

**DARLINGTON COUNTY SCHOOL DISTRICT
DARLINGTON, SOUTH CAROLINA**

**BASIC FINANCIAL STATEMENTS,
REQUIRED SUPPLEMENTARY INFORMATION, AND
OTHER SUPPLEMENTARY FINANCIAL INFORMATION**

YEAR ENDED JUNE 30, 2019

**DARLINGTON COUNTY SCHOOL DISTRICT
DARLINGTON, SOUTH CAROLINA
YEAR ENDED JUNE 30, 2019**

TABLE OF CONTENTS

<u>FINANCIAL SECTION</u>	<u>Page</u>
Independent Auditors' Report	1 - 2
Required Supplementary Information - Management's Discussion and Analysis (Unaudited)	3 - 10
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Position	11
Statement of Activities	12
Fund Financial Statements:	
Balance Sheet - Governmental Funds	13
Reconciliation of the Balance Sheet - Governmental Funds to the Statement of Net Position	14
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	15
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds to the Statement of Activities	16
Statement of Net Position - Proprietary Funds	17
Statement of Revenues, Expenses, and Changes in Fund Net Position - Proprietary Funds	18
Statement of Cash Flows - Proprietary Funds	19
Statement of Fiduciary Net Position - Agency Funds	20
Notes to Financial Statements	21 - 53
Required Supplementary Information Other than Management's Discussion and Analysis (Unaudited)	
Budgetary Comparison Schedule - Budgeted Major Governmental Fund General Fund	54
Notes to Budgetary Comparison Schedule	55
Schedule of the School District's Proportionate Share of the Net Pension Liability - South Carolina Retirement System - Last Five Fiscal Years	56
Schedule of the School District's Proportionate Share of the Net Pension Liability - Police Officers Retirement System - Last Five Fiscal Years	57

**DARLINGTON COUNTY SCHOOL DISTRICT
DARLINGTON, SOUTH CAROLINA
YEAR ENDED JUNE 30, 2019**

TABLE OF CONTENTS (Continued)

<u>FINANCIAL SECTION (Continued)</u>	<u>Page</u>
Required Supplementary Information Other than Management's Discussion and Analysis (Unaudited) (Continued)	
Schedule of the School District's Contributions - South Carolina Retirement System - Last Six Fiscal Years	58
Schedule of the School District's Contributions - Police Officers Retirement System - Last Six Fiscal Years	59
Schedule of the School District's Proportionate Share of the Net OPEB Liability - South Carolina Retiree Health Insurance Trust Fund - Last Three Fiscal Years	60
Schedule of the School District's Contributions - South Carolina Retiree Health Insurance Trust Fund - Last Three Fiscal Years	61
Other Supplementary Financial Information	
Combining and Individual Fund Schedules	
Governmental Funds	
General Fund:	
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual	62 - 70
Special Revenue Funds	
Special Projects Fund:	
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances - Special Projects Fund	71 - 78
Notes to Combining Schedule of Revenues, Expenditures and Changes in Fund Balances - Special Projects Fund	79
Summary Schedule for Designated Restricted State Grants	80
Education Improvement Act Fund:	
Schedule of Revenues, Expenditures, and Changes in Fund Balances - All Programs	81 - 84
Summary Schedule by Program	85
School Building Fund:	
Schedule of Revenues, Expenditures, and Changes in Fund Balance	86
Debt Service Fund:	
Schedule of Revenues, Expenditures, and Changes in Fund Balance	87
Proprietary Fund:	
Enterprise Fund	
Schedule of Revenues, Expenses, and Changes in Net Position - Food Service Program	88
Agency Fund:	
Pupil Activity	
Schedule of Changes in Assets and Liabilities - Pupil Activity	89
Schedule of Receipts, Disbursements, and Changes in Due to Schools - Pupil Activity	90

**DARLINGTON COUNTY SCHOOL DISTRICT
DARLINGTON, SOUTH CAROLINA
YEAR ENDED JUNE 30, 2019**

TABLE OF CONTENTS (Continued)

<u>FINANCIAL SECTION (Continued)</u>	<u>Page</u>
Other Supplementary Financial Information (Continued)	
Other Supplementary Schedules	
Detailed Schedule of Due to State Department of Education/ Federal Government	91
Location Reconciliation Schedule	92
Schedule of Expenditures of Federal Awards	93
Notes to Schedule of Expenditures of Federal Awards	94
 <i>GOVERNMENT AUDITING STANDARDS and SINGLE AUDIT REPORTS</i>	
Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	95 - 96
Independent Auditors' Report on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance	97 - 98
Schedule of Findings and Questioned Costs	99 - 101
Summary Schedule of Prior Audit Findings	102

Independent Auditors' Report

Board of Trustees
Darlington County School District
Darlington, South Carolina

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the **Darlington County School District** (the School District) as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the School District, as of June 30, 2019, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, budgetary comparison information, schedules of pension liabilities and contributions, and schedules of OPEB liabilities and contributions on pages 3–10 and 54–61 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

The other supplementary financial information as listed in the table of contents 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 other supplementary financial information, as listed in the table of contents, 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 30, 2019, on our consideration of the School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School District's internal control over financial reporting and compliance.



Florence, South Carolina
November 30, 2019

REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)

**DARLINGTON COUNTY SCHOOL DISTRICT
DARLINGTON, SOUTH CAROLINA
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2019**

Management's Discussion and Analysis

Our discussion and analysis of the Darlington County School District's financial performance provides an overview of the District's financial activities for the fiscal year ended June 30, 2019.

Please read it in conjunction with the District's basic financial statements which begin on page 11.

Financial Highlights

Darlington County School District Superintendent and Board of Education have exercised a conservative approach to budgeting and expenditures. After the non-spendable, restricted, committed, and assigned fund balance, there is \$ 39,767,215 in unassigned fund balance at June 30, 2019. In 2009, the Government Finance Officers Association approved a best practice that governmental entities, *at a minimum*, maintain in unrestricted (committed, assigned and unassigned) fund balance of no less than three months of regular general fund operating expenses. The District chooses to focus on unassigned fund balance which, at June 30, 2019, yields at least three months balance of operating expenditures based on monthly average expenditures of the current fiscal year. General fund revenues, before transfers in, exceeded expenditures by \$ 2,535,400. After transfers in and out from other financing sources, the District's net change in general fund balance decreased by \$4,974,246.

The financial and academic strength is the culmination of several years' effort of using outcome driven methodologies and fiscally conservative approaches to managing the educational process. This method involves every facet of the organization and community, but begins in each classroom. Teachers are rated on the outcomes achieved by their students; principals are rated by the outcomes of the collective student population in their schools. It has been this approach which has propelled this District to continually improve in all areas, and raising the bar incrementally.

Our focus will continue to be sustainable educational programs that focus on student achievement gains and the purposeful investment in the maintenance of the various subsystems which directly support the instructional process.

Overview of the Financial Statements

This annual report consists of a series of financial statements. The Statement of Net Position and the Statement of Activities (on pages 11 and 12) provide information about the activities of the District as a whole and present a longer-term view of their finances. Fund financial statements start on page 13. For governmental activities, these statements tell how these services were financed in the short-term as well as what remains for future spending. Fund financial statements also report the District's operations in more detail than the government-wide statements by providing information about the District's most significant funds. The remaining statements provide financial information about activities for which the District acts solely as a trustee or agent for the benefit of student groups.

**DARLINGTON COUNTY SCHOOL DISTRICT
DARLINGTON, SOUTH CAROLINA
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2019**

Reporting the District as a Whole

Government-wide Financial Statements

Our analysis of the District as a whole begins on page 5. One of the most important questions asked about the District's finances is: "Is the District as a whole better off or worse off as a result of the year's activities?" The Statement of Net Position and the Statement of Activities report information about the District as a whole and about its activities in a way that help answer this question. These statements include all assets and liabilities using the accrual basis of accounting which is similar to the accounting used by most private-sector companies. All of the current year's revenue and expenses are taken into account regardless of when cash is received or paid.

The Statement of Net Position and the Statement of Activities report the District's net position and changes in them. One can think of the District's net position – the difference between assets and liabilities – as one way to measure the District's financial health or financial position. Over time, increases or decreases in the District's net position is one indicator of whether its financial health is improving or deteriorating. Other non-financial factors should be considered, however, such as changes in the District's property tax base, the support it receives from federal and state sources, and the condition of its school buildings.

In the Statement of Net Position and the Statement of Activities, the District is divided into two kinds of activities:

- Governmental activities – Most of the District's basic services are reported here, including instructional and support services, community service, debt service and building construction, improvements, and maintenance.
- Business-type activities – The District charges a fee or receives USDA reimbursement and commodities to provide food service.

Reporting the District's Most Significant Funds

Fund Financial Statements

Analysis of the District's major funds begins on page 7. The fund financial statements begin on page 13 and provide detailed information about the most significant funds – not the District as a whole. Most funds are required to be established by the South Carolina State Department of Education. Other funds are established by the District to help it control and manage money for particular purposes or to show that it is meeting legal responsibilities for using certain taxes, grants, and other money. The District's three kinds of funds – governmental, proprietary and fiduciary – use different accounting approaches.

- Governmental funds – Most of the District's services are reported in governmental funds which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called *modified accrual* accounting which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the District's general governmental operations and the educational services that it provides. Governmental fund information helps to determine whether there are more or fewer financial resources than can be spent in the near future to finance the District's programs. We describe the relationship (or difference) between governmental activities (reported in the government-wide financial statements), and governmental fund statements are described in a reconciliation accompanying the fund financial statements.

**DARLINGTON COUNTY SCHOOL DISTRICT
DARLINGTON, SOUTH CAROLINA
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2019**

- Proprietary funds – The District reports its food service operations in a proprietary fund. Proprietary funds are reported in the same way that all activities are reported in the government-wide financial statements (e.g., the Statement of Net Position and the Statement of Activities). In fact, the District's enterprise fund statements (a component of proprietary funds) are the same as the business-type activities reported in the government-wide statements, but provide more detail and additional information, such as cash flows, for proprietary funds.
- Fiduciary funds – The District reports assets held by the School District in a trustee capacity or as an agent for specific schools, clubs, or groups within each school or other type of organization as fiduciary funds. Students engage in numerous curricular and extra-curricular activities that enhance their overall educational experience. Each school provides centralized accounting and control over the financial resources of these activities. These funds are held in a purely custodial capacity and do not have governmental operations. Therefore, they do not report changes in fiduciary net position.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. However, in the prior fiscal year the District recognized a mandatory change in accounting principle and implemented GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. See the prior year audit report (Note III. H.) for details of the required restatement of prior year net position as of July 1, 2017. The implementation of this accounting rule decreased the District's net position in prior years by \$97,921,173 which distorts the comparison between prior year and current year in the previous fiscal year. The largest portion of the District's net position reflects its investment in capital assets less any related debt used to acquire those assets that is still outstanding. An additional portion of the District's net position represents resources subject to external restrictions on how they may be used.

Table I
Net Position (In thousands) at June 30

	Governmental Activities		Business-type Activities		Total Primary Government	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Current & other assets	\$ 145,513	\$ 151,187	\$ 1,407	\$ 1,348	\$ 146,920	\$ 152,535
Capital assets	120,212	105,528	968	851	121,180	106,379
Total assets	<u>265,725</u>	<u>256,715</u>	<u>2,375</u>	<u>2,199</u>	<u>268,100</u>	<u>258,914</u>
Deferred outflows	<u>21,377</u>	<u>23,087</u>	-	-	<u>21,377</u>	<u>23,087</u>
Current liabilities	25,392	21,946	-	-	25,392	21,946
Long term liabilities	<u>289,019</u>	<u>288,619</u>	-	-	<u>289,019</u>	<u>288,619</u>
Total liabilities	<u>314,411</u>	<u>310,565</u>	-	-	<u>314,411</u>	<u>310,565</u>
Deferred inflows	<u>9,275</u>	<u>9,708</u>	-	-	<u>9,275</u>	<u>9,708</u>
Net Position:						
Net investment in capital assets	116,821	99,300	968	851	117,789	100,151
Restricted	74,562	10,274	-	-	74,562	10,274
Unrestricted	<u>(227,967)</u>	<u>(150,044)</u>	<u>1,407</u>	<u>1,348</u>	<u>(226,560)</u>	<u>(148,696)</u>
Total Net Position	<u>\$ (36,584)</u>	<u>\$ (40,470)</u>	<u>\$ 2,375</u>	<u>\$ 2,199</u>	<u>\$ (34,209)</u>	<u>\$ (38,271)</u>

**DARLINGTON COUNTY SCHOOL DISTRICT
DARLINGTON, SOUTH CAROLINA
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2019**

Table II
Changes in Net Position
(in thousands) for Year Ended June 30

	Governmental Activities		Business-type Activities		Total Primary Government	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Revenues						
Program revenue:						
Charges for services	\$ 199	\$ 254	\$ 190	\$ 188	\$ 389	\$ 442
Operating grants	60,358	59,271	5,855	5,905	66,213	65,176
Capital grants	911	-	-	-	911	-
General revenues:						
Property taxes	57,100	42,305	-	-	57,100	42,305
Sales taxes	6,113	5,612	-	-	6,113	5,612
State aid	55	15,639	-	-	55	15,639
Other general revenue	3,493	975	5	36	3,498	1,011
Total Revenue	<u>128,229</u>	<u>124,056</u>	<u>6,050</u>	<u>6,129</u>	<u>134,279</u>	<u>130,185</u>
Program expenses:						
Instruction	67,792	67,215	-	-	67,792	67,215
Support services	50,100	48,310	-	-	50,100	48,310
Community services	35	13	-	-	35	13
Intergovernmental	3,995	3,687	-	-	3,995	3,687
Interest on long term debt	2,156	690	-	-	2,156	690
Unallocated depreciation	454	433	-	-	454	433
Food service	-	-	5,683	5,781	5,683	5,781
Total Expenses	<u>124,532</u>	<u>120,348</u>	<u>5,683</u>	<u>5,781</u>	<u>130,215</u>	<u>126,129</u>
Excess before transfers	3,697	3,708	367	348	4,064	4,056
Transfers	190	140	(190)	(140)	-	-
Increase in net position	<u>\$ 3,887</u>	<u>\$ 3,848</u>	<u>\$ 177</u>	<u>\$ 208</u>	<u>\$ 4,064</u>	<u>\$ 4,056</u>

Total revenues increased by 3.1% from the prior year. Program expenses increased 3.2% above last year. Total net position increased by \$ 4,063,702 in 2019 and by \$ 4,055,715 in 2018.

**DARLINGTON COUNTY SCHOOL DISTRICT
DARLINGTON, SOUTH CAROLINA
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2019**

Governmental Activities

The unrestricted net position of the District's governmental activities decreased by \$77,922,958. At the same time, the District's net investment in capital assets increased by \$ 17,521,606.

Business-Type Activities

The District's business-type activity is its food service operation. The United States Department of Agriculture reimburses the District under its child nutrition and agricultural commodity sharing programs which provides a significant portion of its revenue. Less than a quarter of the revenue is generated through direct charges to users of the food service. Since the federal government sets USDA reimbursements, the ability of food service to operate in the black is a function of operational efficiency. During the year, food service's total net position increased for the year by \$ 176,845, which is primarily due to additions to fixed assets.

Financial Analysis of Governmental Funds

The District's governmental funds (as presented on the balance sheet beginning on page 13) reported a combined fund balance of \$122,320,836 which decreased by \$9,543,831 compared to last year's total of \$131,864,667. The schedule below illustrates the fund balance and total change in fund balance as of June 30, 2019 and 2018.

	<u>Fund Balance</u> <u>June 30, 2019</u>	<u>Fund Balance</u> <u>June 30, 2018</u>	<u>Increase</u> <u>(Decrease)</u>
General	\$ 39,935,508	\$ 44,909,754	\$ (4,974,246)
Special Projects	2,402,593	3,960,305	(1,557,712)
School Building	71,422,789	73,362,795	(1,940,006)
Debt Service	8,559,946	9,631,813	(1,071,867)
Total	<u>\$ 122,320,836</u>	<u>\$ 131,864,667</u>	<u>\$ (9,543,831)</u>

The District's combined fund balance decrease is due primarily to the ongoing completion of capital projects across the District.

**DARLINGTON COUNTY SCHOOL DISTRICT
DARLINGTON, SOUTH CAROLINA
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2019**

The tables that follow assist in illustrating the financial activities and balances of the general fund.

	2019 Amount	2018 Amount	Percentage Change
Revenues			
Taxes	\$ 34,132,496	\$ 32,706,640	4.36%
Other local sources	1,239,376	938,796	32.02%
Intergovernmental	<u>53,590,408</u>	<u>53,117,776</u>	0.89%
	<u><u>\$ 88,962,280</u></u>	<u><u>\$ 86,763,212</u></u>	2.53%

	2019 Amount	2018 Amount	Percentage Change
Expenditures by object			
Salaries	\$ 53,297,225	\$ 51,297,518	3.90%
Fringe benefits	22,716,095	22,027,344	3.13%
Purchased services	4,006,732	4,071,260	-1.58%
Supplies and Materials	5,273,843	4,739,939	11.26%
Capital outlay	109,078	429,279	-74.59%
Miscellaneous	1,019,923	928,158	9.89%
Intergovernmental	<u>3,945</u>	<u>1,585</u>	148.90%
	<u><u>\$ 86,426,840</u></u>	<u><u>\$ 83,495,083</u></u>	3.51%

The table above shows that the largest portion (88%) of general fund expenditures is for salaries and fringe benefits. The District is a service entity and as such is labor intensive.

General fund expenditures increased by \$2,931,757 or 3.51% over the prior year. This is primarily attributed to higher materials and supply costs and salary and fringe increases.

General fund revenue (including net transfers out of \$7,509,686) was less than expenditures during the fiscal year, resulting in a decrease to the general fund balance of \$4,974,246.

Other Funds

The Special Projects fund operates essentially on a quasi-break-even basis. Expenditures were greater than revenues (including net transfers in and out of \$ 508,031) during the fiscal year resulting in a decrease of \$1,557,712 to fund balance. Details are provided on pages 71-80.

The Education Improvement Act (EIA) fund demonstrates a break-even increase in revenue (i.e., revenue and expenditures increased by the same amount). As for funds within this category, unused funds in the first year can remain unearned into the next year. Details are provided on pages 81 - 85.

**DARLINGTON COUNTY SCHOOL DISTRICT
DARLINGTON, SOUTH CAROLINA
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2019**

The School Building fund balance decreased by \$1,940,006. This included transfers in from the general fund of \$10,883,688 for capital projects, the issuance of the annual General Obligation Bond in the amount of \$7,300,000 and capital expenditures of \$22,339,477. Any unspent funds in this fund balance will be used to pay for expenditures related to these ongoing projects in the next two fiscal years.

The Debt Service fund balance decreased by \$1,071,867. The decrease in this fund balance is the result of payments of principal and interest that exceeded current year debt service collections.

The School District's only Proprietary Fund (Enterprise Fund) is the Food Service Fund. This program had an increase in net position of \$176,845 during 2019, compared to an increase of \$207,634 in the prior year. Total revenues decreased by \$79,072 to \$6,049,828, primarily due to a decrease in USDA commodities. Total expenses were \$ 5,682,983 for the current year which was a decrease of \$ 98,283 from the prior year.

Budgetary Analysis

The District underestimated its budgeted general fund revenue by \$2,509,896. The budgeted operational expenses were underestimated by \$2,237,709. The other financing sources (uses) were underestimated by \$324,128. That added to unbudgeted Board approved transfers from the General Fund balance in the amount of \$10,063,000 resulted in a fund balance decrease of \$4,974,246. Budgets being underestimated are attributable primarily to a very conservative budget of local tax revenues.

The budgets for the special projects fund and the EIA fund are functions of grant applications and awards. The District State Department of Education provides guidance as to allowable expenditures.

Capital Asset and Debt Management

Capital Assets

Each year the Board of Education approves a short term General Obligation Bond for continued capital improvements and technology throughout the District. In fiscal year June 30, 2019 the Board of Education approved a General Obligation Bond in the amount of \$7,300,000 for that purpose. In April of 2019 the Board of Education authorized the issuance of a \$60,000,000 General Obligation Bond, to be paid from the one percent sales tax collections for the construction of three elementary schools. The \$15,000,000 bond anticipation note that was issued in the 2017 fiscal year was paid off at the time of that issuance.

Facility construction and renovation is a major component of capital asset additions. There were twenty-two open construction projects in progress at June 30, 2019 including multiple roofing projects, capital repairs, a district wide video surveillance project and the three new elementary school projects.

Debt

As indicated above, the prior year \$15,000,000 bond anticipation note was paid off with the issuance of the \$60,000,000 GO Bond in April of 2019. Those funds will be used to build three new elementary schools. That bond will be repaid from the proceeds of the one percent sales tax. The current year \$7,300,000 general obligation bond was repaid from the property tax collections in the debt service fund.

**DARLINGTON COUNTY SCHOOL DISTRICT
DARLINGTON, SOUTH CAROLINA
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2019**

Factors Expected to Have an Effect on Future Operations

No factors, other than those noted above, are expected to have an effect on future operations.

Contacting District Officials

This financial report is designed to provide our citizens, taxpayers, students, investors, and creditors 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 District Chief Financial Officer at Darlington County School District, 120 East Smith Avenue, P.O. Box 1117, Darlington, South Carolina 29540.

BASIC FINANCIAL STATEMENTS

DARLINGTON COUNTY SCHOOL DISTRICT
DARLINGTON, SOUTH CAROLINA
STATEMENT OF NET POSITION
JUNE 30, 2019

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 24,106,302	\$ 271,568	\$ 24,377,870
Cash and investments with County Treasurer	116,158,514	-	116,158,514
Investment funds in escrow with bond refunding agent	1,566,415	-	1,566,415
Due from other governmental units	3,164,510	39,356	3,203,866
Internal balances	(1,034,315)	1,034,315	-
Taxes receivable	1,339,299	-	1,339,299
Accounts receivable	118,064	-	118,064
Inventories	94,373	61,716	156,089
Capital assets not being depreciated	29,964,978	-	29,964,978
Capital assets, net of accumulated depreciation	90,246,824	968,346	91,215,170
TOTAL ASSETS	265,724,964	2,375,301	268,100,265
DEFERRED OUTFLOWS OF RESOURCES			
Deferred pension amounts	15,560,700	-	15,560,700
Deferred OPEB amounts	5,816,531	-	5,816,531
TOTAL DEFERRED OUTFLOWS OF RESOURCES	21,377,231	-	21,377,231
LIABILITIES			
Accounts payable	9,533,619	-	9,533,619
Accrued expenses	5,123,305	-	5,123,305
Unearned revenues	5,720,389	-	5,720,389
Due to other governmental units	66,863	-	66,863
Accrued interest payable	815,236	-	815,236
Noncurrent liabilities			
Due within one year	4,132,507	-	4,132,507
Due in more than one year	60,441,636	-	60,441,636
Net pension liability	129,194,257	-	129,194,257
Net OPEB liability	99,382,705	-	99,382,705
TOTAL LIABILITIES	314,410,517	-	314,410,517
DEFERRED INFLOWS OF RESOURCES			
Deferred pension amounts	1,146,757	-	1,146,757
Deferred OPEB amounts	8,128,514	-	8,128,514
TOTAL DEFERRED INFLOWS OF RESOURCES	9,275,271	-	9,275,271
NET POSITION			
Net investment in capital assets	116,821,428	968,346	117,789,774
Restricted for			
Technical school	214,828	-	214,828
Capital construction	65,612,481	-	65,612,481
Debt service	8,734,670	-	8,734,670
Unrestricted	(227,967,000)	1,406,955	(226,560,045)
TOTAL NET POSITION	\$ (36,583,593)	\$ 2,375,301	\$ (34,208,292)

The accompanying Notes to Financial Statements are an integral part of this financial statement.

