

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

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

YEAR ENDED JUNE 30, 2018

**DARLINGTON COUNTY SCHOOL DISTRICT
DARLINGTON, SOUTH CAROLINA
YEAR ENDED JUNE 30, 2018**

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 Four Fiscal Years	56
Schedule of the School District's Proportionate Share of the Net Pension Liability - Police Officers Retirement System - Last Four Fiscal Years	57

**DARLINGTON COUNTY SCHOOL DISTRICT
DARLINGTON, SOUTH CAROLINA
YEAR ENDED JUNE 30, 2018**

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 Five Fiscal Years	58
Schedule of the School District's Contributions - Police Officers Retirement System - Last Five Fiscal Years	59
Schedule of the School District's Proportionate Share of the Net OPEB Liability - South Carolina Retiree Health Insurance Trust Fund - Last Two Fiscal Years	60
Schedule of the School District's Contributions - South Carolina Retiree Health Insurance Trust Fund - Last Two 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, 2018**

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, 2018, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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, 2018, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Members

SC Association of Certified Public Accountants
NC Association of Certified Public Accountants

Members

Division for CPA Firms, AICPA

An independently owned member
RSM US Alliance



1411 Second Loop Road
PO Box 6289 (29502)
Florence, SC 29505
843-665-5900 Fax 843-678-9523
www.websterrogers.com

Change in Accounting Principle

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

Other 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, 54-55, 56-59 and 60–61 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, 2018, on our consideration of the School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School District's internal control over financial reporting and compliance.



Florence, South Carolina
November 30, 2018

REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)

**DARLINGTON COUNTY SCHOOL DISTRICT
DARLINGTON, SOUTH CAROLINA
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2018**

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, 2018.

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 \$43,881,150 in unassigned fund balance at June 30, 2018. 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, 2018, yields at least three months balance of operating expenditures based on monthly average expenditures of the current fiscal year. General fund expenditures, before transfers in, exceeded revenues by \$3,268,129. After transfers in and out from other financing sources, the District's net change in general fund balance increased by \$4,721,736.

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, 2018**

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, 2018**

- 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 current 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 Note III.H. on page 51 for 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. 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>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Current & other assets	\$ 151,187	\$ 91,462	\$ 1,348	\$ 1,110	\$ 152,535	\$ 92,572
Capital assets	105,528	103,651	851	880	106,379	104,531
Total assets	<u>256,715</u>	<u>195,113</u>	<u>2,199</u>	<u>1,990</u>	<u>258,914</u>	<u>197,103</u>
Deferred outflows	23,087	19,064	-	-	23,087	19,064
Current liabilities	21,946	32,323	-	-	21,946	32,323
Long term liabilities	288,619	127,840	-	-	288,619	127,840
Total liabilities	<u>310,565</u>	<u>160,163</u>	<u>-</u>	<u>-</u>	<u>310,565</u>	<u>160,163</u>
Deferred inflows	9,708	411	-	-	9,708	411
Net Position:						
Net investment in capital assets	99,300	69,651	851	880	100,151	70,531
Restricted	10,274	5,691	-	-	10,274	5,691
Unrestricted	(150,044)	(21,739)	1,348	1,110	(148,696)	(20,629)
Total Net Position	<u>\$ (40,470)</u>	<u>\$ 53,603</u>	<u>\$ 2,199</u>	<u>\$ 1,990</u>	<u>\$ (38,271)</u>	<u>\$ 55,593</u>

* Beginning net position was restated in 2018 for the effect of implementing GASB No. 75, *Accounting and Financial Reporting for Postemployment Benefits other than Pensions*. See Note III.H. for more information on the restatement.

**DARLINGTON COUNTY SCHOOL DISTRICT
DARLINGTON, SOUTH CAROLINA
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2018**

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

	Governmental Activities		Business-type Activities		Total Primary Government	
	2018	2017	2018	2017	2018	2017
Revenues						
Program revenue:						
Charges for services	\$ 254	\$ 189	\$ 188	\$ 268	\$ 442	\$ 457
Operating grants	59,271	57,973	5,905	5,893	65,176	63,866
Capital grants	-	50	-	-	-	50
General revenues:						
Property taxes	42,305	43,168	-	-	42,305	43,168
Sales taxes	5,612	5,614	-	-	5,612	5,614
State aid	15,639	12,302	36	-	15,674	12,302
Other general revenue	975	407	-	-	975	407
Total Revenue	<u>124,056</u>	<u>119,703</u>	<u>6,129</u>	<u>6,161</u>	<u>130,185</u>	<u>125,864</u>
Program expenses:						
Instruction	67,215	61,406	-	-	67,215	61,406
Support services	48,310	44,743	-	-	48,310	44,743
Community services	13	30	-	-	13	30
Intergovernmental	3,687	3,502	-	-	3,687	3,502
Interest on long term debt	690	(889)	-	-	690	(889)
Unallocated depreciation	433	398	-	-	433	398
Food service	-	-	5,781	5,792	5,781	5,792
Total Expenses	<u>120,348</u>	<u>109,190</u>	<u>5,781</u>	<u>5,792</u>	<u>126,129</u>	<u>114,982</u>
Excess before transfers	3,708	10,513	348	369	4,056	10,882
Transfers	140	196	(140)	(196)	-	-
Increase (decrease) in net position	<u>\$ 3,848</u>	<u>\$ 10,709</u>	<u>\$ 208</u>	<u>\$ 173</u>	<u>\$ 4,056</u>	<u>\$ 10,882</u>

Total revenues increased by 3.4% from the prior year. Program expenses increased 9.7% above last year. Total net position increased by \$4,055,715 in 2018 and by \$10,881,971 in 2017.

**DARLINGTON COUNTY SCHOOL DISTRICT
DARLINGTON, SOUTH CAROLINA
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2018**

Governmental Activities

The unrestricted net position of the District's governmental activities decreased by \$128,304,775. At the same time, the District's net investment in capital assets increased by \$29,649,281. The change in net position is primarily due to the implementation of GASB Statement No. 75 and the resulting retroactive change in accounting principle. See Note III. H in the footnotes for more information.

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 \$207,634, which is primarily due to a reduction in expenses.

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 \$131,864,667 which increased by \$59,296,196 over last year's total of \$72,568,471. The schedule below illustrates the fund balance and total change in fund balance as of June 30, 2018 and 2017.

	<u>Fund Balance June 30, 2018</u>	<u>Fund Balance June 30, 2017</u>	<u>Increase (Decrease)</u>
General	\$ 44,909,754	\$ 40,188,018	\$ 4,721,736
Special Projects	3,960,305	3,005,435	954,870
School Building	73,362,795	25,339,394	48,023,401
Debt Service	9,631,813	4,035,624	5,596,189
	<hr/>	<hr/>	<hr/>
Total	<u>\$ 131,864,667</u>	<u>\$ 72,568,471</u>	<u>\$ 59,296,196</u>

The District's combined fund balance increase is due primarily to the issuance of the GO Bond in fiscal year 2018 for the construction of the three new elementary schools.

**DARLINGTON COUNTY SCHOOL DISTRICT
DARLINGTON, SOUTH CAROLINA
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2018**

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

	2018 Amount	2017 Amount	Percentage Change
Revenues			
Taxes	\$ 32,706,640	\$ 34,332,441	-4.74%
Other local sources	938,796	233,887	301.39%
Intergovernmental	<u>53,117,776</u>	<u>50,787,961</u>	4.59%
	<u>\$ 86,763,212</u>	<u>\$ 85,354,289</u>	1.65%

	2018 Amount	2017 Amount	Percentage Change
Expenditures by object			
Salaries	\$ 51,297,518	\$ 48,236,791	6.35%
Fringe benefits	22,027,344	19,825,462	11.11%
Purchased services	4,071,260	3,780,418	7.69%
Supplies and Materials	4,739,939	4,462,954	6.21%
Capital outlay	429,279	1,365,956	-68.57%
Miscellaneous	928,158	826,852	12.25%
Intergovernmental	<u>1,585</u>	<u>4,182</u>	-62.10%
	<u>\$ 83,495,083</u>	<u>\$ 78,502,615</u>	6.36%

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 \$4,992,468 or 6.36% 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 in of \$1,453,607) was greater than expenditures (including intergovernmental of \$1,585) during the fiscal year, resulting in an increase to the general fund balance of \$4,721,736.

Other Funds

The Special Projects fund operates essentially on a quasi-break-even basis. Revenues were greater than expenditures (including net transfers in and out of \$389,326) during the fiscal year resulting in an increase of \$954,870 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, 2018**

The School Building fund balance increased by \$48,023,401. The primary reason for this increase was the issuance of a GO Bond for \$60,000,000 to construct three new elementary schools and the payoff of the \$15,000,000 bond anticipation note that was issued in fiscal year 2017. The unspent funds that rolled into 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 increased by \$5,596,189. The increase in this fund balance is the accumulation of our debt service allocations that will be used to pay off the recently issued bond and our other capital fund debts.

The School District's only Proprietary Fund (Enterprise Fund) is the Food Service Fund. This program had an increase in net position of \$207,634 during 2018, compared to an increase of \$172,743 in the prior year. Total revenues increased by \$32,481 to \$6,128,900, primarily due to an increase in USDA reimbursements and commodities. Total expenses were \$5,781,266 for the current year which was a decrease of \$11,519 from the prior year.

Budgetary Analysis

The District under estimated its budgeted general fund revenue by \$7,062,694. The budgeted operational expenses were under estimated by \$2,105,451. The other financing sources (uses) were under estimated by \$88,723. The result was a fund balance increase of \$4,721,736, which is 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.

In order to monitor progress during a multi-year construction program, the building fund budget reflects the total anticipated costs for the project rather than an annual budget.

Capital Assets

In the fiscal year ended June 30, 2014 the Board of Education committed \$11,445,000 of fund balance of the general fund towards deferred maintenance of facilities. 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, 2018 the Board of Education approved a General Obligation Bond in the amount of \$5,800,000 for that purpose. In April of 2018 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-one open construction projects in progress at June 30, 2018 including multiple roofing projects, capital repairs 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 2018. 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 \$5,800,000 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, 2018**

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, 2018

	Primary Government		Total
	Governmental Activities	Business-type Activities	
ASSETS			
Cash and cash equivalents	\$ 21,127,947	\$ 81,076	\$ 21,209,023
Cash and investments with County Treasurer	124,318,016	-	124,318,016
Investment funds in escrow with bond refunding agent	1,273,716	-	1,273,716
Due from other governmental units	3,109,682	143,832	3,253,514
Internal balances	(1,089,676)	1,089,676	-
Taxes receivable	2,296,553	-	2,296,553
Accounts receivable	41,411	-	41,411
Inventories	109,443	33,276	142,719
Capital assets not being depreciated	11,006,955	-	11,006,955
Capital assets, net of accumulated depreciation	94,521,298	850,596	95,371,894
TOTAL ASSETS	256,715,345	2,198,456	258,913,801
DEFERRED OUTFLOWS OF RESOURCES			
Deferred pension amounts	19,597,995	-	19,597,995
Deferred OPEB amounts	3,489,006	-	3,489,006
TOTAL DEFERRED OUTFLOWS OF RESOURCES	23,087,001	-	23,087,001
LIABILITIES			
Accounts payable	4,251,623	-	4,251,623
Accrued expenses	5,198,523	-	5,198,523
Unearned revenues	6,205,622	-	6,205,622
Due to other governmental units	295,361	-	295,361
Accrued interest payable	164,287	-	164,287
Noncurrent liabilities			
Due within one year	5,830,976	-	5,830,976
Due in more than one year	64,474,240	-	64,474,240
Net pension liability	129,536,293	-	129,536,293
Net OPEB liability	94,608,107	-	94,608,107
TOTAL LIABILITIES	310,565,032	-	310,565,032
DEFERRED INFLOWS OF RESOURCES			
Deferred pension amounts	763,167	-	763,167
Deferred OPEB amounts	8,944,597	-	8,944,597
TOTAL DEFERRED INFLOWS OF RESOURCES	9,707,764	-	9,707,764
NET POSITION			
Net investment in capital assets	99,299,822	850,596	100,150,418
Restricted for			
Special projects	72,726	-	72,726
Technical school	272,403	-	272,403
Equipment purchase	9,500	-	9,500
Debt service	9,919,141	-	9,919,141
Unrestricted	(150,044,042)	1,347,860	(148,696,182)
TOTAL NET POSITION	\$ (40,470,450)	\$ 2,198,456	\$ (38,271,994)

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, 2018**

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	\$ 67,215,086	\$ 253,970	\$ 52,508,946	\$ -	\$ (14,452,170)	\$ -	\$ (14,452,170)
Support services	48,309,827	-	6,761,698	-	(41,548,129)	-	(41,548,129)
Community services	12,757	-	-	-	(12,757)	-	(12,757)
Intergovernmental	3,687,368	-	-	-	(3,687,368)	-	(3,687,368)
Interest expense, net of deferred charges and premium amortization	689,942	-	-	-	(689,942)	-	(689,942)
Depreciation - unallocated *	432,698	-	-	-	(432,698)	-	(432,698)
Total governmental activities	120,347,678	253,970	59,270,644	-	(60,823,064)	-	(60,823,064)
Business-type activities							
Food services	5,781,266	188,251	5,905,093	-	-	312,078	312,078
Total business-type activities	5,781,266	188,251	5,905,093	-	-	312,078	312,078
Total primary government	\$ 126,128,944	\$ 442,221	\$ 65,175,737	\$ -	(60,823,064)	312,078	(60,510,986)
General revenues							
Property taxes levied for:							
General purposes					33,228,873	-	33,228,873
Florence-Darlington Technical College					2,849,895	-	2,849,895
Debt service					6,225,975	-	6,225,975
Sales taxes					5,612,422	-	5,612,422
Grants and contributions not restricted to specific programs					14,252,832	-	14,252,832
Unrestricted revenue from use of money and property					1,385,685	35,556	1,421,241
Miscellaneous					975,463	-	975,463
Transfers					140,000	(140,000)	-
Total General Revenues and Transfers					64,671,145	(104,444)	64,566,701
Change in Net Position					3,848,081	207,634	4,055,715
Net Position							
July 1, 2017, as restated					(44,318,531)	1,990,822	(42,327,709)
June 30, 2018					\$ (40,470,450)	\$ 2,198,456	\$ (38,271,994)

