,609	-	439,609
Transfers				(234,482)	234,482	-
Total general revenues and transfers				<u>17,936,800</u>	<u>234,482</u>	<u>18,171,282</u>
Change in net position				<u>(472,878)</u>	<u>(287,017)</u>	<u>(759,895)</u>
Net position (deficit), beginning of year as previously reported				(19,412,365)	(1,926,341)	(21,338,706)
Restatement, see note 16				<u>(33,440,725)</u>	<u>(1,953,679)</u>	<u>(35,394,404)</u>
Net position (deficit), beginning of year as restated				<u>(52,853,090)</u>	<u>(3,880,020)</u>	<u>(56,733,110)</u>
Net position (deficit), end of year				<u>\$ (53,325,968)</u>	<u>\$ (4,167,037)</u>	<u>\$ (57,493,005)</u>

See Notes to Financial Statements

## School District of Edgefield County

### Exhibit 3 - Balance Sheet - Governmental Funds

June 30, 2018

	Special Revenue Funds					Total Governmental Funds
	General	Special Revenue - Other	Education Improvement Act	Capital Projects	Debt Service	
<b>Assets</b>						
Cash and investments	\$ 8,415,195	\$ -	\$ -	\$ -	\$ -	\$ 8,415,195
Deposits with Edgefield County Treasurer	558,049	-	-	75,778	531,070	1,164,897
Accounts receivable	122,488	-	-	-	-	122,488
Property taxes receivable, net	412,080	-	-	-	96,469	508,549
Due from other governmental units	403,455	809,370	91,218	-	-	1,304,043
Due from other funds	915,657	-	692,402	-	-	1,608,059
<b>Total assets</b>	<b>\$ 10,826,924</b>	<b>\$ 809,370</b>	<b>\$ 783,620</b>	<b>\$ 75,778</b>	<b>\$ 627,539</b>	<b>\$ 13,123,231</b>
<b>Liabilities</b>						
Accounts payable and accrued liabilities	\$ 931,317	\$ -	\$ -	\$ -	\$ -	\$ 931,317
Unearned revenue, other	-	36,856	783,620	-	-	820,476
Due to other funds	704,274	772,514	-	71,908	-	1,548,696
Accrued salaries and benefits	3,834,075	-	-	-	-	3,834,075
<b>Total liabilities</b>	<b>5,469,666</b>	<b>809,370</b>	<b>783,620</b>	<b>71,908</b>	<b>-</b>	<b>7,134,564</b>
<b>Deferred inflows of resources</b>						
Unavailable revenue - property taxes	412,080	-	-	-	96,469	508,549
<b>Total deferred inflows of resources</b>	<b>412,080</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>96,469</b>	<b>508,549</b>
<b>Fund balances:</b>						
Restricted for debt service	-	-	-	-	531,070	531,070
Restricted for capital projects	-	-	-	3,870	-	3,870
Unassigned	4,945,178	-	-	-	-	4,945,178
<b>Total fund balances</b>	<b>4,945,178</b>	<b>-</b>	<b>-</b>	<b>3,870</b>	<b>531,070</b>	<b>5,480,118</b>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b>\$ 10,826,924</b>	<b>\$ 809,370</b>	<b>\$ 783,620</b>	<b>\$ 75,778</b>	<b>\$ 627,539</b>	<b>\$ 13,123,231</b>

See Notes to Financial Statements

## School District of Edgefield County

### Exhibit 4 - Reconciliation of Balance Sheet of Governmental Funds to the Statement of Net Position

June 30, 2018

Total governmental fund balances	\$	5,480,118
<b>Amounts reported for governmental activities in the Statement of Net Position are different because of the following:</b>		
Capital assets used in governmental activities are not financial resources and therefore are not reported in governmental funds.		19,298,808
A portion of property taxes receivable are not available to pay for current period expenditures and therefore are unavailable in the funds.		508,549
Deferred inflows and outflows of resources are not reported in the funds:		
Deferred outflows related to pension		8,930,274
Deferred outflows related to OPEB		1,166,566
Deferred inflows related to pension		(4,348,449)
Deferred inflows related to OPEB		(3,046,405)
Some liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.		
General obligation bonds payable		(4,190,000)
Notes payable		(623,090)
Net pension liability		(43,957,972)
OPEB liability		(32,222,188)
Compensated absences		(291,883)
Accrued interest		(30,296)
Net position (deficit) of governmental activities	\$	<u><u>(53,325,968)</u></u>

See Notes to Financial Statements



## School District of Edgefield County

### Exhibit 5 - Statement of Revenues, Expenditures and Changes in Fund Balance - Governmental Funds

For the fiscal year ended June 30, 2018

	Special Revenue Funds					Total Governmental Funds
	General	Special Projects	Education Improvement Act	Capital Projects	Debt Service	
<b>REVENUES</b>						
Local						
Property taxes	\$ 9,702,610	\$ -	\$ -	\$ -	\$ 1,768,297	\$ 11,470,907
Investment earnings	33,333	-	-	1,358	8,295	42,986
Other	449,616	235,586	-	-	95,431	780,633
Total local sources	10,185,559	235,586	-	1,358	1,872,023	12,294,526
Intergovernmental	11,667	45,268	-	-	-	56,935
State	20,207,317	642,605	3,034,685	-	153,252	24,037,859
Federal	56,282	2,580,238	-	-	-	2,636,520
Total revenues	30,460,825	3,503,697	3,034,685	1,358	2,025,275	39,025,840
<b>EXPENDITURES</b>						
Current:						
Instruction	17,060,691	2,423,676	1,654,346	-	-	21,138,713
Support services	12,515,366	1,340,609	764,986	15,014	-	14,635,975
Intergovernmental	94,842	-	-	-	-	94,842
Debt service:						
Principal	-	-	-	-	1,755,000	1,755,000
Interest	-	-	-	-	126,352	126,352
Other	-	-	-	27,061	647	27,708
Capital outlay	156,652	-	-	378,413	-	535,065
Total expenditures	29,827,551	3,764,285	2,419,332	420,488	1,881,999	38,313,655
Excess of revenues over (under) expenditures	633,274	(260,588)	615,353	(419,130)	143,276	712,185
<b>OTHER FINANCING SOURCES (USES)</b>						
Sale of capital assets	11,606	-	-	-	-	11,606
Proceeds from notes	89,013	-	-	-	-	89,013
Operating transfers in	835,661	283,588	197,308	423,000	(423,000)	1,316,557
Operating transfers out	(715,378)	(23,000)	(812,661)	-	-	(1,551,039)
Total other financing sources (uses)	220,902	260,588	(615,353)	423,000	(423,000)	(133,863)
Net change in fund balances	854,176	-	-	3,870	(279,724)	578,322
<b>FUND BALANCE, beginning of year</b>	4,091,002	-	-	-	810,794	4,901,796
<b>FUND BALANCE, end of year</b>	<b>\$ 4,945,178</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 3,870</b>	<b>\$ 531,070</b>	<b>\$ 5,480,118</b>

See Notes to Financial Statements

**School District of Edgefield County**

**Exhibit 6 - Reconciliation of Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities**  
**For the fiscal year ended June 30, 2018**

Total net change in fund balance - governmental funds	\$	578,322
<b>Amounts reported for governmental activities in the Statement of Activities are different because of the following:</b>		
<p>Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. Details supporting this adjustment are as follows:</p>		
Capital outlay	\$	362,236
Depreciation expense		<u>(1,426,551)</u>
		(1,064,315)
<p>The net effect of the disposal of capital assets is reported in the statement of activities:</p>		
		(1,379)
<p>Proceeds from debt provide current financial resources to governmental funds; however, issuing debt increases long-term liabilities in the statement of net position. In the current period, proceeds were received from:</p>		
Proceeds from bonds		(423,000)
Proceeds from notes		(89,013)
<p>Repayment of long-term debt is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position.</p>		
Bond principal retirement		2,178,000
<p>Because some property taxes will not be collected for several months after the District's fiscal year ends, they are not considered "available revenues" and are unavailable in the governmental funds. Unavailable tax revenues changed by this amount this year.</p>		
		(134,693)
<p>Governmental funds report the effect of premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities.</p>		
Amortization of bond premiums		11,582
<p>In the Statement of Activities, certain operating expenses - compensated absences (annual leave), and other post employment benefits - are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid).</p>		
Compensated absences		(19,472)
<p>Activity related to deferred outflows and inflows of resources related to pension and OPEB is not recorded at the fund level but is included in the Statement of Activities:</p>		
Deferred outflows related to pension		2,579,004
Deferred outflows related to OPEB		1,111,200
Deferred inflows related to pension		(2,588,386)
<p>Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds. The net changes are as follows:</p>		
Net pension liability		(851,493)
OPEB liability		(1,772,502)
<p>Interest on long-term debt in the Statement of Activities differs from the amount reported in the governmental funds because interest is recognized as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the Statement of Activities, however, interest expense is recognized as the interest accrues, regardless of when it is due.</p>		
		<u>13,267</u>
Change in net position of governmental activities	<u>\$</u>	<u>(472,878)</u>

**See Notes to Financial Statements**

# School District of Edgefield County

## Exhibit 7 - Statement of Net Position - Proprietary Fund

June 30, 2018

### Assets

#### Current assets

Cash	\$	175
Due from other governments		9,152
Inventories		37,033
		<u>46,360</u>

Total current assets

46,360

#### Noncurrent assets

Equipment		394,212
Less: Accumulated depreciation		255,501

Total noncurrent assets

138,711

Total assets

185,071

#### Deferred Outflows of Resources

Deferred outflows - pension		521,711
Deferred outflows - OPEB		68,154
Total outflows of resources		<u>589,865</u>

Total outflows of resources

589,865

#### Total Assets and Deferred Outflows of Resources

\$ 774,936

### Liabilities

#### Current liabilities

Due to other funds	\$	59,363
--------------------	----	--------

#### Non-current liabilities

Net pension liability		2,568,118
OPEB liability		1,882,491
Total non-current liabilities		<u>4,450,609</u>

Total non-current liabilities

4,450,609

Total liabilities

4,509,972

#### Deferred Inflows of Resources

Deferred inflows - pension		254,023
Deferred inflows - OPEB		177,978
Total inflows of resources		<u>432,001</u>

Total inflows of resources

432,001

#### Net Position (deficit)

Net investment in capital assets		138,711
Unrestricted		(4,305,748)

Unrestricted

(4,305,748)

Total net position (deficit)

(4,167,037)

#### Total Liabilities, Deferred Inflows of Resources, and Net Position

\$ 774,936

See Notes to Financial Statements

## School District of Edgefield County

### Exhibit 8 - Statement of Revenues, Expenses and Changes in Net Position - Proprietary Fund

For the fiscal year ended June 30, 2018

<b>OPERATING REVENUES</b>	
Meal sales	\$ 441,384
Other operating revenues	21,328
Total operating revenues	<u>462,712</u>
<b>OPERATING EXPENSES</b>	
Food costs	885,002
Salaries and wages	1,337,470
Supplies	149,706
Depreciation	26,987
Other operating costs	64,420
Total operating expenses	<u>2,463,585</u>
Operating loss	<u>(2,000,873)</u>
<b>NON-OPERATING REVENUES</b>	
Interest income	21,079
Commodities received from USDA	120,981
USDA reimbursements	1,386,971
Total non-operating revenues	<u>1,529,031</u>
Loss before operating transfers	<u>(471,842)</u>
<b>Intergovernmental expenditures</b>	
Payments from PEBA nonemployer contributions	(49,657)
<b>OPERATING TRANSFERS IN</b>	
Change in net position	<u>234,482</u>
	<u>(287,017)</u>
<b>NET POSITION (DEFICIT), beginning of year, as previously reported</b>	(1,926,341)
<b>RESTATEMENT, SEE NOTE 16</b>	<u>(1,953,679)</u>
<b>NET POSITION (DEFICIT), BEGINNING OF YEAR, AS RESTATED</b>	<u>(3,880,020)</u>
<b>NET POSITION (DEFICIT), end of year</b>	<u><u>\$ (4,167,037)</u></u>

See Notes to Financial Statements

## School District of Edgefield County

### Exhibit 9 - Statement of Cash Flows - Proprietary Fund

For the fiscal year ended June 30, 2018

#### CASH FLOWS FROM OPERATING ACTIVITIES

Received from patrons	\$ 462,712
Payments to employees for services	(837,828)
Payments to employees for benefits	(410,726)
Payments to suppliers for goods and services	(842,488)
Other payments	(64,420)
	<u>(1,692,750)</u>
Net cash used for operating activities	<u>(1,692,750)</u>

#### CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES

Nonoperating grants received	1,386,971
Payments from PEBA nonemployer contributions	(49,657)
Cash in lieu of USDA commodities	120,981
Operating transfers in from general fund	234,482
	<u>1,692,777</u>
Net cash received from non-capital financing activities	<u>1,692,777</u>

#### CASH FLOWS FOR CAPITAL AND RELATED FINANCING ACTIVITIES

Acquisition of capital assets	(21,106)
	<u>(21,106)</u>
Net cash used for capital and related financing activities	<u>(21,106)</u>

#### CASH FLOWS FROM INVESTING ACTIVITIES

Interest on investments	21,079
	<u>21,079</u>
Net cash received from investing activities	<u>21,079</u>
Net change in cash and cash equivalents	<u>-</u>

#### CASH AND CASH EQUIVALENTS, JULY 1, 2017

175

#### CASH AND CASH EQUIVALENTS, JUNE 30, 2018

\$ 175

Reconciliation of operating loss to net cash used for operating activities

Operating loss	\$ (2,000,873)
Adjustments to reconcile operating loss to net cash used for operating activities	
Depreciation	26,987
Change in deferred and accrued amounts	
Inventories	8,650
Due from other governments	5,252
Deferred outflows of resources	(215,574)
Deferred inflows or resources	151,196
Net pension liability	49,739
OPEB liability	103,555
Due to/from other funds	178,318
	<u>178,318</u>
Net cash used for operating activities	<u>\$ (1,692,750)</u>

See Notes to Financial Statements

**School District of Edgefield County**

*Exhibit 10 - Statement of Fiduciary Assets and Liabilities - Agency Fund*

*June 30, 2018*

	<u>Pupil Activity</u>	<u>Strom Thurmond Scholarship</u>	<u>J Carson Scholarship</u>	<u>ART Scholarship</u>	<u>Stamey Scholarship</u>	<u>Broadus Scholarship</u>	<u>Total</u>
<b>ASSETS</b>							
Cash	\$ 560,398	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 560,398
Investments	-	92,412	54,382	3,835	7,493	85,316	243,438
	<u>\$ 560,398</u>	<u>\$ 92,412</u>	<u>\$ 54,382</u>	<u>\$ 3,835</u>	<u>\$ 7,493</u>	<u>\$ 85,316</u>	<u>\$ 803,836</u>
<b>LIABILITIES</b>							
Accounts payable	\$ 23,959	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 23,959
Deferred scholarship	-	92,412	54,382	3,835	7,493	85,316	243,438
Due to student organizations	536,439	-	-	-	-	-	536,439
	<u>\$ 560,398</u>	<u>\$ 92,412</u>	<u>\$ 54,382</u>	<u>\$ 3,835</u>	<u>\$ 7,493</u>	<u>\$ 85,316</u>	<u>\$ 803,836</u>

*See Notes to Financial Statements*

# School District of Edgefield County

## Notes to Financial Statements

June 30, 2018

---

### I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The School District of Edgefield County (the District) is governed by a seven member board of education (the Board). The District provides regular and exceptional education for students in kindergarten through grade twelve.

The financial statements of the District have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The District has elected not to apply Financial Accounting Standards Board (FASB) statements and interpretations issued after November 30, 1989, to its governmental and business-type activities and to its proprietary funds. The following is a summary of the more significant policies.

#### A. Reporting Entity

The District's financial statements include all funds over which the Board is considered to be financially accountable. The District receives funding from local, state, and federal government sources and must comply with the requirements of these funding source entities. However, the District is not included in any other governmental reporting entity because it does not meet the financial accountability criteria for inclusion established by governmental accounting standards. Board members have decision-making authority, the power to designate management, the ability to significantly influence operations and the primary accountability for fiscal matters. The District invests funds and receives property tax revenues through its relationship with Edgefield County.

Component units are legally separate organizations for which the District is financially accountable. Component units may also include organizations that are fiscally dependent on the District in that the District approves their budget, the issuance of their debt or the levying of their taxes. The District has no component units.

#### B. Basis of Presentation

The statements of the District are presented as follows:

**Government-wide financial statements** - The Statement of Net Position and the Statement of Activities display information about the District as a whole. These statements include the financial activities of the District, except for fiduciary funds. For the most part, the effect of interfund activity has been removed from these statements. The statements distinguish between those activities of the District that are governmental and those that are considered business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions. Business-type activities are financed in part by fees charged to external parties.

The government-wide statements are prepared using the economic resources management focus. This is the same approach used in the preparation of the proprietary fund financial statements but differs from the manner in which governmental fund financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

# School District of Edgefield County

## Notes to Financial Statements

June 30, 2018

---

### I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

#### B. Basis of Presentation, Continued

The government-wide statement of activities presents a comparison between direct expenses and program revenues for each segment of the business-type activities of the District and for each function or program of the District's governmental activities. Direct expenses are those that are specifically associated with a service, program, or department and therefore clearly identifiable to a particular function. Depreciation expense has been allocated to individual functions in the governmental activities. Program revenues include charges paid by the recipient of the goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues, including taxes, which are not classified as program revenues are presented as general revenues of the District, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each business segment or governmental function is self-financing or draws from the general revenues of the District.

**Fund financial statements** - Fund financial statements report detailed information about the District. The focus of governmental and enterprise fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. The District has no non-major funds. Fiduciary funds are reported by fund type.

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental fund types are accounted for using a flow of current financial resources measurement focus. The financial statements for governmental funds are a balance sheet, which generally includes only current assets and current liabilities, and a statement of revenues, expenditures and changes in fund balances, which reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources.

All proprietary fund types are 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 Statement of Net Position. The statement of changes in fund net position presents increases (i.e., revenues) and decreases (i.e., expenses) in net total position. The statement of cash flows provides information about how the District finances and meets cash flow needs of its proprietary activities.

Fiduciary funds are reported using the economic resources measurement focus.

#### Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the District's financial position and results of operations and disclosure of contingent assets and liabilities. Actual results could differ from these estimates.

#### C. Measurement Focus and Basis of Accounting

##### Fund accounting

The accounts of the District are organized and operated on the basis of funds during the fiscal year, 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. The various funds are grouped into the categories governmental, proprietary, and fiduciary.



