

SPARTANBURG COUNTY SCHOOL DISTRICT FOUR

Basic Financial Statements
and
Accompanying Information
for the year ended
June 30, 2018

SPARTANBURG COUNTY SCHOOL DISTRICT FOUR

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Report of Independent Auditor

To the Board of Trustees
Spartanburg County School District Four
Woodruff, South Carolina

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the District, as of June 30, 2018, and the respective changes in financial position thereof and the respective budgetary comparisons for the general fund and the annually budgeted major special revenue funds for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 6-12 and the required supplementary information schedules on pages 43 through 44 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The combining and individual non-major fund schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The combining and individual fund statements and schedules and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund statements and schedules and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

Change in Accounting Principle

As described in Note 7 to the financial statements, in 2018, the adopted new accounting guidance, GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. Our opinion is not modified with respect to this matter.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 21, 2018 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Cheray Bebaert LHP

Greenville, South Carolina
November 21, 2018

Management's Discussion and Analysis

This section of Spartanburg County School District Four's (the District) financial report presents our discussion and analysis of the financial performance of the District for the year ended June 30, 2018. This information should be read in conjunction with the audited financial statements included in this report.

Financial Highlights

- The District's enrollment increased. During fiscal year 2018, average daily membership increased by 84.94 or 3.29% from the previous year.
- In March 2018, the District issued Bond Anticipation Notes (BAN) in the amount of \$600,000. The proceeds will be used to renovate, repair and upgrade the District's facilities and upgrade technology and security cameras at all locations.
- In March 2018, the District issued General Obligation Bonds (GO) in the amount of \$1,220,000. The proceeds of the bonds were used to pay the issuance cost of the March 2018 BAN and GO bond issues and to repay the \$1,200,000 BAN issued March 2017.
- The District's operating millage remained at 188.6 for fiscal year 2018. The District's debt service millage decreased by 0.5 mills to 11.3 mills for fiscal year 2018.
- The District implemented Governmental Accounting Standards Board Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions (GASB 75)*.

Overview of the Financial Statements

The audited financial statements of the District consist of five components. They are as follows:

- Management's Discussion and Analysis
- Basic Financial Statements
- Required Supplemental Information
- The supplemental section that presents combining and individual fund statements and schedules
- Single Audit

The Basic Financial Statements include two types of statements that present different views of the District's finances. The first is the government-wide statements. The government-wide statements are presented on the full accrual basis of accounting and include the statement of net position and the statement of activities. The statement of net position includes all of the District's assets, deferred outflows of resources, liabilities and deferred inflow of resources. Assets and liabilities are classified in the order of relative liquidity for assets and due date for liabilities. This statement provides a summary of the District's investment in assets and obligations to creditors. Liquidity and financial flexibility can be evaluated using the information contained in this statement. The statement of activities summarizes the District's revenues and expenses for the current year. A net (expense) revenue format is used to indicate to what extent each function is self-sufficient.

The second type of statement included in the basic financial statements is the fund financial statements, which are presented for the District's governmental funds. These statements present the governmental funds on the modified accrual basis of accounting, measuring the near term inflows and outflows of financial resources and what is available at year-end to spend in the next fiscal year. The fund financial statements focus on the District's most significant funds. Because a different basis of accounting is used in the government-wide statements, reconciliation from the governmental fund financial statements to the government-wide statements is required. The government-wide

statements provide information about the District as an economic unit, while the fund financial statements provide information on the financial resources of the District's major funds.

Government-wide Statements

The government-wide statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all of the District's assets, deferred outflow of resources, liabilities and deferred inflow of resources. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two government-wide statements report the District's net position and how they have changed. Net position, the difference between the District's assets and liabilities, is one way to measure the District's financial health or position.

- Over time, increases or decreases in the District's net position are an indicator of whether its financial position is improving or deteriorating.
- To assess the District's overall health, additional non-financial factors such as changes in the District's property tax base and the condition of its school buildings and other physical assets should be considered.

The District's activities in the government-wide statements consists of:

- Governmental activities: The District's basic services are included here, such as regular and special education, transportation, and administration. Local property taxes, state funding and federal financial assistance finance most of these activities.

Fund Financial Statements

The fund financial statements provide more detailed information about the District's funds, focusing on its most significant or "major" funds – not the District as a whole. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs.

- The general fund is always shown as a major fund.
- Some funds are required by State law to be presented as major, such as the Education Improvement Act Fund.
- The District established other funds to control and manage money for a particular purpose or to show that it is properly using certain revenues, such as in the Federal Grant funds.

Spartanburg County School District Four has two types of funds:

Governmental funds: The District's basic services are included in the governmental funds, which generally focus on two things – how cash and other assets can readily be converted to cash flow in and out and the balances left at year-end that are available for spending. As a result of this focus, the governmental funds statements provide a detailed short-term view that helps one determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, additional information is provided in the form of a reconciliation to explain the relationship (or differences) between them. The District has several governmental funds:

the General Fund, the Special Revenue Funds, the Education Improvement Act Fund, the School Building Fund, the Debt Service Fund, and the Food Service Fund.

Agency funds: The District is the fiduciary for its agency fund, the Pupil Activity Fund. The agency fund is custodial in nature and does not involve measurement of results of operations. The agency fund accounts for classroom fees, student fundraisers, admissions to athletic events and student club memberships.

Financial Analysis of the District as a Whole

Net position is an indicator of the fiscal health of the District. Total net position decreased between fiscal years 2018 and 2017 by \$25,407,344 or 324.6%.

Below is a summary of the statement of net position:

TABLE 1
Condensed Statement of Net Position
As of June 30, 2018 and 2017
Governmental Activities

	<u>6/30/2018</u>	<u>6/30/2017</u>	<u>% Change</u>
Current assets	\$ 14,138,466	\$ 12,782,604	10.6%
Capital assets	24,241,804	24,665,520	(1.7%)
Total assets	<u>38,380,270</u>	<u>37,448,124</u>	<u>2.5%</u>
Deferred outflow of resources	5,625,793	4,295,796	31.0%
Current liabilities	2,459,399	3,089,447	(20.4%)
Long-term liabilities	56,185,070	29,724,205	89.0%
Total liabilities	<u>58,644,469</u>	<u>32,813,652</u>	<u>78.7%</u>
Deferred inflow of resources	2,940,806	1,102,136	166.8%
Net investment in capital assets	23,021,804	24,047,186	(4.3%)
Restricted net position	303,953	230,554	31.8%
Unrestricted net position	<u>(40,904,969)</u>	<u>(16,449,608)</u>	<u>(148.7%)</u>
 Total net position	 <u>\$ (17,579,212)</u>	 <u>\$ 7,828,132</u>	 <u>(324.6%)</u>

The District's current assets increased by \$1,355,862 or 10.6%. Of this increase, \$1,439,376 relates to an increase in cash, cash equivalents and investments. Cash, cash equivalents and investments increased because the District's state revenues increased due to an increase in the base student cost and an increase in average daily membership. In addition, receivables, which is composed of taxes receivable, accounts receivable and due from other governments, decreased by \$80,428. This decrease resulted because accounts were settled prior to year end. Net capital assets decreased by \$423,716 or 1.7%. This decrease results because depreciation expense and disposals exceeded new additions to capital assets for the year. Current liabilities decreased by \$630,048 or 20.4%. This decrease results because bond anticipation notes decreased from \$1,200,000 to \$600,000. Long-term liabilities increased by \$26,460,865 or 89.0%. \$24,084,601 of this increase is due to the implementation of GASB 75. The District is now required to record its proportionate share of the net liability for the State's other post-employment benefits (OPEB) plan. Also, \$1,758,852 of the increase

in long-term liabilities is due to an increase in the District's proportionate share of the net pension liability of the State Retirement System. The decrease in total net position of \$25,407,344 or 324.6% is due to the implementation of GASB 75 and the increase in the total net pension liability.

TABLE 2
Condensed Statement of Revenues, Expenses, and
Changes in Net Position
As of June 30, 2018 and 2017

	Governmental Activities		
	6/30/2018	6/30/2017	% Change
Revenues:			
Program revenues:			
Charges for services	\$ 298,716	\$ 309,052	(3.3%)
Operating grants and contributions	17,589,615	16,189,331	8.6%
General revenues:			
Property taxes levied for:			
General purposes	10,194,468	9,830,036	3.7%
Debt service	611,089	616,009	(0.8%)
Investment income	142,718	78,918	80.8%
Miscellaneous	34,178	240,970	(85.8%)
Total revenues	<u>28,870,784</u>	<u>27,264,316</u>	<u>5.9%</u>
Governmental activities:			
Instruction	17,271,993	15,822,647	9.2%
Support services	10,968,305	10,062,571	9.0%
Community service	86,473	99,831	(13.4%)
Intergovernmental	72,986	62,822	16.2%
Interest and fees	51,685	33,053	56.4%
Total expenses	<u>28,451,442</u>	<u>26,080,924</u>	<u>9.1%</u>
Increase in net position before transfers	419,342	1,183,392	(64.6%)
Transfers	(910,557)	(902,514)	0.9%
Change in net position	<u>(491,215)</u>	<u>280,878</u>	<u>(274.8%)</u>
Beginning net position	7,828,132	7,547,254	
Cumulative effect of change in accounting Principle	(24,916,129)	-	
Beginning net position, restated	<u>(17,087,997)</u>	<u>7,547,254</u>	
Ending net position	<u>\$(17,579,212)</u>	<u>\$ 7,828,132</u>	

Total governmental activities generated revenues of \$28,870,784, which represents a 5.9% increase from the prior year. The increase results because state and federal funding increased in 2018. In addition, the District's assessed value increased resulting in additional property tax revenue for general purpose and debt service of \$359,512 or a 3.4% increase.

Total governmental activities expenses increased from \$26,080,924 to \$28,451,442, which represents a 9.1% increase. This increase in expenses is due to mandatory salary increases that were required by the state and the mandatory increases in retirement matching expense and health insurance expense. Therefore, the net increase in expenses was \$2,370,518.

Transfers between the governmental funds and the agency funds increased by \$8,043 or 0.9%. These transfers are used to help supplement the activities of the agency funds, mostly to help cover salaries and benefits paid by the agency fund.

In addition, for fiscal year 2018, the District had a cumulative effect of change in accounting principle. This change results from the implementation of GASB 75. The change of \$24,916,129, in addition to the excess of expenses over revenue, contributed to the decrease of net position of \$25,407,344.

Financial Analysis of the District's Funds

The District's governmental funds reported a combined fund balance of \$12,064,555, an increase of \$1,991,975 from the prior year. The District's General Fund had revenues and other financing sources that exceeded expenditures and other financing uses by \$1,199,367. The District received additional state revenue due to an increase in the base student cost of the General Fund. In addition, the District's assessed value increased. This resulted in additional property tax revenue. Also, the District continued cost savings measures.

The District's School Building Fund had revenue and other financing sources that exceeded expenditures and other financing uses by \$732,650. This occurred because the district transferred \$840,000 from the general fund for various projects. The major work on these projects was not completed until after July 1, 2018. These projects included a new activity bus, renovations to the locker room at Woodruff High School, new phone system for all locations and repaving the car pickup line at Woodruff Middle School.

The District's other governmental funds had revenues and other financing sources that exceeded expenditures and other financing uses by \$59,958. The District's other governmental funds are composed of the Food Service Fund and the Debt Service Fund. The fund balance for the Food Service Fund increased by \$70,313, while the fund balance for the Debt Service Fund decreased by \$10,355. The increase in the Food Service Fund resulted because expenditures decreased, while revenues remained stable. \$17,375 of the decrease in expenditures resulted due to a decrease in employees in fiscal year 2018. Also, the District's allowable indirect cost rate decreased. As a result, indirect cost decreased by \$31,762. The fund balance of the Debt Service Fund decreased due to the fact that the district reduced debt service fund millage and elected to use prior year fund balance to cover any shortfall.

General Fund Budgetary Highlights

The District did not amend its fiscal year 2018 budget. The base student cost increased, as did the average daily membership of the District. As a result, actual State revenues exceeded budgeted revenues by \$997,261. Budgeted local revenues exceeded expectations by \$139,082. The District's tax millage remained stable at 188.6 mills. However, the District's assessed value increased. In addition, interest income on excess cash on hand increased due to improved interest rates. Actual expenditures were less than budgeted expenditures by \$740,845. This resulted because cost savings measures implemented in fiscal year 2010 were continued and the District continued to fund many positions and expenditures with grant funding. The District budgeted to have other financing uses to exceed other financing sources by \$444,401. The Financing uses actually exceeded financing sources by \$1,122,222. This resulted because the District's Board approved a transfer out to the building fund of \$840,000 that had not been budgeted.

Capital Assets

Capital assets, net of depreciation, decreased by \$423,716 or 1.7% from the previous year. This was due to the fact that the depreciation expense and disposals for the year exceeded capital additions. Major additions this year included new restroom renovations at Woodruff Middle School, countertops and sinks at Woodruff Elementary School and paving projects at all locations. The following is a summary of the capital assets, net of depreciation at year-end.

Table 3
Summary of Capital Assets
As of June 30, 2018 and 2017

	<u>06/30/2018</u>	<u>6/30/2017</u>
Land	\$ 1,953,870	\$ 1,953,870
Construction in progress	119,709	9,522
Land Improvements	2,791,626	2,700,634
Buildings and Improvements	16,567,786	17,064,432
Equipment and Vehicles	<u>2,808,813</u>	<u>2,937,062</u>
Total	<u>\$ 24,241,804</u>	<u>\$ 24,665,520</u>

Debt Outstanding

As of June 30, 2018, the District had general obligation bonded indebtedness outstanding of \$1,220,000. During the year, the District issued general obligation bonds in the amount of \$1,220,000 to repay the bond anticipation notes issued March 2017. Also, the District issued bond anticipation notes in the amount of \$600,000. As of June 30, 2018, the \$1,220,000 and \$600,000 are still outstanding. More detailed information about the District's debt is presented in the Notes to the Financial Statements.

Economic Factors

The District anticipates enrollment over the next couple years to remain stable. As a result, no additional classroom space is currently needed. County and state funding is a major source of income for the District; therefore, both the County's economic outlook and the State's economic outlook directly affect that of the District. The following factors affect the economic outlook of Spartanburg County and the State.

- The County's tax base continues to grow positively.
- The County's unemployment rate as of September 2018 was 3.0%. This is a decrease from September 2017's unemployment rate of 3.5%. The State's unemployment rate for September 2018 is 3.3%. This is a decrease from the September 2017 rate of 3.9%.
- The County's employment was 140,369 for September 2018. The employment for the prior year was 140,630.

Requests for Information

This report is intended to provide a summary of the financial condition of Spartanburg County School District Four. Questions or requests for additional information should be addressed to:

Chris Benfield, Business Manager
Spartanburg County School District Four
118 McEdco Road
Woodruff, SC 29388

SPARTANBURG COUNTY SCHOOL DISTRICT FOUR
STATEMENT OF NET POSITION
JUNE 30, 2018

	Governmental Activities
Assets	
Cash and cash equivalents	\$ 565,119
Investments	11,912,768
Taxes receivable, net	636,260
Accounts receivable	24,180
Due from other governments	950,826
Inventory	49,313
Capital assets:	
Nondepreciable	2,073,579
Depreciable	22,168,225
Total Assets	<u>38,380,270</u>
Deferred Outflow of Resources	
Deferred outflow related to state OPEB	889,776
Deferred outflow related to state pension	4,736,017
Total Deferred Outflow of Resources	<u>5,625,793</u>
Liabilities	
Accounts payable	521,662
Bond anticipation note payable	600,000
Accrued interest payable	11,117
Due to other governments	6,851
Payroll withholdings and accruals	666,439
Unearned revenue	50,742
Long-term liabilities:	
Due within one year	602,588
Due in more than one year	617,412
Net Other post-employment benefits	24,084,601
Net pension liability	31,483,057
Total Liabilities	<u>58,644,469</u>
Deferred Inflow of Resources	
Deferred inflow related to state OPEB	2,277,100
Deferred inflow related to state pension	663,706
Total Deferred Inflow of Resources	<u>2,940,806</u>
Net Position	
Net investment in capital assets	23,021,804
Restricted for food service	303,953
Unrestricted	(40,904,969)
Total Net Position	<u>\$ (17,579,212)</u>

The notes to the financial statements are an integral part of this statement.

SPARTANBURG COUNTY SCHOOL DISTRICT FOUR
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2018

Exhibit B

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position	
		Charges for Services	Operating Grants and Contributions		Capital Grants and Contributions
Primary Government:					
Governmental activities:					
Instruction	\$ 17,271,993	\$ 26,785	\$ 13,640,291	\$ -	\$ (3,604,917)
Support services	10,968,305	271,931	3,824,052	-	(6,872,322)
Community services	86,473	-	52,286	-	(34,187)
Intergovernmental	72,986	-	72,986	-	-
Debt service:					
Interest and fees	51,685	-	-	-	(51,685)
Total governmental activities	<u>28,451,442</u>	<u>298,716</u>	<u>17,589,615</u>	<u>-</u>	<u>(10,563,111)</u>
Total Primary Government	<u>\$ 28,451,442</u>	<u>\$ 298,716</u>	<u>\$ 17,589,615</u>	<u>\$ -</u>	<u>(10,563,111)</u>
General revenues:					
Property taxes levied for:					
General purposes					10,194,468
Debt service					611,089
Investment income					142,718
Miscellaneous					34,178
Transfers					(910,557)
Total general revenues					<u>10,071,896</u>
Change in net position					<u>(491,215)</u>
Net position - beginning					7,828,132
Change in accounting principle					<u>(24,916,129)</u>
Net position, beginning, restated					<u>(17,087,997)</u>
Net position - ending					<u>\$ (17,579,212)</u>

The notes to the financial statements are an integral part of this statement.

