

**Dorchester County School District Two
Summerville, South Carolina**

Report on Financial Statements

For the year ended June 30, 2023

PREPARED BY:

OFFICE OF FINANCIAL SERVICES

INTRODUCTORY SECTION

Dorchester County School District Two

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FINANCIAL SECTION

Independent Auditor's Report

The Board of Trustees
Dorchester County School District Two
Summerville, South Carolina

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Dorchester County School District Two (the "School District") as of and for the year ended June 30, 2023, 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.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the School District as of June 30, 2023 and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the School District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the School District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 School District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the School District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis, pension schedules, OPEB schedules and budgetary comparison schedule, as listed in the Table of Contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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.

Supplementary 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 other supplementary schedules, as presented in the Table of Contents, and schedule of expenditures of federal awards as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 1, 2023, 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 solely 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 the effectiveness of the School District's 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.



Columbia, South Carolina
December 1, 2023

Dorchester County School District Two

Management's Discussion and Analysis

For the year ended June 30, 2023

Introduction:

The following management's discussion and analysis ("MD&A") of Dorchester County School District Two (the "District" or "School District") offers a narrative overview and analysis of the District's financial position and results of operations for the fiscal year ended June 30, 2023. Its design and purpose is to (a) focus on significant financial issues, (b) provide an overview of the District's financial activity, (c) identify changes in the District's financial position, (d) identify any material deviations from the approved budget, and (e) identify individual fund issues or concerns. Readers should also review the District's financial statements and the notes to the financial statements to enhance their understanding of the District's financial performance as a whole.

Financial Highlights:

Revenues: Total revenues for governmental activities increased \$24.4 million to \$362.5 million for fiscal year 2023. Major changes include a \$8.8 million increase in property taxes, a \$7.9 million increase in other revenue, a \$4.9 million increase in operating grants and contributions, and a \$2.8 million increase in charges for sales and services. The increase in property taxes is primarily due to an increase in assessed values from \$654 million to \$707 million. The increase in other revenue is primarily due to increased investment earnings of \$4.3 million as interest rates continue to rise, increased revenue in lieu of taxes of \$2.6 million, and increased student activity fund revenues. The increase in operating grants and contributions is primarily the result of an increase in federal and state revenues as a result of additional funding related to the COVID-19 pandemic and changes in allocation and funding methods from the State. The increase in charges for sales and services is due to an increase in student activities as more activities resumed post pandemic as well as students paying for meals after related federal programs ended on June 30, 2022.

Expenses: Total expenses for governmental activities increased \$3.1 million to \$314.8 million for fiscal year 2023. The major changes include an increase of \$6.8 million to support services, \$0.7 million to community services, and \$0.3 million to interest and other charges offset by a decrease of \$4.7 million to instruction expenses. The increase in support services expenses is primarily due to salaries and related benefits of additional support personnel as well as additional spending for maintenance and facilities for non-recurring projects. The increase in interest and other charges is due to timing of debt payments and lower interest rates on short-term General Obligation Bonds as well as interest savings from the bond refunding in a previous year. The District purchased various student technology devices using equipment use acquisition agreements as well as federal funding programs for support purposes causing the decrease in instruction expenses.

Net Position: Net position for governmental activities for June 30, 2023 was a deficit of \$284.1 million, a decrease of \$47.7 million from the beginning deficit of \$331.8 million. The District's governmental activities have a \$136.1 million net investment in capital assets, \$24.5 million restricted for debt service, \$1.9 million restricted for student activities, \$0.4 million restricted for capital projects based on the revenue source, \$0.3 million restricted for the Educational Foundation, \$0.1 million restricted for Special Revenue Programs, and a deficit of \$447.4 million in unrestricted net position primarily due to the net pension liability of approximately \$287.4 million and the net OPEB liability of approximately \$228.0 million.

Dorchester County School District Two

Management's Discussion and Analysis

For the year ended June 30, 2023

Financial Highlights, continued:

Capital Assets: The District's general capital assets for governmental activities showed a net decrease of \$1.4 million. Net governmental activities capital assets on June 30, 2023 were \$395.2 million. The District's total additions of \$13.1 million included \$9.0 million in construction in progress, \$2.0 million in furniture, equipment, and other vehicles, \$1.4 million in improvements other than buildings, and \$0.7 million in buildings and improvements. Construction in progress additions were primarily related to finishing the construction of East Edisto Middle School and various other renovation projects. These additions were offset by \$14.5 million in depreciation and amortization expense.

Governmental Funds - Fund Balance: The District's combined fund balance for all governmental funds at the fund level report an ending balance of \$128.2 million, an increase of \$25.8 million from the prior year balance of \$102.4 million. The overall increase is primarily due to increases of \$16.9 million in the General Fund, \$7.5 million in the Capital Projects Fund, \$0.9 million in the Food Service Fund, and \$0.8 million in the Special Projects Fund offset by a decrease of \$0.3 million in the Debt Service – District Fund.

General Fund - Fund Balance: The District's principal operating fund, the General Fund, showed an increase in its fund balance of \$16.9 million that provided a balance at year-end of \$65.0 million. This balance includes \$0.7 million in fund balance assigned for school carryovers and \$64.3 million in unassigned fund balance.

Revenues and Expenditures: Revenues and other financing sources exceeded expenditures and other financing uses for all governmental funds by \$25.8 million. Major changes in revenues and expenditures are discussed in detail in the Financial Analysis of the District's Funds section below.

Debt: The District retired \$9.1 million in long-term debt through principal payments on General Obligation Bonds, \$8.8 million through principal payments on GROWTH's Installment Purchase Revenue Bonds, and \$6.5 million in principal payments on equipment use acquisition agreements. The District borrowed \$3.7 million in equipment use acquisition agreements for the installation of turf at the high school football stadiums. The District amortized \$4.0 million in premiums related to the long-term debt. In addition, the District borrowed \$34.6 million in short-term General Obligation Bonds during the year that were fully repaid with the exception of \$7.7 million related to the May 2023 short-term General Obligation Bonds, which are scheduled to be repaid in March 2024.

Overview of the Financial Statements:

This document consists of three parts: management's discussion and analysis (this section), the financial statements and supplementary information. Management's discussion and analysis serves as an introduction to the District's financial statements. The financial statements consist of three components: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements. This report also contains other supplementary information in addition to the financial statements themselves.

- The first two statements are *district-wide financial statements* that provide both *short-term* and *long-term* information about the District's overall financial status.
- The remaining statements are *fund financial statements* that focus on individual parts of the District, reporting the District's operations in *more detail* than the district-wide statements.

Dorchester County School District Two

Management's Discussion and Analysis

For the year ended June 30, 2023

Overview of the Financial Statements, continued:

- The *governmental funds statements* tell how basic services were financed in the *short term* as well as what remains for future spending.
- *Fiduciary funds* statements provide information about the financial relationships in which the District acts solely as a *trustee or agent* for the benefit of others. For the year ended June 30, 2023, the District had no fiduciary funds.

The financial statements also include notes that explain some of the information in the statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the financial statements with a comparison of the District's budget for the year.

Figure A-1 summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis highlights the structure and contents of each of the statements.

Figure A-1: Major Features of the District-Wide and Fund Financial Statements

| | | Fund Financial Statements | |
|--|--|--|---|
| | District-Wide Statements | Governmental Funds | Fiduciary Funds (as applicable) |
| Scope | Entire district (except fiduciary funds) | The activities of the District that are not fiduciary | Instances in which the District is the trustee or agent for someone else's resources |
| Required financial statements | <ul style="list-style-type: none"> • Statement of net position • Statement of activities | <ul style="list-style-type: none"> • Balance sheet • Statement of revenues, expenditures, and changes in fund balances | <ul style="list-style-type: none"> • Statement of assets and liabilities |
| Accounting basis and measurement focus | Accrual accounting and economic resources focus | Modified accrual accounting and current financial resources focus | Accrual accounting and economic resources focus |
| Type of asset/liability information | All assets and liabilities, both financial and capital, short-term and long-term. | Only assets expected to be used and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included | All assets and liabilities, both short-term and long-term; funds do not currently contain capital assets, although they can |
| Type of inflow/outflow information | All revenues and expenses during year, regardless of when cash is received or paid | Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter | All additions and deductions during the year, regardless of when cash is received or paid |

Dorchester County School District Two

Management's Discussion and Analysis

For the year ended June 30, 2023

District-Wide Statements:

The district-wide statements report information about the District as a whole using accounting methods similar to those used by private-sector companies.

- The *Statement of Net Position* includes all of the District's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, current and noncurrent.
- The *Statement of Activities* presents information showing how the 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 periods (e.g., uncollected taxes and earned but unused compensated absences).

The two district-wide statements report the District's net position and how it has changed. Net position - the difference between the District's assets and deferred outflows and liabilities and deferred inflows - is one way to measure the District's financial health or position.

- Over time, increases or decreases in the District's net position are an indicator of whether its financial position is improving or diminishing, respectively.
- To assess the District's overall health, the reader also needs to consider additional non-financial factors such as changes in the District's property tax base, current property tax laws, the condition of school buildings and other facilities, and required educational programs and standards.

In the district-wide financial statements, the District's activities are divided into two categories:

- *Governmental activities:* Most of the District's basic services are included here, such as instruction, including both regular and special education; support services, including administration, operation and maintenance of plant, and pupil transportation; community services and intergovernmental expenditures. These functions are principally supported by taxes and intergovernmental revenues.
- *Business-type activities:* These services are provided on a charge for goods and services basis to recover all of the expenses of the goods or services provided. The District does not have any business-type activities.

Dorchester County School District Two

Management's Discussion and Analysis

For the year ended June 30, 2023

Fund Financial Statements:

The fund financial statements provide more detailed information about the District's funds, focusing on its most significant or "major" funds - not the District as a whole. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

- Some funds are required by state law and by bond covenants.
- The District establishes other funds to control and manage money for particular purposes (such as repaying its long-term debts) or to show that it is in compliance with certain programs or sources of revenues (such as federal grants).
- Governmental funds: Most of the District's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. Consequently, the governmental funds statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's education programs. Because this information does not encompass the additional long-term focus of the district-wide statements, both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances provide a reconciliation to explain the relationship (or differences) between governmental funds and governmental activities.

Notes to the Financial Statements:

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Supplementary Information:

In addition to the financial statements and accompanying notes, this report also presents certain required supplementary information that further supports the financial statements with a comparison of the District's General Fund budget for the fiscal year as well as information regarding the School District's participation in the State's pension and OPEB plans. Supplementary information schedules required by the South Carolina Department of Education are also included.

Dorchester County School District Two

Management's Discussion and Analysis

For the year ended June 30, 2023

Financial Analysis of the District as a Whole:

Figure A-2 provides a summary of the District's net position for fiscal year 2023 compared to 2022.

Figure A-2: Condensed Statements of Net Position (rounded thousands)

| | Governmental Activities | |
|----------------------------------|-------------------------|--------------|
| | 2023 | 2022 |
| Current and other assets | \$ 169,615 | \$ 138,539 |
| Capital assets, net | 395,175 | 396,633 |
| Total assets | 564,790 | 535,172 |
| Deferred OPEB charges | 72,289 | 78,753 |
| Deferred pension charges | 37,318 | 40,608 |
| Advance refunding charges | 14,737 | 16,958 |
| Total deferred outflows | 124,344 | 136,319 |
| Long-term obligations | 307,615 | 331,670 |
| Net OPEB liability | 228,006 | 306,477 |
| Net pension liability | 287,372 | 255,622 |
| Other liabilities | 41,306 | 36,652 |
| Total liabilities | 864,299 | 930,421 |
| Deferred OPEB credits | 103,295 | 27,526 |
| Deferred pension credits | 5,641 | 45,313 |
| Total deferred inflows | 108,936 | 72,839 |
| Net position: | | |
| Net investment in capital assets | 136,047 | 103,624 |
| Restricted | 27,216 | 30,078 |
| Unrestricted | (447,364) | (465,471) |
| Net position, end of year | \$ (284,101) | \$ (331,769) |

Dorchester County School District Two

Management's Discussion and Analysis

For the year ended June 30, 2023

Financial Analysis of the District as a Whole, continued:

Net Position:

The District's net position totaled a deficit of \$284.1 million on June 30, 2023, a decrease of \$47.7 million from the beginning deficit of \$331.8 million.

Additional funding related to the COVID-19 pandemic, changes in the State's funding formula, and the increased assessed values discussed previously resulted in increased state, federal, and property tax revenues which had the most significant impact on the District during fiscal year 2023.

- Total assets increased \$29.6 million due to a \$31.0 million increase in current and other assets, due primarily to an increase in cash and cash equivalents and investments offset by a decrease in amounts due from other governmental units and property taxes receivable. The increase in current and other assets was offset by a \$1.4 million decrease in net capital assets, as discussed below.
- Net capital assets decreased approximately \$1.4 million. This is mainly due to depreciation expense of \$14.5 million exceeding current year additions of \$13.1 million as discussed above.
- Total deferred outflows of resources decreased \$12.0 million primarily due to changes in the deferred pension and OPEB charges related to the School District's participation in the State's pension and OPEB plans as well as changes in the actuarial valuation assumptions related to the School District's participation in these plans. The decrease is also attributable to a decrease in advance refunding charges due to amortization expense.
- Total liabilities decreased \$66.1 million primarily due to decreases of \$78.5 million in the net OPEB liability and \$24.1 million in long-term obligations offset by increases in the net pension liability of \$31.8 million and \$4.7 million in other liabilities. The changes in the net pension and net OPEB liabilities is due to changes in the overall net pension and OPEB liabilities of the State. The decrease in long-term obligations is primarily due to scheduled principal payments in the current year. The increase in other liabilities is primarily due to timing of payments and increased short-term obligation borrowings.
- Total deferred inflows of resources increased \$36.1 million due to changes in the actuarial valuation assumptions related to the School District's participation in the State's pension and OPEB plans.

Dorchester County School District Two

Management's Discussion and Analysis

For the year ended June 30, 2023

Financial Analysis of the District as a Whole, continued:

Net Position, continued:

The changes in net position for fiscal year 2023 compared to 2022 are shown in Figure A-3.

Figure A-3: Changes in Net Position from Operating Results (rounded thousands)

| | <u>Governmental Activities</u> | |
|------------------------------------|--------------------------------|---------------------|
| | <u>2023</u> | <u>2022</u> |
| Revenues: | | |
| <u>Program revenues</u> | | |
| Charges for sales and services | \$ 7,805 | \$ 4,969 |
| Operating grants and contributions | 191,005 | 186,065 |
| <u>General revenues</u> | | |
| Property taxes | 111,703 | 102,930 |
| State revenue in lieu of taxes | 42,531 | 39,883 |
| Unrestricted investment earnings | 4,817 | 535 |
| Other | 4,651 | 3,731 |
| Total revenues | <u>362,512</u> | <u>338,113</u> |
| Expenses: | | |
| Instruction | 167,329 | 172,015 |
| Support services | 136,084 | 129,255 |
| Community services | 3,700 | 2,973 |
| Intergovernmental | 118 | 86 |
| Interest and other charges | 7,613 | 7,364 |
| Total expenses | <u>314,844</u> | <u>311,693</u> |
| Changes in net position | 47,668 | 26,420 |
| Net position, beginning of year | <u>(331,769)</u> | <u>(358,189)</u> |
| Net position, end of year | <u>\$ (284,101)</u> | <u>\$ (331,769)</u> |

Changes in Net Position:

Revenues: Property taxes and operating grants and contributions account for most of the District's revenue, with property taxes contributing 31% and operating grants contributing 53% for every dollar raised. The remaining 16% of revenues comes from fees charged for services, state revenue in lieu of taxes, interest on investments and other miscellaneous sources. Total revenues increased \$24.4 million in fiscal year 2023 as discussed previously.

Dorchester County School District Two

Management's Discussion and Analysis

For the year ended June 30, 2023

Financial Analysis of the District as a Whole, continued:

Changes in Net Position, continued:

Expenses: Instruction expenses include a) salaries and fringe benefits for teachers, teaching assistants and substitutes, b) pupil-use technology and software and c) classroom materials and supplies. Instruction expenses accounted for 53% of total District expenses. Salaries and fringe benefits of instructional staff constitute the largest cost area of the District's total expenses with total salaries and fringe benefits expenses, including support and community services, accounting for approximately 74% of the District's total expenses.

Support services include support services, operations and school leadership. These categories include a) guidance and counseling, b) library and media, c) student health and psychological services, d) curriculum and staff development, e) pupil transportation, f) school security, g) building upkeep, utilities and maintenance, h) technology support, and i) business operations and administration. Support services accounted for 43% of total District expenses.

Total expenses for all programs and services increased by \$3.1 million in fiscal year 2023, as discussed previously.

Governmental Activities:

Figure A-4 presents the cost of the District's governmental activities. The table also shows each activity's net cost (total cost less fees generated by activities and operating grants and contributions provided for specific programs). The net cost is the cost of the activities that were funded by general revenues, i.e., property taxes and federal and state formula aid.

Figure A-4: Net Cost of Governmental Activities (rounded thousands)

| | Total Cost of Services | | Percent | Net Profit (Cost) of Services | | Percent |
|--------------------------------------|------------------------|-------------------|-----------|-------------------------------|---------------------|------------|
| | 2022 | 2023 | Change | 2022 | 2023 | Change |
| Instruction | \$ 172,015 | \$ 167,329 | -3% | \$ (65,763) | \$ (62,213) | -5% |
| Support services | 129,255 | 136,084 | 5% | (49,284) | (48,103) | -2% |
| Community services | 2,973 | 3,700 | 24% | 1,838 | 2,013 | 10% |
| Intergovernmental | 86 | 118 | 37% | (86) | (118) | 37% |
| Interest and other charges | 7,364 | 7,613 | 3% | (7,364) | (7,613) | 3% |
| Total governmental activities | \$ 311,693 | \$ 314,844 | 1% | \$ (120,659) | \$ (116,034) | -4% |

- The expenses of all governmental activities were \$314.8 million, an increase of \$3.1 million.
- Net cost of governmental activities was \$116.0 million, a decrease of \$4.7 million.
- Operating grants and contributions subsidized 53% of governmental activities.
- General revenues provided \$164.6 million towards the cost of governmental activities, an increase of \$17.5 million from 2022.

Dorchester County School District Two

Management's Discussion and Analysis

For the year ended June 30, 2023

Financial Analysis of the District's Funds:

On June 30, 2023 the District's governmental funds reported a combined fund balance of \$128.2 million, an increase of \$25.8 million from the prior year balance of \$102.4 million. Major changes were as follows:

- Fund balance for the General Fund increased \$16.9 million as a result of revenues and other financing sources of \$251.2 million exceeding expenditures and other financing uses of \$234.3 million. General Fund revenues increased \$12.3 million mainly due to a \$5.0 million increase in property taxes due to an increase in assessed values, a \$4.8 million increase in state revenues as a result of an increase in student enrollment, and a \$2.0 million increase in interest income due to higher interest rates. General Fund expenditures increased \$11.5 million primarily due to an increase in salaries and benefits as a result of a step increase provided to all employees, a state mandated teacher salary increase, and continued increases in mandated fringe benefit rates.
- The Special Projects Fund reports an ending fund balance of \$5.5 million, an increase of \$0.8 million compared to the prior year fund balance of \$4.7 million. Revenues and other financing sources of \$45.9 million exceeded expenditures and other financing uses of \$45.1 million. Revenues for the Special Revenue fund decreased \$0.9 million primarily due to a \$1.3 million decrease in state revenues and a \$1.2 million decrease in federal revenues offset by a \$1.6 million increase in local revenues. The decrease in state revenues is primarily due to one-time COVID-19 related funding received from the State during the previous year while no similar funding was received in the current year. The decrease in federal revenues is primarily due to additional emergency technology funding received in the prior year. The increase in local revenues is primarily due to increased student activity fund revenues as more activities have resumed since COVID-19 restrictions were lifted. Special Revenue Fund expenditures increased \$0.6 million primarily due to spending of the additional state revenues received in the prior year that were paid in the current year.
- The Special Revenue - EIA Fund reports no ending fund balance as revenues and other financing sources of \$25.3 million were equal to expenditures and other financing uses of \$25.3 million. Revenues for the EIA fund increased \$10.0 million, expenditures increased \$0.3 million, and transfers out increased \$9.7 million primarily due to the District utilizing carryover funds available from prior years.
- Fund balance for the Special Revenue - Food Service Fund increased \$0.9 million as a result of revenues and other financing sources of \$12.5 million exceeding expenditures and other financing uses of \$11.6 million. Food Service fund revenues decreased \$3.4 million due to decreased federal revenues. Expenditures decreased \$0.5 million over the prior year due to increased food costs and participation in the program. Transfers in and out increased slightly over the prior year.
- Fund balance for the Special Revenue - Educational Foundation Fund increased slightly from the prior year. Revenues and expenditures also increased slightly from the prior year. The Educational Foundation completes an IRS form 990 annually, which can be obtained through various other sources and will provide more detail on the operations of the Educational Foundation.

Dorchester County School District Two

Management's Discussion and Analysis

For the year ended June 30, 2023

Financial Analysis of the District's Funds, continued:

- Fund balance for the Debt Service - District Fund decreased \$0.3 million as a result of expenditures and other financing sources of \$49.3 million exceeding revenues and other financing sources of \$49.0 million. Debt Service - District fund revenues increased \$4.7 million primarily due to a \$3.3 million increase in property taxes as a result of an increase in assessed values and a \$1.0 million increase in investment earnings due to higher interest rates. Expenditures decreased \$1.6 million from the prior year primarily due to lower bond payments, offset by higher interest payments. Other financing sources remained consistent with the prior year. Other financing uses increased \$7.0 million due to increased transfers out to the Capital Projects Fund to help fund ongoing construction projects.
- Fund balance for the Debt Service - GROWTH Fund increased slightly from the prior year. Revenues for the Debt Service - GROWTH Fund increased slightly due to an increase in investment earnings. Expenditures decreased slightly due to changes in scheduled principal and interest payments. Other financing sources decreased slightly due to decreased transfers from the Debt Service - District Fund to fund the principal and interest payments on GROWTH debt.
- Fund balance for the Capital Projects Fund increased \$7.5 million as a result of revenues and other financing sources of \$20.4 million exceeding expenditures of \$12.9 million. Revenues for the Capital Projects Fund increased \$1.1 million primarily due to an increase in investment earnings. Other financing sources increased \$0.8 million due to an increase in transfers in from the Debt Service - District fund to help fund ongoing construction projects.
- The District has maintained a lower-than-average (state-wide) per pupil cost for its operating expenditures yet has not sacrificed the quality of its instructional programs. Figure A-5 represents the per pupil expenditures for all governmental funds based on the Student Enrollment for fiscal year 2023.

Figure A-5 Per Pupil Expenditures for Governmental Funds (total expenditures in rounded thousands)

| | Total Expenditures 2023 | Expenditures Per Pupil 2023 | Daily Per Pupil* 2023 |
|--------------------------|-------------------------------|-----------------------------------|-----------------------------|
| Instruction | \$ 166,399 | \$ 5,345 | \$ 30 |
| Support services | 123,011 | 3,951 | 22 |
| Community services | 3,695 | 119 | 1 |
| Intergovernmental | 153 | 5 | - |
| Operating expenditures | 293,258 | 9,420 | 53 |
| Debt service | 34,013 | 1,093 | 6 |
| Capital outlay | 12,698 | 408 | 2 |
| Total governmental funds | \$ 339,969 | \$ 10,921 | \$ 61 |

* Based on 180 days of instruction per year.

Dorchester County School District Two

Management's Discussion and Analysis

For the year ended June 30, 2023

Financial Analysis of the District's Funds, continued:

General Fund Budgetary Highlights:

- Actual revenues were greater than budgeted at year-end by \$13.1 million primarily due to state revenues exceeding budget by \$6.2 million, local property tax revenues exceeding budget by \$4.3 million, interest revenues exceeding budget by \$2.1 million, and other local revenues exceeding budget by \$0.5 million. State revenues were over budget primarily due to an increase in student enrollment. Local property tax revenues were over budget primarily due to the District budgeting based on conservative amounts provided by the County. Interest revenues were over budget due to interest rates increasing at rates higher than anticipated. Other local revenues were over budget due to payments received from Dorchester County related to heavy equipment rental that were not budgeted.
- Actual expenditures were less than budgeted at year-end by \$2.8 million primarily due to instructional expenditures coming in \$6.8 million under budget due to vacant positions within elementary programs and fluctuations in health insurance costs and workers compensation claims. This was offset by support services coming in \$4.0 million over budget due to increased repair and maintenance services required for operations.
- Net other financing sources were \$1.0 million more than budgeted primarily due to indirect costs received from other funds.

Dorchester County School District Two

Management's Discussion and Analysis

For the year ended June 30, 2023

Capital Assets and Debt Administration:

Capital Assets:

As of June 30, 2023 the District has invested a net amount of \$395.2 million in capital assets for its governmental activities. These assets include land, construction in progress, school buildings and improvements, improvements other than buildings, modular classrooms, equipment, and an intangible asset for the District's right to use the aquatic center (see Note 5).

Total depreciation expense for the year was \$14.5 million in governmental activities. Figure A-6 presents capital asset balances, net of depreciation for the years ended June 30, 2023 and 2022.

Figure A-6 Capital Assets (Net of Depreciation, rounded in thousands)

| | Governmental Activities | | Percent |
|-----------------------------------|-------------------------|-------------------|---------------------|
| | 2022 | 2023 | Change 2022-2023 |
| Land | \$ 12,914 | \$ 12,913 | 0.0% |
| Construction in progress | 30,702 | 3,398 | -88.9% |
| Buildings and improvements | 332,712 | 358,300 | 7.7% |
| Improvements other than buildings | 5,835 | 6,352 | 8.9% |
| Modular classrooms | 633 | 509 | -19.6% |
| Furniture, equipment and vehicles | 6,681 | 6,803 | 1.8% |
| Aquatic center lease | 7,156 | 6,900 | -3.6% |
| Total | <u>\$ 396,633</u> | <u>\$ 395,175</u> | <u>-0.4%</u> |

More detailed information about the District's capital assets can be found in Note 4 to the financial statements.

Dorchester County School District Two

Management's Discussion and Analysis

For the year ended June 30, 2023

Capital Assets and Debt Administration, continued:

Long-Term Debt:

At year-end the District has \$204.3 million in long-term General Obligation bonds and equipment use acquisition obligations - a decrease of 5% from last year - as shown in Figure A-7. GROWTH, a blended component unit, has \$86.6 million in installment purchase revenue bonds outstanding, a decrease of 9% from last year.

Figure A-7 Outstanding Long-Term Debt for Total School District (rounded thousands)

| | Governmental Activities | | Percent |
|---------------------------------------|-------------------------|-------------------|---------------------|
| | 2022 | 2023 | Change 2022-2023 |
| District: | | | |
| General obligation bonds | \$ 199,834 | \$ 190,723 | -5% |
| Equipment use acquisition obligations | 16,404 | 13,640 | -17% |
| Total District | <u>\$ 216,238</u> | <u>\$ 204,363</u> | <u>-5%</u> |
| GROWTH | | | |
| Installment purchase revenue bonds | \$ 95,410 | \$ 86,550 | -9% |
| Total GROWTH | <u>\$ 95,410</u> | <u>\$ 86,550</u> | <u>-9%</u> |

- The District retired \$9.1 million in long-term debt through principal payments on General Obligation Bonds, \$8.8 million through principal payments on GROWTH's Installment Purchase Revenue Bonds, and \$6.5 million in principal payments on equipment use acquisition agreements.
- The District borrowed \$3.7 million in equipment use acquisition agreements for the installation of turf at the high school football stadiums.
- In addition, the District borrowed \$34.6 million in short-term General Obligation Bonds during the year that were fully repaid with the exception of \$7.7 million related to the May 2023 short-term General Obligation Bonds, which are scheduled to be repaid in March 2024.

More detailed information about the District's debt and other long-term obligations is presented in Notes 6 and 7 to the financial statements.

Dorchester County School District Two

Management's Discussion and Analysis

For the year ended June 30, 2023

Economic Factors Bearing on the District's Future:

At the time these financial statements were prepared, the School District was aware of existing circumstances that could significantly affect its financial health in the future:

- Addressing learning loss caused by the COVID-19 pandemic continues to be a primary focus of the District. The use of ESSER funds has allowed for enhancing summer programs, enhancing after school programs, purchasing instructional technology and supplies, and additional needs for learning. Available ESSER funds have been budgeted through the grant period ending September 30, 2024.
- The District's student count has increased over the past two years to pre-pandemic levels. Construction of new homes has increased in the District with the anticipated student population to continue to increase as well. The District is planning for additional capacity for K-8 students due to this growth in student population. Additional funding sources for this initiative are being explored to address this future budgetary impact.
- The teacher shortage on a national basis is a concern for the District as efforts are made to employ quality teachers, and retain current teachers in the District. Staffing in all areas is affected by the District's salary levels being lower as compared to neighboring school districts. The District is focused on seeking additional funding sources to help to address this concern.

Contacting the District's Financial Management:

This financial report is designed to provide the District's citizens, investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Finance Department, Dorchester School District Two; 815 South Main Street, Summerville, South Carolina 29483 (Telephone: 843-873-2901).

