

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

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

YEAR ENDED JUNE 30, 2017

**DARLINGTON COUNTY SCHOOL DISTRICT
DARLINGTON, SOUTH CAROLINA
YEAR ENDED JUNE 30, 2017**

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**DARLINGTON COUNTY SCHOOL DISTRICT
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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, 2017, 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.

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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, 2017, 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.

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, and schedules of pension liabilities and contributions on pages 3–10, 49–50 and 51–54 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 are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The 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 March 2, 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
March 2, 2018

REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)

**DARLINGTON COUNTY SCHOOL DISTRICT
DARLINGTON, SOUTH CAROLINA
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2017**

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, 2017.

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 \$38,131,855 in unassigned fund balance at June 30, 2017. 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, 2017, 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 \$6,851,674. After transfers in and out from other financing sources, the District's net change in general fund balance increased by \$9,270,361.

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, while not increasing the tax burden of the District.

Our focus will continue to be sustainable educational programs, surgical selection of new initiatives geared for student performance gains, and 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, 2017**

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, 2017**

- 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. The District's net position increased by \$10,881,971 over last year. Total assets and deferred outflows of resources increased by \$30,353,158 and total liabilities and deferred inflows of resources increased by \$19,471,187.

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	
	2017	2016	2017	2016	2017	2016
Current & other assets	\$ 91,462	\$ 72,917	\$ 1,110	\$ 1,001	\$ 92,572	\$ 73,918
Capital assets	103,651	102,177	880	860	104,531	103,037
Total assets	195,113	175,094	1,990	1,861	197,103	176,955
Deferred outflows	19,064	8,859	-	-	19,064	8,859
Current liabilities	32,323	14,787	-	43	32,323	14,830
Long term liabilities	127,840	124,884	-	-	127,840	124,884
Total liabilities	160,163	139,671	-	43	160,163	139,714
Deferred inflows	411	1,389	-	-	411	1,389
Net Position:						
Net investment in capital assets	69,651	87,246	880	860	70,531	88,106
Restricted	5,691	12,789	-	-	5,691	12,789
Unrestricted	(21,739)	(57,142)	1,110	958	(20,629)	(56,184)
Total Net Position	\$ 53,603	\$ 42,893	\$ 1,990	\$ 1,818	\$ 55,593	\$ 44,711

**DARLINGTON COUNTY SCHOOL DISTRICT
DARLINGTON, SOUTH CAROLINA
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2017**

The District is able to report positive balances in net position both for the government as a whole as well as for its separate governmental-type activities.

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

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total Primary Government</u>	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Revenues						
Program revenue:						
Charges for services	\$ 189	\$ 216	\$ 268	\$ 208	\$ 457	\$ 424
Operating grants	57,973	54,299	5,893	5,692	63,866	59,991
Capital grants	50	-	-	-	50	-
General revenues:						
Property taxes	43,168	36,490	-	-	43,168	36,490
Sales taxes	5,614	5,313	-	-	5,614	5,313
State aid	12,302	12,530	-	-	12,302	12,530
Other general revenue	407	897	-	-	407	897
Total Revenue	<u>119,703</u>	<u>109,745</u>	<u>6,161</u>	<u>5,900</u>	<u>125,864</u>	<u>115,645</u>
Program expenses:						
Instruction	61,406	58,189	-	-	61,406	58,189
Support services	44,743	45,742	-	-	44,743	45,742
Community services	30	55	-	-	30	55
Intergovernmental	3,502	2,830	-	-	3,502	2,830
Interest on long term debt	(889)	(421)	-	-	(889)	(421)
Unallocated depreciation	398	391	-	-	398	391
Food service	-	-	5,792	5,919	5,792	5,919
Total Expenses	<u>109,190</u>	<u>106,786</u>	<u>5,792</u>	<u>5,919</u>	<u>114,982</u>	<u>112,705</u>
Excess before transfers	10,513	2,959	369	(19)	10,882	2,940
Transfers	196	-	(196)	-	-	-
Increase (decrease) in net position	<u>\$ 10,709</u>	<u>\$ 2,959</u>	<u>\$ 173</u>	<u>\$ (19)</u>	<u>\$ 10,882</u>	<u>\$ 2,940</u>

Total revenues increased by 8.8% from the prior year. Program expenses increased 2.0% above last year. Total net position increased by \$10,881,971 in 2017 and by \$2,940,299 in 2016.

**DARLINGTON COUNTY SCHOOL DISTRICT
DARLINGTON, SOUTH CAROLINA
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2017**

Governmental Activities

The unrestricted net position of the District's governmental activities increased by \$35,403,108. At the same time, the District's net investment in capital assets decreased by \$17,596,046. The change in net position is primarily due to the unspent bond proceeds that will be used for capital assets.

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 \$172,743 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 \$72,568,471 which increased by \$16,751,722 over last year's total of \$55,816,749. The schedule below illustrates the fund balance and total change in fund balance as of June 30, 2017 and 2016.

	Fund Balance June 30, 2017	Fund Balance June 30, 2016	Increase (Decrease)
General	\$ 40,188,018	\$ 30,917,657	\$ 9,270,361
Special Projects	3,005,435	3,118,988	(113,553)
School Building	25,339,394	10,530,502	14,808,892
Debt Service	4,035,624	11,249,602	(7,213,978)
Total	\$ 72,568,471	\$ 55,816,749	\$ 16,751,722

The District's general fund balance increase is due primarily to the \$15,000,000 bond anticipation note issued in fiscal year 2017, to be used for capital projects, that is included in the School Building fund balance but was not fully utilized in the current fiscal year, and the receipt of unexpected local revenues in the current fiscal year.

**DARLINGTON COUNTY SCHOOL DISTRICT
DARLINGTON, SOUTH CAROLINA
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2017**

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

	2017 Amount	2016 Amount	Percentage Change
Revenues			
Taxes	\$ 34,332,441	\$ 30,029,171	14.33%
Other local sources	233,887	249,454	-6.24%
Intergovernmental	50,787,961	47,207,712	7.58%
	<u>\$ 85,354,289</u>	<u>\$ 77,486,337</u>	10.15%

	2017 Amount	2016 Amount	Percentage Change
Expenditures by object			
Salaries	\$ 48,236,791	\$ 46,129,512	4.57%
Fringe benefits	19,825,462	18,954,786	4.59%
Purchased services	3,780,418	3,888,009	-2.77%
Supplies and Materials	4,462,954	7,772,872	-42.58%
Capital outlay	1,365,956	4,713,589	-71.02%
Miscellaneous	826,852	858,191	-3.65%
Intergovernmental	4,182	2,785	50.16%
	<u>\$ 78,502,615</u>	<u>\$ 82,319,744</u>	-4.64%

The table above shows that the largest portion (87%) 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 decreased by \$3,817,129 or 4.64% over the prior year. This is primarily attributed to higher technology materials and supply expenditures in the prior fiscal year.

General fund revenue (including transfers in of \$2,418,687) was above expenditures (including intergovernmental of \$4,182) during the fiscal year resulting in an increase to the general fund balance of \$9,270,361.

Other Funds

The Special Projects fund operates essentially on a quasi-break-even basis. Revenues were less than expenditures (including net transfers in and out of \$134,464) during the fiscal year resulting in a decrease of \$113,553 to fund balance.

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 74 - 77.

**DARLINGTON COUNTY SCHOOL DISTRICT
DARLINGTON, SOUTH CAROLINA
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2017**

The School Building fund increased in fund balance by \$14,808,892. The primary reason for this increase was a \$15,000,000 bond anticipation note issued in fiscal year 2017, to be used for capital projects, that was not fully utilized in the current fiscal year. These unspent funds that rolled into fund balance will be used to pay for expenditures related to these ongoing projects in the next fiscal year.

The Debt Service fund decreased by \$7,213,978. The decrease was primarily due to the utilization of fund balance during the retirement of the 2014 Series General Obligation Advance Refunding and Improvement Bond and to lower our outstanding indebtedness.

The School District's only Proprietary Fund (Enterprise Fund) is the Food Service Fund. This program had an increase in net position of \$172,743 during 2017, compared to a decrease of \$19,085 in the prior year. Total revenues increased by \$261,488 to \$6,161,381, primarily due to an increase in USDA reimbursements and commodities. Total expenses were \$5,792,785 for the current year which was a decrease of \$126,193 or 2%. This decrease was primarily due to lower food costs.

Budgetary Analysis

The District under estimated its budgeted general fund revenue by \$9,666,544. The budgeted operational expenses were under estimated by \$1,081,659. The other financing sources (uses) were under estimated by \$685,476. The result was a fund balance increase of \$9,270,361, 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

As was noted in prior years, the District completed the implementation of a \$48,000,000 capital improvement plan in 2007. This included the construction of two new middle schools, one each in the Darlington and Hartsville sections of the District; and the construction of a new vocational (technical) education campus. In addition, the plan included the construction of additional classrooms at two existing middle schools in the Lamar and Society Hill sections of the District. The final phase of construction was the renovation of the old Hartsville Junior High School which is the new location for Thornwell School for the Arts. The major building construction for the \$48,000,000 projects was completed August 2007.

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. In fiscal year ended June 30, 2015 the Board of Education approved a General Obligation Bond in the amount of \$5,000,000 for capital improvements and technology throughout the District. In fiscal year ended June 30, 2016 the Board of Education approved a General Obligation Bond in the amount of \$5,700,000 for capital improvements and technology throughout the District. In February of 2017 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. A \$15,000,000 bond anticipation note was issued in the current fiscal year, to be used for capital projects prior to the issuance of the general obligation bond. The bond anticipation note will be paid in April of 2018 when the \$60,000,000 general obligation bond is issued.

Facility construction and renovation is a major component of capital asset additions. There were twenty-two open construction projects in progress at June 30, 2017 including multiple fire alarm projects, roofing projects, work on mobile units and other capital repairs.

**DARLINGTON COUNTY SCHOOL DISTRICT
DARLINGTON, SOUTH CAROLINA
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2017**

Debt

As indicated above, the \$15,000,000 bond anticipation loan will be paid in April of 2018 and the upcoming capital projects will be financed with the issuance of a \$60,000,000 general obligation bond. That bond will be repaid from the proceeds of the one percent sales tax. The prior year \$5,000,000 general obligation bond was repaid from the property tax collections and the current year \$5,700,000 general obligation bond will be paid from property tax collections.

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, 2017**

	Primary Government		Total
	Governmental Activities	Business-type Activities	
ASSETS			
Cash and cash equivalents	\$ 14,459,783	\$ 129	\$ 14,459,912
Cash and investments with County Treasurer	70,266,096	-	70,266,096
Investment funds in escrow with bond refunding agent	1,165,288	-	1,165,288
Due from other governmental units	4,598,969	90,031	4,689,000
Internal balances	(948,069)	948,069	-
Taxes receivable	1,847,363	-	1,847,363
Inventories	72,031	72,498	144,529
Prepays	603	-	603
Capital assets not being depreciated	11,860,632	-	11,860,632
Capital assets, net of accumulated depreciation	91,790,539	880,095	92,670,634
TOTAL ASSETS	195,113,235	1,990,822	197,104,057
DEFERRED OUTFLOWS OF RESOURCES			
Deferred pension amounts	19,064,359	-	19,064,359
TOTAL DEFERRED OUTFLOWS OF RESOURCES	19,064,359	-	19,064,359
LIABILITIES			
Accounts payable	4,085,171	-	4,085,171
Accrued expenses	4,869,022	-	4,869,022
Unearned revenues	7,041,903	-	7,041,903
Due to other governmental units	156,865	-	156,865
Accrued interest payable	83,853	-	83,853
Noncurrent liabilities			
Due within one year	16,087,034	-	16,087,034
Due in more than one year	4,174,521	-	4,174,521
Net pension liability	123,665,283	-	123,665,283
TOTAL LIABILITIES	160,163,652	-	160,163,652
DEFERRED INFLOWS OF RESOURCES			
Deferred pension amounts	411,300	-	411,300
TOTAL DEFERRED INFLOWS OF RESOURCES	411,300	-	411,300
NET POSITION			
Net investment in capital assets	69,650,541	880,095	70,530,636
Restricted for			
Special projects			
Art supplies	356	-	356
Classroom supplies	25,164	-	25,164
Classroom supplies/technology	20,095	-	20,095
IB program supplies	5,955	-	5,955
Nurse salary/supplies	19,327	-	19,327
Food service equipment	9,500	-	9,500
Debt service	5,610,971	-	5,610,971
Unrestricted	(21,739,267)	1,110,727	(20,628,540)
TOTAL NET POSITION	\$ 53,602,642	\$ 1,990,822	\$ 55,593,464

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, 2017**

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	\$ 61,406,280	\$ 188,970	\$ 51,703,883	\$ -	\$ (9,513,427)	\$ -	\$ (9,513,427)
Support services	44,743,425	-	6,269,273	50,000	(38,424,152)	-	(38,424,152)
Community services	29,912	-	-	-	(29,912)	-	(29,912)
Intergovernmental	3,502,306	-	-	-	(3,502,306)	-	(3,502,306)
Interest expense, net of deferred charges and premium amortization	(889,672)	-	-	-	889,672	-	889,672
Depreciation - unallocated *	398,476	-	-	-	(398,476)	-	(398,476)
Total governmental activities	<u>109,190,727</u>	<u>188,970</u>	<u>57,973,156</u>	<u>50,000</u>	<u>(50,978,601)</u>	<u>-</u>	<u>(50,978,601)</u>
Business-type activities							
Food services	5,792,785	268,139	5,893,242	-	-	368,596	368,596
Total business-type activities	<u>5,792,785</u>	<u>268,139</u>	<u>5,893,242</u>	<u>-</u>	<u>-</u>	<u>368,596</u>	<u>368,596</u>
Total primary government	<u>\$ 114,983,512</u>	<u>\$ 457,109</u>	<u>\$ 63,866,398</u>	<u>\$ 50,000</u>	<u>(50,978,601)</u>	<u>368,596</u>	<u>(50,610,005)</u>
General revenues							
Property taxes levied for							
General purposes					34,448,582	-	34,448,582
Florence-Darlington Technical College					3,079,481	-	3,079,481
Debt service					5,640,911	-	5,640,911
Sales taxes					5,613,935	-	5,613,935
Grants and contributions not restricted to specific programs					12,104,943	-	12,104,943
Unrestricted revenue from use of money and property					197,144	-	197,144
Miscellaneous					406,980	-	406,980
Transfers					195,853	(195,853)	-
Total General Revenues and Transfers					<u>61,687,829</u>	<u>(195,853)</u>	<u>61,491,976</u>
Change in Net Position					10,709,228	172,743	10,881,971
Net Position							
July 1, 2016					42,893,414	1,818,079	44,711,493
June 30, 2017					<u>\$ 53,602,642</u>	<u>\$ 1,990,822</u>	<u>\$ 55,593,464</u>