SPARTANBURG COUNTY SCHOOL DISTRICT FOUR
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2018

	General	Special Revenue Fund	Education Improvement Act	School Building	Other Governmental Funds	Total Governmental Funds
Assets						
Cash and cash equivalents	\$ 518,740	\$ -	\$ -	\$ -	\$ 46,379	\$ 565,119
Investments	8,016,382	-	-	3,451,511	444,875	11,912,768
Taxes receivable, net	397,385	-	-	-	10,658	408,043
Accounts receivable	4,342	18,059	-	-	1,779	24,180
Due from other funds	1,270,119	-	55,396	-	-	1,325,515
Due from other governments	383,681	550,236	-	-	16,909	950,826
Inventory	-	-	-	-	49,313	49,313
Total Assets	\$ 10,590,649	\$ 568,295	\$ 55,396	\$ 3,451,511	\$ 569,913	\$ 15,235,764
Liabilities and Fund Balances						
Liabilities						
Accounts payable	\$ 509,022	\$ 4,582	\$ -	\$ 8,058	\$ -	\$ 521,662
Bond anticipation note payable	-	-	-	600,000	-	600,000
Due to other funds	55,396	561,984	-	493,087	215,048	1,325,515
Due to other governments	-	-	6,383	-	468	6,851
Payroll withholdings and accruals	666,439	-	-	-	-	666,439
Unearned revenues	-	1,729	49,013	-	-	50,742
Total Liabilities	1,230,857	568,295	55,396	1,101,145	215,516	3,171,209
Fund Balances						
Nonspendable - inventory	-	-	-	-	49,313	49,313
Restricted - food service fund	-	-	-	-	303,953	303,953
Assigned - construction of capital assets	-	-	-	2,350,366	-	2,350,366
Assigned - debt service	-	-	-	-	1,131	1,131
Unassigned	9,359,792	-	-	-	-	9,359,792
Total Fund Balances	9,359,792	-	-	2,350,366	354,397	12,064,555
Total Liabilities and Fund Balances	\$ 10,590,649	\$ 568,295	\$ 55,396	\$ 3,451,511	\$ 569,913	\$ 15,235,764

The notes to the financial statements are an integral part of this statement.

SPARTANBURG COUNTY SCHOOL DISTRICT FOUR
 RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS TO THE
 STATEMENT OF NET POSITION
 JUNE 30, 2018

Amounts reported for governmental activities in the statement of net position are different because:

Ending fund balance - governmental funds	\$ 12,064,555
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	24,241,804
Interest on long-term debt is recognized under the modified accrual basis of accounting when due, rather than as it accrues.	(11,117)
Property taxes receivable will be collected this year, but are not available soon enough to pay for current period.	228,217
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.	(1,220,000)
Net pension liability is not due nor payable in the current period and, therefore, is not reported in the funds.	(31,483,057)
Net other post-employment benefits liability is not due nor payable in the current period and, therefore, is not reported in the funds.	(24,084,601)
Deferred outflows of resources related to other post-employment benefits	889,776
Deferred outflows of resources related to pension	4,736,017
Deferred inflows of resources related to pension	(663,706)
Deferred inflows of resources related to other postemployment benefits	<u>(2,277,100)</u>
Net position of governmental activities	<u>\$ (17,579,212)</u>

SPARTANBURG COUNTY SCHOOL DISTRICT FOUR
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2018

	General	Special Revenue Fund	Education Improvement Act	School Building	Other Governmental Funds	Total Governmental Funds
Revenues						
Local	\$ 6,747,810	\$ 197,239	\$ -	\$ 37,963	\$ 853,692	\$ 7,836,704
Intergovernmental	-	37,168	-	-	-	37,168
State	15,338,386	580,392	2,049,030	-	53,237	18,021,045
Federal	-	1,895,632	-	-	1,283,908	3,179,540
Total Revenues	22,086,196	2,710,431	2,049,030	37,963	2,190,837	29,074,457
Expenditures						
Current:						
Instruction	11,914,758	1,745,239	1,310,035	172,295	-	15,142,327
Support services	7,813,719	689,061	157,721	134,897	1,429,047	10,224,445
Community service	36,130	44,455	-	-	-	80,585
Intergovernmental	-	231,676	29,773	-	-	261,449
Capital outlay	-	-	-	1,019,701	-	1,019,701
Debt service	-	-	-	38,420	624,998	663,418
Total Expenditures	19,764,607	2,710,431	1,497,529	1,365,313	2,054,045	27,391,925
Excess (deficiency) of revenues over (under) expenditures	2,321,589	-	551,501	(1,327,350)	136,792	1,682,532
Other Financing Sources (Uses)						
Transfers in	628,335	-	15,762	840,000	-	1,484,097
Transfers out	(1,750,557)	-	(567,263)	-	(76,834)	(2,394,654)
Proceeds from general obligation bonds	-	-	-	1,220,000	-	1,220,000
Total Other Financing Sources (Uses)	(1,122,222)	-	(551,501)	2,060,000	(76,834)	309,443
Net Change in Fund Balances	1,199,367	-	-	732,650	59,958	1,991,975
Fund Balance - July 1, 2017	8,160,425	-	-	1,617,716	294,439	10,072,580
Fund Balance - June 30, 2018	<u>\$ 9,359,792</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,350,366</u>	<u>\$ 354,397</u>	<u>\$ 12,064,555</u>

The notes to the financial statements are an integral part of this statement.

SPARTANBURG COUNTY SCHOOL DISTRICT FOUR
 RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE
 STATEMENT OF ACTIVITIES
 YEAR ENDED JUNE 30, 2018

Amounts reported for governmental activities in the statement of activities are different because:

Net change in fund balances - total governmental funds	\$ 1,991,975
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation expense of \$1,349,201 exceeded capital asset additions of \$925,485 in the current period.	(423,716)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds:	
Delinquent tax receivable	(15,210)
Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.	618,334
The cost of pension benefits earned net of employee contributions is reported in the Statement of Activities as an expense. The fund financial statements report pension contributions net of employee contributions as an expenditure.	(880,201)
The cost of other post employment benefits earned net of employee contributions is reported in the Statement of Activities as an expense. The fund financial statements report other postemployment benefits net of employee contributions as an expenditure.	(555,796)
The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, which do not effect net position. Long-term debt issued during the year was \$1,220,000.	(1,220,000)
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds:	
Accrued interest	<u>(6,601)</u>
Change in net position of governmental activities	<u>\$ (491,215)</u>

SPARTANBURG COUNTY SCHOOL DISTRICT FOUR
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL - GENERAL FUND AND ANNUALLY BUDGETED SPECIAL REVENUE FUNDS
YEAR ENDED JUNE 30, 2018

	General Fund				Special Revenue Fund				Education Improvement Act			
	Original Budget	Final Budget	Actual	Variance With Final Positive (Negative)	Original Budget	Final Budget	Actual	Variance With Final Positive (Negative)	Original Budget	Final Budget	Actual	Variance With Final Positive (Negative)
Revenues												
Local	\$ 6,608,728	\$ 6,608,728	\$ 6,747,810	\$ 139,082	\$ -	\$ -	\$ 197,239	\$ 197,239	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	-	-	-	37,168	37,168	-	-	-	-
State	14,341,125	14,341,125	15,338,386	997,261	-	-	580,392	580,392	551,501	551,501	2,049,030	1,497,529
Federal	-	-	-	-	2,209,007	2,209,007	1,895,632	(313,375)	-	-	-	-
Total Revenues	20,949,853	20,949,853	22,086,196	1,136,343	2,209,007	2,209,007	2,710,431	501,424	551,501	551,501	2,049,030	1,497,529
Expenditures												
Current:												
Instruction	12,136,686	12,136,686	11,914,758	221,928	1,884,219	1,884,219	1,745,239	138,980	-	-	1,310,035	(1,310,035)
Support services	8,296,024	8,296,024	7,813,719	482,305	324,788	324,788	689,061	(364,273)	-	-	157,721	(157,721)
Community service	52,742	52,742	36,130	16,612	-	-	44,455	(44,455)	-	-	-	-
Intergovernmental	20,000	20,000	-	20,000	-	-	231,676	(231,676)	-	-	29,773	(29,773)
Total Expenditures	20,505,452	20,505,452	19,764,607	740,845	2,209,007	2,209,007	2,710,431	(501,424)	-	-	1,497,529	(1,497,529)
Excess (deficiency) of revenues over (under) expenditures	444,401	444,401	2,321,589	1,877,186	-	-	-	-	551,501	551,501	551,501	-
Other Financing Sources (Uses)												
Transfers in	659,527	659,527	628,335	(31,192)	-	-	-	-	-	-	15,762	15,762
Transfers out	(1,103,928)	(1,103,928)	(1,750,557)	(646,629)	-	-	-	-	(551,501)	(551,501)	(567,263)	(15,762)
Total Other Financing Sources (Uses)	(444,401)	(444,401)	(1,122,222)	(677,821)	-	-	-	-	(551,501)	(551,501)	(551,501)	-
Net Change in Fund Balances	\$ -	\$ -	1,199,367	\$ 1,199,367	\$ -	\$ -	-	\$ -	\$ -	\$ -	-	\$ -
Fund Balance - July 1, 2017			8,160,425									
Fund Balance - June 30, 2018			<u>\$ 9,359,792</u>				<u>\$ -</u>				<u>\$ -</u>	

SPARTANBURG COUNTY SCHOOL DISTRICT FOUR
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
JUNE 30, 2018

Exhibit H

	<u>Agency Funds</u>
Assets	
Cash and equivalents	\$ 227,555
Total Assets	<u>\$ 227,555</u>
Liabilities	
Accounts payable	\$ 8,336
Due to pupil activities	178,883
Due to other governments	<u>40,336</u>
Total Liabilities	<u>\$ 227,555</u>

The notes to the financial statements are an integral part of this statement.

SPARTANBURG COUNTY SCHOOL DISTRICT FOUR

Notes to Financial Statements

June 30, 2018

Note 1 - Summary of Significant Accounting Policies**A. Reporting Entity**

The District is located in the southwestern part of Spartanburg County, South Carolina and is the largest school district in land area in Spartanburg County. The School District operates a public school system under guidelines approved by the U.S. Department of Education and consists of four major schools. The School District is fully accredited by the Advance Accreditation Commission, formerly Southern Association of Colleges and Schools.

For financial reporting purposes, the District includes all funds that are controlled by or financially dependent upon the District. Controlled by or financial dependence was determined on the basis of obligation of the District to finance deficits, guarantee of debt, selection of governing authority, approval of budget, authority to make a public levy, ownership of assets, and scope of public service and special financing relationships where there was only partial or no oversight responsibility. These financial statements exclude the related organization in Note 19 because the District does not significantly influence operations of the organization nor is the related organization accountable to the District for its fiscal operations.

B. Basis of Presentation

Government-wide Statements: The statement of net position and the statement of activities display information about the District. These statements include the financial activities of the overall government. Eliminations have been made to minimize the effect of internal activities upon revenues and expenses. Governmental activities generally are financed through intergovernmental revenues, and other non-exchange transactions.

The statement of activities presents a comparison between direct expenses and program revenues for each function of the District's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Indirect expense allocations that have been made in the funds have been reversed for the statement of activities. Program revenues include (a) fees and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues are presented as general revenues.

Fund Financial Statements: The fund financial statements provide information about the District's funds. Separate statements for each fund category are presented. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as non-major funds. Fiduciary funds are reported by fund type.

SPARTANBURG COUNTY SCHOOL DISTRICT FOUR

Notes to Financial Statements

June 30, 2018

Note 1 - Summary of Significant Accounting Policies (continued)**B. Basis of Presentation (continued)**

The District reports the following major governmental funds:

General Fund

The General Fund is used to account for all financial transactions, in support of the educational process, which are not recorded in other funds.

Special Revenue Fund

The Federal, State and Local Special Revenue Fund is used to account for entitlements, grants and similar funds provided by the state, federal government and local sources for various educational programs.

Education Improvement Act

The Education Improvement Act Fund is used to account for the proceeds of the additional one percent sales and use tax, which are restricted to expenditures for the Education Improvement Act standards.

School Building Fund

The School Building Fund is a capital projects fund used to account for the financial transactions relating to construction, renovation, and installment of equipment and acquisition of land. The most common sources of revenue in this fund are the sale of bonds and State Building Fund Aid.

The District reports the following non-major governmental funds:

School Food Service Fund

The School Food Service Fund is used to account for operations of providing breakfast and lunch to the District's students and employees at minimal cost. Costs are financed or recovered through reimbursements from the federal government and limited user fees.

Debt Service Fund

The Debt Service Fund is used to finance and account for payments of principal and interest on bonded indebtedness of the District.

The District reports the following fiduciary fund:

Agency Fund - Pupil Activity Funds

The Pupil Activity Funds are established as an agency fund of the schools to account for the net position, revenues, expenditures and transfers of various school activities administered for the general welfare of the students and completion of certain planned objectives and special programs of school groups.

SPARTANBURG COUNTY SCHOOL DISTRICT FOUR

Notes to Financial Statements

June 30, 2018

Note 1 - Summary of Significant Accounting Policies (continued)**C. Measurement Focus and Basis of Accounting**

Government-wide Financial Statements. The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Non-exchange transactions, in which the District gives (or receives) value without directly receiving (or giving) equal value in exchange, include grants and donations. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental Fund Financial Statements. Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The District considers all revenues reported in the governmental funds to be available if the revenues are collected within sixty days after year-end. These could include federal, state, and county grants, and some charges for services. Expenditures are recorded when the related fund liability is incurred, except for claims and judgments and compensated absences, which are recognized as expenditures in governmental funds. Proceeds from the issuance of long-term debt are reported as other financing sources.

Fiduciary Fund Financial Statements. Fiduciary funds are reported using the accrual basis of accounting. Revenues are recorded when earned and expenditures are recorded at the time liabilities are incurred, regardless of when the related cash flows take place.

D. Budgetary Data

The District follows these procedures in establishing the budgetary data reflected in the financial statements:

1. The District superintendent submits to the local school Board of Trustees an operating budget for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and the means of financing them.
2. Any revisions to transfer budgeted amounts between departments or that alter the total expenditures of any fund must be approved by the Board.
3. Formal budgetary integration is employed as a management control device during the year for the General Fund and the Special Revenue Fund. The Food Service Fund did not use an operating budget for the current fiscal year.
4. Budgeted amounts are as amended by the District. The District reports the annual budget of all funds on the modified accrual basis of accounting.

SPARTANBURG COUNTY SCHOOL DISTRICT FOUR

Notes to Financial Statements

June 30, 2018

Note 1 - Summary of Significant Accounting Policies (continued)**E. Assets, Liabilities and Fund Equity****Cash Management**

At June 30, 2018, the District utilizes a cash management system whereby the District's excess of deposits over operating disbursements is invested in short term interest-bearing investments. As operating disbursements are presented to the financial institution for payment, District funds are automatically transferred from the investment accounts to the checking account in order to maintain a zero balance in the checking accounts.

Cash and Cash Equivalents

The District considers cash equivalents to be short-term highly liquid investments that are (a) readily convertible to known amounts of cash and (b) are so near to maturity that they present negligible risk of changes in value because of changes in interest rates. Examples of cash equivalents are certificates of deposits, money market funds and other short-term investments that mature within three months of acquisition.

Pooled Cash and Investments

The monies for the Debt Service Fund, School Building Fund, Food Service Fund and Pupil Activity Funds are deposited and maintained in individual, segregated bank accounts. The District uses a pooled general bank account for the General Fund, Federal, State and Local Special Revenue Fund and Education Improvement Act Fund. The pooled bank account is recorded in the General Fund. The equity interests in the pool belonging to Federal, State and Local Special Revenue Fund and Education Improvement Act Fund are maintained in the account(s) due from (to) General Fund. These amounts will be settled from collections of reimbursements under grant programs from the Federal and State Governments and local sources.

Cash with Fiscal Agent

The Spartanburg County Treasurer, fiscal agent for the District, receives local, state and federal monies from taxpayers within the District and from the South Carolina Department of Education. The monies held by the County Treasurer are uninsured but collateralized with government investments held by the pledging institutions agent in the name of Spartanburg County. Market value approximates cost on the investments at June 30, 2018.

