

COMPREHENSIVE  
ANNUAL FINANCIAL REPORT  
OF THE  
BEAUFORT COUNTY SCHOOL DISTRICT  
BEAUFORT, SOUTH CAROLINA

FOR THE YEAR ENDED  
JUNE 30, 2018

PREPARED BY:  
The Finance Department  
Herbert Berg, Ed.D., Interim Superintendent

## INTRODUCTORY SECTION

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# Beaufort County School District

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## ***Beaufort County School District 2018 Board Members***

### **Earl Campbell Chair**

District 1 (Term 2013-2020)  
93 Bruce Smalls, Grays Hill  
P.O. Box 768, Lobeco, SC 29931  
(H) 843-846-4531  
(C) 843-476-7512

### **Geri Kinton Vice Chair**

District 5 (Term 2013-2018)  
134 Collin Campbell  
Beaufort, SC 29906  
(H) 843-846-2366

### **Bill Payne Secretary**

District 10 (Term 2013-2018)  
20 Sunningdale Lane  
Hilton Head Island, SC 29926  
(H) 843-682-3285  
(C) 310-600-0873



### **David Striebinger**

District 2 (Term 2016-2018)  
161 Sea Pines Drive  
St. Helena, SC 29920  
(H) 843-694-7743

### **Cynthia Gregory - Smalls**

District 3 (Term 2016-2018)  
P.O. Box 506  
St. Helena Island, SC 29920  
(H) 843-838-5445

### **Joseph Dunkle**

District 4 (Term 2014-2018)  
P.O. Box 71  
Port Royal, SC 29901  
(H) 843-321-9031

### **John Dowling**

District 6 (Term 2017-2022)  
27 Cypress Run  
Bluffton, SC 29909  
(H) 843-290-8068

### **Evva Anderson**

District 7 (Term 2013-2018)  
P.O. Box 1491  
Bluffton, SC 29910  
(H) 843-683-0680

### **Mary Cordray**

District 8 (Term 2013-2018)  
21 Spindle Lane  
Hilton Head Island, SC 29926  
(H) 843-681-9838  
(C) 803-312-1196

### **Christina Gwozdz**

District 9 (Term 2016-2020)  
77 Gascoigne Bluff Rd  
Bluffton, SC 29910  
(H) 843-636-8555

### **JoAnn Orischak**

District 11 (Term 2013-2020)  
29 Long Brow Road  
Hilton Head Island, SC 29928  
(H) 843-338-1737

## **BEAUFORT COUNTY SCHOOL DISTRICT**

### **Administrative Office**

2900 Mink Point Boulevard  
Beaufort, South Carolina 29902

### **Senior Management**

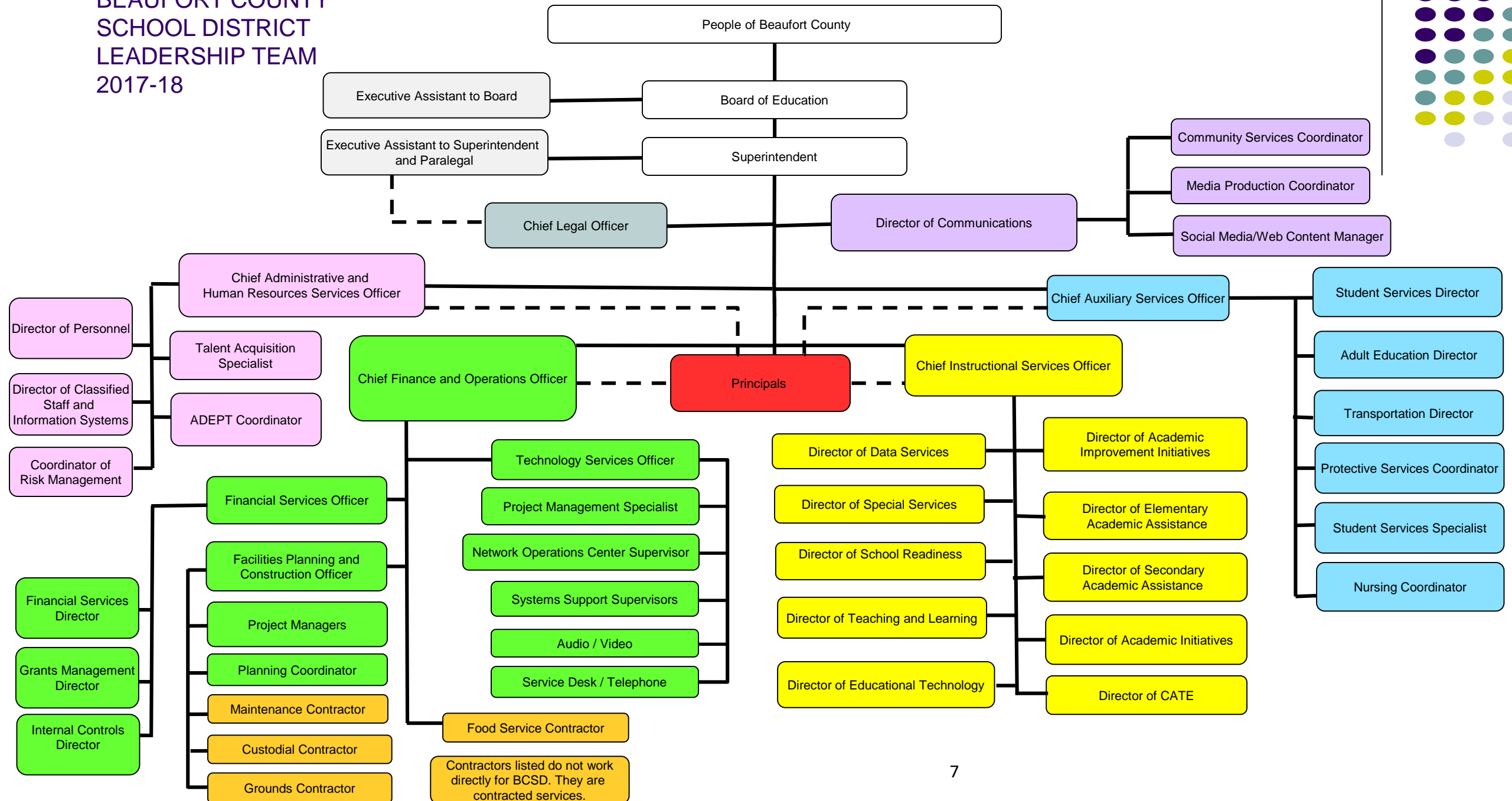
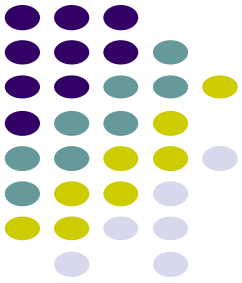
Herbert Berg, Ed.D.	Interim Superintendent
Ms. Wendy Cartledge	Chief Legal Officer
Ms. Bonnie Almond	Chief Instructional Services Officer
Ms. Tonya Crosby, CPA, CGFO	Chief Financial Officer
Ms. Alice Walton	Chief Administrative and Human Resource Services Officer
Mr. Robert Oetting	Chief Operations Officer

### **Officials Issuing Report**

Ms. Tonya Crosby, CPA, CGFO, Chief Financial Officer  
Mr. William Saunders, Jr., CPA, Financial Services Officer



# BEAUFORT COUNTY SCHOOL DISTRICT LEADERSHIP TEAM 2017-18





November 30, 2018

To the Members of the Beaufort County Board of Education  
And Citizens of Beaufort County, South Carolina:

We are pleased to present the Comprehensive Annual Financial Report of the Beaufort County School District ("BCSD" or the "School District") for the fiscal year ended June 30, 2018.

This report consists of management's representations concerning the finances of the District. Management assumes full responsibility for the completeness and reliability of all the information presented in this report. Management has established a comprehensive internal control framework. Internal accounting controls are designed to provide reasonable assurance that assets are properly safeguarded and accounted for, and to ensure the reliability of accounting information for preparing financial statements in conformity with generally accepted accounting principles (GAAP). The concept of reasonable assurance recognizes that the cost of a control should not exceed the benefits likely to be derived, and the valuation of costs and benefits requires estimates and judgments by management. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The District's financial statements have been audited by Elliott Davis, LLC, an independent firm of certified public accountants. The independent auditor's report is presented as the first component of the financial section of this report. The District also is required to undergo a federally mandated "Single Audit" designed to meet the special needs of federal grantor agencies. In addition to reporting on the fair presentation of the financial statements, the single audit places special emphasis on internal controls and legal requirements involved in the administration of federal awards. These reports are available in the District's separately issued Single Audit Report located in the Single Audit Section of this document.

GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. BCSD's MD&A can be found immediately following the report of independent auditors.

### **Relevant Financial Policies**

The majority of the School District's financial policies endorsed by the Board of Education policies and regulations remain unchanged: organize and optimize resources for improved academic results; deliver high academic results at a low student cost; evaluate the use of resources for applicability to goals of the Board of Education's strategic plan; provide financial accountability and transparency to the citizens of Beaufort County; and carefully manage indebtedness and debt service. The Board of Education has a fund balance policy in compliance with Government Accounting Standards Board (GASB) 54.

The District uses zero-based budgeting as a tool to manage its exposure to rising costs and to assure spending efficiencies. Innovative approaches to continuous improvement are employed to streamline processes and eliminate waste, and to measure process performance in meeting the goals of the Board of Education's strategic plan.

### **Profile of the District**

Beaufort County School District serves approximately 22,000 students. Located along the Atlantic Ocean, its area covers 587 square miles including 64 major islands and thousands of small islands in the state's southeastern corner. Beaufort County is characterized by isolated small towns, islands, and farming communities.

Beaufort County School District has 17 elementary schools, 2 pre-K-8 schools, 6 middle schools, 6 high schools, 1 charter school, 1 alternative school and 1 career center shared with neighboring Jasper County. It serves students in pre-kindergarten through grade 12 and includes programs such as: Montessori education, alternative education programs, English for Speakers of Other Languages (ESOL), vocational education, adult education, Science Technology Engineering and Math (STEM), Junior ROTC, and aeronautical engineering among others. In addition, two magnet programs, Advanced Math, Engineering and Science (AMES), have been established within two of our elementary schools, as well as a dual high school and college program at Whale Branch Early College High School. The School District also partners with Beaufort-Jasper EOC Head Start to serve children ages birth to five years old.

The School District is governed by the Board of Education (the "Board") which consists of eleven members elected from single member districts. The chief executive officer is the Interim Superintendent of Schools, Herbert Berg, Ed.D., appointed by and responsible to the Board. An updated organizational chart of the management of the District is included in the Introductory Section.

The District does not have fiscal autonomy from Beaufort County. The County Council (an eleven member council) reviews our budget requests for reasonableness and levies the mills necessary in compliance with State Act 388 to insure sufficient tax revenue is generated. Funds are appropriated on an annual basis for the general operating fund.

### **Factors Affecting Financial Conditions**

**Local Economy** - The School District receives approximately 62% of its operating budget from Beaufort County. The remaining 38% is primarily received from the State; 53% of which is funded through sales tax reimbursement as a part of Act 388. Until this year, the District's state support has increased because of a change in the Education Finance Act (EFA) funding formula and an increase in enrollment. An increase in taxpaying ability resulted in a reduction in EFA funding for the 2017-2018 fiscal year. Prior to the enactment of Act 388 in 2006, our local support was as high as 91%.

According to the 2017 Census estimates, Beaufort County has grown by 15.2% since the 2010 Census, making it the fifth fastest growing county in the state. The other four counties that grew faster during that period were Horry at 23.8%, Berkeley at 22.5%, Lancaster at 20.7%, and York at 17.9%. Since the 2010 Census, the student population has grown by 11% based on enrollment projected for the 2018-2019 school year.

The District also continues to derive economic benefits from the presence and expansion of military facilities, including the U.S. Marine Corps Recruit Depot, the Marine Corps Air Station and the Beaufort Naval Hospital. The military facilities provide steady employment despite the poor economic times. The U.S. Marine Corps Recruit Depot at Parris Island, the Marine Corps Air Station-Beaufort, and the Beaufort Naval Hospital are all located within the County. Currently, the Marine Corps Air Station-Beaufort consists of more than 700 Marines and Sailors along with 600 civilian personnel who ensure approximately 3,400 personnel of Marine Air Group 31 and its component squadrons and tenant units are readily deployable. In 2009, Beaufort City Council signed a resolution supporting the Department of Defense's proposal to locate up to 11 joint strike fighter jets at the Air Station beginning in 2013.

At the U.S. Marine Corps Recruit Depot, there are over 4,700 military and non-military personnel in our local area supporting the over 20,000 recruits. In 2013, the total economic impact was estimated at approximately \$403 million with more than 976 direct jobs on or near the installation at any given time.

Tourism is the major industry in Beaufort County. In 2016, tourists spent approximately \$1.6 billion in Beaufort County, according to a report by Regional Transactions Concepts, LLC entitled "Estimated Impact of Beaufort County Tourism in 2015." In 2015, tourism was responsible for 17,208 jobs, and approximately \$15 million in net revenues for local governments. This figure excludes revenue generated by state and local accommodations tax, local hospitality and recreation taxes. Almost 10% of the total amount spent by tourists in all of South Carolina's 46 counties in 2014 was spent in Beaufort County.

Total retail sales were up 6.6% in 2017. Countywide, the number of residential new construction permits increased from 2016 to 2017 by 39%, the first increase in two years. A large number of residences are currently under construction, particularly in the Bluffton area.

The county's unemployment rate at 3.3% remains below the State of South Carolina's rate of 3.5% as of June 2018. The rate decreased by 0.7% from the prior year. The presence of the military bases and the growth in tourism have contributed to this drop.

The list of major taxpayers in the County has remained virtually unchanged. The top ten taxpayers primarily include five local utility companies and a few major resorts.

The most recent available information shows the County has a median family income of \$59,227 for calendar 2016. This income level continually ranks the County as one of the highest in the State and is above national levels.

Despite having a very high median family income, the number of students eligible for free and reduced price meals has increased from 50% to 56% since 2010. To assist families in our community, we applied for and were granted permission from the USDA to declare eight schools Community Eligible Program schools. Under this program, all students in the schools receive free breakfast and lunch meals. Wherever high poverty conditions exist, it puts an increased financial burden on our community and schools.

**Long-Term Financial Planning** - The Board's fund balance policy requirements are the guide for long-term financial planning. The Board's policy requires our fund balance stay within 13% to 15% of the next year's expenditures. This guidance is a critical component for long-range financial planning.

Five-year operating budget projections are updated each year, used as a starting point for budget discussion and planning, and revised each year to reflect trends and factors affecting enrollment. In addition, ten-year capital and debt plans are updated annually to ensure financial stability while meeting the facility needs of the District.

**Major Initiatives** - The top priorities for FY 2018 were teacher recruitment/retention and safety. The District implemented a \$1,000 locality supplement in 2015-16 as an incentive to offset the high cost of living in our county, especially in the area of Hilton Head Island. The goal is to increase this supplement by \$1,000 each year for five years until the starting teacher salary reaches \$40,000.

Safety and security are also in the forefront of all conversations within the School District. School Resources Officers, hand-held metal detectors, radios, cameras, and crossing guards were some of the topics identified high priority to ensure the safety of students and staff.

**Enrollment** - Student enrollment has been on the rise since 2009, averaging 1.6% per year over the last ten years. The growth has totaled 6.3% over the past four years indicating an improvement in our local economy. Enrollment at the 45<sup>th</sup> day of 2018-2019 has reached over 22,000 students, an increase of 158 students since the prior year.

The face of our community is changing as demonstrated by our demographics. Since 2009, our Hispanic population has increased from 18.2% to 26.8% of the total student population (from 3,517 to 5,950). This represents a growth of 69% over a ten-year period. Our school district currently has 40% Caucasian, 27% African American, 27% Hispanic and 6% other.

### **Accomplishments and Awards**

**Academic Achievements** - The District's on-time high school graduation rate for the Class of 2018 was 86 percent, the seventh consecutive improvement and an all-time high, up nearly 8 percentage points from just five years ago.

The District's SAT score has improved by 61 points over the past five years, and African-American seniors have reduced the achievement gap with white seniors by improving their scores by 87 points while white students improved by 30 points.

Graduating seniors in the Class of 2018 earned more than \$42 million in college scholarships, the sixth consecutive increase and an all-time high, up from \$27.8 million five years ago.

Eight district schools- more than any other South Carolina school district - have earned prestigious STEM (Science, Technology, Engineering and Math) certification from AdvancED. All eight were approved after their initial applications, giving district schools a "perfect" record in seeking and achieving STEM certification.

The School District has created “schools of choice” in all attendance zones. Parents can apply to send their children to any academic program in the School District, regardless of where they live. For the 2018-19 year, more than 3,500 students are enrolled in schools outside their attendance zones.

The Connect2Learn program has put a mobile computer in the hands of every student.

The district has added 260 full-day prekindergarten slots, which has allowed schools to reduce or even eliminate waiting lists of at-risk children who need focused attention before they start classes. The district earned the Champions for Children Award from the Institute of Child Success for its efforts to improve early childhood education.

The School District’s total number of school volunteers has increased from 1,300 to more than 7,200 in the last four years.

**Financial Reporting Awards** - Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Beaufort County School District for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2017. This was the twenty-seventh consecutive year that the district has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe our current comprehensive annual financial report continues to meet the Certificate of Achievement Program’s requirements and we are submitting it to GFOA to determine its eligibility for another certificate.

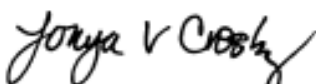
In addition to the award for excellence in financial reporting, the district has not had a negative finding in any of its annual independent audits in the past 18 years.

### **Acknowledgements**

We wish to express our appreciation to the entire staff of the Finance Department whose dedicated efforts have enabled this report to be prepared on a timely basis.

In closing, sincere gratitude is expressed to the Board of Education for their leadership and dedication to the Beaufort County School District, its taxpayers, employees, and most importantly, its students. To the citizens of the Beaufort County School District, please accept our gratitude for your support of our successful school district.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Tonya V Crosby". The signature is fluid and cursive, with a large initial 'T' and 'C'.

Tonya V. Crosby, CPA  
Chief Financial Officer



Government Finance Officers Association

**Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting**

Presented to

**Beaufort County School District  
South Carolina**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**June 30, 2017**

*Christopher P. Morill*

Executive Director/CEO

## FINANCIAL SECTION



## **Independent Auditor's Report**

Members of the Beaufort County Board of Education  
Beaufort County School District  
Beaufort, South Carolina

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Beaufort County School District (the School District) as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the School 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 of America. 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.

## **Opinion**

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, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the School 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 15 to the financial statements, the School District adopted the provisions of Governmental Accounting Standards Board Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions (OPEB)*, effective June 30, 2017. Our opinion is not modified with respect to this matter.

## **Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, pension schedules, OPEB schedules and budgetary comparison schedules, 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 an opinion on the financial statements that collectively comprise the School District's basic financial statements. The introductory section, the statistical section, the other supplementary schedules, as listed in the Table of Contents, and the accompanying 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*, is not a required part of the basic financial statements.

The other supplementary schedules and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the 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 information is fairly stated in all material respects in relation to the financial statements taken as a whole.

The introductory and statistical sections have not been subjected to auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated November 28, 2018, on our consideration of the School 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 School District's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Elliott Davis, LLC". The signature is written in a cursive, flowing style.

Charleston, South Carolina  
November 28, 2018

## Beaufort County School District

### *Management's Discussion and Analysis*

*For the fiscal year ended June 30, 2018*

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As management of the Beaufort County School District (the School District), we offer readers of the Beaufort County School District's financial statements this narrative overview and analysis of the financial activities for the fiscal year ended June 30, 2018. Management encourages the readers to consider the information presented in this discussion in conjunction with additional information that is presented as part of this report. Readers are directed to the transmittal letter, financial statements, notes to the financial statements and statistical information to enhance their understanding of the School District's financial performance.

### **Financial Highlights**

**Implementation of New Accounting Standard** - The School District implemented Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions (OPEB)*, in the fiscal year ended June 30, 2018. The implementation of the statement required the School District to record a beginning net OPEB liability and the effects on unrestricted net position of contributions made by the School District during the measurement period (fiscal year ended June 30, 2017). To the extent practical, in the first period that this Statement is applied, changes made to comply with this Statement should be reported as an adjustment of prior periods, and financial statements presented for the periods affected should be restated. If restatement of all prior periods presented is not practical, the cumulative effect of applying this Statement, if any, should be reported as a restatement of beginning net position for the earliest period restated. In such circumstances, beginning balances for deferred inflows of resources and deferred outflows of resources related to OPEB should not be reported. Since the information for the restatement of beginning balances of deferred inflows of resources or deferred outflows of resources is not available for the earliest period presented, the cumulative effect of the Statement implementation will be shown as a restatement to ending net position as of June 30, 2017. As a result, ending net position for the School District as of June 30, 2017 decreased by \$210,394,930. This decrease resulted in the cumulative restatement of net position to a deficit balance of \$142,987,914 as of June 30, 2017.

**Net Position** - The School District's total net position (as reported on the government-wide Statement of Net Position) as of June 30, 2018, was \$-144.6 million. This amount reflects a decrease of \$212.0 million which is primarily attributable to an increase in net OPEB obligation.

**Revenues, Other Financing Sources and Expenditures** - Governmental revenues totaled \$314.3 million, other financing sources/(uses) totaled \$30.8 million, and expenditures totaled \$340.3 million for all Governmental Funds at the fund level. Fund balances increased by \$4.8 million. This is largely attributable to positive budget variances within the general fund. General obligation bonds were issued in FY 2018 to be used for repair and maintenance of School District facilities.

**General Fund/Fund Balance** - The School District's principal operating fund, the General Fund, had \$228.5 million in revenues and other financing sources and \$225.2 million in expenditures and other financing uses, resulting in a net increase in fund balance of \$3.4 million. This resulted in the General Fund's fund balance increasing from \$36.2 million to \$39.6 million or 16.4% of budgeted FY 2019 general fund expenditures.

**General Fund Budget** - Local tax collections exceeded the amount budgeted by \$3.9 million. State revenues in the General Fund also exceeded the amount budgeted by \$1.6 million primarily due to the receipt of the unbudgeted "PEBA on behalf payment". The original budget was designed with a planned deficit of \$4.2 million; however, due to a surplus in local property tax collections and state revenue, \$3.4 million was added to fund balance.

## Beaufort County School District

### *Management's Discussion and Analysis*

*For the fiscal year ended June 30, 2018*

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**Debt** - The School District sold \$28.6 million of general obligation bonds in FY 2018. New bonds were issued to fund the major capital improvements on existing schools. The fund balance of the Debt Service Fund increased by \$1.2 million to a total of \$16.0 million. This increase in fund balance was planned to maintain the debt service fund balance within the desired range for reserves.

**Major Capital Additions** - The School District's capital assets for governmental activities decreased by \$4.7 million or 1%. This is largely attributable to the current year's depreciation exceeding the cost of construction or renovation of schools.

**Proprietary Funds** - The Enterprise Fund, the School District's Food Service Fund, ended the year with an increase in net position of \$310,298. This increase is primarily due to an increase in revenue. The Internal Service Fund, used as an Insurance Reserve Fund, had an increase in fund balance of \$104,520 to a net position of \$1,019,332. The increase is attributable to the receipt of insurance proceeds received during the fiscal year.

### **Overview of the Financial Statements**

This annual report consists of three parts: management's discussion and analysis (this section), the basic financial statements, and required supplementary information. This discussion and analysis is intended to serve as an introduction to the School District's basic financial statements. The School District's basic financial statements consist of three parts: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

**Government-wide Financial Statements** - The government-wide financial statements (Statement of Net Position and Statement of Activities) are designed to provide readers with a broad overview of the School District's finances, in a manner similar to a private-sector business. Short-term and long-term information about the School District's overall financial status is provided in these statements. These statements use the economic resources measurement focus and the accrual basis of accounting used by most private-sector companies. This basis of accounting recognizes revenue when earned, and expenses are recorded when an obligation has been incurred.

The government-wide financial statements include not only the School District itself (known as the primary government), but also the component unit Riverview Charter School, a charter school sponsored by the School District. Financial information for the charter school is reported separately from the financial information presented for the primary government itself. Additional information on the School District's component unit can be found on page 42.

The Statement of Net Position and Statement of Activities report the School District's net position and changes in net position. This change in net position is important because it tells the reader that, for the School District as a whole, the financial position of the School District has improved or diminished. In the Statement of Net Position and the Statement of Activities, the School District is divided into two distinct kinds of activities:

**Governmental Activities** - Most of the School District's programs and services are reported here including instruction, support services, operation and maintenance of plant, pupil transportation and extracurricular activities.

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## Beaufort County School District

### *Management's Discussion and Analysis*

*For the fiscal year ended June 30, 2018*

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**Business-Type Activities** - These services are provided on a charge for goods or services basis to recover all of the expenses of the goods or services provided. The School District's food service activities are reported as business activities.

The Statement of Net Position presents information on all of the School District's assets plus deferred outflows, and liabilities plus deferred inflows (except for those related to fiduciary funds), with the difference between the two reported as net position. Over time, increases and decreases in net position may serve as a useful indicator of whether the financial position of the School District is improving or deteriorating.

The Statement of Activities presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (i.e. uncollected taxes and earned but unused vacation leave).

Both government-wide financial statements distinguish functions of the School District that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the School District include general fund, special revenue fund, EIA fund, debt service, capital projects, and the internal service fund. The business-type activities of the School District include the food service fund.

The government-wide financial statements can be found on pages 31 and 32 of this report.

**Fund Financial Statements** - A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The School District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the School District can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

**Governmental funds** - Most of the School District's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for near-term spending. These funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting, which recognizes revenue when it is measurable and available, and expenses are recorded when the related fund liability is incurred. Consequently, the governmental funds statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the School District's education programs. The relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is reconciled in the financial statements.

**Proprietary funds** - Services for which the School District charges a fee are generally reported in proprietary funds. Proprietary funds use the economic resources measurement focus and the accrual basis of accounting. The School District's food service fund and the internal service fund are the only proprietary funds.

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## Beaufort County School District

### *Management's Discussion and Analysis*

*For the fiscal year ended June 30, 2018*

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***Fiduciary funds*** - The School District is the trustee, or fiduciary, for assets that belong to others. The School District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. The School District excludes these activities from the government-wide financial statements because it cannot use these assets to finance its operations. The School District's Student Activities Fund is the only fiduciary fund. Fiduciary funds use the economic resources measurement focus and the accrual basis of accounting.

***Notes to the financial statements*** - The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 41 to 85.

***Other supplemental information*** - In addition to the basic financial statements and accompanying notes, this report also presents certain required supplemental information that further supports the financial statements with a comparison of the School District's budget for the year and other supplementary information schedules required either by the State Department of Education or the Certificate-of-Excellence program of the Government Finance Officers Association.

### **Government-Wide Financial Analysis**

The condensed Statement Of Net Position describes the financial position of the School District on June 30, 2018. In the case of the School District's Primary Government, assets and deferred outflows of resources were exceeded by liabilities and deferred inflows of resources by \$144.6 million.

The largest portion of the School District's net position reflects its investment in capital assets (e.g. land, buildings, machinery, and equipment), less any related debt used to acquire those assets that is still outstanding. The School District uses these capital assets to provide services to students; consequently, these assets are not available for future spending. Although net investment in its capital assets is reported, 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 increase in net investment in capital assets of \$15.3 million (7.0%) is due to current-year capital expenditures offset by the depreciation for ongoing capital projects and reductions in long-term debt.

## Beaufort County School District

### Management's Discussion and Analysis

For the fiscal year ended June 30, 2018

Unrestricted net position, the portion of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements, decreased \$255.5 million (152.6%) from a \$167.4 million deficit at June 30, 2017, to a \$422.9 million deficit at June 30, 2018. The primary cause of the decrease in unrestricted net position is the increase in net OPEB obligation required by the implementation of GASB 75. A summary of the School District's net position for 2018 compared to 2017 is presented below:

Condensed Statement of Net Position							
	Governmental activities		Business-type activities		Total School District		Total percent change
	2017	2018	2017	2018	2017	2018	2017-18
Current and other assets	\$ 120,713,126	\$ 130,789,003	\$ 1,435,458	\$ 2,857,611	\$ 122,148,584	\$ 133,646,614	9.4%
Capital assets	520,523,631	515,850,709	2,164,530	2,254,971	522,688,161	518,105,680	-0.9%
<b>Total assets</b>	<b>641,236,757</b>	<b>646,639,712</b>	<b>3,599,988</b>	<b>5,112,582</b>	<b>644,836,745</b>	<b>651,752,294</b>	<b>1.1%</b>
<b>Deferred outflows of resources</b>	<b>45,671,892</b>	<b>73,464,987</b>	<b>111,489</b>	<b>181,042</b>	<b>45,783,381</b>	<b>73,646,029</b>	<b>60.9%</b>
Current liabilities	79,756,403	88,801,262	514,561	1,718,673	80,270,964	90,519,935	12.8%
Long-term liabilities	538,881,371	743,217,532	712,207	1,260,454	539,593,578	744,477,986	38.0%
<b>Total liabilities</b>	<b>618,637,774</b>	<b>832,018,794</b>	<b>1,226,768</b>	<b>2,979,127</b>	<b>619,864,542</b>	<b>834,997,921</b>	<b>34.7%</b>
<b>Deferred inflows of resources</b>	<b>3,338,932</b>	<b>34,939,859</b>	<b>9,636</b>	<b>94,072</b>	<b>3,348,568</b>	<b>35,033,931</b>	<b>946.2%</b>
Net position							
Net investment in capital assets	217,792,997	233,115,201	2,164,530	2,254,971	219,957,527	235,370,172	7.0%
Restricted for:							
Capital projects	26,587,366	26,856,298	-	-	26,587,366	26,856,298	1.0%
Debt service	14,834,821	16,063,798	-	-	14,834,821	16,063,798	8.3%
Unrestricted	(194,283,211)	(422,889,252)	310,543	(34,546)	(193,972,668)	(422,923,798)	118.0%
<b>Total net position</b>	<b>\$ 64,931,973</b>	<b>\$ (146,853,955)</b>	<b>\$ 2,475,073</b>	<b>\$ 2,220,425</b>	<b>\$ 67,407,046</b>	<b>\$ (144,633,530)</b>	<b>-314.6%</b>



**Beaufort County School District**  
**Management's Discussion and Analysis**  
**For the fiscal year ended June 30, 2018**

The following table presents a summary of the changes in net position for the fiscal year ended June 30, 2018:

Changes in Net Position							
	Governmental activities		Business-type activities		Total School District		Total percent change
	2017	2018	2017	2018	2017	2018	2017-18
<b>REVENUES</b>							
<u>Program revenues</u>							
Charges for sales and services	\$ 30,794	\$ 29,205	\$ 1,747,524	\$ 1,801,526	\$ 1,778,318	\$ 1,830,731	2.9%
Operating grants and contributions	56,304,680	51,750,456	7,993,920	8,786,844	64,298,600	60,537,300	-5.8%
Capital grants and contributions	1,966,192	-	-	-	1,966,192	-	-100.0%
<u>General revenues</u>							
Property taxes	191,962,980	197,909,041	-	-	191,962,980	197,909,041	3.1%
Federal and state formula aid	56,498,536	57,301,376	-	-	56,498,536	57,301,376	1.4%
Other	1,940,649	3,543,921	1,349	2,089	1,941,998	3,546,010	82.6%
Total revenues	308,703,831	310,533,999	9,742,793	10,590,459	318,446,624	321,124,458	0.8%
<b>EXPENSES</b>							
Instruction	144,311,491	149,776,278	-	-	144,311,491	149,776,278	3.8%
Support services	123,339,053	143,204,186	-	-	123,339,053	143,204,186	16.1%
Community services	389,610	276,218	-	-	389,610	276,218	-29.1%
Payments to charter schools and other governmental units	5,264,197	6,235,844	121,461	-	5,385,658	6,235,844	15.8%
Interest and other charges	7,660,445	12,989,483	-	-	7,660,445	12,989,483	69.6%
Food service	-	-	9,513,331	10,288,065	9,513,331	10,288,065	8.1%
Total expenses	280,964,796	312,482,009	9,634,792	10,288,065	290,599,588	322,770,074	11.1%
Excess (deficiency) before transfers	27,739,035	(1,948,010)	108,001	302,394	27,847,036	(1,645,616)	-105.9%
Transfers	2,951	(7,904)	(2,951)	7,904	-	-	0.0%
Increase in net position	27,741,986	(1,955,914)	105,050	310,298	27,847,036	(1,645,616)	-105.9%
Net position, beginning of year	37,189,957	64,931,943	2,370,023	2,475,073	39,559,980	67,407,016	70.4%
Restatement for GASB 75	-	(209,829,984)	-	(564,946)	-	(210,394,930)	0.0%
Net position, beginning of year as restated	-	(144,898,041)	-	1,910,127	-	(142,987,914)	0.0%
Net position, end of year	\$ 64,931,943	\$ (146,853,955)	\$ 2,475,073	\$ 2,220,425	\$ 67,407,016	\$ (144,633,530)	-314.6%

**Governmental Activities.** Governmental activities decreased the School District's net position by \$2.0 million and business-type activities increased net position by \$310,298. Key elements of the increase are as follows:

Capital Assets decreased by \$4.7 million due primarily to the excess of depreciation expensed over new buildings and building improvements in the period.

Long-term liabilities outstanding increased by \$204.3 million (37.9%). \$210.0 million of the increase was due to the restatement of fund balance required by GASB 75. As new construction came to a close, the need for additional bond issuances declined. The decrease in debt outstanding resulted from the excess of principal payments made over new debt issued. The School District issued \$28.6 million to fund ongoing capital improvements. Principal payments of \$43.8 million were made.

## Beaufort County School District

### *Management's Discussion and Analysis*

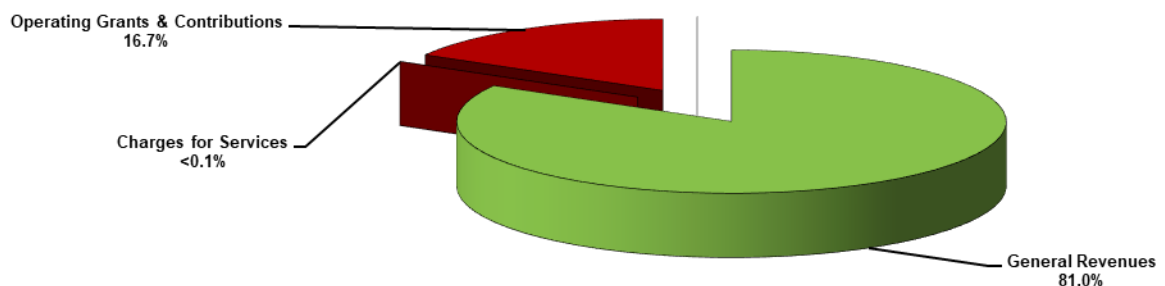
*For the fiscal year ended June 30, 2018*

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Beaufort County is still considered one of the wealthiest counties in the state since the state's primary funding formula, Education Finance Act (EFA), uses a wealth index based on county real estate values. Beaufort County's close proximity to the coast causes property values to have a higher value thereby providing less state support. The School District's EFA support was \$11.6 million based on the wealth index, down \$2.0 million from the prior year.

The School District's dependence on local and state tax revenues for government activities is apparent as is demonstrated below. Eighty-three percent of all revenues are provided by general revenues which include local property taxes and federal and state aid, the majority of which is local property taxes.

### **Revenues by Source - Governmental Activities**

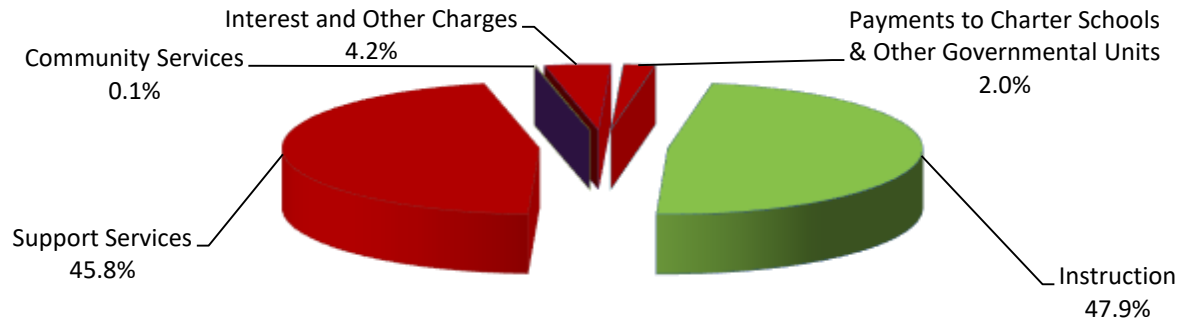


The total cost of governmental activity programs and services increased 11.2% to \$312.5 million. Instructional expenses increased \$5.5 million to \$149.8 million, and support expenses combined with payments to charter schools increased by \$ 20.8 million to \$149.4 million. Changes in instructional costs are attributable to an increase in staff to meet the needs of a growing population of students as well as increases in teachers' salaries and benefits.

**Beaufort County School District**  
**Management's Discussion and Analysis**  
**For the fiscal year ended June 30, 2018**

The figure below represents the cost of five major School District activities: instruction, support services, community services, intergovernmental, and interest and other charges.

**Expenses by Function-Governmental Activities**



The table below shows each activity's net cost (total cost less fees generated by the activities and intergovernmental aid provided for specific programs). The net cost shows the financial burden placed on the School District's taxpayers by each of these functions.

Net Cost of Governmental Activities						
	Total cost of services		Total percent change	Net cost of services		Total percent change
	2017	2018	2017-18	2017	2018	2017-18
Instruction	\$ 144,311,491	\$ 149,776,278	-1.1%	\$ 114,762,472	\$ 117,488,878	2.4%
Support services	123,339,053	143,204,186	23.3%	94,820,910	123,969,321	30.7%
Community services	389,610	276,218	-29.1%	155,106	18,822	-87.9%
Payments to component units and intergovernmental expenditures	5,264,197	6,235,844	18.5%	5,264,197	6,235,844	18.5%
Interest and other charges	7,660,445	12,989,483	69.6%	7,660,445	12,989,483	69.6%
Total	<u>\$ 280,964,796</u>	<u>\$ 312,482,009</u>	<u>11.2%</u>	<u>\$ 222,663,130</u>	<u>\$ 260,702,348</u>	<u>17.1%</u>

The cost of all governmental activities this year was \$312.5 million.

The federal and state governments subsidized certain programs with grants and contributions (\$51.7 million).

Most of the School District's costs (\$260.7 million), however, were financed by School District and state taxpayers.

This portion of governmental activities was financed with \$198.0 million in property taxes, \$57.3 million from grants and contributions, \$1.7 million of unrestricted investment earnings, and \$1.8 million of miscellaneous revenues.

## Beaufort County School District

### Management's Discussion and Analysis

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

**Business Type Activities.** The Net Position of business-type activities decreased by \$254,648 from June 30, 2017 to June 30, 2018 to \$2.2 million. Key elements of the decrease include:

Beginning Net Position was decreased by \$564,946 due to the implementation of GASB 75.

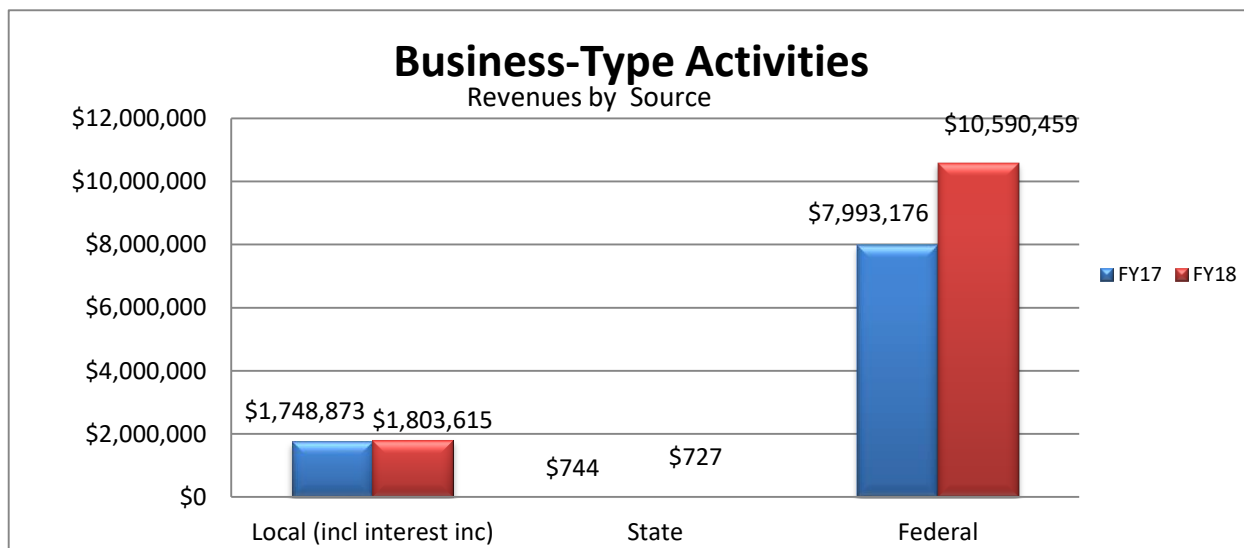
Business-type expenses increased by 6.8% to \$10.3 million due primarily to an increase in number of meals served.