# School District of Edgefield County

## Notes to Financial Statements

June 30, 2018

---

### I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

#### C. Measurement Focus and Basis of Accounting, Continued

##### **Governmental Funds**

Governmental funds are used to account for all or most of a District's general activities, including the collection and disbursement of earmarked monies (special revenue funds), the acquisition or construction of general capital assets (school building fund), and the servicing of general long-term debt (debt retirement fund).

*General Fund* - to account for all financial transactions not properly accounted for in another fund. The District uses this fund to account for expenditures principally for administration, instruction, pupil services, operation, and maintenance of plant and related fixed charges.

*Special Revenue Funds* - to account for the proceeds of specific revenue sources (other than debt service or major capital projects) that are restricted to expenditures for specified purposes. The District has two special revenue funds:

1. The Education Improvement Act (EIA) Fund, a budgeted fund used to account for the revenue from the Education Improvement Act of 1984 and legally required to be accounted for as a specific revenue source.
2. Special Revenue - Other, a budgeted fund used to account for financial resources provided by federal, state, and local projects and grants.

*Capital Projects (Building) Fund* - to account for financial resources that are restricted, committed, or assigned to expenditures for capital outlays.

*Debt Service Fund* - to account for financial resources that are restricted, committed, or assigned to expenditures for principal and interest payments.

##### **Proprietary Funds**

Proprietary funds are used to account for activities similar to those found in the private sector, where the determination of net income is necessary or useful to provide sound financial administration. Goods or services from such activities can be provided either to outside parties (enterprise funds) or to other departments or agencies primarily within the government (internal service funds). The District has no internal service funds.

Within proprietary funds, operating revenues and expenses are presented in the Statement of Revenue, Expenses and Changes in Net Position. Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. Sales for food service represent the operating revenues of the District's proprietary fund. Operating expenses are necessary costs incurred to provide the goods or services that are the primary activity of the fund. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

*Enterprise Funds* - to account for operations (a) that are financed and operated in a manner similar to private business enterprises where the intent of the governing body is that costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or covered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenue earned, expenses incurred and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes. The Food Service Fund is the District's only enterprise fund and is used to account for the United States Department of Agriculture (USDA) approved school breakfast and lunch programs.

# School District of Edgefield County

## Notes to Financial Statements

June 30, 2018

---

### I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

#### C. Measurement Focus and Basis of Accounting, Continued

##### **Fiduciary Funds**

Fiduciary funds are used to account for assets held on behalf of outside parties, including other governments, or on behalf of other funds within the government. The District's fiduciary funds consist of agency funds which are custodial in nature and do not involve measurement of results of operation. The agency funds are used to account for amounts held for student activity organizations and scholarships.

##### **Basis of Accounting**

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Proprietary and fiduciary funds also use the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recognized when incurred. Under the modified accrual basis of accounting, revenues and expenditures are recognized when they become both measurable and available/due.

Revenues resulting from exchange transactions, in which each party gives and receives essentially equal value, are recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the District, available means expected to be received within sixty days of fiscal year-end.

Non-exchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the District must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the District on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized. Under the modified accrual basis, the following revenue sources associated with the current fiscal period are considered to be both measurable and available at fiscal year-end: property taxes, interest, tuition, grants, student fees and rentals.

Unavailable revenue arises when assets are recognized before revenue recognition criteria have been satisfied. Delinquent property taxes and property taxes for which there is an enforceable legal claim as of June 30, 2018, but which have not met the revenue recognition criteria, have been recorded as unavailable revenue. Grants and entitlements received before the eligibility requirements are met are also recorded as unavailable revenue. On governmental fund financial statements, receivables that will not be collected within the available period (60 days) have also been reported as unavailable revenue.

On the accrual basis of accounting, expenses are recognized at the time they are incurred. The fair value of donated commodities used during the year is reported in the operating statement as an expense with a like amount reported as donated commodities revenue.

# School District of Edgefield County

## Notes to Financial Statements

June 30, 2018

---

### I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

#### C. Measurement Focus and Basis of Accounting, Continued

The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. Allocations of cost, such as depreciation, are not recognized in governmental funds.

#### D. Assets, Liabilities, and Equity or Net Position

##### Cash and Cash Equivalents and Investments

The District's investments are carried at fair value, except that repurchase agreements and U.S. Government Agencies that have a maturity at the time of purchase of one year or less are shown at amortized cost. The District's cash consists of cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

##### Receivables and Payables

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. On fund financial statements, these receivables and payables are classified as "due from other funds" or "due to other funds." These amounts are eliminated in the governmental and business-type activities columns of the Statement of Net Position, except for net residual amounts due between governmental and business-type activities, which are presented as internal balances.

##### Inventories

Under the system of accounting for inventories, materials and supplies are carried in an inventory account at cost using the first-in, first-out method of accounting and are subsequently charged to expense when consumed. Inventories include food, supplies, and commodities. An amount for commodities received from the USDA, but not consumed as of June 30, 2018, has been recorded at fair value as provided by the USDA.

##### Capital Assets

General capital assets are those assets not specifically related to activities reported in the enterprise fund. These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide Statement of Net Position but are not reported in the fund financial statements. Capital assets utilized by the enterprise fund are reported both in the business-type activities column of the government-wide statement of net position and in the respective fund.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their fair market values as of the date received. The cost and accumulated depreciation of property sold or retired are removed from the accounts, and gains or losses, if any, are reflected in revenue or expenditures/expenses for the year. The District maintains a capitalization threshold of \$5,000. The District does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are expensed.

In the enterprise fund, assets acquired or constructed by grants and shared revenues externally restricted for capital acquisitions and construction are reported as revenue in the period received in accordance with GASB Statement No. 33.

# School District of Edgefield County

## Notes to Financial Statements

June 30, 2018

### I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

#### D. Assets, Liabilities, and Equity or Net Position, Continued

With the exception of land and construction in progress, all reported capital assets are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method over the following useful lives:

<u>Description</u>	<u>Governmental activities estimated lives</u>	<u>Business-type activities estimated lives</u>
Land improvements	15 - 40 years	N/A
Buildings and improvements	15 - 50 years	20 years
Furniture and equipment	5 - 20 years	3 - 12 years
Vehicles	5 - 10 years	6 years

#### Compensated Absences

Compensated absences are absences for which employees will be paid, such as vacation leave. A liability for compensated absences is reported on the government-wide financial statements.

In the governmental fund financial statements, the current portion of compensated absences is the amount expected to be paid using expendable available financial resources and is reported as an expenditure and fund liability in the fund that will pay it. The remainder of the compensated absences liability is not reported. In the proprietary fund, compensated absences are recorded as an expense and liability.

#### Accrued Liabilities and Long-term Obligations

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements, and all payables, accrued liabilities and long-term obligations payable from proprietary funds are reported on the proprietary fund financial statements.

In general, payables and accrued liabilities that will be paid from governmental funds are reported on the governmental fund financial statements regardless of whether they will be liquidated with current resources. However, claims and judgments and compensated absences that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they will be paid with current, expendable, available financial resources. In general, payments made within sixty days after year end are considered to have been made with current available financial resources. Bonds and other long-term obligations that will be paid from governmental funds are not recognized as a liability in the fund financial statements until due.

Bond premiums and discounts are deferred and amortized over the life of the bonds, using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

For governmental funds, bond premiums and discounts, as well as issuance costs, are recognized during the current period. Bond proceeds are reported as other financing source net of the applicable premium or discount. Issuance costs, even if withheld from the actual net proceeds received, are reported as debt service expenditures.

---

# School District of Edgefield County

## Notes to Financial Statements

June 30, 2018

---

### I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

#### D. Assets, Liabilities, and Equity or Net Position, Continued

##### **Pensions**

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the South Carolina Retirement System (SCRS) and additions to/deductions from SCRS's fiduciary net position have been determined on the same basis as they are reported by SCRS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

##### **Deferred Outflows/Inflows of Resources**

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so, will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so, will not be recognized as an inflow of resources (revenue) until then.

##### **Fund Balances and Net Position**

This Statement defines five classifications of governmental funds balances: nonspendable, restricted, committed, assigned, and unassigned. Where applicable, these classifications are presented on the face of the governmental fund balance sheet.

For the government-wide financial statements, the District applies restricted resources when an expenditure is incurred for the purposes for which both restricted and unrestricted net position are available. For the governmental funds financial statements, the District applies committed, then assigned, then unassigned resources when an expenditure is incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used.

Net position represents the difference between assets and liabilities. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are limitations imposed on its use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

The District applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

---

# School District of Edgefield County

## Notes to Financial Statements

June 30, 2018

---

### I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

#### D. Assets, Liabilities, and Equity or Net Position, Continued

##### Interfund Activity

Transfers between governmental and business-type activities on the government-wide statements are reported in the same manner as general revenues. Transfers between governmental funds and enterprise balances are eliminated.

Exchange transactions between funds are reported as revenue in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after non-operating revenues/expenses in proprietary funds. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements.

### II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

The budgetary data reflected in the financial statements is prepared and adopted on a basis consistent with accounting principles generally accepted in the United States of America. The following procedures are used in establishing budgetary data:

- The Superintendent submits a proposed budget to the District Board of Education prior to May 1 each year.
- Taxpayers are given the opportunity to comment on the proposed budget in regular open Board meetings.
- The budget is legally adopted prior to June 30.
- Amendments are made during the year as approved by the Board of Education.
- Budgets for certain special revenue funds are adopted through submission and subsequent approval of a project application to the appropriate authorizing agency.
- Budgets are not adopted for the debt service fund or the building fund.
- The budget is used as a management control device during the year for the general and special revenue funds.

Encumbrances represent uncompleted purchase orders, contracts and other commitments outstanding at year end. The District's encumbrances lapse at year end.

### III. DETAILED NOTES ON ALL FUNDS

#### NOTE 1 - DEPOSITS, AMOUNTS ON DEPOSIT WITH EDGEFIELD COUNTY TREASURER AND INVESTMENTS

The District is authorized by South Carolina state law to invest in the following types of investments:

1. Obligations of the United States and agencies thereof.
2. General obligations of the State of South Carolina or any of its political units.
3. Banks and savings and loan associations to the extent they are guaranteed by the Federal Deposit Insurance Corporation.
4. Deposits in certificates of deposit where the certificates are collaterally secured by securities of the type described in (1) and (2) above held by a third party as escrow agent or custodian, of a market value not less than the amount of the certificate of deposit so secured, including interest.

# School District of Edgefield County

## Notes to Financial Statements

June 30, 2018

### III. DETAILED NOTES ON ALL FUNDS - (Continued)

#### NOTE 1 - DEPOSITS, AMOUNTS ON DEPOSIT WITH EDGEFIELD COUNTY TREASURER AND INVESTMENTS - (Continued)

5. The State Treasurer's Local Government Investment Pool (monitored by the State Treasurer for investments invested in government-guaranteed securities in accordance with South Carolina State laws).
6. Repurchase agreements.

**Custodial Credit Risk** - Custodial credit risk is the risk that the District's deposits will not be returned to it. The District has no formal policy regarding custodial credit risk. At June 30, 2018, the carrying amount of the District's deposits was \$3,098,342 and the bank balance was \$3,455,837. At June 30, 2018, all of the District's deposits were collateralized with securities held by the pledging financial institution's trust department or its agent, and in the District's name or insured by the Federal Deposit Insurance Corporation. Management believes there is no significant custodial risk associated with these deposits. Information was not available regarding the custodial credit risk of deposits with the Edgefield County Treasurer of \$1,164,898.

At June 30, 2018, the District had the following investments:

<u>Investment</u>	<u>Maturity</u>	<u>Fair value</u>
Local government investment pool	Various	\$ 5,877,426
Merrill Lynch Mutual Funds (Pupil Activity Fund Scholarship investments)	Various	232,110
First Citizens – Certificates of deposit	Various	<u>11,328</u>
		<u>\$ 6,120,864</u>

**Credit Risk** - South Carolina statutes authorize investments in certificates of deposit, savings accounts, repurchase agreements, the State Treasurer's Local Government Investment Pool, obligations of the U.S. Government and government agencies unconditionally guaranteed by the U.S. Government. The District has no investment policy that would further restrict its choices.

The Local Government Investment Pool (LGIP) is not rated. The fair value of the District's position in the LGIP approximates the same value of the District's shares. Further information may be obtained from the LGIP's complete financial statements. These financial statements may be obtained by writing to the following address:

Office of the State Treasurer  
Local Governmental Investment Pool  
Post Office Box 11778  
Columbia, South Carolina 29211

**Interest Rate Risk** - The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

**Concentration of Credit Risk** - Concentration of credit risk is the risk of loss attributed to the magnitude of the District's investment in a single issuer. The District places no limit on the amount that may be invested in one issuer.

# School District of Edgefield County

## Notes to Financial Statements

June 30, 2018

### III. DETAILED NOTES ON ALL FUNDS - (Continued)

#### NOTE 1 - DEPOSITS, AMOUNTS ON DEPOSIT WITH EDGEFIELD COUNTY TREASURER AND INVESTMENTS - (Continued)

A reconciliation of cash and investments as shown on the Statement of Net Position for the primary government and the Statement of Fiduciary Assets and Liabilities follows:

Deposits	\$	3,098,342
Investments		<u>6,120,864</u>
	\$	<u>9,219,206</u>
Statement of Net Position	\$	8,415,370
Statement of Fiduciary Assets and Liabilities		<u>803,836</u>
	\$	<u>9,219,206</u>

#### **Amounts on Deposit with Edgefield County Treasurer**

Amounts on deposit with the Edgefield County Treasurer are not categorized since they cannot be identified by securities that exist in physical or book entry form. These amounts are subject to the same investment authorizations as the District under state law. The carrying values of these investments approximate the fair values. The Edgefield County Treasurer is responsible for maintaining these investments in accordance with state laws.

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

The District's recurring fair value measurements as of June 30, 2018 for the investments are valued using quoted market prices (Level 1 inputs).

#### NOTE 2 - PROPERTY TAXES

Assessed valuation of taxable property for 2017 for the District was approximately \$76,000,000. The tax rate for the District totaled 232.72 mills, of which 208.22 mills were for the general fund and 24.50 mills were for the debt service fund. Taxes receivable of \$412,080 in the general fund and \$96,468 in the debt service fund are net of an allowance for uncollectible taxes.

Property taxes are collected for the District by the Edgefield County Treasurer.

The District's property tax is levied on the assessed value listed as of January 1 for all real and business personal property located in the District's geographical area. Liens attach to the property at the time taxes are levied. Taxes are due without penalty, for real and personal property excluding automobiles, through January 15. After that time, penalties are added depending on the date paid as follows:

January 15 through February 1	3% of tax
February 2 through March 15	10% of tax
March 16 and thereafter	15% of tax

South Carolina Code Section 12-37-251(A) provides a property tax exemption for property classified pursuant to Section 12-43-220(C) (homestead exemption) from property taxes levied for other than bonded indebtedness and payments pursuant to lease purchase agreements for capital construction. The exemption applies against millage imposed for school operations and the amount of fair market value of the homestead that is exempt from such millage must be set by the Department of Revenue and Taxation based on the amount available in the State Property Tax Relief Fund.



# School District of Edgefield County

## Notes to Financial Statements

June 30, 2018

### III. DETAILED NOTES ON ALL FUNDS - (Continued)

#### NOTE 3 - RECEIVABLES

Intergovernmental receivables at June 30, 2018 consisted of taxes, intergovernmental grants, reimbursements and interest. All intergovernmental receivables are considered collectible in full.

A summary of the principal items of intergovernmental receivables follows:

Governmental activities		
Due from state and/or federal government		
General fund	\$	403,455
EIA		91,218
Special projects		
Title I		351,924
IDEA		264,233
Preschool handicapped		15,237
Adult education		32,188
Other special revenue programs		145,788
Total governmental activities	\$	<u>1,304,043</u>
Food service fund	\$	9,152

Receivables for property taxes are reported net of the allowance for uncollectible accounts. Governmental funds report unavailable revenue (deferred inflows of resources) in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. At June 30, 2018, unavailable revenue related to property taxes reported in the governmental funds totaled \$412,080 and \$96,469 in the general and debt service funds, respectively.

#### NOTE 4 - CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2018 was as follows:

	<u>Balance</u> <u>June 30, 2017</u>	<u>Additions/</u> <u>Transfers</u>	<u>Deletions/</u> <u>Transfers</u>	<u>Balance</u> <u>June 30, 2018</u>
<b>Governmental activities</b>				
Capital assets, not being depreciated				
Land	\$ 422,103	\$ -	\$ (1,379)	\$ 420,724
Construction in Process	<u>801,115</u>	<u>89,013</u>	<u>(890,128)</u>	<u>-</u>
Total capital assets, not being depreciated	<u>1,223,218</u>	<u>89,013</u>	<u>(891,507)</u>	<u>420,724</u>
Capital assets, being depreciated				
Improvements	7,008,302	228,740	890,128	8,127,170
Buildings	36,681,129	-	-	36,681,129
Equipment	<u>2,754,948</u>	<u>44,483</u>	<u>-</u>	<u>2,799,431</u>
Total capital assets, being depreciated	<u>46,444,379</u>	<u>273,223</u>	<u>890,128</u>	<u>47,607,730</u>
Total cost	<u>47,667,597</u>	<u>362,236</u>	<u>(1,379)</u>	<u>48,028,454</u>
Less accumulated depreciation				
Improvements	2,280,152	497,034	-	2,777,186
Buildings	22,763,634	804,865	-	23,568,499
Equipment	<u>2,259,309</u>	<u>124,652</u>	<u>-</u>	<u>2,383,961</u>
Total accumulated depreciation	<u>27,303,095</u>	<u>1,426,551</u>	<u>-</u>	<u>28,729,646</u>
<b>Governmental activities capital assets, net</b>	<u>\$ 20,364,502</u>	<u>\$ (1,064,315)</u>	<u>\$ (1,379)</u>	<u>\$ 19,298,808</u>

# School District of Edgefield County

## Notes to Financial Statements

June 30, 2018

### III. DETAILED NOTES ON ALL FUNDS - (Continued)

#### NOTE 4 - CAPITAL ASSETS - (Continued)

	Balance June 30, 2017	Additions/ Transfers	Deletions/ Transfers	Balance June 30, 2018
<b>Business-type activities</b>				
Equipment	\$ 373,106	\$ 21,106	\$ -	\$ 394,212
Less accumulated depreciation	<u>228,514</u>	<u>26,987</u>	<u>-</u>	<u>255,501</u>
<b>Business-type activities capital assets, net</b>	<u>\$ 144,592</u>	<u>\$ (5,881)</u>	<u>\$ -</u>	<u>\$ 138,711</u>

During the year ended June 30, 2018, the District had depreciation expense of \$1,426,551 for governmental activities. This depreciation expense has been allocated to instruction and support services in the amounts of \$843,425 and \$583,126, respectively.