SPARTANBURG COUNTY SCHOOL DISTRICT FOUR

Notes to Financial Statements

June 30, 2018

Note 1 - Summary of Significant Accounting Policies (continued)**E. Assets, Liabilities and Fund Equity (continued)****Ad Valorem Taxes**

The District's property taxes (except vehicles) are levied by the Spartanburg County Auditor each fall on the assessed valuation of the property located in the District as of the preceding January 1. Vehicle property taxes are levied on various dates in conjunction with the renewal dates of vehicle license tags. The tax books are open for collection September 1, with the first penalty of 3% applied to payments made after January 15, the due date. An additional penalty of 5% is charged for payments made after January 31. Uncollected property taxes attach as an enforceable lien on January 1. Uncollected property taxes as of March 15 are executed to the Delinquent Tax Collector at which time an additional 5% penalty is assessed. Spartanburg County bills and collects the District's property taxes. The District's property tax revenues are recognized when they become revenues in the hands of the Spartanburg County Treasurer's office.

Assessed values for real estate are established annually by the County Tax Assessor based on the assessment ratio applied to the appropriate class of property. Real and personal property, excluding merchant's inventory, in the District for the 2017 tax levy was assessed at \$52,458,617.

The District's operating tax rate is currently 188.6 mills with an additional 11.3 mills for debt retirement.

Taxes Receivable

Taxes receivable (current and delinquent) of \$408,043 represent property taxes which have been collected and remitted to Spartanburg County Treasurer's office for its distribution to the District. Taxes receivable are accrued as revenue when they are considered to be both "measurable and available" as reported in the governmental fund financial statements.

At June 30, 2018, total unpaid delinquent taxes receivable for the General Fund and the Debt Service Fund were \$712,430 and \$50,784, respectively. Uncollectible amounts are estimated based upon past collection experience. Unpaid delinquent taxes receivable, net of allowance for uncollectibles of \$534,997, are reported at \$228,217, which is included in total taxes receivable of \$636,260 as reported in the government-wide financial statements.

Inventory

The District follows the practice of expensing supply items as they are purchased, with the exception of expenditures for inventory increases in the Food Service Fund, which are capitalized. Inventory in the Food Service Fund consists of purchased food supplies and United States Department of Agriculture ("USDA") donated food commodities. Inventories of purchased food and supplies are valued at cost (first-in, first-out). Inventory of USDA food commodities is valued as determined by current purchase price if known, otherwise at USDA value.

SPARTANBURG COUNTY SCHOOL DISTRICT FOUR

Notes to Financial Statements

June 30, 2018

Note 1 - Summary of Significant Accounting Policies (continued)E. Assets, Liabilities and Fund Equity (continued)Capital Assets

The District's capital assets are recorded at original cost. Where cost could not be determined from the available records, estimated historical cost was used to record the estimated value of the asset. Assets acquired by gift or bequest are recorded at their fair value at the date of transfer. Capital assets are recorded as expenditures in the various funds at the time of purchase in the governmental fund financial statements.

It is the policy of the District to capitalize all capital assets costing more than \$5,000 with an estimated useful life of two or more years. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

	<u>Years</u>
Buildings and improvements	10-50
Equipment and vehicles	5-10
Land improvements	20

Long-term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method which approximates the effective interest method. Bonds payable are reported net of the applicable bond premiums or discounts. Bond issuance costs are expensed in the year the related debt is acquired.

In the governmental fund financial statements, governmental fund types recognize bond premiums and discounts during the current period. The face amount of debt issued is reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Compensated Absences

In accordance with state law, the District allows teachers to accumulate a maximum of ninety days sick leave. Accumulated sick leave is transferable to other school districts. During an illness, a teacher continues to receive full pay for each day of accumulated sick leave. After all sick leave is used, the teacher is removed from the payroll. If a teacher leaves the employment of the District, any unused sick leave is not paid to them. Because of the non-vesting of sick leave and other uncertainties, no estimate of any potential liability has been made.

SPARTANBURG COUNTY SCHOOL DISTRICT FOUR

Notes to Financial Statements

June 30, 2018

Note 1 - Summary of Significant Accounting Policies (continued)E. Assets, Liabilities and Fund Equity (continued)Compensated Absences (continued)

Two weeks of vacation is given to all 12-month employees. Vacation is non-cumulative and employees are not paid for unused vacation days. Therefore, no provision or liability has been recorded.

Net Position/Fund Balance

Net position in the government-wide financial statements are classified as net investment in capital assets, restricted (if any) and unrestricted. Restricted net position represents constraints on resources that are either externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments, or imposed by law through state statute.

Fund balances are classified as follows:

Nonspendable – amounts that cannot be expended either because they are not in a spendable form or because they are legally or contractually required to be maintained intact.

Restricted – amounts that can be expended only for specific purposes because of state or federal laws, or externally imposed conditions by grantors or creditors.

Committed – amounts that can only be used for specific purposes imposed by formal action of the Board of Trustees. Amounts committed cannot be used for any other purpose unless the Board of Trustees removes or changes the specified use by taking the same type of action it employed to previously commit those amounts. In contrast to fund balance that is restricted by enabling legislation, committed fund balance classification may be redeployed for other purposes with appropriate due process. Constraints imposed on the use of committed amounts are imposed by the Board of Trustees, separate from the authorization to raise the underlying revenue; therefore, compliance with these constraints are not considered to be legally enforceable.

Assigned – amounts that are designated by the District for specific purposes but do not meet the definition of restricted or committed fund balance. In the building fund and debt service fund, assigned amounts represent items designated for capital improvements and bond payments, respectively. Fund balance may be designated by the Board of Trustees or by their designee.

Unassigned – amounts that are not included in other spendable classifications.

The details of the fund balances are included in the Governmental Funds Balance Sheet. Restricted funds are first used as appropriate, followed by assigned funds to the extent that the expenditure authority has been appropriated or budgeted by the District's Board of Trustees.

SPARTANBURG COUNTY SCHOOL DISTRICT FOUR

Notes to Financial Statements

June 30, 2018

Note 1 - Summary of Significant Accounting Policies (continued)E. Assets, Liabilities and Fund Equity (continued)Management 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 reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

New Pronouncements

The Governmental Accounting Standards Board issued the following statement which has been implemented by the District for the year ended June 30, 2018:

Governmental Accounting Standards Board Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits other than Pensions* ("Statement No. 75"): The objective of Statement No. 75 is to revise and establish new financial reporting requirements for most governments that provide their employees with Other Postemployment Benefits (OPEB). The new standards will improve the way State and local governments report their OPEB liabilities and expenses. Net OPEB liabilities are reported on the Statement of Net Position, providing citizens and other users of these financial reports with a clearer picture of the size and nature of the financial obligations to current and former employees for past services rendered.

Effective for the fiscal year ended June 30, 2018, the District adopted Statement No. 75, which had a significant impact on the financial statements and disclosures for the District. Currently, South Carolina's retirement system is underfunded. As a result of this implementation, the District will now report its proportionate share of the State of South Carolina's net unfunded OPEB 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 is shown as restatement to beginning net position as of July 1, 2017. The effect of this implementation is discussed in Notes 7 and 8.

Governmental Accounting Standards Board Statement No. 82, *Pension Issues – an amendment of GASB Statements No. 67, No. 68 and No. 73*: Effective for periods beginning after June 15, 2017, this Statement addresses certain issues that have been raised with respect to Statements No. 67, *Financial Reporting for Pensions Plans*, No. 68, *Accounting and Financial Reporting for Pensions Plans*, and No. 73, *Accounting and Financial Reporting for Pension Related Assets That Are Not within the Scope of GASB Statement No. 68, and Amendments to Certain Provisions of GASB Statements No. 67 and No. 68*. Specifically, this Statement addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan members) contribution requirements. The adoption of this standard did not significantly impact the District's financial statements.

SPARTANBURG COUNTY SCHOOL DISTRICT FOUR

Notes to Financial Statements

June 30, 2018

Note 1 - Summary of Significant Accounting Policies (continued)E. Assets, Liabilities and Fund Equity (continued)New Pronouncements (continued)

Governmental Accounting Standards Board Statement No. 85, *Omnibus 2017*: Effective for periods beginning after June 15, 2017, this Statement addresses issues with the implementation of certain GASB statements, including pensions, other post-employment benefits and blended component units. The adoption of this standard did not significantly impact the District's financial statements.

Governmental Accounting Standards Board Statement No. 86, *Certain Debt Extinguishment Issues*: Effective for periods beginning after June 15, 2017, this Statement improves consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources, resources other than proceeds of refunding debt, are placed in an irrevocable trust for the sole purpose of extinguishing debt and improves accounting and reporting for prepaid insurance of debt this is extinguished. The adoption of this standard did not significantly impact the District's financial statements.

The Governmental Accounting Standards Board issued the following statements which are effective in future years:

Governmental Accounting Standards Board Statement No. 87, *Leases*: Effective for periods beginning after December 15, 2019, this Statement requires lessees to recognize certain lease assets and lease liabilities for leases that previously were classified as operating leases. The Statement requires the recognition of amortization expense for using the leased asset over the shorter of the term of the lease or the useful life of the underlying asset, interest expense on the lease liability, and note disclosures about the lease. The impact to the District upon adoption of this Statement is being evaluated by management.

Governmental Accounting Standards Board Statement No. 88, *Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements*: Effective for periods, beginning after June 15, 2018, this Statement was issued to improve the information that is disclosed in the notes to financial statements related to debt, including direct borrowings and direct placements. This Statement also clarifies which liabilities should be included when disclosing information related to debt. The impact to the District upon adoption of this Statement is currently being evaluated by management.

Governmental Accounting Standards Board Statement No. 84, *Fiduciary Activities*: Effective for periods beginning after December 15, 2018, this Statement improves the guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. The District is currently assessing the impact this Statement will have on the District's financial statements.

Note 2 - Cash, Cash Equivalents and Investments

State statutes authorize the District to invest in obligations of the United States and its agencies, general obligations (not revenue obligations) of the State of South Carolina and its political subdivisions, savings and loan associations to the extent of federal insurance, certificates of deposit collaterally secured,

SPARTANBURG COUNTY SCHOOL DISTRICT FOUR

Notes to Financial Statements

June 30, 2018

Note 2 - Cash, Cash Equivalents and Investments (continued)

repurchase agreements secured by the foregoing obligations and the state treasurer's investment pool. In the opinion of management, there were no deposit or investment transactions occurring during the year that were in violation of either the state statutes or the policy of the District.

1. Deposits

All of the District's deposits are either insured or collateralized by the Dedicated Method. Under the Dedicated Method, all deposits exceeding the federal depository insurance coverage level are collateralized with securities held by the District's agents in the District's name. The District's cash and cash equivalents are held by multiple depositories. Cash and cash equivalents (demand deposits) consist of checking, savings, and money market accounts.

At June 30, 2018, the carrying amount of the District's cash and cash equivalents was \$792,674 and the bank balance was \$1,449,494. Of the bank balance, \$500,000 was covered by federal depository insurance while \$949,494 was covered by collateral.

Custodial Credit Risk. For deposits, it is the risk that in the event of a bank failure, the District's deposits may not be returned to it. As of June 30, 2018, all deposits are either insured or fully collateralized.

2. Investments

As required by Statement 31 of the Governmental Accounting Standards Board, *Accounting and Financial Reporting for Certain Investments and for External Investments Pools*, the District's investments with a maturity of more than one year at acquisition and non-money market investments are carried at fair value as determined by quoted market prices. Investments that have a remaining maturity at the time of purchase of one year or less and non-participating interest earnings and investment contracts are reported at amortized cost.

The District's investments in the state treasurer's investment pool are stated at fair value. These investments are part of a pool of funds for which the collateral is not identified for each deposit, but rather for the fund as a whole. These investments are collateralized by cash or government and agency securities, which are fully guaranteed as to principal and interest by the federal government, but not in the name of the District.

As of June 30, 2018, the fair value of investments with the SC State Investment Pool was \$11,912,768. These investments have a maturity of less than six months.

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

Credit Risk. The District does not have a formal investment policy that would limit its investment choices; however, the District follows the state law that defines the investments permitted a governmental entity in the state of South Carolina. The South Carolina Investment Pool is unrated.

Custodial Credit Risk. The District does not have a custodial credit risk policy. For an investment, custodial credit risk is the risk that in the event of the failure of the counterparty, the District will not be able to recover

SPARTANBURG COUNTY SCHOOL DISTRICT FOUR

Notes to Financial Statements

June 30, 2018

Note 2 - Cash, Cash Equivalents and Investments (continued)2. Investments (continued)

the value of its investments or collateral that are in the possession of an outside party.

Following are the components of the District's book and fair values for cash and investments at June 30, 2018:

Cash and Investments	Fair and Carrying Value
Deposit:	
Demand deposits – Governmental Funds	\$ 565,119
Demand deposits – Agency Fund	227,555
	\$ 792,674
Investments:	
SC State Investment Pool	\$ 11,912,768
	\$ 11,912,768

Fair Value. Investments are reported at fair value and categorized within the fair value hierarchy established under accounting principles generally accepted in the United States of America. 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. Gains or losses that result from market fluctuation are reported in the current period. As of June 30, 2018, the District's investments in the SC State Investment Pool are valued using quoted prices in active markets (Level 1 inputs).

Note 3 - Receivables and Unearned Revenue

Receivables as of year-end for the government's individual major funds and non-major funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	Governmental Funds				Adjustment to Full Accrual	Government Wide
	General	Special Revenue	Non-major Governmental	Total		Total
Receivables:						
Taxes	\$ 397,385	\$ -	\$ 10,658	\$ 408,043	\$ 228,217	\$ 636,260
Accounts receivable	4,342	18,059	1,779	24,180	-	24,180
Due from other governments	383,681	550,236	16,909	950,826	-	950,826
Net total receivables:	\$ 785,408	\$ 568,295	\$ 29,346	\$ 1,383,049	\$ 228,217	\$ 1,611,266

SPARTANBURG COUNTY SCHOOL DISTRICT FOUR

Notes to Financial Statements

June 30, 2018

Note 3 - Receivables and Unearned Revenue (continued)

Governmental funds defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of unearned revenue reported in the governmental funds were as follows:

	Unearned Revenue
Special Revenue Fund	\$ 1,729
Education Improvement Act Fund (hereafter "EIA Fund")	49,013
	<u>\$ 50,742</u>

Note 4 - Capital Assets

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

	Balance July 1, 2017	Acquisitions and Additions	Dispositions and Deletions	Balance June 30, 2018
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 1,953,870	\$ -	\$ -	\$ 1,953,870
Construction in progress	9,522	111,709	1,522	119,709
Total capital assets not being depreciated	<u>1,963,392</u>	<u>111,709</u>	<u>1,522</u>	<u>2,073,579</u>
Capital assets being depreciated:				
Land improvements	4,724,233	336,245	88,328	4,972,150
Buildings and improvements	31,373,944	266,521	-	31,640,465
Equipment and vehicles	6,522,977	212,532	287,785	6,447,724
Total capital assets being depreciated	<u>42,621,154</u>	<u>815,298</u>	<u>376,113</u>	<u>43,060,339</u>
Less accumulated depreciation for:				
Land improvements	2,023,599	245,253	88,328	2,180,524
Buildings and improvements	14,309,512	763,167	-	15,072,679
Equipment and vehicles	3,585,915	340,781	287,785	3,638,911
Total accumulated depreciation	<u>19,919,026</u>	<u>\$ 1,349,201</u>	<u>\$ 376,113</u>	<u>20,892,114</u>
Total capital assets being depreciated, net	<u>22,702,128</u>			<u>22,168,225</u>
Governmental activity capital assets, net	<u>\$ 24,665,520</u>			<u>\$ 24,241,804</u>

Depreciation expense was charged to governmental functions as follows:

Instruction	\$ 1,254,757
Support services	94,444
	<u>\$ 1,349,201</u>

SPARTANBURG COUNTY SCHOOL DISTRICT FOUR

Notes to Financial Statements

June 30, 2018

Note 5 - Accounts Payable and Accrued Liabilities

Accounts payable consists of amounts due to vendors and contractors for goods or services received on or before the end of the year. No adjustments between the modified and full accrual basis of accounting were needed.

Note 6 - Defined Benefit Pension PlansPlan Descriptions

The District is a member of the South Carolina Retirement System ("SCRS") and the Police Officers Retirement System ("PORS"), two of four defined benefit retirement systems maintained by the Retirement Division of the Public Employee Benefits Association ("PEBA") of South Carolina. Each system publishes their component unit financial report.

The systems provide retirement, disability, cost of living adjustments on an ad-hoc basis, life insurance and survivor benefits to state employees, public school employees, and employees of counties, municipalities, and certain other state political subdivisions. Each system is independent. Assets may not be transferred from one system to another or used for any purpose other than to benefit each system's participants.

A comprehensive annual financial report containing financial statement and required supplementary information for the SCRS and PORS is issued and publicly available by writing the South Carolina Retirement System, P.O. Box 11960, Columbia, South Carolina 29211-1960.

Funding and Benefit Policies

Title 9 of the South Carolina Code of Laws of 1976 (as amended) prescribes requirements relating to membership, benefits, and employee/employer contributions for each system.