Program Revenues - Charges for sales and service, which are primarily proceeds from meal sales, increased by 3.1% to \$1.8 million.

Program Revenues - Operating Grants and Contributions, which are primarily federal reimbursements for meals served, increased by 9.9% to \$8.8 million.

Food service operations produced a net gain of \$310,298 compared to the prior year's net gain of \$105,050.

This operation receives no support from local property tax revenues. As demonstrated below, the majority of the revenue received (83.0%) is from federal sources, an increase of 8.7% of overall revenue from the prior year.

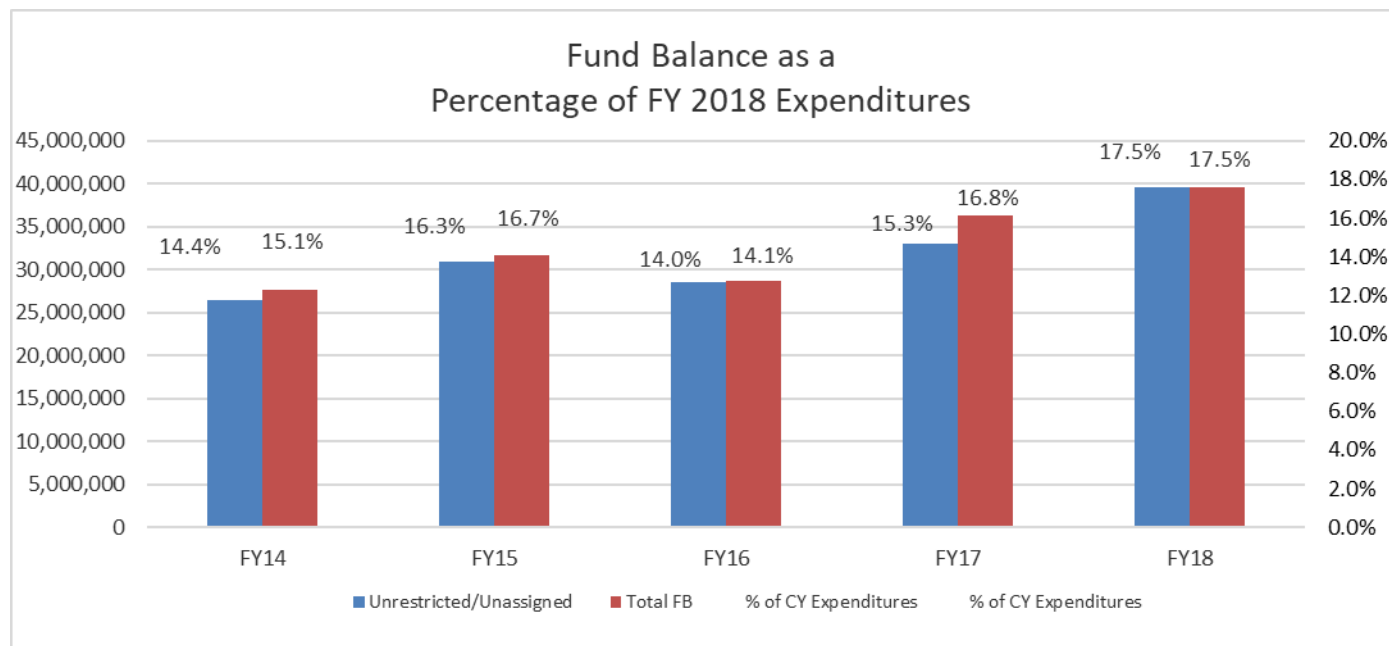


### Financial Analysis of the School District's Funds

**Governmental Funds.** Information about the School District's major funds begins on page 33. These funds are accounted for using the modified accrual basis of accounting and include the following funds: General Fund, Special Revenue, Special Revenue-EIA, Debt Service, Debt Service-EFC and Capital Projects. As the School District completed the year, its government funds reported combined fund balances of \$82.5 million - a \$4.8 million increase from last year's ending fund balances. The net change in fund balance was most significant in the general fund (\$3.3 million) and is primarily attributable to a surplus in local property tax collections and state revenue.

The general fund is the chief operating fund of the School District. The following graph shows the general fund unassigned fund balance as a percentage of current year expenditures and other financing uses. Our Board requires a 13-15% fund balance measured against the next year's expenditure budget.

**Beaufort County School District**  
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The graph above can be used to measure the overall financial health of the School District. The General Fund unassigned fund balance of \$39,562,392 at June 30, 2018 represents 17.5% of budgeted FY 2018 expenditures or approximately sixty-four days of operations. The School District has engaged measures to ensure the fund balance is maintained within acceptable levels to meet Board policy. The Board's policy is to maintain a 13% to 15% unassigned fund balance of the next year's projected expenditure budget. Measures to do this include cost containment and seeking alternative revenue sources through grants and lease agreements, as well as a collaborative relationship with County Council who approves the millage rate for general operations. In FY 2018, the School District budgeted for a net decrease in fund balance of \$4,159,406. However, due to a surplus in local property tax collections and state revenue, \$3.3 million was added to fund balance.

The School District's Special Revenue and EIA Funds are used to account for revenues derived from the State of South Carolina and the Federal Government. Most Special Revenue Funds do not have fund balances as revenues should be expended, deferred or returned to the grantor. Total revenue for Special Revenue funds increased by \$60,674 and total revenue for EIA funds decreased by \$350,683. The School District maintains adequate carryover balances to support long-term initiatives and to offset potential reductions in state and federal allocations.

The Debt Service fund shown in the accompanying financial statements of the School District includes the regular School District Debt Service fund and the EFC (Educational Facilities Corporation) Debt Service Fund. Both funds are used to account for the accumulation of funds for debt retirement. The debt millage rate held steady at 31.71 mills in FY 2018, a rate needed to adequately support the School District's scheduled debt payments. The fund balance for the regular School District Debt Service increased by \$1.2 million primarily due to a \$1.8 million increase in local property tax collections. The fund balance for the EFC Debt Service fund decreased by \$9,207 to a total of \$57,915. The EFC Debt Service fund is funded by the issuance of short-term bonds that are recorded as a transfer from the regular School District Debt Service fund to the EFC Debt Service Fund. The amount of the short-term bonds issued are planned to equal the debt payments made out of the EFC Debt Service fund so no material change in fund balance is expected.

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## Beaufort County School District

### *Management's Discussion and Analysis*

*For the fiscal year ended June 30, 2018*

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The School District uses Capital Projects Funds to account for school construction and improvement projects which are primarily financed through bond referenda or 8% debt issues. The Capital Projects fund balance increased by \$268,932 to a total of \$26.9 million. The relatively small change in fund balance is primarily due to the fact that the District currently does not have any large construction initiatives in place. General obligation bonds are issued annually in an amount to sustain ongoing repair and maintenance functions.

**Proprietary Funds.** The School District's proprietary funds consist of the School District's Food Service operations and the Internal Service Fund. The proprietary funds provide the same type of information found in the government-wide statements but in more detail.

Food Service operations, which are outsourced to an external vendor, are business-type activities, while the other proprietary fund, the Internal Service Fund, is a governmental activity. The Internal Service Fund was established at the end of FY 2006 for insurance and risk management services to include:

- Payment of claims (under \$25,000 deductible per claim),
- Obtain services or programs to enable the School District to maintain insurance or purchase additional coverage,
- Provide services or programs aimed at reducing hazards or exposures thereby reducing the cost of insurance and
- Utilize actuarial or other consulting services related to our commercial insurance programs that will benefit the program.

Net position in the Internal Service Fund increased from \$914,812 at June 30, 2017 to \$1,019,332 at June 30, 2018. This is the result of insurance proceeds recorded in FY 2018.

### **General Fund Budgetary Highlights**

As always, the School District's budget was developed utilizing a long-term approach. It is essential to consider projected expenditures over the next 5 years, especially for a School District that is experiencing an increase in enrollment. The School District faced \$10.7 million in increased costs primarily due to enrollment growth, state and federally mandated increases, contractual increases and program expansion. In order to minimize the impact of these increases, \$.34 million of cost reductions were identified causing the School District's FY 2018 general fund expenditure budget to increase by \$10.3 million to \$225.8 million. Beaufort County Council increased the operating millage from 111.5 to 113.5.

The key revenue highlights for FY 2018 are as follows:

- Total actual property tax revenues for the General Fund of \$141.0 million exceeded the final budgeted revenues of \$137.2 million. This \$3.9 million surplus is primarily due to an underestimation of the value of a mil.
- Market conditions have resulted in an increase in interest on investments over the last year. Interest income in FY 2018 was \$525,834.
- State revenues exceeded the final budget by \$1.7 million due to an increase in fringe benefits revenue, state retiree insurance and the receipt on unbudgeted PEBA on-behalf revenue.

## Beaufort County School District

### Management's Discussion and Analysis

For the fiscal year ended June 30, 2018

- Federal revenues reflect collections of multi-year E-rate and impact aid reimbursements. These funds represent reimbursements for telecommunications upgrades, wireless access points and other technology infrastructure. The E-rate reimbursements are dependent upon the release of federal funds, therefore, very unpredictable and difficult to budget.
- A tax anticipation note (TAN) in the amount of \$18.0 million was drawn down in the Fall of 2017 and repaid in February 2018. Since the fund balance is inadequate to support operational costs during periods of low revenue collections of local property taxes, the School District continues to be dependent on short-term borrowing. Once tax collections resume in January, the TAN is repaid.
- Total spending in the General Fund is reported at 99.8% of the \$225.8 million budget. This represents under spending in the amount of \$.90 million.
- The School District's first charter school opened in FY 2010. Payments to the charter school are allocated using a state-required formula involving enrollment and District-wide revenues. Funding increased by \$824,427 from FY 2017 to FY 2018 due to an increase in students.
- Several Special Education instruction programs exceeded budgeted amounts due to an increase in students requiring services.
- TAN interest was budgeted at \$55,000, but expenditures exceeded the amount budgeted by \$51,282 due to an increase in the amount of principal borrowed.

#### Capital Asset and Debt Administration

**Capital Assets** - At the end of fiscal year 2018, the School District had invested \$843.7 million in a broad range of capital assets, including school buildings, athletic facilities, and various types of equipment necessary to operate the School District's 32 schools and an administrative office. This amount represents an increase of \$15.0 million from the prior year (more detailed information about capital assets can be found in Note 6 to the financial statements). Total depreciation expense for the year was \$21.2 million.

Capital Assets (net of accumulated depreciation)					
	Governmental activities		Business-type activities		Percent change
	2017	2018	2017	2018	2017-18
Land	\$ 41,299,484	\$ 41,299,484	\$ -	\$ -	0.0%
Improvements	131,684,109	130,272,597	-	-	-1.1%
Buildings	336,526,990	325,117,989	-	-	-3.4%
Equipment	10,190,028	8,909,355	2,164,530	2,091,260	-11.0%
Construction/equipment in progress	823,020	10,251,284	-	163,711	1165.5%
Total	<u>\$ 520,523,631</u>	<u>\$ 515,850,709</u>	<u>\$ 2,164,530</u>	<u>\$ 2,254,971</u>	<u>-0.9%</u>

## Beaufort County School District

### Management's Discussion and Analysis

For the fiscal year ended June 30, 2018

Capital expenditures consisted primarily of construction of a performing arts center and gymnasium at an existing high school, as well as minor renovations and preventive maintenance of existing facilities. The new facilities were funded using the School District's 8% debt capacity and will be open for operations by the end of the 2018-19 school year. No new schools are scheduled for construction at this time. The School District also continues to develop and update an annual 5-year capital improvement plan to cover the School District's prioritized capital renewal and new construction needs. Project priorities include the health and safety of children and staff, asset preservation, the adequacy of facilities for effective learning, the reduction of school overcrowding, and the completion of phased renovations and building modifications.

**Long-Term Debt** - At year-end, the School District had \$290,841,621 in bonds outstanding (excluding short-term debt obligations, deferred charges and unamortized premiums)- a decrease of \$15.2 million. Since new schools are not in the plans for the upcoming year, the only additions to debt included \$28.6 million in bonds issued for ongoing capital improvements. More detailed information about long-term debt can be found in Note 10 of the financial statements.

State statutes limit the amount of general obligation debt a governmental entity may issue to eight percent (8%) of its total assessed valuation. The current debt limitation for the School District is \$148.4 million which is in excess of the School District's applicable outstanding debt of \$97.1 million, leaving capacity of \$51.3 million.

Outstanding Long-Term Debt			
	2017	2018	% Change
General Obligation Debt Related to Referenda	\$ 188,761,000	\$ 168,881,000	-10.5%
General Obligation Debt Subject to 8% Limit	90,015,621	96,685,621	7.4%
Installment Purchase Revenue Bonds	27,240,000	25,275,000	-7%
Total Outstanding Debt	<u>\$ 306,016,621</u>	<u>\$ 290,841,621</u>	<u>-5.0%</u>

**Bond Ratings** - The School District maintains an "Aa1" underlying rating from Moody's Investor Service and an "AA" rating from Standard & Poor's for general obligation debt. Additional security is provided by the South Carolina School District Credit Enhancement Program (Government Obligations Rated Aa1 and AA), which applies to all of the School District's outstanding general obligation debt.

### Economic Factors and Next Year's Budgets and Rates

The latest Beaufort County projections indicate low to moderate economic growth across Beaufort County. Discussions with local governments, developers, real estate professionals, planners, etc. and relevant data indicate that the economy has begun to recover and will continue to recover at a slow pace. As the local economy continues to recover, the growth rate of the area will need to be continuously monitored to assess the impact of the growth on the area and how it affects our schools for future needs. According to U.S. Census data for the town of Bluffton, estimated population growth from 2010 to 2017 is 68.3% making it one of the fastest-growing communities in the nation. The population changed from 12,530 in 2010 to 21,805 in 2017, an increase of 8,555 during that period.



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## **Beaufort County School District**

### ***Management's Discussion and Analysis***

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

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During tax year 2017 (fiscal year 2018), the Beaufort County Council increased the operating millage from 111.5 to 113.5 mills resulting in a positive variance in the amount of \$3.9 million. This positive variance was a critical component in maintaining unassigned fund balance at a level that falls within the 13% to 15% range of budgeted expenditures required by Board policy. The Beaufort County Council decreased the operating millage from 113.5 to 104.6 for tax year 2018 (fiscal year 2019).

The Board of Education and County Council continue to work as a team to determine a realistic mill value and set the millage at a level that supports the School District's instructional goals while minimizing the impact on taxpayers.

With the economy showing signs of stabilization, student enrollment continues a pattern of growth. As of the 45th day, the School District grew by 235 students to 22,187 from 21,952 in the prior year, an increase of 1.07%. The School District's student enrollment projections, as well as county growth projections indicate that the majority of the growth is occurring in the southern portion of our county, particularly in the Bluffton area. There are significant approved building permits for housing which are either under construction or stand ready for construction to begin.

The FY 2019 General Fund budget was approved at \$241.3 million, an increase of 6.9% from the FY 2018 budget of \$225.8 million. A portion of the rise in expenditures is state mandated, including \$6.8 million for teacher step increases and a rise in retirement and health insurance costs. Increases due to enrollment growth amounted to \$1.9 million. Increases due to safety and security, operational and other increases totaled \$8.2 million. Budget reductions were needed to bring the budget to a level supported by County Council. The administration identified savings in custodial services, energy, property and athletic insurance, telecommunications and was able to move four staff members to Special Revenue Funds, all amounting to \$1.3 million in budget reductions.

This FY 2019 budget represents a balance between keeping momentum in student achievement and minimizing tax-payer impact. Local tax revenues for FY 2019 are based upon a millage rate of 104.6. This represents a decrease of 8.9 mills from the prior year. The millage reduction was due to a county wide reassessment. The debt millage maintained a rate of 31.71 mills. The School District continues to work with the County staff by preparing long-range plans to maintain continuity of the School District's excellent bond rating which ultimately saves interest costs for the taxpayers of Beaufort County.

#### **Requests for Information**

This financial report is designed to provide the School District's citizens, taxpayers, customers, and investors and creditors with a general overview of the School District's finances and to demonstrate the School District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Finance Department, Beaufort County School District, 2900 Mink Point Blvd, P.O. Drawer 309, Beaufort, South Carolina 29901. In addition, this Comprehensive Annual Financial Report may be found on the School District's website at <http://www.beaufortschools.net>.

## BASIC FINANCIAL STATEMENTS

# Beaufort County School District

## Statement of Net Position

As of June 30, 2018

	Primary Government			Component Unit Riverview Charter School
	Governmental activities	Business-type activities	Total	
<b>Assets</b>				
<b>Current assets</b>				
Cash and investments	\$ 16,256,470	\$ 1,238,276	\$ 17,494,746	\$ 285,854
Deposits with Beaufort County Treasurer	94,946,470	-	94,946,470	-
Receivables				
Taxes, net	11,151,233	-	11,151,233	-
Due from other governmental units	7,574,581	1,061,276	8,635,857	13,822
Other	722,093	459,361	1,181,454	8,597
Internal balances	(31,955)	31,955	-	-
Inventories	-	66,743	66,743	-
Restricted cash and cash equivalents	57,915	-	57,915	-
Prepaid items	112,196	-	112,196	10,983
Total current assets	130,789,003	2,857,611	133,646,614	319,256
<b>Non-current assets</b>				
Deposits	-	-	-	10,000
Non-depreciable capital assets	51,550,768	-	51,550,768	-
Depreciable capital assets, net of accumulated depreciation	464,299,941	2,254,971	466,554,912	123,752
Total non-current assets	515,850,709	2,254,971	518,105,680	133,752
<b>Deferred outflows of resources</b>				
Deferred outflows related to pensions	60,274,412	162,283	60,436,695	1,709,560
Deferred outflows related to OPEB	6,967,265	18,759	6,986,024	-
Deferred charge on refunding	6,223,310	-	6,223,310	-
Total deferred outflows of resources	73,464,987	181,042	73,646,029	1,709,560
<b>Liabilities</b>				
<b>Current liabilities</b>				
Accounts payable	14,046,101	1,512,320	15,558,421	213,149
Retainage payable	319,681	-	319,681	-
Due to other governmental units	-	-	-	4,567
Accrued salaries and benefits	18,244,167	43,125	18,287,292	-
Unearned revenue	5,295,116	163,228	5,458,344	36,167
Accrued interest	8,140,508	-	8,140,508	-
Short-term debt obligations	373,000	-	373,000	-
Long-term liabilities, due within one year	42,382,690	-	42,382,690	-
Total current liabilities	88,801,263	1,718,673	90,519,936	253,883
<b>Long-term liabilities</b>				
Long-term liabilities, net of current portion	275,433,527	993	275,434,520	-
Net pension obligation	265,502,041	714,837	266,216,878	7,029,475
Net OPEB obligation	202,281,964	544,624	202,826,588	5,353,866
Total long-term liabilities	743,217,532	1,260,454	744,477,986	12,383,341
Total liabilities	832,018,795	2,979,127	834,997,922	12,637,224
<b>Deferred inflows of resources</b>				
Deferred inflows related to pensions	15,814,924	42,580	15,857,504	631,811
Deferred inflows related to OPEB	19,124,935	51,492	19,176,427	-
Total deferred inflows of resources	34,939,859	94,072	35,033,931	631,811
<b>Net position</b>				
Net investment in capital assets	233,115,201	2,254,971	235,370,172	123,752
Restricted for:				
Capital projects	26,856,298	-	26,856,298	-
Debt service	16,063,798	-	16,063,798	-
Unrestricted	(422,889,252)	(34,546)	(422,923,798)	(11,230,219)
Total net position	\$ (146,853,955)	\$ 2,220,425	\$ (144,633,530)	\$ (11,106,467)

The accompanying notes are an integral part of these basic financial statements.

**Beaufort County School District****Statement of Activities****For the fiscal year ended June 30, 2018**

Functions/Programs	Program revenues				Net (expense) revenue and changes in net position			Component Unit Riverview Charter School
	Charges for sales and service	Operating grants and contributions	Capital grants and contributions	Governmental activities	Business-type activities	Total		
Expenses								
Governmental activities								
Instruction	\$ 149,776,278	\$ 29,205	\$ 32,258,195	\$ -	\$ (117,488,878)		\$ (117,488,878)	
Support services	143,204,186	-	19,234,865	-	(123,969,321)		(123,969,321)	
Community services	276,218	-	257,396	-	(18,822)		(18,822)	
Payments to component units	5,896,084	-	-	-	(5,896,084)		(5,896,084)	
Intergovernmental expenditures	339,760	-	-	-	(339,760)		(339,760)	
Interest and other charges	12,989,483	-	-	-	(12,989,483)		(12,989,483)	
Total governmental activities	312,482,009	29,205	51,750,456	-	(260,702,348)		(260,702,348)	
Business-type activities								
Food service	10,288,065	1,801,526	8,786,844	-		\$ 300,305	300,305	
Total business-type activities	10,288,065	1,801,526	8,786,844	-		300,305	300,305	
Total primary government	\$ 322,770,074	\$ 1,830,731	\$ 60,537,300	\$ -	(260,702,348)	300,305	(260,402,043)	
Component unit								
Charter school	\$ 7,254,508	\$ 425,812	\$ 6,250,274	\$ -				\$ (578,422)
General revenues:								
Property taxes levied for:								
General purposes					141,879,433	-	141,879,433	-
Debt service					56,029,608	-	56,029,608	-
Federal and state aid not restricted for specific purpose					57,301,376	-	57,301,376	-
Unrestricted investment earnings					1,734,506	2,089	1,736,595	-
Miscellaneous					1,809,415	-	1,809,415	351,422
Subtotal, general revenues					258,754,338	2,089	258,756,427	351,422
Excess of revenues over (under) expenses					(1,948,010)	302,394	(1,645,616)	(227,000)
Transfers					(7,904)	7,904	-	-
Change in net position					(1,955,914)	310,298	(1,645,616)	(227,000)
Net position, beginning of year					64,931,943	2,475,073	67,407,016	(5,323,135)
Restatement for GASB 75					(209,829,984)	(564,946)	(210,394,930)	(5,556,332)
Net position, beginning of year as restated					(144,898,041)	1,910,127	(142,987,914)	(10,879,467)
Net position, end of year					\$ (146,853,955)	\$ 2,220,425	\$ (144,633,530)	\$ (11,106,467)

The accompanying notes are an integral part of these basic financial statements.

**Beaufort County School District**
**Balance Sheet - Governmental Funds**
**As of June 30, 2018**

		Non-Major Special Revenue Funds				Non-Major		Total
	General	Special Projects	Education Improvement Act	Debt Service - District	Debt Service - EFC	Capital Projects	Governmental Funds	
<b>Assets</b>								
Cash and investments	\$ 9,779,151	\$ -	\$ -	\$ -	\$ -	\$ 6,477,319	\$ 16,256,470	
Deposits with Beaufort County Treasurer	44,048,122	-	5,170,626	15,774,952	-	29,952,770	94,946,470	
Receivables								
Accounts receivable	107,548	898	-	-	-	613,647	722,093	
Taxes, net	8,521,848	-	-	2,629,385	-	-	11,151,233	
Due from other governmental units	4,589,976	2,950,011	34,594	-	-	-	7,574,581	
Prepaid items	44,507	14,700	525	-	-	52,464	112,196	
Due from other funds	1,293,910	1,732	-	-	-	1,733	1,297,375	
Restricted cash and cash equivalents	-	-	-	-	57,915	-	57,915	
<b>Total assets</b>	<b>\$ 68,385,062</b>	<b>\$ 2,967,341</b>	<b>\$ 5,205,745</b>	<b>\$ 18,404,337</b>	<b>\$ 57,915</b>	<b>\$ 37,097,933</b>	<b>\$ 132,118,333</b>	
<b>Liabilities</b>								
Accounts payable	\$ 5,953,412	\$ 245,508	\$ 257,580	\$ -	\$ -	\$ 8,608,933	\$ 15,065,433	
Retainage payable	-	-	-	-	-	319,681	319,681	
Due to other funds	45,818	49	-	-	-	1,283,463	1,329,330	
Accrued salaries and benefits	15,839,776	1,167,202	1,207,631	-	-	29,558	18,244,167	
Short-term debt obligations	-	-	-	373,000	-	-	373,000	
Unearned revenue	-	1,554,582	3,740,534	-	-	-	5,295,116	
<b>Total liabilities</b>	<b>21,839,006</b>	<b>2,967,341</b>	<b>5,205,745</b>	<b>373,000</b>	<b>-</b>	<b>10,241,635</b>	<b>40,626,727</b>	
<b>Deferred inflows of resources</b>								
Unavailable revenue	6,939,157	-	-	2,025,454	-	-	8,964,611	
<b>Fund balances</b>								
Nonspendable	44,507	14,700	525	-	-	-	59,732	
Restricted	-	-	-	16,005,883	57,915	26,856,298	42,920,096	
Unassigned	39,562,392	(14,700)	(525)	-	-	-	39,547,167	
<b>Total fund balances</b>	<b>39,606,899</b>	<b>-</b>	<b>-</b>	<b>16,005,883</b>	<b>57,915</b>	<b>26,856,298</b>	<b>82,526,995</b>	
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<b>\$ 68,385,062</b>	<b>\$ 2,967,341</b>	<b>\$ 5,205,745</b>	<b>\$ 18,404,337</b>	<b>\$ 57,915</b>	<b>\$ 37,097,933</b>	<b>\$ 132,118,333</b>	

The accompanying notes are an integral part of these basic financial statements.

## Beaufort County School District

### *Reconciliation of Balance Sheet of Governmental Funds to the Statement of Net Position*

*As of June 30, 2018*

Total governmental fund balances	\$ 82,526,995
<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. The cost of assets is \$843,653,174 and the accumulated depreciation is \$327,802,465.	515,850,709
Property taxes receivable are not available to pay for current period expenditures and therefore are unavailable in the funds.	8,964,611
The internal service fund is used to fund insurance and risk management of the School District. The assets and liabilities of the internal service fund are included with governmental activities.	1,019,332
Net deferred inflows and outflows related to pensions are not reported in governmental funds	44,459,488
Net deferred inflows and outflows related to the OPEB plan are not reported in governmental funds	(12,157,670)
Net pension obligation	(265,502,041)
Net OPEB obligation	(202,281,964)
Some liabilities and deferred amounts are not due and payable in the current period and therefore are not reported in the funds:	
Bonds payable	(290,841,621)
Acquisition note payable	(2,834,300)
Accrued compensated absences	(1,355,923)
Accrued interest payable	(8,140,508)
Unamortized bond premiums	(22,784,373)
Deferred charge on refunding	6,223,310
Net position of governmental activities	<u>\$ (146,853,955)</u>

The accompanying notes are an integral part of these basic financial statements.

**Beaufort County School District**
**Statement of Revenues, Expenditures and Changes in Fund Balance - Governmental Funds**
**For the fiscal year ended June 30, 2018**

		Non-Major Special Revenue Funds				Non-Major		Total
	General	Special Projects	Education Improvement Act	Debt Service - District	Debt Service - EFC	Capital Projects		Governmental Funds
<b>Revenues</b>								
Local								
Property taxes	\$ 141,879,433	\$ -	\$ -	\$ 57,749,156	\$ -	\$ -	\$	199,628,589
Interest	525,834	-	-	180,791	2,983	1,024,898		1,734,506
Other	497,886	730,603	-	-	-	1,078,758		2,307,247
Total local	142,903,153	730,603	-	57,929,947	2,983	2,103,656		203,670,342
State	78,498,779	5,685,434	12,956,755	1,317,485	-	-		98,458,453
Federal	1,122,896	11,079,542	-	-	-	-		12,202,438
Total revenues	222,524,828	17,495,579	12,956,755	59,247,432	2,983	2,103,656		314,331,233
<b>Expenditures</b>								
Current								
Instruction	131,852,779	11,572,948	5,781,157	-	-	-		149,206,884
Support services	86,386,601	4,258,635	1,564,520	-	-	-		92,209,756
Community services	-	257,396	-	-	-	-		257,396
Debt service								
Principal	-	-	-	42,445,700	1,965,000	-		44,410,700
Interest and fiscal charges	106,282	-	-	12,867,341	777,142	-		13,750,765
Capital outlay	-	-	-	-	-	32,639,076		32,639,076
Intergovernmental expenditures								
Payments to other governmental units	5,949,782	1,789,192	98,196	-	-	-		7,837,170
Total expenditures	224,295,444	17,878,171	7,443,873	55,313,041	2,742,142	32,639,076		340,311,747
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>(1,770,616)</b>	<b>(382,592)</b>	<b>5,512,882</b>	<b>3,934,391</b>	<b>(2,739,159)</b>	<b>(30,535,420)</b>		<b>(25,980,514)</b>
<b>Other financing sources (uses)</b>								
Transfers in	6,009,100	784,714	-	-	2,729,952	8,000		9,531,766
Transfers out	(894,714)	(402,122)	(5,512,882)	(2,729,952)	-	-		(9,539,670)
Proceeds from the sale of capital assets	-	-	-	-	-	64,957		64,957
Premium on bonds sold	-	-	-	33,775	-	2,161,395		2,195,170
Issuance of general obligation bonds	-	-	-	-	-	28,570,000		28,570,000
Total other financing sources (uses)	5,114,386	382,592	(5,512,882)	(2,696,177)	2,729,952	30,804,352		30,822,223
Net change in fund balances	3,343,770	-	-	1,238,214	(9,207)	268,932		4,841,709
<b>Fund balances, beginning of year</b>	<b>36,263,129</b>	<b>-</b>	<b>-</b>	<b>14,767,669</b>	<b>67,122</b>	<b>26,587,366</b>		<b>77,685,286</b>
<b>Fund balances, end of year</b>	<b>\$ 39,606,899</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 16,005,883</b>	<b>\$ 57,915</b>	<b>\$ 26,856,298</b>		<b>\$ 82,526,995</b>

The accompanying notes are an integral part of these basic financial statements.

**Beaufort County School District**

**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	\$ 4,841,709
<b>Amounts reported for governmental activities in the Statement of Activities are different because of the following:</b>	
Capital outlays are reported in governmental funds as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which the acquisition of capital assets (\$16,876,972) was exceeded by depreciation expense (\$21,204,363) in the period.	(4,327,391)
In the Statement of Activities, only the gain or loss on the disposal of capital assets is reported, whereas in the governmental funds, the proceeds from the sale/disposal increase financial resources. Thus, the change in net position differs from the change in fund balance by the net book value of the capital assets sold or disposed.	(345,531)
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. In the current year, these amounts consisted of:	
Bond principal retirement	43,745,000
Note payable repayment	665,700
Bond proceeds 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 bonds issued.	(28,570,000)
Premiums on bonds sold	(2,195,170)
Amortization of bond premiums	6,387,353
Because some property taxes will not be collected for several months after the School District's fiscal year ends, they are not considered "available" revenues in the governmental funds. Unavailable tax revenues decreased by this amount this year.	(1,719,548)
In the Statement of Activities, certain operating expenses - compensated absences (vacation pay) - 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). This year, vacation used exceeded the amounts earned.	(2,561)
Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities	16,536,727
Contributions to the OPEB plan in the current fiscal year are not included on the Statement of Activities	6,609,192
A 1% contribution made by the State on employers' behalves directly to PEBA starting in fiscal year 2018 is not included on the Statement of Activities as the measurement date for fiscal year 2019 is a year in arrears. Revenues and expenditures of \$1,207,017 are excluded from the Statement of Activities.	-
Non-employer contributions related to OPEB made by PEBA on behalf of the School District in fiscal year 2018 are not included on the Statement of Activities as the measurement date for fiscal year 2019 is a year in arrears. Revenues and expenditures of \$1,601,326 are excluded from the Statement of Activities.	-
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 governmental funds.	
Amortization of deferred amount on refunding	(1,035,801)
School District's portion of net pension related expenses	(27,506,701)
School District's portion of net OPEB related expenses	(11,218,842)
An internal service fund is used to fund insurance and risk management of the School District. The net change in net position of the internal service fund is reported with governmental activities.	104,520
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.	(3,924,570)
Change in net position of governmental activities	\$ (1,955,914)

The accompanying notes are an integral part of these basic financial statements.



**Beaufort County School District**  
**Statements of Net Position - Proprietary Funds**  
**As of June 30, 2018**

	Business-type Activities Enterprise Fund- Student Nutrition	Governmental Activities Internal Service Fund
<b>Assets</b>		
<b>Current assets</b>		
Cash and cash equivalents	\$ 1,238,276	\$ 1,365,895
Due from other governmental units	1,061,276	-
Accounts receivable	459,361	-
Due from other funds	31,955	-
Inventories	66,743	-
Total current assets	2,857,611	1,365,895
<b>Non-current assets</b>		
Equipment and vehicles	5,507,218	-
Less: accumulated depreciation	(3,252,247)	-
Total non-current assets	2,254,971	-
<b>Deferred outflows of resources</b>		
Deferred outflows related to pensions	162,283	-
Deferred outflows related to other postemployment benefits	18,759	-
Total deferred outflows of resources	181,042	-
<b>Liabilities</b>		
<b>Current liabilities</b>		
Accounts payable	1,512,320	13,977
Accrued salaries and benefits	43,125	-
Claims payable	-	332,586
Unearned revenue	163,228	-
Total current liabilities	1,718,673	346,563
<b>Long-term liabilities</b>		
Net pension obligation	714,837	-
Net other postemployment benefits liability	544,624	-
Accrued compensated absences	993	-
Total long-term liabilities	1,260,454	-
<b>Deferred inflows of resources</b>		
Deferred inflows related to pensions	42,580	-
Deferred inflows related to other postemployment benefits	51,492	-
Total deferred inflows of resources	94,072	-
<b>Net position</b>		
Net investment in capital assets	2,254,971	-
Unrestricted	(34,546)	1,019,332
Total net position	\$ 2,220,425	\$ 1,019,332

The accompanying notes are an integral part of these basic financial statements.

**Beaufort County School District****Statements of Revenues, Expenses, and Changes in Fund Net Position - Proprietary Funds**  
**For the fiscal year ended June 30, 2018**

	Business-type Activities	Governmental Activities
	Enterprise Fund- Student Nutrition	Internal Service Fund
<b>Operating revenues</b>		
Proceeds from sale of meals	\$ 1,593,582	\$ -
Miscellaneous	701,413	977,982
Total operating revenues	2,294,995	977,982
<b>Operating expenses</b>		
Food costs	808,201	-
Salaries, wages and benefits	499,029	543,697
Supplies	80,946	329,765
Depreciation	247,119	-
Supplies and materials	8,542,914	-
Total operating expenses	10,178,209	873,462
Operating income (loss)	(7,883,214)	104,520
<b>Non-operating revenues (expenses)</b>		
USDA reimbursements	7,497,052	-
Commodities received from USDA	796,323	-
Interest	2,089	-
Payments to charter school	(109,856)	-
Total non-operating revenues (expenses)	8,185,608	-
<b>Transfers in (out), net</b>	7,904	-
Change in net position	310,298	104,520
<b>Net position, beginning of year as originally stated</b>	2,475,073	914,812
<b>Restatement for GASB 75</b>	(564,946)	-
<b>Net position, beginning of year as restated</b>	1,910,127	-
<b>Net position, end of year</b>	<u>\$ 2,220,425</u>	<u>\$ 1,019,332</u>

The accompanying notes are an integral part of these basic financial statements.

**Beaufort County School District**  
**Statements of Cash Flows - Proprietary Funds**  
**For the fiscal year ended June 30, 2018**

	Business-type Activities Enterprise Fund- Student Nutrition	Governmental Activities Internal Service Funds
<b>Cash flows from operating activities:</b>		
Operating cash receipts from customers and users	\$ 1,350,267	\$ -
Charges from other funds	-	977,982
Payments to and on behalf of employees	1,405,320	(696,878)
Payments to suppliers for goods and services	(8,126,967)	(316,059)
Net cash used by operating activities	(5,371,380)	(34,955)
<b>Cash flows from noncapital financing activities:</b>		
USDA Reimbursements	8,293,375	-
Advances between funds	7,904	-
Payments to charter school	(109,856)	-
Net cash received from noncapital financing activities	8,191,423	-
<b>Cash flows from capital and related financing activities:</b>		
Acquisition of capital assets	(337,560)	-
Net cash used by capital and related financing activities	(337,560)	-
<b>Cash flows from investing activities:</b>		
Interest on investments	2,089	-
Net cash received from investing activities	2,089	-
Net change in cash and cash equivalents	2,484,572	(34,955)
<b>Cash and cash equivalents, beginning of year</b>	662,316	1,400,850
<b>Cash and cash equivalents, end of year</b>	<u>\$ 3,146,888</u>	<u>\$ 1,365,895</u>
<b>Reconciliation of operating income (loss) to net cash used by operating activities:</b>		
Operating income (loss)	\$ (7,883,214)	\$ 104,520
Adjustments to reconcile operating income (loss) to net cash used by operating activities:		
Depreciation	247,119	-
Changes in assets and liabilities:		
Accounts receivable	(894,050)	-
Inventories	45,840	-
Accounts payable	1,281,223	13,706
Accrued salaries and benefits	(2,447)	-
Accrued compensated absences	538	-
Claims payable	-	(153,181)
Due to/from other funds	2,017	-
Unearned revenue	(74,664)	-
Pension related deferred outflows / inflows and liabilities	(14,765)	-
OPEB related deferred outflows / inflows and liabilities	1,921,023	-
Net cash used by operating activities	<u>\$ (5,371,380)</u>	<u>\$ (34,955)</u>
<b>Supplemental information:</b>		
Non-cash commodities received from the USDA	<u>\$ 796,323</u>	<u>\$ -</u>

The accompanying notes are an integral part of these basic financial statements.

**Beaufort County School District*****Statement of Fiduciary Assets and Liabilities - Agency Fund******As of June 30, 2018******Assets***

Cash	\$ 2,356,286
Prepaid expenses	1,425
Total assets	<u>\$ 2,357,711</u>

***Liabilities***

Accounts payable	\$ 241,707
Accrued salaries and benefits	13,952
Due to student organizations	2,102,052
Total liabilities	<u>\$ 2,357,711</u>

The accompanying notes are an integral part of these basic financial statements.

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## Beaufort County School District

### *Notes to Basic Financial Statements*

*For the fiscal year ended June 30, 2018*

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#### **Note 1. Summary of Significant Accounting Policies**

**Beaufort County School District** (the School District) operates 17 elementary schools, 2 pre-K through 8<sup>th</sup> grade schools, 6 middle schools, 6 high schools, 1 special school, a charter school and a career center within the limits of Beaufort County.

##### **A. Reporting Entity**

The School District is governed by an eleven member elected Board of Education (the Board). The School District provides regular and exceptional education for students in pre-school through grade twelve and funds two-thirds of the Beaufort Jasper Academy for Career Excellence which provides vocational instruction.

The financial statements of the School 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 following is a summary of the more significant policies:

The School District's financial statements include all funds over which the Board is considered to be financially accountable. The School District receives funding from local, state, and federal government sources and must comply with the requirements of these funding source entities. However, the School 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. Local board members have decision-making authority.

The School District has determined that there is one support entity that meets the requirements for inclusion as a blended component unit, and one as a discretely presented component unit.

