

# **RICHLAND SCHOOL DISTRICT TWO**

## *COMPREHENSIVE ANNUAL FINANCIAL REPORT*



Fiscal Year Ended June 30, 2018  
Columbia, South Carolina

*COMPREHENSIVE*  
*ANNUAL FINANCIAL REPORT*  
*OF*  
**RICHLAND SCHOOL DISTRICT TWO**  
**COLUMBIA, SOUTH CAROLINA**



**FOR THE FISCAL YEAR ENDED**  
**JUNE 30, 2018**

*Prepared by:*  
*Office of Financial Services*

*Baron R. Davis, Ph.D.*  
*Superintendent*

*Harry W. Miley, Jr., Ph.D.*  
*Chief Financial Officer*

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November 30, 2018

To the Board of Trustees and Citizens of Richland School District Two:

South Carolina State law requires that all school districts publish a complete set of financial statements presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by a licensed certified public accounting firm within six months of the close of each fiscal year. The Comprehensive Annual Financial Report of Richland School District Two for the fiscal year ended June 30, 2018, is submitted. Responsibility for both the accuracy of the data and the completeness of the information, including all disclosures, rests with the school district. To the best of our knowledge and belief, the enclosed data are accurate in all material respects and are reported in a manner designed to present fairly the financial position and results of operations of the school district.

This report consists of management's representations concerning the finances of the District. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, management of Richland School District Two has established a comprehensive internal control process that is designed both to protect the District's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the District's financial statements in conformity with generally accepted accounting principles. As the cost of internal controls should not outweigh their benefits, the school district's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatements. Management asserts that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The independent audit of the financial statements of Richland School District Two was a part of a broader, federally mandated "Single Audit" designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government's internal controls and compliance with legal requirements involving the administration of federal awards. These reports are available in the compliance section of this comprehensive annual financial report.

As part of the District's single audit, tests are made to determine the adequacy of the internal control structure, including the portion related to federal financial assistance programs, as well as to determine that the District has complied with applicable laws and regulations. The results of the Single Audit revealed no instances of material weakness in the internal control structure or significant violations of laws, regulations, contracts, or grants.

Generally accepted accounting principles require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with the MD&A, which can be found immediately following the report of the independent auditors.

### **Profile of the School District**

The District is a political subdivision of the State of South Carolina. The District is located in the northeastern section of Richland County and is bordered on the west by Richland School District One of Richland County, on the east and on the south by Kershaw County, and on the north by Fairfield County. The City of Columbia, the state capital of South Carolina, is also the business and financial center of the state. The Columbia Metropolitan Statistical Area (MSA) has an estimated population of over 837,000.

The District operates a district-wide early childhood development program, twenty elementary schools, seven middle schools, five high schools, four elementary magnet schools, an alternative school, one adult education center and offers numerous magnet opportunities at all grade levels. The average age of schools in the district falls somewhere between 20-30 years and close to half of our schools are less than 20 years old. Richland School District Two is governed by a seven member Board of Trustees elected at large by the voters of the District. Board members are elected to four-year terms. As of June 30, 2018, the District served approximately 28,500 students. The District continues to be one of the fastest growing districts in the state as it has over the past decade.

### **Component Unit**

The District does have a component unit consisting of a hybrid virtual charter high school serving over 100 students from grades 9 through 12, predominately from the Richland Two area. The Richland 2 Charter High School is chartered by the District. It has an independent Board overseeing its operations. A charter school is considered a state supported public school, and as a result, is part of the District for purposes of the State Constitution. The financial statements of the Richland Two Charter High School are presented as a discretely presented component unit because the charter school is financially dependent on the District.

The school is designed to reduce the dropout rate by addressing the needs of students who could not successfully participate in a traditional high school environment. It offers a small school setting with a flexible class schedule tailored to the individual needs of each student and provides career counseling and development of job skills through seminars, job shadowing, and internships. Funding for the charter high school is formula based and consists of local, state and federal per pupil allocations. The charter high school does reimburse the District for expenses incurred in providing support services.

### **Economic Condition**

State and federal payrolls are major sources of employment and income for residents of the County. The state of South Carolina employs about 30,000 persons in the County. The County has experienced considerable expansion of Federal, State and County facilities. The headquarters of Blue Cross / Blue Shield of South Carolina is located in the School District where the company employs approximately 6,800 people. There are significant industrial enterprises within the School District including Koyo Bearings, Spirax Sarco, and FN Manufacturing, Inc.

Fort Jackson, the United States Army's largest training installation, is located adjacent to the District and is a major contributor to the economy. Fort Jackson employs approximately 5,500 civilian/contract employees and provides services to 48,000 retired military personnel and their dependents living in the Columbia MSA. The Fort instructs in excess of 40,000 soldiers in basic training and advanced individual training each year.

The average age of schools in the district falls somewhere between 20-30 years and close to half of our schools are less than 20 years old. Richland County's per capita income is estimated to be \$46,281 for 2018. As of September 2018, the unemployment rate for Richland County was 3.3%.

### **Long-term Financial Planning**

As previously noted, Richland School District Two has been one of the fastest growing school districts in South Carolina over the past decade. To address this growth, the Board regularly updates a 10-Year Facility Study. As a result of this planning process, in November 2018, voters approved by a 65% yes vote a \$468 million referendum which will fund system wide improvements in safety and security, learning spaces, technology and transportation. .

The growth in student enrollment is projected to be about 200-400 per year, which will put student enrollment between 28,000-29,000 in the 2018-2019 school year.

### **Budgetary Control**

Richland School District Two exercises budgetary controls. The objective of these budgetary controls is to ensure compliance with the provisions set forth in the annual appropriation adopted by the Board of Trustees. The Board of Trustees annually adopts and approves the General Fund budget by June 30<sup>th</sup>. The District maintains the modified accrual system for all governmental funds, and uses encumbrance accounting to accomplish budgetary controls at the function level. The Superintendent has authority to approve line item transfers within a fund. The legal level of control is at the fund level. Encumbrances are utilized to assist in budgetary control, and encumbrances lapse at fiscal year-end. The Board of Trustees is given a budget status report on a quarterly basis which is reviewed by members of the Board.

Special Revenue fund budgets are expended in conformance with the specific state and federal requirements of each fund, and budgets are not legally adopted by the Board of Trustees. Budgets are not formally adopted for the Capital Projects Fund or the Debt Service Fund. Debt Service expenditures are set in accordance with bond issue requirements, with revenues needed to pay the debt service requirement levied by the County Auditor.

### **Economic Assessment**

District policies are in place to assess and maintain the economic condition of the District. Among these is Policy DA which states the District's Fiscal Management Goals including a requirement to maintain a reserve fund of from seven percent to the equivalent of two months operating expenditures of the General Fund Operating Budget. Other policies address managing indebtedness and debt service, determining a budget that reflects the education priorities of the District, maintaining a level of per student expenditures needed to provide a quality education, as well as other policies regarding investments, inventories and various other aspects of financial operations designed to assist in assessing and maintaining the economic condition of the District.



#### Awards and Acknowledgements for 2017 – 2018

- Richland Two was awarded the National Math & Science Initiative \$1.3 million grant and membership into the League of Innovative Schools.
- Richland Two is home to 11 magnet programs that earned national certification from the Magnet Schools of America. Five of the 11 earned recognition as Magnet Schools of America Demonstration Schools
- Lake Carolina Elementary Lower was the winner of the S.C. Association for Supervision and Curriculum Development Whole Child Award winner.
- Muller Road Middle was named an AVID Site of Distinction and National Beta School of Merit.
- Round Top Elementary earned Leader in Me Lighthouse School Status.
- Richland Northeast High principal Dr. Sabrina Suber was named the Dr. Kay Phillips Administrator of the Year by the Southern Interscholastic Press Association and the S.C. Association of Student Councils' Administrator of the Year.
- Chief Instructional Officer Nancy Gregory was named the District Level Administrator of the Year by the S.C. Association of School Administrators.
- Westwood High's Dr. Anne Richardson won the S.C. Arts Commission 2018 Elizabeth O'Neil Verner Award.
- R2i2's Kirstin Bullington won a triple header by being named a 2019 NEA Foundation Global Learning Fellow, Lemelson-MIT Excite Award winner and Teachers for Global Classrooms Program Participant.
- The S.C. Division on Career Development and Transition named Blythewood High's Sarah Park Special Educator of the Year and Blythewood High student Deiontay Bookert as Outstanding Youth of the Year.
- E.L. Wright Middle sixth grader Harmonie Frederick was inducted into the 2018 Sodexo Performance Zone Hall of Fame for her outstanding acts of community service.
- Ridge View High's Malika Lightbourne was named a semifinalist in the 2018 U.S. Presidential Scholars Program.
- Blythewood High's Samuel Cathcart and Abhimanyu Sailesh won the TM Floyd Top Innovator Award from IT-ology and the S. C. Department of Education.
- Students Claire Levy from Richland Northeast High/R2i2 and Alyssa Williams from Spring Valley High were named 2018 Aspirations in Computing, South Carolina award recipients.
- Richland Northeast High School won the National Model United Nations Award of Distinction for the 29th time in 36 years.
- Ridge View and Westwood High student councils were named National Gold Councils of Excellence.
- Ridge View High Boys and Spring Valley High Girls basketball teams won the state championship title. Ridge View High Girls Track and Field won the 4A Track and Field State Championships.
- Richland Two continues to lead the state in the number of National Board Certified Teachers, with 714 educators who have earned this distinction.
- The district's high school graduation rate is up to 89.6%, well over the state average.
- The Class of 2018 received more than \$112.9 million in scholarship offers.

- The Government Finance Officers Association (GFOA) awarded the Certificate of Achievement for Excellence in Financial Reporting to Richland School District Two for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2017. This is the 31st consecutive year that the District has received this prestigious award.
- The District also received a Certificate of Excellence in Financial Reporting for the fiscal year ended June 30, 2017 from the Association of School Business Officials International (ASBO). This was the 31st consecutive year that the District has received this prestigious award.

### **Acknowledgements**

The preparation of the comprehensive annual financial report on a timely basis was made possible by the dedicated efforts of the entire Business Services office staff. Each member of the department has our sincere appreciation for the contributions made in the preparation of this report.

In closing, without the leadership and support of the Richland School District Two Board of Trustees, preparation of the report would not have been possible.

Respectfully submitted,



Baron R. Davis, Ph.D.  
Superintendent



Harry W. Miley, Jr., Ph.D.  
Chief Financial Officer

# **RICHLAND SCHOOL DISTRICT TWO**

## **Principal Officers 2017-2018**

### **MEMBERS OF THE BOARD OF TRUSTEES**

*The Honorable Amelia B. McKie, Chair*

*The Honorable Monica Elkins-Johnson, Vice Chair*

*The Honorable Lindsay B. Agostini, Secretary*

*The Honorable Cheryl Caution-Parker*

*The Honorable James Manning*

*The Honorable Craig Plank*

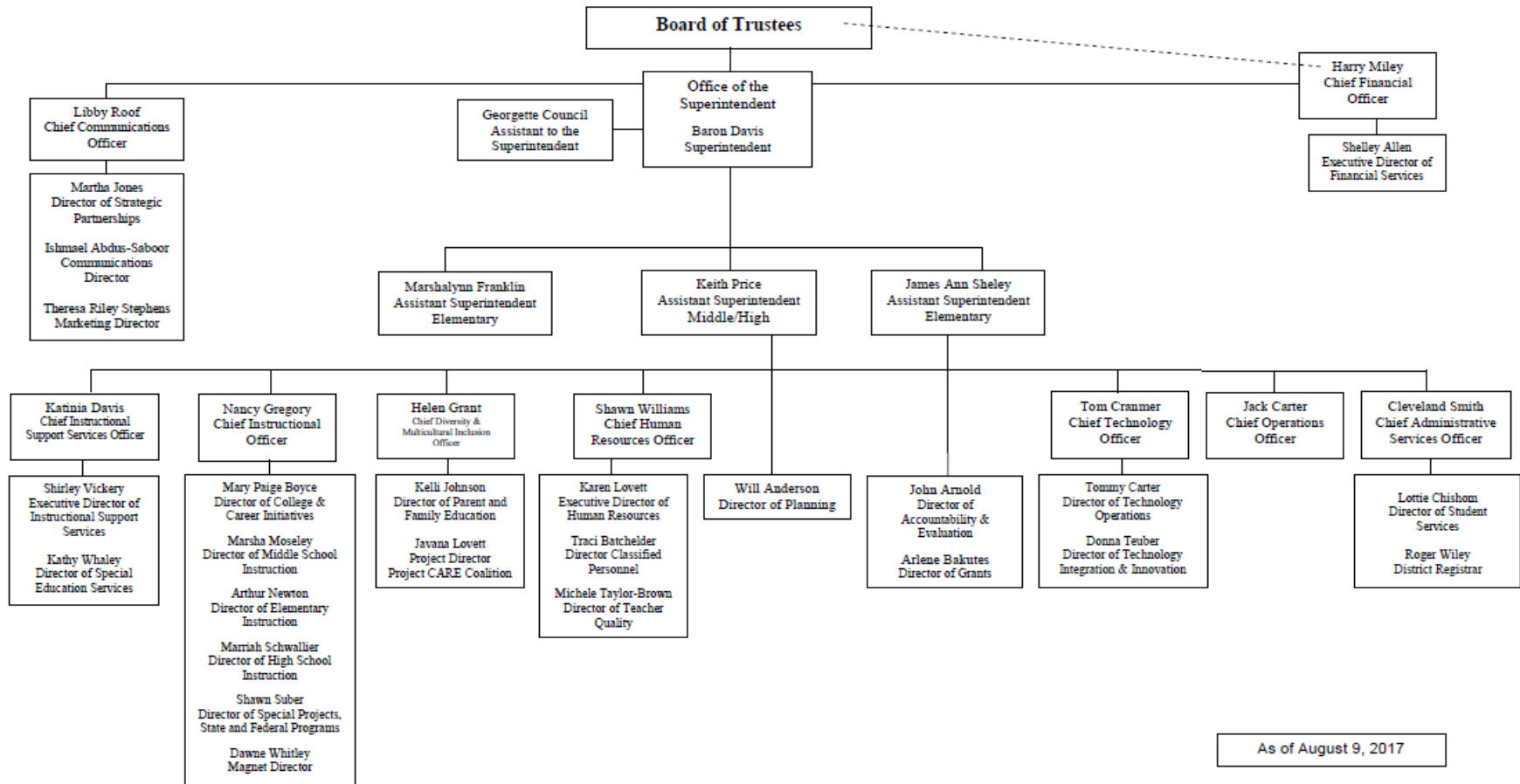
*The Honorable James Shadd III*

### **ADMINISTRATIVE STAFF**

*Baron R. Davis, Ph.D.  
Superintendent*

*Harry W. Miley, Jr., Ph.D.  
Chief Financial Officer*

# **RICHLAND SCHOOL DISTRICT TWO 2017-2018 ORGANIZATIONAL CHART**





Government Finance Officers Association

**Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting**

Presented to

**Richland School District Two  
South Carolina**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**June 30, 2017**

*Christopher P. Morill*

Executive Director/CEO



ASSOCIATION OF  
SCHOOL BUSINESS OFFICIALS  
INTERNATIONAL

**The Certificate of Excellence in Financial Reporting  
is presented to**

**Richland School District Two**

**for its Comprehensive Annual Financial Report (CAFR)  
for the Fiscal Year Ended June 30, 2017.**

The CAFR has been reviewed and met or exceeded  
ASBO International's Certificate of Excellence standards.



Charles E. Peterson, Jr., SFO, RSBA, MBA  
President

John D. Musso, CAE  
Executive Director



## INDEPENDENT AUDITOR'S REPORT

Honorable Chairman and Members of  
the Board of Trustees of  
Richland School District Two  
Columbia, South Carolina

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit and each major fund of Richland School District Two ("the School District"), as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

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

### Auditor's Responsibility

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

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



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

## **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component unit and each major fund of Richland School District Two, as of June 30, 2018, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the budgetary comparison schedule, the pension schedules and the OPEB schedules, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the 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 School District's basic financial statements. The introductory section, supplementary information, and statistical section, 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 supplementary information and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated November 30, 2018, on our consideration of the School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School District's internal control over financial reporting and compliance.



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**Burkett Burkett & Burkett**  
Certified Public Accountants, P.A.  
West Columbia, South Carolina

November 30, 2018

**RICHLAND SCHOOL DISTRICT TWO  
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

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**INTRODUCTION**

This narrative overview gives an analysis of the financial activities of the School District for the fiscal year ended June 30, 2018. Our purpose is to inform our citizens of the effect of our School District's operations and to present our financial position. We ask our citizens to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal as well as the basic financial statements and the associated notes to enhance understanding of the School District's financial performance.

**FINANCIAL HIGHLIGHTS**

A sweeping piece of legislation impacting the funding of public K-12 education, Act 388, was passed by the South Carolina Legislature in 2007. This legislation removed taxes imposed for school operations for owner-occupied property in South Carolina. It was replaced by a one cent sales tax increase. Act 388 also imposed a cap on the annual increase in millage for school operations.

In this, the eleventh year under this legislation, Richland School District Two found that the cap allowed for an adequate level of local funding for FY 2017-2018. The School District was also fortunate to maintain its "Aa1" rating from Moody's and "AA" from Standard & Poor's for general obligation debt. Both firms cited the School District's experienced and capable management, satisfactory level of fund balance, long-term capital facilities planning, and stable financial operations in awarding their rating.

The School District's overall financial picture improved in FY 2017-2018 as revenues exceeded expenditures resulting in an increase the General Fund Balance by over \$6.7 million. As of June 30, 2018, the School District's General Fund Balance was over \$52.9 million (19.3% of the total School District operating budget), exceeding the range of 7 - 16.7% as preferred in Board Policy.

Other key financial aspects were as follows:

- **Revenues, Other Financing Sources and Expenditures** – Governmental revenues totaled over \$371.2 million, other financing sources/uses totaled more than \$8.7 million, and expenditures totaled over \$371.2 million for all Governmental Funds at the fund level. Revenues were less than expenditures by a little over \$24 thousand. Other Financing Sources exceeded other Financing Uses by more than \$8.7 million, primarily due to funding from issuance of debt exceeding total debt payments for the year.
- **General Fund/Fund Balance** - Our principal operating fund, the General Fund, had over \$267.0 million in fiscal year 2018 revenues; other financing sources/uses (net) totaled more than \$4.3 million; expenditures totaled over \$264.5 million, leaving a surplus for the year of more than \$6.7 million. This resulted in the General Fund's fund balance increasing from \$46.2 million as of June 30, 2017 to \$52.9 million, or 19.3% of the operating budget, as of June 30, 2018.
- **Bond Sales** - The School District issued \$10.0 million in general obligation bonds that were non-referendum bonds issued for capital and technology improvements during the 2017-2018 fiscal year. The District also did an advanced refunding issue of \$40.8 million, which partially refunded Series 2011B (previously issued bond referendum debt).
- **Major Capital Additions** - The School District's net capital assets for governmental activities decreased by \$16.5 million or 2.9%. This is largely attributable to a decrease in facility improvements and additions, as existing projects have come to a close.
- **Proprietary Funds** – The School District maintains two Proprietary Fund types. The Enterprise Fund, which operates like a business, is the Food Service Fund. The fund ended the year with a decrease in net position of a little over \$50 thousand and total net position at year end equaled was a deficit of close to \$1.3 million. This deficit primarily relates to the impact from the adoption of GASB 75 (additional information can be found in the Notes to the Financial Statements.) The Board of Trustees approved for the School District to self-insure for Worker's Compensation beginning in the 2008-2009 fiscal year. To fund the self-insurance program the School District transferred \$1 million in FY 2007-2008 to establish the Internal

**RICHLAND SCHOOL DISTRICT TWO  
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

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Service Fund to account for the Workers Compensation Program beginning July 1, 2008. The fund provides workers compensation benefits to School District employees and is a governmental activity. The fund ended the year with an decrease in net position of \$234 thousand and total net position exceeding \$169 thousand.

- **Cash and Investments (Governmental Activities)** - Cash and Investments increased by over \$32.4 million from June 30, 2017 to June 30, 2018 which is largely attributable to an increase in funds received from the county prior to year end over the prior year.
- **Debt (Governmental Activities)** - The School District retired \$86.7 million in principal during the 2017-2018 fiscal year. In addition, the School District borrowed \$50.8 new bond and advanced refunding issues resulting in a net decrease of outstanding debt of close to \$36.0 million. The Debt Service Fund Balance increased by over \$1.7 million to a total in excess of \$26.6 million.

#### OVERVIEW OF FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the School District's basic financial statements. The School District's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements (General, Special Revenue, Debt Service, Capital Projects, Fiduciary (Pupil Activity), Proprietary (Food Service) and the Internal Service) and 3) Notes to the basic financial statements. This report also contains required and other supplementary information in addition to the basic financial statements themselves. A description of these statements and some related definitions follow:

**Government-wide Financial Statements** - The government-wide financial statements are designed to provide readers with a broad overview of the School District's finances, in a manner similar to a private-sector business. These statements outline functions of the School District that are principally supported by property taxes and intergovernmental revenues (governmental activities). The governmental activities of the School District include instruction, support services, community services, and intergovernmental expenditures. The government-wide financial statements include not only the School District itself (known as the primary government), but also a discretely presented component unit. The component unit is a legally separate charter school. Financial information for the charter schools is reported separately from the financial information presented for the primary government itself; this information is not significant or material to the School District as a whole. See note 1A of the Notes to the Basic Financial Statement on page 36.

The government-wide financial statements can be found on pages 26 and 27 of this report.

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

**Statement of Activities** - The statement of activities presents information showing how the School District's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused compensated absences).

**Fund Financial Statements** - A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The School District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the School District can be divided into three categories: governmental, proprietary and fiduciary.

**RICHLAND SCHOOL DISTRICT TWO  
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

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**Governmental Funds** - Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. Unlike the government-wide financial statements, however, governmental fund financial statements focus on near-term inflows of resources, as well as on balances of resources available at the end of the fiscal year. Such information may be useful in evaluating the School District's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the School District's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities. These reconciliations are on pages 29 and 31.

The School District maintains its accounting records in conformity with the South Carolina Department of Education's Financial Accounting Handbook. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances for the General, Special Revenue, Education Improvement Act (EIA), Debt Service and Capital Projects Funds, all of which are considered to be major funds. The basic governmental funds financial statements can be found on pages 28 and 30.

**Proprietary Funds** - The School District uses two types of proprietary funds: enterprise and internal service funds. The School District uses an enterprise fund to account for its food service operations and is presented as business-type activities in the government-wide financial statements. The School District also uses an internal service fund to account for self-funded workers compensation benefits. Internal services benefit governmental activities and are included within that column in the government-wide financial statements. The School District's internal service fund is also presented in a single column in the proprietary fund financial statements as governmental activities. The basic proprietary fund financial statements can be found on pages 32 through 34 of this report.

**Fiduciary Funds** - Fiduciary (Pupil Activity) funds are used to account for resources held for the benefit of students and are not reflected in the government-wide financial statements because the resources of those funds are not available to support the School District's own programs. The basic fiduciary fund financial statement can be found on page 35 of this report.

**Notes to basic financial statements** - The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the basic financial statements can be found on pages 36 through 62 of this report.

**Supplemental information** - In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information. A budgetary comparison statement has been provided for the General Fund, which is legally adopted by the Board, as well as several other pension related supplementary information schedules required by the State Department of Education. The required supplementary information can be found on pages 72-76 of this report.

#### GOVERNMENT-WIDE FINANCIAL ANALYSIS-THE GOVERNMENT AS A WHOLE

Net position may serve over time as a useful indicator of a government's financial situation. In the case of the School District as a whole, total liabilities and deferred inflows of resources exceeded total assets and deferred outflows of resources by over \$373.8 million as of June 30, 2018. Overall, the School District's change in net position for the year was over a \$9.6 million increase. However, with the cumulative effect of the adoption of GASB 75 in the amount of \$301.3 million, the overall financial position decreased by more than \$291.7 million during 2017-2018.

**RICHLAND SCHOOL DISTRICT TWO  
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

By far the largest portion of the School District's assets, \$557.9 million (78.8%) reflects its investment in capital assets, net of accumulated depreciation (e.g., land, buildings and improvements, vehicles, furniture and equipment and construction in progress). The School District uses these capital assets to provide services to its students; consequently, these assets are not available for future spending. Although the School District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

The following table presents a summary of the School District's net position at June 30, 2018 compared to June 30, 2017.

	Net Position					
	Governmental Activities		Business-Type Activities		Totals	
	2017	2018	2017	2018	2017	2018
<b>Assets</b>						
Current and Other Assets	\$ 137,774,003	\$ 145,700,629	\$ 2,195,863	\$ 3,842,575	\$ 139,969,866	\$ 149,543,204
Capital Assets	572,930,104	556,393,805	1,862,896	1,517,687	574,793,000	557,911,492
<b>Total Assets</b>	<b>710,704,107</b>	<b>702,094,434</b>	<b>4,058,759</b>	<b>5,360,262</b>	<b>714,762,866</b>	<b>707,454,696</b>
<b>Deferred Outflows of Resources</b>						
Deferred Outflows related to Pension Liability	55,413,379	58,749,488	506,894	537,914	55,920,273	59,287,402
Deferred Outflows related to OPEB Liability	-	10,637,393	-	98,675	-	10,736,068
<b>Total Deferred Outflow of Resources</b>	<b>55,413,379</b>	<b>69,386,881</b>	<b>506,894</b>	<b>636,589</b>	<b>55,920,273</b>	<b>70,023,470</b>
<b>Liabilities</b>						
Other Liabilities	78,433,001	80,982,489	9,349	1,201,662	78,442,350	82,184,151
Long-Term Liabilities	759,554,753	1,023,619,317	2,892,349	5,701,818	762,447,102	1,029,321,135
<b>Total Liabilities</b>	<b>837,987,754</b>	<b>1,104,601,806</b>	<b>2,901,698</b>	<b>6,903,480</b>	<b>840,889,452</b>	<b>1,111,505,286</b>
<b>Deferred Inflows of Resources</b>						
Unearned Revenue	9,828,372	9,486,686	119,675	109,675	9,948,047	9,596,361
Deferred Inflows related to Net Pension Liability	1,992,519	2,688,278	15,641	22,095	2,008,160	2,710,373
Deferred Inflows related to Net OPEB Liability	-	27,289,077	-	253,139	-	27,542,216
<b>Total Deferred Inflow of Resources</b>	<b>11,820,891</b>	<b>39,464,041</b>	<b>135,316</b>	<b>384,909</b>	<b>11,956,207</b>	<b>39,848,950</b>
<b>Net Position</b>						
Net Investment in Capital Assets	158,447,739	180,950,749	1,862,896	1,517,687	160,310,635	182,468,436
Restricted	21,330,566	23,136,508			21,330,566	23,136,508
Unrestricted	(263,469,464)	(576,671,789)	(334,257)	(2,809,225)	(263,803,721)	(579,481,014)
<b>Total Net Position</b>	<b>\$ (83,691,159)</b>	<b>\$ (372,584,532)</b>	<b>\$ 1,528,639</b>	<b>\$ (1,291,538)</b>	<b>\$ (82,162,520)</b>	<b>\$ (373,876,070)</b>

**RICHLAND SCHOOL DISTRICT TWO  
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

The following table shows the changes in net position for fiscal years ended June 30, 2017 and 2018:

	Changes in Net Position					
	Governmental Activities		Business-Type Activities		Totals	
	2017	2018	2017	2018	2017	2018
<b>Revenues</b>						
Program Revenues:						
Charges for Services	\$ 433,849	\$ 834,986	\$ 2,752,009	\$ 2,621,519	\$ 3,185,858	\$ 3,456,505
Operating Grants	149,846,237	160,595,221	8,632,309	9,131,491	158,478,546	169,726,712
General Revenue:						
Property Taxes	152,292,647	155,432,223			152,292,647	155,432,223
Federal and State Aid	49,061,032	51,581,912			49,061,032	51,581,912
Investment Earnings	757,078	1,729,617	845	1,373	757,923	1,730,990
Other	1,963,685	1,082,236	302,668	140,124	2,266,353	1,222,360
<b>Total Revenues</b>	<b>354,354,528</b>	<b>371,256,195</b>	<b>11,687,831</b>	<b>11,894,507</b>	<b>366,042,359</b>	<b>383,150,702</b>
<b>Program Expenses</b>						
Instruction	178,527,719	200,253,684			178,527,719	200,253,684
Supporting Services	150,532,971	147,675,895			150,532,971	147,675,895
Community Services	190,015	297,796			190,015	297,796
Interest and Fiscal Charges	9,148,324	13,360,729			9,148,324	13,360,729
Food Service			12,181,857	11,900,159	12,181,857	11,900,159
<b>Total Program Expenses</b>	<b>338,399,029</b>	<b>361,588,104</b>	<b>12,181,857</b>	<b>11,900,159</b>	<b>350,580,886</b>	<b>373,488,263</b>
Change in Net Position before Transfers	15,955,499	9,668,091	(494,026)	(5,652)	15,461,473	9,662,439
Transfers	(358,280)	44,590	358,280	(44,590)	-	-
<b>Change in Net Position</b>	<b>15,597,219</b>	<b>9,712,681</b>	<b>(135,746)</b>	<b>(50,242)</b>	<b>15,461,473</b>	<b>9,662,439</b>
Net Position, Beginning of Year	(99,288,378)	(83,691,159)	1,664,385	1,528,639	(97,623,993)	(82,162,520)
Cumulative Effect of GASB 75 Adoption	-	(298,606,054)		(2,769,935)	-	(301,375,989)
<b>Net Position, End of Year</b>	<b>\$ (83,691,159)</b>	<b>\$ (372,584,532)</b>	<b>\$ 1,528,639</b>	<b>\$ (1,291,538)</b>	<b>\$ (82,162,520)</b>	<b>\$ (373,876,070)</b>

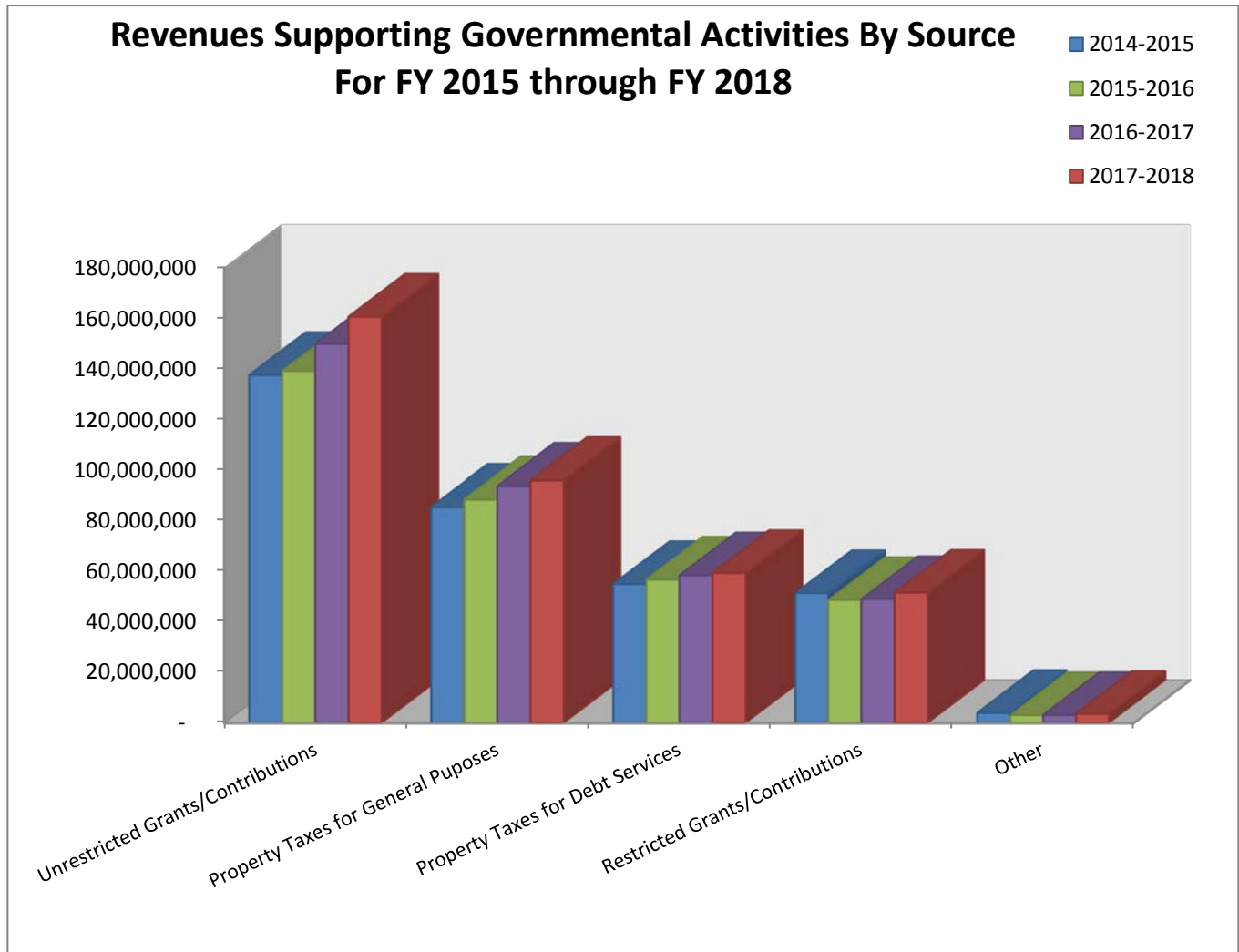
**Governmental Activities** - The School District's financial position is the product of several financial transactions including the net results of activities, the acquisition and payment of debt, the acquisition and disposal of capital assets, and the depreciation of capital assets.

The School District's revenue for total governmental activities for FY 2018 was over \$371.3 million and exceeded expenses by \$9.7 million. In November 2008, voters approved a bond referendum to fund the construction of four new elementary schools, one new middle school, and one new high school, as well as renovations to our existing schools. With the passage of Act 388 by the South Carolina General Assembly, the classification of revenues for governmental activities reflects revenue that was formerly classified as Property Tax Revenue to now be classified as State Aid. Act 388 replaces local property taxes for owner occupied homes with funds generated from an additional one cent sales tax collected by the State of South Carolina. Act 388 did not, however, affect property taxes collected for debt service purposes. Overall, the School District's net position for governmental activities decreased by approximately \$288.8 million primarily related to the cumulative effect of the adoption of GASB 75.

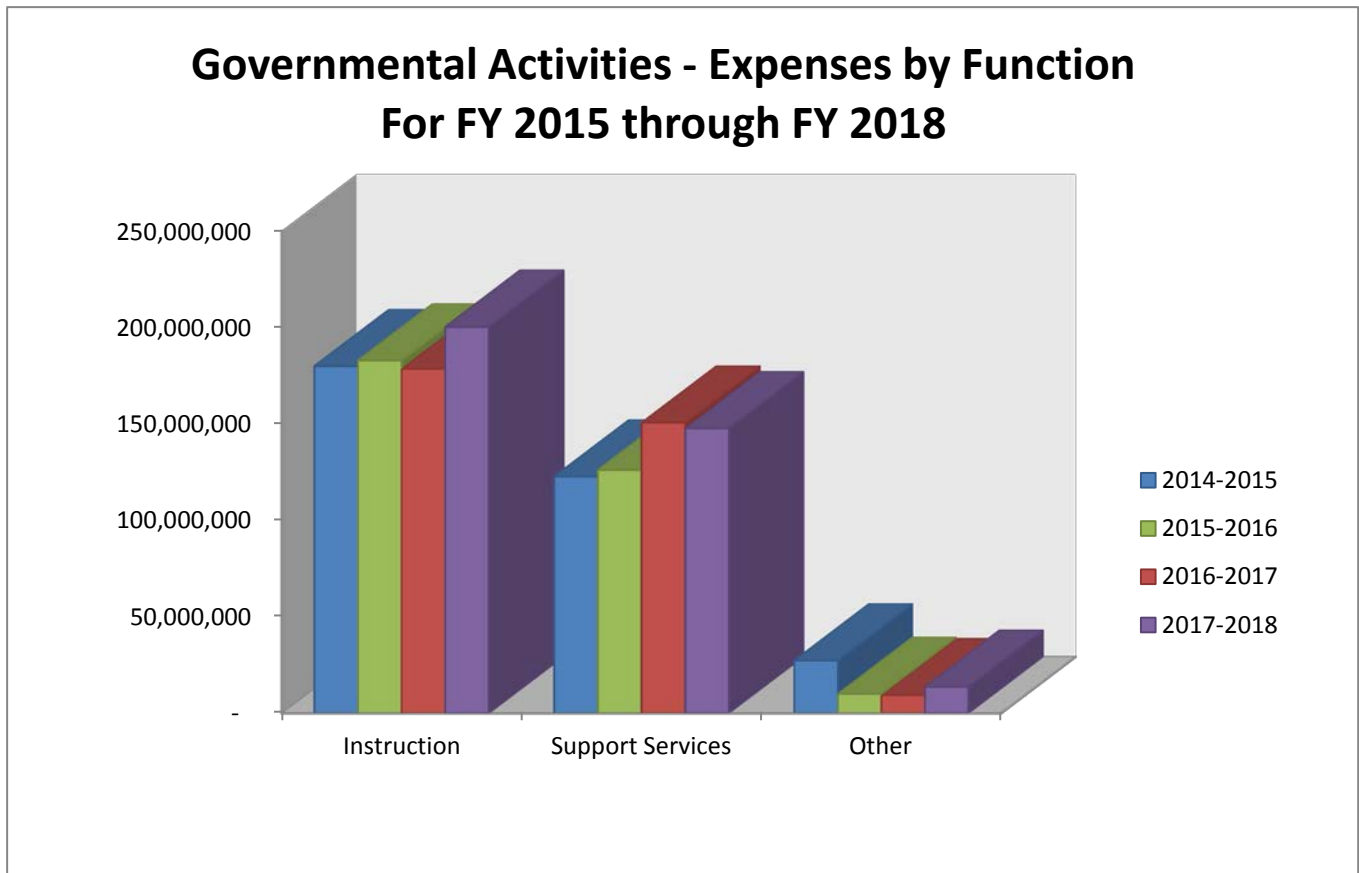
**RICHLAND SCHOOL DISTRICT TWO  
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

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The following charts show the breakdown of revenues supporting governmental Activities and the net cost of services related to governmental activities for the 2015 fiscal year through 2018 fiscal year:



**RICHLAND SCHOOL DISTRICT TWO  
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**



**Business-type Activities** – Net position for the School District's business-type activities decreased by a little over \$50 thousand. Program revenues increased by \$368 thousand, or 3.2%, and program expenses decreased by \$281 thousand, or 2.3%. The increase in revenue relates primary to an increase in the cost charged for paid meals. The decrease in expenses is primarily due to a reduction in salary costs and supply costs.