BASIC FINANCIAL STATEMENTS

Dorchester County School District Two**Statement of Net Position****As of June 30, 2023**

| | Governmental activities |
|---|----------------------------|
| Assets | |
| Cash and cash equivalents | \$ 80,962,549 |
| Cash and cash equivalents, restricted | 35,641,995 |
| Cash and investments held by county treasurer | 24,561,295 |
| Investments, restricted | 8,268,867 |
| Receivables: | |
| Property taxes, net | 4,141,895 |
| Other | 46,890 |
| Due from other governmental units | 15,849,821 |
| Inventories | 142,122 |
| Non-depreciable capital assets | 16,311,172 |
| Depreciable capital assets, net | 378,863,745 |
| Total assets | <u>564,790,351</u> |
| Deferred outflows of resources | |
| Deferred outflows related to pensions | 37,317,589 |
| Deferred outflows related to OPEB | 72,288,766 |
| Advance refunding charges | 14,737,272 |
| Total deferred outflows of resources | <u>124,343,627</u> |
| Liabilities | |
| Accounts payable and accrued expenses | 9,326,040 |
| Accrued salaries and benefits | 18,833,949 |
| Due to other governmental units | 16,506 |
| Unearned revenue | 3,552,975 |
| Short-term obligations | 7,726,000 |
| Accrued interest | 1,851,000 |
| Long-term liabilities: | |
| Due within one year | 29,996,766 |
| Due in more than one year | 277,618,435 |
| Net pension liability | 287,371,669 |
| Net OPEB liability | 228,006,080 |
| Total liabilities | <u>864,299,420</u> |
| Deferred inflows of resources | |
| Deferred inflows related to pensions | 5,641,141 |
| Deferred inflows related to OPEB | 103,294,471 |
| Total deferred inflows of resources | <u>108,935,612</u> |
| Net Position | |
| Net investment in capital assets | 136,046,520 |
| Restricted for: | |
| Special projects | 119,627 |
| Debt service | 24,476,722 |
| Capital projects | 450,652 |
| Educational Foundation | 259,498 |
| Student activities | 1,910,291 |
| Unrestricted | (447,364,364) |
| Total net position | <u>\$ (284,101,054)</u> |

See Notes to Basic Financial Statements

Dorchester County School District Two

Statement of Activities

For the year ended June 30, 2023

| Functions/Programs | Expenses | Program revenues | | | Net revenue (expense) and changes in net position |
|---|----------------|-------------------------------------|--|--|--|
| | | Charges for sales and service | Operating grants and contributions | Capital grants and contributions | Governmental activities |
| Governmental activities | | | | | |
| Instruction | \$ 167,329,222 | \$ 63,141 | \$ 105,052,891 | \$ - | \$ (62,213,190) |
| Support services | 136,084,370 | 2,028,691 | 85,952,365 | - | (48,103,314) |
| Community services | 3,699,610 | 5,712,944 | - | - | 2,013,334 |
| Intergovernmental | 117,674 | - | - | - | (117,674) |
| Interest and other charges | 7,613,460 | - | - | - | (7,613,460) |
| Total governmental activities | 314,844,336 | 7,804,776 | 191,005,256 | - | (116,034,304) |
| Total | \$ 314,844,336 | \$ 7,804,776 | \$ 191,005,256 | \$ - | (116,034,304) |
| General revenues: | | | | | |
| Property taxes levied for: | | | | | |
| General purposes | | | | | 66,321,943 |
| Debt service | | | | | 45,381,190 |
| State aid not restricted for specific purpose | | | | | 42,530,972 |
| Unrestricted investment earnings | | | | | 4,816,565 |
| Miscellaneous | | | | | 4,651,161 |
| Total general revenues | | | | | 163,701,831 |
| Change in net assets | | | | | 47,667,527 |
| Net position, beginning of year | | | | | (331,768,581) |
| Net position, end of year | | | | | \$ (284,101,054) |

See Notes to Basic Financial Statements

Dorchester County School District Two
Balance Sheet - Governmental Funds
As of June 30, 2023

| | Special Revenue Funds | | | | Debt Service Funds | | | Capital Projects | Total Governmental Funds |
|--|-----------------------|----------------------|---------------------------|---------------------|---------------------------------------|-----------------------|---------------------|----------------------|--------------------------|
| | General | Special Projects | Education Improvement Act | School Food Service | Non-Major Fund Educational Foundation | Debt Service District | Debt Service GROWTH | | |
| Assets | | | | | | | | | |
| Cash and cash equivalents | \$ 80,949,973 | \$ 12,576 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 80,962,549 |
| Cash and cash equivalents, restricted | - | - | - | 350 | 152,841 | - | 4,401 | 35,484,403 | 35,641,995 |
| Cash and investments held by county treasurer | - | - | - | - | - | 24,531,071 | - | 30,224 | 24,561,295 |
| Investments, restricted | - | - | - | - | - | 8,268,867 | - | - | 8,268,867 |
| Receivables: | | | | | | | | | |
| Property taxes, net | 2,962,075 | - | - | - | - | 1,179,820 | - | - | 4,141,895 |
| Other | - | 46,890 | - | - | - | - | - | - | 46,890 |
| Due from: | | | | | | | | | |
| State agencies | 401,797 | 108,104 | - | 7,113 | - | 75,369 | - | - | 592,383 |
| Federal agencies | - | 15,088,087 | - | 169,351 | - | - | - | - | 15,257,438 |
| Other funds | 24,519,266 | 5,900,710 | 2,765,639 | 5,516,992 | - | - | - | - | 38,702,607 |
| Inventories | - | - | - | 142,122 | - | - | - | - | 142,122 |
| Total assets | \$ 108,833,111 | \$ 21,156,367 | \$ 2,765,639 | \$ 5,835,928 | \$ 152,841 | \$ 34,055,127 | \$ 4,401 | \$ 35,514,627 | \$ 208,318,041 |
| Liabilities, Deferred Inflows of Resources, and Fund Balances | | | | | | | | | |
| Liabilities: | | | | | | | | | |
| Accounts payable and accrued expenses | \$ 9,326,005 | \$ 35 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 9,326,040 |
| Accrued salaries and benefits | 18,833,949 | - | - | - | - | - | - | - | 18,833,949 |
| Due to: | | | | | | | | | |
| State Department of Education | - | - | 16,506 | - | - | - | - | - | 16,506 |
| Other funds | 14,183,341 | 15,166,405 | - | - | 4,201 | 5,805 | - | 9,342,855 | 38,702,607 |
| Unearned revenue | - | 509,828 | 2,749,133 | 294,014 | - | - | - | - | 3,552,975 |
| Short-term obligations | - | - | - | - | - | 7,726,000 | - | - | 7,726,000 |
| Total liabilities | 42,343,295 | 15,676,268 | 2,765,639 | 294,014 | 4,201 | 7,731,805 | - | 9,342,855 | 78,158,077 |
| Deferred inflows of resources | | | | | | | | | |
| Unavailable revenue - property taxes | 1,491,756 | - | - | - | - | 506,129 | - | - | 1,997,885 |
| Total deferred inflows of resources | 1,491,756 | - | - | - | - | 506,129 | - | - | 1,997,885 |
| Fund balances: | | | | | | | | | |
| Nonspendable: | | | | | | | | | |
| Inventories | - | - | - | 142,122 | - | - | - | - | 142,122 |
| Restricted for: | | | | | | | | | |
| Other grants | - | 91,218 | - | - | - | - | - | - | 91,218 |
| Robotics program | - | 26,909 | - | - | - | - | - | - | 26,909 |
| Scholarships | - | 1,500 | - | - | - | - | - | - | 1,500 |
| Debt service | - | - | - | - | - | 25,817,193 | 4,401 | - | 25,821,594 |
| Capital projects | - | - | - | - | - | - | - | 26,171,772 | 26,171,772 |
| Educational Foundation | - | 110,858 | - | - | 148,640 | - | - | - | 259,498 |
| Student activities | - | 1,910,291 | - | - | - | - | - | - | 1,910,291 |
| Assigned to: | | | | | | | | | |
| Extended Day Program | - | 3,339,323 | - | - | - | - | - | - | 3,339,323 |
| School carryover balances | 682,900 | - | - | - | - | - | - | - | 682,900 |
| Unassigned | 64,315,160 | - | - | 5,399,792 | - | - | - | - | 69,714,952 |
| Total fund balances | 64,998,060 | 5,480,099 | - | 5,541,914 | 148,640 | 25,817,193 | 4,401 | 26,171,772 | 128,162,079 |
| Total liabilities, deferred inflows of resources, and fund balances | \$ 108,833,111 | \$ 21,156,367 | \$ 2,765,639 | \$ 5,835,928 | \$ 152,841 | \$ 34,055,127 | \$ 4,401 | \$ 35,514,627 | \$ 208,318,041 |

See Notes to Basic Financial Statements

Dorchester County School District Two

Reconciliation of Balance Sheet of Governmental Funds to the Statement of Net Position

As of June 30, 2023

| | |
|---|-------------------------|
| Total governmental fund balances | \$ 128,162,079 |
| Amounts reported for 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 in governmental funds. The cost of assets is \$587,946,174 and the accumulated depreciation is \$199,671,257. | 388,274,917 |
| Property taxes receivable that are not available to pay for current period expenditures are deferred in the funds. | 1,997,885 |
| Intangible right-to-use assets are not financial resources and, therefore, are not reported in the governmental funds. The cost of these assets is \$7,666,668 and the accumulated amortization is \$766,668. The leased assets are included in depreciable capital assets, net on the Statement of Net Position. | 6,900,000 |
| Some liabilities are not due and payable in the current period and therefore are not reported in the funds: | |
| Bonds payable | (277,273,432) |
| Equipment use acquisition agreement obligations | (13,639,908) |
| Accrued compensated absences | (8,028,412) |
| Accrued interest payable | (1,851,000) |
| Unamortized bond premiums | (8,673,449) |
| Deferred amount on refunding | 14,737,272 |
| Pension related deferrals | 7,229,213 |
| OPEB related deferrals | (40,675,263) |
| Contributions to the pension plan in the current fiscal year | 24,447,235 |
| Contributions to the OPEB plan in the current year | 9,669,558 |
| Pension obligation | (287,371,669) |
| OPEB obligation | (228,006,080) |
| Net position of governmental activities | <u>\$ (284,101,054)</u> |

See Notes to Basic Financial Statements

Dorchester County School District Two
Statement of Revenues, Expenditures and Changes in Fund Balance - Governmental Funds
For the year ended June 30, 2023

| | Special Revenue Funds | | | | | Debt Service Funds | | Capital Projects | Total Governmental Funds |
|---|-----------------------|------------------|---------------------------|---------------------|---------------------------------------|-----------------------|---------------------|------------------|--------------------------|
| | General | Special Projects | Education Improvement Act | School Food Service | Non-Major Fund Educational Foundation | Debt Service District | Debt Service GROWTH | | |
| Revenues | | | | | | | | | |
| Local | | | | | | | | | |
| Property taxes | \$ 65,965,571 | \$ - | \$ - | \$ - | \$ - | \$ 45,254,644 | \$ - | \$ - | \$ 111,220,215 |
| Interest | 2,139,333 | - | - | - | - | 1,328,130 | 56,294 | 1,069,395 | 4,593,152 |
| Other | 1,532,889 | 8,324,217 | - | 2,049,913 | 462,174 | 73,777 | - | 145,013 | 12,587,983 |
| Total local | 69,637,793 | 8,324,217 | - | 2,049,913 | 462,174 | 46,656,551 | 56,294 | 1,214,408 | 128,401,350 |
| State | 160,598,999 | 3,753,209 | 25,308,948 | - | - | 2,051,309 | - | - | 191,712,465 |
| Federal | 85,285 | 31,270,889 | - | 10,254,651 | - | - | - | - | 41,610,825 |
| Total revenues | 230,322,077 | 43,348,315 | 25,308,948 | 12,304,564 | 462,174 | 48,707,860 | 56,294 | 1,214,408 | 361,724,640 |
| Expenditures | | | | | | | | | |
| Current | | | | | | | | | |
| Instruction | 137,888,889 | 23,320,716 | 5,188,942 | - | - | - | - | - | 166,398,547 |
| Support services | 94,042,067 | 15,236,683 | 1,261,468 | 11,495,472 | 458,894 | - | - | 516,751 | 123,011,335 |
| Community services | - | 3,695,426 | - | - | - | - | - | - | 3,695,426 |
| Debt service | | | | | | | | | |
| Principal | - | - | - | - | - | 15,579,731 | 8,860,000 | - | 24,439,731 |
| Interest and other charges | - | - | - | - | - | 5,452,281 | 3,893,475 | - | 9,345,756 |
| Other objects | - | - | - | - | - | 96,252 | 10,500 | 120,892 | 227,644 |
| Capital outlay | 311,158 | 45,225 | 60,055 | 1,229 | - | - | - | 12,279,718 | 12,697,385 |
| Intergovernmental expenditures | | | | | | | | | |
| Payments to other governmental units | - | 153,255 | - | - | - | - | - | - | 153,255 |
| Total expenditures | 232,242,114 | 42,451,305 | 6,510,465 | 11,496,701 | 458,894 | 21,128,264 | 12,763,975 | 12,917,361 | 339,969,079 |
| Excess (deficiency) of revenues over (under) expenditures | (1,920,037) | 897,010 | 18,798,483 | 807,863 | 3,280 | 27,579,596 | (12,707,681) | (11,702,953) | 21,755,561 |
| Other financing sources (uses) | | | | | | | | | |
| Proceeds from equipment use acquisition purchase | - | - | - | - | - | - | - | 3,725,000 | 3,725,000 |
| Premium on bonds sold | - | - | - | - | - | 304,930 | - | - | 304,930 |
| Transfers in | 20,891,755 | 2,545,720 | - | 223,181 | - | - | 12,710,695 | 15,431,128 | 51,802,479 |
| Transfers out | (2,091,439) | (2,655,831) | (18,798,483) | (114,903) | - | (28,141,823) | - | - | (51,802,479) |
| Total other financing sources (uses) | 18,800,316 | (110,111) | (18,798,483) | 108,278 | - | (27,836,893) | 12,710,695 | 19,156,128 | 4,029,930 |
| Net change in fund balances | 16,880,279 | 786,899 | - | 916,141 | 3,280 | (257,297) | 3,014 | 7,453,175 | 25,785,491 |
| Fund balances, beginning of year | 48,117,781 | 4,693,200 | - | 4,625,773 | 145,360 | 26,074,490 | 1,387 | 18,718,597 | 102,376,588 |
| Fund balances, end of year | \$ 64,998,060 | \$ 5,480,099 | \$ - | \$ 5,541,914 | \$ 148,640 | \$ 25,817,193 | \$ 4,401 | \$ 26,171,772 | \$ 128,162,079 |

See Notes to Basic Financial Statements

Dorchester County School District Two

**Reconciliation of Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
For the year ended June 30, 2023**

| | |
|---|----------------------|
| Total net change in fund balance - governmental funds | \$ 25,785,491 |
| Amounts reported for governmental activities in the Statement of Activities are different because of the following: | |
| Capital outlays are reported in governmental funds as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation expense (\$14,300,530) exceeds capital items acquired (\$13,098,429). | (1,202,101) |
| In the Statement of Activities, only the gain or loss on the sale of capital assets is reported, whereas in the governmental funds, the proceeds from the sale/disposal increase financial resources. Thus, the change in net position differs from the change in fund balance by the net book value of capital assets sold or disposed. | (900) |
| The intangible right-to-use asset is amortized on a straight-line basis over the shorter of the lease term or the useful life of the leased asset in the Statement of Activities. Amortization expense is not recorded in the governmental funds. This is the amount of amortization expense on the right-to-use asset. | (255,556) |
| Repayment of long-term debt is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position. In the current year, these amounts consisted of bond and equipment use acquisition agreement principal retirement. | 24,439,731 |
| Bond, equipment use acquisition agreement, and note proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Position. | (3,725,000) |
| Governmental funds report the effect of premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities. This is the amount that the net amortization on bond premiums (\$4,025,640) exceed the amortization of the deferred refunding (\$2,220,689) in the current year. | 1,804,951 |
| Interest on long-term debt in the Statement of Activities differs from the amount reported in the governmental funds because interest is recognized as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the Statement of Activities, however, interest expense is recognized as the interest accrues, regardless of when it is due. | 154,989 |
| Because some property taxes will not be collected for several months after the School District's fiscal year ends, they are not considered "available" revenues and are deferred in the governmental funds. Unearned tax revenues increased by this amount in the current year. | 482,918 |
| In the Statement of Activities, certain operating expenses - compensated absences (vacation and sick pay) - are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid). This year, compensated absences earned exceeded the amounts used. | (685,506) |
| Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities. | 24,447,235 |
| A 1% contribution made by the State on behalf of the employers directly to PEBA in fiscal year 2023 is not included on the Statement of Activities as the measurement date for fiscal year 2023 is a year in arrears. Revenues and expenditures of \$1,251,979 are excluded from the Statement of Activities. | - |
| A 1% contribution made by the State on behalf of the employers directly to PEBA in the prior fiscal year is not reported as revenue in the governmental funds but is included on the Statement of Activities as the measurement date for fiscal year 2023 is a year in arrears. | 1,251,979 |
| Contributions to the OPEB plan in the current fiscal year are not included on the Statement of Activities. | 9,669,558 |
| Non-employer contributions related to OPEB made by PEBA on behalf of the School District in fiscal year 2023 are not included on the Statement of Activities as the measurement date for fiscal year 2023 is a year in arrears. Revenues and expenditures of \$35,581 are excluded from the Statement of Activities. | - |
| Non-employer contributions related to OPEB made by PEBA on behalf of the School District in the prior fiscal year are not reported as revenue in the governmental funds but are included on the Statement of Activities as the measurement date for fiscal year 2023 is a year in arrears. | 34,956 |
| Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds. Such changes include the following: | |
| School District's portion of net pension related expenses | (21,068,011) |
| School District's portion of net OPEB related expenses | (13,467,207) |
| Change in net position of governmental activities | <u>\$ 47,667,527</u> |

See Notes to Basic Financial Statements

Dorchester County School District Two

Notes to Basic Financial Statements

June 30, 2023

I. Summary of Significant Accounting Policies

A. Reporting Entity

Dorchester County School District Two, South Carolina (the "School District" or "District") is a school district created in 1952 by the South Carolina Legislature to provide public education services to students of a specified geographical district of Dorchester County, South Carolina. It contains an area of approximately 144 square miles and includes the Town of Summerville, which is the largest town in the County. The School District receives funding from local, state and federal sources and must comply with any requirements of the funding source entities. A seven member Board of Trustees (the "Board") governs the School District.

The School District (the primary government) is the lowest level of government which has oversight responsibility and control over all activities related to public school education. The School District is not included in any other governmental reporting entity because it does not meet the financial accountability criteria for inclusion established by Governmental Accounting Standards Board Statement ("GASB") No. 61. Board Members have decision-making authority, the power to designate management, the ability to significantly influence operations, and the primary accountability for fiscal matters.

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 GASB is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. As required by GAAP, these financial statements present the School District and its component units, entities for which the School District is considered to be financially accountable or for which exclusion of a component unit would render the financial statements incomplete or misleading. Blended component units, although legally separate entities, are in substance, part of the government's operations and data from these units are combined with data of the primary government. The School District has two blended component units, as discussed below. Discretely presented component units, on the other hand, are reported in a separate column in the financial statements to emphasize that they are legally separate from the School District. The School District has no discretely presented component units.

Growth Remedy Opportunity Without Tax Hike ("GROWTH"), a blended component unit, is a not-for-profit 501(c)(3) organization created to provide funding for the School District's capital improvement program through issuing installment purchase revenue bonds. The School District's Board of Trustees appoints GROWTH board members, and GROWTH's services are exclusively for the benefit of the School District. Because GROWTH is so closely related to the School District, it is, in effect, the same as the primary government. GROWTH's financial information is presented in individual columns throughout the statements. Separate financial statements for GROWTH are not issued.

The School District established the Dorchester Two Educational Foundation ("Educational Foundation") in June 2013. The Educational Foundation, a blended component unit, is a not-for-profit 501(c)(3) organization created for the benefit of the School District in providing public educational services, and specifically to (a) support, promote and enhance public education in Dorchester County, South Carolina; and (b) solicit, collect, receive, accumulate, administer and disburse gifts, funds and property in such manner as will, in the discretion of the board of directors, most effectively further such charitable and educational purposes. Because the Educational Foundation is so closely related to the School District, it is, in effect, the same as the primary government. The Educational Foundation's financial information is presented in individual columns throughout the statements. Separate financial statements for the Educational Foundation are not issued.

Dorchester County School District Two

Notes to Basic Financial Statements

June 30, 2023

I. Summary of Significant Accounting Policies, Continued

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

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

Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. The School District does not have any business-type activities.

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

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

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

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers all revenues with the exception of grants to be available if they are collected within 60 days of the end of the current fiscal period. Grant related revenues are considered to be available if they are collected within one year 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.

Dorchester County School District Two

Notes to Basic Financial Statements

June 30, 2023

I. Summary of Significant Accounting Policies, Continued

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

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

The accounts of the government are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. There are a minimum number of funds maintained to keep the accounts consistent with legal and managerial requirements. The focus of Governmental Fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Fiduciary Funds are reported by fund type. The following major funds and fund types are used by the School District:

Governmental fund types are those through which most governmental functions of the School District are financed. The School District's expendable financial resources and related assets and liabilities (except for those accounted for in the Fiduciary Funds) are accounted for through governmental funds.

The following are the School District's governmental funds:

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

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

- (i) **The Special Projects Fund, a major fund** and an unbudgeted fund, is used to account for and report the financial resources provided by federal, state and local projects and grants that are restricted, committed or assigned for specific educational programs and student activities.
- (ii) **The Special Revenue - Education Improvement Act ("EIA") Fund, a major fund** and an unbudgeted fund, is used to account for and report the restricted revenue from the South Carolina Education Improvement Act of 1984 (which is legally required by the state to be accounted for as a specific revenue source) which is restricted for specific programs authorized or mandated by EIA.

Dorchester County School District Two

Notes to Basic Financial Statements

June 30, 2023

I. Summary of Significant Accounting Policies, Continued

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

(iii) **The School Food Service Fund, a major fund** and an unbudgeted fund, is used to account for and report the financial resources received that are restricted for the cafeteria operations at school locations. These resources primarily consist of revenues received (a) from breakfast, lunch, and other food sales and (b) from the United States Department of Agriculture's ("USDA") approved school breakfast and lunch programs.

(iv) **The Special Revenue - Educational Foundation Fund, a non-major fund** and an unbudgeted fund, is used to account for and report the financial resources received that are restricted for use by the Foundation, a blended component unit as discussed previously. These resources primarily consist of grant revenues and donations from private sources.

The **Debt Service Fund - District, a major fund** and an unbudgeted fund, is used to account for and report the accumulation of financial resources that are restricted for the payment of all long-term debt principal, interest, and related costs for the School District.

The **Debt Service Fund - GROWTH, a major fund** and an unbudgeted fund, is used to account for and report the accumulation of financial resources that are restricted for the payment of all long-term debt principal, interest, and related costs for GROWTH.

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

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

Cash and Cash Equivalents

The School District considers all highly liquid investments (including restricted assets) with original maturities of three months or less when purchased, money market funds and investments in the South Carolina Local Government Investment Pool ("SCLGIP") to be cash equivalents. Securities with an initial maturity of more than three months (from when initially purchased) are reported as investments. Restricted cash and cash equivalents include amounts legally restricted by bond covenants.

Dorchester County School District Two

Notes to Basic Financial Statements

June 30, 2023

I. Summary of Significant Accounting Policies, Continued

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

Investments

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

- a. Obligations of the United States and agencies thereof;
- b. Obligations issued by the Federal Financing Bank, Federal Farm Credit Bank, the Bank of Cooperatives, the Federal Intermediate Credit Bank, the Federal Land Banks, The Federal Home Loan Banks, the Federal Home Loan Mortgage Corporations, the Federal National Mortgage Association, the Government National Mortgage Association, the Federal Housing Administration, and the Farmers Home Administration, if, at the time of investment, the obligor has a long-term, unenhanced, unsecured debt rating in one of the top two ratings categories issued by at least two nationally recognized credit rating organizations;
- c. General obligations of the State of South Carolina or any of its political units; or revenue obligations of the State of South Carolina if, at the time of investment, the obligor has a long-term, unenhanced, unsecured debt rating in one of the top two ratings categories issued by at least two nationally recognized credit rating organizations;
- d. Savings and Loan Associations to the extent that the same are insured by an agency of the Federal Government;
- e. Certificates of Deposit and funds in deposit accounts with banking institutions provided that such certificates and funds in deposit accounts are collaterally secured by securities of the type described in (a) and (b) above, held by a third party as escrow agent, or custodian of a market value, not less than the amount of the certificates or funds in deposit accounts so secured, including interest; provided, however, such collateral shall not be required to the extent the same are insured by an agency of the federal government;
- f. Collateralized repurchase agreements when collateralized by securities as set forth in (a) and (b) above and held by the governmental entity or a third party as escrow agent or custodian; and
- g. No load open-end or closed-end management type investment companies or investment trusts registered under the Investment Company Act of 1940, as amended, where the investment is made by a bank or trust company or savings and loan association or other financial institution when acting as trustee or agent for a bond or other debt issue of that local government unit, political subdivision, or county treasurer if the particular portfolio of the investment company or investment trust in which the investment is made (i) is limited to obligations described in items (a), (b), (c), and (f) above and (ii) has among its objectives the attempt to maintain a constant net asset value of one dollar a share and to that end, value its assets by the amortized cost method.

Dorchester County School District Two

Notes to Basic Financial Statements

June 30, 2023

I. Summary of Significant Accounting Policies, Continued

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

Investments, continued

The School District's cash investment objectives are preservation of capital, liquidity, and yield. All investments are reported at their fair values (which are normally determined by quoted market prices), with the exception of amounts invested in the guaranteed investment contracts and the SCLGIP. The SCLGIP operates in conformity with all of the requirements of the Securities and Exchange Commission's Rule 2a7 as promulgated under the Investment Company Act of 1940, as amended. Accordingly, the Pool qualifies as a 2a7-like pool and is reported at the net asset value per share (which approximates fair value).

Restricted Investments include amounts legally restricted by bond covenants and funding sources.

The School District currently or in the past year has used the following investments:

- Cash and investments held by the County Treasurer which are property taxes collected by the School District's fiscal agent that have not been remitted to the School District. The County Treasurer invests these funds in investments authorized by state statute as outlined above. All interest and other earnings gained are added back to the fund and are paid out by the County Treasurer to the respective governments on a periodic basis.
- SCLGIP investments are invested with the South Carolina State Treasurer's Office, which established the South Carolina Pool pursuant to Section 6-6-10 of the South Carolina Code. The Pool 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. In accordance with GASB Statement No. 31 "Accounting and Financial Reporting for Certain Investments and for External Investment Pools" and GASB Statement No. 72 "Fair Value Measurement and Application", investments are carried at fair value determined annually based upon (a) quoted market prices for identical or similar investments or (b) observable inputs other than quoted market prices. The total fair value of the Pool 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 Pool may be obtained by writing the Office of State Treasurer, Local Government Investment Pool, P.O. Box 11778, Columbia, SC 29211-1960.

Dorchester County School District Two

Notes to Basic Financial Statements

June 30, 2023

I. Summary of Significant Accounting Policies, Continued

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

Investments, continued

- An Open-Ended Money Market Mutual Fund which invests in obligations of the United States and repurchase agreements collateralized by U.S. Government obligations.
- A guaranteed investment contract that invests in various securities as described in (a), (b), and (c) above.

Receivables and Payables

Transactions between funds that are representative of reimbursement arrangements outstanding at the end of the fiscal year are referred to as "due to/from other funds." On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as "interfund receivables/payables." These amounts are eliminated in the governmental activities column of the Statement of Net Position.

All property taxes and other receivables are shown net of an allowance for amounts determined to be uncollectible.

Inventories

Under the system of accounting for inventories, materials and supplies are carried in an inventory account at average cost, determined using the first-in, first-out method, and are subsequently charged to expenditures/expenses when consumed rather than when purchased. The Food Service Fund inventory includes food and supplies, including an amount for commodities received from the USDA, recorded at fair market value at the time of receipt, that have not been consumed at fiscal year end.

Capital Assets

Capital 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.

All capital assets are capitalized at cost (or estimated historical cost). The capital asset system is updated for additions and retirements during the year. Donated capital assets, if any, are recorded at estimated acquisition value (as estimated by the School District) at the date of donation. The School District maintains a capitalization threshold of \$5,000. The School District's practice is not to capitalize purchases of a large quantity of items that individually fall under the capitalization threshold (i.e. bulk computer purchases, etc.). The School District does not possess any infrastructure assets. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized. Interest incurred during the construction of capital assets is not capitalized.

Dorchester County School District Two

Notes to Basic Financial Statements

June 30, 2023

I. Summary of Significant Accounting Policies, Continued

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

Capital Assets, continued

All reported capital assets other than land and construction-in-progress are depreciated. Construction projects are 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> |
|-----------------------------------|--|
| Buildings and improvements | 15 - 20 years |
| Improvements other than buildings | 10 years |
| Modular classrooms | 10 years |
| Furniture and equipment | 3 - 10 years |
| Vehicles | 3 - 10 years |

Compensated Absences

The School District reports compensated absences in accordance with the provisions of GASB Statement No. 16, *Accounting for Compensated Absences*. School District employees are granted vacation and sick leave in varying amounts. Upon termination of employment, an employee is reimbursed for up to 45 accumulated vacation days. Upon retirement, an employee is reimbursed for up to 90 accumulated sick leave days. The entire compensated absence liability and expense is reported on the government-wide financial statements.

Leases

Lease liabilities are measured at the present value of expected lease payments over the lease term. An intangible right-to-use asset is recorded to offset the lease liability. The intangible asset is recorded at the inception of the lease in an amount equal to the initial recording of the lease liability plus any initial direct costs and prepayments and less any incentives received. The intangible right-to-use asset is amortized on a straight-line basis over the shorter of the lease term or the useful life of the leased asset. Both the lease liability and right-to-use asset are reported in the governmental activities column of the government-wide Statement of Net Position, but are not reported in the fund financial statements.

Dorchester County School District Two

Notes to Basic Financial Statements

June 30, 2023

I. Summary of Significant Accounting Policies, Continued

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

Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities, and long-term obligations are reported in the government-wide financial statements. If material, bond premiums, discounts, and deferred refunding charges are deferred and amortized over the life of the bonds using the straight-line method (as it approximates the effective interest method). Debt is reported net of applicable bond premiums and discounts. Bond issuance costs (if any) are expensed in the period incurred.

In the governmental fund financial statements, bond premiums, discounts, and bond issuance costs are recognized immediately. The face amount of debt or equipment use acquisition agreements issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts are reported as other financing uses. Issuance costs are reported as debt service expenditures.

In general, payables and accrued liabilities that will be paid from governmental funds are reported on the governmental fund financial statements regardless of whether they will be liquidated with current resources.

However, claims and judgments, the non-current portion of debt and equipment use acquisition agreements, compensated absences, contractually required pension contributions, and special termination benefits that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they will be paid with current, expendable, available financial resources. In general, payments made within sixty days after year-end are considered to have been made with current available financial resources. 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.