#### NOTE 5 - LONG-TERM DEBT

Changes in long-term obligations for the year ended June 30, 2018, were as follows:

	Principal outstanding June 30, 2017	Additions	Reductions	Principal outstanding June 30, 2018	Amounts due in one year
<b>Governmental activities</b>					
General obligation bonds					
February 1, 2008	\$ 1,620,000	\$ -	\$ 1,620,000	\$ -	\$ -
August 14, 2012	<u>4,325,000</u>	<u>-</u>	<u>135,000</u>	<u>4,190,000</u>	<u>1,025,000</u>
Total bonds payable	5,945,000	-	1,755,000	4,190,000	1,025,000
Note payable	534,077	89,013	-	623,090	73,888
Unearned bond premiums	11,582	-	11,582	-	-
Accrued compensated absences	<u>272,411</u>	<u>19,472</u>	<u>-</u>	<u>291,883</u>	<u>58,377</u>
Total governmental activities general long-term debt	<u>\$ 6,763,070</u>	<u>\$ 108,485</u>	<u>\$ 1,766,582</u>	<u>\$ 5,104,973</u>	<u>\$ 1,157,265</u>

General obligation bonds consist of the following at June 30, 2018:

Date of Issue	Interest Rates	Payment Dates	Maturity	Original Issue	Outstanding at June 30, 2018
February 1, 2008	4.10 - 4.75	Feb	2018	\$ 11,545,000	\$ -
August 14, 2012	1.00 - 1.70	Mar	2022	<u>5,000,000</u>	<u>4,190,000</u>
				<u>\$ 16,545,000</u>	<u>\$ 4,190,000</u>

The annual requirements to amortize all general obligation bonds outstanding at June 30, 2018, including interest payments over the life of the debt are as follows:

Year Ended June 30	Principal	Interest	Total
2019	\$ 1,025,000	\$ 63,430	\$ 1,088,430
2020	1,040,000	48,055	1,088,055
2021	1,055,000	34,015	1,089,015
2022	<u>1,070,000</u>	<u>18,190</u>	<u>1,088,190</u>
	<u>\$ 4,190,000</u>	<u>\$ 163,690</u>	<u>\$ 4,353,690</u>

# School District of Edgefield County

## Notes to Financial Statements

June 30, 2018

### III. DETAILED NOTES ON ALL FUNDS - (Continued)

#### NOTE 5 - LONG-TERM DEBT - (Continued)

Article X, Section 15 of the Constitution of the State of South Carolina, as amended, empowers each School District of the State to incur general obligation debt in such manner and upon such terms and conditions, as the General Assembly shall prescribe by law. After November 30, 1982, each School District may incur general obligation debt, without an election and upon such terms and conditions as the General Assembly may prescribe, in an amount not exceeding 8% of the assessed value of all taxable property of such School District.

Bonded indebtedness existing on November 30, 1982, and bonded indebtedness authorized by a majority vote of the qualified electors of the District voting in a referendum will not be considered in the computation of the 8% limitation. As of June 30, 2018, the remaining debt margin available to the District was approximately \$1,885,000.

During the year ended June 30, 2017, the District entered into a \$623,090 loan with the SC ORS-Energy Office for the purpose of constructing a solar farm to power W.E. Parker Elementary. The note is due in 8 yearly installments of \$83,235 starting July 1, 2018, and ending on July 1, 2025. The note bears an annual rate of interest of 1.5%. As of June 30, 2018 the District had drawn \$623,090 from the loan proceeds.

The annual requirements to amortize the note payable including interest payments over the life of the debt are as follows:

Year Ended June 30	Principal	Interest	Total
2019	\$ 73,888	\$ 9,347	\$ 83,235
2020	74,997	8,238	83,235
2021	76,122	7,113	83,235
2022	77,264	5,971	83,235
2023	78,423	4,812	83,235
2024	79,599	3,636	83,235
2025	80,793	2,442	83,235
2026	82,004	1,230	83,234
	<u>\$ 623,090</u>	<u>\$ 42,789</u>	<u>\$ 665,879</u>

#### NOTE 6 - SHORT TERM OBLIGATIONS

The District issued \$223,000 in general obligation bonds, series 2017B, in September 2017, with a coupon rate of 1.56% to fund an equipment purchase. The bond matured on March 1, 2018.

The District issued \$200,000 in general obligation bonds, series 2017D, in September 2017, with a coupon rate of 3.00% to fund an equipment purchase. The bond matured on March 1, 2018.

Changes in short-term obligations for the year ended June 30, 2018, were as follows:

	Principal outstanding July 1, 2017	Additions	Reductions	Principal outstanding June 30, 2018
<b>Governmental activities</b>				
General obligation bonds				
Series 2017B	\$ -	\$ 223,000	\$ 223,000	\$ -
Series 2017D	-	200,000	200,000	-
<b>Total</b>	<u>\$ -</u>	<u>\$ 423,000</u>	<u>\$ 423,000</u>	<u>\$ -</u>

# School District of Edgefield County

## Notes to Financial Statements

June 30, 2018

### III. DETAILED NOTES ON ALL FUNDS - (Continued)

#### NOTE 7 - TRANSFERS IN AND OUT/INTERFUND BALANCES

During the course of normal operations, the District has transactions between funds to provide services, construct assets, service debt, etc. These transactions are generally reflected as transfers. Total transfers during the year ended June 30, 2018, consisted of the following individual fund amounts:

	<u>Transfers In</u>	<u>Transfers Out</u>
General	\$ 835,661	\$ 715,378
Special projects	283,588	23,000
Education Improvement Act	197,308	812,661
Food service	<u>234,482</u>	<u>-</u>
	<u>\$ 1,551,039</u>	<u>\$ 1,551,039</u>

As of June 30, 2018, amounts due from (to) other funds related to the District's pooled cash are as follows:

<u>Fund</u>	<u>Receivables</u>	<u>Payables</u>
General	\$ 915,657	\$ 704,274
Special revenue – Other	-	772,514
Special revenue – EIA	692,402	-
Debt retirement	-	-
Capital projects	-	71,908
Food service	<u>-</u>	<u>59,363</u>
	<u>\$ 1,608,059</u>	<u>\$ 1,608,059</u>

### IV. OTHER INFORMATION

#### NOTE 8 - PENSION PLAN

##### Pension Plan

The South Carolina Public Employee Benefit Authority (PEBA), which was created July 1, 2012, administers the various retirement systems and retirement programs managed by its Retirement Division. PEBA has an 11-member Board of Directors, appointed by the Governor and General Assembly leadership, which serves as co-trustee and co-fiduciary of the systems and the trust funds. By law, the State Fiscal Accountability Authority (SFAA), which consists of five elected officials, also reviews certain PEBA Board decisions regarding the funding of the South Carolina Retirement Systems (Systems) and serves as a co-trustee of the Systems in conducting that review. Effective July 1, 2017, the Retirement System Funding and Administration Act of 2017 assigned the PEBA Board of Directors as the Custodian of the Retirement Trust Funds and assigned SC PEBA and the Retirement Systems Investment Commission (RSIC) as co-trustees of the Retirement Trust Funds.

For purposes of measuring the net pension liability, deferred outflows and inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Systems and additions to/deductions from the Systems' fiduciary net position have been determined on the accrual basis of accounting as they are reported by the Systems in accordance with generally accepted accounting principles (GAAP). For this purpose, revenues are recognized when earned and expenses are recognized when incurred. Benefit and refund expenses are recognized when due and payable in accordance with the terms of the plan. Investments are reported at fair value.

PEBA issues a Comprehensive Annual Financial Report (CAFR) containing financial statements and required supplementary information for the Systems' Pension Trust Funds. The CAFR is publicly available through the Retirement Benefits' link on PEBA's website at [www.peba.sc.gov](http://www.peba.sc.gov), or a copy may be obtained by submitting a request to PEBA, 202 Arbor Lake Drive, Columbia, SC 29223. PEBA is considered a division of the primary government of the state of South Carolina and therefore, retirement trust fund financial information is also included in the comprehensive annual financial report of the state.

# School District of Edgefield County

## Notes to Financial Statements

June 30, 2018

---

### IV. OTHER INFORMATION - (Continued)

#### NOTE 8 - PENSION PLAN - (Continued)

##### Plan descriptions:

The South Carolina Retirement System (SCRS), a cost-sharing multiple-employer defined benefit pension plan, was established effective July 1, 1945, pursuant to the provisions of Section 9-1-20 of the South Carolina Code of Laws for the purpose of providing retirement allowances and other benefits for employees of the state, its public school districts, and political subdivisions.

The State Optional Retirement Program (State ORP) is a defined contribution plan that is offered as an alternative to SCRS to certain newly hired state, public school, and higher education employees. State ORP participants direct the investment of their funds into a plan administered by one of four investment providers.

##### Membership:

Membership requirements are prescribed in Title 9 of the South Carolina Code of Laws. A brief summary of the requirements under each system is presented below.

**SCRS** - Generally, all employees of covered employers are required to participate in and contribute to the system as a condition of employment. This plan covers general employees and teachers and individuals newly elected to the South Carolina General Assembly beginning with the November 2012 general election. An employee member of the system with an effective date of membership prior to July 1, 2012, is a Class Two member. An employee member of the system with an effective date of membership on or after July 1, 2012, is a Class Three member.

**State ORP** - As an alternative to membership in SCRS, newly hired state, public school, and higher education employees and individuals newly elected to the S.C. General Assembly beginning with the November 2012 general election have the option to participate in the State Optional Retirement Program (State ORP), which is a defined contribution plan. State ORP participants direct the investment of their funds into a plan administered by one of four investment providers. PEBA assumes no liability for State ORP benefits. Rather, the benefits are the liability of the investment providers. For this reason, State ORP programs are not part of the retirement systems' trust funds for financial statement purposes. Employee and Employer contributions to the State ORP are at the same rates as SCRS. A direct remittance is required from the employer to the member's account with investment providers for the employee contribution and a portion of the employer contribution (5 percent). A direct remittance is also required to SCRS for the remaining portion of the employer contribution and an incidental death benefit contribution, if applicable, which is retained by SCRS.

**PORS** - To be eligible for PORS membership, an employee must be required by the terms of his employment, by election or appointment, to preserve public order, protect life and property, and detect crimes in the state; to prevent and control property destruction by fire; or to serve as a peace officer employed by the Department of Corrections, the Department of Juvenile Justice, or the Department of Mental Health. Probate judges and coroners may elect membership in PORS. Magistrates are required to participate in PORS for service as a magistrate.

## School District of Edgefield County

### Notes to Financial Statements

June 30, 2018

---

#### IV. OTHER INFORMATION - (Continued)

##### NOTE 8 - PENSION PLAN - (Continued)

PORS members, other than magistrates and probate judges, must also earn at least \$2,000 per year and devote at least 1,600 hours per year to this work, unless exempted by statute. An employee member of the system with an effective date of membership prior to July 1, 2012, is a Class Two member. An employee member of the system with an effective date of membership on or after July 1, 2012, is a Class Three member.

##### Benefits:

Benefit terms are prescribed in Title 9 of the South Carolina Code of Laws. PEBA does not have the authority to establish or amend benefit terms without a legislative change in the code of laws. Key elements of the benefit calculation include the benefit multiplier, years of service, and average final compensation. A brief summary of benefit terms for each system is presented below.

**SCRS** - A Class Two member who has separated from service with at least five or more years of earned service is eligible for a monthly pension at age 65 or with 28 years credited service regardless of age. A member may elect early retirement with reduced pension benefits payable at age 55 with 25 years of service credit. A Class Three member who has separated from service with at least eight or more years of earned service is eligible for a monthly pension upon satisfying the Rule of 90 requirement that the total of the member's age and the member's creditable service equals at least 90 years. Both Class Two and Class Three members are eligible to receive a reduced deferred annuity at age 60 if they satisfy the five- or eight-year earned service requirement, respectively. An incidental death benefit is also available to beneficiaries of active and retired members of employers who participate in the death benefit program.

The annual retirement allowance of eligible retirees or their surviving annuitants is increased by the lesser of one percent or five hundred dollars every July 1. Only those annuitants in receipt of a benefit on July 1 of the preceding year are eligible to receive the increase. Members who retire under the early retirement provisions at age 55 with 25 years of service are not eligible for the benefit adjustment until the second July 1 after reaching age 60 or the second July 1 after the date they would have had 28 years of service credit had they not retired.

The retirement allowance of eligible retirees or their surviving annuitants is increased by the lesser of one percent or five hundred dollars every July 1. Only those annuitants in receipt of a benefit on July 1 of the preceding year are eligible to receive the increase.

**PORS** - A Class Two member who has separated from service with at least five or more years of earned service is eligible for a monthly pension at age 55 or with 25 years of service regardless of age. A Class Three member who has separated from service with at least eight or more years of earned service is eligible for a monthly pension at age 55 or with 27 years of service regardless of age. Both Class Two and Class Three members are eligible to receive a deferred annuity at age 55 with five or eight years of earned service, respectively. An incidental death benefit is also available to beneficiaries of active and retired members of employers who participate in the death benefit program.

Accidental death benefits are also provided upon the death of an active member working for a covered employer whose death was a natural and proximate result of an injury incurred while in the performance of duty.

The retirement allowance of eligible retirees or their surviving annuitants is increased by the lesser of one percent or five hundred dollars every July 1. Only those annuitants in receipt of a benefit on July 1 of the preceding year are eligible to receive the increase.

## School District of Edgefield County

### Notes to Financial Statements

June 30, 2018

---

#### IV. OTHER INFORMATION - (Continued)

##### NOTE 8 - PENSION PLAN - (Continued)

###### Contributions:

Contributions are prescribed in Title 9 of the South Carolina Code of Laws. The PEBA Board may increase the SCRS employer and employee contribution rates on the basis of the actuarial valuations, but any such increase may not result in a differential between the employee and employer contribution rate that exceeds 2.9 percent of earnable compensation for SCRS. An increase in the contribution rates adopted by the board may not provide for an increase of more than one-half of one percent in any one year. If the scheduled employee and employer contributions provided in statute or the rates last adopted by the board are insufficient to maintain a thirty year amortization schedule of the unfunded liabilities of the plans, the board shall increase the contribution rates in equal percentage amounts for the employer and employee as necessary to maintain the thirty-year amortization period; and, this increase is not limited to one-half of one percent per year.

If the most recent annual actuarial valuation of the Systems for funding purposes shows a ratio of the actuarial value of system assets to the actuarial accrued liability of the system (the funded ratio) that is equal to or greater than ninety percent, then the board, effective on the following July first, may decrease the then current contribution rates upon making a finding that the decrease will not result in a funded ratio of less than ninety percent. Any decrease in contribution rates must maintain the 2.9 percent differential between the SCRS employer and employee contribution rates respectively. If contribution rates are decreased pursuant to this provision, and the most recent annual actuarial valuation of the system shows a funded ratio of less than ninety percent, then effective on the following July first, and annually thereafter as necessary, the board shall increase the then current contribution rates until a subsequent annual actuarial valuation of the system shows a funded ratio that is equal to or greater than 90 percent.

The Retirement System Funding and Administration Act increases employer contribution rates to 13.56 percent for SCRS, effective July 1, 2017. It also removes the 2.9 percent differential and increases and establishes a ceiling on employee contribution rates at 9 percent for SCRS. The employer contribution rates will continue to increase annually by 1 percent through July 1, 2022. The legislation's ultimate scheduled employer rate is 18.56 percent for SCRS. The amortization period is scheduled to be reduced one year for each of the next 10 years to a twenty year amortization schedule. The recent pension reform legislation also changes the long term funded ratio requirement from ninety to eighty-five.

# School District of Edgefield County

## Notes to Financial Statements

June 30, 2018

---

### IV. OTHER INFORMATION - (Continued)

#### NOTE 8 - PENSION PLAN - (Continued)

##### Contributions, Continued:

- Required employee contribution rates for fiscal year 2018 are as follows:

##### SCRS

Employee Class Two	9.00% of earnable compensation
Employee Class Three	9.00% of earnable compensation
State ORP Employee	9.00% of earnable compensation

##### PORS

Employee Class Two	9.75% of earnable compensation
Employee Class Three	9.75% of earnable compensation

- Required employer contributions for fiscal year 2018 are as follows:

##### SCRS

Employer Class Two	13.41% of earnable compensation
Employer Class Three	13.41% of earnable compensation
Employer Incidental Death Benefit	0.15% of earnable compensation

##### State ORP

Employer Contribution	13.41% of earnable compensation
Employer Incidental Death Benefit	0.15% of earnable compensation

##### PORS

Employer Class Two	15.84% of earnable compensation
Employer Class Three	15.84% of earnable compensation
Employer Incidental Death Benefit	0.20% of earnable compensation
Employer Accidental Death Program	0.20% of earnable compensation

Contributions to the SCRS, ORP and PORS pension plans from the District were \$2,767,218 for the year ended June 30, 2018.

##### Actuarial assumptions and methods:

Actuarial valuations of the ongoing plan involve estimates of the reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and future salary increases. Amounts determined regarding the net pension liability are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. South Carolina state statute requires that an actuarial experience study be completed at least once in each five-year period. An experience report on the Systems was most recently issued as of July 1, 2015.



# School District of Edgefield County

## Notes to Financial Statements

June 30, 2018

### IV. OTHER INFORMATION - (Continued)

#### NOTE 8 - PENSION PLAN - (Continued)

##### Actuarial assumptions and methods, continued:

The June 30, 2017, total pension liability (TPL), net pension liability (NPL), and sensitivity information shown in this report were determined by our consulting actuary, Gabriel, Roeder, Smith and Company (GRS) and are based on an actuarial valuation performed as of July 1, 2016. The total pension liability was rolled-forward from the valuation date to the plans' fiscal year end, June 30, 2017, using generally accepted actuarial principles. The Retirement System Funding and Administration Act of 2017 was signed into law April 25, 2017, and included a provision to reduce the assumed rate of return from 7.50% to 7.25% effective July 1, 2017.

As a result of this legislation, GRS made an adjustment to the calculation of the roll-forward total pension liability for this assumption change as of the measurement date of June 30, 2017.

The following table provides a summary of the actuarial assumptions and methods used to calculate the TPL as of June 30, 2017.

	SCRS	PORS
Actuarial cost method	Entry age	Entry age
Investment rate of return	7.25%	7.25%
Projected salary increases	3.0% to 12.5%	3.5% to 12.5%
Benefit adjustments	lesser of 1% or \$500	lesser of 1% or \$500

The post-retiree mortality assumption is dependent upon the member's job category and gender. The base mortality assumptions, the 2016 Public Retirees of South Carolina Mortality table (2016 PRSC), was developed using the Systems' mortality experience. These base rates are adjusted for future improvement in mortality using published Scale AA projected from the year 2016.