* 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, 2018**

	General Fund	Special Projects Fund	EIA Fund	School Building Fund	Debt Service Fund	Total Governmental Funds
ASSETS						
Cash and cash equivalents	\$ 12,183,662	\$ -	\$ -	\$ 1,969,301	\$ 6,974,984	\$ 21,127,947
Cash and investments with County Treasurer	41,373,238	227,098	-	80,450,568	2,267,112	124,318,016
Property taxes receivables, net of allowance	1,821,481	148,095	-	-	326,977	2,296,553
Other Receivables	41,411	-	-	-	-	41,411
Due from other governmental units						
Federal government	-	3,109,682	-	-	-	3,109,682
Due from other funds	17,461,624	6,113,101	3,964,814	4,797,481	406,068	32,743,088
Inventories	109,443	-	-	-	-	109,443
TOTAL ASSETS	<u>\$ 72,990,859</u>	<u>\$ 9,597,976</u>	<u>\$ 3,964,814</u>	<u>\$ 87,217,350</u>	<u>\$ 9,975,141</u>	<u>\$ 183,746,140</u>
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES						
LIABILITIES						
Accounts payable	\$ 4,217,777	\$ -	\$ -	\$ 33,846	\$ -	\$ 4,251,623
Accrued liabilities	5,198,523	-	-	-	-	5,198,523
Due to other governmental units	-	66,863	-	-	-	66,863
Due to SC Department of Education	-	114,778	113,720	-	-	228,498
Due to other funds	16,968,754	2,987,301	-	13,820,709	56,000	33,832,764
Unearned revenues	15,836	2,338,692	3,851,094	-	-	6,205,622
TOTAL LIABILITIES	<u>26,400,890</u>	<u>5,507,634</u>	<u>3,964,814</u>	<u>13,854,555</u>	<u>56,000</u>	<u>49,783,893</u>
DEFERRED INFLOWS OF RESOURCES						
Unavailable property taxes	1,680,215	130,037	-	-	287,328	2,097,580
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>1,680,215</u>	<u>130,037</u>	<u>-</u>	<u>-</u>	<u>287,328</u>	<u>2,097,580</u>
FUND BALANCES						
Nonspendable	109,443	-	-	-	-	109,443
Restricted	72,726	151,866	-	62,904,843	9,631,813	72,761,248
Committed	-	3,718,250	-	10,457,952	-	14,176,202
Assigned	846,435	147,694	-	-	-	994,129
Unassigned	43,881,150	(57,505)	-	-	-	43,823,645
TOTAL FUND BALANCES	<u>44,909,754</u>	<u>3,960,305</u>	<u>-</u>	<u>73,362,795</u>	<u>9,631,813</u>	<u>131,864,667</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u>\$ 72,990,859</u>	<u>\$ 9,597,976</u>	<u>\$ 3,964,814</u>	<u>\$ 87,217,350</u>	<u>\$ 9,975,141</u>	<u>\$ 183,746,140</u>

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, 2018**

TOTAL FUND BALANCES - GOVERNMENTAL FUNDS		\$ 131,864,667
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.		2,097,580
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.		1,273,716
Capital assets used for governmental activities are not financial resources and therefore are not reported in governmental funds. The cost of assets is \$244,782,896, and the accumulated depreciation is \$139,254,643.		105,528,253
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	\$ 7,354,273	
Differences between expected and actual experience	577,584	
Differences between actual and projected investment earnings	3,616,239	
Change in assumptions	7,583,868	
Changes in proportion and differences between actual and proportionate share of contributions	466,031	19,597,995
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	\$ 3,326,443	
Differences between actual and projected investment earnings	162,563	3,489,006
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	\$ (71,784)	
Changes in proportion and differences between actual and and proportionate share of contributions	(691,383)	(763,167)
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	\$ (41,061)	
Change in assumptions	(8,902,183)	
Changes in proportion and differences between actual and and proportionate share of contributions	(1,353)	(8,944,597)
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	\$ (129,536,293)	
OPEB liability	(94,608,107)	
Bonds payable	(63,369,000)	
Issuance premium	(5,764,273)	
Compensated absences payable	(1,171,943)	
Accrued interest payable	(164,287)	(294,613,903)
NET POSITION OF GOVERNMENTAL ACTIVITIES		\$ (40,470,450)

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, 2018**

	General Fund	Special Projects Fund	EIA	School Building Fund	Debt Service Fund	Total Governmental Funds
REVENUES						
Local property taxes	\$ 32,706,640	\$ 2,849,895	\$ -	\$ -	\$ 6,225,975	\$ 41,782,510
Sales taxes	-	-	-	-	5,612,422	5,612,422
Other local	938,796	2,751,646	-	602,311	77,879	4,370,632
Total local	33,645,436	5,601,541	-	602,311	11,916,276	51,765,564
State	52,903,784	2,642,866	6,880,318	-	498,998	62,925,966
Federal	-	8,492,822	-	-	-	8,492,822
Intergovernmental	213,992	-	-	-	-	213,992
Total Revenues	86,763,212	16,737,229	6,880,318	602,311	12,415,274	123,398,344
EXPENDITURES						
Current						
Instruction	47,469,990	6,144,985	3,969,792	-	-	57,584,767
Support services	35,582,792	5,560,945	724,330	3,230,756	-	45,098,823
Community services	11,437	1,320	-	-	-	12,757
Intergovernmental	1,585	3,685,783	-	-	-	3,687,368
Debt service						
Principal	-	-	-	15,000,000	6,431,000	21,431,000
Interest	-	-	-	308,688	88,085	396,773
Fees	-	-	-	511,819	-	511,819
Capital outlay	429,279	-	8,734	6,847,791	-	7,285,804
Total Expenditures	83,495,083	15,393,033	4,702,856	25,899,054	6,519,085	136,009,111
Excess of Revenues Over (Under) Expenditures	3,268,129	1,344,196	2,177,462	(25,296,743)	5,896,189	(12,610,767)
OTHER FINANCING SOURCES (USES)						
General obligation issuance	-	-	-	65,800,000	-	65,800,000
Premium on bonds issued	-	-	-	5,831,785	-	5,831,785
Proceeds from sale of assets	-	-	-	135,178	-	135,178
Transfers in	2,706,788	-	-	1,553,181	-	4,259,969
Transfers out	(1,253,181)	(389,326)	(2,177,462)	-	(300,000)	(4,119,969)
Total Other Financing Sources (Uses)	1,453,607	(389,326)	(2,177,462)	73,320,144	(300,000)	71,906,963
Net Change in Fund Balance	4,721,736	954,870	-	48,023,401	5,596,189	59,296,196
FUND BALANCE						
July 1, 2017	40,188,018	3,005,435	-	25,339,394	4,035,624	72,568,471
June 30, 2018	\$ 44,909,754	\$ 3,960,305	\$ -	\$ 73,362,795	\$ 9,631,813	\$ 131,864,667

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, 2018**

TOTAL NET CHANGE IN FUND BALANCE - GOVERNMENTAL FUNDS		\$ 59,296,196
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.		522,233
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 (\$7,285,804) exceeded depreciation expense (\$5,408,722) in the period.		1,877,082
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	\$ (13,043,514)	
Amount recorded in the governmental funds	3,354,273	(5,689,241)
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	\$ (5,468,968)	
Amount recorded in the governmental funds	3,326,443	(2,142,525)
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.		108,428
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	\$ (65,800,000)	
Bond premiums	(5,831,785)	
Principal repayments:		
Bonds payable	21,431,000	
Amortization of bond premiums	190,656	(50,010,129)
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	\$ (1,171,943)	
Prior year	1,138,414	
Accrued interest		
Current year	(164,287)	
Prior year	83,853	(113,963)
Change in Net Position of Governmental Activities		\$ 3,848,081

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, 2018**

	<u>Enterprise Fund - Food Service Program</u>
ASSETS	
Current assets	
Cash and cash equivalents	\$ 81,076
Due from federal government	143,832
Due from SC Department of Education	-
Due from other funds	1,089,676
Inventories	<u>33,276</u>
Total current assets	<u>1,347,860</u>
Noncurrent assets	
Equipment	3,619,725
Less accumulated depreciation	<u>(2,769,129)</u>
Total noncurrent assets	<u>850,596</u>
Total assets	<u>2,198,456</u>
NET POSITION	
Net investment in capital assets	850,596
Unrestricted	<u>1,347,860</u>
Total net position	<u><u>\$ 2,198,456</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, 2018**

	<u>Enterprise Fund - Food Service Program</u>
OPERATING REVENUES	
Proceeds from sale of meals	\$ 63,762
Special sales and miscellaneous	<u>124,489</u>
Total Operating Revenues	<u>188,251</u>
OPERATING EXPENSES	
Food costs	2,514,442
Salaries and wages	2,355,138
Supplies and materials	638,810
Depreciation	86,685
Other operating costs	<u>186,191</u>
Total Operating Expenses	<u>5,781,266</u>
Operating Loss	<u>(5,593,015)</u>
NONOPERATING REVENUES (EXPENSES)	
Interest income	35,556
USDA Reimbursements	5,412,227
Commodities received from USDA	492,435
Other federal and state aid	<u>431</u>
Total Nonoperating Revenues (Expenses)	<u>5,940,649</u>
INCOME BEFORE TRANSFERS	<u>347,634</u>
OTHER FINANCING SOURCES (USES)	
Transfers Out	<u>(140,000)</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>(140,000)</u>
CHANGE IN NET POSITION	207,634
NET POSITION	
July 1, 2017	<u>1,990,822</u>
June 30, 2018	<u><u>\$ 2,198,456</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, 2018**

	<u>Enterprise Fund - Food Service Program</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Received from patrons	\$ 188,251
Payments to employees for services	(2,355,138)
Payments to suppliers for goods and services	<u>(2,949,393)</u>
Net cash used in operating activities	<u>(5,116,280)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest received	<u>35,556</u>
Net cash provided by investing activities	<u>35,556</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Transfers to other funds	(140,000)
Nonoperating grants received	<u>5,358,857</u>
Net cash provided by noncapital financing activities	<u>5,218,857</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Acquisition of capital assets	<u>(57,186)</u>
Net cash used in capital and related financing activities	<u>(57,186)</u>
Net increase in cash and cash equivalents	80,947
Cash and cash equivalents - July 1, 2017	<u>129</u>
Cash and cash equivalents - June 30, 2018	<u><u>\$ 81,076</u></u>
Reconciliation of operating loss to net cash used in operating activities:	
Operating loss	\$ (5,593,015)
Adjustments to reconcile operating loss to net cash provided by (used in) operating activities:	
Depreciation	86,685
Commodities used	492,435
Changes in assets and liabilities:	
(Increase) decrease in due from other funds	(119,554)
(Increase) decrease in inventory	39,222
Increase (decrease) in due from other funds	<u>(22,053)</u>
Net cash used in operating activities	<u><u>\$ (5,116,280)</u></u>

Noncash noncapital financing activities:
During the year, the District received \$492,435 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, 2018**

	<u>Agency Funds</u>
ASSETS	
Cash and cash equivalents	\$ 1,078,793
TOTAL ASSETS	<u>\$ 1,078,793</u>
LIABILITIES	
Due to schools	\$ 1,078,793
TOTAL LIABILITIES	<u>\$ 1,078,793</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, 2018

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, 2018**

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, 2018**

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, 2018**

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

3. Prepaids

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:

Assets	Years
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, 2018**

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, 2018**

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, 2018**

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, 2018**

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, 2018**

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, 2018, the carrying amount of the School District's deposits was \$15,321,230, and the bank balance was \$16,438,827. 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 \$124,318,016.

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, 2018**

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 SCGLIP 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%	\$ 26,162
FNMA Participation Certificates	0.23%	309,132
FHLMC	0.52%	694,782
GNMA Participation	0.00%	
Pass-Through Certificates	0.04%	52,349
U.S. Treasury Notes	0.14%	<u>191,291</u>
Investment funds in escrow with bond refunding agent		1,273,716
Mutual Fund	5.26%	6,974,984
Cash and Investments held by County Treasurer	93.79%	<u>124,318,016</u>
Total	100.00%	<u>\$ 132,566,716</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.

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.

**DARLINGTON COUNTY SCHOOL DISTRICT
DARLINGTON, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

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

A. Deposits and Investments (Continued)

As of June 30, 2018, 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	\$ 26,162	\$ -	\$ -	\$ -	\$ 26,162
FNMA Participation Certificates	1	N/A	309,132	-	183,885	35,195	90,052
FHLMC	1	N/A	694,782	-	-	694,782	-
GNMA Participation							
Pass-Through Certificates	1	N/A	52,349	-	-	-	52,349
U.S. Treasury Notes	1	Aaa	191,291	16,906	174,385	-	-
Investment funds in escrow with bond refunding agent			1,273,716	16,906	358,270	729,977	168,563
Mutual Fund	1	Aaa-mf	6,974,984	6,974,984	-	-	-
Cash and Investments held by County Treasurer	N/A	NR	124,318,016	124,318,016	-	-	-
Total			<u>\$ 132,566,716</u>	<u>\$ 131,309,906</u>	<u>\$ 358,270</u>	<u>\$ 729,977</u>	<u>\$ 168,563</u>

^ If available, credit ratings are from Moody'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.

The general operations millage is 176.18 mills (\$17.618 per \$100 assessed valuation), and debt service fund millage is 26.50 mills (\$2.65 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.

**DARLINGTON COUNTY SCHOOL DISTRICT
DARLINGTON, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

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

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	\$ 3,961,577	\$ 304,882	\$ 605,877	\$ -
Intergovernmental	-	3,109,682	-	143,832
Accounts	41,411	-	-	-
Gross receivables	<u>4,002,988</u>	<u>3,414,564</u>	<u>605,877</u>	<u>143,832</u>
Less allowance for uncollectible property tax	<u>(2,140,096)</u>	<u>(156,787)</u>	<u>(278,900)</u>	<u>-</u>
Net receivables	<u>\$ 1,862,892</u>	<u>\$ 3,257,777</u>	<u>\$ 326,977</u>	<u>\$ 143,832</u>

D. Capital Assets

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

	Balance 6/30/2017	Additions	Deletions	Transfers	Balance 6/30/2018
Governmental Activities					
Capital assets, not being depreciated					
Land	\$ 6,281,409	\$ 839,177	\$ -	\$ -	\$ 7,120,586
Construction in progress	<u>5,579,223</u>	<u>6,286,890</u>	<u>-</u>	<u>(7,979,744)</u>	<u>3,886,369</u>
Total capital assets, not being depreciated	<u>11,860,632</u>	<u>7,126,067</u>	<u>-</u>	<u>(7,979,744)</u>	<u>11,006,955</u>
Capital assets, being depreciated					
Building and improvements	191,400,162	-	-	5,014,579	196,414,741
Land improvements	20,277,458	-	-	1,429,828	21,707,286
Equipment	<u>13,958,840</u>	<u>159,737</u>	<u>-</u>	<u>1,535,337</u>	<u>15,653,914</u>
Total capital assets, being depreciated	<u>225,636,460</u>	<u>159,737</u>	<u>-</u>	<u>7,979,744</u>	<u>233,775,941</u>
Totals	<u>237,497,092</u>	<u>7,285,804</u>	<u>-</u>	<u>-</u>	<u>244,782,896</u>
Less accumulated depreciation for					
Building and improvements	(119,169,528)	(3,845,223)	-	-	(123,014,751)
Land improvements	(4,723,154)	(984,354)	-	-	(5,707,508)
Equipment	<u>(9,953,239)</u>	<u>(579,145)</u>	<u>-</u>	<u>-</u>	<u>(10,532,384)</u>
Total accumulated depreciation	<u>(133,845,921)</u>	<u>(5,408,722)</u>	<u>-</u>	<u>-</u>	<u>(139,254,643)</u>
Total capital assets, being depreciated, net	<u>91,790,539</u>	<u>(5,248,985)</u>	<u>-</u>	<u>7,979,744</u>	<u>94,521,298</u>
Governmental activities capital assets, net	<u>\$ 103,651,171</u>	<u>\$ 1,877,082</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 105,528,253</u>

**DARLINGTON COUNTY SCHOOL DISTRICT
DARLINGTON, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

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

D. Capital Assets (Continued)

	Balance 6/30/2017	Additions	Deletions	Balance 6/30/2018
Business-type Activities				
Capital assets, being depreciated				
Food service equipment	\$ 3,562,539	\$ 57,186	\$ -	\$ 3,619,725
Total capital assets, being depreciated	<u>3,562,539</u>	<u>57,186</u>	<u>-</u>	<u>3,619,725</u>
Less accumulated depreciation for				
Food service equipment	(2,682,444)	(86,685)	-	(2,769,129)
Total accumulated depreciation	<u>(2,682,444)</u>	<u>(86,685)</u>	<u>-</u>	<u>(2,769,129)</u>
Total capital assets, being depreciated, net	<u>880,095</u>	<u>(29,499)</u>	<u>-</u>	<u>850,596</u>
Business-type activities capital assets, net	<u>\$ 880,095</u>	<u>\$ (29,499)</u>	<u>\$ -</u>	<u>\$ 850,596</u>

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

<u>Governmental activities</u>	
Instruction	\$ 4,705,588
Support Services	270,436
Unallocated	<u>432,698</u>
Total governmental activities	<u>\$ 5,408,722</u>
 <u>Business-type activities</u>	
Food Service	<u>\$ 86,685</u>
Total business-type activities	<u>\$ 86,685</u>

E. Transfers In (Out) From Other Funds

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

	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ 2,706,788	\$ 1,253,181
Special Projects Fund	-	389,326
Education Improvement Act Fund	-	2,177,462
School Building Fund	1,553,181	-
Debt Service Fund	<u>-</u>	<u>300,000</u>
Total governmental funds	<u>4,259,969</u>	<u>4,119,969</u>
Food Service Fund	<u>-</u>	<u>140,000</u>
Total proprietary fund	<u>-</u>	<u>140,000</u>
Total transfers	<u>\$ 4,259,969</u>	<u>\$ 4,259,969</u>

**DARLINGTON COUNTY SCHOOL DISTRICT
DARLINGTON, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

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

E. Transfers In (Out) From Other Funds (Continued)

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.