The following paragraphs summarize the requirements for the SCRS and PORS. They are a cost-sharing multiple-employer pension system that benefits employees of public schools, the State, and its political subdivisions. Membership is required as a condition of employment. Both employers and employees must contribute. Employees under SCRS contribute at 9.00%, while employees under PORS contribute at 9.75%. SCRS employers contribute at 13.41%, and PORS employers contribute at 15.84%. In addition to the above rates, participating employers of the SCRS contribute .15% and PORS employers contribute .20% of payroll to provide an incidental group life insurance benefit for their participants. In addition, participating employers of PORS contribute an additional .20% for accidental group life insurance benefit for participants. An additional employer contribution surcharge of 5.50% of covered payroll was added to the contribution rate to state and public school entities covered by the State Health Insurance Program. This assessment is for the purpose of providing retiree health insurance coverage and is not a part of the actuarially established contribution rates. The total contribution rate, including the group life insurance and health insurance surcharge, for the District was 19.06% for SCRS and 21.74% for PORS.

SPARTANBURG COUNTY SCHOOL DISTRICT FOUR

Notes to Financial Statements

June 30, 2018

Note 6 - Defined Benefit Pension Plans (continued)Funding and Benefit Policies (continued)

The District contributed for all plans the following for the current year and each of the preceding two years:

Year ended June 30	Employee Contributions	Employer Contributions	Total Contributions
2018	\$1,187,178	\$ 1,769,112	\$ 2,956,290
2017	1,122,143	1,478,732	2,600,875
2016	1,017,010	1,359,997	2,377,007
Average number of members			<u>393</u>

Actuarially determined contribution requirements are equal to the actual contributions made to SCRS.

Pension Liabilities, Expense, Deferred Outflows of Resources and Deferred Inflow of Resources

At June 30, 2018, the District reported a liability of \$31,483,057 for its proportionate share of the net pension liability of SCRS and PORS. The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2016. The District's proportion of the net pension liability was based on the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2017, the District's proportion was .139693% of the total SCRS pension liability and .00131% of the total PORS pension liability.

The District reported deferred outflows of resources and deferred inflows of resources related to the SCRS and PORS from the following sources at June 30, 2018:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Net difference between projected and actual earnings on SCRS investments	\$ -	\$ 663,706
Contributions subsequent to the measurement date	1,769,111	-
Difference in expected and actual experience in measurement of pension liability	2,966,906	-
	<u>\$ 4,736,017</u>	<u>\$ 663,706</u>

The District's contributions subsequent to the measurement date of \$1,769,111 will be recognized as a reduction of the net pension liability in the year ending June 30, 2019. Total pension expense for the year ended June 30, 2018 was \$880,201.

SPARTANBURG COUNTY SCHOOL DISTRICT FOUR

Notes to Financial Statements

June 30, 2018

Note 6 - Defined Benefit Pension Plans (continued)Pension Liabilities, Expense, Deferred Outflows of Resources and Deferred Inflow of Resources (continued)

The following schedule reflects the District's proportion of the amortization of the net balance of remaining deferred inflows of resources of the SCRS and PORS at the measurement date of June 30, 2017.

<u>Measurement Period Ending June 30,</u>	<u>SCRS</u>	<u>PORS</u>
2016	\$ (671,163)	\$ (4,253)
2017	(1,205,431)	(4,905)
2018	(710,057)	(4,168)
2019	298,320	(1,542)
Net Balance of Deferred Inflows of Resources	<u>\$ (2,288,331)</u>	<u>\$ (14,868)</u>

Actuarial Assumptions

Actuarial valuations 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 during the valuation process 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. The last experience study was performed on data through June 30, 2017.

The most recent annual actuarial valuation reports adopted by the Public Employee Benefit Authority Board and the SC Budget and Control Board are as of July 1, 2017. The total pension liability in that report was determined using the following actuarial assumptions, applied to all periods included in the measurement.

	<u>SCRS</u>	<u>PORS</u>
Actuarial cost method	Entry age normal	Entry age normal
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)
Inflation	2.25%	2.25%
Benefit adjustment	Lesser of 1% or \$500 annually	Lesser of 1% or \$500 annually

SPARTANBURG COUNTY SCHOOL DISTRICT FOUR

Notes to Financial Statements

June 30, 2018

Note 6 - Defined Benefit Pension Plans (continued)Actuarial Assumptions (continued)

The post-retiree mortality assumption is dependent upon the member's job category and gender. This assumption includes base rates which are automatically adjusted for future improvement in mortality using published Scale AA projected from the year 2000.

<u>Former Job Class</u>	<u>Males</u>	<u>Females</u>
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 for actuarial purposes is based upon the 30 year capital market outlook at the end of the third quarter of 2015. The actuarial long-term expected rates of return represent best estimates of arithmetic real rates of return for each major asset class and were developed in coordination with the investment consultant for the Retirement System Investment Commission ("RSIC") using a building-block approach, reflecting observable inflation and interest rate information available in the fixed income markets as well as Consensus Economic forecasts. The actuarial long-term assumptions for other asset classes are based on historical results, current market characteristics and professional judgment.

The RSIC has exclusive authority to invest and manage the retirement trust funds' assets. As co-fiduciary of the SCRS, statutory provisions and governance policies allow the RSIC to operate in a manner consistent with a long-term investment time horizon. The expected real rates of investment return, along with the expected inflation rate, form the basis for the target asset allocation adopted annually by the RSIC. For actuarial purposes, the long-term expected rate of return is calculated by weighting the expected future real rates of return by the target allocation percentage and adding the actuarial expected inflation. For actuarial purposes, the 7.25% assumed annual investment rate of return used in the calculation of the total pension liability includes a 5.00% real rate of return and a 2.25% inflation component. The target asset allocations and the long-term expected real rates of return are as follows:

SPARTANBURG COUNTY SCHOOL DISTRICT FOUR

Notes to Financial Statements

June 30, 2018

Note 6 - Defined Benefit Pension Plans (continued)Long-term Expected Rate of Return (continued)

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Rate of Return</u>
Conservative fixed income	12%	0.18%
Diversified credit	18%	0.80%
Opportunistic	17%	0.69%
Real Assets	8%	0.41%
Global equity	45%	3.24%
Total expected rate of return	100%	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%. The projection of cash flows used to determine the discount rate assumed that contributions from participating employers in SCRS will be made based on the actuarially determined rates based on provisions in the South Carolina State Code of Laws. Based on those assumptions, the fiduciary net position of SCRS was projected to be available to make all 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.

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

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

	Sensitivity of the Net Pension Liability to Changes in the Discount Rate		
	1.00% Decrease (6.25%)	Current Discount Rate (7.25%)	1.00% Increase (8.25%)
SCRS	\$ 40,531,045	\$ 31,447,141	\$ 25,935,346
PORS	\$ 48,456	\$ 35,916	\$ 25,989

NOTE 7 - Postemployment Benefits Other Than Pensions

In accordance with the South Carolina Code of Laws and the annual Appropriations Act, the State of South Carolina provides postemployment health and dental and long-term disability benefits through 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 OPEB Trust Funds ("OPEB Trusts"), to retired State and school district employees and their covered dependents.

SPARTANBURG COUNTY SCHOOL DISTRICT FOUR

Notes to Financial Statements

June 30, 2018

NOTE 7 - Postemployment Benefits Other Than Pensions (continued)Plan description

The OPEB Trusts 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 the PEBA, Insurance Benefits and 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.

Benefits

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 and funding policies

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 SCRS 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.

SPARTANBURG COUNTY SCHOOL DISTRICT FOUR

Notes to Financial Statements

June 30, 2018

NOTE 7 - Postemployment Benefits Other Than Pensions (continued)Contributions and funding policies (continued)

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.

For purposes of measuring the net OPEB liability, deferred outflows and inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the OPEB Trusts, and additions to and deductions from the OPEB Trusts fiduciary net position have been determined on the same basis as they were reported by the OPEB Trusts. For this purpose, revenues are recognized when earned and expenses are recognized when incurred. Therefore, benefit and administrative expenses are recognized when due and payable. Investments are reported at fair value.

Total required employer contributions to the SCRHITF and SCLTDITF from the District was \$847,163 and \$10,906, respectively, for the year ended June 30, 2018.

Actuarial assumptions and methods

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.

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.

SPARTANBURG COUNTY SCHOOL DISTRICT FOUR

Notes to Financial Statements

June 30, 2018

NOTE 7 - Postemployment Benefits Other Than Pensions (continued)Actuarial assumptions and methods (continued)

Additional information as of the latest actuarial valuation for SCRHITF:

Valuation Date:	June 30, 2016
Actuarial Cost Method:	Entry Age Normal
Inflation:	2.25%
Investment Rate of Return:	4.00%, net of OPEB Plan investment expenses; including inflation
Single Discount Rate:	3.56% as of June 30, 2017
Demographic Assumptions:	Based on the experience study performed for the SCRS 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.

Additional information as of the latest actuarial valuation for 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 SCRS 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 SCRS pension plans.

SPARTANBURG COUNTY SCHOOL DISTRICT FOUR

Notes to Financial Statements

June 30, 2018

NOTE 7 - Postemployment Benefits Other Than Pensions (continued)Actuarial assumptions and methods (continued)

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.

Net OPEB liability

At June 30, 2018, the District reported liabilities of \$25,724,502 and \$980 for its proportionate share of the SCRHITF and SCLTDITF net OPEB liabilities, respectively. The net OPEB liabilities were measured as of June 30, 2016, with update procedures being performed to roll forward the OPEB liabilities to June 30, 2017. The District's proportionate shares of the collective net OPEB liabilities and collective OPEB expense was determined using the District's payroll-related contributions over the measurement period. At June 30, 2017, the District's proportionate shares of the SCRHITF and SCLTDITF were .177795% and .141147%, which was the same as its proportionate shares of the net OPEB liabilities as of June 30, 2017, respectively.

OPEB expense

For the year ended June 30, 2018, the District recognized OPEB expense for the SCRHITF and SCLTDITF plans of \$555,736 and \$59, respectively.

Single 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.

SPARTANBURG COUNTY SCHOOL DISTRICT FOUR

Notes to Financial Statements

June 30, 2018

NOTE 7 - Postemployment Benefits Other Than Pensions (continued)Long-term expected rate of return

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:

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

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:

<u>Plan</u>	<u>1% Decrease (2.56%)</u>	<u>Current Discount Rate (3.56%)</u>	<u>1% Increase (4.56%)</u>
SCRHITF	\$28,361,838	\$24,082,042	\$20,631,478

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:

SPARTANBURG COUNTY SCHOOL DISTRICT FOUR

Notes to Financial Statements

June 30, 2018

NOTE 7 - Postemployment Benefits Other Than Pensions (continued)Sensitivity analysis (continued)

Plan	1% Decrease	Current Healthcare Cost Trend Rate	1% Increase
SCRHITF	\$ 19,748,272	\$ 24,082,042	\$ 29,693,231

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:

Plan	1% Decrease (2.87%)	Current Discount Rate (3.87%)	1% Increase (4.87%)
SCLTDITF net OPEB liability	\$4,552	\$2,559	\$602

Deferred outflows and inflows of resources

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

	<u>SCRHITF and SCLTDITF</u>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Net difference between projected and actual investment experience	\$ 42,613	\$ -
Net difference between projected and actual experience in liability measurement	-	-
Assumption changes	-	10,452
Changes in proportion and differences between the District's contributions and proportionate share of contributions	-	2,266,240
Contributions subsequent to the measurement date	847,163	408
Total	\$ 889,776	\$ 2,277,100

Difference between expected and actual experience

The \$846,755 reported as deferred outflows of resources related to OPEB resulting from District contributions subsequent to the measurement date for the SCRHITF and SCLTDITF plans during the year ended June 30, 2018, will be recognized as a reduction of the net OPEB liabilities in the year ending June 30, 2019.

SPARTANBURG COUNTY SCHOOL DISTRICT FOUR

Notes to Financial Statements

June 30, 2018

NOTE 7 - Postemployment Benefits Other Than Pensions (continued)Difference between expected and actual experience (continued)

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 SCRHITF and SCLTDITF plans:

	SCRHITF and SCLTDITF
Years ended June 30:	
2018	\$ 353,840
2019	353,840
2020	353,840
2021	353,840
2022	364,493
Thereafter	454,634
	<u>\$ 2,234,487</u>

Additional Financial and Actuarial Information

PEBA - Insurance Benefits 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 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, OPEB Trust Funds financial information is also included in the comprehensive annual financial report of the State.

Note 8 - Restatement for Implementation of an Accounting Pronouncement

The District implemented GASB Statement No. 75, *Accounting and Financial Reporting for Other Postemployment Benefits Other than Pensions*, in the fiscal year ended June 30, 2018. The implementation of the statement required the District to record beginning net pension liability and the effects on unrestricted net position of contributions made by the District during the measurement period (fiscal year ended June 30, 2017). As a result, beginning unrestricted net position for the District as of July 1, 2017 decreased by \$24,916,129. This decrease resulted in the restatement of unrestricted net position to a deficit balance of \$17,087,997 as of July 1, 2017 and the restatement of total net position to a deficit balance of \$17,087,997 as of July 1, 2017.

Note 9 - Defined Contribution Pension Plan

As an alternative to membership in the SCRS, newly hired state, public school and higher education employees and individuals newly elected to the SC General Assembly beginning with the November 2012 general election have the option to participate in the State Optional Retirement Plan (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.

SPARTANBURG COUNTY SCHOOL DISTRICT FOUR

Notes to Financial Statements

June 30, 2018

Note 9 - Defined Contribution Pension Plan (continued)

Rather, the benefits are the liability of the investment providers.

Under the State ORP, employees contribute 9.00% and employers contribute 13.41% of which 5.00% is directed to the investment provider and 8.41% to the SCRS to cover administrative expenses. In addition to the above rates, participating employers of the State ORP contribute .15% of covered payroll to provide group life insurance benefits for their participants. An additional employer contribution surcharge of 5.50% of covered payroll was added to the contribution rate for the purpose of providing retiree health insurance coverage. The total contribution rate for the District was 19.06%.

Total contributions under the State ORP for fiscal year 2018 were employee contributions of \$199,214 and employer contributions of \$296,828.

Note 10 - Postretirement Benefits

The District is a member of the SCRS and the PORS which were established July 1, 1945. The SCRS covers public school employees, public higher education personnel, state employees, city, county and other local public employees. It provides a complete schedule of benefits for regular retirement. A member is eligible for a full service retirement at age 65 or upon completion of twenty-eight years or after January 1, 2001; members are eligible after twenty-eight years membership. Reduced benefits are payable as early as age 55. The PORS covers law enforcement employees. A member is eligible for service retirement at age 60 or upon completion of twenty-five years of service.

As described more fully in Note 6, funding of the plan is made from employee/employer contributions. Benefits vest after five years of service for members prior to July 1, 2012. New members hired on or after July 1, 2012 vest after eight years of service. Vested members who retire at age 65 or with twenty-eight years of service at any age receive an annual benefit payable monthly for life. The benefit is based on length of service and on average final compensation.

There is no minimum age or years of service required for retirement in State Optional Retirement Program (ORP). The employee is immediately 100 percent vested in the account value including employee and employer contributions. The employee receives distributions upon termination of employment or reaches 59 1/2. The benefit is based on the total account value payable either by an annuity, lump sum or partial distributions.

In addition to providing pension plan and supplemental benefits, the State currently provides its retired employees with health care benefits.

All postretirement benefits paid to the School District's retired members are made from the South Carolina Retirement System and from South Carolina's General Fund (Health Care).

Note 11 - Postemployment Benefits

The District provides death benefits to employees through the group life insurance program for members of the SCRS, PORS and the ORP, which is explained further in Note 6. The beneficiaries of those employees who die in active service after one year of credited service are eligible for death benefits. Lump sum death benefit payments to beneficiaries are equal to the budgeted salary of the deceased member.

SPARTANBURG COUNTY SCHOOL DISTRICT FOUR

Notes to Financial Statements

June 30, 2018

Note 11 - Postemployment Benefits (continued)

The District has no liability beyond the payment of monthly contributions. Contributions are determined as a percentage of monthly covered payroll. The District does not determine the number of eligible participants. For the year ended June 30, 2018, the District made contributions of \$23,146 to the State for death benefits representing .15% of covered payroll for members of the SCRS and ORP and .40% of covered payroll for members of PORS.

Upon the death of a retiree, a benefit will be paid to the designated beneficiary of an amount based on years of credit services as follows:

10 - 19 years service credits	\$2,000
20 - 27 years service credits	4,000
28 or more years service credits	6,000

Note 12 - Deferred Compensation Plans

Several optional deferred compensation plans are available to the District's employees. The multiple-employer plans, created under Internal Revenue Code Sections 457 and 401(k) are accounted for by the State of South Carolina. Employees may withdraw the current value of their contributions when they terminate employment. With approval of the State's Deferred Compensation Commission, employees may also withdraw the current value of their contributions prior to termination of employment if they meet certain requirements. These requirements differ among the two plans. Compensation deferred under the Sections 457 and 401(k) plans is placed in trust for the contributing employees. Neither the State nor the District has any liability for losses under the plans.

In addition, the District also allows employees to participate in plans established under Internal Revenue Code Section 403(b). Participation is voluntary. The District remits employee contributions to a third party administrator. The third party administrator then remits the various 403(b) providers. The District has no loss under the Plan.