**Blended Component Unit** - SCAGO Educational Facilities Corporation for Beaufort County School District (EFC) was incorporated on December 11, 2006, for educational and charitable purposes, specifically to undertake certain obligations with respect to the acquisition or sale of real and/or personal property in connection with the design, construction, operation, financing, and refinancing of education facilities to be used by the School District and such other projects located in and for the benefit of the School District as may be permitted by applicable law. The EFC is organized and shall be operated exclusively for the charitable purposes within the meaning of Section 501(c)(3) of the Internal Revenue Code. The EFC has five board members; three are appointed by the board of directors of the South Carolina Association of Governmental Organizations (SCAGO) and two consist of the Superintendent and the Director of Finance (or their equivalents) of the School District. The board of directors of the EFC may increase from a minimum of five to a maximum of 10; however, in all events, less than 50% of the members of the board of directors shall be representatives of or controlled by the School District. The EFC meets the criteria of a blended component unit and therefore, the operations of the EFC are blended with the operations of the School District as required by accounting principles generally accepted in the United States of America.

## Beaufort County School District

### Notes to Basic Financial Statements

For the fiscal year ended June 30, 2018

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#### Note 1. Summary of Significant Accounting Policies, Continued

##### A. Reporting Entity, continued

**Discretely Presented Component Unit** - Riverview Charter School provides education to students in Kindergarten through eighth grade in an experiential-based learning environment. The school is owned and operated by a non-profit corporation. It operates under an agreement with the Beaufort County School District and began operations August 2009. The agreement is governed by state statutes which, as interpreted by the State Department of Education, require the inclusion of charter schools as discretely presented component units of the sponsoring district. Riverview Charter School is funded by Beaufort County School District and is located within the bounds of the School District. Financial statements of Riverview Charter School may be available at the school's administrative offices at 81 Savannah Hwy, Beaufort, SC 29906.

##### B. Basis of Presentation

The statements of the School District are presented as follows:

**Government-wide Financial Statements** - The Statement of Net Position and the Statement of Activities display information about the School District as a whole. These statements include the financial activities of the School District, except for fiduciary funds. The effect of interfund activity has been removed from these statements. Interfund services provided and used are not eliminated in the process of consolidation. The statements distinguish between those activities of the School 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 and charged to external parties.

The government-wide statements are prepared using the *economic resources measurement 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 financial statements and the financial statements for governmental funds.

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 School District and for each function or program of the School 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 School 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 School District.

## Beaufort County School District

### Notes to Basic Financial Statements

For the fiscal year ended June 30, 2018

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#### Note 1. Summary of Significant Accounting Policies, Continued

##### B. Basis of Presentation, continued

**Fund Financial Statements** - Fund financial statements report detailed information about the School 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. Non-major funds, if any, are denoted as such.

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 Revenues, Expenses and Changes in Fund Net Position presents increases (i.e., revenues) and decreases (i.e., expenses) in net total assets. The statement of cash flows provides information about how the School District finances and meets cash flow needs of its proprietary activities.

**Statements of Cash Flows** - For purposes of the statement of cash flows, the proprietary fund considers all highly liquid investments with an original maturity of three months or less to be cash equivalents.

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

The School District uses funds to maintain its financial records during the fiscal year. Fund accounting is designed to demonstrate legal compliance and to aid management by segregating transactions related to certain School District functions or activities. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The various funds of the School District are grouped into governmental, proprietary, and fiduciary fund types.

##### **Governmental Funds**

Governmental funds focus on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is separated as fund balance. The following are the School District's governmental funds:

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

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## Beaufort County School District

### Notes to Basic Financial Statements

For the fiscal year ended June 30, 2018

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#### Note 1. Summary of Significant Accounting Policies, Continued

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

###### **Governmental Funds (continued)**

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

- (1) Special Projects Fund, a budgeted fund used to account for financial resources provided by federal, state, and local projects and grants.
- (2) 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.

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

**Debt Service Fund - District (major fund)** - a budgeted fund used to account for annual payments of principal and interest on long-term general obligation debt and related costs for non-EFC obligations.

**Debt Service Fund – EFC (non-major fund)** - a nonbudgeted fund used to account for annual payments of principal and interest on long-term general obligation debt and related costs for the EFC.

###### **Proprietary Funds (non-major 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).

Within proprietary funds, operating revenues and expenses are presented in the Statement of Revenue, Expenses, and Changes in Fund 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 School District's enterprise fund. Nonoperating revenues consist primarily of contributions of commodities and reimbursements from the United States Department of Agriculture and other state aid. Operating expenses are necessary costs incurred to provide the goods or services that are the primary activity of the fund. Nonoperating expenses relate primarily to commodities from the United States Department of Agriculture and other state aid.

**Enterprise Funds (major fund)** - 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 Student Nutrition Fund is the School District's only enterprise fund and is used to account for the United States Department of Agriculture (USDA) approved school breakfast and lunch programs.



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## Beaufort County School District

### Notes to Basic Financial Statements

For the fiscal year ended June 30, 2018

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#### Note 1. Summary of Significant Accounting Policies, Continued

##### C. *Measurement Focus and Basis of Accounting, continued*

**Internal Service Funds (non-major fund)** - to account for the financing of goods and services provided by one department or agency to other departments or agencies of the School District. When services are rendered, charges are made to the users and revenue is accumulated in the Internal Service Funds to cover costs of operations. The School District has one such fund: Insurance Services. This fund accounts for the insurance and risk management services of the School District and services provided are on a cost reimbursement basis. The assets and related liabilities for the Internal Service Fund are included in the governmental activities column on the government-wide statement of net position.

**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 School 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 and faculty activity organizations. Fiduciary funds are not included in the government-wide financial statements.

##### 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. On 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.

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 School District, available means expected to be received within sixty days of fiscal year-end.

Non-exchange transactions, in which the School 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 (see Note 4). 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 School District must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the School District on a reimbursement basis. On the modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized. Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at fiscal year-end: property taxes, interest, tuition, grants, student fees, and rentals.

## Beaufort County School District

### Notes to Basic Financial Statements

For the fiscal year ended June 30, 2018

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#### Note 1. Summary of Significant Accounting Policies, Continued

##### C. *Measurement Focus and Basis of Accounting, continued*

Unearned and 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 in the governmental funds. Grants and entitlements received before the eligibility requirements are met are also recorded as unearned revenue. On the governmental fund balance sheets, receivables that will not be collected within sixty days have also been reported as unavailable revenue.

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.

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 Net Position/Fund Balance*

**Cash and Investments** - South Carolina statutes authorize investments in certificates of deposit, savings accounts, repurchase agreements, the State Treasurer's Local Government Investment Pool (invested in government guaranteed securities), obligations of the U.S. Government, and government agencies unconditionally guaranteed by the U.S. Government. Investments are recorded at fair value.

The Beaufort County Treasurer invests in authorized instruments on behalf of the School District. The Beaufort County Treasurer invests School District and other entity funds on a pooled basis with the Treasurer of the State of South Carolina. The State Treasurer invests in certificates of deposit, insured savings accounts, repurchase agreements, obligations of the United States government, and government agencies guaranteed by the United States government.

**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, if containing a balance at the end of the fiscal year, are classified as *due from other funds* or *due to other funds* on the balance sheet. 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. Amounts due to and from outside sources are recorded when earned or payable. The School District records its property tax receivables as levied net of an allowance for uncollectible accounts.

**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.

## Beaufort County School District

### Notes to Basic Financial Statements

For the fiscal year ended June 30, 2018

#### Note 1. Summary of Significant Accounting Policies, Continued

##### D. Assets, Liabilities and Net Position/Fund Balance, continued

**Prepaid Items** - Payments made to vendors for services benefiting future periods are recorded as prepaid items in both government-wide and fund financial statements using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expenditure/expense is reported in the year in which services are consumed.

**Capital Assets** - Capital assets, which include property and equipment, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. 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. Donated capital assets are recorded at acquisition value as of the date received. The School District maintains a capitalization threshold of \$5,000. The School 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.

All reported capital assets other than land and construction-in-progress 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>	Governmental Activities	Business-Type Activities
	<u>Estimated Lives</u>	<u>Estimated Lives</u>
Improvements	15 - 50 years	N/A
Buildings	15 - 50 years	N/A
Equipment	5 - 25 years	3 - 12 years
Vehicles	5 - 10 years	5 - 10 years

**Compensated Absences** - Vacation leave may be accumulated up to a maximum of forty-five days and is fully vested when earned. The entire compensated absence liability is reported on the government-wide financial statements. Compensated absences will be paid from the fund where the employee's salary is paid; typically this would include the general, special revenue and food service funds.

All vacation pay is accrued when incurred in the government-wide financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, unused reimbursable leave still outstanding following an employee's resignation or retirement. In the proprietary funds, compensated absences are recorded as an expense and liability of the fund as the benefits accrue to employees.

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## Beaufort County School District

### *Notes to Basic Financial Statements*

*For the fiscal year ended June 30, 2018*

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#### **Note 1. Summary of Significant Accounting Policies, Continued**

##### *D. Assets, Liabilities and Net Position/Fund Balance, continued*

***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 are recognized during the period in which the underlying debt was issued. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as debt service expenditures. Issuance costs, even if withheld from the actual net proceeds received, are reported as debt service expenditures.

***Deferred outflows of resources and deferred inflows of resources*** - Changes in net pension liability not included in pension expense are reported as deferred outflows of resources or deferred inflows of resources. Employer contributions subsequent to the measurement date of the net pension liability are reported as deferred outflows of resources.

When debt is refunded, the reacquisition price less the net carrying amount of the previous debt is calculated. The amount is either a gain or loss on refunding that is recognized as a component of interest expense, over the shorter of the new debt's life or the remaining life of the previous debt. The unamortized gain or loss is a deferred outflow/inflow of resources in the Statement of Net Position.

***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 the South Carolina Police Officers Retirement System (PORS) and additions to/deductions from SCRS's and PORS' fiduciary net position have been determined on the same basis as they are reported by SCRS or PORS. 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.

## Beaufort County School District

### Notes to Basic Financial Statements

For the fiscal year ended June 30, 2018

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#### Note 1. Summary of Significant Accounting Policies, Continued

##### D. Assets, Liabilities and Net Position/Fund Balance, continued

**Postemployment Benefits Other Than Pensions (OPEB)** – For purposes of measuring the District’s OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the South Carolina Retiree Health Insurance Trust Fund (“SCRHITF”) and the South Carolina Long-Term Disability Insurance Trust Fund (“SCLTDITF”), collectively referred to as the Other Post-Employment Benefits Trust Funds (“OPEB Trusts”), and additions to/deductions from the OPEB Trusts fiduciary net position have been determined on the same basis as they are reported by the OPEB Trusts. For this purpose, the OPEB Trusts recognize benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value, except for money market investments and participating interest earning investment contracts that have a maturity at the time of purchase of one year or less, which are reported at cost.

**Fund Balances and Net Position - Government-Wide Statements** - 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 their use either through enabling legislation adopted by the School District or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.

**Net Position Flow Assumption** - Sometimes the School District will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as “restricted net position” and “unrestricted net position” in the government-wide financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the School District’s policy to consider “restricted net position” to have been depleted before “unrestricted net position” is applied.

**Fund Balance Flow Assumption** - Sometimes the School District will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the School District’s policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

**Fund Balances and Net Position - Fund Statements** - Fund balances of governmental funds are reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes.

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## Beaufort County School District

### *Notes to Basic Financial Statements*

*For the fiscal year ended June 30, 2018*

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#### **Note 1. Summary of Significant Accounting Policies, Continued**

##### *D. Assets, Liabilities and Net Position/Fund Balance, continued*

The nonspendable fund balance classification represent portions of fund balances which are inherently nonspendable because of their form (such as inventory) or which are required to be maintained intact. Fund balance is reported as restricted when there are limitations imposed on its use either through the enabling legislations or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

The School District itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the School District's highest level of decision-making authority. The School District's Board of Education is the highest level of decision-making authority for the government that can, by majority vote, prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (the adoption of another ordinance) to remove or revise the limitation.

Amounts in the assigned fund balance classification are intended to be used by the School District for specific purposes but do not meet the criteria to be classified as committed. Intent can be expressed by the School District's Board of Education or by an official or body to which the Board delegates its authority. As of June 30, 2018, no such delegation of authority has been made.

The Board of Education may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

Unassigned fund balance includes all amounts not included in other spendable classifications. The General Fund is the only fund that can report a positive unassigned fund balance. However, in governmental funds other than the General Fund, if expenditures incurred for specific purposes exceed the amounts that are restricted, committed, or assigned to those purposes, it may be necessary to report a negative unassigned fund balance in that fund.

The School District has adopted a minimum fund balance policy for the General Fund which requires the unassigned fund balance at year end to be no less than 10% of next year's budgeted expenditures. The desired target is to maintain an unassigned General Fund fund balance between 13-15% not to exceed 15% of annual operating expenditures for the next fiscal year. At June 30, 2018, the School District's unassigned General Fund fund balance was 17.5% of 2018 budgeted expenditures. Proprietary fund equity is classified the same as in government-wide statements.

## Beaufort County School District

### Notes to Basic Financial Statements

For the fiscal year ended June 30, 2018

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#### Note 1. Summary of Significant Accounting Policies, Continued

##### D. *Assets, Liabilities and Net Position/Fund Balance, 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 revenues 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 nonoperating 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 activities financial statements.

**Operating Revenues and Expenses** - Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the School District, those revenues consist of sales of breakfasts and lunches to students and teachers.

**Use of 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 School District's financial position and results of operations and disclosure of contingent assets and liabilities. Actual results could differ from those estimates.

##### E. *Adoption of new accounting standards*

Effective for the fiscal year ended June 30, 2018, the District adopted GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions (OPEB). As a result of this implementation, the District will now report its portion of the State of South Carolina's other postemployment benefits liability. Since the information for the restatement of beginning balances of deferred inflows of resources or deferred outflows of resources is not available for the earliest period presented, the cumulative effect of the Statement implementation will be shown as a restatement to beginning net position as of July 1, 2017. The effect of this implementation is discussed in Note 15.

Other accounting standards that have been issued or proposed by the GASB or other standards-setting bodies are not expected to have a material impact on the District's financial position, changes in net position, or cash flows.

##### F. *Subsequent Events*

In preparing these financial statements, the School District's management has evaluated events and transactions for potential recognition or disclosure through November 28, 2018, the date the financial statements were available for issuance.

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## Beaufort County School District

### *Notes to Basic Financial Statements*

*For the fiscal year ended June 30, 2018*

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#### **Note 2. Stewardship, Compliance and Accountability**

**Budgetary Accounting** - State statutes require a budget for operations be approved before any expenditures are made. The Board will usually approve the operating budget in May for the fiscal year beginning July 1. A budget is adopted by July 1 of each fiscal year for the General Fund and Special Revenue Funds on the same modified accrual basis used to reflect actual revenues and expenditures in the fund financial statements. Budget and actual comparisons are presented in the required supplementary information accompanying these financial statements. The amounts reported as the original budgeted amounts in the budgetary statements reflect the amounts adopted in the original appropriations. The amounts reported as the final budgeted amounts in the budgetary statements reflect the amounts in the final amended budget issued during the year ended June 30, 2018. Each budget is prepared by function and object as dictated by the State-adopted Program Oriented Budgeting and Accounting System and for management control purposes. The School District's policies allow funds to be transferred between functions with administrative approval. The total budget cannot be increased beyond that level approved by the Board originally and in supplementary action. The legal level of control is at the fund level. No supplemental appropriations were necessary during the year.

#### **Note 3. Deposits and Investments**

A reconciliation of cash and investments as shown on the Statement of Net Position to total deposits and restricted investments are as follows:

Cash and cash equivalents - governmental funds	\$ 16,256,470
Restricted cash and cash equivalents – governmental funds	57,915
Cash and cash equivalents – enterprise fund	1,238,276
Cash and cash equivalents – internal service fund	1,365,895
Cash – agency fund	<u>2,356,286</u>
	<u>\$ 21,274,842</u>

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

Amounts on deposit with the Beaufort 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 School District under state law. The carrying values of these investments approximate the fair values. The Beaufort County Treasurer is responsible for maintaining these investments in accordance with state laws.



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## Beaufort County School District

### *Notes to Basic Financial Statements*

*For the fiscal year ended June 30, 2018*

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#### **Note 3. Deposits and Investments, Continued**

##### *Custodial Credit Risk - Deposits:*

This is the risk that in the event of a bank failure, the School District's deposits may not be returned to it. Deposits of the School District are subject to South Carolina state statutes for custodial credit risk. The statutes provide that banks accepting deposits of funds from local government units must furnish an indemnity bond or pledge as collateral obligations of the United States, South Carolina, political subdivisions of South Carolina, the Federal National Mortgage Association, the Federal Home Loan Bank, the Federal Farm Credit Bank, or the Federal Home Loan Mortgage Corporation. In accordance with the aforementioned statute, the School District's policy requires deposits to be secured by collateral valued at market or par, whichever is lower, less the amount of the Federal Deposit Insurance Corporation (FDIC) insurance. Deposited funds may be invested in demand or time deposits, continuously and fully secured with direct obligations of or obligations guaranteed by the United States of America having a market value not less than the amount of such monies. At June 30, 2018 the carrying amount of the School District's deposits was \$21,274,842 and the bank balance was \$24,022,966. All of these deposits were fully collateralized with securities held by the pledging financial institution's trust department in the School District's name or insured by the Federal Deposit Insurance Corporation. Information was not available regarding the custodial risk of deposits with the Beaufort County Treasurer of \$94,946,470.

##### *Custodial Credit Risk - Investments:*

For an investment, this is the risk that, in the event of the failure of the counterparty, the School District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The School District does not have a formal investment policy to address custodial credit risk but follows the investment policy strategy of the State of South Carolina.

##### *Interest Rate Risk:*

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Investments held for longer periods are subject to increased risk of adverse interest rate changes. The School District contracts with a banking institution for a guaranteed interest rate. The School District does not have a formal investment policy that limits investment maturities to reduce its exposure to fair value losses arising from increasing interest rates, but follows the investment policy strategy of the State of South Carolina. Information pertaining to the reported amounts, fair values, maturities, credit risk, interest rate risk and concentration risk is disclosed in the CAFR of the State of South Carolina

##### *Credit Risk:*

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The School District has adopted an investment policy in accordance with state statutes, which authorize the School District to invest in the following:

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## Beaufort County School District

### *Notes to Basic Financial Statements*

*For the fiscal year ended June 30, 2018*

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#### **Note 3. Deposits and Investments, Continued**

1. Obligations of the United States and agencies thereof;
2. Obligations issued by the Federal Financing Bank, Federal Farm Credit Bank, the Bank of Cooperatives, the Federal Intermediate Credit Bank, the Federal Land Banks, the Federal Home Loan Banks, the Federal Home Loan Mortgage Corporation, the Federal National Mortgage Association, the Government National Mortgage Association, the Federal Housing Administration, and the Farmers Home Administration, if, at the time of investment, the obligor has a long-term, unenhanced, unsecured debt rating in one of the top two categories, without regard to a refinement or gradation of rating by numerical modifier or otherwise, issued by at least two nationally recognized credit rating organizations;
3. General obligations of the State of South Carolina or any of its political units;
4. Savings and loan association deposits to the extent insured by the Federal Deposit Insurance Corporation;
5. Certificates of deposit and repurchase agreements collateralized 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 certificates of deposit and repurchase agreements so secured, including interest; and
6. No-load open and closed-end management type investment companies or investment trusts registered under the Investment Company Act of 1940, as amended, where the investment is made by a bank or trust company or savings and loan association or other financial institution when acting as trustee or agent for a bond or other debt issue of that local government unit.

In addition, South Carolina state statutes authorize the School District to invest in the South Carolina Local Government Investment Pool (SCLGIP). The SCLGIP is an investment trust fund created by state legislation, in which public monies under the custody of any political subdivision in excess of current needs may be deposited. The SCLGIP is permitted to purchase obligations of the United States, its agencies and instrumentalities, and any corporation within the United States if such obligations bear any of the three highest ratings of at least two nationally recognized rating services. The SCLGIP is a 2a7-like pool, which is not registered with the Securities and Exchange Commission (SEC) as an investment company, but has a policy that it will operate in a manner consistent with the SEC's rule 2a7 of the Investment Company Act of 1940. The fair value of the School District's position in the SCLGIP approximates the same value of the School District's LGIP shares. The SCLGIP is not rated. The SCLGIP's complete financial statements may be obtained by writing the Office of the State Treasurer, Local Government Investment Pool, Post Office Box 11778, Columbia, South Carolina 29211.

#### *Fair value of financial instruments:*

The School 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.

Amounts on deposit in the LGIP 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 requirements as the District under state law. The carrying values of these investments approximate fair values. The LGIP is responsible for maintaining these investments in accordance with state law.

## Beaufort County School District

### Notes to Basic Financial Statements

For the fiscal year ended June 30, 2018

#### Note 4. Property Taxes

Property taxes attach as an enforceable lien on January 1 on property values assessed as of the same date. The School District's property tax is levied and billed each October on the assessed value listed as of the prior January 1 for all real and business personal property located in the School District. Taxes are delinquent on March 15, the collection date, following the October 1 levy date. If not paid by the following October 1, the property is subject to sale by the delinquent tax office. Taxes on licensed motor vehicles are levied during the month when the taxpayer's license registration is due for renewal. The taxpayer must provide proof of payment to the Highway Department before that agency will renew the vehicle license. Total tax collections, which include delinquent tax collections and penalties, equaled approximately 96% of the current tax levy for the year ended June 30, 2018.

The assessed value of real and other personal property, exclusive of vehicles (valued at \$110,929,630) is \$1,743,392,340. The School District's general operations millage is 113.5 mills (\$11.35 per \$100 assessed valuation), and debt service fund millage is 31.71 mills (\$3.171 per \$100 assessed valuation).

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.

#### Note 5. Receivables

Receivables at June 30, 2018 consisted of taxes, intergovernmental grants, and reimbursements. All intergovernmental receivables are considered collectible in full due to the stable condition of State programs and the current year guarantee of federal funds. Receivables as of year-end, including the applicable allowances for uncollectible accounts, are as follows:

	General	Special Projects	Education Improvement Act	Debt Service- District	Capital Projects	Food Service Program
Receivables						
Property taxes	\$ 12,277,205	\$ -	\$ -	\$ 3,752,869	\$ -	\$ -
Due from other						
governmental units	4,589,976	2,950,011	34,594	-	-	1,061,276
Other	<u>107,548</u>	<u>898</u>	<u>-</u>	<u>-</u>	<u>613,647</u>	<u>459,361</u>
Gross receivables	16,974,729	2,950,909	34,594	3,752,869	613,647	1,520,637
Less allowance for uncollectible						
property tax	<u>(3,755,357)</u>	<u>-</u>	<u>-</u>	<u>(1,123,484)</u>	<u>-</u>	<u>-</u>
Net receivables	<u>\$ 13,219,372</u>	<u>\$ 2,950,909</u>	<u>\$ 34,594</u>	<u>\$ 2,629,385</u>	<u>\$ 613,647</u>	<u>\$ 1,520,637</u>

## Beaufort County School District

### Notes to Basic Financial Statements

For the fiscal year ended June 30, 2018

#### Note 6. Capital Assets

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

	Balance, July 1, 2017	Additions/ Transfers	Deductions/ Transfers	Balance, June 30, 2018
<b>Governmental activities</b>				
Capital assets, not being depreciated				
Land	\$ 41,299,484	\$ -	\$ -	\$ 41,299,484
Construction in progress	<u>823,020</u>	<u>9,428,264</u>	<u>-</u>	<u>10,251,284</u>
Total capital assets, not being depreciated	<u>42,122,504</u>	<u>9,428,264</u>	<u>-</u>	<u>51,550,768</u>
Capital assets, being depreciated				
Improvements	221,384,276	6,567,414	385,487	227,566,203
Buildings	524,591,434	-	442,835	524,148,599
Equipment	<u>40,500,996</u>	<u>881,294</u>	<u>994,686</u>	<u>40,387,604</u>
Total capital assets, being depreciated	<u>786,476,706</u>	<u>7,448,708</u>	<u>1,823,008</u>	<u>792,102,406</u>
Totals at historical cost	<u>828,599,210</u>	<u>16,876,972</u>	<u>1,823,008</u>	<u>843,653,174</u>
Less accumulated depreciation				
Improvements	89,700,167	7,758,124	164,685	97,293,606
Buildings	188,064,444	11,370,230	404,064	199,030,610
Equipment	<u>30,310,968</u>	<u>2,076,009</u>	<u>908,728</u>	<u>31,478,249</u>
Total accumulated depreciation	<u>308,075,579</u>	<u>21,204,363</u>	<u>1,477,477</u>	<u>327,802,465</u>
Total capital assets, being depreciated	<u>478,401,127</u>	<u>(13,755,655)</u>	<u>345,531</u>	<u>464,299,941</u>
<b>Governmental activities capital assets, net</b>	<u>\$ 520,523,631</u>	<u>\$ (4,327,391)</u>	<u>\$ 345,531</u>	<u>\$ 515,850,709</u>

## Beaufort County School District

### Notes to Basic Financial Statements

For the fiscal year ended June 30, 2018

#### Note 6. Capital Assets, Continued

Depreciation expense was charged to governmental functions as follows:

Instruction	\$ 566,833
Support services	20,618,708
Community services	<u>18,822</u>
Total depreciation expense	<u>\$ 21,204,363</u>

	Balance, July 1, 2017	Additions	Deductions	Balance, June 30, 2018
<b>Business-type activities</b>				
Equipment	\$ 5,017,012	\$ 149,532	\$ 46,496	\$ 5,120,048
Vehicles	199,142	24,317	-	223,459
Equipment in progress	<u>-</u>	<u>163,711</u>	<u>-</u>	<u>163,711</u>
	<u>5,216,154</u>	<u>337,560</u>	<u>46,496</u>	<u>5,507,218</u>
Less accumulated depreciation				
Equipment	2,905,878	232,171	46,496	3,091,553
Vehicles	<u>145,746</u>	<u>14,948</u>	<u>-</u>	<u>160,694</u>
	<u>3,051,624</u>	<u>247,119</u>	<u>46,496</u>	<u>3,252,247</u>
<b>Business-type activities capital assets, net</b>	<u>\$ 2,164,530</u>	<u>\$ 90,441</u>	<u>\$ -</u>	<u>\$ 2,254,971</u>

#### Note 7. Unavailable/Unearned Revenues and Deferred Inflows of Resources

Governmental funds report unavailable revenue in the fund financial statement in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received but not yet earned. At June 30, 2018, the various components of unavailable/unearned revenue were as follows:

	Fund Statements	Government wide
Property taxes	\$ 8,964,611	\$ -
Grant revenue	<u>5,295,116</u>	<u>5,458,344</u>
	<u>\$ 14,259,727</u>	<u>\$ 5,458,344</u>

## Beaufort County School District

### Notes to Basic Financial Statements

For the fiscal year ended June 30, 2018

#### Note 8. Transfers From (to) Other Funds

Transfers from (to) other funds for the year ended June 30, 2018, consisted of the following:

	Transfers In	Transfers Out
General Fund	\$ 6,009,100	\$ 894,714
Special Projects Fund	784,714	402,122
Education Improvement Act Fund	-	5,512,882
Debt Service Fund - District	-	2,729,952
Debt Service Fund - EFC	2,729,952	-
Capital Projects Funds	8,000	-
Total governmental funds	<u>9,531,766</u>	<u>9,539,670</u>
Food Service Fund	<u>110,000</u>	<u>102,096</u>
Total proprietary funds	<u>110,000</u>	<u>102,096</u>
Total transfers	<u>\$ 9,641,766</u>	<u>\$ 9,641,766</u>

Transfers are used (1) to move revenues from the fund that a statute or budget requires to collect them to the fund that a statute or budget requires to expend them, and (2) to use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

Transfers out of the education improvement act and special projects fund to the general fund are to cover allowable salaries paid out of the general fund. Transfers out of the school food service fund to the general fund are to cover indirect costs.

#### Note 9. Interfund Receivables and Payables

Interfund balances at June 30, 2018, consisted of the following individual fund receivables and payables:

	Receivable	Payable
General Fund	\$ 1,293,910	\$ 45,818
Special Projects Fund	1,732	49
Capital Projects Fund	<u>1,733</u>	<u>1,283,463</u>
Total governmental funds	<u>1,297,375</u>	<u>1,329,330</u>
Food Service Fund	<u>31,955</u>	-
Total proprietary funds	<u>31,955</u>	-
	<u>\$ 1,329,330</u>	<u>\$ 1,329,330</u>

Interfund balances largely result from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

## Beaufort County School District

### Notes to Basic Financial Statements

For the fiscal year ended June 30, 2018

#### Note 10. Long Term Liabilities

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

	Principal outstanding July 1, 2017	Additions	Reductions	Principal outstanding June 30, 2018	Amounts due in one year
<b>Governmental activities</b>					
General obligation bonds	\$ 278,776,621	\$ 28,570,000	\$ 41,780,000	\$ 265,566,621	\$ 33,956,000
IPRR bonds	<u>27,240,000</u>	<u>-</u>	<u>1,965,000</u>	<u>25,275,000</u>	<u>2,005,000</u>
Total bonded indebtedness	306,016,621	28,570,000	43,745,000	290,841,621	35,961,000
Unamortized bond premiums	<u>26,976,556</u>	<u>2,195,170</u>	<u>6,387,353</u>	<u>22,784,373</u>	<u>5,502,698</u>
Total bonds payable	332,993,177	30,765,170	50,132,353	313,625,994	41,463,698
Note payable	3,500,000	-	665,700	2,834,300	694,700
Pension obligation, net**	245,146,428	20,355,613	-	265,502,041	-
OPEB obligation, net**	209,829,984	-	7,548,020	202,281,964	-
Compensated absences	<u>1,353,362</u>	<u>927,131</u>	<u>924,570</u>	<u>1,355,923</u>	<u>224,292</u>
Total other	459,829,774	21,282,744	9,138,290	471,974,228	918,992
Total governmental activities long-term liabilities	<u>\$ 792,822,951</u>	<u>\$ 52,047,914</u>	<u>\$ 59,270,643</u>	<u>\$ 785,600,222</u>	<u>\$ 42,382,690</u>
<b>Business-type activities</b>					
Pension obligation, net**	\$ 711,752	\$ 3,085	\$ -	\$ 714,837	\$ -
OPEB obligation, net**	564,946	-	20,322	544,624	-
Compensated absences	<u>455</u>	<u>2,495</u>	<u>1,957</u>	<u>993</u>	<u>-</u>
Total business-type activities long-term liabilities	<u>\$ 1,277,153</u>	<u>\$ 5,580</u>	<u>\$ 22,279</u>	<u>\$ 1,260,454</u>	<u>\$ -</u>

\*\* The pension and OPEB obligation additions and reductions are presented net. Amounts due in one year are not readily available.

**General Obligation Bonds** - The School District issues general obligation bonds to provide funds for the acquisition, construction, and major improvement of major capital facilities. General obligation bonds are direct obligations and pledge the full faith and credit of the government. These bonds generally are issued as 5 to 20 year serial bonds with principal maturing each year.

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. 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 authorized by a majority vote of the qualified electors of the School District voting in a referendum will not be considered in the computation of the 8% limitation.

## Beaufort County School District

### Notes to Basic Financial Statements

For the fiscal year ended June 30, 2018

#### Note 10. Long Term Liabilities, Continued

General obligations bonds payable at June 30, 2018 are comprised of the following:

Date of Issue	Series	Interest Rates	Payment Dates	Maturity	Original Issue	Outstanding at June 30, 2018
October 14, 2009	2009D	3.0-5.0*	Sept./Mar.	2024	\$ 62,155,000	\$ 5,885,000
December 1, 2009	2009E	1.05*	Sept./Mar.	2026	10,000,000	10,000,000
May 18, 2010	2010B	3.0-5.0*	Sept./Mar.	2019	21,710,000	5,895,000
March 31, 2011	2011A	5.08	Mar./Sept.	2021	1,553,303	1,503,303
December 22, 2011	2011C	4.19	Sept./Mar.	2021	2,622,318	2,572,318
December 22, 2011	2011D	3.0-5.0*	Sept./Mar.	2020	28,770,000	1,010,000
April 24, 2012	2012B	3.0-5.0*+	Sept./Mar.	2024	16,580,000	9,850,000
November 14, 2013	2013D	2.35	March	2028	22,000,000	18,946,000
March 1, 2014	2014B	1.25	Sept./Mar.	2034	25,000,000	22,220,000
February 19, 2015	2015A	2.0-5.0*-	March	2025	95,945,000	69,875,000
March 31, 2015	2015B	3.5-5.0*/	March	2023	62,500,000	60,785,000
December 3, 2015	2015F	0.85	March	2025	6,788,000	6,775,000
February 2, 2016	2016A	5.0*	March	2024	28,090,000	27,890,000
July 13, 2017	2017B	5.0*	Sept./Mar.	2021	28,570,000	22,360,000
					<u>\$ 412,283,621</u>	<u>\$ 265,566,621</u>

\*Approved in whole or in part by bond referendum; not subject to assessed value issuance restrictions.

+Includes \$5,805,000 of non-referendum debt.

-Includes \$71,370,000 of non-referendum debt.

/Includes \$28,125,000 of 2000/1995 referendum debt and \$34,375,000 of 2006 referendum debt.

During May 2006, a \$43,660,000 bond referendum was passed. In this referendum, the following facilities were approved: an elementary school, a middle school, land for a high school, and additional funding for the completion of a high school. During December 2007, the School District issued \$43,660,000 in general obligation bonds under the referendum, with an annual interest rate ranging from 4.5% to 6.5%. Debt outstanding at June 30, 2018 against these bonds totaled \$33,431,750.

On April 26, 2008, the voters of Beaufort County approved a \$162,700,000 bond referendum. The bonds paid for the construction of two early childhood centers, two elementary schools, several building additions, land for future schools, and a performing arts center. Debt outstanding at June 30, 2018 against the \$162,700,000 in General Obligation Bonds totaled \$84,941,000.

The total debt outstanding against the 2000 referendum general obligation bonds, the 1995 referendum general obligation bonds, the 2006 referendum general obligation bonds, and 2008 referendum general obligation bonds, not subject to the 8% limitation, was \$168,881,000 at June 30, 2018. In addition, the 2016 EFC IPRR refunding bonds referenced below are not subject to the 8% limitation.

The December 1, 2006 IPRR Bonds are not an obligation of the School District; however, as the EFC is blended with the operations of the School District, the debt of the EFC is included with the School District's other obligations as required by accounting principles generally accepted in the United States of America. During the year ended June 30, 2017, the School District advance refunded these IPRR Bonds through the issuance of Series 2016 IPRR Bonds.



## Beaufort County School District

### Notes to Basic Financial Statements

For the fiscal year ended June 30, 2018

#### Note 10. Long Term Liabilities, Continued

The EFC executed a trust agreement in connection with the IPRR Bonds and established several accounts as follows. Because these bonds were advance refunded during the year ended June 30, 2017, these accounts were liquidated as part of the advance refunding and deposited. These accounts established by the trust agreement were in compliance with the agreement.

The IPRR Bonds were issued pursuant to a Facilities Agreement between the School District and the EFC and evidence proportionate interests of the owners in certain rental payments be made by the School District under the terms of a Base Lease Agreement between the School District and the EFC. These agreements were authorized by the Board of Education of the School District on December 5, 2006. The School District will purchase the facilities from the EFC pursuant to the Facilities Agreement, which will obligate the School District to make installment payments of purchase price (lease rental payments) to the EFC in amounts calculated to be sufficient to enable the EFC to pay the principal and interest on the outstanding bonds. The refunding bonds bear interest at 1.9% to 3.3%, and are payable in December of each year, maturing in 2028.

The School District's obligations under the Facilities Agreement are from year to year only and do not constitute a mandatory payment obligation of the School District in any fiscal year in which funds are not appropriated by the School District to pay the installment payments of purchase price due in such fiscal year. However, the School District would forfeit possession of the facilities for the remainder of the term of the lease if they were to not pay the installment payments.

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

Year Ending June 30,	Principal	Interest	Total
2019	\$ 35,961,000	\$ 11,939,594	\$ 47,900,594
2020	32,627,000	10,372,382	42,999,382
2021	32,212,621	8,821,975	41,034,596
2022	28,129,000	7,341,383	35,470,383
2023	29,482,000	6,014,023	35,496,023
2024-2028	97,150,000	14,513,751	111,663,751
2029-2033	33,425,000	3,435,514	36,860,514
2034-2034	1,855,000	74,200	1,929,200
	<u>\$ 290,841,621</u>	<u>\$ 62,512,822</u>	<u>\$ 353,354,443</u>

Repayment of the general obligation bonds is funded by the School District Debt Service Fund, while repayment of the IPRR bonds is funded by the EFC Debt Service Fund.

## Beaufort County School District

### Notes to Basic Financial Statements

For the fiscal year ended June 30, 2018

#### Note 10. Long Term Liabilities, Continued

**Advance Refunding** - The School District issued \$29,050,000 in IPRR bonds, series 2016, with an average coupon rate of 3.07%. The proceeds, along with EFC cash totaling \$2,888,013, were used to advance refund \$30,585,000 of outstanding 2006 IPRR bonds which had interest rates ranging from 4.0% to 5.0%. Total costs to issue the 2016 IPRR Bonds totaled \$642,668. The net proceeds of \$31,295,345 were deposited in an irrevocable trust with an escrow agent to provide funds for the future debt service payment on the refunded bonds. As a result, \$30,585,000 of the 2006 IPRR Bonds are considered defeased and the liability for those bonds has been removed from the Statement of Net Position.

The acquisition price exceeded the net carrying amount of the previous debt by \$731,908. The School District refunded the bonds to reduce its total debt service payments over 16 years by approximately \$5,200,000 and to obtain an economic gain (difference between the present values of the debt service payments on the old and new debt) of approximately \$3,500,000.

**Acquisition Note Payable** – The School District entered into an Acquisition, Use and Security Agreement to acquire school buses on July 1, 2017 at a cost of \$3,500,000, bearing interest at 1.32%. The School District is required to make five annual payments on this note payable beginning December 1, 2016. The balance on this note was \$2,834,300 as of June 30, 2018.

#### Note 11. Short-Term Obligations

The School District's short-term obligations for the year ended June 30, 2018 consisted of the following activity:

	Principal Outstanding July 1, 2017	Additions	Reductions	Principal outstanding June 30, 2018
<b>Governmental activities</b>				
General obligation bonds	\$ 254,000	\$ 3,454,000	\$ 3,335,000	\$ 373,000
Tax anticipation note	-	18,000,000	18,000,000	-
Total governmental activities	<u>\$ 254,000</u>	<u>\$ 21,454,000</u>	<u>\$ 21,335,000</u>	<u>\$ 373,000</u>

The School District issued general obligation bonds on May 17, 2017 in the amount of \$254,000, maturing on September 1, 2018, bearing interest at 3.00%, for the purpose of making payments to EFC.

The School District issued a Tax Anticipation Note on August 8, 2017 in the amount of \$18,000,000, maturing in April 2018, bearing interest at 3.00%, to fund operations.

## Beaufort County School District

### Notes to Basic Financial Statements

For the fiscal year ended June 30, 2018

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#### Note 12. Fund Balances and Net Position

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

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

Fund balance - 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 Board of Education. The Board, as the School District's highest level of decision making authority, may commit fund balances by a formal vote prior to the School District's fiscal year end for that fiscal year. Further modification or rescission of committed funds must also be accomplished by a formal vote of the Board prior to fiscal year-end.

Fund balances - Assigned - balances classified as assigned are intended to be used by the government for specific purposes but do not meet the criteria to be classified as committed. Intent can be expressed by the Board of Education or an official or body to which the Board delegates the authority. As of June 30, 2018, no such delegation of authority has been made.

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 less unexpended proceeds attributable to the investment in capital assets. To the extent debt has been incurred but not yet expended for capital assets, such amounts are not included as a component of net investment in capital assets. Detail of net investment in capital assets are as follows:

	<b>Governmental Activities</b>
Capital assets, net of accumulated depreciation	\$ 515,850,709
Unspent bond proceeds	36,430,089
Deferred charge on refunding	6,223,310
Accounts and retainages payable	(8,928,613)
Bonds payable	(290,841,621)
Acquisition note payable	(2,834,300)
Unamortized bond premiums	(22,784,373)
	<u>\$ 223,115,201</u>

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.