**DARLINGTON COUNTY SCHOOL DISTRICT
DARLINGTON, SOUTH CAROLINA
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2019**

Functions/Programs	Expenses	Program Revenues			Net (Expenses) Revenues and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business-type Activities	Total
Primary Government							
Governmental activities							
Instruction	\$ 67,791,739	\$ 198,509	\$51,942,263	\$ 76,396	\$ (15,574,571)	\$ -	\$ (15,574,571)
Support services	50,100,479	-	8,415,586	834,680	(40,850,213)	-	(40,850,213)
Community services	34,834	-	-	-	(34,834)	-	(34,834)
Intergovernmental	3,995,366	-	-	-	(3,995,366)	-	(3,995,366)
Interest expense, net of deferred charges and premium amortization	2,155,617	-	-	-	(2,155,617)	-	(2,155,617)
Depreciation - unallocated *	454,179	-	-	-	(454,179)	-	(454,179)
Total governmental activities	124,532,214	198,509	60,357,849	911,076	(63,064,780)	-	(63,064,780)
Business-type activities							
Food services	5,682,983	189,767	5,854,528	-	-	361,312	361,312
Total business-type activities	5,682,983	189,767	5,854,528	-	-	361,312	361,312
Total primary government	\$ 130,215,197	\$ 388,276	\$66,212,377	\$ 911,076	(63,064,780)	361,312	(62,703,468)
General revenues							
Property taxes levied for:							
General purposes					47,211,288	-	47,211,288
Florence-Darlington Technical College					2,907,773	-	2,907,773
Debt service					6,980,973	-	6,980,973
Sales taxes					6,113,362	-	6,113,362
Grants and contributions not restricted to specific programs					11,034	-	11,034
Unrestricted revenue from use of money and property					3,493,440	392	3,493,832
Miscellaneous					43,767	5,141	48,908
Transfers					190,000	(190,000)	-
Total General Revenues and Transfers					66,951,637	(184,467)	66,767,170
Change in Net Position					3,886,857	176,845	4,063,702
Net Position							
July 1, 2018					(40,470,450)	2,198,456	(38,271,994)
June 30, 2019					\$ (36,583,593)	\$ 2,375,301	\$ (34,208,292)

* This amount excludes the depreciation that is included in the direct expenses of the various functions.

The accompanying Notes to Financial Statements are an integral part of this financial statement.

**DARLINGTON COUNTY SCHOOL DISTRICT
DARLINGTON, SOUTH CAROLINA
BALANCE SHEET – GOVERNMENTAL FUNDS
JUNE 30, 2019**

	General Fund	Special Projects Fund	EIA Fund	School Building Fund	Debt Service Fund	Total Governmental Funds
ASSETS						
Cash and cash equivalents	\$ 16,369,825	\$ 9	\$ -	\$ 925,466	\$ 6,811,002	\$ 24,106,302
Cash and investments with County Treasurer	44,735,484	299,643	-	68,015,476	3,107,911	116,158,514
Property taxes receivables, net of allowance	1,042,502	86,867	-	-	209,930	1,339,299
Other Receivables	118,064	-	-	-	-	118,064
Due from other governmental units						
Other agencies	88,368	-	-	-	-	88,368
Federal government	-	3,076,142	-	-	-	3,076,142
Due from other funds	7,285,331	4,229,869	3,745,317	5,236,270	406,068	20,902,855
Inventories	94,373	-	-	-	-	94,373
TOTAL ASSETS	\$ 69,733,947	\$ 7,692,530	\$ 3,745,317	\$ 74,177,212	\$ 10,534,911	\$ 165,883,917
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES						
LIABILITIES						
Accounts payable	\$ 9,014,670	\$ -	\$ -	\$ 518,949	\$ -	\$ 9,533,619
Accrued liabilities	5,123,305	-	-	-	-	5,123,305
Due to other governmental units	-	66,863	-	-	-	66,863
Due to other funds	14,725,759	3,175,696	-	2,235,474	1,800,241	21,937,170
Unearned revenues	-	1,975,072	3,745,317	-	-	5,720,389
TOTAL LIABILITIES	28,863,734	5,217,631	3,745,317	2,754,423	1,800,241	42,381,346
DEFERRED INFLOWS OF RESOURCES						
Unavailable property taxes	934,705	72,306	-	-	174,724	1,181,735
TOTAL DEFERRED INFLOWS OF RESOURCES	934,705	72,306	-	-	174,724	1,181,735
FUND BALANCES						
Nonspendable	94,373	-	-	-	-	94,373
Restricted	-	142,522	-	65,612,481	8,559,946	74,314,949
Committed	-	2,021,801	-	5,810,308	-	7,832,109
Assigned	73,920	238,270	-	-	-	312,190
Unassigned	39,767,215	-	-	-	-	39,767,215
TOTAL FUND BALANCES	39,935,508	2,402,593	-	71,422,789	8,559,946	122,320,836
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 69,733,947	\$ 7,692,530	\$ 3,745,317	\$ 74,177,212	\$ 10,534,911	\$ 165,883,917

The accompanying Notes to Financial Statements are an integral part of this financial statement.

**DARLINGTON COUNTY SCHOOL DISTRICT
DARLINGTON, SOUTH CAROLINA
RECONCILIATION OF THE BALANCE SHEET – GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
JUNE 30, 2019**

TOTAL FUND BALANCES - GOVERNMENTAL FUNDS		\$ 122,320,836
Amounts reported for governmental activities in the Statement of Net Position are different because of the following:		
Property tax revenue is recognized in the period for which levied rather than when "available". A portion of the deferred property tax revenue is not available.		1,181,735
Cash in escrow with bond refunding agent is not a financial resource and therefore is not reported as an asset in governmental funds. It is reported as a restricted asset in the statement of net position.		1,566,415
Capital assets used for governmental activities are not financial resources and therefore are not reported in governmental funds. The cost of assets is \$265,143,686, and the accumulated depreciation is \$144,931,884.		120,211,802
Deferred outflows related to pension expense are not available to pay for current expenditures and are, therefore, not reported or deferred in the funds:		
Contributions made subsequent to measurement date	\$ 7,720,269	
Differences between expected and actual experience	236,699	
Differences between actual and projected investment earnings	2,052,748	
Change in assumptions	5,128,863	
Changes in proportion and differences between actual and proportionate share of contributions	<u>422,121</u>	15,560,700
Deferred outflows related to OPEB expense are not available to pay for current expenditures and are, therefore, not reported or deferred in the funds:		
Contributions made subsequent to measurement date	\$ 3,580,286	
Differences between expected and actual experience	1,488,798	
Differences between actual and projected investment earnings	381,072	
Changes in proportion and differences between actual and proportionate share of contributions	<u>366,375</u>	5,816,531
Deferred inflows related to pension expense do not consume current financial resources and are, therefore, not reported or deferred in the funds:		
Differences between expected and actual experience	\$ (759,565)	
and proportionate share of contributions	<u>(387,192)</u>	(1,146,757)
Deferred inflows related to OPEB expense do not consume current financial resources and are, therefore, not reported or deferred in the funds:		
Differences between expected and actual experience	\$ (34,628)	
Change in assumptions	(8,092,750)	
Changes in proportion and differences between actual and proportionate share of contributions	<u>(1,136)</u>	(8,128,514)
Some liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds. Those liabilities consist of:		
Net pension liability	\$ (129,194,257)	
OPEB liability	(99,382,705)	
Bonds payable	(58,061,000)	
Issuance premium	(5,186,270)	
Compensated absences payable	(1,326,873)	
Accrued interest payable	<u>(815,236)</u>	(293,966,341)
NET POSITION OF GOVERNMENTAL ACTIVITIES		<u><u>\$ (36,583,593)</u></u>

The accompanying Notes to Financial Statements are an integral part of this financial statement.

**DARLINGTON COUNTY SCHOOL DISTRICT
DARLINGTON, SOUTH CAROLINA
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2019**

	General Fund	Special Projects Fund	EIA	School Building Fund	Debt Service Fund	Total Governmental Funds
REVENUES						
Local property taxes	\$ 34,132,496	\$ 2,907,773	\$ -	\$ -	\$ 6,980,973	\$ 44,021,242
Sales taxes	-	-	-	-	6,113,362	6,113,362
Other local	1,239,376	1,526,189	-	2,215,783	191,360	5,172,708
Total local	35,371,872	4,433,962	-	2,215,783	13,285,695	55,307,312
State	53,536,619	3,447,456	7,707,490	-	554,606	65,246,171
Federal	-	8,537,643	-	-	-	8,537,643
Intergovernmental	53,789	-	-	-	-	53,789
Total Revenues	88,962,280	16,419,061	7,707,490	2,215,783	13,840,301	129,144,915
EXPENDITURES						
Current						
Instruction	49,999,112	5,822,118	3,578,494	-	-	59,399,724
Support services	36,314,705	6,856,415	1,305,903	2,927,639	-	47,404,662
Community services	-	34,834	-	-	-	34,834
Intergovernmental	3,945	3,991,421	-	-	-	3,995,366
Debt service						
Principal	-	-	-	-	12,608,000	12,608,000
Interest	-	-	-	8,688	2,304,168	2,312,856
Fees	-	-	-	62,514	-	62,514
Capital outlay	109,078	763,954	147,122	19,340,636	-	20,360,790
Total Expenditures	86,426,840	17,468,742	5,031,519	22,339,477	14,912,168	146,178,746
Excess of Revenues Over (Under) Expenditures	2,535,440	(1,049,681)	2,675,971	(20,123,694)	(1,071,867)	(17,033,831)
OTHER FINANCING SOURCES (USES)						
General obligation issuance	-	-	-	7,300,000	-	7,300,000
Transfers in	3,380,035	6,033	-	10,883,688	-	14,269,756
Transfers out	(10,889,721)	(514,064)	(2,675,971)	-	-	(14,079,756)
Total Other Financing Sources (Uses)	(7,509,686)	(508,031)	(2,675,971)	18,183,688	-	7,490,000
Net Change in Fund Balance	(4,974,246)	(1,557,712)	-	(1,940,006)	(1,071,867)	(9,543,831)
FUND BALANCE						
July 1, 2018	44,909,754	3,960,305	-	73,362,795	9,631,813	131,864,667
June 30, 2019	\$ 39,935,508	\$ 2,402,593	\$ -	\$ 71,422,789	\$ 8,559,946	\$ 122,320,836

The accompanying Notes to Financial Statements are an integral part of this financial statement.

**DARLINGTON COUNTY SCHOOL DISTRICT
DARLINGTON, SOUTH CAROLINA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS TO THE
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2019**

TOTAL NET CHANGE IN FUND BALANCE - GOVERNMENTAL FUNDS		\$ (9,543,831)
Amounts reported for governmental activities in the Statement of Activities are different because of the following:		
Because some property taxes will not be collected for several months after the School District's fiscal year ends, they are not considered "available" revenues and are deferred inflows in the governmental funds. Deferred inflows and tax revenues decreased by this amount during the year.		
		(915,844)
Capital outlays are reported in governmental funds as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlay (\$20,360,790) exceeded depreciation expense (\$5,677,241) in the period.		
		14,683,549
Pension expense that is related to the net pension liability as recorded in the Statement of Activities is based on the School District's proportionate share of the pension expense of the retirement system as a whole, whereas pension expense recorded in the funds is based on the use of current financial resources (e.g. required contributions). The differences are as follows:		
Amount recorded in the Statement of Activities	\$ (11,799,118)	
Amount recorded in the governmental funds	<u>7,720,269</u>	(4,078,849)
Other postemployment benefit expense that is related to the OPEB liability as recorded in the Statement of Activities is based on the School District's proportionate share of the OPEB Trust as a whole, whereas OPEB expense recorded in the funds is based on the use of current financial resources (e.g. required contributions). The differences are as follows:		
Amount recorded in the Statement of Activities	\$ (5,211,277)	
Amount recorded in the governmental funds	<u>3,580,287</u>	(1,630,990)
In the Statement of Net Position, accumulated payments to escrow agent and investment earnings accrued in escrow in connection with an advance refunding of bonds are treated as an asset. This is the amount that relates to the adjustment for the change in the fair market value of that asset. This relates to the Qualified Zone Academy Bond discussed in footnote II. G.		
		292,699
The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities. The net effect of these differences in the treatment of debt and related items is as follows:		
Issuance of general obligation bonds		
General obligation bond proceeds	\$ (7,300,000)	
Principal repayments:		
Bonds payable	12,608,000	
Amortization of bond premiums	<u>578,003</u>	5,886,003
Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds. The details are as follows:		
Compensated absences		
Current year	\$ (1,326,873)	
Prior year	1,171,942	
Accrued interest		
Current year	(815,236)	
Prior year	<u>164,287</u>	(805,880)
Change in Net Position of Governmental Activities		<u><u>\$ 3,886,857</u></u>

The accompanying Notes to Financial Statements are an integral part of this financial statement.

**DARLINGTON COUNTY SCHOOL DISTRICT
DARLINGTON, SOUTH CAROLINA
STATEMENT OF NET POSITION –
PROPRIETARY FUNDS
JUNE 30, 2019**

	Enterprise Fund - Food Service Program
ASSETS	
Current assets	
Cash and cash equivalents	\$ 271,568
Due from federal government	39,356
Due from other funds	1,034,315
Inventories	<u>61,716</u>
Total current assets	<u>1,406,955</u>
Noncurrent assets	
Equipment	3,829,527
Less accumulated depreciation	<u>(2,861,181)</u>
Total noncurrent assets	<u>968,346</u>
Total assets	<u>2,375,301</u>
 NET POSITION	
Net investment in capital assets	968,346
Unrestricted	<u>1,406,955</u>
Total net position	<u><u>\$ 2,375,301</u></u>

The accompanying Notes to Financial Statements are an integral part of this financial statement.

**DARLINGTON COUNTY SCHOOL DISTRICT
DARLINGTON, SOUTH CAROLINA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION -
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2019**

	Enterprise Fund - Food Service Program
OPERATING REVENUES	
Proceeds from sale of meals	\$ 69,279
Special sales and miscellaneous	<u>120,488</u>
Total Operating Revenues	<u>189,767</u>
OPERATING EXPENSES	
Food costs	2,423,240
Salaries and wages	2,220,753
Supplies and materials	698,844
Depreciation	92,052
Other operating costs	<u>248,094</u>
Total Operating Expenses	<u>5,682,983</u>
Operating Loss	<u>(5,493,216)</u>
NONOPERATING REVENUES (EXPENSES)	
Interest income	392
Insurance proceeds	5,141
USDA Reimbursements	5,524,820
Commodities received from USDA	<u>329,708</u>
Total Nonoperating Revenues (Expenses)	<u>5,860,061</u>
INCOME BEFORE TRANSFERS	<u>366,845</u>
OTHER FINANCING SOURCES (USES)	
Transfers Out	<u>(190,000)</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>(190,000)</u>
CHANGE IN NET POSITION	176,845
NET POSITION	
July 1, 2018	<u>2,198,456</u>
June 30, 2019	<u><u>\$ 2,375,301</u></u>

The accompanying Notes to Financial Statements are an integral part of this financial statement.

**DARLINGTON COUNTY SCHOOL DISTRICT
DARLINGTON, SOUTH CAROLINA
STATEMENT OF CASH FLOWS –
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2019**

	Enterprise Fund - Food Service Program
CASH FLOWS FROM OPERATING ACTIVITIES	
Received from patrons	\$ 189,767
Payments to employees for services	(2,220,753)
Payments to suppliers for goods and services	(3,013,549)
Net cash used in operating activities	(5,044,535)
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest received	392
Net cash provided by investing activities	392
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Transfers to other funds	(190,000)
Nonoperating grants received	5,634,437
Net cash provided by noncapital financing activities	5,444,437
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Acquisition of capital assets	(209,802)
Net cash used in capital and related financing activities	(209,802)
Net increase in cash and cash equivalents	190,492
Cash and cash equivalents - July 1, 2018	81,076
Cash and cash equivalents - June 30, 2019	\$ 271,568
Reconciliation of operating loss to net cash used in operating activities:	
Operating loss	\$ (5,493,216)
Adjustments to reconcile operating loss to net cash provided by (used in) operating activities:	
Depreciation	92,052
Commodities used	329,708
Changes in assets and liabilities:	
(Increase) decrease in due from other funds	55,361
(Increase) decrease in inventory	(28,440)
Net cash used in operating activities	\$ (5,044,535)

Noncash noncapital financing activities:

During the year, the District received \$329,708 of food commodities from the U.S. Department of Agriculture.

The accompanying Notes to Financial Statements are an integral part of this financial statement.

**DARLINGTON COUNTY SCHOOL DISTRICT
DARLINGTON, SOUTH CAROLINA
STATEMENT OF FIDUCIARY NET POSITION –
AGENCY FUNDS
JUNE 30, 2019**

	<u>Agency Funds</u>
ASSETS	
Cash and cash equivalents	<u>\$ 1,173,801</u>
TOTAL ASSETS	<u><u>\$ 1,173,801</u></u>
LIABILITIES	
Due to schools	<u>\$ 1,173,801</u>
TOTAL LIABILITIES	<u><u>\$ 1,173,801</u></u>

The accompanying Notes to Financial Statements are an integral part of this financial statement.

DARLINGTON COUNTY SCHOOL DISTRICT
DARLINGTON, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Darlington County School District (the School District) operates 13 elementary schools, 3 middle schools, 1 elementary/middle school 4 high schools, 1 alternative school, and 1 career center within the limits of Darlington County.

A. The Reporting Entity

The Board of Trustees (the Board) of the School District determines the operating policies of the School District and such policies are implemented by the School District Superintendent. The Board, an eight-member group, is the level of government which has governance responsibilities over all activities related to public elementary and secondary school education within the jurisdiction of the School District. The School District receives funding from local, state, and federal government sources and must comply with the concomitant requirements of these funding source entities. However, the School District is not included in any other governmental "reporting entity" as defined in Section 2100, *Codification of Governmental Accounting and Financial Reporting Standards*, since Board members are elected by the public and have decision making authority, the power to designate management, the responsibility to significantly influence operations, and primary accountability for fiscal matters. The School District is therefore reported as a primary government.

B. Basis of Presentation

Government-wide Statements:

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the nonfiduciary activities of the primary government. For the most part, the effect of interfund activity 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 School District has a food service fund that is presented as business-type activities.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment is 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.

Fund Financial Statements:

The School District uses funds to maintain its financial records during the fiscal year. Fund accounting is designed to demonstrate legal compliance and to aid management by segregating transactions related to certain School District functions or activities. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

The School District reports the following major governmental funds:

1. General Fund – The General Fund of the School District is used to account for all financial resources except those required to be accounted for in another fund. All property taxes, intergovernmental revenue, charges for services, Education Finance Act revenue, and miscellaneous revenue are recorded in this fund except amounts which are specifically collected to service debt or for which the School District collects funds in a fiduciary capacity. Operational expenditures for general instruction, support services, general administration, and other departments of the School District are paid through the General Fund.

**DARLINGTON COUNTY SCHOOL DISTRICT
DARLINGTON, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019**

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Basis of Presentation (Continued)

2. Special Revenue Funds –

- a. Special Projects Funds account for the operations of federal and state projects which are required by the South Carolina State Department of Education to be accounted for in separate funds.
 - b. Education Improvement Act (EIA) Fund – The Education Improvement Act Fund is used to account for the School District's expenditures as a result of receiving state funds used in a comprehensive education reform plan which are required to be accounted for in separate programs and strategies.
3. Debt Service Fund – This fund accounts for the accumulation of resources for, and the payment of, general long-term debt principal and interest. The School District's Debt Service Fund was established and is maintained in accordance with acts passed by the General Assembly of South Carolina authorizing the sale of general obligation bonds of the School District.
4. School Building Fund – The School Building Fund is used to account for financial resources to be used for the acquisition and construction of major capital facilities, renovations, and extensive repairs which tend to extend the life of the asset.

The School District has no non-major governmental funds.

Additionally, the School District reports the following fund types:

Proprietary Funds:

5. Food Service Fund – The District accounts for its food service activities in the Food Service Fund, the District's only Proprietary Fund.

Fiduciary Funds:

6. Agency Fund – The District accounts for resources held by others in a custodial capacity in agency funds. The District's Agency Fund is the Student Activity Fund.

C. Measurement Focus and Basis of Accounting

The basic financial statements of the School District have been prepared in conformity with generally accepted accounting principles as applied to governmental agencies. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

Measurement focus is a term used to describe which transactions are recorded within the various financial statements. *Basis of accounting* refers to when transactions are recorded, regardless of the measurement focus applied.

The *government-wide financial statements* are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned, and expenses are recorded 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.

**DARLINGTON COUNTY SCHOOL DISTRICT
DARLINGTON, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019**

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Measurement Focus and Basis of Accounting (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, except for federal and state grant revenue which is considered available if collected within six months. For this purpose, the School District considers revenues to be available if they are collected within 60 days 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 and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and capital leases are reported as other financing sources.

Nonexchange transactions, in which the School District receives value without directly giving equal value in return, include an appropriation from the County in lieu of property taxes, grants, entitlements, and donations. On the accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been met. On the modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

Amounts reported as *program revenues* include: 1) charges to students for tuition, fees, rental, material, supplies, or services provided; 2) operating grants and contributions; and 3) capital grants and contributions. *General revenues* include all taxes, investment income and grants and contributions not restricted to specific programs.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing goods and services in connection with a proprietary fund's principal ongoing operations. The School District's business-type activities accounted for in proprietary funds are food services. Operating expenses for proprietary funds include the cost of food, salaries, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

D. Assets, Liabilities and Net Position/Fund Balance

1. Deposits and investments

The School District's cash and cash equivalents are defined as short-term, highly liquid investments with an original maturity of three months or less when purchased that are both readily convertible to known amounts of cash and so near their maturity that they present no significant risk of changes in value because of changes in interest rates. Investments are reported at fair value.

2. Receivables and payables

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

**DARLINGTON COUNTY SCHOOL DISTRICT
DARLINGTON, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019**

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets, Liabilities and Net Position/Fund Balance (Continued)

3. *Prepays*

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

4. *Inventory*

Inventory in the General Fund includes materials and supplies valued using the first-in/first-out (FIFO) method and are subsequently charged to expenditures when consumed.

Inventory in the Food Service Proprietary Fund includes commodities provided at no cost by the U.S. Department of Agriculture (USDA). Commodities not consumed as of year-end are recorded as inventory at fair value as determined by the USDA.

5. *Capital assets*

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during construction is not capitalized.

Property, plant, and equipment are depreciated using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	20-50
Improvements other than buildings	5-50
Equipment	5-15
Food service equipment	12

6. *Due from other governmental units*

For the General Fund and Special Revenue Funds, including the EIA funds, amounts due from federal agencies, the State Department of Education and the County represent reimbursable costs, which have been incurred by the School District but have not been reimbursed by the grantor agency.

**DARLINGTON COUNTY SCHOOL DISTRICT
DARLINGTON, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019**

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets, Liabilities and Net Position/Fund Balance (Continued)

7. *Accrued liabilities and long-term obligations*

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

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

8. *Deferred Outflows / Inflows of Resources and Unearned Revenue*

Deferred Outflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/ expenditure) until then. The School District may have five items that qualify for reporting in this category as follows:

1. Pension and OPEB contributions made subsequent to the measurement date which will be recognized as a reduction of the net pension liability in the subsequent year.
2. The net difference between the projected and actual earnings on pension plan and OPEB investments which is deferred and amortized over a closed five-year period.
3. The differences between expected and actual experience which is amortized into pension and OPEB expense beginning in the year the deferral occurs over a closed period equal to the average remaining service lives of all plan participants.
4. The changes in proportion and differences between employer contribution and proportionate share of contributions to pension and OPEB plans, which will be deferred and amortized over the remaining service lives of all plan participants.
5. Changes in actuarial assumptions of pension and OPEB plans, which will be deferred and amortized over the remaining service lives of all plan participants.

Deferred Inflows of Resources

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The School District may have the following items that qualify for reporting in this category:

1. The differences between expected and actual experience, which is amortized into pension and OPEB expense beginning in the year the deferral occurs over a closed period equal to the average remaining service lives of all plan participants.
2. The changes in proportion and differences between employer contribution and proportionate share of contributions to pension and OPEB plans, which will be deferred and amortized over the remaining service lives of all plan participants.

**DARLINGTON COUNTY SCHOOL DISTRICT
DARLINGTON, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019**

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets, Liabilities and Net Position/Fund Balance (Continued)

3. Changes in actuarial assumptions of pension and OPEB plans, which will be deferred and amortized over the remaining service lives of all plan participants.

The School District recognizes deferred inflows in the fund statements for an acquisition of net position pertaining to property taxes that were billed but remain unavailable. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

Unearned Revenue

The School District also defers revenue recognition in connection with resources such as grants that have been billed or received but not yet earned.

9. Compensated absences

The School District reports compensated absences in accordance with GASB Statement No. 16, *Accounting for Compensated Absences*. Vacation leave may be accumulated up to a maximum of forty-five days and is fully vested when earned. Compensated absences will be paid from the fund where the employee's salary is paid, typically this would include the general, special revenue, and food service funds.

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

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

In general, payables and accrued liabilities that will be paid from governmental funds are reported on the governmental fund financial statements, which assumes that they will be liquidated with current resources. However, claims and judgments and compensated absences that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they will be paid with current, expendable, available financial resources. 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.

10. Pensions

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

The General Fund pays for pension expense district-wide, and therefore, pension liabilities resulting from the implementation of GASB 68, *Accounting and Financial Reporting for Pensions*, are reported in the governmental activities as permitted under the standard.

