

**KERSHAW COUNTY SCHOOL DISTRICT
CAMDEN, SOUTH CAROLINA**

FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2017

**KERSHAW COUNTY SCHOOL DISTRICT
CAMDEN, SOUTH CAROLINA**

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CAMDEN, SOUTH CAROLINA**

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**KERSHAW COUNTY SCHOOL DISTRICT
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**KERSHAW COUNTY SCHOOL DISTRICT
CAMDEN, SOUTH CAROLINA**

PRINCIPAL OFFICIALS

YEAR ENDED JUNE 30, 2017

Established in 1969

Board of Trustees

Ronald Blackmon, Chairman

Kim H. DuRant, Vice Chair

Shirley Halley, Chaplain

Dr. Donald Copley

Mark Sury

Derrick Proctor

Matt Irick

Todd McDonald

Dr. James Smith

Senior Administrative Staff

Dr. Frank Morgan, Superintendent

Dr. Connie Graham, Assistant Superintendent for Human Resources

Donnie W. Wilson, Assistant Superintendent, Chief Financial Officer



Greene, Finney & Horton, LLP

CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

INDEPENDENT AUDITOR'S REPORT

The Board of Trustees
Kershaw County School District
Camden, 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 Kershaw County School District, South Carolina (the "District"), as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Kershaw County School District, South Carolina, as of June 30, 2017, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Adoption of Accounting Principle

As discussed in Note I.B to the financial statements, for the year ended June 30, 2017 the District adopted the provisions of Governmental Accounting Standards Board ("GASB") Statement No. 77 "Tax Abatement Disclosures". Our opinion is not modified with respect to this matter.

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Pending Implementation of GASB Statement on Postemployment Benefits Other Than Pensions

As discussed in Note IV.G to the financial statements, the GASB issued Statement No. 75 “*Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*” (“Statement”) in 2015. This Statement, which will be adopted by the District for the year ended June 30, 2018, will require the District to report a net other postemployment benefit (“OPEB”) liability on its applicable financial statements for its participation in the South Carolina State Health Plan (“Plan”).

Based on recent information provided by the South Carolina Public Employee Benefit Authority, it is anticipated that the District’s share of the net OPEB liability associated with this Plan will decrease its governmental activities beginning net position for the year ended June 30, 2018 by approximately \$92,000,000, although the exact amount has yet to be determined. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management’s discussion and analysis, the budgetary comparison schedule for the General Fund, and the pension plan schedules, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the GASB 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.

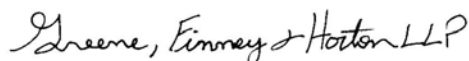
Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District’s basic financial statements. The supplementary information and the schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplementary information 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 supplementary information 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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 6, 2017 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.



Greene, Finney & Horton, LLP
Mauldin, South Carolina
November 6, 2017

**KERSHAW COUNTY SCHOOL DISTRICT
CAMDEN, SOUTH CAROLINA**

MANAGEMENT'S DISCUSSION AND ANALYSIS

YEAR ENDED JUNE 30, 2017

This discussion and analysis of Kershaw County School District's (the "District") financial performance provides an overview of the District's financial activities for the fiscal year ended June 30, 2017. The intent of this discussion and analysis is to look at the District's financial performance as a whole. Readers should also review the notes to the financial statements and financial statements to enhance their understanding of the District's financial performance.

FINANCIAL HIGHLIGHTS

Key financial highlights for 2017 are as follows:

- On the government-wide basis, the assets and deferred outflows of resources of the District were exceeded by its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$62.7 million. Unrestricted net position was a deficit of \$88.7 million. This deficit was due to the net pension liability of \$117.8 million as required by Governmental Accounting Standards Board ("GASB") statement No. 68, "*Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*" ("GASB #68"). The District participates in the South Carolina Retirement System's ("SCRS") pension plans, and the District is required by GASB #68 to recognize its proportionate share of the SCRS' unfunded liabilities on the District's government-wide financial statements.
- As of the close of the current fiscal year, the District's governmental funds reported combined ending fund balances of \$30.8 million. 37% of the total amount, or \$11.4 million, is available for spending at the government's discretion.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was 11.4 million, which is 14% of total General Fund expenditures for fiscal year 2017.
- The District's fund balance for the General Fund increased by \$1.4 million.
- During the 2017 fiscal year, the District's governmental fund type revenues were \$116.9 million compared to \$112.8 million in the prior year, or an increase of 3.7%.
- The District's net capital assets decreased by \$2.4 million (2.0%) during the current fiscal year to approximately \$118.6 million, primarily due to depreciation expense of \$5.9 million, partially offset by current year net additions of \$3.5 million.
- In November 2016, the citizens of Kershaw County approved a referendum to allow the District to issue \$129 million in bonds, using the proceeds to replace old buildings and major renovations and expansions at other District buildings. The citizens also approved a referendum implementing a penny sales tax to pay for the new debt for a period of 15 years. This new tax went into effect in March 2017. The District intends on issuing the long-term bonds in fiscal 2018. The building projects were just getting started at the end of 2017.
- The District's total outstanding bonds were \$162.9 million at June 30, 2017, increasing by \$50.4 million due to the District issuing a \$55.0 million Bond Anticipation Note for the building projects approved by voter referendum, partially offset by scheduled principal payments during the year of \$4.6 million.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of three parts — *Introductory Section*, *Financial Section* (which includes the financial statements, required supplementary information which includes this management's discussion and analysis section, the combining and individual fund financial schedules and the location reconciliation schedule) and the *Compliance Section*.

Government-Wide Financial Statements. The financial statements include two kinds of statements that present different views of the District. The first two statements are *government-wide financial statements* that provide a broad overview of the District's overall financial status, in a manner similar to a private-sector enterprise.

The *Statement of Net Position* presents information on all of the District's assets, liabilities, and deferred outflows/inflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

**KERSHAW COUNTY SCHOOL DISTRICT
CAMDEN, SOUTH CAROLINA**

MANAGEMENT'S DISCUSSION AND ANALYSIS

YEAR ENDED JUNE 30, 2017

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

Both of the government-wide financial statements distinguish functions of the District that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the District include instruction, supporting services, community services and intergovernmental. The District does not have report any "business-type" activities.

The Kershaw County Public School Foundation ("Foundation") was established by the District during the 2006 fiscal year. The Foundation is a blended component unit of the District, and as such, is included in the governmental activities of the District. Separate financial statements for the Foundation are not issued.

The government-wide financial statements can be found as listed in the table of contents.

Fund Financial Statements. The remaining financial statements are *fund financial statements* that focus on *individual parts* of the District, reporting the District's operations in more *detail* than the government-wide statements.

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related requirements. All of the funds of the District can be divided into two categories: governmental funds and fiduciary funds.

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term uses of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Since the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. The differences of results in the governmental fund financial statements to those in the government-wide financial statements are explained in a reconciliation schedule following each governmental fund financial statement.

The District maintains six individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, Special Revenue Fund, Special Revenue Fund-EIA, Special Revenue Fund-Food Service, Debt Service Fund-District, Capital Projects Fund-District, all of which are considered to be major funds. The Debt Service Fund-Foundation is also a major fund and therefore shown in a separate column. The Capital Projects Fund-Foundation was used in prior years to account for and report capital outlay related to the Foundations operations. This fund was inactive for the year ended June 30, 2017, as it expended all of its resources in prior years and did not have any operations or balances as of June 30, 2017. The governmental fund financial statements can be found as listed in the table of contents.

Fiduciary Funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support the district's own programs. The District is the trustee, or fiduciary, for the pupil activities of the schools and accounts for these activities in an agency fund. The fiduciary fund financial statement can be found as listed in the table of contents.

Notes to the Financial Statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found as listed in the table of contents. More detailed information regarding long-term debt and capital asset activity can also be found in the notes to the financial statements.

**KERSHAW COUNTY SCHOOL DISTRICT
CAMDEN, SOUTH CAROLINA**

MANAGEMENT'S DISCUSSION AND ANALYSIS

YEAR ENDED JUNE 30, 2017

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

Supplementary Information. The combining and individual fund schedules and the location reconciliation schedule can be found as listed in the table of contents.

The District adopts an annual appropriated budget for its General Fund. A budgetary comparison schedule has been provided for this fund to demonstrate compliance with the budget. This schedule can be found as listed in the table of contents.

Major Features of Kershaw County School District's Government-Wide and Fund Financial Statements			
	Government-Wide <u>Statements</u>	<u>Fund Financial Statements</u>	
		<u>Governmental Funds</u>	<u>Fiduciary Funds</u>
Scope	Entire District (except fiduciary funds) including the District's blended component unit	The activities of the District that are not proprietary or fiduciary	Instances in which the District is the trustee or agent for someone else's resources, such as the Pupil Activity Fund
Required Financial Statements	Statement of Net Position; Statement of Activities	Balance Sheet; Statement of Revenues, Expenditures, and Changes in Fund Balances	Statement of Fiduciary Assets and Liabilities
Accounting Basis and Measurement Focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus
Type of Asset/Liability Information	All assets, liabilities, and deferred outflows / inflows of resources, both financial and capital, and short-term and long-term	Only assets and deferred outflows of resources (if any) that are expected to be used and liabilities and deferred inflows of resources that come due during the year or soon, thereafter; no capital assets included	All assets and liabilities, both short-term and long-term; the District's funds do not currently contain capital assets, although they can
Type of Inflow/Outflow Information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter	All revenues and expenses during year, regardless of when cash is received or paid

**KERSHAW COUNTY SCHOOL DISTRICT
CAMDEN, SOUTH CAROLINA**

MANAGEMENT'S DISCUSSION AND ANALYSIS

YEAR ENDED JUNE 30, 2017

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the District, assets and deferred outflows of resources were exceeded by its liabilities and deferred inflows of resources by \$62.7 million at the close of the most recent fiscal year.

A summary of the District's net position as of June 30, 2017 compared to June 30, 2016 is presented below:

	2017	2016
Assets		
Current and Other Assets	\$ 101,531,013	\$ 41,478,770
Capital Assets (Net)	118,562,109	120,980,569
Total Assets	<u>220,093,122</u>	<u>162,459,339</u>
Deferred Outflows of Resources		
Deferred Refunding Charges	1,945,232	2,080,161
Deferred Pension Charges	17,509,893	8,493,430
Total Deferred Outflows of Resources	<u>19,455,125</u>	<u>10,573,591</u>
Liabilities		
Other Liabilities	71,078,480	14,832,098
Net Pension Liability	117,837,500	105,655,365
Long Term Liabilities	111,945,326	116,935,844
Total Liabilities	<u>300,861,306</u>	<u>237,423,307</u>
Deferred Inflows of Resources		
Deferred Pension Credits	1,369,736	880,439
Total Deferred Inflows of Resources	<u>1,369,736</u>	<u>880,439</u>
Net Position		
Net Investment in Capital Assets	14,037,326	11,086,549
Restricted	11,991,641	10,213,468
Unrestricted	(88,711,762)	(86,570,833)
Total Net Position	<u>\$ (62,682,795)</u>	<u>\$ (65,270,816)</u>

Total net position of the District's governmental activities increased from a deficit of \$65.3 million at June 30, 2016 to a deficit of \$62.7 million at June 30, 2017 or an increase of \$2.6 million. This increase in total net position is primarily due to an increase in current and other assets due to unspent bond proceeds and an increase in deferred pension charges, which was partially offset by an increase in net pension liability, deferred pension credits, and other liabilities due to short term bonds payable. The increase in total assets is primarily due to an increase in cash and investments as a result of unspent bond proceeds, partially offset by a decrease in capital assets of \$2.4 million, due to depreciation expense of \$5.9 million, partially offset by net additions of \$3.5 million. The increase in deferred outflows of resources is due to changes in actuarial assumptions under GASB #68. Total liabilities increased by \$63 million from the prior year primarily due to the increase in net pension liability of \$12.2 million and the issuance of short term bonds payable of \$57.0 million at June 30, 2017, offset by a decrease in long term liabilities of \$5.0 million due to current year principal payments.

**KERSHAW COUNTY SCHOOL DISTRICT
CAMDEN, SOUTH CAROLINA**

MANAGEMENT'S DISCUSSION AND ANALYSIS

YEAR ENDED JUNE 30, 2017

GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)

The increase in deferred inflows of resources is primarily due to an increase in deferred pension credits of \$0.5 million, as required by GASB #68. Total net position increased \$2.6 million. Unrestricted net position, the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements was a deficit of \$88.7 million at June 30, 2017, due to the net pension liability of \$117.8 million as required by GASB 68.

The following table shows the changes in net position for fiscal year 2017 compared to 2016:

	Changes in Net Position	
	<u>2017</u>	<u>2016</u>
Revenues		
Program Revenues:		
Charges for Services	\$ 1,743,035	\$ 1,864,883
Operating Grants	60,916,374	56,798,822
General Revenues:		
Property Taxes	36,133,885	35,689,717
Local Sales and Use Taxes	1,367,455	-
Other	16,683,852	18,588,877
Total Revenues	<u>116,844,601</u>	<u>112,942,299</u>
Program Activities		
Instruction	67,250,543	63,667,308
Support Services	43,182,851	41,561,164
Community Services	11,478	13,617
Interest and Other Charges	3,811,708	7,973,317
Total Expenses	<u>114,256,580</u>	<u>113,215,406</u>
Change in Net Position	2,588,021	(273,107)
Net Position, Beginning of Year	<u>(65,270,816)</u>	<u>(64,997,709)</u>
Net Position, End of Year	<u>\$ (62,682,795)</u>	<u>\$ (65,270,816)</u>

Overall, the District's financial condition increased in fiscal year 2017, as program revenues exceeded expenditures by \$2.6 million, compared to a \$0.3 million decrease in the prior year. Total revenues increased \$3.9 million (3.5%) from 2016 to 2017 due mainly to the new local sales and use taxes of \$1.4 million, which were approved by voter referendum in November 2016 and began being collected in March 2017, an increase in property taxes of \$0.4 million, and an increase in operating grants received from the State of South Carolina of \$4.1 million. These increases were partially offset by lower investment earnings of \$2.1 million as the District terminated its guaranteed investment contract in the prior year in conjunction with the refunding of the Foundation's Installment Purchase Revenue Bonds. Program expenses increased \$1.0 million from 2016 to 2017 (1.0%).

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**KERSHAW COUNTY SCHOOL DISTRICT
CAMDEN, SOUTH CAROLINA**

MANAGEMENT'S DISCUSSION AND ANALYSIS

YEAR ENDED JUNE 30, 2017

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS (CONTINUED)

Governmental Funds

The analysis of governmental funds serves the purpose of looking at what resources came into the funds, how they were spent and what is available for future expenditures. Did the government generate enough revenue to pay for current obligations? What is available for spending at the end of the year?

For the year ended June 30, 2017, the District's governmental funds reported a *combined* fund balance of \$30.8 million as compared to \$26.0 million for the prior year, as revenues exceeded expenditures.

The General Fund is the chief operating fund of the District. At the end of the current fiscal year, the unassigned fund balance of the General Fund was \$11.4 million. The District's total General Fund balance was \$11.4 million, increasing \$1.4 million (13.8%) during the current fiscal year, as revenues and net transfers in of \$82.1 million exceeded expenditures of \$80.7 million. This increase is due primarily to an increase in property taxes and state revenue, partially offset by increases in salaries and related benefits, and supplies and materials.

The District's special revenue funds (EIA and Food Service) are used to account for revenues derived from the state of South Carolina and the federal government. The Special Revenue Fund balance increased by \$213 thousand. The Special Revenue Fund-EIA does not have a fund balance as revenues should be expended, deferred, or returned to the grantor. The fund balance for the Special Revenue Fund-Food Service increased by \$425 thousand (9.2%), compared to an increase of \$486 thousand in the prior year.

Two debt service funds are shown in the accompanying financial statements of the District; the regular District Debt Service Fund and the Foundation Debt Service Fund. Both funds are used to account for the accumulation of funds for debt retirement. The District's Debt Service fund balance at the end of the current fiscal year was \$5.9 million. The fund balance increased by \$2.3 million as current year property tax revenues exceeded debt service expenditures and transfers to other funds. The District issued a \$55.0 million short-term Bond Anticipation Note in February 2017 that is due in February 2018. The District also issued \$2.0 million in short-term General Obligation Bonds in the second quarter of 2017 that are due in March 2018. Due to the timing of the issuances and the scheduled maturity being less than one year from the dates they were issued, the outstanding balances of \$57.0 million are reflected on the District's balance sheet for its governmental funds at June 30, 2017 as required by generally accepted accounting principles. The District's debt millage rate is 64.2 mills, no change from the prior year. The Debt Service Fund - Foundation accounts for the accumulated resources for payment on the installment purchase revenue bonds sold by the non-profit organization. The fund balance was \$0.1 million, no change from prior year.

The District's capital projects fund increased by \$0.5 million during the 2017 fiscal year to \$7.0 million at June 30, 2017, as transfers in from the debt service fund of \$5.3 million (representing proceeds from the issuance of short term General Obligation Bonds) and a bond premium of \$1.6 million on the issuance of the Bond Anticipation Note exceeded current year expenditures of \$6.5 million.

General Fund Budgetary Highlights

The District's General Fund budget is prepared according to South Carolina law and is consistent with U.S. generally accepted accounting principles. The Board of Trustees adopted a balanced budget that reflected total revenue sources and annual appropriations of \$78.3 million.

During the course of FY2017, there was one budget amendment with a net impact of \$1.3 million increase in fund balance.

At the end of FY2017, the General Fund had a positive total budget vs. actual variance of \$81 thousand. This positive variance is due to actual revenues and transfers in exceeding budget by \$47 thousand, combined with actual expenditures being less than budget by \$34 thousand.

**KERSHAW COUNTY SCHOOL DISTRICT
CAMDEN, SOUTH CAROLINA**

MANAGEMENT'S DISCUSSION AND ANALYSIS

YEAR ENDED JUNE 30, 2017

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of FY2017, the District had \$118.6 million invested in capital assets, net of depreciation.

The net decrease in the District's investment in capital assets was \$2.4 million or 2.0%. The decrease was due to depreciation expense of \$5.9 million, partially offset by current year net additions of \$3.5 million.

The following table shows fiscal year end 2017 capital asset balances compared to 2016:

	Capital Assets (Net of Depreciation)	
	Governmental Activities	
	2017	2016
Capital Assets		
Land	\$ 3,737,743	\$ 3,737,743
Construction in Progress	2,792,213	-
Buildings and Improvements	107,804,987	112,714,044
Furniture and Equipment	4,227,166	4,528,782
Capital Assets, Net	<u>\$ 118,562,109</u>	<u>\$ 120,980,569</u>

Additional information on the District's capital assets can be found in Note III.C in the Notes to the Financial Statements.

Debt Administration

At the end of the current fiscal year, the primary government had \$162.9 million in outstanding indebtedness (including \$55.0 million in a Bond Anticipation Note and \$2.0 million in general obligation bonds), compared to \$112.5 million at June 30, 2016. The increase of \$50.4 million is due primarily to the issuance of the \$55.0 million BAN, partially offset by regularly scheduled principal payments on the District's other outstanding indebtedness. All required principal payments of \$4.6 million were made during the year. The Foundation's Installment Purchase Revenue Bonds are not an obligation of the District. However, the Foundation debt is included with the District's obligations as required by generally accepted accounting principles.

The following table shows fiscal year end 2017 outstanding debt compared to 2016:

	Outstanding Debt	
	Governmental Activities	
	2017	2016
Series 2010 Qualified School Construction Bonds	\$ 4,000,000	\$ 4,000,000
Series 2012 General Obligation Refunding Bonds	2,245,000	4,525,000
Foundation - Series 2015 Installment Purchase Revenue Bonds	99,575,000	101,900,000
Series 2016A General Obligation Bonds	-	2,051,000
Series 2017 Bond Anticipation Note	55,000,000	-
Series 2017A General Obligation Bonds	2,046,000	-
Total	<u>\$ 162,866,000</u>	<u>\$ 112,476,000</u>

**KERSHAW COUNTY SCHOOL DISTRICT
CAMDEN, SOUTH CAROLINA**

MANAGEMENT'S DISCUSSION AND ANALYSIS

YEAR ENDED JUNE 30, 2017

CAPITAL ASSETS AND DEBT ADMINISTRATION (CONTINUED)

Debt Administration (Continued)

The District issued the Series 2017 Bond Anticipation Note to provide funding for the new building program that was approved by the citizens of Kershaw County in November 2016. The District anticipates issuing a long-term General Obligation Bond in 2018 in the amount of \$129 million. The proceeds will be used to repay the Series 2017 Bond Anticipation Note and to fund the remaining anticipated costs for the new building program.

The state limits the amount of general obligation debt that school districts can issue to 8 percent of the assessed value of all taxable property within the District's corporate limits. The District is authorized by state statute to exceed the legal debt margin of 8%, if citizens of the District approve such additional debt through a district-wide referendum. Only \$2.0 million of the outstanding debt is subject to this limit as of June 30, 2017. In addition the District has funded \$2.6 million in a sinking fund for the repayment of the Series 2010 Qualified School Construction Bonds at their maturity in 2020.

Additional detailed information about the District's long-term obligations is presented in Note III.G in the Notes to the Financial Statements.

ECONOMIC FACTORS

Kershaw County School District is the largest single employer in the county with over 1,200 employees. The government sector, of which the District is a part, is the second largest sector within the county representing 20% of the total workforce. The largest sector continues to be manufacturing at 28% of the workforce. InVista (formerly DuPont) is the largest employer in the manufacturing sector with 800 employees. In addition, the Target Distribution Center continued to increase employment.

The District tax base has grown at an average rate of 2.3% over the last five years to \$232.4 million including a slight increase after reassessment was completed during fiscal year 2011. Total property tax collections recovered somewhat from the prior year close to the five year average of 96% compared to a low during 2011 of 91%. The County is currently conducting a reassessment of all property which will go into effect for the 2017 tax year.

The notes to the financial statements include the GASB 77 required disclosure for the amount property tax revenues were reduced under tax abatement agreements. Tax abatement agreements are a popular incentive used by community and state economic development officials. In such agreements, all or part of the property that a company invests in the community is either not included in the tax rolls or is included at lower rates for a certain number of years as defined in the agreement. The District does not have any of its own tax abatement agreements. The District's revenues were reduced by \$4.2 million under agreements entered into by Kershaw County, South Carolina.

FY 2018 GENERAL FUND BUDGET

In June 2017, the Board of Trustees adopted a balanced General Fund budget for FY2018 that reflected total revenues and total appropriations of \$80.4 million. The FY2018 General Fund original budget represents a 2.0% increase from the FY2017 General Fund budget of \$78.3 million. This increase of \$2.1 million consists primarily of state mandated employee step increases, as well as increased employer fringe costs.

The FY2018 General Fund budget includes a \$75 increase to the EFA base student cost to \$2,425 per student, as well as a modest projected increase in local tax collections.

**KERSHAW COUNTY SCHOOL DISTRICT
CAMDEN, SOUTH CAROLINA**

MANAGEMENT'S DISCUSSION AND ANALYSIS

YEAR ENDED JUNE 30, 2017

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide those interested with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Finance Department, at Kershaw County School District, 2029 DeKalb Street, Camden, South Carolina, 29020. In addition, the Annual Financial Report may be found on the District's website at <http://www.kershaw.k12.sc.us>.

BASIC FINANCIAL STATEMENTS

**KERSHAW COUNTY SCHOOL DISTRICT
CAMDEN, SOUTH CAROLINA**

STATEMENT OF NET POSITION

JUNE 30, 2017

	PRIMARY GOVERNMENT Governmental Activities
ASSETS	
Cash and Cash Equivalents	\$ 32,218,115
Cash and Cash Equivalents, Restricted	56,015,071
Investments, Restricted	2,564,785
Property Taxes Receivable, Net	1,201,928
Accounts Receivable, Net	636,636
Due from Other Governments	8,717,833
Inventories	176,645
Capital Assets:	
Non-Depreciable	6,529,956
Depreciable, Net	112,032,153
TOTAL ASSETS	220,093,122
DEFERRED OUTFLOWS OF RESOURCES	
Deferred Refunding Charges	1,945,232
Deferred Pension Charges	17,509,893
TOTAL DEFERRED OUTFLOWS OF RESOURCES	19,455,125
LIABILITIES	
Accounts Payable	2,451,725
Accrued Salaries & Benefits	8,605,328
Accrued Interest Payable	1,291,958
Due to Other Governments	61,483
Unearned Revenue	1,621,986
Short Term General Obligation Bond Payable	57,046,000
Non-Current Liabilities:	
Net Pension Liability	117,837,500
Due Within One Year	4,579,177
Due in More than One Year	107,366,149
TOTAL LIABILITIES	300,861,306
DEFERRED INFLOWS OF RESOURCES	
Deferred Pension Credits	1,369,736
TOTAL DEFERRED INFLOWS OF RESOURCES	1,369,736
NET POSITION	
Net Investment in Capital Assets	14,037,326
Restricted For:	
Debt Service	6,968,789
Food Services	5,022,852
Unrestricted	(88,711,762)
TOTAL NET POSITION	\$ (62,682,795)

The notes to the financial statements are an integral part of this statement.
See accompanying independent auditor's report.