* 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, 2017**

	General Fund	Special Projects Fund	EIA Fund	School Building Fund	Debt Service Fund	Total Governmental Funds
ASSETS						
Cash and cash equivalents	\$ 10,937,875	\$ -	\$ -	\$ 3,521,908	\$ -	\$ 14,459,783
Cash and investments						
Cash and investments with County Treasurer	44,899,230	31,461	-	22,145,248	3,190,157	70,266,096
Property taxes receivables, net of allowance	1,470,028	127,550	-	-	249,786	1,847,364
Due from other governmental units						
Sales taxes due from state	-	-	-	-	451,113	451,113
Other agencies	-	39,776	-	-	-	39,776
Federal government	-	4,108,082	-	-	-	4,108,082
Due from other funds	9,608,554	6,909,062	3,239,938	4,043,078	406,068	24,206,700
Prepays	603	-	-	-	-	603
Inventories	72,031	-	-	-	-	72,031
TOTAL ASSETS	<u>\$ 66,988,321</u>	<u>\$ 11,215,931</u>	<u>\$ 3,239,938</u>	<u>\$ 29,710,234</u>	<u>\$ 4,297,124</u>	<u>\$ 115,451,548</u>
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES						
LIABILITIES						
Accounts payable	\$ 4,047,664	\$ 9,819	\$ -	\$ 27,688	\$ -	\$ 4,085,171
Accrued liabilities	4,869,022	-	-	-	-	4,869,022
Due to other governmental units	802	66,843	-	-	-	67,645
Due to SC Department of Education	-	88,900	320	-	-	89,220
Due to other funds	16,581,637	4,173,981	-	4,343,152	55,999	25,154,769
Unearned revenues	36,110	3,766,175	3,239,618	-	-	7,041,903
TOTAL LIABILITIES	<u>25,535,235</u>	<u>8,105,718</u>	<u>3,239,938</u>	<u>4,370,840</u>	<u>55,999</u>	<u>41,307,730</u>
DEFERRED INFLOWS OF RESOURCES						
Unavailable property taxes	1,265,068	104,778	-	-	205,501	1,575,347
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>1,265,068</u>	<u>104,778</u>	<u>-</u>	<u>-</u>	<u>205,501</u>	<u>1,575,347</u>
FUND BALANCES						
Nonspendable	72,634	-	-	-	-	72,634
Restricted	70,894	9,500	-	-	4,035,624	4,116,018
Committed	1,400,588	2,995,935	-	25,339,394	-	29,735,917
Assigned	512,047	-	-	-	-	512,047
Unassigned	38,131,855	-	-	-	-	38,131,855
TOTAL FUND BALANCES	<u>40,188,018</u>	<u>3,005,435</u>	<u>-</u>	<u>25,339,394</u>	<u>4,035,624</u>	<u>72,568,471</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u>\$ 66,988,321</u>	<u>\$ 11,215,931</u>	<u>\$ 3,239,938</u>	<u>\$ 29,710,234</u>	<u>\$ 4,297,124</u>	<u>\$ 115,451,548</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, 2017**

TOTAL FUND BALANCES - GOVERNMENTAL FUNDS		\$ 72,568,471
Amounts reported for governmental activities in the Statement of Net Position are different because of the following:		
Property tax revenue is recognized in the period for which levied rather than when "available". A portion of the deferred property tax revenue is not available.		1,575,347
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.		1,165,288
Capital assets used for governmental activities are not financial resources and therefore are not reported in governmental funds. The cost of assets is \$237,497,092, and the accumulated depreciation is \$133,845,921.		103,651,171
Other long term assets 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	\$ 6,711,863	
Differences between expected and actual experience	<u>12,352,496</u>	
		19,064,359
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	\$ (123,665,283)	
Bonds payable	(19,000,000)	
Issuance premium	(123,147)	
Compensated absences payable	(1,138,411)	
Accrued interest payable	<u>(83,853)</u>	
		(144,010,694)
Other long term liabilities related to pension expense do not consume current financial resources and are, therefore, not reported in the funds		
Investment earnings on retirement plan fiduciary held assets		<u>(411,300)</u>
NET POSITION OF GOVERNMENTAL ACTIVITIES		<u><u>\$ 53,602,642</u></u>

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

**DARLINGTON COUNTY SCHOOL DISTRICT
DARLINGTON, SOUTH CAROLINA
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2017**

	General Fund	Special Projects Fund	EIA	School Building Fund	Debt Service Fund	Total Governmental Funds
REVENUES						
Local property taxes	\$ 34,332,441	\$ 3,079,481	\$ -	\$ -	\$ 5,640,911	\$ 43,052,833
Sales taxes	-	-	-	-	5,613,935	5,613,935
Other local	233,887	1,636,384	-	76,014	18,463	1,964,748
Total local	34,566,328	4,715,865	-	76,014	11,273,309	50,631,516
State	50,500,281	1,726,179	6,192,205	-	278,225	58,696,890
Federal	-	9,971,954	-	-	-	9,971,954
Intergovernmental	287,680	-	-	-	-	287,680
Total Revenues	85,354,289	16,413,998	6,192,205	76,014	11,551,534	119,588,040
EXPENDITURES						
Current						
Instruction	43,844,643	7,171,019	3,379,795	-	-	54,395,457
Support services	33,287,835	5,658,885	610,388	3,036,370	-	42,593,478
Community services	-	29,912	-	-	-	29,912
Intergovernmental	4,182	3,498,124	-	-	-	3,502,306
Debt service						
Principal	-	-	-	520,579	5,610,000	6,130,579
Advance refunding escrow	-	-	-	-	12,245,000	12,245,000
Interest	-	-	-	13,799	909,962	923,761
Fees	-	-	-	75,952	550	76,502
Capital outlay	1,365,955	35,147	68,202	4,985,972	-	6,455,276
Total Expenditures	78,502,615	16,393,087	4,058,385	8,632,672	18,765,512	126,352,271
Excess of Revenues Over (Under) Expenditures	6,851,674	20,911	2,133,820	(8,556,658)	(7,213,978)	(6,764,231)
OTHER FINANCING SOURCES (USES)						
General obligation issuance	-	-	-	20,610,000	-	20,610,000
Capital lease	-	-	-	2,600,000	-	2,600,000
Premium on bonds issued	-	-	-	155,550	-	155,550
Transfers in	2,464,137	-	-	-	-	2,464,137
Transfers out	(45,450)	(134,464)	(2,133,820)	-	-	(2,313,734)
Total Other Financing Sources (Uses)	2,418,687	(134,464)	(2,133,820)	23,365,550	-	23,515,953
Net Change in Fund Balance	9,270,361	(113,553)	-	14,808,892	(7,213,978)	16,751,722
FUND BALANCE						
July 1, 2016	30,917,657	3,118,988	-	10,530,502	11,249,602	55,816,749
June 30, 2017	\$ 40,188,018	\$ 3,005,435	\$ -	\$ 25,339,394	\$ 4,035,624	\$ 72,568,471

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, 2017**

TOTAL NET CHANGE IN FUND BALANCE - GOVERNMENTAL FUNDS \$ 16,751,722

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. 116,141

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 (\$6,455,276) exceeded depreciation expense (\$4,980,953) in the period. 1,474,323

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	\$ 5,473,866	
Amount recorded in the governmental funds	<u>(9,852,942)</u>	(4,379,076)

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. 132,158

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	\$ (20,610,000)	
Capital lease proceeds	(2,600,000)	
Bond premiums	(155,550)	
Principal repayments:		
Bonds payable	6,130,579	
Advance refunding escrow - general obligation refunding bonds, series 2014	12,245,000	
Amortization of deferred refunding	789,911	
Amortization of bond premiums	<u>797,089</u>	(3,402,971)

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	\$ (1,138,411)	
Prior year	1,061,145	
Accrued interest		
Current year	(83,853)	
Prior year	<u>178,050</u>	16,931

Change in Net Position of Governmental Activities \$ 10,709,228

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, 2017**

	<u>Enterprise Fund - Food Service Program</u>
ASSETS	
Current assets	
Cash and cash equivalents	\$ 129
Due from federal government	67,978
Due from SC Department of Education	22,053
Due from other funds	970,122
Inventories	72,498
Total current assets	<u>1,132,780</u>
Noncurrent assets	
Equipment	3,562,539
Less accumulated depreciation	<u>(2,682,444)</u>
Total noncurrent assets	<u>880,095</u>
Total assets	<u>2,012,875</u>
LIABILITIES	
Current liabilities	
Due to other funds	<u>22,053</u>
Total current liabilities	<u>22,053</u>
Total liabilities	<u>22,053</u>
NET POSITION	
Net investment in capital assets	880,095
Unrestricted	<u>1,110,727</u>
Total net position	<u><u>\$ 1,990,822</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, 2017**

	<u>Enterprise Fund - Food Service Program</u>
OPERATING REVENUES	
Proceeds from sale of meals	\$ 74,461
Special sales and miscellaneous	190,600
Interest income	<u>3,078</u>
Total Operating Revenues	<u>268,139</u>
OPERATING EXPENSES	
Food costs	2,561,354
Salaries and wages	2,250,080
Supplies and materials	681,560
Depreciation	101,711
Other operating costs	<u>198,080</u>
Total Operating Expenses	<u>5,792,785</u>
Operating Loss	<u>(5,524,646)</u>
NONOPERATING REVENUES (EXPENSES)	
USDA Reimbursements	5,390,547
Commodities received from USDA	502,267
Other federal and state aid	<u>428</u>
Total Nonoperating Revenues (Expenses)	<u>5,893,242</u>
EXCESS OF REVENUES OVER (UNDER) EXPENSES	<u>368,596</u>
OTHER FINANCING SOURCES (USES)	
Transfers Out	<u>(195,853)</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>(195,853)</u>
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	
Change in Net Position	172,743
NET POSITION	
July 1, 2016	<u>1,818,079</u>
June 30, 2017	<u>\$ 1,990,822</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, 2017**

	<u>Enterprise Fund - Food Service Program</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Received from patrons	\$ 265,061
Payments to employees for services	(2,250,080)
Payments to suppliers for goods and services	<u>(3,283,974)</u>
Net cash used in operating activities	<u>(5,268,993)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest received	<u>29</u>
Net cash provided by investing activities	<u>29</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Nonoperating grants received	<u>5,390,946</u>
Net cash provided by noncapital financing activities	<u>5,390,946</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Acquisition of capital assets	<u>(121,956)</u>
Net cash used in capital and related financing activities	<u>(121,956)</u>
Net increase in cash and cash equivalents	26
Cash and cash equivalents - July 1, 2016	<u>103</u>
Cash and cash equivalents - June 30, 2017	<u>\$ 129</u>
Reconciliation of operating loss to net cash used in operating activities:	
Operating loss	\$ (5,524,646)
Adjustments to reconcile operating loss to net cash provided by (used in) operating activities:	
Depreciation	101,711
Commodities used	502,267
Changes in assets and liabilities:	
(Increase) decrease in due from governmental units	(53,545)
(Increase) decrease in due from SC Department of Education	(22,053)
(Increase) decrease in due from other funds	(202,977)
(Increase) decrease in inventory	(48,483)
Increase (decrease) in due from other funds	22,053
Increase (decrease) in payables	<u>(43,320)</u>
Net cash used in operating activities	<u>\$ (5,268,993)</u>

Noncash noncapital financing activities:

During the year, the District received \$502,267 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, 2017**

		Agency Funds
ASSETS		
	Cash and cash equivalents	<u>\$ 1,038,639</u>
	TOTAL ASSETS	<u><u>\$ 1,038,639</u></u>
LIABILITIES		
	Due to schools	<u>\$ 1,038,639</u>
	TOTAL LIABILITIES	<u><u>\$ 1,038,639</u></u>

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

**DARLINGTON COUNTY SCHOOL DISTRICT
DARLINGTON, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017**

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Darlington County School District (the School District) operates 14 elementary schools, 3 middle schools, 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 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, 2017**

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 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, 2017**

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 acquisitions under 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, 2017**

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 expenditures/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). These commodities are recorded at fair value as determined by the USDA and are valued using the first-in/first-out (FIFO) method. Expenses for inventory are recorded when inventory is received.

5. Capital assets

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

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

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

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

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

6. Due from other governmental units

General Fund and Special Revenue Fund 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, 2017**

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

Deferred Outflows of Resources

In addition to assets, the Statement of Net 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 has three items that qualify for reporting in this category and are related to pension obligations. The first item is pension contributions made subsequent to the measurement date which will be recognized as a reduction of the net pension liability in the subsequent year. The second item is the differences between expected and actual experience which is amortized into pension expense beginning in the year the deferral occurs over a closed period equal to the average remaining service lives of all plan participants. The third is the difference between the projected and actual earnings on pension plan investments and is amortized in a systematic and rational method and recognized as a reduction of pension expense in future periods in accordance with generally accepted accounting principles.

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 has three items that qualify for reporting in this category on the Statement of Net Position. A deferred gain on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The other two items are related to pension obligations. The first is the differences between expected and actual experience which is amortized into pension expense beginning in the year the deferral occurs over a closed period equal to the average remaining service lives of all plan participants. The second is the changes in proportionate and differences between the District's contributions and proportionate share of contributions which are amortized in a systematic and rational method and recognized as a reduction of pension expense in future periods in accordance with generally accepted accounting principles. The government has inflows which arise under modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item, *unavailable revenue*, is reported only in the governmental funds Balance Sheet.

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.

8. *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.

**DARLINGTON COUNTY SCHOOL DISTRICT
DARLINGTON, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017**

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

8. *Compensated absences (Continued)*

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.

9. *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.

For governmental funds, bond premiums and discounts, as well as issuance costs, are recognized during the current period. Bond proceeds are reported as another 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.

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, 2017**

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

11. 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.

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).

**DARLINGTON COUNTY SCHOOL DISTRICT
DARLINGTON, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017**

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

11. Net position and fund balance (Continued)

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.

12. 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.

13. 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.

14. 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.

**DARLINGTON COUNTY SCHOOL DISTRICT
DARLINGTON, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017**

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, 2017, the carrying amount of the School District's deposits was \$15,498,280 and the bank balance was \$16,298,244. All of these deposits were fully collateralized with securities held by the pledging financial institution's trust department in the School District's name or insured by the Federal Deposit Insurance Corporation. Information was not available regarding the custodial risk of deposits with the Darlington County Treasurer of \$70,266,096.

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.

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.

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, 2017**

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. All of the School District’s investments are in the repurchase agreement.

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

Investment Type	Fair Value Level	Credit Rating ^	Fair Value	Investment Maturities in Years <1 yr.
Cash and Investments held by County Treasurer	N/A	NR	\$ 70,266,096	\$ 70,266,096
Total			<u>\$ 70,266,096</u>	<u>\$ 70,266,096</u>

^ If available, credit ratings are from Standard & Poor's
 NR - Not rated
 N/A - Not applicable
 See Note I. D. 13 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.

**DARLINGTON COUNTY SCHOOL DISTRICT
DARLINGTON, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017**

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

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 thirty days of assessment.

The assessed value of real and other personal property, exclusive of vehicles (valued at \$27,174,490), is \$223,766,391. The general operations millage is 176.18 mills (\$17.618 per \$100 assessed valuation), and debt service fund millage is 23.50 mills (\$2.35 per \$100 assessed valuation).