**DARLINGTON COUNTY SCHOOL DISTRICT
DARLINGTON, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019**

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets, Liabilities and Net Position/Fund Balance (Continued)

11. Other post-employment benefits (OPEB)

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

12. On-behalf payments

The School District receives on-behalf payments from the State of South Carolina to be used for SCRS, PORS, and OPEB contributions. The School District reports revenue for the on-behalf amount paid in the period during which the payment was made by the state. The expenditure is recognized in the fund statements in the period during which the amount was paid, while the expense is recognized in the government-wide statements in the subsequent year to coincide with the measurement date of the SCRS and PORS retirement plans and the SCRHITF.

13. Net position and fund balance

Government-wide Statements:

Equity is classified as net position and displayed in three components:

- a. Net investment in capital assets – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net position – Consists of net positions with constraints placed on their use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments, or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net position – All other net positions that do not meet the definition of “net investment in capital assets” or “restricted.”

Net Position Flow Assumption:

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

Fund Statements:

Classifications of fund balance are hierarchical and are based primarily on the extent to which the School District is bound to honor constraints on specific purposes for which amounts in the funds may be spent. The District's accounting and finance policies are used to interpret the nature and/or requirements of the funds and their corresponding assignment of nonspendable, restricted, committed, assigned, or unassigned.

**DARLINGTON COUNTY SCHOOL DISTRICT
DARLINGTON, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019**

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets, Liabilities and Net Position/Fund Balance (Continued)

Nonspendable – Amounts that cannot be spent either because they are not in spendable form, such as inventory or prepaid items or which are required to be maintained intact, such as a trust.

Restricted – Amounts that can be spent only for specific purposes because of state or federal laws or externally imposed restrictions on use by their providers, such as grantors, bondholders, and higher levels of government, millage adopted by the primary government to pay the School District's debt, through contractual or constitutional provisions, or as outlined by enabling legislation.

Committed – Amounts constrained to specific purposes pursuant to constraints imposed by formal action (ordinance or resolutions) of the government's highest level of decision-making authority. The Board of Education is the highest level of decision-making authority for the government that can, by adoption of a resolution prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the resolution remains in place until a similar action is taken (the adoption of another resolution) to remove or revise the limitation.

Assigned – Amounts the School District intends to use for a specific purpose. Intent can be expressed by the Board of Education, or by an official or body to which the Board of Education delegates the authority. The Board of Education has delegated the authority to assign fund balance to the superintendent or to the superintendent's designee (the finance director).

Unassigned – All amounts not included in other spendable classifications. These amounts are available for any purpose. Positive amounts are reported only in the general fund.

Fund Balance Flow Assumption

Sometimes the government will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned and unassigned fund balances). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. In the governmental funds, the School District's policy is to first apply the expenditure toward restricted fund balance and then to other less restricted classifications – committed and then assigned fund balances before using unassigned fund balance.

14. Accounting Estimates

The preparation of financial statements in accordance with generally accepted accounting principles requires the School District's management to make estimates and assumptions. These 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 and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

15. Fair Value

Investments are measured at fair value on a recurring basis. *Recurring* fair value measurements are those that Governmental Accounting Standards Board (GASB) Statements require or permit in the statement of net position at the end of each reporting period. Fair value measurements are categorized based on the valuation inputs used to measure an asset's fair value: Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

**DARLINGTON COUNTY SCHOOL DISTRICT
DARLINGTON, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019**

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets, Liabilities and Net Position/Fund Balance (Continued)

16. Encumbrances

Encumbrance accounting, under which purchase orders, contracts, and other commitments for expenditures are recorded to reflect the use of the applicable spending appropriations, is used by the General Fund during the year to control expenditures. Encumbrances do not constitute expenditures or liabilities. Encumbrances and unused expenditure appropriations lapse at year end.

II. DETAILED NOTES ON ALL ACTIVITIES AND FUNDS

A. Deposits and Investments

Deposits

Custodial Credit Risk – Deposits – In the case of deposits, this is the risk that in the event of a bank failure, the School District's deposits may not be returned to it. Deposits of the School District are subject to South Carolina state statutes for custodial credit risk. The statutes provide that banks accepting deposits of funds from local government units must furnish an indemnity bond or pledge as collateral obligations of the United States, South Carolina, political subdivisions of South Carolina, the Federal National Mortgage Association, the Federal Home Loan Bank, the Federal Farm Credit Bank, or the Federal Home Loan Mortgage Corporation. In accordance with the aforementioned statute, the School District's policy requires deposits to be secured by collateral valued at market or par, whichever is lower, less the amount of the Federal Deposit Insurance Corporation (FDIC) insurance. Deposited funds may be invested in demand or time deposits, continuously and fully secured with direct obligations of or obligations guaranteed by the United States of America having a market value not less than the amount of such monies. At June 30, 2019, the carrying amount of the School District's deposits was \$18,740,688, and the bank balance was \$21,048,272. All of these deposits were fully collateralized with securities held by the pledging financial institution's trust department in the School District's name or insured by the Federal Deposit Insurance Corporation. Information was not available regarding the custodial risk of funds held by the Darlington County Treasurer in the amount of \$116,158,514.

Investments

Custodial Credit Risk – Investments – For an investment, this is the risk that, in the event of the failure of the counterparty, the School District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The School District does not have a formal investment policy regarding custodial credit risk of investments.

State statutes authorize the School District to invest in the following:

- (1) Obligations of the United States and agencies thereof;
- (2) General obligations of the State of South Carolina or any of its political units;
- (3) Savings and loan association deposits to the extent insured by the Federal Deposit Insurance Corporation;
- (4) Certificates of deposit and repurchase agreements collateralized by securities of the type described in (1) and (2) above held by a third party as escrow agent or custodian, of a market value not less than the amount of certificates of deposit and repurchase agreements so secured, including interest; and
- (5) No-load open and closed-end management type investment companies or investment trusts registered under the Investment Company Act of 1940, as amended, where the investment is made by a bank or trust company, 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.

**DARLINGTON COUNTY SCHOOL DISTRICT
DARLINGTON, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019**

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

A. Deposits and Investments (Continued)

In addition, South Carolina state statutes authorize the District to invest in the South Carolina Local Government Investment Pool (SCLGIP). The SCLGIP is an investment trust fund, created by state legislation, in which public monies under the custody of any political subdivision in excess of current needs may be deposited. The SCLGIP is permitted to purchase obligations of the United States, its agencies and instrumentalities, and any corporation within the United States if such obligations bear any of the three highest ratings of at least two nationally recognized rating services. The SCLGIP is not registered with the SEC. It is similar to a money market fund in that it is offered at a stable price and is guided by risk control principles such as significant overnight Repurchase Agreements for liquidity; attention to credit quality, portfolio diversification, and maintenance of a short average maturity of fixed and floating rate investments.

In accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools* and as amended by GASB Statement No. 72, *Fair Value Measurement and Application*, investments in the SCLGIP are carried at fair value. Accordingly, the change in fair value of investments is recognized as an increase or decrease to investment assets and investment income. Fair value for all investments of the SCLGIP is determined on a recurring basis based upon quoted market prices. The total fair value of the SCLGIP 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.

Concentration of Credit Risk – Concentration of credit risk is the risk of loss attributed to the magnitude of the School District's investment in a single issuer. The School District places no limit on the amount that may be invested in any one issuer. See below for the distribution of the School District's investments.

<u>Investment Type</u>	<u>% of Portfolio</u>	<u>Fair Value</u>
FNMA REMIC	0.02%	\$ 20,003
Federal Home Loan Banks	0.02%	20,256
FNMA Participation Certificates	0.31%	380,812
FHLMC	0.53%	655,314
FHLMC Multicass Mtg Partnerships	0.00%	1,210
GNMA Participation		
Pass-Through Certificates	0.07%	82,048
U.S. Treasury Bonds	0.01%	14,613
U.S. Treasury Notes	0.31%	392,159
Investment funds in escrow		
with bond refunding agent		1,566,415
Mutual Fund-Government Portfolio for liquidity	5.47%	6,811,002
Cash and Investments		
held by County Treasurer	93.25%	116,158,514
Total	99.99%	<u>\$ 124,535,931</u>

Interest Rate Risk – Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Investments held for longer periods are subject to increased risk of adverse interest rate changes. The School District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

DARLINGTON COUNTY SCHOOL DISTRICT
DARLINGTON, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

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

A. Deposits and Investments (Continued)

Credit Risk – Credit risk is the risk that an issuer to an investment will not fulfill its obligations. The School District follows state statutes concerning allowable investments but has not adopted a formal investment policy.

As of June 30, 2019, the School District had the following investments:

Investment Type	Fair Value Level	Credit Rating ^	Fair Value	Investment Maturities in Years			
				< One Year	One to Five Years	Six to Ten Years	Other
FNMA REMIC	1	N/A	\$ 20,003	\$ -	\$ -	\$ -	\$ 20,003
Federal Home Loan Banks	1	AA+	20,256	-	20,256	-	-
FNMA Participation Certificates	1	N/A	380,812	-	137,333	19,622	223,857
FHLMC	1	N/A	655,314	-	-	633,653	21,661
FHLMC Multicass Mtg Partnerships	1	N/A	1,210	-	-	-	1,210
GNMA Participation							
Pass-Through Certificates	1	N/A	82,048	-	-	-	82,048
U.S. Treasury Bonds	1	Aaa	14,613	-	-	-	14,613
U.S. Treasury Notes	1	Aaa	392,159	90,016	277,440	24,703	-
Investment funds in escrow with bond refunding agent			1,566,415	90,016	435,029	677,978	363,392
Mutual Fund	1	AAAm	6,811,002	6,811,002	-	-	-
Cash and Investments held by County Treasurer	N/A	NR	116,158,514	116,158,514	-	-	-
Total			\$ 124,535,931	\$ 123,059,532	\$ 435,029	\$ 677,978	\$ 363,392

^ If available, credit ratings are from Standard & Poor's

NR - Not rated

N/A - Not applicable

See Note I. D. 15 for details of the School District's fair value hierarchy

Additional disclosure regarding the School District's deposits and investments is located at Note I.D.1.

B. Property Taxes

Property taxes for school operations are levied and collected by the County. The County appropriates an amount for general operations and to maintain the local level of effort as required by the State Department of Education. This appropriation is funded by and reported as ad valorem taxes and state revenues in lieu of taxes. Excess collections above the approved appropriation are retained by the county in escrow for subsequent periods and is reflected in these financial statements as Cash with the County Treasurer. The principal source of local revenue in the debt service fund are property taxes and 1% sales tax revenue.

Taxes on real estate and personal property, other than vehicles licensed by the South Carolina Department of Highways and Public Transportation, are billed in September on property owned on the preceding December 31. They are due by January 16 and become delinquent on March 17. Taxes on vehicles licensed by the South Carolina Department of Highways and Public Transportation are assessed on a cyclical basis and are due within 30 days of assessment.

**DARLINGTON COUNTY SCHOOL DISTRICT
DARLINGTON, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019**

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

B. Property Taxes (Continued)

The general operations millage is 179.93 mills (\$179.93 per \$100 assessed valuation), and debt service fund millage is 29.00 mills (\$2.90 per \$100 assessed valuation).

The School District's bonded indebtedness is not to exceed eight percent (8%) of the assessed value of all taxable property within the School District, exclusive of debt outstanding on November 30, 1982, unless authorized by a majority vote of electors voting in a referendum authorized by law.

C. Receivables

Receivables as of year-end, including the applicable allowances for uncollectible accounts, are as follows:

	General	Special Projects	Debt Service	Food Service Program
Receivables				
Property taxes	\$ 4,084,194	\$ 303,570	\$ 623,725	\$ -
Intergovernmental	88,368	3,076,142	-	39,356
Accounts	118,064	-	-	-
Gross receivables	4,290,626	3,379,712	623,725	39,356
Less allowance for uncollectible property tax	(3,041,692)	(216,703)	(413,795)	-
Net receivables	<u>\$ 1,248,934</u>	<u>\$ 3,163,009</u>	<u>\$ 209,930</u>	<u>\$ 39,356</u>

**DARLINGTON COUNTY SCHOOL DISTRICT
DARLINGTON, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019**

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

D. Capital Assets

Capital assets activity for the year ended June 30, 2019, was as follows:

	Balance 6/30/2018	Additions	Deletions	Transfers	Balance 6/30/2019
Governmental Activities					
Capital assets, not being depreciated					
Land	\$ 7,120,586	\$ -	\$ -	\$ -	\$ 7,120,586
Construction in progress	3,886,369	18,992,490	-	(34,467)	22,844,392
Total capital assets, not being depreciated	11,006,955	18,992,490	-	(34,467)	29,964,978
Capital assets, being depreciated					
Building and improvements	196,414,741	629,622	-	34,467	197,078,830
Land improvements	21,707,286	24,000	-	-	21,731,286
Equipment	15,653,914	714,678	-	-	16,368,592
Total capital assets, being depreciated	233,775,941	1,368,300	-	34,467	235,178,708
Totals	244,782,896	20,360,790	-	-	265,143,686
Less accumulated depreciation for					
Building and improvements	(123,014,751)	(3,891,089)	-	-	(126,905,840)
Land improvements	(5,707,508)	(1,056,018)	-	-	(6,763,526)
Equipment	(10,532,384)	(730,134)	-	-	(11,262,518)
Total accumulated depreciation	(139,254,643)	(5,677,241)	-	-	(144,931,884)
Total capital assets, being depreciated, net	94,521,298	(4,308,941)	-	34,467	90,246,824
Governmental activities capital assets, net	\$ 105,528,253	\$ 14,683,549	\$ -	\$ -	\$ 120,211,802

	Balance 6/30/2018	Additions	Deletions	Balance 6/30/2019
Business-type Activities				
Capital assets, being depreciated				
Food service equipment	\$ 3,619,725	\$ 209,802	\$ -	\$ 3,829,527
Total capital assets, being depreciated	3,619,725	209,802	-	3,829,527
Less accumulated depreciation for				
Food service equipment	(2,769,129)	(92,052)	-	(2,861,181)
Total accumulated depreciation	(2,769,129)	(92,052)	-	(2,861,181)
Total capital assets, being depreciated, net	850,596	117,750	-	968,346
Business-type activities capital assets, net	\$ 850,596	\$ 117,750	\$ -	\$ 968,346

**DARLINGTON COUNTY SCHOOL DISTRICT
DARLINGTON, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019**

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

D. Capital Assets (Continued)

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

Governmental activities	
Instruction	\$ 4,939,200
Support Services	283,862
Unallocated	454,179
Total governmental activities	<u>\$ 5,677,241</u>
Business-type activities	
Food Service	<u>\$ 92,052</u>
Total business-type activities	<u>\$ 92,052</u>

E. Transfers In (Out) From Other Funds

Transfers in (out) from other funds for the year ended June 30, 2019, consisted of the following:

	Transfers In	Transfers Out
General Fund	\$ 3,380,035	\$ 10,889,721
Special Projects Fund	6,033	514,064
Education Improvement Act Fund	-	2,675,971
School Building Fund	10,883,688	-
Debt Service Fund	-	-
Total governmental funds	<u>14,269,756</u>	<u>14,079,756</u>
Food Service Fund	<u>-</u>	<u>190,000</u>
Total proprietary fund	<u>-</u>	<u>190,000</u>
Total transfers	<u>\$ 14,269,756</u>	<u>\$ 14,269,756</u>

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

**DARLINGTON COUNTY SCHOOL DISTRICT
DARLINGTON, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019**

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

F. Interfund Receivables and Payables

Interfund balances at June 30, 2019, consisted of the following individual fund receivables and payables:

	Receivable	Payable
General Fund	\$ 7,285,331	\$ 14,725,759
Special Projects Fund	4,229,869	3,175,696
Education Improvement Act Fund	3,745,317	-
School Building Fund	5,236,270	2,235,474
Debt Service Fund	406,068	1,800,241
	<u>20,902,855</u>	<u>21,937,170</u>
Total governmental funds		
Food Service Fund	<u>1,034,315</u>	<u>-</u>
Total proprietary fund	<u>1,034,315</u>	<u>-</u>
Total balances	<u><u>\$ 21,937,170</u></u>	<u><u>\$ 21,937,170</u></u>

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

G. Long-Term Debt

Changes in Long-Term Liabilities

During the year ended June 30, 2019, the following changes took place in the long-term liabilities:

	Balance 6/30/2018	Additions	Reductions	Balance 6/30/2019	Due Within One Year
General obligation bonds	\$ 63,369,000	\$ 7,300,000	\$ 12,608,000	\$ 58,061,000	\$ 3,636,000
Plus deferred amount:					
For issuance premium	<u>5,764,273</u>	<u>-</u>	<u>578,003</u>	<u>5,186,270</u>	<u>-</u>
Total general obligation bonds	69,133,273	7,300,000	13,186,003	63,247,270	3,636,000
Compensated absences	<u>1,171,943</u>	<u>663,001</u>	<u>508,071</u>	<u>1,326,873</u>	<u>496,507</u>
Total long-term liabilities	<u><u>\$ 70,305,216</u></u>	<u><u>\$ 7,963,001</u></u>	<u><u>\$ 13,694,074</u></u>	<u><u>\$ 64,574,143</u></u>	<u><u>\$ 4,132,507</u></u>

**DARLINGTON COUNTY SCHOOL DISTRICT
DARLINGTON, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019**

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

G. Long-Term Debt (Continued)

General Obligation Bonds

The School District issues general obligation bonds to provide funds for the acquisition, construction, and major improvement of major capital facilities. General obligation bonds are direct obligations and pledge the full faith and credit of the government. These bonds generally are issued as 5 to 25 year serial bonds with principal maturing each year.

General obligation bonds payable at June 30, 2019, are comprised of the following individual issues:

	<u>Interest Rates</u>	<u>Balance</u>
Equipment Acquisition Financing, Series 2016	1.35%	\$ 1,321,000
2018 GOB Series	2.68%	55,340,000
2006 Advance Refunding Bonds (QZAB)	3.50%	1,400,000
		<u>\$ 58,061,000</u>

The annual requirements for debt service on General Obligation Bonds outstanding at June 30, 2019, are summarized as follows:

<u>Year ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$ 3,636,000	\$ 2,441,021	\$ 6,077,021
2021	5,200,000	2,274,478	7,474,478
2022	3,295,000	2,108,750	5,403,750
2023	3,465,000	1,944,000	5,409,000
2024	3,640,000	1,770,750	5,410,750
2025-2029	21,200,000	5,929,750	27,129,750
2030-2033	<u>17,625,000</u>	<u>1,221,300</u>	<u>18,846,300</u>
Subtotal	58,061,000	17,690,049	75,751,049
Plus deferred amounts:			
Bond premiums	<u>5,186,270</u>	<u>-</u>	<u>5,186,270</u>
Total	<u>\$ 63,247,270</u>	<u>\$ 17,690,049</u>	<u>\$ 80,937,319</u>

In September 2016, the School District issued Equipment Acquisition Financing, Series 2016, in the amount of \$2,600,000. The net proceeds were used to purchase iPads and laptops. Payments are due annually in two equal installments of \$525,690 which include principal and interest at a rate of 1.35%. These bonds mature in December 2020.

**DARLINGTON COUNTY SCHOOL DISTRICT
DARLINGTON, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019**

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

G. Long-Term Debt (Continued)

In April 2018, the School District issued General Obligation Bonds, Series 2018, in the amount of \$60,000,000, plus issuance premium of \$5,831,785. The proceeds, net of issuance costs in the amount of \$423,641 were used to refund the 2017 BAN; the remainder to be used for capital improvements. The bonds bear interest at rates ranging from 3.0% to 5.0%. Principal is paid semiannually with payments ranging from \$1,825,000 to \$5,015,000. The bonds mature in 2033 and will be paid in part by a 1% sales tax levied in Darlington County for the purpose.

In September 2018, the School District issued a General Obligation Bond, Series 2018B, in the amount of \$7,300,000, including interest at a rate of 2.34%. The net proceeds were used for capital improvements. The bond matured in March 2019, and was paid by sales tax revenues collected and recorded in the debt service fund.

Refunded Bonds

During the 2017 fiscal year, the District defeased \$12,245,000 general obligation bonds by placing operating funds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the District's financial statements. In March 2019, the defeased debt was paid in full, using funds held by an escrow agent in an irrevocable trust fund that was established to provide for debt service payments on the refunded bonds.

Advance Refunding

During the 2006 fiscal year, the District issued a Qualified Zone Academy Bond (QZAB) in the amount of \$1,400,000. Under the agreement, the District deposited \$700,000 in an escrow account and is required to pay an additional \$139,007 in annual payments of \$8,688 over 16 years. Because the amount deposited did not completely satisfy the District's financial commitment to retire the bonds, the transaction does not qualify as an in-substance defeasance. Therefore, the debt of \$1,400,000 and an accumulated restricted asset of \$1,566,415 on deposit with the advance refunding agent are included in the government-wide Statement of Net Position. The balance on deposit has been invested in U.S. Treasury and Agency obligations and is not collateralized or insured against declines in value.

H. Food Service

Federal Guidelines

The School District's Food Service Fund administers the lunch programs in accordance with the United States Department of Agriculture (USDA) guidelines. Revenues are provided from USDA reimbursements and cash collections. The meals served to pupils are classified as regular, reduced, or free lunches by the Food Service Program. The type of meal served determines the amount of reimbursement from the USDA. Reimbursements may be in the form of cash or commodities.

The food service expenditures are inclusive of \$329,708 of commodities consumed during the year ended June 30, 2019.

Administrative Costs

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

**DARLINGTON COUNTY SCHOOL DISTRICT
DARLINGTON, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019**

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

I. Fund Balances

The following classifications describe the relative strength of the spending constraints:

	General Fund	Special Projects Fund	School Building Fund	Debt Service Fund
Fund balances:				
Nonspendable				
Inventories and prepaid items	\$ 94,373	\$ -	\$ -	\$ -
Restricted:				
Debt service	-	-	-	8,559,946
Technical school	-	142,522	-	-
Capital projects	-	-	65,612,481	-
Restricted total	-	142,522	65,612,481	8,559,946
Committed:				
Technology	-	130,913	-	-
Medicaid services	-	1,890,888	-	-
Capital projects	-	-	5,810,308	-
Committed total	-	2,021,801	5,810,308	-
Assigned:				
Adult education	73,920	-	-	-
Adult banquet	-	75,421	-	-
Activity buses	-	4,007	-	-
Technology	-	158,842	-	-
Assigned total	73,920	238,270	-	-
Unassigned	39,767,215	-	-	-
	<u>\$ 39,935,508</u>	<u>\$ 2,402,593</u>	<u>\$ 71,422,789</u>	<u>\$ 8,559,946</u>

III. OTHER INFORMATION

A. Defined Benefit Pension Plans

The South Carolina Public Employee Benefit Authority ("PEBA"), which was created July 1, 2012, administers the various retirement systems and retirement programs managed by its Retirement Division. PEBA has an 11-member Board of Directors, appointed by the Governor and General Assembly leadership, which serves as co-trustee and co-fiduciary of the systems and the trust funds. By law, the Budget and Control Board (restructured into the Department of Administration on July 1, 2015), which consists of five elected officials, also reviews certain PEBA Board decisions regarding the funding of the South Carolina Retirement Systems ("Systems") and serves as a co-trustee of the Systems in conducting that review. Effective July 1, 2017, the Retirement System Funding and Administration Act of 2017 assigned the PEBA Board of Directors as the Custodian of the Retirement Trust Funds and assigned SC PEBA and the Retirement Systems Investment Commission (RSIC) as co-trustees of the Retirement Trust Funds.

**DARLINGTON COUNTY SCHOOL DISTRICT
DARLINGTON, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019**

III. OTHER INFORMATION (CONTINUED)

A. Defined Benefit Pension Plans (Continued)

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

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

Membership

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

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

Benefits

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

**DARLINGTON COUNTY SCHOOL DISTRICT
DARLINGTON, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019**

III. OTHER INFORMATION (CONTINUED)

A. Defined Benefit Pension Plans (Continued)

Plan Description (Continued)

• 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.

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

Contributions

Contributions are prescribed in Title 9 of the South Carolina Code of Laws. If the scheduled employee and employer contributions provided in statute, or the rates last adopted by the board, are insufficient to maintain the amortization period set in statute, the board shall increase employer contribution rates as necessary.

After June 30, 2027, if the most recent annual actuarial valuation of the Systems for funding purposes shows a ratio of the actuarial value of system assets to the actuarial accrued liability of the system (the funded ratio) that is equal to or greater than eighty-five percent, then the board, effective on the following July first, may decrease the then current contribution rates upon making a finding that the decrease will not result in a funded ratio of less than eighty-five percent. If contribution rates are decreased pursuant to this provision, and the most recent annual actuarial valuation of the system shows a funded ratio of less than eighty-five percent, then effective on the following July first, and annually thereafter, as necessary, the board shall increase the then current contribution rates until a subsequent annual actuarial valuation of the system shows a funded ratio that is equal to or greater than eighty-five percent.