Note 13 - Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District is insured by a commercial insurance carrier. The District pays premiums to the commercial carrier for its general insurance coverage.

The District continues to carry insurance for other risks of loss including employee health, dental, group life, and accident insurance under the State of South Carolina. The State accumulates assets to cover risks that its members incur in their normal operations. Specifically, the State assumes substantially all of the risk for the above.

SPARTANBURG COUNTY SCHOOL DISTRICT FOUR

Notes to Financial Statements

June 30, 2018

Note 14 - Long-term Obligations and Short-term ObligationsLong-term Obligations

Bonds payable at June 30, 2018 are comprised of the following specific issues:

\$1,220,000 issued March 28, 2018 general obligation bonds, due in annual installments commencing March 2019 of \$602,588 to \$617,412 with an interest rate of 2.46% \$ 1,220,000

The annual requirements to amortize all general obligation debt outstanding as of June 30, 2018, including interest payments of \$45,740, are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total
2019	\$ 602,588	\$ 30,012	\$ 632,600
2020	617,412	15,188	632,600
	<u>\$ 1,220,000</u>	<u>\$ 45,200</u>	<u>\$ 1,265,200</u>

A schedule of changes in long-term debt for the fiscal year ended June 30, 2018 is as follows:

	Balance July 1, 2017	Increases	Decreases	Balance June 30, 2018	Current Portion of Long-Term Liabilities
Governmental activities:					
General obligation bonds	\$ 618,334	\$ 1,220,000	\$ (618,334)	\$ 1,220,000	\$ 602,588
Net OPEB liability	25,725,482	-	(1,640,881)	24,084,601	-
Net pension liability	29,724,205	1,758,852	-	31,483,057	-
Total	<u>\$ 56,068,021</u>	<u>\$ 2,978,852</u>	<u>\$ (2,259,215)</u>	<u>\$ 56,787,658</u>	<u>\$ 602,588</u>

There are a number of limitations and restrictions contained in the debt instruments. Management believes the District is in compliance with all significant limitations and restrictions, including the legal debt limit imposed by the State of South Carolina.

Short-term Obligations

On March 29, 2017, the District issued a \$1,200,000 Bond Anticipation Note. The note matured on March 28, 2018 with an interest rate of .926%. On March 28, 2018, the District issued a \$600,000 Bond Anticipation Note due March 28, 2019 with an interest rate of 2.27%.

SPARTANBURG COUNTY SCHOOL DISTRICT FOUR

Notes to Financial Statements

June 30, 2018

Note 14 - Long-term Obligations and Short-term Obligations (continued)Short-term Obligations (continued)

Short-term debt activity for the year ended June 30, 2018, was as follows:

Governmental activities:	Balance July 1, 2017	Increases	Decreases	Balance June 30, 2018
March 2017 Bond Anticipation Note	\$ 1,200,000	\$ -	\$ (1,200,000)	\$ -
March 2018 Bond Anticipation Note	-	600,000	-	600,000
Total	<u>\$ 1,200,000</u>	<u>\$ 600,000</u>	<u>\$ (1,200,000)</u>	<u>\$ 600,000</u>

Interest and Fees

For the year ended June 30, 2018, \$51,685 of interest and fees were accrued and expensed. Interest and fees paid during the year ended June 30, 2018 was \$17,744. Interest due in 2019 will be \$30,012.

Note 15 - Interfund Transactions

The composition of interfund balances as of June 30, 2018, is as follows:

Receivable	Payable				Total
	General Fund	Special Revenue	School Building Fund	Non-major Governmental	
General Fund	\$ -	\$ 561,984	\$ 493,087	\$ 215,048	\$ 1,270,119
EIA Fund	55,396	-	-	-	55,396
Total	<u>\$ 55,396</u>	<u>\$ 561,984</u>	<u>\$ 493,087</u>	<u>\$ 215,048</u>	<u>\$ 1,325,515</u>

Amounts were due to the general fund from other individual major and non-major funds primarily for operating purposes.

SPARTANBURG COUNTY SCHOOL DISTRICT FOUR

Notes to Financial Statements

June 30, 2018

Note 16 - Transfers to/from Other Funds

Transfers for the year ended June 30, 2018 are summarized below:

Transfer In	Transfer Out			Total
	General Fund	EIA	Non-major Governmental	
General	\$ -	\$ 551,501	\$ 76,834	\$ 628,335
School Building	840,000	-	-	840,000
EIA	-	15,762	-	15,762
Agency	910,557	-	-	910,557
Total	<u>\$ 1,750,557</u>	<u>\$ 567,263</u>	<u>\$ 76,834</u>	<u>\$ 2,394,654</u>

Transfers between the general fund and agency funds were to supplement the activities of the agency funds.

Note 17 - Tax Abatements

The District is subject to tax abatements granted by Spartanburg County (the "County"). This program has the purpose of increasing business activity and employment in the County.

Under the County's program, companies apply for a fee in lieu of property taxes ("FILOT") agreement. The fee agreed to under the FILOT agreement is further reduced by a Special Source Revenue Credit ("SSRC") if the company fulfills a specified level of investment in the County within the timeframe stated in the FILOT Agreement. This provides the company with an incentive to relocate their facilities to the County.

Information relevant to these abatements for the year ended June 30, 2018 is as follows:

Tax Abatement Program	Original Ad Valorem Tax	Fee Dollars	Special Source Revenue Credit	Amount Abated During the Year
Fee in Lieu of Tax	\$ 497,918	\$150,781	\$ -	\$ 347,137

Note 18 - Summary Disclosure of Significant Contingencies and CommitmentsUnemployment Compensation

The District is required to pay unemployment compensation on covered employees. It has chosen the alternative of paying claims as billed by the South Carolina Employment Security Commission. Under this method of funding, no accurate estimate of any potential liability can be made. However, the District does not feel any such liability would have a detrimental impact on the financial status of the District.

SPARTANBURG COUNTY SCHOOL DISTRICT FOUR

Notes to Financial Statements

June 30, 2018

Note 18 - Summary Disclosure of Significant Contingencies and Commitments (continued)Federal and State Assisted Programs

The District has received proceeds from Federal and State grants, and/or entitlements. Periodic audits of these grants are required and certain costs may be questioned as not being appropriate expenditures under the grant agreements. Such audits could result in the refund of grant monies to the grantor agencies. Management believes that any required refunds will be immaterial. No provision has been made in the accompanying financial statements for the refund of grant monies due to questioned costs.

Asbestos Hazard Emergency Response Act (Asbestos Plan)

The District's asbestos management plan was completed and implemented in July 1989. It has been determined by proper authorities, under federal guidelines, that no serious threats regarding asbestos were found. The District is unable to determine any future cost associated with the management of the Plan in order to provide continued compliance with federal guidelines or future cost associated with new construction, repairs or normal maintenance to new or existing buildings. Maintenance and inspection programs are carried out for all District property. At June 30, 2018, in the opinion of management, the District was in compliance with Environmental Protection Agency and Department of Health and Environmental Control procedures regarding the Asbestos Plan.

Construction Commitments

At June 30, 2018, the District has construction commitments totaling \$560,338.

Note 19 - Related Organization

These financial statements exclude R.D. Anderson Area Vocational Center, Moore, South Carolina. The Center serves the high schools in Spartanburg County School District Four, Five and Six. In addition, two of District Four's Board of Trustees, Randy Grant and Charles Hembree, also serve as Board members of R.D. Anderson Area Vocational Center. The District remits a portion of its Education Finance Act monies to the Center to cover the educational costs of the District's students attending R.D. Anderson Area Vocational Center. For the year ended June 30, 2018, \$183,340 was recorded as a General Fund expenditure.

Note 20 - Related Party Transactions

The District obtained cleaning services from a related party whose father is in a position of control. The cost for cleaning services paid to the related party was \$9,451 during 2018. The District obtains advertising, printing and subscription services from a company whose owner is a member of the Board of Trustees. The cost of services paid to the company was \$10,686 during 2018. In addition, the District also obtained sound system equipment and repair services from a company whose parent is a member of the Board of Trustees. The cost of the equipment and service was \$6,344 during 2018.

Note 21 - Subsequent Events

As of the issuance of the audit report, there are no material subsequent events.

SPARTANBURG COUNTY SCHOOL DISTRICT FOUR
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
 SOUTH CAROLINA RETIREMENT SYSTEMS
 June 30, 2018
 (UNAUDITED)

Fiscal Year*	District's Proportion of the Net Pension Liability	District's Proportionate Share of the Net Pension Liability	District's Covered Payroll	District's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Net Pension Liability
South Carolina Retirement System					
2017	0.139693% \$	31,447,141 \$	12,938,936	243.042712%	87.48%
2016	0.139021% \$	29,694,680 \$	12,447,459	238.560175%	89.01%
2015	0.142582% \$	27,041,364 \$	12,528,548	215.837973%	75.46%
2014	0.148595% \$	25,583,133 \$	12,706,464	201.339515%	66.89%
2013	0.148595% \$	26,652,642 \$	12,745,539	209.113495%	77.34%
Police Officers' Retirement System					
2017	0.001310% \$	35,916 \$	17,653	203.455503%	64.10%
2016	0.001164% \$	29,525 \$	14,839	198.968933%	65.44%
2015	0.000986% \$	21,490 \$	12,218	175.888034%	54.87%
2014	0.000640% \$	12,214 \$	7,668	159.285342%	48.04%
2013	0.000640% \$	13,226 \$	9,356	141.363831%	58.78%

* Represents South Carolina Retirement System's and Police Officers' Retirement System's fiscal year.

This data is presented for those years in which information is available.

SPARTANBURG COUNTY SCHOOL DISTRICT FOUR
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF PENSION CONTRIBUTIONS
LAST TEN FISCAL YEARS

South Carolina Retirement System

Fiscal Year*	Actuarial Required Contribution	Actual Contributions	Contribution Deficiency (Excess)	District's Covered Payroll	Contributions as a Percentage of Covered Payroll
2018 \$	1,766,484 \$	1,766,484 \$	- \$	13,172,889	13.4100%
2017 \$	1,476,289 \$	1,476,289 \$	- \$	12,938,936	11.4097%
2016 \$	1,358,018 \$	1,358,018 \$	- \$	12,447,459	10.9100%
2015 \$	1,346,819 \$	1,346,819 \$	- \$	12,528,548	10.7500%
2014 \$	1,327,825 \$	1,327,825 \$	- \$	12,706,464	10.4500%
2013 \$	1,331,909 \$	1,331,909 \$	- \$	12,745,539	10.4500%
2012 \$	1,147,768 \$	1,147,768 \$	- \$	12,229,810	9.3850%
2011 \$	1,128,039 \$	1,128,039 \$	- \$	12,208,209	9.2400%
2010 \$	1,133,486 \$	1,133,486 \$	- \$	12,219,000	9.2764%
2009 \$	1,198,114 \$	1,198,114 \$	- \$	12,966,601	9.2400%

Police Officers' Retirement System

Fiscal Year*	Actuarial Required Contribution	Actual Contributions	Contribution Deficiency (Excess)	District's Covered Payroll	Contributions as a Percentage of Covered Payroll
2018 \$	2,627 \$	2,627 \$	- \$	16,589	15.8358%
2017 \$	2,443 \$	2,443 \$	- \$	17,653	13.8390%
2016 \$	1,979 \$	1,979 \$	- \$	14,839	13.3365%
2015 \$	1,590 \$	1,590 \$	- \$	12,218	13.0136%
2014 \$	954 \$	954 \$	- \$	7,668	12.4413%
2013 \$	1,113 \$	1,113 \$	- \$	9,356	11.8961%
2012 \$	208 \$	208 \$	- \$	1,833	11.3475%
2011 \$	122 \$	122 \$	- \$	1,097	11.1212%
2010 \$	53 \$	53 \$	- \$	527	10.0569%
2009 \$	- \$	- \$	- \$	-	N/A

* Represents South Carolina Retirement System's and Police Officers' Retirement System's fiscal year.

SPARTANBURG COUNTY SCHOOL DISTRICT FOUR
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY
 FOR THE YEARS ENDED JUNE 30, 2017 THROUGH JUNE 30, 2018

Fiscal Year	The District's Proportion of the Net OPEB Liability	The District's Proportionate Share of the Net OPEB Liability	The District's Total Covered Employee Payroll During the Measurement Period	The District's Proportionate Share of the Net OPEB Liability as a Percentage of Total Covered Employee Payroll	Plan Fiduciary Net Position as a Percentage of the Covered Employee OPEB Liability
<u>South Carolina Retiree Health Insurance Trust Fund (SCRHITF)</u>					
2018 \$	0.177795% \$	24,082,042 \$	12,938,936 \$	186.12%	7.60%
2017 \$	0.177795% \$	25,724,502 \$	12,447,459 \$	206.66%	Not Available
<u>South Carolina Long-term Disability Insurance Trust Fund (SCLTDITF)</u>					
2018 \$	0.141147% \$	2,559 \$	(1) \$	(1)	95.29%
2017 \$	0.141147% \$	980 \$	(1) \$	(1)	Not Available

(1) Contributions to the SCLTDITF are based upon a fixed fee per covered employee. Therefore, covered payroll is not applicable to the SCLTDITF

This data is presented for those years in which information is available.

SPARTANBURG COUNTY SCHOOL DISTRICT FOUR
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE DISTRICT'S OPEB CONTRIBUTIONS
FOR THE YEARS ENDED JUNE 30, 2017 THROUGH JUNE 30, 2018

South Carolina Retiree Health Insurance Trust Fund (SCRHITF)

Fiscal Year	Actuarial Required OPEB Contribution	Actual OPEB Contributions	Contribution Deficiency (Excess)	District's Covered Employee Payroll	Contributions as a Percentage of Covered Employee Payroll
2018 \$	847,163 \$	847,163 \$	- \$	12,938,936	6.5474%
2017 \$	799,136 \$	799,136 \$	- \$	12,447,459	6.4201%

South Carolina Long-term Disability Insurance Trust Fund (SCLTDITF)

Fiscal Year	Actuarial Required Contribution	Actual Contributions	Contribution Deficiency (Excess)	District's Covered Employee Payroll	Contributions as a Percentage of Covered Employee Payroll
2018 \$	10,906 \$	10,906 \$	- \$	(1)	(1)
2017 \$	10,967 \$	10,967 \$	- \$	(1)	(1)

(1) Contributions to the SCLTDITF are based upon a fixed fee per covered employee. Therefore, covered payroll is not applicable to the SCLTDITF

This data is presented for those years in which information is available.

SPARTANBURG COUNTY SCHOOL DISTRICT FOUR
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2018

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues			
1000 Revenue from Local Sources			
1100 Taxes			
1110 Ad Valorem Taxes	\$ 6,458,728	\$ 6,393,623	\$ (65,105)
1200 Revenue from Local Governmental Units Other than LEA's			
1280 Revenue in Lieu of Taxes (Independent and Dependent LEA)	125,000	210,131	85,131
1300 Tuition			
1310 Regular Day School from Patrons	-	26,785	26,785
1500 Earnings on Investments			
1510 Interest on Investments	25,000	98,029	73,029
1900 Other Revenue from Local Sources			
1920 Contributions and Donations Private Sources	-	5,000	5,000
1993 Receipt of Insurance Proceeds	-	7,117	7,117
1999 Revenue from Other Local Sources	-	7,125	7,125
Total Local Sources	<u>6,608,728</u>	<u>6,747,810</u>	<u>139,082</u>
3000 Revenue from State Sources			
3100 Restricted State Funding			
3130 Special Programs			
3131 Handicapped Transportation	-	5,217	5,217
3160 School Bus Driver's Salary	130,000	231,154	101,154
3161 EAA School Bus Driver's Salary and Fringe	-	785	785
3162 Transportation Workers' Compensation	12,000	13,316	1,316
3180 Fringe Benefits Employer Contributions	3,100,000	3,223,424	123,424
3181 Retiree Insurance	509,000	546,877	37,877

SPARTANBURG COUNTY SCHOOL DISTRICT FOUR
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2018

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
3300 Education Finance Act			
3310 Full-Time Programs			
3311 Kindergarten	346,800	374,161	27,361
3312 Primary	1,015,000	1,061,885	46,885
3313 Elementary	1,678,500	1,783,082	104,582
3314 High School	604,700	538,960	(65,740)
3315 Trainable Mentally Handicapped	14,600	48,227	33,627
3316 Speech Handicapped (Part-Time Program)	474,600	559,941	85,341
3317 Homebound	5,700	4,825	(875)
3319 EFA Underpayment	20,000	-	(20,000)
3320 Part-Time Programs			
3321 Emotionally Handicapped	31,700	36,395	4,695
3322 Educable Mentally Handicapped	58,200	32,231	(25,969)
3323 Learning Disabilities	511,300	554,656	43,356
3324 Hearing Handicapped	40,400	41,160	760
3325 Visually Handicapped	6,400	20,580	14,180
3326 Orthopedically Handicapped	2,300	4,084	1,784
3327 Vocational	956,400	1,051,335	94,935
3330 Miscellaneous EFA Programs			
3331 Autism	157,500	155,951	(1,549)
3332 High Achieving Students	116,000	137,553	21,553
3334 Limited English Proficiency	44,900	46,785	1,885
3351 Academic Assistance	205,100	226,178	21,078
3352 Pupils in Poverty	759,300	798,771	39,471
3353 Dual Credit Enrollment	-	14,594	14,594
3375 Education Foundation Supplement	-	45,409	45,409
3392 NBC Excess EFA Formula	-	29,012	29,012
3800 State Revenue in Lieu of Taxes			
3810 Reimbursement for Local Property Tax Relief	892,411	892,411	-
3820 Homestead Exemption	433,314	433,314	-
3825 Reimbursement for Property Tax Relief	2,066,000	2,081,070	15,070
3830 Merchant's Inventory Tax	29,000	29,256	256
3840 Manufacturers Depreciation Reimbursement	100,000	146,076	46,076
3890 Other State Property Tax Revenues	20,000	21,642	1,642