F. Interfund Receivables and Payables

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

	Receivable	Payable
General Fund	\$ 17,461,624	\$ 16,968,754
Special Projects Fund	6,113,101	2,987,301
Education Improvement Act Fund	3,964,814	-
School Building Fund	4,797,481	13,820,709
Debt Service Fund	406,068	56,000
Total governmental funds	32,743,088	33,832,764
Food Service Fund	1,089,676	-
Total proprietary fund	1,089,676	-
Total balances	\$ 33,832,764	\$ 33,832,764

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, 2018, the following changes took place in the long-term liabilities:

	Balance 6/30/2017	Additions	Reductions	Balance 6/30/2018	Due Within One Year
General obligation bonds	\$ 19,000,000	\$ 65,800,000	\$ 21,431,000	\$ 63,369,000	\$ 5,308,000
Plus deferred amount:					
For issuance premium	123,144	5,831,785	190,656	5,764,273	-
Total general obligation bonds	19,123,144	71,631,785	21,621,656	69,133,273	5,308,000
Compensated absences	1,138,411	518,476	484,944	1,171,943	522,976
Total long-term liabilities	\$ 20,261,555	\$ 72,150,261	\$ 22,106,600	\$ 70,305,216	\$ 5,830,976

**DARLINGTON COUNTY SCHOOL DISTRICT
DARLINGTON, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

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, 2018, are comprised of the following individual issues:

	<u>Interest Rates</u>	<u>Balance</u>
Equipment Acquisition Financing, Series 2016	1.35%	\$ 1,969,000
2018 GOB Series	2.68%	60,000,000
2006 Advance Refunding Bonds (QZAB)	3.50%	<u>1,400,000</u>
		<u>\$ 63,369,000</u>

The annual requirements for debt service on General Obligation Bonds outstanding at June 30, 2018, are summarized as follows:

<u>Year ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 5,308,000	\$ 2,232,665	\$ 7,540,665
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 and thereafter	<u>42,465,000</u>	<u>8,235,550</u>	<u>50,700,550</u>
Subtotal	63,369,000	19,236,464	82,605,464
Plus deferred amounts:			
Bond premiums	<u>5,764,273</u>	<u>-</u>	<u>5,764,273</u>
Total	<u>\$ 69,133,273</u>	<u>\$ 19,236,464</u>	<u>\$ 88,369,737</u>

In September 2016, the School District issued an Equipment 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.

In April 2017, the School District issued a General Obligation Bond Anticipation Note (BAN), Series 2017, in the amount of \$15,000,000, including interest at a rate of 2%. The net proceeds were used for capital improvements. The BAN was paid from the proceeds of General Obligation Bonds, Series 2018, which were issued in April 2018.

**DARLINGTON COUNTY SCHOOL DISTRICT
DARLINGTON, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

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

G. Long-Term Debt (Continued)

In September 2017, the School District issued a General Obligation Bond, Series 2017, in the amount of \$5,800,000, including interest at a rate of 1.23%. The net proceeds were used for capital improvements. The bond matured in May 2018, and was paid by sales tax revenues collected and recorded in the debt service fund.

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.

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. At June 30, 2018, \$3,905,000 of the defeased debt is outstanding, and \$3,972,344 is held by an escrow agent in an irrevocable trust fund to provide for future 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 \$1,273,716 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 \$492,435 of commodities consumed during the year ended June 30, 2018.

Administrative Costs

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

**DARLINGTON COUNTY SCHOOL DISTRICT
DARLINGTON, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

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

I. Fund Balances

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

	<u>General Fund</u>	<u>Special Projects Fund</u>	<u>School Building Fund</u>	<u>Debt Service Fund</u>
Fund balances:				
Nonspendable				
Inventories and prepaid items	\$ 109,443	\$ -	\$ -	\$ -
Restricted:				
Debt service	-	-	-	9,631,813
Technical school	-	142,366	-	-
Capital projects	-	-	62,904,843	-
Equipment	-	9,500	-	-
Donor restricted projects	72,726	-	-	-
Restricted total	<u>72,726</u>	<u>151,866</u>	<u>62,904,843</u>	<u>9,631,813</u>
Committed:				
Technology	-	831,472	-	-
Medicaid services	-	2,262,561	-	-
Activity buses	-	554,216	-	-
Adult banquet	-	70,001	-	-
Capital projects	-	-	10,457,952	-
Committed total	<u>-</u>	<u>3,718,250</u>	<u>10,457,952</u>	<u>-</u>
Assigned:				
Subsequent year's expenditures	275,000	-	-	-
Landscaping	56,556	-	-	-
Adult education	59,388	-	-	-
School cameras	297,804	-	-	-
Technology	-	147,694	-	-
Other	157,687	-	-	-
Assigned total	<u>846,435</u>	<u>147,694</u>	<u>-</u>	<u>-</u>
Unassigned	43,881,150	(57,505)	-	-
	<u>\$ 44,909,754</u>	<u>\$ 3,960,305</u>	<u>\$ 73,362,795</u>	<u>\$ 9,631,813</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, 2018**

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, PO Box 11960, Columbia, SC 29211-1960. 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, 2018**

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. The PEBA Board may increase the SCRS and PORS employer and employee contribution rates on the basis of the actuarial valuations, but any such increase may not result in a differential between the employee and employer contribution rate that exceeds 2.9 percent of earnable compensation for SCRS and 5 percent for PORS. An increase in the contribution rates adopted by the Board may not provide for an increase of more than one-half of one percent in any one year. If the scheduled employee and employer contributions provided in statute or the rates last adopted by the board are insufficient to maintain a 30-year amortization schedule of the unfunded liabilities of the plans, the board shall increase the contribution rates in equal percentage amounts for the employer and employee as necessary to maintain the 30-year amortization period; this increase is not limited to one-half of one percent per year.

If the most recent annual actuarial valuation of the Systems for funding purposes shows a ratio of the actuarial value of system assets to the actuarial accrued liability of the system (the funded ratio) that is equal to or greater than 90%, 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 90%.

**DARLINGTON COUNTY SCHOOL DISTRICT
DARLINGTON, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

III. OTHER INFORMATION (CONTINUED)

A. Defined Benefit Pension Plans (Continued)

Plan Description (Continued)

Any decrease in contribution rates must maintain the 2.9% and 5% differentials between the SCRS and PORS employer and employee contribution rates respectively. If contribution rates are decreased pursuant to this provision and the most recent annual actuarial valuation of the system shows a funded ratio of less than 90%, then effective on the following July first, and annually thereafter as necessary, the Board shall increase the then current contribution rates until a subsequent annual actuarial valuation of the System shows a funded ratio that is equal to or greater than 90%.

The Retirement System Funding and Administration Act increases employer contribution rates to 13.56% for SCRS and 16.24% for PORS effective July 1, 2017. It also removes the 2.9% and 5% differential and increases and establishes a ceiling on employee contribution rates at 9% and 9.75% for SCRS and PORS, respectively. The employer contribution rates will continue to increase annually by 1% through July 1, 2022. The legislation's ultimate scheduled employer rate is 18.56% for SCRS and 21.24% for PORS. The amortization period is scheduled to be reduced one year for each of the next 10 years to a 20-year amortization schedule. The recent pension reform legislation also changes the long term funded ratio requirement from 90 to 85.

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

	<u>Fiscal year ended June 30, 2017</u>	<u>Fiscal year ended June 30, 2018</u>
SCRS		
Employee Class Two	8.66% of earnable compensation	9.00% of earnable compensation
Employee Class Three	8.66% of earnable compensation	9.00% of earnable compensation
	<u>Fiscal year ended June 30, 2017</u>	<u>Fiscal year ended June 30, 2018</u>
Employer Class Two	11.41% of earnable compensation	13.41% of earnable compensation
Employer Class Three	11.41% of earnable compensation	13.41% of earnable compensation
Employer Incidental Death Benefit	0.15% of earnable compensation	0.15% of earnable compensation
PORS		
Employee Class Two	9.24% of earnable compensation	9.75% of earnable compensation
Employee Class Three	9.24% of earnable compensation	9.75% of earnable compensation
	<u>Fiscal year ended June 30, 2017</u>	<u>Fiscal year ended June 30, 2018</u>
Employer Class Two	13.84% of earnable compensation	13.41% of earnable compensation
Employer Class Three	13.84% of earnable compensation	13.41% 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

**DARLINGTON COUNTY SCHOOL DISTRICT
DARLINGTON, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

III. OTHER INFORMATION (CONTINUED)

A. Defined Benefit Pension Plans (Continued)

Actuarial Assumptions and Methods

The School District's actual contributions to SCRS and PORS for the year ended June 30, 2018, were \$7,344,368 and \$9,905, respectively, which equaled the required contributions.

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

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

The following 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	3.5% to 12.5%*	4.0% to 10.0%*
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 July 1, 2015, valuations for SCRS are as follows:

Former Job Class	Males	Females
Educators and Judges	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, Firefighters and members of the South Carolina National Guard	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, 2018**

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
2016	2017	\$ 123,662,011	\$ 3,272	\$ 123,665,283
2017	2018	\$ 129,511,308	\$ 24,985	\$ 129,536,293

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, 2017 and 2016, the School District's percentage of the SCRS and PORS net pension liability were 0.575309% and 0.578946% and 0.00091% and .00013%, 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 outlook at the end of the third quarter 2015. 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 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 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	45.00%		
Global Public Equity	31.00%	6.72%	2.08%
Private Equity	9.00%	9.60%	0.86%
Equity Options Strategy	5.00%	5.91%	0.30%
Real Assets	8.00%		
Real Estate (Private)	5.00%	4.32%	0.22%
Real Estate (REITs)	2.00%	6.33%	0.13%
Infrastructure	1.00%	6.26%	0.06%
Opportunistic	17.00%		
GTAA/Risk Parity	10.00%	4.16%	0.42%
Hedge Funds (non-PA)	4.00%	3.82%	0.15%
Other Opportunistic Strategies	3.00%	4.16%	0.12%
Diversified Credit	18.00%		
Mixed Credit	6.00%	3.92%	0.24%
Emerging Markets Debt	5.00%	5.01%	0.25%
Private Debt	7.00%	4.37%	0.31%
Conservative Fixed Income	12.00%		
Core Fixed Income	10.00%	1.60%	0.16%
Cash and Short Duration (net)	2.00%	0.92%	0.02%
Total Expected Real Return	<u>100.00%</u>		<u>5.31%</u>
Inflation for Actuarial Purposes			<u>2.25%</u>
Total Expected Nominal Return			<u>7.56%</u>

**DARLINGTON COUNTY SCHOOL DISTRICT
DARLINGTON, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

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 7.50%. The projection of cash flows used to determine the discount rate assumed that contributions from participating employers in SCRS will be made based on the actuarially determined rates based on provisions in the South Carolina State Code of Laws. Based on those assumptions, 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 7.50 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 (6.50 percent) or 1.00 percent higher (8.50 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 (6.50%)		Current Discount Rate (7.50%)		1.00% Increase (8.50%)	
SCRS	\$	166,922,286	\$	129,511,308	\$	106,811,636
PORS	\$	33,734	\$	24,985	\$	18,093

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, 2018, the School District recognized pension expense of \$13,043,514 in the Statement of Activities.

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Pension contributions made subsequent to measurement date	\$ 7,354,273	\$ -
Differences in actual and expected experience	577,584	71,784
Assumption changes	7,583,868	-
Changes in proportion and differences between Company's contributions and proportionate share of contributions	466,031	691,383
Net differences between projected and actual earnings on plan investments	<u>3,616,239</u>	<u>-</u>
	<u>\$ 19,597,995</u>	<u>\$ 763,167</u>

**DARLINGTON COUNTY SCHOOL DISTRICT
DARLINGTON, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

III. OTHER INFORMATION (CONTINUED)

A. Defined Benefit Pension Plans (Continued)

The School District reported \$7,354,273 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, 2018. 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, 2018. 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 Ending June 30,</u>	<u>Fiscal Year Ending June 30,</u>	<u>SCRS</u>	<u>PORS</u>
2018	2019	\$ 3,451,436	\$ 4,594
2019	2020	5,494,500	5,157
2020	2021	3,531,004	5,161
2021	2022	<u>(1,013,485)</u>	<u>2,188</u>
Net Balance of Deferred Outflows / (Inflows) of Resources		<u>\$ 11,463,455</u>	<u>\$ 17,100</u>

Payables to the pension plans

At June 30, 2018, the School District reported a payable of \$2,917,812 for the outstanding amount of contributions due to SCRS. 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 (8.41 percent) and an incidental death benefit contribution (.15 percent), if applicable, which is retained by SCRS.

For the year ended June 30, 2018, employee contributions totaled \$177,347, and the School District recognized pension expense of \$98,526.

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, 2018**

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, 2018**

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:

Year ended June 30, 2018	SCRHITF
Required contributions	\$ 3,326,443
Actual contributions	\$ 3,326,443

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, 2016
Actuarial Cost Method:	Entry Age Normal
Inflation:	2.25%
Investment Rate of Return:	4.00, net of OPEB Plan investment expense; including inflation
Single Discount Rate:	3.56% as of June 30, 2017
Demographic Assumptions:	Based on the experience study performed for the South Carolina Retirement Systems for the 5-year period 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 7.00% and gradually decreasing to an ultimate trend rate of 4.15% over a period of 15 years
Aging Factors:	Based on plan specific experience
Retiree Participation:	79% for retirees who are eligible for funded premiums
Notes:	There were no benefit changes during the year; the discount rate changed from 2.92% as of June 30, 2016 to 3.56% as of June 30, 2017.

**DARLINGTON COUNTY SCHOOL DISTRICT
DARLINGTON, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

III. OTHER INFORMATION (CONTINUED)

C. Postemployment Benefits Other than Pensions (Continued)

Roll Forward Disclosure

The actuarial valuation was performed as of June 30, 2016. Update procedures were used to roll forward the total OPEB liability to June 30, 2017.

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, 2017 and 2016, the School District's percentage of the SCRHITF net OPEB liability was .698481%.