Dorchester County School District Two

Notes to Basic Financial Statements

June 30, 2023

I. Summary of Significant Accounting Policies, Continued

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

Fund Balance

In accordance with generally accepted accounting principles ("GAAP"), the District classifies governmental fund balances as follows:

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

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

Committed - includes amounts that are constrained for specific purposes that are internally imposed by the government through formal action made by the Board of Trustees, which is the highest level of decision making authority, before the end of the reporting period. Those committed amounts cannot be used for any other purpose unless the government removes or changes the specified use by taking the same type of action it employed to previously commit those amounts.

Assigned - includes amounts that are intended to be used for specific purposes that are neither considered restricted or committed and that such assignments are made before the report issuance date. Assigned amounts for the District consist of unspent amounts approved by a majority vote of the Board of Trustees in the annual budget in previous years that are allowed to be carried over by the schools.

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

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

Dorchester County School District Two

Notes to Basic Financial Statements

June 30, 2023

I. Summary of Significant Accounting Policies, Continued

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

Fund Balance, continued

The School District's Board of Trustees has formally adopted a minimum fund balance policy that supports the allowable limit as set by the South Carolina Department of Education fiscal watch criteria, which is currently at least one month of General Fund operating expenditures or approximately eight percent. The unassigned fund balance as of June 30, 2023 is approximately \$64,300,000, which represents approximately 24% of the fiscal year 2024 General Fund budgeted expenditures of approximately \$266,475,000.

Deferred Outflows and Inflows of Resources

In addition to assets, the Statement of Net Position and the Balance Sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The School District currently has three types of deferred outflows of resources: (1) The School District reports *advance refunding charges* in its government-wide Statement of Net Position. *Advance refunding charges*, which are the differences between the reacquisition price and the net carrying amounts of the defeased debt, are deferred and amortized over the life of the refunding bonds. (2) The School District reports *deferred pension charges* in its Statement of Net Position in connection with its participation in the South Carolina Retirement System. (3) The School District reports *deferred OPEB charges* in its Statement of Net Position in connection with its participation in the South Carolina Retiree Health Insurance Trust Fund and the South Carolina Long-Term Disability Insurance Trust Fund. The *deferred pension and OPEB charges* are either (a) recognized in the subsequent period as a reduction of the net pension/OPEB liability (which includes contributions made after the measurement date) or (b) amortized in a systematic and rational method as pension/OPEB expense in future periods in accordance with GAAP.

In addition to liabilities, the Statement of Net Position and the Balance Sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The School District currently has three types of deferred inflows of resources: (1) The School District reports *unavailable revenue - property taxes* only in the governmental funds' Balance Sheet; it is deferred and recognized as an inflow of resources (property tax revenues) in the period the amounts become available. (2) The School District reports *deferred pension credits* in its Statement of Net Position in connection with its participation in the South Carolina Retirement System. (3) The School District reports *deferred OPEB credits* in its Statement of Net Position in connection with its participation in the South Carolina Retiree Health Insurance Trust Fund and the South Carolina Long-Term Disability Insurance Trust Fund. The *deferred pension and OPEB credits* are amortized in a systematic and rational method and recognized as a reduction of pension/OPEB expense in future periods in accordance with GAAP.

Dorchester County School District Two

Notes to Basic Financial Statements

June 30, 2023

I. Summary of Significant Accounting Policies, Continued

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

Net Position

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

Components of net investment in capital assets are as follows:

| | |
|------------------------------------|-----------------------|
| Capital assets net of depreciation | \$ 395,174,917 |
| Unspent bond proceeds | 25,721,120 |
| Deferred charge on refunding | 14,737,272 |
| Bonds and leases payable | (290,913,340) |
| Unamortized bond premiums | <u>(8,673,449)</u> |
| | <u>\$ 136,046,520</u> |

Pensions and Other Postemployment Benefits

In government-wide financial statements, pensions and other postemployment benefits (“OPEB”) are required to be recognized and disclosed using the accrual basis of accounting (See Notes 11 and 12 and the required supplementary information immediately following the notes to the financial statements for more information), regardless of the amounts recognized as pension and OPEB expenditures on the modified accrual basis of accounting. The School District recognizes net pension and net OPEB liabilities for each plan in which it participates, which represents the excess of the total pension and OPEB liabilities over the fiduciary net position of the qualified plan, or the School District’s proportionate share thereof in the case of a cost-sharing multiple-employer plan, measured as of the School District’s fiscal year-end. Changes in the net pension and OPEB liabilities during the period are recorded as pension and OPEB expenses, or as deferred outflows or inflows of resources depending on the nature of the change, in the period incurred. Those changes in net pension and OPEB liabilities that are recorded as deferred outflows or inflows of resources that arise from changes in actuarial assumptions or other inputs and differences between expected or actual experience are amortized over the weighted average remaining service life of all participants in the respective qualified plan and recorded as a component of pension and OPEB expense beginning with the period in which they are incurred. Any projected earnings on qualified pension and OPEB plan investments are recognized as a component of pension and OPEB expense. Differences between projected and actual investment earnings are reported as deferred outflows or inflows of resources and amortized as a component of pension and OPEB expense on a closed basis over a five-year period beginning with the period in which the difference occurred.

Dorchester County School District Two

Notes to Basic Financial Statements

June 30, 2023

I. Summary of Significant Accounting Policies, Continued

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

Fair Value

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

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

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

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

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

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

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

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

Accounting Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions. Those estimates and assumptions affect the reported amounts of assets and deferred outflows of resources and liabilities and deferred inflows of resources and disclosure of these balances as of the date of the financial statements. In addition, they affect the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates and assumptions.

Dorchester County School District Two

Notes to Basic Financial Statements

June 30, 2023

I. Summary of Significant Accounting Policies, Continued

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

Comparative Data

Comparative data (i.e., presentation of prior year totals by fund type) has not been presented in each of the statements since their inclusion would make the statement unduly complex and difficult to read.

D. New Accounting Standards

In March 2020, GASB issued Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. The requirement of this Statement improves financial reporting by establishing the definitions of Public-Private and Public-Public Partnerships (PPPs) and Availability Payment Arrangements (APAs) and providing uniform guidance on transactions that meet those definitions. The required disclosures allow users to understand the scale and important aspects of a government's PPPs and evaluate future obligations and assets resulting from PPPs. The requirements of this Statement are effective for the year ending June 30, 2023. The District adopted this standard on July 1, 2022; however, the new standard did not materially change or impact the District's financial statements.

In May 2020, GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements*. This Statement (1) defines a subscription-based information technology arrangement ("SBITA"); (2) establishes that a SBITA results in a right-to-use subscription asset – an intangible asset – and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. The requirements of this Statement are effective for the year ending June 30, 2023. The District adopted this standard on July 1, 2022; however, the new standard did not materially change or impact the District's financial statements.

In June 2022, GASB issued Statement No. 101, *Compensated Absences*. This Statement requires that liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means. The requirements of this Statement are effective for fiscal years beginning after December 15, 2023. The District is currently evaluating the impact that this Statement will have on its financial statements.

Other accounting standards that have been issued or proposed by the GASB or other standards-setting bodies are not expected to have a material impact on the District's financial position, changes in net position, or cash flows.

E. Reclassifications

Certain reclassifications have been made to the prior year financial statements to conform to the current year presentation.

F. Subsequent Events

In preparing these financial statements, the School District's management has evaluated events and transactions for potential recognition or disclosure through December 1, 2023, the date the financial statements were available for issuance.

Dorchester County School District Two

Notes to Basic Financial Statements

June 30, 2023

II. Stewardship, Compliance and Accountability

A. Budgetary Information

Budgetary Practices - Budgets are presented in the required supplementary information section for the General Fund. The budget is presented on the modified accrual basis of accounting, which is consistent with accounting principles generally accepted in the United States of America. The budget is prepared by function and object as dictated by the State of South Carolina adopted Program Oriented Budgeting and Accounting System and for management control purposes.

In May of each year, the School District's management submits a proposed budget to the Board for the General Fund. The School District prepares its budget on a basis to conform with GAAP. The budget includes proposed expenditures and the means of financing the expenditures. After modifications are made, resulting from discussions between the Board and the School District's management, the Board recommends the General Fund budget to the Dorchester County Council. The School District's policies allow funds to be transferred between functions, but the total budget may not be increased without approval of the Board. The legal level of budgetary control is at the fund level. During the year, no revisions were made to the budget.

The School District's management has the authority to overspend the budget within percentages established by the South Carolina State Department of Education for most state and federally funded projects. The School District may overspend in certain funds as long as funds are available from other areas.

No formally adopted annual budgets are prepared for the Special Revenue Funds; however, budgets are prepared on a grant-by-grant basis. The Capital Projects Fund's revenues and expenditures are not legally adopted but are budgeted on a project-by-project basis. Budgets for the Debt Service Funds are not provided as the provisions of the bond indentures provide adequate control.

III. Detailed Notes on All Funds and Activities

Note 1. Deposits and Investments

Deposits - custodial credit risk:

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's policy for custodial credit risk states that 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, 2023, none of the School District's total bank balances of approximately \$17,200,000 (with a carrying value of approximately \$9,200,000) were exposed to custodial credit risk.

Dorchester County School District Two

Notes to Basic Financial Statements

June 30, 2023

III. Detailed Notes on All Funds and Activities

Note 1. Deposits and Investments, continued

Investments:

At June 30, 2023, the School District had the following investments and maturities:

| Investment Type | Fair Value Level ⁽¹⁾ | Credit Rating [^] | Fair Value | Investment Maturities in Years | |
|---|---------------------------------|----------------------------|-----------------------|--------------------------------|---------------------|
| | | | | < 1 Year | > 5 Years |
| Cash and Investments Held by County Treasurer | N/A | NR, NR | \$ 24,561,295 | \$ 24,561,295 | \$ - |
| SC Local Government Investment Pool | N/A ⁽¹⁾ | NR, NR | 107,373,265 | 107,373,265 | - |
| CitiGroup Guranteed Investment Contract | N/A | A, A2 | 8,268,867 | - | 8,268,867 |
| Total | | | <u>\$ 140,203,427</u> | <u>\$ 131,934,560</u> | <u>\$ 8,268,867</u> |

[^] If available, credit ratings are for Standard & Poor's and Moody's Investors Service.

⁽¹⁾ Investments that have a net asset value are not subject to the fair value hierarchy.

NR Not rated.

Interest rate risk:

The School District interest rate risk policy states that the School District will not invest in maturities exceeding 24 months in order to avoid fair value losses arising from increasing interest rates. The guaranteed investment contract shown above is exempt from this policy as the returns are guaranteed.

Credit risk for investments:

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

Custodial credit risk for investments:

Custodial credit risk for investments is the risk that, in the event of a bank failure, the government will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The School District's policy for custodial credit risk states that 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, 2023, none of the School District's investments were exposed to custodial credit risk.

Concentration of credit risk for investments:

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

Dorchester County School District Two

Notes to Basic Financial Statements

June 30, 2023

III. Detailed Notes on All Funds and Activities, Continued

Note 1. Deposits and Investments, continued

The following table reconciles deposits and investments within the footnotes to the amounts in the financial statements:

Statement of Net Position:

Unrestricted assets:

| | |
|---|---------------|
| Cash and cash equivalents | \$ 80,962,549 |
| Cash and investments held by County Treasurer | 24,561,295 |

Restricted assets:

| | |
|---------------------------------------|-----------------------|
| Cash and cash equivalents, restricted | 35,641,995 |
| Investments, restricted | <u>8,268,867</u> |
| | <u>\$ 149,434,706</u> |

| | |
|----------------------------|-----------------------|
| Carrying value of deposits | \$ 9,231,279 |
| Investments | <u>140,203,427</u> |
| | <u>\$ 149,434,706</u> |

Note 2. Property Taxes and Other Receivables

Dorchester County, South Carolina (the "County") is responsible for levying and collecting sufficient property taxes to meet its funding obligation for the School District. This obligation is established each year by the Dorchester County Council and does not necessarily represent actual taxes levied or collected. The property taxes are considered both measurable and available for purposes of recognizing revenue and a receivable from the County at the time they are collected by the County or if they are collected within 60 days of the end of the fiscal year.

Property taxes are levied and billed by the County on real and personal properties on October 1 based on an assessed value as of the preceding December 31 of approximately \$707 million at rates of 183.6 mills and 65.0 mills for the General Fund and Debt Service - District Fund, respectively. These taxes are due without penalty through January 15.

Penalties are added to taxes depending on the date paid as follows:

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

Current year real and personal property taxes become delinquent on March 16. Unpaid property taxes become a lien against the property as of June 1 of the calendar year following the levy date. The levy date for motor vehicles 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 receivable include an allowance for uncollectibles of approximately \$1,233,000 and \$453,000 at June 30, 2023 for the General Fund and the Debt Service - District Fund, respectively. Significant allowances for uncollectibles were not necessary for the other receivable accounts.

Dorchester County School District Two

Notes to Basic Financial Statements

June 30, 2023

III. Detailed Notes on All Funds and Activities, Continued

Note 3. Unearned Revenue and Deferred Inflows of Resources

Governmental funds report deferred inflows of resources in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also report unearned revenue in connection with resources that have been received, but not yet earned. At June 30, 2023, the various components of unearned revenue and deferred inflows of resources reported in the governmental funds are as follows:

Deferred inflows of resources:

| | |
|---|---------------------|
| Unavailable delinquent property taxes receivable (General Fund) | \$ 1,491,756 |
| Unavailable delinquent property taxes receivable (Debt Service - District Fund) | <u>506,129</u> |
| Total deferred inflows of resources for governmental funds | <u>\$ 1,997,885</u> |

Unearned revenue:

| | |
|--|---------------------|
| Unearned revenue from Special Revenue - Special Projects Funds | \$ 509,828 |
| Unearned revenue from Special Revenue - EIA Funds | 2,749,133 |
| Unearned revenue from Special Revenue - Food Service Fund | <u>294,014</u> |
| Total unearned revenue for governmental funds | <u>\$ 3,552,975</u> |

Dorchester County School District Two

Notes to Basic Financial Statements

June 30, 2023

III. Detailed Notes on All Funds and Activities, Continued

Note 4. Capital Assets

Capital asset activity for the School District for the year ended June 30, 2023 is as follows:

| | <u>June 30, 2022</u> | <u>Increases</u> | <u>Decreases</u> | <u>Transfers</u> | <u>June 30, 2023</u> |
|--|-----------------------|-----------------------|------------------|---------------------|-----------------------|
| Governmental activities | | | | | |
| Capital assets, non-depreciable | | | | | |
| Land | \$ 12,913,660 | \$ - | \$ (900) | \$ - | \$ 12,912,760 |
| Construction in progress | <u>30,702,602</u> | <u>9,036,797</u> | <u>-</u> | <u>(36,340,987)</u> | <u>3,398,412</u> |
| Total capital assets, non-depreciable | <u>43,616,262</u> | <u>9,036,797</u> | <u>(900)</u> | <u>(36,340,987)</u> | <u>16,311,172</u> |
| Capital assets, being depreciated | | | | | |
| Buildings and improvements | 485,901,348 | 636,315 | - | 36,294,602 | 522,832,265 |
| Improvements other than buildings | 17,287,425 | 1,415,187 | - | 46,385 | 18,748,997 |
| Modular classrooms | 4,721,614 | - | (28,941) | - | 4,692,673 |
| Furniture, equipment, and vehicles | 23,436,496 | 2,010,130 | (85,559) | - | 25,361,067 |
| Aquatic center lease | <u>7,666,668</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>7,666,668</u> |
| Total capital assets, depreciable | <u>539,013,551</u> | <u>4,061,632</u> | <u>(114,500)</u> | <u>36,340,987</u> | <u>579,301,670</u> |
| Totals at historical cost | <u>582,629,813</u> | <u>13,098,429</u> | <u>(115,400)</u> | <u>-</u> | <u>595,612,842</u> |
| Less accumulated depreciation | | | | | |
| Buildings and improvements | (153,189,097) | (11,343,356) | - | - | (164,532,453) |
| Improvements other than buildings | (11,452,115) | (944,585) | - | - | (12,396,700) |
| Modular classrooms | (4,089,008) | (123,766) | 28,941 | - | (4,183,833) |
| Furniture, equipment, and vehicles | <u>(16,755,007)</u> | <u>(1,888,823)</u> | <u>85,559</u> | <u>-</u> | <u>(18,558,271)</u> |
| Total accumulated depreciation | (185,485,227) | (14,300,530) | 114,500 | - | (199,671,257) |
| Accumulated amortization for leased assets | <u>(511,112)</u> | <u>(255,556)</u> | <u>-</u> | <u>-</u> | <u>(766,668)</u> |
| Total capital assets, depreciable, net | <u>353,017,212</u> | <u>(10,494,454)</u> | <u>-</u> | <u>36,340,987</u> | <u>378,863,745</u> |
| Governmental activities capital assets, net | <u>\$ 396,633,474</u> | <u>\$ (1,457,657)</u> | <u>\$ (900)</u> | <u>\$ -</u> | <u>\$ 395,174,917</u> |

In the year ended June 30, 2023, depreciation expense for governmental activities of approximately \$14,300,000 and amortization expense of approximately \$250,000 were charged to the Support Services function for governmental activities.

The School District has approximately \$27,200,000 in technology and other equipment acquired through equipment use acquisition agreements with total amortization of approximately \$13,600,000 as of June 30, 2023. As the cost of the individual items is below the capitalization threshold, these items are not included in capital assets.

Dorchester County School District Two

Notes to Basic Financial Statements

June 30, 2023

III. Detailed Notes on All Funds and Activities, Continued

Note 5. Aquatic Center Lease

In January 2017, the School District entered into an agreement with the City of North Charleston (the "City") regarding the construction and operation of an aquatic center. As part of the agreement, the School District conveyed approximately 5.5 acres of land to the City where the aquatic center is located which had an estimated value of approximately \$167,000. In addition to contributing the land, the School District made a defined contribution of \$7.5 million, which was issued as General Obligation Bonds, Series 2017 in March 2017. The City contributed land and the balance of the construction funds needed to finish the aquatic center. The aquatic center is owned and operated by the City with the City providing all necessary staffing, maintenance, insurance, operation and management of the aquatic center. In addition, the City will retain all revenues associated with the aquatic center.

An operations period lease ("lease") of 30 years was executed between the City and the School District in July 2020 upon substantial completion of the aquatic center with the sole rental payment for the lease being the contribution of the land and \$7.5 million from the School District discussed above. At least one year prior to expiration of the lease, the City and the School District will negotiate a possible extension or renewal of the lease.

The estimated value of the contributed land of approximately \$167,000 plus the total cash contributions of approximately \$7,500,000 are reported as a right-to-use asset within capital assets in the government-wide financial statements. The right-to-use asset is amortized on a straight-line basis over the 30-year term of the lease. Amortization expense for the year ended June 30, 2023 was \$255,556. As the lease payment was paid in full at the beginning of the lease, there is no related lease liability as of June 30, 2023 in the government-wide financial statements.

Note 6. Short-Term Obligations

The following is a summary of the changes in the School District's short-term obligations for the year ended June 30, 2023:

| | <u>June 30, 2022</u> | <u>Additions</u> | <u>Reductions</u> | <u>June 30, 2023</u> |
|---------------------------------------|----------------------|----------------------|----------------------|----------------------|
| Governmental activities | | | | |
| May 2022 GO Bonds, Series 2022A | \$ 2,079,000 | \$ - | \$ 2,079,000 | \$ - |
| September 2022 GO Bonds, Series 2022B | - | 26,914,000 | 26,914,000 | - |
| May 2023 GO Bonds, Series 2023A | - | <u>7,726,000</u> | - | <u>7,726,000</u> |
| Total governmental activities | <u>\$ 2,079,000</u> | <u>\$ 34,640,000</u> | <u>\$ 28,993,000</u> | <u>\$ 7,726,000</u> |

Dorchester County School District Two

Notes to Basic Financial Statements

June 30, 2023

III. Detailed Notes on All Funds and Activities, Continued

Note 6. Short-Term Obligations, continued

The School District issued two series of short-term General Obligation bonds in fiscal year 2023. Series 2022B was issued in September 2022 with a par amount of \$26,914,000 and included a premium of approximately \$200,000 for the purpose of making the base lease payments to GROWTH, making the principal and interest payments on the equipment acquisition use agreements, funding various larger repairs, maintenance, or other facility projects, and to pay the costs of issuance on the bonds. Series 2022B was repaid in March 2023, including interest of approximately \$475,000, utilizing Debt Service - District Fund property tax revenues. General Obligation Series 2023A was issued in May 2023 with a par amount of \$7,726,000 and included a premium of approximately \$105,000 for the purpose of making required payments to GROWTH for its debt service, funding various larger repairs, maintenance or other facility projects, and paying the costs of issuance of the debt. The Series 2023A bonds are outstanding as of June 30, 2023. Principal and interest are due in full on March 1, 2024. The premiums, if any, have been netted against interest expenditures in the financial statements. The School District also repaid the \$2,079,000 Series 2022A bonds (issued in May 2022) in March 2023, including interest of approximately \$29,000. None of the School District's debt issuances were direct issuances of the School District, and no unusual events of default or termination exist for these debt issuances. General Obligation Bonds are direct obligations and pledge the full faith and credit of the School District.

Note 7. Long-Term Obligations

The School District issues bonds to provide funds for the acquisition and construction of major capital facilities for its governmental activities. None of the School District's debt issuances were direct issuances of the School District, and no unusual events of default or termination exist for these debt issuances. General Obligation Bonds are direct obligations and pledge the full faith and credit of the School District. Equipment Use Acquisition Agreement obligations are special obligations of the School District payable from the general revenues of the School District. Installment Purchase Revenue Bonds are issued through a trustee of the District and annual payments are subject to annual appropriation. The full faith, credit, and taxing powers of the School District are not pledged for the payment of Equipment Use Acquisition Agreement obligations or installment purchase revenue bonds nor the interest thereon. The Equipment Use Acquisition Agreement obligations and Installment Purchase Revenue Bonds are collateralized by the assets acquired with their proceeds.

Dorchester County School District Two

Notes to Basic Financial Statements

June 30, 2023

III. Detailed Notes on All Funds and Activities, Continued

Note 7. Long-Term Obligations, continued

General Obligation and Installment Purchase Revenue bonds at June 30, 2023, were comprised of the following:

| Issue | Interest Rates | Maturity | Original Issue | Outstanding at June 30, 2023 |
|--|----------------|----------|-----------------------|------------------------------|
| <u>General Obligation Bonds</u> | | | | |
| December 2009; Series D* | 1.60% | 2025 | \$ 10,000,000 | \$ 10,000,000 |
| February 2014; Series A** | 5.00% | 2024 | 140,000,000 | 5,680,000 |
| August 2015; Series B | 2.00-5.00% | 2033 | 39,910,000 | 33,925,000 |
| March 2017; Series A | 3.00-5.00% | 2033 | 6,945,000 | 5,120,000 |
| June 2021; Series 2021 | 1.88% | 2033 | 134,300,000 | 129,268,744 |
| July 2021; Series 2021B* | 1.153% | 2031 | 10,058,087 | 6,729,688 |
| <u>Installment Purchase Revenue Bonds</u> | | | | |
| June 2013; GROWTH Refunding | 3.00-5.00% | 2030 | 96,205,000 | 50,570,000 |
| April 2015; GROWTH Refunding | 0.55-5.00% | 2031 | 41,900,000 | 35,980,000 |
| | | | <u>\$ 479,318,087</u> | <u>\$ 277,273,432</u> |

* Applicable to the 8% Debt Limit

** Bond was partially refunded during fiscal year 2021. The original interest rates were 2.00-5.00% and original maturity in 2033.

Equipment Use Acquisition Agreement obligations at June 30, 2023, were comprised of the following:

| Issue | Interest Rates | Maturity | Original Issue | Outstanding at June 30, 2023 |
|--|----------------|----------|----------------------|------------------------------|
| <u>Equipment Use Acquisition Agreements</u> | | | | |
| February 2020; Secured by Technology Equipment | 1.670% | 2025 | \$ 16,074,613 | \$ 2,874,563 |
| April 2021; Secured by Technology Equipment | 0.607% | 2024 | 4,100,000 | 1,372,179 |
| June 2021; Secured by Equipment | 1.299% | 2031 | 7,048,573 | 5,668,166 |
| June 2023; Secured by Equipment | 3.470% | 2033 | 3,725,000 | 3,725,000 |
| | | | <u>\$ 30,948,186</u> | <u>\$ 13,639,908</u> |

Dorchester County School District Two

Notes to Basic Financial Statements

June 30, 2023

III. Detailed Notes on All Funds and Activities, Continued

Note 7. Long-Term Obligations, continued

The following is a summary of changes in the School District's governmental activities long-term obligations for the year ended June 30, 2023:

| | <u>June 30, 2022</u> | <u>Additions</u> | <u>Reductions</u> | <u>June 30, 2023</u> | <u>Due Within One Year</u> |
|-------------------------------------|-----------------------|----------------------|----------------------|-----------------------|--------------------------------|
| Governmental activities | | | | | |
| Debt: | | | | | |
| General obligation bonds: | | | | | |
| December 2009: Series D | \$ 10,000,000 | \$ - | \$ - | \$ 10,000,000 | \$ - |
| February 2014: Series A | 10,305,000 | - | 4,625,000 | 5,680,000 | 5,680,000 |
| August 2015: Series B | 35,310,000 | - | 1,385,000 | 33,925,000 | 1,520,000 |
| March 2017: Series A | 5,515,000 | - | 395,000 | 5,120,000 | 415,000 |
| June 2021, Series 2021 | 131,156,000 | - | 1,887,256 | 129,268,744 | 1,923,073 |
| July 2021, Series 2021B | 7,528,087 | - | 798,399 | 6,729,688 | 807,658 |
| Installment purchase revenue bonds: | | | | | |
| June 2013: GROWTH Refunding | 58,490,000 | - | 7,920,000 | 50,570,000 | 8,375,000 |
| April 2015: GROWTH Refunding | 36,920,000 | - | 940,000 | 35,980,000 | 920,000 |
| Total bonded debt | <u>295,224,087</u> | <u>-</u> | <u>17,950,655</u> | <u>277,273,432</u> | <u>19,640,731</u> |
| Premiums: | | | | | |
| June 2013: GROWTH Refunding | 5,340,620 | - | 821,633 | 4,518,987 | - |
| February 2014: Series A | 3,579,307 | - | 2,805,991 | 773,316 | - |
| April 2015: GROWTH Refunding | 2,247,058 | - | 256,806 | 1,990,252 | - |
| August 2015: Series B | 1,086,776 | - | 99,461 | 987,315 | - |
| March 2017: Series A | 445,328 | - | 41,749 | 403,579 | - |
| Total premiums | <u>12,699,089</u> | <u>-</u> | <u>4,025,640</u> | <u>8,673,449</u> | <u>-</u> |
| Total net debt | <u>307,923,176</u> | <u>-</u> | <u>21,976,295</u> | <u>285,946,881</u> | <u>19,640,731</u> |
| Equipment use acquisition | 16,403,984 | 3,725,000 | 6,489,076 | 13,639,908 | 3,792,457 |
| Compensated absences | 7,342,906 | 6,555,797 | 5,870,291 | 8,028,412 | 6,563,578 |
| Total governmental activities | <u>\$ 331,670,066</u> | <u>\$ 10,280,797</u> | <u>\$ 34,335,662</u> | <u>\$ 307,615,201</u> | <u>\$ 29,996,766</u> |

The Debt Service Funds have been used to service all long-term obligations. The General Fund and Food Service Fund have been used in prior years to liquidate compensated absences.

Dorchester County School District Two

Notes to Basic Financial Statements

June 30, 2023

III. Detailed Notes on All Funds and Activities, Continued

Note 7. Long-Term Obligations, continued

The GROWTH bonds were issued pursuant to a School Facilities Purchase and Occupancy Agreement (the "Facilities Agreement") and evidence proportionate interests of the owners in certain rental payments to be made by the School District under the terms of a Base Lease Agreement between the School District and GROWTH dated March 15, 2004. The School District will purchase the Capital Projects from GROWTH pursuant to the Facilities Agreement, which will obligate the School District to make semiannual installment payments to GROWTH in amounts calculated to be sufficient to enable GROWTH to pay the principal and interest on the outstanding bonds. The School District's obligations under the Facilities Agreement are from year to year only and do not constitute a mandatory payment obligation of the School District in any fiscal year in which funds are not appropriated by the School District to pay the installment payments of purchase price due in such fiscal year. However, the School District would forfeit possession of the Facilities for the remainder of the term of the Lease. It is anticipated that the payments will be funded by the School District by the future issuance of short-term general obligation bonds. Upon the termination/completion of the School Facilities Purchase and Occupancy Agreements, the School District will own all of the capital assets financed by the Installment Purchase Revenue Bonds.

In March 2020, the GROWTH bonds were refinanced through the Series 2023 Installment Purchase Revenue Refunding Bonds. These bonds were issued via a forward delivery agreement where a fixed tax-exempt rate of interest was locked in on the closing date but funds are not delivered until a future date. These bonds were closed in March 2020 but will not be delivered until December 1, 2023. The par amount of these bonds is \$77,652,000 and will be used to pay costs of issuance as well as the remaining principal balance on the existing GROWTH bonds at the date of delivery. The Series 2023 bonds mature on December 1, 2030 and have a fixed tax-exempt interest rate of 1.79%.

The GROWTH bonds are not a debt of the School District; however, as GROWTH is blended with the operations of the School District, the debt of GROWTH is included with the School District's other obligations as required by GAAP.

Section 15 of Article X of the South Carolina State Constitution allows school districts to incur a legal debt limit not to exceed 8% of the assessed value of all property in the School District (as of the date of debt issuance), unless approved by a majority vote in a referendum authorized by law. As of June 30, 2023, the School District had approximately \$24,500,000 (including \$7,726,000 in short-term debt outstanding) of bonded debt subject to the 8% limit of approximately \$56,500,000 resulting in an unused legal debt margin of approximately \$32,000,000.