**KERSHAW COUNTY SCHOOL DISTRICT
CAMDEN, SOUTH CAROLINA**

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2017

FUNCTIONS/PROGRAMS	PROGRAM REVENUES				NET (EXPENSE) REVENUE AND CHANGE IN NET POSITION IN NET
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government Governmental Activities
PRIMARY GOVERNMENT:					
Governmental Activities:					
Instruction	\$ 68,591,336	7,807	39,051,904	-	\$ (29,531,625)
Support Services	41,842,057	1,735,228	21,864,470	-	(18,242,359)
Community Services	11,479	-	-	-	(11,479)
Interest and Other Charges	3,811,708	-	-	-	(3,811,708)
Total Governmental Activities	114,256,580	1,743,035	60,916,374	-	(51,597,171)
TOTAL PRIMARY GOVERNMENT	\$ 114,256,580	1,743,035	60,916,374	-	(51,597,171)

GENERAL REVENUES:

General Revenues:

Property Taxes Levied for General Purposes	22,061,618
Property Taxes Levied for Debt Service	14,072,267
State Revenue in Lieu of Taxes	15,340,659
Local Sales and Use Taxes	1,367,455
Unrestricted Grants & Contributions	16,800
Unrestricted Investment Earnings	237,295
Unrestricted Intergovernmental Revenue	5,920
Miscellaneous	1,064,934
Gain on Disposal of Capital Assets	14,331
Insurance Proceeds	3,913
Total General Revenues	54,185,192

CHANGE IN NET POSITION

2,588,021

NET POSITION, Beginning of Year

(65,270,816)

NET POSITION, End of Year

\$ (62,682,795)

The notes to the financial statements are an integral part of this statement.
See accompanying independent auditor's report.

KERSHAW COUNTY SCHOOL DISTRICT
CAMDEN, SOUTH CAROLINA

BALANCE SHEET

GOVERNMENTAL FUNDS

JUNE 30, 2017

	GENERAL	SPECIAL REVENUE	SPECIAL REVENUE - EIA
ASSETS			
Cash and Cash Equivalents	\$ 28,158,592	-	-
Cash and Cash Equivalents, Restricted	-	-	-
Investments, Restricted	-	-	-
Receivables, Net:			
Taxes	793,782	-	-
Accounts	26,396	69,822	727
Due From:			
County Treasurer	1,847,118	-	-
State Agencies	-	265,240	16,535
Federal Agencies	-	2,003,511	-
Other Funds	1,103,073	-	1,061,885
Inventories	15,773	-	-
TOTAL ASSETS	\$ 31,944,734	2,338,573	1,079,147
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES			
LIABILITIES:			
Accounts Payable	\$ 2,437,179	-	-
Accrued Salaries & Benefits	8,605,328	-	-
Due To:			
State Department of Education	-	-	7,826
Other State Agencies	-	36,129	-
Federal Agencies	-	17,528	-
Other Funds	8,861,684	438,005	-
Unearned Revenue	-	497,499	1,071,321
Short Term General Obligation Bond Payable	-	-	-
TOTAL LIABILITIES	19,904,191	989,161	1,079,147
DEFERRED INFLOWS OF RESOURCES			
Unavailable Revenue - Property Taxes	634,885	-	-
TOTAL DEFERRED INFLOWS OF RESOURCES	634,885	-	-
FUND BALANCES:			
Fund Balances			
Nonspendable:			
Inventories	15,773	-	-
Restricted:			
Food Services	-	-	-
Debt Service	-	-	-
Capital Projects	-	-	-
Assigned:			
Special Education Programs	-	1,349,412	-
Unassigned	11,389,885	-	-
TOTAL FUND BALANCES	11,405,658	1,349,412	-
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 31,944,734	2,338,573	1,079,147

The notes to the financial statements are an integral part of this statement.
See accompanying independent auditor's report.

SPECIAL REVENUE - FOOD SERVICE	DEBT SERVICE - DISTRICT	DEBT SERVICE - FOUNDATION	CAPITAL PROJECTS - DISTRICT	TOTAL GOVERNMENTAL FUNDS
4,059,523	-	-	-	\$ 32,218,115
-	894,130	929	55,120,012	56,015,071
-	2,564,785	-	-	2,564,785
-	408,146	-	-	1,201,928
63,086	473,325	-	3,280	636,636
-	4,585,429	-	-	6,432,547
-	-	-	-	281,775
-	-	-	-	2,003,511
792,537	-	120,531	6,886,731	9,964,757
160,872	-	-	-	176,645
5,076,018	8,925,815	121,460	62,010,023	\$ 111,495,770
-	-	-	14,546	\$ 2,451,725
-	-	-	-	8,605,328
-	-	-	-	7,826
-	-	-	-	36,129
-	-	-	-	17,528
-	665,068	-	-	9,964,757
53,166	-	-	-	1,621,986
-	2,046,000	-	55,000,000	57,046,000
53,166	2,711,068	-	55,014,546	79,751,279
-	302,595	-	-	937,480
-	302,595	-	-	937,480
160,872	-	-	-	176,645
4,861,980	-	-	-	4,861,980
-	5,912,152	121,460	-	6,033,612
-	-	-	6,995,477	6,995,477
-	-	-	-	1,349,412
-	-	-	-	11,389,885
5,022,852	5,912,152	121,460	6,995,477	30,807,011
5,076,018	8,925,815	121,460	62,010,023	\$ 111,495,770

**KERSHAW COUNTY SCHOOL DISTRICT
CAMDEN, SOUTH CAROLINA**

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION

JUNE 30, 2017

TOTAL FUND BALANCES - GOVERNMENTAL FUNDS	\$ 30,807,011
Amounts reported for the governmental activities in the Statement of Net Position are different because:	
Property taxes receivable will be collected in the future but are not available soon enough to pay for the current period's expenditures and therefore are unavailable in the funds.	937,480
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds. The cost of the assets is \$209,276,258, and the accumulated depreciation is \$90,714,149.	118,562,109
Deferred refunding charges are amortized over the lives of the refunding bonds in the Statement of Net Position; however, they are recognized in the year incurred in the governmental funds.	1,945,232
Interest is recorded as an expenditure when due and payable in the governmental funds. Interest is recorded in the government-wide statements when due. This amount represents the amount due but unpaid at year-end.	(1,291,958)
The District's proportionate shares of the net pension liability, deferred outflows of resources, and deferred inflows of resources related to its participation in the State pension plans are not recorded in the governmental funds but are recorded in the Statement of Net Position.	(101,697,343)
Long-term liabilities are not due and payable in the current period and therefore are not reported as liabilities in the funds. Long-term liabilities at year-end consisted of the following:	
Long-Term Debt	(105,820,000)
Long-Term Debt Premiums	(5,720,952)
Compensated Absences	(404,374)
	<u>(111,945,326)</u>
TOTAL NET POSITION - GOVERNMENTAL ACTIVITIES	<u>\$ (62,682,795)</u>

The notes to the financial statements are an integral part of this statement.
See accompanying independent auditor's report.

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KERSHAW COUNTY SCHOOL DISTRICT
CAMDEN, SOUTH CAROLINA

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

GOVERNMENTAL FUNDS

YEAR ENDED JUNE 30, 2017

	GENERAL	SPECIAL REVENUE	SPECIAL REVENUE - EIA
REVENUES			
Local Sources:			
Taxes	\$ 22,135,703	-	-
Investment Earnings	16,054	-	-
Local Sales and Use Taxes	-	-	-
Other Local Sources	524,482	983,403	1,080
State Sources	56,456,167	1,752,353	6,320,233
Federal Sources	-	6,410,124	-
Intergovernmental Revenue	5,920	-	-
TOTAL REVENUES	79,138,326	9,145,880	6,321,313
EXPENDITURES			
Current:			
Instruction	49,344,643	5,590,819	2,906,339
Support Services	31,318,970	2,915,103	954,817
Community Services	10,000	1,479	-
Intergovernmental	-	160,386	-
Capital Outlay	-	-	101,476
Debt Service:			
Principal Retirement	-	-	-
Interest and Fiscal Charges	-	-	-
Bond Issuance Costs	-	-	-
TOTAL EXPENDITURES	80,673,613	8,667,787	3,962,632
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(1,535,287)	478,093	2,358,681
OTHER FINANCING SOURCES (USES)			
Premium on Issuance of Bonds	-	-	-
Insurance Proceeds	-	-	-
Sale of Capital Assets	-	-	-
Transfers In	2,921,339	-	-
Transfers Out	-	(264,709)	(2,358,681)
TOTAL OTHER FINANCING SOURCES (USES)	2,921,339	(264,709)	(2,358,681)
NET CHANGES IN FUND BALANCES	1,386,052	213,384	-
FUND BALANCES, Beginning of Year	10,019,606	1,136,028	-
FUND BALANCES, End of Year	\$ 11,405,658	1,349,412	-

The notes to the financial statements are an integral part of this statement.
See accompanying independent auditor's report.

SPECIAL REVENUE - FOOD SERVICE	DEBT SERVICE - DISTRICT	DEBT SERVICE - FOUNDATION	CAPITAL PROJECTS - DISTRICT	TOTAL GOVERNMENTAL FUNDS
-	14,100,137	-	-	\$ 36,235,840
-	81,756	420	139,065	237,295
-	1,367,455	-	-	1,367,455
1,179,901	-	-	3,350	2,692,216
406	1,053,644	-	-	65,582,803
4,219,024	177,635	-	-	10,806,783
-	-	-	-	5,920
5,399,331	16,780,627	420	142,415	116,928,312
-	-	-	228,771	58,070,572
4,677,445	-	-	3,823,739	43,690,074
-	-	-	-	11,479
-	-	-	-	160,386
-	-	-	2,337,456	2,438,932
-	2,280,000	2,325,000	-	4,605,000
-	486,455	4,176,382	152,810	4,815,647
-	65,413	-	-	65,413
4,677,445	2,831,868	6,501,382	6,542,776	113,857,503
721,886	13,948,759	(6,500,962)	(6,400,361)	3,070,809
-	86,890	-	1,611,500	1,698,390
-	-	-	3,913	3,913
-	-	-	14,331	14,331
-	-	6,498,263	5,270,653	14,690,255
(297,949)	(11,768,916)	-	-	(14,690,255)
(297,949)	(11,682,026)	6,498,263	6,900,397	1,716,634
423,937	2,266,733	(2,699)	500,036	4,787,443
4,598,915	3,645,419	124,159	6,495,441	26,019,568
5,022,852	5,912,152	121,460	6,995,477	\$ 30,807,011

**KERSHAW COUNTY SCHOOL DISTRICT
CAMDEN, SOUTH CAROLINA**

**RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES**

YEAR ENDED JUNE 30, 2017

TOTAL NET CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS **\$ 4,787,443**

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

Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds. They are considered revenue in the Statement of Activities. (101,955)

Repayment of bond principal is an expenditure in the governmental funds, but it reduces long-term liabilities in the Statement of Net Position. 4,605,000

Interest on long-term debt and in the Statement of Activities differs from the amount reported in the governmental funds because interest is recognized as an expenditure in the funds when it is due and payable, and thus requires the use of current financial resources. In the Statement of Activities, however, interest expense is recognized as the interest accrues, regardless of when it is due. This amount is the net change in accrued interest. (879,627)

Bond premiums are recorded in the year they are received in governmental funds, but are amortized over the lives of the bonds in the Statement of Activities. This amount is the change for the current year. 396,829

Deferred refunding charges are not recognized by the governmental funds but are amortized over the life of the refunding debt in the Statement of Activities. This amount is the change for the current year. (134,929)

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. (11,311)

Changes in the District's proportionate share of the net pension liability, deferred outflows of resources, and deferred inflows of resources for the current year are not reported in the governmental funds but are reported in the Statement of Activities. (3,654,969)

Governmental funds reported cash capital asset additions as expenditures. However, in the Statement of Activities, the cost of those capital assets is allocated over their estimated useful lived as depreciation expense. This is the amount by which capital asset additions of \$3,462,445 were exceeded by depreciation expense of \$5,880,905 in the current period. (2,418,460)

CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES **\$ 2,588,021**

The notes to the financial statements are an integral part of this statement.
See accompanying independent auditor's report.

**KERSHAW COUNTY SCHOOL DISTRICT
CAMDEN, SOUTH CAROLINA**

STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES

AGENCY FUND

JUNE 30, 2017

	AGENCY
ASSETS	
Cash and Cash Equivalents	\$ 63,572
Accounts Receivable	850,654
TOTAL ASSETS	\$ 914,226
LIABILITIES	
Due to Student Organizations	\$ 914,226
TOTAL LIABILITIES	\$ 914,226

The notes to the financial statements are an integral part of this statement.
See accompanying independent auditor's report.

**KERSHAW COUNTY SCHOOL DISTRICT
CAMDEN, SOUTH CAROLINA**

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2017

Kershaw County School District, South Carolina (the “District”), was established in 1969; it has responsibility for and control over all activities related to public school education in all of Kershaw County. The District has twenty schools and approximately 10,500 students for fiscal year 2017. The District receives funding from local, state and federal government sources and must comply with the related requirements of these funding source entities. The District is governed by a nine member Board of Trustees (the “Board”).

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. The Reporting Entity

The financial statements of the District have been prepared in conformity with accounting principles generally accepted in the United States of America (“GAAP”) as applied to governmental units. The Government Accounting Standards Board (“GASB”) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the District’s accounting policies are described below.

All activities, for which the Board exercises oversight responsibility, have been incorporated into the financial statements to form the reporting entity. The District’s financial statements include the accounts of all District operations, including, but not limited to, general operations and support services, food service operations, capital projects, debt service activities, and agency transactions.

As required by GAAP, the financial statements must present the District’s financial information with any of its component units. The primary criterion for determining inclusion or exclusion of a legally separate entity (component unit) is financial accountability, which is presumed to exist if the District both appoints a voting majority of the entity’s governing body, and either 1) the District is able to impose its will on the entity or, 2) there is a potential for the entity to provide specific financial benefits to, or impose specific financial burdens on the District. If either or both of the foregoing conditions are not met, the entity could still be considered a component unit if it is fiscally dependent on the District and there is a potential that the entity could either provide specific financial benefits to, or to impose specific financial burdens on the District.

In order to be considered fiscally independent, an entity must have the authority to do all of the following: (a) determine its budget without the District having the authority to approve or modify that budget; (b) levy taxes or set rates or charges without approval by the District; and (c) issue bonded debt without approval by the District. An entity has a financial benefit or burden relationship with the District if, for example, any one of the following conditions exists: (a) the District is legally entitled to or can otherwise access the entity’s resources, (b) the District is legally obligated or has otherwise assumed the obligation to finance the deficits or, or provide financial support to, the entity, or (c) the District is obligated in some manner for the debt of the entity. Finally, an entity could be a component unit even if it met all the conditions described above if excluding it would cause the District’s financial statements to be misleading.

Blended component units, although legally separate entities, are in substance part of the government's operations and data from these units are combined with data of the primary government in the financial statements. Discretely presented component units, on the other hand, are reported in a separate column in the financial statements to emphasize that they are legally separate from the District. The District has one blended component unit, as discussed below; the District does not have any discretely presented component units.

Blended Component Unit: Kershaw County Public Schools Foundation (the “Foundation”) was incorporated on May 16, 2006 for educational and charitable purposes, specifically to (1) acquire, construct, finance, pledge, improve, maintain, operate, manage, lease and dispose of school buildings and other public education facilities for the use and benefit of the District and to (2) encourage and promote public education through cooperative arrangements with governmental entities and organizations exempt under Section 501(c)(3) that provide public education in Kershaw County, South Carolina. The Foundation has nine board members which are appointed by the Board of the District for three year terms.

KERSHAW COUNTY SCHOOL DISTRICT
CAMDEN, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2017

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

A. The Reporting Entity (Continued)

Blended Component Unit (Continued): In 2006 the Foundation issued installment purchase revenue bonds to finance various capital projects of the District. These bonds were refinanced during the year ended June 30, 2016. The installment purchase revenue bonds are secured by lease agreements with the District and will be retired through lease payments from the District. The lease agreements constitute the imposition of a financial burden on the District and provide services entirely to the District. The substance of the leases is that of a capital lease agreement. The assets and debt are accounted for as though they are assets and debt of the lessee (the District). Upon dissolution, the remaining assets will be distributed to the District. The District has a financial burden to the Foundation in that it is obligated for lease payments equaling the amount of debt to be relieved and associated interest payments. Because the Foundation exclusively benefits the District, the Foundation's financial information is blended with that of the District in these financial statements. Financial information for the Foundation is included in individual columns throughout the financial statements. Separate financial statements for the Foundation are not issued.

B. Measurement Focus, Basis of Accounting, and Basis of Presentation

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the non-fiduciary activities of the District (the "Primary Government"). For the most part, the effect of interfund activity (except for interfund services provided and used between functions) has been removed from these statements.

Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely, to a significant extent, on fees and charges for support. The District does not report any business-type activities. The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*. The comparison of direct expenses with program revenues identifies the extent to which each business segment or governmental function is self-financing or draws from the general revenues of the District.

The **government-wide financial statements** are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Under the accrual basis of accounting, revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The government-wide statements are prepared using a different measurement focus from the manner in which governmental fund financial statements are prepared (see further detail below). Governmental fund financial statements therefore, include reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

KERSHAW COUNTY SCHOOL DISTRICT
CAMDEN, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2017

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Measurement Focus, Basis of Accounting, and Basis of Presentation (Continued)

Governmental **fund financial statements** are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government generally considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, claims and judgments and other long-term obligations, are recorded only when payment is due.

Property taxes, federal and state grant programs, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenues are considered to be measurable and available only when cash has been received by the government.

Fund financial statements report detailed information about the District. The focus of Governmental Fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Fiduciary Funds are reported by fund type.

When both restricted and unrestricted resources are available for use, it is the District's practice to use restricted resources first, then unrestricted resources as they are needed.

The accounts of the government are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. There are a minimum number of funds maintained to keep the accounts consistent with legal and managerial requirements.

The following major categories of funds are used by the District:

Governmental Fund Types are those through which most governmental functions of the District are financed. The District's expendable financial resources and related assets and liabilities are accounted for through governmental funds. Governmental funds are accounted for using a current financial resources measurement focus and the modified accrual basis of accounting.

Following are the governmental fund types and funds used by the District:

The **General Fund, a major fund** and a budgeted fund, is the general operating fund of the District and accounts for all revenues and expenditures of the District except those required to be accounted for in another fund. All general tax revenues and other receipts that (a) are not allocated by law or contractual agreement to other funds or (b) that have not been restricted, committed, or assigned to other funds are accounted for in the General Fund. General operating expenditures and the capital improvement costs that are not paid through other funds are paid from the General Fund.

Special Revenue Funds are used to account for the proceeds of specific revenue sources (that are expected to continue to comprise a substantial portion of the inflows of the fund) that are restricted or committed to expenditures for specified purposes other than debt service or capital projects. The District has the following Special Revenue Funds:

KERSHAW COUNTY SCHOOL DISTRICT
CAMDEN, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2017

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Measurement Focus, Basis of Accounting, and Basis of Presentation (Continued)

- i) The **Special Revenue Fund, a major fund** and an unbudgeted fund, is used to account for and report the financial resources provided by federal, state and local projects and grants that are restricted, committed or assigned for specific educational programs.
- ii) The **Special Revenue – Education Improvement Act (“EIA”) Fund, a major fund** and an unbudgeted fund, is used to account for and report the restricted revenue from the South Carolina Education Improvement Act of 1984 (which is legally required by the state to be accounted for as a specific revenue source) which are restricted for specific programs authorized or mandated by EIA.
- iii) The **Special Revenue - Food Service Fund, a major fund** and an unbudgeted fund, is used to account for and report the financial resources received that are restricted for the cafeteria operations at school locations. These resources primarily consist of revenues received (a) from breakfast, lunch, and other food sales and (b) from the United States Department of Agriculture’s (“USDA”) approved school breakfast and lunch programs.

The **Debt Service Fund - District, a major fund** and an unbudgeted fund, is used to account for and report the accumulation of financial resources that are restricted, committed, or assigned for the payment of all long-term debt principal, interest, and related costs of the District. The District also accounts for and reports the revenues generated by the collection of an additional one percent sales and use tax for purchases made in Kershaw County that was approved by voter referendum in November 2016 and effective in March 2017. Revenues from this funding source are restricted to debt service payments on \$129 million in new District debt anticipated to be issued that was also approved by voter referendum in November 2016 to fund the District’s new building program with any excess to be used to accelerate debt retirement or other capital projects. The penny sales tax will be in effect for 15 years through February, 2032.

The **Debt Service Fund - Foundation, a major fund** and an unbudgeted fund, is used to account for and report the accumulation of financial resources that are restricted, committed, or assigned for the payment of all long-term debt principal, interest, and related costs of the Foundation (the District’s blended component unit).

The **Capital Projects Fund - District, a major fund** and an unbudgeted fund, is used to account for and report financial resources that are restricted, committed, or assigned for expenditures of capital outlay related to site acquisitions, construction, equipment, and renovation of all major capital facilities of the District.

The **Capital Projects Fund – Foundation** was used in prior years to account for and report financial resources that were related to site acquisitions, construction, equipment, and renovation of all major capital facilities of the Foundation (the District’s blended component unit). This fund is inactive as it expended all of its resources in prior years and did not have any operations or balances as of June 30, 2017.

Fiduciary Fund Types are used to account for expendable assets held by the District in a trustee capacity or as an agent for individuals, private organizations, other governmental units and/or other funds. The fiduciary fund financial statements are presented using the *accrual basis of accounting*. The fiduciary fund type and fund used by the District:

Agency Fund, an unbudgeted fund, accounts for the receipt and disbursement of monies to and from student activity organizations. These funds have no equity (assets are equal to liabilities) and do not include revenues and expenditures for general operation of the District. This accounting reflects the agency relationship of the District with the student activity organizations.

**KERSHAW COUNTY SCHOOL DISTRICT
CAMDEN, SOUTH CAROLINA**

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2017

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Measurement Focus, Basis of Accounting, and Basis of Presentation (Continued)

Adoption of Accounting Principle

The District implemented GASB Statement No. 77 “Tax Abatement Disclosures” (“GASB #77”) for the year ended June 30, 2017. The primary objective of GASB #77 was to provide tax abatement information to financial statement users so that they could more readily evaluate a government’s ability to raise resources. This includes limitations on revenue-raising capacity resulting from government programs that use tax abatements to induce behavior by individual and entities that is beneficial to the government or its citizens. Although many governments offer tax abatements, the information necessary to assess how tax abatements affect their financial position and results of operations, including their ability to raise resources in the future, is lacking. GASB #77 requires disclosures of tax abatement information about (1) a reporting government’s own tax abatement agreements and (2) those that are entered into by other governments and that reduce the reporting government’s tax revenues.

The adoption of GASB #77 had no impact on the District’s financial statements but did result in new and expanded note disclosures. See Note IV.F for more information regarding the District’s tax abatements.

C. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Equity

1. Cash, Cash Equivalents, and Investments

Cash and Cash Equivalents

The District considers all highly liquid investments (including restricted assets) with original maturities of three months or less when purchased to be cash equivalents. Securities with an initial maturity of more than three months (from when initially purchased) are reported as investments.

Investments

The District’s investment policy is designed to operate within existing statutes (which are identical for all funds, fund types, and component units within South Carolina) that authorize the District to invest in the following:

- (a) Obligations of the United States and its agencies, the principal and interest of which is fully guaranteed by the United States.
- (b) Obligations issued by the Federal Financing Bank, Federal Farm Credit Bank, the Bank of Cooperatives, the Federal Intermediate Credit Bank, the Federal Land Banks, the Federal Home Loan Banks, the Federal Home Loan Mortgage Corporation, the Federal National Mortgage Association, the Government National Mortgage Association, the Federal Housing Administration, and the Farmers Home Administration, if, at the time of investment, the obligor has a long-term, unenhanced, unsecured debt rating in one of the top two ratings categories, without regard to a refinement or gradation of rating category by numerical modifier or otherwise, issued by at least two nationally recognized credit rating organizations.
- (c) (i) General obligations of the State of South Carolina or any of its political units; or (ii) revenue obligations of the State of South Carolina or its political units, if at the time of investment, the obligor has a long-term, unenhanced, unsecured debt rating in one of the top two ratings categories, without regard to a refinement or gradation of rating category by numerical modifier or otherwise, issued by at least two nationally recognized credit rating organizations.
- (d) Savings and Loan Associations to the extent that the same are insured by an agency of the federal government.

**KERSHAW COUNTY SCHOOL DISTRICT
CAMDEN, SOUTH CAROLINA**

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2017

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Equity (Continued)

1. Cash, Cash Equivalents, and Investments (Continued)

Investments (Continued)

- (e) Certificates of deposit where the certificates are collaterally secured by securities of the type described in (a) and b) above held by a third party as escrow agent or custodian, of a market value not less than the amount of the certificates of deposit so secured, including interest; provided, however, such collateral shall not be required to the extent the same are insured by an agency of the federal government.
- (f) Repurchase agreements when collateralized by securities as set forth in this section.
- (g) No load open-end or closed-end management type investment companies or investment trusts registered under the Investment Company Act of 1940, as amended, where the investment is made by a bank or trust company or savings and loan association or other financial institution when acting as trustee or agent for a bond or other debt issue of that local government unit, political subdivision, or county treasurer if the particular portfolio of the investment company or investment trust in which the investment is made (i) is limited to obligations described in items (a), (b), (c), and (f) of this subsection, and (ii) has among its objectives the attempt to maintain a constant net asset value of one dollar a share and to that end, value its assets by the amortized cost method.