## Beaufort County School District

### Notes to Basic Financial Statements

For the fiscal year ended June 30, 2018

#### Note 12. Fund Balances and Net Position, Continued

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

Fund balances of the governmental-fund financial statements are as follows:

	General Fund	Special Revenue- Special Projects	Special Revenue- Education Improvement Act	Debt Service - District	Debt Service - EFC	Capital Projects	Total
Nonspendable:							
Prepaid items	\$ 44,507	\$ 14,700	\$ 525	\$ -	\$ -	\$ -	\$ 59,732
	44,507	14,700	525	-	-	-	59,732
Restricted for:							
Debt service	-	-	-	16,005,883	57,915	-	16,063,798
Capital projects	-	-	-	-	-	26,856,299	26,856,299
	-	-	-	16,005,883	57,915	26,856,299	42,920,097
Unassigned	39,562,392	(14,700)	(525)	-	-	-	39,547,167
	\$ 39,606,899	\$ -	\$ -	\$ 16,005,883	\$ 57,915	\$ 26,856,299	\$ 82,526,996

#### Note 13. Food Service

##### *Federal Guidelines*

The School District's Food Service Fund administers the lunch programs in accordance with the United States Department of Agriculture (USDA) guidelines. Revenues are provided from USDA reimbursements and cash collections. The meals served to pupils are classified as regular, reduced, or free by the Food Service Program. The type of meal served and classification of students determines the amount of reimbursement from the USDA. Reimbursements may be in the form of cash or commodities. The food service expenditures are inclusive of \$796,323 of commodities provided and consumed during the year ended June 30, 2018.

##### *Administrative Costs*

The General Fund performs certain administrative functions and pays for certain costs of the Food Service Fund. The School District's accounting policies for food service operations reflect these expenditures in the General Fund.

#### Note 14. Retirement Benefits

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 (SFFA), 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.

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## Beaufort County School District

### *Notes to Basic Financial Statements*

*For the fiscal year ended June 30, 2018*

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#### **Note 14. Retirement Benefits, Continued**

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.

#### 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.

The South Carolina Police Officers Retirement System (PORS), a cost-sharing multiple-employer defined benefit pension plan, was established effective July 1, 1962, pursuant to the provisions of Section 9-11-20 of the South Carolina Code of Laws for the purpose of providing retirement allowances and other benefits for police officers and firemen of the state and its political subdivisions.

#### 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.

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## Beaufort County School District

### *Notes to Basic Financial Statements*

*For the fiscal year ended June 30, 2018*

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#### **Note 14. Retirement Benefits, Continued**

##### Membership, continued:

**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 employers 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. 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 years 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.

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## Beaufort County School District

### *Notes to Basic Financial Statements*

*For the fiscal year ended June 30, 2018*

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#### **Note 14. Retirement Benefits, Continued**

##### *Benefits, continued:*

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 reaching age 60 or the second July 1 after the date they would have had 28 years of service credit had they not retired.

**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.

##### *Contributions:*

Contributions are prescribed in Title 9 of the South Carolina Code of Laws. Upon recommendation by the actuary in the annual actuarial valuation, the PEBA Board may adopt and present to the Budget and Control Board for approval an increase in the SCRS and PORS employer and employee contribution rates, but any such increase may not result in a differential between the employee and total employer contribution rate that exceeds 2.9 percent of earnable compensation for SCRS and 5 percent for PORS. 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.

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## Beaufort County School District

### Notes to Basic Financial Statements

For the fiscal year ended June 30, 2018

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#### Note 14. Retirement Benefits, Continued

##### Contributions, continued:

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 16.89 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.

Required employee contribution rates are as follows:

	<u>Fiscal Year 2018</u>	<u>Fiscal Year 2017</u>
<b>SCRS</b>		
Employee Class Two	9.00%	8.66%
Employee Class Three	9.00%	8.66%
<b>State ORP</b>		
Employee	9.00%	8.66%
<b>PORS</b>		
Employee Class Two	9.75%	9.24%
Employee Class Three	9.75%	9.24%



## Beaufort County School District

### Notes to Basic Financial Statements

For the fiscal year ended June 30, 2018

#### Note 14. Retirement Benefits, Continued

##### Contributions, continued:

Required employer contribution rates<sup>1</sup> are as follows:

	<u>Fiscal Year 2018</u>	<u>Fiscal Year 2017</u>
<b>SCRS</b>		
Employer Class Two	13.41%	11.41%
Employer Class Three	13.41%	11.41%
Employer Incidental Death Benefit	0.15%	0.15%
<b>State ORP</b>		
Employer Contribution <sup>2</sup>	13.41%	11.41%
Employer Incidental Death Benefit	0.15%	0.15%
<b>PORS</b>		
Employer Class Two	15.84%	13.84%
Employer Class Three	15.84%	13.84%
Employer Incidental Death Benefit	0.20%	0.20%
Employer Accidental Death Program	0.20%	0.20%

<sup>1</sup> Calculated on earnable compensation as defined in Title 9 of the South Carolina Code of Laws.

<sup>2</sup> Of this employer contribution, 5% of earnable compensation must be remitted by the employer directly to the ORP vendor to be allocated to the member's account with the remainder of the employer contribution remitted to the SCRS.

Of the ORP employer contribution of 11.41% of earnable compensation, 5% of earnable compensation must be remitted by the employer directly to the ORP vendor to be allocated to the member's account with the remainder of the employer contribution remitted to SCRS.

Contributions to the SCRS, ORP, and PORS pension plans from the School District were \$16,536,727 for the year ended June 30, 2018.

##### Net pension liability:

At June 30, 2018, the School District reported liabilities of \$266,042,861 and \$174,017 for its proportionate shares of the SCRS and PORS net pension liabilities, respectively. The net pension liabilities were measured as of July 1, 2016, and the total pension liabilities used to calculate the net pension liabilities were determined by an actuarial valuation as of that date. The School District's proportionate shares of the net pension liabilities were based on a projection of the School 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, 2018, the School District's proportionate shares of the SCRS and PORS plans were 1.181803% and 0.00635%.

## Beaufort County School District

### Notes to Basic Financial Statements

For the fiscal year ended June 30, 2018

#### Note 14. Retirement Benefits, Continued

##### Net pension liability, continued:

According to South Carolina Code of Laws 9-1-1180, the State is responsible for contributing the employer contributions related to all publicly funded teachers and the employees of the State's technical colleges. However, as these employer contributions related to the State's teachers and technical college employees are not paid by the State directly to SCRS and PORS, but remitted instead to each school district and technical college for their contribution payments, GASB 68 requires that the school districts and technical colleges recognize the portions of the SCRS and PORS net pension liabilities that relate to their respective employees.

##### Pension expense:

For the year ended June 30, 2018, the School District recognized pension expense for the SCRS and PORS plans of \$10,934,157 and \$21,052, respectively.

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

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

	SCRS	
	Deferred outflows of resources	Deferred inflows of resources
Differences between expected and actual experience	\$ 1,186,019	\$ 147,459
Changes of assumptions	15,573,954	-
Net difference between projected and actual earnings on pension plan investments	21,463,010	14,036,342
Changes in proportion and differences between School District contributions and proportionate share of contributions	5,561,619	1,646,075
School District contributions subsequent to the measurement date	16,576,647	-
Total	<u>\$ 60,361,249</u>	<u>\$ 15,829,876</u>

	PORS	
	Deferred outflows of resources	Deferred inflows of resources
Differences between expected and actual experience	\$ 1,552	\$ -
Changes of assumptions	16,516	-
Net difference between projected and actual earnings on pension plan investments	18,224	12,023
Changes in proportion and differences between School District contributions and proportionate share of contributions	34,550	15,605
School District contributions subsequent to the measurement date	4,604	-
Total	<u>\$ 75,446</u>	<u>\$ 27,628</u>

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## Beaufort County School District

### Notes to Basic Financial Statements

For the fiscal year ended June 30, 2018

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#### Note 14. Retirement Benefits, Continued

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

The \$16,576,647 and \$4,604 reported as deferred outflows of resources related to pensions resulting from School District contributions subsequent to the measurement date for the SCRS and PORS plans, respectively, 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.

Pension liabilities are generally liquidated by the fund from which the fund liability was incurred.

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 and PORS plans, respectively:

<u>Year ended June 30:</u>	<u>SCRS</u>
2019	\$ 7,819,600
2020	12,980,675
2021	9,101,758
2022	<u>(1,947,307)</u>
	<u>\$ 27,954,726</u>

<u>Year ended June 30:</u>	<u>PORS</u>
2019	\$ 11,789
2020	14,240
2021	11,776
2022	<u>5,409</u>
	<u>\$ 43,214</u>

##### 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.

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.

## Beaufort County School District

### Notes to Basic Financial Statements

For the fiscal year ended June 30, 2018

#### Note 14. Retirement Benefits, Continued

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

The following table provides a summary of the actuarial assumptions and methods used in the June 30, 2017 valuations for the SCRS and PORS plans administered by PEBA.

	SCRS	PORS
Actuarial cost method	Entry age normal	Entry age normal
Actuarial assumptions:		
Investment rate of return	7.25%	7.25%
Projected salary increases	3.0% to 12.5% (varies by service)	3.5% to 9.5% (varies by service)
Includes inflation at	2.25%	2.25%
Benefit adjustments	lesser of 1% or \$500 annually	lesser of 1% or \$500 annually

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%

##### 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.

## Beaufort County School District

### Notes to Basic Financial Statements

For the fiscal year ended June 30, 2018

#### Note 14. Retirement Benefits, Continued

##### Long-term expected rate of return, continued:

The expected returns, along with the expected inflation rate, form the basis for the target asset allocation adopted 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 by adding expected inflation and is summarized in the table on the following page. For actuarial purposes, the 7.57 percent assumed annual investment rate of return set in statute and used in the calculation of the total pension liability includes a 5.32 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>	<b>45.0%</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>	<b>8.0%</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>	<b>17.0%</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>	<b>18.0%</b>		
Mixed Credit	6.0%	3.92%	0.24%
Emerging Markets Debt	5.0%	5.01%	0.25%
Private Debt	7.0%	4.37%	0.31%
<b>Conservative Fixed Income</b>	<b>12.0%</b>		
Core Fixed Income	10.0%	1.60%	0.16%
Cash and Short Duration (Net)	2.0%	0.92%	0.02%
Total Expected Real Return	100.0%		5.32%
Inflation for Actuarial Purposes			2.25%
Total Expected Nominal Return			7.57%

##### Discount rate:

The discount rate used to measure the total pension liability 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 total pension liability.

## Beaufort County School District

### Notes to Basic Financial Statements

For the fiscal year ended June 30, 2018

#### Note 14. Retirement Benefits, Continued

##### Sensitivity analysis:

The following table presents the collective net pension liability of the participating employers calculated using the discount rate of 7.25 percent, as well as what the employers' net pension liability 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.

<u>Sensitivity of the Net Pension Liability to Changes in the Discount Rate</u>			
System	1.00% Decrease (6.25%)	Current Discount Rate (7.25%)	1.00% Increase (8.25%)
<b>SCRS</b>	\$ 342,892,703	\$ 266,042,861	\$ 219,413,066
<b>PORS</b>	234,956	174,017	126,016

##### Pension plan fiduciary net position:

The net pension liability is calculated separately for each system and represents that particular system's total pension liability determined in accordance with GASB No. 67 less that System's fiduciary net position. As of June 30, 2017, net pension liability amounts for SCRS and PORS are as follows:

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

The total pension liability 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 Systems' notes to the financial statements and required supplementary information. Liability calculations performed by the Systems' actuary for the purpose of satisfying the requirements of GASB Nos. 67 and 68 are not applicable for other purposes, such as determining the plans' funding requirements.

Detailed information regarding the fiduciary net position of the plans administered by PEBA is available in the separately issued CAFR containing financial statements and required supplementary information for SCRS and PORS which can be accessed via the contact information provided above.

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## Beaufort County School District

### *Notes to Basic Financial Statements*

*For the fiscal year ended June 30, 2018*

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#### **Note 14. Retirement Benefits, Continued**

##### 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 (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 15. 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.

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## Beaufort County School District

### *Notes to Basic Financial Statements*

*For the fiscal year ended June 30, 2018*

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#### **Note 15. 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.

The SCLTDITF is a long-term disability plan that covers employees of the State of South Carolina, including all agencies and public school districts and all participating local governmental entities. The SCLTDITF provides disability payments to eligible employees that have been approved for disability.

##### 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.

Basic Long-Term Disability (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. The SCLTDITF premium is billed monthly by PEBA, Insurance Benefits and transferred monthly to the SCLTDITF. It is also funded through investment income.

Contributions to the SCRHITF and SCLTDITF plans pension plans from the School District were \$6,502,595 and \$124,392 for the year ended June 30, 2018, respectively.



## Beaufort County School District

### Notes to Basic Financial Statements

For the fiscal year ended June 30, 2018

#### Note 15. Post-Employment Benefits Other Than Pensions (OPEB), Continued

##### OPEB liabilities and OPEB expense:

At June 30, 2018, the School District reported liabilities of \$202,804,666 and \$21,922 for its proportionate shares of the SCRHITF and SCLTDITF net OPEB liabilities, respectively, measured at June 30, 2017. The net OPEB liabilities are 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 liabilities were determined based upon actuarial valuations performed on June 30, 2016 which were then rolled forward to the June 30, 2017 measurement date. The School 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 School District's long-term contribution effort, as well as, be transparent to individual employers and their external auditors. At June 30, 2017, the School District's proportion shares of the SCRHITF and SCLTITF plans' net OPEB liabilities were 1.50 percent and 1.21 percent.

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

For the year ended June 30, 2018, the School District recognized OPEB expense of \$11,156,026 and \$93,022 for the SCRHITF and SCLTDITF plans, respectively. At June 30, 2018, the School 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	\$ 348,475	\$ -
Changes of assumptions	-	-
Net difference between projected and actual earnings on OPEB plan investments	-	19,173,895
Changes in proportion and differences between School District contributions and proportionate share of contributions	-	-
School District contributions subsequent to the measurement date	6,502,595	-
Total	<u>\$ 6,851,070</u>	<u>\$ 19,173,895</u>

	SCLTDITF	
	Deferred outflows of resources	Deferred inflows of resources
Differences between expected and actual experience	\$ 10,562	\$ -
Changes of assumptions	-	-
Net difference between projected and actual earnings on OPEB plan investments	-	2,532
Changes in proportion and differences between School District contributions and proportionate share of contributions	-	-
School District contributions subsequent to the measurement date	124,392	-
Total	<u>\$ 134,954</u>	<u>\$ 2,532</u>

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**Beaufort County School District****Notes to Basic Financial Statements****For the fiscal year ended June 30, 2018**

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**Note 15. Post-Employment Benefits Other Than Pensions (OPEB), Continued***Deferred outflows of resources and deferred inflows of resources related to OPEB, continued:*

Of the total amount reported as deferred outflows of resources related to OPEB, \$6,626,987 resulting from School 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.

OPEB liabilities are generally liquidated by the fund from which the fund liability was incurred. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in the School District's OPEB expense as follows:

Years ending June 30:	<u>SCRHITF</u>
2018	\$ (2,982,670)
2019	(2,982,670)
2020	(2,982,670)
2021	(2,982,670)
2022	(3,069,789)
Thereafter	<u>(3,824,951)</u>
	<u>\$ (18,825,420)</u>

Years ending June 30:	<u>SCLTDITF</u>
2018	\$ 2,357
2019	2,357
2020	2,357
2021	2,357
2022	(283)
Thereafter	<u>(1,115)</u>
	<u>\$ 8,030</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.

**Note 15. 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:

<b>SCRHITF:</b>	
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

## Beaufort County School District

### Notes to Basic Financial Statements

For the fiscal year ended June 30, 2018

#### Note 15. Post-Employment Benefits Other Than Pensions (OPEB), Continued

##### Actuarial assumptions, continued:

Additional information as of the latest actuarial valuation for SCLTDITF:

##### **SCLTDITF:**

Valuation Date:	June 30, 2016
Actuarial Cost Method:	Entry Age Normal
Inflation:	2.25%
Investment Rate of Return:	4.00%, net of Plan investment expense; including inflation
Single Discount Rate:	3.87% as of June 30, 2017
Salary, Termination, and Retirement Rates:	Based on the experience study performed for the South Carolina Retirement Systems for the 5-year period ending June 30, 2015
Disability Incidence:	The rates used in the valuation are based on the rates developed for the South Carolina Retirement Systems pension plans
Disability Recovery:	For participants in payment, 1987 CGDT Group Disability; for active employees, 60% were assumed to recover after the first year and 92% were assumed to recover after the first two years
Offsets:	40% are assumed to be eligible for Social Security benefits; assumed percentage who will be eligible for a pension plan offset varies based on employee group
Notes:	There were no benefit changes during the year. The discount rate changed from 3.74% as of June 30, 2016 to 3.87% as of June 30, 2017

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>

## Beaufort County School District

### Notes to Basic Financial Statements

For the fiscal year ended June 30, 2018

#### Note 15. Post-Employment Benefits Other Than Pensions (OPEB), Continued

##### 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).

A Single Discount Rate of 3.87% was used to measure the total OPEB liability for the SCLTDITF. This Single Discount Rate was based on an expected rate of return on plan investments of 4.00% and a municipal bond rate of 3.56%. The projection of cash flows to determine this Single Discount Rate assumed that employer contributions will remain \$38.64 per year for each covered active employee. Based on these assumptions, the plan's Fiduciary Net Position and future contributions were sufficient to finance the benefit payments through the year 2037. As a result, the long-term expected rate of return on plan investments was applied to project benefit payments through the year 2037, and the municipal bond rate was applied to all benefit payments after that date.

##### 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.

	1% Decrease 2.56%	Current Discount Rate 3.56%	1% Increase 4.56%
SCRHITF Net OPEB Liability	\$ 238,846,574	\$ 202,804,666	\$ 173,746,065

	1% Decrease	Current Healthcare Cost Trend Rate	1% Increase
SCRHITF Net OPEB Liability	\$ 166,308,230	\$ 202,804,666	\$ 250,058,778

The following table presents the SCLTDITF's net OPEB liability calculated using a Single Discount Rate of 3.87%, 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:

	1% Decrease 2.87%	Current Discount Rate 3.87%	1% Increase 4.87%
SCLTDITF Net OPEB Liability	\$ 38,997	\$ 21,922	\$ 5,159

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## Beaufort County School District

### *Notes to Basic Financial Statements*

*For the fiscal year ended June 30, 2018*

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#### **Note 15. Post-Employment Benefits Other Than Pensions (OPEB), Continued**

##### OPEB plan fiduciary net position:

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

#### **Note 16. Deferred Compensation Plan**

School District employees may participate in the 457 and/or 401(k) deferred compensation plans available to state and local governmental employees through the state public employee retirement system. These programs are administered by a state approved nongovernmental third party. Contributions by District employees under the 457 and 401(k) programs totaled \$285,984 and \$307,611, respectively, for the year ended June 30, 2018 and 2017.

Participation in the plan is optional. The deferred compensation is not available to employees until termination, retirement, disability, death, or unforeseeable emergency.

All amounts of compensation deferred under the plan, all property and rights purchased with those amounts, and all income attributable to those amounts, are held in trust for the contributing employee and are not subject to the claims of the School District's general creditors. The plan is administered by the State of South Carolina.

#### **Note 17. Risk Management**

The School 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 School District carries commercial insurance. During the year ended June 30, 2018, the School District obtained its general liability and property insurance through the South Carolina School Boards Insurance Trust (the Trust) which represents the majority of South Carolina school districts joined together in a public entity risk pool. The School District pays an annual premium to the Trust for its general liability and property insurance. The agreement for formation of the Trust provides that the Trust will be self-sustaining through member premiums.

The School District obtains its employee health and life insurance through the South Carolina State Budget and Control Board's Office of Insurance Services which represents all school agencies and most State agencies in South Carolina joined together in a public entity risk pool. The School District pays a portion of monthly premiums based on each participating employee. Life insurance is also obtained through the South Carolina State Budget and Control Board's Office of Insurance Services and the carrier is Met Life.

The School District is self-insured for Workers' Compensation and the PMA Insurance Group acts as third party administrator. The School District's risk management activities related to workers' compensation insurance are recorded in the Insurance Reserve Fund (Internal Service Fund).

## Beaufort County School District

### Notes to Basic Financial Statements

For the fiscal year ended June 30, 2018

#### Note 17. Risk Management, Continued

The School District establishes an estimated liability for workers' compensation claims and judgments based on estimates of the ultimate cost of claims (including future claim adjustment expenses) that have been reported but not settled, and of claims that have been incurred but not reported. The length of time for which such costs must be estimated varies depending on the coverage involved. Estimated amounts of subrogation and reinsurance recoverable on unpaid claims are deducted from the liability for unpaid claims. Because actual claim costs depend on such complex factors as inflation, changes in doctrines of legal liability and damage awards, the process used in computing claim liabilities does not necessarily result in an exact amount. Adjustments to claim liabilities are charged or credited to expense in the period in which they are made.

Claims liability in excess of available financial resources is recorded in the Statement of Net Position as a current liability. The specific stop-loss and aggregate retention provisions for workers' compensation are \$400,000 and \$1,000,000, respectively.

Changes in the balances of liability for claims and judgments during the last two years were as follows:

<u>Year</u>	<u>Beginning of Year Liability</u>	<u>Claims and Changes in Estimates</u>	<u>Claims Paid</u>	<u>End of Year Liability</u>
2017	\$ 725,796	\$ 389,981	\$ (637,119)	\$ 478,658
2018	\$ 478,658	\$ 458,775	\$ (604,847)	\$ 332,586

Prior to July 1, 1978, school districts in South Carolina were exempt from unemployment taxes. Effective July 1, 1978, school districts were no longer exempted from these taxes. As a result, the School District established a limited risk management program for unemployment compensation. The School District reimburses the South Carolina Department of Employment and Workforce for actual claims paid attributable to service in the employ of the School District. Claims paid during the year ended June 30, 2018 were \$604,847 and were reported in the General Fund. No separate liability for unemployment claims has been established due to the insignificant amounts of the expenditures.

The School District continues to carry commercial insurance for all other risks of loss. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

#### Note 18. Related Party Transactions

**Related organizations** - Beaufort-Jasper Academy for Career Excellence is a career center that was created by an agreement between the School District and Jasper County School District dated June 13, 1975, under the provisions of legislation enacted by the General Assembly of the State of South Carolina. The Academy operates as a vocational school for high school students in Beaufort and Jasper Counties. The Academy's Board of Directors is comprised of three members from each of the Boards of Education of the respective two School Districts, along with the Superintendent of each School District as ex-officios. Budgetary controls are held by the Board of Education of the respective two School Districts. The agreement states that the responsibility for the Academy's general fund cost of maintenance, support, and operation of the Academy shall be borne jointly and on an enrollment ratio of two to one, respectively. The School District assumes the responsibility for two-thirds of these costs and Jasper County School District assumes the responsibility for one-third of these costs. During the year ended June 30, 2018 the School District's expenses related to this agreement were \$1,822,097 and included in the General Fund instruction (Career and Technology Education) expenditures.

## Beaufort County School District

### Notes to Basic Financial Statements

For the fiscal year ended June 30, 2018

#### Note 18. Related Party Transactions, Continued

**Component unit** - Allocated funding from the School District to Riverview Charter School during 2018 amounted to \$6,280,283.

#### Note 19. Commitments and Contingencies

##### Construction Commitments

The School District has entered into contracts for various construction projects. Outstanding obligations at June 30, 2018, are as follows:

	Contract Amount	Expended as of June 30, 2018	Remaining Commitment
Beaufort High School	\$ 1,970,000	\$ 893,489	\$ 1,076,511
Multiple Schools/Contracts	<u>28,074,021</u>	<u>9,382,408</u>	<u>18,691,613</u>
	<u>\$ 30,044,021</u>	<u>\$ 10,275,897</u>	<u>\$ 19,768,124</u>

##### Litigation

Various claims and lawsuits are pending against the School District. Although the outcome of these lawsuits is not presently determinable, it is the opinion of the School District's counsel that resolution of these matters will not have a material adverse effect on the financial condition of the School District.

##### Grants

The School District participates in a number of federally assisted grant programs. These programs are subject to program compliance audits by the grantors or their representatives. The amount of program expenditures which may be disallowed by the granting agencies cannot be determined at this time although the School District expects such amounts, if any, to be immaterial.

##### Operating Leases

The School District has entered into non-cancellable operating leases for office machines and exterior lighting at the high schools, which vary in terms from four to ten years. Payments under such leases totaled approximately \$459,094 for the fiscal year ended June 30, 2018.

Annual lease commitments are as follows for the years ending June 30:

2019	\$ 378,513
2020	215,220
2021	100,492
2022	53,159
2023	<u>14,489</u>
	<u>\$ 761,873</u>



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## **Beaufort County School District**

### ***Notes to Basic Financial Statements***

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

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#### **Note 20. Subsequent Events**

The School District issued a Tax Anticipation Note on August 9, 2018 in the amount of \$9,050,000, maturing in April 2019, bearing interest at 3.00%, to fund operations.

The School District issued General Obligation Bonds on August 30, 2018 in the amount of \$29,250,000, maturing in March 2022, bearing interest at 5.00%, to fund construction projects.

The School District issued General Obligation Bonds through South Carolina Association of Governmental Organizations ("SCAGO") on September 27, 2018 in the amount of \$3,109,000, maturing in March 2019, bearing interest at 3.50%, for the purpose of making payments to the EFC.

#### **Note 21. Restatement for Change in Accounting Principle**

The School District implemented GASB Statement No. 75, *Accounting and Financial Reporting for OPEB*, in the fiscal year ended June 30, 2018. The implementation of the statement required the School District to record beginning net OPEB liability and the effects on unrestricted net position of contributions made by the School District during the measurement period (fiscal year ended June 30, 2017). As a result, ending net position for the School District for the year ended June 30, 2017 decreased by \$210,394,930. This decrease resulted in the restatement of net position to a deficit balance of \$142,987,914 as of June 30, 2017.

## REQUIRED SUPPLEMENTARY INFORMATION

**Beaufort County School District*****Schedule of the School District's Proportionate Share of the Net Pension Liability  
For the year ended June 30, 2018***

	SCRS									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
School District's proportion of the net pension liability	1.18180%	1.15049%	1.13980%	1.17216%	1.17216%	N/A	N/A	N/A	N/A	N/A
School District's proportionate share of the net pension liability	<u>\$ 266,042,861</u>	<u>\$ 245,743,607</u>	<u>\$ 216,168,376</u>	<u>\$ 201,806,920</u>	<u>\$ 210,243,511</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>
School District's covered payroll during the measurement period	<u>\$ 126,181,528</u>	<u>\$ 118,268,860</u>	<u>\$ 113,294,579</u>	<u>\$ 112,911,730</u>	<u>\$ 99,991,462</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>
School District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	210.84%	207.78%	190.80%	178.73%	210.26%	N/A	N/A	N/A	N/A	N/A
Plan fiduciary net position as a percentage of the total pension liability	53.30%	52.91%	57.00%	59.90%	56.39%	N/A	N/A	N/A	N/A	N/A
	PORS									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
School District's proportion of the net pension liability	0.00635%	0.00452%	0.00581%	0.00544%	0.00544%	N/A	N/A	N/A	N/A	N/A
School District's proportionate share of the net pension liability	<u>\$ 174,017</u>	<u>\$ 114,573</u>	<u>\$ 126,629</u>	<u>\$ 104,144</u>	<u>\$ -</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>
School District's covered payroll during the measurement period	<u>\$ 82,048</u>	<u>\$ 57,592</u>	<u>\$ 71,983</u>	<u>\$ 53,518</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>
School District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	212.09%	198.94%	175.92%	194.60%	100.00%	N/A	N/A	N/A	N/A	N/A
Plan fiduciary net position as a percentage of the total pension liability	60.90%	60.44%	64.57%	67.55%	62.98%	N/A	N/A	N/A	N/A	N/A

\* The amounts presented for each fiscal year were determined as of the calendar year-end that occurred within the fiscal year. This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10 year trend is compiled, information presented is only for those years which is available.

**Beaufort County School District***Schedule of the School District's Contributions - Pensions**For the year ended June 30, 2018*

	SCRS									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Contractually required contribution	\$ 16,576,647	\$ 13,784,757	\$ 12,321,935	\$ 11,648,817	\$ 11,280,173	\$ 10,281,095	\$ 9,298,747	\$ 9,638,450	\$ 9,316,237	\$ 9,365,999
Contributions in relation to the contractually required contribution	16,576,647	13,784,757	12,321,935	11,648,817	11,280,173	10,281,095	9,298,747	9,638,450	9,316,237	9,365,999
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered-employee payroll	\$ 128,517,247	\$ 126,181,528	\$ 118,268,860	\$ 113,294,579	\$ 112,911,730	\$ 99,991,462	\$ 97,522,255	\$ 102,645,890	\$ 99,214,449	\$ 99,744,399
Contributions as a percentage of covered-employee payroll	12.90%	10.92%	10.42%	10.28%	9.99%	10.28%	9.53%	9.39%	9.39%	9.39%
	PORS									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Contractually required contribution	\$ 4,604	\$ 11,684	\$ 7,913	\$ 9,653	\$ 6,872	N/A	N/A	N/A	N/A	N/A
Contributions in relation to the contractually required contribution	4,604	11,684	7,913	9,653	6,872	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-employee payroll	\$ 28,351	\$ 82,048	\$ 57,592	\$ 71,983	\$ 53,518	N/A	N/A	N/A	N/A	N/A
Contributions as a percentage of covered-employee payroll	16.24%	14.24%	13.74%	13.41%	12.84%	N/A	N/A	N/A	N/A	N/A

\* The amounts presented for each fiscal year were determined as of the calendar year-end that occurred within the fiscal year. This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10 year trend is compiled, information presented is only for those years which is available.

**Beaufort County School District**

*Schedule of the School District's Proportionate Share of the Net OPEB Liability*  
*For the year ended June 30, 2018*

	SCRHITF									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
School District's proportion of the net OPEB liability	0.540623%	0.540623%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
School District's proportionate share of the net OPEB liability	<u>\$ 202,804,666</u>	<u>\$ 216,636,496</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>
School District's covered payroll	<u>\$ 118,326,452</u>	<u>\$ 113,366,562</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>
School District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	171.39%	191.09%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Plan fiduciary net position as a percentage of the total OPEB liability	7.60%	6.62%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

	SCLTDITF									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
School District's proportion of the net OPEB liability	0.33256%	0.33256%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
School District's proportionate share of the net OPEB liability	<u>\$ 21,922</u>	<u>\$ 8,393</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>
School District's covered payroll	<u>\$ 73,979,287</u>	<u>\$ 68,468,455</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>
School District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	0.02963%	0.01226%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Plan fiduciary net position as a percentage of the total OPEB liability	95.29%	98.15%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

\* This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10 year trend is compiled, information presented is only for those years which is available.

**Beaufort County School District**  
*Schedule of the School District's Contributions - OPEB*  
*For the year ended June 30, 2018*

	SCRHITF									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Contractually required contribution	\$ 6,502,595	\$ 6,729,849	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Contributions in relation to the contractually required contribution	6,502,595	6,729,849	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Contribution deficiency (excess)	\$ -	\$ -	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
School District's covered-employee payroll	\$ 128,545,598	\$ 126,263,576	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Contributions as a percentage of covered-employee payroll	5.05859%	5.33000%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

	SCLTDITF									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Contractually required contribution	\$ 124,392	\$ 87,523	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Contributions in relation to the contractually required contribution	124,392	87,523	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Contribution deficiency (excess)	\$ -	\$ -	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
School District's covered-employee payroll	\$ 76,071,033	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Contributions as a percentage of covered-employee payroll	0.16352%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

\* The amounts presented for each fiscal year were determined as of the calendar year-end that occurred within the fiscal year. This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10 year trend is compiled, information presented is only for those years which is available.

**Beaufort County School District****Budgetary Comparison Schedule - General Fund****For the fiscal year ended June 30, 2018**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>Revenues</b>				
Local	\$ 138,627,716	\$ 138,627,716	\$ 142,903,153	\$ 4,275,437
State	76,851,629	76,851,629	78,498,779	1,647,150
Federal	700,000	700,000	1,122,896	422,896
Total revenues	216,179,345	216,179,345	222,524,828	6,345,483
<b>Expenditures</b>				
Current				
Instruction	132,300,635	132,238,475	131,852,779	385,696
Support services	87,069,275	87,121,435	86,386,601	734,834
Intergovernmental expenditures				
Payments to other governmental units	5,569,645	5,579,645	5,949,782	(370,137)
Debt service	55,000	55,000	106,282	(51,282)
Total expenditures	224,994,555	224,994,555	224,295,444	699,111
<b>Excess of expenditures over revenues</b>	(8,815,210)	(8,815,210)	(1,770,616)	7,044,594
<b>Other financing sources (uses)</b>				
Transfers in	5,425,804	5,425,804	6,009,100	583,296
Transfers out	(770,000)	(770,000)	(894,714)	(124,714)
Total other financing sources (uses)	4,655,804	4,655,804	5,114,386	458,582
Net change in fund balances	(4,159,406)	(4,159,406)	3,343,770	7,503,176
<b>Fund balances, beginning of year</b>	36,263,129	36,263,129	36,263,129	-
<b>Fund balances, end of year</b>	\$ 32,103,723	\$ 32,103,723	\$ 39,606,899	\$ 7,503,176

Footnote: Accounting principles generally accepted in the United States of America serve as the budgetary basis of accounting.

**Beaufort County School District****Budgetary Comparison Schedule - Special Projects Fund****For the fiscal year ended June 30, 2018**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>Revenues</b>				
Local	\$ 940,526	\$ 1,185,489	\$ 730,603	\$ (454,886)
State	4,531,421	5,109,616	5,685,434	575,818
Federal	13,544,621	11,153,729	11,079,542	(74,187)
Total revenues	19,016,568	17,448,834	17,495,579	46,745
<b>Expenditures</b>				
Current				
Instruction	12,257,496	11,962,877	11,572,948	389,929
Support services	6,493,813	4,996,314	4,258,635	737,679
Community services	233,496	301,777	257,396	44,381
Intergovernmental expenditures				
Payments to other governmental units	172,712	187,866	1,789,192	(1,601,326)
Total expenditures	19,157,517	17,448,834	17,878,171	(429,337)
Excess of expenditures under (over) revenues	(140,949)	-	(382,592)	(382,592)
<b>Other financing sources (uses)</b>				
Transfers in	650,000	650,000	784,714	134,714
Transfers out	(509,051)	(650,000)	(402,122)	247,878
Total other financing sources (uses)	140,949	-	382,592	382,592
Net change in fund balances	-	-	-	-
<b>Fund balances, beginning of year</b>	-	-	-	-
<b>Fund balances, end of year</b>	\$ -	\$ -	\$ -	\$ -

Footnote: Accounting principles generally accepted in the United States of America serve as the budgetary basis of accounting.



**Beaufort County School District****Budgetary Comparison Schedule - Education Improvement Act****For the fiscal year ended June 30, 2018**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>Revenues</b>				
State	\$ 12,555,541	\$ 16,697,288	\$ 12,956,755	\$ (3,740,533)
Total revenues	12,555,541	16,697,288	12,956,755	(3,740,533)
<b>Expenditures</b>				
Current				
Instruction	5,494,636	8,755,487	5,781,157	2,974,330
Support services	1,550,015	2,327,138	1,564,520	762,618
Intergovernmental expenditures				
Payments to other governmental units	72,830	101,781	98,196	3,585
Total expenditures	7,117,481	11,184,406	7,443,873	3,740,533
Excess of revenues over expenditures	5,438,060	5,512,882	5,512,882	-
<b>Other financing sources (uses)</b>				
Operating transfers out	(5,438,060)	(5,512,882)	(5,512,882)	-
Total other financing sources (uses)	(5,438,060)	(5,512,882)	(5,512,882)	-
Net change in fund balances	-	-	-	-
<b>Fund balances, beginning of year</b>	-	-	-	-
<b>Fund balances, end of year</b>	\$ -	\$ -	\$ -	\$ -

Footnote: Accounting principles generally accepted in the United States of America serve as the budgetary basis of accounting.