Dorchester County School District Two

Notes to Basic Financial Statements

June 30, 2023

III. Detailed Notes on All Funds and Activities, Continued

Note 7. Long-Term Obligations, continued

Qualified School Construction Bonds

The School District issued \$10,000,000 in Qualified School Construction Bonds ("QSCB") in December 2009 for the purpose of providing funds to pay the cost of acquisition and construction of a new elementary school and to pay the costs of issuance of the QSCBs. The full \$10,000,000 in principal on this QSCB is due on March 15, 2025. The School District entered into an Escrow and Paying Agent Agreement with Regions Bank in December 2010 for the purpose of establishing a sinking fund to accumulate assets to be used for the retirement of this debt at maturity. In accordance with the terms of this agreement, the District will make annual deposits to Regions Bank to be held by them in a sinking fund until maturity. The funds on deposit have been invested with Citigroup Global Markets Inc. ("Citi") pursuant to a Master Repurchase Agreement between Regions Bank and Citi, with the Bank of New York Mellon as custodian. The first deposit of \$50,000 was made in March 2011 and the District began making annual deposits of \$560,876 in March 2012 which will continue through March 2025. The School District anticipates that amounts on deposit plus the expected yield (investment earnings) of these funds on deposit will produce an amount equal to the required principal payment due in March 2025 of \$10,000,000. The balance in the escrow sinking fund account at June 30, 2023 was approximately \$8,269,000 and is included in with the School District's Restricted Investments in the Statement of Net Position.

Expected remaining annual deposits to the sinking fund escrow account are as follows:

| <u>Year Ending June 30,</u> | <u>Principal</u> |
|-----------------------------|---------------------|
| 2024 | \$ 560,876 |
| 2025 | <u>560,876</u> |
| | <u>\$ 1,121,752</u> |

Advance Refunding

During the year ended June 30, 2021, the School District issued \$134,300,000 in General Obligation refunding bonds, series 2021A, at par, with a coupon rate of 1.88% and an effective rate of 1.45%. The proceeds were used to advance refund \$119,575,000 of outstanding 2014A General Obligation Bonds which had interest rates ranging from 2.0% to 5.0%. The net proceeds of \$134,014,972 were deposited in an irrevocable trust with an escrow agent to provide funds for the future debt service payment on the refunded bonds. As a result, \$119,575,000 of the 2014A Bonds are considered defeased and the liability for those bonds has been removed from the Statement of Net Position.

The acquisition price exceeded the net carrying amount of the previous debt by \$14,439,972. The School District refunded the bonds to reduce its total debt service payments over 13 years by \$9,846,791 and to obtain an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$8,764,945.

Dorchester County School District Two

Notes to Basic Financial Statements

June 30, 2023

III. Detailed Notes on All Funds and Activities, Continued

Note 7. Long-Term Obligations, continued

Annual debt service requirements to maturity for all governmental activities long-term debt (including equipment use acquisition agreements and excluding discount/premium amortization) as of June 30, 2023 are as follows:

| <u>Year Ending June 30,</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|-----------------------------|-----------------------|----------------------|-----------------------|
| 2024 | \$ 23,433,188 | \$ 8,064,688 | \$ 31,497,876 |
| 2025 | 33,881,916 | 7,192,493 | 41,074,409 |
| 2026 | 24,070,769 | 6,306,528 | 30,377,297 |
| 2027 | 25,763,266 | 5,583,793 | 31,347,059 |
| 2028 | 27,512,941 | 4,796,980 | 32,309,921 |
| 2029-2033 | <u>156,251,260</u> | <u>11,523,855</u> | <u>167,775,115</u> |
| | <u>\$ 290,913,340</u> | <u>\$ 43,468,337</u> | <u>\$ 334,381,677</u> |

Note 8. Interfund Receivables and Payables

Interfund balances at June 30, 2023 (which are expected to be received or paid within one year), consisted of the following individual fund receivables and payables:

| <u>Fund</u> | <u>Receivable</u> | <u>Payable</u> |
|------------------------------|----------------------|----------------------|
| General fund | \$ 24,519,266 | \$ 14,183,341 |
| Special revenue funds: | | |
| Special projects | 5,900,710 | 15,166,405 |
| EIA | 2,765,639 | - |
| School food service | 5,516,992 | - |
| Education foundation | - | 4,201 |
| Debt service fund – district | - | 5,805 |
| Capital projects fund | - | <u>9,342,855</u> |
| Total for primary government | <u>\$ 38,702,607</u> | <u>\$ 38,702,607</u> |

The General Fund receivable is a result of financing programs in other funds. Payroll for teachers' salaries, as well as salaries for support staff and payments for other operating costs are paid by the General Fund for the Special Revenue Funds and the Capital Projects Fund resulting in a receivable until claims are filed and reimbursements received. The General Fund payable represents revenues deposited in the School District's central bank account for other funds. The Special Revenue Funds' receivables are a result of funds deposited in the School District's central bank account for other funds. The Special Revenue Funds' and Capital Projects Fund's payables are a result of items paid by the General Fund, but unreimbursed as of June 30, 2023. All balances are expected to be repaid within one year and are repaid when claims are filed or reimbursements are received.

Dorchester County School District Two

Notes to Basic Financial Statements

June 30, 2023

III. Detailed Notes on All Funds and Activities, Continued

Note 9. Transfers In and Out

Transfers from (to) other funds for the year ended June 30, 2023 consisted of the following:

| | <u>Transfers In</u> | <u>Transfers Out</u> |
|---|----------------------|----------------------|
| General Fund | \$ 20,891,755 | \$ 2,091,439 |
| Special Revenue Fund - Special Projects Fund | 2,545,720 | 2,655,831 |
| Special Revenue Fund - Education Improvement Act Fund | - | 18,798,483 |
| Special Revenue Fund - School Food Service | 223,181 | 114,903 |
| Debt Service Fund - District | - | 28,141,823 |
| Debt Service Fund - GROWTH | 12,710,695 | - |
| Capital Projects Fund | <u>15,431,128</u> | <u>-</u> |
| Total transfers | <u>\$ 51,802,479</u> | <u>\$ 51,802,479</u> |

Dorchester County School District Two

Notes to Basic Financial Statements

June 30, 2023

III. Detailed Notes on All Funds and Activities, Continued

Note 9. Transfers In and Out, continued

Interfund transfers typically include funding allowed for indirect costs, required matches, supplemental funding, state cuts, and accounting practice. The transfers for the year ended June 30, 2023 consisted of the following:

General Fund

Transfers in: Funds were transferred into the General Fund from the Special Revenue Funds for EIA and Special Revenue flexibility, indirect costs, and to cover allowable payroll expenditures which were made out of the General Fund for ease of administration.

Transfers out: Funds were transferred from the General Fund into other funds to cover shortfalls in federal or state Special Revenue programs.

Special Revenue Funds

Transfers in: Funds are transferred into the Special Revenue Funds to cover shortfalls in federal or state Special Revenue programs.

Transfers out: The Special Revenue Funds' transfers out are primarily related to Special Revenue and EIA flexibility transfers, indirect costs, and allowable payroll expenditures which were made out of the General Fund for ease of administration.

Debt Service Fund

Transfers in: Funds were transferred into the Debt Service - GROWTH Fund from the Debt Service - District Fund to make the payments for GROWTH.

Transfers out: The Debt Service - District Fund transferred a portion of the proceeds from short-term General Obligation Bond issues to the Debt Service - GROWTH Fund to make the payments on GROWTH installment purchase revenue bonds and to the Capital Projects Fund to partially fund ongoing construction projects.

Capital Projects Fund

Transfers in: Funds were transferred into the Capital Projects Fund from the Debt Service - District Fund to partially fund ongoing construction projects.

Dorchester County School District Two

Notes to Basic Financial Statements

June 30, 2023

III. Detailed Notes on All Funds and Activities, Continued

Note 10. Food Service

Federal Guidelines - The School District's Food Service Fund administers the breakfast and lunch programs in accordance with USDA guidelines. Revenues are provided from USDA reimbursements and cash collections. Within the Food Service Fund, meals served to pupils are classified as regular, reduced or free. The type of meal served determines the amount of reimbursement from the USDA. Reimbursements may be in the form of cash or commodities. The Food Service expenses are inclusive of approximately \$868,000 of commodities consumed during the year ended June 30, 2023.

IV. Other Information

Note 11. Retirement Plans

Description of the entity:

The South Carolina Public Employee Benefit Authority ("PEBA"), created July 1, 2012, is the state agency responsible for the administration and management of the various retirement systems and benefit programs of the state of South Carolina, including the State Optional Retirement Program and the S.C. Deferred Compensation Program, as well as the state's employee insurance programs. As such, PEBA is responsible for administering the South Carolina Retirement Systems' ("Systems") five defined benefit pension plans.

For purposes of measuring the net pension liability, deferred outflows and inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Systems and additions to/deductions from the Systems fiduciary net position have been determined on the accrual basis of accounting as they are reported by the Systems in accordance with generally accepted accounting principles ("GAAP"). For this purpose, revenues are recognized when earned and expenses are recognized when incurred. Benefit and refund expenses are recognized when due and payable in accordance with the terms of the plan. Investments are reported at fair value.

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

Plan descriptions:

The South Carolina Retirement System ("SCRS"), a cost-sharing multiple-employer defined benefit pension plan, was established 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 and other benefits for teachers and employees of the state and its political subdivisions. SCRS covers employees of state agencies, public school districts and participating charter schools, public higher education institutions, other participating local subdivisions of government and first-term individuals elected to the South Carolina General Assembly.

Dorchester County School District Two

Notes to Basic Financial Statements

June 30, 2023

IV. Other Information, Continued

Note 11. Retirement Plans, continued

Plan descriptions, continued:

The State Optional Retirement Program ("State ORP") is a defined contribution plan that is offered as an alternative to SCRS to newly hired state, public higher education, institution and public school district employees, as well as first-term individuals elected to the South Carolina General Assembly. State ORP participants direct the investment of their funds into an account administered by one of four third party service providers. PEBA assumes no liability for State ORP benefits. Rather, the benefits are the liability of the four third party service providers. For this reason, State ORP assets are not part of the retirement systems' trust funds for financial statement purposes.

The South Carolina Police Officers Retirement System ("PORS"), a cost-sharing multiple-employer defined benefit pension plan, was established 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 and other benefits to police officers and firefighters. PORS also covers peace officers, coroners, probate judges and magistrates.

Membership:

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

SCRS - Generally, all employees of covered employers are required to participate in and contribute to the system as a condition of employment. This plan covers general employees and teachers and first-term individuals elected to the South Carolina General Assembly. An employee member of the system with an effective date of membership prior to July 1, 2012, is a Class Two member. An employee member of the system with an effective date of membership on or after July 1, 2012, is a Class Three member.

State ORP - As an alternative to membership in SCRS, newly hired state, public higher education institution and public school district employees, as well as first-term individuals elected to the South Carolina General Assembly have the option to participate in the State ORP. Contributions to the State ORP are at the same rates as SCRS. A direct remittance is required from the employer to the member's account with the ORP service provider for the employee contribution and a portion of the employer contribution (5 percent). A direct remittance is also required to SCRS for the remaining portion of the employer contribution and an incidental death benefit contribution, if applicable, which is retained by SCRS.

PORS - To be eligible for PORS membership, an employee must be required by the terms of his employment, by election or appointment, to preserve public order, protect life and property, and detect crimes in the state; to prevent and control property destruction by fire; be a coroner in a full-time permanent position; or be 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.

Dorchester County School District Two

Notes to Basic Financial Statements

June 30, 2023

IV. Other Information, Continued

Note 11. Retirement Plans, continued

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/current annual salary. A brief summary of the benefit terms for each system is presented below.

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

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

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

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

Dorchester County School District Two

Notes to Basic Financial Statements

June 30, 2023

IV. Other Information, Continued

Note 11. Retirement Plans, continued

Contributions:

Actuarial valuations are performed annually by an external consulting actuary to ensure applicable contribution rates satisfy the funding parameters specified in Title 9 of the South Carolina Code of Laws. Employee contribution rates are capped at 9.00 percent for SCRS and 9.75 percent for PORS. In accordance with the legislative funding schedule, employer contribution rates will continue to increase by 1 percentage point each year until reaching 18.56 percent for SCRS and 21.24 percent for PORS but may be increased further, if the scheduled contributions are not sufficient to meet the funding periods set for the applicable year. The board shall increase the employer contribution rates as necessary to meet the amortization period set in statute.

Additionally, the Board is prohibited from decreasing the SCRS and PORS contribution rates until the funded ratio is at least 85 percent.

Required employee contribution rates¹ are as follows:

| | <u>Fiscal Year 2023¹</u> | <u>Fiscal Year 2022¹</u> |
|----------------------|-------------------------------------|-------------------------------------|
| SCRS | | |
| Employee Class Two | 9.00% | 9.00% |
| Employee Class Three | 9.00% | 9.00% |
| State ORP | | |
| Employee | 9.00% | 9.00% |
| PORS | | |
| Employee Class Two | 9.75% | 9.75% |
| Employee Class Three | 9.75% | 9.75% |

Dorchester County School District Two

Notes to Basic Financial Statements

June 30, 2023

IV. Other Information, Continued

Note 11. Retirement Plans, continued

Contributions, continued:

Required **employer** contribution rates¹ are as follows:

| | <u>Fiscal Year 2023¹</u> | <u>Fiscal Year 2022¹</u> |
|------------------------------------|-------------------------------------|-------------------------------------|
| SCRS | | |
| Employer Class Two | 17.41% | 16.41% |
| Employer Class Three | 17.41% | 16.41% |
| Employer Incidental Death Benefit | 0.15% | 0.15% |
| State ORP | | |
| Employer Contribution ² | 17.41% | 16.41% |
| Employer Incidental Death Benefit | 0.15% | 0.15% |
| PORS | | |
| Employer Class Two | 19.84% | 18.84% |
| Employer Class Three | 19.84% | 18.84% |
| Employer Incidental Death Benefit | 0.20% | 0.20% |
| Employer Accidental Death Program | 0.20% | 0.20% |

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

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

Contributions to the SCRS, ORP, and PORS pension plans from the District were \$24,447,235 for the year ended June 30, 2023.

Non-employer contributions:

Employer's proportionate shares were calculated on the basis of employer contributions remitted to the plan by employers and non-employer contributions appropriated in the State's budget. In an effort to offset a portion of the burden of the increased contribution requirement for employers, the General Assembly provided funding in fiscal years 2018, 2019, 2020, 2021, and 2022 for credit towards employer contributions for most employers participating in SCRS. For the year ended June 30, 2022 measurement period, PEBA provided non-employer contributions to the District in the amount of \$1,251,979 which is shown as a reduction of net pension liability and other grant revenue in the year ended June 30, 2023 financial statements, which are presented on the economic resources measurement focus and accrual basis of accounting.

Pension expense:

For the year ended June 30, 2023, the District recognized pension expense of \$20,984,366 and \$83,645 for the SCRS and PORS plans at the measurement date of June 30, 2022, respectively.

Dorchester County School District Two

Notes to Basic Financial Statements

June 30, 2023

IV. Other Information, Continued

Note 11. Retirement Plans, continued

Actuarial assumptions and methods:

Actuarial valuations of the plan involve estimates of the reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and future salary increases. Amounts determined regarding the net pension liability (“NPL”) are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. South Carolina state statute requires that an actuarial experience study be completed at least once in each five-year period. An experience report on the Systems was most recently issued for the period ended June 30, 2019.

The June 30, 2022, total pension liability (“TPL”), NPL, and sensitivity information shown in this report were determined by the Systems’ consulting actuary, Gabriel, Roeder, Smith and Company (“GRS”) and are based on an actuarial valuation performed as of July 1, 2021. The TPL was rolled-forward from the valuation date to the plans’ fiscal year end, June 30, 2022, using generally accepted actuarial principles. There was no legislation enacted during the 2022 legislative session that had a material change in the benefit provisions for any of the Systems.

The following table provides a summary of the actuarial assumptions and methods used to calculate the TPL as of June 30, 2022.

| | SCRS | PORS |
|--|--|--|
| Actuarial cost method | Entry age normal | Entry age normal |
| Investment rate of return ¹ | 7% | 7% |
| Projected salary increases | 3.0% to 11.0% (varies by service) ¹ | 3.5% to 10.5% (varies by service) ¹ |
| Benefit adjustments | Lesser of 1% or \$500 annually | Lessor of 1% or \$500 annually |

¹ Includes inflation at 2.25%

The post-retiree mortality assumption is dependent upon the member’s job category and gender. The base mortality assumptions, the 2020 Public Retirees of South Carolina Mortality table (2020 PRSC), was developed using the Systems’ mortality experience. These base rates are adjusted for future improvement in mortality using 80% of Scale UMP projected from the year 2020.

Dorchester County School District Two

Notes to Basic Financial Statements

June 30, 2023

IV. Other Information, Continued

Note 11. Retirement Plans, continued

Actuarial assumptions and methods, continued:

Assumptions used in the determination of the June 30, 2022, TPL are as follows.

| Former Job Class | Males | Females |
|---|------------------------------------|--------------------------------------|
| Educators | 2020 PRSC Males multiplied by 95% | 2020 PRSC Females multiplied by 94% |
| General Employees and Members of the General Assembly | 2020 PRSC Males multiplied by 97% | 2020 PRSC Females multiplied by 107% |
| Public Safety and Firefighters | 2020 PRSC Males multiplied by 127% | 2020 PRSC Females multiplied by 107% |

Net pension liability:

The NPL is calculated separately for each system and represents that particular system's TPL determined in accordance with GASB 67 less that System's fiduciary net position. NPL totals, as of June 30, 2022, for SCRS and PORS are presented below.

| System | Total Pension Liability | Plan Fiduciary Net Position | Employers' Net Pension Liability (Asset) | Plan Fiduciary Net Position as a Percentage of the Total Pension Liability |
|--------|-------------------------|-----------------------------|--|--|
| SCRS | \$ 56,454,779,872 | \$ 32,212,626,932 | \$ 24,242,152,940 | 57.1% |
| PORS | 8,937,686,946 | 5,938,707,767 | 2,998,979,179 | 66.4% |

The TPL is calculated by the System's actuary, and each plan's fiduciary net position is reported in the System's financial statements. The NPL is disclosed in accordance with the requirements of GASB 67 in the Systems' notes to the financial statements and required supplementary information. Liability calculations performed by the Systems' actuary for the purpose of satisfying the requirements of GASB Nos. 67 and 68 are not applicable for other purposes, such as determining the plans' funding requirements.

At June 30, 2023, the District reported a liability of \$286,263,355 and \$1,108,314 for its proportionate share of the SCRS and PORS NPL, respectively, for the measurement date of June 30, 2022. The District's proportionate share of the NPL was based on a projection of the District's long-term share of contributions to the pension plans relative to the projected contributions of all participating employers, actuarially determined.

At June 30, 2023, the District's proportionate share of the SCRS and PORS plans at the measurement date of June 30, 2022 were 1.18% and 0.04%, respectively.

Dorchester County School District Two

Notes to Basic Financial Statements

June 30, 2023

IV. Other Information, Continued

Note 11. Retirement Plans, continued

Deferred inflows of resources and deferred outflows of resources:

At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| | <u>SCRS</u> | |
|---|---|--|
| | <u>Deferred Outflows of Resources</u> | <u>Deferred Inflows of Resources</u> |
| Differences between expected and actual experience | \$ 2,487,094 | \$ 1,247,526 |
| Changes of assumptions | 9,181,138 | - |
| Net difference between projected and actual earnings on pension plan investments | 441,475 | - |
| Changes in proportion and differences between District contributions and proportionate share of contributions | 552,946 | 4,269,948 |
| District contributions subsequent to the measurement date | <u>24,313,537</u> | <u>-</u> |
| Total | <u>\$ 36,976,190</u> | <u>\$ 5,517,474</u> |

| | <u>PORS</u> | |
|---|---|--|
| | <u>Deferred Outflows of Resources</u> | <u>Deferred Inflows of Resources</u> |
| Differences between expected and actual experience | \$ 18,595 | \$ 21,910 |
| Changes of assumptions | 46,152 | - |
| Net difference between projected and actual earnings on pension plan investments | 3,346 | - |
| Changes in proportion and differences between District contributions and proportionate share of contributions | 139,608 | 101,757 |
| District contributions subsequent to the measurement date | <u>133,698</u> | <u>-</u> |
| Total | <u>\$ 341,399</u> | <u>\$ 123,667</u> |

The District reported \$24,313,537 and \$133,698 as of June 30, 2023 as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date for the SCRS and PORS plans, respectively, which will be recognized as a reduction of the net pension liability in the year ending June 30, 2024.

Dorchester County School District Two

Notes to Basic Financial Statements

June 30, 2023

IV. Other Information, Continued

Note 11. Retirement Plans, continued

Deferred inflows of resources and deferred outflows of resources, continued:

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 ended June 30:</u> | <u>SCRS</u> |
|----------------------------|---------------------|
| 2024 | \$ 4,169,739 |
| 2025 | 2,125,325 |
| 2026 | (6,615,450) |
| 2027 | <u>7,465,565</u> |
| | <u>\$ 7,145,179</u> |

| <u>Year ended June 30:</u> | <u>PORS</u> |
|----------------------------|------------------|
| 2024 | \$ (6,209) |
| 2025 | 45,468 |
| 2026 | 1,696 |
| 2027 | <u>43,079</u> |
| | <u>\$ 84,034</u> |

Long-term expected rate of return:

The long-term expected rate of return on pension plan investments is based upon 20-year capital market assumptions. The long-term expected rates of returns represent assumptions developed using an arithmetic building block approach primarily based on consensus expectations and market-based inputs. Expected returns are net of investment fees.

The expected returns, along with the expected inflation rate, form the basis for the target asset allocation adopted at the beginning of the 2022 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 table below. For actuarial purposes, the 7 percent assumed annual investment rate of return used in the calculation of the TPL includes a 4.75 percent real rate of return and a 2.25 percent inflation component.

Dorchester County School District Two

Notes to Basic Financial Statements

June 30, 2023

IV. Other Information, Continued

Note 11. Retirement Plans, continued

Long-term expected rate of return, continued:

| Allocation/Exposure | Policy target | Expected arithmetic real rate of return | Long-term expected portfolio real rate of return |
|--|---------------|---|--|
| Public Equity | 46.0% | 6.79% | 3.12% |
| Bonds | 26.0% | (0.35)% | (0.09)% |
| Private Equity ¹ | 9.0% | 8.75% | 0.79% |
| Private Debt ¹ | 7.0% | 6.00% | 0.42% |
| Real Assets: | | | |
| Real Estate ¹ | 9.0% | 4.12% | 0.37% |
| Infrastructure ¹ | 3.0% | 5.88% | 0.18% |
| Total expected return² | 100.0% | | 4.79% |
| Inflation for actuarial purposes | | | 2.25% |
| | | | 7.04% |

¹ RSIC staff and consultant will notify the Commission if the collective exposure to Private Equity, Private Debt and Private Real Assets exceeds 30 percent of total plan assets.

² Portable Alpha Strategies, which are not included in the Policy Target, will be capped at 12% of total assets; hedge funds (including all hedge funds used in portable alpha implementation) are capped at 15% of total assets.

Discount rate:

The discount rate used to measure the TPL was 7 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 Code of Laws. Based on those assumptions, the System's fiduciary net position was projected to be available to make all the 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 TPL.

Dorchester County School District Two

Notes to Basic Financial Statements

June 30, 2023

IV. Other Information, Continued

Note 11. Retirement Plans, continued

Sensitivity analysis:

The following table presents the collective NPL of the District calculated using the discount rate of 7 percent, as well as what the District's NPL would be if it were calculated using a discount rate that is 1.00 percent lower (6 percent) or 1.00 percent higher (8 percent) than the current rate.

| Sensitivity of the Net Pension Liability to Changes in the Discount Rate | | | |
|---|----------------------------|---------------------------|----------------------------|
| System | 1.00% Decrease (6%) | Discount Rate (7%) | 1.00% Increase (8%) |
| SCRS | \$ 367,024,941 | \$ 286,263,355 | \$ 219,120,585 |
| PORS | \$ 1,545,478 | \$ 1,108,314 | \$ 750,455 |

Additional financial and actuarial information:

Information contained in this Note was compiled from the Systems' audited financial statements for the fiscal year ended June 30, 2022, and the accounting valuation report as of June 30, 2022. Additional financial information supporting the preparation of the Schedules of Employer and Nonemployer Allocations and Scheduled of Pension Amounts by Employer (including the unmodified audit opinion on the financial statements and required supplementary information) is available in the Systems' ACFR.

Note 12. Other Postemployment Benefits

General information:

The District also participates in the State of South Carolina's employee insurance programs. As previously discussed, PEBA – Insurance Benefits is a state agency responsible for the administration and management of the state's employee insurance programs, other post-employment benefits trusts and retirement systems and is considered a division of the State of South Carolina primary government (the "State"), and therefore, the financial information of the South Carolina Retiree Health Insurance Trust Fund ("SCRHITF") and the South Carolina Long-Term Disability Insurance Trust Fund ("SCLTDITF") is also included in the ACFR of the State.

Plan descriptions:

The Other Post-Employment Benefits Trust Funds ("OPEB Trusts"), collectively refers to the SCRHITF and the SCLTDITF, were established by the State of South Carolina as Act 195, which became effective in 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.

Dorchester County School District Two

Notes to Basic Financial Statements

June 30, 2023

IV. Other Information, Continued

Note 12. Other Postemployment Benefits, continued

Plan descriptions, continued:

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.

The OPEB Trusts are cost-sharing multiple-employer defined benefit OPEB plans. Article 5 of the State Code of Laws defines the two plans and authorizes the Trustee to at any time adjust the plan, including its benefits and contributions, as necessary to insure the fiscal stability of the 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.

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.

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 non-employer and employer contributions for active employees and retirees to the PEBA - Insurance Benefits.

Dorchester County School District Two

Notes to Basic Financial Statements

June 30, 2023

IV. Other Information, Continued

Note 12. Other Postemployment Benefits, continued

Contributions and funding policies, continued:

The SCRHITF is funded through participating employers that are mandated by State statute to contribute at a rate assessed each year by the Department of Administration Executive Budget Office on active employee covered payroll. The covered payroll surcharge for the fiscal year ended June 30, 2022, the measurement period, was 6.25 percent. The South Carolina Retirement System collects the monthly covered payroll surcharge for all participating employers and remits it directly to the SCRHITF. Other sources of funding for the SCRHITF 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. Non-employer contributions consist of an annual appropriation by the General Assembly and the statutorily required transfer from PEBA – Insurance Benefits reserves. However, due to the COVID-19 pandemic and the impact it has had on the PEBA – Insurance Benefits reserves, the General Assembly has indefinitely suspended the statutorily required transfer until further notice. The SCRHITF is also funded through investment income.

The SCLTDITF is funded through employer contributions for active employees that elect health insurance coverage. For this group of active employees, PEBA – Insurance Benefits bills and collects premiums 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, 2022, the measurement period. The SCLTDITF premium is billed monthly by PEBA – Insurance Benefits and transferred monthly to the SCLTDITF. It is also funded through investment income.

The allocation percentage of the OPEB amounts are calculated differently for each OPEB Trust. For the SCRHITF, the allocation percentage is based on the covered payroll surcharge contribution for each employer. Please note that actual covered payroll contributions received from SCRS for the fiscal year 2022 totaled \$615,405,810. However, the covered payroll contributions total includes prior year covered payroll contribution adjustments and true-ups that net to a total of \$1,094,627.

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. Therefore, employers should classify this revenue in the same manner as it classifies grants from other entities.

For purposes of measuring the net OPEB liability, deferred outflows and inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the OPEB Trusts, and additions to and deductions from the OPEB Trusts fiduciary net position have been determined on the same basis as they were reported by the OPEB Trusts. For this purpose, revenues are recognized when earned and expenses are recognized when incurred. Therefore, benefit and administrative expenses are recognized when due and payable. Investments are reported at fair value.

Dorchester County School District Two

Notes to Basic Financial Statements

June 30, 2023

IV. Other Information, Continued

Note 12. Other Postemployment Benefits, continued

Contributions and funding policies, continued:

Contributions to the SCRHITF and SCLTDITF plans from the District were \$9,547,717 and \$121,841, respectively, for the year ended June 30, 2022 (the measurement period), which were used in the determination of employers' proportionate shares of collective OPEB amounts reported at the measurement date of June 30, 2022.

Net OPEB liability and OPEB expense:

The Net OPEB Liability ("NOL") is calculated separately for each OPEB Trust Fund and represents that particular Trust's Total OPEB Liability ("TOL") determined in accordance with GASB No. 74 less that Trust's fiduciary net position. The allocation of each employer's proportionate share of the collective Net OPEB Liability and collective OPEB Expense was determined using the employer's payroll-related contributions over the measurement period. This method is expected to be reflective of the employer's long-term contribution effort as well as be transparent to individual employers and their external auditors.

The following table represents the components of the net OPEB liability as of June 30, 2022, 2021, 2020, 2019, 2018, and 2017:

SOUTH CAROLINA RETIREE HEALTH INSURANCE TRUST FUND

| Fiscal Year Ending | Total OPEB Liability | Plan Fiduciary Net Position | Net OPEB Liability | Plan Fiduciary Net Position as a % of Total OPEB Liability |
|-----------------------|----------------------|--------------------------------|-----------------------|---|
| June 30, 2022 | \$ 16,835,502,593 | \$ 1,623,661,403 | \$ 15,211,841,190 | 9.64% |
| June 30, 2021 | \$ 22,506,597,989 | \$ 1,683,416,992 | \$ 20,823,180,997 | 7.48% |
| June 30, 2020 | \$ 19,703,745,672 | \$ 1,652,299,185 | \$ 18,051,446,487 | 8.39% |
| June 30, 2019 | \$ 16,516,264,617 | \$ 1,394,740,049 | \$ 15,121,524,568 | 8.44% |
| June 30, 2018 | \$ 15,387,115,010 | \$ 1,216,530,062 | \$ 14,170,584,948 | 7.91% |
| June 30, 2017 | \$ 14,659,610,970 | \$ 1,114,774,760 | \$ 13,544,836,210 | 7.60% |

SOUTH CAROLINA LONG-TERM INSURANCE DISABILITY TRUST FUND

| Fiscal Year Ending | Total OPEB Liability | Plan Fiduciary Net Position | Net OPEB Liability | Plan Fiduciary Net Position as a % of Total OPEB Liability |
|-----------------------|----------------------|--------------------------------|-----------------------|---|
| June 30, 2022 | \$ 46,410,320 | \$ 34,824,847 | \$ 11,585,473 | 75.04% |
| June 30, 2021 | \$ 44,378,931 | \$ 41,201,247 | \$ 3,177,684 | 92.84% |
| June 30, 2020 | \$ 42,782,316 | \$ 42,479,106 | \$ 303,210 | 99.29% |
| June 30, 2019 | \$ 40,743,755 | \$ 38,775,500 | \$ 1,968,255 | 95.17% |
| June 30, 2018 | \$ 39,261,091 | \$ 36,199,863 | \$ 3,061,228 | 92.20% |
| June 30, 2017 | \$ 38,510,568 | \$ 36,697,589 | \$ 1,812,979 | 95.29% |

Dorchester County School District Two

Notes to Basic Financial Statements

June 30, 2023

IV. Other Information, Continued

Note 12. Other Postemployment Benefits, continued

Net OPEB liability and OPEB expense, continued:

The TOL is calculated by the Trusts' actuary, and each Trust's fiduciary net position is reported in the Trust's financial statements. The NOL is disclosed in accordance with the requirements of GASB No. 74 in the Trusts' notes to the financial statements and required supplementary information. Liability calculations performed by the Trusts' actuary for the purpose of satisfying the requirements of GASB Nos. 74 and 75 and are not applicable for other purposes, such as determining the Trusts' funding requirements.