The District's cash investment objectives are preservation of capital, liquidity and yield. The District reports its cash and investments at fair value which is normally determined by quoted market prices. The District currently or in the past year has used the following investments:

- Open-end money market mutual funds.
- Collateralized repurchase agreement
- South Carolina Local Government Investment Pool ("SC Pool" or "LGIP") investments are invested with the South Carolina State Treasurer's Office, which established the LGIP pursuant to Section 6-6-10 of the South Carolina Code. The LGIP is an investment trust fund, in which public monies in excess of current needs, which are under the custody of any city treasurer or any governing body of a political subdivision of the State, may be deposited. The LGIP is a 2a 7-like pool which is not registered with the Securities and Exchange Commission ("SEC") as an investment company, but has a policy that it will operate in a manner consistent with the SEC's Rule 2a 7 of the Investment Company Act of 1940. In accordance with GASB Statement No. 31 "*Accounting and Financial Reporting for Certain Investments and for External Investment Pools*", and GASB Statement No. 72 "*Fair Value Measurement and Application*", investments are carried at fair value determined annually based upon (a) quoted market prices for identical or similar investments or (b) observable inputs other than quoted market prices. The total fair value of the LGIP is apportioned to the entities with funds invested on an equal basis for each share owned, which are acquired at a cost of \$1.00. Funds may be deposited by Pool participants at any time and may be withdrawn upon 24 hours' notice. Financial statements for the LGIP may be obtained by writing the Office of the State Treasurer, Local Government Investment Pool, P.O. Box 11778, Columbia, SC 29211-1960.

2. Restricted Assets

The District establishes certain accounts for assets restricted for specific purposes, typically by outside parties or legal agreements. Certain bond indentures require the establishment of (i) maximum annual principal and interest payments, unless a surety bond was provided; (ii) the next succeeding principal and accrued interest payment; and (iii) bond proceeds to be used for construction purposes as required in the bond agreement.

**KERSHAW COUNTY SCHOOL DISTRICT
CAMDEN, SOUTH CAROLINA**

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2017

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Equity (Continued)

3. *Receivables and Payables*

Transactions between funds that are representative of reimbursement arrangements outstanding at the end of the fiscal year are referred to as "due to/from other funds" on the fund financial statements. These amounts are eliminated in the Statement of Net Position. All trade and property taxes receivable are shown net of an allowance for uncollectible amounts and are expected to be collected within one year.

4. *Prepaid Items and Inventories*

Prepaid items in the governmental funds are accounted for using the purchase method (expensed when paid). Inventories for materials, supplies, purchased food and commodities are carried in an inventory account at cost, determined using the first-in, first-out method, except for commodities received from USDA that are valued at fair value. Inventories are subsequently charged to expenditures when consumed rather than when purchased.

5. *Capital Assets*

Capital assets result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide Statement of Net Position, but are not reported in the fund financial statements.

All capital assets are capitalized at cost and updated for additions and retirements during the year. The cost and accumulated depreciation of property sold or retired are removed from the accounts, and gain or loss, if any, are reflected in the financial statements. Donated capital assets are recorded at estimated acquisition value (as estimated by the District) at the date of donation. The District maintains a capitalization threshold of \$5,000 for all capital assets. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized.

All reported capital assets except land and construction in progress are depreciated. Construction projects begin being depreciated once they are completed and placed in service, at which time the complete costs of the project are transferred to the appropriate capital asset category. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method over the following useful lives:

Description	Estimated Lives
Computer and Audiovisual Equipment	3-5 years
Vehicles	7 years
Furniture and Equipment	10 years
Improvements	15 years
Buildings	40 years

6. *Compensated Absences*

The District reports compensated absences in accordance with the provisions of GASB Statement No. 16, "Accounting for Compensated Absences." Certain District employees are granted vacation and sick leave in varying amounts. Upon termination of employment, an employee is reimbursed for accumulated but unused vacation days. Unused sick leave is not reimbursed and therefore not reported in the financial statements. The entire compensated absence liability and expense is reported in the government-wide financial statements.

KERSHAW COUNTY SCHOOL DISTRICT
CAMDEN, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2017

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Equity (Continued)

7. *Accrued Liabilities and Long-Term Obligations*

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

In the government-wide financial statements, long-term debt/obligations are reported as liabilities on the Statement of Net Position. If material, 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 discount. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as expenses.

In the fund financial statements, governmental funds recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs are reported as expenditures.

8. *Deferred Outflows / Inflows of Resources*

In addition to assets, the Statement of Net Position (government-wide) and the Balance Sheet (governmental funds) will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. The District currently has two types of deferred outflows of resources: (1) The District reports *deferred pension charges* in its government-wide statement of net position in connection with its net pension liability for its participation in the South Carolina Retirement System and the South Carolina Police Officers Retirement System. These *deferred pension charges* are either (a) recognized in the subsequent period as a reduction of the net pension liability (which includes pension contributions made after the measurement date) or (b) amortized in a systematic and rational method as pension expense in future periods in accordance with GAAP. (2) The District reports *deferred refunding charges*, if material, in its government-wide statement of net position. Deferred refunding charges, which is the difference between the reacquisition prices and the net carrying amount of the defeased debt, are deferred and amortized over the life of the refunding bonds, which has the same maturity as the bonds that were refunded. Amortization of deferred refunding charges is included in interest expense in the statement of activities.

In addition to liabilities, the Statement of Net Position (government-wide) and the Balance Sheet (governmental funds) will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The District currently has two types of deferred inflows of resources: (1) The District reports *unavailable revenue – property taxes* only in the governmental funds Balance Sheet; it is deferred and recognized as an inflow of resources (property tax revenues) in the period the amounts become available. (2) The District also reports *deferred pension credits* in its Statements of Net Position in connection with its participation in the South Carolina Retirement System and South Carolina Police Officers' Retirement System. These *deferred pension credits* are amortized in a systematic and rational method and recognized as a reduction of pension expense in future periods in accordance with GAAP.

**KERSHAW COUNTY SCHOOL DISTRICT
CAMDEN, SOUTH CAROLINA**

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2017

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Equity (Continued)

9. Fund Balance

In accordance with GAAP, the District classifies its governmental fund balances as follows:

Nonspendable – includes amounts that inherently cannot be spent either because it is not in spendable form (i.e. prepaids, inventories, etc.) or because of legal or contractual requirements.

Restricted – includes amounts that are constrained by specific purposes which are externally imposed by (a) other governments through laws and regulations, (b) grantors or contributions through agreements, (c) creditors through debt covenants or other contracts, or (d) imposed by law through constitutional provisions or enabling legislation.

Committed – includes amounts that are constrained for specific purposes that are internally imposed by the government through formal action made by the highest level of decision making authority (Board of Trustees) before the end of the reporting period. Those committed amounts cannot be used for any other purpose unless the government removes or changes the specified use by taking the same type of action it employed to previously commit those amounts. Committed amounts (if any) for the District consist of amounts approved by a majority vote of the Board of Trustees by resolution before the end of the reporting period.

Assigned – includes amounts that are intended to be used for specific purposes that are neither considered restricted or committed and that such assignments are made before the report issuance date. Assigned fund balance for the District consists of (a) motions approved by the Board of Trustees before the report issuance date that are for a specific purposes or (b) appropriations of current fund balance (made in the annual budget process) for the succeeding budget year.

Unassigned – includes amounts that do not qualify to be accounted for and reported in any of the other fund balance categories. This classification represents the amount of fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the General Fund. The General Fund should be the only fund that reports a positive unassigned fund balance amount. In other governmental funds, if expenditures incurred for specific purposes exceeded the amounts of restricted, committed, or assigned to those purposes, it may be necessary to report a negative unassigned fund balance.

The District generally uses restricted amounts to be spent first when both restricted and unrestricted (committed, assigned, and unassigned) fund balance is available unless there are legal documents, contracts, or agreements that prohibit doing such. Additionally, the District generally would first use committed, then assigned, and lastly unassigned amounts of unrestricted fund balance when expenditures are made.

The District's Board of Trustees has formally adopted a minimum fund balance policy that requires 12% of the next year's General Fund expenditures (including transfers out) be available as unassigned fund balance. The minimum fund balance amount was \$9,643,000 as of June 30, 2017, which represents 12% of the original budget for the General Fund for fiscal year 2018 that was approved by the Board of Trustees in June 2017.

**KERSHAW COUNTY SCHOOL DISTRICT
CAMDEN, SOUTH CAROLINA**

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2017

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Equity (Continued)

10. Net Position

Net position represents the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources in the Statement of Net Position. Net position is classified as net investment in capital assets, restricted and unrestricted. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Outstanding debt, which has not been spent, is included in the same net position component as the unspent proceeds. Net position is reported as restricted when there are limitations imposed on its use either through enabling legislation, through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.

11. Pensions

In government-wide financial statements, pensions are required to be recognized and disclosed using the accrual basis of accounting, regardless of the amount recognized as pension expenditures on the modified accrual basis of accounting. See Note IV.B and the required supplementary information immediately following the notes to the financial statements for more information. The District recognizes a net pension liability for each qualified pension plan in which it participates, which represents the excess of the total pension liability over the fiduciary net position of the qualified pension plan, or the District's proportionate share thereof in the case of a cost-sharing multiple-employer plan, measured as of the District's fiscal year-end. Changes in the net pension liability during the period are recorded as pension expense, or as deferred outflows or inflows of resources depending on the nature of the change, in the period incurred. Those changes in net pension liability that are recorded as deferred outflows or inflows of resources that arise from changes in actuarial assumptions or other inputs and differences between expected or actual experience are amortized over the weighted average remaining service life of all participants in the respective qualified pension plan and recorded as a component of pension expense beginning with the period in which they are incurred. Projected earnings on qualified pension plan investments are recognized as a component of pension expense. Differences between projected and actual investment earnings are reported as deferred outflows or inflows of resources and amortized as a component of pension expense on a closed basis over a five-year period beginning with the period in which the difference occurred.

12. Fair Value

The fair value measurement and disclosure framework provides for a three-tier fair value hierarchy that gives highest priority to quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described below:

Level 1 – Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the District can access at the measurement date.

Level 2 – Inputs to the valuation methodology, other than quoted prices included in Level 1, that are observable for an asset or liability either directly or indirectly and include:

- Quoted prices for similar assets and liabilities in active markets.
- Quoted prices for identical or similar assets or liabilities in inactive markets.
- Inputs other than quoted market prices that are observable for the asset or liability.
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

**KERSHAW COUNTY SCHOOL DISTRICT
CAMDEN, SOUTH CAROLINA**

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2017

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Equity (Continued)

12. Fair Value (Continued)

Level 3 – Inputs to the valuation methodology that are unobservable for an asset or liability and include:

- Fair value is often based on developed models in which there are few, if any, observable inputs.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used should maximize the use of observable inputs and minimize the use of unobservable inputs.

The valuation methodologies described above may produce a fair value calculation that may not be indicative of future net realizable values or reflective of future fair values. The District believes that the valuation methods used are appropriate and consistent with GAAP. The use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date. There have been no significant changes from the prior year in the methodologies used to measure fair value.

13. Other Postemployment Benefits

Other Postemployment Benefits ("OPEB") cost for retiree healthcare and similar, non-pension retiree benefits, is required to be measured and disclosed using the accrual basis of accounting (see Note IV.C), regardless of the amount recognized as OPEB expense on the modified accrual basis of accounting. Annual OPEB cost is equal to the annual required contributions to the OPEB Plan, calculated in accordance with GAAP.

14. Accounting 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. Those estimates and assumptions affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements. In addition, they affect the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates and assumptions.

II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budgetary Information

Formal budgetary accounting is employed as a management tool for the District. The budget is presented on the modified accrual basis of accounting, which is consistent with accounting principles generally accepted in the United State of America. The District Board of Trustees legally adopts an operating budget for the General Fund; budgets are not legally adopted for the District's other funds. The budget is a legal document that establishes total expenditure limits with the same basis of accounting being used to reflect actual revenues and expenditures under accounting principles generally accepted in the United States of America. The budget is prepared by function and object as dictated by the State-adopted Program Oriented Budgeting and Accounting System.

The administration has discretionary authority to make transfers between appropriation accounts. The total budget cannot be increased beyond that level approved by the Board of Trustees originally and in supplementary action. The legal level of control is at the fund level. The following procedures are followed in establishing the budgetary data reflected in the financial statements:

**KERSHAW COUNTY SCHOOL DISTRICT
CAMDEN, SOUTH CAROLINA**

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2017

II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (CONTINUED)

A. Budgetary Information (Continued)

- (1) In the fall of the preceding year, the District begins its budget process for the next succeeding fiscal year beginning on July 1.
- (2) After the District's budget committee reviews all requests and allocation requirements and related revenue, it presents a tentative proposed budget to the Superintendent for his review and adjustment.
- (3) The Superintendent then presents a proposed budget to the Board of Trustees, which reviews the proposed budget in a series of workshops, and makes any additions or deletions as deemed necessary.
- (4) Prior to July 1, the Board legally enacts the budget through passage of a resolution.

All annual appropriations lapse at fiscal year-end. Encumbrance accounting is utilized to assist in budgetary control through the use of purchase orders, which are recorded in order to reserve the portion of the applicable appropriation during the year. Encumbrances lapse at year-end.

The administration reviews the financial information with the Board and with the Board Finance committee routinely throughout the school year. In early spring each year, when local and state revenues are more certain, both revenues and expenses are re-projected. The District's administration will then recommend to the Board any amendments necessary to successfully finish out the remainder of the school year in a favorable financial position. There was one amendment in fiscal year 2017 with a net impact of a \$1.3 million increase in fund balance.

III. DETAILED NOTES ON ALL FUNDS AND ACTIVITIES

A. Deposits and Investments

Deposits

Custodial Credit Risk for Deposits: Custodial credit risk for deposits is the risk that, in the event of a bank failure, the District's deposits might not be recovered. The District does not have a deposit policy for custodial credit risk but follows the investment policy statutes of the State of South Carolina. As of June 30, 2017, none of the District's bank balances of \$35,083,000 (which had a carrying value of \$33,769,000 due to outstanding checks) were exposed to custodial credit risk, as the deposits were insured.

Investments

As of June 30, 2017, the District had the following investments:

Investment Type	Fair Value Level (1)	Credit Ratings (2)	Fair Value	Weighted Average Maturity
Natixis Sinking Fund	Level 3	Unrated	\$ 2,564,785	< 5 years
Local Government investment Pool	N/A	N/R	54,527,752	< 1 year
Total			<u>\$ 57,092,537</u>	

(1) See Note I.C.12 for details of the Schol District's fair value hierarchy.

(2) If applicable, the credit ratings are by Standard & Poors, Moody's Service, and Fitch Ratings, respectively.

N/A - Not Applicable

NR - Not rated.

KERSHAW COUNTY SCHOOL DISTRICT
CAMDEN, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2017

III. DETAILED NOTES ON ALL FUNDS AND ACTIVITIES (CONTINUED)

A. Deposits and Investments (Continued)

Investments (Continued)

Interest Rate Risk: The District does not have a formal policy limiting investment maturities that would help manage its exposure to fair value losses from increasing interest rates.

Custodial Credit Risk for Investments: Custodial credit risk for investments is the risk that, in the event of a bank failure, the government will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The District does not have an investment policy for custodial credit risk but follows the investment policy statutes of the State of South Carolina. As of June 30, 2017, none of the District's investments were exposed to custodial credit risk.

Concentration of Credit Risk for Investments: The District places no limit on the amount the District may invest in any one issuer. Investments issued by or explicitly guaranteed by the U.S. Government and investments in mutual funds, external investment pools and other pooled investments are exempt from concentration of credit risk disclosures.

Credit Risk for Investments: Credit risk for investments is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The District does not have an investment policy for credit risk but follows the investment policy statutes of the State of South Carolina.

B. Property Taxes Receivable and Unavailable/Unearned Revenues

Kershaw County, South Carolina (the "County") is responsible for levying and collecting sufficient property taxes to meet funding obligations for the District. This obligation is established each year by the County Council and does not necessarily represent actual taxes levied or collected. Real and personal property taxes are levied and billed by the County on real and personal property (excluding motor vehicles) on or around October 1 based on assessed value determined as of the preceding January 1. All unpaid taxes levied October 1 become delinquent January 15 of the following year, and property taxes attach as an enforceable lien if not paid by March 16 of the following year. Penalties are added to taxes depending on the date paid as follows:

January 16 through February 1	-	3% of tax
February 2 through March 16	-	10% of tax
After March 16	-	15% of tax plus collection costs

Motor vehicle taxes are levied on the first day of the month in which the motor vehicle license expires and is due by the end of the month. All property taxes are billed and collected by the County. Property tax revenue is recognized when collected by the County Treasurer's Office. Real property taxes collected within 60 days after fiscal year end are also recognized as revenue for the year. Assessed values for real estate are established annually by the Kershaw County Tax Assessor at 4% of market value for legal residence and 6% of market value for rental and other real property. For the year ended June 30, 2017, millage was set at 162.9 mills (no change from the prior year) to cover the District's general operating services and uses. The millage to cover the District's scheduled debt service requirements was set at 64.2 mills (no change from the prior year).

The records of the Kershaw County Treasurer's Office reported uncollected delinquent real and personal property taxes at June 30, 2017 of \$794,000 for the General Fund (net of allowance for uncollectible portion of \$1,535,000) and \$408,000 for the Debt Service Fund (net of allowance for uncollectible portion of \$700,000). Allowances for uncollectible amounts were not necessary for the other receivable accounts.

**KERSHAW COUNTY SCHOOL DISTRICT
CAMDEN, SOUTH CAROLINA**

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2017

III. DETAILED NOTES ON ALL FUNDS AND ACTIVITIES (CONTINUED)

B. Property Taxes Receivable and Unavailable/Unearned Revenues (Continued)

Governmental funds report unavailable revenues (as a component of deferred inflows of resources) in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period (i.e., they were not collected within 60 days after fiscal year-end.) Also, both the government-wide financial statements and governmental funds do not recognize revenue in connection with resources that have been received, but not yet earned.

At June 30, 2017, the various components of unavailable and unearned revenue were as follows:

Unavailable Revenues:		
Delinquent Property Taxes Receivable (General Fund)		\$ 634,885
Delinquent Property Taxes Receivable (Debt Service - District Fund)		302,595
Total Unavailable Revenues for Governmental Funds		<u>\$ 937,480</u>
Unearned Revenues:		
Revenue Collected, but Unearned (Special Revenue Fund)		\$ 497,499
Revenue Collected, but Unearned (Special Revenue - EIA Fund)		1,071,321
Revenue Collected, but Unearned (Special Revenue - Food Service)		53,166
Total Unearned Revenues for both Government-wide Financial Statements and Governmental Funds		<u>\$ 1,621,986</u>

C. Capital Assets

Capital asset activity for the District for the year ended June 30, 2017, was as follows:

	Beginning Balance	Additions	Disposals	Transfers	Ending Balance
Governmental Activities:					
Capital Assets, Not Being Depreciated:					
Land	\$ 3,737,743	-	-	-	\$ 3,737,743
Construction-in-Progress	-	2,792,213	-	-	2,792,213
Total Capital Assets, Not Being Depreciated	<u>3,737,743</u>	<u>2,792,213</u>	<u>-</u>	<u>-</u>	<u>6,529,956</u>
Capital Assets, Being Depreciated:					
Buildings and Improvements	187,692,547	28,000	-	-	187,720,547
Furniture and Equipment	14,462,053	642,232	(78,530)	-	15,025,755
Total Capital Assets Being Depreciated	<u>202,154,600</u>	<u>670,232</u>	<u>(78,530)</u>	<u>-</u>	<u>202,746,302</u>
Less Accumulated Depreciation:					
Buildings and Improvements	74,978,503	4,937,057	-	-	79,915,560
Furniture and Equipment	9,933,271	943,848	(78,530)	-	10,798,589
Total Accumulated Depreciation	<u>84,911,774</u>	<u>5,880,905</u>	<u>(78,530)</u>	<u>-</u>	<u>90,714,149</u>
Total Capital Assets, Being Depreciated, Net	<u>117,242,826</u>	<u>(5,210,673)</u>	<u>-</u>	<u>-</u>	<u>112,032,153</u>
Total Capital Assets, Net	<u>\$ 120,980,569</u>	<u>(2,418,460)</u>	<u>-</u>	<u>-</u>	<u>\$ 118,562,109</u>

**KERSHAW COUNTY SCHOOL DISTRICT
CAMDEN, SOUTH CAROLINA**

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2017

III. DETAILED NOTES ON ALL FUNDS AND ACTIVITIES (CONTINUED)

C. Capital Assets (Continued)

Depreciation expense was charged to functions/programs of the District as follows:

Governmental Activities:	Depreciation Expense
Instruction	\$ 4,234,252
Support Services	1,646,653
Total	\$ 5,880,905

In 2006, the District adopted a “Facility Equalization Plan,” which addressed demographic analysis and projections with respect to the District’s desired educational programming, current condition reports on existing facilities and a recommended two-phase capital program. Phase I of the capital program comprised \$102 million in improvements and new facilities for nine locations. The District financed Phase I of the Facility Equalization Plan using the proceeds from the Foundation’s Series 2006 Installment Purchase Revenue Bonds – see Note III.G below for details on this indebtedness. The District completed all of the projects included in Phase I of the Facility Equalization Plan several years ago.

On November 8, 2016, the citizens of Kershaw County approved a referendum to allow the District to issue \$129,000,000 in General Obligation Bonds to fund the construction of new schools to replace old buildings and major renovations and expansions at many of the District’s other buildings. The citizens also approved a referendum to implement a penny sales and use tax to enable the District to repay the Bonds to be issued. The District has put together a plan for the financing as well as a construction schedule to hopefully complete all of the projects approved by the Board within a three year time frame. The District is just getting started with this new program as of June 30, 2017.

D. Interfund Receivables and Payables

Interfund receivables and payables at June 30, 2017 are as follows:

	Interfund Receivables	Interfund Payables
Governmental Funds:		
General Fund	\$ 1,103,073	\$ 8,861,684
Special Revenue Fund	-	438,005
Special Revenue - EIA Fund	1,061,885	-
Special Revenue - Food Service Fund	792,537	-
Debt Service Fund - District	-	665,068
Debt Service Fund - Foundation	120,531	-
Capital Projects Fund - District	6,886,731	-
Totals	\$ 9,964,757	\$ 9,964,757

The net payable in the General Fund is primarily the result of this fund holding the unspent bond proceeds and other funds that will be expended by the Capital Projects – District fund. The Special Revenue funds owe the General Fund for claims that were filed but not yet received as of year-end. The receivable in the EIA Fund and the Food Service Fund is due from the General Fund and is due to the timing of revenue receipts from the state.

**KERSHAW COUNTY SCHOOL DISTRICT
CAMDEN, SOUTH CAROLINA**

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2017

III. DETAILED NOTES ON ALL FUNDS AND ACTIVITIES (CONTINUED)

E. Transfers In and Out

Transfers between funds for the year ended June 30, 2017, consisted of the following:

<u>Governmental Funds:</u>	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ 2,921,339	\$ -
Special Revenue Fund	-	264,709
Special Revenue - EIA Fund	-	2,358,681
Special Revenue - Food Service	-	297,949
Debt Service Fund - District	-	11,768,916
Debt Service Fund - Foundation	6,498,263	-
Capital Projects Fund - District	5,270,653	-
Totals	<u>\$ 14,690,255</u>	<u>\$ 14,690,255</u>

Transfers are routinely made for indirect charges between the Special Revenue Fund, Special Revenue - EIA Fund, Food Service Fund, and the General Fund. In addition, the EIA Fund transferred funds to the General Fund as provided by the state's funding flexibility. The Debt Service – District transferred funds to the Debt Service – Foundation so that the Foundation could make its required debt service on its outstanding indebtedness. The Debt Service Fund – District also transferred funds from short-term bond proceeds to the Capital Projects Fund – District for capital outlay projects.

F. Short-Term Obligations

In May 2016, the District issued its Series 2016A General Obligation Bond ("2016A SCAGO") in the amount of \$2,051,000 at a rate of 3.0% for the purpose of making payments to the Foundation for its required debt service on the Installment Purchase Revenue Bonds; it was scheduled to be repaid on March 1, 2017. As the 2016A SCAGO debt was short term, it was reflected on the District's Balance Sheet as a liability as of June 30, 2016. The District repaid the 2016A SCAGO in March 2017, including interest of \$49,000.