## Beaufort County School District

## Budgetary Comparison Schedule - Account Detail - General Fund

For the fiscal year ended June 30, 2018

		Budgeted Amounts			Variance with
		Original	Final	Actual	Final Budget
<b>Revenues</b>					
1000	Revenue from local sources				
1200	Revenue from local governmental units other than LEAs				
1210	Ad valorem taxes-including delinquent	\$ 137,164,216	\$ 137,164,216	\$ 141,037,937	\$ 3,873,721
1240	Penalties and interest on taxes	800,000	800,000	783,350	(16,650)
1280	Revenue in lieu of taxes	-	-	58,146	58,146
1300	Tuition				
1320	Tuition from other LEAs for regular day	-	-	55,878	55,878
1500	Earnings on investments				
1510	Interest on investments	-	-	525,834	525,834
1900	Other revenue from local sources				
1910	Rentals	293,500	293,500	286,708	(6,792)
1920	Contributions and donations from private sources	-	-	500	500
1950	Refund of prior year's expenditures	-	-	35,523	35,523
1990	Miscellaneous local revenue				
1993	Receipt of insurance proceeds			1,233	1,233
1999	Revenue from other local sources	370,000	370,000	118,044	(251,956)
	Total local sources	138,627,716	138,627,716	142,903,153	4,275,437
3000	Revenue from state sources				
3100	Restricted state funding				
3131	Handicapped transportation	-	-	2,609	2,609
3160	School bus driver's salary	1,025,179	1,025,179	1,353,397	328,218
3162	Transportation workers' compensation	75,000	75,000	76,872	1,872
3180	Fringe benefits employer contributions	5,332,450	5,332,450	5,005,946	(326,504)
3181	Retiree insurance	4,333,784	4,333,784	4,779,727	445,943
3190	Miscellaneous Restricted State Grants				
3199	Other restricted state grants	-	-	385	385
3300	Education finance act				
3310	Full-time programs				
3311	Kindergarten	595,360	595,360	587,193	(8,167)
3312	Primary	1,832,595	1,832,595	1,807,457	(25,138)
3313	Elementary	3,034,589	3,034,589	2,992,966	(41,623)
3314	High school	1,173,721	1,173,721	1,157,621	(16,100)
3315	Trainable mentally handicapped	22,456	22,456	22,148	(308)
3316	Speech handicapped	601,737	601,737	593,483	(8,254)
3317	Homebound	10,275	10,275	10,134	(141)
3320	Part-time programs				
3321	Emotionally handicapped	25,123	25,123	24,779	(344)
3322	Educable mentally handicapped	24,850	24,850	24,509	(341)
3323	Learning disabilities	641,444	641,444	632,645	(8,799)
3324	Hearing handicapped	21,486	21,486	21,192	(294)
3325	Visually handicapped	13,240	13,240	13,058	(182)
3326	Orthopedically handicapped	17,463	17,463	17,223	(240)
3327	Vocational	1,511,500	1,511,500	1,490,767	(20,733)
3330	Miscellaneous EFA programs				
3331	Autism	123,628	123,628	121,932	(1,696)
3332	High achieving students	254,057	254,057	250,573	(3,484)
3334	Limited English proficiency	292,868	292,868	288,851	(4,017)
3351	Academic assistance	405,932	405,932	400,364	(5,568)
3352	Pupils in poverty	1,180,123	1,180,123	1,163,935	(16,188)
3353	Dual credit enrollment	13,350	13,350	13,166	(184)
3392	NBC excess EFA formula	-	-	45,056	45,056

## Beaufort County School District

## Budgetary Comparison Schedule - Account Detail - General Fund

For the fiscal year ended June 30, 2018

		Budgeted Amounts			Variance with
		Original	Final	Actual	Final Budget
<b>Revenues, Continued</b>					
3000	Revenue from state sources, continued				
3800	State revenue in lieu of taxes				
3810	Reimbursement for local residential property tax relief	7,036,261	7,036,261	7,036,261	-
3820	Homestead exemption	2,000,000	2,000,000	2,045,867	45,867
3825	Reimbursement for property tax relief	44,711,079	44,711,079	44,741,076	29,997
3830	Merchant's inventory tax	332,079	332,079	332,079	-
3890	Other state property tax revenues	110,000	110,000	237,031	127,031
3900	Other state revenue				
3993	PEBA on-behalf payment	-	-	1,207,017	1,207,017
3999	Revenue from other state sources	100,000	100,000	1,460	(98,540)
	Total state sources	76,851,629	76,851,629	78,498,779	1,647,150
4000	Revenue from federal sources				
4100	Federally impacted areas				
4110	Maintenance and Operations, P.L. 81-874	50,000	50,000	29,205	(20,795)
4900	Other federal sources				
4999	Revenue from other federal sources	650,000	650,000	1,093,691	443,691
	Total federal sources	700,000	700,000	1,122,896	422,896
	Total revenue all sources	\$ 216,179,345	\$ 216,179,345	\$ 222,524,828	\$ 6,345,483

**Beaufort County School District**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - General Fund**  
**For the year ended June 30, 2018**

		Budgeted Amounts			Variance with
		Original	Final	Actual	Final Budget
<b>Expenditures</b>					
100	Instruction				
110	General instruction				
111	Kindergarten programs				
100	Salaries	5,797,000	5,862,000	5,859,122	2,878
140	Terminal leave	-	-	486	(486)
200	Employee benefits	2,446,431	2,515,431	2,513,758	1,673
300	Purchased services	146,031	257,480	255,544	1,936
400	Supplies and materials	109,551	128,496	127,511	985
		8,499,013	8,763,407	8,756,421	6,986
112	Primary programs				
100	Salaries	16,419,647	15,624,313	15,616,644	7,669
140	Terminal leave	-	-	2,039	(2,039)
200	Employee benefits	6,276,713	6,051,829	6,054,284	(2,455)
300	Purchased services	1,280,626	2,084,094	2,080,305	3,789
400	Supplies and materials	659,282	716,942	617,282	99,660
600	Other objects	400	2,267	2,057	210
		24,636,668	24,479,445	24,372,611	106,834
113	Elementary programs				
100	Salaries	25,984,498	25,770,410	25,732,852	37,558
140	Terminal leave	-	-	4,583	(4,583)
200	Employee benefits	9,699,036	9,824,364	9,823,613	751
300	Purchased services	1,329,475	1,551,404	1,550,714	690
400	Supplies and materials	789,289	671,085	668,877	2,208
600	Other objects	5,895	9,666	7,760	1,906
		37,808,193	37,826,929	37,788,399	38,530
114	High school programs				
100	Salaries	20,072,311	19,592,983	19,191,192	401,791
140	Terminal leave	-	-	657	(657)
200	Employee benefits	7,892,176	7,369,973	7,310,428	59,545
300	Purchased services	1,208,075	1,711,781	1,709,580	2,201
400	Supplies and materials	934,407	780,031	752,644	27,387
600	Other objects	59,095	26,323	24,761	1,562
		30,166,064	29,481,091	28,989,262	491,829
115	Vocational programs				
100	Salaries	2,003,964	2,187,964	2,167,819	20,145
140	Terminal leave	-	-	539	(539)
200	Employee benefits	733,090	795,090	789,667	5,423
300	Purchased services	1,882,904	1,882,934	1,871,301	11,633
400	Supplies and materials	33,855	31,156	26,900	4,256
500	Capital outlay	-	7,435	7,435	-
600	Other objects	-	240	240	-
		4,653,813	4,904,819	4,863,901	40,918
117	Driver education program (optional)				
100	Salaries	196,472	196,372	135,832	60,540
200	Employee benefits	69,361	69,361	40,098	29,263
300	Purchased services	5,060	2,230	1,826	404
400	Supplies and materials	570	610	583	27
600	Other objects	20	1	-	1
		271,483	268,574	178,339	90,235
118	Montessori programs				
100	Salaries	600,754	615,754	614,278	1,476
200	Employee benefits	242,526	246,526	246,045	481
300	Purchased services	8,000	15,695	15,466	229
400	Supplies and materials	11,000	10,652	10,352	300
600	Other objects	-	43	43	-
		862,280	888,670	886,184	2,486
Total general instruction		106,897,514	106,612,935	105,835,117	777,818

**Beaufort County School District**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - General Fund**  
**For the year ended June 30, 2018**

		Budgeted Amounts			Variance with
		Original	Final	Actual	Final Budget
<b>Expenditures, Continued</b>					
100	Instruction, continued				
120	Exceptional programs				
121	Educable mentally handicapped				
100	Salaries	1,021,603	943,331	939,937	3,394
200	Employee benefits	437,206	405,206	402,294	2,912
300	Purchased services	30,100	25,000	24,512	488
400	Supplies and materials	845	1,248	904	344
		1,489,754	1,374,785	1,367,647	7,138
122	Trainable mentally handicapped				
100	Salaries	591,660	651,060	687,243	(36,183)
200	Employee benefits	215,129	256,129	255,694	435
300	Purchased services	5,250	5,245	3,325	1,920
400	Supplies and materials	4,500	5,044	5,079	(35)
		816,539	917,478	951,341	(33,863)
123	Orthopedically handicapped				
100	Salaries	162,272	150,772	150,538	234
200	Employee benefits	66,595	71,795	71,666	129
300	Purchased services	2,000	63,600	63,535	65
400	Supplies and materials	3,440	3,231	1,668	1,563
		234,307	289,398	287,407	1,991
124	Visually handicapped				
100	Salaries	83,575	83,675	83,575	100
140	Terminal leave	-	-	75	(75)
200	Employee benefits	21,020	25,720	25,590	130
300	Purchased services	-	412	442	(30)
400	Supplies and materials	-	145	144	1
		104,595	109,952	109,826	126
125	Hearing handicapped				
100	Salaries	353,601	305,601	304,426	1,175
200	Employee benefits	115,726	103,726	101,894	1,832
300	Purchased services	1,000	2,000	1,806	194
400	Supplies and materials	300	300	-	300
		470,627	411,627	408,126	3,501
126	Speech handicapped				
100	Salaries	1,126,673	1,081,673	1,235,895	(154,222)
200	Employee benefits	441,541	469,541	494,537	(24,996)
300	Purchased services	1,000	233,346	375,827	(142,481)
400	Supplies and materials	6,383	5,693	4,537	1,156
		1,575,597	1,790,253	2,110,796	(320,543)
127	Learning disabilities				
100	Salaries	4,851,913	4,748,413	5,059,825	(311,412)
140	Terminal leave	-	-	85	(85)
200	Employee benefits	2,083,033	2,083,033	2,019,899	63,134
300	Purchased services	11,633	55,659	88,475	(32,816)
400	Supplies and materials	68,728	71,945	65,171	6,774
600	Other objects	3,000	1,308	1,391	(83)
		7,018,307	6,960,358	7,234,846	(274,488)
128	Emotionally handicapped				
100	Salaries	1,062,618	992,618	990,129	2,489
200	Employee benefits	405,992	398,992	390,524	8,468
300	Purchased services	15,000	22,000	21,618	382
400	Supplies and materials	400	400	-	400
		1,484,010	1,414,010	1,402,271	11,739
Total exceptional programs		13,193,736	13,267,861	13,872,260	(604,399)

**Beaufort County School District**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - General Fund**  
**For the year ended June 30, 2018**

Expenditures, Continued		Budgeted Amounts		Actual	Variance with Final Budget
		Original	Final		
100	Instruction, continued				
130	Preschool programs				
135	Pre-school handicapped-speech (3 & 4 yr. olds)				
100	Salaries	107,355	78,355	78,070	285
200	Employee benefits	47,941	47,941	34,935	13,006
300	Purchased services	5,000	4,500	2,955	1,545
		160,296	130,796	115,960	14,836
137	Pre-school handicapped-self contained (3 & 4 yr. olds)				
100	Salaries	401,402	335,402	335,212	190
200	Employee benefits	173,701	135,701	129,543	6,158
300	Purchased services	37,000	7,500	7,470	30
		612,103	478,603	472,225	6,378
139	Early childhood programs				
100	Salaries	2,433,342	2,621,342	2,619,711	1,631
140	Terminal leave	-	-	810	(810)
200	Employee benefits	1,005,503	1,160,503	1,160,278	225
300	Purchased services	92,300	119,350	118,722	628
400	Supplies and materials	44,917	37,371	35,478	1,893
		3,576,062	3,938,566	3,934,999	3,567
	Total preschool programs	4,348,461	4,547,965	4,523,184	24,781
140	Special programs				
141	Gifted and talented - academic				
100	Salaries	1,980,754	1,822,316	1,743,663	78,653
140	Terminal leave	-	-	900	(900)
200	Employee benefits	769,317	731,423	686,949	44,474
300	Purchased services	24,600	44,637	44,356	281
400	Supplies and materials	64,475	53,695	48,134	5,561
600	Other objects	1,440	1,300	639	661
		2,840,586	2,653,371	2,524,641	128,730
144	International baccalaureate				
100	Salaries	28,038	28,038	28,038	-
200	Employee benefits	13,130	13,630	13,327	303
300	Purchased services	36,300	25,387	24,824	563
400	Supplies	11,000	7,500	5,989	1,511
600	Other objects	135,000	112,360	112,121	239
		223,468	186,915	184,299	2,616
145	Homebound				
100	Salaries	110,000	110,195	129,921	(19,726)
200	Employee benefits	26,400	32,400	35,683	(3,283)
300	Purchased services	15,000	8,805	8,804	1
		151,400	151,400	174,408	(23,008)
148	Gifted and talented-artistic				
100	Salaries	22,000	22,000	22,000	-
200	Employee benefits	5,839	5,839	5,839	-
300	Purchased services	10,000	13,050	7,142	5,908
400	Supplies	20,000	10,950	3,368	7,582
600	Other objects	5,000	5,000	20	4,980
		62,839	56,839	38,369	18,470
149	Other special programs				
100	Salaries	-	-	915	(915)
200	Employee benefits	-	-	307	(307)
		-	-	1,222	(1,222)
	Total special programs	3,278,293	3,048,525	2,922,939	125,586

**Beaufort County School District**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - General Fund**  
**For the year ended June 30, 2018**

		Budgeted Amounts			Variance with
		Original	Final	Actual	Final Budget
<b>Expenditures, Continued</b>					
100	Instruction, continued				
160	Other exceptional programs				
161	Autism				
100	Salaries	210,011	162,337	148,495	13,842
200	Employee benefits	89,044	76,391	70,597	5,794
300	Purchased services	1,000	166,327	213,899	(47,572)
400	Supplies and materials	150	150	104	46
		300,205	405,205	433,095	(27,890)
162	Limited English proficiency				
100	Salaries	2,609,972	2,689,972	2,667,757	22,215
200	Employee benefits	884,312	914,312	908,827	5,485
300	Purchased services	75,500	52,100	46,175	5,925
400	Supplies and materials	20,602	19,597	18,930	667
600	Other objects	-	3,500	3,429	71
		3,590,386	3,679,481	3,645,118	34,363
	Total other exceptional programs	3,890,591	4,084,686	4,078,213	6,473
170	Summer school program				
175	Instructional programs beyond regular school day				
100	Salaries	400,000	360,740	334,810	25,930
200	Employee benefits	100,000	91,368	72,735	18,633
300	Purchased services	-	34,222	31,583	2,639
400	Supplies and materials	803	29,473	29,138	335
600	Other objects	15,000	-	-	-
		515,803	515,803	468,266	47,537
	Total summer school program	515,803	515,803	468,266	47,537
180	Adult/continuing educational programs				
188	Parenting/family/education programs				
100	Salaries	13,000	13,000	9,470	3,530
200	Employee benefits	2,040	2,040	1,382	658
		15,040	15,040	10,852	4,188
	Total Adult/continuing education programs	15,040	15,040	10,852	4,188
190	Instructional pupil activity				
100	Salaries	-	45	45	-
200	Employee benefits	-	250	250	-
300	Purchased services	8,100	6,488	4,425	2,063
400	Supplies and materials	3,750	2,250	1,635	615
600	Other objects	149,347	136,627	135,593	1,034
		161,197	145,660	141,948	3,712
	Total instructional pupil activity	161,197	145,660	141,948	3,712
	Total instruction	132,300,635	132,238,475	131,852,779	385,696
200	Support services				
210	Pupil services				
211	Attendance and social work services				
100	Salaries	2,294,814	2,239,814	2,212,977	26,837
140	Terminal leave	-	-	13,719	(13,719)
200	Employee benefits	942,314	997,314	996,029	1,285
300	Purchased services	86,210	81,853	32,898	48,955
400	Supplies and materials	25,659	20,995	12,149	8,846
600	Other objects	1,210	1,685	1,475	210
		3,350,207	3,341,661	3,269,247	72,414
212	Guidance services				
100	Salaries	3,189,632	3,489,632	3,465,133	24,499
140	Terminal leave	-	-	2,375	(2,375)
200	Employee benefits	1,164,754	1,304,754	1,301,043	3,711
300	Purchased services	37,899	34,897	25,924	8,973
400	Supplies and materials	46,551	44,247	36,610	7,637
600	Other objects	10,602	11,444	10,619	825
		4,449,438	4,884,974	4,841,704	43,270

**Beaufort County School District**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - General Fund**  
**For the year ended June 30, 2018**

		Budgeted Amounts			Variance with
		Original	Final	Actual	Final Budget
<b>Expenditures, Continued</b>					
200	Support services, continued				
210	Pupil services, continued				
213	Health services				
100	Salaries	1,057,009	1,067,009	1,056,550	10,459
140	Terminal leave	-	-	459	(459)
200	Employee benefits	426,740	451,740	430,398	21,342
300	Purchased services	30,100	32,261	32,052	209
400	Supplies and materials	31,750	31,695	31,604	91
600	Other objects	630	786	761	25
		1,546,229	1,583,491	1,551,824	31,667
214	Psychological services				
100	Salaries	776,786	741,786	726,379	15,407
200	Employee benefits	290,306	290,306	287,579	2,727
300	Purchased services	72,000	81,970	81,951	19
400	Supplies and materials	28,000	10,798	8,679	2,119
600	Other objects	-	4,032	3,807	225
		1,167,092	1,128,892	1,108,395	20,497
	Total pupil services	10,512,966	10,939,018	10,771,170	167,848
220	Instructional staff services				
221	Improvement of instruction - curriculum development				
100	Salaries	4,775,370	4,524,397	4,474,232	50,165
140	Terminal leave	-	-	25,648	(25,648)
200	Employee benefits	1,635,984	1,581,668	1,581,608	60
300	Purchased services	352,064	450,670	449,415	1,255
400	Supplies and materials	427,250	298,659	283,890	14,769
600	Other objects	155,576	153,897	132,974	20,923
		7,346,244	7,009,291	6,947,767	61,524
222	Library and media services				
100	Salaries	2,598,333	2,598,333	2,552,529	45,804
140	Terminal leave	-	-	842	(842)
200	Employee benefits	1,076,457	1,076,457	1,052,147	24,310
300	Purchased services	102,561	110,051	84,062	25,989
400	Supplies and materials	301,442	281,850	265,357	16,493
600	Other objects	400	2,896	2,881	15
		4,079,193	4,069,587	3,957,818	111,769
223	Supervision of special programs				
100	Salaries	336,769	366,769	348,575	18,194
140	Terminal leave	-	-	16,219	(16,219)
200	Employee benefits	139,149	152,149	150,276	1,873
300	Purchased services	126,400	88,203	88,341	(138)
400	Supplies and materials	11,000	7,206	7,206	-
600	Other objects	1,500	609	608	1
		614,818	614,936	611,225	3,711
224	Improvement of instruction - inservice training				
100	Salaries	173,500	240,520	233,587	6,933
200	Employee benefits	46,047	30,027	25,277	4,750
300	Purchased services	579,037	444,739	445,125	(386)
400	Supplies and materials	69,868	62,008	60,463	1,545
600	Other objects	14,075	27,324	26,606	718
		882,527	804,618	791,058	13,560
	Total instructional staff services	12,922,782	12,498,432	12,307,868	190,564



## Beaufort County School District

## Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - General Fund

For the year ended June 30, 2018

		Budgeted Amounts			Variance with
		Original	Final	Actual	Final Budget
<b>Expenditures, Continued</b>					
200	Support services, continued				
230	General administration services				
231	Board of Education				
100	Salaries	161,842	161,842	151,937	9,905
200	Employee benefits	59,970	59,970	55,614	4,356
300	Purchased services	312,600	473,231	376,481	96,750
318	Audit services	49,500	49,500	116,988	(67,488)
400	Supplies and materials	28,650	13,750	12,848	902
600	Other objects	62,500	51,700	51,191	509
		675,062	809,993	765,059	44,934
232	Office of the Superintendent				
100	Salaries	267,582	267,582	267,094	488
200	Employee benefits	129,673	129,673	174,518	(44,845)
300	Purchased services	26,500	30,050	17,967	12,083
400	Supplies and materials	14,000	5,450	1,789	3,661
600	Other objects	7,500	7,500	4,850	2,650
		445,255	440,255	466,218	(25,963)
233	School administration				
100	Salaries	10,705,308	10,677,561	10,509,331	168,230
140	Terminal leave	-	-	47,280	(47,280)
200	Employee benefits	4,104,386	4,111,721	4,110,810	911
300	Purchased services	205,844	227,237	226,648	589
400	Supplies and materials	328,417	340,355	304,660	35,695
500	Capital outlay	-	5,000	5,000	-
600	Other objects	28,447	17,923	15,072	2,851
		15,372,402	15,379,797	15,218,801	160,996
	Total general administration services	16,492,719	16,630,045	16,450,078	179,967
250	Finance and operations services				
252	Fiscal services				
100	Salaries	1,131,301	1,171,301	1,170,329	972
140	Terminal leave	-	-	713	(713)
200	Employee benefits	473,671	455,671	454,077	1,594
300	Purchased services	59,550	33,250	33,197	53
400	Supplies and materials	46,100	74,362	73,894	468
600	Other objects	6,326	2,864	2,861	3
		1,716,948	1,737,448	1,735,071	2,377
253	Facilities acquisition and construction				
100	Salaries	5,000	6,753	6,751	2
200	Employee benefits	783	673	516	157
300	Purchased services	12,140	10,152	9,364	788
400	Supplies and materials	8,000	8,250	7,691	559
600	Other objects	1,500	1,595	1,551	44
		27,423	27,423	25,873	1,550
254	Operation and maintenance of plant				
100	Salaries	373,380	301,680	300,485	1,195
200	Employee benefits	381,631	172,631	171,316	1,315
300	Purchased services	17,408,325	16,701,354	16,664,236	37,118
321	Utilities	384,771	384,771	409,273	(24,502)
400	Supplies and materials	806,000	1,016,000	1,027,231	(11,231)
470	Energy	6,601,334	7,240,334	7,228,340	11,994
500	Capital outlay	-	58,783	58,782	1
600	Other objects	250,000	230,000	229,189	811
		26,205,441	26,105,553	26,088,852	16,701

**Beaufort County School District**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - General Fund**  
**For the year ended June 30, 2018**

		Budgeted Amounts			Variance with
		Original	Final	Actual	Final Budget
<b>Expenditures, Continued</b>					
200	Support services, continued				
250	Finance and operations services, continued				
255	Student transportation				
100	Salaries	3,761,774	4,035,774	4,030,222	5,552
140	Terminal leave	-	-	4,043	(4,043)
200	Employee benefits	1,549,426	1,700,226	1,700,128	98
300	Purchased services	304,600	291,900	291,814	86
400	Supplies and materials	352,200	40,425	39,638	787
500	Capital outlay	69,000	440	-	440
600	Other objects	10,000	2,035	1,428	607
		6,047,000	6,070,800	6,067,273	3,527
256	Food services				
100	Salaries	12,000	12,000	10,000	2,000
200	Employee benefits	960	960	765	195
		12,960	12,960	10,765	2,195
258	Security				
100	Salaries	75,897	76,007	75,996	11
200	Employee benefits	31,286	31,686	31,659	27
300	Purchased services	1,004,365	1,010,615	1,010,224	391
400	Supplies and materials	12,500	8,440	8,426	14
500	Capital outlay	-	7,300	7,202	98
600	Other objects	100	100	60	40
		1,124,148	1,134,148	1,133,567	581
	Total finance and operations services	35,133,920	35,088,332	35,061,401	26,931
260	Central support services				
262	Planning, research, development and evaluation				
100	Salaries	74,832	75,032	74,931	101
200	Employee benefits	31,048	31,548	31,454	94
300	Purchased services	2,800	4,593	4,567	26
400	Supplies and materials	1,500	7	-	7
600	Other objects	500	200	175	25
		110,680	111,380	111,127	253
263	Information services				
100	Salaries	238,327	256,327	256,305	22
200	Employee benefits	74,840	95,740	95,643	97
300	Purchased services	55,500	31,663	31,025	638
400	Supplies and materials	3,500	8,087	7,214	873
600	Other objects	1,900	4,250	4,057	193
		374,067	396,067	394,244	1,823
264	Staff services				
100	Salaries	1,511,768	1,749,768	1,732,234	17,534
140	Terminal leave	-	-	11,588	(11,588)
200	Employee benefits	546,356	621,356	615,533	5,823
300	Purchased services	660,200	348,729	348,670	59
400	Supplies and materials	163,850	147,723	95,626	52,097
600	Other objects	12,550	27,148	26,095	1,053
		2,894,724	2,894,724	2,829,746	64,978
266	Technology and data processing services				
100	Salaries	2,287,005	2,257,005	2,235,009	21,996
200	Employee benefits	854,626	862,626	861,211	1,415
300	Purchased services	1,843,914	1,576,464	1,566,810	9,654
400	Supplies and materials	271,500	762,500	762,271	229
500	Capital outlay	220,000	37,000	36,353	647
600	Other objects	2,000	2,950	2,934	16
		5,479,045	5,498,545	5,464,588	33,957
	Total central support services	8,858,516	8,900,716	8,799,705	101,011

**Beaufort County School District**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - General Fund**  
**For the year ended June 30, 2018**

		Budgeted Amounts			Variance with
		Original	Final	Actual	Final Budget
<b>Expenditures, Continued</b>					
200	Support services, continued				
270	Support services pupil activity				
271	Pupil services activities				
100	Salaries	1,428,264	1,454,195	1,444,557	9,638
200	Employee benefits	389,776	366,171	324,810	41,361
300	Purchased services	21,250	145,688	130,472	15,216
400	Supplies and materials	310,711	410,525	410,380	145
600	Other objects	998,371	688,313	686,160	2,153
		3,148,372	3,064,892	2,996,379	68,513
	Total support services	87,069,275	87,121,435	86,386,601	734,834
400	Other charges				
410	Intergovernmental expenditures				
412	Payments to other governmental units				
300	Purchased services	25,000	35,000	34,923	77
720	Transits	15,000	15,000	12,725	2,275
		40,000	50,000	47,648	2,352
416	Payments to Public Charter Schools				
720	Transits	5,529,645	5,529,645	5,902,134	(372,489)
		5,529,645	5,529,645	5,902,134	(372,489)
	Total intergovernmental expenditures	5,569,645	5,579,645	5,949,782	(370,137)
500	Debt Service				
620	Interest	55,000	55,000	106,282	(51,282)
	Total debt services	55,000	55,000	106,282	(51,282)
	Total expenditures	224,994,555	224,994,555	224,295,444	699,111
<b>Other financing sources (uses)</b>					
5230	Transfer from Special Revenue EIA Fund	4,975,804	4,975,804	5,512,882	537,078
5280	Transfer from Other Funds Indirect Costs	450,000	450,000	496,218	46,218
421-710	Transfer to Special Revenue Fund	(660,000)	(660,000)	(784,714)	(124,714)
425-710	Transfer to Proprietary Fund	(110,000)	(110,000)	(110,000)	-
	Total other financing sources (uses)	4,655,804	4,655,804	5,114,386	458,582
<b>Excess (deficiency) of revenues and other sources over (under) expenditures and other uses</b>					
		(4,159,406)	(4,159,406)	3,343,770	7,503,176
<b>Fund balance, beginning of year</b>					
		36,263,129	36,263,129	36,263,129	-
<b>Fund balance, end of year</b>					
		\$ 32,103,723	\$ 32,103,723	\$ 39,606,899	\$ 7,503,176

**Beaufort County School District, Beaufort, South Carolina**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance - Special Projects Fund**  
**For the year ended June 30, 2018**

		Title I (201/202)	IDEA (203)	Preschool Handi- capped (205)	Occupational Education (207)	* Adult Education (243)	* Other Restricted State Grants (900s)	*Other Special Revenue Programs (200s/800s)	Total
<b>Revenues</b>									
1000	Revenue from local sources								
1900	Miscellaneous local revenue								
1920	Contributions & donations from private sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 120	\$ 120
1930	Medicaid	-	-	-	-	-	-	248,908	248,908
1999	Revenue from other local sources	-	-	-	-	-	-	481,575	481,575
	Total local sources	-	-	-	-	-	-	730,603	730,603
3000	Revenue from state sources								
3110	Restricted state funding								
3118	EEDA career specialists	-	-	-	-	-	474,729	-	474,729
3120	General education								
3127	Student health and fitness - P.E. teachers	-	-	-	-	-	183,703	-	183,703
3130	Special programs								
3135	Reading coaches	-	-	-	-	-	1,199,758	-	1,199,758
3136	Student health and fitness-nurses	-	-	-	-	-	711,095	-	711,095
3150	Adult education								
3155	Adult education SNAP	-	-	-	-	-	1,978	-	1,978
3170	State school building aid								
3177	EEDA summer reading program	-	-	-	-	-	282,957	-	282,957
3190	Miscellaneous restricted state grants								
3199	Other restricted state grants	-	-	-	-	-	-	80,434	80,434
3600	Education lottery act revenue								
3630	Technology	-	-	-	-	-	500,606	-	500,606
3990	Other state revenue								
3994	PEBA nonemployer contributions	-	-	-	-	-	1,601,326	-	1,601,326
3999	Revenue from other state sources	-	-	-	-	-	-	648,848	648,848
	Total state sources	-	-	-	-	-	4,956,152	729,282	5,685,434

**Beaufort County School District, Beaufort, South Carolina**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance - Special Projects Fund**  
**For the year ended June 30, 2018**

		Title I (201/202)	IDEA (203)	Preschool Handi- capped (205)	Occupational Education (207)	* Adult Education (243)	* Other Restricted State Grants (900s)	*Other Special Revenue Programs (200s/800s)	Total
<b>Revenues, Continued</b>									
4000	Revenue from federal sources								
4200	Occupational education								
4210	Perkins aid, Title I	-	-	-	340,459	-	-	-	340,459
4300	Elementary and Secondary Education Act of 1965								
4310	Title I	5,307,975	-	-	-	-	-	238,937	5,546,912
4341	Language instruction for limited English proficiency and immigrant students, Title III	-	-	-	-	-	-	245,509	245,509
4343	McKinney-Vento education for homeless children and youth program	-	-	-	-	-	-	23,120	23,120
4351	Improving teacher quality	-	-	-	-	-	-	589,344	589,344
4400	Adult education								
4410	Basic adult education	-	-	-	-	254,611	-	-	254,611
4500	Programs for children with disabilities								
4510	Individuals with Disabilities Education Act (IDEA)	-	3,390,227	-	-	-	-	-	3,390,227
4520	Pre-school grants	-	-	250,321	-	-	-	-	250,321
4900	Other federal sources								
4997	Title IV SSAE	-	-	-	-	-	-	32,616	32,616
4999	Revenue from other federal sources	-	-	-	-	-	-	406,423	406,423
	Total federal sources	5,307,975	3,390,227	250,321	340,459	254,611	-	1,535,949	11,079,542
	Total revenues	5,307,975	3,390,227	250,321	340,459	254,611	4,956,152	2,995,834	17,495,579
100	Instruction								
110	General instruction								
111	Kindergarten programs								
100	Salaries	97,591	-	-	-	-	-	45,868	143,459
200	Employee benefits	35,546	-	-	-	-	-	22,264	57,810
300	Purchased services	4,225	-	-	-	-	-	-	4,225
400	Supplies and materials	88,727	-	-	-	-	-	220	88,947
112	Primary programs								
100	Salaries	974,140	-	-	-	-	80,332	264,490	1,318,962
200	Employee benefits	375,067	-	-	-	-	31,128	96,864	503,059
300	Purchased services	47,497	-	-	-	-	-	19,283	66,780
400	Supplies and materials	238,749	-	-	-	-	38,825	78,429	356,003
500	Capital outlay	5,231	-	-	-	-	-	-	5,231
600	Other objects	834	-	-	-	-	-	-	834

**Beaufort County School District, Beaufort, South Carolina**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance - Special Projects Fund**  
**For the year ended June 30, 2018**

		Title I (201/202)	IDEA (203)	Preschool Handi- capped (205)	Occupational Education (207)	* Adult Education (243)	* Other Restricted State Grants (900s)	*Other Special Revenue Programs (200s/800s)	Total
<b>Expenditures, Continued</b>									
100	Instruction, continued								
110	General instruction, continued								
113	Elementary programs								
100	Salaries	556,712	-	-	-	-	49,745	276,274	882,731
200	Employee benefits	215,076	-	-	-	-	13,285	56,640	285,001
300	Purchased services	-	-	-	-	-	-	21,495	21,495
400	Supplies and materials	59,127	-	-	-	-	154,815	42,756	256,698
600	Other objects	69	-	-	-	-	-	1,353	1,422
114	High school programs								
100	Salaries	96,865	-	-	-	-	-	1,132,272	1,229,137
200	Employee benefits	33,772	-	-	-	-	-	275,840	309,612
300	Purchased services	3,255	-	-	-	-	-	29,612	32,867
400	Supplies and materials	17,126	-	-	-	-	306,966	16,805	340,897
600	Other objects	1,079	-	-	-	-	-	14,757	15,836
115	Vocational programs								
100	Salaries	-	-	-	-	-	-	53,250	53,250
200	Employee benefits	-	-	-	-	-	-	4,042	4,042
300	Purchased services	-	-	-	57,728	-	-	-	57,728
400	Supplies and materials	-	-	-	161,581	-	-	350	161,931
120	Exceptional programs								
121	Educable mentally handicapped								
100	Salaries	-	250,551	-	-	-	-	6,750	257,301
200	Employee benefits	-	130,987	-	-	-	-	513	131,500
300	Purchased services	-	98,009	-	-	-	-	-	98,009
400	Supplies and materials	-	8,659	-	-	-	-	-	8,659
122	Trainable mentally handicapped								
100	Salaries	-	127,878	-	-	-	-	2,250	130,128
200	Employee benefits	-	62,888	-	-	-	-	171	63,059
300	Purchased services	-	161,721	-	-	-	-	-	161,721
400	Supplies and materials	-	8,731	-	-	-	-	1,847	10,578

**Beaufort County School District, Beaufort, South Carolina**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance - Special Projects Fund**  
**For the year ended June 30, 2018**

		Title I (201/202)	IDEA (203)	Preschool Handi- capped (205)	Occupational Education (207)	* Adult Education (243)	* Other Restricted State Grants (900s)	*Other Special Revenue Programs (200s/800s)	Total
<b>Expenditures, Continued</b>									
100	Instruction, continued								
120	Exceptional programs, continued								
123	Orthopedically handicapped								
100	Salaries	-	82,190	-	-	-	-	69,764	151,954
200	Employee benefits	-	14,371	-	-	-	-	25,707	40,078
300	Purchased services	-	10,232	-	-	-	-	-	10,232
400	Supplies and materials	-	66,732	-	-	-	-	-	66,732
124	Visually handicapped								
100	Salaries	-	67,115	-	-	-	-	-	67,115
200	Employee benefits	-	27,495	-	-	-	-	-	27,495
300	Purchased services	-	16,280	-	-	-	-	-	16,280
400	Supplies and materials	-	7,656	-	-	-	-	-	7,656
125	Hearing handicapped								
100	Salaries	-	229,483	-	-	-	-	-	229,483
200	Employee benefits	-	89,541	-	-	-	-	-	89,541
300	Purchased services	-	38,488	-	-	-	-	-	38,488
400	Supplies and materials	-	39,066	-	-	-	-	-	39,066
126	Speech handicapped								
100	Salaries	-	144,081	-	-	-	-	4,493	148,574
200	Employee benefits	-	50,316	-	-	-	-	398	50,714
300	Purchased services	-	1,633	-	-	-	-	3,063	4,696
400	Supplies and materials	-	32	-	-	-	-	-	32
127	Learning disabilities								
100	Salaries	-	396,965	-	-	-	-	62,250	459,215
200	Employee benefits	-	157,355	-	-	-	-	4,725	162,080
300	Purchased services	-	25,901	-	-	-	-	-	25,901
400	Supplies and materials	-	330,427	-	-	-	-	-	330,427
128	Emotionally handicapped								
100	Salaries	-	35,836	-	-	-	-	11,250	47,086
200	Employee benefits	-	15,291	-	-	-	-	853	16,144
400	Supplies and materials	-	3,126	-	-	-	-	-	3,126

**Beaufort County School District, Beaufort, South Carolina**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance - Special Projects Fund**  
**For the year ended June 30, 2018**

		Title I (201/202)	IDEA (203)	Preschool Handi- capped (205)	Occupational Education (207)	* Adult Education (243)	* Other Restricted State Grants (900s)	*Other Special Revenue Programs (200s/800s)	Total
<b>Expenditures, Continued</b>									
100	Instruction, continued								
130	Pre-school programs								
135	Pre-school handicapped-speech (3 & 4 yr. olds)								
100	Salaries	-	-	384	-	-	-	-	384
200	Employee benefits	-	-	103	-	-	-	-	103
137	Pre-school handicapped-self contained (3 & 4 yr. olds)								
100	Salaries	8,267	37,672	92,888	-	-	-	5,250	144,077
200	Employee benefits	2,276	14,338	44,490	-	-	-	398	61,502
300	Purchased Services	-	-	25,000	-	-	-	-	25,000
400	Supplies and materials	-	-	77,136	-	-	-	-	77,136
139	Early childhood programs								
100	Salaries	400,101	-	-	-	-	-	9,416	409,517
200	Employee benefits	153,222	-	-	-	-	-	2,520	155,742
400	Supplies and materials	18,457	-	-	-	-	-	-	18,457
140	Special programs								
149	Other special programs								
400	Supplies and materials	-	14,950	-	-	-	-	-	14,950
160	Other exceptional programs								
161	Autism								
100	Salaries	-	23,337	-	-	-	-	-	23,337
200	Employee benefits	-	17,866	-	-	-	-	-	17,866
400	Supplies and materials	-	6,309	-	-	-	-	-	6,309
170	Summer school programs								
171	Primary summer school								
100	Salaries	-	-	-	-	-	224,744	13,850	238,594
200	Employee benefits	-	-	-	-	-	58,213	5,465	63,678
175	Instructional programs beyond regular school day								
100	Salaries	101,112	-	-	-	-	-	55,688	156,800
200	Employee benefits	27,367	-	-	-	-	-	14,904	42,271
300	Purchased services	4,253	-	-	-	-	-	9,600	13,853
400	Supplies and materials	7,771	-	-	-	-	-	23,858	31,629
600	Other objects	-	-	-	-	-	-	3,908	3,908



**Beaufort County School District, Beaufort, South Carolina**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance - Special Projects Fund**  
**For the year ended June 30, 2018**

		Title I (201/202)	IDEA (203)	Preschool Handi- capped (205)	Occupational Education (207)	* Adult Education (243)	* Other Restricted State Grants (900s)	*Other Special Revenue Programs (200s/800s)	Total
<b>Expenditures, Continued</b>									
100	Instruction, continued								
180	Adult/continuing educational programs								
181	Adult basic education programs								
100	Salaries	-	-	-	-	75,308	-	-	75,308
200	Employee benefits	-	-	-	-	18,517	-	-	18,517
400	Supplies and materials	-	-	-	-	2,989	344	-	3,333
600	Other objects	-	-	-	-	-	-	345	345
182	Adult secondary education programs								
100	Salaries	-	-	-	-	61,425	-	-	61,425
200	Employee benefits	-	-	-	-	15,318	-	-	15,318
300	Purchased services	-	-	-	-	3,749	-	-	3,749
400	Supplies and materials	-	-	-	-	1,000	-	-	1,000
183	Adult English literacy - ESL								
300	Purchased services	-	-	-	-	46,000	-	-	46,000
400	Supplies and materials	-	-	-	-	3,000	-	-	3,000
188	Parenting/family/education programs								
100	Salaries	331,523	-	-	-	-	-	35,683	367,206
200	Employee benefits	135,168	-	-	-	-	-	17,520	152,688
300	Purchased services	109,055	-	-	-	-	-	6,070	115,125
400	Supplies and materials	63,464	-	-	-	-	-	17,922	81,386
600	Other objects	28,484	-	-	-	-	-	3,924	32,408
Total instruction		4,241,208	2,813,508	240,001	219,309	227,306	958,397	2,873,219	11,572,948

**Beaufort County School District, Beaufort, South Carolina**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance - Special Projects Fund**  
**For the year ended June 30, 2018**

		Title I (201/202)	IDEA (203)	Preschool Handi- capped (205)	Occupational Education (207)	* Adult Education (243)	* Other Restricted State Grants (900s)	*Other Special Revenue Programs (200s/800s)	Total
<b>Expenditures, Continued</b>									
200	Support services								
210	Pupil services								
212	Guidance services								
100	Salaries	-	-	-	-	-	346,395	1,200	347,595
200	Employee benefits	-	-	-	-	-	128,334	92	128,426
213	Health services								
100	Salaries	-	12,291	-	-	-	475,913	45,765	533,969
200	Employee benefits	-	7,133	-	-	-	208,064	16,978	232,175
300	Purchased services	-	-	-	-	-	-	49,822	49,822
214	Psychological services								
100	Salaries	-	2,371	-	-	-	-	-	2,371
200	Employee benefits	-	856	-	-	-	-	-	856
220	Instructional staff services								
221	Improvement of instruction - curriculum								
100	Salaries	232,782	-	-	-	-	870,409	110,769	1,213,960
200	Employee benefits	88,788	-	-	-	-	329,349	47,016	465,153
300	Purchased services	-	-	-	-	-	-	875	875
400	Supplies and materials	-	-	-	-	-	-	74	74
600	Other objects	-	-	-	-	-	-	658	658
223	Supervision of special programs								
100	Salaries	22,618	188,246	-	-	-	-	-	210,864
200	Employee benefits	5,366	77,280	-	-	-	-	-	82,646
300	Purchased services	11,763	9,689	-	-	10,568	-	-	32,020
400	Supplies and materials	1,647	38,337	-	-	9,000	1,634	3,621	54,239
600	Other objects	-	240	-	-	-	-	1,902	2,142
224	Improvement of instruction - in-service training								
100	Salaries	17,392	-	-	-	485	-	-	17,877
200	Employee benefits	2,869	-	-	-	45	-	-	2,914
300	Purchased services	293,224	-	-	45,390	1,282	-	227,103	566,999
400	Supplies and materials	43,969	-	-	-	-	-	2,700	46,669
600	Other objects	170	-	-	-	-	-	2,993	3,163

**Beaufort County School District, Beaufort, South Carolina**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance - Special Projects Fund**  
**For the year ended June 30, 2018**

		Title I (201/202)	IDEA (203)	Preschool Handi- capped (205)	Occupational Education (207)	* Adult Education (243)	* Other Restricted State Grants (900s)	*Other Special Revenue Programs (200s/800s)	Total
<b>Expenditures, Continued</b>									
200	Support services, continued								
250	Finance and operations services								
251	Federal student transportation								
100	Salaries	-	-	-	-	-	-	750	750
200	Employee benefits	-	-	-	-	-	-	183	183
300	Purchased services	25,673	-	-	-	5,925	-	-	31,598
254	Operation and maintenance of plant								
300	Purchased services	1,140	-	-	-	-	-	-	1,140
255	Pupil transportation services								
100	Salaries	-	-	-	-	-	-	800	800
200	Employee benefits	-	-	-	-	-	-	61	61
300	Purchased services	-	-	-	-	-	-	242	242
256	Food services								
400	Supplies and materials	-	-	-	-	-	-	24,240	24,240
600	Other objects	-	-	-	-	-	-	3,917	3,917
260	Central support services								
263	Information services								
400	Supplies and materials	-	-	-	-	-	-	475	475
600	Other objects	-	-	-	-	-	-	793	793
264	Staff services								
300	Purchased services	-	-	-	-	-	-	8,687	8,687
400	Supplies and materials	-	-	-	-	-	-	531	531
600	Other objects	-	-	-	-	-	-	1,516	1,516
270	Support services								
271	Pupil service activities								
600	Other objects	102,640	-	-	75,760	-	-	9,835	188,235
	Total support services	850,041	336,443	-	121,150	27,305	2,360,098	563,598	4,258,635
300	Community services								
350	Custody and care of children								
100	Salaries	-	-	-	-	-	-	165,494	165,494
200	Employee benefits	-	-	-	-	-	-	66,185	66,185
300	Purchased services	-	-	-	-	-	-	361	361
400	Supplies and materials	-	-	-	-	-	-	4,022	4,022