SPARTANBURG COUNTY SCHOOL DISTRICT FOUR
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2018

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
3990 Other State Revenue			
3993 PEBA On-Behalf	-	145,969	145,969
3999 Revenue from Other State Sources	-	2,100	2,100
Total State Sources	<u>14,341,125</u>	<u>15,338,386</u>	<u>997,261</u>
Total Revenue all Sources	<u>20,949,853</u>	<u>22,086,196</u>	<u>1,136,343</u>
Expenditures			
100 Instruction			
110 General Instruction			
111 Kindergarten Programs			
100 Salaries	507,221	496,421	10,800
200 Employee Benefits	246,315	237,718	8,597
400 Supplies and Materials	26,000	18,008	7,992
500 Capital Outlay	5,000	-	5,000
112 Primary Programs			
100 Salaries	1,391,342	1,419,303	(27,961)
200 Employee Benefits	581,820	587,224	(5,404)
300 Purchased Services	-	727	(727)
400 Supplies and Materials	65,000	58,683	6,317
500 Capital Outlay	6,000	-	6,000
113 Elementary Programs			
100 Salaries	2,959,089	2,918,150	40,939
200 Employee Benefits	1,169,045	1,144,821	24,224
300 Purchased Services	-	13,394	(13,394)
400 Supplies and Materials	87,500	79,587	7,913
500 Capital Outlay	10,000	-	10,000
114 High School Programs			
100 Salaries	1,972,611	1,990,177	(17,566)
200 Employee Benefits	812,896	799,830	13,066
300 Purchased Services	13,000	51,185	(38,185)
400 Supplies and Materials	83,700	57,456	26,244
500 Capital Outlay	5,000	-	5,000
600 Other Objects	2,000	9,602	(7,602)

SPARTANBURG COUNTY SCHOOL DISTRICT FOUR
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2018

	<u>Budget</u>	<u>Actual</u>	Variance Positive (Negative)
115 Vocational Programs			
100 Salaries	291,004	242,432	48,572
200 Employee Benefits	118,367	94,849	23,518
370 Purchased Services - Tuition	176,932	183,340	(6,408)
400 Supplies and Materials	12,700	4,482	8,218
120 Exceptional Programs			
121 Educable Mentally Handicapped			
100 Salaries	513,309	52,023	461,286
200 Employee Benefits	211,347	14,681	196,666
300 Purchased Services	1,000	17,753	(16,753)
400 Supplies and Materials	1,500	1,042	458
122 Trainable Mentally Handicapped			
100 Salaries	-	6,408	(6,408)
200 Employee Benefits	-	2,351	(2,351)
300 Purchased Services	3,500	24,545	(21,045)
400 Supplies and Materials	-	25	(25)
123 Orthopedically Handicapped			
100 Salaries	10,000	2,338	7,662
200 Employee Benefits	2,728	937	1,791
300 Purchased Services	23,000	4,084	18,916
124 Visually Handicapped			
100 Salaries	-	2,338	(2,338)
200 Employee Benefits	-	937	(937)
300 Purchased Services	20,700	15,435	5,265
400 Supplies and Materials	1,000	-	1,000
125 Hearing Handicapped			
100 Salaries	10,000	18,718	(8,718)
200 Employee Benefits	2,728	7,772	(5,044)
300 Purchased Services	13,300	36,015	(22,715)
400 Supplies and Materials	150	25	125
126 Speech Handicapped			
100 Salaries	97,029	48,489	48,540
200 Employee Benefits	41,907	17,900	24,007
300 Purchased Services	-	311	(311)
400 Supplies and Materials	1,800	17	1,783

SPARTANBURG COUNTY SCHOOL DISTRICT FOUR
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2018

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
127 Learning Disabilities			
100 Salaries	177,776	430,774	(252,998)
200 Employee Benefits	71,490	173,542	(102,052)
300 Purchased Services	-	5,395	(5,395)
400 Supplies and Materials	2,000	466	1,534
128 Emotionally Handicapped			
100 Salaries	3,480	14,730	(11,250)
200 Employee Benefits	948	6,391	(5,443)
300 Purchased Services	10,600	82	10,518
400 Supplies and Materials	300	-	300
130 Pre-School Programs			
133 Pre-School Handicapped-Self Contained (5 year-olds)			
100 Salaries	-	38,909	(38,909)
200 Employee Benefits	-	19,751	(19,751)
139 Early Childhood Programs			
100 Salaries	12,747	29,827	(17,080)
200 Employee Benefits	3,476	7,801	(4,325)
300 Purchased Services	-	161	(161)
400 Supplies and Materials	5,000	7,250	(2,250)
140 Special Programs			
141 Gifted and Talented - Academic			
100 Salaries	63,893	63,892	1
200 Employee Benefits	24,438	24,388	50
400 Supplies and Materials	8,000	1,820	6,180
143 Advanced Placement			
400 Supplies and Materials	-	1,803	(1,803)
145 Homebound			
100 Salaries	30,000	12,823	17,177
200 Employee Benefits	8,184	3,474	4,710
300 Purchased Services	12,000	2,803	9,197
147 Full Day 4K			
100 Salaries	53,234	106,350	(53,116)
200 Employee Benefits	30,364	55,916	(25,552)
300 Purchased Services	-	631	(631)
400 Supplies and Materials	-	1,715	(1,715)

SPARTANBURG COUNTY SCHOOL DISTRICT FOUR
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2018

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
148 Gifted and Talented - Artistic			
100 Salaries	-	8,494	(8,494)
200 Employee Benefits	-	2,317	(2,317)
300 Purchased Services	-	70	(70)
400 Supplies and Materials	-	68	(68)
149 Other Special Programs			
300 Purchased Services	10,000	-	10,000
180 Other Exceptional Programs			
161 Autism			
100 Salaries	-	83,400	(83,400)
200 Employee Benefits	-	39,725	(39,725)
300 Purchased Services	8,800	24,439	(15,639)
400 Supplies and Materials	-	81	(81)
170 Summer School Program			
172 Elementary Summer School			
100 Salaries	-	810	(810)
200 Employee Benefits	-	126	(126)
175 Instructional Programs Beyond Regular School Day			
100 Salaries	27,500	19,506	7,994
200 Employee Benefits	6,952	5,370	1,582
400 Supplies and Materials	4,000	1,303	2,697
180 Adult/Continuing Education Programs			
181 Adult Basic Education Programs			
100 Salaries	38,472	28,405	10,067
200 Employee Benefits	10,492	7,807	2,685
300 Purchased Services	-	414	(414)
400 Supplies and Materials	-	196	(196)
600 Other Objects	15,000	-	15,000
Total Instruction	<u>12,136,686</u>	<u>11,914,758</u>	<u>221,928</u>

SPARTANBURG COUNTY SCHOOL DISTRICT FOUR
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2018

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
200 Support Services			
210 Pupil Services			
211 Attendance and Social Work Services			
100 Salaries	-	370	(370)
200 Employee Benefits	-	101	(101)
300 Purchased Services	26,000	23,332	2,668
400 Supplies and Materials	400	-	400
212 Guidance Services			
100 Salaries	310,921	306,074	4,847
200 Employee Benefits	124,104	119,076	5,028
300 Purchased Services	2,200	74	2,126
400 Supplies and Materials	4,000	526	3,474
213 Health Services			
100 Salaries	23,939	60,791	(36,852)
200 Employee Benefits	12,130	27,606	(15,476)
300 Purchased Services	3,600	824	2,776
400 Supplies and Materials	6,000	6,770	(770)
600 Other Objects	2,000	116	1,884
214 Psychological Services			
100 Salaries	95,044	86,818	8,226
200 Employee Benefits	32,934	30,705	2,229
400 Supplies and Materials	-	-	-
215 Speech and Hearing			
300 Purchased Services	-	4,209	(4,209)
217 Career Specialist Services			
100 Salaries	-	154	(154)
200 Employee Benefits	-	42	(42)
220 Instructional Staff Services			
221 Improvement of Instruction - Curriculum Development			
100 Salaries	231,616	233,892	(2,276)
200 Employee Benefits	86,028	86,434	(406)
300 Purchased Services	-	272	(272)
400 Supplies and Materials	-	1,168	(1,168)

SPARTANBURG COUNTY SCHOOL DISTRICT FOUR
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2018

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
222 Library and Media Services			
100 Salaries	281,701	278,102	3,599
200 Employee Benefits	120,626	119,032	1,594
300 Purchased Services	8,000	4,546	3,454
400 Supplies and Materials	81,400	2,029	79,371
224 Improvement of Instruction - Inservice and Staff Training			
100 Salaries	305,900	270,077	35,823
200 Employee Benefits	105,671	87,146	18,525
300 Purchased Services	6,400	6,485	(85)
400 Supplies and Materials	43,600	7,680	35,920
600 Other Objects	4,000	1,604	2,396
230 General Administration Services			
231 Board of Education			
100 Salaries	6,000	5,530	470
200 Employee Benefits	5,848	5,470	378
300 Purchased Services	55,000	123,878	(68,878)
318 Audit Services	40,000	39,575	425
400 Supplies and Materials	8,000	458	7,542
600 Other Objects	87,000	61,583	25,417
232 Office of the Superintendent			
100 Salaries	294,529	294,347	182
200 Employee Benefits	94,346	91,732	2,614
300 Purchased Services	9,500	4,190	5,310
400 Supplies and Materials	13,000	11,065	1,935
600 Other Objects	3,000	1,615	1,385
233 School Administration			
100 Salaries	1,177,179	1,194,823	(17,644)
200 Employee Benefits	457,702	462,217	(4,515)
300 Purchased Services	31,700	2,551	29,149
400 Supplies and Materials	46,100	23,853	22,247
600 Other Objects	6,000	5,708	292

SPARTANBURG COUNTY SCHOOL DISTRICT FOUR
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2018

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
250 Finance and Operations Services			
252 Fiscal Services			
100 Salaries	281,313	135,165	146,148
100 Head of Organization Unit Salaries	-	146,897	(146,897)
200 Employee Benefits	100,496	53,691	46,805
200 Head of Organization Unit Employee Benefits	-	45,696	(45,696)
300 Purchased Services	14,000	19,924	(5,924)
400 Supplies and Materials	13,000	3,870	9,130
500 Capital Outlay	-	5,289	(5,289)
600 Other Objects	7,000	7,337	(337)
254 Operation and Maintenance of Plant			
100 Salaries	787,323	757,397	29,926
200 Employee Benefits	313,021	283,360	29,661
300 Purchased Services	364,000	455,167	(91,167)
321 Public Utilities	72,900	79,565	(6,665)
400 Supplies and Materials	114,000	82,957	31,043
470 Energy	418,000	352,407	65,593
500 Capital Outlay	50,000	208	49,792
600 Other Objects	76,000	-	76,000
255 Student Transportation			
100 Salaries	446,338	477,024	(30,686)
200 Employee Benefits	145,076	152,804	(7,728)
300 Purchased Services	24,700	11,501	13,199
400 Supplies and Materials	4,000	589	3,411
256 Food Service			
200 Employee Benefits	259,913	178,377	81,536
258 Security			
100 Salaries	14,000	14,985	(985)
200 Employee Benefits	4,091	4,224	(133)
300 Purchased Services	125,000	121,315	3,685
400 Supplies and Materials	2,000	2,064	(64)
260 Central Support Services			
263 Information Services			
100 Salaries	18,000	3,200	14,800
200 Employee Benefits	4,905	864	4,041
300 Purchased Services	25,000	13,999	11,001
400 Supplies and Materials	4,000	16,794	(12,794)

SPARTANBURG COUNTY SCHOOL DISTRICT FOUR
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2018

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
266 Technology and Data Processing Services			
100 Salaries	192,120	166,811	25,309
200 Employee Benefits	77,210	70,372	6,838
300 Purchased Services	78,000	51,333	26,667
400 Supplies and Materials	7,500	3,821	3,679
270 Supporting Services Pupil Activity			
271 Pupil Services Activities			
600 Pupil Activity	-	62	(62)
Total Support Services	<u>8,296,024</u>	<u>7,813,719</u>	<u>482,305</u>
300 Community Services			
350 Custody and Care of Children Services			
100 Salaries	33,596	27,540	6,056
200 Employee Benefits	18,146	7,645	10,501
400 Supplies and Materials	1,000	945	55
Total Community Services	<u>52,742</u>	<u>36,130</u>	<u>16,612</u>
400 Other Charges			
410 Intergovernmental Expenditures			
412 Payments to Other Governmental Units			
720 Transits	20,000	-	20,000
Total Intergovernmental Expenditures	<u>20,000</u>	<u>-</u>	<u>20,000</u>
Total Expenditures	<u>20,505,452</u>	<u>19,764,607</u>	<u>740,845</u>

SPARTANBURG COUNTY SCHOOL DISTRICT FOUR
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2018

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Other Financing Sources (Uses)			
Interfund Transfers, from (to) Other Funds			
5230 Transfer from Special Revenue EIA Fund	589,527	551,501	(38,026)
5280 Transfer from Other Funds Indirect Costs	70,000	76,834	6,834
421-710 Transfer to Non-EIA Special Revenue Fund	(34,000)	-	34,000
424-710 Transfer to School Building Fund	-	(840,000)	(840,000)
426-710 Transfer to Pupil Activity Fund	<u>(1,069,928)</u>	<u>(910,557)</u>	<u>159,371</u>
Total Other Financing Sources (Uses)	<u>(444,401)</u>	<u>(1,122,222)</u>	<u>(677,821)</u>
Net Change in Fund Balance	\$ <u>-</u>	1,199,367	\$ <u>1,199,367</u>
Fund Balance - July 1, 2017		<u>8,160,425</u>	
Fund Balance - June 30, 2018		<u>\$ 9,359,792</u>	

SPARTANBURG COUNTY SCHOOL DISTRICT FOUR
SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
YEAR ENDED JUNE 30, 2018

	201/202 Title I	203/204 Idea	205/206 Preschool Handicapped	207/208 Occupational Education	Other Restricted State Grants	Other Special Revenue Programs	Total
Revenues							
1000 Revenue from Local Sources							
1900 Other revenue from local sources							
1930 Medicaid	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 183,724	\$ 183,724
1999 Revenue from other local sources	-	-	-	-	-	13,515	13,515
Total local sources	-	-	-	-	-	197,239	197,239
2000 Intergovernmental Revenue							
2300 Payments from non-profit entities (for First Steps)	-	-	-	-	-	36,168	36,168
2310 Payments from non-profit entities (other than First Steps)	-	-	-	-	-	1,000	1,000
Total Intergovernmental revenue	-	-	-	-	-	37,168	37,168
3000 Revenue from State Sources							
3100 Restricted state funding							
3110 Occupational education							
3118 EEDA career specialist	-	-	-	-	141,459	-	141,459
3120 General education							
3127 Student health and fitness	-	-	-	-	24,739	-	24,739
3130 Special programs							
3134 CDEP expansion	-	-	-	-	53,159	-	53,159
3135 Reading coaches	-	-	-	-	64,587	-	64,587
3136 Student health and fitness - nurses	-	-	-	-	54,383	-	54,383
3177 Summer reading camp	-	-	-	-	3,424	-	3,424
3190 Miscellaneous restricted state grants							
3193 Education license plates	-	-	-	-	268	-	268
3199 Other restricted state grants	-	-	-	-	1,100	-	1,100
3600 Education lottery act revenue							
3630 K-12 technology initiative	-	-	-	-	48,810	-	48,810