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

C. Receivables

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

	<u>General</u>	<u>Special Projects</u>	<u>Debt Service</u>	<u>Food Service Program</u>
Receivables				
Property taxes	\$ 3,488,257	\$ 274,739	\$ 518,065	\$ -
Sales taxes	-	-	451,113	-
Intergovernmental	-	4,147,858	-	90,031
Gross receivables	<u>3,488,257</u>	<u>4,422,597</u>	<u>969,178</u>	<u>90,031</u>
Less allowance for uncollectible property tax	<u>(2,018,229)</u>	<u>(147,189)</u>	<u>(268,279)</u>	<u>-</u>
Net receivables	<u>\$ 1,470,028</u>	<u>\$ 4,275,408</u>	<u>\$ 700,899</u>	<u>\$ 90,031</u>

**DARLINGTON COUNTY SCHOOL DISTRICT
DARLINGTON, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017**

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

D. Capital Assets

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

	Balance 6/30/2016	Additions	Deletions	Transfers	Balance 6/30/2017
Governmental Activities					
Capital assets, not being depreciated					
Land	\$ 6,281,409	\$ -	\$ -	\$ -	\$ 6,281,409
Construction in progress	8,019,204	6,000,382	-	(8,440,363)	5,579,223
Total capital assets, not being depreciated	14,300,613	6,000,382	-	(8,440,363)	11,860,632
Capital assets, being depreciated					
Building and improvements	191,262,872	134,345	-	2,945	191,400,162
Land improvements	11,789,746	50,294	-	8,437,418	20,277,458
Equipment	13,688,585	270,255	-	-	13,958,840
Total capital assets, being depreciated	216,741,203	454,894	-	8,440,363	225,636,460
Totals	231,041,816	6,455,276	-	-	237,497,092
Less accumulated depreciation for					
Building and improvements	(115,194,694)	(3,974,834)	-	-	(119,169,528)
Land improvements	(4,167,167)	(555,987)	-	-	(4,723,154)
Equipment	(9,503,107)	(450,132)	-	-	(9,953,239)
Total accumulated depreciation	(128,864,968)	(4,980,953)	-	-	(133,845,921)
Total capital assets, being depreciated, net	87,876,235	(4,526,059)	-	8,440,363	91,790,539
Governmental activities capital assets, net	\$ 102,176,848	\$ 1,474,323	\$ -	\$ -	\$ 103,651,171

	Balance 6/30/2016	Additions	Deletions	Balance 6/30/2017
Business-type Activities				
Capital assets, being depreciated				
Food service equipment	\$ 3,440,583	\$ 121,956	\$ -	\$ 3,562,539
Total capital assets, being depreciated	3,440,583	121,956	-	3,562,539
Less accumulated depreciation for				
Food service equipment	(2,580,733)	(101,711)	-	(2,682,444)
Total accumulated depreciation	(2,580,733)	(101,711)	-	(2,682,444)
Total capital assets, being depreciated, net	859,850	20,245	-	880,095
Business-type activities capital assets, net	\$ 859,850	\$ 20,245	\$ -	\$ 880,095

**DARLINGTON COUNTY SCHOOL DISTRICT
DARLINGTON, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017**

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

D. Capital Assets (Continued)

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

Governmental activities	
Instruction	\$ 4,333,429
Support Services	249,048
Unallocated	398,476
Total governmental activities	\$ 4,980,953
Business-type activities	
Food Service	\$ 101,711
Total business-type activities	\$ 101,711

E. Transfers In (Out) From Other Funds

Transfers in (out) from other funds for the year ended June 30, 2017, consisted of the following:

	Transfers In	Transfers Out
General Fund	\$ 2,464,137	\$ 45,450
Special Projects Fund	-	134,464
Education Improvement Act Fund	-	2,133,820
Total governmental funds	2,464,137	2,313,734
Food Service Fund		195,853
Total proprietary fund	-	195,853
Pupil Activities Fund	45,450	-
Total fiduciary funds	45,450	-
Total transfers	\$ 2,509,587	\$ 2,509,587

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

**DARLINGTON COUNTY SCHOOL DISTRICT
DARLINGTON, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017**

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

F. Interfund Receivables and Payables

Interfund balances at June 30, 2017, consisted of the following individual fund receivables and payables:

	Receivable	Payable
General Fund	\$ 9,608,554	\$ 16,581,637
Special Projects Fund	6,909,062	4,173,981
Education Improvement Act Fund	3,239,938	-
School Building Fund	4,043,078	4,343,152
Debt Service Fund	406,068	55,999
Total governmental funds	24,206,700	25,154,769
Food Service Fund	970,122	22,053
Total proprietary fund	970,122	22,053
Total balances	\$ 25,176,822	\$ 25,176,822

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, 2017, the following changes took place in the long-term liabilities:

	Balance 6/30/2016	Additions	Reductions	Balance 6/30/2017	Due Within One Year
General obligation bonds	\$ 14,165,578	\$ 23,210,000	\$ 18,375,578	\$ 19,000,000	\$ 15,631,000
Plus deferred amount:					
For issuance premium	764,683	155,550	797,089	123,144	-
Total general obligation bonds	14,930,261	23,365,550	19,172,667	19,123,144	15,631,000
Compensated absences	1,061,145	638,275	561,009	1,138,411	456,034
Total long-term liabilities	\$ 15,991,406	\$ 24,003,825	\$ 19,733,676	\$ 20,261,555	\$ 16,087,034

Interest and other charges paid on long term debt for the year totaled \$923,761. Amortization of the issuance premium and deferred refunding items are netted against the interest on the Statement of Activities.

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.

**DARLINGTON COUNTY SCHOOL DISTRICT
DARLINGTON, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017**

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

G. Long-Term Debt (Continued)

General obligation bonds payable at June 30, 2017, are comprised of the following individual issues:

	<u>Interest Rates</u>	<u>Balance</u>
Equipment Acquisition Financing, Series 2016	1.35%	\$ 2,600,000
2017 GO BAN	2.00%	15,000,000
2006 Advance Refunding Bonds (QZAB)	3.50%	1,400,000
		<u>\$ 19,000,000</u>

The annual requirements for debt service on General Obligation Bonds outstanding at June 30, 2017, are summarized as follows:

<u>Year ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 15,631,000	\$ 351,393	\$ 15,982,393
2019	2,048,000	26,582	2,074,582
2020	656,000	1,734	657,734
2021	<u>665,000</u>	<u>8,978</u>	<u>673,978</u>
Subtotal	19,000,000	388,687	19,388,687
Plus deferred amounts:			
Bond premiums	<u>123,144</u>	-	<u>123,144</u>
Total	<u>\$ 19,123,144</u>	<u>\$ 388,687</u>	<u>\$ 19,511,831</u>

In October 2014, the School District issued an Equipment, Acquisition and Use Agreement, Series 2014 in the amount of \$1,036,093 and incurred \$10,000 in bond issuance costs. The net proceeds were used to purchase computers. Payments are due annually and include principal and interest at a rate of 0.982%. These bonds matured in October 2017.

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, Series 2017 in the amount of \$15,000,000. The net proceeds will be used for capital improvements. Maturity date is April 27, 2018 and includes principal and interest at a rate of 2%.

Refunding

In January 2005, the School District issued \$48,000,000 in general obligation bonds under the referendum, with an annual interest rate ranging from 3.25% to 5.13% (2005 School Building Bonds). Debt outstanding at June 30, 2014, against the \$48,000,000 in general obligations bonds totaled \$36,905,000.

In July 2014, the School District issued General Obligation Refunding Bonds, Series 2014 in the amount of \$16,130,000 plus a premium of \$1,617,665 and incurred \$130,375 of bond issuance costs. The net proceeds along with \$6,900,000 from the General Fund and \$12,387,710 from the Debt Service Fund were used to refund the outstanding principal of the 2005 School Building Bonds.

**DARLINGTON COUNTY SCHOOL DISTRICT
DARLINGTON, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017**

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

G. Long-Term Debt (Continued)

The new bond bears interest from 3% to 5% and is due in annual installments ranging from \$4,022,150 to \$4,603,900.

In July 2014, the School District issued General Obligation Refunding Bonds, Series 2014 in the amount of \$16,130,000 plus a premium of \$1,617,665 and incurred \$130,375 of bond issuance costs. The net proceeds along with \$6,900,000 from the General Fund and \$12,387,710 from the Debt Service Fund were used to refund the outstanding principal of the 2005 School Building Bonds. The new bond bears interest from 3% to 5% and is due in annual installments ranging from \$4,022,150 to \$4,603,900.

The difference in the reacquisition price of the old debt and the net carrying amount of the old debt was \$1,669,368 and related to the unamortized premium associated with the old debt. This amount is reported as a deferred inflow of resources and is being amortized over the life of the new debt.

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, 2017, \$8,180,000 of the defeased debt is outstanding, and \$8,523,694 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 sixteen 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 \$1,165,288 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.

Short Term Debt Issuance

The District issued \$5,610,000 of General Obligation Improvement Bonds, Series 2016 during the current fiscal year, which were repaid by June 30, 2017. This activity is included in the disclosure of the changes in long-term liabilities.

Authorized but Unissued Bonds

The total of authorized but unissued bonds at June 30, 2017 is \$60,000,000.

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.

**DARLINGTON COUNTY SCHOOL DISTRICT
DARLINGTON, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017**

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

H. Food Service (Continued)

The food service expenditures are inclusive of \$502,267 of commodities consumed during the year ended June 30, 2017.

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.

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	\$ 72,634	\$ -	\$ -	\$ -
Restricted:				
Contractual obligations	-	-	-	4,035,624
Grants	-	9,500	-	-
Other sources	70,894	-	-	-
Restricted total	<u>70,894</u>	<u>9,500</u>	<u>-</u>	<u>4,035,624</u>
Committed:				
E Rate funding	-	1,043,777	-	-
Medicaid	-	1,455,609	-	-
Activity buses	-	446,603	-	-
Adult banquet	-	49,946	-	-
Capital maintenance	1,400,588	-	-	-
Capital projects	-	-	25,339,394	-
Committed total	<u>1,400,588</u>	<u>2,995,935</u>	<u>25,339,394</u>	<u>-</u>
Assigned:				
Landscaping	56,556	-	-	-
School cameras	297,804	-	-	-
Other	157,687	-	-	-
Assigned total	<u>512,047</u>	<u>-</u>	<u>-</u>	<u>-</u>
Unassigned	38,131,855	-	-	-
	<u>\$ 40,188,018</u>	<u>\$ 3,005,435</u>	<u>\$ 25,339,394</u>	<u>\$ 4,035,624</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.

**DARLINGTON COUNTY SCHOOL DISTRICT
DARLINGTON, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017**

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, 2017**

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.

**DARLINGTON COUNTY SCHOOL DISTRICT
DARLINGTON, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017**

III. OTHER INFORMATION (CONTINUED)

A. Defined Benefit Pension Plans (Continued)

Plan Description (Continued)

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

	<u>Fiscal year ended June 30, 2016</u>	<u>Fiscal year ended June 30, 2017</u>
Employee Class Two	8.16% of earnable compensation	8.66% of earnable compensation
Employee Class Three	8.16% of earnable compensation	8.66% of earnable compensation
	<u>Fiscal year ended June 30, 2016</u>	<u>Fiscal year ended June 30, 2017</u>
Employer Class Two	10.91% of earnable compensation	11.41% of earnable compensation
Employer Class Three	10.91% of earnable compensation	11.41% of earnable compensation
Employer Incidental Death Benefit	0.15% of earnable compensation	0.15% of earnable compensation

Actuarial Assumptions and Methods

The School District's actual contributions to SCRS and PORS for the year ended June 30, 2017, were \$6,582,179 and \$1,749, respectively, which equaled the required contributions.

Actuarial valuations involve estimates of the reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and future salary increases. Amounts determined during the valuation process are subject to continual revision, typically with an experience study, as actual results over an extended period of time are compared with past expectations and new estimates are made about the future.

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

The June 30, 2016, total pension liability, net pension liability, and sensitivity information were determined by the consulting actuary, Gabriel, Roeder, Smith and Company ("GRS"), based on the July 1, 2015, actuarial valuations, using membership data as of July 1, 2015. The total pension liability was rolled forward from the valuation date to the plan's fiscal year ended June 30, 2016, using generally accepted actuarial procedures. Information included in the following schedules is based on the certification provided by GRS.

**DARLINGTON COUNTY SCHOOL DISTRICT
DARLINGTON, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017**

III. OTHER INFORMATION (CONTINUED)

A. Defined Benefit Pension Plans (Continued)

Actuarial Assumptions and Methods (Continued)

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	7.50%	7.50%
Projected salary increases	3.5% to 12.5% (varies by service)*	4.0% to 10.0% (varies by service)*
Benefit adjustments	lesser of 1% or \$500	lesser of 1% or \$500

* Includes inflation at 2.75%

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

Net Pension Liability

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

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

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
2015	2016	\$ 108,892,592	\$ -	\$ 108,892,592
2016	2017	\$ 123,662,011	\$ 3,272	\$ 123,665,283

**DARLINGTON COUNTY SCHOOL DISTRICT
DARLINGTON, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017**

III. OTHER INFORMATION (CONTINUED)

A. Defined Benefit Pension Plans (Continued)

Net Pension Liability (Continued)

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, 2016 and 2015, the School District's percentage of the SCRS and PORS net pension liability were 0.578946% and 0.574162% and 0.00013% and .0%, respectively.

Long-term Expected Rate of Return

The long-term expected rate of return on pension plan investments, as used in the July 1, 2015, actuarial valuations was based upon the 30-year capital market outlook at the end of the third quarter 2015.

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

Asset Class	Target Asset Allocation	Expected Arithmetic Real Rate of Return	Long Term Expected Portfolio Real Rate of Return
Global Equity	43.00%		
Global Public Equity	34.00%	6.52%	2.22%
Private Equity	9.00%	9.30%	0.84%
Real Estate	8.00%		
Real Estate	5.00%	4.32%	0.22%
Commodities	3.00%	4.53%	0.13%
Opportunistic	20.00%		
GTAA/Risk Parity	10.00%	3.90%	0.39%
HF (Low Rate)	10.00%	3.87%	0.39%
Diversified Credit	17.00%		
Mised Credit	5.00%	3.52%	0.17%
Emerging Markets Debt	5.00%	4.91%	0.25%
Private Debt	7.00%	4.47%	0.31%
Conservative Fixed Income	12.00%		
Core Fixed Income	10.00%	1.72%	0.17%
Cash and Short Duration (Net)	2.00%	0.71%	0.01%
Total Expected Real Return	<u>100.00%</u>		<u>5.10%</u>
Inflation for Actuarial Purposes			<u>2.75%</u>
Total Expected Nominal Return			<u><u>7.85%</u></u>

**DARLINGTON COUNTY SCHOOL DISTRICT
DARLINGTON, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017**

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	\$ 154,264,973	\$ 123,662,011	\$ 98,186,199	
PORS	\$ 4,322	\$ 3,272	\$ 2,377	

Plan Fiduciary Net Position

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

For the year ended June 30, 2017, the School District recognized pension expense of \$5,473,866 in the Statement of Activities.