In September 2016, the District issued a \$358,000 general obligation bond ("2016B SCAGO") at a rate of 1.5% for the purpose of providing funds for the required payment to the sinking fund for the Series 2010 Qualified School Construction Bond. The District repaid the 2016B SCAGO in March 2017, including interest of \$2,000. In September 2016, the District issued a \$9,695,000 general obligation bond ("2016C SCAGO") at a rate of 2.0 % for the purpose of making payments to the Foundation for its required debt service on the Installment Purchase Revenue Bonds and for providing funds for the District's capital projects. The School District repaid the 2016C SCAGO in March of 2017, including interest of \$86,000. In February 2017, the District issued a \$55,000,000 bond anticipation note ("2017 BAN") at a rate of 4.0% for the purpose to provide funds for the building project approved by referendum. The School District is scheduled to repay the 2017 BAN in February of 2018, including interest of \$2,200,000. The District anticipates issuing a General Obligation Bond in the amount of \$129,000,000 in the year ended June 30, 2018, using a portion of the proceeds to repay the 2017 BAN. As the District has not issued the General Obligation Bond as of the date the financial statements were issued, the 2017 BAN debt is short term and is reflected on the District's balance sheet as a liability as of June 30, 2017. In May 2017, the District issued a \$2,046,000 general obligation bond ("2017A SCAGO") at a rate of 3.0% for the purpose of making payments to the Foundation for its required debt service on the Installment Purchase Revenue Bonds. The School District expects to repay the 2017A SCAGO in March of 2018, including interest of \$48,000. As the 2017A SCAGO debt is short term, it is reflected on the District's Balance Sheet as a liability as of June 30, 2017.

**KERSHAW COUNTY SCHOOL DISTRICT
CAMDEN, SOUTH CAROLINA**

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2017

III. DETAILED NOTES ON ALL FUNDS AND ACTIVITIES (CONTINUED)

F. Short-Term Obligations (Continued)

Following is a summary of the changes in the School District short-term obligations for the year ended June 30, 2017:

Short-Term Obligation	Balance	Additions	Reductions	Balance
2016A SCAGO	\$ 2,051,000	-	2,051,000	\$ -
2016B SCAGO	-	358,000	358,000	-
2016C SCAGO	-	9,695,000	9,695,000	-
2017 BAN	-	55,000,000	-	55,000,000
2017A SCAGO	-	2,046,000	-	2,046,000
Total	<u>\$ 2,051,000</u>	<u>67,099,000</u>	<u>12,104,000</u>	<u>\$ 57,046,000</u>

G. Long-Term Obligations

The District issues bonds to provide funds for the acquisition and construction of major capital facilities. General Obligation Refunding Bonds ("GORB") are direct obligations and pledge the full faith and credit of the District and are subject to the 8% debt limit if not issued under a bond referendum. Principal and interest payments on the District's GORB are secured solely by ad valorem property taxes.

The American Recovery and Reinvestment Act ("ARRA") of 2009 allowed governments to issue taxable bonds such as Qualified School Construction Bonds ("QSCB") to finance capital expenditures and to elect to receive a subsidy payment from the United States Treasury equal to varying amounts of each interest payment on such taxable bonds. These bonds are not subject to the 8% debt limit as the full faith, credit, and taxing powers of the District are not pledged for the payment of principal nor the interest thereon.

Installment Purchase Revenue Bonds and Installment Purchase Refunding Revenue Bonds ("IPRB") were issued by the Foundation, the District's blended component unit, and were used for the acquisition and construction of major capital facilities that are being leased back to the District. These bonds are not subject to the 8% debt limit since they are not directly issued by the District. The full faith, credit, and taxing powers of the District are not pledged for the payment of principal nor the interest thereon.

Interest paid on most of the debt issued by the District is exempt from federal income tax. The District sometimes temporarily reinvests the proceeds of such tax-exempt debt in materially higher-yielding taxable securities, especially during construction projects. The federal tax code refers to this practice as arbitrage. Excess earnings (the difference between the interest on the debt and the investment earnings received) resulting from arbitrage must be rebated to the federal government on the fifth anniversary of the issuance of the tax-exempt debt and every five years, thereafter, until the debt has been repaid, in accordance with the arbitrage regulations. As of June 30, 2017, the District did not have any positive arbitrage.

Details on the District's outstanding debt issues (including the Foundation, its blended component unit) as of June 30, 2017 are as follows:

**KERSHAW COUNTY SCHOOL DISTRICT
CAMDEN, SOUTH CAROLINA**

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2017

III. DETAILED NOTES ON ALL FUNDS AND ACTIVITIES (CONTINUED)

G. Long-Term Obligations (Continued)

- 2015 IPRRB (Foundation) – In 2006 the Foundation issued its 2006 Installment Purchase Revenue Bonds (“2006 IPRB”) in the amount of \$120,805,000 to purchase land and to fund improvements to various facilities comprised in Phase I of the School District’s Facility Equalization Plan. These bonds were issued pursuant to a Facilities Agreement between the District and the Foundation and evidences proportionate interests of the owners in certain rental payments to be made by the District under the terms of a Base Lease Agreement between the District and the Foundation. These agreements were authorized and approved by the Board of Trustees of the District on May 16, 2006. The District will purchase the Facilities from the Foundation pursuant to the Facilities Agreement, which will obligate the District to make installment payments of purchase price (lease rental payments) to the Foundation in amounts calculated to be sufficient to enable the Foundation to pay the principal and interest on the outstanding bonds. The District’s obligations under the Facilities Agreement are from year to year only and do not constitute a mandatory payment obligation of the District in any fiscal year in which funds are not appropriated by the District to pay the installment payments of purchase price due in such fiscal year. However, the District would forfeit possession of the Facilities for the remainder of the term of the Lease.

In December 2015, the Foundation issued its Series 2015 Installment Purchase Revenue Refunding Bonds (“2015 IPRRB”) in the amount of \$101,900,000 (par value), receiving a premium of \$6,350,000, to provide funds, along with \$12,176,000 of its own resources, to advance refund the outstanding 2006 IPRB in the amount of \$113,850,000. The 2006 IPRB was redeemed at its call date in December 2016. The reacquisition price exceeded the net carrying amount of the old debt by \$2,159,000. This amount is reflected as a deferred outflow of resources and is being amortized over the life of the new debt, which has the same remaining life as the old debt. The 2015 IPRRB carries stated interest rates ranging from 3.00% to 5.00%. Principal payments range from \$2,325,000 to \$8,850,000, with a final maturity date on December 1, 2031. As part of the refunding of the Series 2006 IPRB, the District executed an amended and restated Facilities Agreement and an amended and restated Base Lease Agreement with the Foundation. The District is not required to fund a debt service reserve under the terms of the new agreements; there were no other substantive changes in the terms from the previous agreements. The 2015 IPRRB are subject to optional redemption on December 1, 2025.

The 2015 IPRRB are not a debt of the District; however, as the Foundation is blended with the operations of the District, the debt of the Foundation is included with the District's other obligations as required by generally accepted accounting principles.

- 2010 QSCB – Original issuance of \$4,000,000 to fund HVAC improvements at several locations. This indebtedness carries an interest rate of 4.77%. The District is required to make payments into a Sinking Fund which will be used to repay the obligation at maturity on December 1, 2020. Annual sinking fund payments range from \$250,000 to \$342,000 until December 1, 2020. Pursuant to the American Recovery and Reinvestment Act of 2009, interest on the QSCB was to be subsidized 100% by the Federal Government, however due to the federal sequestration, the District is being reimbursed for only 93% of the interest it is paying.
- 2012 GORB – Original issuance of \$11,620,000 to advance refund the series 2005A General Obligation Bonds. This indebtedness carries an interest rate ranging from 4.0% to 3.0% with a final maturity of March 1, 2018. The Series 2012 GORB is not subject to the 8% debt limit as it refunded debt that was originally approved by voter referendum.

**KERSHAW COUNTY SCHOOL DISTRICT
CAMDEN, SOUTH CAROLINA**

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2017

III. DETAILED NOTES ON ALL FUNDS AND ACTIVITIES (CONTINUED)

G. Long-Term Obligations (Continued)

The following is a summary of changes in the District's long-term obligations for the year ended June 30, 2017:

Long-Term Obligation	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities:					
Debt:					
School District					
2010 QSCB *	\$ 4,000,000	-	-	4,000,000	\$ -
2012D GORB *	4,525,000	-	2,280,000	2,245,000	2,245,000
Total School District	8,525,000	-	2,280,000	6,245,000	2,245,000
Foundation					
2015 IPRRB *	101,900,000	-	2,325,000	99,575,000	2,485,000
Total Debt:	110,425,000	-	4,605,000	105,820,000	4,730,000
Premiums	6,117,781	-	396,829	5,720,952	-
Compensated Absences	393,063	46,632	35,321	404,374	29,177
Total Governmental Activities	\$ 116,935,844	46,632	5,037,150	111,945,326	\$ 4,759,177

* This debt is not subject to the 8% debt limitation.

Annual debt service requirements to maturity for the District's long-term bonds (including the Foundation, its blended component unit) are as follows:

Year Ending June 30	Bonded Indebtedness		Total
	Principal	Interest	
2018	\$ 4,730,000	4,341,456	\$ 9,071,456
2019	4,795,000	4,104,531	8,899,531
2020	5,035,000	3,858,781	8,893,781
2021	9,625,000	3,496,882	13,121,882
2022	5,910,000	3,113,106	9,023,106
2023-2027	34,280,000	10,783,931	45,063,931
2028-2032	41,445,000	3,700,629	45,145,629
Total	\$ 105,820,000	33,399,316	\$ 139,219,316

The Debt Service Funds are used to meet long-term obligations related to bonded indebtedness. The General Fund is used to meet obligations related to the compensated absences.

**KERSHAW COUNTY SCHOOL DISTRICT
CAMDEN, SOUTH CAROLINA**

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2017

III. DETAILED NOTES ON ALL FUNDS AND ACTIVITIES (CONTINUED)

G. Long-Term Obligations (Continued)

The District has continuous authority to issue general obligation bonds each calendar year, subject to a constitutional debt limit equal to 8% of the assessed value of all taxable property in the District. The debt limitation does not apply to debt approved through a district-wide voter referendum and original or refunding debt for obligations issued on or before November 30, 1982. At June 30, 2017, the District's assessed property valuation was \$234.2 million, and the legal debt limit was \$18,735,000. The District's outstanding debt applicable to the legal debt limit as of June 30, 2017 was \$2,046,000, resulting in a legal debt margin of \$16,689,000 at June 30, 2017.

IV. OTHER INFORMATION

A. Risk Management

The District is exposed to various risks of loss related to torts, theft of damage to, and destruction of assets, errors or omissions, injuries to employees, and natural disasters. The District continues to carry commercial insurance for general liability, workers' compensation, and property and casualty coverage. There has been no reduction in insurance coverage as compared to the prior year. Settled claims resulting from these risks have not exceeded insurance coverage in any of the past three years.

The District also participates in the State Health Insurance Plan through the State of South Carolina, a self-insured medical plan trust administered by the State Board. Through the Plan, permanent full time employees are eligible to receive health benefits up to a \$1 million lifetime limit and have the option of receiving health care benefits through health maintenance organizations and insurance carriers.

B. Retirement Plans

State Retirement Plans

The District participates in the State of South Carolina's retirement plans, which are administered by the South Carolina Public Employee Benefit Authority ("PEBA"), which was created on July 1, 2012 and administers the various retirement systems and retirement programs managed by its Retirement Division. PEBA has an 11-member Board of Directors ("PEBA Board"), appointed by the Governor and General Assembly leadership, which serves as co-trustee and co-fiduciary of the systems and the trust funds. By law, the State Fiscal Accountability Authority ("SFAA"), which consists of five elected officials, also reviews certain PEBA Board decisions regarding the funding of the South Carolina Retirement Systems ("Systems") and serves as a co-trustee of the Systems in conducting that review.

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

**KERSHAW COUNTY SCHOOL DISTRICT
CAMDEN, SOUTH CAROLINA**

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2017

IV. OTHER INFORMATION (CONTINUED)

B. Retirement Plans (Continued)

Plan Description

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

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

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

Plan Membership

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

- SCRS - Generally, all employees of covered employers are required to participate in and contribute to the system as a condition of employment. This plan covers general employees and teachers and individuals newly elected to the South Carolina General Assembly beginning with the November 2012 general election. An employee member of the system with an effective date of membership prior to July 1, 2012, is a Class Two member. An employee member of the system with an effective date of membership on or after July 1, 2012 is a Class Three member.
- State ORP - As an alternative to membership in the SCRS, newly hired state, public school, and higher education employees and individuals newly elected to the S.C. General Assembly beginning with the November 2012 general election have the option to participate in the State ORP, which is a defined contribution plan. State ORP participants direct the investment of their funds into a plan administered by one of four investment providers. PEBA assumes no liability for State ORP benefits. Rather, the benefits are the liability of the investment providers. For this reason, State ORP programs are not part of the retirement systems' trust funds for financial statement purposes. Employee and Employer contributions to the State ORP are at the same rates as the SCRS. A direct remittance is required from the employers to the member's account with investment providers for the employee contribution and a portion of the employer contribution (5 percent). A direct remittance is also required to the SCRS for the remaining portion of the employer contribution and an incidental death benefit contribution, if applicable, which is retained by the SCRS.

**KERSHAW COUNTY SCHOOL DISTRICT
CAMDEN, SOUTH CAROLINA**

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2017

IV. OTHER INFORMATION (CONTINUED)

B. Retirement Plans (Continued)

Plan Membership (continued)

- **PORS** - To be eligible for PORS membership, an employee must be required by the terms of his employment, by election or appointment, to preserve public order, protect life and property, and detect crimes in the state; to prevent and control property destruction by fire; or to serve as a peace officer employed by the Department of Corrections, the Department of Juvenile Justice, or the Department of Mental Health. Probate judges and coroners may elect membership in PORS. Magistrates are required to participate in PORS for service as a magistrate. PORS members, other than magistrates and probate judges, must also earn at least \$2,000 per year and devote at least 1,600 hours per year to this work, unless exempted by statute. An employee member of the system with an effective date of membership prior to July 1, 2012, is a Class Two member. An employee member of the system with an effective date of membership on or after July 1, 2012, is a Class Three member.

Plan Benefits

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

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

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

- **PORS** - A Class Two member who has separated from service with at least five or more years of earned service is eligible for a monthly pension at age 55 or with 25 years of service regardless of age. A Class Three member who has separated from service with at least eight or more years of earned service is eligible for a monthly pension at age 55 or with 27 years of service regardless of age. Both Class Two and Class Three members are eligible to receive a deferred annuity at age 55 with five or eight years of earned service, respectively. An incidental death benefit is also available to beneficiaries of active and retired members of employers who participate in the death benefit program. Accidental death benefits are also provided upon the death of an active member working for a covered employer whose death was a natural and proximate result of an injury incurred while in the performance of duty.

**KERSHAW COUNTY SCHOOL DISTRICT
CAMDEN, SOUTH CAROLINA**

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2017

IV. OTHER INFORMATION (CONTINUED)

B. Retirement Plans (Continued)

Plan Benefits (Continued)

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

Plan Contributions

Contributions are prescribed in Title 9 of the South Carolina Code of Laws. Upon recommendation by the actuary in the annual actuarial valuation, the PEBA Board may adopt and present to the SFAA for approval an increase in the SCRS and PORS ("Plans") employer and employee contribution rates, but any such increase may not result in a differential between the employee and total employer contribution rate that exceeds 2.9 percent of earnable compensation for the SCRS and 5 percent for the PORS. An increase in the contribution rates adopted by the PEBA Board may not provide for an increase of more than one-half of one percent in any one year. If the scheduled employee and employer contributions provided in statute or the rates last adopted by the PEBA Board are insufficient to maintain a thirty year amortization schedule of the unfunded liabilities of the plans, the PEBA Board shall increase the contribution rates in equal percentage amounts for the employer and employee as necessary to maintain the thirty-year amortization period; and, this increase is not limited to one-half of one percent per year.

As noted earlier, both employees and the District are required to contribute to the Plans at rates established and as amended by the PEBA. The District's contributions are actuarially determined but are communicated to and paid by the District as a percentage of the employees' annual eligible compensation. Required employer and employee contribution rates for the past three years are as follows:

	SCRS and State ORP Rates			PORS Rates		
	2015	2016	2017	2015	2016	2017
Employer Contribution Rate: [^]						
Retirement*	10.75%	10.91%	11.41%	13.01%	13.34%	13.84%
Incidental Death Benefit	0.15%	0.15%	0.15%	0.20%	0.20%	0.20%
Accidental Death Contributions	0.00%	0.00%	0.00%	0.20%	0.20%	0.20%
	<u>10.90%</u>	<u>11.06%</u>	<u>11.56%</u>	<u>13.41%</u>	<u>13.74%</u>	<u>14.24%</u>
Employee Contribution Rate	<u>8.00%</u>	<u>8.16%</u>	<u>8.66%</u>	<u>8.41%</u>	<u>8.74%</u>	<u>9.24%</u>

[^] Calculated on earnable compensation as defined in Title 9 of the South Carolina Code of Laws.

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

**KERSHAW COUNTY SCHOOL DISTRICT
CAMDEN, SOUTH CAROLINA**

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2017

IV. OTHER INFORMATION (CONTINUED)

B. Retirement Plans (Continued)

Plan Contributions (Continued)

The required contributions and percentages of amounts contributed by the District to the Plans for the past three years were as follows:

Year Ended June 30,	SCRS Contributions		State ORP Contributions		PORS Contributions	
	Required	% Contributed	Required	% Contributed	Required	% Contributed
2017	\$ 6,020,833	100%	349,113	100%	\$ 3,066	100%
2016	5,575,984	100%	329,902	100%	2,944	100%
2015	\$ 5,427,693	100%	263,744	100%	\$ 3,179	100%

Eligible payrolls of the District covered under the Plans for the past three years were as follows:

Year Ended June 30,	SCRS Payroll		State ORP Payroll		PORS Payroll		Total Payroll
2017	\$	52,083,334		5,321,840		21,531	\$ 57,426,705
2016		50,415,764		5,443,932		21,423	55,881,119
2015	\$	49,795,348		4,470,232		23,709	\$ 54,289,289

Actuarial Assumptions and Methods

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. Actuarial assumptions and methods used during the annual valuation process are subject to periodic revision, typically with an experience study, as actual results over an extended period of time are compared with past expectations and new estimates are made about the future.

South Carolina state statute requires that an actuarial experience study be completed at least once in each five-year period. An experience report on the Systems was most recently issued as of July 1, 2015. As a result of the experience study, the actuary recommended adjustments to the actuarial assumptions, which included salary increase, payroll growth, mortality, retirement, terminations, refunds, disability, inflation, and asset valuation method. The experience study also recommended reducing the long-term investment rate of return assumption, which is a prescribed assumption that is set in state statute by the General Assembly, from 7.50 to 7.25 percent. With the exception of the rate of return, all recommended assumption and method changes were adopted by both the PEBA Board and SFAA, as co-fiduciaries. The General Assembly did not change the assumed annual rate of return during the 2016 legislative session so that assumption currently remains at 7.50 percent. The newly adopted assumptions and methods will be first used to perform the July 1, 2016 actuarial valuation, the results of which will be used in determining the total pension liability as of the June 30, 2017 measurement date.

The June 30, 2016 total pension liability, net pension liability, and sensitivity information were determined by the System's consulting actuary, Gabriel, Roeder, Smith and Company ("GRS") and are based on the July 1, 2015 actuarial valuations, as adopted by the PEBA Board and the SFAA which utilized membership data as of July 1, 2015. The total pension liability was rolled-forward from the valuation date to the System's fiscal year ended June 30, 2016 using generally accepted actuarial principles. Information included in these notes are based on the certification provided by GRS.

**KERSHAW COUNTY SCHOOL DISTRICT
CAMDEN, SOUTH CAROLINA**

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2017

IV. OTHER INFORMATION (CONTINUED)

B. Retirement Plans (Continued)

Actuarial Assumptions and Methods (Continued)

The following table provides a summary of the actuarial assumptions and methods used in the July 1, 2015, valuations for the SCRS and PORS.

	SCRS	PORS
Actuarial Cost Method	Entry Age Normal	Entry Age Normal
Actuarial Assumptions:		
Investment Rate of Return*	7.50%	7.50%
Projected Salary Increases*	3.5% to 12.5% (varies by service)	4.0% to 10.0% (varies by service)
Benefit Adjustments	Lesser of 1% or \$500 annually	Lesser of 1% or \$500 annually

* Includes inflation at 2.75%.

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. Assumptions used in the July 1, 2015 valuations for the SCRS and PORS are as follows:

Former Job Class	Males	Females
Educators	RP-2000 Males (with White Collar adjustment) multiplied by 110%	RP-2000 Females (with White Collar adjustment) multiplied by 95%
General Employees and Members of the General Assembly	RP-2000 Males multiplied by 100%	RP-2000 Females multiplied by 90%
Public Safety and Firefighters	RP-2000 Males (with Blue Collar adjustment) multiplied by 115%	RP-2000 Females (with Blue Collar adjustment) multiplied by 115%

Long-term Expected Rate of Return

The long-term expected rate of return on pension plan investments, as used in the July 1, 2015 actuarial valuations, was based upon the 30 year capital market outlook at the end of the third quarter 2015. The long-term expected rate of returns represent assumptions developed using an arithmetic building block approach primarily based on consensus expectations and market based inputs. Expected returns are net of investment fees.

**KERSHAW COUNTY SCHOOL DISTRICT
CAMDEN, SOUTH CAROLINA**

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2017

IV. OTHER INFORMATION (CONTINUED)

B. Retirement Plans (Continued)

Long-Term Expected Rate of Return (Continued)

The expected returns, along with the expected inflation rate, form the basis for the revised target asset allocation adopted beginning January 1, 2016. The long-term expected rate of return is produced by weighting the expected future real rates of return by the target allocation percentage and by adding expected inflation and is summarized in the table below. For actuarial purposes, the 7.50 percent assumed annual investment rate of return used in the calculation of the total pension liability includes a 4.75 percent real rate of return and a 2.75 percent inflation component.

Asset Class	Target Allocation	Expected Arithmetic Real Rate of Return	Long-Term Expected Portfolio Real Rate of Return
Global Equity	43.0%		
Global Public Equity	34.0%	6.52%	2.22%
Private Equity	9.0%	9.30%	0.84%
Real Assets	8.0%		
Real Estate	5.0%	4.32%	0.22%
Commodities	3.0%	4.53%	0.13%
Opportunistic	20.0%		
GTAA/Risk Parity	10.0%	3.90%	0.39%
HF (Low Beta)	10.0%	3.87%	0.39%
Diversified Credit	17.0%		
Mixed Credit	5.0%	3.52%	0.17%
Emerging Markets Debt	5.0%	4.91%	0.25%
Private Debt	7.0%	4.47%	0.31%
Conservative Fixed Income	12.0%		
Core Fixed Income	10.0%	1.72%	0.17%
Cash and Short Duration (Net)	2.0%	0.71%	0.01%
Total Expected Real Return	100.0%		5.10%
Inflation for Actuarial Purposes			2.75%
Total Expected Nominal Return			7.85%

**KERSHAW COUNTY SCHOOL DISTRICT
CAMDEN, SOUTH CAROLINA**

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2017

IV. OTHER INFORMATION (CONTINUED)

B. Retirement Plans (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows/Inflows of Resources Related to Pensions

The net pension liability ("NPL") is calculated separately for each system and represents that particular system's total pension liability determined in accordance with GASB No. 67 less that System's fiduciary net position. NPL totals, as of June 30, 2016 measurement date, for the SCRS and PORS are presented in the following table:

System	Total Pension Liability	Plan Fiduciary Net Position	Employers' Net Pension Liability (Asset)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
SCRS	\$ 45,356,214,752	23,996,362,354	\$ 21,359,852,398	52.9%
PORS	\$ 6,412,510,458	3,876,035,732	\$ 2,536,474,726	60.4%

The total pension liability is calculated by the Systems' actuary, and each plan's fiduciary net position is reported in the Systems' financial statements. The net pension liability is disclosed in accordance with the requirements of GASB No. 67 in the Systems' notes to the financial statements and required supplementary information. Liability calculations performed by the Systems' actuary for the purpose of satisfying the requirements of GASB Nos. 67 and 68 are not applicable for other purposes, such as determining the Plans' funding requirements.

At June 30, 2017, the District reported liabilities of \$117,795,000 and \$43,000 for its proportionate share of the net pension liabilities for the SCRS and PORS ("Plans"), respectively. The net pension liabilities were measured as of June 30, 2016, and the total pension liabilities for the Plans used to calculate the net pension liabilities were determined based on the most recent actuarial valuation report as of July 1, 2015 that was projected forward to the measurement date. The District's proportion of the net pension liabilities were based on a projection of the District's long-term share of contributions to the Plans relative to the projected contributions of all participating South Carolina state and local governmental employers, actuarially determined. At the June 30, 2016 measurement date, the District's SCRS proportion was 0.551478 percent, which was a decrease of 0.005395 from its proportion measured as of June 30, 2015. At the June 30, 2016 measurement date, the District's PORS proportion was 0.00168 percent, which was a decrease of 0.00023 from its proportion measured as of June 30, 2015.