**Beaufort County School District, Beaufort, South Carolina**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance - Special Projects Fund**  
**For the year ended June 30, 2018**

		Title I (201/202)	IDEA (203)	Preschool Handi- capped (205)	Occupational Education (207)	* Adult Education (243)	* Other Restricted State Grants (900s)	*Other Special Revenue Programs (200s/800s)	Total
<b>Expenditures, Continued</b>									
300	Community services, continued								
360	Welfare services								
400	Supplies and materials	-	-	-	-	-	-	148	148
370	Non public school services								
300	Purchased services	-	-	-	-	-	-	9,790	9,790
390	Other community services								
300	Purchased services	-	-	-	-	-	-	10,188	10,188
400	Supplies and materials	-	-	-	-	-	-	1,058	1,058
600	Other objects	-	-	-	-	-	-	150	150
	Total community services	-	-	-	-	-	-	257,396	257,396
410	Intergovernmental expenditures								
411	Payments to State Department of Education								
720	Transits	-	-	-	-	-	-	47,263	47,263
416	Payments to Public Charter School								
720	Transits	-	103,772	-	-	-	36,331	500	140,603
419	Payments from nonemployer contributions								
720	Transits	-	-	-	-	-	1,601,326	-	1,601,326
	Total intergovernmental expenditures	-	103,772	-	-	-	1,637,657	47,763	1,789,192
	Total expenditures	5,091,249	3,253,723	240,001	340,459	254,611	4,956,152	3,741,976	17,878,171
Other financing sources (uses)									
Interfund transfers from (to) other funds									
5210	Transfer from general fund	-	-	-	-	-	-	784,714	784,714
424-710	Transfer to capital projects fund	-	-	-	-	-	-	(8,000)	(8,000)
431-791	Special revenue fund indirect costs	(216,726)	(136,504)	(10,320)	-	-	-	(30,572)	(394,122)
	Total other financing sources (uses)	(216,726)	(136,504)	(10,320)	-	-	-	746,142	382,592
	Excess of revenues and other financing sources over (under) expenditures and other financing sources (uses)	-	-	-	-	-	-	-	-
<b>Fund balance, beginning of year</b>									
<b>Fund balance, end of year</b>									
		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

**Beaufort County School District*****Schedule of Revenues, Expenditures and Changes in Fund Balance - Special Projects Fund  
For the year ended June 30, 2018***

<b>*Adult Education</b>		<b>*Designated Restricted State Grants</b>	
243	Adult Education Federal	918	Technology Professional Development
243	English Lit/Civics	919	Education License Plates
243	Continuation	926	EEDA Summer Reading Program
243	Family Literacy Collaboration	928	EEDA Career Specialists
818	Local Program	935	Reading Coaches
819	Partnership for Adult Education Literacy	936	Student Health and Fitness Nurses
955	SNAP Reimbursement	937	Student Health and Fitness
		963	K-12 Technology Initiative
		967	6-8 Enhancement
<b>* Other Special Revenue Programs</b>			
210	Title IV SSAE	839	Fuel 60 Grant
232	McKinney-Vento Homeless Children and Youth Program	840	Share Our Strength Grant
235	Title I Migrant Education	842	Action for Healthy Kids
237	Title I School Improvement Focus	843	Level Data Reimbursement
238	Title I School Improvement Support	844	Parker Grant
264	Language Instruction for Limited English Proficient and Immigrant Students, Title III	848	AIE/ABC LIMS
267	Improving Teacher Quality, Title II	849	AIE/ABC BMS
286	Medicaid	850	AIE/TSI MOES
287	Medicaid/Health Services	852	AIE/ABC LIES
295	ROTC	855	First Steps
296	Joint Strike	865	Miscellaneous Arts
801	Profound. Mentally Disabled	867	AIE/ABC HHSCA
802	Project Star HHIE	870	Jr. Jazz Foundation-WBMS
803	Senior Scholar Banquet	871	Summer Camps
806	Lowes Charitable Education Fund PVES	872	Dollar General Grant BLES
809	Back to School Expo	873	Parenting Family Literacy
810	Driving Young America	874	Jr. Jazz Foundation-BLHS
815	Child Find Expansion	875	Traveling Preschool Bus
822	Cinderella Fella Ball	880	100 Voices
824	CERRA	881	Military Child Education Coalition
827	Teacher Mini Grants	885	Chamber of Commerce - Homework Center WBES
831	Farm to School LIES	886	Special Needs Transportation
833	Teacher of the Year-HHH	893	Climb Supplement
834	Recycling Grant RCES		

**Beaufort County School District***Summary Schedule for Designated State Restricted Grants - Special Projects Fund**For the year ended June 30, 2018*

Subfund	Revenue	Programs	Revenues	Expenditures	Transfers In/(Out)	Other Fund Transfers In/(Out)	Special Revenue Fund Unearned
919	3193	Education License Plates	\$ -	\$ -	\$ -	\$ -	\$ 5,642
926	3177	EEDA Summer Reading Program	282,957	282,957	-	-	-
928	3118	EEDA Career Specialists	474,729	474,729	-	-	564,608
935	3135	Reading Coaches	1,199,758	1,199,758	-	-	309,247
936	3136	Student Health and Fitness - Nurses	711,095	711,095	-	-	34,220
937	3127	Student Health and Fitness - PE Teachers	183,703	183,703	-	-	90,936
955	3155	Adult Education SNAP	1,978	1,978	-	-	8,310
956	3156	Adult Education Workdays	-	-	-	-	12,546
963	3630	Technology	500,606	500,606	-	-	-
994	3994	PEBA Nonemployer Contributions	1,601,326	1,601,326	-	-	-
			<u>\$ 4,956,152</u>	<u>\$ 4,956,152</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,025,509</u>

**Beaufort County School District, Beaufort, South Carolina**

***Combined Schedule of Revenues, Expenditures and Changes in Fund Balance - All Programs - Education Improvement Act Fund***  
***For the year ended June 30, 2018***

**Revenues**

3000	Revenue from State Sources		
3500	Education Improvement Act:		
3502	ADEPT	\$	31,485
3509	Arts in Education		17,036
3511	Professional Development		234,803
3512	Technology Professional Development		33,996
3518	Adoption List of Formative Assessment		102,753
3519	Grade 10 Assessments		23,265
3525	Career and Technology Education Equipment		18,139
3526	Science Kit Refurbishment		45,465
3528	Industry Certificates		63,753
3529	Career and Technology Education		400,962
3532	National Board Salary Supplement		1,100,793
3533	Teacher of the Year Awards		1,077
3538	Students at Risk of School Failure		2,611,881
3540	Early Childhood Program		800,715
3550	Teacher Salary Increase		4,744,526
3555	Teacher Salary Fringe		768,356
3556	Adult Education		568,623
3557	Summer Reading Program		189,927
3558	Reading		96,671
3571	State Priority Schools		14,161
3577	Teacher Supplies		470,525
3578	High Schools That Work		69,690
3587	Maintenance of State Financial Support (MES) Tier I		193,969
3592	Work-Based Learning		63,862
3595	EEDA - Supplies and Materials		59,298
3597	Aid to Districts		231,024
	Total revenue state sources	\$	<u>12,956,755</u>

**Beaufort County School District, Beaufort, South Carolina****Combined Schedule of Revenues, Expenditures and Changes in Fund Balance - All Programs -****Education Improvement Act Fund****For the year ended June 30, 2018****Expenditures**

100	Instruction		
110	General instruction		
111	Kindergarten programs		
100	Salaries	\$	37,500
200	Employee benefits		10,009
300	Purchased services		5,837
400	Supplies and materials		22,550
			<u>75,896</u>
112	Primary programs		
100	Salaries		986,811
200	Employee benefits		360,830
300	Purchased services		60,480
400	Supplies and materials		326,538
			<u>1,734,659</u>
113	Elementary programs		
100	Salaries		501,124
200	Employee benefits		143,011
300	Purchased services		58,070
400	Supplies and materials		198,568
			<u>900,773</u>
114	High school programs		
100	Salaries		286,084
200	Employee benefits		84,933
300	Purchased services		39,953
400	Supplies and materials		139,227
			<u>550,197</u>
115	Vocational programs		
300	Purchased services		53,957
400	Supplies and materials		428,285
600	Other objects		3,000
			<u>485,242</u>
116	Career and technology education (vocational) programs - middle school		
300	Purchased services		697
			<u>697</u>
117	Driver education programs		
400	Supplies and materials		550
			<u>550</u>
118	Montessori programs		
400	Supplies and materials		2,475
			<u>2,475</u>
120	Exceptional programs		
121	Educational mentally handicapped		
400	Supplies and materials		2,750
			<u>2,750</u>
122	Trainable mentally handicapped		
400	Supplies and materials		1,100
			<u>1,100</u>



**Beaufort County School District, Beaufort, South Carolina****Combined Schedule of Revenues, Expenditures and Changes in Fund Balance - All Programs -****Education Improvement Act Fund****For the year ended June 30, 2018****Expenditures, Continued**

100	Instruction, continued	
120	Exceptional programs, continued	
123	Orthopedically handicapped	
400	Supplies and materials	275
		<u>275</u>
124	Visually handicapped	
400	Supplies and materials	275
		<u>275</u>
125	Hearing handicapped	
400	Supplies and materials	1,375
		<u>1,375</u>
126	Speech handicapped	
400	Supplies and materials	5,775
		<u>5,775</u>
127	Learning disabilities	
300	Purchased services	171
400	Supplies and materials	23,417
		<u>23,588</u>
128	Emotionally handicapped	
400	Supplies and materials	3,300
		<u>3,300</u>
130	Pre-school programs	
135	Early childhood programs	
400	Supplies and materials	550
		<u>550</u>
137	Pre-school hand self-cont. (3/4)	
400	Supplies and materials	1,650
		<u>1,650</u>
139	Early childhood programs	
100	Salaries	473,756
200	Benefits	248,201
400	Supplies and materials	95,031
		<u>816,988</u>
140	Special programs	
141	Gifted and talented-academic	
400	Supplies and materials	7,700
		<u>7,700</u>
160	Other exceptional programs	
162	Limited English proficiency	
400	Supplies and materials	12,375
		<u>12,375</u>
170	Summer school program	
171	Primary program	
100	Salaries	382,971
200	Benefits	107,847
300	Purchased services	16,163
400	Supplies and materials	31,034
		<u>538,015</u>

**Beaufort County School District, Beaufort, South Carolina****Combined Schedule of Revenues, Expenditures and Changes in Fund Balance - All Programs -****Education Improvement Act Fund****For the year ended June 30, 2018****Expenditures, Continued**

100	Instruction, continued	
170	Summer school program, continued	
172	Elementary summer school	
100	Salaries	65,377
200	Benefits	18,072
		<u>83,449</u>
173	High school summer school	
100	Salaries	104,342
200	Benefits	29,256
		<u>133,598</u>
175	Instructional programs beyond regular school day	
100	Salaries	7,410
200	Benefits	1,976
		<u>9,386</u>
180	Adult/continuing educational programs	
181	Adult basic educational programs	
100	Salaries	85,506
200	Benefits	19,648
300	Purchased services	15,052
400	Supplies and materials	18,407
		<u>138,613</u>
182	Adult secondary education	
100	Salaries	70,268
200	Employee benefits	16,577
300	Purchased services	8,029
400	Supplies and materials	8,946
		<u>103,820</u>
183	Adult English literacy	
100	Salaries	4,839
200	Benefits	1,215
400	Supplies and materials	1,879
		<u>7,933</u>
184	Post secondary educational programs	
100	Salaries	7,130
200	Benefits	2,434
		<u>9,564</u>
188	Parenting/family literacy	
100	Salaries	65,998
200	Employee benefits	28,688
300	Purchased services	14,679
400	Supplies and materials	18,630
600	Other objects	594
		<u>128,589</u>
	Total instruction	<u>5,781,157</u>

**Beaufort County School District, Beaufort, South Carolina****Combined Schedule of Revenues, Expenditures and Changes in Fund Balance - All Programs -****Education Improvement Act Fund****For the year ended June 30, 2018****Expenditures, Continued**

200	Support services	
210	Pupil services	
212	Guidance services	
300	Purchased services	28,790
400	Supplies and materials	46,723
		<u>75,513</u>
220	Instructional staff services	
221	Improvement of instruction - curriculum development	
100	Salaries	392,279
200	Benefits	137,950
300	Purchased services	11,215
400	Supplies and materials	8,910
		<u>550,354</u>
222	Literacy and media services	
100	Salaries	14,711
200	Benefits	3,926
300	Purchased services	681
400	Supplies and materials	8,250
		<u>27,568</u>
223	Supervision of special programs	
100	Salaries	188,237
200	Benefits	60,832
300	Purchased services	15,526
400	Supplies and materials	6,900
		<u>271,495</u>
224	Improvement of instructional services	
100	Salaries	65,099
200	Benefits	9,716
300	Purchased services	476,641
400	Supplies and materials	21,132
		<u>572,588</u>
250	Finance and operations services	
255	Student transportation	
300	Purchased services	54,345
		<u>54,345</u>
260	Central support services	
264	Staff services	
100	Salaries	4,327
200	Benefits	1,130
		<u>5,457</u>
270	Support services pupil activity	
271	Pupil service activities	
600	Other objects	7,200
		<u>7,200</u>
	Total support services	<u>1,564,520</u>

**Beaufort County School District, Beaufort, South Carolina***Combined Schedule of Revenues, Expenditures and Changes in Fund Balance - All Programs -**Education Improvement Act Fund**For the year ended June 30, 2018***Expenditures, Continued**

400	Other charges	
410	Intergovernmental expenditures	
416-720	LEA Payment to Public Charter School	98,196
	Total intergovernmental expenditures	98,196
	Total expenditures	7,443,873

**Other Financing Sources (Uses)**

420-710	Transfer to general fund	(5,512,882)
	Total other financing sources (uses)	(5,512,882)
	Excess of revenues over expenditures and other financing sources (uses)	-

**Fund balance, beginning of year****Fund balance, end of year**

-
\$ -

**Beaufort County School District**

**Summary Schedule by Program - Education Improvement Act Fund**  
**For the year ended June 30, 2018**

		Revenues	Expenditures	Other Fund Transfers In/(Out)	Unearned Revenue
3500	Education Improvement Act				
3502	ADEPT	\$ 31,485	\$ 31,485	\$ -	\$ -
3507	Aid to Districts - Technology	-	-	-	276,393
3509	Arts in Education	17,036	17,036	-	-
3511	Professional Development	234,803	234,803	-	106,703
3512	Technology Professional Development	33,996	33,996	-	-
3518	Adoption List of Formative Assessment	102,753	102,753	-	117,932
3519	Grade 10 Assessments	23,265	23,265	-	32,283
3525	Career and Technology Education Equipment	18,139	18,139	-	-
3526	Science Kit Refurbishment	45,465	45,465	-	52,488
3528	Industry Certificates	63,753	63,753	-	15,822
3529	Career and Technology Education	400,962	400,962	-	113,809
3532	National Board Salary Supplement	1,100,793	1,100,793	-	-
3533	Teacher of the Year Awards	1,077	1,077	-	-
3538	Students at Risk of School Failure	2,611,881	2,611,881	-	1,479,063
3540	Early Childhood Program	800,715	800,715	-	649,029
3550	Teacher Salary Increase	4,744,526	-	(4,744,526)	-
3555	Teacher Salary Fringe	768,356	-	(768,356)	-
3556	Adult Education	568,623	568,623	-	271,194
3557	Summer Reading Program	189,927	189,927	-	-
3558	Reading	96,671	96,671	-	98,730
3571	State Priority Schools	14,161	14,161	-	105,839
3577	Teacher Supplies	470,525	470,525	-	-
3578	High Schools That Work	69,690	69,690	-	-
3587	Maintenance of State Financial Support (MES) Tier I	193,969	193,969	-	-
3589	Maintenance of State Financial Support (MES) Tier II	-	-	-	87,000
3592	Work-Based Learning	63,862	63,862	-	23,409
3595	EEDA - Supplies and Materials	59,298	59,298	-	-
3597	Aid to Districts	231,024	231,024	-	307,934
3599	Other EIA	-	-	-	2,906
	Total	<u>\$ 12,956,755</u>	<u>\$ 7,443,873</u>	<u>\$ (5,512,882)</u>	<u>\$ 3,740,534</u>

**Beaufort County School District*****Schedule of Revenues, Expenditures and Changes in Fund Balance - Debt Service Fund - District  
For the year ended June 30, 2018*****Revenues**

1000	Revenue from local sources		
1200	Revenue from local governmental units other than LEAs		
1210	Ad valorem taxes-including delinquent	\$	57,444,047
1240	Penalties and interest on taxes		287,822
1280	Revenue in lieu of taxes		17,287
			<u>57,749,156</u>
1500	Earnings on investments		
1510	Interest on investments		<u>180,791</u>
	Total local sources		<u>57,929,947</u>
3000	Revenue from state sources		
3800	State revenue in lieu of taxes		
3820	Homestead exemption		1,136,403
3830	Merchant's inventory tax		85,988
3890	Other state property tax revenues		95,094
	Total state sources		<u>1,317,485</u>
	Total revenue all sources		<u>59,247,432</u>

**Expenditures**

500	Debt service		
610	Redemption of principal		42,445,700
620	Interest		12,825,767
690	Other objects		41,574
	Total expenditures		<u>55,313,041</u>
	Excess of revenue over expenditures		<u>3,934,391</u>

**Other financing sources (uses)**

5110	Premium on bonds sold		33,775
423-710	Transfer to EFC debt service fund		<u>(2,729,952)</u>
	Total other financing sources (uses)		<u>(2,696,177)</u>
	Deficiency of revenues and other financing sources under expenditures		1,238,214

**Fund balance, beginning of year****Fund balance, end of year**

14,767,669

\$ 16,005,883

**Beaufort County School District*****Schedule of Revenues, Expenditures and Changes in Fund Balance - Debt Service Fund - EFC******For the year ended June 30, 2018******Revenues***

1000	Revenue from local sources	
1500	Earnings on investments	
1510	Interest on investments	\$ 2,983
	Total local sources	2,983
	Total revenue all sources	2,983

***Expenditures***

500	Debt service	
610	Redemption of principal	1,965,000
620	Interest	763,019
690	Other objects	14,123
	Total expenditures	2,742,142
	Total (deficiency) of expenditures over revenues	(2,739,159)

***Other financing sources (uses)***

5240	Transfer from debt service	2,729,952
	Total other financing sources	2,729,952
	Deficiency of revenues and other financing sources under expenditures	(9,207)

<b><i>Fund balance, beginning of year</i></b>	67,122
<b><i>Fund balance, end of year</i></b>	\$ 57,915

**Beaufort County School District****Schedule of Revenues, Expenditures and Changes in Fund Balance - School Building Fund****For the year ended June 30, 2018**

		<b>Other Projects</b>	<b>Referenda Projects</b>	<b>Total</b>
<b>Revenues</b>				
1000	Revenue from local sources			
1500	Earnings on investments			
1510	Interest on investments	\$ 759,104	\$ 265,794	\$ 1,024,898
1900	Other revenue from local sources			
1993	Insurance proceeds	2,312	-	2,312
1999	Revenue from other local sources	1,076,446	-	1,076,446
	Total local sources	1,837,862	265,794	2,103,656
	Total revenues all sources	1,837,862	265,794	2,103,656
<b>Expenditures</b>				
250	Finance and operations			
253	Facilities acquisition and construction			
100	Salaries	496,407	-	496,407
200	Benefits	171,305	-	171,305
300	Purchased services	5,884,340	-	5,884,340
400	Supplies	9,941,711	-	9,941,711
500	Capital outlay			
520	Construction services	13,930,948	-	13,930,948
530	Improvements other than buildings	1,414,853	-	1,414,853
540	Equipment	158,123	-	158,123
545	Technology, equipment and software	192,027	-	192,027
550	Vehicles	35,350	-	35,350
580	Mobile classrooms	301,483	-	301,483
600	Other objects			
690	Other objects	112,529	-	112,529
	Total expenditures	32,639,076	-	32,639,076
<b>Other financing sources (uses)</b>				
5110	Premiums on bonds sold	2,161,395	-	2,161,395
5120	Proceeds of general obligation bonds	28,570,000	-	28,570,000
5300	Sale of capital assets	64,957	-	64,957
<b>Interfund transfers, from (to) other funds</b>				
5220	Transfer from special revenue fund	8,000	-	8,000
	Total other financing sources (uses)	30,804,352	-	30,804,352
	Deficiency of revenues and other financing sources under expenditures	3,138	265,794	268,932
<b>Fund balance, beginning of year</b>		19,010,586	7,576,780	26,587,366
<b>Fund balance, end of year</b>		\$ 19,013,724	\$ 7,842,574	\$ 26,856,298



**Beaufort County School District*****Schedule of Revenues, Expenditures and Changes in Net Position - Enterprise Fund - Food Service Fund******For the year ended June 30, 2018*****Revenues**

1000	Revenue from local sources		
1500	Earnings on investments		
1510	Interest	\$	2,089
1600	Food service		
1610	Lunch sales to pupils		943,961
1620	Breakfast sales to pupils		73,236
1630	Special sales to pupils		500,017
1640	Lunch sales to adults		54,451
1650	Breakfast sales to adults		1,925
1660	Special sales to adults		19,992
1900	Other revenue from local sources		
1999	Miscellaneous		207,944
	Total revenue from local sources		<u>1,803,615</u>
3000	Revenue from state sources		
3140	School lunch		
3142	Program aid		727
	Total revenue from state sources		<u>727</u>
4000	Revenue from federal sources		
4800	USDA reimbursement		
4810	School lunch and after school snacks program		5,643,015
4830	School breakfast program		1,648,757
4860	Fresh fruits and vegetables		14,275
4880	Summer feeding program		191,005
4900	Other federal sources		
4991	USDA commodities		796,323
4999	Other federal sources		492,742
	Total revenue from federal sources		<u>8,786,117</u>
	Total revenue all sources		<u>10,590,459</u>

**Beaufort County School District*****Schedule of Revenues, Expenditures and Changes in Net Position - Enterprise Fund - Food Service Fund******For the year ended June 30, 2018******Expenses***

256	Food service	
100	Salaries	344,542
200	Employee benefits	154,487
300	Purchased services	
323	Repairs and maintenance	4,299
325	Rentals	2,622
332	Travel	7,128
345	Technology	2,291
350	Advertising	743
390	Other purchased services	8,518,422
400	Supplies and materials	
410	Supplies	32,611
445	Technology and software supplies	35,323
460	Purchased food	11,878
461	USDA commodities	796,323
470	Energy - Gasoline	13,012
500	Capital outlay	
570	Depreciation	247,119
600	Other objects	
640	Dues and fees	900
670	Sales tax	3,966
690	Other	2,543
	Total expenses	<u>10,178,209</u>

***Other financing (sources) uses***

5210	Transfer from general fund	110,000
416-720	Payments to Charter Schools	(109,856)
432-791	Food service fund indirect costs	<u>(102,096)</u>
	Other financing (sources) uses	<u>(101,952)</u>
	Change in net position	310,298

<b><i>Net position, beginning of year as originally stated</i></b>	2,475,073
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<b>Restatement for GASB 75</b>	<u>(564,946)</u>
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<b><i>Net position, beginning of year as restated</i></b>	<u>1,910,127</u>
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<b><i>Net position, end of year</i></b>	<u><u>\$ 2,220,425</u></u>
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Footnote: This schedule is presented in the format prescribed by the South Carolina Department of Education, which varies in presentation from Exhibit 5.

**Beaufort County School District*****Schedule of Revenues, Expenses and Changes in Fund Net Position - Internal Service Fund******For the year ended June 30, 2018*****Revenues**

1000	Revenue from local sources		
1900	Other revenue from local sources		
1993	Receipt of insurance proceeds	\$	97,415
1999	Charges for services		880,567
	Total local sources		977,982
	Total revenue all sources		977,982

**Expenses**

100	Instruction		
110	General instruction		
112	Primary programs		
200	Employee benefits		
270	Workers compensation		86,049
113	Elementary programs		
200	Employee benefits		
270	Workers compensation		49,490
114	High school programs		
200	Employee benefits		
270	Workers compensation		200,516
120	Exception programs		
123	Orthopedically handicapped		
200	Employee benefits		
270	Workers compensation		369
127	Learning disabilities		
200	Employee benefits		
270	Workers compensation		48,944
180	Adult/continuing education programs		
188	Parenting/family literacy		
200	Employee benefits		
270	Workers compensation		658
	Total instruction		386,026
200	Support services		
210	Pupil services		
211	Attendance and social work services		
200	Employee benefits		
270	Workers compensation		37,326
212	Guidance services		
200	Employee benefits		
270	Workers compensation		7,143
213	Health services		
200	Employee benefits		
270	Workers compensation		6,224
220	Instructional staff services		
221	Improvement of instruction		
200	Employee benefits		
270	Workers compensation		19,114
222	Library and media services		
200	Employee benefits		
270	Workers compensation		174

**Beaufort County School District*****Schedule of Revenues, Expenses and Changes in Fund Net Position - Internal Service Fund******For the year ended June 30, 2018******Expenses, continued***

200	Support services, continued		
230	General administration services		
233	School administration		
200	Employee benefits		
270	Workers compensation		40,181
250	Finance and operations services		
254	Operation and Maintenance of Plant		
200	Employee benefits		
270	Workers compensation		15,890
300	Purchased services		
323	Vehicle repairs		124,514
324	Property insurance		205,251
255	Student transportation		
200	Employee benefits		
270	Workers compensation		31,027
270	Support services - pupil activity		
271	Pupil Services Activities		
200	Employee benefits		
270	Workers compensation		592
	Total support services		487,436
	Total expenses		873,462
	Change in net position		104,520
	<b><i>Net position, beginning of year</i></b>		914,812
	<b><i>Net position, end of year</i></b>		<u><u>\$ 1,019,332</u></u>

Footnote: This schedule is presented in the format prescribed by the South Carolina Department of Education, which varies in presentation from Exhibit 6.

**Beaufort County School District****Statement of Changes in Assets and Liabilities - Agency Fund - Pupil Activity****For the year ended June 30, 2018**

	<b>Balance July 1, 2017</b>	<b>Additions</b>	<b>Reductions</b>	<b>Balance June 30, 2018</b>
<b>Assets</b>				
Cash	\$ 1,889,864	\$ 3,849,750	\$ 3,383,328	\$ 2,356,286
Accounts receivable	7,540	-	7,540	-
Prepaid expenses	1,259	1,425	1,259	1,425
Total assets	<u>\$ 1,898,663</u>	<u>\$ 3,851,175</u>	<u>\$ 3,392,127</u>	<u>\$ 2,357,711</u>
<b>Liabilities</b>				
Accounts payable	\$ 236,807	\$ 3,397,386	\$ 3,392,486	241,707
Accrued salaries and benefits	4,351	13,952	4,351	13,952
Due to student organizations	1,657,505	3,849,750	3,405,203	2,102,052
Total liabilities	<u>\$ 1,898,663</u>	<u>\$ 7,261,088</u>	<u>\$ 6,802,040</u>	<u>\$ 2,357,711</u>

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

1000	Receipts from local sources	
1500	Earnings on investments	
1510	Interest on investments	\$ 1,398
1700	Pupil activities	
1730	Pupil organization membership	472,702
1900	Other revenue from local sources	
1920	Contributions and donations	124,002
1999	Revenue from other local sources	3,251,648
	Total receipts all sources	<u>3,849,750</u>

**Disbursements**

190	Instructional pupil activity	
660	Pupil activity	302,140
270	Support services pupil activity	
271	Pupil service activities	
660	Pupil activity	2,142,027
272	Enterprise activities	
660	Pupil activity	948,218
273	Trust and agency activities	
660	Pupil activity	12,818
	Total disbursements	<u>3,405,203</u>
	Excess of receipts over disbursements	444,547

***Due to student organizations, beginning of year***1,657,505***Due to student organizations, end of year***\$ 2,102,052

Footnote: This schedule is presented in the format prescribed by the South Carolina Department of Education, which varies in presentation from Schedule G-1.

**Beaufort County School District***Detailed Schedule of Due to State Department of Education**As of June 30, 2018*

Program	Project Number	Revenue and Subfund Codes	Description	Amount due to State Department of Education	Status of Amounts Due to Grantors
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No funds are due to state government

**Beaufort County School District****Financial Analysis Model Location Reconciliation Schedule****For the fiscal year ended June 30, 2018**

Location ID	Description	Education Level	Cost Type	Expenditures
01	District Office	Non-Schools	Central	\$ 112,759,953
02	District Service Center	Non-Schools	Central	1,393,213
09	Islands Academy	Alternative School	School	1,971,222
10	Academy for Career Excellence	Other Schools	School	1,840,469
17	Hilton Head Early Childhood Center	Other Schools	School	4,901,901
20	Riverview Charter School	Other Schools	School	6,280,283
33	Beaufort Elementary	Elementary Schools	School	6,518,923
34	Coosa Elementary	Elementary Schools	School	4,895,772
35	Lady's Island Elementary	Elementary Schools	School	3,843,137
37	Mossy Oaks Elementary	Elementary Schools	School	4,589,791
38	Port Royal Elementary	Elementary Schools	School	3,416,540
39	St. Helena Elementary	Elementary Schools	School	4,623,552
40	Broad River Elementary	Elementary Schools	School	5,883,221
42	Shell Point Facility	Elementary Schools	School	62,399
44	Joseph S. Shanklin Elementary	Elementary Schools	School	4,690,712
54	Whale Branch Elementary	Elementary Schools	School	6,316,181
62	Hilton Head Island Elementary	Elementary Schools	School	9,542,169
63	Hilton Head Island School for Creative Arts	Elementary Schools	School	6,469,908
70	Bluffton Elementary	Elementary Schools	School	7,042,179
72	Okatie Elementary	Elementary Schools	School	5,450,188
74	Michael C. Riley Elementary	Elementary Schools	School	8,716,408
76	Red Cedar Elementary	Elementary Schools	School	6,382,648
78	Pritchardville Elementary	Elementary Schools	School	6,047,275
79	River Ridge Academy	PK-8 School	School	9,152,120
80	Beaufort Middle	Middle Schools	School	6,024,176
81	Lady's Island Middle	Middle Schools	School	7,010,717
83	Robert Smalls International Academy	PK-8 School	School	7,568,131
85	Whale Branch Middle	Middle Schools	School	5,099,497
87	Hilton Head Island Middle	Middle Schools	School	8,554,469
88	HE McCracken Middle	Middle Schools	School	7,883,764
89	Bluffton Middle	Middle Schools	School	7,317,138
90	Beaufort High	High Schools	School	13,700,365
92	Battery Creek High	High Schools	School	10,893,046
94	Whale Branch Early College High	High Schools	School	13,489,324
96	Hilton Head Island High	High Schools	School	12,961,519
97	May River High	High Schools	School	10,032,154
98	Bluffton High	High Schools	School	11,554,012
Total expenditures/disbursements for all funds				<u>\$ 354,878,476</u>



**Beaufort County School District*****Financial Analysis Model Location Reconciliation Schedule******For the fiscal year ended June 30, 2018***

The below expenditures are reconciled to the School District's financial statements as follows:

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**Funds Used in Per Pupil Cost Calculation**


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General Fund (Subfund 100's)	\$ 224,295,444
Special Revenue Fund (Subfunds 200's, 800's, 900's)	17,878,171
Special Revenue EIA Fund (Subfund 300's)	7,443,873
Proprietary Fund (Subfund 600's)	10,288,065
Internal Service Fund (Subfund 650's)	873,462
Agency Fund (Pupil Activity) (Subfund 700's)	3,405,203
Sub-Total	<u>264,184,218</u>

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**Other funds**


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Debt Service Fund (Subfund 400's)	58,055,183
Capital Projects Fund (Subfund 500's)	32,639,076
Sub-Total	<u>90,694,259</u>
Grand Total	<u><u>\$ 354,878,477</u></u>

## Riverview Charter School, Beaufort, South Carolina

## General Fund

## Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget to Actual

For the year ended June 30, 2018

			Budget	Actual	Variance Favorable (Unfavorable)
<b>Revenues</b>					
1000	Revenue from local sources				
1700	Pupil activities				
1740	Student fees	\$	19,815	\$ 28,240	\$ 8,425
1790	Other pupil activity income		398,625	397,572	(1,053)
1900	Other revenue from local sources				
1920	Contributions and donations private sources		240,400	215,110	(25,290)
1999	Revenue from other local sources		-	3,748	3,748
	Total local sources		658,840	644,670	(14,170)
2000	Intergovernmental revenue				
2100	Payments from other governmental units		5,587,527	5,896,084	308,557
	Total intergovernmental revenue		5,587,527	5,896,084	308,557
	Total revenues all sources		6,246,367	6,540,754	294,387
<b>Expenditures</b>					
100	Instruction				
110	General instruction				
111	Kindergarten programs				
100	Salaries		239,676	291,756	(52,080)
200	Employee benefits		74,631	119,378	(44,747)
400	Supplies and materials		-	1,703	(1,703)
			314,307	412,837	(98,530)
112	Primary programs				
100	Salaries		720,174	686,939	33,235
200	Employee benefits		260,582	323,831	(63,249)
300	Purchased services		-	4,388	(4,388)
400	Supplies and materials		855	875	(20)
			981,611	1,016,033	(34,422)
113	Elementary programs				
100	Salaries		1,510,589	1,455,024	55,565
200	Employee benefits		705,188	585,811	119,377
300	Purchased services		6,471	32,272	(25,801)
400	Supplies and materials		32,008	94,860	(62,852)
500	Capital outlay		30,825	28,684	2,141
600	Other objects		5,250	3,673	1,577
			2,290,331	2,200,324	90,007
120	Exceptional programs				
127	Learning disabilities				
100	Salaries		125,709	113,659	12,050
200	Employee benefits		112,701	87,262	25,439
300	Purchased services		8,500	651	7,849
			246,910	201,572	45,338
140	Special programs				
149	Other special programs				
300	Purchased services		1,500	1,086	414
			1,500	1,086	414
170	Summer school program				
175	Instructional programs beyond regular school day				
100	Salaries		112,631	86,987	25,644
200	Employee benefits		29,870	20,257	9,613
300	Purchased services		25,675	17,173	8,502
400	Supplies and materials		9,255	7,343	1,912
			177,431	131,760	45,671
190	Instructional pupil activity				
400	Supplies and materials		1,000	164	836
600	Other objects		162,500	162,644	(144)
	Total instruction		4,175,590	4,126,420	49,170

## Riverview Charter School, Beaufort, South Carolina

## General Fund

## Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget to Actual

For the year ended June 30, 2018

				Budget	Actual	Variance Favorable (Unfavorable)
<b>Expenditures, Continued</b>						
200	Support services					
210	Pupil services					
212	Guidance					
100	Salaries			76,450	77,325	(875)
200	Employee benefits			25,015	20,677	4,338
				<u>101,465</u>	<u>98,002</u>	<u>3,463</u>
213	Health services					
100	Salaries			11,221	9,571	1,650
200	Employee benefits			10,303	9,849	454
300	Purchased services			-	45	(45)
400	Supplies and materials			2,000	425	1,575
				<u>23,524</u>	<u>19,890</u>	<u>3,634</u>
215	Exceptional program services					
300	Purchased services			-	11,832	(11,832)
				<u>-</u>	<u>11,832</u>	<u>(11,832)</u>
220	Instructional Services					
221	Improvement of instruction curriculum development					
100	Salaries			149,405	150,159	(754)
200	Employee benefits			57,780	59,553	(1,773)
				<u>207,185</u>	<u>209,712</u>	<u>(2,527)</u>
224	Improvement of instruction inservice and staff training					
100	Salaries			74,100	78,240	(4,140)
200	Employee benefits			38,940	41,275	(2,335)
300	Purchased services			2,500	1,784	716
				<u>115,540</u>	<u>121,299</u>	<u>(5,759)</u>
230	General administration services					
231	Board of Education					
300	Purchased services			22,500	11,941	10,559
318	Audit fees			11,400	12,500	(1,100)
400	Supplies and materials			38,150	68,147	(29,997)
600	Other objects			21,392	36,633	(15,241)
				<u>93,442</u>	<u>129,221</u>	<u>(35,779)</u>
233	School administration					
100	Salaries			226,625	242,278	(15,653)
200	Employee benefits			81,819	101,692	(19,873)
300	Purchased services			23,641	30,097	(6,456)
400	Supplies and materials			14,475	14,802	(327)
500	Capital outlay			4,500	6,000	(1,500)
600	Other objects			-	85	(85)
				<u>351,060</u>	<u>394,954</u>	<u>(43,894)</u>
250	Finance and operations					
252	Fiscal services					
300	Purchased services			44,565	56,157	(11,592)
600	Other objects			10,500	17,392	(6,892)
				<u>55,065</u>	<u>73,549</u>	<u>(18,484)</u>
254	Operation and maintenance of plant					
300	Purchased services			765,868	765,942	(74)
321	Public utilities			10,023	9,980	43
400	Supplies and materials			-	331	(331)
470	Energy			111,650	143,341	(31,691)
				<u>887,541</u>	<u>919,594</u>	<u>(32,053)</u>

## Riverview Charter School, Beaufort, South Carolina

## General Fund

## Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget to Actual

For the year ended June 30, 2018

		Budget	Actual	Variance Favorable (Unfavorable)
<b>Expenditures, Continued</b>				
200	Support services, continued			
250	Finance and operations, continued			
255	Student transportation			
300	Purchased services	-	18,059	(18,059)
600	Other objects	362	159	203
		362	18,218	(17,856)
258	Security			
300	Purchased services	4,500	3,902	598
500	Capital outlay	9,800	11,930	(2,130)
		14,300	15,832	(1,532)
260	Central support services			
263	Information services			
300	Purchased services	12,500	16,778	(4,278)
		12,500	16,778	(4,278)
266	Technology and data processing services			
100	Salaries	55,000	56,350	(1,350)
200	Employee benefits	25,788	26,496	(708)
300	Purchased services	109,643	59,638	50,005
400	Supplies and materials	2,460	559	1,901
		192,891	143,043	49,848
270	Central support services			
271	Pupil service activities			
100	Salaries	16,500	10,150	6,350
200	Employee benefits	-	2,228	(2,228)
300	Purchased services	-	10,333	(10,333)
600	Other objects	-	1,000	(1,000)
		16,500	23,711	(7,211)
	Total support services	2,071,375	2,195,635	(124,260)
500	Debt service			
610	Redemption of principal	-	150,000	(150,000)
620	Interest	-	2,359	(2,359)
		-	152,359	(152,359)
	Total debt service	-	152,359	(152,359)
	Total expenditures	6,246,965	6,474,414	(227,449)
<b>Other financing sources</b>				
5400	Proceeds from long term notes	-	150,000	(150,000)
		-	150,000	(150,000)
	Total other financing sources	-	150,000	(150,000)
	Excess (deficiency) of revenues over expenditures	(598)	216,340	216,938
	Net change in fund balance	\$ (598)	216,340	\$ 216,938
<b>Fund balance, beginning of year</b>			(200,730)	
<b>Fund balance, end of year</b>			\$ 15,610	

**Riverview Charter School, Beaufort, South Carolina****Special Revenue Fund****Combined Schedule of Revenues, Expenditures, and Changes in Fund Balance****For the year ended June 30, 2018**

	IDEA	Other Designated Restricted State Grants	Other Special Revenue Programs	Total
<b>Revenues</b>				
1000 Revenue from local sources				
1600 Food services				
1610 Lunch sales to pupils	\$ -	\$ -	\$ 111,846	\$ 111,846
1620 Breakfast sales to pupils	-	-	4,106	4,106
1630 Special sales to pupils	-	-	5,568	5,568
1640 Lunch sales to adults	-	-	10,774	10,774
1650 Breakfast sales to adults	-	-	40	40
1660 Special sales to adults	-	-	230	230
Total local sources	-	-	132,564	132,564
3000 Revenue from state sources				
3100 Restricted state funding				
3127 Student health and fitness - PE teachers	-	9,212	-	9,212
3130 Special programs				
3136 Student health and fitness - nurses	-	27,118	-	27,118
Total state sources	-	36,330	-	36,330
4000 Revenue from federal sources				
4500 Programs for children with disabilities				
4510 Individuals With Disabilities Education Act (IDEA)	103,770	-	-	103,770
4800 USDA Reimbursement				
4810 School lunch and after school snacks program, and special milk program (carryover provision)	-	-	109,856	109,856
4900 Other federal sources				
4999 Revenue from other federal sources	-	-	500	500
Total federal sources	103,770	-	110,356	214,126
Total revenues all sources	103,770	36,330	242,920	383,020
<b>Expenditures</b>				
100 Instruction				
110 General instruction				
113 Elementary programs				
100 Salaries	-	9,212	-	9,212
400 Supplies and materials	-	-	500	500
120 Exceptional programs				
127 Learning disabilities				
100 Salaries	103,770	-	-	103,770
Total instruction	103,770	9,212	500	113,482
200 Support services				
210 Pupil services				
213 Health services				
100 Salaries	-	27,118	-	27,118
250 Finance and operations services				
256 Food service				
100 Salaries	-	-	71,141	71,141
200 Employee benefits	-	-	19,923	19,923
300 Purchased services	-	-	1,661	1,661
400 Supplies and materials	-	-	89,932	89,932
Total support services	-	27,118	182,657	209,775
Total expenditures	103,770	36,330	183,157	323,257
Net change in fund balance	-	-	59,763	59,763
<b>Fund balance, beginning of year</b>	-	-	-	-
<b>Fund balance, end of year</b>	\$ -	\$ -	\$ 59,763	\$ 59,763

**Riverview Charter School, Beaufort, South Carolina****Education Improvement Act Fund****Combined Schedule of Revenues, Expenditures, and Changes in Fund Balance - All Programs****For the year ended June 30, 2018****Revenues**

3000	Revenue from state sources		
3500	Education Improvement Act		
3502	ADEPT	\$	185
3518	Adoption list of formative assessment		3,529
3526	Refurbishment of science kits		2,316
3532	National board salary supplement (no carryover provision)		37,500
3538	Students at risk of school failure		26,356
3558	Reading		2,995
3577	Teacher supplies (no carryover provision)		15,125
3597	Aid to districts		15,728
	Total state sources		<u>103,734</u>
	Total revenue all sources		<u>103,734</u>

**Expenditures**

100	Instruction		
110	General instruction		
111	Kindergarten programs		
100	Salaries		416
400	Supplies and materials		1,100
112	Primary programs		
100	Salaries		13,542
400	Supplies and materials		3,025
113	Elementary programs		
100	Salaries		58,311
300	Purchased services		3,529
400	Supplies and materials		11,391
120	Exceptional programs		
127	Learning disabilities		
400	Supplies and materials		1,100
	Total instruction		<u>92,414</u>
200	Support Services		
210	Support services - students		
212	Guidance services		
400	Supplies and materials		550
220	Instruction staff services		
221	Improvement of instruction in service curriculum development		
100	Salaries		2,995
224	Improvement of instruction - in service and staff training		
100	Salaries		7,500
400	Supplies and materials		275
	Total support services		<u>11,320</u>
	Total expenditures		<u>103,734</u>
	Net change in fund balance		-
	<b>Fund balance, beginning of year</b>		-
	<b>Fund balance, end of year</b>	\$	<u><u>-</u></u>

## STATISTICAL SECTION

### (UNAUDITED)

This part of the School District's comprehensive annual financial report represents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the School District's overall financial health.