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

Measurement Period Ended June 30,	Fiscal Year Ended June 30,	SCRHITF
2016	2017	\$ 101,060,638
2017	2018	\$ 94,608,107

Single Discount Rate

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

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, 2018**

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 3.56% 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 2.56%	Current Discount Rate 3.56%	1.00% Increase 4.56%
\$ 111,421,610	\$ 94,608,107	\$ 81,052,309

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
\$ 77,582,569	\$ 94,608,107	\$ 116,652,088

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, 2018, the School District recognized OPEB expense of \$5,468,968.

At June 30, 2018, 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	\$ 3,326,443	\$ -
Differences in actual and expected experience	-	41,061
Assumption changes	-	8,902,183
Changes in proportion and differences between District's contributions and proportionate share of contributions	-	1,353
Net differences between projected and actual earnings on plan investments	162,563	-
	\$ 3,489,006	\$ 8,944,597

**DARLINGTON COUNTY SCHOOL DISTRICT
DARLINGTON, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

III. OTHER INFORMATION (CONTINUED)

C. Postemployment Benefits Other than Pensions (Continued)

The School District reported \$3,326,443 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, 2017, measurement date was 7.246 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, 2018.

<u>Measurement Period Ending June 30,</u>	<u>Fiscal year Ending June 30,</u>	<u>SCRHITF</u>
2018	2019	\$ (1,391,382)
2019	2020	(1,391,382)
2020	2021	(1,391,382)
2021	2022	(1,391,382)
2022	2023	(1,432,022)
Thereafter	Thereafter	(1,784,484)
Net Balance of Deferred Outflows / (Inflows) of Resources		<u>\$ (8,782,034)</u>

Payables to the OPEB plans

At June 30, 2018, the School District reported a payable of \$583,562 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, 2018, 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	\$ 580,806
SCRHITF	\$ 747,016

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, 2018**

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, 2018, are as follows:

<u>Project</u>	<u>Contract Amounts</u>	<u>Expended to Date</u>	<u>Remaining Commitment</u>
HHS BUILD 1, 2, & 3	\$ 1,224,710	\$ 994,795	\$ 229,915
NHE CAFETERIA ROOF	371,873	37,990	333,883
CES MEDIA CENTER ROOF	343,739	28,496	315,243
LHS CAFÉTERIA & METAL STORAGE	96,140	57,134	39,006
SMS AUTOM/MECH STORAGE	57,138	29,844	27,294
HHS ULMER GYM A&E	81,150	48,350	32,800
HHS BUILDING(2018 Roof Package 1) HHS/BA GARY (AE)	150,564	20,158	130,406
BA GARY BLDG 100A/100B/400 (2018 Roof Package 1)	166,436	37,490	128,946
DHS LOCKER ROOM RENOVATION	192,000	81,600	110,400
HHS WINDOWS/ROLL UP DOORS	93,500	75,275	18,225
WINDOWS/ROLL UP DOORS	20,000	17,550	2,450
CES MOBILE REPLACEMENT PROJECT	72,000	65,320	6,680
NHE MOBILE UPGRADES	29,250	23,400	5,850
HARTSVILLE / LAMAR GOFORTH BROWN	1,669,095	636,017	1,033,078
BROWNSTONE 3 SCHOOLS	1,600,000	637,500	1,162,500
DARLINGTON / JUMPER CARTER SEASE ARCHITECTS	1,106,625	829,508	267,117
	<u>\$ 7,274,220</u>	<u>\$ 3,620,427</u>	<u>\$ 3,843,793</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 2017, 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, 2018**

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, 2018, Darlington County abated property taxes totaling \$7,237,552 of which \$4,834,521 would have been paid to the District without abatements. The County does not provide any reimbursement to the District to offset abatements.

H. Change in Accounting Principle

During the year ended June 30, 2018, the School District implemented GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. As part of this implementation, the School District was required to record their proportionate share of the state insurance benefits system's other post-employment benefits (OPEB) liability. The implementation of this new accounting policy was retroactive and required a net OPEB liability of \$101,060,638 and deferred outflows of \$3,139,465 to be recorded on the Statement of Net Position as of June 30, 2017, and a net adjustment to Net position of \$(97,921,173).

The effect of the restatement on the statement of net position is as follows:

Net position as originally presented, June 30, 2017	\$ 53,602,642
Adoption of GASB 75	<u>(97,921,173)</u>
Net position as restated, July 1, 2017	<u>\$ (44,318,531)</u>

DARLINGTON COUNTY SCHOOL DISTRICT
DARLINGTON, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

III. OTHER INFORMATION (CONTINUED)

I. Pending GASB Statements

The GASB has issued the following statements:

GASB Statement No. 83, *Certain Asset Retirement Obligations*, addresses accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability based on the guidance in this Statement. The requirements of this Statement are effective for reporting periods beginning after June 15, 2018. The School District will implement the new guidance with the 2019 financial 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.

GASB Statement No. 88, *Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements*. This Statement defines debt for purposes of disclosure in notes to financial statements as a liability that arises from a contractual obligation to pay cash (or other assets that may be used in lieu of cash) in one or more payments to settle an amount that is fixed at the date the contractual obligation is established. It requires that additional essential information related to debt be disclosed in notes to financial statements, including unused lines of credit; assets pledged as collateral for the debt; and terms specified in debt agreements related to significant events of default with finance-related consequences, significant termination events with finance-related consequences, and significant subjective acceleration clauses. For notes to financial statements related to debt, this Statement also requires that existing and additional information be provided for direct borrowings and direct placements of debt separately from other debt. The requirements of this Statement are effective for reporting periods beginning after June 15, 2018. The School District will implement the new guidance with the 2019 financial statements.

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.

**DARLINGTON COUNTY SCHOOL DISTRICT
DARLINGTON, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

III. OTHER INFORMATION (CONTINUED)

I. Pending GASB Statements (Continued)

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.

J. Subsequent Events

The School District entered into a contract for construction of a new school in the amount of \$18,273,810, and for various other contracts for construction, repairs, and equipment purchases for approximately \$1,700,000.

Subsequent events have been evaluated through November 30, 2018, 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, 2018**

	Budgeted Amounts		Actual	Variance - Over (Under)
	Original	Final		
REVENUES				
Local	\$ 28,618,043	\$ 28,618,043	\$ 33,645,436	\$ 5,027,393
State	50,912,475	50,912,475	52,903,784	1,991,309
Intergovernmental	170,000	170,000	213,992	43,992
Total Revenue	<u>79,700,518</u>	<u>79,700,518</u>	<u>86,763,212</u>	<u>7,062,694</u>
EXPENDITURES				
Current				
Instruction	47,020,718	47,262,887	47,469,990	207,103
Support services	34,866,944	34,125,244	36,012,071	1,886,827
Community services	-	-	11,437	11,437
Intergovernmental	1,500	1,500	1,585	85
Total Expenditures	<u>81,889,162</u>	<u>81,389,631</u>	<u>83,495,083</u>	<u>2,105,452</u>
Excess of Revenues Over (Under) Expenditures	<u>(2,188,644)</u>	<u>(1,689,113)</u>	<u>3,268,129</u>	<u>4,957,242</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	2,145,221	2,145,221	2,706,788	561,567
Transfers out	<u>(280,807)</u>	<u>(780,338)</u>	<u>(1,253,181)</u>	<u>(472,843)</u>
Total Other Financing Sources	<u>1,864,414</u>	<u>1,364,883</u>	<u>1,453,607</u>	<u>88,724</u>
Net Change in Fund Balance	<u>\$ (324,230)</u>	<u>\$ (324,230)</u>	4,721,736	<u>\$ 5,045,966</u>
FUND BALANCE				
July 1, 2017			<u>40,188,018</u>	
June 30, 2018			<u>\$ 44,909,754</u>	

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, 2018**

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 FOUR 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
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 FOUR 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
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 FIVE 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
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 FIVE 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
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 TWO 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%

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 TWO 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
2017	\$ 3,139,465	\$ 3,139,465	\$ -	\$ 58,901,776	5.30%
2018	\$ 3,326,443	\$ 3,326,443	\$ -	\$ 60,480,786	5.50%

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, 2018**

Page 1 of 9

	Budgeted Amounts		Actual	Variance - Over (Under)
	Original	Final		
REVENUES				
1000 Revenue from Local Sources				
1100 Taxes Levied/Assessed by the LEA				
1110 Ad Valorem Taxes - Including Delinquent (Independent)	\$ 26,643,043	\$ 26,643,043	\$ 30,701,084	\$ 4,058,041
1140 Penalties & Interest on Taxes (Independent)	75,000	75,000	144,892	69,892
1200 Revenue from Local Governmental Units Other Than LEAS				
1280 Revenue in Lieu of Taxes (Independent and Dependent)	1,850,000	1,850,000	1,860,664	10,664
1500 Earnings on Investments				
1510 Interest on Investments	50,000	50,000	739,021	689,021
1900 Other Revenue from Local Sources				
1920 Contributions & Donations Private Sectors	-	-	568	568
1999 Revenue from Other Local Sources	-	-	199,207	199,207
Total Local Sources	<u>28,618,043</u>	<u>28,618,043</u>	<u>33,645,436</u>	<u>5,027,393</u>
2000 Intergovernmental Revenue				
2100 Payments from other governmental units	170,000	170,000	213,992	43,992
Total Intergovernmental Sources	<u>170,000</u>	<u>170,000</u>	<u>213,992</u>	<u>43,992</u>
3000 Revenue from State Sources				
3100 Restricted State Funding				
3130 Special Programs				
3131 Handicapped Transportation	-	-	6,806	6,806
3160 School Bus Driver Salary	740,600	740,600	1,043,863	303,263
3161 EAA Bus Driver Salary and Fringe	-	-	2,520	2,520
3162 Transportation Workers' Compensation	61,912	61,912	55,082	(6,830)
3180 Fringe Benefits Employer Contributions	11,132,526	11,132,526	10,798,732	(333,794)
3181 Retiree Insurance	2,045,844	2,045,844	2,403,901	358,057
3199 Other Restricted State Grants	-	-	110	110
3300 Education Finance Act (EFA)				
3310 Full-Time Programs				
3311 Kindergarten	1,130,280	1,130,280	1,057,844	(72,436)
3312 Primary	4,767,707	4,767,707	3,606,975	(1,160,732)
3313 Elementary	6,016,009	6,016,009	5,990,360	(25,649)
3314 High School	2,183,135	2,183,135	3,089,169	906,034
3315 Trainable Mentally Handicapped	139,595	139,595	87,728	(51,867)
3316 Speech Handicapped	1,127,799	1,127,799	1,321,102	193,303
3317 Homebound	13,302	13,302	7,436	(5,866)
3320 Part-Time Programs				
3321 Emotionally Handicapped	130,877	130,877	105,318	(25,559)
3322 Educable Mentally Handicapped	295,027	295,027	302,563	7,536
3323 Learning Disabilities	1,946,048	1,946,048	2,139,381	193,333
3324 Hearing Handicapped	162,280	162,280	112,939	(49,341)
3325 Visually Handicapped	44,345	44,345	38,029	(6,316)
3326 Orthopedically Handicapped	30,809	30,809	72,931	42,122

**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, 2018**

Page 2 of 9

	Budgeted Amounts		Actual	Variance - Over (Under)
	Original	Final		
REVENUES (CONTINUED)				
3320 Part-Time Programs (Continued)				
3327 Vocational	\$ 2,999,089	\$ 2,999,089	\$ 2,122,328	\$ (876,761)
3330 Miscellaneous EFA Programs				
3331 Autism	505,804	505,804	578,122	72,318
3332 High Achieving Students	335,687	335,687	323,020	(12,667)
3334 Limited English Proficiency	52,847	52,847	62,721	9,874
3350 Residential Treatment Facilities (RTF)				
3351 Academic Assistance	480,207	480,207	1,047,726	567,519
3352 Pupils in Poverty	2,988,196	2,988,196	2,979,763	(8,433)
3353 Dual Credit Enrollment			51,179	51,179
3392 NBC Excess EFA Formula	78,192	78,192	97,194	19,002
3800 State Revenue in Lieu of Taxes				
3810 Reimbursement for Local Residential Property Tax Relief (Tier 1)	3,748,257	3,748,257	3,748,257	-
3820 Homestead Exemption (Tier 2)	1,372,910	1,372,910	1,372,910	-
3825 Reimbursement for Property Tax Relief (Tier 3)	5,953,111	5,953,111	6,158,568	205,457
3830 Merchant's Inventory Tax	271,980	271,980	271,980	-
3840 Manufacturer's Depreciation Reimbursement	-	-	966,311	966,311
3890 Other State Property Tax Revenues	152,000	152,000	289,624	137,624
3900 Other State Sources				
3992 State Forest Commission Revenue	6,100	6,100	10,486	4,386
3993 PEBA on-Behalf	-	-	580,806	580,806
	<u>50,912,475</u>	<u>50,912,475</u>	<u>52,903,784</u>	<u>1,991,309</u>
TOTAL STATE SOURCES				
	<u>50,912,475</u>	<u>50,912,475</u>	<u>52,903,784</u>	<u>1,991,309</u>
TOTAL REVENUES	<u>79,700,518</u>	<u>79,700,518</u>	<u>86,763,212</u>	<u>7,062,694</u>
EXPENDITURES				
100 Instruction				
110 General Instruction				
111 Kindergarten Programs				
100 Salaries	1,897,998	1,897,998	1,908,687	10,689
200 Employee Benefits	791,225	791,225	851,794	60,569
400 Supplies and Materials	20,706	22,244	20,208	(2,036)
112 Primary Programs				
100 Salaries	5,876,387	5,876,387	5,564,545	(311,842)
200 Employee Benefits	1,989,338	1,989,338	2,176,897	187,559
400 Supplies and Materials	200,827	200,827	201,858	1,031
113 Elementary Programs				
100 Salaries	9,378,937	9,376,639	9,676,116	299,477
200 Employee Benefits	3,302,928	3,302,928	3,850,491	547,563
300 Purchased Services	88,700	89,050	69,167	(19,883)
400 Supplies and Materials	367,366	373,389	292,646	(80,743)
114 High School Programs				
100 Salaries	7,651,033	8,154,577	7,915,323	(239,254)
200 Employee Benefits	2,880,520	2,880,532	3,193,744	313,212
300 Purchased Services	185,210	188,536	426,878	238,342
400 Supplies and Materials	224,762	229,394	202,447	(26,947)