At June 30, 2023, the District reported a liability of \$227,868,513 and \$137,567 for its proportionate share of the SCRHITF and SCLTDITF net OPEB liabilities, respectively, measured at June 30, 2022.

At June 30, 2023, the District's proportionate share of the SCRHITF and SCLTDITF plans' net OPEB liabilities measured as of June 30, 2022 were 1.50 percent and 1.19 percent, respectively. The District's proportionate share of the SCRHITF plan increased 0.03 percent from its proportionate share measured as of June 30, 2021 while the District's proportionate share of the SCLTDITF plan remained consistent with its proportionate share measured as of June 30, 2021.

For the year ended June 30, 2023, the District recognized OPEB expense of \$13,353,331 and \$113,876 for the SCRHITF and SCLTDITF plans for its proportionate share measured as of June 30, 2022, respectively.

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 type 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.

Dorchester County School District Two

Notes to Basic Financial Statements

June 30, 2023

IV. Other Information, Continued

Note 12. Other Postemployment Benefits, continued

Actuarial assumptions and methods, continued:

Additional information as of the latest actuarial valuation for **SCRHITF**:

| | |
|----------------------------|---|
| Valuation Date: | June 30, 2021 |
| Actuarial Cost Method: | Individual Entry – Age Normal |
| Inflation: | 2.25% |
| Investment Rate of Return: | 2.75%, net of OPEB Plan investment expense; including inflation |
| Single Discount Rate: | 3.69% as of June 30, 2022 |
| Demographic Assumptions: | Based on the experience study performed for the South Carolina Retirement Systems for the 5-year period ending June 30, 2019 |
| Mortality: | For healthy retirees, the gender-distinct South Carolina Retirees 2020 Mortality Tables are used with multipliers based on plan experience; the rates are projected on a fully generational basis using 80% of the ultimate rates of Scale MP-2019 to account for future mortality. |
| Health Care Trend Rate: | Initial trend starting at 6.00% and gradually decreasing to an ultimate trend rate of 4.00% over a period of 15 years |
| Retiree Participation: | 79% for retirees who are eligible for funded premiums 59% participation for retirees who are eligible for Partial Funded Premiums 20% participation for retirees who are eligible for Non-Funded Premiums |
| Notes: | The discount rate changed from 1.92% as of June 30, 2021 to 3.69% as of June 30, 2022. |

Dorchester County School District Two

Notes to Basic Financial Statements

June 30, 2023

IV. Other Information, Continued

Note 12. Other Postemployment Benefits, continued

Actuarial assumptions and methods, continued:

Additional information as of the latest actuarial valuation for **SCLTDITF**:

| | |
|--|--|
| Valuation Date: | June 30, 2021 |
| Actuarial Cost Method: | Individual Entry – Age Normal |
| Inflation: | 2.25% |
| Investment Rate of Return: | 3.00%, net of Plan investment expense; including inflation |
| Single Discount Rate: | 3.41% as of June 30, 2022 |
| 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, 2019 |
| Disability Incidence: | The disability incidence rates used in the valuation are 165% of 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 93% were assumed to recover after the first two years |
| Offsets: | 45% 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 |
| Expenses: | Third party administrative expenses were included in the benefit projections |
| Notes: | The discount rate changed from 2.48% as of June 30, 2021 to 3.41% as of June 30, 2022. Additionally, the salary, termination, and retirement rates assumptions were updated to reflect the 2020 experience study for the South Carolina Retirement Systems' pension valuations, and the disability incidence, disability recovery, and administration fee and offset assumptions were updated to better reflect the plan's anticipated experience. |

The actuarial valuations were performed as of June 30, 2021. Update procedures were used to roll forward the total OPEB liabilities to June 30, 2022.

Dorchester County School District Two

Notes to Basic Financial Statements

June 30, 2023

IV. Other Information, Continued

Note 12. Other Postemployment Benefits, continued

Single discount rate:

The Single Discount Rate of 3.69% 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 3.41% 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 3.00% and a municipal bond rate of 3.69%. The projection of cash flows to determine this Single Discount Rate assumed that employer contributions will remain at \$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 2034. As a result, the long-term expected rate of return on plan investments was applied to project benefit payments through the year 2034, and the municipal bond rate was applied to all benefit payments after that date.

Long-term expected rate of return:

The long-term expected rate of return represents 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 2018 fiscal year. The long-term expected rate of return is produced by weighting the expected future real rates of return by the target allocation percentage and adding expected inflation. This information is summarized in the following table:

| Asset Class | SCRHITF | | Allocation- Weighted Long- Term Expected Real Rate of Return |
|-------------------------------------|----------------------------|--|--|
| | Target Asset Allocation | Expected Arithmetic Real Rate of Return | |
| U.S. Domestic Fixed Income | 80.00% | 0.95% | 0.76% |
| Cash equivalents | 20.00% | 0.35% | 0.07% |
| Total | 100.00% | | 0.83% |
| Expected Inflation | | | 2.25% |
| Total Return | | | 3.08% |
| Investment Return Assumption | | | 2.75% |

Dorchester County School District Two

Notes to Basic Financial Statements

June 30, 2023

IV. Other Information, Continued

Note 12. Other Postemployment Benefits, continued

Long-term expected rate of return, continued:

| Asset Class | SCLTDITF | | |
|-------------------------------------|-------------------------|---|--|
| | Target Asset Allocation | Expected Arithmetic Real Rate of Return | Allocation-Weighted Long-Term Expected Real Rate of Return |
| U.S. Domestic Fixed Income | 80.00% | 0.95% | 0.76% |
| Cash equivalents | 20.00% | 0.35% | 0.07% |
| Total | 100.00% | | 0.83% |
| Expected Inflation | | | 2.25% |
| Total Return | | | 3.08% |
| Investment Return Assumption | | | 3.00% |

Sensitivity analysis:

The following tables present the District's proportionate share of the SCRHITF's net OPEB liability calculated using a Single Discount Rate of 3.69%, as well as what the District's net OPEB liability would be if it were calculated using a Single Discount Rate that is one percent lower or one percent higher. In addition, regarding the sensitivity of the SCRHITF's net OPEB liability to changes in the healthcare cost trend rates, the following table presents the District's net OPEB liability, calculated using the assumed trend rates as well as what the District's net OPEB liability would be if were calculated using a trend rate that is one percent lower or one percent higher.

| | 1% Decrease 2.69% | Current Discount Rate 3.69% | 1% Increase 4.69% |
|----------------------------|----------------------|---------------------------------------|----------------------|
| SCRHITF Net OPEB Liability | \$ 269,402,207 | \$ 227,868,513 | \$ 194,490,539 |
| | 1% Decrease | Current Healthcare Cost Trend Rate | 1% Increase |
| SCRHITF Net OPEB Liability | \$ 187,399,578 | \$ 227,868,513 | \$ 275,118,198 |

Dorchester County School District Two

Notes to Basic Financial Statements

June 30, 2023

IV. Other Information, Continued

Note 12. Other Postemployment Benefits, continued

Sensitivity analysis, continued:

The following table presents the District's proportionate share of the SCLTDITF's net OPEB liability calculated using a Single Discount Rate of 3.41%, as well as what the District's net OPEB liability would be if it were calculated using a Single Discount Rate that is one percent lower or one percent higher:

| | 1% Decrease 2.41% | Current Discount Rate 3.41% | 1% Increase 4.41% |
|-----------------------------|------------------------------------|--|------------------------------------|
| SCLTDITF Net OPEB Liability | \$ 159,422 | \$ 137,567 | \$ 116,430 |

The SCLTDITF's net OPEB liability is not affected by changes in the healthcare cost trend rates due to the method used to calculate benefit payments. Therefore, the sensitivity to changes in the healthcare cost trend rates have not been calculated.

Deferred outflows of resources and deferred inflows of resources related to OPEB:

At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

| | SCRHITF | |
|---|---|--|
| | Deferred Outflows of Resources | Deferred Inflows of Resources |
| Differences between expected and actual experience | \$ 4,890,921 | \$ 20,036,051 |
| Changes of assumptions | 51,378,476 | 73,247,355 |
| Net difference between projected and actual earnings on OPEB plan investments | 1,791,710 | - |
| Changes in proportion and differences between District contributions and proportionate share of contributions | 4,448,684 | 9,962,369 |
| District contributions subsequent to the measurement date | 9,547,717 | - |
| Total | <u>\$ 72,057,508</u> | <u>\$ 103,245,775</u> |

Dorchester County School District Two

Notes to Basic Financial Statements

June 30, 2023

IV. Other Information, Continued

Note 12. Other Postemployment Benefits, continued

Deferred outflows of resources and deferred inflows of resources related to OPEB, continued:

| | <u>SCLTDITF</u> | |
|---|---|--|
| | <u>Deferred Outflows of Resources</u> | <u>Deferred Inflows of Resources</u> |
| Differences between expected and actual experience | \$ 36,459 | \$ 24,472 |
| Changes of assumptions | 27,516 | 19,564 |
| Net difference between projected and actual earnings on OPEB plan investments | 45,442 | - |
| Changes in proportion and differences between District contributions and proportionate share of contributions | - | 4,660 |
| District contributions subsequent to the measurement date | <u>121,841</u> | <u>-</u> |
| Total | <u>\$ 231,258</u> | <u>\$ 48,696</u> |

As of June 30, 2023, the District reported \$9,547,717 and \$121,841 as deferred outflows of resources related to OPEB resulting from District contributions subsequent to the measurement date for the SCRHITF and SCLTDITF plans, respectively, which will be recognized as a reduction of the collective net OPEB liability in the year ended June 30, 2024, for the measurement period ended June 30, 2023.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in the District's OPEB expense as follows:

| | <u>SCRHITF</u> |
|------------------------------|------------------------|
| <u>Years ending June 30:</u> | |
| 2024 | \$ (6,465,347) |
| 2025 | (4,068,729) |
| 2026 | (3,584,940) |
| 2027 | (4,593,908) |
| Thereafter | <u>(22,023,060)</u> |
| | <u>\$ (40,735,984)</u> |

| | <u>SCLTDITF</u> |
|------------------------------|------------------|
| <u>Years ending June 30:</u> | |
| 2024 | \$ 7,180 |
| 2025 | 10,820 |
| 2026 | 17,907 |
| 2027 | 14,507 |
| Thereafter | <u>10,307</u> |
| | <u>\$ 60,721</u> |

Dorchester County School District Two

Notes to Basic Financial Statements

June 30, 2023

IV. Other Information, Continued

Note 12. Other Postemployment Benefits, continued

Additional financial and actuarial information:

Information contained in these notes were compiled from the OPEB Trust Funds audited financial statements for the fiscal year ended June 30, 2022, and the accounting and financial reporting actuarial valuations as of June 30, 2022. Additional financial is available in the OPEB Trust Funds audited financial statements.

Note 13. 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. The School District continues to carry commercial insurance for employee health and dental coverage and is partially self-insured for workers' compensation and general liability, auto, and property and casualty. Because of the high cost of insurance purchased from commercial insurers, the School District has chosen to participate with other school districts in the State in the South Carolina School Boards Insurance Trust/Property and Casualty Pool ("SCSBIT/PCP") and the South Carolina School Board Insurance Trust/Workers' Compensation Pool ("SCSBIT/WCP"). These public entity risk pools operate as common risk management and insurance programs for member school districts. The School District pays annual premiums to the public entity risk pools for its property liability insurance coverage based upon property values of the School District for the plan year and for its workers' compensation insurance coverage based upon the total payroll of the School District for each plan year. The agreement for formation of the public entity risk pools provide that SCSBIT/PCP and SCSBIT/WCP will be self-sustaining through member premiums and any deficiencies can be charged back to the member school districts in the event that a fund deficit arises. As of the latest available audited financial statements, June 30, 2022, the SCSBIT/PCP had a net position of approximately \$51,140,000 and SCSBIT/WCP had a net position of approximately \$57,206,000. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three years and there has been no significant reduction in insurance coverage.

As noted above, the School District is partially self-insured related to risks associated with workers' compensation. The School District has a \$100,000 per claim deductible with the insurance provider paying claims that are in excess of \$100,000 per claim. The School District has recorded an estimated liability of approximately \$1,178,000 for incurred but unpaid claims at June 30, 2023, which is based on GASB Statement No. 10 which requires that a liability for claims be recorded if information prior to the issuance of the financial statements indicate that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. This amount is included in Accounts Payable and Accrued Expenses in the Statement of Net Position.

Dorchester County School District Two

Notes to Basic Financial Statements

June 30, 2023

IV. Other Information, Continued

Note 13. Risk Management, continued

Changes in the balances of estimated unpaid claims for workers' compensation during the years ended June 30, 2023 and 2022 are as follows:

| | <u>Unpaid Claims at Beginning of Fiscal Year</u> | <u>Current Year Claims and Changes in Estimates</u> | <u>Claim Payments</u> | <u>Unpaid Claims at End of Fiscal Year</u> |
|------|--|---|---------------------------|--|
| 2023 | \$ 1,049,093 | \$ 810,684 | \$ (681,919) | \$ 1,177,858 |
| 2022 | 1,236,814 | 457,238 | (644,959) | 1,049,093 |

The School District is also partially self-insured related to risks associated with general liability, auto, and property and casualty. The School District has a \$100,000 per claim deductible for property insurance and a \$25,000 deductible for general liability insurance with the insurance provider paying claims that are in excess of these amounts per claim. The School District has recorded an estimated liability of approximately \$366,500 for incurred but unpaid claims at June 30, 2023. This amount is included in Accounts Payable and Accrued Expenses in the Statement of Net Position.

Changes in the balances of estimated unpaid claims for property damage and general liability claims during the years ended June 30, 2023 and 2022 are as follows:

| | <u>Unpaid Claims at Beginning of Fiscal Year</u> | <u>Current Year Claims and Changes in Estimates</u> | <u>Claim Payments</u> | <u>Unpaid Claims at End of Fiscal Year</u> |
|------|--|---|---------------------------|--|
| 2023 | \$ 221,864 | \$ 595,359 | \$ (450,691) | \$ 366,532 |
| 2022 | 338,598 | (99,235) | (17,499) | 221,864 |

Note 14. Contingencies and Commitments

Litigation:

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

Commitments:

In June 2021, the School District entered into an agreement for information technology consulting services for a period of three years; however, the contract was terminated early after due notice on October 6, 2023. Education Technology Services was brought in-house effective in the new school year. As of June 30, 2023, the only remaining commitment for this agreement was \$710,000 to be paid for the remaining time frame.

Dorchester County School District Two

Notes to Basic Financial Statements

June 30, 2023

IV. Other Information, Continued

Note 15. 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.

Note 16. Arbitrage Rebate

In accordance with the provisions of Section 148(f) of the Internal Revenue Code of 1986, as amended, bonds must satisfy certain arbitrage rebate requirements. Positive arbitrage is the excess of (1) the amount earned on investments purchased with bond proceeds over (2) the amount that such investments would have earned had such investments been invested at a rate equal to the yield of the bond issue. In order to comply with the arbitrage rebate requirement, positive arbitrage must be paid to the U.S. Treasury at the end of each five-year anniversary date of the bond issue. As of June 30, 2023, there was no arbitrage rebate liability.

Note 17. Tax Abatements

The School District is subject to tax abatements entered into by Dorchester County (the "County"). The County enters into property tax abatement agreements with local businesses through the Fee in Lieu of Ad Valorem Tax ("FILOT") program under the Title 12, Chapter 44 "Fee in Lieu of Tax Simplification Act" and the related Special Source Revenue Credit ("SSRC") program under Title 4, Chapter 29 "Industrial Development Projects" of the Code of Laws of South Carolina 1976, as amended. Under the FILOT program, taxpayers are eligible to receive a reduction in property taxes, through reduced assessed values and locked millage rates, if they enter into an agreement with the County and invest at least \$2.5 million in taxable property (or some other negotiated investment floor) in the County within a 5-year period. The amount of the tax abatement is determined by applying the reduced assessment rate and locked millage rate to the total taxable values of the taxpayer. Under the SSRC program, taxpayers are eligible to receive a reduction in property taxes, through bill credits, if the taxpayer is located in a Multi-County Industrial Park ("MCIP"), and infrastructure credits are granted as part of the FILOT program agreements. The amount of the tax abatement is generally determined by multiplying the agreed-upon SSRC percentage by the FILOT. These abatements may be granted to businesses located within or promising to relocate to the County.

For the fiscal year ended June 30, 2023, the School District's property taxes abated by agreements entered into by the County totaled approximately \$5,214,000.

Note 18. Subsequent Events

The School District issued short-term General Obligation Bonds, Series 2023B, in September 2023. The bonds were issued at a par amount of \$33,724,000 with a premium of approximately \$200,000 and a 5.0% coupon rate for the purpose of making the base lease payments to GROWTH, making the principal and interest payments on the equipment acquisition use agreements, funding various larger repairs, maintenance, or other facility projects, and to pay the costs of issuance of the bonds. The principal and interest are due in full on March 1, 2024.

REQUIRED SUPPLEMENTARY INFORMATION

Dorchester County School District Two
Budgetary Comparison Schedule - General Fund
For the fiscal year ended June 30, 2023

| | Budgeted Amounts | | Actual | Variance with Final Budget |
|---|------------------|---------------|---------------|-------------------------------|
| | Original | Final | | |
| Revenues | | | | |
| Local property taxes | \$ 61,689,560 | \$ 61,689,560 | \$ 65,965,571 | \$ 4,276,011 |
| Interest | 43,000 | 43,000 | 2,139,333 | 2,096,333 |
| Other local | 1,011,000 | 1,011,000 | 1,532,889 | 521,889 |
| Total local | 62,743,560 | 62,743,560 | 69,637,793 | 6,894,233 |
| State | 154,440,694 | 154,440,694 | 160,598,999 | 6,158,305 |
| Federal | 85,000 | 85,000 | 85,285 | 285 |
| Total revenues | 217,269,254 | 217,269,254 | 230,322,077 | 13,052,823 |
| Expenditures | | | | |
| Current | | | | |
| Instruction | 144,708,907 | 144,708,907 | 137,889,086 | (6,819,821) |
| Support services | 90,367,174 | 90,367,174 | 94,353,028 | 3,985,854 |
| Total expenditures | 235,076,081 | 235,076,081 | 232,242,114 | (2,833,967) |
| Excess of expenditures over revenues | (17,806,827) | (17,806,827) | (1,920,037) | 15,886,790 |
| Other financing sources | | | | |
| Transfers in, net | 17,806,827 | 17,806,827 | 18,800,316 | 993,489 |
| Total other financing sources | 17,806,827 | 17,806,827 | 18,800,316 | 993,489 |
| Net change in fund balance | \$ - | \$ - | 16,880,279 | \$ 16,880,279 |
| Fund balance, beginning of year | | | 48,117,781 | |
| Fund balance, end of year | | | \$ 64,998,060 | |

Footnote: Accounting principles generally accepted in the United States of America serve as the budgetary basis of accounting.

Dorchester County School District Two*Schedules of Required Supplementary Information**Schedule of the School District's Proportionate Share of the Net Pension Liability**For the year ended June 30, 2023*

| | SCRS | | | | | | | | | |
|---|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 |
| District's proportion of the net pension liability | 1.18085% | 1.17756% | 1.21185% | 1.21729% | 1.23491% | 1.21750% | 1.17945% | 1.13615% | 1.53534% | 1.53534% |
| District's proportionate share of the net pension liability | \$ 286,263,355 | \$ 254,839,453 | \$ 309,647,963 | \$ 277,957,918 | \$ 276,704,350 | \$ 274,078,605 | \$ 251,927,925 | \$ 215,476,705 | \$ 198,600,312 | \$ 206,902,850 |
| District's covered payroll during the measurement period | \$ 146,650,104 | \$ 139,436,054 | \$ 141,337,102 | \$ 135,054,380 | \$ 134,653,252 | \$ 130,739,789 | \$ 122,293,516 | \$ 114,187,969 | \$ 111,825,439 | \$ 109,542,001 |
| District's proportionate share of the net pension liability as a percentage of its covered-employee payroll | 195.20% | 182.76% | 219.08% | 205.81% | 205.49% | 209.64% | 206.00% | 188.70% | 177.60% | 188.88% |
| Plan fiduciary net position as a percentage of the total pension liability | 57.10% | 60.70% | 50.70% | 54.40% | 54.10% | 53.30% | 52.91% | 56.99% | 59.92% | 56.34% |

| | PORS | | | | | | | | | |
|---|--------------|------------|--------------|--------------|--------------|------------|------------|------------|------------|------------|
| | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 |
| District's proportion of the net pension liability | 0.03696% | 0.03042% | 0.03164% | 0.04219% | 0.04521% | 0.03417% | 0.03459% | 0.03032% | 0.02671% | 0.02671% |
| District's proportionate share of the net pension liability | \$ 1,108,314 | \$ 782,591 | \$ 1,049,092 | \$ 1,209,264 | \$ 1,281,036 | \$ 935,998 | \$ 877,265 | \$ 660,910 | \$ 511,363 | \$ 553,712 |
| District's covered payroll during the measurement period | \$ 584,870 | \$ 457,370 | \$ 477,897 | \$ 612,011 | \$ 625,770 | \$ 460,107 | \$ 440,918 | \$ 372,317 | \$ 321,267 | \$ 473,333 |
| District's proportionate share of the net pension liability as a percentage of its covered-employee payroll | 189.50% | 171.11% | 219.52% | 197.59% | 204.71% | 203.43% | 198.96% | 177.51% | 159.17% | 116.98% |
| Plan fiduciary net position as a percentage of the total pension liability | 66.40% | 70.40% | 58.80% | 62.70% | 61.70% | 60.90% | 60.44% | 64.57% | 67.55% | 62.98% |

Dorchester County School District Two
Schedules of Required Supplementary Information
Schedule of the School District's Contributions - Pension
For the year ended June 30, 2023

| | SCRS | | | | | | | | | |
|--|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 |
| Contractually required contribution | \$ 24,313,537 | \$ 22,037,385 | \$ 19,465,099 | \$ 19,789,316 | \$ 18,311,318 | \$ 17,354,955 | \$ 14,198,421 | \$ 12,632,027 | \$ 11,607,088 | \$ 11,100,936 |
| Contributions in relation to the contractually required contribution | 24,313,537 | 22,037,385 | 19,465,099 | 19,789,316 | 18,311,318 | 17,354,955 | 14,198,421 | 12,632,027 | 11,607,088 | 11,100,936 |
| Contribution deficiency (excess) | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| District's covered-employee payroll | \$ 151,174,734 | \$ 146,650,104 | \$ 139,436,054 | \$ 141,337,102 | \$ 135,054,380 | \$ 134,653,252 | \$ 130,739,789 | \$ 122,293,516 | \$ 114,187,969 | \$ 111,825,439 |
| Contributions as a percentage of covered-employee payroll | 16.08% | 15.03% | 13.96% | 14.00% | 13.56% | 12.89% | 10.86% | 10.33% | 10.16% | 9.93% |
| | PORS | | | | | | | | | |
| | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 |
| Contractually required contribution | \$ 133,698 | \$ 107,996 | \$ 78,891 | \$ 82,635 | \$ 105,510 | \$ 101,625 | \$ 65,519 | \$ 60,582 | \$ 49,928 | \$ 41,251 |
| Contributions in relation to the contractually required contribution | 133,698 | 107,996 | 78,891 | 82,635 | 105,510 | 101,625 | 65,519 | 60,582 | 49,928 | 41,251 |
| Contribution deficiency (excess) | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| District's covered-employee payroll | \$ 682,963 | \$ 584,870 | \$ 457,370 | \$ 477,897 | \$ 612,011 | \$ 625,770 | \$ 460,107 | \$ 440,918 | \$ 372,317 | \$ 321,267 |
| Contributions as a percentage of covered-employee payroll | 19.58% | 18.46% | 17.25% | 17.29% | 17.24% | 16.24% | 14.24% | 13.74% | 13.41% | 12.84% |

Dorchester County School District Two
Schedules of Required Supplementary Information
Schedule of the School District's Proportionate Share of the Net OPEB Liability
For the year ended June 30, 2023

| | SCRHITF | | | | | | | | | |
|--|----------------|----------------|----------------|----------------|----------------|----------------|----------------|------|------|------|
| | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 |
| District's proportion of the net OPEB liability | 1.49797% | 1.47163% | 1.53849% | 1.55121% | 1.56869% | 1.55582% | 1.55582% | N/A | N/A | N/A |
| District's proportionate share of the net OPEB liability | \$ 227,868,513 | \$ 306,439,137 | \$ 277,718,796 | \$ 234,566,904 | \$ 222,291,982 | \$ 210,733,271 | \$ 225,105,854 | N/A | N/A | N/A |
| District's covered payroll during the measurement period | \$ 147,234,974 | \$ 139,893,424 | \$ 141,814,999 | \$ 135,666,391 | \$ 135,279,022 | \$ 131,199,896 | \$ 122,734,433 | N/A | N/A | N/A |
| District's proportionate share of the net OPEB liability as a percentage of its covered-employee payroll | 154.77% | 219.05% | 195.83% | 172.90% | 164.32% | 160.62% | 183.41% | N/A | N/A | N/A |
| Plan fiduciary net position as a percentage of the total OPEB liability | 9.64% | 7.48% | 8.39% | 8.44% | 7.91% | 7.60% | 6.62% | N/A | N/A | N/A |

| | SCLTDITF | | | | | | | | | |
|--|---------------|---------------|---------------|---------------|---------------|---------------|---------------|------|------|------|
| | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 |
| District's proportion of the net OPEB liability | 1.18994% | 1.18992% | 1.24898% | 1.25730% | 1.28973% | 1.26161% | 1.26161% | N/A | N/A | N/A |
| District's proportionate share of the net OPEB liability | \$ 137,567 | \$ 37,813 | \$ 3,787 | \$ 24,747 | \$ 39,482 | \$ 22,873 | \$ 8,758 | N/A | N/A | N/A |
| District's covered payroll during the measurement period | \$ 69,617,720 | \$ 65,857,327 | \$ 60,673,205 | \$ 58,165,186 | \$ 57,441,726 | \$ 58,000,751 | \$ 53,699,001 | N/A | N/A | N/A |
| District's proportionate share of the net OPEB liability as a percentage of its covered-employee payroll | 0.20% | 0.06% | 0.01% | 0.04% | 0.07% | 0.04% | 0.02% | N/A | N/A | N/A |
| Plan fiduciary net position as a percentage of the total OPEB liability | 75.04% | 92.84% | 99.29% | 95.17% | 92.20% | 95.29% | 98.15% | N/A | N/A | N/A |

Footnote: This schedule is presented to illustrate the requirement to show information for ten years. However, until a full ten year trend is compiled, the School will present information for which information is available.

Dorchester County School District Two
Schedules of Required Supplementary Information
Schedule of the School District's Contributions - OPEB
For the year ended June 30, 2023

| | SCRHITF | | | | | | | | | |
|--|----------------|----------------|----------------|----------------|----------------|----------------|----------------|------|------|------|
| | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 |
| Contractually required contribution | \$ 9,547,717 | \$ 9,249,882 | \$ 8,580,890 | \$ 8,251,978 | \$ 8,183,200 | \$ 7,440,346 | \$ 6,992,954 | N/A | N/A | N/A |
| Contributions in relation to the contractually required contribution | 9,547,717 | 9,249,882 | 8,580,890 | 8,251,978 | 8,183,200 | 7,440,346 | 6,992,954 | N/A | N/A | N/A |
| Contribution deficiency (excess) | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | N/A | N/A | N/A |
| District's covered-employee payroll | \$ 151,857,697 | \$ 147,234,974 | \$ 139,893,424 | \$ 141,814,999 | \$ 135,666,391 | \$ 135,279,022 | \$ 131,199,896 | N/A | N/A | N/A |
| Contributions as a percentage of covered-employee payroll | 6.29% | 6.28% | 6.13% | 5.82% | 6.03% | 5.50% | 5.33% | N/A | N/A | N/A |
| | SCLTDITF | | | | | | | | | |
| | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 |
| Contractually required contribution | \$ 121,841 | \$ 120,078 | \$ 114,505 | \$ 113,404 | \$ 97,301 | \$ 93,915 | \$ 136,560 | N/A | N/A | N/A |
| Contributions in relation to the contractually required contribution | 121,841 | 120,078 | 114,505 | 113,404 | 97,301 | 93,915 | 136,560 | N/A | N/A | N/A |
| Contribution deficiency (excess) | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | N/A | N/A | N/A |
| District's covered-employee payroll | \$ 70,796,522 | \$ 69,617,720 | \$ 65,857,327 | \$ 60,673,205 | \$ 58,165,186 | \$ 57,441,726 | \$ 58,000,751 | N/A | N/A | N/A |
| Contributions as a percentage of covered-employee payroll | 0.17% | 0.17% | 0.17% | 0.19% | 0.17% | 0.16% | 0.24% | N/A | N/A | N/A |

Footnote: This schedule is presented to illustrate the requirement to show information for ten years. However, until a full ten year trend is compiled, the School will present information for which information is available.

SCRHITF:
Changes of assumptions: The discount rate changed from 1.92% as of June 30, 2021 to 3.69% as of June 30, 2022.

SCLTDITF:
Changes of assumptions: The single discount rate changed from 2.48% as of June 30, 2021 to 3.41% as of June 30, 2022.