#### **FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT'S MAJOR FUNDS**

As noted earlier, the School District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The fund financial statements focus on individual parts of the School District and not on the School District as a whole, and report the School District's operations in more detail than the government-wide statements.

**Governmental funds** – The focus of the School District's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the School District's financing requirements. In particular, unassigned fund balance may serve as a useful measure of the School District's net resources available for spending at the end of the fiscal year.

As the School District completed the year, its governmental funds reported a combined fund balance of \$106.0 million, an increase of a little over \$8.6 million. This increase was due primarily to a significant cost savings in energy costs resulting from a mild climate, combined with salary related cost savings from attrition and unfilled positions. Unassigned fund balance totaling \$52.9 million, is available for spending at the School District's discretion. There was \$26.6 million restricted for debt service and \$26.4 million restricted for capital projects. Note 11 of the notes to the basic financial statements provides detail on fund balances for the governmental funds.



**RICHLAND SCHOOL DISTRICT TWO  
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

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The General Fund is the principal operating fund of the School District. The fund balance in the General Fund increased by more than \$6.7 million, due primarily to an increase in the state revenue and cost savings, related to energy and personnel costs. These changes generated an additional \$2.2 million in local ad valorem tax dollars in the general fund over the prior year. State revenue increases, and increases in related transfers from state funding sources, also resulted in revenues in excess of budget of approximately \$1.5 million. The Debt Service Fund balance showed an increase of \$1.7 million from the prior year due to an increase in assessed value. The Capital Projects Funds showed a slight fund balance increase of \$180 thousand.

**Proprietary Fund** – The Proprietary Fund statements provide the same type of information found in the government-wide statements, except the information is provided in more detail. This fund is adjusted for internal service balances in the government-wide statements. The School District maintains two proprietary fund types-enterprise fund, to account for all food service activities, and an internal service fund to account for self-funded workers compensation benefits.

Net position in the Enterprise Fund decreased by \$2.8 million, due primarily to the cumulative effect of the adoption of GASB 75. Net assets in the Internal Service Fund decreased by over \$234 thousand. This was due primarily to the successful settlement of several outstanding cases from prior years during the current year.

#### **BUDGETARY HIGHLIGHTS**

The most significant budgeted fund is the district's General Fund. The FY 2017-2018 general fund budget was built with a state base student cost of \$2,435. The general fund budget included increases to operational costs for utilities and employee benefits. The budget added 20 additional classroom teachers, as well as funding to continue district support of the National Board Certification program. Some other significant highlights of initiatives funded in the 2017-2018 budget included:

- A step increase of approximately 1-2% for employees
- Addition of 6 Teaching Assistant Positions for Special Education classrooms
- Funding to support district magnet programs
- Additional funding to cover the increased costs for State Retirement and Health insurance plans
- Funding for new elementary reading curriculum
- Addition of 2 Response to Intervention Specialists
- Addition of 2 Math/ELA Interventionist at the Middle School Level
- A District Fine Arts Coordinator
- Addition of 2 ESOL teachers
- An additional FTE for a bilingual social worker
- Funding for the opening of Jackson Creek Elementary
- Other cost associated with contractual and operational increases

**RICHLAND SCHOOL DISTRICT TWO  
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

The School District had no adjustments to the total general fund budget for FY 2017-2018. The following table shows the Budget to Actual variances for the General Fund as of June 30, 2018:

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance to Final Budget</b>
<b>REVENUES:</b>				
Local Property Tax	\$ 97,869,013	\$ 97,869,013	\$ 96,013,376	\$ (1,855,637)
Other Local Revenue	1,603,158	1,603,158	2,303,248	700,090
Intergovernmental Sources	150,000	150,000	181,149	31,149
State Sources	166,751,895	166,751,895	168,210,278	1,458,383
Federal Sources	250,000	250,000	298,988	48,988
<b>Total Revenues - All Sources</b>	<b>266,624,066</b>	<b>266,624,066</b>	<b>267,007,039</b>	<b>382,973</b>
<b>EXPENDITURES:</b>				
Instruction	161,834,526	159,622,100	155,554,691	4,067,409
Support Services	112,078,064	109,892,265	107,571,811	2,320,454
Community Services	-	47,973	206,519	(158,546)
Other Charges	-	1,233,301	1,233,301	-
<b>Total Expenditures</b>	<b>\$ 273,912,590</b>	<b>\$ 270,795,639</b>	<b>\$ 264,566,322</b>	<b>\$ 6,229,317</b>
<b>OTHER FINANCING SOURCES(USES):</b>				
Sale of Capital Assets			2,139	(2,139)
Transfer In	7,288,524	7,288,524	7,618,831	(330,307)
Transfer Out		(3,116,951)	(3,290,691)	173,740
<b>Total Other Financing Sources (Uses)</b>	<b>\$ 7,288,524</b>	<b>\$ 4,171,573</b>	<b>\$ 4,330,279</b>	<b>\$ (158,706)</b>

The District's general fund budget is prepared according to South Carolina law. The District did not amend the general fund budget for increases or decreases in total budget. The District made categorical budget amendments during the year to ensure that expenditures were charged to the proper account codes as required by the South Carolina Department of Education. Actual total revenue came in above the original budget by \$382 thousand as a result of final state revenue allocations exceeding anticipated budget by approximately \$1.4 million.

The final amended budgeted expenditures of the District had a positive variance from the actual expenditures of over \$6.2 million. Several factors impacted these savings, including district-wide energy cost savings of \$334 thousand in the general fund as a result of mild temperatures and continued energy conservation measures. The District also utilized substitutes or existing personnel to cover vacated positions which were a factor in actual expenditures being less than budget. Savings from staff attrition also created some additional cost reductions.

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

**Capital Assets** - The School District's investment in capital assets for governmental activities at June 30, 2018 exceeded \$556.3 million net of accumulated depreciation. This investment in assets includes land, buildings, improvements other than buildings, construction in progress, and equipment. The total net decrease exceeded \$16.5 million. The decrease in net capital assets is due primarily to an increase in accumulated depreciation. See the relevant disclosures in the notes to the basic financial statements (Note 5) for more detailed information on capital asset activity.

**RICHLAND SCHOOL DISTRICT TWO  
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

The table below shows the School District's capital assets, net of accumulated depreciation, as of June 30, 2017 and 2018:

	<b>Governmental Activities</b>		<b>Business-Type Activities</b>		<b>Total</b>	
	<b>2017</b>	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>	<b>2018</b>
Land	\$ 27,397,176	\$ 27,397,176	\$	\$	\$ 27,397,176	\$ 27,397,176
Buildings and improvements	717,291,593	749,252,933			717,291,593	749,252,933
Furniture and Equipment	21,872,547	22,280,818	4,964,290	4,990,188	26,836,837	27,271,006
Vehicles	5,466,939	5,462,726			5,466,939	5,462,726
Construction in progress	29,651,824	45,717			29,651,824	45,717
<b>Total before accumulated depreciation</b>	801,680,079	804,439,370	4,964,290	4,990,188	806,644,369	809,429,558
Less accumulated depreciation	228,749,975	248,045,565	3,101,394	3,472,501	231,851,369	251,518,066
<b>Net capital assets</b>	<b>\$ 572,930,104</b>	<b>\$ 556,393,805</b>	<b>\$ 1,862,896</b>	<b>\$ 1,517,687</b>	<b>\$ 574,793,000</b>	<b>\$ 557,911,492</b>

**Long-term Debt** - At June 30, 2018, the School District had total general obligation debt outstanding of over \$370.6 million. This is a decrease of over \$35.9 million from the last fiscal year. The School District had a \$10 million bond sale during FY 2018, in addition to advance refunding of the 2011B issue.

The State of South Carolina's constitution allows school districts to issue up to 8% of the assessed value in General Obligation Bonds, without voter approval. The School District issued \$10,000,000 million in general obligation bonds that will be used for major maintenance on the School District's existing facilities, along with technology expansion and/or replacement at our schools. The repayment of these bonds will take place over a four year period. These bonds mature in FY 2022.

The School District maintains an "Aa1" rating from Moody's and a AA rating from Standard & Poor's for general obligation debt. State statutes currently limit the amount of general obligation debt a school district may issue to 8 percent of its total assessed valuation. As of June 30, 2018, the remaining debt margin available to the School District is just over \$658 thousand. Other long-term obligations include unamortized bond premiums and accrued compensated absences.

Additional information on the School District's long-term debt and other long-term liabilities can be found in Note 8 of the notes to the basic financial statements.

#### **ECONOMIC FACTORS AND NEXT YEAR'S BUDGET**

The School District, a suburban residential and shopping area located northeast of Columbia, the state capital and most populous city in South Carolina, is one of the fastest growing areas in the state. State and federal payrolls are major sources of employment and income and economic stability. Fort Jackson, the United States Army's largest training installation is located within the school district. Private employers such as the state headquarters for Blue Cross/Blue Shield of South Carolina and The Village at Sandhills, one of the largest shopping complexes in the southeast, contribute to a diverse and stable economy.

Many factors were considered by the School District's administration during the process of developing the FY 2018-2019 budget. The School District's top two budget goals are to provide a quality education for all students through student engagement and to manage its growth of an estimated 300 to 400 students annually. These matters were considered when adopting the budget for FY 2018-2019. The total approved General Fund budget exceeded \$284.6 million, a \$10.7 million increase over prior year. Approximately, \$4.0 million (37.6% of the increase) was funded with increased local tax dollars and the remaining increase related primarily to increases in State funding allocations totaling in excess of \$6.3 million.

**RICHLAND SCHOOL DISTRICT TWO  
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

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CONTACTING THE SCHOOL DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, investors and creditors with a general overview of the School District's finances and to demonstrate the School District's accountability for the resources it receives. If you have questions about this report or need additional information, contact the Division of Business Services, Richland School District Two, 124 Risdon Way, Columbia, South Carolina 29223 (Telephone number 803-787-1910).

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## **BASIC FINANCIAL STATEMENTS**

**RICHLAND SCHOOL DISTRICT TWO**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2018**

	PRIMARY GOVERNMENT			COMPONENT UNIT
	Governmental Activities	Business-type Activities	Totals	CHARTER HIGH SCHOOL
<b>ASSETS</b>				
Cash and Investments	\$ 115,092,269	\$ 1,187,739	\$ 116,280,008	\$
Deposits with Richland County Treasurer	23,776,747		23,776,747	
Taxes Receivable, Net of Allowances	1,064,821		1,064,821	
Prepaid Expenses	150,807		150,807	
Accrued Intergovernmental Revenue Receivable	813,647		813,647	
Due From:	-			
Federal Agencies	3,966,614	214,140	4,180,754	
State Department of Education	703,580		703,580	
Other Governmental Units	-			934,138
Internal Balances	(2,295,356)	2,295,356		
Other Receivables	98,547	145,340	243,887	
Receivable from Other Funds	2,328,953	-	2,328,953	
Inventories	-	-		
Capital assets:				
Land	27,397,176		27,397,176	
Construction in Progress	45,717		45,717	
Buildings	535,968,695		535,968,695	
Building Additions and Improvements	213,284,238		213,284,238	
Furniture and Equipment	22,280,818	4,990,188	27,271,006	
Vehicles	5,462,726		5,462,726	
Less: Accumulated Depreciation	(248,045,565)	(3,472,501)	(251,518,066)	
<b>TOTAL ASSETS</b>	<b>702,094,434</b>	<b>5,360,262</b>	<b>707,454,696</b>	<b>934,138</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Deferred Outflows related to Pension Liability	58,749,488	537,914	59,287,402	195,300
Deferred Outflows related to OPEB Liability	10,637,393	98,675	10,736,068	22,736
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	<b>69,386,881</b>	<b>636,589</b>	<b>70,023,470</b>	<b>218,036</b>
<b>LIABILITIES</b>				
Accounts Payable	6,590,370	1,194,794	7,785,164	767
Retainage Payable	166,669		166,669	
Payable to Charter High School	934,138		934,138	
Due to State Department of Education	31,329		31,329	
Accrued Salaries and Related Liabilities	20,945,066		20,945,066	
Non-current Liabilities:				
Due within One Year	52,314,917	6,868	52,321,785	
Due in more than One Year	1,023,619,317	5,701,818	1,029,321,135	1,328,389
<b>TOTAL LIABILITIES</b>	<b>1,104,601,806</b>	<b>6,903,480</b>	<b>1,111,505,286</b>	<b>1,329,156</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unearned Revenue	9,486,686	109,675	9,596,361	
Deferred Inflows related to Net Pension Liability	2,688,278	22,095	2,710,373	3,959
Deferred Inflows related to Net OPEB Liability	27,289,077	253,139	27,542,216	52,566
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>39,464,041</b>	<b>384,909</b>	<b>39,848,950</b>	<b>56,525</b>
<b>NET POSITION</b>				
Net Investment in Capital Assets	180,950,749	1,517,687	182,468,436	
Restricted For:				
Debt Service	23,119,192		23,119,192	
Special Projects	17,316		17,316	
Unrestricted	(576,671,789)	(2,809,225)	(579,481,014)	(233,507)
<b>TOTAL NET POSITION</b>	<b>\$ (372,584,532)</b>	<b>\$ (1,291,538)</b>	<b>\$ (373,876,070)</b>	<b>\$ (233,507)</b>

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

**RICHLAND SCHOOL DISTRICT TWO  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2018**

FUNCTIONS/PROGRAMS	PROGRAM REVENUES			NET (EXPENSE) REVENUE AND CHANGE IN NET POSITION			Component Unit
	Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-Type Activities	Total	
<b>PRIMARY GOVERNMENT:</b>							
Governmental Activities:							
Instruction	\$ 200,253,684	\$ 364,633	\$ 130,871,005	\$ (69,018,046)	\$	\$ (69,018,046)	\$
Supporting Services	147,675,895	470,353	29,724,216	(117,481,326)		(117,481,326)	
Community Services	297,796			(297,796)		(297,796)	
Interest and Other Charges	13,360,729			(13,360,729)		(13,360,729)	
<b>Total Governmental Activities</b>	<b>361,588,104</b>	<b>834,986</b>	<b>160,595,221</b>	<b>(200,157,897)</b>		<b>(200,157,897)</b>	<b>-</b>
<b>Business-Type Activities:</b>							
Food Services	11,900,159	2,621,519	9,131,491		(147,149)	(147,149)	
<b>Total Business-Type Activities</b>	<b>11,900,159</b>	<b>2,621,519</b>	<b>9,131,491</b>		<b>(147,149)</b>	<b>(147,149)</b>	<b>-</b>
<b>TOTAL - PRIMARY GOVERNMENT</b>	<b>373,488,263</b>	<b>3,456,505</b>	<b>169,726,712</b>	<b>(200,157,897)</b>	<b>(147,149)</b>	<b>(200,305,046)</b>	<b>-</b>
<b>Component Units:</b>							
Charter School	\$ 1,012,805	\$	\$ 943,800				(69,005)
<b>General Revenues:</b>							
Property Taxes Levied for General Purposes				95,996,569		95,996,569	
Property Taxes Levied for Debt Service				59,435,654		59,435,654	
Miscellaneous				1,082,236	140,124	1,222,360	
Unrestricted Investment Earnings				1,729,617	1,373	1,730,990	
Federal and State aid not restricted for specific purpose				51,581,912		51,581,912	
Transfers				44,590	(44,590)	-	
<b>Total General Revenues and Transfers</b>				<b>209,870,578</b>	<b>96,907</b>	<b>209,967,485</b>	<b>-</b>
<b>CHANGE IN NET POSITION</b>				<b>9,712,681</b>	<b>(50,242)</b>	<b>9,662,439</b>	<b>(69,005)</b>
<b>NET POSITION - Beginning of Year</b>				(83,691,159)	1,528,639	(82,162,520)	410,983
Cumulative Effect of GASB 75 Adoption				(298,606,054)	(2,769,935)	(301,375,989)	(575,485)
<b>NET POSITION - End of Year</b>				<b>\$ (372,584,532)</b>	<b>\$ (1,291,538)</b>	<b>\$ (373,876,070)</b>	<b>\$ (233,507)</b>

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



**RICHLAND SCHOOL DISTRICT TWO  
BALANCE SHEET - GOVERNMENTAL FUNDS  
JUNE 30, 2018**

	GENERAL	SPECIAL REVENUE - SPECIAL PROJECTS	SPECIAL REVENUE - EIA	DEBT SERVICE	CAPITAL PROJECTS	TOTAL GOVERNMENTAL FUNDS
<b>ASSETS</b>						
Cash and Investments	\$ 86,852,154	\$ 505,484	\$	\$ 15,206,597	\$ 10,794,151	\$ 113,358,386
Deposits with Richland County Treasurer	2,127,003			11,046,631	10,603,113	23,776,747
Taxes Receivable, Net of Allowances	732,592			332,229		1,064,821
Due From Federal Agencies	98,784	3,867,830				3,966,614
Due From State Department of Education	305,575	70,000	328,005			703,580
Due From:						
General Fund		328,782	4,979,394	190,030	7,039,712	12,537,918
Other Receivables	3,439	95,108				98,547
Receivable from Other Funds	2,328,953					2,328,953
<b>TOTAL ASSETS</b>	<b>92,448,500</b>	<b>4,867,204</b>	<b>5,307,399</b>	<b>26,775,487</b>	<b>28,436,976</b>	<b>157,835,566</b>
<b>LIABILITIES</b>						
Accounts Payable	2,125,911	481,167	114,988		1,859,727	4,581,793
Retainage Payable	.				166,669	166,669
Due To:						
Special Revenue - Special Projects	328,782					328,782
Special Revenue - EIA	4,979,394					4,979,394
Internal Service Fund	293,503					293,503
Enterprise - Food Service Fund	2,295,356					2,295,356
Debt Service	190,030					190,030
Capital Projects	7,039,712					7,039,712
Payable to Charter High School	934,138					934,138
Due To State	10,855		20,474			31,329
Unearned Revenue		4,368,721	5,117,965			9,486,686
Accrued Salaries and Related Liabilities	20,891,094		53,972			20,945,066
<b>TOTAL LIABILITIES</b>	<b>39,088,775</b>	<b>4,849,888</b>	<b>5,307,399</b>	<b>-</b>	<b>2,026,396</b>	<b>51,272,458</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Unavailable Revenue - Property Taxes	386,178			129,848		516,026
<b>DEFERRED INFLOWS OF RESOURCES</b>	<b>386,178</b>	<b>-</b>	<b>-</b>	<b>129,848</b>	<b>-</b>	<b>516,026</b>
<b>FUND BALANCES</b>						
Fund Balances						
Restricted		17,316		26,645,639	26,410,580	53,073,535
Unassigned	52,973,547					52,973,547
<b>TOTAL FUND BALANCES</b>	<b>52,973,547</b>	<b>17,316</b>	<b>-</b>	<b>26,645,639</b>	<b>26,410,580</b>	<b>106,047,082</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	<b>\$ 92,448,500</b>	<b>\$ 4,867,204</b>	<b>\$ 5,307,399</b>	<b>\$ 26,775,487</b>	<b>\$ 28,436,976</b>	<b>\$ 157,835,566</b>

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

**RICHLAND SCHOOL DISTRICT TWO**  
**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION**  
**JUNE 30, 2018**

<b>TOTAL FUND BALANCES - GOVERNMENTAL FUNDS</b>		<b>\$ 106,047,082</b>
Amounts reported for the governmental activities in the Statement of Net Position are different because of the following:		
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds. The cost of the assets were \$804,439,370 and the accumulated depreciation was \$248,045,565.		556,393,805
The internal service fund is used to fund insurance and risk management of the School District. The assets and liabilities of the internal service fund are included with governmental activities.		169,616
Property Taxes Receivable will be collected this year, but are not available soon enough to pay for the current period's expenditures, and therefore are deferred in the governmental funds. Unearned Property Tax at year end consists of:		
General Fund	\$ 386,178	
Debt Service Fund	<u>129,848</u>	516,026
Accrued interest on bonds payable in governmental funds is not due and payable in the current period and is therefore, not reported as a liability in the funds.		(4,469,942)
Unearned bond premiums are unearned in the statement of net position. The net premiums of \$71,078,739 have been amortized by \$39,871,103 with a remaining unamortized net bond discount.		(31,207,636)
Rebatable interest receivable on Build America Bonds in governmental funds is not a current financial resource in the current period and is, therefore, not reported as an asset in the funds.		813,647
The District's proportionate share of the deferred outflows of resources and deferred inflows of resources related to its participation in the State pension plans are not recorded in the governmental funds but are recorded in the Statement of Net Position.		56,061,210
The District's proportionate share of the deferred outflows of resources and deferred inflows of resources related to its participation in the State insurance plans are not recorded in the governmental funds but are recorded in the Statement of Net Position.		(16,651,684)
Long-term liabilities, including bonds payable, are not due or payable in the current period and therefore are not reported as liabilities in the funds. Long-term liabilities at year-end consisted of:		
General Obligation Bonds Payable	\$ 370,646,000	
Accrued Compensated Absences	4,112,642	
Net Pension Liability	376,864,533	
Net OPEB Liability	<u>288,633,481</u>	(1,040,256,656)
<b>TOTAL NET POSITION - GOVERNMENTAL FUNDS</b>		<b><u>\$ (372,584,532)</u></b>

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

**RICHLAND SCHOOL DISTRICT TWO**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2018**

	<u>GENERAL</u>	<u>SPECIAL REVENUE - SPECIAL PROJECTS</u>	<u>SPECIAL REVENUE - EIA</u>	<u>DEBT SERVICE</u>	<u>CAPITAL PROJECTS</u>	<u>TOTAL GOVERNMENTAL FUNDS</u>
<b>REVENUES</b>						
Local Property Tax	\$ 96,013,376	\$	\$	\$ 59,442,239	\$	\$ 155,455,615
Other Local Revenue	2,303,248	1,315,265		852,741	284,553	4,755,807
Total Revenue from Local Sources	98,316,624	1,315,265	-	60,294,980	284,553	160,211,422
State Sources	168,210,278	4,653,104	19,382,826			192,246,208
Federal Sources	298,988	18,316,672				18,615,660
Intergovernmental Sources	181,149					181,149
<b>TOTAL REVENUES ALL SOURCES</b>	<b>267,007,039</b>	<b>24,285,041</b>	<b>19,382,826</b>	<b>60,294,980</b>	<b>284,553</b>	<b>371,254,439</b>
<b>EXPENDITURES</b>						
Current:						
Instruction	155,545,436	8,829,389	9,125,642			173,500,467
Support Services	107,003,627	12,663,806	3,473,643		4,476,039	127,617,115
Community Services	199,544	98,128	124			297,796
Intergovernmental	1,233,301	2,510,764	10,862			3,754,927
Capital Outlay	584,414	89,896	90,243		6,170,691	6,935,244
Debt Service:						
Principal Retirement				43,972,984		43,972,984
Interest				14,819,341		14,819,341
Fiscal Charges for Cost of Issuance				320,928	60,017	380,945
<b>TOTAL EXPENDITURES</b>	<b>264,566,322</b>	<b>24,191,983</b>	<b>12,700,514</b>	<b>59,113,253</b>	<b>10,706,747</b>	<b>371,278,819</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>2,440,717</b>	<b>93,058</b>	<b>6,682,312</b>	<b>1,181,727</b>	<b>(10,422,194)</b>	<b>(24,380)</b>
<b>OTHER FINANCING SOURCES (USES)</b>						
Issuance of Debt				40,880,000	10,000,000	50,880,000
Payment to Refunded Debt Escrow Agent				(46,822,585)		(46,822,585)
Premium on Bonds Issued				6,157,556	689,239	6,846,795
Sale of Capital Assets	2,139				11,424	13,563
Transfers In	7,618,831	440,400		327,381		8,386,612
Transfers Out	(3,290,691)	(533,458)	(6,682,312)		(97,848)	(10,604,309)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>4,330,279</b>	<b>(93,058)</b>	<b>(6,682,312)</b>	<b>542,352</b>	<b>10,602,815</b>	<b>8,700,076</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>6,770,996</b>	<b>-</b>	<b>-</b>	<b>1,724,079</b>	<b>180,621</b>	<b>8,675,696</b>
FUND BALANCES, Beginning of Year	46,202,551	17,316	-	24,921,560	26,229,959	97,371,386
<b>FUND BALANCES, End of Year</b>	<b>\$ 52,973,547</b>	<b>\$ 17,316</b>	<b>\$ -</b>	<b>\$ 26,645,639</b>	<b>\$ 26,410,580</b>	<b>\$ 106,047,082</b>

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

**RICHLAND SCHOOL DISTRICT TWO**  
**RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCE TO THE STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2018**

<b>TOTAL NET CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS</b>	<b>\$ 8,675,696</b>
Amounts reported for governmental activities in the statement of activities are different because of the following:	
Property tax revenues not considered current financial resources are unearned in the governmental funds but are not in the statement of activities. Unearned taxes receivable increased by \$23,392 over the year ended June 30, 2018.	(23,392)
Rebatable interest receivable on Build America Bonds in governmental funds is not a current financial resource in the current period and is, therefore, not reported as an asset in the funds.	(16,475)
Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their useful lives as depreciation expense. This is the amount by which depreciation expense and noncapital expenditures of \$19,543,595 exceeded capital outlays of \$3,007,296.	(16,536,299)
Repayment of long-term liabilities, such as Bonds and Notes Payable and Capital Leases is an expenditure in the governmental funds, but merely reduces liabilities in the statement of net position.	86,783,000
Amortization of bond premiums as income over the terms of the associated bonds. The amount recognized as income for the year ended June 30, 2018 is \$9,802,483.	9,802,483
The internal service fund is used to fund insurance and risk management of the School District. The net change in net position of the internal service fund is reported with governmental activities.	(234,458)
Bonds proceeds and loans provide current financial resources to governmental funds; however, issuing debt increases long-term liabilities in the statement of net position. In the current period, proceeds were received from general obligation bonds issued.	(57,726,795)
Employer pension costs are recognized in the governmental funds only when contributions to the defined benefit plan are paid in cash. However, in the Statement of Activities, the expense is recorded based on the results of an actuarial valuation of the plan. This is the net change for these transactions during the year.	(14,784,983)
Employer insurance costs are recognized in the governmental funds only when contributions to the defined benefit plan are paid in cash. However, in the Statement of Activities, the expense is recorded based on the results of an actuarial valuation of the plan. This is the net change for these transactions during the year.	(6,679,111)
Interest on long-term debt in the statement of activities differs from the governmental funds because governmental funds recognize interest expense only when it is paid. In the statement of net position, interest expense is recognized as it accrues. Accrued interest payable decreased for the year ended June 30, 2018 by \$19,497.	(19,497)
The cost of compensated employee absences is recognized in the governmental funds only when actually paid in cash. However, in the statement of net position, the expense is recorded when the employees earn the benefits. The total liability for compensated absences increased by \$472,512 during this fiscal year.	472,512
<b>TOTAL CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES</b>	<b>\$ 9,712,681</b>

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

**RICHLAND SCHOOL DISTRICT TWO**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUNDS**  
**JUNE 30, 2018**

	<b>BUSINESS-TYPE ACTIVITIES</b>	<b>GOVERNMENTAL ACTIVITIES</b>
<b>ASSETS</b>	<b>ENTERPRISE FUND- FOOD SERVICES</b>	<b>INTERNAL SERVICE FUND</b>
Current Assets		
Cash and Investments	\$ 1,187,739	\$ 1,733,883
Accounts Receivable	145,340	
Due From Federal	214,140	
Prepaid Expense		150,807
Due from General Fund	2,295,356	293,503
Total Current Assets	<u>3,842,575</u>	<u>2,178,193</u>
Noncurrent Assets		
Machinery and Equipment	4,990,188	
Less: Accumulated Depreciation	(3,472,501)	
Total Noncurrent Assets	<u>1,517,687</u>	<u>-</u>
<b>TOTAL ASSETS</b>	<u><u>5,360,262</u></u>	<u><u>2,178,193</u></u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Deferred Outflows related to Net Pension Liability	537,914	
Deferred Outflows related to Net OPEB Liability	98,675	
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	<u><u>636,589</u></u>	<u><u>-</u></u>
<b>LIABILITIES</b>		
Current Liabilities		
Accounts Payable	1,194,794	1,328
Claims Payable		2,007,249
Unearned Revenue	109,675	
Accrued Compensated Absences	6,868	
Total Current Liabilities	<u>1,311,337</u>	<u>2,008,577</u>
Long-Term Liabilities		
Net Pension Liability	2,989,345	
Net OPEB Liability	2,677,428	
Accrued Compensated Absences	35,045	
Total Long-Term Liabilities	<u>5,701,818</u>	<u>-</u>
<b>TOTAL LIABILITIES</b>	<u><u>7,013,155</u></u>	<u><u>2,008,577</u></u>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Deferred Inflows related to Pension Liability	22,095	
Deferred Inflows related to OPEB Liability	253,139	-
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<u><u>275,234</u></u>	<u><u>-</u></u>
<b>NET POSITION</b>		
Invested in Capital Assets	1,517,687	
Unrestricted	(2,809,225)	169,616
<b>TOTAL NET POSITION</b>	<u><u>\$ (1,291,538)</u></u>	<u><u>\$ 169,616</u></u>

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

**RICHLAND SCHOOL DISTRICT TWO**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION**  
**PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2018**

	<b>BUSINESS-TYPE ACTIVITIES</b>	<b>GOVERNMENTAL ACTIVITIES</b>
	<b>ENTERPRISE FUND- FOOD SERVICES</b>	<b>INTERNAL SERVICE FUND</b>
<b>OPERATING REVENUES</b>		
Meal Sales	\$ 2,603,159	\$
Other Operating Revenue	18,360	24,803
<b>Total Operating Revenues</b>	<b>2,621,519</b>	<b>24,803</b>
<b>OPERATING EXPENSES</b>		
Salaries and Benefits	1,713,538	2,265,278
Depreciation	371,108	
Purchased Services	8,800,950	
Supplies	953,776	7,801
Equipment	49,491	
Other	11,296	248,814
<b>Total Operating Expenses</b>	<b>11,900,159</b>	<b>2,521,893</b>
<b>Operating Income (Loss)</b>	<b>(9,278,640)</b>	<b>(2,497,090)</b>
<b>NON-OPERATING REVENUE (EXPENSES)</b>		
Commodities Received from USDA	904,443	
USDA Reimbursements	8,227,048	
Interest	1,373	345
Other	140,124	
<b>Total Non-Operating Revenues</b>	<b>9,272,988</b>	<b>345</b>
<b>Income (loss) Before Transfers</b>	<b>(5,652)</b>	<b>(2,496,745)</b>
<b>TRANSFERS IN (OUT)</b>		
Transfer from General Fund	358,471	2,262,287
Transfer from Building Fund		
Transfer (to) General Fund	(403,061)	
<b>Total Transfers</b>	<b>(44,590)</b>	<b>2,262,287</b>
<b>CHANGE IN NET POSITION</b>	<b>(50,242)</b>	<b>(234,458)</b>
TOTAL NET POSITION - Beginning of Year, as previously reported	1,528,639	404,074
Cumulative Effect of GASB 75 Adoption	(2,769,935)	
<b>TOTAL NET POSITION - End of Year</b>	<b>\$ (1,291,538) \$</b>	<b>169,616</b>

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

**RICHLAND SCHOOL DISTRICT TWO  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2018**

	<b>BUSINESS-TYPE ACTIVITIES</b>	<b>GOVERNMENTAL ACTIVITIES</b>
	<b>ENTERPRISE FUND- FOOD SERVICES</b>	<b>INTERNAL SERVICE FUND</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash Received from Participants	\$ 2,468,761	\$ 24,803
Cash Paid to Employees for Services	(1,544,511)	(830,324)
Cash Paid to Suppliers of Goods and Services	(10,515,356)	(282,650)
<b>Net Cash Provided (Used) by Operating Activities</b>	(9,591,106)	(1,088,171)
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
Transfers from General Fund	358,471	2,262,287
Transfers to General Fund	(403,061)	
Other Federal/State Reimbursements	8,367,172	
<b>Net Cash Provided (Used) by Noncapital Financing Activities</b>	8,322,582	2,262,287
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Acquisition of Equipment	(25,898)	
<b>Net Cash Provided(Used) in Capital and Related Financing Activities</b>	(25,898)	-
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest on Investments	1,373	345
<b>Net Cash Provided by Investing Activities</b>	1,373	345
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	(1,293,049)	1,174,461
Cash and Cash Equivalents - Beginning of Year	2,480,788	559,422
<b>Cash and Cash Equivalents - End of Year</b>	\$ 1,187,739	\$ 1,733,883
<b>RECONCILIATION OF NET OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>		
Net Operating Income (Loss)	(9,278,640)	(2,497,090)
Adjustments to Reconcile Net Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities		
Commodities Received from USDA	904,443	
Amortization of Net Pension Liability	125,954	
Amortization of Net OPEB Liability	61,957	
Depreciation	371,108	
Changes in Assets and Liabilities:		
Decrease (Increase) in Receivables and Due from Others	(142,758)	1,065,476
Decrease (Increase) in Prepaid Expenses		10,143
Increase (Decrease) in Accounts Payable and Due to Others	(1,604,286)	333,300
Increase (Decrease) in Accrued Salaries & Benefits	(18,884)	
Increase (Decrease) in Deferred Inflows of Resources	(10,000)	
<b>Net Cash Provided (Used) by Operating Activities</b>	\$ (9,591,106)	\$ (1,088,171)
<b>NONCASH TRANSACTIONS</b>		
Non-cash donation - USDA Commodities Received and Used	\$ 904,443	

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

**RICHLAND SCHOOL DISTRICT TWO  
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES  
AGENCY FUND  
JUNE 30, 2018**

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**ASSETS**

Cash and Investments	\$ 6,152,029
Accounts Receivable	6,278
<b>TOTAL ASSETS</b>	<b><u>6,158,307</u></b>

**LIABILITIES**

Accounts Payable	2,412,500
Due to Pupil Activities	3,745,807
<b>TOTAL LIABILITIES</b>	<b><u>\$ 6,158,307</u></b>

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



**RICHLAND SCHOOL DISTRICT TWO**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Richland County School District Two (the School District) is governed by a seven member elected Board of Trustees (the Board). The School District is located in suburban Columbia, SC, in the Northeast section of Richland County. The School District provides a broad range of general and specialized elementary and secondary educational services for students in pre-school through grade twelve, and derives its local revenue from the tax base in these areas. In addition, the School District receives funding from the State of South Carolina and the United States Federal Government and must comply with the related requirements of these funding source entities.

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

**A. Reporting Entity**

The School District's financial statements include all funds over which the Board is considered to be financially accountable. The School District receives funding from local, state and federal governmental sources and must comply with the requirements of these funding source entities. Richland County School District Two is the lowest level of government which has financial accountability and control over all activities related to public school education in the School District. The School District is not included in any other governmental "reporting entity", since members of the School Board of Trustees are elected by the public and since members have decision making authority, the power to designate management, the ability to significantly influence operations, and have primary accountability for fiscal matters. The School District invests funds and receives property tax revenues through its relationship with Richland County.

The School District has determined that there are no affiliate entities (such as parent-teacher organizations, foundations and athletic booster clubs) that meet the requirements for inclusion as a discretely presented component.

*Discretely Presented Component Unit.* The component unit column in the basic financial statements includes the financial data of the School District's component unit, the Richland Two Charter High School ("the Charter School"). This unit is reported in a separate column to emphasize that it is legally separate from the School District. The Charter School operates under a charter granted by the School District and is considered, under South Carolina law, to be a public school and part of the School District. It is administered and governed by its annually elected governing body. The South Carolina State Department of Education ("SDE") regulations require that charter schools be discretely presented in the basic financial statements, but blended with the School District balances in the supplementary schedules. If this presentation format were followed, the amounts reported as revenues, expenditures and changes in fund balances for the General Fund and Special Revenue Funds in the supplementary schedules would not agree to the amounts reported as revenues, expenditures and changes in fund balances for the General Fund and Special Revenue Funds in the basic financial statements. The School District has not prepared the supplemental schedules in accordance with the SDE requirements as the School District does not believe that this presentation is consistent with accounting principles generally accepted in the United States of America ("GAAP").

**RICHLAND SCHOOL DISTRICT TWO**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

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The Charter School is fiscally dependent on the School District and because the nature and significance of the relationship between the Charter School and District, the exclusion of the Charter School would cause the School District's financial statements to be incomplete. The Charter School financial statements are included in the School District's basic financial statements.

**B. Measurement Focus, Basis of Accounting and Financial Statement Presentation**

The statements of the School District are presented as follows:

***Government-Wide Financial Statements*** - The Statement of Net Position and the Statement of Activities report information about the School District as a whole. 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 the cash flows. These statements include the financial activities of the School District, except for the fiduciary funds. The effect of inter-fund activity has been eliminated from the statements in the consolidation process, with the exception of the inter-fund services provided and used. Governmental activities, which normally are supported by taxes and intergovernmental revenues, and other non-exchange transactions, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The government-wide statement of activities presents a comparison between direct expenses and program revenues for each segment of the business-type activities of the School District and for each function or program of the School District's governmental activities. 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. Revenues, including taxes, which are not classified as program revenues are presented as general revenues of the School District with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each business segment or governmental function is self-financing or draws from the general revenues of the School District.