Assumptions used in the determination of the June 30, 2017, TPL are as follows.

Former Job Class	Males	Females
Educators	2016 PRSC Males multiplied by 92%	2016 PRSC Females multiplied by 98%
General Employees and Members of the General Assembly	2016 PRSC Males multiplied by 100%	2016 PRSC Females multiplied by 111%
Public Safety and Firefighters	2016 PRSC Males multiplied by 125%	2016 PRSC Females multiplied by 111%

# School District of Edgefield County

## Notes to Financial Statements

June 30, 2018

### IV. OTHER INFORMATION - (Continued)

#### NOTE 8 - PENSION PLAN - (Continued)

##### Net pension liability:

The NPL is calculated separately for each system and represents the TPL determined in accordance with GASB No. 67 less the SCRS fiduciary net position. NPL totals, as of June 30, 2017 are:

System	Total Pension Liability	Plan Fiduciary Net Position	Employers' Net Pension Liability	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
SCRS	\$ 48,244,437,494	\$ 25,732,829,268	\$ 22,511,608,226	53.3%
PORS	\$ 7,013,684,001	\$ 4,274,123,178	\$ 2,739,560,823	60.9%

The TPL is calculated by the System's actuary, and each plan's fiduciary net position is reported in the System's financial statements. The net pension liability is disclosed in accordance with the requirements of GASB 67 in the System's notes to the financial statements and required supplementary information. Liability calculations performed by the SCRS actuary for the purpose of satisfying the requirements of GASB Nos. 67 and 68 are not applicable for other purposes, such as determining the funding requirements.

At June 30, 2018, the District reported a liability of \$46,526,090 and \$0 for its proportionate share of the SCRS and PORS net pension liability, respectively. The net pension liability was measured as of July 1, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportionate share of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plans relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2017, the District's proportionate share of the SCRS and PORS plans were .20668% and 0.00%, respectively.

##### Pension expense:

For the year ended June 30, 2018, the District recognized pension expense for the SCRS and PORS plans of \$911,016 and \$140, respectively.

# School District of Edgefield County

## Notes to Financial Statements

June 30, 2018

### IV. OTHER INFORMATION - (Continued)

#### NOTE 8 - PENSION PLAN - (Continued)

##### Deferred inflows of resources and deferred outflows of resources:

At June 30, 2018, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>SCRS</u>	
	<u>Deferred outflows of resources</u>	<u>Deferred inflows of resources</u>
Differences between expected and actual experience	\$ 207,413	\$ 25,788
Changes of assumptions	2,723,603	-
Net difference between projected and actual earnings on pension plan investments	3,753,493	2,454,703
Changes in proportion and differences between District contributions and proportionate share of contributions	-	2,121,583
District contributions subsequent to the measurement date	<u>2,767,218</u>	<u>-</u>
Total	<u>\$ 9,451,727</u>	<u>\$ 4,602,074</u>

  

	<u>PORS</u>	
	<u>Deferred outflows of resources</u>	<u>Deferred inflows of resources</u>
Differences between expected and actual experience	\$ -	\$ -
Changes of assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	-	-
Changes in proportion and differences between District contributions and proportionate share of contributions	258	398
District contributions subsequent to the measurement date	<u>-</u>	<u>-</u>
Total	<u>\$ 258</u>	<u>\$ 398</u>

The \$2,767,218 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date for the SCRS plan, during the year ended June 30, 2018 will be recognized as a reduction of the net pension liabilities in the year ending June 30, 2019.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows for the SCRS plan:

Year ended June 30:	<u>SCRS</u>
2019	\$ 234,449
2020	1,273,516
2021	958,058
2022	<u>(383,588)</u>
	<u>\$ 2,082,435</u>

  

<u>Year ended June 30:</u>	<u>PORS</u>
2019	\$ (6)
2020	(35)
2021	(99)
2022	<u>-</u>
	<u>\$ (140)</u>

# School District of Edgefield County

## Notes to Financial Statements

June 30, 2018

### IV. OTHER INFORMATION - (Continued)

#### NOTE 8 - PENSION PLAN - (Continued)

##### Long-term Expected Rate of Return

The long-term expected rate of return on pension plan investments is based upon 30 year capital market assumptions. The long-term expected rate of returns represent assumptions developed using an arithmetic building block approach primarily based on consensus expectations and market based inputs. Expected returns are net of investment fees.

The expected returns, along with the expected inflation rate, form the basis for the target asset allocation adopted at the beginning of the 2017 fiscal year.

The long-term expected rate of return is produced by weighting the expected future real rates of return by the target allocation percentage and adding expected inflation and is summarized in the table on the following page. For actuarial purposes, the 7.25 percent assumed annual investment rate of return used in the calculation of the TPL includes a 5.00 percent real rate of return and a 2.25 percent inflation component.

Asset Class	Target Asset Allocation	Expected Arithmetic Real Rate of Return	Long Term Expected Portfolio Real Rate of Return
<b>Global Equity:</b>			
Global Public Equity	31.0%	6.72%	2.08%
Private Equity	9.0%	9.60%	0.86%
Equity Options Strategies	5.0%	5.91%	0.30%
<b>Real Assets:</b>			
Real Estate (Private)	5.0%	4.32%	0.22%
Real Estate (REITs)	2.0%	6.33%	0.13%
Infrastructure	1.0%	6.26%	0.06%
<b>Opportunistic:</b>			
GTAA/Risk Parity	10.0%	4.16%	0.42%
Hedge Funds (non-PA)	4.0%	3.82%	0.15%
Other Opportunistic Strategies	3.0%	4.16%	0.12%
<b>Diversified Credit:</b>			
Mixed Credit	6.0%	3.92%	0.24%
Emerging Markets Debts	5.0%	5.01%	0.25%
Private Debt	7.0%	4.37%	0.31%
<b>Conservative Fixed Income:</b>			
Core Fixed Income	10.0%	1.60%	0.15%
Cash and Short Duration (Net)	2.0%	0.92%	0.02%
<b>Total Expected Real Return</b>	<u>100.0%</u>		<u>5.31%</u>
Inflation for Actuarial Purposes			<u>2.25%</u>
<b>Total Expected Nominal Return</b>			<u>7.56%</u>

##### Discount rate:

The discount rate used to measure the TPL was 7.25 percent. The projection of cash flows used to determine the discount rate assumed that contributions from participating employers in SCRS and PORS will be made based on the actuarially determined rates based on provisions in the South Carolina Code of Laws. Based on those assumptions, the System's fiduciary net position was projected to be available to make all the projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the TPL.

# School District of Edgefield County

## Notes to Financial Statements

June 30, 2018

### IV. OTHER INFORMATION - (Continued)

#### NOTE 8 - PENSION PLAN - (Continued)

##### Sensitivity analysis:

The following table presents the collective NPL of the District calculated using the discount rate of 7.25 percent, as well as what the employers' NPL would be if it were calculated using a discount rate that is 1.00 percent lower (6.25 percent) or 1.00 percent higher (8.25 percent) than the current rate.

<b>Sensitivity of the Net Pension Liability to Changes in the Discount Rate</b>			
<b>System</b>	<b>1.00% Decrease (6.25%)</b>	<b>Current Discount Rate (7.25%)</b>	<b>1.00% Increase (8.25%)</b>
<b>SCRS/PORS</b>	\$ 59,965,741	\$ 46,526,090	\$ 38,371,382

##### Additional financial and actuarial information:

Detailed information regarding the fiduciary net position of the plans administered by PEBA is available in the Systems' audited financial statements for the fiscal year ended June 30, 2017 accounting and financial reporting actuarial valuation as of June 30, 2017 (including the unmodified audit opinion on the financial statements). Additional actuarial information is available in the accounting and financial reporting actuarial valuation as of June 30, 2017.

#### NOTE 9 - POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

##### General information:

As previously discussed, PEBA is a state agency responsible for the administration and management of the state's employee insurance programs, other post-employment benefits trusts and retirement systems and is part of the State of South Carolina primary government (the "State"). The laws of the State and the policies and procedures specified by the State for State agencies are applicable to all activities of PEBA. By law, the State Fiscal Accountability Authority ("SFFA"), which consists of five elected officials, also reviews certain PEBA Board decisions in administering the State Health Plan and OPEB.

PEBA issues audited financial statements and required supplementary information for the OPEB Trust Funds. This information is publicly available through the Insurance Benefits' link on PEBA's website at [www.peba.sc.gov](http://www.peba.sc.gov) or a copy may be obtained by submitting a request to PEBA – Insurance Benefits, 202 Arbor Lake Drive, Columbia, SC 29223. PEBA is considered a division of the primary government of the state of South Carolina, and therefore, the financial information of the OPEB Trust funds is also included in the comprehensive annual financial report of the State.

##### Plan descriptions:

The OPEB Trusts collectively refers to the SCRHITF and SCLTDITF, and were established by the State of South Carolina as Act 195, which became effective on May 2008. The SCRHITF was created to fund and account for the employer costs of the State's retiree health and dental plans. The SCLTDITF was created to fund and account for the employer costs of the State's Basic Long-Term Disability Income Benefit Plan. In accordance with Act 195, the OPEB Trusts are administered by PEBA, Insurance Benefits. The State Treasurer is the custodian of the funds held in trust. The Board of Directors of PEBA has been designated as the Trustee.

The OPEB Trusts are cost-sharing multiple-employer defined benefit plans. Article 5 of the State Code of Laws defines the two plans and authorizes the Trustee to at any time adjust the plans, including its benefits and contributions, as necessary to insure the fiscal stability of the plans. In accordance with the South Carolina Code of Laws and the annual Appropriations Act, the State provides post-employment health and dental and long-term disability benefits to retired State and school district employees and their covered dependents.

## School District of Edgefield County

### Notes to Financial Statements

June 30, 2018

---

#### IV. OTHER INFORMATION - (Continued)

##### NOTE 9 - POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) - (Continued)

###### Benefits:

The SCRHITF is a healthcare plan that covers retired employees of the State of South Carolina, including all agencies, and public school districts. The SCRHITF provides health and dental insurance benefits to eligible retirees. Generally, retirees are eligible for the health and dental benefits if they have established at least ten years of retirement service credit. For new hires beginning employment May 2, 2008 and after, retirees are eligible for benefits if they have established 25 years of service for 100% employer funding and 15-24 years of service for 50% employer funding.

###### Contributions:

Section 1-11-710 of the South Carolina Code of Laws of 1976, as amended, requires these postemployment and long-term disability benefits to be funded through annual appropriations by the General Assembly for active employees to the PEBA, Insurance Benefits and participating retirees to PEBA, except for the portion funded through the pension surcharge and provided from the other applicable sources of the PEBA, Insurance Benefits. For active employees who are not funded by State General Fund appropriations, participating employers are mandated by State statute to contribute at a rate assessed each year by the Department of Administration Executive Budget Office. The covered payroll surcharge for the year ended June 30, 2017 was 5.33 percent. The South Carolina Retirement System collects the monthly surcharge for all participating employers and remits it directly to the SCRHITF. Other sources of funding for the SCRHITF include mandatory transfers of accumulated PEBA, Insurance Benefits' reserves and income generated from investments.

Employer contributions also include the implicit subsidy, or age-related subsidy inherent in the healthcare premiums structure. The implicit subsidy represents a portion of the health care expenditures paid on behalf of the employer's active employees. For purposes of GASB Statement No. 75, this expenditure on behalf of the active employee is reclassified as a retiree health care expenditure so that the employer's contributions towards the plan reflect the underlying age-adjusted, retiree benefit costs.

BLTD benefits are funded through a person's premium charged to State agencies, public school districts and other participating local governments. The monthly premium per active employee was \$3.22 for the fiscal year ended June 30, 2017.

Contributions to the SCRHITF plan from the District were \$1,176,118 for the year ended June 30, 2018.

###### OPEB liabilities and OPEB expense:

At June 30, 2018, the District reported a liability of \$34,104,679 for its proportionate share of the SCRHITF net OPEB liability, measured at June 30, 2017. The net OPEB liability is calculated separately for each OPEB Trust Fund and represents that particular Trust's total OPEB liability determined in accordance with GASB No. 74, less that Trust's fiduciary net position. The collective net OPEB liability was determined based upon actuarial valuations performed on June 30, 2016 which were then rolled forward to the June 30, 2017 measurement date. The District's proportion of the collective net OPEB liability was determined using the School District's payroll-related contributions over the measurement period. This method is expected to be reflective of the District's long-term contribution effort, as well as, be transparent to individual employers and their external auditors. At June 30, 2017, the District's proportion share of the SCRHITF plan's net OPEB liability was .251791 percent.

# School District of Edgefield County

## Notes to Financial Statements

June 30, 2018

### IV. OTHER INFORMATION - (Continued)

#### NOTE 9 - POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) - (Continued)

##### Deferred outflows of resources and deferred inflows of resources related to OPEB:

For the year ended June 30, 2018, the District recognized OPEB expense of \$899,624 for the SCRHITF plan. At June 30, 2018, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	SCRHITF	
	Deferred outflows of resources	Deferred inflows of resources
Differences between expected and actual experience	\$ -	\$ 14,802
Changes of assumptions	-	3,209,092
Net difference between projected and actual earnings on OPEB plan investments	58,602	-
Changes in proportion and differences between District contributions and proportionate share of contributions	-	489
District contributions subsequent to the measurement date	<u>1,176,118</u>	-
Total	<u>\$ 1,234,720</u>	<u>\$ 3,224,383</u>

Of the total amount reported as deferred outflows of resources related to OPEB, \$1,176,118 resulting from District contributions subsequent to the measurement date and before the end of the fiscal year will be included as a reduction of the collective net OPEB liability in the year ended June 30, 2019.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in the District's OPEB expense as follows:

Years ending June 30:	SCRHITF
2018	\$ (501,581)
2019	(501,581)
2020	(501,581)
2021	(501,581)
2022	(516,231)
Thereafter	<u>(643,226)</u>
	<u>\$ (3,165,781)</u>

##### Actuarial assumptions:

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Actuarially determined amounts are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedules of funding progress, presented as required supplementary information following the notes to the financial statements, present multi-year trend information about whether the actuarial values of plan assets are increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Projections of benefits for financial reporting purposes are based on the substantive plans (as understood by the employer and plan participants) and include the types of benefits provided at the time the valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

# School District of Edgefield County

## Notes to Financial Statements

June 30, 2018

---

### IV. OTHER INFORMATION - (Continued)

#### NOTE 9 - POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) - (Continued)

##### Actuarial assumptions, continued:

The total OPEB liabilities were determined by actuarial valuations performed as of June 30, 2016. Update procedures were used to roll forward the total OPEB liabilities to June 30, 2017. The actuarial valuations were performed using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified.

Additional information as of the latest actuarial valuation for SCRHITF:

##### **SCRHITF:**

Valuation Date:	June 30, 2016
Actuarial Cost Method:	Entry Age Normal
Inflation:	2.25%
Investment Rate of Return:	4.00%, net of OPEB Plan investment expense; including inflation
Single Discount Rate:	3.56% as of June 30, 2017
Demographic Assumptions:	Based on the experience study performed for the South Carolina Retirement Systems for the 5-year period ending June 30, 2015
Mortality:	For healthy retirees, the 2016 Public Retirees of South Carolina Mortality Table for Males and the 2016 Public Retirees of South Carolina Mortality Table for Females are used with fully generational mortality projections based on Scale AA from the year 2016. Multipliers are applied to the base tables based on gender and employment type.
Health Care Trend Rate:	Initial trend starting at 7.00% and gradually decreasing to an ultimate trend rate of 4.15% over a period of 15 years
Aging Factors:	Based on plan specific experience
Retiree Participation:	79% for retirees who are eligible for funded premiums
Notes:	There were no benefit changes during the year. The discount rate changed from 2.92% as of June 30, 2016 to 3.56% as of June 30, 2017



# School District of Edgefield County

## Notes to Financial Statements

June 30, 2018

### IV. OTHER INFORMATION - (Continued)

#### NOTE 9 - POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) - (Continued)

##### Actuarial assumptions, continued:

The long-term expected rate of returns represent assumptions developed using an arithmetic building block approach primarily based on consensus expectations and market based inputs. The expected returns, along with the expected inflation rate, form the basis for the target asset allocation adopted at the beginning of the 2017 fiscal year. The long-term expected rate of return is produced by weighting the expected future real rates of return by the target allocation percentage and adding expected inflation.

This information is summarized in the following table:

Asset Class	Target Asset Allocation	Expected Arithmetic Real Rate of Return	Allocation-Weighted Long-Term Expected Real Rate of Return
U.S. Domestic Fixed Income	80.00%	2.09%	1.67%
Cash	20.00%	0.84%	0.17%
<b>Total</b>	<b>100.00%</b>		<b>1.84%</b>
Expected Inflation			2.25%
<b>Total Return</b>			<b>4.09%</b>
<b>Investment Return Assumption</b>			<b>4.00%</b>

##### Discount rate:

The Single Discount Rate of 3.56% was used to measure the total OPEB liability for the SCRHITF. The accounting policy for this plan is to set the Single Discount Rate equal to the prevailing municipal bond rate. Due to the plan's investment and funding policies, the difference between a blended discount rate and the municipal bond rate would be less than several basis points (several hundredths of one percent).

##### Sensitivity analysis:

The following table presents the SCRHITF's net OPEB liability calculated using a Single Discount Rate of 3.56%, as well as what the plan's net OPEB liability would be if it were calculated using a Single Discount Rate that is one percent lower or one percent higher. In addition, regarding the sensitivity of the SCRHITF's net OPEB liability to changes in the healthcare cost trend rates, the following table presents the plan's net OPEB liability, calculated using the assumed trend rates as well as what the plan's net OPEB liability would be if were calculated using a trend rate that is one percent lower or one percent higher.

# School District of Edgefield County

## Notes to Financial Statements

June 30, 2018

### IV. OTHER INFORMATION - (Continued)

#### NOTE 9 - POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) - (Continued)

##### Sensitivity analysis, continued:

	1% Decrease 2.56%	Current Discount Rate 3.56%	1% Increase 4.56%
SCRHITF Net OPEB Liability	\$ 40,165,672	\$ 34,104,679	\$ 29,218,034

	1% Decrease	Current Healthcare Cost Trend Rate	1% Increase
SCRHITF Net OPEB Liability	\$ 27,967,250	\$ 34,104,679	\$ 42,051,174

##### OPEB plan fiduciary net position:

Detailed information about the OPEB Trusts' fiduciary net position is available in the separately issued PEBA financial report.