#### **Financial Trends**

These schedules contain trend information to help the reader understand how the School District's financial performance and well-being have changed over time.

#### **Revenue Capacity**

These schedules contain information to help the reader assess the School District's most significant revenue source.

#### **Debt Capacity**

These schedules present information to help the reader assess the affordability of the School District's current levels of outstanding debt and the School District's ability to issue additional debt in the future.

#### **Demographic and Economic Information**

These schedules offer demographic and economic indicators to help the reader understand the environment within which the School District's financial activities take place.

#### **Operating Information**

These schedules contain service and infrastructure data to help the reader understand how the information in the School District's financial report relates to the services the School District provides and the activities it performs.

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

BEAUFORT COUNTY SCHOOL DISTRICT  
NET POSITION BY COMPONENT  
LAST TEN FISCAL YEARS  
(UNAUDITED)

TABLE 1

	Fiscal Year	2009	2010	2011	2012	2013	2014*	2015	2016	2017**	2018
<b>Governmental Activities</b>											
Net investments in capital assets	\$	81,304,754	\$ 95,497,696	\$ 112,669,995	\$ 130,188,153	\$ 133,805,522	\$ 150,154,713	\$ 159,361,786	\$ 190,512,542.00	\$ 217,792,997.00	\$ 233,115,201
Restricted		28,254,984	27,767,582	27,269,678	18,365,513	18,962,817	15,316,037	22,585,786	14,833,180	14,834,791	42,920,096
Unrestricted		33,412,017	33,522,994	27,206,206	29,919,171	42,960,903	(166,388,730)	(163,293,229)	(168,155,765)	(167,695,845)	(422,889,252)
Total governmental activities net position	\$	142,971,755	\$ 156,788,272	\$ 167,145,879	\$ 178,472,837	\$ 195,729,242	\$ (917,980)	\$ 18,654,343	\$ 37,189,957.00	\$ 64,931,943.00	\$ (146,853,955)
<b>Business-type activities</b>											
Net investments in capital assets	\$	741,050	\$ 883,341	\$ 841,301	\$ 1,166,399	\$ 1,570,635	\$ 2,086,574	\$ 2,254,153	\$ 2,145,718.00	\$ 2,164,530.00	\$ 2,254,971
Unrestricted		3,102,865	2,847,604	2,603,096	2,087,940	1,519,945	971,046	154,226	224,305	310,543	(34,546)
Total business-type activities net position	\$	3,843,915	\$ 3,730,945	\$ 3,444,397	\$ 3,254,339	\$ 3,090,580	\$ 3,057,620	\$ 2,408,379	\$ 2,370,023	\$ 2,475,073	\$ 2,220,425
Total primary government net position	\$	146,815,670	\$ 160,519,217	\$ 170,590,276	\$ 181,727,176	\$ 198,819,822	\$ 2,139,640	\$ 21,062,722	\$ 39,559,980	\$ 67,407,016	\$ (144,633,530)

\*Restated for GASB 68 implementation

\*\*Restated for GASB 75 implementation



BEAUFORT COUNTY SCHOOL DISTRICT  
CHANGES IN NET POSITION  
LAST TEN FISCAL YEARS  
(UNAUDITED)

TABLE 2

Fiscal Year	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>Expenses</b>										
Governmental activities										
Instruction	\$ 119,454,645	\$ 124,389,533	\$ 126,985,171	\$ 123,081,889	\$ 122,652,714	\$ 121,231,760	\$ 126,607,032	\$ 135,602,252	\$ 144,311,491	\$ 149,776,278
Support services	90,578,634	101,016,114	99,083,949	102,881,123	111,028,257	118,366,308	119,251,308	112,368,481	123,339,053	143,204,186
Community services	440,693	340,501	300,567	402,698	472,116	241,004	458,345	443,619	389,610	276,218
Payments to component units	-	-	-	-	-	-	-	4,861,745	5,144,579	5,896,084
Intergovernmental	229,465	2,538,634	2,980,553	-	-	-	-	36,089	119,618	339,760
Interest on long-term obligations	<u>16,023,049</u>	<u>10,448,790</u>	<u>12,844,112</u>	<u>13,165,550</u>	<u>11,970,192</u>	<u>11,420,726</u>	<u>8,341,909</u>	<u>9,595,327</u>	<u>7,660,445</u>	<u>12,989,483</u>
Total governmental activities expenses	<u>226,726,486</u>	<u>238,733,572</u>	<u>242,194,352</u>	<u>239,531,260</u>	<u>246,123,279</u>	<u>251,259,798</u>	<u>254,658,594</u>	<u>262,907,513</u>	<u>280,964,796</u>	<u>312,482,009</u>
Business-type activities										
Food service	<u>7,688,413</u>	<u>8,458,934</u>	<u>8,842,845</u>	<u>8,880,026</u>	<u>9,059,767</u>	<u>8,668,705</u>	<u>9,763,547</u>	<u>10,275,171</u>	<u>9,634,792</u>	<u>10,288,065</u>
Total business-type activities expenses	<u>7,688,413</u>	<u>8,458,934</u>	<u>8,842,845</u>	<u>8,880,026</u>	<u>9,059,767</u>	<u>8,668,705</u>	<u>9,763,547</u>	<u>10,275,171</u>	<u>9,634,792</u>	<u>10,288,065</u>
Total primary government expenses	<u>\$ 234,414,899</u>	<u>\$ 247,192,506</u>	<u>\$ 251,037,197</u>	<u>\$ 248,411,286</u>	<u>\$ 255,183,046</u>	<u>\$ 259,928,503</u>	<u>\$ 264,422,141</u>	<u>\$ 273,182,684</u>	<u>\$ 290,599,588</u>	<u>\$ 322,770,074</u>
<b>Program Revenues</b>										
Governmental activities										
Charges for services:										
Instructional	\$ 10,548	\$ 8,725	\$ 28,356	\$ 20,696	\$ 35,622	\$ 51,618	\$ 9,610	\$ -	\$ 30,794	\$ 29,205
Operating grants and contributions:										
Instructional	21,023,528	23,073,897	24,028,270	26,993,907	26,649,899	24,638,467	28,569,716	27,478,141	36,690,142	32,258,195
Support services	12,861,612	14,761,170	13,110,664	19,670,863	18,322,028	16,812,220	15,697,568	13,898,651	19,380,034	19,234,865
Community services	-	-	-	53,645	47,467	241,004	301,238	306,390	234,504	257,396
Capital grants and contributions:										
Support services	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>30,349</u>	<u>4,688</u>	<u>1,966,192</u>	<u>-</u>
Total governmental activities program revenues	<u>33,895,688</u>	<u>37,843,792</u>	<u>37,167,290</u>	<u>46,739,111</u>	<u>45,055,016</u>	<u>41,743,309</u>	<u>44,608,481</u>	<u>41,687,870</u>	<u>58,301,666</u>	<u>51,779,661</u>
Business-type activities										
Charges for services:										
Food Service	2,388,487	2,616,152	2,513,671	2,222,104	2,223,602	1,871,116	2,130,431	1,937,992	1,747,524	1,801,526
Operating grants and contributions	5,458,563	5,862,871	6,168,471	6,631,099	6,781,241	6,751,656	7,417,528	8,287,106	7,993,920	8,786,844
Capital grants and contributions	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total business-type activities program revenues	<u>7,847,050</u>	<u>8,479,024</u>	<u>8,682,142</u>	<u>8,853,203</u>	<u>9,004,843</u>	<u>8,622,772</u>	<u>9,547,959</u>	<u>10,225,098</u>	<u>9,741,444</u>	<u>10,588,370</u>
Total primary government program revenues	<u>\$ 41,742,738</u>	<u>\$ 46,322,816</u>	<u>\$ 45,849,432</u>	<u>\$ 55,592,314</u>	<u>\$ 54,059,859</u>	<u>\$ 50,366,081</u>	<u>\$ 54,156,440</u>	<u>\$ 51,912,968</u>	<u>\$ 68,043,110</u>	<u>\$ 62,368,031</u>
<b>Net (Expense)/Revenue</b>										
Governmental activities	(192,830,798)	(200,889,780)	(205,027,062)	(192,792,149)	(201,068,263)	(209,516,489)	(210,050,113)	(221,219,643)	(222,663,130)	(260,702,348)
Business-type activities	<u>158,637</u>	<u>20,090</u>	<u>(160,703)</u>	<u>(26,823)</u>	<u>(54,924)</u>	<u>(45,933)</u>	<u>(215,588)</u>	<u>(50,073)</u>	<u>106,652</u>	<u>300,305</u>
Total primary government net (expense) revenue	<u>\$ (192,672,161)</u>	<u>\$ (200,869,691)</u>	<u>\$ (205,187,765)</u>	<u>\$ (192,818,972)</u>	<u>\$ (201,123,187)</u>	<u>\$ (209,562,422)</u>	<u>\$ (210,265,701)</u>	<u>\$ (221,269,716)</u>	<u>\$ (222,556,478)</u>	<u>\$ (260,402,043)</u>

BEAUFORT COUNTY SCHOOL DISTRICT  
CHANGES IN NET POSITION  
LAST TEN FISCAL YEARS  
(UNAUDITED)

TABLE 2

Fiscal Year	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>General Revenues and Other Changes in Net Position</b>										
Governmental activities										
Taxes by source:										
Property tax - general purposes	\$ 116,948,473	\$ 113,496,848	\$ 110,854,831	\$ 119,423,876	\$ 115,312,797	\$ 112,688,812	\$ 119,531,622	\$ 124,334,713	\$ 135,910,793	\$ 141,879,433
Property tax - debt service	45,696,157	44,668,096	47,491,788	50,644,714	51,139,540	45,947,271	53,327,642	57,470,709	56,052,187	56,029,608
Unrestricted grants and contributions	50,222,004	51,132,238	55,697,820	42,858,873	50,696,910	55,209,520	55,031,870	55,725,768	56,498,536	57,301,376
Unrestricted investment earnings	2,177,657	1,191,064	449,123	406,888	918,119	501,633	499,042	605,285	575,147	1,734,506
Miscellaneous	517,597	799,957	765,262	577	123,178	273	775,531	1,621,971	1,365,502	1,809,415
Transfers	119,861	135,586	125,845	123,393	134,124	11,437	2,618	(3,189)	2,951	(7,904)
Proceeds from settlement of lawsuit	-	-	-	2,650,000	-	760,610	-	-	-	-
Total governmental activities	215,681,749	211,423,789	215,384,669	216,108,321	218,324,668	215,119,556	229,168,325	239,755,257	250,405,116	258,746,434
Business-type activities										
Unrestricted investment earnings	11,085	2,526	-	20,579	25,289	20,469	23,076	6,427	1,349	2,089
Miscellaneous	-	-	-	-	-	3,941	-	2,101	-	-
Transfers	(119,861)	(135,586)	(125,845)	(123,393)	(134,124)	(11,437)	(2,618)	3,189	(2,951)	7,904
Total business-type activities	(108,776)	(133,060)	(125,845)	(102,814)	(108,835)	12,973	20,458	11,717	(1,602)	9,993
Total primary government	215,572,973	211,290,729	215,258,824	216,005,507	218,215,833	215,132,529	229,188,783	239,766,974	250,403,514	258,756,427
<b>Change in Net Position</b>										
Governmental activities	22,850,951	10,534,009	10,357,607	23,316,172	17,256,405	5,603,067	19,118,212	18,535,614	27,741,986	(1,955,914)
Business-type activities	49,861	(112,971)	(286,548)	(129,637)	(163,759)	(32,960)	(195,130)	(38,356)	105,050	310,298
Total primary government	\$ 22,900,812	\$ 10,421,039	\$ 10,071,059	\$ 23,186,535	\$ 17,092,646	\$ 5,570,107	\$ 18,923,082	\$ 18,497,258	\$ 27,847,036	\$ (1,645,616)

BEAUFORT COUNTY SCHOOL DISTRICT  
FUND BALANCES OF GOVERNMENTAL FUNDS  
LAST TEN FISCAL YEARS  
(MODIFIED ACCRUAL BASIS)  
(UNAUDITED)

TABLE 3

Fiscal Year	2009	2010	2011*	2012	2013	2014	2015	2016	2017	2018
General fund										
Reserved	\$ -	\$ -								
Unreserved	<u>32,635,167</u>	<u>31,404,699</u>								
Total general fund	<u>\$ 32,635,167</u>	<u>\$ 31,404,699</u>								
All other governmental funds										
Reserved	\$ 98,357,931	\$ 94,187,180								
Unreserved, reported in:										
Special revenue funds	14,867	2,355								
Capital projects funds										
Debt service funds										
Other fund types	<u>-</u>	<u>-</u>								
Total all other governmental funds	<u>\$ 98,372,798</u>	<u>\$ 94,189,535</u>								
General Fund										
Nonspendable			\$ 409,627	\$ 291,356	\$ 1,388,252	\$ 1,246,961	\$ 776,668	\$ 106,736	\$ 3,198,133	\$ 44,507
Assigned			2,042,789	568,601	-	-	-	-	-	-
Unassigned			<u>24,011,586</u>	<u>27,225,116</u>	<u>29,115,123</u>	<u>26,381,212</u>	<u>30,909,347</u>	<u>28,517,909</u>	<u>33,064,996</u>	<u>39,562,392</u>
Total General Fund			<u>\$ 26,464,002</u>	<u>\$ 28,085,073</u>	<u>\$ 30,503,375</u>	<u>\$ 27,628,173</u>	<u>\$ 31,686,015</u>	<u>\$ 28,624,645</u>	<u>\$ 36,263,129</u>	<u>\$ 39,606,899</u>
All Other Governmental Funds										
Restricted			\$ 15,944,312	\$ 16,509,751	\$ 44,768,645	\$ 64,933,634	\$ 96,022,442	\$ 46,279,167	\$ 41,422,157	\$ 42,920,096
Committed			<u>38,733,141</u>	<u>31,046,772</u>	<u>5,850,477</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total All Other Governmental Funds			<u>\$ 54,677,453</u>	<u>\$ 47,556,523</u>	<u>\$ 50,619,122</u>	<u>\$ 64,933,634</u>	<u>\$ 96,022,442</u>	<u>\$ 46,279,167</u>	<u>\$ 41,422,157</u>	<u>\$ 42,920,096</u>
Total All Governmental Funds	<u>\$ 131,007,965</u>	<u>\$ 125,594,234</u>	<u>\$ -</u>	<u>\$ 75,641,596</u>	<u>\$ 81,122,497</u>	<u>\$ 92,561,807</u>	<u>\$ 127,708,457</u>	<u>\$ 74,903,812</u>	<u>\$ 77,685,286</u>	<u>\$ 82,526,995</u>

\* A change in fund balance classifications was implemented in FY 2011 pursuant to GASB 54.

BEAUFORT COUNTY SCHOOL DISTRICT  
CHANGES IN FUND BALANCE, GOVERNMENTAL FUNDS  
LAST TEN FISCAL YEARS  
(MODIFIED ACCRUAL BASIS)  
(UNAUDITED)

TABLE 4

Fiscal Year	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>Revenues</b>										
Local										
Property taxes	\$ 161,952,575	\$ 156,619,844	\$ 159,794,306	\$ 163,609,611	\$ 165,427,081	\$ 161,343,752	\$ 171,001,314	\$ 178,035,444	\$ 190,981,906	\$ 199,628,589
Interest	2,177,657	1,185,656	449,124	406,886	369,704	501,633	499,042	605,285	575,147	1,734,506
Other	1,426,108	2,845,127	1,610,054	2,488,584	3,114,576	2,644,310	2,877,648	3,692,842	2,821,286	2,307,247
	165,556,340	160,650,627	161,853,484	166,505,081	168,911,361	164,489,695	174,378,004	182,333,571	194,378,339	203,670,342
State sources	69,312,477	69,215,880	71,176,570	67,658,719	74,724,325	79,126,781	84,710,053	84,023,740	98,461,720	98,458,453
Federal sources	13,387,824	16,996,991	20,084,012	19,451,260	18,579,295	15,905,033	13,574,611	12,091,541	14,880,917	12,202,438
	248,256,641	246,863,498	253,114,066	253,615,060	262,214,981	259,521,509	272,662,668	278,448,852	307,720,976	314,331,233
<b>Expenditures</b>										
Current										
Instruction	116,324,916	120,323,849	122,321,008	116,974,152	122,202,918	121,266,136	125,387,495	133,309,029	143,638,404	149,206,884
Support services	72,960,735	78,430,659	85,592,253	85,163,074	84,015,526	82,414,183	82,733,594	85,115,534	89,927,659	92,209,756
Community services	329,835	249,768	234,731	232,461	217,662	241,004	301,238	308,543	234,504	257,396
Intergovernmental	229,465	2,538,634	2,980,553	3,318,609	4,575,781	4,894,989	4,711,644	4,897,834	5,264,197	7,837,170
Debt service										
Principal	28,120,928	34,155,000	34,810,000	40,212,736	37,230,198	46,037,485	35,088,000	32,801,000	41,021,000	44,410,700
Interest	13,917,230	16,460,542	17,901,779	16,932,564	15,937,208	14,855,872	13,615,374	15,438,347	14,213,018	13,750,765
Other	345,471	1,086,352	186,098	536,945	188,300	-	-	-	-	-
Capital outlay	97,309,623	109,466,260	38,186,840	15,405,462	5,966,462	19,990,166	70,126,046	66,377,876	32,390,626	32,639,076
Total Expenditures	329,538,203	362,711,064	302,213,262	278,776,003	270,334,055	289,699,836	331,963,391	338,248,163	326,689,408	340,311,747
Excess (deficiency) of revenues over (under) expenditures	(81,281,562)	(115,847,566)	(49,099,196)	(25,160,943)	(8,119,074)	(30,178,327)	(59,300,723)	(59,799,311)	(18,968,432)	(25,980,514)
<b>Other Financing Sources (Uses)</b>										
Sale of capital assets	17,163	5,410	324,964	42,308	50,922	25,756	7,759	15,525	1,781	64,957
Capital leases	609,178	438,484	-	-	-	-	-	-	3,500,000	-
Premium on bonds sold	1,249,268	19,318,845	17,305	5,226,688	798,929	2,403,834	25,230,211	5,964,372	490,971	2,195,170
Issuance of debt	84,505,000	95,360,000	4,178,303	16,261,318	12,616,000	38,146,000	79,298,000	6,788,000	20,000,000	28,570,000
Refunding of debt	-	103,540,000	-	34,350,000	-	22,000,000	81,765,000	28,090,000	29,050,000	-
Payment to refunded debt escrow agent	-	(108,364,486)	-	(38,991,369)	-	(21,730,000)	(91,856,215)	(33,860,042)	(31,295,797)	-
Transfers in	16,798,030	6,445,477	5,387,815	6,275,517	10,762,374	11,409,351	9,676,829	23,374,957	8,749,423	9,531,766
Transfers out	(16,921,627)	(6,309,893)	(5,261,970)	(6,153,378)	(10,628,250)	(11,397,914)	(9,674,211)	(23,378,146)	(8,746,472)	(9,539,670)
Total Other Financing Sources (Uses)	86,257,012	110,433,837	4,646,417	17,011,084	13,599,975	40,857,027	94,447,373	6,994,666	21,749,906	30,822,223
Special Item										
Proceeds from settlement of lawsuit	-	-	-	2,650,000.00	-	760,610.00	-	-	-	-
Net Change in Fund Balance	\$ 4,975,450	\$ (5,413,729)	\$ (44,452,779)	\$ (5,499,859)	\$ 5,480,901	\$ 11,439,310	\$ 35,146,650	\$ (52,804,645)	\$ 2,781,474	\$ 4,841,709
Debt service as a percentage of noncapital expenditures*	18%	19%	20%	22%	20%	22%	18%	17%	18%	18%

\* Noncapital expenditures are total expenditures less capital outlay (to the extent capitalized for the government-wide statement of net position) and expenditures for capitalized assets included within the functional expenditure categories. This formula adds "functional" and "principal" and divides them by the "total expenditures" minus the "capital outlay." See the reconciling item for capital outlay on page 36.

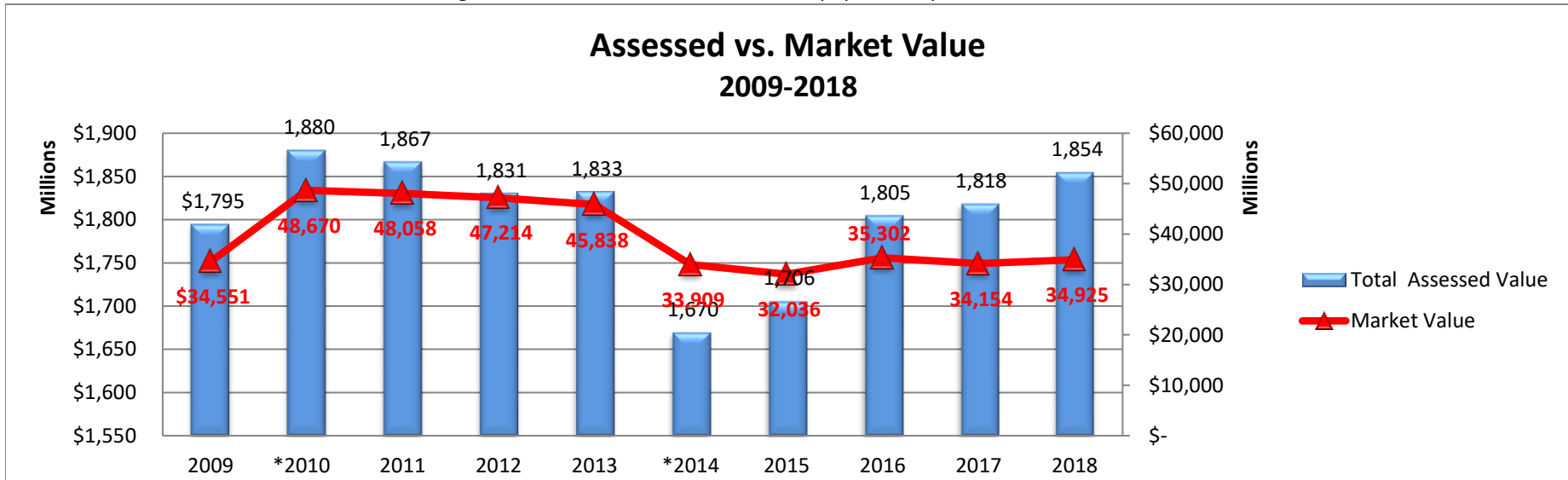
BEAUFORT COUNTY SCHOOL DISTRICT  
 ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY  
 LAST TEN FISCAL YEARS  
 (UNAUDITED)

TABLE 5

Fiscal Year Ended June 30,	Tax Year	Assessed Value		Total Assessed Value	Total Direct Rate	Market Value	Ratio of Total Assessed Value to Estimated Market Value
		Real Property	Personal Property				
2009	2008	\$ 1,551,233,656	\$ 243,531,884	\$ 1,794,765,540	130.6	\$ 34,551,352,560	5.2%
*2010	2009	1,645,452,516	234,553,487	1,880,006,003	114.7	48,670,062,917	3.9%
2011	2010	1,643,802,430	222,701,792	1,866,504,222	116.6	48,058,028,845	3.9%
2012	2011	1,646,959,918	183,636,390	1,830,596,308	118.3	47,214,321,842	3.9%
2013	2012	1,650,397,429	182,152,336	1,832,549,765	119.3	45,837,938,940	4.0%
*2014	2013	1,473,195,546	196,428,055	1,669,623,601	129.2	33,909,090,279 **	4.9%
2015	2014	1,481,192,978	224,587,180	1,705,780,158	135.2	32,036,037,089 **	5.3%
2016	2015	1,561,997,668	242,903,990	1,804,901,658	135.2	35,302,446,098 **	5.1%
2017	2016	1,574,340,200	243,803,862	1,818,144,062	143.2	34,154,007,102 **	5.3%
2018	2017	1,616,197,050	238,124,920	1,854,321,970	145.2	34,924,575,714 **	5.3%

**Source:** Beaufort County Auditor

**Note:** \*Property in Beaufort County was last reassessed in fiscal year 2014. Tax rates are per \$1,000 of assessed value.  
 \*\*Market value calculated using the data from the State's Index of Taxpayin Ability calculation.



BEAUFORT COUNTY SCHOOL DISTRICT  
DIRECT AND OVERLAPPING PROPERTY TAX RATES  
LAST TEN FISCAL YEARS  
(UNAUDITED)

TABLE 6

Fiscal Year	Tax Year	Direct Rates			Overlapping Rates	
		Operations	Debt	Total Mills Beaufort County School District	Beaufort County	Other Districts
2009	2008	102.6	28.0	130.6	51.9	449.8
**2010	2009	90.3	24.4	114.7	46.0	436.1
2011	2010	90.3	26.3	116.6	47.5	435.2
2012	2011	90.3	28.0	118.3	47.5	438.1
2013	2012	92.3	28.0	120.3	48.5	444.4
**2014	2013	97.5	28.0	125.5	56.3	487.7
2015	2014	103.5	31.7	135.2	56.9	489.2
2016	2015	103.5	31.7	135.2	59.2	509.0
2017	2016	111.5	31.7	143.2	61.3	511.1
2018	2017	113.5	31.7	145.2	63.4	522.6

Source: (1) Tax schedules published by the Beaufort County Auditor's Office.  
(2) Tax year 2008 Operations includes a one time surcharge of 2.9 mills

Note: Overlapping rates are those of local and county governments that apply to property owners within Beaufort County School District. Not all overlapping rates apply to all of the Beaufort County School District property owners (i.e., the rates for other districts apply only to the proportion of the Beaufort County School District's property owners whose property is located within the geographic boundaries of the other districts).

\*\* Reassessment

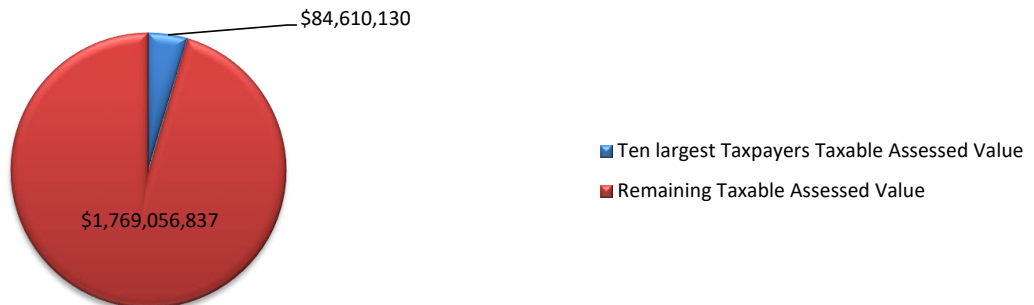
BEAUFORT COUNTY SCHOOL DISTRICT  
TEN LARGEST TAXPAYERS  
CURRENT YEAR AND TEN YEARS AGO  
(UNAUDITED)

TABLE 7

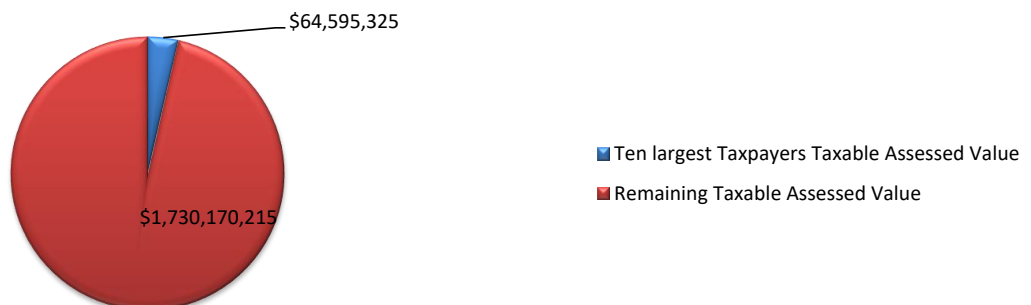
Taxpayer	2018			2009		
	Taxable Assessed Value	Rank	Percentage of Total Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Assessed Value
South Carolina Electric & Gas	\$ 26,015,690	1	1.4%	\$ 13,237,568	2	0.74%
Marriott Ownership Resorts, Inc.	19,495,980	2	1.1%	18,721,765	1	1.04%
Palmetto Electric Coop, Inc.	10,621,580	3	0.6%	9,135,682	3	0.51%
Bluffton Telephone Company	5,492,540	4	0.3%	3,264,800	7	0.18%
Columbia Properties Hilton Head	4,764,090	5	0.3%	3,947,856	5	0.22%
SCG Hilton Head Property LLC	4,260,000	6	0.2%	4,620,000	4	0.26%
Hargray Telephone Company	3,742,140	7	0.2%	3,715,135	6	0.21%
PBLH LLC	3,068,240	8	0.2%	N/A		0.00%
Sea Pines Resort	4,722,790	9	0.3%	3,424,907	8	N/A
Shelter Cove III LLC	2,427,080	10	0.1%	N/A		N/A
Greenwood Development Corp.	N/A		N/A	2,435,022	9	0.14%
Hargray, Inc.	N/A		N/A	2,092,590	10	0.12%
<b>Total</b>	<b>\$ 84,610,130</b>		<b>4.7%</b>	<b>\$ 64,595,325</b>		<b>3.4%</b>

Source: Beaufort County Auditor

### Taxable Assessed Value - Fiscal Year 2018



### Taxable Assessed Value - Fiscal Year 2009



BEAUFORT COUNTY SCHOOL DISTRICT  
PROPERTY TAX LEVIES AND COLLECTIONS  
LAST TEN FISCAL YEARS  
(UNAUDITED)

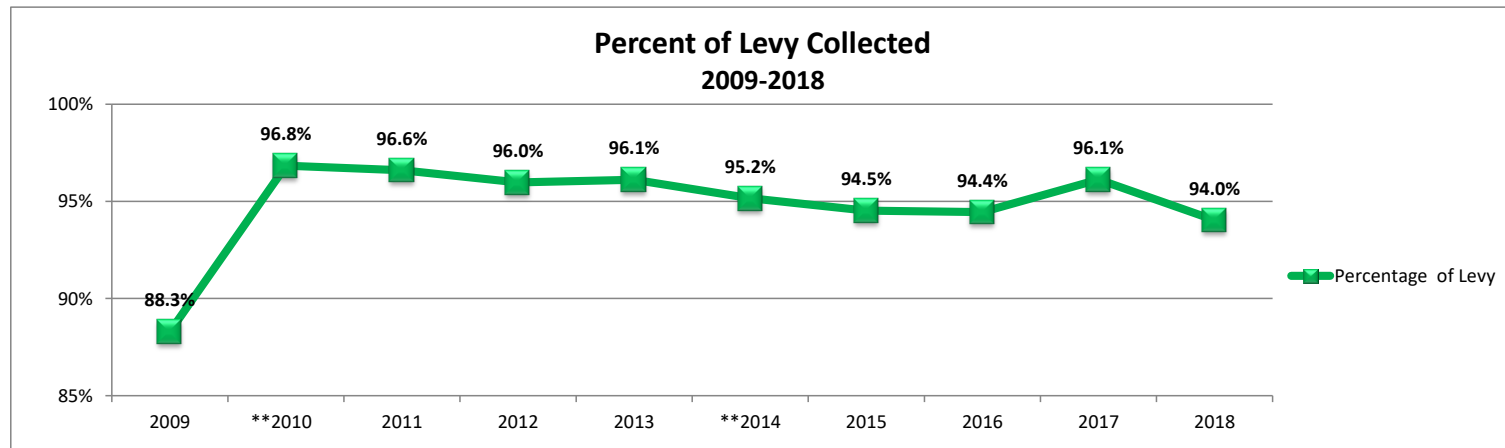
TABLE 8

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2009	\$ 119,446,408	\$ 105,462,594	88.29%	\$ 13,481,028	\$ 118,943,622	99.6%
**2010	111,564,369	108,036,902	96.84%	2,787,692	110,824,594	99.3%
2011	111,433,238	107,640,819	96.60%	3,205,321	110,846,140	99.5%
2012	112,214,859	107,699,294	95.98%	3,344,187	111,043,481	99.0%
2013	114,419,644	109,975,723	96.12%	3,127,422	113,103,145	98.8%
**2014	114,942,235	109,379,367	95.16%	5,064,150	114,443,517	99.6%
2015	121,822,183	115,145,623	94.52%	4,701,603	119,847,226	98.4%
2016	128,765,601	121,617,583	94.45%	2,659,288	124,276,871	96.5%
2017	137,766,145	132,422,893	96.12%	3,053,091	135,475,984	98.3%
2018	144,430,003	135,808,833	94.03%	5,578,708	141,387,541	97.9%

Source: Beaufort County Treasurer/Beaufort County Auditor

\* Not Available

\*\* Reassessment





BEAUFORT COUNTY SCHOOL DISTRICT  
RATIOS OF OUTSTANDING DEBT BY TYPE  
LAST TEN FISCAL YEARS  
(UNAUDITED)

TABLE 9

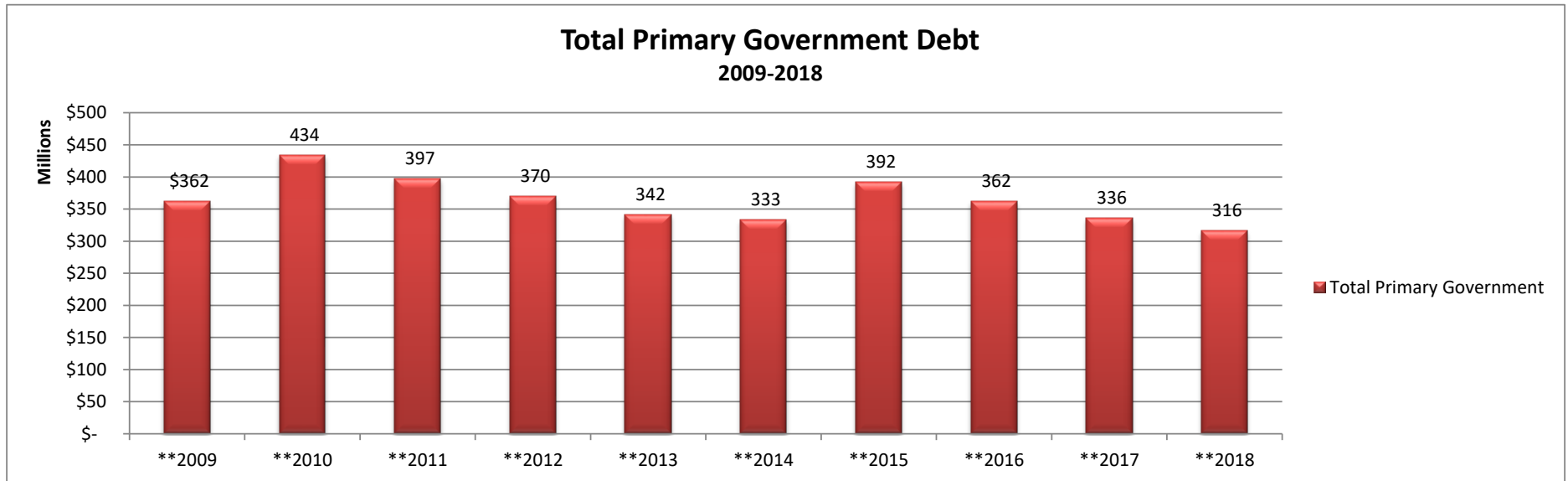
Fiscal Year	Governmental Activities			Business Type Activities			Total Primary Government	Percentage of Personal Income	Total Outstanding Debt Per Capita
	General Obligation Bonds	Other Bonds/Notes	Capital Leases	General Obligation Bonds	Other Bonds	Capital Leases			
**2009	\$ 260,975,273	\$ 100,335,000	\$ 609,178	\$ -	\$ -	\$ -	\$ 361,919,451	1.89%	2,406
**2010	396,025,575	37,230,000	438,484	-	-	-	433,694,059	1.56%	2,794
**2011	360,793,363	36,245,000	259,419	-	-	-	397,297,782	1.80%	2,449
**2012	334,480,383	35,225,000	181,683	-	-	-	369,887,066	2.05%	2,280
**2013	307,383,610	34,155,000	62,485	-	-	-	341,601,095	2.27%	2,033
**2014	300,420,194	33,030,000	-	-	-	-	333,450,194	2.43%	1,984
**2015	360,555,000	31,840,000	-	-	-	-	392,395,000	2.29%	2,231
**2016	331,782,955	30,585,000	-	-	-	-	362,367,955	2.53%	2,018
**2017	305,753,177	27,240,000	3,500,000	-	-	-	336,493,177	N/A	1,874
**2018	288,350,994	25,275,000	2,834,300	-	-	-	316,460,294	N/A	1,694

Source: District records

Note: Details regarding the District's outstanding debt can be found in the notes to the basic financial statements.