**DARLINGTON COUNTY SCHOOL DISTRICT
DARLINGTON, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019**

III. OTHER INFORMATION (CONTINUED)

A. Defined Benefit Pension Plans (Continued)

Plan Description (Continued)

The Retirement System Funding and Administration Act establishes a ceiling on employee contribution rates at 9 percent and 9.75 percent for SCRS and PORS respectively. The employer contribution rates will continue to increase annually by 1 percent through July 1, 2022. The legislation's ultimate scheduled employer rate is 18.56 percent for SCRS and 21.24 percent for PORS respectively. The employer contribution rates will continue to increase annually by 1 percent through July 1, 2022. The amortization period is scheduled to be reduced one year for each of the next 10 years to a twenty year amortization period.

Required contribution rates for the plan's fiscal years are as follows:

	<u>Fiscal year ended June 30, 2018</u>	<u>Fiscal year ended June 30, 2019</u>
SCRS		
Employee Class Two	9.00% of earnable compensation	9.00% of earnable compensation
Employee Class Three	9.00% of earnable compensation	9.00% of earnable compensation
	<u>Fiscal year ended June 30, 2018</u>	<u>Fiscal year ended June 30, 2019</u>
Employer Class Two	13.41% of earnable compensation	14.41% of earnable compensation
Employer Class Three	13.41% of earnable compensation	14.41% of earnable compensation
Employer Incidental Death Benefit	0.15% of earnable compensation	0.15% of earnable compensation
PORS		
Employee Class Two	9.75% of earnable compensation	9.75% of earnable compensation
Employee Class Three	9.75% of earnable compensation	9.75% of earnable compensation
	<u>Fiscal year ended June 30, 2018</u>	<u>Fiscal year ended June 30, 2019</u>
Employer Class Two	15.84% of earnable compensation	16.84% of earnable compensation
Employer Class Three	15.84% of earnable compensation	16.84% of earnable compensation
Employer Incidental Death Benefit	0.20% of earnable compensation	0.20% of earnable compensation
Employer Accidental Death Program	0.20% of earnable compensation	0.20% of earnable compensation

The School District's actual contributions to SCRS and PORS for the year ended June 30, 2019, were \$7,710,800 and \$9,469, respectively, which equaled the required contributions.

**DARLINGTON COUNTY SCHOOL DISTRICT
DARLINGTON, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019**

III. OTHER INFORMATION (CONTINUED)

A. Defined Benefit Pension Plans (Continued)

Actuarial Assumptions and Methods

Actuarial valuations of the plan involve estimates of the reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and future salary increases. Amounts determined regarding the net pension liability are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. South Carolina state statute requires that an actuarial experience study be completed at least once in each five-year period. An experience report on the Systems was most recently issued as of July 1, 2015. For the period ending June 30, 2015.

The June 30, 2018, total pension liability (TPL), net pension liability (NPL), and sensitivity information shown in this report were determined by PEBA's consulting actuary, Gabriel, Roeder, Smith and Company (GRS) and are based on an actuarial valuation performed as of July 1, 2017. The total pension liability was rolled-forward from the valuation date to the plans' fiscal year end, June 30, 2017, using generally accepted actuarial principles.

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

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

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

Assumptions used in the determination of the June 30, 2018, TPL are as follows:

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

DARLINGTON COUNTY SCHOOL DISTRICT
DARLINGTON, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

III. OTHER INFORMATION (CONTINUED)

A. Defined Benefit Pension Plans (Continued)

Net Pension Liability

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 Statement No. 67 less that System's fiduciary net position. The School District's proportional share of the NPL amounts for SCRS and PORS are presented below:

Measurement Period Ended June 30,	Fiscal Year Ended June 30,	SCRS	PORS	Total
2017	2018	\$ 129,511,308	\$ 24,985	\$ 129,536,293
2018	2019	\$ 129,074,010	\$ 120,247	\$ 129,194,257

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 School District's proportionate share of the net pension liability was calculated on the basis of historical employer contributions. Although GASB 68 encourages the use of the employer's projected long-term contribution effort to the retirement plan, allocating on the basis of historical employer contributions is considered acceptable. For the measurement period ended June 30, 2018 and 2017, the School District's percentage of the SCRS and PORS net pension liability were 0.576048% and 0.575309% and .004244% and 0.00091%, respectively.

Long-term Expected Rate of Return

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

The expected returns, along with the expected inflation rate, form the basis for the revised target asset allocation adopted at the beginning of the 2018 fiscal year. The long-term expected rate of return is produced by weighting the expected future real rates of return by the target allocation percentages and adding expected inflation and is summarized in the table below. For actuarial purposes, the 7.25 percent assumed annual investment rate of return used in the calculation of the total pension liability includes a 5.0 percent real rate of return and a 2.25 percent inflation component.

Asset Class	Target Asset Allocation	Expected Arithmetic Real Rate of Return	Long Term Expected Portfolio Real Rate of Return
Global Equity	47.00%		
Global Public Equity	33.00%	6.99%	2.31%
Private Equity	9.00%	8.73%	0.79%
Equity Options Strategy	5.00%	5.52%	0.28%
Real Assets	10.00%		
Real Estate (Private)	6.00%	3.54%	0.21%
Real Estate (REITs)	2.00%	5.46%	0.11%
Infrastructure	2.00%	5.09%	0.10%
Opportunistic	13.00%		
GTAA/Risk Parity	8.00%	3.75%	0.30%
Hedge Funds (non-PA)	2.00%	3.45%	0.07%
Other Opportunistic Strategies	3.00%	3.75%	0.11%
Diversified Credit	18.00%		
Mixed Credit	6.00%	3.05%	0.18%
Emerging Markets Debt	5.00%	3.94%	0.20%
Private Debt	7.00%	3.89%	0.27%
Conservative Fixed Income	12.00%		
Core Fixed Income	10.00%	0.94%	0.09%
Cash and Short Duration (net)	2.00%	0.34%	0.01%
Total Expected Real Return	100.00%		5.03%
Inflation for Actuarial Purposes			2.25%
Total Expected Nominal Return			7.28%

**DARLINGTON COUNTY SCHOOL DISTRICT
DARLINGTON, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019**

III. OTHER INFORMATION (CONTINUED)

A. Defined Benefit Pension Plans (Continued)

Net Pension Liability (Continued)

Discount Rate

The discount rate used to measure the total pension liability was 7.25%. The projection of cash flows used to determine the discount rate assumed that contributions from participating employers in SCRS and PORS will be made based on the actuarially determined rates based on provisions in the South Carolina State Code of Laws. 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.

Sensitivity Analysis

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

Sensitivity of the District's Proportional Share of Net Pension Liability to Changes in the Discount Rate					
System	1.00% Decrease (6.25%)		Current Discount Rate (7.25%)		1.00% Increase (8.25%)
SCRS	\$	164,932,606	\$	129,074,010	\$ 103,438,536
PORS	\$	162,119	\$	120,247	\$ 85,965

Plan Fiduciary Net Position

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

Pension Expense and Deferred Outflows (Inflows) of Resources

For the year ended June 30, 2019, the School District recognized pension expense of \$11,799,118 in the Statement of Activities.

At June 30, 2019, the School District reported deferred outflows (inflows) of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions made subsequent to measurement date	\$ 7,720,269	\$ -
Differences in actual and expected experience	236,699	759,565
Assumption changes	5,128,863	-
Changes in proportion and differences between Company's contributions and proportionate share of contributions	422,121	387,192
Net differences between projected and actual earnings on plan investments	2,052,748	-
	<u>\$ 15,560,700</u>	<u>\$ 1,146,757</u>

**DARLINGTON COUNTY SCHOOL DISTRICT
DARLINGTON, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019**

III. OTHER INFORMATION (CONTINUED)

A. Defined Benefit Pension Plans (Continued)

The School District reported \$7,720,269 deferred outflows of resources related to contributions subsequent to the measurement date which will be recognized as a reduction of the net pension liability in the year ending June 30, 2019. Other amounts reported as deferred outflows (inflows) of resources will be recognized in pension expense in future years. The following schedule reflects the amortization of the School District's proportional share of the net balance of remaining deferred outflows (inflows) of resources at June 30, 2019. Average remaining service lives of all employees provided with pensions through the pension plans at June 30, 2017, measurement date was 4.073 years for SCRS and 4.553 years for PORS.

<u>Measurement Period</u> <u>Ending June 30,</u>	<u>Fiscal Year Ending</u> <u>June 30,</u>	<u>SCRS</u>	<u>PORS</u>
2018	2019	\$ 5,100,677	\$ 29,231
2019	2020	3,134,873	27,581
2020	2021	(1,415,631)	21,299
2021	2022	(210,797)	6,441
Net Balance of Deferred Outflows / (Inflows) of Resources		<u>\$ 6,609,122</u>	<u>\$ 84,552</u>

Payables to the pension plans

At June 30, 2019, the School District reported a payable of \$2,374,618 for the outstanding amount of contributions due to SCRS and PORS. The liability will be paid in the normal course of paying year-end obligations.

B. Defined Contribution Pension Plan

The School District contributes to the State Optional Retirement Program ("State ORP"), a defined contribution pension plan that is offered as an alternative to the SCRS defined benefit plan. Participation in the State ORP is available to certain newly hired state, public school, and higher education employees, and individuals newly elected to the SC General Assembly beginning with the November 2012 general election. Membership requirements are prescribed in Title 9 of the South Carolina Code of Laws. 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 considered part of the retirement systems for financial statement purposes. Employee and Employer contributions to the State ORP are at the same rates as SCRS. A direct remittance is required from the employers to the member's account with investment providers for the employee contribution (9 percent) and a portion of the employer contribution (5 percent). A direct remittance is also required to SCRS for the remaining portion of the employer contribution (9.41 percent) and an incidental death benefit contribution (.15 percent), if applicable, which is retained by SCRS.

For the year ended June 30, 2019, employee contributions totaled \$195,634, and the School District recognized pension expense of \$108,686.

Employees are immediately vested in both their own and the employer contributions and earnings on those contributions.

**DARLINGTON COUNTY SCHOOL DISTRICT
DARLINGTON, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019**

III. OTHER INFORMATION (CONTINUED)

C. Postemployment Benefits Other than Pensions

The South Carolina Public Employee Benefit Authority (PEBA), which is described in Note III.A, is the state agency responsible for the administration and management of the state's employee insurance programs and other post-employment benefits trusts. By law, the State Fiscal Accountability Authority (SFAA) also reviews certain PEBA Board decisions in administering the State Health Plan and other post-employment benefits (OPEB).

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

Plan Description

The Other Post-Employment Benefits Trust Fund (OPEB Trust), which refers to the South Carolina Retiree Health Insurance Trust Fund (SCRHITF), was established by the State of South Carolina as Act 195, which became effective on May 2008. The SCRHITF was created to fund and account for the employer costs of the State's retiree health and dental plans.

In accordance with Act 195, the OPEB Trust is administered by the PEBA, Insurance Benefits, and the State Treasurer is the custodian of the funds held in trust. The Board of Directors of PEBA has been designated as the Trustee.

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

Benefits

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

Contributions and Funding Policies

Section 1-11-710 of the South Carolina Code of Laws of 1976, as amended, requires these postemployment benefits to be funded through annual appropriations by the General Assembly for active employees to the PEBA, Insurance Benefits and participating retirees to PEBA, except for the portion funded through the pension surcharge and provided from the other applicable sources of the PEBA, Insurance Benefits. For active employees who are not funded by State General Fund appropriations, participating employers are mandated by State statute to contribute at a rate assessed each year by the Department of Administration Executive Budget Office. The covered payroll surcharge for the year ended June 30, 2018 was 5.5%. The South Carolina Retirement System collects the monthly surcharge for all participating employers and remits it directly to the SCRHITF. Other sources of funding for the SCRHITF include mandatory transfers of accumulated PEBA, Insurance Benefits' reserves and income generated from investments.

**DARLINGTON COUNTY SCHOOL DISTRICT
DARLINGTON, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019**

III. OTHER INFORMATION (CONTINUED)

C. Postemployment Benefits Other than Pensions (Continued)

Plan Description (Continued)

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

The School District's required and actual employer contributions are as follows:

<u>Year ended June 30, 2019</u>	<u>SCRHITF</u>
Required contributions	\$ 3,580,287
Actual contributions	\$ 3,580,287

Actuarial Assumptions and Methods

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Actuarially determined amounts are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

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

Additional information as of the latest actuarial valuation for SCRHITF:

Valuation Date:	June 30, 2017
Actuarial Cost Method:	Entry Age Normal
Inflation:	2.25%
Investment Rate of Return:	4.00, net of OPEB Plan investment expense; including inflation
Single Discount Rate:	3.62% as of June 30, 2018
Demographic Assumptions:	Based on the experience study performed for the South Carolina Retirement Systems for the 5-year period ended June 30, 2015
Mortality:	For healthy retirees, the 2016 Public Retirees of South Carolina Mortality Table for Males and the 2016 Public Retirees of South Carolina Mortality Table for Females are used with fully generational mortality projections based on Scale AA from the year 2016. Multipliers are applied to the base tables based on gender and employment type.
Health Care Trend Rate:	Initial trend starting at 6.75% and gradually decreasing to an ultimate trend rate of 4.15% over a period of 14 years
Aging Factors:	Based on plan specific experience
Retiree Participation:	79% for retirees who are eligible for funded premiums
Notes:	There were no benefit changes during the year; the discount rate changed from 3.56% as of June 30, 2017 to 3.62% as of June 30, 2018.

**DARLINGTON COUNTY SCHOOL DISTRICT
DARLINGTON, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019**

III. OTHER INFORMATION (CONTINUED)

C. Postemployment Benefits Other than Pensions (Continued)

Roll Forward Disclosure

The actuarial valuation was performed as of June 30, 2017. Update procedures were used to roll forward the total OPEB liability to June 30, 2018.

Net OPEB Liability

The Net OPEB Liability (NOL) represents the Trust's Total OPEB Liability (TOL) determined in accordance with GASB No. 74 less the Trust's fiduciary net position. The School District's proportionate share of the Net OPEB liability was calculated using its payroll-related contributions over the measurement period. This method is expected to be reflective of the employer's long-term contribution effort as well as be transparent to individual employers and their external auditors. For the measurement periods ended June 30, 2018 and 2017, the School District's percentage of the SCRHITF net OPEB liability was .701331% and .698481%, respectively.

The School District's proportionate share of the NOL amounts for SCRHITF is presented below:

<u>Measurement Period Ended June 30,</u>	<u>Fiscal Year Ended June 30,</u>	<u>SCRHITF</u>
2017	2018	\$ 94,608,107
2018	2019	\$ 99,382,705

Single Discount Rate

The Single Discount Rate of 3.62% was used to measure the total OPEB liability for the SCRHITF. The accounting policy for this plan is to set the Single Discount Rate equal to the prevailing municipal bond rate. Due to the plan's investment and funding policies, the difference between a blended discount rate and the municipal bond rate would be less than several basis points (several hundredths of one percent).

Long-term Expected Rate of Return

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

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

**DARLINGTON COUNTY SCHOOL DISTRICT
DARLINGTON, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019**

III. OTHER INFORMATION (CONTINUED)

C. Postemployment Benefits Other than Pensions (Continued)

Sensitivity Analysis

The following table presents the School District's proportionate share of the SCRHITF's net OPEB liability calculated using a Single Discount Rate of 3.62% as well as what the School District's proportionate share of the net OPEB liability would be if it were calculated using a Single Discount Rate that is 1% lower or 1% higher:

Sensitivity of the School District's Proportional Share of SCRHITF OPEB Liability to Changes in the Discount Rate		
1.00% Decrease 2.62%	Current Discount Rate 3.62%	1.00% Increase 4.62%
\$ 117,082,374	\$ 99,382,705	\$ 85,115,371

Regarding the sensitivity of the School District's proportionate share of the SCRHITF's net OPEB liability to changes in the healthcare cost trend rates, the following table presents the School District's proportionate share of the net OPEB liability, calculated using the assumed trend rates as well as what the School District's proportionate share of the net OPEB liability would be if it were calculated using a trend rate that is 1% lower or 1% higher:

Sensitivity of the Center's Proportional Share of SCRHITF OPEB Liability to Changes in the Health Care Cost Trend Rate		
1.00% Decrease	Current Cost Trend Rate	1.00% Increase
\$ 81,775,921	\$ 99,382,705	\$ 122,145,016

Plan Fiduciary Net Position

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

OPEB Expense and Deferred Outflows (Inflows) of Resources

For the year ended June 30, 2019, the School District recognized OPEB expense of \$5,211,277.

At June 30, 2019, the School District reported deferred outflows (inflows) of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Contributions made subsequent to measurement date	\$ 3,580,286	\$ -
Differences in actual and expected experience	1,488,798	34,628
Assumption changes	-	8,092,750
Changes in proportion and differences between District's contributions and proportionate share of contributions	366,375	1,136
Net differences between projected and actual earnings on plan investments	381,072	-
	<u>\$ 5,816,531</u>	<u>\$ 8,128,514</u>

**DARLINGTON COUNTY SCHOOL DISTRICT
DARLINGTON, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019**

III. OTHER INFORMATION (CONTINUED)

C. Postemployment Benefits Other than Pensions (Continued)

The School District reported \$3,580,287 as deferred outflows of resources related to contributions subsequent to the measurement date which will be recognized as a reduction of the net OPEB liability in the year ending June 30, 2019. The difference between projected and actual earnings on OPEB plan investments are reported as deferred outflows (inflows) of resources and will be amortized over a closed five-year period and recognized in pension expense in future years. The difference between expected and actual experience, changes in assumptions, and changes in proportionate share are reported as deferred outflows (inflows) of resources and will be amortized over the average of the expected remaining service lives of all employees that are provided OPEB through the OPEB plan (active and inactive members) determined as of the beginning of the measurement period.

Average remaining service lives of all employees that are provided OPEB through the OPEB plan at the June 30, 2018, measurement date was 7.203 years for SCRHITF. The following schedule reflects the amortization of the School District's proportional share of the net balance of remaining deferred inflows at June 30, 2019.

<u>Measurement Period Ending June 30,</u>	<u>Fiscal year Ending June 30,</u>	<u>SCRHITF</u>
2018	2019	\$ (1,135,849)
2019	2020	(1,135,849)
2020	2021	(1,135,849)
2021	2022	(1,176,656)
2022	2023	(1,241,319)
Thereafter	Thereafter	(66,747)
Net Balance of Deferred Outflows / (Inflows) of Resources		<u><u>\$ (5,892,269)</u></u>

Payables to the OPEB plans

At June 30, 2019, the School District reported a payable of \$631,228 for the outstanding amount of contributions to the SCRHITF. The liability will be paid in the normal course of paying year-end obligations.

D. On-Behalf Payments

For the year ended June 30, 2019, the State of South Carolina paid payments to the SCRS and the SCRHITF on behalf of the participants in those plans as follows:

<u>Plan</u>	<u>Amount</u>
SCRS	\$ 580,869
SCRHITF	\$ 723,623

These contributions are recorded in the General Fund and the Special Projects Fund, respectively, as revenue and expenditures. They are not reflected in the government-wide financial statements. The School District is not legally responsible for these contributions.

**DARLINGTON COUNTY SCHOOL DISTRICT
DARLINGTON, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019**

III. OTHER INFORMATION (CONTINUED)

E. Commitments and Contingent Liabilities

Litigation

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

Grants

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

Construction Commitments

The School District has entered into contracts for various construction projects. Outstanding obligations at June 30, 2019, are as follows:

Project	Contract Amounts	Expended to Date	Remaining Commitment
HHS BUILDING 1, 2, & 3	\$ 1,221,425	\$ 1,221,075	\$ 350
NHE CAFETERIA ROOF	375,936	375,725	211
CES MEDIA CENTER ROOF	343,634	192,349	151,285
LHS CAFÉTERIA & METAL STORAGE	605,590	599,526	6,064
HHS ULMER GYM REPAIRS	81,150	48,350	32,800
HHS BUILDING 2018 ROOF PACKAGE	1,529,564	399,363	1,130,201
BA GARY 2018 ROOF PACKAGE	1,575,336	102,169	1,473,167
DHS LOCKER ROOM RENOVATION	1,640,000	1,062,336	577,664
SIDEWALK REPLACEMENT/REPAIR PROJECTS	47,050	43,788	3,262
WINDOWS/ROLL UP DOORS PROJECTS	129,050	108,375	20,675
MOBILE REPLACEMENT/REPAIR PROJECTS	101,250	91,645	9,605
DISTRICT WIDE VIDEO SURVEILLANCE PROJ	2,785,818	709,247	2,076,571
HHS ROOF RETROFIT - SCIENCE / MAIN BLDGS	800,300	14,899	785,401
NEW DARLINGTON ELEMENTARY SCHOOL	19,649,040	10,088,919	9,560,121
NEW LAMAR ELEMENTARY SCHOOL	21,367,648	3,450,352	17,917,296
NEW HARTSVILLE ELEMENTARY SCHOOL	20,969,822	3,098,469	17,871,353
	<u>\$ 73,222,613</u>	<u>\$ 21,606,587</u>	<u>\$ 51,616,026</u>

F. Risk Management

The School District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

During 2019, the School District was a participant in the South Carolina Insurance Reserve Fund (the Reserve Fund), a public entity risk pool operating as a common risk management and insurance program for local governments. The School District pays annual premiums to the Reserve Fund for certain general insurance coverage. The Reserve Fund is self-sustaining through member premiums and reinsures through commercial companies for certain claims. The vehicle insurance under the Reserve Fund is retrospectively rated based on the average number of vehicles covered for the participant during the year.

**DARLINGTON COUNTY SCHOOL DISTRICT
DARLINGTON, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019**

III. OTHER INFORMATION (CONTINUED)

F. Risk Management (Continued)

In addition, the School District insures the risk of job related injury or illness to its employees through participation in the South Carolina School Boards Insurance Trust, a public entity risk pool operating for the benefit of the School Districts. The School District pays an annual premium to the South Carolina School Boards Insurance Trust. Additional premium assessments may be required for workers' compensation claims based on the School District's claims experience.

For the above risk management programs, the School District has not significantly reduced insurance coverages from the previous year, and settled claims in excess of insurance coverage for the last three years were immaterial. For each of the public entity risk pools in which it participates, the School District has effectively transferred all risk with no liability for unfunded claims.

G. Tax Abatements

The State of South Carolina has enacted Fee-in-Lieu of Tax Acts and Special Source Revenue Credit Acts as part of Title 12 of the South Carolina Code of Laws in support of economic development. The legislation allows the counties to enter into negotiated fee-in-lieu of tax ("FILOT") arrangements with entities in exchange for making investments in facilities and jobs in the county. The FILOT's typically include millage caps and reduced assessment ratios for entities who commit to certain investment and employment targets. Some FILOT's also include Special Source Revenue Credits which further reduce the negotiated fee by a percentage for some time period.

The District is subjected to tax abatements granted by Darlington County since Darlington County provides funding to the District based on millage. For the fiscal year ended June 30, 2019, Darlington County abated property taxes totaling \$6,571,960 of which \$4,394,777 would have been paid to the District without abatements. The County does not provide any reimbursement to the District to offset abatements.

H. Pending GASB Statements

The GASB has issued the following statements:

GASB Statement No. 84, *Fiduciary Activities*, addresses the criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria is generally on (1) whether a government is controlling the assets of the fiduciary activity, and (2) the beneficiaries with whom a fiduciary relationship exists. The requirements of this Statement are effective for reporting periods beginning after December 15, 2018. The School District will implement the new guidance with the 2020 financial statements.

GASB Statement No. 87, *Leases*. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019. The School District will implement the new guidance with the 2021 financial statements.

**DARLINGTON COUNTY SCHOOL DISTRICT
DARLINGTON, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019**

III. OTHER INFORMATION (CONTINUED)

H. Pending GASB Statements (Continued)

GASB Statement No. 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period*. This Statement establishes accounting requirements for interest cost incurred before the end of a construction period. Such interest cost includes all interest that previously was accounted for in accordance with the requirements of paragraphs 5-22 of Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, which are superseded by this Statement. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019. The School District will implement the new guidance with the 2021 financial statements.

GASB Statement No. 90 *Majority Equity Interests – An Amendment of GASB Statements No. 14 and No. 61* is intended to improve the consistency and comparability of reporting a government's majority interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. It defines a majority equity interest and specifies that a majority equity interest in a legally separate organization should be reported as an investment if the government's holding meets the definition of an investment. It provides guidance as to whether the investment should be reported using the equity method or be reported at fair value.