At June 30, 2017, 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	\$ 6,711,863	\$ -
Differences in actual and expected experience	1,281,951	134,297
Changes in proportion and differences between Company's contributions and proportionate share of contributions	666,226	277,003
Net differences between projected and actual earnings on plan investments	<u>10,404,319</u>	<u>-</u>
	<u>\$ 19,064,359</u>	<u>\$ 411,300</u>

**DARLINGTON COUNTY SCHOOL DISTRICT
DARLINGTON, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017**

III. OTHER INFORMATION (CONTINUED)

A. Defined Benefit Pension Plans (Continued)

Pension Expense and Deferred Outflows (Inflows) of Resources

The School District reported \$6,711,863 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, 2017. 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, 2017. Average remaining service lives of all employees provided with pensions through the pension plans at June 30, 2016, measurement date was 4.116 years for SCRS and 4.665 years for PORS.

<u>Measurement Period Ending June 30,</u>	<u>Fiscal Year Ending June 30,</u>	<u>SCRS</u>	<u>PORS</u>
2017	2018	\$ 2,953,701	\$ 125
2018	2019	2,283,640	128
2019	2020	4,339,169	(92)
2020	2021	<u>2,364,986</u>	<u>(461)</u>
Net Balance of Deferred Outflows / (Inflows) of Resources		<u>\$ 11,941,496</u>	<u>\$ (300)</u>

Payables to the pension plans

At June 30, 2017, the School District reported a payable of \$2,587,295 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 (8 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 (5.91 percent) and an incidental death benefit contribution (.15 percent), if applicable, which is retained by SCRS.

For the year ended June 30, 2017, employee contributions totaled \$168,890, and the School District recognized pension expense of \$97,512.

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, 2017**

III. OTHER INFORMATION (CONTINUED)

C. 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, 2017, are as follows:

<u>Project</u>	<u>Contract Amounts</u>	<u>Expended to Date</u>	<u>Remaining Commitment</u>
BDE FIRE ALARM PROJECT	\$ 215,630	\$ 202,729	\$ 12,901
CAIN FIRE ALARM PROJECT	290,950	257,794	33,156
CES MEDIA CENTER	37,903	21,210	16,693
CES MOBILE REPLACEMENT PROJECT	72,000	50,400	21,600
DHS FIRE ALARM PROJECT	231,370	218,469	12,901
HHS BUILDING 1, 2, & 3	117,437	29,084	88,353
HHS WINDOWS/ROLL UP DOORS	93,500	46,750	46,750
HMS-ROAD IMPROVEMENT/PARKING LOT	280,000	19,380	260,620
LHS CAFÉ & METAL STORAGE	77,376	36,356	41,020
MAYO FIRE ALARM PROJECT	238,050	211,277	26,773
MAYO ROOF PROJECT	1,016,000	744,092	271,908
NHE CAFETERIA ROOF	41,799	29,110	12,689
NHE FIRE ALARM	313,700	24,282	289,418
NHE MOBILE UPGRADES	29,250	23,400	5,850
SMS AUTOM/MECH STORAGE	46,977	18,172	28,805
THREE NEW SCHOOLS LOCATIONS	4,588,720	278,064	4,310,656
	<u>\$ 7,690,662</u>	<u>\$ 2,210,569</u>	<u>\$ 5,480,093</u>

D. 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, 2017**

III. OTHER INFORMATION (CONTINUED)

D. 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.

E. 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, 2017, Darlington County abated property taxes totaling \$7,898,836, of which \$4,911,663 would have been paid to the District without abatements. The County does not provide any reimbursement to the District to offset abatements.

F. Pending GASB Statements

GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, establishes new accounting and financial reporting requirements for governments whose employees are provided with OPEB, as well as for certain nonemployer governments that have a legal obligation to provide financial support for OPEB provided to the employees of other entities. The provisions in Statement 75 are effective for fiscal years beginning after June 15, 2017. The District will implement the new guidance with the 2018 financial statements.

GASB Statement No. 81, *Irrevocable Split-Interest Agreements*, requires that a government that receives resources pursuant to an irrevocable split-interest agreement recognize assets, liabilities, and deferred inflows of resources at the inception of the agreement. Furthermore, this Statement requires that a government recognize assets representing its beneficial interests in irrevocable split-interest agreements that are administered by a third party, if the government controls the present service capacity of the beneficial interests. This Statement requires that a government recognize revenue when the resources become applicable to the reporting period. The requirements of this statement are effective for financial statements for periods beginning after December 15, 2016, and should be applied retroactively. The District will implement the new guidance with the 2018 financial statements.

GASB Statement No. 83, *Certain Asset Retirement Obligations*, This Statement establishes criteria for determining the timing and pattern of recognition of a liability and a corresponding deferred outflow of resources for certain asset retirement obligations (AROs). This Statement requires that recognition occur when the liability is both incurred and reasonably estimable. This Statement requires the measurement of an ARO to be based on the best estimate of the current value of outlays expected to be incurred.

**DARLINGTON COUNTY SCHOOL DISTRICT
DARLINGTON, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017**

III. OTHER INFORMATION (CONTINUED)

F. Pending GASB Statements (Continued)

The best estimate should include probability weighting of all potential outcomes, when such information is available or can be obtained at reasonable cost. If probability weighting is not feasible at reasonable cost, the most likely amount should be used. This Statement requires that a deferred outflow of resources associated with an ARO be measured at the amount of the corresponding liability upon initial measurement. This Statement also requires disclosure of information about the nature of a government's AROs, the methods and assumptions used for the estimates of the liabilities, and the estimated remaining useful life of the associated tangible capital assets.

If an ARO (or portions thereof) has been incurred by a government but is not yet recognized because it is not reasonably estimable, the government is required to disclose that fact and the reasons therefor. This Statement requires similar disclosures for a government's minority shares of AROs. The requirements of this Statement are effective for reporting periods beginning after June 15, 2018. The District will implement the new guidance with the 2019 financial statements.

GASB Statement No. 84, *Fiduciary Activities*, This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. An activity meeting the criteria should be reported in a fiduciary fund in the basic financial statements. Governments with activities meeting the criteria should present a statement of fiduciary net position and a statement of changes in fiduciary net position. An exception to that requirement is provided for a business-type activity that normally expects to hold custodial assets for three months or less. This Statement also provides for recognition of a liability to the beneficiaries in a fiduciary fund when an event has occurred that compels the government to disburse fiduciary resources. Events that compel a government to disburse fiduciary resources occur when a demand for the resources has been made or when no further action, approval, or condition is required to be taken or met by the beneficiary to release the assets. The requirements of this Statement are effective for reporting periods beginning after December 15, 2018. The District will implement the new guidance with the 2020 financial statements.

GASB Statement No. 85, *Omnibus 2017*, This Statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits [OPEB]). The requirements of this Statement are effective for reporting periods beginning after June 15, 2017. The District will implement the new guidance with the 2018 financial statements.

GASB Statement No. 86, *Certain Debt Extinguishment Issues*, The primary objective of this Statement is to improve consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources—resources other than the proceeds of refunding debt—are placed in an irrevocable trust for the sole purpose of extinguishing debt. This Statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance. The requirements of this Statement are effective for reporting periods beginning after June 15, 2017. The District will implement the new guidance with the 2018 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.

**DARLINGTON COUNTY SCHOOL DISTRICT
DARLINGTON, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017**

III. OTHER INFORMATION (CONTINUED)

F. Pending GASB Statements (Continued)

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 District will implement the new guidance with the 2021 financial statements.

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

G. Subsequent Events

In September 2017, the School District issued a General Obligation Bond, Series 2017 in the amount of \$5,800,000 at a 1.23% interest rate. Principal plus interest in the amount of \$5,845,380 are due in May 2018.

The School District entered into various contracts for construction, repairs and equipment purchases for approximately \$3,581,400 subsequent to year end.

Subsequent events have been evaluated through March 2, 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, 2017**

	Budgeted Amounts		Actual	Variance - Over (Under)
	Original	Final		
REVENUES				
Local	\$ 26,950,000	\$ 26,950,000	\$ 34,566,328	\$ 7,616,328
State	48,567,745	48,567,745	50,500,281	1,932,536
Intergovernmental	170,000	170,000	287,680	117,680
Total Revenue	75,687,745	75,687,745	85,354,289	9,666,544
EXPENDITURES				
Current				
Instruction	44,354,066	44,379,022	43,844,643	(534,379)
Support services	33,060,579	33,040,434	34,653,790	1,613,356
Intergovernmental	1,500	1,500	4,182	2,682
Total Expenditures	77,416,145	77,420,956	78,502,615	1,081,659
Excess of Revenues Over (Under) Expenditures	(1,728,400)	(1,733,211)	6,851,674	8,584,885
OTHER FINANCING SOURCES (USES)				
Transfers in	1,982,194	1,982,194	2,464,137	481,943
Transfers out	(248,983)	(248,983)	(45,450)	203,533
Total Other Financing Sources	1,733,211	1,733,211	2,418,687	685,476
Net Change in Fund Balance	\$ 4,811	\$ -	9,270,361	\$ 9,270,361
FUND BALANCE				
July 1, 2016			30,917,657	
June 30, 2017			\$ 40,188,018	

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, 2017**

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 THREE 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
2016	2017	0.578946%	\$ 123,662,011	\$ 52,746,766	234%	52.90%
2015	2016	0.574162%	\$ 108,892,592	\$ 51,397,206	212%	57.00%
2014	2015	0.577055%	\$ 99,349,740	\$ 51,242,189	194%	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 THREE 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
2016	2017	0.00013%	\$ 3,272	\$ -	0.0%	60.40%
2015	2016	0.00000%	\$ -	\$ 2,270	0.0%	64.60%
2014	2015	0.00019%	\$ 3,561	\$ -	0.0%	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 FOUR 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	\$ 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 FOUR 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	\$ 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.

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, 2017**

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)	\$ 24,975,000	\$ 24,975,000	\$ 29,997,271	\$ 5,022,271
1140 Penalties & Interest on Taxes (Independent)	75,000	75,000	140,820	65,820
1200 Revenue from Local Governmental Units Other Than LEAS				
1280 Revenue in Lieu of Taxes (Independent and Dependent)	1,850,000	1,850,000	4,194,350	2,344,350
1500 Earnings on Investments:				
1510 Interest on Investments	50,000	50,000	148,005	98,005
1900 Other Revenue from Local Sources				
1920 Contributions & Donations Private Sectors	-	-	2,206	2,206
1999 Revenue from Other Local Sources	-	-	83,676	83,676
Total Local Sources	26,950,000	26,950,000	34,566,328	7,616,328
2000 Intergovernmental Revenue				
2100 Payments from other governmental units	170,000	170,000	287,680	117,680
Total Intergovernmental Sources	170,000	170,000	287,680	117,680
3000 Revenue from State Sources				
3100 Restricted State Funding				
3130 Special Programs				
3131 Handicapped Transportation	-	-	12,611	12,611
3160 School Bus Driver Salary	740,600	740,600	1,083,044	342,444
3161 EAA Bus Driver Salary and Fringe	-	-	2,646	2,646
3162 Transportation Workers' Compensation	61,912	61,912	56,543	(5,369)
3180 Fringe Benefits Employer Contributions	10,063,916	10,063,916	10,590,557	526,641
3181 Retiree Insurance	2,045,844	2,045,844	2,244,987	199,143
3199 Other Restricted State Grants	-	-	330	330
3300 Education Finance Act (EFA)				
3310 Full-Time Programs				
3311 Kindergarten	1,130,280	1,130,280	1,131,700	1,420
3312 Primary	3,741,320	3,741,320	3,600,747	(140,573)
3313 Elementary	6,016,009	6,016,009	5,803,959	(212,050)
3314 High School	2,183,135	2,183,135	2,252,667	69,532
3315 Trainable Mentally Handicapped	139,595	139,595	101,592	(38,003)
3316 Speech Handicapped	1,127,799	1,127,799	1,175,062	47,263
3317 Homebound	13,302	13,302	16,987	3,685
3320 Part-Time Programs				
3321 Emotionally Handicapped	130,877	130,877	120,433	(10,444)
3322 Educable Mentally Handicapped	295,027	295,027	343,375	48,348
3323 Learning Disabilities	1,946,048	1,946,048	2,129,196	183,148
3324 Hearing Handicapped	162,280	162,280	118,977	(43,303)
3325 Visually Handicapped	44,345	44,345	40,108	(4,237)
3326 Orthopedically Handicapped	30,809	30,809	59,165	28,356

**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, 2017**

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	\$ 3,092,372	\$ 93,283
3330 Miscellaneous EFA Programs				
3331 Autism	505,804	505,804	554,758	48,954
3332 High Achieving Students	335,687	335,687	324,391	(11,296)
3334 Limited English Proficiency	52,847	52,847	63,947	11,100
3350 Residential Treatment Facilities (RTF)				
3351 Academic Assistance	480,207	480,207	996,183	515,976
3352 Pupils in Poverty	2,988,196	2,988,196	2,937,925	(50,271)
3353 Dual Credit Enrollment	78,192	78,192	54,545	(23,647)
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)	5,703,377	5,703,377	5,921,604	218,227
3830 Merchant's Inventory Tax	271,980	271,980	271,981	1
3890 Other State Property Tax Revenues	152,000	152,000	265,809	113,809
3900 Other State Sources				
3992 State Forest Commission Revenue	6,100	6,100	10,913	4,813
	<u>48,567,745</u>	<u>48,567,745</u>	<u>50,500,281</u>	<u>1,932,536</u>
Total State Sources				
	<u>48,567,745</u>	<u>48,567,745</u>	<u>50,500,281</u>	<u>1,932,536</u>
TOTAL REVENUES	<u>75,687,745</u>	<u>75,687,745</u>	<u>85,354,289</u>	<u>9,666,544</u>
EXPENDITURES				
100 Instruction				
110 General Instruction				
111 Kindergarten Programs				
100 Salaries	1,757,345	1,757,345	1,711,541	(45,804)
200 Employee Benefits	791,225	791,225	770,798	(20,427)
400 Supplies and Materials	19,728	19,729	26,045	6,316
112 Primary Programs				
100 Salaries	5,573,642	5,573,642	5,252,876	(320,766)
200 Employee Benefits	1,989,338	1,989,338	2,058,590	69,252
300 Purchased Services	-	-	2,000	2,000
400 Supplies and Materials	203,477	205,977	216,322	10,345
500 Capital outlay	1,600	1,600	-	(1,600)
113 Elementary Programs				
100 Salaries	8,521,979	8,522,159	8,923,928	401,769
200 Employee Benefits	3,302,928	3,302,928	3,429,961	127,033
300 Purchased Services	89,700	88,700	69,684	(19,016)
400 Supplies and Materials	339,351	341,926	289,894	(52,032)
500 Capital outlay	-	-	8,027	8,027
114 High School Programs				
100 Salaries	7,166,097	7,166,097	7,604,021	437,924
200 Employee Benefits	2,621,141	2,621,141	2,860,318	239,177
300 Purchased Services	187,806	187,783	132,439	(55,344)
400 Supplies and Materials	243,351	251,174	199,523	(51,651)