OTHER SUPPLEMENTARY SCHEDULES

Dorchester County School District Two

Budgetary Comparison Schedule - Account Detail - General Fund
For the year ended June 30, 2023

| | | Final Budget | Actual | Variance with Final Budget |
|----------------------------|---|-----------------|---------------|-------------------------------|
| Revenues | | | | |
| 1000 | Revenue from local sources | | | |
| 1110 | Ad valorem taxes-including delinquent | \$ 58,006,129 | \$ 62,486,906 | \$ 4,480,777 |
| 1200 | Revenue from local governmental units other than LEAs | | | |
| 1280 | Revenue in lieu of taxes | 3,683,431 | 3,478,665 | (204,766) |
| 1300 | Tuition | | | |
| 1330 | Tuition from patrons for adult/continuing education | 11,000 | 61,186 | 50,186 |
| 1500 | Earnings on investments | | | |
| 1510 | Interest on investments | 43,000 | 2,139,333 | 2,096,333 |
| 1900 | Other revenue from local sources | | | |
| 1990 | Miscellaneous local revenue | | | |
| 1994 | Receipt of legal settlements | - | 104,664 | 104,664 |
| 1999 | Revenue from other local sources | 1,000,000 | 1,367,039 | 367,039 |
| | Total local sources | 62,743,560 | 69,637,793 | 6,894,233 |
| 3000 | Revenue from state sources | | | |
| 3100 | Restricted state funding | | | |
| 3130 | Special programs | | | |
| 3103 | State aid to classrooms | 106,788,139 | 109,868,314 | 3,080,175 |
| 3131 | Handicapped transportation | - | 2,702 | 2,702 |
| 3160 | School bus driver salary | 1,504,105 | 1,575,790 | 71,685 |
| 3161 | EAA bus driver salary and fringe | - | 5,892 | 5,892 |
| 3162 | Transportation workers' compensation | 79,103 | 76,616 | (2,487) |
| 3181 | Retiree insurance | 6,477,795 | 6,608,058 | 130,263 |
| 3300 | State aid to classrooms - Education Finance Act (EFA) | | | |
| 3330 | Miscellaneous EFA programs | | | |
| 3350 | Residential Treatment Facilities (RTF) | - | 309,543 | 309,543 |
| 3392 | NBC Excess EFA Formula | - | 420,442 | 420,442 |
| Revenues, Continued | | | | |
| 3000 | Revenue from state sources, continued | | | |
| 3800 | State revenue in lieu of taxes | | | |
| 3810 | Reimbursement for local residential property tax relief (Tier 1) | 6,165,265 | 6,165,265 | - |
| 3820 | Homestead exemption (Tier 2) | 1,309,736 | 1,228,485 | (81,251) |
| 3825 | Reimbursement for property tax relief (Tier 3) | 29,885,508 | 30,749,088 | 863,580 |
| 3830 | Merchant's inventory tax | 179,064 | 179,064 | - |
| 3840 | Manufacturers' depreciation reimbursement | 625,000 | 1,614,571 | 989,571 |
| 3890 | Other state property tax revenues | 175,000 | 543,190 | 368,190 |
| 3900 | Other state revenue | | | |
| 3993 | PEBA on-behalf | 1,251,979 | 1,251,979 | - |
| | Total state sources | 154,440,694 | 160,598,999 | 6,158,305 |
| 4000 | Revenue from federal sources | | | |
| 4100 | Federally impacted areas: | | | |
| 4110 | Maintenance and operations, P.L. 81-874 | 85,000 | 85,285 | 285 |
| | Total federal sources | 85,000 | 85,285 | 285 |
| | Total revenue all sources | 217,269,254 | 230,322,077 | 13,052,823 |

Dorchester County School District Two

Budgetary Comparison Schedule - Account Detail - General Fund
For the year ended June 30, 2023

| | | Final Budget | Actual | Variance with Final Budget |
|---------------------|---|--------------------|--------------------|-------------------------------|
| Expenditures | | | | |
| 100 | Instruction | | | |
| 110 | General instruction | | | |
| 111 | Kindergarten programs | | | |
| 100 | Salaries | 6,033,839 | 5,668,774 | 365,065 |
| 140 | Terminal leave | - | 26,000 | (26,000) |
| 200 | Employee benefits | 2,929,058 | 2,702,915 | 226,143 |
| 300 | Purchased services | 35,414 | 34,668 | 746 |
| 400 | Supplies and materials | 96,677 | 43,119 | 53,558 |
| | | <u>9,094,988</u> | <u>8,475,476</u> | <u>619,512</u> |
| 112 | Primary programs | | | |
| 100 | Salaries | 19,687,714 | 20,885,945 | (1,198,231) |
| 140 | Terminal leave | 16,524 | 100,650 | (84,126) |
| 200 | Employee benefits | 9,414,495 | 9,112,161 | 302,334 |
| 300 | Purchased services | 121,042 | 101,215 | 19,827 |
| 400 | Supplies and materials | 629,608 | 711,808 | (82,200) |
| | | <u>29,869,383</u> | <u>30,911,779</u> | <u>(1,042,396)</u> |
| 113 | Elementary programs | | | |
| 100 | Salaries | 28,613,667 | 27,388,808 | 1,224,859 |
| 140 | Terminal leave | 8,200 | 50,625 | (42,425) |
| 200 | Employee benefits | 13,069,713 | 11,877,444 | 1,192,269 |
| 300 | Purchased services | 288,907 | 300,010 | (11,103) |
| 400 | Supplies and materials | 973,977 | 584,474 | 389,503 |
| | | <u>42,954,464</u> | <u>40,201,361</u> | <u>2,753,103</u> |
| 114 | High school programs | | | |
| 100 | Salaries | 21,511,738 | 19,878,662 | 1,633,076 |
| 140 | Terminal leave | - | 38,514 | (38,514) |
| 200 | Employee benefits | 9,430,799 | 8,553,478 | 877,321 |
| 300 | Purchased services | 1,014,951 | 538,606 | 476,345 |
| 400 | Supplies and materials | 1,086,146 | 560,231 | 525,915 |
| 500 | Capital outlay | - | 197 | (197) |
| | | <u>33,043,634</u> | <u>29,569,688</u> | <u>3,473,946</u> |
| 115 | Career and technology education programs | | | |
| 100 | Salaries | 2,187,447 | 2,099,980 | 87,467 |
| 140 | Terminal leave | - | 15,300 | (15,300) |
| 200 | Employee benefits | 1,043,340 | 953,924 | 89,416 |
| 300 | Purchased services | 3,000 | 594 | 2,406 |
| 400 | Supplies and materials | 78,402 | 65,997 | 12,405 |
| | | <u>3,312,189</u> | <u>3,135,795</u> | <u>176,394</u> |
| 116 | Career and technology education (vocational) programs | | | |
| 100 | Salaries | 471,870 | 217,425 | 254,445 |
| 200 | Employee benefits | 223,913 | 101,531 | 122,382 |
| 400 | Supplies and materials | 7,800 | 3,007 | 4,793 |
| | | <u>703,583</u> | <u>321,963</u> | <u>381,620</u> |
| | Total general instruction | <u>118,978,241</u> | <u>112,616,062</u> | <u>6,362,179</u> |
| 120 | Exceptional programs | | | |
| 121 | Educable mentally handicapped | | | |
| 100 | Salaries | 6,512,256 | 5,362,899 | 1,149,357 |
| 140 | Terminal leave | - | 6,063 | (6,063) |
| 200 | Employee benefits | 3,175,982 | 2,688,311 | 487,671 |
| 300 | Purchased services | 4,500 | 141 | 4,359 |
| 400 | Supplies and materials | 8,300 | 6,953 | 1,347 |
| | | <u>9,701,038</u> | <u>8,064,367</u> | <u>1,636,671</u> |
| 122 | Trainable mentally handicapped | | | |
| 100 | Salaries | 1,055,112 | 1,127,310 | (72,198) |
| 200 | Employee benefits | 515,717 | 523,222 | (7,505) |
| 400 | Supplies and materials | 19,000 | 9,995 | 9,005 |
| | | <u>1,589,829</u> | <u>1,660,527</u> | <u>(70,698)</u> |

Dorchester County School District Two

Budgetary Comparison Schedule - Account Detail - General Fund
For the year ended June 30, 2023

| | | Final Budget | Actual | Variance with Final Budget |
|--------------------------------|---|-------------------|-------------------|-------------------------------|
| Expenditures, Continued | | | | |
| 100 | Instruction, continued | | | |
| 120 | Exceptional programs, continued | | | |
| 123 | Orthopedically handicapped | | | |
| 100 | Salaries | 25,414 | 26,604 | (1,190) |
| 200 | Employee benefits | 7,096 | 8,582 | (1,486) |
| 400 | Supplies and materials | 2,000 | 217 | 1,783 |
| | | <u>34,510</u> | <u>35,403</u> | <u>(893)</u> |
| 124 | Visually handicapped | | | |
| 100 | Salaries | 51,780 | 51,531 | 249 |
| 200 | Employee benefits | 29,542 | 27,443 | 2,099 |
| 300 | Purchased services | 65,000 | 25,560 | 39,440 |
| 400 | Supplies and materials | 5,700 | 651 | 5,049 |
| | | <u>152,022</u> | <u>105,185</u> | <u>46,837</u> |
| 125 | Hearing handicapped | | | |
| 100 | Salaries | 175,519 | 122,262 | 53,257 |
| 200 | Employee benefits | 96,596 | 57,681 | 38,915 |
| 300 | Purchased services | 10,000 | 64,232 | (54,232) |
| 400 | Supplies and materials | 5,400 | 189 | 5,211 |
| | | <u>287,515</u> | <u>244,364</u> | <u>43,151</u> |
| 126 | Speech handicapped | | | |
| 100 | Salaries | 1,763,850 | 1,298,481 | 465,369 |
| 140 | Terminal leave | - | 13,500 | (13,500) |
| 200 | Employee benefits | 644,533 | 572,322 | 72,211 |
| 300 | Purchased services | 121,035 | 1,754,467 | (1,633,432) |
| 400 | Supplies and materials | 11,360 | 9,211 | 2,149 |
| 600 | Other objects | 4,065 | 7,559 | (3,494) |
| | | <u>2,544,843</u> | <u>3,655,540</u> | <u>(1,110,697)</u> |
| 127 | Learning disabilities | | | |
| 100 | Salaries | 3,728,967 | 4,080,391 | (351,424) |
| 140 | Terminal leave | - | 46,050 | (46,050) |
| 200 | Employee benefits | 1,654,192 | 1,732,899 | (78,707) |
| 300 | Purchased services | 400,270 | 251,493 | 148,777 |
| 400 | Supplies and materials | 67,431 | 46,991 | 20,440 |
| | | <u>5,850,860</u> | <u>6,157,824</u> | <u>(306,964)</u> |
| 128 | Emotionally handicapped | | | |
| 100 | Salaries | 289,771 | 245,079 | 44,692 |
| 140 | Terminal leave | - | 1,125 | (1,125) |
| 200 | Employee benefits | 144,412 | 111,884 | 32,528 |
| 400 | Supplies and materials | 2,100 | - | 2,100 |
| | | <u>436,283</u> | <u>358,088</u> | <u>78,195</u> |
| 129 | Coordinated early intervening services (CEIS) | | | |
| 200 | Employee benefits | - | 10,585 | (10,585) |
| | | <u>-</u> | <u>10,585</u> | <u>(10,585)</u> |
| | Total exceptional programs | <u>20,596,900</u> | <u>20,291,883</u> | <u>305,017</u> |

Dorchester County School District Two

Budgetary Comparison Schedule - Account Detail - General Fund
For the year ended June 30, 2023

| | | Final Budget | Actual | Variance with Final Budget |
|--------------------------------|---|------------------|------------------|-------------------------------|
| Expenditures, Continued | | | | |
| 100 | Instruction, continued | | | |
| 130 | Preschool programs | | | |
| 131 | Preschool handicapped speech (5 yr. olds) | | | |
| 100 | Salaries | 50,248 | 46,525 | 3,723 |
| 200 | Employee benefits | 33,694 | 29,089 | 4,605 |
| 400 | Supplies and materials | 250 | 265 | (15) |
| | | <u>84,192</u> | <u>75,879</u> | <u>8,313</u> |
| 133 | Preschool handicapped - self contained (5 yr. olds) | | | |
| 100 | Salaries | 434,387 | 550,587 | (116,200) |
| 140 | Terminal leave | - | 5,500 | (5,500) |
| 200 | Employee benefits | 226,986 | 263,259 | (36,273) |
| 400 | Supplies and materials | 3,200 | 2,483 | 717 |
| | | <u>664,573</u> | <u>821,829</u> | <u>(157,256)</u> |
| 136 | Preschool handicapped - itinerant (3 & 4 yr. olds) | | | |
| 100 | Salaries | 450 | 2,775 | (2,325) |
| 200 | Employee benefits | 1,004 | 901 | 103 |
| | | <u>1,454</u> | <u>3,676</u> | <u>(2,222)</u> |
| 137 | Preschool handicapped - self contained (3 & 4 yr. olds) | | | |
| 100 | Salaries | 126,407 | 277,336 | (150,929) |
| 200 | Employee benefits | 49,382 | 115,247 | (65,865) |
| 400 | Supplies and materials | - | 13,972 | (13,972) |
| | | <u>175,789</u> | <u>406,555</u> | <u>(230,766)</u> |
| 139 | Early childhood programs | | | |
| 100 | Salaries | - | 90 | (90) |
| 200 | Employee benefits | - | 29 | (29) |
| | | <u>-</u> | <u>119</u> | <u>(119)</u> |
| | Total preschool programs | <u>926,008</u> | <u>1,308,058</u> | <u>(382,050)</u> |
| 140 | Special programs | | | |
| 141 | Gifted and talented - academic | | | |
| 100 | Salaries | 563 | 1,461 | (898) |
| 200 | Employee benefits | 189 | 471 | (282) |
| 300 | Purchased services | 31,000 | 12,445 | 18,555 |
| 400 | Supplies and materials | 20,000 | 11,352 | 8,648 |
| | | <u>51,752</u> | <u>25,729</u> | <u>26,023</u> |
| 143 | Advanced placement | | | |
| 300 | Purchased services | 15,000 | 10,644 | 4,356 |
| 400 | Supplies and materials | 15,000 | 9,340 | 5,660 |
| | | <u>30,000</u> | <u>19,984</u> | <u>10,016</u> |
| 145 | Homebound | | | |
| 100 | Salaries | 213,090 | 386,683 | (173,593) |
| 200 | Employee benefits | 66,068 | 103,341 | (37,273) |
| 300 | Purchased services | 50,000 | 34,388 | 15,612 |
| | | <u>329,158</u> | <u>524,412</u> | <u>(195,254)</u> |
| 147 | CERDEP | | | |
| 100 | Salaries | 1,020,261 | 818,078 | 202,183 |
| 200 | Employee benefits | 508,128 | 392,436 | 115,692 |
| 400 | Supplies and materials | 8,400 | 56,218 | (47,818) |
| | | <u>1,536,789</u> | <u>1,266,732</u> | <u>270,057</u> |
| | Total special programs | <u>1,947,699</u> | <u>1,836,857</u> | <u>110,842</u> |
| 160 | Other exceptional programs | | | |
| 161 | Autism | | | |
| 100 | Salaries | 1,131,550 | 1,059,448 | 72,102 |
| 200 | Employee benefits | 571,411 | 514,386 | 57,025 |
| 300 | Purchased services | 1,750 | - | 1,750 |
| 400 | Supplies and materials | 8,250 | 6,609 | 1,641 |
| | | <u>1,712,961</u> | <u>1,580,443</u> | <u>132,518</u> |
| | Total other exceptional programs | <u>1,712,961</u> | <u>1,580,443</u> | <u>132,518</u> |

Dorchester County School District Two

Budgetary Comparison Schedule - Account Detail - General Fund
For the year ended June 30, 2023

| | | Final Budget | Actual | Variance with Final Budget |
|--------------------------------|---|--------------------|--------------------|-------------------------------|
| Expenditures, Continued | | | | |
| 100 | Instruction, continued | | | |
| 170 | Summer school programs | | | |
| 172 | Elementary summer school | | | |
| 100 | Salaries | 58,355 | - | 58,355 |
| 400 | Supplies and materials | 3,000 | - | 3,000 |
| | | <u>61,355</u> | <u>-</u> | <u>61,355</u> |
| 173 | High school summer school | | | |
| 100 | Salaries | 33,252 | - | 33,252 |
| 200 | Employee benefits | 125 | - | 125 |
| 400 | Supplies and materials | 3,000 | - | 3,000 |
| | | <u>36,377</u> | <u>-</u> | <u>36,377</u> |
| | Total summer school programs | <u>97,732</u> | <u>-</u> | <u>97,732</u> |
| 180 | Adult/continuing education programs | | | |
| 181 | Adult basic education programs | | | |
| 100 | Salaries | 212,887 | 180,327 | 32,560 |
| 200 | Employee benefits | 91,759 | 56,630 | 35,129 |
| 300 | Purchased services | 3,325 | 2,316 | 1,009 |
| 400 | Supplies and materials | 26,531 | 16,077 | 10,454 |
| | | <u>334,502</u> | <u>255,350</u> | <u>79,152</u> |
| 188 | Parenting/family literacy | | | |
| 100 | Salaries | 113,764 | - | 113,764 |
| 200 | Employee benefits | - | 433 | (433) |
| 400 | Supplies and materials | 1,100 | - | 1,100 |
| | | <u>114,864</u> | <u>433</u> | <u>114,431</u> |
| | Total adult/continuing educational programs | <u>449,366</u> | <u>255,783</u> | <u>193,583</u> |
| | Total instruction | <u>144,708,907</u> | <u>137,889,086</u> | <u>6,819,821</u> |
| 200 | Support services | | | |
| 210 | Pupil services | | | |
| 212 | Guidance services | | | |
| 100 | Salaries | 3,699,188 | 4,147,926 | (448,738) |
| 140 | Terminal leave | 4,284 | - | 4,284 |
| 200 | Employee benefits | 1,804,859 | 1,867,519 | (62,660) |
| 300 | Purchased services | 1,000 | - | 1,000 |
| 400 | Supplies and materials | 9,000 | - | 9,000 |
| | | <u>5,518,331</u> | <u>6,015,445</u> | <u>(497,114)</u> |
| 213 | Health services | | | |
| 100 | Salaries | 1,844,263 | 1,797,382 | 46,881 |
| 200 | Employee benefits | 907,384 | 871,391 | 35,993 |
| 300 | Purchased services | 275,200 | 286,508 | (11,308) |
| 400 | Supplies and materials | 109,999 | 35,985 | 74,014 |
| 600 | Other objects | 1,000 | 116 | 884 |
| | | <u>3,137,846</u> | <u>2,991,382</u> | <u>146,464</u> |
| 214 | Psychological services | | | |
| 100 | Salaries | 654,807 | 780,245 | (125,438) |
| 200 | Employee benefits | 313,336 | 361,785 | (48,449) |
| 300 | Purchased services | 4,000 | 13,950 | (9,950) |
| 400 | Supplies and materials | 30,000 | 28,531 | 1,469 |
| 600 | Other objects | - | 225 | (225) |
| | | <u>1,002,143</u> | <u>1,184,736</u> | <u>(182,593)</u> |
| | Total pupil services | <u>9,658,320</u> | <u>10,191,563</u> | <u>(533,243)</u> |

Dorchester County School District Two

Budgetary Comparison Schedule - Account Detail - General Fund
For the year ended June 30, 2023

| | | Final Budget | Actual | Variance with Final Budget |
|--------------------------------|---|-------------------|-------------------|-------------------------------|
| Expenditures, Continued | | | | |
| 200 | Support services, continued | | | |
| 220 | Instructional staff services | | | |
| 221 | Improvement of instruction - curriculum development | | | |
| 100 | Salaries | 4,093,263 | 3,762,314 | 330,949 |
| 140 | Terminal leave | 37,590 | 29,121 | 8,469 |
| 200 | Employee benefits | 1,639,020 | 1,605,628 | 33,392 |
| 300 | Purchased services | 236,638 | 223,481 | 13,157 |
| 400 | Supplies and materials | 664,916 | 317,996 | 346,920 |
| 600 | Other objects | 65,500 | 81,985 | (16,485) |
| | | <u>6,736,927</u> | <u>6,020,525</u> | <u>716,402</u> |
| 222 | Library and media services | | | |
| 100 | Salaries | 2,389,401 | 2,255,382 | 134,019 |
| 140 | Terminal leave | - | 8,813 | (8,813) |
| 200 | Employee benefits | 1,167,458 | 1,060,404 | 107,054 |
| 400 | Supplies and materials | 275,542 | 297,587 | (22,045) |
| | | <u>3,832,401</u> | <u>3,622,186</u> | <u>210,215</u> |
| 223 | Supervision of special programs | | | |
| 100 | Salaries | 401,571 | 528,677 | (127,106) |
| 140 | Terminal leave | - | 13,183 | (13,183) |
| 200 | Employee benefits | 181,931 | 212,695 | (30,764) |
| | | <u>583,502</u> | <u>754,555</u> | <u>(171,053)</u> |
| 224 | Improvement of instruction - inservice and staff training | | | |
| 100 | Salaries | 39,723 | 87,928 | (48,205) |
| 200 | Employee benefits | 12,744 | 28,280 | (15,536) |
| 300 | Purchased services | 161,569 | 92,863 | 68,706 |
| 400 | Supplies and materials | 17,500 | 6,826 | 10,674 |
| | | <u>231,536</u> | <u>215,897</u> | <u>15,639</u> |
| | Total instructional staff services | <u>11,384,366</u> | <u>10,613,163</u> | <u>771,203</u> |
| 230 | General administration services | | | |
| 231 | Board of education | | | |
| 100 | Salaries | 144,219 | 150,527 | (6,308) |
| 200 | Employee benefits | 50,223 | 47,665 | 2,558 |
| 300 | Purchased services | 157,000 | 114,641 | 42,359 |
| 318 | Audit services | 68,500 | 118,000 | (49,500) |
| 400 | Supplies and materials | 27,000 | 28,307 | (1,307) |
| 600 | Other objects | 77,000 | 51,015 | 25,985 |
| | | <u>523,942</u> | <u>510,155</u> | <u>13,787</u> |
| 232 | Office of the superintendent | | | |
| 100 | Salaries | 1,019,634 | 805,535 | 214,099 |
| 140 | Terminal leave | 82,330 | 1,154 | 81,176 |
| 200 | Employee benefits | 421,022 | 325,184 | 95,838 |
| 300 | Purchased services | 30,000 | 62,625 | (32,625) |
| 400 | Supplies and materials | 75,000 | 69,881 | 5,119 |
| 600 | Other objects | 12,000 | 14,458 | (2,458) |
| | | <u>1,639,986</u> | <u>1,278,837</u> | <u>361,149</u> |

Dorchester County School District Two

Budgetary Comparison Schedule - Account Detail - General Fund
For the year ended June 30, 2023

| | | Final Budget | Actual | Variance with Final Budget |
|--------------------------------|--|-------------------|-------------------|-------------------------------|
| Expenditures, Continued | | | | |
| 200 | Support services, continued | | | |
| 230 | General administration services, continued | | | |
| 233 | School administration | | | |
| 100 | Salaries | 12,160,192 | 12,162,061 | (1,869) |
| 140 | Terminal leave | 139,230 | 67,802 | 71,428 |
| 200 | Employee benefits | 5,961,387 | 5,474,167 | 487,220 |
| 300 | Purchased services | 14,000 | 528 | 13,472 |
| 400 | Supplies and materials | 4,000 | - | 4,000 |
| 600 | Other objects | 12,000 | - | 12,000 |
| | | <u>18,290,809</u> | <u>17,704,558</u> | <u>586,251</u> |
| | Total general administration services | <u>20,454,737</u> | <u>19,493,550</u> | <u>961,187</u> |
| 250 | Finance and operations services | | | |
| 252 | Fiscal services | | | |
| 100 | Salaries | 949,648 | 878,995 | 70,653 |
| 140 | Terminal leave | - | 55,195 | (55,195) |
| 200 | Employee benefits | 469,406 | 392,911 | 76,495 |
| 300 | Purchased services | 15,000 | 76,216 | (61,216) |
| 400 | Supplies and materials | 106,000 | 50,014 | 55,986 |
| 600 | Other objects | 5,000 | 5,264 | (264) |
| | | <u>1,545,054</u> | <u>1,458,595</u> | <u>86,459</u> |
| 254 | Operation and maintenance of plant | | | |
| 100 | Salaries | 7,136,015 | 8,046,185 | (910,170) |
| 140 | Terminal leave | 185,153 | 67,892 | 117,261 |
| 200 | Employee benefits | 3,617,091 | 3,662,984 | (45,893) |
| 300 | Purchased services | 6,938,700 | 11,503,523 | (4,564,823) |
| 400 | Supplies and materials | 1,445,000 | 1,755,375 | (310,375) |
| 470 | Energy | 5,000,000 | 4,962,625 | 37,375 |
| 500 | Capital outlay | 370,001 | 310,961 | 59,040 |
| 600 | Other objects | 200 | - | 200 |
| | | <u>24,692,160</u> | <u>30,309,545</u> | <u>(5,617,385)</u> |
| 255 | Student transportation | | | |
| 100 | Salaries | 7,249,936 | 6,668,182 | 581,754 |
| 140 | Terminal leave | 39,408 | 14,172 | 25,236 |
| 200 | Employee benefits | 3,334,875 | 2,853,566 | 481,309 |
| 300 | Purchased services | 435,000 | 754,231 | (319,231) |
| 400 | Supplies and materials | 65,000 | 93,528 | (28,528) |
| | | <u>11,124,219</u> | <u>10,383,679</u> | <u>740,540</u> |
| 258 | Security | | | |
| 100 | Salaries | 1,165,452 | 1,694,488 | (529,036) |
| 140 | Terminal leave | - | 6,042 | (6,042) |
| 200 | Employee benefits | 567,505 | 639,852 | (72,347) |
| 300 | Purchased services | 3,136,042 | 3,034,978 | 101,064 |
| 400 | Supplies and materials | 115,000 | 65,787 | 49,213 |
| | | <u>4,983,999</u> | <u>5,441,147</u> | <u>(457,148)</u> |
| | Total finance and operations services | <u>42,345,432</u> | <u>47,592,966</u> | <u>(5,247,534)</u> |

Dorchester County School District Two

Budgetary Comparison Schedule - Account Detail - General Fund
For the year ended June 30, 2023

| | | Final Budget | Actual | Variance with Final Budget |
|--|---|--------------------|----------------------|-------------------------------|
| Expenditures, Continued | | | | |
| 200 | Support services, continued | | | |
| 260 | Central support services | | | |
| 263 | Information services | | | |
| 100 | Salaries | 176,490 | 186,553 | (10,063) |
| 140 | Terminal leave | 20,478 | 20,158 | 320 |
| 200 | Employee benefits | 127,272 | 84,596 | 42,676 |
| 300 | Purchased services | 9,000 | 8,011 | 989 |
| 400 | Supplies and materials | 31,500 | 84,187 | (52,687) |
| 600 | Other objects | 700 | 3,000 | (2,300) |
| | | <u>365,440</u> | <u>386,505</u> | <u>(21,065)</u> |
| 264 | Staff services | | | |
| 100 | Salaries | 693,239 | 740,471 | (47,232) |
| 140 | Terminal leave | 27,590 | 14,254 | 13,336 |
| 200 | Employee benefits | 349,484 | 321,674 | 27,810 |
| 300 | Purchased services | 180,000 | 105,562 | 74,438 |
| 400 | Supplies and materials | 70,000 | 101,513 | (31,513) |
| | | <u>1,320,313</u> | <u>1,283,474</u> | <u>36,839</u> |
| 266 | Technology and data processing services | | | |
| 100 | Salaries | 248,884 | 329,583 | (80,699) |
| 200 | Employee benefits | 121,067 | 138,109 | (17,042) |
| 300 | Purchased services | 2,896,000 | 2,932,364 | (36,364) |
| 400 | Supplies and materials | 1,112,000 | 959,445 | 152,555 |
| | | <u>4,377,951</u> | <u>4,359,501</u> | <u>18,450</u> |
| | Total central support services | <u>6,063,704</u> | <u>6,029,480</u> | <u>34,224</u> |
| 270 | Support services pupil activity | | | |
| 271 | Pupil services activities | | | |
| 100 | Salaries | 324,387 | 305,876 | 18,511 |
| 200 | Employee benefits | 136,228 | 122,699 | 13,529 |
| 300 | Purchased services | - | 3,538 | (3,538) |
| 400 | Supplies and materials | - | 193 | (193) |
| | | <u>460,615</u> | <u>432,306</u> | <u>28,309</u> |
| | Total support services pupil activity | <u>460,615</u> | <u>432,306</u> | <u>28,309</u> |
| | Total support services | <u>90,367,174</u> | <u>94,353,028</u> | <u>(3,985,854)</u> |
| | Total expenditures | <u>235,076,081</u> | <u>232,242,114</u> | <u>2,833,967</u> |
| Other financing sources (uses) | | | | |
| <i>Interfund transfers, from (to) other funds:</i> | | | | |
| 5220 | Transfer from Special Revenue Fund | 200,000 | 563,733 | 363,733 |
| 5230 | Transfer from Special Revenue EIA Fund | 18,597,941 | 18,798,483 | 200,542 |
| 5280 | Transfer from Other Funds Indirect Costs | 1,590,000 | 1,529,539 | (60,461) |
| 421-710 | Transfer to Special Revenue Fund | (1,701,575) | (813,159) | 888,416 |
| 425-710 | Transfer to Food Service Fund | (200,000) | (223,181) | (23,181) |
| 426-710 | Transfer to Student Activity Fund | (679,539) | (1,055,099) | (375,560) |
| | Total other financing sources (uses) | <u>17,806,827</u> | <u>18,800,316</u> | <u>993,489</u> |
| | Excess of revenues and other financing sources over expenditures and other financing uses | <u>\$ -</u> | <u>16,880,279</u> | <u>\$ 16,880,279</u> |
| | Fund balance, beginning of year | | 48,117,781 | |
| | Fund balance, end of year | | <u>\$ 64,998,060</u> | |

Footnote: Accounting principles generally accepted in the United States of America serve as the budgetary basis of accounting.