For all other holdings of a majority equity interest in a legally separate organization, a government should report the legally separate organization as a component unit, and the government or fund that holds the equity interest should report an asset related to the majority equity interest using the equity method. This Statement establishes that ownership of a majority equity interest in a legally separate organization results in the government being financially accountable for the legally separate organization and, therefore, the government should report that organization as a component unit.

This Statement also requires that a component unit in which a government has a 100 percent equity interest account for its assets, deferred outflows of resources, liabilities, and deferred inflows of resources at acquisition value at the date the government acquired a 100 percent equity interest in the component unit. Transactions presented in flows statements of the component unit in that circumstance should include only transactions that occurred subsequent to the acquisition. The requirements of this Statement are effective for reporting periods beginning after December 15, 2018. The School District will implement the new guidance with the 2020 financial statements.

Management has not yet determined the impact implementation of these standards will have on the District's financial statements, if any.

I. Subsequent Events

The School District issued a general obligation bond in the amount of \$8 million, with interest at 1.85%, due in full by March 2, 2020.

Subsequent events have been evaluated through November 30, 2019, which is the date the financial statements were available to be issued.

**REQUIRED SUPPLEMENTARY INFORMATION
OTHER THAN MANAGEMENT'S DISCUSSION
AND ANALYSIS (UNAUDITED)**

**DARLINGTON COUNTY SCHOOL DISTRICT
DARLINGTON, SOUTH CAROLINA
REQUIRED SUPPLEMENTARY INFORMATION OTHER THAN
MANAGEMENT DISCUSSION AND ANALYSIS (UNAUDITED)
BUDGETARY COMPARISON SCHEDULE – BUDGETED MAJOR GOVERNMENTAL
FUND - GENERAL FUND
YEAR ENDED JUNE 30, 2019**

	Budgeted Amounts			Variance - Over (Under)
	Original	Final	Actual	
REVENUES				
Local	\$ 33,191,228	\$ 33,191,228	\$ 35,371,872	\$ 2,180,644
State	53,011,156	53,011,156	53,536,619	525,463
Intergovernmental	250,000	250,000	53,789	(196,211)
Total Revenue	86,452,384	86,452,384	88,962,280	2,509,896
EXPENDITURES				
Current				
Instruction	49,086,354	49,078,566	49,999,112	920,546
Support services	39,576,171	39,581,983	36,423,783	(3,158,200)
Intergovernmental	2,000	4,000	3,945	(55)
Total Expenditures	88,664,525	88,664,549	86,426,840	(2,237,709)
Excess of Revenues Over (Under) Expenditures	(2,212,141)	(2,212,165)	2,535,440	4,747,605
OTHER FINANCING SOURCES (USES)				
Transfers in	3,055,907	3,055,907	3,380,035	324,128
Transfers out	(827,188)	(827,188)	(10,889,721)	(10,062,533)
Total Other Financing Sources	2,228,719	2,228,719	(7,509,686)	(9,738,405)
Net Change in Fund Balance	\$ 16,578	\$ 16,554	(4,974,246)	\$ (4,990,800)
FUND BALANCE				
July 1, 2018			44,909,754	
June 30, 2019			\$ 39,935,508	

The accompanying Notes to Budgetary Comparison Schedule are an integral part of this schedule.

**DARLINGTON COUNTY SCHOOL DISTRICT
DARLINGTON, SOUTH CAROLINA
REQUIRED SUPPLEMENTARY INFORMATION OTHER THAN
MANAGEMENT DISCUSSION AND ANALYSIS (UNAUDITED)
NOTES TO BUDGETARY COMPARISON SCHEDULE – BUDGETED MAJOR GOVERNMENTAL FUND -
GENERAL FUND
YEAR ENDED JUNE 30, 2019**

The budget is adopted on a basis consistent with generally accepted accounting principles. It is prepared by function and object as dictated by the State of South Carolina adopted Program Oriented Budgeting and Accounting System and for management control purposes. The School District's policies allow funds to be transferred between functions. However, the total budget cannot be increased beyond that level without approval of the Board 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 schedule:

- (1) In the fall of the preceding year, the School District begins its budget process for the next succeeding fiscal year beginning on July 1.
- (2) The Superintendent then presents a proposed budget to the Board of Trustees, which reviews it in a series of workshops and makes any additions or deletions it deems necessary.
- (3) The proposed budget, inclusive of all funds anticipated to be available to fund the operations of the School District, is given two readings before the Board.
- (4) Prior to July 1, the budget is legally enacted through passage of a resolution by the Board.

A budget is prepared for the general fund. The budget is prepared by function and object and includes current year estimates and requested appropriations for the next fiscal year.

Budget appropriations and encumbrances and unused expenditures lapse at year-end.

The final budget amendments presented are necessary based on the operating activities of the District. The budget was amended to move funds from support services to instruction to allow purchases for classroom supplies and materials rather than purchases for administration. These amendments are allowed as the policy allows for funds to be transferred between functions.

**DARLINGTON COUNTY SCHOOL DISTRICT
DARLINGTON, SOUTH CAROLINA
SCHEDULE OF THE SCHOOL DISTRICT'S PROPORTIONATE SHARE
OF THE NET PENSION LIABILITY -
SOUTH CAROLINA RETIREMENT SYSTEM
LAST FIVE FISCAL YEARS**

Measurement Year Ended June 30	Fiscal Year Ended June 30	School District's proportion of the net pension liability	School District's proportionate share of the net pension liability (asset)	School District's covered employee payroll	School District's share of the net pension liability (asset) as a percentage of its covered employee payroll	Plan fiduciary net position as a percentage of the total pension liability
2018	2019	0.576048%	\$ 129,074,010	\$ 58,450,403	221%	54.10%
2017	2018	0.575309%	\$ 129,511,308	\$ 56,939,255	227%	53.30%
2016	2017	0.578946%	\$ 123,662,011	\$ 54,957,042	225%	52.90%
2015	2016	0.574162%	\$ 108,892,592	\$ 52,746,766	206%	57.00%
2014	2015	0.577055%	\$ 99,349,740	\$ 51,397,206	193%	59.92%

Note: Each year the School District will add an additional year of data until a total of ten years is presented.

**DARLINGTON COUNTY SCHOOL DISTRICT
DARLINGTON, SOUTH CAROLINA
SCHEDULE OF THE SCHOOL DISTRICT'S PROPORTIONATE SHARE
OF THE NET PENSION LIABILITY
POLICE OFFICER'S RETIREMENT SYSTEM
LAST FIVE FISCAL YEARS**

Measurement Year Ended June 30	Fiscal Year Ended June 30	School District's proportion of the net pension liability	School District's proportionate share of the net pension liability (asset)	School District's covered payroll	School District's share of the net pension liability (asset) as a percentage of its covered payroll	Plan fiduciary net position as a percentage of the total pension liability
2018	2019	0.00424%	\$ 120,247	\$ 59,859	201%	61.70%
2017	2018	0.00091%	\$ 24,985	\$ 12,285	203%	60.90%
2016	2017	0.00013%	\$ 3,272	\$ -	0.0%	60.40%
2015	2016	0.00000%	\$ -	\$ -	0.0%	64.60%
2014	2015	0.00019%	\$ 3,561	\$ 2,270	157%	67.55%

Note: Each year the School District will add an additional year of data until a total of ten years is presented.

**DARLINGTON COUNTY SCHOOL DISTRICT
DARLINGTON, SOUTH CAROLINA
SCHEDULE OF THE SCHOOL DISTRICT'S CONTRIBUTIONS
SOUTH CAROLINA RETIREMENT SYSTEM
LAST SIX FISCAL YEARS**

<u>Year Ended June 30</u>	<u>Statutorily required contribution</u>	<u>Contributions relative to statutorily required contributions</u>	<u>Contribution deficiency (excess)</u>	<u>School District's covered payroll</u>	<u>Contributions as a percentage of covered payroll</u>
2019	\$ 7,710,800	\$ 7,710,800	\$ -	\$ 56,949,559	13.54%
2018	\$ 7,344,368	\$ 7,344,368	\$ -	\$ 58,450,403	12.57%
2017	\$ 6,582,178	\$ 6,582,178	\$ -	\$ 56,939,255	11.56%
2016	\$ 6,078,249	\$ 6,078,249	\$ -	\$ 54,957,042	11.06%
2015	\$ 5,749,399	\$ 5,749,399	\$ -	\$ 52,746,766	10.90%
2014	\$ 5,553,238	\$ 5,553,238	\$ -	\$ 51,397,206	10.80%

Note: Each year the School District will add an additional year of data until a total of ten years is presented.

**DARLINGTON COUNTY SCHOOL DISTRICT
DARLINGTON, SOUTH CAROLINA
SCHEDULE OF THE SCHOOL DISTRICT'S CONTRIBUTIONS
POLICE OFFICER'S RETIREMENT SYSTEM
LAST SIX FISCAL YEARS**

Year Ended June 30	Statutorily required contribution	Contributions relative to statutorily required contributions	Contribution deficiency (excess)	School District's covered payroll	Contributions as a percentage of covered payroll
2019	\$ 9,469	\$ 9,469	\$ -	\$ 55,022	17.21%
2018	\$ 9,905	\$ 9,905	\$ -	\$ 59,859	16.55%
2017	\$ 1,749	\$ 1,749	\$ -	\$ 12,285	14.24%
2016	\$ -	\$ -	\$ -	\$ -	0.00%
2015	\$ -	\$ -	\$ -	\$ -	0.00%
2014	\$ 287	\$ 287	\$ -	\$ 2,270	12.64%

Note: Each year the School District will add an additional year of data until a total of ten years is presented.

**DARLINGTON COUNTY SCHOOL DISTRICT
DARLINGTON, SOUTH CAROLINA
SCHEDULE OF THE SCHOOL DISTRICT'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY –
SOUTH CAROLINA RETIREE HEALTH INSURANCE TRUST FUND
LAST THREE FISCAL YEARS**

Measurement Year Ended June 30	Fiscal Year Ended June 30	School District's proportion of the net OPEB liability	School District's proportionate share of the net OPEB liability (asset)	School District's covered payroll	School District's share of the net OPEB liability (asset) as a percentage of its covered payroll	Plan fiduciary net position as a percentage of the total OPEB liability
2016	2017	0.698481%	\$ 101,060,638	\$ 56,892,374	177%	N/A*
2017	2018	0.698481%	\$ 94,608,107	\$ 58,901,776	161%	7.60%
2018	2019	0.701331%	\$ 99,382,705	\$ 60,480,786	164%	7.91%

Note: Each year the School District will add an additional year of data until a total of ten years is presented.

* Not available

**DARLINGTON COUNTY SCHOOL DISTRICT
DARLINGTON, SOUTH CAROLINA
SCHEDULE OF THE SCHOOL DISTRICT'S CONTRIBUTIONS -
SOUTH CAROLINA RETIREE HEALTH INSURANCE TRUST FUND
LAST THREE FISCAL YEARS**

<u>Year Ended June 30</u>	<u>Statutorily required contribution</u>	<u>Contributions relative to statutorily required contributions</u>	<u>Contribution deficiency (excess)</u>	<u>School District's covered payroll</u>	<u>Contributions as a percentage of covered payroll</u>
2017	\$ 3,139,465	\$ 3,139,465	\$ -	\$ 58,901,776	5.30%
2018	\$ 3,326,443	\$ 3,326,443	\$ -	\$ 60,480,786	5.50%
2019	\$ 3,580,287	\$ 3,580,287	\$ -	\$ 59,178,297	6.05%

Note: Each year the School District will add an additional year of data until a total of ten years is presented.

OTHER SUPPLEMENTARY FINANCIAL INFORMATION

**COMBINING AND INDIVIDUAL
FUND SCHEDULES**

GOVERNMENTAL FUNDS

GENERAL FUND

GENERAL FUND

To account for all financial resources except those required to be accounted for in another fund. All property taxes, intergovernmental revenues, and miscellaneous revenues are recorded in this fund except amounts which are specifically collected to service debt or which the School District collects for others in a fiduciary capacity. Operational expenditures for general education, support services, and other departments of the School District are paid through the General Fund.

The following Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual for the General Fund has been prepared in the format mandated by the South Carolina State Department of Education. The account numbers shown on the statement are also mandated by the South Carolina Department of Education.

**DARLINGTON COUNTY SCHOOL DISTRICT
DARLINGTON, SOUTH CAROLINA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE – BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2019**

Page 1 of 9

	Budgeted Amounts			Variance -
	Original	Final	Actual	Over (Under)
REVENUES				
1000 Revenue from Local Sources				
1100 Taxes Levied/Assessed by the LEA				
1110 Ad Valorem Taxes - Including Delinquent (Independent)	\$ 30,526,981	\$ 30,526,981	\$ 31,613,695	\$ 1,086,714
1140 Penalties & Interest on Taxes (Independent	130,000	130,000	137,447	7,447
1200 Revenue from Local Governmental Units Other Than LEAS				
1280 Revenue in Lieu of Taxes (Independent and Dependent)	1,900,000	1,900,000	2,381,354	481,354
1500 Earnings on Investments				
1510 Interest on Investments	290,000	290,000	1,060,643	770,643
1900 Other Revenue from Local Sources				
1993 Receipt of Insurance Proceeds	-	-	339	339
1999 Revenue from Other Local Sources	344,247	344,247	178,394	(165,853)
Total Local Sources	33,191,228	33,191,228	35,371,872	2,180,644
2000 Intergovernmental Revenue				
2100 Payments from other governmental units	250,000	250,000	53,789	(196,211)
Total Intergovernmental Sources	250,000	250,000	53,789	(196,211)
3000 Revenue from State Sources				
3100 Restricted State Funding				
3130 Special Programs				
3131 Handicapped Transportation	-	-	3,058	3,058
3160 School Bus Driver Salary	957,050	957,050	1,013,883	56,833
3161 EAA Bus Driver Salary and Fringe	-	-	2,055	2,055
3162 Transportation Workers' Compensation	55,081	55,081	55,015	(66)
3180 Fringe Benefits Employer Contributions	10,955,184	10,955,184	11,317,235	362,051
3181 Retiree Insurance	2,403,901	2,403,901	2,687,948	284,047
3199 Other Restricted State Grants	-	-	165	165
3300 Education Finance Act (EFA)				
3310 Full-Time Programs				
3311 Kindergarten	1,065,916	1,065,916	1,159,852	93,936
3312 Primary	3,634,518	3,634,518	3,457,929	(176,589)
3313 Elementary	5,851,746	5,851,746	6,124,334	272,588
3314 High School	3,108,083	3,108,083	2,606,681	(501,402)
3315 Trainable Mentally Handicapped	101,058	101,058	86,138	(14,920)
3316 Speech Handicapped	1,331,286	1,331,286	1,301,658	(29,628)
3317 Homebound	10,008	10,008	15,870	5,862
3320 Part-Time Programs				
3321 Emotionally Handicapped	106,115	106,115	122,608	16,493
3322 Educable Mentally Handicapped	880,973	880,973	285,668	(595,305)
3323 Learning Disabilities	1,579,661	1,579,661	2,266,672	687,011
3324 Hearing Handicapped	113,759	113,759	130,198	16,439
3325 Visually Handicapped	38,319	38,319	50,434	12,115
3326 Orthopedically Handicapped	60,795	60,795	81,184	20,389

**DARLINGTON COUNTY SCHOOL DISTRICT
DARLINGTON, SOUTH CAROLINA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE – BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2019**

Page 2 of 9

	Budgeted Amounts			Variance -
	Original	Final	Actual	Over (Under)
REVENUES (CONTINUED)				
3320 Part-Time Programs (Continued)				
3327 Vocational	\$ 2,138,545	\$ 2,138,545	\$ 2,563,911	\$ 425,366
3330 Miscellaneous EFA Programs				
3331 Autism	582,588	582,588	620,350	37,762
3332 High Achieving Students	325,215	325,215	364,460	39,245
3334 Limited English Proficiency	63,203	63,203	56,341	(6,862)
3350 Residential Treatment Facilities (RTF)				
3351 Academic Assistance	1,055,717	1,055,717	1,056,218	501
3352 Pupils in Poverty	2,739,713	2,739,713	2,787,687	47,974
3353 Dual Credit Enrollment	66,863	66,863	39,480	(27,383)
3392 NBC Excess EFA Formula	-	-	44,944	44,944
3800 State Revenue in Lieu of Taxes				
3810 Reimbursement for Local Residential				
Property Tax Relief (Tier I)	3,748,257	3,748,257	3,748,257	-
3820 Homestead Exemption (Tier 2)	1,372,910	1,372,910	1,372,909	(1)
3825 Reimbursement for Property Tax Relief (Tier 2)	6,550,595	6,550,595	5,834,084	(716,511)
3830 Merchant's Inventory Tax	271,980	271,980	271,981	1
3840 Manufacturer's Depreciation Reimbursements	966,311	966,311	1,046,732	80,421
3890 Other State Property Tax Revenues	285,000	285,000	368,777	83,777
3900 Other State Sources				
3992 State Forest Commission Revenue	10,000	10,000	11,034	1,034
3993 PEBA on-Behalf	580,806	580,806	580,869	63
Total State Sources	53,011,156	53,011,156	53,536,619	525,463
TOTAL REVENUES	86,452,384	86,452,384	88,962,280	2,509,896
EXPENDITURES				
100 Instruction				
110 General Instruction				
111 Kindergarten Programs				
100 Salaries	1,948,054	1,948,055	1,989,274	41,219
200 Employee Benefits	871,084	871,082	896,413	25,331
400 Supplies and Materials	25,550	25,800	25,469	(331)
112 Primary Programs				
100 Salaries	5,772,912	5,792,553	5,849,614	57,061
200 Employee Benefits	2,405,542	2,405,538	2,364,181	(41,357)
400 Supplies and Materials	198,762	158,422	148,273	(10,149)
113 Elementary Programs				
100 Salaries	10,081,628	10,067,968	9,863,389	(204,579)
200 Employee Benefits	3,927,200	3,931,788	3,794,219	(137,569)
300 Purchased Services	431,675	86,700	64,734	(21,966)
400 Supplies and Materials	397,768	502,691	493,449	(9,242)

**DARLINGTON COUNTY SCHOOL DISTRICT
DARLINGTON, SOUTH CAROLINA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE – BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2019**

Page 3 of 9

	Budgeted Amounts		Actual	Variance - Over (Under)
	Original	Final		
EXPENDITURES (CONTINUED)				
100 Instruction (Continued)				
110 General Instruction (Continued)				
114 High School Programs				
100 Salaries	\$ 8,567,132	\$ 8,554,781	\$ 8,677,978	\$ 123,197
140 Terminal Leave	-	7,531	7,531	-
200 Employee Benefits	3,426,116	3,433,322	3,357,921	(75,401)
300 Purchased Services	298,563	649,367	575,646	(73,721)
400 Supplies and Materials	274,549	269,975	240,601	(29,374)
115 Career & Technology Education Programs				
100 Salaries	1,113,749	1,113,749	1,174,623	60,874
200 Employee Benefits	457,636	457,636	488,724	31,088
300 Purchased Services-Other than Tuition	-	-	6,372	6,372
400 Supplies and Materials	37,665	38,813	33,525	(5,288)
120 Exceptional Programs				
121 Educable Mentally Handicapped				
100 Salaries	1,192,418	1,189,152	1,144,623	(44,529)
200 Employee Benefits	505,750	517,583	516,477	(1,106)
400 Supplies and Materials	4,760	4,749	4,781	32
122 Trainable Mentally Handicapped				
100 Salaries	562,279	562,424	629,000	66,576
200 Employee Benefits	259,831	259,829	249,447	(10,382)
400 Supplies and Materials	5,800	6,000	5,932	(68)
125 Hearing Handicapped				
100 Salaries	575,396	575,396	598,225	22,829
200 Employee Benefits	258,889	258,890	273,004	14,114
300 Purchased Services	4,680	4,680	4,229	(451)
400 Supplies and Materials	18,509	16,988	7,746	(9,242)
126 Speech Handicapped				
100 Salaries	298,846	298,846	289,813	(9,033)
200 Employee Benefits	118,853	118,855	111,885	(6,970)
300 Purchased Services	13,600	13,600	12,860	(740)
400 Supplies and Materials	1,220	1,220	1,045	(175)
127 Learning Disabilities				
100 Salaries	1,870,666	1,870,665	1,865,595	(5,070)
200 Employee Benefits	726,251	726,251	715,391	(10,860)
400 Supplies and Materials	6,446	6,517	11,875	5,358
128 Emotionally Handicapped				
100 Salaries	181,670	181,670	168,708	(12,962)
200 Employee Benefits	54,271	54,271	75,529	21,258
400 Supplies and Materials	2,000	1,741	1,760	19
130 Preschool Programs				
131 Pre-school Handicapped-Speech (5 yr. olds)				
100 Salaries	146,673	146,673	146,673	-
200 Employee Benefits	61,821	61,821	58,564	(3,257)
133 Pre-school Handicapped-Self-contained (5 yr. olds)				
100 Salaries	200,393	200,393	197,095	(3,298)
200 Employee Benefits	72,035	72,035	81,179	9,144

**DARLINGTON COUNTY SCHOOL DISTRICT
DARLINGTON, SOUTH CAROLINA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE – BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2019**

Page 4 of 9

	Budgeted Amounts		Actual	Variance - Over (Under)
	Original	Final		
EXPENDITURES (CONTINUED)				
100 Instruction (Continued)				
130 Preschool Programs (Continued)				
135 Pre-school Handicapped Speech (3 & 4 yr. olds)				
100 Salaries	\$ 47,754	\$ 47,754	\$ 47,754	\$ -
200 Employee Benefits	21,231	21,231	20,678	(553)
137 Preschool Handicapped - Self- Contained (3 & 4 yr. olds)				
100 Salaries	149,102	149,102	148,376	(726)
200 Employee Benefits	67,907	67,907	65,201	(2,706)
139 Early Childhood Programs				
100 Salaries	-	-	877	877
200 Employee Benefits	-	-	231	231
140 Special Programs				
141 Gifted and Talented - Academic				
100 Salaries	74,018	74,018	73,874	(144)
200 Employee Benefits	30,651	30,649	30,641	(8)
300 Purchased Services	8,516	7,976	7,212	(764)
145 Homebound				
100 Salaries	55,130	55,130	206,486	151,356
200 Employee Benefits	23,116	23,116	67,249	44,133
300 Purchased Services	38,000	38,000	65,403	27,403
147 CDEPP				
100 Salaries	110,193	110,193	133,780	23,587
200 Employee Benefits	48,396	48,396	55,800	7,404
148 Gifted and Talented - Artistic				
100 Salaries	-	2,000	1,000	(1,000)
200 Employee Benefits	-	-	296	296
300 Purchased Services	1,000	1,000	655	(345)
400 Supplies and Materials	1,500	1,500	1,700	200
149 Other Special Programs				
100 Salaries	-	-	1,006,875	1,006,875
200 Employee Benefits	22,043	22,043	2,024	(20,019)
300 Purchased Services	7,400	7,400	6,820	(580)
400 Supplies and Materials	1,600	200	453	253
150 Districtwide General/Exceptional				
300 Purchased Services	10,000	-	-	-
400 Supplies and Materials	175,000	-	-	-
160 Other Exceptional Programs				
161 Autism				
100 Salaries	203,469	203,469	147,862	(55,607)
200 Employee Benefits	104,754	104,755	73,655	(31,100)
170 Summer School Programs				
171 Primary Summer School				
400 Supplies and Materials	2,500	2,500	-	(2,500)
172 Elementary Summer School				
100 Salaries	28,000	24,080	27,561	3,481
200 Employee Benefits	-	7,120	7,669	549
400 Supplies and Materials	-	5,000	4,662	(338)

**DARLINGTON COUNTY SCHOOL DISTRICT
DARLINGTON, SOUTH CAROLINA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE – BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2019**