**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, 2018**

Page 3 of 9

	Budgeted Amounts		Actual	Variance - Over (Under)
	Original	Final		
EXPENDITURES (CONTINUED)				
100 Instruction (Continued)				
110 General Instruction (Continued)				
115 Career & Technology Education Programs				
100 Salaries	\$ 1,289,246	\$ 1,289,246	\$ 1,197,327	\$ (91,919)
200 Employee Benefits	436,039	436,039	482,838	46,799
300 Purchased Services-Other than Tuition	600	600	1,153	553
400 Supplies and Materials	45,680	47,073	38,383	(8,690)
120 Exceptional Programs				
121 Educable Mentally Handicapped				
100 Salaries	1,242,993	1,239,857	1,165,904	(73,953)
200 Employee Benefits	493,297	521,297	500,452	(20,845)
400 Supplies and Materials	3,802	3,802	3,594	(208)
122 Trainable Mentally Handicapped				
100 Salaries	792,320	662,208	747,691	85,483
200 Employee Benefits	250,717	250,717	300,429	49,712
400 Supplies and Materials	5,828	5,328	5,217	(111)
123 Orthopedically Handicapped				
100 Salaries	750	750	-	(750)
125 Hearing Handicapped				
100 Salaries	893,740	710,548	512,447	(198,101)
200 Employee Benefits	265,454	341,368	222,188	(119,180)
300 Purchased Services	1,490	4,870	1,971	(2,899)
400 Supplies and Materials	2,630	19,251	15,610	(3,641)
126 Speech Handicapped				
100 Salaries	697,070	654,871	426,428	(228,443)
200 Employee Benefits	230,862	230,862	170,374	(60,488)
300 Purchased Services	40,400	20,400	8,848	(11,552)
400 Supplies and Materials	1,568	1,448	1,286	(162)
127 Learning Disabilities				
100 Salaries	2,098,195	2,228,997	2,039,119	(189,878)
200 Employee Benefits	768,335	768,335	761,395	(6,940)
400 Supplies and Materials	5,541	5,589	12,683	7,094
128 Emotionally Handicapped				
100 Salaries	180,753	164,132	175,346	11,214
200 Employee Benefits	77,857	77,857	74,991	(2,866)
400 Supplies and Materials	1,800	1,752	1,904	152
130 Preschool Programs				
131 Pre-school Handicapped-Speech (5 yr. olds)				
100 Salaries	51,722	51,722	156,821	105,099
200 Employee Benefits	17,145	17,145	55,497	38,352
133 Pre-school Handicapped-Self-contained (5 yr. olds)				
100 Salaries	-	-	118,575	118,575
200 Employee Benefits	-	-	46,388	46,388
135 Pre-school Handicapped Speech (3 & 4 yr. olds)				
100 Salaries	94,625	89,324	46,435	(42,889)
200 Employee Benefits	45,756	43,559	15,321	(28,238)

**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, 2018**

Page 4 of 9

	Budgeted Amounts		Actual	Variance - Over (Under)
	Original	Final		
EXPENDITURES (CONTINUED)				
100 Instruction (Continued)				
130 Preschool Programs (Continued)				
137 Preschool Handicapped - Self- Contained (3 & 4 yr. olds)				
100 Salaries	\$ 238,453	\$ 223,442	\$ 158,763	\$ (64,679)
200 Employee Benefits	99,016	28,649	63,657	35,008
139 Early Childhood Programs				
100 Salaries	104,820	104,820	1,177	(103,643)
200 Employee Benefits	46,471	46,471	2,608	(43,863)
140 Special Programs				
141 Gifted and Talented - Academic				
100 Salaries	204,651	204,651	72,635	(132,016)
200 Employee Benefits	76,829	76,829	28,713	(48,116)
300 Purchased Services	8,516	8,516	2,478	(6,038)
143 Advanced Placement				
100 Salaries	60,000	60,000	-	(60,000)
145 Homebound				
100 Salaries	141,000	141,000	210,952	69,952
200 Employee Benefits	-	-	61,060	61,060
300 Purchased Services	74,078	74,078	19,813	(54,265)
147 CDEPP				
100 Salaries	169,592	169,592	106,474	(63,118)
200 Employee Benefits	61,097	61,097	43,922	(17,175)
148 Gifted and Talented - Artistic				
100 Salaries	2,000	2,000	1,826	(174)
200 Employee Benefits	-	-	356	356
300 Purchased Services	234	1,000	370	(630)
400 Supplies and Materials	1,500	1,500	1,485	(15)
149 Other Special Programs				
100 Salaries	16,640	16,640	-	(16,640)
200 Employee Benefits	22,043	6,206	2,687	(3,519)
300 Purchased Services	7,400	13,600	8,139	(5,461)
400 Supplies and Materials	1,600	400	113	(287)
160 Other Exceptional Programs				
161 Autism				
100 Salaries	218,740	174,246	275,790	101,544
200 Employee Benefits	79,952	87,279	195,369	108,090
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	30,576	21,165	(9,411)
200 Employee Benefits	-	-	5,997	5,997
300 Purchased Services	150	-	559	559
400 Supplies and Materials	1,850	1,850	2,047	197
173 High School Summer School				
100 Salaries	17,120	17,120	14,379	(2,741)
200 Employee Benefits	1,891	1,891	4,245	2,354
400 Supplies and Materials	1,699	1,699	951	(748)

**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, 2018**

Page 5 of 9

	Budgeted Amounts		Actual	Variance - Over (Under)
	Original	Final		
EXPENDITURES (CONTINUED)				
100 Instruction(Continued)				
170 Summer School Programs (Continued)				
174 Gifted and Talented Summer School				
100 Salaries	\$ -	\$ -	\$ 11,154	\$ 11,154
200 Employee Benefits	-	-	3,298	3,298
300 Purchased Services	-	-	3,524	3,524
175 Instructional Programs Beyond Regular School Day				
100 Salaries	10,902	13,402	13,680	278
200 Employee Benefits	363	363	5,499	5,136
300 Purchased Services	6,717	6,717	7,053	336
400 Supplies and Materials	3,350	3,350	3,487	137
180 Adult/Continuing Educational Programs				
181 Adult Basic Education Programs				
100 Salaries	153,898	153,898	180,163	26,265
200 Employee Benefits	34,584	34,584	68,801	34,217
300 Purchased Services	4,726	4,726	1,218	(3,508)
400 Supplies and Materials	-	-	4,937	4,937
182 Adult Secondary Education Programs				
200 Employee Benefits	-	-	568	568
400 Supplies and Materials	-	-	658	658
188 Parenting/Family Literacy				
300 Purchased Services	-	-	380	380
190 Instructional Pupil Activity				
100 Salaries	219,080	219,080	157,320	(61,760)
200 Employee Benefits	7,104	7,104	43,104	36,000
Total Instruction	47,020,718	47,262,887	47,469,990	207,103
200 Support Services				
210 Pupil Services				
211 Attendance and Social Work Services				
100 Salaries	612,846	612,846	456,469	(156,377)
200 Employee Benefits	144,211	144,211	187,952	43,741
300 Purchased Services	39,117	39,067	33,941	(5,126)
400 Supplies and Materials	11,878	12,033	9,678	(2,355)
600 Other Objects	235	235	-	(235)
212 Guidance Services				
100 Salaries	1,947,214	1,947,214	1,814,103	(133,111)
200 Employee Benefits	630,253	630,253	721,156	90,903
300 Purchased Services	3,975	3,975	1,292	(2,683)
400 Supplies and Materials	10,756	10,703	10,311	(392)
213 Health Services				
100 Salaries	164,776	164,776	178,209	13,433
200 Employee Benefits	56,164	56,164	65,866	9,702
300 Purchased Services	9,712	6,012	159,005	152,993
400 Supplies and Materials	16,378	20,128	20,924	796

**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, 2018**

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	\$ 431,204	\$ 215,889	\$ 544,725	\$ 328,836
200 Employee Benefits	92,277	88,973	199,595	110,622
400 Supplies and Materials	2,800	800	52	(748)
220 Instructional Staff Services				
221 Improvement of Instruction - Curriculum Development				
100 Salaries	644,517	635,168	507,674	(127,494)
200 Employee Benefits	223,710	223,710	193,635	(30,075)
300 Purchased Services	42,543	42,543	7,593	(34,950)
400 Supplies and Materials	125,834	121,334	73,860	(47,474)
600 Other Objects	158	158	527	369
222 Library and Media Services				
100 Salaries	1,319,684	1,319,684	1,204,791	(114,893)
200 Employee Benefits	425,702	425,702	497,897	72,195
300 Purchased Services	10,098	10,098	-	(10,098)
400 Supplies and Materials	61,344	60,291	56,085	(4,206)
223 Supervision of Special Programs				
100 Salaries	159,981	159,981	264,168	104,187
200 Employee Benefits	20,147	20,147	79,782	59,635
300 Purchased Services	2,599	2,599	2,602	3
400 Supplies and Materials	10,711	5,711	6,037	326
600 Other Objects	-	-	176	176
224 Improvement of Instruction - Inservice and Staff Training				
100 Salaries	-	-	25,525	25,525
200 Employee Benefits	-	-	7,819	7,819
300 Purchased Services	125,250	134,796	91,356	(43,440)
400 Supplies and Materials	4,750	11,124	5,946	(5,178)
600 Other Objects	13,500	13,500	-	(13,500)
230 General Administration Services				
231 Board of Education				
100 Salaries	59,239	59,239	57,701	(1,538)
200 Employee Benefits	87,091	87,091	29,790	(57,301)
300 Purchased Services	101,044	101,044	144,592	43,548
400 Supplies and Materials	5,180	5,180	4,145	(1,035)
600 Other Objects	239,918	237,784	31,214	(206,570)
232 Office of the Superintendent				
100 Salaries	285,358	285,358	295,485	10,127
200 Employee Benefits	84,757	84,757	109,869	25,112
300 Purchased Services	30,400	53,034	32,324	(20,710)
400 Supplies and Materials	184,828	121,802	33,924	(87,878)
600 Other Objects	1,000	1,000	5,387	4,387

**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, 2018**

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	\$ 4,985,412	\$ 4,985,412	\$ 4,958,957	\$ (26,455)
200 Employee Benefits	1,667,450	1,667,450	2,007,268	339,818
300 Purchased Services	254,379	244,968	203,065	(41,903)
400 Supplies and Materials	42,444	100,365	86,060	(14,305)
600 Other Objects	16,281	15,972	24,012	8,040
250 Finance and Operations Services				
252 Fiscal Services				
100 Salaries	342,044	292,044	590,137	298,093
140 Terminal Leave	-	-	-	-
200 Employee Benefits	159,234	178,734	225,989	47,255
300 Purchased Services	31,800	74,000	57,130	(16,870)
400 Supplies and Materials	61,000	98,511	95,109	(3,402)
500 Capital Outlay	22,700	25,700	-	(25,700)
600 Other Objects	500	500	390	(110)
253 Facilities Acquisitions and Construction				
300 Purchased Services	149,016	137,421	62,318	(75,103)
400 Supplies and Materials	-	-	16,101	16,101
500 Capital Outlay				
520 Construction Services	-	-	379,224	379,224
530 Improvements Other Than Buildings	-	-	24,745	24,745
580 Mobile Classrooms	-	-	8,700	8,700
254 Operation and Maintenance of Plant				
100 Salaries	3,036,821	3,035,021	3,237,304	202,283
140 Terminal Leave	500	500	-	(500)
200 Employee Benefits	1,229,476	1,232,691	1,483,744	251,053
300 Purchased Services	1,475,118	1,637,366	1,001,169	(636,197)
400 Supplies and Materials	3,884,047	3,549,117	3,302,844	(246,273)
500 Capital Outlay	409,797	39,609	16,610	(22,999)
600 Other Objects	763,831	763,831	739,943	(23,888)
255 Student Transportation				
100 Salaries	1,800,821	1,789,321	1,684,557	(104,764)
140 Terminal Leave	-	-	82,429	82,429
200 Employee Benefits	255,685	255,685	737,657	481,972
300 Purchased Services	147,985	153,355	66,614	(86,741)
400 Supplies and Materials	7,000	14,725	14,051	(674)
600 Other Objects	15	15	941	926
256 Food Service				
200 Employee Benefits	994,864	994,864	1,326,384	331,520
257 Internal Services				
100 Salaries	80,743	80,743	69,308	(11,435)
200 Employee Benefits	23,149	23,149	28,589	5,440
300 Purchased Services	381,006	354,506	232,079	(122,427)
400 Supplies and Materials	12,000	11,888	604	(11,284)
500 Capital Outlay				
520 Construction Services	-	12,012	-	(12,012)

**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, 2018**

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	\$ 115,869	\$ 115,869	\$ 120,164	\$ 4,295
200 Employee Benefits	44,853	44,853	52,104	7,251
300 Purchased Services	617,475	617,475	951,304	333,829
262 Planning, Research, Development and Evaluation				
300 Purchased Services	4,200	4,200	3,168	(1,032)
400 Supplies and Materials	19,700	19,700	18,740	(960)
263 Information Services				
100 Salaries	178,198	178,198	155,183	(23,015)
200 Employee Benefits	45,822	45,822	65,644	19,822
300 Purchased Services	25,947	25,947	20,821	(5,126)
400 Supplies and Materials	17,368	17,368	21,726	4,358
600 Other Objects	1,900	1,900	4,708	2,808
264 Staff Services				
100 Salaries	392,483	392,483	496,124	103,641
140 Terminal Leave	-	-	-	-
200 Employee Benefits	118,554	118,554	191,321	72,767
300 Purchased Services	23,981	21,081	16,631	(4,450)
400 Supplies and Materials	17,505	17,505	15,119	(2,386)
600 Other Objects	13,358	13,358	1,235	(12,123)
266 Technology and Data Processing Services				
100 Salaries	719,424	719,424	1,086,111	366,687
200 Employee Benefits	212,033	212,033	431,382	219,349
300 Purchased Services	468,488	472,488	395,018	(77,470)
400 Supplies and Materials	343,649	336,649	103,838	(232,811)
600 Other Objects	-	-	176	176
270 Support Services Pupil Activity				
271 Pupil Services Activities				
100 Salaries	587,208	587,208	592,152	4,944
200 Employee Benefits	45,842	45,842	151,218	105,376
300 Purchased Services	18,000	18,000	26,250	8,250
400 Supplies and Materials	37,580	34,448	35,272	824
Total Support Services	<u>34,747,694</u>	<u>34,005,994</u>	<u>35,892,623</u>	<u>1,886,629</u>
300 Community Services				
390 Other Community Services				
300 Purchased Services	-	-	11,437	11,437
Total Community Services	<u>-</u>	<u>-</u>	<u>11,437</u>	<u>11,437</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, 2018**

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	\$ 1,500	\$ 1,500	\$ 1,585	\$ 85
Total Intergovernmental Expenditures	1,500	1,500	1,585	85
TOTAL EXPENDITURES	81,769,912	81,270,381	83,375,635	2,105,254
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(2,069,394)	(1,569,863)	3,387,577	4,957,440
OTHER FINANCING SOURCES (USES)				
Transfers from (to) Other Funds				
5230 Transfer from Special Revenue EIA Fund	1,779,753	1,779,753	2,177,462	397,709
5280 Transfer from Other Funds Indirect Costs	365,468	365,468	529,326	163,858
421-710 Transfer to Special Revenue Funds	(113,119)	(44,533)	-	44,533
424-710 Transfer to Capital Projects Fund	(167,688)	(735,805)	(1,253,181)	(517,376)
426-710 Transfer to Pupil Activity Fund	(119,250)	(119,250)	(119,448)	(198)
TOTAL OTHER FINANCING SOURCES (USES)	1,745,164	1,245,633	1,334,159	88,526
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	\$ (324,230)	\$ (324,230)	4,721,736	\$ 5,045,966
FUND BALANCE				
July 1, 2017			40,188,018	
June 30, 2018			\$ 44,909,754	

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, 2018**

	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	-	-	-
3130 Special Programs			
3134 Child Early Reading Development and Education Program	-	-	-
3135 Reading Coaches	-	-	-
3136 Student Health and Fitness - Nurses	-	-	-
3177 Summer Reading Camps (Carryover Only)	-	-	-
3183 Teacher Recruiting and Retention (Carryover Only)	-	-	-
3190 Miscellaneous Restricted State Grants			
3193 Education License Plates	-	-	-
3199 Other Restricted State Grants	-	-	-
3630 K-12 Technology Initiative	-	-	-