SPARTANBURG COUNTY SCHOOL DISTRICT FOUR
SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
YEAR ENDED JUNE 30, 2018

	201/202 Title I	203/204 Idea	205/206 Preschool Handicapped	207/208 Occupational Education	Other Restricted State Grants	Other Special Revenue Programs	Total
112 Primary programs							
100 Salaries	143,003	-	-	-	6,412	70,672	220,087
200 Employee benefits	56,828	-	-	-	1,752	30,834	89,414
400 Supplies and materials	51,014	-	-	-	-	250	51,264
113 Elementary programs							
100 Salaries	-	-	-	-	13,017	4,180	17,197
200 Employee benefits	-	-	-	-	3,558	346	3,904
400 Supplies and materials	-	-	-	-	49,078	10,726	59,804
114 High school programs							
100 Salaries	135,729	-	-	-	-	3,210	138,939
200 Employee benefits	58,089	-	-	-	-	266	58,355
400 Supplies and materials	7,910	-	-	-	-	64,679	72,589
115 Vocational programs							
100 Salaries	-	-	-	8,418	-	-	8,418
200 Employee benefits	-	-	-	2,862	-	-	2,862
120 Exceptional Programs							
121 Educable mentally handicapped							
100 Salaries	-	121,288	-	-	-	970	122,258
200 Employee benefits	-	49,977	-	-	-	81	50,058
300 Purchased services	-	10,039	-	-	-	-	10,039
400 Supplies and materials	-	61,947	-	-	-	-	61,947
124 Visually handicapped							
300 Purchased services	-	1,013	-	-	-	-	1,013
125 Hearing handicapped							
400 Supplies and materials	-	4,138	-	-	-	-	4,138
126 Speech handicapped							
100 Salaries	-	191,468	-	-	-	-	191,468
200 Employee benefits	-	76,303	-	-	-	-	76,303
400 Supplies and materials	-	7,446	-	-	-	-	7,446

SPARTANBURG COUNTY SCHOOL DISTRICT FOUR
SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
YEAR ENDED JUNE 30, 2018

	201/202 Title I	203/204 Idea	205/206 Preschool Handicapped	207/208 Occupational Education	Other Restricted State Grants	Other Special Revenue Programs	Total
130 Preschool Programs							
137 Preschool handicapped self-contained (3 and 4-year olds)							
100 Salaries	-	-	23,852	-	-	-	23,852
200 Employee benefits	-	-	8,971	-	-	-	8,971
139 Early childhood programs							
100 Salaries	191,000	-	-	-	-	-	191,000
200 Employee benefits	103,110	-	-	-	-	-	103,110
400 Supplies and materials	3,852	-	-	-	-	38	3,890
140 Special Programs							
147 CDEP							
400 Supplies and materials	-	-	-	-	53,159	-	53,159
149 Other special programs							
100 Salaries	-	595	-	-	-	-	595
200 Employee benefits	-	162	-	-	-	-	162
170 Summer School Programs							
171 Primary summer school							
100 Salaries	-	-	-	-	2,250	800	3,050
200 Employee benefits	-	-	-	-	615	66	681
400 Supplies and materials	-	-	-	-	-	2,648	2,648
172 Elementary summer school							
100 Salaries	-	-	-	-	-	1,065	1,065
200 Employee benefits	-	-	-	-	-	389	389
400 Supplies and materials	-	-	-	-	448	-	448
173 High school summer school							
100 Salaries	-	-	-	-	-	2,975	2,975
200 Employee benefits	-	-	-	-	-	813	813
175 Instructional programs beyond regular school day							
100 Salaries	-	-	-	-	-	846	846
200 Employee benefits	-	-	-	-	-	225	225

SPARTANBURG COUNTY SCHOOL DISTRICT FOUR
SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
YEAR ENDED JUNE 30, 2018

	201/202 Title I	203/204 Idea	205/206 Preschool Handicapped	207/208 Occupational Education	Other Restricted State Grants	Other Special Revenue Programs	Total
180 Adult/Continuing Educational Programs							
183 Adult English Literacy							
100 Salaries	-	-	-	-	-	1,375	1,375
200 Employee benefits	-	-	-	-	-	370	370
400 Supplies and materials	-	-	-	-	-	1,980	1,980
188 Parenting/family literacy							
100 Salaries	20,107	-	-	-	-	-	20,107
200 Employee benefits	9,288	-	-	-	-	-	9,288
Total Instruction	846,017	524,376	32,823	11,280	130,289	200,454	1,745,239
200 Support Services							
210 Pupil Services							
213 Health services							
100 Salaries	-	-	-	-	35,885	81,849	117,734
200 Employee benefits	-	-	-	-	18,498	37,814	56,312
214 Psychological services							
100 Salaries	-	57,414	-	-	-	-	57,414
200 Employee benefits	-	20,242	-	-	-	-	20,242
400 Supplies and materials	-	2,200	-	-	-	-	2,200
215 Exceptional program services							
300 Purchased services	-	20,325	-	-	-	-	20,325
217 Career specialist services							
100 Salaries	-	-	-	-	104,768	-	104,768
200 Employee benefits	-	-	-	-	36,691	-	36,691
220 Instructional Staff Services							
221 Improvement of instruction curriculum development							
100 Salaries	-	-	-	-	50,724	1,580	52,304
200 Employee benefits	-	-	-	-	13,863	423	14,286
300 Purchased services	-	4,441	-	4,806	-	5,072	14,319

SPARTANBURG COUNTY SCHOOL DISTRICT FOUR
SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
YEAR ENDED JUNE 30, 2018

	201/202 Title I	203/204 Idea	205/206 Preschool Handicapped	207/208 Occupational Education	Other Restricted State Grants	Other Special Revenue Programs	Total
223 Supervision of special programs							
100 Salaries	35,606	52,007	-	4,941	-	-	92,554
200 Employee benefits	9,724	14,841	-	2,139	-	-	26,704
300 Purchased services	-	41,801	-	-	-	21,948	63,749
400 Supplies and materials	-	2,760	-	-	-	-	2,760
224 Improvement of Instruction Inservice and staff training							
300 Purchased services	-	-	-	-	-	1,363	1,363
230 General Administration Services							
233 School administration							
100 Salaries	-	-	-	-	-	790	790
200 Employee benefits	-	-	-	-	-	63	63
250 Finance and Operations Services							
251 Student transportation							
300 Purchased services	-	4,372	-	-	-	-	4,372
255 Student transportation							
100 Salaries	-	-	-	-	87	-	87
200 Employee benefits	-	-	-	-	24	-	24
Total Support Services	<u>45,330</u>	<u>220,403</u>	<u>-</u>	<u>11,886</u>	<u>280,540</u>	<u>150,902</u>	<u>689,061</u>
300 Community Services							
350 Custody and care of children							
100 Salaries	-	-	-	-	-	33,786	33,786
200 Employee benefits	-	-	-	-	-	9,382	9,382
400 Supplies and materials	-	-	-	-	-	1,287	1,287
Total Community Services	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>44,455</u>	<u>44,455</u>

SPARTANBURG COUNTY SCHOOL DISTRICT FOUR
SPECIAL REVENUE FUND
SUMMARY SCHEDULE FOR DESIGNATED STATE RESTRICTED GRANTS AND OTHER SPECIAL REVENUE PROGRAMS
YEAR ENDED JUNE 30, 2018

Subfund	Revenue Code	Program	Revenues and Other Sources	Expenditures	Transfers In/(Out)	Unearned Revenue
State Restricted Grants						
801	3199	Other restricted state grants	\$ 1,100	\$ 1,100	\$ -	-
919	3193	Education license plates	268	268	-	-
924	3134	CDEP expansion	53,159	53,159	-	-
926	3177	Summer reading camp	3,424	3,424	-	-
928	3118	EEDA Career specialist	141,459	141,459	-	-
935	3185	Reading coaches	64,587	64,587	-	-
936	3136	Student health and fitness - nurses	54,383	54,383	-	-
937	3127	Student health and fitness	24,739	24,739	-	-
963	3630	K-12 technology initiative	48,810	48,810	-	-
994	3994	PEBA nonemployer contributions	188,463	188,463	-	-
			<u>\$ 580,392</u>	<u>\$ 580,392</u>	<u>\$ -</u>	<u>-</u>
Other Special Revenue Programs						
210	4997	Title IV - SSAE	\$ 8,399	\$ 8,399	\$ -	-
237	4310	Title I, basic state grants program	65,000	65,000	-	-
264	4341	Title III	10,269	10,269	-	-
267	4351	Improving teacher quality	118,524	118,524	-	-
803	1999	Local grant	1	1	-	-
804	1999	Local grant	3,514	3,514	-	586
805	1999	Local grant	3,000	3,000	-	-
873	2310	Local grant	-	-	-	1,143
878	1999	Local grant	7,000	7,000	-	-
880	4999	Revenue from other federal sources	38	38	-	-
884	4999	Revenue from other federal sources	1,287	1,287	-	-
885	1930	Medicaid	183,724	183,724	-	-
891	2310	Local grant	1,000	1,000	-	-
996	2300	First steps	36,168	36,168	-	-
			<u>\$ 437,924</u>	<u>\$ 437,924</u>	<u>\$ -</u>	<u>1,729</u>

SPARTANBURG COUNTY SCHOOL DISTRICT FOUR
EDUCATION IMPROVEMENT ACT
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - ALL PROGRAMS
YEAR ENDED JUNE 30, 2018

Revenues

3000 Revenue from State Sources

3500 Education Improvement Act		
3502 ADEPT	\$	1,792
3507 Aid to district technology		34,114
3511 Professional development		21,202
3518 Formative assessment		14,654
3519 Grade 10 assessment		3,953
3525 Career and technology education equipment		91,996
3526 Refurbishment of science kits		13,931
3528 Industry certifications/credentials		29,773
3529 Career and technology education		40,736
3532 National Board salary supplement		209,622
3533 Teacher of the year award		1,077
3538 Students at risk of school failure		282,801
3541 Child early reading development and education program (CDEP) - full day 4k		487,697
3550 Teacher salary increase		474,636
3555 Teacher salary fringe		76,865
3557 Summer reading program		18,087
3558 Reading		19,292
3577 Teacher supplies		49,500
3587 Maintenance of state financial support - Tier I		127,619
3595 EEDA supplies and materials		5,244
3597 Aid to districts		44,439
		<hr/>
Total State Sources		2,049,030
		<hr/>
Total Revenue all Sources		2,049,030
		<hr/>

SPARTANBURG COUNTY SCHOOL DISTRICT FOUR
EDUCATION IMPROVEMENT ACT
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - ALL PROGRAMS
YEAR ENDED JUNE 30, 2018

Expenditures

100 Instruction

110 General Instruction

111 Kindergarten programs

100 Salaries	21,808
200 Employee benefits	8,739
400 Supplies and materials	2,658

112 Primary programs

100 Salaries	103,677
200 Employee benefits	34,767
400 Supplies and materials	17,725

113 Elementary programs

100 Salaries	98,655
200 Employee benefits	29,121
400 Supplies and materials	85,764

114 High school programs

100 Salaries	30,533
200 Employee benefits	8,221
400 Supplies and materials	30,724

115 Vocational programs

400 Supplies and materials	128,175
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120 Exceptional Programs

121 Educable mentally handicapped

100 Salaries	7,500
200 Employee benefits	2,032
400 Supplies and materials	90,370

126 Speech handicapped

400 Supplies and materials	1,375
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SPARTANBURG COUNTY SCHOOL DISTRICT FOUR
EDUCATION IMPROVEMENT ACT
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - ALL PROGRAMS
YEAR ENDED JUNE 30, 2018

130 Preschool Programs

137 Preschool handicapped self contained

100 Salaries	29,370
200 Employee benefits	15,069

139 Early childhood programs

100 Salaries	50
200 Employee benefits	13
400 Supplies and materials	8,825

140 Special Programs

147 CDEP

100 Salaries	344,031
200 Employee benefits	143,666
400 Supplies and materials	2,200

170 Summer School Program

171 Primary summer school

100 Salaries	10,040
200 Employee benefits	2,743
300 Purchased services	20

172 Elementary summer school

100 Salaries	21,994
200 Employee benefits	5,796

173 High school summer school

100 Salaries	1,324
200 Employee benefits	366

175 Instructional programs beyond regular school day

100 Salaries	17,831
200 Employee benefits	4,681
400 Supplies and materials	148

SPARTANBURG COUNTY SCHOOL DISTRICT FOUR
 EDUCATION IMPROVEMENT ACT
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCE - ALL PROGRAMS
 YEAR ENDED JUNE 30, 2018

180 Adult/Continuing Educational Programs	
188 Parenting/family literacy	
400 Supplies and materials	24
Total Instruction	1,310,035
200 Support Services	
210 Pupil Services	
212 Guidance services	
100 Salaries	22,421
200 Employee benefits	6,024
300 Purchased services	168
400 Supplies and materials	6,451
217 Career specialist services	
300 Purchased services	816
400 Supplies	1,100
220 Instructional Staff Services	
221 Improvement of instruction - curriculum development	
100 Salaries	15,234
200 Employee benefits	4,178
300 Purchased services	16,726
400 Supplies and materials	4,998
222 Library and media	
400 Supplies and materials	1,100
223 Supervision of special programs	
100 Salaries	3,295
200 Employee benefits	1,271
400 Supplies and materials	18,820
224 Improvement of instruction - inservice and staff training	
100 Salaries	1,118
200 Employee benefits	298
300 Purchased services	12,476

SPARTANBURG COUNTY SCHOOL DISTRICT FOUR
 EDUCATION IMPROVEMENT ACT
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCE - ALL PROGRAMS
 YEAR ENDED JUNE 30, 2018

250 Finance and Operations Services	
255 Student transportation	
100 Salaries	5,422
200 Employee benefits	1,691
260 Central Support Services	
266 Data processing services	
300 Purchased services	28,931
400 Supplies and materials	5,183
Total Support Services	<u>157,721</u>
410 Intergovernmental Expenditures	
412 Payments to other governmental units	
720 Transits	29,773
Total Intergovernmental Expenditures	<u>29,773</u>
Total Expenditures	<u>1,497,529</u>
Other Financing Sources (Uses)	
Interfund Transfers, from (to) Other Funds	
5230 Transfer from Special Revenue EIA Fund	15,762
420-710 Transfer to General Fund	(551,501)
422-710 Transfer to Special Revenue EIA Fund	(15,762)
Total Other Financing Sources (Uses)	<u>(551,501)</u>
Net Change in Fund Balance	-
Fund Balance - July 1, 2017	<u>-</u>
Fund Balance - June 30, 2018	<u>\$ -</u>

SPARTANBURG COUNTY SCHOOL DISTRICT FOUR
EDUCATION IMPROVEMENT ACT
SUMMARY SCHEDULE BY PROGRAM
YEAR ENDED JUNE 30, 2018

	Revenue	Expenditures	EIA Fund Transfers In/(Out)	EIA Fund Unearned Revenue	Other Fund Transfers In/(Out)	Other Fund Deferred Revenue
Revenues						
3000 Revenue from State Sources						
3500 Education Improvement Act						
3502 ADEPT	\$ 1,792	\$ 1,792	-	-	-	-
3507 Aid to district technology	34,114	34,114	-	-	-	-
3511 Professional development	21,202	15,403	(5,799)	9,910	-	-
3518 Formative assessment	14,654	14,654	-	-	-	-
3519 Grade 10 assessment	3,953	3,953	-	-	-	-
3525 Career and technology education equipment	91,996	91,996	-	-	-	-
3526 Refurbishment of science kits	13,931	13,931	-	17,557	-	-
3528 Industry certificates	29,773	29,773	-	-	-	-
3529 Career and technology education	40,736	40,736	-	9,264	-	-
3532 National Board Certification salary supplement	209,622	209,622	-	-	-	-
3533 Teacher of the year award	1,077	1,077	-	-	-	-
3538 Students at risk of school failure	282,801	298,563	15,762	-	-	-
3540 Early childhood program	-	-	-	-	-	-
3541 Child early reading development and education program (CDEP) - full day 4k	487,697	487,697	-	-	-	-
3550 Teacher salary increase	474,636	-	-	-	(474,636)	-
3555 Teacher salary fringe	76,865	-	-	-	(76,865)	-
3557 Summer reading program	18,087	18,087	-	6,117	-	-
3558 Reading	19,292	9,329	(9,963)	2,948	-	-
3577 Teacher supplies	49,500	49,500	-	-	-	-
3587 Maintenance of state financial support - Tier I	127,619	127,619	-	-	-	-
3592 Work-based learning	-	-	-	-	-	-
3595 EEDA supplies and materials	5,244	5,244	-	-	-	-
3597 Aid to districts	44,439	44,439	-	-	-	-
3599 Other EIA	-	-	-	3,217	-	-
Total Revenue from State Sources	<u>\$ 2,049,030</u>	<u>\$ 1,497,529</u>	<u>\$ -</u>	<u>\$ 49,013</u>	<u>\$ (551,501)</u>	<u>\$ -</u>

SPARTANBURG COUNTY SCHOOL DISTRICT FOUR
SCHOOL BUILDING FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
YEAR ENDED JUNE 30, 2018

Revenues

1000 Revenue from Local Sources

1500 Earnings on Investments

1510 Interest on investments

\$ 37,963

Total Local Sources

37,963

Total Revenue all Sources

37,963

Expenditures

100 Instruction

110 General Instruction

111 Kindergarten programs

500 Capital outlay

4,647

112 Primary programs

500 Capital outlay

11,886

113 Elementary programs

400 Supplies and materials

111,955

500 Capital outlay

4,979

114 High school programs

400 Supplies and materials

38,828

Total Instruction

172,295

200 Support Services

250 Finance and Operations

253 Facilities acquisition and construction

300 Purchased services

133,558

400 Supplies and materials

68,650

500 Capital outlay

540 Equipment

817,493

SPARTANBURG COUNTY SCHOOL DISTRICT FOUR
SCHOOL BUILDING FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
YEAR ENDED JUNE 30, 2018