Dorchester County School District Two

*Combining Schedule of Revenues, Expenditures and Changes in Fund Balance - Special Projects Funds
For the year ended June 30, 2023*

| | | Title I (201/202) | IDEA (203/204) | Preschool Handicapped (205/206) | Occupational Education (207) | Adult Education (243) | * Other Designated Restricted State Grants (900s) | ** Other Special Revenue Programs (200s/800s) | Student Activity Funds (700s) | Total |
|-----------------|---|----------------------|-------------------|---------------------------------------|------------------------------------|-----------------------------|---|---|--|-----------|
| Revenues | | | | | | | | | | |
| 1000 | Revenue from local sources | | | | | | | | | |
| 1300 | Tuition | | | | | | | | | |
| | 1330 Tuition from patrons for adult/continuing education | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | 7,944 | \$ - | \$ 7,944 |
| 1500 | Earnings on investments: | | | | | | | | | |
| | 1510 Interest on investments | - | - | - | - | - | - | - | 13 | 13 |
| 1700 | Pupil activities | | | | | | | | | |
| | 1710 Admissions | - | - | - | - | - | - | - | 624,761 | 624,761 |
| | 1740 Student fees | - | - | - | - | - | - | - | 391,921 | 391,921 |
| | 1790 Other pupil activity income | - | - | - | - | - | - | - | 1,312,089 | 1,312,089 |
| 1900 | Other revenue from local sources | | | | | | | | | |
| | 1910 Rentals | - | - | - | - | - | - | - | 163,404 | 163,404 |
| | 1920 Contributions and donations from private sources | - | - | - | - | - | - | 61,109 | 18,921 | 80,030 |
| | 1930 Special needs transportation - Medicaid | - | - | - | - | - | - | 800,388 | - | 800,388 |
| | 1990 Miscellaneous local revenue: | | | | | | | | | |
| | 1999 Revenue from other local sources | - | - | - | - | - | - | 3,384,173 | 1,559,494 | 4,943,667 |
| | Total local sources | - | - | - | - | - | - | 4,253,614 | 4,070,603 | 8,324,217 |
| 3000 | Revenue from state sources | | | | | | | | | |
| 3110 | Occupational education | | | | | | | | | |
| | 3118 EEDA career specialist | - | - | - | - | - | 1,084,537 | - | - | 1,084,537 |
| 3120 | General education | | | | | | | | | |
| | 3127 Student health & fitness - PE teachers | - | - | - | - | - | 174,842 | - | - | 174,842 |
| 3130 | Special programs | | | | | | | | | |
| | 3134 Child Early Reading Development and Education Program (CERDEP) | - | - | - | - | - | 55,050 | - | - | 55,050 |
| | 3135 Reading coaches | - | - | - | - | - | 775,225 | - | - | 775,225 |
| | 3136 Student health & fitness - nurses | - | - | - | - | - | 563,733 | - | - | 563,733 |
| | 3156 Adult education | - | - | - | - | - | 1,670 | - | - | 1,670 |
| | 3187 Teacher supplies | - | - | - | - | - | 69,300 | - | - | 69,300 |
| 3190 | Miscellaneous restricted state grants | | | | | | | | | |
| | 3193 Education license plates | - | - | - | - | - | 2,065 | - | - | 2,065 |
| | 3199 Other restricted state grants | - | - | - | - | - | - | 990,981 | - | 990,981 |
| 3900 | Other state revenue | | | | | | | | | |
| | 3994 PEBA nonemployer contributions | - | - | - | - | - | 35,581 | - | - | 35,581 |
| | 3999 Revenue from other state sources | - | - | - | - | - | - | 225 | - | 225 |
| | Total state sources | - | - | - | - | - | 2,762,003 | 991,206 | - | 3,753,209 |

Dorchester County School District Two

*Combining Schedule of Revenues, Expenditures and Changes in Fund Balance - Special Projects Funds
For the year ended June 30, 2023*

| | Title I (201/202) | IDEA (203/204) | Preschool Handicapped (205/206) | Occupational Education (207) | Adult Education (243) | * Other Designated Restricted State Grants (900s) | ** Other Special Revenue Programs (200s/800s) | Student Activity Funds (700s) | Total |
|----------------------------|--|-------------------|---------------------------------------|------------------------------------|-----------------------------|---|---|--|------------|
| Revenues, Continued | | | | | | | | | |
| 4000 | Revenue from federal sources | | | | | | | | |
| 4200 | Occupational education | | | | | | | | |
| 4210 | | | | 345,995 | | | | | 345,995 |
| 4300 | Elementary and secondary education act of 1965 | | | | | | | | |
| 4310 | 5,761,716 | | | | | | 637,745 | | 6,399,461 |
| 4341 | | | | | | | 76,850 | | 76,850 |
| 4351 | | | | | | | 670,079 | | 670,079 |
| 4400 | Adult education | | | | | | | | |
| 4410 | | | | | 227,013 | | | | 227,013 |
| 4500 | Programs for children with disabilities | | | | | | | | |
| 4510 | | 4,933,208 | | | | | | | 4,933,208 |
| 4520 | | | 233,996 | | | | | | 233,996 |
| 4900 | Other federal sources | | | | | | | | |
| 4931 | | | | | | | 744,930 | | 744,930 |
| 4933 | | | | | | | 4,563 | | 4,563 |
| 4937 | | | | | | | 55,020 | | 55,020 |
| 4974 | | | | | | | 14,550,192 | | 14,550,192 |
| 4975 | | | | | | | 1,576 | | 1,576 |
| 4977 | | | | | | | 1,573,796 | | 1,573,796 |
| 4990 | Other federal revenue: | | | | | | | | |
| 4997 | | | | | | | 596,410 | | 596,410 |
| 4999 | | | | | | | 857,800 | | 857,800 |
| | Total federal sources | | | | | | | | |
| | 5,761,716 | 4,933,208 | 233,996 | 345,995 | 227,013 | | 19,768,961 | | 31,270,889 |
| | Total revenues | | | | | | | | |
| | 5,761,716 | 4,933,208 | 233,996 | 345,995 | 227,013 | 2,762,003 | 25,013,781 | 4,070,603 | 43,348,315 |
| Expenditures | | | | | | | | | |
| 100 | Instruction | | | | | | | | |
| 110 | General instruction | | | | | | | | |
| 111 | Kindergarten programs | | | | | | | | |
| 100 | | | | | | | 3,510,000 | | 3,510,000 |
| 200 | | | | | | | 315,930 | | 315,930 |
| 112 | Primary programs | | | | | | | | |
| 100 | 1,228,317 | | | | | 606,842 | 888,611 | | 2,723,770 |
| 200 | 569,880 | | | | | 281,484 | 420,878 | | 1,272,242 |
| 300 | | | | | | | 738,310 | | 738,310 |
| 400 | 229,439 | | | | | | 515,302 | | 744,741 |
| 113 | Elementary programs | | | | | | | | |
| 100 | 560,417 | | | | | 38,462 | 371,166 | | 970,045 |
| 200 | 247,585 | | | | | 23,280 | 138,389 | | 409,254 |
| 300 | | | | | | | 838,765 | | 838,765 |
| 400 | 747,660 | | | | | 56,365 | 981,698 | | 1,785,723 |
| 114 | High school programs | | | | | | | | |
| 100 | | | | | | | 1,768,593 | | 1,768,593 |
| 140 | | | | | | | 42,240 | | 42,240 |
| 200 | | | | | | | 585,482 | | 585,482 |
| 400 | | | | | | 15,000 | 511,697 | | 526,697 |

Dorchester County School District Two

*Combining Schedule of Revenues, Expenditures and Changes in Fund Balance - Special Projects Funds
For the year ended June 30, 2023*

| | | Title I (201/202) | IDEA (203/204) | Preschool Handicapped (205/206) | Occupational Education (207) | Adult Education (243) | * Other Designated Restricted State Grants (900s) | ** Other Special Revenue Programs (200s/800s) | Student Activity Funds (700s) | Total |
|--------------------------------|---|----------------------|-------------------|---------------------------------------|------------------------------------|-----------------------------|---|---|--|---------|
| Expenditures, Continued | | | | | | | | | | |
| 100 | Instruction, continued | | | | | | | | | |
| 110 | General instruction, continued | | | | | | | | | |
| 115 | Career and technology education programs | | | | | | | | | |
| | 100 Salaries | - | - | - | - | - | - | 57,853 | - | 57,853 |
| | 300 Purchased services | - | - | - | 22,850 | - | - | 4,850 | - | 27,700 |
| | 400 Supplies and materials | - | - | - | 83,960 | - | - | 29,502 | - | 113,462 |
| 120 | Exceptional programs | | | | | | | | | |
| 121 | Educable mentally handicapped | | | | | | | | | |
| | 100 Salaries | 16,729 | 308,717 | - | - | - | - | 267,268 | - | 592,714 |
| | 200 Employee benefits | 5,449 | 92,486 | - | - | - | - | 92,542 | - | 190,477 |
| 122 | Trainable mentally handicapped | | | | | | | | | |
| | 100 Salaries | - | 54,882 | - | - | - | - | - | - | 54,882 |
| | 200 Employee benefits | - | 21,770 | - | - | - | - | - | - | 21,770 |
| | 400 Supplies and materials | - | - | - | - | - | - | 4,515 | - | 4,515 |
| 123 | Orthopedically handicapped | | | | | | | | | |
| | 300 Purchased services | - | - | - | - | - | - | 1,289 | - | 1,289 |
| 124 | Visually handicapped | | | | | | | | | |
| | 300 Purchased services | - | - | - | - | - | - | 969 | - | 969 |
| 125 | Hearing handicapped | | | | | | | | | |
| | 300 Purchased services | - | - | - | - | - | - | 3,803 | - | 3,803 |
| | 400 Supplies and materials | - | - | - | - | - | - | 2,856 | - | 2,856 |
| 126 | Speech handicapped | | | | | | | | | |
| | 100 Salaries | - | 276,933 | - | - | - | - | 59,275 | - | 336,208 |
| | 200 Employee benefits | - | 150,848 | - | - | - | - | 19,105 | - | 169,953 |
| | 300 Purchased services | - | - | - | - | - | - | 194,739 | - | 194,739 |
| 127 | Learning disabilities | | | | | | | | | |
| | 100 Salaries | - | 820 | - | - | - | - | - | - | 820 |
| | 200 Employee benefits | - | 265 | - | - | - | - | - | - | 265 |
| | 300 Purchased services | - | - | - | - | - | - | 5,686 | - | 5,686 |
| | 400 Supplies and materials | - | 1,145 | - | - | - | - | 569,976 | - | 571,121 |
| 129 | Coordinated Early Intervening Services (CEIS) | | | | | | | | | |
| | 100 Salaries | - | 437,908 | - | - | - | - | - | - | 437,908 |
| | 200 Employee benefits | - | 191,000 | - | - | - | - | - | - | 191,000 |
| 130 | Preschool programs | | | | | | | | | |
| 131 | Preschool handicapped speech (5 yr. olds) | | | | | | | | | |
| | 400 Supplies and materials | - | - | - | - | - | - | 4,563 | - | 4,563 |
| 133 | Preschool handicapped self-contained (5 yr. olds) | | | | | | | | | |
| | 100 Salaries | - | - | 100,441 | - | - | - | - | - | 100,441 |
| | 200 Employee benefits | - | - | 44,787 | - | - | - | - | - | 44,787 |
| 136 | Preschool handicapped itinerant (3 & 4 yr. olds) | | | | | | | | | |
| | 100 Salaries | - | 45,983 | - | - | - | - | - | - | 45,983 |
| | 200 Employee benefits | - | 27,014 | - | - | - | - | - | - | 27,014 |
| 137 | Preschool handicapped self-contained (3 & 4 yr. olds) | | | | | | | | | |
| | 100 Salaries | - | - | 56,478 | - | - | - | - | - | 56,478 |
| | 200 Employee benefits | - | - | 32,290 | - | - | - | - | - | 32,290 |

Dorchester County School District Two

*Combining Schedule of Revenues, Expenditures and Changes in Fund Balance - Special Projects Funds
For the year ended June 30, 2023*

| | | Title I (201/202) | IDEA (203/204) | Preschool Handicapped (205/206) | Occupational Education (207) | Adult Education (243) | * Other Designated Restricted State Grants (900s) | ** Other Special Revenue Programs (200s/800s) | Student Activity Funds (700s) | Total |
|--------------------------------|--|----------------------|-------------------|---------------------------------------|------------------------------------|-----------------------------|---|---|--|-------------------|
| Expenditures, Continued | | | | | | | | | | |
| 100 | Instruction, continued | | | | | | | | | |
| 140 | Special programs | | | | | | | | | |
| 147 | CERDEP | | | | | | | | | |
| 400 | Supplies and materials | - | - | - | - | - | 55,050 | - | - | 55,050 |
| 149 | Other special programs | | | | | | | | | |
| 100 | Salaries | - | 48,908 | - | - | - | - | 6,507 | - | 55,415 |
| 200 | Employee benefits | - | 18,664 | - | - | - | - | 2,993 | - | 21,657 |
| 160 | Other exceptional programs | | | | | | | | | |
| 161 | Autism | | | | | | | | | |
| 300 | Purchased services | - | - | - | - | - | - | 52,117 | - | 52,117 |
| 400 | Supplies and materials | - | - | - | - | - | - | 22,051 | - | 22,051 |
| 500 | Capital outlay | - | - | - | - | - | - | 43,925 | - | 43,925 |
| 170 | Summer school programs | | | | | | | | | |
| 171 | Primary summer school | | | | | | | | | |
| 400 | Supplies and materials | - | - | - | - | - | - | 431 | - | 431 |
| 172 | Elementary summer school | | | | | | | | | |
| 100 | Salaries | - | - | - | - | - | - | 168,870 | - | 168,870 |
| 200 | Employee benefits | - | - | - | - | - | - | 54,622 | - | 54,622 |
| 173 | High school summer school | | | | | | | | | |
| 100 | Salaries | - | - | - | - | - | - | 148,686 | - | 148,686 |
| 200 | Employee benefits | - | - | - | - | - | - | 49,153 | - | 49,153 |
| 175 | Instructional programs beyond regular school day | | | | | | | | | |
| 100 | Salaries | 73,560 | - | - | - | - | - | 509,874 | - | 583,434 |
| 200 | Employee benefits | 23,355 | - | - | - | - | - | 152,506 | - | 175,861 |
| 400 | Supplies and materials | 4,568 | - | - | - | - | - | 4,711 | - | 9,279 |
| 180 | Adult/continuing educational programs | | | | | | | | | |
| 181 | Adult basic education programs | | | | | | | | | |
| 100 | Salaries | - | - | - | - | 107,124 | - | - | - | 107,124 |
| 200 | Employee benefits | - | - | - | - | 55,903 | - | - | - | 55,903 |
| 400 | Supplies and materials | - | - | - | - | - | 1,200 | - | - | 1,200 |
| 183 | Adult English Literacy (ESL) | | | | | | | | | |
| 100 | Salaries | - | - | - | - | 45,524 | - | - | - | 45,524 |
| 200 | Employee benefits | - | - | - | - | 18,462 | - | - | - | 18,462 |
| 188 | Parenting/family literacy | | | | | | | | | |
| 100 | Salaries | 243,940 | - | - | - | - | - | - | - | 243,940 |
| 200 | Employee benefits | 177,016 | - | - | - | - | - | - | - | 177,016 |
| 300 | Purchased services | 46,311 | - | - | - | - | - | - | - | 46,311 |
| 400 | Supplies and materials | 113,534 | - | - | - | - | - | 2,938 | - | 116,472 |
| 190 | Instructional pupil activity | | | | | | | | | |
| 100 | Salaries | - | - | - | - | - | - | - | 24,633 | 24,633 |
| 200 | Employee benefits | - | - | - | - | - | - | - | 8,330 | 8,330 |
| 300 | Purchased services | - | - | - | - | - | - | - | 3,481 | 3,481 |
| 400 | Supplies and materials | - | - | - | - | - | - | - | 62,632 | 62,632 |
| 600 | Other objects | - | - | - | - | - | - | - | 1,489,724 | 1,489,724 |
| | Total instruction | 4,287,760 | 1,677,343 | 233,996 | 106,810 | 227,013 | 1,077,683 | 14,165,236 | 1,588,800 | 23,364,641 |

Dorchester County School District Two

*Combining Schedule of Revenues, Expenditures and Changes in Fund Balance - Special Projects Funds
For the year ended June 30, 2023*

| | | Title I (201/202) | IDEA (203/204) | Preschool Handicapped (205/206) | Occupational Education (207) | Adult Education (243) | * Other Designated Restricted State Grants (900s) | ** Other Special Revenue Programs (200s/800s) | Student Activity Funds (700s) | Total |
|--------------------------------|---|----------------------|-------------------|---------------------------------------|------------------------------------|-----------------------------|---|---|--|-----------|
| Expenditures, Continued | | | | | | | | | | |
| 200 | Support services | | | | | | | | | |
| 210 | Pupil services | | | | | | | | | |
| 211 | Attendance and social work services: | | | | | | | | | |
| 100 | Salaries | - | - | - | - | - | - | 487,502 | - | 487,502 |
| 200 | Employee benefits | - | - | - | - | - | - | 229,647 | - | 229,647 |
| 300 | Purchased services | 7,845 | - | - | - | - | - | 136,087 | - | 143,932 |
| 400 | Supplies and materials | 1,552 | - | - | - | - | - | - | - | 1,552 |
| 212 | Guidance services | | | | | | | | | |
| 100 | Salaries | - | - | - | - | - | 906,988 | - | - | 906,988 |
| 300 | Purchased services | - | - | - | - | - | 391,223 | - | - | 391,223 |
| 213 | Health services | | | | | | | | | |
| 100 | Salaries | - | - | - | - | - | - | 644,571 | - | 644,571 |
| 200 | Employee benefits | - | - | - | - | - | - | 254,622 | - | 254,622 |
| 400 | Supplies and materials | - | - | - | - | - | - | 701 | - | 701 |
| 214 | Psychological services | | | | | | | | | |
| 100 | Salaries | - | 1,643,156 | - | - | - | - | 54,009 | - | 1,697,165 |
| 200 | Employee benefits | - | 752,042 | - | - | - | - | 16,476 | - | 768,518 |
| 300 | Purchased services | - | - | - | - | - | - | 45,712 | - | 45,712 |
| 400 | Supplies and materials | - | - | - | - | - | - | 83,645 | - | 83,645 |
| 220 | Instructional staff services | | | | | | | | | |
| 221 | Improvement of instruction - curriculum development | | | | | | | | | |
| 100 | Salaries | 1,814 | 97,195 | - | 85,687 | - | - | 2,332,125 | - | 2,516,821 |
| 200 | Employee benefits | 589 | 42,593 | - | 33,397 | - | - | 202,455 | - | 279,034 |
| 300 | Purchased services | - | - | - | 120,101 | - | - | 106,266 | - | 226,367 |
| 400 | Supplies and materials | - | - | - | - | - | - | 14,720 | - | 14,720 |
| 223 | Supervision of special programs | | | | | | | | | |
| 100 | Salaries | 627,728 | 508,806 | - | - | - | - | 171,120 | - | 1,307,654 |
| 140 | Terminal leave | - | - | - | - | - | - | - | - | - |
| 200 | Employee benefits | 262,623 | 212,073 | - | - | - | - | 74,692 | - | 549,388 |
| 300 | Purchased services | 22,439 | - | - | - | - | 469 | - | - | 22,908 |
| 400 | Supplies and materials | 14,250 | - | - | - | - | - | 270 | - | 14,520 |
| 224 | Improvement of instruction - inservice and staff training | | | | | | | | | |
| 100 | Salaries | 12,955 | - | - | - | - | - | 238,220 | - | 251,175 |
| 200 | Employee benefits | 4,136 | - | - | - | - | - | 80,380 | - | 84,516 |
| 300 | Purchased services | 393,966 | - | - | - | - | - | 454,955 | - | 848,921 |
| 400 | Supplies and materials | 1,137 | - | - | - | - | - | 6,990 | - | 8,127 |
| 250 | Finance and operations services | | | | | | | | | |
| 254 | Operation and maintenance of plant | | | | | | | | | |
| 100 | Salaries | - | - | - | - | - | - | - | 42,388 | 42,388 |
| 200 | Employee benefits | - | - | - | - | - | - | - | 13,983 | 13,983 |
| 300 | Purchased services | - | - | - | - | - | - | 21,000 | 17,571 | 38,571 |
| 400 | Supplies and materials | - | - | - | - | - | - | 197,405 | 9,457 | 206,862 |
| 258 | Security | | | | | | | | | |
| 400 | Supplies and materials | - | - | - | - | - | - | 21,091 | - | 21,091 |

Dorchester County School District Two

*Combining Schedule of Revenues, Expenditures and Changes in Fund Balance - Special Projects Funds
For the year ended June 30, 2023*

| | | Title I (201/202) | IDEA (203/204) | Preschool Handicapped (205/206) | Occupational Education (207) | Adult Education (243) | * Other Designated Restricted State Grants (900s) | ** Other Special Revenue Programs (200s/800s) | Student Activity Funds (700s) | Total |
|--|--|----------------------|-------------------|---------------------------------------|------------------------------------|-----------------------------|---|---|--|--------------|
| Expenditures, Continued | | | | | | | | | | |
| 200 | Support services, continued | | | | | | | | | |
| 270 | Support services - pupil activities | | | | | | | | | |
| 271 | Pupil service activities | | | | | | | | | |
| 100 | Salaries | - | - | - | - | - | - | - | 302,548 | 302,548 |
| 200 | Employee benefits | - | - | - | - | - | - | - | 93,548 | 93,548 |
| 300 | Purchased services | - | - | - | - | - | - | - | 222,368 | 222,368 |
| 400 | Supplies and materials | - | - | - | - | - | - | - | 726,716 | 726,716 |
| 500 | Capital outlay | - | - | - | - | - | - | - | 1,300 | 1,300 |
| 600 | Other objects | - | - | - | - | - | - | - | 1,774,415 | 1,774,415 |
| 273 | Trust and agency activities | | | | | | | | | |
| 300 | Purchased services | - | - | - | - | - | - | - | 3,917 | 3,917 |
| 400 | Supplies | - | - | - | - | - | - | - | 4,847 | 4,847 |
| 600 | Other objects | - | - | - | - | - | - | 1,500 | 4,000 | 5,500 |
| | Total support services | 1,351,034 | 3,255,865 | - | 239,185 | - | 1,298,680 | 5,876,161 | 3,217,058 | 15,237,983 |
| 300 | Community services | | | | | | | | | |
| 350 | Custody and care of children: | | | | | | | | | |
| 100 | Salaries | - | - | - | - | - | - | 2,355,612 | - | 2,355,612 |
| 200 | Employee benefits | - | - | - | - | - | - | 715,248 | - | 715,248 |
| 300 | Purchased services | - | - | - | - | - | - | 305,956 | - | 305,956 |
| 400 | Supplies and materials | - | - | - | - | - | - | 299,371 | - | 299,371 |
| 370 | Non public school services: | | | | | | | | | |
| 300 | Purchased services | - | - | - | - | - | - | 17,995 | - | 17,995 |
| 400 | Supplies and materials | - | - | - | - | - | - | 1,244 | - | 1,244 |
| | Total community services | - | - | - | - | - | - | 3,695,426 | - | 3,695,426 |
| 410 | Intergovernmental expenditures | | | | | | | | | |
| 411 | Payments to State Department of Education | - | - | - | - | - | - | - | - | - |
| 720 | Transits | - | - | - | - | - | - | 117,674 | - | 117,674 |
| 419 | Payments from nonemployer contributions | - | - | - | - | - | - | - | - | - |
| 720 | Transits | - | - | - | - | - | 35,581 | - | - | 35,581 |
| | Total intergovernmental expenditures | - | - | - | - | - | 35,581 | 117,674 | - | 153,255 |
| | Total expenditures | 5,638,794 | 4,933,208 | 233,996 | 345,995 | 227,013 | 2,411,944 | 23,854,497 | 4,805,858 | 42,451,305 |
| Other financing sources (uses) | | | | | | | | | | |
| Interfund transfers, from (to) other funds: | | | | | | | | | | |
| 5210 | Transfer from General Fund | - | - | - | - | - | 213,674 | 599,485 | 1,055,099 | 1,868,258 |
| 5220 | Transfer from Special Revenue Fund | - | - | - | - | - | - | - | 677,462 | 677,462 |
| 420-710 | Transfer to General Fund | - | - | - | - | - | (563,733) | - | - | (563,733) |
| 421-710 | Transfer to Special Revenue Fund | - | - | - | - | - | - | (677,462) | - | (677,462) |
| 431-791 | Special Revenue Fund indirect costs | (122,922) | - | - | - | - | - | (1,291,714) | - | (1,414,636) |
| | Total other financing sources (uses) | (122,922) | - | - | - | - | (350,059) | (1,369,691) | 1,732,561 | (110,111) |
| | Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses | - | - | - | - | - | - | (210,407) | 997,306 | 786,899 |
| Fund balance, beginning of year | | | | | | | | | | |
| | | - | - | - | - | - | - | 3,780,215 | 912,985 | 4,693,200 |
| Fund balance, end of year | | | | | | | | | | |
| | | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 3,569,808 | \$ 1,910,291 | \$ 5,480,099 |

Dorchester County School District Two***Supplemental Listing of LEA Subfund Codes and Titles******Special Projects Fund******For the year ended June 30, 2023***

***Other Designated Restricted State Grants**

| | |
|-----|--|
| 917 | Teacher Supplies |
| 919 | Education License Plates |
| 924 | CERDEP |
| 928 | EEDA Career Specialists |
| 935 | Reading Coaches |
| 936 | Student Health and Fitness - Nurses |
| 937 | Student Health and Fitness - PE Teachers |
| 956 | Adult Education |
| 994 | PEBA Nonemployer Contributions |

**** Other Special Revenue Programs**

| | |
|-----|--|
| 210 | Title IV - SSAE |
| 218 | ESSER III ARP |
| 220 | CARES Act - ESSER |
| 221 | Title I - Neglected and Delinquent |
| 225 | CARES Act - ESSER II |
| 230 | ARP IDEA |
| 233 | ARP Preschool |
| 237 | Title I - Targeted School Improvement |
| 263 | ARP Homeless Children & Youth |
| 264 | Title III - English Language Acquisition - ESOL |
| 267 | Supporting Effective Instruction |
| 271 | ROTC |
| 278 | Medicaid Reimbursement |
| 299 | Other Miscellaneous Federal Grants |
| 805 | DSS/Adult Education |
| 806 | Adult Education - Family Literacy Collaboration |
| 808 | Larry Barnfield Scholarship |
| 819 | Extended Day Program |
| 821 | Educational Foundation Grants Passed Through to District |
| 861 | Robotics |
| 871 | Emergency Connectivity Fund |
| 899 | Other Miscellaneous Grants |

Dorchester County School District Two*Summary Schedule of Other Designated State Restricted Grants - Special Projects Funds**For the year ended June 30, 2023*

| Subfund | Revenue | Programs | Revenues | Expenditures | Transfers In/(Out) | Unearned Revenue |
|---------|---------|--|---------------------|---------------------|-----------------------|---------------------|
| 917 | 3187 | Teacher supplies | \$ 69,300 | \$ 69,300 | \$ - | \$ - |
| 919 | 3193 | Education License Plates | 2,065 | 2,065 | - | - |
| 924 | 3134 | CERDEP | 55,050 | 55,050 | - | 72,929 |
| 928 | 3118 | EEDA Career Specialists | 1,084,537 | 1,298,211 | 213,674 | - |
| 935 | 3135 | Reading Coaches | 775,225 | 775,225 | - | 419,504 |
| 936 | 3136 | Student Health and Fitness - Nurses | 563,733 | - | (563,733) | - |
| 937 | 3127 | Student Health and Fitness - PE Teachers | 174,842 | 174,842 | - | - |
| 956 | 3156 | Adult Education | 1,670 | 1,670 | - | 16,243 |
| 969 | 3699 | Other State Lottery Programs | - | - | - | 1,152 |
| 994 | 3994 | PEBA Nonemployer Contributions | 35,581 | 35,581 | - | - |
| | | | <u>\$ 2,762,003</u> | <u>\$ 2,411,944</u> | <u>\$ (350,059)</u> | <u>\$ 509,828</u> |

Dorchester County School District Two*Combining Schedule of Revenues, Expenditures and Changes in Fund Balance - All Programs**Education Improvement Act Fund**For the year ended June 30, 2023***Revenues**

| | | | |
|------|----------------------------|--|-------------------|
| 3000 | Revenue from state sources | | |
| | 3500 | Education Improvement Act: | |
| | 3502 | ADEPT | \$ 396 |
| | 3503 | State Aid to Classrooms | 17,389,853 |
| | 3509 | Arts in Education | 95,425 |
| | 3518 | Adoption List of Formative Assessment | 112,286 |
| | 3519 | Grade 10 Assessments | 30,012 |
| | 3526 | Refurbishment of Science Kits | 501,128 |
| | 3528 | Industry Certifications/Credentials | 68,718 |
| | 3529 | Career and Technology Education | 615,821 |
| | 3532 | National Board Salary Supplement | 795,797 |
| | 3533 | Teacher of the Year Awards | 1,077 |
| | 3536 | Student Health & Fitness | 109,998 |
| | 3538 | Students at Risk of School Failure | 1,476,763 |
| | 3541 | Child Early Reading Development and Education Program (CERDEP) | 1,390,803 |
| | 3556 | Adult Education | 438,062 |
| | 3557 | Summer Reading Program | 152,285 |
| | 3571 | CSI and State Priority Schools | 227,836 |
| | 3577 | Teacher Supplies | 436,200 |
| | 3595 | EEDA - Supplies and Materials | 32,015 |
| | 3597 | Aid to Districts | 1,107,708 |
| | 3599 | Other EIA | 326,765 |
| | | Total state sources | <u>25,308,948</u> |
| | | Total revenue all sources | <u>25,308,948</u> |