<u>CATE (VA Projects) (207/208)</u>	<u>Other Designated Restricted State Grants (900's)</u>	<u>Other Special Revenue Programs (200's/800's)</u>	<u>Total</u>
\$ -	\$ -	\$ 2,706,496	\$ 2,706,496
-	-	16,665	16,665
-	-	126,734	126,734
-	-	5,991	5,991
-	-	1,986	1,986
-	-	28,184	28,184
-	-	1,226,845	1,226,845
-	-	<u>1,488,640</u>	<u>1,488,640</u>
-	-	<u>5,601,541</u>	<u>5,601,541</u>
-	360,362	-	360,362
-	10,151	-	10,151
-	299,131	-	299,131
-	509,370	-	509,370
-	161,654	-	161,654
-	278,090	-	278,090
-	1,508	-	1,508
-	-	940	940
-	52,965	-	52,965

**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, 2018**

	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	-	-	-
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)	4,212,676	-	-
4325 Mathematics and Science Partnerships Program Title II	-	-	-
4341 Language Instruction for Limited English Proficient Immigrant Students, Title III	-	-	-
4351 Improving Teacher Quality	-	-	-
4400 Adult Education			
4410 Basic Adult Education	-	-	-
4500 Programs for Children with Disabilities			
4510 Individuals with Disabilities Education Act (IDEA)	-	2,680,578	-
4520 Pre-school Grants for Children with Disabilities (IDEA) (Carryover Provision)	-	-	70,086
4900 Other Federal Sources			
4924 21st Century Community Learning Center Program (Title IV, 21st Century Schools)	-	-	-
4990 Other Federal Revenue			
4999 Revenue from Other Federal Sources	-	-	-
Total Federal Sources	<u>4,212,676</u>	<u>2,680,578</u>	<u>70,086</u>
TOTAL REVENUES	<u>4,212,676</u>	<u>2,680,578</u>	<u>70,086</u>
EXPENDITURES			
100 Instruction			
110 General Instruction			
111 Kindergarten Programs			
100 Salaries	140,484	-	-
200 Employee Benefits	58,717	-	-
400 Supplies and Materials	26,134	-	-

CATE (VA Projects) (207/208)	Other Designated Restricted State Grants (900's)	Other Special Revenue Programs (200's/800's)	Total
\$ -	\$ -	\$ 125,090	\$ 125,090
-	-	16,439	16,439
-	-	65,818	65,818
-	-	14,332	14,332
-	747,016	-	747,016
-	2,420,247	222,619	2,642,866
208,698	-	-	208,698
-	-	-	4,212,676
-	-	70,803	70,803
-	-	7,632	7,632
-	-	431,779	431,779
-	-	180,513	180,513
-	-	-	2,680,578
-	-	-	70,086
-	-	105,703	105,703
-	-	524,354	524,354
208,698	-	1,320,784	8,492,822
208,698	2,420,247	7,144,944	16,737,229
-	23,306	-	163,790
-	9,923	-	68,640
-	-	-	26,134

**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, 2018**

	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	\$ 576,022	\$ -	\$ -
200 Employee Benefits	245,501	-	-
300 Purchased Services	1,673	-	-
400 Supplies and Materials	187,438	-	-
113 Elementary Programs			
100 Salaries	354,045	-	-
200 Employee Benefits	144,558	-	-
300 Purchased Services	599	-	-
400 Supplies and Materials	200,810	-	-
114 High School Programs			
100 Salaries	561	-	-
200 Employee Benefits	83	-	-
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	-	-	-
120 Exceptional Programs			
121 Educable Mentally Handicapped			
100 Salaries	-	94,470	-
200 Employee Benefits	-	50,203	-
122 Trainable Mentally Handicapped			
100 Salaries	-	145,288	-
200 Employee Benefits	-	75,001	-
300 Purchased Services	-	4,995	-
125 Hearing Handicapped			
100 Salaries	-	-	-
200 Employee Benefits	-	-	-
126 Speech Handicapped			
100 Salaries	-	87,520	-
200 Employee Benefits	-	45,063	-
127 Learning Disabilities			
100 Salaries	-	65,188	-
200 Employee Benefits	-	36,429	-
400 Supplies and Materials	-	12,443	-
132 Preschool Handicapped Itinerant (5 yr. olds)			
400 Supplies and Materials	-	-	313

<u>CATE (VA Projects) (207/208)</u>	<u>Other Designated Restricted State Grants (900's)</u>	<u>Other Special Revenue Programs (200's/800's)</u>	<u>Total</u>
\$ -	\$ 71,932	\$ 208,733	\$ 856,687
-	30,402	95,127	371,030
-	-	-	1,673
-	-	-	187,438
-	317,984	57,613	729,642
-	69,716	22,127	236,401
-	-	-	599
-	-	1,845	202,655
-	-	324,180	324,741
-	-	28,780	28,863
-	-	5,851	5,851
-	-	13,796	13,796
-	-	41,798	41,798
-	-	14,783	14,783
34,035	-	8,605	42,640
107,866	-	765	108,631
-	-	-	94,470
-	-	-	50,203
-	-	770	146,058
-	-	3,237	78,238
-	-	-	4,995
-	-	2,000	2,000
-	-	548	548
-	-	27,000	114,520
-	-	7,506	52,569
-	-	-	65,188
-	-	-	36,429
-	-	-	12,443
-	-	-	313

**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, 2018**

	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	\$ -	\$ -	\$ 49,328
200 Employee Benefits	-	-	14,348
140 Special Programs			
142 Disadvantaged			
400 Supplies and Materials	3,837	-	-
145 Homebound			
300 Purchased Services	-	4,127	-
147 CDEP			
400 Supplies and Materials	-	-	-
149 Other Special Programs			
100 Salaries	-	41,401	-
200 Employee Benefits	-	12,809	-
300 Purchased Services	-	-	-
400 Supplies and Materials	-	-	-
160 Other Exceptional Programs			
161 Autism			
100 Salaries	-	717,274	-
200 Employee Benefits	-	124,072	-
300 Purchased Services	-	3,838	-
400 Supplies and Materials	-	1,448	-
170 Summer School Programs			
171 Primary Summer School			
100 Salaries	-	-	-
200 Employee Benefits	-	-	-
300 Purchased Services	-	-	-
400 Supplies and Materials	-	-	-
172 Elementary Summer School			
100 Salaries	32,487	-	-
200 Employee Benefits	9,000	-	-
300 Purchased Services	27,582	-	-
400 Supplies and Materials	7,192	-	-
174 Gifted and Talented Summer School			
300 Purchased Services	-	-	-
400 Supplies and Materials	-	-	-

<u>CATE (VA Projects) (207/208)</u>	<u>Other Designated Restricted State Grants (900's)</u>	<u>Other Special Revenue Programs (200's/800's)</u>	<u>Total</u>
\$ -	\$ -	\$ -	\$ 49,328
-	-	-	14,348
-	-	-	3,837
-	-	-	4,127
-	10,151	-	10,151
-	-	-	41,401
-	-	-	12,809
-	-	6,359	6,359
-	-	6,849	6,849
-	-	-	717,274
-	-	-	124,072
-	-	-	3,838
-	-	-	1,448
-	31,378	19,180	50,558
-	9,260	5,630	14,890
-	92,958	2,074	95,032
-	28,056	-	28,056
-	-	-	32,487
-	-	-	9,000
-	-	-	27,582
-	-	-	7,192
-	-	9,741	9,741
-	-	3,839	3,839

**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, 2018**

	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	\$ 26,047	\$ -	\$ -
200 Employee Benefits	6,438	-	-
300 Purchased Services	17,543	-	-
400 Supplies and Materials	36,933	-	-
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	-	-	-
400 Supplies and Materials	-	-	-
183 Adult English Literacy			
100 Salaries	-	-	-
200 Employee Benefits	-	-	-
188 Parenting/Family Literacy			
100 Salaries	164,547	-	-
200 Employee Benefits	69,339	-	-
300 Purchased Services	4,000	-	-
400 Supplies and Materials	42,166	-	-
Total Instruction	<u>2,383,736</u>	<u>1,521,569</u>	<u>63,989</u>
200 Support Services			
210 Pupil Services			
212 Guidance Services			
100 Salaries	-	-	-
300 Purchased Services	-	-	-
213 Health Services			
100 Salaries	-	31,129	-
200 Employee Benefits	-	12,522	-
300 Purchased Services	-	227,795	-

<u>CATE (VA Projects) (207/208)</u>	<u>Other Designated Restricted State Grants (900's)</u>	<u>Other Special Revenue Programs (200's/800's)</u>	<u>Total</u>
\$ -	\$ -	\$ 154,161	\$ 180,208
-	-	36,073	42,511
-	-	32,820	50,363
-	-	29,212	66,145
-	-	50,274	50,274
-	-	13,649	13,649
-	-	13,085	13,085
-	-	3,399	3,399
-	-	55,000	55,000
-	-	14,599	14,599
-	-	7,480	7,480
-	-	7,995	7,995
-	-	2,241	2,241
-	-	-	164,547
-	-	-	69,339
-	-	-	4,000
-	-	-	42,166
<u>141,901</u>	<u>695,066</u>	<u>1,338,724</u>	<u>6,144,985</u>
27,761	-	-	27,761
1,800	-	-	1,800
-	341,437	174,532	547,098
-	167,942	69,127	249,591
-	-	-	227,795

**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, 2018**

	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	\$ -	\$ 77,721	\$ -
200 Employee Benefits	-	39,955	-
300 Purchased Services	-	47,063	-
400 Supplies and Materials	-	17,657	-
215 Exceptional Program Services			
100 Salaries	-	23,970	-
200 Employee Benefits	-	9,047	-
400 Supplies and Materials	-	40	-
217 Career and Technical Education Placement			
100 Salaries	-	-	-
200 Employee Benefits	-	-	-
220 Instructional Staff Services			
221 Improvement of Instruction - Curriculum Development			
100 Salaries	1,042,270	-	-
200 Employee Benefits	393,418	-	-
300 Purchased Services	6,525	-	-
400 Supplies and Materials	25,900	-	-
222 Library and Media Services			
100 Salaries	19,510	-	-
200 Employee Benefits	10,032	-	-
223 Supervision of Special Programs			
100 Salaries	141,153	183,315	-
200 Employee Benefits	49,131	72,954	5,919
300 Purchased Services	6,553	25,739	-
400 Supplies and Materials	8,673	8,219	-
224 Improvement of Instruction - Inservice and Staff Training			
100 Salaries	-	23,940	-
200 Employee Benefits	-	4,978	-
300 Purchased Services	82,543	110	-
400 Supplies and Materials	1,929	1,068	-
230 General Administration Services			
232 Office of Superintendent			
300 Purchased Services	-	-	-
250 Finance and Operations Services			
252 Fiscal Services			
300 Purchased Services	-	-	-

<u>CATE (VA Projects) (207/208)</u>	<u>Other Designated Restricted State Grants (900's)</u>	<u>Other Special Revenue Programs (200's/800's)</u>	<u>Total</u>
\$ -	\$ -	\$ -	\$ 77,721
-	-	-	39,955
-	-	-	47,063
-	-	249	17,906
-	-	-	23,970
-	-	-	9,047
-	-	-	40
-	242,290	-	242,290
-	118,072	-	118,072
-	-	1,920	1,044,190
-	-	173	393,591
26,846	-	28,693	62,064
-	-	21,118	47,018
-	-	-	19,510
-	-	-	10,032
10,390	-	73,900	408,758
-	-	44,032	172,036
-	-	4,799	37,091
-	-	8,470	25,362
-	-	13,420	37,360
-	-	3,787	8,765
-	19,264	58,242	160,159
-	22,194	5,897	31,088
-	12,500	-	12,500
-	-	1,365	1,365

**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, 2018**

	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			
300 Purchased Services	\$ -	\$ -	\$ -
400 Supplies and Materials	-	-	-
255 Pupil Transportation (State Mandated)			
100 Salaries	-	-	-
200 Employee Benefits	-	-	-
300 Purchased Services	-	-	-
400 Supplies and Materials	-	-	-
256 Food Services			
100 Salaries	-	-	-
200 Employee Benefits	-	-	-
400 Supplies and Materials	-	-	-
600 Other Objects	-	-	-
260 Central Support Services			
266 Technology and Data Processing Services			
100 Salaries	-	-	-
200 Employee Benefits	-	-	-
300 Purchased Services	-	-	-
400 Supplies and Materials	-	-	-
270 Support Services - Pupil Activity			
271 Pupil Service Activities			
300 Purchased Services	-	24,448	-
Total Support Services	<u>1,787,637</u>	<u>831,670</u>	<u>5,919</u>
300 Community Services			
390 Other Community Services			
300 Purchased Services	-	-	-
Total Community Services	<u>-</u>	<u>-</u>	<u>-</u>

<u>CATE (VA Projects) (207/208)</u>	<u>Other Designated Restricted State Grants (900's)</u>	<u>Other Special Revenue Programs (200's/800's)</u>	<u>Total</u>
\$ -	\$ -	\$ 56,463	\$ 56,463
-	-	57,206	57,206
-	-	336,319	336,319
-	-	111,837	111,837
-	-	19,512	19,512
-	-	76,067	76,067
-	-	1,569	1,569
-	-	352	352
-	-	10,354	10,354
-	-	124	124
-	-	8,540	8,540
-	-	(56)	(56)
-	-	275,468	275,468
-	54,466	392,135	446,601
-	-	35,143	59,591
<u>66,797</u>	<u>978,165</u>	<u>1,890,757</u>	<u>5,560,945</u>
-	-	1,320	1,320
-	-	1,320	1,320

**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, 2018**

	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	4,171,373	2,353,239	69,908
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	41,303	327,339	178
OTHER FINANCING SOURCES (USES)			
Transfers from (to) other funds			
431-791 Special Revenue Fund Indirect Costs	(41,303)	(327,339)	(178)
TOTAL OTHER FINANCING SOURCES (USES)	(41,303)	(327,339)	(178)
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	-	-	-
FUND BALANCE			
July 1, 2017	-	-	-
June 30, 2018	\$ -	\$ -	\$ -

<u>CATE (VA Projects) (207/208)</u>	<u>Other Designated Restricted State Grants (900's)</u>	<u>Other Special Revenue Programs (200's/800's)</u>	<u>Total</u>
\$ -	\$ -	\$ 52,125	\$ 52,125
-	-	2,886,642	2,886,642
<u>-</u>	<u>747,016</u>	<u>-</u>	<u>747,016</u>
<u>-</u>	<u>747,016</u>	<u>2,938,767</u>	<u>3,685,783</u>
<u>208,698</u>	<u>2,420,247</u>	<u>6,169,568</u>	<u>15,393,033</u>
<u>-</u>	<u>-</u>	<u>975,376</u>	<u>1,344,196</u>
<u>-</u>	<u>-</u>	<u>(20,506)</u>	<u>(389,326)</u>
<u>-</u>	<u>-</u>	<u>(20,506)</u>	<u>(389,326)</u>
-	-	954,870	954,870
<u>-</u>	<u>-</u>	<u>3,005,435</u>	<u>3,005,435</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,960,305</u>	<u>\$ 3,960,305</u>

**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, 2018**

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:

808	Child Nutrition Food Equipment Grant	937	Student Health and Fitness - PE Teachers
903	Teacher Recruiting and Retention (Carryover only)	939	Capital Improvement Plan - Additional
918	Technology Professional Development	955	DSS SNAP & E&T Program
919	Education License Plates	956	Adult Education
924	Child Early Reading Development and Education Program (CDEP)	969	Other State Lottery Programs
926	Summer Reading Camp	960	K-5 Enhancement (Carryover Only)
928	EEDA Career Specialists	963	K-12 Technology (Carryover Only)
935	Reading Coaches	967	6-8 Enhancement
936	Student Health and Fitness Nurse	994	PEBA Nonemployer Contributions