#### NOTE 10 - DEFERRED COMPENSATION PLAN

The District offers their employees a deferred compensation plan, created in accordance with Internal Revenue Code Section 457, which is administered and controlled by the State of South Carolina. The plan, available to all District employees, permits them to defer a portion of their salary until future years. Participation in the plan is optional. The deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency.

Great West Retirement Services - South Carolina Deferred Compensation Program, PO Box 173764, Denver, CO 80217-3764, (under state contract) is the program administrator of the 457 plan as well as the 401k plan, which is also available to District employees at their option.

#### NOTE 11 - COMMITMENTS AND CONTINGENCIES

The District participates in a number of federally assisted programs, which are audited in accordance with the Single Audit Act Amendments of 1996. Audits have not resulted in any material disallowed costs, however, grantor agencies may conduct further examinations based on reported questioned costs. Based on prior experience, the District believes that further examinations would not result in any material disallowed costs.

From time to time, the District is a defendant in various lawsuits arising in the normal course of business. It is the opinion of the District's management, after conferring with legal counsel, that any liability, net of insurance coverage, which may arise from these lawsuits would not have a material adverse effect on the District's financial statements.

The District leases copiers under a non-cancelable operating lease expiring September 2019. The lease includes a per copy charge ranging from \$0.0176 to \$0.0065 per copy. During the year, total lease payments amounted to approximately \$123,000. Approximate remaining payments due under contracts in place at June 30, 2018, are as follows:

<u>Year</u>	<u>Lease payment</u>
2019	\$ 123,000
2020	31,000
	<u>\$ 154,000</u>

# School District of Edgefield County

## Notes to Financial Statements

June 30, 2018

---

### IV. OTHER INFORMATION - (Continued)

#### NOTE 12 - RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters for which the District carries state or commercial insurance. Management believes such coverage is sufficient to preclude any significant uninsured losses for the covered risks. The District has had no significant reduction in coverage due to settled claims. Settled claims have not exceeded this coverage in the past three years. The District pays insurance premiums to certain State agencies and commercial insurers to cover risks that may occur in normal operations. The insurers promise to pay to or on behalf of the insured for covered economic losses sustained during the policy period in accordance with insurance policy and benefit program limits. For property losses, the District's deductible is \$2,500.

The District pays premiums to HUB International Insurance which issues policies, accumulates assets to cover the risks of loss, and pays claims incurred for covered losses related to the following assets, activities, and/or events:

1. Theft of, damage to, or destruction of assets;
2. Real property, its contents, and other equipment;
3. Motor vehicles;
4. Torts; and
5. Natural disasters

HUB International Insurance is a self-insurer and purchases reinsurance to obtain certain services and specialized coverage and to limit losses in the areas of property, boiler and machinery, automobile liability, cyber liability, and School Board liability insurance. HUB International Insurance's rates are determined actuarially.

The District obtains coverage through a commercial insurer for employee fidelity bond insurance for all employees for losses arising from theft or misappropriation, up to a maximum of \$100,000. Management believes such coverage is sufficient to preclude any significant uninsured losses for the covered risks. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three years.

Prior to July 1, 1978, school districts in South Carolina were exempt from unemployment tax. Legislation was enacted providing that, effective July 1, 1978, these employing units would no longer be excluded by the South Carolina Employment Security Commission (the Commission). In lieu of payment of contributions, the District, as permitted by the Act, elected to be "self-insured," whereby it would reimburse the Commission's unemployment fund for any claims attributable to service in the employ of the District. Payments of claims for reimbursement to the Commission are paid out of the general operating fund. Payments of \$0 were made by the District for this purpose during the current year.

#### NOTE 13 - FUND BALANCE AND NET POSITION

The fund balances/net position and other credits have been classified to reflect the limitations and restrictions placed on the respective funds as follows:

##### **Governmental fund financial statements**

Fund balances - Nonspendable – balances that by their nature are unable to be spent.

Fund balances - Restricted – balances that can only be spent for the specific purpose stipulated by constitution, external resources providers, or through enabling legislation.

Fund balances - Committed – balances that can only be used for the specific purpose determined by the District's Board of Trustees. The Board of Trustees must take a formal action during one of its meetings to commit fund balance.

# School District of Edgefield County

## Notes to Financial Statements

June 30, 2018

---

### IV. OTHER INFORMATION - (Continued)

#### NOTE 13 - FUND BALANCE AND NET POSITION - (Continued)

Fund balances - Assigned – balances meant to be used for a specific purpose but that do not meet the criteria as restricted or committed. Senior management at the District may assign fund balance.

Fund balances - Unassigned – balances that are spendable amounts not contained in other classifications.

#### **Government-wide and proprietary fund financial statements**

Net Investment in capital assets - represents the net cost less accumulated depreciation and outstanding debt attributable to the organization of the capital assets.

Restricted net position - represents net position restricted externally by creditors, grantors, contributors or laws and regulations of other governments; or restrictions imposed by law through constitutional provisions or enabling legislation.

Unrestricted net position - represents the remainder of the District's net position in the government-wide activities.

#### NOTE 14 - ARBITRAGE REBATE

In accordance with the provisions of Section 148(f) of the Internal Revenue Code of 1986, as amended, bonds must satisfy certain arbitrage rebate requirements. Positive arbitrage is the excess of (1) the amount earned on investments purchased with bond proceeds over (2) the amount of such investments would have earned had such investments been invested at a rate equal to the yield on the bond issue. In order to comply with the arbitrage rebate requirements, positive arbitrage must be paid to the U.S. Treasury at the end of each five year anniversary date of the bond issue. As of June 30, 2018, the District has determined that there are no amounts outstanding for arbitrage rebates.

#### Note 15 - Tax Abatement

The County provides tax abatements under one program: Fee-in-Lieu of Tax Program (FILOT).

The Fee-in-Lieu of Tax Program (FILOT) offers individual incentive packages by abating property taxes to attract new business to the County and to retain current businesses. The FILOT program was established by the SC Code Title 12, Chapter 44 and Title 4, Chapter 12. Generally, for taxpayers to be approved for this program they must agree to invest the statutory minimum (A higher amount may be negotiated) during the investment period. The investment period begins on the day in which the property described in the agreement is entered into service and ends at an agreed upon point in time. Once the investment period begins, the taxpayer may receive a reduction of assessed rate, reduction in millage rate and elimination of (or reduction in) the number of times the millage rates change for the property over the length of the agreement. Repayments of any savings in property taxes are required by state law if the taxpayer fails to maintain the conditions set forth in the agreement. Other recapture provisions may be negotiated on a case by case basis.

The District's property tax revenues were reduced by \$230,613 under agreements entered into by Edgefield County as of June 30, 2018.

---

## School District of Edgefield County

### Notes to Financial Statements

June 30, 2018

---

#### IV. OTHER INFORMATION - (Continued)

##### NOTE 16 - RESTATEMENT

The District implemented Governmental Accounting Standards Board (GASB) Statement 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, effective July 1, 2017. The implementation of the statement required the District to record beginning net pension liability and the effects on unrestricted net position of contributions made by the District during the measurement period (fiscal year ended June 30, 2017). As a result, ending unrestricted net position for the District for the year ended June 30, 2017 decreased by \$33,440,725 and \$1,953,679 for the governmental and business-type activities, respectively. This decrease resulted in the restatement of total net position to a deficit balance of \$52,853,090 for the governmental activities and a restatement of total net position to a deficit balance of \$3,880,020 for business-type activities for the year ended June 30, 2017.

**School District of Edgefield County****Required Supplementary Information****Schedule 1 - Budgetary Comparison Schedule - General Fund****For the fiscal year ended June 30, 2018**

		Budgeted Amounts Original and Final	Actual	Variance with Final Budget
<b>REVENUES</b>				
1000	Revenue from local sources			
1100	Taxes			
1110	Ad valorem taxes-including delinquent	\$ 9,786,340	\$ 9,702,610	\$ (83,730)
1300	Tuition			
1310	From patrons for regular day school	-	28,930	28,930
1330	From patrons for adult/continuing ed	-	2,351	2,351
1500	Earnings on investments			
1510	Interest on investments	2,000	33,333	31,333
1900	Other revenue from local sources			
1910	Rentals	-	620	620
1920	Contributions and donations from private sources	-	22,500	22,500
1990	Miscellaneous local revenue	-	200	200
1999	Revenue from other local sources	-	395,015	395,015
	Total local sources	<u>9,788,340</u>	<u>10,185,559</u>	<u>397,219</u>
2000	Intergovernmental revenue			
2100	Payments from other governmental units	-	11,667	11,667
	Total intergovernmental sources	<u>-</u>	<u>11,667</u>	<u>11,667</u>
3000	Revenue from state sources			
3100	Restricted state funding			
3113	12-month agriculture program	17,000	18,988	1,988
3131	Handicapped transportation	-	1,305	1,305
3160	School bus driver's salary	420,000	494,665	74,665
3161	EAA Bus Driver Salary and Fringe	-	13,005	13,005
3162	Transportation workers' compensation	-	27,238	27,238
3180	Fringe benefits employer contributions	3,993,545	3,794,413	(199,132)
3181	Retiree insurance	828,972	859,356	30,384
3300	Education Finance Act			
3310	Full-time programs			
3311	Kindergarten	459,362	443,099	(16,263)
3312	Primary	1,440,031	1,423,668	(16,363)
3313	Elementary	2,461,345	2,461,198	(147)
3314	High school	137,456	133,873	(3,583)
3315	Trainable mentally handicapped	34,769	32,123	(2,646)
3316	Speech handicapped	308,758	306,677	(2,081)
3317	Homebound	5,921	3,624	(2,297)
3320	Part-time programs			
3321	Emotionally handicapped	25,404	25,732	328
3322	Educable mentally handicapped	200,000	214,665	14,665
3323	Learning disabilities	500,000	591,559	91,559
3324	Hearing handicapped	13,643	13,294	(349)
3326	Orthopedically handicapped	5,482	476	(5,006)
3327	Vocational	1,610,260	1,605,468	(4,792)
3330	Miscellaneous EFA programs			
3331	Autism	78,404	76,646	(1,758)
3332	High Achieving Student	105,064	101,636	(3,428)
3334	Limited English Proficiency	50,869	50,913	44
3351	Academic Assistance	366,890	357,286	(9,604)
3352	Pupils in Poverty	968,008	961,969	(6,039)
3353	Dual Credit Enrollment	15,551	14,454	(1,097)
3375	Education Foundation Supplement	-	42,045	42,045
3392	NBC Excess EFA Formula	-	34,152	34,152

**School District of Edgefield County**

*Required Supplementary Information*

*Schedule 1 - Budgetary Comparison Schedule - General Fund, Continued*

*For the fiscal year ended June 30, 2018*

	<b>Budgeted Amounts Original and Final</b>	<b>Actual</b>	<b>Variance with Final Budget</b>
<b>REVENUES, Continued</b>			
3000 Revenue from state sources, continued			
3800 State revenue in lieu of taxes			
3810 Reimbursement for local property tax relief	1,553,034	1,553,034	-
3820 Homestead exemption	532,741	532,741	-
3825 Reimbursement for property tax relief	3,353,957	3,343,763	(10,194)
3830 Merchants inventory tax	50,000	49,590	(410)
3840 Manufacturers depreciation reimbursement	200,000	225,688	25,688
3890 Other state property tax revenues	150,000	184,427	34,427
3900 Other state revenue			
3993 PEBA on-Behalf	-	214,547	214,547
Total state sources	<u>19,886,466</u>	<u>20,207,317</u>	<u>320,851</u>
4000 Revenues from federal sources			
4900 Other federal sources			
4992 U.S. Forest Commission Revenue	43,000	56,282	13,282
4999 Revenue from Other Federal Sources	-	-	-
Total federal sources	<u>43,000</u>	<u>56,282</u>	<u>13,282</u>
<b>Total revenue all sources</b>	<b><u>\$ 29,717,806</u></b>	<b><u>\$ 30,460,825</u></b>	<b><u>\$ 743,019</u></b>

**School District of Edgefield County**

*Required Supplementary Information*

*Schedule 1 - Budgetary Comparison Schedule - General Fund, Continued*

*For the fiscal year ended June 30, 2018*

		Budgeted Amounts Original and Final	Actual	Variance with Final Budget
<b>100</b>	<b>EXPENDITURES</b>			
	<b>INSTRUCTION</b>			
110	General instruction			
111	Kindergarten programs			
100	Salaries	\$ 953,552	\$ 951,804	\$ 1,748
200	Employee benefits	400,687	390,763	9,924
400	Supplies and materials	6,623	6,056	567
		<u>1,360,862</u>	<u>1,348,623</u>	<u>12,239</u>
112	Primary programs			
100	Salaries	2,184,678	2,224,020	(39,342)
200	Employee benefits	1,034,994	862,175	172,819
400	Supplies and materials	16,644	14,438	2,206
		<u>3,236,316</u>	<u>3,100,633</u>	<u>135,683</u>
113	Elementary programs			
100	Salaries	4,310,291	4,224,769	85,522
200	Employee benefits	1,777,999	1,650,102	127,897
300	Purchased services	242,880	243,648	(768)
400	Supplies and materials	77,200	71,913	5,287
		<u>6,408,370</u>	<u>6,190,432</u>	<u>217,938</u>
114	High school programs			
100	Salaries	2,043,457	1,927,182	116,275
200	Employee benefits	868,974	784,518	84,456
300	Purchased services	57,193	62,177	(4,984)
400	Supplies and materials	54,335	51,631	2,704
		<u>3,023,959</u>	<u>2,825,508</u>	<u>198,451</u>
115	Career and technical programs			
100	Salaries	718,139	737,340	(19,201)
200	Employee benefits	266,726	293,582	(26,856)
300	Purchased services	85,816	27,056	58,760
400	Supplies and materials	33,268	44,151	(10,883)
500	Capital outlay	1,864	1,111	753
		<u>1,105,813</u>	<u>1,103,240</u>	<u>2,573</u>
	Total general instruction	<u>15,135,320</u>	<u>14,568,436</u>	<u>566,884</u>
120	Exceptional programs			
121	Educable mentally handicapped			
100	Salaries	176,017	287,178	(111,161)
200	Employee benefits	61,515	101,602	(40,087)
		<u>237,532</u>	<u>388,780</u>	<u>(151,248)</u>
122	Trainable mentally handicapped			
100	Salaries	199,590	142,248	57,342
200	Employee benefits	101,211	87,481	13,730
		<u>300,801</u>	<u>229,729</u>	<u>71,072</u>
123	Orthopedically handicapped			
300	Purchased services	58,000	105,025	(47,025)
		<u>58,000</u>	<u>105,025</u>	<u>(47,025)</u>
125	Hearing handicapped			
100	Salaries	10,000	10,000	-
300	Purchased services	2,500	1,204	1,296
		<u>12,500</u>	<u>11,204</u>	<u>1,296</u>



**School District of Edgefield County**

*Required Supplementary Information*

*Schedule 1 - Budgetary Comparison Schedule - General Fund, Continued*

*For the fiscal year ended June 30, 2018*

		Budgeted Amounts Original and Final	Actual	Variance with Final Budget
<b>EXPENDITURES, Continued</b>				
<b>100</b>	<b>INSTRUCTION, Continued</b>			
120	Exceptional programs, continued			
127	Learning disabilities			
100	Salaries	744,243	734,678	9,565
200	Employee benefits	315,485	341,114	(25,629)
400	Supplies and materials	-	26	(26)
		<u>1,059,728</u>	<u>1,075,818</u>	<u>(16,090)</u>
128	Emotionally handicapped			
100	Salaries	20,817	14,970	5,847
200	Employee benefits	14,042	7,399	6,643
		<u>34,859</u>	<u>22,369</u>	<u>12,490</u>
	Total exceptional programs	<u>1,703,420</u>	<u>1,832,925</u>	<u>(129,505)</u>
130	Preschool programs			
137	Pre-school handicapped - self contained			
100	Salaries	216,882	106,723	110,159
200	Employee benefits	55,686	71,247	(15,561)
		<u>272,568</u>	<u>177,970</u>	<u>94,598</u>
	Total preschool programs	<u>272,568</u>	<u>177,970</u>	<u>94,598</u>
140	Special programs			
141	Gifted and talented - academic			
100	Salaries	136,529	136,523	6
200	Employee benefits	56,730	57,281	(551)
600	Other objects	256	-	256
		<u>193,515</u>	<u>193,804</u>	<u>(289)</u>
145	Homebound			
100	Salaries	16,000	23,359	(7,359)
200	Employee benefits	3,092	6,134	(3,042)
		<u>19,092</u>	<u>29,493</u>	<u>(10,401)</u>
148	Gifted and Talented Artistic			
100	Salaries	18,729	16,006	2,723
200	Employee benefits	7,742	13,427	(5,685)
300	Purchased services	-	11,805	(11,805)
		<u>26,471</u>	<u>41,238</u>	<u>(14,767)</u>
149	Other special programs			
400	Supplies and materials	-	48,425	(48,425)
		<u>-</u>	<u>48,425</u>	<u>(48,425)</u>
	Total special programs	<u>239,078</u>	<u>312,960</u>	<u>(73,882)</u>

**School District of Edgefield County**

*Required Supplementary Information*

*Schedule 1 - Budgetary Comparison Schedule - General Fund, Continued*

*For the fiscal year ended June 30, 2018*

		Budgeted Amounts Original and Final	Actual	Variance with Final Budget
<b>EXPENDITURES, Continued</b>				
<b>100</b>	<b>INSTRUCTION, Continued</b>			
160	Other exceptional programs			
161	Autism			
100	Salaries	62,272	-	62,272
200	Employee benefits	3,997	13,353	(9,356)
300	Purchased services	10,000	-	10,000
		<u>76,269</u>	<u>13,353</u>	<u>62,916</u>
162	Limited english proficiency			
100	Salaries	58,801	50,501	8,300
200	Employee benefits	21,568	16,058	5,510
300	Purchased services	3,000	2,507	493
		<u>83,369</u>	<u>69,066</u>	<u>14,303</u>
	Total other exceptional programs	<u>159,638</u>	<u>82,419</u>	<u>77,219</u>
180	Adult/continuing educational programs			
181	Adult basic education programs			
100	Salaries	14,464	7,232	7,232
200	Employee benefits	5,117	3,100	2,017
400	Supplies and materials	-	4,052	(4,052)
		<u>19,581</u>	<u>14,384</u>	<u>5,197</u>
182	Adult secondary education programs			
300	Purchased services	-	713	(713)
		<u>-</u>	<u>713</u>	<u>(713)</u>
188	Parenting/family literacy			
100	Salaries	43,392	50,624	(7,232)
200	Employee benefits	15,352	21,371	(6,019)
		<u>58,744</u>	<u>71,995</u>	<u>(13,251)</u>
	Total adult/continuing educational programs	<u>78,325</u>	<u>87,092</u>	<u>(8,767)</u>
	Total instruction	<u>17,588,349</u>	<u>17,061,802</u>	<u>526,547</u>
<b>200</b>	<b>SUPPORT SERVICES</b>			
210	Pupil services			
211	Attendance and social work services			
100	Salaries	31,917	37,776	(5,859)
200	Employee benefits	13,321	14,682	(1,361)
300	Purchased services	9,384	322	9,062
400	Supplies and materials	58	-	58
600	Other objects	65	25	40
		<u>54,745</u>	<u>52,805</u>	<u>1,940</u>
212	Guidance services			
100	Salaries	492,170	510,127	(17,957)
200	Employee benefits	189,345	195,173	(5,828)
300	Purchased services	2,979	2,375	604
400	Supplies and materials	2,982	2,446	536
		<u>687,476</u>	<u>710,121</u>	<u>(22,645)</u>
213	Health services			
100	Salaries	203,963	245,357	(41,394)
200	Employee benefits	85,030	89,217	(4,187)
300	Purchased services	5,704	3,080	2,624
400	Supplies and materials	13,163	18,064	(4,901)
600	Other objects	2,100	714	1,386
		<u>309,960</u>	<u>356,432</u>	<u>(46,472)</u>