Page 5 of 9

	Budgeted Amounts			Variance -
	Original	Final	Actual	Over (Under)
EXPENDITURES (CONTINUED)				
100 Instruction (Continued)				
170 Summer School Programs (Continued)				
173 High School Summer School				
100 Salaries	\$ 17,120	\$ 19,435	\$ 8,878	\$ (10,557)
200 Employee Benefits	1,891	5,433	2,610	(2,823)
400 Supplies and Materials	599	1,500	897	(603)
174 Gifted and Talented Summer School				
100 Salaries	-	15,417	10,975	(4,442)
200 Employee Benefits	-	4,559	3,091	(1,468)
300 Purchased Services	-	8,200	7,340	(860)
400 Supplies and Materials	-	6,737	-	(6,737)
175 Instructional Programs Beyond Regular School Day				
100 Salaries	1,050	34,550	72,636	38,086
200 Employee Benefits	363	10,269	16,031	5,762
300 Purchased Services	6,717	6,717	2,560	(4,157)
400 Supplies and Materials	3,350	3,350	3,724	374
180 Adult/Continuing Educational Programs				
181 Adult Basic Education Programs				
100 Salaries	176,240	176,240	182,852	6,612
200 Employee Benefits	68,694	70,795	73,496	2,701
300 Purchased Services	4,310	-	-	-
400 Supplies and Materials	-	-	935	935
188 Parenting/Family Literacy				
200 Employee Benefits	-	-	7,498	7,498
190 Instructional Pupil Activity				
100 Salaries	148,922	147,922	137,458	(10,464)
200 Employee Benefits	47,176	46,883	39,965	(6,918)
Total Instruction	49,086,354	49,078,566	49,999,112	920,546
200 Support Services				
210 Pupil Services				
211 Attendance and Social Work Services				
100 Salaries	423,974	473,974	439,004	(34,970)
200 Employee Benefits	187,863	202,648	192,883	(9,765)
300 Purchased Services	38,998	40,968	37,921	(3,047)
400 Supplies and Materials	14,600	12,300	8,313	(3,987)
600 Other Objects	235	235	176	(59)
212 Guidance Services				
100 Salaries	1,925,697	1,925,697	1,923,300	(2,397)
200 Employee Benefits	774,527	774,523	790,838	16,315
300 Purchased Services	4,575	4,494	1,679	(2,815)
400 Supplies and Materials	8,785	8,948	7,979	(969)
213 Health Services				
100 Salaries	217,525	224,115	292,306	68,191
200 Employee Benefits	91,245	92,135	120,354	28,219
300 Purchased Services	11,100	6,850	5,827	(1,023)
400 Supplies and Materials	16,128	20,678	16,378	(4,300)

**DARLINGTON COUNTY SCHOOL DISTRICT
DARLINGTON, SOUTH CAROLINA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE – BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2019**

Page 6 of 9

	Budgeted Amounts		Actual	Variance - Over (Under)
	Original	Final		
EXPENDITURES (CONTINUED)				
200 Support Services (Continued)				
210 Pupil Services (Continued)				
214 Psychological Services				
100 Salaries	\$ 325,913	\$ 325,913	\$ 192,047	\$ (133,866)
200 Employee Benefits	126,544	126,270	78,823	(47,447)
400 Supplies and Materials	2,800	2,800	3,440	640
215 Exceptional Program Services				
300 Purchased Services	-	-	3,251	3,251
220 Instructional Staff Services				
221 Improvement of Instruction - Curriculum Development				
100 Salaries	459,619	464,884	486,698	21,814
200 Employee Benefits	185,246	187,396	196,195	8,799
300 Purchased Services	42,543	45,201	24,680	(20,521)
400 Supplies and Materials	129,149	122,780	84,606	(38,174)
600 Other Objects	158	158	802	644
222 Library and Media Services				
100 Salaries	1,210,755	1,210,535	1,172,688	(37,847)
140 Terminal Leave	-	75	10,267	10,192
200 Employee Benefits	514,194	514,193	507,104	(7,089)
300 Purchased Services	29,076	29,076	28,433	(643)
400 Supplies and Materials	64,958	61,599	54,865	(6,734)
223 Supervision of Special Programs				
100 Salaries	337,340	337,340	366,915	29,575
200 Employee Benefits	123,268	123,268	137,770	14,502
300 Purchased Services	2,600	2,600	2,634	34
400 Supplies and Materials	7,100	14,331	7,179	(7,152)
600 Other Objects	200	200	176	(24)
224 Improvement of Instruction - Inservice and Staff Training				
100 Salaries	-	4,190	1,000	(3,190)
200 Employee Benefits	-	1,521	1,137	(384)
300 Purchased Services	140,875	162,111	56,237	(105,874)
400 Supplies and Materials	20,285	36,616	30,765	(5,851)
600 Other Objects	13,500	16,000	-	(16,000)
230 General Administration Services				
231 Board of Education				
100 Salaries	59,200	59,200	59,589	389
200 Employee Benefits	42,062	42,062	42,270	208
300 Purchased Services	100,100	104,171	56,328	(47,843)
318 Audit Services	55,000	55,000	50,317	(4,683)
400 Supplies and Materials	6,000	6,000	5,233	(767)
600 Other Objects	244,890	241,140	31,312	(209,828)
232 Office of the Superintendent				
100 Salaries	419,951	467,648	458,637	(9,011)
200 Employee Benefits	151,359	170,133	166,485	(3,648)
300 Purchased Services	80,600	82,130	43,363	(38,767)
400 Supplies and Materials	49,000	49,208	32,476	(16,732)
600 Other Objects	5,500	5,500	5,493	(7)

**DARLINGTON COUNTY SCHOOL DISTRICT
DARLINGTON, SOUTH CAROLINA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE – BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2019**

Page 7 of 9

	Budgeted Amounts		Actual	Variance - Over (Under)
	Original	Final		
EXPENDITURES (CONTINUED)				
200 Support Services (Continued)				
230 General Administration Services (Continued)				
233 School Administration				
100 Salaries	\$ 5,071,604	\$ 5,071,603	\$ 5,010,675	\$ (60,928)
200 Employee Benefits	2,114,391	2,114,394	2,105,569	(8,825)
300 Purchased Services	288,006	277,911	208,497	(69,414)
400 Supplies and Materials	61,136	78,347	72,178	(6,169)
600 Other Objects	25,828	25,828	24,300	(1,528)
250 Finance and Operations Services				
252 Fiscal Services				
100 Salaries	650,251	603,089	579,690	(23,399)
140 Terminal Leave	15,000	15,000	714	(14,286)
200 Employee Benefits	607,666	588,893	233,869	(355,024)
300 Purchased Services	102,075	100,575	34,873	(65,702)
400 Supplies and Materials	101,375	111,375	28,950	(82,425)
500 Capital Outlay	13,000	3,000	-	(3,000)
600 Other Objects	306,431	65,981	428	(65,553)
253 Facilities Acquisitions and Construction				
300 Purchased Services	129,500	106,500	64,561	(41,939)
400 Supplies and Materials	-	-	22,225	22,225
500 Capital Outlay				
520 Construction Services	-	-	8,000	8,000
530 Improvements Other Than Buildings	-	174,048	-	(174,048)
540 Equipment	-	-	91,264	91,264
254 Operation and Maintenance of Plant				
100 Salaries	3,395,849	3,389,873	3,295,933	(93,940)
140 Terminal Leave	20,000	-	-	-
200 Employee Benefits	1,612,343	1,587,784	1,574,398	(13,386)
300 Purchased Services	1,738,566	1,571,197	1,186,721	(384,476)
400 Supplies and Materials	872,980	857,837	763,449	(94,388)
470 Energy	2,761,850	2,751,050	2,629,990	(121,060)
500 Capital Outlay	20,000	91,705	9,813	(81,892)
600 Other Objects	763,964	763,964	744,646	(19,318)
255 Student Transportation				
100 Salaries	1,782,087	1,782,087	1,629,682	(152,405)
140 Terminal Leave	5,000	5,000	2,333	(2,667)
200 Employee Benefits	870,429	870,430	783,099	(87,331)
300 Purchased Services	73,300	61,270	46,318	(14,952)
400 Supplies and Materials	13,000	23,030	20,735	(2,295)
600 Other Objects	900	1,300	951	(349)
256 Food Service				
200 Employee Benefits	1,402,420	1,406,574	1,378,071	(28,503)
257 Internal Services				
100 Salaries	83,064	70,092	70,281	189
200 Employee Benefits	30,227	30,227	30,433	206
300 Purchased Services	344,506	357,008	231,635	(125,373)
400 Supplies and Materials	7,500	7,500	5,180	(2,320)

**DARLINGTON COUNTY SCHOOL DISTRICT
DARLINGTON, SOUTH CAROLINA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE – BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2019**

Page 8 of 9

	Budgeted Amounts		Actual	Variance - Over (Under)
	Original	Final		
EXPENDITURES (CONTINUED)				
200 Support Services (Continued)				
250 Finance and Operations Services (Continued)				
258 Security				
100 Salaries	\$ 121,364	\$ 121,364	\$ 121,364	\$ -
200 Employee Benefits	55,074	55,073	55,707	634
300 Purchased Services	1,190,125	1,188,125	883,370	(304,755)
262 Planning, Research, Development and Evaluation				
100 Salaries	-	6,800	922	(5,878)
200 Employee Benefits	-	2,013	77	(1,936)
300 Purchased Services	4,650	5,800	5,279	(521)
400 Supplies and Materials	19,700	23,000	25,659	2,659
263 Information Services				
100 Salaries	173,349	204,459	208,024	3,565
200 Employee Benefits	64,938	78,717	89,493	10,776
300 Purchased Services	29,785	33,185	24,398	(8,787)
400 Supplies and Materials	18,750	20,461	16,631	(3,830)
600 Other Objects	3,500	3,500	5,509	2,009
264 Staff Services				
100 Salaries	517,408	517,561	515,042	(2,519)
200 Employee Benefits	202,024	202,024	197,634	(4,390)
300 Purchased Services	23,343	25,343	12,229	(13,114)
400 Supplies and Materials	18,024	18,024	9,281	(8,743)
600 Other Objects	15,200	15,200	3,015	(12,185)
266 Technology and Data Processing Services				
100 Salaries	1,009,676	1,009,676	1,036,677	27,001
200 Employee Benefits	420,121	412,685	423,037	10,352
300 Purchased Services	494,310	304,549	218,102	(86,447)
400 Supplies and Materials	225,400	489,911	402,838	(87,073)
270 Support Services Pupil Activity				
271 Pupil Services Activities				
100 Salaries	591,818	581,992	620,953	38,961
200 Employee Benefits	166,909	176,737	161,787	(14,950)
300 Purchased Services	26,750	26,750	26,250	(500)
400 Supplies and Materials	39,568	39,548	38,671	(877)
Total Support Services	<u>39,381,071</u>	<u>39,385,783</u>	<u>36,227,583</u>	<u>(3,158,200)</u>

**DARLINGTON COUNTY SCHOOL DISTRICT
DARLINGTON, SOUTH CAROLINA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE – BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2019**

Page 9 of 9

	Budgeted Amounts		Actual	Variance - Over (Under)
	Original	Final		
EXPENDITURES (CONTINUED)				
400 Other Charges				
410 Intergovernmental Expenditures				
411 Payments to the State Department of Education				
720 Transits	\$ 2,000	\$ 4,000	\$ 3,945	\$ (55)
Total Intergovernmental Expenditures	2,000	4,000	3,945	(55)
TOTAL EXPENDITURES	88,469,425	88,468,349	86,230,640	(2,237,709)
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(2,017,041)	(2,015,965)	2,731,640	4,747,605
OTHER FINANCING SOURCES (USES)				
Transfers from (to) Other Funds				
5230 Transfer from Special Revenue EIA Fund	2,725,178	2,725,178	2,675,971	(49,207)
5280 Transfer from Other Funds Indirect Costs	330,729	330,729	704,064	373,335
421-710 Transfer to Special Revenue Funds	(6,500)	(6,500)	(6,033)	467
424-710 Transfer to Capital Projects Fund	(820,688)	(820,688)	(10,883,688)	(10,063,000)
426-710 Transfer to Pupil Activity Fund	(195,100)	(196,200)	(196,200)	-
TOTAL OTHER FINANCING SOURCES (USES)	2,033,619	2,032,519	(7,705,886)	(9,738,405)
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	\$ 16,578	\$ 16,554	(4,974,246)	\$ (4,990,800)
FUND BALANCE				
July 1, 2018			44,909,754	
June 30, 2019			\$ 39,935,508	

SPECIAL REVENUE FUNDS

SPECIAL REVENUE FUNDS

To account for the operations of federal and state projects, which are required to be accounted for in separate funds.

Special Projects Fund - This fund is used to account for all federal and state projects except for those subject to Education Improvement Act requirements. The South Carolina State Department of Education requires that the Special Revenue Fund include the Food Service Program if designated as special revenue type.

Education Improvement Act Fund - This fund is used to account for the School District's expenditures as a result of receiving state funds used in a comprehensive education reform plan which are required to be accounted for in separate programs and strategies.

The following combining and individual fund statements and schedules have been prepared in the format mandated by the South Carolina State Department of Education. The account numbers shown on the various statements are also mandated by the South Carolina Department of Education.

**SPECIAL REVENUE FUNDS:
SPECIAL PROJECTS FUND**

**DARLINGTON COUNTY SCHOOL DISTRICT
DARLINGTON, SOUTH CAROLINA
SPECIAL REVENUE FUNDS
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES –
SPECIAL PROJECTS FUND
YEAR ENDED JUNE 30, 2019**

	Title I (BA Projects) (201/202)	IDEA (CA Projects) (203/204)	Pre- school Handi- capped (CG Projects) (205/206)
REVENUES			
1000 Revenues from Local Sources			
1100 Taxes Levied/Assessed by the LEA			
1110 Ad Valorem Taxes - Including Delinquent (Independent)	\$ -	\$ -	\$ -
1140 Penalties & Interest on Taxes (Independent)	-	-	-
1200 Revenue from Local Governmental Units Other Than LEAs			
1280 Revenue in Lieu of Taxes (Independent and Dependent)	-	-	-
1500 Earnings On Investments			
1510 Interest on Investments	-	-	-
1900 Other Revenue From Local Sources			
1910 Rentals	-	-	-
1920 Contributions and Donations from Private Sources	-	-	-
1930 Special Needs Transportation	-	-	-
1990 Miscellaneous Local Revenue			
1999 Revenue from Other Local Sources	-	-	-
Total Local Sources	-	-	-
3000 Revenues from State Sources			
3100 Restricted State Funding			
3110 Occupational Education			
3118 EEDA Career Specialists	-	-	-
3120 General Education			
3127 Student Health and Fitness - PE Teachers	-	-	-
3130 Special Programs			
3134 Child Early Reading Development and Education Program (CERDEP) - Full Day 4K	-	-	-
3135 Reading Coaches	-	-	-
3136 Student Health and Fitness - Nurses	-	-	-
3156 Adult Education	-	-	-
3183 Teacher Recruiting and Retention (Carryover Only)	-	-	-
3190 Miscellaneous Restricted State Grants			
3199 Other Restricted State Grants	-	-	-
3600 Education Lottery Act Revenue			
3630 K-12 Technology Initiative	-	-	-
3670 School Safety - Facility & Infrastructure Safety Upgrades	-	-	-
3699 Other State Lottery Programs	-	-	-

CATE (VA Projects) (207/208)	Adult Education (243)	Other Designated Restricted State Grants (900's)	Other Special Revenue Programs (200's/800's)	Total
\$ -	\$ -	\$ -	\$ 2,735,148	\$ 2,735,148
-	-	-	13,806	13,806
-	-	-	158,819	158,819
-	-	-	20,035	20,035
-	-	-	5,280	5,280
-	-	-	22,319	22,319
-	-	-	482,689	482,689
-	-	-	995,866	995,866
-	-	-	4,433,962	4,433,962
-	-	377,635	-	377,635
-	-	238,572	-	238,572
-	-	31,786	-	31,786
-	-	470,087	-	470,087
-	-	407,353	-	407,353
-	-	5,234	-	5,234
-	-	66,544	-	66,544
-	-	-	2,559	2,559
-	-	414,369	-	414,369
-	-	460,000	-	460,000
-	-	22,000	-	22,000

**DARLINGTON COUNTY SCHOOL DISTRICT
DARLINGTON, SOUTH CAROLINA
SPECIAL REVENUE FUNDS
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES –
SPECIAL PROJECTS FUND
YEAR ENDED JUNE 30, 2019**

	Title I (BA Projects) (201/202)	IDEA (CA Projects) (203/204)	Pre- school Handi- capped (CG Projects) (205/206)
REVENUES (CONTINUED)			
3000 Revenues from State Sources (Continued)			
3800 State Revenue in Lieu of Taxes			
3820 Homestead Exemption (Tier 2)	\$ -	\$ -	\$ -
3830 Merchant's Inventory Tax	-	-	-
3840 Manufacturer's Depreciation Reimbursement	-	-	-
3890 Other State Property Tax Revenues	-	-	-
3900 Other State Revenue			
3994 PEBA Nonemployer Contributions	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
Total State Sources	<u>-</u>	<u>-</u>	<u>-</u>
4000 Revenue from Federal Sources			
4200 Occupational Education			
4210 Perkins Aid, Title I - Vocational Education - Basic Grants to States	-	-	-
4300 Elementary and Secondary Education Act of 1965 (ESEA)			
4310 Title I Basic State Grant Provisions (Carryover Provision)	4,106,966	-	-
4341 Language Instruction for Limited English Proficient Immigrant Students, Title III	-	-	-
4351 Supporting Effective Instruction	-	-	-
4400 Adult Education			
4410 Basic Adult Education	-	-	-
4500 Programs for Children with Disabilities			
4510 Individuals with Disabilities Education Act (IDEA)	-	2,759,204	-
4520 Pre-school Grants for Children with Disabilities (IDEA)	-	-	105,017
4900 Other Federal Sources			
4990 Other Federal Revenue			
4997 Title IV - SSAE	-	-	-
4999 Revenue from Other Federal Sources	-	-	-
	<u>4,106,966</u>	<u>2,759,204</u>	<u>105,017</u>
Total Federal Sources	<u>4,106,966</u>	<u>2,759,204</u>	<u>105,017</u>
TOTAL REVENUES	<u>4,106,966</u>	<u>2,759,204</u>	<u>105,017</u>
EXPENDITURES			
100 Instruction			
110 General Instruction			
111 Kindergarten Programs			
100 Salaries	116,414	-	-
200 Employee Benefits	51,438	-	-
400 Supplies and Materials	20,396	-	-

CATE (VA Projects) (207/208)	Adult Education (243)	Other Designated Restricted State Grants (900's)	Other Special Revenue Programs (200's/800's)	Total
\$ -	\$ -	\$ -	\$ 123,196	\$ 123,196
-	-	-	16,439	16,439
-	-	-	69,810	69,810
-	-	-	18,249	18,249
-	-	723,623	-	723,623
-	-	3,217,203	230,253	3,447,456
185,170	-	-	-	185,170
-	-	-	-	4,106,966
-	-	-	16,468	16,468
-	-	-	419,690	419,690
-	206,959	-	-	206,959
-	-	-	-	2,759,204
-	-	-	-	105,017
-	-	-	122,570	122,570
-	-	-	615,599	615,599
185,170	206,959	-	1,174,327	8,537,643
185,170	206,959	3,217,203	5,838,542	16,419,061
-	-	40,134	-	156,548
-	-	14,457	-	65,895
-	-	-	-	20,396

**DARLINGTON COUNTY SCHOOL DISTRICT
DARLINGTON, SOUTH CAROLINA
SPECIAL REVENUE FUNDS
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES –
SPECIAL PROJECTS FUND
YEAR ENDED JUNE 30, 2019**

	Title I (BA Projects) (201/202)	IDEA (CA Projects) (203/204)	Pre- school Handi- capped (CG Projects) (205/206)
EXPENDITURES (CONTINUED)			
100 Instruction (Continued)			
110 General Instruction (Continued)			
112 Primary Programs			
100 Salaries	\$ 400,021	\$ -	\$ -
200 Employee Benefits	187,484	-	-
300 Purchased Services	1,000	-	-
400 Supplies and Materials	102,210	-	-
113 Elementary Programs			
100 Salaries	266,547	-	-
200 Employee Benefits	113,499	-	-
300 Purchased Services	800	-	-
400 Supplies and Materials	324,062	-	-
114 High School Programs			
100 Salaries	-	-	-
200 Employee Benefits	-	-	-
300 Purchased Services	-	-	-
400 Supplies and Materials	-	-	-
115 Career and Technology Education Programs			
100 Salaries	-	-	-
200 Employee Benefits	-	-	-
300 Purchased Services	-	-	-
400 Supplies and Materials	-	-	-
500 Capital Outlay	-	-	-
120 Exceptional Programs			
121 Educable Mentally Handicapped			
100 Salaries	-	193,614	-
200 Employee Benefits	-	94,918	-
122 Trainable Mentally Handicapped			
100 Salaries	-	142,809	-
200 Employee Benefits	-	61,215	-
125 Hearing Handicapped			
100 Salaries	-	-	-
200 Employee Benefits	-	-	-
126 Speech Handicapped			
100 Salaries	-	120,786	-
200 Employee Benefits	-	56,687	-
127 Learning Disabilities			
100 Salaries	-	122,462	-
200 Employee Benefits	-	59,214	-
400 Supplies and Materials	-	12,277	-
128 Emotionally Handicapped			
100 Salaries	-	17,964	-
200 Employee Benefits	-	10,196	-

CATE (VA Projects) (207/208)	Adult Education (243)	Other Designated Restricted State Grants (900's)	Other Special Revenue Programs (200's/800's)	Total
\$ -	\$ -	\$ 185,501	\$ 228,448	\$ 813,970
-	-	56,952	97,425	341,861
-	-	-	-	1,000
-	-	-	-	102,210
-	-	295,354	313,181	875,082
-	-	116,261	49,169	278,929
-	-	-	-	800
-	-	-	4,486	328,548
-	-	-	368,049	368,049
-	-	-	26,528	26,528
-	-	-	6,676	6,676
-	-	-	10,255	10,255
-	-	-	46,591	46,591
-	-	-	13,265	13,265
27,840	-	-	4,154	31,994
64,797	-	-	603	65,400
25,974	-	-	-	25,974
-	-	-	-	193,614
-	-	-	-	94,918
-	-	-	-	142,809
-	-	-	-	61,215
-	-	-	9,159	9,159
-	-	-	2,674	2,674
-	-	-	26,000	146,786
-	-	-	7,659	64,346
-	-	-	-	122,462
-	-	-	-	59,214
-	-	-	-	12,277
-	-	-	-	17,964
-	-	-	-	10,196

**DARLINGTON COUNTY SCHOOL DISTRICT
DARLINGTON, SOUTH CAROLINA
SPECIAL REVENUE FUNDS
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES –
SPECIAL PROJECTS FUND
YEAR ENDED JUNE 30, 2019**

	Title I (BA Projects) (201/202)	IDEA (CA Projects) (203/204)	Pre- school Handi- capped (CG Projects) (205/206)
EXPENDITURES (CONTINUED)			
100 Instruction (Continued)			
130 Preschool Programs (Continued)			
137 Preschool Handicapped Self-Contained (3 & 4 yr. olds)			
100 Salaries	\$ -	\$ -	\$ 37,527
200 Employee Benefits	-	-	22,459
400 Supplies and Materials	-	-	13,699
140 Special Programs			
142 Disadvantaged			
100 Salaries	380	-	-
200 Employee Benefits	111	-	-
400 Supplies and Materials	3,991	-	-
147 CERDEP			
100 Salaries	-	-	-
200 Employee Benefits	-	-	-
300 Purchased Services	-	-	-
400 Supplies and Materials	-	-	-
149 Other Special Programs			
100 Salaries	-	18,770	-
200 Employee Benefits	-	5,431	-
300 Purchased Services	-	1,717	-
400 Supplies and Materials	-	-	-
160 Other Exceptional Programs			
161 Autism			
100 Salaries	-	231,982	-
200 Employee Benefits	-	120,194	-
170 Summer School Programs			
171 Primary Summer School			
100 Salaries	-	-	-
200 Employee Benefits	-	-	-
300 Purchased Services	-	-	-
172 Elementary Summer School			
100 Salaries	25,738	-	-
200 Employee Benefits	6,853	-	-
400 Supplies and Materials	20,213	-	-
174 Gifted and Talented Summer School			
400 Supplies and Materials	-	-	-

CATE (VA Projects) (207/208)	Adult Education (243)	Other Designated Restricted State Grants (900's)	Other Special Revenue Programs (200's/800's)	Total
\$ -	\$ -	\$ -	\$ -	\$ 37,527
-	-	-	-	22,459
-	-	-	-	13,699
-	-	-	-	380
-	-	-	-	111
-	-	-	-	3,991
-	-	23	-	23
-	-	2	-	2
-	-	21	-	21
-	-	31,740	-	31,740
-	-	-	-	18,770
-	-	-	-	5,431
-	-	-	5,743	7,460
-	-	-	8,250	8,250
-	-	-	-	231,982
-	-	-	-	120,194
-	-	-	15,831	15,831
-	-	-	4,651	4,651
-	-	-	1,838	1,838
-	-	-	320	26,058
-	-	-	94	6,947
-	-	-	-	20,213
-	-	-	3,408	3,408