**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, 2017**

	Budgeted Amounts		Actual	Variance - Over (Under)
	Original	Final		
EXPENDITURES (CONTINUED)				
100 Instruction (Continued)				
110 General Instruction (Continued)				
115 Career & Technology Education Programs				
100 Salaries	\$ 1,272,807	\$ 1,272,807	\$ 1,251,325	\$ (21,482)
200 Employee Benefits	436,039	436,039	468,624	32,585
300 Purchased Services-Other than Tuition	600	600	2,541	1,941
400 Supplies and Materials	45,680	45,680	46,702	1,022
120 Exceptional Programs				
121 Educable Mentally Handicapped				
100 Salaries	1,315,919	1,315,919	1,079,450	(236,469)
200 Employee Benefits	493,297	493,297	420,989	(72,308)
400 Supplies and Materials	4,002	3,802	3,369	(433)
122 Trainable Mentally Handicapped				
100 Salaries	603,363	603,363	618,182	14,819
200 Employee Benefits	250,717	250,717	250,499	(218)
400 Supplies and Materials	6,228	5,828	7,721	1,893
123 Orthopedically Handicapped				
100 Salaries	750	750	-	(750)
125 Hearing Handicapped				
100 Salaries	690,822	690,822	522,653	(168,169)
200 Employee Benefits	265,454	265,454	220,007	(45,447)
300 Purchased Services	-	12,000	5,420	(6,580)
400 Supplies and Materials	9,290	9,290	5,431	(3,859)
126 Speech Handicapped				
100 Salaries	591,394	591,394	570,992	(20,402)
200 Employee Benefits	230,862	230,862	198,465	(32,397)
300 Purchased Services	40,400	40,400	31,935	(8,465)
400 Supplies and Materials	1,568	1,568	1,273	(295)
127 Learning Disabilities				
100 Salaries	2,142,272	2,142,272	2,042,345	(99,927)
200 Employee Benefits	768,335	768,335	745,784	(22,551)
400 Supplies and Materials	5,741	5,541	5,469	(72)
128 Emotionally Handicapped				
100 Salaries	180,753	180,753	131,709	(49,044)
200 Employee Benefits	77,857	77,857	57,695	(20,162)
400 Supplies and Materials	2,000	1,800	1,764	(36)
130 Preschool Programs				
131 Pre-school Handicapped-Speech (5 yr. olds)				
100 Salaries	51,722	51,722	46,963	(4,759)
200 Employee Benefits	17,145	17,145	18,039	894
133 Pre-school Handicapped-Self-contained (5 yr. olds)				
100 Salaries	94,625	94,625	78,893	(15,732)
200 Employee Benefits	45,756	45,756	38,372	(7,384)

**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, 2017**

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	\$ 226,364	\$ 226,364	\$ 71,748	\$ (154,616)
200 Employee Benefits	99,015	99,015	29,340	(69,675)
139 Early Childhood Programs				
100 Salaries	104,820	104,820	17,848	(86,972)
200 Employee Benefits	46,471	46,471	11,919	(34,552)
140 Special Programs				
141 Gifted and Talented - Academic				
100 Salaries	199,652	199,652	94,345	(105,307)
200 Employee Benefits	76,829	76,829	36,975	(39,854)
300 Purchased Services	6,750	8,516	5,032	(3,484)
143 Advanced Placement				
100 Salaries	60,000	60,000	-	(60,000)
145 Homebound				
100 Salaries	141,000	141,000	125,535	(15,465)
200 Employee Benefits	-	-	30,821	30,821
300 Purchased Services	74,078	74,078	40,189	(33,889)
147 CDEPP				
100 Salaries	163,095	163,095	116,300	(46,795)
200 Employee Benefits	61,097	61,097	41,343	(19,754)
148 Gifted and Talented - Artistic				
100 Salaries	-	2,000	2,000	-
200 Employee Benefits	-	-	517	517
300 Purchased Services	1,000	234	234	-
400 Supplies and Materials	1,500	1,500	1,506	6
149 Other Special Programs				
100 Salaries	15,651	15,651	1,200	(14,451)
200 Employee Benefits	22,043	22,043	302	(21,741)
300 Purchased Services	7,400	7,400	1,203	(6,197)
400 Supplies and Materials	1,600	1,600	6,706	5,106
160 Other Exceptional Programs				
161 Autism				
100 Salaries	209,169	209,169	167,720	(41,449)
200 Employee Benefits	79,952	79,952	128,744	48,792
170 Summer School Programs				
171 Primary Summer School				
400 Supplies and Materials	2,500	2,500	-	(2,500)
172 Elementary Summer School				
100 Salaries	-	-	23,791	23,791
200 Employee Benefits	-	-	6,586	6,586
300 Purchased Services	-	-	125	125
400 Supplies and Materials	-	-	7,561	7,561
173 High School Summer School				
100 Salaries	1,500	1,500	15,915	14,415
200 Employee Benefits	11	11	4,365	4,354
400 Supplies and Materials	-	-	633	633

**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, 2017**

	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	\$ -	\$ -	\$ 11,553	\$ 11,553
200 Employee Benefits	-	-	204	204
300 Purchased Services	-	-	6,067	6,067
400 Supplies and Materials	-	-	3,098	3,098
175 Instructional Programs Beyond Regular School Day				
100 Salaries	1,092	1,092	13,535	12,443
200 Employee Benefits	363	363	345	(18)
300 Purchased Services	6,440	6,440	8,338	1,898
400 Supplies and Materials	3,350	3,350	1,576	(1,774)
180 Adult/Continuing Educational Programs				
181 Adult Basic Education Programs				
100 Salaries	115,181	115,181	147,503	32,322
200 Employee Benefits	34,584	34,584	54,377	19,793
300 Purchased Services	5,826	4,726	1,659	(3,067)
400 Supplies and Materials	-	-	7,089	7,089
400 Supplies and Materials	-	-	5,124	5,124
190 Instructional Pupil Activity				
100 Salaries	124,523	124,523	132,325	7,802
200 Employee Benefits	7,104	7,104	32,769	25,665
Total Instruction	44,354,066	44,379,022	43,844,643	(534,379)
200 Support Services				
210 Pupil Services				
211 Attendance and Social Work Services				
100 Salaries	544,273	544,273	374,354	(169,919)
200 Employee Benefits	144,211	144,211	145,377	1,166
300 Purchased Services	41,117	39,117	37,295	(1,822)
400 Supplies and Materials	12,044	12,044	9,417	(2,627)
600 Other Objects	235	235	176	(59)
212 Guidance Services				
100 Salaries	1,770,139	1,770,139	1,799,640	29,501
200 Employee Benefits	630,253	630,253	655,738	25,485
300 Purchased Services	3,975	3,975	1,672	(2,303)
400 Supplies and Materials	8,235	8,235	4,681	(3,554)
213 Health Services				
100 Salaries	140,179	140,179	126,392	(13,787)
200 Employee Benefits	56,164	56,164	51,074	(5,090)
300 Purchased Services	7,712	9,712	4,393	(5,319)
400 Supplies and Materials	16,378	16,378	14,551	(1,827)

**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, 2017**

	Budgeted Amounts		Actual	Variance - Over (Under)
	Original	Final		
EXPENDITURES (CONTINUED)				
200 Support Services (Continued)				
210 Pupil Services (Continued)				
214 Psychological Services				
100 Salaries	\$ 263,417	\$ 263,417	\$ 302,346	\$ 38,929
140 Terminal Leave	-	-	4,130	4,130
200 Employee Benefits	92,277	92,277	123,104	30,827
400 Supplies and Materials	2,800	2,800	2,824	24
220 Instructional Staff Services				
221 Improvement of Instruction - Curriculum Development				
100 Salaries	834,571	823,571	576,827	(246,744)
200 Employee Benefits	223,710	223,710	218,314	(5,396)
300 Purchased Services	423,711	422,211	272,731	(149,480)
400 Supplies and Materials	113,834	125,834	89,585	(36,249)
600 Other Objects	158	158	351	193
222 Library and Media Services				
100 Salaries	1,145,158	1,145,158	1,111,623	(33,535)
200 Employee Benefits	425,702	425,702	435,896	10,194
300 Purchased Services	12,474	12,474	12,474	-
400 Supplies and Materials	60,661	67,261	61,472	(5,789)
223 Supervision of Special Programs				
100 Salaries	149,979	149,979	96,679	(53,300)
200 Employee Benefits	20,147	20,147	19,049	(1,098)
300 Purchased Services	2,599	2,599	4,768	2,169
400 Supplies and Materials	10,711	10,711	4,457	(6,254)
600 Other Objects	-	-	176	176
224 Improvement of Instruction - Inservice and Staff Training				
100 Salaries	-	-	8,931	8,931
200 Employee Benefits	-	-	2,462	2,462
300 Purchased Services	133,720	134,489	91,572	(42,917)
400 Supplies and Materials	3,935	4,750	4,082	(668)
600 Other Objects	13,500	13,500	-	(13,500)
230 General Administration Services				
231 Board of Education				
100 Salaries	57,700	57,700	59,188	1,488
200 Employee Benefits	87,091	87,091	23,981	(63,110)
300 Purchased Services	63,217	63,217	83,786	20,569
318 Audit Services	42,500	42,500	76,000	33,500
400 Supplies and Materials	5,180	5,180	2,990	(2,190)
600 Other Objects	239,918	239,918	43,929	(195,989)
232 Office of the Superintendent				
100 Salaries	266,660	266,660	104,897	(161,763)
200 Employee Benefits	84,757	84,757	40,732	(44,025)
300 Purchased Services	30,180	30,180	11,215	(18,965)
400 Supplies and Materials	194,827	174,482	43,407	(131,075)
600 Other Objects	1,000	1,000	5,006	4,006

**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, 2017**

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	Budgeted Amounts		Actual	Variance - Over (Under)
	Original	Final		
EXPENDITURES (CONTINUED)				
200 Support Services (Continued)				
230 General Administration Services (Continued)				
233 School Administration				
100 Salaries	\$ 4,652,986	\$ 4,652,986	\$ 4,798,422	\$ 145,436
140 Terminal Leave	-	-	18,462	18,462
200 Employee Benefits	1,667,450	1,667,450	1,794,895	127,445
300 Purchased Services	226,156	222,596	173,917	(48,679)
400 Supplies and Materials	28,002	47,062	44,824	(2,238)
600 Other Objects	16,868	16,868	22,662	5,794
250 Finance and Operations Services				
252 Fiscal Services				
100 Salaries	499,279	499,279	442,841	(56,438)
140 Terminal Leave	-	-	10,170	10,170
200 Employee Benefits	159,234	159,234	154,882	(4,352)
300 Purchased Services	31,800	31,800	10,489	(21,311)
400 Supplies and Materials	61,000	61,000	55,611	(5,389)
500 Capital Outlay	22,700	22,700	-	(22,700)
600 Other Objects	500	500	230	(270)
253 Facilities Acquisitions and Construction				
300 Purchased Services	181,867	181,867	55,296	(126,571)
400 Supplies and Materials	-	-	9,273	9,273
500 Capital Outlay				
520 Construction Services	-	-	1,218,091	1,218,091
540 Equipment	-	-	1,900	1,900
254 Operation and Maintenance of Plant				
100 Salaries	2,537,878	2,537,878	3,177,441	639,563
140 Terminal Leave	500	500	16,650	16,150
200 Employee Benefits	1,229,476	1,229,476	1,371,053	141,577
300 Purchased Services	1,341,549	1,341,549	1,197,542	(144,007)
400 Supplies and Materials	744,458	746,183	449,064	(297,119)
470 Energy	2,867,200	2,857,200	2,703,081	(154,119)
500 Capital Outlay	576,882	574,173	103,937	(470,236)
600 Other Objects	763,831	763,831	747,580	(16,251)
255 Student Transportation				
100 Salaries	1,753,686	1,741,686	1,958,665	216,979
140 Terminal Leave	-	-	6,795	6,795
200 Employee Benefits	255,685	255,685	808,736	553,051
300 Purchased Services	148,000	147,985	95,319	(52,666)
400 Supplies and Materials	7,000	7,000	7,866	866
600 Other Objects	-	15	625	610
256 Food Service				
140 Terminal Leave	-	-	24,723	24,723
200 Employee Benefits	994,864	994,864	1,256,389	261,525
400 Supplies and Materials	-	-	929	929
257 Internal Services				
100 Salaries	72,103	72,103	67,113	(4,990)
200 Employee Benefits	23,149	23,149	26,744	3,595
300 Purchased Services	3,238	3,238	6,386	3,148
400 Supplies and Materials	12,000	12,000	1,526	(10,474)

**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, 2017**

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	Budgeted Amounts		Actual	Variance - Over (Under)
	Original	Final		
EXPENDITURES (CONTINUED)				
200 Support Services (Continued)				
250 Finance and Operations Services (Continued)				
258 Security				
100 Salaries	\$ 109,506	\$ 109,506	\$ 115,848	\$ 6,342
200 Employee Benefits	44,853	44,853	47,475	2,622
300 Purchased Services	617,475	617,475	802,626	185,151
500 Capital Outlay	-	-	34,000	34,000
260 Central Support Services				
261 Head of Component Unit and Evaluation				
100 Salaries	-	-	632,154	632,154
200 Employee Benefits	-	-	193,862	193,862
262 Planning, Research, Development and Evaluation				
300 Purchased Services	3,200	4,200	4,909	709
400 Supplies and Materials	19,700	19,700	11,468	(8,232)
263 Information Services				
100 Salaries	168,667	168,667	152,269	(16,398)
200 Employee Benefits	45,822	45,822	56,905	11,083
300 Purchased Services	26,047	25,947	23,084	(2,863)
400 Supplies and Materials	17,268	17,368	19,424	2,056
600 Other Objects	2,900	1,900	4,601	2,701
264 Staff Services				
100 Salaries	334,116	334,116	260,891	(73,225)
200 Employee Benefits	118,554	118,554	107,271	(11,283)
300 Purchased Services	24,581	23,981	18,169	(5,812)
400 Supplies and Materials	16,905	17,505	15,714	(1,791)
600 Other Objects	13,358	13,358	1,340	(12,018)
266 Technology and Data Processing Services				
100 Salaries	647,821	647,821	709,432	61,611
140 Terminal Leave	-	-	18,358	18,358
200 Employee Benefits	212,033	212,033	263,214	51,181
300 Purchased Services	464,472	464,472	468,079	3,607
400 Supplies and Materials	369,557	369,557	37,245	(332,312)
500 Capital Outlay	7,989	7,989	-	(7,989)
600 Other Objects	-	-	176	176
270 Support Services Pupil Activity				
271 Pupil Services Activities				
100 Salaries	429,773	429,773	485,354	55,581
200 Employee Benefits	45,842	45,842	111,524	65,682
300 Purchased Services	18,000	18,000	21,867	3,867
400 Supplies and Materials	36,400	36,400	32,658	(3,742)
500 Capital Outlay	5,390	5,390	-	(5,390)
Total Support Services	33,060,579	33,040,434	34,653,790	1,613,356

**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, 2017**

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	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	\$ 4,182	\$ 2,682
Total Intergovernmental Expenditures	1,500	1,500	4,182	2,682
TOTAL EXPENDITURES	77,416,145	77,420,956	78,502,615	1,081,659
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(1,728,400)	(1,733,211)	6,851,674	8,584,885
OTHER FINANCING SOURCES (USES)				
Transfers from (to) Other Funds				
5230 Transfer from Special Revenue EIA Fund	1,595,726	1,595,726	2,133,820	538,094
5280 Transfer from Other Funds Indirect Costs	386,468	386,468	330,317	(56,151)
421-710 Transfer to Special Revenue Fund	(203,533)	(203,533)	-	203,533
426-710 Transfer to Pupil Activity Fund	(45,450)	(45,450)	(45,450)	-
TOTAL OTHER FINANCING SOURCES (USES)	1,733,211	1,733,211	2,418,687	685,476
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	\$ 4,811	\$ -	9,270,361	\$ 9,265,550
FUND BALANCE				
July 1, 2016			30,917,657	
June 30, 2017			\$ 40,188,018	