***Fund Financial Statements*** - Fund financial statements report detailed information about the School District. The focus of governmental and enterprise fund financial statements is on major funds rather than reporting funds by type. The governmental fund financial statements are reported using the flow of current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Because the government-wide financial statements and the fund financial statements are prepared using a different measurement focus, the financial section of the statements includes a reconciliation with brief explanations to better identify the relationship between the government-wide and governmental fund statements.

**RICHLAND SCHOOL DISTRICT TWO**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

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Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

Fund financial statements report detailed information about the School District. The financial statements for governmental funds are the balance sheet, which generally includes only current assets and current liabilities, and a statement of revenues, expenditures and changes in fund balance, which reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financial uses) of current financial resources. The focus of governmental and enterprise fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Non-major funds are aggregated and presented in a single column. Fiduciary funds are reported by fund type. All proprietary fund types are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the statement of net position. The statement of changes in fund net position presents increases (i.e., revenues) and decreases (i.e., expenses) in net total assets.

**Cash Flow Statement** - The statement of cash flows provides information about how the School District finances and meets cash flow needs of its proprietary activities. For purposes of the statement of cash flows, the proprietary fund considers all highly liquid investments with an original maturity of three months or less to be cash equivalents.

### ***FUND ACCOUNTING***

As outlined above, the accounts of the School District are organized on the basis of funds. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The various funds of the School District are grouped into the categories governmental, proprietary and fiduciary.

The School District has the following major funds and fund types:

#### **Governmental Fund Types**

Governmental funds focus on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and deferred outflows of resources and liabilities and deferred inflows of resources is separated as fund balance. The following are the School District's major governmental funds:

**General Fund** - The General Fund is a budgeted fund and serves as the primary operating fund of the School District. The School District uses this fund to account for expenditures principally for administration, instruction, pupil services, operations and maintenance of plant and related fixed charges. It accounts for all revenues and expenditures of the School District except those required to be accounted for in another fund. All general tax revenues and other receipts that are not allocated by law or contractual agreement to other funds are accounted for in the General Fund. General operating expenditures and the capital improvement costs that are not paid through other funds are paid from the General Fund.

**RICHLAND SCHOOL DISTRICT TWO**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

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**Special Revenue Funds** - Special Revenue Funds are used to account for specific revenue sources (other than debt service or major capital projects) that require separate accounting because of legal or regulatory provisions or administrative action. The School District has two Special Revenue Funds:

1. **The Special Projects Fund**, used to account for financial resources provided by federal, state, local projects and grants. Budgets are prepared on a per project basis, generally with approval of the funding source. These budgets are not a part of the formal budget process approved by the board of trustees.
2. **The Education Improvement Act (EIA) Fund**, used to account for the revenue from the South Carolina Education Improvement Act of 1984, which is legally required by the state to be accounted for as a specific revenue source. Budgets are prepared on a per project basis. These budgets are not part of the formal budget process approved by the board of trustees.

**Capital Projects Fund** – used to account for financial resources to be used for site acquisitions, construction of major capital facilities, equipment and renovation of all major capital facilities.

**Debt Service Fund** - used to account for annual payments of principal and interest on long-term general obligation debt and related costs.

**Proprietary Fund Types**

Proprietary funds are accounted for based on the flow of economic resources measurement focus and use the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations.

***The Enterprise Fund*** is used to account for operations that are financed and operated in a manner similar to private business enterprises – where the intent of the School District is that periodic determination of revenues earned, expenses incurred, and net income is necessary for management accountability. The Food Service Fund is the School District's only enterprise fund and is also used to account for the United States Department of Agriculture's (USDA) approved school breakfast and lunch programs.

The principal operating revenues of the Enterprise Fund – Food Service include charges to students and teachers for breakfast, lunch and special sales. Operating expenses for the fund includes cost of sales, administrative expenses and depreciation of capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

**RICHLAND SCHOOL DISTRICT TWO**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

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***Internal Service Fund*** is used to account for the financing of goods and services provided by one department or agency to other departments or agencies of the School District. When services are rendered, charges are made to the users and revenue is accumulated in the Internal Services Fund to cover costs of operations. The Worker's Compensation Fund is the School District's only Internal Service Fund. This fund accounts for the insurance and risk management services of the School District and services provided are on a cost reimbursement basis. The assets and related liabilities for the Internal Service Fund are included in the governmental activities column on the government-wide Statement of Net position.

**Fiduciary Fund Types**

Fiduciary funds are used to account for assets held by the government in a trustee capacity or as an agent on behalf of others, and include trust funds and agency funds. The Agency Fund is the only Fiduciary Fund type maintained by the School District. The Fund accounts for the receipt and disbursement of monies to and from student activity organizations, and/or on behalf of outside parties. These funds have no equity and do not include revenues and expenditures for general operation of the School District. The Agency Fund is custodial in nature and does not involve measurement of results of operation.

***BASIS OF ACCOUNTING***

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Propriety and fiduciary funds also use the accrual basis of accounting.

Revenues resulting from exchange transactions, in which each party gives and receives essentially equal value, are recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the School District, available means expected to be received within sixty days of the fiscal year-end.

The School District follows GASB Statement No. 33, *Accounting and Financial Reporting for Non-Exchange Transactions* to account for non-exchange revenues. Non-exchange transactions, in which the School District receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On an accrual basis, property tax revenues are recognized in the fiscal year for which they are appropriated by the County. Revenues from grants, entitlements and donations are recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the School District must provide local resources to be used for a specified purpose, and expenditures requirements, in which the resources are provided to the School District on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized. Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at fiscal year-end; property taxes, interest, tuition, grants, student fees and rentals.

**RICHLAND SCHOOL DISTRICT TWO**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

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**Deferred Revenue** arises when assets are recognized before revenue recognition criteria have been satisfied. Delinquent property taxes and property taxes for which there is an enforceable legal claim as of June 30, 2018, but which have not met the revenue recognition criteria, have been recorded as deferred revenue. Grants and entitlements received before revenue recognition requirements are met are also recorded as deferred revenue. On governmental fund financial statements, receivables that will not be collected within the available period have also been reported as deferred revenue.

The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. Allocations of cost, such as depreciation, are not recognized in governmental funds.

**C. Assets, Liabilities and Equity**

**Cash and Investments** – South Carolina statutes authorize investments in certificates of deposits, savings accounts, repurchase agreements, the State Treasurer's Local Government Investment Pool (invested in government guaranteed securities), general obligations of the State of South Carolina or any of its political units, obligations of the U.S. Government and government agencies unconditionally guaranteed by the U.S. Government. Investments are recorded at fair value.

South Carolina Local Government Investment Pool ("SC Pool" or "LGIP") investments are invested with the South Carolina State Treasurer's Office, which established the LGIP pursuant to Section 6-6-10 of the South Carolina Code. The LGIP is an investment trust fund, in which public monies in excess of current needs, which are under the custody of any city treasurer or any governing body of a political subdivision of the State, may be deposited. The LGIP is a 2a 7-like pool which is not registered with the Securities and Exchange Commission ("SEC") as an investment company, but has a policy that it will operate in a manner consistent with the SEC's Rule 2a 7 of the Investment Company Act of 1940. In accordance with GASB Statement No. 31 "Accounting and Financial Reporting for Certain Investments and for External Investment Pools", investments are carried at fair value determined annually based upon quoted market prices. The total fair value of the LGIP is apportioned to the entities with funds invested on an equal basis for each share owned, which are acquired at a cost of \$1.00. Funds may be deposited by Pool participants at any time and may be withdrawn upon 24 hours' notice. Financial statements for the LGIP may be obtained by writing the Office of the State Treasurer, Local Government Investment Pool, P.O. Box 11778, Columbia, SC 292111960.

The Richland County Treasurer invests in authorized instruments on behalf of the School District. The Richland County Treasurer invests School District and other entity funds on a pooled basis with the Treasurer of the State of South Carolina. The State Treasurer invests in certificates of deposit, insured savings accounts, repurchase agreements, obligations of the United States Government and government agencies guaranteed by the United States Government.

The School District considers all highly liquid investments (including restricted assets) with original maturities of three months or less when purchased and investments in the South Carolina Pooled Investment Fund ("Pool") to be cash equivalents.

**Interfund Receivables and Payables** - Transactions between funds that represent reimbursement arrangements outstanding at the end of the year are referred to as "due from other funds" or "due to other funds" on the fund financial statements. These amounts are eliminated in the governmental and business-

**RICHLAND SCHOOL DISTRICT TWO**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

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type activities columns of the statement of net position, except for the net residual amounts due between governmental and business-type activities, which are presented as "internal balances". All trade and property tax receivables are shown net of an allowance for uncollectible amounts.

**Prepaid Items** - Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expenditure/expense is reported in the year consumed.

**Capital Assets** - General capital assets are those assets not specifically related to activities reported in the enterprise fund. These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net position but are not reported in the fund financial statements. Capital assets utilized by the enterprise fund are reported in both the business-type activities column of the government-wide statement of net position and in the respective fund financial statements.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets, donated works of art and similar items, and capital assets received in a service concession arrangement are reported at acquisition value. The district maintains a capitalization threshold of \$5,000. Management may elect to include certain homogeneous asset categories with individual assets less than \$5,000 as composite groups for financial reporting purposes. The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend the life of the asset's life are not capitalized. For purposes of reporting state and federal funds, small equipment items that may not be capitalized are still categorized as capital outlays in the supporting schedules. The School District does not maintain any infrastructure. Improvements to existing capital assets are capitalized; however, the cost of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are expensed.

In the enterprise fund, assets acquired or constructed by grants and share revenues externally restricted for capital acquisitions and construction are reported as revenue in the period received in accordance with Governmental Accounting Standards Board Statement No. 33.

All reported capital assets, except land and construction in progress, are depreciated. Construction projects begin being depreciated once they are complete, at which time the complete costs of the project are transferred to the appropriate capital asset category. Improvements are depreciated over the remaining useful lives of the related capital assets.

Depreciation is computed using the straight-line method over the following useful lives:

<u>Description</u>	<u>Governmental Activities Estimated Lives</u>	<u>Business-Type Activities Estimated Lives</u>
Buildings and Improvements	20-39 years	N/A
Furniture and Equipment	5 years	12 years
Vehicles	5 years	N/A

**RICHLAND SCHOOL DISTRICT TWO**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

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**Compensated Absences** – Compensated absences are payments to employees for accumulated vacation and sick leave. Vacation leave is earned by employees up to a maximum of ten days. The School District's policy at fiscal year-end is to allow twelve-month employees to carry over five days, which are lost if not used by the following December 31. When an employee with over fifteen years of service retires or otherwise terminates the School District pays out all unused accrued annual and sick leave days at the current substitute rate of pay. Employees can accrue up to fifty-seven sick leave days.

All vacation pay is accrued when incurred in the government-wide financial statements. Liabilities for compensated absences are reported as fund liabilities when amounts are due and payable rather than to the extent that they will be paid with current, expendable and available financial resources. In the proprietary funds, compensated absences are recorded as an expense and liability of the fund as the benefits accrue to employees.

**Accrued Liabilities and Long-term Obligations** - All payables, accrued liabilities and long-term obligations are reported on the governmental fund financial statements regardless of whether they will be liquidated with current resources. However, claims and judgments, the non-current portion of capital leases, contractually required pension contributions and special termination benefits, 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. In general, payments made within sixty days after year-end are considered to have been made with current available financial resources. Typically, the General Fund is used to liquidate any liability related to compensated absences. 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.

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

**Net Pension Liability** - 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 South Carolina Police Officers Retirement System (PORS) and additions to/deductions from SCRS' and PORS' fiduciary net position have been determined on the same basis as they are reported by SCRS or PORS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms.

**Net OPEB Liability** - For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the South Carolina Retiree Health Insurance Trust Fund (SCRHITF) and the South Carolina Long-Term Disability Insurance Trust Fund (SCLTDITF) and additions to/deductions from SCRHITF' and SCLTDITF' fiduciary net position have been determined on the same basis as they are reported by SCRHITF or SCLTDITF. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms.



**RICHLAND SCHOOL DISTRICT TWO**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

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***Deferred Outflows of Resources and Deferred Inflows of Resources*** - Deferred outflows of resources represent consumption of net position that is applicable to a future period. Deferred inflows of resources represent acquisition of net position that is applicable to a future period. Changes in net pension liability not included in pension expense are reported as deferred outflows of resources or deferred inflows of resources. Employer contributions subsequent to the measurement date of the net pension liability are reported as deferred outflows of resources. Likewise, changes in net OPEB liability not included in OPEB expense are reported as deferred outflows of resources or deferred inflows of resources. Employer contributions subsequent to the measurement date of the net OPEB liability are reported as deferred outflows of resources.

***Fund Balances, Equity and Net Position*** – The School District reports fund balance in accordance with GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. This Statement defines five classifications of governmental fund balances: non-spendable, restricted, committed, assigned and unassigned. Where applicable, these classifications are presented on the face of the governmental fund balance sheet. The School District's highest level of decision-making authority is the Board of Trustees.

The School District classifies fund balances as follows:

Non-spendable – This includes amounts that inherently cannot be spent either because it is not in spendable form (i.e. prepaid items, inventories, etc.) or because of legal or contractual requirements (i.e. principal amount of resources that are required to remain intact.)

Restricted – This includes amounts that have constraints placed on the use of resources externally imposed by creditors, grantors, or contributors.

Committed – This includes amounts that have constraints for specific purposes by the School District itself, using its highest level of decision-making authority, which as noted above is the Board of Trustees. Constraints must remain in place unless removed in the same manner as imposed and must take place no later than the close of the fiscal year. Required formal action would be in the form of a resolution by the Board of Trustees.

Assigned – This includes amounts that the School District intends to use for specific purposes that are neither considered restricted nor committed and these assignments are made before the report issuance date. The intent to assign these balances can be expressed by the Board of Trustees with a resolution or approval of recommendation by the Board of Trustees.

Unassigned – This includes amounts that do not qualify to be accounted for or reported in any of the other fund balance categories. The general fund is the only fund that reports a positive unassigned fund balance amount. In other governmental funds, if expenditures incurred for specific purposes exceed the amounts that are restricted, committed, or assigned to those purposes, it may be necessary to report a negative unassigned fund balance in that fund.

The School District applies restricted resources when expenditures are incurred for the purposes for which both restricted and unrestricted Net Positions are available. The School District applies assigned, then unassigned fund balance. Committed resources can only be applied if the Board of Trustees takes formal action to release resources for incurring expenditures.

**RICHLAND SCHOOL DISTRICT TWO**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

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Net Position

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

The School District applies restricted resources when an expense is incurred for the purposes for which both restricted and unrestricted net position is available.

**Inter-fund Activity** – Transfers between governmental and business-type activities on the government-wide statements are reported in the same manner as general revenues. Transfers between governmental funds and enterprise funds and enterprise balances are eliminated.

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as inter-fund transfers. Inter-fund transfers are reported as other financial sources/uses in governmental funds and other non-operating revenues/expenses in proprietary funds. Repayments from funds responsible for particular expenditures/expense to the funds that initially paid for them are not presented on the financial statements.

**Operating Revenue and Expenses** – Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the School District, those revenues consist of sales of breakfasts and lunches to students, teachers and visitors.

**Use of Accounting Estimates** - The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America 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 revenue and expenses during the reporting period. Actual results could differ from those estimates.

Fair Value

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

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

**RICHLAND SCHOOL DISTRICT TWO**  
**NOTES TO FINANCIAL STATEMENTS**  
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Level 2 – Inputs to the valuation methodology, other than quoted prices included in Level 1, that are observable for an asset or liability either directly or indirectly include:

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

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

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

**Budgetary Accounting**

The Board of Trustees adopts a legal annual appropriated budget for the general fund revenues and expenditures on the modified accrual basis of accounting which is consistent with accounting principles generally accepted in the United States of America each fiscal year. The budget is prepared, controlled, and amended at the revenue and expenditure object level. The Superintendent and/or Chief Financial Officer may authorize line item transfers in the general fund budget that are subject to final review by the Board. Revisions to the budget were made throughout the year at the legal level of budgetary control.

During the fiscal year, no additional appropriations to the general fund budget were adopted. Unexpended appropriations lapse at fiscal year-end. Expenditures may not legally exceed budgeted appropriations at the fund level unless, in a supplementary action, the Board approves an increase or decrease to the fund or the School District's "per pupil" state allotment changes whereby management can increase or decrease expenditures to match the change in state appropriations. Supplemental budget appropriations are made by the Board for expenditures exceeding total appropriations within the legal level of control.

The following procedures are followed in establishing the General Fund budgetary data reflected in the financial statements:

1. The initial step in the budget development process is the adoption of budget priorities by the Board of Trustees.
2. The Financial Services Office develops revenue projections based on enrollment projections and data received from the State Department of Education.
3. Input is obtained from District stakeholders and compiled by Administration.
4. The Superintendent submits a budget to the Board for approval.
5. The Board recommends a budget to County Council around April.
6. The County Council has three readings on the budget and a public hearing.
7. After approval by County Council, the Board approves a final budget.

Special Revenue Fund budgets are developed and controlled in conformance with the specific requirements of each grant or funding agency. These budgets are not legally adopted by the School Board. Both General and Special Revenue Fund budgets are used as a management control device during the year.

**RICHLAND SCHOOL DISTRICT TWO**  
**NOTES TO FINANCIAL STATEMENTS**  
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The Administration has discretionary authority to make transfers between appropriation accounts. The budget amounts in the financial statements are as amended by Administration. No supplemental appropriations were necessary during the year.

**Encumbrances**

The appropriations of the general fund of the School District lapse at June 30 each year and the outstanding purchase orders, contracts, and other commitments must be renewed. Therefore, there are no restrictions or assignments of the fund balances at year-end for encumbrances.

**Issued and Adopted Accounting Pronouncements**

The District implemented GASB Statement No. 75 "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions" ("GASB #75") for the year ended June 30, 2018. The primary objective of GASB #75 was to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions ("OPEB"). In addition, state and local governments who participate in a cost-sharing multiple employer plan are now required to recognize a liability for their proportionate share of the net OPEB liability of that plan. It is GASB's intention that this Statement will provide citizens and other users of the financial statements with a clearer picture of the size and nature of the District's financial obligations to current and former employees for past services rendered. In particular, this Statement requires the District to recognize a net OPEB liability and related deferred outflows of resources and deferred inflows of resources for its participation in the South Carolina Retiree Health Insurance Trust Fund and the South Carolina Long-term Disability Insurance Trust Fund ("OPEB Trusts"), cost-sharing multiple employer defined benefit plans, on financial statements prepared on the economic resources measurement focus and accrual basis of accounting (i.e. the Statement of Net Position) and present more extensive note disclosures.

The adoption of GASB #75 required the District to record PEBA nonemployer contributions of \$1,711,965 as revenues from state sources and intergovernmental expenditures in the special revenue funds. Adoption of GASB #75 also resulted in the restatement of the District's net position as of July 1, 2017 for its government-wide financial statements to reflect the reporting of net OPEB liabilities and deferred outflows of resources for each of the OPEB Trusts. Net position of the District's government-wide financial statements as of July 1, 2017 was decreased by \$301,375,989, reflecting the cumulative change in accounting principles related to the adoption of this statement. See Note 10 for more information regarding the District's other postemployment benefits.

**2. CASH AND INVESTMENTS**

At June 30, 2018 the carrying amount of the School District's deposits and investments was \$122,432,037 and the bank balance was \$129,931,548.

**Custodial Credit Risk for Deposits:** Custodial credit risk for deposits is the risk that, in the event of a bank failure, the School District's deposits might not be recovered. The School District does not have a deposit policy for custodial credit risk but follows the investment policy statues of the State of South Carolina. As of June 30, 2018, none of the School District's bank balances of \$61,657,425, which had a carrying value of \$54,157,913, were exposed to custodial credit risk.

**RICHLAND SCHOOL DISTRICT TWO**  
**NOTES TO FINANCIAL STATEMENTS**  
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As of June 30, 2018, the School District had the following investments:

<u>Investment Type</u>	<u>Fair Value</u> <u>Level</u>	<u>Maturities</u>	<u>Credit Rating</u>	<u>Fair Value</u>
First Citizens Investment Portfolio	Level 1	Various	Unrated	\$ 5,199,793
SC Local Government Investment Pool	N/A	Various	Unrated	47,081,389
Certificates of Deposit	Level 1	Various	Unrated	786,344
US Bank – Morgan Stanley GIC	Level 1	9/1/2027	Unrated	<u>15,206,598</u>
Total Investments				<u>\$ 68,274,124</u>

**Interest Rate Risk:** The School District's Interest Rate Risk policy states that to address interest rate risk (i.e., fair value losses arising from increasing interest rates), the district will not invest in maturities exceeding 24 months.

**Custodial Credit Risk for Investments:** In the case of deposits, custodial credit risk is the risk that in the event of a bank failure, the School District's deposits may not be returned to it. Custodial credit risk for investments is the risk that, in the event of a failure, the government will not be able to recover the value of its investments or collateral securities that are in possession of an outside party. The School District's investment policy operates in conformance with federal, state and other legal requirements, as outlined in the Code of Laws, State of South Carolina, Section 59-69-215. To address the risk that the School District's deposits will not be returned, the School District will only use instruments that are collateralized by third parties or insured by the Federal Deposit Insurance Corporation. As of June 30, 2018, all of the District's deposits were collateralized with securities held by the pledging financial institution's trust department or its agent, and in the School District's name or insured by the Federal Deposit Insurance Corporation. Information was not available regarding the custodial credit risk of deposits with the Richland County Treasurer of \$23,776,747.

South Carolina statutes authorize investments in certificates of deposits, savings accounts, repurchase agreements, the State Treasurer's Local Government Investment Pool, obligations of the U.S. Government and government agencies unconditionally guaranteed by the U.S. Government. The School District has no policy that would further restrict these investment choices.

The SC Local Government Investment Pools is not rated. Further information may be obtained from the Investment Pool by writing to the Office of the State Treasurer, Local Government Investment Pool, Post Office Box 11778, Columbia, South Carolina, 29211.

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

**RICHLAND SCHOOL DISTRICT TWO**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

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The following table reconciles the carrying amount of deposits and investments to the amounts listed in the financial statements for all fund types:

<b>Basic Financial Statements</b>		<b>Notes to Financials</b>	
Cash and Investments:		Carrying Amount of	
Governmental Funds	\$ 113,358,386	Deposits:	\$ 54,157,913
Internal Service Fund	1,733,883		
Enterprise Fund	1,187,739		
Agency Fund	<u>6,152,029</u>	Fair Value of Investments:	<u>68,274,124</u>
	<u>\$ 122,432,037</u>		<u>\$ 122,432,037</u>

### 3. PROPERTY TAXES AND OTHER RECEIVABLES

Property taxes are levied, collected and distributed by Richland County (the County) on real and personal properties owned on the preceding December 31 of each fiscal year ended June 30. Liens are attached to the property at the time the taxes are levied, which usually occurs in November of each year. These taxes are due without penalty through January 15.

Penalties are added to taxes when paid after January 15 depending on the period of time the tax is delinquent. Property taxes are levied and billed on an assessed value of a little over \$545 million at tax rates of 319.0 mills for the general fund and 108.0 mills for the debt service fund.

Current year real and personal property taxes become delinquent on April 1. The levy date for motor vehicle taxes is the first day of the month in which the motor vehicle license expires. These taxes are due by the last day of the same month. Taxes levied for the 2017-2018 fiscal year totaled over \$148.4 million, for the General Fund and Debt Service Fund. Of this total amount levied, approximately \$141.1 million was collected during the fiscal year, representing 95.08% collection of the total levied for the year ending June 30, 2018. Collections for delinquent taxes for both funds totaled close to \$5.0 million. In addition, fees in lieu of taxes collected totaled \$4.2 million for both funds.

South Carolina Code Section 12-37-251(A) provides a property tax exemption for property classified pursuant to Section 12-43-220(C) (homestead exemption) from property taxes levied for other than bonded indebtedness and payments pursuant to lease purchase agreements for capital construction. The exemption applies against millage imposed for school operations and the amount of fair market value of the homestead that is exempt from such millage must be set by the Department of Revenue and Taxation based on the amount available in the State Property Tax Relief Fund.

Taxes receivable in the government funds, including general fund and debt service fund, are \$1,064,821 net of allowances for uncollectible at June 30, 2018.

Governmental funds report unearned revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned.

**RICHLAND SCHOOL DISTRICT TWO**  
**NOTES TO FINANCIAL STATEMENTS**  
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At June 30, 2018, the various components of unavailable revenue and unearned revenue reported in the governmental funds were as follows:

	<u>General Fund</u>	<u>Special Revenue Special Projects Fund</u>	<u>Special Revenue- EIA Fund</u>	<u>Debt Service Fund</u>	<u>Total</u>
Unavailable Revenue -					
Property Taxes	\$ 386,178	\$	\$	\$ 129,848	\$ 516,026
Unearned Revenue		4,368,721	5,117,965		9,486,686
Total	<u>\$ 386,178</u>	<u>\$ 4,368,721</u>	<u>\$ 5,117,965</u>	<u>\$ 129,848</u>	<u>\$ 10,002,712</u>

**4. DUE FROM STATE DEPARTMENT OF EDUCATION AND FEDERAL AGENCIES**

The Due from State Department of Education and Federal Agencies represents amounts due for state and federal revenues that had been earned as of June 30, 2018, but had not been received as of June 30, 2018. The total amount Due to the State Department as of June 30, 2018 was \$31,329.

**5. CAPITAL ASSETS**

A summary of changes in capital assets for the School District is as follows:

**Governmental Activities**

	<u>Balance as of July 1, 2017</u>	<u>Additions</u>	<u>Disposals/ Transfers</u>	<u>Balance as of June 30, 2018</u>
<b>Non-depreciable Assets:</b>				
Land	\$ 27,397,176	\$	\$	\$ 27,397,176
Construction in Progress	29,651,824	1,772,945	(31,379,052)	45,717
Total Non-depreciable	<u>57,049,000</u>	<u>1,772,945</u>	<u>(31,379,052)</u>	<u>27,442,893</u>
<b>Depreciable Assets:</b>				
Buildings and Improvements	717,291,593	31,961,340		749,252,933
Vehicles	5,466,939	233,909	(238,122)	5,462,726
Furniture & Equipment	21,872,547	418,154	(9,883)	22,280,818
Total Depreciable Assets	<u>744,631,079</u>	<u>32,613,403</u>	<u>(248,005)</u>	<u>776,996,477</u>
<b>Total All Assets</b>	<u>801,680,079</u>	<u>34,386,348</u>	<u>(31,627,057)</u>	<u>804,439,370</u>
Less: Accumulated Depreciation				
Buildings and Improvements	(204,817,655)	(18,363,835)		(223,181,490)
Vehicles	(4,608,760)	(358,378)	238,122	(4,729,016)
Furniture & Equipment	(19,323,560)	(821,382)	9,883	(20,135,059)
Total Accumulated Depreciation	<u>(228,749,975)</u>	<u>(19,543,595)</u>	<u>248,005</u>	<u>(248,045,565)</u>
<b>Governmental Activities Capital Assets, Net</b>	<u>\$ 572,930,104</u>	<u>\$ 14,842,753</u>	<u>\$ (31,379,052)</u>	<u>\$ 556,393,805</u>

**Business-Type Activities**

	<u>Balance as of July 1, 2017</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance as of June 30, 2018</u>
Equipment	\$ 4,964,290	\$ 25,898	\$	\$ 4,990,188
Less: Accumulated Depreciation	<u>(3,101,394)</u>	<u>(371,107)</u>		<u>(3,472,501)</u>
<b>Business-type Activities Capital Assets, Net</b>	<u>\$ 1,862,896</u>	<u>\$ (345,209)</u>	<u>\$ -</u>	<u>\$ 1,517,687</u>

**RICHLAND SCHOOL DISTRICT TWO**  
**NOTES TO FINANCIAL STATEMENTS**  
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Depreciation expense was charged to functions/programs of the primary government as follows:

<b>Governmental Activities:</b>	
Instruction	\$ 12,898,773
Supporting Services	<u>6,644,822</u>
Total Depreciation Expense – governmental activities	<u>19,543,595</u>
<b>Business-type Activities:</b>	
Food Service	<u>371,108</u>
Total Depreciation Expense – Business type activities	<u>\$ 371,108</u>

**6. INTER-FUND RECEIVABLES AND PAYABLES**

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

Fund	Receivables	Payables
<b>General Fund:</b>		
Due to Special Revenue – Special Projects	\$	\$ 328,782
Due to Special Revenue - EIA		4,979,394
Due to Debt Service		190,030
Due to Capital Projects Fund		7,039,712
Due to Enterprise Fund – Food Service		2,295,356
Due to Internal Service Fund		<u>293,503</u>
<b>Total</b>		15,126,777
<b>Special Revenue – Special Projects</b>		
Due from General Fund	328,782	
<b>Special Revenue – EIA</b>		
Due from General Fund	4,979,394	
<b>Debt Service</b>		
Due from General Fund	190,030	
<b>Capital Projects</b>		
Due from General Fund	7,039,712	
<b>Enterprise Fund – Food Service</b>		
Due from General Fund	2,295,356	
<b>Internal Service Fund</b>		
Due from General Fund	<u>293,503</u>	
<b>Totals</b>	<u>\$ 15,126,777</u>	<u>\$ 15,126,777</u>

All cash activities, excluding Food Service, are recorded in the General Fund, and as a result, receivables and payables exist at year end that are either due to or due from the General Fund to/from other funds. Other inter-fund balances include Special Revenue payments not received from the State Department of Education until after the fiscal year end, fringe amounts paid by the General Fund for Food Service, indirect cost transfers adjustments made at year end and adjustments made at year end for Taxes receivable for Debt Service, and building project costs.



**RICHLAND SCHOOL DISTRICT TWO**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

**7. TRANSFERS IN AND OUT**

Transfers between the various funds of the School District are as follows:

<b>Fund</b>	<b><u>Transfers In</u></b>	<b><u>Transfers Out</u></b>
<b>General Fund:</b>		
Special Revenue – Special Projects	\$	\$ 440,400
Special Revenue – Special Projects Indirect Cost	533,458	
Special Revenue – EIA	6,682,312	
Debt Service Fund		229,533
Internal Service Fund		2,262,287
Enterprise – Food Service Fund		358,471
Enterprise – Food Service Fund Indirect Cost	403,061	
<b>Total</b>	<u>7,618,831</u>	<u>3,290,691</u>
<b>Special Revenue – EIA</b>		
General Fund		6,682,312
<b>Special Revenue – Special Projects</b>		
General Fund	440,400	
General Fund – Indirect Cost		533,458
<b>Debt Service Fund</b>		
Capital Projects Fund	97,848	
General Fund	229,533	
<b>Capital Projects Fund</b>		
Debt Service Fund		97,848
<b>Internal Service Fund</b>		
General Fund	2,262,287	
<b>Enterprise – Food Service Fund</b>		
General Fund	358,471	
General Fund – Indirect Cost		403,061
<b>Total All Funds</b>	<u>\$ 11,007,370</u>	<u>\$ 11,007,370</u>

During the 2017-2018 fiscal year transfers were made from Special Revenue-Special Project Funds to the general fund to offset costs. Transfers from the General Fund into Special Revenue – Special Projects reflect amounts allocated as discretionary funds for student activities and athletic programs. Annual transfers are done from the Special Revenue – EIA fund into the General fund for State revenues provided for teacher salary increases and employer fringe contributions. Amounts were transferred from the Food Service fund for indirect costs paid to the General fund and a transfer was made from the General Fund into the Food Service Fund to allocate state fringe benefits reimbursement funds applicable to the Food Service Program.

In addition, funds were transferred from the General Fund to the Internal Service Fund in the amount of \$2.26 million in order to cover the cost associated with the Self-insured Workers' Compensation program and the required reserves at June 30, 2018. Funds were also transferred from the General Fund and Capital Project Fund to the Debt Service fund for costs associated with closing costs and to cover the annual payment on the equipment acquisition purchase for solar panels.

**RICHLAND SCHOOL DISTRICT TWO**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

**8. LONG TERM OBLIGATIONS**

The following summarizes the changes in long-term debt obligations for the year ended June 30, 2018:

General Obligation Bonds:

February 14, 2008	\$	3,000,000	(3,000,000)	-	\$
February 18, 2009		6,570,000	(1,360,000)	5,210,000	5,210,000
June 11, 2009		7,495,000	(1,970,000)	5,525,000	1,940,000
May 25, 2010 (A)		10,750,000	(1,075,000)	9,675,000	1,075,000
September 8, 2010		48,805,000	(9,060,000)	39,745,000	11,020,000
September 8, 2010		42,620,000		42,620,000	
November 9, 2010		48,570,000	(5,000,000)	43,570,000	5,000,000
October 5, 2011		57,300,000	(45,750,000)	11,550,000	3,000,000
December 5, 2012		22,270,000	(8,825,000)	13,445,000	5,725,000
April 24, 2013		4,060,000	(4,060,000)	-	
April 25, 2013		55,120,000	(5,000)	55,115,000	5,000
May 21, 2014		9,430,000		9,430,000	1,700,000
March 10, 2015		58,745,000		58,745,000	-
March 10, 2015		10,000,000	(3,215,000)	6,785,000	3,345,000
May 31, 2016		10,000,000		10,000,000	3,150,000
July 26, 2016		1,814,000	(268,000)	1,546,000	302,000
May 30, 2017		10,000,000	(2,340,000)	7,660,000	1,765,000
November 30, 2017			40,880,000	(855,000)	40,025,000
June 12, 2018			10,000,000		10,000,000
Total General Obligation Bonds		<u>406,549,000</u>	<u>50,880,000</u>	<u>(86,783,000)</u>	<u>370,646,000</u>
Unamortized Bond Premiums		34,163,324	6,846,795	(9,802,483)	31,207,636
Accrued Compensated Absences		4,585,154	553,671	(1,026,183)	4,112,642
Total	\$	<u>445,297,478</u>	<u>58,280,466</u>	<u>(97,611,666)</u>	<u>405,966,278</u>

**Business-Type Activities:**

Accrued Compensated Absences	\$	<u>60,797</u>	<u>10,725</u>	<u>(29,609)</u>	<u>41,913</u>	\$	<u>6,868</u>
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During the 2017-2018 fiscal year, the School District issued \$10,000,000 in Series 2017 general obligation bonds for the annual capital funds program. These funds are used for significant capital repairs of facilities and for maintaining the equipment needed for the 1 to 1 computing program and technology infrastructure throughout the district.

In addition, the district issued 2017B in the amount of \$40,880,000 in Series 2017B general obligation advance refunding bonds for the purpose of partially refunding the Series 2011B general obligation bonds. The difference between the refunded debt and the new bond payments resulted in a savings of \$4,084,653.

**RICHLAND SCHOOL DISTRICT TWO**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

**General Obligations**

General obligations primarily consist of obligations related to general obligation bonds as of June 30, 2018. The following table outlines the debt outstanding at June 30, 2018:

<b>Issue</b>	<b>Date of Issue</b>	<b>Interest Rates</b>	<b>Payment Dates</b>	<b>Maturity</b>	<b>Original Issue</b>	<b>Outstanding at June 30, 2018</b>
2009A <sub>1</sub>	February 14, 2008	5.00%	Nov./May	2023	\$ 70,000,000	\$ 5,210,000
2009C <sub>1</sub>	June 11, 2009	3.00%-5.00%	Sept./Mar.	2021	18,500,000	5,525,000
2010A/QSCB <sub>1</sub>	May 25, 2010	.75%-5.20%	May/Nov	2027	18,235,000	9,675,000
2010C <sub>1</sub>	September 8, 2010	5.00%	May/Nov	2024	83,260,000	39,745,000
2010D/QSCB <sub>1</sub>	September 8, 2010	1.00%-5.00%	Sept./Mar.	2028	42,625,000	42,620,000
2010E/QSCB <sub>1</sub>	November 9, 2010	.50%-5.25%	May/Nov	2028	60,000,000	43,570,000
2011B <sub>1</sub>	October 5, 2011	3%-5%	May/Nov	2031	60,000,000	11,550,000
2012B (Refunding) <sub>3</sub>	December 5, 2012	3%-5%	Oct./Apr.	2021	28,215,000	13,445,000
2013B <sub>1</sub>	April 25, 2013	2.9%-5%	Nov./May	2033	55,140,000	55,115,000
2014A <sub>2</sub>	April 25, 2013	5.00%	Nov./May	2023	9,430,000	9,430,000
2015A (Refunding) <sub>3</sub>	March 10, 2015	2.000% - 5.000%	Feb./Aug.	2023	60,010,000	58,745,000
2015B <sub>2</sub>	March 10, 2015	1.750% - 4.000%	Feb./Aug.	2020	10,000,000	6,785,000
2016 <sub>2</sub>	May 31, 2015	5.00%	Sept./Mar.	2021	10,000,000	10,000,000
2016 ACQ <sub>4</sub>	July 26, 2016	1.118%	Dec	2022	2,100,000	1,546,000
2017A <sub>2</sub>	May 30, 2017	2.000% - 5.000%	Sept./Mar.	2022	10,000,000	7,660,000
2017B (Refunding) <sub>3</sub>	November 30, 2017	2.000% - 5.000%	Sept./Mar.	2031	40,880,000	40,025,000
2018A <sub>2</sub>	June 12, 2018	2.000% - 5.000%	Sept./Mar.	2023	10,000,000	10,000,000
					<u>\$ 588,395,000</u>	<u>\$ 370,646,000</u>

General obligations at June 30, 2018 consist of primarily general obligation bonds payable, issued under the approved 2008 referendum and several obligations issued under the legal 8% debt limit for technology equipment and recurring facility capital needs. Of these, the Series 2010A, 2010D and 2010E were issued as Taxable Qualified School Construction Bonds under the provisions of the State of South Carolina Federal Education Tax-Credit Bond Implementation Act of 2009. A refundable tax credit must be applied for each time an interest payment is due for these bonds. These issues provided federal subsidy for future interest payments due each year for the life of the bonds; however, following federal sequestration the District projects a 7-9% reduction to the subsidy for future years.