For the year ended June 30, 2017, the District recognized pension expense of \$10,028,000. At June 30, 2017, the District reported deferred outflows of resources (deferred pension charges) and deferred inflows of resources (deferred pension credits) related to pensions from the following sources:

**KERSHAW COUNTY SCHOOL DISTRICT
CAMDEN, SOUTH CAROLINA**

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2017

IV. OTHER INFORMATION (CONTINUED)

B. Retirement Plans (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows/Inflows of Resources Related to Pensions (Continued)

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
SCRS		
Differences Between Expected and Actual Experience	\$ 1,221,082	\$ 127,926
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	9,910,335	-
Changes in Proportionate Share and Differences Between Employer Contributions and Proportionate Share of Total Plan Employer Contributions	-	1,223,605
District Contributions Subsequent to the Measurement Date	6,369,946	-
Total SCRS	<u>17,501,363</u>	<u>1,351,531</u>
PORS		
Differences Between Expected and Actual Experience	632	-
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	4,832	-
Changes in Proportionate Share and Differences Between Employer Contributions and Proportionate Share of Total Plan Employer Contributions	-	18,205
District Contributions Subsequent to the Measurement Date	3,066	-
Total PORS	<u>8,530</u>	<u>18,205</u>
Total SCRS and PORS	<u>\$ 17,509,893</u>	<u>\$ 1,369,736</u>

\$6,370,000 and \$3,000 that were reported as deferred outflows of resources related to the District's contributions subsequent to the measurement date to the SCRS and PORS, respectively, will be recognized as a reduction of the net pension liabilities in the year ended June 30, 2018. Other amounts reported as deferred outflows of resources (deferred pension charges) and deferred inflows of resources (deferred pension credits) related to the SCRS and PORS will increase (decrease) pension expense as follows:

Year Ended June 30,	SCRS	PORS	Total
2018	\$ 2,274,023	(4,952)	\$ 2,269,071
2019	1,635,756	(4,984)	1,630,772
2020	3,670,039	(3,204)	3,666,835
2021	2,200,068	399	2,200,467
Total	<u>\$ 9,779,886</u>	<u>(12,741)</u>	<u>\$ 9,767,145</u>

**KERSHAW COUNTY SCHOOL DISTRICT
CAMDEN, SOUTH CAROLINA**

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2017

IV. OTHER INFORMATION (CONTINUED)

B. South Carolina Retirement System Retirement Plans (Continued)

Discount Rate

The discount rate used to measure the total pension liability was 7.50 percent. The projection of cash flows used to determine the discount rate assumed that the funding policy specified in the South Carolina State Code of Laws will remain unchanged in future years. Based on those assumptions, each System's fiduciary net position 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.

The following table presents the sensitivity of the District's proportionate share of the net pension liability of the Plans to changes in the discount rate, calculated using the discount rate of 7.50 percent, as well as what it would be if it were calculated using a discount rate that is 1.00 percent lower (6.50 percent) or 1.00 percent higher (8.50 percent) than the current rate:

System	1.00% Decrease (6.50%)	Current Discount Rate (7.50%)	1.00% Increase (8.50%)
The District's proportionate share of the net pension liability of the SCRS	\$ 146,945,896	117,794,887	\$ 93,527,770
The District's proportionate share of the net pension liability of the PORS	55,848	42,613	30,719
Total Pension Liability	<u>\$ 147,001,744</u>	<u>117,837,500</u>	<u>\$ 93,558,489</u>

Plans Fiduciary Net Position

Detailed information regarding the fiduciary net position of the Plans administered by the PEBA is available in the separately issued CAFR containing financial statements and required supplementary information. The CAFR is publicly available through the Retirement Benefits' link on the PEBA's website at www.peba.sc.gov, or a copy may be obtained by submitting a request to PEBA, 202 Arbor Lake Drive, Columbia, SC 29223.

Payable to Plans

The District reported a payable of \$1,200,000 to the PEBA as of June 30, 2017, representing required employer and employee contributions for the month of June 2017 for the SCRS and PORS. This amount is included in Accrued Salaries and Benefits on the financial statements and was paid in July 2017.

Plan Developments

House Bill 3726 was signed by the Governor of the State on April 25, 2017 and is effective immediately. This new law increases the employer SCRS and PORS contribution rates to 13.56% and 16.24%, respectively, beginning July 1, 2017. Employer rates will continue to increase annually by 1% through July 1, 2022, which would result in the SCRS and PORS employer rate totaling 18.56% and 21.24%, respectively, for fiscal year 2023 and thereafter. The legislation (a) would also increase and cap the employee SCRS and PORS contribution rates to 9.00% and 9.75%, respectively, provides, after June 30, 2027, for a decrease in employer and employee contribution rates in equal amounts if the ratio between the actuarial value of assets and the actuarial value of liabilities is equal to or greater than 85%, (b) lower the assumed annual rate of return on pension investments from 7.50% to 7.25%, and (c) for some years reduce the funding period of unfunded liabilities from 30 years to 20 years.

**KERSHAW COUNTY SCHOOL DISTRICT
CAMDEN, SOUTH CAROLINA**

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2017

IV. OTHER INFORMATION (CONTINUED)

C. Other Postemployment Benefits

In accordance with the South Carolina Code of Laws and the annual Appropriations Act, the State of South Carolina ("State") provides health, dental, and long-term disability benefits ("OPEB Plan") to retired State and school district employees and their covered dependents. The OPEB plans have been determined to be cost-sharing multiple-employer defined benefit plans and are administered by the Employee Insurance Program ("EIP"), a part of the State of South Carolina.

Generally, retirees are eligible for the health and dental benefits if they have established 10 years of retirement service credit. For new hires on or after May 2, 2008, 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. Benefits become effective when the former employee retires under a state retirement system (i.e. SCRS, PORS, etc.). Basic long-term disability ("BLTD") benefits are provided to active state, school district and participating local government employees approved for disability. Complete financial statements for the OPEB plans may be obtained by writing to the PEBA Retirement Benefits and Insurance Benefits, 202 Arbor Lake Drive, Suite 360, Columbia, SC 29223.

The Code of Laws of the State, as amended, requires these post-employment healthcare and long-term disability benefits be funded through annual appropriation by the General Assembly for active employees to the EIP and participating retirees to the State of South Carolina except for the portion funded through the pension surcharge (retiree surcharge) who are not funded by State General Fund appropriations. Employers participating in the healthcare plan are mandated by State statute to contribute at a rate assessed each year by the Office of the State Budget. The EIP sets the employer contribution rate based on a pay-as-you-go basis. The District has no liability beyond the payment of monthly contributions.

The required employer contribution surcharge percentages were 5.33%, 5.33%, and 5.00% for the years ended June 30, 2017, 2016, and 2015, respectively. The actual required employer contribution surcharge amounts were \$3,061,000, \$2,978,000, and \$2,714,000 for the years ended June 30, 2017, 2016, and 2015, respectively. The actual contribution rates and amounts were 100% of the required employer contribution surcharge percentages and amounts for the OPEB Plan for all years presented.

D. Commitments, Contingencies, and Other Matters

The District participates in a number of state and federally assisted grant programs. These programs are subject to financial and compliance audits by the grantors or their representatives. The amount of program expenditures which may be disallowed by the granting agencies cannot be determined at this time, although the District expects such amounts, if any, would not have a material adverse effect on the financial condition of the District.

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

The School District has several ongoing construction projects as of June 30, 2017. Total outstanding commitments at June 30, 2017 were \$3,289,000.

The District entered into an operating lease agreement with First American for technology equipment in July 2016. The lease is to run for forty-eight months with annual installments of \$252,000 that began in July 2016. Total remaining payments through the life of the lease through fiscal year 2020 are \$252,000 annually, for a total of \$755,000.

**KERSHAW COUNTY SCHOOL DISTRICT
CAMDEN, SOUTH CAROLINA**

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2017

IV. OTHER INFORMATION (CONTINUED)

E. Subsequent Events

Debt Issuances

The District participated in a state-wide South Carolina Association of Governmental Organizations' ("SCAGO") debt program in September 2017, issuing its Series 2017B taxable SCAGO General Obligation Bonds in the amount of \$360,000 to provide funds for the required annual sinking fund payment on the District's Series 2010 Qualified School Construction Bonds. The Series 2017B bonds have a scheduled maturity of March 2018, with interest due at 2.00%. The District also issued its Series 2017C SCAGO General Obligation Bonds in the amount of \$6,844,000 for the purpose of making payments to the Foundation for its required debt service on the Installment Purchase Revenue Bonds and for providing funds for the District's capital outlay needs. The Series 2017C bonds have a scheduled maturity of March 2018, with interest due at 3.00%.

Leases

The District entered into an operating lease with First American for technology equipment in September 2017. This agreement is for forty-eight months with annual payments of \$497,000 for a total of \$1,988,000 through fiscal year 2021.

Construction Contracts

Subsequent to year end, the District executed contracts totaling \$59,840,000 related to the building program approved by voter referendum in November 2016, including contracts for the new Lugoff Elementary School, the new Camden Elementary School, and the new Wateree Elementary School.

F. Tax Abatements

District's Tax Abatements

The District does not have any of its own tax abatement agreements.

Kershaw County's Abatements

The District's property tax revenues were reduced by \$4,224,000 under agreements entered into by Kershaw County, South Carolina.

G. Pending Implementation of GASB Statement on OPEB

GASB Statement No. 75 "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions" ("Statement"), which was issued by the Governmental Accounting Standards Board ("GASB") in June 2015, is required to be implemented by the District for the year ended June 30, 2018. The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for OPEB. It also improves information provided by state and local government employers about financial support for OPEB that are provided by other entities. In addition, state and local governments who participate in a cost-sharing multiple employer plan will now be required to recognize a liability for its proportionate share of the net OPEB liability of that plan. It is GASB's intention that this new Statement will provide citizens and other users of the financial statements with a clearer picture of the size and nature of the District's financial obligations to current and former employees for past services rendered.

**KERSHAW COUNTY SCHOOL DISTRICT
CAMDEN, SOUTH CAROLINA**

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2017

IV. OTHER INFORMATION (CONTINUED)

G. Pending Implementation of GASB Statement on OPEB (Continued)

In particular, the Statement will require the District to recognize a net OPEB liability (and related deferred outflows and inflows of resources) for its participation in the State Health Plan on financial statements prepared on the economic resources measurement focus and accrual basis of accounting (i.e., the Statement of Net Position) and present more extensive note disclosures. It is anticipated that its implementation will not have a significant impact on the District's governmental funds.

The District has been in communications with the PEBA on the effect of implementing this Statement. Based on recent information provided by the PEBA, it is anticipated that the District's proportionate share of the net OPEB liability associated with the State Health Plan will decrease its governmental activities beginning net position for the year ended June 30, 2018 by \$92,000,000, although the exact amount has yet to be determined.

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REQUIRED SUPPLEMENTARY INFORMATION

**KERSHAW COUNTY SCHOOL DISTRICT
CAMDEN, SOUTH CAROLINA**

REQUIRED SUPPLEMENTARY INFORMATION - BUDGETARY COMPARISON SCHEDULE - GENERAL FUND

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
BUDGETS AND ACTUAL**

YEAR ENDED JUNE 30, 2017

	BUDGETED AMOUNTS		ACTUAL (BUDGETARY BASIS)	VARIANCE WITH FINAL BUDGET- POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
REVENUES				
Local Sources:				
Taxes	\$ 21,287,553	21,998,000	22,135,703	\$ 137,703
Investment Earnings	-	-	16,054	16,054
Other Local Sources	292,400	272,400	524,482	252,082
Intergovernmental	-	-	5,920	5,920
State Sources	53,760,090	56,858,545	56,456,167	(402,378)
TOTAL REVENUES	75,340,043	79,128,945	79,138,326	9,381
EXPENDITURES				
Current:				
Instruction	48,120,698	49,451,423	49,344,644	106,779
Support Services	30,087,892	31,150,220	31,318,969	(168,749)
Community Services	10,000	10,000	10,000	-
Capital Outlay	93,499	95,869	-	95,869
TOTAL EXPENDITURES	78,312,089	80,707,512	80,673,613	33,899
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(2,972,046)	(1,578,567)	(1,535,287)	43,280
OTHER FINANCING SOURCES (USES)				
Transfers In	2,972,046	2,884,000	2,921,339	37,339
TOTAL OTHER FINANCING SOURCES (USES)	2,972,046	2,884,000	2,921,339	37,339
NET CHANGE IN FUND BALANCES	-	1,305,433	1,386,052	80,619
FUND BALANCES, Beginning of Year	10,019,606	10,019,606	10,019,606	-
FUND BALANCES, End of Year	\$ 10,019,606	11,325,039	11,405,658	\$ 80,619

Note: The budgets are presented on the modified accrual basis of accounting, which is consistent with accounting principles generally accepted in the United States of America.

**KERSHAW COUNTY SCHOOL DISTRICT
CAMDEN, SOUTH CAROLINA**

REQUIRED SUPPLEMENTARY INFORMATION

**SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
SOUTH CAROLINA RETIREMENT SYSTEM**

LAST FOUR FISCAL YEARS

	Year Ended June 30,			
	2017	2016	2015	2014
District's Proportion of the Net Pension Liability (Asset)	0.551478%	0.556873%	0.561724%	0.561724%
District's Proportionate Share of the Net Pension Liability (Asset)	\$ 117,794,887	105,613,649	96,710,250	\$ 100,753,247
District's Covered-Employee Payroll	\$ 55,859,696	54,265,579	52,875,602	\$ 52,071,723
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	210.88%	194.62%	182.90%	193.49%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	52.91%	56.99%	59.92%	56.39%

Notes to Schedule:

The amounts presented for each fiscal year were determined as of June 30th of the preceding year.
The District implemented GASB #68/71 during the year ended June 30, 2015. Information before 2014 is not available.

**KERSHAW COUNTY SCHOOL DISTRICT
CAMDEN, SOUTH CAROLINA**

REQUIRED SUPPLEMENTARY INFORMATION

**SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS
SOUTH CAROLINA RETIREMENT SYSTEM**

LAST FOUR FISCAL YEARS

	Year Ended June 30,			
	2017	2016	2015	2014
Contractually Required Contribution	\$ 6,369,946	5,905,886	5,691,437	\$ 5,405,706
Contributions in Relation to the Contractually Required Contribution:	6,369,946	5,905,886	5,691,437	5,405,706
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>\$ -</u>
Kershaw County School District's Covered-Employee Payroll	\$ 57,405,174	55,859,696	54,265,579	\$ 52,875,602
Contributions as a Percentage of Covered-Employee Payroll:	11.10%	10.57%	10.49%	10.22%

Notes to Schedule:

The District implemented GASB #68/71 during the year ended June 30, 2015. Information before 2014 is not available.

**KERSHAW COUNTY SCHOOL DISTRICT
CAMDEN, SOUTH CAROLINA**

REQUIRED SUPPLEMENTARY INFORMATION

**SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
POLICE OFFICERS RETIREMENT SYSTEM**

LAST FOUR FISCAL YEARS

		Year Ended June 30,			
		2017	2016	2015	2014
District's Proportion of the Net Pension Liability (Asset)		0.00168%	0.00191%	0.00309%	0.00309%
District's Proportionate Share of the Net Pension Liability (Asset)	\$	42,613	41,716	59,194	\$ 64,096
District's Covered-Employee Payroll	\$	21,423	23,709	37,188	\$ 38,289
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll		198.91%	175.95%	159.18%	167.40%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability		60.44%	64.57%	67.55%	62.98%

Notes to Schedule:

The amounts presented for each fiscal year were determined as of June 30th of the preceding year.
The District implemented GASB #68/71 during the year ended June 30, 2015. Information before 2014 is not available.

**KERSHAW COUNTY SCHOOL DISTRICT
CAMDEN, SOUTH CAROLINA**

REQUIRED SUPPLEMENTARY INFORMATION

**SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS
POLICE OFFICERS RETIREMENT SYSTEM**

LAST FOUR FISCAL YEARS

	Year Ended June 30,			
	2017	2016	2015	2014
Contractually Required Contribution	\$ 3,066	2,944	3,179	\$ 4,775
Contributions in Relation to the Contractually Required Contribution:	3,066	2,944	3,179	4,775
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>\$ -</u>
Kershaw County School District's Covered-Employee Payroll	\$ 21,531	21,423	23,709	\$ 37,188
Contributions as a Percentage of Covered-Employee Payroll:	14.24%	13.74%	13.41%	12.84%

Notes to Schedule:

The District implemented GASB #68/71 during the year ended June 30, 2015. Information before 2014 is not available.

SUPPLEMENTARY INFORMATION

GENERAL FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
REVISED BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2017

	REVISED BUDGET	ACTUAL	VARIANCE
REVENUES			
1000 Revenue from Local Sources:			
1200 Revenue from Local Governmental Units Other than LEAs:			
1210 Ad Valorem Taxes-Including Delinquent (Dependent)	\$ 20,000,000	20,137,281	\$ 137,281
1240 Penalties & Interest on Taxes (Dependent)	152,000	151,978	(22)
1280 Revenue in Lieu of Taxes (Independent and Dependent)	1,846,000	1,846,444	444
1300 Tuition:			
1310 From Patrons for Regular Day School	-	5,040	5,040
1320 From Other LEAs for Regular Day School	-	2,767	2,767
1500 Earnings on Investments:			
1510 Interest on Investments	-	16,054	16,054
1900 Other Revenue from Local Sources:			
1920 Contributions & Donations Private Sources	-	2,000	2,000
1931 Therapy Adjustment - Medicaid	-	9,539	9,539
1990 Miscellaneous Local Revenue:			
1999 Revenue from Other Local Sources	272,400	505,136	232,736
Total Revenue from Local Sources	22,270,400	22,676,239	405,839
2000 Intergovernmental Revenue:			
2100 Payments from Other Governmental Units	-	5,920	5,920
Total Intergovernmental Revenue	-	5,920	5,920
3000 Revenue from State Sources:			
3100 Restricted State Funding:			
3130 Special Programs:			
3131 Handicapped Transportation	5,256	5,157	(99)
3160 School Bus Driver's Salary	974,666	974,666	-
3162 Transportation Workers' Compensation	60,000	54,137	(5,863)
3180 Fringe Benefits Employer Contributions (No Carryover Provision)	11,691,099	11,691,099	-
3181 Retiree Insurance (No Carryover Provision)	2,060,620	2,060,620	-
3300 Education Finance Act:			
3310 Full-Time Programs:			
3311 Kindergarten	1,348,250	1,348,250	-
3312 Primary	4,037,923	4,037,923	-
3313 Elementary	6,773,255	6,773,255	-
3314 High School	1,593,259	1,479,659	(113,600)
3315 Trainable Mentally Handicapped	111,357	111,357	-
3316 Speech Handicapped (Part-Time)	1,553,193	1,553,193	-
3317 Homebound	8,000	7,239	(761)
3320 Part-Time Programs:			
3321 Emotionally Handicapped	103,437	102,153	(1,284)
3322 Educable Mentally Handicapped	153,985	143,437	(10,548)
3323 Learning Disabilities	1,837,804	1,837,804	-
3324 Hearing Handicapped	75,215	73,215	(2,000)
3325 Visually Handicapped	42,600	38,459	(4,141)
3326 Orthopedically Handicapped	37,726	36,572	(1,154)
3327 Vocational	\$ 4,872,250	4,772,244	\$ (100,006)

(Continued)

GENERAL FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
REVISED BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2017

	REVISED BUDGET	ACTUAL	VARIANCE
3330 Other EFA Programs:			
3331 Autism	\$ 543,183	543,183	\$ -
3332 High Achieving Students	485,775	485,775	-
3334 Limited English Proficiency	149,733	139,733	(10,000)
3351 Academic Assistance	1,124,569	1,069,513	(55,056)
3352 Pupils in Poverty	2,798,944	2,777,834	(21,110)
3353 Dual Credit Enrollment	52,660	48,336	(4,324)
3800 State Revenue in Lieu of Taxes:			
3810 Reimbursement for Local Residential Property Tax Relief (Tier 1)	3,705,358	3,705,358	-
3820 Homestead Exemption (Tier 2)	1,136,700	1,136,704	4
3825 Reimbursement for Property Tax Relief (Tier 3)	8,582,128	8,582,128	-
3830 Merchant's Inventory Tax	130,000	129,589	(411)
3840 Manufacturers Depreciation Reimbursement	476,000	476,679	679
3890 Other State Property Tax Revenues (Includes Motor Carrier Vehicle Tax)	333,600	256,558	(77,042)
3900 Other State Revenue:			
3992 State Forest Commission Revenues	-	4,338	4,338
Total Revenue from State Sources	56,858,545	56,456,167	(402,378)
TOTAL REVENUES	79,128,945	79,138,326	9,381
EXPENDITURES			
100 Instruction:			
110 General Instruction:			
111 Kindergarten Programs:			
100 Salaries	2,551,922	2,617,961	(66,039)
200 Employee Benefits	1,133,576	1,084,899	48,677
300 Purchased Services	-	51,646	(51,646)
112 Primary Programs:			
100 Salaries	6,684,367	6,477,726	206,641
200 Employee Benefits	2,577,045	2,403,123	173,922
300 Purchased Services	935,219	246,792	688,427
400 Supplies and Materials	211,136	201,455	9,681
600 Other Objects	45	45	-
113 Elementary Programs:			
100 Salaries	11,442,778	11,535,207	(92,429)
200 Employee Benefits	4,022,088	4,305,857	(283,769)
300 Purchased Services	60,714	336,627	(275,913)
400 Supplies and Materials	162,762	79,968	82,794
114 High School Programs:			
100 Salaries	7,308,488	7,186,744	121,744
140 Terminal Leave	-	3,218	(3,218)
200 Employee Benefits	2,759,981	2,699,660	60,321
300 Purchased Services	28,552	241,051	(212,499)
400 Supplies and Materials	121,264	121,275	(11)
500 Capital Outlay	30,000	-	30,000
600 Other Objects	325	642	(317)
115 Career and Technology Education Program:			
100 Salaries	1,414,966	1,308,824	106,142
200 Employee Benefits	521,403	477,550	43,853
300 Purchased Services - Other Than Tuition	1,321	32,664	(31,343)
400 Supplies and Materials	\$ 59,078	58,307	\$ 771

(Continued)

GENERAL FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
REVISED BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2017

	REVISED BUDGET	ACTUAL	VARIANCE
120 Exceptional Programs:			
121 Educable Mentally Handicapped:			
100 Salaries	\$ 512,822	500,879	\$ 11,943
200 Employee Benefits	221,960	200,811	21,149
300 Purchased Services	349	7,400	(7,051)
400 Supplies and Materials	18,689	18,173	516
600 Other Objects	1,000	831	169
122 Trainable Mentally Handicapped:			
100 Salaries	436,830	442,424	(5,594)
200 Employee Benefits	187,850	195,669	(7,819)
300 Purchased Services	-	17,169	(17,169)
123 Orthopedically Handicapped:			
100 Salaries	304,477	379,154	(74,677)
200 Employee Benefits	126,142	146,423	(20,281)
300 Purchased Services	2,217	6,819	(4,602)
124 Visually Handicapped:			
200 Employee Benefits	-	552	(552)
300 Purchased Services	1,262	-	1,262
125 Hearing Handicapped:			
100 Salaries	141,189	148,347	(7,158)
200 Employee Benefits	54,817	56,414	(1,597)
300 Purchased Services	2,692	1,580	1,112
126 Speech Handicapped:			
100 Salaries	155,039	330,831	(175,792)
200 Employee Benefits	60,465	109,254	(48,789)
300 Purchased Services	-	10,793	(10,793)
127 Learning Disabilities:			
100 Salaries	2,356,294	2,150,602	205,692
200 Employee Benefits	920,853	811,491	109,362
300 Purchased Services	12,843	97,572	(84,729)
128 Emotionally Handicapped:			
100 Salaries	271,329	268,165	3,164
200 Employee Benefits	98,655	90,023	8,632
300 Purchased Services	30,419	44,981	(14,562)
130 Pre-School Programs:			
135 Pre-School Handicapped-Speech (3 & 4-Yr. Olds)			
100 Salaries	-	18,421	(18,421)
200 Employee Benefits	-	7,255	(7,255)
137 Pre-School Handicapped-Self-Contained (3 & 4-Yr. Olds):			
100 Salaries	174,587	206,306	(31,719)
200 Employee Benefits	70,302	64,365	5,937
300 Purchased Services	-	32,072	(32,072)
139 Early Childhood Programs:			
100 Salaries	2,000	2,250	(250)
200 Employee Benefits	491	541	(50)
140 Special Programs:			
141 Gifted and Talented - Academic:			
100 Salaries	498,618	587,469	(88,851)
200 Employee Benefits	180,937	197,788	(16,851)
300 Purchased Services	-	7,643	(7,643)
600 Other Objects	\$ -	59	\$ (59)

(Continued)

**KERSHAW COUNTY SCHOOL DISTRICT
CAMDEN, SOUTH CAROLINA**

Schedule A-1

GENERAL FUND

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
REVISED BUDGET AND ACTUAL**