**School District of Edgefield County**

*Required Supplementary Information*

*Schedule 1 - Budgetary Comparison Schedule - General Fund, Continued*

*For the fiscal year ended June 30, 2018*

		Budgeted Amounts Original and Final	Actual	Variance with Final Budget
<b>EXPENDITURES, Continued</b>				
<b>200</b>	<b>SUPPORT SERVICES, Continued</b>			
210	Pupil services, Continued			
214	Psychological services			
100	Salaries	74,212	33,925	40,287
200	Employee benefits	24,488	9,349	15,139
300	Purchased services	-	61,776	(61,776)
400	Supplies and materials	58	-	58
600	Other objects	357	-	357
		99,115	105,050	(5,935)
217	Career Specialist Services			
100	Salaries	48,003	57,518	(9,515)
200	Employee benefits	21,419	27,583	(6,164)
		69,422	85,101	(15,679)
	Total pupil services	1,220,718	1,309,509	(88,791)
220	Instructional staff services			
221	Improvement of instruction - curriculum development			
100	Salaries	478,214	396,760	81,454
200	Employee benefits	97,142	160,700	(63,558)
300	Purchased services	15,240	5,898	9,342
400	Supplies and materials	66,091	60,648	5,443
600	Other objects	1,565	1,365	200
		658,252	625,371	32,881
222	Library and media services			
100	Salaries	405,916	351,107	54,809
200	Employee benefits	163,756	131,184	32,572
400	Supplies and materials	54,576	56,714	(2,138)
		624,248	539,005	85,243
223	Supervision of special programs			
100	Salaries	151,362	161,154	(9,792)
200	Employee benefits	49,439	49,949	(510)
		200,801	211,103	(10,302)
224	Improvement of instruction - inservice and staff training			
300	Purchased services	7,252	1,378	5,874
400	Supplies and materials	1,339	779	560
		8,591	2,157	6,434
	Total instructional staff services	1,491,892	1,377,636	114,256
230	General administration services			
231	Board of education			
100	Salaries	8,400	6,950	1,450
200	Employee benefits	14,620	18,861	(4,241)
300	Purchased services	45,798	47,242	(1,444)
318	Audit services	27,500	26,125	1,375
400	Supplies and materials	580	1,001	(421)
600	Other objects	155,942	98,152	57,790
		252,840	198,331	54,509

**School District of Edgefield County**

*Required Supplementary Information*

*Schedule 1 - Budgetary Comparison Schedule - General Fund, Continued*

*For the fiscal year ended June 30, 2018*

		Budgeted Amounts Original and Final	Actual	Variance with Final Budget
<b>EXPENDITURES, Continued</b>				
<b>200</b>	<b>SUPPORT SERVICES, Continued</b>			
230	General administration services, Continued			
232	Office of the superintendent			
100	Salaries	240,195	240,940	(745)
200	Employee benefits	94,484	89,866	4,618
300	Purchased services	8,967	8,348	619
400	Supplies and materials	15,840	11,655	4,185
600	Other objects	1,140	2,406	(1,266)
		<u>360,626</u>	<u>353,215</u>	<u>7,411</u>
233	School administration			
100	Salaries	1,785,000	1,853,499	(68,499)
200	Employee benefits	688,565	676,062	12,503
300	Purchased services	16,175	12,251	3,924
400	Supplies and materials	26,995	28,303	(1,308)
600	Other objects	10,454	11,873	(1,419)
		<u>2,527,189</u>	<u>2,581,988</u>	<u>(54,799)</u>
	Total general administration services	<u>3,140,655</u>	<u>3,133,534</u>	<u>7,121</u>
250	Finance and operations services			
252	Fiscal services			
100	Salaries	218,104	214,857	3,247
200	Employee benefits	84,632	73,211	11,421
300	Purchased services	22,950	63,928	(40,978)
400	Supplies and materials	9,142	4,353	4,789
600	Other objects	3,500	1,035	2,465
		<u>338,328</u>	<u>357,384</u>	<u>(19,056)</u>
253	Facilities acquisition and construction			
500	Capital outlay	-	89,013	(89,013)
		<u>-</u>	<u>89,013</u>	<u>(89,013)</u>
254	Operation and maintenance of plant			
100	Salaries	1,162,669	1,098,557	64,112
200	Employee benefits	540,306	458,938	81,368
300	Purchased services	895,704	948,112	(52,408)
321	Public utilities	78,950	74,527	4,423
400	Supplies and materials	215,717	344,561	(128,844)
470	Energy	901,091	1,053,095	(152,004)
500	Capital outlay	30,000	56,256	(26,256)
		<u>3,824,437</u>	<u>4,034,046</u>	<u>(209,609)</u>
255	Student transportation			
100	Salaries	811,431	876,076	(64,645)
200	Employee benefits	211,562	245,158	(33,596)
300	Purchased services	11,047	20,320	(9,273)
400	Supplies and materials	807	2,996	(2,189)
500	Capital outlay	2,784	10,272	(7,488)
600	Other objects	27,408	452	26,956
		<u>1,065,039</u>	<u>1,155,274</u>	<u>(90,235)</u>
258	Security			
300	Purchased services	182,473	197,184	(14,711)
400	Supplies and materials	14,929	16,833	(1,904)
		<u>197,402</u>	<u>214,017</u>	<u>(16,615)</u>
	Total finance and operation services	<u>5,425,206</u>	<u>5,849,734</u>	<u>(424,528)</u>

**School District of Edgefield County**

*Required Supplementary Information*

*Schedule 1 - Budgetary Comparison Schedule - General Fund, Continued*

*For the fiscal year ended June 30, 2018*

		Budgeted Amounts Original and Final	Actual	Variance with Final Budget
<b>EXPENDITURES, Continued</b>				
<b>200</b>	<b>SUPPORT SERVICES, Continued</b>			
260	Central support services			
263	Information services			
100	Salaries	22,000	7,904	14,096
200	Employee benefits	1,377	2,167	(790)
		<u>23,377</u>	<u>10,071</u>	<u>13,306</u>
264	Staff services			
100	Salaries	88,641	88,640	1
200	Employee benefits	35,843	40,232	(4,389)
300	Purchased services	12,339	10,386	1,953
400	Supplies and materials	4,909	3,187	1,722
600	Other objects	1,124	383	741
		<u>142,856</u>	<u>142,828</u>	<u>28</u>
266	Technology and data processing services			
100	Salaries	251,731	258,660	(6,929)
200	Employee benefits	73,391	96,207	(22,816)
300	Purchased services	68,274	199,709	(131,435)
400	Supplies and materials	16,498	1,019	15,479
600	Other objects	-	1,177	(1,177)
		<u>409,894</u>	<u>556,772</u>	<u>(146,878)</u>
	Total central support services	<u>576,127</u>	<u>709,671</u>	<u>(133,544)</u>
270	Support services pupil activity			
271	Pupil services activities			
100	Salaries	195,192	212,611	(17,419)
200	Employee benefits	43,793	54,429	(10,636)
300	Purchased services	-	6,300	(6,300)
600	Other objects	15,000	17,483	(2,483)
		<u>253,985</u>	<u>290,823</u>	<u>(36,838)</u>
	Total support services pupil activity	<u>253,985</u>	<u>290,823</u>	<u>(36,838)</u>
	Total support services	<u>12,108,583</u>	<u>12,670,907</u>	<u>(562,324)</u>
<b>410</b>	<b>INTERGOVERNMENTAL EXPENDITURES</b>			
411	Payments to the State Department of Education			
720	Transits	70,000	52,473	17,527
412	Payments to the Other Governmental Units			
720	Transits	-	42,369	(42,369)
	Total intergovernmental expenditures	<u>70,000</u>	<u>94,842</u>	<u>(24,842)</u>
	Total expenditures	<u>29,766,932</u>	<u>29,827,551</u>	<u>(60,619)</u>

**School District of Edgefield County**

*Required Supplementary Information*

*Schedule 1 - Budgetary Comparison Schedule - General Fund, Continued*

*For the fiscal year ended June 30, 2018*

	<b>Budgeted Amounts Original and Final</b>	<b>Actual</b>	<b>Variance with Final Budget</b>
<b>EXPENDITURES, Continued</b>			
<b>OTHER FINANCING SOURCES (USES)</b>			
5300 Sale of fixed assets	-	11,606	11,606
<b>Interfund transfers, from (to) other funds</b>			
5230 Transfer from special revenue EIA fund	772,414	812,661	40,247
5280 Transfer from other funds indirect cost	20,000	23,000	3,000
5400 Proceeds from Long-Term Notes	-	89,013	89,013
421-710 Transfer to special revenue fund	(150,000)	(283,588)	(133,588)
422-710 Transfer to special revenue EIA fund	(110,000)	(197,308)	(87,308)
425-710 Transfer to food service fund	(230,000)	(234,482)	(4,482)
Total other financing sources	<u>302,414</u>	<u>220,902</u>	<u>(81,512)</u>
Excess of revenues and other financing sources over expenditures and other financing uses	<u>\$ 253,288</u>	<u>854,176</u>	<u>\$ 600,888</u>
<b>FUND BALANCE, beginning of year</b>		<u>4,091,002</u>	
<b>FUND BALANCE, end of year</b>		<u>\$ 4,945,178</u>	

## School District of Edgefield County

### Required Supplementary Information

#### Schedule 2 - Schedule of Changes in Net OPEB Liability and Related Ratios Multiyear

For the year ended June 30, 2018

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
<b>Total OPEB liability</b>										
Service cost	\$ 1,538,048	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Interest	1,146,391	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Changes of benefit terms	-	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Net investment income	-	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Plan administrative expenses	-	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Difference between expected and actual experience	(17,172)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Changes of assumptions	(3,722,875)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Benefit payments	(1,047,677)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
<b>Net change in total OPEB liability</b>	<b>(2,103,285)</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>
<b>Total OPEB liability-beginning</b>	<b>39,014,863</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>
<b>Total OPEB liability-ending (a)</b>	<b>\$ 36,911,578</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>
<b>Plan fiduciary net position</b>										
Employer contributions	\$ 1,036,649	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Nonemployer contributing entities	199,687	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
OPEB plan net investment income	33,891	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Benefit payments	(1,047,677)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
OPEB plan administrative expense	(25)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Other	22	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
<b>Net change in plan fiduciary net position</b>	<b>\$ 222,546</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>
<b>Plan fiduciary net position-beginning</b>	<b>2,584,153</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>
<b>Plan fiduciary net position-ending (b)</b>	<b>\$ 2,806,699</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>
<b>Net OPEB liability-ending (a)-(b)</b>	<b>\$ 34,104,879</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>
<b>Plan fiduciary net position as a percentage of total OPEB liability</b>	<b>7.6%</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>
<b>Covered employee payroll</b>	<b>\$ 21,233,111</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>
<b>Net OPEB liability as a percentage of covered-employee payroll</b>	<b>160.62%</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>

This schedule is presented to illustrate the requirements to show information for 10 years. Information for years before 2018 was unavailable.

**School District of Edgefield County**

*Required Supplementary Information*

**Schedule 3 - Schedule of the District's Proportionate Share of the Net Pension Liability**

**For the fiscal year ended June 30, 2018**

	<b>SCRS</b>			
	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
District's proportion of the net pension liability	0.20668%	0.21360%	0.22017%	0.22957%
District's proportionate share of the net pension liability	<u>\$ 46,526,090</u>	<u>\$ 45,624,858</u>	<u>\$ 41,756,871</u>	<u>\$ 39,524,515</u>
District's covered payroll during the measurement period	<u>\$ 21,233,111</u>	<u>\$ 21,023,844</u>	<u>\$ 20,913,294</u>	<u>\$ 21,115,763</u>
District's proportionate share of the net pension liability as a percentage of its covered payroll	219.12046%	217.01482%	199.66664%	187.18014%
Plan fiduciary net position as a percentage of the total pension liability	53.34%	52.91%	56.99%	59.92%
	<b>PORS</b>			
	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
District's proportion of the net pension liability	0.00000%	0.00000%	0.00003%	0.00000%
District's proportionate share of the net pension liability	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 719</u>	<u>\$ -</u>
District's covered payroll during the measurement period	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 414</u>	<u>\$ -</u>
District's proportionate share of the net pension liability as a percentage of its covered payroll	0.00000%	0.00000%	173.67150%	0.00000%
Plan fiduciary net position as a percentage of the total pension liability	60.90%	60.44%	64.57%	67.55%

Note: Data unavailable for years prior to 2014



**School District of Edgefield County**

*Required Supplementary Information*

*Schedule 4 - Schedule of the District's Contributions*

*For the fiscal year ended June 30, 2018*

	SCRS									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Contractually required contribution	\$ 2,767,218	\$ 2,410,856	\$ 2,287,693	\$ 2,250,182	\$ 2,209,260	N/A	N/A	N/A	N/A	N/A
Contributions in relation to the contractually required contribution	2,767,218	2,410,856	2,287,693	2,250,182	2,209,260	N/A	N/A	N/A	N/A	N/A
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	N/A	N/A	N/A	N/A	N/A
District's covered payroll	\$ 20,635,482	\$ 21,233,111	\$ 21,023,844	\$ 20,913,294	\$ 21,115,763	N/A	N/A	N/A	N/A	N/A
Contributions as a percentage of covered payroll	13.41000%	11.35423%	10.88142%	10.75958%	10.46261%	N/A	N/A	N/A	N/A	N/A
	PORS									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Contractually required contribution	\$ -	\$ -	\$ -	\$ 56	\$ -	N/A	N/A	N/A	N/A	N/A
Contributions in relation to the contractually required contribution	-	-	-	56	-	N/A	N/A	N/A	N/A	N/A
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	N/A	N/A	N/A	N/A	N/A
District's covered payroll	\$ -	\$ -	\$ -	\$ 414	\$ -	N/A	N/A	N/A	N/A	N/A
Contributions as a percentage of covered payroll	0.00000%	0.00000%	0.00000%	13.52657%	0.00000%	N/A	N/A	N/A	N/A	N/A

Note: Data unavailable for years prior to 2014

**School District of Edgefield County**

*Schedule A-1 - Special Revenue Fund*

*Combining Schedule of Revenues, Expenditures and Changes in Fund Balance*

*For the fiscal year ended June 30, 2018*

	Title I (201/202)	IDEA (203)	Preschool Handi- capped (205)	CATE (207)	Adult Education (243)	Other Designated Restricted State Grants* (900s)	Other Special Revenue Programs* (200s/800s)	Total
<b>REVENUES</b>								
1000	Revenues from local sources							
1900	Other revenue from local sources							
	1930	Special needs transportation-Medicaid	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 235,586
		Total local sources	-	-	-	-	-	235,586
2000	Intergovernmental revenue							
2100	Payments from other government units							
		Total intergovernmental revenue	-	-	-	40,896	4,372	45,268
3000	Revenues from state sources							
3100	Restricted state funding							
3110	Occupational education							
	3118	EEDA career specialists	-	-	-	141,459	-	141,459
3120	General education							
	3127	Student health and fitness	-	-	-	33,355	-	33,355
3130	Special programs							
	3134	Child development education pilot program	-	-	-	42,608	-	42,608
	3135	Reading coaches	-	-	-	229,457	-	229,457
	3136	Student health and fitness	-	-	-	108,766	-	108,766
3150	Adult education							
	3156	Adult Education	-	-	-	833	-	833
3190	Miscellaneous restricted state grants							
	3193	Education license plates	-	-	-	791	-	791
	3199	Other restricted state grants	-	-	-	6,031	550	6,581
3600	Education lottery act revenue							
	3630	K-12 technology initiative	-	-	-	78,755	-	78,755
		Total state sources	-	-	-	642,055	550	642,605
4000	Revenues from federal sources							
4200	Occupational education							
	4210	Vocational aid, Title I	-	-	54,892	-	-	54,892
4300	Elementary and Secondary Education Act of 1965							
	4310	Title I	958,097	-	-	-	50,000	1,008,097
	4312	Rural and low-income school	-	-	-	-	63,291	63,291
	4341	Language Instruction for Limited English Proficient and Immigrant Students, Title III	-	-	-	-	4,297	4,297
	4351	Improving teacher quality	-	-	-	-	141,989	141,989
	4353	Teacher Incentive Fund (TIF) 4	-	-	-	-	163,702	163,702
4400	Adult education							
	4410	Basic adult education	-	-	-	64,907	-	64,907
4500	Programs for children with disabilities							
	4510	IDEA	-	972,725	-	-	-	972,725
	4520	Pre-School Grants	-	-	38,313	-	-	38,313
4900	Other federal sources							
	4997	Title IV SSAE	-	-	-	-	25,058	25,058
	4999	Revenue from other federal sources	-	-	-	-	42,967	42,967
		Total federal sources	958,097	972,725	38,313	54,892	64,907	491,304
		Total revenue all sources	958,097	972,725	38,313	54,892	64,907	682,951
								731,812
								3,503,697

**School District of Edgefield County**

*Schedule A-1 - Special Revenue Fund*

*Combining Schedule of Revenues, Expenditures and Changes in Fund Balance, Continued*