260 Central Support Services	
266 Technology and data processing services	
300 Purchased services	63,256
400 Supplies and materials	7,031
500 Capital outlay	9,490
260 Support Services - Pupil Activities	
271 Pupil service activities	
660 Pupil activity	<u>55,120</u>
Total Support Services	<u>1,154,598</u>
500 Debt Service	
620 Interest	11,080
690 Other objects (fees for servicing bonds)	<u>27,340</u>
Total Debt Service	<u>38,420</u>
Total Expenditures	<u>1,365,313</u>
Other Financing Sources (Uses)	
5120 Proceeds of General Obligation Bonds	1,220,000
Interfund transfers, from (to) Other Funds	
5210 Transfer from General Fund	<u>840,000</u>
Total Other Financing Sources (Uses)	<u>2,060,000</u>
Net Change in Fund Balance	732,650
Fund Balance - July 1, 2017	<u>1,617,716</u>
Fund Balance - June 30, 2018	\$ <u><u>2,350,366</u></u>

SPARTANBURG COUNTY SCHOOL DISTRICT FOUR
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
JUNE 30, 2018

	<u>Special Revenue Fund</u>		
	School Food Service Fund	Debt Service Fund	Total Non-major Governmental Funds
Assets			
Cash and cash equivalents	\$ 46,379	\$ -	\$ 46,379
Investments	440,003	4,872	444,875
Taxes receivable, net	-	10,658	10,658
Accounts receivable	1,214	565	1,779
Due from other governments	16,909	-	16,909
Inventory	49,313	-	49,313
Total Assets	\$ 553,818	\$ 16,095	\$ 569,913
Liabilities and Fund Balances			
Liabilities			
Due to other funds	\$ 200,084	\$ 14,964	\$ 215,048
Due to other governments	468	-	468
Total Liabilities	200,552	14,964	215,516
Fund Balances			
Nonspendable - inventory	49,313	-	49,313
Restricted - food service fund	303,953	-	303,953
Assigned - balance general fund	-	1,131	1,131
Total Fund Balances	353,266	1,131	354,397
Total Liabilities and Fund Balances	\$ 553,818	\$ 16,095	\$ 569,913

SPARTANBURG COUNTY SCHOOL DISTRICT FOUR
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 NON-MAJOR GOVERNMENTAL FUNDS
 YEAR ENDED JUNE 30, 2018

	<u>Special Revenue Fund</u>		
	School Food Service Fund	Debt Service Fund	Total Non-major Governmental Funds
Revenues			
Local	\$ 292,194	\$ 561,498	\$ 853,692
State	92	53,145	53,237
Federal	1,283,908	-	1,283,908
Total Revenues	1,576,194	614,643	2,190,837
Expenditures			
Current:			
Support services	1,429,047	-	1,429,047
Debt service	-	624,998	624,998
Total Expenditures	1,429,047	624,998	2,054,045
Excess of revenues over expenditures	147,147	(10,355)	136,792
Other Financing Uses			
Transfers out	(76,834)	-	(76,834)
Total Other Financing Uses	(76,834)	-	(76,834)
Net change in fund balances	70,313	(10,355)	59,958
Fund Balance - July 1, 2017	282,953	11,486	294,439
Fund Balance - June 30, 2018	<u>\$ 353,266</u>	<u>\$ 1,131</u>	<u>\$ 354,397</u>

SPARTANBURG COUNTY SCHOOL DISTRICT FOUR
SCHOOL FOOD SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
YEAR ENDED JUNE 30, 2018

Revenues

1000 Revenue from Local Sources		
1500 Earnings on Investments		
1510 Interest on investments	\$	5,327
1600 Food Service		
1610 Lunch sales to pupils		173,592
1620 Breakfast sales to pupils		25,369
1630 Special sales to pupils		29,083
1640 Lunch sales to adults		28,191
1650 Breakfast sales to adults		83
1660 Special sales to adults		15,613
1900 Other Revenue from Local Sources		
1999 Revenue from other local sources		<u>14,936</u>
Total Revenue from Local Sources		<u>292,194</u>
3000 Revenue from State Sources		
3140 School Lunch		
3142 Program aid		<u>92</u>
Total Revenue from State Sources		<u>92</u>
4000 Revenue from Federal Sources		
4800 USDA Reimbursement		
4810 School lunch and after school snacks program		916,519
4830 School breakfast program		277,814
4900 Other Federal Sources		
4991 USDA commodities		<u>89,575</u>
Total Revenue from Federal Sources		<u>1,283,908</u>
Total Revenue from all Sources		<u>1,576,194</u>

Schedule 9 - continued

SPARTANBURG COUNTY SCHOOL DISTRICT FOUR
SCHOOL FOOD SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
YEAR ENDED JUNE 30, 2018

Expenditures

250 Finance and Operations	
256 Food Service	
100 Salaries	459,918
200 Employee benefits	76,299
300 Purchased services	2,298
393 Direct purchased services	21,228
400 Supplies and materials	846,458
500 Capital outlay	18,294
600 Other objects	<u>4,552</u>
Total Expenditures	<u>1,429,047</u>
Other Financing Sources (Uses)	
Interfund transfers, from (to) Other Funds	
432-791 Food Service Fund Indirect Costs	<u>(76,834)</u>
Total Other Financing Sources (Uses)	<u>(76,834)</u>
Net Change in Fund Balance	70,313
Fund Balance - July 1, 2017	<u>282,953</u>
Fund Balance - June 30, 2018	<u>\$ 353,266</u>

SPARTANBURG COUNTY SCHOOL DISTRICT FOUR
DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
YEAR ENDED JUNE 30, 2018

Revenues

1000 Revenue from Local Sources		
1100 Taxes		
1110 Ad valorem taxes	\$	551,576
1200 Revenue from Local Governmental Units Other than LEAs		
1280 Revenue in lieu of taxes		8,523
1500 Earning on Investments		
1510 Interest on investments		<u>1,399</u>
Total Local Sources		<u>561,498</u>
3000 Revenue from State Sources		
3800 State Revenue in Lieu of Taxes		
3820 Homestead exemption		37,140
3830 Merchant's inventory tax		5,007
3840 Manufacturers depreciation reimbursement		8,752
3890 Other state property tax revenue		<u>2,246</u>
Total State Sources		<u>53,145</u>
Total Revenue all Sources		<u>614,643</u>
Expenditures		
500 Debt Service		
610 Redemption of principal		618,334
620 Interest		<u>6,664</u>
Total Expenditures		<u>624,998</u>
Net Change in Fund Balance		(10,355)
Fund Balance - July 1, 2017		<u>11,486</u>
Fund Balance - June 30, 2018	\$	<u><u>1,131</u></u>

SPARTANBURG COUNTY SCHOOL DISTRICT FOUR
PUPIL ACTIVITY FUNDS
SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES
YEAR ENDED JUNE 30, 2018

Receipts

1000 Receipts from Local Sources

1500 Earnings on Investments		
1510 Interest on investments	\$	115
1700 Pupil Activities		
1710 Admissions		129,806
1720 Bookstore sales		5,175
1730 Pupil organization membership		6,575
1740 Student fees		47,177
1790 Other		<u>512,021</u>
Total Receipts from Local Sources		<u>700,869</u>

Disbursements

190 Instructional Pupil Activity		
660 Pupil activity		<u>12,196</u>
Total Instruction		<u>12,196</u>
270 Support Services Pupil Activity		
271 Pupil Service Activities		
660 Pupil activity		<u>1,615,896</u>
Total Supporting Services		<u>1,615,896</u>
Total Disbursements		<u>1,628,092</u>

Schedule 11 - continued

SPARTANBURG COUNTY SCHOOL DISTRICT FOUR
PUPIL ACTIVITY FUNDS
SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES
YEAR ENDED JUNE 30, 2018

Other Financing Sources (Uses)	
Interfund transfers, from (to) Other Funds	
5210 Transfer from General Fund	<u>910,557</u>
Total Other Financing Sources (Uses)	<u>910,557</u>
Net Change in Due to Pupil Activities	(16,666)
Due to Pupil Activities - July 1, 2017	<u>195,549</u>
Due to Pupil Activities - June 30, 2018	\$ <u><u>178,883</u></u>

SPARTANBURG COUNTY SCHOOL DISTRICT FOUR
 AGENCY FUND
 COMBINING STATEMENT OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES
 JUNE 30, 2018

Schedule 12

	Balance July 1, 2017	Additions	Deductions	Balance June 30, 2018
Assets				
Cash and equivalents	\$ 237,612	\$ 1,611,426	\$ 1,621,483	\$ 227,555
Total Assets	\$ 237,612	\$ 1,611,426	\$ 1,621,483	\$ 227,555
Liabilities				
Accounts payable	\$ 21,711	\$ 8,336	\$ 21,711	\$ 8,336
Due to pupil activities	195,549	1,611,426	1,628,092	178,883
Due to other governments	20,352	40,336	20,352	40,336
Total Liabilities	\$ 237,612	\$ 1,660,098	\$ 1,670,155	\$ 227,555

SPARTANBURG COUNTY SCHOOL DISTRICT FOUR
LOCATION SCHEDULE
YEAR ENDED JUNE 30, 2018

Location ID Number	Location Description	Education Level	Cost Type	Total Expenditures
00	Districtwide	Non-school	Central	\$ 1,493,216
35	Woodruff Middle School	Middle School	School	6,143,103
36	Woodruff High School	High School	School	8,669,068
40	Woodruff Primary School	Elementary School	School	6,795,236
42	Woodruff Elementary School	Elementary School	School	<u>5,919,394</u>
Total Expenditures/Disbursements for All Funds				\$ <u><u>29,020,017</u></u>

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

General Fund	\$ 19,764,607
Special Revenue Fund	2,710,431
EIA Fund	1,497,529
School Food Service Fund	1,429,047
Debt Service Fund	624,998
School Building Fund	<u>1,365,313</u>
Total Governmental Fund Expenditures	27,391,925
Pupil Activity Fund Disbursements	<u>1,628,092</u>
Total Expenditures/Disbursements for All Funds	\$ <u><u>29,020,017</u></u>

SPARTANBURG COUNTY SCHOOL DISTRICT FOUR
 SCHEDULE OF BONDS PAYABLE
 JUNE 30, 2018

	Maturity	Interest Rate	Outstanding June 30, 2017	July 1, 2017 - June 30, 2018		Outstanding June 30, 2018	Interest Paid
				Issued	Retired		
Serial bonds issued March 31, 2016 Interest payable annually on March 31	3/31/2018	1.090%	\$ 618,334	\$ -	\$ 618,334	\$ -	\$ 6,664
Serial bonds issued March 28, 2018 Interest payable annually on March 28	3/28/2019	2.460%	-	602,588	-	602,588	-
	3/28/2020	2.460%	-	617,412	-	617,412	-
			-	1,220,000	-	1,220,000	-
			\$ 618,334	\$ 1,220,000	\$ 618,334	\$ 1,220,000	\$ 6,664

Interest to be paid in fiscal year 2019

\$ 30,012

SPARTANBURG COUNTY SCHOOL DISTRICT FOUR
 DETAILED SCHEDULE OF DUE TO STATE DEPARTMENT OF EDUCATION/FEDERAL GOVERNMENT
 JUNE 30, 2018

Program	Project/Grant Number	Revenue and Subfund Codes	Description	Amount Due to SDE/ Federal Government	Status of Amounts Due to Grantors
EIA - Refurbish K-8 Science Kits	EIA	3526/326	Unexpended Funds	\$ 3,766	Paid Check #117350
EIA - National Board Salary Supplement	EIA	3532/332	Unexpended Funds	\$ 2,617	Paid Check #117350
School Breakfast Program	N/A	4830/600	Overclaim	\$ 1	Unpaid
National School Lunch Program	N/A	4810/600	Overclaim	\$ 467	Paid Check #117350

SPARTANBURG COUNTY SCHOOL DISTRICT FOUR
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2018

LEA Subfund Code	Federal Grantor/Pass-Through Grantor Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Total Expenditures
<u>U.S. Department of Agriculture</u>				
Pass Through SC Department of Social Services.				
884	Child and Adult Care Food Program	10.558	N/A	\$ <u>1,287</u>
Pass Through State Department of Education				
Child Nutrition Cluster:				
Non-Cash Assistance (Commodities):				
600	National School Lunch Program	10.555	N/A	89,575
Cash Assistance:				
600	School Breakfast Program	10.553	N/A	1,086,873
600	National School Lunch Program	10.555	N/A	<u>329,433</u>
	Total Child Nutrition Cluster			<u>1,505,881</u>
	Total U. S. Department of Agriculture			<u>1,507,168</u>
<u>U.S. Department of Education</u>				
Pass through State Department of Education:				
201	Title I Grants to LEA's - Mini Grant - Reverted Funds	84.010	H63010100117	45,887
202	Title I Grants to LEA's	84.010	17BA081	184,969
202	Title I Grants to LEA's	84.010	18BA081	660,491
237	Title I Focus	84.010	17BA081	65,000
	Total Title I, Part A Cluster			<u>956,347</u>
204	IDEA - Children with Disabilities	84.027	17CA081	194,634
203	IDEA - Children with Disabilities	84.027	18CA081	10,039
204	IDEA - Children with Disabilities	84.027	18CA081	455,708
204	IDEA - Children with Disabilities	84.027	16CA081	84,398
206	Handicapped Preschool Grant	84.173	18CG081	32,823
	Total Special Education Cluster (IDEA)			<u>777,602</u>
207	Vocational Education- Basic (Subprogram 01)	84.048	18VA081	11,279
207	Vocational Education- Basic (Subprogram 02)	84.048	18VA081	7,081
207	Vocational Education- Basic (Subprogram 04)	84.048	18VA081	4,529
207	Vocational Education- Basic (Subprogram 04)	84.048	17VA081	<u>277</u>
	Total Career and Technical Education - Basic Grants to States (Perkins IV)			<u>23,166</u>

SPARTANBURG COUNTY SCHOOL DISTRICT FOUR
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2018

U.S. Department of Education - continued

210	Title IV - Student Support and Academic Enrichment	84.424A	H630101003	8,399
264	Title III - ESOL	84.365	17BP081	4,259
264	Title III - ESOL	84.365	18BP081	6,010
264	Title II - Improving Teacher Quality State Grants	84.367	18TQ081	3,203
267	Title II - Improving Teacher Quality State Grants	84.367	17TQ081	33,783
267	Title II - Improving Teacher Quality State Grants	84.367	18TQ081	<u>81,538</u>
	Total U. S. Department of Education			<u>1,894,307</u>

Department of Health and Human Services

Pass through Mary Black Foundation:

880	Support for Expectant and Parenting Teens, Women, Fathers and their Families	93.938	N/A	<u>38</u>
	Total Federal Assistance Expended			<u>\$ 3,401,513</u>

* Denotes major federal program

SPARTANBURG COUNTY SCHOOL DISTRICT FOUR
Notes to Schedule of Expenditures of Federal Awards
June 30, 2018

Note 1—Basis of presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Spartanburg County School District Four and is presented on the modified accrual basis. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the financial statements.

Note 2—Indirect cost rate

Under the provisions of the Uniform Guidance, the District is permitted to use a 10% de minimis indirect cost rate. The District elected not to use this rate.

**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
Independent Auditor's Report**

To the Board of Trustees
Spartanburg County School District Four
Woodruff, 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, each major fund, and the aggregate remaining fund information of Spartanburg County School District Four (the "District"), as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated November 21, 2018.

Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. 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 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 results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Cherry Behaert LRP

Greenville, South Carolina
November 21, 2018

**Report on Compliance for Each Major Federal Program;
Report on Internal Control over Compliance Required by the Uniform Guidance
Independent Auditor's Report**

To the Board of Trustees
Spartanburg County School District Four
Woodruff, South Carolina

Report on Compliance for Each Major Federal Program

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

Management's Responsibility

Management is responsible for compliance with 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 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 audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

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

Report on Internal Control over Compliance

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

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. 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.

Cherry Behaert LHP

Greenville, South Carolina
November 21, 2018

SPARTANBURG COUNTY SCHOOL DISTRICT FOUR
Schedule of Findings and Questioned Costs
Year Ended June 30, 2018

Section I. Summary of Auditor's Results

Financial Statements

Type of auditor's report issued:

Unmodified

Internal control over financial reporting:

- Material weakness identified? yes no
- Significant deficiencies identified? yes no

Noncompliance material to financial statements noted?

yes no

Federal Awards

Internal control over major programs:

- Material weakness identified? yes no
- Significant deficiencies identified? yes no

Noncompliance material to federal awards

yes no

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

Any audit findings disclosed that are required to be reported in accordance with the Uniform Guidance

yes no

Identification of major programs:

CFDA#
10.553 and 10.555

Federal Program Name
Child Nutrition Cluster

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

\$ 750,000

Auditee qualified as low-risk auditee?

yes no

Section II. Financial Statement Findings

There were no audit findings.

Section III. Federal Award Findings & Questioned Costs

There were no audit findings.

**SPARTANBURG COUNTY SCHOOL DISTRICT FOUR
Schedule of Findings and Questioned Costs (continued)
Year Ended June 30, 2018**

Section IV. Prior Year Findings

There were no prior year audit findings.