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, 2017**

	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			
1920 Contributions and Donations from Private Sources	-	-	-
1930 Special Needs Transportation	-	-	-
1999 Revenue from Other Local Sources	-	-	-
Total Local Sources	-	-	-
3000 Revenues from State Sources			
3100 Restricted State Funding			
3110 Occupational Education			
3118 EEDA Career Specialists	-	-	-
3120 General Education			
3127 Student Health and Fitness - PE Teachers	-	-	-
3130 Special Programs			
3134 CDEP Expansion	-	-	-
3135 Reading Coaches	-	-	-
3136 Student Health and Fitness - Nurses	-	-	-
3155 DSS SNAP & E&T Program	-	-	-
3177 Summer Reading Camps	-	-	-
3183 Teacher Recruiting and Retention	-	-	-
3190 Miscellaneous Restricted State Grants			
3193 Educational License Plates	-	-	-
3198 Technology Professional Development (Carryover Only)	-	-	-
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>
\$ -	\$ -	\$ 2,765,134	\$ 2,765,134
-	-	16,616	16,616
-	-	297,731	297,731
-	-	854	854
-	-	149,038	149,038
-	-	374,732	374,732
-	-	1,111,760	1,111,760
-	-	4,715,865	4,715,865
-	287,730	-	287,730
-	74,756	-	74,756
-	35,000	-	35,000
-	271,795	-	271,795
-	413,083	-	413,083
-	2,213	-	2,213
-	142,211	-	142,211
-	1,257	-	1,257
-	2,439	-	2,439
-	12,163	-	12,163
-	-	14,648	14,648
-	330,915	-	330,915

**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, 2017**

	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	-	-	-
Total State Sources	<u>-</u>	<u>-</u>	<u>-</u>
4000 Revenue from Federal Sources			
4200 Occupational Education			
4210 Perkins Aid, Title I - Career and Technical Education - Basic Grants to States	-	-	-
4300 Elementary and Secondary Education			
Act of 1965 (ESEA)			
4310 Title I Basic State Grant Provisions (Carryover Provision)	4,994,807	-	-
4325 Mathematics and Science Partnerships Program Title II (Carryover Provision)	-	-	-
4341 Language Instruction for Limited English Proficient Immigrant Students, Title III (Carryover Provision)	-	-	-
4351 Improving Teacher Quality	-	-	-
4400 Adult Education			
4410 Basic Adult Education	-	-	-
4500 Programs for Children with Disabilities			
4510 Individuals with Disabilities Education Act (IDEA)	-	3,086,969	-
4520 Pre-school Grants for Children with Disabilities (IDEA) (Carryover Provision)	-	-	114,892
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>4,994,807</u>	<u>3,086,969</u>	<u>114,892</u>
TOTAL REVENUES	<u>4,994,807</u>	<u>3,086,969</u>	<u>114,892</u>
EXPENDITURES			
100 Instruction			
110 General Instruction			
111 Kindergarten Programs			
100 Salaries	223,500	-	-
200 Employee Benefits	67,597	-	-
400 Supplies and Materials	39,743	-	-

<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>
\$ -	\$ -	\$ 121,530	\$ 121,530
-	-	16,439	16,439
<u>-</u>	<u>1,573,562</u>	<u>152,617</u>	<u>1,726,179</u>
173,090	-	-	173,090
-	-	-	4,994,807
-	-	190,861	190,861
-	-	2,577	2,577
-	-	559,336	559,336
-	-	152,037	152,037
-	-	-	3,086,969
-	-	-	114,892
-	-	124,583	124,583
<u>-</u>	<u>-</u>	<u>572,802</u>	<u>572,802</u>
<u>173,090</u>	<u>-</u>	<u>1,602,196</u>	<u>9,971,954</u>
<u>173,090</u>	<u>1,573,562</u>	<u>6,470,678</u>	<u>16,413,998</u>
-	22,389	-	245,889
-	9,390	-	76,987
-	-	-	39,743

**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, 2017**

	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	\$ 757,075	\$ -	\$ -
200 Employee Benefits	253,730	-	-
300 Purchased Services	3,384	-	-
400 Supplies and Materials	177,095	-	-
500 Capital Outlay	13,606	-	-
113 Elementary Programs			
100 Salaries	572,284	-	-
200 Employee Benefits	203,355	-	-
300 Purchased Services	7,402	-	-
400 Supplies and Materials	280,558	-	-
114 High School Programs			
100 Salaries	104,812	-	-
200 Employee Benefits	17,818	-	-
300 Purchased Services	199	-	-
400 Supplies and Materials	22,801	-	-
115 Career and Technology Education Programs			
100 Salaries	-	-	-
200 Employee Benefits	-	-	-
300 Purchased Services	-	-	-
400 Supplies and Materials	-	-	-
500 Capital Outlay	-	-	-
120 Exceptional Programs			
121 Educable Mentally Handicapped			
200 Employee Benefits	-	55,813	-
122 Trainable Mentally Handicapped			
100 Salaries	-	258,128	-
200 Employee Benefits	-	114,349	-
300 Purchased Services	-	231	-
126 Speech Handicapped			
100 Salaries	-	123,393	-
200 Employee Benefits	-	54,012	-
127 Learning Disabilities			
100 Salaries	-	103,037	-
200 Employee Benefits	-	49,740	-
400 Supplies and Materials	-	56,540	-
130 Preschool Programs			
131 Preschool Handicapped Speech (5 yr. olds)			
100 Salaries	-	-	6,709
132 Preschool Handicapped Itinerant (5 yr. olds)			
400 Supplies and Materials	-	-	151

CATE (VA Projects) (207/208)	Other Designated Restricted State Grants (900's)	Other Special Revenue Programs (200's/800's)	Total
\$ -	\$ 91,187	\$ 291,446	\$ 1,139,708
-	23,735	107,208	384,673
-	-	-	3,384
-	-	2,200	179,295
-	-	-	13,606
-	157,142	99,426	828,852
-	42,782	64,125	310,262
-	-	4,628	12,030
-	-	24,099	304,657
-	-	414,380	519,192
-	-	71,566	89,384
-	-	3,754	3,953
-	-	9,209	32,010
-	-	39,297	39,297
-	-	10,598	10,598
30,540	-	6,634	37,174
84,704	-	392	85,096
5,832	-	-	5,832
-	-	-	55,813
-	-	-	258,128
-	-	-	114,349
-	-	-	231
-	-	-	123,393
-	-	-	54,012
-	-	-	103,037
-	-	-	49,740
-	-	-	56,540
-	-	-	6,709
-	-	-	151

**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, 2017**

	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)			
133 Preschool Handicapped Itinerant (5-Yr.-Olds):			
100 Salaries	\$ -	\$ -	\$ 11,370
137 Preschool Handicapped Self-Contained (3 & 4 yr. olds)			
100 Salaries	-	-	44,875
200 Employee Benefits	-	-	13,405
139 Early Childhood Programs			
100 Salaries	-	-	2,476
140 Special Programs			
142 Disadvantaged			
400 Supplies and Materials	3,561	-	-
145 Homebound			
300 Purchased Services	-	2,759	-
400 Supplies and Materials	-	-	-
147 CDEP			
100 Salaries	-	-	-
300 Purchased Services	-	-	-
400 Supplies and Materials	-	-	-
149 Other Special Programs			
100 Salaries	-	55,978	-
200 Employee Benefits	-	19,140	-
300 Purchased Services	-	6,046	-
400 Supplies and Materials	-	1,185	-
160 Other Exceptional Programs			
161 Autism			
100 Salaries	-	625,181	-
200 Employee Benefits	-	106,276	-
300 Purchased Services	-	2,466	-
400 Supplies and Materials	-	4,864	-
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	-	-	-
200 Employee Benefits	7,290	-	-
400 Supplies and Materials	65,563	-	-
174 Gifted and Talented Summer School			
200 Employee Benefits	-	-	-
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>
\$ -	\$ -	\$ -	\$ 11,370
-	-	-	44,875
-	-	-	13,405
-	-	-	2,476
-	-	-	3,561
-	-	-	2,759
-	-	14	14
-	4,845	-	4,845
-	972	-	972
-	29,182	80	29,262
-	-	-	55,978
-	-	-	19,140
-	-	-	6,046
-	-	-	1,185
-	-	-	625,181
-	-	-	106,276
-	-	-	2,466
-	-	-	4,864
-	22,818	2,551	25,369
-	21,330	1,000	22,330
-	53,189	-	53,189
-	44,874	-	44,874
-	-	7,783	7,783
-	-	2,175	9,465
-	-	4,215	69,778
-	-	3,011	3,011
-	-	124	124
-	-	18	18

**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, 2017**

	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	\$ 39,228	\$ -	\$ -
200 Employee Benefits	9,413	-	-
300 Purchased Services	29,194	-	-
400 Supplies and Materials	35,834	-	-
180 Adult/Continuing Educational Programs			
181 Adult Basic Education Programs			
100 Salaries	-	-	-
200 Employee Benefits	-	-	-
400 Supplies and Materials	-	-	-
182 Adult Secondary Education Programs			
100 Salaries	-	-	-
200 Employee Benefits	-	-	-
400 Supplies and Materials	-	-	-
188 Parenting/Family Literacy			
100 Salaries	148,554	-	-
200 Employee Benefits	62,775	-	-
300 Purchased Services	89,873	-	-
400 Supplies and Materials	37,336	-	-
190 Instruction Pupil Activity			
100 Salaries	-	-	-
200 Employee Benefits	-	-	-
Total Instruction	<u>3,273,580</u>	<u>1,639,138</u>	<u>78,986</u>
200 Support Services			
210 Pupil Services			
212 Guidance Services			
100 Salaries	-	-	-
213 Health Services			
100 Salaries	-	86,334	-
200 Employee Benefits	-	33,665	-
300 Purchased Services	-	330,613	-

<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>
\$ -	\$ -	\$ 120,142	\$ 159,370
-	-	31,148	40,561
-	-	62,066	91,260
-	-	14,556	50,390
-	2,018	65,235	67,253
-	196	17,745	17,941
-	-	3,368	3,368
-	-	40,904	40,904
-	-	9,910	9,910
-	-	7,775	7,775
-	-	-	148,554
-	-	-	62,775
-	-	-	89,873
-	-	-	37,336
-	-	7,050	7,050
-	-	1,796	1,796
<u>121,076</u>	<u>526,049</u>	<u>1,551,628</u>	<u>7,190,457</u>
17,127	-	-	17,127
-	292,190	81,174	459,698
-	120,894	32,119	186,678
-	-	-	330,613

**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, 2017**

	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	\$ -	\$ 385,424	\$ -
200 Employee Benefits	-	131,751	-
300 Purchased Services	-	39,440	-
400 Supplies and Materials	-	10,870	-
215 Exceptional Program Services			
100 Salaries	-	36,645	-
200 Employee Benefits	-	5,603	-
400 Supplies and Materials	-	289	-
217 Career and Technical Education Placement			
100 Salaries	-	-	-
200 Employee Benefits	-	-	-
220 Instructional Staff Services			
221 Improvement of Instruction - Curriculum Development			
100 Salaries	975,311	-	-
200 Employee Benefits	335,187	-	-
300 Purchased Services	27,526	-	-
400 Supplies and Materials	3,947	-	-
222 Library and Media Services			
100 Salaries	19,042	-	-
200 Employee Benefits	6,317	-	-
223 Supervision of Special Programs			
100 Salaries	127,388	191,475	24,862
200 Employee Benefits	45,850	67,960	7,104
300 Purchased Services	9,920	30,698	-
400 Supplies and Materials	12,981	2,591	1,005
224 Improvement of Instruction - Inservice and Staff Training			
100 Salaries	70	21,869	-
200 Employee Benefits	18	5,792	-
300 Purchased Services	22,776	-	-
400 Supplies and Materials	1,133	-	-
250 Finance and Operations Services			
252 Fiscal Services			
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>
\$ -	\$ -	\$ -	\$ 385,424
-	-	-	131,751
-	-	-	39,440
-	-	-	10,870
-	-	-	36,645
-	-	-	5,603
-	-	-	289
-	197,921	-	197,921
-	89,809	-	89,809
-	1,000	5,375	981,686
-	257	1,172	336,616
26,706	-	14,722	68,954
-	-	9,729	13,676
-	-	-	19,042
-	-	-	6,317
8,181	-	35,227	387,133
-	-	34,914	155,828
-	-	5,617	46,235
-	-	8,080	24,657
-	-	106,287	128,226
-	-	31,429	37,239
-	-	111,060	133,836
-	-	52,756	53,889
-	-	1,365	1,365
-	-	68	68

**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, 2017**

EXPENDITURES (CONTINUED)	Title I (BA Projects) (201/202)	IDEA (CA Projects) (203/204)	Pre- school Handi- capped (CG Projects) (205/206)
200 Support Services (Continued)			
254 Operation and Maintenance of Plant			
300 Purchased Services	\$ -	\$ -	\$ -
400 Supplies and Materials	-	-	-
255 Pupil Transportation (State Mandated)			
100 Salaries	644	-	-
200 Employee Benefits	-	-	-
300 Purchased Services	-	5,838	-
400 Supplies and Materials	-	-	-
256 Food Services			
100 Salaries	-	-	-
200 Employee Benefits	-	-	-
400 Supplies and Materials	-	-	-
260 Central Support Services			
264 Staff Services			
400 Supplies and Materials	-	-	-
266 Technology and Data Processing Services			
100 Salaries	58,382	-	-
200 Employee Benefits	19,459	-	-
300 Purchased Services	-	-	-
400 Supplies and Materials	-	-	-
500 Capital Outlay	-	-	-
270 Support Services - Pupil Activity			
271 Pupil Service Activities			
300 Purchased Services	-	-	-
Total Support Services	<u>1,665,951</u>	<u>1,386,857</u>	<u>32,971</u>
300 Community Services			
390 Other Community Services			
100 Salaries	-	-	-
200 Employee Benefits	-	-	-
300 Purchased Services	-	-	-
Total Community Services	<u>-</u>	<u>-</u>	<u>-</u>

<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>
\$ -	\$ -	\$ 76,581	\$ 76,581
-	-	9,111	9,111
-	-	212,813	213,457
-	-	92,790	92,790
-	-	18,753	24,591
-	-	89,506	89,506
-	-	2,151	2,151
-	-	417	417
-	-	10,259	10,259
-	-	27,864	27,864
-	-	154,666	213,048
-	-	60,530	79,989
-	18,841	63,921	82,762
-	326,601	121,731	448,332
-	-	15,709	15,709
-	-	1,392	1,392
<u>52,014</u>	<u>1,047,513</u>	<u>1,489,288</u>	<u>5,674,594</u>
-	-	17,015	17,015
-	-	4,228	4,228
-	-	8,669	8,669
-	-	29,912	29,912