1 Issues relate to the November 2008 bond referendum of \$306 million. The referendum and the related issues funded construction of four new elementary schools, a new middle school, a new high school, as well as renovations to existing facilities.

2 Annual issues relate to recurring technology equipment needs and recurring facility capital needs. These issues are allowed under the State of SC constitution, allowing school districts to issue up to 8% of the assessed value in General Obligation Bonds without voter approval.

3 Issues relate to Refunded debt. The 2012A Refunding relates to a partial refunding of 2006A and 2007B original issues. The 2015A Refunding relates to a partial refunding of 2008A and 2009A original issues. The 2017B Refunding relates to a partial refunding of 2011B.

4 Issues relate to an equipment acquisition to purchase solar panels for the new R2i2 facility.

The remaining outstanding debt issued (2012A, 2013A, 2014A, 2015A, 2016, 2017A and the 2018A issues) were issued under the legal 8% debt limit for technology equipment and facilities recurring capital needs.

**RICHLAND SCHOOL DISTRICT TWO**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

The annual requirements to amortize the General Obligation Bonds outstanding at June 30, 2018, including interest payments of \$89,533,469 are as follows:

<b>Fiscal Year Ending June 30</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2019	\$ 45,847,000	\$ 16,798,786	\$ 62,645,786
2020	46,245,000	14,832,255	61,077,255
2021	46,719,000	12,698,907	59,417,907
2022	46,518,000	10,562,667	57,080,667
2023	44,167,000	8,322,591	52,489,591
2024-2028	108,240,000	23,407,013	131,647,013
2029-2034	32,910,000	2,911,250	35,821,250
Total	\$ <u>370,646,000</u>	\$ <u>89,533,469</u>	\$ <u>460,179,469</u>

The School District has satisfied all sinking fund requirements. There is an annual tax millage, currently 108.0 mills, to repay this General Obligation debt. Details on the Bonds Payable are presented as schedules.

**Compensated Absences**

The School District estimates that the compensated absences amount to be considered as the current portion due within one year to be \$1,038,736 for the General Fund and \$6,868 for the Food Service - Enterprise Fund.

**9. EMPLOYEE RETIREMENT**

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 State Fiscal Accountability Authority, which consists of five elected officials, also reviews certain PEBA Board decisions regarding the funding of the Systems and serves as a co-trustee of the Systems in conducting that review. Effective July 1, 2017, the Retirement System Funding and Administration Act of 2017 assigned the PEBA Board of Directors as the Custodian of the Retirement Trust Funds and assigned PEBA and the Retirement Systems Investment Commission (RSIC) as co-trustees of the Retirement Trust Funds. 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 on the Retirement Benefits' link on PEBA's website at [www.peba.sc.gov](http://www.peba.sc.gov), or a copy may be obtained by submitting a request to PEBA, 202 Arbor Lake Drive, Columbia, SC, 29223. PEBA is considered a division of the primary government of the state of South Carolina and therefore, retirement trust fund financial information is also included in the comprehensive annual financial report of the state.

**Plan Description**

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.

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.

**RICHLAND SCHOOL DISTRICT TWO**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

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

**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 in this section.

For 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.

For PORS, to be eligible for 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.

For State ORP, as an alternative to membership in the SCRS, newly hired state, public school, and higher education employees have the option to participate in the State Optional Retirement Program (State ORP). PEBA assumes no liability for the State ORP benefits. Rather, the benefits are the liability of the investment providers. For this reason, State ORP programs are not part of the retirement system 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 death benefit contribution (.15 percent), if applicable, which is retained by SCRS.

**Benefits**

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

For 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 requirements 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

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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.

For 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 of 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 percentage rate in SCRS and PORS employer and employee contribution rates on the basis of 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 thirty 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 thirty-year amortization period; and, this increase is not limited to one-half of one percent per year.

If the most recent annual actuarial valuation of the Systems for funding purposes shows a ratio of the actuarial value of system assets to the actuarial accrued liability of the system (the funded ratio) that is equal to or greater than ninety percent, then the board, effective on the following July first, may decrease the then current contribution rates upon making a finding that the decrease will not result in a funded ratio of less than ninety percent. Any decrease in contribution rates must maintain the 2.9 and 5 percent differentials between the SCRS and PORS employer and employee contribution rates respectively. If contribution rates are decreased pursuant to this provision, and the most recent annual actuarial valuation of the system shows a funded ratio of less than ninety percent, then effective on the following July first, and annually thereafter as necessary, the board shall increase the then current contribution rates until a subsequent annual actuarial valuation of the system shows a funded ratio that is equal to or greater than 90 percent.

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

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Required employer and employee contribution rates for the past three years are as follows:

	<b>SCRS and State ORP Rates</b>			<b>PORS Rates</b>		
	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Employer Contribution Rate: <sup>1</sup>						
Retirement <sup>2</sup>	10.91%	11.41%	13.41%	13.34%	13.84%	15.84%
Incidental Death Benefit	0.15%	0.15%	0.15%	0.20%	0.20%	0.20%
Accidental Death Contributions	0.00%	0.00%	0.00%	0.20%	0.20%	0.20%
	<u>11.06%</u>	<u>11.56%</u>	<u>13.56%</u>	<u>13.74%</u>	<u>14.24%</u>	<u>16.24%</u>
Employee Contribution Rate	<u>8.16%</u>	<u>8.66%</u>	<u>9.00%</u>	<u>8.74%</u>	<u>9.24%</u>	<u>9.75%</u>

<sup>1</sup> Calculated on earnable compensation as defined in Title 9 of the South Carolina Code of Laws.

<sup>2</sup> Of this employer contribution, 5% of earnable compensation must be remitted by the employer directly to the ORP Vendor to be allocated to the member's account with the remainder of the employer contribution remitted to the SCRS.

Year Ended June 30,	<b>SCRS Contributions</b>		<b>State PORS Contributions</b>		<b>State ORP Contributions</b>	
	<u>Required</u>	<u>% Contributed</u>	<u>Required</u>	<u>% Contributed</u>	<u>Required</u>	<u>% Contributed</u>
2016	\$ 16,618,723	100%	\$ 68,544	100%	\$ 1,494,608	100%
2017	17,941,197	100%	77,814	100%	1,690,341	100%
2018	21,202,441	100%	88,736	100%	2,281,965	100%

**Net Pension Liability and Pension Expense**

At June 30, 2018, the School District reported liabilities of \$378,725,617 and \$1,128,261 for its proportionate share of the SCRS and PORS net pension liability, respectively. The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2016 projected forward to June 30, 2017. The School District's proportionate share of the net pension liability was calculated on the basis of historical employer contributions to the pension plan for the fiscal year ended June 30, 2016 relative to historical contributions of all participating employers. As of the June 30, 2017 measurement date, the School District's proportionate share of the SCRS plan was 1.682357%, which was a decrease of 0.009372% from its proportion measured as of June 30, 2016. As of the June 30, 2017 measurement date, the School District's proportionate share of the PORS plan was 0.04118%, which was an increase of 0.00463% from its proportion measured as of June 30, 2016.

For the year ended June 30, 2018, the School District recognized pension expense of \$38,348,514 and \$135,565 for SCRS and PORS, respectively.

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**Deferred Outflows of Resources and Deferred Inflows of Resources related to Pensions**

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

**South Carolina Retirement System**

<u>Description</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Contributions subsequent to the measurement date	\$ 23,484,406	\$
Changes in assumptions	22,170,320	
Differences between expected and actual experience	1,688,358	209,915
Net difference between projected and actual earnings on pension plan investments	10,572,241	
Deferred amounts from changes in proportionate share	1,046,193	2,437,250
	<u>\$ 58,961,518</u>	<u>\$ 2,647,165</u>

**Police Officers Retirement System**

<u>Description</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Contributions subsequent to the measurement date	\$ 88,736	\$
Changes in assumptions	107,082	
Differences between expected and actual experience	10,061	
Net difference between projected and actual earnings on pension plan investments	40,205	
Deferred amounts from changes in proportionate share	79,800	63,208
	<u>\$ 325,884</u>	<u>\$ 63,208</u>

The \$23,484,406 and \$88,736 reported as deferred outflows of resources related to the SCRS pension and PORS pension, respectively, resulting from the School District's contributions paid subsequent to the measurement date for the SCRS plan during the year ended June 30, 2017 will be recognized as a reduction of the net pension liability in the year ending June 30, 2019.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows for the SCRS and PORS plans, respectively.

<u>Year Ending June 30,</u>	<u>SCRS</u>	<u>PORS</u>
2019	\$ 10,310,002	\$ 42,429
2020	15,222,698	62,008
2021	10,256,560	53,951
2022	(2,959,313)	15,552
Thereafter	-	-

**Actuarial Assumptions and Methods**

Actuarial valuations involve estimates of the reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and future salary increases. Actuarial assumptions and methods used during the annual



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valuation process are subject to periodic revision, typically with an experience study, as actual results over an extended period of time are compared with past expectations and new estimates are made about the future. South Carolina state statute requires that an actuarial experience study be completed at least once in each five-year period. An experience report on the Systems was most recently issued as of July 1, 2015.

The following table provides a summary of the actuarial assumptions and methods used in the July 1, 2017, valuations for SCRS and PORS.

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

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 2016.

Assumptions used in the July 1, 2017, valuations for SCRS and PORS are as follows:

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

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

The expected returns, along with the expected inflation rate, form the basis for the revised target asset allocation adopted at the beginning of the 2017 fiscal year. The long-term expected rate of return is produced by weighting the expected future real rates of return by the target allocation percentage and adding expected inflation and is summarized in the following table. For actuarial purposes, the 7.25 percent assumed annual investment rate of return used in the calculation of the total pension liability includes a 5.00 percent real rate of return and a 2.25 percent inflation component.

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<b>Asset Class</b>	<b>Target Asset Allocation</b>	<b>Expected Arithmetic Real Rate of Return</b>	<b>Long Term Expected Portfolio Real Rate of Return</b>
<b>Global Equity</b>	<b>45.0%</b>		
Global Public Equity	31.0%	6.72%	2.08%
Private Equity	9.0%	9.60%	0.86%
Equity Options Strategies	5.0%	5.91%	0.30%
<b>Real Assets</b>	<b>8.0%</b>		
Real Estate (Private)	5.0%	4.32%	0.22%
Real Estate (REIT's)	2.0%	6.33%	0.13%
Infrastructure	1.0%	6.26%	0.06%
<b>Opportunistic</b>	<b>17.0%</b>		
GTAA/Risk Parity	10.0%	4.16%	0.42%
HF (Non-PA)	4.0%	3.82%	0.15%
Other Opportunistic Strategies	3.0%	4.16%	0.12%
<b>Diversified Credit</b>	<b>18.0%</b>		
Mixed Credit	6.0%	3.92%	0.24%
Emerging Market Debt	5.0%	5.01%	0.25%
Private Debt	7.0%	4.37%	0.31%
<b>Conservative Fixed Income</b>	<b>12.0%</b>		
Core Fixed Income	10.0%	1.60%	0.16%
Cash and Short Duration (Net)	2.0%	0.92%	0.02%
<b>Total Expected Real Return</b>	<b>100.0%</b>		<b>5.31%</b>
Inflation for Actuarial Purposes			2.25%
<b>Total Expected Nominal Return</b>			<b>7.56%</b>

#### Discount Rate

The discount rate used to measure the total pension liability was 7.25 percent. The projection of cash flows used to determine the discount rate assumed that contributions from participating employers in SCRS and PORS will be made based on the actuarially determined rates based on provisions in the South Carolina State Code of Laws. Based on those assumptions, each System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

#### Sensitivity Analysis

The following table presents the School District's proportionate share of the net pension liability calculated using the discount rate of 7.25 percent, as well as what the School District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.25 percent) or 1 percentage point higher (8.25 percent) than the current rate:

<b>Sensitivity of the Net Pension Liability to Changes in the Discount Rate</b>			
<b>System</b>	<b>1.00% Decrease (6.25%)</b>	<b>Current Discount Rate (7.25%)</b>	<b>1.00% Increase (8.25%)</b>
SCRS	\$ 488,125,296	\$ 378,725,617	\$ 312,345,718
PORS	\$ 1,523,367	\$ 1,128,261	\$ 817,041

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**Pension Plan Fiduciary Net Position**

The net pension liability is calculated separately for each system and represents that particular system's total pension liability determined in accordance with GASB No. 67 less that System's fiduciary net position. As of June 30, 2017, net pension liability amounts for SCRS and PORS are as follows:

<b>System</b>	<b>Total Pension Liability</b>	<b>Plan Fiduciary Net Position</b>	<b>Employers' Net Pension Liability (Asset)</b>	<b>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</b>
SCRS	\$ 48,244,437,494	\$ 25,732,829,268	\$ 22,511,608,226	53.3%
PORS	7,013,684,001	4,274,123,178	2,739,560,823	60.9%

The total pension liability is calculated by the System's actuary, and each plan's fiduciary net position is reported in the System's financial statements. The net pension liability is disclosed in accordance with the requirements of GASB Statement 67 in the System's notes to the financial statements and required supplementary information.

Detailed information regarding the fiduciary net position of the plans administered by PEBA is available in the separately issued CAFR containing financial statements and required supplementary information for SCRS. The CAFR of the Pension Trust Funds is publicly available on PEBA's Retirement Benefits' website at [www.retirement.sc.gov](http://www.retirement.sc.gov), or a copy may be obtained by submitting a request to PEBA, PO Box 11960, Columbia, SC 29211-1960.

**10. OTHER POSTEMPLOYMENT BENEFITS**

As previously discussed, PEBA is a state agency responsible for the administration and management of the State of South Carolina's employee insurance programs, other post-employment benefit trusts and retirement systems and is part of the State of South Carolina primary government. By law, the State Fiscal Accountability Authority ("SFAA"), which consists of five elected officials, also reviews certain PEBA Board decisions in administering the State Health Plan and OPEB.

PEBA issues audited financial statements and required supplementary information for the other post-employment benefits trusts ("OPEB Trusts"). This information is publicly available through the Insurance Benefits' link on PEBA's website at [www.peba.sc.gov](http://www.peba.sc.gov) or a copy may be obtained by submitting a request to PEBA – Insurance Benefits, 202 Arbor Lake Drive, Columbia, SC 29223. PEBA is considered a division of the primary government of the state of South Carolina, and therefore, the financial information of the Trust is also included in the comprehensive annual financial report of the State.

**Plan Descriptions**

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

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

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

**Plan Benefits**

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

The SCLTDITF is a long-term disability plan that covers employees of the State of South Carolina, including all agencies and public school districts and all participating local governmental entities. The SCLTDITF provides disability payments to eligible employees that have been approved for disability.

**Plan Contributions and Funding Policies**

Section 1-11-710 of the South Carolina Code of Laws of 1976, as amended, requires these postemployment and long-term disability benefits to be funded through annual appropriations by the General Assembly for active employees to the PEBA, Insurance Benefits and participating retirees to PEBA, except for the portion funded through the pension surcharge and provided from the other applicable sources of the PEBA, Insurance Benefits. For active employees who are not funded by State General Fund appropriations, participating employers are mandated by State statute to contribute at a rate assessed each year by the Department of Administration Executive Budget Office. The covered payroll surcharge for the years ended June 30, 2018 and 2017 were 5.50 percent and 5.33 percent, respectively.

The South Carolina Retirement System collects the monthly surcharge for all participating employers and remits it directly to the SCRHITF. Other sources of funding for the SCRHITF include mandatory transfers of accumulated PEBA, Insurance Benefits' reserves and income generated from investments. Employer contributions also include the implicit subsidy, or age-related subsidy inherent in the healthcare premiums structure. The implicit subsidy represents a portion of the health care expenditures paid on behalf of the employer's active employees. For purposes of GASB Statement No. 75, this expenditure on behalf of the active employee is reclassified as a retiree health care expenditure so that the employer's contributions towards the plan reflect the underlying age-adjusted, retiree benefit costs.

BLTD benefits are funded through a person's premium charged to State agencies, public school districts and other participating local governments. The monthly premium per active employee was \$3.22 for the fiscal year ended June 30, 2017. The SCLTDITF premium is billed monthly by PEBA, Insurance Benefits and transferred monthly to the SCLTDITF. It is also funded through investment income.

**Net OPEB Liability, OPEB Expense and Deferred Outflows/Inflows of Resources Related to OPEB**

At June 30, 2018, the District reported liabilities of \$291,281,567 and \$29,342 for its proportionate share of the net OPEB liabilities for the SCRHITF and SCLTDITF, respectively. The net OPEB liabilities were measured as of June 30, 2017, and the total OPEB liabilities for the OPEB Trusts used to calculate the net OPEB liabilities were determined based on the most recent actuarial valuation report as of July 1, 2016 that was projected forward to the measurement date. The District's proportion of the net OPEB liabilities were based on an allocation of the District's share of payroll-related contributions to the OPEB Trusts relative to the projected contributions of all participating South Carolina state and local

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governmental employers, actuarially determined. At the June 30, 2017 measurement date, the District's SCRHITF proportion was 2.150499 percent, which was equal to its proportion measured as of June 30, 2016. At the June 30, 2017 measurement date, the District's SCLTDITF proportion was 1.618414 percent, which was equal to its proportion measured as of June 30, 2016.

In accordance with part (b) of paragraph 69 of GASB Statement No. 75, participating employers should recognize revenue in an amount equal to the employer's proportionate share of the change in the collective net OPEB liability arising from contributions to the OPEB plan during the measurement period from non-employer contributing entities for purposes other than the separate financing of specific liabilities to the OPEB plan. For the year ended June 30, 2018, the District recognized \$1,705,491 and \$6,474 for the SCRHITF and SCLTDITF, respectively, for a total of \$1,711,965 of revenues from state sources and intergovernmental expenditures in the District's special revenue funds.

For the year ended June 30, 2018, the District recognized OPEB expense of \$16,831,511 and \$130,984 for the SCRHITF and SCLTDITF, respectively, for a total OPEB expense of \$16,962,495. At June 30, 2018, the District reported deferred outflows of resources (deferred OPEB charges) and deferred inflows of resources (deferred OPEB credits) related to OPEB from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
<b>SCRHITF</b>		
Differences Between Expected and Actual Experience	\$ -	\$ 126,419
Changes in Assumptions	-	27,408,240
Net Difference Between Projected and Actual Earnings on OPEB Plan Investments	500,504	-
Changes in Proportionate Share and Differences Between Employer Contributions and Proportionate Share of Total Plan Employer Contributions	-	4,167
The School District's Contributions Subsequent to the Measurement Date	10,094,472	-
Total SCRHITF	<u>10,594,976</u>	<u>27,538,826</u>
<b>SCLTDITF</b>		
Differences Between Expected and Actual Experience	-	-
Changes in Assumptions	-	2,662
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	14,137	-
Changes in Proportionate Share and Differences Between Employer Contributions and Proportionate Share of Total Plan Employer Contributions	-	728
The School District's Contributions Subsequent to the Measurement Date	126,955	-
Total SCLTDITF	<u>141,092</u>	<u>3,390</u>
Total SCRHITF and SCLTDITF	<u>\$ 10,736,068</u>	<u>\$ 27,542,216</u>

\$10,094,472 and \$126,955 that were reported as deferred outflows of resources related to the District's contributions subsequent to the measurement date to the SCRHITF and SCLTDITF, respectively, will be recognized as a reduction of the net OPEB liabilities in the year ended June 30, 2019.

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Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the SCRHITF and SCLTDITF will increase (decrease) OPEB expense as follows:

Year Ended June 30,	SCRHITF	SCLTDITF	Total
2019	\$ 4,283,908	\$ (3,156)	\$ 4,280,752
2020	4,283,908	(3,156)	4,280,752
2021	4,283,908	(3,156)	4,280,752
2022	4,283,908	(3,156)	4,280,752
2023	4,409,034	378	4,409,412
Thereafter	5,493,656	1,499	5,495,155
Total	<u>\$ 27,038,322</u>	<u>\$ (10,747)</u>	<u>\$ 27,027,575</u>

**Actuarial Assumptions and Methods**

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

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

Additional information as of the latest actuarial valuation for SCRHITF:

Valuation Date: June 30, 2016

Actuarial Cost Method: Entry Age Normal

Inflation: 2.25%

Investment Rate of Return: 4.00%, net of OPEB Plan investment expense; including inflation

Single Discount Rate: 3.56% as of June 30, 2017

Demographic Assumptions: Based on the experience study performed for the South Carolina Retirement Systems for the 5-year period ending June 30, 2015

Mortality: For healthy retirees, the 2016 Public Retirees of South Carolina Mortality Table for Males and the 2016 Public Retirees of South Carolina Mortality Table for Females are used with fully generational mortality projections based on Scale AA from the year 2016. Multipliers are applied to the base tables based on gender and employment type.

Health Care Trend Rate: Initial trend starting at 7.00% and gradually decreasing to an ultimate trend rate of 4.15% over a period of 15 years

Aging Factors: Based on plan specific experience

**RICHLAND SCHOOL DISTRICT TWO**  
**NOTES TO FINANCIAL STATEMENTS**  
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Retiree Participation: 79% for retirees who are eligible for funded premiums

Notes: There were no benefit changes during the year. The discount rate changed from 2.92% as of June 30, 2016 to 3.56% as of June 30, 2017.

Additional information as of the latest actuarial valuation for SCLTDITF:

Valuation Date: June 30, 2016

Actuarial Cost Method: Entry Age Normal

Inflation: 2.25%

Investment Rate of Return: 4.00%, net of Plan investment expense; including inflation

Single Discount Rate: 3.87% as of June 30, 2017

Salary, Termination and Retirement Rates: Based on the experience study performed for the South Carolina Retirement Systems for the 5-year period ending June 30, 2015

Disability Incidence: The rates used in the valuation are based on the rates developed for the South Carolina Retirement Systems pension plans

Disability Recovery: For participants in payment, 1987 CGDT Group Disability; for active employees, 60% were assumed to recover after the first year and 92% were assumed to recover after the first two years

Offsets: 40% are assumed to be eligible for Social Security benefits; assumed percentage who will be eligible for a pension plan offset varies based on employee group

Notes: There were no benefit changes during the year. The discount rate changed from 3.74% as of June 30, 2016 to 3.87% as of June 30, 2017.

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

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

**RICHLAND SCHOOL DISTRICT TWO**  
**NOTES TO FINANCIAL STATEMENTS**  
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**Discount Rate**

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

A Single Discount Rate of 3.87% was used to measure the total OPEB liability for the SCLTDITF. This Single Discount Rate was based on an expected rate of return on plan investments of 4.00% and a municipal bond rate of 3.56%. The projection of cash flows to determine this Single Discount Rate assumed that employer contributions will remain \$38.64 per year for each covered active employee. Based on these assumptions, the plan's Fiduciary Net Position and future contributions were sufficient to finance the benefit payments through the year 2037. As a result, the long-term expected rate of return on plan investments was applied to project benefit payments through the year 2037, and the municipal bond rate was applied to all benefit payments after that date.

**Sensitivity Analysis**

The following table presents the District's proportionate share of the net OPEB liability of the SCRHITF calculated using a Single Discount Rate of 3.56 percent, as well as what the District's proportionate share of the net OPEB liability of the SCRHITF would be if it were calculated using a Single Discount Rate that is one percent lower or one percent higher:

Sensitivity of the SCRHITF Net OPEB Liability to Changes in the Discount Rate		
1.00% Decrease (2.56%)	Current Discount Rate (3.56%)	1.00% Increase (4.56%)
\$ 343,047,356	\$ 291,281,567	\$ 249,545,670

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

Sensitivity of the SCRHITF Net OPEB Liability to Changes in the Healthcare Cost Trend Rates		
1.00% Decrease	Current Healthcare Cost Trend Rate	1.00% Increase
\$ 238,862,956	\$ 291,281,567	\$ 359,151,070

The following table presents the District's proportionate share of the net OPEB liability of the SCLTDITF calculated using a Single Discount Rate of 3.87 percent, as well as what the District's proportionate share of the net OPEB liability of the SCLTDITF would be if it were calculated using a Single Discount Rate that is one percent lower or one percent higher:

Sensitivity of the SCLTDITF Net OPEB Liability to Changes in the Discount Rate		
1.00% Decrease (2.87%)	Current Discount Rate (3.87%)	1.00% Increase (4.87%)
\$ 52,198	\$ 39,342	\$ 6,906



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**OPEB Plan Fiduciary Net Position**

The Net OPEB Liability is calculated separately for each OPEB Trust Fund and represents that particular Trust's total OPEB liability determined in accordance with GASB No. 74 less that Trust's fiduciary net position. Net OPEB liability totals, as of June 30, 2017 measurement date, for the SCRS and PORS are presented in the following table:

System	Total OPEB Liability	Plan Fiduciary Net Position	Employer's Net OPEB Liability (Asset)	Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability
SCRHITF	\$ 14,659,610,970	\$ 1,114,774,760	\$ 13,544,836,210	7.6%
SCLTDITF	\$ 38,510,568	\$ 36,697,589	\$ 1,812,979	95.3%

The total OPEB liability is calculated by the Trusts' actuary, and each Trust's fiduciary net position is reported in the Trust's financial statements. The net OPEB liability is disclosed in accordance with the requirements of GASB No. 74 in the Trusts' notes to the financial statements and required supplementary information.

**11. 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 the 2017-2018 fiscal year, the School District obtained its general liability and property insurance through Surry of NC.

The School District has operated a self-insured Workers Compensation program since July 1, 2008. Activity related to the Workers Compensation program is reported in an Internal Service Fund. The School District has also hired a third party administrator to handle claim processing related to the program. The School District has purchased excess workers compensation insurance that covers losses exceeding \$600k per occurrence, with no aggregate requirement. At June 30, 2018, the School District has recognized a liability for claims payable in the Internal Service fund for \$2,007,249 related to estimated future claim payments.

The School District continues to carry commercial insurance for all other risks of loss. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years. There were no significant reductions in coverage during the year ended June 30, 2018.

**12. FUND BALANCE CLASSIFICATIONS**

The following table summarizes the amounts classified for specific fund balance classifications other than unassigned fund balance, which is only reportable in the General Fund:

Restricted Fund Balance:	
<i>Restricted for Special Revenue</i>	\$ 17,316
<i>Restricted for Debt Service</i>	26,645,639
<i>Restricted for Capital Projects</i>	26,410,580
Unassigned Fund Balance	<u>52,973,547</u>
Total Governmental Fund Balance	<u>\$ 106,047,082</u>

**13. CONTINGENT LIABILITIES**

**Litigation**

Various claims and lawsuits are pending against the School District. Although the outcomes of these lawsuits are 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.

**RICHLAND SCHOOL DISTRICT TWO  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018**

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**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.

**14. TAX ABATEMENTS**

Richland County, South Carolina ("County") has two tax abatement programs which abate Richland School District Two's ("School District") property tax revenues from certain taxpayers. Those programs are the "Fee-in-Lieu of Ad Valorem Property Tax" ("FILOT") program and the "Special Source Revenue Credit" ("SSRC") Program. The purpose of the FILOT program is to reduce the disparately higher property tax rates applied to manufacturing and certain commercial properties in South Carolina, which have previously impeded new and expanding business from locating in South Carolina. The purpose of the SSRC program is to enhance economic development by reducing property taxes for taxpayers that use the credit provided under the SSRC program to pay the cost of designing, acquiring, constructing, improving, or expanding (a) infrastructure serving the local government or the taxpayer's property, or (b) improved or unimproved real estate and personal property, including machinery and equipment used in the operation of a manufacturing or commercial enterprise.

Additionally, the County uses multicounty industrial or business parks ("MCIP") in connection with the FILOT and SSRC programs which further abate the School District's property tax revenues from certain taxpayers.

For tax year 2017, the gross dollar amount by which the School District's property tax revenues were abated pursuant to tax abatement agreements entered into by the County under each of the programs described above is as follows:

FILOT Program:	\$9,306,252
SSRC Program:	\$142,859 <sup>1</sup>
MCIP:	\$516,588

For tax year 2017, the gross dollar amount of property tax revenues the School District received pursuant to the tax abatement agreements entered into by the County under each of the programs described above is as follows:

FILOT Program:	\$3,693,842
SSRC Program:	\$136,043 <sup>1</sup>
MCIP:	\$3,747,730

<sup>1</sup>The County may combine the FILOT and the SSRC program into one tax abatement agreement. The property tax revenues abated or received under the SSRC program are revenues that are abated or received by the School District through tax abatement agreements utilizing only the SSRC program. Abatements incurred or revenues received by the School District through tax abatement programs utilizing a combination of the FILOT and the SSRC programs are noted in the FILOT program abatements and revenues.

**15. COMMITMENTS**

The School District had capital projects still in process as of June 30, 2018, primarily related to Elementary #20, Richland Two Institute of Innovation and other smaller projects. The School District has entered into contracts for these projects totaling over \$73.2 million, of which approximately \$3.4 million had not been expended as of June 30, 2018.

The School District has entered into operating leases, generally for office machines, which are cancelable within one year. Payments under such leases typically do not exceed \$550k annually. The School

**RICHLAND SCHOOL DISTRICT TWO**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

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District anticipates annual payments to approximate this amount on an on-going basis.

**16. SUBSEQUENT EVENTS**

On November 6, 2018, the citizens of Richland County passed a bond referendum approving an amount not to exceed \$468,406,000 for district capital needs. Of the \$468,406,000 approved, \$381,952,000 will be issued for the following purposes:

- Constructing, equipping and furnishing safety and security improvements at all existing School District facilities
- Acquiring new school buses and acquiring and installing safety and security improvements in all new and existing buses
- Constructing, equipping and furnishing replacement schools for Bethel-Hanberry Elementary, Forest Lake Elementary and Center for Knowledge North
- Constructing, equipping and furnishing a replacement school for E.L. Wright Middle, except the three-story existing building that will be improved and renovated
- Constructing, equipping and furnishing renovations, additions and other improvements to academic learning spaces at schools and facilities all across the School District
- Constructing, equipping and furnishing renovations, additions and other improvements to other facilities across the School District
- Acquisition and installation of technology infrastructure improvements
- Costs related to the foregoing, including architectural and engineering fees, costs of removal of existing facilities, cost of land acquisition, if necessary, legal fees, and costs of issuance of the bonds

The other \$86,454,000 will be issued for the purposes of:

- Constructing, equipping and furnishing renovations and additions to athletic facilities at Richland Northeast High and Ridge View High including additions, major renovations, and expansions of football stadiums
- Constructing, equipping and furnishing renovations and additions to other athletic facilities across the School District
- Constructing, equipping and furnishing a new School District Fine Arts Center
- Costs related to the foregoing, including architectural and engineering fees, costs of removal of existing facilities, cost of land acquisition, if necessary, legal fees and costs of issuance of the bonds

The School District has considered subsequent events through the date of the auditors' report, in preparing the financial statements and notes hereto.

## **REQUIRED SUPPLEMENTARY INFORMATION**

**RICHLAND COUNTY SCHOOL DISTRICT TWO**  
**BUDGETARY COMPARISON SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET TO ACTUAL**  
**GENERAL FUND**  
**YEAR ENDED JUNE 30, 2018**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance to Final Budget</u>
<b>REVENUES:</b>				
Local Property Tax	\$ 97,869,013	\$ 97,869,013	\$ 96,013,376	\$ (1,855,637)
Other Local Revenue	1,603,158	1,603,158	2,303,248	700,090
Total Revenue from Local Sources	99,472,171	99,472,171	98,316,624	(1,155,547)
Intergovernmental Sources	150,000	150,000	181,149	31,149
State Sources	166,751,895	166,751,895	168,210,278	1,458,383
Federal Sources	250,000	250,000	298,988	48,988
<b>Total Revenues - All Sources</b>	<u>266,624,066</u>	<u>266,624,066</u>	<u>267,007,039</u>	<u>382,973</u>
<b>EXPENDITURES:</b>				
Current:				
Instruction	161,834,526	159,622,100	155,554,691	4,067,409
Support Services	112,078,064	109,892,265	107,571,811	2,320,454
Community Services		47,973	206,519	(158,546)
Other Charges	-	1,233,301	1,233,301	-
<b>Total Expenditures</b>	<u>273,912,590</u>	<u>270,795,639</u>	<u>264,566,322</u>	<u>6,229,317</u>
<b>Excess Revenues Over (Under) Expenditures</b>	<u>(7,288,524)</u>	<u>(4,171,573)</u>	<u>2,440,717</u>	<u>6,612,290</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Sale of Capital Assets			2,139	2,139
Transfers In	7,288,524	7,288,524	7,618,831	330,307
Transfers Out	-	(3,116,951)	(3,290,691)	(173,740)
<b>Total Other Financing Sources (Uses)</b>	<u>7,288,524</u>	<u>4,171,573</u>	<u>4,330,279</u>	<u>158,706</u>
<b>Excess / (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Financing (Uses)</b>	<u>\$ -</u>	<u>\$ -</u>	<u>6,770,996</u>	<u>\$ 6,770,996</u>
Fund Balance, Beginning of Year			<u>46,202,551</u>	
<b>Fund Balance, End of Year</b>			<u>\$ 52,973,547</u>	

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

**RICHLAND COUNTY SCHOOL DISTRICT TWO**  
**SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY**  
**YEAR ENDED JUNE 30, 2018**

	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>
<b>South Carolina Retirement System (SCRS)</b>					
Proportionate Share of Net Liability as a Percentage	1.682357%	1.691729%	1.702456%	1.681826%	1.681826%
Proportionate Share of Net Liability as an Amount	378,725,617	361,350,817	322,878,988	289,562,351	289,562,351
Covered Employee Payroll During the Measurement Period	180,793,991	150,233,153	146,596,583	140,953,599	140,953,599
Proportionate Share of the Net Liability as a Percentage of its Covered Employee Payroll	209.48%	240.53%	220.25%	205.43%	205.43%
System Plan Fiduciary Net Position as a Percentage of the Total System Pension Liability	53.34%	52.91%	56.99%	59.92%	56.39%
<b>Police Officers Retirement System (PORS)</b>					
Proportionate Share of Net Liability as a Percentage	0.041180%	0.036550%	0.040650%	0.042410%	0.042410%
Proportionate Share of Net Liability as an Amount	1,128,261	927,208	886,031	812,351	812,351
Covered Employee Payroll During the Measurement Period	554,188	506,235	510,602	477,238	477,238
Proportionate Share of the Net Liability as a Percentage of its Covered Employee Payroll	203.59%	183.16%	173.53%	170.22%	170.22%
System Plan Fiduciary Net Position as a Percentage of the Total System Pension Liability	60.94%	60.44%	64.57%	67.55%	62.98%

Source: Information obtained from the South Carolina Public Employee Benefit Authority (PEBA) and the district's financial records.

*Note: The amounts presented for each fiscal year were determined as of June 30th of the preceding year. As of June 30, 2018, only five years of data were available. Additional years' information will be included as it becomes available.*

**RICHLAND COUNTY SCHOOL DISTRICT TWO  
SCHEDULE OF CONTRIBUTIONS TO SCRS AND PORS  
YEAR ENDED JUNE 30, 2018**

**SOUTH CAROLINA RETIREMENT SYSTEM (SCRS)**

	<b>Statutorily Required Contributions</b>	<b>Contributions Recognized by the Plan</b>	<b>Contribution Deficiency (Excess)</b>	<b>Covered Employee Payroll</b>	<b>Contributions as a % of Covered Payroll</b>
2018	\$ 23,484,406	\$ 23,484,406	\$ -	\$ 182,982,634	12.83%
2017	\$ 19,631,538	\$ 19,631,538	\$ -	\$ 180,793,991	10.86%
2016	\$ 18,113,331	\$ 18,113,331	\$ -	\$ 150,233,153	12.06%
2015	\$ 17,378,471	\$ 17,378,471	\$ -	\$ 146,596,583	11.85%
2014	\$ 16,173,481	\$ 16,173,481	\$ -	\$ 140,953,599	11.47%

**POLICE OFFICER RETIREMENT SYSTEM (PORS)**

	<b>Statutorily Required Contributions</b>	<b>Contributions Recognized by the Plan</b>	<b>Contribution Deficiency (Excess)</b>	<b>Covered Employee Payroll</b>	<b>Contributions as a % of Covered Payroll</b>
2018	\$ 88,736	\$ 88,736	\$ -	\$ 553,219	16.04%
2017	\$ 77,814	\$ 77,814	\$ -	\$ 554,188	14.04%
2016	\$ 68,544	\$ 68,544	\$ -	\$ 506,235	13.54%
2015	\$ 67,450	\$ 67,450	\$ -	\$ 510,602	13.21%
2014	\$ 60,322	\$ 60,322	\$ -	\$ 477,238	12.64%

Source: Information obtained from the South Carolina Public Employee Benefit Authority (PEBA) and the district's financial records.

*Note: The amounts presented for each fiscal year were determined as of June 30th of the preceding year. As of June 30, 2018, only five years of data were available. Additional years' information will be included as it becomes available.*

**RICHLAND COUNTY SCHOOL DISTRICT TWO**  
**SCHEDULE OF PROPORTIONATE SHARE OF THE NET OPEB LIABILITY**  
**YEAR ENDED JUNE 30, 2018**

	<u><b>2018</b></u>	<u><b>2017</b></u>
<b>South Carolina Retiree Health Insurance Trust Fund (SCRHITF)</b>		
Proportionate Share of Net Liability as a Percentage	2.150499%	2.150499%
Proportionate Share of Net Liability as an Amount	291,281,567	311,147,763
Covered Employee Payroll During the Measurement Period	181,348,179	181,348,179
Proportionate Share of the Net Liability as a Percentage of its Covered Employee Payroll	160.62%	171.57%
System Plan Fiduciary Net Position as a Percentage of the Total System Pension Liability	7.60%	7.60%
	<u><b>2018</b></u>	<u><b>2017</b></u>
<b>South Carolina Long-Term Disability Insurance Trust Fund (SCLTDITF)</b>		
Proportionate Share of Net Liability as a Percentage	0.411800%	0.036550%
Proportionate Share of Net Liability as an Amount	1,128,261	927,208
Covered Employee Payroll During the Measurement Period	181,348,179	181,348,179
Proportionate Share of the Net Liability as a Percentage of its Covered Employee Payroll	0.62%	0.51%
System Plan Fiduciary Net Position as a Percentage of the Total System Pension Liability	95.29%	95.29%

Source: Information obtained from the South Carolina Public Employee Benefit Authority (PEBA) and the district's financial records.