Dorchester County School District Two*Combining Schedule of Revenues, Expenditures and Changes in Fund Balance - All Programs**Education Improvement Act Fund**For the year ended June 30, 2023***Expenditures**

| | | | |
|-----|--|--|------------------|
| 100 | Instruction | | |
| 110 | General instruction | | |
| 112 | Primary programs | | |
| 100 | Salaries | | 113,031 |
| 200 | Employee benefits | | 41,079 |
| 300 | Purchased services | | 12,206 |
| 400 | Supplies and materials | | 863,986 |
| | | | <u>1,030,302</u> |
| 113 | Elementary programs | | |
| 100 | Salaries | | 599,009 |
| 200 | Employee benefits | | 219,043 |
| 300 | Purchased services | | 8,415 |
| 400 | Supplies and materials | | 639,787 |
| 500 | Capital outlay | | 4,987 |
| | | | <u>1,471,241</u> |
| 114 | High school programs | | |
| 100 | Salaries | | 143,725 |
| 200 | Employee benefits | | 46,333 |
| 300 | Purchased services | | 33,642 |
| 400 | Supplies and materials | | 171,367 |
| 500 | Capital outlay | | 12,273 |
| | | | <u>407,340</u> |
| 115 | Career and technology education programs | | |
| 100 | Salaries | | 12,778 |
| 200 | Employee benefits | | 4,128 |
| 300 | Purchased services | | 16,183 |
| 400 | Supplies and materials | | 592,988 |
| 500 | Capital outlay | | 42,795 |
| | | | <u>668,872</u> |
| 140 | Special programs | | |
| 147 | CERDEP | | |
| 100 | Salaries | | 928,285 |
| 200 | Employee benefits | | 451,454 |
| 400 | Supplies and materials | | 11,064 |
| | | | <u>1,390,803</u> |
| 170 | Summer school programs | | |
| 171 | Primary summer school | | |
| 100 | Salaries | | 105,263 |
| 200 | Employee benefits | | 40,989 |
| | | | <u>146,252</u> |
| 175 | Instructional programs beyond regular school day | | |
| 100 | Salaries | | 35,671 |
| 200 | Employee benefits | | 11,730 |
| 400 | Supplies and materials | | 6,033 |
| | | | <u>53,434</u> |

Dorchester County School District Two*Combining Schedule of Revenues, Expenditures and Changes in Fund Balance - All Programs**Education Improvement Act Fund**For the year ended June 30, 2023***Expenditures, Continued**

| | | | |
|-----|---|--|------------------|
| 100 | Instruction, continued | | |
| 180 | Adult/continuing educational programs | | |
| 181 | Adult basic education programs | | |
| 100 | Salaries | | 31,338 |
| 200 | Employee benefits | | 12,328 |
| 400 | Supplies and materials | | 16,242 |
| | | | <u>59,908</u> |
| 182 | Adult secondary education programs | | |
| 100 | Salaries | | 8,865 |
| 200 | Employee benefits | | 2,885 |
| | | | <u>11,750</u> |
| 188 | Parenting/family literacy | | |
| 400 | Supplies and materials | | 9,085 |
| | | | <u>9,085</u> |
| 190 | Instructional pupil activity | | |
| 400 | Supplies and materials | | 10 |
| | | | <u>10</u> |
| | Total instruction | | <u>5,248,997</u> |
| 200 | Support services | | |
| 210 | Pupil services | | |
| 212 | Guidance services | | |
| 300 | Purchased services | | 24,798 |
| 400 | Supplies and materials | | 7,217 |
| | | | <u>32,015</u> |
| 220 | Instructional staff services | | |
| 221 | Improvement of instruction curriculum development | | |
| 100 | Salaries | | 99,370 |
| 200 | Employee benefits | | 42,544 |
| 300 | Purchased services | | 996 |
| 400 | Supplies and materials | | 2,106 |
| | | | <u>145,016</u> |
| 223 | Supervision of special programs | | |
| 100 | Salaries | | 260,955 |
| 200 | Employee benefits | | 105,449 |
| | | | <u>366,404</u> |
| 224 | Improvement of instruction inservice and staff training | | |
| 100 | Salaries | | 11,148 |
| 200 | Employee benefits | | 8,002 |
| 300 | Purchased services | | 288,573 |
| 400 | Supplies and materials | | 16,879 |
| | | | <u>324,602</u> |

Dorchester County School District Two*Combining Schedule of Revenues, Expenditures and Changes in Fund Balance - All Programs**Education Improvement Act Fund**For the year ended June 30, 2023***Expenditures, Continued**

| | | | |
|---|--|--|---------------------|
| 200 | Support services, continued | | |
| 230 | General administration services | | |
| 233 | School administration | | |
| 300 | Purchased services | | 66,667 |
| | | | <u>66,667</u> |
| 260 | Central support services | | |
| 266 | Technology and data processing services | | |
| 400 | Supplies and materials | | 326,764 |
| | | | <u>326,764</u> |
| | Total support services | | <u>1,261,468</u> |
| | Total expenditures | | <u>6,510,465</u> |
| Other financing uses | | | |
| Interfund transfers, to other funds: | | | |
| 420-710 | Transfer to General Fund | | (18,798,483) |
| | Total other financing uses | | <u>(18,798,483)</u> |
| | Excess of revenues over expenditures and other financing uses | | - |
| | Fund balance, beginning of year | | <u>-</u> |
| | Fund balance, end of year | | <u>\$ -</u> |

Dorchester County School District Two**Summary Schedule by Program - Education Improvement Act Fund****For the year ended June 30, 2023**

| | Revenues | Expenditures | Other Fund Transfers In/(Out) | Unearned Revenue |
|---|----------------------|---------------------|-------------------------------------|---------------------|
| 3500 Education Improvement Act | | | | |
| 3502 ADEPT | \$ 396 | \$ 396 | \$ - | \$ 29,838 |
| 3503 State Aid to Classrooms | 17,389,853 | 331 | (17,389,522) | 1,624,463 |
| 3509 Arts in Education | 95,425 | 95,425 | - | - |
| 3518 Adoption List of Formative Assessment | 112,286 | 112,286 | - | - |
| 3519 Grade 10 Assessments | 30,012 | 30,012 | - | 89,985 |
| 3526 Refurbishment of Science Kits | 501,128 | 501,128 | - | 341,838 |
| 3528 Industry Certifications/Credentials | 68,718 | 68,718 | - | - |
| 3529 Career and Technology Education | 615,821 | 615,821 | - | 273,640 |
| 3532 National Board Salary Supplement | 795,797 | 795,797 | - | - |
| 3533 Teacher of the Year Awards | 1,077 | 1,077 | - | - |
| 3536 Student Health & Fitness | 109,998 | - | (109,998) | - |
| 3538 Students at Risk of School Failure | 1,476,763 | 991,519 | (485,244) | - |
| 3541 Child Early Reading Development and Education Program (CERDEP) | 1,390,803 | 1,390,803 | - | 293,104 |
| 3556 Adult Education | 438,062 | 438,062 | - | 15,659 |
| 3557 Summer Reading Program | 152,285 | 152,285 | - | - |
| 3571 CSI and State Priority Schools | 227,836 | 227,836 | - | - |
| 3577 Teacher Supplies | 436,200 | 436,200 | - | - |
| 3595 EEDA - Supplies and Materials | 32,015 | 32,015 | - | 80,606 |
| 3597 Aid to Districts | 1,107,708 | 293,989 | (813,719) | - |
| 3599 Other EIA | 326,765 | 326,765 | - | - |
| Totals | <u>\$ 25,308,948</u> | <u>\$ 6,510,465</u> | <u>\$ (18,798,483)</u> | <u>\$ 2,749,133</u> |

Dorchester County School District Two*Detailed Schedule of Due to State Department of Education**June 30, 2023*

| Program | Grant or Project Number | Revenue & Subfund Codes | Description | Amount due to State Department of Education | Status of Amounts Due to Grantors |
|----------------------------------|-------------------------|-------------------------|--------------------|---|-----------------------------------|
| National Board Salary Supplement | N/A | 332/3532 | Unspent allocation | \$ 12,025 | Will be paid after year-end |
| CSI and State Priority School | N/A | 371/3571 | Unspent allocation | 4,481 | Will be paid after year-end |
| | | | | <u>\$ 16,506</u> | |

Dorchester County School District Two*Schedule of Revenues, Expenditures and Changes in Fund Balance - School Food Service Program**For the year ended June 30, 2023***Revenues**

| | | | |
|------|--|----|-------------------|
| 1000 | Revenue from local sources | | |
| 1500 | Earnings on investments | | |
| 1510 | Interest on investments | \$ | 183,372 |
| 1600 | Food services | | |
| 1610 | Lunch sales to pupils | | 1,355,246 |
| 1620 | Breakfast sales to pupils | | 307,463 |
| 1630 | Special sales to pupils | | 179,291 |
| 1640 | Lunch sales to adults | | 6,289 |
| 1650 | Breakfast sales to adults | | 431 |
| 1660 | Special sales to adults | | 16,567 |
| 1900 | Other revenue from local sources | | |
| 1990 | Miscellaneous local revenue | | |
| 1999 | Revenue from other local sources | | 1,254 |
| | Total local sources | | <u>2,049,913</u> |
| 4000 | Revenue from federal sources | | |
| 4800 | USDA reimbursement | | |
| 4810 | School lunch and after school snacks program | | 6,463,429 |
| 4820 | Supply chain assistance funding | | 699,673 |
| 4830 | School breakfast program | | 2,100,362 |
| 4880 | Summer feeding programs | | 106,812 |
| 4899 | Miscellaneous food service | | 16,470 |
| 4900 | Other federal sources | | |
| 4991 | USDA commodities | | 867,905 |
| | Total federal sources | | <u>10,254,651</u> |
| | Total revenue all sources | | <u>12,304,564</u> |

Expenditures

| | | | |
|-----|---------------------------------|--|-------------------|
| 250 | Finance and operations services | | |
| 256 | Food services: | | |
| 100 | Salaries | | 314,433 |
| 140 | Terminal leave | | 21,250 |
| 200 | Employee benefits | | 183,105 |
| 300 | Purchased services | | 9,089,087 |
| 400 | Supplies and materials | | 1,886,377 |
| 500 | Capital outlay | | 1,229 |
| 600 | Other objects | | 1,220 |
| | Total expenditures | | <u>11,496,701</u> |

Other financing sources (uses)**Interfund transfers, from (to) other funds:**

| | | | |
|---------|--------------------------------------|--|----------------|
| 5210 | Transfer from General Fund | | 223,181 |
| 432-791 | Food Service Fund indirect costs | | (114,903) |
| | Total other financing sources (uses) | | <u>108,278</u> |

| | |
|--|---------|
| Excess of revenues and other financing sources over expenditures and other financing uses | 916,141 |
|--|---------|

| | |
|--|------------------|
| Fund balance, beginning of year | <u>4,625,773</u> |
|--|------------------|

| | |
|----------------------------------|---------------------|
| Fund balance, end of year | <u>\$ 5,541,914</u> |
|----------------------------------|---------------------|

Dorchester County School District Two

Schedule of Revenues, Expenditures and Changes in Fund Balance - Educational Foundation For the year ended June 30, 2023

Revenues

| | | |
|------|--|----------------|
| 1000 | Revenue from local sources | |
| 1900 | Other revenue from local sources | |
| 1920 | Contributions and donations from private sources | \$ 462,174 |
| | Total local sources | <u>462,174</u> |
| | Total revenue all sources | <u>462,174</u> |

Expenditures

| | | |
|-----|---|--------------------------|
| 200 | Support services | |
| 220 | Instructional staff services | |
| 221 | Improvement of instruction curriculum development | |
| 300 | Purchased services | 45,510 |
| 400 | Supplies and materials | 7,557 |
| 600 | Other objects | <u>405,827</u> |
| | Total expenditures | <u>458,894</u> |
| | Excess of revenues over expenditures | 3,280 |
| | Fund balance, beginning of year | <u>145,360</u> |
| | Fund balance, end of year | <u><u>\$ 148,640</u></u> |

Dorchester County School District Two

Schedule of Revenues, Expenditures and Changes in Fund Balance - Debt Service Funds

For the year ended June 30, 2023

| Revenues | | <u>District</u> | <u>GROWTH</u> |
|--|--|----------------------|-------------------|
| 1000 | Revenue from local sources | | |
| 1100 | Taxes levied/assessed by LEA | | |
| 1110 | Ad valorem taxes-including delinquent | \$ 44,019,649 | \$ - |
| 1200 | Revenue from local governmental units | | |
| 1280 | Revenue in lieu of taxes | 1,234,995 | - |
| 1500 | Earnings on investments | | |
| 1510 | Interest on investments | 1,328,130 | 56,294 |
| 1900 | Other revenue from local sources | | |
| 1999 | Revenue from other local sources | 73,777 | - |
| | Total local sources | <u>46,656,551</u> | <u>56,294</u> |
| 3000 | Revenue from state sources | | |
| 3800 | State revenue in lieu of taxes | | |
| 3820 | Homestead exemption | 1,219,274 | - |
| 3830 | Merchant's inventory tax | 68,122 | - |
| 3840 | Manufacturer's depreciation reimbursement | 571,607 | - |
| 3890 | Other state property tax revenues | 192,306 | - |
| | Total state sources | <u>2,051,309</u> | <u>-</u> |
| | Total revenue all sources | <u>48,707,860</u> | <u>56,294</u> |
| Expenditures | | | |
| 500 | Debt services | | |
| 610 | Redemption of principal | 15,579,731 | 8,860,000 |
| 620 | Interest | 5,452,281 | 3,893,475 |
| 690 | Other objects | 96,252 | 10,500 |
| | Total expenditures | <u>21,128,264</u> | <u>12,763,975</u> |
| Other financing sources (uses) | | | |
| 5110 | Premium on bonds sold | 304,930 | - |
| | | <u>304,930</u> | <u>-</u> |
| Interfund transfers, from (to) other funds: | | | |
| 5240 | Transfer from Debt Service Fund | - | 12,710,695 |
| 423-710 | Transfer to Debt Service Fund - GROWTH | (12,710,695) | - |
| 424-710 | Transfer to Capital Projects Fund | (15,431,128) | - |
| | Total other financing sources (uses) | <u>(27,836,893)</u> | <u>12,710,695</u> |
| | Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses | (257,297) | 3,014 |
| Fund balance, beginning of year | | <u>26,074,490</u> | <u>1,387</u> |
| Fund balance, end of year | | <u>\$ 25,817,193</u> | <u>\$ 4,401</u> |

Dorchester County School District Two**Schedule of Revenues, Expenditures and Changes in Fund Balance - Capital Projects Fund****For the year ended June 30, 2023****Revenues**

| | | | |
|------|---|----|------------------|
| 1000 | Revenue from local sources | | |
| 1500 | Earnings on investments | | |
| | 1510 Interest on investments | \$ | 1,069,395 |
| 1900 | Other revenue from local sources | | |
| | 1920 Contributions and donations from private sources | | 17,000 |
| | 1950 Refund of prior year expenditures | | 23,028 |
| | 1999 Revenue from other local sources | | 104,985 |
| | Total local sources | | <u>1,214,408</u> |
| | Total revenue all sources | | <u>1,214,408</u> |

Expenditures

| | | | |
|-----|---|--|-------------------|
| 200 | Support services | | |
| 250 | Finance and operations services | | |
| 253 | Facilities acquisition and construction | | |
| | 100 Salaries | | 12,000 |
| | 200 Employee benefits | | 3,867 |
| | 300 Purchased services | | 136,940 |
| | 400 Supplies and materials | | 279,398 |
| | 500 Capital outlay | | |
| | 520 Construction services | | 8,923,672 |
| | 530 Improvements | | 1,358,954 |
| | 540 Equipment | | 515,182 |
| | 580 Mobile classrooms | | 25,059 |
| | 600 Other objects | | 20,840 |
| | | | <u>11,275,912</u> |
| 258 | Security | | |
| | 400 Supplies and materials | | 63,706 |
| | 500 Capital outlay | | 1,456,851 |
| | | | <u>1,520,557</u> |
| | Total support services | | 12,796,469 |
| 500 | Debt services | | |
| | 690 Other objects | | 120,892 |
| | Total debt services | | <u>120,892</u> |
| | Total expenditures | | <u>12,917,361</u> |

Other financing sources

| | | | |
|------|--|--|------------------|
| 5600 | Proceeds from equipment use acquisition purchase | | 3,725,000 |
| | | | <u>3,725,000</u> |

Interfund transfers, from other funds:

| | | | |
|------|---------------------------------|--|-------------------|
| 5240 | Transfer from Debt Service Fund | | 15,431,128 |
| | Total other financing sources | | <u>19,156,128</u> |

| | |
|--|-----------|
| Excess of revenues and other financing sources over expenditures | 7,453,175 |
|--|-----------|

| | |
|--|-------------------|
| Fund balance, beginning of year | <u>18,718,597</u> |
|--|-------------------|

| | |
|----------------------------------|----------------------|
| Fund balance, end of year | <u>\$ 26,171,772</u> |
|----------------------------------|----------------------|

Dorchester County School District Two
School District Location Reconciliation Schedule
For the year ended June 30, 2023

| Location ID | Location Description | Education Level | Cost Type | Total Expenditures |
|--|---------------------------------|--------------------|-----------|-----------------------|
| 000 | Districtwide | Non-Schools | Central | \$ 78,946,011 |
| 002 | Knightsville Elementary | Elementary Schools | School | 8,041,409 |
| 004 | Summerville Elementary | Elementary Schools | School | 6,911,095 |
| 005 | Spann Elementary | Elementary Schools | School | 7,112,459 |
| 006 | Rollings School of the Arts | Middle Schools | School | 8,091,956 |
| 007 | Alston Middle | Middle Schools | School | 8,009,046 |
| 008 | Summerville High | High Schools | School | 25,659,622 |
| 009 | Gregg Middle | Middle Schools | School | 8,725,020 |
| 010 | Newington Elementary | Elementary Schools | School | 7,965,462 |
| 011 | Flowertown Elementary | Elementary Schools | School | 8,298,002 |
| 012 | DuBose Middle | Middle Schools | School | 8,505,910 |
| 013 | Oakbrook Elementary | Elementary Schools | School | 6,715,439 |
| 014 | Oakbrook Middle | Middle Schools | School | 8,770,195 |
| 015 | Windsor Hill Elementary | Elementary Schools | School | 7,598,203 |
| 016 | Fort Dorchester High | High Schools | School | 21,609,742 |
| 017 | Beech Hill Elementary | Elementary Schools | School | 10,348,462 |
| 018 | Fort Dorchester Elementary | Elementary Schools | School | 9,320,323 |
| 020 | Psychological Services | Non-Schools | Central | 5,113,394 |
| 023 | Transportation | Non-Schools | Central | 1,634 |
| 025 | Adult and Community Education | Middle Schools | School | 1,492,515 |
| 026 | Delivery Services | Non-Schools | Central | 68,958 |
| 027 | Development Center | Non-Schools | Central | 8,207 |
| 028 | Technology | Non-Schools | Central | 5,314 |
| 030 | St. George Adult Education | Non-Schools | Central | 22,531 |
| 033 | Dorchester County Career School | Other School | School | 93,392 |
| 038 | Private Schools | Non-Schools | Central | 141,003 |
| 039 | Givhans Alternative School | Alternative School | School | 2,103,095 |
| 041 | Eagle Nest Elementary | Elementary Schools | School | 7,109,826 |
| 042 | William Reeves Elementary | Elementary Schools | School | 9,116,255 |
| 043 | River Oaks Middle | Middle Schools | School | 8,169,351 |
| 044 | Ashley Ridge High | High Schools | School | 20,803,614 |
| 045 | Joseph Pye Elementary | Elementary Schools | School | 7,861,407 |
| 046 | Sires Elementary | Elementary Schools | School | 8,047,812 |
| 047 | Sand Hill Elementary | Elementary Schools | School | 9,203,528 |
| 048 | Alston-Bailey Elementary | Elementary Schools | School | 6,326,259 |
| 049 | New Middle School of the Arts | Middle Schools | School | 161,028 |
| 050 | Community Learning Center | Non-Schools | Central | 111,807 |
| 052 | East Edisto Middle School | Middle Schools | School | 12,920,901 |
| 550 | Education Foundation Projects | Non-Schools | Central | 119,247 |
| 500 | Education Foundation Projects | Non-Schools | Central | 5,728 |
| 600 | Education Foundation Projects | Non-Schools | Central | 189,755 |
| 650 | Education Foundation Projects | Non-Schools | Central | 144,163 |
| Total expenditures/disbursements for all funds | | | | <u>\$ 339,969,080</u> |

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

| | |
|---|-----------------------|
| General Fund | \$ 232,242,114 |
| Special Revenue Fund | 42,451,305 |
| Special Revenue - EIA Fund | 6,510,465 |
| Special Revenue - Food Service Fund | 11,496,701 |
| Special Revenue - Education Foundation Fund | 458,894 |
| Debt Service Fund - District | 21,128,264 |
| Debt Service Fund - GROWTH | 12,763,975 |
| Capital Projects Fund | 12,917,361 |
| | <u>\$ 339,969,079</u> |

SINGLE AUDIT SECTION

Dorchester County School District Two

Schedule of Expenditures of Federal Awards

For the year ended June 30, 2023

| LEA Subfund Code | Federal Grantor/ Pass-Through Grantor/ Program Title | Federal Assistance Listing Number | Pass Through Grantor's Number | Federal Expenditures |
|---|--|-----------------------------------|--|----------------------|
| U.S. Department of Agriculture | | | | |
| Passed-through S.C. Department of Education: | | | | |
| Child Nutrition Cluster: | | | | |
| 600 | National School Breakfast Program: Cash Assistance | 10.553 | N/A | \$ 2,100,362 |
| 600 | National School Lunch Program: Cash Assistance | 10.555 | N/A | 6,463,429 |
| 600 | National School Lunch Program: Non-Cash Assistance (Commodities) | 10.555 | N/A | 867,905 |
| 600 | Summer Food Service Program for Children | 10.559 | N/A | 106,812 |
| 600 | Supply Chain Assistance | 10.555 | N/A | 699,673 |
| 600 | Operational Costs Reimbursement | 10.555 | N/A | 16,470 |
| | Total Child Nutrition Cluster | | | <u>10,254,651</u> |
| | Total U.S. Department of Agriculture | | | <u>10,254,651</u> |
| U.S. Department of Education | | | | |
| Direct Programs | | | | |
| 100 | Impact Aid | 84.041 | N/A | <u>85,285</u> |
| | Total Direct Programs | | | 85,285 |
| Passed through S.C. Department of Education | | | | |
| Title I: | | | | |
| 201 | Title I, Part A - Grants to LEA's carryover | 84.010 | 22 Title I Regular (carryover) | 690,950 |
| 201 | Title I, Part A - Grants to LEA's | 84.010 | 23 Title I Regular | 5,070,766 |
| 237 | Title I, Targeted School Improvement | 84.010 | 22 Title I Targeted School Improvement | 385,543 |
| 237 | Title I, Targeted School Improvement | 84.010 | 20 Title I Targeted School Improvement | <u>111,199</u> |
| | Total Title I | | | 6,258,458 |
| IDEA Cluster: | | | | |
| 203 | IDEA - Current Year | 84.027A | 23 IDEA | 4,485,177 |
| 203 | IDEA - Prior Year | 84.027A | 22 IDEA c/o | 210,129 |
| 203 | IDEA - State alloc/ Extended School Year | 84.027 | 23 ESY | 237,902 |
| 205 | IDEA Pre-school Grants Current Year - Handicapped Capacity | 84.173 | 22 IDEA Preschool | 233,996 |
| 230 | COVID-19, ARP IDEA | 84.027X | 22 ARP IDEA | 744,930 |
| 233 | COVID-19, ARP IDEA Pre-School | 84.173X | 22 ARP IDEA Pre-School | <u>4,563</u> |
| | Total IDEA Cluster | | | 5,916,697 |
| COVID-19, Education Stabilization Fund: | | | | |
| 218 | COVID-19, ESSER III | 84.425U | 22 ESSER III ARP | 14,550,192 |
| 220 | COVID-19, ESSER CARES | 84.425D | 20 ESSER CARES c/o | 1,576 |
| 225 | COVID-19, ESSER II | 84.425D | 21 ESSER II c/o | 1,573,796 |
| 263 | COVID-19, ARP Homeless II | 84.425W | 22 ARP Homeless II | <u>55,020</u> |
| | Total COVID-19, Education Stabilization Fund | | | 16,180,584 |
| Other Programs: | | | | |
| 210 | Title IV SSAE | 84.424A | 23 Title IV SSAE | 380,958 |
| 210 | Title IV SSAE | 84.424A | 22 Title IV SSAE c/o | 215,452 |
| 207 | Occupational Education | 84.048 | 23 CATE Federal | 320,765 |
| 207 | Occupational Education - Prior Year | 84.048 | 22 CATE Federal | 25,230 |
| 221 | Title I, Neglected & Delinquent | 84.013 | 23 Title I N&D | 94,969 |
| 221 | Title I, Neglected & Delinquent - Prior Year | 84.013 | 22 Title I N&D | 46,034 |
| 243 | Adult Education - Current Year | 84.002 | 23 Adult Ed | 168,552 |
| 243 | Adult Education - Reverted | 84.002 | 23 Adult Ed- Reverted | 23,461 |
| 243 | Adult Education - Generational Family Services | 84.002 | 23AE - Generational Fam Svc | 35,000 |
| 264 | Title III, English Language Acquisition | 84.365 | 23 Engl Lang Acqu Title III | 40,113 |
| 264 | Title III, English Language Acquisition carryover | 84.365 | 22 Engl Lang Acqu Title III c/o | 36,737 |
| 267 | Title II, Improving Teacher Quality carryover | 84.367 | 22 Title II - Improv Teacher Qual c/o | 179,695 |
| 267 | Title II, Supporting Effective Instruction | 84.367 | 23 Title II Support Effect Instr | <u>490,384</u> |
| | Total Other Programs | | | 2,057,350 |
| | Total U.S. Department of Education | | | <u>30,498,374</u> |
| U.S. Department of Defense | | | | |
| Direct Program | | | | |
| 271 | ROTC | 12.000 | N/A | <u>277,358</u> |
| | Total U.S. Department of Defense | | | <u>277,358</u> |
| U.S. Department of Health and Human Services | | | | |
| Direct Program | | | | |
| 299 | Center for Disease Control - Health Survey | 93.283 | N/A | <u>900</u> |
| | Total U.S. Department of Health and Human Services | | | <u>900</u> |
| Federal Communications Commission | | | | |
| Direct Program | | | | |
| 871 | COVID-19 - Emergency Connectivity Fund Program | 32.009 | N/A | <u>579,542</u> |
| | Total Federal Communications Commission | | | <u>579,542</u> |
| | Total expenditures of federal awards | | | <u>\$ 41,610,825</u> |

Dorchester County School District Two

Notes to Schedule of Expenditures of Federal Awards

June 30, 2023

I. Basis of Presentation

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of Dorchester County School District Two (the "School District") under programs of the federal government for the year ended June 30, 2023. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards ("Uniform Guidance"). Because the Schedule presents only a selected portion of the operations of the School District, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the School District.

II. Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the auditing standards generally accepted in the United States of America basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. The School District has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.



**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***

The Board of Trustees
Dorchester County School District Two
Summerville, South Carolina

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Dorchester County School District Two (the “School District”), as of and for the year ended June 30, 2023, 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 December 1, 2023.

Report on 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) as a basis for designing 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 or significant deficiencies may exist that were not identified.

Report on 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 financial statements. 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 one instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and questioned costs as item 2023-001.

The School District's Response to Finding

Government Auditing Standards requires the auditor to perform limited procedures on the School District's response to the finding identified in our audit and described in the accompanying schedule of findings and questioned costs. The School District's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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.



Columbia, South Carolina
December 1, 2023



Independent Auditor's Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance

The Board of Trustees
Dorchester County School District Two
Summerville, South Carolina

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Dorchester County School District Two's (the "School District") compliance with the types of compliance requirements identified as subject to audit 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, 2023. 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.

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, 2023.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the School District and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the School District's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the School District's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the School District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the School District's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the School District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the School District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 the School District's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on 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.

Report on Internal Control Over Compliance, Continued

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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.

Elliott Davis, LLC

Columbia, South Carolina
December 1, 2023

Dorchester County School District Two

Schedule of Findings and Questioned Costs

June 30, 2023

I. Summary of Auditor's Results

Financial Statements

- (a.) Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP: Unmodified
- (b.) Internal control over financial reporting:
- 1) Material weakness(es) identified: No
 - 2) Significant deficiency(ies) identified: None reported
- (c.) Noncompliance material to financial statements noted: Yes

Federal Awards

- (a.) Internal control over major programs:
- 1) Material weakness(es) identified: No
 - 2) Significant deficiency(ies) identified: None reported
- (b.) Type of auditors' report issued on compliance for major federal programs: Unmodified
- (c.) Any audit findings disclosed that are required to be reported in accordance with section 2 CFR 200.516(a)? No
- (d.) Identification of major program(s):

| <u>Assistance Listing Number(s)</u> | <u>Name of Federal Program or Cluster</u> |
|-------------------------------------|---|
| 10.553/10.555/10.559 | Child Nutrition Cluster |
| 84.010 | Title I |
| 84.425 | Elementary and Secondary School Emergency Relief Fund |

- (e.) Dollar threshold used to distinguish between type A and type B Programs: \$1,248,325
- (f.) Auditee qualified as low risk auditee? Yes

II. Findings Relating to the Basic Financial Statements Reported in Accordance with *Government Auditing Standards*:

No matters were reported.

Dorchester County School District Two

Schedule of Findings and Questioned Costs

June 30, 2023

III. Financial Statement Findings – Compliance:

2023-001: Bus Driver Testing

Condition: The South Carolina Department of Education (“SCDE”) requires that a percentage of the School District’s bus drivers are tested each calendar year for alcohol based on the minimum annual percentage rate established by the Federal Motor Carrier Safety Administration (“FMCSA”). For the calendar year ended December 31, 2022, the minimum annual percentage was 10%.

Criteria: During the audit of the School District’s financial statements, it was identified that less than 10% of the School District’s bus drivers were tested for alcohol during the calendar year ended December 31, 2022.

Cause: The School District outsources this process to a third party and did not adequately monitor the results to ensure the minimum annual percentage rate was met.

Effect: Only 3% of the School District’s bus drivers were tested for alcohol during the calendar year ended December 31, 2022.

Recommendation: We recommend that the School District monitor the results of the third party testing to ensure that the appropriate number of bus drivers are tested for alcohol.

Response: Due to a change in vendors and a change in personnel overseeing the testing, the alcohol testing requirement was omitted from the screening for most of 2022. Moving forward, the School District has personnel in place to ensure the vendor is completing all of the required testing.

IV. Findings and Questioned Costs Relating to Federal Awards:

No matters were reported.

Dorchester County School District Two

Summary Schedule of Prior Audit Findings

June 30, 2023

None