**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, 2017**

	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	-	-	-
Total Intergovernmental Expenditures	-	-	-
TOTAL EXPENDITURES	<u>4,939,531</u>	<u>3,025,995</u>	<u>111,957</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>55,276</u>	<u>60,974</u>	<u>2,935</u>
OTHER FINANCING SOURCES (USES)			
Transfers from (to) other funds			
431-791 Special Revenue Fund Indirect Costs	<u>(55,276)</u>	<u>(60,974)</u>	<u>(2,935)</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>(55,276)</u>	<u>(60,974)</u>	<u>(2,935)</u>
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	-	-	-
FUND BALANCE			
July 1, 2016	-	-	-
June 30, 2017	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

CATE (VA Projects) (207/208)	Other Designated Restricted State Grants (900's)	Other Special Revenue Programs (200's/800's)	Total
\$ -	\$ -	\$ 84,475	\$ 84,475
<u>-</u>	<u>-</u>	3,413,649	3,413,649
<u>-</u>	<u>-</u>	3,498,124	3,498,124
<u>173,090</u>	<u>1,573,562</u>	<u>6,568,952</u>	<u>16,393,087</u>
<u>-</u>	<u>-</u>	(98,274)	20,911
<u>-</u>	<u>-</u>	(15,279)	(134,464)
<u>-</u>	<u>-</u>	(15,279)	(134,464)
<u>-</u>	<u>-</u>	(113,553)	(113,553)
<u>-</u>	<u>-</u>	3,118,988	3,118,988
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,005,435</u>	<u>\$ 3,005,435</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, 2017**

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
903 Teacher Recruiting and Retention
918 Technology Professional Development
919 Education License Plates
924 CDEP Expansion
926 Summer Reading Camp
928 EEDA Career Specialists
935 Reading Coaches
936 Student Health and Fitness Nurse
937 Student Health and Fitness - PE Teachers
955 AE Supplemental Nutrition
960 K-5 Enhancement
963 K-12 Technology
967 6-8 Enhancement

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

224 Adult Ed - DSS Grant	834 Administrative Claiming
225 Mathematics and Science Partnerships Program, Title II	838 Byerly-Visual Arts Grant
264 Language Instruction for Limited English Proficient and Immigrant Students, Title III	842 DSAP Summer Program
267 Improving Teacher Quality	843 Adult Learning BES
269 ROTC	855 Florence Darlington Technical College
280 Workforce Investment Act	856 Byerly Grant HMS Foxes
284 Jobs for SC Grads	859 Transportation Special Needs
800 Special Needs Transportation - Medicaid	860 Special Education
802 Local Fund	868 Adult Banquet
803 2017 Youth Risk Behavior	870 District Buses Extra Curricular
806 Jean Taylor Memorial	879 Erate Funding
812 Gear-Up	890 Medicaid Federal
819 COMER Fund	895 Discover Brighter Futures
820 Summer Reading Camp	897 National School Lunch Program Equipment
822 Art Summer	898 Coker Foundation
824 Homework Center Grant	899 Prof Mental Disable
828 Supplemental Education Services	

**DARLINGTON COUNTY SCHOOL DISTRICT
DARLINGTON, SOUTH CAROLINA
SPECIAL REVENUE FUNDS – SPECIAL PROJECTS FUND
SUMMARY SCHEDULE FOR DESIGNATED RESTRICTED STATE GRANTS
YEAR ENDED JUNE 30, 2017**

<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	\$ 1,257	1,257	\$ -	\$ 400,124
918	3198	Technology Professional Development	12,163	12,163	-	-
919	3193	Education License Plates	2,439	2,439	-	-
924	3134	CDEP Expansion	35,000	35,000	-	37,120
926	3126	Refurbishment of K-8 Science Kits	-	-	-	187,532
926	3177	Summer Reading Camps	142,211	142,211	-	-
928	3118	EEDA Career Specialists	287,730	287,730	-	284,630
935	3135	Reading Coaches	271,795	271,795	-	541,785
936	3136	Student Health and Fitness - Nurses	413,083	413,083	-	128,689
937	3127	Student Health and Fitness - PE Teachers	74,756	74,756	-	74,905
955	3155	AE Supplemental Nutrition	2,213	2,213	-	6,951
963	3630	K-12 Technology Incentive	330,915	330,915	-	467,334
			<u>\$ 1,573,562</u>	<u>\$ 1,573,562</u>	<u>\$ -</u>	<u>\$ 2,129,070</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, 2017**

REVENUES

3000 Revenue from State Sources		
3500 Education Improvement Act		
3502 ADEPT	\$	12,499
3509 Arts in Education		22,312
3511 Professional Development		41,260
3512 Technology Professional Development		37,138
3518 Formative Assessment		50,736
3525 Career and Technology Education Equipment		171,667
3526 Refurbishment of K-8 Science Kits		33,989
3532 National Board Salary Supplement (No Carryover Provision)		326,918
3538 Students At Risk of School Failure		1,140,284
3541 Child Development Education Pilot Program (CDEPP)		1,358,301
3550 Teacher Salary Increase (No Carryover Provision)		1,862,444
3555 Teacher Salary Fringe (No Carryover Provision)		271,376
3556 Adult Education		394,742
3558 Reading		57,582
3571 Technicial Assistance - State Priority Schools (No Carryover Provision)		31,502
3577 Teacher Supplies (No Carryover Provision)		191,675
3578 High Schools That Work/Making Middle Grades Work		7,065
3592 Work-Based Learning		34,803
3595 EEDA - Supplies and Materials		18,616
3597 Aid to Districts		<u>127,296</u>
Total State Sources		<u>6,192,205</u>
TOTAL REVENUES		<u>6,192,205</u>

EXPENDITURES

100 Instruction		
110 General Instruction		
111 Kindergarten Programs		
100 Salaries		5,094
200 Employee Benefits		1,892
400 Supplies and Materials		1,574
112 Primary Programs		
100 Salaries		275,393
200 Employee Benefits		62,050
400 Supplies and Materials		19,263
113 Elementary Programs		
100 Salaries		347,025
200 Employee Benefits		100,352
300 Purchased Services		5,600
400 Supplies and Materials		132,641
114 High School Programs		
100 Salaries		198,801
200 Employee Benefits		141,999
300 Purchased Services		2,500
400 Supplies and Materials		234,231

**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, 2017**

EXPENDITURES (CONTINUED)

100 Instruction (Continued)			
110 General Instruction (Continued)			
115 Career and Technology Education Programs			
	400 Supplies and Materials	\$	103,465
	500 Capital Outlay		68,202
140 Special Programs			
147 CDEP			
	100 Salaries		941,306
	200 Employee Benefits		416,988
170 Summer School Program			
	171 Primary Summer School		
	100 Salaries		57,582
	172 Elementary Summer School		
	100 Salaries		19,313
	200 Employee Benefits		4,324
	300 Purchased Services		3,243
	400 Supplies and Materials		4,623
	175 Instructional Programs Beyond Regular School Day		
	300 Purchased Services		10,703
	400 Supplies and Materials		6
180 Adult/Continuing Educational Programs			
	181 Adult Basic Education Programs		
	100 Salaries		129,646
	200 Employee Benefits		38,926
	300 Purchased Services		3,812
	400 Supplies and Materials		9,266
	182 Adult Secondary Education Programs		
	100 Salaries		63,407
	200 Employee Benefits		14,132
	300 Purchased Services		23,621
	400 Supplies and Materials		7,017
			3,447,997
Total Instruction			
200 Support Services			
210 Pupil Services			
212 Guidance Services			
	100 Salaries		7,500
	200 Employee Benefits		1,923
	300 Purchased Services		4,262
	400 Supplies and Materials		13,998
220 Instructional Staff Services			
	221 Improvement of Instruction Curriculum Development		
	100 Salaries		69,361
	200 Employee Benefits		20,764
	300 Purchased Services		17,445

**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, 2017**

Page 3 of 3

EXPENDITURES (CONTINUED)	
200 Support Services (Continued)	
220 Instructional Staff Services (Continued)	
223 Supervision of Special Programs	
100 Salaries	\$ 142,926
200 Employee Benefits	53,102
300 Purchased Services	3,040
400 Supplies and Materials	5,308
224 Improvement of Instruction Inservice and Staff Training	
100 Salaries	17,475
200 Employee Benefits	4,448
300 Purchased Services	29,505
400 Supplies and Materials	8,532
230 General Administration Services	
233 School Administration	
100 Salaries	98,533
200 Employee Benefits	30,002
300 Purchased Services	2,737
250 Finance and Operations Services	
252 Fiscal Services	
300 Purchased Services	1,990
258 Security	
100 Salaries	28,518
200 Employee Benefits	11,882
260 Central Support Services	
266 Technology and Data Processing Services	
300 Purchased Services	<u>37,137</u>
Total Support Services	
	<u>610,388</u>
TOTAL EXPENDITURES	
	<u>4,058,385</u>
EXCESS OF REVENUES OVER EXPENDITURES	
	<u>2,133,820</u>
OTHER FINANCING USES	
Transfers from (to) Other Funds	
420-710 Transfer to General Fund (Excludes Indirect Costs)	<u>(2,133,820)</u>
TOTAL OTHER FINANCING USES	
	<u>(2,133,820)</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	
	-
FUND BALANCE	
July 1, 2016	<u>-</u>
June 30, 2017	<u>\$ -</u>

**DARLINGTON COUNTY SCHOOL DISTRICT
DARLINGTON, SOUTH CAROLINA
SPECIAL REVENUE FUNDS – EDUCATION IMPROVEMENT ACT FUND
SUMMARY SCHEDULE BY PROGRAM
YEAR ENDED JUNE 30, 2017**

PROGRAM	Revenues	Expenditures	Other Fund Transfers In/(Out)	EIA Fund Unearned
3500 Education Improvement Act				
3502 ADEPT	\$ 12,499	\$ 12,499	\$ -	\$ 14,530
3509 Arts in Education	22,312	22,312	-	2,888
3511 Professional Development	41,260	41,260	-	82,026
3512 Technology Professional Development	37,138	37,138	-	53,923
3518 Formative Assessment	50,736	50,736	-	50,343
3519 Grade 10 Assessments	-	-	-	3,315
3525 Career and Technology Education Equipment	171,667	171,667	-	100,444
3526 Science Kits Refurbishment	33,989	33,989	-	31,396
3528 Industry Certificates	-	-	-	43,121
3532 National Board Certification Salary Supplement (No Carryover Provision)	326,918	326,918	-	-
3533 Teacher of the Year Award	-	-	-	2,153
3535 Reading Coaches	-	-	-	8,000
3538 Students At Risk of School Failure	1,140,284	1,140,284	-	1,218,533
3541 Child Development Education Pilot Promag (CDEPP)	1,358,301	1,358,301	-	597,527
3550 Teacher Salary Increase (No Carryover Provision)	1,862,444	-	(1,862,444)	-
3555 School Employer Contributions (No Carryover Provision)	271,376	-	(271,376)	-
3556 Adult Education	394,742	394,742	-	97,324
3558 Reading	57,582	57,582	-	49,281
3571 Technical Assistance - State Priority Schools (No Carryover Provision)	31,502	31,502	-	10,178
3577 Teacher Supplies (No Carryover Provision)	191,675	191,675	-	7,425
3578 High Schools That Work/Making Middle Grades Work	7,065	7,065	-	73,877
3587 IDEA MOE Tier I	-	-	-	487,711
3592 Work-Based Learning	34,803	34,803	-	43,163
3595 EEDA - Supplies and Materials - Career Awareness	18,616	18,616	-	32,607
3597 Aid to Districts	127,296	127,296	-	191,994
3599 Other EIA	-	-	-	37,859
TOTALS	\$ 6,192,205	\$ 4,058,385	\$ (2,133,820)	\$ 3,239,618

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, 2017**

REVENUES

1000 Revenue from Local Sources	
1500 Earnings on Investments	
1510 Interest on Investments	\$ 26,014
1900 Other Revenue from Local Sources	
1990 Miscellaneous Local Revenue	
1999 Revenue from Other Local Sources	<u>50,000</u>
Total Local Sources	<u>76,014</u>
TOTAL REVENUES	<u>76,014</u>

EXPENDITURES

200 Support Services	
250 Finance and Operations Services	
253 Facilities Acquisition & Construction	
300 Purchased Services	153,232
500 Capital Outlay	
520 Construction Services	4,069,246
525 Buildings	90,564
530 Improvements Other Than Buildings	76,361
540 Equipment	25,581
580 Mobile Classrooms	77,920
254 Operation and Maintenance of Plant	
300 Purchased Services	30,736
400 Supplies and Materials	27
500 Capital Outlay	646,299
266 Technology and Data Processings Services	
100 Salaries	41,299
200 Employee Benefits	21,323
300 Purchased Services	7,000
400 Supplies and Materials	<u>2,782,754</u>
Total Support Services	<u>8,022,342</u>
500 Debt Service	
610 Principal	520,579
620 Interest	13,799
690 Other Objects	<u>75,952</u>
Total Debt Service	<u>610,330</u>
TOTAL EXPENDITURES	<u>8,632,672</u>

EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(8,556,658)</u>
-------------------------------------------------	--------------------

OTHER FINANCING SOURCES (USES)

Interfund Transfers, From (To) Other Funds	
5110 Premium on Bonds Sold	155,550
5120 Proceeds on General Obligation Bonds	20,610,000
5500 Capital Lease	<u>2,600,000</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>23,365,550</u>

EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES	14,808,892
-----------------------------------------------------------------------------	------------

FUND BALANCE

July 1, 2016	<u>10,530,502</u>
June 30, 2017	<u>\$ 25,339,394</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, 2017**

REVENUES

1000 Revenues from Local Sources

1100 Taxes

1110 Ad Valorem Taxes - Including Delinquent \$ 5,072,953

1140 Penalties and Interest on Taxes (Independent) 28,077

1200 Revenue from Local Governmental Units other than LEA

1280 Revenue in Lieu of Taxes 539,881

1500 Earnings on Investments

1510 Interest on Investments 18,463

1900 Revenue from Other Local Sources

1999 Sales Tax Revenue 5,613,935

Total Local Sources 11,273,309

3000 Revenues from State Sources

3800 State Revenue in Lieu of Taxes

3820 Homestead Exemption 236,382

3830 Merchant's Inventory Tax 41,843

Total State Sources 278,225

TOTAL REVENUES 11,551,534

EXPENDITURES

500 Debt Service

610 Redemption of Principal 17,855,000

620 Interest 909,962

690 Other Objects 550

TOTAL EXPENDITURES 18,765,512

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

(7,213,978)

NET CHANGE IN FUND BALANCE

(7,213,978)

FUND BALANCE

July 1, 2016 11,249,602

June 30, 2017 \$ 4,035,624

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, 2017**

REVENUES

1000 Revenues from Local Sources	
1500 Earnings on Investments	
1510 Interest on Investments	\$ 3,078
1600 Food Service	
1620 Breakfast Sales to Pupils	734
1630 Special Sales to Pupils	165,171
1640 Lunch Sales to Adults	70,021
1650 Breakfast Sales to Adults	3,706
1660 Special Sales to Adults	24,866
1900 Other Revenues from Local Sources	
1999 Revenue from Other Local Sources	563
Total Local Sources	<u>268,139</u>
3000 Revenues from State Sources	
3140 School Lunch	
3142 Program aid	428
Total State Sources	<u>428</u>
4000 Revenues from Federal Sources	
4800 USDA Reimbursement	
4810 School Lunch and After School Snack Program	3,826,556
4830 School Breakfast program	1,350,094
4860 Fresh Fruit & Vegetable Program	191,844
4870 School Food Service (Equipment)	22,053
4900 Other Federal Sources	
4991 USDA Commodities	502,267
Total Federal Sources	<u>5,892,814</u>
Total Revenues all Sources	<u>6,161,381</u>