*Note: The amounts presented for each fiscal year were determined as of June 30th of the preceding year. As of June 30, 2018, only two years of data were available. Additional years' information will be included as it becomes available.*



**RICHLAND COUNTY SCHOOL DISTRICT TWO  
SCHEDULE OF CONTRIBUTIONS TO SCRHITF AND SCLTDITF  
YEAR ENDED JUNE 30, 2018**

**SOUTH CAROLINA RETIREE HEALTH INSURANCE TRUST FUND (SCRHITF)**

	<b>Statutorily Required Contributions</b>	<b>Contributions Recognized by the Plan</b>	<b>Contribution Deficiency (Excess)</b>	<b>Covered Employee Payroll</b>	<b>Contributions as a % of Covered Payroll</b>
2018	\$ 10,094,472	\$ 10,094,472	\$ -	\$ 183,535,853	5.50%
2017	\$ 9,665,858	\$ 9,665,858	\$ -	\$ 181,348,179	5.33%

**SOUTH CAROLINA LONG-TERM DISABILITY INSURANCE TRUST FUND (SCLTDITF)**

	<b>Statutorily Required Contributions</b>	<b>Contributions Recognized by the Plan</b>	<b>Contribution Deficiency (Excess)</b>	<b>Covered Employee Payroll</b>	<b>Contributions as a % of Covered Payroll</b>
2018	\$ 126,955	\$ 126,955	\$ -	\$ 183,535,853	0.07%
2017	\$ 117,150	\$ 117,150	\$ -	\$ 181,348,179	0.06%

Source: Information obtained from the South Carolina Public Employee Benefit Authority (PEBA) and the district's financial records.

*Note: The amounts presented for each fiscal year were determined as of June 30th of the preceding year. As of June 30, 2018, only two years of data were available. Additional years' information will be included as it becomes available.*

## **OTHER SUPPLEMENTAL INFORMATION**

The following schedules are required by the South Carolina Department of Education.

## **SCHEDULE A**

### **GENERAL FUND**

The general fund, also referred to as the "operating fund," is the basic budgetary fund of the School District. It is used to record all operating revenues and expenditures for the educational and support programs of the School District and for limited capital outlays. The appropriations and the anticipated revenue sources originate in the School District's operating budget. Any unassigned fund balance may be appropriated to support operating expenditures in subsequent years.

**RICHLAND SCHOOL DISTRICT TWO  
GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -  
REVISED BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2018**

	REVISED BUDGET	ACTUAL	VARIANCE
<b>REVENUES</b>			
1000 Revenues from Local Sources			
1200 Revenue from Local Governmental Units Other Than LEAs:			
1210 Ad Valorem Taxes - Including Delinquents	\$ 94,021,156	\$ 92,165,519	\$ (1,855,637)
1240 Penalties and Interest on Taxes	699,010	699,010	-
1280 Revenue in Lieu of Taxes (Independent and Dependent)	3,148,847	3,148,847	-
1300 Tuition:			
1310 Tuition from Patrons for Regular Day School	66,000	56,149	(9,851)
1350 Tuition from Patrons for Summer School	100,000	67,707	(32,293)
1360 Tuition from Other LEAs for Summer School	168,838	157,200	(11,638)
1500 Earnings on Investments:			
1510 Interest on Investments	150,000	644,456	494,456
1700 Pupil Activities:			
1740 Student Fees	-	83,577	83,577
1900 Other Revenue from Local Sources:			
1910 Rentals	200,000	470,353	270,353
1950 Refund of Prior Years Expenditures	-	91,022	91,022
1990 Miscellaneous Local Revenue			
1993 Receipt of Insurance Proceeds	-	4,138	4,138
1993 Receipt of Legal Settlements		24,667	24,667
1999 Revenue from Other Local Sources	918,320	703,979	(214,341)
Total Local Sources	<u>99,472,171</u>	<u>98,316,624</u>	<u>(1,155,547)</u>
2000 Intergovernmental Revenue			
2200 Payments from Public Charter School	150,000	181,149	31,149
Total Intergovernmental Revenues	<u>150,000</u>	<u>181,149</u>	<u>31,149</u>
3000 Revenue from State Sources			
3130 Special Programs:			
3131 Handicapped Transportation - Bus Driver Aides	-	32,566	32,566
3132 Home Schooling	-	4,244	4,244
3160 School Bus Driver Salary	1,479,743	1,499,121	19,378
3161 EAA Bus Driver Salary and Fringe	-	5,099	5,099
3162 Transportation Workers' Compensation	-	69,003	69,003
3180 Fringe Benefits Employer Contributions	33,765,758	32,547,405	(1,218,353)
3181 Retiree Insurance	6,170,142	6,581,766	411,624
3199 Other Restricted State Revenue	-	1,610	1,610
3300 Education Finance Act			
3310 Full-Time Programs:			
3311 Kindergarten	3,281,812	3,388,215	106,403
3312 Primary	12,799,529	10,627,583	(2,171,946)
3313 Elementary	20,497,190	19,287,037	(1,210,153)
3314 High School	7,254,874	6,286,678	(968,196)
3315 Trainable Mentally Handicapped	270,903	246,366	(24,537)
3316 Speech Handicapped (Part-time Program)	3,135,963	3,166,373	30,410
3317 Homebound	35,877	28,232	(7,645)
3320 Part-Time Programs:			
3321 Emotionally Handicapped	558,762	506,148	(52,614)
3322 Educable Mentally Handicapped	274,255	243,508	(30,747)
3323 Learning Disabilities	5,250,069	5,802,885	552,816
3324 Hearing Handicapped	246,875	281,833	34,958
3325 Visually Handicapped	238,553	140,878	(97,675)
3326 Orthopedically Handicapped	104,553	74,299	(30,254)
3327 Vocational	10,255,505	11,306,021	1,050,516

(Continued)

**RICHLAND SCHOOL DISTRICT TWO**  
**GENERAL FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -**  
**REVISED BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2018**

	REVISED BUDGET	ACTUAL	VARIANCE
3300 Other EFA Programs:			
3331 Autism	\$ 2,483,385	\$ 2,868,123	\$ 384,738
3332 High Achieving	1,192,904	1,263,768	70,864
3334 Limited English Proficiency	519,708	528,360	8,652
3351 Academic Assistance	954,253	2,778,847	1,824,594
3352 Pupils in Poverty	6,454,063	6,759,446	305,383
3353 Dual Credit Enrollment	41,879	56,727	14,848
3375 Education Foundation Supplement	-	252,270	252,270
3392 NBC Excess EFA Formula	-	292,943	292,943
3800 State Revenue in Lieu of Taxes:			
3810 Reimbursement for Local Residential Property Tax Relief	8,759,334	8,759,334	-
3820 Homestead Exemption	1,894,249	1,894,249	-
3825 Reimbursement for Property Tax Relief - Tier 3	38,831,757	38,839,525	7,768
3900 Other State Revenue:			
3993 PEBA on-Behalf	-	1,789,526	1,789,526
3999 Revenue from Other State Sources	-	290	290
Total State Sources	<u>166,751,895</u>	<u>168,210,278</u>	<u>1,458,383</u>
4000 Revenue from Federal Sources			
4100 Federally Impacted Areas			
4110 Maintenance and Operations	250,000	285,911	35,911
4900 Other Federal Sources			
4992 U.S. Forest Commission Revenue	-	13,077	13,077
Total Federal Sources	<u>250,000</u>	<u>298,988</u>	<u>48,988</u>
<b>TOTAL REVENUES ALL SOURCES</b>	<b><u>266,624,066</u></b>	<b><u>267,007,039</u></b>	<b><u>382,973</u></b>
<b>EXPENDITURES</b>			
100 Instruction:			
110 General Instruction:			
111 Kindergarten Programs:			
100 Salaries	6,458,959	6,149,907	309,052
140 Terminal Leave	13,688	30,380	(16,692)
200 Employee Benefits	2,655,675	2,602,705	52,970
300 Purchased Services	600	583	17
400 Supplies and Materials	339,612	339,415	197
112 Primary Programs:			
100 Salaries	24,277,159	23,258,269	1,018,890
140 Terminal Leave	57,812	111,356	(53,544)
200 Employee Benefits	8,737,271	8,737,238	33
300 Purchased Services	133,394	133,345	49
400 Supplies and Materials	776,876	600,629	176,247
500 Capital Outlay	725	725	-
113 Elementary Programs:			
100 Salaries	34,372,830	34,134,125	238,705
140 Terminal Leave	68,484	89,817	(21,333)
200 Employee Benefits	12,789,500	12,789,248	252
300 Purchased Services	191,822	191,521	301
400 Supplies and Materials	407,722	407,348	374
500 Capital Outlay	3,147	3,147	-
600 Other Objects	1,500	429	1,071
114 High School Programs:			
100 Salaries	25,101,209	25,018,091	83,118
140 Terminal Leave	28,435	111,144	(82,709)
200 Employee Benefits	9,227,706	9,227,201	505
300 Purchased Services	278,383	278,383	-
400 Supplies and Materials	519,517	468,691	50,826
500 Capital Outlay	2,500	2,436	64

(Continued)

**RICHLAND SCHOOL DISTRICT TWO  
GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -  
REVISED BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2018**

	REVISED BUDGET	ACTUAL	VARIANCE
115 Vocational Programs:			
100 Salaries	\$ 2,524,385	\$ 2,505,671	\$ 18,714
140 Terminal Leave	-	18,714	(18,714)
200 Employee Benefits	907,361	907,361	-
300 Purchased Services	33,501	33,501	-
400 Supplies and Materials	238,147	201,486	36,661
500 Capital Outlay	3,875	2,947	928
116 Career and Technology Education (Vocational Programs) - Middle School			
100 Salaries	182,476	158,500	23,976
200 Employee Benefits	71,776	56,709	15,067
118 Montessori Programs			
100 Salaries	940,219	852,778	87,441
140 Terminal Leave	-	7,613	(7,613)
200 Employee Benefits	368,017	361,151	6,866
300 Purchased Services	515	513	2
400 Supplies and Materials	5,369	4,648	721
120 Exceptional Programs:			
121 Educable Mentally Handicapped:			
100 Salaries	1,766,501	1,749,361	17,140
140 Terminal Leave	13,878	13,878	-
200 Employee Benefits	640,410	637,687	2,723
300 Purchased Services	4,750	3,364	1,386
400 Supplies and Materials	3,500	1,218	2,282
122 Trainable Mentally Handicapped:			
100 Salaries	1,053,341	925,495	127,846
140 Terminal Leave	5,184	7,700	(2,516)
200 Employee Benefits	465,596	408,297	57,299
300 Purchased Services	2,500	2,465	35
400 Supplies and Materials	2,237	2,237	-
123 Orthopedically Handicapped:			
100 Salaries	19,501	19,442	59
200 Employee Benefits	14,162	14,162	-
300 Purchased Services	3,699	3,699	-
124 Visually Handicapped:			
100 Salaries	94,171	16,780	77,391
200 Employee Benefits	43,734	9,811	33,923
300 Purchased Services	1,492	1,492	-
400 Supplies and Materials	51	51	-
125 Hearing Handicapped:			
100 Salaries	306,524	302,281	4,243
200 Employee Benefits	118,933	118,547	386
300 Purchased Services	25,250	17,570	7,680
126 Speech Handicapped:			
100 Salaries	2,142,182	2,128,828	13,354
140 Terminal Leave	7,693	12,142	(4,449)
200 Employee Benefits	823,016	822,743	273
300 Purchased Services	5,574	5,574	-
400 Supplies and Materials	18,250	1,280	16,970
127 Learning Disabilities:			
100 Salaries	6,316,615	5,845,481	471,134
140 Terminal Leave	21,096	5,247	15,849
200 Employee Benefits	2,210,889	2,210,417	472
300 Purchased Services	22,500	4,995	17,505
400 Supplies and Materials	2,187	1,661	526
128 Emotionally Handicapped:			
100 Salaries	934,918	934,918	-
200 Employee Benefits	391,930	374,136	17,794
300 Purchased Services	3,500	-	3,500
400 Supplies and Materials	5,453	5,453	-
600 Other Objects	140	140	-

(Continued)

**RICHLAND SCHOOL DISTRICT TWO  
GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -  
REVISED BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2018**

	REVISED BUDGET	ACTUAL	VARIANCE
129 Coordinated Early Intervening Services (CEIS):			
100 Salaries	\$ 341,559	\$ 284,847	\$ 56,712
200 Employee Benefits	112,497	97,356	15,141
130 Pre-School Programs:			
133 Preschool Handicapped Self-Contained (5-Yr.-Olds):			
100 Salaries	179,850	179,850	-
200 Employee Benefits	75,719	75,719	-
400 Supplies and Materials	964	964	-
136 Preschool Handicapped Itinerant(3- and 4-Yr.-Olds):			
100 Salaries	5,809	5,809	-
200 Employee Benefits	1,635	1,635	-
137 Pre-School Handicapped-Self-Contained (3 & 4 year olds):			
100 Salaries	642,476	611,768	30,708
140 Terminal Leave	7,711	-	7,711
200 Employee Benefits	300,578	272,410	28,168
300 Purchased Services	2,600	2,469	131
400 Supplies and Materials	1,281	1,281	-
139 Early Childhood Programs:			
100 Salaries	820,675	313,011	507,664
140 Terminal Leave	-	8,939	(8,939)
200 Employee Benefits	301,443	116,367	185,076
140 Special Programs:			
141 Gifted and Talented - Academic:			
100 Salaries	899,875	830,366	69,509
140 Terminal Leave	7,283	-	7,283
200 Employee Benefits	365,214	321,422	43,792
300 Purchased Services	3,750	1,579	2,171
400 Supplies and Materials	12,250	6,617	5,633
600 Other Objects	100	100	-
143 Advanced Placement:			
100 Salaries	9,523	9,523	-
200 Employee Benefits	2,534	2,534	-
300 Purchased Services	655	655	-
400 Supplies and Materials	11,457	6,494	4,963
144 International Baccalaureate:			
100 Salaries	12,253		12,253
200 Employee Benefits	4,806		4,806
300 Purchased Services	41,666	26,470	15,196
145 Homebound:			
100 Salaries	187,585	165,406	22,179
200 Employee Benefits	60,776	55,594	5,182
300 Purchased Services	25,000	14,725	10,275
400 Supplies and Materials	2,000	1,847	153
148 Gifted and Talented - Artistic:			
100 Salaries	183,954	110,595	73,359
200 Employee Benefits	55,094	33,619	21,475
300 Purchased Services	126,193	95,960	30,233
400 Supplies and Materials	30,648	30,648	-
160 Other Exceptional Programs:			
161 Autism:			
100 Salaries	1,831,884	1,807,523	24,361
140 Terminal Leave	196	15,540	(15,344)
200 Employee Benefits	764,358	734,406	29,952
300 Purchased Services	2,000		2,000
400 Supplies and Materials	1,439	1,439	-
162 Limited English Proficiency			
100 Salaries	1,506,788	1,501,604	5,184
140 Terminal Leave		4,375	(4,375)
200 Employee Benefits	558,900	558,900	-

(Continued)

**RICHLAND SCHOOL DISTRICT TWO  
GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -  
REVISED BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2018**

	REVISED BUDGET	ACTUAL	VARIANCE
170 Summer School Programs:			
172 Elementary Summer School:			
100 Salaries	\$ 7,200	\$ 6,210	\$ 990
200 Employee Benefits	2,484	2,484	-
300 Purchased Services	20,000	20,000	-
400 Supplies and Materials	310	310	-
173 High School Summer School:			
100 Salaries	30,895	11,452	19,443
200 Employee Benefits	4,522	3,246	1,276
175 Instructional Programs Beyond Regular School Days:			
100 Salaries	433,980	395,569	38,411
200 Employee Benefits	106,210	106,182	28
300 Purchased Services	10,440	10,440	-
400 Supplies and Materials	3,590	3,590	-
180 Adult/Continuing Educational Programs:			
181 Adult Basic Education Programs:			
100 Salaries	5,295	5,295	-
200 Employee Benefits	3,131	3,131	-
182 Adult Secondary Education Programs:			
100 Salaries	178,007	178,007	-
200 Employee Benefits	67,695	67,695	-
183 Adult English Literacy:			
100 Salaries	14,665	14,665	-
200 Employee Benefits	4,638	4,638	-
188 Parenting/Family Literacy:			
400 Supplies and Materials	8,700		8,700
190 Instructional Pupil Activity			
100 Salaries	683	683	-
200 Employee Benefits	153	153	-
600 Other Objects	5,000	4,298	702
Total Instruction	159,622,100	155,554,691	4,067,409
200 Supporting Services:			
210 Pupil Services:			
211 Attendance and Social Work Services:			
100 Salaries	1,694,048	1,682,791	11,257
140 Terminal Leave		2,110	(2,110)
200 Employee Benefits	647,848	639,307	8,541
300 Purchased Services	30,459	26,430	4,029
400 Supplies and Materials	2,424	2,424	-
600 Other Objects	30	30	-
212 Guidance Services:			
100 Salaries	4,922,603	4,839,934	82,669
140 Terminal Leave	8,849	24,419	(15,570)
200 Employee Benefits	1,772,286	1,770,286	2,000
300 Purchased Services	21,531	21,464	67
400 Supplies and Materials	36,801	26,331	10,470
213 Health Services:			
100 Salaries	1,519,227	1,499,114	20,113
140 Terminal Leave	-	14,613	(14,613)
200 Employee Benefits	627,648	626,149	1,499
300 Purchased Services	100,600	72,816	27,784
400 Supplies and Materials	40,699	40,689	10
214 Psychological Services:			
100 Salaries	2,150,151	2,132,124	18,027
140 Terminal Leave		11,931	(11,931)
200 Employee Benefits	741,932	739,074	2,858
300 Purchased Services	17,750	15,725	2,025
400 Supplies and Materials	1,564	1,292	272

(Continued)



**RICHLAND SCHOOL DISTRICT TWO  
GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -  
REVISED BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2018**

	REVISED BUDGET	ACTUAL	VARIANCE
215 Exceptional Program Services:			
100 Salaries	\$ 97,965	\$ 95,908	\$ 2,057
140 Terminal Leave	2,604	2,604	-
200 Employee Benefits	24,029	24,021	8
300 Purchased Services	11,029	10,103	926
217 Career Specialist Services:			
100 Salaries	557,163	336	556,827
140 Terminal Leave	-	3,010	(3,010)
200 Employee Benefits	232,876	830	232,046
220 Instructional Staff Services:			
221 Improvement of Instruction-Curriculum Development:			
100 Salaries	2,189,842	2,174,931	14,911
140 Terminal Leave	15,528	29,825	(14,297)
200 Employee Benefits	792,900	791,811	1,089
300 Purchased Services	86,312	48,954	37,358
400 Supplies and Materials	93,604	91,366	2,238
222 Library and Media Services:			
100 Salaries	2,519,261	2,511,816	7,445
140 Terminal Leave	667	7,280	(6,613)
200 Employee Benefits	1,003,086	994,364	8,722
300 Purchased Services	75,911	73,494	2,417
400 Supplies and Materials	76,540	75,397	1,143
223 Supervision of Special Programs:			
100 Salaries	2,232,439	2,198,899	33,540
140 Terminal Leave	17,925	48,009	(30,084)
200 Employee Benefits	793,279	790,153	3,126
300 Purchased Services	357,798	288,078	69,720
400 Supplies and Materials	57,402	56,130	1,272
600 Other Objects	15,000	5,813	9,187
224 Improvement of Instruction-Inservice and Staff Training:			
100 Salaries	167,877	166,706	1,171
200 Employee Benefits	48,301	47,021	1,280
300 Purchased Services	655,136	645,025	10,111
400 Supplies and Materials	137,352	108,085	29,267
230 General Administration Services:			
231 Board of Education:			
100 Salaries	118,569	112,656	5,913
200 Employee Benefits	35,447	29,138	6,309
300 Purchased Services	95,350	69,410	25,940
318 Audit services	42,000	36,000	6,000
400 Supplies and Materials	21,523	21,423	100
600 Other Objects	68,585	68,585	-
232 Office of the Superintendent:			
100 Salaries	894,514	899,983	(5,469)
140 Terminal Leave	9,490	-	9,490
200 Employee Benefits	635,844	520,048	115,796
300 Purchased Services	486,996	478,879	8,117
400 Supplies and Materials	22,500	21,911	589
600 Other Objects	11,819	11,819	-
233 School Administration:			
100 Salaries	17,788,447	17,689,506	98,941
140 Terminal Leave	66,548	115,548	(49,000)
200 Employee Benefits	6,439,639	6,438,884	755
300 Purchased Services	796,868	780,890	15,978
400 Supplies and Materials	493,822	490,467	3,355
500 Capital Outlay	32,225	22,938	9,287
600 Other Objects	5,877	5,877	-

(Continued)

**RICHLAND SCHOOL DISTRICT TWO  
GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -  
REVISED BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2018**

	REVISED BUDGET	ACTUAL	VARIANCE
250 Finance and Operations Services:			
251 Pupil Transportation-Federally Mandated:			
100 Salaries	\$ 183,035	\$ 182,953	\$ 82
200 Employee Benefits	25,575	25,575	-
300 Purchased Services	506,650	506,484	166
252 Fiscal Services:			
100 Salaries	1,360,518	1,361,956	(1,438)
140 Terminal Leave	28,720	3,288	25,432
180 Head of Organizational Unit Salaries	161,815	162,430	(615)
200 Employee Benefits	491,104	485,289	5,815
280 Head of Organizational Unit Employee Benefits	44,289	48,155	(3,866)
300 Purchased Services	46,250	23,254	22,996
380 Head of Organizational Unit Travel	-	3,327	(3,327)
400 Supplies and Materials	36,000	29,177	6,823
480 Head of Organizational Unit Supplies	-	44	(44)
600 Other Objects	113,000	112,656	344
680 Head of Organizational Unit Other Objects	-	260	(260)
254 Operation and Maintenance of Plant:			
100 Salaries	3,450,574	3,449,683	891
140 Terminal Leave	41,640	41,640	-
200 Employee Benefits	1,514,070	1,503,232	10,838
300 Purchased Services	10,470,250	10,338,014	132,236
321 Public utilities (exclude gas, oil, elec. & heating fuels)	1,529,000	1,371,467	157,533
400 Supplies and Materials	1,031,000	1,344,838	(313,838)
470 Energy (include gas, oil, elec. & heating fuels)	8,612,395	8,278,273	334,122
500 Capital Outlay	532,757	532,757	-
600 Other Objects	391,119	390,909	210
255 Student Transportation:			
100 Salaries	5,692,971	5,611,031	81,940
140 Terminal Leave	-	12,251	(12,251)
200 Employee Benefits	2,007,912	2,006,003	1,909
300 Purchased Services	171,504	171,504	-
400 Supplies and Materials	38,500	37,459	1,041
500 Capital Outlay	308	308	-
256 Food Service:			
100 Salaries	9,429	8,068	1,361
140 Terminal Leave	11,865	12,495	(630)
200 Employee Benefits	4,065	4,065	-
258 Security:			
100 Salaries	2,195,097	2,078,707	116,390
140 Terminal Leave	817	1,236	(419)
200 Employee Benefits	683,782	675,573	8,209
300 Purchased Services	1,049,800	1,041,953	7,847
400 Supplies and Materials	58,000	34,222	23,778
260 Central Support Services:			
262 Planning, Research, Development & Evaluation:			
100 Salaries	835,825	853,635	(17,810)
140 Terminal Leave	1,092	196	896
180 Head of Organizational Unit Salaries	41,533	-	41,533
200 Employee Benefits	281,501	288,742	(7,241)
280 Head of Organizational Unit Employee Benefits	44,352	-	44,352
300 Purchased Services	316,250	287,955	28,295
380 Head of Organizational Unit Travel	-	-	-
400 Supplies and Materials	28,000	14,408	13,592
600 Other Objects	1,500	1,500	-

(Continued)

**RICHLAND SCHOOL DISTRICT TWO**  
**GENERAL FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -**  
**REVISED BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2018**

	REVISED BUDGET	ACTUAL	VARIANCE
263 Information Services:			
100 Salaries	\$ 683,437	\$ 652,772	\$ 30,665
180 Head of Organizational Unit Salaries	126,049	126,001	48
200 Employee Benefits	253,726	243,994	9,732
280 Head of Organizational Unit Employee Benefits	35,228	37,963	(2,735)
300 Purchased Services	152,339	152,359	(20)
380 Head of Organizational Unit Travel	220	200	20
400 Supplies and Materials	70,857	70,857	-
500 Capital Outlay	12,181	12,181	-
600 Other Objects	1,500	1,380	120
264 Staff Services:			
100 Salaries	1,216,357	1,214,335	2,022
140 Terminal Leave	9,990	34,356	(24,366)
180 Head of Organizational Unit Salaries	151,231	125,460	25,771
200 Employee Benefits	426,200	434,720	(8,520)
280 Head of Organizational Unit Employee Benefits	47,285	37,821	9,464
300 Purchased Services	277,650	203,849	73,801
380 Head of Organizational Unit Travel	7,065	3,313	3,752
400 Supplies and Materials	60,250	43,681	16,569
600 Other Objects	2,600	1,505	1,095
680 Head of Organizational Units Other Objects	1,500	-	1,500
266 Technology and Data Processing Services:			
100 Salaries	2,449,198	2,430,801	18,397
140 Terminal Leave	27,582	22,522	5,060
180 Head of Organizational Unit Salaries	137,702	137,702	-
200 Employee Benefits	955,444	920,974	34,470
280 Head of Organizational Unit Employee Benefits	10,617	45,087	(34,470)
300 Purchased Services	1,939,175	1,917,370	21,805
380 Head of Organizational Unit Travel	-	6,462	(6,462)
400 Supplies and Materials	686,762	650,268	36,494
600 Other Objects	1,150	1,150	-
270 Support Services - Pupil Activity:			
271 Pupil Service Activities:			
100 Salaries	1,002,898	976,712	26,186
200 Employee Benefits	270,275	270,275	-
300 Purchased Services	47,773	47,773	-
400 Supplies and Materials	108,312	108,312	-
600 Other Objects	11,509	9,700	1,809
Total Supporting Services	109,892,265	107,571,811	2,320,454
300 Community Service:			
390 Other Community Services			
100 Salaries	-	83,494	(83,494)
200 Employee Benefits	-	26,811	(26,811)
300 Purchased Services	15,000	51,709	(36,709)
400 Supplies and Materials	32,973	37,530	(4,557)
500 Capital Outlay	-	6,975	(6,975)
Total Community Service	47,973	206,519	(158,546)
400 Other Charges:			
410 Intergovernmental Expenditures			
412-720 Payments to Other Governmental Units	300,367	300,367	-
416-720 Payments to Public Charter Schools	932,934	932,934	-
Total Intergovernmental Expenditures	1,233,301	1,233,301	-
<b>TOTAL EXPENDITURES</b>	<b>270,795,639</b>	<b>264,566,322</b>	<b>6,229,317</b>

(Continued)

**RICHLAND SCHOOL DISTRICT TWO**  
**GENERAL FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -**  
**REVISED BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2018**

	<u>REVISED BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE</u>
<b>OTHER FINANCING SOURCES</b>			
5300 Sale of Capital Assets	\$ -	\$ 2,139	\$ 2,139
<b>Interfund Transfers, From (To) Other Funds:</b>			
5230 Transfer from Special Revenue EIA Fund	6,338,524	6,682,312	343,788
5280 Transfer from Other Funds Indirect Costs	950,000	936,519	(13,481)
421-710 Transfer to Special Revenue Fund	(440,400)	(440,400)	-
423-710 Transfer to Debt Service Fund	(229,533)	(229,533)	-
425-710 Transfer to Food Service Fund	(358,471)	(358,471)	-
427-710 Transfer to Internal Service Fund	(2,088,547)	(2,262,287)	(173,740)
Total Other Financing Sources (Uses)	<u>4,171,573</u>	<u>4,330,279</u>	<u>158,706</u>
<b>EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES</b>	<b>-</b>	<b>6,770,996</b>	<b>6,770,996</b>
FUND BALANCE, Beginning of Year	<u>-</u>	<u>46,202,551</u>	<u>46,202,551</u>
<b>FUND BALANCE, End of Year</b>	<b>\$ <u>-</u></b>	<b>\$ <u>52,973,547</u></b>	<b>\$ <u>52,973,547</u></b>

*Note: This schedule is presented as prescribed by the South Carolina State Department of Education.*

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## **SCHEDULE B**

### **SPECIAL REVENUE FUNDS**

The Special Revenue funds are used to record revenues derived from the State of South Carolina and the federal government, of which certain funds are required to finance particular activities and may require matching revenues from local sources. Separate revenues, expenditures and changes in fund balances are set forth for various reporting requirements.

During 1984, the state legislature passed the Education Improvement Act (EIA) to upgrade the quality of education in South Carolina. Because of the categorical nature of the revenue, the state requires that revenues and expenditures be accounted for in separate funds. Accordingly, the EIA funds are reported as Special Revenue funds in the districts financial statements.

The Special Projects Fund is used to account for all federal, state and local projects except for those funded under the Education Improvement Act.

**RICHLAND SCHOOL DISTRICT TWO**  
**SPECIAL REVENUE FUNDS - SPECIAL PROJECTS FUNDS**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**FOR THE YEAR ENDED JUNE 30, 2018**

	<u>Title I</u> <u>(BA Projects)</u> <u>(201)</u>	<u>IDEA</u> <u>(CA Projects)</u> <u>(203)</u>	<u>Preschool</u> <u>Handicapped</u> <u>(CG Projects)</u> <u>(205)</u>	<u>Occupational</u> <u>Education</u> <u>(VA Projects)</u> <u>(207)</u>	<u>Adult</u> <u>Education</u> <u>(243)</u>	<u>Other</u> <u>Restricted</u> <u>State</u> <u>Grants</u>	<u>Other</u> <u>Special</u> <u>Revenue</u> <u>Programs</u>	<u>Total</u>
<b>REVENUES</b>								
1000 Revenue from Local Sources								
1300 Tuition								
1350 Tuition from Patrons for Summer School	\$	\$	\$	\$	\$	\$	35,558	\$ 35,558
1700 Pupil Activities								
1710 Admissions							352,627	352,627
1790 Other							279,139	279,139
1900 Other Revenue from Local Sources:								
1920 Contributions and Donations from Private Sources							140,320	140,320
1930 Medicaid							265,672	265,672
1990 Miscellaneous Local Revenue								
1999 Revenue from Other Local Sources							241,949	241,949
Total Local Sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,315,265</u>	<u>1,315,265</u>
3000 Revenue from State Sources								
3110 Occupational Education:								
3118 EEDA Career Specialists						1,281,740	-	1,281,740
3120 General Education:								
3127 Student Health and Fitness						125,558	-	125,558
3130 Special Programs:								
3135 Reading Coaches						70,000	-	70,000
3136 Student Hjealth and Fitness-Nurses						571,021	-	571,021
3177 Summer Reading Camp						39,596	-	39,596
3190 Miscellaneous Restricted State Grants:								
3193 Education License Plates						7,119	-	7,119
3600 Education Lottery Act Revenue:								
3630 K-12 Technology Initiative						579,692	-	579,692
3660 Mobile Device Access & Management						106,296	-	106,296
3900 Other State Revenue:								
3994 PEBA Nonemployer Contribution						1,711,965		1,711,965
3999 Revenue from Other State Sources							160,117	160,117
Total State Sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,492,987</u>	<u>160,117</u>	<u>4,653,104</u>
4000 Revenue from Federal Sources								
4200 Occupational Education:								
4210 Perkins Aid, Title I				204,651			-	204,651
4300 Elementary and Secondary Education Act of 1965 (ESEA):								
4310 Title I, Basic State Grant Programs	4,602,735						64,977	4,667,712
4341 Language Instruction for Limited English Proficient and Immigrant Students, Title III (Carryover Provision)							93,277	93,277
4343 McKinney-Vento							127,030	127,030
4351 Improving Teacher Quality							374,367	374,367
4400 Adult Education:								
4410 Basic Adult Education					135,299		-	135,299
4430 State Literacy Resource					10,349		-	10,349
4500 Programs for Children with Disabilities:								
4510 Individuals with Disabilities Education Act (IDEA) (Carry-Over Provision)		5,024,850					15,475	5,040,325
4520 Pre-School Grants (Carry-Over Provision)			106,696				-	106,696
4560-IDEA - SSIP							159,194	159,194

(Continued)

**RICHLAND SCHOOL DISTRICT TWO**  
**SPECIAL REVENUE FUNDS - SPECIAL PROJECTS FUNDS**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**FOR THE YEAR ENDED JUNE 30, 2018**

	<u>Title I (BA Projects) (201)</u>	<u>IDEA (CA Projects) (203)</u>	<u>Preschool Handicapped (CG Projects) (205)</u>	<u>Occupational Education (VA Projects) (207)</u>	<u>Adult Education (243)</u>	<u>Other Restricted State Grants</u>	<u>Other Special Revenue Programs</u>	<u>Total</u>
4900 Other Federal Sources:								
4924 21st Century Community Learning Center (Title IV, 21st Century Schools)	\$	\$	\$	\$	\$	\$	464,930	\$ 464,930
4997 Title IV SSAE							46,487	46,487
4999 Revenue from Other Federal Sources							6,886,355	6,886,355
Total Federal Sources	<u>4,602,735</u>	<u>5,024,850</u>	<u>106,696</u>	<u>204,651</u>	<u>145,648</u>	<u>-</u>	<u>8,232,092</u>	<u>18,316,672</u>
<b>TOTAL REVENUES ALL SOURCES</b>	<b><u>4,602,735</u></b>	<b><u>5,024,850</u></b>	<b><u>106,696</u></b>	<b><u>204,651</u></b>	<b><u>145,648</u></b>	<b><u>4,492,987</u></b>	<b><u>9,707,474</u></b>	<b><u>24,285,041</u></b>
<b>EXPENDITURES</b>								
100 Instruction								
110 General Instruction								
111 Kindergarten Programs:								
100 Salaries							12,920	12,920
200 Employee Benefits							3,501	3,501
400 Supplies and Materials							866	866
112 Primary Programs:								
100 Salaries	486,520					95,490	24,735	606,745
200 Employee Benefits	232,121					30,068	5,021	267,210
300 Purchased Services	47,234						48,978	96,212
400 Supplies and Materials	192,180					7,119	510,321	709,620
500 Capital Outlay							18,600	18,600
113 Elementary Programs:								
100 Salaries							4,555	4,555
200 Employee Benefits							851	851
300 Purchased Services							5,309	5,309
400 Supplies and Materials	4,485						94,561	99,046
500 Capital Outlay							516	516
114 High School Programs:								
100 Salaries							244,076	244,076
200 Employee Benefits							65,790	65,790
300 Purchased Services							37,935	37,935
400 Supplies and Materials							96,135	96,135
115 Career & Technology Education Programs:								
100 Salaries					4,953		87,457	92,410
200 Employee Benefits					1,296		41,641	42,937
300 Purchased Services					141,058		18,697	159,755
400 Supplies and Materials					8,158		26,286	34,444
120 Exceptional Programs								
121 Educable Mentally Handicapped:								
100 Salaries		261,795					-	261,795
200 Employee Benefits		103,857					-	103,857
300 Purchased Services		75,143					1,376	76,519
400 Supplies and Materials		1,591					346	1,937
122 Trainable Mentally Handicapped:								
100 Salaries		239,367					-	239,367
200 Employee Benefits		74,761					-	74,761
400 Supplies and Materials		13,648					-	13,648
123 Orthopedically Handicapped:								
300 Purchased Services		20,724					-	20,724
400 Supplies and Materials		6,019					-	6,019

(Continued)



**RICHLAND SCHOOL DISTRICT TWO**  
**SPECIAL REVENUE FUNDS - SPECIAL PROJECTS FUNDS**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**FOR THE YEAR ENDED JUNE 30, 2018**

	<u>Title I</u> <u>(BA Projects)</u> <u>(201)</u>	<u>IDEA</u> <u>(CA Projects)</u> <u>(203)</u>	<u>Preschool</u> <u>Handicapped</u> <u>(CG Projects)</u> <u>(205)</u>	<u>Occupational</u> <u>Education</u> <u>(VA Projects)</u> <u>(207)</u>	<u>Adult</u> <u>Education</u> <u>(243)</u>	<u>Other</u> <u>Restricted</u> <u>State</u> <u>Grants</u>	<u>Other</u> <u>Special</u> <u>Revenue</u> <u>Programs</u>	<u>Total</u>
124 Visually Handicapped:								
400 Supplies and Materials	\$	\$ 1,162	\$	\$	\$	\$	-	\$ 1,162
125 Hearing Handicapped:								
100 Salaries		80,952					-	80,952
200 Employee Benefits		25,861					-	25,861
300 Purchased Services		17,522					-	17,522
400 Supplies and Materials		28,991					-	28,991
126 Speech Handicapped:								
100 Salaries		126,960					-	126,960
200 Employee Benefits		45,368					-	45,368
300 Purchased Services		24,357					-	24,357
400 Supplies and Materials		17,416					525	17,941
127 Learning Disabilities:								
100 Salaries		334,886					48	334,934
200 Employee Benefits		122,329					13	122,342
300 Purchased Services		12,712					-	12,712
400 Supplies and Materials		20,415					33,876	54,291
128 Emotionally Handicapped:								
100 Salaries		127,510					-	127,510
200 Employee Benefits		41,657					-	41,657
300 Purchased Services		1,440					-	1,440
400 Supplies and Materials		7,923					-	7,923
129 Coordinated Early Intervening Services (CEIS)								
100 Salaries		68,659					-	68,659
200 Employee Benefits		28,950					-	28,950
130 Pre-School Programs								
133 Preschool Handicapped Self-Contained (5 Yr. Olds)								
100 Salaries		23,443	65,535				-	88,978
200 Employee Benefits		6,433	22,142				-	28,575
400 Supplies and Materials		1,673					-	1,673
137 Pre-School Handicapped Self-Contained (3 & 4 Yr. Olds):								
100 Salaries		9,957	9,957				-	19,914
200 Employee Benefits		2,672	2,672				-	5,344
300 Purchased Services		260	-				-	260
400 Supplies and Materials		8,333	2,444				-	10,777
139 Early Childhood Programs								
100 Salaries	1,575,439						-	1,575,439
200 Employee Benefits	652,280						-	652,280
300 Purchased Services	3,646						-	3,646
400 Supplies and Materials	127,958						-	127,958
140 Special Programs								
149 Other Special Programs								
100 Salaries		7,641					-	7,641
200 Employee Benefits		2,041					-	2,041
160 Other Exceptional Programs								
161 Autism:								
100 Salaries		173,832					-	173,832
200 Employee Benefits		56,217					-	56,217
400 Supplies and Materials		80					174	254