*For the fiscal year ended June 30, 2018*

		Title I (201/202)	IDEA (203)	Preschool Handi- capped (205)	CATE (207)	Adult Education (243)	Other Designated Restricted State Grants* (900s)	Other Special Revenue Programs* (200s/800s)	Total
<b>EXPENDITURES</b>									
<b>100 INSTRUCTION</b>									
110	General instruction								
112	Primary programs								
100	Salaries	39,931	-	-	-	-	-	96,346	136,277
200	Employee benefits	18,139	-	-	-	-	-	38,038	56,177
113	Elementary programs								
100	Salaries	450,618	-	-	-	-	3,372	27,410	481,400
200	Employee benefits	151,093	-	-	-	-	29,983	6,615	187,691
300	Purchased services	47,666	-	-	-	-	-	-	47,666
400	Supplies and materials	145,567	-	-	-	-	6,707	109,330	261,604
114	High school programs								
100	Salaries	-	-	-	-	-	-	125,113	125,113
200	Employee benefits	-	-	-	-	-	-	34,728	34,728
400	Supplies and materials	-	-	-	-	-	-	5,029	5,029
115	Career and technical programs								
300	Purchased services	-	-	-	25,679	-	-	-	25,679
400	Supplies and materials	-	-	-	19,638	-	-	-	19,638
120	Exceptional programs								
121	Educable mentally handicapped								
100	Salaries	-	102,653	-	-	-	-	-	102,653
200	Employee benefits	-	61,323	-	-	-	-	-	61,323
400	Supplies and materials	-	-	-	-	-	-	168	168
122	Trainable mentally handicapped								
100	Salaries	-	21,176	-	-	-	-	-	21,176
200	Employee benefits	-	4,197	-	-	-	-	-	4,197
123	Orthopedically handicapped								
100	Salaries	-	12,633	-	-	-	-	-	12,633
200	Employee benefits	-	7,569	-	-	-	-	-	7,569
126	Speech handicapped								
100	Salaries	-	147,011	-	-	-	-	-	147,011
200	Employee benefits	-	63,768	-	-	-	-	-	63,768
300	Purchased services	-	65,013	-	-	-	-	80,013	145,026
400	Supplies and materials	-	-	-	-	-	-	283	283
127	Learning disabilities								
100	Salaries	-	179,425	-	-	-	-	-	179,425
200	Employee benefits	-	46,025	-	-	-	-	192	46,217
300	Purchased services	-	-	-	-	-	-	1,968	1,968
400	Supplies and materials	-	-	-	-	-	-	22,460	22,460

**School District of Edgefield County**

*Schedule A-1 - Special Revenue Fund*

*Combining Schedule of Revenues, Expenditures and Changes in Fund Balance, Continued*

*For the fiscal year ended June 30, 2018*

		Title I (201/202)	IDEA (203)	Preschool Handi- capped (205)	CATE (207)	Adult Education (243)	Other Designated Restricted State Grants* (900s)	Other Special Revenue Programs* (200s/800s)	Total
<b>EXPENDITURES, Continued</b>									
<b>100 INSTRUCTION, Continued</b>									
130	Pre-school programs								
137	Pre-school handicapped - Self-contained								
100	Salaries	-	-	38,313	-	-	-	-	38,313
400	Supplies and materials	-	-	-	-	-	-	54	54
139	Early childhood programs								
100	Salaries	-	-	-	-	-	21,689	-	21,689
200	Employee benefits	-	-	-	-	-	1,577	-	1,577
400	Supplies and materials	-	-	-	-	-	13,578	-	13,578
140	Special programs								
147	CDEP								
300	Purchased services	-	-	-	-	-	10,262	-	10,262
400	Supplies and materials	-	-	-	-	-	32,346	-	32,346
149	Other special programs								
100	Salaries	-	-	-	-	-	-	19,539	19,539
200	Employee benefits	-	-	-	-	-	-	5,090	5,090
300	Purchased services	-	2,295	-	-	-	-	-	2,295
400	Supplies and materials	-	12,085	-	-	-	-	-	12,085
170	Summer school programs								
172	Elementary summer school								
100	Salaries	-	-	-	-	-	90	-	90
200	Employee benefits	-	-	-	-	-	25	-	25
175	Instructional programs beyond regular school day								
100	Salaries	-	6,136	-	-	-	-	-	6,136
200	Employee benefits	-	1,210	-	-	-	-	-	1,210
180	Adult continuing education programs								
181	Adult basic education programs								
100	Salaries	-	-	-	-	29,700	-	-	29,700
200	Employee benefits	-	-	-	-	4,933	-	-	4,933
400	Supplies and materials	-	-	-	-	3,059	-	-	3,059
182	Adult secondary education programs								
100	Salaries	-	-	-	-	16,000	-	-	16,000
200	Employee benefits	-	-	-	-	4,000	-	-	4,000
400	Supplies and materials	-	-	-	-	500	-	-	500
188	Parenting/family literacy								
400	Supplies and materials	4,316	-	-	-	-	-	-	4,316
Total instruction		857,330	732,519	38,313	45,317	58,192	119,629	572,376	2,423,676

**School District of Edgefield County**

*Schedule A-1 - Special Revenue Fund*

*Combining Schedule of Revenues, Expenditures and Changes in Fund Balance, Continued*

*For the fiscal year ended June 30, 2018*

		Title I (201/202)	IDEA (203)	Preschool Handi- capped (205)	CATE (207)	Adult Education (243)	Other Designated Restricted State Grants* (900s)	Other Special Revenue Programs* (200s/800s)	Total
<b>EXPENDITURES, Continued</b>									
<b>200 SUPPORT SERVICES</b>									
210	Pupil services								
212	Guidance services								
100	Salaries	-	-	-	-	-	105,208	-	105,208
200	Employee benefits	-	-	-	-	-	36,251	-	36,251
213	Health services								
100	Salaries	-	-	-	-	-	67,092	2,500	69,592
200	Employee benefits	-	-	-	-	-	41,674	675	42,349
400	Supplies and materials	-	-	-	-	-	-	409	409
214	Psychological services								
300	Purchased services	-	16,269	-	-	-	-	-	16,269
400	Supplies and materials	-	-	-	-	-	-	469	469
220	Instructional staff services								
221	Improvement of instruction - curriculum development								
100	Salaries	-	-	-	-	-	252,176	187,731	439,907
200	Employee benefits	-	-	-	-	-	98,934	13,517	112,451
300	Purchased services	3,288	-	-	-	1,000	-	-	4,288
400	Supplies and materials	-	-	-	-	2,810	-	-	2,810
223	Supervision of special programs								
100	Salaries	48,237	100,430	-	-	2,000	-	5,146	155,813
200	Employee benefits	14,784	36,558	-	-	-	-	1,328	52,670
300	Purchased services	5,475	-	-	9,000	-	-	2,114	16,589
400	Supplies and materials	4,529	-	-	-	905	833	1,775	8,042
224	Improvement of instruction - inservice and staff training								
200	Employee benefits	-	-	-	-	-	-	3,573	3,573
300	Purchased services	-	-	-	575	-	-	31,867	32,442
400	Supplies and materials	-	-	-	-	-	-	13,847	13,847
250	Finance and operations services								
251	Student transportation								
100	Salaries	1,210	62,446	-	-	-	-	-	63,656
200	Employee benefits	404	12,503	-	-	-	-	8,652	21,559
300	Purchased services	-	12,000	-	-	-	-	600	12,600
255	Student transportation								
100	Salaries	-	-	-	-	-	60	25,241	25,301
200	Employee benefits	-	-	-	-	-	17	150	167
300	Purchased services	-	-	-	-	-	3,975	15,320	19,295
260	Central Support Services								
266	Technology and data processing services								
400	Supplies and materials	-	-	-	-	-	78,755	-	78,755
270	Support services - pupil activity								
271	Pupil service activities								
300	Purchased services	1,300	-	-	-	-	-	-	1,300
400	Supplies and materials	-	-	-	-	-	-	4,997	4,997
	Total support services	79,227	240,206	-	9,575	6,715	684,975	319,911	1,340,609
	Total expenditures	936,557	972,725	38,313	54,892	64,907	804,604	892,287	3,764,285

**School District of Edgefield County**

*Schedule A-1 - Special Revenue Fund*

*Combining Schedule of Revenues, Expenditures and Changes in Fund Balance, Continued*

*For the fiscal year ended June 30, 2018*

	Title I (201/202)	IDEA (203)	Preschool Handi- capped (205)	CATE (207)	Adult Education (243)	Other Designated Restricted State Grants* (900s)	Other Special Revenue Programs* (200s/800s)	Total
<b>OTHER FINANCING SOURCES (USES)</b>								
Interfund transfers from (to) other funds								
5210 Transfer from general fund	1,460	-	-	-	-	121,653	160,475	283,588
431-791 Special revenue indirect costs	(23,000)	-	-	-	-	-	-	(23,000)
Total other financing sources (uses)	(21,540)	-	-	-	-	121,653	160,475	260,588
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	-	-	-	-	-	-	-	-
<b>FUND BALANCE, beginning of year</b>	-	-	-	-	-	-	-	-
<b>FUND BALANCE, end of year</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

\* Listing of LEA subfund codes and titles included in these columns are as follows:

Other Restricted State Grants

- 919 Education license plates
- 924 CDEPP
- 926 Summer reading camps
- 928 EEDA Career specialists
- 935 Reading coaches
- 936 Student health and fitness - nurses
- 937 Student health and fitness
- 955 DSS SNAP & E&T program
- 963 K-12 technology initiative
- 980 First steps family literacy program

Other Special Revenue Grants

- 238 Title I support
- 262 Teacher incentive fund 4
- 264 Title III ESL
- 267 Title II NCLB
- 268 TAP grant
- 272 Navy Junior ROTC
- 299 Medicaid

809 Pupil with disabilities

## School District of Edgefield County

### Schedule A-3 - EIA Combined Schedule of Revenues, Expenditures and Changes in Fund Balance

For the fiscal year ended June 30, 2018

	<u>Total</u>
<b>REVENUES</b>	
3000 Revenue from state sources	
3500 Education Improvement Act:	
3502 Adept	\$ 2,816
3507 Aid to Districts-Technology	62,397
3511 Professional Development	17,685
3512 Technology Professional Development	12,533
3518 Formative Assessment	19,731
3519 Grade 10 Assessments	4,378
3525 Career and Technology Education Equipment	21,107
3526 EIA Science Kit Refurbishment	12,632
3528 Industry Certificates	32,423
3529 Career and Technology Education	78,344
3532 National Board Certification (NBC) Salary Supplement	65,946
3533 Teacher of the year awards	1,077
3538 Students at risk of school failure	486,314
3541 Child development education program (CDEP)	498,998
3550 Teacher salary increase	699,397
3555 School employer contributions	113,264
3556 Adult education	182,410
3557 Summer reading program	34,266
3558 Reading	22,324
3577 Teacher supplies	73,975
3578 High schools that work	3,527
3589 Maintenance of state financial support (MES) Tier II	380,707
3594 EEDA supplemental programs	131,646
3595 EEDA homework center awards	13,235
3597 Aid to districts	63,553
Total revenue from state sources	<u>3,034,685</u>

**School District of Edgefield County**

*Schedule A-2 - Special Revenue Fund*

*Summary Schedule for Designated Restricted State Grants*

*For the year ended June 30, 2018*

<u>Subfund</u>	<u>Revenue</u>	<u>Programs</u>	<u>Revenues</u>	<u>Expenditures</u>	<u>Transfers In (Out)</u>	<u>Unearned Revenue</u>
919	3193	Education license plates	\$ 791	\$ 791	\$ -	\$ 749
924	3134	Child development education pilot program	42,608	42,608	-	-
926	3177	Summer reading camps	6,031	6,031	-	-
928	3118	EEDA Career specialists	141,459	141,459	-	-
935	3135	Reading coaches	229,457	351,110	121,653	15,497
936	3136	Student health and fitness	108,766	108,766	-	-
937	3127	Student health and fitness	33,355	33,355	-	-
956	3156	Adult Education	833	833	-	11,099
963	3630	K-12 technology initiative	78,755	78,755	-	-
980	2100	First steps family literacy program	40,896	40,896	-	-
			<u>\$ 682,951</u>	<u>\$ 804,604</u>	<u>\$ 121,653</u>	<u>\$ 27,345</u>



# School District of Edgefield County

## Schedule A-3 - EIA Combined Schedule of Revenues, Expenditures and Changes in Fund Balance, Continued

For the fiscal year ended June 30, 2018

### EXPENDITURES

#### 100 INSTRUCTION

110	General instruction		
112	Primary programs		
100	Salaries	\$	15,000
200	Employee benefits		4,203
300	Purchased services		941
400	Supplies and materials		11,811
			<u>31,955</u>
113	Elementary programs		
100	Salaries		138,295
200	Employee benefits		46,649
300	Purchased services		700
400	Supplies and materials		77,774
600	Other objects		3,000
			<u>266,418</u>
114	High school programs		
100	Salaries		135,035
200	Employee benefits		54,073
300	Purchased services		30,570
400	Supplies and materials		33,176
			<u>252,854</u>
115	Career and technical development		
300	Purchased services		7,154
400	Supplies and materials		107,535
500	Capital Outlay		5,000
			<u>119,689</u>
120	Exceptional programs		
126	Speech handicapped		
400	Supplies and materials		10,000
			<u>10,000</u>
127	Learning disabilities		
300	Purchased services		1,000
400	Supplies and materials		192,364
			<u>193,364</u>
139	Early childhood programs		
300	Purchased services		991
400	Supplies and materials		126
			<u>1,117</u>
140	Special programs		
147	CDEEP		
100	Salaries		462,195
200	Employee Benefits		225,202
300	Purchased services		3,655
400	Supplies and materials		4,677
			<u>695,729</u>
149	Other Special Programs		
400	Supplies and materials		16,900
			<u>16,900</u>

# School District of Edgefield County

## Schedule A-3 - EIA Combined Schedule of Revenues, Expenditures and Changes in Fund Balance, Continued

For the fiscal year ended June 30, 2018

<b>EXPENDITURES, Continued</b>		
<b>100 INSTRUCTION, Continued</b>		
170 Summer school program		
172 Elementary summer school		
100 Salaries		20,745
200 Employee benefits		5,717
		<u>26,462</u>
180 Adult/continuing educational programs		
181 Adult basic education programs		
100 Salaries		17,556
200 Employee benefits		5,325
400 Supplies and materials		5,018
		<u>27,899</u>
182 Adult secondary education programs		
100 Salaries		3,537
200 Employee benefits		1,077
400 Supplies and materials		4,610
		<u>9,224</u>
188 Parenting/family literacy		
200 Employee benefits		9
300 Purchased services		496
400 Supplies and materials		2,230
		<u>2,735</u>
	Total instruction	<u>1,654,346</u>
<b>200 SUPPORT SERVICES</b>		
210 Pupil Services		
211 Attendance and Social Work Services		
100 Salaries		54,166
200 Employee Benefits		20,533
		<u>74,699</u>
212 Guidance Services		
100 Salaries		17,617
200 Employee Benefits		1,549
300 Purchased services		4,464
400 Supplies and materials		10,247
		<u>33,877</u>
213 Health services		
300 Purchased services		26,938
400 Supplies and materials		308
		<u>27,246</u>
214 Psychological services		
400 Supplies and materials		10,000
		<u>10,000</u>
220 Instructional staff services		
221 Improvement of instruction - curriculum development		
100 Salaries		19,272
200 Employee benefits		6,987
300 Purchased services		102,876
400 Supplies and materials		49,143
		<u>178,278</u>

# School District of Edgefield County

## Schedule A-3 - EIA Combined Schedule of Revenues, Expenditures and Changes in Fund Balance, Continued

For the fiscal year ended June 30, 2018

### EXPENDITURES, Continued

#### 200 SUPPORT SERVICES, Continued

220	Instructional staff services, Continued		
223	Supervision of special programs		
100	Salaries	115,745	
200	Employee benefits	38,459	
300	Purchased services	2,977	
400	Supplies and materials	19,330	
		<u>176,511</u>	
224	Improvement of instruction - inservice and staff training		
100	Salaries	1,812	
200	Employee benefits	701	
300	Purchased services	6,285	
400	Supplies and materials	500	
		<u>9,298</u>	
230	General administrative services		
231	Board of education		
200	Employee benefits	398	
600	Other objects	679	
		<u>1,077</u>	
250	Finance and operation services		
258	Security		
300	Purchased services	6,000	
		<u>6,000</u>	
260	Central support services		
263	Information services		
100	Salaries	7,192	
200	Employee benefits	1,965	
400	Supplies and materials	1,048	
		<u>10,205</u>	
264	Staff services		
300	Purchased services	4,000	
		<u>4,000</u>	
266	Technology and Data Processing Services		
300	Purchased services	7,642	
400	Supplies and materials	220,336	
		<u>227,978</u>	
270	Support Services-Pupil Activity		
271	Pupil Service Activities		
100	Salaries (Optional)	3,887	
200	Employee Benefits (Optional)	1,300	
300	Purchased Services (Optional)	630	
		<u>5,817</u>	
	Total support services	<u>764,986</u>	
	Total expenditures	<u>2,419,332</u>	

---

**School District of Edgefield County****Schedule A-3 - EIA Combined Schedule of Revenues, Expenditures and Changes in Fund Balance, Continued****For the fiscal year ended June 30, 2018**

---

**OTHER FINANCING SOURCES (USES)**

Interfund transfers from (to) other funds

5210 Transfer from general fund 197,308

420-710 Transfer to general fund (812,661)Total other financing sources/(uses) (615,353)Excess of revenues over expenditures and  
other financing uses -**FUND BALANCE, beginning of year** -**FUND BALANCE, end of year** \$ -

**School District of Edgefield County**

*Schedule A-4 - EIA Summary Schedule by Program*

*For the fiscal year ended June 30, 2018*

	<u>Revenues</u>	<u>Expenditures</u>	<u>Transfers In/(Out)</u>	<u>Unearned Revenue</u>
3500 Education Improvement Act				
3502 Adept	\$ 2,816	\$ 2,816	\$ -	\$ -
3507 Aid to districts-technology	62,397	62,397	-	640
3511 Professional development	17,685	17,685	-	29,736
3512 Technology professional development	12,533	12,533	-	-
3518 Formative assessment	19,731	19,731	-	-
3519 Grade 10 assessments	4,378	4,378	-	-
3525 Career and technology education equipment	21,107	21,107	-	-
3526 Science kit refurbishment	12,632	12,632	-	19,387
3528 Industry certificates	32,423	32,423	-	14,266
3529 Career and technology education	78,344	78,344	-	2,680
3532 National Board Certification (NBC) Salary Supplement	65,946	66,523	577	-
3533 Teacher of the year awards	1,077	1,077	-	-
3538 Students at risk of school failure	486,314	486,314	-	288,246
3541 Child development education program (CDEP)	498,998	695,729	196,731	-
3550 Teacher salary increase	699,397	-	(699,397)	-
3555 School employer contributions	113,264	-	(113,264)	-
3556 Adult education	182,410	182,410	-	10,239
3557 Summer reading program	34,266	34,266	-	9,008
3558 Reading	22,324	22,324	-	12,152
3577 Teacher supplies	73,975	73,975	-	-
3578 High schools that work	3,527	3,527	-	-
3589 Maintenance of state financial support (MES) tier II	380,707	380,707	-	211,299
3594 EEDA supplemental programs	131,646	131,646	-	-
3595 EEDA homework center awards	13,235	13,235	-	2,313
3597 Aid to districts	63,553	63,553	-	57,417
3599 Other EIA	-	-	-	126,237
	<u>\$ 3,034,685</u>	<u>\$ 2,419,332</u>	<u>\$ (615,353)</u>	<u>\$ 783,620</u>
Total				