\* Data not available

\*\* Includes Installment Purchase Revenue Bonds



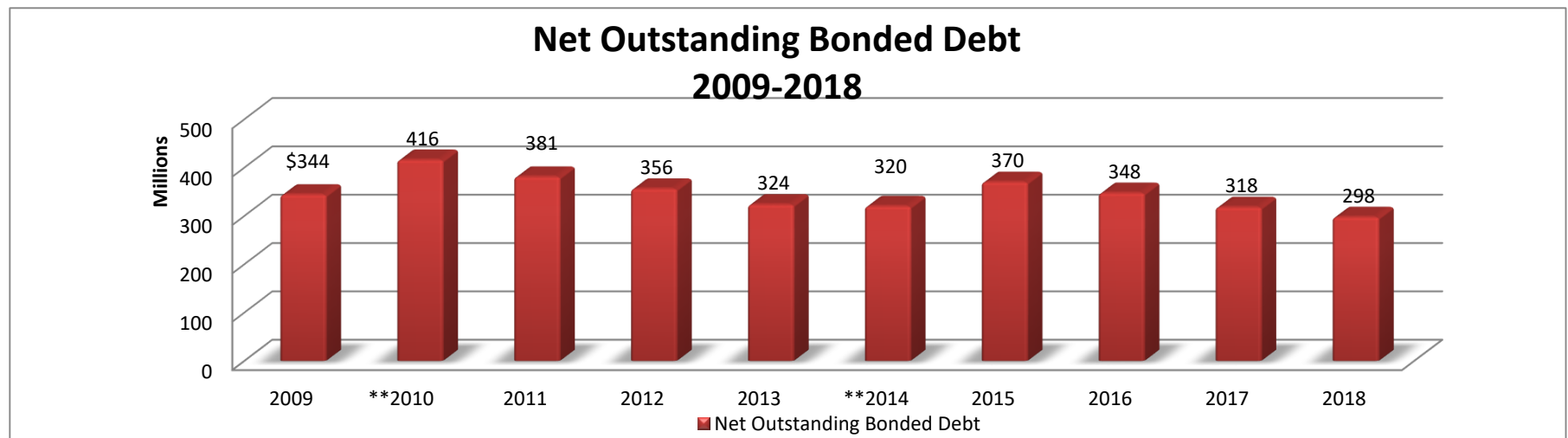
BEAUFORT COUNTY SCHOOL DISTRICT  
RATIOS OF GENERAL BONDED DEBT OUTSTANDING  
LAST TEN FISCAL YEARS  
(UNAUDITED)

TABLE 10

Fiscal Year	Population	General Bonded Debt Outstanding	Less: Amounts Available in Debt Service Funds	Net Outstanding Bonded Debt	Assessed Value	Percentage of Estimated Actual Taxable Value of Property	Per Capita
2009	150,415	\$ 361,310,273	\$ 17,104,068	\$ 344,206,205	\$ 1,794,765,540	19.2%	2,288
**2010	155,215	433,255,575	17,150,201	416,105,374	1,880,006,003	22.1%	2,681
2011	162,233	397,038,363	15,944,313	381,094,050	1,866,504,222	20.4%	2,349
2012	164,684	369,705,383	13,326,599	356,378,784	1,830,596,308	19.5%	2,164
2013	168,049	341,538,610	17,898,865	323,639,745	1,832,549,765	17.7%	1,926
**2014	171,838	333,450,194	13,358,650	320,091,544	1,669,623,601	19.2%	1,863
2015	175,852	392,395,000	22,201,716	370,193,284	1,705,780,158	21.7%	2,105
2016	179,589	362,367,955	14,833,180	347,534,775	1,804,901,658	19.3%	1,935
2017	183,149	332,993,177	14,834,791	318,158,386	1,818,144,062	17.5%	1,737
2018	186,844	313,625,994	16,063,797	297,562,197	1,854,321,970	16.0%	1,593

Source: District records  
Beaufort County Treasurer

\*\* Reassessment



BEAUFORT COUNTY SCHOOL DISTRICT  
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT  
JUNE 30, 2018  
(UNAUDITED)

TABLE 11

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable <sup>1</sup>	Estimated Share of Overlapping Debt
Debt Repaid with Property Taxes			
Beaufort County	\$ 231,699,294	100.00%	\$ 231,699,294
City of Beaufort	17,553,460	100.00%	17,553,460
Town of Bluffton	12,921,184	100.00%	12,921,184
Town of Hilton Head	169,315,264	100.00%	169,315,264
Town of Port Royal	- *	100.00%	-
Broad Creek PSD	- *	100.00%	-
Fripp Island PSD	- *	100.00%	-
Hilton Head #1 PSD	12,457,112	100.00%	12,457,112
Burton Fire	- *	100.00%	-
Bluffton Fire	- *	100.00%	-
Lady Island/St. Helena Fire	- *	100.00%	-
Sheldon Fire	- *	100.00%	-
Subtotal, overlapping debt	<u>443,946,314</u>		<u>443,946,314</u>
Beaufort County School District Direct Debt			<u>316,460,294</u>
Total direct and overlapping			<u><u>\$ 760,406,608</u></u>

Source: Finance Department of each entity

\* Data not available.

Note:

<sup>1</sup> Overlapping governments are those that coincide with the geographic boundaries of the County. The overlapping portion is calculated to be 100% since Beaufort County School District is the only school district located within the geographic boundaries. This percentage represents the portion of burden the outstanding debt of those overlapping governments place on residents and businesses in Beaufort County. This process recognizes that when considering the government's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken

BEAUFORT COUNTY SCHOOL DISTRICT  
LEGAL DEBT MARGIN  
LAST TEN FISCAL YEARS  
(UNAUDITED)

TABLE 12

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Debt Limit	\$ 138,767,166	\$ 150,400,480	\$ 149,320,338	\$ 146,447,705	\$ 146,630,981	\$ 133,569,888	\$ 136,462,413	\$ 144,392,133	\$ 145,451,525	\$ 148,345,758
Total net debt applicable to limit	72,350,000	112,825,000	87,593,303	69,069,621	53,104,621	32,037,621	93,377,621	88,025,621	90,015,621	97,058,621
Legal debt margin	<u>\$ 66,417,166</u>	<u>\$ 37,575,480</u>	<u>\$ 61,727,035</u>	<u>\$ 77,378,084</u>	<u>\$ 93,526,360</u>	<u>\$ 101,532,267</u>	<u>\$ 43,084,792</u>	<u>\$ 56,366,512</u>	<u>\$ 55,435,904</u>	<u>\$ 51,287,137</u>
Total net debt applicable to limit as a percentage of debt limit	52%	75%	59%	47%	36%	24%	68%	61%	62%	65%
Legal debt margin calculation										
Assessed value	<u>\$ 1,854,321,970</u>									
Debt limit (8 % of assessed value)	<u>148,345,758</u>									
Debt applicable to limit:										
Total bonded debt	291,214,621									
Less: Bond issuances approved by referendum	(168,881,000)									
Less: Installment Purchase Revenue Bond	(25,275,000)									
Total net debt applicable to limit	<u>97,058,621</u>									
Legal debt margin	<u>\$ 51,287,137</u>									

Notes:

The School District's borrowing power is restricted by amended Article X, Section 15, of the State Constitution. This section provides that a local unit cannot at any time have total debt outstanding in an amount that exceeds 8 percent of the assessed property value. Excluded from the limitation are: bonded indebtedness approved by the voters and issued within five years of the date of such referendum; special bonded indebtedness levies assessed on properties located in an area receiving special benefits from the taxes collected; and bonded indebtedness existing prior to December 1, 1982, the effective date of amendment of Article X of the Constitution of South Carolina pertaining to bonded debt. Assessed value used above is the tax base as of June 30, 2018.

BEAUFORT COUNTY SCHOOL DISTRICT  
DEMOGRAPHIC STATISTICS  
LAST TEN FISCAL YEARS  
(UNAUDITED)

TABLE 13

Year	Population	Personal Income*	Per Capita Personal Income	Median Age	Education Percent High School Graduate or Higher	School Enrollment	Unemployment Rate	Live Births
2009	159,737	\$ 6,855,593	\$ 42,918	40.8	**	19,067	9.10%	2,369
2010	162,233	6,758,951	41,662	**	90.6%	19,525	8.10%	2,405
2011	164,106	7,152,396	43,584	40.6	90.6%	19,626	8.50%	2,025
2012	167,782	7,570,659	45,122	41.4	90.8%	19,953	8.10%	2,060
2013	171,569	7,758,656	45,222	41.5	91.3%	20,399	6.80%	1,977
2014	175,852	8,113,329	46,137	42	91.6%	20,704	5.90%	2,056
2015	179,589	8,973,640	49,914	**	92.1%	21,285	6.00%	2,077
2016	183,149	9,171,747	50,078	**	92.4%	21,619	5.20%	2,058
2017	186,844	9,387,416	50,242	**	**	21,829	4.00%	1,998
2018	190,580	9,606,566	50,407	**	**	22,014	3.30%	**

\* in thousands

\*\* Data not available

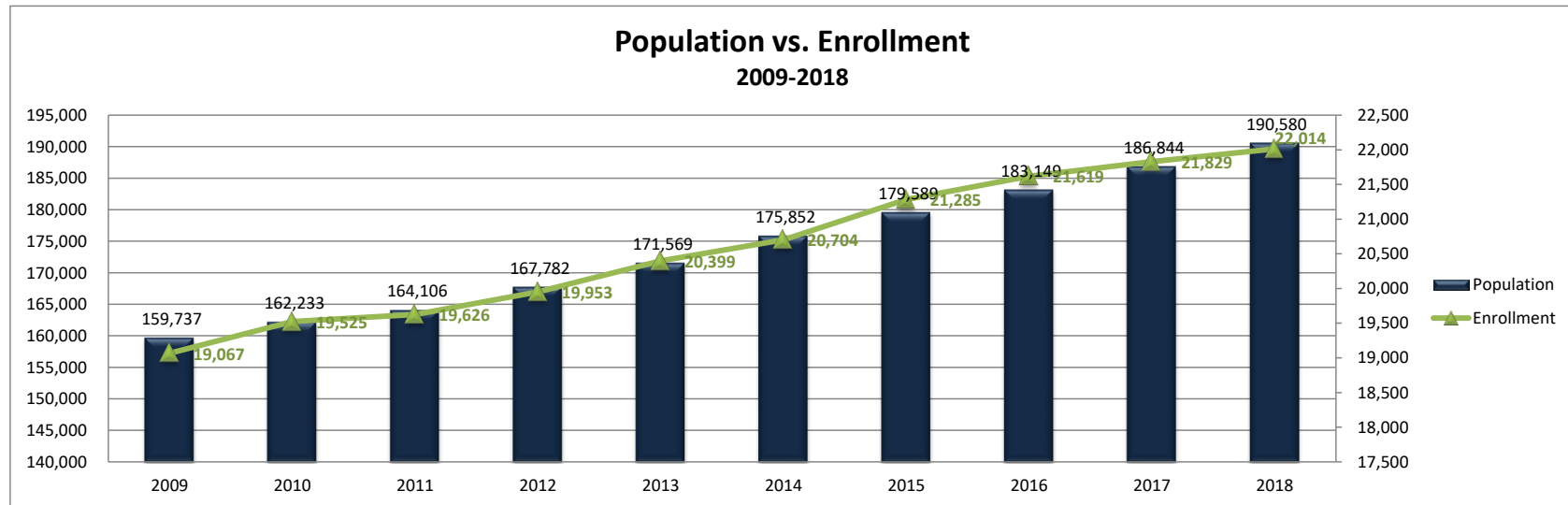
Population: 2017 U.S. Census Estimates/Estimated 2018

Per Capita Income & Personal Income provided by the U.S. Department of Commerce, Bureau of Economic Analysis/Estimated 2017 & 2018

School Enrollment represents 135th day provided by District staff

Unemployment Rate provided by the S.C. Department of Employment and Workforce at 6/30/18

Live Births provided South Carolina Department of Health and Environmental Control



BEAUFORT COUNTY SCHOOL DISTRICT  
PRINCIPAL EMPLOYERS  
CURRENT YEAR AND TEN YEARS AGO  
(UNAUDITED)

TABLE 14

Employer (Listed Alphabetically)	2018			2009		
	Employees	Rank	Percentage of Total County Employment*	Employees	Rank	Percentage of Total County Employment
Atlantic Personnel, Inc.	*	*	*	*	*	*
Beaufort County School District	2,792	*	*	2,405	*	*
Beaufort Memorial Hospital	*	*	*	*	*	*
Carecore National, LLC	*	*	*	*	*	*
County of Beaufort	*	*	*	*	*	*
Cypress Club, Inc.	*	*	*	*	*	*
Department of Defense	*	*	*	*	*	*
Hargray Communications Group, Inc.	*	*	*	*	*	*
Lowes Home Centers, Inc.	*	*	*	*	*	*
Marine Corps Community Services	*	*	*	*	*	*
Marriott Resorts Hosp. Corp.	*	*	*	*	*	*
Montage Hotels and Resorts, LLC	*	*	*	*	*	*
Publix Super Markets, Inc.	*	*	*	*	*	*
Sea Pines Resort, LLC	*	*	*	*	*	*
Technical College of the Lowcountry	*	*	*	*	*	*
Tenet Physician Services of Hilton Head	*	*	*	*	*	*
The Greenery, Inc.	*	*	*	*	*	*
Town of Hilton Head Island	*	*	*	*	*	*
University of SC	*	*	*	*	*	*
Wal-Mart Associates, Inc.	*	*	*	*	*	*

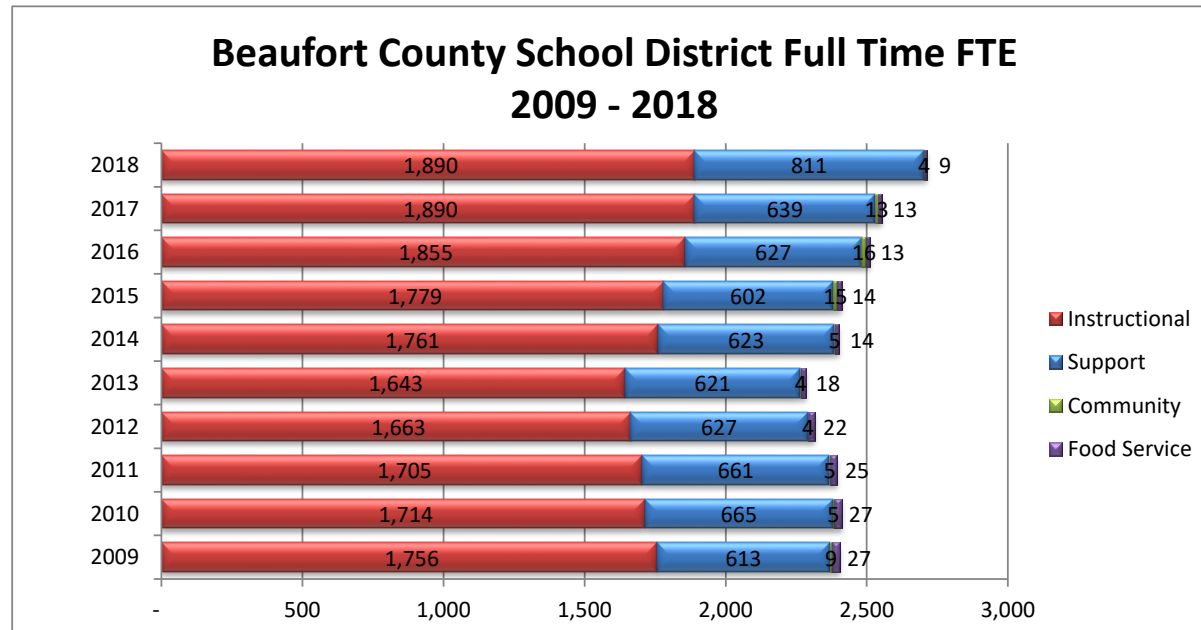
\*Specific information related to those employers was deemed confidential by the South Carolina Department of Employment & Workforce - 2018 Q1

BEAUFORT COUNTY SCHOOL DISTRICT  
FULL-TIME EQUIVALENT SCHOOL DISTRICT EMPLOYEES BY FUNCTION  
LAST TEN FISCAL YEARS  
(UNAUDITED)

TABLE 15

Function	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Governmental activities										
Instruction	1,756	1,714	1,705	1,663	1,643	1,761	1,779	1,855	1,890	1,968
Support services	613	665	661	627	621	623	602	627	639	811
Community services	9	5	5	4	4	5	15	16	13	4
Business-type activities										
Food services	27	27	25	22	18	14	14	13	<u>13</u>	<u>9</u>
Total	<u>2,405</u>	<u>2,411</u>	<u>2,396</u>	<u>2,316</u>	<u>2,286</u>	<u>2,403</u>	<u>2,410</u>	<u>2,511</u>	<u>2,555</u>	<u>2,792</u>

Source: District Finance Department



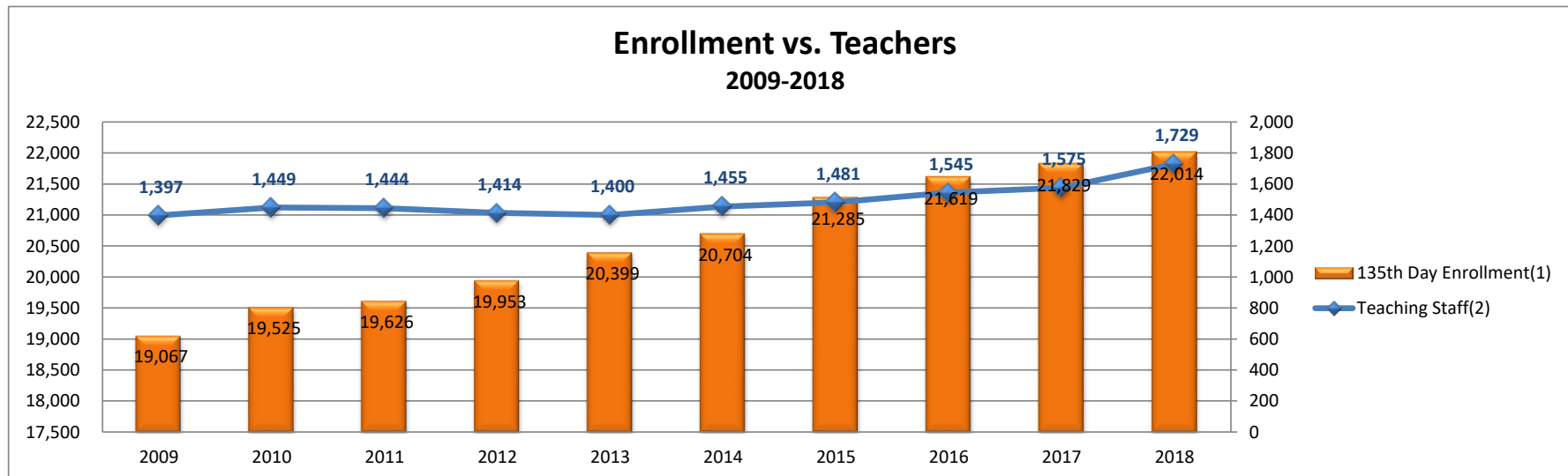
BEAUFORT COUNTY SCHOOL DISTRICT  
OPERATING STATISTICS  
LAST TEN FISCAL YEARS  
(UNAUDITED)

TABLE 16

Fiscal Year	General Fund Expenditures (1)	135th Day Enrollment(1)	Cost per Pupil(1)	Percentage Change	Teaching Staff(2)	Pupil/Teacher Ratio(2)	Student Attendance Percentage(2)	Prime Instructional Time(2)
2009	\$ 162,962,400	19,067	\$ 8,547	5%	1,397	20.1 to 1	96.9%	89.8%
2010	170,700,160	19,525	8,743	2%	1,449	21.6 to 1	97.1%	89.4%
2011	175,172,726	19,626	8,926	2%	1,444	20.9 to 1	96.9%	89.0%
2012	173,211,552	19,953	8,681	-3%	1,414	21.5 to 1	96.8%	89.4%
2013	176,733,234	20,399	8,664	0%	1,400	22.6 to 1	96.5%	89.2%
2014	181,576,037	20,704	8,770	1%	1,455	22.4 to 1	96.7%	89.6%
2015	188,184,322	21,285	8,841	1%	1,481	31.6 to 1	94.5%	86.1%
2016	201,640,200	21,619	9,327	5%	1,545	26.8 to 1	95.1%	88.2%
2017	214,215,158	21,829	9,813	10%	1,575	20.1 to 1	95.0%	89.6%
2018	225,190,158	22,014	10,229	9%	1,729	19.2 to 1	89.1%	87.6%

Sources: (1) District records  
(2) South Carolina Department of Education

Note: Teaching staff are full-time equivalents for the year as a whole.  
Cost per pupil is based on General Fund Expenditures and the 135th Day Enrollment





BEAUFORT COUNTY SCHOOL DISTRICT  
TEACHER SALARIES  
LAST TEN FISCAL YEARS  
(UNAUDITED)

TABLE 17

Fiscal Year	Minimum Salary (1)	Maximum Salary (1)	District Average Salary (1)	Statewide Average Salary (2)	Percentage of expenditures for teacher salaries(2)	Average Teacher Experience ( in years) (1)	Teacher Attendance Rate (2)
2009	\$ 33,791	\$ 74,563	\$ 48,757	\$ 47,421	57.1%	13.5	95.0%
2010	33,791	74,563	49,024	47,421	58.4%	13.0	93.3%
2011	33,791	74,563	49,918	48,725	53.8%	13.0	96.9%
2012	34,467	76,054	49,253	47,850	52.7%	13.0	94.4%
2013	34,467	76,054	50,034	49,198	52.0%	12.6	94.5%
2014	34,467	76,054	49,909	49,086	53.2%	12.6	94.8%
2015	34,467	76,054	49,891	49,082	56.5%	12.4	93.3%
2016	34,467	76,054	49,585	48,561	57.2%	13.3	94.6%
2017	35,156	77,575	50,967	48,660	57.7%	12.7	94.7%
2018	35,156	77,575	51,017	*	58.4%	12.8	92.2%

Source: (1) District records

(2) South Carolina Department of Education Annual Report

\*Data not available

BEAUFORT COUNTY SCHOOL DISTRICT  
SCHOOL BUILDING INFORMATION  
LAST TEN FISCAL YEARS

TABLE 18

Fiscal Year	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Hilton Head Island Early Child Center (2006) Expanded (2016)										
Square feet	74,732	74,732	74,732	74,732	74,732	74,732	74,732	80,732	80,732	80,732
Capacity (students)	454	454	454	454	454	454	454	454	454	454
Enrollment	429	420	480	482	463	454	450	423	426	434
Beaufort Elementary School (1986)										
Square feet	106,537	106,537	106,537	106,537	106,537	106,537	106,537	106,537	106,537	106,537
Capacity (students)	867	867	867	867	867	867	867	867	867	867
Enrollment	485	664	597	630	672	617	542	519	486	495
Coosa Elementary School (1998)										
Square feet	70,337	70,337	70,337	70,337	70,337	70,337	70,337	70,337	70,337	70,337
Capacity (students)	576	576	576	576	576	576	576	576	576	576
Enrollment	654	538	494	474	474	465	480	473	500	527
Lady's Island Elementary (1963)										
Square feet	57,943	57,943	57,943	57,943	57,943	57,943	57,943	57,943	57,943	57,943
Capacity (students)	485	485	485	485	485	485	485	485	485	485
Enrollment	422	363	328	303	303	285	316	337	340	337
Mossy Oaks Elementary (1962)										
Square feet	62,098	62,098	62,098	62,098	62,098	62,098	62,098	62,098	62,098	62,098
Capacity (students)	493	493	493	493	493	493	493	493	493	493
Enrollment	430	477	500	470	436	430	405	404	429	424
Port Royal Elementary (1911)										
Square feet	49,151	49,151	49,151	49,151	49,151	49,151	49,151	49,151	49,151	49,151
Capacity (students)	306	306	306	306	306	306	306	306	306	306
Enrollment	329	291	289	252	280	222	231	214	212	204
St. Helena Elementary (1992) Early Child Center (2004)										
Square feet	118,482	118,482	118,482	118,482	118,482	118,482	118,482	118,482	118,482	118,482
Capacity (students)	819	819	819	819	819	819	819	819	819	819
Enrollment	440	423	445	487	463	429	441	434	431	396
Broad River Elementary (1957)										
Square feet	74,234	74,234	74,234	74,234	74,234	74,234	74,234	74,234	74,234	74,234
Capacity (students)	589	589	589	589	589	589	589	589	589	589
Enrollment	416	391	386	353	570	553	524	501	493	488

BEAUFORT COUNTY SCHOOL DISTRICT  
SCHOOL BUILDING INFORMATION  
LAST TEN FISCAL YEARS

TABLE 18

Fiscal Year	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Shell Point Elementary (1968)										
Square feet	70,724	70,724	70,724	70,724						
Capacity (students)	536	536	536	536						
Enrollment	454	404	406	375						
(Leased to Riverview Charter School in 2013)										
J. Shanklin Elementary (1994)										
Square feet	73,882	73,882	73,882	73,882	73,882	73,882	73,882	73,882	73,882	73,882
Capacity (students)	578	578	578	578	578	578	578	578	578	578
Enrollment	488	436	431	477	408	386	458	422	384	371
J.J. Davis Early Learning Center (1991)										
Square feet	65,045	65,045	65,045	65,045	65,045	65,045	65,045	65,045	65,045	65,045
Capacity (students)	512	512	512	512	512	512	512	512	512	512
Enrollment	327	160	173	177	171	85	98	178	170	161
Whale Branch Elementary (2000)										
Square feet	71,921	71,921	71,921	71,921	71,921	71,921	71,921	71,921	71,921	71,921
Capacity (students)	568	568	568	568	568	568	568	568	568	568
Enrollment	287	339	313	320	349	458	493	418	383	356
Daufuskie School (1935)										
Square feet	6,635	6,635	6,635	6,635	6,635	6,635	6,635	6,635	6,635	6,635
Capacity (students)	64	64	64	64	64	64	64	64	64	64
Enrollment	12	16	15	15	15	12	15	18	21	23
Hilton Head Island Elementary (1974)										
Square feet	161,005	161,005	161,005	161,005	161,005	161,005	161,005	161,005	161,005	161,005
Capacity (students)	1,128	1,128	1,128	1,128	1,128	1,128	1,128	1,128	1,128	1,128
Enrollment	736	739	760	826	859	923	949	958	934	951
H. H. Island School for Creative Arts (1988) Split 2005										
Square feet	112,489	112,489	112,489	112,489	112,489	112,489	112,489	112,489	112,489	112,489
Capacity (students)	921	921	921	921	921	921	921	921	921	921
Enrollment	703	718	733	769	799	795	788	772	726	663
Bluffton Elementary (2000) ECC addition (2010)										
Square feet	83,237	128,237	128,237	128,237	128,237	128,237	128,237	128,237	128,237	128,237
Capacity (students)	694	946	946	946	946	946	946	946	946	946
Enrollment	1,087	936	603	598	637	728	832	617	670	693
Okatie Elementary (2004)										
Square feet	87,383	87,383	87,383	87,383	87,383	87,383	87,383	87,383	87,383	87,383
Capacity (students)	672	672	672	672	672	672	672	672	672	672
Enrollment	791	525	650	655	640	619	692	589	592	616

BEAUFORT COUNTY SCHOOL DISTRICT  
SCHOOL BUILDING INFORMATION  
LAST TEN FISCAL YEARS

TABLE 18

Fiscal Year	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
M.C. Riley Elementary (1991) ECC addition (2010)										
Square feet	75,958	120,958	120,958	120,958	120,958	120,958	120,958	120,958	120,958	120,958
Capacity (students)	592	929	929	929	929	929	929	929	929	929
Enrollment	946	918	787	778	754	787	826	715	723	772
Red Cedar Elmentary (2010)										
Square feet		97,000	97,000	97,000	97,000	97,000	97,000	97,000	97,000	97,000
Capacity (students)			764	764	764	764	764	764	764	764
Enrollment		725	711	751	824	778	780	698	687	669
Pritchardville Elementary (2011)										
Square feet			108,960	108,960	108,960	108,960	108,960	108,960	108,960	108,960
Capacity (students)			800	800	800	800	800	800	800	800
Enrollment			518	672	688	779	853	884	854	832
River Ridge Academy (2016)										
Square feet							143,742	143,742	143,742	143,742
Capacity (students)							1,013	1,013	1,013	1,013
Enrollment							0	952	1,090	1,191
Beaufort Middle (1959) Remodeled as Middle School (2002)										
Square feet	125,890	125,890	125,890	125,890	125,890	125,890	125,890	125,890	125,890	125,890
Capacity (students)	793	793	793	793	793	793	793	793	793	793
Enrollment	636	598	655	645	631	616	559	533	495	490
** students attended Humanities School at Burrough Avenue Building										
Lady's Island Middle (1984)										
Square feet	141,616	141,616	141,616	141,616	141,616	141,616	141,616	141,616	141,616	141,616
Capacity (students)	1,088	1,088	1,088	1,088	1,088	1,088	1,088	1,088	1,088	1,088
Enrollment	604	749	754	771	733	734	536	522	555	554
Robert Smalls International Academy (1984)										
Square feet	148,619	148,619	148,619	148,619	148,619	148,619	148,619	148,619	148,619	148,619
Capacity (students)	777	777	777	777	1,087	1,087	1,087	1,087	1,087	1,087
Enrollment	547	533	470	476	618	611	745	713	717	718
Whale Brance Middle (2000)										
Square feet	112,512	112,512	112,512	112,512	112,512	112,512	112,512	112,512	112,512	112,512
Capacity (students)	864	864	864	864	864	864	864	864	864	864
Enrollment	303	327	331	360	400	396	415	401	386	367
Hilton Head Island Middle (1992)										
Square feet	131,188	131,188	131,188	131,188	131,188	131,188	131,188	131,188	131,188	131,188
Capacity (students)	1,007	1,007	1,007	1,007	1,007	1,007	1,007	1,007	1,007	1,007
Enrollment	925	870	863	901	945	976	989	977	1,012	990
H.E. McCracken Middle (2000)										
Square feet	148,460	148,460	148,460	148,460	148,460	148,460	148,460	148,460	148,460	148,460
Capacity (students)	909	909	909	909	909	909	909	909	909	909
Enrollment	1,210	1,192	798	868	925	976	1,121	1,074	661	743

BEAUFORT COUNTY SCHOOL DISTRICT  
SCHOOL BUILDING INFORMATION  
LAST TEN FISCAL YEARS

TABLE 18

Fiscal Year	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Bluffton Middle (2011)										
Square feet			142,711	142,711	142,711	142,711	142,711	142,711	142,711	142,711
Capacity (students)			1,035	1,035	1,035	1,035	1,035	1,035	1,035	1,035
Enrollment			861	919	1,010	1,096	1,038	932	773	772
Beaufort High (2000)										
Square feet	217,234	217,234	217,234	217,234	217,234	217,234	217,234	217,234	217,234	217,234
Capacity (students)	1,595	1,595	1,595	1,595	1,595	1,595	1,595	1,595	1,595	1,595
Enrollment	1,655	1,699	1,541	1,420	1,363	1,328	1,338	1,305	1,301	1,295
Battery Creek High (1992) Cate Expansion (2016)										
Square feet	216,755	216,755	216,755	216,755	216,755	216,755	216,755	230,755	230,755	230,755
Capacity (students)	1,585	1,585	1,585	1,585	1,585	1,585	1,585	1,585	1,585	1,585
Enrollment	1,234	1,198	822	742	748	766	807	845	817	752
Hilton Head Island High (1983)										
Square feet	173,498	173,498	173,498	173,498	173,498	173,498	173,498	173,498	173,498	173,498
Capacity (students)	1,382	1,382	1,382	1,382	1,382	1,382	1,382	1,382	1,382	1,382
Enrollment	1,135	1,150	1,147	1,150	1,188	1,254	1,267	1,286	1,259	1,249
Bluffton High (2005)										
Square feet	218,418	218,418	218,418	218,418	218,418	218,418	218,418	218,418	218,418	218,418
Capacity (students)	1,434	1,434	1,434	1,434	1,434	1,434	1,434	1,434	1,434	1,434
Enrollment	1,382	1,485	1,067	999	1,095	1,126	1,253	1,392	1,201	1,128
Whale Branch Early College High (2011)										
Square feet			124,000	124,000	124,000	124,000	124,000	124,000	124,000	124,000
Capacity (students)			611	611	611	611	611	611	611	611
Enrollment			395	498	485	532	517	479	497	445
May River High (2017)										
Square feet									238,616	238,616
Capacity (students)									1,400	1,400
Enrollment									947	1,200
Islands Academy (Established 2016 in DESC building)										
Square feet										
Capacity (students)								150	150	150
Enrollment								70	57	70
Riverview Charter School (2010) Addition (2017)										
Square feet		16,721	16,721	16,721	70,724	70,724	70,724	70,724	93,024	93,024
Capacity (students)		304	304	304	536	536	536	536	760	760
Enrollment		241	303	340	453	488	527	564	600	638
(Moved to Shell Point Elementary School in 2013)										

Source: District Facilities Office

Note: Fiscal year of original construction is shown in parentheses. Increases in square footage and capacity are the result of renovations and additions.

BEAUFORT COUNTY SCHOOL DISTRICT  
MISCELLANEOUS STATISTICS  
JUNE 30, 2018  
(UNAUDITED)

TABLE 19

Beaufort County was created by the Legislative Act in 1785.

Form of Government: County Council consisting of eleven elected members with an appointed full-time County Administrator.

Board of Education: Consisting of eleven elected members with an appointed Superintendent.

Area: 588 square miles

Enrollment: 22,014

Number of schools and centers:

Elementary (PK-5)	16
Academy (PK-8)	2
Middle (6-8)	6
High (9-12)	6
Special Schools	3
Career Education Center	1
Charter	1

Number of Full-Time Employees:	Teachers	1,729
	Others	1,063

Average Bi-Weekly Payroll: \$5,467,564

Accreditation:

State of South Carolina

All Schools Accredited

Southern Association of  
Schools and Colleges

All Schools Accredited

Percentage of free and reduced students in lunch program:

	Number of Students	Percentage of Total Student Population
Free Lunch	10,613	48%
Reduced Lunch	1,391	6%
Total Free and Reduced Lunch	12,004	55%

Source: District records

## SINGLE AUDIT SECTION

# Beaufort County School District

## Schedule of Expenditures of Federal Awards

For the year ended June 30, 2018

LEA Subfund Fund Code	Fed. Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass - Through Entity Identifying Number	Passed Through to Subrecipients	Total Federal Expenditures
<b>U.S. Department of Agriculture</b>					
<b>Passed through S.C. Department of Education</b>					
Child Nutrition Cluster:					
600	School Breakfast Program: cash assistance	10.553	N/A	\$ -	\$ 1,648,757
600	School Lunch Program: cash assistance	10.555	N/A	-	5,643,015
600	School Lunch Program: non-cash assistance (commodities)	10.555	N/A	109,856	796,323
600	Summer Food Service Program for Children	10.559	N/A	-	191,005
	Total Child Nutrition Cluster			109,856	8,279,100
600	Child and Adult Care Food Program	10.558	5SC300329	-	492,742
600	USDA Fresh Fruit & Vegetable Program	10.582	N/A	-	14,275
	<b>Total U.S. Department of Agriculture</b>			<b>109,856</b>	<b>8,786,117</b>
<b>US Department of Education</b>					
<b>Passed through S.C. Department of Education</b>					
202	Title I - Current Year	84.010	H63010100118	-	4,454,052
202	Title I - Prior Year	84.010	H63010100117	-	808,037
202	Title I - Mini Grant	84.010	H63010100117	-	45,886
237	Title I - Focus	84.010A	H63010100117	-	189,000
	Total Title I Cluster			-	5,496,975
Special Education (IDEA) Cluster:					
203	IDEA - Current Year	84.027	H63010100918	103,770	2,010,699
203	IDEA - Prior Year 17	84.027	H63010100917	-	1,057,297
203	IDEA - Prior Year 16	84.027	H63010100916	-	322,231
205	IDEA Pre-school Grants Current Year-Handicapped Capacity	84.173	H63010100818	-	137,990
205	IDEA Pre-school Grants Current Year-Handicapped Capacity	84.173	H63010100817	-	39,331
205	IDEA Pre-school Grants Current Year-Handicapped Capacity	84.173	H63010100816	-	73,000
	Total Special Education (IDEA) Cluster			103,770	3,640,548
Other Programs:					
100	Impact Aid	84.041	N/A	-	29,205
207	Occupational Education	84.048A	H63010107118	-	290,459
207	Occupational Education - CATE Federal Carryover	84.048A	H63010107117	-	50,000
210	Title IV - SSAE	84.424	H63010100318	-	32,616
232	McKinney Vento Homeless Education Grant	84.196	H63010108918	-	23,120
243	Adult Education	84.002	H63010101017	-	231,812
243	Adult Education Reverted FY17	84.002	H63010101017	-	17,171
243	Adult Education Reverted FY18	84.002	H63010101018	-	5,628
264	Title III - Language Instr. for Limited English Proficient & Immigrant Students	84.365A	H63010006718	-	124,003
264	Title III - Language Instr. for Limited English Proficient & Immigrant Students	84.365A	H63010006717	-	121,506
267	Improving Teacher Quality	84.367	H63010006818	-	456,145
267	Improving Teacher Quality	84.367	H63010006817	-	129,996
267	Improving Teacher Quality - Mini Grant	84.367	H63010006817	-	3,203
238	Title I - School Improvement	84.377A	H63010100117	-	49,937
	Total Other Programs			-	1,564,801
	<b>Total of U.S. Department of Education</b>			<b>103,770</b>	<b>10,702,324</b>
<b>U. S. Department of Defense Direct Program</b>					
295	ROTC	12.000	N/A	-	406,423
	<b>Total U.S. Department of Defense</b>			-	406,423
<b>Federal Emergency Management Assistance</b>					
100	FEMA Disaster Assistance	97.036	N/A	-	79,358
	<b>Total Federal Emergency Management Assistance</b>			-	79,358
	<b>Total expenditures of federal awards</b>			<b>\$ 213,626</b>	<b>\$ 19,974,222</b>



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**Beaufort County School District*****Notes to Schedule of Expenditure of Federal Awards******June 30, 2018***

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**I. Basis of Presentation**

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of the School 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 School District, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the School District.

**II. Summary of Significant Accounting Policies**

Expenditures reported on the Schedule are reported on the accounting standards generally accepted in the United States of America 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. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. The School District has elected to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

**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***

Members of the Beaufort County Board of Education  
Beaufort County School District  
Beaufort, South Carolina

We have audited, in accordance with the 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, the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Beaufort County School District (the School District), as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements, and have issued our report thereon dated November 28, 2018.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the School 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 School District's internal control. Accordingly, we do not express an opinion on the effectiveness of the School 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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the School 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*.

### **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 result 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 "Elliott Davis, LLC". The signature is written in a cursive, flowing style.

Charleston, South Carolina  
November 28, 2018

**Independent Auditor's Report on Compliance for Each Major Program  
and on Internal Control Over Compliance in Accordance the Uniform Guidance**

Members of the Beaufort County Board of Education  
Beaufort County School District  
Beaufort, South Carolina

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

We have audited the compliance of Beaufort County School District's (the School 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 School District's major federal programs for the year ended June 30, 2018. The School 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 the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

**Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for each of the School 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 School 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 School District's compliance.

**Opinion on Each Major Federal Program**

In our opinion, the School 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 School 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 School 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 School 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. 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.

A handwritten signature in black ink that reads "Elliott Davis, LLC". The signature is written in a cursive, flowing style.

Charleston, South Carolina  
November 28, 2018

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

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

**Financial Statements**

- |   |               |
|---|---------------|
| (a.) Type of auditor's report:  | Unmodified    |
| (b.) Internal control over financial reporting:   |               |
| 1) Material weaknesses identified:  | No            |
| 2) Significant deficiencies identified that are not considered to be material weaknesses: | None reported |
| (c.) Noncompliance material to financial statements noted:                                | No            |

**Federal Awards**

- |   |               |
|---|---------------|
| (a.) Internal control over major programs:  |               |
| 1) Material weaknesses identified:  | No            |
| 2) Significant deficiencies identified that are not considered to be material weaknesses: | None reported |
| (b.) Type of auditors' report issued on compliance for major federal programs:            | Unmodified    |
| (c.) Audit findings that are required to be reported in accordance with 2 CFR 200.516(a): | No            |
| (d.) Identification of major program:   |               |

<u>CFDA Numbers</u>	<u>Name of federal program or cluster</u>
84.010, 84.010A	Title I

- |   |           |
|---|-----------|
| (e.) Dollar threshold used to distinguish between type A and type B Programs: | \$750,000 |
| (f.) Auditee qualified as low risk auditee?                                   | Yes       |

<b>II. Findings Relating to the Basic Financial Statements Reported in Accordance with <i>Government Auditing Standards</i></b>	None noted
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<b>III. Findings - Compliance</b>	None noted
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<b>III. Findings and Questioned Costs Relating to Federal Awards</b>	None noted
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<b>IV. Summary Schedule of Prior Audit Findings</b>	None reported
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