(Continued)

**RICHLAND SCHOOL DISTRICT TWO**  
**SPECIAL REVENUE FUNDS - SPECIAL PROJECTS FUNDS**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**FOR THE YEAR ENDED JUNE 30, 2018**

	<u>Title I (BA Projects) (201)</u>	<u>IDEA (CA Projects) (203)</u>	<u>Preschool Handicapped (CG Projects) (205)</u>	<u>Occupational Education (VA Projects) (207)</u>	<u>Adult Education (243)</u>	<u>Other Restricted State Grants</u>	<u>Other Special Revenue Programs</u>	<u>Total</u>
170 Summer School Programs								
171 Primary Summer School								
100 Salaries	\$ 36,360	\$	\$	\$	\$	\$	\$	\$ 36,360
200 Employee Benefits	10,194						-	10,194
400 Supplies and Materials						35,663	-	35,663
172 Elementary Summer School								
100 Salaries							116,362	116,362
200 Employee Benefits							32,048	32,048
400 Supplies and Materials							2,212	2,212
173 High School Summer School								
100 Salaries							9,940	9,940
200 Employee Benefits							2,766	2,766
300 Purchased Services	700						12,600	13,300
400 Supplies and Materials							7,174	7,174
175 Instructional Programs Beyond Regular School Days								
100 Salaries	23,035						307,633	330,668
200 Employee Benefits	4,780						82,876	87,656
300 Purchased Services							184,160	184,160
400 Supplies and Materials	628						20,608	21,236
180 Adult/Continuing Education Programs								
182 Adult Secondary Education Programs:								
100 Salaries					84,031		-	84,031
200 Employee Benefits					23,796		-	23,796
183 Adult English Literacy (ESL):								
100 Salaries					29,061		-	29,061
200 Employee Benefits					6,590		-	6,590
300 Purchased Services							1,920	1,920
400 Supplies and Materials							462	462
188 Parenting/Family Literacy:								
100 Salaries	286,752						-	286,752
200 Employee Benefits	128,772						-	128,772
300 Purchased Services	6,895						50,000	56,895
400 Supplies and Materials	13,465						4,601	18,066
Total Instruction	<u>3,833,444</u>	<u>2,224,557</u>	<u>102,750</u>	<u>155,465</u>	<u>143,478</u>	<u>168,340</u>	<u>2,220,471</u>	<u>8,848,505</u>
200 Support Services								
210 Pupil Services								
211 Attendance and Social Work Services								
100 Salaries							1,218	1,218
200 Employee Benefits							343	343
300 Purchased Services	7,000						15,025	22,025
400 Supplies and Materials							34,665	34,665
212 Guidance Services:								
100 Salaries						5,246	265,149	270,395
200 Employee Benefits							91,221	91,221
300 Purchased Services				75			23,950	24,025
400 Supplies and Materials							11,077	11,077

(Continued)

**RICHLAND SCHOOL DISTRICT TWO**  
**SPECIAL REVENUE FUNDS - SPECIAL PROJECTS FUNDS**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**FOR THE YEAR ENDED JUNE 30, 2018**

	<b>Title I (BA Projects) (201)</b>	<b>IDEA (CA Projects) (203)</b>	<b>Preschool Handicapped (CG Projects) (205)</b>	<b>Occupational Education (VA Projects) (207)</b>	<b>Adult Education (243)</b>	<b>Other Restricted State Grants</b>	<b>Other Special Revenue Programs</b>	<b>Total</b>
213 Health Services:								
100 Salaries	\$	\$	\$	\$	\$	\$ 400,720	\$ 2,969	\$ 403,689
200 Employee Benefits						171,212	795	172,007
300 Purchased Services		20,000					79,416	99,416
400 Supplies and Materials							11,959	11,959
214 Psychological Services:								
100 Salaries		325,655					-	325,655
200 Employee Benefits		127,408					-	127,408
300 Purchased Services		957					-	957
400 Supplies and Materials		19,110					626	19,736
215 Exceptional Program Services:								
100 Salaries		612,761					-	612,761
200 Employee Benefits		214,657					-	214,657
300 Purchased Services		19,043					-	19,043
217 Career Specialist Services:								
100 Salaries						884,018	66,005	950,023
200 Employee Benefits						392,477	32,748	425,225
400 Supplies and Materials						-	65	65
220 Instructional Staff Services								
221 Improvement of Instruction - Curriculum Development:								
100 Salaries	60,149					49,834	100,192	210,175
200 Employee Benefits	25,001					20,166	37,838	83,005
222 Library and Media:								
400 Supplies and Materials							21,968	21,968
223 Supervision of Special Programs:								
100 Salaries	141,429	288,085					595,726	1,025,240
200 Employee Benefits	54,579	100,866					205,268	360,713
300 Purchased Services	20,616	2,700		1,900			811,977	837,193
400 Supplies and Materials	4,487	11,000					93,521	109,008
500 Capital Outlay							45,360	45,360
600 Other Objects							27,622	27,622
224 Improvement of Instruction-In-service and Staff Training:								
100 Salaries							993,618	993,618
200 Employee Benefits							368,404	368,404
300 Purchased Services	130,791	57,025		46,261			862,171	1,096,248
400 Supplies and Materials	4,994	1,892		950			62,016	69,852
230 General Administration Services								
233 School Administration:								
300 Purchased Services							1,100	1,100
250 Finance and Operations Services								
251 Student Transportation (Federal/District Mandated):								
100 Salaries		512,300					-	512,300
200 Employee Benefits		265,164					-	265,164
300 Purchased Services	46,695						135,461	182,156
254 Operations and Maintenance of Plant:								
300 Purchased Services					2,170		-	2,170
400 Supplies and Materials							1,641	1,641
500 Capital Outlay							15,949	15,949

(Continued)

**RICHLAND SCHOOL DISTRICT TWO**  
**SPECIAL REVENUE FUNDS - SPECIAL PROJECTS FUNDS**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**FOR THE YEAR ENDED JUNE 30, 2018**

	<u>Title I (BA Projects) (201)</u>	<u>IDEA (CA Projects) (203)</u>	<u>Preschool Handicapped (CG Projects) (205)</u>	<u>Occupational Education (VA Projects) (207)</u>	<u>Adult Education (243)</u>	<u>Other Restricted State Grants</u>	<u>Other Special Revenue Programs</u>	<u>Total</u>
255 Student Transportation (state mandated)								
100 Salaries	\$	\$	\$	\$	\$	\$ 2,409	\$ -	\$ 2,409
200 Employee Benefits						612	-	612
300 Purchased Services							147,440	147,440
400 Supplies and Materials							130,226	130,226
500 Capital Outlay							1,473	1,473
256 Food Services:								
500 Capital Outlay							7,998	7,998
258 Security:								
300 Purchased Services							58,133	58,133
260 Central Support Services								
264 Staff Services								
300 Purchased Services							8,706	8,706
266 Technology and Data Processing Services								
100 Salaries							485,352	485,352
200 Employee Benefits							180,355	180,355
300 Purchased Services						106,296	-	106,296
400 Supplies and Materials						579,692	24,176	603,868
270 Support Services Pupil Activity								
271 Pupil Service Activities:								
100 Salaries							22,676	22,676
200 Employee Benefits							5,799	5,799
300 Purchased Services		18,331					428,799	447,130
400 Supplies and Materials							217,891	217,891
600 Other Objects	96,943						144,823	241,766
Total Support Services	<u>592,684</u>	<u>2,596,954</u>	<u>-</u>	<u>49,186</u>	<u>2,170</u>	<u>2,612,682</u>	<u>6,880,910</u>	<u>12,734,586</u>
300 Community Services								
350 Custody and Care of Children								
100 Salaries	1,371						-	1,371
200 Employee Benefits	411						-	411
360 Welfare Services								
300 Purchased Services							8,520	8,520
400 Supplies and Materials	11,214						49,069	60,283
370 Non-Public School Services:								
300 Purchased Services							12,162	12,162
390 Other Community Services								
300 Purchased Services							14,460	14,460
400 Supplies and Materials							921	921
Total Community Services	<u>12,996</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>85,132</u>	<u>98,128</u>

(Continued)

**RICHLAND SCHOOL DISTRICT TWO**  
**SPECIAL REVENUE FUNDS - SPECIAL PROJECTS FUNDS**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**FOR THE YEAR ENDED JUNE 30, 2018**

	<b>Title I (BA Projects) (201)</b>	<b>IDEA (CA Projects) (203)</b>	<b>Preschool Handicapped (CG Projects) (205)</b>	<b>Occupational Education (VA Projects) (207)</b>	<b>Adult Education (243)</b>	<b>Other Restricted State Grants</b>	<b>Other Special Revenue Programs</b>	<b>Total</b>
410 Intergovernmental Expenditures								
412 Payments to Other Governmental Units								
720 Transits	\$	\$	\$	\$	\$	\$	601,066	\$ 601,066
414 Medicaid Payments to SCDE								
720 Transits							176,804	176,804
416 Payments to Public Charter Schools								
720 Transits		20,929					-	20,929
419 Payments from PEBA Nonemployer Contributions								
720 Transits						1,711,965		1,711,965
Total Intergovernmental Expenditures	<u>-</u>	<u>20,929</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,711,965</u>	<u>777,870</u>	<u>2,510,764</u>
TOTAL EXPENDITURES	<u>4,439,124</u>	<u>4,842,440</u>	<u>102,750</u>	<u>204,651</u>	<u>145,648</u>	<u>4,492,987</u>	<u>9,964,383</u>	<u>24,191,983</u>
<b>OTHER FINANCING SOURCES (USES)</b>								
<b>Interfund Transfer, From (To) Other funds</b>								
5210 Transfer from General Fund (Exclude Indirect Costs)							440,400	440,400
431-791 Special Revenue Fund Indirect Costs	(163,611)	(182,410)	(3,946)				(183,491)	(533,458)
Total Other Financing Sources (Uses)	<u>(163,611)</u>	<u>(182,410)</u>	<u>(3,946)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>256,909</u>	<u>(93,058)</u>
<b>EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES, Beginning of Year	-	-	-	-	-	15,951	1,365	17,316
<b>FUND BALANCES, End of Year</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 15,951</u>	<u>\$ 1,365</u>	<u>\$ 17,316</u>

Note: This schedule is presented as prescribed by the South Carolina State Department of Education.

**RICHLAND COUNTY SCHOOL DISTRICT TWO**  
**NOTES TO SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**SPECIAL PROJECTS FUND**  
**FOR THE YEAR ENDED JUNE 30, 2018**

**\* Other Restricted State Grants**

919	Education License Plates
926	Summer Reading Program
928	EEDA Career Specialist
935	Reading Coaches
936	Student Health and Fitness - Nurses
937	Student Health and Fitness - PE Teachers
963	Technology Initiative
966	Mobile Device Access and Management
994	PEBA Nonemployer Contributions

**\* Other Special Revenue Programs**

209	State Systemic Improvement Plan
210	Title IV
212	Extended School Year Handicapped Service
224	21st Century Grant
232	McKinney Vento Education for Homeless
237	Title I Focus
264	Language Inst.for Ltd English Proficient, Title III
267	Improving Teacher Quality, Title II
269	Clemson/Agricultural
272	Donations
273	Department of Defense Grant # 3
276	Capturing Kids Hearts
277	Gear Up (2015 Award)
278	Magnet School Assistance (2017 Award)
281	Gear-Up Research Program
285	Race to the Top
286	Department of Defense Grant #4
288	Transportation
290	Magnet School Assistance (2013 Award)
292	ROTC
294	Department of Defense Grant #5
296	National Institute of Health
297	Department of Defense Grant #2
299	Medicaid
801	Cornell Lab of Ornithology
802	Rebates
803	SC Arts Commission - PCA
804	Lowe's Charitable & Education
805	United Way Summer Reading
808	Ecybermission Mini Grant
809	Intermec Foundation
810	Richland County Conservation
811	Columbia Chapter of Links, Inc.
819	Whole Kids Foundation
820	American Forest Foundation
821	Palmetto Pride
822	Athletic Coach Fund
823	Southern Regional Education Board
824	Wellness-Palmetto Health

825	Sisters of Charity Foundation
826	DHEC Recycling Mini Grant
827	Sparkleberry Fair
828	US Dept of Labor - CAT Grant
830	SC Public Health Association
831	International Paper Foundation
834	PTO Grants
835	GraceLife Church Grant
836	Verizon Wireless Donation
837	Society for Science
838	James Patterson Scholastic Reading
839	First Citizens
840	FMU Cntr to Prepare Teachers of Child in Pov
841	Central Carolina Community Foundation
842	State Farm Southern Zone YAB
849	Special Olympics
851	United Way - Parenting Teen Partnership
852	Dannon Danimals Fuel Up to Play
854	Astrobrights Colorize Program
855	SC Arts Commission Grants
856	OAAISIS Project
857	Chick fil A Microgrant
858	Rotary Community Grant
860	RSD2 Foundation Drug Free
861	Sodexo Grant
862	Summer School
863	Homework Center
864	Gen YOUth Foundation
867	Innovative Autism Services
868	Walmart Foundation Grant
869	Athletics Spring Valley High School
871	Teaching Tolerance Educator Grant
872	Dollar General Literacy Grant
873	EOC Military Connected Children
879	Athletics Richland Northeast High School
884	Athletics Ridge View High School
892	Athletics Blythewood High School
894	Athletics Westwood High School

**RICHLAND SCHOOL DISTRICT TWO**  
**SPECIAL REVENUE FUNDS**  
**SUMMARY SCHEDULE FOR DESIGNATED STATE RESTRICTED GRANTS**  
**FOR THE YEAR ENDED JUNE 30, 2018**

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<u>SUBFUND</u>	<u>REVENUE</u>	<u>PROGRAMS</u>	<u>REVENUES</u>	<u>EXPENDITURES</u>
919	3193	Education License Plates	7,119	7,119
926	3177	Summer Reading Program	39,596	39,596
928	3118	EEDA Career Specialists	1,281,740	1,281,740
935	3135	Reading Coaches	70,000	70,000
936	3136	Student Health and Fitness - Nurses	571,021	571,021
937	3127	Student Health and Fitness - PE Teachers	125,558	125,558
963	3630	Technology Initiative	579,692	579,692
966	3660	Mobile Device Access	106,296	106,296
994	3994	PEBA Nonemployer Contributions	1,711,965	1,711,965
		Totals	\$ <u>4,492,987</u>	\$ <u>4,492,987</u>

*Note: This schedule is presented as prescribed by the South Carolina State Department of Education.*

**RICHLAND SCHOOL DISTRICT TWO**  
**SPECIAL REVENUE FUNDS - EDUCATION IMPROVEMENT ACT**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**FOR THE YEAR ENDED JUNE 30, 2018**

**REVENUES**

## 3000 Revenue from State Sources

## 3500 Education Improvement Act:

3502 ADEPT	\$ 45,744
3507 Aid to Districts - Technology	353,933
3509 Arts in Education	62,350
3511 Professional Development	144,883
3512 Technology Professional Development	144,760
3518 Formative Assessment	126,627
3519 Grade 10 Assessment	131,615
3525 Career and Technology Education Equipment	298,432
3526 Refurbishment of K-8 Science Kits	109,899
3528 Industry Certifications	49,298
3529 Career & Technology Education	101,067
3532 National Board Certification Salary Supplement	3,835,677
3533 Teacher of the Year Awards	1,077
3535 Reading Coaches	1,280,190
3538 Students at Risk of School Failure	2,570,915
3540 Early Childhood Program (4K Programs Serving 4 yr. olds)	802,183
3550 Teacher Salary Increase	5,760,315
3555 School Employer Contributions	932,858
3556 Adult Education	58,320
3557 Summer Reading Program	248,869
3558 Reading	99,933
3571 State Priority Schools	56,250
3577 Teacher Supplies	562,100
3578 High Schools That Work/Making Middle Grades Work	43,401
3587 IDEA MOE Tier 1	674,954
3592 Work-Based Learning	104,087
3594 EEDA Supplemental Programs	207,009
3595 EEDA Supplies and Materials	77,301
3597 Aid to Districts	498,779

Total State Sources

19,382,826

**TOTAL REVENUES ALL SOURCES****19,382,826****EXPENDITURES****100 Instruction:**

## 110 General Instruction:

## 111 Kindergarten Programs:

100 Salaries	107,566
200 Employee Benefits	28,534
400 Supplies and Materials	25,025

## 112 Primary Programs:

100 Salaries	1,265,700
200 Employee Benefits	458,667
300 Purchased Services	261,529
400 Supplies and Materials	291,657

(Continued)



**RICHLAND SCHOOL DISTRICT TWO**  
**SPECIAL REVENUE FUNDS - EDUCATION IMPROVEMENT ACT**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**FOR THE YEAR ENDED JUNE 30, 2018**

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113 Elementary Programs:		
100 Salaries	\$	1,008,534
200 Employee Benefits		300,751
300 Purchased Services		173,589
400 Supplies and Materials		253,459
600 Other Objects		2,200
114 High School Programs:		
100 Salaries		1,210,106
200 Employee Benefits		369,288
300 Purchased Services		133,526
400 Supplies and Materials		235,095
115 Career and Technology Education Programs:		
100 Salaries		42,500
200 Employee Benefits		11,319
300 Purchased Services		8,765
400 Supplies and Materials		302,643
500 Capital Outlay		90,243
600 Other Objects		2,000
116 Career and Technology Education Programs - Middle School		
100 Salaries		7,500
200 Employee Benefits		1,996
400 Supplies and Materials		825
118 Montessori Programs		
100 Salaries		7,500
200 Employee Benefits		1,979
400 Supplies and Materials		3,300
120 Exceptional Programs:		
121 Educable Mentally Handicapped		
100 Salaries		14,937
200 Employee Benefits		3,970
400 Supplies and Materials		7,150
122 Trainable Mentally Handicapped		
100 Salaries		56,537
200 Employee Benefits		15,286
400 Supplies and Materials		2,640
123 Orthopedically Handicapped		
300 Purchased Services		1,747
125 Hearing Handicapped		
300 Purchased Services		9,722
400 Supplies and Materials		1,100
126 Speech Handicapped:		
100 Salaries		7,500
200 Employee Benefits		1,989
400 Supplies and Materials		11,000
127 Learning Disabilities:		
100 Salaries		115,072
200 Employee Benefits		30,538
300 Purchased Services		248,303
400 Supplies and Materials		183,424

(Continued)

**RICHLAND SCHOOL DISTRICT TWO**  
**SPECIAL REVENUE FUNDS - EDUCATION IMPROVEMENT ACT**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**FOR THE YEAR ENDED JUNE 30, 2018**

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128 Emotionally Handicapped:		
100 Salaries	\$	7,500
200 Employee Benefits		1,987
400 Supplies and Materials		5,078
129 Coordinated Early Intervening Services (CEIS)		
100 Salaries		15,000
200 Employee Benefits		3,986
400 Supplies and Materials		275
130 Pre-School Programs:		
133 Pre-School Handicapped Self-Contained (5 Yr. olds):		
400 Supplies and Materials		550
137 Preschool Handicapped Self-Contained (3 and 4 Year Old)		
100 Salaries		85,296
200 Employee Benefits		45,006
400 Supplies and Materials		2,475
139 Early Childhood Programs:		
100 Salaries		478,013
200 Employee Benefits		200,227
400 Supplies and Materials		58,383
140 Special Programs:		
141 Gifted and Talented Academic:		
100 Salaries		30,000
200 Employee Benefits		7,888
400 Supplies and Materials		3,850
144 International Baccalaureate:		
300 Purchased Services		47,306
148 Gifted and Talented Artistic:		
400 Supplies and Materials		275
160 Other Exceptional Programs		
161 Autism		
100 Salaries		160,611
200 Employee Benefits		69,568
400 Supplies and Materials		6,985
162 Limited English Proficiency		
100 Salaries		82,384
200 Employee Benefits		35,237
400 Supplies and Materials		70,081
170 Summer School Program:		
171 Primary Summer School:		
100 Salaries		180,948
200 Employee Benefits		49,421
400 Supplies and Materials		938
172 Elementary Summer School:		
100 Salaries		8,640
200 Employee Benefits		2,424
300 Purchased Services		5,600

(Continued)

**RICHLAND SCHOOL DISTRICT TWO**  
**SPECIAL REVENUE FUNDS - EDUCATION IMPROVEMENT ACT**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**FOR THE YEAR ENDED JUNE 30, 2018**

173 High School Summer School:		
100 Salaries	\$	25,625
200 Employee Benefits		7,020
300 Purchased Services		4,200
175 Instructional Programs Beyond Regular School Day:		
100 Salaries		175
200 Employee Benefits		47
180 Adult/Continuing Educational Programs:		
181 Adult Education Basic Programs:		
300 Purchased Services		284
182 Adult Secondary Education Programs:		
300 Purchased Services		2,470
400 Supplies and Materials		1,032
183 Adult English Literacy (ESL):		
400 Supplies and Materials		502
188 Parenting		
100 Salaries		133,851
200 Employee Benefits		57,776
190 Pupil Activity		
190 Instructional Pupil Activity:		
400 Supplies and Materials		260
<b>Total Instruction</b>		<b>9,215,885</b>
<b>200 Supporting Services:</b>		
210 Pupil Services:		
211 Attendance and Social Work Services		
100 Salaries		83,082
200 Employee Benefits		25,797
300 Purchased Services		47,687
400 Supplies and Materials		15,812
212 Guidance Services		
100 Salaries		140,000
200 Employee Benefits		37,109
300 Purchased Services		73,874
400 Supplies and Materials		25,152
213 Health Services		
100 Salaries		3,240
200 Employee Benefits		911
300 Purchased Services		9,284
215 Exceptional Program Services		
300 Purchased Services		2,667
217 Career Specialist Service		
400 Supplies and Materials		7,425
220 Instructional Staff Services		
221 Improvement of Instruction - Curriculum Development:		
100 Salaries		1,044,542
200 Employee Benefits		369,203

(Continued)

**RICHLAND SCHOOL DISTRICT TWO**  
**SPECIAL REVENUE FUNDS - EDUCATION IMPROVEMENT ACT**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**FOR THE YEAR ENDED JUNE 30, 2018**

<hr/>		
222 Library and Media Services:		
100 Salaries	\$	79,961
200 Employee Benefits		21,223
400 Supplies and Materials		17,349
223 Supervision of Special Programs:		
100 Salaries		220,843
200 Employee Benefits		72,915
300 Purchased Services		33,927
400 Supplies and Materials		4,945
224 Improvement of Instruction - In-service and Staff Training:		
100 Salaries		17,961
200 Employee Benefits		4,780
300 Purchased Services		492,322
400 Supplies and Materials		47,604
230 Support Service - General Administration:		
233 School Administration:		
100 Salaries		30,685
200 Employee Benefits		12,792
250 Finance and Operations Services:		
251 Student Transportation (Federal/District Mandated)		
300 Purchased Services		5,836
255 Student Transportation (State Mandated)		
100 Salaries		10,584
200 Employee Benefits		2,827
260 Support Service - Central:		
266 Technology & Data Processing Services		
300 Purchased Services		110,996
400 Supplies and Materials		353,933
270 Support Services - Pupil Activity:		
271 Pupil Service Activity		
300 Purchased Services		39,834
400 Supplies and Materials		4,606
660 Pupil Activity		1,935
<b>Total Support Services</b>		<b>3,473,643</b>
<hr/>		
<b>300 Community Services:</b>		
350 Custody & Care of Children		
100 Salaries		98
200 Employee Benefits		26
<b>Total Community Services</b>		<b>124</b>
<hr/>		
<b>400 Other Charges:</b>		
410 Intergovernmental Expenditures		
416-720 Payments to Public Charter Schools		10,862
<b>Total Community Services</b>		<b>10,862</b>
<hr/>		
<b>TOTAL EXPENDITURES</b>		<b>12,700,514</b>
<hr/>		
(Continued)		

**RICHLAND SCHOOL DISTRICT TWO**  
**SPECIAL REVENUE FUNDS - EDUCATION IMPROVEMENT ACT**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**FOR THE YEAR ENDED JUNE 30, 2018**

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**OTHER FINANCING SOURCES (USES)**

420 Interfund Transfers, From (To) Other Funds:	
420-710 Transfer to General Fund (Exclude Indirect Costs)	\$ (6,682,312)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(6,682,312)</b>
<b>EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES</b>	<b>-</b>
FUND BALANCES, Beginning of Year	-
<b>FUND BALANCES, End of Year</b>	<b>\$ -</b>

*Note: This schedule is presented as prescribed by the South Carolina State Department of Education.*

**RICHLAND SCHOOL DISTRICT TWO  
SPECIAL REVENUE FUNDS - EDUCATION IMPROVEMENT ACT  
SUMMARY SCHEDULE BY PROGRAM  
FOR THE YEAR ENDED JUNE 30, 2018**

<b>PROGRAM</b>	<b>REVENUES</b>	<b>EXPENDITURES</b>	<b>TRANSFERS IN/(OUT)</b>	<b>UNEARNED REVENUE</b>
<b>3500 Education Improvement Act:</b>				
3502 ADEPT	\$ 45,744	\$ 45,744	\$	12,089
3507 Aid to Districts - Technology	353,933	353,933		3,552
3509 Arts in Education	62,350	62,350		16,634
3511 Professional Development	144,883	144,883		255,280
3512 Technology Professional Development	144,760	144,760		
3518 Formative Assessment	126,627	126,627		120,151
3519 Grade 10 Assessment	131,615	131,615		74,237
3525 Career and Technology Education Equipment	298,432	298,432		
3526 Refurbishment of K-8 Science Kits	109,899	109,899		5,923
3528 Industry Certifications	49,298	49,298		48,725
3529 Career & Technology Education	101,067	101,067		364,491
3532 National Board Certification Salary Supplement	3,835,677	3,835,677		
3533 Teacher of the Year Awards	1,077	1,077		
3535 Reading Coaches	1,280,190	1,280,190		
3538 Students at Risk of School Failure	2,570,915	2,570,915		2,190,463
3540 Early Childhood Program (4K Programs Serving 4 yr. olds)	802,183	802,183		797,867
3550 Teacher Salary Increase	5,760,315	9,347	(5,750,968)	
3555 School Employer Contributions	932,858	1,514	(931,344)	
3556 Adult Education	58,320	58,320		399,240
3557 Summer Reading Program	248,869	248,869		182,672
3558 Reading	99,933	99,933		72,783
3571 State Priority Schools	56,250	56,250		3,750
3577 Teacher Supplies	562,100	562,100		
3578 High Schools That Work/Making Middle Grades Work	43,401	43,401		
3587 IDEA MOE Tier 1	674,954	674,954		
3592 Work-Based Learning	104,087	104,087		
3594 EEDA Supplemental Programs	207,009	207,009		
3595 EEDA Supplies and Materials	77,301	77,301		25,057
3597 Aid to Districts	498,779	498,779		448,176
#REF!				96,875
Totals	\$ 19,382,826	\$ 12,700,514	\$ (6,682,312)	\$ 5,117,965

Note: This schedule is presented as prescribed by the South Carolina State Department of Education.

## **SCHEDULE C**

### **DEBT SERVICE FUND**

The Debt Service Fund is used to record payments of interest and principal on long-term general obligation debt from tax proceeds and earnings on temporary investments.

**RICHLAND SCHOOL DISTRICT TWO**  
**DEBT SERVICE FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**FOR THE YEAR ENDED JUNE 30, 2018**

**REVENUES**

1000 Revenue from Local Sources	
1200 Revenue from Local Governmental Units Other than LEA's:	
1210 Ad Valorem Taxes - Including Delinquent	\$ 56,719,574
1240 Penalties & Interest	1,665,048
1280 Revenue in Lieu of Taxes	1,057,617
1500 Earnings on Investments:	
1510 Interest on Investments	852,741
Total Local Sources	<u>60,294,980</u>
<b>TOTAL REVENUES ALL SOURCES</b>	<b><u>60,294,980</u></b>

**EXPENDITURES**

500 Debt Service:	
610 Redemption of Principal	43,972,984
620 Interest	14,819,341
690 Other Objects	320,928
<b>TOTAL EXPENDITURES</b>	<b><u>59,113,253</u></b>
<b>Excess of Revenues Over Expenditures</b>	<b>1,181,727</b>

**OTHER FINANCING SOURCES (USES)**

<b>5100 Sale of Bonds</b>	
5110 Premium on Bonds Sold	6,157,556
5130 Proceeds on Refunding Debt	40,880,000
441-720 Payment to Refunded Debt Escrow Agent	(46,822,585)
<b>Interfund Transfers, From (To) Other Funds</b>	
5210 Transfer from General Fund	229,533
5250 Transfer from Capital Project Fund	97,848
Total Transfers and Other Financing Sources (Uses)	<u>542,352</u>

**EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING  
SOURCES OVER EXPENDITURES AND OTHER FINANCING USES**

FUND BALANCE, Beginning of Year	<u>24,921,560</u>
<b>FUND BALANCE, End of Year</b>	<b>\$ <u>26,645,639</u></b>

*Note: This schedule is presented as prescribed by the South Carolina State Department of Education.*



## **SCHEDULE D**

### **CAPITAL PROJECTS FUND**

The Capital Projects fund, also referred to as the "Building Fund," is used to record the proceeds from the sale of long-term general obligation bonds and other revenues used for facilities acquisitions and construction. The fund balance is reserved for the completion of specific projects.

**RICHLAND SCHOOL DISTRICT TWO**  
**CAPITAL PROJECTS FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**FOR THE YEAR ENDED JUNE 30, 2018**

**REVENUES**

1000 Revenue from Local Sources		
1500 Earnings on Investments:		
1510 Interest on Investments	\$	207,272
1900 Other Revenue from Local Services		
1950 Refund of Prior Year's Expenditures		50,207
1993 Receipt of Insurance Proceeds		27,074
Total Local Sources		<u>284,553</u>
<b>TOTAL REVENUES ALL SOURCES</b>		<u><b>284,553</b></u>

**EXPENDITURES**

200 Support Services		
250 Finance and Operations:		
251 Student Transportation		
500 Capital Outlay		4,622
253 Facilities Acquisition and Construction:		
300 Purchased Services		395,937
400 Supplies and Materials		
500 Capital Outlay		
520 Construction Services		1,259,820
530 Improvements Other Than Buildings		2,726,957
540 Expendable Equipment		1,034,595
541 Equipment		217,692
550 Vehicles		169,451
560 Library Books and Materials		125,000
590 Other		210,679
254 Operations and Maintenance of Plant		
300 Purchased Services		24,203
500 Capital Outlay		75,836
258 Security		
300 Purchased Services		2,700
500 Capital Outlay		323,361
260 Central Support Services		
266 Data Processing Services		
300 Purchased Services		706,248
400 Supplies and Materials		3,346,951
500 Capital Outlay		22,678
Total Support Services		<u>10,646,730</u>
500 Debt Services		
690 Other Objects		60,017
Total Debt Services		<u>60,017</u>
<b>TOTAL EXPENDITURES</b>		<u><b>10,706,747</b></u>

**OTHER FINANCING SOURCES (USES)**

5100 Sale of Bonds:		
5110 Premium on Bonds Sale		689,239
5120 Proceeds of General Obligation Bonds		10,000,000
5300 Sale of Capital Assets		11,424
<b>Interfund Transfers, From (To) Other Funds:</b>		
423-710 Transfer to Debt Service Fund	\$	(97,848)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>		<u><b>10,602,815</b></u>

**EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING  
SOURCES OVER EXPENDITURES AND OTHER FINANCING USES**

FUND BALANCE, Beginning of Year		<u>26,229,959</u>
<b>FUND BALANCE, End of Year</b>	<b>\$</b>	<u><b>26,410,580</b></u>

Note: This schedule is presented as prescribed by the South Carolina State Department of Education.

## **SCHEDULE E**

### **ENTERPRISE FUND**

The Enterprise Fund records the financing, operation and maintenance of the food service fund operates in a manner similar to a private business enterprise. The fund's purpose is to provide balanced nutritional meals to School District students, some of which are free and reduced meals under the United States Department of Agriculture school breakfast and lunch programs.

**RICHLAND SCHOOL DISTRICT TWO**  
**SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION**  
**ENTERPRISE FUND - FOOD SERVICE PROGRAM**  
**FOR THE YEAR ENDED JUNE 30, 2018**

**REVENUES:**

## 1000 Revenues from Local Sources:

## 1500 Earnings on Investments:

1510 Interest on Investments	\$	1,373
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## 1600 Food Services:

1610 Lunch Sales to Pupils	2,349,505
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1620 Breakfast Sales to Pupils	15,001
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1630 Special Sales to Pupils	63,129
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1640 Lunch Sales to Adults	149,500
----------------------------	---------

1650 Breakfast Sales to Adults	3,205
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1660 Special Sales to Adults	22,819
------------------------------	--------

## 1900 Other Revenue from Local Sources:

## 1990 Miscellaneous Local Revenue:

1999 Revenue from Other Local Sources	18,360
---------------------------------------	--------

## Total Local Sources

	2,622,892
--	-----------

## 3000 Revenue from State Sources:

## 3140 School Lunch:

3142 Program Aid	727
------------------	-----

## Total State Sources

	727
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## 4000 Revenue from Federal Sources:

## 4800 USDA Reimbursements:

4810 School Lunch Program	6,094,556
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4830 School Breakfast Program	2,044,471
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4880 Summer Feeding Program	88,021
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## 4900 Other Federal Sources:

4991 USDA Commodities	904,443
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4999 Other Federal Revenue	139,397
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## Total Federal Sources

	9,270,888
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**Total Revenue - All Sources**

	11,894,507
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**EXPENSES:**

## 250 Finance and Operation Services:

## 256 Food Services:

100 Salaries	993,698
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200 Employee Benefits	719,840
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300 Purchased Services	136,674
------------------------	---------

393 Direct Purchased Services	8,664,276
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400 Supplies and Materials	953,776
----------------------------	---------

500 Capital Outlay	420,599
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600 Other Objects	11,296
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**Total Expenses**

	11,900,159
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**OTHER FINANCING SOURCES(USES):****Interfund Transfers, From (To) Other Funds:**

5210 Transfer from General Fund	358,471
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432-791 Transfer Food Service Fund Indirect Costs	(403,061)
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**Total Other Financing (Uses)**

	(44,590)
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**Change in Net Position**

	(50,242)
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Total Net Position - Beginning of Year, as previously reported

	1,528,639
--	-----------

Cumulative Effect of GASB 75 Adoption

	(2,769,935)
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**Total Net Position - End of Year**

	\$ (1,291,538)
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Note: This schedule is presented as prescribed by the South Carolina State Department of Education.

## **SCHEDULE F**

### **INTERNAL SERVICE FUND**

The Internal Service Fund is used to account for the financing of goods and services provided by one department to other departments of the School District, on a cost-reimbursement basis.

**RICHLAND SCHOOL DISTRICT TWO  
STATEMENT OF CHANGES IN NET POSITION AND LIABILITIES  
INTERNAL SERVICE FUND  
FOR THE YEAR ENDED JUNE 30, 2018**

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<b>ASSETS</b>	
Cash and Cash Equivalent	\$ 1,733,883
Prepaid Expenses	150,807
Receivable from Other Funds	<u>293,503</u>
<b>TOTAL ASSETS</b>	<b><u>2,178,193</u></b>
<b>LIABILITIES AND NET POSITION</b>	
Accounts Payable	1,328
Claims Payable	<u>2,007,249</u>
<b>TOTAL LIABILITIES</b>	<b><u>2,008,577</u></b>
<b>NET POSITION - UNRESTRICTED</b>	<b><u>169,616</u></b>
<b>TOTAL LIABILITIES AND NET POSITION</b>	<b>\$ <u>2,178,193</u></b>

The accompanying notes are an integral part of these basic financial statements.