YEAR ENDED JUNE 30, 2017

	REVISED BUDGET	ACTUAL	VARIANCE
145 Homebound:			
100 Salaries	\$ -	34,443	\$ (34,443)
200 Employee Benefits	-	8,363	(8,363)
300 Purchased Services	21,169	13,661	7,508
148 Gifted and Talented - Artistic:			
300 Purchased Services	30,000	29,680	320
149 Other Special Programs:			
100 Salaries	-	8,536	(8,536)
200 Employee Benefits	-	3,722	(3,722)
160 Other Exceptional Programs:			
161 Autism:			
100 Salaries	310,374	346,632	(36,258)
200 Employee Benefits	145,955	160,076	(14,121)
300 Purchased Services	-	13,198	(13,198)
180 Adult/Continuing Educational Programs:			
182 Adult Secondary Education Programs:			
100 Salaries	32,088	30,432	1,656
200 Employee Benefits	14,032	9,305	4,727
188 Parenting/Family Literacy:			
100 Salaries	39,391	38,703	688
200 Employee Benefits	16,256	16,125	131
Total Instruction	<u>49,481,423</u>	<u>49,344,643</u>	<u>136,780</u>
200 Support Services:			
210 Pupil Services:			
211 Attendance and Social Work Services:			
100 Salaries	138,680	138,096	584
200 Employee Benefits	49,671	48,967	704
300 Purchased Services	897	1,049	(152)
400 Supplies and Materials	450	312	138
600 Other Objects	175	176	(1)
212 Guidance Services:			
100 Salaries	1,610,454	1,564,442	46,012
140 Terminal Leave	-	3,736	(3,736)
200 Employee Benefits	599,500	567,464	32,036
300 Purchased Services	698	2,633	(1,935)
400 Supplies and Materials	4,638	4,483	155
213 Health Services:			
100 Salaries	473,121	574,702	(101,581)
200 Employee Benefits	244,819	254,528	(9,709)
300 Purchased Services	2,500	2,500	-
400 Supplies and Materials	5,586	3,155	2,431
214 Psychological Services:			
100 Salaries	424,055	240,467	183,588
200 Employee Benefits	146,912	82,999	63,913
300 Purchased Services	291,467	279,242	12,225
400 Supplies and Materials	2,250	2,250	-
216 Vocational Placement Services:			
300 Purchased Services	296	295	1
600 Other Objects	\$ 200	200	\$ -

(Continued)

GENERAL FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
REVISED BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2017

	REVISED BUDGET	ACTUAL	VARIANCE
220 Instructional Staff Services:			
221 Improvement of Instruction-Curriculum Development:			
100 Salaries	\$ 440,464	593,330	\$ (152,866)
200 Employee Benefits	148,398	196,424	(48,026)
300 Purchased Services	197,910	175,098	22,812
400 Supplies and Materials	6,164	5,504	660
600 Other Objects	740	715	25
222 Library and Media Services:			
100 Salaries	1,288,057	1,258,328	29,729
200 Employee Benefits	509,295	469,415	39,880
300 Purchased Services	54	6,132	(6,078)
400 Supplies and Materials	259,838	255,067	4,771
223 Supervision of Special Programs:			
100 Salaries	222,696	214,503	8,193
140 Terminal Leave	-	3,671	(3,671)
200 Employee Benefits	79,619	78,878	741
300 Purchased Services	1,219	1,378	(159)
400 Supplies and Materials	1,165	681	484
224 Improvement of Instruction-Inservice and Staff Training:			
100 Salaries	83,687	72,788	10,899
200 Employee Benefits	30,848	30,627	221
300 Purchased Services	17,907	11,607	6,300
400 Supplies and Materials	6,173	5,134	1,039
600 Other Objects	1,028	1,028	-
230 General Administrative Services:			
231 Board of Education:			
100 Salaries	-	21,275	(21,275)
200 Employee Benefits	-	3,884	(3,884)
300 Purchased Services	315,954	377,009	(61,055)
318 Audit Services	58,000	57,240	760
400 Supplies and Materials	1,915	674	1,241
600 Other Objects	25,538	27,913	(2,375)
232 Office of Superintendent:			
100 Salaries	201,382	220,529	(19,147)
200 Employee Benefits	66,803	65,664	1,139
300 Purchased Services	12,480	19,651	(7,171)
400 Supplies and Materials	24,500	19,757	4,743
600 Other Objects	891,095	838,527	52,568
233 School Administration:			
100 Salaries	4,993,717	4,942,331	51,386
140 Terminal Leave	-	2,324	(2,324)
200 Employee Benefits	1,860,153	1,709,761	150,392
300 Purchased Services	35,879	30,998	4,881
400 Supplies and Materials	37,654	36,029	1,625
600 Other Objects	\$ 22,859	22,859	\$ -

(Continued)

GENERAL FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
REVISED BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2017

	REVISED BUDGET	ACTUAL	VARIANCE
250 Finance and Operations Services:			
252 Fiscal Services:			
100 Salaries	\$ 503,531	359,968	\$ 143,563
180 Head of Organizational Unit Salaries	-	150,188	(150,188)
200 Employee Benefits	172,807	129,307	43,500
280 Head of Organizational Unit Employee Benefits	-	39,543	(39,543)
300 Purchased Services	98,919	97,985	934
400 Supplies and Materials	28,871	4,093	24,778
500 Capital Outlay	12,370	-	12,370
600 Other Objects	620	431	189
254 Operation and Maintenance of Plant:			
100 Salaries	946,730	946,248	482
200 Employee Benefits	334,834	338,895	(4,061)
300 Purchased Services	3,620,413	3,712,275	(91,862)
321 Public Utilities (Excludes Gas, Oil, Elec. & Other Heating Fuels)	256,000	256,330	(330)
400 Supplies and Materials	369,563	391,632	(22,069)
470 Energy (Includes Gas, Oil, Elec. & Other Heating Fuels)	2,758,000	2,757,497	503
255 Student Transportation (State Mandated):			
100 Salaries	1,946,768	2,008,171	(61,403)
200 Employee Benefits	934,061	834,209	99,852
300 Purchased Services	41,287	43,979	(2,692)
400 Supplies and Materials	5,987	11,539	(5,552)
256 Food Service:			
200 Employee Benefits	-	417,663	(417,663)
257 Internal Services:			
100 Salaries	217,295	164,067	53,228
200 Employee Benefits	62,175	53,796	8,379
300 Purchased Services	20,990	22,838	(1,848)
400 Supplies and Materials	4,983	3,387	1,596
600 Other Objects	400	176	224
258 Security:			
300 Purchased Services	66,000	66,000	-
260 Central Support Services:			
262 Planning, Research, Development and Evaluation:			
300 Purchased Services	2,357	2,681	(324)
400 Supplies and Materials	2,464	2,464	-
263 Information Services:			
100 Salaries	150,558	36,119	114,439
140 Terminal Leave	-	2,482	(2,482)
180 Head of Organizational Unit Salaries	-	113,022	(113,022)
200 Employee Benefits	46,010	18,318	27,692
280 Head of Organizational Unit Employee Benefits	-	32,052	(32,052)
300 Purchased Services	47,100	45,156	1,944
380 Head of Organizational Unit Travel	-	2,026	(2,026)
400 Supplies and Materials	9,269	9,246	23
600 Other Objects	\$ 511	511	\$ -

(Continued)

GENERAL FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
REVISED BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2017

	REVISED BUDGET	ACTUAL	VARIANCE
264 Staff Services:			
100 Salaries	\$ 464,563	302,480	\$ 162,083
140 Terminal Leave	-	3,661	(3,661)
180 Head of Organizational Unit Salaries	-	117,274	(117,274)
200 Employee Benefits	154,576	101,028	53,548
280 Head of Organizational Unit Employee Benefits	-	37,103	(37,103)
300 Purchased Services	26,662	12,604	14,058
380 Head of Organizational Unit Travel	-	2,201	(2,201)
400 Supplies and Materials	6,868	5,458	1,410
600 Other Objects	1,151	1,151	-
266 Technology and Data Processing Services:			
100 Salaries	436,404	296,552	139,852
140 Terminal Leave	-	6,553	(6,553)
180 Head of Organizational Unit Salaries	-	89,976	(89,976)
200 Employee Benefits	145,804	95,913	49,891
280 Head of Organizational Unit Employee Benefits	-	26,393	(26,393)
300 Purchased Services	351,414	337,439	13,975
380 Head of Organizational Unit Travel	-	1,229	(1,229)
400 Supplies and Materials	44,986	44,074	912
500 Capital Outlay	53,499	-	53,499
600 Other Objects	350	-	350
270 Support Services Pupil Activity:			
271 Pupil Services Activities:			
100 Salaries	613,761	758,101	(144,340)
140 Terminal Leave	-	-	-
200 Employee Benefits	150,618	167,412	(16,794)
300 Purchased Services	-	20,460	(20,460)
400 Supplies and Materials	-	432	(432)
Total Support Services	30,951,089	31,050,217	(99,128)
300 Community Services:			
390 Other Community Services:			
300 Purchased Services	10,000	10,000	-
Total Community Services	10,000	10,000	-
TOTAL EXPENDITURES	\$ 80,442,512	80,404,860	\$ 37,652

(Continued)

GENERAL FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
REVISED BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2017

	REVISED BUDGET	ACTUAL	VARIANCE
OTHER FINANCING SOURCES (USES)			
Interfund Transfers, From (To) Other Funds:			
5230 Transfer from Special Revenue EIA Fund	\$ 2,358,000	2,358,681	\$ 681
5270 Transfer from Pupil Activity Fund	-	42,132	42,132
5280 Transfer from Other Funds Indirect Costs	526,000	562,658	36,658
426-710 Transfer to Pupil Activity Fund	(265,000)	(310,885)	(45,885)
TOTAL OTHER FINANCING SOURCES (USES)	2,619,000	2,652,586	33,586
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	1,305,433	1,386,052	80,619
FUND BALANCES, Beginning of Year	10,019,606	10,019,606	-
FUND BALANCES, End of Year	\$ 11,325,039	11,405,658	\$ 80,619

**KERSHAW COUNTY SCHOOL DISTRICT
CAMDEN, SOUTH CAROLINA**

SPECIAL REVENUE FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

YEAR ENDED JUNE 30, 2017

	Title I (BA Projects) (201/202)	IDEA (CA Projects) (203/204)
REVENUES		
1000 Revenue from Local Sources:		
1900 Other Revenue from Local Sources:		
1910 Rentals	\$ -	-
1920 Contributions and Donations Private Sources	-	-
1930 Medicaid	-	-
1999 Revenue from Other Local Sources	-	-
Total Revenue from Local Sources	-	-
3000 Revenue from State Sources:		
3100 Restricted State Funding:		
3118 EEDA Career Specialist	-	-
3120 General Education:		
3127 Student Health and Fitness - PE Teachers	-	-
3130 Special Programs:		
3135 Reading Coaches	-	-
3136 Student Health and Fitness - Nurses	-	-
3150 Adult Education:		
3155 DSS SNAP & E&T Program	-	-
3177 Summer Reading Camps	-	-
3190 Miscellaneous Restricted State Grants:		
3193 Education License Plates	-	-
3199 Other Restricted State Grants	-	-
3600 Education Lottery Act Revenue:		
3630 K-12 Technology Initiative	-	-
3900 Other State Revenue:		
3999 Revenue from Other State Sources	-	-
Total Revenue from State Sources	-	-
4000 Revenue from Federal Sources:		
4200 Occupational Education:		
4210 Perkins Aid, Title I	\$ -	-

Preschool Handicapped (CG Projects) (205/206)	CATE (VA Projects) (207/208)	Adult Education (EA Projects) (243)	Other Designated Restricted State Grants (900s)	Other Special Revenue Programs (200s/800s)	Totals
-	-	-	-	49,375	\$ 49,375
-	-	-	-	25,200	25,200
-	-	-	-	670,112	670,112
-	-	-	-	238,716	238,716
-	-	-	-	983,403	983,403
-	-	-	498,851	-	498,851
-	-	-	79,029	-	79,029
-	-	-	382,653	-	382,653
-	-	-	232,270	-	232,270
-	-	-	377	-	377
-	-	-	194,467	-	194,467
-	-	-	1,824	-	1,824
-	-	-	-	10,191	10,191
-	-	-	176,084	-	176,084
-	-	-	19,870	156,737	176,607
-	-	-	1,585,425	166,928	1,752,353
-	68,011	-	-	-	\$ 68,011

(Continued)

**KERSHAW COUNTY SCHOOL DISTRICT
CAMDEN, SOUTH CAROLINA**

SPECIAL REVENUE FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

YEAR ENDED JUNE 30, 2017

	Title I (BA Projects) (201/202)	IDEA (CA Projects) (203/204)
4300 Elementary and Secondary Education Act of 1965 (ESEA):		
4310 Title I, Basic State Grant Programs (Carryover Provision)	\$ 2,559,247	-
4341 Language Instruction for Limited English Proficient and Immigrant Students, Title III (Carryover Provision)	-	-
4351 Improving Teacher Quality (Carryover Provision)	-	-
4400 Adult Education:		
4410 Basic Adult Education	-	-
4500 Programs for Children with Disabilities:		
4510 Individuals with Disabilities Education Act (IDEA) (Carryover Provision)	-	2,199,260
4520 Pre-School Grants (Carryover Provision)	-	-
4900 Other Federal Sources:		
4924 21st Century Community Learning Centers Grants, Title IV	-	-
4999 Revenue from Other Federal Sources	-	-
Total Revenue from Federal Sources	<u>2,559,247</u>	<u>2,199,260</u>
TOTAL REVENUES	<u>2,559,247</u>	<u>2,199,260</u>
EXPENDITURES		
100 Instruction:		
110 General Instruction:		
111 Kindergarten Program:		
400 Supplies and Materials	-	-
112 Primary Programs:		
100 Salaries	472,117	-
200 Employee Benefits	196,957	-
300 Purchased Services	23,149	-
400 Supplies and Materials	-	-
113 Elementary Programs:		
100 Salaries	652,792	-
200 Employee Benefits	249,938	-
300 Purchased Services	65,863	-
400 Supplies and Materials	151,065	-
600 Other Objects	-	-
114 High School Programs:		
100 Salaries	-	-
300 Purchased Services	-	-
400 Supplies and Materials	-	-
600 Other Objects	\$ -	-

Schedule B-1

Preschool Handicapped (CG Projects) (205/206)	CATE (VA Projects) (207/208)	Adult Education (EA Projects) (243)	Other Designated Restricted State Grants (900s)	Other Special Revenue Programs (200s/800s)	Totals
-	-	-	-	63,500	\$ 2,622,747
-	-	-	-	16,965	16,965
-	-	-	-	278,130	278,130
-	-	70,073	-	-	70,073
-	-	-	-	9,493	2,208,753
81,343	-	-	-	-	81,343
-	-	-	-	631,791	631,791
-	-	-	-	432,311	432,311
81,343	68,011	70,073	-	1,432,190	6,410,124
81,343	68,011	70,073	1,585,425	2,582,521	9,145,880
-	-	-	-	400	400
-	-	-	47,136	15,923	535,176
-	-	-	16,116	5,010	218,083
-	-	-	-	-	23,149
-	-	-	-	4,198	4,198
-	-	-	12,034	147,662	812,488
-	-	-	3,742	64,413	318,093
-	-	-	-	33,373	99,236
-	-	-	1,824	35,325	188,214
-	-	-	-	2,321	2,321
-	-	-	-	223,011	223,011
-	-	-	-	1,830	1,830
-	-	-	-	12,155	12,155
-	-	-	-	5,000	\$ 5,000

(Continued)

**KERSHAW COUNTY SCHOOL DISTRICT
CAMDEN, SOUTH CAROLINA**

SPECIAL REVENUE FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

YEAR ENDED JUNE 30, 2017

	Title I (BA Projects) (201/202)	IDEA (CA Projects) (203/204)
115 Career and Technology Education Program:		
100 Salaries	\$ -	-
200 Employee Benefits	-	-
300 Purchased Services - Other Than Tuition	-	-
400 Supplies and Materials	-	-
120 Exceptional Programs:		
121 Educable Mentally Handicapped:		
100 Salaries	-	98,947
200 Employee Benefits	-	47,904
300 Purchased Services	-	6,435
122 Trainable Mentally Handicapped:		
100 Salaries	-	86,144
200 Employee Benefits	-	41,858
300 Purchased Services	-	2,838
400 Supplies and Materials	-	38,575
123 Orthopedically Handicapped:		
100 Salaries	-	149,124
200 Employee Benefits	-	56,851
300 Purchased Services	-	2,064
124 Visually Handicapped:		
300 Purchased Services	-	-
126 Speech Handicapped:		
100 Salaries	-	403,168
200 Employee Benefits	-	144,032
300 Purchased Services	-	49,059
400 Supplies and Materials	-	28,229
600 Other Objects	-	-
127 Learning Disabilities:		
100 Salaries	-	251,282
200 Employee Benefits	-	94,139
300 Purchased Services	-	31,529
400 Supplies and Materials	-	43,893
128 Emotionally Handicapped:		
100 Salaries	-	43,959
200 Employee Benefits	-	19,760
300 Purchased Services	\$ -	4,383

Schedule B-1

Preschool Handicapped (CG Projects) (205/206)	CATE (VA Projects) (207/208)	Adult Education (EA Projects) (243)	Other Designated Restricted State Grants (900s)	Other Special Revenue Programs (200s/800s)	Totals
-	-	-	16,007	-	\$ 16,007
-	-	-	3,862	-	3,862
-	12,538	-	-	-	12,538
-	12,610	-	-	-	12,610
-	-	-	-	-	98,947
-	-	-	-	-	47,904
-	-	-	-	867	7,302
-	-	-	-	-	86,144
-	-	-	-	-	41,858
-	-	-	-	-	2,838
-	-	-	-	-	38,575
-	-	-	-	2,932	152,056
-	-	-	-	623	57,474
-	-	-	-	3,303	5,367
-	-	-	-	992	992
-	-	-	-	-	403,168
-	-	-	-	-	144,032
-	-	-	-	2,817	51,876
-	-	-	-	-	28,229
-	-	-	-	1,955	1,955
-	-	-	-	226	251,508
-	-	-	-	64	94,203
-	-	-	-	2,208	33,737
-	-	-	-	5,172	49,065
-	-	-	-	-	43,959
-	-	-	-	-	19,760
-	-	-	-	9,493	\$ 13,876

(Continued)

**KERSHAW COUNTY SCHOOL DISTRICT
CAMDEN, SOUTH CAROLINA**

SPECIAL REVENUE FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

YEAR ENDED JUNE 30, 2017

	Title I (BA Projects) (201/202)	IDEA (CA Projects) (203/204)
130 Pre-School Programs:		
135 Pre-School Handicapped Speech (3 & 4-Yr. Olds):		
100 Salaries	\$ -	-
200 Employee Benefits	-	-
137 Pre-School Handicapped Self-Contained (3 & 4-Yr. Olds):		
100 Salaries	-	17,570
200 Employee Benefits	-	7,343
300 Purchased Services	-	80
139 Early Childhood Programs:		
100 Salaries	282,171	-
200 Employee Benefits	106,238	-
300 Purchased Services	15,860	-
140 Special Programs:		
141 Gifted and Talented - Academic:		
100 Salaries	-	-
200 Employee Benefits	-	-
300 Purchased Services	-	-
400 Supplies and Materials	-	-
600 Other Objects	-	-
145 Homebound:		
100 Salaries	-	-
200 Employee Benefits	-	-
300 Purchased Services	-	-
149 Other Special Programs:		
100 Salaries	-	20,730
200 Employee Benefits	-	8,272
160 Other Exceptional Programs:		
161 Autism:		
100 Salaries	-	50,213
200 Employee Benefits	-	28,255
300 Purchased Services	-	5,708
400 Supplies and Materials	-	10,341
170 Summer School Programs:		
171 Primary Summer School:		
100 Salaries	-	-
200 Employee Benefits	-	-
300 Purchased Services	-	-
400 Supplies and Materials	\$ -	-

Schedule B-1

Preschool Handicapped (CG Projects) (205/206)	CATE (VA Projects) (207/208)	Adult Education (EA Projects) (243)	Other Designated Restricted State Grants (900s)	Other Special Revenue Programs (200s/800s)	Totals
44,737	-	-	-	-	\$ 44,737
18,514	-	-	-	-	18,514
11,505	-	-	-	-	29,075
2,911	-	-	-	-	10,254
570	-	-	-	-	650
-	-	-	-	-	282,171
-	-	-	-	-	106,238
-	-	-	-	-	15,860
-	-	-	-	804	804
-	-	-	-	179	179
-	-	-	-	684	684
-	-	-	-	96	96
-	-	-	-	29,208	29,208
-	-	-	-	51,091	51,091
-	-	-	-	23,180	23,180
-	-	-	-	8,806	8,806
-	-	-	-	-	20,730
-	-	-	-	-	8,272
-	-	-	-	-	50,213
-	-	-	-	-	28,255
-	-	-	-	-	5,708
-	-	-	-	-	10,341
-	-	-	82,883	-	82,883
-	-	-	20,305	-	20,305
-	-	-	17,026	-	17,026
-	-	-	74,253	-	\$ 74,253

(Continued)

**KERSHAW COUNTY SCHOOL DISTRICT
CAMDEN, SOUTH CAROLINA**

SPECIAL REVENUE FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

YEAR ENDED JUNE 30, 2017

	Title I (BA Projects) (201/202)	IDEA (CA Projects) (203/204)
173 High School Summer School:		
100 Salaries	\$ -	-
200 Employee Benefits	-	-
175 Instructional Programs Beyond Regular School Day:		
100 Salaries	-	-
200 Employee Benefits	-	-
300 Purchased Services	-	-
400 Supplies and Materials	-	-
600 Other Objects	-	-
180 Adult/Continuing Educational Programs:		
181 Adult Basic Education Programs:		
100 Salaries	-	-
200 Employee Benefits	-	-
300 Purchased Services	-	-
182 Adult Secondary Education Programs:		
100 Salaries	-	-
200 Employee Benefits	-	-
300 Purchased Services	-	-
400 Supplies and Materials	-	-
184 Post Secondary Education Programs:		
300 Purchased Services	-	-
400 Supplies and Materials	-	-
188 Parenting/Family Literacy:		
400 Supplies and Materials	1,056	-
190 Instructional Pupil Activity:		
400 Supplies and Materials	-	-
Total Instruction	<u>\$ 2,217,206</u>	<u>1,792,685</u>

Preschool Handicapped (CG Projects) (205/206)	CATE (VA Projects) (207/208)	Adult Education (EA Projects) (243)	Other Designated Restricted State Grants (900s)	Other Special Revenue Programs (200s/800s)	Totals
-	-	-	-	6,285	\$ 6,285
-	-	-	-	1,569	1,569
-	-	-	-	41,713	41,713
-	-	-	-	8,745	8,745
-	-	-	-	228,786	228,786
-	-	-	-	100,277	100,277
-	-	-	-	2,351	2,351
-	-	1,691	-	216	1,907
-	-	141	-	148	289
-	-	-	-	35	35
-	-	43,074	-	-	43,074
-	-	5,301	-	188	5,489
-	-	5,045	-	232	5,277
-	-	7,689	-	428	8,117
-	-	-	-	31,168	31,168
-	-	-	-	855	855
-	-	-	-	-	1,056
-	-	-	-	1,097	1,097
<u>78,237</u>	<u>25,148</u>	<u>62,941</u>	<u>295,188</u>	<u>1,119,414</u>	<u>\$ 5,590,819</u>

(Continued)

**KERSHAW COUNTY SCHOOL DISTRICT
CAMDEN, SOUTH CAROLINA**

SPECIAL REVENUE FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

YEAR ENDED JUNE 30, 2017

	Title I (BA Projects) (201/202)	IDEA (CA Projects) (203/204)
200 Support Services:		
210 Pupil Services:		
211 Attendance and Social Work Services:		
100 Salaries	\$ -	-
200 Employee Benefits	-	-
400 Supplies and Materials	-	-
212 Guidance Services:		
100 Salaries	-	-
200 Employee Benefits	-	-
300 Purchased Services	-	-
400 Supplies and Materials	-	-
213 Health Services:		
100 Salaries	-	-
200 Employee Benefits	-	-
300 Purchased Services	-	-
400 Supplies and Materials	-	-
214 Psychological Services:		
100 Salaries	-	17,526
200 Employee Benefits	-	4,301
300 Purchased Services	-	-
400 Supplies and Materials	-	24,137
217 Career Specialists Services:		
300 Purchased Services	-	-
220 Instructional Staff Services:		
221 Improvement of Instruction - Curriculum Development:		
100 Salaries	-	79,166
200 Employee Benefits	-	25,339
400 Supplies and Materials	41,437	-
222 Library and Media Services:		
400 Supplies and Materials	18,329	-
223 Supervision of Special Programs:		
100 Salaries	104,800	125,326
200 Employee Benefits	28,525	44,964
300 Purchased Services	6,881	-
400 Supplies and Materials	10,117	-
600 Other Objects	\$ 364	-

Preschool Handicapped (CG Projects) (205/206)	CATE (VA Projects) (207/208)	Adult Education (EA Projects) (243)	Other Designated Restricted State Grants (900s)	Other Special Revenue Programs (200s/800s)	Totals
-	-	-	-	6,386	\$ 6,386
-	-	-	-	2,356	2,356
-	-	-	-	816	816
-	-	-	357,455	150,386	507,841
-	-	-	141,396	51,979	193,375
-	246	-	-	-	246
-	626	-	-	-	626
-	-	-	162,675	96,878	259,553
-	-	-	69,595	39,081	108,676
-	-	-	-	5,534	5,534
-	-	-	-	10,464	10,464
-	-	-	-	24,372	41,898
-	-	-	-	4,949	9,250
-	-	-	-	5,788	5,788
-	-	-	-	202	24,339
-	260	-	-	-	260
-	-	-	275,076	-	354,242
-	-	-	107,578	5	132,922
-	-	-	-	-	41,437
-	-	-	-	3,040	21,369
-	-	-	-	106,705	336,831
-	-	-	-	31,186	104,675
-	3,866	1,406	197	166,294	178,644
-	500	2,160	-	4,678	17,455
-	-	-	180	176	\$ 720