OPERATING EXPENSES

200 Support Services	
256 Food Service	
100 Salaries	2,249,185
200 Support Services	895
300 Purchased Services	156,251
400 Supplies and Materials	3,242,914
500 Capital Outlay	
570 Depreciation	101,711
600 Other Objects	41,829
Total Operating Expenses	<u>5,792,785</u>

OPERATING INCOME (LOSS) 368,596

OTHER FINANCING SOURCES (USES)

Transfers from (to) Other Funds	
432-791 Food Service Fund Indirect Costs	(195,853)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(195,853)</u>

EXCESS OF REVENUES AND OTHER FINANCING SOURCES
OVER EXPENSES AND OTHER FINANCING USES 172,743

NET POSITION

July 1, 2016	<u>1,818,079</u>
June 30, 2017	<u>\$ 1,990,822</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, 2017**

	<u>Balance July 1, 2016</u>	<u>Additions</u>	<u>Deductions</u>	<u>Transfer From</u>	<u>Balance June 30, 2017</u>
ASSETS					
Cash and cash equivalents	<u>\$ 906,222</u>	<u>\$ 2,556,228</u>	<u>\$ 2,469,261</u>	<u>\$ 45,450</u>	<u>\$ 1,038,639</u>
LIABILITIES					
Due to schools	<u>\$ 906,222</u>	<u>\$ 2,556,228</u>	<u>\$ 2,469,261</u>	<u>\$ 45,450</u>	<u>\$ 1,038,639</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, 2017**

RECEIPTS

1000 Receipts from Local Sources
1700 Pupil Activities
1790 Other

\$ 2,556,228

Total Receipts from Local Sources

2,556,228

Total Receipts

2,556,228

DISBURSEMENTS

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

834,018

1,075,876

559,367

Total Disbursements

2,469,261

Excess of Receipts Over (Under) Disbursements

86,967

OTHER FINANCING SOURCES

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

45,450

Total Other Financing Sources

45,450

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

132,417

DUE TO SCHOOLS

July 1, 2016

906,222

June 30, 2017

\$ 1,038,639

OTHER SUPPLEMENTARY SCHEDULES

**DARLINGTON COUNTY SCHOOL DISTRICT
DARLINGTON, SOUTH CAROLINA
DETAILED SCHEDULE OF DUE TO STATE DEPARTMENT OF EDUCATION/
FEDERAL GOVERNMENT
JUNE 30, 2017**

<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>
K-5 Enhancement Program	K-5 Enhancement	3610/960	K-5 Enhancement Program	\$ 88,900	Due in 17-18
Gifted and Talented Artistic	EIA	3544/322	Gifted and Talented Artistic	<u>320</u>	Due in 17-18
				<u>\$ 89,220</u>	

**DARLINGTON COUNTY SCHOOL DISTRICT
DARLINGTON, SOUTH CAROLINA
LOCATION RECONCILIATION SCHEDULE
YEAR ENDED JUNE 30, 2017**

Location ID	Location Description	Education Level	Cost Type	Total Expenditures
4	Hartsville Middle	Middle School	School	\$ 7,183,771
5	Hartsville High	High School	School	10,314,598
6	Lamar High	High School	School	3,524,878
10	Spaulding Middle	Middle School	School	2,477,861
13	Brockington	Elementary School	School	2,816,397
14	Cain Elementary	Elementary School	School	3,128,944
15	Carolina Elementary	Elementary School	School	2,261,233
16	Lamar Elementary	Elementary School	School	2,187,468
17	North Hartsville Elementary	Elementary School	School	4,683,251
18	Pate Elementary	Elementary School	School	3,105,845
20	Rosenwald Elementary/Middle	Elementary/Middle School	School	1,852,269
23	Spaulding Elementary	Elementary School	School	1,737,971
24	Brunson-Dargan Elementary	Elementary School	School	2,343,383
26	St. John's Elementary	Elementary School	School	4,962,508
27	Thornwell Elementary	Elementary School	School	3,263,666
28	West Hartsville Elementary	Elementary School	School	1,614,198
29	Washington Street Elementary	Elementary School	School	2,429,362
30	Darlington High	High School	School	9,302,337
31	Darlington Middle	Middle School	School	7,085,998
32	Southside Early Childhood	Elementary School	School	4,148,161
33	Mayo Magnet	High School	School	5,931,776
35	Intervention School	Other (Alternative) School	School	1,042,736
50	Superintendent	Non-School	Central	962,332
51	Operations	Non-School	Central	1,139,278
54	Curriculum & Instruction	Non-School	Central	1,749,027
55	Human Resources	Non-School	Central	798,366
56	Pupil Services	Non-School	Central	936,894
58	Transportation	Non-School	Central	3,406,632
59	Communications	Non-School	Central	268,689
60	Exceptional Education	Non-School	Central	1,762,221
62	Maintenance	Non-School	Central	1,820,792
63	Elementary Assistant Superintendent	Non-School	Central	1,318,754
64	Adult Education	Non-School	Central	1,199,642
65	Warehouse	Non-School	Central	95,629
66	Project Share	Non-School	Central	55,646
68	Food Service	Non-School	Central	458,966
69	Computer Services	Non-School	Central	5,176,381
72	Finance	Non-School	Central	23,891,950
91	Institute of Technology	Other (Career) School	School	2,174,507
TOTAL EXPENDITURES FOR ALL FUNDS				\$ 134,614,317

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

General Fund	\$ 78,502,615
Special Projects Fund	16,393,087
Education Improvement Act Fund	4,058,385
School Building Fund	8,632,672
Debt Service Fund	18,765,512
Food Service Fund	5,792,785
Student Activity Fund	2,469,261
TOTAL EXPENDITURES FOR ALL FUNDS	\$ 134,614,317

**DARLINGTON COUNTY SCHOOL DISTRICT
DARLINGTON, SOUTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2017**

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	\$ 1,350,094
600	National School Lunch Program			
	Cash Assistance	10.555	NONE	\$ 3,826,556
	Non-Cash Assistance (Commodities)	10.555	NONE	502,267
	National School Lunch Program Subtotal			<u>4,328,823</u>
	Total Child Nutrition Cluster			<u>5,678,917</u>
South Carolina Dept. of Education -				
603	Fresh Fruit and Vegetable Program	10.582	NONE	191,844
604	Child Nutrition Discretionary Grants Limited Availability	10.579	NONE	22,053
	Total U.S. Department of Agriculture			<u>5,892,814</u>
U.S. Department of Labor				
South Carolina Dept. of Education -				
280	WIA Youth Activities	17.259	6Y507E1	188,970
284	WIA Youth Activities	17.259	16JAG105	56,920
	Total 17.259			<u>245,890</u>
	Total U.S. Department of Labor			<u>245,890</u>
U.S. Department of Education				
South Carolina Dept. of Education -				
Title I Cluster:				
201	Title I Grants to LEA's	84.010	16 Title I Carryover from Prior Yr	\$ 1,129,188
201	Title I Grants to LEA's	84.010	16 TITLE I SUPPORT	3,749,384
				<u>4,878,572</u>
238	Title I - Support	84.010A	Title I Support	47,986
239	Title I - School Improvements	84.010A	Title I Priority	68,249
	Total 84.010			<u>4,994,807</u>
	Total Title I, Part A Cluster			<u>4,994,807</u>
South Carolina Dept. of Education -				
Special Education Cluster (IDEA):				
203	Special Education_Grants to States	84.027	16 IDEA Supplemental Funds 2	\$ 589,323
203	Special Education_Grants to States	84.027	17 IDEA	2,224,252
				<u>2,813,575</u>
203	Special Education_Grants to States	84.027	15 IDEA Supplemental Funds	\$ 445
203	Special Education_Grants to States	84.027	16 IDEA Supplemental Funds 1	1,251
203	Special Education_Grants to States	84.027	16 IDEA Supplemental Funds 2	232,317
				<u>234,013</u>
204	Special Education_Grants to States	84.027	16 IDEA ESY	39,381
205	Special Education_Grants to States	84.027	16 IDEA Preschool	114,892
	Total 84.027			<u>3,201,861</u>
	Total IDEA Cluster (IDEA)			<u>3,201,861</u>
South Carolina Dept. of Education -				
243	Adult Education - Basic Grants to States	84.002	16 Adult Education	152,037
207	Career and Technical Education -- Basic Grants to States	84.048	16 CATE	173,090
224	Twenty-First Century Community Learning Centers	84.287	16 21st Century Community Learning Ctrs Prg	124,583
264	English Language Acquisition State Grants	84.365	16 Title III Carryover from Prior Yr	\$ 1,150
264	English Language Acquisition State Grants	84.365	17 Title III	1,426
				<u>2,576</u>
225	Mathematics and Science Partnerships	84.366	16 Math and Science Partnership Year 1	190,861
267	Improving Teacher Quality State Grants	84.367	16 Title II Carryover from Prior Yr	\$ 27,185
267	Improving Teacher Quality State Grants	84.367	17 Title II	532,151
				<u>559,336</u>
South Carolina Commission on Higher Education -				
812	Gaining Early Awareness and Readiness for Undergraduate Programs	84.334	NONE	104,020
	Total U.S. Department of Education			<u>9,503,171</u>
Other Federal Assistance				
U.S. Department of Defense				
269	ROTC Language and Culture Training Grants	12.357		222,892
	Total U.S. Department of Defense			<u>222,892</u>
	Total Expenditures of Federal Awards			<u>\$ 15,864,767</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, 2017**

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, 2017. 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, 2017, 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 March 2, 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.

Our consideration of internal control was for the limited purpose described in the preceding paragraph 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 were not identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

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. We consider the deficiencies described in the accompanying schedule of findings and questioned costs to be material weaknesses. We consider items 2017-001 and 2017-002 to be material weaknesses.

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. We consider the deficiencies described in the accompanying schedule of findings and questioned costs to be significant deficiencies. We consider item 2017-003 to be a significant deficiency.

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*.

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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 blue ink that reads "Webster Rogers LLP". The signature is written in a cursive, flowing style.

Florence, South Carolina

March 2, 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, 2017. 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.

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

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

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Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as item 2017-004. 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
March 2, 2018

**DARLINGTON COUNTY SCHOOL DISTRICT
DARLINGTON, SOUTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2017**

I. SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditors' report issued:

Unmodified

Internal control over financial reporting:

Material weaknesses identified?

 X Yes 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, 2017**

II. – Financial Statement Findings

MATERIAL WEAKNESSES

2017-001	Incomplete, inaccurate records and activity reconciliation related to capital assets.
Criteria and Condition	Complete, accurate and reconciled records to prepare timely financial statements have not been maintained for capital assets.
Context	Errors were discovered in the capital outlay and capital asset details. The School District has decreased its means to prevent errors and/or irregularities on a timely basis that resulted in a material misstatement to its financial statements.
Cause	The School District has not organized its personnel to ensure that complete and accurate records necessary in the preparation of financial statements are maintained related to capital assets.
Effect	There exists the risk that: <ul style="list-style-type: none"> • Reports may not fairly present what they purport to display, • Critical decisions may be based upon erroneous information,
Recommendation	The School District should evaluate staffing needs and make necessary changes to implement controls to ensure complete and accurate records are maintained.
Views of responsible officials and planned corrective actions	Management has evaluated staffing needs and made necessary changes to implement controls to ensure that complete and accurate records are maintained that are necessary in the preparation of financial statements.
2017-002	Incomplete records and activity reconciliation related to cash.
Criteria and Condition	Complete, accurate and reconciled records to prepare timely financial statements have not been maintained for cash.
Context	Monthly bank reconciliations were not performed during the fiscal year. The School District has decreased its means to prevent errors and/or irregularities on a timely basis that could result in a material misstatement to its financial statements.
Cause	The School District has not organized its personnel to ensure that complete and accurate records necessary in the preparation of financial statements are maintained related to cash.
Effect	There exists the risk that: <ul style="list-style-type: none"> • Reports may not fairly present what they purport to display, • Critical decisions may be based upon erroneous information,
Recommendation	The School District should evaluate staffing needs and make necessary changes to implement controls to ensure complete and accurate records are maintained.
Views of responsible officials and planned corrective Actions	Management has evaluated staffing needs and made necessary changes to implement controls to ensure that complete and accurate records are maintained that are necessary in the preparation of financial statements.

**DARLINGTON COUNTY SCHOOL DISTRICT
DARLINGTON, SOUTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2017**

II. – Financial Statement Findings (Continued)

SIGNIFICANT DEFICIENCIES

2017-003	Internal Policies and Procedures
Criteria and Condition	The School District failed to adhere to internal policies and procedures. Internal controls should be in place to ensure that policies and procedures are adhered to.
Context	<p>During fieldwork the auditors noted several internal policies were not being properly adhered to.</p> <ul style="list-style-type: none"> • Proper board approval should be obtained prior to projects starting - Approval was not obtained for a project from the board of education prior to the project beginning. • Purchase orders should be obtained prior to purchase - Three out of sixty selections revealed that purchases were made without having the proper purchasing order approval. • Supporting documentation should be maintained for all transactions - One out eleven journal entries tested revealed that supporting documentation was not maintained for a rollback entry which reverses the original entry.
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 made necessary changes to implement controls to ensure that policies and procedures are being adhered to.

**DARLINGTON COUNTY SCHOOL DISTRICT
DARLINGTON, SOUTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2017**

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
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 the School District is not tracking the funding source of capital assets.
Cause	There has been considerable turnover in accounting staff, with insufficient training for new staff in the proper use of the fixed asset module of the SmartFusion software.
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 on the funding source for capital assets.

**DARLINGTON COUNTY SCHOOL DISTRICT
DARLINGTON, SOUTH CAROLINA
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
YEAR ENDED JUNE 30, 2017**

II. – Financial Statement Findings

2016-001	Incomplete, inaccurate records and activity reconciliation related to capital assets.
Criteria and Condition	Complete, accurate and reconciled records to prepare timely financial statements have not been maintained for capital assets.
Recommendation	The School District should evaluate staffing needs and make necessary changes to implement controls to ensure complete and accurate records are maintained.
Current Status	Repeat finding in fiscal year 2017, refer to 2017-001

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

2016-002	CFDA # 84.010 Title I – U.S. Department of Education; Grant No. H630101001; Grant Period: Year Ended June 30, 2017; Pass-through entity name: South Carolina Department of Education.
Criteria	and Condition Documentation supporting hours worked for staff working solely on one cost objective should be maintained.
Recommendation	The School District should establish a procedure to ensure documentation on supporting hours worked for all staff working solely on one cost objective is maintained.
Current Status	The School District implemented proper procedures to ensure documentation on supporting hours worked for all staff working solely on one cost objective was maintained.