*Note: This schedule is presented as prescribed by the South Carolina State Department of Education.*

**RICHLAND SCHOOL DISTRICT TWO**  
**SCHEDULE OF REVENUES, EXPENSES AND**  
**CHANGES IN NET POSITION - INTERNAL SERVICE FUND**  
**FOR THE YEAR ENDED JUNE 30, 2018**

**REVENUES**

1000 Receipts from Local Sources		
1500 Earnings on Investments		
1510 Interest on Investments	\$	345
1900 Other Revenue From Local Sources		
1993 Receipt of Insurance Proceeds		24,803
Total Local Sources		<u>25,148</u>
<b>TOTAL REVENUES ALL SOURCES</b>		<b><u>25,148</u></b>

**EXPENSES**

111 Kindergarten Programs		
200 Employee Benefits		98,106
112 Primary Programs		
200 Employee Benefits		374,476
113 Elementary Programs		
200 Employee Benefits		520,332
114 High School Programs		
200 Employee Benefits		93,644
115 Career and Technology Education Programs		
200 Employee Benefits		124
118 Montessor Program		
200 Employee Benefits		626
121 Educable Mentally Handicapped		
200 Employee Benefits		11,191
122 Trainable Mentally Handicapped		
200 Employee Benefits		35,523
127 Learning Disabilities		
100 Salaries		3,047
200 Employee Benefits		202,984
128 Emotionally Handicapped		
200 Employee Benefits		9,662
133 Preschool Handicapped Self-Contained (5 Year Old)		
200 Employee Benefits		244
137 Preschool Handicapped Self-Contained (3&4 Year Olds)		
200 Employee Benefits		1,056
139 Early Childhood Programs		
200 Employee Benefits		20,434
141 Gifted and Talented Academic		
200 Employee Benefits		167
161 Autism		
200 Employee Benefits		25,030
162 Limited English Proficiency		
200 Employee Benefits		1,889
188 Parenting/Family Literacy		
200 Employee Benefits		25,162
190 Instructional Pupil Activity		
200 Employee Benefits		525
211 Attendance and Social Work Services		
200 Employee Benefits		23,137
212 Guidance		
200 Employee Benefits		6,014
213 Health Services		
200 Employee Benefits		2,728
214 Psychological Services		
200 Employee Benefits		31,191
217 Career Specialist Services		
200 Employee Benefits		2,341
221 Improvement of Instruction Curriculum Development		
200 Employee Benefits		593
222 Library and Media		
200 Employee Benefits		350
223 Supervision of Special Programs		
200 Employee Benefits		1,522
224 Inservice & Staff Training		
200 Employee Benefits		87,363

(Continued)

**RICHLAND SCHOOL DISTRICT TWO  
SCHEDULE OF REVENUES, EXPENSES AND  
CHANGES IN NET POSITION - INTERNAL SERVICE FUND  
FOR THE YEAR ENDED JUNE 30, 2018**

233 School Administration	
200 Employee Benefits	\$ 91,307
400 Supplies and Materials	7,039
251 Student Transportation (Federal/District Mandated)	
200 Employee Benefits	122,584
252 Fiscal Services	
200 Employee Benefits	20,651
600 Other Objects	100
254 Operations and Maintenance of Plant	
200 Employee Benefits	285,011
400 Supplies and Materials	762
600 Other Objects	248,714
255 Student Transportation	
200 Employee Benefits	28,694
256 Food Service	
200 Employee Benefits	25,869
258 Security	
200 Employee Benefits	106,979
263 Information Services	
200 Employee Benefits	479
264 Staff Services	
200 Employee Benefits	232
266 Technology and Data Processing Services	
200 Employee Benefits	3,893
350 Custody and Care of Children Services	
200 Employee Benefits	118
TOTAL EXPENSES	<u>2,521,893</u>
<b>EXCESS RECEIPTS OVER DISBURSEMENTS</b>	<b>(2,496,745)</b>
<b>OTHER FINANCING SOURCES (USES)</b>	
Interfund Transfers, From (To) Other Funds:	
5210 Transfer from General Fund	2,262,287
Total Other Financing Sources (Uses)	<u>2,262,287</u>
<b>EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES</b>	<b>(234,458)</b>
Net Position, Beginning of Year	<u>404,074</u>
<b>Net Position, End of Year</b>	<b><u>\$ 169,616</u></b>

*Note: This schedule is presented as prescribed by the South Carolina State Department of Education.*



## **SCHEDULE G**

### **FIDUCIARY FUND TYPE**

The Agency Fund is used to record the receipts and disbursements of monies from various pupil activity organizations. These organizations exist at the explicit approval of the Board of Trustees. The approval may be revoked by the Board of Trustees. The fund accounting reflects the School District's agency relationship with the Pupil Activity organizations. Since the Agency Fund is custodial, no fund balances exist.

**RICHLAND SCHOOL DISTRICT TWO**  
**STATEMENT OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES**  
**AGENCY FUND - PUPIL ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2018**

	Balance July 1, 2017	Additions	Deletions	Balance June 30, 2018
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 10,473,624	\$	\$ 4,321,595	\$ 6,152,029
Accounts Receivable	16,484		10,206	6,278
	<u>10,490,108</u>	<u>-</u>	<u>4,331,801</u>	<u>6,158,307</u>
<b>TOTAL ASSETS</b>	<u>10,490,108</u>	<u>-</u>	<u>4,331,801</u>	<u>6,158,307</u>
<b>LIABILITIES</b>				
Accounts Payable	6,873,845		4,461,345	2,412,500
Due to Pupil Activities	<u>3,616,263</u>	<u>129,544</u>		<u>3,745,807</u>
<b>TOTAL LIABILITIES</b>	<u>\$ 10,490,108</u>	<u>\$ 129,544</u>	<u>\$ 4,461,345</u>	<u>\$ 6,158,307</u>

*Note: This schedule is presented as prescribed by the South Carolina State Department of Education.*

**RICHLAND SCHOOL DISTRICT TWO**  
**SCHEDULE OF RECEIPTS, DISBURSEMENTS AND CHANGES IN DUE TO PUPIL ACTIVITIES**  
**AGENCY FUND - PUPIL ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2018**

**RECEIPTS**

1000 Receipts from Local Sources	
1700 Pupil Activities	
1710 Admissions	\$ 17,520
1720 Bookstore Sales	4,525
1730 Pupil Organization Membership Dues and Fees	4,835
1740 Student Fees	643,372
1790 Other	7,654,934
1900 Other Revenue from Local Sources	
1999 Revenue from Other Local Sources	650,121
Total Local Sources	<u>8,975,307</u>
<b>TOTAL RECEIPTS ALL SOURCES</b>	<b><u>8,975,307</u></b>

**DISBURSEMENTS**

190 Instructional Pupil Activity	
100 Salaries	739,703
200 Employee Benefits	214,175
660 Pupil Activity	977,829
270 Support Services Pupil Activity	
271 Pupil Services Activities	
100 Salaries	1,202,451
200 Employee Benefits	330,215
300 Purchased Services	3,153
400 Supplies and Materials	5,316
660 Pupil Activity	5,372,921
TOTAL DISBURSEMENTS	<u>8,845,763</u>
<b>EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS</b>	<b>129,544</b>
DUE TO PUPIL ACTIVITIES, Beginning of Year	<u>3,616,263</u>
<b>DUE TO PUPIL ACTIVITIES, End of Year</b>	<b><u>\$ 3,745,807</u></b>

*Note: This schedule is presented as prescribed by the South Carolina State Department of Education.*

**SCHEDULE H**

**COMPONENT UNIT**

**CHARTER SCHOOL**

The Charter School operates under a Charter granted by the District and is considered, under South Carolina Law, to be a public school and a component unit of the School District.

**RICHLAND SCHOOL DISTRICT TWO  
COMPONENT UNIT - RICHLAND TWO CHARTER HIGH SCHOOL  
STATEMENT OF FINANCIAL POSITION  
JUNE 30, 2018**

**ASSETS**

Due from District	\$	934,138
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<b>TOTAL ASSETS</b>		934,138
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**DEFERRED OUTFLOWS OF RESOURCES**

Deferred Outflows related to Net Pension Liability		195,300
Deferred Outflows related to Net OPEB Liability		22,736

<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>		218,036
---	--	---------

<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>		1,152,174
--	--	-----------

**LIABILITIES , DEFERRED INFLOWS OF RESOURCES AND NET POSITION**

Accounts Payable		767
Net Pension Liability		772,373
Net OPEB Liability		556,016

<b>TOTAL LIABILITIES</b>		1,329,156
--------------------------	--	-----------

**DEFERRED INFLOWS OF RESOURCES**

Deferred Inflows related to Net Pension Liability		3,959
Deferred Inflows related to Net OPEB Liability		52,566

<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>		56,525
--	--	--------

<b>NET POSITION - UNRESTRICTED</b>		(233,507)
------------------------------------	--	-----------

<b>TOTAL LIABILITIES, DEFERRED INFLOWS AND NET POSITION</b>	\$	1,152,174
---	----	-----------

The accompanying notes are an integral part of these basic financial statements.

*Note: This schedule is presented as prescribed by the South Carolina State Department of Education.*

**RICHLAND SCHOOL DISTRICT TWO**  
**COMPONENT UNIT - RICHLAND TWO CHARTER HIGH SCHOOL**  
**SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION**  
**FOR THE YEAR ENDED JUNE 30, 2018**

**REVENUES**

1000 Revenue from Local Sources	
1990 Miscellaneous Local Revenue	
1999 Revenue from Other Sources	\$ 5
Total Local Sources	<u>5</u>
2000 Intergovernmental Units	
2100 Payments from Other Governmental Units	943,795
Total Intergovernmental Units	<u>943,795</u>
<b>TOTAL REVENUES ALL SOURCES</b>	<b><u>943,800</u></b>

**EXPENDITURES****100 INSTRUCTION**

115 Career and Technology Education Programs	
100 Salaries	125,104
200 Employee Benefits	48,718
300 Purchased Services	263
145 Homebound	
300 Purchased Services	117
Total Instruction	<u>174,202</u>

**200 SUPPORT SERVICES**

212 Guidance Services	
100 Salaries	68,142
200 Employee Benefits	26,414
223 Supervision of Special Programs	
300 Purchased Services	2,999
400 Supplies and Materials	1,434
231 Board of Education	
400 Supplies and Materials	3,817
233 School Administration	
100 Salaries	254,970
200 Employee Benefits	157,103
300 Purchased Services	28,047
400 Supplies and Materials	3,714
500 Capital Outlay	625
600 Other Objects	1,283
254 Operations and Maintenance of Plant	
300 Purchased Services	68,916
258 Security	
100 Salaries	26,161
200 Employee Benefits	13,829
Total Support Services	<u>657,454</u>

410 Intergovernmental Expenditures	
412-720 Payments to Other Governmental Units	181,149
<b>TOTAL EXPENDITURES</b>	<b><u>1,012,805</u></b>

**EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES** **(69,005)**

Net Position, Beginning of Year 410,983

Cumulative Effect of GASB 75 Adoption (575,485)

**Net Position, End of Year** **\$ (233,507)**

*Note: This schedule is presented as prescribed by the South Carolina State Department of Education.*

**SCHEDULE I**  
**OTHER SUPPLEMENTAL SCHEDULE**

The following schedule is required by the South Carolina Department of Education.

RICHLAND SCHOOL DISTRICT TWO  
 DETAILED SCHEDULE OF DUE TO STATE DEPARTMENT OF EDUCATION/FEDERAL GOVERNMENT  
 FOR THE YEAR ENDED JUNE 30, 2018

PROGRAM	PROJECT/ GRANT NUMBER	REVENUE & SUBFUND CODES	DESCRIPTION	AMOUNT DUE TO STATE DEPARTMENT OF EDUCATION OR FEDERAL GOVERNMENT	STATUS OF AMOUNT DUE TO GRANTORS
Use of State Buses	N/A	100/1999	Payment due for bus usage	\$ 10,855	Check Issued
National Board Certification Salary Supplement	N/A	332/3532	Over payment	19,474	In Process
				<u>\$ 30,329</u>	

*Note: This schedule is presented as prescribed by the South Carolina State Department of Education.*



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## STATISTICAL SECTION

### (UNAUDITED)

The Statistical Section of the District's comprehensive annual financial report presents detailed information as a context for understanding the information in the financial statements, note disclosures, and required supplementary information says about the School District's overall financial health.

#### ***Financial Trends***

These schedules contain trend information to help the reader understand how the School District's financial performance and well-being have changed over time.

#### ***Revenue Capacity***

These schedules contain information to help the reader assess the School District's most significant local revenue source, the property tax.

#### ***Debt Capacity***

These schedules present information to help the reader assess the affordability of the School District's current levels of outstanding debt and the School District's ability to issue additional debt in the future.

#### ***Demographic and Economic Information***

These schedules offer demographic and economic indicators to help the reader understand the environment in which the School District's financial activities take place.

#### ***Operating Information***

These schedules contain service and infrastructure data to help the reader understand how the information in the School District's financial report relates to the services the District provides and the activities it performs.

*Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.*

## RICHLAND SCHOOL DISTRICT TWO

## NET POSITION BY COMPONENT

JUNE 2009 THROUGH 2018

(ACCRUAL BASIS)

	2009	2010	2011	2012	2013	2014	2015*	2016	2017	2018
<b>Governmental Activities</b>										
Net Investment in Capital Assets	\$ 37,991,914	\$ 85,100,593	\$ 64,763,449	\$ 83,927,677	\$ 109,733,690	\$ 113,769,149	\$ 116,956,102	\$ 137,108,277	\$ 158,447,739	\$ 180,950,749
Restricted	103,689,062	62,874,145	77,413,217	52,449,754	12,180,380	14,499,495	17,118,957	22,845,297	21,330,566	23,136,508
Unrestricted	16,940,493	19,293,652	23,910,614	26,362,608	32,682,030	35,864,156	(250,572,529)	(259,241,952)	(263,469,464)	(576,671,789)
<b>Total Governmental Activities Net Position</b>	<b>158,621,469</b>	<b>167,268,390</b>	<b>166,087,280</b>	<b>162,740,039</b>	<b>154,596,100</b>	<b>164,132,800</b>	<b>(116,497,470)</b>	<b>(99,288,378)</b>	<b>(83,691,159)</b>	<b>(372,584,532)</b>
<b>Business-Type Activities</b>										
Net Investment in Capital Assets	1,652,295	1,821,507	2,714,164	2,797,051	2,528,910	2,234,238	1,905,492	1,715,155	1,862,896	1,517,687
Unrestricted	2,515,366	2,511,364	2,842,873	2,914,064	2,755,534	3,335,786	427,840	(50,770)	(334,257)	(2,809,225)
<b>Total Business-Type Activities Net Position</b>	<b>4,167,661</b>	<b>4,332,871</b>	<b>5,557,037</b>	<b>5,711,115</b>	<b>5,284,444</b>	<b>5,570,024</b>	<b>2,333,332</b>	<b>1,664,385</b>	<b>1,528,639</b>	<b>(1,291,538)</b>
<b>Primary Government</b>										
Net Investment in Capital Assets	39,644,209	86,922,100	67,477,613	86,724,728	112,262,600	116,003,387	118,861,594	138,823,432	160,310,635	182,468,436
Restricted	103,689,062	62,874,145	77,413,217	52,449,754	12,180,380	14,499,495	17,118,957	22,845,297	21,330,566	23,136,508
Unrestricted	19,455,859	21,805,016	26,753,487	29,276,672	35,437,564	39,199,942	(250,144,689)	(259,292,722)	(263,803,721)	(579,481,014)
<b>Total Primary Government</b>	<b>\$ 162,789,130</b>	<b>\$ 171,601,261</b>	<b>\$ 171,644,317</b>	<b>\$ 168,451,154</b>	<b>\$ 159,880,544</b>	<b>\$ 169,702,824</b>	<b>\$ (114,164,138)</b>	<b>\$ (97,623,993)</b>	<b>\$ (82,162,520)</b>	<b>\$ (373,876,070)</b>

\* The District Implemented GASB 68 for the year ending June 30, 2015. This implementation required recognition of a significant pension liability which resulted in a reporting deficit.

**RICHLAND SCHOOL DISTRICT TWO**  
**EXPENSES, PROGRAM REVENUES AND NET (EXPENSE)**  
**FOR FISCAL YEARS ENDED JUNE 30, 2009 THROUGH 2018**  
**(ACCRUAL BASIS)**

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>Expenses</b>										
<b>Governmental Activities:</b>										
Instruction	\$ 140,833,019	\$ 150,801,164	\$ 145,856,218	\$ 155,352,131	\$ 166,236,699	\$ 171,250,774	\$ 179,943,863	\$ 182,882,044	\$ 178,527,719	\$ 200,253,684
Support Services	91,928,903	98,710,389	101,600,103	107,127,665	114,581,107	116,519,318	122,728,455	126,081,749	150,532,971	147,675,895
Community Services	1,764,053	1,743,046	1,656,079	1,429,158	1,534,120	1,189,962	1,168,386	156,500	190,015	297,796
Intergovernmental				21,154,095	1,200,154	1,391,393	1,683,142			
Interest and Other Charges	10,507,369	15,533,783	25,826,729	105,400	28,822,086	14,944,692	24,422,848	9,934,821	9,148,324	13,360,729
Pupil Activities	80,600	80,200	190,400	105,127						
Depreciation - Unallocated										
<b>Total Governmental Activities Expenses</b>	<b>245,113,944</b>	<b>266,868,582</b>	<b>275,129,529</b>	<b>285,273,576</b>	<b>312,374,166</b>	<b>305,296,139</b>	<b>329,946,694</b>	<b>319,055,114</b>	<b>338,399,029</b>	<b>361,588,104</b>
<b>Business-Type Activities:</b>										
Food Services	8,602,751	9,072,930	10,073,526	10,707,175	11,392,466	10,911,686	12,196,339	12,257,836	12,181,857	11,900,159
<b>Total Business-Type Activities Expenses</b>	<b>8,602,751</b>	<b>9,072,930</b>	<b>10,073,526</b>	<b>10,707,175</b>	<b>11,392,466</b>	<b>10,911,686</b>	<b>12,196,339</b>	<b>12,257,836</b>	<b>12,181,857</b>	<b>11,900,159</b>
<b>Total Primary Government Expenses</b>	<b>253,716,695</b>	<b>275,941,512</b>	<b>285,203,055</b>	<b>295,980,751</b>	<b>323,766,632</b>	<b>316,207,825</b>	<b>342,143,033</b>	<b>331,312,950</b>	<b>350,580,886</b>	<b>373,488,263</b>
<b>Program Revenues</b>										
<b>Governmental Activities:</b>										
Charges for Services										
Instruction	521,476	416,024	1,173,357	854,105	294,035	334,656	276,459	447,146	221,503	364,633
Support Services	708,942	684,816	414,042	633,902	160,689	162,922	144,774	157,823	212,346	470,353
Operating Grants and Contributions	108,445,584	114,860,648	110,113,364	112,961,004	121,897,536	127,304,694	137,514,617	139,135,888	149,846,237	160,595,221
Capital Grants and Contributions	458,460	-	477,640							
<b>Total Governmental Activities Program Revenues</b>	<b>110,134,462</b>	<b>115,961,488</b>	<b>112,178,403</b>	<b>114,449,011</b>	<b>122,352,260</b>	<b>127,802,272</b>	<b>137,935,850</b>	<b>139,740,857</b>	<b>150,280,086</b>	<b>161,430,207</b>
<b>Business-Type Activities</b>										
Charges for Services										
Food Services	3,288,330	3,270,710	3,437,746	3,273,672	3,408,127	3,107,800	3,093,080	3,147,985	2,752,009	2,621,519
Operating Grants and Contributions	5,278,475	5,883,408	6,607,778	7,140,736	7,398,346	7,788,741	7,878,779	8,313,365	8,632,309	9,131,491
<b>Total Business-Type Activities Program Revenues</b>	<b>8,566,805</b>	<b>9,154,118</b>	<b>10,045,524</b>	<b>10,414,408</b>	<b>10,806,473</b>	<b>10,896,541</b>	<b>10,971,859</b>	<b>11,461,350</b>	<b>11,384,318</b>	<b>11,753,010</b>
<b>Total Primary Government Program Revenues</b>	<b>118,701,267</b>	<b>125,115,606</b>	<b>122,223,927</b>	<b>124,863,419</b>	<b>133,158,733</b>	<b>138,698,813</b>	<b>148,907,709</b>	<b>151,202,207</b>	<b>161,664,404</b>	<b>173,183,217</b>
<b>Net (Expense) Revenue</b>										
Governmental Activities	(134,979,482)	(150,907,094)	(162,951,126)	(170,824,565)	(190,021,906)	(177,493,867)	(192,010,844)	(179,314,257)	(188,118,943)	(200,157,897)
Business-Type Activities	(35,946)	81,188	(28,002)	(292,767)	(585,993)	(15,145)	(1,224,480)	(796,486)	(797,539)	(147,149)
<b>Total Primary Government Net (Expense)/Revenue</b>	<b>\$ (135,015,428)</b>	<b>\$ (150,825,906)</b>	<b>\$ (162,979,128)</b>	<b>\$ (171,117,332)</b>	<b>\$ (190,607,899)</b>	<b>\$ (177,509,012)</b>	<b>\$ (193,235,324)</b>	<b>\$ (180,110,743)</b>	<b>\$ (188,916,482)</b>	<b>\$ (200,305,046)</b>

**RICHLAND SCHOOL DISTRICT TWO**  
**GENERAL REVENUES AND TOTAL CHANGE IN NET POSITION**  
**FOR FISCAL YEARS ENDED JUNE 30, 2009 THROUGH 2018**  
**(ACCRUAL BASIS)**

	2009	2010	2010	2012	2013	2014	2015	2016	2017	2018
<b>Net (Expense) Revenue:</b>										
Governmental Activities	\$(134,979,482)	\$(150,907,094)	\$(162,951,126)	\$(170,824,565)	\$(190,021,906)	\$(177,493,867)	\$(192,010,844)	\$(179,314,257)	\$(188,118,943)	\$(200,157,897)
Business-Type Activities	(35,946)	81,188	(28,002)	(292,767)	(585,993)	(15,145)	(1,224,480)	(796,486)	(797,539)	(147,149)
<b>Total Primary Government Net (Expense) Revenue</b>	<b>(135,015,428)</b>	<b>(150,825,906)</b>	<b>(162,979,128)</b>	<b>(171,117,332)</b>	<b>(190,607,899)</b>	<b>(177,509,012)</b>	<b>(193,235,324)</b>	<b>(180,110,743)</b>	<b>(188,916,482)</b>	<b>(200,305,046)</b>
<b>General Revenues and Other Changes in Net Position</b>										
<b>Governmental Activities:</b>										
Taxes										
Property Taxes Levied for General Purposes	62,217,193	69,808,614	70,625,051	73,749,462	80,052,909	83,784,521	85,522,956	88,498,475	93,776,751	95,996,569
Property Taxes Levied for Debt Services	32,356,196	46,508,954	44,457,617	42,274,586	45,620,780	50,979,099	55,045,358	56,820,028	58,515,896	59,435,654
Unrestricted Grants and Contributions	47,975,134	42,205,859	46,990,976	49,724,092	51,422,890	50,670,589	51,399,853	48,764,658	49,061,032	51,581,912
Investment Earnings	1,238,208	917,688	598,909	394,001	2,650,981	600,886	841,808	1,073,829	757,078	1,729,617
Intergovernmental										
Miscellaneous	241,482	164,443	269,406	123,298	2,200,928	2,225,996	2,467,129	1,217,658	1,963,685	1,082,236
Insurance Proceeds				14,750						
Transfers	(43,606)	(51,533)	(1,171,943)	(403,001)	(70,521)	147,187	216,336	148,701	(358,280)	44,590
<b>Total Governmental Activities</b>	<b>143,984,607</b>	<b>159,554,025</b>	<b>161,770,016</b>	<b>165,877,188</b>	<b>181,877,967</b>	<b>188,408,278</b>	<b>195,493,440</b>	<b>196,523,349</b>	<b>203,716,162</b>	<b>209,870,578</b>
<b>Business-Type Activities</b>										
Unrestricted Grants and Contributions			8,557							
Investment Earnings	24,342	12,432	16,386	12,854	25,371	27,871	49,740	43,047	845	1,373
Miscellaneous		20,057	55,282	14,025	60,572	420,041	329,784	233,193	302,668	140,124
Gain on Sale of Capital Assets				16,965	2,858					
Transfers	43,606	51,533	1,171,943	403,001	70,521	(147,187)	(216,336)	(148,701)	358,280	(44,590)
<b>Total Business-Type Activities</b>	<b>67,948</b>	<b>84,022</b>	<b>1,252,168</b>	<b>446,845</b>	<b>159,322</b>	<b>300,725</b>	<b>163,188</b>	<b>127,539</b>	<b>661,793</b>	<b>96,907</b>
<b>Total Primary Government</b>	<b>144,052,555</b>	<b>159,638,047</b>	<b>163,022,184</b>	<b>166,324,033</b>	<b>182,037,289</b>	<b>188,709,003</b>	<b>195,656,628</b>	<b>196,650,888</b>	<b>204,377,955</b>	<b>209,967,485</b>
<b>Change in Net Position</b>										
Governmental Activities	9,005,125	8,646,921	(1,181,110)	(4,947,377)	(8,143,939)	10,914,411	3,482,596	17,209,092	15,597,219	9,712,681
Business-Type Activities	32,002	165,210	1,224,166	154,078	(426,671)	285,580	(1,061,292)	(668,947)	(135,746)	(50,242)
<b>Change in Net Position - Primary Government</b>	<b>\$ 9,037,127</b>	<b>\$ 8,812,131</b>	<b>\$ 43,056</b>	<b>\$ (4,793,299)</b>	<b>\$ (8,570,610)</b>	<b>\$ 11,199,991</b>	<b>\$ 2,421,304</b>	<b>\$ 16,540,145</b>	<b>\$ 15,461,473</b>	<b>\$ 9,662,439</b>

**RICHLAND SCHOOL DISTRICT TWO**  
**FUND BALANCES OF GOVERNMENTAL FUNDS**  
**LAST TEN FISCAL YEARS**  
**(MODIFIED ACCRUAL BASIS)**

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>General Fund</b>										
Unreserved	\$ 20,390,382	\$ 22,694,466	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Total General Fund</b>	20,390,382	22,694,466	-	-	-	-	-	-	-	-
<b>General Fund*</b>										
Nonspendable	N/A	N/A			110,666	60,093	51,494	40,652	50,196	-
Restricted	N/A	N/A								
Committed	N/A	N/A	13,791,031	13,933,189						
Assigned	N/A	N/A	577,994	547,814						
Unassigned	N/A	N/A	12,639,592	15,682,165	33,673,599	38,308,823	39,616,139	40,226,954	46,152,355	52,973,547
<b>Total General Fund*</b>	-	-	27,008,617	30,163,168	33,784,265	38,368,916	39,667,633	40,267,606	46,202,551	52,973,547
<b>All Other Governmental Funds</b>										
Reserved for Debt Service	11,334,776	17,834,367								
Reserved for Capital Projects	92,354,286	45,039,778								
<b>Total All Other Governmental Funds</b>	103,689,062	62,874,145	-	-	-	-	-	-	-	-
<b>All Other Governmental Funds*</b>										
Restricted	N/A	N/A	77,413,217	97,923,741	134,501,224	117,090,962	106,725,208	72,286,334	51,168,835	53,073,535
Committed	N/A	N/A								
Assigned	N/A	N/A								
Unassigned	N/A	N/A								
<b>Total All Other Governmental Funds*</b>	\$ -	\$ -	\$ 77,413,217	\$ 97,923,741	\$ 134,501,224	\$ 117,090,962	\$ 106,725,208	\$ 72,286,334	\$ 51,168,835	\$ 53,073,535

Notes: \* The fund balances for the General Fund and all other Governmental Funds from FY2011 and later are reported based on the new requirements under GASB 54. The fund balances prior to 2011 are not reported under GASB 54.

Table 5

**RICHLAND SCHOOL DISTRICT TWO**  
**GOVERNMENTAL FUNDS REVENUES**  
**LAST TEN FISCAL YEARS**  
**(MODIFIED ACCRUAL BASIS)**

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>Sources</b>										
<b>Local Sources:</b>										
Local Property Tax	\$ 94,573,389	\$ 116,317,568	\$ 117,133,807	\$ 113,073,887	\$ 120,964,929	\$ 130,714,236	\$ 140,503,482	\$ 144,931,769	\$ 152,222,454	\$ 155,455,615
Interest Income	1,229,061	900,729	598,909	379,348	2,632,635	592,701	834,453	1,049,521	739,473	1,704,469
Other Revenues	4,623,452	4,479,468	5,131,143	6,874,820	8,367,295	8,356,187	4,568,823	3,729,041	4,058,968	3,051,338
<b>Total Revenue from Local Sources</b>	<b>100,425,902</b>	<b>121,697,765</b>	<b>122,863,859</b>	<b>120,328,055</b>	<b>131,964,859</b>	<b>139,663,124</b>	<b>145,906,758</b>	<b>149,710,331</b>	<b>157,020,895</b>	<b>160,211,422</b>
<b>State Sources:</b>										
State Education Finance Act	43,212,950	44,129,163	41,872,756	49,675,242	53,878,425	57,000,947	61,228,465	64,493,666	70,312,436	76,186,540
State Revenue in Lieu of Taxes	47,815,209	46,864,327	44,702,077	45,370,078	46,382,333	47,143,068	47,786,914	48,527,591	48,837,828	49,493,108
State Education Improvement Act	12,352,141	11,532,845	10,366,595	18,450,217	20,114,400	20,101,967	19,110,992	16,076,246	18,028,745	19,382,826
State Grants & Other State Revenue	40,313,570	29,766,023	33,783,860	29,451,875	36,823,617	34,645,799	36,350,570	38,685,065	40,631,865	47,183,734
<b>Total Revenue from State Sources</b>	<b>143,693,870</b>	<b>132,292,358</b>	<b>130,725,288</b>	<b>142,947,412</b>	<b>157,198,775</b>	<b>158,891,781</b>	<b>164,476,941</b>	<b>167,782,568</b>	<b>177,810,874</b>	<b>192,246,208</b>
<b>Federal Sources:</b>										
Federal Grants	9,688,938	20,985,755	21,114,771	16,969,492	13,260,225	17,468,028	22,562,606	17,982,496	19,089,346	18,615,660
<b>Total Federal Sources</b>	<b>9,688,938</b>	<b>20,985,755</b>	<b>21,114,771</b>	<b>16,969,492</b>	<b>13,260,225</b>	<b>17,468,028</b>	<b>22,562,606</b>	<b>17,982,496</b>	<b>19,089,346</b>	<b>18,615,660</b>
<b>Intergovernmental Revenue</b>										
Intergovernmental Revenue	344,818	427,150	457,594	454,838	612,294	92,980	194,007	238,276	352,513	181,149
<b>Total Intergovernmental Revenues</b>	<b>344,818</b>	<b>427,150</b>	<b>457,594</b>	<b>454,838</b>	<b>612,294</b>	<b>92,980</b>	<b>194,007</b>	<b>238,276</b>	<b>352,513</b>	<b>181,149</b>
<b>Total Revenues from All Sources</b>	<b>\$ 254,153,528</b>	<b>\$ 275,403,028</b>	<b>\$ 275,161,512</b>	<b>\$ 280,699,797</b>	<b>\$ 303,036,153</b>	<b>\$ 316,115,913</b>	<b>\$ 333,140,312</b>	<b>\$ 335,713,671</b>	<b>\$ 354,273,628</b>	<b>\$ 371,254,439</b>

Table 6

**RICHLAND SCHOOL DISTRICT TWO**  
**GOVERNMENTAL FUNDS EXPENDITURES AND DEBT SERVICE RATIO**  
**LAST TEN FISCAL YEARS**  
**(MODIFIED ACCRUAL BASIS)**

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>Expenditures</b>										
Current:										
Instruction	\$ 136,958,681	\$ 141,643,004	\$ 151,761,285	\$ 141,282,551	\$ 150,941,022	\$ 156,617,482	\$ 162,098,330	\$ 162,705,321	\$ 167,746,259	\$ 173,500,467
Support Services	83,722,825	88,123,072	76,788,344	96,530,360	104,499,931	106,497,349	112,622,549	115,753,657	144,017,660	127,617,115
Community Services	1,729,204	1,684,666	1,640,010	1,387,105	1,534,120	1,189,961	1,168,386	156,500	190,015	297,796
Capital Additions	73,163,814	64,224,397	126,076,957	104,761,220	28,802,838	21,254,322	18,154,121	44,273,913	9,484,256	6,935,244
Debt Service:										
Principal Retirement	15,915,000	24,480,000	29,605,000	27,754,243	56,500,000	29,305,000	97,210,000	37,665,000	40,246,000	43,972,984
Interest and Fiscal Charges	13,381,245	15,683,546	28,110,298	23,079,215	26,128,127	22,775,177	30,874,055	17,409,696	16,740,331	15,200,286
Intergovernmental	972,168	425,297	1,011,140	829,891	1,200,154	1,391,393	1,683,142	1,739,055	1,855,598	3,754,927
<b>Total Expenditures</b>	<b>\$ 274,334,699</b>	<b>\$ 340,560,596</b>	<b>\$ 376,643,867</b>	<b>\$ 333,309,753</b>	<b>\$ 369,606,192</b>	<b>\$ 339,030,684</b>	<b>\$ 423,810,583</b>	<b>\$ 379,703,142</b>	<b>\$ 380,280,119</b>	<b>\$ 371,278,819</b>
<b>Debt Service as a Percentage of Non-Capital Expenditures</b>	14.56%	14.53%	23.03%	22.24%	24.25%	16.39%	31.57%	16.42%	15.37%	16.24%



**RICHLAND SCHOOL DISTRICT TWO**  
**OTHER FINANCING SOURCES AND USES AND**  
**NET CHANGE IN FUND BALANCES, GOVERNMENTAL FUNDS**

**LAST TEN FISCAL YEARS**

**(MODIFIED ACCRUAL BASIS)**

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>Excess of Revenues Over (Under) Expenditures</b>	\$ (20,181,094)	\$ (65,010,588)	\$ (101,482,355)	\$ (52,609,956)	\$ (66,570,039)	\$ (22,914,771)	\$ (90,670,271)	\$ (43,989,471)	\$ (26,006,491)	\$ (24,380)
<b>Other Financing Sources (Uses)</b>										
General Long-Term Debt Issued	78,500,000	27,795,000	111,885,000	70,000,000	106,836,546	11,396,124	10,000,000	10,000,000	12,100,000	50,880,000
Premium on Bonds Sold	10,673,776	336,488	17,203,709	6,665,916			12,864,732	1,491,294	579,826	6,846,795
Sale of Capital Assets				17,380	2,594	45,849	12,166	10,575	2,391	13,563
Proceeds from Long-Term Notes			149,212							
Proceeds of Refunding Debt			83,260,000							
Payments to Refunded Debt Escrow Agents			(89,300,000)							(46,822,585)
Proceeds of Refunded Debt (Net)	(619,147)						60,010,000			
Transfers in	3,276,672	3,995,775	3,142,632	4,305,720	9,183,514	6,439,855	9,228,298	7,163,447	8,709,364	8,386,612
Transfers out	(4,900,878)	(5,627,508)	(6,004,975)	(6,314,121)	(9,254,035)	(7,792,668)	(10,511,962)	(8,514,746)	(10,567,644)	(10,604,309)
<b>Total Other Financing Sources</b>	<b>86,930,423</b>	<b>26,499,755</b>	<b>120,335,578</b>	<b>74,674,895</b>	<b>106,768,619</b>	<b>10,089,160</b>	<b>81,603,234</b>	<b>10,150,570</b>	<b>10,823,937</b>	<b>8,700,076</b>
<b>Net Change in Fund Balances</b>	<b>\$ 66,749,329</b>	<b>\$ (38,510,833)</b>	<b>\$ 18,853,223</b>	<b>\$ 22,064,939</b>	<b>\$ 40,198,580</b>	<b>\$ (12,825,611)</b>	<b>\$ (9,067,037)</b>	<b>\$ (33,838,901)</b>	<b>\$ (15,182,554)</b>	<b>\$ 8,675,696</b>

**RICHLAND SCHOOL DISTRICT TWO**  
**ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY**  
**LAST TEN FISCAL YEARS**

Fiscal Year Ended	Assessed Value			Actual Value			Total Direct Tax Rate
	Real Property	Personal Property	Total	Real Property	Personal Property	Total	
2009	\$ 350,978,960	\$ 128,439,222	\$ 479,418,182	\$ 7,584,610,153	\$ 1,646,479,883	\$ 9,231,090,036	301.3
2010	\$ 394,760,080	\$ 126,619,972	\$ 521,380,052	\$ 8,567,754,735	\$ 1,609,850,471	\$ 10,177,605,206	342.3
2011	\$ 400,814,700	\$ 117,675,076	\$ 518,489,776	\$ 8,739,478,082	\$ 1,454,335,889	\$ 10,193,813,971	343.3
2012	\$ 406,302,990	\$ 118,186,867	\$ 524,489,857	\$ 8,882,531,052	\$ 1,480,507,521	\$ 10,363,038,573	349.4
2013	\$ 409,508,640	\$ 128,883,188	\$ 538,391,828	\$ 8,967,744,550	\$ 1,644,392,695	\$ 10,612,137,245	367.5
2014	\$ 414,201,660	\$ 135,129,099	\$ 549,330,759	\$ 9,069,862,050	\$ 1,736,060,994	\$ 10,805,923,044	385.5
2015	\$ 380,188,860	\$ 137,722,914	\$ 517,911,774	\$ 8,250,836,720	\$ 1,785,430,842	\$ 10,036,267,562	406.0
2016	\$ 389,892,460	\$ 143,192,835	\$ 533,085,295	\$ 8,466,308,860	\$ 1,867,523,548	\$ 10,333,832,408	412.0
2017	\$ 398,138,830	\$ 147,487,771	\$ 545,626,601	\$ 8,653,428,450	\$ 1,910,910,660	\$ 10,564,339,110	427.0
2018	\$ 411,907,320	\$ 144,756,816	\$ 556,664,136	\$ 8,947,211,680	\$ 1,874,515,236	\$ 10,821,726,916	429.2

Source: Richland County Assessor's Office and Richland County Auditor's Office

**RICHLAND SCHOOL DISTRICT TWO**  
**DIRECT AND OVERLAPPING PROPERTY TAX RATES**  
**LAST TEN FISCAL YEARS**  
(rate per \$1,000 of assessed value)

Fiscal Year	District Direct Rates			Overlapping Rates <sup>a</sup>				
	General Purposes	Capital Purposes	Total	Richland School District 2	Richland County	Recreation District of Richland County	East Richland Public Service District	Richland-Lexington Riverbanks Park
2009	233.0	68.3	301.3	301.3	81.1	13.6	8.0	2.10
2010	250.3	92.0	342.3	342.3	78.7	13.2	4.0	2.00
2011	258.3	85.0	343.3	343.3	79.7	13.4	4.0	2.00
2012	269.4	80.0	349.4	349.4	81.6	13.7	4.0	2.00
2013	282.5	85.0	367.5	367.5	84.2	14.1	4.0	2.00
2014	291.5	94.0	385.5	385.5	86.5	14.4	4.0	2.10
2015	298.0	108.0	406.0	406.0	93.9	15.6	4.0	2.70
2016	304.0	108.0	412.0	412.0	95.6	15.8	4.0	2.40
2017	319.0	108.0	427.0	427.0	96.8	15.8	6.0	2.40
2018	321.2	108.0	429.2	429.2	97.1	16.1	6.0	2.40