(Continued)

**KERSHAW COUNTY SCHOOL DISTRICT
CAMDEN, SOUTH CAROLINA**

SPECIAL REVENUE FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

YEAR ENDED JUNE 30, 2017

	Title I (BA Projects) (201/202)	IDEA (CA Projects) (203/204)
224 Improvement of Instruction - Inservice and Staff Training:		
100 Salaries	\$ -	-
200 Employee Benefits	-	-
300 Purchased Services	-	-
400 Supplies and Materials	-	-
250 Finance and Operations Services:		
251 Student Transportation (Federal/District Mandated):		
100 Salaries	-	-
200 Employee Benefits	-	-
300 Purchased Services	-	-
254 Operation and Maintenance of Plant:		
100 Salaries	-	-
200 Employee Benefits	-	-
300 Purchased Services	-	-
400 Supplies and Materials	-	-
255 Student Transportation (State Mandated):		
100 Salaries	-	7,358
200 Employee Benefits	-	1,550
300 Purchased Services	-	-
260 Central Support Services:		
264 Staff Services:		
300 Purchased Services	-	-
266 Technology and Data Processing Services:		
300 Purchased Services	-	-
400 Supplies and Materials	-	-
270 Support Services - Pupil Activity:		
271 Pupil Services Activities:		
100 Salaries	-	-
200 Employee Benefits	-	-
300 Purchased Services	-	-
Total Support Services	<u>210,453</u>	<u>329,667</u>
300 Community Services:		
370 Non-Public School Services:		
300 Purchased Services	-	-
Total Community Services	<u>\$ -</u>	<u>-</u>

Schedule B-1

Preschool Handicapped (CG Projects) (205/206)	CATE (VA Projects) (207/208)	Adult Education (EA Projects) (243)	Other Designated Restricted State Grants (900s)	Other Special Revenue Programs (200s/800s)	Totals
-	-	-	-	11,885	\$ 11,885
-	-	-	-	2,822	2,822
-	13,113	-	-	56,489	69,602
-	-	-	-	6,051	6,051
-	-	-	-	33,898	33,898
-	-	-	-	7,648	7,648
-	-	-	-	51,900	51,900
-	-	-	-	150	150
-	-	-	-	36	36
-	-	-	-	22,775	22,775
-	-	-	-	2,082	2,082
-	-	-	-	473	7,831
-	-	-	-	93	1,643
-	-	-	-	6,103	6,103
-	-	-	-	2,706	2,706
-	-	-	19,874	27,879	47,753
-	-	-	156,211	90,783	246,994
-	-	-	-	2,810	2,810
-	-	-	-	531	531
-	21,199	-	-	3,006	24,205
-	39,810	3,566	1,290,237	1,041,395	2,915,128
-	-	-	-	1,479	1,479
-	-	-	-	1,479	\$ 1,479

(Continued)

**KERSHAW COUNTY SCHOOL DISTRICT
CAMDEN, SOUTH CAROLINA**

SPECIAL REVENUE FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

YEAR ENDED JUNE 30, 2017

	Title I (BA Projects) (201/202)	IDEA (CA Projects) (203/204)
410 Intergovernmental Expenditures:		
412 Payments to Other Governmental Units		
720 Transits	\$ -	-
Total Intergovernmental Expenditures	-	-
TOTAL EXPENDITURES	2,427,659	2,122,352
OTHER FINANCING SOURCES (USES)		
Interfund Transfers, From (To) Other Funds:		
5270 Transfer from Pupil Activity Fund	-	-
431-791 Special Revenue Fund Indirect Costs	(131,588)	(76,908)
TOTAL OTHER FINANCING SOURCES (USES)	(131,588)	(76,908)
EXCESS OF REVENUES OVER EXPENDITURES	-	-
FUND BALANCES, Beginning of Year	-	-
FUND BALANCES, End of Year	\$ -	-

Preschool Handicapped (CG Projects) (205/206)	CATE (VA Projects) (207/208)	Adult Education (EA Projects) (243)	Other Designated Restricted State Grants (900s)	Other Special Revenue Programs (200s/800s)	Totals
-	-	-	-	160,386	\$ 160,386
-	-	-	-	160,386	160,386
78,237	64,958	66,507	1,585,425	2,322,674	8,667,812
-	-	-	-	25	25
(3,106)	(3,053)	(3,566)	-	(46,488)	(264,709)
(3,106)	(3,053)	(3,566)	-	(46,463)	(264,684)
-	-	-	-	213,384	213,384
-	-	-	-	1,136,028	1,136,028
-	-	-	-	1,349,412	\$ 1,349,412

**KERSHAW COUNTY SCHOOL DISTRICT
CAMDEN, SOUTH CAROLINA**

Schedule B-2

SPECIAL REVENUE FUND

SUPPLEMENTAL LISTING OF LEA SUBFUND CODES AND TITLES

YEAR ENDED JUNE 30, 2017

OTHER DESIGNATED RESTRICTED STATE GRANTS

800	Music Pilot Quaver
919	Education License Plates
926	Summer Reading Camp
928	EEDA Career Specialist
935	Reading Coaches
936	Student Health and Fitness - Nurses
937	Student Health and Fitness - (PE Teacher Ratio)
955	DSS SNAP and E&T Program
963	K-12 Technology Initiative

OTHER SPECIAL REVENUE PROGRAMS

202	Wal-Mart Grant (Teacher Grant)
224	21st Century Community Learning Centers, Title IV
237	Title I, School Improvement Focus Schools
264	Language Instruction for Limited English Proficients and immigrant Students, Title III
267	Title II - Improving Teacher Quality
270	Junior Reserve Officer Training Corps - JROTC
272	Facility Rentals
274	DHEC Recycling
276	Medicaid
277	E-Rate Funding
278	Second Look Charities
283	Associated Charities
286	Secondary Summer School
287	SC Arts Commission - Arts in Basic Curriculum
288	Adult Education - Local
299	Duke Endowment Grant
820	International Paper Grant
824	Lowe's Grant
826	Health Foundation of Kershaw County
832	Pupils with Disabilities Financial Aid Grant
842	Exxon Mobile
846	Substitute Pay
848	Kids In Need Foundation (Office Depot)
850	DHHS - Administrative Claims
857	Dollar General
858	Unsung Hero's Award
860	Target
866	DHEC - Champions of the Environment
868	YRBS Administration
875	CJWL Charities
879	Richards Family Foundation
881	John T. Stevens

(Continued)

**KERSHAW COUNTY SCHOOL DISTRICT
CAMDEN, SOUTH CAROLINA**

Schedule B-2

SPECIAL REVENUE FUND

SUPPLEMENTAL LISTING OF LEA SUBFUND CODES AND TITLES

YEAR ENDED JUNE 30, 2017

OTHER SPECIAL REVENUE PROGRAMS (CONTINUED)

882	DJJ - Job Readiness Skills Training (JRT)
884	School Counseling Initiative
885	Palmetto Pride Grant
887	Teen After School Center
889	Seagul - Local Revenue
890	Laptop Insurance
892	I-Can Laptop Sales
895	Profoundly Mentally Handicapped
906	12 Month Agricultural Program

SPECIAL REVENUE FUND

SUMMARY SCHEDULE FOR OTHER DESIGNATED RESTRICTED STATE GRANTS

YEAR ENDED JUNE 30, 2017

Subfund	Revenue	Programs	Revenues	Expenditures	Special Revenue		Special Revenue Fund Unearned
					Interfund Transfers In (Out)	Other Fund Transfers In (Out)	
906	3999	12 Month Agricultural Program	\$ 19,870	19,870	-	-	\$ -
919	3193	Education License Plates	1,824	1,824	-	-	-
926	3177	Summer Reading Camp	194,467	194,467	-	-	57,075
928	3118	EEDA Career Specialist	498,851	498,851	-	-	66,985
935	3135	Reading Coaches	382,653	382,653	-	-	-
936	3136	Student Health and Fitness - Nurses	232,270	232,270	-	-	-
937	3127	Student Health and Fitness - PE Teachers	79,029	79,029	-	-	-
955	3155	DSS SNAP & E&T Program	377	377	-	-	24,285
963	3630	K-12 Technology Initiative	176,084	176,084	-	-	341,474
Totals			<u>\$ 1,585,425</u>	<u>1,585,425</u>	<u>-</u>	<u>-</u>	<u>\$ 489,819</u>

**KERSHAW COUNTY SCHOOL DISTRICT
CAMDEN, SOUTH CAROLINA**

Schedule B-4

EDUCATION IMPROVEMENT ACT

**COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
ALL PROGRAMS**

YEAR ENDED JUNE 30, 2017

	ACTUAL
REVENUES	
1990 Miscellaneous Local Revenue:	
1999 Revenue from Other Local Sources	\$ 1,080
Total Revenue from Local Sources	<u>1,080</u>
3000 Revenue from State Sources:	
3500 Education Improvement Act:	
3502 ADEPT	8,040
3509 Arts in Education	90,684
3511 Professional Development	44,677
3512 Technology Professional Development	52,089
3518 Adoption List of Formative Assessment	50,949
3519 Grade 10 Assessments	9,036
3525 Career and Technology Education Equipment	223,202
3526 Refurbishment of K-8 Science Kits	44,431
3528 Industry Certificate	5,587
3532 National Board Certification Salary Supplement (No Carryover Provision)	981,304
3533 Teacher of the Year Awards (No Carryover Provision)	1,072
3535 Reading Coaches	8,000
3538 Students at Risk of School Failure	1,105,949
3540 Early Childhood Program (4K Programs Serving Four-Year-Old Children)	517,807
3550 Teacher Salary Increase (No Carryover Provision)	2,058,708
3555 Teacher Salary Fringe (No Carryover Provision)	299,973
3556 Adult Education	249,056
3558 Reading	62,862
3577 Teacher Supplies (No Carryover Provision)	202,950
3578 High Schools That Work / Making Middle Grades Work	17,766
3587 IDEA MOE Tier I	73,965
3592 Work-Based Learning (No Carryover Provision)	39,102
3595 EEDA - Supplies and Materials (No Carryover Provision)	25,733
3597 Aid to Districts	129,122
3599 Revenue from Other State Sources	18,169
Total Revenue from State Sources	<u>6,320,233</u>
TOTAL REVENUES	<u>6,321,313</u>
EXPENDITURES	
100 Instruction:	
110 General Instruction:	
111 Kindergarten Programs:	
100 Salaries	97,500
200 Employee Benefits	\$ 23,792

(Continued)

**KERSHAW COUNTY SCHOOL DISTRICT
CAMDEN, SOUTH CAROLINA**

Schedule B-4

EDUCATION IMPROVEMENT ACT

**COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
ALL PROGRAMS**

YEAR ENDED JUNE 30, 2017

	<u>ACTUAL</u>
112 Primary Programs:	
100 Salaries	\$ 159,348
200 Employee Benefits	38,800
300 Purchased Services	32,651
400 Supplies and Materials	84,043
600 Other Objects	515
113 Elementary Programs:	
100 Salaries	389,169
200 Employee Benefits	109,411
300 Purchased Services	272,325
400 Supplies and Materials	356,712
114 High School Programs:	
100 Salaries	277,059
200 Employee Benefits	98,552
300 Purchased Services	54,247
400 Supplies and Materials	23,292
600 Other Objects	1,051
115 Career and Technology Education Program:	
100 Salaries	7,500
200 Employee Benefits	1,861
300 Purchased Services - Other Than Tuition	4,572
370 Purchased Services - Tuition	
400 Supplies and Materials	122,994
500 Capital Outlay	101,476
120 Exceptional Programs:	
121 Educable Mentally Handicapped:	
100 Salaries	7,500
200 Employee Benefits	1,819
122 Trainable Mentally Handicapped:	
100 Salaries	7,500
200 Employee Benefits	1,836
127 Learning Disabilities:	
100 Salaries	37,500
200 Employee Benefits	9,217
400 Supplies and Materials	73,965
130 Pre-School Programs:	
139 Early Childhood Programs:	
100 Salaries	195,349
200 Employee Benefits	78,186
300 Purchased Services	118,377
400 Supplies and Materials	\$ 125,529

(Continued)

**KERSHAW COUNTY SCHOOL DISTRICT
CAMDEN, SOUTH CAROLINA**

Schedule B-4

EDUCATION IMPROVEMENT ACT

**COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
ALL PROGRAMS**

YEAR ENDED JUNE 30, 2017

	<u>ACTUAL</u>
140 Special Programs:	
141 Gifted and Talented - Academic:	
100 Salaries	\$ 7,500
200 Employee Benefits	1,804
170 Summer School Programs:	
171 Primary Summary School	
400 Supplies and Materials	18,169
175 Instructional Programs Beyond Regular School Day:	
100 Salaries	11,099
200 Employee Benefits	2,677
180 Adult/Continuing Educational Programs:	
182 Adult Secondary Education Programs:	
100 Salaries	28,864
200 Employee Benefits	10,304
300 Purchased Services	1,744
400 Supplies and Materials	3,894
188 Parenting/Family Literacy:	
400 Supplies and Materials	8,112
Total Instruction	<u>3,007,815</u>
200 Support Services:	
210 Pupil Services:	
211 Attendance and Social Work Services:	
100 Salaries	12,901
200 Employee Benefits	5,375
300 Purchased Services	713
400 Supplies and Materials	984
212 Guidance Services:	
100 Salaries	22,500
200 Employee Benefits	5,526
300 Purchased Services	28,140
400 Supplies and Materials	731
214 Psychological Services:	
100 Salaries	85,742
200 Employee Benefits	29,802
220 Instructional Staff Services:	
221 Improvement of Instruction-Curriculum Development:	
400 Supplies and Materials	\$ 487

(Continued)

**KERSHAW COUNTY SCHOOL DISTRICT
CAMDEN, SOUTH CAROLINA**

Schedule B-4

EDUCATION IMPROVEMENT ACT

**COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
ALL PROGRAMS**

YEAR ENDED JUNE 30, 2017

	ACTUAL
222 Library and Media:	
100 Salaries	\$ 45,000
200 Employee Benefits	11,012
300 Purchased Services	35,643
223 Supervision of Special Programs:	
100 Salaries	364,380
140 Terminal Leave	2,717
200 Employee Benefits	130,254
300 Purchased Services	3,258
400 Supplies and Materials	2,333
224 Improvement of Instruction - Inservice and Staff Training:	
100 Salaries	49,675
200 Employee Benefits	12,128
300 Purchased Services	41,310
400 Supplies and Materials	1,693
230 General Administration Services:	
233 School Administration:	
100 Salaries	37,536
200 Employee Benefits	13,812
300 Purchased Services	8,861
270 Support Services - Pupil Activity:	
271 Pupil Services Activities:	
100 Salaries (Optional)	1,008
200 Employee Benefits (Optional)	222
300 Purchased Services (Optional)	310
600 Other Objects (Optional)	764
Total Support Services	954,817
TOTAL EXPENDITURES	\$ 3,962,632
OTHER FINANCING SOURCES (USES)	
Interfund Transfers, From (To) Other Funds:	
420-710 Transfer to General Fund (Exclude Indirect Costs)	\$ (2,358,681)
TOTAL OTHER FINANCING SOURCES (USES)	(2,358,681)
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	-
FUND BALANCE, Beginning of Year	-
FUND BALANCE, End of Year	\$ -

**KERSHAW COUNTY SCHOOL DISTRICT
CAMDEN, SOUTH CAROLINA**

Schedule B-5

EDUCATION IMPROVEMENT ACT

SUMMARY SCHEDULE BY PROGRAM

YEAR ENDED JUNE 30, 2017

Program	Revenues	Expenditures	EIA Interfund Transfers In/(Out)	Other Fund Transfers In/(Out)	EIA Fund Unearned Revenue
3500 Education Improvement Act:					
3502 ADEPT	\$ 8,040	8,040	-	-	\$ 6,024
3509 Arts in Education	90,684	90,684	-	-	9,127
3511 Professional Development	44,677	44,677	-	-	35,979
3512 Technology Professional Development	52,089	52,089	-	-	41,201
3518 Adoption List of Formative Assessment	50,949	50,949	-	-	-
3519 Grade 10 Assessments	9,036	9,036	-	-	-
3525 Career and Technology Education Equipment	223,202	223,202	-	-	30,219
3526 Refurbishment of K-8 Science Kits	44,431	44,431	-	-	14,190
3528 Industry Certificate	5,587	5,587	-	-	62,791
3532 National Board Salary Supplement (No Carryover Provision)	981,304	981,304	-	-	-
3533 Teacher of the Year Awards (No Carryover Provision)	1,072	1,072	-	-	-
3535 Reading Coaches	8,000	8,000	-	-	-
3538 Students at Risk of School Failure	1,107,029	1,107,029	-	-	139,096
3540 Early Childhood Program (4K Programs Serving Four-Year-Old Children)	517,807	517,807	-	-	73,389
3550 Teacher Salary Increase (No Carryover Provision)	2,058,708	-	-	(2,058,708)	-
3555 Teacher Salary Fringe (No Carryover Provision)	299,973	-	-	(299,973)	-
3556 Adult Education	249,056	249,056	-	-	38,140
3558 Reading	62,862	62,862	-	-	6,211
3577 Teacher Supplies (No Carryover Provision)	202,950	202,950	-	-	-
3578 High Schools That Work / Making Middle Grades Work	17,766	17,766	-	-	8,674
3587 IDEA MOE Tier I	73,965	73,965	-	-	393,454
3592 Work-Based Learning (No Carryover Provision)	39,102	39,102	-	-	-
3595 EEDA - Supplies and Materials (No Carryover Provision)	25,733	25,733	-	-	13,799
3597 Aid to Districts	129,122	129,122	-	-	198,032
3599 Revenue from Other State Sources	18,169	18,169	-	-	995
Totals	\$ 6,321,313	3,962,632	-	(2,358,681)	\$ 1,071,321

DETAILED SCHEDULE OF DUE TO STATE DEPARTMENT OF EDUCATION/FEDERAL GOVERNMENT

YEAR ENDED JUNE 30, 2017

Program	Project Number	Revenue Code	Description	Amount Due to State Department of Education or Federal Government	Status of Amount Due to Grantors
Arts in Education	309	3509	Unexpended Funds	\$ 82.14	Will be repaid after year-end
National Board Salary Supplement	332	3532	Unexpended Funds	5,675.64	Will be repaid after year-end
Teacher of the Year Awards	333	3533	Unexpended Funds	4.15	Will be repaid after year-end
Adult Education	356	3556	Unexpended Funds	2,063.59	Will be repaid after year-end
Total				\$ 7,825.52	

SPECIAL REVENUE - FOOD SERVICE FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE

YEAR ENDED JUNE 30, 2017

	ACTUAL
REVENUES	
1000 Revenue from Local Sources:	
1600 Food Service:	
1610 Lunch Sales to Pupils	\$ 686,386
1620 Breakfast Sales to Pupils	125,905
1630 Special Sales to Pupils	162,729
1640 Lunch Sales to Adults	67,999
1650 Breakfast Sales to Adults	6,468
1660 Special Sales to Adults	15,626
1900 Other Revenue from Local Sources:	
1999 Revenue from Other Local Sources	114,788
Total Revenue from Local Sources	<u>1,179,901</u>
3000 Revenue from State Sources:	
3100 Restricted State Funding:	
3140 School Lunch:	
3142 School Lunch Program Aid	406
Total Revenue from State Sources	<u>406</u>
4000 Revenue from Federal Sources:	
4800 USDA Reimbursement:	
4810 School Lunch and After School Snacks Program	2,775,840
4830 School Breakfast Program	1,018,395
4900 Other Federal Sources:	
4991 USDA Commodities (Food Distribution Program) (Carryover Provision)	424,789
Total Revenue from Federal Sources	<u>4,219,024</u>
TOTAL REVENUES	<u>5,399,331</u>
EXPENDITURES	
256 Food Service:	
100 Salaries	1,750,791
200 Employee Benefits	277,641
300 Purchased Services (Exclude Gas, Oil, Electricity and Other Heating Fuels)	66,850
400 Supplies and Materials (Include Gas, Oil, Electricity and Other Heating Fuels)	2,576,266
600 Other Objects	5,897
Total Food Service	<u>4,677,445</u>
TOTAL EXPENDITURES	<u>\$ 4,677,445</u>

(Continued)

**KERSHAW COUNTY SCHOOL DISTRICT
CAMDEN, SOUTH CAROLINA**

Schedule B-7

SPECIAL REVENUE - FOOD SERVICE FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE

YEAR ENDED JUNE 30, 2017

	<u>ACTUAL</u>
OTHER FINANCING SOURCES (USES)	
Interfund Transfers, From (To) Other Funds:	
432-791 Food Service Fund Indirect Costs	\$ (297,949)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(297,949)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	423,937
FUND BALANCE, Beginning of Year	<u>4,598,915</u>
FUND BALANCE, End of Year	<u>\$ 5,022,852</u>

**KERSHAW COUNTY SCHOOL DISTRICT
CAMDEN, SOUTH CAROLINA**

Schedule C-1

DEBT SERVICE FUND - DISTRICT

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE

YEAR ENDED JUNE 30, 2017

	ACTUAL
REVENUES	
1000 Revenue from Local Sources:	
1100 Taxes:	
1190 Other Taxes (Independent)	\$ 1,367,455
1200 Revenue from Local Governmental Units Other than LEAs:	
1210 Ad Valorem Taxes-Including Delinquent (Fiscally Dependent LEA)	13,373,387
1280 Revenue in Lieu of Taxes (Dependent and Independent)	726,750
1500 Earnings on Investments:	
1510 Interest on Investments	81,756
Total Revenue from Local Sources	<u>15,549,348</u>
3000 Revenue from State Sources:	
3800 State Revenue in Lieu of Taxes:	
3820 Homestead Exemption (Tier 2)	713,585
3830 Merchant's Inventory Tax	51,072
3840 Manufacturers Depreciation Reimbursement	187,862
3890 Other State Property Tax Revenues (Includes Motor Carrier Vehicle Tax)	101,125
Total Revenue from State Sources	<u>1,053,644</u>
4000 Revenue from Federal Sources:	
4900 Other Federal Sources:	
4999 Revenue from Other Federal Sources	177,635
Total Revenue from Federal Sources	<u>177,635</u>
TOTAL REVENUES	<u>16,780,627</u>
EXPENDITURES	
500 Debt Service:	
610 Redemption of Principal	2,280,000
620 Interest	486,455
690 Other Objects (Includes Fees for Servicing Bonds)	65,413
Total Debt Service	<u>2,831,868</u>
TOTAL EXPENDITURES	<u>2,831,868</u>
OTHER FINANCING SOURCES (USES)	
5110 Premium on Bonds Sold	86,890
Interfund Transfers, From (To) Other Funds:	
423-710 Transfer to Debt Service Fund - Foundation	(6,498,263)
424-710 Transfer to Capital Projects Fund	(5,270,653)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(11,682,026)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	2,266,733
FUND BALANCE, Beginning of Year	<u>3,645,419</u>
FUND BALANCE, End of Year	<u>\$ 5,912,152</u>

**KERSHAW COUNTY SCHOOL DISTRICT
CAMDEN, SOUTH CAROLINA**

Schedule C-2

DEBT SERVICE FUND - FOUNDATION

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE

YEAR ENDED JUNE 30, 2017

	ACTUAL
REVENUES	
1000 Revenue from Local Sources:	
1500 Earnings on Investments:	
1510 Interest on Investments	\$ 420
Total Revenue from Local Sources	420
TOTAL REVENUES	420
EXPENDITURES	
500 Debt Service:	
610 Redemption of Principal	2,325,000
620 Interest	4,167,881
690 Other Objects (Includes Fees for Servicing Bonds)	8,501
Total Debt Service	6,501,382
TOTAL EXPENDITURES	6,501,382
OTHER FINANCING SOURCES (USES)	
Interfund Transfers, From (To) Other Funds:	
5240 Transfer from Debt Service Fund - District	6,498,263
TOTAL OTHER FINANCING SOURCES (USES)	6,498,263
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(2,699)
FUND BALANCE, Beginning of Year	124,159
FUND BALANCE, End of Year	\$ 121,460