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

224	21st Century Community Learning Centers Program (Title IV)	828	Supplemental Education Services
225	Mathematics and Science Partnerships Program, Title II	834	Administrative Claiming
243	Adult Education	835	Project Lead the Way
245	Title II Teacher Advancement Program	838	Byerly-Visual Arts Grant
264	Language Instruction for Limited English Proficient and Immigrant Students, Title II	842	DSAP Summer Program
267	Improving Teacher Quality	843	Adult Learning BES
268	Teacher Incentive Fund	855	Florence Darlington Technical College
269	ROTC	856	Byerly Grant HMS Foxes
280	Workforce Investment Act	859	Transportation Special Needs
284	Jobs for SC Grads	860	Special Education
800	Special Needs Transportation - Medicaid	868	Adult Banquet
802	Local Fund	870	District Buses Extra Curricular
806	Jean Taylor Memorial	879	Erate Funding
812	Gear-Up	890	Medicaid Federal
819	COMER Fund	897	National School Lunch Program Equipment
822	Art Summer	898	Coker Foundation
824	Homework Center Grant	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, 2018**

<u>Subfund</u>	<u>Revenue</u>	<u>Programs</u>	<u>Revenues</u>	<u>Expenditures</u>	<u>Transfers In/(Out)</u>	<u>Deferred</u>
903	3183	Teacher Recruiting and Retention	\$ 278,090	\$ 278,090	\$ -	\$ 122,034
919	3193	Education License Plates	1,508	1,508	-	535
924	3134	CDEP Expansion	10,151	10,151	-	54,644
926	3177	Summer Reading Camps	161,654	161,654	-	-
928	3118	EEDA Career Specialists	360,362	360,362	-	301,492
935	3135	Reading Coaches	299,131	299,131	-	869,954
936	3136	Student Health and Fitness - Nurses	509,370	509,370	-	-
937	3127	Student Health and Fitness - PE Teachers	-	-	-	168,059
939	3393	Capital Improvement Plan - Additional	-	-	-	163,101
955	3155	DSS SNAP & E&T Program	-	-	-	6,951
956	3156	Adult Education	-	-	-	5,472
963	3630	K-12 Technology Incentive	52,965	52,965	-	414,369
969	3699	Other State Lottery Programs	-	-	-	10,000
994	3994	PEBA Nonemployer Contributions	747,016	747,016	-	-
			<u>\$ 2,420,247</u>	<u>\$ 2,420,247</u>	<u>\$ -</u>	<u>\$ 2,116,611</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, 2018**

REVENUES

3000 Revenue from State Sources

3500 Education Improvement Act

3502 ADEPT	\$	7,703
3509 Arts in Education		2,796
3511 Professional Development		93,145
3512 Technology Professional Development (Carryover Only)		24,700
3518 Formative Assessment		84,375
3525 Career and Technology Education Equipment		100,444
3526 Refurbishment of Science Kits		58,908
3528 Industry Certifications/Credentials		37,683
3529 Career and Technology Education (Carryover Only)		28,183
3532 National Board Salary Supplement (No Carryover Provision)		275,594
3533 Teacher of the Year Award		3,230
3538 Students At Risk of School Failure		1,189,901
3541 Child Development Education Pilot Program (CDEPP)		1,422,416
3550 Teacher Salary Increase (No Carryover Provision)		1,873,979
3555 Teacher Salary Fringe (No Carryover Provision)		303,483
3556 Adult Education		488,295
3558 Reading		16,019
3571 State Priority Schools		2,573
3577 Teacher Supplies (No Carryover Provision)		193,875
3578 High Schools That Work/Making Middle Grades Work		7,463
3587 Maintenance of State Financial Support (MES)		487,711
3592 Work-Based Learning		35,025
3593 Capital Improvement Plan		16,152
3595 EEDA - Supplies and Materials		38,193
3597 Aid to Districts		74,256
3599 Other EIA		14,216

Total State Sources		<u>6,880,318</u>
---------------------	--	------------------

TOTAL REVENUES		<u>6,880,318</u>
----------------	--	------------------

**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, 2018**

EXPENDITURES

100 Instruction		
110 General Instruction		
111 Kindergarten Programs		
100 Salaries	\$	7,500
200 Employee Benefits		2,056
400 Supplies and Materials		2,521
112 Primary Programs		
100 Salaries		167,182
200 Employee Benefits		43,854
400 Supplies and Materials		13,690
113 Elementary Programs		
100 Salaries		152,739
200 Employee Benefits		62,084
400 Supplies and Materials		138,107
114 High School Programs		
100 Salaries		409,901
200 Employee Benefits		156,051
400 Supplies and Materials		379,065
115 Career and Technology Education Programs		
100 Salaries		1,320
200 Employee Benefits		360
300 Purchased Services		4,145
400 Supplies and Materials		162,166
120 Exceptional Programs		
125 Hearing Handicapped		
100 Salaries		68,000
200 Employee Benefits		5,175
127 Learning Disabilities		
400 Supplies and Materials		406,457
140 Special Programs		
147 CDEP		
100 Salaries		961,380
200 Employee Benefits		437,356
300 Purchased Services		945
400 Supplies and Materials		22,735
170 Summer School Program		
171 Primary Summer School		
300 Purchased Services		226
172 Elementary Summer School		
300 Purchased Services		573
400 Supplies and Materials		2,000
180 Adult/Continuing Educational Programs		
181 Adult Basic Education Programs		
100 Salaries		145,093
200 Employee Benefits		41,848
300 Purchased Services		5,059
400 Supplies and Materials		2,973

**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, 2018**

EXPENDITURES (CONTINUED)

100 Instruction (Continued)			
182 Adult Secondary Education Programs			
100 Salaries	\$	109,664	
200 Employee Benefits		28,556	
300 Purchased Services		9,193	
400 Supplies and Materials		17,934	
183 Adult English Literacy (ESL)			
100 Salaries		1,367	
200 Employee Benefits		384	
400 Supplies and Materials		133	
		3,969,792	
Total Instruction			3,969,792
200 Support Services			
210 Pupil Services			
212 Guidance Services			
300 Purchased Services		14,752	
400 Supplies and Materials		23,441	
220 Instructional Staff Services			
221 Improvement of Instruction Curriculum Development			
100 Salaries		54,441	
200 Employee Benefits		21,396	
300 Purchased Services		27,447	
400 Supplies and Materials		5,835	
600 Other Objects			
220 Instructional Staff Services (Continued)			
223 Supervision of Special Programs			
100 Salaries		158,548	
200 Employee Benefits		61,972	
300 Purchased Services		9,954	
400 Supplies and Materials		4,931	
224 Improvement of Instruction Inservice and Staff Training			
100 Salaries		17,748	
200 Employee Benefits		4,937	
300 Purchased Services		6,561	
400 Supplies and Materials		92,244	
230 General Administration Services			
233 School Administration			
100 Salaries		100,189	
200 Employee Benefits		32,705	
400 Supplies and Materials		1,441	
250 Finance and Operations Services			
252 Fiscal Services			
300 Purchased Services		150	
500 Capital Outlay		8,735	

**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, 2018**

Page 4 of 4

EXPENDITURES (CONTINUED)		
200 Support Services (Continued)		
254 Operation and Maintenance of Plant		
300 Purchased Services	\$	7,417
257 Internal Services		
300 Purchased Services		127
258 Security		
100 Salaries		29,541
200 Employee Benefits		12,887
260 Central Support Services		
262 Planning		
400 Supplies and Materials		10,972
266 Technology and Data Processing Services		
100 Salaries		2,400
200 Employee Benefits		663
300 Purchased Services		21,630
Total Support Services		<u>733,064</u>
TOTAL EXPENDITURES		<u>4,702,856</u>
EXCESS OF REVENUES OVER EXPENDITURES		<u>2,177,462</u>
OTHER FINANCING USES		
Transfers from (to) Other Funds		
420-710 Transfer to General Fund (Excludes Indirect Costs)		<u>(2,177,462)</u>
TOTAL OTHER FINANCING USES		<u>(2,177,462)</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES		-
FUND BALANCE		
July 1, 2017		<u>-</u>
June 30, 2018	\$	<u><u>-</u></u>

**DARLINGTON COUNTY SCHOOL DISTRICT
DARLINGTON, SOUTH CAROLINA
SPECIAL REVENUE FUNDS – EDUCATION IMPROVEMENT ACT FUND
SUMMARY SCHEDULE BY PROGRAM
YEAR ENDED JUNE 30, 2018**

PROGRAM	Revenues	Expenditures	Other Fund Transfers In/(Out)	EIA Fund Unearned
3500 Education Improvement Act				
3502 ADEPT	\$ 7,703	\$ 7,703	\$ -	\$ 19,113
3507 Aid to Districts - Technology	-	-	-	185,426
3509 Arts in Education	2,796	2,796	-	92
3511 Professional Development	93,145	93,145	-	86,950
3512 Technology Professional Development	24,700	24,700	-	-
3518 Formative Assessment	84,375	84,375	-	17,470
3519 Grade 10 Assessments	-	-	-	17,893
3525 Career and Technology Education Equipment	100,444	100,444	-	-
3526 Science Kits Refurbishment	58,908	58,908	-	11,240
3528 Industry Certificates/Credentials	37,683	37,683	-	34,934
3529 Career and Technology Education	28,183	28,183	-	145,465
3532 National Board Certification Salary Supplement (No Carryover Provision)	275,594	275,594	-	-
3533 Teacher of the Year Award	3,230	3,230	-	-
3535 Reading Coaches	-	-	-	8,000
3538 Students At Risk of School Failure	1,189,901	1,189,901	-	1,289,578
3541 Child Development Education Program (CDEP)	1,422,416	1,422,416	-	442,031
3550 Teacher Salary Increase (No Carryover Provision)	1,873,979	-	(1,873,979)	-
3555 School Employer Contributions (No Carryover Provision)	303,483	-	(303,483)	-
3556 Adult Education	488,295	488,295	-	38,393
3557 Summer Reading Program	-	-	-	135,638
3558 Reading	16,019	16,019	-	80,827
3571 State Priority Schools	2,573	2,573	-	7,605
3577 Teacher Supplies (No Carryover Provision)	193,875	193,875	-	-
3578 High Schools That Work/Making Middle Grades Work	7,463	7,463	-	-
3587 Maintenance of State Financial Support	487,711	487,711	-	-
3592 Work-Based Learning	35,025	35,025	-	-
3593 Capital Improvement Plan	16,152	16,152	-	983,848
3595 EEDA - Supplies and Materials	38,193	38,193	-	14,551
3597 Aid to Districts	74,256	74,256	-	289,912
3599 Other EIA	14,216	14,216	-	42,128
TOTALS	<u>\$ 6,880,318</u>	<u>\$ 4,702,856</u>	<u>\$(2,177,462)</u>	<u>\$ 3,851,094</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, 2018**

REVENUES	
1000 Revenue from Local Sources	
1500 Earnings on Investments	
1510 Interest on Investments	\$ 562,790
1900 Other Revenue from Local Sources	
1990 Miscellaneous Local Revenue	
1999 Revenue from Other Local Sources	39,521
Total Local Sources	<u>602,311</u>
TOTAL REVENUES	<u>602,311</u>
EXPENDITURES	
200 Support Services	
250 Finance and Operations Services	
253 Facilities Acquisition & Construction	
300 Purchased Services	210,217
400 Supplies and Materials	21,932
500 Capital Outlay	
510 Land	839,177
520 Construction Services	5,387,103
525 Buildings	18,628
530 Improvements Other Than Buildings	23,799
540 Equipment	25,350
550 Vehicles	77,712
580 Mobile Classrooms	13,725
254 Operation and Maintenance of Plant	
300 Purchased Services	115,177
500 Capital Outlay	406,261
266 Technology and Data Processings Services	
400 Supplies and Materials	2,883,429
500 Capital Outlay	
545 Technology Equipment	56,037
Total Support Services	<u>10,078,547</u>
500 Debt Service	
610 Principal	15,000,000
620 Interest	308,688
690 Other Objects	511,819
Total Debt Service	<u>15,820,507</u>
TOTAL EXPENDITURES	<u>25,899,054</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(25,296,743)</u>
OTHER FINANCING SOURCES (USES)	
5110 Premium on Bonds Sold	5,831,785
5120 Proceeds on General Obligation Bonds	65,800,000
Interfund Transfers, From (To) Other Funds	
5210 Transfers from General Fund	1,253,181
5240 Transfer from Debt Service Fund	300,000
5900 Miscellaneous Sources	
5999 Other Financing Sources	135,178
TOTAL OTHER FINANCING SOURCES (USES)	<u>73,320,144</u>
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES	48,023,401
FUND BALANCE	
July 1, 2017	<u>25,339,394</u>
June 30, 2018	<u>\$ 73,362,795</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, 2018**

REVENUES

1000 Revenues from Local Sources

1100 Taxes

1110 Ad Valorem Taxes - Including Delinquent \$ 5,911,345

1140 Penalties and Interest on Taxes (Independent) 34,759

1200 Revenue from Local Governmental Units other than LEA

1280 Revenue in Lieu of Taxes 279,871

1500 Earnings on Investments

1510 Interest on Investments 77,879

1900 Revenue from Other Local Sources

1999 Sales Tax Revenue 5,612,422

Total Local Sources 11,916,276

3000 Revenues from State Sources

3800 State Revenue in Lieu of Taxes

3820 Homestead Exemption 275,419

3830 Merchant's Inventory Tax 41,843

3840 Manufacturer's Depreciation Reimbursement 145,347

3890 Other State Property Tax Revenues 36,389

Total State Sources 498,998

TOTAL REVENUES 12,415,274

EXPENDITURES

500 Debt Service

610 Redemption of Principal 6,431,000

620 Interest 88,085

TOTAL EXPENDITURES 6,519,085

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

5,896,189

OTHER FINANCING SOURCES (USES)

424-710 Transfer to School Building Fund

(300,000)

TOTAL OTHER FINANCING SOURCES (USES) (300,000)

NET CHANGE IN FUND BALANCE

5,596,189

FUND BALANCE

July 1, 2017 4,035,624

June 30, 2018 \$ 9,631,813

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, 2018**

REVENUES

1000 Revenues from Local Sources	
1500 Earnings on Investments	
1510 Interest on Investments	\$ 35,556
1600 Food Service	
1620 Breakfast Sales to Pupils	449
1630 Special Sales to Pupils	101,658
1640 Lunch Sales to Adults	59,880
1650 Breakfast Sales to Adults	3,433
1660 Special Sales to Adults	22,526
1900 Other Revenues from Local Sources	
1999 Revenue from Other Local Sources	305
Total Local Sources	<u>223,807</u>
3000 Revenues from State Sources	
3140 School Lunch	
3142 Program aid	431
Total State Sources	<u>431</u>
4000 Revenues from Federal Sources	
4800 USDA Reimbursement	
4810 School Lunch and After School Snack Program, and Special Milk Program	3,830,855
4830 School Breakfast program	1,350,609
4860 Fresh Fruit & Vegetable Program	176,350
4870 School Food Service (Equipment)	54,413
4900 Other Federal Sources	
4991 USDA Commodities	492,435
Total Federal Sources	<u>5,904,662</u>
Total Revenues all Sources	<u>6,128,900</u>