**Source:** County Auditor's Office

**Note:** <sup>a</sup> Includes levies for operating and debt service costs.

**RICHLAND SCHOOL DISTRICT TWO**  
**PRINCIPAL PROPERTY TAXPAYERS**  
**CURRENT YEAR AND NINE YEARS AGO**

Taxpayer	2018			2009		
	Rank	Taxable Assessed Value	Percentage of Total Taxable Value	Rank	Taxable Assessed Value	Percentage of Total Taxable Value
South Carolina Electric & Gas	1	\$ 19,490,870	3.50%	1	\$ 11,964,550	2.62%
Blue Cross - Blue Shield**	2	9,600,490	1.72%	2	7,286,412	1.60%
JTEKT North America Corp**	3	6,920,750	1.24%			
The Kroger Co**	4	2,093,380	0.36%			
Fairfield Electric Co-op Inc	5	2,034,350	0.38%			
F N Manufacturing, Inc.	6	1,882,310	0.32%	9	2,078,890	0.46%
Bellsouth Telecommunications	7	1,787,040	0.31%	7	3,576,320	0.78%
Time Warner Cable SE LLC	8	1,741,040	0.34%			
Shakespeare Company LLC	9	1,667,640	0.30%	8	2,782,280	0.61%
EBSCO Plo Village LLC	10	1,424,830	0.26%			
Koyo Corporation of USA**				3	5,326,164	1.17%
Century Realty, LLC				4	4,462,753	0.98%
Bose Corporation**				5	4,415,699	0.97%
Continental Diesel Systems US				6	4,415,699	0.97%
CBL/Columbia Place, LLC				10	2,078,890	0.46%
<b>Total</b>		<b>\$ 48,642,700</b>	<b>8.73%</b>		<b>\$ 48,387,657</b>	<b>10.62%</b>

**Source:** County Treasurer's Office

\*\* Fee agreement reduced taxes owed

**RICHLAND SCHOOL DISTRICT TWO**  
**PROPERTY TAX LEVIES AND COLLECTIONS**  
**LAST TEN FISCAL YEARS**

Fiscal Year	Taxes Levied for the Fiscal Year	Collected Within the Fiscal Year of the Levy		Collections in Subsequent Year	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2009	\$ 106,546,036	\$ 101,791,213	95.54%	\$ 2,457,431	\$ 104,248,644	97.84%
2010	\$ 115,207,588	\$ 109,155,231	94.75%	\$ 4,780,051	\$ 113,935,282	98.90%
2011	\$ 117,100,628	\$ 110,202,275	94.11%	\$ 4,452,609	\$ 114,654,884	97.91%
2012	\$ 119,840,092	\$ 113,972,278	95.10%	\$ 3,153,298	\$ 117,125,576	97.73%
2013	\$ 126,061,667	\$ 119,395,021	94.71%	\$ 2,594,296	\$ 121,989,317	96.77%
2014	\$ 131,695,063	\$ 126,674,179	96.19%	\$ 2,422,983	\$ 129,097,162	98.03%
2015	\$ 133,882,532	\$ 128,756,319	96.17%	\$ 3,833,422	\$ 132,589,741	99.03%
2016	\$ 139,053,118	\$ 130,985,169	94.20%	\$ 1,658,180	\$ 132,643,349	95.39%
2017	\$ 146,075,919	\$ 140,150,070	95.94%	\$ 1,380,656	\$ 141,530,726	96.89%
2018	\$ 148,453,984	\$ 141,152,003	95.08%	\$ -	\$ 141,152,003	95.08%

Source : County Treasurer

Table 12

## RICHLAND SCHOOL DISTRICT TWO

## RATIOS OF DEBT OUTSTANDING

## LAST TEN FISCAL YEARS

Ratios of Total Debt Outstanding						
Year	General Obligation Bonds	Unamortized Bond Premiums	Total Debt Primary Government	Percentage of Actual Taxable Value of Property	Percentage of Personal Income	Per Capita
2009	\$ 345,875,000	\$ 17,945,742	\$ 363,820,742	76%	4%	\$ 957
2010	\$ 351,190,000	\$ 16,090,866	\$ 367,280,866	70%	N/A	\$ 955
2011	\$ 427,430,000	\$ 30,621,933	\$ 458,051,933	88%	3%	\$ 1,176
2012	\$ 471,630,000	\$ 34,413,572	\$ 506,043,572	96%	3%	\$ 1,286
2013	\$ 509,435,000	\$ 46,289,512	\$ 555,724,512	103%	3%	\$ 1,412
2014	\$ 489,560,000	\$ 40,695,255	\$ 530,255,255	97%	3%	\$ 1,325
2015	\$ 462,360,000	\$ 47,066,450	\$ 509,426,450	98%	3%	\$ 1,252
2016	\$ 434,695,000	\$ 40,935,532	\$ 475,630,532	89%	4%	\$ 1,153
2017	\$ 406,549,000	\$ 34,163,324	\$ 440,712,324	81%	4%	\$ 1,064
2018	\$ 370,646,000	\$ 31,207,636	\$ 401,853,636	72%	4%	\$ 929

Ratios of General Bonded Debt Outstanding						
Year	Total Debt Primary Government	Less: Amounts Available in Debt Service Fund	Total General Bonded Debt Outstanding	Percentage of Actual Taxable Value of Property	Percentage of Personal Income	Per Capita
2009	\$ 363,820,742	\$ 11,334,776	\$ 352,485,966	70%	4%	\$ 880
2010	\$ 367,280,866	\$ 17,834,367	\$ 349,446,499	64%	4%	\$ 867
2011	\$ 458,051,933	\$ 17,748,647	\$ 440,303,286	79%	3%	\$ 1,051
2012	\$ 506,043,572	\$ 13,316,088	\$ 492,727,484	87%	3%	\$ 1,164
2013	\$ 555,724,512	\$ 15,816,637	\$ 539,907,875	92%	3%	\$ 1,241
2014	\$ 530,255,255	\$ 18,104,485	\$ 512,150,770	86%	3%	\$ 1,174
2015	\$ 509,426,450	\$ 20,753,211	\$ 488,673,239	85%	4%	\$ 1,085
2016	\$ 475,630,532	\$ 22,828,791	\$ 452,801,741	77%	4%	\$ 998
2017	\$ 440,712,324	\$ 24,921,560	\$ 415,790,764	70%	5%	\$ 922
2018	\$ 401,853,636	\$ 26,645,639	\$ 375,207,997	67%	5%	\$ 867

Source: District Records

## Notes:

See Table 8 for property value data

See Table 14 for Personal Income and Per Capita Income Data

Details regarding the District's outstanding debt can be found in the notes to the financial statements

## RICHLAND SCHOOL DISTRICT TWO

## LEGAL DEBT MARGIN

## LAST TEN FISCAL YEARS

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Debt Limit	\$ 38,353,462	\$ 41,710,404	\$ 41,479,182	\$ 41,959,189	\$ 43,071,346	\$ 43,946,461	\$ 41,432,942	\$ 42,646,824	\$ 43,650,128	\$ 44,533,131
Total Net Debt Applicable to Limit	22,000,000	19,560,000	17,320,000	21,260,000	28,910,000	23,910,000	36,840,000	40,330,000	43,490,000	43,875,000
<b>Legal Debt Margin</b>	<b>\$ 16,353,462</b>	<b>\$ 22,150,404</b>	<b>\$ 24,159,182</b>	<b>\$ 20,699,189</b>	<b>\$ 14,161,346</b>	<b>\$ 20,036,461</b>	<b>\$ 4,592,942</b>	<b>\$ 2,316,824</b>	<b>\$ 160,128</b>	<b>\$ 658,131</b>
<b>Total Net Debt Applicable to Limit as a Percentage of Debt Limit</b>	57.36%	46.89%	41.76%	50.67%	67.12%	54.41%	88.91%	94.57%	99.63%	98.52%

## Legal Debt Margin Calculation:

Total Assessed Value	<u>\$ 556,664,136</u>
Debt Limit (8% of Total Assessed Value)	<u>44,533,131</u>
Amount of Debt Applicable to Debt Limit:	
Total Bonded Debt	401,853,636
Less: General Bonds Outstanding Not Subject to Debt Limit	<u>(357,978,636)</u>
Total Net Debt Applicable to Debt Limit	<u>43,875,000</u>
Legal Debt Margin	<u>\$ 658,131</u>

**Notes:**

The Constitution of the State of South Carolina allows for school districts to issue up to 8% of the assessed value of all properties in the School District.

## RICHLAND SCHOOL DISTRICT TWO

## DIRECT AND OVERLAPPING DEBT

JUNE 30, 2018

	Debt Outstanding	Assessed Value Related to Debt	Percentage Applicable to District	District Share of Debt
<b>Overlapping Debt</b>				
City of Columbia	\$ 25,345,000	\$ 541,814,237	8.54%	\$ 2,164,463
Richland County	92,510,000	1,616,792,632	34.43%	31,851,193
Recreation District	34,640,000	1,074,978,395	47.48%	16,447,072
Richland/Lexington Riverbank Park District	30,475,000	1,616,792,632	34.43%	10,492,543
East Richland County Public Sewer District	14,790,280	235,287,935	75.09%	11,106,021
Richland/Lexington Airport District	6,525,000	1,616,792,632	34.43%	2,246,558
<b>Total Overlapping Debt</b>	<u>204,285,280</u>			<u>74,307,849</u>
<b>Direct</b>				
Richland School District Two	<u>401,853,636</u>	556,664,136	100.00%	<u>401,853,636</u>
<b>Total Direct Debt</b>	<u>401,853,636</u>			<u>401,853,636</u>
<b>Total Direct and Overlapping Debt</b>	<u>\$ 606,138,916</u>			<u>\$ 476,161,485</u>

Source: Richland County Treasurer's Office &amp; Richland County Auditor

Note: The percentage of overlapping debt applicable to the School District is estimated using the taxable assessed property values. The County Auditor calculates the applicable percentages based on the assessed values of each overlapping entity. Debt and % information reflects the most recent information provided by Richland County.



**RICHLAND SCHOOL DISTRICT TWO**  
**DEMOGRAPHIC AND ECONOMIC STATISTICS**  
**LAST TEN CALENDAR YEARS**

<b>Calendar Year</b>	<b>Population (a)</b>	<b>County Per Capita Income (b)</b>	<b>County Personal Income (b)</b>	<b>Unemployment Rate (c)</b>
2009	380,245	\$ 35,437	\$ 13,474,710	9.2%
2010	384,504	\$ 35,559	\$ 13,716,601	9.4%
2011	389,621	\$ 36,490	\$ 14,217,426	9.2%
2012	393,589	\$ 37,467	\$ 14,746,444	8.2%
2013	397,645	\$ 37,860	\$ 15,054,812	6.9%
2014	401,591	\$ 39,415	\$ 15,828,677	6.0%
2015	407,051	\$ 41,025	\$ 16,699,290	5.7%
2016	409,549	\$ 42,245	\$ 17,301,307	4.8%
2017	414,054	\$ 43,090	\$ 17,647,333	3.9%
2018	432,583	\$ 44,458	\$ 18,000,280	3.3%

(a) 2008 to 2016, US Bureau of Economic Analysis; 2018 estimated

(b) US Bureau of Economic Analysis, US Department of Commerce; 2018 estimated

(c) State Agency for Workforce Innovation, Office of Workforce Information Services,  
Labor Market Statistics; September 2018 for 2018 data

## RICHLAND SCHOOL DISTRICT TWO

## PRINCIPAL EMPLOYERS

## CURRENT YEAR AND 2008

Employer	2018			2009		
	Employees	Rank	Percentage of Total County Employment	Employees	Rank	Percentage of Total County Employment
Palmetto Health	14,000 - 15,000	1	6.8%	9,000 - 10,000	1	5.1%
Blue Cross-Blue Shield of SC	10,000 - 11,000	2	4.8%	6,000 - 7,000	2	3.8%
University of South Carolina	7,000 - 8,000	3	3.8%	4,000 - 5,000	4	2.5%
Richland School District One	4,000 - 5,000	4	1.9%			
Richland School District Two	4,000 - 5,000	5	1.7%	3,000 - 4,000	6	1.7%
City of Columbia	2,000 - 3,000	6	1.1%			
Department of Corrections	2,000 - 3,000	7	0.7%			
Richland County	2,000 - 3,000	8	0.9%	1,500 - 2,500	10	1.0%
Dorn VA Medical Ctr	1,000 - 2,000	9	0.7%			
Verizon Wireless	1,000 - 2,000	10	0.5%			
Department of Defense				5,000 - 6,000	3	2.8%
South Carolina Electric and Gas				3,000 - 4,000	5	1.7%
AT&T				2,000 - 3,000	7	1.6%
SC Department of Mental Health				2,000 - 3,000	8	1.3%
Humana/Tricare				2,000 - 3,000	9	1.1%
<b>Total</b>	<u>46,000 - 56,000</u>			<u>37,500 - 47,500</u>		

**Source:** Central South Carolina Alliance, SC Employment Security Commission, Central Midlands Council of Governments  
Richland County Economic Development Office

*Information on Principal Employers for Richland County was only available in the form of range of employees.*

Table 17

**RICHLAND SCHOOL DISTRICT TWO**  
**FULL-TIME EQUIVALENT SCHOOL DISTRICT EMPLOYEES BY TYPE**  
**LAST TEN FISCAL YEARS**

	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>
<b>Instruction</b>										
Teaching Faculty	1,942	1,924	1,809	1,851	1,892	1,942	1,993	2,015	2,037	2,059
Other	516	516	505	506	506	520	593	572	556	565
<b>Total Instruction</b>	2,458	2,440	2,314	2,357	2,398	2,462	2,586	2,587	2,593	2,624
<b>Support Services</b>										
Principals	28	31	30	33	36	36	37	36	36	37
Assistant Principals	67	69	70	75	80	83	83	82	83	85
Other Administration & Support	804	802	850	872	910	920	922	984	993	995
<b>Total Support Services</b>	899	902	950	980	1,026	1,039	1,042	1,102	1,112	1,117
<b>Total</b>	<b>3,357</b>	<b>3,342</b>	<b>3,264</b>	<b>3,337</b>	<b>3,424</b>	<b>3,501</b>	<b>3,628</b>	<b>3,689</b>	<b>3,705</b>	<b>3,741</b>

**Source:** District Records

Note: Full-time instructional employees of the District are employed for all 180 scheduled school days, at seven hours per day or 1,260 per year. Total work hours by instructional employees are divided by 1,260 to obtain full-time employment. Full-time equivalent employment for all other positions is determined based on 1,820 hours per year (52 weeks times five days times seven hours).

Table 18

## RICHLAND SCHOOL DISTRICT TWO

## OPERATING STATISTICS

## LAST TEN FISCAL YEARS

Fiscal Year Ended	Modified Accrual Basis of Accounting				Accrual Basis of Accounting			Teaching Staff	Percentage of Students Receiving Free or Reduced-Price Meals
	Enrollment	Operating Expenditures	Cost Per Pupil	Percentage Change	Expenses	Cost Per Pupil	Percentage Change		
2009	23,901	\$ 216,955,256	\$ 9,077	5.20%	\$ 245,113,944	\$ 10,255	9.20%	1,703	43%
2010	24,245	\$ 224,323,404	\$ 9,252	1.93%	\$ 266,868,582	\$ 11,007	8.02%	1,704	43%
2011	24,965	\$ 222,477,459	\$ 8,912	-3.68%	\$ 275,129,529	\$ 11,021	0.12%	1,800	45%
2012	25,988	\$ 240,029,909	\$ 9,236	3.64%	\$ 285,273,576	\$ 10,977	-0.39%	1,851	48%
2013	26,533	\$ 256,975,073	\$ 9,685	4.86%	\$ 312,307,926	\$ 11,771	7.23%	1,892	47%
2014	26,877	\$ 264,304,792	\$ 9,834	1.54%	\$ 305,296,139	\$ 11,359	-3.50%	1,942	49%
2015	27,325	\$ 275,889,265	\$ 10,097	2.67%	\$ 329,946,694	\$ 12,075	6.30%	1,993	49%
2016	27,607	\$ 278,615,478	\$ 10,092	-0.04%	\$ 319,055,114	\$ 11,557	-4.29%	2,015	49%
2017	27,872	\$ 299,755,204	\$ 10,755	6.56%	\$ 338,399,029	\$ 12,141	5.05%	2,037	49%
2018	28,056	\$ 301,415,378	\$ 10,743	-0.11%	\$ 361,588,104	\$ 12,888	6.15%	2,059	50%

**Source:** All information from School District records.

Note: Operating expenditures are total expenditures less debt service and capital outlays.

Table 19

## RICHLAND SCHOOL DISTRICT TWO

## SCHOOL BUILDING INFORMATION

## LAST TEN FISCAL YEARS

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Anna Boyd School										
Square Feet	13,500	13,500	13,500	13,500	13,500	13,500	13,500	13,500	-	-
Capacity (Students)	200	200	200	200	200	200	200	200	-	-
Enrollment	46	35	38	24	38	40	40	40	-	-
Bethel-Hanberry Elementary School										
Square Feet	128,369	128,369	128,369	128,369	128,369	128,369	128,369	128,369	128,369	128,369
Capacity (Students)	634	634	634	634	634	634	634	634	634	634
Enrollment	733	735	633	628	648	668	674	720	720	705
Bookman Road Elementary School										
Square Feet	75,000	75,000	81,670	81,670	81,670	81,670	81,670	81,670	81,670	81,670
Capacity (Students)	660	660	740	740	740	740	740	740	740	740
Enrollment	617	562	571	565	565	517	509	494	477	461
Blythewood Academy										
Square Feet	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000
Capacity (Students)	150	150	150	150	150	150	150	150	150	150
Enrollment	82	82	85	71	92	95	95	95	95	95
Bridge Creek Elementary School										
Square Feet	95,105	95,105	95,105	95,105	95,105	95,105	95,105	95,105	95,105	95,105
Capacity (Students)	705	705	705	705	705	705	705	705	705	705
Enrollment	443	491	602	591	597	612	607	593	583	554
Catawba Trail Elementary										
Square Feet	N/A	N/A	N/A	110,771	110,771	110,771	110,771	110,771	110,771	110,771
Capacity (Students)	N/A	N/A	N/A	747	747	747	747	747	747	747
Enrollment	N/A	N/A	N/A	416	481	504	527	589	609	603
Conder Elementary School										
Square Feet	80,047	80,047	80,047	80,047	80,047	80,047	80,047	80,047	80,047	80,047
Capacity (Students)	648	648	648	648	648	648	648	648	648	648
Enrollment	698	669	699	709	766	802	800	848	864	566
Forest Lake Elementary School										
Square Feet	76,245	76,246	76,245	76,245	76,245	76,245	76,245	76,245	76,245	76,245
Capacity (Students)	623	623	623	623	623	623	623	623	623	623
Enrollment	582	552	600	600	649	617	597	577	580	599
Jackson Creek Elementary School										
Square Feet	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	125,000
Capacity (Students)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	747
Enrollment	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	645
Joseph Keels Elementary School										
Square Feet	78,558	78,558	78,558	78,558	78,558	78,558	78,558	78,558	78,558	78,558
Capacity (Students)	688	688	688	688	688	688	688	688	688	688
Enrollment	628	598	648	637	692	691	670	699	674	551

Table 19

## RICHLAND SCHOOL DISTRICT TWO

## SCHOOL BUILDING INFORMATION

## LAST TEN FISCAL YEARS

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Killian Elementary School										
Square Feet	75,000	75,000	81,429	81,429	81,429	81,429	81,429	81,429	81,429	81,429
Capacity (Students)	660	660	740	740	740	740	740	740	740	740
Enrollment	531	537	697	710	737	769	759	759	790	730
Lake Carolina Elementary School - Lower Campus										
Square Feet	91,635	91,635	91,635	91,635	91,635	91,635	91,635	91,635	91,635	91,635
Capacity (Students)	637	637	637	637	637	637	637	637	637	637
Enrollment	871	943	788	792	828	801	460	473	480	472
Lake Carolina Elementary School - Upper Campus										
Square Feet	N/A	N/A	N/A	N/A	N/A	N/A	128,656	128,656	128,656	128,656
Capacity (Students)	N/A	N/A	N/A	N/A	N/A	N/A	747	747	747	747
Enrollment	N/A	N/A	N/A	N/A	N/A	N/A	491	478	494	480
Langford Elementary										
Square Feet	N/A	N/A	110,771	110,771	110,771	110,771	110,771	110,771	110,771	110,771
Capacity (Students)	N/A	N/A	747	747	747	747	747	747	747	747
Enrollment	N/A	N/A	439	504	534	525	489	501	473	453
Lonnie B. Nelson Elementary School										
Square Feet	100,495	100,495	100,495	100,495	100,495	100,495	100,495	100,495	100,495	100,495
Capacity (Students)	664	664	608	608	608	608	608	608	608	608
Enrollment	573	538	523	573	590	563	580	588	592	587
North Springs Elementary School										
Square Feet	101,448	101,448	101,448	101,448	101,448	101,448	101,448	101,448	101,448	101,448
Capacity (Students)	834	834	834	834	834	834	834	834	834	834
Enrollment	710	720	749	717	719	745	761	758	734	763
Polo Road Elementary School										
Square Feet	94,830	94,830	94,830	94,830	94,830	94,830	94,830	94,830	94,830	94,830
Capacity (Students)	705	705	705	705	705	705	705	705	705	705
Enrollment	697	722	771	587	619	616	646	677	691	686
Pontiac Elementary School										
Square Feet	89,296	89,296	89,296	89,296	89,296	89,296	89,296	89,296	89,296	89,296
Capacity (Students)	796	796	796	796	796	796	796	796	796	796
Enrollment	729	883	940	705	689	696	735	700	691	722
Rice Creek Elementary School										
Square Feet	90,016	90,016	90,016	90,016	90,016	90,016	90,016	90,016	90,016	90,016
Capacity (Students)	796	796	796	796	796	796	796	796	796	796
Enrollment	777	808	782	771	777	729	733	753	723	742
Round Top Elementary School										
Square Feet	91,635	91,635	97,360	97,360	97,360	97,360	97,360	97,360	97,360	97,360
Capacity (Students)	637	637	637	637	637	637	637	637	637	637
Enrollment	753	776	657	630	625	657	575	579	570	560

Table 19

## RICHLAND SCHOOL DISTRICT TWO

## SCHOOL BUILDING INFORMATION

## LAST TEN FISCAL YEARS

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Sandlapper Elementary School										
Square Feet	94,500	94,500	94,500	94,500	94,830	94,830	94,830	94,830	94,830	94,830
Capacity (Students)	705	705	705	705	705	705	705	705	705	705
Enrollment	767	749	746	709	712	711	674	684	659	653
Windsor Elementary School										
Square Feet	95,563	95,563	95,563	95,563	98,973	98,973	98,973	98,973	98,973	98,973
Capacity (Students)	800	800	800	800	800	800	800	800	800	800
Enrollment	619	647	648	636	660	688	744	764	745	608
Blythewood Middle School										
Square Feet	127,300	127,300	127,300	127,300	127,300	127,300	127,300	127,300	127,300	127,300
Capacity (Students)	936	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
Enrollment	1,025	1,068	1,091	590	646	699	785	764	830	833
Dent Middle School										
Square Feet	198,853	198,853	198,853	198,853	198,853	198,853	198,853	198,853	198,853	198,853
Capacity (Students)	1,250	1,250	1,250	1,250	1,250	1,250	1,250	1,250	1,250	1,250
Enrollment	1,259	1,248	1,282	1,282	1,317	1,257	1,200	1,217	1,234	1,246
Kelly Mill Middle School										
Square Feet	150,646	150,646	170,546	170,546	170,546	170,546	170,546	170,546	170,546	170,546
Capacity (Students)	1,000	1,000	1,120	1,120	1,120	1,120	1,120	1,120	1,120	1,120
Enrollment	998	1,003	1,339	921	925	917	922	921	912	880
CFA Enrollment	86	89	127	93	93	93	112	103	100	87
Long Leaf Middle School										
Square Feet	150,646	150,646	150,646	150,646	150,646	150,646	150,646	150,646	150,646	150,646
Capacity (Students)	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
Enrollment	538	565	588	645	683	665	675	720	785	772
Muller Road Middle										
Square Feet	N/A	N/A	N/A	176,532	176,532	176,532	176,532	176,532	176,532	176,532
Capacity (Students)	N/A	N/A	N/A	1,050	1,050	1,050	1,050	1,050	1,050	1,050
Enrollment	N/A	N/A	N/A	666	698	725	696	717	793	810
CFK North Enrollment	N/A	N/A	N/A	N/A	N/A	96	141	193	235	260
Summit Parkway Middle School										
Square Feet	149,132	149,132	149,132	149,132	149,132	149,132	149,132	149,132	149,132	149,132
Capacity (Students)	1,250	1,250	1,250	1,250	1,250	1,250	1,250	1,250	1,250	1,250
Enrollment	803	818	889	878	860	877	934	976	958	987
CFI Enrollment	194	217	240	263	261	260	252	275	250	250

Table 19

## RICHLAND SCHOOL DISTRICT TWO

## SCHOOL BUILDING INFORMATION

## LAST TEN FISCAL YEARS

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
E. L. Wright Middle School										
Square Feet	195,472	195,472	195,472	211,982	211,982	211,982	211,982	211,982	211,982	211,982
Capacity (Students)	1,225	1,225	1,225	1,489	1,489	1,489	1,489	1,489	1,489	1,489
Enrollment	1,067	1,025	996	1,035	1,079	1,088	1,081	1,066	1,078	1,092
CFK Enrollment	220	240	264	264	258	265	261	280	267	267
Blythewood High School										
Square Feet	299,000	299,000	299,000	299,000	299,000	299,000	299,000	299,000	299,000	299,000
Capacity (Students)	1,700	1,700	1,700	1,700	1,700	1,700	1,700	1,700	1,700	1,700
Enrollment	1,976	2,052	2,073	2,146	1,588	1,664	1,820	1,924	1,987	1,987
Richland Northeast High School										
Square Feet	302,413	302,413	302,413	302,413	302,413	302,413	302,413	302,413	302,413	302,413
Capacity (Students)	1,751	1,750	1,750	1,750	1,750	1,750	1,750	1,750	1,750	1,750
Enrollment	1,540	1,485	1,498	1,449	1,374	1,451	1,447	1,410	1,423	1,359
Ridge View High School										
Square Feet	238,755	238,755	238,755	238,755	238,755	238,755	238,755	238,755	238,755	238,755
Capacity (Students)	1,703	1,700	1,700	1,700	1,700	1,700	1,700	1,700	1,700	1,700
Enrollment	1,954	2,002	1,995	2,047	1,591	1,524	1,473	1,357	1,343	1,442
Spring Valley High School										
Square Feet	396,607	396,607	458,812	458,812	458,812	458,812	458,812	458,812	458,812	458,812
Capacity (Students)	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000
Enrollment	1,877	1,985	2,051	2,134	1,973	1,947	2,014	1,970	2,079	2,077
Westwood High School										
Square Feet	N/A	N/A	N/A	N/A	328,874	328,874	328,874	328,874	328,874	328,874
Capacity (Students)	N/A	N/A	N/A	N/A	1,700	1,700	1,700	1,700	1,700	1,700
Enrollment	N/A	N/A	N/A	N/A	1,169	1,303	1,346	1,345	1,354	1,472
<b>Total</b>										
Square Feet	3,720,066	3,720,067	3,931,766	4,235,579	4,568,193	4,568,193	4,696,849	4,696,849	4,683,349	4,808,349
Capacity (Students)	25,357	25,417	26,388	28,449	30,149	30,149	30,896	30,896	30,696	31,443
Enrollment	24,393	24,844	26,049	25,988	26,533	26,877	27,325	27,607	27,872	28,056
<b>Component Unit - Charter High School:</b>										
Charter High School										
Square Feet	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	13,500	13,500
Capacity (Students)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	200	200
Enrollment	N/A	N/A	51	68	69	78	98	102	108	114

Source: District Records



**RICHLAND SCHOOL DISTRICT TWO**  
**TEACHER BASE SALARIES**  
**LAST TEN FISCAL YEARS**

<u>Fiscal Year</u>	<u>Minimum Salary (1)</u>	<u>Maximum Salary (1)</u>	<u>Statewide Average Salary (2)</u>
2009	\$ 32,851	\$ 71,466	\$ 47,421
2010	\$ 33,180	\$ 72,180	\$ 47,508
2011	\$ 33,813	\$ 73,264	\$ 47,050
2012	\$ 33,843	\$ 73,624	\$ 47,428
2013	\$ 35,210	\$ 76,598	\$ 48,375
2014	\$ 35,210	\$ 76,598	\$ 48,430
2015	\$ 35,210	\$ 76,598	\$ 48,561
2016	\$ 35,210	\$ 76,598	\$ 48,769
2017	\$ 36,094	\$ 78,129	\$ 51,495
2018	\$ 36,094	\$ 78,130	\$ 51,966

Source: (1) District records

(2) SC Department of Education and SC Revenue and Fiscal Affairs Office

## **SINGLE AUDIT SECTION**



Certified Public Accountants, P.A.

**INDEPENDENT AUDITOR'S 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***

Honorable Chairman and Members of  
the Board of Trustees of  
Richland School District Two  
Columbia, 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, the aggregate discretely presented component unit, and each major fund of Richland School District Two ("the School District"), as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements and have issued our report thereon dated November 30, 2018.

**Internal Control Over Financial Reporting**

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

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

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

### **Compliance and Other Matters**

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

### **Purpose of this Report**

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

*Burkett Burkett & Burkett*

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**Burkett Burkett & Burkett**  
Certified Public Accountants, P.A.  
West Columbia, South Carolina

November 30, 2018



**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR  
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE  
UNIFORM GUIDANCE**

Honorable Chairman and Members of  
the Board of Trustees of  
Richland School District Two  
Columbia, South Carolina

**Report on Compliance for Each Major Federal Program**

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

**Management's Responsibility**

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

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

### **Opinion on Each Major Federal Program**

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

### **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 the 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.



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**Burkett Burkett & Burkett**  
Certified Public Accountants, P.A.  
West Columbia, South Carolina

November 30, 2018

**RICHLAND SCHOOL DISTRICT TWO**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED JUNE 30, 2018**

LEA Subfund Fund Code	Fed. Grantor/Pass-Through Grantor/Program Title	CFDA Number	Grantor's Number	Total Expenditures
<b><u>U. S. Department of Education</u></b>				
<i>Direct Programs:</i>				
100	Impact Aid	84.041	S041B-2010-4618	\$ 285,911
290	Federal Magnet Grant/Project STEAM	84.165A	U165A130007	84,981
278	Federal Magnet Grant/Project MedPro	84.165A	U165A170064-17	1,002,752
277	Gear Up (2014 Award)	84.334A	P334A140210-17	1,585,968
285	Race to the Top	84.416A	B416A140225	2,893,023
<b>Total U.S Department of Education Direct Programs</b>				<b>5,852,635</b>
<i>Passed Through S. C. Department of Education:</i>				
243	Adult Education	84.002	H63010101018	145,648
201	Title I	84.010	H63010100118	4,602,735
237	Title I Focus	84.010	H63010100118	64,977
<i>Total 84.010</i>				<i>4,667,712</i>
203	Individuals with Disabilities Education Act	84.027	H63010100918	5,024,850
205	Individuals with Disabilities Education Act - Preschool	84.173	H63010100818	106,696
209	State Systemic Improvement Plan	84.027	n/a	159,194
212	Individuals with Disabilities Education Act - Extended School Year	84.027	H63010100918	15,475
<i>Total 84.027/84.173 (IDEA Cluster)</i>				<i>5,306,215</i>
207	Perkins Aid - Title I - Occupational Education	84.048	H63010107118	204,651
232	McKinney Vento Homeless	84.196	H63010108918	127,030
224	21st Century Learning Grant	84.287	H63010006918	464,930
264	Title III - Language Instruction for Limited English Proficient and Immigrant Students	84.365	H63010006718	93,277
267	Title II Improving Teacher Quality	84.367	H63010006818	374,367
210	Title IV (SSAE)	84.424A	H63010100318	46,487
<b>Total Passed Through S. C. Department of Education</b>				<b>11,430,317</b>
<b>Total U. S. Department of Education</b>				<b>17,282,952</b>
<b><u>U. S. Department of Agriculture</u></b>				
<i>Passed Through S. C. Department of Education</i>				
<i>Non-Cash Assistance (Commodities):</i>				
600	School Breakfast Program	10.553	N/A	2,044,471
600	Commodities/Food Distribution	10.555	N/A	904,443
600	School Lunch Program	10.555	N/A	6,094,556
<i>Total 10.555</i>				<i>6,998,999</i>
100	U. S. Forest Commission	10.665	N/A	13,077
<b>Total Passed Through S. C. Department of Education</b>				<b>9,056,547</b>
<i>Passed Through S. C. Department of Social Services</i>				
600	Summer Food Service Program (Dinner Program)	10.559	N/A	227,418
<b>Total Passed Through S. C. Department of Social Services</b>				<b>227,418</b>
<b>Total U. S. Department of Agriculture</b>				<b>9,283,965</b>
<b>OTHER FEDERAL ASSISTANCE</b>				
<b><u>U. S. Department of Defense Direct Programs</u></b>				
292	Air Force, Army and Navy ROTC	12.000	N/A	300,849
297	Department of Defense	12.556	HE1254	1,359
273	Department of Defense	12.556	HE1254	163,731
286	Department of Defense	12.556	HE1254	378,686
294	Department of Defense	12.556	HE1254	31,640
<i>Total 12.556</i>				<i>575,416</i>
<b>Total Department of Defense</b>				<b>876,265</b>

(Continued)

**RICHLAND SCHOOL DISTRICT TWO**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED JUNE 30, 2018**

LEA Subfund Fund Code	Fed. Grantor/Pass-Through Grantor/Program Title	CFDA Number	Grantor's Number	Total Expenditures
	<b><u>U. S. Department of Justice</u></b>			
	<i>Passed Through S. C. Department of Education</i>			
276	Capturing Kids Hearts	16.560	H6304999	\$ 26,405
	<b><i>Total Passed Through S. C. Department of Education</i></b>			<b>26,405</b>
	<b><u>U. S. Department of Labor</u></b>			
828	U. S. Department of Labor - CAT Grant	17.274	SGA-DFA-PY-13-01	398,004
	<b><i>Total Department of Labor</i></b>			<b>398,004</b>
	<b><u>Department of Health and Human Service</u></b>			
296	Child Health and Human Development Extramural Research	93.865	1R21HD090647-01A1	18,957
	<b><i>Total Department of Health and Human Services</i></b>			<b>18,957</b>
	<b>TOTAL FEDERAL AWARDS</b>			<b>\$ 27,886,548</b>

**Footnotes:**

The accounting policies of the School District conform to accounting principles generally accepted in the United States of America applicable to governments. The Governmental Accounting Standards Board is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. A summary of the more significant policies can be found in the notes to the financial statements of the School District's basic financial statements for the year ended June 30, 2018. All expenditures reported on the above Schedule of Expenditures of Federal Awards are reported on the modified accrual basis of accounting as applicable to governmental funds, except for the expenditures of programs under CFDA Numbers 10.553, 10.555, 10.559 and 10.579 which are reported under the full accrual basis of accounting as applicable to enterprise funds.



**RICHLAND SCHOOL DISTRICT TWO**  
**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**JUNE 30, 2018**

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**General**

The accompanying Schedule of Expenditures of Federal Awards presents the federal grant activity of Richland County School District Two. All federal awards received directly from federal agencies, as well as those passed through other governmental agencies, are included in the schedule.

**Basis of Accounting**

The accompanying Schedule of Expenditures of Federal Awards is presented using the modified accrual basis of accounting, the same basis of accounting used to prepare the governmental financial statements as outlined in the Notes to the Financial Statements.

**Relationship to Financial Statements**

Federal Award Expenditures are generally reported in the District's financial statements as expenditures in the Special Revenue Funds, with the exception of the revenues for the National School Breakfast and Lunch Program, which are reported in the Enterprise Fund - Food Service Fund Statements.

**Indirect Costs**

The District elected not to use the de minimis indirect cost rate of 10%.

*The information in this schedule is presented in accordance with the requirements of the Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the basic financial statements or reported in the federal financial reports.*

**RICHLAND SCHOOL DISTRICT TWO  
COLUMBIA, SOUTH CAROLINA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2018**

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**SECTION I - SUMMARY OF AUDITORS' RESULTS**

- 1 The independent auditors' report on the financial statements expressed an unmodified opinion.
- 2 There were no significant deficiencies in internal control over financial reporting disclosed in the audit of the financial statements.
- 3 The audit did not disclose any material noncompliance matters in relation to the financial statements.
- 4 There were no significant deficiencies in internal control over compliance applicable to major programs.
- 5 The report on compliance for major programs expressed an unmodified opinion.
- 6 The audit disclosed no audit findings.
- 7 The major programs of the School District included in the audit were:
  - A. Magnet Schools of America Program - 84.165A
  - B. Race to the Top - 84.416A
  - C. Title I Cluster - 84.010
  - D. 21st Century Learning - 84.287
- 8 The dollar threshold for Type A programs for the School District was \$837,000.
- 9 The School District did qualify as a low-risk auditee.

**SECTION II - FINANCIAL STATEMENT FINDINGS**

No matters were reported.

**SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

No matters were reported.

**RICHLAND SCHOOL DISTRICT TWO  
COLUMBIA, SOUTH CAROLINA  
SCHEDULE OF PRIOR FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2018**

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**There were no Findings or Questioned Costs reported in the prior year.**