**DARLINGTON COUNTY SCHOOL DISTRICT
DARLINGTON, SOUTH CAROLINA
SPECIAL REVENUE FUNDS
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES –
SPECIAL PROJECTS FUND
YEAR ENDED JUNE 30, 2019**

	Title I (BA Projects) (201/202)	IDEA (CA Projects) (203/204)	Pre- school Handi- capped (CG Projects) (205/206)
EXPENDITURES (CONTINUED)			
100 Instruction (Continued)			
170 Summer School Programs (Continued)			
175 Instructional Programs Beyond Regular School Day			
100 Salaries	\$ 18,150	\$ -	\$ -
200 Employee Benefits	7,685	-	-
300 Purchased Services	12,000	-	-
400 Supplies and Materials	67,922	-	-
180 Adult/Continuing Educational Programs			
181 Adult Basic Education Programs			
100 Salaries	-	-	-
200 Employee Benefits	-	-	-
300 Purchased Services	-	-	-
400 Supplies and Materials	-	-	-
182 Adult Secondary Education Programs			
100 Salaries	-	-	-
200 Employee Benefits	-	-	-
300 Purchased Services	-	-	-
400 Supplies and Materials	-	-	-
183 Adult English Literacy			
100 Salaries	-	-	-
200 Employee Benefits	-	-	-
188 Parenting/Family Literacy			
100 Salaries	162,984	-	-
200 Employee Benefits	64,954	-	-
300 Purchased Services	7,640	-	-
400 Supplies and Materials	36,170	-	-
Total Instruction	<u>2,018,662</u>	<u>1,270,236</u>	<u>73,685</u>
200 Support Services			
210 Pupil Services			
212 Guidance Services			
100 Salaries	-	-	-
200 Employee Benefits	-	-	-
213 Health Services			
100 Salaries	-	65,544	-
200 Employee Benefits	-	26,219	-

CATE (VA Projects) (207/208)	Adult Education (243)	Other Designated Restricted State Grants (900's)	Other Special Revenue Programs (200's/800's)	Total
\$ -	\$ -	\$ -	\$ 92,977	\$ 111,127
-	-	-	26,621	34,306
-	-	-	30,139	42,139
-	-	-	1,066	68,988
-	58,827	-	-	58,827
-	13,808	-	-	13,808
-	8,873	-	-	8,873
-	18,740	-	-	18,740
-	61,698	12,390	-	74,088
-	16,955	4,844	-	21,799
-	15,486	-	-	15,486
-	9,027	-	-	9,027
-	5	-	-	5
-	540	-	-	540
-	-	-	-	162,984
-	-	-	-	64,954
-	-	-	-	7,640
-	-	-	-	36,170
118,611	203,959	757,679	1,405,260	5,848,092
16,868	-	-	-	16,868
8,594	-	-	-	8,594
-	-	267,834	206,248	539,626
-	-	139,519	91,153	256,891

**DARLINGTON COUNTY SCHOOL DISTRICT
DARLINGTON, SOUTH CAROLINA
SPECIAL REVENUE FUNDS
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES –
SPECIAL PROJECTS FUND
YEAR ENDED JUNE 30, 2019**

	Title I (BA Projects) (201/202)	IDEA (CA Projects) (203/204)	Pre- school Handi- capped (CG Projects) (205/206)
EXPENDITURES (CONTINUED)			
200 Support Services (Continued)			
214 Psychological Services			
100 Salaries	\$ -	\$ 310,330	\$ -
200 Employee Benefits	-	114,376	-
300 Purchased Services	-	1,804	-
400 Supplies and Materials	-	-	-
215 Exceptional Program Services			
300 Purchased Services	-	18,367	-
400 Supplies and Materials	-	-	-
217 Career Specialist Services			
100 Salaries	-	-	-
200 Employee Benefits	-	-	-
220 Instructional Staff Services			
221 Improvement of Instruction - Curriculum Development			
100 Salaries	1,016,713	-	-
200 Employee Benefits	402,859	-	-
300 Purchased Services	18,021	-	-
400 Supplies and Materials	7,683	-	-
222 Library and Media Services			
100 Salaries	19,705	-	-
200 Employee Benefits	10,635	-	-
400 Supplies and Materials	9,080	-	-
223 Supervision of Special Programs			
100 Salaries	140,273	350,731	24,225
200 Employee Benefits	51,334	141,930	7,107
300 Purchased Services	4,986	248,468	-
400 Supplies and Materials	9,782	3,110	-
224 Improvement of Instruction - Inservice and Staff Training			
100 Salaries	-	1,845	-
200 Employee Benefits	212	535	-
300 Purchased Services	130,662	-	-
400 Supplies and Materials	-	-	-
230 General Administration Services			
232 Office of Superintendent			
300 Purchased Services	-	-	-
250 Finance and Operations Services			
252 Fiscal Services			
300 Purchased Services	-	-	-

CATE (VA Projects) (207/208)	Adult Education (243)	Other Designated Restricted State Grants (900's)	Other Special Revenue Programs (200's/800's)	Total
\$ -	\$ -	\$ -	\$ 18,000	\$ 328,330
-	-	-	5,323	119,699
-	-	-	132,703	134,507
-	-	-	1,932	1,932
-	-	-	9,321	27,688
-	-	-	215	215
-	-	250,017	-	250,017
-	-	127,618	-	127,618
-	-	-	2,495	1,019,208
-	-	-	223	403,082
30,718	-	-	74,654	123,393
-	-	-	29,514	37,197
-	-	-	-	19,705
-	-	-	-	10,635
-	-	-	25	9,105
6,644	-	-	91,127	613,000
3,735	-	706	38,943	243,755
-	-	22,900	2,968	279,322
-	3,000	17,094	8,942	41,928
-	-	-	421	2,266
-	-	-	-	747
-	-	96	68,512	199,270
-	-	-	32,389	32,389
-	-	35,748	-	35,748
-	-	-	17,935	17,935

**DARLINGTON COUNTY SCHOOL DISTRICT
DARLINGTON, SOUTH CAROLINA
SPECIAL REVENUE FUNDS
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES –
SPECIAL PROJECTS FUND
YEAR ENDED JUNE 30, 2019**

	Title I (BA Projects) (201/202)	IDEA (CA Projects) (203/204)	Pre- school Handi- capped (CG Projects) (205/206)
EXPENDITURES (CONTINUED)			
200 Support Services (Continued)			
254 Operation and Maintenance of Plant			
100 Salaries	\$ -	\$ -	\$ -
300 Purchased Services	-	-	-
400 Supplies and Materials	-	-	-
255 Pupil Transportation (State Mandated)			
100 Salaries	-	-	-
200 Employee Benefits	-	-	-
300 Purchased Services	-	-	-
400 Supplies and Materials	-	-	-
500 Capital Outlay	-	-	-
256 Food Services			
100 Salaries	-	-	-
200 Employee Benefits	-	-	-
400 Supplies and Materials	-	-	-
600 Other Objects	-	-	-
260 Central Support Services			
264 Staff Services			
300 Purchased Services	-	-	-
400 Supplies and Materials	-	-	-
266 Technology and Data Processing Services			
100 Salaries	-	-	-
200 Employee Benefits	-	-	-
300 Purchased Services	-	-	-
400 Supplies and Materials	-	-	-
500 Capital Outlay	-	-	-
600 Other Objects	-	-	-
270 Support Services - Pupil Activity			
271 Pupil Service Activities			
300 Purchased Services	-	532	-
400 Supplies and Materials	-	-	-
Total Support Services	<u>1,821,945</u>	<u>1,283,791</u>	<u>31,332</u>
300 Community Services			
390 Other Community Services			
100 Salaries	-	-	-
200 Employee Benefits	-	-	-
300 Purchased Services	-	-	-
Total Community Services	<u>-</u>	<u>-</u>	<u>-</u>

CATE (VA Projects) (207/208)	Adult Education (243)	Other Designated Restricted State Grants (900's)	Other Special Revenue Programs (200's/800's)	Total
\$ -	\$ -	\$ -	\$ 55	\$ 55
-	-	-	40,013	40,013
-	-	-	57,557	57,557
-	-	-	387,754	387,754
-	-	-	130,816	130,816
-	-	-	51,127	51,127
-	-	-	51,902	51,902
-	-	-	277,980	277,980
-	-	-	1,850	1,850
-	-	-	448	448
-	-	-	27,927	27,927
-	-	-	296	296
-	-	-	15,442	15,442
-	-	-	30,917	30,917
-	-	-	240	240
-	-	-	180	180
-	-	-	258,704	258,704
-	-	414,193	463,353	877,546
-	-	460,000	-	460,000
-	-	176	-	176
-	-	-	-	532
-	-	-	22,263	22,263
66,559	3,000	1,735,901	2,651,867	7,594,395
-	-	-	20,932	20,932
-	-	-	4,269	4,269
-	-	-	9,633	9,633
-	-	-	34,834	34,834

**DARLINGTON COUNTY SCHOOL DISTRICT
DARLINGTON, SOUTH CAROLINA
SPECIAL REVENUE FUNDS
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES –
SPECIAL PROJECTS FUND
YEAR ENDED JUNE 30, 2019**

	Title I (BA Projects) (201/202)	IDEA (CA Projects) (203/204)	Pre- school Handi- capped (CG Projects) (205/206)
EXPENDITURES (CONTINUED)			
410 Intergovernmental			
411 Payments to South Carolina Department of Education			
720 Transits	\$ -	\$ -	\$ -
412 Payments to Other Governmental Units			
720 Transits	-	-	-
419 Payments to PEBA Nonemployer Contributions			
720 Transits	-	-	-
Total Intergovernmental Expenditures	-	-	-
TOTAL EXPENDITURES	3,840,607	2,554,027	105,017
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	266,359	205,177	-
OTHER FINANCING SOURCES (USES)			
Transfers from (to) other funds			
5210 Transfer from General Fund	-	-	-
431-791 Special Revenue Fund Indirect Costs	(266,359)	(205,177)	-
TOTAL OTHER FINANCING SOURCES (USES)	(266,359)	(205,177)	-
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	-	-	-
FUND BALANCE			
July 1, 2018	-	-	-
June 30, 2019	\$ -	\$ -	\$ -

CATE (VA Projects) (207/208)	Adult Education (243)	Other Designated Restricted State Grants (900's)	Other Special Revenue Programs (200's/800's)	Total
\$ -	\$ -	\$ -	\$ 112,442	\$ 112,442
-	-	-	3,155,356	3,155,356
-	-	723,623	-	723,623
-	-	723,623	3,267,798	3,991,421
185,170	206,959	3,217,203	7,359,759	17,468,742
-	-	-	(1,521,217)	(1,049,681)
-	-	-	6,033	6,033
-	-	-	(42,528)	(514,064)
-	-	-	(36,495)	(508,031)
-	-	-	(1,557,712)	(1,557,712)
-	-	-	3,960,305	3,960,305
\$ -	\$ -	\$ -	\$ 2,402,593	\$ 2,402,593

**DARLINGTON COUNTY SCHOOL DISTRICT
DARLINGTON, SOUTH CAROLINA
SPECIAL REVENUE FUNDS – SPECIAL PROJECTS FUND
NOTES TO COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
YEAR ENDED JUNE 30, 2019**

The following subfunds were included in this schedule for Adult Education (EA) Projects:

243 Federal Adult Education

The following subfunds were included in this schedule for Designated Restricted State Grants:

903 Teacher Recruiting and Retention (Carryover only)
919 Education License Plates
924 Child Early Reading Development and Education
Program (CERDEP) - Full Day 4K
928 EEDA Career Specialists
935 Reading Coaches
936 Student Health and Fitness - Nurses

937 Student Health and Fitness - PE Teachers
956 Adult Education
963 K-12 Technology (Carryover Only)
969 Other State Lottery Programs
970 School Safety - Facility and Infrastructure
Safety Upgrades
994 PEBA Nonemployer Contributions

The following subfunds were included in this schedule for Other Special Projects Programs:

264 Language Instruction for Limited English Proficient and
Immigrant Students, Title III
267 Supporting Effective Construction
269 ROTC
280 Workforce Investment Act
284 Jobs for SC Grads
800 Special Needs Transportation - Medicaid
802 Local Fund
804 DHS Grants
805 United Way for Spec Ed
806 Jean Taylor Memorial
807 MHS Grants
809 CERRA Grant
810 BDE Grants
811 School Pay-Clearing Acct
812 Gear-Up
813 AE Tech Assistant
815 12-Month Ag Clemson Univ Grant
817 DCEF/Sonoco Grants WHE Grants
819 COMER Fund
820 Summer Reading

822 Art Summer
824 Homework Center Grant
834 Administrative Claiming
837 District Office Grants
838 Byerly-Visual Arts Grant
843 Adult Learning BES
855 Florence Darlington Technical College
856 Byerly Grant HMS Foxes
859 Transportation Special Needs
860 Special Education
868 Adult Banquet
870 District Buses Extra Curricular
879 Erate Funding
890 Medicaid Federal
895 Breakfast After the Bell
896 Thornwell Grants Arts Grant
897 National School Lunch Program Equipment
898 Coker Foundation
899 Prof Mental Disable

**DARLINGTON COUNTY SCHOOL DISTRICT
DARLINGTON, SOUTH CAROLINA
SPECIAL REVENUE FUNDS – SPECIAL PROJECTS FUND
SUMMARY SCHEDULE FOR DESIGNATED RESTRICTED STATE GRANTS
YEAR ENDED JUNE 30, 2019**

Subfund	Revenue	Programs	Revenues	Expenditures	Transfers In/(Out)	Unearned
903	3183	Teacher Recruiting and Retention	\$ 66,544	\$ 66,544	\$ -	\$ 64,207
919	3193	Education License Plates	-	-	-	2,974
924	3134	Child Early Reading Development and Education Program (CERDEP) - Full Day 4K	31,786	31,786	-	62,858
928	3118	EEDA Career Specialists	377,635	377,635	-	301,082
935	3135	Reading Coaches	470,087	470,087	-	1,008,504
936	3136	Student Health and Fitness - Nurses	407,353	407,353	-	-
937	3127	Student Health and Fitness - PE Teachers	238,572	238,572	-	-
939	3993	Capital Improvement Plan - Additional	-	-	-	163,101
956	3156	Adult Education	5,234	5,234	-	4,214
963	3630	K-12 Technology Incentive	414,369	414,369	-	-
969	3699	Other State Lottery Programs	22,000	22,000	-	-
970	3670	School Safety - Facility and Infrastructure Safety Upgrades	460,000	460,000	-	-
994	3994	PEBA Nonemployer Contributions	723,623	723,623	-	-
			<u>\$ 3,217,203</u>	<u>\$ 3,217,203</u>	<u>\$ -</u>	<u>\$ 1,606,940</u>

**SPECIAL REVENUE FUNDS:
EDUCATION IMPROVEMENT ACT FUND**

**DARLINGTON COUNTY SCHOOL DISTRICT
DARLINGTON, SOUTH CAROLINA
SPECIAL REVENUE FUNDS – EDUCATION IMPROVEMENT ACT FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES – ALL PROGRAMS
YEAR ENDED JUNE 30, 2019**

Page 1 of 4

REVENUES

3000 Revenue from State Sources

3500 Education Improvement Act

3502 ADEPT	\$ 6,321
3509 Arts in Education	11,600
3511 Professional Development	86,950
3518 Adoption List of Formative Assessment	7,194
3519 Grade 10 Assessments	84,517
3526 Refurbishment of Science Kits	37,600
3528 Industry Certifications/Credentials	37,751
3529 Career and Technology Education	182,184
3532 National Board Salary Supplement (No Carryover Provision)	323,857
3533 Teacher of the Year Awards	1,077
3535 Reading Coaches	8,000
3538 Students At Risk of School Failure	1,080,626
3541 Child Early Reading Development and Education Program (CERDEP) - Full Day 4K	1,641,990
3550 Teacher Salary Increase (No Carryover Provision)	2,220,465
3555 Teacher Salary Fringe (No Carryover Provision)	455,506
3556 Adult Education	418,649
3557 Summer Reading Program	111,177
3558 Reading	80,827
3571 CSI and Priority Schools	8,916
3577 Teacher Supplies (No Carryover Provision)	191,125
3593 Capital Improvement Plan	578,685
3595 EEDA - Supplies and Materials	26,089
3597 Aid to Districts	82,741
3599 Other EIA	23,643

Total State Sources	7,707,490
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TOTAL REVENUES	7,707,490
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**DARLINGTON COUNTY SCHOOL DISTRICT
DARLINGTON, SOUTH CAROLINA
SPECIAL REVENUE FUNDS – EDUCATION IMPROVEMENT ACT FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES – ALL PROGRAMS
YEAR ENDED JUNE 30, 2019**

Page 2 of 4

EXPENDITURES

100 Instruction		
110 General Instruction		
111 Kindergarten Programs		
100 Salaries	\$	7,500
200 Employee Benefits		2,166
112 Primary Programs		
100 Salaries		149,777
200 Employee Benefits		39,658
300 Purchased Services		1,311
400 Supplies and Materials		4,097
113 Elementary Programs		
100 Salaries		74,002
200 Employee Benefits		28,879
300 Purchased Services		15,403
400 Supplies and Materials		75,044
114 High School Programs		
100 Salaries		406,615
200 Employee Benefits		152,168
300 Purchased Services		4,290
400 Supplies and Materials		413,104
115 Career and Technology Education Programs		
100 Salaries		1,100
200 Employee Benefits		317
300 Purchased Services		4,327
400 Supplies and Materials		158,770
500 Capital Outlay		50,422
140 Special Programs		
147 CERDEP		
100 Salaries		1,027,092
200 Employee Benefits		501,612
300 Purchased Services		24,875
400 Supplies and Materials		76,633
170 Summer School Program		
171 Primary Summer School		
100 Salaries		26,440
200 Employee Benefits		7,775
300 Purchased Services		13,800
400 Supplies and Materials		63,163
180 Adult/Continuing Educational Programs		
181 Adult Basic Education Programs		
100 Salaries		106,927
200 Employee Benefits		40,597
300 Purchased Services		138
400 Supplies and Materials		239

**DARLINGTON COUNTY SCHOOL DISTRICT
DARLINGTON, SOUTH CAROLINA
SPECIAL REVENUE FUNDS – EDUCATION IMPROVEMENT ACT FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES – ALL PROGRAMS
YEAR ENDED JUNE 30, 2019**

Page 3 of 4

EXPENDITURES (CONTINUED)

100 Instruction (Continued)		
182 Adult Secondary Education Programs		
100 Salaries	\$	109,455
200 Employee Benefits		26,441
300 Purchased Services		1,660
400 Supplies and Materials		6,781
183 Adult English Literacy (ESL)		
100 Salaries		5,168
200 Employee Benefits		989
400 Supplies and Materials		181
		181
Total Instruction		3,628,916
200 Support Services		
210 Pupil Services		
212 Guidance Services		
300 Purchased Services		17,694
400 Supplies and Materials		8,395
220 Instructional Staff Services		
221 Improvement of Instruction Curriculum Development		
100 Salaries		113,215
200 Employee Benefits		47,212
300 Purchased Services		24,437
223 Supervision of Special Programs		
100 Salaries		131,934
200 Employee Benefits		51,779
300 Purchased Services		2,527
400 Supplies and Materials		5,651
224 Improvement of Instruction Inservice and Staff Training		
100 Salaries		13,600
200 Employee Benefits		4,934
300 Purchased Services		209,364
400 Supplies and Materials		11,465
230 General Administration Services		
233 School Administration		
100 Salaries		101,102
200 Employee Benefits		34,734
300 Purchased Services		723

**DARLINGTON COUNTY SCHOOL DISTRICT
DARLINGTON, SOUTH CAROLINA
SPECIAL REVENUE FUNDS – EDUCATION IMPROVEMENT ACT FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES – ALL PROGRAMS
YEAR ENDED JUNE 30, 2019**

Page 4 of 4

EXPENDITURES (CONTINUED)

200 Support Services (Continued)

250 Finance and Operations Services

253 Facilities Acquisition and Construction

500 Capital Outlay

520 Construction Services

\$ 96,700

254 Operation and Maintenance of Plant

300 Purchased Services

481,985

257 Internal Services

300 Purchased Services

77

258 Security

100 Salaries

29,837

200 Employee Benefits

13,673

260 Central Support Services

264 Staff Services

400 Supplies and Materials

1,565

Total Support Services

1,402,603

TOTAL EXPENDITURES

5,031,519

EXCESS OF REVENUES OVER EXPENDITURES

2,675,971

OTHER FINANCING USES

Transfers from (to) Other Funds

420-710 Transfer to General Fund (Excludes Indirect Costs)

(2,675,971)

TOTAL OTHER FINANCING USES

(2,675,971)

EXCESS OF REVENUES OVER (UNDER) EXPENDITURES
AND OTHER FINANCING USES

-

FUND BALANCE

July 1, 2018

-

June 30, 2019

\$ -

**DARLINGTON COUNTY SCHOOL DISTRICT
DARLINGTON, SOUTH CAROLINA
SPECIAL REVENUE FUNDS – EDUCATION IMPROVEMENT ACT FUND
SUMMARY SCHEDULE BY PROGRAM
YEAR ENDED JUNE 30, 2019**

	Revenues	Expenditures	EIA Interfund Transfers In/(Out)	Other Fund Transfers In/(Out)	EIA Fund Unearned
PROGRAM					
3500 Education Improvement Act					
3502 ADEPT	\$ 6,321	\$ 6,321	\$ -	\$ -	\$ 22,179
3507 Aid to Districts - Technology	-	-	-	-	384,560
3509 Arts in Education	11,600	11,600	-	-	492
3511 Professional Development	86,950	86,950	-	-	-
3518 Adoption List of Formative Assessment	7,194	7,194	-	-	66,853
3519 Grade 10 Assessments	84,517	84,517	-	-	30,877
3526 Refurbishment of Science Kits	37,600	37,600	-	-	11,437
3528 Industry Certifications/Credentials	37,751	37,751	-	-	77,357
3529 Career and Technology Education	182,184	182,184	-	-	148,927
3532 National Board Salary Supplement (No Carryover Provision)	323,857	323,857	-	-	-
3533 Teacher of the Year Awards	1,077	1,077	-	-	-
3535 Reading Coaches	8,000	8,000	-	-	-
3538 Students At Risk of School Failure	1,080,626	1,080,626	-	-	1,478,820
3541 Child Early Reading Development and Education Program (CERDEP) - Full Day 4K	1,641,990	1,641,990	-	-	173,787
3550 Teacher Salary Increase (No Carryover Provision)	2,220,465	-	-	(2,220,465)	-
3555 Teacher Salary Fringe (No Carryover Provision)	455,506	-	-	(455,506)	-
3556 Adult Education	418,649	418,649	-	-	15,695
3557 Summer Reading Program	111,177	111,177	-	-	181,570
3558 Reading	80,827	80,827	-	-	-
3571 CSI and Priority Schools	8,916	8,916	-	-	198,689
3577 Teacher Supplies (No Carryover Provision)	191,125	191,125	-	-	-
3593 Capital Improvement Plan	578,685	578,685	-	-	405,163
3595 EEDA - Supplies and Materials	26,089	26,089	-	-	3,241
3597 Aid to Districts	82,741	82,741	-	-	527,185
3599 Other EIA	23,643	23,643	-	-	18,485
TOTALS	<u>\$ 7,707,490</u>	<u>\$ 5,031,519</u>	<u>\$ -</u>	<u>\$ (2,675,971)</u>	<u>\$ 3,745,317</u>

SCHOOL BUILDING FUND

SCHOOL BUILDING FUND

To account for financial resources to be used for the acquisition and construction of major capital facilities.

This fund is used to account for financial resources to be used for the acquisition and construction of major capital facilities, renovations, and extensive repairs which tend to extend the life of the asset.

The following individual fund schedule has been prepared in the format mandated by the South Carolina State Department of Education. The account numbers shown on the schedule are also mandated by the South Carolina Department of Education.