**KERSHAW COUNTY SCHOOL DISTRICT
CAMDEN, SOUTH CAROLINA**

Schedule D-1

CAPITAL PROJECTS FUND - DISTRICT

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE

YEAR ENDED JUNE 30, 2017

	<u>ACTUAL</u>
REVENUES	
1000 Revenue from Local Sources:	
1500 Earnings on Investments:	
1510 Interest on Investments	\$ 139,065
1900 Other Revenue from Local Sources:	
1999 Revenue from Other Local Sources	3,350
Total Revenue from Local Sources	<u>142,415</u>
TOTAL REVENUES	<u>142,415</u>
EXPENDITURES	
100 Instruction:	
110 General Instruction:	
112 Primary Programs:	
400 Supplies and Materials	396
113 Elementary Programs:	
400 Supplies and Materials	140,788
500 Capital Outlay	20,942
600 Other Objects	3,000
114 High School Programs:	
400 Supplies and Materials	84,587
500 Capital Outlay	1,469,620
Total Instruction	<u>1,719,333</u>
200 Support Services:	
250 Finance and Operations:	
253 Facilities Acquisition & Construction:	
300 Purchased Services	2,413,603
400 Supplies and Materials	1,778
500 Capital Outlay:	
520 Construction Services	415,550
530 Improvements Other Than Buildings	52,225
254 Operations and Maintenance of Plant:	
300 Purchased Services	631,098
400 Supplies and Materials	29,264
500 Capital Outlay	379,119
260 Contract Support Services:	
266 Technology & Data Processing Services:	
300 Purchased Services	748,833
Total Support Services	<u>4,671,470</u>
500 Debt Service:	
690 Other Objects	152,810
Total Debt Service	<u>152,810</u>
TOTAL EXPENDITURES	<u>\$ 6,543,613</u>

(Continued)

**KERSHAW COUNTY SCHOOL DISTRICT
CAMDEN, SOUTH CAROLINA**

Schedule D-1

CAPITAL PROJECTS FUND - DISTRICT

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE

YEAR ENDED JUNE 30, 2017

	<u>ACTUAL</u>
OTHER FINANCING SOURCES (USES)	
5110 Premium on Bonds Sold	\$ 1,611,500
5300 Sale of Capital Assets	14,331
5900 Insurance Proceeds	3,913
Interfund Transfers, From (To) Other Funds:	
5240 Transfer from Debt Service Fund	5,270,653
5270 Transfer from Pupil Activity Fund	837
TOTAL OTHER FINANCING SOURCES (USES)	<u>6,901,234</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	500,036
FUND BALANCE, Beginning of Year	<u>6,495,441</u>
FUND BALANCE, End of Year	<u>\$ 6,995,477</u>

**KERSHAW COUNTY SCHOOL DISTRICT
CAMDEN, SOUTH CAROLINA**

Schedule E-1

PUPIL ACTIVITY FUND

SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN DUE TO STUDENT ORGANIZATIONS

YEAR ENDED JUNE 30, 2017

	<u>ACTUAL</u>
RECEIPTS	
1000 Receipts from Local Sources:	
1500 Earnings on Investments:	
1510 Interest on Investments	\$ 284
1700 Pupil Activities:	
1710 Admissions	249,126
1720 Bookstore Sales	6,108
1730 Pupil Organization Membership Dues and Fees	158,330
1790 Other	828,855
1900 Other Revenue from Local Sources	
1910 Rentals	250
1920 Contributions & Donations Private Sources	60,219
1999 Revenue from Other Local Sources	1,180,287
Total Receipts from Local Sources	<u>2,483,459</u>
TOTAL RECEIPTS	<u>2,483,459</u>
DISBURSEMENTS	
190 Instructional Pupil Activity:	
100 Salaries	96,010
200 Employee Benefits	11,586
300 Purchased Services	34,976
400 Supplies and Materials	185,038
600 Other Objects	288,310
Total Instruction	<u>615,920</u>
270 Support Services Pupil Activity:	
271 Pupil Service Activities:	
100 Salaries	101,197
200 Employee Benefits	21,891
300 Purchased Services	570,991
400 Supplies and Materials	1,167,659
600 Other Objects	
660 Pupil Activity	96,416
272 Enterprise Activities:	
100 Salaries	370
200 Employee Benefits	60
300 Purchased Services	210
400 Supplies and Materials	62,803
500 Capital Outlay	69,000
600 Other Objects	\$ 1,737

(Continued)

**KERSHAW COUNTY SCHOOL DISTRICT
CAMDEN, SOUTH CAROLINA**

Schedule E-1

PUPIL ACTIVITY FUND

SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN DUE TO STUDENT ORGANIZATIONS

YEAR ENDED JUNE 30, 2017

	<u>ACTUAL</u>
273 Trust and Agency Activities:	
300 Purchased Services	\$ 8,613
400 Supplies and Materials	31,659
660 Enterprise Activities	32,408
Total Support Services	<u>2,165,014</u>
TOTAL DISBURSEMENTS	<u>2,780,934</u>
OTHER FINANCING SOURCES (USES)	
Interfund Transfers, From (To) Other Funds:	
5210 Transfer from General Fund (Excludes Indirect Costs)	310,885
420-710 Transfer to General Fund (Excludes Indirect Costs)	(42,102)
421-710 Transfer to Special Revenue Fund	(25)
424-710 Transfer to Capital Projects Fund	(837)
TOTAL OTHER FINANCING SOURCES (USES)	<u>267,921</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(29,554)
DUE TO STUDENT ORGANIZATIONS, Beginning of Year	<u>943,780</u>
DUE TO STUDENT ORGANIZATIONS, End of Year	<u>\$ 914,226</u>

**KERSHAW COUNTY SCHOOL DISTRICT
CAMDEN, SOUTH CAROLINA**

Schedule F-1

LOCATION RECONCILIATION SCHEDULE

YEAR ENDED JUNE 30, 2017

LOCATION ID	LOCATION DESCRIPTION	EDUCATION LEVEL	COST TYPE	TOTAL EXPENDITURES
00	District Wide	Non-school	Central	\$ 9,641,820
10	District Office	Non-school	Central	4,713,486
11	District Wide	Non-school	Central	13,322,510
12	District Wide	Non-school	Central	66,055
15	Continuous Learning Center	Other School	School	909,903
20	Baron DeKalb Elementary	Middle School	School	2,026,772
30	Bethune Elementary	Middle School	School	1,072,339
35	Blaney Elementary	Middle School	School	5,249,176
43	Jackson Elementary	Middle School	School	4,426,577
45	Camden High	High School	School	7,781,515
50	Camden Middle	Middle School	School	6,013,850
55	Camden Elementary	Middle School	School	5,014,938
60	Doby's Mill Elementary	Middle School	School	4,873,634
65	Applied Technology Education Campus	Other School	School	2,832,270
70	Lugoff Elementary	Middle School	School	4,716,222
75	Lugoff - Elgin High	High School	School	10,542,752
76	Lugoff - Elgin High Annex	High School	School	150,673
80	Lugoff - Elgin Middle	Middle School	School	5,239,136
83	LM Stover Middle	Middle School	School	4,937,251
85	Midway Elementary	Elementary School	School	3,103,127
90	Mt Pisgah Elementary	Elementary School	School	1,581,689
93	North Central High	High School	School	5,479,545
94	North Central Middle	Middle School	School	3,260,216
95	Pine Tree Hill Elementary	Middle School	School	4,599,687
96	Wateree Elementary	Elementary School	School	4,815,403
TOTAL EXPENDITURES / DISBURSEMENTS FOR ALL FUNDS				\$ 116,370,546

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

General Fund	\$ 80,404,860
Special Revenue Fund	8,667,812
Special Revenue Fund - EIA Fund	3,962,632
Special Revenue Fund - Food Services	4,677,445
Debt Service Fund - District	2,831,868
Debt Service Fund - FMSFC	6,501,382
Capital Projects Fund - District	6,543,613
Capital Projects Fund - Foundation	-
Pupil Activity Fund	2,780,934
TOTAL EXPENDITURES / DISBURSEMENTS FOR ALL FUNDS	\$ 116,370,546

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COMPLIANCE SECTION

KERSHAW COUNTY SCHOOL DISTRICT
CAMDEN, SOUTH CAROLINA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2017

LEA Subfund Code	Federal Grantor/ Pass-Through Grantor/ Program Title	Federal CFDA Number	Pass Through/ Grantor's Number	Federal Expenditures	Expenditures to Subrecipients
US DEPARTMENT OF AGRICULTURE					
Pass-through State Department of Education:					
600	National School Breakfast Program	10.553	N/A	\$ 1,018,395	\$ -
600	National School Lunch Program - Cash Assistance	10.555	N/A	2,775,840	-
600	National School Lunch Program - Non-Cash Assistance	10.555	N/A	424,789	-
Total 10.553, 10.555				4,219,024	-
TOTAL US DEPARTMENT OF AGRICULTURE				4,219,024	-
US DEPARTMENT OF EDUCATION					
Direct Programs:					
884	School Counseling Initiative	84.215E	S215E130172	208,950	-
Total Direct Programs				208,950	-
Pass-through State Department of Education:					
201	Title I	84.010	FY17 Title I Regular	2,318,717	-
201	Title I (Carryover)	84.010	FY16 Title I Carryover	240,530	-
237	Title I - School Improvement	84.010	Title I - Focus	63,500	-
Total 84.010				2,622,747	-
Individuals with Disabilities Education Act:					
203	IDEA (Supplemental)	84.027A	15-CA048.01 IDEA Supplemental	50,078	-
203	IDEA (Supplemental)	84.027A	16-CA048.01 IDEA Supplemental	107,859	-
203	IDEA - Grants to States	84.027A	16 ESY	10,473	-
203	IDEA - Grants to States	84.027A	17 ESY	16,702	-
203	IDEA - Grants to States	84.027A	17 - CA048.1 IDEA	2,014,147	-
205	Handicapped Preschool Grants (Carryover)	84.173A	17-CG048.1 Preschool	81,343	-
832	IDEA - Pupil with Disability Aid	84.027A	N/A	9,494	-
Total 84.027A, 84.173A				2,290,096	-
207	Perkins Career and Technology Grant	84.048A	17 CATE Federal	68,011	-
224	21st Century Community Learning Centers	84.287C	17 21st Century	96,420	52,847
224	21st Century Community Learning Centers	84.287C	17 21st Century	107,174	58,206
224	21st Century Community Learning Centers	84.287C	17 21st Century	146,584	81,608
224	21st Century Community Learning Centers	84.287C	17 21st Century	117,204	65,905
224	21st Century Community Learning Centers	84.287C	16 21st CCLC	3,571	1,582
224	21st Century Community Learning Centers	84.287C	16 21st CCLC	6,537	4,276
224	21st Century Community Learning Centers	84.287C	16 21st CCLC	9,729	4,557
224	21st Century Community Learning Centers	84.287C	16 21st CCLC	4,468	2,738
224	21st Century Community Learning Centers	84.287C	17 21st Century	65,975	-
224	21st Century Community Learning Centers	84.287C	16 21st CCLC Summer Bridge	14,429	-
224	21st Century Community Learning Centers	84.287C	17 21st CCLC Summer Bridge	13,562	-
224	21st Century Community Learning Centers	84.287C	17 21st CCLC Summer Bridge	11,398	-
224	21st Century Community Learning Centers	84.287C	17 21st CCLC Summer Bridge	10,649	-
224	21st Century Community Learning Centers	84.287C	17 21st CCLC Summer Bridge	12,681	-
224	21st Century Community Learning Centers	84.287C	17 21st CCLC Summer Bridge	11,410	-
Total 84.287C				631,791	271,719
243	Adult Education - Federal Allocation	84.002	17 Adult Education	66,864	-
243	Adult Education - Family Literacy	84.002	16 Adult Education Reverted Funds	3,209	-
Total 84.002				70,073	-
264	English Language Acquisition - Title III	84.365A	16 English Language Acquisition - Title III	5,752	-
264	English Language Acquisition - Title III	84.365A	17 English Language Acquisition - Title III	11,213	-
Total 84.365A				16,965	-
267	Improving Teacher Quality	84.367A	16 Title II Improving Teacher Quality	59,517	-
267	Improving Teacher Quality (Carryover)	84.367A	17 Title II Improving Teacher Quality	218,613	-
Total 84.367				278,130	-
Total Pass Through Programs				5,977,813	271,719
TOTAL US DEPARTMENT OF EDUCATION				\$ 6,186,763	\$ 271,719

See accompanying notes to the schedule of expenditures of federal awards.

(Continued)

KERSHAW COUNTY SCHOOL DISTRICT
CAMDEN, SOUTH CAROLINA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2017

LEA Subfund Code	Federal Grantor/ Pass-Through Grantor/ Program Title	Federal CFDA Number	Pass Through/ Grantor's Number	Federal Expenditures	Expenditures to Subrecipients
US DEPARTMENT OF DEFENSE					
270	Direct Programs: JROTC	12.000	N/A	\$ 223,011	\$ -
TOTAL US DEPARTMENT OF DEFENSE				223,011	-
US DEPARTMENT OF HEALTH AND HUMAN SERVICES					
868	Direct Programs: YRBS Administration	93.079	N/A	350	-
TOTAL US DEPARTMENT OF HEALTH AND HUMAN SERVICES				350	-
TOTAL FEDERAL ASSISTANCE EXPENDED				\$ 10,629,148	\$ 271,719

See accompanying notes to the schedule of expenditures of federal awards.

**KERSHAW COUNTY SCHOOL DISTRICT
CAMDEN, SOUTH CAROLINA**

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2017

A – General

The accompanying Schedule of Expenditures of Federal Awards (the “Schedule”) presents the activity of all federal award programs of Kershaw County School District, South Carolina (the “District”) for the year ended June 30, 2017. All federal awards received directly from the federal agencies, as well as those passed through other government agencies, are included on the Schedule.

B – Basis of Accounting

The accompanying Schedule is presented using the modified accrual basis of accounting, which is described in the notes to the District’s financial statements.

C – Relationship to Financial Statements

Federal award expenditures are reported in the District’s financial statements primarily as expenditures in the Special Revenue Fund and the Special Revenue - Food Service Fund.

D – Relationship to Federal Financial Reports

Amounts reported in the accompanying Schedule agree with the amounts reported in the related federal financial reports except for timing differences relating to expenditures made subsequent to the filing of the federal financial reports.

E – Indirect Cost Rate

The District has elected not to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.



Greene, Finney & Horton, LLP

CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

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

The Board of Trustees
Kershaw County School District
Camden, 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 Kershaw County School District, South Carolina (the "District"), as of and for the year ended June 30, 2017, 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 6, 2017.

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*.

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Purpose of this Report

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

A handwritten signature in cursive script that reads "Greene, Finney & Horton LLP".

Greene, Finney & Horton, LLP
Mauldin, South Carolina
November 6, 2017



Greene, Finney & Horton, LLP
CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

**REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON
INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

INDEPENDENT AUDITOR'S REPORT

The Board of Trustees
Kershaw County School District
Camden, South Carolina

Report on Compliance for Each Major Federal Program

We have audited Kershaw County School District, South Carolina'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, 2017. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2017.

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Other Matters

The results of our auditing procedures disclosed an instance of noncompliance which is required to be reported in accordance with the Uniform Guidance and which is described in the accompanying schedule of findings and questioned costs as item 2017-001. Our opinion on each major federal program is not modified with respect to this matter.

The District's response to the noncompliance finding identified in our audit is described in the accompanying schedule of findings and questions costs. The District's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance


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

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified a certain deficiency in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as item 2017-001, that we consider to be a significant deficiency.

The District's response to the internal control over compliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The District's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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.


Greene, Finney & Horton, LLP
Mauldin, South Carolina
November 6, 2017

**KERSHAW COUNTY SCHOOL DISTRICT
CAMDEN, SOUTH CAROLINA**

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

YEAR ENDED JUNE 30, 2017

2016-001: BANK RECONCILIATIONS

Condition: In July 2015, the District started using virtual credit cards for the operating and accounts payable bank accounts. These are sweep accounts and are reconciled together. As a result of the current accounting system recording transactions in one account and the cash being removed from another account this caused difficulty in completing the bank reconciliations. It was noted during the audit that the bank reconciliations were not being completed in a timely manner for these two accounts.

Criteria: Bank reconciliations should be completed in a timely manner.

Context and Effect: The District did not reconcile all accounts in a timely manner.

Cause: Oversight on District personnel.

Status: Bank reconciliations are now being completed on a more timely basis.

2016-002: PROCUREMENT, SUSPENSION AND DEBARMENT

Federal Agency: U.S. Department of Education
Pass-Through Agency: South Carolina Department of Education
IDEA Cluster: CFDA #'s 84.027 and 84.173
Pass-Through Grantor's Award Numbers and Years: FAIN - 2016 - H027A150081-15A; H173A150085

Condition: The District did not verify that the entities with whom they purchased goods or services related to this program had not been suspended or debarred.

Criteria: As required by 2 CFR section 180.300, the District is to verify that entities with whom they are purchasing goods or services have not been suspended or debarred.

Context, Cause, and Effect: In performing our compliance testing, we did not note any vendors used by the District for this program that had been suspended or debarred; thus, we noted no questioned costs. However, since the District did not perform this verification prior to entering into transactions, they could be subject to claims or future funding could be limited or suspended by the funding agency for failure to comply with the requirements. The District was not aware that they were required to verify that the vendors used for federal programs were not suspended or debarred.

Status: The District's Procurement Manager now verifies all vendors being paid with District funds, Local, State and/or Federal Funds has not been suspended or debarred via the SAMS.gov website.

2016-003: PROCUREMENT, SUSPENSION AND DEBARMENT

Federal Agency: U.S. Department of Education
School Counseling Initiative: CFDA # 84.215E
Grantor's Award Numbers: 2016 - S215E130172

Finding 2016-002, which is described above, also applies as a significant deficiency for this program. There were no questioned costs noted for this program.

Status: The District's Procurement Manager now verifies all vendors being paid with District funds, Local, State and/or Federal funds has not been suspended nor debarred via the SAMS.gov website.

**KERSHAW COUNTY SCHOOL DISTRICT
CAMDEN, SOUTH CAROLINA**

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

YEAR ENDED JUNE 30, 2017

2016-004: ALLOWABLE COST

Federal Agency: U.S. Department of Education

Pass-Through Agency: South Carolina Department of Education

IDEA Cluster: CFDA #'s 84.027 and 84.173

Pass-Through Grantor's Award Numbers and Years: FAIN - 2016 - H027A150081-15A; H173A150085

Condition: An expenditure for this program had not been appropriately approved by program management until after it had been submitted for reimbursement and the claim amount had been received by the District.

Criteria: All expenditures for this program should be reviewed and approved by appropriate District program management prior to being claimed for reimbursement.

Context, Cause, and Effect: Due to oversight, this area was not given the attention it should have received. In performing our compliance testing, we noted one non-payroll disbursement in the amount of \$1,667 that had not been approved by the IDEA Director until after the transaction had been submitted for reimbursement and the claim amount had been received. This transaction appeared to be adequately supported and properly charged to this program, so no questioned costs are being reported. This invoice was approved by the IDEA Director after it was brought to the District's attention.

Status: All invoices and claims for reimbursements are now approved by the program manager prior to processing for payment.

2016-005: ALLOWABLE COST

Federal Agency: U.S. Department of Education

Pass-Through Agency: South Carolina Department of Education

21st Century Community Learning Center: CFDA # 84.287C

Pass-Through Grantor's Award Numbers and Years: FAIN - 2016 – S287C150041-15A

Condition: Certain expenditures for this program were initially found to be unallowable per the State Department of Education ("SDE").

Criteria: As required by 2 CFR Part 200.458, such costs are allowable only to the extent that they would have been allowable if incurred after the date of the Federal award and only with the written approval of the Federal awarding agency.

Context, Cause, and Effect: The SDE recently audited this program at the District and disallowed a total of \$138,470 for curriculum and books that were considered by the SDE not to be allowable expenditures. The SDE is alleging that these expenditures did not meet the criteria as listed in the grant award; the SDE is further alleging that the written contract for these expenditures were used to cover pre-award cost which are unallowable expenditures. The District is contesting the SDE's findings; however, the District has reclassified these costs to the General Fund and are not including them as federal expenditures.

Status: The District now handles all finance related transactions for the 21st Century Community Learning grants directly, and only reimburses the Boys and Girls Club of the Midlands for the payroll payments to employees of that entity as per approved by the SCDE. However, the District and the SDE have not resolved the \$138,470 in disallowed cost as noted above as of the report date for the audit for the fiscal year ended June 30, 2017. Accordingly, this will be reported as a repeat finding in the 2017 audit.

**KERSHAW COUNTY SCHOOL DISTRICT
CAMDEN, SOUTH CAROLINA**

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

YEAR ENDED JUNE 30, 2017

2016-006: NONCOMPLIANCE WITH SUBRECIPIENT MONITORING REQUIREMENTS

Federal Agency: U.S. Department of Education

Pass-Through Agency: South Carolina Department of Education

21st Century Community Learning Center: CFDA # 84.287C

Pass-Through Grantor's Award Numbers and Years: FAIN - 2016 – S287C150041-15A

Condition:	The District receives funds from the South Carolina Department of Education for the 21st Century program for the sites for which it is responsible. The District passes a significant amount of these funds to the Boys and Girls Club of the Midlands. Except for the eligibility requirements, the District does not presently have a procedures in place to adequately monitor subrecipient activity for this program.
Criteria:	As required by 2 CFR 200.330, the District is to comply with the subrecipient monitoring regulations per the Uniform Guidance.
Context, Cause, and Effect:	Due to oversight, this area was not given the attention it should have received. Per 2 CFR 200.330 the District has not complied with these standards.
Status:	The District assigned a new program manager to oversee the 21 st Century Community Learning Grant. The program manager is directly involved in overseeing the program on a daily basis, including monitoring the subrecipients.

**KERSHAW COUNTY SCHOOL DISTRICT
CAMDEN, SOUTH CAROLINA**

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED JUNE 30, 2017

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

Material weakness(es) identified?	_____ Yes	_____ X No
Significant deficiency(ies) identified that are not considered to be material weaknesses?	_____ Yes	_____ X None Reported
Noncompliance material to financial statements noted?	_____ Yes	_____ X No

Federal Awards

Internal control over major programs

Material weakness(es) identified?	_____ Yes	_____ X No
Significant deficiency(ies) identified that are not considered to be material weaknesses?	_____ X Yes	_____ None Reported

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 section 2 CFR 200.516 (Uniform Guidance)?	_____ X Yes	_____ No
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Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
84.027A and 84.173A	IDEA Cluster
84.287C	21st Century Community Learning Centers
84.010	Title I Cluster

Dollar threshold used to distinguish between type A and type B programs:	_____ \$750,000
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Auditee qualified as low-risk auditee?	_____ Yes	_____ X No
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**KERSHAW COUNTY SCHOOL DISTRICT
CAMDEN, SOUTH CAROLINA**

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED JUNE 30, 2017

Section II – Current Year Financial Statement Findings

None Noted

Section III – Current Year Federal Award Findings and Questioned Costs

Federal Agency: U.S. Department of Education

Pass-Through Agency: South Carolina Department of Education

21st Century Community Learning Center: CFDA # 84.287C

Pass-Through Grantor's Award Numbers and Years: FAIN - 2016 – S287C150041-15A

Repeat Finding from Prior Year? Yes

2017-001: ALLOWABLE COST

Questioned Costs

Condition:	Certain expenditures for this program were initially found to be unallowable per the State Department of Education (“SDE”).	\$ <u>- 0-</u>
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Criteria:	As required by 2 CFR Part 200.458, such costs are allowable only to the extent that they would have been allowable if incurred after the date of the Federal award and only with the written approval of the Federal awarding agency.
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Context, Cause, and Effect:	The SDE audited this program at the District in the year ended June 30, 2016 and disallowed a total of \$138,470 for curriculum and books that were considered by the SDE not to be allowable expenditures. The SDE is alleging that these expenditures did not meet the criteria as listed in the grant award; the SDE is further alleging that the written contract for these expenditures were used to cover pre-award costs which are unallowable expenditures. The District is contesting the SDE’s findings; however, the District reclassified these costs to the General Fund in the prior year and did not include them as federal expenditures.
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Recommendation:	We recommend that the District implement procedures and controls to ensure that only expenditures that are allowable by the SDE are charged to this program.
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Response:	The District now handles all finance related transactions for the 21 st Century Community Learning grants directly and only reimburses the Boys and Girls Club of the Midlands for the payroll payments to employees of that entity as approved by the SDE. However, the District disputes the SDE finding from the audit that was conducted in 2016. The District has met with the SDE and is currently appealing those findings. The District and the SDE have not resolved the \$138,470 in disallowed costs for the 2016 audit as noted above as of the report date for the audit for the fiscal year ended June 30, 2017. A settlement between the District and the SDE is expected to be made in fiscal year 2018.
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**KERSHAW COUNTY SCHOOL DISTRICT
CAMDEN, SOUTH CAROLINA**

CORRECTIVE ACTION PLAN

YEAR ENDED JUNE 30, 2017

Section II – Financial Statement Findings

No matters to report.

Section III – Federal Award Findings and Questioned Costs

Finding: 2017-001

Contact Person: Donnie W. Wilson, Assistant Superintendent, Chief Financial Officer,
donnie.wilson@kcsdschools.net

Corrective Action: The District now handles all finance related transactions for the 21st Century Community Learning grants directly and only reimburses the Boys and Girls Club of the Midlands for the payroll payments to employees of that entity as approved by the SDE. However, the District disputes the SDE finding from the audit that was conducted in 2016. The District has met with the SDE and is currently appealing those findings. The District and the SDE have not resolved the \$138,470 in disallowed costs for the 2016 audit as of the report date for the audit for the fiscal year ended June 30, 2017. The appeal is nearing completion and management expects the final agreement on appeal to be substantially less than the \$138,470 reserved for this dispute.

Proposed Completion Date: Prior to June 30, 2018