OPERATING EXPENSES

200 Support Services	
256 Food Service	
100 Salaries	2,355,138
300 Purchased Services	143,945
400 Supplies and Materials	3,153,252
500 Capital Outlay	
570 Depreciation	86,685
600 Other Objects	42,246
Total Operating Expenses	<u>5,781,266</u>

OPERATING INCOME (LOSS)

347,634

OTHER FINANCING SOURCES (USES)

Transfers from (to) Other Funds	
432-791 Food Service Fund Indirect Costs	(140,000)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(140,000)</u>

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

207,634

NET POSITION

July 1, 2017	1,990,822
June 30, 2018	<u>\$ 2,198,456</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, 2018**

	<u>Balance July 1, 2017</u>	<u>Additions</u>	<u>Deductions</u>	<u>Transfer From</u>	<u>Balance June 30, 2018</u>
ASSETS					
Cash and cash equivalents	<u>\$ 1,038,639</u>	<u>\$ 2,597,769</u>	<u>\$ 2,677,063</u>	<u>\$ 119,448</u>	<u>\$ 1,078,793</u>
LIABILITIES					
Due to schools	<u>\$ 1,038,639</u>	<u>\$ 2,597,769</u>	<u>\$ 2,677,063</u>	<u>\$ 119,448</u>	<u>\$ 1,078,793</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, 2018**

RECEIPTS

1000 Receipts from Local Sources
1700 Pupil Activities
1790 Other

\$ 2,597,769

Total Receipts from Local Sources

2,597,769

Total Receipts

2,597,769

DISBURSEMENTS

271 Pupil Service Activities
660 Supporting Services Pupil Activity
272 Enterprise Activities
660 Pupil Activity
273 Trust and Agency Activities
660 Enterprise Activities

921,410

1,195,918

559,735

Total Disbursements

2,677,063

Excess of Receipts Over (Under) Disbursements

(79,294)

OTHER FINANCING SOURCES

Interfund Transfers, From other Funds
5210 Transfer from General Fund (Excludes Indirect Cost)

119,448

Total Other Financing Sources

119,448

Excess of Revenues and Other Financing Sources
Over (Under) Expenditures

40,154

DUE TO SCHOOLS

July 1, 2017

1,038,639

June 30, 2018

\$ 1,078,793

OTHER SUPPLEMENTARY SCHEDULES

**DARLINGTON COUNTY SCHOOL DISTRICT
DARLINGTON, SOUTH CAROLINA
DETAILED SCHEDULE OF DUE TO STATE DEPARTMENT OF EDUCATION/
FEDERAL GOVERNMENT
JUNE 30, 2018**

<u>Program</u>	<u>Grant or Project Number</u>	<u>Revenue & Subfund Codes</u>	<u>Description</u>	<u>Amount Due to SDE/ Federal Government</u>	<u>Status of amounts Due to Grantor</u>
Technology Professional Development	EIA	3512/312	Technology Professional Development	\$ 29,223	Due in 18-19
Gifted and Talented Artistic	EIA	3544/322	Gifted and Talented Artistic	320	Due in 18-19
Teacher Supplies	EIA	3577/377	Teacher Supplies	9,625	Due in 18-19
High Schools That Work/ Making Middle Grades Work	EIA	3578/378	High Schools That Work/ Making Middle Grades Work	66,414	Due in 18-19
Work-Based Learning	EIA	3592/392	Work-Based Learning	8,138	Due in 18-19
Summer Reading Program	N/A	3177/926	Summer Reading Program	25,878	Due in 18-19
K-5 Enhancement	N/A	3610/960	K-5 Enhancement	88,900	Due in 18-19
				<u>\$ 228,498</u>	

**DARLINGTON COUNTY SCHOOL DISTRICT
DARLINGTON, SOUTH CAROLINA
LOCATION RECONCILIATION SCHEDULE
YEAR ENDED JUNE 30, 2018**

Location ID	Location Description	Education Level	Cost Type	Total Expenditures
4	Hartsville Middle	Middle School	School	\$ 7,772,081
5	Hartsville High	High School	School	11,054,000
6	Lamar High	High School	School	5,546,731
10	Spaulding Middle	Middle School	School	2,445,834
13	Brockington	Elementary School	School	3,054,814
14	Cain Elementary	Elementary School	School	3,760,954
15	Carolina Elementary	Elementary School	School	2,455,157
16	Lamar Elementary	Elementary School	School	3,139,853
17	North Hartsville Elementary	Elementary School	School	5,019,437
18	Pate Elementary	Elementary School	School	3,337,738
20	Rosenwald Elementary/Middle	Elementary/Middle School	School	1,984,947
23	Spaulding Elementary	Elementary School	School	1,791,043
24	Brunson-Dargan Elementary	Elementary School	School	2,324,600
26	St. John's Elementary	Elementary School	School	5,391,733
27	Thornwell Elementary	Elementary School	School	3,078,798
28	West Hartsville Elementary	Elementary School	School	1,911,156
29	Washington Street Elementary	Elementary School	School	3,032,095
30	Darlington High	High School	School	9,505,989
31	Darlington Middle	Middle School	School	7,483,139
32	Southside Early Childhood	Elementary School	School	3,541,091
33	Mayo Magnet	High School	School	3,415,001
35	Intervention School	Other (Alternative) School	School	1,120,803
43	Hartsville Junior High Renovation	Non-School	Central	2,750
50	Superintendent	Non-School	Central	1,500,170
51	Operations	Non-School	Central	1,251,356
54	Curriculum & Instruction	Non-School	Central	1,058,632
55	Human Resources	Non-School	Central	1,513,740
56	Pupil Services	Non-School	Central	930,266
58	Transportation	Non-School	Central	3,189,242
59	Communications	Non-School	Central	282,860
60	Exceptional Education	Non-School	Central	2,255,751
62	Maintenance	Non-School	Central	1,992,849
63	Elementary Assistant Superintendent	Non-School	Central	1,588,067
64	Adult Education	Non-School	Central	1,189,372
65	Warehouse	Non-School	Central	100,848
66	Project Share	Non-School	Central	21,956
68	Food Service	Non-School	Central	558,708
69	Computer Services	Non-School	Central	5,784,234
72	Finance	Non-School	Central	26,802,326
91	Institute of Technology	Other (Career) School	School	2,277,319
TOTAL EXPENDITURES FOR ALL FUNDS				\$ 144,467,440

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

General Fund	\$ 83,495,083
Special Projects Fund	15,393,033
Education Improvement Act Fund	4,702,856
School Building Fund	25,899,054
Debt Service Fund	6,519,085
Food Service Fund	5,781,266
Student Activity Fund	2,677,063
TOTAL EXPENDITURES FOR ALL FUNDS	\$ 144,467,440

**DARLINGTON COUNTY SCHOOL DISTRICT
DARLINGTON, SOUTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2018**

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		\$ 1,350,609
600	National School Lunch Program				
	Cash Assistance	10.555	NONE	\$ 3,830,855	
	Non-Cash Assistance (Commodities)	10.555	NONE	492,435	
	National School Lunch Program Subtotal				<u>4,323,290</u>
	Total Child Nutrition Cluster				<u>5,673,899</u>
South Carolina Dept. of Education -					
603	Fresh Fruit and Vegetable Program	10.582	NONE		176,350
604	Child Nutrition Discretionary Grants Limited Availability	10.579	NONE		54,413
	Total U.S. Department of Agriculture				<u>5,904,662</u>
U.S. Department of Labor					
South Carolina Dept. of Education -					
280	WIA Youth Activities	17.259	7Y507E1		253,970
284	WIA Youth Activities	17.259	17JAG105		20,243
	Total 17.259				<u>274,213</u>
	Total U.S. Department of Labor				<u>274,213</u>
U.S. Department of Education					
South Carolina Dept. of Education - Title I Cluster:					
201	Title I Grants to LEA's	84.010	18 Title I Carryover from Prior Yr	\$ 663,194	
201	Title I Grants to LEA's	84.010	18 Title I Mini Grant - Reverted Funds	45,887	
201	Title I Grants to LEA's	84.010	18 Title I	3,330,362	4,039,443
238	Title I - Support	84.010A	Title I Support		47,379
239	Title I - School Improvements	84.010A	Title I Priority		125,854
	Total 84.010				<u>4,212,676</u>
	Total Title I, Part A Cluster				<u>4,212,676</u>
South Carolina Dept. of Education - Special Education Cluster (IDEA):					
203	Special Education - Grants to States	84.027	16 IDEA	\$ 91,077	
203	Special Education - Grants to States	84.027	17 IDEA	235,402	
203	Special Education - Grants to States	84.027	18 IDEA	2,342,871	2,669,350
204	Special Education - Grants to States	84.027	16 IDEA ESY		11,228
205	Special Education - Grants to States	84.027	17 IDEA Preschool	\$ 16,691	
205	Special Education - Grants to States	84.027	18 IDEA Preschool	53,395	70,086
	Total 84.027				<u>2,750,664</u>
	Total IDEA Cluster (IDEA)				<u>2,750,664</u>
South Carolina Dept. of Education -					
243	Adult Education - Basic Grants to States	84.002	17 Adult Education	\$ 2,329	
243	Adult Education - Basic Grants to States	84.002	18 Adult Education	178,184	180,513
207	Career and Technical Education -- Basic Grants to States	84.048	17 CATE	\$ 17,182	
207	Career and Technical Education -- Basic Grants to States	84.048	18CATE	191,516	208,698
224	Twenty-First Century Community Learning Centers	84.287	18 21st Century Community Learning Ctrs Prg		105,703
264	English Language Acquisition State Grants	84.365	17 Title III Carryover from Prior Yr		7,632
225	Mathematics and Science Partnerships	84.366	16 Math and Science Partnership Year 2	\$ 58,808	
225	Mathematics and Science Partnerships	84.366B	16 Math and Science Partnership - Mini Grant	11,995	70,803
267	Improving Teacher Quality State Grants	84.367	17 Title II Carryover from Prior Yr	\$ 38,125	
267	Improving Teacher Quality State Grants	84.367	18 Title II	390,452	
267	Improving Teacher Quality State Grants	84.367	18 Title II - Mini Grant	3,202	431,779
	Total				<u>1,005,128</u>
	Total U.S. Department of Education				<u>7,968,468</u>
Other Federal Assistance					
U.S. Department of Defense					
269	ROTC Language and Culture Training Grants	12.357			250,141
	Total U.S. Department of Defense				<u>250,141</u>
	Total Expenditures of Federal Awards				<u>\$ 14,397,484</u>

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, 2018**

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, 2018. 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, 2018, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements and have issued our report thereon dated November 30, 2018.

Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies, and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2018 – 001, that we consider to be a significant deficiency.

Members

SC Association of Certified Public Accountants
NC Association of Certified Public Accountants

Members

Division for CPA Firms, AICPA

An independently owned member
RSM US Alliance



1411 Second Loop Road
PO Box 6289 (29502)
Florence, SC 29505
843-665-5900 Fax 843-678-9523
www.websterrogers.com

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*.

Darlington County School District's Response to Findings

The School District's response to the 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 the financial statements, and accordingly, we express no opinion on it.

Purpose of this Report

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

A handwritten signature in black ink that reads "Webster Rogues LLP". The signature is written in a cursive, flowing style.

Florence, South Carolina
November 30, 2018

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, 2018. The School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of 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, 2018.

Members

SC Association of Certified Public Accountants
NC Association of Certified Public Accountants

Members

Division for CPA Firms, AICPA

An independently owned member
RSM US Alliance



1411 Second Loop Road
PO Box 6289 (29502)
Florence, SC 29505
843-665-5900 Fax 843-678-9523
www.websterrogers.com

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 2018-002. 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. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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



Florence, South Carolina
November 30, 2018

**DARLINGTON COUNTY SCHOOL DISTRICT
DARLINGTON, SOUTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2018**

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?

 X Yes _____ 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?

_____ Yes X 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

10.553
10.555

Child Nutrition Cluster:
 School Breakfast Program
 National School Lunch Program

84.027

Special Education Cluster (IDEA)

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

\$750,000

Auditee qualified as low-risk auditee?

_____ Yes X No

**DARLINGTON COUNTY SCHOOL DISTRICT
DARLINGTON, SOUTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2018**

Page 2 of 3

II. – Financial Statement Findings

SIGNIFICANT DEFICIENCIES

2018-001	Internal controls governing payroll processing
Criteria	Internal controls should be in place to ensure that employees are correctly paid for time worked at properly approved rates.
Condition 1	Procedures for review of data input for hours worked were not properly implemented.
Context 1	During fieldwork we noted two instances in a sample of 45 in which hourly employees were paid for an incorrect number of hours.
Condition 2	There was inadequate segregation of duties between individuals entering pay rates into the SmartFusion master file and those preparing payrolls.
Context 2	Best practices for safeguarding of School District assets prescribe that individuals tasked with preparing payroll checks should not have access to the payroll master file that contains the approved hourly and salary rates used to generate pay checks.
Cause	The School District has not organized its personnel to ensure that staffing aligns with the responsibilities of the finance department.
Effect	The School District is at risk for misappropriation of assets and has limited their ability to improve the effectiveness and efficiency of regulatory compliance efforts.
Recommendation	The School District should evaluate staffing needs and make necessary changes to implement controls to ensure that policies and procedures are being adhered to.
Views of responsible officials and actions	Management has evaluated staffing needs and is making necessary changes to implement controls to ensure that policies and procedures are being adhered to and that duties are separated to provide better controls.

**DARLINGTON COUNTY SCHOOL DISTRICT
DARLINGTON, SOUTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2018**

Page 3 of 3

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
Criteria and Condition	Uniform Guidance requires that equipment be used in the program for which it was acquired or, when appropriate, other federal programs. In general, when equipment with a current per unit fair market value of \$5,000 or more is no longer needed for a federal program, it may be retained or sold with the federal agency having a right to a proportionate (percent of federal participation in the cost of the original project) amount of the current fair market value. In addition, it is common for specific grant terms to address the use and disposition of capital assets purchased with such grant funds. The District's detailed capital asset records do not consistently capture the source of funding for the individual assets.
Context	Audit inquiries revealed that while the School District is tracking the funding source of currently acquired capital assets, most historical data does not contain information regarding funding source.
Cause	There has been considerable turnover in accounting staff, and resources to perform necessary research to determine the funding source of assets acquired in past years have not been available.
Effect	The District is not in compliance with federal regulations regarding record keeping for capital assets and is at risk of improper use or disposition of assets obtained with federal funds.
Recommendation	The SmartFusion software fixed asset module provides a field which may be used by the District to record the funding source for fixed assets. The fixed asset database should be reviewed and updated with the appropriate coding in the relevant field.
Views of responsible officials and actions	Management has implemented controls to ensure that documentation is maintained identifying the funding source for capital assets on an ongoing basis and for regular updates of the SmartFusion database.

**DARLINGTON COUNTY SCHOOL DISTRICT
DARLINGTON, SOUTH CAROLINA
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
YEAR ENDED JUNE 30, 2018**

II. – Financial Statement Findings

2017-001 Incomplete, inaccurate records, and activity reconciliation related to capital assets.
(Repeat finding from 2016)

Current Status Corrected

2017-002 Incomplete records and activity reconciliation related to cash.

Current Status Corrected

2017-003 Failure to adhere to internal policies and procedures regarding board approval of
projects, purchase order requirements, and cash disbursement support

Current Status This finding did not repeat in the current year.

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

2017-004 CFDA # 10.553 and 10.555 Child Nutrition Cluster – U.S. Department of Agriculture;
Grant Period: Year Ended June 30, 2017

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 This finding was repeated in the current year with modifications at Finding No. 2018-002.