**DARLINGTON COUNTY SCHOOL DISTRICT
DARLINGTON, SOUTH CAROLINA
SCHOOL BUILDING FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE
YEAR ENDED JUNE 30, 2019**

REVENUES

1000 Revenue from Local Sources	
1500 Earnings on Investments	
1510 Interest on Investments	\$ 2,214,968
1900 Other Revenue from Local Sources	
1990 Miscellaneous Local Revenue	
1993 Receipt of Insurance Proceeds	815
Total Local Sources	<u>2,215,783</u>
TOTAL REVENUES	<u>2,215,783</u>

EXPENDITURES

200 Support Services	
250 Finance and Operations Services	
253 Facilities Acquisition & Construction	
300 Purchased Services	2,750
500 Capital Outlay	
520 Construction Services	4,212,097
525 Buildings	14,736,777
530 Improvements Other Than Buildings	24,000
254 Operation and Maintenance of Plant	
300 Purchased Services	417,727
500 Capital Outlay	
530 Improvements Other Than Buildings	5,859
540 Equipment	112,656
266 Technology and Data Processings Services	
300 Purchased Services	87,788
400 Supplies and Materials	2,419,374
500 Capital Outlay	
545 Technology Equipment	249,247
Total Support Services	<u>22,268,275</u>
500 Debt Service	
620 Interest	8,688
690 Other Objects	62,514
Total Debt Service	<u>71,202</u>
TOTAL EXPENDITURES	<u>22,339,477</u>

EXCESS OF REVENUES OVER (UNDER) EXPENDITURES (20,123,694)

OTHER FINANCING SOURCES (USES)

5120 Proceeds on General Obligation Bonds	7,300,000
Interfund Transfers, From (To) Other Funds	
5210 Transfers from General Fund	10,883,688
TOTAL OTHER FINANCING SOURCES (USES)	<u>18,183,688</u>

EXCESS OF REVENUES AND OTHER FINANCING SOURCES
OVER (UNDER) EXPENDITURES (1,940,006)

FUND BALANCE

July 1, 2018	<u>73,362,795</u>
June 30, 2019	<u><u>\$ 71,422,789</u></u>

DEBT SERVICE FUND

DEBT SERVICE FUND

To accumulate monies for payment of the School District's long-term debt.

This fund accounts for the accumulation of resources for and the payment of general long-term debt principal and interest. This debt service fund was established and is maintained in accordance with acts passed by the General Assembly of South Carolina authorizing the sale of general obligation bonds of the School District.

The following individual fund schedule has been prepared in the format mandated by the South Carolina State Department of Education. The account numbers shown on the schedule are also mandated by the South Carolina Department of Education.

**DARLINGTON COUNTY SCHOOL DISTRICT
DARLINGTON, SOUTH CAROLINA
DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE
YEAR ENDED JUNE 30, 2019**

REVENUES

1000 Revenues from Local Sources

1100 Taxes

1110 Ad Valorem Taxes - Including Delinquent \$ 6,565,225

1140 Penalties and Interest on Taxes (Independent) 31,936

1200 Revenue from Local Governmental Units other than LEA

1280 Revenue in Lieu of Taxes 383,812

1500 Earnings on Investments

1510 Interest on Investments 191,360

1900 Revenue from Other Local Sources

1999 Sales Tax Revenue 6,113,362

Total Local Sources 13,285,695

3000 Revenues from State Sources

3800 State Revenue in Lieu of Taxes

3820 Homestead Exemption 297,721

3830 Merchant's Inventory Tax 41,843

3840 Manufacturer's Depreciation Reimbursement 168,707

3890 Other State Property Tax Revenues 46,335

Total State Sources 554,606

TOTAL REVENUES 13,840,301

EXPENDITURES

500 Debt Service

610 Redemption of Principal 12,608,000

620 Interest 2,304,168

TOTAL EXPENDITURES 14,912,168

EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER)

EXPENDITURES (1,071,867)

NET CHANGE IN FUND BALANCE (1,071,867)

FUND BALANCE

July 1, 2018 9,631,813

June 30, 2019 \$ 8,559,946

PROPRIETARY FUND

PROPRIETARY FUND

To account for operations of the School District that are financed and operated in a manner similar to private business or where the governing body has decided that the determination of revenues earned, costs incurred, and/or net income is necessary for management accountability. The School District accounts for the following proprietary fund:

Food Services - used to account for the School District's food service activities.

The following individual fund statement has been prepared in the format mandated by the South Carolina State Department of Education. The account numbers shown on the various schedules are also mandated by the South Carolina State Department of Education.

**DARLINGTON COUNTY SCHOOL DISTRICT
DARLINGTON, SOUTH CAROLINA
PROPRIETARY FUND
SCHEDULE OF REVENUES, EXPENSES, AND
CHANGES IN NET POSITION – FOOD SERVICE PROGRAM
YEAR ENDED JUNE 30, 2019**

REVENUES

1000 Revenues from Local Sources	
1500 Earnings on Investments	
1510 Interest on Investments	\$ 392
1600 Food Service	
1610 Lunch Sales to Pupils	1,651
1620 Breakfast Sales to Pupils	598
1630 Special Sales to Pupils	93,536
1640 Lunch Sales to Adults	64,702
1650 Breakfast Sales to Adults	3,979
1660 Special Sales to Adults	24,989
1900 Other Revenues from Local Sources	
1993 Receipt of Insurance Proceeds	5,141
1999 Revenue from Other Local Sources	312
Total Local Sources	<u>195,300</u>
4000 Revenues from Federal Sources	
4800 USDA Reimbursement	
4810 School Lunch and After School Snack Program, and Special Milk Program	3,868,354
4830 School Breakfast program	1,454,358
4860 Fresh Fruit & Vegetable Program	202,108
4900 Other Federal Sources	
4991 USDA Commodities	329,708
Total Federal Sources	<u>5,854,528</u>
Total Revenues all Sources	<u>6,049,828</u>

OPERATING EXPENSES

200 Support Services	
250 Finance and Operations	
256 Food Service	
100 Salaries	2,220,753
300 Purchased Services (Exclude Energy Costs)	189,931
400 Supplies and Materials (Include Energy Costs)	3,122,084
500 Capital Outlay	
570 Depreciation	92,052
600 Other Objects	58,163
Total Operating Expenses	<u>5,682,983</u>

OPERATING INCOME (LOSS)

366,845

OTHER FINANCING SOURCES (USES)

Transfers from (to) Other Funds	
432-791 Food Service Fund Indirect Costs	(190,000)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(190,000)</u>

**EXCESS OF REVENUES AND OTHER FINANCING SOURCES
OVER EXPENSES AND OTHER FINANCING USES**

176,845

NET POSITION

July 1, 2018	<u>2,198,456</u>
June 30, 2019	<u>\$ 2,375,301</u>

AGENCY FUND

AGENCY FUND

To account for assets held by the School District in a trustee capacity or as an agent for specific schools, clubs, or groups within each school or other type of organization. The School District accounts for the following agency fund:

Pupil Activity - used to account for monies held for student organizations and schools.

The following individual fund statements have been prepared in the format mandated by the South Carolina State Department of Education. The account numbers shown on the various schedules are also mandated by the South Carolina State Department of Education.

**DARLINGTON COUNTY SCHOOL DISTRICT
DARLINGTON, SOUTH CAROLINA
AGENCY FUND
SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES – PUPIL ACTIVITY
YEAR ENDED JUNE 30, 2019**

	<u>Balance July 1, 2018</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2019</u>
ASSETS				
Cash and cash equivalents	<u>\$ 1,078,793</u>	<u>\$ 2,772,546</u>	<u>\$ 2,677,538</u>	<u>\$ 1,173,801</u>
LIABILITIES				
Due to schools	<u>\$ 1,078,793</u>	<u>\$ 2,772,546</u>	<u>\$ 2,677,538</u>	<u>\$ 1,173,801</u>

**DARLINGTON COUNTY SCHOOL DISTRICT
DARLINGTON, SOUTH CAROLINA
AGENCY FUND
SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
CHANGES IN DUE TO SCHOOLS – PUPIL ACTIVITY
YEAR ENDED JUNE 30, 2019**

RECEIPTS

1000 Receipts from Local Sources

1700 Pupil Activities

1790 Other

\$ 2,772,546

Total Receipts from Local Sources

2,772,546

Total Receipts

2,772,546

DISBURSEMENTS

271 Pupil Service Activities

660 Supporting Services Pupil Activity

952,424

272 Enterprise Activities

660 Pupil Activity

1,158,656

273 Trust and Agency Activities

660 Enterprise Activities

566,458

Total Disbursements

2,677,538

Excess of Receipts Over (Under) Disbursements

95,008

DUE TO SCHOOLS

July 1, 2018

1,078,793

June 30, 2019

\$ 1,173,801

OTHER SUPPLEMENTARY SCHEDULES

DARLINGTON COUNTY SCHOOL DISTRICT
DARLINGTON, SOUTH CAROLINA
DETAILED SCHEDULE OF DUE TO STATE DEPARTMENT OF EDUCATION/
FEDERAL GOVERNMENT
JUNE 30, 2019

<u>Program</u>	<u>Grant or Project Number</u>	<u>Revenue & Subfund Codes</u>	<u>Description</u>	<u>Amount Due to SDE/ Federal Government</u>	<u>Status of amounts Due to Grantor</u>
----------------	--	--	--------------------	--	---

No funds are due to state/federal government.

**DARLINGTON COUNTY SCHOOL DISTRICT
DARLINGTON, SOUTH CAROLINA
LOCATION RECONCILIATION SCHEDULE
YEAR ENDED JUNE 30, 2019**

Location ID	Location Description	Education Level	Cost Type	Total Expenditures
4	Hartsville Middle	Middle School	School	\$ 7,844,197
5	Hartsville High	High School	School	10,892,145
6	Lamar High	High School	School	4,490,332
10	Spaulding Middle	Middle School	School	2,441,982
13	Brockington	Elementary School	School	3,393,314
14	Cain Elementary	Elementary School	School	12,100,438
15	Carolina Elementary	Elementary School	School	2,857,446
16	Lamar Elementary	Elementary School	School	5,551,682
17	North Hartsville Elementary	Elementary School	School	5,457,775
18	Pate Elementary	Elementary School	School	3,580,155
20	Rosenwald Elementary/Middle	Elementary/Middle School	School	2,094,241
23	Spaulding Elementary	Elementary School	School	1,685,050
24	Brunson-Dargan Elementary	Elementary School	School	2,505,802
26	St. John's Elementary	Elementary School	School	5,494,691
27	Thornwell Elementary	Elementary School	School	3,189,193
28	West Hartsville Elementary	Elementary School	School	2,165,415
29	Washington Street Elementary	Elementary School	School	5,257,302
30	Darlington High	High School	School	10,325,139
31	Darlington Middle	Middle School	School	7,595,456
32	Southside Early Childhood	Elementary School	School	3,774,513
33	Mayo Magnet	High School	School	3,266,183
35	Intervention School	Other (Alternative) School	School	1,266,788
50	Superintendent	Non-School	Central	1,036,995
51	Operations	Non-School	Central	1,161,689
54	Curriculum & Instruction	Non-School	Central	1,194,071
55	Human Resources	Non-School	Central	1,739,564
56	Pupil Services	Non-School	Central	1,155,898
58	Transportation	Non-School	Central	3,484,120
59	Communications	Non-School	Central	357,704
60	Exceptional Education	Non-School	Central	1,945,944
62	Maintenance	Non-School	Central	2,307,067
63	Elementary Assistant Superintendent	Non-School	Central	1,977,531
64	Adult Education	Non-School	Central	1,222,823
65	Warehouse	Non-School	Central	104,388
66	Project Share	Non-School	Central	28,439
68	Food Service	Non-School	Central	551,519
69	Computer Services	Non-School	Central	6,293,868
72	Finance	Non-School	Central	20,344,794
91	Institute of Technology	Other (Career) School	School	2,403,614
TOTAL EXPENDITURES FOR ALL FUNDS				<u>\$ 154,539,267</u>
The above expenditures are reconciled to the District's financial statements as follows:				
	General Fund			\$ 86,426,840
	Special Projects Fund			17,468,742
	Education Improvement Act Fund			5,031,519
	School Building Fund			22,339,477
	Debt Service Fund			14,912,168
	Food Service Fund			5,682,983
	Student Activity Fund			2,677,538
TOTAL EXPENDITURES FOR ALL FUNDS				<u>\$ 154,539,267</u>

**DARLINGTON COUNTY SCHOOL DISTRICT
DARLINGTON, SOUTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2019**

LEA Subfund Code	Federal Grantor/ Pass-Through Grantor Program or Cluster Title	Federal CFDA Number	Pass-Through Grantor's Number	Expenditures
	U.S. Department of Agriculture			
	South Carolina Dept. of Education - Child Nutrition Cluster:			
600	School Breakfast Program	10.553	NONE	\$ 1,454,358
600	National School Lunch Program			
	Cash Assistance	10.555	NONE	\$ 3,868,354
	Non-Cash Assistance (Commodities)	10.555	NONE	329,708
	National School Lunch Program Subtotal			4,198,062
	Total Child Nutrition Cluster			5,652,420
	South Carolina Dept. of Education - Fresh Fruit and Vegetable Program	10.582	NONE	202,108
	Total U.S. Department of Agriculture			5,854,528
	U.S. Department of Labor			
	South Carolina Dept. of Education - WIA Youth Activities	17.259	8Y507E1	269,495
284	Jobs for America's Graduates	17.259	18JAG105	100,788
	Total 17.259			370,283
	Total U.S. Department of Labor			370,283
	U.S. Department of Education			
	South Carolina Dept. of Education - Title I Cluster:			
201	Title I Grants to LEA's	84.010	19 Title I Carryover from Prior Yr	\$ 565,706
201	Title I Grants to LEA's	84.010	19 Title I	3,183,487
				3,749,193
238	Title I - School Improvements Mini Grants	84.010A	Title I School Improvement	266,193
240	Title I - Direct Student Services	84.010A	Title I Direct Student Services	91,580
	Total 84.010			4,106,966
	Total Title I, Part A Cluster			4,106,966
	South Carolina Dept. of Education - Special Education Cluster (IDEA):			
203	Special Education_Grants to States	84.027	17 IDEA	\$ 159,842
203	Special Education_Grants to States	84.027	18 IDEA	130,054
203	Special Education_Grants to States	84.027	19 IDEA	2,445,107
				2,735,003
204	Special Education_Grants to States	84.027	16 IDEA ESY	24,201
205	Special Education_Grants to States	84.027	19 IDEA Preschool	105,017
	Total 84.027			2,864,221
	Total IDEA Cluster (IDEA)			2,864,221
	South Carolina Dept. of Education - Adult Education - Basic Grants to States	84.002	19 Adult Education	206,959
207	Career and Technical Education -- Basic Grants to States	84.048	19CATE	185,170
264	English Language Acquisition State Grants	84.365	19 Title III	16,468
267	Improving Teacher Quality State Grants	84.367	18 Title II Carryover from Prior Yr	\$ 9,590
267	Improving Teacher Quality State Grants	84.367	19 Title II	410,100
	Total			419,690
				828,287
210	Student Support and Academic Enrichment Program	84.424A	19 Title IV SSAE	122,570
	Total U.S. Department of Education			7,922,044
	Other Federal Assistance			
	U.S. Department of Defense			
269	ROTC Language and Culture Training Grants	12.357		245,316
	Total U.S. Department of Defense			245,316
	Total Expenditures of Federal Awards			\$ 14,392,171

No amounts were passed through to subrecipients

See accompanying Notes to Schedule of Expenditures of Federal Awards

**DARLINGTON COUNTY SCHOOL DISTRICT
DARLINGTON, SOUTH CAROLINA
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2019**

1. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the School District under programs of the federal government for the year ended June 30, 2019. The information in this schedule is presented in accordance with the requirements of the Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the School District, it is not intended to and does not present the financial position, changes in net position or cash flows of the School District.

2. Significant Accounting Policies

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting, consistent with the measurement focus and accounting basis used by the School District for expenditures. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Pass-through entity identifying numbers are presented where available.

3. Indirect Cost Rate

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

***GOVERNMENT AUDITING STANDARDS AND
SINGLE AUDIT REPORTS***

**Independent Auditors' Report on Internal Control over Financial Reporting and on
Compliance and Other Matters Based on an Audit of Financial Statements
Performed in Accordance with *Government Auditing Standards***

Board of Trustees
Darlington County School District
Darlington, South Carolina

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Darlington County School District (the School District), as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements and have issued our report thereon dated November 30, 2019.

Internal Control over Financial Reporting

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

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

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

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Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the 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.



Florence, South Carolina
November 30, 2019

**Independent Auditors' Report on Compliance for Each Major Program and on
Internal Control over Compliance Required by the Uniform Guidance**

Board of Trustees

Darlington County School District

Darlington, South Carolina

Report on Compliance for Each Major Federal Program

We have audited Darlington County School District's (the School District) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the School District's major federal programs for the year ended June 30, 2019. The School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditors' Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, the School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2019.

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Other Matters

The results of our auditing procedures disclosed instances of noncompliance which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as item 2019-001 and 2019-002. Our opinion on each major federal program is not modified with respect to these matters.

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

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we did identify a deficiency in internal control over compliance, described in the accompanying schedule of findings and questions costs as item 2019-003 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.



Florence, South Carolina
November 30, 2019

**DARLINGTON COUNTY SCHOOL DISTRICT
DARLINGTON, SOUTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2019**

Page 1 of 3

I. SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditors' report issued:

Unmodified

Internal control over financial reporting:

Material weaknesses identified?

_____ Yes X No

Significant deficiencies 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 weaknesses identified?

_____ Yes X No

Significant deficiencies identified that are not considered
to be material weaknesses?

 X Yes _____ None Reported

Type of auditors' report issued on compliance for major programs:

Unmodified

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

 X Yes _____ No

Identification of major programs:

CFDA Number

Name of Federal Program or Cluster

84.010
84.002

Title I
Adult Education

Dollar threshold used to distinguish between
type A and type B programs

\$750,000

Auditee qualified as low-risk auditee?

 X Yes _____ No

**DARLINGTON COUNTY SCHOOL DISTRICT
DARLINGTON, SOUTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2019**

Page 2 of 3

II. – Financial Statement Findings

None

III. – Findings and Questioned Costs – Major Federal Award Programs

2019-001	<p>CFDA # 84.010 Title I – U.S. Department of Education Grant No. 19 Title I; FAIN S010A180040 Grant Period: Year Ended June 30, 2019 Pass through entity name: South Carolina Department of Education Compliance requirement B – Allowable Costs/Cost Principles, Time and Effort</p> <p>CFDA # 84.002 Adult Education – State Administered – U.S. Department of Education Grant No. 19 Adult Education FAIN V002A180041 Grant Period: Year Ended June 30, 2019 Pass-through entity name: South Carolina Department of Education Compliance requirement B – Allowable Costs/Cost Principles, Time and Effort</p>
Criteria and Condition	The programs require retention of semi-annual certifications or PARs to document level of effort for staff charged to each program. Certifications were not available for all staff charged to each program. This was not noted in the prior year.
Context	Audit testing revealed that for 3 of 30 employees tested who were charged to the Title I program and for 6 of 6 employees tested who were charged to the Adult Education program, documentation was not maintained.
Cause	Lack of understanding of application of requirement to the program.
Effect	The District is not in compliance with federal regulations regarding Title I and Adult Education.
Recommendation	The District should establish a procedure to ensure that program directors are adequately trained in all requirements applicable to their programs, and processes are implemented to ensure that proper documentation is maintained.
Views of responsible officials and planned corrective actions	Management has implemented controls to ensure that documentation is maintained to support hours worked for all staff.
2019-002	<p>CFDA # 84.010 Title I – U.S. Department of Education Grant No. 19 Title I FAIN S010A180040 Grant Period: Year Ended June 30, 2019 Pass through entity name: South Carolina Department of Education Compliance requirement B – Allowable Costs/Cost Principles, Time and Effort</p>
Criteria and Condition	Only authorized certified employees are to be charged to the program. A master list is maintained identifying employees that the program director has approved to be funded by the program. Due to turnover of staff, a qualified employee was hired subsequent to approval of the master list, was charged to the program, but was not added to the master list as approved. This was not noted in the prior year.

**DARLINGTON COUNTY SCHOOL DISTRICT
DARLINGTON, SOUTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2019**

Page 3 of 3

III. – Findings and Questioned Costs – Major Federal Award Programs (Continued)

Context	Audit testing revealed that for 1 of 30 employees tested who were charged to the Title I program, the master list was not amended to indicate proper authorization for the new employee to be charged to the program.
Cause	Due to turnover in staff, the master list was not properly maintained.
Effect	The District is not in compliance with federal regulations regarding record keeping for Title I and is at risk of improperly charging unqualified, unapproved staff to the program.
Recommendation	The master list should be maintained throughout the year. Additionally, charging of a new employee to a program should require written authorization from the program director to the Finance/Payroll office before any costs are charged to the program.
Views of responsible officials and actions	Management has implemented controls to ensure that documentation on the master list supports employees charged to the program.
2019-003	CFDA # 84.002 Adult Education – State Administered – U.S. Department of Education Grant No. 19 Adult Education FAIN V002A180041 Grant Period: Year Ended June 30, 2019 Pass-through entity name: South Carolina Department of Education Compliance requirement E – Eligibility
Criteria and Condition	Students under 18 years old must be approved by the Board of Trustees for participation in the Adult Education program. Lists of applicants are provided to the Board, but the number of participants approved in the board minutes did not consistently agree in number with the detailed listing of participants provided. This was not noted in the prior year.
Context	Audit testing revealed that for 3 of 8 lists of student applicants provided to the board, it is unclear if the list approved was the list retained.
Cause	Clerical error in the documentation in the board minutes.
Effect	The District is not in compliance with federal regulations regarding board approval of students for the Adult Education program. The District is at risk of improperly permitting an unapproved student to participate in the program.
Recommendation	When the listing is provided to the board, the listing should be signed and dated by the Chairperson of the board and the program director to demonstrate approval of the listing of students for the program.
Views of responsible officials and actions	Management has implemented controls to ensure that documentation on the board minutes supports the information on the lists of applicants under 18 years old provided to the Board.

**DARLINGTON COUNTY SCHOOL DISTRICT
DARLINGTON, SOUTH CAROLINA
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
YEAR ENDED JUNE 30, 2019**

II. – Financial Statement Findings

2018- 001	Internal controls governing payroll processing
Current Status	Corrected – Processes have been put in place for better review of payroll preparation. We are also in the process of adding a new position to help with the separation of duties in the preparation of payroll.

III. – Findings and Questioned Costs – Major Federal Award Programs

2018- 002	CFDA # 10.553 and 10.555 Child Nutrition Cluster – U.S. Department of Agriculture; Grant Period: Year Ended June 30, 2018 Pass-through entity name: South Carolina Department of Education. Compliance requirement F – Equipment. Capital asset records do not consistently capture the source of funding for the individual assets.
Current Status	Corrected – We have started adding the source of funding to the Fixed Asset additions in Smart Fusion and are in the process of updating prior year additions to reflect the funding source.



CORRECTIVE ACTION PLAN

December 2, 2019

Darlington County School District respectfully submits the following corrective action plan for the year ended June 30, 2019.

Webster Rogers, Certified Public Accountants, 1411 Second Loop Road, PO Box 6289, Florence, SC 29505/29502 reported the following audit findings for the period July 1, 2018 – June 30, 2019 and are discussed below:

The findings are numbered consistently with the numbers assigned in the schedule.

I. FINDINGS-FINANCIAL AUDIT STATEMENT MATERIAL WEAKNESS

None

II. FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS

2019-001 – CFDA #84.010 Title I – U.S. Department of Education

CFDA #84.002 Adult Education – U.S. Department of Education

Proper documentation of semi-annual certifications or PARs, to document level of effort for staff charged to each program, for some employees was missing.

Recommendation – The District should establish a procedure to ensure program directors are adequately trained in all requirements applicable to their programs and processes implemented to ensure proper documentation is maintained.

Action Taken – We concur with the recommendation. Management will implement necessary training for staff to ensure that proper documentation is maintained in the future.

2019-002 – CFDA #84.010 Title I – U.S. Department of Education

Proper approval of funding by the program Director is required and one instance of an employee not being listed on the Program master sheet was discovered.

Recommendation – The master list should be maintained throughout the year. Additionally, charging of a new employee to a program should require written authorization from the program director to the Finance/Payroll office before any costs are charged to the program.

Action Taken – We concur with the recommendation. Due to turnover of staff a qualified employee who was hired after the master list was created was not added. Management will take steps to make sure that all new employees are properly approved before adding them to a federal fund.

2019-003 – CFDA #84.002 Adult Education – U.S. Department of Education

A clerical error was found in the Board minutes documenting approval of students under 18 years old, as required by the Federal program. The number of students on the list provided to the Board did not match the number referenced in the minutes.

Recommendation – When the listing is provided to the board, the listing should be signed and dated by the Chairperson of the board and the program director to demonstrate approval of the listing of students for the program.

Action Taken – We agree that there was a clerical error and have discussed a way to prevent the error from occurring in the future. The minutes will be compared with the actual documents provided prior to their approval in the future. The number of students will also be added to the agenda item to make it easier to identify any variances when the minutes are approved the following month.

Questions regarding this plan may be directed to Renee C. Douglas, CPA, Chief Financial Officer, at 843-398-2275.

Respectfully,

Renee C. Douglas, CPA
Chief Financial Officer
Darlington County School District