# School District of Edgefield County

## Schedule B - School Building Fund

### Schedule of Revenues, Expenditures and Changes in Fund Balance

For the fiscal year ended June 30, 2018

<b>REVENUES</b>			
1000	Revenue from local sources		
1500	Earnings on investments		
	1510 Interest on investments	\$	1,358
1900	Other revenue from local sources		
	Total local sources		<u>1,358</u>
	Total revenue all sources		<u>1,358</u>
<b>EXPENDITURES</b>			
210	Pupil services		
213	Health services		
	400 Supplies and materials		15,014
	Total pupil services		<u>15,014</u>
250	Finance and operations		
253	Facilities acquisition and construction services		
	500 Capital outlay		
	520 Construction services		100,574
	530 Improvements other than buildings		53,351
	540 Equipment		52,027
	545 Technology equipment and software		38,992
254	Operation and maintenance of plant		
	500 Capital outlay		7,667
258	Security		
	500 Capital outlay		125,802
	Total finance and operations		<u>378,413</u>
	Total expenditures		<u>393,427</u>
500	Debt Services		
	690 Other objects (includes fees for servicing bonds)		27,061
	Total debt service		<u>27,061</u>
	<b>Interfund Transfers</b>		
	5240 Transfer from debt service fund		423,000
	Total other financing sources		<u>423,000</u>
	Excess of revenues over expenditures		3,870
	<b>FUND BALANCE, beginning of year</b>		<u>-</u>
	<b>FUND BALANCE, end of year</b>	\$	<u><u>3,870</u></u>

# School District of Edgefield County

## Schedule C - Debt Service Fund

### Schedule of Revenues, Expenditures and Changes in Fund Balance

For the fiscal year ended June 30, 2018

<b>REVENUES</b>			
1000	Revenue from local sources		
1100	Taxes		
1110	Ad valorem taxes, including delinquent taxes	\$	1,768,297
1140	Penalties and interest on taxes		95,431
1500	Earnings on investments		
1510	Interest on investments		8,295
	Total local sources		<u>1,872,023</u>
3000	Revenue from state sources		
3800	State revenue in lieu of taxes		
3820	Homestead exemption		98,210
3830	Merchants inventory tax		6,578
3840	Manufacturer's depreciation reimbursement		26,555
3890	Other state property tax revenues		21,909
	Total state sources		<u>153,252</u>
	Total revenue all sources		<u>2,025,275</u>
<b>EXPENDITURES</b>			
500	Debt service		
610	Redemption of principal		1,755,000
620	Interest		126,352
690	Other objects		647
	Total debt service		<u>1,881,999</u>
	Total expenditures		<u>1,881,999</u>
<b>OTHER FINANCING SOURCES</b>			
	<b>Interfund transfers from (to) other funds</b>		
424-710	Transfer to school building fund		<u>(423,000)</u>
	Total other financing sources		<u>(423,000)</u>
	Deficiency of revenues under expenditures		(279,724)
	<b>FUND BALANCE, beginning of year</b>		<u>810,794</u>
	<b>FUND BALANCE, end of year</b>	<b>\$</b>	<b><u>531,070</u></b>

# School District of Edgefield County

## Schedule D - Food Service Fund

### Schedule of Revenues, Expenses and Changes in Net Position

For the fiscal year ended June 30, 2018

<b>REVENUES</b>			
1000	Revenue from local sources		
1500	Earnings on investments		
	1510 Interest on investments	\$	21,079
1600	Food services		
	1610 Lunch sales to pupils		136,949
	1630 Special sales to pupils		240,407
	1640 Lunch sales to adults		36,516
	1650 Breakfast sales to adults		1,799
	1660 Special sales to adults		25,713
1900	Other revenue from local sources		
	1999 Revenue from other local sources		10,147
	Total local sources		<u>472,610</u>
3000	Revenue from state sources		
3100	Restricted state funding		
	3140 School lunch		
	3142 Program aid		159
3900	Other state revenue		
	3994 PEBA Nonemployer contributions		11,022
	Total state sources		<u>11,181</u>
4000	Revenue from federal sources		
4800	USDA reimbursements		
	4810 School lunch and after school snacks program		983,168
	4830 School breakfast program		394,650
	4850 Cash in lieu of USDA commodities		120,981
	4880 Summer feeding programs (SFSP)		9,153
	Total federal sources		<u>1,507,952</u>
	Total revenue all sources		<u>1,991,743</u>
<b>EXPENDITURES</b>			
250	Finance and operations services		
256	Food service		
	100 Salaries		837,828
	200 Employee benefits		499,642
	300 Purchased services		58,266
	400 Supplies and materials		1,034,708
	500 Capital outlay		26,987
	600 Other		6,154
	Total support services		<u>2,463,585</u>
<b>400 OTHER CHARGES</b>			
	419 Payments from PEBA Nonemployer contributions		49,657
	Total intergovernmental expenditures		<u>49,657</u>
	Total expenditures		2,513,242
<b>OTHER FINANCING SOURCES</b>			
<b>Interfund transfers from (to) other funds</b>			
5210	Transfer from general fund		234,482
	Change in net position		<u>(287,017)</u>
<b>NET POSITION (DEFICIT), beginning of year</b>			(1,926,341)
<b>RESTATEMENT, SEE NOTE 16</b>			<u>(1,953,679)</u>
<b>NET POSITION, (DEFICIT) BEGINNING OF YEAR, AS RESTATED</b>			<u>(3,880,020)</u>
<b>NET POSITION (DEFICIT), end of year</b>		\$	<u><b>(4,167,037)</b></u>

*This schedule is presented in the format prescribed by the South Carolina Department of Education which varies in presentation from Exhibits 7 and 8.*



---

**School District of Edgefield County****Schedule E - Agency Funds - Student Activities****Schedule of Receipts, Disbursements and Changes in Due to Student Organizations****For the year ended June 30, 2018**

---

**RECEIPTS**

1000	Revenues from local sources	
1700	Pupil activities	
1790	Other	\$ 1,652,100
	Total revenues	<u>1,652,100</u>

**DISBURSEMENTS**

270	Supporting services pupil activity	
273	Trust and agency activities	
660	Enterprise activities	<u>1,675,153</u>
	Total disbursements	<u>1,675,153</u>
	Excess of receipts over disbursements	(23,053)

**DUE TO STUDENT ORGANIZATIONS, beginning of year** 559,492

**DUE TO STUDENT ORGANIZATIONS, end of year** \$ 536,439

*This schedule is presented in the format prescribed by the South Carolina Department of Education.*

**School District of Edgefield County**

*Schedule F - Agency Fund - Student Activities*

*Schedule of Receipts, Disbursements and Changes in Due to Student Organizations by Schools*

*For the fiscal year ended June 30, 2018*

	Due to student organizations July 1, 2017	Receipts	Disbursements	Excess of receipts over (under) disbursements	Due to student organizations June 30, 2018
Strom Thurmond High School	\$ 219,279	\$ 534,491	\$ 559,099	\$ (24,608)	\$ 194,671
Strom Thurmond Vocational	66,303	216,033	199,296	16,737	83,040
J.E.T. Middle	71,365	211,473	228,825	(17,352)	54,013
Merriwether Middle	40,541	190,558	194,678	(4,120)	36,421
Johnston Elementary	38,345	69,154	68,571	583	38,928
W.E. Parker Elementary	46,967	145,744	146,698	(954)	46,013
Douglas Elementary	11,912	43,760	43,792	(32)	11,880
Merriwether Elementary	64,780	240,887	234,194	6,693	71,473
	<u>\$ 559,492</u>	<u>\$ 1,652,100</u>	<u>\$ 1,675,153</u>	<u>\$ (23,053)</u>	<u>\$ 536,439</u>

---

**School District of Edgefield County***Schedule G - Detailed Schedule of Due to**State Department of Education/Federal Government**June 30, 2018*

---

<u>Program</u>	<u>Grant or project number</u>	<u>Revenue code</u>	<u>Amount due</u>	<u>Status of Amount due</u>
Improving Teacher Quality	2018 Title II	4351	\$ 3,764.00	Unpaid

---

## School District of Edgefield County

### Schedule H - Location Reconciliation Schedule

For the year ended June 30, 2018

---

01 Districtwide	Non-Schools	Central	\$ 11,156,513
02 Strom Thurmond High School	High Schools	School	6,790,161
03 Douglas Elementary	Elementary Schools	School	3,055,333
05 Johnston Elementary	Elementary Schools	School	3,118,353
07 W.E. Parker Elementary	Elementary Schools	School	4,343,442
08 Merriwether Elementary	Elementary Schools	School	5,150,142
09 J.E.T. Middle	Middle Schools	School	4,041,759
10 Merriwether Middle	Middle Schools	School	3,087,516
95 Strom Thurmond Vocational	Other Schools	Central	1,709,174
			<u>\$ 42,452,393</u>

General Fund	\$ 29,827,551
Special Revenue Fund	3,764,285
Special Revenue EIA Fund	2,419,332
Debt Service Fund	1,881,999
Capital Projects Fund	420,488
Proprietary Fund	2,463,585
Trust and Agency Fund	1,675,153
	<u>\$ 42,452,393</u>



**Independent Auditor’s Report on Internal Control Over Financial Reporting  
and on Compliance and Other Matters Based on an Audit of Financial  
Statements Performed in Accordance With *Government Auditing Standards***

Board of Trustees  
School District of Edgefield County  
Edgefield, South Carolina

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of School District of Edgefield County (the District) as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the District’s basic financial statements, and have issued our report thereon dated November 30, 2018.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the District’s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District’s internal control. Accordingly, we do not express an opinion on the effectiveness of the District’s internal control.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity’s financial statements will not be prevented or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify one deficiency in internal control (2018-001), described in the accompanying schedule of findings and questioned costs that we consider to be a material weakness.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

### **District's response to Findings**

The District's response to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The District's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Manley Garwin, LLC". The signature is written in a cursive style and is positioned above a light gray rectangular box.

Greenwood, South Carolina  
November 30, 2018



**Independent Auditor’s Report on Compliance for Each Major  
Federal Program and Report on Internal Control Over Compliance  
Required by the Uniform Guidance**

Board of Trustees  
School District of Edgefield County  
Edgefield, South Carolina

**Report on Compliance for Each Major Federal Program**

We have audited the School District of Edgefield County’s (the District) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the District’s major federal programs for the year ended June 30, 2018. The District’s major federal programs are identified in the summary of auditor’s results section of the accompanying schedule of findings and questioned costs.

***Management’s Responsibility***

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

***Auditor’s Responsibility***

Our responsibility is to express an opinion on compliance for each of the District’s major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the District’s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the District’s compliance.

***Opinion on Each Major Federal Program***

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2018

## Report on Internal Control Over Compliance

Management of the District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



Greenwood, South Carolina  
November 30, 2018



# School District of Edgefield County

## Schedule of Expenditures of Federal Awards

For the fiscal year ended June 30, 2018

LEA Subfund Code	Federal grantor/ Pass-through grantor/ Program title	Federal CFDA number	Pass through grantor's number	Total expenditures
<b><u>United States Department of Education</u></b>				
Passed through South Carolina Department of Education:				
Title I, Part A Cluster				
201	Title I	84.010	H63010100118	\$ 958,097
238	Title I Support	84.010	H63010100117	50,000
	Total Title I, Part A Cluster			<u>1,008,097</u>
Special Education Cluster				
203	Individuals with Disabilities Education Act (IDEA)	84.027	H63010100918	972,725
205	IDEA Preschool Grants	84.173	H63010100818	38,313
	Total Special Education Cluster			<u>1,011,038</u>
State Fiscal Stabilization Cluster				
207	Occupational Education	84.048	H63010107118	54,892
210	Title IV, Part A, Student Support and Academic Enrichment Program	84.424	H63010100318	25,058
243	Adult Education	84.002	H63010101018	64,907
251	Rural Education Achievement Program-REAP, Title VI	84.358B	H63010007018	63,291
262	Teacher Incentive Fund (TIF) 4	84.374B	H63010013813	163,702
264	Title III ESL	84.365	H63010006718	4,297
267	Improving Teacher Quality	84.367	H63010006817, H63010006818	141,989
	Total State Fiscal Stabilization Cluster			<u>518,136</u>
	<b>Total U.S. Department of Education</b>			<b><u>2,537,271</u></b>
<b><u>United States Department of Agriculture</u></b>				
Passed through South Carolina Department of Education:				
Child Nutrition Cluster				
600	School breakfast program - cash assistance	10.553	N/A	394,650
600	School lunch program - Cash assistance	10.555	N/A	1,113,302
	Total Child Nutrition Cluster			<u>1,507,952</u>
Direct program				
100	U.S. Forest Commission Revenues	10.666	N/A	56,282
	<b>Total U.S. Department of Agriculture</b>			<b><u>1,564,234</u></b>
<b>Other Federal Assistance</b>				
Passed through South Carolina Office of Regulatory Staff:				
100	ARRA - State Energy Program	81.041	N/A	89,013
<b>United States Department of Defense</b>				
Direct program				
272	Naval Junior ROTC	12.990	N/A	42,967
	<b>Total United States Department of Energy</b>			<u>131,980</u>
	<b>Total Other Federal Assistance</b>			<u>131,980</u>
	<b>Total Federal Assistance Expended</b>			<b><u>\$ 4,233,485</u></b>

See notes to schedule of expenditures of federal awards.

---

## School District of Edgefield County

### Notes to Schedule of Expenditures of Federal Awards For the year ended June 30, 2018

---

#### A. BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of the District under programs of the federal government for the year ended June 30, 2018. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position, changes in net assets or cash flows of the District.

#### B. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

#### C. LOANS OUTSTANDING

The District had the following loan balances outstanding at June 30, 2018. Loans made during the year are included in the federal expenditures presented in the schedule.

<u>Program Title</u>	<u>Federal CFDA Number</u>	<u>Amount Outstanding</u>
State Energy Program	81.041	\$ 623,090

**School District of Edgefield County**  
*Schedule of Findings and Questioned Costs*  
*For the year ended June 30, 2018*

---

**Section I. Summary of Auditor's Results**

Financial Statements

Type of auditor's report issued:

Unmodified

Internal control over financial reporting:

- Material weakness(es) identified?   X   yes        no
- Significant deficiency(ies) identified?        yes   X   none reported

Noncompliance material to financial statements noted?

       yes   X   no

Federal Awards

Internal control over major federal programs:

- Material weakness(es) identified?        yes   X   no
- Significant deficiency(ies) identified?        yes   X   none reported

Type of auditor's report issued on compliance for major federal programs:

Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?

       yes   X   no

Identification of major federal programs:

<u>CFDA #</u>	<u>Program / Cluster Name</u>
84.010	Title I, Part A, Grants to Local Education Agencies
84.027, 84.173	Special Education Cluster, IDEA and IDEA Preschool

Dollar threshold used to distinguish between Type A and Type B Programs:

\$750,000

Auditee qualified as low-risk auditee?

       yes   X   no

**School District of Edgefield County**  
*Schedule of Findings and Questioned Costs, Continued*  
*For the year ended June 30, 2018*

---

**Section II. Financial Statement Findings**

**2018 Financial Statement Findings**

2018-001: Payroll Accrual

Condition:	The District did not properly record the payroll accrual at year end. The misstatement was material to the financial statements.
Criteria:	Payrolls should be recorded in the year they are earned.
Effect:	Accrued payroll and cash were materially understated.
Cause:	The District's internal control over payroll and recording of payroll accrual did not function to ensure proper recording and reporting.
Recommendation:	We recommend the District review its internal control procedures for payroll to ensure proper recording and reporting under generally accepted accounting principles.
Response:	We agree with the recommendation and will review internal controls over payroll and recording of payroll accruals to ensure all agreements are reviewed in detail to ensure proper recording and reporting under generally accepted accounting principles.

---

**School District of Edgefield County**  
*Schedule of Findings and Questioned Costs, Continued*  
*For the year ended June 30, 2018*

---

**Section III. Federal Award Questioned Costs & Findings**

None

---

## School District of Edgefield County

### Summary Schedule of Prior Audit Findings

For the year ended June 30, 2018

---

#### 2017 Financial Statement Findings

2017-001: Loan proceeds and related expenditures

Condition:

The District did not record the proceeds from a loan agreement in the appropriate other financing source account. Instead, the District netted the proceeds against the capital outlay related to the expenditure of the funds.

Criteria:

Proceeds from the issuance of a loan agreement should be reported as other financing source. Expenditure of such funds should be recorded in the appropriate capital outlay account.

Effect:

Other financing sources and capital outlay were understated.

Cause:

The District's internal control over issuance of debt and recording of debt proceeds did not function to ensure proper recording and reporting for proceeds of issuance of the loan agreement.

Recommendation:

We recommend the District review its internal control procedures for issuance of debt and recording of debt proceeds to ensure proper recording and reporting under generally accepted accounting principles.

Current Status:

The finding was not repeated in the current year.

---

## School District of Edgefield County

### *Summary Schedule of Prior Audit Findings, Continued* *For the year ended June 30, 2018*

---

2017-002: Grant Compliance

Information on the federal program:

81.041 State Energy program ARRA

Criteria or specific requirement:

Internal controls should be in place to ensure that all compliance requirements are adhered to for each federal program/award.

Condition:

The district failed to follow the compliance requirement related to procurement of vendors for the award noted above.

Context:

All expenditures related to the award noted above were paid to one vendor. The District failed to follow its procurement policy in selecting the vendor based on previous experience with the vendor.

Effect:

All expenditures related to the award noted above procured outside of the compliance requirement.

Cause:

The District failed to follow its procurement policy in selecting the vendor based on previous experience with the vendor.

Recommendation:

We recommend District personnel review and revise procedures necessary to ensure proper controls are in place related to any applicable laws/regulations/compliance requirements.

Current Status:

The finding was not repeated in the current year.